



REPORT
OF
THE COMPTROLLER
AND
AUDITOR GENERAL OF INDIA
FOR THE YEAR ENDED 31 MARCH 1995
NO. 3
(CIVIL)

GOVERNMENT OF HIMACHAL PRADESH

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PREFATORY REMARKS

This Report No. 3 for the year ended 31 March 1995 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 1994-95 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 1994-95.

2. The Report containing the 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. The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1994-95 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 1994-95 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 1994-95 and four other chapters, comprising 3 reviews and 55 paragraphs, based on the audit of certain selected programmes and activities and of the financial transactions of Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Accounts of the State Government

** While revenue receipts increased by 81 *per cent* during 1989-95, the growth of revenue expenditure was 106 *per cent* during the same period. The accounts for the year 1994-95 closed with a revenue deficit of Rs. 307.92 crores as against the revenue surplus of Rs. 113.63 crores during the previous year

(Paragraph 1.7)

** Revenue receipts of the State Government declined by 11 *per cent* from Rs. 1465.13 crores in 1993-94 to Rs. 1306.36 crores in 1994-95. This was mainly due to decrease in grants-in-aid by 37 *per cent* during 1994-95 (Rs. 505.34 crores) as compared to 1993-94 (Rs. 799.26 crores). During 1989-95, receipts from tax revenue increased progressively from Rs. 141.96 crores to Rs. 299.45 crores. The growth of tax revenue during 1994-95 was 17 *per cent*. Non-tax revenue registered an increase of 10 *per cent* during 1994-95 (Rs. 132.74 crores) in relation to 1993-94 (Rs. 120.61 crores).

(Paragraph 1.2 to 1.4)

** The State could raise only 33.08 *per cent* (tax revenue: 22.92 *per cent* and non-tax revenue: 10.16 *per cent*) of the total revenue receipts during 1994-95 and remained heavily dependent on grants-in-aid from the Central Government and its share of Union taxes and duties which constituted 38.68 *per cent* and 28.24 *per cent* respectively of the total revenue. The

The abbreviations used in this Report have been listed in the Glossary in Appendix XI (Page 188)

State's share of Union taxes and duties progressively increased by 139 per cent from Rs. 154.05 crores in 1989-90 to Rs. 368.83 crores in 1994-95. Grants-in-aid from the Central Government increased by 47 per cent during this period from Rs. 342.97 crores to Rs. 505.34 crores.

(Paragraph 1.5)

** The State Legislature has not passed any Law prescribing any limit on borrowing by the State Government. The internal debt of the State has gone up by 327 per cent from Rs. 104.50 crores at the end of 1989-90 to Rs. 446.41 crores at the end of 1994-95. Inclusive of the increase of Rs. 650.79 crores (104 per cent) in Loans and Advances from the Central Government, and of Rs. 457.33 crores (170 per cent) in other liabilities, the total of such liabilities of the State Government (Rs. 2451.15 crores) had increased by 145 per cent in relation to 1989-90 (Rs. 1001.12 crores).

(Paragraph 1.9.1)

** The debt burden had resulted in increase in the interest liability of the State Government as well, which burgeoned by 153 per cent from Rs. 87.99 crores in 1989-90 to Rs. 222.60 crores in 1994-95. The outflow of funds on this account progressively increased from 11 per cent in 1989-90 to 14 per cent in 1994-95 of the revenue expenditure. Debt service obligations to the Central Government worked out to 57 per cent of the flow of fresh loans and advances from the Central Government during 1994-95. The percentage was 50 per cent in 1989-90.

(Paragraph 1.9.2 & 1.9.3)

** Rupees 16.87 crores and Rs. 159.17 crores were outstanding as Ways and Means Advances and Overdrafts respectively at the end of the year.

(Paragraph 1.10)

** To tide over the stringent financial position as well as to meet urgent needs, the State Government raised two loans aggregating to Rs. 424.85 crores through Himachal Pradesh State Electricity Board during 1994-95. An amount of Rs. 34.02 crores was paid as interest on these loans and a further sum of Rs. 1.97 crores as service charges during the year. Besides

Rs. 16.68 crores were paid as interest on rediscounting of Treasury Bills.

(Paragraph 1.9.4)

** Government's investments in various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from Rs. 159.06 crores at the end of 1989-90 to Rs. 575.24 crores at the end of 1994-95. A meagre amount of Rs. 0.08 crore only was, however, received as dividend during 1994-95. The return on investments was substantially lower than the interest payable by Government on its borrowings.

(Paragraph 1.12)

** Guarantees given by Government for repayment of loans raised by various public enterprises, local bodies, etc., increased from Rs. 527.46 crores as on 31 March 1990 to Rs. 948.40 crores as on 31 March 1995. Outstandings increased by 35 per cent from Rs. 352.71 crores to Rs. 476.41 crores over the same period of five years.

(Paragraph 1.13)

2. Appropriation Audit and control over expenditure

** During 1994-95, there were savings in 50 cases aggregating Rs. 170.72 crores. Expenditure of the State Government, however, exceeded the budget provisions in 20 cases by Rs. 404.11 crores. The excess expenditure requires regularisation under Article 205 of the Constitution of India.

(Paragraph 2.2.1 and 2.2.4)

** The supplementary provision of Rs. 289.79 crores obtained during the year 1994-95 constituted 14 per cent of the original budget provision of Rs. 2111.70 crores. Supplementary provisions totalling Rs. 5.16 crores obtained in 4 cases during the year proved unnecessary as the expenditure in these cases was less than even the original budget provision.

** Savings of Rs. 50 lakhs and more in each case aggregating Rs. 168.67 crores occurred in 26 cases involving 20 grants and one appropriation.

(Paragraph 2.2.1)

** Persistent savings/excesses, ranging from 5 to as high as 2884 per cent, occurred in 13 cases involving 10 grants and 1 appropriation during the three-year period from 1992-93 to 1994-95.

(Paragraph 2.2.2)

** Savings aggregating Rs. 47.63 crores in 20 grants and 8 appropriations were

not fully surrendered by the concerned departments. On the other hand, as against the savings of Rs. 27.19 crores only available for surrender in 15 cases, an amount of Rs. 36.15 crores was actually surrendered. In 7 grants Rs. 20.56 crores 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)

** Of Rs. 144.60 lakhs drawn between April 1992 and March 1994 by 4 departments in advance of actual requirement, Rs. 119.85 lakhs were lying unutilised in the form of bank drafts and deposits in banks as of July 1995

(Paragraphs 2.4)

3. Working of District Hospitals and Indira Gandhi Medical College, Shimla

A review of the working of 7 District Hospitals and of Indira Gandhi Medical College, Shimla (IGMC) revealed as under:

The shortage of doctors including specialists ranged between 1 and 6 in three District Hospitals while in 3 others, there was excess deployment of doctors by 2 to 6. Para-medical staff was deployed in excess of the prescribed norms in District Hospitals. However, against the prescribed norms of 1:3 nurse patient ratio for teaching hospitals, the actual deployment in IGMC was between 1:5 and 1:6.

** As compared with the norms of the Medical Council of India while there was a shortage of 38 teaching posts in 14 departments of Indira Gandhi Medical College, Shimla, there was an excess of 24 posts in 10 other departments; the excess deployment involved approximate extra expenditure of Rs. 70.45 lakhs on their pay and allowances during 1991-94.

** Norms for sanctioning beds for the District Hospitals had not been prescribed.

** Proper system for collection and disposal of hospital garbage to prevent the spread of infectious diseases was not available in any of the District Hospitals test-checked, nor in Indira Gandhi Medical College, Shimla.

** The centralised procedure for purchase and distribution of medicines through the State Civil Supplies Corporation had not been implemented, as envisaged. Rupees 19.42 crores had been advanced to the Corporation during 1991-95 for purchase and distribution of medicines. The details of the medicines supplied to field units, district-wise accounts and adjustment accounts of

advances were not being rendered by the Corporation to the Department.

- ** Bond money of Rs. 12.25 lakhs was recoverable from 47 students who passed their MBBS examination during 1992-94 and were offered appointment, but did not join. As per the bonds, they had undertaken to serve in rural areas for 2 years.

(Paragraph 3.1)

4. National Highways

There are 4 National Highways in the State having a running length of 760.35 kilometres. Test-check in audit of the construction and maintenance activities of National Highways undertaken by the State Public Works Department disclosed the following points:

- ** Of the total claims lodged with the Ministry of Surface Transport for the re-imbursement of expenditure incurred on construction and maintenance of National Highways, Rs. 1095.39 lakhs had been withheld or disallowed for want of detailed information/documents. Expenditure incurred during 1990-95 was Rs. 9443.07 lakhs. On the other hand Rs. 721.28 lakhs received from Telecommunication Department and Nathpa Jhakri Project Corporation as compensation or for repair/improvement were not credited to Central Government. This amount was kept in PW Deposits.
- ** A consultant was appointed in September 1994 for conducting feasibility study of Pathankot-Chakki-Mandi road (NH-20) at the fee of Rs. 18 lakhs despite the road having already been declared a National Highway in 1989.
- ** Recovery in respect of useful stones worth Rs. 24.05 lakhs supplied short by contractors in three divisions had not been made.
- ** Eight works awarded to contractors for Rs. 600.04 lakhs in four divisions had not been completed. In 5 of these works alone, the extra expenditure involved in getting these works completed was Rs. 138.78 lakhs recovery of which was not ordered.
- ** In 8 divisions, compensation of Rs. 70.43 lakhs for delay in completion of works was not levied on contractors in respect of 21 works.

** Built up spray grout work done on National Highway 21 at the expenditure of Rs. 101.86 lakhs was opened to traffic without covering it with final surfacing/seal coat as required, rendering it liable to damage by traffic/rains.

** In five divisions, the final bills in respect of 10 works showed that the contractors owed the Government Rs. 65.98 lakhs.

(Paragraph 4.1)

5. Himachal Pradesh State Pollution Control Board

Audit review of the activities of the Board revealed the following points:

** The Board had not identified the total number of polluting industries in the State which required installation of effluent treatment plants as of March 1995.

** Survey on garbage flow and disposal system in various towns in the State had not been conducted by the Board.

** Of the 50 municipalities/notified area committees, only Municipal Corporation, Shimla had partially laid a sewerage system. No treatment plant had been set up by the Corporation despite the fact that clearance for the same was given by the Board in 1980.

** None of the 12 district hospitals in the State, nor the Central Research Institute, Kasauli, had provided incinerators for disposal of solid waste or the requisite pollution control device.

** All industries requiring installation of anti-air pollution devices had not been identified. Of the 738 industries identified up to March 1994, 230 had not provided such devices as of February 1995.

** Follow up action in respect of vehicles identified as causing pollution beyond the prescribed level and vehicles causing sound pollution above the permissible limits had not been taken.

** The inspections conducted by the Board during 1989-94 fell short of the required number by 63 per cent.

(Paragraph 6.2.2)

6. National Watershed Development Project for Rainfed Areas

The Project aimed at promotion of holistic farming system by conserving rain water and by upgradation and scientific utilisation of land, water, plant and human resources for continuous availability of food, fodder, fuel, fibre and biomass for rural needs.

Test-check of records relating to the implementation of the Project revealed as under:

- ** The funds made available by the Central Government for the implementation of the Project were not fully utilised during the period from 1990-91 to 1994-95, and 30 per cent of such funds remained unspent as on 31 March 1995.
- ** Detailed soil survey was not conducted before selection and approval of 15 watersheds in 4 districts. In fact survey tools and equipments worth Rs. 6.86 lakhs were bought and distributed in May 1993 and August 1994 when visual survey, based on which the watersheds were approved, had already been completed.
- ** Watersheds developed at the cost of Rs. 53.02 lakhs during the Seventh Plan period after treatment of 2090.10 hectares of land were abandoned after 1990-91.
- ** Twenty four *pucca* water storage tanks and two *pucca* kuhls were constructed by three DDAs during 1992-95 at the cost of Rs. 9.15 lakhs without any provision in the Project.
- ** There was lack of co-ordination between the nodal and participating departments. Evaluation of the programme had also not been conducted by the State Government.

(Paragraph 3.2)

7. While the physical target of installing 2.10 lakh improved *chullahs* was exceeded, and expenditure of Rs. 166.54 lakhs incurred, test-check revealed that in 5 districts 11,030 *chullahs* (38 per cent out of 28,676 *chullahs* installed), on which subsidy of Rs. 6.93 lakhs had been paid, were dismantled by the beneficiaries.

(Paragraph 3.5)

8. Contrary to the decision of Government taken in April 1987, 881 water supply and minor irrigation schemes, out of 916 schemes completed by the Rural Development Department, had not been transferred to the Irrigation

and Public Health Department as of March 1995. Of these, 476 schemes (cost: Rs. 54.26 lakhs) had become non-functional for want of maintenance and 405 schemes (cost: Rs. 42.70 lakhs) were not being maintained for want of funds.

(Paragraph 3.7)

9. Due to non-appointment of instructors for starting new trades of electronics, mechanics, and computers in the Industrial Training Institute, Mandi, the expenditure of Rs. 8.58 lakhs incurred on the purchase of equipment for starting these trades resulted in blocking of funds and denial of intended benefits to the trainees.

(Paragraph 3.10)

10. The work of publishing revised district gazetteers was started in 1960 and all district gazetteers were to be brought out in 5 years. Up to 1975, only 5 district gazetteers could be published. Thereafter no gazetteers had been published despite expenditure of Rs. 122.60 lakhs incurred on the pay and allowances of the staff of State District Gazetteers from April 1976 to March 1995.

(Paragraph 3.11)

11. Four porta cabins and equipment purchased (December 1989) by the Tourism and Civil Aviation Department at the cost of Rs. 5.39 lakhs for setting up observatories for the collection of meteorological data required before construction of air strips had not been put to the intended use as of August 1995.

Scholarships aggregating Rs. 3.65 lakhs paid to 12 trainees selected for training in flying between 1985-86 and 1991-92 had remained unfruitful as none of the trainees had completed the training.

(Paragraphs 3.13 and 3.14)

12. The revamped public distribution system was introduced in the State in June 1992 with the twin objectives of maintaining uninterrupted flow of essential commodities to the common man throughout the year at affordable prices and supply of essential commodities to the poor and vulnerable section of society specially in the far flung hilly, remote and in-accessible areas. It was noticed that there was gradual decrease in the quantities lifted/supplied. Further 21,867 quintals of wheat valued at Rs. 71.35 lakhs had not been accounted for in stock between 1992-93 and 1994-95. Wheat and rice valued at Rs. 464.71 lakhs, though required to be issued to the beneficiaries in the identified blocks at RPDS rates, were actually issued at higher PDS rates

during 1992-95 resulting in extra financial burden of Rs. 64.07 lakhs on the beneficiaries.

(Paragraph 3.15)

13. Loans aggregating Rs. 120.74 lakhs given to 8,723 borrowers for purposes other than those specified under the 'Co-operative Credit Institutions Debt Relief Scheme, 1990' were incorrectly written off by three co-operative banks. Out of Rs. 2584.42 lakhs advanced to Co-operative Banks under the scheme Rs. 413.90 lakhs were deposited after a delay of 2 to 22 months resulting in loss of interest amounting to Rs. 41.84 lakhs.

(Paragraph 3.16)

14. Against the recovery of Rs. 17.95 lakhs which should have been made from a contractor for non-stacking of serviceable stones, recovery of Rs. 3 lakhs only had been made resulting in undue financial aid of Rs. 14.95 lakhs to him in Outer Seraj Division, Nirmand.

(Paragraph 4.2)

15. Expenditure of Rs. 63.75 lakhs incurred on the construction of 11 roads, 5 bridges and 6 buildings has remained unfruitful as these works have not been completed on account of various reasons.

(Paragraph 4.11)

16. Failure of the Department to accept the tenders for the augmentation of Water Supply Scheme, Nahan within the validity period of 90 days resulted in extra avoidable expenditure of Rs. 5.16 lakhs on account of re-imbursement of sales tax and Central excise duty to the firm to which the work was awarded. Benefit of Rs. 3.20 lakhs had been given to the firm on account of difference in the weight of pipes provided in the notice inviting tenders and actually supplied by the firm.

Substitution of pipes of lower thickness with higher thickness and allowing the payment for difference in weight resulted in additional cost of Rs. 1.54 lakhs.

(Paragraph 4.12)

17. Delay in obtaining approval of the Forest Department for use of forest land for non-forest purposes resulted in delay in the construction of Flow Irrigation Scheme, Nichar in Kinnaur district. Consequently expenditure of Rs. 19.26 lakhs incurred thereon by April 1992 had also remained unfruitful.

(Paragraph 4.17)

18. Bitumen valued at Rs. 10.65 lakhs lifted by three contractors from Mathura Refinery between March 1990 and February 1993 on the authorisation of the

Public Works Department had not been handed over to the consignee divisions.

(Paragraph 5.1)

19. Contrary to the provisions contained in the financial rules of Government, expenditure of Rs. 411.39 lakhs on account of outturn of vehicles/machinery had not been adjusted in accounts resulting in postponement of inevitable liabilities and depicting incorrect picture in works accounts.

(Paragraph 5.8)

20. Expenditure of Rs. 30 lakhs incurred by January 1991 on the construction of parts of 2 blocks of the regulated market complex at Dhalli near Shimla had not yielded the intended benefits and had remained unfruitful as the buildings had not been completed.

(Paragraph 6.2.3)

21. Expenditure of Rs. 159.42 lakhs incurred on the construction of market/sub-market yards in 5 districts, taken up between 1978-79 and 1988-89, had remained unfruitful as the yards had not been completed.

(Paragraph 6.2.5)

CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 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 1994-95:

Sources (Receipts)	(Rupees in crores)	Application (Expenditure)	(Rupees in crores)
Tax Revenue	299.45	Revenue Expenditure	1614.28 [*]
Non-Tax Revenue	132.74		
Grants-in-aid from the Central Government	505.34	Capital Expenditure	494.12 [*]
States' share of Union Taxes and Duties-	368.83		
Taxes on Income other than Corporation Tax	51.31		
Union Excise Duties	317.52		
Internal Debt including Ways and Means Advances (excluding overdrafts from Reserve Bank of India)	68.88	Discharge of Internal Debt including Ways and Means Advances (excluding overdrafts from Reserve Bank of India)	28.16 ^{**}
Loans and Advances from the Central Government	307.13		
Recoveries of Loans and Advances	18.34	Discharge of Loans and Advances from the Central Government	57.99
Net Receipts under Public Account	122.86	Loans and Advances disbursed	(-)163.30 ^{\$}
Increase in overdraft from Reserve Bank of India	107.69		
Net decrease in Cash Balance including Cash Balance Investment Account, Departmental Cash Balance, Permanent Advances, etc.	99.99		
Total	2031.25		2031.25

* These are net figures exclusive of recoveries adjusted in reduction of expenditure viz; Revenue expenditure: Rs. 113.97 crores; Capital expenditure: Rs. 48.21 crores

** Difference of Rs. 0.01 crore is due to rounding

\$ Minus transaction is due to conversion of loan of Rs. 234 crores into equity capital

The state of finances of the State Government has been broadly analysed in the succeeding paragraphs.

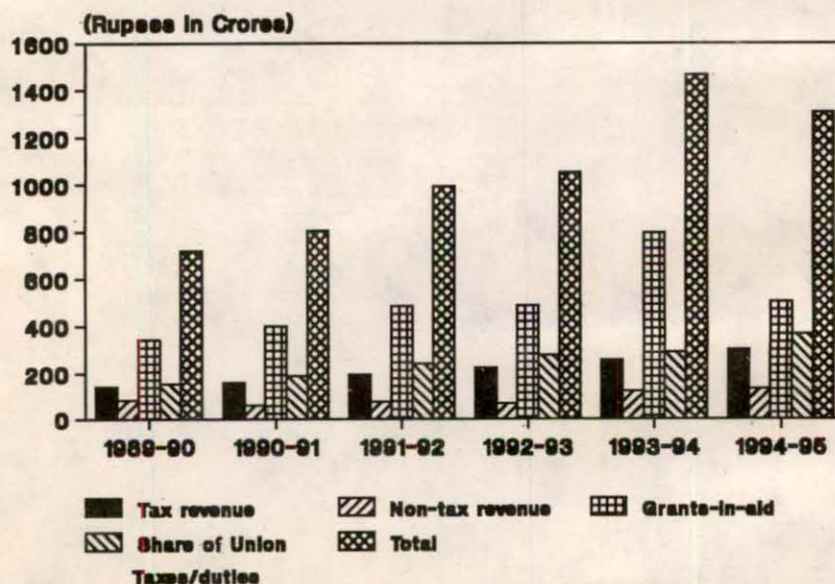
1.2 Revenue receipts

1.2.1 The actual revenue receipts during six-year period ending 1994-95 were as follows:

Year	Budget estimates	Revised estimates	Actuals	Percentage growth(+)/ decline(-) of Revenue Receipts over the previous year
(Rupees in crores)				
1989-90	817.83	748.04	721.23	(+) 3
1990-91	779.55	843.45	806.63	(+)12
1991-92	936.42	994.07	992.42	(+)23
1992-93	1889.89	1875.87	1052.49	(+) 6
1993-94	1151.07	1435.74	1465.13	(+)39
1994-95	1143.60	1235.85	1306.36	(-)11

1.2.2 The position of revenue realisations from different sources during the period from 1989-90 to 1994-95 and their contribution to the total revenue of the State are depicted in the following chart:

SOURCES OF REVENUE



A more detailed analysis of receipts from different sources is contained in the succeeding paragraphs.

1.3 Tax revenue

1.3.1 Tax revenue of the State

Government increased from Rs. 255.74 crores in 1993-94 to Rs. 299.45 crores in 1994-95 representing a growth of 17 per cent.

1.3.2 Realisations from different

taxes and duties during the period from 1989-90 to 1994-95 have been analysed

in the following table:

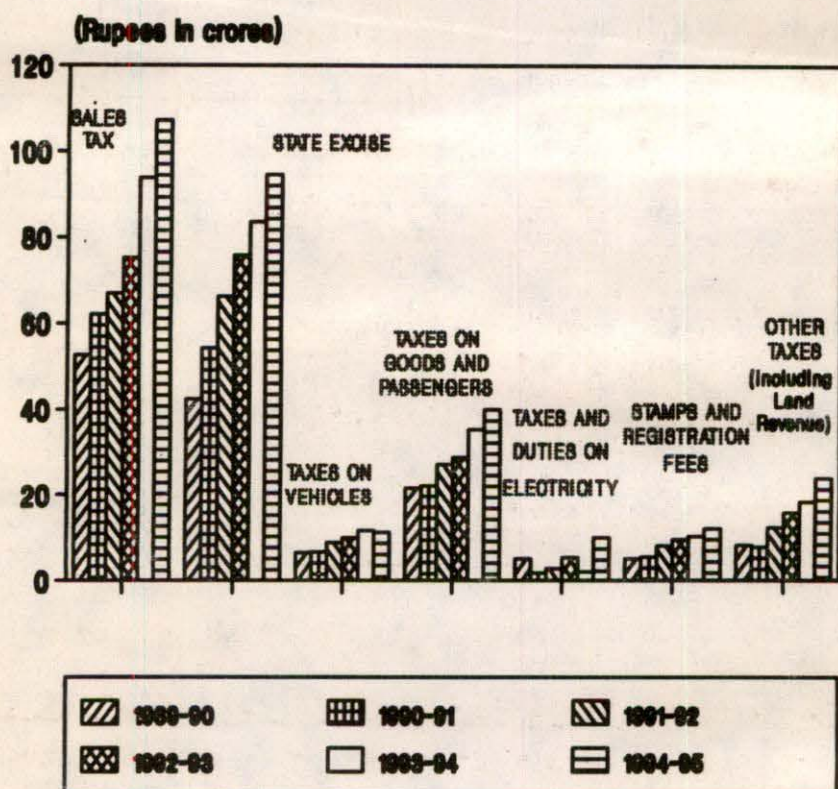
Year	Year-wise Tax Amount	Revenue Percentage growth over previous year
(Rupees in crores)		
1989-90	141.96	20
1990-91	160.90	13
1991-92	192.93	20
1992-93	221.68	15
1993-94	255.74	15
1994-95	299.45	17

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
(Rupees in crores)						
Sales Tax	52.59 (37)	62.11 (39)	66.90 (35)	75.20 (34)	93.88 (37)	107.18 (36)
State Excise	42.40 (30)	54.21 (34)	66.25 (34)	75.78 (34)	83.53 (33)	94.55 (32)
Taxes on Vehicles	6.47 (5)	6.59 (4)	8.78 (5)	9.88 (5)	11.56 (4)	11.17 (4)
Taxes on Goods and Passengers	21.49 (15)	22.13 (14)	26.98 (14)	28.63 (13)	35.22 (14)	39.77 (13)
Taxes and Duties on Electricity	5.00 (3)	1.81 (1)	2.76 (1)	5.27 (2)	2.10 (1)	9.88 (3)
Land Revenue	0.88 (1)	0.80 (-)	0.90 (1)	1.59 (1)	1.01 --	1.15 (-)
Stamps and Registration Fees	4.96 (3)	5.49 (3)	7.98 (4)	9.53 (4)	10.19 (4)	12.00 (4)
Other Taxes and Duties on Commodities and Services	8.14 (6)	7.76 (5)	12.38 (6)	15.80 (7)	18.25 (7)	23.75 (8)
Total	141.96 (100)	160.90 (100)	192.93 (100)	221.68 (100)	255.74 (100)	299.45 (100)

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

1.3.3 The increase in tax revenue collections by Rs. 43.71 crores during 1994-95 in relation to the previous year was mainly attributable to additional realisations from State Excise (Rs. 11.02 crores), Sales Tax (Rs. 13.30 crores), Taxes and Duties on Electricity (Rs. 7.78 crores), Taxes on Goods and Passengers (Rs. 4.55 crores) and Other Taxes and Duties on Commodities and Services (Rs. 5.50 crores).

1.3.4 The trends in regard to the major sources of tax revenue during the last six years are depicted below:



Though the contribution of Sales Tax to the total tax revenue declined from 37 to 36 per cent between 1989-90 and 1994-95 it was still a major contributor to the total tax revenue.

1.3.5 Analysis of the realisations of tax revenue from different sources during 1994-95 vis-a-vis the Budget Estimates and the Revised Estimates revealed significant variations. These variations were as high as 28 per cent in respect of Land Revenue and (-) 7 per cent in respect of Taxes on Vehicles even with reference to the Revised

Estimates. Details in this regard are tabulated below :

Actuals 1993-94	Revenue head	1994-95			Percentage increase(+)/ decrease(-)with reference to	
		Budget Estimates	Revised Estimates	Actuals	Budget Estimates	Revised Estimates
(Rupees in crores)						
1.01	Land Revenue	0.66	0.90	1.15	(+)74	(+)28
10.19	Stamps and Regi- stration Fees	8.44	11.00	12.00	(+)42	(+) 9
83.53	State Excise	78.14	91.00	94.55	(+)21	(+) 4
93.88	Sales Tax	89.98	110.00	107.18	(+)19	(-) 3
2.10	Taxes and Duties on Electricity	6.09	8.09	9.88	(+)62	(+)22
18.25	Other Taxes and Duties on Commodities and Services	15.00	23.00	23.75	(+)58	(+) 3
35.22	Taxes on Goods and Passengers	33.80	41.00	39.77	(+)18	(-) 3
11.56	Taxes on Vehicles	9.48	12.02	11.17	(+)18	(-) 7

1.4 Non-tax revenue

1.4.1 Non-tax revenue of the State

Government increased from Rs. 120.61 crores in 1993-94 to Rs. 132.74 crores in 1994-95 representing a growth of 10 per cent only over the previous year (1993-94) whereas such increase was by 81 per cent in 1993-94 over the preceeding year (1992-93).

The increase was mainly attributable to additional realisations from certain sectors as indicated in the

Year-wise Non-Tax Revenue		
Year	Non-Tax Revenue	Percentage increase(+)/ decrease(-) over the previous year
(Rupees in crores)		
1989-90	82.25	(+)22
1990-91	59.32	(-)28
1991-92	74.45	(+)26
1992-93	66.78	(-)10
1993-94	120.61	(+)81
1994-95	132.74	(+)10

following table:

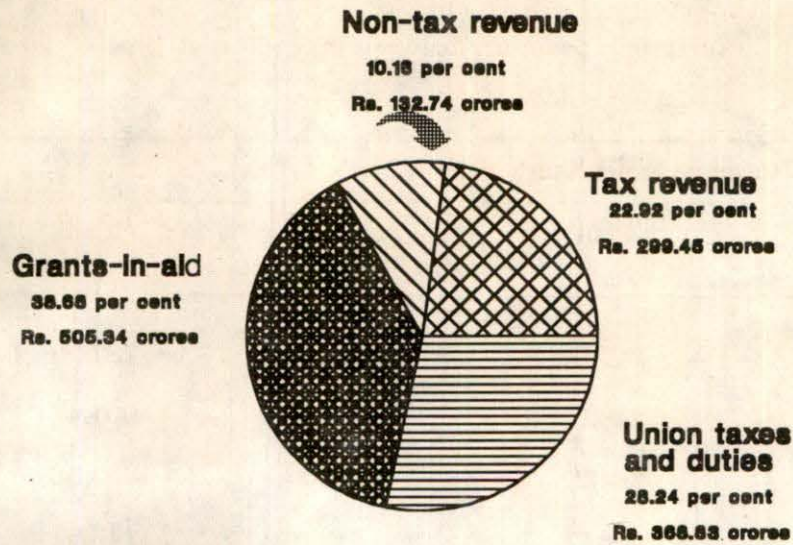
Description of Head of Account	Actuals		Increase	
	1993-94	1994-95	Amount	Percentage
(Rupees in crores)				
0049 Interest Receipts	3.22	9.23	6.01	187
0425 Co-operation	3.92	9.15	5.23	133
0852 Industries	4.67	21.57	16.90	362

1.4.2 As in the case of tax revenue, actual realisations of non-tax revenue during 1994-95 varied significantly from the Budget and the Revised Estimates. These variations were as high as (+)2776 per cent in respect of Industries and (-) 50 per cent in respect of Other Administrative Services even with reference to revised estimates. Details are tabulated below:

Actuals 1993-94	Revenue head	1994-95			Increase(+)/decrease(-) with reference to			
		Budget estimates	Revised estimates	Actuals	Budget Estimates		Revised Estimates	
					Amount	Percentage	Amount	Percentage
(Rupees in crores)								
3.22	0049 Interest Receipts	4.21	5.00	9.23	(+) 5.02	119	(+) 4.23	(+) 85
5.22	0070 Other Admini- strative services	1.65	5.45	2.72	(+) 1.07	65	(-) 2.73	(-) 50
3.92	0425 Co-operation	1.65	3.12	9.15	(+) 7.50	455	(+) 6.03	(+) 193
4.67	0852 Industries	0.64	0.75	21.57	(+)20.93	3,270	(+)20.82	(+) 2776

1.5 Grants-in-aid and share of Union taxes and duties

1.5.1 Himachal Pradesh being a small State, the scope for raising revenue internally had always been limited. The State had, therefore, 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, non-tax revenue, grants-in-aid from the Central Government and share of Union taxes and duties, during the year 1994-95 are depicted in the following chart :



1.5.2 The State's share of Union taxes and duties had progressively increased by 139 *per cent* between 1989-90 (Rs. 154.05 crores) and 1994-95 (Rs. 368.83 crores). During 1994-95, the increase was 27 *per cent*

over the preceding year (Rs. 289.52 crores). The increase in grants-in-aid from the Central Government was from Rs. 342.97 crores in 1989-90 to Rs. 505.34 crores during 1994-95 - an increase of 47 *per cent*. In 1994-95, Grants-in-aid decreased by 37 *per cent* over the preceding year from Rs. 799.26 crores to Rs. 505.34 crores. Relevant details in this regard are presented in the table alongside.

