सत्यमेव जयते

Report of the Comptroller and Auditor General of India

on

Social, General, Economic (Non-PSUs) sectors

for the year ended 31 March 2017

भारतीय लेखापरीक्षा और लेखा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT

लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

JAMMU & KASHMIR

This Report is Digitally Signed for laying in the Parliament.

Digitally Signed by:
Sreeraj Ashok, Director (IS)
O/o C&AG of India

Government of Jammu and Kashmir

Report No. 3 of the year 2018

Report of the
Comptroller and Auditor General of India

on

Social, General, Economic (Non-PSUs) sectors

for the year ended 31 March 2017

Government of Jammu and Kashmir

Report No. 3 of the year 2018

TABLE OF CONTENTS

Appendices

PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2017, was prepared for laying in the Legislature of the (erstwhile) State of Jammu and Kashmir and sent to the Governor in April 2018, in accordance with Article 151 of the Constitution of India. As per the decision of the Government of India, Ministry of Finance (June 1994), wherever President's Rule is extended beyond one year, the C&AG's Report relating to the State would be placed in Parliament. Hence, this Report is being sent to the President for laying in the Parliament.

Consequent to the reorganisation of the State of Jammu and Kashmir, under the Jammu and Kashmir Reorganisation Act, 2019 the Report is being sent to the Lieutenant Governors of the successor Union Territory of Jammu and Kashmir and Union Territory of Ladakh.

The Report contains significant results of the performance audit and compliance audit of the departments/ autonomous bodies of the Government of erstwhile State of Jammu and Kashmir under the Social, General and Economic Sectors (Non-Public Sector Undertakings), conducted as per provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2016-17 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2016-17 have also been included, wherever necessary.

The audit has been conducted in conformity with the Regulations on Audit & Accounts and Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains four Performance audits i.e. National Afforestation Programme, National Health Mission Kashmir region, Power purchase agreements and electric revenue collection and Mahatma Gandhi National Rural Employment Guarantee Scheme, 27 paragraphs involving ₹4,011.31 crore relating to avoidable, extra, unfruitful, unproductive and wasteful expenditure, misappropriation/ short remittance of sale proceeds of food grains, blocking of funds, undue favour to contractor and embezzlement of Government money etc. Some of the major findings are mentioned below:

The total expenditure[1] of the State increased from ₹30,434 crore to ₹48,174 crore during 2012-17, the revenue expenditure of the State Government increased by 59 *per cent* from ₹25,117 crore in 2012-13 to ₹39,812 crore in 2016-17. Non-Plan/ Normal revenue expenditure increased by 60 *per cent* from ₹23,560 crore to ₹37,812 crore and capital expenditure increased by 59 *per cent* from ₹5,224 crore to ₹8,286 crore during the period 2012-17.

PERFORMANCE AUDIT

The **National Afforestation Programme (NAP)** was formulated in the 10th Five Year Plan (2002-2007) by merging four Centrally Sponsored Afforestation Schemes (CSASs)[2] of the Ministry of Environment, Forests and Climate Change (MoEFCC), Government of India (GoI). The objectives of the NAP include sustainable development and management of forest resources, increase and/ or improvement of Forest and Tree Cover (FTC) and rehabilitation of degraded forests and other areas by institutionalising decentralised/ participatory forest management and supplementing livelihood improvement processes. A performance audit of the National Afforestation Programme (NAP) covering the period 2011-12 to 2016-17 brought out that Programme implementation had suffered due to non-observance of guidelines and deviation from the objectives during execution of various activities and there was shortfall in achievement of targets under plantation. Some of the significant findings are given below:

- The overall forest cover to geographical area in the State decreased from 16.09 *per cent* in 2009 to 15.78 *per cent* in 2015. Against target of 66 *per cent* of geographical area in hills of the State to be covered under forest and tree cover as per National Forest Policy 1988, only 24.02 *per cent* was under forest and tree cover, leaving a shortfall of 41.98 *per cent* of the envisaged goal.

  (Paragraph: 2.1.6.1)
- Seven Forest Development Agencies could not be brought under the ambit of National Afforestation Programme by the State Forest Development Agency

[1] Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances

[2] Integrated Afforestation and Eco-Development Projects Scheme (IAEPS), Area Oriented Fuel Wood and Fodder Projects Scheme (AOFFPS), Conservation and Development of Non-Timber Forest Produce (NTFP) including Medicinal Plants Scheme and Association of Scheduled Tribes and Rural Poor (ASTRP) in regeneration of degraded forests

during 2010-17, despite the fact that five Forest Development Agencies had formulated and submitted their plans (2010-15) costing ₹37.59 crore to the State Forest Development Agency which was not forwarded to the National Afforestation and Eco-Development Board.

(Paragraph: 2.1.6.1)

- Receipt of funds from the National Afforestation and Eco-Development Board by the State Forest Development Agency were allocated disproportionately to Forest Development Agencies. Against release of ₹4.44 crore by the National Afforestation and Eco-Development Board to the State Forest Development Agency for 15 Forest Development Agencies, only ₹1.80 crore were released (2013-14), whereas against release of ₹5.46 crore for nine Forest Development Agencies, ₹9.23 crore were released (2011-14).

(Paragraph: 2.1.7.2)

- Funds of ₹24.46 crore were retained by the State Forest Development Agency up to 265 days and further there was delay in release of ₹6.30 crore up to 681 days by the Forest Development Agencies to Village Forest Committees. Delay in submission of annual works programme by the State Forest Development Agency to National Afforestation and Eco-Development Board resulted in non-receipt of grant of ₹11.72 crore during 2010-15.

(Paragraphs: 2.1.7.2 and 2.1.7.6)

- Neither five year Perspective Plan nor Annual Plan of Operations were prepared by the Forest Development Agencies. Only Annual Works Programme of the forest territorial area were prepared and that too without the consultation with the Village Forest Committees/ potential village members. No Entry Point Activities were undertaken in any of the 11 Forest Development Agencies test-checked in Audit despite ₹1.03 crore being approved in the annual works programme of 10 Forest Development Agencies for undertaking Entry Point Activities.

(Paragraphs: 2.1.8.1 and 2.1.8.4)

- No training and capacity building measures were undertaken for skill development as no provision was made in the works programme by 11 Forest Development Agencies test-checked in Audit. No plantation journal showing year/ compartment/ species-wise and geo-reference details of the plantation was maintained, as such impact assessment to monitor survival *vis-a-vis* mortality against plantation could not be analysed.

(Paragraphs: 2.1.8.5 and 2.1.8.8)

- No Annual Report was prepared by the State Forest Development Agency since its inception in July 2010. The Governing Body met only once (April 2014) as against seven times, whereas Executive Body conducted only five meetings as against at least 27 meetings during 2010-16.

(Paragraph: 2.1.9.3)

The **National Health Mission** launched by the Government of India (GoI) aims to provide accessible, affordable and quality health care and reduce the Maternal

Mortality Ratio (MMR), Infant Mortality Rate (IMR) and the Total Fertility Rate (TFR). A performance audit of the implementation of the **National Health Mission in Kashmir region** covering the period 2012-13 to 2016-17 brought out that the financial management was weak, which manifested in non-utilisation of available funds in full, diversion of funds for purposes not approved and procurements without complying with the provisions of the Financial Code. Some of the significant findings are given below:

- The percentage utilisation of funds under the programme ranged between 74 and 83 *per cent* during 2012-13 to 2016-17. There was also delay in release of funds to State Health Society by the State Finance Department ranging between nine days and 153 days.

  (***Paragraphs: 2.2.7 and 2.2.7.1***)

- 1,076 out of 2,103 health institutions (51 *per cent*) in Kashmir Division were in hired accommodations. There was shortage of 40 Community Health Centres and 975 Sub-Centres as of March 2017 *vis-a-vis* the population criteria of National Health Policy. None of the Sub-Centres/ Primary Health Centres/ Community Health Centres had been upgraded to the level of Indian Public Health Standards in the Kashmir region during 2012-17.

  (***Paragraphs: 2.2.8, 2.2.8.1 and 2.2.8.2***)

- Unplanned execution of infrastructure projects led to delays and their non-completion, resulting in unproductive expenditure of ₹3.26 crore, blocking of ₹three crore and liability of ₹two crore.

  (***Paragraph: 2.2.8.3***)

- The availability of health care human resources in the 12 District Hospitals in Kashmir region *vis-a-vis* Indian Public Health Standards was 93 *per cent* for medical specialists and 50 *per cent* for nurses and para medical staff. No post was sanctioned separately for Blood Banks in 12 District Hospitals against required 72 posts as per Indian Public Health Standards. There was overall shortage of 340 (25 *per cent*) and 3,816 (62 *per cent*) para-medical staff in 50 Community Health Centres and 557 Primary Health Centres/ New Type Primary Health Centres respectively as compared to Indian Public Health Standards.

  (***Paragraph: 2.2.9***)

The Central Electricity Act 2003 and the Jammu and Kashmir Electricity Act, 2010 were enacted for providing a legal framework for reforming and restructuring the power sector. The Act/(s) aimed at consolidating the laws relating to generation, transmission, distribution, trading and use of electricity, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, liberalised captive power policy, allowed open access to transmission and distribution lines, introduced stringent penalties for power theft and made setting up of Electricity Regulatory Commission mandatory. A performance audit of **Power purchase agreements and electric revenue collection** covering the period 2012-13 to 2016-17 brought out deficiencies of Power Development Department in power purchase planning, signing and operationalisation of Power Purchase Agreements, financial mismanagement, deficiencies in billing and collection of revenue and weaknesses in internal control. Some of the significant findings are given below:

- The Department failed to meet its power requirement and the gap between unrestricted demand and self-generation available to the State ranged between 77 *per cent* and 84 *per cent*. 73 *per cent* to 76 *per cent* of the power requirement of the State was met through purchase from Central Generating Stations. The State suffered a power purchase deficit of ₹14,871 crore during 2012-17 as against an expenditure of ₹24,299 crore incurred on power purchase during 2012-17, revenue realisation from sale of power was only ₹9,428 crore. The Jammu and Kashmir Power Development Department incurred an extra expenditure of ₹840 crore on power purchased during 2012-17 due to deficiencies in planning and non-optimisation of power purchase cost.

  (Paragraphs: 2.3.1.1, 2.3.6.1, 2.3.6.2 and 2.3.7)
- The Jammu and Kashmir Power Development Department made an avoidable payment of ₹1,420.26 crore towards late payment surcharge and lost the opportunity to avail rebate of ₹297.92 crore due to deficient financial management. It also had to shell out ₹33.67 crore towards fixed charges without availing power due to imposition of regulation for delayed payments.

  (Paragraphs: 2.3.9.1 and 2.3.9.2)
- Due to non-completion of transmission infrastructure for evacuation of power, the Department made an avoidable payment of ₹543.47 crore towards idle capacity charges and energy charges on deemed generation to two power projects.

  (Paragraph: 2.3.10)
- Poor collection efficiency resulted in recoverable revenue of ₹2,508.23 crore ending March 2017.The Jammu and Kashmir Power Development Department failed to recover its power purchase cost due to operational inefficiencies like increasing gap between Average Cost of Supply and Average Billing Rate, high Aggregate Technical & Commercial losses which were 62.56 *per cent* in 2015-16 and increased to 67.63 *per cent* in 2016-17 which resulted in foregone revenue of ₹10,176 crore.

  (Paragraphs: 2.3.11.2, 2.3.11.3 and 2.3.11.4)
- The Department failed to implement revised tariff order approved by the Jammu & Kashmir State Electricity Regulatory Commission resulting in loss of ₹10.06 crore to the State exchequer. The Department had not devised any mechanism for filing objections on petitions filed by the generators.

  (Paragraphs: 2.3.12.1 and 2.3.12.5)

National Rural Employment Guarantee Act (NREGA) notified by the Government of India (GoI) in September 2005 and renamed in October 2009 as **Mahatma Gandhi National Rural Employment Guarantee Scheme** has the objective of enhancing livelihood security in Rural Areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual labour. A performance audit of the implementation of the

Scheme covering the period 2012-13 to 2016-17 brought out that the meetings of State Employment Guarantee Council were not held regularly and the decisions taken in those meetings were not fully implemented. Audit noticed un-reconciled closing balances, non accountal of bank interest in the financial statements, delayed release of funds, short release of State share and excess expenditure on administrative charges which reflected poor financial management. Some of the significant findings are given below:

- Long term developmental perspective for all Districts could not be ensured due to non-preparation of perspective plans. Delays in submission of labour budgets led to late release of funds by Government of India and delayed payment of wages.

(Paragraph: 2.4.7)

- Un-reconciled closing balances, non-accountal of bank interest of ₹1.20 crore in the financial statements, delayed release of funds, short-release of State share of ₹107.08 crore and excess expenditure of ₹22.85 crore on administrative charges reflected poor financial management which was equivalent to non-generation of 83.78 lakh person days of employment.

(Paragraph: 2.4.8)

- No unemployment allowances were paid to the job card holders who demanded jobs but could not be provided. Further, 19 *per cent* person days employment could be provided to women beneficiaries against the norm of 33 *per cent*. Wage payment in 77 *per cent* cases was not paid within the prescribed time of 15 days and 40 *per cent* wage payments were made after delay of more than 90 days. Implementation of the Scheme did not achieve the stated objectives and also cannot be viewed as preparedness to progress under the Sustainable Development Goals (SDG).

(Paragraph: 2.4.9)

- Execution of works under the Scheme showed weakness. While 14,211 works included in the approved Annual Action Plans were not executed, 2,281 unapproved works were executed which led to unauthorised expenditure of ₹32.67 crore and revealed improper planning and non-involvement of public representatives before framing the Annual Action Plans. Non-maintenance of wage material ratio led to excess expenditure of ₹277.69 crore on material component with consequent non-generation of 1.74 crore person days employment. Non-accountal and non-utilisation of material worth ₹0.29 crore procured in excess of requirement has the risk of misappropriation and pilferage. Delay in completion of works taken under 13th Finance Commission in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme and non-maintenance of wage material ratio led to diversion of ₹1.26 crore, time overrun and cost overrun of ₹1.13 crore in two blocks.

(Paragraph: 2.4.10)

- Non-maintenance of essential data/ records regarding inspection of works, job seekers details, assets, etc. and mismatch in data provided/ uploaded on Management Information System revealed poor monitoring. The Department has neither constituted the monitoring committees to monitor the quality of works nor appointed Ombudsmen to deal with complaints.

(Paragraph: 2.4.11)

- Independent surveys and assessment by Audit showed that implementation of the Scheme was left with various gaps in terms of achieving wage employment, sectoral target achievements, coverage, awareness and participation.

(Paragraph: 2.4.12)

COMPLIANCE AUDIT

Avoidable expenditure on transportation of wheat

Injudicious action of the Food, Civil Supplies and Consumer Affairs Department to transport wheat for grinding in a circuitous manner has resulted in avoidable expenditure of ₹2.06 crore.

(Paragraph: 3.1)

Avoidable extra expenditure

Non-fixation of carriage rates by the Food, Civil Supplies and Consumer Affairs Department in respect of vehicles carrying weight of more than 90 quintals and making the payments at higher rates for transportation of food grains in the range of 150 to 220 quintals loaded on 1,003 vehicles, resulted in excess payment of ₹0.77 crore. Besides, deployment of 8,690 trucks loaded with 77 quintals, instead of loading 90 quintals, for carriage of 6,69,130 quintals of food grains to various destinations in Poonch and Rajouri Districts, resulted in extra expenditure of ₹0.67 crore.

(Paragraph: 3.2)

Extra expenditure and deprival of Central sugar subsidy

Failure to procure sugar by the Food, Civil Supplies and Consumer Affairs Department for public distribution at lowest rates led to extra outgo of ₹9.23 crore on the Government exchequer. Besides, the State was deprived of the Central sugar subsidy of ₹62.79 crore and sugar could not be distributed to consumers through Targeted Public Distribution System for around five months.

(Paragraph: 3.3)

Misappropriation of food grains

Comparison between quantities of food grains issued as per the stock issue registers of the sub-store Reasi under the Food, Civil Supplies and Consumer Affairs Department with the records of 19 Fair Price Shops showed that 2,495.14 quintals of food grains meant for Public Distribution System were not distributed among the targeted beneficiaries and resulted in misappropriation of ₹19.10 lakh.

(Paragraph: 3.4)

Short remittance of sale proceeds of food grains

Failure of Assistant Directors Food, Civil Supplies and Consumer Affairs Department, Budgam, Kupwara and Reasi to remit the sale proceeds of additional food grains as per prescribed rates resulted in short-remittance of ₹1.15 crore.

(Paragraph: 3.5)

Pradhan Mantri Swasthya Suraksha Yojana

The purpose of Upgradation of Government Medical Colleges (GMCs) in the Health and Medical Education Department was not achieved as all the Super Specialties had not been fully established. Some medical services/ facilities installed had not functioned and remained out of order rendering expenditure of ₹8.57 crore incurred thereon unfruitful and ₹3.12 crore wasteful. Out of 592 medical equipment procured for two GMCs, 336 medical equipment (57 *per cent*) costing ₹40.97 crore were not traceable/ non-available, not installed, non-functional or had got damaged in floods. There were shortages of trained specialist Doctors and Nursing and Paramedical staff/ Technicians in both the super specialty hospitals.

(Paragraph: 3.6)

Unfruitful Expenditure on construction of Ayush Hospital

Failure of the Executive Engineer, Public Works, Roads & Buildings, Construction Division 2nd Srinagar to seek prior permission from the Lakes and Waterways Development Authority, before taking up the construction works of integrated Ayush Hospital and Wellness Centre at Harwan, resulted in unfruitful expenditure of ₹three crore, blocking of ₹3.38 crore and creation of liability of ₹2.75 crore.

(Paragraph: 3.7)

Unauthorised functioning of healthcare institutes and non-realisation of revenue

Failure of the Director, Health Service, Jammu/ Kashmir to renew the licenses of the Nursing Homes/ Clinical establishments and recover the licenses renewal fee resulted in unauthorised functioning of these establishments and non-recovery of revenue of ₹0.44 crore.

(Paragraph: 3.8)

Unproductive expenditure due to improper human resources planning

Improper human resources planning by the Higher Education Department in deploying four science faculty members in the Government Degree College Paloura, without giving approval for teaching science subjects in that college resulted in unproductive expenditure of ₹1.53 crore on their salaries.

(Paragraph: 3.9)

Embezzlement of Government money

Non-observance of prescribed control procedures, failure to check the correctness of the bills, bank advices and non-reconciliation of the bank statements by the Assistant Director, Fire & Emergency Service Command, Pulwama resulted in an embezzlement of ₹10.03 lakh.

(Paragraph: 3.10)

Infrastructure preparedness for implementation of National e-Governance Plan

Against the approved outlay of ₹212.10 crore for implementation of six schemes by the Information Technology Department under the National e-Governance Plan (NeGP), ₹60.38 crore (28 *per cent*) were released by Government of India (GoI) to the State. Balance outlay of ₹151.72 crore (72 *per cent*) could not be received as the confirmation regarding contribution of 20 *per cent* State share had not been provided to GoI. Overall fund utilisation during 2012-17 was only 41 *per cent* as on 31 March 2017. Objective of providing connectivity under State Wide Area Network (SWAN) project could not be achieved as against the amount of ₹15.25 crore received for implementation of this project, ₹6.90 crore were surrendered and ₹7.92 crore remained blocked. Complete potential of State Data Centre (SDC) was not being utilised in absence of SWAN and backend computerisation of user Departments. Failure to firm up the requirements jeopardised the work on the State Service Delivery Gateway (SSDG) project. Implementation of the Common Service Centres project was impacted due to lack of coordinated efforts in ensuring availability of services, absence of a reliable connectivity, lack of awareness/ sensitisation and delays in rollout process. The objectives of making all the Government services accessible to the common man in his locality under of NeGP could not be achieved in Jammu and Kashmir State over a period of around 10 years.

(Paragraph: 3.11)

Blocking and diversion of funds

Failure of the Irrigation and Flood Control Department to acquire land for the lift irrigation scheme before taking up its execution, injudicious purchase of material that could not be utilised for the scheme works for over six years and improper designs of the pump house resulted in blocking of ₹17.17 crore, diversion of ₹0.53 crore and wasteful expenditure of ₹0.23 crore.

(Paragraph: 3.12)

Blocking of funds on water storage tank

Failure of the Irrigation and Flood Control Department to ascertain the actual requirement of land required for execution of water storage tank Satarwan and formally obtain prior clearance from the Forest Department before execution of works not only resulted in blocking of ₹5.13 crore, but also made the Department liable for penalty of ₹9.37 crore for violation of Forest Conservation Act 1997.

(Paragraph: 3.13)

Unfruitful expenditure on incomplete lift irrigation scheme

Failure of the Irrigation and Flood Control Department to publish the scheme, seek objections/ suggestions from inhabitants/ beneficiaries and identify alternate source for lift irrigation scheme Naidgam resulted in unfruitful expenditure of ₹0.93 crore.

(Paragraph: 3.14)

Unfruitful expenditure of ₹2.35 crore due to non-completion of irrigation project

Failure of the Executive Engineer, Irrigation Division, Kulgam to ensure encumbrance free land before commencement of irrigation project resulted in unfruitful expenditure of ₹2.35 crore and deprived the local populace of the area from the benefits of irrigation scheme.

(Paragraph: 3.15)

Non-recovery of mobilisation advance and undue favour to a contractor

Failure of the Power Development Department to take any action against the contractor firm for non-fulfillment of contractual obligations resulted in non-recovery of mobilisation advance of ₹1.88 crore. Performance/ Bank guarantees of ₹5.39 crore provided by the firm for safeguarding against any defaults were neither revalidated nor revoked before their expiry, which led to undue favour to the contractor.

(Paragraph: 3.16)

Stores and Stock Management in PHE Department

Improper planning and non-observance of prescribed procedures/ instructions by the Public Health Engineering Department for procurement of water meters/ composite pipes and purchase of V-wire screen without ascertaining the requirements resulted in blocking of ₹3.34 crore, diversion of ₹0.86 crore and unfruitful expenditure of ₹0.20 crore. Supplies against advance of ₹12.01 crore made to various procurement agencies were awaited, and has the risk of impacting the schemes for which the material was requisitioned.

(Paragraph: 3.17)

Unfruitful expenditure on water supply schemes

Improper planning by the Executive Engineer, Public Health Engineering Division, Kishtwar in taking up the execution of three interdependent water supply schemes and failure to tap the source for these schemes rendered the expenditure of ₹4.82 crore incurred on these schemes unfruitful.

(Paragraph: 3.18)

Wasteful expenditure

Drilling of bore wells by the Ground Water Drilling Division, Jammu without conducting any scientific survey of the selected sites or after consulting the Central Ground Water Board resulted in wasteful expenditure of ₹7.86 crore on unsuccessful bores that did not discharge any water.

(Paragraph: 3.19)

Incomplete Roads and Buildings

No database of roads and buildings constructed over the period had been maintained by the Public Works (Roads and Buildings) Department and geo-mapping was not introduced in the construction of roads. 244 road works, on which an expenditure of ₹284.33 crore had been incurred were executed in absence of Detailed Project Reports. Inflated Utilisation Certificates worth ₹53.97 crore were submitted in respect of works executed under National Bank for Agriculture and Rural Development (NABARD)/ Central Road Fund (CRF). 568 road works sanctioned under NABARD during 2005-06 to 2012-13 on which an expenditure of ₹1,373.72 crore had been incurred against the estimated cost of ₹1,680.24 crore were not completed. In test-check it was seen that 173 road works could not be completed due to land disputes/ forest clearance/ diversion of funds/ non/ less release of State share. 12 building works on which an expenditure of ₹19.26 crore had been incurred were held up due to inadequate funding for the period ranging between four to nine years since start of the work.

(Paragraph: 3.20)

Avoidable extra expenditure on Bailey bridges

Injudicious procurement of Bailey bridges of higher specifications by the Chief Engineer, Public Works (Roads and Buildings) Department, Jammu without ascertaining the actual requirement resulted in avoidable extra expenditure of ₹2.68 crore.

(Paragraph: 3.21)

Blocking of funds and irregular expenditure

Non-completion of construction of community halls in Jammu District and defective planning in taking up three constructions works of Ladakh Autonomous Hill Development Council by the Public Works (Roads and Buildings) Department without arranging adequate funds for their completion resulted in blocking of ₹6.63 crore and irregular expenditure of ₹0.14 crore on items/ works not related to these projects.

(Paragraph: 3.22)

Unfruitful expenditure on Bagh-e-Mehtab Bridge

Improper planning in execution of the works of 30 metre span Steel truss girder-bridge at Bagh-e-Mehtab by the Executive Engineer, Public Works (Roads and Buildings) Division Chadoora, in anticipation of Administrative Approval, Technical

Sanction and without seeking the approval for its design as well as arranging the funds for its completion has resulted in an unfruitful expenditure of ₹0.74 crore.

(Paragraph: 3.23)

Construction of Toilets under Swachh Bharat Mission

Rural Development Department failed to achieve its targets under Swachh Bharat Mission (SBM) Gramin and there was a shortfall of 71 *per cent* and 55 *per cent* in construction of Individual Household Latrines (IHHLs) and Community Sanitary Complexes (CSCs). Objective of achieving the Open defecation free (ODF) status by 2019 appears to be non-achievable as only three *per cent* blocks, four *per cent* Gram Panchayats and four *per cent* villages could be declared ODF so far. There was delay in release of funds at various levels of the Department. Test-check revealed in 23 *per cent* cases IHHLs constructed under the programme were either not put to any use or were being used for other purposes. The monitoring and evaluation of programme activities was not carried out in accordance with the programme guidelines.

Poor financial management in Education Department resulted in blocking of ₹62.12 crore. Due to non-availability of water connection or non-use of toilets constructed in the test-checked schools, the objective of school sanitation could not be achieved.

Housing and Urban Development Department could achieve only one and three *per cent* targets for construction of Individual Household Toilets (IHHTs) and Community Toilets/ Public Toilet (CT/ PT) respectively. Implementation of SBM Urban was not monitored as per programme guidelines and there was blocking of ₹54.18 crore, diversion of ₹1.93 crore and irregular payment of ₹0.88 crore.

(Paragraph: 3.24)

Unfruitful expenditure and blocking of funds

Failure of the Rural Development Department to take appropriate measures for timely completion of foot suspension bridge, despite availability of sufficient funds resulted in unfruitful expenditure of ₹0.19 crore, blocking of ₹0.31 crore, surrender of ₹1.04 crore and also deprived the people in the targeted area from intended benefits of the project.

(Paragraph: 3.25)

Unproductive expenditure in defunct State Procurement Supply and Marketing Agency

Indecisiveness on the part of the Rural Development Department either to wind up or to revive the defunct State Procurement Supplies and Marketing Agency has resulted in unproductive expenditure of ₹2.41 crore on payment of salaries and other office expenses of the staff during April 2013 to October 2016.

(Paragraph: 3.26)

Blocking of funds and unfruitful expenditure

Unnecessary retention of unspent balance by the Assistant Directors, Tourism Leh and Kargil, even after the closure of the scheme and failure to monitor the registration and establishment of units resulted in blocking of ₹0.69 crore and unfruitful expenditure of ₹0.79 crore.

(Paragraph: 3.27)

Chapter-1
Introduction

CHAPTER-I

INTRODUCTION

1.1 Budget profile

There are 29 departments and 42 autonomous bodies in the State. The position of budget estimates and actuals there against of the State Government during 2012-17 is given below:

Table-1.1: Budget and expenditure of the State Government during 2012-17

(₹ in crore)

Particulars	2012-13		2013-14		2014-15		2015-16		2016-17	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	11,098	10,626	12,228	11,403	12,923	12,039	14,895	13,675	16,445	15,110
Social services	6,921	6,908	7,096	7,896	9,114	8,501	11,416	11,331	13,028	11,564
Economic services	6,572	7,583	8,293	7,759	9,466	8,789	10,886	11,414	13,095	13,138
Grants-in-aid[1] and contributions	-	-	-	-	-	-	-	-	-	-
Total (1)	**24,591**	**25,117**	**27,617**	**27,058**	**31,503**	**29,329**	**37,197**	**36,420**	**42,568**	**39,812**
Capital expenditure										
Capital Outlay	8,863	5,224	7,308	4,507	10,221	5,134	12,685	7,331	16,904	8,286
Loans and advances disbursed	70	93	133	121	71	87	93	94	91	76
Repayment of Public Debt	1,317	1,343	1,231	1,297	8,412	1,518	8,812	10,815	15,367	17,023
Contingency Fund	-	-	-	-	-	-	-	-	-	-
Public Accounts disbursements[2]	2,789	17,722	3,964	14,169	3,690	17,796	3,939	24,094	5,535	19,458
Closing Cash balance	-	91	01	1,063	-	1,401	-	527	-	429
Total (2)	**13,039**	**24,473**	**12,637**	**21,157**	**22,394**	**25,936**	**25,529**	**42,861**	**37,897**	**45,272**
Grand Total (1+2)	**37,630**	**49,590**	**40,254**	**48,215**	**53,897**	**55,265**	**62,726**	**79,281**	**80,465**	**85,084**

Source: Annual Financial Statements and Finance Accounts of the State Government.

1.2 Application of resources of the State Government

The total expenditure[3] of the State increased from ₹30,434 crore to ₹48,174 crore during 2012-17, while the revenue expenditure increased by 59 *per cent* from ₹25,117 crore in 2012-13 to ₹39,812 crore in 2016-17. Non-Plan/ Normal revenue expenditure increased by 60 *per cent* from ₹23,560 crore to ₹37,812 crore and capital expenditure increased by 59 *per cent* from ₹5,224 crore to ₹8,286 crore during the period 2012-17.

The revenue expenditure constituted 83 to 85 *per cent* of the total expenditure during the years 2012-17 and capital expenditure 15 to 17 *per cent*. During the period, total expenditure increased at an annual average rate of 11 *per cent* whereas revenue receipts also grew at an annual average growth rate of 11 *per cent* during 2012-17.

1.3 Persistent savings

Persistent savings of more than ₹one crore in each case and also by 10 *per cent* or more of the total grant were noticed in 10 cases during the last five years as shown below:

---

1 Grants-in-aid paid by the State Government is included in the above sectors
2 Actuals exclude transactions of investment of cash balance and departmental cash balance
3 Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances

Table-1.2: List of grants with persistent savings during 2012-17

(₹ in crore)

Sl. No.	Grant number and name	Amount of Savings				
		2012-13	2013-14	2014-15	2015-16	2016-17
Revenue (Voted)						
1.	**10-Law**	62.01 (33)	65.28 (32)	97.04 (34)	102.19 (37)	154.81 (48)
2.	**11-Industries and Commerce**	32.34 (15)	42.17 (18)	89.05 (33)	53.91 (19)	86.65 (28)
3.	**21-Forest**	69.18 (14)	58.36 (11)	133.20 (21)	95.01 (14)	127.62 (18)
Revenue (Charged)						
4.	**10-Law**	12.54 (39)	3.81 (14)	6.47 (22)	3.98 (13)	7.32 (21)
Capital (Voted)						
5.	**06-Power**	170.59 (26)	485.02 (56)	250.25 (64)	707.60 (70)	2177.61 (76)
6.	**12-Agriculture**	122.09 (31)	159.06 (40)	222.70 (55)	179.63 (33)	634.82 (67)
7.	**17-Health and Medical Education**	61.42 (19)	32.80 (12)	235.89 (53)	496.95 (67)	168.56 (28)
8.	**19-Housing and Urban Development**	235.05 (31)	672.87 (76)	568.44 (77)	220.61 (42)	394.59 (51)
9.	**25-Labour, Stationery and Printing**	78.16 (98)	102.52 (98)	76.70 (98)	31.79 (29)	14.54 (13)
10.	**28-Rural Development**	123.28 (30)	185.13 (48)	1104.58 (60)	496.79 (38)	798.19 (42)

Source: Appropriation Accounts

Note: Figures in paranthesis indicate percentage of savings to total grant.

Reasons for persistent savings under these heads were not intimated (December 2017) by the State Government.

1.4 Funds transferred directly to the State Implementing Agencies

The Government of India directly transferred ₹628 crore to various State Implementing Agencies without routing through the State Budget during the year 2016-17. Consequently, these amounts remained outside the scope of the Annual Accounts (Finance Accounts and Appropriation Accounts) of the State Government during the year.

1.5 Grants-in-aid from Government of India

The grants-in-aid received from Government of India (GoI) during the years 2012-13 to 2016-17 is depicted below:

Table-1.3: Grants-in-aid from GoI

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Non-Plan Grants	4,080	4,009	3,342	11,135	12,776
Grants for Plan Schemes	10,274	9,834	12,807	5,593	7,822
Total	**14,354**	**13,843**	**16,149**	**16,728**	**20,598**
Percentage of increase / decrease (-) over the previous year	(-) 1	(-) 4	17	4	23
Percentage of Revenue Receipts	55	51	56	47	49

Total grants-in-aid from GoI increased from ₹14,354 crore to ₹20,598 crore during the period 2012-17.

1.6 Planning and conduct of audit

The audit process starts with the risk assessment of various departments, autonomous bodies, schemes/ projects which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the head of the office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India which are submitted to the Governor of Jammu and Kashmir under Article 151 of the Constitution of India.

During 2016-17, compliance audit of 645 Drawing and Disbursing Officers of the State and 126 units of 12 autonomous bodies was conducted by the Office of the Accountant General (Audit), Jammu and Kashmir. Besides, four performance audits were also conducted.

1.7 Response of Government to Audit Report

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing specific programmes/ schemes in order to offer suitable recommendations to the Executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report. Four Performance Audits, and 33 paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India on Social, General and Economic (Non-PSUs) sectors for the year ended 31 March 2017 were sent to the Principal Secretaries/ Secretaries of the respective departments. Of these, replies in respect of one Performance Audit and 28 paragraphs were not received (December 2017).

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit. The details of recoveries pointed out by

Audit during the year 2016-17, those accepted by the Departments and recoveries effected are given below:

Table-1.4: Statement showing the recoveries at the instance of Audit

(₹ in crore)

Department	Recoveries pointed out in 2016-17			Recoveries accepted during 2016-17			Recoveries effected during 2016-17		
	Audit Report	Inspection Reports	Total	Audit Report	Inspection Reports	Total	Audit Report	Inspection Reports	Total
Government Departments	5.48	145.60	151.08	5.48	143.05	148.53	Nil	1.14	1.14
Total	**5.48**	**145.60**	**151.08**	**5.48**	**143.05**	**148.53**	**Nil**	**1.14**	**1.14**

1.9 Response of Government to Audit

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and report their compliance to the Accountant General (Audit).

Based on the results of test audit, 43,206 audit observations contained in 10,625 IRs pertaining to the period 1998-2017 and outstanding as on 31 March 2017 are given below:

Table-1.5: Details showing the Audit observations outstanding at the end of 31 March 2017

Name of sector	Opening Balance (01 April 2016)		Additions during the year 2016-17		Settled during the year 2016-17		Closing Balance (31 March 2017)	
	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs
Social Sector (Non-PSUs)	4,709	20,430	581	3,956	282	2,328	5,008	22,058
General Sector (Non-PSUs)	1,572	4,973	103	422	131	656	1,544	4,739
Economic Sector (Non-PSUs)	4,076	16,550	177	1,638	180	1,779	4,073	16,409
Total	**10,357**	**41,953**	**861**	**6,016**	**593**	**4,763**	**10,625**	**43,206**

The pendency of large number of paragraphs indicate lack of response of the Government Departments to Audit. The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner.

1.10 Follow-up on Audit Reports

1.10.1 Non-submission of *suo-motu* Action Taken Notes

To ensure accountability of the Executive to issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU), irrespective of whether these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 495 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2015-16[4], *suo-motu* ATNs in respect of 139 audit paragraphs had not been received upto 30 September 2017.

1.10.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 495 Audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2015-16, only 228 audit paragraphs have been discussed by the PAC up to 30 September 2017. Recommendations in respect of 185 audit paragraphs have been made by the PAC. However, ATNs on the recommendations of the Committees are pending from the State Government in respect of 146 paragraphs.

1.11 Non-submission/ delay in submission of annual accounts by Autonomous Bodies

A total of 606 annual accounts of 20 bodies were awaited in Audit as on 31st March 2017. Ten Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the CAG's DPC Act, 1971, had also not furnished the annual accounts as given below:

Table-1.6: Non-submission of accounts by Autonomous Bodies

Sl. No	Name of Body/Authority	Delay in number of years	No. of accounts	Grants during 2016-17 (₹ in crore)
1.	Ladakh Autonomous Hill Development Council, Leh	1-22	22	265.03
2.	Ladakh Autonomous Hill Development Council, Kargil	1-13	13	266.11
3.	Compensatory Afforestation Management and Planning Authority	1-8	08	NA[5]
4.	Sher-e-Kashmir University of Agricultural Science and Technology, Srinagar	1-6	06	154.00

4 Presented in the Jammu and Kashmir State Legislature on 4th July 2017

5 Not available

Sl. No	Name of Body/Authority	Delay in number of years	No. of accounts	Grants during 2016-17 (₹ in crore)
5.	Sher-e-Kashmir University of Agricultural Science and Technology, Jammu	1-2	02	70.50
6.	EPF Board, Srinagar	1-10	10	NA
7.	Jammu and Kashmir State Housing Board	1-4	04	NA
8.	Khadi and Village Industries Board	01	01	13.11
9.	Building and Other Construction Workers Welfare Board	1-3	03	NA
10.	State Legal Service Authority (SLSA)	01	01	NA
	Total		**70**	**768.75**

The audit of Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since its inception.

Non-submission/ delay in submission of accounts by these bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these statutory bodies have not so far been presented to the State Legislature as required under the statutes under which these Bodies were created. This has deprived the State Legislature of the opportunity to assess their activities and financial performance.

1.12 Year-wise details of reviews and paragraphs appeared in Audit Report

The year-wise details of performance reviews and Audit paragraphs that appeared in the Audit Report for the last two years alongwith their money value is given below:

Table-1.7: Details of performance reviews and Audit paragraphs appeared in Audit Reports during 2014-16

Year	Performance Audit		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2014-15	4	846.15	25	409.12	3	13
2015-16	3[6]	1072.58	23	414.50	1	14

Four performance audits and 27 Audit paragraphs involving money value of ₹4,011.31 crore have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.

[6] Includes Performance Audit of Disaster Management in the State of Jammu and Kashmir for the year ended 31 March 2016 presented in the Jammu and Kashmir State Legislature on 04 July 2017

Chapter-II

Performance Audit

CHAPTER-II

PERFORMANCE AUDIT

Department of Forest, Environment and Ecology

2.1 National Afforestation Programme

The National Afforestation Programme (NAP) was formulated in the 10th Five Year Plan (2002-2007) by merging four Centrally Sponsored Afforestation Schemes (CSASs)[1] of the Ministry of Environment, Forests and Climate Change (MoEFCC), Government of India (GoI). The objectives of the NAP include sustainable development and management of forest resources, increase and/ or improvement of Forest and Tree Cover (FTC) and rehabilitation of degraded forests and other areas by institutionalising decentralised/ participatory forest management and supplementing livelihood improvement processes. A Performance Audit of the National Afforestation Programme (NAP) covering the period 2012-17 was conducted from December 2016 to May 2017. Some of the highlights of the Performance Audit are as under:

Highlights

- **The overall forest cover to geographical area in the State decreased from 16.09 *per cent* in 2009 to 15.78 *per cent* in 2015. Against target of 66 *per cent* of geographical area in hills of the State to be covered under forest and tree cover as per National Forest Policy 1988, only 24.02 *per cent* was under forest and tree cover, leaving a shortfall of 41.98 *per cent* of the envisaged goal.**

  (Paragraph: 2.1.6.1)

- **Seven Forest Development Agencies could not be brought under the ambit of National Afforestation Programme by the State Forest Development Agency during 2010-17, despite the fact that five Forest Development Agencies had formulated and submitted their plans (2010-15) costing ₹37.59 crore to the State Forest Development Agency which was not forwarded to the National Afforestation and Eco-Development Board.**

  (Paragraph: 2.1.6.1)

- **Receipt of funds from the National Afforestation and Eco-Development Board by the State Forest Development Agency were allocated disproportionately to Forest Development Agencies. Against release of ₹4.44 crore by the National Afforestation and Eco-Development Board to the State Forest Development Agency for 15 Forest Development Agencies, only ₹1.80 crore were released (2013-14), whereas against release of ₹5.46 crore for nine Forest Development Agencies, ₹9.23 crore were released (2011-14).**

  (Paragraph: 2.1.7.2)

---

[1] Integrated Afforestation and Eco-Development Projects Scheme (IAEPS), Area Oriented Fuel Wood and Fodder Projects Scheme (AOFFPS), Conservation and Development of Non-Timber Forest Produce (NTFP) including Medicinal Plants Scheme and Association of Scheduled Tribes and Rural Poor (ASTRP) in regeneration of degraded forests

- **Funds of ₹24.46 crore were retained by the State Forest Development Agency up to 265 days and further there was delay in release of ₹6.30 crore up to 681 days by the Forest Development Agencies to Village Forest Committees. Delay in submission of annual works programme by the State Forest Development Agency to National Afforestation and Eco-Development Board resulted in non-receipt of grant of ₹11.72 crore during 2010-15.**

(Paragraphs: 2.1.7.2 and 2.1.7.6)

- **Neither five year Perspective Plan nor Annual Plan of Operations were prepared by the Forest Development Agencies. Only Annual Works Programme of the forest territorial area were prepared and that too without the consultation with the Village Forest Committees/ potential village members. No Entry Point Activities were undertaken in any of the 11 Forest Development Agencies test-checked in Audit despite ₹1.03 crore being approved in the annual works programme of 10 Forest Development Agencies for undertaking Entry Point Activities.**

(Paragraphs: 2.1.8.1 and 2.1.8.4)

- **No training and capacity building measures were undertaken for skill development as no provision was made in the works programme by 11 Forest Development Agencies test-checked in Audit. No plantation journal showing year/ compartment/ species-wise and geo-reference details of the plantation was maintained, as such impact assessment to monitor survival *vis-a-vis* mortality against plantation could not be analysed.**

(Paragraphs: 2.1.8.5 and 2.1.8.8)

- **No Annual Report was prepared by the State Forest Development Agency since its inception in July 2010. The Governing Body met only once (April 2014) as against seven times, whereas Executive Body conducted only five meetings as against at least 27 meetings during 2010-16.**

(Paragraph: 2.1.9.3)

2.1.1 Introduction

The NAP is operated by the National Afforestation and Eco-Development Board (NAEB) of the MoEFCC, GoI as fully funded Programme. As against the earlier practice of NAP implementation by a two-tier set-up of the Forest Development Agencies (FDAs) and the Joint Forest Management Committees[2] (JFMCs) which are the Project Implementing Agencies (PIAs), the National Level Steering Committee (NLSC) decided (June 2008) to constitute the State Forest Development Agency (SFDA) as an autonomous body at the State levels. The Jammu & Kashmir (J&K) SFDA was formed in July 2010 and implementation of the NAP has since been carried out by a three-tier set-up i.e., the SFDA at the State level, the FDAs at the Forest Division level and the Village Forest Committees (VFCs) at the village level. The NAP with its three-tier structure is aimed at greater participation of the

[2] In J&K called as Village Forest Committees (VFCs)

community in process relating to planning, decision-making and implementation of the appropriate afforestation programmes.

2.1.2 Organisational structure

The Department of Forest, Environment and Ecology (DoFEE), Government of J&K is responsible for implementation of the NAP. The organisational structure for the implementation of the NAP is given below:

Chart-2.1.1

Commissioner/Secretary, DoFEE

↓

Principal Chief Conservator of Forest/Chairperson (SFDA) J&K

↓

Chief Conservator of Forest/Nodal Officer (SFDA) J&K

↓

Conservators of Forests/Chairperson (FDAs)

↓

Divisional Forest Officers/Chief Executive Officer (FDAs)

↓

Village Forest Committees

2.1.3 Audit objectives

Performance Audit (PA) of the NAP was conducted with the objectives to ascertain whether:

- targets set for forest cover through afforestation were achieved and whether a mechanism was in place to monitor and review implementation of the State Forest Policy (SFP-2011);
- planning for implementation of the NAP and forest management was adequate and whether there was a system in place to avoid overlapping of aims and objectives of different schemes/ programmes;
- financial management was efficient and effective;
- implementation in terms of delivery of goals of the programme was achieved;
- internal control and monitoring mechanism was adequate and effective, and
- there was preparedness for and progress in achieving Sustainable Development Goal (SDG) relating to protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainable management of forests, combating desertification, and halting and reversing land degradation.

2.1.4 Scope of Audit and methodology

PA of the NAP was conducted by test-check of records of the Nodal Officer SFDA, four Chairpersons of FDAs[3] and 11 FDAs[4] which were selected on the basis of highest funding and highest forest area cover. Besides, relevant information was collected from the Commissioner/ Secretary to J&K Government, DoFEE, the Chief

---

[3] Conservator of Forest (CF)-South (Bijbehara), CF-Srinagar, CF-Jammu and CF-West Circle Rajouri

[4] Bandipora, Baramulla, Budgam, Kulgam, Tangmarg, Ramnagar, Reasi, Rajouri, Udhampur, Kishtwar and Jammu

Conservators of Forests of Kashmir and Jammu and three FDAs[5]. An Entry Conference meeting was held on 8 December 2016 with the Commissioner/ Secretary to J&K Government, the DoFEE wherein Audit objectives, criteria, scope of Audit, coverage and methodology were discussed. The results of Audit were discussed in an Exit Conference meeting held on 21 November 2017. The replies received from the departmental authorities have been incorporated at appropriate places in the Report.

2.1.5 Audit criteria

The PA was benchmarked against the criteria derived from the following sources:

- National Forest Policy, State Forest Policy and annual/ progress reports of SFDA;
- National Afforestation Programme, Revised Operational Guidelines – 2009;
- Government notifications and instructions issued from time to time for the implementation of State and Centrally Sponsored Schemes;
- Policies, Rules and Regulations of implementing agencies, and
- J&K State Financial Rules.

2.1.6 Audit findings

2.1.6.1 Institutional mechanism and planning for implementation of NAP and forest management

The total geographical area of Jammu and Kashmir State is 1,01,388 Square Kilometre (Sq. Km). Details of forest cover profile in the three regions (Jammu, Kashmir and Ladakh) in the State as on 2009 and 2015 are as follows:

Table-2.1.1: Details of forest cover profile

(Figure in Sq. Km)

Area	Jammu	Kashmir	Ladakh	Total
Forest Cover- April 2009	11,210	4,974	125	16,309
Forest Cover- April 2015	10,841	5,029	134	16,004
Total Geographical Area	26,293	15,948	59,147	1,01,388
Percentage of forest cover to total geographical area (April 2009)	42.63	31.19	0.21	16.09
Percentage of forest cover to total geographical area (April 2015)	41.23	31.53	0.23	15.78

- The overall forest cover to geographical area in the country increased (2009 to 2015) from 21.02 to 21.34 *per cent* whereas it decreased from 16.09 to 15.78 *per cent* in the State.
- The growing stocks[6] in the State showed substantial decrease from 462.42 million cum (1993) to 236.82 million cum (2015).
- The National Forest Policy (NFP) 1988 aims to bring two-thirds i.e., 66 *per cent* of geographical area in hills of the State under forest and tree cover. Against this, only 24.02 *per cent*[7] of the geographical area of the State is under forest and tree cover.

[5] Shopian, Lidder and Sindh (physical and financial statements collected through their Chairpersons)
[6] Growing stock includes trees outside forests (TOFs) which includes trees of area outside LoC
[7] Forest cover (16,004 Sq. Km) and Tree cover (8,354 Sq. Km)/ total geographical area of the State (1,01,388 Sq. Km)

Before formulating its first State Forest Policy (SFP) in January 2011, Jammu and Kashmir was guided by the NFP 1988. The NFP/ SFP aims at increasing forest cover in the State (Hilly State) through various policy and programme interventions.

The results of Audit with regard to institutional mechanism and planning for forest management, under the NAP are summarised as below:

Table-2.1.2: Institutional mechanism and planning for forest management under the NAP

Sl. No.	Criteria/ Description	Observations	Management reply and comments of Audit
1.	Constitution of a State Level Steering Committee (SLSC) – SLSC was to be constituted for monitoring of the progress of the NAP.	SLSC headed by the Chief Secretary of the State was not established (July 2017), hence no monitoring was done.	Management replied that for constitution of the SLSC, the matter would be taken up with the concerned quarters.
2.	Oversight by the SFDA in covering of forest and its adjoining areas.	The SFDA was to help FDAs set up. Besides, the SFDA was to facilitate participation of VFCs in FDAs. Further, Principal Chief Conservator of Forest/ Chairperson of the SFDA stressed (October 2010) the need for reviewing the NAP of all FDAs by the Chief Conservators of Forests Kashmir and Jammu. Despite lapse of more than six years[8], seven FDAs[9] were not brought under the ambit of the NAP by the SFDA during 2010-17 though these FDAs were operational prior to the formation of SFDA. It was also observed that out of seven FDAs, five FDAs had formulated and submitted their plans costing ₹37.59 crore[10] to the SFDA on its formation. However, plans of these FDAs were not forwarded to the NAEB by the SFDA. This indicated oversight by the SFDA in covering of forest and its adjoining areas under NAP and consequently deprived of NAP facilities in the areas falling under the jurisdiction/ territorial Divisions of these FDAs.	The Management accepted the Audit observation and stated that in future all these FDAs would be instructed to lay proposals in respect of their forest and its adjoining areas under NAP to derive benefits of NAP.
3.	Formation of the VFCs - NAP guidelines envisage VFCs as the implementing agencies at the village levels. The composition and functions of the VFCs were to be governed by the VFCs order adopted in that State. SRO-61 of 1992 modified vide SRO 17 of 1999 provided for the constitution of village committees of people living at the edge of the degraded forests for its protection and management. Each village committee was to have an executive committee (EC) of 11 to 15 defined members to be elected once in three years by the respective villagers.	In 11 FDAs, 426 VFCs were constituted before and during 2007, however, complete details with regard to particulars of Committee members and their election/ re-election were not maintained. No further elections had taken place after 2007. Funds were provided only to 241 VFCs; either 185 VFCs (43 *per cent*) were defunct/ non-performing or no funds were provided at all by the FDA/ SFDA. In FDA, Rajouri, all its 25 VFCs were operative.	The Nodal Officer, NAP replied that due to the prevailing conditions in the State, election/ re-constitution of the VFCs could not be ensured. However, the FDAs would be directed to take steps for election/ reconstitution at an earliest and funds would also be provided to all VFCs.

8 Since formation of SFDA in July 2010

9 Lidder, Anantnag, Shopian, Langate, Sindh, Leh and Kargil

10 Plan period (2010-15) (Langate: ₹5.02 crore; Lidder: ₹8.12 crore; Anantnag: ₹8.12 crore; Shopian: ₹9.00 crore and Sindh: ₹7.33 crore)

Sl. No.	Criteria/ Description	Observations	Management reply and comments of Audit
4.	Memorandum of Understanding (MoU) by FDAs with the VFCs - FDAs were to sign MoU with the VFCs indicating mutual obligations, rights and roles, *inter alia*, including the right of the FDAs to stop and withdraw funding from VFCs if their performance was unsatisfactory, along with the procedure to be adopted in such cases. The FDAs, in turn, were also to sign a similar MoU with the SFDA.	In 11 FDAs, no MoU had been signed either between the VFCs and FDAs or between FDAs and SFDA. The FDAs operated as DFOs in Government Department mode rather than in Society mode and attended to works pertaining to their Forest Territorial Divisions overlooking other purposes of the programme.	The Nodal Officer, NAP stated (July 2017) that all the FDAs would be directed to do the needful under intimation to the Nodal Officer, SFDA and Audit.

Thus, institutional mechanism for the implementation of the NAP and effective forest management was weak, and in many cases non-existent, which have adversely impacted the implementation of the programme as detailed in the succeeding paragraphs.

2.1.7 Financial management

2.1.7.1 Retention of funds

(i) The Member Secretary/ Principal Chief Executive Officer (CEO) of the SFDA is responsible for its financial affairs. Funds are placed at the disposal of Member Secretary/ Principal Chief Executive Officer who releases the funds to the FDAs for onward release to the VFCs for implementation of the NAP. Grants-in-aid were directly received by the Member Secretary/ Principal Chief Executive Officer, SFDA from NAEB upto March 2014. Due to routing of the Central Grants through treasury route since April 2014, grants were released to Finance Department of the State for onward release to the SFDA through Administrative Department. The position of grants-in-aid received and released (2010-17) by the SFDA is depicted below:

Table-2.1.3: Details of grants-in-aid received and released under NAP

(₹ in lakh)

Year	Opening balance	Receipts	Other receipts	Refunds from FDAs	Total availability	Release/ Payments	Closing balance	Percentage of under-utilisation to availability
2010-11	0.01	398.61	0.00	1.95	400.57	394.34	6.23	2
2011-12	6.23	682.55	10.00	279.80	978.58	257.07	721.51	74
2012-13	721.51	337.00	117.50	0.00	1,176.01	1,067.05	108.96	9
2013-14	108.96	810.82	0.00	9.34	929.12	881.29	47.83	5
2014-15	47.83	0.00	0.00	131.88	179.71	169.05	10.66	6
2015-16	10.66	359.46[11]	0.00	0.00	370.12	364.12	6.00	2
2016-17	6.00	0.00	0.00	73.02	79.02	0.44	78.58	99
Total		**2,588.44**	**127.50**	**495.99**	**4,113.13**	**3,133.36**		

As can be seen from the table above, 74 *per cent* of the available funds remained unutilised during 2011-12 and 99 *per cent* during 2016-17 and were retained at the SFDA level. Moreover, since the releases/ allocation by the SFDA to the FDAs/ VFCs was treated as expenditure in its books of accounts instead of booking the

[11] Pertains to 2014-15 credited in 2015-16

expenditure after ascertaining actual expenditure by the FDAs/ VFCs, substantial unspent balances with 11 FDAs/ VFCs were also found at the end of financial years during 2011-2016, as shown in (***Appendix –2.1.1)***.

(ii) Audit found retention of funds in the joint account of the Chairperson/ CEOs of FDAs. For example, ₹three lakh was retained in the joint account of FDA, Jammu for six years since 2010-11, ₹seven lakh received in 2015-16 by the Chairperson FDA, Tangmarg remained unreleased to VFCs (July 2017) and ₹16 lakh received in December 2012 by the Chairperson FDA, Bandipora was retained for about 546 days (up to July 2014) and subsequently refunded to the SFDA. Even as on July 2017, there was an unspent balance/ retention of about ₹seven lakh with the 34 VFCs since April 2011 as noticed during test-check of four FDAs[12] out of 11 FDAs.

(iii) Audit further noticed that an amount of ₹3.59 crore was released to the State Finance Department by the NAEB (October 2014) under NAP. However, due to applicable treasury routing of the funds, despite authorisation by the Finance Department for drawal through treasury, the funds could not be utilised, as the VFCs operate in society mode through bank transactions. After a lapse of one year, in October 2015, sanction for advance drawal was accorded by the Government. Thus, annual works programme for 2014-15 by way of plantation and its allied activities could not be carried out.

In reply, the Nodal Officer, NAP stated (July 2017) that fund retention at the end of financial years was due to late release of funds to it by the NAEB and deficient annual plans/ progress reports and unaudited accounts of the FDAs. It was also stated that the VFCs would be directed to utilise the unspent balance with them as per approved plan under the NAP. FDA Bandipora attributed (March 2017) delay and refund to non-fulfillment of requirements for execution of plantation works by the VFCs. However, the fact remains that late release of funds by the NAEB to SFDA was due to the delayed/ partial submission of requisite documents by the SFDA to the NAEB.

2.1.7.2 Delay in release of funds

Funds released by the NAEB/ the Administrative Department of the State to the SFDA for each FDA's approved Annual Works Programmes (AWPs) is to be released to the FDAs within seven days. It was found that against releases of ₹1.97 crore to the SFDA for 10 FDAs[13], no funds were released (2011-13) to the FDAs and against releases of ₹2.47 crore by the NAEB to the SFDA for five other FDAs[14], ₹1.80 crore only was released (2013-14). On the other hand, against releases of ₹5.46 crore by the NAEB to the SFDA for nine FDAs[15], ₹9.23 crore were released (2011-14) to these FDAs; an excess of ₹3.77 crore. As such, releases of funds to the FDAs were not as per approved annual work plans of the FDAs.

[12] Reasi, Ramnagar, Udhampur and Jammu
[13] Budgam, Bandipora, Kehmil, Kamraj, Baramulla, Sindh, Jammu, Kathua, Tangmarg and Kulgam
[14] Marwah, Doda, Ramnagar, Billawar and Nowshera
[15] Kishtwar, Bhaderwah, Batote, Reasi, Mahore, Rajouri, Poonch, Udhampur and Ramban

The Nodal Officer, NAP replied that less/ no releases were due to pending information from these FDAs and extra funds to the nine FDAs were released in anticipation of 2nd instalment of funds, which was not received from the NAEB. It was further stated that in future, action plan would be framed for release of funds to the FDAs in accordance to the receipts/ releases of funds by the NAEB. The inequitable allocation of funds by the Nodal Officer is not justifiable as the release of funds by the NAEB to the Nodal Officer of SFDA are based on the FDA-wise requirement projected in the AWPs submitted by the SFDA to NAEB.

Further, NAP guidelines envisage that the SFDA is to transfer full amount earmarked for FDAs within seven days of receipt of funds and the FDAs are to transfer the funds to the VFCs within 15 days of their receipt. Audit observed delay in release of funds of ₹24.46 crore upto 265 days by SFDA to FDAs and of ₹6.30 crore upto 681 days by FDAs to the VFCs. Besides, adversely impacting achievement of physical targets for creation of forest assets under the NAP, the SFDA could not obtain second instalment of funds due to delayed releases. The SFDA attributed this to late release of funds, deficient annual plans and progress reports from the FDAs/ VFCs, and lack of audited accounts, apart from inadequate staff.

2.1.7.3 Parking of funds in bank/ Fixed Deposit Receipts (FDRs)

(i) Audit found that in certain FDAs, the Chairperson/ CEOs of the FDAs kept funds in FDRs instead of releasing to VFCs. For instance, the Chairperson, FDA Budgam auto-swept funds from time to time into 63 FDRs aggregating to ₹1.99 crore for a period of one year each during 2010-17. After one year, these FDRs were either re-swept into FDRs or encashed for release to VFCs. Similarly, FDA Tangmarg kept ₹20 lakh out of ₹21 lakh received (October 2013) in FDRs and they were encashed (May 2014 to July 2014) in piece meals and ₹10 lakh was released to the VFCs and ₹10 lakh was refunded to the SFDA (July 2014). The Nodal Officer, NAP stated that keeping funds in FDRs was serious violation of norms and the FDAs would be asked to explain the reasons.

(ii) Interest accrued on NAP funds in the banks is part of the SFDA's additional resources and is to be adjusted towards further instalments of the grant. However, the SFDA did not maintain any detail of interest earned by the FDAs/ VFCs from time to time and the FDAs/ VFCs had also not communicated the same to the SFDA. In 11 FDAs, Audit observed that an interest of ₹41 lakh earned by the FDAs and the VFCs on FDRs/ bank balance was either retained or part of it was spent by the FDAs and the VFCs on their own.

2.1.7.4 Diversion of funds

(i) Compensatory Afforestation Fund Management and Planning Authority (CAMPA) is an authority meant for receipt of cost of revenue realised on account of forest land diverted for non-forest purposes. These funds are to be utilised on afforestation of particularly those areas which are in close proximity to the areas which have suffered during diversion of forest land. It was seen that CAMPA funds of ₹5.05 crore were diverted during 2012-16 to NAP by 23 FDAs. Further, these funds were transferred directly to the CEOs of FDAs (DFOs) instead of routing them through the SFDA.

Out of 23 FDAs, Audit observed that in five[16] FDAs, there was no component of fencing work proposed by these FDAs in their annual works programmes submitted (2012-15) to the SFDA for onward transmission and approval of the NAEB. In contrary to this, ₹0.43 crore were diverted from CAMPA funds by these FDAs and utilised on fencing component of NAP related works during the period.

It was also observed that in five other FDAs[17], ₹0.08 crore was approved (2011-12 and 2013-14) under fencing component in the annual works programmes of NAP. Against this, ₹2.25 crore was spent on fencing by these FDAs which included ₹0.19 crore diverted from the CAMPA funds.

Thus, due to faulty submission of AWPs by the FDAs, ₹0.62 crore was diverted by the FDAs from the CAMPA funds which was irregular and in contravention to NAP guidelines.

On the other hand, in FDA Baramulla, an amount of ₹19 lakh was wrongly included from NAP account to CAMPA account when a separate CAMPA account was opened in February 2014. Only ₹two lakh has been returned to NAP account and ₹17 lakh is still pending with the Nodal Officer, CAMPA for more than three and half years. The Nodal Officer, NAP stated that the irregularities would be looked into and funds would be transferred to their respective accounts.

(ii) Overhead cost (1.5 *per cent* of the plantation cost) is provided to FDAs for expenditure on hired staff, including for purpose of finance and accounts/ establishment/ vehicles, etc., essential for planning, implementation, monitoring, reporting and evaluation of the work under the Programme. Audit observed that in seven FDAs and SFDA, an amount of ₹21.21 lakh[18] was utilised on purchase of furniture/ furnishing items, electronic items like laptops, computers, television, stationery items etc. not part of NAP but was debited to "overhead" component of NAP. The Nodal Officer, NAP stated that it was spent on day to day expenditure of the SFDA and the FDAs stated that the matter would be looked into.

2.1.7.5 Irregular expenditure

NAP guidelines envisage that bank accounts have to be jointly operated by the President and Member Secretary (Forester) of the concerned VFC's. Audit scrutiny of bank records of the FDA, Reasi revealed that joint account of the VFC's was operated by the Member Secretary on the authority of the Chief Executive Officer/ Divisional Forest Officer which was in violation of guidelines. An amount of ₹63 lakh was withdrawn under single signature by the Member Secretary of VFCs without signature of the President. In test-check, Audit noticed that against approved cost of

[16] Bandipora, Budgam, Baramulla, Kulgam and Tangmarg

[17] Ramnagar, Rajouri, Udhampur, Reasi and Kishtwar

[18] SDFA: ₹3.31 lakh; Bandipora: ₹0.42 lakh; Baramulla: ₹4.42 lakh; Rajouri: ₹4.62 lakh; Reasi: ₹2.01 lakh; Udhampur: ₹0.76 lakh; Kishtwar: ₹2.53 lakh; Ramnagar: ₹3.14 lakh

₹1.91 lakh[19], expenditure of ₹21 lakh was incurred on fencing. This has resulted in irregular expenditure of ₹19.09 lakh. The Nodal Officer, NAP stated that operation of bank account by the Member Secretary alone is in violation of the NAP guidelines and for irregular expenditure incurred, action would be initiated against the concerned FDA as warranted under rules.

2.1.7.6 Delayed submission of annual works programmes- Non-receipt of grant of ₹11.72 crore

Late submission of annual works programmes by the SFDA resulted in delay in release of 1st instalment of grants-in-aid. Further, 2nd instalment against annual works programmes for the period 2010-15 (except 2012-13) could not be released to the SFDA by the NAEB due to its delayed/ partial submission of requisite documents *vis-a-vis*, physical and financial progress reports, utilisation certificates, proposals for release of 2nd instalment and audited expenditure statements. This resulted in non-receipt of grant of ₹11.72 crore during 2010-15.

Table-2.1.4: Details of non-receipt of grants

(₹ in lakh)

Year	Date of release of 1st instalment/ 2nd instalment	Approved Works Programme	Opening balance adjusted	Releases against fresh works programme	Total funds	Amount of grant that could not be received
(1)	(2)	(3)	(4)	(5)	(6) = (4+5)	(7) = (3-6)
2010-11	-	1,048.92	251.70	398.61	650.31	398.61
2011-12	15 March 2012	732.21	313.13	209.34	522.47	209.74
2012-13	19 July 2012/ 19 March 2013	564.07	209.03	355.04[20]	564.07	0.00
2013-14	20 June 2013	1,070.82	312.38	533.42	845.80	225.02
2014-15	20 November 2014	871.42	173.79	359.46	533.25	338.17
2015-16	-	0.00	0.00	0.00	0.00	0.00
Total	**-**	**4,287.44**	**1,260.03**	**1,855.87**	**3,115.90**	**1,171.54**

The Nodal Officer, NAP agreed with the Audit contention.

2.1.7.7 Non-finalisation of accounts

As per condition of the grant, the SFDA is required to prepare its accounts in the prescribed format that include receipt and payment statement, income and expenditure statement and balance sheet. As per the NAP guidelines, release of funds is based on a statement that the accounts of the previous financial year have been audited by a Chartered Accountant on a panel of the CAG. It was observed that the SFDA had not

19 ₹1.15 lakh for 2011-12 and ₹0.76 lakh for 2013-14
20 ₹59.56 lakh sanctioned in 2012-13 but released in 2013-14

prepared its accounts in the prescribed format since its inception in 2010. In test-checked 11 FDAs also, no such accounts were prepared in the format prescribed.

