



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

FOR THE YEAR ENDED 31 MARCH 1998

NO. 3

(CIVIL)

GOVERNMENT OF HIMACHAL PRADESH

Case 2
Room No. 79



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PREFATORY REMARKS

This Report for the year ended 31 March 1998 has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1997-98 together with other points arising from audit of financial transactions of the Government of Himachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1997-98.

2. The Report containing observations of Audit on Statutory Corporations, Boards and Government Companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.
3. Cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1997-98 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 1997-98 have also been included, wherever considered necessary.

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OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 1997-98 and four other chapters, comprising 7 reviews and 34 paragraphs, based on the audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Accounts of the State Government

** The assets and liabilities of the State Government stood at Rs 3649.20 crore and Rs 4421.87 crore respectively at the end of 1997-98. Upto 1994-95, the assets of the State were more than the liabilities. From 1995-96, the liabilities of the State are more than the assets. During 1997-98, the gap between assets and liabilities increased by 217 *per cent* over the previous year. The increasing gap between assets and liabilities during 1995-98 was attributed mainly to continued revenue deficits during 1994-98. The year closed with a revenue deficit of Rs 528.69 crore as against the revenue deficit of Rs 154.86 crore in 1996-97.

** Against the total revenue receipts of Rs 2170.45 crore during the year, expenditure on revenue account was Rs 2699.14 crore. The tax and non-tax revenue totalled only Rs 698.20 crore which was far below even the non-plan revenue expenditure (Rs 1857.31 crore) of the

The abbreviations used in this Report have been listed in the Glossary in Appendix-XI (Page 307-309)

Government. The State could raise 32 *per cent* (tax revenue: 22 *per cent* and non-tax revenue: 10 *per cent*) of the total revenue receipts during 1997-98. Grants-in-aid from the Central Government and share of Union taxes and duties constituted 38 *per cent* and 30 *per cent* of the total receipts of the State respectively.

** Loan of Rs 65.25 crore raised by Himachal Pradesh Housing Board from Housing and Urban Development Corporation on behalf of the State Government for execution of *Gandhi Kuteer Yojna* was deposited under receipt head '0216-Housing, - 03-Rural Housing, 800-Other Receipts' at the instance of the State Government thereby creating fictitious revenue to this extent.

** Revenue expenditure increased by 26 *per cent* during 1997-98 (Rs 2699.14 crore) over the level of 1996-97 (Rs 2146.88 crore). Non-Plan revenue expenditure increased by 97 *per cent* during 1993-98 whereas the Plan revenue expenditure increased by 106 *per cent* during the same period.

** Staff cost accounted for nearly 39 *per cent* of revenue expenditure during 1997-98 compared to nearly 34 *per cent* during the previous year.

** Government investments in various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from Rs 295.78 crore at the end of 1993-94 to Rs 858.38 crore at the end of 1997-98. However, only a meagre amount of Rs 0.24 crore was received as dividend during 1997-98. In the case of 14 loss making Public Sector Undertakings in which Government had invested

Rs 224.83 crore upto 1997-98, the accumulated losses amounted to Rs 257.83 crore.

** Revenue deficits being the gap between revenue receipts and revenue expenditure increased from Rs 307.92 crore to Rs 528.69 crore during 1994-98.

** Fiscal deficit, being the excess of revenue and capital expenditure (including net loans given) over the revenue receipts increased from Rs 152.14 crore to Rs 1202.19 crore during 1993-98.

** The State Legislature had not passed any law prescribing a limit on borrowings by the State Government. The discharge of internal debt ranged between 58 and 121 *per cent* (inclusive of interest payments) of the additions during 1993-98. The discharge of other liabilities ranged between 85 and 95 *per cent* of the additions during the same period. The burden of interest on other liabilities increased from Rs 60.76 crore in 1993-94 to Rs 91.92 crore in 1997-98.

** Government made repayment of Rs 2136.97 crore for the principal and interest on internal debt during 1997-98 as against Rs 694.47 crore during the previous year. This included repayment of overdrafts of Rs 1849.82 crore (including Rs 420.94 crore of 1996-97).

** Guarantees given by the State Government for repayment of loans raised by Statutory Corporations, Government Companies, Cooperatives, etc., increased from Rs 819.71 crore as on 31 March 1994 to Rs 2357.08 crore as on 31 March 1998.

- ** As against the interest payments of Rs 372.07 crore interest receipts were only Rs 13.02 crore during 1997-98. Interest payments also increased from Rs 209.65 crore (1993-94) to Rs 372.07 crore (1997-98) – an increase of 77 *per cent*.
- ** Rupees 33.67 crore were outstanding as ways and means advances at the end of the year.
- ** Loans amounting to Rs 909.49 crore raised by HPSEB and HPSFC during 1994-98 were utilised for clearing overdrafts by the Government and to boost the ways and means position.
- ** Funds to the tune of Rs 86 crore for making payment of arrears due to increase in wages of daily paid workers and work charged staff were withdrawn (March 1995) by the Public Works (Rs 60.75 crore) and Irrigation and Public Health (Rs 25.25 crore) departments and deposited in savings account in post office in March 1995 in the name of Director, Small Savings. This amount was withdrawn by Director, Small Savings from Post Office in April 1995 and deposited under the head '8443-Civil Deposits'. Subsequently, various transactions were made between the deposit head of account and savings account during June 1995 and September 1996 to help the ways and means position of the State Government. Between January 1996 and March 1997, Rs 68.58 crore were disbursed by the concerned department and Rs 21.13 crore were lying unutilised. Rupees 3.71 crore earned as interest on the deposits in the savings account during 1995-98 had not been credited to the Government account.

(Paragraphs 1.1 to 1.11)

2. Appropriation Audit and control over expenditure

** During 1997-98, there were savings in 42 cases aggregating Rs 140.66 crore. Expenditure of the State Government, however, exceeded the budget provisions in 27 cases by Rs 2275.36 crore. The excess expenditure required regularisation under Article 205 of the Constitution of India.

** Supplementary provisions of Rs 587.25 crore obtained during the year 1997-98 constituted 19 *per cent* of the original budget provision of Rs 3089.18 crore. Supplementary provisions totalling Rs 40.67 crore obtained in four cases during the year proved unnecessary as the expenditure in these cases was less than the original budget provision.

** Savings of Rs 50 lakh and more in each case aggregating Rs 137.93 crore occurred in 18 cases involving 16 grants and two appropriations.

** Persistent savings/excesses, ranging from 6 to 1395 *per cent*, occurred in 13 cases involving 10 grants and two appropriations during the three year period from 1995-96 to 1997-98.

** Savings of Rs 113.70 crore in 20 grants and seven appropriations were not surrendered by the concerned departments. On the other hand, as against the savings of Rs 16.98 crore available for surrender in 10 cases, Rs 19.69 crore were actually surrendered. In 5 grants, Rs 7.13 crore were surrendered although the expenditure exceeded the grant and no

savings were available. These instances were indicative of inadequate budgetary control.

** In the case of 33 sub-heads involving 10 grants/appropriations Rs 5.37 crore were injudiciously reappropriated as either the original grants were adequate or no savings were available for reappropriation.

** Of Rs 26.25 crore drawn during the period from April 1994 to March 1997 by four departments in advance of actual requirement, Rs 14.79 crore were lying unutilised in banks/post offices at the end of July 1998.

(Paragraphs 2.2.1 to 2.4)

3. Employment Assurance Scheme

Employment Assurance Scheme was launched by Government of India in October 1993 with the objectives of providing employment and making efficient use of available human resources. The scheme was introduced in the State in October 1993 initially in seven blocks and the remaining 65 blocks in the State were covered during 1994-98. Following important points were noticed during a review of the implementation of the Scheme.

** No shelf of projects were prepared before sanction of funds at district and block levels in any of the districts/blocks test-checked. Contrary to the provision of the scheme, low priority was given to water and soil conservation works and highest priority was given to link roads.

** Unspent balances accumulated to Rs 17.51 crore with the implementing agencies at the end of March 1998 due to late receipt of Central share and late execution of works.

- ** Project Officers of District Rural Development Agencies, Chamba, Kinnaur and Una reported incorrect/inflated figures of expenditure to Government of India.
- ** Rupees 52.96 lakh were unauthorisedly diverted by four District Rural Development Agencies and eight Block Development Officers during 1996-98 on other schemes like Mid-day-meals, Operation Black Board, Integrated Rural Development Programme, *Gandhi Kuteer Yojana*, purchase of vehicle and rural latrines.
- ** Contrary to the instructions of the State Government, District Rural Development Agencies, Bilaspur and Chamba released scheme funds of Rs 80.90 lakh to four Public Works divisions for construction of ongoing/incomplete roads which were being executed out of State funds.
- ** In Bilaspur, Kinnaur, Solan and Una districts neither the names of workers were registered nor family cards were issued to nearly 75 thousand persons reportedly provided with employment since inception of scheme. No records were maintained at the district or block levels to indicate that 100 days assured employment was provided to the workers.
- ** Shortfall in generation of employment in terms of mandays ranged between 58 and 84 *per cent* during 1994-98. Against the assured employment generation of 100 days each year, employment for 16 to 42 mandays per person only could be provided during 1994-95 to 1997-98.

- ** Essential details like address, family card number etc. of persons engaged were not recorded on muster rolls. Family cards were not issued in Bilaspur, Kinnaur, Solan and Una districts. Public Works and Forest departments engaged persons who were not registered with the *panchayats*, as required.
- ** Inflated figures of employment generation were reported by BDO, Ghumarwin during 1995-96 and 1997-98.
- ** In the execution of 694 works during 1994-98 Rs 2.25 crore were spent on material component and Rs 0.98 crore on wages in the ratio of 70:30 against the prescribed norm of 40:60.
- ** Though the scheme was to be implemented only during the lean agricultural season, Rs 3.03 crore were paid in four districts as wages during agricultural season during 1994-98.
- ** Although assets worth Rs 10.31 crore were created in five districts during 1994-98 under the scheme no inventory of assets were maintained by the concerned departments.

(Paragraph 3.1)

4. Special Central Assistance for Tribal Sub-plan

Special Central Assistance for Tribal Sub-plan was an additive to the State Plan and was not intended to substitute existing plan schemes. It formed part of Tribal Sub-plan strategy so as to fill in the gaps in the financial outlays of the State Government for achievement of two fold objectives of socio-economic

development of the scheduled tribes and protection of tribals against exploitation.

A review of the implementation of the Scheme revealed the following main points:

- ** The State Government could not utilise the full funds allotted under Special Central Assistance (SCA) in most of the years. Tribal Development Department delayed the release of Special Central Assistance funds of Rs 4.11 crore to the implementing agencies by two to 10 months during 1992-97.
- ** Out of the scheme funds, Rs 2.16 crore were spent by Tribal Development Department on hiring helicopter services during 1992-95 for providing airlift to local people of tribal areas and Government employees which was beyond the scope of the scheme.
- ** During 1992-98, Rs 2.50 crore were paid unauthorisedly out of SCA as pay and allowances of the staff deployed in the implementing departments. Further Rs 43.95 lakh were misused by Project Officers, Integrated Tribal Development Projects, Bharmour, Kinnaur, Spiti and Tribal Development department on purchase of vehicles, photostat machines, computers and fax machine and refreshment charges, etc., which were not permissible under the scheme.
- ** Of the total expenditure of Rs 31.79 crore incurred under the scheme during 1992-98, Rs 21.79 crore were spent on activities not related to the scheme.
- ** Government's claim of 100 *per cent* achievement of target in helping the families below poverty line was not reliable. Test-check revealed that

out of 47 approved schemes to be implemented, only 15 schemes were implemented and the remaining 32 schemes were not taken up as of March 1998. 41 ineligible schemes were implemented by State Government for Rs 15.56 crore out of total available funds of Rs 32.95 crore.

** Of Rs 45 lakh released to Director of Industries in August 1996 for establishment of three carding plants and repair of five existing plants, Rs 9.45 lakh were spent on the repairs of existing carding plants and the balance Rs 35.55 lakh were lying unutilised in bank as of March 1998.

** No specific periodicity and schedule of visits had been prescribed by the State Government for inspections, monitoring and supervision of schemes/works by the officers during 1992-98.

(Paragraph 3.9)

5. Secondary Education

The State had 424 Senior Secondary Schools, 977 High Schools and 1,219 Middle Schools as of March 1998 through which Secondary Education was imparted. A review of some aspects of Secondary Education revealed as under:

** Expenditure on staff was 88 *per cent* on average of the total expenditure on Secondary Education during 1995-98. Director of Education/District Education Officers had no information regarding the sanctioned strength of staff or men in position in the department.

** Rupees 52.56 lakh were spent on pay and allowances of 58 excess lecturers in 28 Senior Secondary Schools during 1996-97.

** 597 *Shastries* or Oriental Teachers were posted in excess in 597 middle schools during 1997-98 and Rs 3.58 crore were spent on their pay and allowances during 1997-98. 262 posts of Junior Basic Teachers, Senior Vernacular Teachers, Band Masters and Manual Training Instructors were in operation during 1997-98 in various Middle and High Schools which had no provision for these posts. Rs 1.10 crore was spent on their pay and allowances during 1997-98.

** For setting up new laboratories, Director Education distributed Rs 23.25 lakh among 62 schools below the approved rates. Rs 11.68 lakh meant for setting up laboratories were lying unutilised in 22 schools.

** Cash payment of Rs 32.56 lakh in lieu of free text books for the academic session 1997-98 was not disbursed to 0.22 lakh students. Due to purchase of incomplete sets of books, excess number of books costing Rs 8.51 lakh were lying undistributed in 93 schools in six districts. 0.31 lakh students could not be supplied complete sets (1.70 lakh books) costing Rs 23.56 lakh as of March 1998. In 28 schools of Kangra, Mandi and Sirmour districts, no books were supplied during 1996-97 to nearly 2,400 Scheduled Caste/Scheduled Tribe students in sixth to tenth classes.

** Nearly 3,000 Scheduled Caste/Scheduled Tribe girl students of sixth to tenth classes in 77 schools in six districts were either not paid any scholarship or were paid less amounts to the extent of Rs 12.84 lakh during 1995-98. 4,988 students from IRDP families to whom scholarships were payable during 1995-98 were not paid any scholarship

- ** Middle and High schools were upgraded to High and Senior Secondary School level during 1995-98 much in excess of the targets fixed.
- ** 372 school buildings were lying incomplete as of May 1998. The department was not aware of the period of commencement of works and the physical and financial progress of these buildings. Twenty five school buildings were lying in a dilapidated condition in six districts test-checked.
- ** Utilisation certificates were not obtained for grants of Rs 1.66 crore given to 229 privately managed schools during 1990-97.
- ** In Kinnaur and Lahaul and Spiti districts, teacher and student ratio in 52 middle schools was 1:3 against the overall average teacher and student ratio of 1:19 during 1996-97. In middle school, Tailing (Lahaul and Spiti district) five teachers had been posted for three students during 1996-97 and in middle school, Chakhang (Lahaul and Spiti district) six teachers had been posted for six students during 1997-98.
- ** Director of Education had no information of number of inspections of schools carried out. District Education Officers, Chamba, Kinnaur and Mandi did not conduct annual inspections during 1995-96, 1995-97 and 1995-98 respectively. The inspection reports were not attended to during the last two years.
- ** During 1995-96, Rs 17.97 crore were surrendered under five sub heads under the Major head 2202 even though the expenditure was more than the final allotment. This resulted in excess of Rs 6.76 crore over the final grant.

(Paragraph 3.12)

6. Manpower management in the Police Department

For maintaining law and order over an area of 55,673 sq kms and a population of 51.7 lakh (1991 census), there were 96 police stations and 94 police posts in the State as of March 1998. Test-check of records in audit revealed the following important points:

- ** Expenditure on establishment ranged between 88 and 96 *per cent* of the total expenditure of the Police Department.
- ** In disregard of the provisions of the Budget Manual Rs 5.95 crore were provided in the budget estimates during 1995-98 for vacant posts.
- ** Deployment of police personnel was not linked to population or incidence of crime in the districts. In four districts (Shimla, Kangra, Mandi and Solan) which had the highest crime rate, the number of population for one police personnel worked out to 429, 1307, 1334 and 550 respectively. Thus there was scope of rationalisation in the deployment of police personnel.
- ** Three additional posts of Additional Director General of Police had been created and filled up between April 1993 and March 1998 without prior approval of the Government of India.
- ** 102 posts of Assistant Sub-Inspectors (7), Head Constables (9) and Constables (86) sanctioned in 1960 for guarding strategic installations especially important bridges in the border district of Kinnaur were not deployed for this work.

- ** Though regular water supply was available in all the police stations, 41 posts of water carriers in the offices of Superintendents of Police, Kinnaur, Kullu, Shimla, Solan and Police Training College, Daroh were still continuing to operate. Rupees 60.20 lakh had been spent on their pay and allowances during 1994-98.
- ** Thirty five candidates recruited during 1995-96 by the Deputy Inspector Generals of Police of the three ranges were declared medically unfit by the Medical Board during second medical check up.
- ** Equipment valued at Rs 11.43 lakh purchased for Forensic Science Laboratory had not been utilised as two divisions of the laboratory were not functioning since October 1993.
- ** Close circuit television set with three cameras installed in the Police reporting room, Shimla was lying unused since June 1997 as it required major repair.

(Paragraph 3.13)

7. Command Area Development Programme (CADP)

The Command Area Development Programme was introduced with the objective of ensuring better and more efficient utilisation of the irrigation potential created for optimising agricultural production. It envisaged the construction of field channels and drains, the levelling and shaping of land, selection and introduction of cropping pattern and implementation of *warabandi* for equitable distribution of water to the beneficiaries. Expenditure of Rs 9.44 crore was

incurred on the programme during 1991-98. Important points noticed in the course of review of the programme are summarised below:

- ** Component-wise expenditure of the five CADPs were not susceptible to verification as the details of expenditure on various components were not separately maintained.
- ** Original estimate of Command Area Development Works of Balh Valley Irrigation Project was not prepared on realistic basis. The cost per hectare for Command Area Development of this Project escalated from Rs 6,398 to Rs 27,320.
- ** Utilisation of irrigation potential created in four completed projects (Bhabour Sahib Phase I, Balh Valley, Cluster of 32 Minor Irrigation projects and Giri) ranged between zero and 64 *per cent* in the command areas of these projects.
- ** Field channels totalling 1.40 lakh metres were lined at a cost of Rs 2.02 crore in excess of the provisions contained in the sanctioned estimates.
- ** Soil surveys were not conducted in three projects before finalisation of project proposals. In Balh Valley Irrigation Project, soil survey was conducted only during 1997-98 after 90 *per cent* field channels were constructed.
- ** Levelling and shaping of the land to ensure even spread of water in the fields of beneficiaries was not undertaken in 4,760 hectares of land in the command areas of four projects.

- ** In Bhabour Sahib Phase II and Cluster of 32 Minor Irrigation projects while field channels were constructed in 1,780 hectares, *warabandi* was done in 950 hectares which restricted the distribution of equitable and assured distribution of water among all the beneficiaries.
- ** Field channels constructed in 11,879 hectares at a cost of Rs 8.57 crore were not handed over to the beneficiaries/ farmers' associations. Field channels had been damaged within a short span of 5-6 years as against the prescribed life of 60 years.
- ** Bhabour Sahib Irrigation Project Phase I was not functioning properly as suitable types of pipes were not provided in gravity mains/ distribution system.
- ** Monitoring cells had not been set up in any of the five projects. Monitoring of the projects by the Chief Engineer/Engineer-in-Chief was not effective as indicated by the serious deficiencies and shortcomings in the construction and utilisation of the CAD works.
- ** Against the projected cost benefit ratio of 2.92 in respect of Giri Irrigation Project, the actual benefit cost ratio was 1.48.

(Paragraph 4.1)

8. Upgradation and improvement of arterial roads

- ** The programme of upgradation and improvement of existing roads to arterial standards at an outlay of Rs 181 crore during 1992-97 could not be completed as only Rs 40 crore were allotted and Rs 20 crore were actually spent.

- ** Against the Eighth Five Year Plan target to improve 1,094 km length of the 16 existing roads to arterial standards, only 19 *per cent* of the total length could be tarred as of March 1998.
- ** Rupees 22.34 lakh were spent on upgradation and improvement of Ochhghat to Solan section of Solan-Yashwant nagar-Neripul-Sainj road though a proposal of diverting commercial traffic bypassing Solan town was finalised.
- ** Built-up-spray-grout in 54,622 square metres area of Swarghat-Maranwala road was laid without applying tack coat resulting in execution of sub-standard work of Rs 25.95 lakh
- ** Wrong classification of soil in three divisions resulted in excess payment of Rs 16.27 lakh to contractors.
- ** Norms for tarring of roads were not revised and tarring of the roads in seven divisions was done in conventional manner on an area of 5.4 lakh square metres at an avoidable expenditure of Rs 33.25 lakh.

(Paragraph 4.9)

9. Himachal Pradesh State Cooperative Milk Producers Federation Limited (MILKFED)

The Himachal Pradesh State Cooperative Milk Producers Federation Limited was established as a Cooperative Society in January 1980 with the objectives for promoting production, procurement, processing and marketing of milk and milk products for economic development of farming community and

economic betterment of those engaged in milk production. A review of the accounts of MILKFED for the period 1993-98 revealed the following points:

- ** MILKFED suffered accumulated loss of Rs 8.97 crore as of March 1997 which eroded the paid up capital of Rs 4.43 crore.
- ** In December 1994, Government obtained cash credit of Rs 10 crore through MILKFED from Himachal Pradesh Cooperative bank for deposit in the Civil Deposits; the Government refunded the amount to MILKFED in February 1995.
- ** During 1994-1998, the number of functional village diary cooperatives did not appreciably increase while their membership declined by 17 *per cent*. The main activities of MILKFED were confined to Mandi and Sirmour districts only.
- ** Though the capacity of Shimla milk plant in 1995-96 was doubled, sale of processed HMMILK decreased from 15.30 lakh litres in 1995-96 to 4.10 lakh litres in 1997-98 and the sale of unprocessed milk increased from 3.17 to 8.33 lakh litres during the same period. In Mandi and Kangra plants, actual collection of milk declined in 1997-98 as compared to the collection of 1993-94.
- ** Milk collected within the State declined from 56 lakh litres in 1993-94 to 48 lakh litres in 1995-96 while milk collected from sources outside the State increased from 19 lakh litres in 1993-94 to 35 lakh litres in 1997-98.
- ** Installed capacity was utilised between 1 and 20 *per cent* for 12 chilling

plants and between 15 and 44 *per cent* in 8 chilling plants during 1993-97.

** In Mandi unit, 19.4 thousand kgs of skimmed milk powder was consumed in excess to raise 'solid not fat' contents in the milk resulting in extra expenditure of Rs 11.77 lakh.

** Sale of milk processed and packed by MILKFED declined from 69 *per cent* in 1993-94 to 9 *per cent* in 1997-98 as they failed to sell the milk while it was fresh.

** MILKFED did not implement the recommendations of the Institute of Rural Management, Anand to improve financial and other functions. The objectives of providing gainful employment and additional income to small and marginal farmers of the State remained largely unachieved.

(Paragraph 6.2)

10 Land acquisition, transfer and utilisation

A test-check of implementation of Himachal Pradesh Ceiling on Land Holdings Act, 1972, Himachal Pradesh Village Common Lands Act, 1974 and the Land Acquisition Act, 1894 in Kullu, Mandi, Shimla and Solan districts revealed the following points:

** Land valued at Rs 43.22 lakh was acquired during 1985-93 in excess of actual requirements by the Executive Engineer, Balh Valley Irrigation Project, Baggi. The land was still (May 1998) in the possession of the erstwhile owners and they were cultivating the same.

** 31-15 *bighas* of land was leased for 99 years to 3 house building cooperative societies around Shimla town for one time payment of Rs 5.91 lakh. As per approved government rate the lease amount should have been Rs 2.78 crore for the entire lease period.

** Forest Department fixed (November 1993) the lease rent of 40-3 *bighas* of land in Kullu district, market value of which was Rs 31.55 lakh, at Rs 1.08 lakh per annum from October 1992. As per Government instructions, lease amount was to be charged at the rate of 18 *per cent* of current prevailing highest market price. Under assessment worked out to Rs 46 lakh for 10 years.

** Encroachment of Government land measuring 8,082-30-70 hectares in 46,151 cases in Bilaspur, Kinnaur, Shimla and Solan districts had not been dispossessed by Revenue Officers as of May 1998.

** Ejectment order passed in 689 encroachment cases in eight Tehsils between 1968-69 and 1997-98 involving 1,000-18-8 *bighas* of Government land valued at Rs 1.53 crore were pending execution for six months to 29 years as of April-May 1998.

** Prescribed register of Government lands had not been maintained by Deputy Commissioners Bilaspur, Kinnaur, Shimla and Solan.

(Paragraph 3.3)

11. National Malaria Eradication Programme

National Malaria Control Programme was launched by Government of India in April 1953 with the objective to reduce malaria morbidity in the country to

such a low level that disease would cease to be a major health problem. In 1958, National Malaria Eradication Programme was launched for eradication of malaria.

A test-check of records revealed the following main points:

- ** Kangra and Sirmour districts accounted for 26 and 21 *per cent* of the total number of 34,768 malaria cases in the State during 1992-97.
- ** In 10 out of 12 districts, spraying operations of dwelling rooms fell short of targets between 38 and 47 *per cent* in first round and 65 and 96 *per cent* in second round during 1992-97.
- ** In seven districts Rs 25.39 lakh spent on the spray operations of first round was wasted as the second round of spray was not done during 1992 and 1995.
- ** 17.06 metric tonnes of DDT valued at Rs 11.49 lakh was shown either as fictitiously consumed or was short/not accounted for by Chief Medical Officers, Bilaspur, Kangra, Sirmour and Solan.
- ** Though spraying of BHC was banned, Rs 5.72 lakh were spent on spraying this material during spray season of 1997.
- ** Timely treatment to positive cases was not given due to delay of 15 to 109 days in examination of blood slides. Delays at various stages from collection of blood smears to the final treatment reduced the effectiveness of the programme.
- ** As against the target of opening of 8,910 Drug Distribution Centres only 3,914 were opened as of 1997. Only 2,241 Fever Treatment Depots were opened as against a target of 4,455 as of 1997.
- ** While five NMEP vehicles were utilised to the extent of only 2 to

40 per cent for implementation of the programme in Kangra and Solan districts, no vehicle was provided in Hamirpur and Una districts for the programme.

- ** Irregular deployment of laboratory technician from Zonal Malaria Office to Civil Hospital, Dehra from November 1995 to January 1997 affected susceptibility/bio-assay tests and processing and dissection work of mosquitoes.
- ** Activity reports of the programme for the State were not prepared by Deputy Director (Malaria), and Zonal Malaria Officer, Dharamshala.
- ** No independent appraisal team of Government of India visited the State during 1992-97 for evaluation of the programme.

(Paragraph 3.8)

12. Material management and inventory control in Irrigation and Public Health Department

- ** Rupees 23 lakh were unjustifiably advanced to the Himachal Pradesh State Civil Supplies Corporation by Sundernagar division in March 1993 for the purchase of galvanised iron (GI) pipes which were not purchased.
- ** Stores valued at Rs 1.64 crore were booked between March 1992 and March 1997 in nine divisions against 51 works though such stores were not required for these works and were either written back to stock or transferred to other works.
- ** Rupees 8.77 crore were unjustifiably advanced by Shimla division No II between March 1996 and March 1998 to the Himachal Pradesh State Civil Supplies Corporation for supply of cement. The Corporation

supplied cement worth Rs 15 lakh and refunded Rs 55 lakh in April 1998. The balance amount of Rs 8.07 crore had not been refunded.

** In 12 divisions, various items of machinery, pipes and electric fittings valued at Rs 2.68 crore were procured without necessity

** Pumping machinery costing Rs 37.59 lakh was procured by Shimla division No I during 1997-98 for Lift Water Supply Scheme, Theog due to be completed in 2001 AD. The guarantee period of the machinery would be over much before the machinery is erected/commissioned.

** Shortages and non-accounting of stores in five divisions valued at Rs 15.61 lakh reported/detected between September 1992 and March 1996 had not been recovered/investigated.

** Stores valued at Rs 25.34 lakh were lying unutilised in the accounts of eight completed works in three divisions and had not been transferred back to stock/other works.

(Paragraph 5.1)

13. Municipal Corporation, Shimla

** Residence of the Commissioner was repaired/renovated for Rs 28.80 lakh against the original estimate of Rs 8.38 lakh. The estimates were also split to avoid sanction/approval of the competent authority.

** Out of 4.16 crore kilo litres of water made available to the Corporation by Irrigation and Public Health Department for distribution, 2.20 crore kilo litres of water were wasted. Going by Corporation's own norm of

wastage of 35 *per cent*, wastage of 0.74 crore kilo litres of water was in excess resulting in loss of Rs 1.33 crore during 1993-97.

** As the sewerage system did not have any centralised treatment facility, untreated sewage was discharged into the open stream and was polluting the natural surface river.

** Realisation of Municipal taxes of Rs 2.92 crore were in arrears as of March 1997.

** Rupees 60 lakh meant for construction of a modern slaughter house were not utilised as of July 1998.

(Paragraph 6.4)

14. Blocking of Government money due to non-completion of development works

** Failure of the executing agencies to execute 435 works like construction of primary school buildings, play grounds, *panchayat ghars*, community halls, etc., under various schemes like *Vikas Mein Jan Sahyog*, Local District Planning, etc., during 1982-83 to 1996-97 within the stipulated period resulted in depriving the public of the intended benefits besides blocking of Government funds of Rs 1.87 crore.

(Paragraphs 3.2 and 3.5)

15. Embezzlement of Government funds in the office of the Deputy Commissioner, Hamirpur

** Rupees 9.28 lakh were embezzled by the District Nazir by manipulation of the amounts of cheques etc.

(Paragraph 3.6)

16. Utilisation of helicopter

** Even though the helicopter was not made available, the State Government paid Rs 1.40 crore to a private agency.

** Rupees 1.77 crore paid to IAF/Pawan Hans for alternative arrangements made by the State Government was not recovered from the agency.

** Chief Minister used the official helicopter during December 1997 and January 1998 though elections were announced for 12th Lok Sabha. This involved unauthorised expenditure of Rs 50.66 lakh.

(Paragraph 3.7)

17. Misappropriations, defalcations, etc.

** Due to delays in completion of departmental proceedings, 89 cases of misappropriations, defalcations, etc., involving Rs 53.67 lakh were pending finalisation as of June 1998. Forty three cases involving Rs 22.04 lakh pertained to the Public Works Department and 25 cases involving Rs 11.79 lakh pertained to the Irrigation and Public Health Department.

(Paragraph 3.15)

18. Unviable lift irrigation scheme, Deoli group of villages

** Even after 11 years the scheme could cover only 30 hectares of culturable command area (15 *per cent*) out of 195 hectares though Rs 43.18 lakh was spent. Cost per hectare of the area irrigated by the scheme escalated to Rs 1.44 lakh as compared to the estimated cost of Rs 9.4 thousand per hectare.

(Paragraph 4.3)

19. Under-utilisation of irrigation potential

** Irrigation potential of 15 irrigation schemes completed in seven divisions for Rs 1.74 crore could be utilised only upto a maximum of six *per cent* during 1992-96.

(Paragraph 4.5)

20. A lift irrigation scheme remained un-operational since 1992

** Due to abnormal delay in the restoration of the damages in the channels of the lift irrigation scheme, Ghaini Nayaser (Shimla district), Rs 41.10 lakh spent on construction, repairs and maintenance of the scheme remained unfruitful.

(Paragraph 4.7)

21. Drawal of Government funds to give undue aid to HPSEB

** Rupees 4 crore were deposited with HPSEB in March 1997 by Shimla Division No-II in advance of actual requirements to provide undue aid to HPSEB. HPSEB had utilised only Rs 93.26 lakh as of July 1998.

(Paragraph 4.8)

22. Bridge not put to use due to non-construction of approach road

** Approach road to the bridge near Ganguwal was not completed and the bridge completed for Rs 19.44 lakh could not be used since September 1996.

(Paragraph 4.10)

23. Non-recovery of Government dues

** As the department failed to revalidate the bank guarantees and delayed the invoking of penal clauses of the agreements Rs 40.11 lakh remained unrecovered from a firm who were entrusted with the construction of three bridges on National Highway-22.

(Paragraph 4.11)

24. Overpayment of escalation charges

** Overpayment of Rs 26.21 lakh was made to contractors in Barsar, Rampur, Sundernagar and Una divisions by allowing escalation of enhanced wages of labour from January 1994 instead of March 1996.

(Paragraph 4.16)



CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Introduction

1.1.1 Structure of the Government Accounts

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 and no amount can be withdrawn from the Fund without authorisation from the State Legislature. It 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 authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs one crore.

STATEMENT-I - SUMMARISED FINANCIAL POSITION OF

Amount as on 31 March 1997 (Rupees in crore)	Liabilities	Amount as on 31 March 1998 (Rupees in crore)
420.71	Internal Debt (excluding Overdrafts from the Reserve Bank of India)	523.53
	Market Loans bearing interest	341.98
	Market Loans not bearing interest	0.17
	Loans from the Life Insurance Corporation of India	16.64
	Loans from the General Insurance Corporation of India	9.44
	Loans from the National Bank for Agriculture and Rural Development	38.21
	Loans from the National Co-operative Development Corporation	31.77
	Loans from other institutions	51.65
	Ways and Means Advances from the Reserve Bank of India	33.67
1715.60	Loans and Advances from the Central Government	2378.62
	Pre 1984-85 Loans	86.76
	Non-Plan Loans	1876.60
	Loans for State Plan Schemes	363.50
	Loans for Central Plan Schemes	0.47
	Loans for Centrally Sponsored Plan Schemes	51.29
1.00	Contingency Fund	1.00
1001.09	Small Savings, Provident Funds, etc.	1197.67
137.02	Deposits	133.50
420.94	Overdrafts from the Reserve Bank of India	--
4.49	Reserve Funds	103.66
66.70	Remittance Balances	83.89
3767.55		4421.87

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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 Public Account and are not subject to vote by the State Legislature.

1.1.2 Annual Accounts

The accounts of the State Government are compiled annually by the Accountant General, Himachal Pradesh. These 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 classifications in the Government accounts. The Appropriation Accounts on the other hand, present the details of amounts actually spent by the State Government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

1.1.3 Audit Report

The Finance Accounts and the Appropriation Accounts, as well as various transactions in these accounts, are audited by the Comptroller and Auditor General of India (CAG) in accordance with CAG's (Duties, Powers and Conditions of Service) Act, 1971. CAG certifies the accounts and also submits separate Audit Reports to the Governor of the State in terms of Article 151 of the Constitution of India.

CAG's Reports in respect of the Government of Himachal Pradesh for the year ended 31 March 1998 are structured as under:

<u>Report number</u>	<u>Containing observations on</u>
1	Himachal Pradesh Government: Revenue Receipts
2	Himachal Pradesh Government: Commercial
3	Himachal Pradesh Government: Civil

1.2 Summarised financial position

The financial position of the Government of Himachal Pradesh as on 31 March 1998, emerging from the Appropriation Accounts and the Finance Accounts for the year 1997-98, supplemented by the additional information collected separately and the abstract of Receipts and Disbursements for the year is given in the following statements:

STATEMENT-I - SUMMARISED FINANCIAL POSITION OF

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137.02	Deposits	133.50
420.94	Overdrafts from the Reserve Bank of India	--
4.49	Reserve Funds	103.66
66.70	Remittance Balances	83.89
3767.55		4421.87

THE STATE GOVERNMENT AS ON 31 MARCH 1998

Amount as on 31 March 1997 (Rupees in crore)	Assets	Amount as on 31 March 1998 (Rupees in crore)
3116.08	Gross Capital Outlay	3656.81
	Investment in share of Companies, Corporations, etc.	858.38
	Other capital expenditure	2798.43
521.53	Loans and Advances	654.30
	Loans for Energy	515.29
	Other Development Loans	70.97
	Loans to Government Servants and Miscellaneous Loans	68.04
0.50	Appropriation to Contingency Fund	0.50
29.93	Suspense and Miscellaneous Balances	38.84
0.09	Advances	0.10
(-) 144.56	Cash	(-) 701.35
	Cash in Treasuries and Local Remittances	12.51
	Departmental Cash Balance including Permanent Advances	0.35
	Cash Balance Investment Account	0.14
	Deposits with the Reserve Bank of India	(-) 714.35
243.98	Deficit on the Government Account	772.67
	Accumulated deficit upto 31 March 1997	234.41
	Add	
	(i) Current year's deficit	528.69
	(ii) Adjustments	9.57*
	(iii) Miscellaneous Government Accounts	£
3767.55		4421.87

According to statement No. 14 of the Finance Accounts 1997-98, the revenue deficit on Government Account was (-) Rs 763.10 crore. The difference of (-) Rs 9.57 crore is as detailed below:

	(Rupees in crore)
Progressive amount adjusted under head "7810-Inter State Settlement"	(-) 1.43
Progressive amount adjusted under head "8680-Miscellaneous Government Account"	(-) 0.14
Net amount adjusted proforma	(-) 8.00
Total	(-) 9.57

£ Rupees 29,388 only

Explanatory Notes:

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to the notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Though a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, their classification in the accounts of the State Government remains unaffected by end use.
4. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account. The balancing figure of Rs 285.32 crore as on 31 March 1983 was treated as cumulative surplus for drawing up the first statement for 1983-84.

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of states and others pending settlement, etc. The balance under Suspense and Miscellaneous had increased from Rs 29.93 crore (Debit) on 31 March 1997 to Rs 38.84 crore (Debit) as on 31 March 1998.

6. The closing balance according to the Reserve Bank of India, under "Deposits with the Reserve Bank of India" was Rs 709.17 crore (debit), against the balance of Rs 714.35 crore (credit) shown in the accounts, representing a difference of Rs 5.18 crore (debit). While a difference of Rs 4.95 crore had been reconciled, the balance of Rs 0.23 crore was awaiting reconciliation (September 1998).

STATEMENT-II- ABSTRACT OF RECEIPTS AND

SECTION -A- REVENUE

RECEIPTS

		(Rupees in crore)
I	Revenue Receipts	2170.45
(i)	Tax revenue	476.16
(ii)	Non-Tax revenue	222.04
(iii)	State's share of Union Taxes and Duties	651.23
(iv)	Non-Plan Grants	178.43
(v)	Grants for State Plan Schemes	561.13
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	81.46
II	Revenue Deficit carried over to Section B	528.69
		2699.14

DISBURSEMENTS FOR THE YEAR 1997-98

DISBURSEMENTS

					(Rupees in crore)
I Revenue Expenditure					2699.14*
Sector	Non-Plan	Plan	Centrally sponsored schemes including Plan Schemes	Total	
(A) General Services	819.82	18.66	3.95	842.43	
(B) Social Services	586.22	338.62	68.60	993.44	
(C) Economic Services-					
(i) Agriculture and Allied Activities	130.40	149.49	16.58	296.47	
(ii) Rural Development	26.54	50.06	2.38	78.98	
(iii) Irrigation and Flood Control	17.16	20.46	0.11	37.73	
(iv) Energy	83.00	3.33	0.90	87.23	
(v) Industry and Minerals	4.41	33.55	22.65	60.61	
(vi) Transport	175.53	9.31	0.25	185.09	
(vii) Science, Technology and Environment	--	0.98	0.33	1.31	
(viii) General Economic Services	9.76	94.61	0.25	104.62	
(D) Grants -in-aid and Contributions	4.47	6.76	--	11.23	
	1857.31	725.83	116.00	2699.14	
Total					2699.14

**STATEMENT-II - ABSTRACT OF RECEIPTS AND
SECTION-B-OTHERS**

RECEIPTS

		(Rupees in crore)
III	Opening Cash Balance including Permanent Advance and Cash Balance Investment Account, etc.	(-) 144.56
IV	Recoveries of Loans and Advances-	18.27
	(i) From Energy	1.60
	(ii) From Government Servants and Miscellaneous Loans	12.83
	(iii) From others	3.84
V	Public Debt Receipts	1046.19
	(i) Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)	330.54
	(ii) Loans and Advances from the Central Government	715.65
VI	Public Account Receipts	3512.21
	(i) Small Savings, Provident Funds, etc.	393.51
	(ii) Reserve Funds	342.08
	(iii) Deposits and Advances	1481.85
	(iv) Suspense and Miscellaneous	85.93
	(v) Remittances	1208.84
VII	Closing Overdrafts from the Reserve Bank of India	
		4432.11

DISBURSEMENTS FOR THE YEAR 1997-98

DISBURSEMENTS

		(Rupees in crore)		
II	Opening Overdraft from the Reserve Bank of India			420.94
III	Capital Outlay			540.73*
	Sector	Non-Plan	Plan	Total
(A)	General Services	-	19.56	19.56
(B)	Social Services	-	144.56	144.56
(C)	Economic Services			
(i)	Agriculture and Allied Activities	(-) 3.07	13.51	10.44
(ii)	Rural Development	-	0.04	0.04
(iii)	Irrigation and Flood Control	-	41.87	41.87
(iv)	Energy	-	176.00	176.00
(v)	Industry and Minerals	-	1.75	1.75
(vi)	Transport	-	137.43	137.43
(vii)	General Economic Services	-	9.08	9.08
IV	Loans and Advances Disbursed			151.04
(i)	For Energy			115.58
(ii)	To Government Servants and Miscellaneous Loans			20.63
(iii)	To others			14.83
V	Revenue deficit brought down			528.69
VI	Repayment of Public Debt			280.35
(i)	Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)			227.72
(ii)	Repayment of Loans and Advances to the Central Government			52.63
VII	Public Account Disbursements			3211.71
(i)	Small Savings, Provident Funds, etc.			196.92
(ii)	Reserve Funds			242.92
(iii)	Deposits and Advances			1485.38
(iv)	Suspense and Miscellaneous			94.84
(v)	Remittances			1191.65
VIII	Cash Balance at the end of the Year			(-) 701.35
(i)	Cash in Treasuries and Local Remittances		12.51	
(ii)	Departmental Cash Balances including Permanent Advances		0.35	
(iii)	Cash Balance Investment Account		0.14	
(iv)	Deposits with the Reserve Bank of India		(-) 714.35	
				4432.11

These are net figures exclusive of recoveries adjusted in reduction of expenditure viz., revenue expenditure: Rs 225.79 crore; capital expenditure: Rs 64.26 crore.

STATEMENT-III

SOURCES AND APPLICATION OF FUNDS

The following statement contains details of the sources of funds at the disposal of the State Government and their application during the financial year 1997-98:

Sources (Receipts)			Application (Expenditure)
	(Rupees in crore)		(Rupees in crore)
Tax Revenue	476.16	Revenue	2699.14
Non -Tax Revenue	222.04	Expenditure	
Grants-in-aid from the Central Government	821.02	Capital	540.73
State's share of Union Taxes and Duties-		Expenditure	
Taxes on Income other than Corporation Tax	95.17		
Union Excise Duties	556.06		
Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)	330.54	Discharge of Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)	227.72
Loans and Advances from the Central Government	715.65	Discharge of Loans and Advances from the Central Government	52.63
Recoveries of Loans and Advances	18.27	Loans and Advances disbursed	151.04
Net Receipts under Public Account	300.50		
Net decrease in Cash Balance including Cash Balance Investment Account, Departmental Cash Balances, Permanent Advances, etc.	556.79	Decrease in Overdraft from the Reserve Bank of India	420.94
Total	4092.20		4092.20

Based on these statements and other supporting data, the following paragraphs in this Chapter present an analysis of the management of the finances of the State Government during 1997-98, relating it to the position obtaining in the preceding four years.

1.3 Assets and Liabilities

The assets, comprising capital investments and loans advanced and the total liabilities of the State Government during the five year period 1993-98 were as under:

At the end of	Assets	Liabilities	Gap between assets and liabilities excess(+)/shortage(-)
(Rupees in crore)			
1993-94	2405.20	2035.78	(+)369.42
1994-95	2658.50	2597.30	(+) 61.20
1995-96	3215.60	3304.72	(-) 89.12
1996-97	3523.57	3767.55	(-)243.98
1997-98	3649.20	4421.87	(-) 772.67

701.35

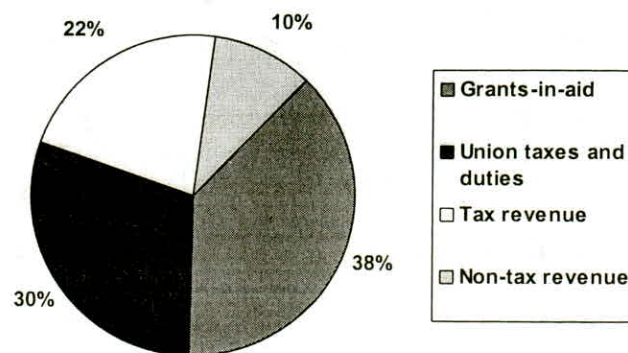
While the assets grew by 52 per cent over the period of four years, the liabilities had grown by 117 per cent during the same period. The table shows that upto 1994-95 assets of the Government were more than the liabilities. However, from 1995-96 the liabilities of the Government overtook the assets. This was mainly attributable to the increased revenue deficit from 1994-95 (vide details of revenue deficit in paragraph 1.7.1).

1.3.1 Financial position of the State

(i) The financial position of the State Government during 1997-98 as emerged from the Finance Accounts revealed that revenue receipts of the State Government during the year were Rs 2170.45 crore against which revenue expenditure was Rs 2699.14 crore, thus resulting in a revenue deficit of Rs 528.69 crore constituting 24 *per cent* of the revenue receipts.

(ii) The revenue receipts of the State Government comprised tax revenue (Rs 476.16 crore), non-tax revenue (Rs 222.04 crore), State's share of Union taxes and duties (Rs 651.23 crore) and grants-in-aid from the Central Government (Rs 821.02 crore). The main sources of tax revenue were taxes on sales, trade etc., (Rs 171.17 crore) and State Excise (Rs 159.54 crore). Non-tax revenue came mainly from Housing (Rs 65.86 crore), Forestry and Wild Life (Rs 41.15 crore) and Non-Ferrous Mining and Metallurgical Industries (Rs 30.93 crore). However, the receipt of Rs 65.25 crore was fictitiously created under Housing, the details of which are discussed in paragraph 1.4.3(a)

(iii) The contributions made by the four major sources of revenue, namely tax revenue (22 *per cent*), non-tax revenue (10 *per cent*), Grants-in-aid from the Central Government (38 *per cent*) and share of Union taxes and duties (30 *per cent*) during the year 1997-98 were as depicted in the following chart:



(iv) The revenue expenditure of Rs 2699.14 crore was incurred on General Services (31.2 per cent), Social Services (36.8 per cent), Economic Services (31.6 per cent) and Grants-in-aid and contributions (0.4 per cent).

(v) The capital expenditure of the State Government was Rs 540.73 crore which was distributed among General Services (3 per cent), Social Services (27 per cent) and Economic Services (70 per cent).

(vi) The Public Debt of the State Government increased by Rs 344.90 crore over the previous year during 1997-98, thereby pushing up the burden of interest payments and servicing of debt. The interest payments (Rs 372.07 crore) constituted 14 per cent of the revenue expenditure of the State during the year.

1.3.2 Consolidated Fund

The receipts and expenditure under the Consolidated Fund of the State for 1997-98 along with the previous financial year were as under:

1996-97	Receipts	1997-98	1996-97	Expenditure	1997-98
Revenue Account					
1992.02	Revenue Receipts	2170.45	2146.88	Revenue Expenditure	2699.14
154.86	Deficit(-)	528.69			
2146.88	Total	2699.14	2146.88	Total	2699.14
Capital Account					
--	Capital Receipts	---	351.79	Capital Expenditure	540.73
16.03	Recoveries of Loans and Advances	18.27	81.41	Loans and Advances disbursed	151.04
936.66	Receipts booked as Public Debt	2475.07	684.78	Repayment of Public Debt	2130.18
165.29	Capital Deficit	328.61		Capital Surplus	
1117.98	Total	2821.95	1117.98	Total	2821.95
320.15	Deficits in Consolidated Fund	857.30			

While the revenue receipts increased from Rs 1992.02 crore in 1996-97 to Rs 2170.45 crore in 1997-98, representing an increase of 9 *per cent* over the previous year, the revenue expenditure increased from Rs 2146.88 crore in 1996-97 to Rs 2699.14 crore in 1997-98 representing an increase of 26 *per cent* over the previous year. The capital expenditure increased from Rs 351.79 crore in 1996-97 to Rs 540.73 crore in 1997-98 representing an increase of 54 *per cent* over the previous year. Due to substantial increase in revenue expenditure and capital expenditure as compared to increase in revenue receipts, there was deficit of Rs 857.30 crore in 1997-98 in the Consolidated Fund. The increase in capital deficit was 168 *per cent* over the previous year.

1.4 Revenue Receipts

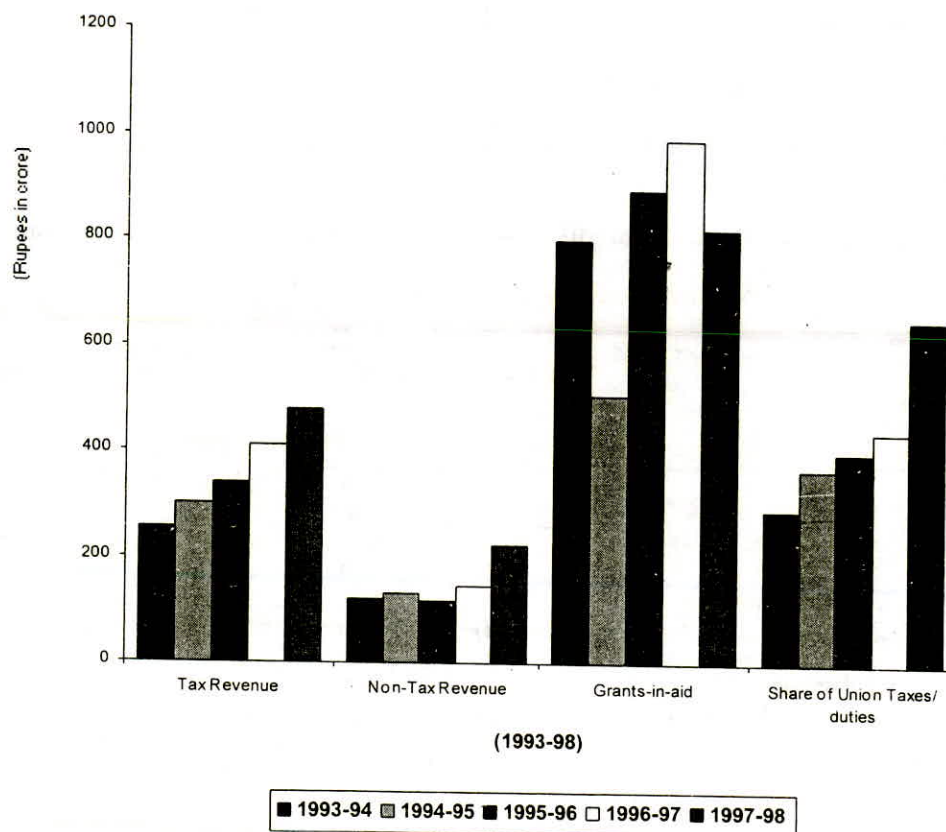
1.4.1 Trend of revenue receipts during the period of five years (1993-98) was as under:

Year	Budget estimates	Actual Revenue Receipts	Increase (+)/ decrease (-) over the previous year	Percentage of increase (+)/ decrease (-) over the previous year
(Rupees in crore)				
1993-94	1435.74	1465.13	(+)412.64	(+) 39
1994-95	1235.85	1306.36	(-)158.77	(-) 11
1995-96	1738.90	1754.03	(+)447.67	(+) 34
1996-97	1910.60	1992.02	(+)237.99	(+) 14
1997-98	2117.57	2170.45	(+)178.43	(+) 9

It would be seen that revenue receipts had increased by 48 *per cent* during 1993-98.

The position of revenue realisations from different sources during the period from 1993-94 to 1997-98 and their contribution to the total revenue of the State was as depicted in the chart below:

SOURCES OF REVENUE



An analysis of receipts from different sources is contained in the succeeding paragraphs.

1.4.2 Tax Revenue

The growth of tax revenue of the State Government during the last five years (1993-98) was as under:

Tax Revenue – Growth in five years				
Year	Budget Estimates	Actual receipt	Percentage growth over the previous year	As a percentage of total revenue receipts
(Rupees in crore)				
1993-94	221.92	255.74	15	17
1994-95	297.01	299.45	17	23
1995-96	336.18	341.52	14	19
1996-97	373.86	412.11	21	21
1997-98	436.52	476.16	16	22

(a) Tax revenue of the State Government increased from Rs 412.11 crore in 1996-97 to Rs 476.16 crore in 1997-98, representing a growth of 16 per cent.

(b) Realisations from different taxes and duties during the period from 1993-94 to 1997-98 have been analysed in the following table:

Serial number		Components of Tax Revenue				
		1993-94	1994-95	1995-96	1996-97	1997-98
(Rupees in crore)						
1.	Sales Tax	93.88 (37)	107.18 (36)	122.83 (36)	146.26 (35)	171.18 (36)
2.	State Excise	83.53 (33)	94.55 (32)	105.50 (31)	132.47 (32)	159.54 (34)
3.	Taxes on Vehicles	11.56 (4)	11.17 (4)	12.32 (4)	14.47 (4)	15.83 (3)
4.	Taxes on Goods and Passengers	35.22 (14)	39.77 (13)	45.80 (13)	65.26 (16)	96.80 (20)
5.	Taxes and Duties on Electricity	2.10 (1)	9.88 (3)	17.92 (5)	18.64 (5)	7.05 (2)
6.	Land Revenue	1.01 (--)	1.15 (--)	0.87 (--)	5.95 (1)	1.67 (--)
7.	Stamps and Registration Fees	10.19 (4)	12.00 (4)	13.78 (4)	15.44 (4)	18.77 (4)
8.	Other Taxes and Duties on Commodities and Services	18.25 (7)	23.75 (8)	22.50 (7)	13.62 (3)	5.32 (1)
Total		255.74	299.45	341.52	412.11	476.16

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

(c) The increase in tax revenue collections by Rs 64.05 crore during 1997-98 over the previous year was mainly attributable to additional realisations from Taxes on Goods and Passengers (Rs 31.54 crore), State Excise (Rs 27.07 crore) and Sales Tax (Rs 24.92 crore). The reasons therefor as given (July 1998) by the Additional Excise and Taxation Commissioner were as under:

The increase under "Taxes on Goods and Passengers" was due to increase in the fare receipts, levy of passenger tax on lump sum basis on private vehicles and levy of additional freight tax on fly ash.

The increase under "State Excise" was mainly due to higher amount of auction money, increase in consumption of liquor, enhancement in the rates of excise duty and also issue of 35 new bar licenses.

The increase under "Sales Tax" was mainly due to general increase in prices of commodities.

(d) Analysis of realisations of tax revenue from different sources during 1997-98 *vis-a-vis* the Budget Estimates and the Revised Estimates revealed significant variations. The variation was as high as 74 per cent in respect of Land Revenue and as low as (-) 58 per cent in respect of Taxes and Duties on Electricity with reference to the Revised Estimates. Details in this regard were as under:

Actuals 1996-97	Revenue head	1997-98			Percentage increase (+)/decrease (-) with reference to	
		Budget Estimates (Rupees in crore)	Revised Estimates	Actuals	Budget Estimates	Revised Estimates
5.95	Land Revenue	0.96	0.96	1.67	(+) 74	(+) 74
15.44	Stamps and Registration Fees	12.20	14.30	18.77	(+) 54	(+) 31
132.47	State Excise	120.00	136.70	159.54	(+) 33	(+) 17
146.26	Sales Tax	160.00	162.00	171.18	(+) 7	(+) 6
18.64	Taxes and Duties on Electricity	16.63	16.63	7.05	(-) 58	(-) 58
13.62	Other Taxes and Duties on Commodities and Services	5.54	5.54	5.32	(-) 4	(-) 4
65.26	Taxes on Goods and Passengers	77.00	78.00	96.80	(+) 26	(+) 24
14.47	Taxes on Vehicles	13.14	22.39	15.83	(+) 20	(-) 29

The shortfall of 58 *per cent* in respect of Taxes and Duties on Electricity was attributed (July 1998) by the Chief Electrical Inspector to the delay in payment of Electricity Duty by the Himachal Pradesh State Electricity Board.

1.4.3 Non-Tax Revenue

The growth/decline of non-tax revenue during the last five years was as under:

Year	Budget* Estimates	Non-Tax Revenue (Actuals)	Percentage increase (+)/ decrease (-) over the previous year	As a percentage of revenue receipts
(Rupees in crore)				
1993-94	84.79	120.61	(+) 81	(+) 8
1994-95	87.24	132.74	(+) 10	(+) 10
1995-96	112.20	117.35	(-) 12	(+) 7
1996-97	138.62	146.86	(+) 25	(+) 7
1997-98	123.80	222.04	(+) 51	(+) 10

(a) Non-tax revenue of the State Government increased from Rs 146.86 crore in 1996-97 to Rs 222.04 crore in 1997-98, representing a growth of 51 *per cent* over the previous year (1996-97).

The increase was mainly attributable to additional realisations from the following Heads:

Head of Account	Actuals		Percentage of increase
	1996-97	1997-98	
(Rupees in crore)			
0202 Education, Sports, Art and Culture	2.68	6.13	129
0216 Housing	0.58	65.86	11255
0425 Co-operation	1.16	2.47	113
0853 Non-ferrous Mining and Metallurgical Industries	13.22	30.93	134

During 1995-96, Himachal Pradesh Housing Board (HPHB) raised a loan of Rs 105.32 crore from Housing and Urban Development Corporation

Source: Budget documents of the State Government

(HUDCO) on behalf of the State Government for execution of “*Gandhi Kuteer Yojana*”. Against the said loan, Rs 35.44 crore received during 1996-97 (Rs 25.35 crore) and 1997-98 (Rs 10.09 crore) were deposited in the Government account under the head ‘8448- Deposits of Local Funds – 108 State Housing Board Funds’ at the instance of the Government. The omission was pointed out vide paragraph 1.10.1(b) of the Report of the Comptroller and Auditor General of India for the year 1996-97 - (Civil) - Government of Himachal Pradesh.

During 1997-98, Rs 47.35 crore (including previous balance) lying under ‘8448-Deposit of Local Funds-108-State Housing and Board Funds’ and Rs 17.90 crore received as further loan amount from HUDCO during 1997-98 was booked by HPHB as Revenue Receipts under the head “0216 – Housing, 03- Rural Housing, 800- Other receipts 01- Assistance for *Gandhi Kuteer Yojna* at the instance of the State Government. Thus, the fictitious revenue concealed the revenue deficit during 1997-98 to the extent of Rs 65.25 crore.

Under “Non-Ferrous Mining and Metallurgical Industries”, the increase was due to decision of a court case in favour of the State Government which involved substantial revenue receipts, establishment of check posts and flying squads and increase in the production of cement in the State.

(b) As in the case of tax revenue, realisations of non-tax revenue during 1997-98 varied significantly from the Budget Estimates and Revised Estimates in respect of following heads of account:

Head of account	Budget estimates	Revised budget estimates	Actual receipts	Variation with reference to	
				Budget estimates	Revised budget estimates
(Rupees in crore)					
0049-Interest	3.25	3.25	13.02	9.77 (+301)	9.77 (+301)
0050-Dividend and profit	0.11	0.11	0.55	0.44 (+400)	0.44 (+400)
0070-Other administrative services	3.77	3.63	8.52	4.75 (+126)	4.89 (+135)
0202-Education	3.19	3.19	6.13	2.94 (+92)	2.94 (+92)
0406-Forestry and Wild Life	86.00	50.00	41.15	(-) 44.85(-52)	(-)8.85 (-18)
0851-Village and Small Industries	0.13	0.15	1.14	1.01 (+777)	0.99(+660)
0853-Non-Ferrous Mining and Metallurgical Industries	7.00	10.00	30.93	23.93 (+342)	20.93(+209)

Note: Figures in parentheses represent the increase (+) and decrease (-)

These variations were as high as 777 per cent in respect of Village and Small Industries and as low as (-) 52 per cent in respect of Forestry and Wild Life.

It would be seen that against the budget provision of Rs 86 crore, the actual revenue receipts during 1997-98 amounted to Rs 41.15 crore under "Forestry and Wild Life". The Principal Chief Conservator of Forests intimated (August 1998) that for the year 1997-98 Forest Department had proposed to the Government budget estimates of revenue receipts of Rs 40.50 crore whereas in the budget estimates, the budget provision under the aforesaid revenue head was kept at Rs 86 crore by the Finance Department. The reasons for variation of (-)52 per cent had not been intimated (September 1998) by the Government.

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

Trend of State's share of Union taxes and duties and the Central grants-in-aid for the last five years was as under:

Year	State's share of		Grants-in-aid	Total	As percentage of	
	Net proceeds of taxes on income other than Corporation tax	Union Excise Duties			Total revenue expenditure	Total revenue receipts
(Rupees in crore)						
1993-94	45.97	243.55	799.26	1088.78	81	74
1994-95	51.31	317.52	505.34	874.17	54	67
1995-96	78.89	321.39	894.88	1295.16	68	74
1996-97	67.51	372.72	992.82	1433.05	67	72
1997-98	95.17	556.06	821.02	1472.25	55	68

The State's share of Union taxes and duties had increased by 125 per cent between 1993-94 (Rs 289.52 crore) and 1997-98 (Rs 651.23 crore). During 1997-98, the increase was 48 per cent over the preceding year (Rs 440.23 crore). During the same period grants-in-aid from the Central Government increased from Rs 799.26 crore to Rs 821.02 crore i.e., an increase of 3 per cent. In 1997-98,

grants-in-aid decreased by 17 *per cent* over the preceding year from Rs 992.82 crore to Rs 821.02 crore.

1.4.5 Arrears of Revenue

Position of arrears in collection under principal heads of revenues, as per information available was as under:

Year	Arrears of revenue at the end of the year (Rupees in crore)	
	1993-94	138.42
1994-95	128.04	
1995-96	136.70	
1996-97	155.48	
1997-98	170.45	

It would be seen that the arrears of revenue increased from Rs 155.48 crore in 1996-97 to Rs 170.45 crore in 1997-98 – an increase of 10 *per cent*. Most of the arrears pertained to Forestry and Wild Life (Rs 76.68 crore), Sales Tax (Rs 49.73 crore), Water Supply, Sanitation and Minor Irrigation (Rs 9.49 crore) and Taxes on Goods and Passengers (Rs 7.46 crore).

1.5 Revenue expenditure

Trend of revenue expenditure of the State during the five year period ending 1997-98 was as under:

Year	Budget estimates*			Actuals			Increase (+)/ Decrease (-) over the previous year
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
	(Rupees in crore)						
1993-94	381.38	960.63	1342.01	409.01	942.49	1351.50	(+) 205.93
1994-95	442.33	1132.88	1575.21	440.73	1173.55	1614.28	(+) 262.78
1995-96	517.63	1343.49	1861.12	560.59	1343.76	1904.35	(+) 290.07
1996-97	616.21	1528.62	2144.83	650.55	1496.33	2146.88	(+) 242.53
1997-98	726.99	1811.17	2538.16	841.83	1857.31	2699.14	(+) 552.26

Source: Budget documents of the State Government

Between 1993-94 and 1997-98, Plan expenditure increased by 106 *per cent* and Non-Plan expenditure by 97 *per cent*. There was an increase in revenue expenditure by 26 *per cent* during 1997-98 over the level of 1996-97 and by 100 *per cent* during the period 1993-98.