Grants-in-Aid and Share of Union Taxes and Duties received from the Central Government

Year	Grants-in-Aid	Share of Union Taxes and Duties
(Rupees in crores)		
1989-90	342.97	154.05
1990-91	398.46	187.95
1991-92	485.22	239.82
1992-93	487.79	276.24
1993-94	799.26	289.52
1994-95	505.34	368.83

1.6 Revenue expenditure

1.6.1 The growth in revenue expenditure between 1989-90 and 1994-95 is shown in the following table:

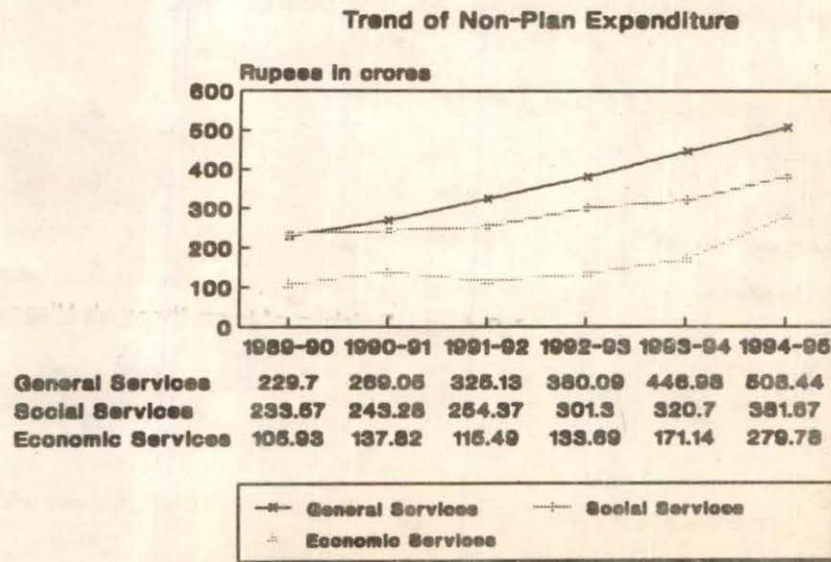
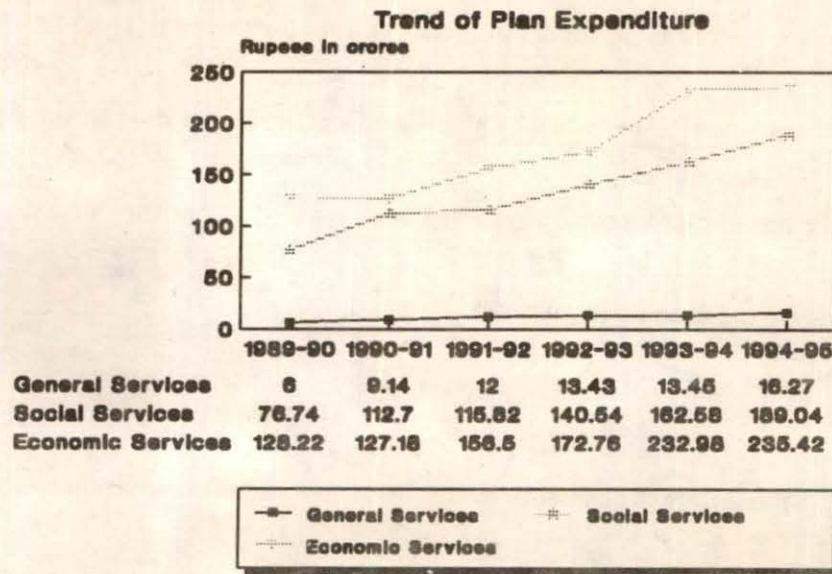
Revenue Expenditure			
Year	Plan	Non-Plan (Rupees in crores)	Total
1989-90	210.96	571.54	782.50
1990-91	249.02	652.45	901.47
1991-92	284.32	698.24	982.56
1992-93	326.73	818.84	1145.57
1993-94	409.01	942.49	1351.50
1994-95	440.73	1173.55	1614.28

Between 1989-90 and 1994-95, Plan expenditure increased by 109 per cent and Non-Plan expenditure by 105 per cent. There has been an increase in revenue expenditure by 19 per cent during 1994-95 over the level of 1993-94.

1.6.2 An analysis, sector-wise, of the expenditure on Revenue Account from 1989-90 to 1994-95 is presented below:

Sector	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)					
General Services (Non-Plan)	229.70	269.05	325.13	380.09	446.98	508.44
General Services (Plan)	6.00	9.14	12.00	13.43	13.45	16.27
Social Services (Non-Plan)	233.57	243.28	254.37	301.30	320.70	381.67
Social Services (Plan)	76.74	112.70	115.82	140.54	162.58	189.04
Economic Services (Non-Plan)	105.93	137.82	115.49	133.69	171.14	279.78
Economic Services (Plan)	128.22	127.18	156.50	172.76	232.98	235.42
Grants-in-Aid and Contributions (Non-Plan)	2.34	2.30	3.25	3.76	3.67	3.66

In relation to the previous year (1993-94), Plan expenditure during 1994-95 on Economic Services, Social Services and General Services had increased by 1, 16 and 21 per cent respectively, while Non-Plan expenditure on these Services had increased by 63, 19 and 14 per cent respectively.



1.6.3 In making their recommendations for the period 1990-95, the Ninth Finance Commission (NFC) had made certain projections of revenue receipts and expenditure. The projection of NFC in respect of interest payments from 1991-92 were computed with reference to actual payments as per accounts for the year 1990-91 and growth of 12 per cent per annum thereafter. The projections in respect of other non-plan revenue expenditure (excluding interest payments) were worked out at the annual growth rate of 7 per cent over the actuals of 1989-90.

While interest payments would be independent of variations in price rise, the other non-plan revenue expenditure would not be. The following equation has been used to adjust this component to neutralise the effect of variation in price rise and bring it to a level which can be compared with the projections of the NFC. The following equation has been used for this purpose:

Other non-plan expenditure		Other non-plan		100 + Price rise assumed
adjusted for changes	=	revenue	X	<u>by Finance Commission</u>
in price rise		expenditure		100 + Price rise actuals

Following table would indicate year-wise comparison between the forecasts of

the NFC and actuals in respect of non-plan revenue expenditure of 1990-95:

Year	Interest *		Other non-plan **			Total overall non-plan revenue		
	payments		revenue expenditure			expenditure		
(Rupees in crores)								
	NFC proje- ctions	Act- uals	NFC proje- ctions	Act- uals	Actuals adjusted for variations in price rise assumed by NFC	NFC proje- ctions	Actuals	Actuals adjusted for variations in price rise assumed by NFC
1990-91	110.45	110.45	517.40	542.00	516.42	627.85	652.45	626.87
1991-92	123.70	147.85	553.62	550.39	508.28	677.32	698.24	656.13
1992-93	138.54	177.12	592.37	641.72	611.99	730.91	818.84	789.11
1993-94	155.16	209.65	633.84	732.84	711.82	789.00	942.49	921.47
1994-95	173.78	222.60	678.21	950.95	900.36	851.99	1173.55	1122.96
Total:	701.63	867.67	2975.44	3417.90	3248.87	3677.07	4285.57	4116.54

Thus, even after making adjustments for increased growth in prices than that assumed by NFC, the State Government excepting in the years 1990-91 and 1991-92 had not been able to contain the non-plan revenue expenditure within the limit assumed by NFC necessary for prudent management of their finances.

Similarly for plan expenditure the position which emerges after making the adjustments for variations in assumption relating to price rise using the same equation as indicated above, was as follows.

Year	Projection of *** NFC (Minimum)	Actuals	Actuals adjusted for variations in price rise from that assumed by NFC
(Rupees in crores)			
1990-91	142.30	249.02	237.27
1991-92	152.26	284.32	262.56
1992-93	162.92	326.73	311.59
1993-94	174.32	409.01	397.28
1994-95	186.53	440.73	417.28
Total:	818.33	1709.81	1625.98

Source:

* Government of Himachal Pradesh Finance Accounts for 1990-91 read with Para 3.35 of IX Finance Commission Report

** Government of Himachal Pradesh Finance Accounts for 1989-90 read with Para 3.30 of IX Finance Commission Report

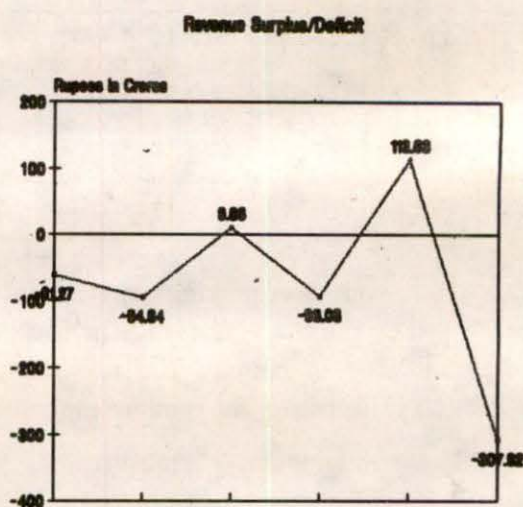
*** Second Report of the IX Finance Commission (Annexure-VII-4)

Thus, the plan expenditure after adjustment for variation in price rise assumed has exceeded the level projected by NFC. Reasons for excess of expenditure over projections called for in January 1996 from Government were awaited.

The matter was referred to Government in September 1995; reply has not been received (December 1995).

1.7 Revenue surplus/deficit

While revenue receipts increased by 81 per cent between 1989-90 and 1994-95, the growth of revenue expenditure was 106 per cent during the same period. The accounts for the year 1994-95 closed with a revenue deficit of Rs. 307.92 crores as against the revenue surplus of Rs. 113.63 crores during the previous years. The year-wise position during 1989-90 to 1994-95 is given in the following table:



Year	Revenue		
	Receipts	Expenditure	Surplus(+)/ deficit(-)
(Rupees in crores)			
1989-90	721.23	782.50	(-) 61.27
1990-91	806.63	901.47	(-) 94.84
1991-92	992.42	982.56	(+) 9.86
1992-93	1052.49	1145.57	(-) 93.08
1993-94	1465.13	1351.50	(+) 113.63
1994-95	1306.36	1614.28	(-) 307.92

1.8 Capital expenditure

Capital expenditure during 1994-95, was Rs. 494.12 crores as against Rs. 220.37 crores in 1993-94, representing an increase of 124 per cent. The comparative position of Revenue expenditure and Capital expenditure during the years from 1989-90 to 1994-95 is tabulated below:

Year	Revenue expenditure	Capital expenditure (Rupees in crores)
1989-90	782.50	122.14
1990-91	901.47	149.22
1991-92	982.56	188.10
1992-93	1145.57	205.32
1993-94	1351.50	220.37
1994-95	1614.28	494.12

It would be seen that the Revenue expenditure (both Plan and Non-Plan) had increased by 106 per cent during 1989-95, whereas the Capital expenditure had gone up by 305 per cent during the same period.

1.9 Public Debt and other liabilities

1.9.1 Under Article 293(1) of the Constitution of India, the State Government 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 the Legislature of the State. No law has been passed by the State Legislature prescribing such limits.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long-term loans raised in the open market and loans received from the Life Insurance Corporation of India, National Bank for Agriculture and Rural Development and other institutions to finance various

projects and schemes. This also includes ways and means advances from the Reserve Bank of India and bonds issued by the State Government. Loans and advances from the Central Government represent loans received from the Government of India for the execution of various Plan and Non-Plan schemes. Besides, Government has other liabilities on account of funds raised through small savings, provident funds, etc.

In order to meet the increasing demands of expenditure and to bridge the resource gap, the State Government had been increasingly resorting to borrowings. The total of such liabilities of the State Government had increased by 145 *per cent* from Rs. 1001.12 crores in 1989-90 to Rs. 2451.15 crores in 1994-95. While the increase in the internal debt was 327 *per cent*, loans and advances from the Central Government and other liabilities increased by 104 and 170 *per cent* respectively. Details of such liabilities of the State Government during the period were as follows:

At the end of	Internal Debt	Loans and Advances from the Central Government	Total Public Debt	Other liabilities	Total liabilities
(Rupees in crores)					
1989-90	104.50	628.02	732.52	268.60	1001.12
1990-91	135.56	828.03	963.59	330.90	1294.49
1991-92	181.41	881.54	1062.95	396.10	1459.05
1992-93	355.42	940.94	1296.36	491.36	1787.72
1993-94	298.01	1029.67	1327.68	607.90	1935.58
1994-95	446.41	1278.81	1725.22	725.93	2451.15

1.9.2 The burden of debt had also increased the interest liability of the State Government. The outflow of funds on account of interest payments had been increasing progressively, the payments during 1994-95 being 153 *per cent* more than the outflow

during 1989-90. The position is summarised in the following table:

Year	Revenue expenditure	Interest payments	Percentage of interest payments to Revenue expenditure
(Rupees in crores)			
1989-90	782.50	87.99	11
1990-91	901.47	110.45	12
1991-92	982.56	147.85	15
1992-93	1145.57	177.12	15
1993-94	1351.50	209.65	16
1994-95	1614.28	222.60	14

1.9.3 The State Government had, however, discharged its debt service obligations to the Central Government. According to the schedule of repayment of loans and advances from the Central Government, the State Government was required to pay Rs. 176 crores (Rs. 57.99 crores towards principal and Rs. 118.01 crores as interest) during the year 1994-95. The amounts were paid in time. These worked out to 57 *per cent* of the fresh loans and advances received from the Central Government during 1994-95. The percentage was 50 during 1989-90.

1.9.4 Raising of loan through Himachal Pradesh State Electricity Board

As on 31 March 1994, Rs. 1534.28* crores were outstanding against the State Government by way of public loans from other agencies (Rs. 481.30 crores) and loans from the Central Government (Rs. 1052.98 crores). Besides, Rs. 68.35 crores

* Source: Press communique issued by the State Government

were also outstanding as of 31 March 1994 on account of ways and means advances (Rs. 16.87 crores) and overdraft (Rs. 51.48 crores). The amount of overdraft of the State Government increased to Rs. 181.55 crores during April 1994. To overcome this financial position, a loan of Rs. 205.80 crores was raised from Himachal Pradesh Central Co-operative Bank (HPCB) by the Himachal Pradesh State Electricity Board (HPSEB) against cash credit limit guaranteed by the State Government and the amount was deposited into the State Government account between 13 April 1994 and 15 July 1994. Subsequently this amount was repaid to the HPSEB by the State Government between 22 April 1994 and 21 March 1995. An amount of Rs. 24.76 crores payable to HPCB by the HPSEB was paid as interest (Rs. 24.26 crores) and service charges (Rs. 0.50 crore) on this loan amount on 29 and 30 March 1995 by the State Government. In the meantime, the State Government rediscounted treasury bills amounting to Rs. 733.30 crores¹ from April 1994 to March 1995 to keep the ways and means position favourable. An amount of Rs. 16.68 crores was paid as interest on rediscounting of treasury bills during the year.

Again to tide over the stringent financial position as well as to meet urgent needs of the State for the year 1994-95, the State Government issued directions (November 1994) to HPSEB for mobilisation of finances to the tune of Rs. 300 crores for depositing in the accounts of the State Government.

¹

1994

April: Rs. Nil; May: Rs. 21.91 crores; June: Rs. 33.39 crores; July: Rs. 55.93 crores; August: Rs. 45.33 crores; September: Rs. 72.11 crores; October: Rs. 37.14 crores; November: Rs. 52.88 crores; December: Rs. 27.17 crores;

1995

January: Rs. 43.23 crores; February: Rs. 135.90 crores; March: Rs. 208.31 crores

Accordingly HPSEB decided (November 1994) to issue mandate to a Delhi based firm (approved by the State Government) for mobilising funds to the tune of Rs. 300 crores by private placement of HPSEB non-Statutory Liquidity Ratio Bonds-2001 at a rate of interest of 14.5 *per cent*. For the services rendered, the said firm was to be paid service charges/brokerage at the rate of 1 *per cent*. Since HPSEB was not in a position to repay or service these loans, the State Government was requested to provide requisite funds to the Board for liquidating these loans along with interest and service charges accruing thereon. Accordingly, loans of Rs. 219.05 crores² were raised and deposited in the State Government account between 26 December 1994 and 14 March 1995. The principal amount (Rs. 219.05 crores) was repaid by the State Government to HPSEB on 29 March 1995. An amount of Rs. 11.23 crores to be adjusted towards service charges (Rs. 1.47 crores) and interest (Rs. 9.76 crores) on this loan was paid by the State Government to HPSEB on 31 March 1995. Due to the repayment of the loan to HPSEB, the overdraft of the State Government was Rs. 174.70 crores as of 30 March 1995.

It was, however, observed in audit that Rs. 219.05 crores³ were again deposited by HPSEB in the account of the State Government between 5 April 1995 and 17 April 1995. The refund of Rs. 219.05 crores by the State Government for 5-6 days was made apparently to avoid depiction of this amount in the Annual Accounts of HPSEB for the year ended 31 March 1995. The transactions in respect of both the

² Delhi based firm: Rs. 147.05 crores and HPSEB: Rs. 72 crores

³ Rs. 180 crores (5 April 1995); Rs. 20 crores (6 April 1995); Rs. 15 crores (7 April 1995) and Rs. 4.05 crores (17 April 1995)

loans were carried out through deposit account under the head "8448 Deposit of the local funds-107 State Electricity Board working funds".

Thus, the State Government raised loans aggregating to Rs. 424.85 crores during 1994-95 through HPSEB and paid Rs. 34.02 crores as interest on these loans. Besides, Rs. 1.97 crores had been paid as service charges.

Incidentally Article 293(3) of the Constitution of India prohibits raising of loans by the State Government 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. In the instant case, the loan was arranged through HPSEB, though not for any purpose related to HPSEB operation and the Government of India concurrence was not obtained.

The matter was referred to Government in September 1995; final reply has not been received (November 1995).

1.10 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 lakhs. 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. The Government of India Treasury Bills are also re-discounted to make good the deficiency in the cash balance.

The extent to which the State Government maintained the minimum balance

with the Bank during 1989-95 is indicated below:

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
(i) Number of days on which minimum balance was maintained-						
(a) without obtaining any advance	84	178	132	22	44	191
(b) by obtaining Ways and Means Advances	96	3	70	102	86	9
(ii) Number of days on which Overdraft was taken	108	77	98	232	218	21
(iii) Number of days on which Government of India Treasury Bills were rediscounted	77	107	66	9	17	144

Details of the Ways and Means Advances and Overdrafts taken by the State Government and interest paid thereon during the period from 1989-90 to 1994-95 are tabulated below:

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
(1) Ways and Means Advances	(Rupees in crores)					
(i) Advances taken during the year (Gross)	96.11	69.38	130.44	122.88	208.93	22.74
(ii) Advances outstanding at the end of the year	--	--	11.27	11.27	16.87	16.87
(iii) Interest paid	0.45	0.34	0.45	1.16	1.17	0.15
(2) Overdrafts						
(i) Overdrafts taken during the year (Gross)	849.78	988.73	940.85	4418.50	595.72	315.15
(ii) Overdrafts outstanding at the end of the year	--	--	--	143.42	51.48	159.17
(iii) Interest paid	0.23	0.27	0.28	1.55	2.96	0.78
(3) Re-discounting of Government of India Treasury Bills						
(i) Amount of Bills re-discounted during the year	157.00	354.00	172.00	27.50	64.50	733.30
(ii) Amount outstanding at the end of the year	12.72	30.63	--	--	--	--
(iii) Interest paid	1.19	2.15	1.69	0.29	0.30	16.68

1.11 Loans and Advances by the State Government

1.11.1 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 six years beginning from 1989-90 is given below:

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95
	(Rupees in crores)					
Opening balance	416.08	459.36	493.94	539.46	552.61	598.01
Amount advanced during the year	60.16	39.82	52.54	32.27	53.49	(-)163.30*
Amount repaid during the year	16.88	5.24	7.02	19.12	8.09	18.34
Closing balance	459.36	493.94	539.46	552.61	598.01	416.37
Net addition	43.28	34.58	45.52	13.15	45.40	(-)181.64
Interest received and credited to revenue	3.44	1.80	3.96	4.15	2.50	1.77
Net receipts from long-term borrowings during the year	129.92	231.07	88.09	89.99	117.66	289.86

1.11.2 Recoveries in arrears: Of the loans advanced to the various Municipalities, Shimla Municipal Corporation, district and other local fund committies, etc., the detailed accounts of which are kept in the office of the Senior Deputy Accountant General (Accounts and Entitlements), recoveries of Rs. 6.74 lakhs (principal : Rs. 2.87 lakhs; interest : Rs. 3.87 lakhs) were overdue as on 31 March 1995.

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

* Minus transaction is due to conversion of loan of Rs. 234 crores into equity capital

on 31 March 1995, to the extent relevant information was received, was Rs. 14.68 crores including Rs. 5.29 crores on account of interest. The major portion of the arrears related to "Loans to Village and Small Industries" (Rs. 2.22 crores), "Loans to various Institutions (short term loans)" (Rs. 7.01 crores), "Soil Conservation Loans" (Rs. 2.49 crores), "Horticulture Loans" (Rs. 0.45 crore) and "Manures and Fertilizer Loans" (Rs. 0.31 crore). The details of the recoveries of arrears in respect of one department was not furnished as of October 1995.

1.12 Investments and Returns

1.12.1 The total investments of the State Government increased from Rs. 295.78 crores as on 31 March 1994 to Rs. 575.24[^] crores as on 31 March 1995. The detailed position of fresh investments made during the year was as follows:

Name of the Concern	Investments during 1994-95	Accumulated loss(-)/profit(+) up to the end of 1994-95
(Rupees in lakhs)		
(A) Statutory Corporations		
1. Himachal Pradesh Financial Corporation	150.00	(-) 1597.00
2. Himachal Road Transport Corporation	910.00	(-) 10935.00
3. Himachal Pradesh Scheduled Castes Development Corporation	53.73	N.A.
4. Himachal Pradesh Ex-Servicemen Corporation	15.00	N.A.
5. Himachal Pradesh State Electricity Board	23400.00	(+) 4217.00
(B) State Government Companies/Joint Stock Companies		
1. Himachal Pradesh State Industrial Development Corporation Limited	205.00	(+) 17.56*
2. Himachal Pradesh Agro-Industries Corporation Limited	18.08	(-) 1297.41*
3. Himachal Pradesh State Small Industries and Export Corporation Limited	14.00	(-) 228.24*
4. Himachal Pradesh State Handicrafts and Handloom Corporation Limited	8.00	(-) 368.72*
5. Himachal Pradesh Tourism Development Corporation Limited	24.00	(-) 443.41
6. Himachal Pradesh State Electronic Development Corporation Limited	8.00	(-) 198.54*
7. Himachal Pradesh General Industries Corporation	10.00	(-) 235.58*
8. Himachal Pradesh State Civil Supplies Corporation	1.00	(+) 63.79*
9. Himachal Pradesh Mahila Vikas Nigam	32.00	(-) 4.77 [#]
10. Himachal Pradesh Horticultural Produce Marketing and Processing Corporation	925.00	(-) 1739.72
(C) Central Government Company		
1. Nathpa Jhakri Power Corporation	1804.00	N.A.

NA - Not available

[^] Differs by Rs. 0.01 lakh with reference to details due to rounding

* Represents accumulated loss up to the end of 1993-94; the accounts for the year 1994-95 had not been finalised as of October 1995.

[#] Represents loss up to the end of 1991-92; the accounts for the year 1992-93 and onwards had not been finalised as of September 1995.

In addition, a sum of Rs. 22.07 lakhs had been invested in co-operative banks and Rs. 346.08^{\$} lakhs in co-operative societies. However, these organisations do not come under the purview of audit by the Comptroller and Auditor General of India.

1.12.2 While the investments made by the State Government increased from Rs. 159.06 crores at the end of 1989-90 to Rs. 575.24 crores at the end of 1994-95, dividend/interest had not correspondingly increased during the period. The dividend/interest earned decreased from Rs. 0.34 crore in 1993-94 to Rs. 0.08 crore in 1994-95. Detailed position of investments and dividend/interest from 1989-90 onwards is given below:

Year	Total investment up to the end of the year	Dividend/interest received during the year	Percentage of Col 3 to Col 2
(1)	(2)	(3)	(4)
(Rupees in crores)			
1989-90	159.06	0.08 [^]	0.05
1990-91	177.51	0.02 [^]	0.01
1991-92	198.11	0.12 [^]	0.06
1992-93	218.45 [#]	0.10 [^]	0.05
1993-94	295.78	0.34 [^]	0.11
1994-95	575.24	0.08 [^]	0.01

The returns from Government investments were substantially lower than the rate at which interest was paid by the State Government on its own borrowings. The investment of Rs. 208.74 crores made by the State Government in 13 Corporations/Companies as of March 1995 had not earned any dividend during the last six years 1989-95.

1.13 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

^{\$} The investment in Co-operative societies is inclusive of Rs 19.65 lakhs being value of shares redeemed during the year 1994-95

[^] Provisional figures

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

Corporations, Government Companies, co-operatives, etc., was as follows:

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crores)			
1990	527.46	352.71	2.67
1991	674.88	403.30	4.60
1992	723.18	361.65	8.41
1993	756.09	472.19	9.93
1994	819.71	483.25	18.77
1995	948.40	476.41	19.00

There had been an increase of 35 *per cent* in the amount of guarantees outstanding over the period of five years.

The State Government charges guarantee fee at the rate of 0.5 *per cent* and commitment charges at 0.1 *per cent* on the amount guaranteed. An amount of Rs. 0.24 crore was outstanding on account of guarantee fee and commitment charges due as of 31 March 1995.

1.14 Summarised financial position

The financial position of the State Government as on 31 March 1995 emerging from the Appropriation Accounts and Finance Accounts for the year 1994-95 and the abstract of Receipts and Disbursements for the year is indicated in the following statements:

STATEMENT-I - SUMMARISED FINANCIAL POSITION OF THE STATE GOVERNMENT AS ON 31 MARCH 1995

(Rupees in crores)

LIABILITIES		ASSETS	
Amount as on 31 March 1994	Amount as on 31 March 1995	Amount as on 31 March 1994	Amount as on 31 March 1995
1	2	3	4
246.53 Internal Debt		287.24	1938.88
(excluding overdrafts from the Reserve Bank of India)			Gross capital outlay
Market Loans	209.74		Investment in Shares of Companies,
Loans from the Life Insurance Corporation of India	8.77		Corporations, etc.
Loans from the General Insurance Corporation of India	1.00		Other Capital
Loans from the National Bank for Agriculture and Rural Development	0.38		Expenditure
			2433.00

1	2	3	4	5	6
	Loans from National Co-operative Development Corporation	14.48			
	Loans from other institutions	36.00			
	Ways and Means Advances from the Reserve Bank of India	16.87			
1029.67	Loans and Advances from the Central Government	1278.81	598.01	Loans and Advances	416.37
	Pre-1984-85 Loans	108.50		Loans for Energy	324.11
	Non-Plan Loans	876.51		Other Development Loans	51.68
	Loans for State Plan Schemes	243.77		Loans to Government Servants and Miscellaneous Loans	40.58
	Loans for Central Plan Schemes	0.49			
	Loans for Centrally Sponsored Plan Schemes	49.54			
1.00	Contingency Fund	1.00	0.50	Appropriation to Contingency Fund	0.50
			(-)1.08	Suspense and Miscellaneous Balances	39.77
607.90	Small Savings, Provident Funds, etc.	725.93	0.14	Advances	0.10*
54.98	Deposits	84.58	(-)131.25	Cash	(-)231.24
51.48	Overdrafts from Reserve Bank of India	159.17			
4.37	Reserve Funds	19.71		Cash in Treasuries and Local Remittances	5.84
39.85	Remittance Balances	40.86*		Departmental Cash Balance including Permanent Advances	0.08
369.42	Surplus on Government Account	61.20		Cash Balance Investment Account	0.14
	Last years' balance	378.69		Deposits with the Reserve Bank of India	(-)237.30
	Less				
	(i) Current years' deficit	307.92			
	(ii) Adjustments	9.27**			
	(iii) Miscellaneous	0.30			
	Government Accounts				
2405.20		2658.50	2405.20		2658.50

* Difference of Rs. 0.01 crore is due to rounding

** According to Statement No.14 of the Finance Accounts 1994-95, the Revenue deficit on Government Account was Rs. 70.77 crores. The difference of (-) Rs. 9.27 crores is explained below:

(Rupees in crores)

(i)	Progressive amount adjusted under head "7810-Inter-State Settlement"	(-) 1.43
(ii)	Progressive amount adjusted under head "8680-Miscellaneous Government Accounts"	(+) 0.16
(iii)	Net amount adjusted <i>pro forma</i>	(-) 8.00
	Net total:	(-) 9.27

RECEIPTS			DISBURSEMENTS				
(Rupees in crores)			(Rupees in crores)				
I	Revenue Receipts	1306.36	I Revenue Expenditure				1614.28
			Sector	Non-Plan	Plan	Centrally sponsored schemes (including Plan Schemes)	Total
(i)	Tax-revenue	299.45					
(ii)	Non-Tax revenue	132.74					
(iii)	States Share of Union Taxes and Duties	368.83					
(iv)	Non-Plan Grants	350.98	(A) General Services	508.44	11.71	4.56	524.71
(v)	Grant for State Plan Schemes	63.65	(B) Social Services	381.67	150.53	38.51	570.71
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	90.71	(C) Economic Services-				
			(i) Agriculture and Allied Activities	98.70	87.86	24.44	211.00
			(ii) Rural Development	14.53	28.15	2.26	44.94
			(iii) Irrigation and Flood Control	13.10	12.80	0.18	26.08
			(iv) Energy	40.24	0.99	0.65	41.88
			(v) Industry and Minerals	2.96	14.96	3.09	21.01
			(vi) Transport	105.83	8.44	0.42	114.69
			(vii) Science, Technology and Environment		0.51	0.09	0.60
			(viii) General Economic Services	4.42	49.02	1.56	55.00
			(D) Grants-in-aid and Contributions	3.66	--	--	3.66
				1173.55	364.97	75.76	1614.28
II	Revenue Deficit carried over to Section B	307.92					

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SECTION-B-OTHERS

RECEIPTS			DISBURSEMENTS			
(Rupees in crores)			(Rupees in crores)			
			II Opening overdraft from Reserve Bank of India			
						51.48
III	Opening Cash Balance including Permanent Advance and Cash Balance Investment Account, etc.	(-)131.25	III Capital Outlay			494.12
			Sector	Non-Plan	Plan	Total
			(A) General Services	--	11.74	11.74
IV	Recoveries of Loans and Advances	18.34	(B) Social Services	4.27	87.03	91.30
(i)	From Energy	--	(C) Economic Services-			
(ii)	From Government servants	5.68	(i) Agriculture and Allied Activities	(-)0.56	11.56	11.00
(iii)	From others	12.66	(ii) Rural Development	--	0.12	0.12
			(iii) Irrigation and Flood Control	--	14.21	14.21
V	Public Debt Receipts	376.01	(iv) Energy	--	271.05	271.05
(i)	Internal Debt including Ways and Means Advances (excluding overdrafts from Reserve Bank of India)	68.88	(v) Industry and Minerals	--	4.77	4.77
(ii)	Loans and Advances from the Central Government	307.13	(vi) Transport	--	86.36	86.36
			(vii) General Economic Services	--	3.57	3.57
VI	Public Account Receipts	1761.62	IV Loans and Advances Disbursed-			(-)163.30*
(i)	Small Savings, Provident Funds, etc.	228.52	(i) For Energy			(-)183.17
(ii)	Reserve funds	72.20	(ii) To Government Servants			16.60
(iii)	Deposits and Advances	656.67	(iii) To others			3.27
(iv)	Suspense and Miscellaneous	44.44				
(v)	Remittances	759.79	V Revenue deficit brought down			307.92
			VI Repayment of Public Debt-			86.15
			(i) Internal Debt including Ways and Means Advances (excluding overdrafts from Reserve Bank of India)			28.16**
			(ii) Repayment of Loans and Advances to the Central Government			57.99

* Minus transaction is due to conversion of loan of Rs. 234 crores into equity capital

** Difference of Rs. 0.01 crore is due to rounding

RECEIPTS

(Rupees in crores)

DISBURSEMENTS

(Rupees in crores)

		VII Public Account	1638.76
		Disbursements	
		(i) Small Savings, Provident Funds, etc.	110.49
		(ii) Reserve funds	56.87
		(iii) Deposits and Advances	627.02
		(iv) Suspense and Miscellaneous	85.61
		(v) Remittances	758.77
VII	Closing Overdrafts from Reserve Bank of India	159.17	
		VIII Cash Balance at the end of the year	(-)231.24
		(i) Cash in Treasuries and Local Remittances	5.84
		(ii) Departmental Cash Balances including Permanent Advances	0.08
		(iii) Cash Balance Investment Account	0.14
		(iv) Deposits with Reserve Bank of India	(-)237.30
		<hr/>	<hr/>
		2183.89	2183.89

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 recipient, its 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 crores 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 changed from Rs. 1.08 crores (Credit) on 31 March 1994 to Rs. 39.77 crores (Debit) as on 31 March 1995.

6. The closing balance according to the Reserve Bank of India, under "Deposits with Reserve Bank of India" was Rs. 399.13 crores (Credit), against the balance of Rs. 237.30 crores (Credit) shown in the accounts. While a difference of Rs. 165.25 crores had been reconciled (September 1995), the balance (Rs. (-)3.42 crores) was awaiting reconciliation (September 1995).

