



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

FOR THE YEAR ENDED 31 MARCH 1997

NO. 3

(CIVIL)

GOVERNMENT OF HIMACHAL PRADESH



TABLE OF CONTENTS

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Prefatory Remarks		(vii)
Overview		(ix) to (xxxvi)

CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

Introduction	1.1	1-3
Summarised financial position	1.2	3-13
Assets and liabilities	1.3	13-16
Revenue receipts	1.4	16-22
Revenue expenditure	1.5	22-26
Capital expenditure	1.6	26-29
Deficit	1.7	30-31
Public Debt	1.8	31-35
Ways and Means Advances and Overdrafts	1.9	35-36
Improper operation of deposit heads	1.10	36-42

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

Budget and expenditure	2.1	43
Results of Appropriation Audit	2.2	43-50
Reconciliation of departmental figures	2.3	50
Drawal of funds in advance of requirements	2.4	51-52
Budgetary procedure and expenditure control	2.5	53-62

CHAPTER-III
CIVIL DEPARTMENTS

Industries Department

Working of the Industries Department 3.1 63-99

Revenue Department

Members of Parliament Local Area Development Scheme 3.2 99-114

Sanction, Procurement and Utilisation of Government vehicles 3.3 114-128

Interest receipts not deposited to the Government account 3.4 128-130

Avoidable expenditure due to defective agreement 3.5 130-131

Regional Decentralised Planning funds spent on purchase of inadmissible items 3.6 131-132

Blocking of funds due to non-commencement of development works 3.7 132-133

Rural Development Department

Non-completion of development works 3.8 133-134

Forest Farming and Conservation Department

Integrated Watershed Development Project for Himalayan Hills (*Kandi* Project) 3.9 134-161

Education Department

Total Literacy Campaign 3.10 161-188

Excess purchase of text books for free distribution 3.11 188-189

Health and Family Welfare Department

Non-utilisation of operation theatre in ESIC hospital 3.12 190-191

General Administration Department

Avoidable expenditure on purchase and utilisation of helicopter 3.13 191-193

Food and Supplies Department

Public Distribution System 3.14 194-195

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Secretariat Administration Department		
Misuse of vehicles	3.15	195-196
Miscellaneous Departments		
Outstanding inspection reports	3.16	196-199
Misappropriations, defalcations, etc.	3.17	199-200
Follow up action on Audit Reports	3.18	200

CHAPTER-IV

WORKS EXPENDITURE

Irrigation and Public Health Department		
Rajiv Gandhi National Drinking Water Mission	4.1	201-224
Sewerage schemes in Himachal Pradesh	4.2	224-240
Failure of Lift Water Supply Scheme, Neri Chamboh	4.3	240-242
Avoidable extra expenditure on providing and laying of pipes	4.4	242-243
Extra avoidable expenditure owing to non-installation of capacitors	4.5	243-244
Lift Irrigation Scheme, Mangarh failed to provide irrigation since completion	4.6	244-245
Lift Irrigation Scheme, Arniala did not take off due to defective construction	4.7	245-246
Wasteful expenditure on remodelling of the Lift Irrigation Scheme, Ghallour	4.8	246-247
Idle investment on sprinkler system	4.9	247-248
Injudicious procurement of diesel generating sets	4.10	248-249
Failure of irrigation schemes	4.11	249-250

	<i>Paragraph(s)</i>	<i>Page(s)</i>
Public Works Department		
Non-recovery of cost of materials and other dues from contractors	4.12	250-253
Inadmissible payment of additional compensation	4.13	253-254
Extra avoidable expenditure on wire crates	4.14	254-255
Irregularities in rescission of contract and undue aid to a contractor	4.15	255-256
Avoidable payment of compensation and interest due to delay in finalisation of proceedings	4.16	257-258
Utilisation of roads delayed due to improper planning	4.17	258-259
Undue aid to contractors	4.18	259-261
Delay of seven years and extra avoidable expenditure in construction of a bridge	4.19	261-263
Collapse of a bridge due to negligence in maintenance	4.20	263
Unfruitful expenditure on road works	4.21	264

CHAPTER-V

STORES AND STOCK

Public Works Department		
Doubtful consumption of materials	5.1	265-266
Irrigation and Public Health Department		
Unjustified purchase of materials by the Engineer-in-Chief	5.2	266-268
Unused stores	5.3	268-270
Horticulture Department		
Stores and Stock accounts	5.4	270-276
Public Works and Irrigation and Public Health Departments		
Irregular issue of materials	5.5	276-277
Education Department		
Wasteful expenditure on excess purchase of 'tat-patti'	5.6	277-278

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

General	6.1	279-284
Rural Development Department		
Desert Development Programme	6.2	284-306
Inadmissible assistance under <i>Gandhi Kuteer Yojna</i>	6.3	306-307
Unauthorised purchase of vehicles by District Rural Development Agencies	6.4	307-308
Science, Technology and Environment Department		
Himachal Pradesh Energy Development Agency	6.5	308-310
Forest Farming and Conservation Department		
Non-utilisation of the services of trained expert	6.6	311
Grants	6.7	311-313
General Administration Department		
Grants	6.8	313-315

APPENDICES

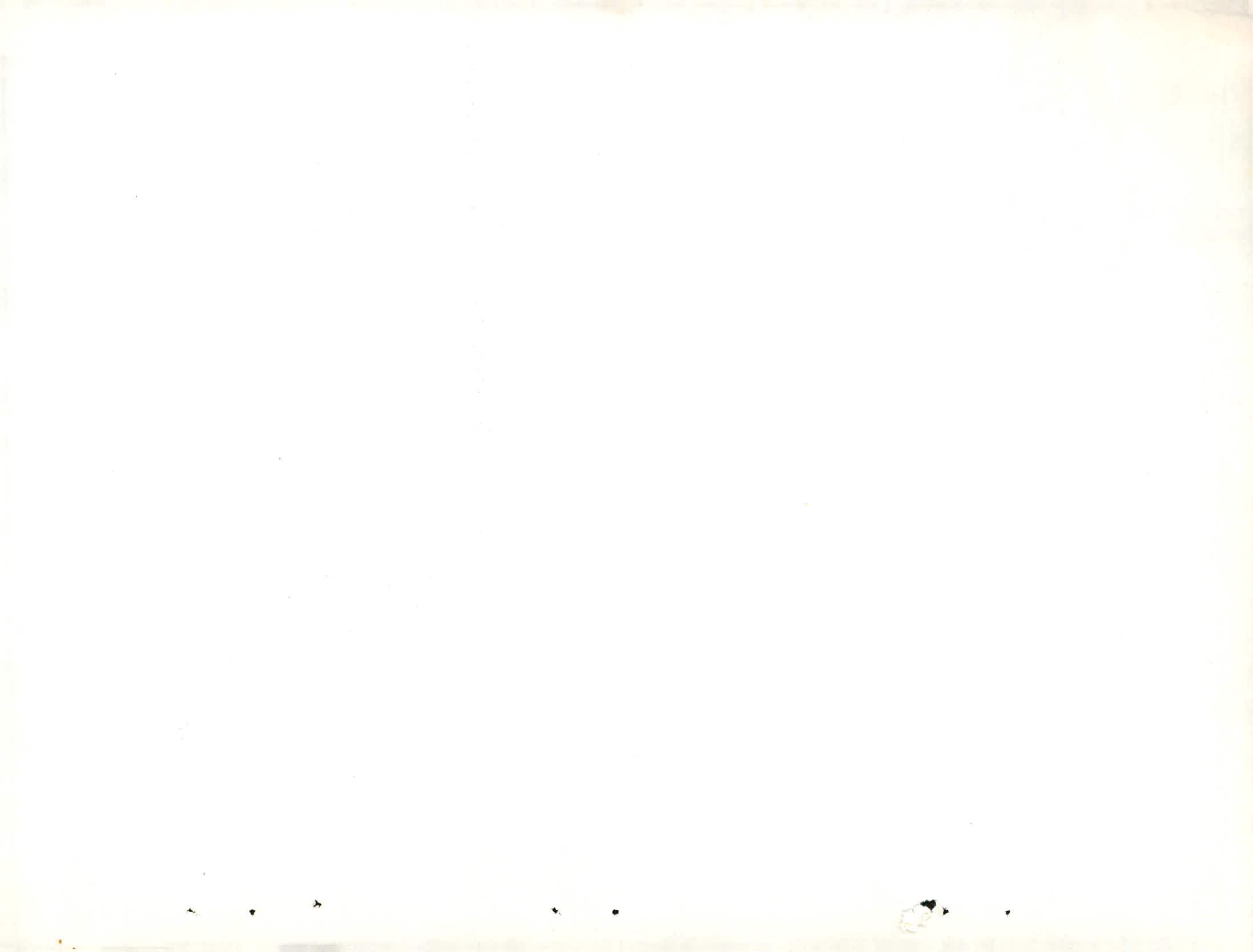
		Page(s)
Appendix-I	Cases of unnecessary supplementary grants/appropriations	317
Appendix-II	Surrender of funds	318
Appendix-III	Major variations in recoveries	319
Appendix-IV	Cases of injudicious reappropriation	320-321
Appendix-V	Details of unutilised provisions	322
Appendix-VI	Excess expenditure on activities executed beyond cost norms	323
Appendix-VII	Details of recommendations of PAC awaiting implementation	324-327
Appendix-VIII	Statement showing the details of unutilised materials	328
Appendix-IX	Statement showing road works held up due to involvement of forest land	329
Appendix-X	Statement showing road works held up due to involvement of private land and other reasons	330
Appendix-XI	Statement showing names of the bodies and authorities, the accounts of which had not been received	331-332
Appendix-XII	Glossary of abbreviations	333-335

PREFATORY REMARKS

This Report for the year ended 31 March 1997 has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1996-97 together with other points arising from audit of financial transactions of the Government of Himachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1996-97.

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

3. Cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1996-97 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 1996-97 have also been included, wherever considered necessary.



OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 1996-97 and four other chapters, comprising 8 reviews and 45 paragraphs, based on the audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Accounts of the State Government

** The assets and liabilities of the State Government stood at Rs 3523.57 crore and Rs 3767.55 crore respectively at the end of 1996-97. Upto 1994-95 the assets of the State were more than the liabilities. From 1995-96 the liabilities of the state were higher. During 1996-97 the gap between assets and liabilities increased by 174 *per cent*. The increasing gap between assets and liabilities during 1995-97 was mainly on account of continued revenue deficits during 1994-97. The year closed with a revenue deficit of Rs 154.86 crore as against the revenue deficit of Rs 150.32 crore in 1995-96.

** Against the total revenue receipts of Rs 1992.02 crore during the year, expenditure on revenue account was Rs 2146.88 crore. The tax and non-tax revenue totalled only Rs 558.97 crore which was far from adequate to finance even the non-plan revenue expenditure (Rs 1496.33 crore) of the Government. The State could raise 28 *per cent* (tax revenue: 21 *per cent* and non-tax revenue: 7 *per cent*) of the total revenue receipts during 1996-97 and remained heavily dependent on grants-in-aid from the Central Government and its share of Union taxes and duties which constituted 50 *per cent* and 22 *per cent* of the total receipts.

The abbreviations used in this Report have been listed in the Glossary in Appendix-XII (Pages 333-335)

** Revenue expenditure increased by 13 *per cent* during 1996-97 (Rs 2146.88 crore) over the level of 1995-96 (Rs 1904.35 crore). Non-Plan revenue expenditure increased by 83 *per cent* during 1992-97 whereas the Plan revenue expenditure increased by 99 *per cent* during the same period.

** Government investments in various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from Rs 218.45 crore at the end of 1992-93 to Rs 729.19 crore at the end of 1996-97. However, only a meagre amount of Rs 0.54 crore was received as dividend during 1996-97. In the case of 14 loss making Public Sector Undertakings in which Government had invested Rs 208.10 crore upto 1996-97, the accumulated losses amounted to Rs 212.67 crore.

** Revenue deficits being the gap between revenue receipts and revenue expenditure increased from Rs 93.08 crore to Rs 154.86 crore during 1992-97.

: Fiscal deficit, being the excess of revenue and capital expenditure (including net loans given) over the revenue receipts increased from Rs 311.55 crore to Rs 572.03 crore during 1992-97.

** The State Legislature had not passed any law prescribing a limit on borrowings by the State Government. The discharge of internal debt ranged between 58 and 116 *per cent* (inclusive of interest payments) of the additions during 1992-97. The discharge of other liabilities ranged between 85 and 95 *per cent* of the additions during the same period. The burden of interest increased from Rs 54.32 crore in 1992-93 to Rs 78.22 crore in 1996-97.

** Government made repayment of Rs 694.47 crore for the principal and interest on internal debt during 1996-97 as against Rs 530.13 crore during the previous year. Repayment of loans and interest from Central Government increased from Rs 199.49 crore to Rs 225.07 crore during 1995-96 to 1996-97

** Guarantees given by the State Government for repayment of loans raised by Public enterprises, local bodies, etc., increased from Rs 756.09 crore as on 31 March 1993 to Rs 1642.81 crore as on 31 March 1997.

** Rupees 33.67 crore and Rs 420.94 crore were outstanding as ways and means advances and overdrafts respectively at the end of the year.

(Paragraphs 1.1 to 1.9)

2. Improper operation of deposit heads

Test-check of records in respect of certain deposit heads of account during June to November 1997 revealed the following points:

** Funds to the tune of Rs 553.20 crore out of the Personal Ledger Account of Nathpa Jhakri Power Corporation were invested during 1992-97 in fixed deposits (Rs 371.78 crore) and savings accounts in post office (Rs 181.42 crore) in contravention of the provisions of the financial rules. In 20 cases, premature encashment of fixed deposits of Rs 76.37 crore made by the Director, Institutional Finance and Public Enterprises between July 1992 and March 1996 resulted in loss of interest of Rs 1.04 crore.

** Housing and Urban Development Corporation (HUDCO) sanctioned loan of Rs 105.32 crore to Himachal Pradesh Housing Board during 1995-96 on behalf of Government of Himachal Pradesh, to finance the *Gandhi Kuteer Yojna* being implemented by the Rural Development

Department. Rupees 35.44 crore received by the Housing Board out of the above loan during 1996-97 were deposited under the head '8448-Deposits of Local Funds', a non-interest bearing deposit head. The *Gandhi Kuteer Yojna* in the meantime was entirely funded from the State budget, while the amount of Rs 35.44 crore was lying unutilised in deposit as of September 1997. Rupees 2.33 crore were paid on account of interest on the loan to HUDCO by the state government.

** Director, Transport of the State Government invested surplus funds of the Passengers Insurance Scheme Fund in fixed deposits and saving bank accounts in violation of financial rules. Short term loans aggregating Rs 53.08 crore were raised from local banks between December 1993 and April 1994 against the security of the fixed deposits to meet the requirement of repaying the overdrafts taken by the State Government. Had the amount of Rs 37.40 crore been kept in the Government account loans/overdrafts to that extent could have been avoided.

** At the instance of (January 1997) of the State Government, Himachal Pradesh State Forest Corporation raised a loan of Rs 154.34 crore ostensibly for payment of advance royalty to the government. The loan was bearing a rate of interest of 17 *per cent* and was backed by State Government guarantee. The loan amount was not utilised for payment of advance royalty. Instead, Rs 144 crore out of the same were deposited under the head '8448-Deposit of Local Funds' during February and March 1997 on the directions of the State Government. This amount was refunded to the Corporation on 28 March 1997. Three companies were paid arrangers' fees of Rs 1.02 crore by the Corporation upto July 1997 for mobilising the funds. Besides, Rs 3.64 crore were allowed to investors as upfront

discount. As on 31 March 1997, the closing overdraft of the government was Rs 420.94 crore, which was mainly on account of the refunds made to the Corporation and Himachal Pradesh State Electricity Board against loans raised by them during 1996-97. On 2 April 1997, Rs 150.70 crore of the loan amount were again deposited by the Corporation under the head '8448-Deposit of Local Funds'. This helped in clearing the overdraft of the Government, which became nil on 3 April 1997. Thus the loan was raised through the Corporation to bypass the provisions of Article 293(3) of the Constitution of India, to meet the difficulties in the ways and means position of the state.

(Paragraph 1.10)

3. Appropriation Audit and control over expenditure

** During 1996-97, there were savings in 43 cases aggregating Rs 116.11 crore. Expenditure of the State Government, however, exceeded the budget provisions in 25 cases by Rs 681.46 crore. The excess expenditure required regularisation under Article 205 of the Constitution of India.

(Paragraphs 2.2.1 and 2.2.4)

** Supplementary provisions of Rs 97.62 crore obtained during the year 1996-97 constituted 3 per cent of the original budget provision of Rs 2852.33 crore. Supplementary provisions totalling Rs 15.80 crore obtained in seven cases during the year proved unnecessary as the expenditure in these cases was less than the original budget provision.

** Savings of Rs 50 lakh and more in each case aggregating Rs 113.56 crore occurred in 17 cases involving 15 grants and one appropriation.

(Paragraph 2.2.1)

** Persistent savings/excesses, ranging from 6 to 417 *per cent*, occurred in seven cases involving five grants and one appropriation during the three-year period from 1994-95 to 1996-97.

(Paragraph 2.2.2)

** Savings of Rs 11.05 crore in 15 grants and 8 appropriations were not surrendered by the concerned departments. On the other hand, as against the savings of Rs 88.84 crore available for surrender in 16 cases, Rs 98.97 crore were actually surrendered. In 8 grants and one appropriation, Rs 12.33 crore were surrendered although the expenditure exceeded the grant and no savings were available. These instances were indicative of inadequate budgetary control.

(Paragraph 2.2.3)

** In the case of 30 sub-heads involving 10 grants/appropriations Rs 4.52 crore were injudiciously reappropriated as either the original grants were adequate or no savings were available for reappropriation.

(Paragraph 2.2.7)

** Of Rs 13.85 crore drawn during the period from April 1993 to August 1996 by 4 departments in advance of actual requirement, Rs 5.16 crore were lying unutilised either with the executing agencies or as deposits in banks, etc., at the end of March 1997.

(Paragraph 2.4)

4. Budgetary procedure and expenditure control

Review of the budgetary procedure and system for expenditure control in the Agriculture Department during 1994-95 to 1996-97 revealed the following:

** As per the Budget Manual, no provision was to be made in the budget estimates for appointments to be held in abeyance. A total provision of Rs 4.05 crore was irregularly made in the budget estimates in

contravention of the provisions of the Budget Manual during 1994-95, 1995-96 and 1996-97 for 695, 480 and 597 vacant posts respectively, inflating the budget estimates to that extent.

** The Director of Agriculture failed to furnish budget estimates within the prescribed time, did not send the liability statements to Finance Department as required and did not enforce adequate control over excess expenditure by drawing and disbursing officers. Three controlling officers sent 12 estimates after the Department submitted budget estimates during 1995-96 and 1996-97. As a result provision of Rs 1.19 crore was made during these years against these heads on *ad hoc* basis.

** Provision of Rs 7.50 crore made by the Finance Department without any estimates by the Agriculture Department under the head "2401-Crop Husbandry 113-Agriculture Engineering, 01-Agricultural implements and machinery, Grant-in-aid (Non-Plan)" in supplementary appropriations in March 1995, remained unspent. This was contrary to the provisions of Budget Manual which stipulated that supplementary grants were required only when the amount included in a grant was found to be insufficient.

** The provision of Rs 2.01 crore relating to 'Backward Area Sub-Plan' under the Agriculture Department under Grant No. 11 was transferred in February 1996 to Grant No 4 through a supplementary demand for grants. The Finance Department made a reappropriation of Rs 2.01 crore on 30 March 1996 from Grant No.11-Agriculture though no allocation was available for the purpose.

- ** The Director of Agriculture drew Rs 99.40 lakh between February 1996 and March 1997 for three schemes. Of this, Rs 16.97 lakh remained unutilised in the current account of a bank as of November 1997.

(Paragraph 2.5)

5. Working of the Industries Department

The Department of Industries of the Government of Himachal Pradesh is responsible for the overall economic development of the State through the process of industrialisation. Expenditure of Rs 106.99 crore was incurred on implementation of various programmes/schemes during 1994-97.

A review of some aspects of the working of the Industries Department, revealed the following:

- ** Assets registers were not maintained by the District Industries Centres to record the details of assets created through the money released by the Director of Industries. As such, the Director of Industries had no centralised information regarding the assets created.
- ** Rupees 3.41 crore provided under 11 sub-heads against three major heads during 1994-97 on *ad hoc* basis remained unutilised and had to be surrendered or reappropriated as the provisions were not made on realistic basis.
- ** During 1994-97, hundred *per cent* expenditure of Rs 2.11 crore on seven schemes was incurred only in the months of March, in contravention of the instructions of the Government.
- ** Rupees 1.71 crore drawn between March 1990 and March 1997 for execution of various works were not utilised and were kept in the form of cash or deposits in banks/post offices.
- ** Conveyance advances of Rs 20.42 lakh were sanctioned during 1994-97 to 95 officers/officials, out of whom, 88 officers/officials had not

purchased the conveyances. No lump sum recoveries of the advances were made from the defaulters and no penal interest were levied on them.

** No surveys were conducted by the Department for ascertaining the potential of various areas in the State for industrialisation and employment generation.

** Development of four industrial areas in Kangra and Shimla districts, sanctioned in March 1988, had not been completed as of July 1997, resulting in unfruitful expenditure of Rs 1.28 crore.

** Fifty three works relating to industrial areas in 10 districts had not been completed, even though funds of Rs 5.37 crore had been released to various executing agencies between August 1987 and August 1996.

** Rent of Rs 78.94 lakh had not been recovered from allottees in respect of industrial sheds in District Industries Centres, Kangra, Solan and Una.

** Payment of Rs 5.25 crore was made by Department to Himachal Pradesh State Industrial Development Corporation during 1995-97 for establishment of an Export Promotion Industrial Park at Baddi without making any land available for the purpose. Out of this, Rs 89.36 lakh were spent on development works and purchase of five residential quarters for the Corporation. The balance amount was lying in various bank accounts.

** Reimbursement of Central transport subsidy of Rs 17.01 crore pertaining to the period 1994-97 had not been received from the Government of India as of November 1997.

- ** Industrial loans of Rs 16.93 lakh granted to 463 entrepreneurs between 1952-53 and 1994-95 had not been recovered as of November 1997.

(Paragraph 3.1)

6. Members of Parliament Local Area Development Scheme

The Members of Parliament Local Area Development Scheme was announced by the Government of India in December 1993 to enable Members of Parliament to recommend small works of capital nature to be done in their constituencies. The scheme was launched in the State from 1993-94. A review of the implementation of the scheme in 10 districts during 1993-97 revealed the following points:

- ** The executing agencies were not rendering accounts of works executed by them to the Deputy Commissioners. Ten Deputy Commissioners received Rs 20.30 crore during 1994-97, but released only Rs 14.51 crore of this amount to the executing agencies for various works. The balance of Rs 5.79 crore was lying unutilised as of March 1997.
- ** Out of Rs 3.84 crore released to 14 executing agencies in 10 districts, only Rs 2.26 crore were utilised as of July 1997.
- ** Thirty four works costing Rs 18.15 lakh, in Mandi and Shimla districts, though recommended by Members of Parliament, had not been taken up due to insufficient funds.
- ** Utilisation Certificates for 640 works (cost: Rs 3.39 crore) taken up during 1994-96 and completed as of March 1997 had not been furnished to Government of India by 10 Deputy Commissioners.

- ** Rupees 35.49 lakh were irregularly spent on 25 ongoing works in Kullu, Mandi and Shimla districts, which were already being financed from the State budget.
- ** Ten works such as water supply schemes, *mahila mandal/yuvak mandal bhavans*, roads, etc., costing Rs 12.75 lakh in Shimla District and one water supply scheme costing Rs one lakh in Solan District were sanctioned by the concerned Deputy Commissioners in February/March 1996 without obtaining the formal recommendations of the Members of Parliament.
- ** Sixty one works not permissible under the schemes were executed on the recommendations of Members of Parliament for which Rs 42.75 lakh were sanctioned by the Deputy Commissioners. Of this, Rs 25.20 lakh had been spent upto June 1997.
- ** Contrary to the instructions of Government of India, none of the Deputy Commissioners had sent expenditure statements for the works to the Accountant General. They did not also maintain the required Asset Registers to show the number of assets created under the scheme.
- ** The execution of schemes was not monitored at the State level. There was no evidence to suggest that the Deputy Commissioners were inspecting the works. No signboards indicating the "Members of Parliament Local Area Development Scheme Work" were erected at the work sites as required.

(Paragraph 3.2)

7. **Sanction, Procurement and Utilisation of Government vehicles**

Records of the offices of five Deputy Commissioners and nine Sub-Divisional Officers (Civil) regarding sanction, procurement and utilisation of

government vehicles were checked in audit for the period 1992-97:

- ** Deputy Commissioners, Solan and Hamirpur purchased four vehicles for Rs 10.01 lakh between July 1992 and April 1996 out of Local District Planning funds (Rs 5.42 lakh: 2 vehicles), Integrated Rural Development Programme funds (Rs 1.72 lakh: 1 vehicle) and regular budget (Rs 2.87 lakh: 1 vehicle) without the sanction of the competent authority.
- ** Rupees 1.67 lakh were spent on purchase of luxury items like tape recorders and foam rubber/foam leather seats by the Deputy Commissioners, Hamirpur, Kangra, Shimla and Sub Divisional Officer (Civil), Rohru in disregard of the ban on purchase of luxury items for government vehicles.
- ** In the offices of the Deputy Commissioners, Kangra, Kinnaur, Shimla and Solan, the average mileage of 21 vehicles was less than the norms fixed by the General Administration Department, which resulted in excess consumption of 31,702 litres of petrol valued at about Rs 5.71 lakh during 1992-97.
- ** Rupees 1.70 lakh were not recovered from 96 officers in nine districts for private journeys performed in official vehicles.
- ** Deputy Commissioners, Shimla and Solan used more than one vehicle at different places at the same time and on the same dates for 2,376 kilometres and 292 kilometres respectively between April 1992 and November 1994 and the log books were signed separately as Deputy Commissioner and Chairman, District Rural Development Agency (DRDA).

- ** In the offices of the Deputy Commissioners, Kangra, Kinnaur and Shimla, the exact nature of official work was not mentioned in respect of journeys of 2.45 lakh kilometres performed during 1992-97 by 21 vehicles.
- ** Six vehicles from Kinnaur and Solan were taken for repairs to Chandigarh and Shimla between April 1992 and July 1996 travelling 4,383 kilometres, but no repairs were carried out.
- ** In five districts, during 1992-97, 25 vehicles covered a total distance of 2.50 lakh kilometres outside the jurisdiction of the controlling officers without the prior permission of the Chief Secretary. Deputy Commissioners, Hamirpur, Shimla and Solan took their vehicles outside the State during 1992-97 and covered a total distance of 6,878 kilometres without the prior permission of the Chief Secretary.

(Paragraph 3.3)

8. Integrated Watershed Development Project for Himalayan Hills (*Kandi* Project)

A World Bank aided Integrated Watershed Development Project (Hills) was launched in June 1990 in *Kandi* areas in the districts of Kangra, Sirmour, Solan and Una with the objectives of slowing and reversing the degradation of the natural environment; conserving soil and water; improving production of crops and reducing flooding and devastation caused by degradation of soil. Eighteen sub-watersheds covering a total area of 50,029 hectares were selected for implementation during 1990-97.

Important points noticed during a review of the implementation of the Project are summarised below:

- ** Baseline surveys for the Project, due in the first year of the Project were received after two to three years of the starting of the Project.

Consequently socio-ecological state of the area could not be taken into consideration while planning and executing the works.

** Due to lack of full budgetary support by the State Government and slow pace of expenditure, World Bank reduced the Project cost from Rs 41.10 crore to Rs 39.32 crore. State Government thus lost the benefit of foreign aid to the extent of Rs 1.78 crore for the Project.

** Of 50,029 hectares of area to be treated under the Project, only 35,483 hectares were treated during 1990-97, resulting in a shortfall of 29 *per cent* in the Project achievement.

** Prescribed cost norms were not followed by Assistant Project Officers in case of 24 works resulting in excess expenditure of Rs 54.97 lakh during 1991-97.

** Horticulture plantations raised at a cost of Rs 21.41 lakh, in Nalagarh and Nurpur, survived upto a maximum of 45 *per cent*. Survival percentage of forest plantations, raised at a cost of Rs 58.95 lakh in Nalagarh, Nurpur and Una units, ranged between 10 and 49 as against the minimum satisfactory survival percentage of 50.

** Rupees 28.36 lakh were spent by the Project Director on barbed wire fencing of horticulture plantations in Nahan, Nalagarh and Una during 1993-96, despite recommendations of the World Bank for live hedge fencing.

** Three Silt Observatory Posts established at a cost of Rs 5.91 lakh at Nahan, Nurpur and Una did not function and as a result impact of watershed rehabilitation in reducing soil loss and lowering silt flow could not be measured.

** Principal Chief Conservator of Forests purchased 16 vehicles at a cost of Rs 28.60 lakh for the Project during 1990-94 but supplied only

five new vehicles to the Project. Remaining 11 vehicles were retained by him.

- ** Village Forest Development Committees were to be set up for planning, protection, afforestation and judicious use of eco-development of forest areas. Shortfall in the their constitution ranged between 66 and 85 *per cent* during 1993-97.

(Paragraph 3.9)

9. Total Literacy Campaign

The Total Literacy Campaign project was launched as a Central Plan scheme in 1988 with the objective of total eradication of illiteracy in the age group of 6-35 years and achievement of 80-85 *per cent* literacy in each of the target/focus groups. The following important points were noticed during a review of the project in four districts.

- ** *Zila Saksharta Samities* did not conduct surveys to identify illiterates in respect of different age groups in each category (men, women, scheduled castes and scheduled tribes) before preparation of the projects for each district.
- ** In Hamirpur District which was declared as fully literate by the State Government in November 1994, 3,000 out of 24,000 (13 *per cent*) learners enrolled under the Total Literacy Campaign had dropped out. The declaration of total literacy for Hamirpur was thus not based on actual facts.
- ** The actual per learner costs in Hamirpur, Kinnaur and Sirmour districts were higher than the approved rates of the Government of India, resulting in extra expenditure of Rs 9.06 lakh on the total of 1.16 lakh learners.

- ** Post Literacy Campaign was taken up in Hamirpur, Kangra, Kinnaur and Sirmour districts after gaps ranging between two and 12 months from the date of completion of the Total Literacy Campaign though the time gap between the two campaigns were to be minimum.
- ** In 12 districts books worth Rs 37.91 lakh for Total Literacy Campaign were got printed in excess of actual requirements. These books were no more useful as the campaign had ended in the State.
- ** Stationery items worth Rs 9.56 lakh were purchased by *Zila Saksharta Samities*, Hamirpur, Kangra and Kinnaur from the open market, in violation of tender procedures and without obtaining non-availability certificates from the Printing and Stationery Department.
- ** Audited statements of accounts and utilisation certificates were not sent to Government of India by *Zila Saksharta Samities*, Hamirpur, Kangra, Kinnaur and Sirmour even though the Total Literacy Campaign projects had been completed. *Zila Saksharta Samities*, Hamirpur and Sirmour mixed up the transactions relating to Total Literacy Campaign and Post Literacy Campaign and the accounts did not correctly reflect the expenditure relating to Total Literacy Campaign. Unutilised materials worth Rs 13.31 lakh were not mentioned in the balance sheets by *Zila Saksharta Samities*, Hamirpur and Kangra. *Zila Saksharta Samiti*, Kinnaur had not prepared the balance sheet though the Total Literacy Campaign project had been completed in March 1994. Bank reconciliation was not done regularly by *Zila Saksharta Samities*, Hamirpur and Sirmour.
- ** Although the target for total eradication of illiteracy in the State was April 1996, there was a shortfall of 56 per cent in the achievement of the same as of May 1996.

** The Post Literacy Campaign had not been implemented in respect of about 60 *per cent* of the targeted population in Kinnaur district.

(Paragraph 3.10)

10. **Rajiv Gandhi National Drinking Water Mission**

To improve the quality of life of the rural people by providing safe drinking water and to create awareness among the rural people about the hazards of using unsafe drinking water, the National Drinking Water Mission was launched in 1986. The Mission was renamed as the Rajiv Gandhi National Drinking Water Mission in 1991. Review of the implementation of the Mission in the State revealed the following points:

** Government of India fixed a target to cover the entire rural population with potable drinking water by the end of the Eighth Five Year Plan. However, 5,582 uncovered habitations (73 *per cent*) and 14,462 partly covered habitations (99 *per cent*) had not been provided potable water as of March 1997. Selection of villages for providing water were also not as per norms. A total of 405 habitations which were not eligible for coverage under the Mission were irregularly covered at a cost of Rs 6.52 crore.

** Rupees 36.96 lakh were spent in excess of the prescribed limit on the establishment of monitoring and investigation units by diverting grants meant for the Accelerated Rural Water Supply Programme.

** Grant of Rs 45.60 lakh released by the Government of India for the Management Information Systems Programme remained unutilised since March 1996.

- ** Grants totalling Rs 2.17 crore received from the Government of India for the Accelerated Rural Water Supply Programme were irregularly utilised on the construction of works sanctioned under the State sector.
- ** Forty two water supply schemes, estimated to cost Rs 2.30 crore were completed after delays ranging between 3 months and 11 years at a cost of Rs 4.34 crore resulting in cost overrun of Rs 2.04 crore.
- ** Forty six schemes estimated to cost Rs 3 crore remained incomplete after incurring expenditure of Rs 2.88 crore. Two of these schemes were delayed for over ten years.
- ** Thirty nine water supply schemes estimated to cost Rs 2.01 crore had been completed after delays ranging from 2 to 5 years at cost of Rs 3.75 crore under the Mini Mission, resulting in a cost overrun of Rs 1.74 crore.
- ** Chemical and bacteriological analysis of water at source was not conducted by Dalhousie Division before taking up 13 schemes for execution. Besides, periodical tests of water samples were not conducted in respect of 528 schemes in seven districts to ensure the supply of potable water.
- ** Officers from the State headquarters did not conduct inspection of schemes as required. Superintending Engineers and Executive Engineers conducted only 8 *per cent* of the prescribed inspections during 1994-97.

(Paragraph 4.1)

11. Sewerage Schemes in Himachal Pradesh

As the existing system of sanitation in Himachal Pradesh did not suit the requirements of environmental improvement and public hygiene and was inadequate due to influx of large number of tourists, Government proposed (around 1985) to provide sewerage facilities in 50 out of 55 towns in the State.

A review of the sewerage schemes in the State revealed the following points:

- ** As against estimated requirement of Rs 185 crore for providing sewerage systems to all the towns in the State, Rs 24.85 crore were spent during 1992-97 on sewerage schemes in 23 towns.
- ** Out of Rs 4.97 crore drawn by Executive Engineers, Chamba, Kullu and Mandi during March 1995 and March 1996, Rs 1.41 crore, though shown as spent on sewerage schemes, were actually kept in banks and post offices.
- ** Government had not prepared any master plan to provide sewerage facilities to the towns within a specified period. Smaller towns with sparse population were taken up in preference to district headquarters and famous pilgrimage and tourist centres in disregard of government policy. Two schemes in Sarahan and Rampur which were not district headquarters, were completed for Rs 41.33 lakh.
- ** Rupees 2.90 crore provided for construction of a sewerage treatment plant and restoration of missing portions of sewerage lines at various disposal points in Shimla town were diverted to the Water Supply Scheme, Shimla.

- ** Of the six sewerage schemes at Chamba, Dharamsala, Mandi, Palampur, Sarahan and Rekong Peo taken up for construction between 1978-79 and 1988-89, only one (Sarahan) was completed with a cost overrun of Rs 20.36 lakh. The remaining five schemes were incomplete, with a cost overrun of Rs 9.65 crore. The schemes at Chamba and Dharamsala were delayed by 13 years.
- ** Two sewerage treatment plants under the sewerage scheme, Mandi were constructed in the flood zone, without proper survey and investigation, resulting in a loss of Rs 20.52 lakh. Rupees 1.11 crore would be required for restoration of flood damages. Treatment plant for the sewerage scheme, Manali, was constructed on an improper site which was washed away in floods in 1995 resulting in a loss of Rs 68.62 lakh.
- ** Allotment of the work of providing and laying of sewerage lines of two schemes to contractors in contravention of the instructions of the Government resulted in extra avoidable expenditure of Rs 33.35 lakh.
- ** In seven divisions, material was procured in excess of requirements, resulting in blocking of Rs 77.53 lakh.

(Paragraph 4.2)

12. Desert Development Programme

The Desert Development Programme was launched by the Government of India in 1977-78 with the objective of controlling desertification; restoring the ecological balance of certain desert and semi-desert areas and creating conditions for raising the level of production, income and employment of the people of these areas. The programme was implemented in Himachal Pradesh in two blocks in Lahaul and Spiti and Kinnaur districts from 1977-78 and 1982-83 respectively.

A review of the implementation of the programme for the period 1991-97 revealed the following:

- ** Physical targets in irrigation and subsidy to beneficiaries were achieved short by 51 and 68 *per cent* respectively during 1991-97. Shortfall in the achievement of financial target in agriculture, horticulture and fisheries during 1991-97 ranged between 32 and 63 *per cent* in Kaza and Pooh agencies.
- ** Out of the irrigation potential of 44.26 hectares under six irrigation *kuhls* constructed in Pooh block during 1991-95 for Rs 34.04 lakh, only 12.15 hectares were being irrigated as of May 1997 due to non-development of land and non-allotment of land to the beneficiaries.
- ** The Changchimo *kuhl* for village Hango in Pooh block, on which expenditure of Rs 71.56 lakh was incurred as of July 1994, was lying defunct since inception due to excessive seepage, rendering the expenditure wasteful.
- ** Despite the assurance given by the Department to the Public Accounts Committee (PAC) in August 1994 that *abiana* (water-cess) was being levied on new *kuhls*, maintained by the Department, no *abiana* charges had been assessed on 8 new *kuhls* constructed at a cost of Rs 1.77 crore by Kaza Agency during 1989-90 to 1994-95.
- ** Plantations raised in 779 hectares during 1991-95 for Rs 1.04 crore in Pooh and Kaza blocks failed for want of irrigation, wrong choice of species and sites of plantations, planting in river beds, etc.
- ** Pastures developed during 1991-95 in 159 hectares for Rs 6.31 lakh in the Pooh and Kaza blocks failed due to lack of irrigation and fencing facilities.

** Rupees 12.03 lakh spent on development of fisheries in raceways during 1991-96 were rendered unfruitful due to very high mortality of fish seeds.

** Rupees 41.04 lakh spent for research purposes through two universities proved largely unfruitful as the Agriculture University, Palampur failed to produce any new variety of seeds for cash crops and University of Horticulture and Forestry, Nauni did not supply the results for growing medicinal herbs in Spiti valley.

** Recommendations made by Government of India (1993) and the Appraisal Committee of the State Government (1995) for improvement in the functioning of the schemes, were not implemented. Responsibility of the defaulting officers had not been fixed, though recommended in the appraisal reports.

(Paragraph 6.2)

13. Regional Decentralised Planning funds spent on purchase of inadmissible items

** Under the Regional Decentralised Planning Programme, funds of Rs 21.41 lakh had been spent by Deputy Commissioners, Chamba, Hamirpur, Sirmour and Una during 1995-96 on purchase of colour televisions, furniture, air-conditioners, coolers, etc., in contravention of the instructions for implementation of the programme.

(Paragraph 3.6)

14. Blocking of funds due to non-commencement of development works

** Funds of Rs 29.03 lakh drawn under various schemes like Local District Planning, Decentralised Planning, Drought Relief, etc., during 1991-96 for construction of 76 works to be completed between six months and

one year were lying unutilised in banks/treasury, as these had not been started as of December 1996.

(Paragraph 3.7)

15. Non-utilisation of operation theatre in ESIC hospital

** Machinery and equipment valued at Rs 9.61 lakh purchased for ESIC hospital, Parwanoo during December 1994 to March 1995 had not been put to use as the required posts of doctors and other staff had not been created by the State Government

(Paragraph 3.12)

16. Avoidable expenditure on lease and utilisation of helicopter

** Contract for lease of a helicopter was awarded to the highest tenderer at a rate of Rs 90,000 per hour ignoring the second lowest offer of Rs 75,000 per hour for a helicopter of the required specification resulting in extra avoidable expenditure of Rs 1.80 crore for the lease period of two years.

(Paragraph 3.13)

17. Public Distribution System

** State Civil Supplies Corporation lifted and sold 4648.21 tonnes of imported palmolein oil during February 1991 to March 1994 at rates higher than those prescribed, resulting in an extra burden of Rs 45.95 lakh on the consumers.

(Paragraph 3.14)

18. Misuse of vehicles

** Government framed no rules for the use of covering vehicles provided by concerned departments for the personal staff accompanying the Ministers on tour. Covering vehicles were often misused by the

personal staff of the Ministers during January 1994 to December 1996, the financial implication of which worked out to Rs 8.21 lakh. Government regularised the use of such vehicles by staff without investigation into the irregularities/misuse pointed out by audit.

(Paragraph 3.15)

19. Outstanding contingent advances

** Contingent advances of Rs 1.60 crore pointed out during April 1971 to December 1996 in 43 paragraphs contained in 38 inspection reports of Agriculture and Revenue Departments were outstanding.

(Paragraph 3.16)

20. Misappropriation, defalcations, etc.

** A total number of 99 cases of misappropriations, defalcations, etc., involving Rs 56.55 lakh were outstanding as of June 1997. Of these, 21 cases involving an amount of Rs 5.65 lakh were outstanding for more than 20 years. Forty six cases involving Rs 35.09 lakh pertained to the Public Works Department and 34 cases involving Rs 12.34 lakh pertained to the Irrigation and Public Health Department.

(Paragraph 3.17)

21. Follow up action on Audit Reports

** Several departments of the State Government had not intimated the action taken on 299 recommendations made by the Public Accounts Committee on 97 paragraphs/reviews contained in 14 Audit Reports of the Comptroller and Auditor General of India between March 1985 and April 1997.

(Paragraph 3.18)

22. Failure of Lift Water Supply Scheme, Neri Chamboh

** Lift Water Supply Scheme, Neri Chamboh in Hamirpur district was commissioned by Barsar Division in April 1987 at a cost of

Rs 46.08 lakh without ascertaining the available discharge of water at source resulting in inadequate supply of water to the beneficiaries. To overcome this situation, augmentation of the scheme was approved at a cost of Rs 42.14 lakh.

(Paragraph 4.3)

23. Avoidable extra expenditure on providing and laying of pipes

** In Shimla Division No.II, the work relating to providing and laying of pipes was got done through a contractor, in contravention of government instructions, resulting in avoidable additional expenditure of Rs 18.94 lakh.

(Paragraph 4.4)

24. Lift Irrigation Scheme, Mangarh failed to provide irrigation since completion

** Lift Irrigation Scheme, Mangarh in Sirmour district, completed in August 1991 at a cost of Rs 23.71 lakh, failed to provide irrigation to the culturable command area since completion, due to improper laying of asbestos cement pressure pipes of the rising main.

(Paragraph 4.6)

25. Lift Irrigation Scheme, Arniala did not take off due to defective construction

** Expenditure of Rs 20.10 lakh spent on Lift Irrigation Scheme, Arniala in Una district was rendered unfruitful as the Department could not clear the bore of the tubewell, which was filled with boulders and pebbles.

(Paragraph 4.7)

26. Wasteful expenditure on remodelling of the Lift Irrigation Scheme, Ghallour

** Expenditure of Rs 53.95 lakh, incurred on remodelling and annual repairs and maintenance of the Lift Irrigation Scheme, Ghallour in Kangra district between April 1989 and September 1997 remained unfruitful as the irrigation provided to the culturable command area was negligible

(Paragraph 4.8)

27. Non-recovery of cost of materials and other dues from contractors

** In National Highway Division, Rampur, Outer Seraj Division, Nirmand and Shimla Division No I, Rs 21.49 lakh were recoverable from three contractors since July 1990 as the Divisional Officers failed to effect recoveries from their running account bills.

(Paragraph 4.12)

28. Avoidable expenditure on wire crates

** Executive Engineer, Kullu Division No.II procured galvanised iron wire for making wire crates instead of readymade interlink chains which resulted in extra avoidable expenditure of Rs 7.82 lakh.

(Paragraph 4.14)

29. Irregularities in rescission of contract and undue aid to a contractor

** Recoveries of Rs 15.57 lakh on account of secured advance, compensation, cost of material, non-stacking of serviceable stones and royalty were outstanding against a contractor who left the work of improvement and widening of the Ambala-Shimla-Wangtoo-Shipkilla road incomplete. No action was taken to get the work completed at his

risk and cost and additional liability of Rs 26.99 lakh was incurred in completing the work.

(Paragraph 4.15)

30. Delay of seven years and extra avoidable expenditure in construction of a bridge

** Failure of the Department to finalise the design of a bridge over Kotlu *khad* under Karsog Division resulted in extra avoidable expenditure of Rs 15.61 lakh and avoidable delay of seven years.

(Paragraph 4.19)

31. Collapse of a bridge due to negligence in maintenance

** Failure of the Department to maintain the bridge over river Pabbar at Sawra in Shimla district led to its collapse in July 1995.

(Paragraph 4.20)

32. Unjustified purchase of materials by the Engineer-in-Chief, Irrigation and Public Health Department

** Materials costing Rs 46.60 lakh were purchased by the Engineer-in-Chief between November 1995 and March 1996 in excess of requirement. Out of these purchases, materials worth only Rs 1.07 lakh were consumed and the balance remained unutilised as of May 1997.

(Paragraph 5.2)

33. Stores and Stock accounts of the Horticulture Department

** Of the total subsidy of Rs 3.29 crore released by the Horticulture Department to Himachal Pradesh Agro Industries Corporation between 1992-93 and 1994-95, the latter had not accounted for a subsidy of Rs 13.81 lakh.

- ** Department drew Rs 5.07 crore between 1992-93 and 1996-97 for the purchase of equipment and material to be sold to beneficiaries. Director of Horticulture did not have complete details of realisation of sale proceeds against these purchases.
- ** Pesticides valued at Rs 5.99 lakh which expired between March 1995 and April 1996 were lying with the District Horticulture Offices at Kinnaur, Kullu and Mandi.
- ** Stores accounts had not been prepared by any of the field units since the inception of the Horticulture Department.

(Paragraph 5.4)

CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Introduction

1.1.1 Structure of the Government Accounts

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

Part-I Consolidated Fund

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

Part-II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent, unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for

transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 0.50 crore.

Part-III Public Account

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

1.1.2 Annual Accounts

The accounts of the state government are compiled annually by the Accountant General, Himachal Pradesh. These are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications in the Government accounts. The Appropriation Accounts on the other hand, present the details of amounts actually spent by the state government vis-a-vis the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

1.1.3 Audit Report

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

CAG's Reports in respect of the Government of Himachal Pradesh for the year ended 31 March 1997 are structured as under:

<u>Report number</u>	<u>Containing observations on</u>
1 of 1998	Himachal Pradesh Government: Revenue Receipts
2 of 1998	Himachal Pradesh Government: Commercial
3 of 1998	Himachal Pradesh Government: Civil

1.2 Summarised financial position

The financial position of the Government of Himachal Pradesh as on 31 March 1997, emerging from the Appropriation Accounts and the Finance Accounts for the year 1996-97, supplemented by the additional information collected separately and the abstract of Receipts and Disbursements for the year is given in the following statements:

STATEMENT-I - SUMMARISED FINANCIAL POSITION OF

Amount as on 31 March 1996 (Rupees in crore)	Liabilities	Amount as on 31 March 1997 (Rupees in crore)
333.56	Internal Debt (excluding Overdrafts from the Reserve Bank of India)	420.71
	Market Loans bearing interest	293.58
	Market Loans not bearing interest	0.17
	Loans from the Life Insurance Corporation of India	12.66
	Loans from the General Insurance Corporation of India	13.18
	Loans from the National Bank for Agriculture and Rural Development	5.46
	Loans from the National Co-operative Development Corporation	25.33
	Loans from other institutions	36.66
	Ways and Means Advances from the Reserve Bank of India	33.67
1425.56	Loans and Advances from the Central Government	1715.60
	Pre 1984-85 Loans	94.01
	Non-Plan Loans	1252.33
	Loans for State Plan Schemes	317.32
	Loans for Central Plan Schemes	0.45
	Loans for Centrally Sponsored Plan Schemes	51.49
1.00	Contingency Fund	1.00
871.57	Small Savings, Provident Funds, etc.	1001.09
87.61	Deposits	137.02
546.25	Overdrafts from the Reserve Bank of India	420.94
1.78	Reserve Funds	4.49
37.39	Remittance Balances	66.70
3304.72		3767.55

THE STATE GOVERNMENT AS ON 31 MARCH 1997

Amount as on 31 March 1996 (Rupees in crore)	Assets	Amount as on 31 March 1997 (Rupees in crore)
2764.28	Gross Capital Outlay	3116.08
	Investment in share of Companies, Corporations etc.	729.19
	Other capital expenditure	2386.89
456.15	Loans and Advances	521.53
	Loan for Energy	401.31
	Other Development Loans	59.98
	Loans to Government Servants and Miscellaneous Loans	60.24
0.50	Appropriation to Contingency Fund	0.50
18.38	Suspense and Miscellaneous Balances	29.93
0.09	Advances	0.09
(-) 23.80	Cash	(-) 144.56
	Cash in Treasuries and Local Remittances	8.30
	Departmental Cash Balance including Permanent Advances	0.24
	Cash Balance Investment Account	0.14
	Deposits with the Reserve Bank of India	(-)153.24
89.12	Deficit on the Government Account	243.98*
	Accumulated deficit upto 31 March 1996	79.55
	Add	
	(i) Current year's deficit	154.86
	(ii) Adjustments	9.57*
	(iii) Miscellaneous Government Accounts	\$
3304.72		3767.55

According to Statement No. 14 of the Finance Accounts 1996-97, the Revenue deficit on Government Accounts was (-) Rs 234.41 crore. The difference of (-) Rs 9.57 crore is explained below:

	(Rupees in crore)
(i) Progressive amount adjusted under head "7810-Inter State Settlement"	(-) 1.43
(ii) Progressive amount adjusted under head "8680- Miscellaneous Government Accounts"	(-) 0.14
(iii) Net amount adjusted <i>pro forma</i>	(-) 8.00
Total	(-) 9.57

Rs 21,874 only

Explanatory Notes:

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

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

3. Though a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipients, their classification in the accounts of the state government remains unaffected by end use.

4. Under the government system of accounting, the revenue surplus or deficit is closed annually to government account. The balancing figure of Rs 285.32 crore as on 31 March 1983 was treated as cumulative surplus for drawing up the first statement for 1983-84.

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of states and others pending settlement, etc. The balance under Suspense and Miscellaneous had increased from Rs 18.38 crore (Debit) on 31 March 1996 to Rs 29.93 crore (Debit) as on 31 March 1997.

6. The closing balance according to the Reserve Bank of India, under "Deposits with the Reserve Bank of India" was Rs 574.43 crore (debit), against the balance of Rs 153.24 crore (credit) shown in the accounts, representing a difference of Rs 421.19 crore (debit). While a difference of Rs 421.08 crore had been reconciled the balance of Rs 0.11 crore was awaiting reconciliation (October 1997).

STATEMENT-II- ABSTRACT OF RECEIPTS AND

SECTION -A- REVENUE

RECEIPTS

		(Rupees in crore)
I	Revenue Receipts	1992.02
(i)	Tax revenue	412.11
(ii)	Non Tax revenue	146.86
(iii)	State's share of Union Taxes and Duties	440.23
(iv)	Non Plan Grants	341.80
(v)	Grants for State Plan Schemes	565.55
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	85.47
II	Revenue Deficit carried over to Section B	154.86
		2146.88

DISBURSEMENTS FOR THE YEAR 1996-97

DISBURSEMENTS

(Rupees in crore)				
I. Revenue Expenditure				2146.88
Sector	Non-Plan	Plan	Centrally sponsored schemes including Plan Schemes	Total
(A) General Services	681.18	16.55	4.87	702.60
(B) Social Services	486.40	244.35	59.58	790.33
(C) Economic Services-				
(i) Agriculture and Allied Activities	107.68	123.05	22.37	253.10
(ii) Rural Development	18.63	36.97	0.90	56.50
(iii) Irrigation and Flood Control	13.35	16.25	0.17	29.77
(iv) Energy	44.00	2.56	0.73	47.29
(v) Industry and Minerals	3.63	16.98	31.21	51.82
(vi) Transport	131.48	10.59	0.01	142.08
(vii) Science, Technology and Environment	--	1.01	0.21	1.22
(viii) General Economic Services	5.33	62.19	--	67.52
(D) Grants -in-aid and Contributions	4.65	--	--	4.65
	1496.33	530.50	120.05	2146.88
Total				2146.88

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

RECEIPTS

		(Rupees in crore)
III	Opening Cash Balance including Permanent Advance and Cash Balance Investment Account, etc.	(-) 23.80
IV	Recoveries of Loans and Advances-	16.03
	(i) From Energy	1.60
	(ii) From Government Servants and Miscellaneous Loans	11.27
	(iii) From others	3.16
V	Public Debt Receipts	501.18
	(i) Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)	164.98
	(ii) Loans and Advances from the Central Government	336.20
VI	Public Account Receipts	2741.63
	(i) Small Savings, Provident Funds, etc.	298.58
	(ii) Reserve Funds	249.92
	(iii) Deposits and Advances	992.04
	(iv) Suspense and Miscellaneous	139.84
	(v) Remittances	1061.25
VII	Closing Overdrafts from the Reserve Bank of India	420.94
		3655.98

DISBURSEMENTS FOR THE YEAR 1996-97

DISBURSEMENTS

				(Rupees in crore)
II	Opening Overdraft from the Reserve Bank of India			546.25
III	Capital Outlay			351.79
	Sector	Non-Plan	Plan	Total
(A)	General Services	--	17.49	17.49
(B)	Social Services	--	116.32	116.32
(C)	Economic Services			
(i)	Agriculture and Allied Activities	(-) 1.46	9.24	7.78
(ii)	Rural Development	--	0.72	0.72
(iii)	Irrigation and Flood Control	--	32.03	32.03
(iv)	Energy	--	68.68	68.68
(v)	Industry and Minerals	--	3.93	3.93
(vi)	Transport	--	99.27	99.27
(vii)	General Economic Services	--	5.57	5.57
IV	Loans and Advances Disbursed			81.41
(i)	For Energy			47.89
(ii)	To Government Servants and Miscellaneous Loans			22.01
(iii)	To others			11.51
V	Revenue deficit brought down			154.86
VI	Repayment of Public Debt			123.99
(i)	Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)			77.83
(ii)	Repayment of Loans and Advances to the Central Government			46.16
VII	Public Account Disbursements			2542.24
(i)	Small Savings, Provident Funds, etc.			169.07
(ii)	Reserve Funds			247.20
(iii)	Deposits and Advances			942.62
(iv)	Suspense and Miscellaneous			151.41
(v)	Remittances			1031.94
VIII	Cash Balance at the end of the Year			(-) 144.56
(i)	Cash in Treasuries and Local Remittances			8.30
(ii)	Departmental Cash Balances including Permanent Advances			0.24
(iii)	Cash Balance Investment Account			0.14
(iv)	Deposits with the Reserve Bank of India			(-) 153.24
				3655.98

STATEMENT-III

SOURCES AND APPLICATION OF FUNDS

The following statement contains details of the sources of funds at the disposal of the state government and their application during the financial year 1996-97:

Sources (Receipts)	(Rupees in crore)		Application (Expenditure)	(Rupees in crore)
Tax Revenue	412.11		Revenue	2146.88*
Non -Tax Revenue	146.86		Expenditure	
Grants-in-aid from the Central Government	992.82		Capital	351.79*
State's share of Union Taxes and Duties-		440.23	Expenditure	
Taxes on Income other than Corporation Tax	67.51			
Union Excise Duties	372.72			
Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)		164.98	Discharge of Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)	77.83
Loans and Advances from the Central Government		336.20	Discharge of Loans and Advances from the Central Government	46.16
Recoveries of Loans and Advances		16.03	Loans and Advances disbursed	81.41
Net Receipts under Public Account	199.39			
Net decrease in Cash Balance including Cash Balance Investment Account, Departmental Cash Balances, Permanent Advances, etc	120.76		Decrease in Overdraft from the Reserve Bank of India	125.31
Total		2829.38		2829.38

These are net figures exclusive of recoveries adjusted in reduction of expenditure viz; Revenue expenditure: Rs 191.54 crore; Capital expenditure: Rs 58.90 crore

Based on these statements and other supporting data, the following paragraphs in this Chapter present an analysis of the management of the finances of the state government during 1996-97, relating it to the position obtaining in the preceding four years

1.3 Assets and Liabilities

The assets, comprising capital investments and loans advanced and the total liabilities of the state government during the five year period 1992-97 were as under:

At the end of	Assets	Liabilities	Gap between assets and liabilities excess(+)/ shortage(-)
(Rupees in crore)			
1992-93	2133.74	1877.95	(+)255.79
1993-94	2405.20	2035.78	(+)369.42
1994-95	2658.50	2597.30	(+) 61.20
1995-96	3215.60	3304.72	(-) 89.12
1996-97	3523.57	3767.55	(-)243.98

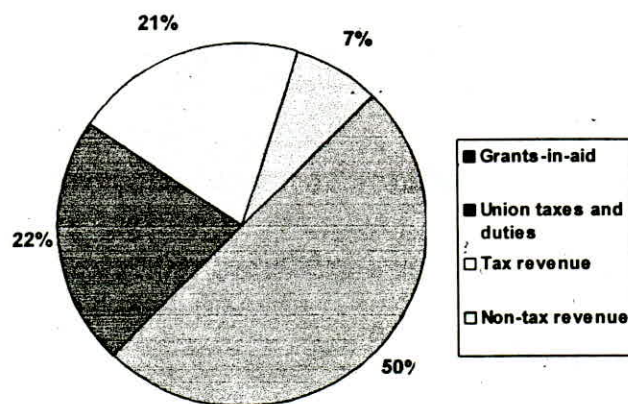
While the assets grew by 65 per cent over the period of four years, the liabilities had grown by 101 per cent during the same period. The table shows that upto 1994-95 assets of the government were more than the liabilities. However from 1995-96 the liabilities of the government overtook the assets. This was mainly attributable to the increased revenue deficit from 1994-95 (vide details of revenue deficit in paragraph 1.7.1).

1.3.1 Financial position of the State

(i) The financial position of the state government during 1996-97 as emerged from the Finance Accounts revealed that revenue receipts of the state government during the year were Rs 1992.02 crore against which revenue expenditure was Rs 2146.88 crore, thus resulting in a revenue deficit of Rs 154.86 crore constituting 8 per cent of the revenue receipts.

(ii) The revenue receipts of the state government comprised of tax revenue (Rs 412.11 crore), non-tax revenue (Rs 146.86 crore), State's share of Union taxes and duties (Rs 440.23 crore) and grants-in-aid from the Central Government (Rs 992.82 crore). The main sources of tax revenue were taxes on sales, trade etc., (Rs 146.26 crore) and State Excise (Rs 132.47 crore). Non-tax revenue came mainly from Forestry and Wild Life (Rs 41.19 crore) and interest receipts (Rs 24.35 crore).

(iii) Himachal Pradesh being a relatively small State, had to depend heavily on grants-in-aid from the Central Government and its share of Union taxes and duties. The contributions made by the four major sources of revenue, namely tax revenue (21 per cent), non-tax revenue (7 per cent), grants-in-aid from the Central Government (50 per cent) and share of Union taxes and duties (22 per cent) during the year 1996-97 were as depicted in the following chart :



(iv) The revenue expenditure of Rs 2146.88 crore was incurred on General Services (32.7 per cent), Social Services (36.8 per cent), Economic Services (30.3 per cent) and Grants-in-aid and contributions (0.2 per cent).

(v) The capital expenditure of the state government was Rs 351.79 crore which was distributed among General Services (5 per cent), Social Services (33 per cent) and Economic Services (62 per cent).

(vi) The Public Debt of the state government increased by Rs 251.88 crore over the previous year during 1996-97, thereby pushing up the burden of interest payments and servicing of debt. The interest payments (Rs 312.98 crore) constituted 15 per cent of the revenue expenditure of the State during the year.

1.3.2 Consolidated Fund

The receipts and expenditure under the Consolidated Fund of the State for 1996-97 along with the previous financial year were as under:

(Rupees in crore)					
Receipts		Expenditure			
1995-96		1996-97	1995-96		1996-97
Revenue Account					
1754.03	Revenue Receipts	1992.02	1904.35	Revenue Expenditure	2146.88
150.32	Deficit(-)	154.86			
1904.35	Total	2146.88	1904.35	Total	2146.88
Capital Account					
---	Capital Receipts	---	331.28	Capital Expenditure	351.79
25.89	Recoveries of Loans and Advances	16.03	65.67	Loans and Advances disbursed	81.41
1101.41	Receipts booked as Public Debt	936.66	521.26	Repayment of Public Debt	684.78
---	Capital Deficit	165.29	209.09	Capital Surplus	---
1127.30	Total	1117.98	1127.30	Total	1117.98
(+) 58.77	Surplus(+)/Deficit (-) in Consolidated Fund	(-) 320.15			

While the disbursement of loans and advances and repayment of public debt was Rs 766.19 crore in 1996-97 against Rs 586.93 crore in 1995-96, representing an increase of 31 *per cent* over the previous year, there was a decrease of 15 *per cent* in recoveries of loans and advances and receipts booked as public debt from Rs 1127.30 crore in 1995-96 to Rs 952.69 crore in 1996-97. Due to the decrease in recoveries and repayment of public debt, there was deficit of Rs 320.15 crore in 1996-97 in the Consolidated Fund compared to the surplus of Rs 58.77 crore of 1995-96.