Large part of revenue expenditure was attributable to interest payments (Rs 372.07 crore), pension and other retirement benefits (Rs 165.49 crore), assistance to State Electricity Board (Rs 83 crore), assistance to Public Sector undertakings (Rs 60.66 crore) and financial assistance to local bodies, etc., (Rs 204.77 crore). Out of the remaining amount (Rs.1813.15 crore), staff cost* accounted for approximately to Rs 1049.64 crore which constituted 39 *per cent* of total revenue expenditure during 1997-98. Expenditure on staff cost* during 1996-97 was approximately Rs 722.40 crore representing 34 *per cent* of total revenue expenditure.(Rs 2146.88 crore)

Government stated (January 1999) that increase of about Rs 361 crore in Non-plan revenue expenditure during 1997-98 over the level of 1996-97 was mainly because of (i) revision of pay scales (Rs 120 crore), (ii) increase in interest liabilities (Rs 59 crore) due to loans obtained by the Government for development purposes, (iii) increase in number of retirees (Rs 39 crore), (iv) increase in expenditure on maintenance of roads, buildings, water supply as well as irrigation schemes (Rs 40 crore), (v) additional subsidy (Rs 30 crore) to Himachal Road Transport Corporation to meet its deficit on account of concessional passes and

* Based on compilation of salary expenditure from the paid vouchers by the office of the Senior Deputy Accountant General (A&E) during March 1997 and April 1998

(vi) additional subsidy (Rs 73 crore) to other public sector undertakings for meeting their deficit on account of revision of pay scales.

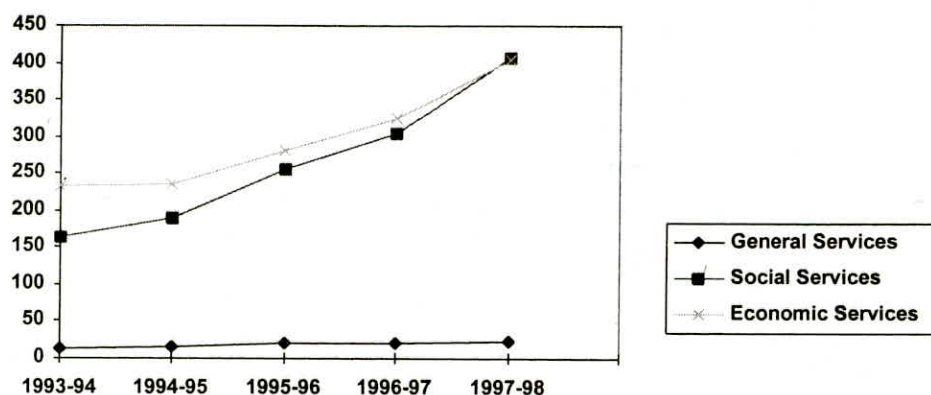
Similarly, increase of Rs 191 crore in Plan revenue expenditure during 1997-98 was attributed (January 1999) to increase in plan size in 1997-98 as compared to 1996-97.

Sector-wise analysis of the expenditure on Revenue Account from 1993-94 to 1997-98 was as presented below:

Sector	1993-94	1994-95	1995-96	1996-97	1997-98
	(Rupees in crore)				
General Services (Non-Plan)	446.98	508.44	603.77	681.18	819.82
General Services (Plan)	13.45	16.27	19.77	21.42	22.61
Social Services (Non-Plan)	320.70	381.67	454.57	486.40	586.22
Social Services (Plan)	162.58	189.04	255.57	303.93	407.22
Economic Services (Non-Plan)	171.14	279.78	281.24	324.10	446.80
Economic Services (Plan)	232.98	235.42	285.25	325.20	405.24
Grants-in-Aid and Contributions (Non-Plan)	3.67	3.66	4.18	4.65	4.47
Grants-in-Aid and Contributions (Plan)	--	--	--	--	6.76

In relation to the previous year (1996-97), Plan expenditure during 1997-98 on General Services, Social Services and Economic Services increased by 6, 34 and 25 per cent respectively, while Non-Plan expenditure on these Services increased by 20, 21 and 38 per cent respectively.

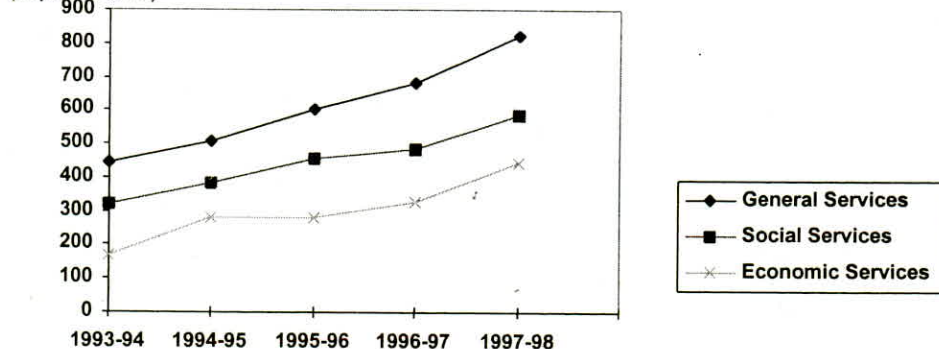
(Rupees in crore)

Trend of Plan Revenue Expenditure

	1993-94	1994-95	1995-96	1996-97	1997-98
General Services	13.45	16.27	19.77	21.42	22.61
Social Services	162.58	189.04	255.57	303.93	407.22
Economic Services	232.98	235.42	285.25	325.20	405.24

Trend of Non-Plan Revenue Expenditure

(Rupees in crore)



	1993-94	1994-95	1995-96	1996-97	1997-98
General Services	446.98	508.44	603.77	681.18	819.82
Social Services	320.70	381.67	454.57	486.40	586.22
Economic Services	171.14	279.78	281.24	324.10	446.80

1.5.1 Interest payments

Trend of interest payments during the last five years was as under:

Year	Interest paid on			Total	Percentage of interest payments with reference to Tax Revenue
	Internal debt	Loans received from the Central Government (Rupees in crore)	Small Savings, Provident Funds, etc.		
1993-94	31.00	117.89	60.76	209.65	82
1994-95	36.86	118.01	67.73	222.60	74
1995-96	48.10	160.26	76.89	285.25	84
1996-97	55.85	178.91	78.22	312.98	76
1997-98	59.43	220.72	91.92	372.07	78

It would be seen that the total interest payments increased from Rs 209.65 crore in 1993-94 to Rs 372.07 crore in 1997-98, which constituted an increase of 77 *per cent* over the five year period. The increase in interest payments over the five year period was 87 *per cent* on loans received from the Central Government and 92 *per cent* on internal debt.

The interest payments thus constituted 14 *per cent* of revenue expenditure while accounting for as much as 78 *per cent* of tax revenue during 1997-98.

The gap between interest received and interest paid also showed an increasing trend since 1993-94. It rose from Rs 206.43 crore in 1993-94 to Rs 359.05 crore in 1997-98, an increase of 74 *per cent*. The details were as under:

Year	Interest received	Interest paid (Rupees in crore)	Gap
1993-94	3.22	209.65	206.43
1994-95	9.23	222.60	213.37
1995-96	25.37	285.25	259.88
1996-97	24.35	312.98	288.63
1997-98	13.02	372.07	359.05

1.5.2 Financial assistance to local bodies and others

The quantum of assistance (grants and loans) provided to different local bodies, etc., during the period of five years ended 1997-98 was as under:

	1993-94	1994-95	1995-96	1996-97	1997-98
(Rupees in crore)					
Universities and other Educational Institutions	21.77	15.95	36.63	30.06	66.60
Municipal Corporations and Municipalities	7.03	6.92	11.20	12.06	31.75
Zila Parishads and Panchayati Raj Institutions	0.87	1.63	2.08	11.18	20.45
Development Agencies	14.03	9.18	9.76	24.98	48.68
Hospitals and Other Charitable Institutions	0.55	--	3.42	4.17	3.89
Other Institutions	30.89	28.20	91.01	49.75	33.40
Total	75.14	61.88	154.10	132.20	204.77
Percentage increase(+)/ decrease(-) over previous year	(+) 104	(-) 18	(+) 149	(-) 14	(+) 55
Revenue Receipts	1465.13	1306.36	1754.03	1992.02	2170.45
Percentage of assistance to Revenue Receipts	5	5	9	7	9
Revenue Expenditure	1351.50	1614.28	1904.35	2146.88	2699.14
Percentage of assistance to Revenue Expenditure	6	4	8	6	8

Financial assistance to local bodies, etc., increased by 55 per cent from Rs 132.20 crore in 1996-97 to Rs 204.77 crore in 1997-98. Financial assistance to Municipal Corporation and Municipalities increased from Rs 12.06 crore in 1996-97 to Rs 31.75 crore in 1997-98 representing an increase of 163 per cent over the previous year. Director, Urban Development Department attributed (September 1998) the increase in financial assistance to special grant to urban local bodies to meet the liability for payment of arrears following the revision of pay scales, special grants to Municipal Corporation, Shimla and Municipal Council, Dharamshala for various purposes. The increase of financial assistance to

Panchayati Raj institutions was attributed (September 1998) by Director, Panchayati Raj to payment of honorarium to tailoring teachers and elected representatives of Panchayati Raj institutions. The assistance to local bodies and others ranged between 5 and 9 *per cent* of the Revenue Receipts and between 4 and 8 *per cent* of the Revenue Expenditure during 1993-98.

1.5.3 Loans and Advances by the State Government

(i) The State Government has been advancing loans to Government Companies, Corporations, autonomous bodies, co-operatives, non-Government institutions, etc. for developmental and non-developmental activities. The position of such loans for the five years beginning from 1993-94 was as under:

	1993-94	1994-95	1995-96	1996-97	1997-98
	(Rupees in crore)				
Opening balance	552.61	598.01	416.37	456.15	521.53
Amount advanced during the year	53.49	(-)163.30*	65.67	81.41	151.04
Amount repaid during the year	8.09	18.34	25.89	16.03	18.27
Closing balance	598.01	416.37	456.15	521.53	654.30
Net addition	45.40	(-)181.64	39.78	65.38	132.77
Interest received and credited to revenue	2.50	1.77	4.55	3.17	3.48
Net receipts from long-term borrowings during the year	117.66	289.86	193.07	360.39	765.83

(ii) **Recoveries in arrears:** In respect of loans, the detailed accounts of which are maintained by the departmental officers, the total amount overdue for recovery against loans advanced as on 31 March 1998, to the extent relevant information was received, was Rs 12.41 crore, including Rs 4.93 crore on account of interest. The major portion of the arrears related to "Loans for small industries and margin

Minus transaction is due to conversion of loan into equity capital

money" (Rs 2.47 crore) under Industries Department, "Horticulture loans" (Rs 3.67 crore) under Horticulture Department, "Soil Conservation Loans" (Rs 2.76 crore) under Agriculture Department and "Loans to Co-operative Societies" (Rs 2.76 crore) under Co-operative Department.

1.6 Capital expenditure

1.6.1 Assets are created mostly out of capital expenditure. 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. Trend of capital expenditure for the last five years was as under:

Year	Budget estimates	Capital Expenditure (Actuals)			Percentage increase(+)/ decrease(-) over the previous year
		Plan	Non-Plan	Total	
(Rupees in crore)					
1993-94	232.95	223.04	(-) 2.67	220.37	(+) 7
1994-95	229.35	490.42	3.70	494.12	(+) 124
1995-96	256.33	329.47	1.81	331.28	(-) 33
1996-97	314.72	353.25	(-) 1.46	351.79	(+) 6
1997-98	324.91	543.80	(-) 3.07	540.73	(+) 54

Capital expenditure during 1997-98 was Rs 540.73 crore against Rs 351.79 crore in 1996-97, representing an increase of 54 *per cent*. The revenue expenditure (both Plan and Non-Plan) had increased by 100 *per cent* during 1993-98, whereas the capital expenditure had gone up by 145 *per cent* during the same period.

Sector-wise analysis of expenditure on Capital account from 1993-94 to 1997-98 was as under:

Sector		1993-94	1994-95	1995-96	1996-97	1997-98
(Rupees in crore)						
General Services	(Plan)	5.89	11.74	15.86	17.49	19.56
	(Non-Plan)	--	--	--	--	--
Social Services	(Plan)	67.90	87.03	95.91	116.32	144.56
	(Non-Plan)	--	4.27	--	--	--
Economic Services	(Plan)	149.25	391.65	217.70	219.44	379.68
	(Non-Plan)	(-) 2.67	(-) 0.57	1.81	(-) 1.46	(-) 3.07

It would be seen that in relation to the previous year (1996-97), the capital Plan expenditure during 1997-98 increased on General Services, Social Services and Economic Services by 12, 24 and 73 per cent respectively.

1.6.2 Investments and Returns

The details of investments by Government in Statutory Corporations, Government Companies, Joint Stock Companies, Co-operative Banks and Societies along with dividends/interest received during five years ending 1997-98 were as under:

At the end of year (1)	Total investment (2)	Dividend/interest received during the year (3)	Percentage Col.3 to Col.2 (4)
(Rupees in crore)			
1993-94	295.78	0.34 [^]	0.11
1994-95	575.24	0.08 [^]	0.01
1995-96	644.89	0.11 [^]	0.02
1996-97	722.84 [*]	0.54 [^]	0.07
1997-98	858.38	0.24 [^]	0.03

Provisional figures

Differs by Rs 6.35 crore from the Audit Report 1996-97 due to reconciliation with the State Government

The investment made by the State Government from Rs 295.78 crore in 1993-94 to Rs 858.38 crore in 1997-98 constituted an increase of 190 *per cent*. However, the percentage of dividend on total investment decreased from 0.11 in 1993-94 to 0.03 in 1997-98.

In the case of 14 loss making Government Companies and Statutory Corporations in which Government had invested Rs 224.83 crore upto 1997-98, the accumulated losses amounted to Rs 257.83 crore (as per their latest available accounts). In eight Government Companies and Statutory Corporations out of the above, the accumulated losses were more than the investment as per details given below:

Serial number	Name of Company/Corporation	Investment upto 1997-98	Accumulated	
			Loss	Upto
			(Rupees in crore)	
1.	Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited	10.74 [*]	21.40	1996-97
2.	Himachal Pradesh Agro Industrial Packaging India Limited	16.75 ^s	25.43	1995-96
3.	Himachal Pradesh State Small Industries and Export Corporation Limited	2.47	2.58	1996-97
4.	Nahan Foundry Limited	3.87	7.61	1996-97
5.	Himachal Pradesh State Handicraft and Handloom Corporation Limited	4.07	6.26	1996-97
6.	Himachal Road Transport Corporation	114.70	149.49	1997-98
7.	Himachal Pradesh State Forest Corporation Limited	12.08	14.37	1993-94
8.	Himachal Pradesh Mahila Vikas Nigam	1.43	2.28	1996-97
Total		166.11	229.42	

* Investment of Rs 12.24 crore shown during 1996-97 included the investment of Rs 1.50 crore made by the Government of India

^s Investment of Rs 17.25 crore shown during 1996-97 included the investment of Rs 0.50 crore made by HP Agro Industries Corporation Limited

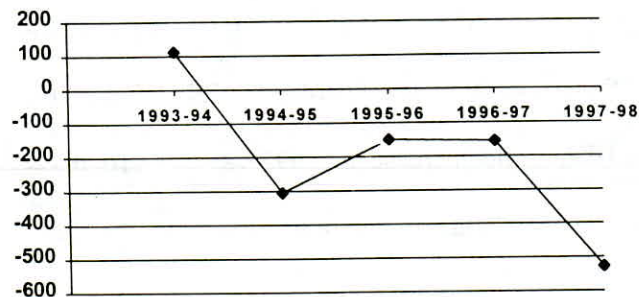
1.7 Deficit

1.7.1 Revenue deficit

Revenue deficit is the gap between revenue receipts and revenue expenditure. Trend of revenue deficit for the last five years was as under:

Year	Revenue Receipts	Revenue Expenditure	Revenue deficit(-)/ surplus(+)
(Rupees in crore)			
1993-94	1465.13	1351.50	(+)113.63
1994-95	1306.36	1614.28	(-)307.92
1995-96	1754.03	1904.35	(-)150.32
1996-97	1992.02	2146.88	(-)154.86
1997-98	2170.45	2699.14	(-) 528.69

Revenue Surplus/ deficit



While revenue receipts increased by 48 per cent between 1993-94 and 1997-98, revenue expenditure increased by 100 per cent during the same period.

The accounts for the year 1997-98 closed with a revenue deficit of Rs 528.69 crore (increase of 241 *per cent*) as against the revenue deficit of Rs 154.86 crore during the previous year.

1.7.2 Fiscal deficit

Fiscal deficit is the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received).

Position of fiscal deficit for the last five years was as under:

Year	Fiscal deficit (Rupees in crore)
1993-94	152.14
1994-95	620.40
1995-96	521.38
1996-97	572.03
1997-98	1202.19

It would be seen that the fiscal deficit showed a fluctuating trend since 1993-94. However, there was an overall increase of Rs 1050.05 crore in 1997-98 as compared to 1993-94. The increase in 1997-98 was 110 *per cent* over the previous year 1996-97. Revenue deficit constituted 44 *per cent* of the fiscal deficit.

1.8 Public Debt

Public Debt of a State Government comprises internal debt and loans and advances from the Central Government. It has vital links with all aspects of public finance, taxation and expenditure policies, budget surplus and deficits, development expenditure and economic growth.

The Constitution of India provides that a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limits.

1.8.1 Internal Debt

Position of Internal Debt for the last five years was as under:

Year	Addition during the year	Debt servicing and payment of interest			Percentage of Col.3 to Col.2
		Principal	Interest	Total	
1.	2.	3.			
(Rupees in crore)					
1993-94	841.68	899.09	31.00	930.09	111
1994-95	384.03	235.63	36.86	272.49	71
1995-96	915.43	482.03	48.10	530.13	58
1996-97	600.46	638.62	55.85	694.47	116
1997-98	1759.42	2077.54	59.43	2136.97	121

The discharge of principal and interest on internal debt of Rs 2136.97 crore during 1997-98 was more than the addition of Rs 1759.42 crore on that account during the year. The carried forward balance of internal debt of the State Government was Rs 298.01* crore in 1993-94, which increased to Rs 523.53* crore in 1997-98 representing an increase of 76 per cent during 1993-98.

1.8.2 Loans and advances from the Central Government

Position of loans and advances from the Government of India for the last five years was as under:

Year	Addition during the year	Repayment of loan			Net flow	Percentage of Col.5 to Col.2
		Principal	Interest	Total 3+4		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in crore)						
1993-94	146.05	57.32	117.89	175.21	(-) 29.16	120
1994-95	307.13	57.99	118.01	176.00	131.13	57
1995-96	185.98	39.23	160.26	199.49	(-) 13.51	107
1996-97	336.20	46.16	178.91	225.07	111.13	67
1997-98	715.65	52.63	220.72	273.35	442.30	38

According to the schedule of repayment of loans and advances from the Central Government, the State Government was required to pay Rs 273.35 crore (Rs 52.63 crore towards principal and Rs 220.72 crore as interest) during the year 1997-98. The amounts were paid in time. The discharge of debt service

*Source: Finance Accounts 1994-95 and 1997-98 statement-3

obligations to the Central Government during 1997-98 was 38 *per cent* of the fresh loans and advances received during the year.

1.8.3 Other liabilities

Apart from the borrowings accounted for in the Consolidated Fund of the State, liabilities on account of Small Savings, Provident Funds, etc., Reserve Funds and Deposits are accounted for in the Public Account. The balances in the Public Account are carried forward annually.

Trend of these liabilities for the last five years was as under:

Year	Addition during the year*	Debt payment*	Interest	Total 3+4	Percentage of Col.5 to Col.2
(1)	(2)	(3)	(4)	(5)	(6)
(Rupees in crore)					
1993-94	480.30	348.68	60.76	409.44	85
1994-95	885.41	722.43	67.73	790.16	89
1995-96	1113.17	982.43	76.89	1059.32	95
1996-97	1445.90	1264.25	78.22	1342.47	93
1997-98	2119.47	1827.24	91.92	1919.16	91

It would be seen that the discharge of liabilities pertaining to Public Account ranged between 85 and 95 *per cent* as compared to the additions during 1993-98.

* Includes transactions of non-interest bearing Reserve Funds, Deposits, etc.

1.8.4 Guarantees given by the State Government

The position of contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon by the Statutory Corporations, Government Companies, Co-operatives, etc., was as under:

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crore)			
1994	819.71	483.25	18.77
1995	948.40	476.41	19.00
1996	1464.17	789.58	8.40
1997	1642.81	977.64	11.24
1998	2357.08	1617.31	16.50

There had been an increase of 225 *per cent* in the amount of guarantees outstanding (including interest) over the period of five years.

The State Government charges guarantee fees at the rate of 0.5 *per cent* and commitment charges at 0.1 *per cent* on the amount guaranteed. An amount of Rs 1.64 crore was outstanding from various Government Companies and Statutory Corporations on this account as of 31 March 1998.

1.9 Ways and Means Advances and Overdrafts

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

The extent to which the State Government maintained the minimum balance with the Bank during 1993-98 was as under:

Year	Number of days on which minimum balance was maintained		Number of days on which Overdraft was taken	Number of days on which Government of India Treasury bills were rediscounted
	Without obtaining any advance	By obtaining Ways and Means Advances		
1993-94	44	86	218	17
1994-95	191	9	21	144
1995-96	130	23	14	199
1996-97	122	21	10	212
1997-98	135	34	9	187

Details of the Ways and Means Advances and Overdrafts taken by the State Government and interest paid thereon during the period from 1993-94 to 1997-98 were as tabulated below:

	1993-94	1994-95	1995-96	1996-97	1997-98
(Rupees in crore)					
(1) Ways and Means Advances					
(i) Advances taken during the year (Gross)	208.93	22.74	51.95	88.23	218.05
(ii) Advances outstanding at the end of the year	16.87	16.87	16.87	33.67	33.67
(iii) Interest paid	1.17	0.15	0.10	0.10	0.24
(2) Overdrafts					
(i) Overdrafts taken during the year (Gross)	595.72	315.15	807.67	435.48	1428.88
(ii) Overdrafts outstanding at the end of the year	51.48	159.17	546.25	420.94	--
(iii) Interest paid	2.96	0.78	0.71	1.04	0.73
(3) Re-discounting of Government of India Treasury Bills					
(i) Amount of Bills re-discounted during the year	64.50	733.30	1207.75	1417.80	2824.53
(ii) Amount outstanding at the end of the year	--	--	--	--	--
(iii) Interest paid	0.30	16.68	9.48	9.30	2.06

Finance Department

1.10 Raising of loans through Statutory Corporation to boost its cash balance

(a) Mention was made in paragraph 1.9.4 of the Reports of the Comptroller and Auditor General of India for the years ended 31 March 1995 and 31 March 1996 – Government of Himachal Pradesh regarding raising of loans through the Himachal Pradesh State Electricity Board (HPSEB) to tide over the stringent financial position as well as to meet urgent need of the state during 1994-95 and 1995-96.

It was further noticed that out of loan amount of Rs 453.46 crore¹ raised by HPSEB by placement of non-statutory liquidity ratio (SLR) Bonds during 1994-97, Rs 440 crore were deposited in the Government account in April 1997 and was not refunded to HPSEB by the Government as of December 1998.

(b) Mention was also made in paragraph 1.10.3 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1997 – Government of Himachal Pradesh, regarding raising of loans for payment of advance royalty through Himachal Pradesh State Forest Corporation (HPSFC).

It was further noticed that the loan amount of Rs 456.03 crore raised by HPSFC by placement of non-SLR Bonds during 1996-98 were deposited in the Government account in April 1997 (Rs 150.70 crore), September 1997 (Rs 0.04 crore), January 1998 (Rs 304 crore) and February 1998 (Rs 1.29 crore). This amount was refunded to the HPSFC by the Government on 30 March 1998 resulting in overdraft of Rs 464 crore by the Government. Subsequently the amount of Rs 456.03 crore was again deposited by HPSFC in Government account on 6 April 1998. This helped in clearing the overdraft of the State Government which became nil on 7 April 1998.

As the State Government was heavily indebted² to the Central Government, former bypassed the provisions of Article 293(3) of the Constitution of India and raised loans of Rs 909.49 crore through HPSEB (Rs 453.46 crore) and HPSFC (Rs 456.03 crore) to boost its ways and means position.

The matter was referred to the Government in December 1998; reply had not been received.

¹ Loans raised by floating non-SLR Bonds by Himachal Pradesh State Electricity Board during 1994-95: Rs 219.05 crore; 1995-96: Rs 89.41 crore and 1996-97: Rs 145 crore

² As on 31 March 1998, Rs 2902.44 crore were outstanding against the State Government by way of loans from public and other agencies (Rs 523.82 crore) and loans from the Central Government (Rs 2378.62 crore) (Source: Press communique issued by State Government)

1.11 Improper operation of deposit head

Rupees 86 crore meant for making payment of arrears due to increase in wages to daily paid workers and work charged staff were withdrawn (March 1995) by the Public Works (PW) (Rs 60.75 crore) and Irrigation and Public Health (IPH) departments (Rs 25.25 crore) from the concerned Service Heads of accounts and deposited in a savings account in the General Post Office, Shimla on 31 March 1995 in the name of Director Small Savings (DSS)

A test-check (September-November 1997) of the records of DSS revealed the following points:

- (i) Financial rules provide that Government moneys can be put under the head 'Other Deposits' under special orders of the Accountant General.

It was noticed that although no permission was granted by the Accountant General, the amount of Rs 86 crore was withdrawn from the savings account by DSS and deposited (April 1995) in the District Treasury, Shimla under the head '8443-Civil Deposits, '111-Other Departmental Deposits'. This amount was withdrawn from the Deposit Account in June 1995 and deposited in the savings account.

Subsequently, the following transactions were made from March 1996 onwards without the approval of competent authority between the Post Office savings account and deposit head of account by DSS for which no reasons were on record.

(a) Rupees 50 crore were transferred from Post Office savings account on 7 March 1996 to deposit head of account. The same amount was transferred to Post Office savings account on 29 March 1996.

(b) Rupees 55.74 crore were transferred from Post Office savings account to deposit head of account in April 1996 and Rs 52.51 crore were transferred from deposit head of account to Post Office savings account in May 1996.

(c) Rupees 25 crore were transferred in September 1996 from Post Office savings account to deposit head of account.

Therefore the unauthorised operation of Deposit Head of Account was done to keep the ways and means position of the State Government favourable.

DSS stated (October 1998) that there was no provision to keep the money under the head '8443 Civil Deposits-Other Deposits' under special orders of the Accountant General.

The reply was not tenable as these provisions were included in the Financial rules and were required to be adhered to.

(ii) Financial rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. Any unspent balance is required to be refunded promptly into the treasury.

Of the above Rs 86 crore drawn in March 1995, Rs 73.25 crore were released out of the savings account by DSS between January 1996 and March 1997 to PW (Rs 36.43 crore) and IPH (Rs 36.82 crore) departments for making payment

of arrears to workers. Of this, Rs 68.58 crore (PW: Rs 35.06 crore and IPH: Rs 33.52 crore) were disbursed by the departments and balance of Rs 4.67 crore (PW: Rs 1.36 crore and IPH: Rs 3.31 crore) was refunded to DSS.

As of September 1998, Rs 21.13 crore (8443-Civil Deposits: Rs 19.23 crore and Savings Account: Rs 1.90 crore) were lying unutilised. Thus the drawal of funds in advance of requirement were made to keep the funds outside Government account.

The Engineers-in-Chief PW and IPH departments stated (September 1998) that the amount was drawn on the basis of requirement worked out by the field offices for making payment of arrears of wages. Final requirement was being worked out to refund the balance amount to the Government account.

The reply was not tenable as the provisions of the financial rules were not adhered to.

(iii) Financial rules provide that Government receipts should be credited into the treasury.

It was noticed that Rs 3.71 crore earned as interest on the deposits in the savings account during 1995-98 had not been credited to the Government account.

Reasons for not crediting the amount of interest into the Government account were not furnished by DSS (September 1998).

These points were referred to the government in July 1998; reply had not been received (October 1998).

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Budget and expenditure

The summarised position of actual expenditure during 1997-98 against grants/appropriations was as under:

	Original grant/ appropriation	Supplementary	Total	Actual Expenditure*	Variation Saving(-)/Excess(+)
(Rupees in crore)					
I. Revenue					
Voted	2088.64	327.63	2416.27	2544.82	(+) 128.55
Charged	424.02	2.38	426.40	380.11	(-) 46.29
II. Capital					
Voted	366.90	190.04	556.94	604.83	(+) 47.89
Charged	--	0.79	0.79	0.16	(-) 0.63
III. Public Debt					
Charged	142.49		142.49	2130.17 [@]	(+) 1987.68
IV. Loans and Advances					
Voted	67.13	66.41	133.54	151.04	(+) 17.50
Grand Total	3089.18	587.25	3676.43	5811.13	(+) 2134.70

2.2 Results of Appropriation Audit

2.2.1 Savings/excesses in grants/appropriations

The overall excess of Rs 2134.70 crore was the net result of savings in 42 cases and excesses in 27 cases as shown below:

	Savings		Excesses		Net saving(-)/excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in crore)						
Voted	80.71 (In 17 grants)	12.10 (In 16 grants)	209.26 (In 13 grants)	77.48 (In 9 grants)	(+) 128.55	(+) 65.38
Charged Appropriations	47.16 (In 6 appropriations)	0.69 (In 3 appropriations)	0.87 (In 3 appropriations)	1987.75 (In 2 appropriations)	(-) 46.29	(+) 1987.06 [@]

The overall supplementary grants and appropriations obtained during 1997-98 constituted 19 *per cent* of the original grants and appropriations.

These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz; Revenue expenditure: Rs 225.79 crore; Capital expenditure: Rs 64.26 crore.

[@] Includes Rs 1849.82 crore on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India.

In four cases, supplementary provisions of Rs 40.67 crore was unnecessary as the expenditure in all these cases was less than even the original provisions. Details are given in Appendix-I.

Of the final savings of Rs 92.81 crore under voted grants and of Rs 47.85 crore under charged appropriations, savings of not less than Rs 50 lakh in each case aggregating Rs 137.93 crore (18 cases) occurred in 16 grants and two appropriations, details of which along with the main reasons for savings, wherever furnished by the Government are indicated below:

Serial number	Grant	Amount of saving (Percentage of saving)	Main reasons
(Rupees in crore)			
<i>Revenue-Voted</i>			
1.	1-Vidhan Sabha and Election	1.35 (14)	Dissolution of Vidhan Sabha, payment of salaries for March 1998 in the next financial year 1998-99, less engagement of daily paid workers, non-receipt of travel expenses bills from Election Commission, non-engagement of professionals for special services for preparation and printing of electoral rolls, non-receipt of bills of helicopter services, travel expenses bills of other departments, non-receipt of claims from Himachal Pradesh State Electronics Development Corporation in connection with issue of photo identity cards to voters and less expenditure on bye-election than anticipated.
2.	3-Administration of Justice	2.41 (14)	Non-filling up of vacant posts, less expenditure on petrol, oil and lubricants, repair of vehicles and water and telephone charges, less travel expenses and less receipt of medical reimbursement bills.
3.	4-General Administration	34.65 (17)	No reasons for savings were furnished by the department. However, the savings were due to improper budgetary control under decentralised sectoral planning over the expenditure on Backward Area and huge excesses in Backward Area Plan schemes of other major heads where expenditure was incurred without proper authorisation.
4.	7-Police and Allied Organisation	1.50 (1)	Payment of salaries of March 1998 in the next financial year 1998-99, non-payment of honorarium during the year, less expenditure on petrol, oil and lubricants, less expenditure on travel expenses, receipt of less telephone/ electricity bills, non-completion of codal formalities for purchase of material, machinery and equipment, less purchase of materials, engagement of less professionals for special services, less receipt of medical re-imburement claims, engagement of less daily paid workers, less receipt of rent bills and less expenditure on fare charges of home guards.
5.	9-Health and Family Welfare	10.63 (6)	Reasons were awaited (October 1998).

Serial number	Grant	Amount of saving (Percentage of saving)	Main reasons
		(Rupees in crore)	
6.	14-Animal Husbandry and Dairy Development	0.78 (2)	Payment of salaries of March 1998 in the next financial year 1998-99, less requirement of advertising material, less purchase of office articles, less receipt of subsidy cases, non-purchase of vehicles, less purchase of equipment, non-finalisation of case of payment of compensation, less engagement of daily paid beldars, non-receipt of grant-in-aid case, less requirement of medicines and rabbit food, non-receipt of scholarship cases, less execution of works, less purchase of petrol, oil and lubricants, less purchase of agriculture equipment, less requirement of fodder material and seeds, non-finalisation of grant-in-aid case of veterinary council and slaughter house, joining of less candidates for training courses, less drawal of arrears of revised pay scales, less receipt of medical reimbursement claims, less expenditure on maintenance of vehicles, non-finalisation of rent bills and non-finalisation of write off cases of loans.
7.	16-Forest and Wild Life	4.21 (4)	Payment of salaries of March 1998 in the next financial year 1998-99, less travel expenses, less requirement for scholarship, stipends etc., less execution of works, cut in wages under non-plan, less expenditure on material and publicity etc., less expenditure on maintenance of vehicles, less purchase of equipment and office articles, non-requirement of subsidy on interest, non-approval of centrally sponsored scheme for raising plantation from the GOI and no expenditure on machinery and equipment and vehicles.
8.	18-Supplies, Industries and Minerals	0.92 (2)	Less demand from beneficiaries/ industrial estates/ schedules castes entrepreneurs and consultancy organisations, less engagement of casual labour, non-filling up of vacant posts, less receipt of funds from GOI for development of Handloom and Sericulture Industries, non-functioning of schemes, less demand by industrial areas/districts and non-finalisation of land compensation cases.
9	19-Social Security and Welfare (Including Nutrition)	3.04 (6)	Payment of salaries of March 1998 in the next financial year 1998-99, less engagement of daily waged workers, less receipt of grants-in-aid cases, less expenditure on entertainment and scholarships, etc., non-hiring of accommodation, less purchase of petrol, oil and lubricants and medical reimbursement claims, holding of less meetings and less purchase of office articles, receipt of less proposals of scholarships, etc., non-finalisation of rent bills by public works department, non-providing of vehicles to newly opened projects, non-execution of works, transfer of Children's Home and Women's Welfare Home Schemes from Government to voluntary organisation, less expenditure on repair of vehicles and non-finalisation of pension cases.
10.	21-Co-operation	1.11 (11)	Reasons were awaited (October 1998)

Serial number	Grant	Amount of saving (Percentage of saving)	Main reasons
(Rupees in crore)			
11.	25-Road Water Transport and Civil Aviation	1.45 (3)	Payment of salary of March 1998 in the next financial year 1998-99, less purchase of articles, less receipt of medical reimbursement claims, non-opening of office, non-filling up of vacant post of Deputy General Manager, less travel expenses, less contingent bills, receipt of less demand for assistance to transport services from Himachal Pradesh Transport Corporation and non-taking off of the inter-model transport studies.
12.	27-Labour and Employment	1.48 (13)	Less purchase of office articles, less execution of works, non-filling up of vacant posts, less expenditure on petrol, oil and lubricants, less receipt of medical reimbursement claims, less expenditure on travelling expenses, less purchase of machinery and less purchase of raw material for training of craftsmen, etc.
13.	29-Finance	16.34 (8)	Receipt of less debits relating to superannuation cases prior to November 1966 from Accountant General (A&E), Punjab under Punjab Reorganisation Act, 1966 than anticipated.
Capital-Voted			
14.	28-Water Supply, Sanitation, Housing and Urban Development	7.89 (8)	Non-finalisation of providing drinking water supply to rural sanitation in Himachal Pradesh phase project, partial finalisation of Shimla Town Project, cut in plan ceiling, non-receipt of demand for loans from Himachal Pradesh Housing Board and less receipt of demand for Housing loans from the general category.
15.	30-Loans to Government Servants	2.04 (9)	Less receipt of demand for house building advance, receipt of less demand for scooter advance from government servants and for car advance from MLAs, etc.
16.	31-Tribal Development	0.67 (1)	Execution of less works, non-receipt/ less receipt of funds from GOI, for development of Pin Valley National Park and intensive management of wild life sanctuaries, release of less investment under Storage and Warehousing, less execution of helipad works, non-payment of land compensation and receipt of less loan cases under Tribal Area Sub-Plan for rural development programmes and small scale industries.
Charged Appropriations Revenue			
17.	29-Finance	46.91 (11)	Payment of less interest on provident fund accumulation consequent upon receiving less contribution therefor from subscribers than expected and occurrence of more retirement cases.
Capital			
18.	26-Tourism and Hospitality Organisation	0.55 (100)	Drawal of bill for the amount from the voted provision.

2.2.2 Persistent savings/excesses

Expenditure was persistently less than the total provisions by 5 per cent and more in nine cases during 1995-98, while it exceeded the provision persistently in four other cases. Relevant details were as under:

Serial number	Grants	1995-96	1996-97	1997-98
		(Percentage of savings/excess)		
	I-Savings			
	A-Revenue-Voted			
1.	1-Vidhan Sabha and Election	23	11	14
2.	21-Co-operation	28	8	11
3.	27-Labour and Employment	32	6	13
4.	29-Finance	17	18	8
	B-Capital Voted			
5.	5-Land Revenue	23	24	28
6.	13-Soil and Water Conservation	16	80	24
7.	18-Supplies, Industries and Mineral	41	9	12
	C-Revenue-Charged			
8.	29-Finance	8	12	11
9.	31-Tribal Development	100	40	100
	II-Excesses			
	D-Revenue-Voted			
10.	10-Public Works	32	60	67
11.	12-Irrigation and Flood Control	7	16	13
	E-Capital Voted			
12.	23-Water and Power Development	26	8	6
	F-Capital-Charged			
13.	29-Finance	304	417	1395

2.2.3 Surrender of funds

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

Of the final savings of Rs 92.81 crore under voted grants and of Rs 47.85 crore under charged appropriations, savings amounting to Rs 113.70 crore in 20 voted grants (23 cases) and seven charged appropriations (8 cases), remained unsurrendered. Instances of major variations where savings were more than Rs 1 crore but were not fully surrendered are contained in Appendix-II.

In nine grants and one appropriation, the amount surrendered exceeded the overall savings. Further, in the case of five grants Rs 7.13 crore were surrendered although expenditure exceeded the grant and no savings were available for surrender. Relevant details were as under:

(A) Surrender of funds more than available savings:

Serial number	Grant	Amount of savings	Amount surrendered
		(Rupees in lakh)	
	Revenue-Voted		
1.	3-Administration of Justice	241.21	252.55
2.	6-Excise and Taxation	41.54	47.09
3.	14-Animal Husbandry and Dairy Development	77.88	156.56
4.	19-Social Security and Welfare (including Nutrition)	304.31	306.59
5.	25-Road, Water Transport and Civil Aviation	144.50	144.53
6.	26-Tourism and Hospitality organisation.	12.62	18.02
	Capital-Voted		
7.	18-Supplies, Industries and Minerals	16.89	22.26
8.	22-Food and Warehousing	49.85	136.44
9.	28-Water Supply, Sanitation, Housing and Urban Development.	789.31	863.12
	Revenue-Charged		
10.	3-Administration of Justice.	19.55	22.28
	Total	1697.66	1969.44

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

Serial number	Grant	Amount of excess expenditure	Amount surrendered
		(Rupees in lakh)	
	Revenue-voted		
1.	10-Public Works	6906.84	1.11
2.	15-Fisheries	9.63	0.24
3.	20-Rural Development	16.05	111.50
4.	22-Food and Warehousing	116.20	215.35
5.	31-Tribal Development	979.40	384.92
	Total	8028.12	713.12

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

2.2.4 Excesses over grants/ appropriations

In the revenue section, there was a total excess of Rs 209.26 crore in 13 grants and Rs 0.87 crore in three appropriations while the excesses in the capital section amounted to Rs 77.48 crore in nine grants and Rs 1987.75 crore in two appropriations. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Serial number	Grant	Total grant/ appropriation	Actual expenditure	Amount of excess
(Rupees)				
Voted grants				
Revenue				
1.	2-Governor and Council of Ministers	4,01,39,000	4,12,20,424	10,81,424
2.	5-Land Revenue	69,45,17,000	87,30,72,520	17,85,55,520
3.	8-Education, Sports, Arts and Culture	4,04,74,32,000	4,75,02,11,973	70,27,79,973
4.	10-Public Works.	1,03,54,64,000	1,72,61,47,663	69,06,83,663
5.	11-Agriculture	92,90,11,400	98,57,86,976	5,67,75,576
6.	12-Irrigation and Flood Control	52,33,99,000	59,21,96,632	6,87,97,632
7.	13-Soil and Water Conservation.	18,05,31,000	18,52,72,504	47,41,504
8.	15-Fisheries.	3,00,25,000	3,09,87,646	9,62,646
9.	17-Roads and Bridges	1,20,97,04,000	1,22,43,82,070	1,46,78,070
10.	20-Rural Development	88,15,66,000	88,31,71,374	16,05,374
11.	22-Food and Warehousing	16,82,77,000	17,98,96,629	1,16,19,629
12.	28-Water Supply, Sanitation Housing and Urban Development	1,72,13,47,860	1,98,36,81,033	26,23,33,173
13.	31-Tribal Development	1,15,88,89,617	1,25,68,29,331	9,79,39,714
Capital				
14.	4-General Administration	43,86,000	32,48,65,188	32,04,79,188
15.	8-Education, Sports, Arts and Culture	11,07,02,000	13,17,08,384	2,10,06,384
16.	9-Health and Family Welfare.	11,09,43,000	11,45,17,686	35,74,686
17.	10-Public Works	16,03,32,000	17,08,27,671	1,04,95,671
18.	12-Irrigation and Flood Control	30,98,84,000	35,24,65,647	4,25,81,647
19.	17-Roads and Bridges.	83,07,30,000	1,01,85,33,911	18,78,03,911
20.	21-Co-operation	11,13,44,000	12,88,05,750	1,74,61,750
21.	23-Water and Power Development	2,67,32,58,000	2,83,91,57,000	16,58,99,000
22.	26-Tourism and Hospitality Organisation	7,31,21,000	7,86,50,000	55,29,000
Charged appropriations				
Revenue				
23.	2-Governor and Council of Ministers.	1,07,53,000	1,15,01,443	7,48,443
24.	4-General Administration.	1,25,71,331	2,05,49,233	79,77,902
25.	8-Education, Sports, Arts and Culture.	42,63,360	42,73,360	10,000
Capital				
26.	12-Irrigation and Flood Control	5,83,022	11,66,034	5,83,012
27.	29-Finance	1,42,48,81,000	21,30,17,70,121*	19,87,68,89,121

The reasons for the excesses had not been furnished as of October 1998.

Includes Rs 1849.82 crore on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India.

2.2.5 Expenditure on New Service

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

In one grant (19-Social Security and Welfare) Rs 18.50 lakh were, however, debited to "2235-Social Security and Welfare-02 Social Welfare-102-Child Welfare-10-*Bal Balika Ashram* at Mashobra and Tuti Kandi Non-Plan", although the service was not contemplated in the schedule of authorised expenditure for the year. Thus expenditure on "New Service", was incurred without the approval of the Legislature.

2.2.6 Non-receipt of explanations for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 1997-98 were necessary in the case of 561 heads/sub-heads, but were not received in the case of 128 heads/sub-heads as of October 1998.

2.2.7 Recoveries in reduction of expenditure

The demands for grants are for the gross amounts of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of footnotes thereunder. Similarly, the recoveries are also shown separately in the Appropriation Accounts in an Appendix thereto. Scrutiny of the Accounts for 1997-98 revealed that against the budget estimates of Rs 140.46 crore in the revenue section, actual recoveries were Rs 225.79 crore. In

the capital section, against the budget estimates of Rs 57.99 crore, actual recoveries and adjustments were Rs 64.26 crore. Thus, in the revenue section, recoveries in reduction of expenditure were underestimated by Rs 85.33 crore in five grants. Similarly, in the capital section, the recoveries and adjustments were underestimated to the extent of Rs 8.26 crore in four grants and no estimates were made in three grants where actual recoveries amounted to Rs 0.07 crore. In one grant actual recoveries were less to the extent of Rs 2.06 crore with reference to budget estimates. Details of major variations involving 20 per cent of the original estimates and not less than Rs one crore in each case are given in Appendix-III.

2.2.8 Injudicious reappropriation

A grant or appropriation is distributed by sub-heads or standard objects (called primary units) under which it is to be accounted for. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of the financial year. Reappropriation of funds should be made only when it is known or anticipated that the appropriation in respect of the unit from which the funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation of the said unit.

During the scrutiny of the Accounts for 1997-98, it was observed that in the case of 33 sub-heads involving 10 grants/appropriations, reappropriations amounted to Rs 5.37 crore.

(a) The original provisions under the sub-heads to which the funds were transferred by reappropriation were adequate and consequently, the amounts reappropriated remained unutilised (Appendix-IV-I).

(b) Further, the heads from which the funds were transferred did not have any savings available under them, for reappropriation (Appendix-IV-II).

2.3 Reconciliation of departmental figures

The reconciliation of departmental figures with the figures booked in the office of the Accountant General should be carried out every month by the Head of

the Department to ensure that the departmental accounts are sufficiently accurate and to secure the accuracy of the accounts maintained in the Accounts office from which the final published accounts are compiled.

Despite reporting the extent of delay in reconciliation to the Government periodically, one Head of the Department¹ had not reconciled the expenditure of Rs 23.81 crore in respect of three heads of accounts while another Head of the Department² did not reconcile the expenditure of Rs 27.84 crore in respect of one head of account for the whole year 1997-98. Thus, the expenditure of Rs 51.65 crore remained unreconciled.

The matter was referred to the Government in August 1998; reply had not been received (October 1998).

2.4 Drawal of funds in advance of requirements

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

Of Rs 26.25 crore drawn between 1994-95 and 1996-97 for execution of various schemes/ development works, Rs 14.79 crore were lying unutilised as of July 1998.

Test-check of the records of the Education, Industries, Revenue and Social and Women Welfare departments revealed that Rs 26.25 crore including Rs 1.38 crore (Director, Primary Education: Rs 0.98 crore and Director, Social and Women Welfare: Rs 0.40 crore) pertaining to the funds received from Government

¹ Engineer-in-Chief, Irrigation and Public Health (2702-Minor Irrigation: Rs 10.75 crore; 4215-Capital Outlay on Water Supply and Sanitation: Rs 9.81 crore and 4702-Capital outlay on Minor Irrigation: Rs 3.25 crore)

² Member Secretary, Water and Air Pollution Board (2215-Water Supply and Sanitation: Rs 27.84 crore)

of India were drawn between 1994-95 and 1996-97 for execution of various schemes/development works. Due to the inability of the departments to spend the amounts, Rs 14.79 crore were lying unutilised in banks/post offices at the end of July 1998 as per details given below:

Serial number	Department/Office	Amount drawn (Rupees in crore)	Purpose	Year of drawal	Amount unutilised (Rupees in crore)	Reasons furnished by the departments
	Education					
1.	Director, Primary Education	8.53	For various developmental works and purchase of colour television	1994-95 1995-96 1996-97	0.01 1.01 3.40	The amount could not be utilised due to non-receipt of material, non-completion of formalities, non-submission of vouchers for carriage of text books, etc. The money was lying in banks/post offices.
	Industries					
2.	General Manager (GM), District Industries Centre (DIC), Solan	0.38	Construction of Entrepreneurship Development Institute at Parwanoo.	1995-96	0.19	Work of additions and alterations to the existing building was almost completed. Work of new block would be taken up after the approval of drawings from the Town and Country Planning Department. Money was lying unutilised in bank.
	Revenue					
3.	Deputy Commissioner (DC), Shimla	10.43	For various developmental works	1996-97	3.27	The amount had not been released to the executing agencies and was lying unutilised in various banks.
4.	Deputy Commissioner, Mandi	0.15	For construction of building of the district training institute of Public Administration, picture hall and office room.	1995-96 1996-97	0.06 0.09	The estimate and drawings were under finalisation as of July 1998. Money was lying unutilised in post office savings bank account.
	Social and Women Welfare					
5.	Director, Social and Women Welfare	6.76	Salaries and office expenses	1996-97	6.76	The amount could not be utilised due to non-fulfillment of codal formalities and was lying in banks.
	Total	26.25			14.79	

Following points were noticed:

- (i) Of Rs 10.43 crore drawn during 1996-97 by DC, Shimla for execution of developmental works, Rs 7.16 crore were released to the executing agencies and

the balance of Rs 3.27 crore was lying unutilised in banks which included Rs 3.14 crore drawn against unexplained committed liabilities.

DC stated (July 1998) that a major portion of the funds (Rs 2.62 crore) was drawn at the fag end of 1996-97 which led to unspent balances. It was also stated that the entire amount except Rs 12 lakh had been spent. The reply was not acceptable as copies of utilisation certificates/completion certificates were not furnished by DC.

(ii) Of Rs 37.46 lakh received (November 1995) by the GM, DIC, Solan from the Director of Industries for construction of Entrepreneurship Development Institute at Parwanoo, Rs 18 lakh had been released to the Himachal Pradesh State Industrial Development Corporation and the balance of Rs 19.46 lakh was lying unutilised in banks. GM stated (July 1998) that the work of new block would be taken up after approval of drawings by the Town and Country Planning Development. The reply was not tenable as money should not have been drawn in anticipation of approval of drawings.

(iii) Director, Himachal Pradesh Institute of Public Administration remitted Rs 14.90 lakh during 1995-96 to 1996-97 (March 1996: Rs 5.90 lakh and December 1996: Rs 9 lakh) to DC, Mandi for the construction of building of District Training Institute of Public Administration, picture hall and office room at Mandi. The funds were deposited by DC in post office and were lying unutilised as of July 1998. DC stated (July 1998) that the detailed estimates and working drawings had been prepared and were under finalisation. The reply was not tenable as the drawings, etc., should have been prepared before drawal of the amount.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

CHAPTER-III

CIVIL DEPARTMENTS

Rural Development Department

3.1 Employment Assurance Scheme

3.1.1 Introduction

To provide employment and to make efficient use of available human resources, Employment Assurance Scheme (EAS) was launched by the Government of India (GOI) in October 1993. In Himachal Pradesh, EAS was introduced in October 1993 initially in 7 blocks of three¹ districts situated in tribal areas. It was extended during 1994-95 to 11 more blocks in four² districts. Remaining 54 blocks in the State were covered during 1996-98.

The main objective of the scheme was to provide gainful employment during lean agricultural season in manual work at statutory minimum wages to all able bodied adults in rural areas who were in need and desirous of work but could not find it on farm or other allied operations or on normal plan/non-plan works during such period. The secondary objective of the scheme was to create economic infrastructure and community assets of durable nature for sustained employment and development.

3.1.2 Organisational set up

Implementation of EAS in the State was the overall responsibility of Director-cum-Additional Secretary (Director), Rural Development Department (RDD). The Deputy Commissioner of the district, who was the Chairman, District Rural Development Agency (DRDA) was the implementing authority in the districts. He was to allocate the works in the district to the heads of departments of various development departments like Public Works, Irrigation, Forest, Soil Conservation and Horticulture. The State Level Co-ordination Committee (SLCC)

The abbreviations used in this review have been listed in the Glossary in Appendix-XI (Page 307-309)

¹ Chamba, Kinnaur, Lahaul & Spiti

² Bilaspur, Chamba, Solan and Una

for Rural Development Programme comprising ten non-Government members and 40 Government members including the Chief Minister as Chairman and Minister for Rural Development and Panchayati Raj Department as Vice-Chairman was to be responsible for overall supervision/guidance and monitoring in accordance with the guidelines.

3.1.3 Audit coverage

Implementation of the scheme during 1993-98 was reviewed during December 1997 to April 1998 based on test-check of records of the Director, RDD Shimla, five³ Project Officers (POs), DRDAs, 15⁴ BDOs, four⁵ Executive Engineers, Buildings and Roads (B&R) divisions, Public Works Department and two⁶ Divisional Forest Officers (DFOs). The results of the review are discussed in the succeeding paragraphs.

3.1.4 Highlights

**** No shelf of projects were prepared at district and block levels in any of the districts/blocks test-checked. Contrary to the provision of the scheme, low priority was given to water and soil conservation works and highest priority was given to link roads.**

(Paragraph 3.1.5(i))

**** Heavy unspent balances accumulated to Rs 17.51 crore with the implementing agencies at the end of March 1998 due to late receipt of Central share and late execution of works. Funds available for implementation during 1993-98 could not be spent to the extent of 94 to 38 per cent. In five districts test-checked, release of State share was delayed during 1994-96 for periods ranging between one and three years.**

(Paragraph 3.1.6)

³ Bilaspur, Chamba, Kinnaur, Solan and Una

⁴ Amb, Bangana, Bharmour, Bhattiyat, Bilaspur, Chamba, Dharampur (Solan district), Gagret, Ghumarwin, Jandutta, Kalpa, Kunihar, Nichar, Pooh and Una

⁵ Bilaspur, Bharmour, Chamba and Ghumarwin

⁶ Bharmour and Bilaspur

**** Project Officers of District Rural Development Agencies, Chamba, Kinnaur and Una reported incorrect/inflated figures of expenditure to Government of India.**

(Paragraph 3.1.6(v))

**** Rupees 52.96 lakh were unauthorisedly diverted by four District Rural Development Agencies and eight Block Development Officers during 1996-98 on other schemes like Mid-day-meals (Rs 3.84 lakh), Operation Black Board (Rs 12.48 lakh), Integrated Rural Development Programme (Rs 5.94 lakh), Gandhi Kuteer Yojana (Rs 13 lakh), purchase of vehicle (Rs 2.70 lakh) and rural latrines (Rs 15 lakh).**

(Paragraph 3.1.6(vi))

**** Contrary to the instructions of the State Government, District Rural Development Agencies, Bilaspur and Chamba released scheme funds of Rs 80.90 lakh to four Public Works divisions for construction of ongoing/incomplete roads which were being executed out of State funds.**

(Paragraph 3.1.6 (vii))

**** In Bilaspur, Kinnaur, Solan and Una districts neither the names of workers were registered nor family cards were issued to the 74,947 persons reported to have been provided employment since inception of scheme. No records were maintained at the district or block levels to indicate that 100 days assured employment had been provided to the workers under Employment Assurance Scheme.**

(Paragraph 3.1.7(b)(i) and (ii))

**** Shortfall in generation of employment in terms of mandays ranged between 58 and 84 per cent during 1994-98. Against the assured employment generation of 100 days each year, employment for 16 to 42 mandays per person only could be provided during 1994-95 to 1997-98.**

(Paragraph 3.1.7(c)(i))

**** Essential details like address, family card number etc. of persons engaged on muster rolls were not found recorded. Family cards**

were not issued in Bilaspur, Kinnaur, Solan and Una districts. Persons engaged by Public Works and Forest departments had not been registered with the *panchayats*, as required.

(Paragraph 3.1.7(c)(ii)and(iii))

****** Inflated figures of employment generation were reported by the BDO, Ghumarwin during 1995-96 and 1997-98. Names of 78 workers in Bilaspur, Dharampur, Kunihar and Jhandutta blocks did not appear in the voters list.

(Paragraph 3.1.7(c)(iv) and (v))

****** In the execution of 694 works during 1994-98 Rs 2.25 crore were spent on material component and Rs 0.98 crore on wages in the ratio of 70:30 against the prescribed norm of 40:60. This resulted in excess expenditure of Rs 95.87 lakh on material component.

(Paragraph 3.1.7(d)(i))

****** Though the scheme was to be implemented only during the lean agricultural season, Rs 3.03 crore were paid in four districts as wages during agricultural season during 1994-98.

(Paragraph 3.1.7(f))

****** Although assets worth Rs 10.31 crore were created in five districts during 1994-98 under the scheme, no inventory of assets were maintained by the concerned departments. Further, these assets were not transferred to the departments/local bodies for maintenance as required under the scheme.

(Paragraph 3.1.7(g))

****** Payment of Rs 2.97 crore made during 1994-98 in five blocks were not supported by the certificate to the effect that these had been made to actual payees.

(Paragraph 3.1.7 (h)(i))

****** Monthly payments were made to workers instead of weekly payments. Delay in making payment to workers during 1996-98 ranged between 20 and 465 days in Bilaspur district.

(Paragraph 3.1.7 (h)(ii))

**** There was delay of 46 months in constitution of District Employment Assurance Scheme Committees and Block Employment Assurance Scheme Committees. No inspection of the works had been conducted by these Committees.**

(Paragraph 3.1.8)

**** Evaluation studies to judge the impact of the scheme had not been conducted by the State Government as prescribed under the scheme.**

(Paragraph 3.1.9)

3.1.5 Planning

The Deputy Commissioner was required to prepare a shelf of projects of productive works containing block-wise works under normal plan/non-plan budget and new works proposed to be taken up under EAS on the basis of block-wise plans by the various implementing agencies in the district in current and succeeding years. Works which could normally be completed within a period of two years were to be included in the shelf of projects. The shelf of projects was to be finalised by December every year and maintained in prescribed pro forma at the district and block level. Only labour intensive works of productive nature which create durable assets were to be included in the shelf of works/projects.

Following points were noticed in this regard:

- (i) No shelf of projects were prepared at district and block levels in any of the districts/blocks test-checked. Deputy Commissioners approved the works proposed by the *gram panchayats* through BDOs in piece-meal throughout the year without preparation of plans, cost estimates and preliminary survey instead of in December as required. Low priority (six per cent) was given to water and soil conservation works against the

Shelf of projects and cost estimates were not prepared.

prescribed 40 *per cent* and highest priority (47 *per cent*) was given to link roads

Contrary to the provisions of the scheme, low priority was given to soil conservation works.

against the prescribed 20 *per cent* which was contrary to the provisions of the scheme.

BDOs stated (December 1997-April 1998) that it was not possible for the two Junior Engineers of a block to complete these formalities along with their routine work. The reply was not tenable, as works were to be allocated only after the shelf of works was prepared.

(ii) 113 works like construction of link roads, schools, *anganwadi* buildings, etc., estimated to cost Rs 1.48 crore were approved by BDO, Bharmour himself between 1993-94 and 1994-95. Of these, 77 works were taken up for execution and Rs 34.40 lakh were spent during 1994-95. Ex-post-facto approval of Deputy Commissioner had not been obtained as of September 1998. BDO stated (January 1998) that works were approved and started as per verbal orders of PO, DRDA, Chamba. The reply was not acceptable as the works should have been executed only after obtaining approval of Deputy Commissioner. Thus, the expenditure incurred on works without the approval of Deputy Commissioner was irregular.

3.1.6 Financial outlay and expenditure

The expenditure on EAS was to be shared between the Central and State

Unspent balances increased from Rs 0.41 crore in 1993-94 to Rs 17.51 crore in 1997-98.

Governments on 80:20 basis. The Central assistance under the scheme was released directly to DRDAs. The matching share was to be released to DRDAs by the State Government within a fortnight of the release of the Central share.

The details of year-wise funds released and utilised in the State under the scheme during 1993-98 were as under:

Year	Opening balance	Funds released by GOI	Funds released by State Government	Total funds available	Expenditure incurred	Unspent balance	Percentage of unspent balance to total funds available
(Rupees in lakh)							
1993-94	Nil	35.00	8.75	43.75	2.47	41.28	94
1994-95	41.28	500.00	35.00	576.28	115.02	461.26	80
1995-96	461.26	450.00	90.00	1001.26	455.55	545.71	55
1996-97	545.71	1590.00	397.50	2533.21	1161.23	1371.98	54
1997-98	1371.98	2550.00	700.00	4621.98	2871.32	1750.66	38
Total:		5125.00	1231.25		4605.59		

There were heavy unspent balances year after year during 1993-98. The unspent balances increased from Rs 0.41 crore in 1993-94 to Rs 17.51 crore in 1997-98. Further, the unspent funds in each year were much more than the State share. Thus the unspent funds mostly were Central Government funds which helped to boost the cash balance of the State Government. Director stated (July 1998) that funds could not be utilised during the same financial year due to late receipt of Central share in March during 1993-94 and 1994-95 and also late receipt of funds in respect of 54 blocks which were covered under the scheme during 1996-98.

In the districts test-checked following points were noticed:

- (i) The details of unspent balances in the districts test-checked were as given below:

Year	Opening balance	Funds released by		Total	Total funds available	Expenditure	Unspent balance	Percentage saving
		Government of India	State Government					
(Rupees in lakh)								
1993-94	NIL	25.00	6.25	31.25	31.25	--	31.25	100
1994-95	31.25	370.00	25.00	395.00	426.25	110.50	315.75	74
1995-96	315.75	450.00	60.00	510.00	825.75	371.92	453.83	55
1996-97	453.83	770.00	312.50	1082.50	1536.33	1140.10	396.23	25
1997-98	396.23	890.00	262.50	1152.50	1548.73	1224.71	324.02	21

The percentage of unspent balance to total funds available with DRDAs ranged between 21 and 100 during 1993-98.

Although 50 per cent of the available funds with DRDAs were to be utilised at the time of applying for the second and subsequent instalments yet GOI had released funds during 1993-94 to 1995-96 even though there were more than 50 per cent unspent balances during each year. The heavy unspent balances were attributed (July 1998) by the Director, RDD, to late receipt of Central share and release of funds to the newly selected 54 blocks between 1996-97 and 1997-98 and also to late/non-execution of works.

(ii) There was short release of State share of Rs 1.20 crore during 1994-95 and 1995-96 and excess release of Rs 1.60 crore during 1996-97 and 1997-98. The delay in release of State share during 1994-95 and 1995-96 ranged between 12 and 36 months.

Director attributed (April 1998) the short release to non-provision in the annual budget estimates and the excess release to clear the past liabilities. The reply was not tenable as funds were to be released by Government in the approved proportion within a fortnight of the release of funds by GOI.

(iii) Interest of Rs 58.35 lakh earned on account of scheme funds deposited in the savings bank accounts by DRDAs/BDOs during 1993-94 to 1997-98 had neither been utilised nor refunded to GOI as of April 1998. POs, DRDAs/BDOs stated (December 1997-April 1998) that there was no provision in the guidelines for its utilisation. The reply was not tenable as the instructions regarding utilisation of interest receipts to augment the programme funds had been issued by the Director in October 1997 and no action had been taken even thereafter (April 1998).

(iv) As per instructions issued by GOI, 2 per cent of total allocated funds subject to a minimum of Rs one lakh and maximum of Rs two lakh per block per annum could be deducted on account of administrative cost.