1.15 Assets and Liabilities of the State

The assets, comprising capital investments and loans advanced and the total liabilities of the State Government during the six-year period from 1989-90 to 1994-95 were as follows:

At the end of	Assets	Liabilities
	(Rupees in crores)	
1989-90	1495.11	1061.70
1990-91	1695.34	1356.77
1991-92	1885.08	1536.18
1992-93	2133.74	1877.95
1993-94	2405.20	2035.78
1994-95	2658.50	2597.30

While the assets grew by 78 per cent over the period of five years, the liabilities had increased by 145 per cent during the same period.

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Budget and expenditure

The summarised position of actual expenditure during 1994-95 against grants/appropriations was as follows:

	Original grant/ appropriation	Supple- mentary	Total	Actual Expendi- ture	Variation Saving(-)/ Excess(+)
(Rupees in crores)					
I. Revenue					
Voted	1380.49	216.14	1596.63	1501.06	(-) 95.57
Charged	251.41	0.83	252.24	227.18	(-) 25.06
II. Capital					
Voted	254.95	64.67	319.62	539.11	(+) 219.49
Charged	3.00	0.25	3.25	3.22	(-) 0.03
III. Public Debt					
Charged	154.43	--	154.43	293.61 [@]	(+) 139.18 [@]
IV. Loans and Advances					
Voted	67.42	7.90	75.32	70.70	(-) 4.62
Grand Total	2111.70	289.79	2401.49	2634.88	(+) 233.39

2.2 Results of Appropriation Audit

2.2.1 Saving/excess in grants/appropriations

The overall excess was the net result of saving in 50 cases and excess in 20 cases as shown below:

	Savings		Excesses		Net saving(-)/ excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in crores)						
Voted	132.70 (In 22 grants)	12.85 (In 17 grants)	37.13 (In 8 grants)	227.72 (In 8 grants)	(-) 95.57	(+) 214.87
Charged	25.06 (In 10 appro- priations)	0.11 (In 1 appro- priation)	--	139.26 (In 4 appro- priations)	(-) 25.06	(+) 139.15 [@]

The overall supplementary grants and appropriations obtained during 1994-95 constituted 14 per cent of the original grants and appropriations.

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz: Revenue expenditure: Rs. 113.97 crores; Capital expenditure: Rs. 48.21 crores and conversion of Rs. 234 crores into equity capital

@ Includes Rs. 207.46 crores on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India.

In 4 cases, the supplementary provision of Rs. 5.16 crores (exceeding Rs. 1 lakh in each case) was unnecessary as the expenditure in these cases was less than even the original provisions. Details are given in Appendix-I.

Savings of not less than Rs. 50 lakhs in each case aggregating Rs. 168.67 crores (26 cases) occurred in 20 grants and one appropriation, details of which are indicated below, along with the main reasons for the savings wherever furnished by Government:

Serial number	Grant	Amount of saving (Percentage of savings)	Main reasons
(Rupees in crores)			
Voted Grants			
Revenue			
1.	1-Vidhan Sabha and Elections	5.53 (50)	Non-completion of work of issuance of identity cards and less touring by the staff, etc.
2.	4-General Administration	4.90 (6)	Non-filling up of vacant posts.
3.	5-Land Revenue	8.19 (18)	Non-filling up of vacant posts. However, reasons for saving of Rs. 3.93 crores were awaited (October 1995).
4.	7-Police and Allied Organisation	2.97 (4)	Non-filling up of vacant posts, non-receipt of bills of rent, rates and taxes from Municipal Corporation and non-hiring of private accommodation for the force deployed for law and order duties.
5.	8-Education, Sports, Arts and Culture	59.60 (18)	Non-filling up of vacant posts, reduction in plan ceiling and less engagement of daily waged staff. Reasons for saving of Rs. 10.43 crores were, however, awaited (October 1995).
6.	9-Health and Family Welfare	11.16 (9)	Non-filling up of vacant posts and non-implementation/ completion of activities under human resources development of inter sectoral linkage, less touring by staff, less purchase of machinery, etc.
7.	11-Agriculture	8.86 (12)	Non-filling up of vacant posts, non-implementation of schemes, 'Improvement of rice, Indo French Fruit Development Project' and 'Establishment of Green House', receipt of less subsidy cases, less purchase of agriculture implements, etc. Reasons for saving of Rs. 3 crores were awaited (October 1995).
8.	13-Soil and Water Conservation	0.65 (4)	Reasons for saving were awaited (October 1995).
9.	14-Animal Husbandry and Dairy Development	0.79 (3)	Non-filling up of vacant posts.
10.	16-Forest and Wild Life	3.09 (4)	Less execution and maintenance of works, etc.
11.	19-Social Security and Welfare (Including Nutrition)	2.87 (8)	Receipt of less cases under old age pension, less Grants-in-aid to Scheduled Caste Development Corporation, vacant posts, etc.
12.	20-Rural Development	2.82 (7)	Non-filling up of vacant posts and reduction in plan ceiling.

Serial number	Grant	Amount of saving (Percentage of savings)	Main reasons
13.	21-Co-operation	1.80 (17)	Non-filling up of vacant posts, less touring by the staff and non-receipt of demand under National Co-operative Development Corporation from processing co-operatives.
14.	22-Food and Warehousing	0.94 (6)	Non-filling up of vacant posts, less expenditure on salaries, touring and receipt of less claims for subsidy.
15.	23-Water and Power Development	5.43 (12)	Sanction of loan without subsidy and less requirement of loans.
16.	27-Labour and Employment	2.66 (31)	Less purchase of machinery, sanction of less cases of stipend and non-filling up of vacant posts.
17.	29-Finance	9.30 (8)	Less expenditure on incentives to Union Trust of India and other organisations, less-receipt of debits from other Accountants General and ban on State lotteries, etc.
Capital			
18.	9-Health and Family Welfare	0.70 (9)	Reduction in plan ceiling, etc.
19.	11-Agriculture	0.80 (6)	Less purchase of plant protection equipments and non-purchase of land for establishment of regulated markets.
20.	12-Irrigation and Flood Control	1.42 (10)	Less execution of minor works.
21.	19-Social Security and Welfare (Including Nutrition)	0.51 (32)	Receipt of amount by the Scheduled Caste Development Corporation directly from the Government of India.
22.	21-Co-operation	3.36 (45)	Less demand for "Loans for Co-operatives", non-receipt of demand under National Co-operative Development Corporation.
23.	22-Food and Warehousing	2.35 (7)	Abrupt fall in take off wheat and non-receipt of financial sanction from Government of India.
24.	26-Tourism and Hospitality Organisation	0.58 (17)	All the estimates for construction of buildings, were not prepared/received.
25.	31-Tribal development	2.36 (7)	Less execution of works and less release of investment to Himachal Roads Transport Corporation.
Charged Appropriation Revenue			
26.	29-Finance	25.03 (10)	Less expenditure than anticipated, and more drawal of advances than anticipated.

2.2.2 Persistent savings/excesses

Expenditure was persistently less than the total provisions by 5 per cent and more in 11 cases during 1992-95, while it exceeded the provision persistently in 2 other cases. Relevant details were as follows:

Savings/excesses as percentage of total grants				
Serial number	Grants	1992-93	1993-94	1994-95
I-Savings				
A. Revenue-Voted				
1.	1-Vidhan Sabha and Elections	7	25	50
2.	5-Land Revenue	38	7	18
3.	9-Health and Family Welfare	5	10	9
4.	21-Co-operation	13	18	17
5.	22-Food and Warehousing	8	9	6
6.	27-Labour and Employment	18	12	31
7.	29-Finance	12	6	8
B. Capital-Voted				
8.	11-Agriculture	20	14	6
9.	21-Co-operation	17	57	45
10.	26-Tourism and Hospitality Organisation	24	20	17
C. Revenue-Charged				
11.	29-Finance	8	7	10
II-Excesses				
D. Revenue-Voted				
12.	10-Public Works	43	51	50
E. Capital Charged				
13.	29-Finance	2884	557	90

2.2.3 Surrender of funds

Savings in a grant or appropriation are to be surrendered to 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. 145.55 crores under voted grants and of Rs. 25.17 crores under charged appropriations, savings amounting to Rs. 22.47 crores and Rs. 25.16 crores in 20 voted grants (22 cases) and 8 charged appropriations (8 cases) respectively remained unsurrendered. Of these, the entire saving of Rs. 2.63 crores in 4 voted grants and Rs. 25.15 crores in 6 charged appropriations were

not surrendered. Instances of major variations where savings were more than Rs. 1 crore but were not surrendered are contained in Appendix-II.

In 13 grants (15 cases) the amount surrendered exceeded the overall savings. Further, in case of 7 grants, Rs. 20.56 crores were surrendered although the expenditure exceeded the grant and no savings were available for surrender. Relevant details are as follows:

(A) Surrender of funds larger than available savings:

Serial Number	Grant	Amount of Savings	Amount Surrendered
(Rupees in lakhs)			
Revenue-Voted			
1.	6-Excise and taxation	15.98	17.04
2.	7-Police and Allied Organisation	296.82	364.02
3.	9-Health and Family Welfare	1116.31	1679.11
4.	19-Social Security and Welfare (Including Nutrition)	287.07	326.38
5.	21-Co-operation	180.26	186.19
6.	22-Food and Warehousing	94.14	95.33
7.	27-Labour and Employment	266.43	280.45
Capital-Voted			
8.	5-Land Revenue	3.40	6.42
9.	8-Education, Sports, Arts and Culture	3.44	33.96
10.	9-Health and Family Welfare	70.05	81.56
11.	11-Agriculture	79.54	152.12
12.	20-Rural Development	6.82	7.50
13.	22-Food and Warehousing	234.82	235.45
14.	26-Tourism and Hospitality Organisation	58.44	58.47
15.	28-Water Supply, Sanitation, etc.	5.42	90.51
Total		2718.94	3614.51

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

Serial Number	Grant	Amount of excess expenditure	Amount Surrendered
(Rupees in lakhs)			
Revenue-Voted			
1.	3-Administration of Justice	5.39	6.88
2.	10-Public Works	3177.54	31.01
3.	12-Irrigation and Flood Control	165.17	7.22
4.	17-Roads and Bridges	27.89	14.02
5.	28-Water Supply, Sanitation, Housing and Urban Development	80.43	332.89
6.	31-Tribal Development	62.49	344.83
Capital-Voted			
7.	23-Water and Power Development	22081.31	1318.69

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

2.2.4 Excess over grant/ appropriation

In the revenue section, there was a total excess of Rs. 37,12,96,398 in 8 grants while excesses in the capital section amounted to Rs. 2,27,72,30,374 in 8 grants and Rs. 1,39,26,11,296 in 4 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
1	2	3	4	5
		Rupees	Rupees	Rupees
Voted Grants				
Revenue				
1.	2-Governor and Council of Ministers	2,12,69,000	2,13,42,203	73,203
2.	3-Administration of Justice	8,27,57,000	8,32,96,205	5,39,205
3.	10-Public Works	62,95,31,000	94,72,84,654	31,77,53,654
4.	12-Irrigation and Flood Control	36,61,29,000	38,26,45,684	1,65,16,684
5.	17-Roads and Bridges	89,38,25,000	89,66,14,031	27,89,031
6.	18-Supplies, Industries and Minerals	17,82,25,300	19,75,57,835	1,93,32,535
7.	28-Water Supply, Sanitation, Housing and Urban Development	1,12,17,47,000	1,12,97,89,735	80,42,735
8.	31-Tribal Development	88,13,87,000	88,76,36,351	62,49,351
Capital				
9.	4-General Administration	36,75,000	39,81,420	3,06,420
10.	13-Soil and Water Conservation	28,31,300	28,76,634	45,334
11.	17-Roads and Bridges	63,10,98,000	68,72,32,024	5,61,34,024
12.	23-Water and Power Development	95,07,01,000	3,15,88,32,000	2,20,81,31,000
13.	24-Stationery and Printing	25,00,000	25,00,491	491
14.	25-Road, Water Transport and Civil Aviation	10,18,48,000	10,62,74,528	44,26,528
15.	27-Labour and Employment	1,43,00,000	1,74,06,540	31,06,540
16.	30-Loans to Government Servants	16,38,02,000	16,88,82,037	50,80,037
Charged Appropriation				
Capital				
1.	8-Education, Sports, Arts and Culture	--	1,52,544	1,52,544
2.	17-Roads and Bridges	3,00,00,000	3,00,00,261	261
3.	28-Water Supply, Sanitation, Housing and Urban Development	7,19,795	13,52,094	6,32,299
4.	29-Finance	1,54,43,03,000 [@]	2,93,61,29,192 [@]	1,39,18,26,192 [@]

The reasons for the excess have not been furnished as of October 1995.

[@]

Includes Rs. 207.46 crores on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India.

2.2.5 Expenditure on New Service

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

In one grant (23-Water and Power Development) Rs. 234 crores were, however, debited to 4801-Capital Outlay on Power Projects-01-Hydel Generation -190-Investment in Public Sector and Other Undertakings-03-Investment in Himachal Pradesh State Electricity Board', during 1994-95 by adjustment from- 6801-Loans to Power Projects-800-Other Loans to HPSEB-01-Loans to HPSEB', although the service was not contemplated in the schedule of authorised expenditure for the year. Thus, Government converted Rs. 234 crores loan of HPSEB into equity without the approval of the Legislature.

Further expenditure of Rs. 0.24 crore under "4801-Capital Outlay on Power Projects-01-Hydel Generation-190 investment in Public Sector and other undertakings-02 Parwati Project (i) Plan", though "New Service", was incurred without approval of the Legislature.

2.2.6 Non-receipt of explanation for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 1994-95 were necessary in the case of 1,081 heads/sub-heads, but were not received as of October 1995 in the case of 378 heads/sub-heads.

2.2.7 Recoveries in reduction of expenditure

The demands for grants are for the gross amount of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of foot notes thereunder. Similarly, in the Appropriation Accounts, the recoveries are also shown separately in an Appendix thereto. Scrutiny of the Accounts for 1994-95 revealed that against the budget estimates of Rs. 75.21 crores in the revenue section, actual recoveries were Rs. 113.96 crores. In the capital section, against the budget estimates of Rs. 45.48 crores, actual recoveries and adjustments were Rs. 282.21 crores. Thus, in the revenue section, recoveries in reduction of expenditure were underestimated by Rs. 38.75 crores in 4 grants and in the capital section, there was short budgeting in the case of 5 grants involving Rs. 238.99 crores and less recoveries in 3 grants involving Rs. 2.26 crores. Details of major variations involving 20 per cent of the original estimates and not less than Rs. one crore are given in Appendix—III.

2.2.8 Injudicious reappropriation

A grant or appropriation for charged expenditure is distributed by sub-heads or standard objects (called primary units) under which it shall be accounted. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of 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 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 test-check of the Accounts for 1994-95, it was observed that in the case of 43 sub-heads involving 13 grants/appropriations, reappropriation amounting to Rs. 4.90 crores was injudicious as per details in Appendix-IV in as much as (i) the original provision under the sub-head to which funds were transferred by reappropriation was adequate and consequently the amount reappropriated remained unutilised or (ii) the original provision from which funds were transferred did not have any savings available for reappropriation. This was indicative of lack of adequate control over expenditure.

2.3 Reconciliation of departmental figures

In order to exercise effective control over expenditure, all departmental officers are required to reconcile expenditure of their respective departments periodically with the expenditure booked in the accounts maintained by the Accountant General before the close of year's accounts. This would enable the departmental officers to detect any frauds or defalcations promptly.

Despite reporting the extent of delay in reconciliation to Government periodically, four¹ Controlling Officers had not reconciled the expenditure of Rs. 26.72 crores in respect of six heads of accounts for the whole year 1994-95. Expenditure totalling Rs. 26.72 crores, therefore, remained unreconciled.

The matter was referred to Government in September 1995; their reply has not been received (October 1995).

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

¹ Director, Health and Family Welfare (2211-Health and Family Welfare: Rs. 19.38 crores); Registrar, Co-operative Societies (2216-Housing: Rs. 0.01 crore; 2425-Co-operation: Rs. 3.23 crores and 4425-Capital Outlay on Co-operation: Rs. 3.24 crores); Secretary, Housing (4216-Capital Outlay on Housing: Rs. 0.46 crore) and Director, Rural Development (2702-Minor Irrigation: Rs. 0.40 crore)

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.

(a) Test-check of accounts of Revenue, Home and Industries departments revealed that Rs. 74.60 lakhs were drawn between April 1992 and March 1994 for the execution of various schemes and development works and kept in the form of bank drafts and deposits in banks. Of this, Rs. 49.85 lakhs were lying unutilised as of June 1995. Relevant details in this regard are contained in Appendix-V.

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

The matter was referred to Government in June 1995; reply has not been received (October 1995).

(b) Irrigation and Public Health Division, Bilaspur drew (March 1994) Rs. 70 lakhs from the treasury against the allotment of Rs. 82.75 lakhs relating to 1993-94 for the construction of Sewerage Scheme, Naina Devi. The funds were placed at the disposal of Deputy Commissioner, Bilaspur in March 1994 itself who deposited the same in savings account in the post office/bank. Of this, Rs. 30 lakhs were refunded to the division in November 1994 which were also lying unutilised as of July 1995. The amount was, thus, drawn from the treasury without any requirements merely to avoid lapse of budget allotment.

The matter was referred to Government in April 1995, reply has not been received (October 1995).

2.5 Diversion of funds

Director, Rural Development Department sanctioned (March 1991) Rs. 1.30 lakhs for the construction of community centre at Nichar. The amount was drawn by the Block Development Officer, Nichar in March 1991 and was transferred to *panchayat*

samiti, Nichar. Instead of constructing the community centre, the *panchayat samiti* purchased (June 1993) 255 *madhanies** valued at Rs. 1.23 lakhs, of which 151 (cost: Rs. 0.73 lakh) were distributed to the local people at 50 per cent subsidy without any orders for the payment of subsidy on *madhanies*. The remaining 104 *madhanies* valued at Rs. 0.50 lakh were lying undistributed as of September 1994. The balance amount of Rs. 0.07 lakh was lying in the *panchayat samiti* account.

The funds meant for the construction of community centre were thus unauthorisedly diverted which further resulted in inadmissible payment of subsidy of Rs. 0.36 lakh on the sale of 151 *madhanies*, apart from blocking of funds of Rs. 0.50 lakh.

The matter was referred to Government in May 1995; reply has not been received (October 1995).

CHAPTER-III

CIVIL DEPARTMENTS

Health and Family Welfare Department

3.1 Working of District Hospitals and Indira Gandhi Medical College, Shimla

3.1.1 Introduction

In Himachal Pradesh, preventive, curative and promotional health care services are being provided to the people through all the 12 district hospitals (DHs) of the State and a network of 2,304 other health institutions with a total bed strength of 5,554 beds as of March 1994. Out of this the bed strength in the 12 DHs was 1,571.

The Indira Gandhi Medical College (IGMC), Shimla with Indira Gandhi Hospital, Kamla Nehru Hospital and Isolation Hospital as its associated hospitals with a total bed capacity of 532 beds, was functioning from August 1966 to provide medical education and practical training in various specialities to graduate and post-graduate students.

The intake capacity of IGMC for graduation courses was raised to 65 admissions per year in 1978 and further increased to 100 from 1994-95 by increasing total bed strength in December 1994 to 849 beds in the three hospitals *ibid*. A new BDS course with 20 admissions had also been introduced from 1994-95.

Indira Gandhi Medical College was conducting post-graduate courses in 16 specialities and diploma courses in 8 specialities by enrolling 53 students annually from 1981-82. The College was running a 50 bed mobile hospital for providing field training to the interns and trainee nurses and health care to the public in rural and difficult areas.

3.1.2 Organisational set up

The Health and Family Welfare Department functions under the overall administrative control of the Commissioner-cum-Secretary (Health and Family Welfare). The Director, Health Services (Director) manages and controls the working of district hospitals and other network of health institutions. Each district hospital is headed by a Senior Medical Officer incharge under the control of the Chief Medical Officer (CMO) of

The abbreviations used in this review have been listed in the Glossary in Appendix-XI (Page 188)

the district and is assisted by other doctors and supporting staff.

The Medical College is headed by the Director, Medical Education (DME) who is assisted by a Principal and a team of doctors, along with other categories of supporting staff.

3.1.3 Audit coverage

The working of seven¹ out of twelve DHs along with the functioning of IGMC and its three associated hospitals was reviewed between August 1994 and March 1995 supplemented by a test-check of records of the Director, Health and Family Welfare Department. The review covers the period 1991-94. Important points noticed during the review are mentioned in the succeeding paragraphs.

3.1.4 Highlights

The shortage of doctors including specialists was between 1 and 6 in DHs, Dharamsala, Mandi and Nahan, whereas 2 to 6 doctors were deployed in excess of sanctioned strength in DHs, Rekong Peo, Keylong and Una.

Whereas the para-medical staff was deployed far in excess of norms in DHs, there was 16 per cent shortage of nurses in the hospitals associated with IGMC.

(Paragraph 3.1.6(a) and (b))

Eighteen senior laboratory technicians were deployed in five² DHs over and above the recommended staff. Norms for number of tests to be conducted per technician were not prescribed. Though microbiologists were posted in DHs, Nahan and Shimla, no tests were conducted for want of laboratory and equipment.

(Paragraph 3.1.6(c))

While there was shortage of 38 teaching posts in 14 departments in IGMC, there was excess deployment of 24 posts in 10 other departments in IGMC involving extra expenditure of Rs. 70.45 lakhs

¹ Dharamsala (210 beds), Keylong (30 beds), Mandi (168 beds), Nahan (166 beds), Rekong Peo (50 beds), Shimla (160 beds) and Una (110 beds)

² Dharamsala, Mandi, Nahan, Shimla and Una

(approximately) on their pay and allowances during 1991-94.

(Paragraph 3.1.6(d))

The basis on which bed strength was sanctioned in District Hospitals was not available. In the Isolation Hospital of IGMC, where occupancy rate throughout was almost 1 *per cent*, 3 leprosy patients whose treatment had been completed, were readmitted between July 1983 and April 1986 and they were residing there for want of rehabilitation.

(Paragraph 3.1.7.1 (a))

In the absence of anaesthetists in DHs, Una and Rekong Peo, outdated method of administering spinal anaesthesia was being followed even for major operations.

(Paragraph 3.1.7.1 (b))

In DH, Mandi, out of 15,691 operated cases during 1992-94, 2,349 cases (about 15 *per cent*) were infected due to post-operative chest infection and wound infection. No record in this regard was available in the other DHs test-checked.

(Paragraph 3.1.7.4)

Proper system for collection and disposal of hospital garbage to check spread of infectious disease like AIDs, etc. was not available in any of the District Hospitals test-checked, nor in IGMC, Shimla.

(Paragraph 3.1.7.5)

During January 1992 to March 1994, 7,177 cases had to be referred by DHs to other states for specialised treatment for want of requisite facilities in DHs and IGMC.

(Paragraph 3.1.9)

Calculated on the advances of Rs. 19.42 crores made to Himachal Pradesh State Civil Supplies Corporation during 1991-95, for purchase and distribution of medicines, service charges of the Corporation came to Rs. 1.17 crores which amounted to reduction in the medicine budget and could have been utilised for health care activities. Besides, the policy of centralised purchases as formulated in May 1988, was not implemented as envisaged. Details of medicines supplied to the field units were not being submitted by the Corporation to Director. Similarly, neither district-wise accounts nor adjustment accounts of the advances were rendered by the

Corporation to the Department and there were delays in supply of medicines to the field units.

(Paragraph 3.1.11)

Bond money of Rs. 12.25 lakhs was recoverable from 47 students who had passed their MBBS examination during 1992-94, but did not join on being offered appointment. Under the bond, they were to serve in rural areas for 2 years.

(Paragraph 3.1.12)

3.1.5 Financial performance

(a) Expenditure

The budget provision and expenditure in respect of DHs was not distinctly identifiable in the accounts. However, the year-wise budget provision and expenditure incurred during 1991-94 on 12 district hospitals as intimated by the CMOs was as under:

Year	Budget provision	Expenditure	Savings
		(Rupees in lakhs)	
1991-92	3095.01	2408.21	686.80
1992-93	3732.62	2783.20	949.42
1993-94	4680.16	3199.05	1481.11

In addition, expenditure of Rs. 45.80 lakhs on the central purchases of machinery and equipment and Rs. 1051.62 lakhs on material and supplies was also incurred by the Director during 1991-94.

The Director attributed (March 1995) the savings to non-finalisation of administrative approval and expenditure sanction for construction of buildings, vacant posts and less purchase of materials, etc. Per capita expenditure on health care ranged from Rs. 166.05 to Rs. 193.62 during 1991-94 as compared to the national average of Rs. 60.13 to Rs. 79.44. Similarly, per capita expenditure on medicine ranged from Rs. 6.14 to Rs. 9.51 during 1991-94.

The budget provision and expenditure in respect of IGMC during 1991-94 was as under:

Year	Budget provision	Expenditure	Excess
		(Rupees in lakhs)	
1991-92	593.00	593.00	--
1992-93	684.00	684.00	--
1993-94	721.00	727.00	6.00

(b) Receipts

The rates of fees for different services being rendered by hospitals were fixed by Government in August 1974 and subsequently revised upwards in August 1992. The revised charges were, however, withdrawn in September 1993 and the rates applicable prior to August 1992 were re-introduced. The Director stated (March 1995) that the rates were reduced in public interest by Government as a matter of policy.

The total receipts of the Department during the last three years ending March 1994 were as under:

Year	Budget estimates	Actual receipts
	(Rupees in lakhs)	
1991-92	98.08	134.57
1992-93	120.00	217.15
1993-94	252.00	211.62

The difference between the budget estimates and actual receipts indicated that estimates were not prepared on realistic basis. The Director, however, stated (March 1995) that budget estimates were prepared keeping in view the receipts for previous years and increase in rates, if any, approved by Government.

3.1.6 Staff position

In IGMC, norms of Medical Council of India (MCI) for teaching staff and Nursing Council of India for nursing staff had been adopted. No norms had been laid down for other categories of staff.

There was a shortage of doctors and other staff in the College during 1991-94 which ranged between 169 and 191. The Principal stated (March 1995) that these posts could not be filled due to financial constraints, non-availability of qualified persons, non-finalisation of recruitment and promotion rules, etc.

The staffing pattern for DHs and other medical institutions was standardised by Government in August 1984 on the basis of their bed strength. There were, however, shortages during 1991-94 in DHs as compared to the norms as brought out in the table below:

Personnel category	District Hospitals													
	Dharamsala		Keylong		Rekong Peo		Mandi		Nahan		Shimla		Una	
	Requ- ired	Act- ual	Requ- ired	Act- ual	Requ- ired	Act- ual	Requ- ired	Act- ual	Requ- ired	Act- ual	Requ- ired	Act- ual	Requ- ired	Act- ual
Specialists	8	6	2	2	2	2	8	2	8	6	8	6	7	2
Other Doctors	23	22	4	4	4	7	23	28	19	15	23	23	11	22
Para medical staff	42	67	5	20	8	10	42	134	30	45	30	88	21	43
Pathological staff	4	7	1	1	2	2	4	5	4	6	4	12	1	5

Following points were noticed:

(a) Doctors

Against the total requirement of 31 doctors (including specialists) each in DHs, Dharamsala and Mandi and 27 in DH, Nahan during 1991-94, the shortage of doctors including specialists ranged between 1 and 6 whereas 2 to 6 doctors (including specialists) remained deployed over and above the prescribed norms of 4 doctors in DH, Keylong, 6 in DH, Rekong Peo and 18 in DH, Una.

(b) Para-medical staff

(i) The para-medical staff was found to be in excess of prescribed norms in all the 7 DHs. The excess ranged from minimum 2 officials in DH, Rekong Peo to maximum 92 officials in DH, Mandi against the total requirement of 42 each in DHs, Dharamsala and Mandi; 5 in DH, Keylong, 8 in DH, Rekong Peo, 30 each in DHs, Nahan and Shimla and 21 in DH, Una. The Department had not initiated any measures to review the position of excessive deployment of staff under this category. Rationale behind sanctioning excessive posts of para-medical staff in DHs over the prescribed norms was also not intimated (March 1995).

(ii) The nurse-patient ratio in IGMCI ranged between 1:6 and 1:5 during 1991-94 against 1:3 as prescribed by the Nursing Council of India. Of the 177 posts of staff nurses needed as per norms, 28 posts (16 per cent) had not been sanctioned by Government. Of the 149 sanctioned posts, actual deployment ranged between 64 and 79 per cent during the three years.

The Principal stated (March 1995) that the prescribed norms could not be followed due to non-availability of trained nurses as also financial constraints. The

reply of the Principal was not tenable as funds were surrendered by the Department year after year and adequate planning was not done for training of nurses to meet the enhanced future requirements.

(c) Pathological staff

(i) According to the staffing pattern 4, 4, 2, 1 and 1 posts of senior laboratory technicians were recommended for hospitals having bed strength of 200, 150, 100, 50 and 30 respectively. Against this, 18 posts of senior laboratory technicians were found in excess of the staffing pattern in 5 DHs, (Dharamsala (210 beds): 3; Mandi (168 beds): 1; Nahan (166 beds): 2; Shimla (160 beds): 8; and Una (110 beds): 4).

(ii) Norms for number of tests to be conducted per technician per day, had not been prescribed. The average number of tests conducted per technician per day ranged from 3 in DH, Rekong Peo to 53 in DH, Mandi during 1991-94.

(iii) No microbiological tests were conducted during 1991-94 in DHs, Nahan and Shimla although Microbiologists were posted in these DHs in July 1994 and December 1992 respectively. Microbiological tests could also not be conducted in DH, Dharamsala during the aforesaid period because no Microbiologist had been posted there. Chief Medical Officer, Shimla stated (December 1994) that no tests could be conducted for want of required laboratory and equipment. The Director stated (March 1995) that all the DHs would be provided with proper microbiological laboratories for such tests.

The Director admitted (March 1995) that the overall deployment of staff in the DHs did not conform to the staffing pattern prescribed during 1984 and because the staff was being provided on un-realistic basis, there had been excesses and shortages of staff in all the categories. Government ordered (October 1994) the restructuring and rationalisation of the health services in the State but implementation was awaited (March 1995).

(d) Deployment of teaching personnel in IGMCC

Emphasis in medical education being on practical instructions and demonstrations in small groups, the number of teachers must be adequate to enable such instructions to be imparted effectively.

Test-check of records, however, revealed that as of March 1994 against 65 posts of teaching staff and bed strength of 700 recommended by the MCI for 14 different departments of the college, 27 posts were sanctioned and filled resulting in shortage of 38 teaching posts. Thus, there were no professors of Anatomy,

Biochemistry and Psychiatry; no Readers/Associate Professors in Pathology (3) and Obstetrics and Gynaecology (1) and a shortage of Readers/Associate Professors in Anatomy (1), General Medicines (2), and Anaesthesia (1). There was no Assistant Professor/Lecturer in Biophysics, Forensic Medicine, TB and Chest and shortage in Physiology (2), Biochemistry (1), Pharmacology (1) and Pathology (2). Besides, 18 posts of Tutors/Registrars/Demonstrators, Pharmacists, Statisticians and Medical Social Workers were not filled up.

Further in 10 other departments, against the requirement of 19 teaching posts as per norms, 43 posts were sanctioned and personnel deployed accordingly resulting in over-staffing by 24 posts of teaching personnel involving an extra expenditure of Rs. 70.45 lakhs (approximately) on pay and allowances during 1991-92 to 1993-94. Thus, there was an extra Professor in Radiology, 2 in Obstetrics and Gynecology, 2 in General Surgery and 1 in General Medicine; an extra Reader in Orthopaedics and 2 excess Lecturers in Radiology, 2 in Obstetrics and Gynecology, 2 in Ophthalmology and 3 in Paediatrics and 8 Tutor-cum-Demonstrators.

No reasons for disproportionate deployment of teaching personnel in different departments of the college were intimated.

3.1.7 Hospital services

The hospitals provided medical care to patients either by admitting them to private and general wards or through the out-patient department (OPD).

3.1.7.1 In-patient care

(a) As of March 1994, the position of bed strength and percentage of occupancy in DHs test-checked was as under:

Serial number	Name of district hospital	Sanctioned beds	Actual beds provided	Excess(+)/ Less(-)	Percentage of occupancy with reference to beds sanctioned			
					1991	1992	1993	1994
1.	Dharamsala	210	172	(-) 38	66	64	62	68
2.	Keylong	30	30	Nil	23	12	19	36
3.	Mandi	168	192	(+) 24	125	117	119	118
4.	Nahan	166	150	(-) 16	66	66	73	64
5.	Rekong Peo	50	40	(-) 10	41	38	45	55
6.	Shimla	160	145	(-) 15	82	77	77	77
7.	Una	110	83	(-) 27	44	84	76	77

The following points were noticed:

(i) The basis on which the bed strength was sanctioned in DHs was not available. The Director stated (March 1995) that no criteria for sanctioning beds were fixed earlier. However, after restructuring in October 1994 the classification of health institutions in the State had been proposed to be done on the basis of population, bed

occupancy and size of the districts. The implementation of restructuring scheme was awaited (March 1995).