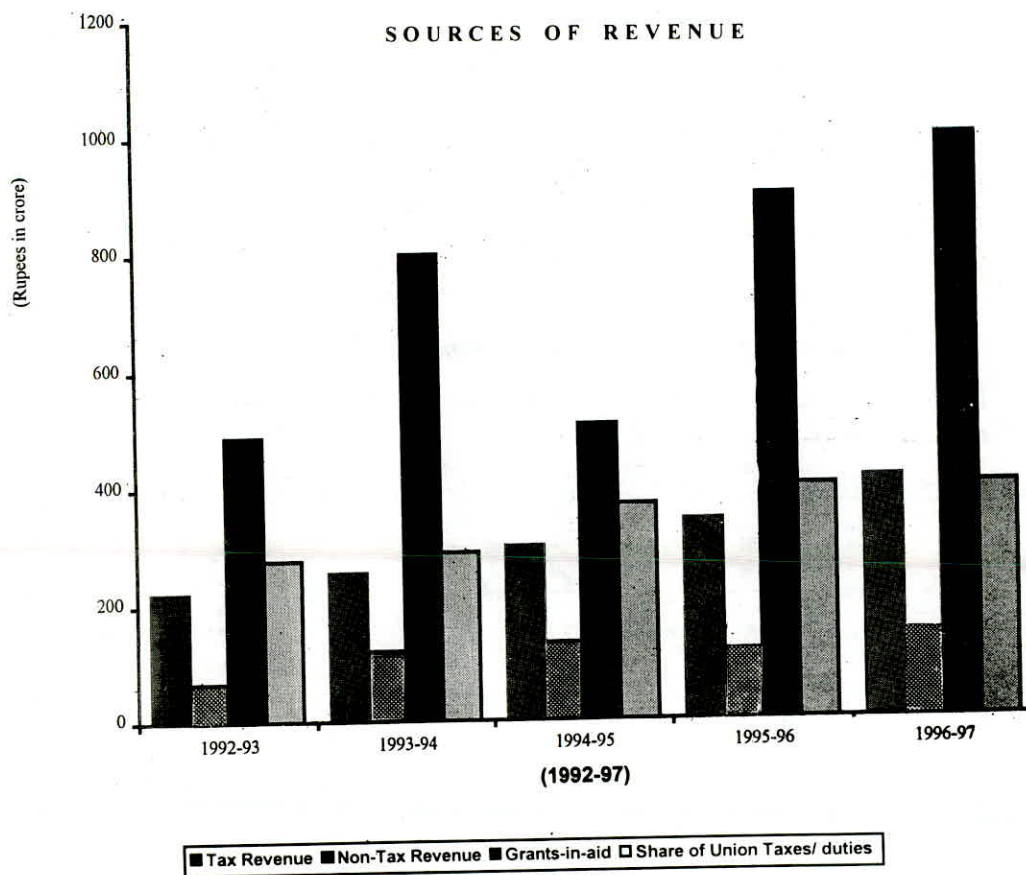
1.4 Revenue Receipts

1.4.1 Trend of revenue receipts during the period of five years (1992-97) was as under:

Year	Budget estimates	Actual Revenue Receipts	Increase (+)/ decrease (-) over the previous year	Percentage of increase (+)/ decrease (-) over the previous year
(Rupees in crore)				
1992-93	1875.87	1052.49	(+) 60.07	(+) 6
1993-94	1435.74	1465.13	(+)412.64	(+) 39
1994-95	1235.85	1306.36	(-)158.77	(-) 11
1995-96	1738.90	1754.03	(+)447.67	(+) 34
1996-97	1910.60	1992.02	(+)237.99	(+) 14

It would be seen that revenue receipts had increased by 89 *per cent* during 1992-97.

The position of revenue realisations from different sources during the period from 1992-93 to 1996-97 and their contribution to the total revenue of the State were as depicted in the chart below:



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

1.4.2 Tax Revenue

The growth of tax revenue of the state government during the last five years (1992-97) was as under:

Tax Revenue – Growth in five years				
Year	Budget Estimates	Actual receipt	Percentage growth over the previous year	As a percentage of total revenue receipts
(Rupees in crore)				
1992-93	211.88	221.68	15	21
1993-94	221.92	255.74	15	17
1994-95	297.01	299.45	17	23
1995-96	336.18	341.52	14	19
1996-97	373.86	412.11	21	21

(a) Tax revenue of the State Government increased from Rs 341.52 crore in 1995-96 to Rs 412.11 crore in 1996-97, representing a growth of 21 per cent.

(b) Realisations from different taxes and duties during the period from 1992-93 to 1996-97 have been analysed in the following table:

Serial number		Components of Tax Revenue				
		1992-93	1993-94	1994-95	1995-96	1996-97
(Rupees in crore)						
1.	Sales Tax	75.20	93.88	107.18	122.83	146.26
		(34)	(37)	(36)	(36)	(35)
2.	State Excise	75.78	83.53	94.55	105.50	132.47
		(34)	(33)	(32)	(31)	(32)
3.	Taxes on Vehicles	9.88	11.56	11.17	12.32	14.47
		(5)	(4)	(4)	(4)	(4)
4.	Taxes on Goods and Passengers	28.63	35.22	39.77	45.80	65.26
		(13)	(14)	(13)	(13)	(16)
5.	Taxes on Duties on Electricity	5.27	2.10	9.88	17.92	18.64
		(2)	(1)	(3)	(5)	(5)
6.	Land Revenue	1.59	1.01	1.15	0.87	5.95
		(1)	(--)	(--)	(--)	(1)
7.	Stamps and Registration Fees	9.53	10.19	12.00	13.78	15.44
		(4)	(4)	(4)	(4)	(4)
8.	Other Taxes and Duties on Commodities and Services	15.80	18.25	23.75	22.50	13.62
		(7)	(7)	(8)	(7)	(3)
Total		221.68	255.74	299.45	341.52	412.11

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

(c) The increase in tax revenue collections by Rs 70.59 crore during 1996-97 over the previous year was mainly attributable to additional realisations from State Excise (Rs 26.97 crore), Sales Tax (Rs 23.43 crore) and Taxes on Goods and Passengers (Rs 19.46 crore).

Contribution of State Excise to the total tax revenue declined from 34 to 32 *per cent* between 1992-93 and 1996-97. The contribution of Other Taxes and Duties on Commodities and Services declined from 7 to 3 *per cent* between 1992-93 and 1996-97.

(d) Analysis of realisations of tax revenue from different sources during 1996-97 *vis-a-vis* the Budget Estimates and the Revised Estimates revealed significant variations. These variations were as high as 520 *per cent* in respect of Land Revenue and (-) 3 *per cent* in respect of Other Taxes and Duties on Commodities and Services with reference to the Revised Estimates. Details in this regard were as under:

Actuals 1995-96	Revenue head	1996-97		Actuals	Percentage increase (+)/decrease (-) with reference to	
		Budget Estimates (Rupees in crore)	Revised Estimates		Budget Estimates	Revised Estimates
0.87	Land Revenue	0.96	0.96	5.95	(+)520	(+)520
13.78	Stamps and Registration Fees	11.48	11.94	15.44	(+) 34	(+) 29
105.50	State Excise	116.00	116.00	132.47	(+) 14	(+) 14
122.83	Sales Tax	132.00	142.00	146.26	(+) 11	(+) 3
17.92	Taxes and Duties on Electricity	15.11	6.11	18.64	(+) 23	(+) 16
22.50	Other Taxes and Duties on Commodities and Services	25.00	14.08	13.62	(-) 46	(-) 3
45.80	Taxes on Goods and Passengers	48.00	60.00	65.26	(+) 36	(+) 9
12.32	Taxes on Vehicles	12.27	12.77	14.47	(+) 18	(+) 13

1.4.3 Non-Tax Revenue

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

Year	Budget Estimates	Non-Tax Revenue (Actuals)	Percentage increase (+)/ decrease (-) over the previous year	As a percentage of revenue receipts
(Rupees in crore)				
1992-93	63.23	66.78	(-) 10	(+) 6
1993-94	84.79	120.61	(+) 81	(+) 8
1994-95	87.24	132.74	(+) 10	(+) 10
1995-96	112.20	117.35	(-) 12	(+) 7
1996-97	138.62	146.86	(+) 25	(+) 7

(a) Non-tax revenue of the state government increased from Rs 117.35 crore in 1995-96 to Rs 146.86 crore in 1996-97, representing a growth of 25 per cent over the previous year (1995-96).

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

Head of Account	Actuals		Percentage of increase
	1995-96	1996-97	
0070 Other Administrative Services	4.24	6.48	53
0210 Medical and Public Health	1.64	3.34	104
0408 Food Storage and Warehousing	1.51	2.45	62
0852 Industries	1.37	19.20	1301
0853 Non-ferrous Mining and Metallurgical Industries	8.73	13.22	51

(b) As in the case of tax revenue, realisation of non-tax revenue during 1996-97 varied significantly from the Budget and the Revised Estimates. These

variations were as high as 55 *per cent* in respect of Interest Receipts and (-)52 *per cent* in respect of Co-operation with reference to the Revised Estimates.

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

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

Year	State's share of		Grants-in-aid	Total	Percentage of	
	Net proceeds of taxes on income other than Corporation tax	Union Excise Duties			Total revenue expenditure	Total revenue receipts
(Rupees in crore)						
1992-93	36.12	240.12	487.79	764.03	67	73
1993-94	45.97	243.55	799.26	1088.78	81	74
1994-95	51.31	317.52	505.34	874.17	54	67
1995-96	78.89	321.39	894.88	1295.16	68	74
1996-97	67.51	372.72	992.82	1433.05	67	72

The State's share of Union taxes and duties had progressively increased by 59 *per cent* between 1992-93 (Rs 276.24 crore) and 1996-97 (Rs 440.23 crore). During 1996-97, the increase was 10 *per cent* over the preceding year (Rs 400.28 crore). During the same period increase in grants-in-aid from the Central Government was from Rs 487.79 crore to Rs 992.82 crore i.e., an increase of 104 *per cent*. In 1996-97, grants-in-aid increased by 11 *per cent* over the preceding year from Rs 894.88 crore to Rs 992.82 crore.

1.4.5 Arrears of Revenue

Position of arrears in collection of revenue, as per information available, for the last five years was as under:

Year	Arrears of revenue at the end of the year
	(Rupees in crore)
1992-93	142.89
1993-94	138.42
1994-95	128.04
1995-96	136.70
1996-97	155.48

It would be seen that the arrears of revenue increased from Rs 136.70 crore in 1995-96 to Rs 155.48 crore in 1996-97 – an increase of 14 *per cent*. Of this, arrears of Rs 13 crore were more than five years old. Most of the arrears pertained to Forestry and Wild Life (Rs 81.61 crore), Sales Tax (Rs 41.90 crore), Water Supply, Sanitation and Minor Irrigation (Rs 8.61 crore) and Taxes on Goods and Passengers (Rs 7.95 crore).

1.5 Revenue expenditure

Trend of revenue expenditure of the State during the five year period ending 1996-97 was as under:

Year	Budget estimates			Actuals			Increase (+)/ Decrease (-) over the previous year
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
	(Rupees in crore)						
1992-93*			1153.01	326.73	818.84	1145.57	(+) 163.01
1993-94	381.38	960.63	1342.01	409.01	942.49	1351.50	(+) 205.93
1994-95	442.33	1132.88	1575.21	440.73	1173.55	1614.28	(+) 262.78
1995-96	517.63	1343.49	1861.12	560.59	1343.76	1904.35	(+) 290.07
1996-97	616.21	1528.62	2144.83	650.55	1496.33	2146.88	(+) 242.53

Between 1992-93 and 1996-97, Plan expenditure increased by 99 *per cent* and Non-Plan expenditure by 83 *per cent*. There was an increase in revenue expenditure by 13 *per cent* during 1996-97 over the level of 1995-96 and by 87 *per cent* during the period 1992-97.

Sector-wise analysis of the expenditure on Revenue Account from 1992-93 to 1996-97 was as presented below:

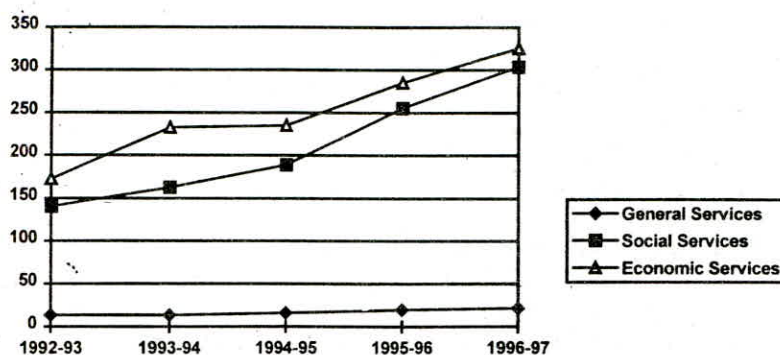
Sector	1992-93	1993-94	1994-95	1995-96	1996-97
	(Rupees in crore)				
General Services (Non-Plan)	380.09	446.98	508.44	603.77	681.18
General Services (Plan)	13.43	13.45	16.27	19.77	21.42
Social Services (Non-Plan)	301.30	320.70	381.67	454.57	486.40
Social Services (Plan)	140.54	162.58	189.04	255.57	303.93
Economic Services (Non-Plan)	133.69	171.14	279.78	281.24	324.10
Economic Services (Plan)	172.76	232.98	235.42	285.25	325.20
Grants-in-Aid and Contributions (Non-Plan)	3.76	3.67	3.66	4.18	4.65

Breakup of Plan and Non-Plan expenditure not available

In relation to the previous year (1995-96), Plan expenditure during 1996-97 on General Services, Social Services and Economic Services increased by 8,19 and 14 per cent respectively, while Non-Plan expenditure on these Services increased by 13,7 and 15 per cent respectively.

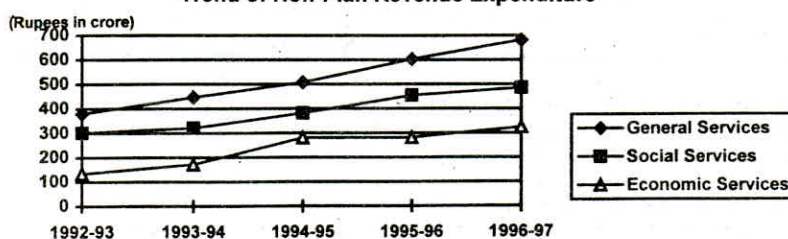
(Rupees in crore)

Trend of Plan Revenue Expenditure



	1992-93	1993-94	1994-95	1995-96	1996-97
General Services	13.43	13.45	16.27	19.77	21.42
Social Services	140.54	162.58	189.04	255.57	303.93
Economic Services	172.76	232.98	235.42	285.25	325.20

Trend of Non-Plan Revenue Expenditure



	1992-93	1993-94	1994-95	1995-96	1996-97
General Services	380.09	446.98	508.44	603.77	681.18
Social Services	301.30	320.70	381.67	454.57	486.40
Economic Services	133.69	171.14	279.78	281.24	324.10

1.5.1 Interest payments

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

Year	Interest paid on			Total	Percentage of interest payments with reference to Tax Revenue
	Internal debt	Loans received from the Central Government	Small Savings, Provident Funds, etc.		
	(Rupees in crore)				
1992-93	24.55	98.25	54.32	177.12	80
1993-94	31.00	117.89	60.76	209.65	82
1994-95	36.86	118.01	67.73	222.60	74
1995-96	48.10	160.26	76.89	285.25	84
1996-97	55.85	178.91	78.22	312.98	76

It would be seen that the total interest payments increased from Rs 177.12 crore in 1992-93 to Rs 312.98 crore in 1996-97, which constituted an increase of 77 per cent over the five year period. The percentage increase in interest payments over the five year period was at 82 per cent on loans received from the Central Government and 127 per cent on internal debt

The interest payments thus constituted 15 per cent of revenue expenditure while accounting for as much as 76 per cent of tax revenue during 1996-97.

The gap between interest received and interest paid also showed an increasing trend since 1992-93. It rose from Rs 172.63 crore in 1992-93 to Rs 288.63 crore in 1996-97, an increase of 67 per cent. The details were as under:

Year	Interest received	Interest paid	Gap
	(Rupees in crore)		
1992-93	4.49	177.12	172.63
1993-94	3.22	209.65	206.43
1994-95	9.23	222.60	213.37
1995-96	25.37	285.25	259.88
1996-97	24.35	312.98	288.63

1.5.2 Financial assistance to local bodies and others

The quantum of assistance provided to different local bodies, etc., during the period of five years ended 1996-97 was as under:

	1992-93	1993-94	1994-95	1995-96	1996-97
	(Rupees in crore)				
Universities and other Educational Institutions	21.73	21.77	15.95	36.63	30.06
Municipal Corporations and Municipalities	4.31	7.03	6.92	11.20	12.06
Zila Parishads and Panchayati Raj Institutions	0.71	0.87	1.63	2.08	11.18
Development Agencies	4.97	14.03	9.18	9.76	24.98
Hospitals and Other Charitable Institutions	1.06	0.55	--	3.42	4.17
Other Institutions	4.00	30.89	28.20	91.01	49.75
Total	36.78	75.14	61.88	154.10	132.20
Percentage increase(+)/decrease(-) over previous year	(+) 70	(+) 104	(-) 18	(+) 149	(-) 14
Revenue Receipts 1992.02		1052.49	1465.13	1306.36	1754.03
Percentage of assistance to Revenue Receipts	3	5	5	9	7
Revenue Expenditure	1145.57	1351.50	1614.28	1904.35	2146.88
Percentage of assistance to Revenue Expenditure	3	6	4	8	6

Financial assistance to local bodies, etc., decreased by 14 *per cent* from Rs 154.10 crore in 1995-96 to Rs 132.20 crore in 1996-97. The assistance to local bodies and others ranged between 3 and 9 *per cent* of the Revenue Receipts and between 3 and 8 *per cent* of the Revenue Expenditure during 1992-97.

1.5.3 Loans and Advances by the State Government

(i) The State Government has been advancing loans to Government Companies, Corporations, autonomous bodies, co-operatives, non-Government institutions, etc. for

developmental and non-developmental activities. The position of such loans for the five years beginning from 1992-93 was as under:

	1992-93	1993-94	1994-95	1995-96	1996-97
	(Rupees in crore)				
Opening balance	539.46	552.61	598.01	416.37	456.15
Amount advanced during the year	32.27	53.49	(-)163.30*	65.67	81.41
Amount repaid during the year	19.12	8.09	18.34	25.89	16.03
Closing balance	552.61	598.01	416.37	456.15	521.53
Net addition	13.15	45.40	(-)181.64	39.78	65.38
Interest received and credited to revenue	4.15	2.50	1.77	4.55	3.17
Net receipts from long-term borrowings during the year	89.99	117.66	289.86	193.07	360.39

(ii) **Recoveries in arrears:** In respect of loans, the detailed accounts of which are maintained by the departmental officers, the total amount overdue for recovery against loans advanced as on 31 March 1997, to the extent relevant information was received, was Rs 12.51 crore, including Rs 4.60 crore on account of interest. The major portion of the arrears related to "Loans for Small Industries and margin money" (Rs 2.45 crore) under Industries Department, "Loans to various Institutions (short term loans)" (Rs 3.80 crore), "Soil Conservation Loans" (Rs 2.78 crore) under Agriculture Department and "Loans for various schemes" (Rs 2.36 crore) under Co-operative Department.

1.6 .Capital expenditure

1.6.1 Assets are created mostly out of capital expenditure. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government (i.e.

Public Sector Undertakings (PSUs), Corporations, etc.) and loans and advances. Trend of capital expenditure for the last five years was as under:

Year	Budget estimates	Capital Expenditure (Actuals)			Percentage increase(+)/ decrease(-) over the previous year
		Plan	Non-Plan	Total	
(Rupees in crore)					
1992-93	213.07	206.96	(-) 1.64	205.32	(+) 9
1993-94	232.95	223.04	(-) 2.67	220.37	(+) 7
1994-95	229.35	490.42	3.70	494.12	(+) 124
1995-96	256.33	329.47	1.81	331.28	(-) 33
1996-97	314.72	353.25	(-) 1.46	351.79	(+) 6

Capital expenditure during 1996-97 was Rs 351.79 crore against Rs 331.28 crore in 1995-96, representing an increase of 6 per cent. The revenue expenditure (both Plan and Non-Plan) had increased by 87 per cent during 1992-97, whereas the capital expenditure had gone up by 71 per cent during the same period.

Sector-wise analysis of expenditure on Capital account from 1992-93 to 1996-97 was as under:

Sector		1992-93	1993-94	1994-95	1995-96	1996-97
		(Rupees in crore)				
General Services	(Plan)	11.03	5.89	11.74	15.86	17.49
	(Non-Plan)	--	--	--	--	--
Social Services	(Plan)	79.34	67.90	87.03	95.91	116.32
	(Non-Plan)	--	--	4.27	--	--
Economic Services	(Plan)	116.59	149.25	391.65	217.70	219.44
	(Non-Plan)	(-) 1.64	(-) 2.67	(-) 0.57	1.81	(-) 1.46

Minus transaction is due to conversion of loan of Rs 234 crore into equity capital

It would be seen that in relation to the previous year (1995-96), the capital Plan expenditure during 1996-97 increased on General Services and Social Services by 10 and 21 *per cent* respectively, whereas the increase on Economic Services was nominal.

1.6.2 Investments and Returns

The details of investments by Government in Statutory Corporations, Government companies, Joint Stock Companies, Co-operative Banks and Societies along with dividends/interest received during five years ending 1996-97 were as under:

At the end of year	Total investment	Dividend/interest received during the year	Percentage Col.3 to Col.2
(1)	(2)	(3)	(4)
	(Rupees in crore)		
1992-93	218.45 [#]	0.10 [^]	0.05
1993-94	295.78	0.34 [^]	0.11
1994-95	575.24	0.08 [^]	0.01
1995-96	644.89	0.11 [^]	0.02
1996-97	729.19	0.54 [^]	0.07

There was a quantum jump in the investment made by the state government from Rs 218.45 crore in 1992-93 to Rs 729.19 crore in 1996-97 constituting an increase of 234 *per cent*. However the percentage of dividend on total investment rose marginally from 0.05 in 1992-93 to 0.07 in 1996-97.

In the case of 14 loss making government companies and statutory corporations in which government had invested Rs 208.10 crore upto 1996-97, the accumulated losses amounted to Rs 212.67 crore (as per their latest available accounts).

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

Provisional figures

In six government companies and statutory corporations out of the above, the accumulated losses were more than the investment as per details given below:

Serial number	Name of Company/Corporation	Investment upto 1996-97	Accumulated	
			Loss	Upto
(Rupees in crore)				
1.	Himachal Pradesh Horticulture Produce Marketing and Processing Corporation Limited	12.24	19.38	1995-96
2.	Himachal Pradesh Agro Industrial Packaging India Limited	17.25	20.56	1994-95
3.	Himachal Pradesh State Small Industries and Export Corporation Limited	2.45	2.79	1995-96
4.	Nahan Foundry Limited	3.87	7.20	1995-96
5.	Himachal Pradesh State Handicraft and Handloom Corporation Limited	4.04	6.26	1996-97
6.	Himachal Road Transport Corporation	105.14	122.20	1995-96
Total		144.99	178.39	

1.7 Deficit

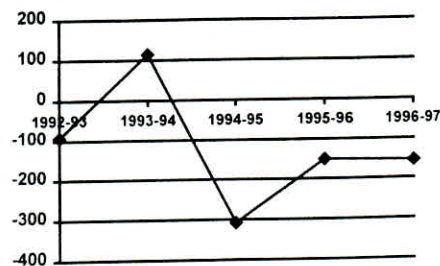
1.7.1 Revenue deficit

Revenue deficit is the gap between revenue receipts and revenue expenditure.

Trend of revenue deficit for the last five years was as under:

Year	Revenue Receipts	Revenue Expenditure	Revenue deficit(-)/surplus(+)
(Rupees in crore)			
1992-93	1052.49	1145.57	(-) 93.08
1993-94	1465.13	1351.50	(+) 113.63
1994-95	1306.36	1614.28	(-) 307.92
1995-96	1754.03	1904.35	(-) 150.32
1996-97	1992.02	2146.88	(-) 154.86

Revenue Surplus/ deficit



While revenue receipts increased by 89 per cent between 1992-93 and 1996-97, revenue expenditure increased by 87 per cent during the same period. The

accounts for the year 1996-97 closed with a revenue deficit of Rs 154.86 crore as against the revenue deficit of Rs 150.32 crore during the previous year.

1.7.2 Fiscal deficit

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

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

Year	Fiscal deficit (Rupees in crore)
1992-93	311.55
1993-94	152.14
1994-95	620.40
1995-96	521.38
1996-97	572.03

It would be seen that the fiscal deficit showed a fluctuating trend since 1992-93. However, there was an overall increase of Rs 260.48 crore in 1996-97 as compared to 1992-93.

1.8 Public Debt

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

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

1.8.1 Internal Debt

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

Year	Addition during the year	Debt servicing and payment of interest			Percentage of Col.3 to Col.2
		Principal	Interest	Total	
1.	2.	3.			
(Rupees in crore)					
1992-93	4579.24	4405.23	24.55	4429.78	97
1993-94	841.68	899.09	31.00	930.09	111
1994-95	384.03	235.63	36.86	272.49	71
1995-96	915.43	482.03	48.10	530.13	58
1996-97	600.46	638.62	55.85	694.47	116

The discharge of principal and interest on internal debt of Rs 694.47 crore during 1996-97 was more than the addition of Rs 600.46 crore on that account during the year. The carried forward balance of internal debt of the State Government was Rs 355.42* crore in 1992-93, which increased to Rs 841.65* crore in 1996-97 representing an increase of 137 per cent during 1992-97.

*Source: Finance Accounts 1993-94 and 1996-97 statement-3

1.8.2 Loans and advances from the Central Government

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

Year	Addition during the year	Repayment of loan			Net flow	Percentage of Col.5 to Col.2
		Principal	Interest	Total 3+4		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(Rupees in crore)						
1992-93	115.77	56.37	98.25	154.62	(-) 38.85	134
1993-94	146.05	57.32	117.89	175.21	(-) 29.16	120
1994-95	307.13	57.99	118.01	176.00	131.13	57
1995-96	185.98	39.23	160.26	199.49	(-) 13.51	107
1996-97	336.20	46.16	178.91	225.07	111.13	67

According to the schedule of repayment of loans and advances from the Central Government, the State Government was required to pay Rs 225.07 crore (Rs 46.16 crore towards principal and Rs 178.91 crore as interest) during the year 1996-97. The amounts were paid in time. The discharge of debt service obligations to the Central Government during 1996-97 was 67 per cent of the fresh loans and advances received during the year.

1.8.3 Other liabilities

Apart from the borrowings accounted for in the Consolidated Fund of the State, there are Small Savings, Provident Funds, etc., Reserve Funds and Deposits which are kept in the separate Public Account. The balances in the Public Account are carried forward annually. These amounts add substantially to the liability of the State Government.

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

Year	Addition during the year*	Debt payment*	Interest	Total 3+4	Percentage of Col.5 to Col.2
(1)	(2)	(3)	(4)	(5)	
(Rupees in crore)					
1992-93	421.81	314.68	54.32	369.00	87
1993-94	480.30	348.68	60.76	409.44	85
1994-95	885.41	722.43	67.73	790.16	89
1995-96	1113.17	982.43	76.89	1059.32	95
1996-97	1445.90	1264.25	78.22	1342.47	93

It would be seen that the discharge of liabilities pertaining to Public Account ranged between 85 and 95 *per cent* as compared to the additions during 1992-97.

1.8.4 Guarantees given by the State Government

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

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal (Rupees in crore)	Interest
1993	756.09	472.19	9.93
1994	819.71	483.25	18.77
1995	948.40	476.41	19.00
1996	1464.17	789.58	8.40
1997	1642.81	977.64	11.24

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

There had been an increase of 105 *per cent* in the amount of guarantees outstanding (including interest) over the period of five years.

The State Government charges guarantee fees at the rate of 0.5 *per cent* and commitment charges at 0.1 *per cent* on the amount guaranteed. An amount of Rs 0.26 crore was outstanding from various government companies and statutory corporations on account of guarantee fee and commitment charges due as of 31 March 1997.

1.9 Ways and Means Advances and Overdrafts

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

The extent to which the State Government maintained the minimum balance with the Bank during 1992-97 was as under:

Year	Number of days on which minimum balance was maintained		Number of days on which Overdraft was taken	Number of days on which Government of India Treasury bills were rediscounted
	Without obtaining any advance	By obtaining Ways and Means Advances		
1992-93	22	102	232	9
1993-94	44	86	218	17
1994-95	191	9	21	144
1995-96	130	23	14	199
1996-97	122	21	10	212

Details of the Ways and Means Advances and Overdrafts taken by the State Government and interest paid thereon during the period from 1992-93 to 1996-97 were as tabulated below:

	1992-93	1993-94	1994-95	1995-96	1996-97
	(Rupees in crore)				
(1) Ways and Means Advances					
(i) Advances taken during the year (Gross)	122.88	208.93	22.74	51.95	88.23
(ii) Advances outstanding at the end of the year	11.27	16.87	16.87	16.87	33.67
(iii) Interest paid	1.16	1.17	0.15	0.10	0.10
(2) Overdrafts					
(i) Overdrafts taken during the year (Gross)	4418.50	595.72	315.15	807.67	435.48
(ii) Overdrafts outstanding at the end of the year	143.42	51.48	159.17	546.25	420.94
(iii) Interest paid	1.55	2.96	0.78	0.71	1.04
(3) Re-discounting of Government of India Treasury Bills					
(i) Amount of Bills re-discounted during the year	27.50	64.50	733.30	1207.75	1417.80
(ii) Amount outstanding at the end of the year	--	--	--	--	--
(iii) Interest paid	0.29	0.30	16.68	9.48	9.30

1.10 Improper operation of deposit heads

Test-check of records in respect of certain deposit heads conducted (June-November 1997) in Shimla district treasury and Capital treasury, Shimla and the departments of Finance, Multipurpose Projects and Power, Transport and Forest revealed the following points.

Finance Department

1.10.1(a) Nathpa Jhakri Power Corporation

8229-Development and Welfare Fund
110-Electricity Development Fund

Nathpa Jhakri Power Corporation Limited (NJPC) is a joint venture of the Government of India and Himachal Pradesh, with an equity participation of 75 per cent

- (i) "8229-Development and Welfare Fund - 110-Electricity Development Fund"
(ii) "8448-Deposits of Local Funds, 108-State Housing Board Funds and 120-Other Funds"

and 25 *per cent* respectively. The State's share is released to NJPC on demand, depending upon the progress of expenditure.

In June 1992, Finance Department requested Accountant General to authorise them to open a Personal Ledger Account (PLA) for placing the State's share of investment in NJPC. This amount was to be withdrawn from the head '4801-Capital Outlay on Power Projects' and placed under the head '8229-Development and Welfare Fund, 110-Electricity Development Fund'. In July 1992, Accountant General authorised the opening of a PLA for the purpose in the name of the Director, Institutional Finance and Public Enterprises (DIFPE), subject to the provisions of the financial rules.

Scrutiny of records of the DIFPE, the Department of Multipurpose Projects and Power and the Finance Department revealed (June-July 1997) the following points:

(i) Himachal Pradesh Financial Rules provided that the financial limits on each PLA were to be fixed before referring the cases to Accountant General. Accordingly, a ceiling limit of Rs 50 crore was fixed while requesting for permission for opening the PLA, which was accepted by the Accountant General. DIFPE failed to observe this ceiling. DIFPE drew excess amounts over the financial limit ranging between Rs 1.98 crore and Rs 54.42 crore during 1995-97. DIFPE admitted (September 1997) that this limit had been exceeded on a few occasions and this was necessitated due to circumstances arising from the "fiscal management policy". The reply of the DIFPE was not tenable as they were required to adhere to the prescribed limit.

(ii)(a) The financial rules provided that all moneys received by or deposits with any officer in his official capacity were required to be paid into the government account of the State. As such bank accounts outside the government account of the State were not to be opened.

It was noticed that funds to the tune of Rs 371.78 crore from the PLA were invested by DIFPE in fixed deposits with various banks during 1992-97. Besides, a total amount of Rs 181.42 crore out of the PLA was deposited between 1993-94 and 1996-97 in a savings account in the Post Office. The DIFPE, while accepting (September 1997)

the facts, stated that this was done with the approval of "the competent level under the fiscal management policy". The reply was not tenable as the provisions of the state financial rules could not be violated by any authority.

(ii)(b) Out of the amount invested in fixed deposits, Rs 76.37 crore in respect of 20 cases were invested by the DIFPE in fixed deposits with various banks between July 1992 and March 1996 for short periods of 46 days in each case. The fixed deposits, however, were encashed before the dates of their maturity and credited to the PLA between August 1992 and April 1996 even though there was no immediate requirement of funds and unutilised balance ranging between Rs 0.29 lakh and Rs 13.43 crore was available in the PLA at the time of premature encashment of the fixed deposits. The premature encashment resulted in a loss of interest of Rs 1.04 crore. DIFPE stated (September 1997) that premature encashment of fixed deposits was necessitated by "the fiscal management policy". The reply was not tenable as this resulted in an avoidable loss of interest for public funds.

1.10.1(b) Raising of loan through Himachal Pradesh Housing Board

<p>8448-Deposits of Local Funds 108-State Housing Board Funds</p>

Himachal Pradesh Housing Board (HPHB) raised a loan of Rs 105.32 crore from Housing and Urban Development Corporation (HUDCO) in 1995-96 on behalf of the Government of Himachal Pradesh to finance the *Gandhi Kutir Yojana* (GKY), a scheme being implemented by the Rural Development Department. The loan, together with interest (9 *per cent*), was to be repaid to HUDCO by the Housing Department through HPHB.

It was noticed that an amount of Rs 35.44 crore* was received by the HPHB against the said loan and the same was deposited in Shimla treasury under the head '8448-Deposits of Local Funds, - 108-State Housing Board Funds', a non-interest bearing

* 1996-97: Rs 25.35 crore and 1997-98: Rs 10.09 crore

deposit head, between April 1996 and July 1997 at the instance of the Government. Secretary-cum-Chief Engineer, HPHB, Shimla intimated (August 1997) that no records pertaining to this loan were being maintained in his office and that these records were available with the DIFPE. Thus, HPHB, who were the loanees, had no records of the loan to monitor their repayments.

Although the loan was raised to implement GKY, the scheme was funded entirely from the state budget under the head '2216-Housing', and an expenditure of Rs 46.54 crore* had been incurred on the scheme between April 1995 and July 1997 on it. An amount of Rs 3.71 crore (principal: Rs 1.38 crore and interest: Rs 2.33 crore) had been repaid to HUDCO between March 1996 and July 1997.

It was observed that the loan amount of Rs 35.44 crore was lying unutilised in the treasury as of September 1997. Non-utilisation of this amount resulted in blocking of funds, besides payment of Rs 2.33 crore on account of interest thereon.

Thus there was no justification of borrowing these funds at commercial rate of interest from HUDCO. It appears that it was done solely with the purpose of boosting the ways and means position of the government.

Transport Department

1.10.2 Himachal Pradesh Passengers Insurance Scheme

8448-Deposits of Local Funds 120-Other Funds

The State Government introduced (November 1977) the Passengers Insurance Scheme in order to avoid hardships to passengers who became victims of accidents while travelling in stage and contract carriages. It was decided to levy a surcharge on the passengers at the rate of 20 per cent of the passenger and goods tax payable by them for the purpose of insurance. The amount so collected would be credited to a Passengers

* 1995-96: Rs 23.84 crore; 1996-97: Rs 19.06 crore and 1997-98: Rs 3.64 crore (upto July 1997)

Insurance Scheme Fund (Fund), which would be administered by the Commissioner (now Director), Transport. State Government requested (August 1978) Accountant General for permission to open a PLA for the Passengers Insurance Scheme, which was accorded in June 1979. The Fund was operated through a PLA opened in the Shimla treasury.

Financial rules stipulate that bank accounts outside the Public Account of the State should not be opened for moneys received by or deposits with any officer employed in connection with the affairs of the State.

Test-check of records of the Director, Transport revealed (December 1996) that from 1991-92 onwards, the Department invested surplus amounts of the Fund in fixed deposits and savings bank accounts in violation of these rules. The balances in the Fund ranged between Rs 0.03 crore and Rs 1.14 crore during 1991-97 against the total receipts of Rs 29.64 crore during the same period. An amount of Rs 2.43 crore had been earned as interest on the fixed deposits, etc., upto March 1997.

It was further noticed that Government raised short term loans aggregating Rs 53.08 crore from local banks against the security of the fixed deposits between December 1993 and April 1994 to meet finance repayments of overdrafts taken by the State Government. Interest of Rs 54.63 lakh on these loans was paid out of the interest on the fixed deposits. While the overdrafts of the State Government ranged between Rs 6.32 crore and Rs 140.44 crore during this period and interest of Rs 1.18 crore was paid on these overdrafts, the fixed deposits in the banks aggregated Rs 37.40 crore during the same period. The overdrafts as well as the interest on them could have been avoided to the extent of the amount of fixed deposits had the funds invested in the fixed deposits been kept in the Government account.

Thus failure to avoid overdraft to the extent of availability of funds in the fixed deposits in the banks indicated poor resource management by the Government.

In reply to audit queries, the Director stated (May 1996) that the Fund was being operated on telephonic directions of the Government and the sanction of the Government in 'literal terms' had not been obtained. He further stated that the investment

in the fixed deposits had always been done in consultation with and on the advice of the Finance Department. The action of the Department was unauthorised as the Finance Department was not competent to allow withdrawals from the public funds for investment in banks.

The matter was referred to the Government in June 1997; their reply had not been received (November 1997).

Forest Department

1.10.3 Raising of loan through Himachal Pradesh State Forest Corporation

8448-Deposits of Local Funds 120-Other Funds

The Government of Himachal Pradesh directed (January 1997) the Himachal Pradesh State Forest Corporation (HPSFC) to deposit Rs 250 crore as advance royalty during the financial year 1996-97 though no such provision was contained in the standard agreement between the Government and the HPSFC. For this purpose at the instance of the Government, HPSFC raised a loan of Rs 154.34 crore by issue of non-Statutory Liquidity Ratio (SLR) bonds between 14 February and 22 March 1997 at a rate of interest of 17 *per cent* payable half yearly. The State Government stood guarantee and gave budgetary support to the latter against the interest liabilities of this loan. The loan was arranged through three companies which were to be paid arranger's fees at the rate of 0.09 *per cent* of the funds mobilised. These companies mobilised Rs 124.58 crore and were paid Rs 1.02 crore by HPSFC upto July 1997, out of a total of Rs 1.14 crore payable to them. Besides, an upfront discount of Rs 3.64 crore was allowed to the investors by the Corporation.

The loan raised for payment of advance royalty was not deposited by HPSFC in the final receipt head of the Government account. Instead, out of the loan amount of Rs 154.34 crore, Rs 144 crore were deposited between 24 February and 21 March 1997 in the Government account under the head '8448-Deposit of Local Funds - 120 Other Funds, Deposits of HPSFC' as per the directions of the State Government. The remaining amount (Rs 10.34 crore) was retained by HPSFC. On 28 March 1997 the

entire amount of Rs 144 crore was, however, refunded to HPSFC by the State Government.

It was observed that the Government had no overdraft as on 30 March 1997. However, as on 31 March 1997, the closing overdraft of the Government was Rs 420.94 crore, which was mainly on account of refunds made to HPSFC (Rs 144 crore) and to the Himachal Pradesh State Electricity Board (Rs 408.66 crore) in respect of a loan raised by the Board on behalf of the Government in March 1997.

It was further, observed that Rs 150.70 crore were again deposited by HPSFC in the Government account under the head '8448-Deposit of Local Funds - 120-Other Funds' on 2 April 1997. This helped in clearing the overdraft of the State Government which became "nil" on 3 April 1997.

As per the provisions of Article 293(3) of the Constitution of India raising of loans by the State Government is prohibited if there is any outstanding loan which has been made to the State Government by the Government of India or in respect of which a guarantee has been given by the Government of India, except with the consent of the Government of India. As the State Government was heavily indebted to the Central Government, the former bypassed this provision to unjustifiably raise loans through a government company to boost its ways and means position.

These points were referred to the Government in December 1997; their reply had not been received.

As on 31 March 1996, Rs 1725.24 crore were outstanding against the State Government by way of loans from other agencies (Rs 446.43 crore) and loans from the Central Government (Rs 1278.81 crore) (Source: Press communique issued by State Government)

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Budget and expenditure

The summarised position of actual expenditure during 1996-97 against grants/appropriations was as under:

	Original grant/ appropriation	Supple- mentary	Total	Actual Expendi- ture	Variation Saving(-)/ Excess(+)
(Rupees in crore)					
I. Revenue					
Voted	1927.65	52.98	1980.63	2019.69	(+) 39.06
Charged	361.11	1.15	362.26	318.73	(-) 43.53
II. Capital					
Voted	358.23	39.99	398.22	409.07	(+) 10.85
Charged	1.60	0.16	1.76	1.62	(-) 0.14
III. Public Debt					
Charged	132.46	--	132.46	684.78 [@]	(+) 552.32
IV. Loans and Advances					
Voted	71.28	3.34	74.62	81.41	(+) 6.79
Grand Total	2852.33	97.62	2949.95	3515.30	(+) 565.35

2.2 Results of Appropriation Audit

2.2.1 Savings/excesses in grants/appropriations

The overall excess of Rs 565.35 crore was the net result of savings in 43 cases and excesses in 25 cases as shown below:

	Savings		Excesses		Net saving(-)/excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in crore)						
Voted	60.23 (In 17 grants)	12.21 (In 15 grants)	99.29 (In 13 grants)	29.85 (In 9 grants)	(+) 39.06	(+) 17.64
Charged Appropriations	43.53 (In 8 appro- priations)	0.14 (In 3 appro- priations)	§	552.32 (In 2 appro- priations)	(-) 43.53	(+) 552.18 [@]

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz; Revenue expenditure: Rs 191.54 crore; Capital expenditure: Rs 58.90 crore

@ Includes Rs 560.79 crore on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India.

§ Rs. 27,419 only.

The overall supplementary grants and appropriations obtained during 1996-97 constituted 3.42 per cent of the original grants and appropriations.

In seven cases, supplementary provisions of Rs 15.80 crore was unnecessary as the expenditure in all these cases was less than even the original provisions. Details are given in Appendix-I.

Of the final savings of Rs 72.44 crore under voted grants and of Rs 43.67 crore under charged appropriations, savings of not less than Rs 50 lakh in each case aggregating Rs 113.56 crore (17 cases) occurred in 15 grants and one appropriation, details of which are indicated below, along with the main reasons for savings, wherever furnished by the Government:

Serial number	Grant	Amount of saving (Percentage of saving)	Main reasons
(Rupees in crore)			
<i>Voted Grants Revenue</i>			
1.	1-Vidhan Sabha and Elections	0.88 (11)	Non-filling up of vacant posts, less expenditure on maintenance and repair of vehicles, non-hiring of official accommodation, less expenditure on office material, less expenditure on publication, less receipt of salaries and travel expenses bills from other departments and non-engagement of professionals for special services.
2.	4-General Administration	13.49 (9)	Non-filling up of vacant posts, losses borne by the Government of India, less receipt of grant-in-aid cases, less receipt of pension cases relating to ex-servicemen, less expenditure on helicopter, reduction in plan ceiling, less purchase of material, less expenditure on office expenses and less receipt of sanction of grant-in-aid from the Government of India.
3.	11-Agriculture	2.58 (4)	Non-filling up of vacant posts, less engagement of daily wages staff, less purchase of office articles and inputs, less expenditure on miscellaneous items and exhibitions, etc., non-receipt/finalisation of grant-in-aid cases, less expenditure on organisation of Seminars, non-implementation of crop completion scheme, less receipt of eligible subsidy cases, non-purchase of machinery and equipment, less travel medical reimbursement expenses, less expenditure on raw materials, non-import of floriculture articles, non-receipt of Central assistance, non-payment of rent of cold storages, less execution of works, non-release of grant to Marketing Board, less repair of vehicles and grant-in-aid for completion of Bio-gas plants.
4.	13-Soil and Water Conservation	3.18 (16)	Non-filling up of vacant posts, less amount sanctioned by the Government of India for Centrally sponsored scheme, account of expenditure elsewhere as a result of implementation of decentralised system and less receipt of medical reimbursement claims.
5.	16-Forest and Wild life	1.12 (1)	Cut in Plan outlay; less expenditure on salaries, wages and travel expenses; non-grant of approval for Modern Forest Fire Control Methods by the Government of India; execution of less works; less purchase of vehicles; equipment and material; non-execution of projects; provision of less funds by the Government of India for the scheme Raising of Plantation of Minor Forest Produce; and transfer of Extension Training schemes to other minor heads.

Serial number	Grant	Amount of saving (Percentage of saving)	Main reasons
6.	19-Social Security and Welfare (Including Nutrition)	1.04 (2)	Non-filling up of vacant posts, change in classifications of expenditure on hospitality and entertainment, less purchase of stationery, furniture, miscellaneous items for schools/ashrams, etc., less engagement of daily paid workers, non-providing of vehicles for newly sanctioned schemes, non-hiring of buildings, less execution of minor works, non-creation of posts, non-finalisation of grant-in-aid cases, non-finalisation of pension cases and discontinuation of training for preparing Ex-Servicemen for Self Employment scheme by the Government of India.
7.	20-Rural Development	5.63 (8)	Reduction in plan ceiling, non-filling up of vacant posts, less expenditure on maintenance of vehicles and travel expenses and non-completion of codal formalities.
8.	21-Co-operation	0.76 (8)	Non-filling up of vacant posts, less purchase of office articles and travel expenses, less expenditure on daily paid workers and less receipt of cases of subsidy from beneficiaries.
9.	29-Finance	29.92 (18)	Closing of office of State Finance Commission, less payment of pension and gratuities, enhancement of sales tax and non-approval of sale of lottery tickets and non-filling up of vacant posts.
Capital			
10.	9-Health and Family Welfare	2.16 (22)	Non-finalisation of administrative approval/expenditure sanction and non-completion of codal formalities.
11.	10-Public Works	0.88 (6)	Non-availability of site for construction of office building for Home Guards and reduction in plan ceiling
12.	21-Co-operation	0.82 (8)	Less investment in the public sector and other undertakings, less demand by the beneficiaries, less reimbursement from National Co-operative Development Corporation, non-receipt of investment cases from Processing Co-operatives, non-receipt of assistance from the Government of India for Processing Co-operatives, less investment in Village and Small Industries Co-operatives, non-receipt of loan cases for food, storage, etc., less demand of loans from Credit Co-operatives and less purchase of vehicles.
13.	22-Food and Warehousing	1.46 (5)	Less procurement of wheat and rice, less hiring of godowns and less payment of wages to daily paid workers.
14.	25-Road, Water Transport and Civil Aviation	2.98 (26)	Cut in plan ceiling and non-selection of site for Regional Transport Offices.
15.	28-Water Supply, Sanitation, Housing and Urban Development	2.07 (3)	Cut in plan ceiling, non-sanction of estimate of sewerage scheme, less demand by Deputy Commissioners and Housing Board for general pool accommodation, non-accorded of administrative approval and expenditure sanction for Police Housing.
16.	30-Loans to Government Servants	1.15 (5)	Less demand for house building advances, car advances and cycle advances.
Charged Appropriation Revenue			
17.	29-Finance	43.44 (12)	Less loan taken from Life Insurance Corporation of India, less payment of interest on small savings, provident fund, etc., due to less recruitment and more retirements of government employees, less interest paid to work charged workers during the year and less payment of interest on less receipt of loans etc.

2.2.2 Persistent savings/excesses

Expenditure was persistently less than the total provisions by 5 per cent and more in five cases during 1994-97, while it exceeded the provision persistently in two other cases. Relevant details were as under:

Savings/Excesses as percentage of total grants

Serial number	Grants	1994-95	1995-96	1996-97
	I-Savings			
	A-Revenue-Voted			
1.	1-Vidhan Sabha and Election	50	23	11
2.	21-Co-operation	17	28	8
3.	27-Labour and Employment	31	32	6
4.	29-Finance	8	17	18
	C-Revenue-Charged			
5.	29-Finance	10	8	12
	II-Excesses			
	D-Revenue-Voted			
6.	10-Public Works	50	32	60
	E-Capital-Charged			
7.	29-Finance	90	304	417

2.2.3 Surrender of funds

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

Of the final savings of Rs 72.44 crore under voted grants and of Rs 43.67 crore under charged appropriations, savings amounting to Rs 11.05 crore in 15 voted grants (15 cases) and eight charged appropriations (10 cases) respectively, remained unsurrendered. Instances of major variations where savings were more than Rs. 1 crore but were not fully surrendered are contained in Appendix-II.

In 12 grants (16 cases), the amount surrendered exceeded the overall savings. Further, in the case of eight grants and one appropriation, Rs 12.33 crore were

surrendered although expenditure exceeded the grant and no savings were available for surrender. Relevant details were as under:

(A) Surrender of funds more than available savings:

Serial number	Grant	Amount of savings	Amount surrendered
(Rupees in lakh)			
Revenue-Voted			
1.	1-Vidhan Sabha and Election	87.70	90.16
2.	13-Soil and Water Conservation	318.35	321.51
3.	14-Animal Husbandry and Dairy Development	35.78	129.92
4.	16-Forest and Wild life	111.60	111.92
5.	19-Social Security and Welfare (Including Nutrition)	103.85	121.44
6.	21-Co-operation	76.13	104.67
7.	25-Road, Water Transport and Civil Aviation	30.58	31.46
8.	27-Labour and Employment	47.48	51.39
9.	29-Finance	2991.52	3608.61
Capital-Voted			
10.	5-Land Revenue	3.27	4.35
11.	21-Co-operation	82.05	82.62
12.	22-Food and Warehousing	145.51	186.26
13.	25-Road, Water Transport and Civil Aviation	298.39	300.01
14.	27-Labour and Employment	0.60	2.25
15.	28-Water Supply, Sanitation, Housing and Urban Development	207.02	302.55
Revenue-Charged			
16.	29-Finance	4344.32	4447.48
Total		8884.15	9896.60

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

Serial number	Grant	Amount of excess expenditure	Amount surrendered
(Rupees in lakh)			
Revenue-Voted			
1.	5-Land Revenue	86.84	126.55
2.	8-Education, Sports, Arts and Culture	472.94	443.15
3.	9-Health and Family Welfare	35.79	449.88
4.	26-Tourism and Hospitality Organisation	45.56	6.06
5.	28-Water Supply, Sanitation, Housing and Urban Development	1668.14	9.06
Capital-Voted			
6.	4-General Administration	951.23	17.85
7.	17-Roads and Bridges	514.13	180.40
8.	23-Water and Power Development	878.54	0.01
Revenue-Charged			
9.	1-Vidhan Sabha and Elections	0.27	0.42
Total		4653.44	1233.38

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

2.2.4 Excesses over grants/ appropriations

In the revenue section, there was a total excess of Rs 99.29 crore in 13 grants and Rs. 27,419 in one appropriation while the excesses in the capital section amounted to Rs 29.85 crore in nine grants and Rs 552.32 crore in two appropriations. These excesses (details given below) require regularisation under Article 205 of the Constitution.

Serial number	Grant	Total grant/ appropriation	Actual expenditure	Amount of excess
		Rupees	Rupees	Rupees
Voted Grants				
Revenue				
1.	2-Governor and Council of Ministers	3,75,06,500	3,81,99,262	6,92,762
2.	5-Land Revenue	55,24,90,000	56,11,73,921	86,83,921
3.	6-Excise and Taxation	12,65,73,000	12,69,92,887	4,19,887
4.	7-Police and Allied Organisation	92,61,83,000	93,00,74,783	38,91,783
5.	8-Education, Sports, Arts and Culture	3,72,07,04,000	3,76,79,98,439	4,72,94,439
6.	9-Health and Family Welfare	1,42,52,54,000	1,42,88,32,808	35,78,808
7.	10-Public Works	91,86,45,000	1,47,03,26,715	55,16,81,715
8.	12-Irrigation and Flood Control	42,84,68,000	49,89,09,959	7,04,41,959
9.	17-Roads and Bridges	1,08,86,31,000	1,09,94,92,786	1,08,61,786
10.	18-Supplies, Industries and Minerals	46,59,45,768	49,50,79,968	2,91,34,200
11.	26-Tourism and Hospitality Organisation	4,26,82,000	4,72,37,944	45,55,944
12.	28-Water Supply, Sanitation, Housing and Urban Development	1,26,94,19,000	1,43,62,32,996	16,68,13,996
13.	31-Tribal Development	1,06,78,16,000	1,16,27,26,728	9,49,10,728
Capital				
14.	4-General Administration	15,33,73,000	24,84,96,260	9,51,23,260
15.	8-Education, Sports, Arts and Culture	6,85,93,000	7,01,27,561	15,34,561
16.	11-Agriculture	13,67,35,000	14,38,81,097	71,46,097
17.	12-Irrigation and Flood Control	22,47,65,000	25,30,04,542	2,82,39,542
18.	15-Fisheries	1,13,75,000	1,16,24,642	2,49,642
19.	17-Roads and Bridges	67,77,93,000	72,92,06,139	5,14,13,139
20.	20-Rural Development	73,58,000	73,58,253	253
21.	23-Water and Power Development	1,03,55,01,000	1,12,33,55,000	8,78,54,000
22.	31-Tribal Development	43,50,38,000	46,19,54,537	2,69,16,537
Charged Appropriation				
Revenue				
1.	1-Vidhan Sabha and Election	8,38,000	8,65,419	27,419
Capital				
2.	17-Roads and Bridges	1,50,00,000	1,50,00,101	101
3.	29-Finance	1,32,46,38,000	6,84,78,38,414 [@]	5,52,32,00,414

The reasons for the excesses had not been furnished as of October 1997.

[@] Includes Rs 560.79 crore on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India

2.2.5 Non-receipt of explanations for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 1996-97 were necessary in the case of 803 heads/sub-heads, but were not received in the case of 198 heads/sub-heads as of October 1997.

2.2.6 Recoveries in reduction of expenditure

The demands for grants are for the gross amounts of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of footnotes thereunder. Similarly, in the Appropriation Accounts, the recoveries are also shown separately in an Appendix thereto. Scrutiny of the Accounts for 1996-97 revealed that against the budget estimates of Rs 126.88 crore in the revenue section, actual recoveries were Rs 191.54 crore. In the capital section, against the budget estimates of Rs 56.62 crore, actual recoveries and adjustments were Rs 58.90 crore. Thus, in the revenue section, recoveries in reduction of expenditure were underestimated by Rs 64.95 crore in six grants and less affected by Rs 0.29 crore in one grant. Similarly, in the capital section, there was under budgeting in the case of seven grants involving Rs 3.55 crore and less recoveries in three grants involving Rs 1.27 crore. Details of major variations involving 20 per cent of the original estimates and not less than Rs. one crore in each case are given in Appendix-III.

2.2.7 Injudicious reappropriation

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

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

During the scrutiny of the Accounts for 1996-97, it was observed that in the case of 30 sub-heads involving 10 grants/appropriations, reappropriations amounted to Rs 4.52 crore.

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

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

2.3 Reconciliation of departmental figures

The reconciliation of departmental figures with the figures booked in the office of the Accountant General should be carried out every month by the Head of the Department to ensure that the departmental accounts are sufficiently accurate and to secure the accuracy of the accounts maintained in the Accounts office from which the final published accounts are compiled.

Despite reporting the extent of delay in reconciliation to the Government periodically, Secretary, Finance did not reconcile the expenditure of Rs 312.98 crore in respect of '2049-Interest Payments' for the entire year 1996-97. Thus, the expenditure of Rs 312.98 crore remained unreconciled.

The matter was referred to the Government in August 1997; reply had not been received (November 1997).

2.4 Drawal of funds in advance of requirements

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

Test-check of the accounts of the Revenue, Rural Development, Industries and Public Works departments revealed that Rs 13.85 crore were drawn during the period from April 1993 to August 1996 for execution of various schemes/development works. Of this, an amount of Rs 5.16 crore was lying unutilised either with the executing agencies or as deposits in the banks, etc., at the end of March 1997 as per details given below:

Serial number	Department/ Office	Amount drawn (Rupees in crore)	Month of drawal/ receipt	Purpose	Amount unutilised (Rupees in crore)	Remarks
Revenue						
1.	Deputy Commissioner, Hamirpur	0.10	March 1996	Computerisation of land records	0.10	The amount was lying in the bank for want of completion of codal formalities.
2.	Deputy Commissioner, Kullu	0.10	March 1995	Computerisation of land records	0.10	The land records in the district were under process of updating through settlement. The amount was lying in the banks.
Rural Development						
3.	Director Rural Development	0.08	March 1995	Construction of Anganwari buildings	0.08	The amount was kept in the bank as the design of buildings had not been finalised.
4.	Block Development Officer, Tissa	1.55	Between April 1993 and March 1996	Execution of development works	0.45	The amount could not be utilised due to non-posting of another junior engineer and was lying in banks.
5.	Block Development Officer, Mehla	1.99	Between April 1993 and March 1996	Execution of development works	0.35	The amount was lying unspent in the banks and work-wise details were not known to the Department.
6.	Block Development Officer, Nurpur	1.85	Between April 1995 and July 1996	Execution of development works	0.41	The amount was lying unspent in banks due to scarcity of labour.
7.	Block Development Officer, Dehra	2.38	Between April 1994 and August 1996	Execution of development works	0.63	The amount was kept in the bank to avoid risk of theft and loss.
8.	Block Development Officer, Salooni	0.54	Between April 1994 and July 1996	Execution of development works	0.28	The amount was lying unspent in the banks and work-wise details of unspent amounts were not known to the department.

Serial number	Department/Office	Amount drawn (Rupees in crore)	Month of drawal/receipt	Purpose	Amount unutilised (Rupees in crore)	Remarks
9.	Block Development Officer, Lambagaon	1.51	Between April 1994 and March 1996	Execution of development works	0.70	The amount was lying in the banks as the works had not been completed.
10.	Block Development Officer, Chamba	0.61	Between April 1994 and May 1996	Execution of development works	0.20	The amount was lying in the banks as the works had not been completed.
11.	Block Development Officer, Darang	0.60	Between April 1994 and January 1996	Execution of development works	0.20	The amount was lying unspent in the banks as the works had not been completed.
Industries						
12.	General Manager, District Industries Centre, Una	0.23	Between March 1994 and January 1996	Channelisation of rain water in industrial area, Tahliwal	0.23	The amount was lying in the bank. The work could not be started due to a dispute over the alignment with private land owners.
		0.08	January 1996	Repair and maintenance of roads in industrial areas	0.05	The amount was lying in the banks. The works were yet to be started.
Public Works						
13.	Dharamsala	0.65	March 1996	Construction of additional accommodation for Government Degree College, Dharamsala	0.30	The amount was deposited with Deputy Commissioner (DC), Dharamsala during March 1996. Of this, Rs 35 lakh were received back between August 1996 and March 1997 and the balance amount of Rs 30 lakh was still lying with DC, Dharamsala as of December 1996, who stated (April 1997) that the balance amount will be released on receipt of demand from the Executive Engineer.
14.	Nahan	0.70	March 1996	Metalling, tarring, cross drainage of RBB road.	0.35	The amount was deposited with DC, Nahan in March 1996. Out of this, Rs 35 lakh were received back by the department in June 1996 and utilised during 1996-97 on RBB roads.
15.	Nurpur	0.58	March 1996	Construction of pre-stressed concrete bridge over Chakki <i>khad</i> on km 62/0	0.58	The amount was drawn by the Assistant Engineer, Nurpur sub-division No.1 (under Nurpur Division) in March 1996 and remitted to the Executive Engineer, HPPWD, Jawali in the same month. The amount was, however, refunded to Nurpur division in January 1997 and was lying unutilised in deposit as of April 1997.
16.	Rajgarh	0.30	March 1996	Metalling, tarring, cross drainage of Banethi Bagthen Rajgarh Chaila road km 56/0 to 76/0	0.15	The amount was drawn and deposited with DC, Nahan in March 1996 for keeping with the Post Office/Bank. Of this, Rs 15 lakh was withdrawn in January 1997 and utilised on road work. The balance amount of Rs 15 lakh was still lying in the Post Office Saving account as of April 1997.
Total		13.85			5.16	

Such drawal of funds in advance of actual requirements resulted in blocking of government funds and retention thereof outside the government accounts.

The matter was referred to the Government in March and June 1997; their reply had not been received (November 1997).

Agriculture Department

2.5 Budgetary procedure and expenditure control

2.5.1 Introduction

The main objectives of the Agriculture Department were to help farmers in attaining self-sufficiency in the production of foodgrains; increase the production of oilseeds and pulses; disseminate technical knowhow to farmers; promote cultivation of cash crops; emphasise dry land farming practices and soil conservation works, etc. The strategy for development of agriculture in the State had been to raise the economic standards of the farmers through schemes which provide maximum income. Funds for the department are provided in the state budget under Major Heads 2401, 2415, 2435, 2810, 4401, 4425, 4435, 6401, 2402 and 6402 through Grant Nos 11-Agriculture and 13-Soil and Water Conservation.

2.5.2 Organisational set up

In the Agriculture Department, the budget estimates are dealt with by 53 Disbursing Officers and 23 Controlling Officers under the control of the Director of Agriculture (DA), who is the Head of the Department and is responsible for the preparation and submission of the budget estimates of the Department to the Finance Department.

The Department functions under the overall administrative control of the Financial Commissioner-cum-Secretary (Agriculture). As per Budget Manual, he is responsible for submitting budget documents like Schedules and Memoranda on New Expenditure to the Finance Department; proposing reappropriations within the grants and preparing supplementary demands for submission to the Legislature.

2.5.3 Audit coverage

Budgetary procedures and systems for expenditure control in the Agriculture Department during 1994-95 to 1996-97, were reviewed in the Directorate during May to

July 1997. The results of the review are discussed below:

2.5.4 -Preparation of estimates

The procedure for preparation and processing of budget estimates and expenditure control by the Heads of the Departments and field formations are prescribed in the Himachal Pradesh Budget Manual, supplemented by instructions issued by the Finance Department from time to time.

(i) **Inflated estimates due to provision of funds for vacant posts**

According to the Budget Manual, while framing the estimates for sanctioned establishment, whether permanent or temporary, the pay and increments which are likely to be drawn by the persons on duty should be taken into account. No provision was to be made for appointments to be held in abeyance. Contrary to these provisions, DA provided Rs 4.05 crore in the budget estimates during 1994-95, 1995-96 and 1996-97 for 695, 480 and 597 vacant posts respectively. These provisions were subsequently surrendered/ reappropriated as tabulated below:

Year	Original provision	Reappropriation	Final Grant	Surrender
(Rupees in crore)				
1994-95	8.15	0.48	7.67	0.96
1995-96	6.95	1.09	5.86	--
1996-97	10.54	1.22	9.32	0.30
Total	25.64	2.79	22.85	1.26

The DA stated (June 1997) that in the absence of budget provisions, these posts would get deleted and their revival would require the approval of the Finance Department and the Cabinet. The contention of DA was not tenable as estimates were not to be framed for vacant posts. Thus, the provision for these posts unjustifiably inflated the budget estimates which were to be subsequently surrendered and reappropriated.

(ii) **Budget provisions and expenditure**

The budget of the Department and persistent savings during 1994-97 was as under:

Year	Budget Estimates	Final Grant	Expenditure	Excess(+)/Savings(-)
(Rupees in crore)				
Grant No. 11*				
1994-95	50.49	46.90	38.13	(-) 8.77
1995-96	45.32	43.81	43.00	(-) 0.81
1996-97	46.89	48.48	47.66	(-) 0.82
Grant No. 13#				
1994-95	8.80	9.23	8.95	(-) 0.28
1995-96	8.14	9.49	9.42	(-) 0.07
1996-97	7.87	8.55	8.58	(+) 0.03

Persistent savings under Grant No.11 during 1994-97 were attributed by government to non-filling up of vacant posts, non-implementation of various schemes, receipt of lesser number of cases for subsidy and lesser demand for grants-in-aid.

* Includes Major Heads 2401, 2415, 2435, 2810, 4401, 4425, 4435 and 6401

Includes Major Heads 2402 and 6402

(iii) **Submission of estimates**

As per provisions of the Budget Manual, the Estimating Officers were required to prepare the estimates for submission to the Controlling Officers/Head of the Department. The Head of the Department was to prepare and consolidate the final estimates after receipt of estimates from the Controlling Officers/Estimating Officers. The following points were noticed during audit scrutiny.