Test-check revealed that 2 per cent of total funds received from GOI and the State Government were deducted by DRDAs at the first instance. Again, 2 per cent of funds received by the implementing agencies (BDOs) was deducted and utilised by them on salary of regular staff, wages of daily paid labour, stationery, etc. This had resulted in excess deduction of administrative cost of Rs 28.08 lakh during 1995-96 to 1997-98, which was not permissible. BDOs stated (December 1997–April 1998) that no instructions in this regard were received from the higher authorities and deductions were made as per provision in the scheme. The reply was not tenable as the administrative cost should have been restricted to the prescribed limit.

(v) As against Rs 8.05 crore appearing in the certified accounts* of DRDAs, Chamba, Kinnaur and Una as unspent balances for the years 1994-95 to 1996-97,

Inflated expenditure figures were reported by DRDAs, Chamba, Kinnaur and Una to GOI to obtain funds.

Rs 5.53 crore only were reported as unspent balances to GOI resulting in reporting of inflated expenditure of Rs 2.52 crore. The variations were attributed (January 1998-April 1998) by POs to late receipt of utilisation and completion certificates from BDOs situated in tribal and remote areas of the districts. It was further stated by POs that the cheques issued in favour of BDOs were shown as expenditure during the respective years so as to avoid the financial cut of Central and State Governments. Director stated (July 1998) that utilisation of funds was reported to GOI on the basis of utilisation certificates and monthly progress reports received from the POs of DRDAs. The reply indicated that misleading and incorrect figures were reported by Pos, while Director failed to detect these before reporting to GOI/State Government.

(vi) Test-check revealed that 4⁷ DRDAs and 8⁸ BDOs diverted Rs 52.96 lakh out of scheme funds during 1996-98 to the different schemes (Mid-Day-Meals: Rs 3.84 lakh; Operation Black Board: Rs 12.48 lakh; IRDP: Rs 5.94 lakh; *Gandhi*

* These accounts are certified by the Chartered Accountants

⁷ Solan: Rs 2.59 lakh; Chamba: Rs 0.90 lakh; Una: Rs 2.70 lakh and Kinnaur: Rs 0.35 lakh

⁸ Amb: Rs 9 lakh; Bangana: Rs 6 lakh; Bilaspur: Rs 10 lakh; Bharmour: Rs 2 lakh; Gagret: Rs 3 lakh; Ghumarwin: Rs 7.98 lakh; Pooh: Rs 3.44 lakh and Una: Rs 5 lakh

Kuteer Yojna: Rs 13 lakh; purchase of vehicle: Rs 2.70 lakh and rural latrines: Rs 15 lakh). The funds had not been recouped as of April 1998.

POs stated (December 1997-April 1998) that the expenditure on Mid-Day-Meals being a Centrally sponsored scheme was incurred out of EAS which would be recouped subsequently. BDOs stated (December 1997-April 1998) that funds were diverted due to paucity of funds under IRDP and *Gandhi Kuteer Yojna*. The replies were not tenable as these were separate schemes and were not to be funded out of EAS funds.

(vii) According to the instructions issued (July 1995) by the State Government to all DRDAs, the utilisation of EAS funds for completion of incomplete works of line departments was totally unacceptable. EAS was not to be treated as a supplement to or substitute for departmental works.

DRDAs, Bilaspur and Chamba released Rs 80.90 lakh to the Executive Engineers, Bilaspur II, Bharmour, Chamba and Ghumarwin divisions during 1996-98 for construction of link roads. Audit scrutiny revealed that the estimates for Rs 3.90 crore of 20 link roads had already been got approved and expenditure of Rs 1.90 crore had already been incurred on these works out of State funds between 1979 and 1989. The Executive Engineers stated (December 1997-January 1998) that the funds were received from DRDAs for completion of incomplete/ongoing works. The reply was not tenable as there was no provision in the scheme for incurring expenditure on incomplete/ongoing works of line departments. Deputy Commissioner, Bilaspur stated (July 1998) that funds were released for construction of link roads as there was no intimation from executing agency about execution of such works from State funds. The reply was not tenable as this was a violation of the guidelines of the scheme. Reply of Deputy Commissioner, Chamba was, however, awaited (October 1998).

Expenditure incurred on incomplete/ ongoing works without provision in the scheme.

3.1.7 Implementation of the scheme

(a) Physical and financial targets and achievements

No physical targets were fixed for execution of works at State or district

level. The works were proposed and approved in piecemeal and funds utilised accordingly.

It was noticed in audit that incomplete works were completed in subsequent years.

The district-wise shortfall with reference to the stipulated period of completion of works in districts test-checked in execution of works during 1993-98 was as given below:

	Bilaspur	Chamba	Kinnaur	Solan	Una
	(In per cent)				
Physical	49 to 64	57 to 100	11 to 100	20 to 99	18 to 77
Financial	5 to 71	41 to 100	26 to 100	27 to 94	19 to 44

The shortfalls were attributed (December 1997-April 1998) by POs to late receipt of funds, delay in execution of works and limited working season.

(b) Registration of persons and issue of family cards

The guidelines provided for registration of persons above 18 years and

below 60 years of age who were

As family cards were not issued to workers, the genuineness of eligibility of the persons employed and assurance of 100 days employment to two adults of a family could not be verified.

in need of employment with the *gram panchayats*. The adult

persons so registered were to be

issued family cards by the *gram*

panchayats to ascertain assurance of 100 days employment to two adults of a

family during each year. The details of employment in family cards were required

to be recorded to ensure 100 days employment. Following omissions were noticed

in this regard:

(i) In four⁹ districts test-checked neither the names of workers were registered nor family cards were issued to 74,947 persons reported to have been provided employment since inception of the scheme.

(ii) No records to indicate that 100 days assured employment had been provided to the workers under EAS were maintained at the district or block levels.

⁹

Bilaspur, Kinnaur, Solan and Una

BDOs stated (December 1997-April 1998) that the workers could not be

Genuineness of eligibility of 74,947 persons employed was doubtful.

registered due to non-availability of format.

The reply was not tenable as the

requirements of the guidelines should have

been adhered to for proper implementation of the scheme. Deputy Commissioner,

Solan stated (July 1998) that formats could not be supplied in time due to non-

provision of expenditure for this purpose in the guidelines. The reply was not

tenable as two *per cent* of total allocated funds could be spent on account of

administrative cost. Therefore, the genuineness of eligibility of 74,947 persons

employed and assurance of 100 days employment to each family was doubtful.

(c) Generation of employment

No targets were fixed for generation of employment under EAS either at

the State or at the district level. In the districts test-checked the achievement in

generation of employment in terms of mandays was as given below:

Year	Number of persons given employment (as per monthly progress reports)	Number of mandays to be generated by providing employment for 100 days	Number of mandays generated (as per monthly progress register)	Percentage shortfall in generation of mandays	Number of days of employment per person
		(In lakh)			
1993-94	Nil	Nil	Nil	Nil	Nil
1994-95	0.07	6.85	2.90	58	42
1995-96	0.24	24.30	4.77	80	20
1996-97	0.41	40.86	8.93	78	22
1997-98	0.34	34.42	5.61	84	16

The following observations are made:

- (i) The percentage of shortfall in providing 100 days assured employment ranged between 58 and 84 during 1994-98. It was also observed that against the stipulated employment generation of 100 days, employment ranging from 16 to 42 days per person was provided in a year during 1994-98.

Director could not give a satisfactory reason for the shortfall.

(ii) A check of muster rolls in 11 blocks revealed that details such as full address, family card number, etc., were not found recorded on the muster rolls. It could not be ascertained as to whether persons engaged on muster rolls were the needy and registered persons of the block or not. Numbers could have been recorded in the muster rolls in cases where family cards were issued. While these cards were issued by Deputy Commissioner, Chamba, no cards were issued in four other districts test-checked. BDOs stated (December 1997-April 1998) that works were got executed through *gram panchayats* which did not record the full particulars in the muster rolls. The reply was not tenable as complete details should have been recorded on the muster rolls to ensure that the employment had been provided to the needy and registered persons only.

Essential details of persons employed not found recorded in muster rolls.

(iii) The Public Works and Forest departments generated 1,69,388 mandays of employment during 1996-98 as per reports sent to GOI.

Test-check revealed that these persons had not been registered with the *panchayats* as required under the scheme. The Executive Engineers stated (December 1997-January 1998) that works were executed departmentally and the local persons, who came forward for work, were engaged on muster rolls and list of registered persons with the *panchayat* secretaries was not obtained. DFO, Bilaspur stated (December 1997) that the employment was provided only to those persons who were enrolled regularly in the department and not to those registered with the *panchayat*. The replies were not tenable as the purpose of providing employment to the needy persons during lean agricultural season had been defeated.

(iv) The actual mandays generated as per muster rolls should have been reported in the monthly progress reports by BDOs to POs.

Test-check of muster rolls concerning employment generation maintained in the block vis-a-vis figures reported by BDO, Ghumarwin (Bilaspur

district) revealed that the figures reported to GOI were grossly inflated as shown in the table below:

Year	Reported figures of employment		Actuals as per muster rolls		Variations excess (+)/less (-)	
	Number of persons employed	Mandays generated	Number of persons employed	Mandays generated	Number of persons employed	Mandays generated
1995-96	1746	33650	1127	21021	(+) 619	(+) 12629
1996-97	2775	55956	2956	47608	(-) 181	(+) 8348
1997-98	3235	66246	2699	65946	(+) 536	(+) 300
Total	7756	155852	6782	134575	(+) 974	(+) 21277

BDO stated (May 1998) that in order to submit the progress reports in time, total expenditure incurred during a month/year was divided by the normative wage rate and resultant figures reported as employment generation because of non-receipt of complete accounts, reports and returns from *panchayat* secretaries posted in remote areas of the block. The reply was not tenable as the figures of employment generation were to be reported as per actual mandays generated.

(v) Audit scrutiny (July 1998) of muster rolls with reference to *panchayat* voters list in Bilaspur, Dharampur, Kunihar and Jhandutta blocks in Bilaspur and Solan districts revealed that Rs 5.52 lakh had been disbursed on account of wages to 619 workers during 1995-98. Of these, 78 were from outside the State. The names of these workers did not appear in the voters list of the blocks. BDOs stated (July 1998) that outside labourers had to be engaged where local workers did not come forward for work. It was also stated that sometimes names of local persons were written in the muster rolls by their nick names which varied from the actual names shown in the voters list. The reply was not tenable as the other particulars such as age of worker, IRDP number and family card number, etc., were not found recorded in the muster rolls to identify the workers.

(vi) Rupees 1.80 lakh were spent on construction of office building by PO, DRDA, Bilaspur during 1996-97 which was not covered under the scheme. PO stated (December 1997) that the expenditure was incurred from the interest money earned on account of deposits of funds received under EAS. The reply was not tenable as the amount of interest also formed a part of EAS funds and could not be spent in urban area for construction of office building.

(d) Non-observance of wage material ratio

(i) Scheme provided that all works started under EAS should be labour intensive. Labour intensive works were defined as those which had a ratio of wages to equipment and material of not less than 60:40.

Test-check revealed that 694 works like construction of schools, *anganwadi* and *mahila mandal* buildings, *panchayat ghars*, minor irrigation *kuhls*,

Expenditure on material component exceeded the prescribed norms.

link roads, *sarai* and community centre buildings, etc., were approved and taken up for execution at a cost of Rs 3.23 crore during 1994-98. The actual expenditure on wages (Rs 0.98 crore) and material (Rs 2.25 crore) was in the ratio of 30:70. This resulted in excess expenditure of Rs 95.87 lakh on material component over the prescribed norms. It was further noticed that the expenditure incurred on these works was reported to GOI by POs on the basis of prescribed norm of 60:40 on wage and non-wage components. BDOs stated (December 1997-April 1998) that it was not possible to maintain 60:40 ratio if durable assets were to be created. The reply was not tenable as the guidelines should have been followed scrupulously.

(ii) The guidelines of the scheme envisaged that all works under EAS should be executed departmentally and in no case any contractor should be engaged in the execution of these works by the implementing agencies. Contrary to this, three works in Nichar and Una blocks were got executed through contractors at a cost of Rs 1.56 lakh during 1995-96. This deprived employment opportunities of 3,409 mandays to the workers. BDOs stated (March-April 1998) that the local people being busy with their crops and also due to unwillingness of the *panchayats*, these works were got executed through contractors in public interest. Reply was not tenable as the scheme was designed to provide gainful employment during lean agricultural seasons to the needy persons.

(e) Distortions in prioritisation of activities

As prescribed under the scheme highest priority was to be given to water and soil conservation works. The actual position of works indicated distortion in this priority as shown below:

Serial number	Type of works	Norm of allocation (In percentage)	Actual allocation (In percentage)
1	Water and soil conservation works including afforestation, agro-horticulture and silvipasture, etc.,	40	6
2	Minor irrigation works	20	19
3	Link roads included in master plan of the district to enhance connectivity of unconnected villages	20	47
4	Primary school and <i>anganwadi</i> buildings	20	28

Thus low priority (6 per cent) was given to water and soil conservation works against the prescribed 40 per cent and highest priority (47 per cent) was given to link roads against the prescribed 20 per cent which was contrary to the provisions of the scheme. BDOs stated (December 1997-April 1998) that the works were got approved on the need basis and not as per the percentage allocation of funds prescribed under each sector. The reply was not tenable as no annual shelf of projects keeping in view the prescribed norm, had been prepared and approved as required. The distortions in the priority were not explained or justified convincingly by the BDOs.

(f) Lean season

The main emphasis of the scheme was to provide assured employment during the lean agricultural season. The guidelines also prescribed that the works were to be taken up during the lean agricultural season only. The State Government was to specify the lean season in the concerned districts during which works were to be started/continued under this scheme for providing employment to the needy persons.

Test-check revealed that in four¹⁰ districts, Rs 3.03 crore had been spent on works during 1994-98 during the agricultural season and Rs 6.70 crore spent during lean agricultural seasons.

Rupees 3.03 crore paid to workers as wages in four districts during agricultural season.

BDOs attributed (December 1997-April 1998) this to small holdings of land of the farmers who continued to be on work and also to non-declaration of lean season in Chamba district.

(g) Non-maintenance of inventory of assets and its transfer

The maintenance of assets created under EAS was extremely important.

Inventory of assets of Rs 10.31 crore created under the scheme had not been maintained nor transferred to departments/ local bodies as required.

The assets to be maintained by the State and district level departments were to be handed over to the departments/local bodies concerned for their maintenance and incorporated in the register of such assets maintained by the departments.

Audit scrutiny revealed that although assets worth Rs 10.31 crore had been created in five districts test-checked during 1994-98, neither inventory of assets had been maintained by the concerned departments nor these had been transferred to the departments/local bodies. Non-maintenance of Asset Register had not been commented upon in the balance sheets of DRDAs, Bilaspur, Kinnaur, Solan and Una by the Chartered Accountants while certifying their accounts. BDOs stated (December 1997-April 1998) that the asset registers would be maintained and concerned assets transferred to the respective departments/local bodies. Director admitted (July 1998) that asset registers were to be maintained at district and block levels from the works registers maintained by BDOs.

(h) Payment of wages

The scheme provided that the wages paid to the workers were to be based on the quality and quantity of work turned out. To ensure this, standards of

¹⁰

Bilaspur, Chamba, Kinnaur and Solan

specification were to be prescribed in terms of the quantity of works to be turned out by an unskilled worker for working eight hours a day. Output thus, determined was to be ensured before payment of wages. The scheme, *inter-alia*, provided that wages should be paid at the work site in the presence of the local persons like *Sarpanches* and *Panches* and block committee members every week. The following omissions were noticed during test-check:

(i) No standards of specification were determined by the department and the payment of wages were made to the workers without ensuring the output. The

Certificate to indicate that payments were made to actual payees not recorded.

details of work done and the certificate to the extent that payments were made to the actual payees in the presence of *sarpanches*, block committee members, etc., were not found recorded on muster rolls maintained by the *panchayat* secretaries of five¹¹ blocks. In absence of such records and also that the payments were shown to be made to unregistered workers in violation of this scheme guidelines, the genuineness of these payments worth Rs 2.97 crore during 1994-98 were doubtful.

(ii) The payments to the workers had been made monthly instead of weekly as prescribed. The delay in payment of wages for 444 muster rolls in Bilaspur district ranged between 20 and 465 days during 1996-98 as given below:

Serial number	Name of block	Number of muster rolls	Extent of delay (In days)
1.	Bilaspur Sadar	85	20 to 193
2.	Ghumarwin	239	29 to 228
3.	Jhandutta	120	26 to 465

BDOs stated (December 1997-April 1998) that the works were got done according to the provisions of the estimates and payment of wages could not be made weekly as it was not practicable for two Junior Engineers of a block to measure hundreds of works weekly along with their other departmental work. The reply was not tenable as the payments of wages were to be made weekly to ensure gainful employment to the needy workers. By delaying the payments, the workers were deprived of the benefit of this labour on a timely basis.

¹¹ Amb, Bhattiyat, Bangana, Gagret and Una

3.1.8 Monitoring

(i) For effective implementation and monitoring of the scheme, the State Government was required to constitute a State Level Coordination Committee (SLCC), District Employment Assurance Scheme Committees (DEASCs) and Block Employment Assurance Scheme Committees (BEASCs). SLCC was responsible for overall supervision, guidance and monitoring of EAS.

It was noticed during test-check that SLCC had been constituted in February 1994. DEASCs and BEASCs were constituted in August 1997. Thus there was delay of 46 months in constitution of DEASCs/BEASCs from date of launching of the scheme in October 1993.

Delay of 46 months in constitution of DEASCs/BEASCs.

No periodicity for holding the meetings, inspections and field visits had been drawn up and approved by SLCC and DEASCs as of April 1998. Director, RDD, stated (April 1998) that although SLCC had been constituted in February 1994 and DEASCs and BEASCs in August 1997, yet no inspections had been conducted as of April 1998. Thus no monitoring of the scheme was being done at appropriate levels.

Inspections not conducted.

(ii) The Implementing Authorities (Deputy Commissioners) and other officers, such as POs (DRDAs), Sub-Divisional Officers, Tehsildars and BDOs were to inspect the works regularly and record their observations and findings. For this purpose, the State Government was to prescribe minimum number of field visits for each supervisory level functionary from State to block levels and ensure that it was strictly adhered to. A schedule of inspections so drawn was to be approved by the SLCC and copy of the same sent to GOI.

It was noticed that neither any schedule of visits/inspections had been drawn up nor any inspections of these works had been carried out by Deputy Commissioners or other officers except BDOs. Deputy Commissioners stated (July 1998) that they cannot personally inspect all these works being busy with multifarious duties. The replies were not tenable as a schedule of field visits was

to be drawn up and got approved from the State Government and inspections of works carried out accordingly as prescribed under the scheme. Thus no monitoring of works had been done by Deputy Commissioners.

3.1.9 Evaluation

According to the guidelines, evaluation studies were to be conducted by GOI/ State Governments. Copies of such evaluation studies conducted by the State Governments were to be furnished to GOI.

No evaluation studies to judge the impact of the scheme had been conducted by the State Government as required.

Test-check revealed that no evaluation studies to judge the impact of the scheme in the State since its inception had been conducted by GOI/State Government as of April 1998. Director, RDD, stated (April 1998) that no evaluation studies of the scheme had been conducted. Thus the impact of the scheme could not be ascertained.

The findings of review were referred to the Government in June 1998; reply had not been received (October 1998)

3.2 Blocking of Government money due to non-completion of works

Test-check of records in the offices of seven³ Block Development Officers (BDOs) in six districts revealed (March 1997-March 1998) that 390⁴

390 development works lying incomplete resulted in depriving the public of the intended benefits and blocking of Rs 1.59 crore in six districts.

development works like construction of primary school buildings, play grounds, panchayat *ghars*, community halls, etc., sanctioned by respective Deputy Commissioners between 1985-86 and 1996-97 for an estimated cost of Rs 1.59 crore were lying incomplete after spending Rs 1.10 crore. These works were initially proposed by executing agencies like *panchayats*, municipal

³ Ani, Bharmour, Bhattiyat, Chopal, Nurpur, Rewalsar and Shillai

⁴ Chamba: 157; Kangra: 14; Kullu: 89; Mandi: 46; Shimla: 42 and Sirmour: 42

committees, etc., and were sent to BDOs who consolidated these and sent a proposal to Deputy Commissioners. Deputy Commissioners finally approved/sanctioned the works and released funds under different schemes as given below:

Serial number	Name of block	Number of works	Estimated amount	Expenditure incurred
(Rupees in crore)				
1.	Ani	89	0.43	0.35
2.	Bharmour	61	0.15	0.10
3.	Bhattiyat	96	0.08	0.05
4.	Chopal	42	0.31	0.14
5.	Nurpur	14	0.40	0.31
6.	Rewalsar	46	0.17	0.10
7.	Shillai	42	0.05	0.05
	Total	390	1.59	1.10

The construction of these works was taken up by various executing agencies between March 1986 and December 1997. These works stipulated to be completed within a period of three weeks to one year from the date of sanction, had not been completed as of March 1998. Delay in completion of these works ranged between three months to 11 years. Upto March 1998, Rs 1.10 crore were spent on these works and the balance funds of Rs 49 lakh were lying unutilised in various banks.

BDOs stated (March 1997 and March 1998) that the works could not be completed due to paucity of funds, non-availability of labour, site disputes, shortage of staff, lack of interest by the *gram panchayats*, etc. The replies were not tenable as these factors should have been taken into account at the time of initial planning and before drawal of money. Moreover, Deputy Commissioners should have analysed and removed these constraints while monitoring the execution of these works.

Thus, faulty planning resulted in non-completion of these works within the stipulated period depriving the public of intended benefits and blocking of Government funds of Rs 1.59 crore.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

Revenue Department

3.3 Land acquisition, transfer and utilisation

The Government lands consist of waste lands, forest lands, lands acquired by the Government departments for specific purposes, lands vested in it under the Himachal Pradesh Ceiling on Land Holdings Act, 1972 and Himachal Pradesh Village Common Lands Act, 1974 which is utilised by the Government for development activities of the State as per requirement. The Land Acquisition Act, 1894 as amended from time to time deals with the acquisition of property for public purposes and payment of compensation.

Records relating to the acquisition, transfer and utilisation of Government lands in Kullu, Mandi, Shimla and Solan districts for the period 1995-98 including seven¹ Sub-divisions and nine² Tehsils were test-checked during March-May 1998. Further information were obtained from Una district and departments of Settlement, Forest, Irrigation-cum-Public Health and Public Works. The results of test-check are discussed in the succeeding paragraphs.

3.3.1 Unjustifiable acquisition of land

The original sanctioned estimate of Balh Valley Irrigation Project for Rs 3.03 crore approved in March 1982 provided for the construction of 17 kilometers canal to irrigate 1,217 hectares of land in Zone No I. A three metre wide road on the valley side and one metre wide *patra* on the hill side for easy maintenance, inspection and dowel along with the bank of the canal to prevent the entry of surface silt into the canal were also to be constructed. Twelve metres and 2.5 metres of land in width was required to be acquired from km 0/0 to 12/0 and km 12/0 to 17/0 respectively. The scope of work was revised in 1987 and 20 km long canal was to be constructed to irrigate 1,207 hectares of land. The width of

The abbreviations used in this long paragraph have been listed in the Glossary in Appendix-XI (Page 307-309)

¹ Kullu, Mandi, Rampur, Solan, Shimla (Rural), Shimla (Urban) and Theog

² Kullu, Kumarsain, Kotkhai, Mandi, Rampur, Shimla (Rural), Shimla (Urban), Solan and Theog

land to be acquired was 25 metres and 10 metres from km 0/0 to 16/0 and km 16/0 to 17/0 respectively. The justification for the total area of land to be acquired was not on record.

A scrutiny of the records revealed that total area of 3.28 lakh square

Land valued at Rs 43.22 lakh acquired in excess of actual requirement.

metres was acquired between 1985-86 and 1992-93 at a cost of Rs 91.58 lakh for construction of the canal which was completed in March 1994. The canal was constructed from km 0/0 to 16/0 and thereafter water was carried through RCC/MS pipes upto km 18/454. The width of the canal after free board ranged between 1.60 metres and 3.66 metres on the basis of designed discharge. The inspection path was constructed from km 0/0 to 12/500. The division acquired 12.5 metres of land on either side of the central line of the canal (total width 25 metres) from km 0/0 to 12/500 and 8 metres of land (4 metres on either side) from km 12/500 to 16/0. Though the width of the canal got reduced from place to place on the basis of desired discharges, the area of land acquired was not proportionately reduced. Had the area to be acquired been proportionately reduced keeping in view the reduction of the width of the canal an area of 1.73 lakh square metres could have been sufficient.

It was noticed that remaining area of 1.55 lakh square metres of land unjustifiably acquired at a cost of Rs 43.22 lakh was still (May 1998) in the possession of the erstwhile owners and they were cultivating the same.

Executive Engineer, Baggi division stated (May 1998) that the land could not be taken over as mutation and demarcation of the land had not been done by the Revenue Department and the Revenue Department would be requested to do the needful. Thus the land valued at Rs 43.22 lakh was acquired in excess of the actual requirement.

3.3.2 Lease of Government land

3.3.2.1 Under-assessment of lease money

Government decided (December 1984) that lease amount in all cases of lease of Government land shall be charged per annum at the rate of 18 *per cent* of current prevailing highest market price of the kind of land to be leased out. Government reiterated (July 1988) that the lease money to be charged from the lessees shall remain unchanged at 18 *per cent* of current prevailing highest market price to be worked out on the basis of latest sale price of the land of the same classification, in the same locality and no average cost of the land shall be worked out for this purpose.

Lease money for three housing cooperative in Shimla was under-assessed to the extent of Rs 2.72 crore.

(i) Test-check revealed that 31-15 *bighas** of Government land around Shimla town was leased out by Government between March 1989 and June 1991 to three³ House Building Cooperative Societies for 99 years against one time total payment of Rs 5.91 lakh on the basis of five years average of sale price of leased land in two cases. The basis for determining lease money in the third case was not on record. The assessed lease amount had not been paid by the lessees as of August 1998.

The market value of the leased land as assessed by Deputy Commissioner and SDO (Civil), Shimla during February 1988 to December 1988 was Rs 15.62 lakh. Eighteen *per cent* of this market value worked out to Rs 2.81 lakh per annum and Rs 2.78 crore for the entire lease period. Thus, non-adherence to Government instructions had resulted in under assessment and short realisation of lease money of Rs 2.72 crore.

(ii) Government approved (January 1998) the grant of 4-5 *bighas* of Government land in village Gawahi in Shimla district on 50 years lease to an

* *Bigha* : 20 *Biswas*
5 *Bighas*: one acre

³ 1. Officers Cooperative Housing Society: 4-11 *bighas*; 2. Secretariat Employees Cooperative House Building Society: 14-8 *bighas*; 3. HIM Legislators' Cooperative House Building Society: 12-16 *bighas*

individual for the establishment of Hotel (Industry) at the annual lease money to be fixed at 18 per cent of the latest highest market value of the leased land. As there was no transaction of land transfer in village Gawahi during last five years, Rs 2,555 per annum as lease money was fixed (March 1998) by Tehsildar, Shimla (Rural) by taking market value of Rs 3,340 per *bigha* of the adjoining village Panog from March 1997 to February 1998.

Audit scrutiny revealed that in another case, the same Tehsildar had determined Rs 3.10 lakh per *bigha* of land of similar classification in same village during 1996 which should have been taken as the basis for determining the lease money of land in village Gawahi. Thus undue favour was shown to the lessee in this case.

Non-adherence to Government instructions in this case had resulted in underassessment of Rs 23.46 lakh for the first ten years of the lease period whereafter next revision was to be considered. Deputy Commissioner stated (May 1998) that both these cases were being investigated and final reply would follow.

(iii) Government land measuring 4148.70 square metres situated in Khaliar locality of Mandi town was transferred to Agriculture Department in September 1986 for the construction of *sabzi mandi*. In June 1991, District Collector, Mandi resumed the possession of this land as it had remained unutilised during five years. 1,050 square metres portion of this land was, however, leased to a private society in May 1992 for 95 years for daily physical exercises and organising other festivals at a token annual rent of one rupee. Government instructions of July 1988 discouraged the lease of land to private individuals as the Government land had drastically squeezed and it was difficult to get the land for developmental activities of the State. The highest market price of the land was assessed by revenue authorities at Rs 3.18 lakh and 18 per cent lease rent worked out to Rs 0.57 lakh per annum. Thus Government instructions were floated and the grant of the aforesaid land on lease to private society resulted in underassessment

of lease money of Rs 53.86 lakh and also deprived the community of the facilities of a *sabzi mandi*.

(iv) Government land measuring 3,290 square metres situated at Khaliar in Mandi town valued at Rs 2.38 lakh was leased (December 1990) to a private trust for the establishment of a public school at a token rent of one rupee per annum for 95 years with the condition that the State Government would nominate two members to the management committee of the school and no fee would be charged from 10 *per cent* students from poor families nominated by the State Government. Test-check revealed that neither any members had been nominated to the management committee nor 10 *per cent* students from poor families were nominated by the State Government as of September 1998.

This resulted in underassessment of lease money of Rs 40.74 lakh for the lease period besides depriving children from poor families of free education in the public school, as contemplated.

Deputy Commissioner stated (September 1998) that efforts were being made to nominate members to the managing committee and to nominate students for admission. The reply was not tenable as no efforts had been made by Deputy Commissioner to nominate members to the management committee and students of poor families for admission to the public school.

(v) Forest land measuring 40-3 *bighas* situated at village Baragran in Kullu district was leased to a company for 99 years from October 1972 for construction of a motel at annual rent of Rs 4,433, which was fixed by the Chief Conservator of Forests. With the change in the management of the company fresh lease deed was executed in September 1981. It was provided in the deed that after a period of every 10 years (effective from October 1982) the rent would be revised at 5 *per cent* of the market value of the land at the relevant time.

Test-check revealed that as the first revision of this deed was due from October 1992, the Forest Department, without ascertaining market value from the Revenue Department, fixed (November 1993) the lease rent at Rs 1.08 lakh per annum from October 1992 of their own in disregard to the Government

instructions of December 1984 which provided that lease amount was to be charged at the rate of 18 *per cent* of current prevailing highest market price. It was further noticed that Tehsildar, Kullu assessed (March 1994) the market value of this land at Rs 31.55 lakh. However, the lease rent was fixed by Tehsildar, Kullu at Rs 5.68 lakh per annum from June 1992 as per instructions (December 1984) of the State Government. Action to recover the rent of Rs 33.13 lakh for the period 1992-98 had not been taken as of September 1998.

Deputy Commissioner, Kullu stated (April 1998) that the lease rent was assessed by the Forest Department. Principal Chief Conservator of Forests did not furnish any reply in this regard (August 1998). Thus, non-compliance of Government instructions of December 1984 had resulted in under assessment of lease rent of Rs 46 lakh at the rate of Rs 4.60 lakh per annum during the ten years before the next revision will be done.

The lessee had also encroached 22-2 *bighas* of adjoining land in the year 1988-89 which was part of protected forest. In April 1994, 27-12 *bighas* of land including aforesaid encroached land was leased by the Revenue Department to the motel management after obtaining (November 1993) the approval of the Government of India, Ministry of Environment and Forests. The lease was cancelled and set aside by the Supreme Court of India in December 1996 on the ground that State Government had committed patent breach of public trust by leasing the ecologically fragile land to the motel management.

3.3.2.2 Non-resumption of land after the expiry of lease

Test-check revealed that Government land measuring 12-2 *bighas* situated in Kullu town was leased to 23 persons for running commercial activities and construction of sheds for a period of one to five years between December 1965 and September 1970. On expiry of lease (July 1969 to September 1975) the request for extension was rejected by Divisional Commissioner, Kangra and all the cases were forwarded between February 1982 and March 1988 to SDO (Civil) and Tehsildar, Kullu for getting the land vacated

Government land (11-8 *bighas*) unauthorisedly retained by lessees for 23 to 29 years.

and for its resumption.

Audit scrutiny revealed (April 1998) that only 0-19 *bigha* of land had been vacated by four persons whereas vacation of 11-3 *bighas* of land from 19 persons had not been effected as of May 1998. Further, 0-5 *bigha* of vacated land was unauthorisedly occupied by the Municipal Committee, Kullu. Tehsildar, Kullu stated (April 1998) that the field *Kanungo* was being asked to submit report in the remaining cases and action would be taken against the Municipal Committee for encroachment. Reply was not tenable as timely action was not taken by the department to get 11-8 *bighas* of Government land valued at Rs 55.73 lakh vacated. This had resulted in unauthorised retention of Government land by former lessees for the last 23 to 29 years without any payment.

3.3.3 Non-transfer of surplus land

Himachal Pradesh Ceiling on Land Holdings Act, 1972 which came into effect from (24 January 1971), provides that the land in excess of the permissible area on the appointed day would vest in Government. The surplus land vested in the State Government was to be utilised for allotment to a landless person or any other eligible person and to a handicapped or houseless person for construction of a house.

The State Government was authorised to utilise the surplus land in the interest of development of the State.

Under this Act land measuring 27,432 *acres* was reported during December 1997 to March 1998 surplus by Deputy Commissioners, Kullu, Shimla and Solan districts to Government.

Test-check revealed the following points:

- (i) Possession of 9,005 *acres* of land declared surplus in Shimla district had not been taken over by Deputy Commissioner, Shimla as of May 1998 because 4,509 *acres* of land was involved in litigation and 4,496 *acres* of land was in the possession of purchasers (*Davedar Bai*) encroachers who had made transaction before or during the commencement of the Act, evidently to evade the ceiling.

Deputy Commissioner, Shimla stated (April 1998) that during settlement operation in the district, the purchasers/encroachers had been recorded as *Davedar Bai* on the basis of said transactions and in most of the cases encroachment files had been prepared by the Settlement Department which were to be decided by that department. He further stated that latest position had been asked for from all SDOs (Civil) and it would be supplied as and when received. The reply was not tenable as no action had been taken to get the land vacated from these purchasers/encroachers and they were allowed to retain 4,496 acres of land illegally.

(ii) The Himachal Pradesh Tenancy and Land Reforms Act, 1972 authorises a land owner to receive rent not exceeding one fourth of the crop grown on his land by a tenant or value of such produce.

In Solan district, 1,587 acres of land declared surplus was in the possession of tenants, but no rent for the utilisation of land by the tenants had been recovered.

Deputy Commissioner stated (May 1998) that no instructions had been received from Government for the recovery of rent from the tenants on the land declared surplus under the Act. The reply was not tenable as the Act provided for recovery of rent.

3.3.4 Encroachment on Government land

3.3.4.1 As per Himachal Pradesh Land Revenue Act, the Revenue Officers are

Encroachment of 8,082 hectares of Government land in four districts not vacated.

empowered to eject an encroaching person from the land occupied by him unauthorisedly. In contravention of these provisions, the State Government decided (September 1992) not to dispossess the persons involved in encroachment cases noticed during the settlement operation as no policy on this subject had been framed by Government.

It was noticed in audit that in 46,151 encroachment cases involving 8,082-30-70 hectares of Government land was identified by the Settlement Department in four⁴ districts between 1978 and 1997. The encroached land was still in the possession of encroachers as the provision of the Act had not been enforced to dispossess them by the department as of May 1998. The Settlement Officer, Shimla stated (May 1998) that action had not been taken in this regard as further instructions after September 1992 were not received from the Government.

3.3.4.2 – In addition, 1619⁵ cases of encroachment on Government land (area not available) were reported by Deputy Commissioners to the respective Divisional Commissioners at the end of 31 December 1997. The area encroached upon in Kullu district was, however, not known to the department.

Following points were noticed in this regard:

(a)(i) Deputy Commissioner, Kullu reported (April 1998) to the Divisional Commissioner, Mandi that no

Sixteen cases of encroachment of 41-9-10 bighas of land costing Rs 16.76 lakh were pending for more than four to 13 years.

encroachment case was pending for over one year in Kullu tehsil. However, scrutiny of the records of Kullu tehsil revealed that 16 cases of encroachment

of 41-9-10 *bighas* of land valued at approximately Rs 16.76 lakh were pending for more than four to 13 years. Reasons for incorrect reporting by Deputy Commissioner to Divisional Commissioner, Mandi called for (May 1998) were awaited as of June 1998.

It was further noticed in audit that four cases were initiated by Tehsildar, Kullu against encroachment between 1985 and 1989 involving 9-11-10 *bighas* of land valued at Rs 4 lakh. No notices were, however, issued in these cases after May 1990.

⁴ Bilaspur: 2,487 cases; Kinnaur: 7,251 cases; Shimla: 36,327 cases and Solan: 86 cases

⁵ Kullu: 181 cases; Mandi: 775 cases; Shimla: 485 cases and Solan: 178 cases

Teshildar, Kullu stated (April 1998) that the proceedings in these cases would be started now. The reply was not tenable as the cases should have been processed timely. Thus non-issuance of notices had resulted in undue benefit to the encroachers.

(ii) Deputy Commissioner, Mandi reported (December 1997) to the Divisional Commissioner, Mandi that no encroachment case was pending for over two years in Mandi Tehsil.

Test check however, revealed that 12 cases of encroachment involving 8-19-07 *bighas* of land were pending for the last four to eight years.

Deputy Commissioner stated (September 1998) that matter would be enquired from the Tehsildar, Mandi. The reply was not tenable as correct position had not been reported in December 1997 after verification.

(b) Assistant Engineer, National Highway Sub-Division and Naib Tehsildar, Settlement, Rampur reported 25 cases of encroachment of 1-59-14 hectares of land on National Highway-22 between August 1988 and December 1990 to the Tehsildar, Kumarsain. All these 25 cases were transferred to the Executive Engineer, National Highway Division, Rampur between June 1989 and September 1991 by Tehsildar, Kumarsain as the State Government empowered (February 1989) the Executive Engineers of PWD to exercise the powers of Collector under the Public Premises (Eviction and Rent Recovery) Act, 1971. The Executive Engineer, National Highway Division in his capacity as Collector issued notices to the encroachers in August-September 1993 after lapse of more than two to four years. Meanwhile, 15 more cases of encroachment of land on National Highway-22 involving an area of 1-13-80 hectares were also reported by Assistant Engineer National Highway, Sub-Division between March 1989 and June 1993 to the Executive Engineer, National Highway Division, Rampur.

The powers of the Executive Engineers were withdrawn in October 1993 and all 40 cases were transferred (February 1996) to the Collector, Rampur after

lapse of 28 months. The Collector issued fresh notices to the encroachers in April 1998 after 26 months of the receipt of these cases and final outcome was awaited as of May 1998. SDO (Civil), Rampur stated (April 1998) that the delay was due to rush of work and shortage of staff. The reply was not tenable as delay in issue of notices resulted in undue benefit to the encroachers.

3.3.4.3 Non-execution of ejectment orders/warrants

- (i) Ejectment orders passed in 689⁶ encroachment cases in eight Tehsils
- Ejectment order in 689 encroachment cases not executed.** between 1968-69 and 1997-98 involving 1,000-18-8 *bighas* of Government land valued at Rs 1.53 crore were pending execution for six months to 29 years as of April-May 1998. The Tehsildars stated (April-May 1998) that the warrants of ejectment were pending with field staff who were asked to expedite their execution. The reply was not tenable as the Tehsildars should have ensured speedy execution of ejectment orders.

Thus non-execution of ejectment orders had resulted in unauthorised possession of land by the encroachers.

- (ii) Ejectment orders in 35 cases (Kotkhai: 30 and Theog: 5) involving 1,406 *bighas* of Government land valued at Rs 4.50 lakh were issued by the Tehsildars between March 1981 and September 1995. The delay in issuance of warrants for ejectment ranged between one and 17 years. Tehsildar, Kotkhai stated (April 1998) that the case to initiate action against officials responsible for delay was under process. Tehsildar, Theog stated that the delay in one case was
- Issue of warrants for ejectment of 1,406 *bighas* of Government land costing Rs 4.50 lakh was delayed for the period between one year to 17 years.**

⁶ Above 29 years: 1 case; 16 to 20 years: 6 cases; 11 to 15 years: 79 cases; 6 to 10 years: 199 cases; 3 to 5 years: 228 cases and less than three years: 176 cases

⁷ Kullu: 91; Kotkhai: 110; Kumarsain: 14; Mandi: 156; Shimla (Rural): 241; Shimla (Urban): 31; Solan: 30 and Theog: 16

due to stay orders of the Court and in remaining four cases action would be taken against the officials at fault.

(iii) SDO (Civil), Rampur passed ejectment orders and issued ejectment warrants in 106 cases of encroachment involving 0-94-59 hectare of forest land at Nankhari between September 1996 and April 1997. These warrants had not been executed as of April 1998. SDO (Civil), Rampur stated (April 1998) that the reasons for non-execution of warrants would be intimated separately. The reasons had not been intimated as of June 1998.

3.3.5 Loss of Government land due to adverse possession

A resident of Manali in Kullu district filed (April 1989) a suit in the Court of Senior Sub-Judge, Kullu for a declaration that he had become owner of 2-14 *bighas* of Government land at Nasogi in Manali by way of adverse possession on the ground that the land in suit had been in his continuous possession for more than 40 years. He also claimed that he had raised an apple orchard over the land since 1955 and he had been shown the owner of the land in the revenue records for the year 1972-73. The Court decreed (July 1990) that he had become the owner of the land by way of adverse possession. The appeal filed by the department was dismissed (August 1994) by the Additional District Judge, Kullu and the land in question was transferred in the name of the claimant in March 1995.

Tehsildar, Kullu stated (April 1998) that the matter will be looked into and if somebody is found guilty, proceedings would be started against him. The reply was not tenable as responsibility should have been fixed for unauthorised possession of the land and incorrect exhibition of the name of the claimant in the revenue records.

The failure of the department to initiate proceedings for encroachment of Government land for 40 years had resulted in loss of Government land valued at Rs 25 lakh.

3.3.6 Acquisition of allotted land

Six hectares of land was allotted to 10 landless and 12 other eligible persons during 1976-88 in Una tehsil. Of this, 3-87-77 hectares was acquired by Land Acquisition Officer (LAO), Hamirpur for laying railway line. A compensation of Rs 18.26 lakh was paid to the allottees during 1986-90 by LAO, Hamirpur.

It was noticed in audit that 135 hectares of land was available in Una tehsil in allotable pool from where the land could be allotted in exchange to these allottees. Instead of allotting the land from allotable pool in exchange, compensation of Rs 18.26 lakh was paid to the beneficiaries. Besides, three persons became landless as entire land originally allotted to them was acquired.

Deputy Commissioner, Una stated (May 1998) that LAO, Hamirpur never informed his office before issuing notice under Sections 4 and 6 of the Land Acquisition Act and as such, his office was not aware of the land acquisition proceedings conducted by LAO.

3.3.7 Non-implementation of confiscation orders

Himachal Pradesh Tenancy and Land Reforms Act prohibits purchase of land in the State by a person who is not an agriculturist and in case of violation of this provision, the land along with structure/superstructure would vest in the State Government.

Test-check revealed that land measuring 10 *biswas* along with structure/superstructure in village Dhara in Kasauli Patwar Circle was ordered (October 1995) to be vested in Government free from all encumbrances by Deputy Commissioner, Solan for violation of the Act. The appeal against these orders was also dismissed by the Divisional Commissioner, Shimla in March 1996. The land along with structure/superstructure had not, however, been vested in Government as of May 1998. Tehsildar, Kasauli stated (May 1998) that no orders/warrant for ejection in this case had been received by him. The file of the case was not produced by Deputy Commissioner to audit as the same was stated to be not readily traceable.

3.3.8 Cancellation of allotted land

Land measuring 32-16-6 *bighas* allotted between August 1975 and July 1982 to ten landless and other eligible persons in Mandi district was cancelled between March 1993 and September 1993 by Deputy Commissioner, Mandi. Deputy Commissioner stated (September 1998) that the information as to whether the possession of this land had been taken over by the department was not available with him. The reply was not tenable as the follow up action of cancellation of allotment had not been ensured even after a lapse of five years.

3.3.9 Non-transfer of land for setting up industrial area

State Government sanctioned (July 1989) the transfer of 63-5 *bighas* of

Government land for establishing Industrial Area in Kullu district not transferred to Industries department.

Government land situated at village Kothi Sari in Kullu district to Industries Department for the establishment of Industrial Area. It was noticed in audit that no action had been taken to transfer the land to the Industries Department as of April 1998.

While no reasons were advanced for non-transfer of land, Deputy Commissioner, Kullu stated (April 1998) that the Tehsildar, Kullu was being asked to take the necessary action in the matter. The reply was not tenable as action should have been taken by Deputy Commissioner for transfer of land.

Thus due to inaction on the part of the Revenue Department, necessary land for the proposed Industrial Area was not transferred for nearly a decade.

3.3.10 Non-maintenance of records of Government lands

The Himachal Pradesh Government Lease Rules provide that a register

Prescribed register of Government lands had not been maintained by the District Collectorates test-checked.

of Government lands in prescribed form should be maintained in the District Collectorate and a list of Government land

should be submitted to the State Government every year. It was noticed in audit that no such register had been maintained in any of the District Collectorates test-checked. The details showing the areas of Government land in these districts were also not available.

Deputy Commissioners stated (April-May 1998) that the register would be maintained after the receipt of information from the field offices. The reply was not tenable as the register should have been maintained as required.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

3.4 Loss of interest on VMJS funds

To involve the people effectively in the process of decentralised development, Government introduced (January 1993) a new programme 'Vikas

Non-investment of corpus funds in small savings instruments by Deputy Commissioners resulted in loss of interest of Rs 18.43 lakh.

Mein Jan Sahyog' (VMJS) after making amendments to existing programmes, wherever required.

Under this programme, construction cost of development works was to be shared by the public and Government in the ratio of 30:70 in rural areas and 50:50 in urban areas. A provision of 10 per cent of the construction cost was made as a maintenance corpus of the assets to be created under VMJS. The maintenance corpus was to be managed by the Deputy Commissioners. Government issued instructions (July 1995) that no resources out of corpus fund should be used within two years of the date of completion of an asset and during this period the fund was to be invested in small savings in such a manner as could give best income by way of interest and the income thus earned could be used for normal maintenance.

Test-check of records of the Deputy Commissioners, Shimla, Solan and Una between June and November 1997 revealed the following points:

- (a) Deputy Commissioner, Solan received Rs 49.11 lakh between 1994-95 and 1995-96 as maintenance corpus. Of this, Rs 0.35 lakh only were provided for

maintenance of works, Rs 15 lakh were invested in fixed deposits and Rs 33.76 lakh were kept in a savings bank account as revolving fund for the construction of original works. Interest of Rs 1.20 lakh was earned on this savings bank account as of July 1997. Had this amount (Rs 33.76 lakh) also been invested in fixed deposits, Rs 4.75 lakh (approximately) could have been earned as interest. Thus due to non-investment of maintenance corpus in small savings instruments and making it as revolving fund resulted in loss of interest of Rs 3.55 lakh (approximately) as of August 1997.

On being pointed out in audit, the entire amount of Rs 33.76 lakh initially diverted for the construction of original works was recouped (August 1998) and invested in fixed deposits.

District Planning Officer, Solan stated (August 1997) that due to non-receipt of sufficient funds under VMJS, the maintenance amount was invested for development works to clear the huge pendency under the head. The reply was not tenable as the corpus funds were not to be utilised for construction works and were to be invested in small savings instruments so as to give best income by way of interest.

(b) Similarly, Deputy Commissioners, Shimla and Una received Rs 84.66 lakh¹ under maintenance corpus between 1994-95 and 1996-97 and kept the amount in savings bank accounts instead of investing it in small savings instruments. Investment of the funds in savings bank accounts at a lower rate as compared to investment in small savings instruments resulted in loss of interest of Rs 14.88 lakh (approximately) (Shimla: Rs 9.87 lakh and Una: Rs 5.01 lakh).

Thus, in all the above cases loss of interest had been Rs 18.43 lakh as of January 1998.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

¹ Shimla: 1994-95: Rs 22.73 lakh; 1995-96: Rs 29.32 lakh and Una: 1994-95: Rs 18.06 lakh; 1995-96: Rs 9.57 lakh and 1996-97: Rs 4.98 lakh

3.5 Blocking of funds of development works

- Financial rules stipulate that no money should be drawn from the

Failure of the executing agencies to execute 45 works resulted in denial of intended benefits to the public in Shimla district besides blocking of funds of Rs 27.51 lakh.

treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for the execution of the works,

the completion of which is likely to take considerable time.

Test-check of the records in the office of the Deputy Commissioner, Shimla revealed (August 1997) that funds of Rs 27.51 lakh were drawn under various schemes like *Vikas Mein Jan Sahyog*, Local District Planning, etc., during 1982-83 to 1996-97 and remitted to different executing agencies of the district for construction of 45 works².

These works were stipulated to be completed within the same financial year in which funds were made available or within one year from the date of sanction. Of the 45 works, 17 works had not been started due to non-selection of land, non-taking up of work by *Patwaries*, etc., whereas reasons for not taking up remaining 28 works were not on record. The funds for execution of 45 works were lying unutilised in banks.

District Planning Officer stated (July 1997) that the executing agencies were being asked to complete the ongoing works.

Thus, the failure of the concerned agencies to execute these works resulted in denial of intended benefits to the public besides blocking of funds of Rs 27.51 lakh.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

²

22 works costing Rs 9.61 lakh to be executed by Block Development Officers, Chhohara, Chopal and Theog; 6 works costing Rs 5.94 lakh to be executed by the Executive Engineers National Highway Division, Rampur and B&R Division, Rohru; and 17 works costing Rs 11.96 lakh to be executed by the Tehsildars

3.6 Embezzlement of Government funds in the office of the Deputy Commissioner, Hamirpur

Mention was made in paragraph 3.4 of the Report of the Comptroller and Auditor General of India (Civil)-Government of Himachal Pradesh for the year ended 31 March 1994 pointing out deficiencies in the financial management of various Deputy Commissioner offices. The Report had not yet been discussed by the Public Accounts Committee.

Meanwhile, audit scrutiny of the cash book of the Deputy Commissioner, Hamirpur for the period from March 1988 to October 1997 revealed (December 1997) the following cases of embezzlement of public funds:

(i) Deputy Commissioner issued (May 1990-November 1996) four cheques in the name of District Nazir to draw a total amount of Rs 25,420 from the bank account pertaining to Ahmednagar Pattern scheme but the District Nazir fraudulently drew Rs 1,85,420 by making interpolation in these cheques. Of this, Rs 23,420 only were accounted for by him in the cash book and the balance amount of Rs 1,62,000 was not accounted for by the official and thus embezzled by him as given in the table below:

Cheque Number and date	Amount authorised	Amount actually drawn	Amount entered in cash book	Amount embezzled
	(In rupees)			
647735 dated 3.5.1990	7,020	47,020	7,020	40,000
214776 dated 20.1.1994	8,400	58,400	8,400	50,000
217236 dated 12.5.1994	8,000	48,000	8,000	40,000
206815 dated 23.11.1996	2,000	32,000	---	32,000
Total	25,420	1,85,420	23,420	1,62,000

Deputy Commissioner confirmed (January 1998) that the amount of Rs 1,62,000 had not been entered in the cash book. The matter had not been investigated as of June 1998.

(ii) Twelve cheques for Rs 7,66,100 were issued by Deputy Commissioner in the name of District Nazir between November 1992 and January 1997 but the amount was not accounted for in the cash book as of October 1998 though it was debited to the savings bank account of Ahmednagar Pattern scheme. Deputy Commissioner stated (October 1998) that the matter was under investigation.

Other irregularities

(i) Deputy Commissioner drew the entire amount of Rs 33.18 lakh under the scheme Ahmednagar Pattern between 1987-88 and 1996-97 on abstract bills and deposited this amount in the savings bank account for subsequent utilisation. This was not based on any general or specific provision contained in the State financial rules.

(ii) Test-check of the cash book of Ahmednagar Pattern scheme revealed that purchases of Rs 25.22 lakh were made between March 1988 and December 1997. Of these, supporting vouchers for Rs 17.30 lakh only were produced for audit verification. For the remaining amount of Rs 7.92 lakh, neither the vouchers nor the actual payees' receipts were made available. In the absence of vouchers and actual payees' receipts, the authenticity of payments could not be verified in audit.

Deputy Commissioner stated (January 1998) that available vouchers were produced to audit. Deputy Commissioner further stated (June 1998) that the

vouchers were being located and the correct position would be intimated after reconciliation. The reply of Deputy Commissioner was indicative of financial mismanagement and lack of control in the office.

Scrutiny of the cash book maintained by Deputy Commissioner also showed the following deficiencies:

- (iii) Entries in respect of payments of Rs 19.23 lakh made in the cash book for payment on account of purchase of furniture, photocopier, intercom system and store articles/minor works, etc., had not been attested by the Drawing and Disbursing Officers (DDOs) while signing the cash book, as required.
- (iv) There were numerous cuttings and overwritings in the cash book which had not been attested by DDOs, as required.
- (v) The analysis of closing cash balances for 50 months had not been prepared either at the end of a day or at the end of a month, as required.
- (vi) The charge of cash in hand, other valuables, etc., was not handed over/taken over by DDOs on 43 occasions and by the cashier on two occasions at the time of proceeding on leave or on transfer of the previous incumbent.
- (vii) The savings bank account was operated by Deputy Commissioner himself singly but the entries in the cash book were attested by the Assistant Commissioner to Deputy Commissioner. Thus, the disbursing officer was other than the drawing officer.
- (viii) Cheques worth Rs 4.66 lakh were issued between September 1990 and November 1996 but no amount was drawn thereagainst. These cheques had neither been cancelled nor destroyed, as required under the rules and were lying in the cheque books.

Non-adherence to codal provisions had thus facilitated suspected embezzlement of Rs 9.28 lakh as also occurrence of other irregularities detailed above.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

General Administration Department

3.7 Utilisation of helicopter

The State Government entered (September 1995) into a lease agreement with a private agency (Agency) for hiring a helicopter to meet various requirements like emergency evacuation, VIP flights to monitor the development activities, use in law and order situation and courier flights to tribal areas in winter, etc. The lease period was for two years which was to be reckoned from the date of positioning the helicopter. The helicopter was positioned by the Agency on 4 January 1996. The period of the lease agreement was thus from 4 January 1996 to 3 January 1998.

Mention was made in paragraph 3.13 of the Report of the Comptroller and Auditor General of India (Civil)-Government of Himachal Pradesh for the year ended 31 March 1997 regarding avoidable expenditure on purchase and utilisation of helicopter. The Report is yet to be discussed by the Public Accounts Committee.

Test-check of the records of General Administration Department (GAD) revealed (March 1998) the following points:

- (a) According to the lease agreement, the Agency was to make the helicopter available for operational use upto 600 hours per year and for 1,200 hours during the term of agreement. Further, the helicopter was to be made available for approximately 50 flying hours in a month during the period of this agreement. Payment was to be made to
- Rupees 1.40 crore was paid to the Agency for 156 unutilised hours even though the helicopter was not made available to the State Government.**

the Agency on monthly basis for 50 hours at the rate of Rs 90,000 per hour i.e. Rs 45 lakh per month. While the original lease period was still in operation, the Government entered (November 1997) into supplementary lease agreement with the Agency through which the terms of the initial agreement were extended by four months i.e. upto 3 May 1998 with the right to utilise 200 flying hours plus the spill over of underutilised flying hours till 3 January 1998.

It was noticed that the helicopter was made available for 1,260 flying hours* during the entire contract period and the Agency flew back the helicopter on 27 February 1998. Of this, the Government could utilise the helicopter only for 1,104 flying hours. However, payment of Rs 11.34 crore was made to the Agency for 1,260 hours which also included payment of Rs 1.40 crore for 156 unutilised hours. Government stated (October 1998) that the Agency had not made the helicopter available after February 1998 and there was no question of using these unutilised flying hours. The reply was irrelevant since extra payment of Rs 1.40 crore had been made for unutilised flying hours and was therefore recoverable.

After the helicopter was flown back for engine overhauling on 27 February 1998, the Agency gave an undertaking on 28 March 1998 which formed part of another supplementary agreement (April 1998) and provided that in the absence of its helicopter, the hiring charges of Indian Air Force (IAF) helicopter would be defrayed by the Agency as per criteria set out therein. Since the Agency failed to position its helicopter after 27 February 1998, the Government engaged similar helicopters from IAF/Pawan Hans and paid Rs 1.77 crore (IAF: Rs 1.59 crore for 49.05 flying hours and Pawan Hans: Rs 18.04 lakh for 66.20 flying hours). Though bills for reimbursement of this

Rupees 1.77 crore paid to IAF/Pawan Hans for alternative arrangements was not recovered from the Agency.

* Excluding 40 flying hours of October-November 1996 during which period helicopter was not made available and no payment was made for this period

expenditure were preferred to the Agency, these had not been settled by them. Government stated (October 1998) that the matter regarding defraying of charges by the Agency for the alternative arrangements made by the Government had been taken up (September 1998) with the Agency but the final outcome was awaited (October 1998).

(b)(i) The agreement provided that Agency shall properly maintain, repair, overhaul and service the helicopter in accordance with published air worthiness standards and shall provide at the base adequate spare parts and tools for the purpose. It was also provided that the company could ground the helicopter for maintenance at the rate of three days per month but not more than five days at a stretch. It further provided that if the helicopter was grounded for days more than the limit specified, the Government would have discretion to deduct flying hours charges on pro rata basis for excess days of grounding.

Rupees 8.87 lakh of inadmissible payment in respect of helicopter was made by the Government to the Agency.

Scrutiny of records revealed that the helicopter took no flight between 5 October 1996 and 8 November 1996 but the Government paid flight charges of Rs 7.38 lakh for five days (5 October 1996 to 9 October 1996). The helicopter was grounded due to the fault of the Agency as it received wrong consignment of tools. Government stated (January 1998) that the helicopter was available for flight upto 9 October 1996 and it was grounded due to technical defect from 10 October 1996 to 8 November 1996. However, records made available to audit indicated that the helicopter made no flight between 5 October 1996 and 9 October 1996 for which payment of Rs 7.38 lakh was made. Moreover, the company had not informed the department about grounding of the helicopter in advance as provided for in the agreement.

(ii) The State Government paid (January 1997) Rs 1.49 lakh to the Agency for usage of an alternative helicopter during 6-9 November 1996 whereas monthly minimum charges of Rs 6 lakh at the rate of Rs 45 lakh per month had already been paid (December 1996) to the Agency.

Government stated (January 1998) that all the payments were made to the company strictly on the basis of the respective clauses of the agreement in each situation in order to avoid any legal involvement. The reply was not tenable as the agreement stipulated that the Agency was to arrange at its own expenses for any alternate helicopter of identical specification and therefore the payment was not covered by the agreement.

Thus inadmissible payment of Rs 1.49 lakh was made to the Agency in disregard of the relevant clauses of the agreement.

(c) As per instructions issued (April 1996) by the Election Commission of

In disregard of Election Commission's instruction Chief Minister used the helicopter hired by Government after the announcement of election to 12th Lok Sabha.

India (ECI), the use of State owned aircraft (whether fixed wings or helicopter) propelled at State cost or hired at State cost will not be permitted for any reason including security. No exceptions in this regard were to be made. These instructions

were to come into force from the date of announcement of election till the completion of election. The instructions were reiterated by ECI on 16 December 1997.

Test-check of records revealed that the helicopter hired by the State Government was used by the then Chief Minister during 16 December 1997 to 4 January 1998 despite announcement of elections to 12th Lok Sabha which were to be completed by 15th March 1998. This involved an unauthorised expenditure of Rs 50.66 lakh on the use of the helicopter due to non-compliance of the instructions of ECI.

Government stated (January 1998) that the instructions regarding use of State owned helicopter were received in GAD on 30 December 1997. The reply was not tenable because ECI letter dated 16 December 1997 was received in the Secretariat on 17 December 1997 and instructions on the use of helicopter already existed.

Thus non-compliance of the instructions of ECI had resulted in unauthorised expenditure of Rs 50.66 lakh.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

Health and Family Welfare Department

3.8 National Malaria Eradication Programme

3.8.1 Introduction

Government of India (GOI) launched National Malaria Control Programme (NMCP) in April 1953 with the objective to reduce malaria morbidity in the country to such a low level that disease would cease to be a major public health problem. The encouraging results of the programme prompted the Government to switch the strategy from control of malaria to eradication in 1958 under National Malaria Eradication Programme (NMEP). The scheme was modified in 1977 and the Modified Plan of Operation (MPO) was introduced for effective control of malaria and prevention of deaths caused by malaria.

The programme covers all areas below 5,000 feet above sea level. Ten out of twelve districts except Kinnaur and Lahaul and Spiti covering rural population of 46.19 lakh (1991 census) fall within the ambit of the programme in the State.

Operation of the NMEP during 1992 to 1998 was reviewed in audit through test-check of records of DHS, Zonal Malaria Officer, Dharamshala and four¹ CMOs during March-June 1998. The results of the review are discussed in the succeeding paragraphs:

3.8.2 Funding pattern

NMEP which was 100 *per cent* Centrally sponsored scheme (category I) since Fourth Five Year Plan (1969-74) was made a category II Centrally sponsored scheme on 50:50 sharing basis between the Central and the State Governments as per decision of the National Development Council during 1979-80. Central

The abbreviations used in this long paragraph have been listed in the Glossary in Appendix-XI (Page 307-309)

¹ Hamirpur, Kangra, Solan and Una

assistance covers expenditure on material and equipment, insecticides and drugs procured indigenously.

Position of Central assistance received/ State share and actual expenditure (Plan) during 1992-98 was as under:

Year	Central* assistance received in kind from GOI	Expenditure incurred under the State Plan Scheme 50:50 basis	Total shareable expenditure	50 per cent share	Difference refundable to GOI
(Rupees in lakh)					
1992-93	111.37	66.32	177.69	88.85	22.53
1993-94	64.75	61.27	126.02	63.01	1.74
1994-95	85.11	51.11	136.22	68.11	17.00
1995-96	142.29	59.34	201.63	100.82	41.48
1996-97	100.62	56.98	157.60	78.80	21.82
1997-98	79.88	70.35	150.23	75.11	4.76
Total	584.02	365.37	949.39	474.70	109.33

The State Government also incurred expenditure of Rs 24.61 crore from own resources (Non-Plan) for the implementation of the programme during 1992-98.

Following points were noticed:

- (i) Central Government released Rs 5.84 crore as Central assistance against its share of Rs 4.75 crore during the period 1992-98. The excess release of assistance of Rs 1.09 crore had not been refunded/adjusted as of August 1998. Deputy Director (Malaria) stated (June 1998) that the excess Central assistance of Rs 1.09 crore released in kind by GOI could not be refunded.

Rupees 4.55 crore representing excess Central assistance released upto March 1998 had not been adjusted/ refunded to the Government of India.

* In the form of insecticides and anti-malarial drugs

(ii) Besides, Rs 3.46 crore recoverable by GOI from the State due to non-refund of unspent balance (out of Central assistance) upto 1991-92 had not been adjusted/refunded as of May 1998. Deputy Director (Malaria) stated (June 1998) that the basis on which GOI had worked out the payable amount of Rs 3.46 crore were not known. The position regarding refundable amount of Rs 3.46 crore needed to be reconciled with GOI.