(ii) Less provision of beds in 4 DHs³ ranging between 15 and 38 was attributed (December 1994 to February 1995) by CMOs to shortage of space in the hospital wards.

(iii) The percentage of occupancy with reference to the beds sanctioned varied from 12 *per cent* in DH, Keylong (1992) to more than 100 *per cent* in DH, Mandi (1991-94).

(iv) Bed occupancy during the last four years ending December 1994 in respect of three hospitals affiliated with IGMCI was as under:

Name of hospital	Sanctioned beds	Actual number of beds provided	Percentage of bed occupancy with reference to sanctioned beds during			
			1991	1992	1993	1994
Indira Gandhi Hospital	344	344	105	106	102	104
Kamla Nehru Hospital (KNH)	124	114	109	103	101	107
Isolation Hospital	64	56	1	1	1	1

Against the sanctioned strength of 344 beds in Indira Gandhi Hospital, average occupancy ranged between 353 and 366 and in KNH against the sanctioned strength of 124 it ranged between 125 to 135 during 1991-94. While the Medical Superintendent, IG Hospital stated (February 1995) that higher bed occupancy was due to rush of patients, the Medical Superintendent, KNH admitted (March 1995) that it being a referral hospital more than one patient were accommodated in a single bed during summer months due to rush of patients. Besides causing inconvenience to the patients, this exposed them to higher rate of infection.

(v) Against the sanctioned strength of 38 beds for TB patients in Isolation Hospital only 30 beds were provided due to shortage of space and their utilisation had not been more than one *per cent* since September 1990 though one doctor and 18 para-medical staff continued to be posted. Three leprosy patients who were residing permanently in the Isolation Hospital since 1983 had completed their treatment. These patients had been re-admitted between July 1983 and April 1986 and were residing in the hospital for want of rehabilitation.

(b) Operation theatre

There was one Operation Theatre (OT) in each of the DHs, Keylong, Mandi, Nahan, Rekong Peo and Una and 2 each in DHs, Dharamsala and Shimla for major and minor operations. These OTs were not adequately equipped in as much as the following deficiencies were noticed:

(i) In the absence of fumigation machine, fumigation was not done after operation in the OT in all DHs except DH, Shimla during the last three years ending March 1994. Only floor cleaning with formaline was done once a week. The Director stated (March 1995) that apart from carrying out swab testing and culture for any pathogenes, cleaning, washing, fumigation and spraying of insecticides in OTs was also undertaken periodically. However, no record indicating swab-testing and, periodic cleaning and washing, if any, done during last 3 years, was maintained.

(ii) Proper ventilators, suction apparatus, hydraulic operation tables, ceiling lights, blood gas analysers, etc., which are essential equipments needed in an OT, were not provided in any of the OTs which affected patient care.

The CMO, Mandi and Shimla stated (December 1994 and February 1995) that the patients had to be referred to other hospitals due to inadequate OT facilities and waiting time for patients treatment increased correspondingly.

(iii) Boyle's apparatus used for giving general anaesthesia to patients admitted for major operations were available in DHs, Dharamsala (3), Nahan (2), Shimla (3) and Una (3) but only one each in Dharamsala and Una were in working order. CMOs, Nahan and Shimla stated in December 1994 that the apparatus were outdated, and their spare parts were not available, and as such these were not functional. In DH, Una no anaesthetist was posted till May 1993, and local and spinal anaesthesia was administered which was an outdated method and was stated (February 1995) by CMO, Una to be risky. Similarly, in DH, Rekong Peo, 39 major operations were performed during 1990-94 in the absence of anaesthetist by giving spinal and local anaesthesia.

(c) Diet

The State Government prescribed the scale of diet in April 1978 in terms of ingredients to be given to indoor patients in hospitals. It was not reviewed thereafter. Diet was provided free of cost till August 1992 after which a nominal charge of Rs. 2 per diet was fixed. These charges were also withdrawn in September 1993 and since then diet was being supplied free of charge.

It was noticed that of the seven DHs, test checked, the post of Dietician was

provided only in DH, Shimla. None of the hospitals had basic facilities, for testing dietary articles which were examined visually by staff on duty before supply to patients. For testing food and drugs, there was a Composite Testing Laboratory at Kandaghat; but no sample of dietary articles were got tested by any of the DHs during the three years period ending March 1994. The Director had no information about number of samples of diet articles sent to laboratory for examination, if any.

(d) Linen

No norms were fixed for procurement and stocking of linen articles with reference to bed strength or for periodical replacement of old and damaged items. It was noticed that there was no uniformity in issuing linen articles and no periodicity for change of items of beddings and linen in hospitals, was fixed. Laundry services not being available in any of the DHs test checked and in hospitals associated with IGMC, clothes were washed on contract basis.

3.1.7.2 Out-patient care

The number of out-patients registered at seven DHs and in IGMC hospitals for the period 1991-94 are given below:

	1991	1992	1993	1994
(In numbers)				
Dharamsala	93,562	88,609	99,896	1,25,545
Keylong	40,947	34,487	31,755	39,091
Mandi	1,38,702	1,30,375	1,15,164	1,39,318
Nahan	99,979	73,957	77,958	61,884
Rekong Peo	26,355	21,846	30,709	24,944
Shimla	1,36,678	73,548	73,292	80,345
Una	72,365	76,484	70,021	78,265
IGMC, hospitals	1,70,727	1,64,306	1,42,447	1,60,056

No norms had been fixed for deployment of doctors and specialists in OPD either in DHs or in IGMC on the basis of work load.

3.1.7.3 Ambulance services

Hospital ambulances were to be used for transporting (a) patients and (b) doctors and staff from their residences for attending emergency cases in hospitals outside their duty hours. During 1991-94, 19 ambulances provided in 6 DHs, (Dharamsala: 12, Keylong: 1, Mandi: 2, Nahan: 1, Rekong Peo: 2 and Una: 1) covered a total distance of 2,76,384 kms out of which only 71,544 kms (26 per cent) was for transportation of doctors and other staff, 1,47,473 kms (53 per cent) for transportation of patients and balance 57,367 kms (21 per cent) was for purposes like carriage of

medicines, stationary, etc., not connected with patient care. No reasons for utilisation of ambulances for purposes other than patient care were intimated.

3.1.7.4 Control of infection

No hospital Infection Control Committee for looking after arrangement for infection control was constituted in any of the DHs test checked and IGMC, Shimla. No record of cases of infection, specially post operative, was being maintained in any of the DHs except in Mandi where out of 15,691 operated cases, 2,349 cases were stated to have been infected due to post-operative chest infection and wound infection during 1992-94.

3.1.7.5 Hospital garbage

(a) No proper system for collection and disposal of hospital garbage was prevalent in any of the DHs test checked and IGMC, Shimla. The Director admitted (March and June 1995) that there was no proper system of collection and disposal of hospital garbage and the possibility of misuse or reuse of used disposable syringes, catheters, plastic bottles, etc., could not be ruled out which could facilitate spread of infectious disease like AIDS, etc.

(b) Two incinerators having a burning capacity of 30 to 50 kgs of all kinds of wastes per hour were purchased by the Principal, IGMC during March 1994 at the cost of Rs. 8.41 lakhs. One incinerator was issued in March 1994 for installation in the KNH and other was retained for use in Indira Gandhi hospital. The incinerator issued to KNH was installed during September 1994, but developed leak in its fuel tank (October 1994); the plant had not been repaired as of March 1995. The incinerator kept in Indira Gandhi hospital could not be put to use due to objection raised by the Pollution Control Board. The approval of Pollution Control Board for installation of these incinerators in the two hospitals had not been obtained by the IGMC as of August 1995.

Thus, the investment of Rs. 8.41 lakhs on the purchase of incinerators had not served the intended purpose.

3.1.7.6 Blood bank

Eleven blood banks including one at IGMC were functioning in the State as of March 1994. Licence for establishment of 7 of these blood banks had not been issued by the Drug Controller of India. Cool rooms were not available in any of the blood banks and blood was being collected through voluntary donors and replacement donors. Blood banks had not been established in DHs, Keylong and Rekong Peo. In

DH, Una, 83 units of blood were collected through eight camps during 1991-94 out of which forty units were destroyed as these could not be utilised before the expiry date.

Though qualified doctors were working as blood bank officers in all the DHs yet post of one registered nurse and one Assistant prescribed under the Drugs and Cosmetic Rules, 1945 for each blood bank had not been sanctioned in these hospitals as of March 1995.

3.1.7.7 Mobile hospital

With a view to providing medical aid to the people in rural and difficult areas of the State and to impart field training to interns and to improve quality of undergraduate students and trainee nurses, a 50 bed mobile hospital started functioning in IGMC from 1973. To achieve these objectives, mobile hospital camps were organised each year. One consultant, one registrar and one intern from each speciality along with 7 technical staff including staff nurses and 12 non-technical staff were deputed for each camp from the existing staff of the college. Further staff required for camps, if any, was drawn from institutions nearest to the camps.

It was noticed that (i) all the camps were organised in areas where adequate medical facilities were available; and(ii) no camps were held in rural and difficult areas as envisaged. Thus, the intended purpose of establishing a mobile hospital was not achieved.

3.1.8 Inspection and monitoring

(i) No Medical Manual of Health Department laying down periodicity of inspection of each DH by the Director/CMOs had been prepared by Government (March 1995). The Director stated (March 1995) that inspection was conducted once in a year by the Director, and weekly or more frequently by the CMOs concerned and the Senior Medical Officers of the hospital, took a daily round. However, no records in respect of inspections conducted by these officers or tour notes were made available.

(ii) Neither was any internal administrative control system/committee constituted nor was any evaluation of the functioning of the DHs and IGMC carried out by any agency. No Medical Audit Committee to function as a patient care evaluation cell in each hospital was constituted in any of the DHs.

The Director stated (March 1995) that the officers of the directorate and CMO's supervised and evaluated the functioning periodically.

3.1.9 Referral cases

The requisite facilities of super specialities like Computerised Tomography Scan (CT Scan), Magnetic Resonance Intensity (MRI), Cath laboratory, open heart surgery, cardiac laboratory, venereal diseases (VD) clinic and metabolic disorder investigation laboratory were not available in DHs and IGMC as a result of which 7,177 cases were referred by the Director to institutions outside the State for treatment during January 1992 to March 1994.

The installation of CT scan on turnkey basis was sanctioned at the cost of Rs. 220.93 lakhs in January 1995. The machine was received in June 1995 and was stated (August 1995) to be under installation by the Radiology department of IGMC. As regards MRI and Cath laboratory, the proposal for its establishment and for purchase of machinery had been submitted to Government in October, and December 1994 respectively but approval was awaited (March 1995).

3.1.10 Training

No training programme had been held during the last three years by the Director in order to keep the doctors and para-medical staff acquainted with the latest developments in medical science. The Director stated (June 1995) that short duration training/refresher courses were being conducted under Centrally sponsored schemes and aided projects. However, no regular training programmes were available with the Department.

3.1.11 Purchases

In accordance with the purchase policy formulated by Government in May 1988, medicines for use in hospitals were classified into three categories (i) vital, (ii) essential and (iii) desirable. These medicines were to be purchased from Government of India undertakings and pharmaceutical houses of national and international repute. In February 1991, Government decided to centralise the purchase and distribution of medicines through the Himachal Pradesh State Civil Supplies Corporation (Corporation): Funds for purchase of medicines were to be advanced by the Director to the Corporation on production of *pro forma* bills of the firms and adjustment accounts of these advances were to be rendered by the Corporation after arranging necessary supplies to the field units. During 1991-95, the Director advanced Rs. 19.42 crores to the Corporation for purchase and distribution of drug kits and medicines.

During test-check of the records of the directorate, it was noticed that the centralised procedure of purchases and distribution through Corporation was not implemented as envisaged. The details of the medicines supplied to the field units,

district-wise accounts and adjustment accounts of the advances were not being rendered by the Corporation to the Director. Delay in supply of medicines to the field units was also noticed. Thus, there was no system in the directorate for monitoring supplies received by field units against advances made to the Corporation and for ensuring that advances made were adjusted without delay.

The Director stated (March 1995) that the matter was to be discussed with Government for reviewing the purchase policy.

Following points were also noticed during test-check:

(a) Drug kits

For the purchase and distribution of drug kits, the Director advanced Rs. 431.45 lakhs to the Corporation during March 1991 to March 1994. Against the advance of Rs. 97.39 lakhs paid in March 1991, drug kits costing Rs. 45.11 lakhs were supplied after 10 to 22 months from the date of payment of the advance; no supply was at all made against the balance advance of Rs. 334.06 lakhs till March 1995.

(b) Medicines

(i) During 1991-92, against *pro forma* bills of two firms Rs. 106.86 lakhs were advanced to the Corporation for purchase of medicines from these firms. Against this, the Corporation placed orders and made payments of Rs. 36.05 lakhs only to these two firms while the balance supply orders of Rs. 70.81 lakhs were placed and payments released to other firms against whom no advances were sanctioned, which was contrary to the purchase procedure.

(ii) On the basis of *pro forma* bills from firms, 100 per cent advance payment of Rs. 604 lakhs for purchase of medicines during 1993-94 (Rs. 192 lakhs) and 1994-95 (Rs. 412 lakhs) was made to the Corporation. The adjustment accounts were not rendered by the Corporation and the Director did not obtain information on details of medicines procured and supplied, if any, to the field units till March 1995 against this advance.

(c) Delay in supply of medicines to the field units

According to the instructions of Government (February 1991) there was to be no delay in supply of medicines to the field units. Out of total supply of medicines worth Rs. 90.14 lakhs to DH, Dharamsala, medicines valued at Rs. 6.80 lakhs were supplied late by the Corporation during 1992-94, the delay ranging between 4 and 164 days and medicines costing Rs. 5.26 lakhs (8 per cent of annual supply) were not supplied.

Further, as the medicines indented by the DH, Nahan were not received in time, the Deputy Commissioner, Nahan requested (June 1992) Government to review the system of purchase of medicines through the Corporation which was not satisfactory.

The Director admitted (March 1995) that there had been delay in supply of medicines by the Corporation.

(d) According to the supply orders, the suppliers were liable to pay service charges to the Corporation at the rate of 4 *per cent* of the product value which were deducted by the Corporation from the payments released to the suppliers. In addition, service charges at the rate of 2 *per cent* were also recovered by the Corporation from the Health Department for purchase and distribution of medicines. Thus, the Corporation was charging 6 *per cent* over and above the cost of medicines.

The Department had advanced an amount of Rs. 1942.29 lakhs during 1991-92 to 1994-95. On this, service charges of the Corporation amounted to Rs. 116.53 lakhs. The Director admitted in March 1995 that this constituted a direct reduction in the medicine budget which could have otherwise been utilised on health care activities.

(e) Miscellaneous irregularities

(i) In DH, Rekong Peo shortage of medicines costing Rs. 1.07 lakhs occurred during 1993 to 1995. These shortages were neither reconciled nor made good by the defaulters as of March 1995.

(ii) Medicines worth Rs. 2.58 lakhs purchased during 1991-92 to 1993-94 by DHs, Dharamsala, Shimla and IGMC, samples of which were taken by Drug Inspector and examined by Government Analyst were found sub-standard. The test reports were stated by CMOs and Principal, IGMC to have been received late between 6 months to one year by which time the entire quantity of medicines had been consumed in the hospitals resulting in administration of sub-standard drugs to patients.

3.1.12 Other points of interest

(i) No proper drainage system existed in DHs, Mandi, Nahan, Una and Shimla.

(ii) In DHs, Keylong, Mandi, Rekong Peo and Una, specialists were not provided with accommodation near the hospital complex. In IGMC, the percentage of doctors and other staff provided with accommodation during 1991-94 ranged between 12 and 25.

(iii) According to the admission procedure, every student seeking admission to Medical College is to fill up a bond which requires him to serve in rural area anywhere in the State for a minimum period of two years after completion of MBBS Degree course. In the event of a student committing a breach of terms and conditions of the bond, he shall become liable to pay Rs. 0.05 lakh up to 1992-93 and Rs. 0.50 lakh thereafter, to Government.

The Director stated (April 1995) that 100 students passed their MBBS examination during 1992-94 and were offered appointments. Of these, 47 students did not join their duties and as such bond money amounting to Rs. 12.25* lakhs was recoverable from them as of March 1995.

The Director stated (April 1995) that notices had been issued to the defaulters for depositing the bond money.

(iv) One hydraulic surgical table purchased (March 1992) at the cost of Rs. 0.45 lakh and installed (May 1992) in the Department of Surgery in IGMC was not working satisfactorily due to some manufacturing defects. An Assistant Engineer of the Himachal Pradesh Public Works Department, who inspected (December 1992) the table pointed out the defects. No action had been initiated (March 1995) by the Department either to replace the table or to rectify the defects.

(v) One EEG machine meant for diagnosing epilepsy and brain disorders was imported (September 1985) at the cost of Rs. 1.48 lakhs and was installed (May 1987) in IGMC. The machine worked satisfactorily up to September 1991, 51 tests having been conducted over a period of four years. Since then the machine was not working properly because of external artefacts in the tracing and no test could be conducted on it. The Principal stated (April 1995) that the patients were getting EEG done privately and the machine was being used for teaching MBBS students. Thus, the intended services were not being provided to the patients.

(vi) One lift (constructed during 1982) for the operation theatre of the surgical wing situated on 2nd and 3rd floor (Block No.II) was lying out of order for the last over 12 years. Keeping in view the inconvenience being caused to patients and staff, the Principal, IGMC submitted (August 1994) an estimate amounting to Rs. 2.17 lakhs to Government for repairing the lift; approval to which was awaited (March 1995).

The Principal stated (March 1995) that the lift was not being utilised as it was

provided for operation theatre from surgical ground floor to top floor and as only two floors had operation theatres, there was no need of the lift at this stage. This contention of the Principal was not tenable as proposal for its repairs had already been submitted by the Principal.

(vii) In DH, Keylong vehicles and equipment worth Rs. 7.69 lakhs were lying idle since November 1988 and November 1992 for want of operational staff (Rs. 6.05 lakhs) and repairs (Rs. 1.64 lakhs).

These points were referred to Government in June 1995; their reply has not been received (September 1995).

Agriculture Department

3.2 National Watershed Development Project for Rainfed Areas

3.2.1 Introduction

On the basis of the experience gained in pilot studies and other projects and the pattern of the adoption of the findings by farmers, a scheme National Watershed Development Project for Rainfed Areas (Project) was started in 1990-91 and was converted into a major programme under Eighth Plan (1992-97) by the Government of India.

The main objectives of Project are:

- (i) Promotion of holistic farming systems by conserving rain water and by upgradation and scientific utilisation of land, water, plant and human resources for continuous availability of food, fodder, fuel, fibre and bio-mass for rural needs.
- (ii) Reinforcement of production environment through moisture conservation and run off management with a network of small re-charge dug out structures and soil erosion control with vegetative measures.

In Himachal Pradesh, 8 micro-watersheds were taken up in the Seventh Plan under National Watershed Development Programme for Rainfed Agriculture (NWDPA) in 4 districts¹ during 1988-89 and discontinued from 1990-91 due to its restructuring. Fifty eight watersheds in 4 agro-climatic zones of 11 districts (except Lahaul and Spiti) with an average cost of Rs. 3,500 to Rs. 5,000 per hectare were approved between 1991-92 and 1994-95. An area of 37,240 hectares was proposed to be developed at an

¹

Bilaspur, Kullu, Mandi and Una

estimated cost of Rs. 1542 lakhs through various activities during Eighth Plan.

The State Level Implementation Committee was constituted during January 1991 consisting of 11 members under the Chairmanship of the Financial Commissioner-cum-Agriculture Production Commissioner. District Level Committees consisting of Deputy Director of Agriculture, District Horticulture Officer, District Animal Husbandry Officer and Assistant Soil Conservation Officer under the chairmanship of Deputy Commissioner were also constituted in January 1991. These Committees were made responsible for co-ordination with project staff and officers of line departments and for project formulation with the help of project teams. Watershed Development Teams consisting of 5 to 7 officials of line departments (Forest, Animal Husbandry and Horticulture), responsible for all development works within the watershed were also constituted at watershed level between 1991 and 1993. Agriculture Development Officers (ADOs) were declared Team Leaders and were made responsible for implementing the Project at watershed level. The Watershed Development Teams at the 2 oldest watersheds were constituted during 1991-92 (Bhutti (Kullu)) and 1992-93 (Simni (Chamba)). The Joint Director of Agriculture was the State Nodal Officer and Deputy Directors of Agriculture (DDAs) were the District Nodal Officers. The project was being implemented through the departments of Agriculture, Horticulture, Forest Farming and Conservation and Animal Husbandry. In order to monitor it at State level, a "Multi Disciplinary Cell" was constituted during April 1994 under the Chairmanship of the Director of Agriculture.

A test-check of implementation of the Project was conducted during December 1994 to March 1995 in 5 districts² and covered 6 out of 8 micro-watersheds of Seventh Plan and 26 out of 58 watersheds of Eighth Plan covering the period from 1988-89 to 1993-94. The records of the oldest two watersheds i.e. Bhutti (Kullu) and Simni (Chamba) were checked *cent per cent*. The important points noticed are set-out in the succeeding paragraphs.

3.2.2 Financial assistance

(a) Financial pattern

The finances for the Project, till the end of Seventh Plan, were met on 50:50 basis by Central and State Governments. From 1990-91, all components in arable and non-arable land were to be financed by the Government of India in the form of

75 per cent grant and 25 per cent loan to the State Government.

(b) **Financial outlay and expenditure**

Year-wise details of financial outlay and expenditure incurred during 1990-91 to 1994-95 were as follows:

Year	Funds released by the Government of India	Budget estimates of the State Government (Rupees in lakhs)	Funds released by the State Government	Expenditure
1990-91	39.53*	4.00	Nil	17.52
1991-92	80.00	40.00	18.53	7.19
1992-93	80.00	35.00	62.20	27.85
1993-94	Nil	1.00	146.71	132.71
1994-95	575.00	355.00	370.26	355.35
Total	774.53	435.00	597.70	540.62

* Includes unspent balance of Rs. 13.13 lakhs of the previous year(s).

The following points emerged:

(i) Watershed-wise and activity-wise accounts were not maintained either by the Director of Agriculture at State Level or by the DDAs at district level as required under the Project, in the absence of which agro-climatic zone-wise, watershed-wise and activity-wise allocation of budget and its utilisation could not be verified. It was stated (December 1994-March 1995) by the DDAs that due to shortage of additional staff at district level, proper and separate accounts could not be maintained.

(ii) During 1990-91 to 1994-95, the Government of India released Rs. 774.53 lakhs against which expenditure of Rs. 540.62 lakhs only was incurred. The unspent balance was Rs. 233.91 lakhs (30 per cent of funds made available by the Central Government). Non-utilisation of funds was attributed (December 1994) by Director of Agriculture to delay in finalisation of project report, late receipt of financial sanctions, etc.

(iii) The Government of India released funds of Rs. 106.40 lakhs during last days of the financial years 1990-91 and 1991-92. These funds were released to the districts by the Agriculture Department during the next years after a lapse of 1 and 9 months respectively. Funds released by the Government of India during April 1992 were sanctioned by the Finance Department in December 1992 which were further allocated to districts by the Agriculture Department in January 1993.

Records of 5 DDAs revealed that out of the total allocation of Rs. 107 lakhs during 1992-93 and 1993-94, quarterly releases amounting to Rs. 87.52 lakhs were made to the watershed level in the same year and Rs. 19.48 lakhs remained unallocated with them as of March 1994.

(iv) Out of the total expenditure of Rs. 185.27 lakhs incurred in the State between 1990-91 and 1993-94, Rs. 132.71 lakhs (72 per cent) were spent during 1993-94 only, out of which Rs. 100.32 lakhs (76 per cent) were spent in the last quarter of 1993-94.

Test-check of records of 5 DDAs revealed that expenditure ranging between 75 per cent to 100 per cent and 17 per cent to 100 per cent of total expenditure in the year was incurred during last quarter and last month respectively of the financial years 1991-92 to 1993-94 due to late approval of project reports and also late receipt of funds.

(v) Project funds were to be channelized through Watershed Development Team Leaders and were not to be disaggregated department-wise at the State or District level. Advances of Rs. 42.97 lakhs (Directorate: Rs. 8.46 lakhs and 5 districts: Rs. 34.51 lakhs) were drawn from the treasury during 1992-94 and paid to the various line departments direct instead of to the Team Leaders who had disbursing powers. While the advances so made were finally charged to the scheme during the same financial year utilisation certificates and adjustment accounts were awaited as of March 1994. It was stated by DDAs (December 1994-March 1995) that advances were paid according to the decision taken in the State Level Implementation Committee meeting held in October 1993. This decision was objected to by the Government of India in December 1993, directing the State Government to incur expenditure strictly in accordance with the Project. These directions were, however, not followed even after December 1993.

(vi) Rupees 0.77 lakh was deducted as institutional charges by the University of Horticulture and Forestry, Solan during 1993-94 for organising training camps of farmers out of an advance payment of Rs. 5.09 lakhs though not provided for in the Project. Similarly, even though no provision for payment of subsidy on agricultural implements was admissible Rs. 1.96 lakhs meant for implementation of watersheds of Eighth Plan were paid as subsidy on distribution of agricultural implements between April 1990 and March 1993 to the farmers of micro-watersheds of Seventh Plan which had been discontinued since 1990-91. It was stated by the DDA, Bilaspur in February 1995 that implements were purchased on the demand of farmers of old watersheds.

3.2.3 Selection of watersheds

In all the blocks with less than 30 *per cent* of their cultivated areas under assured irrigation, watersheds of about 500-1,000 hectares preferably with 50 *per cent* or more of area under cultivation were to be taken up for integrated development so that farmers were directly involved and benefitted. Under the Project, 58 watersheds were approved in the State:

It was, however, noticed in audit that:

(i) No detailed soil survey was conducted before selection and approval of 15 watersheds in four³ districts as required under the Project. It was stated (January/February 1995) by DDAs that only visual survey was conducted due to shortage of staff and survey tools and equipment not being received.

(ii) The watershed projects were to be prepared by 30 November 1990 and sanctioned by the State Government by 15 January 1991.

There was delay in finalisation and approval of project reports from 1 to 4 years as shown below:

Year	Number of watershed projects approved by the Central/State Government	Extent of delay (Years)
1991-92	2	1
1992-93	21	2
1993-94	32	3
1994-95	3	4

The delay was attributed (December 1994) by the Director of Agriculture to non-completion of survey and investigation.

(iii) Of the 58 approved watersheds, area of 5 watersheds exceeded the upper limit of 1,000 hectares by 52 hectares to 796 hectares. In three cases, the limit was exceeded by more than 100 hectares. The area of 8 watersheds was less by 10 hectares to 56 hectares in comparison with the prescribed lower limit of 500 hectares.

(iv) The arable land of 21 watersheds including the two oldest watersheds of Bhutti and Simni approved by the Government of India was between 109 hectares (20 *per cent*) and 250 hectares (48 *per cent*) as against the requirement to select preferably watersheds with 50 *per cent* or more area under cultivation so as to involve and benefit farmers directly.

- (v) Guidelines envisaged that the watershed in each block with less than 30 per cent of its cultivated areas under assured means of irrigation was to be selected.

It was, however, noticed that of the 315 hectares of arable land, 73 hectares covering 23 per cent was already under assured irrigation at the time of selection of Chhakoh watershed (Bilaspur district). By constructing a *pucca kuhl* of 1,200 metres length out of the Project funds (cost: Rs. 1.61 lakhs) additional 60 hectares of arable land was brought under assured irrigation during March 1994 raising the percentage of assured irrigation to 42 per cent. As the natural source of water for the *kuhl* already existed, the selection of this watershed under the Project was not appropriate.

- (vi) In order to provide facility for survey and investigation, funds were to be utilised during 1990-91 and 1991-92 for procuring equipment. The directorate had purchased survey tools and equipment worth Rs. 6.86 lakhs during March 1993 (Rs. 1.67 lakhs) and March 1994 (Rs. 5.19 lakhs) and these were issued to the Assistant Soil Conservation Officers in the months of May 1993 and August 1994 when visual survey work had already been completed. The DDAs, Kullu and Bilaspur stated (December 1994 and March 1995) that survey had been conducted with available tools and equipment. Thus, the purchase of equipment worth Rs. 6.86 lakhs was not judicious.

- (vii) Demonstrations on single and double cropping patterns were to be provided at the rate of Rs. 325 to Rs. 525 per hectare. Against this, demonstrations at the rate of Rs. 1,000 and Rs. 1,500 per hectare were provided in 6 project reports prepared for Bilaspur, Chamba and Solan districts which resulted in inflation of project estimates by Rs. 8.53 lakhs over the prescribed norms. Reasons for exceeding the norms were not advanced by the Department.

3.2.4 Execution of micro watersheds of Seventh Plan

Following points were noticed during test-check in the implementation of micro watersheds of Seventh Plan.

According to the expenditure norms, Rs. 2,500 per hectare (cost of works: Rs. 2,000 and the cost of operational staff: Rs. 500) was to be spent for the development of watersheds.

The Department treated 2,090.10 hectares of land (1988-89: 237.05 hectares, 1989-90: 1,031 hectares and 1990-91: 822.05 hectares) at the cost of Rs. 53.02 lakhs against the permissible limit of Rs. 41.80 lakhs (at the rate of Rs. 2,000 per hectare as

no extra operational staff was engaged). This resulted in excess expenditure of Rs. 11.22 lakhs over the prescribed norms. With the restructuring of the scheme, these water sheds were abandoned after 1990-91 before their saturation.

The Director of Agriculture stated (March 1995) that micro watersheds selected during Seventh Plan did not fulfill the criteria fixed for Eighth Plan and were not covered under the Project during the latter period.

3.2.5 Physical progress

3.2.5.1 Targets and achievements

No targets were fixed by the Department for various activities under the Project for the years 1990-91 and 1991-92 as no watershed was approved during 1990-91 and only 2 watersheds were approved during 1991-92. Targets for 'cultivation of fodder, demonstration techniques and development of pastures on non-arable land' had not been fixed for any year up to 1994-95.

However, the physical targets fixed in respect of various components of the scheme from 1992-93 to 1994-95 and achievements up to 1994-95 are indicated in the Appendix-VI.

The following points were noticed:

Year-wise achievements made by the Department during 1990-91 to 1994-95 were not made available by the Department. It was stated by the Director of Agriculture (June 1995) that year-wise achievements were not readily available because the data were being fed through NICNET. However, the consolidated figures of achievement since inception of the Project to March 1995 were obtained from NICNET by the Department and supplied to Audit.

It would be seen therefrom that the shortfall in achievement of targets in respect of following activities of the Project ranged between 31 per cent and 100 per cent as indicated below:

A Arable land

- | | |
|---------------------------|----------|
| (a) Conservation measures | 77 to 94 |
| (b) Production system | 48 to 63 |

B Non-arable land

- | | |
|---------------------------|----------|
| (a) Conservation measures | 79 |
| (b) Production system | 31 to 91 |

C Treatment of drainage lines 68 to 100

The Director further stated (June 1995) that Project was under execution stage and the reasons for shortfall were not required to be given at this stage. The Deputy Directors of Agriculture of various districts attributed (December 1994 to March 1995) the shortfall in achievements to late approval of watersheds, late receipt of funds and shortage of staff.

3.2.5.2 Conservation measures and treatment of drainage lines

The treatment of drainage lines was vital for regeneration of the non-arable land. Such conservation measures were required to be completed during first year of the Project i.e. 1991-92. However, no work was carried out by 1992-93 in any of the 26 (except Bhutti, Plach and Bakan) watersheds. During 1993-94, works in 15 watersheds only were carried out by incurring an expenditure of Rs. 21.59 lakhs and 1,935 hectares of land of a total 8,118 hectares (arable: 162 hectares out of total 4,273 hectares and non-arable: 1,773 hectares out of total 3,845 hectares) was brought under land management. Non-execution of works was attributed (December 1994 to March 1995) by the DDAs to late approval of project reports, late receipt of funds, shortage of staff as also non-co-ordination with the line departments.

Following points were noticed in the execution of works:

(i) The scheme envisaged construction of sunken (dugout) type structures for management of run-off drainage water. In Bilaspur, Kullu and Solan districts, 24 *pucca* water storage tanks were constructed in 9 project areas at the cost of Rs. 6.19 lakhs during 1992-95. While the DDAs, Kullu and Solan confirmed (December 1994 and February 1995) the position but did not intimate reasons for deviation, the DDA, Bilaspur intimated (March 1995) that these *pucca* tanks were constructed to store the run off water from natural sources for irrigation on the demand of farmers.