(a) In respect of Grant No 13-Soil and Water Conservation, Major Head 2402-Soil and Water Conservation (Non-plan), 12 estimates for a total of Rs 1.34 crore were received from three Controlling Officers after the submission of the budget estimates for 1995-96 and 1996-97 to the Government against which Rs 1.19 crore were provided on *ad hoc* basis in the budget.

The Government stated (November 1997) that budget estimates were prepared on the basis of the previous years' expenditure, excesses and surrenders statements, staff in position, etc. This was not tenable as the Controlling Officer should have taken appropriate steps to obtain the estimates in time.

(b) Budget estimates for the ensuing year are to be sent to the Finance Department by the Head of the Department between 10th and 25th October each year. The Department, however, submitted the budget proposals late by 8 days to 121 days during 1994-97 in respect of Grant Nos 11 and 13. The delays were attributed (November 1997) by the Government to feeding of the budget in the computer by the departmental officials and late finalisation of plan budget estimates. No reasons were intimated for the delays in submitting non-plan budget estimates. Thus the Director failed to exercise adequate control over timely submission of budget estimates.

2.5.5 Control over expenditure

(i) Liability statements not furnished to Finance Department

As per the Budget Manual, the Head of the Department was required to submit a liability statement to the Finance Department by the 15th of each month to enable them to keep a proper watch over the ways and means position. The liability statement would include all the liabilities (a) which were in view at the time of preparation of the budget (b) which were expected to occur during the year and (c) which were expected during the financial year but debits in respect of which had not been received from other Accounts Offices during that year.

The liability statement would facilitate the exercise of effective control over expenditure and the preparation of correct budget estimates. It would also help in avoiding excess over grants and non-surrender of savings.

The DA did not send any liability statement to the Finance Department during 1994-97. The Government stated (November 1997) that due to the magnitude of the work involved it was difficult to maintain liability statements. The reply was not tenable as they were required to send the statements to the Finance Department. An important control mechanism to monitor the liabilities was thus made inoperative due to failure of the department in observing the codal provisions.

(ii) Warning for not exceeding appropriations

As per provisions of the Budget Manual, the Heads of Departments were responsible for taking necessary steps to prevent expenditure in excess of the grants administered by them. The disbursing officers were to pay prompt attention to any warnings received from the Heads of Departments. The former were directly responsible for the expenditure incurred against the grants allotted to them under each primary unit of appropriation. They were to keep a close watch over the progress of expenditure and in

no case allow the appropriation to be exceeded. The DA issued letters to 77 Disbursing officers during 1994-95 to 1996-97, warning them not to exceed their allotments and stating that failure to comply with instructions would attract disciplinary action against them. Despite this, there were excesses of expenditure of Rs 2.90 crore and Rs 1.47 crore over the appropriation under the various minor heads/ units of appropriation under Grant No 11 during 1994-95 and 1995-96 respectively. The DA stated (December 1997) that no disciplinary action was taken against the disbursing officers as there was overall savings in the appropriations. The plea was not tenable as the disbursing officers had no authority to incur excess expenditure against the funds allotted to them. Failure of the DA to monitor the excess over provisions thus facilitated excess expenditure by the DDOs.

The Government stated (November 1997) that the excesses were mainly due to purchase of more agricultural inputs; release of additional dearness allowance and interim relief instalments; enhancement in daily wage rate; subsidy on agricultural inputs, etc.

2.5.6 Avoidable supplementary appropriation

Supplementary grants were required when the amount included in a grant was found to be insufficient; when a need had arisen for incurring expenditure upon some 'new service' and when it was necessary to obtain the prior approval of the Legislature to a scheme involving large financial commitments.

In the estimates of 1994-95, a provision of Rs 8.84 lakh was made under the Head "2401-Crop Husbandry 113-Agriculture Engineering, 01-Agricultural implements and machinery, Grant-in-Aid (Non-Plan)". Although the Department did not propose a supplementary grant under this head of account, the Finance Department, of its own, made a provision of Rs 7.50 crore against this head in March 1995. Against the total provision of Rs 7.59 crore, only Rs 7.06 lakh were spent and Rs 1.95 lakh were reappropriated, leaving an unspent balance of Rs 7.50 crore.

The Government stated (November 1997) that the provision was made by it after taking a policy decision for providing grant-in-aid to Himachal Pradesh State Agro-Industries Corporation but subsequently, it did not consider it appropriate to release the grant-in-aid to the Corporation. Thus, provision for the supplementary grant without actual demand for the same resulted in avoidable savings of Rs 7.50 crore.

2.5.7 Irregular reappropriation

(i) According to the provisions of the Budget Manual, no reappropriation was to be made to provide for any new expenditure until such expenditure was authorised through an Appropriation Act.

No provision was made in the original demand for grants or a supplementary demand for grants during 1995-96 for implementing a new scheme, viz. 'Training of Women in Agriculture' under the head "2401-Crop Husbandry, 109-Extension and Farmers Training, 21-Training of Women in Agriculture (Plan) CSS". It was noticed that administrative approval for the scheme was accorded in July 1995 with the stipulation that the DA would demand the provisions through a supplementary grant. The DA, however, sought reappropriation through the final statement of excesses and surrenders. Accordingly, the Finance Department made a provision of Rs 1.29 lakh for this scheme through a reappropriation order passed by them and expenditure of Rs 1.28 lakh was incurred thereagainst. The new expenditure was, however, not authorised through an Appropriation Act. Thus the Financial Commissioner-cum-Secretary (Agriculture) and the Finance Department failed to follow the procedure prescribed in the Budget Manual.

The Government stated (November 1997) that the supplementary provision was sought as the funds had already been received by the State Government from the Government of India and no additional funds were needed.

The reply was not tenable as incurring of expenditure without any provision in the Appropriation Act was not permissible.

(ii) In the budget estimates for the year 1995-96, provisions under the 'Backward Area Sub Plan' (BASP) were made in the demands for grants of all the concerned departments of the Government. Accordingly, Rs 2.01 crore were provided for BASP under Grant No 11-Agriculture.

However, the Departments were advised (July 1995) by the Planning Department to recast their proposals so that suitable budgetary corrections could be carried out through supplementary demands. Accordingly, the provision of Rs 2.01 crore under BASP made by the Agriculture Department under Grant No 11 was transferred (February 1996) to Grant No 4-General Administration through a supplementary demand for grants during 1995-96. These funds were, therefore, no longer available for reappropriation under Grant No 11-Agriculture.

Despite the non-availability of the allocation, the Finance Department made reappropriations of Rs 2.01 crore on 30 March 1996 within Grant No 11-Agriculture.

The Finance Department stated (July 1997) that the supplementary provision was a net addition to the original appropriation and there was no bar to utilise the savings so effected. The reply was not tenable as there were no savings under the original provision under BASP in Grant No 11-Agriculture which already stood transferred to Grant No 4-General Administration. Thus, the reappropriation of Rs 2.01 crore carried out under Grant No 11-Agriculture was irregular.

2.5.8 Savings/excesses

(a) Savings

Savings against appropriations are indicative of inaccurate estimates or shortfall in performance for which the funds were provided in the Budget.

It was noticed in the following cases, that the savings were unusually heavy compared to the budget provision under Grant No 11-Agriculture.

Major Head	Amount of final allocation (Rupees in crore)	Amount of savings (Rupees in crore) (Percentage of provision)	Reasons for savings as stated by the Department	Schemes/functions affected
1994-95 2401-Crop Husbandry	28.20	9.24 (33)	Vacant posts, less expenditure on travelling allowance claims and economy, delay in the approval of the Centrally sponsored schemes, non-purchase of laboratory equipment and office articles, less expenditure on subsidy on vegetable seeds, less subsidy on various components of the schemes and non-availability of improved seeds.	Special Food Production Programme, Dry Farming Project, Development of Quality Control Inputs, Vegetable Multiplication Farms, Development of Soyabean/Sunflower/ pulses, Development of oil seeds, Demonstration and Propaganda, Farmers training and Education and Special Subsidy Scheme for Antodaya family.
2810-Non-Conventional Sources of Energy	1.71	0.96 (56)	Reduction in subsidy on installation of biogas plants	Installation of gohar gas plants.

The Government stated (November 1997) that most of the savings occurred under centrally sponsored schemes due to delay in finalisation of sanction and non-availability of seeds during the year.

(b) Excess expenditure

As per the Budget Manual, no expenditure was to be incurred which could have the effect of exceeding the appropriations. Expenditure in the following cases heavily exceeded the budget provision under Grant No 11-Agriculture.

Year	Head of account/name of the scheme	Total grant (Rupees in lakh)	Amount of excess (Rupees in lakh) (Per cent)	Contributing reasons as stated by the Government
1994-95	2401-Crop Husbandry 107-Plant Protection	16.00	3.14 (20)	Excess expenditure on subsidising the cost of insecticides/ pesticides, etc.
	4401-Capital Outlay on Crop Husbandry 103-Seeds 01-Purchase of improved seeds	550.00	76.51 (14)	Higher cost of improved seeds and purchase of more seeds for use in kharif season.

The provisions of Budget Manual were thus not kept in view while incurring expenditure.

2.5.9 Drawal of funds in advance of requirement

Between February 1996 and March 1997, the Director of Agriculture drew Rs 99.40 lakh in respect of three schemes. Of this, Rs 30.24 lakh were lying unutilised in the current account of a bank at the end of June 1997, of which Rs 13.27 lakh had been utilised as of 5 October 1997 as intimated (November 1997) by the Government.

The DA stated (August 1997) that Rs 17.29 lakh drawn for the construction of a pesticides laboratory at Shimla could not be utilised due to delay in the execution of work owing to the lengthy and cumbersome procedure for preparation of map, floating of tenders, etc. He further stated that Rs 12.95 lakh drawn for the Biogas scheme (Rs 2.50 lakh) and the National Watershed Development Programme for Rainfed Areas (Rs 10.45 lakh) would be utilised soon.

The reply of the Director was not tenable as drawal of funds in advance of requirement and keeping these outside the Government account was in contravention of financial rules.

CHAPTER-III

CIVIL DEPARTMENTS

Industries Department

3.1 Working of the Industries Department

3.1.1 Introduction

The Department of Industries of the Government of Himachal Pradesh is responsible for the overall economic development of the State through the process of industrialisation. During 1991-92, there were 21,518 small scale and 133 medium/large scale industrial units in the State which were generating employment for 0.84 lakh and 0.15 lakh persons respectively. By 1996-97, there were 25,000 small scale units and 161 medium/large scale industrial units providing employment to 1 lakh and 0.23 lakh persons respectively. The Department had spent Rs 106.99 crore (Revenue: Rs 93.29 crore and Capital: Rs 13.70 crore) during 1994-97 on the implementation of various programmes/schemes for industrial development in the State. Of this, Rs 7.74 crore were spent on development of industrial areas and Rs 97 lakh on employment promotion programmes, which were the major objectives of the Department.

3.1.2 Organisational set up

The overall control of the Department rested with the Financial Commissioner-cum-Secretary (Industries) to the State Government who was assisted by a Joint Secretary and a Deputy Secretary.

The abbreviations used in this review have been listed in the Glossary in Appendix-XII (Pages 333-335)

The Director of Industries (DI), was the Head of the Department and was assisted by Deputy Directors, Programme Officers, Technical Officers and General Managers at the Directorate level, in the implementation of various schemes for industrialisation.

At the district level, there were 12 District Industries Centres (DICs) headed by General Managers (GMs), while at the block level, Extension Officers were functioning to offer guidance and packages of assistance and facilities to entrepreneurs.

Work relating to industries such as tea, sericulture and mining were looked after by separate offices set up for the purpose.

In addition to the departmental formations, six Corporations/ Companies and one Board¹, under the overall control of the Industries Department, also assisted in the implementation and extension of programmes of industrialisation in the State.

3.1.3 Audit coverage

Some aspects of the Industries Department for the period 1994-97 were reviewed during May-July 1997. Seventeen schemes (State: 14 and Central: 3) out of 62 schemes being implemented in five districts² and in the offices of the Technical Officer (Tea) and Deputy Director of Industries, Sericulture at Palampur (Kangra District) were selected for in-depth analysis. This was supplemented by a review of records and information supplied by the DI and the Financial Commissioner-cum-Secretary (Industries) to the State Government. Results of the review are incorporated in the following paragraphs.

Himachal Pradesh State Industrial Development Corporation Limited (HPSIDC), Himachal Pradesh Financial Corporation (HPFC), Himachal Pradesh State Handicrafts and Handloom Corporation (HPHHC), Himachal Pradesh State Electronics Development Corporation Limited (HPSEDC), Himachal Pradesh State Small Industries and Export Corporation Limited (HPSSEC), Himachal Pradesh General Industries Corporation Limited (HPGIC) and Himachal Pradesh Khadi and Village Industries Board (HPKVIB)

Kangra, Kinnaur, Sirmour, Solan and Una

3.1.4 Highlights

** The prescribed time schedule for the preparation/submission of budget estimates and related statements were not observed during 1994-97. Final statements of excesses and surrenders were submitted to the Finance Department after the closing of the financial years 1995-97 in respect of Grant No 18 and for 1995-96 in respect of Grant No 31.

(Paragraph 3.1.5.2(a))

** Assets registers were not maintained by the DICs to record the details of assets created through the money released by the DI. As such, the DI had no centralised information regarding the assets created.

(Paragraph 3.1.5.2(c))

** Rupees 3.41 crore provided against 11 sub-heads in three major heads during 1994-97 on *ad hoc* basis remained unutilised and had to be surrendered or reappropriated.

(Paragraph 3.1.5.2(d))

** During 1994-97, 100 *per cent* expenditure on seven schemes for Rs 2.11 crore was incurred only in the months of March of respective years.

(Paragraph 3.1.5.3(ii))

** In contravention of financial rules, revenue expenditure of Rs 82.06 lakh under two heads of account was met out of the capital account during 1994-97.

(Paragraph 3.1.5.3(iv))

** While investment of Rs 84.99 lakh was made by the Department in two Corporations upto March 1997 in excess of their authorised

capital, advance investment of Rs 2.24 crore was made in two other Corporations during 1990-92.

(Paragraph 3.1.5.3(v))

** A provision of Rs 1.84 crore in Grant No 18-Supplies, Industries and Minerals under the 'Backward Area Sub-Plan' was transferred to Grant No 4-General Administration in the supplementary demands for grants during 1995-96. These funds, which were no longer available for utilisation or reappropriation under Grant No 18, were either utilised (Rs 30 lakh) against the original provision or reappropriated (Rs 1.54 crore) within the grant irregularly.

(Paragraph 3.1.5.5(b))

** Rupees 1.71 crore drawn between March 1990 and March 1997 for execution of various works were kept in the form of cash or deposits in banks/post offices in contravention of the financial rules.

(Paragraph 3.1.5.7)

** Conveyance advances of Rs 20.42 lakh were sanctioned between 1994-97 to 95 officers/officials, out of whom, 88 officers/officials had not purchased the conveyances. No lump sum recoveries of the advances were made from the defaulters and no penal interest were levied on them.

(Paragraph 3.1.6.4)

** No surveys and investigations were conducted by the Department for ascertaining the potential of various areas in the State for industrialisation and employment generation.

(Paragraph 3.1.7.1)

- ** Development of four industrial areas, sanctioned in March 1988, had not been completed as of July 1997, resulting in unfruitful expenditure of Rs 1.28 crore.

(Paragraph 3.1.7.1(i)(a))

- ** Seventeen development and repair works of industrial areas in Chamba, Mandi, Shimla and Una districts, stipulated to be completed between March 1989 and March 1997, had not been taken up for construction by the executing agencies as of November 1997, even though funds of Rs 43.41 lakh were released to them between June 1988 and February 1996.

Fifty three works relating to industrial areas in 10 districts had not been completed, even though funds of Rs 5.37 crore were released to various executing agencies between August 1987 and August 1996.

(Paragraph 3.1.7.1(ii))

- ** Rent of Rs 78.94 lakh had not been recovered from allottees in respect of industrial sheds in three District Industries Centres.

(Paragraph 3.1.7.1(iii))

- ** Director of Industries paid Rs 5.25 crore to Himachal Pradesh State Industrial Development Corporation (HPSIDC) during 1995-96 and 1996-97 for the establishment of an Export Promotion Industrial Park at Baddi (Solan District) without making any land available for the purpose. Himachal Pradesh State Industrial Development Corporation spent Rs 89.36 lakh on development works as of April 1997 which included Rs 16.52 lakh spent on purchase of residential quarters for its own employees for which there was no provision in the project. They

also earned interest of Rs 1.07 crore as of March 1997 on the unutilised amount.

(Paragraph 3.1.7.3)

** The State's claim of reimbursement of transport subsidy of Rs 17.01 crore to industrial units pertaining to the period 1994-97 from the Government of India had not been met as of November 1997.

(Paragraph 3.1.7.5)

** Industrial loans of Rs 16.93 lakh granted to 463 entrepreneurs between 1952-53 and 1994-95 had not been recovered as of November 1997. Interest of Rs 44.86 lakh had accrued on the loans.

(Paragraph 3.1.7.8(b))

** Director of Industries did not fix norms for inspecting the implementation of various schemes and construction activities at various levels till May 1994. Even after instructions were issued in June 1994 and November 1996, the actual number of inspections fell short of the prescribed number. Inspection notes were also not on record.

(Paragraph 3.1.9)

** Department did not pay adequate attention to audit observations. A total of 475 paragraphs contained in 163 Inspection Reports relating to the period from June 1963 onwards, were pending with the Department.

(Paragraph 3.1.10.1)

3.1.5 Budgetary procedure and control over expenditure

Funds were provided in the budget of the Department through Grant Nos 18-Supplies, Industries and Minerals and 31-Tribal Development under 11 Major Heads of Accounts.

The Department had 34 Disbursing Officers and 24 Controlling Officers under the control of the DI, who was the Head of the Department and submitted the budget estimates to the Finance Department.

3.1.5.1 Budget provisions and expenditure

The budget provisions and actual expenditure during the years 1994-97 for the Department were as under:

Year	Total grant	Expenditure	Excess(+)/ Saving(-)
(Rupees in crore)			
Revenue section			
1994-95	19.61	21.53	(+) 1.92
1995-96	20.35	19.95	(-) 0.40
1996-97	48.62	51.81	(+) 3.19
	-----	-----	-----
Total:	88.58	93.29	(+) 4.71
Capital section			
1994-95	6.34	6.08	(-) 0.26
1995-96	5.96	3.55	(-) 2.41
1996-97	4.42	4.07	(-) 0.35
	-----	-----	-----
Total:	16.72	13.70	(-) 3.02

The Government stated (November 1997) that the savings during 1995-96 under revenue section were due to non-filling up of vacant posts and during 1994-97 under capital section due to less investment in various

2057, 2407, 2851, 2852, 2853, 4059, 4851, 4859, 4885, 6851 and 6858

corporations and non-payment of interest free loans. The excesses under revenue section were attributed to receipt of central assistance at the end of the financial years 1994-95 and 1996-97 for which provisions could not be made in the supplementary grants.

Further scrutiny revealed the following:

(i) There were persistent excesses ranging between Rs 0.22 lakh and Rs 50.02 lakh under four sub-heads during 1994-97. Analysis of reappropriation orders revealed that the excesses were due to more demand from the beneficiaries, expenditure for advertisement and publicity and establishment of a carding plant.

(ii) In the case of six** sub-heads of account, the persistent annual savings ranged between Rs 0.72 lakh and Rs 79.97 lakh during 1994-97. Scrutiny of reappropriation/surrender orders revealed that the savings were mainly due to non-acquisition of land for establishment of industrial areas, less demand from beneficiaries and non-filling up of vacant posts.

(iii) Under the sub-head '2851-001-02-District Headquarters' during 1994-97 provision of Rs 8.56 lakh were made for vacant posts under this scheme. The amount was reappropriated to other heads of account during the respective financial years as no expenditure was made against the provision.

DI stated (June 1997) that the incumbents, who were permanent against the respective posts, were posted against the newly created temporary posts and a token provision had been made to avoid deletion of permanent posts from the budget. The reply was not tenable as according to the Budget Manual, no provisions were to be made for vacant posts.

* (i) Rebate on Handloom Products (ii) Marketing Development Assistance
(iii) Arts and Products Exhibition and (iv) Expenditure on Grants-in-aid/Subsidy

** (i) District Headquarters (ii) Directorate (iii) Minerals Exploration Staff and Others (iv) Development of Industrial Area (v) Loans under Hill Area Woollen Development Project (vi) Expenditure on Mineral Development

A review of the budgetary procedure and control over expenditure in the Department revealed the following:

3.1.5.2 Delay in preparation of budget estimates

(a) As per the Budget Manual, budget estimates were to be sent by the Head of the Department to the Finance Department by 25 October. It was noticed in audit that the estimates were sent to the Finance Department after delays of three to four months during 1994-97. Similarly, the final statement of excesses and surrenders was to be sent to the Finance Department by 15 January. It was observed that these were delayed between two to three months during the same period as shown in the table below:

Particulars	Due dates of submission	Actual dates of submission		
		1994-95	1995-96	1996-97
Budget estimates	25 October	3 February 1994	3 February 1995	22 February 1996
Statement of excesses and surrenders	1st December	18 January 1995	6 February 1996	1st February 1997
Final statement of excesses and surrenders	15 January	31 March 1995	8 April 1996	5 April 1997

It was also seen that revised estimates, which were to be sent by the Finance Department to the Head of the Department by 17 December each year were not communicated at all. Scrutiny of records of the DI further revealed that the final statements of excesses and surrenders were submitted to the Finance Department after the closing of the financial years 1995-97 in respect of Grant No. 18 and for 1995-96 in respect of Grant No. 31. Thus the savings under the capital section could not be utilised by reappropriation orders to set off excesses under the revenue section during the years 1994-95 and 1996-97.

Government stated (November 1997) that the budget estimates for Plan schemes could not be submitted according to the time schedule for want of finalisation of the Annual Plan Ceiling of the Department. It was also stated that final changes with regard to excess/savings were intimated to Government on the last working day of each financial year due to some administrative difficulties. The reply was not tenable as the prescribed time schedule should have been adhered to in order to ensure adequate scrutiny of the budget documents.

(b) Non-maintenance of records

Budget Manual provided that the DI was required to maintain the following registers/records:

- (i) Register of sanctions to record fixed establishment and recurring contingent expenditure sanctions.
- (ii) Ledger account of appropriations to show sums initially allotted, supplementary grants and deductions made by reappropriation.
- (iii) Liability register for indicating the nature of liabilities and the agencies on which indents are placed together with estimated costs.

It was noticed that these records/registeres were not maintained by the DI.

Government stated (November 1997) that sanction registers were being maintained by various Programme Officers. However, no such registers were produced to audit as a result of which their proper maintenance could not be verified.

(c) Deficiencies in maintenance of records by drawing and disbursing officers

The Industries Department was responsible for execution of industrial estates in the State and money was to be released by the DI for this purpose.

Although the Department had acquired sizeable amounts of land and constructed various non-residential buildings like industrial sheds, shops, etc., at various places, no assets/property registers were maintained in any of the DICs test-checked. Scrutiny revealed that lands and buildings acquired by the DICs at a cost of Rs 1.12 crore in DIC, Kangra and Una during April 1994 to March 1997, had not been accounted for in the assets register. Also, there was no centralised record of assets at the Directorate, as a result of which, the DI had no centralised control over the assets created.

GMs of DICs, Kangra and Una stated (June 1997) that the requisite records would now be maintained. DI stated (August 1997) that all the GMs had been instructed to maintain the necessary records.

(d) Unutilised provisions

During 1994-95 to 1996-97, Rs 3.41 crore were provided against 11 sub-heads in three major heads under Grant No.18-Supplies, Industries and Minerals on *ad hoc* basis. These provisions proved unnecessary as no expenditure was incurred during 1994-97 as detailed in Appendix-V.

The entire provision was either surrendered (Rs 2.02 crore) or reappropriated (Rs 1.39 crore) during the respective financial years. Of Rs 3.41 crore, Rs 3 crore were provided under the sub-head 6851-200-01-Interest free Loans to Entrepreneurs during 1995-96 (Rs 2 crore) and 1996-97 (Rs 1 crore). The Government stated (November 1997) that 90 *per cent* of the provision was kept for interest free loans to entrepreneurs which could not be utilised due to less demand from the entrepreneurs. The reply was not tenable as the provision should have been made after assessing the demands on realistic basis.

(e) Over/under estimation

In the following cases, estimates were not framed accurately, resulting in over-estimation/under-estimation.

(i) Over-estimation

Serial number	Head of Account	Year	Original provision	Expenditure	Savings
Grant No. 31			(Rupees in lakh)		
1.	2851-796-01 Expenditure on Industrial Schemes	1995-96 1996-97	54.00 52.76	43.54 35.42	10.46 17.34
Grant No. 18					
2.	2851-101-03 Development of other Industrial estates	1996-97	120.00	33.24	86.76

It was noticed in audit that estimates in respect of these two schemes were prepared on *ad hoc* basis. The Government stated (November 1997) that over-estimation occurred due to non-acquisition of land at Bhambala which could not be decided through negotiation and now the matter was under process for compulsory acquisition of land. The savings under Tribal Area Sub-Plan were mainly due to non-receipt of adequate proposals from beneficiaries/field agencies. The reply was not tenable as utmost foresight should have been exercised in framing the estimates.

(ii) Under-estimation

Serial number	Head of Account	Year	Original provision	Reappropriation	Total grant	Expenditure	Percentage of reappropriation with reference to expenditure
Grant No. 18			(Rupees in lakh)				
1.	2852-80-800-01 Arts and Products Exhibition	1994-95 1995-96 1996-97	9.90 9.90 18.90	10.25 14.96 10.10	20.15 24.86 29.00	19.87 25.18 29.20	51 60 35
2.	2851-103-03 Marketing Development	1994-95 1996-97	8.00 7.00	4.07 19.00	12.07 26.00	12.07 26.00	34 73

Scrutiny revealed that the original provisions were far less than the actual expenditure during 1994-97 and the original provisions had to be augmented through reappropriation orders. The Government stated (November 1997) that the DI being Head of the Department, could make necessary changes in the proposals after having discussions with the concerned Controlling Officers and the expenditure shown in the table against the total grant was reasonably good. The reply was not tenable as the original provision ranged between 27 and 66 per cent of the actual expenditure which proved that the estimates were unrealistic.

3.1.5.3 Control over expenditure

(i) Unrealistic budget provision

In the following cases, provisions were made for amounts less than demanded but expenditure was even below the provisions:

Serial number	Head of Account	Year	Budget demanded	Budget provided	Actual expenditure
Grant No.18			(Rupees in lakh)		
1.	2853-02-102-01-Minerals Exploration Staff and Other Activities (Plan)	1994-95	21.13	17.16	12.41
2.	2851-107-01-Development of Sericulture Industries (Non-Plan)	1994-95	92.72	85.60	70.14
3.	2851-001-02-District Headquarters (Non-Plan)	1994-95	4.44	3.79	-Nil
4.	2851-102-03-Industrial Extension Centre (Rural) (Non-Plan)	1994-95	6.08	3.67	1.65
Grant No. 31					
5.	2853-02-796-01-Expenditure on Mineral Development (Plan)	1994-95 1995-96 1996-97	23.50 17.00 17.00	15.00 15.00 15.00	13.65 14.07 11.93

In the following cases, funds were allotted by the Finance Department in excess of the estimated demands but actual expenditure was even less than the demands:

Serial number	Head of Account	Year	Budget demanded	Budget allotted	Actual expenditure
(Rupees in lakh)					
Grant No. 18					
1.	2853-02-101-01-Headquarters staff of Geological Wing (Non-Plan)	1994-95	14.07	15.98	13.45
2.	2853-102-01-Minerals Exploration staff and Other Activities (Non-Plan)	1994-95 1996-97	49.47 60.90	51.42 61.98	46.50 56.47
3.	2407-01-800-01-Staff for Development of Tea Industries in Himachal Pradesh	1994-95	38.50	40.00	27.41

The Government stated (November 1997) that the variation between the allotted budget and expenditure was mainly due to non-filling up of vacant posts and less expenditure due to economy measures. The reply was not tenable as in most of the cases, savings were re-appropriated to other heads of account and, as such, there was no overall economy in expenditure. Further provisions for vacant posts were not permitted as per the Budget Manual.

(ii) Expenditure incurred in March

Government instructions (September 1995) provide that to regulate expenditure in a phased manner, the administrative departments were to ensure that funds available under both the Plan and the Non-Plan budget should be allowed to be spent in a controlled manner. Twenty *per cent* of the expenditure were to be incurred in the first quarter; 25 *per cent* in the second quarter; 30 *per cent* in the third quarter and 25 *per cent* in the fourth quarter. Contrary to these provisions, 100 *per cent* expenditure of Rs 2.11 crore was incurred during 1994-97 in the month of March on seven¹ schemes.

¹ District Industries Centre, Hill Area Woollen Development Project, Interest Free Loan to Entrepreneurs, Development of Khadi Industries, Rebate on Handloom Products, Grant-in-aid/ Contribution/ Subsidy and Raw Material Depot

Government stated (November 1997) that schemes were sanctioned towards the end of the financial year and the Department had to incur expenditure in the last month of the financial year. The reply was not tenable as Government should have accorded sanctions to schemes in time so that expenditure on the schemes could be incurred in a controlled manner as per the government instructions.

(iii) Payment of decretal amount from voted funds

As per the Budget Manual, the expenditure on payments made in satisfaction of any judgement, decree or award of any court or arbitral tribunal, was to be treated as a 'charge' on the Consolidated Fund. Provision for such expenditure was to be shown in the estimate as 'charged'.

During 1996-97, DI paid Rs 7.04 crore to a company on account of Central transport subsidy in compliance of a High Court judgement of January 1996, out of the voted provision under the head '2852-80-102-05-Central subsidy to entrepreneurs', in contravention of the codal provisions.

Government, while admitting the fact, stated (November 1997) that the provision of the Budget Manual regarding payment of decretal amount would be kept in view in future.

(iv) Revenue expenditure incurred out of capital account

Financial rules provide that funds provided for capital expenditure in the budget by the Legislature should not be utilised by the departments for purposes which are to be met out of the funds provided under the revenue heads without obtaining reappropriation orders.

In the following cases, provisions under the capital account were utilised for revenue expenditure.

Head of Account	Year	Total grant	Amount utilised as revenue expenditure	Remarks
(Rupees in lakh)				
Grant No. 18				
4851-102-02-District Industries Centre	1996-97	9.30	3.30	The amount was reappropriated from the capital account for repair works in DICs.
4885-01-190-02-Investment in Himachal Pradesh Financial Corporation	1994-95	188.50	55.00	The amounts were sanctioned as payment of subvention to the Himachal Pradesh Financial Corporation.
	1995-96	69.75	23.76	
4885-01-796-01 Investment in Himachal Pradesh Financial Corporation	1995-96	19.00		

Government admitted (November 1997) that Rs 3.30 lakh had been provided by way of reappropriation under the capital section for repair works in DICs as no funds were provided under minor works in the revenue section for the purpose. As regards the expenditure of Rs 55 lakh and Rs 23.76 lakh, the Government stated that in future, a separate head of account for payment of subvention money was proposed to be opened and it was not possible to rectify the misclassifications in the Appropriation Accounts at this stage.

(v) **Investment in Corporations**

(a) **Investment in excess of authorised capital**

The Department made investment of share capital of Rs 77.84 lakh and Rs 7.15 lakh in Himachal Pradesh Small Scale Industries and Export

Corporation (HPSSIEC) and Himachal Pradesh Handicraft and Handloom Corporation (HPHHC) respectively upto March 1997 in excess of the authorised capital of these Corporations.

The Government stated (November 1997) that the matter regarding enhancement of authorised share capital had been taken up by HPSSIEC in October 1997 and HPHHC in June 1997 with the Company Law Board. Thus provision was made irregularly even before the proposal was sent for increase in the share capital.

(b) Investment in advance

The Department paid an advance of Rs 1.50 crore during 1990-91 to Himachal Pradesh State Industrial Development Corporation and Rs 74 lakh to Himachal Pradesh Financial Corporation during 1991-92 for investment in share capital, adjustable in five equal future instalments. The Government stated (November 1997) that the amount of advance investment paid would be reduced from the provision for this purpose during subsequent years.

The reply of the Government was not tenable as the adjustment of advance investment from subsequent years' provisions did not depict the correct position of the budget estimates.

3.1.5.4 Unnecessary supplementary grant

According to the Budget Manual, if a supplementary estimate is required for some new expenditure not contemplated in the budget, the authority concerned must show that urgent necessity has arisen for the proposed expenditure, the postponement of which would ultimately involve extra expenditure or be administratively impossible or would be against any accepted policy.

It was noticed in audit that a token provision of Rs 100 was made in the supplementary demand for grants during 1994-95 under the head '2852-07-202-02-Electronics Corporation, (GIA) (Plan)' for purchase of computers. A sum of Rs 13.60 lakh was drawn and released as grants-in-aid by DI to the Corporation in January 1995. Subsequently, Rs 13.60 lakh were reappropriated in March 1995 by the Finance Department to this head of account. Scrutiny of records further revealed that the amount was utilised by the Corporation during 1995-96 (Rs 10.01 lakh) and 1996-97 (Rs 3.59 lakh).

The Government stated (November 1997) that the grant-in-aid was given to the Corporation as a special case in view of the severe financial crunch faced by them. The reply was not tenable as the grant-in-aid of Rs 13.60 lakh was not utilised by the Corporation during 1994-95.

3.1.5.5 Reappropriation

(a) As per the Budget Manual, proposals for reappropriation are required to be submitted not later than 15 March each year in the prescribed form by the Administrative Department to the Finance Department. It was noticed in audit that during 1994-97 no such proposals were prepared and submitted by the DI to the Finance Department in time. The Finance Department had, therefore, issued reappropriation orders during 1994-95 to 1996-97 on its own.

DI intimated (June 1997) that proposals for reappropriations, based on statements of final excesses and surrenders, were always sent to the Finance Department and reappropriation orders issued accordingly. This was not tenable as statements of final excesses and surrenders were submitted by the Director to the Finance Department either on the last day of the financial year or after the close of the year. However, all reappropriation orders were issued by the Finance Department before the end of the financial years.

(b) In 1995-96, allocations under the "Backward Area Sub-Plan" (BASP) were made in the demands for grants of all the concerned departments. Accordingly, provision of Rs 1.84 crore for BASP was made under Grant No 18-Supplies, Industries and Minerals. In July 1995, the Planning Department advised the departments to recast their proposals according to the policy of schematic allocation of Government so that budgetary corrections could be carried out. Accordingly, the provision of Rs 1.84 crore under BASP made by the Industries Department under Grant No 18 was transferred to Grant No 4-General Administration through a supplementary demand for grants during 1995-96. These funds were, therefore, no longer available for utilisation or reappropriation under Grant No 18-Supplies, Industries and Minerals.

Despite the transfer of the allocation, the Finance Department made reappropriations of Rs 1.54 crore during 1995-96 within Grant No 18-Supplies, Industries and Minerals and Rs 30 lakh were utilised by the Industries Department as per the original provision, which was irregular. Government stated (November 1997) that the funds earmarked for BASP for 1995-96 were originally provided under Grant No. 18-Supplies, Industries and Minerals. Accordingly, the expenditure had been incurred by the Department during 1995-96. The reply was not tenable as the original provision was transferred through a supplementary grant to Grant No.4-General Administration.

3.1.5.6 Savings/excesses

(a) Savings

Savings over appropriations indicate that expenditure could not be incurred as anticipated in the estimates. These are indicative of poor budgeting or shortfall in performance for which the original budget was provided.

However, under Grant No 18-Supplies, Industries and Minerals, savings were 100 *per cent* during 1994-95, against the budget provision of Rs 5.33 lakh

under the major head of account 2851-103-13 Health Package Scheme to Handloom Weavers. Government stated (November 1997) that this was due to mistake in classification which could not be rectified due to unavoidable reasons and that it was not possible to rectify the mistake at this stage as the accounts had been finalised.

(b) Excesses

Expenditure substantially exceeded the budget provisions in the following cases:

Head of Account	Year	Total grant	Amount of excess (Percentage of provisions)	Contributing reasons stated by the Department
(Rupees in lakh)				
Grant No. 18				
2851-102-14-Setting up of Export Promotion Council (Plan)	1994-95	100.18	300.00 (299)	Government of India released Rs 3 crore for the establishment of an Industrial Export Promotion Park at Baddi.
2851-103-04-Hill Area Woollen Development Project (Plan) (CSS)	1995-96	15.62	4.34 (28)	Expenditure incurred on travelling expenses, office expenses and grant-in-aid.
2852-102-06-Growth Centre (CSS)	1996-97	118.31	281.69 (238)	Receipt of Central share of Rs 4 crore for the establishment of Growth Centre at Sansarpur.

3.1.5.7 Drawal of funds in advance of requirements

Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement.

Test-check of records of the GMs, DICs, Una, Kangra, Kinnaur and the Directorate revealed (June-July 1997) that Rs 4.14 crore were drawn between March 1990 and March 1997 for execution of various works. Of this,

Rs 1.71 crore* remained unutilised in the form of cash or deposits in banks/post offices as of March 1997.

GM, DIC, Kangra stated (June 1997) that Rs 3.38 crore were deposited in the banks on the directions (November 1995) of the DI, out of which Rs 1.21 crore were lying unutilised in bank accounts as of March 1997. GM, DIC, Kinnaur stated (July 1997) that Rs 10.56 lakh were lying unutilised as no road had been provided to Chhuppan where the trade market was to be set up. GM, DIC, Una stated (June 1997) that Rs 7.28 lakh would be released to the executing agencies in the near future. The balance amount of Rs 24.20 lakh was lying unutilised with DIC, Una. Department stated (June-July 1997) that Rs 4.50 lakh could not be utilised due to non-execution of work at Kaza by the Public Works Department and Rs 4 lakh remained unutilised as training was not imparted to the trainees and amount released by the DI without any demand from the DIC.

Government stated (November 1997) that sometimes the amount was drawn to make payments to various executing agencies as per agreement as well as after assessing the progress of work done and at times, due to slow progress, the payment was not disbursed to safeguard the interest of the Government. The reply was not tenable as under the prescribed financial rules, amounts not required for immediate disbursement were not to be drawn.

3.1.5.8 Non-deposit of interest

In DIC, Kangra, interest of Rs 26.26 lakh had accrued for the period between December 1992 and July 1997 on the amounts deposited in various banks. This amount was not credited into the government account as required. Government stated (November 1997) that necessary directions had been issued to

DIC, Una (Rs 31.48 lakh), DIC, Kangra (Rs 120.66 lakh), DIC, Kinnaur (Rs 10.56 lakh), DIC, Lahaul and Spiti (Rs 4.50 lakh) and Directorate (Rs 4.00 lakh)

all concerned to credit the amount of interest in the government account immediately.

3.1.6 Human resource management

3.1.6.1 Workload in district level offices

While introducing (April 1978) the scheme for setting up DICs, the GOI had directed that the number of Functional Managers should range from 4 to 7 depending upon the requirement of the district and if necessary, the activities of two contiguous districts could be combined under one Functional Manager.

In respect of 10 districts³, four Functional Managers were sanctioned uniformly for each district, without conducting any surveys with reference to area, population served, industrial backwardness, industrial potential and workload involved. Government stated (November 1997) that the Functional Managers had been provided with a view to ensure uniform industrialisation in all the districts. The reply was not tenable as area, population and industrial potential varied from district to district.

3.1.6.2 Surplus staff

Prior to August 1981, the work of recovery of industrial loans as arrears of land revenue was looked after by a Loan Recovery Cell having one Tehsildar, two Assistants and one Process Server in the office of the DI. As of July 1992, the loan recovery work of only eight tehsils in Shimla District was entrusted to the Loan Recovery Cell. The work of the other tehsils was being looked after by the GMs of the various DICs. Though the workload of the Cell was reduced drastically number of staff was not reduced.

Government stated (November 1997) that the Tehsildar would now assist the GMs of DICs, Bilaspur and Solan in recovery of arrears of land revenue

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

cases in addition to his existing work. The reply was not tenable as the powers of Assistant Collector Grade-I had already been vested in the GMs in August 1981.

3.1.6.3 Idle staff in tea testing laboratories

Three tea testing laboratories were established at Dari, Baijnath and Palampur during 1975-76 to certify the standard of tea samples. No samples were tested at Dari and Baijnath after 1984-85 and at Palampur after 1991-92. The laboratories at Dari and Baijnath were closed during January 1989 but the laboratory at Palampur had not been closed till November 1997. Out of the 12 officials working in the Dari and Baijnath laboratories, 10 were adjusted in other wings of the Department and two were adjusted in the laboratory at Palampur. Thus there were eight officials in the Palampur laboratory, on whom an avoidable expenditure of Rs 24.76 lakh for the period 1992-97 had been incurred.

Government stated (November 1997) that three of the officials were being adjusted and a skeleton staff of five officials was being retained at the Palampur laboratory for tea testing and agmarking as this year, tea manufacturers had requested for the same. However, the Government did not furnish any reasons for the avoidable expenditure on staff between 1991-92 and 1996-97.

3.1.6.4 Misuse of conveyance advances

As per the conditions for sanction of conveyance advances, conveyances were to be purchased within one month of the drawal of advance, failing which the entire amount of advance along with penal interest thereon was required to be recovered in lump sum from the official concerned. Failure to do so could attract departmental action under the Central Civil Services Rules adopted for the State Government employees.

Test-check of records revealed that conveyance advances of Rs 20.42 lakh were sanctioned by nine DDOs for purchase of cars (Rs 4.5 lakh) and scooters (Rs 15.92 lakh) to 95 officers/officials during 1994-97. No conveyances

were, however, purchased (June-July 1997) by 88 officials. In seven cases, the DDOs stated (November 1997) that they were not aware as to whether the conveyances had been purchased or not. No recoveries of the entire advance in lump sum as required under the financial rules along with penal interest were effected from the defaulting officers. Thus undue benefit was extended to these officers/officials.

The DDOs did not furnish (August 1997) reasons for failure to effect recovery of the advances and penal interest from these officers/officials. The Government stated (November 1997) that all the concerned DDOs were being directed to look into the matter and take appropriate action as laid down in the rules.

3.1.7 Programme implementation

3.1.7.1 Establishment of industrial areas/estates not monitored

To provide infrastructural facilities to intending entrepreneurs for setting up of industries, industrial areas/estates were to be developed by the Department at places having significant potential for industrialisation. However, no survey and investigation of the localities had been conducted for ascertaining the potential for industrialisation and employment generation. Department had no organised information in this regard. The GM, DIC, Kangra stated (June 1997) that there was no necessity of survey and investigation for the industrial area at Dhaliara. GM, DIC, Una stated (June 1997) that the requisite detailed survey in respect of selection of the industrial area at Gagret had not been conducted.

The Government stated (November 1997) that the executing agencies conducted surveys with the association of representatives of the Department. However, scrutiny of DIC offices at Kangra and Una revealed that no surveys were conducted in these districts.

(i)(a) Of the 47 industrial areas/estates identified upto June 1995 in the 12 districts of the State, 25 areas had been developed upto April 1997. The remaining 22 areas were in the process of development. Government stated (November 1997) that all the GMs of DICs had been directed to ensure completion of all development works by 31 March 1998. Thus the Government failed to properly monitor the development of industrial estates.

Test-check of records in two districts revealed that development of four⁵ industrial areas, sanctioned in March 1988, had not been completed as of July 1997. For setting up an industrial area at Bain Attarian (Kangra District), private land was acquired during January 1990 at a cost of Rs 39.72 lakh. Development of this industrial area had not been taken up as of November 1997 due to non-receipt of feasibility report of power from HPSIDC. In the remaining three cases, development works stipulated to be completed between one and two years had not been completed despite spending Rs 87.92 lakh. Accordingly, these four areas could not be allotted to the prospective entrepreneurs as electricity and water supply could not be provided and private land coming in the alignment of the approach road could not be acquired as intimated (June 1997) by the GM, DIC, Kangra and the DI. Thus Rs 1.28 crore spent on the acquisition of land and development works remained unfruitful.

(b) Development of an industrial area at Pandranu (Shimla District), sanctioned in March 1988 and stipulated to be completed in one and a half years had not been completed as of July 1997 as some minor works remained to be executed. Funds of Rs 18.10 lakh were made available to the executing agency (HPPWD) between 1988 and 1997 but the expenditure incurred on the development of this industrial area had not been intimated by the DI. No reply had been furnished by the Government (November 1997).

⁵ Sundha-Chirgaon (Shimla District); Bain Attarian, Dhaliara and Electronic Complex at Nagri (Kangra District)

(ii) Non-commencement/non-completion of development works

Seventeen development and repair works of industrial areas (Chamba District: one; Mandi District: six; Shimla District: two and Una District: eight), estimated to cost Rs 93.94 lakh were stipulated to be completed between March 1989 and March 1997. These works were, however, not taken up as of November 1997 though Rs 43.41 lakh had been released (except in respect of one work of Una District) to the executing agencies between June 1988 and February 1996. The ADI attributed (July 1997) this to cost escalation, non-conducting of survey, unsuitable site and non-suitability of the proposed works in five cases. No reasons were intimated in respect of the remaining 12 cases.

Fifty three⁶ works (estimated cost: Rs 7.30 crore) in 10 districts, stipulated to be completed within one year and two years between 1988-89 and 1996-97 through various executing agencies to whom funds of Rs 5.37 crore had been released between August 1987 and August 1996, were not completed.

Government stated (November 1997) that the pending works could not be taken in hand as the executing agency was busy in other development works of industrial areas/estates. The reply was not acceptable as the Department should have made arrangements for speedy execution of works in view of the release of funds for this purpose.

(iii) Outstanding rent of industrial sheds/shops

Industrial sheds/shops were let out to entrepreneurs on monthly rent for initial period of three years, which could be extended thereafter. According to the standard terms and conditions of the lease agreements, rent was payable by the lessees latest by the seventh day of the following month. In case the rent remained unpaid for a period of two consecutive months after becoming due, the

⁶ Bilaspur (2), Hamirpur (4), Kangra (4), Kullu (2), Kinnaur (1), Mandi (5), Shimla (10), Sirmaur (1), Solan (23) and Una(1).

Department could terminate the lease agreements and take possession of the premises.

In DICs, Kangra, Solan and Una, rent of Rs 78.94 lakh relating to the period from April 1963 to June 1997 had not been recovered from the allottees of 167 industrial sheds in 10 industrial areas/estates. This included rent of Rs 37.63 lakh outstanding in respect of Una District, out of which Rs 31.27 lakh pertained to 19 sheds, the allottees of which were allowed to mortgage the leasehold rights with financial institutions for raising loans. Meanwhile, eight entrepreneurs, against whom rent of Rs 13.50 lakh was recoverable, had closed their units between January 1985 and September 1996. The Government stated (November 1997) that action had already been initiated for recovery of outstanding rent and getting the premises vacated. However, no details of rent recoveries and evictions were furnished.

3.1.7.2 Non-development of mini-industrial areas/estates for women entrepreneurs

To promote entrepreneurship among women, the DI directed (April 1989) all the GMs of the DICs in the State to set up mini-industrial areas/estates exclusively for women entrepreneurs in their respective districts after identifying suitable areas and obtaining approval for the same. As of July 1997, no such exclusive mini-industrial area/estate for women entrepreneurs had, however, been identified and established in the State.

The Government stated (November 1997) that the proposal for setting up such areas/estates was not found viable initially and, as such, the matter was not pursued further. There was, however, nothing on record to indicate whether any feasibility studies had been undertaken to establish the viability of the proposal.

3.1.7.3 Failure to establish Export Promotion Industrial Park

To promote the export of industrial products, the Government of India (GOI) approved (September 1994) the setting up of an Export Promotion Industrial Park (EPIP) at Baddi (Solan District) at a cost of Rs 20.03 crore. Central grant of 75 *per cent* of the cost of development of the park, excluding the cost of land, was admissible subject to the condition that the implementing agency was in possession of the land for the park. Funds were to be released in a phased manner, linked with the progress of implementation of the park. The cost of acquisition of land and 25 *per cent* of the cost of the development of the park were to be borne by the State Government. The infrastructural facilities so created were to be provided to 150 export oriented industrial units on no profit no loss basis. In addition, the project, when completed, was to generate employment opportunities for 16,000 persons. The project was to be implemented through HPSIDC and was stipulated to be completed in two phases by June 1997 on 96 hectares of land (private land: 56 hectares and Government land: 40 hectares).

Administrative approval and expenditure sanction for setting up the park was accorded by the Government in March 1995 for Rs 4 crore with the stipulation to restrict the expenditure to the budget allotment for the year 1994-95 and to incur expenditure in accordance with the norms laid down by the GOI. Against the allotment of Rs 3 crore made by the GOI in March 1995, the DI drew Rs 4 crore (including the State's share) on the last day of March 1995 and deposited the same in different banks. This amount was subsequently released (June 1995) to HPSIDC for phase I of the scheme without taking over possession of the private land. Rupees 1.25 crore were also drawn in March 1996 and released by the DI to the agency in May 1996. The agency had incurred expenditure of Rs 89.36 lakh on development works upto April 1997. The park had not been established so far (November 1997).

It was noticed that the executing agency purchased five residential quarters from Himachal Pradesh Housing Board in its own name at a cost of Rs 16.52 lakh for which there was no provision in the project report of the scheme. Rupees 2.10 lakh were also spent on additions and alterations on one of these quarters. The Government stated (November 1997) that the expenditure on residential quarters had been met out of the contingencies for which a provision of Rs 1.10 crore had been made in the project report and that the facilities were essential for implementation of the project. The contention was not tenable as there was no specific provision for purchase of residential quarters in the contingencies. Moreover, the agency was levying execution charges and, therefore, the question of providing such facilities did not arise.

Drawal of Rs 5.25 crore (March 1995: Rs 4 crore and March 1996: Rs 1.25 crore) to utilise the budget allotments of the respective years was contrary to the provisions of the financial rules. The executing agency was also extended undue financial benefit as only Rs 89.36 lakh had been spent by them as of April 1997. Besides, the agency earned interest of Rs 1.07 crore on the unspent amount upto March 1997 and treated it as its income. Government stated (November 1997) that the agency had been asked to clarify the issue.

3.1.7.4 Employment Promotion Programme

(a) Shortfall in achievement of targets

According to the industrial policy of the Government, the Department was required to create additional employment for 18,500 persons in the organised and self employment sectors during 1996-97. (Information for 1994-95 and 1995-96 was not furnished). Against this, employment was generated for 16,140 persons, resulting in a shortfall to the extent of 13 *per cent*. Targets were substantially un-achieved in respect of four of the nine sub-schemes of the

programme as detailed below:

Serial number	Name of sub scheme	Target (Number of persons)	Achievement	Shortfall	
				Number	Percentage
1	Textiles	5,600	2,543	3,057	55
2.	Electronics	1,100	580	520	47
3.	Service, Business etc.	2,500	1,011	1,489	60
4.	KVIC Special Project	2,600	275	2,325	89

The Government attributed (November 1997) the shortfall to non-availability of suitable persons under these schemes. The targets fixed were thus not realistic.

(b) Rural Artisans Programme

Of Rs 1.43 crore spent by the Department on the implementation of the Rural Artisans Programme during 1994-97, Rs 12.63 lakh had been spent on contingent expenditure which was beyond the scope of the scheme.

Government stated (November 1997) that contingent expenditure was part and parcel of the scheme. The contention was not tenable as the guidelines of the scheme did not provide for incurring of such expenditure out of the funds provided for it.

3.1.7.5 Outstanding reimbursement of Central transport subsidy

The GOI approved (July 1971) a scheme for grant of transport subsidy to industrial units located in the State on transportation cost of raw materials and finished goods between certain selected railheads or ports and the location of the units. The subsidy was payable at the rate of 50 *per cent* of the cost. The rate of subsidy was revised to 75 *per cent* of the cost from April 1985. The subsidy so released to the eligible entrepreneurs was to be got reimbursed from the GOI subsequently.

Against the total transport subsidy of Rs 26.17 crore disbursed by the Department during 1994-97, reimbursement of Rs 26.10 crore had been claimed

from the GOI as of November 1997. However, reimbursement of Rs 17.01 crore (1994-95: Rs 0.12 crore, 1995-96: Rs 0.08 crore and 1996-97: Rs 16.81 crore) had not been received as of November 1997. Reasons for non-reimbursement of the claims by the GOI had not been furnished (November 1997).

3.1.7.6 Sericulture industry

Sericulture industry was being developed in the State to provide subsidiary occupation to the poorer sections of society. Mulberry cuttings/saplings were to be planted by the Department to provide a boost to the industry. Test-check of records of the Deputy Director, Sericulture, Palampur and GM, DIC, Nahan revealed that 27.90 lakh and 28 lakh mulberry cuttings were planted in 25.20 acres and 26.50 acres of land in Palampur and Nahan respectively, at a cost of Rs 8.30 lakh during the period 1994-97. The survival of saplings was only 5.55 lakh and 5.66 lakh in Palampur and Nahan respectively, which worked out to approximately 20 *per cent* of the total cuttings planted. Government stated (November 1997) that survival of the saplings depended upon meteorological/climatic conditions prevailing in the area. The reply was not tenable as these factors were to be foreseen before selecting the areas for plantation.

3.1.7.7 Prime Minister's Rojgar Yojana

To provide self employment opportunities to educated unemployed youth in the country, the Prime Minister's Rojgar Yojana was launched in October 1993 for setting up self employment ventures through industry, service and business.

Test-check of records of GMs, DICs, Nahan and Solan revealed that loans of Rs 7.61 lakh were advanced to 14 entrepreneurs between November 1994 and August 1996 under this scheme. These entrepreneurs had either not started the ventures or had abandoned the works subsequently because of lack of interest as intimated by GM, DIC, Nahan in July 1997. GM, DIC, Solan intimated

(July 1997) that no study had been conducted to ascertain whether the persons to whom loans were granted were actually engaged in the approved ventures. The Government stated (November 1997) that the Department was a recommending authority and that recovery of the loans was the sole responsibility of the concerned institutions. They further stated that the financial institutions/RBI conduct overall survey of the scheme. The reply was not tenable as the scheme was not confined only to providing loans and watching their recoveries. As the scheme was under the Department, it should have ensured its proper implementation.

3.1.7.8 Outstanding recoveries of margin money and industrial loans

(a) Test-check of records of DICs, Kinnaur, Nahan and Solan revealed (June-July 1997) that margin money loans of Rs 19.24 lakh, advanced to 354 entrepreneurs between 1988-89 and 1996-97 and interest of Rs 15.22 lakh accrued thereon upto March 1997, were outstanding against the loanees as of June 1997. The Government stated (November 1997) that the matter was pursued by the respective GMs and the progress of recovery was monitored at the headquarters level. The monitoring was not effective as the loans had been lying unrecovered for long periods.

(b) State Government provided aid to various industrial units by way of loans which were regulated by relevant provisions of the State Aid to Industries Act, 1971 and relevant schemes. As per the Act and the relevant mortgage deeds, the loans were generally required to be recovered in seven instalments starting after one year from the date of advancement. Failure to repay the principal amounts and interest thereon called for effecting recovery of the amounts as arrears of land revenue with the previous sanction of the State Government. The Act also provided for the inspection of the premises of the loanees by the DI at any time during the currency of the loans and for immediate recovery of the loans

if the moneys lent were diverted for unintended purposes or the conditions for the grant of the loans were not fulfilled.

It was noticed that loans of Rs 16.93 lakh, granted between 1952-53 and 1994-95 to 463 entrepreneurs in Kangra, Kinnaur, Shimla and Solan districts under various departmental schemes (details not furnished by the Department) and interest of Rs 44.86 lakh accrued thereon had not been recovered as of November 1997. This included 111 units of Shimla District (recoverable amount of principal and interest: Rs 16.51 lakh) which were closed between 1962 and 1986 and four units (recoverable amount: Rs 0.30 lakh) which were not started. The recovery of the loans and interest thereon had not been effected even in respect of the functional units. Besides, only one time inspections had been conducted by the concerned officers in respect of 40 units of Shimla District.

The Government stated (November 1997) that a Loan Recovery Cell was working in the Department but they had to depend upon the Revenue Department for service of notices and execution of warrants for attachment of property. Due to overload of work in tehsil offices, the service of summons/warrants was not properly effected, which was hampering the recovery work. The reply was not tenable because the GMs of the DICs had been vested with the powers of Assistant Collectors Grade I since August 1981 to recover the outstanding loans as recovery of land revenue and the Government should have ensured better coordination between the two departments.

3.1.8 Other points of interest

3.1.8.1 Slow and unplanned development of Industrial Growth Centre

To promote the industrial sector by providing infrastructural facilities to entrepreneurs in the State at par with those available in the country, the State Government approved (August 1992) payment of compensation for the acquisition of land for setting up an Industrial Growth Centre in Sansarpur Terrace (Kangra

District). The Centre was stipulated to be commissioned by the end of March 1997. GOI approved (February 1997) the setting up of the Growth Centre at an estimated cost of Rs 22.76 crore over an area of 464 hectares in Sansarpur Terrace and Badhal, which was an adjoining village.

Test-check of records of the DIC, Kangra revealed (June 1997) the following points:

- (i) DI took up (1992) the case for transfer of Government land measuring 262-02-95 hectares in Badhal locality with the Deputy Commissioner, Kangra for the Centre, which had not been transferred as of June 1997. Mutation of land measuring 67.15 hectares which was acquired by the Department from the Bhakra Beas Management Board (BBMB) during 1982-86 at a cost of Rs 58.61 lakh had not been done in the name of the Department. Besides, no records showing the accounting of the acquired land, 2,046 hutments and 462 eucalyptus trees standing on it had been maintained.
- (ii) The Department had advanced (November 1993-October 1994) Rs 1.64 crore to Himachal Pradesh State Electricity Board for arranging electric supply for the Centre against the estimated cost of Rs 2.02 crore. The Board simultaneously deposited the amount with the BBMB for providing the supply, but the work for the purpose had not commenced as of November 1997.
- (iii) The GOI sanctioned (March 1997) Central Plan Assistance of Rs 4 crore for the development of the Centre. The amount was drawn on the last day of March 1997 and kept in a fixed deposit in a bank, thereby keeping it outside Government account. No budget provision for this amount had been made even in the supplementary grant for the year 1996-97.

DI stated (August 1997) that budget provision in the supplementary grant could not be made as the same had been passed by the State Legislature before the receipt of the amount. The Government stated (November 1997) that

efforts were in hand to regularise the expenditure. This contention was not tenable as financial rules prohibited drawal of money without budget provision and immediate requirement.

3.1.9 Monitoring

Department had not fixed norms for inspection of the construction activities by the Department at various levels till May 1994. The DI issued (June 1994 and November 1996) instructions to all the GMs of the DICs to ensure monthly inspection of the works being executed through HPSIDC in the districts and send a monthly progress report to him by the 10th of each month.

However, no inspection notes were found on record in the offices of DICs, Kinnaur, Sirmour, Solan and Una. In Kangra District, only five inspections were carried out during 1995-96 and one in 1996-97.

The DI issued (June 1994) instructions to all GMs of DICs for submission of monthly progress reports regarding the release of money to the implementing agencies, amounts utilised and status of the works for which funds were released. Against 360 such reports required to be submitted during the period 1994-97 by 10 DICs, only 109 reports were sent to the DI. On this being pointed out (June 1997) the DI stated that all GMs of DICs would be reminded to ensure timely submission of monthly progress reports. The Government stated (November 1997) that progress of various schemes was being monitored from time to time by the concerned programme officers and by the headquarters office. No reasons for the shortfalls in submission of monthly progress reports were furnished.

3.1.10 Response to Audit

3.1.10.1 Outstanding inspection reports and paragraphs

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit are communicated to the

Heads of Offices and higher departmental authorities through inspection reports. The more important irregularities are also reported to the Heads of Departments and Government for comments. Half-yearly reports of inspection reports and paragraphs outstanding for more than six months are forwarded to the Government to expedite their settlement.

At the end of August 1997, 475 paragraphs included in 163 inspection reports pertaining to the period from June 1963 and May 1997 were outstanding. The important irregularities noticed in audit were as tabulated below:

Serial number	Category of objection	Inspection Reports	Paragraphs
		(In numbers)	
1.	Drawal of funds in advance of requirements/Blocking of funds	44	46
2.	Irregular expenditure due to absence of sanctions, non-inviting of tenders, etc.	30	41
3.	Overpayments, non-recovery of rents and advances/ miscellaneous recoveries	32	90
4.	Non production of actual payee's receipts/utilisation certificates	4	20
5.	Incomplete works	2	4
6.	Outstanding loans/advances	23	27
7.	Avoidable expenditure	6	9
8.	Undue financial aid	4	4
Total		145	241

No reasons were intimated by the Government for the large number of outstanding paragraphs dating back to the year 1963.

3.1.10.2 Non-availability and non-production of records

Of the 17 selected schemes, guidelines of six State schemes⁸ on which expenditure of Rs 12.99 crore had been incurred during 1994-97 were not

⁸ Consultancy fees, Development of Industrial Areas, Industrial Extension Centre (Blacksmithy), Rural Industries Project at Palampur, Sericulture industry and Tea industry

available with the Department. Of these, records relating to two schemes⁹ on which Rs 2.84 lakh had been spent during 1994-97 were not produced for audit despite several requests:

The Government stated (November 1997) that documents of some old schemes were not forthcoming. Since all these schemes were ongoing, their guidelines should have been readily available with the Department. Due to the absence of these documents, the proper implementation of these schemes could not be fully verified in audit.

Revenue Department

3.2 Members of Parliament Local Area Development Scheme

3.2.1 Introduction

To enable Members of Parliament (MPs) to recommend small works of capital nature to be done in their constituencies, the "Members of Parliament Local Area Development Scheme (MPLADS)" was announced in the Parliament in December 1993. The scheme was launched in the State from 1993-94.

Under the scheme, each MP had a choice to suggest to the concerned District Collector (DC) works of development nature, based on locally felt needs which could lead to creation of durable assets to the tune of Rs one crore per year to be taken up in his/her constituency. Members of the Rajya Sabha could select any district from the State from which they had been elected whereas nominated members of Parliament could select any one district from any State/Union Territory for execution of works of their choice.

⁹ Industrial Extension Centre (Blacksmithy) and Rural Industries Project at Palampur

The abbreviations used in this review have been listed in the Glossary in Appendix-XII (Pages 333-335)

Individual works costing upto Rs 10 lakh, which could be completed in one or two working seasons, were to be taken up under the scheme. Repair and maintenance works, completion of other incomplete schemes, sharing of MPLADS funds with other projects, purchase of inventory or equipment, etc., were not permitted under the scheme. The State had four Lok Sabha constituencies and three members of the Rajya Sabha.

3.2.2 Organisational set up

The Department of Programme Implementation (DPI), Government of India (GOI), was the nodal department at the Central level, which was responsible for implementation of the scheme. At district level, the works were to be got executed by the concerned DCs through various Government agencies. The State Planning Department was to issue general instructions to all the planning and implementing agencies at the district level to co-operate, assist and implement the works referred to them by the DCs. There was a direct liaison between the DCs and the Central Government so far as sanction and release of funds and periodical reporting of the scheme was concerned.