3.8.3 Programme Implementation

(i) Incidence of malaria

The district-wise position* of incidence of malaria in the State during 1992-97 was as under:

Name of districts	1992	1993	1994	1995	1996	1997	Total	Percentage of positive cases
(In numbers)								
Bilaspur	740	396	407	671	791	484	3,489	10
Chamba	137	35	65	163	450	254	1,104	3
Hamirpur	333	227	242	444	533	252	2,031	6
Kangra	1,290	832	1,010	2,243	2,404	1,221	9,000	26
Kullu	305	209	179	324	231	162	1,410	4
Mandi	948	566	305	639	729	498	3,685	11
Shimla	226	157	108	229	316	162	1,198	3
Sirmour	1,914	1,145	342	786	1,654	1,416	7,257	21
Solan	942	303	213	537	542	331	2,868	8
Una	416	192	220	659	699	540	2,726	8
Total	7,251	4,062	3,091	6,695	8,349	5,320	34,768	

Following points were noticed:

Number of malaria cases increased from 4062 in 1993 to 8349 in 1996

Highest number of malaria cases occurred in Kangra district.

which came down to 5,320 in 1997. The percentage of malaria positive to total cases in the State was highest in Kangra district (26 per cent) followed by Sirmour (21 per cent).

Analysis of the position of positive falciparum (PF)** cases in the State during 1992-97 indicated that a total of 47 cases were detected and the percentage

* Supplied by Director of Health Services

** These are fatal type cases

of positive falciparum cases to total cases was also on the higher side in Kangra (36 per cent) and Sirmour (19 per cent) districts.

(ii) Targets and achievements in coverage of population

Under MPO, minimum of 10 per cent of the population was to be screened for malaria every year.

Audit scrutiny of records of CMO, Kangra revealed that percentage shortfall in screening for malaria population ranged between 24 and 57 during 1992-97 and percentage of ABER* during 1995-97 ranged between 4.86 and 4.33 (below 5 per cent) which was categorised by GOI as 'poor'.

3.8.4 Entomological work

(i) Non-conducting of susceptibility tests

Susceptibility tests against the vector and insecticides resistance of vector were required to be carried out at least once a year in all the districts. Audit scrutiny revealed that susceptibility tests were carried out only in two districts during 1992 and in four districts each during 1993 and 1994. No tests were carried out during 1995-97 as impregnated papers of diagnostic doses were not available.

The spraying operations were thus conducted without entomological study of susceptibility of vector to DDT.

(ii) Shortfall in visits by entomological teams

MPO, 1977 and MAP, 1995, stipulated that entomological teams were to visit four PHC's every month for susceptibility tests, vector density, pyrethrum spray collection, whole night collection, dissection of mosquitoes, bio-assay tests, etc. Test-check revealed that against 288 required number of visits during 1992-97, 151 visits were made between 1992 and 1997 resulting in shortfall of 137 visits. Thus the required number of tests could not be carried out by the team.

3.8.5 Shortfall in spray operations

As per (Malaria Action Programme-1995) and MPO-1977, regular spraying was to be carried out in the selected areas which had an annual parasite index 2 and above during transmission seasons (April to September). Under MAP 1995 human dwellings and mixed dwellings were to be sprayed but cattle sheds were not to be sprayed.

The following points were noticed in this regard:

- (i) The shortfall in spraying of rooms (human dwellings) ranged between 38 and 47 *per cent* in first round and 65 and 96 *per cent* in second round during 1992-97. Similarly, the shortfall in spraying of cattlesheds ranged between 26 and 46 *per cent* in first round and 63 and 95 *per cent* in second round during 1992-96.

Deputy Director (Malaria) stated (June 1998) that shortfall in spraying operation was due to late receipt of sanction of *beldars*, refusal to accept spraying by the community and non-supply of diazinon by GOI to tackle fly and bed bugs problem, etc. The reply was not tenable as Deputy Director (Malaria) was required to remove these bottlenecks for implementation of the programme.

- (ii) The shortfall in districts test-checked in spraying of rooms ranged between 25 and 69 *per cent* in first round and 44 and 100 *per cent* in second round. Similarly, the shortfall in spraying of cattlesheds ranged between 6 and 100 *per cent* in first round and 58 and 100 *per cent* in second round.

Deputy Director (Malaria) did not furnish details of action taken to remove these persistent bottlenecks.

3.8.6 Irregularities in spray operations

- (i) **Wasteful expenditure on spray of cattle sheds**

Wasteful expenditure of Rs 23.77 lakh had been incurred on spraying of cattle sheds against the provisions of the scheme.

To conserve insecticides, the Expert Committee of GOI decided in 1995 that cattlesheds were not to be sprayed. Test-check revealed that in five districts 2.26 lakh cattlesheds were sprayed during 1995 and 1996. This resulted in wasteful

expenditure of Rs 23.77 lakh (wages: Rs 11.93 lakh and insecticides: Rs 11.84 lakh). Deputy Director (Malaria) did not furnish the reasons for this wasteful spraying.

(ii) Wasteful expenditure on spray operations

Areas with Annual Parasite Index (API2) and above were to receive two regular rounds of DDT spray with interval of six weeks to arrest effectively the transmission of vector. Test-check revealed that shortfall in second round of spray operations ranged between 94 and 100 *per cent* in four districts during 1992 and 62 and 86 *per cent* in three districts during 1995. Thus the expenditure of

Wasteful expenditure of Rs 25.39 lakh was incurred on spray operations.

Rs 25.39 lakh (insecticides: Rs 14.72 lakh, wages: Rs 10.67 lakh) on the spray operations of first round during 1992-95 was largely.

(iii) Shortfall in insecticidal spray

Under MPO, the spraying operations were to be carried out with API/2 and above after taking sub-centre as unit.

The following points were noticed:

(a) The shortfall in spraying ranged between 18 and 38 *per cent* in first round and 51 and 95 *per cent* in second round during 1992-97. DHS attributed (June 1998) the shortfall to late receipt of sanction for *beldars*, refusal by the community and non-supply of diazinon by GOI, non-creation of posts of supervisory field workers, non-availability of vehicles to the supervisory staff and non-availability of *beldars* due to low wages. The reply was not tenable as the spraying operations should have been carried out as prescribed.

(b) The shortfall in insecticidal spray in districts test-checked ranged between 5 and 63 *per cent* in first round and 27 and 100 *per cent* in second round during 1992-97.

Shortfall in insecticidal spray ranged between 5 and 63 *per cent* in first round and 27 and 100 *per cent* in second round in districts test-checked.

3.8.7 Fictitious consumption/short/non-accounting of DDT

(a) Against the available stock of 7,217 kgs of DDT in the office of the CMO, Bilaspur for the spraying season of 1997, 8,176 kgs were shown consumed

**Fictitious consumption/
short/ non-accounting of
17.06 MTs of DDT valued at
Rs 11.49 lakh and fictitious
expenditure of Rs 2.06 lakh
on labour**

in the round-wise reports and 15,816 kgs through monthly spraying reports submitted to Deputy Director (Malaria). Fifty eight DDT *beldars* were deployed for the spraying purpose and an expenditure of Rs 3.78 lakh was incurred on wages. Thus there was fictitious consumption of 8,599 kgs (8.6 MT) of DDT valued at Rs 5.8 lakh and fictitious expenditure of Rs 2.06 lakh on wages by CMO. CMO and Deputy Director (Malaria) failed to monitor the implementation of programme through prescribed returns.

(b) Monthly spraying reports of CMO, Sirmour submitted to DHS showed closing balance of 14.5 metric tonnes (MTs) of DDT as of 30 November 1994. No DDT was sprayed during December 1994 to March 1995 which were non-spraying months. Twelve MTs were shown as opening balance in April 1995 instead of 14.5 MTs resulting in short accounting of 2.5 MTs of DDT worth Rs 1.68 lakh. Deputy Director (Malaria) failed to detect the short accounting from the monthly spraying reports. The short accounting had not been investigated as of July 1998.

(c) CMO, Sirmour transferred 3.75 MTs of DDT to CMO, Solan during 1997. CMO, Solan accounted for only 3.5 MTs resulting in short accounting of 0.25 MT worth Rs 0.17 lakh. The matter had not been investigated as of July 1998.

(d) After spraying season of 1996, CMO, Kangra reported (December 1996) consumption of 34.79 MTs of DDT whereas as per spray data register, the consumption was 29.08 MTs. Deputy Director (Malaria) while confirming the

facts stated (June 1998) that the detailed information had been called for from CMO. The difference of 5.71 MTs worth Rs 3.84 lakh had neither been reconciled nor the balance physically verified.

(e) Non-supply of DDT

Directorate of NMEP, New Delhi allocated (May 1997) 100 MTs of DDT to the State for spraying operations of 1997 which was to be supplied equally by a firm to five CMOs².

The firm failed to supply DDT during the spraying season of 1997. Deputy Director (Malaria) stated (June 1998) that the supplies needed for spraying operations of 1997 were received in January 1998. This resulted in the persistent shortfall in spraying of human dwellings and thus affected implementation of the programme adversely.

(f) Unauthorised spray of BHC

Government of India decided (January 1996) to ban manufacture and use of Benzene Hexachloride (BHC) 50 *per cent* totally by March 1997. Ninety MTs of BHC valuing Rs 17.12 lakh were procured by the State during 1992-95. Of this, 70.75 MTs were utilised during 1992-96. Despite imposition of ban, 8.21 MTs of BHC valuing Rs 1.72 lakh were sprayed during the spray season (April-September) of 1997 and Rs 4 lakh had been spent on payment of wages resulting in unauthorised expenditure of Rs 5.72 lakh. Deputy Director (Malaria) did not inform the reason for unauthorised spraying of BHC (July 1998). CMO, Solan attributed (April 1998) the unauthorised spray to late receipt of instructions from DHS. Balance 11.04 MTs of BHC lying in the stocks was awaiting disposal as of June 1998. The matter of disposal of unutilised BHC was under consideration of GOI.

3.8.8 Surveillance and detection of malaria cases

(a) Spray squads

Spray squads were required to be deployed for spray operations from April to September every year. In four districts test-checked there was delayed deployment of *beldars* by 41,877 mandays during 1992-97. CMOs attributed (April-May 1998) the shortfall in spray operations to delay in grant of sanctions for appointment of DDT *beldars*. The late engagement of *beldars* resulted in less coverage of spray operations to combat malaria incidence.

Test-check of records of CMO, Kangra and Zonal Malaria Officer, Dharamshala revealed that two Supervisory Field Workers (SFWs) were appointed (October 1977) for supervision of spray operations. One of them was posted (September 1978) to work as Multipurpose Worker (MPW) in sub-centre and another was posted in Primary Health Centre (PHC), Bhavarana upto 1987 and thereafter as store incharge in Zonal Malaria Office. Both these SFWs had never supervised the spray operations as the department utilised their services for other purposes.

(b) Delay in examination of blood smears

(i) An important aspect of the malaria eradication programme was detection of spread of malaria parasites by the blood test programme. Blood smears were to be examined within the stipulated period of seven days of their collection.

In the four districts test-checked, the delay in examination of 1.86 lakh blood smears collected and examined during 1992-97 ranged between 15 and 30 days and in the case of 53 thousand blood smears between 31 and 109 days resulting in lack of timely treatment of positive cases. Thus the delays at various stages from collection of blood smears to the final treatment reduced the effectiveness of the programme.

CMOs stated (April-May 1998) that delays in tests were attributable to

Delays of 15 to 109 days in examination of blood slides resulted in lack of timely treatment of positive cases.

heavy workload, late receipt of blood slides from PHC's and non-availability of

technicians due to leave, etc. The replies were not tenable as the blood smears were required to be examined within the prescribed scheduled time of seven days. Thus the implementation of the programme as envisaged in the guidelines was not ensured.

(ii) Non-collection of blood smears in fever cases

As per guidelines, presumptive treatment was to be given to all fever cases irrespective of sex/age or cases with history of fever immediately after the blood smear was collected. It was noticed that in 3,087 fever cases, blood smears were not collected in the districts test-checked (Hamirpur: 78; Kangra: 422; Solan: 1942 and Una: 645) during 1992-97. CMOs stated (April-May 1998) that due to refusal by the patients the blood smears could not be collected. Thus possibility of non-detection of malaria positive cases could not be ruled out.

3.8.9 Radical treatment

Test-check revealed that radical treatment to patients found malaria positive in 680 cases (Hamirpur: 141; Kangra: 432 and Una: 107) was not provided.

CMOs stated (May 1998) that some of the positive cases remained untreated for the reasons that the patients left the station without intimation, there were improper addresses of patients and also due to shortage of 8-AQ tablets. Thus radical treatment was not provided as required due to inadequate monitoring of such cases.

3.8.10 Absence of adequate examination of blood samples

(i) Following the resurgence of malaria in 1994, GOI appointed a committee of experts to identify the worst affected malaria prone areas and suggest specific remedial measures. The Expert Committee had commented

(January 1995) very strongly about supervision and efficiency of the laboratories.

(ii) In eight³ districts, 14.27 lakh blood slides were examined against 14.49 lakh slides collected resulting in non-examination of 0.22 lakh slides during 1992 to 1997.

All the blood slides collected not examined.

Non-examination of blood slides was attributed by Deputy Director (Malaria) (June 1998) to multifarious duties being assigned to laboratory technicians, newly appointed technicians not being trained in malaria microscopy and shortage of laboratory staff.

(iii) With the introduction of MAP in 1995, the field laboratories were required to send all positive cases (50 per cent to State headquarter laboratory and 50 per cent to Regional Health Officer (RHO), Chandigarh) and 10 per cent of negative blood slides (8.5 per cent to State headquarter laboratory and 1.5 per cent to RHO, Chandigarh) for cross examination.

Audit scrutiny in four districts⁴ revealed that 78 to 95 per cent of positive cases and 3 to 41 per cent of negative cases were not sent to State headquarter laboratory during 1995-97. Similarly, the shortfall in sending the blood slides to RHO, Chandigarh ranged between 80 and 100 per cent in positive cases and 7 to 49 per cent in negative cases.

Further scrutiny of records revealed that out of the cases cross examined during 1992-97 by the State/Regional Laboratories, discrepancies in results of positive and negative slides were found in 38 cases (Hamirpur: 5; Kangra: 16; Solan: 9 and Una: 8).

CMOs stated (May 1998) that due to rush of work and posting of

³ Chamba, Hamirpur, Kangra, Kullu, Mandi, Sirmour, Solan and Una

⁴ Hamirpur, Kangra, Solan and Una

untrained Laboratory Technicians, no follow up action could be taken in these cases.

3.8.11 Inadequate drug distribution centres and fever treatment depots

Shortfall in opening Drug Distribution Centres increased from 3395 in 1992 to 3914 in 1997.

Drug distribution centres in all areas were required to be opened for every 500 persons and fever treatment depots (FTDs) for every 1,000 persons by involving voluntary agencies. Test-check disclosed the following points.

(i) The position of opening of drug distribution centres (DDC) and those actually opened was as given below:

Year	Population as per NMEP census (In lakh)	Targets of DDC	Opened	Shortfall	Percentage shortfall
			(In numbers)		
1992	41.24	8,248	4,853	3,395	41
1993	41.88	8,376	4,715	3,661	44
1994	42.43	8,486	5,200	3,286	39
1995	43.06	8,612	5,089	3,523	41
1996	43.63	8,726	4,949	3,777	43
1997	44.55	8,910	4,996	3,914	44

The shortfall in the opening of drug distribution centres was 41 per cent in 1992 which increased to 44 per cent in 1997.

(ii) The position of FTDs was as under:

Year	Targets of FTDs	Opened	Shortfall	Percentage shortfall
		(In numbers)		
1992	4,124	2,550	1,574	38
1993	4,188	2,477	1,711	41
1994	4,243	2,497	1,746	41
1995	4,306	2,647	1,659	39
1996	4,363	2,476	1,887	43
1997	4,455	2,241	2,214	50

The shortfall in opening of FTDs was 38 per cent in 1992 which increased to 50 per cent in 1997.

The shortfall in opening of drug distribution centres and FTDs was

attributed (June 1998) by Deputy Director (Malaria) to non-payment of remuneration of any kind to voluntary agencies. Thus the voluntary agencies were not adequately motivated to achieve the targets.

3.8.12 Other topics of interest

(a) Non-use of vehicles for the programme

As of 31 March 1998, there were 38 vehicles (jeeps:19; pickup vans: 11; trucks: 2 and cars: 6) in the State under NMEP. Of these, six were roadworthy, one off the road and 31 condemned.

Following points were noticed:

(i) In Kangra and Solan districts, five NMEP vehicles were utilised to the extent of only 2 to 40 *per cent* for implementation of the programme though Rs 9.25 lakh (maintenance: Rs 3.33 lakh and pay of drivers: Rs 5.92 lakh) were spent under NMEP. No vehicle had been provided in Hamirpur and Una districts under the programme.

CMOs stated (May 1998) that the vehicles were also deployed and used on other programmes keeping in view the overall functions of the department. The reply was not tenable as the vehicles provided under the programme should have been exclusively used for NMEP activities.

(ii) One truck provided to Zonal Malaria Officer, Dharamshala could not be plied since March 1995 as the post of driver was vacant.

(iii) Two vehicles were provided to Kangra district against which five drivers had been posted under the programme. Of these, one vehicle was under repair since December 1995. Thus four drivers had become surplus and their services were being utilised for other programmes.

(b) Irregular deployment of staff

(i) Test-check of records (March 1998) of Deputy Director (Malaria) revealed that four officials (Senior Assistant, Junior Assistant, Senior Clerk and

Clerk) remained deployed in other programmes since April 1994 and Rs 5.11 lakh had been incurred on their salaries upto March 1998 which were debited to NMEP.

(ii) In Solan district, the pay of a Food Inspector amounting to Rs 1.22 lakh for the period April 1992 to June 1994 had been drawn from NMEP although no such post existed under the programme.

(c) **Irregular deployment of laboratory technician**

Test-check revealed that a laboratory technician on the strength of Zonal Malaria Office was deputed (November 1995) by DHS to Civil Hospital, Dehra. The official was transferred in February 1997 to Zonal Hospital, Dharamshala (Blood Bank). An expenditure of Rs 1.52 lakh had been incurred towards salary of the official which was debited to NMEP. The irregular deployment affected the processing and dissection work of mosquito's in the laboratory.

3.8.13 Monitoring and evaluation

(i) **Activity reports not prepared**

At the State level, monitoring of the programme was to be done by Deputy Director (Malaria) under the supervision of DHS through various activity reports. Test-check revealed that the activity reports were neither prepared by Deputy Director (Malaria), Shimla nor by Zonal Malaria Officer, Dharamshala during 1992-97.

(ii) **Evaluation**

To evaluate the programme, independent appraisal teams were to be constituted by GOI annually or at such durations as may be considered necessary. Test-check revealed that no such team visited the State during 1992-97 for evaluation of the programme.

3.8.14 Training

Training of professional and ancillary personnel was one of the major objectives of NMEP. No such training had been arranged during 1992-97 under the programme in the State.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

Tribal Development Department

3.9 Special Central Assistance for Tribal Sub-plan

3.9.1 Introduction

Special Central Assistance (SCA) for Tribal Sub-plan (TSP) was an additive to the State plan and was not intended to substitute existing plan schemes. It formed part of Tribal Sub-plan strategy so as to fill in the gaps in the financial outlays of the State Government for achievement of following two fold objectives:

- (i) socio-economic development of the scheduled tribes (STs); and
- (ii) protection of tribals against exploitation.

SCA was to primarily fund schemes/projects for economic development of STs basically meant for family oriented income generating schemes in sectors of agriculture, horticulture, land reforms, minor irrigation, soil conservation, animal husbandry, forestry, education, co-operation, fisheries, village and small scale industries, minimum needs programme, tribals displaced by projects, tribals living in areas of industrial influence, tribal women and ecology and environment, etc. Government of India (GOI) had prescribed (September 1985) certain family oriented income generating schemes which were eligible for financing out of SCA. There was a tribal population of 1,90,303 (1991 census) in the State concentrated in Kinnaur, Lahaul and Spiti districts and Bharmour and Pangri blocks of Chamba district, Modified Area Development Approach (MADA) tribal pockets and the

Dispersed Tribal Groups (DTGs).

SCA for Tribal Sub-plan was introduced in the State during 1978-79 in five¹ Integrated Tribal Development Projects (ITDPs) in three² districts. The scheme was being implemented in Kinnaur and Lahaul and Spiti districts and Bharmour and Pangri blocks of Chamba district in their entirety MADA tribal pockets of Chamba and Bhattiyat blocks of Chamba district were identified in the State in 1991-92 besides dispersed tribals living outside the tribal areas of the State. Of the total 32,156 ST families in the State, the scheme had benefited 26,961 families as of March 1998.

3.9.2 Organisational set up

Sixteen departments³ of the State Government were involved in the implementation of the scheme. The overall supervision of the implementation of the scheme at the State level was being done by the Financial Commissioner-cum-Secretary, Tribal Development Department (TDD).

At the State level, TDD was the nodal department for implementation of the scheme. At the district level, the Deputy Commissioners and at project level the Resident Commissioner/Additional Deputy Commissioners (ADCs) or the Project Officers (POs), ITDPs functioned as coordinators.

3.9.3 Audit coverage

Implementation of the scheme during 1992-98 was test-checked in audit during April-June 1998 in three⁴ out of the five ITDPs involving 22 schemes being

¹ Bharmour, Kinnaur, Lahaul, Pangri and Spiti

² Chamba, Kinnaur and Lahaul and Spiti

³ Agriculture, Horticulture, Animal Husbandry, Fisheries, Cooperation, Industries, Economics and Statistics, Education, Health and Family Welfare, Ayurveda, Social and Women Welfare, Tribal Development, Mountaineering and Allied Sports, Panchyati Raj, Art and Culture and Tourism and Civil Aviation

⁴ Kinnaur, Spiti at Kaza and Bharmour

implemented by five⁵ departments. This was supplemented by a test-check of records of Corporation, HPKVIB and HPHHC. The results of test-check are embodied in the succeeding paragraphs.

3.9.4 Highlights

**** The State Government could not utilise the full amount of funds allotted under Special Central Assistance in most of the years. Tribal Development Department delayed the release of Special Central Assistance funds of Rs 4.11 crore to the implementing agencies by two to 10 months during 1992-97.**

(Paragraph 3.9.6(iii) and (v))

**** Rupees 2.16 crore were paid by Tribal Development Department for hiring helicopter services during 1992-95 for providing airlift to local people of tribal areas and Government employees which was beyond the scope of the scheme.**

(Paragraph 3.9.7.1)

**** During 1992-98, Rs 2.50 crore were paid unauthorisedly out of SCA as pay and allowances of the staff deployed in the implementing departments. Rupees 43.95 lakh were misused by Project Officers on purchase of vehicles, photostat machines, computers and fax machine, repair and maintenance of these items, refreshment charges, etc., which were not permissible under the scheme.**

(Paragraph 3.9.7.2)

**** Of the total expenditure of Rs 31.79 crore incurred under the scheme during 1992-98, Rs 21.79 crore had been spent on other activities not related to the scheme.**

(Paragraphs 3.9.7 and 3.9.11)

**** Though Government claimed 100 per cent achievement of target in helping the families below poverty line, test-check revealed that out**

⁵ Education, Health and Family Welfare, Industries, Social and Women Welfare and Tribal Development Departments

of 47 approved eligible family oriented income generating schemes only 15 schemes were implemented. 41 ineligible schemes were implemented by State Government at a cost of Rs 15.56 crore out of total available funds of Rs 32.95 crore.

(Paragraph 3.9.8 (ii) and (iv))

** Of Rs 45 lakh released to Director of Industries in August 1996 for establishment of three carding plants (Rs 39.01 lakh) and repair of five existing plants (Rs 5.99 lakh), Rs 9.45 lakh were spent on the repairs of existing carding plants and the balance Rs 35.55 lakh were lying unutilised in bank as of March 1998.

(Paragraph 3.9.9.2 (i) and (ii))

** No specific periodicity and schedule of visits had been prescribed by the State Government for inspections, monitoring and supervision of schemes/works by the officers during 1992-98.

(Paragraph 3.9.11)

3.9.5 Survey and planning

Under the scheme, ST living below the poverty line (PL) as identified by the Planning Commission in its survey in 1993-94 were the target groups for uplifting of families above PL. No assessment was, however, made by the department as of June 1998 to identify the number of families who crossed the poverty line during 1992-98.

As per guidelines, TDD was to prepare five years/annual plans for implementation of schemes under SCA depending upon the local parameters. No such action plan was prepared for SCA during 1992-98. Financial Commissioner-cum-Secretary (TDD) furnished no reasons for not preparing the separate action plan for SCA.

3.9.6 Financial performance

SCA was provided as grant to be released by Government of India to the states in three instalments. The entire amount was expected to be made available by the end of third quarter in each year. The releases were subject to the performance by the State Government and utilisation of previously released funds. The funds received by the State were required to be released further to the implementing agencies within a month from the date of release of SCA. Any unspent amount was not to be carried forward for expenditure during the next year but was to be surrendered to GOI.

TDD delayed the release of SCA of Rs 4.11 crore to the implementing agencies by two to 10 months during 1992-97.

The position of funds released by GOI and expenditure incurred by the State Government during 1992-98 was as under:

Year	Opening balance	Funds released by GOI	Expenditure incurred by the State Government	Unspent balance
(Rupees in crore)				
1992-93	--	4.03	3.32	0.71
1993-94	0.71	7.55	4.27	3.99
1994-95	3.99	4.51	7.62	0.88
1995-96	0.88	5.42	4.93	1.37
1996-97	1.37	6.22	5.42	2.17
1997-98	2.17	5.22	6.23	1.16
Total		32.95	31.79	

The following points were noticed in this regard:

- (i) The expenditure figures supplied by TDD were based on the quarterly/annual progress reports of expenditure received from implementing agencies. These figures were considered as adjustment for the purposes of Utilisation Certificates.
- (ii) As per guidelines, 70 per cent of the total allocation was to be distributed according to the tribal population in MADA area, cluster and DTGs and 30 per cent in inverse proportion to Capita Net State Domestic Product of the State with weightage to tribal population within the pockets, clusters and DTGs.

Test-check revealed that the State Government had released 40 *per cent* funds on the basis of population, 20 *per cent* on the basis of geographical area and 40 *per cent* on the basis of relative economic backwardness. Financial Commissioner-cum-Secretary (TDD) stated (June 1998) that GOI had not specifically prescribed any norms for utilisation of funds. The reply was not tenable as GOI had specifically laid down norms for release of SCA funds and these were not adhered to by the State Government.

(iii) The State Government could not utilise the full funds allotted under SCA in most of the years. The shortfall in utilisation of funds was attributed (June 1998) by Government to the release of additional SCA usually in the month of March each year. The reply was not tenable as TDD should have taken up the matter regarding release of funds by the third quarter each year as prescribed.

Funds allotted under SCA were not fully utilised by the State Government.

(iv) GOI delayed revalidation of Rs 9.12 crore representing unspent balances pertaining to the years 1992-97 by 17 to 165 days.

(v) TDD delayed release of Rs 4.11 crore to implementing agencies after one month of revalidation of the amount during 1992-93 to 1996-97 by two to 10 months. The delay during 1995-96 was more than 10 months

(vi) Implementing agencies had not refunded (May 1998) unutilised SCA balances of Rs 1.19 crore at the close of the year during 1994-97 to GOI as required and kept them in banks.

3.9.7 Diversion, non-utilisation and misutilisation of funds

Of Rs 31.79 crore, spent on the implementation of the scheme by the State Government during 1992-98, Rs 24.29 crore (76 *per cent*) had either been

Of Rs 31.79 crore spent on the scheme during 1992-98, Rs 21.79 crore were spent on activities not covered under the scheme.

spent on other activities like providing helicopter services to the tribal people, expenditure on ineligible schemes, salaries of staff, payment of loans, purchase of vehicles, etc., which were not covered under

the scheme or remained unutilised (Rs 2.50 crore) as discussed in the following paragraphs.

3.9.7.1 Misutilisation of Special Central assistance funds for helicopter services

As per guidelines issued by GOI in September 1985 SCA funds were to be used only for family oriented income generating schemes.

Test-check revealed that Rs 2.16 crore had been utilised by TDD during 1992-95 for payment of helicopter services hired by the department for providing airlift to the local people of tribal areas and Government employees posted in these areas. Approval of GOI for incurring expenditure on the activity beyond the scope of the scheme had not been obtained.

Rupees 2.16 crore were paid by TDD for hiring helicopter services during 1992-95 beyond the scope of the scheme.

Financial Commissioner-cum-Secretary (TDD) stated (June 1998) that the area remained totally inaccessible for five-six months in a year due to heavy snow and the service had helped in providing immediate airlift in emergent/genuine cases.

The reply was not tenable as providing airlift to the tribal people and Government employees was not covered under the scheme and Rs 2.16 crore was not to be charged on SCA for this purpose.

3.9.7.2 Unauthorised diversion and misuse of SCA funds

(i) There was no provision for payment of pay and allowances to staff and other establishment expenditure as only family oriented income generating schemes were to be financed out of SCA under the scheme. Contrary to this, during 1992-98, Rs 2.50 crore were unauthorisedly paid out of SCA as pay and allowances of the staff deployed in the implementing departments (TDD: Rs 1.73 crore; HPKVIB: Rs 0.43 crore and HPHHC: Rs 0.34 crore).

Financial Commissioner-cum-Secretary (TDD) stated (July 1998) that a part of SCA was also permitted to be used for development of infrastructure

incidental thereto and, as such, provisions were being made out of SCA in the Annual Plan for the expenditure on establishment.

The reply was not tenable as SCA was to be used for development of infrastructure incidental to eligible income generating schemes only. Utilisation of SCA funds for expenditure on the pay and allowances of office establishment was not covered under family oriented income generating scheme. Moreover, SCA was intended to be additive to State plan effort and was not a substitute for existing plan schemes. Thus expenditure of Rs 2.50 crore was not a proper charge on the funds of SCA.

(ii) Test-check revealed that Rs 43.95 lakh were misutilised by Project Officers, Integrated Tribal Development Projects, Bharmour (Rs 5.43 lakh), Kinnaur (Rs 2.85 lakh), Spiti (Rs 3.48 lakh) and TDD (Rs 32.19 lakh) on purchase of five vehicles (Rs 13.27 lakh), three photostat machines (Rs 5.04 lakh), eight computers (Rs 10.93 lakh), one fax machine (Rs 0.20 lakh), repair and maintenance of these items (Rs 10.48 lakh), refreshment charges (Rs 0.57 lakh), payment of telephone and electricity bills (Rs 3.46 lakh), etc., during 1992-98. These expenditure were not permissible under the scheme and constituted misuse of funds.

Financial Commissioner-cum-Secretary (TDD) defended (July 1998) utilisation of the amount on tribal development machinery which included establishment charges such as vehicles, computers, electricity bills, etc., as in line with their Annual Plan proposals. The reply was not tenable as the expenditure was outside the scope of the scheme.

3.9.7.3 Utilisation certificates

(i) Incorrect reporting in utilisation certificates

(a) Utilisation certificates (UCs) were to be submitted to GOI by the State Government for the amount which had actually been incurred as final expenditure.

Test-check disclosed that in seven works/schemes against which Rs 1.75 crore were released for utilisation during 1993-97 to five⁶ implementing

⁶ Education, Corporation, Health and Family Welfare, HPKVIB and Industries

agencies, Rs 0.49 crore only were utilised leaving an unutilised balance of Rs 1.26 crore with the respective agencies as of 31 March 1998. Of Rs 1.26 crore, Rs 21.62 lakh paid to General Manager District Industries Centre, Chamba for implementation of a scheme "Diamond and Gem Cutting and Polishing" had been deposited (August 1995) by him into the treasury without implementing the scheme. However, UCs for entire amount of Rs 1.75 crore were sent by TDD between June 1994 and September 1997 to GOI. Financial Commissioner-cum-Secretary (TDD) stated (June 1998) that the amount incurred against each scheme/work was being considered as adjustment amount for UCs purpose. The reply was not tenable as the expenditure actually incurred on implementation of the schemes was to be reported as utilised instead of the amount released to the implementing agencies.

(b) The expenditure of Rs 15.56 crore incurred on 41 ineligible schemes was shown in UCs of the respective years from 1992-93 to 1997-98. This resulted in incorrect reporting in UCs.

(ii) **Annual Progress Report of Expenditure**

According to the guidelines, quarterly and annual progress reports of expenditure (utilisation of funds) were to be submitted regularly to GOI by the State for evaluating the financial and physical achievements. Due date for submission of quarterly report was within 15 days from the end of each quarter of the year and end of May every year in respect of annual reports. Test-check disclosed that the annual UCs for the years 1992-93 and 1996-97 were submitted late by more than an year to three months respectively.

3.9.8 Assistance to families living below poverty line

The targets fixed for assisting ST families living below poverty line and achievements made thereagainst during 1992-98 were reported by the department as under:

Year	Number of ST families assisted	
	Targets	Achievements
1992-93	325	325
1993-94	457	457
1994-95	810	810
1995-96	1,485	1,485
1996-97	1,920	1,920
1997-98	2,100	2,100
Total	7,097	7,097

Though the achievements were shown as 100 *per cent* in all the years the following points were noticed in audit:

(i) Year-wise/implementation agency-wise targets fixed for providing assistance to ST families living below poverty line were neither available with TDD nor conveyed to the implementing agencies. The implementing agencies stated (May 1998) that no targets had been fixed under SCA. Thus the figures of targets and achievements furnished by TDD lacked authenticity.

(ii) Of 47 family oriented income generating schemes to be implemented by 15 departments, only 15 schemes were implemented by eight⁷ departments against 27 schemes to be taken up by them during 1992-98. The remaining 32 schemes had not been taken up for implementation as of March 1998.

Out of 47 family oriented income generating schemes to be implemented, only 15 schemes were implemented.

(iii) No scheme had been got implemented through seven⁸ departments which were required to implement 20 schemes as of March 1998.

(iv) Instead of undertaking eligible schemes as prescribed under the guidelines, 41 ineligible schemes like distribution of tarpaulins, subsidy on transportation of inputs, subsidy for feed, upgradation of primary and middle schools, expenditure on public library, working capital subsidy to consumer cooperatives, etc., were implemented by ten⁹ departments during 1992-98 at a cost of Rs 15.56 crore.

Financial Commissioner-cum-Secretary (TDD) stated (June 1998) that only those schemes had been taken up for implementation which were feasible to be implemented for family oriented income generating schemes having specific relevance in particular tribal areas of State. The reply was not tenable as only the

⁷ Agriculture, Horticulture, Education, Co-operation, Industries, Health and Family Welfare, Ayurveda and Rural Development

⁸ Revenue, Irrigation and Public Health, Animal Husbandry, Forest Farming and Conservation, Social and Women Welfare, Fisheries and Tribal Development

⁹ Agriculture: 1; Horticulture: 3; Animal Husbandry: 13; Education: 6; Cooperation: 4; Fisheries: 2; HZPKVIB (Industries): 4; Transport: 1; Social and Women Welfare: 3 and Tribal Development: 4

eligible family oriented income generating schemes as prescribed by GOI were allowed for financing out of SCA funds. Thus the expenditure of Rs 15.56 crore incurred on ineligible schemes was beyond the scope of the scheme.

3.9.9 Implementing agency-wise performance

3.9.9.1 Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation (Corporation)

TDD was providing SCA funds to Corporation to assist the poor scheduled tribe families through back up/supportive activities like providing of subsidy, training and other such facilities so as to step up employment opportunities to these families.

SCA of Rs 1.58 crore was released to the Corporation during 1992-98. Of this, Rs 1.15 crore had been utilised and Rs 0.43 crore were lying unutilised as of April 1998.

The following points were noticed in this regard:

- (i) No separate records (scheme-wise) for physical targets and achievements under SCA(TSP) were maintained by the Corporation as of April 1998. General Manager stated (April 1998) that no separate targets were fixed under SCA.
- (ii) Rupees 44.87 lakh were transferred from SCA(TSP) to Scheduled Caste Component Plan (SCP) and shown as utilised during 1995-96 as this amount was stated (April 1998) to have been incurred on the schemes under SCA by diverting the same from SCP scheme during 1992-93 to 1995-96.

Due to non-maintenance of separate accounts/records of SCA funds, the implementation of the scheme could not be fully verified in audit.

- (iii) As per guidelines, the equity base of the Corporation was not to be financed out of SCA and subsequently for giving loans without prior approval of GOI.

Contrary to this, Corporation utilised Rs 68.46 lakh during 1992-98

Contrary to the instructions, Rs 68.46 lakh were utilised by Corporation for giving loans during 1992-98.

(1992-93: Rs 2 lakh; 1993-94: Rs 6.73 lakh; 1994-95: Rs 6.73 lakh; 1995-96: Rs 14 lakh; 1996-97: Rs 24 lakh and 1997-98: Rs 15 lakh) out of SCA funds for financing equity base and advanced loans to the beneficiaries. General Manager (GM) stated (April 1998) that the payment of loan from equity base met out of SCA was made on the basis of sanction accorded by the State Government for this specific programme. The reply was not tenable as the utilisation of SCA funds towards disbursement of loans was irregular.

(iv) Rupees 13.20 lakh specifically released in March 1996 for providing training in the trade of electrician to 100 persons was accounted for under Special Component Plan for scheduled castes and deposited into savings bank account. The amount was lying unutilised as of May 1998.

(v) Rupees 18.25 lakh were sanctioned (March 1996) as SCA for providing training to the youths of tribal area in the trades of motor mechanic, tyre retreading, computer, radio and television repairs, etc.

Test-check revealed that against the target of 147 youths to be trained during 1996-98, only 65 youths were trained (typing and shorthand: 19; handloom: 20; motor driving: 17 and computer: 9) after incurring an expenditure of Rs 0.91 lakh (1996-97: Rs 0.71 lakh and 1997-98: Rs 0.20 lakh) and the balance amount of Rs 17.34 lakh was lying unutilised in the bank as of June 1998. GM stated (April 1998) that unspent balance of Rs 17.34 lakh could not be utilised due to non-availability of youths in the tribal areas to whom training was to be imparted. The reply was not tenable as MD of Corporation while sending the proposal in March 1996 to the Additional Chief Secretary, TDD had proposed that 275 youths would be trained during 1995-97.

3.9.9.2 Himachal Pradesh *Khadi* and Village Industries Board

(i) SCA was being provided to Himachal Pradesh *Khadi* and Village Industries Board (HPKVIB) for economic development of tribal families by providing wool carding facilities and imparting training in *khadi* sector. Rupees 1.35 crore were released to HPKVIB as SCA during 1992-98. Funds of Rs 74.98 lakh were released for payment of salary of staff and contingency and Rs 60 lakh were released during 1996-97 for establishment of carding plant. Of this, Rs 0.97 crore had been spent by HPKVIB and Rs 0.38 crore were lying unutilised as of March 1998. Chief Executive Officer stated (June 1998) that the amount could not be utilised due to non-installation of carding plants and also payment of salary of staff which was paid in the next financial year. The reply was not tenable as the funds should have been utilised within the stipulated period.

Funds released to HPKVIB during 1992-98 were not fully utilised.

(ii) To provide benefit to about 13,000 tribal families in Bharmour, Kaza and Killar ITDPs, Rs 45 lakh were released by TDD to Director of Industries in August 1996 (establishment of three carding plants: Rs 39.01 lakh and repairs of five existing carding plants: Rs 5.99 lakh).

Test-check disclosed that the amount was remitted (March 1997) by Director of Industries to HPKVIB. The amount was deposited (April 1997) in the savings bank account by HPKVIB. Of this, Rs 9.45 lakh were spent on the repairs of old carding plants against the sanctioned amount of Rs 5.99 lakh. The balance of Rs 35.55 lakh was lying unutilised in the bank as of March 1998 as the process for transfer of land for two carding plants was under finalisation while the selection of site for the third plant was under consideration.

3.9.9.3 Health and Family Welfare Department

Against SCA of Rs 2.11 crore released to Director, Health and Family Welfare during 1992-98, Rs 2.12 crore were spent.

The following points were noticed in audit:

(i) SCA of Rs 38.60 lakh was allocated by TDD in August 1996

(Rs 33.15 lakh) and November 1996 (Rs 5.45 lakh) to Director, Health Services (DHS) for the purchase of five mobile ambulances to be supplied to all the five ITDPs. Delivery of vehicles was made by the firm in April 1997.

As per terms and conditions of the rate contract 25 *per cent* excise duty rebate was admissible from the supplier on purchase of ambulances. Rupees 8.95 lakh at the rate of 40 *per cent* on each ambulance (at the rate of Rs 1.79 lakh each) was charged as excise duty by the firm. Of this, Rs 5.59 lakh at the rate of 25 *per cent* was to be got reimbursed from the supplier.

However, the claim for refund of the excise duty (Rs 3.36 lakh) was lodged by DHS in January 1998 (for only three vehicles instead of five purchased) after 290 days from the date of delivery of vehicles and no refund had been supplied as of June 1998. Failure of DHS in lodging the claim within the stipulated period of 45 days had resulted in non-reimbursement of Rs 5.59 lakh.

(ii) Additional SCA of Rs 60 lakh was released by GOI for construction of five Primary Health Centre (PHC) buildings in all the five ITDP areas during 1994-95. Of this, Rs 24 lakh were provided (March 1995) by TDD to Executive Engineers, Public Works Department, Bharmour (Rs 12 lakh) and Kaza (Rs 12 lakh) for the construction of PHCs at Spiti and Bharmour. These buildings were required to be completed within one year of commencement of construction work. The work of PHC at Sagnam (Spiti) had been completed upto the roof level of first floor after spending Rs 7.32 lakh upto April 1998. The construction of PHC at Runukothi (Bharmour) had not been started as of May 1998. The Executive Engineer, Public Works Division, Bharmour stated (May 1998) that the site for construction of PHC had not been handed over by the Health and Family Welfare Department to the executing agency.

3.9.9.4 Education Department

Additional SCA of Rs 1.15 crore was released by GOI in 1993-94 (Rs 85.20 lakh) and 1996-97 (Rs 29.77 lakh) for the construction of three hostel building at Bharmour, Kaza and Reckong Peo and revalidated for utilisation during 1994-95 and 1997-98 respectively. The entire amount was further advanced to the Public Works Department between April 1995 and April 1998 for construction of these buildings.

Test-check revealed that the work of two hostel buildings at Bharmour and Kaza taken up in October and June 1996 respectively was still in progress after spending Rs 63.78 lakh although these were required to be completed within one year of its commencement. The work of the third hostel building at Reckong Peo against which material costing Rs 10 lakh had been booked (March 1996), was yet (May 1998) to be started for want of availability of site.

The non-completion/non-start of the above works had resulted in depriving the beneficiaries of the intended benefits besides blocking of SCA funds of Rs 41.19 lakh.

3.9.10 Research and training

GOI was implementing a scheme of Research and Training which had three components, grants-in-aid to Tribal Research Institutes on 50:50 basis, grants for Research and Evaluation Projects on 100 *per cent* basis and award of fellowship for doctoral and post doctoral studies on 100 *per cent* basis.

First two components of the scheme i.e. grants-in-aid to 'Tribal Research Institutes' and grants for 'Research and Evaluation Projects' had not been implemented in the State. The reasons for non-implementation of the component (March 1998) was not intimated (July 1998) by the Financial Commissioner-cum-Secretary (TDD).

3.9.11 Monitoring/Supervision

According to the guidelines, the State Government was to prescribe periodicity and schedules of visits to monitor/supervise the schemes/works.

Test-check revealed that periodicity and schedule of visits had not been prescribed by the State Government for inspections or supervision of schemes/works by the officers during 1992-98. Financial Commissioner-cum-Secretary (TDD) stated (June 1998) that supervision of SCA schemes was done as and when the officers visited the field units. However, details of inspections conducted had not been furnished.

Financial Commissioner-cum-Secretary (TDD) further stated (June 1998) that at the State level the Chief Secretary holds review meeting with

the departments who at their own level also do such exercise likewise. Having regard to the fact that out of the total expenditure of Rs 31.79 crore during the aforesaid period, Rs 21.79 crore, were misutilised on other activities not covered by the scheme as brought out in audit, there was scope for improved monitoring of the scheme at State level.

3.9.12 Evaluation

The evaluation of SCA (TSP) was to be undertaken through an outside agency by the State Planning Department with the object of assessing the impact of the scheme and to determine its success or failure.

Test-check revealed that no evaluation studies had been undertaken by any agency during 1992-98. No survey had been conducted by TDD as of June 1998 to judge the impact of the scheme in the tribal areas though Rs 31.79 crore was spent during 1992-98. Financial Commissioner-cum-Secretary (TDD) stated (June 1998) that no staff had been provided for implementation, monitoring and supervision purposes. The reply was not tenable as the evaluation was to be got done through an outside agency instead of the staff of the department.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

Forest Farming and Conservation Department

3.10 Misuse of Central assistance for fire fighting in non-fire prone circles

For control and prevention of forest-fires in the State, a fire conservation plan was approved (December 1995) by the Government of India for an additional

Vehicles specifically purchased for fire fighting were used for routine requirements in replacement of existing vehicles.

Central assistance of Rs 3.56 crore. The State Government sanctioned

(November 1996) purchase of 12 vehicles under the plan subject to the condition

that the vehicles would be deployed in fire prone divisions of the department. The plan envisaged purchase of additional light commercial vehicles in the fire prone divisions for movement of gang of fire watchers for early extinguishing of fire. The Forest circles of Bilaspur, Chamba, Dharamshala, Mandi, Nahan, Rampur, Shimla and Solan and Chief Conservator of Forests (Wildlife) were identified as fire prone under the plan.

Test-check of records in the office of the Principal Chief Conservator of Forests (Pr CCF) revealed (November 1997) that 12 vehicles costing Rs 38.56 lakh were purchased (February 1997) by Pr. CCF under the plan. Of these, two vehicles were provided by Pr. CCF to the Divisional Forest Officers (DFO), Hamirpur and Chopal in exchange of the existing vehicles meant for their routine requirements. The existing old vehicles were transferred to Forest Working Plan divisions, Dehra and Dharamshala and three vehicles were provided to offices (one each to DFO, Silviculture Shimla, Project Director, *Kandi* Project and Pr CCF) which were not located in the fire prone districts and had nothing to do with forests. It was noticed in audit that no vehicles were provided to Chamba, Rampur, Shimla and Solan forest circles which were also declared as most fire prone under the plan.

Providing new vehicles specifically acquired for fire fighting work for routine requirements of forest divisions not included in the fire prone circles was not justified and resulted in misutilisation of Central assistance of Rs 15.62 lakh. Moreover, failure to provide vehicles to identified fire prone forest circles of Chamba, Rampur, Shimla and Solan had defeated the objectives fire conservation in these circles.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

Technical Education Department

3.11 Students in the Industrial Training Institute deprived of training for four years

To introduce Plastic Processing Operators trade a Winsour Model HIM-300 machine with an additional set of post extension equipment was purchased by Director, Technical Education, Sundernagar in August 1994 at a cost of Rs 6.13 lakh for installation at the Industrial Training Institute (ITI), Paonta Sahib. Director had directed (February 1995) the Principal for construction of shed for installation of machinery but the case for sanction was moved by the Principal in November 1997. Reasons for delay in submission of the case were not on record.

Test-check of records of the Principal, ITI, Paonta Sahib revealed (December 1997) that though the construction of shed had now been completed but the machine was awaiting installation as a 220 KVA electrical sub-station in ITI had not been installed by the Himachal Pradesh State Electricity Board (HPSEB) as of July 1998.

Principal, ITI stated (December 1997) that administrative approval for Rs 1.73 lakh and expenditure sanction for Rs 0.20 lakh had been given (February 1996) by the State Government for construction of the sub-station. The expenditure sanction for balance amount of Rs 1.53 lakh had also been conveyed (July 1996) to the Chief Engineer, Himachal Pradesh, Public Works Department by the State Government. Chief Engineer was to place the funds at the disposal of the Executive Engineer (Electrical), HPSEB, Paonta Sahib. Principal also stated that he had no information whether the amount had been deposited or not. The reply was not tenable because Principal should have pursued the matter with the authorities concerned to ensure installation of the machine.

As the machine had not been commissioned the students were deprived of the required practical training as of July 1998 besides blocking of Government funds of Rs 6.13 lakh.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

Education Department

3.12 Secondary Education

3.12.1 Introduction

About seven *per cent* of State budget was being spent on Secondary Education annually through various programmes like expansion of educational facilities, introducing various incentive schemes to encourage enrolment of children, especially from weaker sections to spread education amongst them and for strengthening of administration. Under the Centrally Sponsored Schemes like "Extension of Operation Blackboard" funds were provided by the Government of India (GOI) for providing essential teaching and learning materials and other facilities.

National Policy on Education (NPE) was implemented in the State to upgrade infrastructure in secondary education and also to improve quality of education by making substantial investments during Eighth Five Year Plan (1992-97).

There were 424 Senior Secondary Schools (SSSs), 977 High Schools (HSs) and 1,219 Middle Schools in the State as of March 1998 through which secondary education was being imparted.

3.12.2 Organisational set up

Overall responsibility for implementation of the programmes of Secondary Education vested in the Commissioner-cum-Secretary (Education) who was assisted by the Director of Education (DE), at the State level and by the District Education Officers (DEOs) at the district level. At the Senior Secondary Schools and High Schools level, the programme was being implemented by the Principals and Headmasters (HMs), who functioned as Drawing and Disbursing Officers (DDOs).

3.12.3 Audit coverage

Some aspects of the Secondary Education for the period 1995-98 were reviewed in audit during October 1997 to April 1998 through test-check of records in 43 SSSs and 50 HSs in six districts¹ and DEOs of these districts and DE. Important points noticed, as a result of test-check are discussed in the succeeding paragraphs.

3.12.4 Highlights

**** Expenditure on staff was 88 per cent on average of the total expenditure on Secondary Education during 1995-98. Director of Education/District Education Officers, however, had no information regarding the sanctioned strength of staff or men in position in the department. No norms were provided for assessment of manpower of ministerial staff of the department during 1995-98.**

(Paragraphs 3.12.6.1 to 3.12.6.3)

**** Rupees 52.56 lakh were spent on pay and allowances of 58 excess lecturers in 28 Senior Secondary Schools during 1996-97.**

(Paragraph 3.12.6.4(i))

**** 597 Shastries or Oriental Teachers were posted in excess in 597 middle schools during 1997-98 and Rs 3.58 crore were spent on their pay and allowances during 1997-98. A total number of 262 Junior Basic Teachers, Senior Vernacular Teachers, Band Masters and Manual Training Instructors were working in various Middle and High Schools which had no provision for these posts. Rs 1.10 crore was spent on the pay and allowances of these surplus teachers during 1997-98.**

(Paragraph 3.12.6.4(ii))

¹

Chamba, Kangra, Kinnaur, Kullu, Mandi and Sirmour

**** Rupees 35.12 lakh were paid to unauthorisedly appointed 16 lecturers under vocational education over the prescribed norms during 1995-98.**

(Paragraph 3.12.6.6)

**** For setting up new laboratories, Director Education distributed Rs 23.25 lakh among 62 schools at less than the prescribed rates without approval of the Government. Rs 11.68 lakh meant for setting up laboratories were lying unutilised in 22 schools.**

(Paragraph 3.12.7.1(i)(a) and (b))

**** Cash payment of Rs 32.56 lakh in lieu of free text books for the academic session 1997-98 was not disbursed to 0.22 lakh students covered under Integrated Rural Development Programme. Due to purchase of incomplete sets of books, excess number of books costing Rs 8.51 lakh were lying undistributed in 93 schools while 0.31 lakh students could not be supplied complete sets (1.70 lakh books) costing Rs 23.56 lakh as of March 1998. In 28 schools of Kangra, Mandi and Sirmour districts, no books were supplied during 1996-97 to nearly 2,400 Scheduled Caste/Scheduled Tribe students in sixth to tenth classes.**

(Paragraph 3.12.7.4(i)(b), (c) and (e))

**** Nearly 3,000 Scheduled Caste/Scheduled Tribe girl students of sixth to tenth classes in 77 schools in six districts were either not paid any scholarship or were paid less amounts to the extent of Rs 12.84 lakh during 1995-98. 5,600 students from IRDP families in 77 schools in six districts to whom scholarships were payable during 1995-98 were either not paid any scholarship (4,988 students) or (604 students) were paid less amounts to the extent of Rs 23.99 lakh.**

(Paragraph 3.12.7.4(ii) and (iii))

**** Middle and High schools were upgraded to High and Senior Secondary School level during 1995-98 much in excess of the targets fixed. Minimum facilities like separate rooms for Principal/Headmaster, staff rooms, class rooms, office and store rooms, science laboratories, libraries, separate toilets for male and female staff/students, playgrounds, etc., had not been provided in a number of schools of six districts test-checked.**

(Paragraph 3.12.7.5 and 3.12.7.5(a))

**** 372 school buildings were lying incomplete as of May 1998. The department was not aware of the period of commencement of works and of the physical and financial progress of construction work. Twenty five school buildings were lying in a dilapidated condition in six districts test-checked.**

(Paragraph 3.12.7.6(a) and (b))

**** Koti-Dhiman school in Sirmour district was upgraded as middle school during 1963 and as high school during 1987 but no school building had been constructed as of March 1998. The classes were being held in the open space.**

(Paragraph 3.12.7.6(c))

**** Utilisation certificates for grants of Rs 1.66 crore given to 229 privately managed schools during 1990-97 had not been obtained.**

(Paragraph 3.12.7.7)

**** In Kinnaur and Lahaul and Spiti districts, teacher and student ratio in 52 middle schools was 1:3 against the overall average teacher and student ratio of 1:19 during 1996-97. In middle school, Tailing (Lahaul and Spiti district) five teachers were posted for**

three students during 1996-97 and in middle school, Chakhang (Lahaul and Spiti district) six teachers were posted for six students during 1997-98.

(Paragraph 3.12.7.9)

**** Director of Education had no information of number of inspections carried out and follow-up action . District Education Officers, Chamba, Kinnaur and Mandi did not conduct annual inspections for one, two and three years respectively during 1995-98. No action was taken on inspection reports during the last two years.**

(Paragraph 3.12.8.1)

**** During 1995-96 Rs 17.97 crore were surrendered under five sub heads under the Major head 2202 even though the expenditure was more than the final allotment. This resulted in excess of Rs 6.76 crore over the final grant.**

(Paragraph 3.12.9.7)

**** Rupees 2.39 lakh were withdrawn by the subscribers during 1995-98 out of their General Provident Fund Accounts though sufficient balances were not available in their accounts.**

(Paragraph 3.12.9.10)

3.12.5 Budget provisions and expenditure

Funds were provided for the department in the Annual Budget of the Government through Grant Nos. 8-Education, Sports, Art and Culture, 19-Social Security and Welfare and 31-Tribal Development under three² Major Heads of Accounts.

² 2202-General Education; 2235-Social Security and Welfare and 4202-Capital 01-Outlay on Education, Sports, Art and Culture

The department had 1,404 Disbursing Officers and 17 Controlling Officers under the control of DE who was Head of the Department and who submitted the budget estimates to the Finance Department. The Controlling Officers had not been entrusted the job of preparation of budget estimates.

The budget provisions and actual expenditure under the Secondary Education during 1995-98 was as under:

Year	Major heads	Original budget provision			Actual expenditure			Variations Excess(+)/ Saving(-)		Surrender	
		Revenue	Capital	Total	Revenue	Capital	Total	Revenue	Capital	Revenue	Capital
(Rupees in crore)											
1995-96	2202	173.74		173.74	162.85		162.85	(-)10.89		15.27	
	2235	0.12		0.12	0.11		0.11	(-) 0.01			
	4202		1.67	1.67		1.52	1.52		(-)0.15		0.14
1996-97	2202	199.19		199.19	193.57		193.57	(-) 5.62		3.95	
	2235	0.14		0.14	0.13		0.13	(-) 0.01			
	4202		0.95	0.95		1.27	1.27		(+) 0.32		
1997-98	2202	200.80		200.80	242.73		242.73	(+) 41.93		--	
	2235	0.15		0.15	0.16		0.16	(+) 0.01			
	4202		0.79	0.79		0.78	0.78		(-) 0.01		--
	Total	574.14	3.41	577.55	599.55	3.57	603.12				

The following points were noticed in audit:

- (i) During 1995-96, Rs 15.41 crore were surrendered by DE under Revenue and Capital Sections though the actual savings were Rs 11.05 crore. This resulted in excess surrender of Rs 4.36 crore. During 1996-97, Rs 3.95 crore were surrendered against savings of Rs 5.31 crore resulting in lapse of Rs 1.36 crore.
- (ii) During 1997-98, the expenditure exceeded the voted grant in Revenue Section by Rs 41.93 crore for which DE did not obtain the supplementary grant. The excess expenditure had not been regularised as of July 1998. Out of this excess expenditure under Plan accounted for Rs 22.82 crore while those under non-plan accounted for Rs 19.11 crore. Reasons for excess expenditure over the voted grant to the extent of Rs 41.93 crore were attributed (August 1998) by DE mainly to payment of arrears on account of revision of pay scales.

Detailed comments regarding financial and budgetary management are

discussed in paragraph number 3.12.9.

3.12.6 Human Resource Management

3.12.6.1 Expenditure on manpower

The position of year-wise staff costs of Secondary Education staff including teachers in middle schools during 1995-98 was as under:

Year	Actual expenditure	Staff costs (salary of staff)	Percentage of staff cost to actual expenditure
	(Rupees in crore)		
1995-96	164.48	148.29	90
1996-97	194.97	169.27	87
1997-98	243.67	214.93	88

The expenditure on staff ranged between 87 and 90 *per cent* during 1995-98.

3.12.6.2 Department had no information about sanctioned strength and men-in position

Each section in the office of DE/DEOs dealing with establishment was to maintain separate registers of permanent and temporary sanctioned posts in the prescribed form to check appointments/postings of incumbents and conversion of temporary posts into permanent ones.

Scrutiny of records of DE revealed that neither separate registers for

Director could not furnish the information of sanctioned strength and men-in position of the department.

permanent and temporary sanctioned posts cadre-wise were maintained nor the staff position year-wise was maintained for each cadre in the Directorate. Thus the office of DE could not furnish the sanctioned strength and men in position to audit for the period 1995-98. In the absence of such information no comparison of men-in position with sanctioned strength could be done. Similar position existed in the offices of DEOs test-checked. This failure indicated the lack of control over proper estimation of staff costs in the budget and its control with reference to the sanctioned posts.

DE admitted (May 1998) the facts.

3.12.6.3 Norms for assessment of manpower (ministerial staff) not available in the department

Neither norms had been prescribed nor any system or procedure evolved for assessment of manpower needs for the ministerial staff deployed in the Directorate, Zonal Offices and District Education Offices of the department in the State. Consequently, staff was sanctioned and deployed on ad-hoc basis during 1995-98. DE stated (June 1998) that these norms were not readily available and would be traced out in due course of time.

3.12.6.4 Manpower utilisation

(i) Excess appointment and improper distribution of lecturers in Senior Secondary Schools(SSSs)

As per norms prescribed by Government every teacher/lecturer on full time employment in SSSs was to teach for at least 36 periods per week.

On the basis of these norms and keeping the total number of students within 80 per class unit, the requirement of the lecturers in SSSs as well as the overall requirement in all the schools taken together was to be assessed.

Excess of lecturers in 28 Senior Secondary Schools.

In 28 SSSs test-checked, in different subjects, lecturers had either been posted in excess of requirements or there was shortfall during the academic session 1996-97 as tabulated below:

Serial number	Subject	Shortfall of lecturers (number of SSSs)	Excess of lecturers (number of SSSs)	Net excess
1.	English	4 (4)	13 (13)	9
2.	Mathematics	Nil	11 (11)	11
3.	Physics	1 (1)	7 (7)	6
4.	Chemistry	1 (1)	7 (7)	6
5.	Hindi	2 (2)	5 (5)	3
6.	Economics	1 (1)	11 (11)	10
7.	History	4 (4)	13 (13)	9
8.	Political Science	2 (2)	6 (6)	4
	Total	15	73	58

There was overall excess of 58 lecturers in 28 SSSs. The subject-wise position of postings indicated that there was actual excess of 73 lecturers and shortage of 15 lecturers during the academic session 1996-97. This had resulted in an extra expenditure of Rs 52.56 lakh (approximately) on an average worked out

on the minimum of the time scale of pay of excess lecturers during 1996-97 alone.

DE stated (May 1998) that these posts became surplus due to fall in enrolment in a particular subject because of opening of new SSSs in nearby areas. The orders for transfer of surplus lecturers were withdrawn as the shifting of lecturers in the mid-session would have resulted in chaos rather than solving the problem. The reply was not tenable as only the surplus staff/lecturers were required to be transferred, without affecting the number of lecturers required as per prescribed norms.

(ii) Surplus Oriental Teachers and *Shastris*

(a) According to the norms prescribed for teaching personnel in middle schools where only one section of students for each class (VI to VIII) was functioning, only one post of Oriental Teacher (OT) or *Shastri* was to be provided.

Test-check revealed that on the basis of enrolment of students in 597

597 posts of *Shastries* provided in 597 Middle Schools in excess of norms.

middle schools during 1997-98, 597 posts of OTs and 597 posts of *Shastries* had been provided in these schools. Thus 597 posts of *Shastries*/OTs had been provided in excess of the prescribed norms resulting in payment of Rs 3.58 crore (approximately) to 597 surplus *Shastries*/OTs during 1997-98.

DE stated (May 1998) that in all the middle schools prior to re-organisation of Punjab both the posts of Language Teacher (LT) and OT were sanctioned which remained in operation till now and these surplus posts were now being shifted to the needy HSs and SSSs. Thus surplus posts were retained by DE against the prescribed norms.

(b) The norms prescribed by Government in March 1997 had no provision for the posts of Junior Basic Teacher (JBT), Senior Vernacular Teacher (SVT), Band Master, Manual Training Instructors (MTI), etc., in middle/high schools.

It was however, noticed in audit that 262 posts (JBT: 69 posts; SVT: 186 posts; Band Master: 04 posts and MTI: 03 posts) were in operation in various

middle and high schools during 1997-98. This resulted in avoidable payment of Rs 1.10 crore on pay and allowances of these surplus teachers during 1997-98.

DE stated (May 1998) that surplus posts of JBT from the high and middle schools were being shifted to the needy primary schools under the Directorate of Primary Education.

(c) As per decision of Government (April 1973) the National Discipline Scheme Instructors (NDSIs) were declared a vanishing cadre and NDSIs were to be posted in schools against the posts of Physical Education Teachers (PETs). It was noticed in audit that 78 NDSIs were posted in schools in addition to the posts of PETs resulting in avoidable payment of Rs 35.10 lakh for their pay and allowances during 1995-98. The reasons for posting NDSIs in addition to the posts of PETs called for (May 1998) had not been intimated by DE (July 1998).

3.12.6.5 No action taken on unsatisfactory examination results

According to the instructions issued (September 1995) by DE, action like issue of warning and stoppage of increments, etc., as approved by the Government was to be taken against the teachers and heads of schools by the DEOs/DE or Financial Commissioner-cum-Secretary (Education) where the results were between zero and ten *per cent*.