Audit noticed annual accounts of SFDA and 11 FDAs were finalised after delay of two to 30 months. It was also seen that 21 Accounts of the SFDA and eight FDAs were in arrears.

Thus, financial management of the NAP was not only weak in terms of timely action for ensuring grants from the NAEB, GoI, but also the available funds were not utilised in timely manner and as per the requirements of the programme.

2.1.8 Implementation of the programme

For the implementation of the NAP, guidelines envisage preparation of project proposals, selection of project areas, undertaking awareness programmes for micro-planning, entry point activities, training and capacity buildings, special provisions, creation of development funds, value additions and marketing of forest produces, etc. However, Audit noticed shortcomings and deviations as discussed in the succeeding paragraphs.

2.1.8.1 Project proposals

FDAs were to draw five year Perspective Plan (five-year plan) and Annual Plan of Operations (APOs) for treatment of the project areas in consultation with the VFCs/ potential village members. Perspective Plan formulated by the FDAs was to be forwarded to the SFDA, which in turn, was to scrutinise and approve the Perspective Plans. A State level summary statement of all approved PPs of FDAs was to be submitted by the SFDA to the NAEB, which was finally to approve the SFDA's plan for the five years.

Audit observed that FDAs had not prepared any five year plan and Annual Plan of Operations. However, these FDAs have only prepared annual works programmes of the forest territorial areas for which there was also no consultation with the VFCs/ potential village members. Further, even the annual works programmes lacked geo-references and compartment-wise works details. The funds were released by the SFDA to the FDAs for its subsequent release to the VFCs on the basis of annual works programme prepared by the FDAs. Thus, there was lack of long term project planning and consequently indicated that NAP was implemented on casual/*adhoc* basis and randomly.

The Executive Body of the SFDA in its first meeting had also observed (September 2010) that the total cost of Plan approved by the NAEB was not indicated in record/ statements placed before it and desired that during its next meeting project cost, its duration and year-wise break-up of funds be given FDA-wise. However, no action on this count was taken.

The Nodal Officer, NAP stated that annual works programme regarding plantation of Territorial Divisions (TDs) were prepared and in future the SFDA would direct all the

FDAs to prepare five-year plan followed by Annual Plan of Operations having geo-references and compartment-wise work details.

2.1.8.2 Project area

Implementation of the NAP was to regenerate, afforest or reforest degraded forests and adjoining lands, under both public as well as private tenure. Due priority was to be given to the treatment of problem, eco-sensitive and disaster prone areas, such as cold and hot arid areas, strips along public infrastructure, etc. Agro-forestry model was to be permitted on non-forest lands, including for rehabilitation of shifting cultivation lands and tree plantation in cold arid areas. These areas were to be selected as the Project Areas for the implementation of the NAP.

Audit noticed that in 11 test-checked FDAs, no such areas were selected as the Project Areas for implementation of NAP and only afforestation of forest areas falling under the jurisdiction of Forest Department were selected by the FDAs under the NAP. The Nodal Officer, NAP stated that lack of training to FDAs and the VFCs resulted in non-formulation of Project Areas and as such, plans were prepared on annual and need basis by the FDAs. It was also stated that in order to safeguard the interest of NAP by ensuring execution on Forests land, the FDAs limited afforestation in the areas falling within the jurisdiction of forest only. The reply needs to be viewed in light of the fact that the implementation of the NAP could not comply with the project areas concept and remained limited to forest areas at the exclusion of other public and private tenures.

2.1.8.3 Awareness raising and micro-planning

NAP guidelines envisage FDAs to arrange awareness on the features of the VFCs in the State, especially benefit sharing and roles and responsibilities of partners, and benefits and procedure of participatory micro-planning and monitoring of the NAP. Further, the guidelines envisage to have detailed Participatory Rural Appraisal (PRA)-based micro-planning in each project village. The micro-planning was to be done by preparing baseline information about the condition of the forests under the charge of the VFCs. Micro-planning was to be integrated for both forest and villages development.

Under awareness raising and micro-planning, there was approved (2011-12 and 2013-14) cost of ₹ five lakh in annual works programme of six[21] FDAs whereas no proposals were prepared by five[22] FDAs. Audit noticed that the approved amount was not utilised by the FDAs for awareness raising and consequently village people living in the forest fringe areas remained unaware of the programme benefits. Also, PRA-based micro-planning was not done by the FDAs in test-checked FDAs. Instead, FDAs prepared annual works programmes only of Forest Territorial areas for which also, there was no consultation with the VFCs/ village members and as such, village specific requirements were not identified or prioritised.

21 Ramnagar, Rajouri, Reasi, Udhampur, Jammu and Kishtwar
22 Baramulla, Bandipora, Budgam, Kulgam and Tangmarg

The Nodal Officer, NAP stated that the aforesaid happened due to lack of training and awareness in the FDAs of the NAP guidelines. The fact remains that when the FDAs themselves lack training and are unaware of the NAP requirements, it is difficult to imagine the FDAs properly undertaking PRA-based micro-planning and pose the risk of not meeting the objectives of the NAP.

2.1.8.4 Entry point activity works

NAP guidelines envisage village communities to identify the Entry Point Activities (EPAs) to be taken up during the project period and the mode of its maintenance during preparation of micro-plans. Creation of durable community assets to support improved livelihoods, especially to the marginalised sections (e.g. landless, poor women, primitive tribes, Scheduled Caste etc.) was to be given preference.

The annual works programmes (2013-15) of 10 FDAs included EPAs at a total approved cost of ₹1.03 crore whereas FDA Bandipora had not prepared any proposal. It was observed that the FDAs had not undertaken any activity against the component for EPAs, although an expenditure of ₹30 lakh was booked by eight[23] FDAs against the approved amount of ₹1.03 crore. As such, no EPAs were taken up and hence no benefits envisaged under the NAP of community assets and support to marginalised sections were achieved.

The Nodal Officer, NAP stated that these eight FDAs would be directed to explain reasons of the expenditure. Further, the matter of not taking up the EPAs and non-spending would be looked into and responsibility would be fixed. Non-submission of proposal by the FDA Bandipora was attributed to lack of awareness of guidelines.

2.1.8.5 Training and capacity building measures

NAP guidelines aim at providing training to the members of the FDAs/ VFCs and building their capacity by organising linkages with the programmes/ schemes of other Departments/ organisations in the public and private sector so as to further the objectives of the NAP. Special focus was to be given on the needs of the marginalised groups of the village community, the tribal groups and traditional forest-based artisans. For the purpose, one-time fixed grant upto five *per cent* of the cost of plantation or ₹0.50 lakh per VFCs or ₹10 lakh for FDA, whichever is less, was to be provided for training and capacity building measures.

It was observed that no such provisions were made in the 11 FDAs and consequently, no training and capacity building amongst the persons who were engaged with the implementation of the NAP was undertaken.

The Nodal Officer, NAP stated that lack of adequate staff with SFDA resulted in non-conducting of training and capacity building measures. In future, measures would be taken for conducting training and one-time fixed grant for providing training and capacity building measures would also be ensured.

[23] Baramulla, Kulgam, Tangmarg, Jammu, Kishtwar, Ramnagar, Reasi and Udhampur

2.1.8.6 Value additions and marketing of the forest produce

NAP guidelines aim at providing support to the FDAs/ VFCs for taking up Small and Micro Forest Enterprises (SMFEs) based on value addition and marketing of the forest produce. Priority was to be given to such SMFEs, which related to the marginalised sections of the VFCs and forest dependent artisans. For the purpose, upto 10 *per cent* of the cost of plantation or a one-time fixed grant of ₹two lakh per VFC or a one-time fixed grant of ₹20 lakh for the FDA, whichever is less, was to be provided for the component. The money was to be deposited in the Village Development Fund (VDF), which was to be established by each VFCs and was to be used as a revolving fund for undertaking SMFEs and also as a corpus for leveraging assistance from banks and other financial institutions. Activities like developing Businesses Development Plan for SMFE, organising Self-Help Groups for SMFE, basic machine, equipment and infrastructure for simple value addition and marketing activities like grading, mixing, cleaning, pulverising, certification, packaging, storage, marketing support, etc. were to be undertaken under this component.

Audit, however, noticed that no provisions were made to establish VDF in the 11 FDAs. Consequently, corpus for leveraging assistance from banks and other financial institutions could not be materialised. The result was that the beneficiaries were deprived of the intended objectives of the NAP. Also, due to this, no channels were made available for regeneration and marketing of medicinal herbs along with other forest produces. The VDF was also to be credited by the proportionate profits from harvesting, processing and marketing of forest products, contribution by members, grants received from other organisations/ individuals etc., being tied to VFCs. In case of discontinuance of the NAP, the VDF was to continue to operate and was to be utilised for various activities, including maintenance of plantation developed under the NAP, promotion of forest-based livelihoods etc. Due to the absence of the VDF, this objective also could not materialise.

The Nodal Officer, NAP attributed it to the lack of adequate staff with SFDA and lack of training and assured that in future utmost care would be taken for provision of one time fixed grant to create VDF.

2.1.8.7 Special provision

Special provision of upto 25 *per cent* of the cost of plantation was to be provided, each for adoption of improved technologies and for treatment of problematic areas (that calls for additional resources for treatment such as arid areas, rain shadow areas, heavy grazing areas, alkaline or acidic lands, chemically polluted areas, etc.). The projects under improved technologies was to include suitable components, such as tissue culture, clonal seedlings, root-trainers, rhizobia culture, specialised Silvi-cultural operation, etc. The purpose was to improve the planting stock and pre-planting and planting stages to improve establishment and survival of seedlings. A need was also felt (July 2012) by the EB in which it was decided that special attention is required and State Forest Research Institute (SFRI) and other institutions needed to be encouraged to submit proposals in this regard. Further, funds from this provision were also to be used for preparation of digitised maps for micro-planning.

It was seen that in 11 FDAs, neither proposals for adoption of improved technologies were submitted to the SFDA by the FDAs/ SFRI/ other institutes nor was any effort taken by the SFDA in this regard to obtain proposals from them. Thus, the objectives of adoption of improved technologies and preparation of digitised maps were not achieved.

The Nodal Officer, NAP stated that no action on the decision taken in July 2012 by the EB was due to non-constitution of the EB after completion of its tenure. In future, special provision upto 25 *per cent* of the cost of plantation would be provided and also project proposals would be formulated for adoption of improved technologies, for treatment of problematic land and preparation of digitised maps for micro-planning.

2.1.8.8 Plantation journal

Under the NAP, plantation was done by the VFCs in the forest areas falling under the forest territorial Divisions. For bio-geographic zones characterized by arid, semi-arid and adverse/ inhospitable agro-climatic conditions, survival rate has to be not less than 40 *per cent* as prescribed by the NAEB. Against targets of 30.95 lakh plantation, 16.79 lakh only were planted as depicted below:

Table-2.1.5: Details showing FDA-wise plantation

(Figure in lakh)

FDA	Period	Plantation target	Plantation done	Shortfall in *per cent*	Cost of plantation (₹ in lakh)
Baramulla	2012-16	4.20	3.00	29	76.43
Bandipora	2011-14	2.72	0.45	83	38.46
Budgam/ Pir Panjal	2012-14	6.13	3.70	40	108.57
Kulgam	2013-16	1.13	0.69	39	18.90
Tangmarg	2013-14	0.90	0.46	49	16.96
Ramnagar	2011-15	3.05	1.98	35	19.57
Reasi	2011-15	1.13	0.54	52	5.77
Kishtwar	2011-15	3.07	2.65	14	32.16
Udhampur	2011-15	4.92	2.13	57	20.66
Rajouri	2011-15	3.70	1.19	68	7.59
Jammu	NA	NA	NA	NA	NA
Total	**2011-16**	**30.95**	**16.79**		**345.07**

Audit further observed that no plantation journals showing year/ compartment/ species and geo-references-wise details of the plantations done by the VFCs were maintained. There was no physical verification by the FDAs in the ensuing years to monitor survival *vis-a-vis* mortality against the plantations. Also, plantation journal should have depicted age-wise height/ growth details of survived plantation. In absence of plantation journals, there was no mechanism at the ground level i.e. VFCs/ FDAs level, to monitor actual plantation and their existence and to ensure survival of plantation. As such, impact assessment of the programme by way of plantation could not be ensured. Thus, expenditure of ₹3.45 crore incurred on plantation and its allied works could not be vouchsafed in Audit.

The Nodal Officer, NAP stated that the FDAs would be directed to maintain plantation journals indicating details of year/ compartment/ species-wise and of geo-references of the plantation done by the VFCs. Also, team would be constituted by the SFDA for monitoring of plantation done by the FDAs and FDAs would be directed to ensure physical verification to monitor survival *vis-a-vis* mortality against plantation.

2.1.8.9 Duplicity/overlapping of endeavours under various funding

NAP guidelines envisage FDAs to take due care to ensure that duplication of endeavors under various schemes by way of taking up the same activity in the same area, is avoided. Audit noticed that in contravention to these guidelines, in eight FDAs, plantation and its allied works costing ₹3.77 crore were executed/ carried out (2011-16) in the same forest compartments/ areas from multiple fundings, as tabulated below:

Table-2.1.6: Details showing funds spent under various programmes in same compartments/ areas

(₹ in lakh)

FDA/ DFO	Period	NAP funding	State Plan, District-Plan, CM's Participatory etc.	Total amount
Bandipora	2012-13	1.88	3.99	5.87
Baramulla	2012-16	16.24	34.82	51.06
Budgam	2012-16	42.60	72.80	115.40
Ramnagar	2012-16	7.74	65.67	73.41
Reasi	2011-16	45.39	38.00	83.39
Rajouri	2012-16	3.03	1.54	4.57
Udhampur	2011-16	10.93	0.21	11.14
Kishtwar	2011-16	9.46	22.61	32.07
Total	**2011-16**	**137.27**	**239.64**	**376.91**

Audit further observed that in two FDAs, plantation and its allied works costing ₹2.64 crore were executed/ carried out (2012-16) in same Territorial Divisions from multiple funding and has the risk of duplication of endeavors as depicted below:

Table-2.1.7: Details showing funds spent under various programmes in same Territorial Division

(₹ in lakh)

FDA/ DFO	Period	NAP funding	Other funding	Total	Remarks
Tangmarg	2013-15	16.96	Nil	16.96	Details of other funding for the period 2012-13 was not available in respect of Tangmarg.
	2015-16	Nil	81.90	81.90	
Jammu	2012-16	58.42	106.71	165.13	
Total	**2012-16**	**75.38**	**188.61**	**263.99**	

However, there were no statements/ records, which could have indicated forest compartment-wise details of plantations and its allied works done. In absence of compartment-wise records under these funding, Audit could not ascertain/ analyse duplicity/ overlapping of endeavors under various funding that same activity was carried in the same area/ compartment. This also resulted in non-laying of benchmarks to monitor/ evaluate progress of these FDAs works.

The Nodal Officer, NAP stated that executive officer of the FDAs is also the DFO of the Territorial Division, so it is his responsibility to ensure that there is no overlapping/ duplicity. However, the FDAs would be directed to furnish reasons for the irregularity.

2.1.8.10 Physical targets – plantation models and afforestation

The NAP was to increase and/ or improve forest and tree cover by way of regenerating, afforesting or reforesting degraded forests and adjoining lands. For this purpose, guidelines envisaged treatment of areas by way of plantation models along with intervention norms and their maintenance and soil conservation works as tabulated below:

Table-2.1.8: Plantation norms and other activity to be carried out under NAP

Sl. No.	Activity	Intervention plants/ hectare
1.	Aided Natural Regeneration (ANR)	200
2.	Artificial Regeneration (AR)	1,100
3.	Pasture Development/ Silvi pasture (PD/ SP)	400
4.	Mixed plantation of trees of minor forest produces/ Medicinal value (MFP/ MV)	1,100
5.	Regeneration of perennial herbs and shrubs of medicinal value (RMH)	2,000
6.	Three year’s maintenance of above carried works	
7.	Soil and Moisture Conservation	

Audit observed that there was failure in implementation of the programme and shortfall in coverage of area under various activities during 2011-16 as detailed below:

- There was 100 *per cent* shortfall in implementation of the programme in 2011-12 and 2014-15 and the works of these years were spilled over to ensuing years which consequently affected works plans of those years also.
- Against a total target coverage area of 64,738 hectares of SFDA, shortfall was 30,853 hectares (48 *per cent*). In 11 FDAs, against target coverage area of 5,536 hectares, shortfall was 2,843 hectares (51 *per cent*). Overall shortages included 32 to 100 *per cent* under ANR, 27 to 100 *per cent* under AR, 34 to 100 *per cent* under PD/ SP and 12 to 100 *per cent* under RMH. In 11 FDAs, percentage shortfall was between 11 and 95 *per cent* under ANR, 11 and 98 *per cent* under AR, 08 and 73 *per cent* in PD/ SP. However it was 09 and 77 *per cent* under RMH in five FDAs whereas six FDAs[24] had not made any proposal under the activity and consequently regeneration/ propagation of medicinal herbs could not be done and marketing channels could not be explored ***(Appendix-2.1.2)***.
- In 10 FDAs, there was a target of 17,283 hectares with a sanctioned cost of ₹2.84 crore for maintenance of plantation. Against this, seven FDAs[25] showed physical achievements of 9,667 hectares at a cost of ₹1.08 crore. However,

[24] Ramnagar, Rajouri, Reasi, Udhampur, Jammu and Bandipora
[25] Baramulla, Kulgam, Ramnagar, Rajouri, Reasi, Udhampur and Kishtwar

baseline records of the VFCs revealed that an amount of ₹1.02 crore was used for purposes other than plantation but misclassified under maintenance head of plantation. Further, there was no achievement in two[26] FDAs despite sanctioned cost of ₹3.31 lakh and FDA Bandipora had no targets under the activity ***(Appendix-2.1.3)***.

- Out of the 11 FDAs, only two FDAs[27] had proposed soil and moisture conservation works for which ₹nine lakh was sanctioned. However, only ₹1.63 lakh was spent by the FDA Ramnagar whereas FDA Kulgam had not carried out such work.

Audit analysed that spillover, reduction in targets and failure in achievement of targets under defined components were due to belated releases of funds to the VFCs by the FDAs and consequently non-release of 2^{nd} instalment of funds by the NAEB.

The Nodal Officer, NAP attributed (July 2017) shortfall to non-submission of requisite documents to the FDAs like monthly progress reports, Audit by the Chartered Accountant, etc. 100 *per cent* shortfall in 2011-12 was due to late release of funds by the NAEB whereas 100 *per cent* shortfall in 2014-15 was due to non-accord of sanction to advance drawal of funds by the Finance Department and consequently works of these years were executed in subsequent years. Further, non-laying of proposal under RMH and soil and moisture conservation by the remaining FDAs was attributed to the fault on the part of the FDAs. With regard to diversion of funds under maintenance, it was stated that due to inadequate staff, there was no monitoring by the SFDA and the issue would be scrutinised.

The fact remains that even if the late release of funds in 2011-12 by the NAEB and issues of advance drawal in 2014-15 is taken into account, in other years also, there were substantial shortfalls in achievement of physical targets under plantation models. As a result, important objectives of the NAP namely, afforestation through plantation models and resultant benefits to village communities have not been achieved. Further, there is risk of adverse impact with regard to the preparedness and progress for achieving Sustainable Development Goal (SDG) relating to protection, restoration and promotion of sustainable use of terrestrial ecosystems, sustainable management of forests, and halting and reversing land degradation.

Thus, neither five year Perspective Plan nor APOs were prepared by the FDAs. Mandatory guidelines/ objectives of NAP viz. selection of project area for implementation of NAP, awareness raising and integration of micro-planning for both forest and villages development, to identify the EPAs to take into account on-going and potential works of the villages, to impart training and capacity building measures for skill development, value addition and marketing of the forest produce, special provision for adoption of improved technologies, etc. were not followed during implementation of NAP in any of the FDAs test-checked in Audit. As such, the

---

26 Budgam and Tangmarg

27 Ramnagar (₹0.05 crore during 2011-12 and ₹0.03 crore during 2013-14) and Kulgam (₹0.01 crore during 2013-14)

beneficiaries were deprived of the intended benefit/ objectives of NAP. Also, no plantation journals indicating year/ compartment/ specie-wise and geo-references details of the plantations done by VFCs were made. Thus, impact assessment of the programme by way of plantation could not be ensured.

2.1.9 Monitoring and control mechanism

2.1.9.1 Lack of inventory of assets and other details by the SFDA of prior period

No details of bank accounts such as FDRs/ savings/ current balances, if any, cash details, sundry debtors/ creditors or details of other assets/ liabilities etc., cost-wise details of works executed/ works under progress relating to period prior to 2010 (when SFDA was created) was maintained by the SFDA. As such, details relating to the erstwhile implementing agencies prior to formation of SFDA under Centrally Sponsored Schemes (CSSs)/ NAP was not available. Further, details/ records of total number of VFCs created prior to creation of SFDA and subsequent additions during each year and cumulative at the end of each year were not maintained by the SFDA. Such information has also been sought by the MoEFCC, GoI but had not been provided by the SFDA.

Due to lack of historical data and subsequent updating, accurate number of implementing agencies operating the NAP across the State could not be determined. The SFDA or FDA/ VFCs also did not maintain any records of the number of plantations *vis-a-vis* mortality rate, etc.

Audit observed that in three FDAs (Lidder, Shopian, Sindh) to whom no funds were provided after formation of SFDA, assets of ₹87 lakh, such as bank balances, un-adjusted advances, barbed wire, plantation raised in nursery, etc., were lying as depicted below:

Table-2.1.9: Instances of assets carried over from prior period

(₹ in lakh)

FDA	Bank balances (including interest) prior to formation of SFDA	Expenditure incurred without notice of SFDA	Debtors	Other Assets	Balance transferred to State Government	Bank balances with FDAs as on date
Lidder	0.68[28]	0.33	38.51[29]	14.30[30]	0.35	0.00
Shopian	2.84	0.00	0.00	0.00	2.80	0.04
Sindh	29.87	4.37	0.79	0.00	0.00	25.50
Total	**33.39**	**4.70**	**39.30**	**14.30**	**3.15**	**25.54**

Audit found that out of bank balances of ₹33.39 lakh of prior period, ₹4.70 lakh was spent (2012-13) without notice/ authorisation of the SFDA, ₹3.15 lakh was transferred (January 2017) to the State Government account instead of the SFDA and ₹25.54 lakh continued to remain with the FDA despite a lapse of more than five years. This

[28] Funds kept in current account
[29] ₹32.69 lakh with VFCs and ₹5.82 other advances
[30] ₹7.63 lakh barbed wire, ₹0.67 lakh laptop and ₹6 lakh on plants/ seed pricking

indicated retention of the NAP funds by the FDAs/ transfer of the NAP funds to the State Government without monitoring and control of the SFDA.

The Nodal Officer, NAP stated that details could not be maintained due to inadequate staff and would be done in future. FDAs, Shopian and Sindh stated that despite taking up the matter with the SFDA, no authorisation was received and the funds to the State Government were transferred erroneously. They also stated that the State Government would be requested to reverse the funds to the SFDA.

2.1.9.2 Non-maintenance of asset registers

As per Rule 211 (i) of General Financial Rules and grant condition, the SFDA was required to maintain asset register to keep prompt watch over acquisition/ procurement of various assets acquired/ purchased by it from time to time. The SFDA was also to maintain records of all the assets created under the projects executed by the VFCs during the period of the programme. Test-check of vouchers and allied records of SFDA and five[31] FDAs revealed that assets worth ₹10 lakh were purchased/ procured, however, neither the SFDA nor FDAs/ VFCs had maintained the asset registers. In the absence of asset records/ registers, there was risk of non-safeguarding of the assets.

The Nodal Officer, NAP stated that asset register would be maintained and all the FDAs would be directed to maintain the asset register in accordance with the specified rule.

2.1.9.3 Lack of monitoring system as laid down in the programme guidelines

Audit observed the following weaknesses in the monitoring system as laid down in the NAP guidelines:-

- The Governing Body (GB) was to meet at least once in a year and its Executive Body (EB) at least once in three months. Against the required at least seven meetings (2010-2016), GB met only once (April 2014) whereas against at least 27 meetings, the EB met five times, last being in July 2012. Thereafter, EB has not been constituted. As such, institutional mechanism for monitoring the works under the NAP was absent or at best very weak.

- The SFDA has not prepared any annual report since its formation in July 2010 and as such status of the working and its financial affairs could not be monitored. The FDAs, were also required to submit comprehensive annual report on the progress of works and utilisation of funds in respect of all VFCs to the SFDA. No such reports were submitted by the FDAs and they also did not seek second instalments of funds, which would have necessitated submission of these reports.

- All projects/ works were to be monitored by the SFDA through field inspection and the Range Forest Officers were to undertake field checks of the works of the VFCs and submit reports to the CEOs. It was noticed that no inspection was

[31] Jammu, Bandipora, Baramulla, Reasi and Rajouri

conducted by the SFDA and no reports were submitted to the respective CEOs in 11 test-checked FDAs.

- A District Level Policy Review Committee headed by the Deputy Commissioner of the concerned District as Chairperson and all the Divisional Forest Officers, members Territorial as well as Social Forestry of the District and three prominent non-Government members including two *Panches* of the area to be nominated by the Deputy Commissioner, were to supervise and review working of all the VFCs. However, no such review was ensured in the FDAs as was noticed during test-check of 11 FDAs.

- The Chief Executive Officers of the FDAs were to report regularly on monthly basis the progress of works online on the Departmental website of the Forest Department. Audit observed that there was no reporting of the progress of works online on the Departmental website either by these FDAs or by the SFDA.
- NAP guidelines envisage first concurrent evaluation to be done within 24-36 months of project operation and in particularly, during micro-planning and implementation of initial project activities for assessment of the degree of people's participation in the functioning of VFCs. The second evaluation/ final evaluation of the project was to be done after three years of last tranche of tree planting in the project. This was to focus on the quality of people's participation, success of regeneration in terms of expansion and improvement in vegetation and impacts of the project on livelihood. Audit noticed that in 10 FDAs, ₹nine lakh were approved (2011-16) under monitoring and evaluation, however, no amount was spent, except FDA Jammu[32]. Besides, FDA Bandipora had not laid any proposal under the component. Thus, these FDAs had not carried any monitoring and evaluation activities. Audit also noticed from the SFDA records that monitoring and evaluation were not done either by the erstwhile implementing agencies or by the SFDA. Impact of the treated area of 33,885 hectares for which ₹27.39 crore was spent during 2011-12 to 2016-17 under the NAP could not be assessed.

The Nodal Officer, NAP stated (July 2017) that required actions would be taken at the earliest by taking up the matters with the Administrative Department and the FDAs, as relevant. Further, matters relating to monitoring and evaluation would be adequately addressed.

Thus, the monitoring and control mechanism of programme to be maintained and implemented by the SFDA and the FDAs was not only weak but had inherent and control weaknesses having the risk of not contributing to the achievement of the programme objectives.

2.1.10 Conclusion

Forest coverage at 24.02 *per cent* was 41.98 *per cent* below the target of 66 *per cent* of geographical areas in hills of the State under forest and tree cover. The SFDA was

[32] Expenditure could not be verified as records viz. cash book, vouchers etc. were not available

ineffective in ensuring proportionate and timely transfer of funds received from the NAEB to the FDAs for further transmission to the VFCs. NAP implementation had suffered due to non-observance of guidelines and deviation from the objectives during execution of various programmes in most of the FDAs/ VFCs. The FDAs did not have properly maintained record of plantation and there was no physical verification conducted by the FDAs to monitor survival *vis-a-vis* mortality against plantation. There was shortfall in achievement of targets under plantation. Percentage shortages in 11 FDAs was between 11 to 95 *per cent* under ANR, 11 to 98 *per cent* under AR, 08 to 73 *per cent* in PD/ SP and 09 to 77 *per cent* under RMH during the period under Audit. There was 100 *per cent* shortage under both physical and financial components in implementation of the programme in 2011-12 and 2014-15 and consequently, the works of these years spilled over to ensuing years, which affected works plans of the ensuing years also. Besides, under these components, against treatment target areas of 5,536 hectares to be covered in 11 test-checked FDAs, shortage was 2,843 hectares (51 *per cent*). Moreover, Annual Report was not prepared by the SFDA since its inception in 2010. Proper monitoring and evaluation system to evaluate the impact of NAP, release and utilisation of funds by the FDAs/ VFCs was not in place.

2.1.11 Recommendations

The Government may consider to ensure:

- preparation of five year plans and Annual Plan of Operations by all the Territorial Divisions and five years plans of FDAs and streamlining of required institutional mechanism for an effective afforestation and forest management;
- strengthening financial management, allocation of funds to FDAs commensurate with the annual works programmes, timely release of funds and ensuring a centralised database indicating FDAs-wise amount received, due and allocated and balance lying with the SFDA/ FDAs;
- strict observance of the mandatory guidelines/ objectives of NAP during implementation of the programme;
- proper maintenance of records of plantation indicating year/ compartment/ specie-wise and geo-references details of the plantation done by the VFCs; and
- proper monitoring and evaluation system to assess the impact of NAP.

The matter was referred to the Government in August 2017; Reply was awaited (December 2017).

Health and Medical Education Department

2.2 National Health Mission- Kashmir Region

A Performance Audit of the implementation of National Rural Health Mission (NRHM)[33] in the State was included in the Audit Report of the Comptroller and Auditor General of India for the year ended 31st March 2016. Due to the then prevailing situations in the Kashmir region since July 2016, Audit of the implementation of the Mission could not be completed for the Kashmir region. A Performance Audit of the implementation of Mission in the Kashmir region completed subsequently, brought out the following significant points:

Highlights

- **The percentage utilisation of funds under the programme ranged between 74 and 83 *per cent* during 2012-13 to 2016-17. There was also delay in release of funds to State Health Society by the State Finance Department ranging between 09 days and 153 days.**

  (*Paragraphs: 2.2.7 and 2.2.7.1*)

- **1,076 out of 2,103 health institutions (51 *per cent*) in Kashmir Division were in hired accommodations. There was shortage of 40 Community Health Centres and 975 Sub-Centres as of March 2017 *vis-a-vis* the population criteria of National Health Policy. None of the Sub-Centres/ Primary Health Centres/ Community Health Centres had been upgraded to the level of Indian Public Health Standards in the Kashmir region during 2012-17.**

  (*Paragraphs: 2.2.8, 2.2.8.1 and 2.2.8.2*)

- **Unplanned execution of infrastructure projects led to delays and their non-completion, resulting in unproductive expenditure of ₹3.26 crore, blocking of ₹three crore and liability of ₹two crore.**

  (*Paragraph: 2.2.8.3*)

- **The availability of health care human resources in the 12 District Hospitals in Kashmir region *vis-a-vis* Indian Public Health Standards was 93 *per cent* for medical specialists and 50 *per cent* for nurses and para medical staff. No post was sanctioned separately for Blood Banks in 12 District Hospitals against required 72 posts as per Indian Public Health Standards. There was overall shortage of 340 (25 *per cent*) and 3,816 (62 *per cent*) para-medical staff in 50 Community Health Centres and 557 Primary Health Centres/ New Type Primary Health Centres respectively as compared to Indian Public Health Standards.**

  (*Paragraph: 2.2.9*)

2.2.1 Introduction

The National Rural Health Mission was launched by the Government of India (GoI) in April 2005 to provide accessible, affordable and quality health care to the rural population, especially the vulnerable sections and to reduce the Maternal Mortality

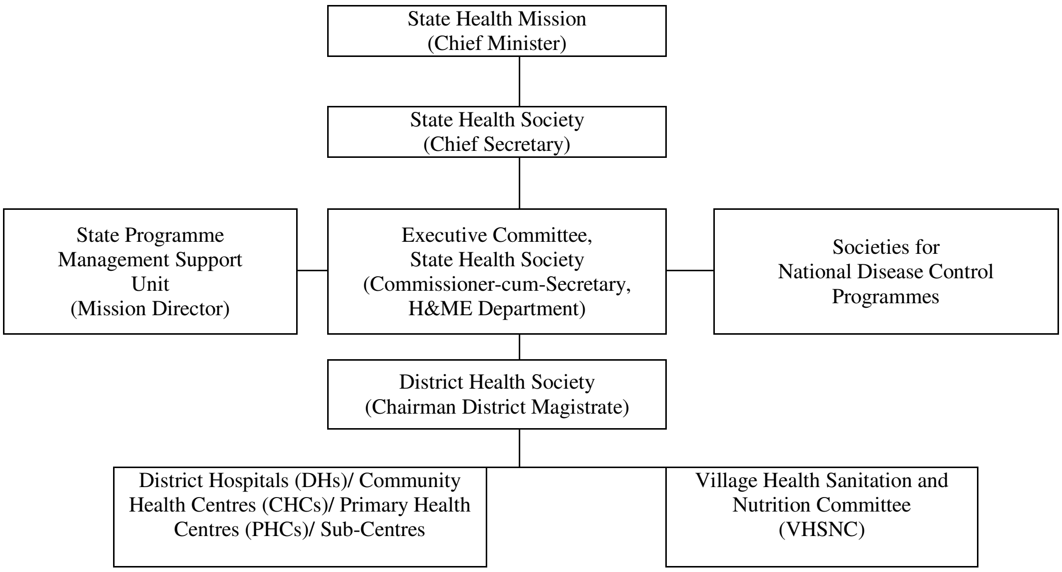
[33] Now National Health Mission (NHM)

Ratio (MMR), Infant Mortality Rate (IMR) and the Total Fertility Rate (TFR). A Performance Audit of the implementation of NRHM in the State appeared as para 2.1 in the Audit Report of the Comptroller and Auditor General of India for the year ended 31 March 2016. However, due to the then prevailing situation in the Kashmir region since July 2016, Audit of the implementation of the Mission could not be completed for the Kashmir region.

2.2.2 Organisational Structure

The organisational structure for implementation of NHM in the State is given below:

Chart-2.2.1



2.2.3 Audit Objectives

The Audit Objectives of the Performance Audit were to ascertain whether:

- the activities of the Mission in improving Reproductive and Child Health (RCH) were properly planned;
- the Mission's financial management was efficient and effective;
- there was availability of adequate physical infrastructure and health care professionals and the quality of health care was ensured;
- steps had been taken by the State towards progressing and achieving the Sustainable Development Goal (SDG) of healthy life and well-being; and
- the mechanism of data collection, management and reporting existed and monitoring mechanism and internal control system were in place and effective.

2.2.4 Scope of Audit and Methodology

The Performance Audit conducted between March 2017 and July 2017 reviewed the implementation of the Mission in the Kashmir region of the State covering the period from 2012-13 to 2016-17. Records of the Director Health Services (DHS) Kashmir region, four District Health Societies, four District Hospitals, eight Community Health Centres (CHCs), 16 Primary Health Centres (PHCs) and 41 Sub-Centres (SCs) in Kashmir region selected on the basis of Simple Random Sampling without

Replacement method were test-checked in Audit. An entry conference was held on 17th May 2017 with the Commissioner-Secretary, Health and Medical Education (H&ME) Department by the Accountant General, wherein Audit objectives, scope, and methodology were discussed.

The Audit findings were discussed by the Accountant General (Audit) with the Principal Secretary, H&ME Department in an exit conference held on 13th December 2017 and replies of the Department/ Government have been incorporated at appropriate places.

2.2.5 Audit Criteria

The Audit criteria for assessing the various activities under the Mission were derived from the following sources:

- Guidelines issued by the GoI/ State Government regarding implementation of the programme;
- Programme Implementation Plans for the years 2012-13 to 2016-17;
- Jammu and Kashmir (J&K) Financial Rules and Book of Financial powers; and
- Indian Public Health Standards (IPHS).

2.2.6 Planning and Survey

With a view to following bottom up approach, planning and budgeting process is required to begin at the Block level, with preparation of Block Health Action Plan (BHAP), based on inputs/ discussions with the implementing units. BHAPs are to be consolidated to form an integrated District Health Action Plan (DHAP), which is to be further consolidated at the State level. The State Programme Implementation Plan (SPIP) is to be prepared every year by the State Health Society (SHS) by aggregating the DHAPs for submission by end of December to the GoI for approval by end of February every year.

Test-check of the records of eight[34] CHCs in four test-checked districts showed that the annual BHAPs during 2012-13 to 2016-17 had not been prepared at the Block level and not submitted to the respective DHSs. Moreover, timelines for submission of SPIPs to the GoI were not adhered to and the SPIPs for 2012-13 to 2016-17 were submitted after delay of two to three months, which resulted in delayed approvals by GoI.

[34] CHCs: Bijbehara, Shangus (Anantnag); Beerwah, Kremshore (Budgam); Keller, Zainapora (Shopian); Khaltsi, Nubra (Leh)

2.2.7 Financial Management

The funding pattern under the Mission was in the ratio of 85:15 between the GoI and the State Government upto the year 2011-12 and thereafter, in the ratio of 90:10. Prior to 2014-15, funds were transferred by the GoI directly into the account of SHS through e-transfer mode. Since 2014-15 onwards, funds were released to the State Finance Department by the GoI wherefrom these were transferred to SHS through Treasury route. The position of funds available and expenditure incurred there against under the Mission during 2012-17 is depicted below:

Table-2.2.1: Availability of Funds and spending under the Mission

(₹ in crore)

Year	Opening balance	Releases by GoI	State share	Total funds available	Expenditure (*per cent*)	Closing balance
2012-13	131.09	134.01	51.65	316.75	235.47 (74)	81.28
2013-14	81.28	345.15	34.82	461.25	342.26 (74)	118.99
2014-15	118.99	265.13	19.00	403.12	323.22 (80)	79.90
2015-16	79.90	361.49	76.00	517.39	416.47 (80)	100.92
2016-17	100.92	365.61	42.95	509.48	422.90 (83)	86.58
Total		**1,471.39**	**224.42**		**1,740.32**	

The utilisation of funds ranged between 74 and 83 *per cent* during 2012-13 to 2016-17, which impacted implementation of the Mission, as available funds of 17 to 26 *per cent* remained unutilised.

Further, there was short release of funds by the GoI against the approved GoI Resource Envelope during 2012-13 to 2016-17, as indicated below:

Table-2.2.2: Status of release of funds by the GoI

(₹ in crore)

Year	Administrative approval of SPIP by the GoI[35]	GoI Resource Envelope	Funds Released by the GoI	Percentage release of funds *vis-a-vis* approved Resource Envelope
2012-13	312.54	209.75	134.01	64
2013-14	392.37	381.55	345.15	90
2014-15	544.93	436.36	265.13	61
2015-16	689.53	368.00	361.49	98
2016-17	571.75	393.82	365.61	93
Total	**2,511.12**	**1,789.48**	**1,471.39**	**82**

Against approved SPIPs of ₹2,511.12 crore and the GoI Resource Envelope of ₹1,789.48 crore, the GoI released ₹1,471.39 crore (82 *per cent*) during 2012-13 to 2016-17. The percentage release of funds *vis-à-vis* approved GoI Resource Envelope ranged between 61 *per cent* and 98 *per cent* during 2012-13 to 2016-17.

2.2.7.1 Delay in release of funds and diversion

Audit noticed delay in release of funds and diversion as well as irregular expenditure of Mission's funds, which adversely impacted the timely and effective implementation of the Mission. A summary of specific cases noticed in Audit is given below:

[35] Includes supplementary plan of ₹41.78 crore for 2012-13; ₹163.33 crore for 2013-14 and ₹30.45 crore for 2015-16

Table-2.2.3: Deficiencies in Financial Management

Sl. No.	Guidelines/ Rules	Actual Position and Audit observation	Response of the management and further observation of Audit
1.	Funds to the implementing agencies to be released within 15 days from the date of receipt from the GoI.	There were delays ranging between 09 days and 153 days in release of funds (₹308.61 crore) to SHS by the State Finance Department during 2016-17.	Mission Director stated (November 2017) that the delay is procedural involving securing of sanctions from Finance Department for advance drawal and transfer of amount from the State treasury to the State Health Society.
2.	Funds allocated for any activity/ scheme approved in the SPIPs should not be diverted or re-appropriated without approval of National Programme Coordination Committee.	(i) ₹40 lakh meant for construction of Sub-centre Horzey, Leh was diverted towards construction of Sub-centre Nimmo, Leh, which was not approved in the SPIP 2012-13 and 2013-14. (ii) ₹50 lakh meant for construction of SDH Khansahib was diverted towards construction of SDH Chattergam, which was not approved in the SPIP 2013-14. As such, a total of ₹0.90 crore of the Missions fund was diverted for the purposes not approved.	(i) Mission Director stated (November 2017) that no authorisation for diversion of funds was sanctioned by the Mission; however, the authorisation for diversion of funds was sanctioned by the LAHDC Leh. (ii) Mission Director stated (November 2017) that the approval for diversion of funds for construction of SDH Chattergam was conveyed by the Administrative Department in March 2015.
3.	Instruction (3) below Rule 8-5 of the Jammu and Kashmir Financial Code Volume-1 provides that the open tender system, i.e., invitation to tender by public advertisement should be used for procurement purposes.	Procurement was done without any policy framework and supply orders for purchase of Equipment/ surgical items worth ₹6.86 crore were placed during 2011-12 to 2015-16 without any competitive bidding/ on the basis of Directorate General Supplies and Disposals rates/ on the basis of purchase orders of other health institutions such as Government Medical College Srinagar, Post Graduate Institute of Medical Education & Research Chandigarh, All India Institute of Medical Sciences Delhi, Sheri Kashmir Institute of Medical Sciences Srinagar. etc.	Department stated (March/ November 2017) that due to non-finalisation of the rate contracts by the Rate Contract Committee, procurements were made on the basis of preceding years with the permission of purchase committee.
		An expenditure of ₹4.74 crore was incurred on procurement of the medicines/ drugs/ machinery/ Equipment and furniture/ fixtures for providing medical facilities at Shri Amarnathji Yatra 2013 during the year 2013-14 without invitation of the tenders for making purchases. Although the Department had Rate Contract Committee, still the purchases were made on the rate contracts of other institutions/ agencies like AIIMS New Delhi, PGI Chandigarh, GMC Srinagar, SKIMS Srinagar, Banaras Hindu University, Tamil Nadu Medical Service Corporation, etc., without exploring the prices afresh and without comparison.	Director Health Services Kashmir while admitting (August 2017) the fact that the purchases of drugs and medicines for Amarnathji Yatra had been made on the rate contracts of other health Institutions, stated that this was due to non-finalisation of rate contract by the DHS Kashmir.

Thus, financial management of the Mission in the Kashmir region was weak, which manifested in non-utilisation of available funds in full, delayed release of funds to the implementing agencies, diversion of funds for purposes not approved and procurements without complying with the provisions of the Financial Code.

2.2.8 Physical Infrastructure

As per NHM guidelines, physical infrastructure (District Hospitals/ Sub-District Hospitals/ CHCs/ PHCs/ SCs) were required to be created from funds allocated for the purpose. The year-wise quantum of funds proposed, allocated and expended during 2012-17 for construction/ completion of District Hospitals/ Sub-District Hospitals/ PHCs/ SCs was as under:

Table-2.2.4: Quantum of funds proposed, allocated and expended for creation of physical infrastructure

(₹ in lakh)

Year	Funds proposed for DHs/ SDHs/ PHC/ SCs	Funds approved by GoI	Funds received from SHS	Expenditure incurred by Executing agencies
2012-13	5,342	2,763.43	2,763.43	3,420.15
2013-14	6,340	5,468.00	4,568.86	4,568.86
2014-15	5,500	5,000.00	5,242.00	5,242.00
2015-16	5,654	2,875.00	2,575.00	2,575.00
2016-17	7,500	1,431.68	1,124.18	1,124.18

There was shortfall in funds received *vis-a-vis* funds proposed as a result of which physical targets could not be achieved as detailed below:

Table-2.2.5: Details showing targets and achievements for construction of SCs/ PHCs/ CHCs

(In numbers)

Year	SCs		PHCs		CHCs	
Targets: T Achievements: A	T	A	T	A	T	A
2012-13	7	3	15	8	8	3
2013-14	7	5	30	10	4	2
2014-15	0	0	25	7	12	4
2015-16	0	0	30	8	20	6
2016-17	0	0	20	10	10	7

Audit noticed that 1,076 out of 2,103 health institutions (51 *per cent*) in the Kashmir Division were functioning from hired accommodations. In the four test checked districts, out of 667 health institutions, 366[36] (55 *per cent*) were in rented accommodations. Mission Director admitted (November 2017) that due to non-availability of funds as well as State land, these health institutions are functioning in the rented accommodations as there is no provision for compensation of land under NHM funds.

2.2.8.1 Availability of Health Institutions

As per National Health Policy (NHP) norms for hilly/ tribal/ difficult areas, there should be one Community Health Centre (CHC) for a population of 80,000, one Primary Health Centre (PHC) for a population of 20,000 and one Sub-centre for a population of 3,000 in the State. As of March 2017, there were 2,103 health institutions (District Hospitals-(DHs): 12; CHCs/ Sub-District Hospitals (SDHs)/ Trauma Hospitals: 50; PHCs/ Mini Maternity centres (MMCs): 232; New Type Primary Health Centres (NTPHCs): 325; and Sub-Centres (SCs)/ Medical Aid Centre (MACs): 1,484) in the Kashmir region as a whole; a shortage of 40 CHCs and 975 SCs as per the population criteria of NHP.

- There were 667 health institutions in four test checked districts (Anantnag: 212; Budgam: 220; Shopian: 76 and Leh: 159); a shortage of nine CHCs (Anantnag: 8 and Shopian: 1) and 352 SCs (Anantnag: 215; Budgam: 105 and Shopian: 32), whereas 64 PHCs (Anantnag: 8; Budgam: 33; Shopian: 3 and Leh: 20) were in excess of the required number as per population norm fixed under NHP. The

[36] Anantnag: 153; Budgam: 140; Shopian: 55; Leh: 18

Mission Director stated (November 2017) that as per population norms there is no shortage of CHCs and SCs in the Kashmir Division, however, as per Rural Health Statistics norms there is shortage of CHCs and SCs due to topography of the State. It was also stated that proposals for establishment of CHCs and SCs are being reflected in the House Committee for identifying the gaps in the Health sector and the approval for establishment of new CHCs and SCs in Kashmir Division is awaited from the competent authority.

- The State Government had accorded (October 2014) sanction for establishment of 396 new SCs and hiring of equal number of (396) Auxiliary Nurse-cum-Midwife (ANM) in Kashmir region under the Mission. Audit noticed that all the SCs were established in rented accommodation and only 300 ANMs were hired as of March 2017. In four test-checked Districts 114 SCs (Anantnag: 36, Budgam: 45, Shopian: 15 and Leh: 18) sanctioned were established and were operating in rented accommodations. Mission Director admitted (November 2017) that only 300 ANMs have been engaged as of 2017.
- State Government had also accorded (October 2014) sanction for upgradation of 217 Sub-centres in Kashmir region to the level of New Type Primary Health Centres (NTPHCs) with equal number of posts of medical officers (Allopathic) and 217 casual workers to work as nursing orderlies (NOs). Audit found that the purpose of upgradation of these 217 SCs could not be served as only 30 nursing orderlies were hired and all 217 SCs were without medical officers. In four[37] test-checked districts none of the 61 SCs upgraded as NTPHCs had been provided with the required facilities by way of additional human resources and other infrastructure indicating that only nomenclature of the SCs were changed to NTPHCs thereby defeating the purpose of upgradation of SCs to NTPHCs. Mission Director stated (November 2017) that all the 217 NTPHCs are presently functioning with internal adjustments.

2.2.8.2 Upgradation of Infrastructure

During 2012-17, none of the SCs/ PHCs/ CHCs had been upgraded to the level of the IPHS norms in the Kashmir region. Out of 50 CHCs, only 40 CHCs were upgraded to First Referral Units (FRUs) during 2012-17. Further, no categorisation[38] of Sub-centres as Type 'A' and Type 'B' existed in the Kashmir region. The Deputy Director (P&S) to Directorate of Health Services Kashmir admitted (August 2017) that no Sub-centre in Kashmir region is functioning as Type 'A' and Type 'B.'

Further, 110 out of the existing 557 PHCs/ NTPHCs in the Kashmir region were working 24x7 as of March 2017. In the test checked districts, none of the CHCs and PHCs had been upgraded to FRU during 2012-13 to 2016-17. The Mission Director stated (November 2017) that the process of upgradation of PHCs/ CHCs to FRUs and 24x7 PHCs is being done in a phased manner year after year.

[37] Anantnag: 23; Budgam: 21; Shopian: 06; Leh: 11

[38] Type A sub-centres do not have facility for delivery, but Type B sub-centres have facility for delivery

2.2.8.3 Execution of Health Infrastructure Projects

Audit noticed that unplanned execution of works led to delays and non-completion of buildings, resulting in unproductive expenditure of ₹3.26 crore, blocking of ₹three crore of NHM funds and liability of ₹two crore in the following cases:

- Construction of Sub-District Hospital (SDH) at Sopore taken up in 1995-96 at an estimated cost of ₹23.68 crore (revised ₹56.90 crore) by the Jammu and Kashmir Projects Construction Corporation (JKPCC) was not technically vetted by the Chief Engineer, Roads and Buildings Department/ Design Directorate and was not Administratively Approved. An expenditure of ₹30.96 crore had been incurred on this construction work as of March 2017 which included ₹3.10 crore[39] from Mission funds. Due to non-availability of funds, the JKPCC stopped further execution of the work during 2013-14. Administrative Department directed (August 2014) that the construction of 200 bed IPD Block was not required as per the Medical Council of India norms for a Sub-District Hospital. However, a decision was taken by the Government to continue with the construction of the SDH after taking into account the actual requirement, availability of space and the construction already raised by the JKPCC. Based on the field visit and on the recommendations of the DHS Kashmir, the project cost was restricted to ₹38.52 crore. Despite a lapse of more than 20 years, the construction of the building had not been completed rendering the expenditure of ₹30.96 crore including Mission funds of ₹3.10 crore as unproductive. The Department stated (August 2017) that due to non-submission of Detailed Project Report (DPR) for restricted amount of ₹38.52 crore by the executing agency, the project could not be completed. Further, the Mission Director stated (November 2017) that the building could not be completed as the executing agency revised the project cost to ₹56.90 crore which has not been accepted by the Department.
- The Department took up execution of 20 hospital building projects[40] during 1995-96 to 2012-13 at an estimated cost of ₹347.89 crore, which were targeted to be completed in two working seasons. These projects were taken up without any technical vetting by the Chief Engineer R&B Department or Design Directorate and without the Administrative Approval and countersigning of their drawings by the DHS Kashmir. Despite incurring an expenditure of ₹320.98 crore which included NHM funds of ₹73.17 crore, these works were incomplete as of March, 2017. Due to the poor monitoring mechanism and fund-flow problem, these projects registered time overrun ranging between 4 years to 20 years. The Mission Director stated (November 2017) that these major building projects were not completed in targeted time frame due to non-availability of sufficient funds. However, during the financial year 2016-17 these works have been approved

[39] 2011-12: ₹2.10 crore; 2013-14: ₹one crore

[40] JLNM Hospital Srinagar; District hospitals: Ganderbal, Anantnag, Kulgam, Bandipora, Shopian, Baramulla and Budgam; Sub-district hospitals: Chadoora, Beerwah, Magam, Kokernag, Yaripora, Quimoh, DH Pora, Sogam and Langate; Emergency hospital Qazigund; Trauma hospital Pattan and PHC Batmalloo

under the PM's Package and balance cost of these works amounting to ₹800 crore have been approved by the Department for completion during 2017-18.

- The J&K High Court, while deciding a Public Interest Litigation (PIL), imposed (May 2011) ban on new construction in the areas falling under Pahalgam Development Authority. Despite the ban, the Mission Director released (May 2012) Grants-in-Aid of ₹three crore in favour of DHS, Kashmir for construction of 50 bed Hospital at Pahalgam at an estimated cost of ₹18.69 crore. DHS, Kashmir could not obtain clearance from the High Court for raising the construction and refunded ₹three crore to the Mission Director in December 2012. The amount continued to be lying with Mission Director and has resulted in blocking of ₹three crore. The Mission Director stated (November 2017) that the Government has imposed ban on construction of any structure in Pahalgam area and for obtaining of 'No objection certificate' the matter has been taken up with the District Development Commissioner, Anantnag.
- The Department took up execution of work on construction of Allopathic Dispensary (AD) Gatipora and AD Takiya Immam in district Shopian through the executing agency PWD, R&B Department during the year 2012-13 at an estimated cost of ₹2.34 crore each in anticipation of the Administrative Approval and Technical Sanction. These buildings were targeted to be completed within two working seasons. The Chief Medical Officer, Shopian released an amount of ₹9.00 lakh and ₹7.50 lakh from Mission funds for construction of the AD Gatipora and AD Takiya Imman respectively during 2012-13 and thereafter no funds were released to the executing agency. The skeleton structure of AD Gatipora has reportedly been completed as of March 2016 up to roof level after incurring an expenditure of ₹nine lakh and also the executing agency has created the work done liability of ₹1.50 crore. Similarly, the skeleton structure in respect of the work on construction of AD Takiya Immam upto lintel level of ground floor has been reportedly shown completed as of March 2016 after incurring an expenditure of ₹7.50 lakh, besides creating work done liability of ₹50 lakh. The executing agency suspended the work on construction of AD Gatipora and AD Takiya Immam. The Department could not arrange further funds for release in favour of the executing agency for construction of AD Gatipora and AD Takiya Immam since 2012-13. The work on these two health facilities has been left half way which resulted in unproductive expenditure of ₹16.50 lakh besides creation of work done liability of ₹two crore. The Mission Director stated (November 2017) that the construction of AD Gatipora and AD Takiya Immam in Shopian District were taken up for execution without approval of the Mission Directorate, however, as per the District Development Board decision 2017-18 these works were targeted to be completed during the year 2017-18.
- Despite booking expenditure of ₹1.42 crore (which included ₹1.20 crore from Mission funds), the following two works were not taken up for execution.

Table-2.2.6: Works not taken up for execution despite booking expenditure

(₹ in lakh)

Sl. No.	Name of Work	Year of Start	Estimated Cost	Expenditure incurred		Status of work as of March 2017
				Total	Mission funds	
1.	Construction of Health Secretariat–Swastha Bhawan	2014-15	1,380.00	100.00	100.00	Work not started
2.	Construction of PHC Watkaloo/ Nagbal	2012-13	189.00	42.50	20.00	Work not started
	Total		**1,569.00**	**142.50**	**120.00**	

The Mission Director stated (November 2017) that the construction of Health Swastha Bhawan has now been taken up for execution by JK Housing Board during the year 2017-18 and the building has been completed upto ground floor lintel level. It was also stated that PHC Watkaloo/ Nagbal is presently under construction and the work has been targeted to be completed during 2018-19 subject to availability of funds. The fact remains that the construction works could not be taken up over a period of two to four years despite booking expenditure on these projects which reflected poor planning.

2.2.8.4 Idle investment on Micro Processor based Oxygen Concentrator Plants

The Mission Director released (January 2014) Grant in Aid of ₹four crore to DHS, Kashmir for procurement of Manifold Oxygen Pipeline Plant for four[41] hospitals under Mission Flexipool Fund during the year 2013-14. The Department invited (March 2014) tenders through e-tender notice for supply, installation, testing and commissioning of Micro Processor based Oxygen Concentrator Plant[42] with allied equipment including cost free maintenance for two years post commissioning period.

Audit noticed that the Department placed supply orders (March 2015) in favour of three firms separately for three individual items required for installation and commissioning of Micro Processor based Oxygen Concentrator Plant. Supply Order for supply, installation, testing and commissioning of Micro Processor based Oxygen Concentrator Plant was placed (March 2015) with the firm who quoted lowest rates for item No. 1 of the tender notice at the rate of ₹70.50 lakh each (total value of supply order was ₹2.82 crore). Another Supply order for supply of four number of 125 KVA Diesel Gen (DG) Sets with allied accessories at the rate of ₹seven lakh per set was placed (March 2015) with another firm that quoted lowest rates for item No. 3 of the tender notice. Supply order for supply, installation, testing and commissioning of four numbers of control panel and 100 KVA Servo Stabiliser for Oxygen concentrator plant was placed with the third firm at the rate of ₹3.51 lakh per stabliser. The firm in whose favour order for supply of DG Sets was placed, informed (March 2015) that since it had participated in the tendering process for complete set, including oxygen plant, stabiliser and DG sets, it would not execute the supply for DG Sets only.

---

41 JLNM Hospital Srinagar, District Hospitals Anantnag, Baramulla and Kulgam

42 Of 300 LPM (Minimum) Capacity at 93 plus/ minus two *per cent* purity

Out of four Oxygen plants, one plant for District Hospital Baramulla was installed and commissioned, one plant though installed at JLNM Hospital was not commissioned and remaining two plants for District Hospitals Anantnag and Kulgam had not been installed/ commissioned (August 2017) due to lack of piping etc. Thus, the failure to ensure installation and operation of Manifold Oxygen pipeline plant for three district hospitals has resulted in idle investment of ₹2.11 crore[43]. The Mission Director stated (November 2017) that Oxygen plants at three hospitals have been commissioned in August 2017 and in case of JLNM hospital it will be completed soon. However, the fact remains that the DG sets were not supplied by the firm and three Oxygen plants were installed/ commissioned after more than two years from date of their procurement.

2.2.8.5 Availability and functioning of Critical Care Ambulances

The Mission Director NRHM released (January 2011) ₹2.60 crore in favour of DHS Kashmir for procurement of 13 Critical Care Ambulances at the rate of ₹20 lakh per ambulance. Supply order for fabrication of the ambulances, including installation of equipment was placed in February 2013 with a firm but was subsequently withdrawn in September 2013 due to difference in the specifications in the NIT and the machinery/ equipment to be installed in the ambulances.

Audit noticed that the Department failed in finalising rate contract for procurement of the critical care ambulances and the funds of ₹2.60 crore remained un-utilised for about five years since January 2011 and were transferred to J&K Medical Supplies Corporation (JKMSC) in November 2015 for procurement, which is still awaited (August 2017).

The Deputy Director (P&S), Directorate of Health Services, Kashmir while admitting (August 2017) that the funds could not be utilised as of March 2015 due to the approved rate contract being sub-judice stated that the Mission Director released (September 2016) funds for procurement of critical care ambulance in favour of Managing Director, Jammu and Kashmir Medical Supplies Corporation (J&KMSC) Limited.

Thus, not making 13 Critical Care Ambulances available to district hospitals in the Kashmir region despite funds for the same being available for last six and half years shows non-serious approach towards public health.

However, the Mission Director stated (November 2017) that J&KMSC has purchased the Ambulances and eight ambulances have been issued to the DHS, Kashmir and are presently functioning in the Districts. The fact remains that the funds could not be utilised for more than six years and five ambulances were still awaited.

2.2.9 Human Resources availability

NHM envisages setting up of Indian Public Health Standards (IPHS) at each level of health delivery system as benchmark for providing minimum service guaranty at these levels. The IPHS were developed and released in January-February 2007 by

[43] Cost of three plants at the rate of ₹70.50 lakh per plant

Directorate General of Health Services, Ministry of Health and Family Welfare, Government of India and were revised in 2012.

Financial support is provided to States under NHM to strengthen the health system by engaging doctors, nurses and specialists on contractual basis based on the requirements proposed by States in their annual Programme Implementation Plans.

The position of staff in 12 District Hospitals, 50 CHCs/ SDHs, 557 PHCs/NTPHCs and 1,425[44] SCs in the Kashmir region as of 31 March 2017 is detailed in ***(Appendix-2.2.1)***. Position of medical and paramedical staff in these institutions as of 31 March 2017 is indicated in the table below:

Table-2.2.7. Position of Medical and Para Medical staff in various Health Institutions of Kashmir Division

Name of post	Essential number of staff as per IPHS-2012	Sanctioned strength of the facility	Men in-position	Shortage (-)/ Excess (+) against IPHS norms (*per cent*)	Shortage (-)/ Excess (+) against sanctioned strength of the facility (*per cent*)
(1)	(2)	(3)	(4)	(5)= (4-2)	(6)= (4-3)
District Hospitals (DHs)					
Doctors	348	347	322	-26 (*7*)	-25 (*7*)
Nurses and Para Medical	912	249	453	-459 (*50*)	+204 (*82*)
Blood Bank	72	0	0	-72 (*100*)	0
Community Health Centres (CHCs)					
Doctors	600	750	691	+91 (*15*)	-59 (*8*)
Nurses and Para Medical	1,350	1,000	1,010	-340 (*25*)	+10 (*1*)
Primary Health Centres (PHCs)					
Doctors	557	1,154	1,154	+597 (*107*)	0
Nurses and Para Medical	6,127	2,311	2,311	-3,816 (*62*)	0
Sub-centres (SCs)					
Auxiliary Nurse Midwifery (ANM)	2,850	1,616	1,541	-1,309 (*46*)	-75 (*5*)

Although the State has adopted the IPHS norms after the launch of NHM, the department has not proposed targets and timelines for achievement of IPHS standards in respect of nurses and para medical staff and blood banks. The availability of health care human resources in 12 District Hospitals in Kashmir region *vis-à-vis* IPHS norms was 50 *per cent* for nurses and para medical staff. There was shortage of 340 (25 *per cent*) and 3,816 (62 *per cent*) in 50 CHCs and 557 PHCs/NTPHCs respectively in respect of nurses and para medical staff as compared to IPHS norms. No post was sanctioned separately for blood banks in 12 District Hospitals against requirement of 72 as per IPHS norms. Against the IPHS norm of 2,850 ANMs, only 1,541 were available in 1,425 SCs of Kashmir Division.

Although the over-all position of doctors in the CHCs and PHCs/ NTPHCs compared to IPHS norms was satisfactory, there were shortages of 25 and 59 *per cent vis-a-vis* sanctioned strength in District Hospitals and CHCs respectively. As stated by the Director Health Services, Kashmir this was primarily due to reluctance of doctors to join on contract basis.

[44] Does not include 59 Medical Aid Centres details whereof regarding men-in-position was not available

The Deputy Director (P&S), DHS, Kashmir and the Mission Director stated (August/ November 2017) that the vacant posts have already been referred to the Public Service Commission/ Subordinate Services Recruitment Board (SSRB) and shall be filled up in due course of time. Further, the sanctioned strength has been reviewed in light of newly created health units for creation of posts. It was also stated that in view of huge financial implications involved in creation of various posts in one go, the Department shall consider creation of additional posts in phased manner depending upon the availability of resources.

2.2.9.1 Availability of ASHAs

Under the Mission, a trained female community health worker called Accredited Social Health Activist (ASHA) is to be provided in each village in the ratio of one per population of 1,000 people or less for large isolated habitations. The job of ASHA includes tracking of children upto full immunisation stage, accompanying the pregnant ladies to the institution for delivery and facilitating ante-natal checkups (ANCs). The position regarding deployment of ASHAs in Kashmir Division during the years 2012-13 to 2016-17 is depicted below:

Table-2.2.8: Position of ASHAs

Year	Selection of ASHAs	
	Targets	Achievements
2012-13	6,490	6,119
2013-14	6,490	6,383
2014-15	6,490	6,385
2015-16	6,490	6,368
2016-17	6,490	6,379

Against the target of selection of 6,490 ASHAs during the last five years, 6,379 ASHAs were in position, as of 31 March 2017. It was observed that out of 6,379 ASHAs, only 4,750 ASHAs (74 *per cent*) were provided with drug kits. Further, it was noticed that 311 ASHAs selected in four test-checked districts (Anantnag, Budgam Leh and Shopian) were not provided with drug kits as of March 2017. In reply to Audit observation, the Deputy Director (P&S), Directorate of Health Services, Kashmir stated (August 2017) that due to paucity of funds, there was shortage in distribution of drug kits to ASHAs. The reply is not tenable as ₹52.46 lakh under ASHA Kits component of the programme remained unutilised in Kashmir Division during 2013-14 and 2014-15 which was refunded to the Mission Director. In his reply, the Mission Director stated (November 2017) that funds for new drug kits were projected in Project Implementation Plan 2017-18, which has been approved by the GoI. The drug kits will be procured shortly and issued to the remaining ASHAs.

As per Mission guidelines, an ASHA should be a literate woman with formal education upto 10th standard which could be relaxed only if no suitable lady with this qualification was available. Audit noticed that out of 2,130 ASHAs engaged in four test checked districts 1,412 ASHAs (66 *per cent*) were below 10th standard and 86 ASHAs were illiterate. The Mission Director stated (November 2017) that ASHAs are being selected by Village Health Sanitation and Nutrition Committees (VHSNCs) which have been instructed to give preference to women qualified up to 10th standard.