3.2.3 Audit coverage

Implementation of the scheme during 1993-97 was reviewed during May-August 1997 by test-check of records in the offices of 10 out of the 12 DCs in the State and 14 executing agencies¹.

¹ Block Development Officers (BDOs), Hamirpur, Jubbal, Kangra, Kullu, Mandi Sadar, Mashobra, Theog and Tissa, DFO, Mandi Sadar, Kullu Division Nos I and II, Mandi Division No.II, Municipal Committee, Kullu and Rampur Division

Details of constituencies covered in audit were as under:

Constituencies of Lok Sabha	Names of districts covered
Hamirpur	Bilaspur Hamirpur Una Dehra sub-division of Kangra district
Kangra	Kangra Chamba (except Pangi and Bharmour)
Mandi	Mandi Kullu Lahaul and Spiti Kinnaur Rampur tehsil of Shimla district
Shimla	Shimla Solun Sirmour

3.2.4 Highlights

** The executing agencies were not rendering accounts of works executed by them to the Deputy Commissioners. Ten Deputy Commissioners received Rs 20.30 crore during 1994-97, but released only Rs 14.51 crore to the executing agencies for various works. Balance of Rs 5.79 crore was lying unutilised with the Deputy Commissioners as of March 1997.

** Out of Rs 3.84 crore released to 14 executing agencies in 10 districts, only Rs 2.26 crore were utilised as of July 1997.

(Paragraph 3.2.5 (a)(i))

** Personal Ledger Accounts required to be opened to deposit funds received under this scheme had not been opened by any of the Deputy Commissioners. Funds for the schemes were kept in saving bank accounts in disregard of Government orders.

(Paragraph 3.2.5 (a)(iii))

Districts Shimla and Kangra were adopted by Rajya Sabha MPs during 1993-94 and 1996-97 respectively

- ** Interest of Rs 36.20 lakh earned by the executing agencies on the deposits of scheme funds in bank accounts opened during 1994-97 was lying unutilised as of July 1997.

(Paragraph 3.2.5 (v)(a))

- ** Thirty four works costing Rs 18.15 lakh in Mandi and Shimla districts, though recommended by Members of Parliament, were not taken up as funds sanctioned for them were insufficient.

(Paragraph 3.2.5 (c)(ii))

- ** Ten Deputy Commissioners sanctioned Rs 12.78 crore for 2,302 works during 1994-96, but did not furnish utilisation certificates/completion certificates to Government of India for 640 works costing Rs 3.39 crore.

(Paragraph 3.2.5 (e))

- ** Contrary to the instructions, Rs 85 lakh were sanctioned by the Deputy Commissioners on the recommendations of the Members of Parliament and Rs 35.49 lakh were spent (July 1997) on 25 ongoing works out of the scheme funds in Kullu, Mandi and Shimla districts. These works were already being financed from the State budget and were therefore ineligible for funding under Members of Parliament Local Area Development Scheme.

(Paragraph 3.2.6)

- ** Ten works such as water supply schemes, *mahila mandal/yuvak mandal bhavans*, roads, etc., costing Rs 12.75 lakh in Shimla District and one water supply scheme costing Rs one lakh in Solan District were sanctioned by the concerned Deputy Commissioners in February/March 1996 without obtaining the formal

recommendations of the Members of Parliament.

(Paragraph 3.2.7)

** Sixty one works which were not permissible under the scheme were sanctioned and executed on the recommendations of Members of Parliament for which Rs 42.75 lakh were released by the Deputy Commissioners to the executing agencies.

(Paragraph 3.2.8)

** Contrary to the instructions of Government of India, none of the Deputy Commissioners had sent expenditure statements for the works to the Accountant General. They did not also maintain the required Asset Registers to show the number of assets created under the scheme.

(Paragraphs 3.2.12 and 3.2.13)

** The execution of schemes was not monitored at the State level. There was no evidence to suggest that the Deputy Commissioners were inspecting the works. No signboards indicating the "Members of Parliament Local Area Development Scheme Work" were erected at the work sites as required.

(Paragraphs 3.2.14 and 3.2.15)

3.2.5 Financial outlay and expenditure

(a) The scheme was cent *per cent* Centrally sponsored and funds were released by the Department of Programme Implementation (DPI), Government of India, direct to the DCs each year except for 1993-94, when the allocation was routed through the State Planning Department. During 1993-94, Rs 5 lakh per MP were released. These releases were raised to Rs one crore per MP from 1994-95 onwards. The DPI was to release funds twice a year on the basis of physical and financial progress of the works.

The release of funds and actual expenditure as per the records of the DCs during 1993-97 in the 10 districts test-checked were as under:

Year	Opening balance	Funds allotted by DPI	Total funds available	Funds distributed by DCs to executing agencies for execution of works	Balance funds with DCs
(Rupees in crore)					
1993-94	nil	nil	nil	nil	nil
1994-95	nil	6.30	6.30	3.01	3.29
1995-96	3.29	8.00	11.29	8.62	2.67
1996-97	2.67	6.00	8.67	2.88	5.79
Total		20.30		14.51	

The following points were noticed in audit:

(i) Non-utilisation of funds

Of the total funds of Rs 20.30 crore made available to the ten DCs² for implementation of the scheme during 1994-97, only Rs 14.51 crore (71.48 per cent) were released to the executing agencies for execution of the various works recommended by the MPs. The balance of Rs 5.79 crore (28.52 per cent) remained unutilised with the DCs in banks as of March 1997. Non-utilisation of funds was attributed (June 1997) by the DCs to late receipt of funds, non-recommendation of works by the concerned MPs and non-finalisation of detailed estimates of the works by the executing agencies in time. Non-utilisation of funds and keeping government money in bank accounts deprived the public of the intended benefits of the scheme.

Of Rs 3.84 crore released during 1994-97 to 14 executing agencies by 10 DCs, only Rs 2.26 crore had been utilised as of July 1997. Non-utilisation of the balance amount of Rs 1.58 crore (as worked out by Audit) was attributed (May-August 1997) by the executing agencies mainly to the works being in

² Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour, Solan and Una

progress, delay in finalisation of schemes by the executing agencies, lack of interest shown by the *panchayats*, site disputes and labour problems.

Since no accounts were being rendered by the executing agencies, the DCs were unaware of the actual amount of unspent funds lying with the executing agencies and could not monitor the progress of works for which funds were released.

(ii) Delayed release of funds

The State Planning Department received Rs 35 lakh from the Government of India in February 1994, but released them during 1994-95 to the concerned DCs. The Advisor (Planning) stated (May 1997) that the funds were received at the fag end of the financial year and were sent to the districts selected by the MPs after the close of the financial year. Non-release of funds to the DCs during 1993-94 by the State Planning Department resulted in delayed implementation of the scheme in the State.

(iii) Non-opening of personal ledger accounts

Each DC was required to open a Personal Ledger Account (PLA) separately for each MP for depositing funds received for execution of schemes. Contrary to these instructions, the DCs/executing agencies in the districts test-checked, kept the funds received for the implementation of the scheme in banks by operating savings bank accounts. Reasons for not opening PLAs were called for in April 1997. Reply had not been received (July 1997).

(iv) Non-rendition of monthly accounts

The accounts of the works executed by different executing agencies, though required to be submitted every month as per the provisions of the scheme, were not available with the DCs. DCs, Mandi and Shimla stated (May and

June 1997) that monthly accounts were not received from the executing agencies. Reasons for non-receipt of accounts were not intimated. The other DCs stated (May 1997) that the utilisation of funds by the executing agencies was watched through occasional meetings. This contention was untenable as the accounts were required to be obtained every month for a systematic watch over proper utilisation of funds.

(v) Blocking of funds

The District Rural Development Agency (DRDA), Mandi received Rs one crore under the scheme for the year 1994-95 in October 1994 and deposited the same in a savings bank account. The amount was transferred to DC, Mandi in May 1995. Interest of Rs 2.82 lakh earned on the amount was lying with DRDA, Mandi as of May 1997. The Project Officer, DRDA, Mandi stated (May 1997) that originally they were not aware of the scheme to which the funds pertained and the same were transferred to DC, Mandi on receipt of a clarification from the Government of India. Thus Rs one crore remained blocked for over six months for want of effective monitoring of the scheme by the DC.

Scrutiny showed that interest of Rs 33.38 lakh earned on bank accounts opened by the executing agencies under the scheme during 1994-97, was lying unutilised as of July 1997. It was also noticed that BDO, Nagrota Bagwan (Kangra District) deposited (January 1997) interest of Rs 0.20 lakh into the treasury, contrary to the instructions of DPI.

(b) Rupees 0.70 lakh, transferred (March 1995) by DRDA, Shimla to BDO, Mashobra were not accounted for in the books of the latter. The BDO stated (May 1997) that the matter was under investigation.

(c) Physical achievement of works

The status of works under the scheme in the 10 districts during 1993-96 was as tabulated below:

Year	Proposals received during the year	Works completed	Works ongoing
1993-94	-	-	-
1994-95	790	302	488
1995-96	1,512	400	1,112
Total	2,302	702	1,600

The following points were noticed:

- (i) The type of works to be taken up under the scheme was to be such as could be completed in one or two working seasons. Test-check of records in 10 districts revealed that out of 2,302 works recommended by the MPs during 1994-96, only 702 works had been completed by the executing agencies and the balance of 1,600 works were under progress (July 1997). Further 488 works due for completion by 1995-96 were still in progress. Thus the scheduled periods of completion envisaged in the scheme had not been adhered to.
- (ii) According to the instructions of the Government of India, the DCs were to get the estimates prepared from the concerned implementing agencies and issue sanctions for the full cost of the works irrespective of whether the MP had indicated any cost or not, subject to the condition that the total cost of the sanctions issued did not exceed Rs 10 lakh per individual work and Rs one crore for all the works put together for a year.

It was, however, noticed in audit that 34 works like construction of buildings, roads, a stadium and *mahila mandal bhavans* were recommended by the concerned MPs to two DCs (Shimla and Mandi), who sanctioned Rs 18.15 lakh to the executing agencies without obtaining the detailed estimates from them. The executing agencies did not take up the construction of the aforesaid works on the plea that the funds sanctioned were not sufficient and subsequently surrendered the sanctioned funds.

Deviation from the instructions of the Government of India thus resulted in denial of the intended benefits of the scheme to the public, besides blocking of government funds.

(iii) It was also noticed in audit that Rs 4.65 lakh were allotted (August 1995) to BDO, Mashobra for the execution of 26 works such as roads and buildings, etc. The schemes were cancelled in January 1997 by the DC, Shimla and the BDO returned the funds to DRDA, Shimla in March 1997. The BDO stated (May 1997) that the works could not be taken up for execution as the funds allotted were insufficient for their completion and further added that the same were sanctioned by the DC even though no estimates had been prepared by his office for these schemes.

(d) Irregular reduction of centage charges

The implementing agencies were not to collect any administrative and centage charges for preparatory works, implementation, supervision, etc. It was noticed in audit that centage charges of Rs 2.43 lakh were irregularly deducted in three districts³ during 1995-96 and 1996-97. Of this, Rs 1.14 lakh were utilised for meeting the petty contingent expenses of the offices of DC, Kangra and BDOs, Jubbal and Kullu and Rs 1.29 lakh were lying unutilised with DC, Kangra, who

³ DC, Kangra: Rs 1.47 lakh; BDO, Jubbal (Shimla district): Rs 0.06 lakh and BDO, Kullu: Rs 0.90 lakh

stated (June 1997) that the unspent amount would be paid back to the main MPLADS funds account.

(e) Non-furnishing of utilisation certificates

As per instructions (August 1996) of the Government of India, the DCs were to furnish release-wise utilisation certificates (UCs) to the DPI on their utilisation. It was noticed that 2,302 works costing Rs 12.78 crore were taken up by the executing agencies in 10 districts during 1994-96. Of these, 702 works were completed as of March 1997. UCs of 640 completed works (cost: Rs 3.39 crore) had been sent by the executing agencies to the DCs but the latter had not sent them to the DPI, as required.

3.2.6 Irregular spending of MPLADS funds for ongoing schemes

According to the guidelines, sharing of MPLADS funds with other projects was not permitted. It was noticed in audit that Rs 85 lakh were sanctioned by the DCs, Mandi, Kullu and Shimla on the recommendations of the concerned MPs between April 1995 and January 1997 for the execution of 25 ongoing works (roads: 24 and bridge: 1). Of this, Rs 35.49 lakh had been spent by the Executive Engineers, Mandi (B&R) Division No.II, Kullu Division No.I and II and Rampur as of July 1997. Scrutiny of records revealed (May-August 1997) that all these works were already being financed from the State budget. This resulted in diversion of scheme funds.

3.2.7 Sanction of works without the recommendations of the MPs

The MPs were to give a choice of works on their letterheads under their signatures to the concerned DCs, who were to get them implemented by following the established procedure. It was noticed in audit that ten works such as water supply schemes, *mahila mandal/yuvak mandal bhavans*, roads, etc., costing Rs 12.75 lakh in Shimla District and one water supply scheme costing Rs one lakh

in Solan District were sanctioned by the concerned DCs in February/ March 1996 without obtaining the formal recommendations of the MPs. The DC, Shimla stated (November 1997) that the schemes were sanctioned on the basis of telephonic talks with the MPs and formal approval was awaited. The DC, Solan stated (November 1997) that formal written recommendations of the MP was being obtained. The contentions of both the DCs was not tenable as their action was contrary to the instructions of the Government.

3.2.8 Expenditure on works not covered under the scheme

The scheme funds were not to be utilised for the construction of office/residential buildings, repair and maintenance works, works belonging to private institutions and purchase of inventory or stock of any type.

Contrary to these instructions, 61 works costing Rs 42.75 lakh, such as construction of conference hall and stadium; purchase of sports equipment; organisation of sports meet; repairs and renovation of primary school buildings, water supply schemes and irrigation *kuhls*, etc., which were not permissible under the scheme, were sanctioned by seven DCs* during 1993-97 on the recommendations of the MPs. A sum of Rs 25.20 lakh had been spent (upto June 1997) out of the sanctioned amount of Rs 42.75 lakh and the balance amount of Rs 17.55 lakh was lying unspent with the executing agencies. DC, Mandi stated (June 1997) that repair and maintenance works were erroneously sanctioned. DC, Hamirpur stated (May 1997) that the scheme was recommended by the MP and funds were released in public interest and no such work was sanctioned during 1996-97. The contention was not tenable as the

Chamba: four works: Rs 0.80 lakh
 Hamirpur: one work: Rs 6.00 lakh
 Solan: 32 works: Rs 16.17 lakh
 Shimla: one work: Rs 2.00 lakh
 Sirmour: 15 works: Rs 10.65 lakh
 Mandi: three works: Rs 0.80 lakh
 Kangra: five works: Rs 6.33 lakh

works were not covered under the scheme. The remaining DCs did not furnish any reply (July 1997).

3.2.9 Works sanctioned without clear title to land

The scheme provided that it was to be ensured that the institutions or the persons surrendering land for the execution of works had title to surrender the same. The district authorities were to ensure that the transferred land was relinquished under the local land relinquishment laws. DCs, Hamirpur, Mandi and Shimla sanctioned Rs 3.50 lakh for six works during 1994-96, without ensuring the availability of site and title over the land. Consequently, the works were held up because of land disputes after spending Rs 1.80 lakh.

3.2.10 Works sanctioned without cost estimates

According to instructions issued by DPI in June 1996, the DCs were to issue sanctions for the full cost of works, irrespective of whether the MP had indicated any cost or not after getting the estimates of works prepared from the executing agencies. It was noticed in audit in this respect that:

- (i) In the test-checked districts, the DCs did not obtain detailed estimates of any of the works sanctioned by them.
- (ii) DCs, Kullu, Mandi and Hamirpur sanctioned Rs 29.70 lakh during 1995-96 for 24 works of construction of roads and buildings on the basis of the amounts indicated by the respective MPs for expenditure on each work without obtaining detailed estimates. The executing agencies had fully utilised the funds sanctioned against these works and all the 24 works remained incomplete for want of the additional funds. Test-check of records revealed that Rs 49.04 lakh were required for the completion of 10 works. Requirement of funds for the remaining 14 works had not been furnished (July 1997) to audit.

3.2.11 Non-commencement of works

The works sanctioned under the scheme were to be completed within one or two working seasons from the date of issue of the sanctions. Forty two works, for which Rs 40.55 lakh were sanctioned during 1995-96 and 1996-97, in Kangra, Mandi and Shimla Lok Sabha constituencies had not commenced as of June 1997. The executing agencies attributed non-commencement of works to site disputes, labour problems, non-finalisation of alignment of road and non-preparation of detailed estimates. The contentions were not tenable as these factors should have been considered before sanction of the works.

3.2.12 Expenditure statements not sent to the Accountant Generals' office

According to the instructions issued (August 1996) by DPI, each DC was to ensure that expenditure statements were sent by the DCs to the State Accountant General by 31 May of the following year with a request to have their audit conducted. No such statements had been sent to the Accountant General ever since the implementation of the scheme by any of the DCs.

3.2.13 Non-maintenance of asset registers

Instructions issued (August 1996) by the DPI prescribed that a register showing the assets created in the district under the scheme should be maintained by the DC or his authorised officer.

Scrutiny revealed that no such register had been maintained by the DCs in any of the districts test-checked. The reasons for non-maintenance of the register, though called for (October 1997), had not been furnished. In the absence of asset registers, the total number of assets created under the scheme could not be verified.

3.2.14 Monitoring and supervision

State Governments were to designate one nodal department for monitoring of the physical progress of schemes through field inspections and for coordination with DPI. The heads of districts were to inspect at least 10 *per cent* of these works every year. Senior officers of the implementing agencies were responsible for regular visits of the work spots to ensure that the works were progressing satisfactorily as per the prescribed procedures and specifications. A schedule of inspections which prescribed the minimum number of field visits for each supervisory level functionary of the implementing agencies was to be drawn up by DPI.

No department was designated as a nodal department for physical monitoring and coordination and no specific norms, periodicity or schedule of inspections had been prescribed by the State Government. The Advisor (Planning) to the State Government stated (May 1997) that at the State level, the Planning Department was casually involved by the Central Government/DPI under the scheme and it was, therefore, not playing any effective role as head of the Department. He further stated that the schemes were not monitored at the State level. He also stated that no mechanism had been evolved to monitor the scheme as no provision for staff and contingent expenditure had been made for the purpose. In the districts test-checked, no records of inspections were available. While confirming this, the concerned DCs stated (May-August 1997) that the works were inspected while they were on tour. However, there was no evidence to verify the authenticity of this contention as no records relating to such inspections were maintained.

3.2.15 Signboards of schemes not displayed

The guidelines stipulated that in order to make people aware that particular works had been executed with MPLADS funds, signboards carrying an inscription "MPLADS WORK" may be prominently erected at the sites.

DCs, Mandi and Kangra stated (June 1997) that no system existed through which local people could be made aware of the scheme. DC, Shimla stated (June 1997) that copies of the scheme had been sent to BDOs for further distribution among *panchayat pradhans* and making wide publicity. DC, Hamirpur stated (May 1997) that meetings were being organised with the local people to make them aware of the scheme. These contentions were not tenable as these were not substitutes for display of the notice boards.

These points were referred to the Government in August 1997; reply had not been received (November 1997).

3.3 Sanction, Procurement and Utilisation of Government vehicles

3.3.1 Introduction

To ensure the proper use of government vehicles in Himachal Pradesh, the General Administration Department (GAD) of the State Government framed (September 1975) rules regulating the use and maintenance of government vehicles and conditions of service of drivers of such vehicles. These rules were made applicable to all departments of the State Government.

3.3.2 Organisational set up

In the Revenue Department, the Deputy Commissioners (DCs) are the controlling officers in respect of vehicles under their control. They function under the directions of the three Divisional Commissioners of the State. The Financial Commissioner-cum-Secretary (Revenue) is the overall administrative head of the Revenue Department.

3.3.3 Audit coverage

Sanction, procurement and utilisation of government vehicles during 1992-97 were test-checked between May and August 1997 in the offices of five² DCs and nine³ Sub-Divisional Officers (SDOs) (Civil) and in the office of the Financial Commissioner-cum-Secretary (Revenue) to the Government of Himachal Pradesh.

3.3.4 Highlights

** Four vehicles were purchased by Deputy Commissioners, Solan and Hamirpur for Rs 10.01 lakh between July 1992 and April 1996 out of Local District Planning funds (Rs 5.42 lakh: 2 vehicles), Integrated Rural Development Programme funds (Rs 1.72 lakh: 1 vehicle) and regular budget (Rs 2.87 lakh: 1 vehicle) without the sanction of the competent authority.

(Paragraph 3.3.6(i) & (ii))

** In three districts, Rs 1.67 lakh were spent on purchase of luxury items like tape recorders and foam rubber/foam leather seats by the DCs of Hamirpur, Kangra, Shimla and Sub Divisional Officer (Civil), Rohru in disregard of the ban on purchase of luxury items for government vehicles.

(Paragraph 3.3.6(iii))

** Average mileage of 21 vehicles in the offices of the Deputy Commissioners, Kangra, Kinnaur, Shimla and Solan was less than the norms fixed by the General Administration Department which

² Hamirpur, Kangra, Kinnaur, Shimla and Solan

³ Arki, Dehra, Dharamsala, Nadaun, Nurpur, Nichar, Rampur, Rohru and Solan

resulted in excess consumption of 31,702 litres of petrol valued at about Rs 5.71 lakh during 1992-97.

(Paragraph 3.3.7.1)

** Rupees 1.70 lakh were not recovered from 96 officers in nine districts for private journeys performed in official vehicles.

(Paragraph 3.3.7.2)

** Deputy Commissioners, Shimla and Solan used more than one vehicle at different places at the same time and on the same dates for 2,376 kilometres and 292 kilometres respectively between April 1992 and November 1994 and the log books were signed separately as Deputy Commissioner and as Chairman, District Rural Development Agency (DRDA).

(Paragraph 3.3.7.3(ii))

** The exact nature of official work was not mentioned in respect of journeys of 2.45 lakh kilometers performed by 21 vehicles in the offices of Deputy Commissioners, Kangra, Kinnaur and Shimla during 1992-97.

(Paragraph 3.3.7.3 (iii))

** Six vehicles from Kinnaur and Solan were taken for repairs to Chandigarh and Shimla between April 1992 and July 1996, travelling 4,383 kilometres, but no repairs were carried out.

(Paragraph 3.3.7.3(v))

** In three districts, 10 vehicles covered an avoidable distance of 13,577 kilometres during 1992-97 which resulted in excess

consumption of approximately 2,482 litres of petrol valued at about Rs 0.45 lakh.

(Paragraph 3.3.7.3(vii))

** During 1992-97, 25 government vehicles covered a total distance of 2.50 lakh kilometres outside the jurisdiction of the controlling officers. Deputy Commissioners, Hamirpur, Shimla and Solan took their vehicles outside the State during 1992-97 and covered a total distance of 6,878 kilometres without prior permission of the Chief Secretary.

(Paragraph 3.3.7.3 (viii) and (ix))

** Registers for the accounting of used parts were not maintained by the Deputy Commissioners, Hamirpur, Kangra, Kinnaur, Shimla and Solan although Rs 47.09 lakh were spent on repairs of vehicles during 1992-97.

(Paragraph 3.3.8)

3.3.5 Financial outlay and expenditure

Budget provision and expenditure on the procurement and utilisation of vehicles in the Revenue Department during 1992-97 were as under:

Year	Budget provision	Expenditure	Excess(+)/ Saving(-)
(Rupees in lakh)			
1992-93	57.37	57.39	(+) 0.02
1993-94	89.23	89.23	--
1994-95	72.21	84.44	(+)12.23
1995-96	100.23	100.23	--
1996-97	87.38	78.41	(-) 8.97
Total	406.42	409.70	

The excess expenditure during 1994-95 was attributed (July 1997) by the Department to purchase of new vehicles while the savings during 1996-97 were stated to be on account of economy measures adopted by the Government.

3.3.6 Procurement

(i) The State Government issued instructions (March 1990) that prior sanction of the Finance Department and the Council of Ministers was necessary for the purchase of new vehicles. Following points were noticed in this regard.

(a) DC, Solan purchased (November 1994 and February 1995) two Maruti Gypsy jeeps valued at Rs 5.42 lakh out of Local District Planning funds without obtaining prior sanction of the Finance Department and the Council of Ministers. At the instance of audit, DC, Solan requested (November 1995 and July 1996) the Advisor (Planning) to the State Government to obtain *ex-post-facto* sanction from the Finance Department and also to recoup the amount to the planning head of account. The *ex-post-facto* sanction had not been accorded as of November 1997.

DC, Solan stated (June 1997) that one vehicle was purchased for use by the Block Development Officer (BDO), Nalagarh as the allotted vehicle was beyond repairs and was off the road. The second Gypsy jeep was purchased by the DC for his own use as his car could not ply on the interior and rough roads. The reply of the DC was not tenable because the vehicle for the BDO, Nalagarh should have been provided out of the State Government's budget. Since the DC had a fleet of seven vehicles including four Gypsy jeeps with him, as against the norms of four vehicles, purchase of another Gypsy jeep for the DC was not justified.

Thus the expenditure of Rs 5.42 lakh incurred by the DC on the purchase of vehicles was irregular.

(b) DC, Hamirpur purchased (April 1996) a vehicle valued at Rs 2.87 lakh without prior sanction of the Council of Ministers. The DC stated (August 1997)

that the vehicle was purchased on receipt of a wireless message from the Government. However, the regular sanction of the Finance Department and approval of the Council of Ministers was awaited as of August 1997. The purchase of the vehicle without prior sanction of the Council of Ministers was thus irregular.

DC, Hamirpur drew (March 1996) Rs 2.88 lakh for the purchase of another vehicle on the basis of budget provisions. Initially the Treasury Officer objected to the drawal in the absence of proper sanction. However, the payment was released after the DC recorded a certificate on the voucher to the effect that the proposal for the purchase of the vehicle had been approved by the Secretary (Revenue). The DC also attached a copy of the sanction accorded by him with the voucher, though he was not competent to do so. The sanction for the purchase of the vehicle had not been obtained from the competent authority as of August 1997 and Rs 2.88 lakh were lying unutilised in the savings bank account of the DC in contravention of financial rules. Reasons for the drawal of funds without obtaining the sanction of the competent authority were not furnished by the DC, Hamirpur.

(ii) Government of India imposed a ban (February 1991) on the purchase of vehicles out of Integrated Rural Development Programme (IRDP) funds by the District Rural Development Agencies (DRDAs). Despite this, DC, Solan purchased (July 1992) one Ambassador car valued at Rs 1.72 lakh out of IRDP funds. The DC stated (June 1997) that the purchase had been made with the approval of the governing body of the DRDA. The reply of the DC was not tenable as the governing body was not competent to relax the ban imposed by the Government of India.

(iii) The Government issued instructions (June 1985) that not more than Rs 2,000 should be spent on accessories for a new jeep or a car. The fabrication of bodies of jeeps and the purchase of luxury items like tape recorders and foam

rubber or foam leather seats for government vehicles was banned. Contrary to these instructions, in four districts, Rs 1.67 lakh³ were incurred on the purchase of banned items and Rs 0.95 lakh⁴ were incurred on the fabrication of seven Gypsy jeeps during 1992-97. The expenditure on accessories purchased in three⁵ of the districts for 14 new vehicles during 1992-97 ranged between Rs 3,828 and Rs 39,480 per vehicle. Further scrutiny revealed that DC, Kangra had spent Rs 39,480 and Rs 37,021 on the purchase of accessories for vehicle numbers HP-39-5555 and HPK-1 respectively. DC, Shimla spent Rs 32,454 on vehicle number HIS-1.

While no reasons for the purchase of these items were given by DCs, Hamirpur, Solan and Shimla, the Assistant Commissioner to Deputy Commissioner, Kangra stated (June 1997) that as the vehicles were utilised by the DC and other VIPs, items of luxurious nature were necessary. This reply was not tenable as these purchases were made in contravention of the instructions of the Government.

(iv) Financial rules provide that purchases should be made from rate contract firms and no purchase should be effected from the open market without obtaining a non-availability certificate from the Controller of Stores. It was noticed in audit that tyres and tubes valued at Rs 2.12 lakh⁶ were purchased from local firms without obtaining non-availability certificates from the Controller of

³ DC, Hamirpur: Rs 0.11 lakh; DC, Kangra: Rs 1.09 lakh; DC, Shimla: Rs 0.42 lakh and SDO(Civil), Rohru: Rs 0.05 lakh.

⁴ DC, Kangra: Rs 0.27 lakh, 2 Jeeps; DC, Shimla: 0.31 lakh, 3 Jeeps; DC, Solan: Rs 0.21 lakh, 1 Jeep and SDO(Civil), Rohru: Rs 0.16 lakh, 1 Jeep.

⁵ Kangra:7; Shimla:6 and Solan:1

⁶ DC, Kangra: Rs 1.39 lakh; DC, Shimla: Rs 0.24 lakh; DC, Solan: Rs 0.13 lakh; SDO(Civil), Dharamsala: Rs 0.22 lakh; SDO (Civil), Rampur: Rs 0.09 lakh and SDO(Civil), Arki: Rs 0.05 lakh

Stores and Rs 0.72 lakh⁷ had been paid in excess of the rates of the rate contract firms.

No reasons were furnished by the DCs, Shimla, Solan, SDO(Civil) Dharamsala and SDO (Civil) Arki for the purchase of tyres and tubes from local firms. DC, Kangra and SDO(Civil) Rampur stated (June 1997) that purchases from local firms were made in view of urgency. The replies were not tenable as the purchases were not made as per financial rules.

3.3.7 Utilisation of vehicles

3.3.7.1 High average consumption of petrol oil and lubricants

The Government issued (September 1987) instructions that controlling officers of vehicles would be directly responsible for ensuring improved mileage. For this purpose, they were to personally carry out tests every year and record the mileages actually noticed during the tests in the log books of the vehicles. This average mileage was required to be maintained by the drivers for that year. These instructions were reiterated in March 1990. It was noticed that no such exercise had been carried out by the DCs in the districts test- checked.

The General Administration Department, in consultation with technical experts, fixed (January 1997) minimum average mileages of 6 kms and 8 kms per litre for Ambassador cars and Maruti Gypsy jeeps respectively. It was noticed in audit that during 1992-97, the average mileage of eight Ambassador cars under the control of three⁸ DCs ranged between 4.06 kms and 5.47 kms per litre and the average mileage of 13 Gypsy jeeps in four⁹ of the districts ranged between

⁷ DC, Kangra: Rs 0.46 lakh; DC, Shimla: Rs 0.06 lakh; DC, Solan: Rs 0.03 lakh; SDO(Civil), Dharamsala: Rs 0.10 lakh; SDO(Civil), Rampur: Rs 0.04 lakh and SDO(Civil), Arki: Rs 0.03 lakh

⁸ DC, Kangra: 1; DC, Shimla: 5 and DC, Solan: 2

⁹ DC, Kangra: 2 ; DC, Kinnaur : 2 : DC, Solan: 3 and DC, Shimla: 6

4.58 kms and 7.32 kms. per litre during 1992-97. This resulted in excess consumption of approximately 31,702 litres of petrol valued at about Rs 5.71 lakh.

DCs, Kangra and Kinnaur stated (June-July 1997) that Government instructions would be kept in view in future whereas DCs, Solan and Shimla stated (June 1997) that the variation in consumption of petrol depended on the areas in which the vehicles had been plied. The contention was not acceptable as the minimum mileage had been fixed by GAD after consulting technical experts on the subject.

3.3.7.2 Non-recovery of amount of attached vehicles

Government instructions (December 1977) provided that officers with whom vehicles were attached would be required to pay Rs 75 per month in respect of journeys performed by them for private purposes within a specified limit of 150 kms per month. These rates and limits were revised from time to time in respect of officers at the block and district levels and other officers. It was noticed in audit that Rs 1.70 lakh¹⁰ were outstanding in nine districts¹¹ from 96 officers as of March 1997 on account of vehicles attached with them.

DCs, Kangra and Solan furnished no reasons for non-recoveries of dues and other DCs attributed (August 1997 and November 1997) the non-recovery of dues to transfer and retirement of officers.

3.3.7.3 Misutilisation of vehicles

(i) The Government issued (July 1987 and May 1994) instructions that vehicles purchased out of Small Savings prize money should be exclusively utilised for works relating to small savings. It was noticed in audit that two

¹⁰ More than 10 years: Rs 0.49 lakh; more than 5 years and less than 10 years: Rs 0.84 lakh and upto 5 years : Rs 0.37 lakh

¹¹ Bilaspur, Hamirpur, Kangra, Lahaul and Spiti, Mandi, Shimla, Sirmour, Solan and Una

vehicles were purchased out of Small Savings prize money by DCs, Kinnaur and Kangra in July 1987 and November 1993 respectively. These vehicles, which were utilised for administration and law and order duties, covered a total distance of 1.21 lakh kms (DC, Kinnaur: 52,200 kms and DC, Kangra: 69,404 kms) during 1992-97. While accepting the facts (June-July 1997), the Assistant Commissioners to the Deputy Commissioners furnished no reasons for the utilisation of the vehicles for purposes not related to small savings.

(ii) DCs, Shimla and Solan kept two vehicles each for their own use, one as DC and the other as Chairman of DRDA. It was noticed in audit that both the vehicles were used between April 1992 and November 1994 by the DCs at different places at the same time and on the same dates. The log books were signed by the DCs separately as Chairman, DRDA and DC.

Since one person could not visit two places at the same time, the authenticity of the entries in the log books in respect of journeys comprising 2,668 kms (DC, Shimla: 2,376 kms and DC, Solan 292 kms) was open to question. On this being pointed out in audit, Assistant Commissioners to the Deputy Commissioners, Shimla and Solan stated (June-July 1997) that these journeys were being investigated with reference to the tour programmes of the concerned officials and the entries in the respective log books.

(iii) Rules provide that while using official vehicles, the concerned officer must clearly mention the nature of business and merely indicating the purpose of journeys as 'official' would not be sufficient. Otherwise, the journey would be treated as private.

Scrutiny of the log books of 21 vehicles (DC, Kangra: 5 ; DC, Kinnaur: 6 and DC, Shimla: 10) in audit disclosed that contrary to the above provisions, the nature of business was not recorded against journeys for 2.45 lakh kms (DC, Kangra: 84,813 kms; DC, Kinnaur: 4,614 kms and

DC, Shimla: 1,55,418 km) during 1992-97. Hence, these journeys were to be treated as private. Thus Rs 3.67 lakh were recoverable from such journeys from the officers/officials at fault.

DC, Kangra stated (June 1997) that the desirability of considering such journeys as private would be considered and instructions of the Government regarding indication of the purpose of journeys would be kept in view in future. The Assistant Commissioner to the Deputy Commissioner, Shimla stated (July 1997) that instructions would be issued to all the field officers to indicate the specific purposes of the journeys. DC, Kinnaur stated (July 1997) that the specific purposes would be mentioned in future.

(iv) Rules provide that officers using vehicles should note in the log books in their own handwriting, the mileage at the start and at the completion of their trips and verify the journeys. The names and designations of the users should also be recorded.

Log books of two vehicles of DC, Shimla revealed that journeys covering a total distance of 10,909 kms between May 1995 and March 1997 were not verified by the officers using the vehicles. The names and designations of the officers who used the vehicles were not recorded.

(v) Six vehicles (DC, Kinnaur:2 and DC, Solan: 4) were taken to Chandigarh and Shimla for repairs between April 1992 and July 1996, after covering a total distance of 4,383 kms (DC, Kinnaur: 2,296 kms and DC, Solan: 2,087 kms). However, no repairs were got done and as such, the misutilisation of the vehicles could not be ruled out. DC, Solan stated (June 1997) that the entries would be investigated and in the case of any irregularity, action to effect the recovery would be taken. The Assistant Commissioner to the Deputy Commissioner, Kinnaur stated (July 1997) that the entries were being investigated.

(vi) Rules provide that after duty hours, vehicles should be parked either in the office premises or in garages/places specified by the Government from time to time and in no case should government vehicles be garaged at the residence of any officer/driver.

It was noticed in audit that three vehicles belonging to the office of DC, Shimla were being garaged at the residences of officers such as SDO (Civil) Rural, Shimla, District Revenue Officer, Shimla and Additional District Magistrate, Shimla, in contravention of the provisions of the rules. This resulted in excess consumption of approximately 2,546 litres petrol valued at about Rs 0.46 lakh due to the coverage of an extra distance of 13,928 kms by these vehicles.

DC stated (June 1997) that the official residences of the officers had been declared as garages for their respective vehicles. The reply was not acceptable as in no case were the vehicles to be garaged at the residence of any officer.

(vii) Scrutiny of the log books of 10 vehicles belonging to the offices of three of the DCs¹² revealed that the total distances covered between various places visited as indicated in their respective log books, was shown as 48,282 kms whereas, as per the time table/ fare table of the Himachal Pradesh Road Transport Corporation, the actual distance worked out to 34,705 kms. Thus an avoidable distance of 13,577 kms was covered during 1992-97, resulting in excess consumption of approximately 2,482 litres of petrol valued at about Rs 0.45 lakh. The DCs stated (June 1997) that the inflated distances would be looked into and action to effect recoveries from the defaulters would be taken accordingly.

(viii) Government issued (May 1986) instructions that no officer could take a government vehicle outside his jurisdiction without the prior permission of the

Chief Secretary. Any officer who violated these instructions would have to face departmental proceedings, the entire journey so performed would be treated as 'private' and recovery would be effected accordingly.

During 1992-97, 25¹³ government vehicles were taken outside the jurisdiction of their controlling officers without the prior permission of the Chief Secretary and a total of 2.50 lakh kms was covered by these vehicles. Of this, 13 vehicles made 271 trips¹⁴ to Shimla covering 1,23,888 kms. These journeys were not treated as private. DC, Kangra stated (June 1997) that the government instructions would be kept in view. DCs, Hamirpur, Solan and Shimla stated (June and August 1997) that the journeys would be got regularised from the competent authority. The Assistant Commissioner to DC, Kinnaur stated (July 1997) that the journeys were undertaken in public interest and it was not possible to get prior approval of the competent authority. SDO(Civil), Nichar stated (July 1997) that a case for regularisation of the journeys would be submitted to the Government. The reply of the Assistant Commissioner, Kinnaur was not tenable because the prior permission of the Chief Secretary was required to take the vehicle outside the jurisdiction.

(ix) Rules provide that no vehicle may be taken outside Himachal Pradesh on official tours without prior written permission of the Chief Secretary.

In violation of this order, DCs, Hamirpur, Shimla and Solan took their vehicles outside the State during 1992-97 without the prior permission of the Chief Secretary and covered a total distance of 6,878 kms (DC, Hamirpur: 3,262 kms; DC, Shimla: 2,905 kms and DC, Solan: 711 kms). DC, Shimla stated (May 1997) that *ex-post-facto* sanction was being obtained separately from the Chief

¹³ DC, Hamirpur: 6; DC, Kangra: 8; DC, Kinnaur: 3; DC, Solan: 3; SDO(Civil), Arki :1; SDO(Civil),Nadaun :1; SDO(Civil),Nichar:1; SDO(Civil), Rampur: 1 and SDO(Civil),Rohru: 1

¹⁴ DC, Kangra: 77: six vehicles; DC, Kinnaur: 37: three vehicles; SDO (Civil), Rampur: 39: one vehicle; SDO (Civil), Rohru: 75: one vehicle and DC, Solan: 43: two vehicles

Secretary. DCs, Hamirpur and Solan stated (July-August 1997) that action to regularise these journeys would be taken up with the competent authority.

3.3.7.4 Unauthorised repairs of vehicles

Instructions (July 1992) of the Finance Department which were operative upto September 1995 provided that where the cumulative expenditure on repairing a vehicle had reached Rs 20,000, no repairs costing more than Rs 1,000 and upto Rs 2,000 should be got done without the prior concurrence of the Administrative Department.

Contrary to these instructions, expenditure of Rs 1.83 lakh had been incurred between July 1992 and June 1995 by DC, Solan (Rs 0.86 lakh) and DC, Kangra (Rs 0.97 lakh), in excess of the prescribed limits on the repairs of seven vehicles, the expenditure for repairs of which had already exceeded Rs 20,000 each, without obtaining the prior concurrence of the competent authority .

It was stated (June 1997) by the DCs that the matter to regularise the expenditure on repairs would be taken up with the competent authority.

3.3.8 Inventory control

Rules provide that used parts of vehicles including tyres and tubes should be retained by the Department and a proper account should be maintained for their disposal. The sale proceeds on this account should be credited to the appropriate head of account of the Department concerned.

It was noticed in audit that Rs 47.09 lakh¹⁵ were spent by the five DCs test-checked on repairs of vehicles during 1992-97. No register for the accounting of used parts, including tyres and tubes, as required under the rules, was maintained. Auction of the used parts had also not been conducted by the DCs as

¹⁵ DC, Hamirpur: Rs 14.71 lakh; DC, Kangra: Rs 12 lakh; DC, Kinnaur: Rs 1.04 lakh; DC, Shimla: Rs 10.89 lakh and DC, Solan: Rs 8.45 lakh

of June 1997. The DCs stated (June 1997) that the used parts were being kept in their stores. However, proper accounts of used parts, including tyres and tubes as required were not maintained.

These points were referred to the Government in August 1997; reply had not been received (November 1997).

3.4 Interest receipts not deposited to the Government account

Financial rules provide that Government funds should be drawn only when required and to the extent required and should not be kept outside the Government account. Rules also provide that Government receipts should be credited into the treasury and should not be utilised towards expenditure.

Test-check of records of Deputy Commissioners (DCs), Bilaspur, Chamba, Hamirpur, Kangra, Shimla and Solan revealed (April 1996 -February 1997) the following points:

- (i) Amounts meant for development purposes were being irregularly deposited in banks and post offices, which are outside the Government account:
- (ii) Interest of Rs 65.26 lakh earned on bank deposits by five DCs during 1993-97 had not been deposited into the treasury as required. On this being pointed out in audit, Rs 51.78 lakh were deposited into the treasury between January and July 1997 by DCs, Bilaspur (Rs 4.37 lakh), Hamirpur (Rs 30.27 lakh), Kangra (Rs 11.42 lakh) and Shimla (Rs 5.72 lakh).
- (ii)(a) Interest of Rs 10.29 lakh earned on amounts deposited by DC, Hamirpur were credited in pass books by banks/post offices between 1986 and 1996. The amounts pertained to disbursement of compensation to landowners

Bilaspur (Rs 4.37 lakh), Chamba (Rs 13.48 lakh), Hamirpur (Rs 30.27 lakh), Kangra (Rs 11.42 lakh) and Shimla (Rs 5.72 lakh)

whose lands were acquired for construction of the Regional Engineering College (REC), Hamirpur. Out of the interest amount, only Rs 3.35 lakh was accounted for in the cash book of land acquisition, while Rs 6.94 lakh had not been accounted for in the cash book. However, Rs 10.29 lakh had not been deposited into the treasury as of September 1997.

(b) In the cash book of land acquisition in respect of REC, Hamirpur maintained by DC, Hamirpur, the closing cash balance as on 3 December 1996 had been shown as Rs 87,816, whereas the closing balance as per the bank/post office pass books was Rs 2,02,427. The difference had not been reconciled.

In spite of repeated audit observations since 1990, no action had been taken by the DC to reconcile the balances.

The DC stated (June 1997) that reconciliation had been completed upto December 1993 by a party constituted in May 1997 and the remaining work was in progress.

(iii) Funds drawn for developmental works by DC, Hamirpur which could not be distributed amongst executing agencies were kept in banks/post offices. Between February 1996 and September 1996, the DC transferred Rs 5.14 crore from these banks/post offices to other banks/post offices between the 10th day and the last day of these months, thereby losing interest of Rs 2.14 lakh.

The DC stated (June 1997) that in order to provide gratuitous relief to individual parties, amounts had to be transferred from one bank to another as in certain cases, adequate funds were not available in the respective banks against which cheques had been issued. The reply was not tenable as the amounts could have been kept in one account instead of opening accounts in different banks/post offices.

(iv) Rupees 2.56 lakh were utilised by DC, Kangra (Rs 1.06 lakh for purchase of 50 tarpaulins) and DC, Solan (Rs 1.50 lakh for a development scheme) out of interest receipts on bank deposits towards expenditure during February-September 1996. DC, Kangra stated (February 1997) that the amount was utilised keeping in view the urgency of work and in public interest. The reply was not acceptable as the rules prohibited utilisation of receipts towards expenditure. No reply was received from DC, Solan (June 1997).

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

3.5 Avoidable expenditure due to defective agreement

To supply drinking water during the summer season of 1996 in the scarcity areas of three districts of Mandi Division, the Divisional Level Monitoring and Co-ordination Committee (Sub-Committee) invited tenders in May 1996 for supply of water through tankers. A rate of Rs 2,700 per day for the supply of drinking water through tankers of 9,000 to 10,000 litres capacity was approved by the Sub-Committee. This was subject to the condition that each tanker would operate for twelve hours and cover at least one hundred kms per day. These rates were conveyed (May 1996) to the concerned Deputy Commissioners (DCs) by the Divisional Commissioner, Mandi with instructions that for any deviation from the approved rates and mode of supply, the approval of the Sub-Committee was to be obtained.

Test-check of records of DC, Hamirpur revealed (January 1997) that the agreement (May 1996) with a contractor to supply drinking water did not include any clause regarding covering of at least one hundred kms per day. No approval was obtained to waive the condition as required. The tankers actually covered distances ranging from 20 to 75 kms per day during May to June 1996, but

payment was made to them at the rate of Rs 2,700 per day. The DC incurred an avoidable extra expenditure of approximately Rs 7.23 lakh on this account.

On this being pointed out in audit, the Divisional Commissioner, Mandi waived off (October 1997) the condition of coverage of 100 kms distance in 12 hours by the water tankers for supply of potable water in Hamirpur District in public interest, keeping in view the geographical conditions. The action of the Divisional Commissioner was not acceptable in audit as the geographical condition of the area would have already been taken into consideration by the Sub-Committee while fixing the rates.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

3.6 Regional Decentralised Planning funds spent on purchase of inadmissible items

Under the Regional Decentralised Planning Programme started in 1993-94, the State Government had been placing 5 per cent of the Plan budget of earmarked development departments at the disposal of some Deputy Commissioners (DCs) as 'untied funds'. These DCs were empowered to sanction minor developmental works/schemes which were to be financed by these funds. The works/schemes were to be executed by the concerned departments. The programme strictly prohibited the utilisation of funds for the purchase of store articles other than materials required for construction of the works/schemes.

Test-check of the records of the offices of four DCs (Chamba, Hamirpur, Sirmour and Una) revealed (September 1996 to January 1997) that Rs 21.41 lakh had been spent during 1995-96 on the purchase of colour televisions, furniture, air-conditioners, coolers, etc., which were not required for construction of the development works/schemes.

Chamba: Rs 2.35 lakh; Hamirpur: Rs 3.91 lakh; Sirmour: Rs 12.11 lakh and
Una: Rs 3.04 lakh

The DCs stated (September 1996 - February 1997) that the purchase of materials and equipment were made for the benefit of patients in hospitals and that the District Planning and Development-cum-Twenty Point Programme Review Committees had approved the schemes under which these purchases were made. The contention was not tenable as purchases of such items were not covered under the programme.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

3.7 Blocking of funds due to non-commencement of development works

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

Test-check of the records in the office of the Deputy Commissioner (DC), Bilaspur revealed (January 1997) that funds of Rs 29.03 lakh were drawn under various schemes like Local District Planning, Decentralised Planning, Drought Relief, etc., during 1991-92 to 1995-96 and remitted to different executing agencies of the district for construction of 76 works. These works were stipulated to be completed between six months and one year. The works had not even been started as of December 1996 and the funds were lying unutilised in banks/treasury. Scrutiny of records of some of these works revealed the following points:

- (i) A work of construction of two rooms for the Primary School, Majhed, costing Rs one lakh, for which funds were advanced to the Block Development Officer in January 1995 could not be executed due to a dispute over the site.

(ii) The construction of a Primary School at Bhaprol, costing Rs 0.80 lakh, for which funds were advanced during 1994-95, had not been started as the funds were not adequate. No further steps had been taken (May 1997) to provide funds.

It was stated by the executing agencies (December 1996 - January 1997) that the works could not be started due to site disputes, non-availability of sites, inadequate funds, etc. The replies were not tenable as the DC should have ensured the availability of sites, adequacy of funds etc., before drawal of the money.

Thus the failure of the concerned agencies to execute these works resulted in blocking of funds of Rs 29.03 lakh, besides depriving the public of the intended benefits.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

Rural Development Department

3.8 Non-completion of development works

Test-check of records in the offices of five Block Development Officers (BDOs) revealed (August 1996 - February 1997) that 18 development works like construction of *panchayat ghars*, primary school buildings, rain shelters, etc., were sanctioned between March 1988 and August 1995 for an estimated cost of Rs 10.31 lakh. These works were stipulated to be completed within six months to one year. The amount was released to the executing agencies between March 1988 and August 1995. The works were taken up for execution between November 1989 and June 1996. After spending Rs 8.56 lakh, these works were lying abandoned for the last 10 months to six years. The balance amount of Rs 1.75 lakh was lying unutilised with the executing agencies.

The BDOs stated (September 1996 - February 1997) that the works could not be completed due to disputes over sites, cases being sub-judice, paucity of funds, lack of interest by the *gram panchayats*, etc. The replies were not tenable as the BDOs were to ensure the availability of sites, adequacy of funds, etc., before commencement of the work and drawal of the money.

Thus failure of the BDOs to complete these works within the scheduled time resulted in blocking of funds of Rs 10.31 lakh and depriving the public of the intended benefits.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

Forest Farming and Conservation Department

3.9 Integrated Watershed Development Project for Himalayan Hills (*Kandi* Project)

3.9.1 Introduction

A World Bank aided Integrated Watershed Development Project (Hills) was launched in June 1990 in *Kandi* areas in the districts of Kangra, Sirmour, Solan and Una of the State with the following main objectives:

- (i) to slow and reverse the degradation of the natural environment through the use of appropriate soil and moisture conservation technologies;
- (ii) to conserve soil and water;
- (iii) to improve the production of grain crops, horticulture, fodder, fibre, fuelwood and livestock through the process of soil and water conservation and increase income from the same; and
- (iv) to reduce flooding and devastation caused by degradation of soil.

The abbreviations used in this review have been listed in the Glossary in Appendix-XII (Pages 333-335)

Kandi Himalayan foothills

Six** sub-watersheds, covering an area of 18,378 hectares, were selected in the pilot phase of the Project, for development through the use of treatment of contour vegetative barriers, shrubs and afforestation, gully stabilisation, stream bank protection, construction of silt retention structures, horticulture in marginal arable land and livestock improvement. In December 1994, 12*** more sub-watersheds, covering an area of 31,651 hectares were also taken up for development in the extension phase. The Project thus involved 18 sub-watersheds*, covering a total area of 50,029 hectares, for implementation during 1990-97 which was further extended upto 30 June 1998. The expenditure on the preliminary activities of the Project had started to be incurred from August 1989.

3.9.2 Organisational set up

The Forest Department was the nodal agency for planning, implementation and monitoring of the activities of the Project through the Project Director, Integrated Watershed Development Project (IWDP) (Hills), *Kandi* area, Solan. He was assisted by Subject Matter Specialists in the Project Directorate and four Assistant Project Officers (APOs) at the field level^s drawn from the Forest, Agriculture, Horticulture and Animal Husbandry departments. The State Level Steering Committee (SLSC) was to review the progress of the Project at the State level and the District Level Coordination Committee at the district level.

3.9.3 Audit coverage

Implementation of the Project during 1990-97 in all the 18 sub-watersheds was reviewed in audit (November 1996 and April 1997) by scrutiny of

**S. NO. 1 to 6 of*

***S. No. 7 to 18 of*

1. Kheri Ka Khala
2. Kawal *Khad*
3. Balad Nadi Left Bank
4. Sarahan Di *Khad*
5. Upper Swan
6. Harar Chakki
7. Trilokpur Wala *Nalha*
8. Brakiman Majra
9. Nalagarh
10. Gamloti *Khad* Left Bank
11. Bhagel
12. Sarahan Di *Khad* Left Bank
13. Bhin Wali *Khad*
14. Govindpur *Khad*
15. Take Wali *Khad*
16. Katilu *Khad*
17. Balud
18. Lodhwan

^s Nahan, Nalagarh, Nurpur and Una

records of the Project Director and four APOs in the districts of Kangra, Sirmour, Solan, and Una. Results of the review are mentioned in the succeeding paragraphs.

3.9.4 Highlights

- ** The baseline surveys for the Project, due to be done in the first year of the Project were received after two to three years of the start of the Project. Since these reports were received late, the socio-ecological state of the area could not be taken into consideration while planning and executing the works.

(Paragraph 3.9.5(a) (b))

- ** Due to lack of full budgetary support by the State Government and the slow pace of expenditure, the World Bank reduced the Project cost from Rs 41.10 crore to Rs 39.32 crore. The State Government thus lost the benefit of foreign aid to the extent of Rs 1.78 crore for the Project.

(Paragraph 3.9.7)

- ** Of the 50,029 hectares of area to be treated under the Project. 35,483 hectares were treated during 1990-97, resulting in a shortfall of 29 per cent in the Project achievement.

Project authorities made excess expenditure of Rs 54.97 lakh on 24 activities during 1991-97 in violation of the prescribed cost norms. Five works were executed in Una and Nahan during 1992-96 outside the Project areas at a cost of Rs 13.70 lakh.

(Paragraph 3.9.9)

** Horticulture plantations raised in Nurpur and Nalagarh in 238.70 hectares during 1990-97 at a cost of Rs 21.41 lakh, survived upto a maximum of 45 *per cent*. Similarly, the survival percentage of forest plantations raised at a cost of Rs 58.95 lakh in an area of 1242.80 hectares in the Nalagarh, Nurpur and Una units during 1991-97 ranged between 10 and 49 as against the minimum satisfactory survival percentage of 50. Of this, 1037.60 hectares raised at a cost of Rs 54.66 lakh was in Una unit alone.

(Paragraph 3.9.10.1(a) and 3.9.10.4(e))

** Rupees 28.36 lakh were incurred by the Project Director on barbed wire fencing of horticulture plantations in an area of 478.92 hectares in Nahan, Nalagarh and Una during 1993-96 despite recommendations of the World Bank for live hedge fencing.

(Paragraph 3.9.10.1(d))

** As per decision taken by the State Level Sanctioning Committee, the extension of the *gosadan* at Khajjian (Nurpur) was sanctioned during 1992-93 at a cost of Rs 9 lakh. The Divisional Forest Officer, Nurpur, however, spent Rs 9 lakh on items not provided for in the construction plan and no addition was made to the cattle shed.

(Paragraph 3.9.10.3(a)(i))

** Due to non-functioning of three (out of four) Silt Observatory Posts established upto 1993-94, at a cost of Rs 5.91 lakh, the impact of watershed rehabilitation in reducing soil loss and lowering silt flow could not be measured.

(Paragraph 3.9.10.4(a))

** The activities of 'Vegetative Shrub Barrier' and 'Silvipasture' in non-arable (private) land undertaken during the pilot phase were terminated in 1994 following the Mid-term review. Despite this, Rs 1.62 lakh were spent by Assistant Project Officer, Una on carrying out these activities in an area of 28 hectares during 1995-96.

(Paragraph 3.9.10.4(c))

** Assistant Project Officers, Nalagarh, Nahan, Nurpur and Una got 66,866 square metres of galvanised iron wire crate mesh prepared departmentally at a cost of Rs 40.07 lakh during August 1995 - September 1996. As against this, readymade meshes of inter-link chains of the same specification were available at the rate of Rs 35 per square metre on rate contract approved by the Controller of Stores, Himachal Pradesh during the same period and 66,866 square metres of inter-link chains could have been procured for Rs 23.40 lakh only. This resulted in unauthorised excess expenditure of Rs 16.67 lakh.

(Paragraph 3.9.10.4(d))

** The Principal Chief Conservator of Forests purchased 11 jeeps and 5 cars during 1990-94 for Rs 28.60 lakh from Project funds. Of these, only five new vehicles were supplied to the Project Director and the remaining 11 were retained by him.

(Paragraph 3.9.15)

** The State Level Steering Committee and the Coordination Committees at district level did not meet at prescribed intervals and hence, the progress of the Project was not monitored adequately. The shortfall in constitution of Village Forest

Development Committees ranged between 66 and 85 *per cent* during 1993-97 in four units.

(Paragraph 3.9.13 and 3.9.16)

** A Geographical Information system, which was intended to assist Project monitoring, purchased for Rs 5.27 lakh, was not functional. The Agro Economic Research Centre noted that improvement in the rate of soil loss after implementation of the Project activities could not be ascertained for want of base year data. The Department took no action to remove the deficiencies as of April 1997.

(Paragraph 3.9.14 and 3.9.17)

3.9.5 Survey and planning

According to the Staff Appraisal Report (SAR), an independent agency for carrying out baseline studies was to be engaged during the first year of the Project to establish the present socio-ecological state of the Project area. The agency was expected to present its reports by 31 March 1991. It was observed in audit that:

(a) The work of baseline survey of the *Kheri-ka-Khala* sub-watershed of the pilot phase was entrusted to the Agro Economic Research Centre (AERC) of Himachal Pradesh University, Shimla in November 1991, at a cost of Rs 3.35 lakh, i.e. after 17 months of the commencement of the Project. The baseline survey of the remaining five sub-watersheds of the pilot phase was entrusted to the Dr. Y.S. Parmar University of Horticulture and Forestry (UHF), Nauni (Solan) in November 1992, at a cost of Rs 1.45 lakh, i.e. 29 months after the start of the Project.

While the report of the baseline survey conducted by AERC was received in August 1992, UHF submitted its report to the Project Director in May 1993. However, the work of the Project had started in 1990 itself. Since these reports were received late, the socio-ecological state of the area could not be taken into consideration while planning and executing the works. Thus the expenditure of Rs 4.80 lakh was wasteful.

(b) Contrary to the provisions of the SAR, the baseline survey of the 12 sub-watersheds of the extension phase of the Project was conducted in April-May 1994 by the Project authorities themselves, instead of entrusting it to an independent agency as required.

3.9.6 Funding arrangement

Annual expenditure on the Project, which was to be met by the State Government initially from its own resources, was to be reimbursed subsequently by Government of India (GOI) subject to the overall quantum of the credit promised by the World Bank. Government of India, in turn, was to claim the equivalent amount of credit from the World Bank according to a mutually agreed formula.

Provisions for the Project were made in the annual budgets of the Forest Department and funds were placed at the disposal of the Project Director, who made further distribution of funds amongst the APOs of the different units of the Project.

Civil works: 90 *per cent*; Furniture, equipment and vehicles: 100 *per cent* of ex-factory cost or 80 *per cent* of total cost; Training and consultants: 100 *per cent*, Operative cost: 60 *per cent*; and Field operation: 90 *per cent*

3.9.7 Financial outlay and expenditure

Year-wise details of budget provisions and actual expenditure during 1990-97 were as under:

Year	Budget provision made in SAR/MTR of the World Bank	Budget allotment made by the Government	Expenditure incurred	Shortfall (-)/ excess (+) in budget allotment compared to provisions in SAR/MTR	Shortfall in expenditure compared to budget allotment
(Rupees in crore)					
Upto 1990-91	1.95	1.03	0.72	(-) 0.92	0.31
1991-92	3.01	2.26	1.83	(-) 0.75	0.43
1992-93	3.23	3.00	3.00	(-) 0.23	-
1993-94	4.15	5.00	5.00	(+) 0.85	-
1994-95	7.83	7.35	7.35	(-) 0.48	-
1995-96	10.81	10.78	10.78	(-) 0.03	-
1996-97	10.12	10.30	10.30	(+) 0.18	-
Total	41.10	39.72	38.98		

Following points were noticed in this regard:

Due to absence of full budgetary support by the State Government and the slow pace of expenditure, the World Bank in August 1994, reduced the Project cost from Rs 41.10 crore to Rs 39.32 crore. The State Government thus lost the benefit of foreign aid to the extent of Rs 1.78 crore for the Project. The total expenditure incurred upto 1996-97 was Rs 38.98 crore against the revised Project cost of Rs 39.32 crore. The Project Director could not utilise Rs 0.34 crore upto March 1997, even after reduction of the cost of the Project.

The slow pace of expenditure was attributed (April 1997) by the Project Director to non-availability of staff and lack of work experience of the staff in the relatively new technology of the Project. The reply of the Project Director was not tenable as the Project teams should have been given proper training and adequate manpower should have been arranged. Further, trained staff were frequently transferred from the Project to their parent departments.

3.9.8 Reimbursement of expenditure

As per the SAR, the Project cost incurred from 1st August 1989 till the signing of the agreement for the Project on account of vehicles, equipment, consultancy services, training workshops, initial establishment of nurseries for planting material and other preparatory activities pertaining to the Project were to be retrospectively financed by the World Bank.

Expenditure incurred during the year was to be got reimbursed from GOI on fulfilment of the conditions detailed in SAR on the basis of the mutually agreed formula. Each claim was to be submitted within nine months after the end of each fiscal year. Details of reimbursement claims submitted and amounts actually reimbursed during August 1989 to March 1997 were as under:

Period of claim	Amount of reimbursement		Remarks
	Claimed	Received	
	(Rupees in crore)		
August 1989 to 1990-91	0.63	-	
1991-92	1.50	1.99	Amount received includes Rs 0.58 crore for the period August 1989 to March 1991.
1992-93	2.45	2.44	-
1993-94	4.14	4.26	Amount received includes Rs 0.12 crore outstanding balance of consultancy, training and furniture and equipment.
1994-95	6.15	6.15	Amount received includes Rs 0.44 lakh on account of consultancy and training claim for the year 1993-94
1995-96	9.15	9.15	-
1996-97	8.65	8.65	-
Total	32.67	32.64*	

The following points were noticed:

- (i) A total amount of Rs 1.26 crore^s, not admissible under the Development Credit Agreement between the GOI and the World Bank was disallowed by

* Rs 3.10 lakh was not reimbursed by GOI as the expenditure was not covered under retrospective financing

^s The amounts were disallowed mainly on grounds of extra expenditure compared to cost norms, non/short realisation of beneficiaries' shares, irregular expenditure on hiring of private nurseries, etc

Audit** while furnishing audit certificates for the Project accounts for 1990-96. This amount was not disallowed by GOI even though the expenditure was ineligible and copies of the audit certificates were furnished to them in time.

(ii) Against the total provisions of Rs 1.98 crore made in the revised Project cost in the MTR for civil works, the Project Director spent Rs 2.62 crore upto 1996-97. Thus Rs 1.78 crore (90 *per cent* of Rs 1.98 crore) were reimbursable against the approved outlay of Rs 1.98 crore on civil works during the entire Project period. As against this, Rs 2.36 crore had been reimbursed by GOI upto 1996-97, resulting in excess reimbursement of Rs 0.58 crore.