The position of +2 science group examination results in respect of SSSs in the State as declared by Himachal Pradesh Board of School Education during 1995-97 was as under:

Year	Total number of SSSs	Number of schools where the result was		
		0 <i>per cent</i>	1-5 <i>per cent</i>	6-10 <i>per cent</i>
1995	139	13	6	9
1996	166	15	4	13
1997	177	13	1	8
Total		41	11	30

(Source: Gazettes for +2 (Science Group) Examination for 1995, 1996 and 1997)

During 1995 in 13 schools, 1996 in 15 schools and 1997 in 13 schools, the +2 Science group results were zero *per cent*. Yet no action was taken by DEOs/DE in respect of the teachers of the concerned schools.

DE stated (May 1998) that the action against the poor performance of Principals was to be taken by the Secretary (Education).

3.12.6.6 Unauthorised appointments

As per instructions of the Government (May 1988), only one lecturer was to be allowed if the enrolment of students in a vocation was less than 40 in a school.

Test-check revealed that DE appointed 32 lecturers in 16 cases (vocations) in 12 SSSs for providing training in six trades though enrolment for a vocation in each school was less than 40 students during 1995-98 as under:

Serial number	Name of Senior Secondary School	Vocation	Enrolment of students during			Total number of lecturers posted in the school	Excess lecturers posted
			1995-96	1996-97	1997-98		
1	Keylong	Electronics	2	1	1	2	1
		Repairs & Maintenance	1	0	2	2	1
2	Dalash	Electronics	6	7	5	2	1
		Horticulture	13	24	11	2	1
3	Banjar	Computer	30	15	15	2	1
		Repairs & Maintenance	12	33	17	2	1
4	Chamba	Repairs & Maintenance	9	16	16	2	1
5	Kalpa	Electronics	13	33	10	2	1
6	Portiere, Shimla	Food preservation	36	23	13	2	1
7	Nankheri	Electronics	35	28	17	2	1
8	Nahan	Electronics	25	31	26	2	1
9	Bilaspur	Accountancy	14	18	15	2	1
10	Krishana Nagar	Horticulture	22	24	27	2	1
11	Joginder Nagar	Repairs & Maintenance	21	23	23	2	1
12	Jubbal	Horticulture	21	34	30	2	1
		Accountancy	26	31	30	2	1
Total:						32	16

Thus 16 lecturers were posted in excess of the prescribed norms involving expenditure of Rs 35.12 lakh (approximately) on their pay and allowances during 1995-98.

DE stated (May 1998) that for vocational education the criteria was 25 students in a vocation. The reply was not tenable as the student strength for the appointment of a lecturer in a vocation in a school had been fixed at 40 students by the Government.

3.12.7 Programme implementation

There were 12 State plan schemes and 13 Centrally sponsored schemes in operation in the State during 1995-98. Total expenditure under these schemes during 1995-98 was Rs 216.26 crore against the budget provision of Rs 195.08 crore. Implementation of various schemes was to be monitored by DE and DEOs through inspections of the schools and periodical reports received from them. A test-check of records regarding implementation of eight schemes revealed the following points.

3.12.7.1 Improvement of science education in schools

To bring about improvement in science education, GOI approved (June 1993) continuance of the Centrally sponsored scheme, "Improvement of Science Education in Schools" during the Eighth Five Year Plan and sanctioned Rs 56.95 lakh and Rs 77.03 lakh in March 1995 and December 1996 respectively for implementation of the scheme as given below:

Serial number	Item	1994-95	1996-97
		(Rupees in lakh)	
1.	Provision of Science kits at the rate of Rs 2,400 per Middle School	1.15 (48 schools)	1.70 (71 schools)
2.	Setting up of new Laboratories in secondary schools at the rate of Rs 75,000 per school	45.00 (60 schools)	60.75 (81 schools)
3.	Supply of library books to secondary schools at the rate of Rs 18,000 per school	10.80 (60 schools)	14.58 (81 schools)
	Total	56.95	77.03

Test-check of records of DE and schools in six districts revealed the following points:

- (i) **Inadequate sanction of funds to schools for setting up new laboratories**
- (a) For setting up new laboratories as per the pattern of assistance approved

(a) Centrally sponsored schemes

1. Improvement of science education
2. Extension of operation blackboard to upper primary schools (middle schools)

(b) State schemes

1. Free distribution of text books to SC/ST/OBC/IRDP students
2. Scholarship to SC/ST girl students and IRDP students
3. Upgradation of schools
4. Construction of school buildings
5. Grants-in-aid to privately managed schools
6. Amenities and other general points

by Government of India, Rs 105.75 lakh at the rate of Rs 0.75 lakh per school were to be paid to 141 schools (1994-95: 60 schools and 1996-97: 81 schools).

While 110 schools were paid full amount at the prescribed rate of Rs 0.75 lakh per school, DE distributed the remaining Rs 23.25 lakh (meant for 31 approved schools) among 62 schools (including the approved 31 schools) at the varying rate of Rs 0.15 lakh to Rs 0.50 lakh each school. DE while admitting (May 1998) the deviation, did not intimate any valid reasons for the same. Further, DE did not take permission of the Government for the deviation.

(b) In 22 schools (HS-12 and SSS-10), Rs 11.68 lakh remitted by DE for setting up laboratories upto September 1997 were lying unutilised as of January-April 1998 in banks/cash chests.

(ii) **Un-distributed science kits**

Twenty three science kits costing Rs 0.55 lakh supplied by DE to DEOs, Mandi and Sirmour for further distribution to approved schools in October 1995 (Sirmour: 5 kits) and April 1997 (Mandi: 12 kits and Sirmour: 6 kits) were lying in the stores as of April 1998. Non-distribution of these kits to the approved schools deprived the students from conducting practical classes in science subjects thereby rendering the expenditure unfruitful.

DEO, Mandi stated (October 1997) that the list of schools from DE had not been received. DEO, Sirmour stated (January 1998) that the schools showed their inability to lift the kits due to shortage of accommodation. Thus there was no co-ordination between DE and DEO, Mandi and the kits were supplied to DEO, Sirmour without verifying the availability of accommodation in concerned schools.

3.12.7.2 Training/orientation programmes for Science and Mathematics teachers

Training of 15 days duration was to be imparted to Science and Mathematics teachers working in SSSs through National Council of Educational Research and Training (NCERT) or any other agency. For High and Middle School teachers, the duration of training was 10 days and 6 days respectively. All the teachers were to be imparted training by September 1997.

Audit scrutiny revealed that out of 51 schools (SSSs: 18 and HSs: 33)

test-checked, training was imparted to only 11 teachers of ten schools out of a total of 103 teachers in science and mathematics for 5 days to 15 days duration during 1996-98. DE stated (May 1998) that the State Council of Educational Research and Training (SCERT), Solan was organising training programmes at its own level. Thus the department had failed to organise training to 92 teachers as required under the scheme.

3.12.7.3 Extension of the scheme "Operation Black Board to Middle Schools"

To operationalise the revised policy of Government regarding school facilities, the scope of the scheme "Operation Black Board" (OBD) was extended (June 1993) to Middle Schools by GOI. For the implementation of the scheme in 988 Middle Schools during 1995-96 Rs 3.97 crore were sanctioned by GOI in October 1995. Of this, Rs 3.63 crore were to be provided for teaching and learning equipment in 919 schools in Non-Tribal areas and Rs 34.16 lakh for 69 schools in Tribal areas.

The following points were noticed:

(a) In 13 Middle Schools of four districts* test-checked Rs 1.32 lakh were lying unutilised in bank accounts/ cash chests as of April 1998.

HMs/Principals of the complex schools attributed the non-utilisation to non-receipt of supplies from the suppliers. The reply was not tenable as steps should have been taken to obtain timely supplies of the material.

(b) The State Government was required to furnish a statement of expenditure at the close of the financial year 1996-97 and also to submit periodical progress reports on implementation of the programme. This had not been done as of May 1998.

DE attributed (May 1998) the non-submission of statements of expenditure and periodical progress reports to late execution of the scheme. The

* Kangra, Kullu, Mandi and Sirmour

reply was not tenable as the statements of expenditure and progress reports should have been submitted as required.

(c) Test check revealed that no funds had been raised through community participation in 87 non-tribal Middle Schools as of April 1998.

DE stated (May 1998) that due to poor financial conditions of the people of the State this amount could not be raised and that this amount had been collected in some Middle Schools. Thus the scheme had not been implemented in its proper perspective.

3.12.7.4 Tardy implementation of scheme of incentives for students of weaker sections

To spread education amongst weaker sections of the society, the Government introduced incentives to the students belonging to Scheduled Castes (SCs), Scheduled Tribes (STs), Other Backward Classes (OBCs) and those brought under Integrated Rural Development Programme (IRDP). However, scrutiny revealed serious lapses in the implementation of the scheme as discussed below:

(i) Distribution of free text books

The scheme, "Distribution of Free Text Books" to the children belonging to SCs/STs studying in classes sixth to tenth in non-tribal areas was implemented from the academic session 1996-97, which was extended in November 1996 and August 1997 to the children belonging to OBCs and IRDP beneficiaries from the academic session 1997-98.

The books were to be procured from the Himachal Pradesh Board of School Education (HPBSE).

DEOs were required to arrange payment, subject to availability of funds, to HPBSE after obtaining certificates from the schools that the supply of books had been received as per the bill. An expenditure of Rs 4.64 crore was incurred during 1996-98 on the scheme.

Test-check revealed the following points:

(a) **Books lying undistributed**

Text books valued at Rs 3.16 lakh not distributed by DEO, Sirmour.

Text books of Rs 11.91 lakh were purchased by DEO, Sirmour during 1996-97, of which books valued at Rs 3.16 lakh were lying (March 1998) undistributed in the stores of DEO, Sirmour. These books remained undistributed in the next academic session 1997-98 since the requirements for that year were directly received by the Head Master (HM)/Principals from the sale depots of HPBSE. No timely steps were initiated by DEO for the distribution of these books in the ensuing academic session.

DEO stated (January 1998) that guidance regarding disposal of the books was being sought from DE. DEO failed to answer the relevant question regarding his failure to take note of undistributed books of previous year lying with him. On being pointed out in audit, DE stated (October 1998) that the matter regarding non-distribution of books had been taken up with DEO and action in the matter would be taken up on receipt of reply.

(b) **Students deprived of the benefit of cash payment in lieu of free text books**

(i) State Government intimated (December 1997) that 22,000 IRDP

Cash payments of Rs 32.56 lakh not made to students in lieu of text books.

students of sixth to tenth classes were expected to be distributed free text books during 1997-98. Test-check revealed that these free text books were not distributed as the notification in this regard was issued in August 1997, when the books had already been purchased by the beneficiary students. These students were to be paid cash payments of Rs 32.56 lakh in lieu of cost of books as per decision of the Government. However, no payment was made to these students during 1997-98. DE stated (October 1998) that no cash payment could be made as there was no budget provision for this purpose during 1997-98.

(ii) In 68 schools of five non-tribal districts³ test-checked, 3,757 students from IRDP families of sixth to tenth classes were not given cash payment of

³ Chamba, Kangra, Kullu, Mandi and Sirmour

Rs 7.33 lakh in lieu of free text books as required during the academic session 1997-98.

HMs/Principals stated (January-April 1998) that no funds were provided by DEOs/DE for this purpose. DE stated (May 1998) that DEOs had been asked to intimate the number of students from IRDP families to assess the demand for additional funds within the current financial year. The reply was not tenable as compliance to the instructions of the Government to make cash payment to students from IRDP families in lieu of free text books had not been implemented by DE.

(c) Supply of books

(i) Against the requirement of 0.37 lakh sets of books, containing 5.53 lakh text books costing 72.69 lakh for distribution to 0.37 lakh SC/ST/OBC students of sixth to tenth classes of 93 SSSs/HSs of six districts, 0.39 lakh incomplete sets containing 4.51 lakh text books, costing Rs 58.04 lakh were supplied by HPBSE to DEOs/SSSs/HSs between 1996-97 and 1997-98. This had resulted in excess supply of 0.66 lakh books costing Rs 8.51 lakh by HPBSE, which were lying in the stores of respective schools. Besides 0.31 lakh beneficiary students were deprived of the full benefit due to incomplete supply of books in the sets (1.70 lakh books) costing Rs 23.56 lakh.

(ii) 0.12 lakh books costing Rs 1.55 lakh (1996-97: Rs 0.46 lakh and **Books distributed to ineligible students.** 1997-98: Rs 1.09 lakh) were distributed to the students not belonging to the entitled classes.

Principals/HMs stated (January-April 1998) that the distribution of some books was made to the poor students of non-entitled classes. The replies were not tenable as free text books were not to be distributed to students of classes other than those entitled.

(d) Delay in distribution of books

Overall responsibility with regard to ascertaining the requirement of books and ensuring their timely distribution to the students before the start of academic session was entrusted (February 1997) by DE to DEOs.

Test-check revealed that books were distributed to the students after the start of academic session late by 17 to 334 days in 51 schools during the academic session 1996-97 and by 15 to 202 days in 58 schools during the academic session 1997-98.

DEOs and Principals/HMs attributed the delay in distribution of books to late supply of the books by HPBSE. Scrutiny, however, revealed that supply orders were placed late by 22 to 304 days by DEOs. Thus the objective of supply of free text books was affected due to delay in supply.

(e) Non-supply of books to SC/ST students

In 28 schools of three districts⁴ no books were supplied during 1996-97 although 2,393 SC/ST students were on roll in sixth to tenth classes who were to be given books worth Rs 4.70 lakh.

Similarly, in Kangra district books were not supplied to three schools where 432 SC/ST/OBC students were on rolls during 1997-98 who were to be given books worth Rs 0.85 lakh.

Principals/ HMs attributed the non-supply of books to non-receipt of instructions in this regard from DEOs due to which no demand was raised by them. The reply was not tenable as the instructions were not to be repeated each year.

(ii) Scholarships to scheduled caste, scheduled tribe girl students

Scholarships at the rate of Rs 30 per month with an initial grant of Rs 100 per annum was payable to those SC/ST girls of sixth to tenth classes whose parents/guardians' income did not exceed Rs 18,000 per annum. The payments to the students were to be made quarterly. This facility was extended to OBC girls also during 1997-98.

Test-check revealed that out of 4,498 eligible girl students of sixth to tenth classes in 77 schools to whom the scholarships of Rs 20.69 lakh were payable during 1995-98, 2,927 girls had either not been paid any scholarship or were paid less to the extent of Rs 12.84 lakh⁵.

⁴ Kangra, Mandi and Sirmour

⁵ Chamba: Rs 3.74 lakh; Kangra: Rs 3.10 lakh; Kinnaur: Rs 0.40 lakh; Kullu: Rs 0.59 lakh; Mandi: Rs 1.74 lakh and Sirmour: Rs 3.27 lakh

Principals/ HMs attributed (January-April 1998) the non-payments/short-payments of the scholarships to non-receipt/short receipt of funds in the schools. The replies were not tenable as the funds should have been obtained in time to give timely benefit to the students as envisaged under the scheme.

Scholarships not paid to SC/ST girl students.

(iii) Integrated rural development programme scholarships

Government introduced scholarships to students from IRDP families of classes sixth to twelfth from 1991-92 at the annual rates given below:

Serial number	Classes	Amount of scholarship	
		Boys	Girls
		(In rupees)	
1	VI to VIII	250	500
2	IX and X	300	600
3	XI and XII	800	800

Test-check (January-April 1998) revealed that out of 11,964 students from IRDP families in 77 schools (boys: 6,340; girls: 5,624) to whom scholarships of Rs 52.81 lakh were payable during 1995-98, 5,592 students (boys: 2,913; girls: 2,679) had either not been paid any scholarship (4,988 students) or 604 students were paid less than the prescribed rates to the extent of Rs 23.99 lakh.

Principals/ HMs attributed the non-payment/less-payment to lesser allotment/late receipt of funds. The reply was not tenable as no attempt to have the full and timely grant was made by the Principals/ HMs.

3.12.7.5 Upgradation of schools

DE had not fixed any norms for upgradation of High Schools to Senior Secondary Schools whereas norms for upgradation of Middle Schools to High Schools were based on Fourth All India Educational Survey, 1978.

The targets for upgradation of schools and physical achievements thereagainst during 1995-98 were as under:

Year	Targets for upgradation		Achievement		Excess schools opened	
	Middle School to High Schools	High schools to Senior Secondary Schools	Middle School to High Schools	High schools to Senior Secondary Schools	Middle School to High Schools (Percentages)	High schools to Senior Secondary Schools (Percentages)
1995-96	40	20	61	26	21 (52)	06 (30)
1996-97	20	12	55	31	35 (175)	19 (158)
1997-98	50	20	173	142	123 (246)	122 (610)

There was no co-relation between the targets and actual achievements over the years. DE stated (October 1998) that no separate provision was made for the upgrading schools and no financial targets were fixed. It was also stated that expenditure figures on upgradation were not maintained separately.

Test-check of records of 46 schools (HSs:31; SSSs:15) upgraded between 1995-96 and 1997-98 revealed the following points:

(a) Minimum facilities not provided in the schools

(i) In six districts test-checked, 11 schools did not have separate rooms for Principal/Headmaster, 30 schools were without staff room, 27 schools each were without office and store rooms, thirty three schools (SSSs:6 and HSs:27) did not have the facility of science laboratories, in eight SSSs there was shortage of 16 laboratories against the requirement of 24 laboratories, 42 schools had no library rooms and 46 schools each were without the facility of craft rooms and recreation rooms.

(ii) Separate toilet facilities for male and female staff members/boy and girls were not available in 46 schools.

(iii) Twenty one schools did not have the facility of play grounds, while the remaining 25 schools were having inadequate play grounds.

(iv) According to the Section Pattern prescribed by DE for schools, 387 class rooms were required in 46 schools upgraded during 1995-98 against which 230 class rooms existed at the time of upgradation. Against the requirement of 157 additional class rooms only 29 rooms were provided after upgradation upto March 1998. Thus there was shortage of 128 class rooms in these schools, resulting in adverse impact on the quality of education due to over-crowding and sending the students to their homes at the time of bad and hot weather.

(v) There was no provision of electricity in nine schools.

Thus the objective of the National Policy on Education to build a nationwide infrastructure for physical education, sports, games, etc., was not fully realised.

(b) Lack of adequate teaching staff

Category-wise position of teachers in 46 schools in six districts test-checked as on 31 March 1998 was as under:

Serial number	Category of teachers	Sanctioned posts	Men in position	Shortfall (percentage)
				With reference to sanctioned posts
(Number of posts/persons)				
1.	Lecturers	142	102	40 (28)
2.	Trained Graduates	210	195	15 (7)
3.	Physical Education Teachers	50	46	4 (8)
4.	Oriental Teachers	54	51	3 (6)
5.	Language Teachers	50	46	4 (8)
6.	Drawing Masters	51	46	5 (10)
Total:		557	486	71 (13)

Note: Figures in parentheses indicate percentage.

Shortages in all the cadres affected the teaching work adversely in the schools. Further, in 11 SSSs, science classes for + one and + two were not started during 1995-98 due to non-posting of science lecturers in these schools and in one upgraded High School, 9th and 10th classes were not started during 1995-96 even after upgradation of this school in March 1995.

HMs/ Principals admitted (January-April 1998) that shortages in all cadres adversely affected teaching in all schools. The shortages were attributed by them to non-creation of posts and non-posting of teachers by the department.

3.12.7.6 Construction of school buildings

The department had not conducted any survey regarding school buildings with a view to ensure that the accommodation was sufficient for students, staff and laboratories. No records were maintained by HMs/ Principals in respect of the buildings available with the schools. DE stated (March 1998) that in view of the limited financial allocations it was not possible to provide budget in one lot to a particular scheme. The reply was not tenable as DE did not furnish any justification for not conducting a complete survey of infrastructural requirements.

(a) Incomplete school buildings

For construction of 372 buildings of Middle, High and Senior Secondary Schools in the State budget allotment of Rs 6.16 crore (1995-96: Rs 1.05 crore; 1996-97: Rs 2.31 crore and 1997-98: Rs 2.80 crore) were made to the Public Works Department (PWD) during 1995-98. These buildings were lying incomplete as of May 1998. DE stated (March 1998) that completion of construction work depended upon availability of funds and land. The unplanned commencement of the construction of school buildings thus resulted in blocking up of funds aggregating Rs 6.16 crore, besides depriving the students of the necessary infrastructural facilities.

Construction programme for school buildings was not being monitored by the department in an effective manner. The department was also not aware of the actual period of commencement of the works and the upto date physical and financial progress of the same due to non-supply thereof by PWD to DE.

(b) Dilapidated school buildings

It was noticed in audit that 25 school buildings in six districts test-checked constructed between 1944 and 1997 (cost of construction not on record except for 3 buildings constructed at a cost of Rs 3.50 lakh) were lying in a dilapidated condition due to damage to the roofs (11 cases), leakage of roof slabs

(8 cases) and development of cracks in walls (6 cases) which made them unsafe for housing the classes. Although matter for arranging repairs in 10 cases had been taken up by HMs/Principals yet the requisite repairs were awaited as of May 1998. In the remaining 15 cases, requisite action had not been initiated as of March 1998.

(c) High school without school building

Test-check (January-April 1998) revealed that Koti-Dhiman (Sirmour district) was upgraded as middle school during 1963 and as high school during 1987 but no school building had been constructed as of March 1998. The classes were being held in the open space.

No inspection of the school, though required to be done once in a year, had been carried out by DEO since inception of the school upto June 1997.

3.12.7.7 Utilisation Certificates not obtained from privately managed recognised schools

To encourage and extend private enterprise in education, grants-in-aid were provided to privately managed recognised schools. Such schools were required to furnish utilisation certificates (UCs) in support of previous years grants utilisation duly certified by a Chartered Accountant.

Test-check revealed (May 1998) that DE disbursed grants-in-aid of Rs 1.66 crore to 229 schools during 1990-97 but the required UCs had not been obtained as of May 1998. DE stated (May 1998) that UCs were yet to be received. The reply was not tenable as the timely receipt of UCs for the previous years should have been ensured. Thus, DE had failed to ensure proper utilisation of the amounts paid as grants-in-aid for the intended purpose.

3.12.7.8 Inadequate amenities

Test-check of records of existing HSs/SSSs revealed the following deficiencies as compared to the norms fixed by the Government:

- (i) Shortage of items of furniture like tables, desks, stools, almirahs, etc., required for class-rooms, staff rooms, laboratories, libraries and school offices ranged between 20 and 97 *per cent* in 39 HSs and between 20 and 79 *per cent* in

39 SSSs as compared to the norms. Non-providing of these basic facilities in the schools had affected the quality of education.

(ii) Test-check of 39 HSs and 39 SSSs in six districts revealed that the laboratories had not been provided separate rooms nor were these properly equipped.

(iii) Of 79 HSs and SSSs in six districts 52 schools (66 *per cent*) were not provided with separate rooms for keeping libraries and the library books were kept locked in almirahs in class-rooms, staff rooms and office rooms wherever space was available. Thus, 1.95 lakh library books available in these schools could not be put to optimum use as of March 1998. In 57 schools (72 *per cent*) sanctioned posts of Assistant Librarians had not been provided and the school teachers were maintaining the libraries in addition to their teaching work. Only seven *per cent* of the total books were issued to students and one to two *per cent* of these were issued to the teachers during 1995-98.

3.12.7.9 Schools opened without observing norms

As per provisions of the Himachal Pradesh Education Code, the minimum expected enrolment for a middle school should be 25 students.

Test-check revealed that out of 52 total middle schools in Kinnaur and Lahaul and Spiti districts, the enrolment was persistently below 25 students in 17 schools during 1995-98.

The following points emerged:

(i) In these schools teacher and student ratio was 1:3 on an average against the overall average teacher and student ratio of 1:19 for middle schools during 1996-97.

(ii) In middle school, Tailing (Lahaul and Spiti district), for three students five teachers had been posted during 1996-97 and in middle school, Chakhang of the same district for six students, six teachers had been posted during 1997-98.

DE stated (May 1998) that these schools fall in the remote tribal areas of

Lahaul and Spiti and Kinnaur districts and the norms were required to be relaxed in view of the Government's Education Policy to provide education to all.

(iii) As per norms for opening a new middle school, the most important requirement was that it must be included in the recommendations of All India Survey-1986.

Scrutiny of records for 1997-98 of non-tribal districts revealed that in 32 middle schools enrolment was less than 25 students during 1997-98 and out of these 28 schools were opened without the recommendations of the All India Survey, 1986 conducted in collaboration with the National Council for Education and Training. These included 11 schools opened during 1997-98 which were not recommended in All India Survey 1986. On average the teacher student ratio in these 32 middle schools in 2 districts was 1:3 against the overall average teacher student ratio for middle schools of 1:19 (1996-97).

Audit scrutiny further revealed that out 588 schools identified in the Fifth Educational Survey 1986 only 179 middle schools were opened and 409 identified schools as per survey report were not considered for upgradation by Government during 1986 to 1998.

Assistant Director of Education stated (May 1998) that keeping in view the Government Education Policy of universalisation of elementary education the norms prescribed in Himachal Pradesh Education code have to be relaxed.

The reply was not tenable as the prescribed norms had not been got relaxed in case of schools opened upto 1997-98.

3.12.7.10 Physical verification of stores not conducted

Financial rules provided for annual physical verification of store articles held by each Government office/institution and also disposal of unserviceable stores after observing all codal formalities.

In 60 HSs /SSSs no physical verification of stores had been conducted

during 1995-98. HMs/Principals stated (January-April 1998) that the physical verification would be done now. Thus, the position of shortages/excesses of store articles in these schools was neither known to the HMs/Principals of these schools nor could it be verified in audit.

3.12.8 Inspection of schools

The Himachal Pradesh Education Code provided that DE or any other officer subordinate to him duly authorised by the former, was responsible for the supervision and inspection of schools. The inspection of schools by the inspecting officer was to be done at least once in a year.

It was noticed that DE office had no monitoring system/records with regard to the upto date information of number of inspections carried out and follow up action taken thereupon.

DE fixed norms in September 1997, whereby DEOs were required to inspect 50 *per cent* of schools of the district at least once in a year.

Test-check revealed that no annual inspection was conducted by DEOs in Mandi district during 1995-98, in Kinnaur district during 1995-97 and in Chamba district during 1995-96. The shortfall in four other districts where annual inspections were conducted during 1995-97 ranged between 29 and 93 *per cent*. The shortfall in annual inspection of 50 *per cent* schools of the district by DEOs in three districts ranged between 50 and 69 *per cent* during 1997-98.

No action was taken by DE on the inspection reports.

DEOs attributed (October 1997-April 1998) the non-conducting of inspections/shortfalls in inspection to areas being snow bound, blocking of roads, rush of work, non-availability of vehicles and non-posting of regular DEOs. The replies were not tenable as the inspections should have been carried out as prescribed. DE stated (October 1998) that the inspection reports received in the Directorate remained unattended due to frequent transfers of the officials during last about two years. The reply was not acceptable as DE failed to scrutinise the inspection reports and take the required action in the matter. Thus the intention behind prescribing the inspection schedule was not achieved.

3.12.9 Budgetary procedure and control over expenditure

3.12.9.1 Non-submission of budget estimates by the DDOs

As per Budget Manual, DDOs were to send the budget estimates to the Controlling Officers for the minor or detailed head concerned, accompanied where necessary, by an explanatory note showing the reasons for their proposals:

Scrutiny revealed the following position of submission of budget estimates by the DDOs during 1995-98:

Year	Total number of DDOs		Number of DDOs who submitted budget proposals	
	Plan	Non-plan	Plan	Non-plan
1995-96	594	720	190 (32)	200 (28)
1996-97	606	720	193 (32)	230 (32)
1997-98	658	720	211 (32)	220 (31)

* Figures in the brackets indicate percentages of DDOs who submitted budget proposals (Plan/Non-Plan) over the total number of DDOs.

DE stated (March 1998) that in the absence of receipt of budget estimates from all DDOs, the budget estimates for non-plan were prepared at the Directorate level by adding an increase of about 10 *per cent* on previous years estimates. Thus the DE failed to observe the provision of Budget Manuals and prepared the budget on tentative basis.

3.12.9.2 Delay in submission of proposals for excess/surrenders

As per Budget Manual, budget estimates were to be sent by the Head of

Statements for excesses and surrenders were submitted much after the financial year was over and was thus a futile exercise.

the Department to the Finance Department by 25 October. It was noticed in audit that in the three years (1995-98) the estimates for plan budget were not prepared by the department and sent to the Finance

Department. Similarly, the final statement of excesses and surrenders was to be

sent to the Finance Department by 15 January. It was observed that these were sent after a delay of 119-120 days during 1995-97 and had not been sent as of 19 May 1998 for the year 1997-98 as shown below:

Particulars	Due dates of submission	Actual dates of submission		
		1995-96	1996-97	1997-98
Budget estimates	25 October	Budget estimates for plan expenditure not submitted		
Statement of excesses and surrenders	1 December	9 February 1996 (71 days) ⁶	12 March 1997 (102 days)	9 March 1998 (99 days)
Final statement of excesses and surrenders	15 January	14 May 1996 (119 days)	15 May 1996 (120 days)	Not sent as of 19 May 1998

Submission of these statements after the close of the financial year proved to be a futile exercise and the DE failed to exercise appropriate control over the budget preparations and submissions.

DE, while admitting these facts, stated (May 1998) that Plan estimates during 1995-98 could not be prepared at Directorate level due to shortage of time, after the Plan outlay was received from the Planning Department.

DE had surrendered the savings that occurred under both the Revenue and Capital sections each year only on the last day of the financial year. Thus there was no effective control over budget and expenditure by DE.

DE surrendered savings each year on the last day of the financial year.

3.12.9.3 Non-maintenance of records

Scrutiny revealed that the following important control records, as

Important control records like Register of sanctions, Liability register and Register of buildings had not been maintained.

required by the Budget Manual were not maintained:

- (i) Register of sanctions to record fixed establishment and recurring contingent expenditure sanctions.
- (ii) Ledger Account of appropriations to show sums initially allotted,

⁶ Figures in parentheses indicate delay in submission of budget estimates

supplementary grants and deductions made by re-appropriations.

- (iii) Liability register to keep track of undisclosed liabilities for indicating the nature of liabilities and the agencies on which indents are placed together with estimated costs.
- (iv) Register of buildings and residences for Government servants.

DE gave no reasons as to why these were not maintained and stated (May 1998) that these records would be maintained in future.

3.12.9.4 Unrealistic estimation

- (a) In the following cases, the Finance Department allotted Rs 50.17 crore more than what was demanded by DE. The actual expenditure incurred by DE was consequently much below the allotted funds:

Head of account	Year	Budget demanded by DE	Budget provided	Actual expenditure	Excess expenditure over the budget demanded
2202-02-109-01-Government Senior Secondary Schools (Non-plan)	1995-96	51.92	75.42	69.77	17.85
	1996-97	55.36	82.03	74.81	19.45

It would thus be seen that budget demanded by DE was on the lower side which resulted in excess expenditure of Rs 37.30 crore during 1995-97.

DE stated (May 1998) that the matter concerned Finance Department, who allotted funds in excess of requirement. The reply was not tenable as the budget demanded by DE was not realistic as actual expenditure far exceeded the budget demanded. Reasons for allotting funds more than those demanded by DE had not been furnished by Finance Department.

- (b) Cases of excess demand in case of non-plan budget ranging from 12 to 17 per cent were noticed in audit as per details given below:

Head of account	Year	Budget demanded by DE	Budget provided	Actual expenditure	Percentage of provision demanded in excess
2202-01-101-03 (Non-plan)	1995-96	44.36	38.49	37.00	17
	1996-97	47.77	41.96	42.15	12
	1997-98	57.74	46.13	50.25	13

DE stated (October 1998) that close budgeting was not possible for want of detailed estimates from approximately 1400 DDOs scattered all over the State and resultantly there were wide variations between the budget demanded and actual expenditure. The reply was not tenable as the detailed budget estimates should have been obtained by DE from DDOs to avoid unrealistic estimation.

(c) Defective budgeting

As per provisions of the Budget Manual when provision for the same item of expenditure is got sanctioned under two or more budget heads or under wrong budget heads, etc., it is termed as 'financial irregularity' and defective budgeting. In the following cases budget was provided for the same item of expenditure under different heads of accounts:

Serial number	Item of expenditure	Heads of account under which funds were provided/allotted	Budget provision allotted during the year		
			1995-96	1996-97	1997-98
			(Rupees in lakh)		
1.	Assistance to Himachal Pradesh Board of School Education	(a) 2202-01-101-03 Middle Schools (Plan)	0.50	0.55	0.60
		(b) 2202-02-110-02-GIA to Board of School Education (Non-Plan)	23.98	23.98	23.98
2.	Scholarship of Middle Schools under state Plan Normal	(a) 2202-01-109-02 Middle Schools Scholarship (Plan)	51.00	62.50	150.00
		(b) 2202-01-101-03 Middle Schools (Plan)	8.02	10.05	80.10

3.12.9.5 Expenditure control system non-operational

(i)(a) During 1995-98, 60 to 70 *per cent* of DDOs and Controlling Officers did not submit their monthly statements of expenditure to DE. Resultantly no monthly expenditure statement was prepared by DE and submitted to the Finance Department. DE also did not impress upon DDOs for regular submission of these statements with the result that neither monthly accounts of expenditure were maintained nor flow of expenditure, to keep it within the funds allotted, was monitored. Similarly 70 *per cent* of DDOs did not submit the excess and surrender statements to DE during 1995-98.

(b) The offices of DDOs were required to be inspected by the Controlling

Officers at least once a year. It was, however, noticed in audit that of 83 DDOs only 16 annual inspections and six surprise inspections of only 13 offices were conducted by the Controlling Officers against the total 249 number of inspections required during 1995-98.

(ii) Failure in reconciliation

The departmental figures of expenditure were to be reconciled monthly by DE with the figures appearing in Accountant General's Books. Scrutiny of records in the Directorate revealed that no reconciliation with reference to the departmental expenditure figures had been carried out during 1995-98 by DE as required. DE stated (March 1998) that the reconciliation was done quarterly on the basis of original vouchers for which reconciliation certificate could not be procured. DE further stated (April 1998) that accounts could not be compiled due to less manpower at Directorate level. Thus DE failed to conduct an important control procedure to ascertain the discrepancies in time and take timely action to either re-appropriate or surrender funds.

3.12.9.6 Payment of decretal amount from voted funds

As per Budget Manual, the expenditure on payments made in satisfaction of any judgement, decree or award of any court or arbitral tribunal, were to be shown in the estimates as 'charged'.

DE paid Rs 5.37 crore during 1995-98 to privately managed schools in the State on account of 95 *per cent* expenditure on the salaries of the teachers and the allied staff of the schools as grants-in-aid in compliance with the Supreme Court of India judgement of May 1995 and High Court Judgement of May 1996 and November 1996 out of the voted provision under the Head 2202-General Education in contravention of the codal provisions.

3.12.9.7 Unjustified surrender of funds

Audit scrutiny of surrender orders revealed that funds were surrendered during 1995-96 under five sub-heads under the Major Head 2202 without properly

assessing savings as shown below:

Serial number	Head of account	Original budget	Surrenders	Reappropriation	Final grant	Actual expenditure	Excess drawal
(Rupees in crore)							
1.	2202-01-101-01 Expenditure on Education (Plan)	12.56	2.70	(+) 7.74	17.60	17.62	0.02
2.	2202-01-101-03 Middle schools (Plan)	14.15	4.01	(-) 0.77	9.37	11.60	2.23
3.	2202-01-101-03 Middle schools (Non-plan)	38.49	2.00	--	36.49	37.00	0.51
4.	2202-02-109-01 Secondary schools (Plan)	31.40	5.89	(+) 0.81	26.32	28.26	1.94
5.	2202-02-109-01 Secondary schools (Non-plan)	75.42	3.37	(-) 4.34	67.71	69.77	2.06

Finance Department surrendered funds at their own as DE did not submit any proposals for re-appropriation/surrenders during 1995-96. The final statement of excesses and surrenders was submitted by DE only after the close of the financial year and after the issue of surrender orders by the Finance Department.

The reasons for unjustified surrender of funds called for from DE/Finance Department (May 1998) were awaited (July 1998).

3.12.9.8 Re-appropriation proposals not submitted

As per the Budget Manual, proposals for re-appropriation were required to be submitted by the Administrative Department to the Finance Department not later than 15 March each year. It was noticed in audit that no such proposals were prepared and submitted by DE to the Finance Department in time. The Finance Department had, therefore, issued reappropriation orders during 1995-98 at their own.

3.12.9.9 Unauthorised spending without budget provision

During 1995-96, allocations under the Backward Area Sub-Plan (BASP) were made in the Demand for Grants of all the concerned departments. Accordingly, a provision of Rs 12.60 crore was made for BASP under Revenue Section of Grant No. 8-Education, Sports, Art and Culture. In July 1995, the Planning Department advised the departments to recast their proposals according to the policy of schematic allocation so that budgetary corrections could be carried out. Thus the provision of Rs 12.60 crore under BASP made by Education Department under Grant No. 8 was transferred to Grant No. 4-General Administration through "supplementary demand for grants" during 1995-96. These funds were, therefore, no longer available for utilisation or re-appropriation under Grant No. 8-Education, Sports, Art and Culture.

Rupees 12.32 crore unauthorisedly spent on Education, Sports, Art and Culture.

Despite the transfer of allocation, the Education Department unauthorisedly spent Rs 12.32 crore during 1995-96 as per original budget allocation under Grant No. 8-Education, Sports, Art and Culture.

3.12.9.10 Overdrawal from General Provident Fund account

The General Provident Fund (GPF) Rules required that whatever be the reasons of the overdrawals from GPF accounts, the subscriber could not draw the amount unless it was sanctioned. The sanctioning authority had a responsibility in the overdrawal. Thus all requests for advances/withdrawals were to be closely scrutinised and in cases where overpayments occurred, responsibility was to be fixed and action taken against the administrative authorities.

Test-check disclosed that in 15 cases the Disbursing Officers allowed overdrawal of Rs 2.39 lakh from GPF Accounts by the subscribers during 1995-98 without sufficient balances in their GPF accounts. Department had not initiated any action against the officers responsible for such overdrawals though the Senior Deputy Accountant General (A&E) brought this to their notice from time to time.

DE stated (September 1998) that in respect of 11 cases the entire amount including interest and penal interest had been recovered. However, minus balances still existed in four out of 15 cases as of July 1998. DE further stated that DDOs were responsible for overdrawals as they were required to scrutinise the cases before submitting them for sanction for which warnings had been issued to them from time to time.

3.12.10 Monitoring and Evaluation

The various audit observations, would indicate that effective control over financial and budgetary aspects, management of manpower and implementation of schemes was not executed by the Director and his office.

The Secondary Education Programmes and the schemes implemented by the department had not been evaluated with a view to assess their impact on the quality of education being imparted.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

Home Department

3.13 Manpower management in the Police Department

3.13.1 Introduction

For maintaining law and order in a geographical area of 55,673 sq km and a population of 51.7 lakh (1991 census), there were 96 police stations and 94 police posts in the State as of 31 March 1998. The sanctioned strength of operational staff (Police force including all ranks), ministerial and class IV staff of

The abbreviations used in this review have been listed in the Glossary in Appendix-XI (Page 307-309)

the Police department as of March 1998 was as under:

Serial number	Category of staff	Sanctioned strength	In position
1.	Operational	13,222	12,503
2.	Ministerial (including class IV)	323	306
	Total	13,545	12,809

The above total strength also included armed police (4,148) which constituted 33 *per cent* of the total operational police (12,503). No ratio between civil police and armed police and staff officer ratio had been prescribed by the department. The strength of police personnel per 100 sq kms area and per thousand of population (March 1998) worked out to 22.45 and 2.41 respectively.

3.13.2 Organisational set up

Commissioner-cum-Secretary (Home) was the administrative Head of Police Department. The Director General of Police (DGP) was the head of the Police Department in the State and was assisted by seven¹ controlling officers. The State has been divided into three ranges viz. Northern, Central and Southern with their headquarters at Dharamshala, Mandi and Shimla respectively. District headquarters were manned by Superintendents of Police (SPs). There is also an Armed Police and Training wing of the department at Daroh in Kangra district.

3.13.3 Audit coverage

Utilisation of manpower of the Police Department during the period from 1995-96 to 1997-98 was test-checked during May-August 1998. Out of 26 drawing and disbursing officers (DDOs), the records of 11 DDOs viz. DGP, ADGP, Armed Police and Training, 6 SPs (Hamirpur, Kinnaur, Kullu, Shimla, Solan and Una), Director of Forensic Science Laboratory, Junga and Fourth Battalion IRB, Una were test-checked. The results of audit have been incorporated in succeeding paragraphs.

¹ Deputy Inspector General (DIG) of Police, Northern Range, DIG of Police, Southern Range, DIG of Police, Central Range, DIG of Police Armed Police and Training, Inspector General (IG) of Police, Armed Police and Training, IG of Police (Headquarters) and Additional DGP (Criminal Investigation)

3.13.4 - Highlights

- ** Expenditure on establishment ranged between 88 and 96 per cent of the total expenditure of the Police Department.**
- (Paragraph 3.13.5.1)**
- ** In disregard of the provisions of the Budget Manual Rs 5.95 crore were included in the budget estimates for 2,535 vacant posts during 1995-98 by the Director General of Police.**
- (Paragraph 3.13.5.2)**
- ** Deployment of police personnel was not linked to population or incidence of crime in the districts. In four districts (Shimla, Kangra, Mandi and Solan) which had the highest crime rate, the number of population for one police worked out to 429, 1,307, 1,334 and 550 respectively. There was scope of rationalisation in the deployment of police personnel.**
- (Paragraph 3.13.6)**
- ** Three additional posts of Additional Director General of Police had been created and filled up between April 1993 and March 1998 without prior approval of Government of India.**
- (Paragraph 3.13.7.2(i))**
- ** 102 posts of Assistant Sub-Inspectors (7), Head Constables (9) and Constables (86) sanctioned in 1960 for guarding strategic installations especially important bridges in the border district of Kinnaur were not deployed for this work. Expenditure of**

Rs 3.17 crore had been incurred on pay and allowances of these incumbents during 1993-98.

(Paragraph 3.13.7.3(a))

** Though regular water supply was available in all the police stations, 41 posts of water carriers in the offices of Superintendents of Police, Kinnaur, Kullu, Shimla, Solan and Police Training College, Daroh were still continuing. Rupees 60.20 lakh had been spent on their pay and allowances during 1994-98.

(Paragraph 3.13.7.4)

** Thirty five candidates recruited during 1995-96 by the respective Deputy Inspector Generals of Police of the three ranges were declared medically unfit by the Medical Board during second medical check up. Rupees 12.44 lakh were spent on their pay and allowances between September 1996 and July 1997 before they were discharged.

(Paragraph 3.13.7.5)

** Equipment valued at Rs 11.43 lakh purchased for Forensic Science Laboratory had not been utilised as two divisions of the laboratory were not functioning since October 1993.

(Paragraph 3.13.7.8(i))

** Close circuit television set with three cameras installed in the Police reporting room, Shimla was lying unused since June 1997 as it required major repair.

(Paragraph 3.13.7.8(ii))

3.13.5 Budgetary procedure and expenditure control

Funds were provided in the budget of the department through Grant No 7 and Grant No 31 under the Major Head – 2055-Police.

The department had seven controlling officers under the overall control of DGP, who was the Head of the Department and submitted the budget estimates to the Finance Department.

3.13.5.1 Budget provisions of establishment and expenditure

The budget provisions of establishment and actual expenditure thereagainst during 1995-98 for the department were as under:

Year	Total budget provision	Budget for establishment	Expenditure on establishment	Savings	Total expenditure of the department	Percentage of establishment expenditure to total expenditure
(Rupees in crore)						
1995-96	72.02	70.30	67.08	3.22	71.90	93
1996-97	78.64	71.22	69.24	1.98	78.56	88
1997-98	96.49	93.47	92.72	0.75	96.45	96
Total	247.15	234.99	229.04	5.95	246.91	

Following points were noticed:

- (i) Against the total expenditure incurred by DGP under Grant Nos. 7 and 31 during 1995-98 the percentage of expenditure on establishment to the total expenditure ranged between 88 and 96.
- (ii) The savings against the provision of establishment expenditure during 1995-98 ranged between Rs 0.75 crore to Rs 3.22 crore. DGP stated (August 1998) that the savings during 1995-98 were attributable to non-filling up of vacant posts.

3.13.5.2 Over-estimation

As per the Budget Manual, while framing the estimates for sanctioned

DGP provided Rs 5.95 crore in the budget estimates during 1995-98 for vacant posts contrary to the provisions of the Budget Manual.

establishment, whether permanent or temporary, the pay and increments which are likely to be drawn by the person on duty during the year should be provided for. No provision was to be made in the estimates for appointments to

be held in abeyance. Test-check revealed that DGP provided Rs 5.95 crore in the budget estimates during 1995-96 (Rs 3.22 crore), 1996-97 (Rs 1.98 crore) and 1997-98 (Rs 0.75 crore) for 1145, 654 and 736 vacant posts respectively.

DGP stated (August 1998) that to avoid abolition/recreation of these posts the budget provisions were made. The reply was not tenable as estimates were not to include provisions for vacant posts as per Budget Manual.

3.13.5.3 Liability statements not submitted to the Finance Department

As per the Budget Manual, the Head of the Department was required to submit a liability statement to the Finance Department by the 15th of each month to enable them to keep a proper watch over the ways and means position. The liability statements were to include all the liabilities (a) which were in view at the time of preparation of the budget; (b) which were expected to occur during the year and (c) which were expected during the financial year but debits in respect of which had not been received from other Accounts Offices during that year.

DGP did not send liability statements to Finance Department during 1995-98.

The liability statement would facilitate the exercise of effective control over expenditure and preparation of correct budget estimates. It was also meant to help in avoiding excess over grants and non-surrender of savings.

Liability statements had not been submitted to the Finance Department by DGP during 1995-98. DGP stated (August 1998) that neither there was any such practice of sending liability statements to the Finance Department nor the same were ever called for by Government.

The reply was not tenable as the requirement was clearly provided in the Budget Manual. The failure of the Finance Department in not even asking for the same was evident.

3.13.6 Non-revision of norms for creation of posts and deployment of manpower

Norms for creation of posts and deployment of manpower not revised.

As per Punjab Police Rules (applicable to Himachal Pradesh Police Department), in urban areas, in towns having population of over 30,000 total strength of police watch and ward staff should not ordinarily exceed one constable for every 450 inhabitants. In each case local conditions such as volume of commercial activities, importance and frequency of fairs and festivals and general criminality of neighbourhood was required to be considered. Supervision over the watch and ward was to be provided at the rate of one head constable to every ten constables, one Assistant Sub-Inspector to every five Head Constables and one Sub-Inspector to every 100 constables.

Comparative data of 12 districts of the State showing average crime reported during the period 1995-97, number of inhabitants and crime incidence was as under:

Serial number	Name of the districts	Number of operational staff as on 31 March 1998	Population per police official (Census 1991)	Annual average crime cases during 1995-97	Average crime cases per police official
1.	Bilaspur	467	633	1,061	2.27
2.	Chamba	526	748	1,274	2.42
3.	Hamirpur	261	1,414	1,085	4.16
4.	Kangra	898	1,307	3,773	4.20
5.	Kinnaur	322	221	284	0.88
6.	Kullu	320	945	1,126	3.52
7.	Lahaul and Spiti	196	160	154	0.79
8.	Mandi	582	1,334	2,304	3.96
9.	Shimla	1,438	429	4,354	3.03
10.	Sirmour	510	745	1,206	2.36
11.	Solan	695	550	1,458	2.10
12.	Una	399	948	1,156	2.90

The above table indicated that in districts of Shimla, Kangra, Mandi and Solan which had the highest concentration of crimes during 1995-97, there was one police official per 429, 1,307, 1,334 and 550 respectively. Thus there was no uniformity in deployment of the Police staff. District-wise details of population,

* Operational staff includes SPs, Deputy SPs, Inspectors, Sub-Inspectors, Assistant Sub-Inspectors, Head Constables and Constables.

number of operational staff and crime cases reported during the period 1995-97 were as indicated in Appendix-V. A study of the data revealed that the number of crimes in the State decreased from 19,811 in 1995 to 18,431 in 1997 (seven *per cent*). The crime incidence in Bilaspur, Kullu and Shimla districts in the year 1997 registered a rise between 1.07 and 7.89 *per cent* as compared to the year 1995. In the remaining nine districts (Chamba, Kangra, Una, Hamirpur, Mandi, Lahaul and Spiti, Solan, Sirmour and Kinnaur), the crime rates decreased between 2.08 and 36.22 *per cent* as compared to the year 1995.

In two districts (Kinnaur and Lahaul and Spiti), one police official (Operational Staff) handled 0.88 and 0.79 crime cases on an average respectively during the period 1995-97 whereas in two other districts (Hamirpur and Kangra), one police official handled 4.16 to 4.20 crime cases on an average respectively during the same period. In view of the wide variation in number of crime cases handled by operational staff in the districts there was scope of rationalisation in the deployment of police personnel.

3.13.7.1 Filling up of Indian Police Service cadre posts

Indian Police Service (IPS) (Cadre) Rules 1954, *inter alia*, stipulate that cadre posts should not be filled up by a person who is not a cadre officer except for unavoidable reasons for short period of three months and if it was proposed by the State Government to continue the person who is not a cadre officer beyond a period of three months, the State Government shall obtain prior approval of GOI for such continuance.

Test-check of records of the Commissioner-cum-Secretary, Home Department revealed that four² non-cadre officers of HPS were given the cadre charge with effect from December 1996 to August 1998 without prior approval of GOI.

The officers were paid Rs 8.86 lakh (approximately) by way of pay and allowances for the period of posting. The posting of non-cadre officers against

² Battalion Commandant, SP Lahaul and Spiti, SP Enforcement and SP Lokayukta

cadre posts without prior approval of GOI was against the provisions of the IPS Rules.

3.13.7.2 Creation of offices

(i) Creation of posts of additional Director General of police

GOI fixed the cadre strength of IPS officers for Himachal Pradesh in February 1998. Two posts of ADGP Enforcement and ADGP Home Guards, Fire Services and Civil Defence were provided. Three additional posts (ex-cadre) of ADGPs in Police Department had been created and filled without approval of GOI under Armed Police and Training, Prisons and Criminal Investigation between April 1993 and March 1998. These ex-cadre posts were made functional from April 1993 and an expenditure of Rs 28.62 lakh had been incurred on pay and allowances of the incumbents during April 1993 to March 1998. The subordinate officers/staff required with these posts had neither been created nor sanctioned as of August 1998.

Government stated (August 1998) that the posts of ADGP had been created in the ex-cadre to remove stagnation in IPS cadre. Approval of GOI sought in July 1997 was awaited (August 1998).

Three posts of ADGPs created and filled by State Government without approval of GOI.

(ii) Three offices of IGP law and order, IGP Railway and Traffic (R&T) (since 23 December 1995) and IGP Vigilance (since July 1997) were functioning in the Police Department but no posts of subordinate staff had been created and sanctioned as of July 1998. Only the staff comprising one senior Scale Steno with IGP law and order, one Steno and one Junior Assistant with IGP R&T and two Senior Assistants, one Junior Assistant and one Steno with IGP, Vigilance had been provided in these offices. Thus these offices had been created to avoid stagnation in IPS cadre.

3.13.7.3 Diversion of staff

(a) The State Government sanctioned (1960) eight posts of Assistant Sub-

SP Kinnaur spent Rs 3.17 crore on pay and allowances of staff during 1993-98 not deployed for the purpose for which it was sanctioned.

Inspectors (ASIs), 24 posts of Head Constables (HCs) and 192 posts of Constables for guarding strategic installations especially important bridges in the border district of Kinnaur. It was noticed in audit that the above force was

not deployed for guarding the strategic installations in Kinnaur as no guard rooms had been constructed near these bridges and other strategic installations as of July 1998. The entire strength remained deployed on routine district police duties. The State Government abolished (March 1996) 122 posts (ASI: 1; HCs: 15 and Constables: 106) from HAP strength of Kinnaur district and transferred them to Kullu, Hamirpur and Una districts in March 1996. Remaining posts (ASIs: 7; HCs: 9 and Constables: 86) were still under SP, Kinnaur and had been engaged in the work of District Executive Force.

As the force could not be utilised for the purpose for which it was sanctioned, the expenditure of Rs 3.17 crore on the pay and allowances during 1993-98 alone did not serve the intended purpose.

SP, Kinnaur stated (July 1998) that the matter for the adjustment/merger of remaining posts in the district cadre had been taken up with the Deputy Inspector General (DIG), Shimla (November 1996) but the sanction had not been received as of August 1998.

(b) In the office of the Commandant Fourth Battalion IRB, Basal (Una district) eight incumbents of trained executive staff (SIs: 4; ASI: 1; HCs: 2 and Constable: 1) were diverted to clerical jobs from 1993-94 to August 1998. An expenditure of Rs 11.32 lakh had been incurred on the pay and allowances of this staff. The Commandant stated (June 1998) that due to shortage of staff in clerical cadre these persons were deployed temporarily for office work. The reply was not tenable as no sanction for the diversion of this staff had been obtained and the intended purpose for which the incumbents had been imparted training could not be achieved.

3.13.7.4 Wasteful expenditure on pay and allowances of water carriers

41 posts of water carriers in the offices of SPs, Kinnaur, Kullu, Shimla, Solan and Police Training College (PTC), Daroh were being operated since long (exact dates not made available). An expenditure of Rs 60.20 lakh had been incurred on pay and allowances of these water carriers during 1994-98 alone though regular water supply was available in all the police stations.

3.13.7.5 Recruitment of medically unfit police personnel

Government accorded (August 1995) sanction for filling up 635 posts of constables on population basis of the districts. The recruitment were to be made between the age group of 18 and 24 years subject to the condition that the candidates were physically fit for police services.

It was noticed in audit that out of 635 candidates recruited by the

Rupees 12.44 lakh was paid on pay and allowances of medically unfit candidates during September 1996 to July 1997.

respective recruitment boards under the chairmanship of DIGs of respective police ranges during 1995-96, 35 candidates² (male: 25 and female: 10) were found medically unfit by the Medical Board during second medical check up at PTC, Daroh. DGP stated (August 1998) that these candidates had been discharged from service. Payment of pay and allowances of Rs 12.44 lakh had been made to these candidates between September 1996 and July 1997. The reasons for non-fixation of responsibility for recruitment of medically unfit recruits called for (September 1998) had not been intimated.

³

Bilaspur: one; Chamba: 2; Hamirpur: 2; Kangra: one; Kullu: one; Shimla: 9; Sirmour: 2; Solan: 12; Una: 2 and 3rd Bn Dharamshala: 3

3.13.7.6 Unfruitful expenditure on mounted police

In Una district two horses valued at Rs 0.88 lakh along with two mounts and one syce were provided (November 1988) for performing patrolling duties during night. Of these, one horse died in July 1993 and the mount was posted in the police line for general duty. The services of the other horse and the mount could not be utilised as of August 1998. An expenditure of Rs 3.82 lakh had been incurred on the maintenance of the horse (salary of mount: Rs 2.34 lakh and salary of syce and maintenance of horse: Rs 1.48 lakh) between August 1993 and August 1998. SP, Una requested (March 1998) DIG Northern Range, Dharamshala either to provide one more horse or to transfer the existing horse to the needy units. No decision had been conveyed as of September 1998 by the DIG.

Thus the expenditure of Rs 3.82 lakh on the maintenance of the horse had remained unfruitful.

3.13.7.7 Training

To fulfill the objective of formation of the force as physically fit and professionally sound, the State had established Armed police & Training Wing at Shimla which was headed by ADGP who controlled and supervised the functioning of Armed Police Battalions and also Police Training College PTC, Daroh (Kangra district).

The role and objective of Police Training College, Daroh was to impart basic training, refresher training, promotional courses and specialised training.

Recruitment was being made in the State to the rank of constables, ASIs, Inspectors and Deputy Superintendent of Police (DSP). Thus, while framing the

structure of PTC, the emphasis was given to train these recruited officers/officials in different refresher, promotional and specialised courses.

The position of officers/officials who were imparted training during 1995-98 was as under:

Year	Men in position (DSP)	Number of personnel imparted training	Percentage	Men in position (Inspectors to constables)	Number of personnel imparted training	Percentage
1995-96	95	7	7	11757	1348	11
1996-97	108	19	18	12253	1722	14
1997-98	108	18	17	12318	1125	9

Following points were noticed:

- (i) The percentage of training imparted to DSPs ranged between seven and 18. The percentage of training from Inspectors to constable level ranged between 9 and 14. The HPS officers were, mostly given training in conducting departmental enquiries.
- (ii) In the schedule of courses, 34 courses had been designed for training to the police personnel. As against this only 21 courses were being conducted in the college.
- (iii) Training courses such as intelligence course for constables/head constables, basic course for DSPs, Probationary ASP course, refresher course for DSPs and wireless training course, etc., were not being conducted as laid down in the schedule of courses. The expenditure of Rs 2.48 crore on the establishment of PTC, Daroh was thus not fully justified. Besides, Rs 2.56 lakh were spent on imparting training to the police personnel out of State.

DGP stated (August 1998) that PTC, Daroh was at its initial stage and due to non-availability of training aids of specialised courses in the institution the total courses provided in the schedule of courses could not be fully achieved. It was further stated that training was imparted according to the needs of professionalism in the department. The reply was not tenable as the college was established in July 1995 and thus should be fully functional by now.

3.13.7.8 Idle equipment

(i) Forensic Science Laboratory

In order to provide scientific help to the Police Department in investigation of crimes, a Forensic Science Laboratory with four divisions⁴ was established (December 1989) by the State Government.

Test-check revealed that two divisions viz. (i) ballistics and physics and

Equipment valued at Rs 11.43 lakh procured for FSL not utilised.

(ii) documents and photography had not been functioning since October 1993 though equipment had been procured for these divisions at an expenditure of Rs 11.43 lakh (TVC comparison: Rs 3.73 lakh; micro photo: Rs 6.31 lakh and dack kit: Rs 1.39 lakh).

Director stated (July 1998) that the work of these divisions was directly being referred by the Investigating Officers of the districts to other laboratories in the country. The information regarding number of cases sent outside the State and expenditure incurred thereon was not made available by the Director. The scientific staff which had been sanctioned for these divisions had not been deployed as of July 1998. Thus the intended purpose for which these divisions were created could not be fully achieved.

(ii) Close circuit television set

To keep a watch on the activities of miscreants on the sensitive points of the Mall, Shimla, a close circuit television set with three cameras was installed (March 1983) in the reporting room at a cost of Rs 4 lakh. DIG, Southern Range, Shimla informed (June 1997) that the equipment was lying unused since June 1997. On thorough check of the system by DSP (Technical), it was noticed that without consulting DIG wireless control panels were dislocated from their original position resulting in jumbling of cables defects in monitor consols and cameras which required a major repair.

DIG. Wireless stated (September 1998) that the defects developed in the system were due to its normal wear and tear and prolonged use which had rendered

⁴ 1. Biology and Scrology; 2. Chemistry and Toxicology; 3. Ballistics and Physics; 4. Documents and photography

the system unreliable, as such, further investigation to fix the responsibility was not deemed necessary. The reply was not tenable in view of the findings of DSP (Technical). Thus neither responsibility for causing the damage had been fixed nor action taken to get the equipment repaired.

3.13.8 Other topics of interest

3.13.8.1 Non-recovery of cost of deployment of force

Section 13 and 14 of the Police Act, (V of 1861) regulate the employment of Police Officers at the cost of individuals and such police is designated as 'Additional Police' whether extra Policemen in excess of the regular establishment were enlisted or not. Rules further stipulate that such Additional Police applied for by private person, corporate bodies and commercial companies shall not be supplied without payment in full and in advance.

Rupees 2.53 crore not recovered from banks, HPSEB, Ministry of Civil Aviation, Doordarshan, etc., for supply of police force.

In cases where no special terms and conditions had been fixed, charges were to be made for Additional Police during the time they were employed according to specimen scales and instructions.

Test-check revealed that Additional Police had been supplied by the department between April 1986 and March 1998 to various corporate bodies viz. Banks, Himachal Pradesh State Electricity Board, Ministry of Civil Aviation, *Doordarshan*, etc., for security purposes but the cost of Rs 2.53 crore for the period April 1986 to March 1998 had not been recovered as of July 1998.

DGP intimated (September 1998) that the matter was under correspondence with the concerned Corporate bodies. The reply was not tenable as the payment for supply of the police force was to be recovered in full and in advance. Thus non-recovery of Rs 2.53 crore had resulted in blocking of Government money.

3.13.8.2 Non-conducting of internal audit

To ensure effective financial control and proper maintenance of all accounts records, internal audit had been provided in the department. For this purpose one Section Officer was posted in the Police Headquarters at Shimla and four Section Officers had been posted in each of the three range offices and Armed Police and Training, Shimla. This Internal audit staff was also entrusted with the duties of conducting internal audit every year of various subordinate units under their respective control.

Test-check revealed that the internal audit of the units given below had not been conducted.

Serial number	Name of Unit	Period since when internal audit not conducted
1.	SP, Solan	March 1992
2.	SP, Hamirpur	September 1997
3.	DIG PTC, Daroh	July 1995
4.	SP, Una	March 1996
5.	SP, Kullu	November 1966
6.	SP, Kinnaur	August 1972
7.	SP, Shimla	March 1993
8.	Commandant Fourth Battalion, Basal	March 1996

The reasons for non-conducting of internal audit called for (August 1998) had not been intimated (September 1998).

These points were referred to the Government in September 1998; reply had not been received (October 1998).

Miscellaneous Departments

3.14 Outstanding inspection reports

Financial irregularities and deficiencies in the maintenance of accounts

Out of 5,784 IRs and 21,732 paragraphs outstanding upto March 1998, only 7 IRs and 126 paragraphs were settled in 14 *ad hoc* committee meetings had during 1997-98.

noticed during local audit and not settled on the spot in the absence of complete replies, are communicated to the heads of the units inspected and to the Controlling Officers

through inspection reports (IRs). Serious and more important irregularities are also reported to the administrative heads of departments and the Government. Half-yearly reports of IRs and paragraphs outstanding for more than six months are forwarded to Administrative heads of the departments in the Government to expedite action on these reports/paragraphs. Finance Department is also kept informed of the position of outstanding IRs and paragraphs from time to time.

Of the 20 meetings of ad hoc committees for settlement of outstanding paragraphs scheduled for the year 1997-98, only 14 meetings were organised by the State Government. Out of 5,784 IRs and 21,732 paragraphs outstanding upto March 1998, only seven IRs and 126¹ paragraphs were settled in these meetings.