(ii) Construction of *pucca kuhls* was not provided in watershed areas. In Bilaspur district, 2 *pucca kuhls* of 1,270 metres and 1,200 metres length were constructed in Gharan Matla and Chhakoh watershed areas at the cost of Rs. 1.35 lakhs and Rs. 1.61 lakhs against the estimated cost of Rs. 0.89 lakh and Rs. 0.84 lakh respectively during 1993-95. Thus, an expenditure of Rs. 2.96 lakhs incurred on these works, was beyond the scope of the Project.

(iii) Though the Project envisaged the treatment of 485 hectares and 450 hectares under Simni and Baken watersheds (Chamba district) respectively consisting of both arable and non-arable lands, 412 and 525 hectares of non-arable land alone in these 2 watersheds were treated during 1992-94. Thus, area outside the approved Project was treated in violation of the scheme. -

3.2.5.3 Production system demonstrations

Targets for demonstrations were not fixed on a uniform pattern in respect of the 58 approved watersheds. In respect of some activities these were fixed in terms of hectares and in respect of others in numbers. However, 11,933 demonstrations were held during 1990-91 to 1994-95.

It was envisaged in the Project that each demonstration would be of about 0.5 hectare and single cropping, inter-cropping, mixed cropping, crop sequences, agro-forestry, dryland horticulture, etc., would be demonstrated.

The following points were noticed during test-check:

- (i) For each demonstration, research scientists were also to be involved. During 1991-94, 5,496 demonstrations were held covering a total area of 892 hectares against the required area of 2,748 hectares in 5 districts test-checked. These demonstrations were held by the ADOs with the help of Village Extension Officers under single cropping pattern and Research Scientists were not involved. It was stated (December 1994 to March 1995) by the DDAs that research scientists were involved in imparting training to farmers before sowing of *Rabi* and *Kharif* crops and also gave their guidance when sought. However, no records of demonstrations actually laid in each watershed area were maintained.
- (ii) Seed (cost: Rs. 8.26 lakhs) purchased for demonstrations in watershed areas of 5 districts between 1991-92 and 1993-94 was not utilised as such and was distributed to the farmers of the watershed area free of cost for sowing in the fields by themselves. The DDAs, Bilaspur and Solan stated (February-March 1995) that due to limited number of ADOs it was not possible to lay out demonstrations on the field of every farmer and after giving a few demonstrations on different cropping patterns, the seed was distributed among the farmers. The plea of the DDAs was not tenable as there was no provision for free distribution of seed, under the Project and the objective of the demonstrations was not achieved.
- (iii) The average expenditure on demonstration per hectare incurred by the DDAs in 5 districts test-checked ranged from Rs. 442 to Rs. 1,461 against the prescribed norms of Rs. 325 to Rs. 525 which resulted in excess expenditure of Rs. 5.38 lakhs during 1992-93 and 1993-94. The excess was attributed (January and February 1995) by DDAs, Chamba and Solan to increase in cost of seeds and inputs and transportation charges. Reasons from DDAs Bilaspur, Kangra and Kullu were awaited.
- (iv) Under the restructured Project, integrated nutrient management system including use of legumes, bio-fertilizer and bulky organic manure were to be promoted

in the watershed areas. Contrary to this, the 5 DDAs had purchased and distributed chemical fertilizers costing Rs. 2.94 lakhs to the farmers of the Project during 1992-93 and 1993-94. It was stated (December 1994 to March 1995) by the DDAs that chemical fertilizers were being distributed as usual for want of proper guidance and due to late receipt (September 1994) of instructions from the directorate.

(v) In Kangra district, 205 out of 1,000 demonstrations failed in 4 watersheds during the year 1993-94 resulting in wasteful expenditure of Rs. 0.21 lakh and also damage to *Kharif* crop in 38 hectares of land. The damage was attributed (January 1995) by the DDA, Palampur to drought in these areas

The DDA, Palampur further attributed (June 1995) the failure of demonstrations to (a) non-execution of soil and water moisture conservation works before laying demonstrations due to late receipt of funds; (b) non-adoption of the entire package of practices by the farmers; and (c) supply of high yielding variety of hybrid maize to the farmers which required more water.

(vi) The DDA, Bilaspur held demonstrations on 69 hectares of land of farmers of the Project areas, where natural water for irrigation was already available and no demonstrations were held where irrigation facilities were not available. Thus, the concept of *in-situ* moisture conservation techniques as designed for vulnerable rainfed areas was not followed.

(vii) The results of demonstrations held had not been analysed at any stage since inception of the Project in the State. Thus, the Department was not aware of the impact of the demonstrations.

It was stated (February 1995) by the DDAs, Bilaspur, Chamba, Kangra and Solan that this could not be done due to shortage of staff and due to the Project being still in its infancy in the State.

3.2.5.4 Dry land horticulture

The Project envisaged promotion of orchards of commercially attractive crops like grape, apple, mango, etc., to be continued through normal activities of the State Government. Contrary to this, DDA, Bilaspur distributed 23,016 mango plants costing Rs. 1.82 lakhs to 467 farmers during 1993-95. It was stated (March 1995) by the DDA, Bilaspur that mango plants were suitable in these areas and were distributed free of cost on demand from farmers.

3.2.5.5 Plantation under agro-forestry

According to the project reports of each watershed, plantation under

agro-forestry was to be carried out at the rate of 20 plants per hectare.

Contrary to this, plantation varied from 15 plants to 565 plants per hectare in 8 watersheds (including Bhutti and Simni) covering 331 hectares of land in Bilaspur, Chamba and Kullu districts during 1993-94. Against the required 6,620 plants, 94,875 plants were planted. Thus, 88,255 plants were planted in excess of the prescribed norms resulting in excess expenditure of Rs. 5.88 lakhs. Records relating to mortality of these plantations were not maintained by the Department. Reasons for plantation in excess of norms were not intimated.

3.2.6 Establishment of Kisan/departmental composite nurseries and Barani Chetna Kendras

(i) The guidelines envisaged establishment of nurseries for plantation in project area during first year i.e. 1991-92 of the Project so that adequate planting material could be made available both for conservation and for production of flora. No nurseries were established in any of the 5 districts test-checked by 1992-93. 18 Kisan nurseries were, however, established in 1993-94. Thus, the purpose of developing species as per choice of the local people/farmers, landless labourers, etc., had not been achieved.

(ii) For having complete information like crop production, horticultural trees, livestock development, poultry, fisheries and village industries, etc., about the Project, the departmental composite nurseries along with Barani Chetna Kendra which was to be a central point for interaction, were to be established and developed as a complete museum of farming system. Of the 26 watersheds test-checked, Chetna Kendras were completed in 7 watersheds during 1993-95 at the cost of Rs. 6.55 lakhs against estimated cost of Rs. 3.50 lakhs. Work on 14 kendras including Simni watershed was in progress and in 5 kendras including Bhutti watershed the work had not been taken up as of March 1995. Three Chetna Kendras in Solan (Cost: Rs. 3.07 lakhs) were got constructed through contractors which was contrary to the provisions of the scheme. Departmental composite nurseries were not established in 24 out of the 26 watersheds test-checked.

The farmers had, thus, been deprived of the benefits of interaction and planting materials due to non-completion of Chetna Kendras and non-establishment of departmental composite nurseries.

Non-establishment of kendras and departmental composite nurseries were attributed (December 1994 to March 1995) by the DDAs to non-availability of land and reluctance of local community to participate in the Project.

3.2.7 Livestock management

The Project was to focus on activities relating to livestock population control and fodder production.

(a) Four castrators (value: Rs. 0.50 lakh) and 10 crycans (value: Rs. 1.16 lakhs) were purchased by DDAs, Bilaspur, Palampur and Solan during 1993-94 and were issued to veterinary dispensaries located in project areas for which there was no provision in the scheme.

(b) According to the cost norms, Rs. 168 per hectare was to be spent on development of fodder production. In 5 districts test-checked, 171 hectares of land was developed for fodder production on which expenditure of Rs. 1.92 lakhs was incurred during 1992-94. This had resulted in excess expenditure of Rs. 1.63 lakhs over the prescribed norm. The reasons for excess expenditure were not intimated by the Department.

3.2.8 Training

Mitra Kisans were to be imparted training at training centres to serve as a link between scientists and farmers. Three days training for farmers and functionaries twice a year was to be provided before *Kharif* and *Rabi* sowing.

No training camps were organised to impart training to 336 *Mitra Kisans* in Bilaspur, Chamba and Solan districts during 1992-93. However, 60 one day and 21 three days camps were organised and training imparted to 453 *Mitra Kisans* out of total 844 *Mitra Kisans* against the target of 54 one day and 23 three days camps during 1992-94. No reasons for shortfall were advanced by the Department.

3.2.9 Involvement of non-government organisations

Voluntary agencies, wherever available, were to be actively involved in the Project particularly for creation of awareness regarding farming systems, training of field functionaries and beneficiaries, evaluation and monitoring of Project activities and their impact from people's point of view and to take up greening of degraded lands, etc.

The non-government organisations had not been identified by the Department as of May 1995. The DDAs stated (December 1994 to March 1995) that *Mitra Kisan Mandals*, *Mahila Mandals*, *Krishak Mandals*, etc., had been involved in project implementation but no records to show the involvement of these agencies were maintained.

3.2.10 Monitoring

The monitoring of the Project was to be done at the State and district levels

under the chairmanship of Agriculture Production Commissioner and Deputy Commissioners respectively.

(i) The quarterly progress was required to be sent to the Government of India by the District Nodal Officer through NICNET by 15th of the month following the quarter. It was noticed that 7 quarterly reports for the period from October 1992 to March 1994 of Chamba, Kullu, Kangra and Solan districts were sent during August-September 1994 thereby resulting in delay ranging from 15 to 677 days. The delay was attributed (December 1994 to March 1995) by the DDAs to non-imparting of training about the methodology of NICNET reporting to the team leaders.

(ii) District level committees under the Chairmanship of Deputy Commissioner were constituted during January 1991 to co-ordinate activities between the Project staff and line departments. Lack of coordination among the participating departments was noticed as funds allotted under various components were not utilised fully year after year and there were large savings. Advances given by one department to another for execution of works were not adjusted for a long time.

Lack of co-ordination between the nodal and participating departments was also pointed out by a Review Team of the Government of India during November 1993.

3.2.11 Evaluation

The Project envisaged evaluation of the programme through professional bodies and non-government organisations. Impact of the programme could not be known as the detailed study of production trends of various spheres of NWDPRAs had not been conducted by the Department.

No evaluation of the Project had been conducted by the State Government or any other body (May 1995). The Director stated (December 1994) that evaluation of the Project had been assigned in September 1994 to Agro-Economic Research Centre of Himachal Pradesh University, Shimla by the Government of India, but report had not been received (April 1995).

These points were referred to Government in July 1995; reply has not been received (September 1995).

3.3 Excess payment of subsidy

The Additional Deputy Commissioner (ADC), Kaza purchased (December 1993) 292 quintals peas seed (Azad P-I), which was not a recommended variety, valued at Rs. 18.98 lakhs at the rate of Rs. 65 per kg. The State Government approved (January 1994) the purchase of this variety against the confirmed demand of

the farmers of Lahaul and Spiti but clarified that the maximum subsidy available on this variety was 50 per cent of the cost of the recommended variety which worked out to Rs. 15 only. The Director of Agriculture conveyed this decision to ADC, Kaza in March 1994.

However, the Assistant Project Officer (Agriculture), Kaza sold 141 quintals of seed to the farmers between January and August 1994 and allowed subsidy at the rate of Rs. 32.66 per kg (50 per cent of cost price including transportation) instead of admissible subsidy of Rs. 15 per kg which resulted in excess payment of Rs. 2.49 lakhs. Of the balance quantity of seed, 25 quintals were distributed to the farmers free of cost in mini-kits and 126 quintals (value: Rs. 8.23 lakhs including transportation cost) were lying unsold as of September 1994.

The Assistant Project Officer (Agriculture), Kaza stated (September 1994) that 126 quintals seed remained unsold due to its high price. The Director of Agriculture intimated (November 1994) that the left-over seeds would be tested for germination in order to ascertain its quality for sowing.

The delay in communicating the decision of Government restricting the amount of subsidy resulted in excess payment of Rs. 2.49 lakhs.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

Forest Farming and Conservation Department

3.4 Excess payment of travelling allowance

Fixed travelling allowance at the rate of Rs. 50 per month was admissible to the Field *Kanungos* of the Department up to 13 December 1988. According to the notification issued by Government in December 1989 and September 1991 the rate of fixed travelling allowance was enhanced subsequently to Rs. 75 per month from 14 December 1988.

Test-check of the four¹ offices of Collectors (Forests Settlement) revealed (May 1993-February 1995) that contrary to these instructions, the Field *Kanungos* were paid open travelling allowance during 1988-89 to 1993-94 without restricting the amount to the monthly rate of fixed travelling allowance. This resulted in excess payment of Rs. 2.18 lakhs.

While the Collector (Forests Settlement), Palampur stated (January 1995) that the open travelling allowance was allowed as per practice, Collector, (Forests Settlement), Kullu stated (June 1993) that it was difficult to carry on the measurement operations with the committed type of travelling allowance. No reasons were furnished by the Collector (Forests Settlement), Hamirpur and Sirmour.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

Rural Development Department

3.5 National Programme on Improved *Chulhas*

Introduction

In order to attain the objectives of conserving fuel, reducing smoke emanating from kitchen stoves, checking deforestation, upgrading the environment and reducing the drudgery of women and children in cooking and in collecting fuel, the National Programme on Improved *Chulhas* was taken up as a national programme in April 1985. The programme was implemented in the State as a Centrally sponsored scheme fully funded by the Government of India, under which two types of *chulhas* viz; fixed and portable were to be installed/sold to rural households at subsidised rates.

The programme was being implemented in the State through three different agencies viz., Rural Development Department, Himachal Pradesh Government Energy Development Agency (HIMURJA) and Himachal Pradesh Agro-Industries Corporation (Agro-Industries). Director, Rural Development Department (RDD) was assisted by Project Officers of District Rural Development Agencies (DRDAs) at the district level and Block Development Officers (BDOs) at the block level. Director, HIMURJA and Managing Director, Agro-Industries implemented the programme through their respective units in the field.

Further, in order to advise and to extend technical support to the implementing agencies, a Technical Back Up (TBU) Support Unit established in November 1988 in the Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni (Solan) was also involved. Self Employed Workers (SEW), after proper training, were to be deployed in the field for implementation of the programme. Important points noticed in the course of review of implementation of the programme during 1990-95 by 5 DRDAs¹ out of 12, 27 (out of 69) BDOs², 6 (out of 14) Project Officers³ of HIMURJA

DRDAs¹ out of 12, 27 (out of 69) BDOs², 6 (out of 14) Project Officers³ of HIMURJA and 5 (out of 14) units of Agro-Industries in five districts¹ undertaken by Audit during December 1994 - April 1995 are mentioned in the following paragraphs.

(A) Financial Outlay

Fifty per cent of the estimated outlay for various components of the programme were to be released to the State Government/implementing agencies each year soon after issue of administrative approval and remaining 50 per cent was to be released in the third quarter of that year. Budget provisions and expenditure incurred thereagainst under the programme during 1990-95 was as under:

Year	Name of implementing agency	Budget provision/funds released by the Government of India	Funds released to the implementing agencies	Expenditure incurred	Excess (+)/Savings (-)
(Rupees in lakhs)					
1990-91		16.50			
	RDD		16.50	51.62	(+) 35.12
	HIMURJA		-	-	-
	Agro-Industries		-	-	-
1991-92		63.77			
	RDD		43.03	22.01	(-) 21.02
	HIMURJA		10.03	8.63	(-) 1.40
	Agro-Industries		10.71	10.21	(-) 0.50
1992-93		24.20			
	RDD		11.32	15.19	(+) 3.87
	HIMURJA		11.04	9.05	(-) 1.99
	Agro-Industries		1.84	0.90	(-) 0.94
1993-94		22.94			
	RDD		11.55	11.43	(-) 0.12
	HIMURJA		9.55	9.96	(+) 0.41
	Agro-Industries		1.84	0.13	(-) 1.71
1994-95		25.38			
	RDD		14.32	14.32	-
	HIMURJA		11.06	13.09	(+) 2.03
	Agro-Industries		-	-	-
	RDD		96.72	114.57	(+) 17.85
	HIMURJA		41.68	40.73	(-) 0.95
	Agro-Industries		14.39	11.24	(-) 3.15
	Grand Total	152.79	152.79	166.54	(+) 13.75

Following points were noticed:

- (i) No funds were demanded by the Agro-Industries during 1994-95 because of unutilised balance of Rs. 3.15 lakhs as of March 1994. The Production Manager, Agro-

¹ Bilaspur, Hamirpur, Mandi, Solan and Una

² Amb, Bangana, Bhoranj, Bijri, Bilaspur, Chauntra, Dharampur (Mandi district), Dharampur (Solan district), Gagret, Ghumarwin, Gohar, Gopalpur, Hamirpur, Jhandutta, Jogindernagar, Kandaghat, Karsog, Kunihar, Mandi, Nadaun, Nalagarh, Rewalsar, Seraj, Solan, Sundernagar, Sujanpur and Una

³ Bilaspur, Barsar, Hamirpur, Mandi, Solan and Una

Industries stated (April 1995) that beneficiaries were reluctant to purchase these *chulhas* since these did not meet their requirement due to large family size.

(ii) The release by the Government of India to RDD during 1990-95 totaling Rs. 96.72 lakhs against which an expenditure of Rs. 114.56 lakhs was incurred. Of Rs. 71.08 lakhs received by the State Government from the Government of India during 1990-91, 1991-92 and 1993-94, Rs. 20.42 lakhs were released to the RDD during subsequent years. The Director, RDD stated (March 1995) that the Department had to divert funds from other state heads for achieving the targets fixed under the programme.

(iii) In five DRDAs, interest of Rs. 1.90 lakhs earned on deposit on saving bank accounts between 1990-91 and 1994-95 was not deposited in Government accounts. The Project Officers attributed (December 1994-April 1995) the same to not receiving instructions in this regard.

(B) Implementation of the programme

(a) Physical performance

The targets for installation of *Chulhas* in the State and achievements against these were as follows:

Year	Agency	Targets	Achievements	Percentage of shortfall
(Chulhas in numbers)				
1990-91	RDD	50,000	51,852	-
	HIMURJA	-	-	-
	Agro-Industries	-	-	-
1991-92	RDD	20,000	24,731	-
	HIMURJA	9,800	10,564	-
	Agro-Industries	10,000	9,858	1
1992-93	RDD	20,200	20,852	-
	HIMURJA	15,000	14,038	6
	Agro-Industries	5,000	1,026	79
1993-94	RDD	20,000	24,579	-
	HIMURJA	15,000	14,931	-
	Agro-Industries	5,000	189	96
1994-95	RDD	20,000	24,672	-
	HIMURJA	15,000	17,560	-
	Agro-Industries	5,000	-	100
Grand Total		2,10,000	2,14,852	

(i) While the achievement by RDD was more than the targets fixed, shortfall in achievements of Agro-Industries ranged between 79 and 100 per cent during 1992-93 to 1994-95.

(ii) Against the norms of 20 and 10 per cent of targets to be covered in scheduled castes(SCs) and schedule tribes(STs) areas/households respectively, the coverage of SCs ranged between 9 and 14 per cent whereas coverage of STs was negligible. The BDOs stated (December 1994 and March 1995) that SC/ST beneficiaries were not interested in getting the *chulhas* installed.

(b) Non-functioning of chulhas

Under the scheme, trained SEW's were to remain available for repair and maintenance of old *chulhas* in the ensuing year and were to be paid between Rs. 5 and Rs. 10 in respect of portable and fixed *chulhas* respectively.

Test-check of records of BDOs in selected districts revealed that no expenditure was incurred on repair and maintenance of old *chulhas*. BDOs stated that neither was there any budget provision nor was it demanded from higher authorities.

Of 28,676 improved (fixed) *chulhas* installed during 1990-95 in five districts by RDD, 11,030 *chulhas* (38 per cent) on which subsidy aggregating Rs. 6.93 lakhs had been paid became non-functional and were dismantled by the beneficiaries. The BDOs stated (December 1994 - April 1995) that these *chulhas* became non-functional because of broken pipes on account of prolonged use which could not be replaced due to paucity of funds.

(c) Survey

Due priority in implementation was to be given to the areas experiencing serious deforestation and fuel scarcity, hilly areas where wood is used for cooking, semi-urban and slum areas, community kitchens of hospitals, hostels, military and para-military forces, religious and charitable institutions, *dhabas*, hotels, commercial and industrial establishments using wood/other biomass as fuel, etc.

Test-check revealed that identification of these areas was not carried out by any of the three implementing agencies and as such coverage of these priority areas could not be verified. The Director, RDD stated (March 1995) that no targets could be fixed for installation of improved *chulhas* (ICs) in various institutions because no model of *chulha* was recommended by the TBU.

(d) Excess payment of subsidy

The *chulhas* were to be given to the beneficiaries at subsidised rates. Since Himachal Pradesh was categorised a hilly State, subsidy for portable type of *chulha* was payable at the rate of 75 per cent of the approved cost of the model up to 1992-93 and 50 per cent subject to a maximum of Rs. 75 from 1993-94.

Test-check of records in 5 districts revealed that in 7,322 out of 64,055 cases subsidy on full cost amounting to Rs. 3.40 lakhs was paid during 1991-95 and it was not restricted to the prescribed limit(s). The Project Officers/BDOs, while admitting the excess payment of subsidy, stated (December 1994 to April 1995) that the matter would be investigated and recovery effected.

(e) Non-realisation of contribution from beneficiaries

(i) According to the instructions of the Government of India, Ministry of Non-conventional Energy Sources (MNES) (December 1994 to April 1995) each beneficiary was required to pay Rs. 5 per *chulha* towards cost of materials for installation of fixed *chulhas*.

Test-check revealed that during 1990-95 contribution totalling Rs. 0.29 lakh on account of cost of material had not been realised from 5,704 out of 6,664 beneficiaries in 6 Blocks⁴. The BDOs attributed (December 1994 and March 1995) this to reluctance of beneficiaries to pay the contribution.

(ii) A satisfactory completion/installation certificate and performance certificate in respect of each *chulha* constructed/installed was required to be obtained after installation from the BDOs on joint declaration-cum-verification certificate under joint signatures of the beneficiaries and the trained workers with particulars of model of *chulhas* installed, date of installation, etc.

Test-check in five districts revealed that out of 28,676 fixed *chulhas* installed by BDOs during 1990-95, the certificates were obtained only in 1,955 cases. The BDOs attributed (December 1994 - April 1995) this to the fact that they did not receive instructions in this behalf. The reply of the BDOs is not tenable as the certificate was required to be obtained as per guidelines for implementation of programme and had been so obtained in 1,955 cases.

(f) Training

(i) For successful implementation of the programme on a large scale it was essential to raise a force of trained workers, predominantly women, who would subsequently also act as trainers.

To achieve this objective Ministry of Non-conventional Energy Sources (MNES) prescribed a training schedule of programmes ranging from 1 to 10 days to be followed by implementing agencies. It was noticed that out of 320 SEWs only 173 were actually trained. The shortfall in achievement of targets of training to be imparted by TBU during 1990-95 ranged between 10 and 100 per cent. The shortfall in achievement was attributed (March 1995) by the TBU to shortage of staff.

(ii) The programme envisaged construction of three demonstration *chulhas* in

actual households by each SEW during the course of training to facilitate practical training. The TBU had organised 4 training courses attended by 173 SEWs during 1990-95 at different places in the State after incurring an expenditure of Rs. 2.18 lakhs. Against 519 *chulhas* to be constructed, no *chulha* was actually constructed by SEWs. The TBU stated (March 1995) that these *chulhas* could not be constructed as mud, sand, cow-dung, *bhoosa*, etc., were not purchased by the BDOs despite availability of funds.

(g) Self employed workers

(a) Each block was to be manned by SEW, preferably women, deployed in the field after proper training. A target of 200 *chulhas* during 1990-91, 300 *chulhas* each during 1991-92 and 1992-93 and 500 *chulhas* each during 1993-94 and 1994-95 was to be achieved by each SEW.

However, the average number of *chulhas* installed by each SEW ranged from 58 to 83 against the prescribed norms. The BDOs attributed (December 1994 to April 1995) the shortfall to the trained SEWs not taking interest.

(b) A supervisory fee of Rs. 20 up to 1992-93 and Rs. 25 thereafter was to be paid to the trained worker for installation of each fixed *chulha* in two instalments. The first instalment was to be paid after installation of *chulha* and the second instalment after at least two months of its satisfactory performance. It was, however, noticed that in all the cases the fees had been paid in lumpsum after installation. In 82 cases out of 103, payment totalling Rs. 0.65 lakh was made by the BDOs after delay of 4 to 33 months after installation of *chulhas*. In 21 out of 103 cases, payment aggregating Rs. 0.19 lakh was still to be made though a period of 24 to 36 months had already elapsed. The BDOs stated (December 1994 to April 1995) that payment could not be made in time due to late/non-submission of bills by SEWs.

(h) Core organisational support

The core organisational support, which prescribed creation of posts like Sr. Scientific Officer, Supervisor/Co-ordinator, etc., in the State and other implementing agencies for smooth implementation of the programme, had not been created in any of these agencies. The work was being managed with the existing staff strength. The Director, RDD admitted (March 1995) that this proved to be a handicap in the smooth and satisfactory implementation of the programme.

(i) Monitoring and evaluation

(a) The implementing agencies were required to monitor the programme at the

grass root level. Hundred *per cent chulhas* at block/village level; 10 *per cent* at district level and at least 2 *per cent chulhas* at State level were to be surveyed and follow-up action taken at State level. Feed back reports were to be sent to MNES.

No visits were made by any of the functionaries of the three implementing agencies in the State during 1990-95 to monitor the programme.

Director, RDD intimated (April 1995) that due to their engagement in other activities of the Department, survey/visits could not be conducted.

(b) An evaluation survey conducted by the National Council of Applied Economic Research, New Delhi from 1988-89 to 1991-92 on improved *chulhas* showed that out of 498 *chulhas* selected for check in Himachal Pradesh, only 383 (77 *per cent*) were found working, 14 (3 *per cent*) working but not in use, 11 (2 *per cent*) not working and 83 (17 *per cent*) dismantled; 7 (1 *per cent*) were not found to have been installed at all.

The Director, RDD stated (March 1995) that follow-up action could not be initiated due to non-receipt of survey report.

(c) The survey conducted by the TBU during 1990-93 disclosed that 837 improved *chulhas* were installed during the period in seven districts⁵ out of which 665 were surveyed. Of these, 457 were working and fuel saving was reported from 262 *chulhas*; 173 were broken, 4 were not working, 14 had not been installed and 17 *chulhas* had been installed outside the kitchen.

No further survey had been conducted (March 1995) to ascertain the impact of the programme.

These points were referred to Government in June 1995; reply had not been received (September 1995).

3.6 Non-deposit of interest into the treasuries

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

Deputy Commissioners place funds at the disposal of Block Development Officers for the execution of various schemes. It was noticed (June 1994 to

February 1995) in audit that pending execution/completion of the works, funds so received in 10 blocks¹ were deposited by the Block Development Officers in local banks. An amount of Rs. 14.68 lakhs was earned as interest on the bank deposits between 1985-94. Of this, Rs. 2.29 lakhs (including Rs. 0.59 lakh at the instance of Audit) were deposited into the treasury. Rupees 1.49 lakhs were unauthorisedly utilised towards departmental expenditure in two blocks (Nichar: Rs. 0.80 lakh and Theog: Rs. 0.69 lakh) during 1986-94. Balance amount of Rs. 10.90 lakhs had not been deposited into the treasury as of April 1995.

Thus, non-adherence to financial rules resulted in funds amounting to Rs. 10.90 lakhs not being remitted to Government accounts and unauthorised utilisation of Rs. 1.49 lakhs towards departmental expenditure.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

3.7 Non-transfer of water supply and irrigation schemes

The State Government decided (April 1987) to transfer all the water supply and minor irrigation schemes constructed by the Rural Development Department (RDD) to Irrigation and Public Health Department (I&PH) by 30 June 1987. The funds available during 1987-88 for such schemes were transferred to the I&PH Department and thereafter no funds were provided to the RDD for the repair and maintenance of these schemes.

It was noticed (1994-95) in audit that of the 916 schemes completed at the cost of Rs. 100.45 lakhs during 1958 to 1993 in 21* blocks, only 35 schemes (cost: Rs. 3.49 lakhs) had been handed over to I&PH Department as of March 1995. Of the remaining 881 schemes, 476 schemes constructed at the cost of Rs. 54.26 lakhs had become non-functional between 1968 and 1993 for want of maintenance and 405 schemes (cost: Rs. 42.70 lakhs) were not being maintained properly as no funds for this purpose were provided to the RDD. Thus, the failure of RDD to comply with the instructions to transfer these schemes resulted in depriving the beneficiaries of the intended benefits from 476 non-functional schemes and in 405 schemes not being maintained.

¹ Anl, Bhawarna, Dehra, Gopalpur, Kalpa, Lambagaon, Nichar, Nirmand, Sundernagar and Theog

Bilaspur Sadar, Jhandutta, Ghumarwin, Nadaun, Sujanpur, Rait, Lambagaon, Dehra, Pragpur, Nagrota Bagwan, Bhawarna, Nurpur, Rekong Peo, Pooh, Nichar, Anl, Nirmand, Theog, Rewalsar, Sundernagar and Gopalpur

The matter regarding transfer of the remaining schemes was reported by the Block Development Officers to be under correspondence with the I&PH Department.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

Education Department

3.8 Mismanagement of manpower

The jeep in the office of the Principal, College of Teachers Education, Dharamsala went off the road in December 1988 and was condemned and auctioned in March 1992. No vehicle was provided in place of the auctioned vehicle. Meanwhile, the driver of the vehicle was transferred in June 1989 but a substitute was posted in the same month. The driver remained without work up to August 1994. In the absence of a vehicle, the Principal ordered in August 1994 that services of the driver be utilised in the college library though he was not trained for the job. On this being pointed out (December 1994) in audit the Principal admitted the facts.

Thus, the expenditure of Rs. 1.75 lakhs incurred on the pay and allowances of the driver from December 1988 to November 1994 had not served the intended purpose.

The matter was referred to Government in March 1995; reply has not been received (September 1995).

3.9 Non-completion of buildings

Under the Centrally sponsored scheme 'Restructuring and Reorganisation of Teachers Education, 100 per cent Central assistance was to be provided for setting up of new District Institutes of Education and Training (DIETs) and upgrading/developing the existing Secondary Teacher Education Institutions (STEIs) into Colleges of Teachers Education (CTEs).

Test-check of the records relating to the scheme in the office of the Director of Education revealed (June 1995) that construction of 11 DIET buildings¹ and College of Teachers Education at Dharamsala was sanctioned by the Government of India during 1988-1995. Rupees 693.15 lakhs were released by the Government of India during this period. Of this, Rs. 583.50 lakhs were advanced to the State Housing Board for the

construction of 9 DIET buildings². Balance of Rs. 109.65 lakhs were retained by the Public Works Department for construction of DIET buildings at Dharamsala and Hamirpur.

Following points were noticed:

(i) Construction of 4 DIET buildings³ taken up by Housing Board between 1988-89 and 1994-95 were under construction (June 1995) even after spending Rs. 189.90 lakhs up to March 1995. Construction of 5 DIET buildings⁴ had not even been taken up by the Housing Board as of June 1995.

(ii) While the construction of DIET building at Dharamsala had been taken up by the Public Works Department in January 1995, the work on DIET building at Hamirpur had not been taken up due to the site not having been handed over by the Education Department as of June 1995.

The delay in the execution/completion of these DIET buildings was attributed (June 1995) by the Director of Education to non-finalisation of tender documents/detailed estimates of civil works by the executing agencies and delay in selection of sites.

(iii) Funds amounting to Rs. 448.60 lakhs were lying unutilised with the Housing Board (Rs. 393.60 lakhs) and Public Works Department (Rs. 55 lakhs) as of June 1995 resulting in blocking of funds received as Central assistance.

(iv) Consequent upon upgradation of BEd College, Dharamsala into College of Teachers Education (CTE), Rs. 19 lakhs was placed at the disposal of the Public Works Department (PWD) by the Education Department during 1992-93 for construction of CTE building. The PWD depicted the amount as utilised by way of booking of material against civil works in March 1994. Of this, material worth Rs. 14.38 lakhs was written back in May 1994 due to non-finalisation of the drawings of the work.