3.9.9 Physical Performance

Against 50,029 hectares of area in the 18 sub-watersheds envisaged for treatment, 35,483 hectares were treated upto March 1997. Against the envisaged per hectare cost of Rs 7,859 the actual per hectare cost was Rs 10,986 at the end of 1996-97. Shortfall of 14,546 hectares (29 *per cent*) was attributed (April 1997) by the Project Director to shortage of staff at the preliminary stage. The reply was not tenable as staff should have been provided for the Project keeping in view its targets and the period of execution. Moreover, the shortfall occurred not only at the preliminary stage but continued to persist till March 1997.

Following points were noticed in audit:

(a) Execution of works outside the Project area

Though the implementation of the Project was to be carried out only in the Project area, five works costing Rs 13.70 lakh were executed by APOs, Una and Nahan outside the selected sub-watersheds of the Project during 1992-96.

The execution of the works outside the Project area was attributed (January 1997) by the APO, Una to late receipt (May 1993) of the baseline survey report. The APO, Nahan, however, stated (March 1997) that these works were executed due to their feasibility from the tourist point of view, non-availability of

** AG, (Audit) Himachal Pradesh

site for documentation centre within the Project area, etc. As per the SAR, the baseline survey report should have been completed by 31 March 1991. APO, Nahan's reply was not tenable as there was no provision in the SAR to consider the interest of tourism while executing Project works.

(b) Excess expenditure on works

Various activities under the Project were to be carried out within the prescribed cost fixed for each treatment. Audit scrutiny revealed that excess expenditure of Rs 54.97 lakh was incurred on 24 activities (as detailed in Appendix-VI) under the Project during 1991-97 as the prescribed cost norms were not observed.

Excess expenditure was attributed (January-March 1997) by the APOs to fixing of inadequate cost norms, non-collection of beneficiaries' shares in some cases and longer leads for carriage of material than expected.

3.9.10 Component-wise performance

3.9.10.1 Horticulture sector

(a) Excessive failures of horticulture plantations

No norms were fixed for successful and satisfactory results in horticulture plantation. The Project Director stated (April 1997) that maintenance was being provided for three years and as such, horticulture plantation having a survival percentage of 50 was to be considered satisfactory.

In the Nurpur and Nalagarh units, where horticulture plantation had been raised in 238.70 hectares during 1990-97 at a cost of Rs 21.41 lakh, the

survival percentage ranged between zero and 45 per cent as tabulated below:

Survival percentage									
Units	Period	Between zero and 25 per cent		Between 26 and 35 per cent		Between 36 and 45 per cent		Total	
		Area (In hectares)	Amount (Rupees in lakh)	Area (In hectares)	Amount (Rupees in lakh)	Area (In hectares)	Amount (Rupees in lakh)	Area (In hectares)	Amount (Rupees in lakh)
Nalagarh	1990-91 to 1992-93	1.00	0.15	--	--	29.00	3.88	30.00	4.03
Nurpur	1992-93 to 1996-97	83.24	6.73	97.75	8.35	27.71	2.30	208.70	17.38
Total		84.24	6.88	97.75	8.35	56.71	6.18		

The APO, Nurpur attributed (March 1997) the failure to climatic factors. The reply was not tenable as climatic factors should have been taken into consideration before selection of sites. No reply had been received from APO, Nalagarh.

(b) Horticulture plantations raised in arable land

Horticulture plantations were to be raised on marginal arable land which was unsuited for long term annual cropping because of steep slopes. Plantations were raised in 485.97 hectares of arable land instead of marginal arable land at a cost of Rs 37.39 lakh during 1990-97, in disregard of the guidelines in the SAR. Although monthly progress reports of physical achievements were received by the Project Director regularly, he did not object to this practice. The APO, Nahan attributed (March 1997) the plantation in arable land to non-availability of marginal arable land. During audit, it was seen that 270.60 hectares of marginal arable land was available in two sub-watersheds of this unit as per the feasibility reports prepared by the Project authorities. Thus the reply of APO, Nahan was not tenable. The APO, Nalagarh stated (February 1997)

that the farmers were cultivating the land where horticulture plantations were raised and the latter was not affecting other crops. The reply of the APO, Nalagarh was not tenable as the plantations were not raised as required under the Project.

(c) **Non-incorporation of moisture conservation measures in horticulture plantations**

(i) The SAR stressed on *in-situ* moisture conservation for better survival of horticulture plantations by adoption of the V-ditch technology. According to this technology, fruit trees were to be planted in contour V-ditches or in conjunction with vetiver contour barriers in order to improve the status of soil moisture in the root zone of the trees. Of 843.62 hectares of horticulture plantations raised in the three units of Nahan, Nalagarh and Una, 735 hectares were treated without the V-ditch method by spending Rs 36.74 lakh during 1990-97. It was observed from records of the APOs that out of the plantations raised without the V-ditch method, the survival percentage of plantations raised in 11 hectares at a cost of Rs 1.03 lakh ranged between 12 and 50 while the percentage of survival of plantations raised in 418 hectares at a cost of Rs 31.56 lakh, ranged between 51 and 75. While the APOs, Nahan and Una stated (January-March 1997) that the concept of V-ditches was not clear to them, the APO, Nalagarh stated that this method was resisted by almost all the farmers. The replies of the APOs were not tenable as training in the V-ditch method should have been imparted to the field functionaries as stipulated in the SAR and the farmers should have been motivated to adopt the new technology.

(ii) The participating farmers were to be assisted by the Project to plan, lay out and establish rainfed horticulture in areas which were not under irrigation. In Nahan and Nalagarh units, 223.90 hectares of land was brought under horticulture plantations during 1992-95. Of these, plantations in 5.57 hectares were done on

irrigated land after spending Rs 0.52 lakh, resulting in a deviation from the objective of the scheme.

(d) Unjustified expenditure on barbed wire fencing

The World Bank Review Mission recommended in July 1993 that the farmers should be encouraged to take up live hedge fencing. The AERC also recommended (February 1996) the adoption of live hedge fencing. However, barbed wire fencing was adopted by the APOs, Nahan, Nalagarh and Una in the horticultural plantations upto 1995-96 and Rs 33.80 lakh were spent on fencing for 478.92 hectares of horticulture plantation at Nahan, Nalagarh and Una during 1993-96. Had live hedge fencing been adopted, the expenditure would have been only Rs 5.44 lakh.

The Project Director stated (April 1997) that barbed wire fencing had been replaced from 1996-97 as the recommendations of AERC were received in May 1996. The reply was not tenable as the World Bank Review Mission had recommended live hedge fencing as early as in July 1993. Thus an extra expenditure of Rs 28.36 lakh was unjustifiably spent by the Project Director in violation of the recommendations of the World Bank.

3.9.10.2 Agriculture sector

(a) Unfruitful expenditure on vegetative barriers

As per the SAR, treatment was to be carried out with vetiver grass for terrace repair and vegetative reinforcement, vegetative field boundaries and for the conversion to horticulture of marginal arable lands. During 1990-93, 1387.33 hectares of area was treated in all the units of the Project by planting vetiver grass at a cost of Rs 21.64 lakh.

As per an assessment made (May-June 1993) by the Planning and Monitoring Unit of the Project, the failure of vetiver grass raised was between

67 and 93 *per cent*. The treatment through vetiver grass was, thereafter, replaced by the Project authorities by other types of grasses. The Project Director intimated (April 1997) that the technology of raising vetiver grass was entirely new to the Project and it was only after 2-3 years that the results of the technology were noticed. The reasons for not providing training to the staff before taking up the activity had not been intimated.

(b) Work suffered due to shortage of extension staff

According to the Loan Agreement between the World Bank and GOI, at least one Village Extension Worker (VEW) was to be employed for every 400 farm families to disseminate rainfed vegetative technology on arable lands in the project areas. During the pilot phase of the Project, against the requirement of at least 17 VEWs in the four units, only six were engaged in 1990-91, 10 in 1991-92, 17 in 1992-93 and 16 in 1993-94. During the extension phase, against the requirement of at least 38 VEWs, only 11 were engaged in 1994-95 and 13 in 1996-97.

The APOs, Nalagarh, Nurpur and Una stated (January-March 1997) that the shortage of extension staff had affected the satisfactory performance of the Project at the extension level. The Project Director attributed (April 1997) this to the ban imposed on recruitment by the State Government. The reply was not tenable as during negotiations with the World Bank, the State Government had agreed (February 1990) that additional VEWs would be recruited.

(c) Non-recovery of the cost of material

As per the SAR, 50 *per cent* of the cost of material was to be recovered from the beneficiaries under the "On Farm Fodder Production" activity. Test-check of records of APOs, Una and Nurpur revealed that 50 *per cent* of the cost of material valuing Rs 2.69 lakh had not been recovered from the concerned

beneficiaries during 1991-96. The APOs stated (January-March 1997) that no clear instructions regarding the recovery of beneficiaries' shares had been received by them. The reply was not tenable as the provision regarding the recovery of beneficiaries' shares was clearly indicated in the SAR.

3.9.10.3 Animal Husbandry Sector

(a) Unfruitful expenditure on development of *Gosadan*

(i) Under the 'Livestock Reduction Programme', unproductive cattle of the Project area were to be accommodated in *gosadans*, wherever it was socially acceptable and expected to succeed. The Director, Animal Husbandry carried out the extension of the existing *gosadan* at a cost of Rs 9 lakh during 1992-93 at Khajjian (Nurpur) to enhance its capacity from accommodating 50 to 200 cattle. The Veterinary Officer, in charge of the *gosadan*, however, stated (March 1997) that the capacity of the *gosadan* remained at 50 animals and no addition had been made to the cattle shed. It was noticed that against the target of 1,100 cattle to be kept in the *gosadan* during 1991-95, only 231 cattle were transported to it at a cost of Rs 0.95 lakh. Thereafter, no cattle were carried to the *gosadan* and this activity was discontinued. Thus the expenditure was largely unfruitful.

The Project Director stated (April 1997) that the cost of transportation of cattle to the *gosadan* was very high and the farmers were not interested in sending their cattle to the *gosadan* due to religious attachments.

(ii) As per the decision taken by the SLSC, the extension of the *gosadan* was to include construction of night shelters, store and office room, mangers, passages, electric incinerator, incinerator room and installation of electrical supply. Scrutiny, however, revealed that the expenditure was incurred by the

Divisional Forest Officer (DFO), Nurpur in the following manner:

Serial number	Item	Amount (Rupees in lakh)
1.	Construction of road leading to <i>gosadan</i> compound	0.12
2.	Ramp in gate of compound wall	0.09
3.	Construction of new hay shed and ski shed	5.43
4.	Addition and alteration in existing <i>gosadan</i> building	1.54
5.	Compound wall in two parts	1.82
Total		9.00

Thus the DFO had entirely deviated from the approved plan of the work unauthorisedly. The estimate of the work submitted (May 1993) by the DFO for approval through the Director of Animal Husbandry to the Government had not been approved as of March 1997.

(b) Improper implementation of 'Supplementary Livestock Feeding' programme

Under the 'Supplementary Livestock Feeding' programme of the Project, nutritional supplements were to be provided to animals during periods of nutritional stress.

(i) Under the 'Female Calf Rearing' activity, which was a part of this programme, first generation improved crossbred female calves were entitled to a supplementary ration from their fourth month to their 32nd month or calving date, whichever was earlier. The beneficiaries had to bear 50 *per cent* of the cost of feed. Test-check revealed that the ration was discontinued between the ages of the fourth month to 27th month in respect of calves of 158 beneficiaries during 1991-97 as they were unwilling (99 cases) to bear 50 *per cent* of the cost of feed or sold the calves (59 cases).

(ii) Upto 1993-94, Rs 2.66 lakh were spent on the Calf Starter Activity, which was discontinued thereafter. The Project Director stated (April 1997) that the activity was discontinued because the farmers were not interested as the cost of the activity, even after 50 *per cent* subsidy, was very high and the poor farmers were not ready to pay it. The reply was not tenable as the farmers should have been motivated to take up this activity. Thus the objective of transition to more productive livestock remained unachieved.

(c) **Rehabilitation of stalls**

For reducing land degradation and increasing the production from animals, the construction and improvement of animals' stalls were to be promoted. The activity 'Rehabilitation of stalls' was implemented upto 1994-95 and Rs 4.37 lakh were spent on its implementation. The Project Director stated (April 1997) that the farmers were not ready to pay 50 *per cent* cost on rehabilitation of their stalls. The reply was not acceptable as the farmers should have been motivated to adopt this new technology.

3.9.10.4 Forest sector

(a) **Nqn-functioning of 'Silt Observatory Posts'**

To assess the impact of watershed rehabilitation, the SAR envisaged instrumental measurements and scientific analysis of reducing soil loss on stabilised slopes and lowering silt flow in the wider watershed area. Accordingly, four 'Silt Observatory Posts' (SOPs) were established at a cost of Rs 6.56 lakh at Nahan, Nalagarh, Nurpur and Una upto 1993-94. It was observed that three SOPs (Nahan, Nurpur and Una) established at a cost of Rs 5.91 lakh did not function for periods ranging between 26 and 30 months. The APO, Nahan stated that the SOP in Nahan was not functioning due to change of water course on upstream due to

breach of a *nallah*. An estimate for Rs 0.86 lakh, sent (May 1996) by the APO to the Project Director for restoration of the water course area, had not been approved (March 1997) due to paucity of funds. APOs, Nurpur and Una stated that the SOPs at Nurpur and Una were not functioning due to damage to water stage level recorders.

Thus due to non-functioning of these SOPs, the impact of watershed rehabilitation in reducing soil loss and lowering silt flow could not be measured and the investment of Rs 5.91 lakh made on the establishment of these SOPs remained largely unfruitful.

(b) Incomplete implementation of activities

A target of 1,265 hectares of village common land was fixed for treatment in the Project area through activities such as 'Rehabilitation of Vegetation' and 'Replenish Afforestation'.

Test-check revealed that 'Rehabilitation of Vegetation Activity' was implemented in 90 hectares of land in Nahan and Una during 1993-94 while 'Replenish Afforestation' was actually implemented in 25 hectares of land in Nahan during 1994-95 at a cost of Rs 2.69 lakh. These activities were discontinued thereafter. The discontinuation of the same was attributed (April 1997) by the Project Director to non-availability of village common land. The reply was not tenable as the availability of area should have been considered while fixing the targets at the initial stage.

(c) Implementation of activities not covered under the Project

The activities of 'Vegetative Shrub Barrier' and 'Silvipasture in Non-Arable (Private) Land', undertaken during the pilot phase, were terminated in 1994 following the MTR. It was observed that in spite of the termination, these activities were carried out in 28 hectares of the Project area by APO, Una at a cost

of Rs 1.62 lakh during 1995-96. Reasons for execution of these activities, called for in April 1997, had not been intimated (July 1997). Thus the expenditure of Rs 1.62 lakh incurred on these activities was unauthorised.

(d) Avoidable expenditure on purchase of galvanised iron wire instead of inter-linked chains

Under the 'Stream Bank Protection' and 'Gully Stabilisation' activities, spurs and dry stone structures consisting of wire crates filled with boulders were to be constructed. These crates were either prepared with readymade meshes of inter-link chains purchased from the market or with galvanised iron wire woven by departmental labour. The APOs, Nalagarh, Nahan, Nurpur and Una got 66,866 square metres of galvanised iron (GI) wire crate mesh prepared departmentally at a cost of Rs 40.07 lakh (labour and material cost) during August 1995 - September 1996. The size of the mesh was 150 mm with eight gauge wire.

As against this, readymade meshes of inter-link chains of the same specification were available at the rate of Rs 35 per square metre on rate contract approved by the Controller of Stores, Himachal Pradesh during the same period and 66,866 square metres of inter-link chains could have been procured for Rs 23.40 lakh only, had these been purchased against the approved rate contract. The APOs, Nalagarh and Nurpur stated (May 1997) that the crates constructed from GI wire were stable, stronger and durable whereas the use of inter-link chains for such structures was not technically advisable. The reply was not tenable as the GI wire used in the inter-link chains available on rate contract were of the same specification as those used by the above units. Thus unauthorised excess expenditure of Rs 16.67 lakh had been incurred on this activity. No specific approval of the Project Director had been obtained by the APOs for preparing the meshes departmentally.

(e) **Excessive failures of forest plantations**

No norms were fixed for successful and satisfactory results in forest plantations under the Project. However, the Project Director stated (April 1997) that forest plantations having a survival rate of 50 *per cent* were considered to be satisfactory.

In the Nalagarh, Nurpur and Una units, the survival percentage of forest plantations, raised at a cost of Rs 58.95 lakh during 1991-97, in an area of 1242.80 hectares, ranged between 10 and 49 *per cent*. The APO, Una attributed (January 1997) the unsatisfactory percentage of survival to scanty rains and overgrazing while the APO, Nalagarh attributed (February 1997) it to the non-formation of Village Forest Development Committees (VFDCs) and non-participation of the village communities in the protection of plantation areas.

The reason advanced by APO, Una that overgrazing led to failure of the plantations was not tenable as the Project envisaged reduction of uncontrolled grazing in order to reduce land degradation and steps should have been taken for the purpose. The reply of APO, Nalagarh was not tenable as under the Project, the staff of the implementing agencies were to be trained in interactive planning to involve beneficiaries in ensuring the sustained management of common property resources. Thus the expenditure of Rs 58.95 lakh on this activity proved to be largely unfruitful.

(f) **Extra expenditure on the construction of water storage structures**

The World Bank Mission, during its visit (January 1994) to the Project, recommended that efforts should be made to restrict the cost of per cubic metre of water storage to around Rs 20 in new constructions.

Nalagarh: 40 hectare: Rs 0.61 lakh; 36 to 49 *per cent*
 Nurpur: 165.20 hectare: Rs 3.68 lakh; 10 to 49 *per cent*
 Una: 1037.60 hectare: Rs 54.66 lakh; 10 to 49 *per cent*

It was, however, noticed that during 1994-97, earthen run off dams, water harvesting structures, cement masonry structures and silt detention dams with a total storage capacity of 1,70,188 cubic metres of water were got constructed by the four APOs at a cost of Rs 57.51 lakh (Nahan: Rs 22.85 lakh; Nalagarh: Rs 21.77 lakh; Nurpur: Rs 7.94 lakh and Una: Rs 4.95 lakh). The per cubic metre cost of the construction ranged between Rs 22.70 and Rs 269. The cost was very high (Rs 269 per cubic metre of water storage capacity) in the case of cement structures.

Thus an expenditure of Rs 23.47 lakh was incurred over and above the recommended limit of Rs 34.04 lakh. Reasons for the extra expenditure had not been furnished by the concerned APOs (July 1997).

(g) Excess expenditure incurred by the APOs on various activities

APO-wise excess expenditure on various activities of the Project was as under:

Name of the unit	Actual	Expenditure	
		To be incurred	Excess
(Rupees in lakh)			
Nahan	40.91	21.76	19.15
Nalagarh	43.04	21.82	21.22
Nurpur	117.17	80.51	36.66
Una	140.04	91.98	48.06
Total	341.16	216.07	125.09

Thus highest excess expenditure on these activities was incurred by APO, Una followed by APOs, Nurpur, Nalagarh and Nahan.

3.9.11 Manpower

As per the SAR and the recommendations made in the MTR (August 1994), 25 officers and 236 officials were to be deployed in the Project. Against

this, 12 officers, 142 regular officials and 42 daily wagers were deployed in the Project during 1990-97, resulting in a shortage of 65 employees. All the APOs stated (January-March 1997) that posting of inadequate extension staff had affected the satisfactory performance of the Project at the extension level. The Project Director stated (April 1997) that the shortage of staff was due to the imposition of a ban by the Government on filling up of new posts. The reply was not tenable because as per the Agreement with the World Bank, the Watershed Planning and Implementation Offices should have been manned with qualified staff in adequate numbers.

The World Bank Review Mission recommended (July 1993) the recruitment of consultants in the field of pasture development. It was decided in a meeting of the SLSC held in September 1996 that the services of experts from the Agriculture University, Palampur were to be taken for this purpose, on normal remuneration, as the University was duty bound to render all assistance to the Project. The Project Director stated (April 1997) that consultants from the University could not be engaged as the remuneration offered was not acceptable to them.

3.9.12 Benefit of research programme not available in time

Under the 'On Farm Applied Research' activity envisaged in the SAR, each watershed was to be linked to a zonal research station managed by the State Agriculture University in the area. The Agriculture University, Palampur and the University of Horticulture and Forestry, Solan were associated with the Project for this purpose. During 1991-97, grants-in-aid of Rs 45 lakh and Rs 3.16 lakh respectively were paid to these Universities by the Project. It was, however, noticed that the results of the research communicated (October 1993 and February 1996) by the Universities to the Project Director had not been made available to the APOs. The Project Director stated (October 1997) that in October 1993, only the details of trials/experiments to be conducted were

received. The results of these trials/experiments were received from the Universities only in February 1996. By this time, the Project had already completed six years of its implementation out of the Project period of seven years. He also stated that there was hardly any use in adopting the results of these trials/experiments at the terminal stage of the Project. Thus the expenditure of Rs 48.16 lakh paid to the Universities proved to be infructuous.

3.9.13 Shortfall in establishment of Village Forest Development Committees for participatory management

For planning, protection, afforestation and judicious use of eco-development of forest areas, the State Government issued a notification for the constitution of Village Forest Development Committees (VFDCs) in May 1993. The notification was also made applicable to the *Kandi* Project. Identified beneficiaries were to be involved in the maintenance and sustainability of the common property resources created under the Project. Accordingly, some VFDCs were constituted in the Project area. The APO-wise position of VFDCs to be formed during 1993-97 and those actually formed was as under:

Name of unit	Number of Committees required to be formed	Number of Committees actually formed	Shortfall (Percentage)
Nahan	50	12	38 (76)
Nalagarh	124	18	106 (85)
Nurpur	74	25	49 (66)
Una	45	13	32 (71)
Total	293	68	225

The shortfall in constitution of VFDCs ranged between 66 and 85 per cent during 1993-97. The APO, Una attributed (January 1997) the shortfall to lack of interest by the villagers. Thus the objective of involving the

beneficiaries in maintenance and sustainability of the resources created under the Project was largely not achieved.

3.9.14 Non-utilisation of Geographical Information System

As per the Development Credit Agreement between the World Bank and GOI, a Geographical Information System (GIS) was to be established in the Project to assist in the planning and monitoring of the Project activities.

A GIS was purchased by the Project Director in March 1994 for Rs 5.27 lakh. The system had not been made operational as of March 1997. The Project Director stated (April 1997) that the equipment could not be made functional for want of trained personnel. It was evident that adequate efforts were not made by the Project Director to engage trained personnel to make the system operational. Thus the expenditure of Rs 5.27 lakh was unfruitful.

3.9.15 Vehicles purchased out of Project funds were utilised for departmental work

In the SAR, there was a provision for purchasing 16 four-wheelers (four wheel jeeps: 6; cars: 3; trucks: 2; four wheel drive trailers: 3; publicity-cum-pick up vans: 2) and 20 motorcycles for use in the Project, at an estimated cost of Rs 23.40 lakh. Against this, the Principal Chief Conservator of Forests (Pr CCF) purchased 11 jeeps and five cars during 1990-94 for Rs 28.60 lakh from Project funds. No motorcycle was purchased for the Project.

Only five vehicles costing Rs 9.95 lakh were supplied to the Project Director while the remaining 11 vehicles, costing Rs 18.65 lakh were retained by the Pr CCF. Of the 11 vehicles, five were retained by the Pr CCF, four were given to Divisional Forest Officers (DFO), Hamirpur (Working Plan), Kotgarh, Shimla (Wild Life) and Solan. One vehicle was provided to the Forest Minister and one to DFO, Training School, Chail. In the absence of an adequate number of

vehicles, the Project Director/APOs had to hire taxis for Project work for which Rs 6.70 lakh were spent during 1990-97.

The Project Director stated (April 1997) that due to non-provision of the vehicles envisaged in the SAR, the field staff was unable to undertake tours for inspection and monitoring of various works. It was, however, observed that seven old vehicles (car: 1; jeeps: 5 and truck: 1) were provided by the Pr CCF to the Project Director between March 1994 and June 1996, after delays ranging from four to six years. Thus vehicles purchased for the Project were unjustifiably used for departmental works, while the Project work suffered for want of vehicles.

3.9.16 Meetings of the State/District level Committees

To review the progress of Project activities, the SLSC had been constituted at the State level, while coordination committees had been constituted at the district level.

At the State level, only 11 meetings were held during 1990-97 by the SLSC against the prescribed 14 meetings. Similarly, as against the prescribed 56 meetings, only 25 meetings could be held at the district level by coordination committees during 1990-97.

The Project Director stated (April 1997) that the shortfall in arranging meetings was due to the absence of the Chairman. The SLSC should have reviewed the progress of the meetings of district level committees and ensured regular meetings at the State level. Thus adequate monitoring of the progress of Project activities was not done at the appropriate level.

3.9.17 Evaluation report received at the fag end of the Project

As per the SAR, an independent agency was to be engaged for carrying out evaluation of the Project work. A Memorandum of Understanding (MOU) was signed in November 1991 with AERC for carrying out the evaluation work. As per the MOU, a concurrent evaluation report was to be submitted by March 1994, so that its recommendations could be helpful during the MTR of the Project by the World Bank Mission. While Rs 4.04 lakh were paid to AERC in March 1994, its report was received in May 1996. Following major deficiencies were pointed out by AERC:

- (a) Due to the lack of effective demonstration and extension activities, particularly on rainfed technology in crop production, the desired improvement had not been noticed in the development of the agriculture sector.
- (b) During the field survey, it was noticed that field demonstrations on techniques of moisture conservation and plantation method of fruit trees conducted by the Project authorities were not being implemented by the farmers properly. The applied research trials conducted by the concerned University in the area had not shown the desired impact.
- (c) The Project had not fixed targets during a particular period for the improvement of breeds of cows and buffaloes in the watershed area. Though the Project had made isolated efforts in improving livestock of the area, the programme had not been made self sustainable. Field demonstrations, had not been conducted with regard to improved feeding practices and other aspects of livestock management. The farmers in the areas were not well aware of the improved breeds of cows and buffaloes and the expected benefits from dairying enterprises.
- (d) Though village forest committees were constituted, the same did not have the power to check the menace of encroached grazing in protected

plantations. Some of the closed areas did not have proper fencing and chowkidars for watch and ward. While the plantation and conservation/protection was being done by the Project authorities, the permissions for grazing, resin tapping and felling of trees were being given by the Forest Department. Thus the Project authorities could not exercise proper control over the management of forest resources in the area.

(e) For want of base year data, it could not be ascertained as to how much improvement had been achieved in the rate of soil loss after the implementation of Project activities in the areas.

No action to remove these deficiencies had been taken by the Project Director as of December 1996.

The Project Director stated (December 1996) that 1996 was the terminal year of the Project and the concurrent evaluation report had been received in May 1996. As such, there was no use in sending the recommendations to the field units at that stage. As the evaluation report did not serve the intended purpose expenditure of Rs 4.04 lakh incurred thereon proved to be infructuous.

These points were referred to the Government in July 1997; reply had not been received (November 1997).

Education Department

3.10 Total Literacy Campaign

3.10.1 Introduction

To impart functional literacy to 80 million persons in the 15-35 age group by 1995, National Literacy Mission (NLM) was set up by the Government of India (GOI) in May 1988. The Total Literacy Campaign (TLC) project, was

The abbreviations used in this review have been listed in the Glossary in Appendix-XII (Pages 333-335)

launched as a Central Plan scheme in 1988 with the objective of the NLM to impart functional literacy to adults in the age group of 15-35. Considering that adult literacy was not total literacy, the NLM also decided to cover the age group of 6-14 under TLC. TLC became the principal strategy of the National Literacy Mission Authority (NLMA), with the following major objectives:-

- (i) total eradication of illiteracy in the age group of 6-35 years; and,
- (ii) achievement of 80-85 *per cent* literacy in each of the target/focus groups.

Being the productive and reproductive age group, the focus of the literacy programme was on the 15-35 years age group. Women and girls, scheduled castes (SCs) and scheduled tribes (STs) were the special target groups in this campaign.

The Post Literacy Campaign (PLC) project, a sequel to TLC and a part of the same Central Plan scheme, was to be implemented immediately after the completion of TLC to maintain continuity in the programme, so that neo-literates did not relapse into illiteracy as a result of the break in the learning process. The duration of TLC was assumed to be of 12 months or longer in appropriate cases while the total duration for PLC had been prescribed as 24 months.

To launch TLC in the State, the respective Deputy Commissioners (DCs) were to prepare timebound calendars of activities in the form of project reports of their districts through *Zila Saksharta Samities* (ZSSs), which were to be formally approved by NLM. The actual launching of the campaign was, however, to be done only after approval of the Executive Committee of NLM and sanctioning of the first instalment of funds from GOI. While the project report for implementation of TLC in 11 districts¹ of the State,

¹ Bilaspur, Chamba, Hamirpur, Kangra, Kinnaur, Kullu, Lahaul and Spiti, Mandi, Shimla, Solan and Una

prepared on the basis of the project reports submitted by the various ZSSs, was approved by NLM in May 1992, the report for Sirmour district was approved in 1991.

In Himachal Pradesh, the project was initially started in Sirmour District during 1991-92. It was taken up in the remaining 11 districts during 1992-93. The State Government had initially decided to eradicate illiteracy by December 1994 but this target was further extended in February 1996 to 15 April 1996.

3.10.2 Organisational set up

The Ministry of Human Resource Development (Department of Education), GOI was responsible for the overall administration and budgetary control of the scheme at the Central level. At the apex national level, TLC was implemented by NLMA. At the State level, the *Rajya Saksharta Parishad* (RSP) was the highest monitoring body, with the Chief Minister as its Chairman. The Director of Adult Education (DAE) was to execute the scheme in the various districts through ZSSs, which were headed by the respective DCs.

3.10.3 Audit coverage

Implementation of the scheme for the period 1991-97 was reviewed in audit during May-July 1997 in four ZSSs of Hamirpur, Kangra, Kinnaur and Sirmour districts, supplemented by a test-check of records of DAE at Shimla. The results of the review are embodied in the succeeding paragraphs.

3.10.4 Highlights

** The *Zila Saksharta Samities* did not conduct surveys to identify illiterates in respect of different age-groups in each category i.e.

men, women, scheduled castes and scheduled tribes with special focus on the 15-35 years age group before preparation of the projects for each district.

(Paragraph 3.10.5)

** Number of illiterates was adopted from the 1991 census. Consequently, against the estimated 1.91 lakh illiterates, the actual number was identified as 1.11 lakh in *Zila Saksharta Samities*, Hamirpur, Kangra and Kinnaur. As the project cost was prepared on the basis of census figures, it was inflated by Rs 23.62 lakh in these three districts.

(Paragraph 3.10.7(b))

** Although Hamirpur District was declared as fully literate by the State Government in November 1994, 3,000 out of 24,000 (nearly 13 *per cent*) learners enrolled under TLC had dropped out. Thus the declaration of full literacy for Hamirpur was not based on facts.

(Paragraph 3.10.8(iii))

** The actual per learner costs were higher than the approved rates of the Government of India. This resulted in extra expenditure of Rs 9.06 lakh on a total of 1.16 lakh learners in Hamirpur, Kinnaur and Sirmour districts.

(Paragraph 3.10.8.1)

** In 12 districts, books worth Rs 37.91 lakh were printed in excess of the actual requirements. There was no possibility of utilising these books as the Total Literacy Campaign had been completed in the State.

(Paragraph 3.10.10(i))

** In the three districts, stationery items worth Rs 9.56 lakh were purchased by *Zila Saksharta Samities* in violation of tender procedures from the open market and without obtaining non-availability certificates from the Printing and Stationery Department.

(Paragraph 3.10.11)

** In the four districts test-checked, slates and pencils costing Rs 3.73 lakh were purchased in excess of actual requirements. Further, pencils and slates worth Rs 2.99 lakh were issued in excess of actual requirements in these districts.

(Paragraph 3.10.11(a)(ii) and (iii))

** The gap between the Total Literacy Campaign and the Post Literacy Campaign was to be minimum so that neo-literates did not relapse into illiteracy. The Post Literacy Campaign was taken up in the districts test-checked after gaps ranging between two and 12 months from the date of completion of the Total Literacy Campaign.

(Paragraph 3.10.13.3)

** Though 2,500 *Jan Jagriti Kendras* were to be set up in Sirmour District, none had been established.

(Paragraph 3.10.13.5(c))

** Rupees 16.26 lakh advanced to various executing agencies during 1992-97 remained unadjusted as of June 1997.

(Paragraph 3.10.14.1)

** Audited statements of accounts and utilisation certificates were not sent to Government of India by *Zila Saksharta Samities*, Hamirpur, Kangra, Kinnaur and Sirmour even though the Total Literacy Campaign projects had been completed. *Zila Saksharta Samities*, Hamirpur and Sirmour mixed up the transactions

relating to Total Literacy Campaign and Post Literacy Campaign and the accounts did not correctly reflect the expenditure relating to the Total Literacy Campaign. Unutilised materials worth Rs 13.31 lakh were not mentioned in the balance sheets by *Zila Saksharta Samities*, Hamirpur and Kangra. *Zila Saksharta Samiti*, Kinnaur had not prepared the balance sheet though the Total Literacy Campaign project had been completed in March 1994. Bank reconciliation was not done regularly by *Zila Saksharta Samities*, Hamirpur and Sirmour.

(Paragraph 3.10.14.2 and 3.10.14.3)

** *Zila Saksharta Samities*, Hamirpur, Kangra, Kinnaur and Sirmour spent Rs 8.96 lakh during 1993-97 on purchase of items like calendar diaries, bags, furniture, tyres, steam coal, etc., which were not covered under the scheme. No physical verification of stock held by *Zila Saksharta Samities* was conducted in four districts.

(Paragraph 3.10.14.4(i) and 3.10.14.5)

** Government initially decided to eradicate illiteracy by December 1994 and subsequently revised the target to April 1996. There was a shortfall of 56 *per cent* in achievement of the target as of May 1996. No concurrent evaluation of the scheme was conducted in 11 out of 12 districts and no external evaluation was done in 9 out of 12 districts.

(Paragraph 3.10.15(ii)(c) and 3.10.16)

** Post Literacy Campaign had not been implemented in respect of about 60 *per cent* of the targeted population in Kinnaur District.

(Paragraph 3.10.16(ii)(b)(i))

3.10.5 Survey and identification

As per the guidelines of the scheme, before preparation of the projects for each district, the respective ZSSs were to conduct surveys of illiterates in different age groups i.e. 6-14 years, 15-35 years and 36 years and above in each category i.e. men and women, SCs and STs with special focus on the 15-35 years age group.

Surveys to identify illiterates in the 9-45 age group were undertaken in four districts test-checked between January 1993 and June 1993 but no target/focus group-wise identifications were made. The delays in conducting surveys ranged between one and 15 months. The ZSSs stated (June 1997) that age group-wise surveys were not required as per the project report of the State. The reply was not tenable in view of the guidelines of the scheme. The Government did not intimate the reasons for not adhering to the guidelines.

3.10.6 Funding of the scheme

The cost of the project was to be borne by the Central and the State Governments in the ratio of 2:1. For districts under Tribal sub-plan areas, the ratio was 4:1. The Central grant was released direct to the ZSSs. The State Government also released its share direct to the concerned ZSSs, which were the implementing agencies of the scheme after the project was approved by NLM.

3.10.7 Financial outlay and expenditure

Information regarding total expenditure on implementation of the scheme in the entire State during 1991-97 was not available with DAE.

The budget provisions and actual expenditure for the scheme in the districts test-checked during 1992-97 was as under:

(Rupees in lakh)

Year	Name of scheme	Budget Estimates			Amount released			Expenditure		
		Central share	State share	Total	Central share	State share	Total	Central share	State share	Total
1991-92	TLC	43.33	21.67	65.00	25.00	-	25.00	2.02	-	2.02
	PLC	-	-	-	-	-	-	-	-	-
1992-93	TLC	96.69	48.34	145.03	56.00	27.75	83.75	34.76	27.34	62.10
	PLC	-	-	-	-	-	-	-	-	-
1993-94	TLC	-	-	-	27.00	14.69	41.69	36.37	12.98	49.35
	PLC	2.66	1.34	4.00	1.33	-	1.33	-	-	-
1994-95	TLC	-	-	-	-	15.43	15.43	6.97	4.61	11.58
	PLC	36.69	18.34	55.03	16.20	4.04	20.24	5.96	0.44	6.40
1995-96	TLC	-	-	-	-	5.32	5.32	3.99	-	3.99
	PLC	3.91	1.96	5.87	9.69	13.40	23.09	16.01	10.56	26.57
1996-97	TLC	-	-	-	-	-	-	7.60	0.15	7.75
	PLC	50.23	25.11	75.34	25.00	2.00	27.00	9.82	3.92	13.74
Total	TLC	140.02	70.01	210.03	108.00	63.19	171.19	91.71	45.08	136.79
	PLC	93.49	46.75	140.24	52.22	19.44	71.66	31.79	14.92	46.71

Following points were observed in audit:

(a) According to the scheme, unspent balances, after completion of TLC, were to be adjusted against further Central grants for PLC. TLC projects were sanctioned (November 1991-November 1992) for Rs 2.10 crore for the four districts. GOI and the State Government, however, released only Rs 1.71 crore, against which expenditure of only Rs 1.37 crore had been incurred by the four ZSSs till the closure of the project in each district. Unspent grants of Rs 34.40 lakh (Central share: Rs 16.29 lakh and State Share: Rs 18.11 lakh) were lying with the three ZSSs of Kangra, Kinnaur and Sirmour in banks, either in the shape of fixed deposits or in saving bank accounts.

(b) The project cost was provisionally worked out for Rs 1.45 crore by the ZSSs, Hamirpur, Kangra and Kinnaur for 1.91 lakh illiterates on the basis of the 1991 general census. After specific surveys were carried out by these ZSSs in January-June 1993, the actual number of illiterates was found to be 1.11 lakh. Funds released by GOI on the basis of these

provisional figures could not, therefore, be fully utilised. Due to the adoption of inflated cost, Rs 23.62 lakh were released (Central share: Rs 14.44 lakh and State share: Rs 9.18 lakh) in excess of requirement.

3.10.8 Physical targets and achievements

(i) The position of illiterates identified by the four ZSSs during surveys in the age group of 9-45 years was as tabulated below:

Serial number	Name of ZSS	Illiterates identified	Actual enrolment	Unenrolled illiterates	Drop outs	Total evaluated	Declared successful	Percentage of success
1.	Hamirpur	24,000	24,000	--	3,000	21,000	21,000	100
2.	Kangra	80,921	70,562	10,359	5,888	33,410	24,940	75
3.	Kinnaur	5,468	5,468	--	218	5,250	5,250	100
4.	Sirmour	1,00,700	86,080	14,620	24,325	61,755	45,322	73
Total		2,11,089	1,86,110	24,979	33,431	1,21,415	96,512	79

The actual enrolment during the period of the project (October 1991 to January 1997) was 1.86 lakh, resulting in a shortfall of 24,979 as against identified illiterates. Out of the enrolled illiterates, 33,431 had dropped out at different stages. Out of 1.21 lakh learners evaluated at the end of the project period to find out their achievement levels, 96,512 learners (*79 per cent*) were declared successful.

Non-coverage of all the identified illiterates and dropouts was attributed (June 1997) by the ZSSs to lack of motivation, migration of labourers to other places for earning their livelihood and agricultural occupations. They stated that the unenrolled people and dropouts would be covered under PLC. The contention of the ZSSs, Sirmour and Hamirpur was not tenable as the time period for the PLC scheme in those districts had expired in August and December 1996 respectively.

(ii) In the ZSSs of Hamirpur, Kangra and Kinnaur, the rate of success, of SCs and STs ranged between 67 and 100 *per cent*. No separate information with regard to evaluation of SCs and STs was available in ZSS, Sirmour though specific group-wise targets and achievements were to be collected.

(iii) District Hamirpur was declared (November 1994) to be fully literate by the State Government. Audit scrutiny disclosed that 3,000 out of 24,000 (nearly 13 *per cent*) learners enrolled under TLC had dropped out. Therefore, the declaration of full literacy for Hamirpur was not based on actual facts.

3.10.8.1 Per learner cost

As per the scheme, the approved cost per learner was Rs 65 for TLC and Rs 40 per neo-literate per year for two years for PLC. GOI was to approve the total cost of the project on the basis of these parameters. Test-check in the ZSSs disclosed the following points:

The projects in Hamirpur, Kangra and Kinnaur were approved by GOI at higher per learner costs of Rs 69.40, Rs 74.15 and Rs 114.15 respectively. The cost in Sirmour District was approved as per norms. No reasons were on record for approval of the projects at these higher rates. Scrutiny revealed that actual per learner costs were even higher (Hamirpur: Rs 75.80; Kinnaur: Rs 139.90 and Sirmour: Rs 72.10) which resulted in extra expenditure of Rs 9.06 lakh on the total of 1.16 lakh learners in the three districts. While no reasons were stated for this by ZSS, Hamirpur, the ZSSs, Kinnaur and Sirmour stated (June-July 1997) that the excess expenditure was due to excess supply of books by DAE.

3.10.8.2 Delay in commencement and completion of projects

The duration of TLC was prescribed by GOI as 16 months. The stipulated and actual dates of commencement and completion of TLC projects in

four districts were as under:

Name of district	Stipulated date of		Actual dates of		Delay in	
	Commencement	Completion	Commencement	Completion	Commencement	Completion
Hamirpur	April 1992	July 1993	July 1992	July 1994	3	12
Kangra	April 1992	July 1993	August 1992	January 1997	4	42
Kinnaur	April 1992	July 1993	December 1992	March 1994	8	8
Sirmour	August 1991	November 1992	October 1991	October 1993	2	11

It would be seen that delay in commencement of TLC projects in the four districts ranged between 2 and 8 months. Their completion was also delayed by 8 to 42 months.

The ZSSs stated (June 1997) that delays were mainly due to late receipt of funds from GOI/state government, difficult terrain, frequent transfers of staff and lack of motivation.

The continuation of the TLC projects beyond the stipulated dates was unauthorised as no extension had been sought from the GOI as of June 1997.

3.10.9 Training

Training for Resource Persons (RPs) at the district level, Master Trainers (MTs) at the block level and Volunteer Instructors (VIs) at the panchayat level was to be imparted for 9 days in repeated rounds of 4+2+2+1 days. The initial training of 4 days which was to be imparted before the launching of the project was to concentrate on the overall objectives of TLC and on the transaction of Him-Chetna Primer-I². The second and third rounds of two days each were to

² Him-Chetna Primers-1, II and III: 3- graded primer prescribed for learners under TLC

coincide with the starting and actual transaction of Him-Chetna Primers-II and III respectively. The final round of one day's training was to lay emphasis on the final learners' evaluation and organisation of PLC. Test-check of records of the four ZSSs disclosed the following points:

- (i) Although TLC was started in Kangra and Sirmour districts in 1992-93 and 1991-92, training to RPs/MTs/VIs in Kangra and Sirmour districts was imparted only in 1993-94 and 1992-93 respectively.
- (ii) An external evaluation study (January 1997) by the Centre for Media Studies, New Delhi observed that before launching of the Primers II and III, no training had been imparted to the VIs except for some booster training in a few pockets. Besides, no training had been imparted to new VIs who had joined after some VIs had dropped out of the programme. The ZSS, Kangra, however, intimated (June 1997) that all the VIs under TLC were imparted the prescribed training.

3.10.10 Printing of learning material

As per instructions of NLM, printing of learning material was to be arranged at the district level. However, as per the project report for TLC, printing of learning material, (including Him-Chetna and an instructor's guide) was undertaken at the State Government Printing Press, Shimla. The following points were noticed in this regard:

- (i) A total of 33.85 lakh books (Him-Chetna: 31.95 lakh and instructor's guide: 1.90 lakh) costing Rs 1.15 crore were printed in the State on the basis of provisional estimates at the State Government Printing Press. Against the actual requirement of 22.34 lakh books (Him-Chetna: 21.62 lakh and instructor's guide: 0.72 lakh), 32.22 lakh books (Him-Chetna: 30.70 lakh and instructor's guide: 1.52 lakh) were supplied to the ZSSs through DAE, during 1991-93. A

total of 1.63 lakh books (Him-Chetna: 1.25 lakh and instructor's guide: 0.38 lakh) worth Rs 4.94 lakh were lying in stock with DAE as of July 1997. As such, 11.51 lakh books (Him-Chetna: 10.33 lakh and instructor's guide: 1.18 lakh) valued at Rs 37.91 lakh had been printed in excess of the actual requirements. There is little possibility of use of these books as TLC had been completed in all the districts in the State.

DAE stated (June 1997) that printing and distribution of the books was done on the basis of 1991 census figures and the survey was conducted later on. Thus printing of books without conducting survey of illiterates resulted in loss of Rs 37.91 lakh.

(ii) ZSS, Sirmour got 10,000 books (Him-Chetna-I) printed from a private firm in February 1996 at a cost of Rs 0.94 lakh by collecting spot quotations, when 31,546 books were already available with DAE as of July 1997 and 1,945 such books were lying in stock in March 1996 with ZSS, Sirmour itself. This resulted in wasteful expenditure of Rs 0.94 lakh.

3.10.11 Excess procurement and supply of teaching and learning material

(a) As per the guidelines of the project, each learner was to be provided with a slate and lead pencil in addition to the 3 -graded primer. Test-check revealed the following points:

- (i) In the four districts, excess purchase of 59.1 thousand slates costing Rs 2.93 lakh and 44.5 thousand lead pencils costing Rs 0.80 lakh was made, involving wasteful expenditure of Rs 3.73 lakh.
- (ii) Learning materials like lead pencils and slates worth Rs 2.99 lakh were issued to some learners in excess of requirement while these materials were not issued at all to 48 thousand learners in four districts.

- (iii) After the completion of TLC (Hamirpur: July 1994, Kangra: January 1997, Kinnaur: March 1994 and Sirmour: October 1993), 16,490 slates costing Rs 0.76 lakh and 8,080 lead pencils costing Rs 0.08 lakh were lying undistributed in the stocks of the respective ZSSs.
- (iv) Against the requirement of 72.6 thousand primers to be issued to 24.2 thousand VIs by ZSSs, Kangra and Sirmour, only 59.5 thousand books were issued to 19.8 thousand VIs, while against the requirement of 16.2 thousand books to be issued to 5,410 VIs by ZSSs, Hamirpur and Kinnaur, no book was issued.
- (v) Against the requirement of 29.6 thousand slates and an equal number of pencils, only 12 thousand slates and equal number of pencils were issued to 12 thousand VIs by ZSS, Sirmour while no slates or pencils were issued to the remaining 17.6 thousand VIs by ZSSs, Hamirpur, Kangra and Kinnaur.

ZSSs, Hamirpur and Sirmour stated (June 1997) that books were supplied by DAE in excess of requirements. Their contentions were not acceptable as DAE should have supplied the books to the ZSSs as per their actual requirements. ZSSs, Hamirpur, Kangra and Sirmour further stated that learning material was distributed as per requirement. Their replies were not tenable as required number of books/slates and pencils were not supplied to VIs as mentioned above.

- (b) There was no provision in the scheme for the purchase of exercise books for distribution to learners and VIs. Test-check of records in the four

districts revealed the following points:

(i) 2.29 lakh exercise books (Hamirpur: 25,060, Kangra: 441, Kinnaur: 25,719 and Sirmour: 1,78,150) valuing Rs 5.24 lakh were unauthorisedly purchased by these ZSSs from local markets without invitation of tenders.

(ii) Stationery items (including chalk, charts, slates and lead pencils) valuing Rs 9.56 lakh were purchased by ZSSs, Hamirpur, Kangra and Kinnaur from the open market without invitation of tenders and without obtaining non-availability certificates (NAC) from the State Printing and Stationery Department. While no valid reasons were given by ZSSs, Kangra and Kinnaur, ZSS, Hamirpur stated (June 1997) that NAC could not be obtained due to shortage of time. The reply was not tenable as the DCs should have ensured following of prescribed procedure while making the purchases.

3.10.12 Management

(i) Village Campaign Committees

Though formation of village campaign committees (VCCs) in each village was critical for the success of the scheme as these were to ensure regularity in the conduct of teaching-learning activities, sort out problems relating to high dropouts, provide logistic and local resource support, etc., no such committees were formed in ZSS, Hamirpur during 1992-93. During 1993-94 and 1994-95, no VCCs were formed in 1,151 out of the total of 1,348 villages in the district.

The shortfalls were attributed (June 1997) by ZSS, Hamirpur to non-conducting of reviews of VCCs by them. It was also stated that the present position was not known to them. The contention was not tenable as the VCCs should have been formed as prescribed.

(ii) Village Education Committees

Village education committees (VECs) had a crucial role to play in making primary education a success as these were to be involved in keeping track of children who did not attend school regularly, meeting the parents, persuading them to send their children to school, etc.

Audit scrutiny showed that no VECs were formed in any of the villages of Hamirpur, Kangra and Kinnaur districts.

ZSS, Hamirpur attributed (June 1997) the non-forming of VECs to non-availability of committed volunteers, while ZSS, Kangra stated (June 1997) that the functions of these committees were entrusted to the panchayat and ward level campaign committees respectively. ZSS, Kinnaur stated (July 1997) that duties of VECs were entrusted to the VCCs. Thus due to the lack of a motivational approach by ZSS, Hamirpur and inadequate steps taken by ZSSs, Kangra and Kinnaur, the objectives of establishing the VECs could not be achieved.

3.10.13 Post Literacy Campaign**3.10.13.1 Financial targets and achievements**

PLC projects for the districts test-checked were approved by NLM for Rs 1.40 crore* between October 1993 and December 1996. Against Rs 1.40 crore, only Rs 71.66 lakh were released during 1993-97, out of which, only Rs 46.71 lakh were spent during the same period, leaving an unspent balance of Rs 24.95 lakh. The unspent balance was lying in banks as of June-July 1997.

* Hamirpur: Rs 21.43 lakh; Kangra: Rs 75.34 lakh; Kinnaur: Rs 5.87 lakh and Sirmour: Rs 37.60 lakh

3.10.13.2 Physical targets and achievements

(i) PLC was launched in Hamirpur, Kinnaur and Sirmour districts in February 1995, April 1995 and April 1994 respectively. These projects had not been completed till June 1997 although their prescribed periods of completion were over in December 1996, July 1997 and August 1996 respectively. In Kangra district, where TLC was completed in January 1997, the PLC project was started in April 1997.

ZSSs, Hamirpur, Kinnaur and Sirmour attributed (June-July 1997) the delays in completion of PLC to irregular participation of neo-literates due to their occupational problems. It was noticed in audit that the ZSSs had not applied to GOI for extension of time for the projects.

(ii) Under ZSSs, Kinnaur and Sirmour, against the projected 54.2 thousand neo-literates in the PLC project report, 50.5 thousand were actually identified. Of these, 28.4 thousand neo-literates were actually enrolled while 4,074 neo-literates had subsequently dropped out.

Thus only 24.4 thousand neo-literates (48 *per cent*) were still in the process of learning, while 26.1 thousand neo-literates (52 *per cent*) could not be assimilated in the learning process.

ZSSs, Kinnaur and Sirmour attributed (June-July 1997) the non-completion of the project to the emphasis on enrolling illiterate children in the age group of 6-11 years under the mopping up operation, starting of classes at 14 different villages where children never went to school and taking up of various environment building activities. This reply was not tenable as the mopping up operation was not covered under PLC.

3.10.13.3 Lack of continuity between TLC and PLC

PLC was a sequel to TLC to ensure that neo-literates did not relapse into illiteracy as a result of any gap between the two.

In the four districts test-checked, PLC was taken up after gaps ranging from 2 to 12 months from the date of completion of TLC as indicated below:

Serial number	Name of ZSS	Month of completion of TLC	Month of taking up of PLC	Delay (In months)
1.	Hamirpur	July 1994	February 1995	06
2.	Kangra	January 1997	April 1997	02
3.	Kinnaur	March 1994	April 1995	12
4.	Sirmour	October 1993	April 1994	05

As a result of this gap, the possibilities of neo-literates relapsing into illiteracy could not be ruled out. The ZSSs attributed the delay in taking up PLC to late processing of PLC projects; late receipt of funds; non-building/ delay in building of necessary environment; frequent transfers of staff on secondment; harvesting seasons; election duties, etc. These reasons were not tenable as the constraints should have been kept in view at the stage of initial planning.

3.10.13.4 Inadequate coverage of dropouts of the school system and children in areas without school

The project emphasised the need for enrolment of dropouts of the school system and children in habitations without schools. Of the 8,222 identified cases of dropouts of the school system and children in habitations without any school, (Hamirpur: 472; Kinnaur: 225 and Sirmour: 7,525) 5,548 learners (Hamirpur: 160; Kinnaur: 169 and Sirmour: 5,219) were enrolled during 1994-96. ZSS, Hamirpur had no information as to whether the enrolled children had been

made literate. ZSS, Sirmour stated (June 1997) that none of the enrolled children had been made literate.

ZSS, Hamirpur stated (June 1997) that the shortfall in enrolment was due to the children being handicapped and that a separate project for establishing a school for such children had been proposed. ZSS, Sirmour informed (June 1997) that the shortfall was due to non-availability of schools near the children's houses. Thus adequate efforts were not made to cover the dropout children.

3.10.13.5 Adequate number of Village Learning Centres and Jan Chetna Kendras/ Jan Jagriti Kendras not established

The project provided for the setting up of Village Learning Centres (VLCs) and small rural libraries, popularly known as 'Jan Chetna Kendras (JCK)/Jan Jagriti Kendras (JJK)'. Each JCK/JJK could be used for purposes such as a library, reading room, discussion forum and a centre for culture and sports activities. According to the respective project reports of the ZSSs, the number of VLCs and JCKs/JJKs depended upon geographical and climatic conditions and the population of neo-literates in the districts. The following points were noticed in this regard:

- (a) Only 1,786 VLCs had been established till the end of the project against a target of 2,860 VLCs in Kinnaur and Sirmour districts.
- (b) In Hamirpur District, as against 1,000 JCKs to be established, 510 JCKs were actually established. The shortfall was attributed (June 1997) to non-availability of volunteers.
- (c) In Sirmour District, against the targeted 2,500 JJKs, no JJK was established during the currency of the project.

ZSS, Sirmour attributed (June 1997) the shortfall in establishment of VLCs and the non-establishment of JJKs to delay in sanctioning the PLC project;

failure to build the required environment before taking up PLC, lack of incentive for volunteers, etc. It was not known as to what efforts were made by ZSS, Sirmour to remove these constraints.

(d) No JCKs had been established in Kinnaur District against a target of 300 JCKs in the project report. The ZSS, Kinnaur stated (July 1997) that neither the targets nor achievements of establishment of JCKs were known to them.

Thus the objectives of setting up VLCs, JCKs and JJKs in these districts had not been fully achieved.

3.10.13.6 Excess printing of post literacy materials

Against the requirement of 21 thousand PL-I books by ZSS, Hamirpur, 25 thousand books were got printed in 1994-95, resulting in excess printing of 4,000 PL-I textbooks worth Rs 0.32 lakh. Of these, 1,000 books were sent to ZSS, Chamba and 3,000 books were lying in the stock of ZSS, Hamirpur as of June 1997.

3.10.13.7 Inadequate supply of post literacy materials

Test-check revealed that out of 77.1 thousand PL-I text books printed against the actual requirement of 75.2 thousand text books in Hamirpur, Kinnaur and Sirmour districts, only 42.7 thousand text books were distributed amongst the neo-literates and the remaining 34.4 thousand (Hamirpur: 4,000; Kinnaur: 370 and Sirmour: 29,990) worth Rs 1.84 lakh were lying undistributed in the respective stores as of June 1997.

The shortfall in distribution of literacy material was attributed (June 1997) by ZSSs, Hamirpur, Kinnaur and Sirmour to lesser enrolment of neo-

literates and lack of success of the project. Thus the ZSSs had failed to ensure maximum involvement of neo-literates, as envisaged under the PLC project.

3.10.14 Deficiency in maintenance and rendering of accounts

3.10.14.1 Non-rendering of accounts

Various Sub-Divisional Officers (SDOs) (Civil), Block Development Officers (BDOs) and other field agencies were advanced Rs 16.26 lakh³ for implementation of TLC/PLC during 1992-97. These amounts were outstanding for adjustment in their respective ledger accounts as of June 1997. Amount of Rs 13.53 lakh advanced to SDOs (Civil) and BDOs by ZSS, Kangra was irregularly treated as grants-in-aid by them and no accounts were, therefore, rendered to the ZSS. As such, the utilisation of these amounts could not be verified in audit.

ZSSs, Hamirpur and Kangra stated (June 1997) that steps would be taken to rectify the omission in future.

3.10.14.2 Defective maintenance of accounts/balance sheets

The terms and conditions for the release of Central grants envisaged that consolidated audited statements of accounts and utilisation certificates in respect of the projects should be submitted by the ZSSs to GOI within three months of the completion of the same. Test-check revealed that in the four districts, the audited statements of accounts and the utilisation certificates were not sent to GOI by the ZSSs, even though the TLC projects had been completed.

³ 1992-93: Rs 1.81 lakh; 1993-94: Rs 5.34 lakh; 1994-95: Rs 1.85 lakh; 1995-96: Rs 3.35 lakh and 1996-97:Rs 3.91 lakh

- (a) In respect of ZSSs, Hamirpur and Sirmour, where TLC was completed in July 1994 and October 1993 respectively, the audited statements of accounts were prepared upto November 1996 and March 1996, which included transactions relating to PLC. Thus the accounts of TLC did not correctly reflect the expenditure relating to TLC.
- (b) Unutilised materials/stock worth Rs 13.31 lakh (Hamirpur: Rs 0.82 lakh and Kangra Rs 12.49 lakh) held by the ZSSs at the close of the TLC projects were not mentioned in the balance sheets.
- (c) Fixed assets worth Rs 1.02 lakh (Hamirpur: Rs 0.46 lakh and Kangra: Rs 0.56 lakh) like electronic typewriter, typewriters, almirahs, furniture, etc. purchased out of TLC funds, were not disclosed in the balance sheets.
- (d) Rupees 6.92 lakh (Hamirpur: Rs 0.04 lakh; Kangra: Rs 0.21 lakh and Sirmour: Rs 6.67 lakh) representing the cost of books supplied by DAE and Rs 0.56 lakh retained by DAE for meeting expenses on account of travelling and daily allowance and miscellaneous charges of non-official members of TLC, had not been taken into account in the balance sheets. The above expenditure was adjusted in the State's share of the funds by DAE.
- (e) No balance sheet had been prepared by ZSS, Kinnaur though the TLC project had been completed in March 1994.

Non-depiction of these items in the balance sheets was attributed (June 1997) by the ZSSs to lack of knowledge of preparation of accounts. It was further stated that the balance sheets would be got modified in accordance with the advice of audit. The replies were not tenable as the accounts statements were got prepared from Chartered Accountants who were qualified for the work.

3.10.14.3 Absence of bank reconciliation

Bank reconciliation was not done regularly by ZSSs, Hamirpur and Sirmour. At the close of March 1997, the figure of the closing balance of the cash book of ZSS, Sirmour did not agree with the balances of its pass books and there was a difference of Rs 0.42 lakh between them. There were totalling mistakes in the cash book of ZSS, Hamirpur.

ZSS, Hamirpur attributed (June 1997) the improper maintenance of the cash book to the deployment of an untrained cash clerk and stated that the omission would be checked up and rectified in due course. The reply was not tenable as the maintenance of accounts should have been entrusted to trained personnel.

3.10.14.4 Unauthorised expenditure

(i) In four districts, Rs 8.96 lakh (Hamirpur: Rs 3.43 lakh, Kangra: Rs 0.56 lakh, Kinnaur: Rs 0.46 lakh and Sirmour: Rs 4.51 lakh) were spent during 1993-97 on items like calendar diaries, bags, electronic typewriters, furniture, tyres, repairs and maintenance of jeep, salary of regular driver, purchase of steam coal, etc., which were not covered under the provisions of the scheme. These expenditures inflated the cost of the project.

(ii) A proposal of the State Government to give cash incentives to the volunteers was turned down (February 1992) by GOI. In spite of this, Rs 0.60 lakh were sanctioned and distributed by ZSS, Kangra during 1995-97 to 26 persons as a token of appreciation for the services rendered by them to the literacy campaign. Of this, Rs 0.29 lakh were awarded to the Secretary of the ZSS on four occasions.

ZSS, Kangra, while admitting the facts, stated (June 1977) that the awards were a sequel to exceptionally good and selfless work done by the

awardees. The reply was not tenable as the awards were given without approval of GOI and the expenditure of Rs 0.60 lakh was incurred unauthorisedly.

3.10.14.5 Non-accountal/short-accountal of stores and absence of physical verifications of stores

Test-check revealed the following points:

(i) Learning material worth Rs 2.98 lakh (Hamirpur: Rs 0.87 lakh and Kangra: Rs 2.11 lakh) issued by ZSSs, Hamirpur and Kangra to the block coordinators during 1992-93 were not accounted for by the latter. The discrepancies had not been reconciled as of June 1997.

(ii) Physical verification of stores/stock held by the four ZSSs in connection with TLC/PLC was never carried out though required to be done at least once in a year.

The ZSSs, Hamirpur and Kangra stated (June 1997) that physical verification would be carried out and shortages reconciled. No reply was given by ZSSs, Kinnaur and Sirmour.

3.10.15 Inadequate monitoring and supervision

(i) The Central Directorate of Adult Education, GOI had been assigned the responsibility of monitoring the district-wise literacy campaigns on behalf of NLM. An effective monitoring system was to be sensitive to the needs and problems of volunteers and learners. It was to ensure timely availability of materials, minimum level of facilities for training, facilitation of literacy activities and timely reporting.

Test-check revealed that the Central Directorate of Adult Education did not monitor and supervise the scheme till June 1997 when a team headed by the Joint Director (Adult Education), GOI visited Shimla, Sirmour and Solan districts. The results of the inspection were awaited (July 1997).

(ii) At the State Level, the State Directorate of Adult Education had been entrusted with the responsibility of monitoring and supervision of activities of the ZSSs.

(a) Although monthly progress reports were being collected from the ZSSs and submitted to GOI in a consolidated form, no local visits or inspections had ever been made by the officials of the Directorate as of July 1997.

(b) The *Rajya Saksharta Parishad* (RSP) set up in 1993, which was to issue guidelines to make the campaign a success and review the literacy programmes in the districts, was required to meet at least once in a quarter.

Test-check revealed that against the required 16 meetings during 1993-97, RSP had held only five meetings.

(c) The State Government had decided to eradicate illiteracy by December 1994 and subsequently revised the target to 15 April 1996. However, RSP assessed (May 1996) that there was a shortfall of 56 per cent in the achievement of this target.

3.10.16 Evaluation

(i) **No concurrent evaluation made in 11 out of 12 districts**

As per the guidelines of GOI, concurrent evaluation of the schemes was to be conducted by an agency to be nominated by the DAE.

Scrutiny revealed that out of the 12 ZSSs in the State, concurrent evaluation was conducted by DAE (August-September 1996) only in respect of ZSS, Solan. The results of the evaluation were not intimated as of July 1997. Reasons for not conducting concurrent evaluation in the other 11 districts were not intimated (July 1997) by DAE.

(ii) External evaluation

(a) External evaluation of the learners under the project was to be done by an institution of social science research or a group of individuals from outside the districts. Project-wise evaluation studies were to be conducted at the end of the campaigns and reports submitted to NLM.