At the end of June 1998, 23,634 paragraphs included in 6,884 IRs issued upto December 1997 in respect of various civil departments, including Public Works (B&R), Irrigation and Public Health and Forest Farming and Conservation departments remained to be settled as indicated below:

Serial number	Name of department	Inspection reports	Paragraphs
		(In numbers)	
1.	Civil Departments	5,531	19,129
2.	Public Works (B&R)	474	1,682
3.	Irrigation and Public Health	275	934
4.	Forest Farming and Conservation	604	1,889
	Total	6,884	23,634

Of these, the year-wise break-up of outstanding reports and paragraphs in respect of the Ayurveda, Technical Education, Social and Women Welfare

¹ Agriculture: 17 paragraphs; Animal Husbandry: 20 paragraphs; Fisheries: 5 paragraphs; Health and Family Welfare: 7 IRs and 70 paragraphs; Revenue: 14 paragraphs.

departments issued upto December 1997 but not settled as of June 1998, was as given below:

Serial number	Period	Ayurveda		Technical Education		Social and Women Welfare	
		Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
1.	Upto March 1992	42	74	15	51	65	124
2.	1992-93	02	03	03	03	19	40
3.	1993-94	15	32	11	28	21	43
4.	1994-95	13	50	12	33	22	80
5.	1995-96	08	27	08	33	33	232
6.	1996-97	03	08	07	17	08	42
7.	1997-98	--	--	03	16	02	14
	Total	83	194	59	181	170	575

The concerned offices were to furnish replies to the IRs to the Audit office within a month of their receipt. Various offices² of the Technical Education and Social and Women Welfare departments did not furnish even initial replies to 16 IRs containing 121 paragraphs as of May 1998 though these departments had received IRs four to 36 months back.

Departments of Technical Education and Women Welfare did not furnish any reply to 16 Inspection Reports.

Department-wise position of outstanding IRs/paragraphs involving Rs 29.67 crore was as given below:

Serial number	Department	Outstanding		
		Inspection Reports	Paragraphs	Amount involved (Rupees in crore)
1.	Ayurveda	134	164	2.98
2.	Technical education	116	147	1.77
3.	Social and Women Welfare	413	588	24.92
	Total	663	899	29.67

²

(i) Industrial Training Institutes, Kullu, Shimla and Sundernagar, (ii) Polytechnic, Hamirpur, (iii) Director of Social and Women's Welfare, (iv) District Welfare Officers, Chamba, Kangra, Kullu, Mandi, Sirmour, Solan and Una, (v) Child Development Project Officers, Pangi, Pooh, Rewalsar and Sundernagar

Some of the irregularities commented upon in the outstanding IRs of these three departments are indicated below:

Serial number	Category of objection	Inspection reports	Paragraphs	Amount involved
		(In numbers)		(Rupees in lakh)
1.	Drawal of funds in advance of requirements/ blocking of funds	57	71	1547.24
2.	Non-production of actual payees' receipts/ utilisation certificates	35	40	226.69
3.	Excess/irregular expenditure for want of sanctions	46	48	61.60
4.	Wasteful, infructuous/unfruitful expenditure	22	24	57.61
5.	Idle machinery/equipment	16	18	41.76
6.	Irregular purchases	37	42	32.40
7.	Incomplete/abandoned works	12	12	20.26
8.	Outstanding loans	16	16	14.98
9.	Non-utilisation of grants	02	02	14.24
10.	Overpayments, non-recovery of rents and advances/miscellaneous recoveries	107	141	11.72
11.	Non-reconciliation with treasury/ banks	13	13	10.99
12.	Non-disposal of unserviceable articles of stores	39	43	10.73
13.	Diversion of funds	07	07	10.40
14.	Misappropriation of stores/cash/funds	14	17	7.74
15.	Non-accounting/short accounting of stores/cash, etc.	36	41	7.63
16.	Non-deposit of interest into treasuries	10	10	4.79
17.	Loss/theft/embezzlements/defalcations, etc.	27	27	2.23
18.	Non-adjustment of contingent advances	03	03	0.12
19.	Miscellaneous irregularities	164	324	883.50

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

* Differs by 351 due to exhibition of objections category-wise

3.15 Misappropriations, defalcations, etc.

The position of cases of misappropriations, defalcations, etc., of

Due to delays in completion of departmental proceedings 89 cases of alleged mis-appropriations, defalcations, etc, involving Rs 53.67 lakh were pending finalisation as of June 1998.

Government money reported to Audit upto the end of March 1998, final action on which was pending as of June 1998, was as under:

Particulars	Number of cases	Amount
		(Rupees in lakh)
Cases reported upto 31 March 1997 and outstanding on 30 June 1997	99	56.55
Cases reported during 1997-98	06	11.18
Cases disposed upto June 1998	16	14.06
Cases outstanding on 30 June 1998	89	53.67

Of these, 19 cases (amount involved: Rs 7.35 lakh) relating to shortage of material, accident during excavation, washing away of *kuhl* / bridge, etc., were outstanding for more than 20 years. Forty three cases involving Rs 22.04 lakh pertained to the Public Works Department, 25 cases involving Rs 11.79 lakh to the Irrigation and Public Health Department and five cases involving Rs 1.35 lakh to the Forest Farming and Conservation Department. Of the 73 cases outstanding in these three departments, 53 cases, in which Rs 20.96 lakh were involved, were awaiting completion of departmental investigations (upto three years: five cases: amount involved: Rs 0.25 lakh; more than three years but upto five years: eight cases: amount involved: Rs 7.54 lakh; more than five years but upto 10 years: seven cases: amount involved: Rs 2.17 lakh; more than 10 years but upto 15 years: 15 cases: amount involved: Rs 5.95 lakh; more than 15 years but upto 20 years: nine cases: amount involved: Rs 2.52 lakh and more than 20 years: nine cases: amount involved: Rs 2.53 lakh).

In view of long delays in completion of departmental proceedings, Government should have taken suitable steps to complete the cases in a time bound manner.

CHAPTER-IV

WORKS EXPENDITURE

Irrigation and Public Health Department

4.1 Command Area Development Programme

4.1.1 Introduction

The Command Area Development Programme (CADP), which envisaged the construction of field channels and drains, levelling and shaping of land, selection and introduction of cropping pattern, implementation of *warabandi* for rotational supply of water, etc., to ensure better and more efficient utilisation of the irrigation potential created for optimising agricultural production was in operation in the command areas of three irrigation projects¹ prior to 1991-92. The Programme was introduced in the command areas of Bhabour Sahib Irrigation Project Phase II (Una district) and Cluster of 32 Minor Irrigation Projects (Chamba district) during March 1996 and May 1996 and was stipulated to be completed by March 2000 and March 2002 respectively. Mention was made in the Report of the Comptroller and Auditor General of India-(Civil)-ended 31 March 1991 vide paragraph 4.10 regarding implementation of CADP. Recommendations of the Public Accounts Committee on the points contained therein had not been finalised as of September 1998.

4.1.2 Organisational set up

The Programme was being implemented in the State by the department through four divisions (Baggi, Dalhousie, Paonta Sahib and Una-I). While Dalhousie and Una-I divisions were under the jurisdiction of the Chief Engineer (North), Dharamshala, Baggi and Paonta Sahib divisions were under the control of

The abbreviations used in this review have been listed in the Glossary in Appendix-XI (Page 307-309)

¹ Balh Valley Irrigation Project, Bhabour Sahib Irrigation Project Phase I and Giri Irrigation Project

the Chief Engineer (Central Zone), Mandi and the Engineer-in-Chief, Shimla respectively. The overall control of the department rested with the Financial Commissioner-cum-Secretary (Irrigation and Public Health) to the State government.

4.1.3 Audit coverage

Records of four divisions² entrusted with the implementation of the Programme in the command areas of the five projects³, Sundernagar Circle, and offices of the Engineer-in-Chief, Shimla and Chief Engineer (North), Dharamshala covering the period from 1991-92 to 1997-98 were test-checked between December 1997 and April 1998. Results of the review are mentioned in the subsequent paragraphs.

4.1.4 Highlights

**** Component-wise expenditure of the five Command Area Development Projects (CADPs) were not susceptible to verification in audit as separate details of expenditure on various activities of the Programme were not maintained.**

(Paragraph 4.1.5(i)(a))

**** Central assistance of Rs 54.91 lakh was claimed from Government of India by Dalhousie division in excess of the actual expenditure on cluster of 32 Minor Irrigation projects.**

(Paragraph 4.1.5(iii))

**** Original estimate of Command Area Development Works of Balh Valley Irrigation Project was not prepared on realistic basis. The**

² Baggi, Dalhousie, Paonta Sahib and Una-I

³ Balh Valley Irrigation Project, Bhabour Sahib Irrigation Project Phase-I and II, Cluster of 32 Minor Irrigation Projects and Giri Irrigation Project.

cost per hectare for Command Area Development of this Project escalated from Rs 6,398 to Rs 27,320 (327 *per cent*).

(Paragraph 4.1.6 (i)(a))

** Utilisation of irrigation potential created in four completed projects (Bhabour Sahib Phase I, Balh Valley, Cluster of 32 Minor Irrigation projects and Giri) ranged between zero and 64 in the command areas of these projects.

(Paragraph 4.1.7)

** Field channels totalling 1.40 lakh metres had been lined at a cost of Rs 2.02 crore in excess of the provision contained in the sanctioned estimates.

(Paragraph 4.1.8)

** In Balh Valley Irrigation Project, irrigation facilities had not been provided in 130 hectares of land in three villages since June 1992 though Rs 45.30 lakh were spent on irrigation works, field channels and *warabandi*.

(Paragraph 4.1.8(vi))

** Soil surveys were not conducted in three projects before finalisation of project proposals. In Balh Valley Irrigation Project, soil survey was conducted only during 1997-98 after 90 *per cent* field channels had been constructed upto 1994-95.

(Paragraph 4.1.9(i))

** Levelling and shaping of the land to ensure even spread of water in the fields of beneficiaries was not undertaken in 4,760 hectares of land in the command areas of four projects.

(Paragraph 4.1.11)

** Rupees 12.38 lakh were spent under Balh Valley Irrigation Project and Cluster of 32 Minor Irrigation projects during 1994-98 on

construction of field drains to drain out surplus water in the field channels which was not covered under the Programme.

(Paragraph 4.1.12)

** To ensure equitable and assured distribution of water among beneficiaries *warabandi* was to be introduced concurrently with the construction of field channels. In Bhabour Sahib Phase II and Cluster of 32 Minor Irrigation projects while field channels were constructed in 1,780 hectares, *warabandi* was done in 950 hectares.

(Paragraph 4.1.13)

** Water rates had not been revised in accordance with the provisions contained in Himachal Pradesh Minor Canals Act.

(Paragraph 4.1.16)

** In Balh Valley, Bhabour Sahib Phase II and Giri Irrigation projects, Rs 34.99 lakh had been spent during 1991-97 on establishment in excess of prescribed norms.

(Paragraph 4.1.17(ii))

** Engineer-in-Chief reported expenditure of Rs 59.20 lakh to Government of India on crop compensation, loans and subsidy to small and marginal farmers. However, no such expenditure was actually incurred.

(Paragraphs 4.1.18, 4.1.19 and 4.1.20)

** Field channels constructed in 11,879 hectares at a cost of Rs 8.57 crore had not been handed over to the beneficiaries/ farmers' associations. Field channels had been damaged within a short span of 5-6 years as against the prescribed life of 60 years.

(Paragraph 4.1.22)

** Bhabour Sahib Irrigation Project Phase I was not functioning properly due to non-provision of suitable types of pipes in gravity mains/ distribution system. Special repair estimate for

Rs 91.85 lakh submitted to Chief Engineer in January 1998 was awaiting approval.

(Paragraph 4.1.24)

** Monitoring cells, for the technical and physical monitoring of the Programme had not been set up in any of the five projects. Monitoring of the projects by the Chief Engineer/Engineer-in-Chief was not effective as indicated by the serious deficiencies and shortcomings in the construction and utilisation of the CAD works. Evaluation studies conducted revealed that against the projected cost benefit ratio of 2.92 in respect of Giri Irrigation Project, the actual benefit cost ratio was 1.48.

(Paragraph 4.1.25)

4.1.5 Financial outlay

Project-wise estimated cost and upto date expenditure and physical achievements were as under:

Serial number	Name of Project	Month/year of sanction	Estimated cost	Expenditure upto March 1998	Achievements		
					Field channels	Warabandi	Field drains
			(Rupees in lakh)		(In hectares)		
1.	Balh Velley Irrigation	June 1986	154.20	292.92	2410	2410	102
2.	Bhabour Sahib Phase I	April 1988	54.76	94.88	928	1000	--
3.	Bhabour Sahib Phase II	November 1995	581.48	205.05	920	350	--
4.	Cluster of 32 Minor Irrigation	May 1996	363.52	240.30	860	600	800
5.	Giri Irrigation	March 1984	160.31	466.18	6761	6761	--
Total			1314.27	1299.33	11879	11121	902

The activities under the Programme were financed by the State's own sources and Central assistance in the form of grants and loans on the pattern of Central assistance prescribed in April 1979 which was revised in April 1986 and April 1996.

Details of Central assistance received, budget provision and expenditure on CADP under State and Central sectors during 1991-98 are given in Appendix-VI.

Scrutiny of records revealed the following points:

(i)(a) Component-wise details of expenditure incurred on various activities of the Programme had not been maintained by any of the divisions test-checked in the absence of which correctness of Central assistance claimed could not be verified.

(b) Rupees 27.10 lakh incurred on establishment (Rs 15.10 lakh) and works components (Rs 12 lakh) during 1995-96 in Giri, Balh Valley and Bhabour Sahib Phase I Projects were disallowed by GOI as these projects had been reported as completed during 1993-95.

(c) Rupees 16 lakh spent during 1995-96 in Cluster of 32 Minor Irrigation Projects were disallowed by GOI as the Project was approved by GOI in May 1996.

The Engineer-in-Chief stated (May 1998) that suitable action was being taken to get necessary pending reimbursement from GOI.

(ii) Expenditure of Rs 8.40 lakh (Central Sector: Rs 4.20 lakh and State Sector: Rs 4.20 lakh) was reported to have been incurred during 1995-96 on *warabandi* in Bhabour Sahib Project Phase I for claiming Central assistance. Scrutiny of records of the concerned division revealed that expenditure of Rs 0.51 lakh only had been incurred on *warabandi* during 1995-96. Thus Central assistance of Rs 3.94 lakh was claimed in excess of the actual expenditure incurred on the Programme.

(iii) Rupees 86.91 lakh were shown to have been spent on CAD Programme in minor irrigation projects during 1993-96 whereas Rs 32 lakh only were actually spent by Dalhousie division on Cluster of 32 Minor Irrigation projects during 1995-96. Thus Central assistance of Rs 54.91 lakh was claimed in excess of the actual expenditure incurred on the Programme.

4.1.6 Physical progress

As per information supplied by the concerned Divisional Offices the physical targets fixed and achievements thereagainst during the period 1991-98 relating to field channels, *warabandi* and field drains in the five projects were as under:

Year	Field channels		<i>Warabandi</i>		Field drains	
	Targets	Achievements	Targets	Achievements	Targets	Achievements
	(In hectares)					
1991-92	1300	1104 (85)	1700	1726 (101)	--	--
1992-93	953	1099 (115)	1550	1903 (123)	--	--
1993-94	650	650 (100)	2100	2120 (101)	--	--
1994-95	180	180 (100)	680	680 (100)	--	--
1995-96	120	120 (100)	--	--	102	102 (100)
1996-97	820	970 (118)	250	250 (100)	--	--
1997-98	640	690 (108)	700	700 (100)	800	800 (100)
Total	4663	4813(103)	6980	7379(106)	902	902 (100)

Note: Figures with in bracket indicate percentage of achievements to targets

Scrutiny of records revealed the following points:

(i) Huge delay in completion of projects and cost overrun

(a) The Balh Valley Irrigation Project (CCA: 2,410 hectares), the execution of which commenced in February 1983, was yet to be completed as of February 1998 because irrigation potential had not been created in CCA of 233 hectares. CADP for this Project was approved for Rs 1.54 crore in June 1986 and was to be completed by March 1991. Even though CAD works (field channels and *warabandi*) were in progress (March 1998), the Project was reported as completed to GOI in March 1995. An expenditure of Rs 2.93 crore had been incurred upto March 1998. Observations of the Chief Engineer (North) on the revised estimate for Rs 6.58 crore had not been attended to by the division since June 1994. The Executive Engineer did not furnish reasons for not resubmitting the revised estimate as of March 1998.

Scrutiny of the proposed revised estimate by audit revealed that there

Unrealistic estimates of CAD works resulted in cost overrun of Rs 5.04 crore. Per hectare cost incurred by more than three times in Balh Valley Irrigation Project.

were huge variations between the original proposals vis-à-vis the revised proposals of various items of work. It was also noticed in audit that certain essential activities like adaptive trials, farmers training, communication system, etc., were included in the revised estimate afresh as these items

had not been provided for in the original estimate.

It was stated in the history sheet of the revised estimate that apart from rise in cost index, *pucca* field channels to the extent of 71 metres per hectare would be required in place of 40 metres per hectare, as originally provided, in view of the hilly terrain and small holdings. No reasons for omitting the freshly included items of work were given even in the revised estimate.

It would thus be seen that the original estimate was not prepared on realistic basis after taking into account the hilly terrain and the size of holdings and other relevant factors which were in the knowledge of the department. The cost per hectare for CAD works thus escalated from Rs 6,398 to Rs 27,320 (327 per cent).

(b) CAD of Lift Irrigation Project, Bhabour Sahib Phase I (CCA: 923 hectares) was administratively approved

Six years delay in completion of the Bhabour Sahib Irrigation Project Phase I increased cost per hectare from Rs 5,933 to Rs 10,280.

(April 1988) for Rs 54.76 lakh. The Project scheduled to be completed by March 1991 was shown as having been completed in December 1997 at a cost of Rs 94.88 lakh.

Thus abnormal delay in completion of the Project resulted in increase in cost per hectare of CCA from Rs 5,933 to Rs 10,280 (73 per cent). Further, activities like land levelling, construction of field drains, etc., had not been undertaken as of January 1998. Abnormal delay in completion of the Project was attributed (January 1998) by the Executive Engineer to

non-availability of funds. The contention was not tenable as Rs 12.08 lakh only were spent against the allotment of Rs 65.20 lakh during 1989-94.

4.1.7 Low utilisation of irrigation potential

Utilisation of irrigation potential ranged between zero and 64 per cent in the Command areas of four projects.

The main thrust of CADP was to accelerate the process of utilisation of the irrigation potential and to ensure efficient utilisation of water through integrated water management. The irrigation potential created by four projects ranged between 9,651 and 11,441 hectares during 1991-97. The utilisation of irrigation potential, however, ranged between zero and 64 per cent during the same period as detailed in Appendix-VII.

While the shortfall in utilisation of irrigation potential in Giri Project (42 to 68 per cent) was reportedly due to rains during *Rabi* and *Kharif* crops, in Balh Valley Project (73 to 100 per cent) it was attributed by the Executive Engineer to reluctance of farmers to adopt new cropping pattern. Reasons for short utilisation of irrigation potential in respect of Bhabour Sahib Project Phase I and Cluster of 32 Minor Irrigation Projects were, however, not intimated.

It was noticed in audit that (i) damaged field channels and filling up of the balancing reservoir of Giri Project reducing its storage capacity, (ii) provision of unsuitable pipes in the gravity mains/distribution system of Bhabour Sahib Project Phase I, (iii) defunct schemes in Balh Valley Project and (iv) unlined main channels in Cluster of 32 Minor Irrigation projects were also the factors which contributed to seepage/ loss of water and consequently affected the utilisation of irrigation potential. A few illustrative cases are discussed in the subsequent paragraphs.

4.1.8 Construction of field channels

Field channels are water channels with an outlet command, which deliver water from the outlet to the individual field and constitute the most important component of the programme. During the period 1991-98, field channels in an area of 4,813 hectares of five projects were constructed against the

target of 4,663 hectares as mentioned in paragraph 4.1.6. Out of the total budget provision of Rs 8.92 crore for the Programme during 1991-98, Rs 5.72 crore were provided for this component and Rs 5.63 crore were actually spent.

Scrutiny of the records revealed the following points:

(i) Since the inception of the programme in 1983-84, works on the construction of field channels in the command areas of all the five projects were taken up by four divisions without preparing detailed estimates and obtaining necessary technical sanction and upto date expenditure of Rs 8.57 crore had been incurred as of March 1998.

(ii) The estimates of the four projects⁴ provided for the construction of 6,58,655 running metres field channels (lined channels: 3,30,365 running metres and unlined channels: 3,28,290 running metres). Against this provision, 3,51,268 running metres field channels (lined channels: 3,08,487 running metres and unlined channels: 42,781 running metres) had been constructed as of March 1998. The lined and unlined field channels were to be constructed in different ratios given in the estimates. It was however, noticed in audit that as against 1,68,645 running metres lined channels to be constructed in accordance with the provisions made in the estimates, 3,08,487 running metres lined channels were actually constructed. The construction of 1,39,842 running metres lined channels in excess of the provisions in the four projects⁵ resulted in extra expenditure of Rs 2.02 crore.

Field channels totalling 1.40 lakh metres were lined in excess of the provisions at an extra cost of Rs 2.02 crore.

(iii) In Bhabour Sahib Project Phase II, against the provision of cement concrete lined field channels as approved by GOI, brick lined field channels were executed between 1995-96 and 1997-98 at a cost of Rs 1.50 crore. The Executive Engineer, Una division I stated (January 1998) that the brick lined field channels

⁴ Balh Valley, Bhabour Sahib Phase I, Bhabour Sahib Phase II and Cluster of 32 Minor Irrigation Projects

⁵ Balh Valley Project (92,399 Rmt), Bhabour Sahib Phase I (4,361 Rmt), Bhabour Sahib Phase II (28,070 Rmt) and Cluster of 32 Minor Irrigation Projects (15,012 Rmt)

were easily repairable. The deviation from the sanctioned scope of work had, however, not been got approved from GOI.

(iv) There was no provision for cement plaster over cement concrete lining (1:3:6) in field channels in the specifications and in the Project Report of CADP for Cluster of 32 Minor Irrigation projects (Chamba district).

It was, however, noticed in audit that cement plaster work was done unauthorisedly over 9,339 square metres area of field channels between November 1996 and February 1998 at a cost of Rs 2.37 lakh. The Executive Engineer, Dalhousie division stated (April 1998) that plaster work had been carried out to ensure smooth running of water and provision for this item would be made in the detailed estimate. The contention was not tenable because provision for cement plaster did not exist in the sanctioned estimate of the Project.

(v) In Giri Irrigation Project, estimate of Rs 1.09 crore was submitted (October 1997) to the Superintending Engineer, Nahan Circle for construction of additional field channels/outlets and for restoration of damaged field channels/outlets. It was noticed that 50,770 metres field channels constructed between 1983-84 and 1994-95 at a cost of Rs 34.38 lakh (lined field channels: 17,900 metres, unlined field channels: 32,870 metres) had been damaged. No quality control tests of material used in the construction of these channels/outlets had been carried out to ensure the reliability of the work done. Action to fix responsibility for damages had also not been taken as of August 1998.

Reasons for damages of lined field channels within 14 years of their construction against the prescribed life of 60 years (as per Indian Standard criteria for design of lined canals) had not been investigated to know the effects of damages on the utilisation of irrigation potential and agricultural production.

The Executive Engineer, Paonta Sahib division stated (February 1998) that unlined field channels had been damaged from time to time by the

beneficiaries while ploughing their fields and continuous leakage would definitely affect irrigation potential as well as agricultural production.

(vi) As per Status Report of the Project prepared (October 1996) by the

Rupees 45.30 lakh were spent on irrigation works but no irrigation facility was provided in 130 hectares of land since June 1992.

Executive Engineer, Baggi division, irrigation facilities were not being provided in three villages of Zone No. 6 of Balh Valley Irrigation Project over 130 hectares of land since June 1992 due to local disputes. However, on further verification of the distribution system/field channels of three villages falling in the aforesaid zone by the Executive Engineer, at the instance of Audit, in March 1998 revealed that apart from local disputes, non-existence of the distribution system/field channels at site and filling of the part of the remaining channels with debris were the main reasons for non-provision of irrigation to CCA of 130 hectares. The expenditure of Rs 45.30 lakh incurred on various components (irrigation works, field channels and *warabandi*) of the irrigation schemes of these villages had thus remained largely unfruitful.

4.1.9 Soil and topographical surveys not conducted

(i) To facilitate the formulation of project proposals and the proper

Soil surveys were not conducted in three projects before finalisation of project proposals and soil survey was conducted in Balh Valley Irrigation project after completion of 90 per cent field channels.

designing and execution of On Farm Development (OFD) works, soil and topographical surveys were required to be undertaken in the command areas prior to the finalisation of the project proposals. Scrutiny revealed that no

soil surveys were undertaken in three projects⁶ as of now (January-February 1998) though the work of construction of field channels, had been completed to the extent of 35 and 100 *per cent* in the command areas of these projects as of December 1997. Reasons for not conducting soil survey were not furnished by the Divisional Officers.

In Cluster of 32 Minor Irrigation projects (Chamba district) soil survey was conducted during 1997-98 after constructing 49 *per cent* field channels between April 1996 and March 1998. However, soil survey reports for 446 hectares out of total command area of 1,580 hectares were not on record. The Executive Engineer stated (March 1998) that these reports would be traced and submitted shortly. In Balh Valley Project, soil survey had been conducted only during 1997-98 in respect of 1,260 hectares out of a total of 2,410 hectares while 90 *per cent* field channels had been constructed upto 1994-95.

(ii) The topographical survey had not been conducted in the command areas of Giri Project, Bhabour Sahib Phase I and Phase II projects and Balh Valley Project where the work of field channels ranging between 35 and 100 *per cent* had been completed in the CCA of these projects.

4.1.10 Command Area Development works undertaken without remodelling of irrigation schemes

As per Project Report of Cluster of 32 Minor Irrigation projects (Chamba district), full irrigation potential had already been created under these schemes. Scrutiny of records of Dalhousie division, however, revealed (April 1998) that headworks, main channels, etc., of 21 schemes were unlined (*katcha*) and to make them lined (*pucca*) remodelling estimates of five schemes were sanctioned during 1986-93 at an estimated amount of Rs 46.04 lakh. Rupees 25.15 lakh had been spent as of February 1998 and the remodelling works were in progress. The remodelling estimates of 16 schemes were yet to be sanctioned.

⁶ Bhabour Sahib Phase I, Bhabour Sahib Phase II and Giri Irrigation Project

Executive Engineer stated (April 1998) that these schemes were transferred from erstwhile PWD during 1978 and due to seepage on account of *katcha* channels, water could not reach the tail end. It would thus appear that remodelling works of 21 un-lined schemes which were necessary should have been completed before execution of CAD works.

4.1.11 Land levelling and shaping not done

The primary objective of land levelling/shaping was to ensure even spread of irrigation water into the fields and drainage of excess irrigation/rain water from the fields without causing water stagnation and soil erosion.

The estimates in respect of CAD works approved by GOI provided for the levelling/shaping of 4,760 hectares of land in the command areas of four projects⁷ at an estimated cost of Rs 1.57 crore. But no targets were fixed for this component of work and levelling/shaping were not done in any of these projects. Non-execution of this component was attributed (January-April 1998) by the concerned Executive Engineers mainly to reluctance of farmers for carrying out this activity.

4.1.12 Construction of field drains

The sanctioned estimates of four projects⁸ envisaged construction of field drains in an area of 5,887 hectares at an estimated cost of Rs 1.33 crore.

This component was, however, not taken up for execution in Bhabour Sahib Phase I and Phase II projects. Expenditure of Rs 22 lakh had been incurred on the construction of field drains in 902 hectares upto January 1998 in Balh Valley and Cluster of 32 Minor Irrigation projects against the target of 902 hectares without obtaining necessary technical sanction. Of this, Rs 12.38 lakh were spent on construction of such field drains between 1994-95 and 1997-98 in

⁷ Balh Valley, Bhabour Sahib Phase I, Bhabour Sahib Phase II and Cluster of 32 Minor Irrigation projects

⁸ Balh Valley, Bhabour Sahib Phase I, Bhabour Sahib Phase II and Cluster of 32 Minor Irrigation projects

which drains had been constructed by connecting the last outlet by laying RCC pipe line or open field channel depending upon the topography of the area to the nearest *nallah*. No main or link drains had been constructed. Apparently the main purpose of these field drains was to carry/drain out the surplus water in the field channels to the nearest *nallah* and as such were not covered under the Programme. The Executive Engineer, Baggi division stated (March 1998) that though the purpose of *warabandi* was also to minimise wastage of water and had it been possible to completely control the wastage of water, the construction of field drains would not have been included under the Programme. The Director, Monitoring & Appraisal, Central Water Commission, Government of India, however, requested (May 1998) the Joint Secretary, CAD, Ministry of Water Resources that such field drains/ escape drains might also be included within the purview of CAD programme keeping in view the prevailing topography of the State.

Had *warabandi* been efficiently enforced the question of surplus/wastage of water and consequent construction of field drains at a cost of Rs 12.38 lakh would not have arisen.

4.1.13 Warabandi

Warabandi is a system of equitable and efficient distribution of water by turn. The overall position of *warabandi* in five projects during 1991-98 has been given in paragraph 4.1.6.

According to the instructions of GOI the introduction of *warabandi* was

Introduction of *Warabandi* did not keep pace with the construction field channels in Bhabour Sahib Project Phase II and Cluster of 32 Minor Irrigation projects.

to keep pace with the construction of field channels. It was noticed that in Bhabour Sahib Project Phase II and Cluster of 32 Minor Irrigation projects in Chamba district, field channels were constructed in a total area of 1,780 hectares as of March 1998 whereas, *warabandi* was introduced only in an area of 950 hectares (Bhabour Sahib Project Phase II: 350 hectares and Cluster of 32 Minor Irrigation projects: 600 hectares).

The Executive Engineer, Dalhousie division stated (April 1998) that *warabandi* would be introduced in Cluster of 32 Minor Irrigation projects after the completion of field channels. The reply of the Executive Engineer was not tenable as *warabandi* was required to be carried out simultaneously with the construction of field channels. Reasons for short carrying out *warabandi* in Bhabour Sahib Project, Phase II were not intimated.

4.1.14 Adaptive trials and demonstrations

The Programme envisaged optimisation of agricultural production from irrigated land. While providing infrastructure needed for delivery of irrigation water at the farm gate, dissemination of technical know how and methods of scientific crop production to farmers is essential for achieving optimum yields and to entuse them to adopt the latest technologies and high yielding varieties of seeds of various crops, cropping pattern and rotation.

Scrutiny of records, however, revealed the following points:

The number of crop demonstrations targetted* to be conducted and actually conducted* was as under:

Serial number	Name of Project	Period during which demonstrations were to be conducted	Number of demonstrations		Shortfall
			To be conducted	Actually conducted	
1.	Giri Irrigation Project	1990-91 to 1994-95	1,260	458	802
2.	Bhabour Sahib Project, Phase I	1992-93 to 1995-96	324	180	144
3.	Bhabour Sahib Project, Phase II	May 1995 to October 1997	215	140	75
4.	Cluster of 32 Minor Irrigation projects	1997-98	4	--	4
5.	Balh Valley Irrigation Project	1997	42	22	20

Shortfall in conducting the demonstrations in respect of Balh Valley and Giri Irrigation projects was attributed (February 1998) by the Executive Engineers, Baggi and Paonta Sahib divisions to paucity of funds. No reasons for shortfall in conducting the field demonstrations were intimated in respect of Bhabour Sahib Phases I & II projects. As regards Cluster of 32 Minor Irrigation projects, the Executive Engineer, Dalhousie division, stated (April 1998) that adaptive trials/ field demonstrations were conducted through the Block Development Officer

* Departmental figures

which were not satisfactory and the results of demonstrations had not been furnished by him. It was also stated that HP Krishi Vishva Vidyalaya, Palampur was requested for carrying out this activity for which Rs 2 lakh were deposited with them in March 1998.

4.1.15 Farmers participation in water management

Farmer's associations were to be formed at the minor level with the ultimate objective to receive water in bulk from the Government and distribute the same to individual farmers and also to collect water rates from farmers and remit the same to the Government, Management subsidy was to be given to farmer's association to the extent of the actual expenditure incurred by them or Rs 100 per hectare of CCA for the first two years and Rs 75 for the third year provided the farmer association had been registered under the Societies Registration Act or Co-operative Societies Act. However, as per the new financing pattern from April 1996, one time functional grant to farmer's association was to be paid at the rate of Rs 500 per hectare of which Rs 225 each were to be given by GOI and the State government and the balance Rs 50 were to be contributed by the farmer's association.

In the five projects, 75 farmer's associations (Cluster of 32 Minor Irrigation projects: 32; Giri Project: 21; Bhabour Sahib Phase I: 11; Bhabour Sahib Phase II: 10 and Balh Valley: 1) have been registered between 1994-95 and 1996-97. No management subsidy had been paid to these associations. It was noticed that these associations were neither involved in distribution of water to the farmers nor were collecting water rates from the farmers in any of the projects for which no reasons were intimated.

4.1.16 Water rates not revised

The water rates were being regulated in accordance with the provisions

Water rates not revised in accordance with the provision of HP Minor Canals Act.

contained in Himachal Pradesh Minor Canals Act, 1976. The Act also provided that water rates would be determined

keeping due regard to the maintenance and operation charges for the system and the cost of collection of water rates. It was however, noticed in audit that water rates had not been revised as of March 1998.

Arrears in collection of water rates aggregated Rs 6.32 lakh at the end of March 1991 which increased to Rs 9.62 lakh at the end of January 1998 in the projects except Bhabour Sahib Project Phase II. Effective steps to recover the outstandings had not been taken.

In Balh Valley Project, water rates had not been raised from 1994 onwards. The Executive Engineer, Baggi division stated (March 1998) that efforts were being made to raise the demand. However, there was nothing on record to indicate if any steps had been taken in this regard.

4.1.17 Miscellaneous financial shortcomings

(i) Expenditure of Rs 13.44 lakh had been debited to three projects* during 1993-94 to 1997-98 in respect of items of work not actually related to CADP.

(ii) According to the instructions of GOI, the total cost of establishment of

Rupees 34.99 lakh were spent on establishment in excess of prescribed norms during 1991-97 in three projects.

Command Area Development Agency (CADA) including Secretariat staff was not to exceed 20 per cent of the total expenditure on the project. The norms were revised from April 1996 according to which establishment expenditure was not to exceed 20 per cent of certain specified activities of CADP.

Bhabour Sahib Irrigation Project Phase-II:	Rs 8.50 lakh
Cluster of 32 Minor Irrigation Projects:	Rs 3.93 lakh
Giri Irrigation Project:	Rs 1.01 lakh

It was noticed that in three projects, expenditure of Rs 34.99 lakh (Giri: Rs 28.30 lakh; Balh Valley: Rs 6.02 lakh and Bhabour Sahib Phase I: Rs 0.67 lakh) during 1991-97 was incurred on 'Establishment' in excess of the prescribed norms.

The Engineer-in-Chief stated (May 1998) that the excess was due to revision of pay scales, release of dearness allowance instalments, etc. The reply was not tenable as all these factors had already been taken into account while fixing the norms.

4.1.18 Fictitious expenditure on crop compensation

To increase the working season for land development works in the *Rabi*

Expenditure of Rs 59.20 lakh was reported to GOI by the Engineer-in-Chief as payment of crop compensation, loans and subsidy to small and marginal farmers though actual payment was not made.

seasons, farmers were to be given compensation viz. a grant, for foregoing the *Rabi* crop. The grant to be given was two third of the loss and was to be equally shared by the State and Central

governments within a ceiling loss of Rs 900 per hectare.

Expenditure of Rs 37.92 lakh was reported by the Engineer-in-Chief to GOI to have been incurred on crop compensation in two projects (Giri: Rs 19.42 lakh and Bhabour Sahib, Phase I: Rs 18.50 lakh) between 1991-92 and 1995-96. Test-check of records of the concerned divisions revealed (January and February 1998) that no such expenditure had actually been incurred on this activity. The reporting was thus fictitious.

4.1.19 Fictitious adjustment of loan and special loan account

Under the Programme, subsidy on loan items was available to small and marginal farmers. Loan was to be paid to State owned corporation for purchase of

equipment and machinery for carrying out OFD works, equity support to Land Development Corporations, construction of field channels within 5-8 hectare block, etc.

Loans of Rs 11.26 lakh (State Sector: Rs 5.65 lakh, Central Sector: Rs 5.61 lakh) were reported to GOI by the Engineer-in-Chief to have been disbursed during 1991-92 to 1993-94 in Giri, Balh Valley and Bhabour Sahib Phase I, CAD projects. However, concerned Executive Engineers intimated that no loan had actually been advanced to farmers since no specific funds on this account had been received by them. The adjustment made by the Engineer-in-Chief under loan component was thus fictitious.

4.1.20 Fictitious adjustment of subsidy to small and marginal farmers

Subsidy on matching basis on IRDP pattern was admissible to small and marginal farmers for OFD works and in development of ground water and was adjustable against the loan portion. For the Giri and Balh Valley projects subsidy of Rs 10.02 lakh were claimed from GOI during 1991-93 by the Engineer-in-Chief. The Executive Engineers concerned, however, stated that no subsidy had been received/adjusted by them. Thus the adjustment of subsidy to small and marginal farmers under the component without actual expenditure was fictitious.

4.1.21 No training provided for personnel of four projects

Training of personnel engaged in CADP and farmers was necessary to refresh their knowledge to improve their efficiency and effective water management. Inservice training was also required for field staff personnel and middle level officers.

(a) It was noticed in audit that one Executive Engineer, one Assistant Engineer and one Junior Engineer of Balh Valley Irrigation Project, had received one week training during 1997 through Water and Power Consultancy Services (WAPCOS). No training of personnel was arranged for the Programme in the remaining projects for which no reasons were intimated.

(b) Provision for the establishment of farmer training centre was not kept in the estimate of Balh Valley and Cluster of 32 Minor Irrigation projects.

No training was imparted to farmers in Giri and Cluster of 32 Minor Irrigation projects.

4.1.22 Assets were not handed over

Register of assets created were not maintained by any of the four divisions. Separate accounts of the expenditure incurred on maintenance of the field channels had also not been kept.

Field channels constructed in 11,879 hectares at a cost of Rs 8.57 crore

Field Channels constructed at a cost of Rs 8.57 crore were not handed over to beneficiaries/ farmers' associations.

in the command area of all the five projects during 1984-85 to February 1998 had not been handed over to the beneficiaries/ farmers' associations. The Executive

Engineers, Dalhousie and Una division No.I stated (January-April 1998) that the work of construction of field channels was in progress in the command areas of Bhabour Sahib Project, Phase II and Cluster of 32 Minor Irrigation projects. In Bhabour Sahib Project Phase I and Giri Project the concerned Executive Engineers intimated that beneficiaries were being pursued through *Krishi Vikas Sanghs* to take over the maintenance of field channels. In the case of Balh Valley Project the Executive Engineer stated (February 1998) that farmers/*panchayats* were reluctant to take over the charge of field channels.

Physical inspection of CAD works conducted by the department at the instance of audit revealed that in Cluster of 32 Minor Irrigation projects, 238 metres field channels were constructed during 1996-97 at a cost of Rs 0.31 lakh alongside a *nallah* in the command area of Ser *kuhl*. These channels had not been linked with the main channels/distributaries. However, no weir had been constructed in the *nallah* to ensure regular flow of water in these channels.

The construction of field channels without linking them with the main channel thus did not serve the intended purpose. Technical sanction for execution of these field channels had also not been obtained.

It was also noticed during inspection conducted by the Executive Engineer at the instance of audit that the field channels had been damaged within a short span of 5-6 years against their prescribed life of 60 years. In Bhabour Sahib Project Phase I 146.40 metres lined field channels had been constructed under outlet No 313. Of these, 65 meters side slopes of the field channels had been damaged. The bed of the channel was also found damaged in different portions measuring 112 metres. Further, the quantum of silt deposited in the channel ranged between eight and 60 *per cent*. The Executive Engineer, Una division No.I stated (January 1998) that the holding of the farmers was small and they ploughed even at the edge of the field channel. This resulted in cracks and damage to the field channel. It was also stated that damages could not be restored due to non-availability of funds.

4.1.23 Quality control tests of material not carried out

Quality control tests of material consumed/works executed were required to be carried out to ensure the reliability of all structures of the Project. However, no quality control system was available in any of the four divisions where the Programme was under implementation.

4.1.24 Other point of interest

In the gravity mains and distribution system of Bhabour Sahib Irrigation Project Phase I, RCC Pipes were provided during 1982. The Superintending Engineer, Una pointed out (June 1993) that wherever RCC pipes had been used in

syphonic portions, tremendous water leakage occurred through joints. He suggested that RCC pipes should be avoided and AC Pressure pipes CI pipes provided in such portions. An estimate for carrying out special repairs/improvement to the Project at a cost of Rs 91.85 lakh was pending with the Chief Engineer (North), Dharamshala since January 1998.

Suitable types of pipes were not provided in gravity mains and distribution system which required special repairs at an estimated cost Rs 91.85 lakh.

Evidently, due to non-provision of suitable types of pipes and failure of RCC pipes within 11 years against their prescribed life of 40 years the Project was not functioning properly and required special repairs at a huge cost of Rs 91.85 lakh. This had also adversely affected the utilisation of irrigation potential/ agricultural production to a great extent.

4.1.25 Monitoring and evaluation

To keep a close watch on the progress of expenditure and to accelerate the pace of implementation of various CAD activities, a monitoring cell was required to be set up in each project. Apart from physical and financial monitoring, the cell was also to undertake detailed analysis of water availability, carrying capacity of channels, performance of structures and water distribution. The monitoring cell had, however, not been set up in any of the five projects where the Programme was under implementation.

Monitoring cell not set up in any of the Projects.

Overall monitoring of the projects was to be done at Chief Engineer/Engineer-in-Chief level. There was, however, no effective monitoring of the projects as would be evident from various lapses brought out in different paragraphs of this review. There were huge delays in completion of projects resulting in cost overruns and increase in per hectare cost. The revised estimate of Balh Valley Irrigation Project was lying unsanctioned since June 1994. Utilisation of irrigation potential of the projects was much less, lined field channels were

constructed by the divisions much in excess of the provisions made in the estimates, various essential activities of CADP were not undertaken and crop demonstrations fell short of the targets fixed during the period 1990-97. The Engineer-in-Chief did not report correct expenditure figures to GOI on certain activities.

No inspection of works had been carried out by the departmental officers in Balh Valley Project, which involved expenditure of Rs 2.93 crore.

Reasons for not conducting the inspections, which was indicative of inadequate monitoring, had not been intimated by the concerned Executive Engineer.

Evaluation of implementation of the Programme had not been done in Bhabour Sahib Phase I and II, Balh Valley and Cluster of 32 Minor Irrigation projects to assess its impact on utilisation of irrigation potential, the cropping intensity over the years, improvement in agricultural production, etc.

The evaluation studies for Command Area Development in respect of

Against the projected cost benefit ratio of 2.92 in respect of Giri Irrigation Project, the actual benefit cost ratio was 1.48.

Giri Project were got conducted through Consulting Engineering Services (India) Private Limited by the Ministry of Water Resources. Salient points of the

Report *inter alia* observed that against the projected cost benefit ratio of 2.92 as per estimate, the actual benefit cost ratio was 1.48.

Though the report was received in November 1996, action to initiate various necessary measures had not been taken as of February 1998.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

4.2 Unfruitful expenditure on flow irrigation scheme, Chatter Chanauta

To provide irrigation facilities to a culturable command area (CCA) of 69.53 hectares, construction of Flow Irrigation Scheme, Chatter Chanauta (Mandi district) was administratively and technically approved in March 1991 for Rs 14.44 lakh. The work was stipulated to be completed by June 1991. Before taking up the work, it was to be ensured by the Executive Engineer of Sarkaghat division that the water source was free from dispute and would not affect other irrigation/drinking water supply scheme/water for local use by the public.

Test-check of the records of Irrigation and Public Health Division, Sarkaghat revealed (August 1997) that the work was taken up for execution in March 1991 and most of the components of the scheme were completed by January 1994 at a cost of Rs 18.06 lakh. However, the main channel in a length of 60-metres and field channels in a length of 500-metres were still to be completed as the work had been held up since February 1992 due to a dispute over the source of water. The right holders of the source located along the main channel connecting the source and the command area had filed a suit for permanent injunction against the construction of the scheme in the court of the Sub-Judge, Sarkaghat in February 1992 on the ground that they would not get sufficient water for irrigation after the commissioning of the scheme. Though the case was dismissed by the court in August 1995, the work had not been resumed by the division as of August 1998.

Executive Engineer stated (August 1997) that at the time of commencement of the work, the source was free from dispute and construction of the main channel had been suspended due to the court case. He further stated that after dismissal (August 1995) of the case by the court, the matter for resolving the dispute had been taken up verbally with the *Pradhans* of the *Krishi Vikas Sangh* and the *Gram Panchayat* of the area. The reply of the Executive Engineer was not tenable as written consent of the right holders of the source should have been taken before starting the work. Moreover, no concrete steps were taken to resolve the

dispute promptly after the dismissal of the right holders' suit by the court and thus the work did not commence as of now.

The above failure of the department not only resulted in an unfruitful expenditure of Rs 18.06 lakh but also in denial of the intended benefits to the public.

The matter was referred to the Government in March 1998; reply had not been received (October 1998).

4.3 Unviable lift irrigation scheme, Deoli group of villages

To irrigate culturable command area (CCA) of 194.73 hectares, construction of Lift Irrigation Scheme, Deoli group of villages (Solan district) was administratively approved (January 1979) for Rs 18.43 lakh. The scheme was completed and

Cost of irrigating per hectare command area increased to Rs 1.44 lakh against the target of Rs 9 thousand per hectare. Even after 11 years only 15 per cent of the CCA could be irrigated under the scheme.

commissioned during 1985-86 at a cost of Rs 24.92 lakh without obtaining technical sanction. *Chak*¹ development works for CCA of 119 hectares, sanctioned in March 1989 for Rs 10.12 lakh to utilise the irrigation potential, were completed in March 1993 at a cost of Rs 13.27 lakh. On the running and maintenance of the scheme during 1991-97 Rs 15.38 lakh were spent.

Test-check of records of Arki division revealed (August 1997) that irrigation provided by the scheme during 1991-96 ranged between 1.95 and 4.87 hectares. To ensure proper flow of water, Rs 4.99 lakh were spent on rejuvenation work of the grades of the channel. Thus a total of Rs 43.18 lakh was spent on the scheme.

Executive Engineer stated (August 1997) that the area under irrigation had increased to 30 hectares after 1996.

Thus, the scheme could cover only 30 hectares of CCA at a cost of Rs 43.18 lakh against the target of 194.73 hectares. The chances of irrigating the total CCA thus appear to be remote. The cost per hectare of the area actually irrigated escalated to Rs 1.44 lakh compared to the estimated cost of Rs 9.4 thousand per hectare. The department had to incur average expenditure of Rs 2.20 lakh on maintenance per year.

As only 15 *per cent* of the targetted CCA could be covered after 11 years of commissioning, at a cost of Rs 43.18 lakh, the scheme did not appear viable.

The matter was referred to the Government in March 1998; reply had not been received (October 1998).

4.4 Wasteful expenditure on abandoned tubewells

Technical failure and faulty designs of the tubewells approved by the Superintending Engineer rendered the expenditure of Rs 17.53 lakh largely wasteful.

To provide irrigation facilities in Paonta Valley (Sirmour district), construction of 10 tubewells was administratively approved (February 1978) for Rs 16.28 lakh (revised to Rs 63.85 lakh in March 1986). Of this, drilling and development of three tubewells¹ at three villages was completed during 1986-92 at a cost of Rs 11.93 lakh. No records of investigation to ascertain the discharge and adequate availability of water, as prescribed by the Ground Water Organisation of the State Government before commencing the works were made available to audit.

Test-check of the records of Paonta Sahib division revealed (April 1997) the following:

- (a) Tubewell at Jawalapur, designed to irrigate culturable command area (CCA) of 49.39 hectares was commissioned during 1986-87 after incurring expenditure of Rs 3.13 lakh. It became non-functional due to technical failure as

¹ Jawalapur, Nariwala and Naraingarh

sand and silt particles started coming into it and discharge of water decreased from 58.40 litres per second (LPS) to 4 LPS only after one year of its commissioning. The tubewells had been lying in an abandoned state since then. Expenditure of Rs 5.60 lakh on account of energy and establishment charges had also been incurred during 1987-97 on the maintenance of tubewell.

(b) Tubewell at Nariwala completed (November 1988) at a cost of Rs 5.45 lakh for proposed CCA of 14.62 hectares was commissioned in October 1992. No irrigation could, however, be provided due to less discharge of water. In order to put the tube well to use, the site was got inspected (July 1994) from a scientist of Central Ground Water Board (CGWB), Chandigarh who observed that it was not advisable to draw discharge of more than 4 LPS from the well because of improper designing of the tubewell at the time of construction. Executive Engineer stated (August 1996) that the tube well had been abandoned and a new tubewell would be constructed on the availability of sufficient funds.

(c) Tubewell at Naraingarh was drilled and partly developed during 1986-92 at a cost of Rs 3.35 lakh. Since sufficient water was not found in the well for the proposed CCA of 24.30 hectares, the site was got inspected from a scientist of CGWB, Chandigarh in July 1994 for taking remedial measures. The scientist observed that there was no margin for creating draw down in the well due to faulty designing and recommended the use of tubewell for storing water in tank and its further pumping to local inhabitants for drinking water supply.

Executive Engineer stated (April 1997) that the failure of the tubewell was due to non-availability of water borne strata. The plea was not tenable in view of the observations of the scientist of CGWB.

Evidently, technical failure and faulty designs of the tubewells approved by the Superintending Engineer rendered expenditure of Rs 17.53 lakh on the construction and maintenance of these tubewells, largely wasteful.

The matter was referred to the Government in April 1998; reply had not been received (October 1998).

4.5 Under-utilisation of irrigation potential

Test-check of records of seven divisions¹ in five districts revealed

Irrigation potential of 15 irrigation schemes completed at a cost of Rs 1.74 crore could be utilised only upto a maximum of six per cent during 1992-96.

(November 1996-February 1998) that irrigation potential of 15 irrigation schemes completed between 1978-79 and 1992-93 at a cost of Rs 1.74 crore² and designed to irrigate 688.35 hectares

of land per crop was severely underutilised. Rs 39 lakh had been spent during 1982-97 on the running and maintenance of these schemes. Utilisation of irrigation potential created in these schemes ranged between 0.36 and 5.82 per cent per crop during 1992 and 1996 was as shown below:

Year	Number of schemes	Crop	Potential created	Potential utilised	Percentage of utilisation
(In hectares)					
1992	14	<i>Kharif</i>	668.87	21.30	3.18
		<i>Rabi</i>	668.87	14.74	2.20
1993	15	<i>Kharif</i>	688.35	25.65	3.73
		<i>Rabi</i>	688.35	2.45	0.36
1994	15	<i>Kharif</i>	688.35	40.08	5.82
		<i>Rabi</i>	688.35	14.59	2.12
1995	15	<i>Kharif</i>	688.35	29.38	4.27
		<i>Rabi</i>	688.35	17.73	2.58
1996	15	<i>Kharif</i>	688.35	12.80	1.86
		<i>Rabi</i>	688.35	17.58	2.55

Under-utilisation of irrigation potential was mainly attributed (November 1996-February 1998) by the Executive Engineers concerned to less demand of water for irrigation, non-adoption of proper cropping pattern by the beneficiaries, non-restoration of damages to the schemes and plantation of fruit trees on agricultural land.

Thus taking up the execution of these schemes without ascertaining the demand of the area and inaction on the part of the department in educating farmers for making optimum use of the available water resources had resulted in

¹ Chamba, Jubbal, Kullu, Padhar, Rohru, Sarkaghat and Thural

² 1978-79: 1; Rs 1.64 lakh, 1980-81: 1; Rs 1.32 lakh, 1982-83: 3; Rs 17.77 lakh, 1983-84: 1; Rs 2.61 lakh, 1984-85: 1; Rs 10.32 lakh, 1986-87: 2; Rs 26.12 lakh, 1988-89: 1; Rs 9.19 lakh, 1990-91: 1; Rs 12.48 lakh, 1991-92: 1; Rs 23.41 lakh and 1992-93: 3; Rs 69.12 lakh.

under-utilisation of the irrigation facility. Consequently the expenditure of Rs 2.13 crore incurred on the construction and maintenance of these schemes had largely remained unfruitful.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

4.6 Wasteful expenditure on *chak* development of Sangla *kuhl*

To provide irrigation facility to culturable command area (CCA) of 204 hectares covering five villages¹ of Kinnaur district, Sangla *Kuhl* was constructed during 1978-79 at a cost of Rs 6.52 lakh. As no distribution system was constructed as part of the scheme, land situated at the lower contour in village Kuppa did not get sufficient water for irrigation. To ensure proper distribution and to stop huge wastage of water, *chak* development work was administratively

Expenditure of Rs 10.41 lakh was wasted as the department did not obtain consent of beneficiaries for laying pipes in their fields before commencement of work.

approved (September 1989) for Rs 32.04 lakh. The work was taken up by the Reckong Peo division for completion within one year in December 1989 in Kuppa village having CCA of 60.28 hectares.

Test-check of records of the division revealed (November 1997) that after executing 30 *per cent* work of chambers and laying and jointing of RCC pipes of various diameter in a length of 4,502 metres at a cost of Rs 10.41 lakh, further execution was stopped in November 1990 as the people of the area did not want the scheme and objected to the laying of the pipes in their fields. The contract was also closed during November 1990. This rendered the entire expenditure on *chak* development wasteful.

Executive Engineer stated (November 1997) that since it was an existing *Kuhl* of the department, obtaining undertaking from the beneficiaries for laying pipes was not needed. He also stated that the work was carried out as per policy of

¹ Bonasaring, Kamru, Kuppa, Sangla and Themrang

the government for best utilisation of water and that the innovations of command area development programme were being inculcated among the beneficiaries. The reply was not tenable as the department failed to resolve the issue even after a period of more than seven years.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

4.7 A lift irrigation scheme remained un-operational since 1992

Construction of Lift Irrigation Scheme, Ghaini Nayaser (Shimla district) was administratively approved in July 1989 for Rs 29.17 lakh for irrigation of 86 hectares of land. The work was taken up in August 1989 and the scheme in Phase I and Phase II was completed by Sunni division during 1992 at a cost of Rs 33.14 lakh. Rupees 5.27 lakh were also spent on repair and maintenance of the scheme during 1992-96.

Test-check of the records of Sunni division revealed (May 1997) that the scheme remained mostly non-operational as the feeder channels and main channels were damaged during rainy season of 1992 which were not adequately repaired and due to further damages which occurred during 1993 and 1994. Special repairs at a cost of Rs 2.69 lakh were carried out during 1994-95 and 1995-96. A special repair estimate for Rs 14.91 lakh submitted by the Executive Engineer to Superintending Engineer in September 1995 was awaiting approval as of June 1998.

Due to abnormal delay in the restoration of the damages in the channels, Rs 41.10 lakh spent on the lift irrigation scheme remained mostly unfruitful since 1992.

Executive Engineer stated (May 1997) that the scheme remained defunct due to heavy damages which occurred during rainy seasons in the year 1992 and 1993 and efforts were being made to make the scheme functional. The Engineer-in-Chief, however, intimated (December 1997) that the damages to the scheme were restored every year, but continuous and full working of the scheme could not be ensured due to wastage of time in restoration and maintenance operations. Only

temporary arrangements could be made for restoration of feeder channels in some *katcha* portions. However, there was nothing on record to show the details of area, if any, irrigated and *abiana* charges assessed and raised since inception of the scheme.

Thus, due to abnormal delay in the restoration of the damages, Rs 41.10 lakh spent on construction, repairs and maintenance of the scheme remained mostly unfruitful.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

4.8 Drawal of Government funds to give undue aid to HPSEB

Financial rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw

Rupees 4 crore were deposited in advance of actual requirements to provide undue aid to HPSEB.

advances from the treasury for the execution of works, the completion of which is likely to take considerable time.

Any unspent balance is required to be refunded promptly into the treasury.

Test-check of the records of Shimla division No II revealed (March 1998) that Rs 4 crore were drawn in March 1997 against the allotment relating to 1996-97 for strengthening of power system for water supply scheme, Shimla and were paid to the Himachal Pradesh State Electricity Board (HPSEB), Shimla during the same month.

Of this, only Rs 93.26 lakh had been utilised by HPSEB as of July 1998 and the balance of Rs 3.07 crore were lying unutilised.

Executive Engineer stated (March 1998) that the works were to be executed by HPSEB in a phased manner and would be completed by the end of the

year 2001. Since the work was to be executed in a phased manner, payment of entire amount in one go was not justified.

Thus funds were drawn much in advance of actual requirements and deposited to provide undue aid to HPSEB.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

Public Works Department

4.9 Upgradation and improvement of arterial roads

4.9.1 Introduction

In view of the ever increasing traffic and important role of roads in the economic development of the State, the State Government targetted to improve 13 existing motorable roads to arterial standard, involving 964 kms length during Eighth Five Year Plan (1992-97). Three more existing roads (length: 130 kms) were also included in the programme during 1995-96.

4.9.2 Organisational set up

The Public Works Department which is responsible for the execution and maintenance of the roads in the State is divided in three zones. The South Zone at Shimla was headed by the Engineer-in-Chief and the North Zone at Dharamshala and Central Zone at Mandi by the respective Chief Engineers. Administrative control of the department in the Government rested with the Commissioner-cum-Secretary (PW). There were 53 divisions in the State out of which 27 divisions were entrusted with the work of the arterial roads.

4.9.3 Audit coverage

Records pertaining to investigation, execution and maintenance of the arterial roads from 1992-93 to 1997-98 were test-checked in 14 (out of 27)

divisions¹ between November 1997 and May 1998. Information furnished by the Engineer-in-Chief and results of audit of various divisions were also considered. Important points noticed during test-check are given in the succeeding paragraphs.

4.9.4 Highlights

- ** Against the Eighth Five Year Plan allocation of Rs 40 crore for upgradation and improvement of existing roads to arterial standards, only Rs 20.01 crore were actually spent during 1992-97. The entire programme of upgradation and improvement of existing roads to arterial standards to be completed at an outlay of Rs 181 crore during Eighth Five Year Plan period could not be completed because of meagre allotment during the period.
(Paragraphs 4.9.5 and 4.9.6)**
- ** Against the Eighth Five Year Plan target to improve 1,094 km length of the 16 existing roads to arterial standards, only 19 per cent of the total length could be tarred as of March 1998.
(Paragraph 4.9.7)**
- ** Expenditure of Rs 22.34 lakh was incurred on upgradation and improvement of Ochhghat to Solan section of Solan-Yashwant nagar-Neripul-Sainj road even after finalising an alternative proposal to bypass Solan town by diverting commercial traffic from Ochhghat to Kumarhatti.
(Paragraph 4.9.7(i))**
- ** The formation and carriage way widths were kept in excess of the parameters fixed, resulting in excess expenditure of Rs 10.44 lakh in respect of Kala Amb-Nahan road.
(Paragraph 4.9.7(ii)(b))**
- ** Build-up-spray-grout in 54,622 square metres area of Swarghat-**

¹ Bharwain, Bilaspur-I, Dalhousie, Dehra, Dharamshala, Hamirpur, Nahan, Nurpur, Palampur, Rajgarh, Sarkaghat, Solan, Theog and Una

Maranwala road was laid without applying tack coat resulting in execution of sub-standard work of Rs 25.95 lakh.

(Paragraph 4.9.8 (ii))

** Wrong classification of soil in three divisions resulted in excess payment of Rs 16.27 lakh to contractors.

(Paragraph 4.9.8 (v))

** Norms for tarring of roads were not revised and tarring of the roads in seven divisions was done in conventional manner on an area of 5,40,905 square metres which resulted in avoidable expenditure of Rs 33.25 lakh.

(Paragraph 4.9.10)

4.9.5 Financial outlay

The details of budget allotment and actual expenditure on the improvement/upgradation of motorable roads to arterial standards during 1992-93 to 1997-98 were as under:

Year	Budget provision	Expenditure
	(Rupees in crore)	
1992-93	2.86	2.84
1993-94	2.10	2.59
1994-95	4.30	4.33
1995-96	4.75	4.75
1996-97	5.50	5.50
1997-98	5.50	5.62
Total	25.01	25.63

4.9.6 Financial and physical targets and achievements

Engineer-in-Chief had not fixed road-wise annual targets of widening,

Expenditure of Rs 20.01 crore only was incurred against envisaged Eighth Plan outlay of Rs 181 crore on upgradation and improvement of arterial roads.

cross drainage, metalling and tarring of these roads. Instead, circle-wise targets were fixed by the Engineer-in-Chief and the concerned Superintending

Engineers fixed road-wise annual targets.

While the entire programme of improvement and upgradation of these roads to arterial standards involved an outlay of Rs 181 crore, during the Eighth Plan period (1992-97), provision of Rs 40 crore was made for the purpose and budget provision was made for Rs 19.51 crore. Actual expenditure was Rs 20.01 crore. The total plan outlay was assessed on rough cost basis and detailed estimates were not prepared as brought out in paragraph 4.9.8 (i). Only working estimates were prepared for the items of works actually undertaken by the divisions. In view of the meagre budget provision upgrading these roads to arterial standards was unlikely in the near future.

The position of physical achievements made during 1992-98 and the balance work of all the 16 roads was as given in Appendix-VIII.

4.9.7 Defective planning

Only 19 *per cent* of the total length of 1094 kms could be tarred by March 1998 as funds made available were not commensurate with the proposed plan outlay. Cases of defective planning detected in test-check are discussed below:

(i) Avoidable expenditure

Upgradation/improvement of Solan-Yashwantnagar-Neripul-Sainj road (length 78.675 kms) was administratively approved (March 1993) for Rs 8.69 crore (revised to Rs 15.88 crore in June 1995). The road was stipulated to be completed

Continuation of work on Ochhghat-Solan portion not reviewed after finalisation of alternative proposal.

within five years. With a view to bypassing Solan town because of heavy local traffic, it was decided (March 1995) that the commercial traffic would be diverted from Ochhghat to join NH-22 at Kumarhatti. This alternative route resulted in shortening the distance by three kms besides reduction in the intensity of traffic on the portion of road from Ochhghat to Solan. While finalising the aforesaid proposal (June 1995), necessity of upgradation/improvement of the road portion between Ochhghat and Solan, for which administrative approval had already been accorded in March 1993 and work on which was already in progress,

was not reviewed on the basis of reduced traffic intensity. Instead the division went ahead with the upgradation/improvement of this portion (Ochhghat to Solan) and spent Rs 22.34 lakh after the receipt of revised administrative approval in March 1995. The failure to review the ongoing work as pointed out above resulted in an unjustified expenditure of Rs 22.34 lakh.

Executive Engineer, Solan division stated (December 1997) that widening of the road to arterial standard from Solan to Ochhghat was being done due to heavy traffic. The contention was not tenable as no justification in support of this was furnished. The projected traffic on this portion of the road was also not sufficient to justify the upgradation of the road even at the time of initial administrative approval. The intensity of traffic from Ochhghat to Solan may also further reduce due to the diversion of traffic of commercial vehicles on the alternative road.

(ii) Extra expenditure

As per the parameters laid down by the Engineer-in-Chief in January 1992, the formation/carriage way width for double lane roads was to be kept at 10 metres/7 metres in the case of roads having traffic projection of 10,000 passenger car units (PCUs) per day. In the case of roads having traffic projection between 5,000 and 10,000 PCUs, the formation/carriage way width was to be kept at 8.70 metres/5.50 metres.