2.2.9.2 Training of Medical and Para-medical staff

The position of targets *vis-a-vis* achievements in respect of trainings provided to medical and Para-medical staff in Kashmir region during the period 2012-13 to 2016-17 is given in the table below:

Table-2.2.9: Status of training

Year	Medical Officers		Staff Nurses		ANMs	
	Targets	Achievements (Percentage)	Targets	Achievements (Percentage)	Targets	Achievements (Percentage)
2012-13	124	67 (54)	104	86 (83)	222	193 (87)
2013-14	182	138 (76)	192	180 (94)	308	213 (69)
2014-15	636	321 (50)	324	221 (68)	810	298 (37)
2015-16	230	133 (58)	232	180 (78)	312	241 (77)
2016-17	322	197 (61)	249	238 (96)	412	361 (88)
Total	**1,494**	**856**	**1,101**	**905**	**2,064**	**1,306**

Training was imparted to 856 out of 1,494 Medical Officers (MOs) during 2012-17 and shortfall ranged between 24 to 50 *per cent*. Similarly, shortfall in imparting training to staff nurses and Auxiliary Nurse Midwifery (ANMs) ranged between 4 to 32 *per cent* and 12 to 63 *per cent* respectively.

The Mission Director stated (November 2017) that proposed targets were in respect of both regular and contractual staff, however, due to deficiency of manpower in the Department, nominations received for training remained a problem. Besides, the resource persons for all such trainings were to be trained outside State which consumed ample time and led to shortfall against the targets. Audit is of the view that training goes a long way in capacity building and should be given due priority.

2.2.10 Quality of Health Care

2.2.10.1 Implementation of Quality Assurance at Facility level

Quality Assurance Programme was rolled out in the State during the year 2016-17 and State Quality Assurance Committee (SQAC) and District Quality Assurance Committees (DQACs) were constituted in October 2016. It was noticed that out of ₹113.09 lakh released during the year 2016-17 under this component, an amount of ₹38.53 lakh was released to District Health Societies for trainings and assessment under Quality Assurance and ₹74.56 lakh was released to DHS, Kashmir/ Jammu for payment of pending liability of ASHAs.

The District Quality Teams (DQT) were required to function at District Hospitals. Further, in-charge of Health Facility was to form an Internal Quality Assurance Team. Audit observed that District Quality Teams and Internal Quality Assurance Teams although constituted (October 2016) in the test-checked districts of Anantnag, Budgam, Shopian and Leh but no assessments were conducted.

A quarterly feedback was to be taken on a structured format by the Hospital Manager as patient satisfaction survey. This feedback was to be analysed to see the lowest performing attributes and further actions were to be planned accordingly. Audit noticed that no patient satisfaction surveys were conducted in test-checked districts.

Under the quality assurance programme, all health facilities were to establish procedure for death and medical Audit. While death Audits were to be conducted for all deaths happening at the facility, medical Audit and prescription audit was to be done on a representative sample drawn from medical records. Emphasis was to be placed on maternal and infant death Audits and also death/ failure/ complication following sterilisation.

Audit noticed that 36 maternal deaths and 462 infant deaths had occurred at facilities in four test-checked Districts during the period from 2013-14 to 2016-17 but death Audits were conducted in respect of 19 maternal and 312 infant deaths only and all these deaths were not reported to District or State Quality Assurance Committee. No medical Audit and prescription Audit had been conducted as prescribed.

The Mission Director stated (November 2017) that after the quality assurance programme has been rolled out in Kashmir Division, the Districts are in the process of constitution of DQTs and assessment shall soon start in the each District Hospital.

2.2.10.2 Availability of drugs/ medicines at Health Centres

List of essential drugs approved as per the IPH Standards for CHC contain 172 medicines/ drugs. Audit found that 72 (42 *per cent*) to 142 (83 *per cent*) items of the approved list of medicines/ drugs were not available[45] in eight test-checked CHCs during 2016-17.

Women in the reproductive age require a weekly dose of iron folic acid tablets for prevention of iron deficiency anaemia. DHS, Kashmir could not purchase these tablets due to non-availability of rate contract. It was observed that out of an amount of ₹6.51 crore, an expenditure of ₹80 lakh (12 *per cent*) was incurred on purchase of iron folic acid tablets during 2012-13 to 2014-15 and ₹5.71 crore remained unutilised. The Department stated (August 2017) that the funds of ₹5.71 crore could not be utilised due to non-finalisation of the rate contract as the matter was sub-judice. The Mission Director stated (November 2017) that procurement process faced a peculiar situation due to handing over of procurement system to J&KMSC constituted in May 2013, which could not take off for almost two years. The rate contracts could not be finalised either by the Departmental Purchase Committees or by the J&KMSC. It was also stated that J&KMSC has started the procurement process now and at present there is no dearth of iron folic acid tablets in Kashmir Division.

2.2.10.3 Emergency Response System - Non-functional Health Helpline services

Health emergency response system is critical in providing rapid health services. National ambulance services under NHM provides for patient transport ambulance through operation of dial 108/102 ambulance service. 108 is predominantly an emergency response system primarily designed to attend to patients of critical care

[45] CHC Bijbehara: 104 items of medicines/ drugs (60 *per cent*); CHC Shangus: 121 items (70 *per cent*); CHC Beerwah: 96 items (56 *per cent*); CHC Kremshore: 127 items (74 *per cent*); CHC Zainapora: 72 items (42 *per cent*); CHC Keller: 142 items (83 *per cent*); CHC Nubra: 118 items in (69 *per cent*) and CHC Khaltsi: 137 items (80 *per cent*)

trauma and accident victims etc., whereas 102 service essentially consists of basic patient transport aimed to cater to the needs of pregnant women and children though other categories can also take benefit and are not excluded. Audit noticed the following deficiencies:

- Patient transport services through helpline dial-108 was not operationalised (March 2017) in Kashmir Division. An amount of ₹20 lakh released during 2013-14 by the Mission Director NHM in favour of the DHS Kashmir for establishment of Health Helpline (108) was refunded during the same year without utilisation.
- The DHS, Kashmir awarded (September 2013) a project "Vehicle Tracking and Management System" (VTMS) for establishing a Control Room/ Call Centre and also for installation and commissioning of GPS and Fuel Sensors in 250 ambulances in favour of a firm. An amount of ₹10.13 lakh was paid to the firm against 57 ambulances in July 2014. The Department did not monitor the functioning of GPS and Fuel Sensor systems installed in these ambulances and the purpose for which these systems were installed had not been achieved as GPS system remained non-functional in the ambulances. Audit also noticed that the firm did not provide the 24x7x365 service for 102 ambulance service and no expenditure was incurred on account of the operational cost of the Control Room i.e., recurring charges for toll free calling services with five lines and recurring charges for VTMS Software Application Components. The Control Room for 102 ambulance service did not remain functional in Kashmir Division since its establishment in 2013-14. The award of the contract was terminated in February 2015. As such, despite an expenditure of ₹10.13 lakh no purpose has been served.
- 190 Ambulances available in four test-checked districts, as of March 2017 had not been fully equipped with essential medical equipment.

Thus, quality of health care under the Mission in the Kashmir region fell short of desired standards. The Mission Director stated (November 2017) that the operationalisation of ambulances could not be done due to cost escalation but the same is being re-tendered now. It was also stated that 102 ambulance service presently available in Jammu Division, shall be implemented in the whole State after the retendering process is completed and rates are finalised.

2.2.11 Reproduction and Child Health (RCH)

Planning and Budgeting for RCH should cover all the related components, such as Maternal Health, Child Health and Family Planning which plan to reduce IMR/ MMR/ TFR as per National Programme Implementation Plan of RCH-II.

2.2.11.1 Maternal Health

The 'Framework of Implementation' of the Mission (2012-17) has laid down outcome indicators to be achieved upto the end of 12th Five Year Plan (2012-17) *vis-a-vis*, reduction of maternal and infant mortality rates to 100 per one lakh live births and 25 per thousand live births respectively and reduction of total fertility rate (TFR) to

2.1. The important services for ensuring maternal health care include antenatal care, institutional delivery care, post-natal care and referral services.

2.2.11.1 (a) Registration and Antenatal care of pregnant women

One of the major aims of safe motherhood is to register all pregnant women before they attain twelve weeks of pregnancy and provide them with services such as four ante-natal checkups, iron folic acid tablets and two doses of tetanus toxoid (TT). It was noticed that no registered pregnant woman got second and third ante-natal (ANC) checkups in Kashmir region, however the number of registered pregnant woman who got fourth ANC checkup ranged between 62 *per cent* and 100 *per cent* of the total pregnant women registered during 2012-13 to 2016-17. In four test-checked districts, the checkups ranged between 64 *per cent* and 96 *per cent* of the total pregnant women registered during 2012-13 to 2016-17. The Mission Director stated (November 2017) that the Department is making efforts so that all the ANC checkups are done with the introduction of Mother and Child Tracking System.

2.2.11.1 (b) Administration of Iron Folic Acid

As per supplementation interventions by Ministry of Health and Family Welfare, GoI, 100 mg of elemental iron and 500 mcg of folic acid daily for 100 days during pregnancy followed by same dose for 100 days in the post-partum period has been recommended for pregnant and lactating women.

Audit observed that iron folic acid tablets were administered to pregnant women ranging between 13 *per cent* and 54 *per cent* in Kashmir region during the period 2012-13 to 2016-17. In four test-checked districts, iron folic acid tablets were administered in the range of 11 *per cent* and 55 *per cent* of pregnant women during the same period. The Mission Director stated (November 2017) that due to non-availability of rate contract for iron folic acid tablets procurement could not be made in bulk despite funds being released to Director Health Services, Kashmir.

2.2.11.1 (c) Tetanus toxoid immunisation

The provision of quality ante-natal care, including two tetanus toxoid injections has been envisaged under the programme. During the period under review, 45 *per cent* to 55 *per cent* of pregnant women were fully immunised in the Kashmir region. The position in test-checked districts was comparatively better, as between 92 *per cent* and 95 *per cent* of pregnant women were fully immunised in these districts during 2012-13 and 2016-17. The Mission Director stated (November 2017) that all efforts are being made to maximize the achievements so as to achieve the desired objectives and aims of the NHM.

2.2.11.1 (d) Pregnant woman not accompanied by ASHAs

The ASHAs are responsible for facilitation of ante-natal checkups and for accompanying the mothers upto health institution for delivery. Audit noticed that only upto 59 *per cent* of women who delivered at health institutions in Kashmir region were accompanied by ASHAs during 2012-13 to 2016-17, which indicated poor performance of ASHAs. The Mission Director stated (November 2017) that the role of ASHA is to facilitate and ensure timely ANC checkups and promote institutional delivery. It is not mandatory for ASHA to accompany the pregnant woman to the hospital for delivery. It was also stated that to further strengthen the role of ASHA in facilitating pregnant women for institutional delivery, ASHA support structure at each level beginning from ASHA Facilitator to State Programme Manager, has been put in place. However, the fact remains that between two and four *per cent* of pregnant women registered during 2012-17 had home deliveries.

2.2.11.2 Institutional Deliveries

To promote safe institutional delivery, the Janani Surakhsha Yojana (JSY) provided all pregnant women a cash compensation of ₹1,400 in rural areas and ₹1,000 in urban areas with cash free services, which included free medicines/ consumables during the period of delivery and free referral transport from hospital to home. The ASHA who accompanied the pregnant woman was to be given cash compensation of ₹600 per case. The position of institutional/ home deliveries and compensation provided during the years 2012-13 to 2016-17 in the Kashmir region was as follows:

Table-2.2.10: Position of deliveries and compensation

Year	Total No. of pregnant women registered	Total No. of deliveries	Home deliveries (Percentage)	Compensation provided to No. of pregnant women (Percentage)
2012-13	1,90,685	99,529	4,018 (4)	68,398 (69)
2013-14	2,32,029	1,03,604	2,874 (3)	84,250 (81)
2014-15	2,07,232	1,02,976	2,431 (2)	62,489 (61)
2015-16	1,99,116	99,089	2,525 (3)	62,489 (63)
2016-17	2,26,570	1,03,669	1,932 (2)	73,981 (71)

Audit noticed that percentage of home deliveries in the four test-checked districts ranged between 0.16 and two *per cent* of pregnant women registered during 2012-13 to 2016-17. The compensation was provided to beneficiaries ranging between 64 *per cent* and 100 *per cent* of the total deliveries in these districts. Further, out of 1.25 lakh deliveries in four test-checked districts, only 0.89 lakh beneficiaries (71 *per cent*) were assisted by ASHAs during 2012-17.

The Mission Director stated (November 2017) that traditionally most pregnant women shift to their maternal home before their delivery due dates and are as such, not accompanied by the corresponding ASHA for institutional delivery.

All pregnant women who deliver at any health institution in normal condition is to be retained for at least three days i.e. 72 hours so that she could stabilise and also look after the child she has delivered. However, between 37 *per cent* and 53 *per cent* of the women having institutional deliveries in Kashmir Division were discharged within 48 hours of delivery during 2012-17. In four test checked districts it was noticed that between 18 *per cent* and 70 *per cent* of the women having institutional deliveries were discharged within 48 hours of delivery during 2012-17.

The Mission Director stated (November 2017) that mothers who deliver at public health facilities are encouraged to stay at hospital for a minimum of 48 hours post-delivery which has improved after the introduction of Janani Shishu Suraksha Karykram (JSSK). Efforts are being made to motivate mothers for stay in hospital for minimum of 48 hours post-delivery during which they are provided free diet and drop back transport facility to home. The bed strength of hospitals is also being increased to accommodate more mothers.

2.2.11.2 (a) Janani Shishu Suraksha Karykram (JSSK)

JSSK is an initiative to assure free services to all pregnant women and sick neonates accessing public health institutions. The scheme envisages free and cashless services to pregnant women including normal deliveries and caesarean operations and also treatment of sick newborn (upto 30 days after birth) in all Government health institutions across the State.

Audit check of records showed that ₹2.37 crore was incurred by seven test checked units (DHs: Budgam and Leh; CHCs: Bijbehara, Shangus, Beerwah, Kremshore and Zainapora) on purchase of drugs/ medicines on the basis of *Dasti*[46] quotations in a non-transparent manner without ascertaining reasonability of rates through wide publication and without invitation of tenders during 2012-13 to 2016-17. In reply to Audit observation the Convener District Health Society, Budgam stated (November 2017) that the purchases were made on emergent basis and in future proper procedure shall be followed and all codal formalities shall be completed at block and district hospital level while making the purchases. The Mission Director stated (November 2017) that few essential drugs are being purchased on *dasti* quotations, the districts are being instructed from time to time to adhere to all the codal formalities for such purchases.

2.2.11.2 (b) Janani Suraksha Yojana

The programme guidelines provide that all payments under Janani Suraksha Yojana (JSY) to the expectant mother shall compulsorily be made in one instalment, including compensation amount for sterilisation, wherever applicable, at the time of discharge from the hospital/ health centre. The main objective of JSY was to promote institutional deliveries to reduce IMR, MMR.

In Kashmir Division out of 4.95 lakh women beneficiaries who delivered in the hospitals and were entitled to receive incentive under the scheme only 3.52 lakh beneficiaries were paid incentive during 2012-17, thereby depriving 1.43 lakh women (29 *per cent*) from availing the benefit under the scheme. Further, out of 13,780 home deliveries, incentive was not paid to 11,546 women (84 *per cent*) who were entitled for benefits under the scheme during 2012-17.

Audit check of records in four test-checked districts (Anantnag, Budgam, Shopian and Leh) showed that out of 1.25 lakh institutional deliveries only 1.11 lakh beneficiaries were paid incentive during 2012-17 thereby depriving 0.14 lakh women (11 *per cent*) from availing the benefit under the scheme. Further, out of 1,903 home deliveries in these districts, incentive under the scheme was not paid to 1,593 women (84 *per cent*) during 2012-17.

Further, under JSY, an incentive of ₹1,400 is to be paid to mother beneficiaries for institutional deliveries in rural areas on production of proof of rural residential address like domicile certificate, referral slip submitted by ANM/ ASHA. Otherwise, she

[46] Proforma bills being obtained from the local dealers for effecting purchases

would be paid only 1,000/- as an urban beneficiary. The said benefit to the mother should be paid at the health facility immediately after the delivery and before discharge, but not later than seven days of the delivery. Audit check of records, however, showed that payment of incentive was made to the mother beneficiaries in test-checked medical blocks after delay ranging between one day and 972 days during 2012-13 to 2016-17. In District Hospital Budgam, it was noticed that 4,738 beneficiaries were shown as paid at the rate of ₹1,400 without obtaining proof of rural residence as specified in the guidelines. As a result, the authenticity of payment of ₹62.95 lakh could not be established in Audit. The referral slips of the basic health facilities (PHC/ CHC) were not on record.

The Mission Director stated (November, 2017) that all the mothers who deliver in public health facility are not paid JSY incentive as some beneficiaries don't have bank accounts or do not submit the requisite documents. JSY incentive is paid to such mothers who are registered on MCTS/ RCH portal and have Aadhaar seeded bank account, which is now mandatory for direct bank transfer mode of payment.

2.2.11.2 (c) Maternal deaths

RCH-II was launched with the objective to reduce maternal mortality rate and infant mortality rate. The position of maternal and infant deaths in Kashmir region during the years 2012-13 to 2016-17 were as under:

Table-2.2.11: Position of maternal and infant deaths

Year	No. of deaths	
	Maternal	Infant-Still Births
2012-13	65	1,672
2013-14	70	1,927
2014-15	74	2,212
2015-16	85	1,700
2016-17	64	2,278
Total	**358**	**9,789**

As can be seen from the table above, the maternal mortality had gradually increased from 65 in 2012-13 to 85 in 2015-16, which indicated that the objective of reducing maternal mortality under the Mission remained unfulfilled. Audit noticed that a mechanism to get regular and complete information about maternal and neonatal deaths for maintaining a district-wise database was not in place in the test checked districts. However, in four test-checked districts, there were 78 maternal deaths (0.06 *per cent*) and 2,917 still births (two *per cent*) out of 1.25 lakh institutional deliveries during 2012-13 to 2016-17. The Mission Director stated (November 2017) that the Department is hopeful that with the improved reporting and appropriate action, the number of maternal deaths shall be further reduced.

Thus, performance of the Mission (RCH) in the Kashmir region was not as per the prescribed norms and hence not satisfactory. No registered pregnant women got second and third ante-natal checkups, administration of iron folic acid dosages remained below 54 *per cent* and tetanus toxoid immunisation below 55 *per cent*. Further, 41 *per cent* of the women who had institutional delivery were not accompanied by ASHAs. Compensation/ incentive under the JSY to all eligible beneficiaries were not being given and there was increase in maternal death since 2013.

2.2.12 Family Planning

The objective of the National Family Planning Programme is that all women and men in the reproductive age group will have knowledge of and access to comprehensive range of family planning services thereby enabling families to plan and space their children to improve the health of women and children. Target-free approach based on unmet needs for contraception, equal emphasis on spacing and limiting methods and promoting children by choice in the context of reproductive health are the guiding principles in this regard.

2.2.12.1 Permanent method

The permanent method of family planning includes vasectomy (male sterilisation) and tubectomy (female sterilization). The position of targets and achievements in various permanent methods in the Kashmir Division during the years 2012-13 to 2016-17 was as under:

Table-2.2.12: Targets and achievements under permanent method

Year	Vasectomy		Tubectomy and Laparoscopy[47]	
	Targets	Achievements (Percentage)	Targets	Achievements (Percentage)
2012-13	3,242	52 (2)	12,969	4,206 (32)
2013-14	3,308	50 (2)	13,232	2,626 (20)
2014-15	3,374	22 (1)	13,497	2,590 (19)
2015-16	3,392	56 (2)	13,570	2,295 (17)
2016-17	3,450	92 (3)	13,801	2,391 (17)
Total	**16,766**	**272 (2)**	**67,069**	**14,108 (21)**

As can be seen from the table above, the percentage achievement under vasectomy was very low and ranged between one and three *per cent* and under tubectomy/ laparoscopy between 17 *per cent* and 32 *per cent* during 2012-13 to 2016-17. Further, proportion of vasectomy to the total sterilisation was only two *per cent* whereas 98 *per cent* of sterilisations were tubectomy/ laparoscopy during 2012-13 to 2016-17 which pointed towards gender imbalance. The Mission Director stated (November, 2017) that community participation and acceptance for 'No Scalpel Vasectomy' (NSV) has been minimal despite sensitisation and motivational campaigns by the Department of Family Welfare. However, efforts are being made to counsel and educate the beneficiaries for better acceptance of NSV methods.

2.2.12.2 Spacing methods

The intra uterine contraceptive device (IUCD), oral contraceptive pills (for women), and condoms are three contraceptive methods of family planning to help space children. The targets and achievements under these components is depicted below:

[47] Targets and achievements of Tubectomy and Laparoscopy shown together by the Department

Table-2.2.13: Targets and achievements under spacing methods

Year	Oral Pill Cycles		IUCD insertion		Distribution of condoms	
	Targets	Achievements (percentage)	Targets	Achievements (percentage)	Targets	Achievements (percentage)
2012-13	1,14,952	1,30,302 (113)	22,106	14,520 (66)	14,85,532	7,85,344 (53)
2013-14	1,17,285	1,31,457 (112)	22,555	8,748 (39)	15,15,687	8,23,614 (54)
2014-15	1,19,631	1,53,353 (128)	23,006	8,482 (37)	15,46,000	9,68,385 (63)
2015-16	1,20,276	1,86,131 (155)	23,130	8,409 (36)	15,54,338	11,44,839 (74)
2016-17	1,22,328	1,87,521 (153)	23,525	8,371 (36)	15,80,856	10,19,409 (64)

The achievements under oral pill cycles *vis-a-vis* targets fixed was satisfactory but in respect of IUCD, the achievement during 2012-13 to 2016-17 was between 36 *per cent* and 66 *per cent.* Similarly the achievements in distribution of condoms ranged between 53 *per cent* and 74 *per cent.* The Mission Director stated (November 2017) that the Department is working at improving the achievements in respect of spacing methods.

2.2.13 Immunisation and child health

(I) Indicators of child health relate to the immunisation status of children, details pertaining to exclusive breastfeeding, prevalence of diarrhoea and acute respiratory infection (ARI) and more importantly their nutritional status in terms of grade III/IV malnutrition. Table below gives a summary of targets and achievements under the routine immunisation in Kashmir region during 2012-13 to 2016-17.

Table-2.2.14: Targets and achievements under routine immunisation

Year	Targets (for all vaccines)	Achievements (for all vaccines)			
		Upto one year	Above one and half year	Above five years	Above ten years
2012-13	1,29,049	1,25,652	56,023	63,473	90,964
2013-14	1,28,339	1,17,229	56,370	68,835	84,992
2014-15	1,29,705	1,06,725	56,589	74,600	73,305
2015-16	1,30,685	1,18,372	78,046	92,880	84,318
2016-17	1,32,150	1,14,341	41,164	90,964	81,560

Audit observed that the targets were not fixed on the basis of household surveys for achieving universal immunisation and the overall shortfall in achievements of the target fixed for immunisation of children between zero to one age group ranged between 02 *per cent* and 18 *per cent* and of one to 1 ½ age group ranged between 40 *per cent* and 69 *per cent* during 2012-13 to 2016-17. The routine immunisation prevents infants and children against diseases like measles, whooping cough, diphtheria, etc. The year-wise details of incidence in the Kashmir region in respect of these diseases was as follows:

Table-2.2.15: Incidence of vaccine preventable diseases in infants and children

(Cases in number)

Year	Name of Disease				
	Diphtheria	Whooping cough/ pertussis	Measles	ARI for less than five year infants	Diarrhoea
2012-13	11	61	609	2,937	14,066
2013-14	3	26	948	2,657	13,384
2014-15	5	3	712	1,503	12,383
2015-16	1	0	281	1,534	13,015
2016-17	4	0	186	1,818	13,966
Total	**24**	**90**	**2,736**	**10,449**	**66,814**

(II) Audit also noticed shortfall in Vitamin A coverage with low mega doses each year of children in 9-36 months ranging between 14 *per cent* and 52 *per cent* till 1st dose, 15 *per cent* to 53 *per cent* in 2nd dose and between 23 *per cent* and 72 *per cent* in 3rd to 5th dose against the targets fixed during 2012-13 to 2016-17.

The Mission Director stated (November 2017) that the targets are fixed on the basis of estimated population as per under five mortality rate and birth rate and not on the basis of household surveys for achieving universal immunisation. It was also stated that there is improvement in immunisation with decline in the vaccine preventable diseases during 2012-17. However, the fact remains that despite decrease over the last five years, there has been a marginal increase in three vaccine preventable diseases during 2016-17 in comparison to 2015-16.

2.2.14 Performance Indicators

The main objective of the Mission is to reduce the Maternal Mortality Rate (MMR), Infant Mortality Rate (IMR) and Total Fertility Rate (TFR). The position in the State under 'Framework of Implementation' of the Mission and Millennium Development Goals (MDG) were as follows:

Table-2.2.16: Performance indicators

Indicator	Unit	Framework of Implementation		Expected outcomes by the end of 31 March 2016	Position as per SRS[48]-2016		
		(2005-12)	(2012-17)		J&K	All India	Best performing State
IMR	Per 1,000 live births	30	25	26	24	34	10 (Kerala)
MMR[49]	Per 1,00,000 live births	100	100	100	26	61	61*
TFR	-	2.1	2.1	2.1	1.7	2.3	1.6 (Delhi and West Bengal)

(* MMR figures in respect of Kerala of 2011-13 as available in the Economic survey Report 2016-17)

48 Sample Registration System (SRS)

49 MMR = (Total reported maternal deaths/total reported live births)*1,00,000. The MMR figures of J&K and all India worked out on the basis of data regarding maternal deaths and reported live births for the year 2015-16 as available in the Economic Survey Report 2016 of J&K State

As per the Sample Registration System 2016, IMR, MMR and TFR in Jammu and Kashmir State was 24, 26 and 1.7 respectively, whereas expected outcomes by the end of 31 March 2016 were 26, 100 and 2.1. Position of the State was better as compared to All India position, but it needs to do more to catch up with the best performing State.

2.2.15 Monitoring and Evaluation

The four major approaches to monitoring and evaluation under the Mission include use of data from population surveys, commissioning implementation research or evaluation studies, use of Health Management Information System (HMIS) data and field appraisals and reviews. The Health Planning and Monitoring Committees (HPMCs) were to be formed at PHC, Block, District, and State levels to ensure regular community based monitoring of activities at respective levels, along with facilitating relevant inputs for planning.

Audit checks of records showed that HPMCs to assess the progress made under various activities were not constituted at any level. Further, hard copies of monthly HMIS reports were not submitted by the DHSs to the SHS which was mandatory as per guidelines. The Mission Director stated (November 2017) that the proposal for constitution of HPMCs at PHC, Block, District and State level is being initiated to ensure regular community based monitoring of activities and facilitate relevant inputs for planning. The process for collection of hard copies of monthly HMIS reports has been initiated from the current financial year.

2.2.16 Conclusion

Financial management was weak, which manifested in non-utilisation of available funds in full, diversion of funds for purposes not approved and procurements without complying with the provisions of the Financial Code. There were shortages of 40 CHCs and 975 Sub-centres in the Kashmir Division as of March 2017, about 51 *per cent* health institutions in the Kashmir Division were in hired accommodation and none of the SCs/ PHCs/ CHCs had been upgraded to the level of IPHS in Kashmir division during 2012-17. The availability of health care human resources in the 12 District Hospitals in Kashmir region *vis-a-vis* Indian Public Health Standards was 93 *per cent* for medical specialists and 50 *per cent* for nurses and para medical staff. No post was sanctioned separately for Blood Banks in 12 District Hospitals against required 72 posts as per Indian Public Health Standards. There was overall shortage of 340 (25 *per cent*) and 3,816 (62 *per cent*) para-medical staff in 50 Community Health Centres and 557 Primary Health Centres/ New Type Primary Health Centres respectively as compared to Indian Public Health Standards. Targets fixed under various family planning measures and immunisation were not achieved and there was prevalence of vaccine preventable infant and child diseases.

2.2.17 Recommendations

In light of the Audit findings, the Government may consider to:

- Strengthen the financial controls over release of funds and their utilisation;
- Devise a mechanism for early completion of various incomplete infrastructural projects;
- Phase out a detailed plan to upgrade the health care institutions to the IPH Standards; and
- Impart training to the human resources for capacity building.

The matter was referred to the Government in August 2017; reply was awaited (December 2017).

Power Development Department

2.3 Power purchase agreements and electric revenue collection

The Jammu and Kashmir Power Development Department (JKPDD) is responsible for transmission and distribution of electricity in the State. Generation sector is looked after by the Jammu & Kashmir (J&K) State Power Development Corporation Limited (JKSPDCL), a fully owned Government Company, which was carved out of JKPDD in 1999. In the absence of operationalisation of transmission, distribution and trading Companies ordered to be set up (September 2012) by the Government of Jammu & Kashmir (GoJK), the JKPDD continues to operate as an integrated transmission and distribution utility as of March 2017.

A performance Audit of the Department on Power Purchase Agreements (PPAs) and electric revenue collection covering the period 2012-13 to 2016-17 brought out deficiencies in power purchase planning, signing and operationalisation of PPAs, financial mismanagement, deficiencies in billing and collection of revenue and weaknesses in internal control. Some of the highlights of the performance Audit are as under:

Highlights

- **The Department failed to meet its power requirement and the gap between unrestricted demand and self-generation available to the State ranged between 77 *per cent* and 84 *per cent*. 73 *per cent* to 76 *per cent* of the power requirement of the State was met through purchase from Central Generating Stations. The State suffered a power purchase deficit of ₹14,871 crore during 2012-17 as against an expenditure of ₹24,299 crore incurred on power purchase during 2012-17, revenue realisation from sale of power was only ₹9,428 crore. The Jammu and Kashmir Power Development Department incurred an extra expenditure of ₹840 crore on power purchased during 2012-17 due to deficiencies in planning and non-optimisation of power purchase cost.**

  (Paragraphs: 2.3.1.1, 2.3.6.1, 2.3.6.2 and 2.3.7)

- **The Jammu and Kashmir Power Development Department made an avoidable payment of ₹1,420.26 crore towards late payment surcharge and lost the opportunity to avail rebate of ₹297.92 crore due to deficient financial management. It also had to shell out ₹33.67 crore towards fixed charges without availing power due to imposition of regulation for delayed payments.**

  (Paragraphs: 2.3.9.1 and 2.3.9.2)

- **Due to non-completion of transmission infrastructure for evacuation of power, the Department made an avoidable payment of ₹543.47 crore towards idle capacity charges and energy charges on deemed generation to two power projects.**

  (Paragraph: 2.3.10)

- **Poor collection efficiency resulted in recoverable revenue of ₹2,508.23 crore ending March 2017. The Jammu and Kashmir Power Development Department failed to recover its power purchase cost due to operational inefficiencies like increasing gap between Average Cost of Supply and Average Billing Rate, high Aggregate Technical & Commercial losses which were 62.56 *per cent* in 2015-16 and increased to 67.63 *per cent* in 2016-17 which resulted in foregone revenue of ₹10,176 crore.**

(*Paragraphs: 2.3.11.2, 2.3.11.3 and 2.3.11.4*)

- **The Department failed to implement revised tariff order approved by the Jammu & Kashmir State Electricity Regulatory Commission resulting in loss of ₹10.06 crore to the State exchequer. The Department had not devised any mechanism for filing objections on petitions filed by the generators.**

(*Paragraphs: 2.3.12.1 and 2.3.12.5*)

2.3.1 Introduction

The Government of India (GoI) enacted the Central Electricity Act 2003 and the GoJK enacted the Jammu and Kashmir Electricity Act, 2010 for providing a legal framework for reforming and restructuring the power sector. The Act/(s) aimed at consolidating the laws relating to generation, transmission, distribution, trading and use of electricity, rationalisation of electricity tariff, ensuring transparent policies regarding subsidies, liberalised captive power policy, allowed open access to transmission and distribution lines, introduced stringent penalties for power theft and made setting up of Electricity Regulatory Commission mandatory. The Act/(s) also empower the State Electricity Regulatory Authority to regulate electricity purchase and procurement process for purchase of power for distribution and supply within the State and specify the terms and conditions of tariff so as to recover cost of electricity. The Ministry of Power (MoP), GoI also issued (January 2005) guidelines for determination of tariff by bidding process for procurement of power by distribution licensees.

2.3.1.1 Status of demand/ generation requirements

The State has an estimated hydro power potential of 20,000 Mega Watt (MW), out of which, projects having capacity of 16,475 MW were identified. Out of the identified potential, 3,263.46 MW i.e 20 *per cent* have been commissioned through 33 projects[50] as on March 2017. Further, out of 18 number of projects with an aggregate capacity of 1,173 MW awarded to various Independent Power Producers (IPPs) through competitive bidding as part of the State Hydel Policy, 2003/ 2011, only four projects with aggregate capacity of 42.50 MW were operational while remaining were at different stages of implementation (March 2017). However, none of the IPPs (upcoming/ commissioned) had entered into PPAs with the JKPDD.

[50] State Sector (Jammu and Kashmir State Power Development Corporation): 22 projects having 1,211.96 MW capacity,
Central Sector (National Hydroelectric Power Corporation): Seven projects having 2,009 MW capacity,
Private Sector (Small IPP): Four projects having 42.50 MW capacity

The position of unrestricted power demand as per 18th Electric Power Survey (EPS), own power generation of the State and gap between requirement and self-generation available to the State during 2012-17 is depicted below:

Table-2.3.1: Gap between power requirement and self-generation

Million Units (MUs)

Year	Unrestricted power demand	Self-generation available to the State	Gap between power requirement and self-generation available to the State	Percentage of gap
2012-13	14,425	2,520	11,905	83
2013-14	14,872	2,337	12,535	84
2014-15	15,333	2,471	12,862	84
2015-16	15,808	2,665	13,143	83
2016-17	16,298	3,809	12,489	77

(Source: As per information furnished by the Development Commissioner Power)

As of March 2017, there was a gap of 12,489 MUs equivalent to 1,555.91 MW in the installed capacity (self-generation available to the State) required to meet unrestricted power demand of 16,298 MUs.

The gap between unrestricted power requirement and self-generation available to the State ranged between 77 and 84 *per cent* over the period of 2012-17. Thus, the JKPDD was unable to meet its power requirement and was procuring power through long term PPAs[51] with the Central Generating Stations (CGSs).

A small portion of power was also transacted through various short-term mechanisms like trading through power exchanges, banking and balancing market mechanism (i.e. Unscheduled Interchange (UI[52]).

Allocations from CGS contributed to the majority of power supply, though the JKPDD also received unallocated power from 15 stations[53].

2.3.2 Organisational structure

The JKPDD performs its functions through various wings under the administrative control of the Principal Secretary (Power), the GoJK. Commercial and Survey wing of the JKPDD is responsible for power purchase, power scheduling and managing operations of the State Load Despatch Centre (SLDC). Electric Maintenance and Rural Electrification (EM&RE) Wing looks after the distribution in Jammu and Kashmir provinces and is responsible for revenue collection in the State.

2.3.3 Audit objectives

The objectives of the Performance Audit were to ascertain whether:

51 PPAs for more than seven years

52 UI is the over/ under drawal against the scheduled power

53 Sipat-I: 1,980 MW; Sipat-II: 1,000 MW; Mouda-I: 500 MW; Vindhyachal-I: 1,280 MW; Vindyachal-II: 1,000 MW, Vindhyachal-III: 1,000 MW; Vindhyachal-IV: 500 MW; Vindhyachal-V: 500 MW; Korba-I: 2,000 MW; Korba-III: 500 MW; TAPS 3&4: 1,080 MW; KAPS: 440 MW; Singrauli: 2,000 MW; APCPL Jhajjar: 1,500 MW and NCTP-II: 980 MW

- purchase of power on long/ short term basis had been judiciously planned for optimization of power purchase cost;
- pre-bid planning, scrutiny/ evaluation of bids was adequate and in line with the bidding guidelines issued by the MoP, GoI and the PPAs entered into were in line with established guidelines;
- financial management in payment of power purchase bills was efficient and effective;
- the provisions in the PPAs were in the interest of the power utility and were operationalised as per their terms and conditions;
- operational efficiency was achieved viz. reduction in control of AT & C[54] losses, improving billing and collection efficiency, revising tariff structure, reduction of cross subsidies etc. to reduce the gap between purchase cost and revenue collected; and
- an effective monitoring mechanism and internal control system was in place.

2.3.4 Audit criteria

The Audit criteria were derived from the following sources for assessing the achievement of the Audit objectives:

- Jammu and Kashmir (J&K) Electricity Act, 2010; National Electricity Plan and National Tariff Policy;
- Tariff orders for generating stations issued by the Central Electricity Regulatory Commission (CERC) and the Jammu and Kashmir (J&K) State Electricity Regulatory Commission (JKSERC) from time to time;
- Standard bidding documents including model power purchase agreement issued by MoP in March 2009;
- Regulations issued from time to time by the CERC/ JKSERC regarding power purchase, tariff determination and adjudication matters; and
- PPAs entered into by the JKPDD with the JKSPDCL and the CGSs.

2.3.5 Scope and methodology of Audit

The Performance Audit involved scrutiny of selected PPAs and examining matters relating to contracting, execution of PPAs, approvals/ orders of the JKSERC, day ahead scheduling of demand and supplies at the SLDC, bills raised by and payments effected to power producers for supply of power etc. The Audit examination also included scrutiny of records at the Administrative Department, Development Commissioner Power, Chief Engineer Commercial and Survey and provincial Chief Engineers of EM&RE Wing. For revenue collection, the Performance Audit analysed the electronic billing data through data extraction and queries to assess the billing accuracy in sampled EM&RE Divisions.

An entry conference to discuss the objectives, criteria, scope, extent and methodology of the Performance Audit was held with the Principal Secretary to the GoJK in December 2016. The Performance Audit was conducted between January 2017 and

[54] Aggregate Technical and Commercial

May 2017. Out of a total of 58 long term/ medium term PPAs executed between 1994 and 2017, selection of 21 PPAs covering an expenditure of ₹8,492.69 crore ***(Appendix-2.3.1)*** during the period 2012-17 was made for detailed examination on random sampling basis. Audit sample included (a) all the eight PPAs executed during the review period 2012-13 to 2016-17 (b) five PPAs in respect of projects commissioned during the review period and (c) eight PPAs in respect of projects already operational at the time of their execution. Out of 32 EM&RE Divisions, 14 Divisions[55] were selected randomly for assessing the billing and revenue collection efficiency covering an amount of ₹5,831.62 crore collected during the review period. An exit conference was held with the Principal Secretary, Power Development Department on 22 November 2017 and the response of the Department has been incorporated at appropriate places.

2.3.6 Audit findings

2.3.6.1 Status of power purchase in the State

The details of power purchased by JKPDD on long term basis, short term basis and through UI mechanism during 2012-13 to 2016-17 are depicted below:

Table-2.3.2: Details of power purchase

Sl. No	Particulars	Unit	2012-13	2013-14	2014-15	2015-16	2016-17
1.	Long term power purchase from State sources	MUs	2,598.02	2,443.91	2,960.60	3,156.56	4,171.71
		Per unit rate	2.42	2.13	2.30	2.15	2.40
2.	Percentage to total purchase (1/12*100)	*Per cent*	21	19	21	22	27
3.	Long/ medium term power purchase from Central Generating Stations	MUs	8,950.72	9,399.12	10,533.50	1,1092.24	11,242.08
		Per unit rate	3.12	3.50	3.51	3.77	3.36
4.	Percentage to total purchase (3/12*100)	*Per cent*	74	74	74	76	73
5.	**Total power purchased from Central/ State sector (1+3)**	MUs	**11,548.74**	**11,843.03**	**13,494.10**	**14,248.80**	**15,413.79**
6.	Short term purchase	MUs	423.12	534.23	349.97	271.39	561.19
		Per unit rate	4.59	3.04	3.48	3.53	3.01
7.	Short term sale	MUs	0	-138.39	-197.69	-267.44	-260.58
8.	Banking	MUs	183.84	422.79	180.69	617.57	-287.02
9.	UI/ DSA (+)	MUs	274.03	224.01	389.11	0	201.98
		Per unit rate	3.829	2.637	4.282	0	5.295
10.	UI/ DSA (-)	MUs	-309.71	-130.82	-69.98	-258.20	-203.36
		Per unit rate	2.02	0.54	0.96	0.57	0.24
11.	Percentage (UI/ Short term) to total purchase (6+9/12) x 100	*Per cent*	5.75	5.94	5.22	1.86	4.95
12.	**Total purchase**	**MUs**	**12,120.02**	**12,754.85**	**14,146.20**	**14,612.12**	**15,426.00**

(Source: Data maintained by State Load Despatch Centre)

The JKPDD purchased 69,059.19 MUs (including free power of 6161.170 MUs from seven National Hydroelectric Power Corporation (NHPC) projects operational in the State) at a cost of ₹24,299 crore during 2012-17 through long term contracts and on contingency basis from various sources.

Power procured from the CGSs ranged between 74 and 76 *per cent* of the total purchases during 2012-13 to 2015-16 and marginally decreased to 73 *per cent* during 2016-17 due to addition of 450 MW from State owned Baglihar Hydro Electric Project Stage-II (BHEP-II) commissioned during 2015-16.

[55] Jammu province: EM&RE Divisions-I, II, III (Jammu), Vijaypur, Reasi, Rajouri and Udhampur; Kashmir province: Division-I and IV (Srinagar), Awantipora, Pulwama, Anantnag, Budgam and Baramulla

Short term purchases including UI also decreased from six *per cent* in 2012-13 to five *per cent* in 2016-17 and was the lowest (two *per cent*) during 2015-16.

2.3.6.2 Revenue from sale of power and expenditure on power purchases

The JKPDD supplies energy to various consumers as per provisions of the J&K Supply Code 2011. On the basis of prevalent rates of tariff fixed by the JKSERC, rate of energy for each category of consumer is applied. The position of revenue earned from sale of power (excluding Electricity Duty) and the expenditure on power purchase during the period 2012-13 to 2016-17 is depicted below:

Table-2.3.3: Status of revenue from sale of power *vis-a-vis* expenditure on power purchase

(₹ in crore)

Year	Net ARR[56] submitted by JKPDD	ARR approved by JKSERC	Expenditure on power purchase	Total revenue from sale of power	Revenue deficit on power purchase	Percentage of revenue gap
1	**2**	**3**	**4**	**5**	**6=(4-5)**	**7=6/4*100**
2012-13	4,105	3,699	4,082	1,682	2,400	59
2013-14	5,180	3,814	4,471	1,757	2,714	61
2014-15	5,468	4,150	5,153	1,814	3,339	65
2015-16	5,780	4,664	5,403	2,012	3,391	63
2016-17	6,384	5,472	5,190	2,163	3,027	58
Total			**24,299**	**9,428**	**14,871**	

(Source: ARR submitted to JKSERC and Departmental records)

The gap between expenditure on power purchase and revenue obtained from sale of power ranged between 58 and 65 *per cent* during the period 2012-17. The State suffered a power purchase deficit of ₹14,871 crore during 2012-17 as against an expenditure of ₹24,299 crore incurred on power purchase during 2012-17, revenue realisation from sale of power was only ₹9,428 crore. The gap between power purchase cost and revenue obtained from sale of power could be attributed to non-optimisation of power purchase cost and poor billing collection efficiency, operational inefficiency including high distribution losses, irregular tariff revisions and inefficient vigilance mechanism as discussed in succeeding paragraphs.

2.3.7 Power purchase planning

Power purchase expense of the Department is the largest contributor, approximately more than 80 *per cent* of the Aggregate Revenue Requirement (ARR) of the year. This requires optimisation of the expenses through prudent estimation, planning and management to help reduce the power purchase cost. Audit observed the following deficiencies in the planning of power purchase, which led to increase in power purchase cost.

2.3.7.1 Absence of power purchase policy/ long term-short term plans

Audit observed that there was no power procurement policy in place which could have defined the strategy for power procurement and management for optimising the

[56] Aggregate Revenue Requirement

cost of power purchase. Pending finalisation of draft power purchase policy (July 2015), matters regarding procurement of power in medium term through bidding route, handling of peaking power by the JKSPDCL, customised banking, management of UI/ Deviation Settlement Mechanism (DSM) in real time, meeting of Renewable Purchase Obligation (RPO) etc. remained inconclusive.

As per PPA signed with JKSPDCL, the JKPDD was to purchase 40 *per cent* power from BHEP-II. Since, no arrangement for sale of balance 60 *per cent* could be finalised, the JKPDD had to off take 100 *per cent* energy generated from BHEP-II resulting in under drawal from Northern grid. However, in view of increased availability of power, JKPDD had not revisited the other PPAs to explore the possibility of exiting from them and thereby curtail the under drawals from Northern Grid.

JKSPDCL has filed a tariff petition to JKSERC for fixing the tariff rate of BHEP-II at ₹3.89 per unit. However, the annual fixed charges and tariff has not been approved by JKSERC so far.

Audit further observed that no long term five year rolling plans/ short term plans (other than ARR) as required in terms of provisions of the Power Purchase and Procurement Regulations 2005 of JKSERC, were framed by the JKPDD for effecting purchases despite directions from the JKSERC from time to time.

The Director Finance, JKPDD while admitting that five year plans were not being prepared, stated (February 2017) that the Department had initiated framing of a power procurement policy. The fact remains that though the process was initiated in 2015, draft power policy document was pending approval as of October 2017. As regards procurement of power from BHEP-II, it was stated (October-2017) that matter regarding scheduling of power had been taken up with the JKSPDCL.

2.3.7.2 Imprudent estimation of power requirements resulting in over drawal and consequent extra expenditure of ₹437.56 crore

The JKPDD proposes its Annual demand forecast in the form of ARR based on which the JKSERC approves the sources of purchase of power and the cost. The details of demand of power assessed for the State based on the 18th Electric Power Survey, purchase of power approved by the JKSERC and actual power purchased (including own generation) during the period 2012-13 to 2016-17 in the State as a whole is depicted below:

Table-2.3.4: Status of purchase of power approved by the JKSERC *vis-a-vis* actual purchase

(Figure in MUs)

Year	Unrestricted demand assessed in 18th EPS	Purchase projected in ARR	Purchase approved by the JKSERC	Actual power purchase	Excess purchase *vis-a-vis* projected in ARR *(per cent)*	Excess purchase *vis-à-vis* approved by JKSERC *(per cent)*
1	**2**	**3**	**4**	**5**	**6= 5-3**	**7=5-4**
2012-13	14,425	11,071	10,886	12,120	1,049 (9)	1,234 (11)
2013-14	14,872	11,879	10,485	12,754	875 (7)	2,269 (22)
2014-15	15,333	13,267	11,546	14,146	879 (7)	2,600 (23)
2015-16	15,808	12,364	12,119	14,612	2,248 (18)	2,493 (21)
2016-17	16,298	13,419	12,948	15,426	2,007 (15)	2,478 (19)

(Source: Order on ARR issued by the JKSERC and records of the SLDC)

It is observed that the JKPDD could not foresee actual requirements and the variation between projected and actual quantum of power purchased ranged between seven and 18 *per cent*. This could be attributed to the fact that the Department lacked sophisticated load forecasting tools for accurate projections.

Further, compared with the purchases approved by the JKSERC, the actual power purchased in excess ranged between 11 and 23 *per cent* during 2012-17 which was met through over drawals and short term emergency purchases.

The JKPDD purchased 2,139.90 MUs during 2012-17 for ₹743 crore in short term market at unit rates ranging between ₹3.01 and ₹4.59 in contravention to the Power Purchase Regulations (2005) and directives of the JKSERC requiring purchase of short term power only for emergency support through competitive bidding. It also overdrew 1,089.13 MUs from the grid and had to pay ₹437.56 crore during the period 2012-17 on account of UI/ DSA[57] charges.

The Director Finance, JKPDD stated (October 2017) that proper procedural formalities have been exercised for power purchase in short term market. The reply is not based on facts as competitive bidding was resorted to with effect from 2016-17. The Executive Engineer (EE) Load Dispatch and Meter Testing Division (LD&MT) and the Director Finance, JKPDD stated (May, October 2017) that a unified load despatch and communication (ULDC-II) project was under implementation and that would make available real time data for making projections without any human interface to increase accuracy. During exit conference it was stated (November 2017) that the Department was considering deployment of Supervisory Control and Data Acquisition (SCADA) based IT enabled Software to track UI on real time basis.

2.3.7.3 Purchase of power generated in the State through trader- loss of ₹97.77 crore

The JKPDD entered (December 2000) into a PPA with the JKSPDCL for purchase of 50 *per cent* net power (225 MW) from a State owned Hydroelectric Project[58] for an

[57] UI/ Deviation Settlement Account Charges are charges applicable on interstate transmission of electricity as a deterrent to curb over drawal and under drawal from the grid beyond a specified frequency/ volume range

[58] BHEP stage I (450 MW)

effective term of 20 years from the date of commercial operation of the project. Another PPA (October 2008) and a Memorandum of Understanding (MoU) (November 2006) was signed between JKSPDCL and Power Trading Corporation (PTC) India Limited for sale of balance 50 *per cent* of the electricity generated by the project at the delivery point. As per the agreement and minutes of meeting (November 2008), PTC was to sell 150 MW of the gross capacity on long term basis for a period of 12 years. The balance 75 MW of the gross capacity was to be sold on short term basis to buyers outside the State except for winter months (November, December, January and February) each year, during which it would be sold to the JKPDD at a tariff rate not less than ₹3.60 per unit.

Audit observed that though the JKPDD had procured energy corresponding to 75 MW round the year with effect from 2014-15, it had not negotiated on rates with PTC for energy procured for eight months outside its binding agreement and continued to pay energy charges at higher rates. It was confirmed in reply (October 2017) that since the State was already surplus during summer months, the same was being sold on IEX.

The JKPDD sold surplus power of 725.71 MUs in the months of March to October during 2014-15 to 2016-17 and suffered a loss of ₹97.77 crore as indicated below:

Table-2.3.5: Loss due to purchase of power through trader

Year	Energy purchased (March to October) from BHEP-I through PTC (in MUs)	Average rate of power purchase (₹ per unit)	Energy sold on PTC/ IEX (in MUs)	Average rate of energy sold on PTC/ IEX (₹ per unit)	Difference (₹ per unit)	Loss (₹ in crore)
1	**2**	**3**	**4**	**5**	**6=3-5**	**7=4x6**
2014-15	399.92	3.60	197.69	2.87	0.73	14.43
2015-16	407.19	3.60	267.44	2.14	1.46	39.04
2016-17	303.07	3.60	260.58	1.90	1.70	44.30
Total	**1,110.18**		**725.71**			**97.77**

(Source: Records maintained by State Load Despatch Centre)

During exit conference (November 2017), it was stated by the Chief Engineer, Commercial and Survey Wing that the matter had been taken up with PTC for surrendering of power and negotiation of rates.

2.3.7.4 Avoidable payments of ₹304.67 crore

Capacitor banks improve power factor[59] by regulating the current flow and voltage. In the event of voltage falling below normal, sufficient capacity of capacitor banks if provided in the system, improve the voltage profile and reduce dissipation of energy, thereby saving energy.

Records showed that the JKPDD had made a payment of ₹302.92 crore (including surcharge of ₹110.51 crore) to Northern Regional Load Despatch Centre (NRLDC)

[59] Ratio of active power (KW) to apparent power (KVA)

towards reactive energy charges[60] during the period 2012-13 to 2016-17, which could have been reduced had the Department taken appropriate steps for installation of capacitor banks for power factor correction. Against estimated requirement of 1,155.34 Million Volt Ampere Reactive (MVAR) shunt capacitors to be installed at 132/ 33 KV level sub-stations in the State, the installed capacity of shunt capacitors was only 450.96 MVAR (March 2017).

Further, in order to curb over drawals from the grid through a congested transmission corridor and to improve real time grid operations, the CERC (Measures to Relieve Congestion in Real Time Operation) Regulations, 2009 empower the system operator to impose congestion charge in real time on the grid constituents causing congestion. The JKPDD had drawn power through congested corridor, resulting in imposing of congestion charges to the tune of ₹1.75 crore by the NRLDC during the years 2013-16.

The Director Finance, JKPDD stated (October 2017) that JKPDD was in the process of installation of capacitor banks and strengthening of transmission infrastructure for further reduction of capacity/ congestion charges. As regards payment of congestion charges, it was stated (May 2017) that in order to bring higher accuracy in power scheduling and any loss to the exchequer, tender for power management was on the anvil.

2.3.8 Non-fulfillment of targets of Renewable Purchase Obligation (RPO)

Under provisions of the J&K Electricity Act, 2010, the State Electricity Regulatory Commission shall promote co-generation and generation of electricity from renewable sources of energy and shall also specify percentage of purchase of electricity from such sources as a percentage of total consumption of the State. In case, actual purchase from renewable sources falls below specified percentage, obligated entities are required to purchase Renewable Energy Certificates (RECs).

The targets set for meeting renewable purchase obligations by JKSERC were as under:

Table-2.3.6: Statement of Renewable Energy

(Figures in MUs)

Year	Targets			Achievements			Shortfall			Percentage shortfall of Non-solar
	Solar	Non-solar	Total	Solar	Non-solar	Total	Solar	Non-solar	Total	
2012-13	No target proposed									
2013-14	31	590	621	Nil	254.00	254.00	31	336.00	367.00	57
2014-15	77	538	615	Nil	164.14	164.14	77	373.86	450.86	69
2015-16	170	678	848	Nil	148.40	148.40	170	529.60	699.60	78
2016-17	129	842	971	Nil	169.06	169.06	129	672.94	801.94	80

(Source: Order on ARR issued by JKSERC)

Audit observed that the JKPDD could not achieve the solar RPO targets set by the JKSERC for procurement of power from renewable sources during 2013-17 due to

60 Reactive energy Charge is a charge for non-working power or power that has to be made up due to inefficiencies at the customers load source

non-availability of any grid connected solar tie up. Partial achievement of non-solar targets from the JKSPDCL's mini-hydel stations accounted for only 20 to 43 *per cent* of the targets, indicating a shortfall up to a maximum of 80 *per cent* during the period 2013-17. Non-achievement of renewable purchase targets was also indicative of lack of preparedness of the Department in development of clean and sustainable energy sources, having the risk of not being prepared for achieving the United Nations (UN) Sustainable Development Goal (SDG) for ensuring universal access to clean and affordable energy in near future.

On being pointed out, the EE (LD&MT) while accepting the Audit contention regarding non-meeting the solar RPO and partial meeting of non-solar targets stated (May 2017) that large solar capacity addition was envisaged by next two years through setting up of solar park and grid connected roof top solar plants. The Director Finance, JKPDD stated (October 2017) that capacity additions planned would be sufficient to meet RPO targets by the year 2019. The fact, however, remained that the JKPDD had not undertaken necessary planning for renewable energy integration despite significant solar potential of 1,11,000 MW in the State. It neither framed a comprehensive plan for fulfillment of RPO as specified by JKSERC nor opened a separate account for meeting the Annual fixed obligation of renewable energy to ensure the compliance of the relevant regulations and the directives of the Commission from time to time.

2.3.9 Financial management in power purchase bills

Audit observed deficiencies in planning, controlling and administering of funds resulting in avoidable payments of ₹1,453.93 crore and foregone rebate of ₹297.92 crore as detailed in succeeding paragraphs:

2.3.9.1 Delay in release of funds and non-existent financial arrangements for making timely payments, resulting in avoidable payment of ₹1,420.26 crore and rebate foregone of ₹297.92 crore

As per the provisions of Terms and Conditions of Tariff Regulation Notification[61] (March 2004) of the CERC, a rebate of two *per cent* is allowable for payment of bills of capacity charges and energy charges through letter of credit (LC). If the payments are made by a mode other than through LC but within a period of one month of presentation of bills by the generating company, a rebate of one *per cent* is allowable. There is also a provision for the power generating companies to charge surcharge at the rate of 1.25 *per cent* per month in case of delayed payments.

Records showed that despite the fact that the State being dependent on procurement of power from outside sources, the JKPDD had not taken the benefit of LC facility to avail the rebate and consequently had to forego a rebate of ₹297.92 crore over the period 2012-17.

The JKPDD had to bear an extra burden of ₹1,420.26 crore on account of late payment surcharge during the period 2012-17 as indicated in the table below:

[61] Issued vide No. L-7/25(V)/ 2003-CERC of 26-3-2004

Table-2.3.7: Status of payments of power purchase bills

(₹ in crore)

Year	Opening outstanding balance	Principal Amount	Surcharge	Total amount	Payment made	Balance
2012-13	2,049.73	3,866.84	110.05	6,026.62	3,668.40	2,358.22
2013-14	2,921.70*	4,278.38	169.92	7,370.00	3,336.47	4,033.53
2014-15	4,033.53	4,887.77	318.84	9,240.14	4,202.66	5,037.48
2015-16	5,037.48	4,812.10	481.53	10,331.11	5,925.48	4,405.63
2016-17	4,405.63	5,279.41	339.92	10,024.96	6,089.93	3,935.03
Total			**1,420.26**			

**Difference between closing balance of 2012-13 and opening balance of 2013-14 is due to reconciliation of figures by Load Dispatch Division with the CGSs. (Source: Records maintained by the SLDC)*

It was also noticed that the Finance Department was authorised (October 2012) to constitute a Fund relating to water usage charges from Power projects. This Fund was to be used exclusively for the purpose of establishment of Hydel Projects, buying back Hydroelectric Power Projects already established in the State and for capital investment in electric transmission and distribution network in the State. Purchase of power by the State Government and its entities was also included from October 2014 as one of the purposes of the Fund.

Audit observed that the water usage charges collected by the Public Health Engineering, Irrigation and Flood Control (PHE, I&FC) Department was retained in their savings account and was remitted to the Finance Department with a delay up to 342 days. Year-wise delay in remittance of water usage charges by PHE, I&FC Department to Finance Department is indicated in the table below:

Table-2.3.8: Delay in remitting water usage charges

(₹ in crore)

Year	Amounts remitted to Finance Department after delays of				
	up to 3 months	3 to 6 months	6 to 9 months	9 to 11 months	Total
2011-12	52.96	348.71	131.83	0.00	533.50
2012-13	158.02	427.47	0.00	0.00	585.49
2013-14	567.47	0.00	0.00	0.00	567.47
2014-15	0.00	529.09	0.00	227.94	757.03
2015-16	496.60	9.59	203.93	0.00	710.12
2016-17	798.02	0.00	0.00	0.00	798.02
Total	**2,073.07**	**1,314.86**	**335.76**	**227.94**	**3,951.63**

Audit analysis revealed that water usage charges amounting to ₹2,293.99 crore were retained by the PHE, I&FC Department (since 27.10.2014) for a period ranging between 01 to 230 days. Had the Finance Department and JKPDD been vigilant in utilisation of water usage charges in efficient manner by linking of the same for payment of power purchase bills through letter of credit, an approximate amount of ₹143 crore could have been saved by way of rebate of ₹88 crore and surcharge of ₹55 crore.

While partial liability of ₹3,537.55 crore[62] in respect of nine Central Public Sector

[62] Bonds worth ₹2,140 crore were raised on 30.3.2016 and for balance ₹1,397.55 crore on 7.10.2016

Undertakings had been met out of Ujjwal Discom Assurance Yojana (UDAY)[63] through borrowings from LIC/ Public sector banks etc. between March 2016 and October 2016, there was an outstanding balance of ₹3,935.03 crore ending March 2017 payable in respect of the CPSUs and the JKSPDCL. Process initiated (November 2016) by the JKPDD for operationalisation of Power Trading Company and opening of LC had not materialised as of October 2017.

The Director Finance, JKPDD attributed (March 2017, October 2017) the delays to delays in payments by treasuries. It was further stated that a separate Power Trading Company (TRADECO) with an LC limit of ₹1,000 crore was proposed to be established to avoid delays in making payments to CPSUs.

2.3.9.2 Extra avoidable expenditure of ₹33.67 crore due to default in making payment

The CERC (Regulation of Power Supply) Regulations 2010, provide for regulation/ discontinuation of power supply in case of default in payment of outstanding dues or non-maintenance of the required LC or other payment security mechanism.

Audit observed that due to non-clearance of outstanding dues of ₹337.92 crore ending September 2015, (out of which cheques amounting to ₹100 crore were pending clearance at treasury), the Sutlej Jal Vidyutikaran Limited (SJVNL) enforced regulation on power with effect from 1st December 2015 to 30th May 2016, which was subsequently withdrawn in March 2016 due to release of part funds of ₹204.42 crore out of UDAY. The JKPDD, had to bear fixed charges of ₹45.20 crore during the period December 2015 to March 2016, without getting any power from the plant. However, SJVNL issued a credit note of ₹11.53 crore due to sale of this power to other utilities but still resulting in extra payments of ₹33.67 crore.

While admitting the same, the EE (LD&MT) stated (June 2017) that the Department and the Government were working on the formulation of LC. The Director Finance, JKPDD, stated (October 2017) that such regulations would be completely avoided after formulation of trading company.

2.3.10 Nature and status of PPAs

The JKPDD had PPAs with 58 projects for purchase of power, of which 52 pertained to Central Generating Stations and six to the State owned Power Development Corporation. Of these, 26 projects through which State had a firm share of 1,795.96 MW were already operational at the time of signing of PPAs, 12 projects with a committed State share of 877 MW had been commissioned between April 1997 and February 2016 and 20 projects were at different stages of commissioning.

Out of a total of eight PPAs executed during the review period, three PPAs were executed with the JKSPDCL (April 2013) for purchase of power from its upcoming projects[64] on a cost plus basis in deviation to the guidelines of MoP and Clause 5.1 of

63 A scheme launched by the MoP, GoI for operational and financial turnaround of DISCOMS allowing them to repay their power purchase liabilities and improve operational efficiency

64 Ganderbal, lower Kalnai and Parnai

the National Tariff Policy (January 2006) read with clarification (December 2010[65]) issued by the MoP, requiring distribution licensees to procure all future requirement of power competitively even in respect of new generation projects of PSUs/ CPSU (except expansion projects) after the cut-off date of January 2011. Audit further observed that none of the PPAs entered into by the JKPDD had the prior approval of the Commission required under provisions of the J&K Electricity Act 2010.

On being pointed out, the Director Finance, JKPDD stated (October 2017) that deviations from guidelines of MoP would be looked into and detailed review of PPAs would be conducted.

2.3.10.1 Analysis of PPAs

Given the large quantities of money involved in transactions under PPAs, the PPAs should have been need-driven and executed only after carrying out assessment of average purchase price, affordability analysis and risk assessment. Following deficiencies were observed in the finalisation, signing and operationalisation of PPAs.

(I) Injudicious signing of futuristic PPAs

In order to transfer power from point of generation/ injection to point of consumption, transmission and distribution infrastructure needs development. Records showed that against the unrestricted peak demand of 2,975 MW for 2016-17, the existing source of supply from the State and the Central Utilities was 2,415 MW. The available Extra High Voltage (EHV) transmission infrastructure could only handle a maximum of 2,200 MWs compelling the JKPDD to resort to load shedding due to transmission constraints.

Without simultaneous planning for development of infrastructure, the JKPDD entered into PPAs with the Central PSUs/ State generator during 1997-2014 which would increase the availability of power to the State by 1,871 MW (calculated on the basis of weighted average rate of 11.15 *per cent* from existing sources) after commissioning of 20 upcoming projects. Of these 20 projects, 10 projects with installed capacity of 9,242 MW were scheduled to be commissioned by 2018-19, which would increase the total available energy to 3,445 MW [2,415 MW (existing supply) + 1,030 MW (11.15 *per cent* of 9,242 MW)] thereby, resulting in a surplus of 462 MW considering the projected unrestricted demand of 2,983 MW by 2019. To avail this power, simultaneous planning for its evacuation and utilisation was necessary considering the total installed transmission capacity of 2,984 MW (without redundancy factor) at 220/ 132 KV level in the State to avoid paying idle capacity charges as in the case of Nimo Bazgo and Chutak Hydroelectric Projects which had been commercially started in November 2012 and October 2013 respectively as discussed in the succeeding paragraph.

The Director Finance, JKPDD stated (October 2017) that the GoJK had given its concurrence (March 2017) to the MoP for implementation of various flagship schemes for creation/ augmentation of transmission infrastructure which would suffice the requirement. The reply is to be seen in light of the fact that JKPDD had

[65] No. 23/2/2005-R& R (Vol-V)

entered into PPAs without simultaneous transmission network planning which is evident from the fact that the capacity additions at 220/ 132 KV and 132/ 33 KV level had shown an increase of only 4.49 *per cent* and five *per cent* respectively during 2012-17. Besides, against planned capacity addition of 1,440 MVA and 2,515 MVA at 220/ 132 KV level, there was an addition of 480 MVA and 315 MVA only, indicating a shortfall of 67 and 87 *per cent* in the transformation capacity at 220 and 132 KV level respectively.

(II) Non-completion of transmission infrastructure resulting in loss of ₹543.47 crore due to payment on deemed generation basis

The JKPDD entered (October 2005) into PPAs with the NHPC for supply of power from two[66] hydroelectric projects at Leh, the GOJK being the sole beneficiary of the projects.