Test-check revealed that external evaluation of the TLC projects in respect of ZSSs, Hamirpur, Kangra and Kinnaur had been done by the Regional Resource Centre (RRC), Punjab University, Chandigarh (Hamirpur and Kinnaur) and Centre for Media Studies, New Delhi (Kangra) during July 1994, July 1996 and January 1997 respectively. The reports had, however, not been sent to the NLM as of June 1997. No such evaluation had been done in respect of ZSS, Sirmour.

(b) Scrutiny of the external evaluation reports of ZSSs, Hamirpur and Kangra revealed that only 3,031 (three *per cent*) out of the 91.5 thousand learners were evaluated, of which 1,675 (55 *per cent*) were found to be successful as per the norms laid down by NLM.

The evaluation report of ZSS, Kinnaur conducted by RRC, Punjab University, Chandigarh in July 1996 pointed out the following deficiencies in the overall implementation and impact of the project in the district:

(i) No PLC had been implemented in respect of about 60 *per cent* of the target population resulting in discontinuity of the learning process.

- (ii) The evaluation was got done after a gap of two years from the date of completion of classes causing some loss of initial gains. The possibility of neo-literates relapsing into illiteracy could not be ruled out.
- (iii) The evaluation indicated a success rate of 30.3 *per cent* according to the target sample.
- (iv) The element of voluntaryism was very little in the district.
- (v) The participation of male learners in the evaluation test was only eight *per cent*.
- (vi) The VIs were not trained as per guidelines of NLM.

The evaluation report of ZSS, Kangra received in June 1997, pointed out the following deficiencies due to which this campaign suffered in the district:

- (i) Non-provision of payment of any remuneration to the volunteers.
- (ii) Lack of adequate emphasis to the training programmes.
- (iii) Shortage of volunteers.
- (iv) Loss of enthusiasm by the activists in view of the inaccessible roads and lack of communication with the villages.
- (v) Non receipt of learning material by the learners.
- (vi) Non carrying out of environment building activities in the hilly region.
- (vii) Lack of timely supply of learning material.
- (viii) Large number of dropouts from the learning centres due to time constraints, and shyness in attending classes.
- (ix) Shortfalls in environment building activities due to frequent transfers of ZSS officials.

- (x) Non-fixation of time by the ZSS for closing of TLC.
- (xi) Failure of the Management Information System in identifying the effective target of illiterates.

No deficiencies were pointed out in the evaluation report of ZSS, Hamirpur.

No external evaluation had been done in the remaining nine districts of the State.

These points were referred to Government in August 1997; reply had not been received (November 1997).

3.11 Excess purchase of text books for free distribution

Financial rules stipulate that purchases must be made in the most economical manner; in accordance with the definite requirements of public service. It was noticed in audit that a scheme for distribution of free text books to students of primary classes in tribal areas was introduced in the State in 1986-87. For this purpose, books were to be purchased by District Primary Education Officers (DPEOs) on the basis of the actual number of students in each school.

Between January 1992 and February 1997, DPEO, Kinnaur purchased 23,780 sets of books for Rs 5.83 lakh in excess of requirement for academic sessions from 1992-93 to 1997-98 in Kinnaur district. The books were purchased on the basis of the total budget allotments instead of actual number of students in the various schools. The year-wise and class-wise purchase of books *vis-a-vis*

session-wise enrolment was as shown below:

Class	Number of sets of books purchased for sessions						Books purchased in excess	
	(Number of enrolments in brackets)							
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	Total	
First	3600 (2218)	4250 (2284)	4000 (2017)	4500 (2323)	5500 (2236)	2800 (2800)	24650 (13878)	10772
Second	2100 (1867)	2503 (1888)	2400 (1839)	2500 (1800)	2600 (1896)	2300 (2300)	14403 (11590)	2813
Third	1902 (1633)	2402 (1826)	2400 (1776)	2500 (1775)	2600 (1897)	2200 (2200)	14004 (11107)	2897
Fourth	1902 (1581)	2400 (1626)	2400 (1697)	2500 (1740)	2600 (1773)	1900 (1900)	13702 (10317)	3385
Fifth	2100 (1793)	2450 (1570)	2400 (1400)	2500 (1708)	2600 (1666)	2000 (2000)	14050 (10137)	3913
Total	11604 (9092)	14005 (9194)	13600 (8729)	14500 (9346)	15900 (9468)	11200 (11200)	80809 (57029)	23780

The excess purchases ranged between 12 and 146 *per cent* for the various classes between 1992-93 and 1996-97.

The DPEO stated (September 1996) that the books were purchased as per the budget provision. The reply was not tenable as the books should have been purchased as per school requirements and also after taking into consideration the balance sets of books at the end of each session.

Thus the purchase of excess sets of books without assessing the actual requirements had resulted in avoidable expenditure of Rs 5.83 lakh.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

Health and Family Welfare Department

3.12 Non-utilisation of operation theatre in ESIC hospital

The Employees' State Insurance Corporation (ESIC) came into being under the Employees' State Insurance (ESI) Act, 1948 and is a premier social security organisation. ESIC provides medical care to insured employees and their family members. Hospitals under this scheme are under the administrative control of the State Governments. The ESI hospital, Parwanoo was established in November 1981 under this scheme.

A test-check of records of the office of the Chief Medical Officer (CMO), Solan relating to ESIC hospital revealed (October 1996) the following points:

- (a) An Operation Theatre (OT) constructed by the ESIC at its hospital at Parwanoo in Solan district was handed over to the Department in January 1995. Machinery and equipment like OT light, OT table and a high pressure steam steriliser valued at Rs 5.14 lakh were purchased and installed by the Department between December 1994 and March 1995 and the OT was made operational from March 1995 itself. No operation had, however, been performed in the OT as the required posts of doctors and other staff had not been created by the Government even though the matter regarding creation of posts had been taken up by the Director of Health Services (DHS) with the Financial Commissioner-cum-Secretary, Health in July 1992. Machinery and equipment valued at Rs 5.14 lakh were, therefore, lying unutilised, leading to denial of the intended benefits of the OT to the patients of the area.
- (b) The CMO, Solan purchased a laundry type washing machine costing Rs 2.13 lakh and a roller steam press costing Rs 2.34 lakh in January 1995 and March 1995 respectively for washing the linen and the clothes of the patients of the ESI hospital. The machines were, however, lying unutilised as there was no

post of washerman in the hospital as of February 1997. Washing of linen and clothes was being got done from the open market.

The CMO stated (February 1997) that the case for creation of a post of washerman had to be sent by the DHS. The DHS stated (September 1997) that the matter regarding creation of posts for ESI Hospital, Parwanoo was under active consideration of the State Government.

The non-utilisation of the washing machine and roller steam press had resulted in idle investment of Rs 4.47 lakh.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

General Administration Department

3.13 Avoidable expenditure on purchase and utilisation of helicopter

To meet the multifarious requirements of emergency evacuation, police security, VIP duties, monitoring of developmental works and courier flights to tribal areas in winter, the State Government decided (January 1994) to obtain a helicopter on lease. Tenders for leasing of a helicopter were invited by the State Government in February 1994 and four Air Travel Agencies quoted their rates. The rate of Rs 53,600 per hour with a minimum guarantee of 600 flying hours in a year, quoted by agency 'A', was accepted and a Memorandum of Understanding (MOU) was signed between the agency and the Government in June 1994. However, clauses relating to bank guarantee, earnest money, security deposit/imposition of penalty, etc., were not incorporated in the Notice Inviting Tenders (NIT) in the first instance and in the MOU with agency 'A', making it binding on the agency to fulfil the offer made by it.

The agency was to position the helicopter at the base within 45 days of the date of signing the agreement. It could not do so by the due date and offered to position the same in October 1994. As the agency failed once again to position the helicopter, the Government cancelled the MOU in December 1994 without taking any legal action or imposing any penalty on the agency as no provision to this effect had been made in the NIT and the MOU.

The Government stated (October 1996) that the agreement with agency 'A' was in the form of a MOU between two parties and only those clauses which were mutually agreed to by both the parties had been inserted. The reply was not tenable as the Government should have safeguarded its own interests while signing the MOU.

Meanwhile, instead of giving an offer to the second lowest tenderer whose rate was Rs 54,800 per hour for 600 flying hours in a year, the Government invited fresh tenders in February 1995. In the NIT it was specified, *inter alia*, that the helicopter should have a carrying capacity of 12 to 14 passengers. Three agencies quoted their rates. The offer of the lowest tenderer was for a carrying capacity of 10 passengers and did not meet the specification in the NIT. The second lowest tenderer (agency 'B') offered a rate of Rs 75,000 per hour, for a 12 seater helicopter. However, the agreement was ultimately signed with the highest tenderer (agency 'C') at the negotiated rate of Rs 90,000 per hour with a minimum guarantee of 600 flying hours in a year. Government stated that a helicopter of the required specifications was available only with agency 'C'. The agreement executed with agency 'C' provided for the imposition of penalty of Rs 90,000 per day from 15 September 1995 till the services of the helicopter were made available. The lease period was for two years.

As the lease deed was signed with the highest bidder at the rate of Rs 90,000 per hour instead of with the second lowest tenderer who had offered a rate of Rs 75,000 per hour for a helicopter of the required specification as per the

NIT, there was an avoidable expenditure of Rs 1.57 crore during 4 January 1996 (when the helicopter was actually positioned) to 3 October 1997 and likely avoidable expenditure of Rs 0.23 crore for the remaining three months of the lease period.

Government stated (April 1997) that the carrying capacity of 12 to 14 passengers was not the only criterion and that there were certain other things to be considered while finalising the lease agreement, which could not be foreseen while inviting the tenders. The contention of the Government was not tenable as the rates and specifications should have been carefully considered before issuing the NIT. The tenders should have been reinvited if the specifications were to be changed after inviting tenders. Further, the offer of agency 'B' was as per the specifications of the NIT.

Thus due to non-acceptance of the offer of agency 'B' which had offered a helicopter of the required specification as per the NIT, an extra avoidable expenditure of Rs 1.57 crore was incurred by the Government during 4 January 1996 to 3 October 1997 and further avoidable expenditure of Rs 0.23 crore was likely to be incurred for the remaining three months of the lease period.

Besides, agency 'C' was to position the helicopter at the base by 15 September 1995. As the agency could not do so by that time, the date was extended by the Government upto 15 October 1995. However, the agency could not position the helicopter even upto 3 January 1996 and hence Rs 72 lakh were recoverable from the agency. Government stated (October 1997) that a supplementary lease agreement had been drawn up with the agency and it had been ensured that no financial loss to the State exchequer was entailed. However, the agreement had not been signed by both the parties (October 1997).

Food and Supplies Department

3.14 Public Distribution System

Under the Public Distribution System, wheat, wheat *atta*, levy sugar, edible oil and kerosene oil were being supplied to the consumers in the State. The Director, Food and Supplies (Director) was to implement the scheme through the State Civil Supplies Corporation (SCSC) and District Food and Supplies Controllers (DFSCs). Important points noticed during scrutiny of records in the offices of five¹ DFSCs and four² Area Managers of the SCSC during November 1996 - April 1997 were as under:

(i) Extra burden on consumers due to higher sale rate of edible oil

Government of India (GOI) issued imported edible oil (palmolein) to the State Government from time to time for distribution through Fair Price Shops (FPS). The State Government was directed (February 1991) by GOI to sell this oil to consumers at a rate not exceeding GOI's maximum sale rate. From July 1994, the responsibility of fixing revised prices was left to the State Government.

During February 1991 to March 1994, SCSC lifted 4648.21 tonnes of imported palmolein oil and sold it to consumers at rates higher than that prescribed and thus imposed an extra burden of Rs 45.95 lakh on consumers.

(ii) Samples of foodgrains not tested adequately

According to the instructions issued (May 1994) by the Director, all DFSCs and Inspectors were required to take four samples (two from FPS and two from wholesale depots) of wheat *atta* and rice every month and send them for analysis to the Composite Testing Laboratory, Kandaghat to ensure the supply of food grains of good quality to consumers.

¹ Bilaspur, Kullu, Shimla, Sirmour and Solan

² Mandi, Nahan, Shimla and Solan

During audit, it was seen that only 325 samples were actually taken and tested though 11,232 samples were to be taken and tested during 1995 and 1996. Out of these samples tested, 21 samples failed. No action was taken by the Department against the supply of substandard items.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

Secretariat Administration Department

3.15 Misuse of vehicles

According to the norms fixed by the State Government, one car and one jeep were being allotted to Ministers from the dates they assume charge of their departments. A covering vehicle was also provided by the concerned departments for the personal staff accompanying the Ministers on tours. No rules for the use of the covering vehicles had been framed by the Government.

Test-check of the records of the Secretariat Administration Department revealed (January 1997) that covering vehicles were often misused by the personal staff of the Ministers for performing local journeys while the Ministers were at headquarters or when they were on tour outside the headquarters. The vehicles were also used to visit places other than those visited by the Ministers on the same dates. Calculated on the basis of the rate fixed by the Government per kilometre, the financial implication of such journeys worked out to Rs 8.21 lakh during January 1994 to December 1996.

While admitting that the possibility of utilisation of vehicles by the personal staff of Ministers for stations other than those visited by the Ministers could not be ruled out, the Department stated (January 1997) that the facts had also been noticed by the Department at the time of scrutiny of log books.

On these facts being pointed out (March 1997) in audit, the Government issued revised instructions in May 1997 stating that in exceptional circumstances, the use of vehicles would be allowed by the personal staff of Ministers/Ministers of State/Chief Parliamentary Secretary/ Parliamentary Secretaries for delivering urgent/immediate *dak*, etc., even when the Ministers were on tour, subject to the condition that the specific purposes of the journeys would have to be recorded in the log books of the vehicles. Any previous use of vehicles for such purposes was deemed to have been regularised.

Instructions further provided that in future, the second vehicle would always follow the vehicle of the concerned Ministers/Ministers of the State/Chief Parliamentary Secretary/Parliamentary Secretaries while on tour. However, in exceptional circumstances, the route of the second vehicle might vary for reasons to be recorded in the log books. Such use of vehicles hithertofores was deemed to have been regularised.

Thus while Government laid down strict conditions for use of vehicles by the personal staff of Ministers etc., from May 1997 onwards, the use of such vehicles prior to the issuing of these instructions was regularised by them without investigation into the irregularities/misuse pointed out by audit.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

Miscellaneous Departments

3.16 Outstanding inspection reports

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit are communicated to the heads of the units inspected and to the controlling officers through Inspection Reports (IRs). Serious irregularities are also reported to the heads of departments and the Government. Half-yearly reports of IRs and paragraphs outstanding for more than six months are forwarded to the Administrative heads of the Departments in the

Government to expedite action on these reports/paragraphs. Finance Department is also kept informed of the position of outstanding IRs and paragraphs from time to time.

At the end of June 1997, 23,291 paragraphs included in 6,602 IRs issued upto December 1996 in respect of various civil departments, including Public Works (B&R), Irrigation and Public Health and Forest Farming and Conservation departments remained to be settled as indicated below:

Serial number	Name of department	Inspection reports	Paragraphs
		(In numbers)	
1.	Civil Departments	5,322	19,022
2.	Public Works (B&R)	459	1,576
3.	Irrigation and Public Health	262	855
4.	Forest Farming and Conservation	559	1,838
Total		6,602	23,291

Of these, the year-wise break-up of outstanding inspection reports and paragraphs in respect of the Revenue and Agriculture departments, issued upto December 1996 but not settled as of June 1997, were as under:

Serial number	Period	Revenue Department		Agriculture Department	
		Inspection reports	Paragraphs	Inspection reports	Paragraphs
(In numbers)					
1.	Upto March 1991	141	455	197	723
2.	1991-92	17	54	19	55
3.	1992-93	31	212	21	65
4.	1993-94	24	195	24	82
5.	1994-95	3	35	22	99
6.	1995-96	38	399	23	188
7.	1996-97 (upto December 1996)	8	110	16	147
Total		262	1,460	322	1,359

The concerned offices were to furnish replies to the IRs to the Audit Office within a month of their receipt. Various officers of the Agriculture

Department did not furnish even initial replies to 10 IRs containing 87 paragraphs as of June 1997, though they received the reports 6 to 12 months back.

The irregularities commented upon in the IRs of these two departments fell into the following main categories:

Serial number	Category of objection	Revenue Department		Agriculture Department	
		Inspection reports*	Paragraphs	Inspection reports*	Paragraphs
(In numbers)					
1.	Drawal of funds in advance of requirements/blocking of funds	61	119	35	41
2.	Excess/irregular expenditure for want of sanction, non-invitation of tenders, etc.	46	94	13	15
3.	Overpayments, non-recovery of rents and advances/miscellaneous recoveries	98	179	70	114
4.	Non-accounting/short accounting of stores/cash, etc.	26	29	47	58
5.	Misappropriation of stores/cash/funds	20	30	22	29
6.	Loss/theft/embezzlements/defalcations, etc.	28	32	39	49
7.	Non-disposal of unserviceable articles of stores	12	12	19	19
8.	Non-production of actual payees' receipts/utilisation certificates	30	36	13	13
9.	Non-adjustment of contingent advances	9	9	29	34
10.	Non-conducting of reconciliation with treasuries/banks	5	5	3	3
11.	Outstanding loans	28	29	16	16
12.	Incomplete/abandoned works	18	20	5	5
13.	Non-deposit of interest into treasuries	31	31	3	3
14.	Wasteful, infructuous/unfruitful expenditure	27	31	25	27
15.	Diversion of funds	34	40	3	3
16.	Idle machinery/equipment	19	19	9	9
17.	Miscellaneous irregularities	145	288	88	170

Outstanding contingent advances of Rs 1.60 crore were pointed out in 43 paragraphs contained in 38 IRs during April 1971 to December 1996. The possibility of misappropriation of these advances could not be ruled out in view of long delays in settling/adjusting these advances.

* Differs by 492 due to exhibition of objections categorywise

The position of defaulting offices in these two departments was as given below:

Name of the Department	Number of offices who did not respond to the IRs		
	Directorate/ Secretariat	District level	Other field units
Agriculture	1	11	28
Revenue	3	12	38
Total	4	23	66

During 1996-97, two meetings of Audit Committees were scheduled for these two departments for settlement of outstanding IRs/paragraphs. However, only one *ad hoc* committee meeting was organised by the State Government during the year. Out of 585 IRs and 2,845 paragraphs pertaining to the Agriculture and Revenue departments, only one IR and 26 paragraphs were settled in this meeting.

The Financial Commissioner-cum-Secretary, Agriculture stated (August 1997) that in respect of the Agriculture Department, many IRs/paragraphs were lying unsettled for want of write off sanctions which were under active consideration at various levels. A large number of IRs/paragraphs commented on overdue recoveries from the defaulters. The departments should have taken urgent steps to settle the audit objections by prompt action to recover the amounts.

The matter was referred to the Government in July 1997; the Revenue Department had not furnished any reply (November 1997).

3.17 Misappropriations, defalcations, etc.

The position of cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1997 was as under:

Particulars	Number of cases	Amount (Rupees in lakh)
Cases reported upto 31 March 1996 and outstanding on 30 June 1996	103	56.39
Cases reported during 1996-97	6	7.57
Cases disposed upto June 1997	10	7.41
Cases outstanding on 30 June 1997	99	56.55

Of these, 21 cases (amount involved: Rs 5.65 lakh) were outstanding for more than 20 years. Forty six cases involving Rs 35.09 lakh pertained to the Public Works Department, 34 cases involving Rs 12.34 lakh to the Irrigation and Public Health Department and five cases involving Rs 1.35 lakh to the Forest Farming and Conservation Department. Of the 85 cases outstanding in these three departments, 64 cases, in which Rs 26.83 lakh were involved, were awaiting completion of departmental investigations (upto three years: 10 cases: amount involved: Rs 2.75 lakh; more than three years but upto five years: three cases: amount involved: Rs 5.31 lakh; more than five years but upto 10 years: 18 cases: amount involved: Rs 7.14 lakh; more than 10 years but upto 15 years: 16 cases: amount involved: Rs 8.31 lakh; more than 15 years but upto 20 years: seven cases: amount involved: Rs 1.37 lakh and more than 20 years: 10 cases: amount involved: Rs 1.95 lakh).

In view of long delays in completion of departmental proceedings, Government should have taken suitable steps to complete the cases in a time-bound manner.

3.18 Follow up action on Audit Reports

Directions by the Speaker under the rules of procedure and conduct of business of the Himachal Pradesh Legislative Assembly require that the Government shall, after the presentation of a Report of a House Committee to the House, furnish a statement within a period of three months to the Secretary Vidhan Sabha showing action taken on the recommendations contained therein. It was observed that several departments of the Government of Himachal Pradesh had not intimated the action taken on 299 recommendations* made by the Public Accounts Committee (PAC) on 97 paragraphs/reviews contained in 14 Audit Reports of the Comptroller and Auditor General (CAG) of India between March 1985 and April 1997. Besides, action had also not been taken by the Government on 107 recommendations** in 23 Action Taken Reports of the PAC on 44 paragraphs/reviews contained in 14 Audit Reports of the CAG of India issued between 1985 and 1997 as of December 1997. Details are given in Appendix-VII.

Government had not furnished reply to the matter referred to them in December 1997.

* 1985-90: 86, 1990-92: 14 and 1993-97: 199

** 1985-90: 19, 1990-93: 47 and 1993-97: 41

CHAPTER-IV

WORKS EXPENDITURE

Irrigation and Public Health Department

4.1 Rajiv Gandhi National Drinking Water Mission

4.1.1 Introduction

The Accelerated Rural Water Supply Programme (ARWSP), a Centrally sponsored scheme, was first introduced in 1972-73 with 100 *per cent* grants-in-aid for implementation in identified problem villages* (PVs). The programme, withdrawn in 1974-75 with the introduction of the Minimum Needs Programme (MNP), was reintroduced in 1977-78. To accelerate the programme of coverage of problem villages and to improve the quality of life of the rural people by providing safe drinking water, the National Drinking Water Mission was launched in 1986, which was renamed as the Rajiv Gandhi National Drinking Water Mission (Mission) in 1991. The main objectives of the mission were to provide safe drinking water to uncovered/no source villages and to create awareness among the rural people about the hazards of using unsafe water.

4.1.2 Organisational set up

The Irrigation and Public Health Department (I&PH), which had 10 circles and 43 divisions, was responsible for implementation of the Mission in the State. The Department was headed by the Engineer-in-Chief who was also in charge of the South Zone. The North Zone was under the control of the Chief Engineer (North). Designing, planning and monitoring of the Mission were

The abbreviations used in this review have been listed in the Glossary in Appendix-XII (Pages 333-335)

Problem villages: Villages not having assured supply of potable water

looked after at the headquarters office by the Superintending Engineer, Planning and Investigation-I (P&I). The overall control of the Department rested with the Financial Commissioner-cum-Secretary (I&PH).

4.1.3 Audit coverage

The Mission was being implemented by 39 divisions of the Department. The records of 10 divisions¹ functioning under six circles² for the period 1992-97 were test-checked between April 1997 and July 1997. This was supplemented by information supplied by the Engineer-in-Chief and Superintending Engineer-I (P&I). Important points noticed during test-check are given in the succeeding paragraphs:

4.1.4 Highlights

** Government of India fixed a target to cover the entire rural population with potable drinking water by the end of the Eighth Five Year Plan. However, 5,582 uncovered habitations (73 per cent) and 14,462 partly covered habitations (99 per cent) were not provided potable water as of March 1997. Selection of villages for providing water were also not as per norms.

A total of 405 habitations not eligible for coverage under the Mission were irregularly covered at a cost of Rs 6.52 crore.

(Paragraph 4.1.5(i) and (ii))

** Instructions of Government of India for evolving designs of various schemes were not followed and uneconomical schemes

¹ Arki, Dalhousie, Dehra, Dharamsala, Indora, Nurpur, Paonta Sahib, Shimla-I, Sundernagar and Sunni

² Chamba, Dharamsala, Mandi, Nahan, Nurpur and Shimla

and schemes with lesser design periods were implemented.

(Paragraph 4.1.5 (iii)(a)(b))

** Although the schemes under Accelerated Rural Water Supply Programme were to be designed on the basis of 40 litres per capita per day, 143 water supply schemes in 5 divisions completed and commissioned during 1992-97 at a cost of Rs 7.54 crore were designed on bases ranging between 70 and 100 litres per capita per day.

(Paragraph 4.1.5 (iii)(c))

** In two divisions, 176 house connections were provided under 18 water supply schemes constructed under Accelerated Rural Water Supply Programme during March 1993 to March 1997 at a total cost of Rs 2.14 crore, in contravention of the instructions of the Government of India.

(Paragraph 4.1.5 (iii)(d))

** Rupees 36.96 lakh were spent in excess of the prescribed limit on the establishment of monitoring and investigation units by diverting grants meant for the Accelerated Rural Water Supply Programme.

(Paragraph 4.1.6(ii))

** Grant of Rs 45.60 lakh released by Government of India for the Management Information Systems programme remained unutilised since March 1996.

(Paragraph 4.1.6 (iv))

** Grants totalling Rs 2.17 crore received from the Government of India for the Accelerated Rural Water Supply Programme were irregularly utilised on the construction of works sanctioned under the State sector.

(Paragraph 4.1.6 (v))

** Materials valued at Rs 31.16 lakh were lying unutilised in 25 completed water supply schemes.

(Paragraph 4.1.6 (vi))

** Forty two water supply schemes, estimated to cost Rs 2.30 crore were completed after delays ranging between three months and 11 years at a cost of Rs 4.34 crore resulting in a cost overrun of Rs 2.04 crore.

(Paragraph 4.1.6 (viii))

** Forty six schemes estimated to cost Rs 3 crore remained incomplete after incurring expenditure of Rs 2.88 crore. Two of these schemes were delayed for over ten years.

(Paragraph 4.1.7 (ii))

** Thirty nine water supply schemes estimated to cost Rs 2.01 crore had been completed after delays ranging from 2 to 5 years at a cost of Rs 3.75 crore under the Mini Mission, resulting in a cost overrun of Rs 1.74 crore.

(Paragraph 4.1.8 (iii))

** Chemical and bacteriological analysis of water at source was not conducted by Dalhousie Division before taking up 13 schemes for

execution in absence of required number of laboratories. Besides in respect of 528 schemes in seven districts test-checked, periodical tests of water samples were not conducted to ensure the supply of potable water.

(Paragraph 4.1.9)

** Officers from the State headquarters did not conduct inspection of schemes as required. Superintending Engineers and Executive Engineers conducted only 8 *per cent* of the prescribed inspections during 1994-97.

(Paragraph 4.1.10)

** No evaluation of the scheme had been conducted by the Department.

(Paragraph 4.1.11)

4.1.5 Coverage of Mission

(i) To assess the status of rural water supply, the Department conducted a survey during 1991-93 on the directions of the Government of India. The unit of survey was habitation*. The number of not covered (NC) and partly covered (PC) habitations worked out to 7,612 and 14,656 respectively.

The Government of India (GOI) had fixed a target to cover the entire rural population of the country with potable drinking water by the end of the Eighth Five Year Plan. According to the information supplied (July 1997) by the Department, 2,030 NC habitations and 194 PC habitations had been covered as of

* Habitation: Dwelling unit/units

March 1997. The remaining 5,582 NC habitations (73 *per cent*) and 14,462 PC habitations (99 *per cent*) were yet to be covered under the programme.

(ii) Coverage of non-problem villages

(a) According to guidelines issued by GOI, the following criteria were to be adopted for the categorisation of PVs:-

- those which did not have an assured source of water within a distance of 1.6 kms (in hilly areas, villages where water sources were available at an elevation of more than 100 metres from the habitations); or
- those where the available water had excessive salinity, iron, fluoride, arsenic or other toxic elements; or
- those where diseases like cholera, guineaworm, etc., were endemic.

Scrutiny of the estimates approved under ARWSP in six divisions³ revealed that 121 schemes were constructed during 1992-97 at a cost of Rs 4.39 crore to cover 266 habitations categorised as PVs. It was noticed in audit that the distances of the water sources from the villages ranged between 0.20 km and 1.53 kms, which were within the stipulated limit of 1.6 kms. Besides, there was no evidence of chemical and bacteriological contamination of water in these villages. Thus the categorization of these villages as PVs was irregular and resulted in irregular expenditure of Rs 4.39 crore on the execution of these schemes.

The concerned Executive Engineers stated (April 1997 - July 1997) that these schemes were taken up under ARWSP as these were conceived for NC habitations according to the survey conducted by the Department. The contention

was not tenable as the norms fixed for categorisation of PVs were not met in these cases.

(b) According to the instructions issued (August 1986) by GOI, extension and augmentation works of the existing schemes were not to be taken up under ARWSP.

Contrary to these instructions, extension and augmentation works of 28 existing water supply schemes were taken up during 1986-1996 under ARWSP in four divisions⁴ covering 75 habitations and were completed during 1992-97 at a cost of Rs 1 crore.

(c) Under ARWSP, one stand post was allowed for every 250 persons. In the cases of independent habitations having no potable source of water within 1.6 kms, one stand post was to be provided irrespective of the minimum number of 250 persons. For habitations with less than 50 persons, the stand posts were to be provided under the State MNP. Test-check of records revealed that under 38 schemes executed as of March 1997 in eight divisions⁵ at a cost of Rs 1.13 crore, 277 stand posts were provided to 64 habitations having population ranging from 3 to 43 persons.

Executive Engineers of the concerned divisions stated (April-July 1997) that the norms fixed by GOI were not practicable in remote and hilly areas. The plea was not tenable as coverage of such habitations was not permissible under the Mission.

⁴ Arki, Dharamsala, Nurpur and Sunni

⁵ Arki, Dalhousie, Dharamsala, Nurpur, Paonta Sahib, Shimla-I, Sundernagar and Sunni

(iii) **Schemes implemented beyond approved norms**

(a) According to the instructions issued by GOI in 1994, while designing rural water supply schemes under ARWSP, the per capita cost of each scheme was not to exceed the norms fixed for similar purposes under State sector programmes. The Engineer-in-Chief intimated (July 1997) that the maximum per capita cost prescribed by GOI for State sector programmes was Rs 8,000. It was noticed in three divisions⁶ that 10 water supply schemes were sanctioned (1992-97) at an estimated cost of Rs 1.02 crore and the per capita cost in these cases ranged between Rs 8,325 and Rs 12,040. The schemes had thus been taken up for execution at higher per capita costs in contravention of the instructions.

The Executive Engineers stated (May-June 1997) that the per capita cost had increased due to the provision of gravity mains/ distribution systems of higher capacity for supply of water at the rate of 70 litres per capita per day (lpcd). Their plea was not tenable as under ARWSP, water was to be supplied at the rate of 40 lpcd. The provision of systems of higher capacity was, therefore, unauthorised.

(b) According to the instructions issued by GOI, piped water supply/ gravity schemes were to be designed for a period of 20 years.

Test-check of records of eight divisions⁷, revealed (May- June 1997) that 530 piped water supply/gravity schemes formulated during the period 1992-97 had been designed for periods of 15 years only.

The Executive Engineer stated (May-June 1997) that the schemes were designed according to the guidelines issued by the Department. The reply was not

⁶ Arki, Dalhousie and Nurpur

⁷ Arki, Dalhousie, Dharamsala, Nurpur, Paonta Sahib, Shimla-I, Sundernagar and Sunni

tenable as the guidelines issued by the Department were in contravention of the instructions of GOI.

(c) To have maximum coverage with the limited available water sources, the schemes under ARWSP were to be designed on the basis of 40 lpcd. It was noticed that in five divisions⁸, 143 water supply schemes, completed and commissioned during 1992-97 at a cost of Rs 7.54 crore, were designed on bases ranging between 70 and 100 lpcd.

The Executive Engineers stated (April - July 1997) that the habitations were scattered far and wide and the designs were adopted as per the directions of the Department. The plea was not tenable as the action of the Department was contrary to the instructions issued by GOI.

(d) According to the instructions of GOI, stand posts were to be provided under ARWSP. House connections were not to be provided under the programme. The Lift Water Supply Scheme, Matholi Mugtial under Nurpur Division, designed to provide water at the rate of 40 lpcd to 335 persons in two villages, was completed under ARWSP at a cost of Rs 9.70 lakh during 1990-91. A test-check of records of the scheme revealed that 17 stand posts had been provided under the scheme, which were subsequently removed and 65 house connections were provided out of State funds under the "Tap to Each House" Scheme of the State Government. The increase in the number of connections from 17 to 65 led to shortage of water, depriving some of the beneficiaries of their requirements. In order to augment this scheme, a remodelling estimate for Rs 2.43 lakh was sanctioned by the Superintending Engineer in November 1996.

The Executive Engineer stated (May 1997) that taps were provided to each house after approval of the estimate by the competent authority. The plea

was not tenable as the action of the Department was contrary to the provisions of ARWSP.

Further, in two divisions⁹, 176 house connections were provided under 18 water supply schemes constructed under ARWSP during March 1993 to March 1997 at a total cost of Rs 2.14 crore in contravention of the instructions of GOI.

The Executive Engineers stated (May-June 1997) that the house connections were provided in public interest. The reply was not tenable as the instructions of GOI had not been followed in this matter.

(iv) Local communities not involved in the implementation of the Mission

The Mission envisaged the involvement of the local communities in the operation and maintenance of the schemes. They were to be provided health education to make them aware of the need for proper hygienic and sanitary facilities around the water sources. The Mission also envisaged the providing of a multilevel cadre of adequately motivated, skilled and trained personnel for meaningful, effective and successful implementation of the schemes. It was noticed in audit that none of these activities were implemented by the Department.

GOI suggested in March 1989 that water committees should be set up at the *panchayat* level for close monitoring of the Mission. No such committees had been set up in the State and the schemes were being maintained departmentally.

The Engineer-in-Chief stated (October 1997) that the guidelines issued by GOI in March 1989 were not available in his office. However, further guidelines issued by the Government in December 1994 for involving the local

communities in the operation and maintenance of the schemes at the habitation level had been issued in January 1997 to all the field Superintending Engineers with some modifications. He further stated (August 1997) that the feedback from the field offices was awaited.

4.1.6 Financial outlay and expenditure

The Central Government was to provide financial assistance for execution of this scheme subject to matching provision of funds and expenditure by the State under the State Sector MNP. In respect of the Mini-Mission, the expenditure was to be reimbursed by the Central Government to the extent of the approved cost.

The year-wise budget allocation, grants released by GOI and actual expenditure during the last five years were as under:

Year	ARWSP				MNP	
	Allocation	Release	Expenditure	Unspent amount	Provision	Expenditure
(Rupees in crore)						
Upto March 1992				5.61		
1992-93	10.30	10.30	11.24	4.67	52.70	55.04
1993-94	10.58	10.12	10.41	4.38	41.28	45.84
1994-95	10.66	9.14	10.87	2.65	40.70	42.98
1995-96	11.04	14.87	15.21	2.31	47.03	48.62
1996-97	13.25	19.06	19.24	2.13	52.90	45.40
Total	55.83	63.49	66.97		234.61	237.88

The following points were noticed:

(i) Unspent grant

Against the total release of Rs 69.10 crore (including an unspent balance of Rs 5.61 crore under ARWSP) during 1992-97, an expenditure of Rs 66.97 crore had been incurred, leaving unspent balances ranging between Rs 2.13 crore and Rs 4.67 crore during the period. The Engineer-in-Chief stated

(November 1996 and July 1997) that the funds released during each year could not be utilised in full due to non-availability of pipes in time. This was not tenable as the Department was to procure the pipes in time in view of availability of funds.

(ii) Excess expenditure

Assistance from GOI was limited to Rs 10 lakh per annum for monitoring and investigation (M&I) units established by the states. In case the actual expenditure exceeded the prescribed limit, the additional cost was to be met out of the State MNP funds or non-Plan funds, as might be considered appropriate in the system prevailing in the State.

However, expenditure of Rs 86.96 lakh was incurred against the prescribed limit of Rs 50 lakh during 1992-97. The excess expenditure of Rs 36.96 lakh which was to be borne by the State Government was met out of the funds provided under ARWSP.

(iii) Failure in implementation of Information, Education and Communication (IEC) project

An information, education and communication (IEC) project was prepared by GOI for creation of awareness amongst all sections of society regarding sanitation and safe drinking water. Two districts (Kangra and Sirmour) were selected for the implementation of this project during 1995-96. The project was approved for Rs 80.80 lakh and the expenditure on the same was to be equally shared by the Central and the State Governments. Rs 20.20 lakh were released by GOI during March 1996 for this purpose but the same were lying unutilised as the project had not been implemented. No matching provision under the State sector had also been made as of July 1997.

The amount was transferred to the State Council for Science, Technology and Environment in March 1997. The Joint Member Secretary of the

State Council intimated (June 1997) that the amount was lying unutilised with the Council for want of directions for its utilisation from the Department.

(iv) Non-implementation of Management Information System (MIS) programme

Under the Management Information System (MIS) programme, GOI sanctioned a grant of Rs 45.60 lakh in March 1996 for computerisation in the Department. According to the sanction, 20 *per cent* of the cost of the project was to be met by the State Government. However, the State's share was not released, as required. The funds were allotted to Shimla-I Division in July 1996 for procurement of computers (Rs 44.93 lakh) and arranging training of officials (Rs 0.67 lakh).

The amount was drawn by the Division in March 1997 and was temporarily deposited with the State Civil Supplies Corporation during the same month. The Executive Engineer stated (July 1997) that this was done to avoid the lapse of funds. He had not received any instructions regarding the implementation of the programme.

Lack of proper planning and coordination had thus resulted in the irregular drawal and blocking up of funds and non-implementation of the MIS programme.

(v) Diversion of funds

(a) Funds of Rs 1.67 crore received from GOI under ARWSP were utilised on the construction of 61 water supply schemes in the State Sector in five divisions¹⁰ during 1992-97. This resulted not only in diversion of the Central grants but also misreporting of achievements under ARWSP.

¹⁰

Arki, Dalhousie, Nurpur, Paonta Sahib and Sunni

The Executive Engineers attributed the diversion of the Central grants either to non-availability of funds for completion of targeted schemes under MNP or to debiting the expenditure inadvertently to ARWSP.

(b) Funds provided by GOI under ARWSP were to be utilised on providing water to PVs. It was noticed that a rest house and a chowkidar's quarter were constructed at a cost of Rs 6.02 lakh during 1992-93 at Jassur under Nurpur Division, out of funds meant for the construction of water supply schemes for PVs.

The Executive Engineer stated (May 1997) that the work was taken up under ARWSP as per the estimate approved by the Superintending Engineer, Shah Nehar Project Circle, Nurpur out of the provision for contingencies included in the sanctioned estimate. The plea was not tenable as funds meant for providing water to PVs were not to be diverted to other activities not covered under the programme.

(c) Similarly, Rs 3.38 lakh spent on the construction of a store on the ground floor of a Type-III quarter at Gohar under Sundernagar Division (Mandi District) were irregularly debited to ARWSP between December 1993 and July 1997 though such works were not to be constructed from ARWSP funds.

(d) Five water supply schemes were constructed by Dalhousie Division between March 1982 and March 1992 under State sector programmes. Test-check of records revealed that liabilities of Rs 40.68 lakh pertaining to these schemes were irregularly debited to ARWSP during 1992-97. This resulted in diversion of funds earmarked for the Mission.

The Executive Engineer stated (June 1997) that since sufficient funds were not available under the State sector to clear the liabilities, funds available under ARWSP had been utilised.

(vi) Material lying unutilised against completed schemes

Demands for the release of Central assistance were to be assessed from time to time after taking into account the material lying unutilised in various material-at-site accounts of completed schemes under ARWSP. Test-check of records of three divisions¹¹, revealed that material valued at Rs 31.16 lakh was lying unutilised against 25 water supply schemes as of July 1997 though these schemes had already been completed and commissioned between March 1982 and March 1997.

The Executive Engineers stated (May-June 1997) that the material would be written back or transferred to other works.

(vii) Drawal of funds in advance to avoid lapse of funds

Financial rules stipulated that no money was to be drawn from the treasury unless it was required for immediate disbursement. It was also not permissible to draw money from the treasury for the execution of works, the completion of which was likely to take considerable time.

In Shimla Division No. I, Rs 13.07 crore were drawn under ARWSP during March 1992 (Rs 12.70 crore) and March 1993 (Rs 0.37 crore) and were deposited with the State Civil Supplies Corporation for the supply of galvanised iron pipes, cement and corrugated galvanised iron (CGI) sheets. Of Rs 12.70 crore, the Corporation made advance payment (Rs 5.49 crore) to different firms for supply of material and refunded the balance amount of Rs 7.21 crore in 1992-93. Similarly, of Rs 0.37 crore, material worth Rs 0.15 crore was supplied by the Corporation in 1993-94 and the balance amount of Rs 0.22 crore was refunded to the Division in 1993-94. The Executive Engineer stated (July 1997) that the amount had to be drawn to avoid lapse of

¹¹ Arki, Dalhousie and Sundernagar

funds received at the fag end of the year. The amount received back from the Corporation was kept under Public Works Deposits and was utilised in subsequent years.

The amount was thus drawn in advance of requirements in violation of financial rules. Receipt and consumption of materials could not be verified in audit since no separate stock account under ARWSP was maintained.

(viii) Delay and cost overrun in implementation of schemes

In the event of any cost escalation due to delay in completion of schemes beyond the originally approved time of the schemes, the additional funds required for completion of the schemes were to be met out of the State MNP. Where increases in the cost were due to price escalation within the originally approved time, these could be considered for regularisation with the prior approval of GOI.

In Arki and Sunni divisions, 42 schemes taken up during 1984-96 at an estimated cost of Rs 2.30 crore were actually completed during 1993-97 at a cost of Rs 4.34 crore. The delay in completion of the schemes ranged between 3 months and 11 years. The additional expenditure of Rs 2.04 crore on the schemes was debited to ARWSP.

Delay in completion of the schemes was attributed (April-June 1997) by the Executive Engineers mainly to non-availability of material and paucity of funds. The reply was not tenable as the guidelines stipulated that the funds for delayed schemes should be met from the State MNP.

Records of four divisions¹³ revealed that 23 schemes taken up for execution during 1991-96 at an estimated cost of Rs 1.53 crore, were completed

during 1992-97 at an expenditure of Rs 2.16 crore within the approved time cycle. The excess expenditure of Rs 0.63 crore had not been regularised.

The Executive Engineers stated (April 1997-June 1997) that the excess expenditure over the approved estimated cost was due to increase in the wages of labour and the cost of material. The reply was evasive as details justifying the excess expenditure had not been furnished. Moreover, the excess expenditure was either to be got regularised from GOI or to be met out of State funds under MNP.

4.1.7 Physical progress of the schemes

Of 22,268 habitations (NC: 7,612; PC: 14,656) identified during the survey for coverage during 1992-97, 5,582 NC habitations (73 per cent) and 14,462 PC habitations (99 per cent) had not been covered as of March 1997.

The following points were noticed in this regard in audit:

(i) Inflated reporting of coverage

(a) The position of coverage as reported by two divisions¹⁴ test-checked in audit, revealed that eight habitations with a population of 410 covered under the State MNP had been shown as covered under ARWSP during 1993-97. The physical progress was thus inflated to that extent.

The concerned Executive Engineers stated (April-May 1997) that excess coverage had been shown due to oversight.

(b) The total number of 5,582 NC habitations also included 382 habitations under the Sundernagar Division. The Executive Engineer concerned, however, stated (July 1997) that the number of NC habitations shown against his Division was incorrect as 29 habitations had already been covered before 1992. The

number of NC and PC habitations intimated by the Department to GOI was thus not entirely based on facts.

(ii) Unfruitful expenditure on incomplete schemes

In four divisions¹⁵, 46 water supply schemes estimated to cost Rs 3 crore were taken up for execution between 1977-78 and 1995-96. The schemes, due to be completed within one to four years, remained incomplete even after expenditure of Rs 2.88 crore upto March 1997. Extent of delay in individual cases is tabulated below:

	Period of delay	Number of schemes
(i)	Less than one year	6
(ii)	One to five years	27
(iii)	Five to ten years	11
(iv)	More than ten years	2

Such delays resulted in denial of the intended benefits to 159 habitations having a population of 16,533. The Executive Engineers stated (April-July 1997) that the delays were due to want of funds and non-availability of material of specific requirements. The replies were not tenable as in a number of cases*, funds meant for ARWSP had either been diverted for execution/completion of schemes under MNP or were kept under Deposits.

(iii) Improper investigations resulting in unfruitful expenditure

The work of Water Supply Scheme, Mugna (Shimla District), designed to provide water to 10 habitations was sanctioned in September 1993 for

¹⁵ Arki, Dalhousie, Sundernagar and Sunni
* Paragraphs 4.1.5(ii), 4.1.6 (ii), 4.1.6 (v) and 4.1.6 (vii)

Rs 4.40 lakh. The work, stipulated to be completed within one year, was taken up in December 1993 by Sunni Division and expenditure of Rs 6.34 lakh had been incurred upto 1996-97. The work was lying incomplete since March 1995 due to a dispute over the source of water.

The Superintending Engineer, Rampur observed in September 1995 that the scheme had been constructed without verifying whether the source was free from any dispute. The Executive Engineer stated (May 1997) that another source at a distance of 4.20 kms from the existing source had now been proposed to be tapped. It was also stated that an estimate for providing water from the alternative source was under process.

4.1.8 Mini-Mission for rural water supply in Kangra

After the launching of the Technology Mission in 1986, Kangra district was chosen in September 1988 for implementation of a Mini-Mission for rural water supply, initially for a period of two years. This was further extended till March 1995 and Rs 7.03 crore were spent till that period.

Test-check of records of four divisions¹⁶ in Kangra district, where the Mini-Mission was implemented, revealed the following points:

(i) Incorrect reporting of coverage

(a) Though no expenditure was incurred under the Mini-Mission as of March 1995 in Jassur village, the construction of Lift Water Supply Scheme, Jassur, approved in March 1982 for Rs.12.20 lakh and completed (December 1989) at a cost of Rs 25.54 lakh under MNP, was shown as having been covered under the Mini Mission by Nurpur Division.

(b) In Dehra Division, coverage of 116 villages having a population of 11,433 had been reported during 1989-93 under 31 water supply schemes. Test-check of records, however, revealed that only 105 villages with a population of 9,785 had actually been covered under 24 schemes. This resulted in inflated reporting of the coverage of 11 villages under the project.

(ii) Diversion of grants and misutilisation of funds

Expenditure of Rs 9.86 lakh incurred on the construction of three schemes during 1988-96 by three divisions¹⁷ had been claimed under the Mission even though the schemes were not approved under the Mission.

The Executive Engineer, Nurpur Division stated (May 1997) that the expenditure had been debited due to oversight. No replies were furnished by the remaining two divisions.

(iii) Delay in completion of works

Thirty nine water supply schemes sanctioned during 1988-90 in four divisions¹⁸ were taken up for execution between 1988 and 1992 at an estimated cost of Rs 2.01 crore, with a stipulation to complete the schemes within 12 to 48 months. These works were, however, completed between 1990 and 1993 at a cost of Rs 3.75 crore. Delays in completion ranged between 25 and 63 months, resulting in extra expenditure of Rs 1.74 crore, which had not been regularised.

The Executive Engineers stated (June-July 1997) that more schemes were included during 1990-91 and the Mini-Mission was extended upto

¹⁷ Dehra, Dharamsala and Nurpur

¹⁸ Dehra, Dharamsala, Indora and Nurpur

March 1995. Hence, there were no delays. The plea was not tenable as the stipulated period fixed in the estimates had not been adhered to.

(iv) Schemes implemented without technical sanction

According to the rules, no works were to be taken up unless detailed estimates for the same had been prepared and sanctioned. Test-check of records of four divisions¹⁹ revealed that 43 water supply schemes estimated to cost Rs 3.81 crore were taken up during 1989-93 and an expenditure of Rs 3.04 crore had been incurred on them as of March 1995, without preparation and approval of detailed estimates.

The Executive Engineers stated (June-July 1997) that the sanctions were being arranged.

4.1.9 Inadequate testing of water

Under the Mission, the parameters for rural water supply included the periodicity and frequency of sampling and analysis of the water supply. The analysis of water was to be done at water testing laboratories set up in the State. The Engineer-in-Chief prescribed (July 1988) fortnightly testing of water samples of rural water supply schemes during the rainy seasons and monthly testing thereafter.

In the State, there were three stationary laboratories and one mobile laboratory for monitoring and surveillance of the water quality of the various sources. Technical approval for setting up of eight more water testing laboratories in the State was conveyed by GOI during July 1995 and Rs 32 lakh were released by the Mission for this purpose only in March 1996. It was observed in audit that no work had been initiated to set up any of these laboratories. The Engineer-in-

¹⁹

Dehra, Dharamsala, Indora and Nurpur

Chief stated (July 1997) that all the concerned Superintending Engineers had been intimated to take up the work and ensure commissioning of the laboratories.

Test-check of records of seven divisions²⁰ revealed that in respect of 528 schemes, the water was tested only at the time of taking up the schemes for execution. In Dalhousie Division, out of 33 water supply schemes, 13 water supply schemes were taken up for execution without chemical and bacteriological analysis of the water. It was noticed in audit that periodical tests, as required, were not conducted in the absence of the required number of laboratories.

The Executive Engineers stated (April-July 1997) that the testing was got done especially during rainy seasons. They attributed the shortfalls to non-availability of sufficient testing facilities and existing departmental testing laboratories being located at far off places. Supply of potable water to the beneficiaries could thus not be ensured.

4.1.10 Monitoring

(i) According to the instructions issued by GOI, officers from the State Government headquarters were supposed to visit the districts regularly to ascertain whether the execution of schemes was in accordance with the prescribed standards and specifications.

The executing agencies in the divisions test-checked in audit, however, intimated that no officer from State headquarters had ever visited the divisions for inspection of the schemes.

Similarly, officers at the circle and division level were to closely monitor all aspects of the Mission through visits to work sites, particularly in interior areas, to ensure the quality of the works. As per an inspection schedule

drawn up by the Engineer-in-Chief during June 1994, the minimum number of touring days per month was one day per division subject to a minimum of five days in a month for Superintending Engineers and 10 days in a month for Executive Engineers.

Test-check of records of five divisions²¹, however, revealed that as against the stipulated 165 and 1,650 inspections to be carried out by the Superintending Engineers and Executive Engineers respectively during July 1994 to March 1997, only 56 and 90 visits had been made by the Superintending Engineers and Executive Engineers respectively, resulting in an overall shortfall of 92 per cent.

The schedule drawn up for physical inspection had thus not been adhered to and adequate monitoring was not ensured.

(ii) The monitoring of the Mission at the M & I unit established at the State headquarters was to be based on monthly key indicator sheets and periodical comprehensive progress reports with emphasis on quality and social targets, as prescribed in the ARWSP guidelines.

Records test-checked in audit, however, revealed that only returns indicating the progress of coverage under the different programmes were being forwarded to the M&I unit and no monthly key indicator sheets and comprehensive progress reports as prescribed were ever sent to it. Thus monitoring at the State headquarters was being done only on the basis of numbers rather than on the actual results and impact of the implementation of the Mission.

4.1.11 Evaluation

No evaluation had been made by the Department to ensure that adequate and safe drinking water was being supplied to the beneficiaries of the

Mission. The Engineer-in-Chief stated (July 1997) that no review had been conducted to ensure effective implementation of the Mission.

These points were referred to the Government in August 1997; reply had not been received (November 1997).

4.2 Sewerage schemes in Himachal Pradesh

4.2.1 Introduction

With the increasing emphasis on hygiene, it has become imperative for every State Government to set up efficient sewerage systems in all its urban areas. The existing system of sanitation, operative in most parts of Himachal Pradesh does not suit the requirements of environmental improvement and public hygiene in the State and is inadequate due to the influx of a large number of tourists, the slow digestion of sewage owing to the cold climate and scarcity of land for septic tanks and soak pits. To improve the system, the Government proposed (around 1985) to provide sewerage schemes in 50 out of the 55 towns in the State.

4.2.2 Organisational set up

The Irrigation and Public Health Department (I&PH) was responsible for the construction and maintenance of sewerage schemes in the State. The Department had been divided into two zones. The South Zone at Shimla was headed by the Engineer-in-Chief and the North Zone at Dharamsala by a Chief Engineer. The overall control of the Department rested with the Financial Commissioner-cum-Secretary (Irrigation and Public Health) to the State Government. The Department had 10 circles and 43 divisions.

The abbreviations used in this review have been listed in the Glossary in Appendix-XII (Pages 333-335)

4.2.3 Audit coverage

Records of 12 divisions¹ entrusted with the investigation, execution and maintenance of completed schemes covering the period from April 1992 to March 1997 were test-checked between October 1996 and March 1997. This was supplemented by information obtained from the Engineer-in-Chief and four more divisions². Important points noticed are discussed in the succeeding paragraphs.

4.2.4 Highlights

** The Department estimated that Rs 185 crore would be required for providing sewerage systems to all the towns in the State. During 1992-97, Rs 24.85 crore were spent on sewerage schemes in 23 towns.

Out of Rs 4.97 crore drawn by Executive Engineers, Chamba, Kullu and Mandi during March 1995 and March 1996, Rs 1.41 crore, though shown as spent were actually kept in banks and post offices.

(Paragraph 4.2.5)

** Government did not prepare any master plan to provide sewerage facilities to the towns within a specified time period. Smaller towns with sparse population were taken up in preference to district headquarters and famous pilgrimage and tourist centres in disregard of Government policy. Two schemes in Sarahan and Rampur, which were not district headquarters, were completed at a cost of Rs 41.33 lakh.

¹ Bilaspur, Chamba, Dalhousie, Dharamsala, Kullu, Mandi, Palampur, Rampur, Rekong Peo, Solan, Sundernagar and Una-I

² Ghumarwin, Paonta Sahib, Sarkaghat and Shimla

Rupees 2.90 crore provided for construction of a sewerage treatment plant and restoration of missing portions of sewerage lines at various disposal points in Shimla town were diverted to the Water Supply Scheme, Shimla.

(Paragraph 4.2.6)

** Eighteen sewerage schemes were taken up for construction without obtaining technical sanction and expenditure of Rs 11.24 crore had been incurred on them. On seven schemes, Rs 8.83 crore had been spent in excess of the approved estimated cost.

(Paragraph 4.2.7)

** Six sewerage schemes were taken up for construction between 1978-79 and 1988-89 for completion within three to five years. Only one scheme (Sarahan) was completed with a cost overrun of Rs 20.36 lakh. The five remaining schemes were incomplete, with a cost overrun of Rs 9.65 crore as of now. Two of these schemes were delayed by 13 years.

(Paragraph 4.2.8)

** The Sewerage Scheme, Chamba, completed at a cost of Rs 3.99 crore, could not be put into operation since June 1996 as the beneficiaries did not take sewerage connections.

(Paragraph 4.2.9)

** Due to faulty planning and improper investigation two sewerage treatment plants in Mandi were submerged in flood water resulting in loss of Rs 20.52 lakh. Rupees 1.11 crore would be required for restoration of flood damages. Treatment plant for the Sewerage Scheme, Manali was constructed on an improper site which was

washed away in floods in 1995, resulting in a loss of Rs 68.62 lakh.

(Paragraph 4.2.10)

** Allotment of the work of providing and laying of sewerage lines of two schemes to contractors in contravention of the instructions of the Government resulted in extra avoidable expenditure of Rs 33.35 lakh.

(Paragraph 4.2.14)

** Out of 340 fencing panels procured during 1993-95 for Rs 3.88 lakh by splitting the work orders, 259 panels were lying unutilised as of now.

(Paragraph 4.2.15)

** In seven divisions, materials were procured in excess of requirements, resulting in blocking of Rs 77.53 lakh.

(Paragraph 4.2.16)

4.2.5 Budget provision and expenditure

As intimated (April 1997) by the Department, funds of Rs 185 crore were required for providing sewerage systems to all the towns in the State. Expenditure of Rs 7.47 crore had been incurred on sewerage schemes in 23 towns upto 1991-92. Further expenditure of Rs 24.85 crore was incurred on these schemes during the period from 1992-93 to 1996-97 against the total budget

provision of Rs 25.99 crore, as detailed below:

Year	Budget provision	Expenditure	Savings(-)/ Excess(+)
(Rupees in crore)			
1992-93	2.11	2.01	(-)0.10
1993-94	5.19	4.98	(-)0.21
1994-95	8.76	8.54	(-)0.22
1995-96	6.55	5.92	(-)0.63
1996-97	3.38	3.40	(+)0.02
Total	25.99	24.85	(-)1.14

The following points were noticed in this connection:

- (i) Planning Commission, Government of India sanctioned Rs 5.15 crore as additional central assistance for two sewerage schemes (Chamba: Rs 2.15 crore and Mandi: Rs 3 crore) between January 1995 and March 1995. Another sum of Rs 0.75 crore was provided by the State Government for a sewerage scheme at Manali (Kullu division) during December 1995, in addition to the amount sanctioned in the Annual Plan 1995-96, on the directives of the State Planning Commission. The concerned Executive Engineers drew Rs 4.97 crore during March 1995 (Rs 4.22 crore) and March 1996 (Rs 0.75 crore) by debiting the respective sewerage schemes and deposited the same with the concerned Deputy Commissioners (DCs) on the directions of the Advisor (Planning) to the State Government. Of this, Rs 3.56 crore were released by the DCs between April 1995 and November 1997 and the balance of Rs 1.41 crore was still (November 1997)

lying in savings accounts of post offices/banks. The expenditure was thus overstated in the accounts to that extent.

Instructions of the Advisor (Planning) were contrary to the financial rules which prohibit drawal of funds in advance of actual requirements.

(ii) Funds of Rs 1.67 lakh were spent by the Kullu, Rekong Peo and Solan divisions on the purchase of furniture, photocopier and the payment of telephone bills between March 1994 and November 1996, without any provision for such items in the sanctioned estimates of the schemes.

4.2.6 Selection of schemes

The Government had not prepared any master plan for providing sewerage facilities to all the towns within a specified time frame. However, as per the policy of the Department, first priority for providing sewerage systems was to be given to district headquarters, second priority to pilgrimage and tourist centres, after which the remaining towns were to be covered. There are 50 towns³ in the State. It was noticed that no action had been taken to provide sewerage systems to the district headquarters of Sirmour (Nahan) and Lahaul and Spiti (Keylong). The Engineer-in-Chief stated (September 1997) that the works were taken up as per priority assigned by the Legislature after due survey/technical scrutiny by the Department. The contention was not tenable as the selection of schemes had not been made in accordance with the policy of the Department.

The following further points were noticed:

(i) Shimla

A sewerage system had been provided for the capital town of Shimla during the pre-Independence period for a limited area covering a population of

³ State Capital: 1; District headquarters: 11; Pilgrimage and tourist centres: 11 and Other towns: 27

18,000. Two works relating to the construction of a sewerage treatment plant and restoration of missing portions of sewerage lines at various disposal points in Shimla were administratively approved in September 1996 and October 1996 for Rs 3.40 crore and Rs 0.74 crore respectively. Funds of Rs 2.90 crore were provided by the Government for these works during 1996-97. However, the funds were diverted to the Water Supply Scheme, Shimla in March 1997 by the Financial Commissioner-cum-Secretary (IPH).

(ii) Other towns

Works to provide sewerage facilities to three tourist centres (Dharamsala, Manali and Naina Devi) were in progress, but famous tourist/pilgrim centres like Jwalamukhi, Kangra, Narkanda and Rewalsar had been left uncovered. Nine towns*, which were neither district headquarters nor famous tourist centres had been selected for providing sewerage systems and works in these towns were in progress. It was noticed that only two schemes, one in Sarahan (population: 1,209) and the other at Rampur phase-I (population: 4,342), neither of which were district headquarters, had been completed at a cost of Rs 41.33 lakh**

4.2.7 Irregular expenditure on works

Rules provide that no work should commence or liability incurred thereon unless it has been administratively approved and detailed designs and estimates have been sanctioned by the competent authority.

* Chowari, Ghumarwin, Mehatpur, Palampur, Paonta Sahib, Rohru, Santokgarh, Sarkaghat and Sundernagar

** Rampur Phase-I: Rs 12.37 lakh and Sarahan: Rs 28.96 lakh

In 12 divisions⁴, 18 sewerage schemes, administratively approved for Rs 71.54 crore, were taken up by Divisional Officers for execution between 1978-79 and 1996-97, without technical sanction. Expenditure of Rs 11.24 crore had been incurred on these schemes as of March 1997. Action taken to obtain technical sanction had not been intimated (November 1997).

It was noticed in audit that expenditure of Rs 8.83 crore had been incurred in excess of the approved estimated cost on seven out of the 18 schemes. The percentage of excess expenditure on these schemes ranged between 16 and 347. Revised estimates had not been prepared in these cases though required under the rules as the expenditure had exceeded the estimated cost by more than 5 per cent in each case.

4.2.8 Time and cost overrun

Six divisions took up the execution of six sewerage schemes between 1978-79 and 1988-89 at an estimated cost of Rs 7 crore. The schemes were scheduled to be completed within three to five years from the dates of their commencement. Of these, only the scheme at Sarahan (estimated cost: Rs 8.60 lakh) was completed in November 1994, after a delay of five years (approximately) at a total cost of Rs 28.96 lakh, involving a cost overrun of Rs 20.36 lakh (237 per cent). The remaining five schemes (estimated cost: Rs 6.91 crore) were in progress as of March 1997, involving a cost overrun of Rs 9.65 crore (139 per cent). Two of these schemes were delayed by 13 years. The time and cost overruns in individual cases ranged between four and 13 years

⁴ Bilaspur, Chamba, Dalhousie, Dharamsala, Kullu, Palampur, Rampur, Rekong Peo, Sarkaghat, Shahpur, Solan and Una-I

and 16 and 346 per cent respectively, as shown below:

District (Town)	Month of approval of estimate	Year of commencement of work	Stipulated period of completion as per estimate (In years)	Year in which the scheme was due for completion	Actual month and year of completion	Delay (In years)	Approved cost	Actual expenditure incurred as of February 1997 (Rupees in lakh)	Excess over estimated cost * (%)
Chamba (Chamba town)	September 1979	1978-79	5	1983-84	In progress	13	224.00	370.39	146.39 (65)
Dharamsala (Dharamsala town)	April 1980	1980-81	3	1983-84	In progress	13	13.56	60.55	46.99 (346)
Mandi (Mandi town)	November 1987	1987-88	5	1992-93	In progress	4	309.01	1001.25	692.24 (224)
Palampur (Palampur town)	August 1988	1988-89	4	1992-93	In progress	4	88.16	157.71	69.55 (79)
Rampur (Sarahan town)	January 1987	1986-87	3	1989-90	November 1994	5 (Apx)	8.60	28.96	20.36 (237)
Rekong Peo (Peo town)	December 1988	1987-88	3	1990-91	In progress	6	56.62	65.72	9.10 (16)
Total							699.95	1684.58	984.63

* Figures in brackets indicate the percentage of excess expenditure over estimated cost.

The Executive Engineers of the implementing divisions attributed the delay in completion of the schemes to land disputes, existence of congested lanes, insufficient provision of funds, price escalation, limited working season, etc.