The Director of Education (Secondary) stated (June 1995) that the work could not be started by the PWD due to non-finalisation of tenders and contract agreements. Consequently the programmes which were to be carried out by the DIETs/CTEs as

2 Bilaspur, Chamba, Kullu, Mandi, Nahan, Rekong Peo, Shimla, Solan and Una

3 Chamba, Mandi, Nahan and Shimla

4 Bilaspur, Kullu, Rekong Peo, Solan and Una

envisaged in the scheme were not started by the Department.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

Technical Education Department

3.10 Blocking of funds

Government decided (May 1988) to introduce new trades of electronics and mechanics, and computers from August 1992, and August 1993 respectively in the Industrial Training Institute, Mandi under the World Bank Skill Development Project. While sanctioning the posts of instructors for these trades in January 1993, Government directed the Director, Technical Education to fill up these posts from the surplus staff of Government/Corporate Bodies in the State. The Director, Technical Education, requested (March 1993) Government to allow him to fill up these posts either by promotion or through the State Public Service Commission as the candidates of required qualification were not available with the Corporate Bodies. The decision of Government was awaited as of June 1995.

In the meantime, machinery and equipment valued at Rs. 8.58 lakhs were purchased (1991-93), but the trades could not be started due to instructors for these trades not being posted.

Thus, the expenditure of Rs. 8.58 lakhs on the purchase of equipment resulted in blocking of funds due to lack of planning by the Department. Besides, the trainees continued to be deprived of the opportunity to learn the new trades.

The matter was referred to Government in March 1995; reply has not been received (September 1995).

Revenue Department

3.11 Delay in revision of district gazetteers

On the recommendations of an Expert Committee, the Government of India requested (November 1956) all the State Governments to take up the revision of district gazetteers in their respective states as the existing gazetteers had become outdated. The purpose was to bring out new issues of the gazetteers on a uniform pattern for all states with up to date information, as important reference works with a high standard of accuracy and objectivity as well as presentation. The Committee recommended that the work be completed within five years.

In Himachal Pradesh, this work was taken up in December 1960. Only five

district gazetteers¹ were published between 1964 and 1975. The gazetteer for Shimla district printed in March 1986 was not released due to dispute with the private printer over the quality of printing and no further progress had been made in the matter.

The compilation of other five district gazetteers² was started in 1976-77 and drafts were made ready in 1986. These had been edited at the level of Senior Editor/Editor but were awaiting approval of the Editor-in-Chief as of November 1994. The work for Solan district was yet to be started.

No district gazetteer was published after 1975 though expenditure aggregating Rs. 122.60 lakhs was incurred on the staff of the State District Gazetteers during April 1976 to March 1995. The work which was envisaged to be completed within five years was still incomplete even after 34 years.

While admitting the failure in achievements, the Senior Editor, Gazetteers stated (August 1994) that officers viz., Editor-in-Chief and State Editor posted from outside the gazetteers cadre generally did not relish the nature of the work perhaps due to lack of experience and taste for literary pursuits and absence of any facility attached with the job. The officers had also been subjected to frequent transfers and there had been no whole time Editor-in-Chief.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

3.12 Incomplete *patwarkhana* buildings

Construction of five *patwarkhana* buildings in Una district was administratively approved for Rs. 2.40 lakhs between March 1984 and September 1986. The works, stipulated to be completed within one year, were started between May 1984 and November 1986 without getting technical sanctions. It was noticed (November 1994-January 1995) in audit that after incurring an expenditure of Rs. 2.89 lakhs up to March 1994, all the buildings were left incomplete for want of additional funds. No action had been taken to obtain additional funds for completing the construction. Meanwhile, one building (expenditure: Rs. 0.53 lakh) was declared (April 1993) unsafe by Sub-Divisional Magistrate, Una. Thus, expenditure of Rs. 2.89 lakhs on five works had remained unfruitful.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

¹ Bilaspur, Chamba, Kinnaur, Lahaul and Spiti and Sirmour

² Hamirpur, Kangra, Kullu, Mandi and Una

Tourism and Civil Aviation Department

3.13 Idle investment

Meteorological data was required to be collected for five years before construction of six¹ airstrips proposed in the State. Accordingly, Government sanctioned (January 1989) Rs. 7 lakhs for the purchase of six sets of meteorological instruments and six porta cabins for setting up six observatories. However, at the time of purchase of porta cabins it was proposed to construct airstrips at Banikhet, Rangrik, Hamirpur and Rati. The Department purchased in December 1989 four porta cabins at the cost of Rs. 2.65 lakhs along with equipment worth Rs. 2.74 lakhs.

Five Assistant observers were also recruited for the purpose in October 1989. A sum of Rs. 3.06 lakhs was incurred on their pay and allowances up to May 1992 when these posts were converted into posts of clerks. It was noticed in audit (June 1994) that all the four porta cabins were lying uninstalled (March 1995) as the work on the proposed airstrips had been deferred in March 1990 for lack of funds. The Director, Tourism and Civil Aviation stated (August 1995) that one cabin had been handed over to Himachal Pradesh Tourism Development Corporation for use as a way side amenity at Jawalamukhi, two cabins were being transferred to Divisional Tourism Development Officer, Chamba for use as way side amenity at Kalatop and action was being taken separately to put the remaining one cabin to some use.

Thus, while the porta cabins costing Rs. 2.65 lakhs had not been used for the intended purpose, the equipment worth Rs. 2.74 lakhs was also lying unutilised as of August 1995. The expenditure of Rs. 3.06 lakhs on the salaries of 5 observers had also not served the intended purpose. The manner in which the equipment were proposed to be utilised was not intimated by the Department (August 1995).

The matter was referred to Government in May 1995; reply has not been received (September 1995).

3.14 Unfruitful expenditure on Pilots training

Himachal Pradesh Civil Aviation Training Rules, 1988 provide for payment of scholarships by the Tourism and Civil Aviation Department to candidates selected for

flying training, to the extent of 70 and 75 per cent for Private Pilot License (PPL) and Commercial Pilot License (CPL) respectively, of the flying charges paid to Flying Clubs, where training was imparted. Candidates were required to complete 60 flying hours for PPL, 190 flying hours for CPL and 250 flying hours for both PPL and CPL training. In view of the high cost of training, the State Government, while scrapping the scheme in June 1990, ordered that past liabilities in case of candidates already undergoing training at various institutions, be fully met.

It was noticed (June 1994) in audit that scholarships aggregating Rs. 3.65 lakhs were paid during 1985-86 to 1991-92 for providing training to 12 candidates who had completed flying hours ranging between 8.30 and 177, but had not completed training as of March 1995. Thus, the expenditure of Rs. 3.65 lakhs remained unfruitful.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

Food and Supplies Department

3.15 Revamped public distribution system for tribal and backward areas

To improve the availability of essential commodities like wheat and rice to the most vulnerable section of society in the 7 identified socio-economically disadvantaged blocks¹ in 3 districts, situated in tribal areas of Himachal Pradesh, the Revamped Public Distribution System (RPDS) was introduced in June 1992 in the State. The implementation of the scheme was the joint responsibility of the Central and State Governments. While the Central Government was to procure, store and transport Public Distribution System (PDS) items, the State Government was responsible for lifting these commodities from central godowns/mills and distribute these at a specially subsidised uniform pre-determined end price to consumers through a net work of Fair Price Shops (FPS). The objectives of the scheme were (i) to maintain uninterrupted flow of essential commodities at affordable prices to the common man throughout the year; and (ii) to supply essential commodities to poor and vulnerable sections of society specifically in the far flung, hilly, remote and inaccessible areas.

The system was being implemented by the Director, Food and Supplies (Director) who was assisted by the District Food and Supplies Controller in the districts.

1

Bharmour, Pangl (Chamba district) Nichar, Kalpa, Pooh (Kinnaur district) and Keylong, Kaza (Lahaul and Spiti district).

Important points noticed during a test-check of implementation of the system during 1992-95 in 4 out of the 7 identified blocks² conducted during March-June 1995 are mentioned in the succeeding paragraphs.

3.15.1 Financing

The Government of India provided assistance to the states in the form of loan/subsidy for various components of the scheme. Accordingly, the Government of India issued foodgrains meant for distribution in the areas identified under the RPDS at a specially subsidised central issue price (CIP) which was Rs. 50 per quintal lower than the CIP for PDS. Of the special subsidy of Rs. 50, Rs. 25 per quintal only were to be passed on to the consumer in these areas and the balance of Rs. 25 per quintal were meant for handling costs/commissions, etc. Additional expenditure on this account, if any, was to be met out of the State resources. For the purchase of vans, the scheme was liberalised in 1992-93 by enhancing subsidy component from 25 to 50 per cent and reducing loan component from 75 to 50 per cent.

Following table indicates the subsidy borne by the Central/State Government in supply of commodities during 1992-93 to 1994-95:

Year	Commodities	Quantity lifted (In quintals)	Subsidy borne by		Total subsidy
			Government of India	State Government	
(Rupees in lakhs)					
1992-93	Wheat	88,300	44.15	24.27	87.14
	Rice	27,500	13.75	4.97	
	Total	1,15,800	57.90	29.24	
1993-94	Wheat	75,250	37.63	29.80	98.13
	Rice	18,600	9.30	21.40	
	Total	93,850	46.93	51.20	
1994-95	Wheat	62,450	31.23	28.67	72.56
	Rice	13,800	6.90	5.76	
	Total	76,250	38.13	34.43	

In addition, Rs. 88 lakhs were sanctioned by the Government of India during 1993-94 (Rs. 48 lakhs) and 1994-95 (Rs. 40 lakhs) for purchase of vans. Of this, an expenditure of Rs. 68 lakhs had been incurred during 1993-94 (Rs. 48 lakhs) and 1994-95 (Rs. 20 lakhs).

Following points emerged as a result of test-check.

(i) The Government of India sanctioned (December 1994) Rs. 40 lakhs by way of loan (Rs. 20 lakhs) and subsidy (Rs. 20 lakhs) to the State Government for purchase of 10 vehicles for operation of mobile fair price shops during 1994-95. Without drawing the amount of loan the Department had drawn in March 1995 only the subsidy portion of Rs. 20 lakhs and passed it on to the Himachal Pradesh State Civil Supplies Corporation (Corporation). This amount was lying unutilised till June 1995 as the matching loan portion had not been received by the Corporation. This had resulted in blocking of funds of Rs. 20 lakhs. The Director stated (May 1995) that the loan of Rs. 20 lakhs could not be drawn for want of provision in the budget estimates for 1994-95.

(ii) Subsidy of Rs. 0.75 lakh drawn in December 1994 for intelligence enforcement and manpower training for PDS had not been utilised for the intended purpose as of May 1995. The Director stated (May 1995) that the amount could not be utilised for want of finalisation of training programmes as of June 1995.

3.15.2 Physical targets and achievements

(a) Distribution of foodgrains

The scheme envisaged that wheat and rice would be provided to the persons living in the identified areas at a specially subsidised rate and the State Government was required to assess and place demands to the Government of India for allocation of these commodities.

According to the scale fixed (June 1992) by the Government of India, minimum 20 kilograms of foodgrains per month were to be supplied to each family in the identified areas. The quantities of wheat and rice allocated by the Government of India and lifted/utilised by the State Government in 7 RPDS blocks during 1992-93 to 1994-95 were as under:

Year	Number of families/ number of ration cards	Number of fair price shops	Commodity of RPDS supplied in the area	Quantity allocated by the Government of India	Quantity lifted by the State Government	Quantity utilised	Quantity short lifted
(In quintals)							
1992-93	31,503	161	(i) Wheat	1,40,400	88,300	65,817	52,100
			(ii) Rice	32,850	27,500	27,500	5,350
1993-94	31,026	162	(i) Wheat	1,40,400	75,250	62,335	65,150
			(ii) Rice	20,800	18,600	18,600	2,200
1994-95	30,832	168	(i) Wheat	1,40,400	62,450	53,801	77,950
			(ii) Rice	22,800	13,800	13,800	9,000
						Total	2,11,750

Following points were noticed:

- (i) There was short lifting of 2,11,750 quintals of RPDS commodities during 1992-95 with the quantity lifted decreasing from year to year. The Director stated (May 1995) that the short lifting of foodgrains was due to less requirement/demand from the field units due to better availability of produce in the area.
- (ii) In the identified areas, monthly scale of ration of rice was fixed at 6 kg per head out of which only 1 kg rice was supplied at RPDS rates and 5 kg rice at PDS rates.
- (iii) A test-check of records further revealed that 21,867 quintals of wheat valued at Rs. 71.35 lakhs were not accounted for in the stocks between 1992-93 and 1994-95 as detailed below:

Year	Opening balance	Receipt	Sold	Difference	Quantity actually in possession	Quantity not accounted for	Rate per quintal	Value
(Rupees in lakhs)			(In quintals)					(In rupees)
1992-93	--	88,300	65,817	22,483	13,963	8,520	280	23.96
1993-94	13,963	75,250	62,335	26,878	18,319	8,559	330	28.24
1994-95	18,319	62,450	53,801	26,968	22,180	4,788	402	19.25
Total		2,26,000	1,81,953	76,329		21,867	--	71.35

Reasons for non-accountal and action taken against defaulters called for (May 1995) from the Department were awaited as of June 1995.

(b) Extra avoidable burden on beneficiaries

Instructions issued (June 1992) by the Government of India stipulated that the State Government would take full advantage of the additional subsidy available for foodgrains supplied to the identified areas and thus, alleviate the poverty of the people living in these areas.

It was, however, noticed that during 1992-95, 68,033 quintals of rice and 16,966 quintals of wheat *atta* (114 and 9 per cent respectively of the total supplies of these commodities under RPDS) valued at Rs. 464.71 lakhs were supplied to the beneficiaries at the PDS rates. This resulted in extra avoidable financial burden to the beneficiaries of Rs. 64.07 lakhs by way of difference in cost of commodities supplied under normal PDS rates and the rates under RPDS. Thus, the beneficiaries were not provided full benefits as envisaged under the scheme.

3.15.3 Mobile fair price shops

The Government of India sanctioned Rs. 48 lakhs in June 1993 (Rs. 32 lakhs) and August 1993 (Rs. 16 lakhs) by way of loan (Rs. 24 lakhs) and subsidy (Rs. 24 lakhs)

for purchase of 12 vehicles for strengthening the PDS through operation of mobile fair price shops in the identified areas of the State. This amount was placed at the disposal of the Corporation by November 1993. The Corporation purchased 12 vehicles between June 1993 and November 1993 and utilised the same as trucks for the carriage of foodgrains from the base depot of the Food Corporation of India to the various godowns instead of utilising these as mobile fair price shops, as required. It was further noticed that of the 12 vehicles, 5 vehicles were deployed in the identified blocks whereas the remaining 7 vehicles were used in areas other than the RPDS blocks. Thus, the intended purpose of deploying all the vehicles in the identified areas for mobile fair price shops was not achieved. The Director admitted (May 1995) that the vans were not being utilised as mobile fair price shops. In spite of these 7 vehicles not being utilised as intended Government of India sanctioned a further Rs. 40 lakhs (December 1994) for purchase of vans for use as mobile fair price shops.

3.15.4 Intelligence enforcement and manpower training

The Department was required to fix targets relating to intelligence enforcement and manpower training for RPDS.

No targets for this programme were fixed by the Department and no training was imparted since inception of the scheme, reasons for which were not intimated (June 1995).

3.15.5 Evaluation

No evaluation of the RPDS scheme was undertaken by the Department or any other agency since its inception to judge its impact in the related areas as of June 1995. The Director stated (May 1995) that evaluation was proposed to be undertaken during 1995-96.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

Co-operative Department

3.16 Himachal Pradesh Co-operative Credit Institutions Debt Relief Scheme, 1990

As per provisions contained in "Agricultural and Rural Debt Relief Scheme, 1990" of the Government of India, the State Governments were required to frame and put into operation a scheme on similar pattern in so far as banks in co-operative sector

were concerned. Accordingly, the State Government approved (July 1990) a similar scheme, 'the Himachal Pradesh Co-operative Credit Institutions Debt Relief Scheme, 1990' authorising co-operative banks to provide debt relief on short term loans including converted rescheduled medium term loans up to Rs. 10,000 to borrowers (individual farmers or artisans). The expenditure was to be shared equally by the Central and the State Government.

The share of Central Government was to be routed through the National Bank for Agriculture and Rural Development (NABARD). However, since NABARD agreed (June 1990) to provide a loan to the State Government equal to the State's share also at 10 per cent interest, the total amount was payable by NABARD directly to the Himachal Pradesh State Co-operative Bank (HPSCB), Shimla inclusive of both Central and State shares. This was to be inclusive of the share of the Kangra Central Co-operative Bank (KCCB), Jogindra Central Co-operative Bank (JCCB) and Himachal Pradesh Co-operative Agriculture and Rural Development Bank Limited (ARDB).

According to the scheme, the banks were to determine eligible loans, sanction their waiver and then submit the consolidated claims in respect of the amount of relief to NABARD and the State Government for remittance of respective shares. For maintaining liquidity of Co-operative Banks, NABARD could disburse part of the claim in advance out of funds received from the Government of India. The amount of loans to be written off was determined (February 1991) by the co-operative banks at Rs. 3077 lakhs in respect of 1,71,874 beneficiaries.

Test-check (October-December 1994) of records of the Registrar Co-operative Societies, various Circles under him and information furnished by other institutions in respect of the scheme revealed the following points:

(i) The first instalment of State share and Central share amounting to Rs. 266 lakhs was received (Rs. 200 lakhs) by the HPSCB (January 1991) and (Rs. 66 lakhs) by ARDB (December 1990). Contrary to the provisions of the scheme, the Department made, out of State funds, advance payment (March 1991) of Rs. 2810.49 lakhs equal to the balance amount to be written off to the HPSCB (Rs. 2600.93 lakhs including the share of KCCB and JCCB) and ARDB (Rs. 209.56 lakhs) in the shape of grant-in-aid for utilisation under the scheme.

(ii) Loan of Rs. 1383.21 lakhs¹ as part of 50 per cent State share was also received from NABARD by the HPSCB and ARDB between July 1991 and December 1994. Of the total loan of Rs. 1516.21 lakhs, Rs. 920.40 lakhs were

refunded by HPSCB between March 1991 and April 1994 along with interest of Rs. 147.91 lakhs. Further, interest of Rs. 51.21 lakhs would be payable on the balance loan of Rs. 595.81 lakhs till the date of its repayment (March 1997). Of the total interest of Rs. 199.12 lakhs, amount of Rs. 12.49 lakhs paid between 1990-91 and 1992-93 on the first instalment of Rs. 133 lakhs (50 per cent of Rs. 266 lakhs) was justified and the payment of balance interest of Rs. 186.63 lakhs could be avoided as the loan of Rs. 1383.21 lakhs taken after March 1991 was not required at all.

The accounts had not been reconciled by the Department with the Banks as of February 1995.

(iii) As the co-operative banks had received in March 1991 the full amount of loans to be written off in advance from the State Government, the amount of State share and Central share received subsequently from NABARD was to be deposited into the treasury. Out of Rs. 2584.42 lakhs received by HPSCB from NABARD between July 1991 and December 1994, Rs. 407.90 lakhs were deposited after 2 to 22 months delay and the ARDB deposited Rs. 6 lakhs out of Rs. 209.55 lakhs after six months. This not only resulted in unnecessary retention of Government money by the banks, but also loss of interest amounting to Rs. 41.84 lakhs to Government.

(iv) Loans aggregating Rs. 120.74 lakhs given for purposes other than those specified in the scheme, involving 8,723 borrowers were incorrectly written off by the 3 co-operative banks. No action was taken by the Department to get the amount recovered or regularised (February 1995).

Had the Department followed correct procedure of payment to the banks after scrutiny of claim statements, the amount incorrectly waived could have been withheld and saved.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

Ayurveda Department

3.17 Unfruitful expenditure

Approval to set up *Panch Karma* unit in Ayurvedic Hospital, Bilaspur was accorded in September 1990 by Government. Accordingly, sanction for creation of posts for manning the unit was accorded in March 1991 by the Director, Ayurveda and the posts of Ayurvedic *Chikitsa Adhikari* and *Ayurvedic Pharmacist* were filled in April 1991. Besides, necessary equipment like *Shirodhara Yantra*, *Sarvang Vasp Swadan Yantra* and furniture, etc., (cost: Rs. 0.60 lakh) was purchased for the unit in

March and September 1992. However, the unit could not be started due to non-posting of a *Panch Karma* trained *Chikitsa adhikari* and non-availability of accommodation. The services of the *Panch Karma* unit staff were utilised in the Ayurvedic Hospital over and above the sanctioned staff for the Hospital.

The Director Ayurveda stated (December 1994) that trained graduate doctor was not working in the Department and that a trained doctor would become available if Government sponsored a graduate doctor for training in *Panch Karma* studies. Steps taken to sponsor the doctor for training were not intimated.

The expenditure of Rs. 5.80 lakhs incurred on the pay and allowances (Rs. 5.20 lakhs) of the staff of the unit from April 1991 to March 1995 and purchase of equipment (Rs. 0.60 lakh) had not served the intended purpose and had remained largely unfruitful.

The matter was referred to Government in March 1995; reply has not been received (September 1995).

Miscellaneous Departments

3.18 Outstanding inspection reports

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot in the absence of complete replies are communicated to the heads of offices and higher departmental authorities through inspection reports. Serious and more important irregularities are also reported to the heads of departments and Government. Half-yearly reports of inspection reports and paragraphs outstanding for more than six months are forwarded to Government to expedite their compliance.

At the end of June 1995, 20,845 paragraphs included in 5,874 inspection reports issued up to December 1994 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 (In numbers)	Paragraphs
1.	Civil Departments	4,564	15,768
2.	Public Works (B&R)	483	1,887
3.	Irrigation and Public Health	304	1,183
4.	Forest Farming and Conservation	523	2,007
Total		5,874	20,845

Of these, the year-wise break-up of the outstanding reports and paragraphs in respect of Horticulture, Co-operation and Secondary Education departments, issued up to December 1994 but not settled as of June 1995 was as follows:

Serial number	Period	Horticulture		Co-operation		Secondary Education	
		Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
(In numbers)							
1.	Up to March 1989	33	40	13	20	423	1,046
2.	1989-90	15	25	9	23	66	302
3.	1990-91	15	16	8	20	51	143
4.	1991-92	15	15	6	21	46	136
5.	1992-93	15	34	6	27	138	424
6.	1993-94	18	104			63	190
7.	1994-95 (Up to December 1994)	13	67	5	32	155	460
Total		124	301	47	143	942	2,701

Replies to the inspection reports are required to be furnished to the Audit Office within a month of the receipt of inspection report by the concerned office. Of the three aforementioned departments, there had been a delay of one to three years in furnishing even first replies to the inspection reports from the following departments:

Name of department	Number of inspection reports/paragraphs to which first replies were received after delay of over					
	One year		Two years		Three years	
	Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
Co-operation	2	2	1	5	--	--
Secondary Education	18	86	4	12	5	6

Some of the typical irregularities commented upon in the outstanding

inspection reports of these three departments are broadly categorised below:

Serial number	Category of objection	Inspection reports (In numbers)	Paragraphs	Amount (Rupees in lakhs)
1.	Drawal of funds in advance of requirements/ blocking of funds	36	42	55.14
2.	Irregular expenditure for want of sanction, non-invitation of tenders, etc.	34	68	31.23
3.	Overpayments, non-recovery of rents and advances/ miscellaneous recoveries	96	233	32.66
4.	Non-accounting/shortages of stores	31	38	9.15
5.	Misappropriation, losses, thefts, etc.	28	30	45.72
6.	Non-production of actual payees' receipts/utilisation certificates	13	14	44.12
7.	Idle machinery/staff	12	12	2.40
8.	Non-production of records to Audit	9	9	1.05
9.	Outstanding loans	13	14	92.32
10.	Diversion of funds	2	3	14.33
11.	Injudicious/irregular purchases	20	28	12.64
12.	Non-conducting of physical verification of stores	5	5	--
13.	Non-disposal of unserviceable articles of stores	44	48	4.74
14.	Non-adjustment of TA/LTC and other establishment advances	23	26	2.28
15.	Irregular payments of TA/HRA and other miscellaneous payments	16	22	8.14
16.	Unfruitful expenditure	9	9	3.49
17.	Wrong waiving off of loans	1	1	257.00
18.	Surplus stores/staff	3	4	1.42
19.	Non-disposal of un-serviceable parts of vehicles	1	2	1.09
20.	Non-watching of progress of deposit work	1	1	32.50
21.	Non-accounting of cash in the cash book	3	4	5.77
22.	Irregular expenditure on repair and maintenance of vehicles	9	11	1.57
23.	Loss due to expiry of life of pesticides	2	2	1.23

Some of the interesting points included in the outstanding inspection reports are briefly mentioned below:

(i) Horticulture Department

(a) Loss due to expiry of life of pesticides

Rules require that purchases should be made against definite requirement of public service. Test-check of the records of District Horticulture Officer, Kinnaur conducted in October 1994 revealed that life of pesticides worth Rs. 0.92 lakh, procured between November 1982 and March 1985 had expired between October 1984 and March 1989. These pesticides were lying unused in the office of the District Horticulture Officer, Kinnaur at Rekong Peo, who had taken no action either to make good the loss or to fix responsibility for the lapse.

(b) Unfruitful expenditure

Director of Agriculture, without ascertaining the requirement of furniture from the Deputy Director of Horticulture, Kinnaur placed a supply order on his behalf in October 1993 on a Shimla based firm for 200 chairs and 5 tables costing Rs. 0.76 lakh. The payment of the material was made on its receipt in March 1994 out of the funds available under the Training and Extension Project of the World Bank.

It was noticed (September 1994) in audit that all the furniture was lying unutilised. The Deputy Director of Horticulture stated (September 1994) that no demand for the purchase of this furniture was sent to the Director of Horticulture/Agriculture. Thus, the purchase of furniture without requirement had resulted in blocking of funds to the tune of Rs. 0.76 lakh.

(ii) Co-operative Department**Outstanding loans**

Loans aggregating Rs. 63.07 lakhs (principal: Rs. 33.42 lakhs and interest: Rs. 29.65 lakhs) paid to 214 co-operative societies in 3 districts between 1962-63 and 1992-93 to improve their financial position were awaiting recovery by the Assistant Registrar Co-operative Societies (Mandi: Rs. 2.92 lakhs, Dharamsala: Rs. 35.82 lakhs, Nurpur: Rs. 1.17 lakhs, Palampur: Rs. 5.65 lakhs and Kullu: Rs. 17.51 lakhs)

(iii) Secondary Education Department**Idle equipment**

Science equipment and 3 automatic gas plants purchased by the Education Department between March 1989 and October 1992 at the cost of Rs. 0.91 lakh were lying unutilised in 5 schools since purchase due to non-establishment of laboratories and non-availability of electricity, etc. Non-utilisation of these equipment had resulted in blocking of funds of Rs. 0.91 lakh.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

3.19 Misappropriations, defalcations, etc.

The position of cases of alleged misappropriations, defalcations, etc., of Government money, reported to Audit up to the end of March 1995 and final action on

which was pending as of June 1995 was as follows:

Particulars	Number of cases	Amount (Rupees in lakhs)
Cases reported up to 31st March 1994 and outstanding on 30th June 1994	117	54.09
Cases reported during 1994-95	6	3.11
Cases disposed till June 1995	15	4.83
Cases outstanding on 30th June 1995	108	52.37

Of these, 20 cases (amount involved: Rs. 4.74 lakhs) were outstanding for more than 20 years. Fifty cases involving Rs. 37.40 lakhs pertained to Public Works (B&R) Department, 37 cases involving Rs. 6.45 lakhs pertained to Irrigation and Public Health Department and 5 cases involving Rs. 1.35 lakhs to the Forest Farming and Conservation Department. Of the 92 cases outstanding in these three Departments, 70 cases (amount involved: Rs 24.36 lakhs) were awaiting completion of departmental investigations.

CHAPTER-IV

WORKS EXPENDITURE

Public Works Department

4.1 National Highways

4.1.1 Introduction

National Highways (NH) are the main highways running through the length and breadth of the country and are constructed with the objective of connecting major ports, large industrial and tourist centres, etc. The Ministry of Surface Transport (MOST) (Ministry) is entrusted with the overall planning, sanctioning of projects and with the provisioning of funds from the Central budget for outlays on National Highways. The actual work of construction and maintenance of National Highways is entrusted to the respective State Governments on agency basis under the provisions of Article 258 of the Constitution. The estimates of works are prepared by the State Public Works Department and forwarded to the Ministry for according administrative approval and financial sanction. Based on these sanctions, the works are executed by the State Public Works divisions. The expenditure on construction and maintenance of NH works is initially met out of the State funds and subsequently reimbursed by the Ministry on receipt of accounts from the State Accountants General.

There are four National Highways¹ in the State having a total length of 760.35 kilometres.

4.1.2 Organisational set up

Up to June 1993, the State Public Works Department had been divided into two zones viz., North Zone and South Zone headed by a Chief Engineer and Engineer-in-Chief respectively who looked after the works relating to the National Highways in their respective zones. These works are now being looked after independently by Chief Engineer (NH) from July 1993 and he is assisted by Superintending Engineers. The

The abbreviations used in this review have been listed in the Glossary in Appendix-XI (Page 188)

¹ Ambala-Kalka-Shimla-Wangtoo road-NH-22 (324.85 kms), Chandigarh-Mandi-Manali road-NH-21 (228 kms), Jalandhar-Jammu-Srinagar-Uri road-NH-1A (11.10 kms) and Pathankot-Chakki-Mandi road-NH-20 (196.40 kms)

actual execution of works starts at divisional level. The overall control of the Department rests with the Commissioner-cum-Secretary (PW) to the State Government.

4.1.3 Audit coverage

Records relating to the construction and maintenance of National Highways for the period from 1990-91 to 1994-95 were test-checked in 12 (out of 18) divisions² between August 1994 and February 1995. This was supplemented by information supplied by the Chief Engineer (NH) and points already noticed during audit of various divisions. Important points noticed during test-check are narrated in the succeeding paragraphs.

4.1.4 Highlights

Expenditure incurred over 1990-95 was Rs. 9443.07 lakhs. However, claims aggregating Rs. 1095.39 lakhs had either been withheld or disallowed by the Ministry of Surface Transport for want of detailed information/documents. On the other hand, amounts aggregating Rs. 721.28 lakhs, received from the Telecommunication Department and Nathpa Jhakri Project Corporation, as compensation or for repair/improvement were not credited to Central Government. These amounts were kept instead in PW Deposits.

(Paragraph 4.1.5)

Consultant for conducting feasibility study of Pathankot-Chakki-Mandi road was appointed in September 1994 at a fee of Rs. 18 lakhs notwithstanding the fact that the road had already been declared a National Highway in 1989.

(Paragraph 4.1.7 (iv)(b))

Recovery in respect of useful stones worth Rs. 24.05 lakhs supplied short by the contractors in three divisions had not been made.

(Paragraph 4.1.7 (v))

Eight works awarded to contractors for Rs. 600.04 lakhs in four divisions were not completed. In 5 of these works alone, the extra expenditure involved on account of getting the left out works

completed was of the order of Rs. 138.78 lakhs or more. Recovery on this account was not ordered.

(Paragraph 4.1.7 (vi))

In 8 divisions, compensation amounting to Rs. 70.43 lakhs was not levied on contractors in respect of 21 works in respect of which progress was slow.

(Paragraph 4.1.7 (viii))

Built up spray grout work costing Rs. 101.86 lakhs was opened to traffic without covering it with final surfacing/seal coat rendering it liable to damage by traffic/rains.

(Paragraph 4.1.7 (ix)(b))

Cost of less bitumen consumed (Rs. 12.40 lakhs) on two works had not been recovered from the contractors as required under the provisions of the agreements.

(Paragraph 4.1.7(x))

Materials costing Rs. 12.09 lakhs were consumed in excess of the prescribed norms in six divisions for application of tack coat.

(Paragraph 4.1.8 (iii))

Aggregates worth Rs. 34.25 lakhs was not salvaged in one division, though these were considered good for sub-base and base courses in metalling/tarring work.

(Paragraph 4.1.9 (iii))

Against the compensation of Rs. 21.27 lakhs paid to the State Forest Corporation for felling of trees, the timber extracted could fetch Rs. 2.39 lakhs only.

(Paragraph 4.1.10 (v))

In five divisions, final bills of 10 works showed that the contractors owed the Government Rs. 65.98 lakhs.

(Paragraph 4.1.10 (ix))

Records of quality control tests had not been maintained in nine divisions test-checked.

(Paragraph 4.1.11)

4.1.5 Financial outlay

Year-wise details of budget allotment and expenditure incurred thereagainst were as under:

Year	Budget allotment	Expenditure
(Rupees in lakhs)		
1990-91	1720.88	1744.98
1991-92	1658.77	1676.20
1992-93	1679.55	1677.65
1993-94	2081.70	2088.74
1994-95	2014.78	2255.50
Total:	9155.68	9443.07

(i) Establishment and T&P costs were to be reimbursed by the Ministry as agency charges. According to the instructions of the Ministry issued in January and March 1990, expenditure incurred on purchase of inspection vehicles, petrol, oil and lubricants, stationery, telephones, furniture and tools and plants, etc., was to be met out of the agency charges. Claims on this account were, however, preferred by various divisions on the Pay and Accounts Office of the Ministry and were disallowed. Of the total claims lodged with the Ministry for reimbursement between 1979-80 and 1994-95, Rs. 1095.39 lakhs had either been disallowed (Rs. 47.96 lakhs) or withheld (Rs. 1047.43 lakhs).