Though the generating stations were declared under commercial operation in November 2012 and October 2013 respectively, operationalisation of these generators to their rated capacities could not be made possible due to non-availability of requisite load and transmission infrastructure for evacuation of power. Inability of the JKPDD to synchronise completion of transmission infrastructure with the targeted completion dates of the generators resulted in non-utilisation of entire generation capacity and payment of idle capacity charges and energy charges on deemed generation basis claimed by the generator on the basis of the CERC orders on tariff petition, despite absence of deemed generation clause in the PPAs. The JKPDD suffered a loss of ₹543.47 crore during the period 2013-14 to 2016-17 due to payment on deemed generation basis as depicted below:

Table-2.3.9: Loss due to payment on deemed generation

Year	Name of the generator	Energy billed (MUs)	Energy trans-mitted (MUs)	Difference (MUs)	Per unit fixed charges (₹)	Per unit variable charges (₹)	Excess fixed charges (₹ in crore)	Excess variable charges (₹ in crore)	Total loss (₹ in crore)
1	2	3	4	5=3-4	6	7	8=5*6	9=5*7	10=8+9
2013-14	Nimo Bazgo	90.36	67.49	22.87	0.44	0.65	1.00	1.49	2.49
2014-15		194.25	68.70	125.55	2.85	3.16	35.78	39.67	75.45
2015-16		226.85	83.13	143.72	3.98	3.98	57.20	57.20	114.40
2016-17		207.71	86.92	120.79	4.36	4.36	52.66	52.66	105.32
2013-14	Chutak	137.19	33.29	103.90	0.16	0.14	1.66	1.45	3.11
2014-15		158.77	33.68	125.09	3.94	2.51	49.29	31.40	80.69
2015-16		118.26	34.15	84.11	4.21	3.41	35.41	28.68	64.09
2016-17		188.79	40.87	147.92	3.31	3.31	48.96	48.96	97.92
Total							**281.96**	**261.51**	**543.47**

(Source: Records maintained by SLDC)

The Director Finance, JKPDD while admitting the Audit contention stated (February 2017, October 2017) that full evacuation of energy from the generating stations would be initiated on completion of transmission lines which had been entrusted to Power Grid Corporation of India Limited and was anticipated to be completed by the end of current fiscal year.

66 Nimo Bazgo (45 MW) and Chutak (44 MW)

(III) Terms and conditions of PPAs

Though the terms and conditions of the PPAs may vary depending on the negotiations, the main features more or less remain the same in all the PPAs. Generally, PPAs contain the following features (1) Preamble (2) Definitions and interpretations (3) Condition precedent (4) Development stage (5) Construction period (6) Commissioning and Commercial Operation (7) Plant Operations and Performance Guarantee (8) Energy Metering (9) Pricing (10) Billing and Payment (11) Pre-emptive termination date etc.

Audit scrutiny of 21 selected PPAs (**as detailed in *Appendix-2.3.1***) executed with the CGSs and the JKSPDCL showed that there existed no mechanism in the Department for legal vetting of the draft PPAs forwarded by various generators for purchase of power from their upcoming projects for carrying out any negotiations thereon for incorporation of clauses to safeguard the interest of the Department. Consequently, these PPAs were deficient of the following counts.

- Provisions with regard to obligations/ liabilities and financial implications in fulfilling the conditions precedent, development stages and construction stage were not incorporated in 11[67] out of the 12 upcoming projects of the selected PPAs. The PPAs were also silent about, project cost, financing arrangements, pricing and timelines for financial closure. Scheduled commercial operation date had not been specified in 10 out of 12 PPAs for upcoming projects. The term of agreement did not specifically mention the effective terms and conditions for termination in case of non-renewal. The effective term of the PPAs had been specified as number of years from the date of commercial operation of the last unit of the generator rendering it open ended in absence of scheduled commercial operation date.
- Performance guarantee clause for guaranteeing the commencement and continuity of the supply of power up to the contracted capacity within the specified time was not found incorporated in any of the 21 PPAs test-checked in Audit. Liquidated damage (LD) clauses for handling situations where generator fails to supply as per schedule agreed were also found missing in 20 out of 21 selected PPAs.

Further, as per the CERC Tariff Regulations 2009, the final tariff is based on admitted capital spending up to the commercial operation date of the generating unit, provided , where the PPA provides a ceiling of actual expenditure, then capital expenditure should not exceed such ceiling for determination of tariff. Records audited showed that the PPAs did not contain any ceiling on capital cost, rendering it open ended with no contractual grounds for protest by the JKPDD against any increase in capital cost. Audit observed that, against the original project cost of ₹621.26 crore in respect of Chutak HEP being executed by the NHPC, project cost had been revised to ₹893.76 crore (cost overrun of ₹272.50 crore) and was under further revision to ₹913.25 crore. Similarly, cost of Nimo Bazgo HEP had escalated from ₹611.01 crore

[67] APCPL Jhajjar, Unachar-IV, Rampur, Ganderbal, Lower Kalnai, Parnai, Nimo Bazgo, Chutak, Chamera-III, Parbati and Koldam

to ₹985.15 crore (cost overrun of ₹374.14 crore). These escalations would ultimately be absorbed in the final tariff increasing to around ₹8 per unit.

The EE (LD&MT) while admitting the audit contention regarding absence of legal expertise on PPAs, stated (May 2017) that the Department was in the process of framing standardised PPAs as per MoP guidelines. The Director Finance, JKPDD stated (October, 2017) that due care would be taken in signing the futuristic PPAs and possibility of incorporation of these clauses in existing PPAs would be explored after seeking legal advice.

(IV) Purchase from costly sources

Audit scrutiny of selected PPAs revealed that the JKPDD entered into PPAs with NTPC for purchase of unallocated power from the National Capital Thermal Power Station (NCTP-II) and the Aravalli Power Company Private Limited (APCL) Jhajjar in May and November 2012 respectively, though the average rate of power from these sources exceeded ₹ 4 per unit as depicted below:

Table-2.3.10: Purchase of costly power

Source	Installed capacity in MW	J&K share (*per cent*)	Year	Energy in MUs	Fixed charges (₹ in crore)	Variable charges (₹ in crore)	Other charges (₹ in crore)	Total cost (₹ in crore)	Average per unit cost in ₹
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)=(6+7+8)	(10)=(9/5)
APCPL (Jhajjar)	1500	1.13	2012-13	214.43	34.95	72.84	1.18	108.97	5.08
			2013-14	31.44	16.33	11.19	1.74	29.26	9.31
			2014-15	71.47	23.36	29.58	-1.02	51.92	7.26
			2015-16	71.10	30.24	28.15	5.17	63.56	8.94
			2016-17	120.29	31.90	37.43	6.08	75.41	6.27
NCTP–II	980	1.22	2012-13	99.05	15.70	27.19	0.35	43.24	4.37
			2013-14	73.73	10.73	22.48	1.26	34.47	4.68
			2014-15	73.10	14.54	25.68	2.05	42.27	5.78
			2015-16	44.28	14.82	15.43	-2.29	27.96	6.31
			2016-17	59.30	14.61	20.65	-0.49	34.77	5.86

(Source: Records maintained by SLDC)

The energy purchase from these sources decreased from 2012-13 onwards on account of short scheduling due to which the average unit cost of power purchased from these generators were in the range of ₹4.37 and ₹9.31 during 2012-17. The JKPDD without evaluating alternate options for procurement at cheaper rates, entered into PPAs with these costly sources for unspecified term and was bound by these agreements by virtue of clauses rendering these agreements open ended.

Although JKPDD requested MoP to allow surrender of purchase of power from three costly sources (NCTP-II, APCL Jhajjar, and Mouda-I), this was not agreed to on the ground that power given from unallocated pool is not generating station specific. MoP stated that power from unallocated regional power pool can be surrendered as a whole but not from individual stations. However, MoP (April 2016) offered to reduce/withdraw allocation of power to J&K from Western Region unallocated pool which would have resulted in stoppage/ reduction of supply of power to J&K from

Mouda Thermal Power Station. However, no follow-up action has been taken by JKPDD on the response of the MoP.

The Director Finance, JKPDD stated (October 2017) that higher per unit rate as observed in Audit was due to fixed charges of these plants even though the JKPDD had sourced less power from them. The fact thus, remains that imprudent signing of open ended term PPAs from costly sources had made the JKPDD liable to pay fixed charges even for power not availed.

(V) Renewal of expired PPAs

In view of the changed scenario in the electricity business after enactment of the Electricity Act and National Tariff Policy, renewals of expired PPAs should have been based on cost benefit analysis after evaluating all the available options before renewing/ continuing with long term/ medium term/ short term agreements with the power producers.

Records showed that eight PPAs executed with the NTPC between 1994 to 2012 were continued on the same terms and conditions for an unspecified term without any formal extensions. This was done due to provisions of the agreement stipulating automatic renewal in case bulk power consumer continues to get power even after expiry of agreement without further renewal or formal extension thereof. Power from four of these stations[68] was being short scheduled due to merit order dispatch and the average rate ranged from ₹3.99 to ₹9.56 per unit, which were higher. Similarly, seven[69] PPAs executed with the NHPC between 1993 to 2007 were renewed for a period of 35 years from their commercial operation date (between July 2015 and October 2016) on the same terms and conditions without any negotiations thereon. No action had, however, been initiated on the directions of the Government seeking possibility of exit from two PPAs[70] executed in February 2004 which were due to expire in July 2017 and June 2019.

On being pointed out, it was stated (May 2017) by the EE (LD&MT) Division that clause of automatic renewal was being examined which required legal expertise. It was also stated that PPAs during their inception and renewal would be evaluated in the interest of the State exchequer The Director Finance, JKPDD stated (October, 2017) that legal advice would be sought from Legal Cell proposed under upcoming TRADECO.

2.3.11 Sale of power

One of the objectives of the National Electricity Policy, 2005 was ensuring financial turnaround and commercial viability of power sector. The financial viability of the Department is generally influenced by various factors such as timely/ adequate revision of tariff to cover cost of operations, proper billing and collection and operational efficiency through reduction of AT&C losses. The deficiencies observed by Audit are discussed in the following paragraphs:

68 Anta, Auriya, Jhajjar and Dadri-II
69 Sewa-II, Salal, Uri-I, Tankpur, Dulhasti, Chamera-I and Chamera-II
70 Chamera-III and Parabati-III

2.3.11.1 Metering and billing of power

Provisions of the J&K Electricity Act 2010 and the J&K Supply Code 2011 stipulate that no installation shall be serviced without a meter beyond 28th April 2012. Records showed that against total 17.12 lakh consumers in the State, meters had been installed in premises of 8.86 lakh (52 *per cent*) consumers only as of March 2017. This was despite the JKSERC directions from time to time reiterating completion of 100 *per cent* consumer metering.

Audit analysed the consumer data of 14 of the 32 EM&RE Divisions of the State. The 14 selected sampled Divisions had a consumer base of 10,01,942 amongst whom 5,52,160 consumers were being billed on flat rates which included 1,347 industrial and 177 Government installations for which no flat rates had been prescribed by the JKSERC.

In reply (June/ July 2017), the Chief Engineer (Jammu/ Kashmir) attributed discontinuation in metering of consumers to non-availability of energy meters from 2014-15 onwards. The Director Finance, JKPDD stated (October, 2017) that for fast tracking of consumer metering including their operation, maintenance, reading & billing services in the State, REC Power Distribution Company Limited had been engaged (March 2017) as Project Implementing Agency (PIA).

Instances of inefficiencies noticed in billing of power are:

- J&K State Electricity Supply Code 2011 provides that the J&K SERC may classify or reclassify consumers into various categories from time to time and may fix different tariffs for different classes of consumers in its Tariff Order. Scrutiny of billing database for the period 2012-17 revealed 31,185 cases[71] of short levy of energy charges out of 10,01,942 consumers in test-checked Divisions due to application of BPL rates to non-eligible consumers and incorrect application of rates of energy charges which resulted in revenue loss of ₹5.23 crore.
- Section 3 of the J&K Electricity Duty Act 1963, exempts GoI and the agencies dealing in construction, maintenance and operation of Railways from payment of Electricity Duty (ED) on the energy sold/ consumed by them. Contrarily, it was observed that irregular exemption of electricity duty amounting to ₹4.30 crore had been allowed in 14 test-checked Divisions to 11,696 consumers out of a total of 10,01,942 consumers of various categories.
- Retail tariff orders issued by the JKSERC categorises Domestic/ Commercial/ State/ Central Government Departments, Defence and Para Military Forces/ Agriculture/ PHE etc. separately and fixes tariff for metered as well as un-metered supply. Audit observed cases of misclassification of 164 consumers resulting in the software levying incorrect tariff rates with consequent loss of ₹0.67 crore (including ED of ₹0.12 crore) in eight out of 14 sampled Divisions.

[71] Including 9,419 cases of BPL rates applied to ineligible consumers (₹0.03 crore) and incorrect application of rates to 21,674 consumers (₹4.34 crore) and short levy in respect of 92 Government quarters (₹0.86 crore)

The Director Finance, JKPDD attributed (October 2017) application of BPL rates to automatic application of rates by software, non imposition of Electricity duty to non-provision of information by the concerned Government Department. It was further stated that the concerned Sub-divisions had been instructed to issue arrear bills to consumers.

2.3.11.2 Management of revenue collection

Revenue collection efficiency lies in realisation of billed and assessed energy as well as of outstanding dues of electricity. As revenue from sale of energy is the main source of income of the utility, prompt collection of revenue assumes great significance.

Audit analysis of balance outstanding at the beginning of the year, revenue assessed during the year, revenue collected and the balance outstanding at the end of the year during last five years ending 2016-17, (as detailed in Table-2.3.11) revealed the following:

Table-2.3.11: Position of revenue arrears

(₹ in crore)

Particulars	2012-13	2013-14	2014-15	2015-16	2016-17
Balance outstanding at the beginning of each year	1,805.05	843.35	1,110.33	1,490.42	1,935.42
Revenue assessed/ billed during the year	1,539.89	1,958.03	2,095.14	2,375.67	2,417.62
Total amount due for realisation	**3,344.94**	**2,801.38**	**3,205.47**	**3,866.09**	**4,353.04**
Amount realized during the year	1,481.96	1,691.05	1,715.05	1,908.36	1,844.81
Amount written off during the year	1,019.63	0	0	22.31	0
Balance outstanding at the end of year	**843.35**	**1,110.33**	**1,490.42**	**1,935.42**	**2,508.23**
Percentage of amount realised to total due arrears	44	60	54	49	42

(Source: Information furnished by provincial Chief Engineers)

- balance outstanding increased from ₹843.35 crore in 2012-13 to ₹2,508.23 crore during 2016-17 while the percentage of revenue realised against the total amount due for realisation came down from 60 *per cent* in 2013-14 to 42 *per cent* during 2016-17;
- the outstanding balance at the end of each year comprised around 05 to 12 months assessment, against which the consumer security deposits were limited to two to three months assessment;
- age-wise analysis of outstanding arrears exceeding ₹one crore in 132 consumers across seven Divisions revealed that 38 out of 111 Government Departments and eight out of 21 Commercial consumers had made no payments for the last more than four years which showed that necessary steps were not taken to recover outstanding dues; and
- outstanding balance of ₹2,508.23 crore at the end of the March 2017 also include ₹144.55 crore recoverable from State Government Departments despite waiver of ₹1,019.63 crore during 2012-13.

The CE (Kashmir, Jammu) attributed the increasing revenue arrears to non-allotment of funds by Government to various Government establishments for clearance of electric dues, disputed arrears, sick units and flood/ unrest.

An instance of inefficiency in revenue collection is discussed as under:

- Provisions of the J&K Electricity Act stipulate that in case electricity dues are not deposited by the consumer within due date indicated in the bill, the supply shall be disconnected by giving a 15 days notice in writing. Audit observed that 14,306 consumers in 14 test-checked Divisions had arrears of more than ₹one lakh each. Non-disconnection of supply of these defaulting consumers resulted in outstanding recoverable of ₹1,101.91 crore in the selected Divisions as on March 2017.

2.3.11.3 Operational efficiency – non-fulfillment of commitments under UDAY

In order to improve the operational and financial efficiency of the JKPDD, the State Government entered into a MoU (March 2016) with the MoP, GoI for implementation of Ujjwal Discom Assurance Yojana (UDAY) with the objective of restructuring high interest rate of the total debt thereby, improving financial condition of the JKPDD. The MoU enabled the State to raise funds at cheaper rate to clear the outstanding dues of around ₹3,537.55 crore of CPSUs ending September 2016 by floating of bonds and by way of open market borrowings. UDAY aims to maintain the AT&C losses to 56 and 46 *per cent* during 2015-16 and 2016-17 respectively and further to 15 *per cent* by 2019-20 and elimination of gap between revenues (ARR) and power cost (Average cost of supply, ACS).

Audit observed the position of achievement of parameters with respect to targets set under the scheme and found that the JKPDD had failed to achieve the desired loss reduction. Against the target of reduction of AT&C losses to 56 *per cent* by the end of March 2016, losses were 62.56 *per cent* which further increased to 67.63 *per cent* by the end of March 2017 as depicted below:

Table-2.3.12: Position of AT&C losses

Year	Net input energy (MUs)	Energy billed (MUs)	Billing efficiency (*per cent*)	Amount Billed (₹ in crore)	Amount collected (₹ in crore)	Collection efficiency (*per cent*)	Distribution Loss (*per cent*)	AT&C[72] Losses (*per cent*)	Prudent loss level allowed by JKSERC (*per cent*)	Excess distribution losses (*per cent*)	Average realisation rate per unit in ₹	Revenue foregone (₹ in crore)
1	2	3	4=3/2*100	5	6	7=6/5*100	8=2-3/2*100	9	10	11= (8-10)	12	13=11*2*12
2012-13	12,120	5,163	43	1,682	1,419	84	57.40	64.22	25.70	31.70	3.96	1,521.45
2013-14	12,754	5,754	45	1,757	1,662	95	54.88	57.14	23.65	31.23	4.39	1,748.57
2014-15	14,146	6,136	43	1,814	1,457	80	56.62	65.30	23.65	32.97	4.42	2,061.46
2015-16	14,612	6,591	45	2,011	1,674	83	54.89	62.56	23.65	31.24	4.42	2,017.64
2016-17	15,426	6,320	41	2,163	1,710	79	59.03	67.63	23.65	35.38	5.18	2,827.10
Total	**69,058**	**29,964**		**9,427**	**7,922**							**10,176.22**

(Source: Year book of JKPDD and records maintained by SLDC)

The AT&C losses (year-wise) were high ranging between 57 to 68 *per cent*. Against 69,058 MUs of energy pumped in during the period 2012-13 to 2016-17, only 29,964 MUs of power were billed for, thereby resulting in loss of 39,094 MUs of energy and consequent foregone revenue of ₹10,176.22 crore.

The State Government aimed to provide 24x7 power under "Power for All" initiative. This involved overhauling metering, billing and collection processes, appointment of Feeder Managers for focus on efficiency, improvement and accountability of losses

[72] Input energy-energy realised/ Input energy X 100 where energy realised=energy billed X collection efficiency

by March, 2017, achievement of 100 *per cent* consumer metering by March, 2017, prepaid metering for all Government Connections by March, 2017 etc. dovetailing with the targets under UDAY. However, no progress had been achieved.

In reply, the CE (Kashmir/ Jammu) stated (June/ July 2017) that reduction in AT&C losses was envisaged by IT interventions, arresting pilferage by implementing High Voltage Distribution System/ Aerial bunched cabling besides improvement of feeders and other assets.

The Director Finance, JKPDD stated (October 2017) that JKPDD was in the process of floating tenders for appointment of HR consultant, Enterprise Resource Planning (ERP) implementation, energy auditing, consumer indexing etc. to comply with the obligations under UDAY. The fact remains that there was nil achievement in respect of targets of feeder segregation, installation of smart meters and implementation of Enterprise Resource Planning systems under UDAY which were necessary for ensuring focused reduction of AT&C losses.

2.3.11.4 Gap between Average Cost of Supply (ACS) and ABR

Provisions of National Electricity Policy 2005 and National Tariff Policy 2006 emphasize the need for ensuring recovery of cost of service from consumers to make the power sector sustainable. For which, it was envisaged that the tariff of all categories of consumer should range within plus or minus 20 *per cent* of the ACS by the year 2010-11. The J&K Electricity Act, 2010 further stipulates that the tariff should progressively reflect the ACS of electricity and also reduce cross subsidy in a phased manner as specified by the SERC. As per provisions of Section 59 of the Act, if the Government requires the grant of any subsidy to any consumer or class of consumers in the tariff, the Government may pay in advance in the manner directed by the SERC.

The position of ACS (including losses) and Average Billing Rate (ABR) across all consumer categories over the period 2012-17 is depicted below:

Table-2.3.13: Gap between ACS-ABR

(₹ per unit)

Year	Average Cost of Supply	Average Billing Rate	Tariff gap	Percentage of tariff gap
2012-13	6.40	3.96	2.44	38
2013-14	7.30	4.39	2.91	40
2014-15	7.60	4.42	3.18	42
2015-16	7.70	4.42	3.28	43
2016-17	8.00	5.18	2.82	35

It is observed that, the gap between ACS and ABR consistently remained above 30 *per cent* and increased from 38 *per cent* in 2012-13 to 43 *per cent* in 2015-16. The tariff gap, however, came down to 35 *per cent* during 2016-17 due to an average tariff hike of 17 *per cent* during 2016-17.

The reasons for increasing gap in ACS and ABR were continued high AT&C losses as discussed in **paragraph 2.3.11.3** above and the absence of regular tariff revisions between 2013-14 to 2015-16 *vis-a-vis* increase witnessed in cost of supply. As per projections in Power for All Document, the JKPDD required an Annual tariff increase of about 16.8 *per cent* to end revenue support from the State Government by Financial Year 2019. The GoJK, however, released a subsidy of ₹1,200 crore (February 2017) against the subsidy of ₹1,728.37 crore announced in Power Budget Speech for the Financial Year 2016-17 by contra credit to revenue. Since the billing had been done on existing tariff, it was evident that the subsidy had been released purely to fund the anticipated deficit and for increasing cost recovery performance.

The Director Finance, JKPDD attributed (October, 2017) non-achievement of targets for reduction of ACS & ARR gap to non-receipt of committed subsidy from the State Government. It was further stated that the Department aims to increase tariff on yearly basis as a measure to reduce the gap.

2.3.12 Monitoring and internal control mechanism

Internal control system is an essential part of the management control system. An efficient and effective internal control system helps management to achieve organisational objectives efficiently and effectively. Though the cost of purchase constituted major element of the cost of operation and recovery thereof assumed significance, being the major source of revenue, the JKPDD had neither put in place any internal control mechanism for pre-check of power purchase bills and monitoring of recovery of dues nor prepared any internal audit manual for power purchase payments and collections. Following deficiencies were noticed in internal control system:

2.3.12.1 Deficient application of tariff order

The JKPDD did not have an effective control mechanism to ensure application of revised tariff approved by the JKSERC and realisation of revenue accordingly. As a result, JKPDD did not bill, 3,63,914 consumers in 13 out of 14 test-checked Divisions on revised tariff rates for the year 2016-17 (effective from October 2016) and suffered a loss of ₹10.06 crore on account of under billing.

The Director Finance, JKPDD attributed (October 2017) deficient application to delay in carrying out necessary revisions in the billing software in respect of Non-Restructured Accelerated Power Development Reforms Programme consumers and assured to effect recoveries.

2.3.12.2 Inefficient vigilance mechanism

Substantial commercial losses are caused due to theft of energy by tampering of meters by the consumers and tapping/ hooking by unauthorised consumers. Theft of energy is an offence punishable under the State Electricity Act.

Records showed that no targets/ norms were set by the Department for conducting raids in order to minimise the cases of pilferage/ loss of energy and save the utility from sustaining heavy financial losses. The percentage inspections of total installations conducted by JKPDD during the last five years (in respect of Jammu and Kashmir province) ranged between four and seven *per cent* as detailed below:

Table-2.3.14: Performance of raid teams

(₹ in crore)

Year	Total number of consumers	Number of consumers checked	Percentage of consumers checked	Number of disconnections	Amount of penalty imposed	Amount of penalty realised
2012-13	14,50,195	79,255	5	60,719	14.38	9.86
2013-14	15,35,381	80,155	5	60,500	12.31	9.40
2014-15	15,85,149	88,123	6	33,415	11.57	8.29
2015-16	16,64,827	1,14,424	7	40,430	11.76	6.91
2016-17	17,12,049	69,074	4	31,856	7.41	4.50
Total	**79,47,601**	**4,31,031**		**2,26,920**	**57.43**	**38.96**

(Source: Records maintained by Provincial Chief Engineers)

Weakness in inspections to plug pilferages, thefts, leakages etc. given the enormity of distribution losses and non-recovery of fine to the tune of ₹18.47 crore against the total assessed fine of ₹57.43 crore was indicative of lack of enforcement measures and absence of a sound vigilance mechanism to curb theft of energy.

Analysis of billing database and scrutiny of records further revealed that electricity charges amounting to ₹87.90 crore were recoverable in respect of 13,383 untraceable consumers i.e the business groups, SSI units etc. who had abandoned their premises. This was indicative of lack of on-spot inspections and poor performance of inspection teams which resulted in non-tracing of these consumers having huge arrears.

In reply (June/ July 2017), holding of meager inspections was attributed by the Chief Engineers (Kashmir, Jammu) to dearth of staff and manifold increase in assets without corresponding increase in establishment base. The Director Finance, JKPDD stated (October 2017) that the Department had initiated proceedings for establishment of separate enforcement wing.

The CE (Kashmir) stated (June 2017) that sick connections are persuaded for clearance of due payments with follow up on legal notice and motivation drives conducted by Divisions/ Government i.e Amnesty schemes/ instalment-wise payments/ redressal of grievances. The Director Finance, JKPDD stated (October 2017) that the concerned Executive Engineers had been instructed to disconnect power supply of defaulting consumers. The fact remains that the connections should have been cut off within 15 days to ensure mitigation of mounting losses.

2.3.12.3 Unaccounted consumption – loss of ₹122.32 crore

Order on ARR for three-year Multi Year Tariff (MYT) period from 2013-14 to 2015-16 and Retail Tariff for 2013-14 for the JKPDD issued by the JKSERC (April 2013), identified 4,73,034 consumers (approximately) as un-registered but electrified based on Census 2011 report which were not reflected in the records of the JKPDD. The JKPDD had proposed to regularise the un-registered but energised connections during the year 2013-14 and 2014-15 and metered by the end of MYT control period i.e. 2015-16. Records, however, showed that 3,59,122 number of electrified but un-registered consumers were drawing electricity illegally at the end of March 2017 resulting in revenue loss of ₹122.32 crore to the Department during the period 2012-17 which was indicative of inefficient vigilance mechanism.

In reply, the Chief Engineers (Kashmir, Jammu) stated (June/ July 2017) that since the registration of unregistered consumers could not be completed in one go, target for regularisation of 100 *per cent* unregistered consumers had been fixed for 2018-19. The Director Finance, JKPDD attributed (October, 2017) non-achievement of targets of regularisation to dearth of field staff. The fact, however, remained that JKPDD had missed the deadline of regularisation by March 2015 for curbing unaccounted consumption.

2.3.12.4 Loss of ₹2.38 crore due to non-retrieval of power at agreed conversion ratio and delayed payment

Agreement for power banking arrangement to the tune of 25 MW power was signed between the JKPDD and the UT Chandigarh (UTC) on 30 April 2009. As per the agreement, JKPDD was to supply the agreed power to UTC from May 2009 to August 2009 and UTC was to return 106 *per cent* of banked power during winter months (December to February 2010). The arrangement continued till 2016, when the quantum of power banked was enhanced to 45 MW.

Review of banking arrangement revealed that the UTC had not returned power at the agreed return rate of 106 *per cent* resulting in less receipt of 6.88 MUs power and consequent loss of ₹2.06 crore during the period 2012-13 to 2016-17 (calculated on the basis of year-wise average rate of power purchase). The JKPDD had failed to safeguard its interest and ensure return of banked power at the agreed rate.

It was also observed that for not arranging funds in time for paying ₹0.92 crore towards open access charges, the Power System Operation Corporation Limited (POSOCO[73]) served a regulation withholding retrieval of 45 MW power banked with the UTC. The JKPDD thus, lost the opportunity to avail already banked power during May 2016 to September 2016 and had to resort to emergency short term purchase during November 2016 to March 2017 to make up for the shortage, resulting in avoidable expenditure of ₹0.32 crore[74].

While admitting the Audit contention regarding short return of power, the Director Finance, JKPDD stated (October 2017) that the matter had been taken up with the concerned utility for retrieval of balance power, which had agreed to return the 106 per cent of banked power within next banking arrangement from November 2017 to March 2018. However, the reply was silent as to how the 45 MW power banked out during May 2016 to September 2016 but withheld by POSOCO could be retrieved from UTC. It was also noticed that short receipt of power had never been pursued till February 2017 and no action had been initiated towards creation of a "power pool fund" recommended in the power purchase policy draft which would enable the JKPDD to purchase cheaper power in contingency and meet short term open access charges to avoid such situations of extra payment.

---

73 POSOCO: An agency for integrated operation of regional and national power systems to facilitate transfer of electric power within and across the regions and trans-national exchange of power.

74 1 MW*24 hrs =24 MWhrs: 24 MWhrs/ 1000=0.024 MU 45 MW=1080000 units * 3.01 (average rate of short term purchase) = ₹0.32 crore

2.3.12.5 Non-existent mechanism for filing objections on petitions filed by generators

Petitions for fixation of provisional generation tariff seeking recovery of cost or revision in costs towards fixed charges/ variable charges and other charges (supplementary charges) are filed by various generators before the CERC/ SERC. The utilities obtaining power from these generators are required to file response objections contesting the claims of the generators.

Audit observed that the Department had not filed any objection challenging the admissibility of claims, in absence of which, the Department was not safeguarding its financial interests and the tariff determination exercise by the Commission was solely based on the claims and justifications put forth by the generators unilaterally. There was no mechanism for scrutiny of these petitions and countering the justifications for year after year increase in variable/ fixed costs and file logical comments based on cost benefit analysis, DPR norms etc. against petitions filed by generators with the CERC/ SERC.

The Director Finance stated (October 2017) that JKPDD would seek legal advices with respect to the observations pointed out by Audit.

2.3.12.6 Reconciliation with Finance Accounts

The figures of revenues *vis-a-vis* expenditure as per the records of the Department should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the Department concerned and the Finance Department should carry out reconciliation of differences. The position of expenditure on power purchase as per records of the Development Commissioner, Power (DCP) and as per the State Finance Accounts during 2012-17 revealed that variations ranging from ₹212 crore to ₹943 crore in power purchase cost were pending since long and no steps were taken up by the Department to reconcile the figures.

The Director Finance, JKPDD while admitting the variations stated (October 2017) that the variations would be sorted out.

2.3.13 Conclusion

Due to inadequate capacity additions, the Department had to rely on power purchases from outside the State. Due to deficiencies in planning and non-optimisation of power purchase cost, the Department had incurred an extra avoidable expenditure of ₹840 crore during 2012-17. The State suffered a power purchase deficit of ₹14,871 crore during 2012-17 due to absence of cost reflective tariff regime at the distribution level and lower realisations owing to AT&C losses including pilferage theft, poor billing and collection efficiency. This eventually led to delayed payments to generators resulting in extra avoidable expenditure of ₹1,752.17 crore which include surcharges of ₹1,420.26 crore and non-availing of rebates of ₹297.92 crore. The Department had not adequately planned transmission network for evacuation of power which resulted in extra burden of ₹543.47 crore to the State exchequer. The Department could not control the distribution losses within the permissible limits and as a result suffered a loss of ₹10,176 crore. Due to incorrect application of tariff rates and irregular exemption of electricity duty, the Department further suffered a loss of ₹20.26 crore. Billing and collection efficiency remained poor as there was an outstanding balance of ₹2,508 crore at the close of March 2017 which include electricity charges of ₹87.90 crore against 13,383 untraceable consumers. The Department failed to regularise unaccounted consumers by the end of March 2015 as per MYT resulting in revenue loss of ₹122.32 crore.

Though the Central Government initiative of UDAY addressed the immediate concern of meeting huge power purchase liability, yet the performance of the utility against the targets for loss reduction, consumer metering, feeder improvement programmes, energy audit etc. under the scheme remained largely un-achieved.

2.3.14 Recommendations

JKPDD may consider to ensure:

- Optimising power purchase cost and managing power trading and banking schedules through professional advice so as to minimise under drawals/ over drawals in real time. Bringing down implicit/ hidden subsidies to recover cost of supply and bring in cost reflective tariffs to reduce tariff gap and adhere to norms of AT&C loss reduction, renewable energy norms and improvement of billing/ collection efficiency;
- Procurement of long/ medium/ short term power through transparent system of bidding in line with the MoP guidelines;
- Reviewing future tie ups and renewals to avoid contracting excess capacity and offloading costly PPAs. Creation of adequate transmission infrastructure to avoid the risk of non-utilisation of contracted power and consequent payment of idle capacity charges;
- Strengthening internal control system to minimise the risk of errors and inefficient billing and having a mechanism in place for legal vetting of PPAs and filing of objections against petitions filed by generators for safeguarding the interest of the Department; and
- Avoid delay in payments to take benefit of rebate when sufficient funds are available with the Government.

The matter was referred to the Government in August 2017; Reply was awaited (December 2017).

Rural Development Department

2.4 Mahatma Gandhi National Rural Employment Guarantee Scheme

National Rural Employment Guarantee Act (NREGA) was notified by the Government of India (GoI) in September 2005 with the objective of enhancing livelihood security in Rural Areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual labour. A Performance Audit of the implementation of the programme brought out *inter alia* the following significant points:

Highlights

- **Long term developmental perspective for all Districts could not be ensured due to non-preparation of perspective plans. Delays in submission of labour budgets led to late release of funds by Government of India and delayed payment of wages.**

  (Paragraph: 2.4.7)

- **Un-reconciled closing balances, non-accountal of bank interest of ₹1.20 crore in the financial statements, delayed release of funds, short-release of State share of ₹107.08 crore and excess expenditure of ₹22.85 crore on administrative charges reflected poor financial management which was equivalent to non-generation of 83.78 lakh person days of employment.**

  (Paragraph: 2.4.8)

- **No unemployment allowances were paid to the job card holders who demanded jobs but could not be provided. Further, 19 *per cent* person days employment could be provided to women beneficiaries against the norm of 33 *per cent*. Wage payment in 77 *per cent* cases was not paid within the prescribed time of 15 days and 40 *per cent* wage payments were made after delay of more than 90 days. Implementation of the Scheme did not achieve the stated objectives and also cannot be viewed as preparedness to progress under the Sustainable Development Goals (SDG).**

  (Paragraph: 2.4.9)

- **Execution of works under the Scheme showed weakness. While 14,211 works included in the approved Annual Action Plans were not executed, 2,281 unapproved works were executed which led to unauthorised expenditure of ₹32.67 crore and revealed improper planning and non-involvement of public representatives before framing the Annual Action Plans. Non-maintenance of wage material ratio led to excess expenditure of ₹277.69 crore on material component with consequent non-generation of 1.74 crore person days employment. Non-accountal and non-utilisation of material worth ₹0.29 crore procured in excess of requirement has the risk of misappropriation and pilferage. Delay in completion of works taken under 13th Finance**

Commission in convergence with Mahatma Gandhi National Rural Employment Guarantee Scheme and non-maintenance of wage material ratio led to diversion of ₹1.26 crore, time overrun and cost overrun of ₹1.13 crore in two blocks.

(Paragraph: 2.4.10)

- **Non-maintenance of essential data/ records regarding inspection of works, job seekers details, assets, etc. and mismatch in data provided/ uploaded on Management Information System revealed poor monitoring. The Department has neither constituted the monitoring committees to monitor the quality of works nor appointed Ombudsmen to deal with complaints.**

(Paragraph: 2.4.11)

- **Independent surveys and assessment by Audit showed that implementation of the Scheme was left with various gaps in terms of achieving wage employment, sectoral target achievements, coverage, awareness and participation.**

(Paragraph: 2.4.12)

2.4.1 Introduction

National Rural Employment Guarantee Act (NREGA) was notified by the Government of India (GoI) in September 2005 with the objective of enhancing livelihood security in Rural Areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual labour. For implementation of the programme, the State Government notified the Jammu and Kashmir Rural Employment Guarantee Scheme (JKREGS) in March 2007. The Act was extended to all Districts of the State from April 2008. The Act prescribes time bound guarantee wherein if employment is not provided within 15 days from the date of submission of application for work, the State Government has to give unemployment allowance. The programme was renamed as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October 2009.

2.4.2 Organisational Setup

In the State of Jammu and Kashmir, a State Employment Guarantee Council (SEGC) aids and advises the State Government in implementation of the Programme. The Activities of the Scheme at the State level are carried out by the SEGC through Member Secretary, SEGC functioning under the overall control of the Commissioner Secretary, Rural Development Department (RDD). The State Government designated Assistant Commissioners Development (ACDs) as the District Project Coordinators (DPCs), District Panchayat Officers (DPOs) as Additional District Project Coordinators (ADPCs) and Block Development Officers (BDOs) as Programme Officers (POs) under the scheme.

2.4.3 Audit Objectives

The Audit objectives of the Performance Audit were to assess whether:

- structural mechanisms were put in place for implementation of the Programme;
- planning process for implementation of the programme was efficient and effective;
- financial management was efficient and effective;
- the process of registration of households, allotment of job cards, and allocation of employment was effective and in compliance with the operational guidelines;
- proper mechanism was in place for execution of works in economical, efficient, effective and in timely manner in compliance with the Act and the guidelines of the Scheme;
- strong and effective Monitoring and Evaluation mechanism was in place for effective implementation of the scheme in a transparent way; and
- impact of the scheme on preparedness for achievement of Sustainable Development Goal (SDG) to end poverty in all its forms everywhere and on women empowerment was derived.

2.4.4 Scope and Methodology of Audit

The Performance Audit of the Scheme covering the period from 2012-13 to 2016-17 was carried out between January 2017 and June 2017 by test-check of the records of the Member Secretary, SEGC, six ACDs, 39 Block Development Officers (BDOs) and 130 Gram *Panchayats* selected through four tier sampling. Selection of 30 *per cent* Districts and Blocks was done by way of stratified sampling probability proportionate to size with replacement on the basis of expenditure incurred, employment provided and work done liability during the last five years 2012-17. Selection of 25 *per cent* Panchayats from the sampled BDOs was done by simple random sampling after arranging Panchayats in alphabetical manner. Selection of 10 *per cent* works under various activities such as rural connectivity, canal works, waste land development etc. from the sampled Panchayats was done randomly.

Audit also interacted with 653 beneficiaries and also conducted an on-spot check of works, where the beneficiaries had worked. An entry conference was held by the Accountant General (Audit) with the Secretary, RDD Jammu and Kashmir on 19th December 2016 wherein objectives, scope, criteria and methodology of Audit were discussed. The Audit findings were discussed by the Deputy Accountant General (Audit) with the Commissioner Secretary Rural Development Department in an exit conference held on 15th November 2017. The replies received from the departmental authorities have been incorporated at appropriate places in the Report.

2.4.5 Audit Criteria

Audit Criteria were derived from the following sources:

- Provisions of MGNREG, Act, 2005 and amendments thereto;
- Guidelines/ Circular instructions issued on the scheme by the Ministry of Rural Development (MoRD), GoI;

- Compendium of circulars and instructions compiled by MoRD, GoI;
- Jammu and Kashmir Rural Employment Guarantee Scheme 2007;
- State specific guidelines for implementation of MGNREGA issued in June 2013;
- Jammu and Kashmir Financial Code and Book of Financial Powers and Jammu and Kashmir Public Works Accounts Code.

2.4.6 Structural Mechanisms

2.4.6.1 Elected Panchayats

Panchayats elected (July 2011) in the State completed their term and stood dissolved in July 2016 and thereafter no panchayats were in existence in the State (March 2017). The Annual Action Plans (AAPs), formulated by the *Gram Sabhas* in consonance with elected representatives of panchayats were forwarded to the ACD of the District for incorporation in the composite District Plan.

2.4.6.2 State Employment Guarantee Council

State Employment Guarantee Council (SEGC) constituted (March 2006) for regular monitoring and review of the implementation of the Scheme at the State level was to meet at least twice in a year. However, against the requirement of 10 meetings to be held during 2012-17, only one meeting was held rendering the monitoring and review processes weak.

It was observed that even the decisions taken in the meeting held earlier regarding appointment of ombudsman, providing of adequate staff like Programme Officers, Gram Rozgar Sahayak (GRS), Technical Assistants, strengthening of SEGC cell, appointment of a Senior Engineer, appointment of an expert person for convergence of works, etc. had not been fully implemented.

Due to non-appointment of the consultants at the State level, the MGNREGS cell, which was to provide technical support in key areas like information, education and communication strategies, training needs, planning, monitoring and evaluation and financial management under the Scheme could not exercise its legitimate monitoring in the key areas. Though required under the Act, no Annual Report of the SEGC had been prepared and presented in the State Legislature.

The Department did not give any appropriate reply (June 2017) to the observation when pointed out in Audit. Regarding appointment of staff and Ombudsman, it was stated that these appointments would be made in the current financial year.

2.4.6.3 State Employment Guarantee Fund (SEGF)

The State Employment Guarantee Fund (SEGF) was established (October 2008), however, GoI released MGNREGA funds directly to the Districts up to March 2013. Thereafter, MGNREGA funds were released by GoI through State Budget and SEGF was made operational only from 23rd May 2013. SEGC has been authorised to operate and maintain the SEGF.

2.4.6.4 Human Resource Management and Capacity Building

The Act makes it mandatory for the State Government to make available to the District Programme Coordinator and the Programme Officer necessary staff and technical support as may be necessary for effective implementation of the programme. The programme guidelines also provide for imparting training to field staff at block, cluster and *Gram Panchayats.*

Against the sanctioned requirement of 5,874 posts under different categories, the effective strength was 4,648 and there was over all shortage of 21 *per cent*. Further, against the target of arranging 15,646 training slots during 2014-17, only 12,907 slots were arranged and there was overall shortfall of 18 *per cent*. It was also noticed that no training calendars/ modules had been prepared by the State for imparting training to various stake holders/ staff.

The Additional Secretary, RDD stated (June 2017) that training is a regular feature and no targets are actually fixed. However, on introduction of new components of the Scheme, the staff of MGNREGA is being provided training by organising awareness camps and the targets shown in monthly progress reports are actually the expected slots for training. However, efforts are on to train maximum staff for the effective implementation of the Scheme.

2.4.7 Planning

The Scheme guidelines provide for preparation of Perspective Plans at district level. District Perspective Plan for five years would have the advantage of facilitating the Annual Labour Budgets as a frame work of long term planning and would enable the adoption of a project approach to the works. The Annual Development Plans which would flow from the Perspective Plans would be the working plans that contain the nature, number and nomenclature of the development works to be executed in the ensuing year.

Audit observed that none of the test-checked Districts had formulated Perspective Plans during the review period. The Member Secretary, SEGC stated (June 2017) that the Perspective Plans had not been formulated by all the Districts, but the Annual Plans have been formulated. It was also stated that the shelf of projects are recommended/ identified by the blocks in consultation with the *Gram Sabha*. In the absence of Perspective Plans, the planning to provide long term developmental perspective for all Districts could not be ensured.

As per the Scheme guidelines, the State Government was to forward the Annual Labour Budget to GoI by 31st December each year. Audit noticed that the Annual Labour Budgets for the years 2012-13 to 2016-17 were submitted to GoI after a delay of one to three months, which eventually resulted in the late release of funds by the GoI and delayed payment of wages. During exit conference, it was stated that the efforts will be made to submit the Labour Budget to GoI in time and also conduct maximum number of meetings of SEGC in future.

2.4.8 Financial Management

The position of the funds released by the GoI/ State Government and the expenditure incurred there against during 2012-13 to 2016-17 is depicted below:

Table-2.4.1: Financial position during 2012-13 to 2016-17

(₹ in crore)

Year	Opening Balance	Receipts from			Total Receipt	Total Availability	Expenditure	Closing Balance	Percentage utilisation
		Central share	State share	Misc./ Interest					
2012-13	126.92	693.79	73.01	6.71	773.51	900.43	850.78	49.65	94
2013-14	53.69	681.21	52.83	4.28	738.32	792.01	766.54	25.47	97
2014-15	23.49	366.94	53.07	1.40	421.41	444.90	412.65	32.25	93
2015-16	15.86	700.14	69.49	4.63	774.26	790.12	782.22	7.90	99
2016-17	7.75	768.75	80.58	2.64	851.97	859.72	853.90	5.82	99
Total		**3,210.83**	**328.98**	**19.66**	**3,559.47**		**3,666.09**		

(Source: Financial progress reports provided by the Department)

Against the amount of ₹3,686.39 crore[75] available during 2012-17, an expenditure of ₹3,666.09 crore (99 *per cent*) has been incurred. The *percentage* of expenditure *vis-a-vis* funds available during 2012-17 ranged between 93 and 99 *per cent*. The unspent balance at the close of each financial year 2012-17 ranged between ₹5.82 crore and ₹49.65 crore. There was variation between the unspent balances at the close of each year *vis-a-vis* the opening balance of the subsequent years. This indicated that the balances were not reconciled to arrive at the correct figures.

Audit scrutiny in 29 blocks and three ACDs revealed that ₹1.20 crore earned as interest from the banks on the Scheme funds during the period 2012-16 had not been accounted for in the financial statements forwarded to the State Government/ GoI thereby, understating the available balances under the Scheme. Reasons for non-accountal of interest were attributed by the BDOs to non-availability of bank statements at the time of uploading of monthly progress reports.

In reply, the Additional Secretary RDD stated (June 2017) that the variations in the figures would be reconciled and factual position intimated to Audit. During exit conference, it was stated by Commissioner Secretary RDD, that the Department has switched over to electronic fund management system and District authorities will be directed to get the figures reconciled in respect of previous years.

2.4.8.1 Delay in release of funds

Audit scrutiny revealed that there was delay in release of funds for implementation of the Scheme at various levels. The Finance Department released ₹1,835.99 crore during 2013-17 to SEGC after delay ranging between eight and 140 days. Further, ₹1,287.90 crore were released by SEGC to Districts after delay ranging between three and 125 days. ACDs of six test-checked Districts released ₹389.20 crore to the blocks after a delay ranging between one to 290 days beyond the permissible limit of 15 days.

[75] Opening balance of ₹126.92 crore plus receipts of ₹3,559.47 crore during 2012-17

With a view to avoid such delays, the GoI release orders specifically lay down that the State Government would be liable to pay interest of 12 *per cent* for the period of delay beyond the specified period of three days. It was, however, noticed that the Finance Department had retained funds between eight and 140 days from April 2014 to March 2017, resulting in interest liability of ₹21.84 crore, which was neither claimed by the SEGC nor paid by the State Finance Department.

The Additional Secretary, RDD stated (June 2017) that the matter will be pursued with the Finance Department so that the interest amount is used for payment of compensation on delayed wages.

2.4.8.2 Release of State share

MGNREG Act, stipulates that 100 *per cent* of unskilled labour cost and 75 *per cent* of the material cost[76] of the programme shall be borne by the Centre. The State Government has to bear 25 *per cent* of the cost of material and wages of skilled and semi-skilled workers, unemployment allowance and administrative expenses of SEGC. The component-wise expenditure and the share of funds released by the State Government during 2012-17 is depicted below:

Table-2.4.2: Component-wise expenditure and the share released by the State Government

(₹ in crore)

Year	Cumulative expenditure					Total expenditure on programme	Reimbursement due		Actual released by State	Short release by State
	Unskilled Wages	Semi-skilled and skilled wages	Material	Administrative Expenses	Total expenditure on material		Centre	State		
(1)	(2)	(3)	(4)	(5)	(6) = (3+4+5)	(7)	(8) = (2) + 0.75*(6)	(9)	(10)	(11)
2012-13	495.62	95.71	233.74	25.71	355.16	850.78	761.99	88.79	73.01	15.78
2013-14	418.22	80.00	234.10	34.22	348.32	766.54	679.46	87.08	52.83	34.25
2014-15	203.80	36.77	134.49	37.59	208.85	412.65	360.44	52.21	53.07	-0.86
2015-16	371.39	57.69	300.62	52.52	410.83	782.22	679.51	102.71	69.49	33.22
2016-17	433.09	63.49	301.89	55.68	421.06	854.15[77]	748.88	105.27	80.58	24.69
Total	**1,922.12**	**333.66**	**1,204.84**	**205.72**	**1,744.22**	**3,666.34**	**3,230.28**	**436.06**	**328.98**	**107.08**

For ₹1,744.22 crore spent on material component during 2012-17, the State share to be released at the rate of 25 *per cent* was ₹436.06 crore. However, State share of ₹328.98 crore only has been released resulting in short release of State share of ₹107.08 crore and was equivalent to non-generation of 69.64 lakh person days of employment.

In reply, the Additional Secretary, RDD stated (June 2017) that the State Planning Department (SPD) releases the State share on the basis of targets fixed by the GoI. It was also stated that the matter would be taken up with State Planning Department in future for release of adequate share to avoid loss of employment.

76 Includes cost incurred in providing skilled/ semi-skilled labour and mate

77 As per information provided by the Department, total expenditure during 2016-17 was ₹85,389.96 lakh, however, as per item-wise expenditure details, the total expenditure during 2016-17 works out to ₹85,414.96 lakh. Reasons for variation are being sought separately

2.4.8.3 Expenditure on Administrative Charges

The Scheme guidelines provide that in order to augment human resources and develop capacity for critical activities, six *per cent* of the total expenditure on MGNREGS can be utilised on administrative expenses in a financial year. The cap on administrative expenses shall operate at the State level, out of which at least two third should be spent at the Block level and level below.

It was, however, seen that the administrative expenditure during 2014-17 was between seven and nine *per cent* of the total expenditure. The excess administrative expenditure of ₹22.85 crore incurred over and above the prescribed cap of six *per cent* during 2014-17 equals to diversion of funds and was equivalent to non-generation of 14.14 lakh person days of employment in the State.

It was also noticed that ₹4.15 crore[78] had also been spent by SEGC during 2012-17 out of the balances lying in SEGF at State level for administrative charges at State level which had not been included in the yearly progress reports.

Excess charges on administrative expenditure during 2014-16 were attributed (June 2017) by the Department to utilisation of funds on creation of infrastructure in new blocks which came into existence. The Department, however, denied having spent any excess administrative expenditure during 2016-17. The reply was, factually incorrect as the Department had spent expenditure over and above the cap of six *per cent* by ₹4.43 crore during 2016-17. Moreover, it would have been prudent on the part of the Department, to requisite additional funds from Government for creation of new blocks/ administrative charges without disturbing the MGNREGS funds specifically meant for employment generation.

Thus, un-reconciled closing balances, non-accountal of bank interest of ₹1.20 crore in the financial statements, delayed release of funds, short release of State share of ₹107.08 crore and excess expenditure of ₹22.85 crore on administrative charges reflects poor financial management and non-generation of 83.78 lakh person days of employment.

2.4.9 Programme Implementation

Under the Scheme guidelines, door to door survey had to be conducted by the *panchayats* for registration of households willing to register themselves under the provisions of the Scheme. Records relating thereto had to be maintained at *Gram Panchayats* (GPs). NGOs/ CSOs[79] had to be engaged for motivating the rural population for demanding 100 days of work under the Scheme. Audit noticed that this aspect had not been looked into at any level.

---

78 2012-13: ₹38.43 lakh; 2013-14: ₹204.39 lakh; 2014-15: ₹52.46 lakh; 2015-16: ₹47.55 lakh; 2016-17: ₹71.71 lakh

79 Non-Government Organisations/ Civil Society Organisations

2.4.9.1 Provision of Guaranteed Employment and Unemployment Allowances

The adult members of every Household (HH), residing in any rural area and willing to do unskilled manual labour, have to get registered with the GPs/ Blocks and it shall be the duty of the GPs/ Blocks to register the household and issue a job card containing details of adult members of the household. Further, the JKREGS provides that a job card with unique ID number has to be issued by the Panchayat to the registered HH. The position of HHs issued job cards, HHs which demanded employment and those provided employment in the State during the period from 2012-17 is depicted below:

Table-2.4.3: Year-wise position of job details

Year	HHs issued Job cards	HHs demanded Job	HHs provided Job	HHs not provided Job	Percentage of HH not provided Job	HHs provided 100 days Job	
						Numbers	Percentage
2012-13	10,77,555	7,38,539	7,19,817	18,722	3	96,294	13
2013-14	11,39,506	7,21,417	6,95,193	26,224	4	61,716	9
2014-15	11,38,782	3,94,902	3,14,772	80,130	20	5,358	2
2015-16	11,95,137	6,43,609	5,50,385	93,224	14	31,441	6
2016-17	11,63,834	6,74,211	6,08,730	65,481	10	32,697	5
		31,72,678	**28,88,897**	**2,83,781**	**9**	**2,27,506**	**8**

Out of 31,72,678 households which demanded employment, 28,88,897 (91 *per cent*) households were provided jobs.

The position regarding jobs provided in test-checked Districts is depicted below:

Table-2.4.4: Year-wise position of jobs provided in test-checked Districts

District	No. of Blocks	No. of selected panchayats	No. of test-checked works cases	No. of cases in which Job was not provided as demanded	No of job card holders demanded job	No of job card holders provided job	No of job card holders not provided job	
							Number	*Per cent*
Jammu	4	19	222	75	1,312	943	369	28
Doda	4	10	199	94	1,301	960	341	26
Kishtwar	6	14	190	84	1,170	933	237	20
Kupwara	10	35	285	55	1,696	1,444	252	15
Baramulla	9	31	261	84	1,443	999	444	31
Kulgam	6	21	253	98	4,195	3,791	404	10
Total	**39**	**130**	**1,410**	**490**	**11,117**	**9,070**	**2,047**	**18**

Scrutiny of 1,410 works documents of 130 Panchayats (out of 520 Panchayats) in 39 Blocks, (six selected Districts) showed that against the demand by 11,117 job card holders, only 9,070 were provided job during 2012-17. Thus, 2,047 (18 *per cent*) job card holders who demanded jobs were not provided the job and were entitled for the unemployment allowances[80] as per guidelines, but were not provided the same either. The Block Development Officers (BDOs) did not give any appropriate reply. However, ACDs attributed non-payment of unemployment allowances to non-issuance of orders and not keeping provisions for payment of such component by the State Government. The fact remains that the eligible job seekers were deprived of the scheme benefits.

80 Section 7(2) of MGNREG Act, 2005 stipulates that the unemployment allowance for first 30 days shall not be less than the 1/4th of the wage rate and for the remaining period of financial year not less than ½ of the wage rate

2.4.9.2 Coverage of women beneficiaries

Guidelines of the Scheme provide that priority shall be given to rural women in employment under MGNREGS in such a way that at least one-third (33 *per cent*) of the beneficiaries shall be women who have registered and requested for work under the Scheme. It was, however, seen that out of 1,663.40 lakh person days generated in the State during 2012-17, 308.54 lakh (19 *per cent*) person days were provided to women beneficiaries.

The position regarding employment provided to women in test-checked Districts is depicted below:

Table- 2.4.5: Job provision for women in test-checked Districts

District	No. of Blocks	No. of selected panchayats	Number of works		Total person days provided	Person days for women Job card holders	Percentage
			Test-checked	where women participation was less			
Jammu	4	19	222	197	73,202	5,194	7
Doda	4	10	199	148	84,430	7,410	9
Kishtwar	6	14	190	115	63,420	6,645	10
Kupwara	10	35	285	236	82,887	11,440	14
Baramulla	9	31	261	224	73,821	5,615	8
Kulgam	6	21	253	164	88,751	16,262	18
Total	**39**	**130**	**1,410**	**1,084**	**4,66,511**	**52,566**	**11**

Audit Scrutiny of 1,410 works of 130 Panchayats in 39 Blocks of the six selected Districts revealed that the women representation was in the range of seven to 18 *per cent*. It ranged from seven to nine *per cent* in Jammu, Doda and Baramulla Districts, but was comparatively higher in Kupwara and Kulgam District where it ranged between 14 and 18 *per cent.*

It was also observed that although there was gradual improvement of women participation[81] at the State level during 2012-13 to 2016-17, it was still less than the envisaged 33 *per cent*. In the exit conference, it was stated that due to social barriers, the women folk does not come forward for seeking job, however, efforts will be made to motivate more women for MGNREGA work.

2.4.9.3 Engagement of beneficiaries as mates

The Act provides a mate preferably a woman and differently-abled to be designated for supervision, taking measurements and recording the attendance at worksite. It was, however, noticed that no mates were engaged in any test-checked blocks. Non-employment of women as mates defeated the very aim of women empowerment envisaged in the Scheme and in SDG. Instead of the mandated provisions, measurements were being taken by the Junior Engineers and the attendance was recorded on the muster sheets by the Secretary Panchayat.

[81] 2012-13: 13 *per cent*, 2013-14: 19 *per cent*, 2014-15: 19 *per cent*, 2015-16: 19 *per cent*, 2016-17: 25 *per cent*

The Block Development Officers in reply stated that since the works were of small nature, the mates were not appointed. The reply was, however, not in conformity with the provisions of the Act. During exit conference, it was stated that directions will be issued to the executing agencies to select mates, preferably women, among the labourers on work sites in future.

2.4.9.4 Delayed payment of wages

MGNREGA guidelines provide that it is essential to ensure that the wages are paid in time on weekly basis and in any case not later than a fortnight after completion of the works. Also, in the event of any delay in payment of wages, the workers are entitled to compensation to be borne by the State Government. Position regarding delay in wage payments during 2012-17 is depicted below:

Table-2.4.6: Delay in payment of wages

(₹ in lakh)

Year	Total payment	Total delayed payment	Percentage of delayed payments	Range of delayed payment			
				Between 15 & 30 Days	Between 30 & 60 Days	Between 60 & 90 Days	More than 90 Days
2012-13	47,488.79	26,357.16	56	5,262.91	5,968.28	4,666.91	10,459.06
2013-14	43,906.25	34,577.25	79	5,311.94	6,621.43	5,022.99	17,620.89
2014-15	15,727.65	14,259.45	91	697.19	1,027.68	825.86	11,708.72
2015-16	46,655.46	41,219.89	88	4,335.86	5,948.84	8,635.81	22,299.38
2016-17	12,655.48	11,338.01	90	1,571.56	2,685.61	2,086.54	4,994.30
Total	**1,66,433.63**	**1,27,751.76**	**77**	**17,179.46**	**22,251.84**	**21,238.11**	**67,082.35**

Out of the total wage payment of ₹1,664.34 crore made during 2012-17, wage payment of ₹1,277.52 crore (77 *per cent*) was delayed beyond the prescribed period of 15 days. It was further observed that 40 *per cent* of wage payment was made with a delay of more than 90 days.

Audit scrutiny in 39 test-checked blocks of six Districts revealed that in 1,029 (out of 1,410) works, the delay in payment of wages of ₹6.72 crore during 2012-17 ranged between 16 and 1,189 days. Some of the instances are depicted below:

Table-2.4.7: Instance of delay in payment cases

(Amount in ₹)

Name of the work	Panchayat/ block/ District	Date of Start	Date of Completion	Date of payment of wages	Delayed wage payments	
					Days	Amount
Construction of Tractor road from link road Kanger to Ragubir house	Bhalwal Upper B/ Bhalwal/ Jammu	01.02.2014	16.02.2014	11.06.2016	831	20,880
Land levelling ward No. 3	Koti/ Ghat/ Doda	01.01.2014	29.03.2014	05.09.2016	876	90,335
Construction of Lane from main road to Fashkani House of Mohd. Guri	H. M. Guri/ D. H. Pora/ Kulgam	28.12.2011	16.11.2012	13.11.2015	1,077	2,09,000
Construction of Lane from house of Ramzan Lone to Mubarak Bhat	Bugam-B/ Kulgam/ Kulgam	18.12.2013	16.01.2013	04.05.2016	1,189	18,705

On this being pointed out, the Additional Secretary, RDD stated (June 2017) that the delayed payments were due to late receipt of funds from the GoI as well as some delay caused by the State Finance Department. Further, during exit conference, it was stated that matter will be taken with higher authorities for timely release of funds. The reply was, however, not found correct as the position cannot be solely attributed to the delayed releases by the GoI/ State Finance Department but also to the Districts which contributed to delay due to retention of part funds ranging upto 146 days.

Thus, only eight *per cent* households were provided 100 days job and no unemployment allowances were paid to the job card holders who demanded jobs but could not be provided. Further, only 19 *per cent* person days employment could be provided to women beneficiaries against the norm of 33 *per cent*. Wage payment in 77 *per cent* cases was not paid within the prescribed time of 15 days and 40 *per cent* wage payments were made after delay of more than 90 days and no compensation was paid for delayed payments. As such, implementation of the Scheme did not achieve the stated objectives of the Scheme and also cannot be viewed as preparedness for progress in the SDG.

2.4.10. Execution of works

2.4.10.1 Execution of unapproved works

As per MGNREGA operational guidelines, all the works had to be identified for execution and shelf of the works got approved as part of Annual Action Plans (AAPs). Works are to be taken up from the shelf of projects which are incorporated in the AAPs.

Audit noticed that in 35 (out of 39 selected) Blocks of six Districts, out of 19,562 approved works (estimated cost ₹213.73 crore) in the AAPs, 14,211 works (estimated cost ₹148.42 crore) had not been taken up for execution during 2012-17. However, 2,281 works (estimated cost ₹39.55 crore) which were not included in the AAPs were taken up for execution and an expenditure of ₹32.67 crore was incurred on these unapproved works.

The BDOs of the respective Blocks stated that the works outside the plan were taken up on the request of the local population and the public representatives. Taking up of unapproved works, was indicative of the casual approach of the line agencies executing the works. This also brings to the fore that the views of the public in general and the public representatives in particular were not being sought before preparation of the annual plans for the ensuing years. During exit conference, it was stated that instructions will be issued to all District heads to adhere to the approved plan only.

2.4.10.2 Wage material ratio

MGNREGA operational guidelines provide that for all the works to be taken up, the wage and material costs should be maintained in ratio of 60:40 at GP level for all works to be taken up by GP and for works to be taken up by all other agencies it should be maintained at block and intermediate level. The position of wage-material ratio in the State during 2012-17 is depicted below:

Table-2.4.8: Year-wise wage material ratio

(₹ in crore)

Year	Wages (unskilled)	Material cost[82]	Total expenditure	Percentage of material cost	Excess expenditure on material
2012-13	495.62	355.16	850.78	42	14.85
2013-14	418.22	348.32	766.54	45	41.70
2014-15	203.80	208.85	412.65	51	43.79
2015-16	371.39	410.83	782.22	53	97.95
2016-17	433.09	421.06	854.15	49	79.40
Total	**1,922.12**	**1,744.22**	**3,666.34**	**48**	**277.69**

The wage material ratio of 60:40 was not maintained during 2012-17 and the percentage of material component in the total cost of works during this period ranged between 42 *per cent* and 53 *per cent*. The excess expenditure on material component during 2012-17 worked out to ₹277.69 crore equivalent to non-generation of 1.74 crore person days of employment.

In 1,410 test-checked works of 130 *panchayats* in 39 blocks of six Districts, expenditure on material ranged between 41 *per cent* and 93 *per cent*. Some of the instances of high material cost are depicted below:

Table-2.4.9: Instances of cases of high material cost works

(Amount in ₹)

Name of the work	Panchayat/ Block/ District	Date of completion	Expenditure incurred			
			Total	Expenditure on un-skilled wages	On material component	
					Amount	As *per cent* of total expenditure
Construction of Lane and drain from Main Road to House of Madan Lal and Sonu W. No. 3	Amb/ Bhalwal/ Jammu	28.05.2016	4,97,424	41,820	4,55,604	92
Construction of Protection wall in Mohalla Sabar Ali in W. No. 5	Khanpur/ Nagrota/ Jammu	30.03.2014	4,64,680	42,050	4,22,630	91
Construction of abutment Left Side of Trangri Kunja Nallah	Trigam-C/ Trigam/ Kishtwar	15.03.2016	2,49,801	40,672	2,09,129	84
Construction of Drain near House of Ab. Rehaman Reshi Manzhar	Manzhar/ Hyhama/ Kupwara	04.12.2013	49,862	7,830	42,032	84
Construction of Retention wall and steps near house of Javid Bhat	Garkote A/ Uri/ Baramulla	18.05.2014	31,497	4,350	27,147	86

82 Includes expenditure on semi-skilled and skilled wages, material, administrative expenses

During exit conference, it was stated that the Department is trying to create permanent assets in the rural areas as per the instructions of the public representatives and in such cases the wage material ratio gets disturbed. It was also stated that instruction will be issued to the executing agencies to maintain the records of material at site to avoid loss to the Department.

2.4.10.3 Unrealistic estimation of works

Framing of estimates before execution of a work is required for considering the technical parameters of the work and estimating quantum of funds required for the scheme. In 30 (out of 39) blocks of six Districts, 1,169 (out of 1,410) works estimated to cost ₹4.30 crore taken up for execution during 2012-17 had been completed at a cost of ₹2.77 crore which constituted only 64 *per cent* of the estimated cost. Variation between the estimates and actual expenditure in case of individual works ranged between 10 and 84 *per cent*. This indicated that the estimates were not framed on realistic basis.

In reply, it was stated that matter will be taken up with the technical staff.

2.4.10.4 Execution of works with Minimum required labour

Scheme guidelines provide that a work should be opened only on a minimum of 15 labours who demand for the unskilled work and once the e-muster sheet is generated, then only the work should be authorised to be taken up. Aim is to ensure the completion of work within the stipulated time.