Some other cases of abnormal delays are discussed below:

- (i) Survey work in connection with a sewerage scheme at Solan was completed in 1989. Administrative approval and expenditure sanction was accorded for the scheme by the Government in November 1995 for Rs 4.55 crore. It was noticed in audit that a period of over four years was taken to submit (October 1993) the preliminary estimate and another period of two years had been

taken for its approval, resulting in delay in the provision of facilities to the targetted population.

(ii) Construction of sewerage scheme, Sundernagar was started during 1991-92. The work of providing and laying of the main sewer line and distribution lines of the scheme was awarded to a contractor for Rs 1.24 crore in March 1994. The work, due to be completed by March 1995, was taken up for execution by the contractor in March 1994. After executing work valued at Rs 44.57 lakh, the contractor stopped the work in June 1996 and went for arbitration in November 1996 on the ground that the Department stopped his legitimate payments. The Executive Engineer stated (March 1997) that the Department was unable to make payment due to insufficient budget provision. Scrutiny of records revealed that against the demand of Rs 3.11 crore during 1991-92 to 1996-97, Rs 1.26 crore were provided by the Department. The Chief Engineer (North) stated (April 1997) that funds for the period from 1993-97 were provided for the scheme according to the funds made available by the Planning Department. Thus the Planning Department failed to provide funds according to the Department's commitment, resulting in avoidable delay and arbitration.

Thus Rs 1.33 crore spent on the scheme from 1991-92 to 1996-97 remained unfruitful.

4.2.9 Non-utilisation of sewerage facility

The work of providing a sewerage system for Chamba town, originally sanctioned (September 1979) for Rs 24.18 lakh was revised to Rs 2.24 crore in January 1992. The town was divided into five zones to serve a population of 17,194. The work was started during 1978-79 and Rs 3.99 crore had been spent on the scheme as of March 1997.

It was noticed that 98 *per cent* of the work of three zones (II, III and IV), serving a population of 6,477 had been completed before June 1996 and these zones were ready for releasing connections. People did not, however, come forward to get sewerage connections and so the system was not operational.

The Department should have taken action for educating the public regarding the benefits of the sewerage system while taking up the scheme for execution. Failure to do so resulted in unfruitful expenditure of Rs 3.99 crore. As the system could not be operated, the functioning of the treatment plant constructed for zone No. II during December 1994 at a cost of Rs 31.64 lakh could not be tested. The final payment of the contractor for the construction of this non-operational plant was released in March 1995, without ensuring the proper functioning of the system.

4.2.10 Damage to treatment works due to flood

(i) The work of construction of two treatment plants for the Sewerage Scheme, Mandi at Raghunath-ka-Padhar and Khaliar on the left and right bank respectively of the river Beas was awarded (March 1989) to a contractor for a lump sum amount of Rs 50.81 lakh by Mandi Division. The work had been mostly completed by March 1994. The treatment plants had, however, not been tested as of February 1997.

It was noticed that the highest flood levels (HFLs) of the two treatment plants were kept at 724.40 metres (Raghunath-Ka-Padhar) and 722.42 metres (Khaliar). However, the HFL of the river was recorded as 725.55 metres during the floods of July 1993. Flood protection works were, thereafter, provided to both the plants at an expenditure Rs 13.52 lakh. As the HFL recorded during the floods of September 1995 was 729.83 metres, the treatment plant at Raghunath-Ka-Padhar was submerged in flood water. The building of the Sub-Divisional store collapsed and the earthen embankments were damaged completely, involving loss

of property of Rs 7 lakh. An estimate for restoration of flood damages in respect of the scheme for Rs 1.11 crore, proposed by the Chief Engineer in August 1996, was awaiting approval of the Government (January 1997). The restoration work was started in November 1995 in anticipation of administrative approval and expenditure sanction and Rs 74 lakh had been spent as of January 1997. The work was still in progress (February 1997).

The Chief Engineer (North), after conducting an enquiry into the reasons for damages to the scheme, concluded (November 1995) that the treatment plants constructed at Raghunath-Ka-Padhar and Khaliar were located in the flood zone. He also stated that the engineers who had surveyed, designed and finalised the estimates had no idea of sewerage systems and the lapse had occurred due to inexperience and ignorance. No action for the lapse had, however, been taken by the Department against these officers (February 1997).

Faulty planning and improper investigation by the Department thus resulted in a loss of Rs 20.52 lakh. Besides, an estimated amount of Rs 1.11 crore would be required for restoration of flood damages and other works. The completion of the scheme was also delayed and it could not be commissioned as of February 1997, though it was completed in March 1994.

(ii) Administrative approval and expenditure sanction for remodelling of the sewerage scheme at Manali under Kullu Division were accorded (June 1988) for Rs 1.23 crore which was revised to Rs 4 crore in March 1995. The work of construction of the treatment plant, to be completed by December 1994, was awarded to a contractor in June 1994 for Rs 95.12 lakh and Rs 35.72 lakh were paid to the contractor upto July 1995. The fifth bill (Rs 50.62 lakh), based on measurements recorded in August 1995 was pending for payment (February 1997).

The site of the treatment plant was adjacent to the river Beas and some portions of the plot were washed away during the floods of July 1993. Further, in September 1995, the works at the site, including flood protection works constructed at a cost of Rs 18 lakh were washed away in the floods, leaving no scope to reconstruct the plant at the same site.

Land acquisition proceedings for a new site for the treatment plant were not completed as of March 1997.

Selection of an unsuitable site for construction of the treatment plant thus resulted in a loss of Rs 68.62 lakh to the Government, apart from the delay in providing sewerage to the famous tourist centre (March 1997).

4.2.11 Irregular deployment of labour in sewerage scheme, Mandi

(i) Even after the detailed estimate of the Sewerage Scheme, Mandi was sanctioned in May 1993, surveyors and *beldars* were employed on muster rolls from September 1993 to May 1996 for survey and investigation work in zones A, D and E of the scheme and Rs 1.52 lakh were paid to them. The employment of labour for survey and investigation after the detailed estimate was sanctioned, was unjustified.

(ii) While 4 to 13 gangs of labourers were engaged on muster rolls during May 1995 to November 1996 for the execution of Sewerage Scheme, Mandi, 12 to 25 supervisors and mortar mates were deployed to supervise the work of these gangs during this period. As per norms, each gang of labourers was to be supervised by one supervisor/mortar mate and unjustified engagement of a large number of supervisors and mortar mates resulted in avoidable extra expenditure of Rs 3.16 lakh.

4.2.12 Undue financial aid to contractors

Three works of the Sewerage Schemes, Manali (2 works) and New Bilaspur township (one work) were awarded to three different contractors on item rate basis between February 1993 and July 1995 by the Kullu and Bilaspur divisions respectively. The works, due to be completed between March 1994 and March 1996, were not completed as of March 1997.

The contractor of the branch sewer line of the Sewerage Scheme, Manali had not paid compensation of Rs 4.56 lakh levied on him in November 1996 (Rs 0.45 lakh had been withheld from the fifth running account bill). Compensation of Rs 10.31 lakh leviable on the remaining two contractors under the agreements had not been levied. Secured advances of Rs 7.65 lakh, recoverable from the concerned contractors, had not been recovered. Besides, material of Rs 0.70 lakh was unauthorisedly removed from the site by one contractor. No action to rescind the contracts was initiated by the Divisional Officers as of March 1997. Further, no action had been taken to enforce recovery of government dues and completion of the work at the risk and cost of the contractor.

Thus non-levy/non-recovery of compensation and unauthorised removal of material resulted in undue financial aid of Rs 15.12 lakh to the contractors apart from non-recovery of secured advances of Rs 7.65 lakh.

4.2.13 Avoidable payment of escalation charges

The work of construction of the sewerage treatment plants at Raghunath-ka-Padhar and Khaliar of the Sewerage Scheme, Mandi, due to be completed by September 1990, was delayed because of changes in the sites of the plants, delay in approval of drawings of the plants and flood damages due to the absence of protection measures in time. The Department granted extension upto

March 1994 and the contractor was paid escalation charges of Rs 5.50 lakh, which included Rs 4.58 lakh for the period beyond the due date of completion.

Delays in approving the drawings, failure to locate the plants at safer places and provide protection works in time thus resulted in delay in completion of the work and avoidable payment of Rs 4.58 lakh.

4.2.14 Extra avoidable expenditure on providing and laying of pipes

As per Government instructions, stores available on rate contract were to be supplied by the Department to the contractor for execution of works.

Chamba and Mandi divisions awarded the works of providing and laying of sewerage lines to four contractors during 1992-93 and 1993-94 on through rates and not on labour rates by providing pipes available on rate contract of the DGS&D. This deviation from the Government instructions resulted in extra avoidable expenditure of Rs 33.35 lakh. The Executive Engineer, Mandi Division stated (February 1997) that the work of providing and laying of pipes was awarded after approval by the higher authorities. The plea was not tenable as the Government instructions did not permit entrustment of work on through rates.

4.2.15 Unjustified purchase of fencing panels by splitting up of works

Twenty work orders worth Rs 3.88 lakh were issued by the Executive Engineer during 1993-94 and 1994-95 for the Sewerage Scheme, Manali for manufacturing and providing fencing panels. All the 20 work orders were of the value of Rs 19,380 each so as to keep them within the prescribed limit of Rs 20,000, upto which the Executive Engineers were competent to issue work orders without inviting open tenders. All the panels were received during March and May 1994. Of these, 81 panels were issued to other works and the remaining 259 panels costing Rs 2.96 lakh were lying unutilised as of November 1997. Thus

the supply orders and the consequent expenditure by the Executive Engineer was unjustified.

The Executive Engineer stated (March 1997) that the fencing panels could not be utilised as the treatment plant had been washed away. The plea was not tenable because the treatment plant was washed away in floods in September 1995 whereas the panels were procured by May 1994.

4.2.16 Injudicious procurement of material

Financial rules of Government stipulate that stores should be purchased in accordance with the definite requirements of works and should not be purchased in excess of actual requirements.

Test-check of records revealed the following:

(i) The Executive Engineer, IPH Division, Dharamsala procured cast iron pipes of different diameters valued at Rs 12.75 lakh between January 1987 and February 1993. The cost of the material was charged to the Sewerage Scheme, Dharamsala. The entire material was lying unused as there was no requirement of this material in the sanctioned estimate of the scheme.

The Executive Engineer stated (December 1996) that the material would be used on other needy works.

(ii) In six IPH divisions⁵, stores valued at Rs 64.78 lakh procured between 1988-89 and 1995-96, remained unutilised, resulting in idle investment. Relevant details in this regard have been given in Appendix-VIII.

⁵ Chamba, Kullu, Rampur, Rekong Peo, Solan and Sundernagar

4.2.17 Levy of sewerage charges

Rules for levy of sewerage charges had not been framed by the State Government. The concerned Divisional Officers were recovering connection charges and security deposits from beneficiaries at varying rates ranging between Rs 200 and Rs 250 and between Rs 150 and Rs 250 respectively. No connection charges and security were being recovered in Bilaspur Division, while only security deposit was being levied by Rampur Division in respect of the Rampur Phase I and Sarahan schemes.

These points were referred to the Government in July 1997; reply had not been received (November 1997).

4.3 Failure of Lift Water Supply Scheme, Neri Chamboh

(i) Lift Water Supply Scheme, Neri Chamboh (Hamirpur district), designed to provide potable water to an ultimate population of 6,622 persons and 837 students in 16 scarcity villages was commissioned by Barsar Division in April 1987 at a cost of Rs 46.08 lakh. Two infiltration galleries for two stages of the scheme were constructed at the source of the scheme (Chainth *khad* and Seer *khad*). The discharge of water available at the source was not measured to establish the reliability of the same as required in the Manual on Water Supply and Treatment. The Department expected that sufficient water would be available against the daily requirement of 2.73 lakh litres.

The infiltration galleries of two stages of the scheme failed to yield sufficient discharge of water. A daily discharge of 64 thousand litres of water was measured in May 1994 in respect of stage I of the scheme. No water was available in respect of stage II of the scheme during the same period. To overcome this situation, an estimate for augmentation of the scheme was approved (December 1994) for Rs 42.14 lakh for completion within four years. Water was

proposed to be lifted from Seer *khad* by constructing a percolation well. To ascertain the lean period discharge, a percolation well was to be constructed first. A trial pit, dug at the proposed new site, was found to be dry. The Central Ground Water Board, Kangra observed (June 1996) that ground water could be developed in the area of Seer *khad* near Chandruhi village by constructing an exploratory tubewell. The work for the construction of the well had not been started as of August 1997. In the meantime, the daily discharge at the source of the existing scheme, measured in May 1996, decreased to 20 thousand litres which was less than 10 *per cent* of the daily requirement of water of the beneficiaries.

The Executive Engineer stated (October 1996) that sufficient sub-soil water was available in Seer *khad* but the lean period discharge of the source had reduced subsequently due to a series of droughts and other hydrogeological changes. The plea was not tenable as the discharge of water measured between May 1988 and June 1991 ranged between 0.61 and 1.77 lakh litres, while the daily requirement was 2.73 lakh litres.

Thus Rs 46.08 lakh spent on the construction of the scheme remained largely unfruitful and Rs 42.14 lakh would be necessary for augmentation of the scheme.

(ii) The rising main of stage I of the scheme (length 5,940 metres) included a portion of 1,740 metres Mild Steel Electrically Resistance Welded (MSERW) pipes of 80mm diameter. Providing and laying work of MSERW pipes was awarded to a Jalandhar based firm in November 1984 for Rs 2.68 lakh. According to the agreement, external anti-corrosive protection was to be provided to the pipeline. The work was completed in March 1986 at a cost of Rs 2.73 lakh. As per the contract, the defects liability period of the firm was six months from the date of completion of the work. The rising main was tested in November 1986 and found to have burst at several places. While repairing (February 1987) the

rising main, the firm made it clear that their defects liability period was already over. As there had been frequent bursting of the MSERW pipes since commissioning of the scheme, a special repairs estimate for their replacement for a length of 960 metres was submitted (December 1995) by the Executive Engineer to the Superintending Engineer, Hamirpur for Rs 2.55 lakh. The estimate had, however, not been approved as of September 1997. Since it became difficult to lift water through the existing rising main, the division replaced 1,100 metres of MSERW pipes with 100mm diameter flanged galvanised iron pipes between March 1996 and July 1996 at a cost of Rs 4.78 lakh, without obtaining approval of the competent authority.

The Executive Engineer stated (October 1996) that the main reason for bursting of the pipes might be corrosion which had occurred due to the corrosive nature of the soil. Thus the Department failed to select suitable pipes for the rising main while designing the scheme and Rs 2.73 lakh incurred on unsuitable pipes was a waste.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

4.4 Avoidable extra expenditure on providing and laying of pipes

Government issued instructions in June 1977 that under any contract which involved execution of works and for which any item of stores for which a rate contract existed was required, such item would be supplied to the contractor by the Department after procuring it on rate contract.

Contrary to these instructions, Shimla Division No. II permitted two contractors to procure and utilise 6,829 running metres of centrifugally cast ductile iron (spun) pressure pipes, which were available on rate contract with the Director General of Supplies and Disposals, on two works during May 1995 to

December 1995. Failure to ensure departmental supply of the pipes on rate contract resulted in avoidable extra expenditure of Rs 18.94 lakh.

The Superintending Engineer (Mechanical) stated (February 1997) that the instructions issued by the Government were for galvanised iron pipes and centrifugally cast ductile iron (spun) pressure pipes were not covered by the instructions. The contention was not tenable as the instructions of the Government were applicable to all types of items which were available on rate contract.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

4.5 Extra avoidable expenditure owing to non-installation of capacitors

According to the Himachal Pradesh State Electricity Board (HPSEB) Schedule of Electricity Tariff, 1994 applicable from June 1994, all agricultural and industrial consumers, including irrigation and water pumping consumers, having inductive loads were required to instal capacitors of adequate rating as specified by the Board. Surcharge at the rate of 10 *per cent* was leviable in respect of cases where the capacitors had not been installed or where these were defective or underrated.

Test-check of records of Irrigation and Public Health Division No. II, Una revealed (January - April 1997) that the division paid Rs 6.48 lakh to HPSEB on account of power factor surcharge between June 1994 and March 1997, as the requisite capacitors had not been installed in respect of 22 water supply schemes. The cost of purchase and installation of these capacitors in June 1994 would have been Rs 1.20 lakh only.

The Divisional Officer, while accepting the facts, stated (January 1997) that the capacitors would be installed shortly. Failure of the Department to install the capacitors thus resulted in extra avoidable expenditure of Rs 5.28 lakh.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

4.6 Lift Irrigation Scheme, Mangarh failed to provide irrigation since completion

Lift Irrigation Scheme, Mangarh (Sirmour district) was completed by the Nahan Division in August 1991 at a cost of Rs 23.71 lakh to provide irrigation to a culturable command area (CCA) of 56 hectares of land. The cost included Rs 10.09 lakh spent on 1,560 metres long rising main constructed in two phases. Between 1992-93 and 1996-97, Rs 2.69 lakh were spent on the maintenance of the scheme.

The Executive Engineer reported (September 1995) to the Superintending Engineer, Nahan that the asbestos cement (AC) pressure pipes used in the rising main could not be buried properly due to rocky strata and the pipes burst at many places owing to the effect of water hammer. This fact had neither been pointed out by the departmental officers during the course of execution of the scheme nor after the completion of the same. A scrutiny of the log books of the pumps revealed that no irrigation was provided by the scheme to the culturable command area since its completion.

As the scheme was not functioning, the Superintending Engineer, Nahan sought the advice of a Bombay based firm in September 1995 to make the scheme functional. Based on the advice of the aforesaid firm, an estimate of Rs 2 lakh for providing four zero velocity valves in both the stages of the rising main was submitted (November 1995) by the Division to the

Superintending Engineer, Nahan. The estimate had not been approved as of February 1997. Reasons for not approving the estimate were not on record. The Executive Engineer, while confirming the facts, did not give any justification for improper laying of the pipes of the rising main.

Thus Rs 26.40 lakh spent on the construction and maintenance of the scheme failed to provide any irrigation facilities for a period of over six years.

The matter was referred to the Government in May 1997; reply had not been received (November 1997).

4.7 Lift Irrigation Scheme, Arniala did not take off due to defective construction

Lift Irrigation Scheme, Arniala (Una district) was administratively approved (March 1994) for Rs 7.54 lakh to irrigate a culturable command area (CCA) of 23 hectares. The scheme was taken up for execution in March 1994 in anticipation of technical sanction and Rs. 13.16 lakh were spent on civil works, pumping machinery and construction of 60 *per cent* field channels upto October 1997.

Test-check of the records of Una Division No.I revealed (January 1997) that the bore of the tubewell, which was the source of water for the scheme, had been drilled by Tubewell Division, Gagret at a cost of Rs 6.94 lakh and handed over to the former division in December 1991 for development. The erection team of the Division, while lowering (May 1996) the submersible pump, noticed that the bore had been filled up with boulders and pebbles upto a depth of 9 metres. The Executive Engineer, Una Division No I stated that there was no records to show that the tubewells were plugged properly at the time of taking over. A joint inspection of the site was conducted in June 1996 by the Superintending Engineer, Una, Superintending Engineer (Mechanical), Tubewell Division, Gagret,

Executive Engineer, Una Division No.I and the Senior Hydrogeologist, Ground Water Organisation, Una. The team members decided to flush out the filled material from the bore with an air compressor. However, the Superintending Engineer (Mechanical), Tubewell Division, Gagret intimated (July 1996) to the Executive Engineer, Una Division No.I that the air compressor could not be put to use and there was no other remedy by which the bore could be cleared.

As no water was available, the lift irrigation scheme thus could not take off and Rs 20.10 lakh spent on the scheme was a total loss.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

4.8 Wasteful expenditure on remodelling of the Lift Irrigation Scheme, Ghallour

The Lift Irrigation Scheme, Ghallour (Kangra district) was completed in March 1982 at a cost of Rs 8.82 lakh to irrigate a culturable command area (CCA) of 74.31 hectares. Irrigation provided by the scheme during the period 1982-89, however, ranged only between 4.70 and 17.19 hectares. In spite of the low utilisation of existing irrigation potential, a remodelling estimate for Rs 29.96 lakh was proposed by the Engineer-in-Chief and sanctioned by the Government in August 1989 to provide *chak* development work for the scheme and bring an additional CCA of 92.37 hectares under irrigation. The remodelling work was started during 1989-90 and completed in October 1993 at a cost of Rs 32.67 lakh. Between 1990-91 and 1997-98 (upto September 1997), Rs 21.28 lakh had also been spent on the running and maintenance of the scheme.

Test-check of records of Dehra Division revealed (January 1997) that the area irrigated by the scheme during the period 1993-94 to 1996-97 was

Chak development: Command area development

negligible. Against the envisaged CCA of 166.68 hectares per crop, the area actually irrigated during the aforesaid period ranged between 0.07 and 0.37 hectare. No reasons for non-utilisation of the available irrigation potential were on record.

Evidently, the remodelling of the scheme was done without properly assessing the irrigation requirements and as such Rs 53.95 lakh spent on the remodelling, repairs and maintenance of the scheme had become wasteful.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

4.9 Idle investment on sprinkler system

To provide reliable and efficient distribution of water to a culturable command area (CCA) of 91.26 hectares, *chak* development of the Lift Irrigation Scheme (LIS), Patta Braury (Solan district) was administratively approved (February 1990) for Rs 17.67 lakh. The Department installed a sprinkler system costing Rs 15.60 lakh in August 1992 as the area was hilly and the discharge of water at the site was inadequate. The system was expected to curtail wastage of water and to check erosion of the top soil cover of the area. However, feasibility study to ascertain the impact of silting on the functioning of the system was not conducted before the installation of the system.

Test-check of records of the Irrigation and Public Health Division, Solan revealed (December 1996) that despite constructing a desilting tank, silt and other types of debris flowing with the water choked the sprinklers and eventually caused their failure within 13 months of installation. Efforts made to revive the system proved futile, reportedly for want of certain parts. The Executive Engineer stated (December 1996) that Rs 10 lakh were required for making it functional. He, however, stated that some parts of the system, including aluminium pipes,

valued at Rs 6 lakh, were being used for the distribution of water. The remaining components of the sprinkler system costing Rs 9.60 lakh were lying idle. No action to arrange the necessary funds for procurement of parts and to make the scheme functional had been taken by the Department as of November 1997.

Action of the Department in procuring and installing of the sprinkler system without assessing the probable impact of silting on the functioning of the system thus resulted in idle investment of Rs 9.60 lakh.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

4.10 Injudicious procurement of diesel generating sets

Report of the Comptroller and Auditor General of India for the year ended 31 March 1990 (Civil) - Government of Himachal Pradesh included comments (paragraph 4.12(ii)) regarding two standby diesel generating sets purchased by Barsar Division in February-March 1986 at a cost of Rs 5.51 lakh for the Lift Water Supply Scheme, Deot Sidh group of villages, Phase-II. The Government, while furnishing a detailed reply to the Public Accounts Committee, stated (May 1995) that action had been taken against the firm for not erecting the generating sets as per provisions of the agreement and the sets were installed in March 1991 through another firm at a cost of Rs 0.66 lakh (erection charges: Rs 0.25 lakh and repair charges: Rs 0.41 lakh).

Test-check of the records of the Division revealed (October 1996) that while one set (No I) was operated for testing at various intervals, the other set (No II) worked for 114.25 hours only between March 1991 and June 1991. Thereafter, it developed defects and was lying out of order as of August 1997.

The Executive Engineer stated (October 1997) that the generating sets were not put to use as there was no electricity failure in the area and repairs to set No II were not undertaken due to non sanctioning of the special repair estimate by the Circle Office. It was further stated that efforts were being made to transfer set No I to some needy division.

Thus procurement and erection of the diesel generating sets without assessing their necessity and workability resulted in unfruitful expenditure of Rs 6.17 lakh.

The matter was referred to the Government in May 1997; reply had not been received (November 1997).

4.11 Failure of irrigation schemes

To bring more areas under irrigation and increase crop production, seven irrigation schemes were completed and commissioned between March 1982 and March 1994 at a cost of Rs 79.61 lakh.

During test-check of records of the six divisions¹ in respect of these seven schemes, it was noticed that though Rs 40.38 lakh were spent on the running and maintenance of these schemes during 1991-96, irrigation potential of these schemes was virtually unutilised as shown below:

Year	Number of schemes (cumulative)	Area to be irrigated per crop (In hectares)	Area irrigated		Percentage of shortfall in utilisation	
			Rabi (In hectares)	Kharif	Rabi (In hectares)	Kharif
1991-92	3	217	17	12	92	94
1992-93	4	241	16	6	93	98
1993-94	6	272	13	9	95	97
1994-95	7	398	19	9	95	98
1995-96	7	398	20	10	95	97

Of these irrigation schemes, no irrigation had been provided by two irrigation schemes², completed during 1993-94 by Rekong Peo and Shimla-I divisions at a cost of Rs 21.17 lakh. Further, two irrigation schemes³ completed and commissioned in March 1985 and March 1993 at a cost of Rs 10.22 lakh in Kinnaur and Kullu districts, became defunct in 1995 due to settlement of land and rain damages and no irrigation could be provided to the command area thereafter.

Shortfall in utilisation of irrigation potential was attributed by most of the Executive Engineers to non-adoption of the desired cropping pattern and non-development of land by the beneficiaries.

Thus Rs 1.20 crore spent on the construction and maintenance of these schemes were largely wasted.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

Public Works Department

4.12 Non-recovery of cost of materials and other dues from contractors

According to the provisions of the Himachal Pradesh Public Works Account Code, recovery from a contractor on account of cost of materials issued to him for use on a work should ordinarily be made by deduction from the first bill authorising an advance payment or from an on account payment to him for the work. The code further provides that when tools and plants are lent to a contractor, hire charges thereof should be recovered regularly.

² Flow irrigation scheme, Thathal (Shimla district) and Flow irrigation scheme, Rangkulang (Kinnaur district)

³ Lift irrigation scheme for village Jreya (Kullu district) and Flow irrigation scheme, Malling Dogri to Lituk Dogrik (Kinnaur district)

It was noticed in audit that in three divisions¹, Rs 21.49 lakh were recoverable since July 1990 from three contractors due to failure of the divisional officers to effect recovery from the running bills and keeping these recoveries pending till the preparation of the final bill as discussed below:

(i) The work 'Improvement of narrow and sub-standard reaches of Shimla Wangtoo road (National Highway: 22)' from km 169/0 to 276/0 was completed by a contractor in July 1990. The final bill for the work, though required to be finalised within six months from the date of completion of work, was adjusted in the accounts by the Division only in March 1996. According to the bill, a net recovery of Rs 2.15 lakh was due from the contractor on account of cost of material, hire charges of machinery, labour, etc.

The Executive Engineer, National Highway Division, Rampur stated (March 1997) that efforts were being made to effect the recoveries through other divisions in Himachal Pradesh.

(ii) Construction of approaches and diversion of Solding *khad* Bridge (National Highway: 22) at km 322/0 of the Shimla Wangtoo road was completed by a contractor in April 1995.

As per the final bill prepared (April 1995) by the concerned Assistant Engineer, a net recovery of Rs 6.88 lakh was due from the contractor on account of cost of material issued from departmental stores, non-stacking of serviceable material, hire charges of machinery, etc.

The Executive Engineer, National Highway Division, Rampur stated (April 1997) that the final bill was under check in the Division and the final amount of recoveries would be worked out after the bill was passed.

¹ National Highway Division, Rampur, Outer Seraj Division, Nirmand and Shimla-I

(iii) Construction of a Reinforced Cement Concrete (RCC) counterfort retaining wall on Shimla Bypass (km 11.635 to 11.750) awarded (June 1994) to a contractor for Rs 15.33 lakh by Shimla Division No. I was stipulated to be completed by January 1995.

Test-check of records of the Division revealed (November 1996) that the contractor had suspended the work in July 1995, after executing work valued at Rs 1.68 lakh. Compensation of Rs 1.53 lakh was levied on him in October 1995 for delay in completion of the work and the contract was rescinded (November 1995) under clause 3 of the agreement. The balance work, awarded to another contractor in April 1996 at a cost of Rs 15.48 lakh at the risk and cost of the former contractor, was in progress. Scrutiny of the final bill of the first contractor, which had not been adjusted in the accounts as of November 1996, revealed that recoveries of Rs 6.28 lakh on account of material, compensation, cost of the balance work, etc., were outstanding against him. This included 0.98 tonne (25 mm dia) of steel valued at Rs 2.29 lakh supplied to the contractor, which was not provided in the design of the work.

The Executive Engineer, Shimla Division No. I stated (November 1996) that the material had been issued to the contractor to ensure that work was not held up due to non-availability/ less availability of material. However, the Executive Engineer had not intimated the reasons for non-recovery of the outstanding amount.

(iv) Formation cutting work of Wazir Bowli to Jhakri road (Kullu district) from km 5/0 to 6/0 was awarded to a contractor by the Outer Seraj Division, Nirmand in February 1989 and completed in April 1992.

According to the contract, the contractor was required to hand over 15873.32 cums of serviceable stones to the Department, failing which, recovery at the rate of Rs 44 per cum for the stones less handed over was to be made from his

running account bills. The contractor, however, failed to hand over any serviceable stones. Recovery of Rs 6.98 lakh for the stones not handed over was to be made from him. As per the final bill for the work adjusted in June 1996, a net recovery of Rs 6.18 lakh was due from the contractor after adjusting the security deposit (Rs 0.80 lakh) available with the Department. The Superintending Engineer, Rampur stated (April 1997) that the final bill of the contractor could not be finalised because of delay in approval of the deviation statement by the Engineer-in-Chief.

The recoveries mentioned at (i) to (iv) above should have been made from the running bills of the concerned contractors, instead of keeping them pending till the preparation of the final bills, adjustments of which were unduly delayed.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

4.13 Inadmissible payment of additional compensation

The Land Acquisition Act, as amended in 1984, was made applicable retrospectively from 30 April 1982. According to Section 23 (1-A) of the amended Act, an additional amount at the rate of 12 *per cent* per annum of the market value of land was payable to landowners for the period commencing on and from the date of publication of a notification under Section 4(i) of the Act regarding the Governments' intention to acquire land for a public purpose to the date of award of the Collector or the date of taking over possession of the land by the Government, whichever was earlier. Further, it was held (January 1995) that the additional compensation would be payable from the date of publication of the

* Special Tehsildar (LA), PWD Schemes, Vijayawada vs M.A. Jubbar; AIR, 1995, Supreme Court 762

notification to the date of award, where possession had been taken before the amended Act had come into force.

Test-check of records of the Buildings and Roads Division, Ghumarwin revealed (October 1996) that in one case, an award was announced by the Land Acquisition Collector, (Shimla-III) in May 1995 where the possession of land had been taken (July 1977) prior to the publication of the notification under Section 4(i) in July 1994. Additional compensation of Rs 12.64 lakh was irregularly paid from the date of taking over possession to the date of award, instead of Rs 0.58 lakh payable from the last date of publication to the date of award.

Failure of the Department to regulate the payment of compensation under the provisions of the Act had resulted in an inadmissible payment of Rs 12.06 lakh.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

4.14 Extra avoidable expenditure on wire crates

Wire crates of galvanised iron (GI) wire filled with boulders are provided for the protection of roads. These crates can either be made manually by weaving the wire or by using readymade interlink chains. According to the provisions of the Himachal Pradesh Schedule of Rates, 1987, 3.35 kilograms of GI wire is required for making one wire crate measuring one square metre, having a mesh size of 15 cms by 15 cms. The State Government finalised rate contracts with various firms for the supply of GI wire as well as interlink chains of the required specifications from October 1995 to September 1996. A wire crate of one square metre size, if made by procuring GI wire on rate contract, would cost Rs 94.47 including labour charges of Rs 8.73. If interlink chains were to be used, the cost of such a crate would be Rs 59.80.

Test-check of records of Kullu Division No. II revealed (February 1997) that GI wire was procured by the Executive Engineer between October 1995 and August 1996 for the restoration of rain damages caused by natural calamities to National Highway-21 and 26,474 square metres of wire crates were got woven with the same through 28 contractors during 1996-97 at a cost of Rs 23.65 lakh. If the crates had been made with readymade interlink chains for which rate contracts existed, the cost would have been Rs 15.83 lakh. The Executive Engineer stated (February 1997) that the matter was being investigated.

Failure to procure and use readymade interlink chains for providing wire crates thus resulted in avoidable extra expenditure of Rs 7.82 lakh.

The matter was referred to the Government in May 1997; reply had not been received (November 1997).

4.15 Irregularities in rescission of contract and undue aid to a contractor

The work relating to improvement and widening of Ambala-Shimla-Wangtoo-Shipkilla road from km 200/0 to 205/0 (sub-head: widening of existing road to double lane road, construction of retaining walls, breast walls and extension of culverts) was awarded to contractor 'A' in January 1993 for Rs 56.38 lakh. The contractor took up the work in February 1993, due for completion in 18 months and left it incomplete after executing work for Rs 23.25 lakh in March 1994.

Test-check of the records of National Highway Division, Rampur revealed (December 1996) that recoveries of Rs 15.57 lakh were outstanding

against the contractor as detailed below:

	(Rupees in lakh)
(i) Balance recovery of secured advance granted in March 1993 for procurement of machinery	4.20
(ii) Compensation levied under clause 2 of the agreement for delay in completion of work	5.64
(iii) Cost of materials issued from departmental stores, non-stacking of serviceable stones and royalty	5.73
Total	15.57

Non-recovery of Government dues from the contractor resulted in undue financial aid to him. The Superintending Engineer, Rampur stated (April 1997) that the excess issue of materials was being investigated and action to fix responsibility for the lapse would be taken against the defaulting officials.

The contract was rescinded in November 1994 under clause 3(a) of the agreement and his security deposit was forfeited to the Government. Since the contractor was responsible for delay in the completion of the work, action was required to be taken under sub-clauses 3(b) and 3(c) of the contract to get the balance work executed through other agency at his risk and cost.

The balance work was awarded to contractor 'B' in May 1995 for Rs 69.09 lakh. This would result in additional liability of Rs 26.99 lakh to the Government in getting the work completed. Had action under sub-clauses (b) and (c) of clause 3 of the agreement been taken, this amount could have been recovered from contractor 'A'.

These points were referred to the Government in June 1997; reply had not been received (November 1997).

4.16 Avoidable payment of compensation and interest due to delay in finalisation of proceedings

The Land Acquisition Act, 1894, as amended in 1984, provided that if any particular land was needed for a public purpose, a declaration should be made to that effect. The Act also provided that the Collector should make an award in respect of the land within two years from the date of publication of the declaration and if no award was made within that period, the entire proceedings for the acquisition of the land would lapse.

Test-check of records of the Land Acquisition Collector, Mandi revealed (December 1996) that possession of 1-42-84 hectares of land falling in the alignment of the Talyar-Pingla-Thona-Rissa-Sarkaghat road in Patti village (Mandi district) was taken over by the Department in September 1964. Land acquisition proceedings were initiated in April 1974 though the demand from the Department was received in June 1971. The proceedings, however, lapsed as the required declaration had not been made within the specified period. The proceedings were restarted in July 1979 but lapsed due to non-completion of the required formalities within the specified time. The proceedings were started for the third time in May 1988 and the award of the Collector was announced in March 1995.

The Act provided for the payment of interest to the landowners at specified rates on the market value of land from the date of taking over possession of land till the date of payment of compensation. Besides, additional compensation was also payable after the amendment of the Act in 1984. Audit scrutiny revealed that additional compensation (Rs 0.56 lakh) and interest from April 1977 to December 1994 (Rs 7.66 lakh) had to be paid to the landowners due to delays in finalisation of acquisition proceedings. These payments could have been avoided had the acquisition proceedings, started in April 1974, been finalised in 1977 in accordance with the provisions of the Act. Besides, the payment of

interest upto March 1977 could have been avoided had the land acquisition proceedings been completed in time after taking over possession of land in 1964.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

4.17 Utilisation of roads delayed due to improper planning

(a) A motorable road upto km 3/800 and a one metre wide track upto km 7/0 in Deve Khan Manal road were constructed by Mandi Division No.I in August 1986 at a cost of Rs 4.33 lakh.

The motorable road had been opened to vehicular traffic upto km 3/200 in April 1986 and the road beyond km 3/200, could not be opened to traffic for want of a bridge at km 3/485 of the road. Construction of a 25-metres effective span steel truss bridge at the same site was administratively approved in May 1986, for Rs 8.50 lakh for completion within two years. The sub-structure of the bridge was completed in March 1994 at a cost of Rs 9.36 lakh but the work of the super-structure could be awarded only in July 1997 though the designs for the same were completed in March 1994.

The Superintending Engineer, Mandi stated (February 1997) that construction of the super-structure was not taken up due to lack of sufficient funds. However, it was noticed in audit that budget provision of Rs 0.50 lakh during 1995-96 and 1996-97 for the construction of the bridge had not been utilised by the Department.

Thus failure to synchronise the construction of the bridge with the construction of the road resulted in unfruitful expenditure of Rs 10.97 lakh (including construction cost of Rs 1.61 lakh on the road beyond km 3/200) and deprived the public of the intended benefits.

(b) Majhari Ghatewal road from km 0/0 to 12/0 was started in October 1980 in anticipation of technical sanction and suspended (April 1990) after executing formation work upto km 10/945, soling upto km 3/400 and cross drainage works upto km 3/0 at a cost of Rs 4.53 lakh.

Test-check of records of Bilaspur Division No.II revealed (June-July 1996) that a bridge required to be constructed over Dabet *khad* at km 4/589 of the road had not been built as the sanctioned estimate for the road did not contain any provision for the construction of the bridge. The Executive Engineer stated (July 1996) that the work was suspended due to lack of sufficient funds and the road could not be put to the intended use as the rain damages were not restored and the bridge was not constructed. The plea of the Executive Engineer was not tenable as funds of Rs 0.56 lakh and Rs 2 lakh allotted during 1990-96 and 1996-97 for the construction of the road and the bridge respectively had not been utilised. Administrative approval for construction of the bridge had also not been obtained upto May 1997.

Thus due to improper planning, Rs 4.53 lakh spent on construction of the road remained unfruitful for seven years.

The matter was referred to the Government in June 1997; reply had not been received (November 1997)

4.18 Undue aid to contractors

Test-check of records of two divisions¹ revealed (July 1996 and October-November 1996) the following cases of undue aid to two contractors:

(i) The work of supplying and stacking at site of 2,141 cubic metres (cums) of crushed stone aggregate for providing a renewal coat on the Kalka

¹ Mandi-II and National Highway, Solan

Shimla road (National Highway-22) between km 93/0 and km 122/300 was awarded (March 1995) to a contractor by the National Highway Division, Solan for Rs 6.21 lakh. The work was required to be completed by June 1995.

The work was started by the contractor in March 1995 and 387 cums of crushed stone aggregate valued at Rs. 1.12 lakh was supplied by him upto June 1995. As the contractor stopped further supply of the stones, compensation of Rs 62,000 was levied (August 1995) upon him, which was subsequently reduced by the Superintending Engineer in September 1995 to only Rs 1,000 on the grounds that the Department had failed to provide the site for stacking the stones. The Executive Engineer, however, stated (July 1996) that the capacity of the stacking site was 2,000 cums. Scrutiny revealed (July 1996) that only two to 321 cums of stones had remained stacked at the site between March 1995 and September 1995. Thus the reduction of the compensation by the Superintending Engineer was not justified.

The balance work for the supply of 1,754 cums of crushed stone aggregate was awarded to three contractors between September 1995 and February 1996 and was completed by them between January 1996 and June 1996 at a cost of Rs 7.83 lakh. An extra expenditure of Rs 2.74 lakh was thus incurred for the completion of the balance work. No action to rescind the contract of the first contractor and recover the extra cost from him was taken by the Division as of July 1996.

The Executive Engineer stated (July 1996) that the material had to be procured from other contractors as it was required urgently for completion of the targetted work. It was also stated that necessary action against the first contractor under clause 3 of the agreement was being initiated and the extra expenditure incurred would be recovered from him through other divisions of the Department. The contention was not tenable as action under clause 3 to rescind the work and

get the balance work completed through other agencies should have been taken before getting the balance work completed.

Failure to take timely action to rescind the contract and get the balance work executed at the risk and cost of the first contractor thus resulted in undue aid of Rs 2.74 lakh to him.

(ii) In B&R Division No.II, Mandi, 325 running metres of wire rope of 50 mm diameter valued at Rs 1.62 lakh was received (April 1994) from Katrain sub division of Kullu Division No.I on loan basis. The rope was handed over to a contractor in June 1994 for use on the bridge over river Beas at Kun-Ka-Tar although there was no stipulation in the agreement regarding supply of rope to the contractor. Besides, no hire charges for issue of the material to the contractor were fixed. Though the bridge was completed by the contractor in January 1996, the wire rope was returned by him in October 1996.

The Superintending Engineer, Mandi stated (July 1997) that the matter regarding fixing of hire charges was being followed with the Mechanical Division and the amount would be recovered from the pending dues of the contractor. The rates of hire charges should have, however, been fixed before handing over the rope to the contractor and recovery thereof made from his running payments.

The matter was referred to the Government in May 1997; reply had not been received (November 1997).

4.19 Delay of seven years and extra avoidable expenditure in construction of a bridge

Construction of a 25-metres span steel truss bridge over Kotlu *khad* at km 25/800 of Karsog Luri road was administratively approved (March 1981) for Rs 5.67 lakh with a stipulated period of completion of one year. The work was, however, technically sanctioned in March 1987 for Rs 5.49 lakh with an effective

span of 24.40-metres due to delay in finalisation of the design. The work was started in October 1987 and completed in November 1995 at a cost of Rs 28.22 lakh. Revised administrative approval and technical sanction had not been received as of May 1997.

The work was awarded (July 1987) to a contractor for Rs 9.35 lakh for completion within one year. The contractor commenced the work in October 1987. Subsequently, in May 1988, the span of the bridge was increased to 30.48-metres as the left side abutment was coming in the stream. The drawings of sub-structure and super-structure were handed over to the contractor in June 1988 and October 1991 respectively. Due to change of scope of work, the contractor asked for (December 1991) a rate of Rs 30 per kg for structural steel for the deviated quantity. The rate was reduced to Rs 26 per kg by the contractor in July 1992. The Department approved the rate of Rs 25 per kg in May 1993, which was not acceptable to the contractor. The contractor executed work valued at Rs 3.21 lakh upto August 1990. Thereafter, he did not execute any work due to non-acquisition of land, non-availability of cement, non-approval of quoted rate and non-receipt of payment in time.

Compensation of Rs 0.93 lakh was levied on the contractor by the Divisional Officer in September 1993 for non-completion of the work. This was waived by the Superintending Engineer in March 1994 without recording any reasons. The contract was rescinded (November 1993) and the security deposit (Rs 0.59 lakh) of the contractor was forfeited. Thereafter, the work was executed departmentally and completed in November 1995 at a cost of Rs 28.22 lakh. The completion cost of the work on the basis of rates quoted by contractor worked out to Rs 12.61 lakh. The commencement of the work without proper survey, investigation, finalisation of drawings, acquisition of land and arranging adequate funds thus resulted in extra expenditure of Rs 15.61 lakh and avoidable delay of seven years.

Executive Engineer (Karsög Division) stated (August 1996) that the scope of the work was changed by the competent authority and the rates for the steel demanded by the contractor were more than justified and as such the contract was rescinded. The plea of the Executive Engineer was not tenable as the delay in commencing work was not attributable to the contractor. Department did not finalise the design of the bridge after proper survey and investigation and there were other lapses of the Department which resulted in extra avoidable expenditure.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

4.20 Collapse of a bridge due to negligence in maintenance

A stiffened suspension bridge of 225-feet span over river Pabbar at Sawra (Shimla district) was completed in June 1966 at a cost of Rs 3.75 lakh. Its strengthening was administratively approved (May 1973) for Rs 3.02 lakh and the work was completed in November 1975 by Jubbal Division at a cost of Rs 7.07 lakh. The length of the bridge was also increased to 236.75-feet.

The bridge collapsed in July 1995 due to snapping of all its five ropes. The Engineer-in-Chief stated (August 1995) that the collapse was mainly attributable to the rusting of the wire ropes in the anchorage galleries, resulting in reduction in the tensile strength of the ropes. He also stated that the galleries were filled with debris which had not been cleared by the Department for several years and inspection and greasing of the ropes and other maintenance works were not attended to. It was noticed (June 1996) in audit that no responsibility for the prolonged neglect of maintenance work had been fixed as of June 1996.

Failure to maintain the bridge as required thus led to the collapse of the bridge which was constructed and strengthened at a cost of Rs 10.82 lakh.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

4.21 Unfruitful expenditure on road works

According to the Forest Conservation Act, 1980, use of forest land for non-forest purposes without the prior approval of Government of India is prohibited. Further, it has been stipulated in the sanctioned estimates that road works should be taken up for construction after acquiring private land falling in their alignments and arranging sufficient funds.

In four Divisions¹, five road works (estimated cost: Rs 31 lakh) stipulated to be completed within periods of eight months to four years from the dates of their commencement, as detailed in Appendix-IX, were taken up for construction between February 1978 and March 1992 without obtaining the approval of the Government of India for the use of forest land falling along the alignment of these roads. Technical sanction had also not been obtained in these cases. These works, on which Rs 12.38 lakh had been spent were lying incomplete for want of permission of the Government of India for the use of forest land for non-forest purposes. The delay in completion of these roads ranged between one and 17 years.

In seven divisions², nine road works (estimated cost: Rs 85.38 lakh) stipulated to be completed within periods of one year to three years from the dates of their commencement, as detailed in Appendix-X, were taken up for execution between April 1978 and April 1991 and were lying incomplete after spending Rs 24.16 lakh. Technical sanctions had also not been obtained in these cases. These works were held up mainly due to non-acquisition of private land, absence of railway crossings, dispute over the land falling in the alignment and paucity of funds. The delay in completion of these roads ranged between nearly 2 to 17 years.

Thus Rs 36.54 lakh spent on these works had remained unfruitful and the beneficiaries deprived of the intended benefits.

The matter was referred to the Government in June 1997; reply had not been received (November 1997).

¹ Bilaspur-II, Karsog, Palampur and Pandoh (NH)

² Baijnath, Bharmour, Bilaspur-I, Hamirpur, Jubbal, Kumarsain and Salooni

CHAPTER-V

STORES AND STOCK

Public Works Department

5.1 Doubtful consumption of materials

Test-check of the records of Kumarsain division revealed (July - August 1995) the following cases of doubtful consumption of materials by a Junior Engineer (JE):

(i) Materials such as bitumen, grit and fuelwood valued at Rs 1.44 lakh were shown as having been consumed on the repairs of potholes (patchwork) of two roads (Sidhpur Thanedhar road and Laldhank Paonta Rajban Rohru road) in August and October 1991, without referring to the reduced distance (RD)/ area where the repair work had been done. Consumption of 15,288 kilograms of bitumen costing Rs 0.78 lakh was shown on the patchwork. As per the Standard Schedule of Rates, 1987, 20 kilograms of bitumen was required for patchwork over an area of 10 square metres, and 3.90 *beldars* and 0.40 *mate* were required to execute this quantity of work. According to these norms, the area for patchwork worked out to 7,644 square metres and the labour days worked out to 3,287. Against this, only 446 labour days were utilised for the purpose. The consumption of materials was thus disproportionate to the number of labour days utilised for the work and was thus doubtful.

(ii) Materials valued at Rs 0.81 lakh were shown in the material-at-site (MAS) account to have been consumed on a road work in October 1991. Particulars of the work executed and consumption of material were not recorded in the measurement book (MB) referred to in the MAS account register. Besides, unutilised material valued at Rs 0.65 lakh was not handed over by the JE on his

transfer in October 1991, to his successor. Hence, the utilisation of the material was doubtful.

The Executive Engineer, while admitting the facts, stated (August 1995) that details regarding consumption of the materials were not traceable from the relevant records as the areas of patchwork had not been indicated in the MBs. However, the unjustified consumption of materials valued at Rs 2.90 lakh had not been investigated and responsibility of the concerned JE had not been fixed. The Executive Engineer further stated (December 1997) that a chargesheet against the concerned JE was sent to the Superintending Engineer, Rampur in September 1997.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

Irrigation and Public Health Department

5.2 Unjustified purchase of materials by the Engineer-in-Chief

Financial rules provide that purchase of stores should be made in accordance with the definite requirements of public service and care should be taken not to purchase stores much in advance of actual requirements.

Test-check of records of three divisions¹ revealed (October 1996 and January 1997) that various materials were purchased by the Engineer-in-Chief far in excess of the actual requirements, without recorded reasons. Out of materials costing Rs 46.60 lakh purchased between November 1995 and March 1996, materials worth only Rs 1.07 lakh were consumed. Further points noticed

¹ Barsar, Solan and Una-I

regarding the purchase of the aforesaid material are discussed below:

(a) On the basis of requirements of various types of materials received from his sub-divisions, the Executive Engineer, Barsar Division requested the Superintending Engineer, Hamirpur in October 1995 and December 1995 to procure/arrange the same.

Based on the demands of the division, forwarded by the Superintending Engineer in October 1995 and January 1996, the Engineer-in-Chief placed orders on various firms between November 1995 and February 1996 for the supply of the materials. Materials costing Rs 25.52 lakh were received in the division between November 1995 and September 1996 against the aforesaid orders. Of this, materials costing Rs 4.94 lakh were returned to the supplier in July 1996, materials costing Rs 0.55 lakh were utilised and the balance materials costing Rs 20.03 lakh remained unutilised as of September 1996. Further points emerged as under:

(i) Against the requirement of a total number of 1,200 miniature circuit-breakers (MCBs) sent by the division, the Superintending Engineer forwarded a demand for 1,200 each of five different MCBs of different capacities. Accordingly, an order was placed by the Engineer-in-Chief in February 1996 and the material was received during the same month. Thus unjustified inflation of the requirement by the Superintending Engineer and the Engineer-in-Chief resulted in the purchase of 6,000 MCBs against the actual requirement of 1,200 MCBs leading to an excess expenditure of Rs 4.96 lakh.

(ii) Order for 240 MC switches valued at Rs 7.70 lakh was placed for the division by the Engineer-in-Chief in January 1996 without any requisition for the items. The Engineer-in-Chief did not record any reason for the purchase. The material was received in the division in February 1996.

The Executive Engineer stated (October 1996) that the materials in excess of requirements would be issued to the Himachal Pradesh State Electricity

Board and Mechanical Circle, Shimla. This contention was not acceptable as the materials were purchased without either any indent or any foreseeable need for this use. Moreover, the Engineer-in-Chief of the IPH Department was not authorised to purchase equipment for Electricity Board etc.

(b) Scrutiny of records of Solan Division revealed that orders for purchase of 210 combination fuse switch units (CFSU) costing Rs 5.11 lakh were placed by the Engineer-in-Chief in February 1996, without any requisition from the division. The materials were received in the division in May 1996 and had not been utilised as of November 1996.

(c) Scrutiny of records of Una Division No.I revealed (January 1997) that against the requisition of 100 miniature circuit (MC) switches sent by the Executive Engineer, supply orders for 300 switches were placed by the Engineer-in-Chief. This resulted in excess purchase of materials costing Rs 6.40 lakh. Reasons for placing the supply orders in excess of requirements were not on record.

Purchase of materials without any requirement and in violation of financial rules were thus injudicious and resulted in blocking of funds of Rs 40.59 lakh.

Government had not furnished any reply to the audit observations sent to them in May 1997.

5.3 Unused stores

Financial rules of Government require that stores should be purchased in accordance with definite requirements of public service and these should not be purchased much in advance of the actual requirements.

In the following three cases, stores valued at Rs 12.27 lakh, purchased between 1989-90 and 1993-94, had remained unutilised:

(i) Setting up of a water testing laboratory at Rekong Peo (Kinnaur district) was administratively approved (November 1987) for Rs 7.23 lakh (building: Rs 4.07 lakh and equipment: Rs 3.16 lakh). Instead of constructing the building for the laboratory, the Executing Engineer, Rekong Peo Division purchased laboratory equipment and chemicals costing Rs 3.29 lakh (equipment: Rs 2.50 lakh and chemicals: Rs 0.79 lakh) between 1989-90 and 1993-94. The laboratory was temporarily established in the divisional office building in May 1992. Subsequently, the office building had to be vacated to house the Government Degree College and the laboratory was closed down in July 1994.

The Executive Engineer stated (October 1996) that some quantity of chemicals had been utilised but he was unaware of the exact quantity and value of the same. The Superintending Engineer stated (August 1997) that the equipment were stored in the outhouse of the Inspection Bungalow at Rekong Peo. He also stated that the site for the laboratory building had been finalised and the work of construction awarded to a contractor in July 1997. Poor planning and coordination thus resulted in idle investment of approximately Rs 3.29 lakh.

(ii) In the same division, 6,000 running metres of galvanised iron (GI) pipes of 80 mm diameter were purchased between March 1992 and October 1992 for remodelling of the Water Supply Scheme, Pangi (Kinnaur district) without finalisation and approval of the design by the competent authority. Scope of the scheme was changed in May 1994 as a result of which, 2,990 running metres of GI pipes costing Rs 5.56 lakh were found to be in excess of the requirements. The pipes had been lying unused in the stock of the division as of November 1996.

The Executive Engineer stated (April 1997) that efforts to utilise the material on other schemes of the division or transfer it to other needy divisions were being made. Scrutiny of records revealed that there was no provision in the sanctioned estimates for utilisation of pipes of 80 mm diameter. The surplus

quantity of pipes had also not been transferred to other divisions of the Department as of April 1997.

(iii) The Executive Engineer, Barsar Division purchased 412 running metres of cast iron (CI) pipes of 450 mm diameter valued at Rs 3.42 lakh in March 1993 and booked the same against the Lift Irrigation Scheme, Jahoo without requirement. The pipes were lying unutilised as of October 1996.

The Executive Engineer stated (October 1996) that the pipes were procured from Hamirpur Division and were not required for use on the work. No reasons for procurement of these pipes were intimated by him.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

Horticulture Department

5.4 Stores and Stock accounts

5.4.1 Introduction

Test-check of records of the Director, Horticulture (Director), five District Horticulture Officers (DHOs)¹, two Bee Keeping Development Officers (BKDOs)², Subject Matter Specialist (SMS), Anni (Kullu district) and Assistant Fruit Technologist (AFT), Nagrota Bagwan (Kangra district) for the period 1992-97 revealed (February-June 1997) the following points:

5.4.2 Loss in procurement and distribution of pesticides

Prior to 1992, the procurement and distribution of pesticides was done departmentally. In March 1992, the Himachal Pradesh Agro Industries

¹ Kinnaur, Kullu, Mandi, Shimla and Solan

² Kangra and Shimla

Corporation (HPAIC) was appointed as the nodal agency for this work. According to the policy of the Government, subsidy at the rate of 50 *per cent* and 30 *per cent* was admissible to small and marginal, and big farmers respectively on the total value of purchase of pesticides. The subsidy admissible to the farmers was to be deposited by the Department with HPAIC on the basis of *pro forma* bills to be submitted by HPAIC. The balance cost of pesticides was to be remitted by the respective sales centres of the Department to the HPAIC after the sales.

Scrutiny of the records of the Department revealed the following:

(a) The Additional Chief Secretary to the State Government observed (June 1994) that HPAIC had failed in the procurement and distribution of pesticides, causing a lot of criticism of the Government and recommended that the job should be taken away from them and entrusted to the Department. It was again pointed out at a high level meeting in February 1995 that HPAIC could not make the pesticides available to the farmers in desired quantities and at the proper time.

In a meeting held in February 1995, it was decided that the function of procurement and distribution of pesticides should be taken away from HPAIC and the balance quantities of pesticides taken back from the Corporation. It was also decided that the accounts of pesticides supplied by HPAIC should be reconciled immediately. No accounts were furnished by HPAIC and no reconciliation had been done as of February 1997. Reasons for non-reconciliation were not furnished (June 1997).

The Department took over pesticides valued at Rs 1.61 crore from HPAIC in February 1995. In the absence of reconciliation and physical verification, the authenticity of the balances of pesticides taken over by the Department from HPAIC could not be verified in audit.

(b) The Department released a subsidy of Rs 3.29 crore for purchase of pesticides to HPAIC between 1992-93 and 1994-95. HPAIC had not accounted

for Rs 13.81 lakh of subsidy upto June 1997. The Senior Plant Protection Officer stated (June 1997) that the accounts were being reconciled.

(c) The Department drew Rs 5.07 crore between 1992-93 and 1996-97 for the purchase of equipment and materials to be sold to beneficiaries. Complete details of realisation of the sale proceeds were, however, not available with the Directorate. The Senior Plant Protection Officer stated (June 1997) that the details were being collected from the field units. The Department had thus failed to exercise effective control over the field offices.

(d) Sale proceeds of pesticides of Rs 9.56 lakh realised by 16 units of the Department between March 1992 and January 1995 had not been remitted to HPAIC as of January 1997. The Senior Plant Protection Officer stated (June 1997) that the matter was being taken up with the concerned units.

(e) Rupees 6.59 lakh recovered by HPAIC from various firms during March 1992 to January 1995 on account of pesticides returned to them, were lying with HPAIC and had not been refunded to the Department as of June 1997.

5.4.3 Loss due to non-recovery of cost of honey

(i) The BKDO, Shimla supplied 16,261 kilograms (kg) of honey valued at Rs 5.77 lakh to the Himachal Pradesh Horticulture Produce Marketing and Processing Corporation (HPMC) and Himachal Pradesh State Handicrafts and Handlooms Corporation (HPHHC) between December 1994 and February 1995 on consignment basis. While Rs 2 lakh were received from HPMC, the balance of Rs 3.77 lakh had not been recovered from the two Corporations as of March 1997.

HPHHC intimated (May 1996) that the shelf life of the honey (one and a half years) had already expired and it was not possible for them to sell the same.

The BKDO, Shimla stated (July 1997) that honey was supplied to these Corporations on consignment basis on the orders of the Director. He also stated that the matter regarding recovery of the balance amount was being taken up at a

higher level. The chances of recovery were remote as the shelf life of the honey had expired.

(ii) According to the Government order, honey was to be sold to private parties on cash basis. However, 9,915 kg of honey valued at Rs 4.23 lakh available with the BKDO, Kangra was sold in October 1996 to a Panchkula based firm on the orders of the Director against cheques instead of cash. The cheques were dishonoured by the concerned bank. A case was filed (July 1997) by the Department in the Court for the recovery of the cost of honey. Thus sale of honey against cheque payments resulted in loss of Rs 4.23 lakh.

5.4.4 Unauthorised supply of plastic barrels

417 plastic barrels valued at Rs 1.08 lakh were supplied to HPMC free of cost, along with honey by the BKDO, Shimla during January-February 1995 on the orders of the Director, who assured that the sanction of the Government for the aforesaid supply would be obtained. The sanction for supplying the plastic barrels valued at Rs 1.08 lakh to HPMC had not been obtained from the Government as of July 1997. This resulted in undue financial aid to HPMC.

5.4.5 Loss due to non-disposal of honey

The Report of the Comptroller and Auditor General of India for the year ended 31 March 1992 (Civil) - Government of Himachal Pradesh included comments regarding the unsold stock of honey. The Public Accounts Committee recommended (June 1996) that the Department should formulate a policy after holding a meeting with the Government to dispose of the accumulated honey as early as possible. Test-check of records of BKDO, Kangra however, revealed (May 1997) that 26.50 tonnes of honey valued at Rs 7.95 lakh were lying unsold as of May 1997. The possibility of sale of these stocks was remote as their quality had deteriorated.

5.4.6 Loss due to expired pesticides

Pesticides valued at Rs 5.99 lakh which expired between March 1995 to April 1996, were lying with three DHOs (Kinnaur: Rs 0.33 lakh, Kullu: Rs 2.46 lakh and Mandi: Rs 3.20 lakh). Shelf life of pesticides lying with DHOs, Kullu and Mandi expired as these were received from the firms after the spraying season of the year was over. In the case of DHO, Kinnaur, the expiry was due to excessive supply. The supplying firms concerned, had, however, declined to replace these pesticides. The DHOs, Kinnaur and Kullu stated that the expired pesticides were creating storage problems.

5.4.7 Shortages/non-accounting of stores

(i) Pesticides issued by the Directorate/HPAIC to various DHOs for further issue to the sale centres were required to be accounted for by the concerned DHOs in their stock registers. Check of records revealed (February-June 1997) that pesticides valued at Rs 10.38 lakh issued by the Directorate/HPAIC during the period from 1992-93 to 1995-96 were not accounted for by four DHOs³ in the stock registers, as required.

The Department stated (May 1997) that the matter was being taken up with the concerned DHOs and recoveries would be effected from the defaulting officers.

(ii) Pesticides valued at Rs 3.85 lakh, issued by DHO, Kinnaur between December 1995 and March 1997 to various sale centres were neither accounted for in the stocks of the concerned units nor were their sale proceeds deposited into the Government account (April 1997). The DHO, Kinnaur stated (April 1997) that necessary information was being collected.

(iii) Stores articles like power sprayers, drums and pesticides valued at Rs 2.21 lakh had not been handed over by various store keepers/officials under the

³ Kinnaur: Rs 3.56 lakh; Mandi: Rs 6.16 lakh; Shimla: Rs 0.21 lakh and Solan: Rs 0.45 lakh

control of DHO, Kullu (Rs 1.70 lakh) and DHO, Shimla (Rs 0.51 lakh) at the time of their transfer between 1992-93 and 1996-97.

The concerned DHOs stated (March-April 1997) that recoveries were being made from the concerned officials.

(iv) Shortages of stores valued at Rs 0.82 lakh were noticed in the offices of BKDO, Kangra (Rs 0.56 lakh), DHO, Chamba (Rs 0.02 lakh), AFT, Kullu (Rs 0.16 lakh) and DHO, Hamirpur (Rs 0.08 lakh) at the time of physical verification conducted during 1992-93 to 1996-97.

The concerned offices stated that the recoveries were in progress (February 1997).

5.4.8 Unutilised stores

(i) Director purchased 15.93 tonnes of UV stabilised film costing Rs 14.24 lakh between September 1993 and April 1997, for distribution to farmers for the establishment of greenhouses and issued the same to the field offices. Test-check of the records of DHOs, Kinnaur, Kullu, Mandi, Shimla and Solan revealed that UV film valued at Rs 7.84 lakh⁴ was lying unsold/undistributed in the stores.

The films could not be sold as the beneficiaries could not construct greenhouses due to high cost and showed lack of interest in the films.

(ii) Implements like sprayers, pruning scissors, grafting knives, etc., valued at Rs 2.50 lakh received between March 1992 and March 1996 were lying unsold at the sales centres of DHOs, Kinnaur (Rs 1.46 lakh), Kullu (Rs 0.32 lakh), Shimla (Rs 0.35 lakh) and Solan (Rs 0.37 lakh). Non-disposal of the implements was attributed to lack of motivation of farmers by the extension staff and the substandard quality of the implements.

⁴ Kinnaur (Rs 1.32 lakh), Kullu (Rs 0.23 lakh), Mandi (Rs 3.48 lakh), Shimla (Rs 1.82 lakh) and Solan (Rs 0.99 lakh).

5.4.9 Non-preparation of stores accounts by the field units

Financial rules provide that the head of an office or any other officer entrusted with stores of any kind should maintain suitable accounts and inventories and prepare correct returns in respect of the stores in his charge.