Following points were noticed during test-check:

(a) In Bharwain division, estimate sanctioned (September 1992) by the Engineer-in-Chief for the upgradation and improvement of Mehatpur-Una-Dehra-Ranital-Mataur road (Section Mehatpur to Mubarikpur with link from Mubarikpur

The prescribed parameters for upgradation and improvement of Mehatpur-Una-Dehra-Ranital-Mataur road were not followed.

to Gagret and Bharwain) having traffic projection of 12,278 PCUs, provided for the formation width of 12 metres as against the norm of 10 metres. However, formation width of 12 metres in 22.100 kms length had been done. It was not feasible to work out the avoidable

expenditure on the extra width of the formation. The Executive Engineer stated (March 1998) that the width of the formation was kept as per the sanctioned estimate. The reply was not tenable as the prescribed parameters had not been adhered to.

(b) In Nahan division, an estimate for the improvement/upgradation of Kala Amb- Nahan road was sanctioned (July 1992) by the Engineer-in-Chief, on the

Extra expenditure on formation cutting and metalling and tarring of a road.

basis of actual traffic intensity of 2,812 PCUs during 1990 and anticipated projection of 7,294 PCUs by 2000. The estimate provided for formation width of 10 metres with carriage way of seven metres. The road did not justify the formation width of 10 metres and carriage way of seven metres as per prescribed parameters. This resulted in extra expenditure of Rs 10.44 lakh.

Executive Engineer stated (May 1998) that the work had been done as per the approved estimate. The reply was not tenable as the estimate was not prepared on the basis of parameters prescribed by the Engineer-in-Chief.

4.9.8 Execution of works

(i) Expenditure without technical sanction

According to the financial rules, no works were to be taken up unless detailed estimates for the same had been prepared and sanctioned. Test-check revealed that 16 road works estimated to cost Rs 181 crore were taken up during 1992-93 and Rs 25.63 crore had been spent as of March 1998, without preparation and approval of detailed estimates. The Executive Engineers of the divisions test-checked stated (January-May 1998) that the sanctions were being arranged. The replies were not tenable as the technical sanctions were required to be obtained before the execution of the works.

Rupees 25.63 crore spent on road works without technical sanction.

(ii) **Sub-standard laying of built-up-spray-grout (BUSG)**

Under the departmental specifications, tack coat of low viscosity liquid bituminous material, intended to secure proper bond between the existing surface and the subsequent bituminous overlay shall be applied over the base preparatory to construction of BUSG. The Ministry of Surface Transport (MOST) specifications provide that tack coat is not required to be applied where a bituminous course is immediately preceded by another bituminous course. The departmental specifications provide that BUSG shall be provided with final surfacing without any delay. If there is to be any delay, BUSG shall be covered by a seal coat. But in no case it was to be opened to traffic without being covered.

BUSG was got done during 1996-97 and 1997-98 on Swarghat-

Built-up-spray-grout laid in 54,622 square metres area without applying tack coat resulted in sub-standard execution of work at a cost of Rs 25.95 lakh.

Nalagarh-Maranwala road (km 31/540 to km 39/870) in 54,622 square metre area at a cost of Rs 25.95 lakh without applying tack coat. Bitumen for BUSG was used at

the rate of 12.5 kgs per 10 square metre as per the departmental specifications although Indian Road Congress (IRC) specifications provide for 15 kgs per 10 square metre.

BUSG was opened to traffic without being covered by premix carpet (PC)/mix seal surfacing (MSS). Had PC/MSS been provided before opening the road to traffic there would have been no necessity of applying tack coat. But tack coat at the rate of 10 kgs per 10 square metres was applied before providing PC/MSS. All this resulted in sub-standard execution of the work besides, avoidable expenditure of Rs 5.07 lakh on tack coat.

Executive Engineer, Kasauli division, stated (January 1998) that the work was got executed with the approval of the Engineer-in-Chief. The reply was not tenable as the execution of work was not in conformity with the departmental/MOST/IRC specifications.

(iii) Inflated measurements of earthwork cutting

Before executing earthwork cutting, cross sectional areas are taken at each RD of 15 metres, which are test checked to the extent of 100 *per cent* by the Assistant Engineers and 50 *per cent* by the Executive Engineers. These areas are certified as such on the drawings forming the basis of sanctioned estimates.

The work of upgradation and improvement of Solan- Yashwantnagar-Neripul-Sainj road (length: 78.675 kms) was administratively approved (March 1993) for Rs 8.69 crore. Technical sanction which included widening of the formation from the existing width of 5 to 8.7 metres width in km 7/645 to 17/0 was accorded (May 1994) by the Engineer-in-Chief on the basis of drawings of cross-sections which had been duly checked and certified by the Assistant Engineer and Executive Engineer to the extent of 100 *per cent* and 50 *per cent* respectively. In August 1994, the Engineer-in-Chief increased the formation width to 10 metres and asked the field Engineers to submit revised drawings. But without doing so, tenders for the formation cutting upto 8.7 metres width instead of 10 metres width in km 7/645 to 11/0 were invited (May 1995) and the work awarded by the Executive Engineer, Solan division to four contractors in September 1995 for Rs 18.17 lakh after obtaining approval of Superintending Engineer. The formation cutting was however, got done upto a width of 10 metres. Test-check of the relevant records revealed the following points.

- (a) Comparison of the cross-sections in the approved drawings and those recorded in the Measurement Books (MBs) revealed wide variations in hill profiles as the two did not correspond with each other. On increasing the formation width by 1.30 metres in the drawings of km 7/645 to 8/0 and km 9/030 to 9/525, the cutting work involved therein alone worked out to 9,060 cum against which the quantity actually paid for was 20,342 cum involving excess quantity of 11,282 cum (125 *per cent*) and excess payment of Rs 8.48 lakh. Measurements of the cutting actually done were not recorded.

Excess payment of Rs 8.48 lakh was made due to excess cutting in earth work which ranged between 7 and 1793 per cent in different cross sectional areas.

Executive Engineer stated (December 1997) that the increase of the formation width led to change of RDs which in turn resulted in disagreement between the hill profiles shown in the approved drawings and those recorded in the MBs. It was noticed that the change in RDs could involve only negligible change in hill profiles, whereas the alarming excess ranged between 7 and 1793 *per cent* in the cross sectional areas in continuous RDs between km 7/645 and km 7/885. There were also wide variations in hill profiles shown in the original drawings and those recorded in MBs resulting in inflation of cross-sectional area/volume even at RD 7/645 and 7/660 (starting points). The total excess payment involved on this account was required to be worked out by the department. The comments of the Engineer-in-Chief had not been received as of August 1998.

As regards non-recording of the measurements of the cutting actually done, the Executive Engineer stated (May 1998) that advance cross-sections were recorded which were considered as final ones for making payment. The contention was not tenable as there could hardly be *per cent* agreement between the advance cross-sections and those drawn on the basis of work actually done.

(b) There was no provision in the tender documents for the carriage of excavated earth to the dumping site. However, the tenderers while reducing their quoted rates by 18.28 to 19.10 *per cent* had agreed to dump the excavated earth at the dumping site. The works were awarded at Rs 72 to Rs 76 per cum as against the previous year's rate of Rs 48 per cum in the nearby reaches.

Executive Engineer stated (December 1997) that there was no government land near the site on which the excavated earth could be thrown. The contractors made their own arrangements to throw the earth on private land. Some earth was thrown at the dumping site and some placed on the road where filling was required by the department. But the exact quantity thrown at each place was not known at this belated stage.

Excavated earth not carried at the dumping site resulting in undue benefit of Rs 9.96 lakh to contractor.

Thus due to department's failure to enforce the condition of the agreement to carry the earth to the dumping site, the contractors derived undue benefit of Rs 9.96 lakh.

(iv) Incorrect measurement of work

In Una division, the work of providing 2 cm PC in km 5/600 to 18/00 of Nangal-Mehatpur-Talwara road was awarded (May 1996) to a contractor for Rs 53.46 lakh. PC had been laid in 51,177 square metre area as of March 1998 as

Excess payment to contractor due to increase in area as a result of theoretical calculations.

per the measurement of surface area recorded in MB. Test-check of the records of the division revealed that this area was increased to 65,473 square metres on the basis of theoretical calculations by applying unspecified/unapproved factor of 26 square metres per MT of premixed material. As per remarks given in MB, this was done due to undulation in road surface necessitating more premixed material to lift up the depression for camber correction. However, there was no provision for this in the approved estimate. No separate estimate for depression/potholes had been got sanctioned and separate measurements were not recorded in respect of the depression/camber corrections. Under MOST specifications the assessment of Profile Corrective Course was to be done by plotting the existing road profile by taking levels at close intervals, which was not done. This resulted in additional payment of Rs 4.93 lakh to the contractor.

Even if the reasons given for making theoretical calculation are admitted, the factor should have been applied as per table 9.17 of MOST Pocket Book for Highway Engineers according to which the coverage by the premixed material ranged between 20.83 and 25 square metres per MT. Taking the middle coverage of 22.73 square metres per MT, the area covered works out to 57,239 square metres. The theoretical coverage resulted in excess area of 8,234 square metres and overpayment of Rs 2.84 lakh.

Executive Engineer stated (March 1998) that factual position would be looked into.

(v) Wrong classification of soil

Tenders for cutting in earth work are floated without mentioning the soil

Excess payment of Rs 16.27 lakh to contractors due to wrong classification of soil by the department.

classification. However, the rates tendered by the contractors are justified on the basis of soil classification mentioned in the detailed estimates.

In three divisions², tendered rates for 37,124 cum of earth work cutting during 1993-97 involving eight works were justified on the basis that it involved 14,756 cum pick work, 18,938 cum jumper work and 3,430 cum blasting work in soft rock. 20,584 kgs gelatine was required for the execution of jumper and blasting work but gelatine was not consumed at all. Obviously, the cutting involved was of pick work only. However, payment was made on the basis of blasting work which resulted in excess payment of Rs 16.27 lakh to the contractors.

The Executive Engineers, Solan and Theog divisions stated that as the roads passed through inhabited area, other methods such as chiselling/ deep holing, etc., were used. The contention was not tenable as the justification for award of work included blasting work which was not possible if there was inhabited area in the relevant reaches of the roads.

(vi) Unjustified payment

Earth cutting work in km 27/0 to 27/510 of Dharamshala-Dadh-Yol-Palampur road was awarded (October 1995) to a contractor for Rs 3.70 lakh and was shown to have been completed in July 1996 at a cost of Rs 6.04 lakh.

Test-check of records of Palampur division revealed that against the above contract, the work was actually shown to have been got done in km 26/0 to 26/615 in the measurement book. The Executive Engineer stated (February 1998) that RDs were wrongly mentioned in the working estimate. The reply was not tenable as the details of cross-sections of different reaches of the road portion related to km 27/0 to 27/510 and the working estimate was also sanctioned for

²

Dehra, Solan and Theog

cutting work in km 27/0 to 27/510 on the basis of which tenders were invited. The working estimate was routed through various channels till it was finally approved by the Chief Engineer in May 1995 and at no stage the discrepancy was noticed. The reply of the Executive Engineer was thus an after thought.

It was further noticed in audit that the measurements of work done in km 26/0 to 26/615 were not test-checked by the Executive Engineer. Thus genuineness of the work for which the payment was made was doubtful.

Measurements of work were not test-checked by Executive Engineer.

(vii) Irregular laying of soling/wearing

As per the departmental/IRC/MOST specifications, the soling (90-40 mm size aggregate) and wearing (63-40 mm size aggregate) are to be laid in layers so as to bring the compacted thickness of each layer to 100mm and 75 mm respectively for metalling of the roads.

In five divisions³, soling and wearing in 1,65,183 square metres area were laid in one combined layer of 233 mm with 63 mm to 40 mm size aggregate in the extended width of the arterial roads instead of laying soling with 90-40 mm size aggregate. The use of smaller size of aggregate was ordered by the Chief Engineer (North) by ignoring the specifications. The deviation from the specifications resulted in sub-standard execution of work done at an approximate cost of Rs 76.98 lakh.

Sub-standard work was done at a cost of Rs 76.98 lakh by ignoring specifications.

Thus the soling done with smaller size aggregate was prone to sink in the sub-grade.

4.9.9 Test were not conducted

As per the departmental specifications, the material used for the construction of roads was required to be tested to assure quality control e.g. Impact value and Flakiness Index of the aggregate, etc.

³ Dalhousie, Dehra, Ghumarwin, Nurpur and Una

It was noticed in audit that no test were carried out to check the suitability of the material used in all the divisions test-checked.

Quality control tests of material used were not carried out.

Executive Engineers stated (December 1997 to April 1998) that only soling and wearing works had been done for which no tests were carried out.

4.9.10 Other point of interest

Non-revision of norms resulting in sub-standard tarring of roads

According to the report of a study group appointed (May 1988) by MOST, the layer of seal coat provided on PC is pealed off and number of potholes develop in course of time, particularly during rains because there is no effective inter-locking or bond between the two black top layers viz. PC and seal coat. Keeping this in view the study group suggested "PC treatment of one time laid one layer" which, while being economical, would give better results and might be followed on state highways and major district roads where hot-mix and paver facility is unlikely to be available and has to be done manually in a conventional manner. This report was circulated to all the states by MOST in November 1988.

Rupèes 33.25 lakh spent on tarring of roads in conventional manner on an area of 5,40,905 square metres were avoidable.

It was noticed in audit that in seven divisions⁴, the tarring of the roads during 1993-98 was done in conventional manner over an area of 5,40,905 square metres. This resulted in avoidable expenditure of Rs 33.25 lakh. The reasons for not making the suggestion of the study group applicable in the State; called for (February 1998) from the Engineer-in-Chief were awaited as of August 1998.

Avoidable expenditure due to non-revision of norms.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

⁴ Bharwain, Dalhousie, Dehra, Hamirpur, Nahan, Nurpur and Una

4.10 Bridge not put to use due to non-construction of approach road

To connect Bassi Ganguwal road with Ganguwal Toba road (Bilaspur district), construction of a 22-metres RCC T-beam bridge over a *khad*

Faulty planning as well as failure of the department to initiate timely acquisition proceedings of private land falling in the alignment of approach road resulted in denial of intended benefits to public and blocking of funds of Rs 19.44 lakh.

near Ganguwal was administratively approved (February 1992) for Rs 9.64 lakh. The sanctioned estimate also contained a provision for the construction of a 978-metres long approach road on both sides of the bridge. The work was taken up for construction by Bilaspur division No.II in May 1994 and the bridge and part of the approach road were completed in June 1996 and September 1996 respectively at a total cost of Rs 19.44 lakh.

Test-check of the records of Bilaspur division No.II revealed (May-June 1997) that the bridge could not be utilised for vehicular traffic as the approach road (RD 0/300 to 0/310 and 0/566 to 1/0) was not constructed. This portion of the road could not be constructed as it fell in private land which had not been acquired by the department. However, the case for acquisition of the private land had been taken up with the Land Acquisition Officer (LAO), Shimla in June 1994 and notification under Section 4 was made in July 1998. A period of two years is required, after issue of notification, for completion of land acquisition proceedings. Thus the completion work for the approach road can not commence at least for next two years as of now (July 1998). Use of the bridge is also to wait till the construction of the road is completed.

Thus faulty planning as well as failure to initiate timely acquisition proceedings of private land falling in the alignment of approach road has resulted in denial of the intended benefits to the people besides blocking of funds of Rs 19.44 lakh since September 1996.

The matter was referred to the Government in March 1998; reply had not been received (October 1998).

4.11 Non-recovery of Government dues

Works for construction of three bridges on Panvi, Manglad and Nigulsari *khads* on National Highway-22 was awarded (March 1994) by National Highway division, Rampur to firm on the basis of open tenders for Rs 2.04 crore for completion by March 1996. According to the

Department did not get the bank guarantees revalidated and delayed in invoking penal clauses against the contractor which resulted in government dues of Rs 40.11 lakh remaining unrecovered.

conditions of the letters of award, mobilisation advances equal to 10 *per cent* of the contract amounts were payable to the firm against bank guarantees for equivalent amounts. Accordingly, a total payment of mobilisation advances of Rs 20.37 lakh was made to the firm between March 1994 and January 1995 which was recoverable from running account payments to be made to the firm for the work done.

Test-check (November 1997) of records and further information collected (June 1998) from the division revealed that the firm after executing works valued at Rs 15.59 lakh in respect of all three bridges during 1994-95 abandoned further execution between March and December 1995. Of Rs 20.37 lakh, Rs 0.38 lakh had been recovered through running account bills paid to the firm during March and December 1995, leaving an un-recovered amount of Rs 19.99 lakh as of June 1998. In the meantime, bank guarantees of Rs 20.37 lakh furnished by the firm against the mobilisation advance had expired between July 1995 and April 1996 as the division did not get them revalidated. Though the work was abandoned by December 1995, compensation of Rs 20.37 lakh for delay in completion of works was levied on the firm only in October 1997 by which time the bank guarantees had expired.

In December 1997, the contracts were rescinded under clause 3(a) and (c) of the agreements. According to third running account bills prepared by the division in May 1998 in respect of two bridges, recovery of Rs 27.96 lakh was due from the firm after adjusting available amount of security (Rs 1 lakh). In respect

of third bridge at Nigulsari, Rs 12.15 lakh were recoverable upto second running account bill. The works had not been re-awarded as of August 1998.

Thus failure of the department to revalidate the bank guarantees and delay in invoking penal clauses of the agreements in time resulted in Government dues of Rs 40.11 lakh remaining unrecovered upto June 1998.

Superintending Engineer (SE), Rampur while admitting the facts stated (February 1998) that the bank guarantees could not be revalidated in time because of oversight and heavy rush of work. The reply of the Superintending Engineer was not tenable as the division was required to take timely action in this regard irrespective of pressure of work. Further no action was initiated against the officials responsible by SE for this failure which caused the loss to the Government.

The matter was referred to the Government in March 1998; reply had not been received (October 1998).

4.12 Non-provision of wire crates to contractors resulted in avoidable expenditure

Instructions of the Government issued in June 1977 provided that any contract which involved execution of works and for which any item of stores (borne on rate contract) was required, such item was to be supplied to the contractor by the department after procuring it from firms borne on rate contract.

Test-check of records of two divisions¹ revealed (June-September 1997)

Failure of the department to supply wire crates to the contractors from the rate contract firms resulted in avoidable expenditure of Rs 18.02 lakh.

that 51 works of construction of retaining/breast walls in wire crates over an area of 47,905 square metres were got executed through contractors

between April 1995 and April 1997. Contrary to the aforesaid instructions, inter-link chains for making wire crates, which were available on rate contract, were not

supplied to the contractors by the department. Instead, the contractors were allowed to procure the inter-link chains on their own. Had inter-link chains, available on rate contract, been procured by the department and supplied to the contractors for making wire crates, there would have been a saving of Rs 18.02 lakh.

Engineer-in-Chief stated (November 1997) that in the case of Bharwain division, the works were of urgent nature to restore the roads for vehicular traffic. This contention was not tenable as there was no indication of the urgency in the estimates and sanctions for these works.

Executive Engineer, Kaza stated (September 1997) that the firms borne on the rate contract were not willing to supply the material to the division as they had to pay freight charges on the higher side as the rates of inter-link chains were FOR destination. This contention was not tenable as there was nothing on record to indicate that efforts were made by the Executive Engineer to procure the material from rate contract firms as per Government instructions.

The matter was referred to the Government in March 1998; reply has not been received (October 1998).

4.13 Unfruitful expenditure on construction of roads

(a) Forest Conservation Act, 1980 prohibits use of forest land for non-forest

Rupees 57.50 lakh spent on construction of five roads by four divisions were rendered unfruitful as permission of Government of India for the use of forest land was not obtained.

purposes without prior approval of the Government of India (GOI). GOI had also clarified in March 1982 that diversion of forest land for non-forestry activities in anticipation of approval was not

permissible and that request for *ex-post-facto* approval would not be entertained.

In four divisions, five road works were taken up for construction between October 1984 and March 1992 without obtaining prior approval of GOI for the use of forest land falling along the alignment of these roads. The road

works, on which expenditure of Rs 57.50 lakh had been incurred, were lying incomplete for want of permission of GOI for the use of forest land for non-forest purposes as per details given below:

Serial number	Name of the division	Name of the road	Particulars of administrative approval and expenditure sanction		Stipulated period of completion	Month of commencement	To date expenditure	Road constructed	Delay involved in completion of work as of March 1998
			Month and year	Amount (Rupees in lakh)						(In years)	(Rupees in lakh)	(In kms)	(In years)
1.	Bilaspur-II	Link road from Kot to Sh. Naina Devi Ji via Bandharon (6.500 kms)	October 1992	9.66	Three	March 1992	6.05	1.525	3
2.	Kasauli	Sardighat-Gharsi-Diggall road (11.500 kms)	September 1983	9.14	Three	October 1984	14.90	10.805	10
3.	Kumarsain	Dharogra-Dalog ghatti road (8.500 kms)	November 1987	20.73	Three	December 1986	29.46	6.860	8
4.	Nirmand	Ani-Basta road via Jaban (5 kms)	March 1983	10.09	Three	March 1989	5.20	1.600	6
		Bagipul-Jaon road (8 kms)	May 1988	20.73	Three	March 1989	1.89	0.705	6
		Total:		70.35			57.50		

The delay in completion of these roads ranged between 3 years and over 10 years as of March 1998 and cases for getting the approval from GOI were still under process. Construction of 'Shardighat-Diggall road' was taken up in October 1984 by Kasauli division without obtaining technical sanction. The work had been lying suspended since 1992 for want of approval of GOI for construction of road in forest land in a length of 695 metres. In Kumarsain division construction of 'Dharogra-Dalog ghatti road' was taken up in December 1986 and the same could not be completed in a continuous length due to involvement of reserve forest falling in the alignment of the road. The case of clearance of reserve forest for construction of road was under preparation at sub-division level. Thus due to inordinate delay to initiate the action for getting approval from GOI resulted in unfruitful expenditure of Rs 29.46 lakh incurred on this road.

(b) The work "Construction of 5/7 metres wide Nag to Kirti road upto Chimla section km 0/0 to 5/0 and one metre wide track upto km 10/0 was administratively approved (July 1983) for Rs 10.03 lakh. The work, stipulated to

be completed within three years, was taken up for execution by Kumarsain division during 1984-85.

The work was, however, suspended in September 1990 owing to non-acquisition of private land between km 0/905 to 1/500 and km 1/590 to 2/210 and thick forest beyond km 2/210 falling in the alignment of the road and was restarted (April 1994) on the undisputed portions of the road. The construction of road in patches was again stopped in July 1997 due to non-acquisition/transfer of private/forest land after incurring expenditure of Rs 4.90 lakh.

In view of the above difficulties, fresh proposal to change the alignment of the road was initiated in July 1997. According to the new proposal the only portion of the road already constructed in km 0/0 to 0/905 would only be utilised. Resultantly, the one metre track constructed in km 0/905 to 7/150 and 5/7 metre road constructed in km 1/500 to 1/590 and km 2/210 to 2/610 at a cost of Rs 3.07 lakh had to be abandoned. The administrative approval and expenditure sanction for the new alignment of the road was accorded in August 1997 for Rs 46.69 lakh. The work was taken up in October 1997 on new alignment and an expenditure of Rs 2.16 lakh had been incurred as of November 1997 without obtaining prior approval of GOI for use of forest land falling in the new alignment of the road at km 2/700 to 3/400.

While confirming the facts about abandoning the road portion constructed at a cost of Rs 3.07 lakh, the Executive Engineer stated (December 1997) that sanction for using forest land falling in the new alignment was yet to be obtained for which papers were being prepared.

Failure on the part of the department to acquire land and obtain prior sanction of GOI for the work, which was sanctioned 14 years back, had thus resulted in unfruitful expenditure of Rs 3.99 lakh and infructuous expenditure of Rs 3.07 lakh.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

4.14 Non-recovery of cost of materials and other dues from contractors

According to the provisions of Himachal Pradesh Public Works Account Code, recovery from a contractor on account of cost of materials issued to him for use on a work should ordinarily be made by deduction from the first bill authorising an advance payment or from an on account payment to him for the work. The code further provides that when tools and plant are lent to a contractor, hire charges thereof should be recovered regularly.

Rupees 11.38 lakh were not recovered from contractors by four divisions.

It was noticed in audit that Rs 11.38 lakh were outstanding against various contractors in four divisions on account of issue of materials from departmental stores, wrong determination of rates for extra/substituted items, compensation for delay in completion of work, non-recovery of secured advance, etc., as detailed below:

Serial number	Name of the division	Name of work	Month in which final bill prepared/ adjusted	Amount recoverable
				(Rupees in lakh)
1.	Bilaspur-I	Providing <i>Pucca</i> roadside drain on NH 21 (Km 132/0 to 140/0)	Yet to be passed	2.45
2.	Shimla-III	C/o Combined office building at Armsdale Shimla	December 1996	4.57
3.	Theog	C/o High Altitude Training Centre at Shillaroo (C/o four, Type II & Type III staff quarters); Sports Service Centre including medical centre.	December 1996	2.83
4.	Una	C/o Bridge over Khurd Khad on Takka road (C/o Vented causeway of 15 spans)	Yet to be adjusted	1.53
			Total:	11.38

Of this, Rs 2.51 lakh were recoverable on account of extra/substituted items for which payment was made by the Shimla division No. III at higher rates than those approved by Head office. Rs 4.55 lakh were recoverable on account of compensation levied for delay in completion of work in three divisions¹ and Rs 4.32 lakh were recoverable on account of cost of materials, secured advance, less forfeiture of security deposits, etc.

Executive Engineer, Bilaspur division No. I also admitted (May 1998) recoveries due from the contractors and stated that final bill could not be passed after recession of contract in April 1991. It was also stated (October 1998) that the final decision on the appeal of the contractor to waive off the compensation had not been taken. Reasons for not doing so had not been intimated.

Executive Engineer, Shimla division No. III stated (February 1998) that rates for extra/substituted items were approved by the Head office about four to five years after the execution of the work and it was not possible to assess accurately in advance the quantity of materials actually required for execution of big works. The plea was not tenable as payment for extra/substituted items was made in anticipation of approval of rates and adequate control over issue of material was not exercised.

Executive Engineer, Theog division stated (May 1997) that the balance amount would be adjusted as and when the decisions of arbitration cases were received. This was not tenable as the action to levy compensation was not adjudicable in the arbitration.

Executive Engineer, Una division while admitting (June 1998) recovery of compensation and materials for Rs 1.16 lakh stated that recovery of Rs 0.42 lakh on account of balance security deposits to be forfeited had not been taken into account while rescinding the work and adjustment of bill in the account will be taken after decision of the court as civil suit had been filed by the contractor.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

¹ Bilaspur-I, Theog and Una

4.15 Avoidable payment of additional compensation and interest

The Land Acquisition Act, 1894, as amended in 1984, was made applicable from the last day of April 1982. The amended Act provided for the payment of additional compensation at the rate of 12 *per cent* per annum of the market value of land from the last date of notification to the date of award of the

Land acquisition proceedings initiated in November 1982 lapsed and resulted in avoidable payment of Rs 9.62 lakh to the interest holders.

Collector or the date of taking over possession, whichever was earlier, besides payment of interest at the specified rate. A declaration to the effect that any particular land is needed for a particular purpose should be made and Collector should make an award in respect of the land within a period of two years from the date of publication of the declaration. If no award was made within that period, the entire proceedings for the acquisition of land would lapse.

Test-check of records of Land Acquisition Collector-I, Shimla revealed (November 1994) that Theog division took possession of 25.11 *bighas* of land falling in the alignment of Jhiknipul-Pauria-Kiarnu road in Belag village (Shimla district) was taken in May 1981 (10.9 *bighas*) and August 1982 (15.2 *bighas*). The land acquisition proceedings were initiated in November 1982 and the declaration was published on 1 December 1984. However, the proceedings lapsed (November 1986) due to non-completion of evaluation of fruit and non-fruit bearing trees standing on the land coming in the alignment of the road. The acquisition proceedings were restarted in June 1987 and the cases were forwarded to the Engineer-in-Chief by the Superintending Engineer, Second Circle, Shimla as late as in June 1990 and the declarations were published in July-August 1991. The award of Rs 25.96 lakh paid to interest holders by the Land Acquisition Collector in October 1992, included Rs 17.66 lakh on account of payment of additional compensation (Rs 8.02 lakh) and interest (Rs 9.64 lakh) for the period from May 1981 to June 1992. Of this, payment of Rs 9.62 lakh (additional compensation Rs 4.28 lakh and interest Rs 5.34 lakh) from December 1986 to

June 1992 could have been avoided had the proceedings initiated in November 1982 not been allowed to lapse.

While making announcement of the award, the Land Acquisition Collector held (October 1992) that huge amount of additional compensation and interest could have been saved had the declaration made originally not been allowed to lapse. He further stated that possession of land should not have been taken over in the year 1981 prior to acquisition of land in due course of law and that land acquisition proceedings restarted by him in June 1987 were got published after a period of over four years. Thus, failure of the department to complete the land acquisition proceedings within the stipulated time resulted in avoidable payment of Rs 9.62 lakh to the interest holders and consequent loss to the Government.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

4.16 Overpayment of escalation charges

The rates of various class III and IV categories of daily wage employees

Overpayment of Rs 26.21 lakh was made to contractors in four divisions by allowing escalation on enhanced wages of labour from January 1994 instead of March 1996.

were revised (March 1995) by the State Government retrospectively from January 1994 in compliance with the orders of Supreme Court of India. However, the minimum

wages of unskilled workers engaged in construction or maintenance and in building operation, etc., were revised (February 1996) from Rs 26 to Rs 45.75 under the Minimum Wages Act, 1948 with effect from 1 March 1996. As such, the escalation claims on the enhanced wages in respect of the labour engaged by various executing agencies/contractors were payable only from March 1996. Chief

Engineer, National Highways held (March 1997) that enhanced wages allowed with effect from March 1996 could not be given retrospectively to the labour engaged by the contractors on the works awarded by the Public Works Department prior to 1 March 1996. Engineer-in-Chief also reiterated (April 1998) that enhanced wages would be applicable in the case of labour employed by contractors from March 1996.

Test-check of records of four divisions revealed (February-August 1997) that overpayment of Rs 26.21 lakh had been made to five contractors in seven cases on account of escalation charges by allowing the enhanced wages from January 1994 instead of March 1996 as shown below:

Serial number	Name of division	Name of work	Period to which escalation pertain	Number of contractors	Amount paid (Rupees in lakh)
1.	Barsar	1. C/o 158 metre span prestressed concrete bridge over Man Khad (Hamirpur district)	February 1994- October 1995	1	8.01
2.	Rampur	2. C/o 100 beded Hospital at Rampur 3. C/o Combined office buildings at Rampur	June 1994- August 1995	1	8.95
3.	Sundernagar	4. Strengthening of Chandigarh Mandi Manali road NH-21 (Km 156/750 to 178/500)	April 1995 - November 1995	1	7.69
4.	Una	5. R/d to Rakkar Basoli road (Providing protection wire crate work Km 0/520 to 0/595)	March 1995- June 1995	2	1.56
		6. R/d to Rakkar Basoli road (Providing protection wire crate work Km 0/595 to 0/670)	March 1995- June 1995		
		7. R/D to Protection work to existing guide bud at Swan bridge at Jhalera RD 0/155 to 0/22	March 1995- June 1995		
	Total:				26.21

Superintending Engineer, Hamirpur stated (August 1997) that the contractor was bound to pay the labour employed on the execution of work at the same rate at which the department was paying to its labour from January 1994.

Executive Engineers, Sundernagar and Una divisions also contended that escalation had been regulated on the basis of increase of daily wages rates for labour enrolled/employed in the department as circulated (March 1995) by the Engineer-in-Chief. Their plea was not tenable in view of clarification given by the Chief Engineer, National Highways and Engineer-in-Chief in March 1997 and April 1998 respectively. The Executive Engineer, National Highway Division, Rampur while confirming the overpayment stated (September 1997) that recovery would be made from the final bill of the contractor. Further developments were awaited (June 1998).

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

4.17 Unauthorised expenditure and undue favour to contractor

The Ministry of Surface Transport (MOST) specifications provided that

Unauthorised execution of surface dressing and delay in laying premix carpet after surface dressing resulted in avoidable expenditure of Rs 10.60 lakh and undue aid to the contractor.

stone screening shall be used to fill voids in the coarse aggregate of water bound macadam (WBM) and shall generally consist of the same material as of the coarse aggregate. Further, tack coat is not needed on freshly laid bituminous course, if the subsequent bituminous course is overlaid immediately without opening it to traffic. MOST instructions of May 1987 also envisaged that either surface dressing (SD) or

premix carpet (PC) is to be laid on WBM as both SD and PC are bituminous wearing courses.

The estimate of the work "extension of pavement including improvement in Rampur Town (NH-22) km 269/0 to 276/0" sanctioned for Rs 1.53 crore by MOST provided for laying of stone screenings before providing premix carpet over WBM surface. Test-check of the records of the Executive Engineer, National Highway division, Rampur revealed (November 1997) that the aforesaid work awarded to a contractor in December 1995 did not provide for SD, but the same was got laid. Further, the laying of SD was not immediately followed by laying of PC as was required under MOST specifications. As a result, tack coat at the rate of 5 kgs per 10 square metres had to be applied over SD for laying PC, which could have been avoided had PC been laid immediately after SD. The unauthorised execution of SD and the delay in laying PC after SD resulted in avoidable expenditure of Rs 10.60 lakh on SD and tack coat besides giving undue benefit to the contractor for not using the screenings.

Superintending Engineer, XI circle, Rampur stated (February 1998) that the item of SD had been included in the estimate and it was not practicable to lay PC simultaneously because of movement of traffic. The contention was not tenable as there was no provision of SD in the estimate and the traffic could be restricted to half width of the road for which necessary arrangements were to be made by the contractor as provided in MOST specifications.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

CHAPTER-V

STORES AND STOCK

Irrigation and Public Health Department

5.1 Material management and inventory control

5.1.1 Introduction

The Irrigation and Public Health (IPH) Department of the State is responsible for the construction and maintenance of irrigation, water supply and sewerage schemes. Stores such as cement, pipes, pipe fittings, etc., are arranged by the department to ensure timely execution and maintenance of these schemes.

5.1.2 Audit coverage

Records of six divisions¹ and one circle at Shimla covering the period from 1995-96 to 1997-98 were test-checked between November 1997 and March 1998. This was supplemented by information obtained from the Engineer-in-Chief, check of records of Store Purchase Wing and points already noticed during regular inspection of other divisions. Results of test-check are discussed in the succeeding paragraphs.

5.1.3 Expenditure on stores

No specific allocation of funds for procurement of stores was being made in the annual budget of the department and provision for purchase of stores was included in the funds provided for the works. Out of the total expenditure of Rs 230.84 crore on the construction of various schemes by the department during

The abbreviations used in this long para have been listed in the Glossary in Appendix-XI (Page 307-309)

¹ Dharamshala, Hamirpur, Shahpur, Shimla-I, Solan and Sundernagar

the period 1995-98, Rs 73.31 crore (32 per cent) were spent on procurement of stores in the State as detailed below:

Year	Works expenditure	Expenditure incurred on procurement of stores (Percentage)	Value of stores consumed/issued
(Rupees in crore)			
1995-96	65.67	20.19 (31)	21.40
1996-97	72.43	27.98 (39)	26.37
1997-98	92.74	25.14 (27)	23.90
Total	230.84	73.31 (32)	71.67

5.1.4 Fictitious adjustments

- (a) Rupees 23 lakh were paid (March 1993) by the Sundernagar division to the Himachal Pradesh State Civil Supplies Corporation (Corporation) for the supply of 1,00,000 metres 15mm dia GI pipes. The Corporation was neither the manufacturer of GI pipes nor an approved supplier. GI pipes were available on rate contract of Director General, Supplies & Disposals (DGS&D). The expenditure was irregularly charged to 25 Centrally sponsored schemes under Accelerated Rural Water Supply Programme (ARWSP). Instead of supplying the pipes, the Corporation refunded the entire amount in August 1993 and the division kept the amount under 'Deposits' till February 1997. In March 1997, the amount was charged to 10 water supply schemes. This was indicative of unjustified advance payment to the Corporation.

Rupees 23 lakh remained unutilised between March 1993 and February 1997 in Sundernagar division.

It was further noticed that out of the 1,00,000 metres of pipes ordered in March 1993, 23,000 metres of pipes valued at Rs 5.29 lakh had been booked (March 1993) to Lift Water Supply Scheme, Rastadhar against the total provision of 11,900 metres of pipes in the sanctioned estimate of that scheme, when 10,000 metres of pipes were already available in the material-at-site account of the scheme. The whole exercise was, thus, undertaken to show fictitious utilisation of the available funds during 1992-93.

(b) Materials costing Rs 1.64 crore were booked by 9 divisions² against 51 works between March 1992 and March 1997 without requirement of such stores. The cost of materials booked was subsequently either written back to stock or the materials were transferred to other works during succeeding financial years between May 1996 and November 1997.

In Solan division, GI pipes of different dia costing Rs 15.90 lakh were procured (October 1993) from a Kanpur based firm without requirement. It was noticed (November 1997) in audit that the entire quantity of GI pipe was booked (March 1996) after a lapse of two and a half years against eight works and was written back to stock in July 1997. Subsequently the whole quantity of GI pipe was declared surplus and was transferred to the Chamba division in August 1997. Apart from the unjustified procurement of the pipes, Rs 1.22 lakh were also spent on carriage of pipes from Solan to Chamba as the rates were FOR destination.

5.1.5 Procurement of stores

The following irregularities were noticed in the procurement of stores:

(i) Undue favour to a firm

An order for the supply of 199.65 tonnes of GI pipes of different diameters valued at Rs 45.70 lakh (exclusive of Excise Duty) was placed with a Kanpur based firm in July 1997 with the stipulation to deliver the material by September 1997. As the firm failed to supply the material, the Engineer-in-Chief extended (October 1997) the date of delivery upto December 1997. The firm, however, did not supply the material within the extended delivery period and the

Penalty for not supplying the material within the stipulated period was not recovered from a supplier.

² Dalhousie (Rs 4.65 lakh), Ghumarwin (Rs 31.05 lakh), Hamirpur (Rs 19.65 lakh), Indora (Rs 15.89 lakh), Kullu (Rs 13.62 lakh), Nurpur (Rs 17.48 lakh), Paonta Sahib (Rs 9.30 lakh), Sarkaghat (Rs 28.08 lakh) and Solan (Rs 24.29 lakh)

Government directed (January 1998) the department to impose and recover penalty at the rate of 10 *per cent* of the value of supply order within a period of one month failing which the firm should be blacklisted. The Engineer-in-Chief however, imposed (April 1998) a penalty of Rs 0.46 lakh instead of Rs 4.57 lakh which resulted in short levy of penalty of Rs 4.11 lakh. On being pointed out in audit (June 1998), the Engineer-in-Chief imposed a penalty of Rs 4.57 lakh in June 1998 which had not been recovered as of September 1998. No action had been taken to blacklist the firm as of September 1998.

(ii) Unjustified advance payment for supply of cement

Rupees 251.93 lakh were advanced to the Corporation by Shimla division No. II in March 1996 (Rs 70.69 lakh) and March 1997 (Rs 181.24 lakh) for the procurement of cement and charged to the final head of account of two works (Reorganisation and Augmentation of Water Supply Scheme, Shimla and extension of Existing Sewerage System of Shimla town) instead of keeping the amount under the suspense head "Miscellaneous Works Advances". However, cement actually received was of Rs 15.37 lakh value only against the order for Rs 70.69 lakh and Rs 55 lakh were refunded by the Corporation in April 1998. The balance amount of Rs 181.56 lakh was lying with the Corporation as of May 1998. The Executive Engineer stated (June 1998) that supply of cement for Rs 181.24 lakh ordered in March 1997 was not required now and the Corporation was being requested to refund the amount.

In March 1998 again an advance payment of Rs 6.25 crore was made by Shimla division No. II to the Corporation for supply of cement without assessing the estimated quantity of cement to be consumed on the works. The payment was charged to the final head of the account instead of charging it to "Miscellaneous Works Advances". No supply of cement had, however, been received as of

August 1998. The advance payment was unjustified and was an undue aid to the Corporation.

(iii) Avoidable extra expenditure due to non-supply of pipes and other materials

Government issued instructions in June 1977 that under any contract which involved execution of works and for which any item of stores for which a rate contract existed was required, such item would be supplied to the contractor by the department after procuring it on rate contract.

Contrary to these instructions, two divisions³ permitted two contractors to procure and utilise materials like ductile pressure pipes, mild steel tubes, GMS pipes, GI/MS flanges, etc., which were available on rate contract with the DGS&D/COS, Himachal Pradesh on three works during December 1995 to August 1996. Failure to ensure departmental supply of pipes and other materials on rate contract resulted in avoidable extra expenditure of Rs 7.40 lakh.

(iv) Extra expenditure due to procurement of stores outside rate contract by splitting supply orders

According to the prescribed procedure, stores items borne on the rate contract of COS/DGS&D were required to be procured from the notified suppliers at approved rates.

Contrary to these instructions, materials such as bleaching powder, GI fittings, etc., were procured by three divisions (Nerwa, Rampur and Solan) during 1995-96 from the local market at higher rates resulting in extra expenditure of Rs 2.98 lakh. This

Bleaching powder purchased at higher rates from local market by three divisions.

included 10 supply orders placed by Solan division for 10 tonnes of bleaching powder with a local supplier at the rate of 15,220 per tonne (exclusive of sales tax) against the rate contract rate of Rs 8,745 per tonne (inclusive of sales tax).

(v) **Unjustified procurement**

(a) In nine divisions⁴, 2,74,960 metres of GI pipes of different diameter valued at Rs 1.88 crore were procured between March 1994 and September 1997 without assessing definite requirements and were subsequently transferred to other divisions between February 1995 and January 1998. An extra expenditure of Rs 5.47 lakh was incurred on carriage of these pipes to different destinations.

(b) In three divisions⁵, GI pipes, mild steel pipes, PVC pipes, etc., valued at Rs 68.78 lakh purchased between December 1994 and March 1996 had since been lying unutilised as of August 1998.

(c) Augmentation of lift water supply scheme, Theog was taken up by Shimla division No I during 1994-95. The scheme is likely to be completed by 2000-2001 AD. Only filtration gallery had been completed by February 1998 and the work of construction of storage tank was in progress.

It was noticed in audit that the division procured pumping machinery from a firm between March 1997 and February 1998 at a cost of Rs 37.59 lakh. As

Shimla division No I procured pumping machinery costing Rs 37.59 lakh for Lift Water Supply Scheme, Theog without completion of civil works.

per the agreement with the firm, the pumping machinery was guaranteed for 12 months from the date of commissioning or 10 months from the date of despatch, whichever was earlier. Since the scheme was likely to be completed by 2000-2001 AD, the guarantee period of the machinery would be over

⁴ Arki, Dalhousie, Hamirpur, Jubbal, Nalagarh, Shimla-I, Solan, Sundernagar and Sunni

⁵ Hamirpur (Rs 2.69 lakh), Indora (Rs 63.21 lakh) and Shahpur (Rs 2.88 lakh)

by the time it is erected/commissioned and the division would not be able to enforce it.

(d) In two divisions⁶, electrical fittings were purchased by the Engineer-in-Chief far in excess of the actual requirements. Out of the materials costing Rs 9.63 lakh purchased between February 1996 and May 1996, materials valued at Rs 5.37 lakh were consumed. Further points noticed regarding the purchase of the aforesaid material are discussed below:

(i) Supply orders worth Rs 6.15 lakh were placed by the Engineer-in-Chief in November and December 1995 against the requirement of materials costing Rs 0.84 lakh furnished by the Executive Engineer, Ghumarwin division. The material was received in the division in March 1996. Of this, materials valued at Rs 2.60 lakh were consumed on works and materials valued at Rs 0.23 lakh were sold to HPSEB. The balance material valued at Rs 3.32 lakh was lying unutilised in the division as of July 1998.

(ii) Against the requirement of 337 MC switches sent by the Executive Engineer, Hamirpur division, the Engineer-in-Chief placed (January 1996) orders for 905 MC switches and the material was received in May 1996. Unjustified inflation of the requirement thus resulted in excess purchase of materials. Out of the total purchase of materials costing Rs 3.48 lakh, materials costing Rs 2.77 lakh had been consumed and the balance materials costing Rs 0.71 lakh remained unutilised.

(e) Cast iron pipes, collars and bends of 300 to 500 mm diameter valued at Rs 7.40 lakh were purchased by Hamirpur division between February 1980 and March 1982. The purpose of this purchase was not made available to audit. While the materials were booked to three sewerage schemes⁷ between December 1993

⁶ Ghumarwin (Rs 6.15 lakh) and Hamirpur (Rs 3.48 lakh)

⁷ Hamirpur: Rs 1.94 lakh; Nadaun: Rs 1.33 lakh and Sujapur: Rs 4.13 lakh.

and December 1996, the entire material had been lying unutilised as the physical execution of these works had not started as of September 1998. While estimate of the sewerage scheme, Hamirpur was sanctioned in March 1996, the estimates of the remaining two schemes were under process in the division, procurement of material without definite requirements resulted in blocking of funds of Rs 7.40 lakh for the last 16 to 18 years.

5.1.6 Shortages/non-accounting of stores

Shortages of stores valued at Rs 6.91 lakh were noticed at the time of handing/taking over of charge by the Junior Engineers in three divisions⁸ between September 1992 and March 1996. In addition, two cases of shortages/non-accounting of stores valued at Rs 8.70 lakh were noticed in two divisions⁹. These cases pertained to the period from February 1993 to March 1996 and had not been settled. The shortages/non-accounting had neither been investigated nor made good.

Shortages/non-accounting of stores for Rs 15.61 lakh not investigated.

5.1.7 Receipt and issue of stores

(i) The bin cards in which receipts and issues of stores are recorded are required to be issued by the Executive Engineers. The closed bin cards are also required to be returned by the sub-divisions to the divisional office. Out of 3,964 bin cards issued by seven divisions¹⁰ only 194 bin cards had been returned by the sub-divisions to one divisional office. The remaining 3,770 closed bin cards were lying

Closed bin cards not returned to divisions. Priced stores ledgers not completed.

⁸ Bilaspur: Rs 0.69 lakh; Keylong: Rs 4.89 lakh and Sarkaghat: Rs 1.33 lakh.

⁹ Bilaspur: Rs 8.45 lakh and Nalagarh: Rs 0.25 lakh

¹⁰ Dalhousie, Dharamshala, Hamirpur, Shahpur, Shimla-I, Solan and Sundernagar

in the sub-divisions. The entries made in the bin cards could thus not be tallied with those made in priced stores ledgers, as required.

Priced Stores Ledgers were lying incomplete in all the six divisions test-checked and the bin card balances had not been reconciled with the Priced Stores Ledgers.

(ii) Material lying in completed works

Materials like GI pipes and fittings valued at Rs 25.34 lakh were lying unutilised in three divisions¹¹ in eight works, which had been completed between March 1982 and March 1997 and had not been transferred back to stock/other works. Unnecessary retention of materials had thus resulted in blocking of funds.

(iii) Non-disposal of surplus stock

In five divisions¹², materials like RCC pipes, CI pipes, GI/CI fittings, HDPE fittings, etc., valued at Rs 17.37 lakh were declared surplus to the requirements of the divisions between 1981-82 and June 1997.

While the Executive Engineers, Shimla-I and Una-II divisions, circulated the lists of surplus materials among all divisions of the department during June 1997 and October 1996 respectively the remaining three divisions had not taken action for disposal of surplus stock valued at Rs 12.30 lakh.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

¹¹ Dalhousie, Solan and Sundernagar

¹² Dharamshala, Hamirpur, Shimla-1, Thural and Una-II

Public Works Department

5.2 Irregularities in issue of materials

Material costing Rs 2.95 crore were booked against 109 works though these were not required on these works.

Financial rules provide that materials should not be issued to works unless these are required for immediate consumption. Debiting the cost of materials to a work not required for immediate use or merely to utilise the available budget provision is strictly prohibited.

Contrary to these rules, materials costing Rs 2.95 crore were booked by ten divisions against 109 works between March 1990 and March 1997 as detailed below:

Serial number	Name of the division	Number of works involved	Brief description of materials	Cost (Rupees in lakh)
1.	Barsar	6	Bitumen, tor steel, cement, lime, deodar wood, door bolts. etc.	14.81
2.	Bharwain	24	Cement, tor steel, deodar wood, bitumen, etc.	15.05
3.	Bilaspur-I	13	Cement, bitumen, tor steel, CGI sheets, etc.	12.38
4.	Chamba	9	CGI sheets, tor steel, deodar wood, cement, bitumen etc.	27.59
5.	Chenab Valley Udaipur	15	Tor steel, deodar wood, cement, HCT door junction, wiremesh, etc.	45.10
6.	Dharamshala	14	Tor steel, bitumen, MS round, Deodar wood, inter link chain, etc.	21.63
7.	Hamirpur	16	Tor steel, bitumen and cement	51.18
8.	Solan	3	Cement, tor steel and miscellaneous building materials	8.28
9.	Theog	1	Bitumen, cement and tor steel	73.88
10.	Rampur	8	Tor steel, cement and bitumen	25.02
	Total	109		294.92

Test-check of records revealed (April 1997-January 1998) that there was either no provision for these materials in the sanctioned estimates of the works or the materials were not required for immediate consumption and as such the same were written back to stock or transferred to other works in the succeeding financial years between July 1995 and November 1997. This included materials like cement, steel, deodar wood and bitumen valued at Rs 2.44 crore which were booked in six divisions¹ against 63 works without requirements in excess of sanctioned provisions in the estimates.

In Chamba division 126 drums of bitumen and 24.138 tonnes of tor steel valued at Rs 5.45 lakh were booked between March 1992 and March 1997 against the completed work "Construction of Fish Farm at Sultanpur" and were written back to stock between December 1996 and April 1997.

In Theog division, Rs 15.95 lakh paid (March 1996) to Himachal Pradesh Civil Supplies Corporation Limited and Steel Authority of India were debited to the work "Construction of *Panchayat* Training Institute Building" pending receipt of materials. The materials were received in subsequent financial year and written back to stock in April 1996.

The adjustments were thus carried out in all these cases with the sole objective of utilising budget grant in violation of the codal provisions.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

¹ Chamba, Chenab Valley Udaipur, Dharamshala, Hamirpur, Rampur and Theog

5.3 Shortages of stores and short receipt of materials

Test-check of records of two divisions² revealed shortages of stores and

Shortages of stores and short receipt of materials costing Rs 10.86 lakh were not made good by two divisions.

short receipt of materials costing

Rs 10.86 lakh as detailed below:

(a) A Junior Engineer working in Una division was relieved of his duties in June 1996 on his promotion/transfer without handing over the complete charge of stores. Materials costing Rs 8.80 lakh lying as book balance were not handed over by him. Annual physical verification of stores conducted in November 1996 revealed that out of the above, materials valued at Rs 2.78 lakh only were found in the stores. After adjusting the available materials, the balance materials of Rs 6.02 lakh were left to be handed over by the concerned Junior Engineer. The divisional office, however, revalued (April 1997) the materials found short at the issue rate of March 1996 and the value of materials handed over short worked out to Rs 5.17 lakh. Apart from this, 200 cement bags valued at Rs 0.25 lakh were also shown as fictitiously issued in January 1996.

While confirming the facts, the Executive Engineer stated (March 1998) that the inquiry proceedings for shortages had been instituted against the official in February 1998. The inquiry report was awaited as of March 1998. Due to delay in starting the inquiry proceedings shortages remained unrecovered for over two years.

²

Nurpur and Una

(b) Eight supply orders were placed for purchase of bitumen at different refineries of Indian Oil and Hindustan Petroleum Corporations between May 1994 and December 1995 and the Executive Engineer, Nurpur division was made consignee for the procurement of bitumen required by five circle³ offices. The bitumen was despatched by the refineries through various railway receipts between August 1994 and November 1996 and payments to them were made by the concerned Pay and Accounts offices. It was noticed in audit that 585 bitumen drums valued at Rs 5.44 lakh had not been received as of January 1998.

Executive Engineer stated (June 1998) that claims for short supply of material lodged with the railways between September 1994 and February 1997 were rejected as the material was despatched at owner's risk as per supply order. Thus the failure of the department to get the material despatched at the risk of railways had resulted in loss of Rs 5.44 lakh to Government.

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

Miscellaneous Department

5.4 Idle Equipment

Different items of equipment purchased by the Health and Family

Equipment valued at Rs 12.24 lakh not fully utilised thereby depriving the public of their intended benefits.

Welfare and Labour and Employment departments between 1991-92 and 1995-96 at a cost of Rs 12.24 lakh had

³ Dalhousie, Kullu, Mandi, Nurpur and Palampur

not been gainfully utilised due to non-equipping of X-ray room, non-availability of three phase electric connection, delays in repairs, etc. as indicated below:

Serial Number	Name of Department/ Office	Particulars of equipment	Date of purchase/ receipt	Cost (Rupees in lakh)	Since when idle	Reasons for non-utilisation
Health and Family Welfare						
1.	Chief Medical Officer, Mandi					
	Primary Health Centre, Nihari	100 MA X-ray Plant	August 1995	4.12	August 1995	Non-availability of 3 phase electric connection.
2.	Chief Medical Officer, Chamba					
	Community Health Centre, Bharmour	X-ray Plant	March 1995	4.12	April 1995	X-ray room in the Community Health Centre, Bharmour still not equipped by the Public Works Department for the installation of X-ray plant.
3.	Labour and Employment					
	District Employment Officer, Kangra at Dharamshala	Computer	1991-92	4.00	July 1995	Lying idle for want of repair.
Total:				12.24		

Apart from depriving the public of the benefits for which the equipment was purchased, non-utilisation of equipment also resulted in blocking of government funds..

The matter was referred to the Government in May 1998; reply had not been received (October 1998).

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

(a) Autonomous bodies and authorities are set up to generally discharge non-commercial functions of public utility services. These bodies/authorities, by and large, receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Cooperative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals and charitable institutions; construction and maintenance of schools and hospital buildings; improvement of roads and other communication facilities under municipalities and local bodies, etc.

During 1997-98, financial assistance of Rs 204.77 crore was paid to various autonomous bodies and others broadly grouped as under:

Serial number	Name of institution	Amount of assistance paid (Rupees in crore)
1.	Universities and other Educational Institutions	66.60
2.	Municipal Corporations and Municipalities	31.75
3.	Zila Parishads and Panchayati Raj Institutions	20.45
4.	Development Agencies	48.68
5.	Hospitals and other Charitable Institutions	3.89
6.	Other Institutions (including Statutory Bodies)	33.40
	Total	204.77

(b) Delay in furnishing utilisation certificates

Financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise.

Out of 4,232 utilisation certificates due in respect of grants and loans aggregating Rs 333.61 crore, paid during the period 1982-83 to 1996-97, only 1,136 utilisation certificates for Rs 87.14 crore had been furnished by 30 September 1998 and 3,096 certificates for an aggregate amount of Rs 246.47 crore were in arrears. Department-wise break-up of the outstanding utilisation certificates was as under:

Department	Number of certificates not furnished	Amount (Rupees in crore)
Rural Development	640	85.82
Education	640	37.67
Agriculture	123	57.81
Urban Development	848	26.33
Administration of Justice	5	0.09
Animal Husbandry	21	4.10
Cooperative	92	1.47
Sports and Youth Services	79	2.44
Tourism	21	1.74
Industries	285	10.51
Forest Farming and Conservation	18	10.01
Language, Art and Culture	176	2.19
Health and Family Welfare	7	0.79
Science and Technology	4	0.53
General Administration	9	0.26
Police	7	0.12
Social and Women's Welfare	117	3.44
Personnel	4	1.15
Total	3,096	246.47

The following table contains an analysis of the extent of delay in furnishing the utilisation certificates:

Extent of delay	Number of certificates	Amount (Rupees in crore)
Upto three years	2,351	226.84
More than three years, but upto five years	359	17.37
More than five years, but less than ten years	241	1.33
More than ten years	145	0.93
Total	3,096	246.47

Due to non-receipt of the certificates, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

(c) Delay in submission of accounts

To identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, (CAG's (DPC) Act) Government is required to furnish to audit every year, detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information in this regard upto the year 1997-98 was awaited as of October 1998 from 16 departments of Government as indicated below:

Serial number	Department	Years for which information had not been furnished
1.	Rural Development	1996-97 to 1997-98
2.	Education	1993-94 to 1997-98
3.	Language, Art and Culture	1996-97 to 1997-98
4.	Social and Women's Welfare	1996-97 and 1997-98
5.	General Administration	1997-98
6.	Agriculture	1995-96 to 1997-98
7.	Forest Farming and Conservation	1997-98
8.	Horticulture	1996-97 and 1997-98
9.	Cooperative	1993-94 to 1997-98
10.	Youth Services and Sports	1997-98
11.	Science and Technology	1994-95 to 1997-98
12.	Town and Country Planning	1996-97 and 1997-98
13.	Personnel	1997-98
14.	Housing	1996-97 and 1997-98
15.	Animal Husbandry	1997-98
16.	Urban Development	1996-97 and 1997-98

There were substantial delays in submission of accounts of these institutions as indicated below:

Year of account	Number of bodies/ authorities	Number of accounts received				Total	Number of accounts awaited as on October 1998
		Between October 1994 and September 1995	Between October 1995 and September 1996	Between October 1996 and September 1997	Between October 1997 and September 1998		
1993-94	33	8	16	6	1	31	2
1994-95	34	--	13	15	2	30	4
1995-96	35	--	--	23	7	30	5
1996-97	48	--	--	1	20	21	27
1997-98	41	--	--	--	--	--	41

On the basis of information available with Audit, 79 annual accounts of 48 bodies and authorities for 1997-98 and earlier years had not been received as of October 1998 by the Accountant General as detailed in Appendix-IX. Grants of Rs 103.61 crore and loan of Rs 7.20 crore were released to 37 bodies and authorities during 1997-98. Details of amounts released to the remaining 11 bodies and authorities were not furnished to audit.

(d) Audit arrangement

The primary audit of local bodies (*Zila Parishads, Nagar Palikas, Town Area/Notified Area Committees*), educational institutions and others is conducted by the Examiner, Local Audit, Himachal Pradesh, Shimla. Audit of Co-operative Societies is conducted by the Registrar, Co-operative Societies, Himachal Pradesh, Shimla and the Audit of Panchayati Raj institutions is conducted by the Director, Panchayati Raj.

Of the 30 bodies/authorities, whose accounts were received upto September 1998, 21 bodies/authorities attracted audit under Section 14 of CAG's (DPC) Act, 1971. Of this, audit of 20 bodies/authorities was completed by September 1998.

Interesting points arising out of audit are mentioned in the succeeding paragraphs.

Animal Husbandry Department

6.2 Himachal Pradesh State Cooperative Milk Producers Federation Limited

6.2.1 Introduction

The Himachal Pradesh State Cooperative Milk Producers Federation Limited (MILKFED) was registered as a Cooperative Society in January 1980 under the Himachal Pradesh Cooperative Societies Act, 1968 with the following objectives of (a) promoting production, procurement, processing and marketing of milk and milk products for economic development of farming community and (b) allied activities for the promotion of dairy industry, improvement and protection of milch animals and economic betterment of those engaged in milk production.

The area of operation of MILKFED extends to whole of the State and are divided into following three units viz., Shimla Unit, Mandi Unit and Kangra Unit.

6.2.2 Organisational set up

The activities of MILKFED were managed by a Board of Directors consisting of 18¹ members through the Managing Director (MD). MD was assisted by the General Manager, Manager (Accounts), Manager (Establishment) at Headquarters, Senior Manager (Plants) and Manager (Production) in each unit. Each unit had its own Advisory Council answerable to the Board of Directors.

The abbreviations used in this review have been listed in the Glossary in Appendix-XI (Page 307-309)

¹ Elected Members : 09; Government nominees : 03; Registrar Co-operative Societies or his nominee : 01; Registrar Co-operative Society nominees : 03 ; Representatives of National Dairy Development Board (NDDDB): 01; Director of Animal Husbandry : 01

6.2.3 Audit coverage

The accounts and other relevant records of MILKFED for the period 1993-94 to 1997-98 were test-checked during December 1997 to March 1998 in its Head Office at Totu (Shimla) and dairy plants at Mandi and Shimla.

The results of review are discussed in the following paragraphs.

6.2.4 Highlights

**** The Himachal Pradesh State Cooperative Milk Producers Federation (MILKFED) suffered accumulated loss of Rs 8.97 crore as of March 1997 which eroded the paid up capital of Rs 4.43 crore.**
(Paragraph 6.2.5)

**** In December 1994, Rs 10 crore were obtained by MILKFED on the orders of the Government as cash credit from Himachal Pradesh Cooperative bank. The amount was deposited in the Civil Deposits in December 1994 and the Government refunded the amount to MILKFED in February 1995.**

(Paragraph 6.2.5.1)

**** During four years ending March 1998, the number of functional village diary cooperatives did not appreciably increase while the number of their members declined by 17 per cent. The main activities of the MILKFED were confined to Mandi and Sirmour districts only.**

(Paragraph 6.2.6.2)

****** Though capacity of Shimla milk plant in 1995-96 was doubled, sale of processed Himmilk decreased from 15.30 lakh litres in 1995-96 to 4.10 lakh litres in 1997-98 and the sale of unprocessed milk increased from 3.17 to 8.33 lakh litres during the same period. In Mandi and Kangra plants, actual collection declined of milk in 1997-98 as compared to the collection of 1993-94.

(Paragraphs 6.2.6.3)

****** Milk collected within the State declined from 56 lakh litres in 1993-94 to 48 lakh litres in 1995-96 while milk collected from sources outside the State increased from 19 lakh litres in 1993-94 to 35 lakh litres in 1997-98.

(Paragraph 6.2.6.4)

****** Of 20 chilling plants, installed capacity was utilised between 1 and 20 per cent in respect of 12 chilling plants and between 15 and 44 per cent in the 8 plants during 1993-97.

(Paragraph 6.2.6.5)

****** Excess consumption of 19.4 thousand kgs of skimmed milk powder to raise 'solid not fat' contents in the milk collected resulted in extra expenditure of Rs 11.77 lakh in Mandi unit.

(Paragraph 6.2.7.1)

****** Sale of milk processed and packed by the MILKFED of the State

declined from 69 per cent in 1993-94 to 9 per cent in 1997-98 as they failed to sell the milk while it was fresh.

(Paragraph 6.2.8.2)

** Due to non-adherence of the recommendations of the Institute of Rural Management, Anand to improve financial and other functions by MILKFED, procurement, processing and distribution of milk decreased during 1993-98. The objectives of providing gainful employment and additional income to small and marginal farmers of the State remained largely unachieved.

(Paragraph 6.2.10)

6.2.5 Accumulated loss

MILKFED had been incurring losses year after year. The accumulated losses were Rs 8.97 crore as of March 1997. Of this, Rs 4.93 crore pertained to the period 1993-97. The loss had fully eroded the paid up capital of Rs 4.43 crore². The accumulated losses were being met partly by grants-in-aid from the State Government, incurred cash credit limit (CCL) and by loan from banks/NDDB.

Accumulated losses of Rs 8.97 crore eroded the paid up capital of Rs 4.43 crore of MILKFED.