Audit scrutiny of 1,410 works of 130 sampled *panchayats* in 39 blocks of six Districts revealed that 963 works had been taken up for execution after engaging less than the required number of 15 labours stipulated in the Act. The engagement of labour in individual works ranged between two and 14 at the opening of the work, which consequently led to delay in completion of works.

In reply, the Department stated that sometimes it is impossible to start the work and wait for 15 applications specified in the guidelines, however, due care would be taken in future.

2.4.10.5 Accountal of Cash

The Scheme guidelines provide that payment on account of materials should be made through bank invoices in the name of vendors from whom the materials have been procured.

Audit scrutiny of records in 85 *Panchayats* of 26 blocks in four[83] out of six Districts, revealed that ₹9.27 crore were drawn in cash by way of bearer cheques, withdrawal forms by the *Panchayats* Secretaries for disbursement of the cost of material purchased for the works and wage payments of skilled/ semi-skilled labourers in the respective *Panchayats*. Cash book, contingent register and pay Acquittance in support of the drawal and disbursement of the cash were also not maintained in these

[83] Jammu, Kupwara, Baramulla and Kulgam

Panchayats. Non-compliance with respect to payment guidelines and non-maintenance of required transaction details is fraught with the risk of misappropriation. In fact, audit could not vouchsafe that the amounts so drawn were paid to vendors.

In reply, the respective Block Development Officers stated that matter will be looked into and due care would be taken in future. During exit conference, it was stated that the Department has time and again issued circulars to make payments through bank invoices only. It was also stated that in the instance cases, the matter will be looked into and all the District Heads will be directed to adhere to the instructions.

2.4.10.6 Procurement of Construction material

The State Specific guidelines (June 2013) lays down that the quantity and specification of goods procured should be clearly spelt out to exclude unwarranted, superfluous and non-essential elements. The offers should be invited in a fair, transparent and reasonable manner and advised to adopt e-procurement system. District Development Commissioners (DDCs) have been empowered to fix the rates of key material locally and purchase material from the registered vendors only.

- Audit scrutiny of 1,410 works in 130 *Panchayats* in 39 Blocks of six Districts, revealed that the purchase and carriage of key material like rubble stone, sand, stone aggregates, etc., was made from the unregistered vendors. The rates had not been got approved from the DDC nor had any market survey been conducted to arrive at the comparative rates.
- Audit scrutiny of 165 works in 19 selected *Panchayats* of the four Blocks[84] of District Jammu revealed that out of 27,568 cubic metres (cums) of material[85] purchased, only 19,285 cums was utilised on these works. The remaining 8,283 cums material[86] worth ₹0.29 crore procured in excess of requirement was neither accounted for in the store books nor transferred to other works for its utilisation. Thus, there is risk of misappropriation and pilferage of unutilised material due to its non-accountal and non-utilisation. ACD, Jammu stated (April 2017) that instructions have been issued to Blocks to maintain the material at site register so as to avoid such problem in future.
- Audit scrutiny of 38 works in eight selected panchayats of two BDOs[87] of Jammu District revealed that material worth ₹0.45 crore has been shown consumed on these works, but the details of bills/ invoices/ vouchers for purchase of material and payment to vendors/ suppliers were not on record. ACD, Jammu and two BDOs replied that matter will be looked into and instructions have been issued for proper maintenance of records.

---

84 Bhalwal, Mathwar, Dansal, Nagrota

85 Earth, Sand, Bajri and Stone

86 Bhalwal: (2,442 cum, ₹4.41 lakh); Mathwar: (1,985 cum, ₹5.01 lakh); Dansal: (503 cum, ₹3.23 lakh); Nagrota: (3,353 cum, ₹16.45 lakh)

87 Dansal and Nagrota

2.4.10.7 Erection of Sign Boards

MGNREGA operational guidelines provide for display of information through citizen information boards at work sites, which would ensure transparency at these sites about the works.

Scrutiny of 389 works of 24 *Panchayats* in 10 Blocks of two Districts (Doda and Kishtwar), revealed that the charges/ cost of sign boards were not included in the works bills, meaning sign boards were not erected at these work sites. Due to non-erecting of sign boards, the transparency at the worksite in accordance with the programme guidelines could not be ensured.

ACD, Doda replied (February 2017) that sign boards are purchased in bulk, non-debiting the cost of sign boards in the works bills will be taken up with the BDOs and technical staff. ACD, Kishtwar replied (May 2017) that sign boards were purchased in bulk. They were not timely available and could not be installed. However, in future, sign boards will be fixed at every site.

2.4.10.8 Convergence of Scheme funds

MGNREGA operational guidelines provide for convergence of scheme funds with the funds from other sources[88]. Convergence of MGNREGS funds with other schemes can be materialised by maintaining proper accounts of the funds under different schemes. However, keeping the non-negotiable nature of the Scheme into consideration, the ratio under the MGNREGS components was to be maintained at 60:40 and the material ratio over and above 40 *per cent* was to be debited to other scheme.

Scrutiny of records revealed that in seven Blocks of two Districts, 42 *Panchayat Ghar* buildings estimated to cost ₹8.40 crore[89] had been taken up for execution during 2012-17. An expenditure of ₹6.81 crore which included ₹3.18 crore from MGNREGS had been incurred (as of March 2017) on these buildings and 21 *Panchayat Ghar* buildings were completed. It was noticed that while making the payment of ₹3.18 crore (labour: ₹0.65 crore; material: ₹2.53 crore) from MGNREGS funds for these buildings, the prescribed 60:40 ratio between labour and material components was not maintained. As per MGNREGS norms, the material component at the rate of 40 *per cent* of total payment of ₹3.18 crore from MGNREGS funds should have been ₹1.27 crore[90]. However, an expenditure of ₹2.53 crore incurred on material component from MGNREGS funds. Excess expenditure of ₹1.26 crore was diverted from the funds meant for labour payment, which consequently led to non-generation of labour employment to that extent.

ACD, Jammu stated (April 2017) that since the constructions were permanent assets, therefore, the required ratio of 60:40 could not be maintained.

---

88 Finance Commission, National Rural Livelihood Mission (NRLM), Integrated Watershed Management Programme (IWMP), Total Sanitation Programme, Backward Region Grant Fund (BRGF), Pradhan Mantri Gram Sadak Yojana (PMGSY), etc.

89 13th Finance Commission (FC)/ BRGF: ₹420 lakh; MGNREGS: ₹420 lakh

90 At the rate of 40 *per cent* of ₹317.96 lakh MGNREGS funds

2.4.10.9 Time overrun

As per the Detailed Project Report of the works relating to construction of *Panchayats* under the 13th Finance Commission and convergence with MGNREGA, the *Panchayat Ghars* were to be completed within a period of six months from the date of start of the work. It was, however, seen that the construction works of 28 Panchayat Ghars in 11 blocks of four Districts taken up for execution between January 2012 and March 2016 were completed with time-overrun ranging between six months and 56 months (upto March 2017) which contributed to the cost overrun of ₹1.13 crore in two blocks (Assar and Thakrai).

The Department replied that time overrun/ cost overrun was due to limited working season as well as hilly terrains and insufficient funds. The fact remains that these minor works could not be completed even after delays ranging upto 56 months and there is cost overrun of ₹1.13 crore in two blocks.

2.4.10.10 Fraudulent payment

For construction of *Panchayat Ghar* Walarhama B in Qaziabad Block of District Kupwara, four Muster sheets[91] were generated from MIS[92] against which payment of ₹0.85 lakh was to be paid. However, BDO Qaziabad withdrew ₹1.35 lakh[93] against the muster sheets by re-using photocopies of these muster sheets[94] and tempering the attendance which resulted in fraudulent payment of ₹0.50 lakh. In reply, ACD Kupwara stated (June 2017) that matter will be looked into and will be intimated accordingly.

Thus, execution of works under the Scheme showed weakness. While 14,211 works included in the approved AAPs were not executed, 2,281 unapproved works were executed which led to unauthorised expenditure of ₹32.67 crore which revealed improper planning and non-involvement of public representatives before framing the AAPs. Non-maintenance of wage material ratio led to excess expenditure of ₹277.69 crore on material component which was equivalent to non-generation of 1.74 crore person days of employment. Non-accountal and non-utilisation of material worth ₹0.29 crore procured in excess of requirement has the risk of misappropriation and pilferage. Delay in completion of works taken up under 13th FC in convergence with MGNREGA and non-maintenance of wage material ratio led to diversion of ₹1.26 crore. Besides, there was time overrun and cost overrun of ₹1.13 crore on non-completion of *Panchayat Ghars* in two blocks.

2.4.11 Monitoring and Evaluation

Keeping in view the huge investment being made by the Government under MGNREGS, the programme guidelines of the Scheme provided for regular evaluation and sample surveys for specific scheme works was to be conducted to assess the

91 Bearing numbers: 294, 295, 296 and 297
92 Management Information System
93 Vide cheque No. 681345 dated 24 October 2014
94 Numbers: 295, 296 and 297

outcomes. For this purpose, broad guidelines for evaluation studies had to be framed by SEGC.

The technical resource support system was to be set up at State and District levels to assist in planning, designing, monitoring, evaluation and quality Audit of various initiatives. For this purpose, Resource Institutions had to be identified by the State Government and a panel of Institutions/ Agencies for technical resource support had to be prepared.

Audit did not find any records regarding formation of such technical Resource Institutions/ Agencies at any level. The SEGC also had not launched any evaluation studies to assess the impact of the Scheme at any point of time. The Department replied (June 2017) that it has formulated a programme to assess the impact of the Scheme during 2017-18.

2.4.11.1 Inspection of works

The inspection of works executed under the scheme had to be carried out by the Block, District and the State functionaries' upto a fixed[95] percentage. It was, however, seen that no data of inspection was available with the test-checked Blocks or District offices. The test-checked blocks, however, stated that 100 *per cent* inspection had been conducted by the Block level officers and sometimes the works had been checked by the District and State level officers but the records of the same were not maintained. As a result, the quality of work executed could not be ensured in Audit.

2.4.11.2 Maintenance of records

As per the State specific guidelines, the records relating to registration of HHs seeking job under the programme and those actually demanding the job of the registered HHs were to be maintained in the shape of job cards application registers, job card registers and employment register alongwith the Asset creation records were to be maintained both at GP and Block level.

Audit, however, observed that no such records had been maintained at GP and Block levels in the test-checked Blocks. In the absence of these vital records, Audit could not verify the details of the beneficiaries willing to work and the employment provided to them within the prescribed period of 15 days of registration.

Further, some important records like Muster roll receipt and issue registers, works registers, monthly allotment and utilisation certificate watch registers, complaint registers required to be maintained at GP and Block level were either not maintained or not produced to Audit. As a result of this, a proper watch on the physical and financial aspects of the implementation of the Scheme could not be ensured by the *panchayats*/ Block level functionaries in the area of their jurisdiction.

[95] Secretary RDD: One *per cent*; Director RDD: Two *per cent*; Project Directors DRDA: 10 *per cent*; District Project Coordinators: 15 *per cent*; Additional District Project Coordinators: 20 *per cent*; Programme Officer: 100 *per cent*

The Department assured that the records will be maintained in soft as well as in hard form in future.

2.4.11.3 Maintenance of data

The data/ information uploaded by each audited entity should match with the information provided by the other units of the Department. There was mismatch between the financial/ physical data provided by Member Secretary, SEGC and that uploaded on the website as depicted below:

Table-2.4.10: Mismatch between Actuals and MIS

Sl. No.	Nature of information	Cumulative Figures 2013-17		Variation
		State level monthly progress report	MIS	
1.	HHs Registered (During 2016-17)	11,63,834	11,55,966	7,868
2.	Employment Generated	10,92,64,911	10,95,56,942	(-) 2,92,031
3.	Women Employed	2,30,06,468	2,74,48,137	(-) 44,41,669
4.	HHs provided 100 days employment	1,31,212	1,45,011	(-) 13,799
5.	Works Taken up	4,80,565	2,86,054	1,94,511
6.	Works Completed	2,87,774	2,54,833	32,941

Audit also noticed mismatch between the actual expenditure and the expenditure uploaded in MIS in 855 out of 1,158 works in 39 blocks of six Districts. Further, in Kishtwar District, the files of 2016-17 were not provided (May 2017) to Audit but the expenditure on account of the wages and material was uploaded in the MIS.

The mismatch of the financial and physical figures between the monthly progress reports (MPR) and the MIS at State level is indicative of the poor monitoring mechanism and lack of internal control in the Department.

In reply, the Department stated that the position would be reconciled with the Districts.

2.4.11.4 Complaint redressal system

The Scheme guidelines provide for effective complaint redressal system at all levels, right from *Panchayat* to State level. At District level, the Ombudsman had to be appointed to deal with the complaints received with reference to the implementation of the Scheme. It was seen that neither any complaint redressal system existed nor Ombudsman engaged in any test-checked Districts. Besides, District quality monitors to be engaged for verification of works undertaken under the programme too had not been identified/ appointed by the Department.

ACDs of selected Districts replied that matter regarding non-maintenance of grievance records will be taken up with the Blocks and also intimated that the appointment of Ombudsmen was under process.

Thus, non-maintenance of essential data/ records regarding inspection of works, job seekers details, assets, etc. and mismatch in data provided/ uploaded on MIS revealed poor monitoring. The Department has not constituted the monitoring committees to monitor the quality of works and not appointed Ombudsmen to deal with complaints. During exit conference, it was stated that details are now uploaded in the website and are preserved in soft form. It was also stated that appointment of Ombudsmen was complete now and necessary sanction of the Government has been sought and their working will start from January 2018.

2.4.12 Assessment of the impact of the Scheme by Audit

In order to assess the impact of the Scheme on the rural population, the assets created under the scheme, convergence works undertaken with other schemes and assess preparedness for achievement of sustainable development goal to end poverty in all forms and women empowerment, Audit interacted with 653 beneficiaries of 130 panchayats of 39 test-checked blocks of six Districts. Some of the important aspects relating to programme management, provision of basic amenities, facilities provided to the work force, awareness of the masses, satisfaction level of the beneficiaries etc., derived from the interviews held as detailed in **(*Appendix-2.4.1*)** brought to fore:

- Coverage of BPL population was 60 *per cent.*
- Only 30 *per cent* of the beneficiaries got payment of wages in time.
- 63 *per cent* of the beneficiaries complained that the entries in the job cards were not recorded correctly.
- 47 *per cent* of the beneficiaries intimated that the expenditure on Photos etc., was not paid by the Department.
- Only 16 *per cent* beneficiaries constructed their houses after employment under the Scheme.
- Only six *per cent* beneficiaries were provided houses under IAY/ PMAY.
- Only 26 *per cent* beneficiaries were provided health checkups.
- 26 *per cent* beneficiaries were insured being the holders of bank account.
- 27 *per cent* beneficiaries are still without regular potable water supply (Tap water).
- 12 *per cent* beneficiaries are still unaware about the *Gram Sabha* meetings.
- Only 19 *per cent* beneficiaries had got benefits from other Schemes from the Labour Department.
- 30 *per cent* beneficiaries reported average satisfaction about the Scheme.

Thus, the independent surveys and assessment by Audit showed that implementation of the Scheme was left with various gaps in terms of achieving wage employment, sectoral target achievements, coverage, awareness and participation.

2.4.13 Conclusion

Performance Audit of the scheme revealed that the meetings of State Employment Guarantee Council were not held regularly and the decisions taken in those meetings were not fully implemented. Un-reconciled closing balances, non-accountal of bank interest in the financial statements, delayed release of funds, short release of State share and excess expenditure on administrative charges reflected poor financial management. The Scheme did not achieve its objectives and it could not be viewed as preparedness to progress under the SDG as only eight *per cent* households were provided 100 days job and no unemployment allowances were paid to the job card holders who demanded jobs but could not be provided. Against the norm of 33 *per cent*, only 19 *per cent* person days of employment was provided to women beneficiaries. In 40 *per cent* cases, wage payments were made after delay of more than 90 days and compensation for late payment was not made. Works included in the approved action plans were not executed, instead unapproved works were executed which led to unauthorised expenditure. Non-maintenance of wage material ratio led to excess expenditure on material component with consequent non-generation of employment. Non-accountal and non-utilisation of material procured in excess of requirement has the risk of misappropriation and pilferage. Delay in completion of works taken under 13th FC in convergence with MGNREGA and non-maintenance of wage material ratio led to diversion, time overrun and cost overrun. Non-maintenance of essential data/ records regarding inspection of works, job seekers details, assets, etc. and mismatch in data provided/ uploaded on MIS revealed poor monitoring. The Department has not constituted the monitoring committees to monitor the quality of works and has not appointed Ombudsmen to deal with complaints. Independent surveys and assessment by Audit showed that implementation of the Scheme was left with various gaps in terms of achieving wage employment, Sectoral target achievements, coverage, awareness and participation.

2.4.14 Recommendations

The Government may consider to ensure:

- Timely release of funds to the implementing agencies so that the wage payments are made to the beneficiaries within the prescribed time frame fixed in the Scheme guidelines;
- Maintaining the administrative expenses and wage material ratio within the prescribed limits fixed so as to create more employment opportunities;
- Proper record/ data maintenance for correct reporting, quality control and monitoring;
- Payment to beneficiaries and vendors through Aadhaar Linked Bank Account in order to avoid embezzlement and cash withdrawal; and
- Specifying rate of unemployment allowance as per section 7(2) of the MGNREG Act, 2005 adopted by the J&K State in 2007.

The matter was referred to the Government in August 2017; Reply was awaited (December 2017).

Chapter-III
Compliance Audit

CHAPTER-III

COMPLIANCE AUDIT

Food, Civil Supplies and Consumer Affairs Department

3.1 Avoidable expenditure on transportation of wheat

Injudicious action of the Department to transport wheat for grinding in a circuitous manner has resulted in avoidable expenditure of ₹2.06 crore.

The Director Food, Civil Supplies and Consumer Affairs (FCSCA) Department, Jammu, is responsible for lifting wheat from Food Corporation of India (FCI) godowns and its transportation to flour mills for grinding. Out of four FCI godowns situated in Jammu, wheat lifted from three godowns at Nagrota, Chatha and Birpur is being transported directly to the flour mills for grinding. However, wheat from FCI new godown at Railway Station, Jammu was first transported to the main stores of the Department (Central store, New store and Chatha store) and then from there to the private flour mills for grinding.

Audit scrutiny (November 2016) of the records revealed that 5,31,258[1] quintals of wheat lifted from FCI new godown Railway Station Jammu during 2014-16 were first transported to three[2] departmental stores and then from these departmental stores to the private flour mills for grinding. Injudicious action of the Department to transport the wheat for grinding in a circuitous manner has resulted in avoidable expenditure of ₹2.06 crore[3].

On being pointed out in Audit, the Chief Accounts Officer, Directorate of FCSCA, Jammu stated (January 2017) that the truck union operating at new godown of FCI at Railway Station, Jammu had not allowed trucks to transport wheat directly to the flour mills. However, to save the extra burden on Government exchequer, necessary steps shall be taken up. The reply is not acceptable as the Department has an arrangement with the Jammu and Kashmir State Road Transport Corporation (JKSRTC) for transportation of food grains and is not liable to the truck union operating at new godown of FCI. The Department was therefore, not required to bear an extra expenditure at the cost of reluctance shown by the truck union.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

1 April 2014 to December 2015: 5,00,719 quintals; January 2016 to March 2016: 30,539 quintals

2 Chatha store, New store and Central store

3 Worked out on the minimum rate of ₹38.40 per quintal from April 2014 to December 2015 for 5,00,719 quintals (₹1,92,27,610); and ₹43.78 per quintal from January 2016 to March 2016 for 30,539 quintals (₹13,36,997)

3.2 Avoidable extra expenditure

Non-fixation of carriage rates in respect of vehicles carrying weight of more than 90 quintals and making the payments at higher rates for transportation of food grains in the range of 150 to 220 quintals loaded on 1,003 vehicles, resulted in excess payment of ₹0.77 crore. Besides, deployment of 8,690 trucks loaded with 77 quintals, instead of loading 90 quintals, for carriage of 6,69,130 quintals of food grains to various destinations in Poonch and Rajouri Districts, resulted in extra expenditure of ₹0.67 crore.

In terms of *Sadre Reyasat Order* (SRO) 157 of 2001[4], the Jammu and Kashmir State Road Transport Corporation (JKSRTC) was to fix the freight rates on yearly basis in respect of their own fleet for carriage of goods destination-wise. All the Government Departments/ Undertakings were to utilise the services of truck fleet available with JKSRTC in meeting their requirement of vehicles. No objection certificate from JKSRTC was to be obtained invariably before hiring of trucks from the open market.

Audit scrutiny (November 2016) of the records of Director, Food, Civil Supplies and Consumer Affairs (FCSCA) Department, Jammu revealed that although the Transport Department of Jammu and Kashmir Government had accorded sanction for carriage of maximum load of 90 quintals by the trucks carrying essential supplies to Ladakh region, the JKSRTC had fixed the carriage rates of goods in respect of certain destinations which included Rajouri and Poonch at the load of 77 quintals only, lower than even Ladakh region. It was noticed in Audit that for transportation of food grains to various destinations in Poonch and Rajouri Districts, loads in the range of 150 to 220 quintals were transported on 1,003 vehicles during 2014-15 to 2016-17 (October 2016). The carriage charges for these heavy vehicles were not fixed, instead rates as applicable for 77[5] quintal load vehicles were paid for transportation of 1,88,749 quintals of food grains laden on these 1,003 vehicles. On drawing a comparison between the rates paid *vis-a-vis* the rates arrived even for 90[6] quintal load vehicles, the Department had to bear an extra expenditure of ₹0.77 crore[7]. In reply, it was stated (March 2017) that the matter has been taken up with the JKSRTC and the Department will ensure that an amount of ₹0.71 crore is kept withheld from the present claims of the JKSRTC till the matter is sorted out.

It was also noticed in Audit that the Director, FCSCA, Jammu deployed 8,690 trucks[8] loaded with 77 quintals instead of loading 90 quintals, for carriage of 6,69,130 quintals[9] of food grains to various areas of Poonch and Rajouri Districts

4 Dated 26 April 2001

5 From June 2013: ₹1.0150 per quintal per kilometer; revised from 30 December 2015: ₹1.1571 per quintal per kilometer

6 From June 2013: ₹0.8232 per quintal per kilometer and from 30 December 2015: ₹0.938448 per quintal per kilometer

7 Since rates for 150 to 220 quintals load vehicles were not fixed, the excess payment has been worked out on the basis of comparison drawn between the rates paid for 77 quintal load vehicles *vis-a-vis* the rates arrived for 90 quintal load vehicles

8 JKSRTC own fleet: 3,000; Private Contractor hired through JKSRTC: 5,690

9 5,34,380 quintal up to December 2015 and 1,34,750 quintals thereafter

during 2014-15 to 2016-17 (November 2016). Since the carriage rates arrived for the 77 quintal load vehicle was more in comparison to the rates for 90 quintal load vehicle, the Department had to bear an extra expenditure of ₹0.67 crore[10]. In reply, it was stated (March 2017) that transportation was done through JKSRTC and payments were released against their bills. It was also stated that clarifications have been sought from the JKSRTC and necessary action shall be taken after the receipt of their clarifications. The reply is not tenable, as by loading lesser quantities of food grains on vehicles, the Department had to incur extra expenditure as such the objective of economy in spending was not ensured. Besides, the rates in respect of all the categories of vehicles according to the load carriage capacity should have been fixed so as to ensure carriage of foodgrains at economic rates.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

3.3 Extra expenditure and deprival of Central sugar subsidy

Failure to procure sugar for public distribution at lowest rates led to extra outgo of ₹9.23 crore on the Government exchequer. Besides, the State was deprived of Central sugar subsidy of ₹62.79 crore and sugar could not be distributed to consumers through Targeted Public Distribution System, for around five months.

The State Level Purchase Committee (SLPC) in the Food, Civil Supplies and Consumer Affairs Department, while evaluating (September 2015) tenders for procurement of sugar for the period October 2015 to September 2016 noticed that the lowest bidder had offered the rate of ₹39,870 per MT. However, after negotiations[11], the bidder agreed on a negotiated rate of ₹38,600 per MT and the Committee referred the matter to the Finance Department for their concurrence. The Finance Department declined its concurrence and informed (October 2015) that budgetary provisions for subsidising sugar could not be increased under any circumstances and the Department needs to consider either re-tendering or find an alternate mechanism for purchase of sugar through some Central Public Sector Undertakings (PSUs) and ensure that price of sugar is equal to or less than the prevailing market rate. It was also suggested that the Department can devise a mechanism whereby the Central subsidy of ₹18.50 per kilogram available can be transferred to the eligible consumer’s account and allow them to purchase from open market, which would prevent leakages and reduce the administrative costs. It was observed from minutes of meeting dated 19.11.2015 that the Directors of Jammu and Kashmir, Food Civil Supplies and Consumer Affairs Department who were members of SLPC expressed their disagreement on direct transfer of subsidy as digitalised, know your consumer (KYC) details of beneficiaries were not available.

10 Vehicles of private contractor: ₹44.36 lakh; JKSRTC vehicles: ₹22.48 lakh

11 Held on 12th and 20th October 2015

It was seen in Audit that the instructions of the Finance Department were not followed and the Department extended the existing contract[12] for procurement of sugar at the rate of ₹36,860 per MT for next three months from October 2015 to December 2015. The Department procured 20,955 MTs of sugar at the rate of ₹36,860 per MT during November 2015 to March 2016. Records also showed that the Department had invited (May 2016) e-tenders for procurement of sugar and the lowest bidder had quoted the rate of ₹43,370 per MT which was negotiated to ₹42,900 per MT. However, without seeking the concurrence of the Finance Department before the approval of rate, the Department procured 29,940.412 MTs of sugar at the rate of ₹42,900 per MT during June 2016 to September 2016.

A comparison of procurements made by the Department during November 2015 to March 2016 and June 2016 to September 2016 with reference to the rate of ₹38,600 per MT negotiated with the lowest bidder in the initial tendering process but was not adopted, revealed that the Department had incurred an extra expenditure of ₹9.23 crore[13]. Thus, the departmental failure to procure sugar for public distribution at lowest rates led to minimum extra outgo of ₹9.23 crore on the Government exchequer.

It was also noticed in Audit that against the Central sugar subsidy of ₹154.55 crore[14] due to the State at the rate of ₹18,500 per MT for the annual procurement of 83,544 MTs[15] of sugar for Targeted Public Distribution System during October 2015 to September 2016, only ₹91.76 crore[16] were received. This was owing to the delay in finalising the procurement. Thus, the State was not only deprived of Central sugar subsidy of ₹62.79 crore, but also sugar could not be distributed to consumers through targeted public distribution system for around five months.

On being pointed out in Audit, the Secretary Food, Civil Supplies and Consumer Affairs Department stated (December 2016) that the initial tender for procurement at the rate of ₹38,600 per MT was cancelled on the instructions of the Finance Department. Due to non-finalisation of tender, sugar was not distributed to people for five months and the Department could not claim the Central sugar subsidy. The reply, however, does not justify procurement of sugar at higher rate of ₹42,900 per MT without obtaining concurrence of the Finance Department and was also silent with regard to non-observance of the instructions of Finance Department.

The matter was referred to the Government in May 2017; reply was awaited (December 2017).

12 For the period October 2014 to September 2015

13 (20,955 MTs @ ₹36,860 per MT=₹77,24,01,300) plus (29,940.412 MTs @ ₹42,900 per MT= ₹1,28,44,43,675) minus (50,895.412 MTs @ ₹38,600 per MT= ₹1,96,45,62,903)

14 83,544 MTs @ ₹18,500 per MT= ₹1,54,55,64,000

15 Worked out on the monthly allocation of 6,962 MTs for 12 months during October 2015 to September 2016

16 October-December 2015: ₹38,63,91,000; January-March 2016: Nil; April-June 2016: ₹14,48,55,000; July-September 2016: ₹38,63,91,000,

3.4 Misappropriation of food grains

Comparison between quantities of food grains issued as per the stock issue registers of the sub-store Reasi with the records of 19 Fair Price Shops showed that 2,495.14 quintals of food grains meant for Public Distribution System were not distributed among the targeted beneficiaries and resulted in misappropriation of ₹19.10 lakh.

Distribution of food grains[17] among targeted beneficiaries under Public Distribution System (PDS) in the State is made by the Food, Civil Supplies and Consumer Affairs (FCSCA) Department, through FPSs and Government Ration Depots (GRDs). The food grains issued from the Principal Distribution Centres (PDCs)/ sub-stores of the Department are lifted by the Fair Price Shops (FPS) against the advance payments of the subsidised costs. The transportation cost incurred by the FPS holders and commission is reimbursed subsequently on submission of reimbursement claims.

Cross-check of stock issue registers of sub-store Reasi of (FCSCA) Department with the reimbursement claims of transportation charges submitted by the respective FPS holders which were duly certified by the Departmental officers, revealed that as against 5,288.52 quintals[18] of food grains issued to 19 FPS[19] during July to December 2015, only 2,793.38 quintals[20] were lifted and accounted for by the respective FPS. This indicated that 2,495.14 quintals[21] of food grains valuing ₹39.11 lakh[22] meant for public distribution were not distributed by the respective FPS among the targeted beneficiaries and has resulted in misappropriation to the tune of ₹19.10 lakh[23].

On being pointed out in Audit (January 2017), no reply was provided by the Department.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

3.5 Short-remittance of sale proceeds of food grains

Failure of Assistant Directors Food, Civil Supplies and Consumer Affairs Department, Budgam, Kupwara and Reasi to remit the sale proceeds of additional food grains as per prescribed rates resulted in short-remittance of ₹1.15 crore.

Jammu and Kashmir Food, Civil Supplies and Consumer Affairs Department (FCSCAD), decided (March 2016) to provide additional food grains at the rate of two kg per head, over and above the National Food Security Act (NFSA) entitlements to

---

17 Rice, Wheat, *Atta* and Sugar

18 Rice: 1,806.68 quintals, Wheat: 1,749 quintals, *Atta*: 1,642.34 quintals and Sugar: 90.50 quintals

19 Lamsora-II, Kanjli, Sersuindian, Chapanoo, Tanda, Bhagadar, Barote, Bakal, Sujandhar, Trintha, Zero more, Kundra, Bagga, Seela, Gran, Karwa, Khankhass, Lamsora-I and Salal

20 Rice: 1,181.35 quintals, Wheat: 945.83 quintals, *Atta*: 592.20 quintals and Sugar: 74 quintals

21 Rice: 625.33 quintals; Wheat: 803.17 quintals; *Atta*: 1,050.14 quintals and Sugar: 16.50 quintals

22 Calculated on the basis of Minimum Support Price (MSP) rates of FCI (Rice: 625.33 quintals @ ₹2,007.46 per quintal=₹12,55,325; Wheat and *Atta*: 1,853.31 quintals @ ₹1400 per quintal=₹25,94,634 and Sugar: 16.50 quintal @ ₹3,680 per quintal= ₹60,720)

23 MSP value of food grains (₹39.11 lakh) minus amount shown deposited in the stock register (₹20.01 lakh)

individuals belonging to Below Poverty Line Priority Household (BPL-PHH), Priority Household (PHH) and Non-Priority Household (NPHH) categories at rates[24] prescribed in the Government order. The State Government also decided (April 2016) to implement the Mufti Mohammad Sayeed Food Entitlement Scheme (MMSFES) in Jammu and Kashmir State with effect from 1st July 2016. Under this scheme, additional five kilograms of food grains per soul over and above the NFSA entitlements for all categories[25] of bonafide ration card holders having family size from one to six subject to maximum of 35 Kgs per family was to be provided at prescribed[26] rates. In partial modification to these orders, it was decided (July 2016) that the rates mentioned in the earlier order shall be effective from 1st October 2016.

I. Audit scrutiny (January 2017) of the records of the Assistant Director, FCSCAD, Budgam revealed that against the sale proceeds of ₹1.66 crore[27] due in respect of 11,034.35 quintals of rice distributed under MMSFES, during October 2016, only ₹1.10 crore[28] were remitted into the Government account. This has resulted in short-remittance of sale proceeds of ₹0.56 crore.

Similarly, scrutiny (February 2017) of the records of the Assistant Director, FCSCAD, Kupwara, revealed that against the sale proceeds of ₹100.43 lakh[29] due in respect of 6,695.44 quintals of rice distributed under MMSFES, during October 2016, only ₹66.95 lakh[30] were remitted into the Government account, thereby resulting in short- remittance of ₹0.33 crore.

On being pointed out in Audit, the Assistant Director, FCSCAD, Kupwara stated (March 2017) that the revised rates under MMSFES could not be implemented due to late receipt of Government order. However, the Assistant Director FCSCAD, Budgam stated (October 2017), that the Department will investigate the matter and recover the under recovered amount from the delinquent store keepers.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

II. Scrutiny (January 2017) of records of the Assistant Director, FCSCAD, Reasi revealed that against the sale proceeds of ₹36.49 lakh[31] due to be remitted in respect of sale of 2,298.42 quintals of additional rice distributed during May to August 2016 to three different categories of beneficiaries, only ₹10.08 lakh[32] were remitted by four[33] Tehsil Supply Officers (TSOs) of the Department. Non-remittance of sale proceeds by these TSOs in accordance with the prescribed rates fixed in the

---

24 BPL-PHH (Rice: ₹12 per kg; Wheat: ₹10 per kg); PHH: (Rice: ₹20 per kg; Wheat: ₹13 per kg); NPHH: (Rice: ₹25 per kg; Wheat: ₹18 per kg)

25 Below Poverty line (BPL), Priority Household (PHH) and Non-Priority Household (NPHH)

26 Wheat: ₹12 per Kg; *Atta*: ₹13 per Kg and Rice: ₹15 per Kg

27 11,034.35 quintals at the rate of ₹1,500 per quintal: ₹1,65,51,525

28 11,034.35 quintals @ ₹1,000 per quintal=₹1,10,34,350

29 6,695.44 quintals @ ₹1,500 per quintal=₹1,00,43,160

30 6,695.44 quintals @ ₹1,000 per quintal=₹66,95,440

31 NPHH: 407.04 quintals @ ₹2500= ₹10,17,600, PHH: 740.22 quintals @ ₹2,000= ₹14,80,440, BPL-PHH: 422.45 quintals plus PHH: 728.71 quintals @ ₹1,000= ₹11,51,160

32 NPHH: ₹4,07,040, PHH: ₹4,74,209 BPL-PHH: ₹1,26,735

33 Arnas/ Dharmari, Mahour, Pouni and Sungri/ Chassana

Government orders has resulted in short-remittance of ₹26.41 lakh[34]. The matter was discussed with the Assistant Director, but the formal reply was awaited.

The matter was referred to the Government in May 2017; reply was awaited (December 2017).

Health and Medical Education Department

3.6 Pradhan Mantri Swasthya Suraksha Yojana

The purpose of Upgradation of Government Medical Colleges was not achieved as all the Super Specialties had not been fully established. Some medical services/ facilities installed had not functioned and remained out of order rendering expenditure of ₹8.57 crore incurred thereon unfruitful and ₹3.12 crore wasteful. Out of 592 medical equipment procured for two GMCs, 336 medical equipment (57 *per cent*) costing ₹40.97 crore were not traceable/ non-available, not installed, non-functional or had got damaged in floods. There were shortages of trained specialist Doctors and Nursing and Paramedical staff/ Technicians in both the super specialty hospitals.

3.6.1 Introduction

The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY) was announced on 15 August 2003 with the objective of correcting the imbalances in the availability of tertiary care hospitals/ medical colleges providing super specialty services and to improve the quality of medical education in India. In Jammu & Kashmir State, Government Medical College (GMC) Jammu and GMC Srinagar were approved for Upgradation programme under Phase-I of the Scheme and covered three aspects (a) Construction works (b) Procurement of medical equipment and (c) Providing manpower. The civil works for construction of Super Specialty block of GMC Jammu and for Institute of Traumatology (Super Specialty block) of GMC Srinagar had been executed by the Central Public Works Department (CPWD) while the medical equipment were procured for the Hospitals both by the CPWD and M/s HLL Life Care Limited. The manpower was provided by the State Government.

The implementation of 'Upgradation of GMC Jammu and Srinagar' under Phase-I of the PMSSY was reviewed in Audit by test-check of records of Principal GMC Jammu, Principal GMC Srinagar, Medical Superintendent (MS) Super Specialty Hospital (SSH) Jammu and MS, SSH Srinagar during April-August 2017.

3.6.2 Financial Management

GMC Jammu and GMC Srinagar were taken up for Upgradation under PMSSY each at a cost of ₹135 crore with Government of India (GoI) share of ₹115 crore and State share of ₹20 crore. The Central share was released directly by the Ministry of Health & Family Welfare, GoI to the CPWD and M/s HLL Life Care Limited.

[34] Arnas/ Dharmari: ₹6.58 lakh, Mahour: ₹5.13 lakh, Pouni: ₹0.45 lakh and Sungri/ Chassana: ₹14.25 lakh

Against an amount of ₹197.99 crore[35] released during 2007-08 to 2016-17 under PMSSY for GMC Jammu and GMC Srinagar an expenditure of ₹165.41 crore[36] was incurred by the CPWD. Further, expenditure of ₹78.10 crore was incurred by M/s HLL Life Care Limited for procurement of medical equipment and furniture (GMC Jammu: ₹35.92 crore and GMC Srinagar: ₹42.18 crore) directly released by the Ministry. Out of total State share of ₹40 crore, an expenditure of ₹26.29 crore was incurred by the State Government whereas ₹13.71 crore was released to CPWD for procurement of medical equipment under the Scheme during the period 2007-08 to 2016-17.

3.6.3 Status of Upgradation of GMCs

3.6.3.1 Status of Upgradation of GMC Jammu

The Upgradation of Government Medical College Jammu under PMSSY envisaged creation of 15 Super Specialities[37] in the existing GMC. It also involved construction of 220 bedded Super Specialty Block at GMC Jammu by the CPWD. The Hospital building was handed over to the Hospital authorities in March 2013. All the Super Specialities were functional in GMC Jammu.

3.6.3.2 Status of Upgradation of GMC Srinagar

The Upgradation of GMC, Srinagar envisaged creation of an Institute of Traumatology (Trauma and Oral & Maxillofacial Surgery) alongwith nine Super Specialities[38]. The construction of "Institute of Traumatology including civil development and internal electric installation" was executed by the CPWD and completed in July 2015. The building was handed over to the Department (Hospital authorities and Hospital Engineering wing) in July 2015. The building has the capacity of 220 beds in six wards[39]. Audit noticed (July 2017) that only Gastroenterology Department had been fully established whereas Urology, Nephrology and Neuro-surgery were made partly functional in the SSH Srinagar. The remaining six Super Specialities including Institute of Traumatology (Trauma and Oral & Maxillofacial Surgery) had not been established (July 2017).

The Medical Superintendent, SSH, Srinagar stated (August 2017) that some support services got damaged in September 2014 floods which were not repaired in time and delayed the starting of Super Specialty hospital. The support services installed by CPWD were not complete upto May 2016. It was also stated that shifting of various specialities to SSH was under competence of Principal/ Dean GMC Srinagar.

---

35 Central Share: ₹184.28 crore; State Share: ₹13.71 crore

36 Central Share: ₹152.96 crore; State Share: ₹12.45 crore

37 Six Super Specialities (Neuro Surgery, Cardio Vascular Thoracic Surgery, Urology, Neurology, Cardiology and Nephrology) to be located in the new block and remaining nine Super Specialities (Gastro-Intestinal Surgery, Plastic Surgery, Paediatric Surgery, Surgical Oncology, Gastroenterology, Endocrinology, Pulmonary Medicine, Clinical Haematology and Medical Oncology)

38 Neuro Surgery, Cardio Vascular Thoracic Surgery, Plastic Surgery, Paediatric Surgery, Urology, Neurology, Cardiology, Gastroenterology and Nephrology.

39 Including casualty ward of 24 beds, observation ward of eight high dependency beds, Medical ICU and Cardiology, ICU of 16 beds besides surgical ICU of 10 beds and recovery ward of 12 beds, etc.

However, the fact remains that the building was handed over in July 2015 but adequate steps were not taken to make all the super specialities functional.

3.6.4 Status of works executed for Super Specialty Block at GMC Jammu

3.6.4.1 Non-functional CSSD equipment

The Central Sterile Services Department (CSSD) is an integrated place in hospitals and other health care facilities that performs sterilisation and other actions on medical devices, equipment and consumables; for subsequent use by health workers in the operating theatre of the hospital and also for other aseptic procedures[40]. An expenditure of ₹1.41 crore was incurred by the Executive Engineer, Central Division-II CPWD Satwari, Jammu on the installation of CSSD equipment at GMC Jammu under PMSSY and the work had been completed by the Contractor in August 2012 and handed over to hospital in March 2013.

Audit noticed that the Principal GMC, Jammu intimated (July 2015) the Chief Engineer, CPWD Jammu that CSSD equipment was out of order and could not be maintained due to non-availability of Annual Maintenance Contract (AMC) and other related documents which were lying with the Firm. Further, it was noticed that the load of sterilisation of various equipment and linen of the Super Specialty block was taken by the Medical Superintendent, GMC Hospital, Jammu due to non-functioning of CSSD equipment and the Hospital incurred an expenditure of ₹0.13 crore on procurement of two sterilisation equipment in March 2017. The purpose for which the CSSD equipment had been installed was thus not achieved, rendering the entire expenditure of ₹1.41 crore incurred thereon unfruitful, besides, resulting in extra avoidable expenditure of ₹0.13 crore. The matter was brought to the notice of the Principal GMC, Jammu in June 2017, who constituted (August 2017) a Committee of officers for providing detailed replies on the Audit observation but the reply was awaited (December 2017).

3.6.4.2 Non-functional CCTV cameras

The Executive Engineer (Electrical), Jammu and Srinagar Hospital Electric Division CPWD, Jammu had incurred ₹0.17 crore on 'Providing CCTV System' (with 32 cameras) in the Super Specialty Block of GMC, Jammu and the Hospital building was handed over to the Hospital authorities in March 2013. However, in September 2013, the Assistant Executive Engineer, MH&CH[41] Sub-Division-II GMC, Jammu reported that the CCTV System were not handed over by the CPWD to the Sub-division and were also not functioning. Audit noticed that the CCTV System was not functioning (July 2017) thus, rendering the entire expenditure of ₹0.17 crore incurred thereon unfruitful. The matter was brought to the notice of the Principal GMC, Jammu in July 2017, who constituted (August 2017) a Committee of officers for providing detailed replies on the Audit observation but the reply was awaited (December 2017).

---

40 Catheterisation, wound stitching and bandaging in a medical surgical, maternity or paediatric ward
41 Mechanical and Central Heating

3.6.4.3 Non-maintenance of inventory of medical and non-medical furniture

According to Rule 8-23 of Jammu and Kashmir Financial Code, all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government servant who should see that the quantities are correct and their quality is good, and record a certificate to this effect. The Executive Engineer, Central Division-II CPWD Satwari, Jammu incurred an expenditure of ₹1.66 crore on supply of furniture[42] during 2010-13 in connection with Upgradation of GMC Jammu out of the Central share. Audit noticed that no stock entries of these furniture items were recorded, neither had these articles been inventoried nor their stock records maintained by the Hospital Management.

Further, according to Rule 8-28 of J&K Financial Code, physical verification of all stores must be made at least once every year under rules prescribed by the Head of the Department. However, such physical verification of these medical and non-medical furniture articles had not been done. The Hospital Management was not in a position to explain the factual installation of medical and non-medical furniture in various sections/ wings of the Hospital and their actual status was also not known.

As per terms of the contract/ agreement with the supplier, the medical furniture and Hospital furniture installed was to be under maintenance for the period of service warranty of two years and the contractor/ firm was to attend to faults during this period free of cost. In the absence of any stock inventory, the Hospital Management could not avail this facility of contract clause. The matter was brought to the notice of the Principal GMC, Jammu in June 2017, who constituted (August 2017) a Committee of officers for providing detailed replies on the Audit observation. The Medical Superintendent, SSH, Jammu while impressing (October 2017) upon the Medical Officer, Stores and the Store Keepers to provide stock registers of medical and non-medical furniture, directed for physical verification of the equipment in each Department. Further progress in the matter was awaited (December 2017).

3.6.4.4 Non-functional Fire Fighting and Fire Alarm systems in the Hospital

In connection with Upgradation of GMC, Jammu the Executive Engineer (Electrical), Jammu and Srinagar Hospital Electric Division CPWD, Jammu incurred an expenditure of ₹1.05 crore on execution of work of Fire Fighting system and ₹0.82 crore on Fire Alarm System during 2009-13. Audit noticed (June 2017) that the Fire Fighting and Fire Alarm systems installed in the Hospital had not been functioning. The purpose for which the Fire Fighting and Fire Alarm systems were installed had not been achieved thereby, rendering the entire expenditure of ₹1.87 crore incurred thereon unfruitful. The Medical Superintendent, SSH, Jammu reported in March 2017 that the CPWD authorities had given the inventory of fire hydrant system but the physical demonstration had never been given and that since the start of the Hospital the fire hydrant system had remained non-functional. Audit

---

[42] Medical furniture (value: ₹83.31 lakh, 17 items; quantity: 672 Nos) and Non-medical furniture (Value: ₹83.03 lakh, 30 items; quantity: 1,229 Nos)

noticed that the fire clearance certificate had not been obtained and the inspection of Fire safety system of the Hospital was also not carried out. There is a risk with regard to the safety of the building and its occupants in the event of any fire. The matter was brought to the notice of the Principal GMC, Jammu in June 2017, and the matter was referred (August 2017) to a Committee, but the reply was awaited (December 2017).

3.6.5 Status of works executed for Institute of Traumatology (Super Specialty Block) at GMC Srinagar

3.6.5.1 Non-functional EPABX/ LAN/ CCTV Systems in the Hospital

The Executive Engineer (Electrical), Jammu & Srinagar Hospital Electric Division CPWD Jammu incurred an expenditure of ₹1.18 crore during 2013-15 on "Providing of EPABX system/ LAN system and CCTV system" in connection with construction of Institute of Traumatology for GMC, Srinagar. Audit noticed that the EPABX system/ LAN system and CCTV system installed in the Hospital had not been functioning and remained non-functional and idle since their installation thus, rendering the expenditure of ₹1.18 crore incurred thereon unfruitful.

3.6.5.2 Non-functional Fire Fighting and Fire Alarm systems in the Hospital

In connection with the construction of Institute of Traumatology (Super Specialty Block) for GMC Srinagar, the Executive Engineer (Electrical) Jammu and Srinagar Hospital Electric Division CPWD, Jammu incurred ₹1.49 crore on execution of work of Fire Fighting system and ₹0.59 crore on Fire Alarm System. Audit noticed that the Fire Fighting and Fire Alarm systems installed in the Hospital had not been functioning since their installation, rendering the expenditure of ₹2.08 crore incurred thereon unfruitful. Fire clearance certificate was not obtained by the Department and the inspection of Fire safety system of the Hospital was also not carried out. There is a risk with regard to the safety of the building and its occupants in the event of any fire.

3.6.5.3 Non-functional Hospital Lifts

The Executive Engineer (Electrical), Jammu and Srinagar Hospital Electric Division CPWD, Jammu incurred an expenditure of ₹0.84 crore upto 2013-14 on 'Providing and installation of five hospital lifts' in connection with construction of Institute of Traumatology for GMC Srinagar. The Hospital authorities, however, claimed (April 2017) that only four lifts had been installed in April 2016. Out of four lifts installed, only two were functional and the remaining two were non-functional. It was further observed that the lifts were under Comprehensive Maintenance Contract (CMC) with the manufacturers for five years after completion of one year guarantee period after installation. The two non-functional lifts were not made operational despite of being under CMC.

3.6.5.4 Non-functional 'Hot water system' and 'Solar water heater' in the Hospital

An amount of ₹0.53 crore had been incurred during 2013-14 on Hot water system with HSD fired boiler (₹0.43 crore) and solar water heater (₹0.10 crore) in connection with construction of Institute of Traumatology for GMC Srinagar. Audit noticed that the Hot water system and solar water heater installed in the Hospital had not been functioning since their installation, rendering expenditure of ₹0.53 crore incurred thereon unfruitful.

After this was pointed out in Audit, the Principal GMC, Srinagar took up (July 2017) the matter regarding non-functioning of these facilities in SSH Srinagar with the Chief Engineer CPWD, Jammu. The Medical Superintendent, SSH, Srinagar stated (August 2017) that Fire fighting system, Fire alarm system, telephone exchange, CCTV cameras, lifts, etc. were not ready and had not been handed over to the Hospital authority.

3.6.6 Procurement of medical equipment

Medical equipment costing ₹104.55 crore[43] were procured for the Hospitals by M/s HLL Life Care Limited (₹78.10 crore[44]), CPWD (₹24.16 crore[45]) and GMC Jammu (₹2.29 crore) out of funds directly released by GoI and also from the State share released under PMSSY.

3.6.6.1 Status of medical equipment - GMC Jammu

The position of medical equipment supplied by M/s HLL Life Care limited and CPWD under the Scheme for GMC Jammu, during the period 2008-09 to 2017-18, their position of installation and status is indicated in the following table:

Table-3.6.1: Position of Medical equipment – GMC Jammu

(₹ in crore)

No. of medical equipment supplied	Cost of medical equipment supplied	No. of medical equipment installed	No. of medical equipment not installed	No. of medical equipment not traceable
315	45.51	189	65	61

Out of 315 medical equipment valuing ₹45.51 crore supplied, only 189 equipment (60 *per cent*) were installed in various Sections/ Departments of GMC Jammu and SSH Jammu and 65 equipment (value: ₹5.24 crore) had not been installed (June 2017) rendering expenditure incurred thereon unfruitful. It was further seen that out of 189 medical equipment installed, 36 equipment (19 *per cent*) valuing ₹2.03 crore were non-functional/ out of order. Moreover, 61 medical equipment valuing ₹2.77 crore were not traceable in the Hospitals as detailed below:

43 GMC Jammu: ₹52 crore and GMC Srinagar: ₹52.55 crore
44 GMC Jammu: ₹35.92 crore and GMC Srinagar: ₹42.18 crore
45 GMC Jammu: ₹13.79 crore and GMC Srinagar: ₹10.37 crore

(i) Cross-check of records relating to medical equipment supplied by M/s HLL Life Care Limited with the stock registers of General Store of SSH, Jammu and records of concerned Heads of Departments of GMC, Jammu revealed that five medical equipment valuing ₹1.71 crore had not been accounted for in the records and were not traceable/ available in the Hospitals.

(ii) 52 medical equipment valuing ₹1.02 crore supplied by M/s HLL Life Care Limited and four equipment (value: ₹3.81 lakh) supplied by the CPWD though entered in the Stock register of General Store of SSH, Jammu and shown issued to various Medical Departments of the College were not available/ traceable in these Departments.

Audit further noticed that ₹2.29 crore was incurred by GMC, Jammu out of State share on procurement of 25 medical equipment which were not found accounted for in the records/ stock registers and were not traceable either in the SSH, Jammu or GMC, Jammu. Details of procurement of these equipment including procurement agency and payment particulars were not furnished to Audit.

The matter was brought to the notice of the Principal GMC, Jammu in June 2017, who constituted (August 2017) a Committee of officers for providing detailed replies on the Audit observation but the reply was awaited. In the absence of further reply, misappropriation of Government assets cannot be ruled out. The Medical Superintendent, SSH, Jammu impressed (October 2017) upon the Medical Officer, Stores and the Store keepers to provide stock registers of medical equipment and directed for physical verification of these equipment in each Department. Further progress in the matter was awaited (December 2017).

3.6.6.2 Status of medical equipment - GMC Srinagar

The position of medical equipment supplied by M/s HLL Life Care limited and CPWD under the scheme for GMC, Srinagar during the period 2008-09 to 2014-15, their status and position of installation is indicated in the following table:

Table-3.6.2: Position of Medical equipment – GMC Srinagar

(₹ in crore)

No. of medical equipment supplied	Cost of medical equipment supplied	No. of medical equipment reportedly destroyed in Floods	No. of medical equipment not traceable	Cost of medical equipment not traceable
252	48.10	43	82	4.04

Out of 252 medical equipment valuing ₹48.10 crore supplied, 43 medical equipment (17 *per cent*) valuing ₹23.89 crore were damaged in the floods of September 2014. However, the store records had not been got reconstructed and also no physical verification of medical equipment had been carried out to ascertain factual position of medical equipment. Cross-check of records relating to medical equipment supplied by M/s HLL Life Care Limited and joint inspection carried out by Audit with the officials of the GMC, Srinagar revealed that 82 medical equipment valuing ₹4.04 crore supplied during 2008-09 to 2012-13 were not traceable in various

Departments/ hospitals of the College. It was also noticed that 24 medical equipment (10 *per cent*) valuing ₹0.71 crore supplied by M/s HLL Life Care Limited and CPWD though installed were non-functional/ out of order.

After this was pointed out in Audit, the Principal GMC, Srinagar forwarded (July 2017) Audit observations to the Chief Engineer CPWD, Jammu and Medical Superintendent, SSH, Srinagar for providing a comprehensive report in this regard. Thereafter the Principal GMC, Srinagar constituted (October 2017) a Committee to verify and ascertain the factual position regarding medical equipment received under the Scheme, non-traceable/ damaged medical equipment, etc. Further progress in the matter was awaited (December 2017).

3.6.6.3 Non-installation of integrated modular operation theatres-GMC Srinagar

M/s HLL Life Care Limited supplied (July 2012) three modular pre-fabricated operation theatres alongwith integrated equipment with OT light and pendants at a cost of ₹4.45 crore[46] in the GMC, Srinagar and was responsible for supply, installation, testing and commissioning of the equipment. Pre-fabricated Operation theatres were installed in the Super Specialty block at GMC, Srinagar whereas integrated equipment with OT light and pendants were not installed. During physical inspection carried out with the officials of the GMC, Srinagar, Audit was informed that the integrated equipment with OT light and pendants had got destroyed in the September 2014 floods with the result the Modular Operation Theatres could not be operationalised. The Principal GMC, Srinagar submitted (December 2014) the loss assessment report[47] of ₹1.80 crore for the damaged equipment to the Government. However, the damaged equipment had not been rectified and installed in the Hospital. Non-installation of integrated modular operation theatres for over two years deprived the deserving patients of specialised medical care besides, resulting in destruction of equipment accessories in floods rendering expenditure of ₹3.12 crore wasteful and ₹1.33 crore as unfruitful. After this was pointed out in Audit, the Principal GMC, Srinagar forwarded (July 2017) audit observations to the Chief Engineer CPWD, Jammu and Medical Superintendent, SSH, Srinagar for providing a comprehensive report in this regard. Further progress in the matter was awaited (December 2017).

3.6.7 Human resources management

3.6.7.1 Shortage of personnel - GMC Jammu

The State Government accorded (April 2010 and April 2012) sanction for creation of 821 posts[48] for the Super Specialities at GMC, Jammu for upgradation under PMSSY. However, effective position of staff during 2013-14 to 2016-17 was between 46 *per cent* and 52 *per cent* of the sanctioned posts. It was also noticed in Audit that

46 Theatre: ₹1.33 crore and Integrated equipment: ₹3.12 crore

47 Prepared by the Supplier Company M/s Karl Storz Endoscopy India Pvt. Ltd.

48 Professors, Associate Professors, Assistant Professors, Lecturers, Registrars, Assistant Surgeons, Technical supervisors, Technicians, Nursing & Paramedical staff, Attendants (Nursing orderlies), administrative/ ministerial staff, etc.

- During 2013-14, none of the Specialist Doctors including Professors, Associate Professors, Assistant Professors and Lecturers were posted to the 15 Upgraded Departments but only Registrars and Assistant Surgeons were posted to these Departments.
- During 2014-15 to 2016-17, shortfall of Specialist Doctors together with the Registrars and Assistant Surgeons ranged between 22 *per cent* and 100 *per cent*.
- Shortfall of Nursing and Paramedical staff/ Technicians was between 37 *per cent* and 42 *per cent* during 2013-17.

Thus, the purpose of Upgradation of GMC Jammu was not achieved as trained specialist Doctors were not posted in full strength in all the Departments which were further marred by shortages of Nursing and Paramedical staff alongwith Technicians. For filling of vacant posts, adequate steps were not initiated. The matter was brought to the notice of the Principal GMC, Jammu in July 2017, but the reply was awaited (December 2017).

3.6.7.2 Shortage of personnel – GMC Srinagar

The State Government accorded (April 2010 & April 2012) sanction for creation of 949 posts[49] for Institute of Traumatology and Allied Super Specialities at GMC, Srinagar for upgradation under PMSSY. The effective position of staff against these posts (as of March 2017) was only 549 (58 *per cent*). Shortage of Specialist Doctors including Professors, Associate Professors, Assistant Professors and Lecturers was 84 *per cent* whereas 90 posts (50 *per cent*) of Registrars, Demonstrators and Assistant Surgeons were vacant. Further, 203 posts of Nursing and Paramedical staff (33 *per cent*) and 20 posts of administrative staff (44 *per cent*) remained vacant *vis-a-vis* sanctioned posts. Thus, the purpose of Upgradation of GMC, Srinagar was not achieved as there were shortages of trained specialist Doctors and Nursing and Paramedical staff. For filling of vacant posts adequate steps were not initiated. The matter was brought to the notice of the Principal GMC, Srinagar in August 2017, but the reply was awaited (December 2017).

3.6.8 Conclusion

The purpose of Upgradation of GMCs was not achieved as all the Super Specialities had not been fully established. Some medical services/ facilities like CSSD equipment, CCTV cameras, Fire Fighting and Fire Alarm systems, Lifts, Hot water system/ Solar Water Heater and Integrated modular operation theatres installed in the Super Specialty Blocks (SSB) of GMCs, Jammu and Srinagar had not functioned and remained out of order. Further, medical equipment procured for two GMCs were either not traceable/ non-available, not installed, non-functional or had got damaged in floods. Also, there were shortages of trained specialist Doctors and Nursing and Paramedical staff/ Technicians in both the SSHs.

---

[49] Professors, Associate Professors, Assistant Professors, Lecturers, Registrars, Assistant Surgeons, Technical officer, Cardiographer, Technicians, Nursing and Paramedical staff, Attendants (Nursing orderlies), Administrative/ Ministerial staff, etc.

The matter was referred to the Government in September 2017; reply was awaited (December 2017).

3.7 Unfruitful Expenditure on construction of Ayush Hospital

Departmental failure to seek prior permission from the Lakes and Waterways Development Authority, before taking up the construction works of integrated Ayush Hospital and Wellness Centre at Harwan, resulted in unfruitful expenditure of ₹three crore, blocking of ₹3.38 crore and creation of liability of ₹2.75 crore.

Building Operations regulation provide that every person intending to undertake or carry out the development of any site or erect or re-erect any building in any Municipal area of Srinagar and local area of Srinagar not included in the Municipal area of Srinagar shall give a notice of his intention in writing in a prescribed format duly supported with certain documents to the Chairman, Building Operation Controlling Authority. The Authority shall either grant the permission, subject to such terms and conditions as may be specified in the order or refuse to grant the permission on such grounds as may be specified and recorded. In case the applicant has fulfilled all the formalities and the Authority has not decided the notice of intent of the applicant within a maximum period of 90 days from the date of application, the permission shall be deemed to have been accorded provided the proposed construction does not violate certain prescribed conditions and does not come in the alignment of the green belt.

A Detailed Project Report (DPR) for construction of a double story 50 bedded integrated Ayush Hospital and Wellness Centre at Harwan situated in the green belt at an estimated cost of ₹7.51 crore was submitted (October 2012) by the Chief Engineer (CE), Public Works, Roads & Buildings (PW, R&B), Kashmir to the Director, Indian System of Medicine (ISM), Jammu and Kashmir Government. The Chief Engineer, PWD, R&B, Kashmir allotted (January 2014) the work to a contractor at a cost of ₹4.04 crore for its completion within a period of 500 days.

Scrutiny of records of the Executive Engineer (EE), PW (R&B) Construction Division 2nd Srinagar, revealed that the construction work started on 01 May 2014 was suspended with effect from 21 October 2015 on the Court directions. Prior permission of Lakes and Waterways Development Authority (LAWDA)[50] was not obtained before taking up the construction work. Although the contractor had approached LAWDA for seeking permission for carriage of construction material, the same was denied (May 2014) by LAWDA and had also directed the Executive Engineer and Director, ISM to obtain the necessary building permission before carrying out any construction at site. However, without obtaining the building permission, an expenditure of ₹5.75 crore including a liability of ₹2.75 crore had been incurred on incomplete[51] construction works. The building permission sought subsequently from

50 Authority responsible for giving the building permission in the area where the construction site was situated

51 First floor up to slab level and brick masonry of ground level

LAWDA was rejected (November 2016) on the grounds that the Building Permission Authority cannot regularise the structures constructed before seeking proper permission. It was also confirmed (August 2017) by the Directorate, ISM that the Government of India had released an amount of ₹6.38 crore for this project in December 2011, out of which, ₹three crore were released to R&B Department and the balance ₹3.38 crore were lying in the bank account[52]. Thus, failure to seek prior permission for construction resulted in unfruitful expenditure of ₹three crore, blocking of ₹3.38 crore for more than five years, creation of liability of ₹2.75 crore and denial of benefits of the Project.

On this being pointed out, the EE, PW (R&B) Construction Division 2nd Srinagar stated (December 2016) that the work was started as per the orders of the higher Authorities with the intimation that necessary clearance from LAWDA is being obtained. It was also stated that the higher Authorities are in touch with the LAWDA Authorities for obtaining the necessary permission so that the expenditure can be made productive by way of starting the work on the project. The reply is not tenable, as LAWDA has informed that Building Permission Authority cannot regularise the structures constructed before seeking proper permission.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

3.8 Unauthorised functioning of healthcare institutes and non-realisation of revenue

Failure to renew the licenses of the Nursing Homes/ Clinical establishments and recover the licenses renewal fee resulted in unauthorised functioning of these establishments and non-recovery of revenue of ₹0.44 crore.

Jammu and Kashmir Nursing Homes and Clinical establishments (Registration and Licensing) Act, 1963 regulate the system of registration and licensing of Nursing Homes and Clinical establishment in the State. Section 3 of the Act envisage that no person shall open, keep or carry on the Nursing Homes or Clinical establishments without being registered in respect thereof and except under and in accordance with the terms of a license granted therefor. The Department of Health, Family Welfare and Medical Education issued norms for registration and licensing of Nursing Homes and Clinical establishments 2006, modified in March 2007[53] for registration and licensing of Nursing Homes and Clinical establishments and prescribed rates for registration/ renewal fee for different healthcare institutes in rural/ urban areas. The registered healthcare institutes were to deposit the renewal fees every three years and health Authorities were at liberty to inspect these institutions at any time in the year.

Audit scrutiny of records of the Directors of Health Services (DHS) Jammu/ Kashmir revealed that out of 1,883[54] healthcare institutes registered in the State, 990[55] (53 *per cent*) had not renewed their licenses on due dates during July 2009 to

[52] No. CD-321
[53] Govt. Order No. 191-HME of 2007 dated 22.03.2007
[54] Jammu: 700; Kashmir: 1,183
[55] Jammu: 359; Kashmir: 631

December 2016. This not only resulted in unauthorised functioning of these health care institutes and non-realisation of license renewal fee of ₹0.44 crore, but also in the life of patients being put to risk since in the absence of timely renewal of licenses, there was no assurance on quality of services provided**.**

The matter was brought to the notice of Government and DHS Jammu/ Kashmir (May 2017) but the reply of Government and DHS Jammu was awaited (December 2017). DHS Kashmir sought (May 2017) the details and functional status of Nursing Homes/ Clinical establishments from the Chief Medical Officers in the Districts. A tentative list of healthcare centres depicting the outstanding amounts was prepared (October 2017) by the Directorate and the Chief Medical Officers were impressed to recover the outstanding liabilities and take action against the defaulting healthcare centres. However, the action taken by the Chief Medical Officers of the Districts was awaited (December 2017).

Higher Education Department

3.9 Unproductive expenditure due to improper human resources planning

Improper human resources planning by the Higher Education Department in deploying four Science faculty members in the Government Degree College Paloura, without giving approval for teaching science subjects in that College resulted in unproductive expenditure of ₹1.53 crore on their salaries.

Government Degree College, Paloura, was granted temporary affiliation in June 2009 by the University of Jammu, for imparting education to Three Year Degree Course in the Subjects of General English, Education, Political Science, Hindi and Urdu for the academic session 2008-09. The permanent affiliation was granted in May 2010 in relaxation of the Statute as a onetime exemption with the condition that annual review of the college be made for the next five years in order to ensure that the College fulfils the minimum eligibility criteria for permanent affiliation including National Academic Accreditation Council (NAAC) accreditation.