Stores accounts had not been prepared by the field units since the inception of the Department. The DHOs, Kinnaur, Kullu, Mandi, Shimla and Solan stated (February-June 1997) that no guidelines/instructions were received in this regard from the Directorate.

These points were referred to the Government in June 1997; reply had not been furnished (November 1997).

Public Works and Irrigation and Public Health Departments

5.5 Irregular issue of materials

Financial rules of the Government prohibit fictitious stock adjustments such as debiting to a work of the cost of materials not required or in excess of actual requirements, the debiting to a particular work for which funds are available of the value of materials intended to be utilised on another work for which no allotment has been sanctioned and the writing back of the value of materials used on a work to avoid excess outlay over appropriation.

Contrary to these rules, materials costing Rs 3.51 crore were booked by 13¹ Public Works and 10² Irrigation and Public Health divisions against 179 works between February 1993 and March 1996 without any requirement of such materials for these works. The cost of materials was written back to stock during

¹ Bilaspur-I, Bilaspur-II, Dharamsala, Ghumarwin, Jubbal, Karsog, Nahan, Nurpur, Pandoh National Highway, Rampur, Rampur National Highway, Salooni and Shimla-II

² Anni, Chamba, Dalhousie, Dehra, Kaza, Palampur, Salooni, Shimla-I, Sundernagar and Una-II

the succeeding financial years between April 1994 and December 1996. This included bitumen costing Rs 14.97 lakh booked by two³ Buildings and Roads (B&R) divisions to three works in November 1995 and March 1996 for which the material was not required and had to be written back to stock in April-May 1996. In Irrigation and Public Health Division, Anni, 3,000 running metre galvanised iron pipes valued at Rs 2.99 lakh were booked in March 1996 to an already completed lift irrigation scheme.

The booking of materials were thus carried out with the objective of utilising the available funds and were irregular.

The matter was referred to the Government in March 1997; reply had not been received (November 1997).

Education Department

5.6 Wasteful expenditure on excess purchase of '*tat-patti*'

Financial rules stipulate that purchases must be made in the most economical manner and in accordance with the definite requirements of public service. As an economy measure, the purchases of stores without prior approval of the Finance Department had been banned by the Government in March 1990.

Scrutiny of records of the District Primary Education Officer (DPEO), Kinnaur revealed (September 1996) that for the children studying in primary schools in the district, wooden '*pattras*' measuring 12,060 feet were purchased between June 1991 and April 1993. According to the prescribed norms a wooden '*pattra*' measuring 5' X 1¹/₂' should seat three children. Thus the '*pattras*' purchased by the DPEO were sufficient for 7,236 students. The shelf life of the '*pattras*' was eight years. However, *tat-patti* was being supplied to the students who had not been provided with wooden '*pattras*' for seating.

³ Bilaspur-II and Ghumarwin
Pattra: Plank

The average number of students in the primary schools in the district during 1993-96 was 9,033. Without assessing any demand from the field units, the DPEO purchased 1,09,537 feet of '*tat-patti*'[#] valued at Rs 9 lakh, for seating of students during March 1994 to January 1995, within the currency of the shelf life of the '*pattras*'. The shelf life of the '*tat-patti*' was two years. According to norms, one student was entitled to two feet of '*tat-patti*' for seating. Thus the length of the '*tat-patti*' purchased would seat 54,768 students. Considering the average number of students during the period, i.e. 9,033, only 3,594 feet of '*tat-patti*' would have been sufficient to meet the needs of the students who were not provided wooden '*pattras*'. Thus 1,05,943 feet of '*tat-patti*' valued at Rs 8.67 lakh were purchased in excess of the actual requirement. Sanction of the Finance Department for the purchase had also not been obtained as required under the rules.

The DPEO stated (September 1996) that the purchases were made as per budget provisions and that utilisation of the same had been emphasised at the monthly meeting of the Integrated Tribal Development Project chaired by the Deputy Commissioner, Kinnaur. The reply of the DPEO was not tenable as the purchases were to be made as per realistic requirements and not for exhausting the budget provision. The DPEO also stated (April 1997) that the entire quantity of '*tat-patti*' had been distributed to various primary schools in the district. Since, the quantity of '*tat-patti*' was far beyond the actual requirement, distributing them to the schools resulted in wasteful expenditure of Rs 8.67 lakh.

The matter was referred to the Government in May 1997; reply had not been received⁴(November 1997).

Tat-patti: A strip of coarse cloth for seating of students

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

(a) Autonomous bodies and authorities are set up to generally discharge non-commercial functions of public utility services. These bodies/authorities, by and large, receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals and charitable institutions; construction and maintenance of schools and hospital buildings; improvement of roads and other communication facilities under municipalities and local bodies, etc.

During 1996-97, financial assistance of Rs 132.20 crore was paid to various autonomous bodies and others broadly grouped as under:

Serial number	Name of institution	Amount of assistance paid (Rupees in crore)
1.	Universities and other Educational Institutions	30.06
2.	Municipal Corporations and Municipalities	12.06
3.	Zila Parishads and Panchayati Raj Institutions	11.18
4.	Development Agencies	24.98
5.	Hospitals and other Charitable Institutions	4.17
6.	Other Institutions (including Statutory Bodies)	49.75
	Total	132.20

(b) Delay in furnishing utilisation certificates

Financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise.

Out of 4,219 utilisation certificates due in respect of grants and loans aggregating Rs 251.20 crore, paid during the period 1982-83 to 1995-96, only 1,589 utilisation certificates for Rs 49.79 crore had been furnished by 30 September 1997 and 2,630 certificates for an aggregate amount of Rs 201.41 crore were in arrears. Department-wise break-up of the outstanding utilisation certificates was as under:

Department	Number of certificates	Amount (Rupees in crore)
Rural Development	391	61.31
Education	615	39.22
Agriculture	27	27.81
Local Self Government	805	18.78
Administration of Justice	5	0.09
Governor Secretariat	1	0.06
Animal Husbandry	26	8.09
Co-operation	68	1.11
Sports and Youth Services	53	1.40
Tourism	17	1.00
Industries	262	9.71
Forest Farming and Conservation	16	5.27
Language, Art and Culture	307	2.10
Health and Family Welfare	9	0.17
Science and Technology	4	0.53
General Administration	9	0.26
Police	4	0.04
Transport	8	24.33
Revenue	1	0.01
Personnel	2	0.12
Total	2,630	201.41

The following table contains an analysis of the extent of delay in furnishing the utilisation certificates:

Extent of delay	Number of certificates	Amount (Rupees in crore)
Upto three years	1,916	183.12
More than three years, but upto five years	303	15.58
More than five years, but less ten years	328	2.08
More than ten years	83	0.63
Total	2,630	201.41

Due to non-receipt of the certificates, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

(c) Delay in submission of accounts

To identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government is required to furnish to audit every year, detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions.

Information in this regard upto the year 1996-97 was awaited as of October 1997 from 16 departments of Government as indicated below:

Serial Number	Department	Years for which information had not been furnished
1.	Rural Development	1996-97
2.	Education	1993-94 to 1996-97
3.	Language, Art and Culture	1996-97
4.	Social and Women Welfare	1996-97
5.	General Administration	1995-96 and 1996-97
6.	Agriculture	1994-95 to 1996-97
7.	Forest Farming and Conservation	1996-97
8.	Horticulture	1995-96 and 1996-97
9.	Co-operation	1993-94 to 1996-97
10.	Fisheries	1995-96
11.	Science and Technology	1994-95 to 1996-97
12.	Town and Country Planning	1996-97
13.	Personnel	1996-97
14.	Housing	1996-97
15.	Animal Husbandry	1995-96 and 1996-97
16.	Urban Development	1995-96 and 1996-97

There were substantial delays in submission of accounts of these institutions as indicated below:

Year of account	Number of bodies/ authorities	Number of accounts received			Total	Number of accounts awaited as on October 1997
		Between October 1994 and September 1995	Between October 1995 and September 1996	Between October 1996 and September 1997		
1993-94	33	8	16	6	30	3
1994-95	34	--	13	15	28	6
1995-96	35	--	--	23	23	12
1996-97	48	--	--	1	1	47

On the basis of information available with Audit, 67 annual accounts of 47 bodies and authorities for 1996-97 and earlier years had not been received as of October 1997 by the Accountant General as detailed in Appendix-XI. Grants of Rs 96.89 crore were released to 41 bodies and authorities during 1996-97. Details of amounts released to the remaining six bodies and authorities were not available.

(d) Audit arrangement

The primary audit of local bodies (Zila Parishads, Nagar Palikas, Town Area/Notified Area Committees), educational institutions and others is conducted by the Examiner, Local Audit, Himachal Pradesh, Shimla. Audit of Co-operative Societies is conducted by the Registrar, Co-operative Societies, Himachal Pradesh, Shimla and the Audit of Panchayati Raj institutions is conducted by the Director, Panchayati Raj.

Of the 23 bodies/authorities, whose accounts for 1995-96 were received, 18 bodies/authorities attracted audit, which was completed by May 1997.

Interesting points arising out of audit are mentioned in the succeeding paragraphs.

Rural Development Department

6.2 Desert Development Programme

6.2.1 Introduction

The Desert Development Programme (DDP) was launched by the Government of India in 1977-78 on the recommendations of the National Commission on Agriculture, with the objective of controlling desertification; restoring the ecological balance of certain desert and semi desert areas of the country and creating conditions for raising the level of production, income and employment of the people of these areas. The programme was implemented in Himachal Pradesh in two blocks, viz., Spiti (Kaza) in Lahaul and Spiti District and Pooh in Kinnaur District, from 1977-78 and 1982-83 respectively.

In April 1995, DDP was merged with another Centrally sponsored programme being operated in the State, viz., the Integrated Watershed Development Project (IWDP) as both the programmes had a common set of operational guidelines, objectives, strategies and expenditure norms.

6.2.2 Organisational set up

The programme was being implemented by Desert Development Project Agencies (DDPAs) set up under the Societies Registration Act. Proposals regarding its activities, prepared by line departments, viz. the Forest Farming and Soil Conservation, Irrigation and Public Health (IPH), Agriculture, Horticulture, Animal Husbandry, Fisheries, etc., were submitted to the Governing Bodies of the respective districts through the Project Directors of the respective DDPAs. The Governing Bodies consisted of heads of the line departments, under the

Chairmanship of the Deputy Commissioner (DC) in Kinnaur District and the Additional Deputy Commissioner in Lahaul and Spiti District. The proposals were submitted through an Annual Action Plan to the State Level Sanctioning Committee for approval and laying down of the parameters for the various activities.

Consequent upon the merging of the project with the IWDP in 1995-96, the State Level Sanctioning Committee and Governing Bodies were dispensed with and the Project Officers of the concerned District Rural Development Agencies (DRDAs) were made responsible for implementation of the programme through the respective Project Implementation Agencies (PIAs). District Watershed Development Advisory Committees, under the Chairmanship of the Chief Executive Officers of the DRDAs, i.e., the DCs at the district level and a Watershed Programme Implementation and Review Committee at the State level were constituted for coordinating the work of the different departments and reviewing their progress.

6.2.3 Audit coverage

Implementation of the programme during the period 1991-92 to 1996-97 was reviewed in audit in August-October 1996 and May 1997 through test-check of records of DDPAs, Kaza and Pooh and the various line departments and PIAs. Important points noticed are mentioned in the following paragraphs.

6.2.4 Highlights

** Physical targets in irrigation and subsidy to beneficiaries were achieved short by 51 and 68 *per cent* respectively during 1991-97. Shortfall in the achievement of financial targets in agriculture, horticulture and fisheries during 1991-97 ranged between 32 and 63 *per cent* in Kaza and Pooh Agencies.

(Paragraph 6.2.6(i))

** Seventy three *per cent* of irrigation potential of 44.26 hectares of land under six irrigation *kuhls* constructed during 1991-95 for Rs 34.04 lakh, was not utilised as of May 1997.

(Paragraph 6.2.7.1(i))

** The Changchimo *kuhl* for village Hango, on which expenditure of Rs 71.56 lakh was incurred as of July 1994, was lying defunct since inception due to excessive seepage, rendering the expenditure wasteful.

(Paragraph 6.2.7.1(ii))

** Expenditure of Rs 1.09 crore incurred in excess of the estimated cost on the construction of 11 *kuhls*, was not got sanctioned from the competent authority as of May 1997. The delays in construction of eight of the *kuhls* ranged between 3 to 12 years.

(Paragraph 6.2.7.1(iv))

** Works valuing Rs 2.13 crore were executed through contractors, in contravention of the guidelines of the programme.

(Paragraph 6.2.7.1 (v))

** Despite the assurance given by the Department to the Public Accounts Committee (PAC) in August 1994 that *abiana* (water-cess) was being levied on new *kuhls*, maintained by the Department, no *abiana* charges had been assessed on 8 new *kuhls* constructed at a cost of Rs 1.77 crore by Kaza Agency during 1989-90 to 1994-95.

(Paragraph 6.2.7.1 (vi))

** Plantations raised in 779 hectares for Rs 1.04 crore in the Pooh and Kaza blocks failed for want of irrigation, wrong choice of species and sites of plantation, planting in river beds, etc.

(Paragraph 6.2.7.2)

** Pastures developed during 1991-95 in 159 hectares for Rs 6.31 lakh in the Pooh and Kaza blocks failed due to lack of irrigation and fencing facilities.

(Paragraph 6.2.7.3)

** Block Development Officer, Kaza reported utilisation of Rs 16.64 lakh for soil conservation works in 1994-95, of which Rs 11.35 lakh were actually lying unspent with him as of March 1995.

(Paragraph 6.2.7.4(ii))

** Rupees 12.03 lakh spent on development of fisheries in raceways and tanks during 1991-96 were rendered unfruitful due to very high rate of mortality. Further, fish produced in the lake could not be sold because fishing was not allowed by the local people due to religious reasons.

(Paragraph 6.2.7.6)

** Rupees 41.04 lakh, spent for research purposes through two universities, proved largely unfruitful as Agriculture University, Palampur failed to produce any new variety of seeds for cash crops and University of Horticulture and Forestry, Nauni did not supply the results highlighting the profitability of growing medicinal herbs in Spiti valley.

(Paragraph 6.2.7.8)

** Contingent advances of Rs 1.15 lakh, paid during 1995-96 to the Additional Deputy Commissioner-cum-Project Director, Desert Development Project, Kaza on account of travelling allowance and other unspecified purposes had not been recovered/adjusted as of September 1997, though the officer had been transferred outside the State in December 1996.

(Paragraph 6.2.8)

** Recommendations of Government of India (1993) and the Appraisal Committee of the Government of Himachal Pradesh (1995) for improvement in the functioning of the schemes, were not implemented. Responsibility of the defaulting officers had not been fixed, though recommended in the appraisal reports.

(Paragraph 6.2.9)

6.2.5 Financial outlay and expenditure

The programme was wholly funded by the Government of India. After the merger of DDP with IWDP in April 1995, funds continued to be released by the Central Government for the on-going schemes of DDP, the execution of which had commenced prior to the merger. Grants received and their utilisation under the programme during 1991-92 to 1996-97 were as under:

Year	Opening balance		Funds received		Funds utilised		Unspent balance	
	Kaza	Pooh	Kaza	Pooh	Kaza	Pooh	Kaza	Pooh
(Rupees in lakh)								
1991-92	16.86	21.63	100.00	100.00	96.89	92.85	19.97 (20)	28.78 (29)
1992-93	19.97	28.78	100.00	100.00	113.52	114.97	6.45 (6)	13.81 (14)
1993-94	6.45	13.81	146.90	146.05	141.63	142.50	11.72 (8)	17.36 (12)
1994-95	11.72	17.36	173.10	173.95	141.00	140.03	43.82 (25)	51.28 (29)
1995-96	43.82	51.28	20.77	115.66	59.20	103.30	5.39 (26)	63.64 (55)
1996-97	5.39	63.64	--	--	6.15	37.93	(-)0.76	25.71
			540.77	635.66	558.39	631.58		

(Figures in brackets represent the percentages of unspent balances with reference to the funds received during the year.)

DDP prescribed a maximum limit of 25 per cent of annual allocation to be carried forward. However, unspent balances exceeded 25 per cent of the grants received during the years 1991-92, 1994-95 and 1995-96 respectively, in Pooh Agency and such balances were carried forward to the next financial year, contrary to the provisions of the Manual.

Unspent balances were attributed (October 1996 and May 1997) by the Project Director, Pooh to bad weather conditions and limited working seasons. The reply was not tenable as the Annual Action Plans would have been approved keeping in view the working season and weather conditions of the area.

6.2.6 Physical targets and achievements

Targets and achievements (physical and financial) in respect of the major activities undertaken by the Kaza and Pooh Agencies under different sectors during 1991-92 to 1996-97 were as under:

Name of Activity	Targets		Achievements		Shortfall	
	Physical	Financial (Rupees in lakh)	Physical	Financial (Rupees in lakh)	Physical	Financial (Rupees in lakh)
1. Irrigation (In hectares)						
Kaza	524.00	240.19	257.00	126.28	267.00 (51)	113.91 (47)
Pooh	553.86	191.05	569.86	187.36	--	3.69 (2)
2. Forest and pasture development						
(i) Afforestation (In hectares)						
Kaza	3936.90	275.71	3790.99	246.05	145.91 (4)	29.66 (11)
Pooh	3651.00	260.62	3456.00	219.53	195.00 (5)	41.09 (16)
(ii) Soil Conservation (In hectares)						
Kaza	2281.50	139.78	1902.60	103.77	378.90 (17)	36.01 (26)
Pooh	1278.40	166.60	1207.36	141.66	71.04 (6)	24.94 (15)

Name of Activity	Targets		Achievements		Shortfall	
	Physical	Financial (Rupees in lakh)	Physical	Financial (Rupees in lakh)	Physical	Financial (Rupees in lakh)
3. Agriculture						
(i) Land Development (In hectares)						
Kaza	148	10.60	104.00	6.92	44.00 (29)	3.68 (35)
Pooh	125	7.89	128.01	5.34	--	2.55 (32)
(ii) Subsidy to beneficiaries (In numbers)						
Kaza	131	2.94	42	1.25	89 (68)	1.69 (57)
Pooh	.	0.08	6	0.08	--	--
4. Horticulture development of land (In hectares)						
Kaza	105.10	10.16	69.41	6.02	35.69 (34)	4.14 (41)
Pooh	.	29.90	189.13	15.66	--	14.24 (48)
5. Animal Husbandry						
Kaza	.	9.60	--	8.75	--	0.85 (9)
Pooh	.	10.95	--	4.16	--	6.79 (62)
6. Fisheries						
Kaza	.	6.39	--	3.62	--	2.77 (43)
Pooh	.	6.10	--	2.23	--	3.87 (63)

(Figures in brackets represent percentages of shortfall)

Following points were noticed from the above table:

- (i) Shortfall in achievement of physical targets in Kaza Agency was 34 per cent in horticulture development, 51 per cent in irrigation and 68 per cent in subsidy to beneficiaries. The shortfall in achievement of financial targets in Pooh Agency was 63 per cent in fisheries and 62 per cent in animal husbandry and in Kaza Agency, it was 57 per cent in subsidy to beneficiaries, 47 per cent in irrigation and 43 per cent in fisheries. Shortfall in the achievement of targets was

No physical targets were fixed

attributed (September-October 1996 and May 1997) by the Project Directors of DDPAs, Kaza and Pooh and the line departments to the limited working season, bad weather conditions and delays in approval of Annual Action Plans. The contention regarding bad weather was not tenable as the targets should have been fixed keeping in view the prevailing conditions of the region. It was, however, observed that approval of the plans had actually been delayed for periods ranging from 5 to 15 months in respect of the Forest Department during 1992-97.

(ii) No physical targets were fixed by the Pooh Agency under the agriculture (subsidy to beneficiaries) and horticulture sectors. The Project Director stated (May 1997) that the targets in these sectors could not be fixed as it was not possible to foresee the number of farmers who would apply for land improvement. The reply of the Project Director, Pooh was not tenable as the Kaza Agency had been able to fix physical targets in these sectors.

6.2.7 Project activities

Points noticed during the review of various activities under the programme performed by DDP in the sectors of irrigation, forestry, soil conservation, animal husbandry, fisheries, etc., are mentioned below.

6.2.7.1 Irrigation sector

(i) Unfruitful expenditure on the construction of *kuhls*

To provide irrigation facilities in barren areas, six¹ *kuhls* were constructed by the Irrigation and Public Health (IPH) Division, Pooh for Rs 34.04 lakh between 1991-92 and 1994-95 and irrigation potential for 44.26 hectares of land was created. The irrigation potential, however, was being utilised for only 12.15 hectares as of May 1997. The irrigation potential created for the

kuhl Irrigation channel

¹ Bodhing *nallah*, Burtum, Changjam, Nitti Neason, Nitti Pong and Sunam

remaining area of 32.11 hectares (73 per cent) could not be utilised as of May 1997 due to non-development of land and non-allotment of land to beneficiaries. The Executive Engineer stated (October 1996) that problems regarding non-development of land by the beneficiaries and non-allotment of land to the beneficiaries could not be sorted out by the Governing Body of the DDP and the State Level Sanctioning Committee. The Project Director stated (October 1996) that cases of allotment of land were being processed and would be decided in due course. The latest position regarding allotment of land was not made available to Audit by the Additional District Magistrate, Pooh as of May 1997. Thus irrigation potential created without proper planning and coordination with the Revenue Department could not be fully utilised, rendering the expenditure of Rs 34.04 lakh largely unfruitful.

(ii) Wasteful expenditure due to non-functioning of kuhl

Work for construction of the Changchimo kuhl for Hango village included under DDP was administratively approved and sanctioned at an expenditure of Rs 36.32 lakh by the Chairman, DDP in September 1982 for completion within six years. The scheme was to irrigate 324 hectares of barren land, which was to be allotted to the villagers. The work was completed at an expenditure of Rs 71.56 lakh as of July 1994.

Increase in the construction cost was stated (May 1997) by the Executive Engineer, IPH Division, Pooh to be due to escalation in wages and cost of material and its manual transportation to the site of work.

The scheme was partly commissioned in 1985-86 but could not function due to excessive seepage as a result of which, no area could be irrigated since inception and the scheme was lying in a defunct state since July 1994. As of May 1997, land could not be allotted to the beneficiaries, rendering the expenditure of Rs 71.56 lakh wasteful.

(iii) Unfruitful expenditure due to non-utilisation of irrigation potential

The Executive Engineer, IPH Division, Pooh created (March 1988) irrigation potential for 405 hectares of Culturable Command Area (CCA) at a cost of Rs 28.56 lakh by constructing the Thanghkarma *kuhl*. It was, however, noticed in audit that the irrigation potential was being utilised only in 0.35 hectare of CCA (0.08 *per cent*) because of non-allotment of land to the beneficiaries by the Revenue Department although Command Area Development work had been completed (March 1996) at a cost of Rs 36.40 lakh in 243 hectares of the command area.

The Executive Engineer, Pooh division stated (May 1997) that one villager of Chango and the Animal Husbandry Department reportedly developed a fodder farm in about 100 hectares of the command area of the *kuhl*. It was, however, noticed in audit during test-check of records (October 1996) of the Animal Husbandry Department that no fodder could be produced for want of water for irrigation from the *kuhl*. Thus due to non-utilisation of irrigation potential, expenditure of Rs 64.96 lakh was rendered largely unfruitful.

(iv) Excess expenditure over estimated cost of *kuhls*

Construction of 11 *kuhls* (Kaza: 3 and Pooh: 8) was taken up by IPH divisions, Kaza and Pooh between 1982-83 and 1993-94 and an expenditure of Rs 2.84 crore (Kaza: Rs 90.35 lakh and Pooh: Rs 193.54 lakh) was incurred against an estimated cost of Rs 1.75 crore (Kaza: Rs 73.42 lakh and Pooh: Rs 101.36 lakh). The excess expenditure of Rs 1.09 crore (Kaza: Rs 16.93 lakh and Pooh: Rs 92.18 lakh) was not got sanctioned as of May 1997.

The Executive Engineers of both the divisions attributed (September-October 1996 and May 1997) the excess expenditure to escalation in wages, cost of materials and manual transportation of the same to the site of work. These

kuhls were to be completed within 2-3 years of commencement of the works but in IPH Division, Pooh, 4 works were delayed from 3 to 6 years and 4 other works which were in progress as of May 1997 were delayed for 4 to 12 years.

(v) Unauthorised execution of works through contractors

Under the programme, contractors were not permitted to be engaged for execution of works. The works were to be executed departmentally or through non-government organisations employing local labour, so that the full benefit of employment and wages could reach the local workers. This was also reiterated (August 1993 and September 1994) in the meetings of the State Level Sanctioning Committee. In spite of this, 59 works (Kaza: 19 and Pooh: 40) valued at Rs 2.13 crore (Kaza: Rs 89.67 lakh and Pooh: Rs 123.78 lakh) were got executed through contractors between 1991-92 and 1996-97. The Executive Engineers, Kaza and Pooh divisions stated (September-October 1996 and May 1997) that the local people remained busy during the working season and did not take up the cutting and blasting work.

(vi) Non-levy of *abiana* charges

Despite the assurance given by the Department to the Public Accounts Committee (PAC) in August 1994 that *abiana* (water-cess) was being levied on new *kuhls*, maintained by the Department, no *abiana* charges had been assessed on 8 new *kuhls* constructed at a cost of Rs 1.77 crore by Kaza Agency during 1989-90 to 1994-95. The Executive Engineer, Kaza Division stated (May 1997) that *abiana* charges could not be assessed and recovered as the post of *patwari* had been vacant since the inception of the programme. The reply was not tenable as the Department failed to implement its assurances by taking adequate action for recovery of the *abiana* charges.

6.2.7.2 Forestry

With the objective of controlling desertification in project areas through afforestation, plantation work was carried out under DDP. Following points were noticed during test-check of records of Divisional Forest Officers, Pooh and Kaza.

(i) Extra expenditure on replantation

Between 1991-92 and 1994-95, the Forest Department selected 492 hectares of area on 61 locations in the Pooh block, where assured irrigation facilities were available for plantation under DDP and 10.85 lakh plants of different species were planted at a cost of Rs 99.82 lakh. Despite assured irrigation facilities, there was heavy mortality, ranging between 18 and 57 per cent and the Department had to spend a further amount of Rs 40.76 lakh on beating up operations and replantation of 4.62 lakh plants. The Divisional Forest Officer (DFO), Pooh stated (October 1996) that heavy mortality occurred in the areas where adequate water was not available during the period of irrigation. Thus the selection of areas for plantation without ensuring availability of adequate water supply resulted in heavy mortality and extra expenditure of Rs 40.76 lakh on replantation.

(ii) Failure of plantations

(a) Non-commissioning of *kuhls* and wrong choice of species of plantation

During 1991-93, 1.03 lakh plants of different species were planted in 40 hectares of land on the banks of the river Sunam and in the Changchimo plantation area (first and second), at a cost of Rs 6.19 lakh. The Changchimo plantation area (first and second), was to be irrigated by *kuhls* which were being constructed by the IPH Department. However, the *kuhls* could not be commissioned when the irrigation was actually required, resulting in total failure of the plantation. The plantation on the banks of the river Sunam were washed away in 1994 due to floods. The failure was attributed (October 1996) by the DFO, Pooh to

non-commissioning of *kuhls*, wrong choice of species and planting in river beds. The DFO further stated that orders for recovery of Rs 1.30 lakh from the official at fault for choosing the wrong species had been issued. Recovery had, however, not been made as of May 1997. Thus the entire expenditure of Rs 6.19 lakh had been rendered infructuous.

(b) Wasteful expenditure

(i) Plants of different species were planted in the Kaza block in seven plantation areas covering 42 hectares at a cost of Rs 7.47 lakh during 1991-95. These plantations totally failed and had not been taken up again as of May 1997. The DFO, Kaza attributed (May 1997) the failure to wrong choice of species and sites of plantation and non-availability of irrigation facilities.

(ii) Test-check of records of DFOs, Kaza and Pooh revealed that the survival rate of plantations was less than 20 *per cent* in 34 plantation areas covering 195.25 hectares, raised at an expenditure of Rs 47.33 lakh (Pooh: Rs 22.32 lakh and Kaza: Rs 25.01 lakh) between 1991-92 and 1994-95. Conservator of Forests, Rampur directed in March 1997 that plantation areas with survival rates of less than 20 *per cent* should be declared as failed and should not be maintained. As such, the entire expenditure of Rs 47.33 lakh had gone waste. While the DFO, Pooh did not intimate reasons for failure of the plantation, the DFO, Kaza stated (May 1997) that the failure was due to shortage of water during the irrigation period and unfavourable climatic conditions. Evidently, plantation areas were not selected keeping in view the availability of water for irrigation.

(c) Non provision of irrigation

During 1993-94, 0.22 lakh plants were planted in 10 hectares of land at Tinku *nallah*-III at a cost of Rs 2.37 lakh. The area was to be irrigated from the

water flowing in Tinku *nallah*. The entire plantation failed during 1994-95 as the right holders of *nautors* refused to give water from Tinku *nallah*.

(iii) Irregular employment of labourers from outside the project areas

One of the main objectives of the programme was to provide employment and raise the income of the people of the project areas. It was noticed that labourers from outside were irregularly employed for execution of plantation works for 2.53 lakh mandays and were paid Rs 1.21 crore as wages between 1991-92 and 1996-97 by the DFO, Pooh. Thus the objective of providing employment and raising the level of income of people residing in the project areas was defeated. The DFO, Pooh stated that labourers from outside the project were engaged as the local people remained busy with their own work and did not come forward for work on daily wages.

(iv) Non-return of polythene pipes

The DFO, Pooh distributed 1,837 running metres of high density polythene pipes of different diameters valuing Rs 1.60 lakh, normally meant for irrigation of plantations, to four² *Gram Panchayats* in August 1994 on loan basis. It was observed that the pipes had not been returned as of April 1997.

(v) Uneconomical maintenance of nurseries

To supply seedlings of superior quality under the programme to private and community plantations, the Kaza Agency maintained 10³ forest nurseries on which Rs 9.58 lakh were spent during 1991-96. But, these could supply only 0.27 lakh plants valued at Rs 0.41 lakh. The DFO, Kaza admitted (September 1996) that these nurseries were not economical due to the high altitude and adverse climatic conditions but stated that these had to be maintained to compensate for

Nautors Barren land

² Leo, Rispa, Lippa, Giabong

³ Gulling, Hansa, Lapcha, Mane, Pangmo, Pooh, Rongtong, Rangrik, Sichling and Tabo

the shortage of plants from private sources. The contention of the DFO was not tenable as out of 6.48 lakh plants planted in the area during 1991-92 to 1995-96, 96.79 *per cent* plants had been procured from private sources.

(vi) Sparse plantation

In order to have a pattern of harmony, a carrying capacity of 2,500 plants per hectare was being adopted from 1988-89 onwards in the areas under DDP. It was, however, noticed that the DFO, Kaza had followed this pattern only upto 1991-92. Thereafter, the density of plantation in the area was reduced to 2,300 plants per hectare during 1992-95 and 1,500 plants per hectare from 1995-96 onwards, due to increase in the daily wage rate of labour. Thus plants in 369.40 hectares were planted sparsely without considering the carrying capacity of the land. This resulted in less plantation of 1,94,325 plants during 1992-97. The objective of the programme to control desertification was, therefore, adversely affected.

(vii) Non-maintenance of records regarding utilisation of subsidy

Subsidy for Rs 6.15 lakh was paid to the beneficiaries by Kaza Agency for plantation on 58 hectares of community/ private holdings during 1991-95. The agency did not have any records to show whether the subsidy was actually utilised by the beneficiaries for plantations.

6.2.7.3 Pasture development

The programme provided that marginal range lands, particularly those used by rural communities for grazing purposes, should be brought under pasture

development. A test-check of records of DFOs, Kaza and Pooh revealed the following:

Non-production of fodder due to non-provision of irrigation

(i) DFO, Kaza took up an area of 103 hectares for pasture development and spent Rs 4.89 lakh on the purchase of seeds and their sowing in patches during 1992-95. However, no fodder was produced in these pastures and Rs 4.89 lakh went waste. The DFO, Kaza stated (May 1997) that pasture development could not succeed due to non-provision of irrigation. The contention of the DFO was not tenable as provision for irrigation should have been ensured by the Department before undertaking the work.

(ii) Pasture development of 56 hectares of land (Thangkarma: 40 hectares, Pooh: 10 hectares, and Asrang: 6 hectares) situated at distances of 3 to 18 km from the nearest villages, was taken up by the DFO, Pooh and Rs 1.42 lakh were spent on the development and maintenance of these pastures during 1991-94. The seeds which germinated, dried up subsequently due to the lack of water for irrigation in the area. The DFO stated (October 1996) that there being no provision for irrigation and fencing of pastures in the Annual Action Plan, these pastures could not come up. Thus due to lack of proper planning and coordination, expenditure of Rs 1.42 lakh on pasture development was rendered infructuous.

6.2.7.4 Soil conservation

(i) Sub-standard construction of check dam

A check dam on Huru *nallāh* in village Chango was constructed by the DFO, Pooh in 1991-92 over an area of 10 hectares at a cost of Rs 1.50 lakh. Construction of the check dam was found to be sub-standard by the DC, Kinnaur in April 1992 and the entire expenditure of Rs 1.50 lakh was rejected by the Governing Body in its meeting held in May 1992. At the meeting, the Governing

Body asked the DFO, Pooh to reconstruct the check dam and directed that any additional expenditure incurred thereon should be recovered from the officers at fault. The DFO, Pooh stated (May 1997) that the check dam had not been reconstructed. Responsibility for the substandard execution of work had also not been fixed as of May 1997.

(ii) Fictitious reporting to the Government of India

The Project Director, DDP, Kaza released Rs 17 lakh (November 1994: Rs 6 lakh and March 1995: Rs 11 lakh) to the BDO, Kaza for soil conservation works. The BDO reported to the Project Director, hundred *per cent* physical achievement with an expenditure of Rs 16.64 lakh during 1994-95, which was further reported to the Government of India by the Project Director in June 1995. It was noticed in audit that funds amounting to Rs 11.35 lakh were lying unspent with the BDO as of March 1995. Of this, Rs 8.63 lakh (1995-96: Rs 6.54 lakh and upto September 1997: Rs 2.09 lakh) was spent and Rs 2.72 lakh were lying unspent with the BDO as of September 1997. The BDO, Kaza had thus reported fictitious physical and financial progress in March 1995. The BDO admitted (June 1997) that Rs 11.35 lakh were not actually spent during 1994-95 and 100 *per cent* achievement was reported erroneously.

6.2.7.5 Animal husbandry

(i) Unfruitful expenditure on fodder nursery

A fodder nursery covering an area of 1312.82 square metres was established at Ribba by the Assistant Director, Animal Husbandry, Kinnaur during 1991-93 at an expenditure of Rs 1.72 lakh. Between 1993-94 and 1995-96, only 10.65 kilograms of fodder seed could be produced in the nursery at a cost of Rs 0.59 lakh. The Assistant Director, Animal Husbandry, Kinnaur attributed (October 1996) the negligible production of seeds to irregular supply of water

during the sowing period, sandy land and shadows of big *chilgoza* trees on the land. Thus the expenditure of Rs 2.31 lakh incurred on the establishment and maintenance of the fodder nursery was rendered largely unfruitful.

(ii) Irregular payment of subsidy

Assistant Director, Animal Husbandry, Kaza had paid Rs 6.50 lakh on account of subsidy for the purchase of 29 yaks (bulls) by the beneficiaries during 1990-92 in contravention of the guidelines. The Project Director admitted (May 1997) that the subsidy should have been given as per guidelines.

6.2.7.6 Fisheries

To provide fish to the employees engaged in the project area and also to can and export fish to other parts of the State for sale, a programme for development of fisheries was launched in Spiti by the DDPA, Kaza. Following points were noticed in this regard:

(i) Unfruitful expenditure on fisheries

A raceway and check dams at Rangrik (Rs 6.22 lakh) and fish tanks at Sumdo and Shego (Rs 0.81 lakh) and Dhankar lake (Rs 0.35 lakh) were constructed between 1991-92 and 1994-95. Fish seeds were purchased during 1991-95 from fish farms at Deoli and Sangla at a cost of Rs 1.40 lakh. Besides, Rs 1.35 lakh were spent on transportation of fish and feed and Rs 1.90 lakh on watch and ward of the raceway, the tanks and the lakes between 1991-92 and 1995-96. It was noticed that no fish was produced in the tanks and the raceway. The Department stated that fish produced, if any, in the lake, was not sold. Thus the entire expenditure of Rs 12.03 lakh on fisheries was rendered unfruitful.

The Fisheries Officer, Kaza stated (August 1996) that fish culture was not viable in artificial raceways and tanks as the fish mortality was 99 *per cent* due to scarcity of water and freezing of the source of water during winter when the

temperature went below minus 40 degrees celsius. The Fisheries Officer further stated that no fish had been sold since the inception of the scheme because the local people did not allow fishing and sale of fish due to religious reasons.

The contention of the Fisheries Officer was not tenable as no fish was produced in the tanks and the raceway even during summer. Besides, the religious sentiments of the people should have been taken into account before launching the fisheries scheme.

(ii) Non-rendering of accounts

For construction of a fish tank at Sumdo, Rs 2 lakh were paid by the Project Director, DDP, Kaza to the Commandant, Himachal Scouts, Sumdo in March 1995. It was noticed in audit that no accounts regarding the utilisation of the amount were available with the Project Director. On this being pointed out in audit, the Fisheries Officer, Kaza stated (August 1996) that he was unaware of further developments in this regard.

6.2.7.7 Horticulture

The programme envisaged that subsidy should be given to beneficiaries on the pattern of IRDP, to the extent of 50 *per cent* of the cost of activities of the project, subject to a maximum of Rs 5,000 per family.

A test-check of records of the Horticulture Development Officer, Kaza revealed that no limit for payment of subsidy was prescribed by the DDPA, Kaza, which resulted in excess payment of subsidy of Rs 0.86 lakh to 20 beneficiaries between 1991-92 and 1993-94. Excess payment of subsidy was attributed (May 1997) by the Horticulture Development Officer, Kaza to non-availability of the guidelines of the scheme in his office. The Project Director, DDP, Kaza, however, admitted (May 1997) that the payment of subsidy was required to be

made as per the guidelines and the line departments would be answerable for such lapses.

6.2.7.8 Research activities

(i) Unfruitful expenditure on research activities

The Manual for DDP provided for the adoption of technologies developed by various research institutes.

The DDPA, Kaza paid Rs 41.04 lakh⁴ to Agriculture University, Palampur and University of Horticulture and Forestry (UHF), Nauni (Solan) between 1987-88 and 1994-95 for conducting research work. The Governing Body, DDPA, Kaza decided (March 1993) to stop further funding of the Agriculture University, Palampur due to its failure to produce any new variety of seeds for cash crops.

The Agriculture University, Palampur had reported to the DDPA, Kaza that 0.65 lakh seedlings had been sold to the Agriculture Department, Kaza and 0.23 lakh seedlings distributed free of cost to farmers of Lari village in Kaza block during 1992 and 1993 from their vegetable-cum-potato development farm at Lari. Records of the Assistant Project Officer, Agriculture, Kaza revealed that no seedlings had been purchased/received from the farm at Lari. Details of beneficiaries to whom seedlings were shown to have been distributed had not been made available to the Project Director, Kaza by the University.

The UHF, Nauni had established (1987-88) a nursery at Tabo to explore the possibilities of commercial exploitation of medicinal herbs in Spiti Valley. Five species of such herbs were planted at the nursery during 1992-93. The results, highlighting the profitability of growing these species, were to be supplied

⁴ Agriculture University, Palampur: Rs 23.93 lakh and UHF, Nauni: Rs 17.11 lakh

to the project authorities. It was noticed in audit that these results had not been supplied to the project authorities by UHF, Nauni as of May 1997.

Thus the expenditure of Rs 41.04 lakh spent for research purposes in connection with the programme proved to be largely unfruitful.

(ii) Drawal of funds in advance of requirement

For drying apricots, vegetables and *chilgoza cones* in the project area, 11 solar driers valued at Rs 2.62 lakh were installed by UHF, Nauni during 1991-93 in the various *Panchayats* of the Pooh project area. Payment of Rs one lakh was made to UHF in July 1993 and the balance payment was to be released on receipt of a status report from the DHO and *Pradhans* on the successful commissioning of the solar driers installed in the area. The status report had, however, not been received by the project authorities as of May 1997. In the meantime, the Project Director DDP, Pooh drew Rs 4 lakh in March 1995 against the expenditure already incurred by UHF, Nauni and kept the amount in a fixed deposit in a bank in May 1995. The amount was not released to UHF for want of the status reports as of May 1997.

6.2.8 Miscellaneous

Contingent advances of Rs 1.88 lakh representing POL, repairs of vehicles, TA, etc., paid to six officers/officials between 1989-90 and 1995-96 had not been adjusted/recovered by the Project Director, Kaza as of May 1997. Of this, Rs 1.15 lakh were paid during 1995-96 to the then Additional Deputy Commissioner-cum-Project Director, DDP, Kaza for Travelling Allowance (Rs 0.65 lakh) and other "unspecified purposes" (Rs 0.50 lakh). The Project Director, Kaza stated (May 1997) that on her transfer to Shimla in September 1995, the amount had been shown in her last pay certificate (LPC). The officer was transferred to Bihar in December 1996. The amount was again shown in her LPC. No recovery had, however, been effected as of September 1997.

6.2.9 Monitoring and evaluation

The programme envisaged monitoring of all aspects of its implementation through field visits by officers from the State and district headquarters and sub-divisional and block offices to programme districts and sites of works in interior areas. For this purpose, a schedule of inspections was to be drawn up and strictly adhered to. During test-check, it was noticed that no schedule of inspection had been drawn up. Details regarding inspections carried out by district/block level officers during the period 1991-92 to 1996-97 were not available with the Department. Only one inspection was conducted (September-October 1994) by the Director and Project Co-ordinator during the period under review.

An evaluation study of the impact of ecological development on the cold desert in Spiti block, following the implementation of DDP, was got conducted by the Government of India during 1993. The study report, finalised in February 1994, pointed out a number of deficiencies in implementation of the programme such as failure of plantations, nurseries, fodder and pasture schemes, fisheries, research activities and non-functioning of irrigation *kuhls*. In the report, it was recommended that emphasis should be laid upon the propagation of indigenous species which grew locally and had high ecological and commercial value; fodder and pasture development schemes which did not succeed should be covered under plantation and instead of constructing new irrigation schemes, all the existing schemes should be repaired and restored.

The State Government had also constituted an Appraisal Committee in August 1994 for conducting an evaluation-cum-appraisal study of the programme in both the blocks. In its report, submitted in September 1995, the Committee pointed out certain deficiencies in implementation of the programme under various sectors such as wrong selection of area for plantation and species,

maintenance of lesser number of departmental nurseries; plantation without irrigation facilities; non-allotment of land to the beneficiaries and defective construction of *kuhls*.

The Committee also observed that there had been serious financial lapses and irregularities in the implementation of DDP, like lapses in execution of irrigation *kuhls*, development of fodder farm and embezzlement, etc., resulting in criminal waste of Government funds. Strict action was recommended against the defaulting officers/officials.

These lapses were persisting since 1990-91 and were pointed out through various Audit Reports (Civil) as detailed below:

Audit Report	Para number
1990-91	4.14
1992-93	6.2.2
1993-94	6.2.5
1994-95	4.14
1995-96	6.2(iii)(a) and 6.5

No action had been taken by the Government on the recommendations of these evaluation reports as of May 1997. Director-cum-Special Secretary (Rural Development) stated (December 1997) that a Task Force comprising Financial Commissioner-cum-Secretary (Forest), Financial Commissioner-cum-Secretary (IPH) and Commissioner-cum-Secretary (Rural Development) had been constituted in May 1997 to scrutinise the Appraisal Committee Report and that action would be taken on receipt of their report.

These points were referred to the Government in July 1997; reply had not been received (November 1997).

6.3 Inadmissible assistance under *Gandhi Kuteer Yojna*

Gandhi Kuteer Yojna was launched in October 1994 by the State Government to provide housing facilities to homeless beneficiaries in rural areas. The scheme provided for grant of assistance of Rs 15,800 each for construction of

houses to beneficiaries identified under the Integrated Rural Development Programme (IRDP).

District Rural Development Agencies (DRDAs), Mandi and Shimla provided financial assistance of Rs 8.77 lakh for the construction of houses during 1995-97 in 4 blocks¹ to 77 persons not covered under IRDP.

While all the Block Development Officers (BDOs) confirmed (September and December 1996) the facts, the BDO, Mashobra stated that the payments had been released as per sanctions issued by the DRDA. The BDOs of the remaining three blocks did not furnish any reasons for providing financial assistance to ineligible persons. Basis of providing such assistance was not on record.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

6.4 Unauthorised purchase of vehicles by District Rural Development Agencies

Government of India imposed a ban in February 1991 on the purchase of vehicles by the District Rural Development Agencies (DRDAs). These instructions were reiterated by Government of India in January 1993.

Contrary to these instructions, four vehicles valued at Rs 11.58 lakh were purchased by the Project Officers of DRDAs, Kinnaur (three vehicles) and Hamirpur (one vehicle) between August 1995 and April 1996 out of the funds provided by Government of India for the implementation of Centrally sponsored schemes.

The Director-cum-Additional Secretary, Rural Development intimated (November 1996) that the case for obtaining sanction of the competent authority

¹ (i) Drang: 35 persons; Rs 4.19 lakh, (ii) Mashobra: 35 persons; Rs 3.81 lakh, (iii) Rampur: 2 persons; Rs 0.16 lakh and (iv) Rewalsar: 5 persons; Rs 0.61 lakh

had been taken up in one case, while two cases were being moved for sanction.

The reply was not tenable as the vehicles had been purchased in violation of the instructions of Government of India.

The expenditure of Rs 11.58 lakh had thus been incurred unauthorisedly by the DRDAs for purchase of vehicles out of funds meant for the upliftment of the rural poor.

The matter was referred to the Government in April 1997; reply had not been received (November 1997).

Science, Technology and Environment Department

6.5 Himachal Pradesh Energy Development Agency

The Himachal Pradesh Energy Development Agency (HIMURJA) was established in January 1989 to promote research, development and popularisation of non-conventional and renewable sources of energy.

The records of the Director, HIMURJA, Shimla and the records of 10 Integrated Rural Energy Programme (IREP)¹ blocks for the period April 1989 to March 1996 were test-checked during June - October 1996. The results of test-check are contained in the following paragraphs:

(i) Solar Water Heating Systems

(a) In five IREP blocks, 14² Solar Water Heating Systems (SWHSs) of different capacities, installed for demonstration between September 1987 and October 1993, at a cost of Rs 6.15 lakh, were rendered non-functional between September 1989 and June 1996, owing to heavy snow, rain, storms, improper maintenance, non-availability of water, etc. Of these, two SWHSs installed in

¹ Barsar, Bilaspur, Kaza, Keylong, Kullu, Nahan, Pooh, Solan, Theog and Una

² Bilaspur: 3 for Rs 1.09 lakh; Kaza 2 for Rs 0.88 lakh; Nahan: 2 for Rs 1.04 lakh; Pooh: 6 for Rs 2.67 lakh and Una: 1 for Rs 0.47 lakh

(B) Recommendations on Action Taken Reports

Sr. No.	Department	Year of presentation	Report of the PAC	Number of recommendations
1.	Public Works	1985-86	7th (6th Vidhan Sabha)	11
		1990-91	37th (7th Vidhan Sabha)	20
		1995-96	117th (8th Vidhan Sabha)	7
		1995-96	124th (8th Vidhan Sabha)	10
2.	Health and Family Welfare	1987-88	157th (6th Vidhan Sabha)	8
3.	Forest	1991-92	51st (7th Vidhan Sabha)	2
		1994-95	67th (8th Vidhan Sabha)	1
4.	Finance	1991-92	71st (7th Vidhan Sabha)	5
		1991-92	73rd (7th Vidhan Sabha)	2
		1995-96	92nd (8th Vidhan Sabha)	1
5.	Town and Country Planning	1992-93	92nd (7th Vidhan Sabha)	2
6.	Horticulture	1992-93	106th (7th Vidhan Sabha)	1
		1992-93	114th (7th Vidhan Sabha)	10
7.	Animal Husbandry	1992-93	113th (7th Vidhan Sabha)	4
8.	Home	1992-93	117th (7th Vidhan Sabha)	1
9.	Agriculture	1994-95	78th (8th Vidhan Sabha)	3
10.	Governor Secretariat	1994-95	87th (8th Vidhan Sabha)	1
11.	Revenue	1994-95	90th (8th Vidhan Sabha)	3
12.	Food and Supplies	1995-96	115th (8th Vidhan Sabha)	1
13.	Education	1995-96	120th (8th Vidhan Sabha)	5
		1995-96	121st (8th Vidhan Sabha)	3
14.	Irrigation and Public Health	1995-96	125th (8th Vidhan Sabha)	4
15.	Fisheries	1995-96	146th (8th Vidhan Sabha)	2
			Total	107

Appendix-VIII

(Refer paragraph 4.2.16; page 239)

Statement showing the details of unutilised materials

Serial number	Name of the Division	Particulars of material	Date of purchase/ receipt	Cost (Rupees in lakh)	Remarks
1.	Chamba	Hollow cast iron pipes	Between November 1988 and March 1992	3.58	Material valued at Rs 0.82 lakh transferred to other works. The balance material valued at Rs 2.76 lakh was lying unutilised because there was no requirement of these items as per the sanctioned estimate of the scheme.
2.	Kullu	Non-return valves and three ways turnouts	March 1994	0.94	The entire material was lying unutilised as of February 1997 because it was not required for use on the work as per the sanctioned estimate.
3.	Rampur	Manhole covers and cast iron pipes	Between 1991-93 and 1995-96	52.75	The entire material was lying unused as the work of laying of sewerage pipes had not been taken for execution.
4.	Reckong Peo	Manhole covers, pig lead and spun jute	Between November 1989 and September 1991	1.26	The material was not utilised as the work of laying of sewerage pipeline had been awarded to the contractor on through rates.
5.	Solan	Interlink chains and barbed wire	March 1996	3.36	Material valued at Rs 0.12 lakh was transferred to other works. The balance material valued at Rs 3.24 lakh was lying unutilised as the work had not been started.
6.	Sundernagar	Cast iron pipes	February 1993	3.83	The material was required for phase II of the scheme. There was no justification for the procurement of the material as the work on phase II of the scheme had not been started so far. The work of the scheme was also held up for want of funds.
			Total:	65.72	

Appendix-IX

(Refer paragraph 4.21; page 264)

Statement showing road works held up due to involvement of forest land

Serial number	Name of the division (B&R)	Name of the road	Particulars of A/A & E/S		Stipulated period of completion (In years)	Date of commencement	Date since construction held up	To date expenditure (Rupees in lakh)	Delay involved as of March 1997 (In months)
			Month & Year	Amount (Rupees in lakh)					
1.	Palampur	Link road from Duhak to Gharthun (km 0/0 to 5/0)	January 1989	13.45	4	March 1992	January 1995	1.55	12
2.	Bilaspur-II	Dhalet-Jandori road (km 0/0 to 6/0)	March 1978	5.00	2	February 1978	April 1990	2.50	205
3.	National Highway, Pandoh	(i) Six feet wide bridle road from Thachi to Naraingala (km 0/0 to 18/0)	August 1971	1.99	1	September 1983	July 1988	3.18	150
		(ii) Four feet trace cut with truckable gradient on a length of 30 kms from Hanogi to Sarachi	February 1972	1.22	8 months	September 1983	March 1988	3.50	155
4.	Karsog	Tattapani Slapper road (km 2/0 to 8/0)	March 1982	9.34	4	1982-83	October 1989	1.65	120
Total				31.00				12.38	

330
Appendix-X

(Refer paragraph 4.21; page 264)

Statement showing road works held up due to involvement of private land and other reasons

Serial number	Name of the division	Name of the road	Particulars of A/A & E/S		Stipulated period of completion (In years)	Date of commencement	Date since construction held up	Delay involved as of March 1997 (In months)	To date expenditure (Rupees in lakh)	
			Month and Year	Amount (Rupees in lakh)						
1.	Bajjnath	(i) Jandpur-Nauri Jhikli Punkhad, Paprola road (km 0/0 to 2/450)	November 1986	10.90	3	March 1986	June 1994	96	3.46	
		(ii) Patti Dohal road (km 0/0 to 1/250)	December 1988	4.36	2	April 1991	January 1994	47	1.91	
2.	Salooni	(i) Link road to village Chuddra from Sundla Gijnindoo (km 0/0 to 2/500)	June 1987	4.77	Not mentioned	1987-88	July 1995	21 (reckoned from July 1995)	4.39	
		(ii) Mani-Chargram road (km 0/0 to 10/0)	May 1977	3.41	2	April 1978	1992	203	1.97	
3.	Bharmour	Surahi-Urna-Grounda jeepable road (km 0/0 to 32/0)	March 1983	22.82	Not mentioned	July 1985	March 1994	36 (reckoned from March 1994)	3.70	
4.	Bilaspur-I	Bilaspur-Bamta-Nog road (km 0/0 to 3/500)	December 1984	7.06	2	1985-86	April 1994	108	2.73	
5.	Hamirpur	Link road to village Kholi Daryota Galiyan Tal (km 0/0 to 6/0)	November 1986	10.47	3	1987-88	March 1996	72	2.45	
6.	Kumarsain	Nadhukhar Katawhara road (km 0/0 to 2/0)	February 1990	8.64	1	1990-91	April 1995	60	1.98	
7.	Jubbal	Sheelanganagar Kalagaon Malethi road (km 0/0 to 10/0)	October 1986	12.95	3	March 1987	April 1991	84	1.57	
Total									85.38	24.16

Appendix-XI

(Refer paragraph 6.1 (c); Page 283)

Statement showing names of the bodies and authorities, the accounts of which had not been received

Serial number	Body/Authority	Year for which accounts were awaited	Amount of grant during 1996-97 (Rupees in crore)
Rural Development Department			
1.	District Rural Development Agency, Shimla	1996-97	3.57
2.	District Rural Development Agency, Solan	1996-97	2.88
3.	District Rural Development Agency, Bilaspur	1996-97	3.14
4.	District Rural Development Agency, Mandi	1996-97	6.09
5.	District Rural Development Agency, Kullu	1996-97	1.76
6.	District Rural Development Agency, Kinnaur	1996-97	0.76
7.	District Rural Development Agency, Kangra	1996-97	6.35
8.	District Rural Development Agency, Keylong	1996-97	0.52
9.	District Rural Development Agency, Chamba	1996-97	2.47
10.	District Rural Development Agency, Una	1996-97	3.44
11.	District Rural Development Agency, Nahan	1996-97	2.13
12.	District Rural Development Agency, Hamirpur	1996-97	2.14
Education			
13.	Himachal Pradesh University, Shimla	1993-94 to 1996-97	11.92
14.	SVS College, Bhatoli	1996-97	0.56
15.	DAV College, Kangra	1996-97	0.70
16.	MLSM College, Sundernagar	1996-97	0.52
17.	GGDSD College, Baijnath	1996-97	0.67
18.	St. Bede's College, Shimla	1996-97	0.55
19.	Himachal Pradesh School Education Board, Dharamsala	1996-97	0.29
Language, Art and Culture			
20.	Academy of Language, Art and Culture	1996-97	0.75
Social and Women's Welfare Department			
21.	Himachal Pradesh Social Welfare Advisory Board, Shimla	1996-97	1.62
22.	Himachal Pradesh Council for Child Welfare, Shimla	1996-97	0.82
23.	Himachal Pradesh Scheduled Caste/Tribe Corporation, Shimla	1996-97	2.32
General Administration Department			
24.	Himachal Pradesh Ex-Servicemen Corporation, Hamirpur	1995-96 and 1996-97	0.66
Agriculture			
25.	Himachal Pradesh Krishi Vishva Vidyalaya, Palampur	1994-95 to 1996-97	15.26
26.	Himachal Pradesh Marketing Board, Shimla	1995-96 and 1996-97	NA
Forest Farming and Conservation			
27.	Indo German Changar Project, Palampur	1996-97	NA

Serial number	Body/Authority	Year for which accounts were awaited	Amount of grant during 1996-97 (Rupees in crore)
28.	Horticulture Dr. Y.S. Parmar University of Horticulture and Forestry, Solan	1995-96 and 1996-97	11.42
29.	Cooperation Himachal Pradesh State Cooperative Marketing and Consumers Federation, Shimla	1993-94 to 1996-97	NA
30.	Himachal Pradesh Cooperative Union, Shimla	1993-94 to 1996-97	0.47
31.	Fisheries Fish Farmers Development Agency (FFDA), Bilaspur	1995-96	NA
32.	Science and Technology Himachal Pradesh State Board for Prevention and Control of Water Pollution, Shimla	1994-95 to 1996-97	0.90
33.	Himachal Pradesh Government Energy Development Agency, Shimla	1994-95 to 1996-97	NA
34.	Town and Country Planning Himachal Pradesh Nagar Vikas Pradhikaran, Shimla	1996-97	NA
35.	Personnel Centre for Management Studies at Himachal Pradesh Institute of Public Administration, Mashobra	1996-97	0.26
36.	Housing Himachal Pradesh Housing Board, Shimla	1996-97	0.68
37.	Animal Husbandry Himachal Pradesh Cooperative Milk Federation, Shimla	1995-96 and 1996-97	2.80
38.	Urban Development Municipal Corporation, Shimla	1995-96 and 1996-97	3.95
39.	Municipal Committee, Chamba	1996-97	0.77
40.	Municipal Committee, Kullu	1996-97	0.35
41.	Municipal Committee, Dharamsala	1996-97	0.53
42.	Municipal Committee, Mandi	1996-97	0.87
43.	Municipal Committee, Sundernagar	1996-97	0.36
44.	Municipal Committee, Solan	1996-97	0.49
45.	Municipal Committee, Nahan	1996-97	0.35
46.	Nagar Panchayat, Suni	1996-97	0.40
47.	Nagar Panchayat, Jawalamukhi	1996-97	0.40
Total			96.89

Note: NA: Not available

Appendix-XII

Glossary of abbreviations

Abbreviation	Expanded form
AC	Asbestos cement
AC	Assistant Commissioner
ADI	Additional Director of Industries
AERC	Agro Economic Research Centre
AFT	Assistant Fruit Technologist
APOs	Assistant Project Officers
ARWSP	Accelerated Rural Water Supply Programme
BASP	Backward Area Sub-Plan
BBMB	Bhakra Beas Management Board
BDOs	Block Development Officers
BKDOs	Bee Keeping Development Officers
CCA	Culturable Command Area
CFSU	Combination fuse switch units
CGI	Corrugated galvanised iron
CI	Cast Iron
DAE	Director of Adult Education
DCs	Deputy Commissioners
DDOs	Drawing and Disbursing Officers
DDP	Desert Development Programme
DDPAs	Desert Development Project Agencies
DFO	Divisional Forest Officer
DGS&D	Director General Supplies and Disposals
DHOs	District Horticulture Officers
DI	Director of Industries
DICs	District Industries Centres
DPEO	District Primary Education Officer
DPI	Department of Programme Implementation
DRDA	District Rural Development Agency
EPIP	Export Promotion Industrial Park
FF&CD	Forest Farming and Conservation Department
FRG	Federal Republic of Germany
GAD	General Administration Department
GI	Galvanised Iron
GIS	Geographical Information System
GMs	General Managers
GOI	Government of India
HFLs	Highest flood levels
HIMURJA	Himachal Pradesh Energy Development Agency
HPAIC	Himachal Pradesh Agro Industries Corporation
HPFC	Himachal Pradesh Financial Corporation
HPGIC	Himachal Pradesh General Industries Corporation Limited
HPHHC	Himachal Pradesh State Handicrafts and Handloom Corporation Limited

HPKVIB	Himachal Pradesh <i>Khadi</i> and Village Industries Board
HPMC	Himachal Pradesh Horticulture Produce Marketing and Processing Corporation
HPSEB	Himachal Pradesh State Electricity Board
HPSEDC	Himachal Pradesh State Electronics Development Corporation Limited
HPSIDC	Himachal Pradesh State Industrial Development Corporation Limited
HPSSIEC	Himachal Pradesh State Small Industries and Export Corporation Limited
IEC	Information, Education and Communication
IGCP	Indo German Changar Economic Development Project
IPH	Irrigation and Public Health
IRDP	Integrated Rural Development Programme
IREP	Integrated Rural Energy Programme
IWDP	Integrated Watershed Development Project
JCKs	Jan Chetna Kendras
JE	Junior Engineer
JJKs	Jan Jagriti Kendras
Kms	Kilometres
LIS	Lift Irrigation Scheme
lpcd	litres per capita per day
M&I	Monitoring and Investigation
MAS	Material-at-Site
MB	Measurement Book
MC	Miniature circuit
MCBs	Miniature circuit breakers
MIS	Management Information System
MNP	Minimum Needs Programme
MOU	Memorandum of Understanding
MPLADS	Members of Parliament Local Area Development Scheme
MPs	Members of Parliament
MSERW	Mild Steel Electrically Resistance Welded
MTR	Mid Term Review
MTs	Master Trainers
NC	Not covered
NCEs	Non Conventional Energy Sources
NLM	National Literacy Mission
NLMA	National Literacy Mission Authority
P&I	Planning and Investigation
PAC	Public Accounts Committee
PC	Partly covered
PLA	Personal Ledger Account
PLC	Post Literacy Campaign
POL	Petrol, Oil and Lubricant
Pr CCF	Principal Chief Conservator of Forests
PVs	Problem Villages
RCC	Reinforced cement concrete
RD	Reduced Distance

RP	Resource Persons
RSP	<i>Rajya Saksharta Parishad</i>
SAR	Staff Appraisal Report
SCs	Scheduled Castes
SDOs	Sub-Divisional Officers
SLSC	State Level Steering Committee
SLSC	State Level Sanctioning Committee
SMS	Subject Matter Specialist
SOPs	Silt Observatory Posts
STs	Scheduled Tribes
SWHSs	Solar Water Heating Systems
TLC	Total Literacy Campaign
UCs	Utilisation Certificates
UHF	University of Horticulture and Forestry
VCCs	Village Campaign Committees
VEWs	Village Extension Workers
VFDCs	Village Forest Development Committees
Vis	Volunteer Instructors
VLCs	Village Learning Centres
ZSSs	<i>Zila Saksharta Samities</i>

ERRATA

Report of the Comptroller and Auditor General of India for the year 31 March 1997 – Government of Himachal Pradesh

Sl No.	Reference to Page no, Para no, etc.	For	Read
1.	Page no: 27	Transfer the foot-note from Page no 27 to Page no 26	
2.	Page no: 52; Para no: 2.5.2; 1 st line	5	53
3.	Page no: 64	Insert '1' and '2' in the foot-notes.	
4.	Page no: 125; foot-note	Indicate '3' against 'Solan'	
5.	Page no: 131; 1 st line	T	Thus
6.	Page no: 249 foot-note	Insert '1' in the foot-note	
7.	Page no: 300; sub para (ii); 8 th line	was	were