6.2.5.1 Misutilisation of cash credit limit for boosting cash balance of Government

On the direction of the State Government (December 1994) MILKFED obtained CCL of Rs 10 crore in December 1994 from Himachal Pradesh Cooperative Bank to carry out its business activities. Of this, after making allowance for service charges the amount available for use by MILKFED was

² State Government: Rs 440.26 lakh; MILK Cooperative Societies: Rs 1.73 lakh and Others: Rs 1.15 lakh.

was increasingly promoting the sale of products of the Punjab Milk Federation in preference to the interest of Himachal milk producers.

Instead of increasing the quantity of procurement of milk from the marketable surplus within the State, MILKFED opted for bulk purchases of packed milk from Punjab Milk Federation at higher rates. The rates of milk purchased from Punjab Milk Federation ranged between Rs 8.42 and Rs 12.02 per litre (average) during 1993-98 as compared to Rs 4.63 and Rs 6 (average) per litre purchased from the producers within the State during 1993-98. During 1993-98, 136.80 lakh litres of milk was purchased from Punjab Milk Federation at an expenditure of Rs 14.41 crore. This resulted in extra expenditure of Rs 7.06 crore (approximately) as compared to cost of milk procured within the State.

MD stated (March 1998) that milk was purchased from outside the State during the time when the demand for milk increased and milk from the plants of MILKFED was not available. The reply was not tenable as MILKFED was procuring packed milk daily from Punjab Milk Federation since March 1992.

6.2.6.5 Underutilisation of the capacity of chilling plants

Milk collected from VDCs was brought to chilling plants. After chilling, the milk was transferred to dairy plants for processing. As of March 1998, MILKFED had 22 chilling plants. Of this 19 plants were of the capacity of 2000 litres per day (LPD) each, two others were of 4000 LPD each and one was of 5000 LPD.

It was noticed that during 1993-97 utilisation of installed capacity of 12⁴

Installed capacity of chilling plants were grossly underutilised.

chilling plants ranged between 1 and 20 per cent and 8⁵ chilling plants ranged between 15 and 44 per cent. The proposal for closure of seven chilling plants was placed (April 1995) before Board of

⁴ Bangana, Bhamla, Darkata, Jhalera, Jalari, Kataula, Nahan, Nalagarh, Maryog, Mohal, Parol, and Raja Ka Talab

⁵ Bagthan, Bilaspur, Milwan, Kotli, Kunnu, Renuka Ji, Sarahan and Sidhyani

Directors but no decision was taken as of September 1998. MD attributed (April 1998) underutilisation to the availability of remunerative outlets to the producers for selling their milk in the local demand centres which provided them higher rates. This contention was not tenable as no relocation of these chilling plants for their better utilisation was done by MILKFED though recommended (March 1993) by IRMA.

6.2.6.6 Operation of uneconomical chilling plants

In order to effect economy in the working of MILKFED, Government ordered (March 1996) to close seven chilling plants⁶ where the capacity utilisation was less than 10 per cent based on average of the last three years and efforts be made for relocation of these chilling plants. Government also ordered that operations in chilling plants at Sidhyani, Kotli and Kunnu be discontinued and the milk collected in these centres be transported to dairy plant for processing. The services of Technical Superintendents and Incharges of chilling plants and Milk Procurement Assistants were to be utilised for remaining activities of MILKFED and the services of 13 casual workers were to be dispensed with.

Out of seven uneconomic chilling plants ordered to be closed only five (Bangana, Bindraban, Darlaghat, Nalagarh, and Raja Ka Talab) were closed between May 1996 and February 1997 and two chilling plants (Chamba and Jalari) were not closed on the recommendations of the Chief Minister. Of these, three chilling plants (Bangana, Nalagarh and Raja Ka Talab) were restarted on the orders issued (August 1997) by the Government during August-October 1997. Reasons for re-starting three chilling plants and not discontinuing three plants were not furnished as of August 1998.

⁶ Bangana, Bindraban, Chamba, Darlaghat, Jalari, Nalagarh and Raja Ka Talab

6.2.7 Processing

6.2.7.1 Excess use of skimmed milk powder

Skimmed Milk Powder valued at Rs 11.77 lakh was used in excess of the requirement.

Milk collected by Mandi unit during 1993-98 contained SNF ranging between 7.2 and 7.6 *per cent*. In order to raise SNF to 8.6 and 9.1 *per cent* in TM and DTM respectively, skimmed milk powder (SMP) was added in the milk procured by MILKFED. As per information supplied by MILKFED, 100 kilograms (kgs) of SMP was required to increase 89 to 91 kgs of SNF.

It was seen that against the requirement of 63,020 kgs of SMP, 82,430 kgs were used which resulted in excess consumption of 19,410 kgs of SMP valued at Rs 11.77 lakh. Reasons for excess use of SMP were not furnished (August 1998).

6.2.7.2 Use of poly film

(i) Excess consumption of poly film

Milk was supplied either in pouches or loose in cans. Pouch filling machines for supplying milk in 0.5 litre capacity pouches were installed in all the three dairy plants at Kangra, Mandi and Shimla. No norms for wastage and number of pouches to be obtained from each kilogram of pouch film roll were prescribed.

In Mandi and Shimla units per kg production of pouches ranged between 319 and 368 during 1993-97. Against 543.19 quintals of poly film required to prepare 228.14 lakh pouches, Mandi and Shimla units utilised 664.20 quintals of poly film during 1993-97 resulting in excess consumption of 121 quintals of poly film valued at Rs 7.82 lakh.

MD stated (March 1998) that number of pouches obtained depended upon various factors like thickness of film, quantity of milk packed and interruption during packing, etc. The reply was not tenable as per rate contract for supply of poly film the yield should be 420+20 pouches per kg of polythene, taking into account all the factors mentioned above.

(ii) Unused poly film

In Mandi and Shimla units, 4084.2 kgs (Mandi: 1019.2 kgs and Shimla: 3065 kgs) of printed film for double toned milk and skimmed milk valued at Rs 2.63 lakh were lying unused in the store since March 1994.

6.2.8 Distribution

6.2.8.1 Targets and achievements

The table below indicated the targets and achievements for distribution of milk in the three units of MILKFED.

Unit	Year	Targets	Achievements	Percentage shortfall in achievement
(Litres in lakh)				
Mandi	1993-94	9.50	7.15	25
	1994-95	8.00	7.86	2
	1995-96	12.00	11.22	7
	1996-97	14.00	11.90	15
	1997-98	13.00	10.09	22
Shimla	1993-94	50.50	41.77	17
	1994-95	44.00	33.42	24
	1995-96	39.00	44.20	--
	1996-97	50.00	46.50	7
	1997-98	50.50	46.21	9
Kangra	1993-94	26.00	23.18	11
	1994-95	28.00	23.30	17
	1995-96	29.00	26.70	8
	1996-97	29.00	23.24	20
	1997-98	23.50	19.37	18

It would be seen that target for distribution was achieved during 1995-96 only in Shimla unit while shortfall in targets ranged between two and 25 per cent during 1993-98 in Mandi unit, seven and 24 per cent during 1993-95 and 1996-98 in Shimla unit and eight and 20 per cent during 1993-98 in Kangra unit.

The shortfall was attributed (March 1998) by MD to stiff competition from private packed milk brands. The contention of MD was not tenable as the recommendations of IRMA to strengthen milk marketing had not been implemented by MILKFED.

6.2.8.2 Inability to sell fresh milk by MILKFED

Sale of milk processed by MILKFED declined from 69 per cent in 1993-94 to nine per cent in 1997-98 due to inability to sell fresh milk.

MILKFED was marketing its own processed milk under the trade name "HIM MILK". In Shimla unit milk processed by Punjab Milk Federation (VERKA brand) was also being marketed in Shimla and Solan towns by MILKFED along with the HIM MILK.

Scrutiny revealed that consumption of processed milk of MILKFED decreased from 28.68 lakh litres (69 per cent) in 1993-94 to 4.10 lakh litres (9 per cent) in 1997-98. However, the sale of unprocessed milk increased from 0.47 lakh litres in 1993-94 to 8.33 lakh litres in 1997-98 despite increase in the capacity of Shimla Plant in 1995-96 from 10,000 to 20,000 LPD. Thus MILKFED relied more heavily on trading of unprocessed milk and on procurement of milk from outside the State than on collection of more quantity of milk within the State as is evident from the fact that the sale of "VERKA" increased from 30 to 73 per cent of the total sale during this period.

Senior Manager (Plant), Shimla unit stated (March 1998) that the milk from which they prepare "HIM MILK" was 3-4 days old by the time it reached the consumers and thus lose its freshness as compared to "VERKA" and other brands available in the market. So there was no demand for "HIM MILK" and as such the unit preferred marketing "VERKA" milk. MD stated that one time collection and relatively longer time taken by the transportation vehicles for carrying milk in hilly roads were the factors for loss of freshness of milk.

Thus, recommendations made by IRMA to improve the quality of milk to bring it to the level of Punjab Milk Federation's milk were not implemented.

6.2.8.3 Sale of sub standard milk

22.99 lakh litres of substandard milk was sold by MILKFED during 1993-98.

According to the Prevention of Food Adulteration Act, 1955 buffalo and cow milk should contain minimum 9 and 8.5 *per cent* SNF respectively. MILKFED sold 22.99 lakh litres of unprocessed chilled milk to the consumers containing SNF between 7.1 and 7.8 *per cent* during 1993-98 at various chilling plants in the State, which was below the prescribed standards.

MD stated (April 1998) that the consumers were aware about quality of milk being supplied to them. This reply was not relevant and did not address the question of meeting the provisions of Prevention of Food Adulteration Act, 1955.

6.2.9 Other points of interest

6.2.9.1 Idle equipment

Different items of machinery and equipment acquired by MILKFED between March 1985 and March 1997 at a cost of Rs 13.33 lakh were lying unused due to non-availability of spare parts and paucity of milk, etc. as detailed below:

Serial number	Name of Unit	Particulars of equipment	Date of purchase/receipt	Cost (Rupees in lakh)	Since when lying idle	Reasons
1	Kangra	Cream separator (2 Nos)	March 1985	3.83	1990	Due to the paucity of milk and for want of repairs.
2	Kangra	Rotary cane washer	March 1985	0.62	1988	Due to less number of cans and costly operation.
3	Kangra	Date Printer (PKG)	May 1996	0.23	July 1996	MD stated (March 1998) that it will be used as soon as there will be rigidity of law.
4	Kangra	Milko tester	1986	0.26	1995	Paucity of milk in cans and less quantity of milk received at milk plant.
5	Kangra	Milk chiller 3000 LPH	1985	0.88	1996	Paucity of milk in cans and less quantity of milk received at milk plant.
6	Shimla	Homogniser (5000 ltrs)	Not available	3.54	1992	Due to non-availability of spare parts.
7	Mandi	Curd pump and cheese vacuum packing machine	February 1996/ March 1997	3.97*	February 1996/ March 1997	Necessary equipment from NDDB awaited.
		Total		13.33		

* Rupees 2.68 lakh had also been spent on training of three officers at Anand (Gujarat)

6.2.9.2 Undue favour to distributor

MILKFED was selling milk and milk products in adjoining areas of Solan through a distributor. According to the agreement (December 1994) with the distributor supplies of milk to the distributor were to be made daily against cash payment.

It was, however, noticed that the distributor never deposited the full cost of milk in advance. The balance outstanding against the distributor at the close of each month ranged between Rs 0.44 lakh and Rs 13.37 lakh during 1993-98 and Rs 1.63 lakh were outstanding as of March 1998.

Senior Manager (Plant), Shimla stated (March 1998) that the distributorship was not terminated as the outstanding amount was yet to be recovered and it was not in the interest of MILKFED.

6.2.9.3 Allied activities not promoted by MILKFED

One of the objectives of MILKFED was the development and expansion of allied activities conducive for the promotion of dairy industry, improvement and protection of milch animals and economic betterment to those engaged in milk production.

No scheme for achievement of this objective was framed by MILKFED and it operated only the milk supply schemes.

6.2.10 Monitoring and evaluation

With the objective of improving commercial and developmental aspects of MILKFED, government decided (September 1992) to undertake study through IRMA. IRMA made recommendations (March 1993) in its report for improvement in various financial and other functions.

It was noticed that on the recommendations of IRMA, government advanced (July 1993) a loan of Rs 6 crore to MILKFED and also paid Rs 67.60 lakh as transport subsidy between 1993-94 and 1996-97 with the instructions to fulfill the conditions imposed by IRMA. Besides, additional grant of Rs 1.44 crore was also paid to MILKFED during 1996-97. However, no team

of senior supervisors as recommended by IRMA, for extension campaign was set up by MILKFED. Uneconomical routes and chilling plants were also not closed. Due to non-implementation of the various recommendations of IRMA by MILKFED, procurement, processing and distribution of milk decreased and persistent losses occurred during 1993-98.

Director, Animal Husbandry on evaluation of the performance of MILKFED stated (January 1998) that the Federation had not shown any progress in milk procurement though it was expected that MILKFED shall extend collection routes to more potential areas in the State so that it could achieve the objectives of economic gains to milk producers. He further stated that MILKFED had made no headway in achieving the objectives in providing gainful employment and additional income to small and marginal farmers of the State.

These points were referred to the Government in June 1998; reply had not been received (October 1998).

6.3 Grants

Grants-in-aid were released in excess of the grantee institution, without framing the rules and audited statements were not obtained from the grantee institutions.

The Animal Husbandry Department sanctioned between 1993-94 and 1997-98, grants of Rs 29.16 crore to four institutions, namely, Himachal Pradesh Krishi Vishwa Vidyalaya, Palampur (HPKVV) (Rs 13.11 crore) for activities relating to Animal Husbandry, Himachal Pradesh State Veterinary Council, Shimla (SVC) (Rs 0.13 crore) for running the grantee institutions, Himachal Pradesh Co-operative Milk Producers Federation Limited, Totu, Shimla (MILKFED) (Rs 14.08 crore) for transport subsidy, repayment of loans and for payment of revised pay scales of the employees and Himachal Pradesh State Co-operative Wool Procurement and Marketing Federation Limited, Shimla (WOOLFED) (Rs 1.84 crore) for strengthening of national ram/buck production and rabbit development programme.

Test-check of records of the sanctioning authority revealed (May 1998) the following:

(i) Rules regulating the payment of grants to WOOLFED had not been framed as of May 1998 and grants were released on ad hoc basis. Assistant Director, Animal Husbandry stated (May 1998) that rules regulating grants-in-aid had been framed but the approval of the Government was awaited as of September 1998.

(ii) The prescribed register of grants to watch fulfillment of various codal formalities and to guard against double payment was not maintained by the Director, Animal Husbandry in the prescribed form and did not contain complete information in regard to conditions, if any, attached to the grants, due dates and actual dates for receiving statement of accounts and utilisation certificates.

(iii) Financial rules require that only that portion of grants should be paid during any financial year as was likely to be expended during that year and money should not be drawn in advance of requirement. Of the total grants of Rs 3.10 crore, (Rs 1.26 crore opening balance of 1993-94 and Rs 1.84 crore released between 1993-94 and 1997-98) sanctioned to WOOLFED, the unutilised grants ranged between Rs 0.22 crore and Rs 2.03 crore during 1993-98. Reasons called for (May 1998) from the sanctioning authority for releasing grants in excess of requirement were awaited as of June 1998.

(iv) Financial rules provide that the audited statements of accounts relating to previous years should be obtained from the recipient bodies/institutions by the sanctioning authority before sanctioning further grant. It was, however, noticed that information regarding audited statements viz. whether the audited statement of accounts were received or not, was not available with the department and grants were being released by the Director, Animal Husbandry without obtaining the audited statement.

(v) The department was not aware of the assets created wholly or partially by the grantee institutions out of the grants paid to them as copies of the register of assets were not being obtained from the grantee institutions as required under the rules.

Test-check of records of MILKFED for the period 1993-94 to 1997-98, the results of which embodied in paragraph 6.2 revealed that the grants being provided by the State Government were not percolating down to the gains of farmers of the State.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

Urban Development Department

6.4 Municipal Corporation, Shimla

The Municipal Corporation (MC), Shimla is a local body incorporated under the Himachal Pradesh Municipal Corporation Act, 1979 with the objectives to provide basic civic amenities to the public and to implement/execute various developmental/welfare activities launched by the State Government. The audit of the accounts for the period 1993-97 was concluded in July 1998.

6.4.1 Income and expenditure

The details of income, grants-in-aid and expenditure incurred by MC during 1993-94 to 1996-97 were as under:

Year	Grants-in-aid			Other receipts			Total receipts	Expenditure		
	Opening balance	Received during the year	Total	Opening balance	Received during the year	Total		Out of grants-in-aid	Out of other receipts	Total
(Rupees in lakh)										
1993-94	136.53	99.17	235.70	2.11	578.09	580.20	815.90	66.35	576.69	643.04
1994-95	169.35	46.64	215.99	3.51	694.36	697.87	913.86	41.69	669.14	710.83
1995-96	174.30	54.92	229.22	28.73	1007.53	1036.26	1265.48	43.81	982.58	1026.39
1996-97	185.41	40.87	226.28	53.68	1124.75	1178.43	1404.71	70.46	1144.89	1215.35

Following points were noticed:

- (a) The State Government sanctioned Rs 5.55 crore during 1994-97 as grants-in-aid to MC to liquidate the liabilities of water charges (Rs 3 crore) during 1994-97, for restoration/repair works (Rs one crore) during 1995-96

Out of grants-in-aid of Rs 5.55 crore received during 1994-97, Rs 4.55 crore were irregularly classified under other receipt and Re one crore was remitted to IPH.

and for improvement of civic amenities (drinking water: Rs 1.55 crore) during 1994-95. It was noticed in audit that Rs 4.55 crore received during 1994-96 was irregularly classified under other receipts and Rs one crore sanctioned during 1996-97 were remitted (April 1997) to Irrigation and Public Health (IPH) Department through bank draft without taking into account in the annual accounts of MC.

The Accounts Officer, MC stated (June 1998) that it was not included in the statement of grants-in-aid since it was a compensation. He further stated that only that portion of grant was taken in annual accounts as grants-in-aid which was required to be deposited in personal ledger account. The reply of the Accounts Officer was not tenable as this amount was released by the State Government as grants-in-aid for specific purpose and was, therefore, required to be classified/accounted for under "grants-in-aid".

(b) Grants-in-aid received by MC from the State Government was required to be utilised within one year of the receipt of grant. The sanction orders further stipulated that any amount remaining unutilised even after the expiry of two years be surrendered to the Government. Test-check revealed that Rs 20.68 lakh received during 1994-96 (1994-95: Rs 8.49 lakh and 1995-96: Rs 12.19 lakh) remained unutilised and was neither surrendered nor got revalidated from the State Government as of May 1998.

(c) Grants-in-aid of Rs 1.80 crore was provided (October 1995) to MC by the State government for conversion of 1,782 dry latrines into water borne system like construction of sewerage lines, septic tank and soakpits. Of this, 1,595 dry latrines were converted upto May 1998 at a cost of Rs 88.62 lakh. Balance of Rs 91.38 lakh were lying unutilised (May 1998). Municipal Engineer (ME) stated (June 1998) that non-utilisation of the amount and non-completion of scheme was due to disputes with the owners for not allowing the sewerage pipes to be laid down through their land.

(d) Government accorded (April 1997) sanction for diversion of unspent grant of Rs 72.53 lakh left after completion of sanctioned works from 1979-80 to

1993-94 for providing basic amenities in new areas merged with MC in January 1997. Of this, Rs 46.65 lakh were lying unutilised (May 1998). Reasons for unspent grant called for (March 1998) had not been intimated as of July 1998.

Scrutiny of the records of various departments of MC revealed as under:

6.4.2 Roads and Building department

Splitting up of estimates on special repairs of Commissioner's residence (Corner House) to avoid sanction of competent authority

As per provisions contained in Himachal Pradesh Municipal Corporation Act, 1994, Commissioner was empowered to make the contracts involving expenditure not exceeding Rs one lakh or such amount as the Corporation may fix.

Against the original estimate of Rs 8.38 lakh, Rs 28.80 lakh were spent on the repairs of the residence of the Commissioner.

The contracts exceeding Rs five lakh or such other higher amount as the Government may fix were to be entered into by the Corporation after prior approval of the Government.

It was noticed that on the verbal directions of the Commissioner, MC, seven estimates of civil works were prepared by splitting to avoid the sanction/approval of the higher authority. These were sanctioned by the Commissioner for Rs 8.38 lakh between March 1997 and November 1997 for special repairs of the residence of Commissioner viz., "Corner House". The works were awarded by Executive Engineer MC, Shimla between July 1997 and November 1997. After the award, the scope of six works was enhanced between 54 to 576 *per cent* over the original estimates on the directions of the Commissioner. These works were completed between November 1997 and January 1998 at a cost of Rs 22.59 lakh. Besides, expenditure of Rs 6.21 lakh was also incurred on seven electrical works (Rs 2.79 lakh), furnishing (Rs 1.50 lakh) and on works executed through departmental labour (Rs 1.92 lakh). Thus, against the estimates of Rs 8.38 lakh an expenditure of Rs 28.80 lakh was incurred on special repairs. No estimates were prepared/sanctioned for furnishing works and the works were executed through departmental labour.

6.4.3 Water Works department

(a) Unjustified loss of drinking water

74 lakh kilo litres of water was wasted even by relaxed standard which resulted in loss of Rs 1.33 crore during 1993-97.

MC was required to provide drinking water to Shimla town. All operations relating to the water supply scheme of Shimla town were handled by MC except pumping operations up to the reservoir level, which were entrusted in October 1983 to Irrigation and Public Health (IPH) Department by the Government. IPH Department was recovering water charges at the rate of Rs 1.35 per kilo litre of water made available to MC. MC was charging Rs 1.80 and Rs 6 per kilo litre for domestic and commercial purposes respectively.

The details of water supplied by IPH Department, quantity billed by MC and loss of water during 1993-97 were as under:

Year	Water supplied by IPH Department	Water billed for by MC	Loss of water	Loss percentage
	(Kilo litres in crore)			
1993-94	0.84	0.42	0.42	50
1994-95	0.96	0.49	0.47	49
1995-96	1.16	0.52	0.64	55
1996-97	1.20	0.53	0.67	56
Total	4.16	1.96	2.20	53

It would be seen that during 1993-94 to 1996-97, 4.16 crore kilo litres of water was made available to MC by IPH Department for distribution. Against this supply, MC supplied 1.96 crore kilo litres of water to the consumers and 2.20 crore

kilo litres was lost due to leakage. The loss of water ranged between 49 and 56 *per cent* during 1993-97. According to ME, wastage upto 35 *per cent* were considered to be normal. However, as per guidelines in the report (April 1986) on preventive maintenance of water distribution at Shimla of National Environmental Engineering Institute, Nagpur, wastage level of water beyond 20 *per cent* was considered as worst condition. Even after taking into account 35 *per cent* wastage (1.46 crore kilo litres), 0.74 crore kilo litres of water were wasted in excess resulting in loss of Rs 1.33 crore¹ during 1993-97.

MC received Rs 1.55 crore in March 1995 from the Government for improvement of water supply system with the conditions that work should be started within one year from the date of receipt of the amount and completed within two years. Of this, Rs 33.50 lakh (50 *per cent* cost of rough estimates) were advanced to IPH Department in August 1995 for providing new distribution system to stop the leakage of water. Besides, Rs 46.70 lakh were spent on providing storage facilities and on other minor works and Rs 74.80 lakh remained unutilised as of August 1998. The details of estimates in respect of this unspent amount were not furnished by MC as of August 1998. ME stated (June 1998) that remaining amount would be spent after completion of work entrusted to IPH Department. Thus even though Rs 46.70 lakh had been spent the percentage of wastage of water ranged between 14 and 21 *per cent* in excess of relaxed standard of wastage resulting in loss of Rs 1.33 crore to MC during 1993-97.

Calculated at the rate of Rs 1.80 per kilo litre

(b) Water bills charged mostly on average basis

The number of defective meters over the period 1993-94 to 1996-97, which was already very high showed further increasing trend as detailed below:

Year	Number of water connections	Number of defective meters	Collection of water charges			Water meters replaced
			On the basis of actual meter reading	On the basis of average consumption in respect of defective meters	Total	
			(Rupees in lakh)			
1993-94	12,098	8,259 (68)	28.15	67.95 (71)	96.10	780 (9)
1994-95	12,636	8,506 (67)	35.68	77.78 (69)	113.46	875 (10)
1995-96	13,095	8,908 (68)	39.00	84.60 (68)	123.60	590 (7)
1996-97	13,839	9,781 (71)	39.84	86.88 (69)	126.72	480 (5)

(Note: Figures in parentheses denote percentage)

It would be seen that the percentage of defective meters ranged between 67 and 71 during 1993-97. Water bills were being charged from consumers of these defective meters on the basis of average consumption of water. The amount realised on the basis of average consumption also ranged between 68 and 71 per cent of the total bills. Against the defective meters the replaced meters ranged between five and 10 per cent only.

(c) **Open discharge of untreated sewerage in streams**

The drainage and sewerage network for Shimla town was designed in nineteenth century and was meant for a population of 18,000. The population increased to 1.39 lakh as per Census 1991 but the system could not be upgraded by

Untreated sewage being discharged into stream was polluting the natural surface river.

MC since its installation. The sewerage system does not have a centralised treatment facility. At present the sewage is collected at five sites where simple collection tanks allow for a primary settling of solids before discharge into streams.

A study carried out by the Academy of Mountain Environonics, Dehradun during 1997 revealed that sewage presently discharged openly showed a very high value of chemical oxygen demand, bio-chemical oxygen demand and total suspended solid which is unhygienic. According to analysis carried out by the Himachal Pradesh State Pollution Control Board in 1996 the sewage disposal point, Lalpani has a very bad odour, light yellow in colour at a temperature of 8 degree Celsius and its chloride, sulphate and alkalinity content was 230,86 and 860 mg respectively. Thus the untreated sewage discharged into stream was polluting the natural surface river. Looking into the gravity of the matter, this work needed priority attention of MC/Government.

ME stated (June 1998) that in its endeavour to improve the civic amenities in Shimla town, government had decided to install a new network with the existing setup to upgrade the system and the sewerage treatment plants were proposed at 14 sites in and around Shimla. The works to upgrade the system had not been taken up as of October 1998 and delay was attributed to arrangement of finance to start the gigantic nature of work. Thus, the untreated sewage continued to be discharged into the stream polluting the natural surface river. Looking to the gravity of the matter, this work need priority attention of MC/Government.

6.4.4 Other points of interest

(a) Loss due to leasing of Ice Cream Parlour at lower rates

To lease out an Ice Cream Parlour measuring 68.64 square feet on monthly basis at Ridge, MC invited (April 1988) tenders to be opened on 9 May 1988. On 8 May 1988, MC decided in special meeting to cancel the tenders and to allot the Ice Cream Parlour by open auction. Accordingly, the Commissioner, MC ordered for cancellation of tenders and directed to keep the copy of rates offered for reference for fixing reserve price at the time of auction.

The tenders were opened in May 1988 and highest rate offered for the

There was loss of revenue of Rs 22.93 lakh due to non leasing of ice cream parlour to highest bidder and the low rate of encroached area.

parlour was Rs 9,000 per month (Rs 131.11 per square feet).

Auction for leasing out Ice Cream Parlour was held in May 1988 and the parlour was leased out in April 1989 for Rs 5,000 per month (Rs 72.84 per square feet) to the highest bidder for three years subject to further renewal after an increase of 10 *per cent* monthly rent after negotiations. However, there was nothing on record to show if any reserve price was fixed as per directions of the Commissioner. The lease was not renewed by MC as per terms and conditions. However 10 *per cent* increase was levied in April 1992, April 1995 and April 1998.

Had the parlour been leased to the highest bidder, MC would have received additional revenue of Rs 3.83 lakh as of June 1998.

The lessee encroached 157 square feet area from August 1989 and additional 146.35 square feet area from October 1996. Both these encroachments were regularised by the Commissioner in September 1993 and December 1996 respectively by compounding at the rate of Rs 35 per square feet per month. The basis for fixing this rate was also not on record.

Accordingly, MC was deprived of the revenue of Rs 19.10 lakh (upto June 1998) for encroached area for which Rs 35 per square feet was charged instead of the offered rate of Rs 131.11 per square feet per month.

Thus due to cancellation of tenders and fixing the rate of encroached area on lesser side, MC was deprived of the total revenue of Rs 22.93 lakh as of June 1998.

(b) Non-realisation of municipal taxes

(i) Test-check of records revealed that there were arrears of Rs 2.92² crore on account of municipal taxes as of March 1997. Though the arrears were

accumulating year after year, MC did not

Municipal taxes of Rs 2.92 crore not realised.

have the year-wise break-up of the amount

due from the defaulters. However, it was

noticed in audit that some of the cases were in arrears since 1956 to 1971.

Secretary (Tax) stated (June 1998) that Rs 15.91 lakh (65 cases) on account of MC

taxes had been declared as arrears of land revenue, while in remaining cases,

correspondence was being made at different levels to clear the outstanding amount.

He further stated that as compared to the present staff, the tax assesses were on

higher side.

(ii) Show tax was chargeable from the cinema houses on the basis of Rs 10 per show. It was, however, noticed that Rs 2.69 lakh were outstanding against three cinema houses for the period 1989-97.

²

Private parties: 2,867 cases, Rs 1.47 crore and government departments/autonomous bodies: 34 cases, Rs 1.45 crore

Secretary (Tax) stated (June 1998) that the defaulters had not deposited their arrears in spite of raising demand and it was now proposed to recover it in the form of arrears of land revenue. The reply of Secretary (Tax) was not tenable as timely action to recover the arrears should have been taken.

(iii) It was further noticed in audit that there was an opening balance of Rs 1.15 crore in the beginning of 1996-97 on account of lease amount due from various agencies/bodies. During 1996-97, additional demand of Rs 0.53 crore was raised. Against the total amount of Rs 1.68 crore, Rs 0.45 crore were recovered during 1996-97 and balance amount of Rs 1.23 crore was outstanding as of June 1998. The year-wise details were not available with MC. Superintendent Estate, MC Shimla, stated (September 1998) that year-wise details could not be made available.

(c) **Irregular allotment of shops**

(i) Two shops (633 square feet) located in the first floor of the Padam Dev Complex were vacated by the earlier allottees in January 1993. The shops were allotted to party 'A' at the rate of Rs 32 per square feet per month ignoring the claim of another interested party who offered 0.10 paise per square feet higher than what had been offered by party 'A'. The highest bidder went in appeal to the High Court. The allotment made to party 'A' was quashed in August 1993. Due to this, Rs 10.36 lakh was lost by MC on account of rent from January 1993 to March 1997. MC had not fixed responsibility for this loss as of May 1998.

(ii) Rules for leasing out the stalls constructed by the Municipalities in Himachal Pradesh notified in March 1973 and amendments made thereto from

time to time, stipulated that the rent of the shops/stalls would be assessed in accordance with the cost and location of the stalls and other relevant factors. It was further decided (July 1994) by government that the shops/stalls be put to allotment by way of inviting offers through the local newspapers so as to give wide publicity and proper competition amongst the tenderers.

Scrutiny of records revealed that in sixteen cases shops/stalls were allotted during 1996-98 by MC on the recommendations of Chief Minister, Mayor, Director, Urban Local Bodies and Finance Contract and Planning Committee as detailed in Appendix-X. Neither the market rent fixed nor were offers invited through the local newspaper as required under the rules in these cases. Of this, only in one case a shop was allotted on recommendation of full house of the Councillors of MC. In another case a garage was leased out to a party for twenty years on a nominal rent of Rs 300 per month. The lease period of other 15 cases was one year which was to be extended on yearly basis.

These stalls/shops were located at prime sites and were allotted on rents ranging between Rs 260 and Rs 1900 per month. Besides, a piece of prime land located in Ridge area of Shimla town was allotted to the Himachal Pradesh Tourism Development Corporation on token rent of Re one per month. The market rent of these premises was not worked out by MC. Superintendent Estate stated (September 1998) that market rent of the shops in adjoining area was also not available with MC as no public auction was done in the adjoining areas. Assistant Commissioner, MC while confirming the facts did not furnish reasons for allotment of shops/stalls and leasing out garage for twenty years in contravention of the rules.

(d) Non-construction of a new modern slaughter house at Shimla

Government of India, Ministry of Agriculture sanctioned (March 1995)

Funds meant for construction of modern slaughter house not utilised.

Rs 40.75 lakh as grants-in-aid towards first instalment for construction of a modern slaughter house at Shimla at an estimated cost of Rs 1.25 crore. Construction of slaughter house was to be shared on 50:50 basis between Central and the State government. Rs 20 lakh were also provided by the State government during March 1996. Of this, Rs 0.75 lakh were spent on preparation of Project Report and Rs 60 lakh were lying unspent with MC in the bank account as of July 1998. Veterinary Public Health Officer of MC attributed (June 1998) the delay to selection of site and the executing agency for construction.

These points were referred to the Government in July 1998; reply had not been received (October 1998).

Technical Education Department

6.5 Avoidable expenditure on hostel building for tribal students

Regional Engineering College (REC), Hamirpur was having

Construction of hostel building for tribal students without requirement resulted in avoidable expenditure of Rs 44.01 lakh

accommodation to house 750 students in five hostels. Of this, students ranging between 408 and 641 were staying in the hostels during 1993-98 and accommodation

for 109 students was vacant as of May 1998. Total number of students on roll in the REC during 1997-98 was 736.

Despite the fact that there was vacancy of 247 students, Principal, REC, Hamirpur sanctioned (March 1995) construction of a hostel block for 20 tribal students (at an estimated cost of Rs 26.41 lakh) for which funds were to be provided by the State Government. Accordingly, a two storey building consisting of 20 rooms was constructed (April 1997) at a cost of Rs 29.02 lakh under Special Component Plan for Scheduled Tribes. Further, another estimate for Rs 17.08 lakh for construction of yet another storey for 10 tribal students was approved (January 1997) by the Principal, REC, Hamirpur against which Rs 14.99 lakh had been spent upto May 1998. The work was in progress.

However, no tribal student asked for the accommodation as per the department and, therefore, the Standing Executive Committee of REC under the Chairmanship of Commissioner-cum-Secretary (Technical Education) decided (May 1997) to utilise the hostel building for health centre, employees working in evening shifts, newly appointed faculty members and temporary guest house on the ground that lodging of scheduled tribe students in separate hostel could create feelings of inferiority among them. In the light of this decision, 11 rooms out of 20 rooms of the completed portion were allotted to the employees and remaining 9 rooms were vacant as of May 1998.

Thus the construction of a tribal hostel without requirement resulted in avoidable expenditure of Rs 44.01 lakh. Registrar, REC stated (August 1998) that the strength of the college would be touching 1,000 students in coming years and

utilisation of tribal hostel for other purposes was a temporary arrangement. The reply of the Registrar was not tenable because the total availability of accommodation was more than the number of students on roll.

The matter was referred to the Government in June 1998; reply had not been received (October 1998).

Shimla
The

19 MAR 1999

Revathi Bedi
(REVATHI BEDI)
Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The

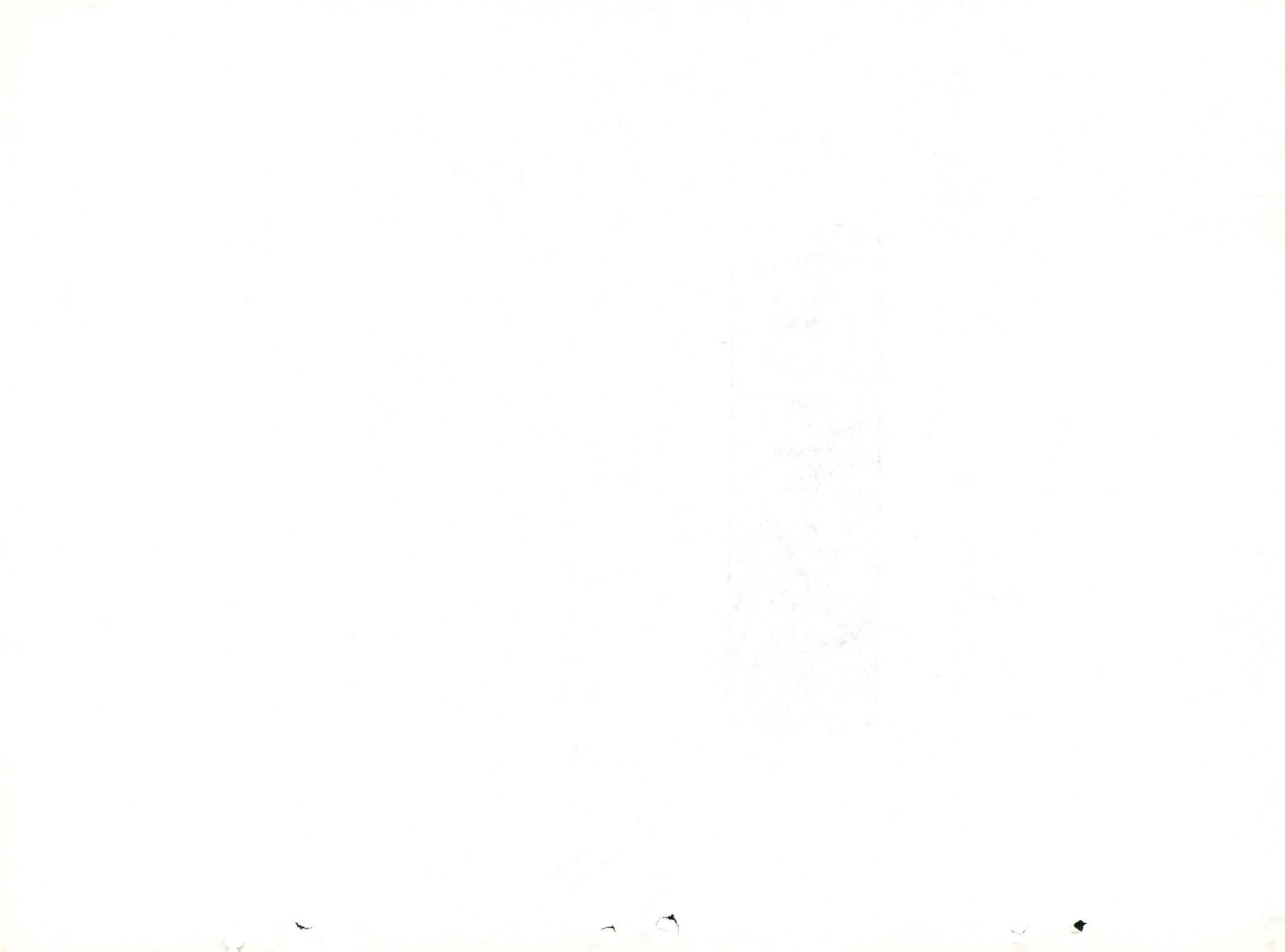
23 MAR 1999

V. k. Shunglu
(V.K.SHUNGLU)
Comptroller and Auditor General of India

POW RAMP E1

POW RAMP E1

APPENDICES



APPENDIX-I

(Refer paragraph 2.2.1; page 46)

Cases of unnecessary supplementary grants/appropriations.

Serial number	Grant/appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
(Rupees in crore)					
Revenue-Voted					
1.	4-General Administration	174.03	34.18	173.56	(-) 34.65
2.	16-Forest and Wild Life	92.95	2.98	91.72	(-) 4.21
3.	19-Social Security and Welfare	51.47	2.42	50.85	(-) 3.04
4.	27-Labour and Employment	10.41	1.09	10.02	(-) 1.48

APPENDIX-II

(Refer paragraph 2.2.3; page 49)

Surrender of funds**Details of major variations where savings were more than Rs 1 crore but were not surrendered fully**

Serial number	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage
(Rupees in crore)					
Revenue-Voted					
i.	27-Labour and Employment	1.48	0.50	0.98	66
Capital-Voted					
2.	30-Loans to Government Servants	2.04	1.07	0.97	48

APPENDIX-III

(Refer paragraph 2.2.7; page 53)

Major variations in recoveries**Details of major variations in recoveries involving 20 per cent of the original estimates and not less than Rs 1 crore in each case**

Serial number	Grant	Budget estimates	Actual recoveries	Variation	
				Amount	Percentage
(Rupees in crore)					
<i>Excess recoveries against budget estimates</i>					
<i>Revenue</i>					
1.	10-Public Works	80.49	135.89	55.40	69
2.	28-Water Supply, Sanitation, Housing and Urban Development	30.62	45.88	15.26	50
3.	31-Tribal Development	7.89	19.17	11.28	143
<i>Capital</i>					
4.	11-Agriculture	13.05	15.95	2.90	22

APPENDIX-IV

(Refer paragraph 2.2.8; page 53)

Cases of injudicious reappropriation**I. Cases of major re-appropriations which turned out injudicious on account of non-utilisation**

Serial number	Grant	Major/ minor/ sub-head of account etc.	Amount of reappropriation to the sub-head	Amount of final saving under the sub-head after reappropriation
(Rupees in lakh)				
1.	11-Agriculture	2401-103-01	4.83	6.06
2.	15-Fisheries	2405-800-02	1.25	1.25
3.	19-Social Security and Welfare	2235-02-200-12	10.00	17.44
4.	27-Labour and Employment	2230-02-004-01	3.23	3.24
		2230-03-001-01	1.10	1.58
		2230-03-003-05	14.87	100.77
5.	30-Loans to Government Servants	7610-202-01	114.00	578.50
		7610-202-04	1.00	1.50
6.	31-Tribal Development	2202-01-796-03	17.52	22.87
		2211-796-02	1.86	1.86
		2225-02-796-01	2.14	2.39
		2408-01-796-01	1.67	15.57
		3456-796-02	3.23	3.23
		4401-796-04	1.33	2.07
		4403-796-01	3.80	4.16

II. Cases of major re-appropriations to other heads which led to final excesses under the following sub-heads.

Serial number	Grant	Major/ minor/ sub-head of account etc.	Amount of reappropriation from the sub-head	Amount of final excess under the sub-head after reappropriation
(Rupees in lakh)				
1.	10-Public Works	4059-01-051-11	5.68	5.70
2.	11-Agriculture	2401-001-01	2.60	20.14
		2401-001-103-01	8.98	33.32
		2401-001-105-04	1.61	7.65
		2401-001-108-01	2.09	2.72
		2401-001-113-01	2.24	14.54
		2401-001-119-19	17.21	109.36
		2401-001-800-03	6.04	6.32
		2401-001-800-06	2.34	2.60
3.	13-Soil and Water Conservation	2402-102-11	2.27	9.43
4.	19-Social Security and Welfare	2235-60-200-02	6.06	14.34
5.	22-Food and Warehousing	2408-01-102-01	205.10	326.33
6.	27-Labour and Employment	2230-01-101-01	1.89	3.28
7.	28-Water Supply, Sanitation, Housing and Urban Development	2217-80-191-01	1.40	1.40
8.	30-Loans to Government Servants	7610-202-02	57.41	483.16
		7610-203-01	1.95	12.13
9.	31-Tribal Development	2210-04-796-04	1.47	2.50
		2053-796-01	29.16	22.00

Appendix-V

(Refer paragraph 3.13.6; page 174)

Statement showing average crime cases and ratio of police official with inhabitants

Serial number	Name of district	Population (as per Census 1991)	Crime cases reported			Average crime cases	Number of operational staff (Constable to SP)	Average crime case per police officer	Ratio of police official with inhabitants
			1995	1996	1997				
1.	Bilaspur	2,95,387	1,025	1,107	1,050	1,061	467	2.27	633
2.	Chamba	3,93,286	1,250	1,349	1,224	1,274	526	2.42	748
3.	Hamirpur	3,69,128	1,441	896	919	1,085	261	4.16	1,414
4.	Kangra	11,74,072	3,944	3,667	3,709	3,773	898	4.20	1,307
5.	Kinnaur	71,270	334	286	232	284	322	0.88	221
6.	Kullu	3,02,432	1,120	1,125	1,132	1,126	320	3.52	945
7.	Lahaul and Spiti	31,294	163	153	147	154	196	0.79	160
8.	Mandi	7,76,372	2,560	2,282	2,070	2,304	582	3.96	1,334
9.	Shimla	6,17,404	4,006	4,735	4,322	4,354	1,438	3.03	429
10.	Sirmour	3,79,695	1,261	1,251	1,105	1,206	510	2.36	745
11.	Solan	3,82,208	1,567	1,391	1,417	1,458	695	2.10	550
12.	Una	3,78,269		1,225	1,104	1,156	399	2.90	948
Total		51,70,817	19,811	19,467	18,431	19,236	6,614		

Appendix-VI

(Refer paragraph 4.1.5 page 192)

Statement showing details of Central assistance received, budget provision and expenditure on CADP

Year	Central assistance released by GOI	Funds provided by the State Government in the budget			Expenditure		
		Central share	State share	Total	Central share	State share	Total
(Rupees in lakh)							
1991-92	53.32	44.90	44.90	89.80	45.91	46.13	92.04
1992-93	35.00	48.50	48.50	97.00	49.48	49.01	98.49
1993-94	75.95	52.35	69.35	121.70	45.08	65.30	110.38
1994-95	25.80	67.00	82.00	149.00	64.97	77.34	142.31
1995-96	4.00	59.00	99.00	158.00	59.10	94.61	153.71
1996-97	44.02	63.45	109.00	172.45	70.56	109.23	179.79
1997-98	57.85	58.85	118.90	177.75	58.75	108.99	167.74
Total	295.94	394.05	571.65	965.70	393.85	550.61	944.46

Appendix-VII

(Refer paragraph 4.1.7 page 195)

Statement showing details of utilisation of irrigation potential created under medium irrigation projects

Year	Giri Irrigation Project			Balh Valley Irrigation Project		
	Potential created	Potential utilised	Percentage utilisation	Potential created	Potential utilised	Percentage utilisation
	(In hectares)					
1991	6761	<i>Kharif: 2166 Rabi: 2294</i>	32 34	1967	<i>Kharif: 408 Rabi: 340</i>	21 17
1992	6761	<i>Kharif: 2583 Rabi: 2662</i>	38 39	1967	<i>Kharif: 539 Rabi: 340</i>	27 17
1993	6761	<i>Kharif: 2605 Rabi: 2360</i>	39 35	2117	<i>Kharif: 530 Rabi: 514</i>	25 24
1994	6761	<i>Kharif: 2807 Rabi: 3007</i>	42 44	2177	<i>Kharif: 297 Rabi: 186</i>	14 9
1995	6761	<i>Kharif: 2771 Rabi: 3899</i>	41 58	2177	<i>Kharif: 294 Rabi: 191</i>	14 9
1996	6761	<i>Kharif: 2941 Rabi: 3143</i>	43 46	2177	<i>Kharif: 301 Rabi: 195</i>	14 9
1997	6761	<i>Kharif: 2945 Rabi: 3925</i>	44 58	2177	<i>Kharif: 371 Rabi: Nil</i>	17 0

Year	Bhabour Sahib Irrigation Project Phase I			Cluster of 32 Minor Irrigation Projects		
	Potential created	Potential utilised	Percentage utilisation	Potential created	Potential utilised	Percentage utilisation
	(In hectares)					
1991	923	<i>Kharif: 17 Rabi: 436</i>	2 47	--	--	--
1992	923	<i>Kharif: 11 Rabi: 450</i>	1 49	--	--	--
1993	923	<i>Kharif: 27 Rabi: 471</i>	3 51	--	--	--
1994	923	<i>Kharif: 30 Rabi: 480</i>	3 52	--	--	--
1995	923	<i>Kharif: 28 Rabi: 490</i>	3 53	--	--	--
1996	923	<i>Kharif: 28 Rabi: 516</i>	3 56	1580	<i>Kharif: 946 Rabi: 952</i>	60 60
1997	923	<i>Kharif: 25 Rabi: 517</i>	3 56	1580	<i>Kharif: 1013 Rabi: 948</i>	64 60

Appendix-VIII

(Refer paragraph 4.9.6 page 222)

Statement showing achievements made during 1992-98 and balance work of arterial roads

Serial number	Name of the road (5/7 meter Width)	Total length (kms)	Amount of administrative approval (Rupees in crore)	Expenditure upto March 1998 (Rupees in crore)	Physical targets fixed during 1992-98				Physical achievements during 1992-98				Balance work of upgradation/improvement as on 31.03.1998							
					Wide-ning	Cross drain-age	Meta-lling	Tarr-ing	Wide-ning	Cross drain-age	Meta-lling	Tarr-ing	Wide-ning	Cross drain-age	Meta-lling	Tarr-ing				
					(In kilometers)															
1.	Mehatpur Una DehraRanital Mataur road with link from Mubarikpur to Gagret	158.150	18.46	5.81	(No road-wise targets were fixed by the Engineer-in-Chief)				54.175	33.460	50.390	65.100	103.975	124.690	107.760	93.050				
2.	Kala Amb to Nahan road	18.000	2.14	0.91					4.950	4.500	8.780	4.000	13.050	13.500	9.220	14.000				
3.	Solan Yashwantnagar-Neripul Sainj road	78.675	15.88	1.97					11.100	7.500	7.000	3.500	67.575	71.175	71.675	75.175				
4.	Brahampukhar Ghagus Haritlyangar Bhota Hamirpur-Ranital road	138.850	13.22	5.40					78.680	49.090	72.540	61.520	60.170	89.760	66.310	77.330				
5.	Nadaun Jawar Amb road	38.550	5.59	1.01					22.150	6.650	9.250	5.360	16.400	31.900	29.300	33.190				
6.	Palampur Thural Hamirpur Bhota Jahu Kalkhar Ratti road	116.225	11.26	1.70					30.800	13.050	21.820	16.410	85.425	103.175	94.405	99.815				
7.	Theog Kotkhai Hatkoti road	72.800	18.85	1.80					13.480	3.000	3.430	0.605	59.320	69.800	69.370	72.195				
8.	Dharamshala Dodh-Palampur via Nagri road	31.250	5.55	0.89					5.260	0.750	5.150	0.500	25.990	30.500	26.100	30.750				
9.	Nurpur Sainja Nallah Laharu Tunnuhatti with link from Laharu to Chowari	52.890	7.27	1.95					22.440	17.100	19.160	20.890	30.450	35.790	33.730	32.000				
10.	Jogindernagar Dharampur Sackaghat Bhamla Ghumarwin road	91.500	11.97	1.28					17.920	7.500	16.370	9.470	73.580	84.000	75.130	82.030				
11.	Bhuntar Manikaran road	33.500	4.07	0.95					8.640	15.000	9.440	11.100	24.860	18.500	24.060	22.400				
12.	Swarghat.Nalagarh Barotiwala road	55.750	13.42	0.92					4.230	0.250	4.230	4.230	51.520	55.500	51.520	51.520				
13.	Shimla Bilaspur road	77.950	21.84	0.87					2.880	1.200	5.010	1.420	75.070	76.750	72.940	76.530				
14.	Bhota-Una-Slauha road	60.000	14.23	0.06					...	...	...	...	60.000	60.000	60.000	60.000
15.	Lal Dhank Paonta Nahan road	50.000	9.23	0.07					...	...	...	...	50.000	50.000	50.000	50.000
16.	Shimla-Naldhera road	20.000	8.02	0.04					0.350	...	...	...	19.650	20.000	20.000	20.000	
	Total	1094.090	181.00	25.63					277.055	159.050	232.570	204.105	817.035	935.040	861.520	889.985				

Appendix-IX

(Refer paragraph 6.1; page 262)

Statement showing names of the bodies and authorities, the accounts of which had not been received

Serial number	Department and Body/Authority	Year for which accounts were awaited	Amount of grant during 1997-98 (Rupees in crore)
Rural Development			
1.	District Rural Development Agency, Shimla	1997-98	5.20
2.	District Rural Development Agency, Solan	1997-98	3.29
3.	District Rural Development Agency, Bilaspur	1997-98	3.01
4.	District Rural Development Agency, Mandi	1997-98	7.86
5.	District Rural Development Agency, Kullu	1997-98	2.47
6.	District Rural Development Agency, Kinnaur	1996-97 and 1997-98	0.37
7.	District Rural Development Agency, Kangra	1996-97 and 1997-98	9.16
8.	District Rural Development Agency, Lahaul and Spiti at Keylong	1997-98	NA
9.	District Rural Development Agency, Chamba	1997-98	4.61
10.	District Rural Development Agency, Una	1997-98	2.27
11.	District Rural Development Agency, Sirmour	1997-98	3.26
12.	District Rural Development Agency, Hamirpur	1997-98	3.72
Education			
13.	Himachal Pradesh University, Shimla	1993-94 to 1997-98	
14.	SVS College, Bhatoli	1996-97 and 1997-98	NA
15.	DAV College, Kangra	1996-97 and 1997-98	
16.	MLSM College, Sundernagar	1996-97 and 1997-98	
17.	GGDSD College, Baijnath	1996-97 and 1997-98	
18.	St. Bede's College, Shimla	1996-97 and 1997-98	
19.	Himachal Pradesh School Education Board, Dharamshala	1996-97 and 1997-98	
Language, Art and Culture			
20.	Academy of Language, Art and Culture	1996-97 and 1997-98	0.42
Social and Women's Welfare			
21.	Himachal Pradesh Social Welfare Advisory Board, Shimla	1997-98	1.17
22.	Himachal Pradesh State Council for Child Welfare, Shimla	1997-98	1.70
23.	Himachal Pradesh Scheduled Caste/Tribe Corporation, Solan	1996-97 and 1997-98	NA
General Administration			
24.	Himachal Pradesh Ex-Servicemen Corporation, Hamirpur	1997-98	0.67
Agriculture			
25.	Himachal Pradesh Krishi Vishva Vidyalaya, Palampur	1995-96 to 1997-98	19.24
Forest Farming and Conservation			
26.	Indo German Changar Project, Palampur	1997-98	2.10

Serial number	Department and Body/Authority	Year for which accounts were awaited	Amount of grant during 1997-98 (Rupees in crore)
			(Rupees in crore)
	Horticulture		
27.	Dr. Y.S. Parmar University of Horticulture and Forestry, Solan	1996-97 and 1997-98	14.35
	Cooperation		
28.	Himachal Pradesh State Cooperative Marketing and Consumers Federation, Shimla	1997-98	7.20*
29.	Himachal Pradesh Cooperative Union, Shimla	1993-94 to 1997-98	0.45
	Science, Technology and Environment		
30.	State Council for Science, Technology and Environment, Shimla	1997-98	0.97
31.	Himachal Pradesh State Board for Prevention and Control of Water Pollution, Shimla	1994-95 to 1997-98	0.83
32.	Himachal Pradesh Government Energy Development Agency, Shimla	1994-95 to 1997-98	4.50
	Town and Country Planning		
33.	Himachal Pradesh Nagar Vikas Pradhikaran, Shimla	1996-97 and 1997-98	NA
	Personnel		
34.	Centre for Management Studies at Himachal Pradesh Institute of Public Administration, Mashobra	1997-98	0.82
	Housing		
35.	Himachal Pradesh Housing Board, Shimla	1996-97 and 1997-98	NA
	Animal Husbandry		
36.	Himachal Pradesh Cooperative Milk Federation Totu, Shimla	1997-98	5.11
	Youth Services and Sports		
37.	Himachal Pradesh Sports Council, Shimla	1997-98	0.44
38.	Himachal Pradesh State Youth Board, Shimla	1997-98	0.38
	Urban Development		
39.	Municipal Committee, Dharamshala	1996-97 and 1997-98	0.44
40.	Municipal Corporation, Shimla	1997-98	3.73
41.	Municipal Committee, Solan	1996-97 and 1997-98	0.54
42.	Municipal Committee, Chamba	1996-97	0.09
43.	Municipal Committee, Kullu	1996-97	0.08
44.	Municipal Committee, Mandi	1996-97	0.10
45.	Municipal Committee, Sundernagar	1996-97	0.11
46.	Municipal Committee, Nahan	1996-97	0.12
47.	Nagar Panchayat, Sunni	1996-97	0.01
48.	Nagar Panchayat, Jawalamukhi	1996-97	0.02
		Total	110.81

Note: NA: Not available

Appendix-X

(Refer paragraph 6.4.4; page 290)

Statement showing the details of shops allotted

Serial number	Particulars of complex	Rent (In rupees per month)	Area (In square feet)	Rent per square feet (Rate per square feet) (In rupees)	Remarks
1.	Lower Bazar Commercial Complex	1120.00	112	10.00	Allotted on recommendation of the Corporation.
2.	Lower Bazar Commercial Complex	580.00	116	5.00	On recommendation of FC and PC.
3.	Daulat Ram Commercial Complex	1500.00	NA	--	On recommendation of Director ULB/FC and PC.
4.	Daulat Ram Commercial Complex	1500.00	NA	--	On recommendation of Director ULB/FC and PC.
5.	Daulat Ram Commercial Complex	1500.00	NA	--	On recommendation of FC and PC.
6.	Daulat Ram Commercial Complex	1500.00	NA	--	On recommendation of Mayor.
7.	Daulat Ram Commercial Complex	1500.00	NA	--	On recommendation of FC and PC.
8.	Strawberry Hill, Chhota Shimla	260.00	64.70	4.00	On recommendation of FC and PC.
9.	Cloak Room near Bus Stand Shimla	1001.00	143	7.00	On recommendation of FC and PC/CM.
10.	Old Octroi Post, Sanjauli	1900.00	380	5.00	On recommendation of FC and PC.
11.	Garrage near Ram Chandra Chowk	300.00	190	1.58	On recommendation of FC and PC/CM.
12.	Strawberry Hill, Chhota Shimla	260.00	63	4.13	On recommendation of FC and PC.
13.	Daulat Ram Commercial Complex	1500.00	NA	--	On recommendation of FC and PC/CM.
14.	Godown Kaithu Bazar	598.92	225.21	2.65	On recommendation of FC and PC.
15.	Shop near bus stand Sanjauli	690.00	86.08	8.00	On recommendation of CM/FC and PC.
16.	Garrage No. 23 Motor Barrier	378.00	63	6.00	On recommendation of FC and PC.

Note: 1.

NA: Not available.

Note: 2.

Lease period of all the shops (except Serial Number 11) is one year to be extended on yearly basis whereas Lease period in respect of Serial Number 11 is 20 years.

APPENDIX-XI**Glossary of abbreviation**

Abbreviation	Expanded form
ABER	Annual Blood Examination Report
AC	Asbestos Cement
ACSC	Additional Chief Secretary cum Commissioner
ADC	Additional Deputy Commissioner
ADGP	Additional Director General of Police
API	Annual Parasite Index
ARWSP	Accelerated Rural Water Supply Programme
ASI	Assistant Sub Inspector
ASP	Assistant Superintendent of Police
B&R	Building and Roads
BASP	Backward Area Sub Plan
BDO	Block Development Officer
BEASC	Block Employment Assurance Scheme Committee
BHC	Benzene Hexachloride
BUSG	Built up Spray Grout
CADA	Command Area Development Agency
CADP	Command Area Development Programme
CCA	Culturable Command Area
CCL	Cash Credit Limit
CGWD	Central Ground Water Board
CI	Cast Iron
CMO	Chief Medical Officer
COS	Controller of Stores
DC	Deputy Commissioner
DDC	Drug Distribution Centres
DDO	Drawing and Disbursing Officer
DE	Director of Education
DEASC	District Employment Assurance Scheme Committee
DEO	District Education Officer
DFO	Divisional Forest Officer
DGP	Director General of Police
DGS&D	Director General Supplies and Disposal
DHS	Director Health Services
DIG	Deputy Inspector General of Police
DNIT	Draft Notice Inviting Tenders
DRDA	District Rural Development Agency
DSP	Deputy Superintendent of Police
DSS	Director Small Savings
DTM	Double Toned Milk
EAS	Employment Assurance Scheme
ECI	Election Commission of India
FTD	Fever Treatment depots
GAD	General Administration Department
GI	Galvanised Iron
GOI	Government of India

GPF	General Provident Fund
HAP	Himachal Armed Police
HC	Head Constable
HDP	High Density Polythene
HM	Head Master
HPBSE	Himachal Pradesh Board of School Education
HPHB	Himachal Pradesh Housing Board
HPHHL	Himachal Pradesh Handloom and Handicraft Corporation
HPKVIB	Himachal Pradesh <i>Khadi</i> and Village Industries Board
HPPWD	Himachal Pradesh Public Works Department
HPS	Himachal Police Services
HPSCSTDC	Himachal Pradesh Scheduled Castes and Scheduled Tribes Corporation
HPSEB	Himachal Pradesh State Electricity Board
HS	High School
HUDCO	Housing and Urban Development Corporation
IAF	Indian Air Force
IG	Inspector General of Police
INMEP	National Malaria Eradication programme
IPH	Irrigation and Public Health
IR	Inspection Report
IRB	India Reserve Battalion
IRC	Indian Road Congress
IRDP	Integrated Rural Development Programme
IRMA	Institute of Rural Management Anand
ITDP	Integrated Tribal Development Project
ITI	Industrial Training Institute
JBT	Junior Basic Teacher
LAO	Land Acquisition Officer
LDP	Litres per Day
LSP	Litres per Second
LT	Language Teacher
MA	Master of Arts
MADA	Modified Area Development Approach
MB	Measurement Book
MC	Municipal Corporation
MD	Managing Director
ME	Municipal Engineer
MILKFED	Himachal Pradesh State Co-operative Milk Producers Federation Limited
MLAs	Members of Legislative Assembly
MOST	Ministry of Surface Transport
MPO	Modified Plan of Operation
MPs	Members of Parliament
MPW	Multipurpose worker
MS	Mild Steel
MSc	Master of Science
MSS	Mix Seal Surfacing
MT	Metric Tonnes
MTI	Manual Training Instructors
NCERT	National Council of Educational Research and Training

NDDB	National Dairy Development Board
NDSI	National Discipline Scheme Instructor
NH	National Highway
NMCP	National Malaria Control Programme
NPE	National Policy on Education.
OBB	Operation Black Board
OBC	Other Backward Classes
OFD	On Farm Development
OT	Oriental Teacher
PC	Premix Carpet
PCU	Passenger Car Units
PET	Physical Education Teacher
PF	Positive Falciparum
PHC	Primary Health Centre
PL	Poverty Line
PO	Project Officer
Pr. CCF	Principal Chief Conservator of Forest
PTC	Police Training College
PW	Public Works
PWD	Public Works Department
R&T	Railway and Traffic
RCC pipe	Reinforced Cement Concrete pipes
RD	Reduced Distance
RDD	Rural Development Department
REC	Regional Engineering College
RHO	Regional Health Officer
SCA	Special Central Assistance
SD	Surface Dressing
SDO	Sub Divisional Officer
SE	Superintending Engineer
SFW	Superior Field Worker
SLCC	State Level Co-ordination Committee
SMP	Skimmed Milk Powder
SNF	Solid Not Fat
SP	Superintendent of Police
SSS	Senior Secondary School
ST	Scheduled Tribe
SVT	Senior Vernacular Teacher
TDD	Tribal Development Department
TGT	Trained Graduate Teacher
TM	Toned Milk
TSP	Tribal Sub Plan
UC	Utilisation Certificate
VDCS	Village Dairy Co-operative Society
VIP	Very Important Person
VMJS	<i>Vikas Mein Jan Sahyog</i>
VVIP	Very Very Important Person
WBM	Water Bound Macadam
WOOLFED	Himachal Pradesh State Co-operative Wool Procurement and Marketing Federation