The State Government was requested (October 1993 and August 1995) by the Accountant General to instruct the divisions concerned of the Department to furnish the requisite information/documents to get the withheld amounts released. There has not been any appreciable response and the balance of withheld amount was increasing. The amounts disallowed by the Pay and Accounts Office were required to be debited to the specific works (other than NH works) to which these pertained. Action taken to carry out the requisite adjustment was not known (May 1995).

(ii) In the following cases, adjustment had been made only to show utilisation of available funds.

(a) Rupees 19.65 lakhs were allotted to Bilaspur Division No. II (between December 1992 and March 1993) for renewal works which had neither been approved nor executed during 1992-93. The funds were shown as having been utilised on renewal works by making irregular book adjustments.

(b) In three divisions³, cost of materials such as bitumen, cement and steel valued at Rs. 25.91 lakhs debited to various works during March 1992 and March 1994 was written back to stock in the subsequent financial years. The divisional officers admitted the wrong adjustments.

(c) In Sundernagar Division, 130 drums of bitumen were issued (February 1992) to the work of strengthening of Chandigarh-Mandi-Manali road-NH-21 but cost of 1,300 drums at the rate of Rs. 850 per drum was charged to the work. The work was thus overcharged to the extent of Rs. 9.95 lakhs.

(d) In Baijnath Division, against the provision of 38.14 tonnes of bitumen (cost: Rs. 2.42 lakhs) in the estimate, 268.56 tonnes of bitumen costing Rs. 17.06 lakhs was booked (March and December 1993) to the work of metalling and tarring of extended portion of NH-20 from km 120/500 to 125/0. Thus the work was overcharged by Rs. 14.64 lakhs. The Executive Engineer stated (August 1995) that metalling and tarring work in a length of 2.340 kilometres out of the total length of 4.500 kilometres had been completed consuming 22.31 tonnes of bitumen and the balance work was in progress. It was also stated that 99.06 tonnes bitumen valued at Rs. 6.51 lakhs was transferred to other works and adjusted in monthly accounts from October 1994 to June 1995. Most of the balance material was also stated to have been utilised on other needy works.

(iii) Compensation of Rs. 139.28 lakhs was received from Telecommunication Department on account of damage to National Highway Nos 21 and 22 due to digging of trenches for the laying of optical fibre cables in four divisions⁴ between October 1989 and January 1995. Instead of crediting this amount to the Central Government, it was kept in PW Deposits and expenditure of Rs. 35.57 lakhs incurred thereagainst up to January 1995 on restoration work of both the National Highways.

Similarly, in NH Division, Rampur Bushehar, Rs. 582 lakhs received from Nathpa Jhakri Project Corporation (NJPC) for repair/ improvement of NH-22 was kept in PW deposits instead of crediting it to Central receipt head.

Convincing reasons for deviation from the established accounting procedure had not been intimated (March 1995).

3 Baijnath, Shimla-II and Sundernagar

4 Baijnath: Rs. 8.16 lakhs, Jogindernagar (NH): Rs. 30.63 lakhs, Rampur (NH): Rs. 2.37 lakhs and Solan (NH): Rs. 98.12 lakhs

4.1.6 Targets and achievements

Targets fixed and achievements thereagainst in respect of different components of National Highways from 1993-94 to 1994-95 are tabulated below:

	1993-94			1994-95		
	Targets	Achievements	Shortfall	Targets	Achievements	Shortfall
Formation cutting (kms)	30.70	36.00	--	24.25	26.50	--
Cross drainage works (kms)	22.75	29.56	--	24.00	25.40	--
Metalling and tarring (kms)	14.00	20.38	--	22.75	29.30	--
Strengthening of existing crust (kms)	18.00	18.75	--	16.00	16.80	--
Construction of bridges (Nos)	4	2	2	4	3	1

Information for the period prior to 1993-94, though called for in August 1994, had not been received as of May 1995.

4.1.7 Execution of works

(i) Delay in commencement of works

According to the Ministry's instructions, the execution of National Highway works should be started within one year of the accord of administrative approval (A/A) failing which fresh A/A shall be required.

(a) In 6 divisions⁵, 10 works (estimated cost: Rs. 500.86 lakhs) were not started within the stipulated period of one year. Of these, 4 works (estimated cost: Rs. 388.41 lakhs) sanctioned between March 1991 and March 1992 were started late by 8 to 25 months. The remaining 6 works costing Rs. 112.45 lakhs sanctioned between 1990-91 and 1992-93 had not been started even after lapse of 21 to 33 months. Fresh A/As had not been obtained in these cases, as required.

(b) In Sundernagar Division, a pavement strengthening work was sanctioned (estimated cost: Rs. 244.17 lakhs) in March 1991. The commencement of the work was delayed by 25 months due to (i) abnormal time of one year taken by the Ministry in returning the prequalification tenders and (ii) litigation involved owing to insertion of a condition (making only those contractors eligible to tender who had executed similar works costing rupees one crore or more) in the Notice Inviting Tenders, which was held invalid by the court.

(ii) Excess over estimates

Excess over A/A accorded by the Ministry is permissible up to 15 per cent.

In 5 divisions⁶, the expenditure incurred in excess of the amounts of A/As for Rs. 271.40 lakhs in 14 cases amounted to Rs. 137.88 lakhs. Though the excess ranged between 21 and 232 per cent, revised A/As of the Ministry had not been obtained (January 1995).

(iii) Splitting up of works

(a) The Ministry issued instructions in August 1984 and again in June 1986 that horizontal and vertical splitting of National Highway works should not be resorted to and, if considered absolutely unavoidable, should be done with the prior approval of the Ministry.

Contrary to these instructions, three jobs (estimated cost: Rs. 481.84 lakhs) were split up in 8 parts in three divisions⁷.

(b) The work of strengthening of road crust of NH-21 from km 82/0 to 105/0 was administratively approved in July 1989 for Rs. 310.46 lakhs. The item of built up spray grout (BUSG) was started departmentally in December 1989 and completed in March 1994. By the end of October 1991, the BUSG had been laid in different reaches totalling 9 kilometres. The subsequent item of bituminous mecadam/mix seal surfacing (BM/MSS) was awarded to a contractor in April 1992. According to the Ministry's specifications, the BUSG shall not be opened to traffic without covering the same with subsequent bituminous course. But this work of BUSG was covered with subsequent bituminous course after an interval of about six months to two years as the work was split and there was delay in awarding it. The road surface was damaged in a length of 5 kilometres due to heavy traffic and penetration of water during rainy seasons. An estimate for Rs. 3.78 lakhs was proposed in January 1993 for the restoration of damages but was not approved by the Ministry on the plea that the work against the originally approved estimate had not been completed. This contingency would not have arisen had BUSG not been opened to traffic without covering it by subsequent bituminous course. Actual expenditure incurred on the restoration work had not been intimated (April 1995).

⁶ Jogindernagar (NH), Kangra, Kullu-II, Shimla-II and Theog

⁷ Bilaspur, Rampur (NH) and Theog

(iv) Consultancy assignments

(a) According to the instructions issued (January 1989) by the Ministry competent consultants could be appointed for preparation of designs and drawings of bridges. Such consultants would, *inter alia*, be responsible for preparing complete technical proposals and would also be available during the period of construction for carrying out any changes in designs/ drawings that may be necessitated by site conditions.

In Kullu Division II, Rs. 1 lakh each were paid in September 1988 and December 1988 to two consultants, who submitted preliminary design proposals for Kullu bye pass including preliminary designs for three bridges. The job of detailed project preparation was entrusted to one of these consultants in December 1988 which was to be completed by mid April 1990. Rupees 4.75 lakhs (out of the total fee of Rs. 9 lakhs) was paid to him between November 1989 and March 1995 for the job.

The consultant had not submitted the prequalification documents and tender documents (August 1995) as a result of which the project could not be finalised.

The Executive Engineer stated (September 1994) that the consultant had been appointed according to the direction of the Ministry and no comment could be offered.

(b) Feasibility study of a project is conducted with the basic objective of examining the possible alternatives through preliminary engineering studies and establishing the need, justification and economic viability of the selected option. According to Ministry's instructions of January 1990, in cases where need for the project is obvious and a decision has already been taken to go ahead, feasibility study could be dispensed with and action taken straightway for project preparation.

Notwithstanding these instructions, a consultant for conducting feasibility study for widening the Pathankot-Chakki-Mandi road to two lane standard and to establish the economic viability of such a proposal was appointed in September 1994 at the negotiated fee of Rs. 18 lakhs on certain conditions. The Pathankot-Chakki-Mandi road was declared a National Highway in 1989. Work on different reaches of the road was also started in 1989 by the divisions concerned to construct the road according to the National Highway standards. The appointment of consultant as late as in September 1994 for conducting feasibility study was in contravention of the instructions of the Ministry and lacked justification.

(v) Rock cutting works- short/ non- supply of useful stones

(a) The cutting work including construction of retaining/breast walls and cross drainage of Barog bye-pass (NH-22) from km 90/700 to 101/400 was awarded (January 1989) by National Highway Division, Solan to a Delhi based contractor for Rs. 426.46 lakhs.

The contract stipulated that all materials obtained during excavation would be the property of Government and should be properly stacked by the contractor, free of cost. The total quantity of 6,52,251 cubic metres (cum) of cutting in earth work given in the schedule of quantities appended to the agreement included 2,06,165 cum of blasting work. It was estimated that 68,722 cum of stones would be available from the blasting work (at the rate of 1/3rd). Based on this quantity, it was stipulated in the agreement that the value of 68,722 cum of stones would be recovered from the contractor at the rate of Rs. 44 per cum. This, however, should be read with the provision in the agreement that all excavated material would be the property of Government.

Records indicating actual quantity of stones which became available as a result of blasting work done by the contractor had not been maintained by the division. It was, however, noticed that of the total quantity of 3,14,775 cum of earth work executed by the contractor up to 51st and 37th running bills paid by two sub-divisions (Dharampur and Chambaghat) of the division in November 1994 and January 1995 respectively, recovery of 38278.31 cum of stones (including 5113.59 cum obtained from cross drainage works) had been made.

Further, the contractor had executed various items of work in pursuance of the agreement in which 79,133 cum of stones had been utilised, the entire quantity of such stones have been obtained from the blasting done. In view of the provision of the agreement that all the excavated material shall be the property of Government, recovery on account of the serviceable stones used on the work beyond 68,722 cum also should have been made as recommended (July 1993) by the Superintending Engineer and confirmed by the Chief Engineer in March 1994. This had not been done as of February 1995.

Applying the same recovery rate of Rs. 44 per cum of stones as stipulated in the agreement even for the quantity beyond 68,722 cum mentioned in the agreement the total amount still to be recovered from contractor worked out to Rs. 17.98 lakhs for 40,855 cum of stones (79,133-38,278).

(b) In addition to the usual provisions in the standard form of agreement, contract agreements in respect of cutting works usually stipulate that one third

quantity of the useful stones available from rock cutting/excavation shall be stacked by the contractor along roadside free of cost.

In Theog and Rampur (NH) Divisions, 17,473 cum stones worth Rs. 6.07 lakhs were supplied short by the contractors in respect of 4 cutting works on NH-22. In one case, the Executive Engineer, NH Division, Rampur stated (March 1995) that the value of stones (Rs. 2.65 lakhs) would be recovered from the final bill. However, the final bill was for a negative amount of Rs. 7.31 lakhs. In another case in Theog Division, royalty of Rs. 0.15 lakh was recovered instead of the value (Rs. 0.79 lakh) of stones.

(vi) Lack of planning

Under clause 2 of the standard form of the contract agreement, compensation equal to 1 per cent of the tendered amount could be levied on the contractor for each day that the work remained uncommenced or unfinished after the stipulated dates, subject to a maximum of 10 per cent. In the event of breach of contract, the Engineer-in-Charge had the powers to take action under clause 3 of the agreement which provided for rescission of the contract forfeiting the contractor's security deposit (sub-clause (a)) and getting the work executed departmentally/ through other contractors at the risk and cost of the original contractor (sub-clauses (b) and (c)).

Action could be taken under all the sub-clauses of clause 3 simultaneously. The Manual of Orders enjoined upon the Engineer-in-Charge to carefully weigh the consequences which would result if action was taken under these clauses and then select the sub-clause which was most suited to the circumstances of the case.

It was noticed in audit that in 4 divisions⁸, 8 works awarded to contractors for Rs. 600.04 lakhs were left incomplete (between November 1991 and November 1994), after execution of works valued at Rs. 292.79 lakhs. The contractors executed cutting works in soft strata otherwise than in continuous stretches, even much beyond the estimated quantities. The departmental officers did not take concrete steps to enforce compliance of contractual provisions nor did they order the execution of left out works at the risk and cost of the contractors. Instead, the remaining items were either taken up departmentally or split up for execution through other contractors/ departmentally.

However, claims for the extra cost involved in the execution of left out works were preferred before the arbitrator although these were outside the purview of

arbitration. Important cases are discussed below:

(a) The construction of Shimla bye-pass (Phase III) km 12/125 to 24/250 was awarded (July 1989) to a contractor by Shimla Division No. I for Rs. 104.68 lakhs. Against the estimated quantity of 2,37,912.82 cum of cutting in earth work in all kinds of soil, 3,60,833.615 cum (51.67 per cent more) cutting work was done in different reaches in a length of 8 kilometres against the total length of 12.125 kilometres. The contractor executed the cutting work in soft strata leaving (July 1993) the work in hard strata unexecuted. The Department continued to issue notices to the contractor to execute cutting work in hard strata also, but no concrete action was taken. The Executive Engineer observed (February 1992) that the cutting was not restricted to the reasonable width of the road and proper cross-sections had not been plotted. Similar observations were made (August 1992) by the Chief Engineer (South). The work was also taken up departmentally in August 1993 without giving notice to the contractor pursuant to clause 3(b) of the agreement. After the rescission of contract in March 1994, the cutting work in hard strata was taken up departmentally, the estimated extra expenditure on which would be Rs. 11.04 lakhs on 54,113 cum cutting work alone as estimated by the Department. However, actual expenditure would be known on completion of work.

(b) In NH Division, Rampur, cutting work including construction of retaining/breast walls and cross drainage works in km 236/0 to 240/0 and km 245/0 to 250/0 (NH-22) was awarded (August 1989) to a contractor for Rs. 84.04 lakhs and was stipulated for completion by September 1991. Interest free mobilisation advance of Rs. 8.40 lakhs was paid to the contractor for bringing heavy earth moving machinery. Despite notices, the contractor did not complete the work and compensation of Rs. 8.40 lakhs was levied (November 1991). The contract was rescinded (January 1992) under clause 3(a) of the agreement. Tenth and final bill was passed for minus amount of Rs. 19.57 lakhs. Up-to-date value of work done was Rs. 46.55 lakhs (55 per cent). The minus amount comprised value of stones handed over short (Rs. 6.75 lakhs), balance of mobilisation advance (Rs. 1.71 lakhs), hire charges of departmental machinery (Rs. 0.97 lakh), compensation levied (Rs. 8.40 lakh) and other recoveries (Rs. 1.74 lakhs).

Although clause 3(b) was not invoked, the Department preferred counter-claim with the arbitrator for Rs. 56.66 lakhs on account of extra cost involved in executing the left out work departmentally.

(c) In the same division, cutting work including construction of retaining/breast walls and cross drainage works from km 212/0 to 236/0 (NH-22) was awarded (June 1989) to a Delhi based contractor for Rs. 152.99 lakhs and it was required to be

completed within 2 years. The contractor commenced the work late by 53 days and the progress also remained slow. Instead of executing the work in continuous stretch, cutting was done in soft strata leaving the rocky portion uncut even in the portions chosen for the cutting work. The items of retaining/breast walls and cross drainage works were not taken up. Earth moving machinery was not brought to site (October 1990) although it was decided (May 1989) to deploy the machinery. Consequently, compensation of Rs. 15.30 lakhs was levied (November 1990) on the contractor. The contract was finally rescinded in March 1993 under clause 3(a). Up-to-date value of work done worked out to Rs. 64.76 lakhs (42.33 per cent of the tendered amount) and 16th and final bill was passed (October 1994) for minus amount of Rs. 15.31 lakhs.

It was noticed that the contractor had quoted very low rate of Rs. 719.72 per running metre for the construction of hume pipe culverts in his tender of March 1989. The departmental issue rate of hume pipes of the required class and diameter was Rs. 900 per running metre at that time. The contractor executed a quantity of 30 metres of hume pipe culverts against the stipulated quantity of 850.30 running metres. The balance work of this item would involve extra expenditure of Rs. 6.40 lakhs computed at the rates at which same work was entrusted to another contractor in June 1994 (Rs. 1,500 per running metre). The quantity of cutting work and other items left unexecuted by the contractor in various reaches, though enquired in March 1995, had not been intimated. However, the balance work in km 212/0 to 224/0 (estimated cost: Rs. 26.66 lakhs) was awarded to another contractor in June 1994 which alone involved extra cost of Rs. 15.93 lakhs.

(d) Similarly, the work of cutting including construction of retaining/breast walls and cross drainage works on NH-22 from km 200/0 to 205/0 was awarded by NH Division, Rampur to a Ludhiana based contractor in January 1993 for Rs. 56.38 lakhs with the stipulation to complete the work within 18 months.

It was noticed that against the estimated quantity of 22,530 cum cutting work in RD 200/1000 to 201/940, the cutting done was 41,430 cum, resulting in excess cutting of 18,900 cum (84 per cent) costing Rs. 4.44 lakhs. On the other hand, no cutting was done in km 202/070 to 202/220, 202/600 to 203/720 and 203/920 to 204/040 (1,390 metres) where 42,490 cum rock cutting was involved, as against the total rock cutting quantity of 76,111 cum estimated in the entire length of 5 kilometres (200/0 to 205/0). The Executive Engineer stated (March 1995) that the excess cutting was due to change in hill slope as the estimate had been prepared in 1987-88. Revised drawings showing the change in hill slope were not produced to audit.

(e) In Theog Division, cutting work including construction of retaining/breast

walls in km 182/0 to 190/0 of Shimla Wangtoo road (NH-22) was awarded (March 1992) to a contractor for Rs. 91.12 lakhs and was stipulated for completion in $2\frac{1}{2}$ years. The contractor, however, executed only cutting work of 23,221 cum worth Rs. 7.78 lakhs in 20 months between May 1992 and December 1993. In December 1993, the contract was rescinded under clause 3(a).

It was noticed that the cutting work of 23,221 cum had been done at various RDs aggregating 556 metres only (total length= 659 metres minus *muttams* in a length of 103 metres) in km 182/829 to 183/257 and km 183/304 to 183/534, as against the quantity of 67,162 cum to be executed as per estimate in a length of 2 kilometres between km 182/0 to 184/0. The work was not done in 200 metre continuous stretches as envisaged in the agreement. The contractor chose those RDs where the strata was soft as per the classification of soil given in the estimate. In RD 182/0 to 182/829, blasting work ranged between 20 and 70 *per cent* of the total quantity of earth work. Even in the cutting work done, excessive *muttams* of 2 to 12 metres length were left by the contractor. The left out work (km 182/0 to 182/800, 183/500 to 185/500 and km 185/500 to 188/0 and 189/425 to 189/445) was awarded to three contractors in September 1994 at higher rates. A claim for Rs. 29.98 lakhs, based on these higher rates for the extra expenditure which would have to be borne by the Department for completing the left out work was preferred before the arbitrator in July 1994. Cutting work in a total length of 785 metres was done departmentally (cost not known). The Executive Engineer stated (December 1994) that the left out work was not got done at the risk and cost of the contractor as the claim on account of loss sustained had been filed with the arbitrator. This reply was not tenable as it was necessary to invoke the provisions of the agreement so as to legally sustain the claim for extra expenditure. It was also outside the purview of arbitration. This is indicative of inadequate monitoring and supervision by the Executive Engineer.

(f) In the same division, the work of improvement of Shimla Wangtoo road (NH-22) from km 167/0 to 175/0 awarded (March 1992) to a contractor for Rs. 47.16 lakhs was rescinded (December 1993) under clause 3(a) because of slow progress. The work was executed in a length of 798 metres between kms 168/0 and 169/500 and that too in patches. Against the estimated quantity of 10,513 cum cutting work, actual quantity executed worked out to 32,432 cum resulting in extra expenditure of Rs. 0.71 lakh. The left out work from km 170/0 to 175/0 was awarded to another contractor on the basis of tenders received in May 1994 at higher rates resulting in extra cost of Rs. 25.17 lakhs for which claim was preferred before the arbitrator.

The Executive Engineer stated (December 1994) that instead of taking action under clause 3(b) and (c), it was considered better to prefer counter claim before the arbitrator. The increase in quantity from km 168/0 to 169/500 was attributed to change in geometrics. This reply was not tenable as clauses 3(b) and (c) were not invoked by giving notice to contractor. The reply regarding change of geometrics was not supported by facts and figures.

(vii) Unjustified extensions of time limits

Delay in completion of work invites action under clause 2 of the agreement. Extension of time beyond the stipulated period of time can be granted on submission of application by the contractor within thirty days of the date of hindrance. According to the departmental Manual of Orders, the applications must be received before expiry of current time limit and promptly decided. In the following cases extension in time limit was not based on genuine grounds.

(a) The metalling and tarring work of Shimla bye-pass from km 1/750 to 7/195 was awarded (August 1988) to a contractor for Rs. 36.79 lakhs with four months time limit for its completion to be reckoned from 10 August 1988 the date of award, instead of reckoning from the date of expiry of fifteen days from the date of award in view of the urgent nature of the work. The work was commenced late by two months and completed late by more than one year. Neither had any notice for delay in commencement/completion of the work been issued to the contractor nor was compensation under clause 2 of the agreement levied. Extension of time limit up to the date of completion (December 1989) was approved (January 1990) by the Superintending Engineer on the grounds of "heavy rain and bad weather", thereby regularising non-levy of compensation of Rs. 3.68 lakhs. The Executive Engineer stated (December 1994) that unrecorded reasons were taken into account for granting the extension. This reply was not tenable as the power to grant extension could not be exercised arbitrarily.

(b) In Theog Division, the work of improvement of narrow and sub-standard reaches of NH-22 (Km 162/0 to 167/0), awarded (September 1989) to a contractor for Rs. 24.19 lakhs, was not completed by him by the stipulated date (March 1991) and compensation of Rs. 2.42 lakhs was levied (September 1991) with the approval of the Superintending Engineer obtained in August 1991. In June 1993, the Superintending Engineer reduced the amount of compensation to Rs. 0.24 lakh holding that the compensation levied by the Executive Engineer was based on surmises and hypothetical grounds. The precise grounds in support of the Superintending Engineer's decision enquired from him in December 1994 had not been intimated.

(c) The cutting work including construction of retaining/breast walls and cross-drainage works of Barog bye-pass (NH-22) was awarded (January 1989) by NH Division, Solan to a Delhi based contractor for Rs. 424.46 lakhs with completion period of 4 years. The Executive Engineer issued notice to the contractor in May 1989 regarding slow progress of the work, which was refuted by the contractor stating that more labour could not be deployed for want of hindrance free site. The Executive Engineer maintained (May 1990) that sufficient length was available where the work could be carried out. In February 1991, a registered notice was issued pointing out slow progress of work in specific terms. The contractor, however, stated (February 1993) that only a small part of the site was made available by the Department from Solan side in March 1989 and another small portion from Kumarhatti side was made available after about one year of the award of work. It was also pointed by him that site in 7.150 kilometres had not been handed over as of January 1993. In August 1992, the Superintending Engineer had, on the recommendation of the Executive Engineer, approved extension of time up to 30 June 1995 on the grounds of non-availability of work site, dumping site for earth and cement/funds. But the progress remained very slow; payment of Rs. 316.11 lakhs only had been made as of January 1995.

No work schedule had been obtained from the contractor even at the time of granting extension. No notice was issued to the contractor to execute the work at specific RDs and no compensation levied for the slow progress either during the original or the extended time. Failure of the Department in not making complete site available during the stipulated period of construction resulted in grant of extension of time to the contractor and payment of escalation amounting to Rs. 32.77 lakhs which was avoidable.

(viii) Levy of compensation and rescission of contracts

The department's Manual of Orders enjoins upon the departmental officers to be fully alert in dealing with the contractors so as to safeguard the interests of Government. It has been held* that if compensation is not levied soon after the contractor's failure to complete the work by the fixed date, it would be barred by waiver.

(a) In 4 divisions⁹, compensation was levied and the works rescinded after releasing almost all the dues of contractors, with the result that as per final bills in 4 cases, the amounts recoverable from the contractors totalled to Rs. 35.57 lakhs. Of

* State of Rajasthan V. Chander Mohan Chopra AIR, 1971 Raj 229

these, three cases were under arbitration.

(b) In 8 divisions¹⁰, the progress of 21 works awarded for Rs. 719.93 lakhs was very slow and compensation amounting to Rs. 70.43 lakhs had not been levied.

(c) In Kangra Division, one work awarded (November 1990) to a contractor for Rs. 17.33 lakhs was not completed by him even after two years of the stipulated date of completion. No compensation was levied and the contract was closed on medical grounds for which there was no provision in rules.

(ix) Deviation from design/specifications

(a) The Central Material Testing Laboratory, Shimla (CMT) recommended 50mm thick bituminous macadam (BM) for strengthening of road crust on Chandigarh-Mandi-Manali road (NH-21) from km 82/0 to 105/0. Before laying BM, built up spray grout (BUSG) costing Rs. 49.65 lakhs (approximately) was also laid for which there was no provision in the estimate. Reasons for doing so had not been intimated (August 1995)

(b) According to the Ministry's instructions of December 1986, BUSG layer shall not be used in the final top layer of the strengthening course where it was provided for the full requirement of 10 years traffic projection. Since BUSG is a manually laid course having more voids compared to other bituminous material courses, in no case should it be opened to traffic without being covered by subsequent pavement course/seal coat.

In 4 divisions¹¹, 2,75,230 sqm BUSG costing Rs. 101.86 lakhs was opened to traffic without covering the same with final surfacing/seal coat immediately, rendering the BUSG liable to damage by traffic/rains.

(c) The strengthening of road pavement of Chandigarh-Mandi-Manali road (NH-21) from km 174/200 to 178/500 with 75 mm thick BUSG was done between February 1987 and April 1988 at the cost of Rs. 27.79 lakhs. Test-check of records revealed the following irregularities:

(i) There was delay ranging between 5 and 240 days in covering 43,386 sqms BUSG with final surfacing (MSS). Of these, 35,063 sqm BUSG was laid before or during rainy season, but was covered with MSS after 5 to 8 months. Meanwhile, the road had been opened to traffic without laying seal coat. There was also nothing on record to

¹⁰ Baijnath, Bilaspur-II, Jogindernagar (NH), Kangra, Kullu-II, Palampur, Shimla-II and Theog

¹¹ Bilaspur-II, Kullu-II, Shimla-II and Sundernagar

show whether adequate drainage arrangements were provided to avoid accumulation of water in between BUSG layer and the existing black top (BT) layer.

(ii) The grading of the aggregate used in the BUSG did not conform to the Ministry's specifications. The thickness of the BUSG layer was not test-checked by the departmental officers.

Under the Ministry's instructions of February 1986, the strengthening should be designed for 10 years. The strengthening work in the above reach was again sanctioned in March 1991 which was necessitated after a period of 3 years only and would cost Rs. 55.69 lakhs. The possibility of the strengthening work done with BUSG being damaged due to its sub-standard nature in view of the above irregularities could not be ruled out. The Executive Engineer stated (January 1995) that the matter would be looked into.

(x) Sub-standard work owing to less consumption of bitumen

In two divisions¹², estimates for laying bituminous macadam (BM) on two jobs of National Highway Nos. 21 and 22 were prepared on the basis of HPSSR. Scrutiny of records revealed that against the provision of 75 kgs of bitumen per 10 sqm in the sanctioned estimates, actual consumption was 58.8 kgs per 10 sqm in one case pertaining to Shimla Division No.I. In the second case pertaining to Bilaspur Division No.II, bitumen was consumed at the rate of 40 kgs per 10 sqm against the provision of 50 kgs per 10 sqm in the sanctioned estimates. The less consumption of bitumen in the above two cases worked out to 310 tonnes costing Rs. 12.40 lakhs. Apart from execution of substandard work, recovery for less use of bitumen had not been effected from the contractors as required under the agreements entered into with the contractors.

(xi) Avoidable application of tack coat

Under the Ministry's specifications, bituminous macadam (BM) shall be provided with final surfacing without any delay; otherwise, it shall be covered by a seal coat before allowing traffic over it. Further, tack coat is not needed on a freshly laid black top (BT) layer if it is immediately followed by another BT layer.

In 3 divisions¹³, BM laid over an area of 2,92,108 sqm during 1990-94 at an

¹² Bilaspur-II and Shimla-I

¹³ Bilaspur-II, Shimla-I and Sundernagar

expenditure of Rs. 176.71 lakhs was opened to traffic before providing final surfacing or seal coat. The delay resulted not only in the work becoming liable to damage through traffic/rains but also in the necessity for application of tack coat costing Rs. 9.07 lakhs, which was avoidable.

The Executive Engineer, Sundernagar Division stated (December 1994) that final surfacing could not be laid immediately after doing BM due to rush of traffic and congested area of the town. The reply was not tenable because under Ministry's specifications it was the contractor's responsibility to make arrangements for regulating the traffic in part width particularly when full width of the road had already been achieved.

The Executive Engineer, Bilaspur Division No. II approved the deviation (although not competent to do so) on the ground that the terrain being hilly, it was not possible to carry out the operations simultaneously.

(xii) Levelling course with BUSG

The Ministry's guidelines of December 1986 envisaged premixed material for profile corrective course (levelling course) and deprecated use of BUSG for this purpose. For assessment of levelling course, levels were to be taken in the manner indicated in Section 501.2.3.5 of Ministry's specifications.

(a) In Sundernagar Division, profile correction was done (1987) with BUSG in 3,991 sqm area (km 174/200 to 178/500) resulting in irregular expenditure of Rs. 1.43 lakhs (at Rs. 358.75 per 10 sqm)

(b) In National Highway Division, Solan, levelling course in 11,808 sqm area (cost not known) was laid (1989-91) departmentally with BUSG, and that too, without applying tack coat in 3,730 sqm area, in contravention of the guidelines of the Ministry issued in December 1986. Levels were not taken for assessment of the levelling course.

(xiii) Less compaction with road roller

For the better performance of pavement, good compaction is essential as it substantially increases the strength of material used in construction.

According to the HPSSR, road roller was required to be deployed on metalling and tarring of Shimla bye-pass (Phase I) from km 1/750 to 7/195 for 2,832 hours so as to achieve the proper compaction. It was, however, deployed for 809 hours only. This resulted in undue favour to the contractor of Rs. 1.38 lakhs on account of lower

recovery of hire charges, as the contractor was paid at full rates for metalling and tarring which included compaction by road roller, besides less compaction of the work to the extent of 71.42 *per cent*. The Executive Engineer stated (November 1994) that it was not possible to stick to the norms.

4.1.8 Maintenance of works

(i) Periodic renewals

The surface of the road is required to be renewed periodically as it bears the traffic load and is subjected to wear and tear. Under the pocket book for Highway Engineers, at least two condition surveys, one before and the other after the monsoon, are required to be conducted on each stretch of road every year. The data collected are required to be recorded methodically kilometre-wise for deciding on the necessity of renewal or of strengthening the pavement. Renewal programmes are approved by the Ministry annually on the basis of particulars of the abstracts of estimates prepared by the Department.

It was noticed that in 7 divisions¹⁴ condition survey had not been carried out.

In 3 divisions¹⁵, renewal works on 12 kilometres of NH 20, 21 and 22 had been executed between 1991-92 and 1994-95 without obtaining approval of the Ministry. Renewal works in 17 kilometres approved by the Ministry between 1990-91 and 1993-94 had, however, not been carried out in the same divisions. The Executive Engineer, Jogindernagar and Rampur Divisions stated (March and May 1995) that the renewal was done in the kilometres not approved for renewal as the condition thereof had deteriorated badly, leaving the approved kilometres unrenewed where the condition was comparatively better.

In NH Division, Jogindernagar, as per the Bar Chart renewal works in different RDs of NH-20 totalling 8.700 kilometres were proposed during 1989-90 but no work had been done due to non-approval of the proposal from the Ministry as stated by Executive Engineer (February 1995). In kilometres 134/300-1000 and 138/0, renewal work was done during 1990-91 but it was again got approved from the Ministry for renewal during 1991-92.