Audit scrutiny (July 2016) of the records of the Government Degree College, Paloura revealed that the Higher Education Department posted (June 2013) four faculty members of Botany, Zoology, Chemistry and Physics in the College though Science courses had not been approved to be taught in the college. While the Principal of the college had approached (September 2013, April 2014 and October 2015) the Higher Education Department for sanction to start these four subjects along with Mathematics and Computer Applications, the approval was not granted as of March 2017. One of the Science faculty members was transferred in August 2015, but the other three members continued (December 2016) to be posted in the college. It was also noticed that although there was requirement of faculties under these science subjects in various other Colleges[56], the services of Science faculty posted in Paloura College were not utilised there. Thus, improper human resources planning in the

[56] Government College for Women Parade Jammu: Chemistry, Degree College R.S.Pora: Chemistry and Zoology, Government Degree College Akhnoor: Botany, Chemistry and Physics

Department has rendered the expenditure of ₹1.53 crore[57] incurred during June 2013 to December 2016 on payment of salaries of four Science faculty members as unproductive.

On being pointed out (July 2016), the Principal Government Degree College, Paloura stated that the services of the Science faculty members were utilised in different Committees of the college for smooth functioning of the institution, exam duties, compiling of newsletter etc. The reply is not tenable, as the faculties did not discharge the core teaching function of the respective subjects for which they were appointed. Besides, the extracurricular activities were to be performed by the faculty members in addition to their teaching functions.

The matter was referred to the Government in April 2017 and in reply it was stated (July 2017) that the admission process for Science stream was affected due to delay in vacating the administrative block at old University complex identified for the College. The position could not be monitored by the Administrative Department due to gutting of records. It was also stated that the Government has now granted (April 2017) the sanction to introduce Science stream in the College. The fact remains that delay of four years in introducing the Science stream in the College has led to unproductive expenditure of ₹1.53 crore on payment of salary to Science faculty members of the College who were not imparting education on Science subjects.

Home Department

3.10 Embezzlement of Government money

Non-observance of prescribed control procedures, failure to check the correctness of the bills, bank advices and non-reconciliation of the bank statements resulted in an embezzlement of ₹10.03 lakh.

Rules 6-23 to 6-26 of Jammu & Kashmir Financial Code (JKFC) Volume-1, provide instructions with regard to payment of arrear pay bills, maintenance of acquittance rolls and disbursement of moneys drawn on monthly bills. Further, Rule 2-47 of JKFC provides the responsibilities for overcharges on drawer of the bill, countersigning and controlling officer as well as the Treasury officer.

Test-check of records of the Assistant Director Fire & Emergency Service Command, Pulwama revealed that an excess amount of ₹3.95 lakh on account of salary of retired employees or non-existing staff, inadmissible allowance, arrears of pay or dearness allowances etc. was fraudulently drawn from the treasury during the months of May, June, August, October, November and December of 2013, for which the records with regard to disbursement could not be ascertained. In order to clarify this issue, Audit cross-checked the office copies of bank Authority slips sent by the Command to bank for disbursement to the payees, with reference to the bank statements as well as with the copies of bank Authority slips received by the bank. It was noticed in test-check that by manipulating 21 bank Authority slips sent to the bank, actually, an amount of ₹10.03 lakh had been irregularly withdrawn from the official bank account during

[57] 2013-14: ₹28.42 lakh; 2014-15: ₹43.07 lakh; 2015-16: ₹45.89 lakh; 2016-17: ₹35.58 lakh

June 2013 to February 2014 and disbursed/ credited to two[58] ineligible persons who did not figure in the list of payees as per cash-book or drawal register maintained by the Command. The irregularity resulted due to non-observance of prescribed control procedures, failure to check the correctness of the bills, bank advices and non-reconciliation of the bank statements.

On this being pointed out (July 2016), the Assistant Director Command stated (November 2016) that the then Cashier had been placed under suspension (September 2016) and the case has been referred to the Crime Branch Kashmir for investigation. It was also stated (May 2017) that the Departmental enquiry Committee confirmed improper and undue claims of ₹10.03 lakh made by inserting bogus names in the bills. The Committee found that certain official records were missing and recommended that a special Audit of the Command be conducted by the Director General Audit & Inspection of the State.

The matter was referred to the Government/ Department in June 2017 and in reply the Director Finance Home Department stated (August 2017) that the matter is under investigation with the Crime Department and a special Audit of the command is in progress. While admitting the serious lapse on the part of Drawing/ Disbursing Officer for non-observance of rules and regulations, it was stated that the conduct of the cashier who diverted Government money into his personal/ brother's account by unfair means was of criminal nature. It was also stated that the recovery could not be made as the cashier has approached the Court and got a stay order, but the Director, Fire & Emergency Services was directed to take steps for early vacation of stay order.

Information Technology Department

3.11 Infrastructure preparedness for implementation of National e-Governance Plan

Against the approved outlay of ₹212.10 crore for implementation of six schemes under the National e-Governance Plan (NeGP), ₹60.38 crore (28 *per cent*) were released by Government of India (GoI) to the State. Balance outlay of ₹151.72 crore (72 *per cent*) could not be received as the confirmation regarding contribution of 20 *per cent* State share had not been provided to GoI. Overall fund utilisation during 2012-17 was only 41 *per cent* as on 31 March 2017. Objective of providing connectivity under State Wide Area Network (SWAN) project could not be achieved as against the amount of ₹15.25 crore received for implementation of this project, ₹6.90 crore were surrendered and ₹7.92 crore remained blocked. Complete potential of State Data Centre (SDC) was not being utilised in absence of SWAN and backend computerisation of user Departments. Failure to firm up the requirements jeopardised the work on the State Service Delivery Gateway (SSDG) project. Implementation of the Common Service Centres project was impacted due to lack of coordinated efforts in ensuring availability of services, absence of a reliable connectivity, lack of awareness/ sensitisation and delays in rollout process. The objectives of making all the Government services accessible to the common man in his locality under NeGP could not be achieved in Jammu and Kashmir State over a period of around 10 years.

[58] Nisar Ahmed Dar: ₹8.91 lakh; Nazir Ahmed Dar: ₹1.12 lakh

3.11.1 Introduction

National e-Governance Plan (NeGP) was approved (May 2006) by the Government of India (GoI) to make all Government services accessible to the common people in their locality through common service delivery outlets and ensure efficiency, transparency and reliability of such services at affordable costs. NeGP implementation involved setting up of common support IT infrastructure, such as State Wide Area Network (SWAN), State Data Centres (SDCs), Common Service Centres (CSCs) and Electronic Service Delivery Gateways (ESDGs).

The Department of Information Technology (DIT) of Jammu and Kashmir State headed by Commissioner Secretary has a consultative and guiding role relating to e-Governance in the State. The Jammu and Kashmir e-Governance Agency (JaKeGA) was registered (2009) under the Registration of Societies Act VI of 1998 with 28 objectives and functions. JaKeGA was to design, deliver and administer e-Governance projects and also to facilitate establishment of e-service centres throughout the State through suitable Public-Private Partnerships (PPPs). The management of JaKeGA is vested in a Board of Governors (BOGs) comprising 14 members[59] headed by the Chief Secretary.

Audit on Infrastructure preparedness for implementation of NeGP covering the period from 2012-13 to 2016-17 was conducted between April 2016 and July 2017 by test-check of records of JaKeGA, Department of Information Technology (DIT) and by visit/ survey of 116 CSCs (out of 1109 rolled out) in 10 Districts[60].

3.11.2 Financial Management

National e-Governance Action Plan (NeGAP) comprised six schemes namely, State Data Centres (SDCs), State Service Delivery Gateway (SSDG), State Wide Area Network (SWAN), e-District, Common Service Centre (CSC) and Capacity Building (CB) which were solely funded through Grant-in-aid and Additional Central Assistance from the GoI between 2009-10 and 2014-15. However, since 2015-16 the GoI made the schemes optional to the Jammu and Kashmir (J&K) State with Central and State funding in the ratio of 80:20. The Department of Electronics and Information Technology (DEIT), GoI, asked (November 2015) the J&K State to provide its confirmation regarding continuation of these schemes as well as contribution of 20 *per cent* State share. No confirmation has been given by the State Government.

As against the total outlay of ₹212.10 crore for six schemes, the GoI had released ₹60.38 crore (28 *per cent*) and the balance of ₹151.72 crore (72 *per cent*) had not been released (March 2017) by the GoI. Further, the State could not receive any funds from the GoI during 2015-16 and 2016-17, as the confirmation regarding continuation of the schemes and arranging 20 *per cent* State share had not been provided to the DEIT.

59 Ex-Officio members: Nine; Nominated members: Four; Co-opted member: One
60 Budgam, Baramulla, Ganderbal, Jammu, Samba, Udhampur, Kathua, Reasi, Bandipora and Anantnag

It was also noticed in Audit that against the amount of ₹60.38 crore[61] released by the GoI, only ₹55.92 crore were shown received by the State Government. Reasons for the difference of ₹4.46 crore released by the GoI but not accounted for by the State Government were not explained.

The year-wise position of funds, which were received and spent on the implementation of NeGP in the State during the period covered in current Audit from 2012-13 to 2016-17 is depicted below:

Table-3.11.1: Position of funds received and expenditure

(₹ in crore)

Year	Opening balance	Receipts	Total availability	Expenditure	Closing balance	Percentage utilisation
2012-13	35.83	(-) 5.75[62]	30.08	10.03	20.05	33
2013-14	20.05	10.42	30.47	3.33	27.14	11
2014-15	27.14	11.10	38.24	5.15	33.09	13
2015-16	33.09	--	33.09	2.27	30.82	7
2016-17	30.82	--	30.82	0.62	30.20	2
Total		**15.77**	**51.60[63]**	**21.40**		**41**

It was observed that against the total fund availability of ₹51.60 crore during 2012-17 only ₹21.40 crore (41 *per cent*) were spent and the remaining ₹30.20 crore (59 *per cent*) were unspent as of March 2017. The year wise utilisation of funds during 2012-13 to 2016-17 ranged between two and 33 *per cent*.

It was also observed (June 2016/ July 2017) that an amount of ₹0.69 crore meant for implementation of four projects[64] had been irregularly diverted for meeting the expenditure on items like repair of vehicles, office renovation, petrol oil lubricants, etc., (₹0.58 crore), Centralised Personal Information System (CPIS) and Community Information Centre (CIC) schemes (₹0.11 crore) not related to implementation of these projects. Further, an amount of ₹0.49 crore relating to CSC, SSDG and e-District schemes had been classified under suspense and was pending final settlement.

Thus, financial management in implementation of the NeGP was weak, as the Department/ JaKeGA has not taken up the implementation seriously and has not spent the funds of ₹30.20 crore as on March 2017 received from the GoI and for last two years (2015-16 and 2016-17) has not taken up the matter of implementation of the NeGP on sharing basis with the GoI. Further, an amount of ₹1.18 crore from NeGP has either been diverted or kept in suspense.

3.11.3 Implementation of State Wide Area Network (SWAN)

A State Wide Area Network (SWAN) to interconnect State Headquarters with District, Tehsil and Block headquarters was to be established for the purpose of

[61] Includes amounts received prior to 2012-13

[62] Amount surrendered ₹6.90 crore under SWAN to GoI less amount of ₹1.15 crore (e-District: ₹0.50 crore; SSDG: ₹0.65 crore) received

[63] Opening balance of ₹35.83 crore as on 2012-13 plus ₹15.77 crore received during 2012-17 is equal to ₹51.60 crore

[64] SWAN ₹36.94 lakh; SDC ₹21.29 lakh; SSDG ₹10.23 lakh; CSC ₹0.41 lakh

delivering Government to Government (G2G) and Government to Citizen (G2C) services. The State had an option either to involve the PPP model for outsourcing establishment, operation and maintenance of the network or designate National Informatics Centre (NIC) as the prime implementing agency for SWAN.

The Department initially designated (October 2005) the NIC as the implementing agency for establishment of JKSWAN and the project was Administratively Approved (January 2008) at an estimated outlay of ₹51.99 crore to be implemented over a period of five years. However, after the approval of Bill of Material (BoM) submitted (July 2009) by NIC, it was decided (September 2009) to select PPP model as implementing option. The revised project under PPP was approved (June 2010) at a cost of ₹58.71 crore, an increase of ₹6.72 crore, with GoI share of ₹33.09 crore and State share of ₹25.62 crore. A Request for Proposal (RFP) floated by JaKeGA for selection of system integrator for implementation of the SWAN (October 2011 and August 2012) failed to materialise and the Board of Governors (BoG) directed (January 2014) to re-tender the project. The lowest bid for ₹224 crore, among two bids received (March 2014), however, turned out to be almost four times the sanctioned cost of ₹58.71 crore, thereby stalling the whole process. The JaKeGA was advised (October 2015) to prepare fresh RFP by lowering down the cost to a realistic level and restricting the scope/ specifications at some locations. The JaKeGA reported (July 2017) that the fresh RFP has been prepared and the State Government has approached (April 2017), GoI, for extension of the project upto 2020; the approval was awaited (July 2017).

As against an amount of ₹15.25 crore received during 2009-10 for implementation of this project, an expenditure of ₹0.43 crore had been incurred on miscellaneous items of expenditure. To avoid blocking of further funds by GoI for other projects, the JaKeGA surrendered ₹6.90 crore to DEIT during 2012-13. However, the balance amount of ₹7.92 crore[65] was not surrendered to DEIT, GoI and remained held up due to non-taking up of the project.

Thus, the envisaged objective of providing connectivity under the project has not been achieved due to not rolling out of the SWAN for last eight years due to ill-planning and shifting policy of the Government.

3.11.4 Utilisation of State Data Centre (SDC)

The State Data Centre (SDC) project was sanctioned (March 2009) at an estimated outlay of ₹37.05 crore and was to be implemented by the JaKeGA over a period of five years. Funds of ₹13.14 crore[66] were received from the GoI during 2009-10 to 2014-15, against which an expenditure of ₹10.99 crore had been incurred. There was an unspent balance of ₹2.15 crore[67] under this project as of March 2017.

65 Does not include interest if any earned on amount held in bank account
66 2009-10: ₹6.14 crore; 2013-14: ₹5.00 crore; 2014-15: ₹2.00 crore
67 Does not include interest earned on the amount kept in the bank accounts

Audit observed that the complete potential of the SDC set up in 2013, with a total Storage Area Network (SAN) of 40 terabyte (TB) to host large scale Application and Data services, was not being utilised in absence of SWAN and the back-end computerisation of the user Departments, as only three TB out of 40 TB (eight *per cent*) of the SAN was being used. Further, despite utilisation of only eight *per cent*, the storage capacity was further augmented (April 2016) to 102.5 TB without immediate requirement, which has resulted in an unnecessary expenditure of ₹0.63 crore.

Audit further observed that in contravention to the Guidelines issued by the DEIT, GoI stipulating existence of a well-defined Disaster Recovery and Business Continuity Plan (DR&BCP) along with appropriate data backup and recovery infrastructure, the JaKeGA had not taken any initiative for Disaster Recovery Plan. Though data replicator had been procured (July 2015) at a cost of ₹0.32 crore, the same was not installed (July 2017).

Thus, not only the SDC scheme has unspent amount of ₹2.15 crore, even 37 TB of the SAN capacity created initially by the Department/ JaKeGA (out of 40 TB) was un-utilised and then an unnecessary expenditure of ₹0.63 crore was incurred to augment the storage capacity to 102.5 TB, resulting in further idle SAN storage capacity of 99.5 TB. Moreover, expenditure of ₹0.32 crore spent for data replicator is idle for the last one year.

3.11.5 Implementation of State Service Delivery Gateway (SSDG)

The project envisaged development of applications and infrastructure required for the deployment of State Portal (SP) and State Service Delivery Gateway (SSDG) for the State. This would enable citizens to download forms and submit their applications electronically with the help of "electronic forms" hosted on the State Portal (SP) and routed through a common SSDG. The SSDG project was sanctioned (March 2009) at a total cost of ₹9.69 crore for its implementation over a period of four years. A Memorandum of Undertaking (MoU) was signed (February 2011) with the Centre for Development of Advanced Computing (C-DAC) to implement the project in the J&K State at an agreed cost of ₹8.74 crore. As part of the project, the C-DAC was to develop the State portal, e-service portal, e-form application for 30 e-services identified by the Department and provide post implementation operation and maintenance support for three years. Deficiencies noted in the implementation of the project are discussed in following paragraphs:

3.11.5.1 Adhocism in selection of services

As per the implementation guidelines issued by the DEIT, GoI as a prerequisite for implementation of SSDG, the State Government was to identify services and departmental locations requiring connectivity/ computing infrastructure and was to prioritise Departments and services taking into account the high volume services, Mission Mode Projects (MMPs) already identified under NeGP, or any other service for citizens' relevance.

As per the MoU (February 2011) executed with the C-DAC, 30 e-Services of eight Departments[68]were identified by the IT Department of the State. However, the Department replaced (January 2012) a few low volume Services with high priority and high volume ones under the Public Services Guarantee Act (PSGA) 2011 and identified only 21 Services. In the process, the Services pertaining to six[69] new Departments were added in the identified list while as Services involving four Departments were deleted. Subsequently, the IT Department communicated (October 2015) a fresh set of 42 Services covering 13 user Departments to the implementing agency, which included those Departments which were deleted earlier (January 2012). Failure of the JaKeGA/ Department in firming up the requirements even after a lapse of more than six years jeopardised the work on the project and resulted in delay/ non-delivery of intended services to the Citizens under the programme.

While accepting the Audit contention (June 2016) of inconsistent changes in Services, it was attributed to some of the line Departments having initiated their own MMPs by the time the project proceeded further.

3.11.5.2 Non-formalisation of agreements with user Departments

The State was required to obtain the commitment of participating Departments through the Apex Committee headed by the Chief Secretary and formalise an agreement with those Departments who had agreed to offer their services electronically. This was a condition precedent to actual implementation.

Audit observed that the JaKeGA had not signed any MoU with the identified user Departments for providing G2C services through Common Service Centres (CSCs), resulting in lack of involvement and accountability of user Departments in delivery of its services in an integrated manner. Lack of coordination and accountability of user Departments can also be gauged from the fact that as per the feedback given by the C-DAC, (November 2015), four[70] out of eight Departments, had expressed reservations in switching over to e-form application through SSDG citing that the Departments had already initiated process for online services or were online or have some technical constraint in appointing a nodal officer for the same.

In reply (June 2016), it was stated by the Director Finance that the Department after finalising e-service for line Departments prepared a gap analysis document, which was sent to the identified Departments for approval after which Functional Requirement Specification/ System Requirement Specification and other work related to development of e-service was done. The reply is evasive, as in absence of any formal MoU with line Departments, the agency could not ensure their involvement and commitment. C-DAC in a communiqué (November 2014) attributed the delay in

---

68 Agriculture/ Horticulture, Consumer Affairs and Public Distribution, Health and Medical Education, Forest/ Fisheries, Election, Rural Development, Social Welfare and Employment Department

69 Power Development Department, Public Health Engineering Department, Revenue, Housing and Urban Development Department, Information Department and Public Service Commission

70 Power Development Department, Election Department, Rural Development Department and Revenue Department

project to lack of awareness among the line Departments, which in turn delayed the information gathering process.

3.11.5.3 Misutilisation of Gap Infrastructure

As per the MoU (February 2011), 191 units of gap infrastructure in the form of Computing and Connectivity infrastructure (comprising Computers, Printers, Scanners, UPS and Furniture) was to be provided by the C-DAC at the identified departmental locations across the State. However, as per the revised MoU executed (August 2015) with the C-DAC, the responsibility of procurement of hardware and software related to SSDG and State Portal, including hardware and connectivity infrastructure, at various departmental offices and locations was transferred to the JaKeGA.

Audit observed that the JaKeGA had effected purchases (January 2013) of 300 units (each of laptops, printers and scanners) by stipulating a particular brand (HP) for ₹1.68 crore from a local vendor[71] chosen arbitrarily in violation of Rule 9.2 read with 18 (i) of the J&K Financial Code and the CVC guidelines. In terms of the Memorandum of Association (MOA) of JaKeGA, procurements of ₹ one crore and above were to be made on the approval of Board of Governors (BoG). There was neither any justification on record to indicate the reasons advising the C-DAC to cancel the supply order, nor any agenda note for deliberations in the BoG for amendment in the MoA authorising the JaKeGA to make the said purchases involving more than ₹one crore.

It was further observed that out of 300 units of Laptops, Scanners and Printers which were purchased, 160 units had been distributed to three Departments[72]. Balance 92 units were distributed to ineligible persons[73]and in 48 cases the names of recipients were not recorded by the JaKeGA.

On being pointed out, it was stated (June 2016) that the purchases were made because the C-DAC could not purchase despite placing order. The reply is to be seen in the light of the fact that the purchase of more than ₹one crore had been made in advance of the revised MoU without the concurrence of BoG and in violation of financial rules/ the CVC guidelines. Besides, the units were purchased in excess of the project requirement and had been distributed to ineligible persons.

Thus, the JaKeGA/ Department lost four years in deciding the Services to be delivered electronically, which has adversely impacted the implementation of the NeGP and the benefits to the people. Further, due to lack of coordination and proper planning, the user Departments could not be brought on board for effective implementation of the NeGP and the implementation of SSDG including misutilisation of gap infrastructure.

---

71 Cyber Citi Technologies, Srinagar Kashmir

72 Social Welfare, Health & Medical Education, Forest

73 State e-Mission Team (SeMT) members (09), Secretaries (05), Project Managers of JaKeGA (03), Directors/ Assistant Directors (08), Minister of State (01), 14th Finance commission (03), newly recruited KAS Officers (15), Cyber Citi (15), Drivers (25), Security (08)

3.11.6 Operationalisation of Common Service Centres (CSCs)

The Common Service Centres (CSCs) project was administratively sanctioned (March 2009) at an estimated outlay of ₹39.92 crore, which was revised (March 2014) to ₹40.72 crore. As against the amount of ₹20.56 crore shown received from GoI for CSCs, an expenditure of ₹8.34 crore only had been incurred and there was an unspent balance of ₹12.22 crore lying with the State Government as of March 2017. The scheme envisaged a three tier implementation structure comprising the local Village Level Entrepreneur (VLE) to service the rural consumer in a cluster of 5-6 villages, Service Centre Agency (SCA) to operate, manage and build the VLE network and business in one or more Districts and a State Designated Agency (SDA) to facilitate implementation of the Scheme within the State and to provide requisite policy, content and other support to the SCAs.

The JaKeGA was appointed (June 2010) as the State Designated Agency (SDA) and the Jammu and Kashmir Bank Limited as the Service Centre Agency (SCA) for implementation of the scheme. A Master Service Agreement (MSA) was signed (February 2009) with the Jammu and Kashmir Bank Limited as the sole SCA for implementation/ rollout of 1,109 CSCs in the State for a period of four years.

3.11.6.1 Non-availability of Government to Citizen Services

In order to ensure the sustainability of the CSCs, a bouquet of Government to Citizen (G2C) services was to be launched for delivery through CSCs. Audit observed that though the matter regarding framing of a generic Service Level Agreement (SLA) for service delivery and a mutual agreement between the concerned line Departments and the J&K Bank Limited was deliberated (February 2010) upon in a high level meeting to discuss the roll out plans, the Bank had not signed MoU/ SLA with the identified user Departments for providing G2C services through CSCs resulting in lack of involvement and accountability of user Departments in delivery of G2C services. Due to the absence of core computerisation of user Departments, the identified 42 services were not available at any of the CSCs visited by Audit between May 2016 and July 2017. In the absence of rollout of all G2C services, the centres had been reduced to extension counters of the J&K Bank Limited providing off line services for loan documentation and account opening for the J&K Bank Limited.

In reply, it was stated (July 2017) that six services[74] have been launched, three more services are ready to be rolled out and 15 services have been sent (August 2016 to June 2017) for Standardisation Testing and Quality Certification (STQC), whereas five services are under development with the C-DAC Mumbai. The fact, however, remains that only Business to Citizen (B2C) services were presently being offered and keeping in view the pace of implementation of the schemes, launch of G2C services seems to be a far cry.

[74] Of Health & Medical Education Department, Employment Exchange and Social Welfare Department

3.11.6.2 Absence of Connectivity

As per the implementation guidelines, Common Service Centres (CSCs) were to be broad band internet enabled and the State was to formalise a plan for last mile connectivity to the CSCs. Since SWAN was not ready, the SDA was to select the right telecom provider(s) to connect the CSCs.

The work of supplying the VSATs required for the purpose of establishing connectivity, was awarded to M/s Bharti Airtel. There were three cost components of this work (1) Equipment Cost of 600 VSATs: ₹217.83 lakh (2) Installation charges per VSAT: ₹9,000 (3) Annual recurring cost for connectivity of 2 MBPS Bandwidth and Annual Maintenance Cost (AMC): ₹97.76 lakh per annum. VSATs were to be connected through pooled bandwidth of 2 MBPS purchased from vendor M/s Bharti Airtel.

Equipment cost and installation charges were to be borne by the Village Level Entrepreneurs (VLEs), either out of their own sources or as component of CSC Finance availed by the VLEs for establishing the centre. Annual recurring cost of connectivity and AMC cost was to be borne by J&K Bank Limited for period of four years from the date of establishment of the Common Service Centres.

Audit observed that VSATs were not functional in 113 out of 116 CSCs checked by Audit between May 2016 and July 2017. VLEs were using personal broadband, USB dongles, mobile hotspot or Wi-Max for internet connectivity.

In reply it was stated (July 2017) that a fresh RFP has been sent to higher authorities for approval.

The fact remains that the agency/ IT Department has failed to pursue the connectivity issue with the BSNL for over a period of about 10 years, which is corroborated by the fact that funds to the tune of ₹1.46 crore released by the GoI in the year 2012-13 for providing connectivity to CSCs continued in the General Account of the agency as of July 2017.

3.11.6.3 Sustainability of CSCs

As per the guidelines for disbursement of revenue support under CSCs scheme issued (October 2007) by the GoI, the CSCs were to be provided support in the form of a ‘Guaranteed Provision of Revenue’. As per the Master Service Agreement (MSA) executed with the J&K Bank Limited, the Government was to pay a revenue support of ₹7,500 per CSC per month to the SCA out of which, a monthly assistance of ₹5,500 was to flow directly to the VLEs and the balance of ₹2,000, earmarked towards connectivity and maintenance charges was to be retained by the SCA.

Test-check/ survey of 116 CSCs by Audit revealed that no revenue support had been provided in respect of 22 CSCs rolled out between 2009 and 2016. Further, absence of connectivity and non-availability of G2C services rendered the CSCs non-viable. The average revenue generation from B2C services ranged between ₹1,000 and ₹50,000 per month in 93 test-checked CSCs, and nil revenue generation in 23 CSCs. The

Commissioner Secretary had suggested (January 2016) to extend support to the CSCs by allotting the work of data entry/ data digitisation of ration cards to CSCs to help them generate revenue adding to their viability. It was decided (February 2011, August 2013) that payment of utility bills of electricity would be made available through CSCs and the J&K Bank Limited was directed to collect electricity bills without any extra charge to the citizens through CSCs (August 2013). However, the service continued to be retained by the J&K Bank Limited as of July 2017.

3.11.6.4 Capacity building and awareness

As per the RFP, it was the responsibility of the SCA to train the VLEs on various aspects of the CSC business, particularly, the delivery of G2C services. The SCA was also to sensitise the villagers about the benefits from the CSC for promoting the use of CSCs through the State-level and local promotion campaigns. However, none of the 116 CSCs visited by Audit were imparted trainings on e-Government modules or entrepreneurship skills. Although, workshops on loan documentation and account opening for financial inclusion were conducted in 75 out of 116 CSCs visited by Audit, no awareness and sensitisation campaign was held and the users were not aware of the project.

Reasons for not holding awareness camps was attributed (June 2016) to non-provisioning of funds. It was also stated that awareness programmes would be done across the State under the SSDG and Digital India Programmes. Further, training would be provided to all VLEs under SSDG and e-District projects.

The fact, however, remains that only Business to Citizen (B2C) services are presently being offered under the SSDG and implementation of the e-District seems to be a far cry, as substantial funds (₹7.94 crore) received under e-District was lying unspent with JaKeGA as of March 2017.

3.11.6.5 Delay in rolling out of CSCs – non-levy of penalty

As per the MSA between the JaKeGA (SDA) and the J&K Bank Limited (SCA), the time frame fixed for 100 *per cent* roll out of 1,109 CSCs was 12 months from the effective date (19th February 2009) of the signing of MSA. The SCA was required to establish and operationalise the CSCs in phases by 12th month. In case of roll out being delayed by four weeks, no revenue support was to be granted during the delayed period, besides, liquidated damages of ₹200 per CSC that had been delayed, per additional day of delay from the schedule, was to be charged.

Audit observed that the SCA had failed to live up to the roll out schedule and only 216 CSCs (out of 1,109) were rolled out within the stipulated time of one year. Remaining 893 CSCs were rolled out (by December 2016) after delays ranging upto 82 months[75]. For violating the terms of the MSA, the SCA was liable to pay liquidated damages of ₹32.83 crore[76], which had not been levied.

[75] March 2010 to December 2016

[76] ₹21.97 crore as worked out by SDA upto June 2013 and ₹10.86 crore from July 2013 to December 2016

In reply, the CEO JaKeGA stated (July 2017) that the penalty, though calculated, could not be levied due to extension of the project deadlines by the DEIT.

The reply is not tenable as the penalties were to be levied as per the MSA between the JaKeGA and the J&K Bank Limited (SCA). Besides, the DEIT in an advisory (December 2013) had also directed the States to utilise the penalties recovered from the SCAs towards revitalising the CSC Scheme or implementation of e-Governance initiatives after approval from the State Apex Committee.

Thus, the implementation of the CSC project was impacted due to lack of coordinated efforts in ensuring availability of services, absence of a reliable connectivity, lack of awareness/ sensitisation and delays in rollout process.

3.11.7 Project monitoring

3.11.7.1 Monitoring of State Data Centre

A Third Party Audit Agency (TPA) was to Audit the implementation, operations and management, security and compliance with standards and processes of the data centre. The Audit report was to form the basis for quarterly payments to the Data Centre Operator (DCO) during the operation phase of five years.

The TPA[77] in its reports had raised observations on the Data Centre Operator (DCO)[78], which amongst others, included non-production of human resource availability reports, non-sharing of educational qualification, experience details of staff deployed for confirmation of deployment of eligible and required number of resources, non-creation of a formal change advisory board, non-establishment of a formal shift handover process for 24x7 support services, etc.

Audit observed (July 2017) that no follow up actions on the observations pointed out by the TPA were undertaken, which indicated lack of control and monitoring.

3.11.7.2 BoG meetings

As against 32 scheduled meetings, the BoG of the JaKeGA had met only 11 times (34 *per cent*) during the period 2009-10 to 2016-17. Consequently, the activities/ programmes undertaken by the JaKeGA could not be adequately monitored by the BoG and had the risk of adversely affecting the decision making ability and accountability of the JaKeGA. The risk could not be more pronounced than in the failure of the Department/ JaKeGA in implementing the NeGP so far.

3.11.8 Conclusion

The objectives of making all the Government services accessible to the common people in their locality under the NeGP could not be achieved in Jammu and Kashmir State after even 10 years. This has happened primarily due to failure of the Department/ JaKeGA in building the required infrastructure and platform such as the SWAN, SDCs, CSCs, ESDGs/ SSDGs, the pre-requisites for implementation of the

77 Deloitte
78 Trimax IT Infrastructure & Services Limited

NeGP. SDCs could not be optimally utilised in the absence of SWAN and availability of G2C services. Due to significant time lag in implementation of infrastructure projects and State Mission Mode projects involving computerisation of line Departments, the CSCs could not be made operational as envisaged. None of the identified 42 services was available at the CSCs surveyed by Audit. As such, despite a lapse of 10 years, NeGP has not been implemented successfully in the State.

The matter was referred to the Government in August 2017; reply was awaited (December 2017).

Irrigation and Flood Control Department

3.12 Blocking and diversion of funds

Departmental failure to acquire land for the lift irrigation scheme before taking up its execution, injudicious purchase of material that could not be utilised for the scheme works for over six years and improper designs of the pump house resulted in blocking of ₹17.17 crore, diversion of ₹0.53 crore and wasteful expenditure of ₹0.23 crore.

For providing irrigation to 1,950[79] hectares of crop area in orchard land at higher contours, the Executive Engineer Irrigation and Flood Control (EE, I&FC) Division Sopore took up (2009-10) the Checki Gugri-Naidhal Orchard lift irrigation scheme, Rafiabad at an estimated cost of ₹28.67 crore (Civil works: ₹15.19 crore; Mechanical works: ₹13.48 crore) under the Accelerated Irrigation Benefit Programme (AIBP) and was to be completed in three years. The scheme envisaged lifting 14 cusec of water from river Jehlum, through a rising main upto first stage delivery tank at RD[80] 3,076 metres and releasing four cusec of water to various storage and sub-storage tanks through network of pipes flowing under gravity. Remaining 10 cusec of water was to be lifted from second stage pump at RD 3,076 metres to main delivery tank at RD 5,513 metres and RL[81] 1,823.54 metres, where from water was to be released to various main storage and sub-storage tanks through network of pipes flowing under gravity. Each sub-main storage tank was to cater to the water demand of 0.45 cusec for every 50 hectares of orchard land.

Scrutiny of records of the EE, I&FC, Division Baramulla[82], with additional information obtained from EE, I&FC Division, Sopore and EE, Mechanical Irrigation Construction Division, Srinagar revealed that an expenditure of ₹17.93 crore[83] has been incurred during 2009-17[84], on procurement of pipe material, Mechanical

79 Kharif crop: 1,500 hectares; Rabi crop: 450 hectares

80 Reduced Distance

81 Reduced Level

82 Charge of the Sub-division executing the works of the scheme was transferred from EE, I&FC Division Sopore to EE, I&FC, Division Baramulla

83 Civil component: ₹8.44 crore; Mechanical component: ₹9.49 crore

84 2009-10: ₹114.08 lakh; 2010-11: ₹500.40 lakh; 2011-12: ₹451.69 lakh; 2012-13: ₹398.53 lakh; 2013-14: ₹187.06 lakh; 2014-15: ₹51.98 lakh; 2015-16: ₹45.04 lakh; 2016-17: ₹44.51 lakh

components/ equipment and incomplete works[85] of the scheme. Although there was a provision for acquisition of 42 *kanals* of land at the cost of ₹0.84 crore in the Detailed Project Report (DPR) of the scheme, the Department paid ₹0.55 crore as compensation of fruit bearing trees and land of pump station at stage 2nd as well as main delivery tank. The land involved from RD 0-760 metres, required for construction of approach road to the pump house, corridor for transmission line and laying of rising main of the scheme had not been acquired (September 2017) as the land owners did not allow the Department to lay the pipe line through the said land. It was also noticed that as against the provision of MS flanged pipes in the DPR, the Department purchased Quick Coupling Collard (QCC) pipes for an amount of ₹320.97 lakh in September 2010 which could not be utilised for the scheme. However, pipe materials costing ₹53.78 lakh was diverted to Rafiabad High Lift scheme and material costing ₹18.45 lakh was sold to one of the sister Divisions. Further, the pump house constructed at stage 1st on which ₹0.23 crore had been spent developed technical problems and sank abruptly due to which the design was changed from well type to simple framed (March 2017). Thus, the Departmental failure to acquire land for the lift irrigation scheme before taking up its execution, injudicious purchase of material that could not be utilised for the scheme works for over six years and improper designs of the pump house resulted in blocking of ₹17.17 crore, diversion of ₹0.53 crore and wasteful expenditure of ₹0.23 crore.

On this being pointed out, the EEs of the concerned I&FC, Divisions stated (December 2014, May 2016, February 2017 and September 2017) that the allied works of the scheme are in progress and the scheme shall be commissioned, soon after the settlement of land and other technical dimensions. It was also stated that the rainwater which gets collected in already constructed zonal/ sub-zonal tanks is being utilised by the farmers. Further, the Divisional Commissioner has also been requested (July 2017) for compulsory acquisition of land[86] required for the scheme. The reply is not tenable, as the Department has not acquired the land at the take off stage of the lift irrigation scheme and had requested for compulsory acquisition of land only in July 2017, due to which the rising main could not be laid and water for the scheme could not be lifted from the source.

The matter was referred to the Government in May 2017; reply was awaited (December 2017).

[85] Earth work: 41 *per cent*; Pump House: 50 *per cent*; Rising main: 46 *per cent*; Delivery tank: 100 *per cent*; Main Zonal tank: 100 *per cent*; Sub-zonal tanks: 93 *per cent*; Sluice valve: Nil; Aqueducts: Nil; Road cuts: 67 *per cent*; Spill ways: Nil etc.

[86] Three *kanals,* five *maralas* and three *Sarsai*

3.13 Blocking of funds on water storage tank

Departmental failure to ascertain the actual area of land required for execution of water storage tank Satarwan and formally obtain prior clearance from the Forest Department before execution of works not only resulted in blocking of ₹5.13 crore, but also made the Department liable for penalty of ₹9.37 crore for violation of Forest Conservation Act 1997.

The Jammu and Kashmir Forest Conservation (JKFC) Act, 1997 and the Rules framed there under provide that the works on projects involving use of forest land should not be started till the State Government has accorded its approval to release of such land. For providing irrigation in the kandi belt of Rafiabad, the Executive Engineer (EE) Irrigation and Flood Control (I&FC) Division Sopore took up the execution of Satarwan Storage Tank at an estimated cost of ₹7.50 crore under the Accelerated Irrigation Benefit Programme (AIBP) in 2009-10. The scheme was envisaged to be completed within three years time period. In the Detailed Project Report (DPR) of the scheme the actual requirement of land was not specified, however, a provision of ₹0.10 crore was kept for land acquisition and compensation of trees etc. The Forest Department issued (December 2010) a sanction for use of one hectare of forest land for this scheme against a compensation of ₹0.19 crore[87] to be paid by the user agency and also directed that the debris be dumped on separate dumping sites.

Scrutiny of records of the EE, I&FC, Division Baramulla[88], with additional information obtained from the EE, I&FC, Division Sopore and the Divisional Forest Officer (DFO) Langate revealed that an expenditure of ₹5.13 crore[89] has been incurred on execution of incomplete works[90] on the scheme during 2009-10 to 2016-17. Against the allotted one hectare of forest land for this scheme, 2.2 hectares of forest land were used for execution of the scheme works and five hectares for dumping of debris. Prior approval of the Government for use of additional land was not sought. The Forest Department objected to further execution of work after November 2013, and demanded additional compensation of ₹9.98 crore[91] which included a penalty of ₹9.37 crore for violation of JKFC Act, 1997. Thus, the Departmental failure to ascertain the actual area of land required for execution of water storage tank and formally obtain clearance from the Forest Department before execution of works not only resulted in blocking of ₹5.13 crore, but also made the Department liable for penalty of ₹9.37 crore for violation of JKFC Act, 1997.

---

87 Net present value: ₹9.91 lakh, Compensatory afforestation: ₹0.50 lakh, Compensation of trees/ poles/ saplings: ₹8.62 lakh

88 Charge of the scheme was transferred from EE, I&FC Division Sopore to EE, I&FC, Division Baramulla in 2012

89 2009-10: ₹108.99 lakh; 2010-11: ₹20.38 lakh; 2011-12: ₹195.12 lakh; 2012-13: ₹76.00 lakh: 2013-14: ₹72.64 lakh; 2014-15: ₹30.63 lakh; 2015-16: ₹6.40 lakh; 2016-17: ₹3.17 lakh

90 Earth work (tank): 71 *per cent*; Earth work (canal): 60 *per cent*; L/ wall: 59 *per cent*

91 Net present value: ₹0.55 crore; Penalty (10 times value of trees ₹93.71 lakh): ₹9.37 crore, Compensatory Afforestation: ₹0.06 crore

On this being pointed out, the EE, I&FC, Division Sopore stated (June 2016 and September 2017) that the work was started in anticipation of clearance from the Forest Department as it did not object to the start of work. The EE, I&FC, Division Baramulla stated (May/ June 2016, February 2017) that the scheme could not be completed due to death of the contractor and the Forest Department disallowed further execution of work after November 2013. The reply is not tenable, as the Department has not ascertained the actual area of land required for execution of the water storage tank and has not obtained prior clearance from the Forest Department before execution of works on the forest land. The DFO Langate informed (March 2017) that no further execution of works will be allowed under any circumstances, without payment of compensation/ damage charges and forest clearance under FCA for additional land.

The matter was referred to the Government in May 2017; reply was awaited (December 2017).

3.14 Unfruitful expenditure on incomplete lift irrigation scheme

Departmental failure to publish the scheme, seek objections/ suggestions from inhabitants/ beneficiaries and identify alternate source for lift irrigation scheme Naidgam resulted in unfruitful expenditure of ₹0.93 crore.

Sections 13 and 14 of the Jammu & Kashmir Irrigation Act, 1978 stipulate that while preparing the irrigation schemes, the estimated cost, realignment of any water course or existing water course, the site of the outlet, the particulars of the owners/ occupiers/ beneficiaries to be benefitted and other person who may be affected is to be set out in the draft scheme. Besides, every irrigation scheme, after its preparation, is to be published so as to invite the objections and suggestions within 30 days. After consideration of such objections and suggestions, the scheme shall be approved either as it was originally published or in such modified form as may be considered fit and publish the same.

The Executive Engineer (EE), Irrigation and Flood Control (IFC) Division, Shopian took up (2005-06) the execution of lift irrigation scheme Naidgam under Accelerated Irrigation Benefit Programme (AIBP) at an estimated cost of ₹0.97 crore (Civil works: ₹0.48 crore and Mechanical works: ₹0.49 crore) to provide assured irrigation facilities to 285 acres of land in six[92] villages of Shopian District. The source of the scheme was *Athgami Khul*, a branch of Sangloo canal. The main components of the scheme were construction of pump house, sump, intake channel, chain link fencing and mechanical/ electrical items and was to be completed within two years.

[92] Ganowpora, Arshipora, Sharatpora, Kutapora, Largam and Nayedgam

Scrutiny of records of the EE, IFC Division, Shopian with additional information obtained from the EE, Mechanical Irrigation Division, Anantnag revealed that an expenditure of ₹0.93 crore[93] has been incurred during February 2006 to March 2014 on construction of pump house, rising main and mechanical components of the scheme. The scheme could not be made functional, because the locals of the adjacent areas objected to the construction work due to prevailing water scarcity and took up the matter in the Court of law. As the Department had not sought objections/ suggestions from the inhabitants/ beneficiaries and published the scheme as prescribed in the Irrigation Act, 1978, the Court had directed (2012) the Divisional Authorities to identify an alternate source of water for the lift irrigation scheme. However, the alternate source for the scheme was not identified (March 2017), and as such expenditure of ₹0.93 crore incurred on the scheme was rendered unfruitful.

On this being pointed out, the EE, IFC Division, Shopian stated that the Department is in touch to solve the problem as per Court directions. It was also stated that the alternative source (Main Sangloo Canal) was identified and L-section for same was submitted (August 2017) to the Mechanical Irrigation Division, Awantipora for ascertaining/ preparing of mechanical component and frame the Detailed Project Report for the scheme for its submission to the higher Authorities. However, the fact remains that the Department had not sought objections/ suggestions from the inhabitants/ beneficiaries, before taking up execution of the work and also could not identify any alternate source for the scheme over the last five years. Departmental failure to take appropriate action has thus, resulted in unfruitful expenditure.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

3.15 Unfruitful expenditure of ₹2.35 crore due to non-completion of irrigation project

Failure of the Department to ensure encumbrance free land before commencement of irrigation project resulted in unfruitful expenditure of ₹2.35 crore and deprived the local populace of the area from the benefits of irrigation scheme.

The State Level Technical Advisory Committee approved (2008-09) construction of lift Irrigation Scheme (LIS), Wanpora under Accelerated Irrigation Benefit Programme (AIBP) at an estimated cost of ₹2.60 crore[94] to provide irrigation facilities to Culturable Command Area (CCA) of 210 hectares of agriculture land in Kulgam District. A Detailed Project Report (DPR) was prepared on the presumption that land owners had agreed not to claim land compensation for which a provision of ₹2.40 lakh was kept. The work was to be completed in 24 months by 2011-12.

93 Civil Works: (2005-06: ₹0.80 lakh; 2006-07: ₹1.50 lakh; 2007-08: ₹0.50 lakh; 2008-09: ₹13.19 lakh; 2009-10: ₹8.07 lakh; 2012-13: ₹11.33 lakh; 2013-14: ₹11.23 lakh), Mechanical works: (2007-08: ₹0.50 lakh; 2008-09: ₹19.81 lakh; 2012-13: ₹13.00 lakh; 2013-14: ₹12.66 lakh)

94 Civil Component: ₹1.53 crore and Mechanical Component: ₹1.07 crore

Scrutiny of records of the Executive Engineer (EE), Irrigation Division, Kulgam showed that the work on the project was taken up in 2009-10 and an expenditure of ₹2.35 crore[95] was incurred on part execution of the work[96] during 2009-14. The project works were halted since April 2014 as the land owners demanded land compensation, as a result thereof, the balance work of laying 165 metres rising mains could not be executed.

Thus, failure of the Department to ensure land free from encumbrance for execution of works of LIS led to abandonment of the work and resulted in unfruitful expenditure of ₹2.35 crore and deprived the local populace of the benefit of the irrigation facility.

On this being pointed out, the EE stated (March 2017) that at the time of formulation of DPR, the locals of the area agreed not to claim land compensation and now after construction of the canal, the Zamindars of the area were not allowing the Department to lay down the rising mains and the work is halted since 2013-14. The reply of the EE was not tenable as the Department has not obtained any written consent from the land owners, acquired the land legally and got it mutated in favour of the Department before execution of the project.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

Power Development Department

3.16 Non-recovery of mobilisation advance and undue favour to a contractor

Departmental failure to take any action against the contractor firm for non-fulfillment of contractual obligations resulted in non-recovery of mobilisation advance of ₹1.88 crore. Performance/ Bank guarantees of ₹5.39 crore provided by the firm for safeguarding against any defaults were neither revalidated nor revoked before their expiry, which led to undue favour to the contractor.

For implementation of Supervisory Control and Data Acquisition/ Distribution Management (SCADA/ DMS) project of Srinagar Town under R-APDRP[97] Part-A, the Chief Engineer (CE) Electric Maintenance and Rural Electrification (EM&RE) Wing Kashmir issued (September 2013) a letter of award (LOA) for appointment as SCADA/ DMS Implementation Agency (SIA) in favour of a firm[98] at a contract price of ₹22.05 crore[99]. The Letter of Intent (LoA) was awarded on 04 September 2013 with completion period of 18 months, i.e., by 04 March 2015. However, a contract

95 2009-10: ₹0.33 crore (Civil component: ₹0.03 crore; Mechanical component: ₹0.30 crore); 2010-11: ₹0.59 crore (Civil component: ₹0.34 crore; Mechanical component: ₹0.25 crore); 2011-12: ₹0.94 crore (Civil component: ₹0.78 crore; Mechanical component: ₹0.16 crore); 2012-13: ₹0.35 crore (Civil component: ₹0.21 crore, Mechanical component: ₹0.14 crore); 2013-14; ₹0.14 crore (Civil component: Nil, Mechanical component: ₹0.14 crore)

96 Procurement of stores including mechanical components, construction of pump house and canal network

97 Restructured Accelerated Power Development Reforms Programme

98 M/s Schneider Electric India Pvt. Ltd.

99 Inclusive of taxes and duties

agreement was signed on 16 April 2014, after a lapse of more than seven months from the award date.

Preliminary activities which were deliverable by the contracting parties included that Power Development Department shall construct SCADA control centre building, upgrade the field infrastructure to make it compatible with SCADA, create new receiving stations under R-APDRP Part-B and identify the locations/ installations of equipment like Ring Main Units (RMUs) etc. The firm was to conduct and seek approval of surveys for 65 substations, finalising Input/ Output (IO) signal list for Remote Terminal Units (RTUs), seek approval for project drawings, GTPs of control centre equipment and the like, integrate Geographical Information System (GIS) data with Distribution Management System (DSM) and conduct Factory Acceptance Test (FAT).

Audit examination (February 2017) of records of the CE, EM&RE, Wing Kashmir, revealed that the firm had not deployed dedicated technical manpower but resorted to temporary gap fill arrangement of resources. Due to this, the establishment of its site office and approval of survey reports and IO signal list of RTUs got delayed and despite lapse of one year, no progress was made. Meanwhile, the firm invoked *force majeure* due to floods in September 2014 and suspended all its project activities. The firm started its project activities in November 2014 and a mobilisation advance of ₹1.88 crore was released (January 2015) against a bank guarantee of ₹2.09 crore. Besides, the firm had also submitted a performance security of ₹3.30 crore. Against the targeted completion by 04 March 2015, the firm sought extension till July 2016, which was granted (July 2015). However, despite extension of the project period, the firm did not perform its activities and was not able to progress the project works.

The Department issued (March 2016) a show cause notice to the firm for encashment of the bank guarantees and for its black listing. However, the bank guarantee of ₹2.09 crore for securing the mobilisation advances and performance guarantee of ₹3.30 crore, valid till May 2016 and November 2016 respectively, were not revalidated (May 2017). Meanwhile, the firm approached the Hon'ble Court of the Additional District Judge, Srinagar, which ordered on 28 March 2016 to maintain the status quo in respect of bank guarantee and performance security. The objections for vacation of the status quo order were filed by the Department after seven months in November 2016 and by that time the performance guarantee and the bank guarantee against mobilisation advance had already expired. Though the Hon'ble Court of Additional District Judge, Srinagar on 28 January 2017 dismissed the original petition of the SIA as withdrawn, the Department failed to file its objections in time and also did not inform the bank about the status quo to be maintained in respect of bank guarantees.

It was decided (April 2016) that the Department will speed up the construction of control centre building at Srinagar and get SCADA enabling works under R-APDRP done in a time bound manner. Based on deliverable dates provided by the Department, the firm was to prepare a revised implementation schedule, which was to be followed by both the parties. The firm submitted a revised implementation schedule (June 2016) with escalation in prices, and attributed the reasons for delay solely on the Department. The Department had not accepted the revision and the firm did not resume (August 2017) the work despite being reminded by the Department in February, March and April 2017.

The firm had retained the mobilisation advance since January 2015 and has not invested any capital back in the project and the bank guarantee had also expired, as a result of which, the Department was not able to recover the mobilisation amount. Besides, the Department had invested ₹five crore in construction of control centre building and was also going to invest ₹35 crore in purchasing SCADA enabling equipment for upgrading the electrical field infrastructure, the contract for which has been allotted to another firm. It is apprehended that in case of non-resumption of project works by the firm, the investment of ₹five crore and ₹35 crore has the risk of not yielding any result and would be rendered wasteful.

Thus, the Department failed to take any action against the firm for non-fulfillment of contractual obligations and recover the mobilisation advance of ₹1.88 crore. Performance and Bank Guarantees of ₹5.39 crore provided by the firm for safeguarding against any defaults were neither revalidated nor revoked before their expiry and the matter was not pursued with the Court for getting the stay vacated, which resulted in undue favour to the contractor at the cost of the public exchequer.

The matter was referred to Government in June 2017 and the CE, EM&RE, Wing Kashmir in his reply stated (August 2017) that the firm is being stressed to re-validate the bank guarantees and remobilisation of resources in the interest of work. The Administrative Department replied (August 2017) that action for fixing responsibility for act of omission and commission would be taken against the responsible official(s). Further, steps are also being taken to revive and complete the project and legal options are being explored to get the guarantees revalidated.

The reply is not tenable and needs to be seen in view of the fact that the firm has not fulfilled the contractual obligations and had retained the mobilisation advance. Further, the bank guarantee against the mobilisation advance as well as the performance guarantee have already expired and have not been revalidated and as such, the Department has no legal recourse to enforce the performance of the contract or secure the mobilisation advance under the contractual terms and conditions.

Public Health Engineering (PHE) Department

3.17 Stores and Stock Management in PHE Department

Improper planning and non-observance of prescribed procedures/ instructions for procurement of water meters/ composite pipes and purchase of V-wire screen without ascertaining the requirements resulted in blocking of ₹3.34 crore, diversion of ₹0.86 crore and unfruitful expenditure of ₹0.20 crore. Supplies against advance of ₹12.01 crore made to various procurement agencies were awaited, and has the risk of impacting the schemes for which the material was requisitioned.

3.17.1 Introduction

The main objective of the Public Health Engineering (PHE) Department is to provide potable and safe drinking water to every household by way of maintenance of existing water supply schemes and executing new schemes under various programmes of the State and Central Government. The Department is also entrusted with the responsibility of executing drilling works for installation of hand pumps and tube wells for providing drinking water facility to the local population besides running and maintenance of filtration plants.

The PHE Department works under the overall administrative control of Commissioner Secretary, PHE, Irrigation and Flood Control Department who is assisted by two Chief Engineers[100] and two District Superintending Engineers[101] to monitor the implementation of various schemes and projects and also for exercising administrative control over the divisions of the respective regions/ Districts.

The material, machinery and equipment necessary for execution and maintenance of various schemes are procured by the Mechanical and Procurement (M&P) Divisions (one each at Jammu and Srinagar), which issue them to user divisions on the basis of requisitions received from them. For procurement of other key construction materials[102] required for execution of civil works, user divisions advance funds to Stores Procurement Department, State Industrial Development Corporation (SIDCO), Small Scale Industries Development Corporation (SICOP), Steel Authority of India Limited (SAIL) and Jammu & Kashmir Cements Limited (JKCL).

An audit was conducted to assess the mechanism adopted by the Department in preparation of procurement plans, purchase, custody and management of stores for their optimum and timely utilisation as well as monitoring and control and for execution of the projects. Records of Commissioner Secretary PHE, Irrigation & Flood Control Department, two Chief Engineers of PHE Department

[100] One each for Jammu and Kashmir Provinces
[101] One each at Leh and Kargil districts
[102] Like Cement, Tor Steel, Barbed Wire and certain other items

and 18[103] divisions (out of 48 divisions[104]) were test-checked in audit during November 2016 and April 2017 covering the period 2014-15 to 2016-17.

3.17.2 Allocation and Expenditure on Store Procurement

There is no separate budgeting for procurement of stores in the Department, but the expenditure for the same is met out of funds received under various plan schemes/ capital budget. The position of total expenditure incurred by the Department, expenditure under plan schemes/ capital budget and funds advanced by user divisions to M&P Divisions for procurement of stores during the period 2014-17 is given below:

Table-3.17.1: Fund flow on procurement of material through M&P Divisions

(₹ in crore)

Year	Total expenditure of the PHE Department	Expenditure on Plan schemes[105]	Funds advanced to M&P Divisions for purchase of material[106]	Material issued by M&P Divisions to user divisions
2014-15	1,389.02	520.39	168.49	194.17
2015-16	1,300.94	304.82	125.04	159.29
2016-17	1,401.42	315.29	134.09	85.68
Total	**4,091.38**	**1,140.50**	**427.62**	**439.14**

(Source: Departmental records)

As could be seen from above, out of total plan/ capital expenditure of ₹1140.50 crore during 2014-17, an amount of ₹427.62 crore (37 *per cent*) had been advanced to M&P Divisions for procurement of stores. Of this, materials valuing ₹439.14 crore had been issued by the M&P Divisions to various user divisions during 2014-17.

3.17.3 Procurement planning and purchase of stores

The works during a particular year are to be taken up for execution by the user divisions on the basis of annual action plans duly approved by the competent authority. It was, however, noticed that no procurement plans had been prepared by the Department on the basis of approved action plans. The funds are randomly placed at the disposal of M&P Divisions by the Chief Engineers and the user divisions without taking into account the value of material actually required for execution of new/ ongoing schemes, execution of maintenance/ repair works and other contingencies. Audit also noticed that the prescribed rules and procedures were not followed by the Department while making purchases as elaborated in the succeeding paragraphs:

[103] Two M&P divisions of Jammu as well as Srinagar, three mechanical divisions of Awantipora, Sopore and North-Jammu, GWD division Jammu and twelve civil divisions of Akhnoor, Kathua, Udhampur, Rajouri, Poonch, Qazigund, City-I Jammu, Kulgam, Sopore, Baramulla, Master Plan Srinagar and Budgam

[104] Selected by using simple random sampling method without replacement

[105] Plan funds were received under CAPEX Budget with effect from 2015-16

[106] Does not include expenditure incurred on local purchases & procurement of stores from agencies other than M&P divisions.

3.17.4 Purchase of Water Meters

3.17.4.1 Blocking of funds on purchase of water meters

Section 13 of the J&K Water Resources (Regulation and Management) Act, 2010 provides for realisation of water usage charges from the consumers at such rate as may be fixed by the Authority on metered basis. In order to comply with the provisions of the Act, the State Government issued (February 2012) instructions for installation of ISI marked water meters within a period of one month.

Audit scrutiny revealed that 27,232 water meters of diameter ranging between 15 mm and 150 mm were purchased[107] in two M&P Divisions, during 2012-13 and 2013-14 at a cost of ₹2.45 crore. However, only 13,289 water meters[108] (49 *per cent*) were issued during October 2012 to March 2015 to various user divisions and the balance, 13,943 water meters[109] valuing ₹1.14 crore were lying unissued (March 2017) in the stores of two M&P Divisions. The warranty period of 12 months from the date of fitment of these water meters or 18 months from their receipt had already expired.

Further scrutiny (January 2017 to April 2017) of records in twelve[110] test-checked user divisions revealed that against 5,594[111] water meters received from two M&P Divisions, only 2,344[112] water meters (42 *per cent*) were shown issued for installation. The balance 3,250[113] water meters valuing ₹0.38 crore were lying in the stores of user divisions for around two years. It was also noticed that out of 2,344 water meters issued for installation, consumer wise details in respect of 1,313 water meters (56 *per cent*) were not made available to audit by three[114] divisions.

As such, improper planning in procurement of water meters without assessing the requirements and ensuring their installation over a period of three years, has resulted in blocking of ₹1.52 crore on account of 17,193 water meters lying unissued in stores of 14 Divisions.

The Executive Engineers of two M&P Divisions stated (November/ December 2016) that water meters could not be issued for want of requisition from the user divisions. The Executive Engineers of seven user divisions[115] stated that Sub Divisional staff will be directed for installation of all the water meters.

The fact remains that neither purchases were based on requirement nor there was monitoring for ensuring that meters purchased and issued were utilised for the purpose resulting in unissued meters valuing ₹1.14 crore and issued but unutilised meters valuing ₹0.38 crore in test-checked Divisions.

---

[107] M&P Jammu: 25,232; M&P Srinagar: 2,000

[108] M&P Jammu: 8,388; M&P Srinagar: 4,901

[109] M&P Jammu: 8,540; M&P Srinagar: 5,403

[110] Akhnoor, Kathua, Udhampur, Rajouri, Poonch, City-I Jammu, Kulgam, Budgam, Sopore, Baramulla, Qazigund and Master Plan Srinagar

[111] Jammu: 4,693; Kashmir: 901

[112] Jammu: 2,160; Kashmir: 184

[113] Jammu: 2,533; Kashmir: 717

[114] Udhampur, Rajouri and Poonch

[115] Kathua, Rajouri, Poonch, City-I Jammu, Sopore, Baramulla and Master Plan Srinagar

3.17.4.2 Purchase of water meters without adequate funds

Rule 2.16 of the Jammu and Kashmir Financial Code Volume-I, provides that no purchases should be made by any Government officer unless necessary funds to cover the charge exists.

Audit scrutiny revealed that M&P Division, Jammu purchased 25,232 domestic water meters during April 2012 to January 2014 at a total cost of ₹2.19 crore and paid ₹2.17 crore to the concerned suppliers. However, the Administrative Department had released (October 2012) only ₹one crore for meeting this expenditure and an amount of ₹0.31 crore was debited out of funds received from various divisions to whom the water meters were issued. To meet the excess expenditure for purchase of water meters, an amount of ₹0.86 crore[116] was irregularly diverted from other schemes/ heads which included ₹0.13 crore[117] received from two divisions which were not issued any water meters.

The Executive Engineer M&P Division, Jammu stated (November 2016) that the balance payment was released out of deposits of user divisions to whom water meters had been issued. The fact however, remains that an amount of ₹0.86 crore was irregularly diverted from schemes/ heads which did not provide for purchase of water meters and two divisions were not issued any water meters.

3.17.4.3 Unfruitful expenditure on installation of water meters

Scrutiny of records revealed that in accordance with the Government instructions (February 2012), 2,344 water meters costing ₹0.20 crore had been shown installed at various consumer installations in twelve[118] user divisions. However, the respective divisions continued to levy and collect water usage charges from these consumers at flat rates[119] instead of actual usage as per the water meters. Thus, the basic purpose for installation of these water meters was not achieved, and the expenditure of ₹0.20 crore was rendered unfruitful.

The Executive Engineers of three Divisions[120] stated that matter will be taken up with the higher authority for initiating necessary action, PHE City-I Jammu stated that steps will be taken to recover water tax as per actual usage, PHE Sopore attributed it to prevailing disturbances in the area and PHE Akhnoor stated that the water meters wherever installed had become non-functional. However, the fact regarding non-functional meters had never been brought to the notice of the higher authorities by PHE Akhnoor. Besides, the warranty period of these meters had already expired.

The audit point that the cost of meters valuing ₹0.20 crore having been rendered unfruitful is amply evidenced from the acknowledgement of the division and further there was no meter reading on the basis of which recovery could be made.

---

116 NRDWP: ₹37.69 lakh; NABARD loan: ₹21.55 lakh; M&E: ₹14.00 lakh

117 GWDD Jammu: ₹5.00 lakh; Irrigation Division Dharmari: ₹8.00 lakh

118 Akhnoor, Kathua, Udhampur, Rajouri, City-I Jammu, Poonch, Kulgam, Budgam, Sopore, Baramulla, Qazigund and Master Plan Srinagar

119 As verified from the water tax ledgers of the divisions

120 Rajouri, Poonch & Kathua

3.17.4.4 Purchase of composite pipes and allied fittings-blocking of funds

Rule 8.4 of Jammu and Kashmir Financial Code Volume-I provides that a Government servant purchasing stores for public service should ensure that these are purchased in a most economical manner and in accordance with the definite requirements. The purchasing officer is also required to estimate the requirement for each year so far as they can be foreseen.

Audit noticed that M&P Division, Jammu, purchased (September 2011 and November 2011), 1,10,400 metres of ISI marked Composite pipes[121] at a total cost of ₹1.39 crore, out of which only 1,03,488 metres were issued to the user divisions. Scrutiny of records revealed that out of 15,000 metres of 40-50 mm diameter pipes procured by the Division, only 8,088 metres had been issued to the user divisions during June 2012 to June 2014 and the balance quantity of 6,912 metres valuing ₹0.22 crore were lying unissued as of September 2016.

In order to utilise the above purchased composite pipes, the Division also purchased (September 2012) allied fittings for ₹5.22 lakh. Scrutiny of records revealed that fittings valuing ₹0.78 lakh only were issued to various divisions during January 2013 and February 2013 and fittings valuing ₹4.44 lakh were lying unissued in the stores as of September 2016. In absence of issuance of allied fittings, the Division failed to justify the utilisation of already issued composite pipes in the user divisions. Thus, purchase of pipe materials in excess of the requirements coupled with non-issuance of fittings thereof has resulted in blocking of ₹0.26 crore.

The Executive Engineer, M&P Division, Jammu stated (November 2016) that purchases of composite pipes were made as per instructions of the Chief Engineer PHE, Jammu and purchase of allied fittings could not be anticipated due to the fact that these pipes were introduced for the first time in the State. It was further stated that the material lying unissued with the Division would be issued on receipt of requisitions from user divisions.

The fact remains that discretionary purchase on the instructions of the Chief Engineer has resulted in unutilised material of ₹0.26 crore.

3.17.4.5 Awaited supplies against advance payments

Scrutiny of advance payment registers revealed that 10 test-checked divisions had advanced ₹12.01 crore[122] during February 2014 to December 2016 to various supplying/ procurement agencies[123], for procurement of key construction materials required for execution of civil works, but the supplies were not received even after a lapse of upto three years. Delay in supply of material against the advance payments

---

121 Of diameters ranging between 12-16 mm and 40-50 mm

122 Poonch: ₹0.72 crore; Rajouri: ₹0.70 crore; Kathua: ₹1.25 crore; City-I Jammu: ₹0.96 crore, Akhnoor: ₹0.02 crore; Qazigund: ₹0.63 crore; Sopore: ₹3.74 crore; Baramulla: ₹3.40 crore; Budgam: ₹0.21 crore; Master Plan Srinagar: ₹0.38 crore

123 SICOP: ₹6.79 crore; SIDCO: ₹0.12 crore; JK Cements: ₹2.79 crore; Store Procurement Department: ₹0.87 crore; SAIL: ₹1.44 crore

has the risk of impacting the progress of works for which the material was requisitioned by the user divisions.

The Executive Engineers of five divisions[124] stated that the matter would be taken up with the supplying agencies for obtaining the awaited supplies.

The fact remains that these divisions failed to ensure supply of material against long pending advances made to the supplying agencies.

3.17.5 Management of stores

3.17.5.1 Unutilised Stores and blocking of funds

For executing drilling works of tube/ bore wells, 1949 metres of V-Wire screen valuing ₹3.03 crore was received by the Executive Engineer, Ground Water Drilling Division (GWDD), Jammu from M&P Division, Jammu during September 2011 to January 2013 as detailed below:

Table-3.17.2: Details of receipt and utilisation of V-wire screen

Specifications of V-wire screen (Diameter in millimeters)	Quantity received (Metres)	Date when received	Quantity utilised (Metres)	Period when issued	Balance quantity in stock (Metres)
150	600	January 2012 and November 2012	486.65	February 2012 to February 2013	113.35
200	500	September 2011	303.55	December 2011 to September 2015	196.45
	496	November 2012	Nil	--	496.00
300	174	February 2012 and September 2012	174.00	February 2012 to April 2015	Nil
	179	December 2012 and January 2013	8.15	April 2015	170.85
Total	**1949**		**972.35**		**976.65**

Out of 1,949 metres, only 972.35 metres (50 *per cent*) had been utilised during the period December 2011 to September 2015 and the balance 976.65 meters valuing ₹1.56 crore were lying unutilised in the Divisional stores as of January 2017.

Audit analysis further revealed that 675 metres[125] of V-wire screen of 200 mm and 300 mm diameter valuing ₹1.19 crore was received (November 2012 to January 2013) by the Division without any requirement. The Division could only utilise 8.15 metres of (300 mm diameter) wire and the remaining quantity along with the quantities already in possession continued to be unutilised in the Divisional stores as of December 2016, thus resulting in blocking of ₹1.56 crore.

124 Rajouri, Poonch, Kathua, Akhnoor & City-I Jammu

125 200 mm-496 meters valuing: ₹69.19 lakh; 300 mm-179 meters valuing: ₹50.02 lakh

In reply, the Executive Engineer, GWDD, Jammu stated (January 2017) that the material could not be utilised as drilling works had not been executed during the last several years.

The reply is not tenable as the material ought to have been requisitioned as per approved works plan. This also supports the audit contention that the Divisions are procuring material without requirements and are blocking Government money.

3.17.5.2 Issue of materials on loan to user divisions- outstanding balances

Audit scrutiny revealed that the materials issued by two M&P Divisions to the user divisions during 2014-17 were not in accordance with the funds received from the respective user divisions. The materials had either been issued less or in excess of funds received from the user divisions as detailed below:

Table-3.17.3: Details indicating materials issued by M&P Divisions, *vis-a-vis* availability of funds

(₹ in crore)

Year	No. of divisions			Availability of funds			Value of material issued			Variation between funds received *vis-a-vis* material issued short (+)/ excess (-)		
	Jammu	Kashmir	Total	Jammu	Kashmir	Total	Jammu	Kashmir	Total	Jammu	Kashmir	Total
(A) Excess issue of material												
2014-15	15	17	32	23.36	27.68	51.04	65.56	61.04	126.60	-42.20	-33.36	-75.56
2015-16	18	18	36	-1.40	22.43	21.03	49.68	74.12	123.80	-51.08	-51.69	-102.77
2016-17	15	13	28	-17.97	-12.71	-30.68	23.03	22.39	45.42	-41.00	-35.10	-76.10
(B) Less issue of material												
2014-15	7	7	14	69.82	27.53	97.35	51.23	16.34	67.57	18.59	11.19	29.78
2015-16	5	6	11	34.72	23.14	57.86	17.88	17.61	35.49	16.84	5.53	22.37
2016-17	8	12	20	46.05	39.58	85.63	23.54	16.73	40.27	22.51	22.85	45.36

(Minus figures indicate that material was issued in excess of funds received and the amount is still outstanding)

As can be seen from above, an amount of ₹76.10 crore was outstanding (March 2017) against 28 divisions, as the value of materials issued to these divisions was in excess of funds received from them. Further, materials valuing ₹45.36 crore had not been supplied to 20 divisions against the advance payments received by two M&P Divisions as of March 2017.

In reply, M&P Division, Jammu stated (November 2016) that materials were issued to the divisions on loan basis due to non-availability of funds with them. The fact however, remains that materials were issued to certain divisions in excess of funds received from them by diverting the funds received from other divisions to whom the materials had not been issued as per their requisitions *vis-a-vis* funds received. Further, the materials issued on loan to user divisions could not be verified against the relevant requisitions from user Departments since the requisitions were not available on record.

3.17.6 Monitoring and internal controls

3.17.6.1 Physical verification of stores

Rule 8.28 of Jammu and Kashmir Financial Code Volume-I, provides that physical verification of stores/ stock be conducted at the end of each year to bring out the cases of shortages/ excesses, if any.

Test-check of records revealed that physical verification for the year 2015-16 was not conducted in six[126] divisions. Three[127] divisions had not worked out the shortages/ excesses despite conducting physical verifications. In respect of PHE Division, Udhampur the report of physical verification conducted in July 2016 was not submitted by the concerned officer as of January 2017 thus, defeating the very purpose of conducting such verification.

The Executive Engineers of five divisions[128] stated that necessary action in the light of observations will be taken and communicated.

3.17.6.2 Material-at-site accounts

The key construction material is being issued to Junior Engineers (JEs) for its utilisation at various works executed by the divisions. The Division is also required to maintain a material-at-site register to keep a watch over actual consumption of materials issued to JEs so that unutilised material is returned to the Divisional stores or issued to other works after proper adjustment in the store/ stock records. Audit noticed that materials valuing ₹11.64 crore were outstanding against 17 JEs of three[129] divisions, which included ₹0.23 crore outstanding against four officials who had been transferred from the respective Division. In seven[130] divisions, the status could not be verified due to non/ improper maintenance of material-at-site accounts.

The Executive Engineers of three divisions[131] stated that concerned officers have been directed to render the accounts and Executive Engineers of three divisions[132] stated that material-at-site accounts will be maintained and communicated.

3.17.6.3 Unserviceable and damaged stores

Rule 8.31 of Jammu and Kashmir Financial Code Volume-I provides for disposal of stores items declared as unserviceable by the physical verification committee by way of auction or otherwise.

Audit noticed that 1,070 unserviceable stores items are lying in the stores of eleven divisions[133] test-checked in audit but no action had been taken for their disposal. The value of unserviceable stores in M&P Division, Jammu was to the extent of

126 Qazigund, Kulgam, Mechanical Awantipora, Sopore, Baramulla and Budgam
127 Kathua, Rajouri and Poonch
128 Qazigund, Baramulla, Kathua, Poonch and Rajouri
129 Qazigund: ₹0.23 crore; Kulgam: ₹0.95 crore; GWDD Jammu: ₹10.46 crore
130 Kathua, Udhampur, Rajouri, Poonch, Akhnoor, City-I Jammu and Mechanical (North) Jammu
131 GWDD Jammu, Kathua and Rajouri
132 Udhampur, Poonch and Akhnoor
133 M&P Division Jammu: One item; City-I Jammu: 69 items; GWDD Jammu: 352 items; Rajouri: 99 items; Kathua: 91 items; Udhampur: 39 items; Akhnoor: 32 items; Baramulla: 93 items; Sopore: 56 items; Master Plan Srinagar: 188 items and Mechanical Awantipora: 50 items

₹6.85 lakh and in respect of other divisions the value could not be ascertained in absence of proper maintenance of records. Audit further noticed that in Rajouri Division, 240 bags of cement got damaged (June 2016) due to lack of proper storage facilities. However, no action had been taken by the Division to write-off the value of damaged stores.

The Executive Engineers stated that disposal of unserviceable items will be taken up with the higher authorities and progress achieved communicated.

3.17.6.4 Slow and non-moving stores

Audit noticed that 172 different types of stores items of varying quantities are lying unissued in the stores of three[134] divisions for the last two years. The value of such items could not be ascertained in absence of maintenance of value accounts in the Priced Stores Ledger (PSL) by the respective divisions. It was also noticed that water testing equipment valuing ₹6.02 lakh purchased in November 2014 were lying unutilised in the stores of M&P Division, Jammu. The material has remained unissued either due to purchases made in excess or without any requirements thus, resulting in blocking of funds.

The Executive Engineers of the concerned divisions stated that necessary action would be taken for utilisation of these items. As regards water testing equipment, it was stated that these would be issued during the current year.

Thus, non-conducting of physical verification of stores, non-monitoring of material-at-site accounts, accumulation of unserviceable and non-moving store items revealed inadequate monitoring and control.

3.17.7 Conclusion

The procurement plans based on approved annual action plans were not prepared, instead the funds were randomly placed at the disposal of M&P Divisions without taking into account the value of material actually required for execution in the user divisions. Improper planning and non-observance of prescribed procedures/ instructions for procurement of stores resulted in blocking, diversion and unfruitful expenditure. Awaited supplies against advance payments had the risk of impacting the schemes for which the material was requisitioned. Non-conducting of physical verification of stores, non-monitoring of material-at-site accounts, accumulation of unserviceable and non-moving store items revealed inadequate monitoring and control.

The matter was referred to the Government in August 2017; reply was awaited (December 2017).

[134] M&P division Jammu, Akhnoor and Poonch

3.18 Unfruitful expenditure on water supply schemes

Improper planning in taking up the execution of three interdependent water supply schemes and failure to tap the source for these schemes rendered the expenditure of ₹4.82 crore incurred on these schemes unfruitful.

In order to address the increasing demand of water in Kishtwar town and its adjoining villages, the Executive Engineer (EE), Public Health Engineering (PHE) Division, Kishtwar proposed (November 2008 and March 2011) three Water Supply Schemes (WSS) Lachdayaram, Mandal and Hullar at an estimated cost of ₹10.31 crore, ₹5.46 crore and ₹0.85 crore respectively under Accelerated Rural Water Supply Programme (ARWSP) renamed[135] National Rural Drinking Water Programme (NRDWP). The schemes were interdependent[136] with Naigad Nallah as a common source and were to be completed within five years.

Scrutiny of records of the EE, PHE Division, Kishtwar, revealed that an expenditure of ₹1.86 crore[137] was incurred during 2006-13 on WSS Lachdayaram. However, against the target of laying 30 kms gravity main, only 4.66 kms (16 *per cent*) was laid and further execution of the scheme was stopped. The Division incurred an expenditure of ₹2.11 crore[138] on WSS Mandal during 2006-17 and ₹0.85 crore[139] on WSS Hullar during 2006-13. Since all the three water supply schemes were inter-dependent, however, due to stoppage of the work on WSS Lachdayaram, the source could not be tapped. Thus, the expenditure of ₹4.82 crore[140] incurred on the project works was rendered unfruitful.

On this being pointed out, the EE, PHE Division, Kishtwar stated (October 2016) that the pipe line of 4.66 km from the source was laid but the funds were not provided from 2013-14 and project could not completed. It was further stated (May 2017/ August 2017) that WSS Lachdayaram was stopped because of some deficiencies in execution of works of its gravity main, pointed out by the Commissioner Secretary, which have now been rectified and the scheme has been proposed in the approved plan 2017-18. The fact remains that the scheme works were stopped for around four years, which impacted the other two schemes and has resulted in unfruitful expenditure.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

---

135 From 2011

136 (i) Under WSS Lachdayaram, a common Gravity main of 200 mm/ 150 mm diameter for all the three schemes was to be laid out besides other allied works (ii) WSS Mandal was to bear cost of common filtration plant of 25,000 Gallons per Hour (GPH) and allied works (iii) WSS Hullar was to provide 17 No. Public Supply Posts in various localities and had to bear the cost of construction of service reservoir of 50,000 gallons which would function as a feeding reservoir to other reservoirs of Berwar, Cherhar and Hunghal

137 2006-07: ₹three lakh; 2007-08: ₹4.88 lakh; 2008-09: ₹17.72 lakh; 2009-10: ₹69.99 lakh; 2010-11: ₹35 lakh; 2011-12: ₹37 lakh; 2012-13: ₹18 lakh

138 2006-07: ₹three lakh; 2007-08: ₹five lakh; 2008-09: ₹14.45 lakh; 2009-10: ₹63.83 lakh; 2010-11: ₹14.11 lakh; 2011-12: ₹36.18 lakh; 2012-13: ₹13.82 lakh; 2013-14: ₹17.93 lakh; 2014-15: ₹18 lakh; 2015-16: ₹14 lakh; 2016-17: ₹11.18 lakh

139 2006-07: ₹5.95 lakh; 2007-08: ₹1.42 lakh; 2008-09: ₹16.98 lakh; 2009-10: ₹21.22 lakh; 2010-11: ₹24.03 lakh; 2011-12: ₹ 14.78 lakh; 2012-13:₹0.62 lakh

140 WSS Lachdayaram: ₹1.86 crore; WSS Mandal: ₹2.11 crore; WSS Hullar: ₹0.85 crore

3.19 Wasteful expenditure

Drilling of bore wells without conducting any scientific survey of the selected sites or after consulting the Central Ground Water Board resulted in wasteful expenditure of ₹7.86 crore on unsuccessful bores that did not discharge any water.

Mention was made in para 2.2.9.13 of the performance audit on 'National Rural Drinking Water Programme' of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2013 regarding unscientific construction of bore wells for ₹14.36 crore in Jammu Division which were neither selected in consultation with Central Ground Water Board (CGWB) nor based on any survey.

Audit scrutiny (January 2017) of the records of Ground Water Drilling Division, Jammu revealed that despite above Audit observation, the Division took up the drilling works at 2883[141] sites during 2013-14 to 2016-17 without conducting any scientific survey based on hydro-geological data of the selected sites or after consulting the CGWB. It was noticed in Audit that bores, drilled at 372[142] locations/ sites (13 *per cent*) during the above period did not discharge water and were declared unsuccessful, after incurring an expenditure of ₹7.86 crore thereby, rendering the expenditure incurred on drilling of these bores wasteful.

On this being pointed out, the Executive Engineer stated (January 2017) that boring is executed at the sites identified by the public representatives[143] and also as per the demand of public. It was also stated that the feasibility report from the CGWB is obtained only in case of drilling of tube wells whereas drilling of hand pumps is done on the basis of past experience and local inputs. It was also stated (August 2017) that the Division has no role in identification of sites and there was an average failure rate of 10 to 15 *per cent* during past three years which is negligible. Reply is not tenable as non-conducing of scientific survey at the sites selected has resulted in execution of drilling works at sites having inadequate water strata consequently, resulting in dry bores and wasteful expenditure of ₹7.86 crore.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

---

[141] 2013-14: 983; 2014-15: 950; 2015-16: 602; 2016-17: 348

[142] 2013-14: 127; 2014-15: 114; 2015-16: 82; 2016-17: 49

[143] MLAs, MLCs and MPs

Public Works (Roads and Buildings) Department

3.20 Incomplete Roads and Buildings

No database of roads and buildings constructed over the period had been maintained by the Department and geo-mapping was not introduced in the construction of roads. 244 road works, on which an expenditure of ₹284.33 crore had been incurred were executed in absence of Detailed Project Reports. Inflated Utilisation Certificates worth ₹53.97 crore were submitted in respect of works executed under National Bank for Agriculture and Rural Development (NABARD)/ Central Road Fund (CRF). 568 road works sanctioned under NABARD during 2005-06 to 2012-13 on which an expenditure of ₹1,373.72 crore had been incurred against the estimated cost of ₹1,680.24 crore were not completed. In test-check, it was seen that 173 road works could not be completed due to land disputes/ forest clearance/ diversion of funds/ non/ less release of State share. 12 building works on which an expenditure of ₹19.26 crore had been incurred were held up due to inadequate funding for the period ranging between four to nine years since start of the work.

3.20.1 Introduction

The Public Works (Roads and Buildings, R&B) Department is responsible for construction and maintenance of roads, buildings and bridges infrastructure in the State. The Department executes various projects sanctioned under the Central Road Fund (CRF), the National Bank for Agriculture and Rural Development (NABARD), the Prime Minister's Reconstruction Plan (PMRP), the Border Area Development Programme (BADP), the Pradhan Mantri Gram Sadak Yojana (PMGSY), besides works under the District Plan/ State Plan. The Department also undertakes building works on behalf of other Departments of the State.

Audit was conducted to assess compliance with applicable authorities and the efficiency and effectiveness of the Department in implementation of the projects under the State Plan/ State Sector, NABARD and CRF (Road Works[144]).

Up to March 2016, there were 1,234 incomplete roads and 56 incomplete building works[145] in the State under CRF/ NABARD/ State Plan/ State Sector.

Audit was conducted (January 2017 to May 2017) on the basis of the records of the Commissioner Secretary, Public Works (R&B) Department, the Chief Engineer

[144] The projects being executed by the Department under PMGSY, PMRP and BADP were not covered in this audit

[145] Jammu Division: State Plan Roads: 677; Buildings: 6; CRF: 11 roads (Source: Finance Account); NABARD: 207; roads and other buildings: 8; Kashmir Division: State Plan Roads: 30; CRF: 5 roads; NABARD: 304 roads and other building: 42

(Jammu) and 18[146] out of 41 user divisions of eight Districts[147] among 22 Districts of the State. Out of 1,234 incomplete road works[148], 615 road works[149] were test-checked. Further, out of 56 incomplete building works, 15 building works were test-checked in Audit.

The results of the Audit are discussed below:

3.20.2 Planning

3.20.2.1 Formulation of plans

The Indian Road Congress guidelines envisage preparation of Master Plan for rural roads by building a comprehensive database for all habitations and existing networks of all types of roads and tracks, preferably in a computer environment. For this purpose, it was required to collect all the information available at Districts, Blocks and habitations levels, including through field survey.

Audit observed that:

- No Master Plan was prepared by the divisions. No base line survey was conducted to assess the gap between availability and demand for preparation of Perspective Plan. Annual plans were prepared without any base line survey.
- The Department has not devised any mechanism for mapping the construction works against the planned works and did not have database of roads and buildings constructed over the period and geo-mapping was not introduced in the construction of roads. As such, it was not clear to Audit how the maintenance and repair (M&R) works of roads were scheduled and taken up.

In reply, the Executive Engineers (EEs) of test-checked divisions stated that no planning database/ Perspective Plan has been maintained at divisional level, the same is being maintained by the higher authorities. As regards database of roads and buildings, the EEs intimated that no such instructions were received from higher authorities.

The fact remains that it is required that the Department and the divisions should devise a system for maintaining records of assets created and their geo-mapping for ensuring accountability and for planning and undertaking periodical M&R.

---

146 PWD Construction Division-I, II and III of Jammu District, PWD (R&B) Division Nowshera and Rajouri of Rajouri District, PWD (R&B) Division Poonch, PWD (R&B) Division Kathua and Basohli of Kathua District, R&B Division Bandipora and Special Sub-Division Gurez of Bandipora District, R&B Division Kupwara and Special Sub-Division Tangdhar of Kupwara District, R&B Division Khanabal, Qazigund and Vailoo of Anantnag District and R&B Division Baramulla, Sopore and Uri of Baramulla District.

147 Jammu Division: Jammu, Rajouri, Poonch and Kathua; Kashmir Division: Anantnag, Baramulla, Bandipora and Kupwara. Districts were selected by Probability Proportional to Size Without Replacement (PPSWOR) with size measure as total expenditure of incomplete road projects covering the period from 2014-15 to 2016-17

148 State Sector: 707; NABARD/ CRF: 527

149 State Sector: 442; NABARD/ CRF: 173

3.20.2.2 Non-preparation of Detailed Project Reports (DPRs) and execution of road works without accord of Administrative Approval (AA)

Para 9.3 of Jammu and Kashmir (J&K) Financial Code I envisages that, except in cases covered by any special rules or orders of Government, no works should be commenced or liability incurred in connection with it until (i) Administrative Approval has been obtained from the authority appropriate in each case, (ii) sanction, either special or general, of competent authority authorising the expenditure has been obtained, and (iii) a properly detailed design and estimate supported by complete details such as schedule of all items, quantities, rates, cost, drawings, specifications, rate analysis etc., has the sanction of the competent authority.

Audit test-checked 442 road works of State Plan in selected Districts as tabulated below:

Table-3.20.1: Execution of road works in the absence of Detailed Project Reports

(₹ in crore)

Sl. No	Name of District	Total number of projects selected for Audit	Projects for which DPRs were prepared	Projects for which DPRs were not prepared	Expenditure incurred[150]
1.	Jammu	136	5	131	229.81
2.	Rajouri	138	82	56	24.04
3.	Poonch	102	91	11	3.99
4.	Kathua	59	20	39	20.48
5.	Anantnag	03	Nil	03	4.69
6.	Baramulla	04	Nil	04	1.32
		442	**198**	**244**	**284.33**

It was observed that 244 road works had been executed without DPR on which expenditure of ₹284.33 crore has been incurred. It was also observed that all the 442 road works were not administratively approved by the competent authorities. As such, execution of road works without AA and DPRs was not only irregular, but also ran the risk of time and cost overruns and even abandonment of works midway due to inadequate/ incorrect estimation, as discussed in the succeeding paragraphs.

In reply, EEs of test-checked divisions stated that the abstract cost of these works had been prepared and sent to higher authorities. The higher authorities accordingly released the funds for execution of works. However, the DPRs of these works were not prepared. The reply is not tenable, as execution of works in the absence of DPRs/ AAs, as noticed by Audit, was in violation of the provisions of J&K Financial Code and has the risk of giving undue discretion to the executing agencies resulting in time and cost overrun.

Thus, the Department and divisions are executing road projects without adequate planning, without maintaining database of the assets created and without DPRs and AA.

[150] In respect of Jammu, Rajouri, Poonch and Kathua Districts is as of March 2016. While as for Anantnag and Baramulla Districts expenditure incurred is as of December 2016

3.20.3 Financial Management

The position of funds for execution of works, under the State Sector and NABARD loan during period 2014-15 to 2016-17 is given below:

Table-3.20.2: Availability and utilisation of funds

(₹ in crore)

Sources of funds	2014-15			2015-16			2016-17		
	Receipt	Utilised	Unutilised (*per cent*)	Receipt	Utilised	Unutilised (*per cent*)	Receipt	Utilised	Unutilised (*per cent*)
Roads									
State Sector	461.49	305.38	156.11 (34)	461.78	362.61	99.17 (21)	448.75	440.21	8.54 (2)
City and Towns	-	-	-	220.92	220.92	-	100.00	100.00	-
Tourist and destinations	-	-	-	49.33	49.33	-	-	-	-
NABARD	267.37	149.24	118.13 (44)	267.37	172.89	94.48 (35)	324.00	213.54	110.46 (34)
Buildings									
Non-Functional Buildings	4.50	4.50	-	14.78	14.78	-	12.50	12.47	0.03 (0.24)
Total	**733.36**	**459.12**	**274.24 (37)**	**1014.18**	**820.53**	**193.65 (19)**	**885.25**	**766.22**	**119.03 (13)**

(Source: Data provided by Administrative Department)

It is observed that significant amount of funds ranging from 13 to 37 *per cent* remained unutilised during the period 2014-17 which indicates poor financial management and contributed to incompletion of projects. The Assistant Director (Planning), PW (R&B) Department attributed (September 2017) non-utilisation of funds to various bottlenecks such as delay in forest clearance, land disputes, local problems, alignment problems and floods of September 2014 etc. Some cases wherein unutilised funds were surrendered are discussed below.

In Jammu and Kathua Districts, an amount of ₹9.73 crore (55 *per cent*) was surrendered (out of ₹17.84 crore released during 2016-17) despite 20 ongoing works on which an expenditure of ₹17.83 crore was incurred against the estimated cost of ₹67.59 crore remaining incomplete as of March 2017.

In reply, the Executive Engineers (EEs) Kathua and Basohli stated that release of funds at the fag end of the year and slow pace of work were the main reasons for surrender of funds.

In all, out of 615 road works test-checked in Audit, 462 road works were incomplete for a period between one year and three years, 116 road works between four to six years, 34 road works for more than six years and all of them had time and cost overrun. It was also observed that only three road works were under progress as per scheduled timeline. Thus, non-utilisation and surrendering of funds impacted the implementation of various road networks.

3.20.3.1 Incorrect Utilisation Certificates (UCs)

To improve the infrastructure of roads and bridges, funds are provided under NABARD/ CRF on submission of a statement of expenditure incurred by the State Government in execution of the works. The funds to be so disbursed shall be restricted to the amount of the statement of expenditure. As such, the Utilisation Certificates (UCs) given for the amounts in excess of those actually utilised or expended is irregular.

Test-check of records of 10 divisions[151] revealed that without incurring expenditure in full, inflated UCs were submitted to the higher authorities. Against an expenditure of ₹83.39 crore under NABARD and ₹3.59 crore under CRF incurred during December 2016 to February 2017, the divisions had furnished UCs for ₹135 crore and ₹5.95 crore respectively. This indicated risk of diversion/ utilisation of funds on other works/ schemes for which UCs were furnished by the divisions, as the designated schemes were executed at slow pace due to land disputes, forest clearance, other reasons, etc. and UCs were furnished for diverted funds also.

The Chief Engineer, PWD (R&B), Jammu, while admitting the facts, stated (July 2017) that the UCs on higher side, were submitted to the NABARD authorities in order to raise additional NABARD loan. Thus, incorrect UCs were furnished just to lift NABARD loans.

3.20.4 Execution of road works/ schemes

3.20.4.1 Status of road works/ schemes sanctioned under NABARD

The Department undertakes road works/ schemes sanctioned under NABARD. The position of road projects taken up under the Rural Infrastructure Development Fund (RIDF) XI to XXII (excepting XVII and XIX) of NABARD during 2005-06 to 2016-17 is given in the table below:

Table-3.20.3: Position of road works taken up under NABARD in the State

(₹ in crore)

Sl. No.	Year of sanction	RIDF	Total schemes			Completed schemes			Incomplete schemes		
			No.	Cost	Expenditure	No.	Cost	Expenditure	No.	Cost	Expenditure
1.	2005-06	XI	01	2.44	2.44	00	0.00	0.00	01	2.44	2.44
2.	2006-07	XII	105	291.31	280.80	65	137.68	137.25	40	153.63	143.55
3.	2007-08	XIII	103	245.72	235.49	53	106.86	105.50	50	138.86	129.99
4.	2008-09	XIV	157	291.96	271.83	47	59.67	58.92	110	232.29	212.91
5.	2009-10	XV	76	209.20	172.02	09	12.87	12.26	67	196.33	159.76
6.	2010-11	XVI	264	795.39	612.57	38	72.29	68.15	226	723.10	544.42
7.	2012-13	XVIII	81	245.60	191.46	07	12.01	10.81	74	233.59	180.65
	Total	**XI to XVIII**	**787**	**2,081.62**	**1,766.61**	**219**	**401.38**	**392.89**	**568**	**1,680.24**	**1,373.72**
8.	2014-15	XX*	54	241.64	83.88	00	0.00	0.00	54	241.64	83.88
9.	2015-16	XXI*	85	323.80	0.00	00	0.00	0.00	85	323.80	0.00
10.	2016-17	XXII*	106	336.73	0.00	00	0.00	0.00	106	336.73	0.00
	Grand total		**1,032**	**2,983.79**	**1,850.49**	**219**	**401.38**	**392.89**	**813**	**2,582.41**	**1,457.60**

** The schemes were within completion period of three years.*

Out of 787 road works sanctioned under the RIDF XI to XVIII (2005-06 to 2012-13[152]) including State Share of 10 *per cent*, construction of 219 road works (28 *per cent*) had been fully completed and 568 road works (72 *per cent*) on which an expenditure of ₹1,373.72 crore (82 *per cent*) had been incurred against the cost of

151 Construction Division-III, Jammu; PWD Divisions Nowshera and Rajouri of Jammu Province; Qazigund, Baramulla, Sopore, Uri, Kupwara, Tangdhar and Bandipora of Kashmir Province

152 245 schemes taken up from 2014-15 to 2016-17 are within completion period of three years

₹1,680.24 crore were not completed as of March 2017, despite the fact that schemes taken up under NABARD are to be completed in three years.

The status of road works/ schemes taken up under NABARD during 2005-06 to 2016-17 in sampled districts is given below.

Table-3.20.4: District-wise position of road works taken up under NABARD

(₹ in crore)

Sl. No	Name of District	Total schemes			Completed schemes			Incomplete schemes		
		No.	Cost	Expenditure	No.	Cost	Expenditure	No.	Cost	Expenditure
1.	Jammu	122	236.85	176.50	67	100.47	97.55	55	136.38	78.95
2.	Rajouri	81	221.18	136.91	12	26.12	25.68	69	195.06	111.23
3.	Poonch	56	179.98	131.10	08	16.29	15.77	48	163.69	115.33
4.	Kathua	54	182.38	125.33	19	41.74	40.64	35	140.64	84.69
5.	Anantnag	69	159.33	85.44	10	10.78	10.70	59	148.55	74.74
6.	Baramulla	92	236.59	122.23	15	17.29	17.15	77	219.30	105.08
7.	Kupwara	60	145.50	79.88	02	1.51	1.51	58	143.99	78.37
8.	Bandipora	27	91.73	64.20	00	0.00	0.00	27	91.73	64.20
		561	**1,453.54**	**921.59**	**133**	**214.20**	**209.00**	**428**	**1,239.34**	**712.59**

It was observed that out of 561 road works sanctioned under the RIDF XI to XXII (2005-06 to 2016-17), construction of 133 road works (24 *per cent*) had been fully completed. It was further observed that 323 road works (71 *per cent*) taken up at an estimated cost of ₹862.67 crore during 2005-06 to 2012-13[153], on which an expenditure of ₹694.63 crore (81 *per cent*) was incurred, were not completed as of March 2017.

In reply, EEs of the test-checked divisions stated that even where sufficient funds were available under the NABARD, the road works were not completed due to various reasons, such as land/ structural disputes, court cases and lack of forest clearance and efforts were being made to resolve the disputes. The reply is not tenable as the Department was to ensure encumbrance free land and the requisite clearance from the concerned quarters before the commencement of the works and off taking the loans.

Out of the 323 incomplete road works as of March 2017, Audit test-checked 173 road works and noticed that these road works which were taken up for execution during 2005-06 to 2012-13 at a sanctioned cost of ₹468.76 crore under Phase RIDF XII to XVIII of the programme could not be completed within the stipulated period due to land disputes/ compensation, forest clearances, less release of State share, cost overrun etc. Even after delay of two to eight years and incurring an expenditure of ₹407.97 crore, these road works/ schemes could not be completed as of March 2017 as tabulated below:

[153] 105 schemes taken up during 2014-15 to 2016-17 on which an expenditure of ₹17.96 crore had been incurred against the sanctioned cost of ₹376.67 crore are within completion period of three years

Table-3.20.5: Status of incomplete road works taken up under NABARD

(₹ in crore)

No. of works	Sanctioned cost	Expenditure incurred as of March 2017	Audit Remarks	Reply of the Department
162	447.56	386.78	Road works remained incomplete/ closed due to non-release of State share of ₹22.15 crore for 86 road works and less release of State share of ₹12.97 crore for 76 road works. Further, in addition to non/ less release of State share, works on 36 roads[154] were also held up due to land disputes/ forest clearance for the period ranging between two to eight years, 17 road works suffered due to diversion of materials of ₹7.52 crore and there was cost over run on 14 road works for which revised estimates for seven road works were not framed and for remaining seven road works, an amount of ₹6.05 crore was still required for completion despite the fact that no funds were available under NABARD. Out of these 162 works, no funds were provided in respect of 118 works during 2016-17.	EEs of the test-checked divisions stated that the matter had already been taken up with higher authorities for release of committed State Share and additional funds for completion of cost overrun projects. The fact remains that despite availability of NABARD funds, the Department could not complete designated projects due to ill-planning and not ensuring dispute free land, forest clearance and State Government not releasing its share.
02	3.65	3.65	Road works remained incomplete due to diversion/ misutilisation of ₹1.36 crore by way of transferring the materials purchased to other works outside the purview of the designated projects and booking of materials which were not utilised.	EEs of the test-checked divisions intimated that as a routine, the divisions are procuring the key construction materials in bulk and same were used for different works going on in the Division and adjustment was being made through transfer entries. However, the fact remained that the divisions were not maintaining project-wise requirements and even though bulk purchases were made, the materials were not utilised for the earmarked projects.
09	17.55	17.54	The works were withheld for the period ranging between six to seven years due to cost overrun for which revised estimates were not framed.	EEs of the test-checked divisions stated that the matter had already been taken up with higher authorities for release of additional funds for completion of cost overrun schemes. The fact is that no provision for revision of schemes has been envisaged in the scheme guidelines as the schemes sanctioned under NABARD are to be completed strictly within the stipulated period and allotted funds.
173	**468.76**	**407.97**		

154 Land disputes: 16 works; Forest clearance: 20 works

Thus, the Department failed to complete 173 road works despite incurring an expenditure of ₹407.97 crore and a lapse of one to eight years over their targeted completion period. The failure is attributed to land dispute, absence of forest clearance, short or no release of State Share, diversion of funds and time and cost overrun.

3.20.5 Execution of road works under the State plan

Out of the 707 incomplete road works as of March 2017, Audit test-checked 435 road works in Jammu Division and noticed that these road works which were taken up for execution upto 2015-16 at an estimated cost of ₹945.59 crore could not be completed within the stipulated period due to inadequate funding/ land disputes/ compensation, forest clearances, etc. Even after delay of one to three years and incurring an expenditure of ₹341.49 crore, these road works/ schemes could not be completed as of March 2017. Audit test-checked 52 road works in detail as tabulated below:

Table-3.20.6: Status of incomplete road works taken up under State Plan

(₹ in crore)

No. of works	Sanctioned cost	Expenditure incurred as of March 2017	Audit Remarks	Reply of the Department
19	97.99	28.36	The road works were held up due to inadequate funding/ land disputes/ land compensation and for want of forest clearance for the period ranging between one to four years from the date of start ***(Appendix-3.20.1)***.	The Chief Engineer, R&B, Jammu stated that the works could not be completed due to financial constraints. The fact remained that these works could not be completed despite lapse of one to four years from their expected date of completion.
33	127.61 176.21 (Revised)	137.36	The road works could not be completed within the estimated cost of ₹127.61 crore and the cost of the road works was revised to ₹176.21 crore. This had resulted in cost overrun of ₹48.60 crore; ranging between six to 253 *per cent* of the estimated cost ***(Appendix-3.20.2)***. Further, time overrun of these works was in the range of two to three years.	In reply, two EEs[155] of Jammu District stated that due to inadequate funding, the works were not completed in stipulated time. With escalation in the cost of materials and labour, the cost of the works were revised to get the works completed. The reply should be seen in light of the fact that as per prudent financial and control management principles, all the works taken up for execution are to be completed within stipulated time and within approved cost so that the benefits of the scheme could reach to the people.
52	**274.20**	**165.72**		

155 PWD (R&B) Construction Divisions-I&II, Jammu

Thus, the State Plan projects suffered completion adversely due to inadequate availability of funds as well as due to not resolving land disputes, not obtaining forest clearance etc., by the Department/ State Government, besides time and cost overruns.

3.20.6 Building works

The Department undertakes building works on behalf of other departments of the State for which the funds are provided by the client Department.

3.20.6.1 Execution of works without AA/ TS

As per Rule 9.3 of the Jammu and Kashmir (J&K) Financial Code, obtaining of AA and Technical Sanction (TS) before taking up the works for execution is a pre-requisite. Contrary to the rules, Audit found that 14 building works[156] had been taken up for execution during 2007-08 to 2012-13 by eight executing divisions[157] in anticipation of accord of AA/ TS. These works should have been completed in one to three years. The Department had spent ₹20.31 crore[158] against the receipt of ₹20.50 crore and the works were incomplete as of March 2017. Taking up of works as such, besides being irregular, puts in question the physical and financial viability of the projects under execution.

In reply, the EEs[159] stated that DPRs had been submitted to concerned authorities for accord of AA but were still awaited. The reply was not tenable as execution of works in absence AA was in violation of the provisions of J&K Financial Code.

3.20.6.2 Works held up due to inadequate funding

Para 9.3 of J&K Financial Code I envisaged that, except in cases covered by any special rules or orders of Government, no works should be commenced or liability incurred in connection with it until funds to cover the charge during the year had been provided by competent authority. Audit test-checked 12 works (detailed below) having estimated cost of ₹55.02 crore under execution by the Department at various stages, which were suspended due to inadequate funding and works to the extent of only 09 to 50 *per cent* were completed, though period ranging between four and nine years had elapsed since the start of the work as on March 2017, thereby having the risk of rendering the expenditure of ₹19.26 crore incurred thereon unfruitful.

156 Jammu: one; Rajouri: Four; Poonch: One; Kathua: One; Anantnag: Six and Bandipora: One

157 PWD (R&B) Construction Division-III, Jammu, PWD (R&B) Nowshera, Rajouri, Poonch, Kathua, Khanabal, Vailoo and Bandipora

158 Jammu: ₹1.50 crore; Rajouri: ₹3.15 crore; Poonch: ₹7 crore; Kathua: ₹5.26 crore; Anantnag: ₹2.79 crore and Bandipora: ₹0.61 crore

159 Construction Division-III Jammu, PWD (R&B) Division Nowshera, Rajouri, Poonch and Kathua

Table-3.20.7: Details of building works held up

(₹ in crore)

Sl. No.	Name of the Work	Date of start	Scheduled date of completion	Estimated cost	Expenditure
1.	Construction of Mini Secretariat Building Akhnoor	2011-12	2013-14	9.00	1.50
2.	Construction of Gujjar and Bakerwal Hostel Building at Kalakote	2009-10	2011-12	2.94	1.25
3.	Construction of Tehsil office Building at Darhal	2010-11	2012-13	1.82	0.84
4.	Construction of Administrative Complex (Mini Secretariat) at Mendhar	2011-12	2013-14	14.04	7.00
5.	Construction of Sub District Hospital Nagri Parole Kathua	2010-11	2012-13	9.35	5.26
6.	Construction of PHC Building at Akoora	2012-13	2014-15	1.46	0.34
7.	Construction of PHC Building at LG Pora	2012-13	2014-15	2.26	0.51
8.	Construction of PHC Building at Mathendoo	2008-09	2011-12	1.46	0.33
9.	Construction of PHC Building at Khirpora	2008-09	2011-12	1.97	0.37
10.	Construction of PHC Building at Bantoor	2007-08	2010-11	1.93	0.60
11.	Construction of PHC Building at Teelwani	2007-08	2010-11	2.08	0.65
12.	Construction of DIET complex at Bandipora	2011-12	2013-14	6.71	0.61
	Total			**55.02**	**19.26**

In reply, the EEs of the test-checked divisions stated that the buildings had not been completed due to non-release of adequate funds by the concerned departments.

Two cases highlighting lapses are discussed below:

(I) Unfruitful expenditure of ₹1.25 crore on construction of Gujjar and Bakerwal hostel at Kalakote, besides an extra payment of ₹0.19 crore

The work of construction of Gujjar and Bakerwal hostel building at Kalakote was taken up by EE, Nowshera, Rajouri in 2009-10 at an estimated cost of ₹2.94 crore in the absence of AA. The work should have been completed by 2011-12. The Department had incurred an expenditure of ₹1.25 crore and the work was withheld as no funds were received after 2013-14. A fresh application for accord of AA for an amount of ₹4.25 crore was submitted (December 2016) to the Superintendent Engineer, Rajouri by the EE, Nowshera, which had not been accorded as of March 2017.

Further, during scrutiny of vouchers, it was seen that an amount of ₹0.19 crore was paid in excess to the contractor, as the amount of ₹0.19 crore paid vide Contractor Claim (CC) 1st had not been deducted from the amount of contractor claim of CC 2nd.

The EE stated (March 2017) that the work could not be taken up due to non-availability of funds. Further, the EE stated that the extra payment was due to clerical mistake, which would be recovered from the payment of work done liability to the contractor. However, fact remains that the work which was to be completed within two years had not been completed even after 8th year of its execution and the excess payment was yet to be recovered from the contractor.

(II) Construction of Administrative Complex (Mini Secretariat) at Mendhar-Unfruitful expenditure of ₹seven crore

The work of construction of Administrative Complex at Mendhar was taken up by the EE, Poonch in 2011-12 at an estimated cost of ₹14.04 crore without AA and was scheduled to be completed in 2013-14. The Department had incurred an expenditure of ₹seven crore and further work could not be taken up as no funds were received after 2012-13.

The EE (R&B), Poonch stated (April 2017) that application for accord of AA was submitted to the higher authorities for an amount of ₹14.04 crore and demand of balance funds was submitted to the higher authorities from time to time. As and when the funds were released, the balance work would be completed. The fact, however, remains that the work which was to be completed in two years was still in progress in 6th year of its execution.

3.20.6.3 Blocking of funds

Audit scrutiny showed that three building works in Rajouri taken up for execution between 2010-11 to 2012-13 could not be completed due to land disputes despite incurring expenditure of ₹1.54 crore[160] as of March 2017.

The EEs, (R&B), Nowshera/ Rajouri stated (March 2017) that at the time of execution of works, the land owner stopped the works and did not allow to execute the work. The reply was not acceptable as the acquisition of land was to be ensured by the Department before commencement of the works.

3.20.6.4 Maintenance and Repair

No asset registers of roads and buildings were maintained by the test-checked divisions and no policy of maintenance and repair of roads and buildings was found on records. The basis of formulation of estimates and schedule of periodical maintenance and repair of roads and buildings was not intimated. However, huge expenditure was incurred by the Department on maintenance and repair on account of Annual Repair, Special Repair, Normal Repair and Renewal coating of roads and buildings. An expenditure of ₹15 crore was incurred by the Department on maintenance and repair against allotted amount of ₹19.54 crore for the year 2016-17. It was also observed that there was no geo-mapping of the assets.

3.20.6.5 Irregular excess expenditure

The J&K Book of Financial Powers (Rule 5.11) provides that the EE has the power to permit excess expenditure over the sanctioned estimates up to five *per cent*. Audit noticed that the EE[161] had crossed the prescribed limits in contravention of the financial rules and had sanctioned over the original estimates ranging between 12 *per cent* and 200 *per cent* in five works in respect of four test-checked divisions. The excesses over the original estimates amounted to ₹1.45 crore due to revision in the original cost of ₹3.67 crore to ₹5.12 crore as detailed below:

160 Farmers Co-operative societies at Thandapani Sunderbani: ₹0.49 crore; Veterinary Hospital Building at Dalhori: ₹0.50 crore and Health Sub-Centre Building at Marg Hayatpura: ₹0.55 crore

161 Construction Division-I Jammu, R&B Divisions Nowshera, Kathua and Basohli

Table-3.20.8: Excess expenditure over the estimates

(₹ in lakh)

Name of work	Allotted cost	Billed amount	Excess over allotment	Percentage
Widening and upgradation of four Laning Satwari Air Port-R. S. Pura Road	65.05	110.79	45.74	23 to 200
Gujjar and Bakerwal Hostel Kalakote Nowshera	72.07	87.29	15.22	21
Construction of road from Lam to Kotha	24.51	33.44	8.93	36
Link road from Gaterwan to Logate via Kharote	169.08	235.48	66.40	12 to 116
Link road from Komla to Khoban	36.43	44.96	8.53	15 to 30
Total	**367.14**	**511.96**	**144.82**	

EEs[162] stated that the work was executed as per actual site conditions where addition/ alteration was required to complete the allotted work. Reply is not acceptable as EEs are not authorised to sanction expenditure above five *per cent*.

3.20.6.6 Procurement of key construction material

Financial Rules envisage purchase of stores in an economical manner and in accordance with definite requirements. Purchase of store items in advance of requirement involves blocking up of Government money.

Scrutiny of records of eight divisions (Jammu[163]) revealed that an amount of ₹32.21 crore was lying with Stores Procurement Department (SPD) as of March 2017. Further, an amount of ₹18.17 crore advanced by these divisions to various Government and other agencies like Jammu and Kashmir Small Scale Industries Development Corporation Limited, Jammu and Kashmir Cooperative Supply and Marketing Federation Limited, Steel Authority of India Limited for supplying construction material was outstanding against them as of March 2017. This indicated that the funds were advanced to avoid lapse of funds.

In reply, the EEs[164] stated that meager quantity of material had been supplied by the SPD against the amount advanced. The SPD had been approached for supply of key construction material to the divisions but it had showed its inability to supply the material. The matter had also been taken up with other suppliers for supply of material at the earliest.

The reply should be seen in light of the fact that on one hand, 349 projects were adversely affected and remained incomplete and on the other hand, an amount of ₹32.21 crore was lying with the SPD ending March 2017, which was unutilised.

3.20.6.7 Shortage of stores

Audit scrutiny of records, *vis-a-vis*, physical verification report and priced stores ledger maintained in the divisions, revealed that the physical verification report submitted by Assistant Executive Engineer, R&B Sub-division, Ganderbal was not

162 Construction Division-I Jammu, R&B Divisions Nowshera, Kathua and Basohli
163 PWD Construction Divisions-I, II, III Jammu, Nowshera, Rajouri, Poonch, Kathua and Basohli
164 PWD Construction Division-I, III Jammu, Nowshera, Rajouri, Poonch, Kathua and Basohli

finalised at the Divisional level; a shortage of material worth ₹6.39 lakh was noticed in R&B Division Bandipora.

In reply, the EE, Bandipora stated that matter is being verified by the Divisional Authorities.

3.20.7 Conclusion

The Department had not maintained any database of roads and buildings constructed over the period and has not introduced geo-mapping in the construction of roads. Road works were executed in absence of Detailed Project Reports. Inflated Utilisation Certificates were submitted in respect of works executed under National Bank for Agriculture and Rural Development (NABARD)/ Central Road Fund (CRF). Road works sanctioned under NABARD during 2005-06 to 2012-13 were not completed even after a time overrun of one to eight years. In test-check it was seen that 173 road works could not be completed due to land disputes/ forest clearance/ diversion of funds/ non/ less release of State share. Execution of 12 building works on which expenditure of ₹19.26 crore was incurred was held up for the period ranging between four to nine years since their start, due to inadequate funding.

The matter was referred to the Government in August 2017; reply was awaited (December 2017).

3.21 Avoidable extra expenditure on Bailey bridges

Injudicious procurement of Bailey bridges of higher specifications without ascertaining the actual requirement resulted in avoidable extra expenditure of ₹2.68 crore.

For restoration of washed away stretches of road in Poonch District due to flash floods of September 2014, the Chief Engineer, Public Works, Roads and Buildings (R&B) Department, Jammu placed (September 2014) a purchase order for supply of seven[165] Bailey bridges of 90 feet, 100 feet and 170 feet spans with a firm. Irrespective of the span of the bridges, 970 feet[166] bridge material of all the seven bridges was received (September to November 2014) in loose. However, procurement cost per feet for 90 feet, 100 feet and 170 feet span bridges was ₹1,00,373, ₹99,733 and ₹1,39,123 respectively and the firm was paid (November 2014 and January 2015) an amount of ₹12.36 crore[167].

Scrutiny of records of the Executive Engineer, Public Works (R&B) Division, Poonch revealed that the Department erected eight Bailey bridges[168] of the span ranging from 70 to 120 feet and consumed 830 feet of the bridge material, which included the material procured at higher rates for construction of four bridges of 170 feet span. Balance 140 feet bridge material was lying unutilised (April 2017). It was confirmed

165 90 feet span: 01; 100 feet span: 02 and 170 feet span: 04

166 4 bridges of 170 feet (680 feet); 2 bridges of 100 feet (200 feet) and 1 bridge of 90 feet-total 970 feet

167 Including taxes but excluding freight

168 Shere-e-Kashmir Bridge: Two bridges of 120 and 100 feet span; Seri-khawja bridge: one bridge of 120 feet span; Dhundak: Two bridges of 120 feet each span; Sanai bridge: one bridge of 100 feet span; Pamrote bridge: one bridge of 70 feet span and Khanetar bridge: one bridge of 80 feet span

by the supplier firm that these Bailey bridges were designed on the unit construction principle[169] and the bridge components are assembled together to create bridges of various lengths in multiples of 3.048 meter (10 feet) each. The configuration and number of panels to be used in each bridge varied[170] according to span of the bridge. Since the Department had not erected any bridge of 170 feet span, the purchase of 680 feet of 170 feet span Bailey bridges on higher rates was unwarranted, which resulted in avoidable extra expenditure of ₹2.68 crore[171].

On this being pointed out, the Executive Engineer, Public Works, (R&B), Division Poonch stated (February 2016) that the variation in cost was due to number of side rows of truss members and number of storeys, as reinforcement for erection of both side trusses as per design criteria adopted for launching of these type of bridges. The reply is silent about injudicious procurement of four bridges of 170 feet span on higher rates without any requirement which led to avoidable extra expenditure of ₹2.68 crore.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

3.22 Blocking of funds and irregular expenditure

Non-completion of construction of community halls in Jammu District and defective planning in taking up three constructions works of Ladakh Autonomous Hill Development Council without arranging adequate funds for their completion resulted in blocking of ₹6.63 crore and irregular expenditure of ₹0.14 crore on items/ works not related to these projects.

I. In order to provide facility for holding/ organising local meetings and social functions, construction of 11[172] multipurpose community halls at different places of Jammu was proposed between January and August 2010 by the Executive Engineers Public Works Department (Road and Buildings) Division-I[173] and Division-III[174], Jammu at an estimated cost of ₹8.93 crore with completion periods ranging between six months and three years.

Audit scrutiny (January and June 2016) of the records of Executive Engineer, Construction Division-I, Jammu revealed that in anticipation of accord of Administrative Approval, the Division took up construction work of the

169 Base unit being a 3.048 metre (10 feet) long bay

170 170 feet span bridge: 204 Triple double reinforced panels; 120 feet span bridge: 96 double-double reinforced panels; 110 feet span bridge: 88 double-double reinforced panels; 100 feet span bridge: 80 double-double panels; 90 feet span bridge: 72 double-double panels; 80 feet span bridge: 32 double-single reinforced panels; 70 feet span bridge: 28 double-single reinforced panels

171 Difference between the cost of 170 feet span and 100 feet span bridge: ₹39,390 per feet for 680 feet

172 Raipur Satwari: ₹62.40 lakh; Gorkha Nagar: ₹172.00 lakh; Kargil Colony: ₹164.30 lakh; Sainik Colony: ₹29.47 lakh; Kanshipur Ashram: ₹102.30 lakh; Guru Govind Singh Nagar Chani Rama: ₹32.85 lakh; Shingligarh Kullian: ₹47.70 lakh; Rajiv Nagar: ₹119.20 lakh; Barjalla: ₹40.00 lakh; Nai Basti: ₹108.00 lakh and Shiv Mandir Chatha: ₹15.00 lakh

173 Gorkha Nagar, Kargil Colony, Sanik Colony, Kanshipur Ashram, Govind Singh Nagar Chani Rama, Shingligarh Kullian, Rajiv Nagar, Nai Basti and Shiv Mandir Chatha

174 Raipur Satwari and Barjalla

11 community halls during 2010 and 2011. Out of these, five[175] community halls were completed (March 2011 to March 2014) at a cost of ₹2.05 crore and the construction work on six community halls as detailed below, on which expenditure of ₹3.38 crore was incurred during the period 2011-16 were left incomplete.

Table-3.22.1: Details of incomplete community halls

(₹ in lakh)

Community Halls	Estimated cost	Expenditure (*Percentage*)	Month of start	Due date of completion	*Percentage* of work done
Gorkha Nagar/ Shiekh Nagar	172.00	103.00 (60)	March 2010	March 2013	50
Sainik Colony	29.47	29.47 (100)	November 2011	May 2012	80
Kargil Colony	164.30	41.08 (25)	November 2011	November 2014	75
Rajiv Nagar	119.20	79.79 (67)	November 2011	November 2013	90
Raipur Satwari	62.40	60.60 (97)	March 2010	September 2010	80
Kanshipur Ashram	102.30	24.00 (23)	November 2011	May 2012	40
Total	**649.67**	**337.94 (52)**			

This has resulted in blocking of funds to the tune of ₹3.38 crore and also deprived the inhabitants of the area of intended benefits.

On being pointed out in Audit, the Executive Engineer stated (May 2017) that the works were carried out till funds were received by the Division (March 2016) and no funds were released by the higher Authorities thereafter with the result the work on the community halls could not be completed (May 2017). The reply is not tenable as the community halls which should have been completed by 2013, have been left incomplete (May 2017) leading to blocking of funds to the tune of ₹3.38 crore and non-realisation of envisaged objectives of the project.

The matter was referred to Government in July 2017; its reply was awaited (December 2017).

II. Construction of VIP Guest House, Conference/ Assembly Hall and Club building for Ladakh Autonomous Hill Development Council (LAHDC) at Khurbathang Kargil were taken up for execution under "Prime Minister Reconstruction Plan", by the Executive Engineer (EE) Roads and Building (R&B) Division-II, Kargil during 2011-12 and 2012-13 at an estimated cost of ₹4.78 crore, ₹6.42 crore and ₹3.56 crore respectively with a completion period of two to three[176] working seasons[177].

Audit examination of the records of EE (R&B) Division-II, Kargil revealed that funds to the tune of ₹3.98 crore[178] were released for execution of these works during 2012-16 against which an expenditure of ₹3.39 crore[179] had been incurred[180].

[175] Guru Govind Singh Nagar Chani Rama: ₹32.85 lakh; Shingligarh Kullian: ₹47.70 lakh; Barjalla: ₹40.00 lakh; Nai Basti: ₹69.92 lakh and Shiv Mandir Chatha: ₹15.00 lakh

[176] VIP Guest House and Club building: two working seasons, Conference/ Assembly Hall: three working seasons

[177] Six months in a year from May to October

[178] 2012-13: ₹3.50 crore; 2013-14: ₹0.46 crore and 2015-16: ₹0.02 crore

[179] 2012-13: ₹2.91 crore; 2013-14: ₹0.46 crore and 2015-16: ₹0.02 crore

[180] VIP Guest House: ₹1.79 crore, Conference/ Assembly Hall: ₹0.99 crore and Club building: ₹0.61 crore

Construction works of VIP Guest House and Conference/ Assembly hall were left incomplete after incurring an expenditure of ₹1.79 crore and ₹0.99 crore respectively. The VIP Guest House was completed upto floor level (except finishing) and the conference hall only upto plinth level whereas the construction of Club building was not taken up. The funds allotted for Club building were spent on procurement[181] of construction materials and office stationery. Analysis of expenditure of these projects also revealed that an amount of ₹0.14 crore[182] has been irregularly spent on items/ works not related to these projects.

On being pointed out, the EE (R&B) Division-II, Kargil stated (September 2016) that the works could not be completed as sufficient funds were not provided and the matter stands taken up with the Deputy Commissioner/ Chief Executive Officer LAHDC, Kargil and Planning Department for release of funds. Thus, defective planning in taking up the constructions works without arranging adequate funds for their completion resulted in blocking of ₹3.25 crore and irregular expenditure of ₹0.14 crore on items/ works not related to these projects.

The matter was referred to the Government in April 2017; reply was awaited (December 2017).

3.23 Unfruitful expenditure on Bagh-e-Mehtab Bridge

Improper planning in execution of the works of 30 metre span Steel truss girder-bridge at Bagh-e-Mehtab, in anticipation of Administrative Approval, Technical Sanction and without seeking the approval for its design as well as arranging the funds for its completion has resulted in an unfruitful expenditure of ₹0.74 crore.

The Executive Engineer (EE) Public Works Roads and Buildings (PWD, R&B) Division, Chadoora proposed (January 2015) construction of a 30 metre span Steel truss girder bridge with chequered plate and side approaches at Bagh-e-Mehtab connecting Bund road Rawalpora at an estimated cost of ₹0.76 crore for completion in one working season. In anticipation of the accord of Administrative Approval, Technical Sanction, and clearance from the Director, Design, Inspection and Quality Control (DIQC), the tenders for construction work were invited (February 2015), and the work was allotted (May 2015) to a contractor at a cost of ₹0.55 crore for completion within a period of 60 days. The project was undertaken under Special Plan Assistance (SPA) provided to State by the Government of India to overcome the financial stress due to floods of September 2014.

Audit scrutiny of the records of EE, PWD (R&B) Division, Chadoora, revealed that the DIQC noticed certain deficiencies in the proposed construction and suggested (November 2015) that in accordance with the Indian Road Congress (IRC) norms, width of bridge be changed from three metres to 4.25 metres and diameter of piles as well as the number of piles also be changed. Without seeking the approval of the competent authority, the Division continued with the construction work as per

181 Cement and steel: ₹60.60 lakh; Stationery: ₹0.40 lakh
182 VIP Guest House: ₹13.33 lakh; Conference/ Assembly Hall: ₹0.40 lakh and Club building: ₹0.40 lakh

changed design and incurred an expenditure of ₹0.74 crore[183] on incomplete works of the bridge. Balance funds required for completion of the project were not allocated (February 2016) as the construction of the bridge was approved under SPA against a specific amount and it was not possible to change the dimensions of bridge at this stage. A revised proposal for construction of the bridge at a cost of ₹1.78 crore, vetted by the Superintending Engineer and the Chief Engineer was submitted (October 2016) to Commissioner Secretary PWD, but the same was not approved (September 2017). Thus, improper planning in execution of works of the bridge, without seeking prior clearance for its design resulted in an unfruitful expenditure of ₹0.74 crore.

In reply the Executive Engineer stated (September 2017) that the foot bridge was strictly denied by the then Minister for Works who directed to go for construction of Motorable bridge. It was also stated that the sub-structure of the bridge stands executed keeping in view all the parameters and specifications as per IRC. However, the fact remains that the Department could not arrange adequate funds for completion of the project and an expenditure of ₹0.74 crore on incomplete works was rendered unfruitful.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

[183] 2014-15: ₹0.10 crore; 2015-16: ₹0.64 crore

Rural Development Department

Education Department and

Housing and Urban Development Department

3.24 Construction of Toilets under Swachh Bharat Mission

Rural Development Department failed to achieve its targets under Swachh Bharat Mission (SBM) Gramin and there was a shortfall of 71 *per cent* and 55 *per cent* in construction of Individual Household Latrines (IHHLs) and Community Sanitary Complexes (CSCs). Objective of achieving the Open defecation free (ODF) status by 2019 appears to be non-achievable as only three *per cent* blocks, four *per cent* Gram Panchayats and four *per cent* villages could be declared ODF so far. There was delay in release of funds at various levels of the Department. Test-check revealed in 23 *per cent* cases IHHLs constructed under the programme were either not put to any use or were being used for other purposes. The Monitoring and evaluation of programme activities was not carried out in accordance with the programme guidelines.

Poor financial management in Education Department resulted in blocking of ₹62.12 crore. Due to non-availability of water connection or non-use of toilets constructed in the test-checked schools, the objective of school sanitation could not be achieved.

Housing and Urban Development Department could achieve only one and three *per cent* targets for construction of Individual Household Toilets (IHHTs) and Community Toilets/ Public Toilets (CTs/ PTs) respectively. Implementation of SBM Urban was not monitored as per programme guidelines and there was blocking of ₹54.18 crore, diversion of ₹1.93 crore and irregular payment of ₹0.88 crore.

3.24.1 Introduction

Swachh Bharat Mission (SBM) was launched (2nd October 2014) to accelerate the efforts to achieve universal sanitation coverage. One of the objectives of SBM was to bring about improvement in the general quality of life by promoting hygiene and eliminating open defecation and to achieve Swachh Bharat by 2019. Swachh Bharat Mission, comprises SBM Gramin, SBM Urban and Rural School Sanitation programmes, being implemented in Jammu and Kashmir State by Rural Development Department (RDD), Housing and Urban Development Department (HUDD) and School Education Department (SED), respectively.

Audit of construction of toilets taken up under SBM during 2014-15 to 2016-17 in three Departments was conducted between March 2017 and July 2017 by test-check of records in Rural Development Department, Mission Director, SBM Gramin, six (out of 22) District Panchayat Offices (DPOs) [184], 18 (out of 318) Block Development Offices (BDOs) and 89 (out of 4,198) Gram Panchayats, State Project Director (SPD) Sarva Shiksha Abhiyan (SSA), SPD Rashtriya Madhymik Shiksha Abhiyan (RMSA), and six Chief Education Officers (CEOs)[185], Mission Director, SBM (Urban), Director Urban Local Bodies (ULBs), Jammu, Director, ULBs, Kashmir, Municipal Corporation (MC), Jammu and MC, Srinagar. Audit also surveyed 169 Schools and 791 (out of 8,803) beneficiaries jointly with the departmental authorities in the 89 test-checked panchayats.

(I) Rural Development Department

3.24.2 Construction of toilets under SBM Gramin

SBM Gramin is being implemented through various[186] identified components which included construction of Individual Household Latrines (IHHLs) for Below Poverty Line (BPL) families, Above Poverty Line (APL) households restricted to Scheduled Castes/ Scheduled Tribes, small and marginal farmers, landless labourers, etc. and construction of Community Sanitary Complex (CSC).

Planning for SBM Gramin was to begin with start-up activities including updation of base line surveys (BLSs) and preparation of the Programme Implementation Plans (PIPs). The State was to conduct preliminary surveys to assess the status of sanitation and hygiene practices and orientation of key personnel at the District/ Gram Panchayat (GP) level.

Although the base line survey was stated to have been conducted and uploaded on the Management Information System (MIS), however, no detailed records of the base line survey depicting name of beneficiary, category, name of panchayat, name of District, etc. were available with the Mission Director. The Mission Director furnished details of households (HHs) with and without toilets which showed variation with the figures uploaded on MIS as detailed below:

Table-3.24.1: Variation between base line survey data of Household (HH) and data uploaded on MIS

Particculars	Total HHs	HHs with toilets	HHs without toilets			
				APL		
			BPL	Identified	Unidentified	Total
Details of HHs as per base line survey	16,81,840	4,12,948	5,74,590	5,03,456	1,90,846	12,68,892
Details of HHs uploaded on MIS	15,39,780	2,67,776	6,59,841	3,70,916	2,41,247	12,72,004
Variation	**(-) 1,42,060**	**(-) 1,45,172**	**(+) 85,251**	**(-) 1,32,540**	**(+) 50,401**	**(+) 3,112**

As against 16,81,840 HHs as per base line survey, only 15,39,780 (92 *per cent*) HHs were uploaded on MIS. Figures were inflated in respect of BPL households without toilets by 85,251 households and APL unidentified households by 50,401. Further, 1,32,540 APL identified households were not uploaded on the MIS. Since the name

[184] Udhampur, Rajouri, Poonch, Pulwama, Anantnag and Budgam
[185] Udhampur, Rajouri, Poonch, Pulwama, Anantnag and Budgam
[186] Start-up activities, Information Education and Communication (IEC) and Capacity building

wise list of households with/ without toilets was not available with the Mission Director, as such, Audit could not verify the genuineness of information uploaded on MIS, *vis-a-vis* base line survey data. This indicates that the figures were uploaded on MIS arbitrarily and were not based on supporting data.

Although, State Annual Implementation Plans were prepared during 2014-15 to 2016-17 after compiling the District Implementation Plans, it was noticed that in 18 test-checked Blocks/ Gram Panchayats, no Annual Implementation Plans were prepared during 2014-15 to 2016-17. This indicated that District/ State Annual Implementation Plans were not prepared on the basis of Block/ Gram Panchayat implementation plans.

The National Scheme Sanctioning Committee (NSSC) had fixed (June 2015 and June 2016), a target[187] of 629 Gram Panchayats and 544 villages of the State for Open Defecation Free (ODF) during 2015-17, against which, 180 GPs (29 *per cent*) and 276 (51 *per cent*) villages were declared (August 2017) as ODF and 24 GPs and 39 villages were verified ODF[188].

Out of total 318 Blocks in the State, only 10 Blocks (three *per cent*), were declared (August 2017) ODF, but none of the Blocks was verified ODF.

In view of the progress achieved so far, the objective of making all the 318 Blocks, 4,198 GPs and 7,446 villages in the State as ODF during the next two years (by October 2019) appears to be non-achievable under SBM Gramin.

The position of annual targets fixed for construction of individual household latrines (IHHLs)/ Community Sanitary Complexes (CSCs) under SBM (Gramin) and achievements during the period 2014-15 to 2016-17 is shown below:

Table-3.24.2: Targets and Achievements in construction of IHHLs and CSCs under SBM Gramin

Year	IHHL						CSC	
	Targets			Achievements			Targets	Achievements (*per cent*)
	BPL	APL	Total	BPL (*per cent*)	APL (*per cent*)	Total (*per cent*)		
2014-15	1,49,094	1,50,906	3,00,000	42,499 (29)	21,906 (15)	64,405 (21)	476	150 (32)
2015-16	1,04,854	95,146	2,00,000	56,149 (54)	34,795 (37)	90,944 (45)	238	240 (101)
2016-17	1,47,530	1,52,470	3,00,000	40,743 (28)	34,779 (23)	75,522 (25)	1,276	513 (40)
Total	**4,01,478**	**3,98,522**	**8,00,000**	**1,39,391 (35)**	**91,480 (23)**	**2,30,871 (29)**	**1,990**	**903 (45)**

As against the target of constructing 8,00,000 IHHLs and 1,990 CSCs during 2014-15 to 2016-17, only 2,30,871 IHHLs (29 *per cent*) and 903 CSCs (45 *per cent*) have been constructed during this period. The Mission Director, SBM (Gramin) stated (July 2017) that the main reasons for shortfall in the achievement of target were inadequate funding in the scheme. The reply is not tenable, as there were considerable savings of funds during the period 2014-15 as shown in **Table-3.24.3** below:

[187] GPs: (2015-16: 45, 2016-17: 584) and Villages: (2015-16: Not available, 2016-17: 544)

[188] Status regarding ODF taken from official website of Ministry of Drinking Water and Sanitation available as on 19 August 2017 whereas the total number of Blocks/ Villages/ GPs varies with the data provided (July 2017) by the Department

3.24.2.1 Financial Management under SBM (Gramin)

The Scheme activities were to be funded by Central share, State share as well as from Beneficiary contribution in different ratios[189]. The position of funds released by the Government of India (GoI) and State Government for implementation of the programme during the period 2014-15 to 2016-17 is given below:

Table-3.24.3: Year-wise position of funds under SBM (Gramin)

(₹ in crore)

Year	Receipt of funds					Expenditure		Savings	Balance (with Districts)
	Opening balance	Central share (Including revalidation)	State share	Interest on Bank Deposits	Total	Amount	As *per cent* of total funds		
2014-15	11.81[190]	109.87	17.13	1.01	139.82	39.85	29	93.12	6.47[191]
2015-16	6.47	77.30	14.60	1.26	99.63	96.37	97	1.00	2.26
2016-17	2.26	71.14	10.47	0.09	83.96	81.50	97	0.47	1.99
Total		**258.31**	**42.20**	**2.36**		**217.72**		**94.59**	

(Source: Departmental records)

There was a shortfall in utilisation of funds *vis-a-vis* total availability of funds ranging between three *per cent* and 71 *per cent* during the years 2014-15 to 2016-17.

Programme guidelines provided that in case of State's failure to transfer funds (Central share and matching State share) to the Districts within 15 days of receipt from the Government of India, a penal interest at the rate of 12 *per cent* per annum for the delay is required to be transferred by the State Government to the implementing agencies along with the principal amount.

Audit observed that the Finance Department released funds (₹122.27 crore) to the Administrative Department (Rural Development Department) with a delay ranging between 23 days to 155 days and the Administrative Department released the funds (₹176.99 crore) to the Mission Director with a delay ranging between four days to 38 days. Penal interest of ₹3.85 crore and ₹0.98 crore, for delay in release of funds, as envisaged in the programme guidelines, was not paid/ released to the implementing agencies. After the matter was pointed out in Audit, no reply was provided by the Department.

3.24.2.2 Construction, operation and maintenance of CSCs

As per Scheme guidelines, Community Sanitary Complexes (CSCs) were to be constructed at public places, markets, etc. where large scale congregation of people takes place and proposal for putting up CSC should be approved by the State Level Scheme Sanctioning Committee (SLSSC). The responsibility for upkeep and maintenance was to be given to the respective GPs. Audit noticed that in six test-checked Districts, only 267 (43 *per cent*) CSCs were constructed against the target of 622 CSCs during the period 2014-2017. It was also noticed that 267 CSCs in

---

189 For IHHL Central and State share was 90:10; for CSC the Central share , State share and Beneficiary contribution is 60:30:10; for IEC activities and Administrative Expenses, the Central and State share (up to 2014-15) was 75:25 and thereafter 60:40.

190 Opening balance pertained to Nirmal Bharat Abhiyan funds lying with the Districts, which had been carried forward to SBM (Gramin).

191 As against the balance of ₹6.85 crore only ₹6.47 crore has been shown which is due to withdrawal of balance of ₹0.38 crore from DPO Poonch

these six test-checked Districts were constructed without the approval of SLSSC and without ensuring the provision of water supply under the National Rural Drinking Water Programme (NRDWP) in deviation from the scheme guidelines.

During a joint inspection of 42 CSCs (out of 267), it was noticed that 12 CSCs created at a cost of ₹0.25 crore in 12 panchayats[192] during 2014-2017 were not functional[193] and one CSC at Pamrote (Poonch) constructed at cost of ₹1.80 lakh was incomplete.

In deviation to programme guidelines, no operation, maintenance and monitoring guidelines for CSC to ensure proper maintenance of the complex was framed by the State. As a result, there was no system in place to ensure maintenance of the CSCs.

In reply, DPOs Budgam, Pulwama and Anantnag stated that instructions were noted for future compliance.

3.24.2.3 Provision of toilets in the houses constructed with Government assistance

The Scheme guidelines stipulated that all the houses constructed with Central or State assistance were to invariably have a suitable sanitation facility as an integral part and a provision for this was to be made in the Indira Awaas Yojana (IAY). Till such provision was made, funding was to continue from SBM.

Audit noticed that out of 1,635 dwellings constructed in 15 (out of 18 test-checked) Blocks under IAY, only 19 dwellings (one *per cent*) were provided toilets facility under SBM. In reply, five[194] DPOs stated that the instructions for providing toilets to such beneficiaries would be issued to BDOs. However, the fact remains that the remaining IAY households were not covered under SBM in contravention to the Scheme guidelines.

3.24.2.4 Irregularities in implementation of SBM (Gramin) in the test-checked Districts

A joint inspection by Audit and departmental authorities of households in 89 test-checked Gram Panchayats covering 791 beneficiaries covered under the programme revealed that 107 (14 *per cent*) of the households were not using the IHHLs and in 69 (nine *per cent*) cases, the IHHLs were used for other purposes as store house[195]. In 306 (39 *per cent*) cases, the households did not have piped water supply. Further, it was seen that 87 (11 *per cent*) households were not disposing off child faeces safely. In 10 cases (one *per cent*), the IHHLs did not have septic tank and seat. In 36 cases (five *per cent*), the IHHLs were constructed without receiving the full incentive.

[192] Panchayat Chulna, Rehambal, Gaintwal (Udhampur); Rajdhani-B (Rajouri), Kanuyian, Mandi (Poonch); Rajwan, Budina, N. S. Pure (Budgam); Kangan, Kakapura (Pulwama) and Uttersoo (Anantnag)

[193] Due to non-arrangement of maintenance agreement in three CSCs, Non-availability of water supply connection in three CSCs, one partially used as store and others had been found locked during physical visit

[194] Rajouri, Poonch, Budgam, Pulwama and Anantnag

[195] Fodder or fire wood

As per instructions regarding cash less transactions issued (December 2015) by the State Government, all the payments were to be credited from treasury into the payee/ beneficiary accounts directly. However, it was noticed that seven Block Development Officers[196] had drawn amounts from treasury during 2016-17 and issued invoices/ cheques for payments in violation of the said instructions. It was seen that ₹12.84 lakh drawn from treasury were not disbursed to the intended beneficiaries in Panchari, Poonch, Manjakote and Mandi Blocks. In reply, BDO Poonch stated that payment had been stopped due to incompletion of toilets and BDO Manjakote stated that the instructions for release of payment will be issued. Reply is not tenable as the amount drawn from treasury for the beneficiaries continued to be in the bank accounts of the respective BDOs.

Further, in Manjakote Block, an amount of ₹2.88 lakh drawn from treasury in the name of certain beneficiaries was paid to 24 different beneficiaries during 2016-17 and not in favour of whom it was drawn.

BDO Mandi, purchased 287 water tanks at a cost of ₹5.74 lakh for distribution among IHHL beneficiaries, out of which only 155 water tanks were distributed. Utilisation/ stock entries of the remaining 132 water tanks were not shown to Audit. As such, there was unverified account of water tanks worth ₹2.64 lakh. In reply, BDO Mandi stated that due to shifting of records, the said file is not traceable and efforts will be made to locate the same.

Five DPOs[197] and two BDOs[198] had diverted SBM Gramin funds of ₹12.15 lakh on construction of School toilets, as construction of toilets in School after launch of SBM was to be carried out on account of the funds from the GoI, Ministry of Human Resource Development and not from funds of Rural Development Department.

3.24.2.5 Non-taking up of certain programme activities under SBM Gramin

The Programme guidelines, among other things, stipulated construction of Rural Sanitary marts/ production centres, constitution of a revolving fund, establishment of Block Programme Management Unit (BPMU) and formulation of Village Water and Sanitation Committee (VWSC).

Audit noticed that the Rural Sanitary Marts (RSMs) to provide material, hardware and designs required for the construction of sanitary latrines, soakage and compost pits, vermi-composting, washing platforms, certified domestic water filters and other sanitation and hygiene accessories had not been established in the State. Audit further observed that no specific design was approved for constructions of IHHLs at State level. DPOs Rajouri, Udhampur, Poonch stated that no instruction for setting up of RSM/ Production Centre (PC) was received from higher authority. DPOs Budgam, Pulwama and Anantnag stated that no such practice was in vogue in Kashmir province.

[196] Manjakote, Mandi, Budgam, Pulwama, Shadimarg, Poonch and Panchari
[197] Anantnag, Baramulla, Kupwara, Shopian and Kargil
[198] Mandi and Surankote

Revolving fund to a maximum of ₹1.50 crore, approved by the District Water and Sanitation Mission/ Committee (DWSM/ C) was to be created in the Districts and to be given to Societies, Self Help Groups for providing cheap finance to their members, APL households not covered for incentives under the guidelines and households covered under the incentive to meet the additional cost of improved toilets with bathing facility, was not created. Thus, the envisaged beneficiaries could not avail the cheap loans to meet the additional cost of improved toilets.

Block Programme Management Unit (BPMU), to be established by the State Government to work as a bridge between District experts, GPs and for continuous support in terms of awareness generation, motivation, mobilisation, training, handholding of village communities and to monitor sanitation status in GPs, was not created in the test-checked Districts.

VWSC having representation from each ward and six more members, 50 *per cent* of which comprises women as a sub-committee of GP to be established by the State Government for providing support in terms of motivation, mobilisation, implementation and supervision of the programme, were not formulated in the test-checked Districts.

As such, the implementation of programme activities could not be monitored and carried out in accordance with the programme guidelines.

3.24.2.6 Monitoring and evaluation of SBM Gramin

An Apex Committee at State level and a State Level Sanctioning Committee (SLSC) was constituted in March 2015 and May 2015 to monitor the implementation of scheme. Scheme guidelines, among other things, also stipulated for social Audit, establishment of a Rapid Action Learning Unit (RALU) at State and District level and monitoring of the programme through a team of experts at State level/ District level.

Block level and District level, Panchayati Raj Institutions were required to regularly monitor the implementation of the programme and the GPs was to play a role in monitoring and assisting in Social Audits to be held in each GP once in six months. Social Audit of the SBM Gramin was not conducted in the six test-checked Districts, with the result, the transparency in programme implementation and the participation of the common villagers was not ensured.

In reply, the Director, Rural Sanitation stated that the Social Audit activities were conducted with the MGNREGA works by the concerned District/ Block officers. The reply should be seen in light of the fact that the DPOs of selected Districts stated that no Social Audit of SBM Gramin was conducted in the District.

Rapid Action Learning Unit (RALU) at District and State level to monitor and provide advice on corrective action and upscale good practices on both output (Toilets Construction) and outcomes (Toilets usage) and open defecation in the GP were not constituted/ established in the State.

Teams of experts at State level/ District level for monitoring the implementation of programme at least once in a quarter as required under the programme guidelines were not established in the selected Districts. Further, against 10 reviews to be conducted at State and in each District during the period 2014-17, no reviews had been carried out in the State/ test-checked Districts.

The District Magistrate/ Deputy Commissioners were required to review the progress of the Mission in each Gram Panchayat every fortnight and the Secretary of the Rural Development Department was required to review progress with District officials every month. Audit noticed that no such mechanism was in place to monitor the progress in selected Districts. The DPOs stated that the matter would be taken up with the District Magistrate/ Deputy Commissioner to conduct review every fortnight. The DPOs Budgam, Pulwama and Anantnag stated that the instructions were noted for future compliance.

Thus, the Rural Development Department failed to achieve its targets and there was a shortfall of 71 *per cent* and 55 *per cent* in construction of IHHLs and CSCs respectively. Objective of achieving the ODF status by 2019 is at risk as only three *per cent* blocks, four *per cent* GPs and four *per cent* villages could be declared ODF so far. There was delay in release of funds at various levels. Test-check revealed that in 23 *per cent* cases the IHHLs, constructed under the programme, were either not put to any use or were being used for other purposes. The Monitoring and Evaluation of programme activities was not carried out in accordance with the programme guidelines.

(II) Education Department

3.24.3 Construction of toilets in schools under SBM

The State Project Director, Sarva Shiksha Abhiyan (SPD, SSA) and State Project Director, Rashtriya Madhymik Shiksha Abhiyan (SPD, RMSA) monitor the construction of toilets in schools. As per information provided by the Department, the targets fixed for construction of school toilets under various components of SBM and achievements there against (July 2015) are detailed below:

Table-3.24.4: Targets and Achievements for construction of toilets in schools

Component	Initial targets	Revised targets	Achievements	
			Numbers	*Per cent* of revised targets
New toilets	6,945	5,765	5,765	100
Swachh Bharat Kosh (SBK) Sanctions	6,289	4,753	4,753	100
Dysfunctional toilets (SSA)	3,948	4,533	4,533	100
New toilets (RMSA)	206[199]	170	170	100
Dysfunctional toilets (RMSA)	166[200]	166	166	100
Total	**17,554**	**15,387**	**15,387**	**100**
NHPC (under corporate social responsibility)	903	477[201]	461	97
Grand total	**18,457**	**15,864**	**15,848**	**100**

199 Variation with the figures of 140 as depicted by SPD
200 Variation with the figures of 130 as depicted by SPD
201 NHPC undertook construction of 477 toilets only under CSR and transferred construction of 300 toilets to district administration

Targets fixed for construction of 17,554 toilets were revised to 15,387, as on the basis of survey conducted by the Department in the Districts, certain changes[202] were necessitated. Revised targets fixed have been achieved fully.

Construction of 903 toilets was initially transferred by SSA to NHPC Limited under Corporate Social Responsibility (CSR). National Hydroelectric Power Corporation (NHPC) undertook construction of 477 toilets only under CSR and completed 461 toilets, whereas 16 toilets were in progress (July 2015). It was subsequently decided that out of remaining 426 toilets not taken up by the NHPC, 253 toilets were not actually required due to clubbing of schools. However, even against the balance 173 toilets, construction of only 47 toilets had been undertaken and the status regarding the remaining 126 toilets was not provided to Audit.

3.24.3.1 Blocking of funds received for construction of toilets in schools

The State Project Director, SSA did not provide the complete position of expenditure incurred against the funds received from GoI/ State share for construction/ re-construction of new and dysfunctional toilets or under Swachh Bharat Kosh (SBK) for the period 2014-15 to 2016-17 to Audit.

Scrutiny of records made available to Audit revealed that the GoI released ₹35.05 crore for construction/ re-construction of new and dysfunctional toilets during December 2014 and March 2015. However, the State Project Director, SSA released only ₹24.44 crore to the implementing agencies for construction/ re-construction of new and dysfunctional toilets and retained the balance of ₹10.61 crore for more than two years for which no reason were explained.

The State share of ₹42.27 crore[203] was also released (February 2015 and March 2016) by the State Project Director, SSA to the implementing agencies for construction of new and dysfunctional toilets. However, while releasing ₹40.09 crore to the two directors[204], they were directed (March 2016) not to further release this amount to the Districts. The amount of ₹40.09 crore was lying in bank accounts with the two Directors since March 2016 for around one year, as they had not received (April and July 2017) any further instructions from State Project Director, SSA.

It was further noticed that ₹15.72 crore released by the GoI under Swachh Bharat Kosh during March 2015, were released by the State Project Director, SSA to the implementing agencies. However, an expenditure of ₹4.30 crore had only been incurred as of March 2016 and the remaining amount of ₹11.42 crore (73 *per cent*) was lying with the Chief Education Officers (CEOs)/ Zonal Education Officers (ZEOs) since June 2015.

202 2,824 schools had already adequate facilities available, 620 schools were clubbed, 32 schools in composite building did not require, besides there was additional requirement of 726 new toilets and 585 dysfunctional toilets

203 February 2015: ₹2.18 crore; March 2016: ₹ 40.09 crore

204 Director School Education, Kashmir: ₹15.05 crore; Director School Education, Jammu: ₹25.04 crore

As such, unnecessary retention of balances at various levels resulted in blocking of ₹62.12 crore (67 *per cent* of funds released ₹93.04 crore) without any tangible results and reflected poor financial management.

3.24.3.2 Irregularities noticed in construction of school toilets under SBM in test-checked Districts

The physical and financial position regarding construction of new toilets in schools in five out of six test-checked Districts[205] is shown below:

Table-3.24.5: Physical and Financial position in test-checked Districts

District	Funds allotted	Expenditure	Balance (-/+)	Target approved by GoI	Target revised by SSA	Toilets completed
	(₹ in crore)			Numbers		
Udhampur	2.71	2.39	0.32	679	306	306
Poonch	3.44	6.00	(-) 2.56	860	725	725
Rajouri	Nil	4.08	(-) 4.08	Nil	486	493
Pulwama	1.34	2.44	(-) 1.10	335	263	266
Anantnag	4.13	7.51	(-) 3.38	1150	868	868
Total	**11.62**	**22.42**	**(-) 10.80**	**3,024**	**2,648**	**2,658**

As against the amount of ₹11.62 crore allotted to five Districts, an expenditure of ₹22.42 crore was incurred on construction of 2,658 toilets, thereby exceeding the allotment by ₹10.80 crore. The State Project Director, SSA had directed (April 2015) that the Districts may utilise the available funds under civil works for construction of toilets and the same should be recouped as and when funds are received for construction of toilets. The excess expenditure of ₹10.80 crore met by diversion from other civil works had not been recouped despite availability of adequate funds of ₹40.09 crore with the Directors School Education Jammu and Kashmir.

(a) In Rajouri District, construction of 493 toilets was taken up (June 2015) without any sanction and funds. An expenditure of ₹4.08 crore incurred on these 493 toilets was diverted from other civil works. In reply, the CEO, Rajouri stated that there were instructions from higher authorities to make payment out of available funds under SSA on loan basis till funds were provided under SBK.

(b) Test-check of records in Rajouri and Thannamandi zones of District Rajouri revealed that against the target for construction of 72 toilets, CEO Rajouri allotted ₹0.53 crore for construction of 65 toilets in these zones. An expenditure of ₹0.50 crore had been incurred on construction of 58 toilets. Out of the remaining seven toilets, two toilets were under construction and status regarding five toilets was not known, but the balance amount of ₹3.12 lakh was lying with the zones.

(c) Detailed scrutiny of the scheme in six test-checked Districts revealed that the requirement of new toilets and repair of dysfunctional toilets was not based on any need assessment. It was seen that the test-checked Districts had not submitted any plan for repairs of toilets to SPD. Further, the Chief Education Officers obtained

[205] Excludes Budgam District, where funds were not allocated for construction of new toilets

requisition for repairs/ construction from concerned ZEOs/ Schools after receipt of funds.

(d) It was further noticed that an expenditure of ₹2.15 crore was incurred in the six test-checked Districts against available funds of ₹5.92 crore under repair of dysfunctional toilets, thereby retaining a balance of ₹3.77 crore since June 2015. Against the target of 2,369 toilets, only 1,813 toilets were repaired. Out of these, in two Districts (Anantnag and Pulwama), 301 toilets were repaired against the target of 234 toilets at varied rates, thereby exceeding the target. Besides, only 67 toilets were constructed by providing additional funds at the rate of 0.25 lakh each.

(e) A joint inspection of 169 (out of 1,529) School toilets constructed/ repaired under the programme in selected/ test-checked Zones/ Schools conducted by Audit and departmental authorities showed that 42 school toilets (25 *per cent*) did not have any water connection, 21 school toilets (12 *per cent*) were not being put to any use, and one school toilet (one *per cent*) was without septic tank and sewerage was thrown into the adjacent *nallah*.

Thus, poor financial management in Education Department resulted in blocking of ₹62.12 crore which adversely impacted the construction of new toilets and improving of dysfunctional toilets. Due to non-availability of water connection or non-use of toilets in the test-checked schools, the objective of school sanitation could not be achieved.

(III) Housing and Urban Development Department

3.24.4 Construction of toilets under SBM Urban

SBM Urban stipulated construction of Individual Household Toilets (IHHTs) and Community Toilet/ Public Toilet (CT/ PT) in the urban areas. The year-wise targets fixed during 2014-15 to 2016-17 and achievements under SBM Urban are given below:

Table-3.24.6: Targets and Achievements in construction of IHHTs and CTs/ PTs under SBM Urban

Year	IHHTs			CTs/ PTs[206]		
	Targets	Achievements		Targets (seats)	Achievement	
		Number	(Percentage)		(Seats)	(Percentage)
2014-15	34,190	Nil	Nil	1,418	Nil	Nil
2015-16	32,190	Nil	Nil	282	15	5
2016-17	37,700	1,124	3	482	60[207]	12
Total	**1,04,080**	**1,124**	**1**	**2,182**	**75**	**3**

Against the target of constructing 1,04,080 IHHTs and 2,182 CT/ PTs only 1,124 IHHTs (one *per cent*) and 75 CT/ PTs (three *per cent*) were constructed. There was no progress against the targets fixed for construction of IHHTs during 2014-15 and 2015-16. However, against the target of 37,700 IHHTs during 2016-17, only

[206] Each CT/ PT consists of five seats, two bath rooms, care taker room, and two urinals. The targets and achievements are in respect of seats only

[207] 30 CT/ PT units were in progress

1,124 IHHTs (three *per cent*) could be covered. The short fall in construction of CT/ PTs during 2014-15 to 2016-17 ranged between 88 to 100 *per cent*. Shortfall in construction of IHHTs was attributed to non-provision of the State share and gap in finance. In the case of CT/ PTs, the toilets could not be constructed due to non-provision of State share. The State Government decided (April 2017) to provide ₹13,490 and ₹12,540 per IHHT[208] from the State Capex budget. However, as noted in paragraph 3.24.4.1 below, funds were available but not spent.

A joint inspection of 11 IHHTs constructed in Municipal Committee, Awantipora in Kashmir revealed that only two IHHTs were functional and the remaining nine IHHTs were either closed or being used as store houses.

3.24.4.1 Low utilisation of funds under SBM Urban

Against the amount of ₹60.47 crore (Central share: ₹28.72 crore, State Share: ₹31.75 crore) received by the Mission Director SBM, during 2014-15 to 2016-17, only ₹17.10 crore[209] was released to the implementing agencies for implementation of SBM Urban under four components[210]. An expenditure of ₹5.72 crore (nine *per cent*) had been incurred by five[211] implementing agencies. There was an unspent balance of ₹43.37 crore[212] (72 *per cent*) lying with the Mission Director (H&UDD). Besides, an unspent balance of ₹10.57 crore[213] was also lying with four[214] Implementing agencies, as of March 2017. There was an unexplained variation of ₹0.81 crore in the closing balance for which reasons were not available on record.

It was also noticed that Central Share of ₹28.72 crore was released by the Finance Department to the State Mission Director SBM Urban after a delay of 89 to 219 days who, in turn, released ₹15.14 crore[215] to the implementing agencies after delay of 43 to 210 days.

The reasons for non-utilisation of the funds was attributed by the Mission Director SBM Urban to non-finalisation of rates of Individual Household Toilets (IHHTs) and Community Toilet/ Public Toilet (CT/ PT) by the State Government and the same, were finalised only in May 2017.

As such, delay in firming up the rates for construction of IHHT and CT/ PT has resulted in blocking of funds of ₹53.94 crore and non-accrual of the benefits of the scheme.

---

208 For PCC/ Masonry IHHT unit: ₹13,490; for Fiber Reinforced Plastic IHHT unit: ₹12,540

209 Includes ₹0.93 crore spent by Mission Director and ₹16.17 crore released to Subordinate offices

210 Central Share: ₹8.85 crore under (IHHT: ₹6.37 crore, CT/ PT: ₹0.13 crore, Public awareness: ₹1.42 crore, capacity building: ₹0.93 crore), State Share (₹8.25 crore: component wise break up not available)

211 Mission Director SBM (Urban): ₹0.93 crore; Director ULB Jammu: ₹2.33 crore; Director ULB Kashmir: ₹1.70 crore; Municipal Corporation Jammu: ₹0.53 crore; Municipal Committee Kargil: ₹0.23 crore

212 Central share: ₹19.87 crore; State Share: ₹23.50 crore

213 Central share: ₹3.40 crore; State share: ₹7.17 crore

214 Director ULB Jammu: ₹2.43 crore; Director ULB Kashmir: ₹2.72 crore; Jammu Municipal Corporation: ₹2.45 crore; Srinagar Municipal Corporation: ₹2.97 crore

215 ₹7.93 crore under Central share and ₹7.21 crore under State share

3.24.4.2 Diversion of funds

As per Scheme guidelines (December 2014), incentive of ₹4,000 from Central share of funds was to be provided for construction of each Individual Household Toilet (IHHT) and there was no bar on releasing any extra fund at any stage using additional resources generated/ provided by the State Government/ ULB.

Scrutiny of records revealed that against the Central Share of incentive of ₹0.45 crore (at the rate of ₹4000 per IHHT) for construction of 1,124 IHHTs, an amount of ₹1.89 crore had been paid by three[216] implementing agencies without any contribution from the State share of funds. This has resulted in irregular diversion of Central share of ₹1.44 crore[217].

Further, the Director, ULB Jammu incurred an expenditure of ₹0.55 crore on construction of Community Toilets and Public Toilets (CTs/ PTs) from Central share against allotment of ₹six lakh only. The excess expenditure of ₹0.49 crore was diverted from the funds received under other components.

3.24.4.3 Irregular payment and blocking of funds

The State Government had not fixed the cost for construction of IHHT units and also the amount of State Share to be paid to the beneficiaries during 2014-17. A Cabinet decision in this regard was, however, taken only in April/ May 2017 and the State share for Precast Concrete/ Masonry IHHT unit was fixed at ₹13,490 and for Fiber Reinforced Plastic IHHT unit at ₹12,540. The Central share for both types units was ₹4,000.

Audit scrutiny revealed that without fixing the unit cost for construction of IHHT, an amount of ₹1.12 crore was released (January 2016) by the Director Urban Local Bodies (DULB), Kashmir to 27 Municipal Committees, as first installment[218], for construction of 5,588 IHHTs. However, only ₹0.88 crore were released to 4,400 beneficiaries and ₹0.24 crore meant for 1,188 IHHTs were retained by the respective Municipal Committees (MCs). It was stated (July 2017) that only 1,170 IHHTs were constructed, but the second installment of Central share and the whole State share was not paid to these 1,170 beneficiaries who had already constructed the IHHTs. It was also stated that the status of the remaining 3,230 IHHTs for which incentive of ₹0.65 crore had been released was not known.

Thus, release of payments before fixation of norms was irregular and retention of funds by the MCs led to blocking of ₹0.24 crore. Unknown status regarding construction of 3,230 IHHTs for which ₹0.65 crore had already been paid reflected poor monitoring. The second installment in respect of 1,170 IHHTs already constructed by the beneficiaries need to be released.

---

216 DULB Jammu: ₹163.24 lakh; DULB Kashmir: ₹1.92 lakh; Jammu Municipal Corporation: ₹24.00 lakh

217 DULB Jammu: ₹125.04 lakh; DULB Kashmir: ₹1.48 lakh; Jammu Municipal Corporation: ₹17.68 lakh

218 At the rate of ₹2,000 per unit

3.24.4.4 Monitoring of SBM Urban

As per SBM Urban programme guidelines, a District Level Review and Monitoring Committee (DLMRC) under the chairmanship of the local elected Member of Parliament for satisfactory monitoring of projects had to be constituted. Audit noticed that the DLMRC had not been constituted despite nomination of Member of Parliament by the Ministry of Urban Development GoI in July 2015. As such, monitoring of the projects could not be ensured in accordance with the programme guidelines.

Thus, the Housing and Urban Development Department could achieve only one and three *per cent* targets for construction of IHHTs and CTs/ PTs respectively. Implementation of SBM Urban was not monitored as per programme guidelines and there was blocking of ₹54.18 crore, diversion of ₹1.93 crore and irregular payment of ₹0.88 crore, all contributing to non-achievement of targets.

3.24.5 Conclusion

Rural Development Department failed to achieve its targets under Swachh Bharat Mission (SBM) Gramin for construction of Individual Household Latrines (IHHLs) and Community Sanitary Complexes. The objective of achieving the Open defecation free (ODF) status by 2019 appears to be non-achievable as only three *per cent* blocks, four *per cent* Gram Panchayats and four *per cent* villages could be declared ODF so far. There was delay in release of funds at various levels of the Department. Test-check revealed IHHLs constructed under the programme were either not put to any use or were being used for other purposes.

Poor financial management in Education Department resulted in blocking of funds. Due to non-availability of water connection or non-use of toilets constructed in the test-checked schools, the objective of school sanitation could not be achieved.

Housing and Urban Development Department could achieve only *one* and three *per cent* targets for construction of Individual Household Toilets and Community Toilets/ Public Toilet respectively. Implementation of SBM Urban was not monitored as per programme guidelines. Audit came across instances of blocking of funds, diversion of funds and release of payments before fixation of norms.

The matter was referred to the Government in August 2017; reply was awaited (December 2017).

Rural Development Department

3.25 Unfruitful expenditure and blocking of funds

Departmental failure to take appropriate measures for timely completion of foot suspension bridge, despite availability of sufficient funds resulted in unfruitful expenditure of ₹0.19 crore, blocking of ₹0.31 crore, surrender of ₹1.04 crore and also deprived the people in the targeted area from intended benefits of the project.

To provide connectivity to the people of village Auder and other adjoining villages falling under Block Dachnipora, District Anantnag, the Director, Rural Development Department (RDD) proposed (September 2011) construction of a foot suspension bridge over river Jehlum at village Auder under Community Development and Panchayat Scheme at an estimated cost of ₹1.29 crore, which was administratively approved (September 2012) at the cost of ₹1.20 crore.

Audit scrutiny of the records of the Director, RDD, Kashmir and Executive Engineer, Rural Engineering Wing (REW), Anantnag revealed that in absence of a Detailed Project Report (DPR) and Administrative Approval, an amount of ₹10 lakh was released in 2010-11 for execution of this work. The work was allotted (March 2013) to a contactor at a cost of ₹1.29 crore and was to be completed within a period of one year (February 2014). It was noticed that ₹1.54 crore[219] were released during 2010-11 to 2016-17 for execution of this work. However, an expenditure of ₹0.50 crore[220] was incurred[221] during 2010-11 to 2014-15 on purchase of materials and incomplete works etc. The contractor abandoned the work (July 2014) and requested for rate escalation, after executing the underground portion of pile works which was not resumed (May 2017). The Department did not initiate any penal action against the contractor, nor took any steps to ensure the completion of balance work. It was noticed in Audit that despite availability of sufficient funds, the work could not be resumed as the entire funds of ₹1.04 crore released for this work during 2015-16 and 2016-17 could not be utilised and had to be withdrawn from this work.

On this being pointed out, the Executive Engineer REW, Anantnag stated (May 2017) that ₹0.19 crore were paid for civil works/ professional charges. Besides, material procured for this work and issued to other works has been recouped and ₹0.31 crore of this work were deposited in the official bank account of the Division. It was also stated that the issues regarding cancellation of contract and initiating penal/ legal

[219] 2010-11: ₹0.10 crore; 2013-14: ₹0.20 crore; 2014-15: ₹0.20 crore; 2015-16: ₹0.25 crore and 2016-17: ₹0.79 crore

[220] Payment to the contractor: ₹0.18 crore; Procurement of material: ₹0.32 crore

[221] 2010-11: ₹0.10 crore; 2013-14: ₹0.20 crore; 2014-15: ₹0.20 crore

action against the contractor are in the domain of the Director, RDD who has been informed in this regard**.**

Thus, departmental failure to take appropriate measures for timely completion of foot suspension bridge, despite availability of sufficient funds resulted in unfruitful expenditure of ₹0.19 crore, blocking of ₹0.31 crore, surrender of ₹1.04 crore and also deprived the people in the targeted area from intended benefits of the project.

The matter was referred to the Government in June 2017; reply was awaited (December 2017).

3.26 Unproductive expenditure in defunct State Procurement Supply and Marketing Agency

Indecisiveness on the part of the Department either to wind up or to revive the defunct State Procurement Supplies and Marketing Agency (RDD), has resulted in unproductive expenditure of ₹2.41 crore on payment of salaries and other office expenses of the staff during April 2013 to October 2016.

For the purpose of providing technical support to the rural development sector for procurement of raw material, marketing of final products, provision of consultancy for development of designs and techniques of fabrication and manufacture, Government of Jammu and Kashmir, Agriculture Production[222] Department decided (November 1989) to float two "Divisional Procurement Supply and Marketing Societies" for Jammu and Kashmir respectively. As per their Memorandum of Association (MoA), the societies were to identify the sources of equipment, raw materials and machinery for production of various items[223] and make arrangements for their procurement. They had also to provide technical guidance and consultancy to DRDAs[224]/ beneficiaries with regard to design of different products, up-gradation of skills/ products, market trends and marketing of services/ products.

Audit scrutiny of records of the Director, Rural Development Department (RDD), Jammu revealed that the societies were not functional as per their mandate defined in MoA, since 1999. In order to revive both the societies, a decision regarding conversion of societies into a single Corporation was taken in July 2004 and the society was registered as State Procurement and Supplies Agency only in January 2012. To avoid unnecessary burden on the State exchequer on account of payment of salaries to staff of the Agency, who were without any work, the Director (RDD), Jammu proposed (September 2012) for winding up of the Agency, but no action had been taken in this regard (November 2016). Thus, the indecisiveness on the part of the Department either to wind up or to revive the defunct Agency, has resulted in unproductive expenditure of ₹2.41 crore[225] on payment of salaries and other office

[222] Of which Rural Development Department was part at that time

[223] Like cloth, yarn, wool, cocoons, looms, spinning wheels, black smithy and carpentry items, agricultural implements, quality animals etc.

[224] District Rural Development Agencies

[225] 2013-14: ₹60.26 lakh; 2014-15: ₹39.14 lakh; 2015-16: ₹95.37 lakh; 2016-17: ₹46.12 lakh

expenses of the staff during April 2013 to October 2016. The envisaged benefits also could not percolate to the intended population.

On being pointed out in Audit, the Director, RDD, Jammu stated (January 2016) that the matter regarding revival of the Agency would be taken with the Administrative Department for their comments. However, the action taken in this regard was awaited (December 2017).

The matter was referred to the Government in April 2017; reply was awaited (December 2017).

Tourism Department

3.27 Blocking of funds and unfruitful expenditure

Unnecessary retention of unspent balance, even after the closure of the scheme and failure to monitor the registration and establishment of units resulted in blocking of ₹0.69 crore and unfruitful expenditure of ₹0.79 crore.

For revival of Tourism sector, the Jammu and Kashmir Government, Tourism Department sanctioned (November 2007) a scheme ‘Development of paying guest type accommodation by unemployed youth’ in identified tourist places. The scheme was to remain in operation for two years (2007-09), but was extended[226] upto March 2012. Assistance under the scheme was to be paid to registered unemployed youth for creation of boarding and lodging facility in an existing residential house by making available some rooms within the house or by providing additional facility like kitchen, toilet and additional one or two rooms to the existing structure, which could be provided to tourists on payment. Assistance at the rate of ₹1.25 lakh, ₹1.75 lakh and ₹2.25 lakh was available for single, double and rooms with three to four beds respectively with all facilities with additional ₹0.25 lakh for kitchen/ crockery/ utensils etc. The assistance was to be released in two equal installments after approval of the beneficiary. The first installment was to be released after the Director, Tourism approved the beneficiary and second installment when all facilities in approved paying guest accommodation were in place and it was registered under Tourist Trade Act.

- Audit scrutiny of records of the Assistant Directors, Tourism, Leh and Kargil revealed that an amount of ₹2.50 crore[227] was released for implementation of this scheme in Leh (₹2.01 crore) and Kargil (₹0.49 crore) Districts during 2007-08 to 2011-12, out of which an expenditure of ₹1.70 crore[228] had been incurred. There was an unspent balance of ₹0.69 crore with Assistant Director, Tourism, Leh in his saving bank account whereas Assistant Director, Tourism, Kargil surrendered

---

226 Twice, first in July 2009 for two years and subsequently in January 2012 for one year

227 Leh: ₹2.01 crore (2007-08: ₹1.00 crore; 2008-09: ₹0.50 crore; 2010-11: ₹0.26 crore and 2011-12: ₹0.25 crore) and Kargil: ₹0.49 crore (2007-08: ₹0.25 crore; 2008-09: ₹0.20 crore 2009-10: ₹0.02 crore; 2010-11: ₹0.02 crore)

228 Leh: ₹1.32 crore (2008-09: ₹0.85 crore; 2010-11: ₹0.45 crore and 2011-12: ₹0.02 crore) and Kargil: ₹0.38 crore; (₹2008-09: ₹0.34 crore; 2009-10: ₹0.02 crore and 2010-11: ₹0.02 crore)

the unspent balance of ₹0.11 crore. The scheme was not extended beyond 2011-12 but the unspent balance of ₹0.69 crore was not returned to the Administrative Department and continued to be blocked in the bank account of the respective office for around five years (August 2017).

- Scrutiny of the records also revealed that out of 133 identified beneficiaries in Leh District 73 were paid assistance of ₹0.91 crore[229] in two installments, however, 58 beneficiaries were paid only one installment amounting to ₹0.41 crore[230], two did not claim. However, the status regarding their registration was not available.
- In Kargil District, out of 60 identified beneficiaries, 38 beneficiaries were paid first installment of ₹0.38 crore[231] which included payment of ₹0.09 crore for kitchen/ crockery/ utensils etc. at the rate of ₹0.25 lakh. However, none of the beneficiaries had approached for release of second installment, nor were their guest houses registered. The expenditure of ₹0.79 crore incurred on payment of single installment to 96[232] beneficiaries was thus, rendered unfruitful.

On this being pointed out, the Assistant Director, Tourism, Leh stated (August 2016) that the matter was taken up with the Director, Tourism, Kashmir (DTK) but they could not trace the records, which were washed away in floods in September 2014. It was also stated that the units have been included in the Directory. The Assistant Director, Tourism, Kargil stated (September 2016) that efforts will be made to get these units registered. Reply is not tenable, as in absence of registration of these units under Tourism Trade Act, the status regarding their legitimate functioning could not be established.

Thus, the unnecessary retention of unspent balance, even after the closure of the scheme and failure to monitor registration and establishment of units resulted in blocking of ₹0.69 crore and unfruitful expenditure of ₹0.79 crore.

The matter was referred to the Government in April 2017 and in reply the Financial Advisor/ Chief Accounts Officer, Tourism Department stated (June 2017) that only two beneficiaries in Kargil completed the standard of guest houses as per the norms of the scheme and the other units who had not completed as per the norms but are functional. It was also stated that instructions have been conveyed to subordinate units to transfer the unspent balance to Government Account and remittance of unspent balance lying with Assistant Director, Tourism, Leh into the Government Account shall be intimated in due course. The reply is not tenable as the objective of the

229 At the rate of ₹1.25 lakh per case (1st installment: ₹0.70 lakh and 2nd installment: ₹0.55 lakh)

230 58 beneficiaries at the rate of ₹70,000 per beneficiary

231 18 beneficiaries for single bed at the rate of ₹62,500: ₹11,25,000; 20 beneficiaries for double bed at the rate of ₹87,500: ₹17,50, 000 and all the 38 beneficiaries for kitchen/ Crockery/ Utensils etc. at the rate of ₹25,000: ₹9,50,000

232 Leh: 58; Kargil: 38

scheme could not be achieved and the unspent balance continued to be in the saving bank account of the Assistant Director, Tourism, Leh. Further, there was no monitoring mechanism to track the beneficiaries after the payment of assistance, with the result operational status of guest houses to be created was not known to the Department.

(SUSHIL KUMAR THAKUR)
Accountant General (Audit)
Jammu & Kashmir and Ladakh

Srinagar/Jammu
The 8th February 2020

Countersigned

(RAJIV MEHRISHI)
Comptroller and Auditor General of India

New Delhi
The 13th February 2020

Appendices

Appendix-2.1.1

(Refer Paragraph: 2.1.7.1; Page: 13)

Statement showing unspent balance of 11 Forest Development Agencies/ Village Forest Committees at the end of financial years

(₹ in lakh)

Name of Forest Development Agency	Period	Amount range of retention	Percentage range of retention
Bandipora	2011-16	0.68 to 100.41	77 and 100
Baramulla	2011-16	0.01 to 53.09	1 and 99
Budgam	2011-16	4.66 to 41.98	40 and 100
Kulgam	2013-16	7.81 to 20.30	61 and 89
Tangmarg	2013-16	7.99 to 33.02	50 and 100
Jammu	2011-16	18.91 to 28.15	32 and 99
Rajouri	2012-15	1.53 to 2.29	3 and 20
Reasi	2011-16	1.00 to 4.32	3 and 100
Udhampur	2011-16	2.24 to 14.22	7 and 32
Ramnagar	2011-16	0.47 to 7.21	1 and 35
Kishtwar	2011-16	0.74 to 3.54	1 and 12

Appendix-2.1.2

(Refer Paragraph: 2.1.8.10; Page: 23)

Statement showing targets and achievements under ANR, AR, PD/ SP and RMH during 2011-16

FDA	ANR			AR			PD/SP			RMH			Total		
	T	A	S	T	A	S	T	A	S	T	A	S	T	A	S
Baramulla	170	28	84	302	192	36	150	68	55	5	3	40	627	291	54
Bandipora	180	20	89	160	20	88	150	40	73	00	00	00	490	80	84
Budgam	225	93	59	335	112	67	159	81	49	68	26	62	787	312	60
Kulgam	45	35	22	65	58	11	30	25	17	10	08	20	150	126	16
Tangmarg	44	24	45	45	30	33	15	5	67	13	03	77	117	62	47
Ramnagar	205	35	83	205	135	34	95	30	68	00	00	00	505	200	60
Reasi	565	505	11	Targets not fixed									565	505	11
Rajouri	290	150	48	240	190	21	120	111	08	00	00	00	650	451	31
Udhampur	260	105	60	360	155	57	110	40	64	00	00	00	730	300	59
Kishtwar	140	120	14	130	110	15	65	50	23	55	50	09	390	330	15
Jammu	185	10	95	280	06	98	60	20	67	00	00	00	525	36	93
Total	**2,309**	**1,125**		**2,122**	**1,008**		**954**	**470**		**151**	**90**		**5,536**	**2,693**	**51**
T=Targets; A=Achievements and S=Shortfall in *per cent*															
Treatment area in hectares															

Appendix-2.1.3

(Refer Paragraph: 2.1.8.10; Page: 24)

Statement showing physical achievements *vis-a-vis* amount spent for purposes other than on plantation

Forest Development Agency	Maintenance (In hectares)		Amount (₹ in lakh)			Remarks
	Targets	Achievements	Sanctioned	Expenditure booked	Diverted	
Baramulla	380 (2013-15)	167	10.33	4.70	4.70	Amount spent/ diverted
Bandipora	Nil	Nil	00	00	00	Proposal not laid
Budgam	62 (2014-15)	Nil	1.68	00	00	Not utilised
Kulgam	95 (2014-15)	48	2.47	1.23	1.23	Amount spent/ diverted
Tangmarg	62 (2013-14)	Nil	1.63	00	00	Amount not utilised
Rajouri	2,444 (2011-14)	1,309	42.68	18.15	15.71	Out of total expenditure of ₹18.15 lakh booked under the activity, only ₹2.44 lakh was spent on the maintenance activities like weeding/ hoeing, watering etc.
Kishtwar	3,150 (2011-14)	1,230	55.63	12.14	10.60	Out of total expenditure of ₹12.14 lakh booked under the activity, only ₹1.54 lakh was spent on the maintenance activities like weeding/ hoeing, watering etc.
Ramnagar	2,075 (2011-14)	1,170	36.66	14.88	13.26	Out of total expenditure of ₹14.88 lakh booked under the activity, only ₹1.62 lakh was spent on the maintenance activities like weeding/ hoeing, watering etc.
Reasi	6,460 (2011-14)	5,255	92.32	48.46	47.37	Out of total expenditure of ₹48.46 lakh booked under the activity, only ₹1.09 lakh was spent on the maintenance activities like weeding/ hoeing, watering etc.
Udhampur	2,555 (2011-14)	488	40.13	8.74	8.74	Amount spent/ diverted
Total	**17,283**	**9,667 (56 *per cent*)**	**283.53**	**108.30**	**101.61**	

Appendix-2.2.1

(Reference Paragraph: 2.2.9; Page No: 40)

Position of manpower in DHs, CHCs, PHCs and SCs in Kashmir Division

A. Position of manpower in 12 District Hospitals (DHs) of Kashmir Division						
Name of post	**Essential number of staff as per IPHS-2012 for one DH**	**Total number of staff for 12 DHs**	**Sanctioned strength of the facility**	**Men in position**	**Shortage (-)/ Excess (+) against IPHS norms**	**Shortage (-)/ Excess (+) against sanctioned strength of the facility**
Manpower-Medical						
Medicine	2	24	14	14	-10	0
Surgery	2	24	14	14	-10	0
Obstetrics & Gynecology	2	24	21	19	-5	-2
Pediatrics	2	24	10	8	-16	-2
Anesthesia	2	24	21	19	-5	-2
Ophthalmology	1	12	5	4	-8	-1
Orthopedics	1	12	11	8	-4	-3
Radiology	1	12	4	4	-8	0
Pathology	1	12	6	5	-7	-1
ENT	1	12	7	6	-6	-1
Dental	1	12	17	17	5	0
MO	11	132	210	199	67	-11
Psychiatry	1	12	7	5	-7	-2
Ayush Doctor	1	12	0	0	-12	0
Total	**29**	**348**	**347**	**322**	**-26**	**-25**
Nurses and Para Medical						
Staff Nurse	45	540	102	315	-225	213
Laboratory Technician	6	72	28	26	-46	-2
Pharmacist	5	60	28	28	-32	0
Storekeeper	1	12	0	0	-12	0
Radiographer	2	24	7	7	-17	0
ECG Technician/ Echo	1	12	0	0	-12	0
Ophthalmic Assistant	1	12	21	14	2	-7
Dietician	1	12	0	0	-12	0
Physiotherapist	1	12	7	7	-5	0
OT Technician	4	48	28	28	-20	0
CSSD Assistant	1	12	0	0	-12	0
Social Worker	2	24	0	0	-24	0
Counsellor	1	12	0	0	-12	0

Dental Technician	1	12	21	21	9	0
Dark Room Assistant	2	24	7	7	-17	0
Rehabilitation Therapist	1	12	0	0	-12	0
Bio-Medical Engineer	1	12	0	0	-12	0
Total	**76**	**912**	**249**	**453**	**-459**	**204**
Manpower-Administration						
Hospital Administrator	1	12	0	0	-12	0
Housekeeper/ Manager	1	12	0	0	-12	0
Medical Record Officer	1	12	0	0	-12	0
Medical Record Assistant	1	12	0	0	-12	0
Accounts/ Finance Assistant	2	24	0	0	-24	0
Administrative Officer	1	12	0	0	-12	0
Office Assistant Gr. I	1	12	0	0	-12	0
Office Assistant Gr. II	1	12	0	0	-12	0
Ambulance Service (1 Driver + 2 Technician)	3	36	35	35	-1	0
Total	**12**	**144**	**35**	**35**	**-109**	**0**
Blood Bank						
Staff Nurse	3	36	0	0	-36	0
Male/ Female Nursing Attendant	1	12	0	0	-12	0
Blood Bank Technician	1	12	0	0	-12	0
Sweeper	1	12	0	0	-12	0
Total	**6**	**72**	**0**	**0**	**-72**	**0**

B. Position of manpower in 50 Community Health Centres (CHCs) of Kashmir Division

Name of post	Essential number of staff as per IPHS-2012 for one CHC	Total number of staff for 50 CHCs	Sanctioned strength of the facility	Men in position	Shortage (-)/ Excess (+) against IPHS norms	Shortage (-) / Excess (+) against sanctioned strength of the facility
Block Medical Officer/ Medical Superintendent	1	50	50	50	0	0
Public Health Specialist	1	50	50	50	0	0
Public Health Nurse (PHN)	1	50	0	0	-50	0
General Surgeon	1	50	50	50	0	0
Physician	1	50	50	38	-12	-12
Obstetrician &Gynecologist	1	50	50	35	-15	-15
Pediatrician	1	50	50	28	-22	-22
Anesthetist	1	50	50	40	-10	-10
Dental Surgeon	1	50	50	50	0	0
General Duty Medical Officer	2	100	350	350	250	0
Medical Officer – Ayush	1	50	0	0	-50	0

Staff Nurse	10	500	350	270	-230	-80
Pharmacist	1	50	50	50	0	0
Pharmacist – Ayush	1	50	0	0	-50	0
Lab. Technician	2	100	100	100	0	0
Radiographer	1	50	100	90	40	-10
Ophthalmic Assistant	1	50	50	50	0	0
Dental Assistant	1	50	50	50	0	0
Cold Chain & Vaccine Logistic Assistant	1	50	0	0	-50	0
OT Technician	1	50	50	50	0	0
Multi-Rehabilitation/ Community Based Rehabilitation Worker	1	50	0	0	-50	0
Counsellor	1	50	0	0	-50	0
Registration Clerk	2	100	0	0	-100	0
Statistical Assistant/ Data Entry Operator	2	100	0	0	-100	0
Accounts Assistant	1	50	0	0	-50	0
Administrative Assistant	1	50	0	0	-50	0
Dresser (certified by Red Cross/ Johns Ambulance)	1	50	0	0	-50	0
Ward Boys/ Nursing Orderly	5	250	250	350	100	100
Driver	1	50	100	100	50	0
Total Number of CHCs in Kashmir: 50	**46**	**2,300**	**1,850**	**1,801**	**-499**	**-49**

C. Position of manpower in 557 Primary Health Centres (PHCs) of Kashmir Division						
Name of post	**Essential number of staff as per IPHS-2012 for one PHC**	**Total number of staff for 557 PHCs**	**Sanctioned strength of the facility**	**Men in position**	**Shortage (-)/ Excess (+) against IPHS norms**	**Shortage (-) / Excess (+) against sanctioned strength of the facility**
Medical Officer- MBBS	1	557	1,154	1,154	597	0
Accountant cum Data Entry Operator	1	557	0	0	-557	0
Pharmacist	1	557	577	577	20	0
Nurse-midwife (Staff-Nurse)	3	1,671	254	254	-1,417	0
Health worker (Female)	1	557	577	577	20	0
Health Assistants (Male)	1	557	0	0	-557	0
Health Assistants (Female)/ Lady Health Visitor	1	557	72	72	-485	0
Laboratory Technician	1	557	254	254	-303	0
Multi-skilled Group D worker	2	1,114	0	0	-1,114	0
Sanitary worker cum Watchman	1	557	577	577	20	0
Total Number of PHCs in Kashmir: 557	**13**	**7,241**	**3,465**	**3,465**	**-3,776**	**0**

D. Position of manpower in 1,425 Sub-centres (SCs) of Kashmir Division						
Name of post	**Essential number of staff as per IPHS 2012 for one SC**	**Total number of staff required**	**Sanctioned strength of the facility**	**Men in position**	**Shortage (-)/ Excess (+) against IPHS norms**	**Shortage (-) / Excess (+) against sanctioned strength of the facility**
ANM/ Health Worker (Female)	1	1,425	1,425	1,381	(-) 44	(-) 44
Health Worker (Male)	1	1,425	191	160	(-) 1265	(-) 31
Safai Karamchari	1	1,425	1,425	1,402	(-) 23	(-) 23
Total	**3**	**4,275**	**3,041**	**2,943**	**(-) 1,332**	**(-) 98**

Appendix-2.3.1

(Refer Paragraph: 2.3.5; Page: 58)

Statement showing list of selected PPAs

Name of the Power Producer	Plant capacity (In MWs)	Jammu and Kashmir share (In *per cent*)	Date of execution	Date of commissioning	Expenditure incurred on power purchase (₹ in crore)
NCTP-II	980	1.22	05 July 2012	July 2010	182.70
Jhajjar	1500	1.13	27 November 2012	April 2013	334.15
Unachar-IV	500	7.68	17 May 2012	Yet to be commissioned	00.00
Rampur	412	9.04	19 February 2014	June 2014	164.99
Naptha Jhakri	1,500	9.27	16 November 2013	May 2004	1,000.49
Ganderbal	93	100.00	22 April 2013	Yet to be commissioned	00.00
Lower Kalnai	48	100.00	22 April 2013	Yet to be commissioned	00.00
Parnai	37.50	100.00	22 April 2013	Yet to be commissioned	00.00
Nimu Bazgo	45	100.00	26 October 2005	October 2013	699.63
Chutak	44	100.00	26 October 2005	November 2012	467.04
Chamera-III	231	10.39	27 February 2004	June 2012	219.55
Parabati	520	10.38	27 February 2004	June 2014	90.97
Koldm	800	14.25	12 November 2001	July 2015	322.84
BHEP-I (PDC)	450	50.00	13 December 2000	April 2009	1,728.30
Anta	650	10.26	18 February 2000	August 1990	402.82
Aurya	650	9.05	18 February 2000	February 1990	533.69
Tanakpur	120	7.45	05 May 2004	March 2003	49.27
Salal	690	34.35	05 May 2004	June 2005	930.35
Farakka	1,600	12.73	September 1997	April 1995	172.32
Koteshwar	400	6.75	25 November 2010	March 2011	159.04
Kahalgoan-II	1,000	5.53	15 October 2003	June 2009	1,034.54
Total					**8,492.69**

Appendix-2.4.1

(Reference Paragraph: 2.4.12; Page: 100)

Beneficiary satisfaction level survey conducted by Audit on 653 beneficiaries of 130 Panchayats of 39 test-checked Blocks of six Districts

Sl. No	Satisfaction level parameter		Numbers	As *per cent* of selected sample
1.	Coverage of SC/ ST population	SC&ST	118	18
		Others	535	82
2.	Coverage of APL/ BPL population	BPL	393	60
		APL	260	40
3.	Job provided on demand	Yes	612	94
		No	41	06
4.	Payment made in time	Yes	198	30
		No	455	70
5.	Payments recorded correctly	Yes	242	37
		No	411	63
6.	Expenditure on Photos etc	Yes	343	53
		No	310	47
7.	Own house to the individual HHs	Yes	627	96
		No	26	04
8.	House constructed after working in the Scheme	Yes	104	16
		No	549	84
9.	House provided under IAY	Yes	40	06
		No	613	94
10.	Drinking water facilities	Tap water	475	73
		Other source	178	27
11.	Health check-up done by Departments	Yes	171	26
		No	482	74
12.	Insurance cover to beneficiaries	Yes	167	26
		No	486	74
13.	Attended Gram sabha meetings	Yes	575	88
		No	78	12
14.	Social Audit Knowledge/ conducted	Yes	443	68
		No	210	32
15.	Benefited by Labour Department for education of children, marriage etc.	Yes	121	19
		No	532	81
16.	Satisfaction about the programme for eradication of rural poverty	Average	193	30
		Good	318	49
		Very Good	142	21

Appendix-3.20.1

(Refer Paragraph: 3.20.5; Page: 159)

Incomplete road works/ schemes due to inadequate funding, forest clearance/ land acquisition

(₹ in lakh)

Sl. No.	District	Division	Length in Km	Name of work	Estimated cost	Expenditure	Date of start	Expected date of completion	Detailed Project Report	Administrative Approval	Status BT: (Black Top); MT: (Metalled); SH: (Single); FW: (Fair weather); EW: (Earth Work)	Remarks
1.	Jammu	I	4.600	Construction of link road from Jeevan Nagar Murallian to Raina Colony (Ajit Nagar) and inner links	157.40	14.85	2013-14	2015-16	Yes	No	BT-0.70 km, MT-0.40 km	Inadequate Funding
2.	Jammu	I	5.225	Non completion of Widening and up-gradation of four Lanning of Satwari Airport RS Pura road	1,050.00	1,155.00	2010-11	2012-13	Yes	Yes	Not recorded	Acquisition of private/ forest land, awaited permission for cutting of trees, shifting of public utilities
3.	Jammu	II	37.750	Improvement/ upgradation of Internal roads in Sidra Colony	790.57	183.85	2010-11	2014-15	No	No	BT-3.30 km, MT-2.70 km, SH-3.10 km.	Inadequate Funding
4.	Jammu	II	4.100	Construction of left over roads in Dhok Paloura	127.54	65.66	2011-12	2015-16	No	No	BT-1.20 km, SH-0.20 km	Inadequate Funding
5.	Jammu	II	2.500	Construction of road from Shaddali Bridge to Shaddali Village	209.30	106.00	2011-12	2015-16	Yes	No	SH-1 km	Inadequate Funding
6.	Jammu	III	62.250	Construction of various internal roads in Khour block	646.00	493.00	2010-11	2014-15	No	No	SH& MT-28 km and BT 29.75 km, FW-2.70 km	Inadequate Funding
7.	Jammu	III	14.500	Construction of Marh Gajansoo Road	101.50	95.50	2009-10	2015-16	No	No	BT-7.15 km	Inadequate Funding
8.	Jammu	III	4.000	Construction of Radha swami Dukhda road including links	204.00	138.95	2010-11	2014-15	No	No	BT-1.10 km, MT-3.20 km, SH/ FW-2.35 km	Inadequate Funding

9.	Rajouri	Nowshera	10.250	Construction of road from Laroka to Kanara via Khetain Patrari	661.30	70.50	2011-12	2015-16	Yes	No	SH-1.20 km, EW- 1.20 km	Inadequate Funding and forest compensation
10.	Rajouri	Nowshera	4.800	Construction of road from Kheri to Seri via Karma Chappar	176.72	20.50	2012-13	2015-16	Yes	No	SH-1.00 km, EW- 1.50 km	Inadequate Funding
11.	Rajouri	Nowshera	4.000	Construction of road from Kalsian to Handan	388.00	76.00	2013-14	2015-16	Yes	No	EW- 4.00 km	Inadequate Funding
12.	Rajouri	Rajouri	4.000	Construction of road from Peer Kanju to Thandi Kassi	215.80	22.10	2011-12	2015-16	Yes	No	EW-1.70 km, BT, MT &SH 0.50 km	Inadequate Funding
13.	Rajouri	Rajouri	4.000	Construction of road from main road Hayatpura to Malkala via Soka Kass	271.72	23.20	2009-10	2015-16	Yes	No	EW-1.50 km	Inadequate Funding
14.	Poonch	Poonch	18.000	Widening and Improvement of Mandi Loran Sultanpathri road	1,999.63	163.85	2009-10	2015-16	Yes	No	BT-7.50 km, MT-1.0 km, EW-1.50 km	Inadequate Funding
15.	Poonch	Poonch	15.000	Construction of road from Ari to Pathanateer km 1st to 15th	1,330.06	45.30	2010-11	2015-16	Yes	No	SH-1.0 km, EW-5.70 km	Inadequate Funding
16.	Kathua	Kathua	4.000	Construction of road from Plah more to Bohra	639.50	33.00	2011-12	2015-16	Yes	No	EW-0.50 km	Inadequate Funding
17.	Kathua	Kathua	17.000	Construction of road from Bheeni to Ghatti via Jothana	545.00	22.51	2009-10	2015-16	No	No	Not recorded	Inadequate Funding
18.	Kathua	Basohli	1.680	Construction of link road from Dhar road to Tarkhana Mohalla Sarmal, Rajput, Lohar & SC Mohalla at Pallan	129.20	24.00	2010-11	2015-16	Yes	No	Not recorded	Inadequate Funding
19.	Kathua	Basohli	2.025	Construction of road from Sabar to Harizon Basti up to Harizon Colony	156.16	82.50	2009-10	2015-16	No	No	Not recorded	Inadequate Funding
					9,799.4	**2,836.27**						

Appendix – 3.20.2
(Refer Paragraph: 3.20.5; Page: 159)
Cost and time overrun of road works/ schemes taken up under State Plan

(₹ in lakh)

Sl. No	Name of the project/ work	Original cost	Revised cost	Date of Sanction	Year of Commencement	Target year of completion	Physical progress of work (in *per cent*)	Expenditure	Time overrun	Range Cost Escalation
	PWD (R&B) Construction Division-I, Jammu									
1.	Roads in A,B,C&D blocks in Gandhi Nagar	2128.84	2634.02	2009-10	2009-10	2013-14	80.06	2112.65	3	24
2.	Four Laning of Satwari Kunjwani Road (Phase-II)	1337.00	1470.70	March 2013	Mar-13	August 2016	98.00	1465.00	0	10
3.	Widening and upgradation of Satwari Airport RS Pura Road	1050.00	1265.00	March 2011	Mar-11	August 2016	90.00	1155.00	0	20
4.	Roads in Greater Kailash Colony	767.17	967.52	2009-10	2009-10	2013-14	99.99	827.25	3	26
5.	Roads in Sunjwan	530.20	914.85	2009-10	2009-10	2014-15	97.63	909.64	2	73
6.	Roads in Bhathindi including Gulmarg colony	715.50	957.87	2009-10	2009-10	2014-15	74.87	722.11	2	34
7.	Road in Sainik Colony	581.37	1091.91	2010-11	2010-11	2014-15	61.91	821.20	2	88
8.	Bikram chowk to Satwari Airport including inner links	679.75	779.79	2009-10	2009-10	2014-15	84.51	661.50	2	15
9.	Channi Rama and inner links of Channi Himmat, Sainik Colony, Trikuta Nagar	480.76	680.09	2009-10	2009-10	2014-15	78.78	540.76	2	41
10.	Rani Bagh Peer Baba road (Four Lane) including inner links	190.00	360.00	2009-10	2009-10	2014-15	93.12	337.37	2	89
11.	Roads in Bhathindi Bermini including Kargil colony	160.37	566.00	2009-10	2009-10	2014-15	114.63	317.37	2	253
12.	Road from Bahu Rotary to NH1A and adjoining links	199.17	260.17	2009-10	2009-10	2013-14	86.23	235.61	3	31
13.	Roads in Chowadi area	250.00	599.00	2010-11	2010-11	2014-15	82.40	231.50	2	140
14.	Improvement upgradation of main Babliana road from Rajiv Gandhi Hospital to Peer Baba at Gangyal including Barsati Nallah Babiana	240.00	340.00	2012-13	2012-13	2014-15	36.91	125.50	2	42
15.	Khour Deonian to Jinder Melu	124.91	131.80	2009-10	2009-10	2014-15	54.63	72.00	2	6
16.	Link road Abdal to Bakarpur Via Gulab Garh Post Nai Basti links	108.00	174.78	2010-11	2010-11	2014-15	17.74	31.00	2	66
17.	Bishnah Arian road	170.00	261.30	2012-13	2012-13	2014-15	10.52	28.50	2	54

	PWD (R&B) Construction Division-II, Jammu									
18.	Janipur-Ambgrota road with new side links	511.64	714.30	2009-10	2014-15	103.73	20.00	543.22	2	40
19.	Left over roads of Janipura Colony	308.68	430.76	2010-11	2014-15	106-26	20.00	317.00	2	40
20.	Denis Gate to Tawi 2nd Bridge Rotary to D.C. Office including widening of Gujjar Nagar Phase - 2nd	291.75	403.52	2010-11	2013-14	100.00	0.00	291.75	3	38
21.	Internal Links of Lower Roop Nagar Area	192.50	271.04	2010-11	2014-15	99.96	0.00	192.42	2	41
22.	Amar Colony, Ganga Nagar, Poonch Nagar, Ban Talab new side links	186.00	265.37	2010-11	2013-14	100.00	0.00	186.00	3	43
23.	Durga Nagar and Suryavanshi Nagar road new side links	175.01	194.22	2009-10	2014-15	99.00	8.00	181.34	2	11
24.	High court road, Hyderpura, Lakar Mandi, Kheer Bhawani, Naseeb Nagar, Gujjar Basti, Upper Paloura, Keran link road and Basant Nagar link road with new side links	165.57	230.02	2009-10	2014-15	100.00	16.20	165.57	2	39
25.	Roads in Shantipuram, Dogra Nagar and Lower Muthi roads adjoining Durga Nagar roads including Sarika Vihar Lower Roop Nagar with new side links	145.07	212.56	2009-10	2014-15	113.79	20.00	174.07	2	47
26.	Internal road of Gurah Bakshi Nagar	165.06	223.92	2009-10	2013-14	100.00	0.00	165.06	3	46
27.	Internal Links of Janipura Colony (additional) new side links	154.74	212.20	2009-10	2014-15	100.00	0.00	174.74	2	37
28.	Panjtirthi to Sidhra Bridge (Extension to Circular road)	150.63	235.50	2009-10	2013-14	96.15	10.00	146.83	3	56
29.	Rehari Chungi to Patoli via Sarwal	140.00	185.38	2009-10	2014-15	100.00	0.00	140.00	2	32
30.	Anuradhapuran Dream City, Saraswati Vihar, Darmal & Amrita Vihar new side links & Patoli Brahmana including main road alongside Ranbir Canal	124.97	160.75	2010-11	2014-15	100.82	20.00	134.00	2	29
31.	Main Bakshi Nagar road	120.00	158.62	2009-10	2014-15	100.00	2.00	120.00	2	32
32.	Additional Bantalab Barnai roads with new side links	109.81	155.04	2009-10	2014-15	98.83	8.00	108.53	2	41
33.	Additional Pumposh colony internal roads	106.50	112.97	2009-10	2014-15	92.25	10.00	101.75	2	6
		12,760.97	**17,620.97**					**13,736.24**		

www.agjk.nic.in