14 Bajjnath, Bilaspur-II, Jogindernagar (NH), Rampur (NH), Solan (NH), Sundernagar and Theog

15 Bilaspur-II, Jogindernagar (NH) and Rampur (NH)

In 10 divisions¹⁶, expenditure of Rs. 452.44 lakhs was incurred on periodical renewals of roads between 1990-91 and 1993-94 without getting the estimates technically sanctioned.

(ii) Non-adherence to specifications for renewals

Based on the recommendations of a study group appointed in May 1988, the Ministry adopted renewal treatment by mix seal surface (MSS) or pre mix carpet (PC) (one time laid one layer) in the case of highways having traffic intensity up to 450 commercial vehicles per day (CVD) and made it effective from April 1990.

(a) The Department had not followed the decision of the Ministry except in a few sections in NH-Division, Rampur. In Baijnath and Jogindernagar (NH) Divisions, traffic intensity on NH-20 was up to 450 commercial vehicles per day (CVD). Renewal on 1,34,708 sqm of road surface was done between 1990-91 and 1994-95 with premix carpet (without paver facility) and seal coat was also laid at a total cost of Rs. 47.13 lakhs. Had the renewal work been done with PC treatment with "one time laid one layer", the expenditure would have been Rs. 31.11 lakhs. Further, the cost of mixed seal surfacing would have been Rs. 24.62 lakhs. Even by adopting the more expensive alternative of PC, the expenditure of Rs. 16.02 lakhs could have been avoided.

(b) In the case of roads having traffic intensity of more than 450 commercial vehicles per day (CVD), renewal treatment by semi-dense carpet is required to be done in terms of the decision of the Ministry. Contrary to the decision, renewal by PC and seal coat was done in Bilaspur II and Solan (NH) Divisions on an area of 2,42,669 sqm of NH 21 and 22. This resulted in avoidable expenditure of Rs. 6.23 lakhs.

(c) Under the Ministry's specifications, 11.2 mm and 13.2 mm size aggregates were to be used for premix carpet (PC). In 5 divisions¹⁷, 10mm to 12mm size aggregates were, however, generally used for this purpose.

(iii) Excess consumption of bitumen and fuelwood

According to clause 503.3.2 of the Ministry's specifications, 5 to 5.5 kg bitumen per 10 sqm area was required for the application of tack coat.

¹⁶ Baijnath, Bilaspur-II, Jogindernagar (NH), Kangra, Palampur, Rampur (NH), Shimla-II, Solan (NH) Sundernagar and Theog

¹⁷ Bilaspur-II, Jogindernagar (NH), Kangra, Rampur (NH) and Solan (NH)

In 6 divisions¹⁸, 10 kgs of bitumen per 10 sqm was consumed on the application of tack coat for executing renewal works with 2 cm premixed carpet, between 1990-91 and 1994-95 resulting in excess consumption of 161.551 tonnes of bitumen costing Rs. 10.70 lakhs. Further, 1,092 quintals of fuel wood costing Rs. 1.39 lakhs was also consumed in excess for heating the excess quantity of bitumen. In addition, excessive use of bitumen (binder) would result in collection of the binder on the surface leading to fatty/slippery surface which would require further treatment.

The Executive Engineers, Baijnath and Theog Divisions attributed the excess consumption to the road surface being badly worn out which was not supported by facts and figures.

(iv) Adoption of richer specification

Indian Road Congress specification 14/1970 recommended renewal with mix seal surfacing (MSS) Type 'A' using 22 kg bitumen per 10 sqm in areas where rainfall is over 150 cm per annum and MSS type 'B' using 3 kg less bitumen for areas having rainfall less than 150 cm per annum. Similarly, clause 510 of the Ministry's specifications for Road and Bridge works (second revision) provides for MSS of types A/B.

In Theog Division, surface dressing was laid (October 1990 and May 1993) on 10064.78 sqm area of NH-22 immediately after doing renewal with PC and seal coat, although under the Ministry's specifications, the surface dressing (SD) and PC followed by seal coat are two independent types of renewal processes. This resulted in extra avoidable expenditure of Rs. 1.48 lakhs on surface dressing.

(v) Seal coat

Under clause 509.1.3.6 of the Ministry's specifications, seal coat was required to be laid over PC before opening the road to traffic so as to seal the openness of carpet and to make the surface water tight. It was not necessary to lay seal coat on mixed seal surfacing.

(a) Contrary to these specifications, seal coat was not laid over PC over an area of 87,745.61 sqm between 1991-92 and 1994-95 in Solan and Rampur NH Divisions.

(b) In NH Division, Solan, seal coat was laid on 19,688 sqm area of NH-22 soon after executing renewal with mixed seal surfacing (MSS) resulting in avoidable

expenditure of Rs. 1.29 lakhs.

4.1.9 Routine maintenance

Highway maintenance is an important activity as bad-roads raise the cost of road-transport. Failure to maintain roads is tantamount to an act of disinvestment, for it implies the sacrifice of past investment in roads.

(i) In 4 divisions¹⁹, against the demand of Rs. 129.83 lakhs for the year 1994-95, for maintenance of NH 20, 21 and 22, funds amounting to Rs. 40.31 lakhs only were received.

(ii) Non-adherence to specifications

As per Ministry's circular of June 1992, bituminous emulsion was to be used for all repair works during wet season and renewal works carried out during premonsoon season to effect saving in fuel and achieve water resistant and anti-stripping road surface. In April 1988, the Ministry ordered that anti-stripping compound should be added to bitumen at the site of works.

In 7 divisions²⁰, bituminous emulsion was not being used and no antistripping agent was being added to bitumen.

Reasons for not procuring bituminous emulsion, which was available on Director General of Supplies and Disposals (DGS&D) rate contract, were enquired (August 1994) from the Chief Engineer (NH); reply has not been received (March 1995).

(iii) Non-salvaging of aggregate

The aggregate available from the cutting work of 14 kilometres long double lane Barog bye-pass (NH-22) was found (July 1992) to be good for sub-base and base courses in the metalling/tarring work. About 22,834 cum aggregate costing Rs. 34.25 lakhs at the rate of Rs. 150 per cum would be required for metalling and tarring of this portion. The aggregate was not stacked. Instead, it was dumped at various sites although there remained acute problem of finding dumping sites.

19 Bilaspur-II, Jogindernagar (NH), Rampur (NH) and Solan (NH)

20 Baijnath, Bilaspur-II, Jogindernagar (NH), Rampur (NH), Solan (NH), Sundernagar and Theog

4.1.10 Other topics of interest

(i) Laying of telephone cables

As per the Ministry's circular of November 1976 read with para 14.6 of the Pocket Book for Highway Engineers (first revision), the laying of telephone cables could be allowed underneath the road shoulders at a distance of one metre from the edge of the double lane carriageway. The Telecommunication Department shall indemnify the Road Authority from all the damages due to digging of trenches. Subject, *inter alia*, to these conditions, the State Government may authorise the State Chief Engineer to grant permission for laying of the cables under intimation to the Ministry.

In National Highway Division, Jogindernagar, telephone cables were laid in a length of 7.785 kilometres underneath the shoulders on the hill side of the road (NH-20) and the work of laying of cables was in progress in the remaining length of 65.915 kilometres of the highway falling in the jurisdiction of that division without obtaining Ministry's permission. As widening of the road from single lane to double lane was still being done (January 1995), the cables laid on the hill side would fall in the carriage way when widening was completed. The Executive Engineer stated (March 1995) that it was safe to lay the cables on hill side rather than valley side. The reply was not tenable as this would involve frequent digging of road and other alternatives could have been thought of.

(ii) Wrong payment for filling of potholes

Under the Ministry's specifications the rates quoted by the contractor were, *inter alia*, inclusive of full compensation for filling of potholes.

In Shimla I and II Divisions, payment of Rs. 1.48 lakhs was made to two contractors for filling of potholes/ruts, in addition to payment for bituminous courses laid by them.

The Executive Engineer, Shimla Division No.II stated (November 1994) that as per the departmental specifications, the potholes were not to be restored by contractors. The reply was not tenable as the Ministry's specifications were to be followed as stipulated in contract agreements.

(iii) Irregular payment of escalation charges

Under the standard form of contract, escalation due to increase in wages of labour was payable to the contractor if the increased rate of wages was properly and

necessarily paid by him. Further, he was required to submit to the Engineer-in-Charge fortnightly returns showing the prescribed particulars of the labour employed by him on the work.

In NH Division, Solan, escalation charges amounting to Rs. 32.77 lakhs were paid to a contractor without obtaining the prescribed fortnightly returns. The cutting work (construction of Barog bye-pass) was done by the contractor by deploying heavy machinery in addition to labour. But the work done with the machinery was not excluded while working out the escalation charges payable to the contractor and the whole work was treated as having been done by labour. The Executive Engineer stated (September 1995) that it was not possible to work out the details of work done separately by machinery and by labour, at this stage.

(iv) Grant of mobilisation advance to a contractor

Construction of three bridges on NH 22 was entrusted (March 1994) by NH Division, Rampur to a Delhi based contractor for Rs. 203.68 lakhs with stipulated completion period of 24 months. Interest free mobilisation advance aggregating Rs. 12.54 lakhs was paid in March and May 1994 in respect of two bridges. No other payment had been made till February 1995. No work programme was obtained from the contractor despite provision to that effect in the agreement. Compensation of Rs. 15.28 lakhs leviable for delay in commencement of works had also not been levied (May 1995).

(v) Low yield from felled trees

In NH Division, Solan, Rs. 21.27 lakhs were paid to the Divisional Forest Officer, Solan between December 1992 and February 1994 on account of cost of trees falling on the alignment of Barog bye-pass. The Himachal Pradesh State Forest Corporation, which felled the trees, informed in June 1993 that the timber extracted could fetch Rs. 2.39 lakhs only even though the standing trees had been assessed at Rs. 21.27 lakhs by the Forest Department. However, no amount had been received by the division as of February 1995.

(vi) Misappropriation of bitumen

In NH Division, Rampur Bushehar, out of 700 bitumen drums got released from the Mathura Refinery during June and July 1992, 60 drums valued at Rs. 0.40 lakh were delivered by March 1993 and 640 drums valued at Rs. 4.24 lakhs were not handed over by the carriage contractor to the consignee. The case, reported to

police in September 1994, was under investigation as of July 1995. The chances of misappropriation of bitumen can thus not be ruled out.

(vii) Clubbing of works

According to Ministry's instructions (January 1989), all tenders for bridges were to be on item rate basis on already approved designs, except where the Ministry specifically permitted tenders based on alternative (contractor's) designs.

(a) In Kangra Division, construction of bridges over Bandla and Baintlu *Nallahs*, with 15.355 metres span each were approved (March 1991) separately but were clubbed together while inviting tenders and awarded (May 1992) to a contractor on lumpsum contract (Rs. 52 lakhs) based on contractor's design, while the jobs for the bridges had been approved separately for each bridge by the Ministry (March 1991).

(b) Similarly, in Jogindernagar National Highway Division, construction of bridges over Labhandi (20.80 metres length) and Khanni (25.8 metres) *Nallahs*, though administratively approved separately, were clubbed together and awarded to a contractor during 1990-91 on his design.

The tenders of the lowest contractor (A) and the second lowest contractor (B) were as under:-

	Khanni <i>Nallah</i> (km 190/190)	Labhandi <i>Nallah</i> (km 200/980)	Total
	(Rupees in lakhs)		
Contractor A	27.99	39.99	67.98
Contractor B	24.89	49.89	74.78

Although the tender of 'B' was the lowest in respect of Khanni bridge, the work had to be awarded to 'A' due to clubbing of these bridges, resulting in extra avoidable expenditure of Rs. 3.10 lakhs.

Reasons for clubbing the works had not been intimated. The Ministry's approval envisaged construction of RCC-T beam type bridges over these *nallahs*, whereas prestressed RCC box girder slab type bridges were constructed for amounts exceeding the permissible excess over the amounts of administrative approvals accorded by the Ministry. Approval of the Ministry for deviation in design had not been obtained.

(viii) Mobilization advances

(a) According to clause 56 of the standard form of lump sum contract, interest bearing advances are payable to contractors subject to fulfillment of the prescribed conditions viz., valuation/ hypothecation of machinery, cost of site offices and bank guarantee.

In 3 divisions²¹, interest free mobilization advances of Rs. 17.57 lakhs were paid to 3 contractors in 1988 and 1992 for the construction of 7 bridges without satisfying the conditions laid down in the standard form and securing Government interest.

(b) There was no provision for payment of mobilization advance in the standard form of item rate contract. However, in 3 divisions²² interest free mobilization advances of Rs. 50.87 lakhs had been paid to the contractors between May 1992 and June 1994, in respect of 6 works on the basis of contractor's conditions to that effect accepted by the Chief Engineer/ Engineer-in-Chief. Although major financial implications were involved, approval of Government was not obtained in any case.

In Sundernagar Division, interest free mobilisation advance of Rs. 10 lakhs was paid (September 1994) against one hot mix plant (Rs. 4.37 lakhs), one paver (Rs. 2.50 lakhs) and two road rollers (Rs. 3.13 lakhs) brought by the contractor for the work of strengthening of Chandigarh-Mandi-Manali road NH-21 (km 156/750 to 178/500) in contravention of the orders of the Ministry (September 1992) that departmental plants would be used on the work in all circumstances and the question of contractor's choice did not arise. The division had two road rollers and two hot mix plants but no paver.

(ix) Finalisation of bills

(a) In 2 divisions²³, the final bills in respect of 6 works awarded to contractors between October 1984 and September 1989 for Rs. 144.70 lakhs had not been prepared as of February 1995. The contractors had either delayed the completion of the works or left the works incomplete. Due to non-preparation of bills, the amounts, if any, recoverable from the contractors were not known.

21 Jogindernagar (NH), Kangra and Kullu-II

22 Rampur (NH), Sundernagar and Theog

23 Bilaspur-I and Kullu-II

(b) Minus bills

In 5 divisions²⁴, final bills of 10 works either completed or left incomplete by the contractors between 1987 and 1994 were negative totalling Rs. 65.98 lakhs. The outstanding recoveries were mainly on account of compensation levied, hire charges of vehicles, cost of material issued from departmental stores, etc. Full recoveries of hire charges of vehicles and cost of material issued from departmental stores, which were required to be made from running account bills, had not been made without recorded reasons. Action taken to effect recoveries from the contractors after finalisation of bills had not been intimated.

4.1.11 Quality assurance

The durability and long term performance of any work depends upon quality assurance. An amount equal to one *per cent* of the cost of work was reimbursed by the Ministry to the State Government for conducting prescribed quality control tests and maintaining permanent records thereof.

(i) In Kangra and Rampur (NH) Divisions, no tests were conducted regarding coarse/fine aggregates and water due to conditions of the contractors accepted by the Chief Engineer and incorporated in the contract agreements that no insistence shall be made by the Department in this regard in respect of construction of bridges over Bandla and Baintlu nallahs and Nogli bridge (NH-22). The Executive Engineer, Kangra Division stated (October 1994) that concrete cubes only were tested, which, proved that the materials used conformed to the specifications. No quality control test was done in respect of metalling/tarring of roads.

(ii) Records showing quality control tests done, if any, were not produced to Audit in the Divisions test-checked (except Baijnath, Kullu-II and Shimla-I). The Executive Engineer, Baijnath Division stated that only one test of aggregates had been done.

These points were referred to Government in June 1995; reply had not been received (September 1995)

4.2 Undue financial aid to a contractor

The formation cutting work of Wazir Bowli Jhakri Bye Pass road from kilometre 10/0 to 12/0 was awarded (March 1989) to a contractor for Rs. 67.10 lakhs

by Outer Seraj Division, Brow (now Outer Seraj Division, Nirmand). According to the agreement, 1,82,829 cubic metre (cum) cutting in earth work in all kinds of soil was to be executed by the contractor within a period of 8 months. The agreement provided that 35,312 cum stones, which worked out to 33 per cent of the total quantity of blasting/chiselling work, would be stacked by the contractor at site. It was stipulated in the agreement that recovery at the rate of Rs. 44 per cum would be made for the quantity stacked less than that mentioned therein.

The contractor executed a total quantity of 2,36,316 cums of cutting work in a length of 723 metres of the road and payments of Rs. 86.73 lakhs had been made (September 1992) to him. Based on the quantity of work executed, 45,643 cum serviceable stones were to be stacked at the site of work as confirmed (July 1994) by the division. The contractor had collected only 4,850 cum stones.

Audit scrutiny of the records of the Division in October-November 1993 and subsequent information received in July 1994 and May 1995 revealed that recovery of only Rs. 3 lakhs had been made from the contractor for not-stacking the serviceable stones against the recovery of Rs. 17.95 lakhs which should have been made in terms of the agreement.

The Executive Engineer intimated (July 1994) that it was impracticable to retain and stack the stipulated quantity of stones in the full reach of the road. It was also intimated that due to non-availability of space and on the basis of decision taken by the Chief Engineer in April 1992 the contractor was asked to stack 9,900 cum of stones per kilometre. The plea of the Executive Engineer was not tenable because study of site conditions was essential before call of tenders and award of work to the contractor.

The decision of the Chief Engineer, thus, altered the spirit of the agreement and undue benefit of Rs. 14.95 lakhs was given to the contractor. Besides, large variations between the estimated quantities and the work actually done at site was indicative of defective estimation. Had the condition for recovery of serviceable stones not been incorporated in the notice inviting tenders, the rates quoted by contractors would have been lower.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

4.3 Sub-Divisional Magistrate court complex, Rohroo

Construction of the main building of Sub-Divisional Magistrate court complex

at Rohroo was allotted (December 1988) to contractor 'A' for Rs. 16.96 lakhs against the estimated cost of Rs. 11.35 lakhs. The work, stipulated to be completed within one year, was commenced by the contractor in December 1988 and abandoned in incomplete state in May 1990 after execution of work valued at Rs. 6.90 lakhs.

Test-check of the records of Rohroo Division conducted during December 1994 revealed the following points:

(i) As the contractor failed to complete the work within the stipulated period, compensation of Rs. 1.70 lakhs was levied (November 1990) under clause-2 of the agreement. The contractor was also directed, without response from time to time, between May 1990 and November 1991, to resume the work and complete the same. The compensation had not, however, been recovered as of December 1994.

(ii) Punjab Public Works Department Manual of orders as applicable to Himachal Pradesh Public Works Department provided that the Engineer-in-Charge should carefully weigh the consequences which would result if action was taken under clauses 3(a), (b) and (c) and should then select the sub-clause which was most suited to the circumstances of the case. In the notices issued, from time to time, the contractor was directed to complete the work failing which action under various sub-clauses of clause-3 was contemplated against him. The contract agreement was rescinded in December 1991 under clause 3(a) by forfeiting the available security deposit of Rs. 0.42 lakh.

The balance work was entrusted to contractors 'B' and 'C' in September 1992 and October 1994 at the cost of Rs. 21.04 lakhs. While the work entrusted to contractor 'B' had been completed but final bill was not prepared (December 1994), the work entrusted to contractor 'C' was in progress as of December 1994. The completion of balance work would thus result in approximate extra cost of Rs. 10.98 lakhs to Government which would come down to about Rs. 8.86 lakhs after adjustment of the compensation levied and security deposit forfeited.

The action of Engineer-in-Charge in rescinding the work by invoking the provisions of sub-clause(a) of clause-3 of the agreement alone was not justified as the department was aware at the time of issuing the rescission order that considerable quantum of work had been left incomplete by the contractor and would result in huge extra cost to Government if got completed through other agencies.

(iii) According to clarification given by the Engineer-in-Chief in July 1987, the amount equivalent to full security deposit worked out on the amount put to tender was required to be forfeited and not merely the amount of security deposit standing at the credit of the contractor at the time of invoking the provisions of clause-3(a) of the agreement. Contrary to these provisions, against the amount of Rs. 1 lakh which

should have been forfeited, security of Rs. 0.42 lakh was forfeited without assigning any reasons. This resulted in a loss of Rs. 0.58 lakh to Government.

(iv) The final bill of contractor 'A' prepared on the basis of entries recorded in September 1991 had not been adjusted as of December 1994. Scrutiny of the bill revealed that total recovery of Rs. 2.54 lakhs on account of compensation (Rs. 1.70 lakhs), materials issued from departmental stores (Rs. 0.71 lakh) and other factors (Rs. 0.13 lakh) was to be made from the contractor against the value of work done which amounted to Rs. 1.01 lakhs. Reasons for not adjusting the final bill of the contractor even after lapse of over three years and for not initiating action for the recovery of Government dues had not been intimated.

These points were referred to Government in June 1995; reply has not been received (September 1995).

4.4 Inadmissible payment of additional compensation

The Land Acquisition Act, 1894, 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 the land owners for the period commencing on and from the date of publication of notification under Section 4(i) of the Act to the date of award of the Collector or the date of taking over possession of the land, whichever was earlier.

Test-check of the records of Land Acquisition Collector (Shimla-II) revealed (November-December 1994) the following points:-

(i) In two cases, awards were announced by the Land Acquisition Collector (LAC), Shimla-II in July 1993 after the date of taking over possession of land in February 1992. The additional compensation was paid from the last date of publication in February 1991 to the date of award June 1993 instead of to the date of taking over possession (February 1992), which was earlier. This resulted in inadmissible payment of Rs. 0.55 lakh. Reasons for allowing inadmissible payment had not been intimated (April 1995).

(ii) According to the norms laid down by the Horticulture Department, compensation for apple trees at the rate of one tree per *biswa* of land was required to be paid. For the construction of Bahli-Khunni-Panoli road (Shimla district) compensation amounting to Rs. 2 lakhs was awarded in January 1993 for 171 apple trees standing in

an area of 136 *biswas* which resulted in excess payment of Rs. 0.40 lakh for 35 apple trees.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

4.5 Outstanding recoveries from a contractor

Construction of 32.36 metres span Reinforced Cement Concrete (RCC) slab type bridge over Gharora-Da-Nallah at km 37.400 of HSTM road (Kangra district) awarded (January 1987) to a contractor by Palampur Division for Rs. 12.18 lakhs was completed in June 1990. Gross value of the work done according to the entries made in the measurement book was Rs. 9.63 lakhs out of which Rs. 7.98 lakhs had already been paid up to December 1989.

Test-check of the records of the division revealed (January 1994) that against the requirement of 4,490 bags of cement and 143 quintals of steel, 5,266 bags of cement and 172 quintals of steel had been issued to the contractor without any recorded reasons. The cost of the materials recoverable from the contractor worked out to Rs. 4.83 lakhs, against which Rs. 2.50 lakhs only had been recovered (December 1989). Further, a sum of Rs. 0.33 lakh on account of security deposit (Rs. 0.08 lakh), income tax (Rs. 0.05 lakh) and other items (Rs. 0.20 lakh) was also outstanding against the contractor. Thus, recoveries totalling Rs. 2.66 lakhs were outstanding against the total payment of Rs. 1.65 lakhs due to the contractor for work done. The Executive Engineer stated (July 1995) that the bill was being finalised.

Abnormal delay in finalisation of the bill had, thus, resulted in undue benefit to the contractor.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

4.6 Unfruitful expenditure on the construction of a road

Sanction of Rs. 30 lakhs was accorded in June 1988 for bringing the Gymthing Valley road (8.45 kilometres long road partly trace cutting and partly jeepable), up to motorable standard to provide transport facility to the inhabitants of Nessang village (Kinnaur district). This road had earlier (1985) been linked to the National Highway No. 22 with the construction of 310 - feet span suspension bridge over river Sutlej and a 730-metres long approach road on the right bank of the river at the cost of Rs. 48.78 lakhs. In addition, an expenditure of Rs. 1.21 lakhs was incurred

for providing cross drainage, metalling and tarring works to the approach road during 1988-89.

The work stipulated for completion in 2 years was started by Karchham Division during 1988-89 without consulting the State Geologist with regard to the stability of the strata. A total length of 4.190 kms of the road was constructed in patches between kms 0/0 and 4/260 up to 1992-93 at the expenditure of Rs. 13.97 lakhs.

Audit of Karchham Division revealed (July 1994) that the road was badly damaged every year at various points due to heavy snow and rains due to its passing through loose and sandy strata. Its profile was precipitous and vertically steep. In July 1993, an estimate of Rs. 8.13 lakhs for carrying out special repairs was sanctioned though special repairs had already commenced in April 1993, and expenditure of Rs. 6.01 lakhs was incurred up to February 1994. As land slides kept recurring at the same points where damages had earlier been repaired, the opinion of the State Geologist on the stability of the strata and on the possibility of further construction was called for (May 1994) to avoid wasteful expenditure. Opinion of the State Geologist was awaited (January 1995).

The Executive Engineer stated (January 1995) that the bridge and the constructed portion of the road were being utilised by the public, and that the construction work would be resumed on receipt of opinion of the State Geologist. This statement is not tenable as the main objective of providing transport facility to the villagers of Nessang remained unfruitful.

Thus, taking up the road construction without finalising its alignment in consultation with the State Geologist, resulted in expenditure of Rs. 69.97 lakhs on the construction of the approach road, a bridge and on upgradation of the Gymthing valley road and special repairs of the road remaining unfruitful.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

4.7 Avoidable expenditure

Construction of a gravity type aerial cable way from Jhaltia to Kudu (Shimla district) was administratively approved in September 1987 at the estimated cost of Rs. 2.35 lakhs to enable the inhabitants of these villages to transport their horticultural produce to the nearest road head. The design for the cable way provided for main cable of 12 mm diameter and haulage/connecting ropes of 8 mm diameter. The specifications

were, however, revised (July 1987) by the Engineer-in-Chief and main cable of 10 mm diameter and connecting ropes of 6 mm diameter were provided. The work was taken up for execution by Jubhal division in July 1989 and completed in September 1989 at the cost of Rs. 2.91 lakhs.

Test-check of the records of the division revealed (December 1994) that the cable way failed in October 1989 due to the snapping of wire ropes. Reasons for the breakage of the wire ropes had not been investigated as of December 1994. To make the cable way functional, special repairs estimate amounting to Rs. 1.61 lakhs was approved in August 1990 and the repair work completed during the same month at an expenditure of Rs. 2.07 lakhs by providing wire ropes of 10 mm and 8 mm diameter.

The Executive Engineer stated (December 1994) that the wire ropes were broken due to wear and tear. This plea was not tenable as the ropes could not have broken due to wear and tear within a short span of just one month. Detailed investigation to ascertain the reasons which led to the breakage of the wire ropes had also not been conducted.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

4.8 Avoidable liability due to non-acceptance of tenders

Tenders for the construction of a bridge over *Sunehal Khad* at km 5/585 of Tikkar-Manoh road (Hamirpur district) were received in Barsar Division in May 1992. The lowest offer of contractor 'A' for Rs. 23.48 lakhs was recommended (July 1992) for acceptance by the Superintending Engineer after negotiations. The Chief Engineer, however, did not approve the tender and returned the same in September 1992 without assigning any reasons and directed that the work be taken up departmentally. The work was not taken up reportedly due to non-availability of labour, machinery and equipment. The fact was not, however, brought to the notice of higher authorities as of December 1993.

Tenders were reinvited by the Executive Engineer in December 1993 and the work awarded to the lowest tenderer in August 1994 for Rs. 25.21 lakhs which exceeded the earlier lowest tender by Rs. 1.73 lakhs. The work was taken up by the contractor in November 1994 and was in progress.

The Executive Engineer stated (December 1994) that the work could not be taken up departmentally due to meager budget allocation, shortage of skilled labour and non-availability of other infra-structure with the division. The plea was not tenable

as funds aggregating Rs. 13 lakhs were available for the work during the period 1991-94. Moreover, the fact of non-availability of labour and equipment was brought to the notice of higher authorities after a lapse of 15 months as pointed out by the Engineer-in-Chief in January 1994.

Non-acceptance of tenders received on the first call without any cogent reasons resulted in avoidable liability of Rs. 1.73 lakhs.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

4.9 Extra avoidable expenditure owing to non-adherence to technical specifications

The work of metalling and tarring of runway, taxiway and apron of the Airport at Gaggal (Kangra district) was awarded (February 1989) to a contractor by Kangra Division. According to the technical specifications of the National Airport Authority, no tack coat was required to be laid over bituminous macadam for laying Dense Asphaltic Concrete (DAC) if these courses were laid simultaneously. Based on these specifications, the contract agreement did not stipulate the provision of tack coat between these courses. However, while executing the work between February 1989 and April 1990, tack coat was also laid between these two layers which resulted in additional avoidable expenditure of Rs. 1.84 lakhs.

The Superintending Engineer, Palampur stated (January 1995) that the tack coat was provided as per site requirements. It was also stated that there was no mention in the contract agreement about non-applying of tack coat on a freshly laid layer of bituminous macadam or semi-dense asphaltic concrete. The reply was not tenable because the specifications did not permit the use of tack coat and the agreement was to be read with the relevant specifications.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

4.10 Overpayments/inadmissible payments to contractors

In three divisions¹, overpayments and inadmissible payments aggregating

¹

Bilaspur-I, Kalpa and Sarkaghat

Rs. 4.03 lakhs had been made to three contractors as discussed below:

(a) The super-structure work of foot-way bridge at Trisang (Kinnaur district) was allotted (May 1989) to a contractor by Kalpa Division for Rs. 10.99 lakhs. The work to be completed in three months, was commenced in May 1989 and the first running account bill was paid in June 1989 for the gross amount of Rs. 5.05 lakhs for 224.52 quintals of steel work rivetted in built up section at the approximate part rate of Rs. 2,250 per quintal. As the contractor did not execute further work after June 1989, compensation of Rs. 1.10 lakhs was levied and the contract rescinded (January 1992) by forfeiting security deposit of Rs. 0.33 lakh.

Audit of the division revealed (July 1994) that the quantity of steel work actually done was 200.64 quintals and the rate actually admissible as per analysis approved by Superintending Engineer worked out to Rs. 1,628 per quintal. Thus, owing to incorrect measurement and payment at higher rates, Rs. 1.78 lakhs were overpaid to contractor in June 1989. The final bill of the contractor was adjusted in July 1994 according to which an amount of Rs. 2.88 lakhs was recoverable from him. The Executive Engineer stated (October 1994) that the case for recovery was pending in arbitration. The reply was incomplete as the question of recovery of compensation was beyond the purview of arbitration.

(b) The contract for the construction of 420-metres span bridge over Ali khad (Bilaspur district) provided for payment of escalation charges on account of statutory increase in wages of labour and prices of materials. For this purpose, June 1989, when the bid was opened was to be taken as the base month. The labour escalation was payable according to a formula by taking into account the increased cost of living index for the month under review as the denominator.

Check of the records of Bilaspur division No.I revealed (September 1994) that as against Rs. 5.33 lakhs payable to the firm as labour escalation for the period from July 1990 to July 1992, escalation amounting to Rs. 6.74 lakhs had actually been paid by incorrectly taking the cost index for the base month as the denominator in the said formula. This resulted in overpayment of Rs. 1.41 lakhs to the contractor.

While admitting the overpayment, the Executive Engineer stated (January 1995) that the amount would be adjusted from the escalation claim of the contractor for the subsequent periods. Further developments were awaited (May 1995).

(c) The Chief Engineer (North), Dharamsala had clarified in April 1991 that only the weight of snap head of rivet and not the full weight was to be added to the net weight of a steel truss bridge because the shaft of the rivet compensated for the material of hole.

Notwithstanding this, full weight of 6,572 kilograms of rivets against the weight of 1,669 kilograms of snap head was added to the built up sections of two steel truss bridges by the Sarkaghat Division while making payments to a contractor in October 1990 and December 1993. The deviation resulted in an inadmissible payment of Rs. 0.84 lakh to the contractor.

While admitting the overpayment in one of these cases involving Rs. 0.65 lakh, the Executive Engineer stated (December 1994) that the amount would be adjusted in the final bill. The bill had not been finalised for want of approval of deviation statement and extension of time.

These points were referred to Government in June 1995; reply has not been received (September 1995).

4.11 Unfruitful expenditure on works

(a) The Forest (Conservation) Act, 1980 prohibits the use of forest land for non-forest purposes without prior approval of the Government of India.

In 4 Divisions¹, 7 road works (estimated cost: Rs. 166.03 lakhs) stipulated to be completed within a period of 2 to 5 years from the dates of their commencement as detailed in Appendix-VII, were taken up for construction between 1984 and 1991 without obtaining the approval of the Government of India for the use of forest land falling along the alignment of these roads. These works, on which expenditure of Rs. 10.46 lakhs had been incurred were lying incomplete for want of permission of Government of India for the use of forest land for non-forest purposes.

In 4 Divisions², 4 road works (estimated cost: Rs. 54.63 lakhs) stipulated to be completed within a period of 3 to 5 years from the dates of their commencement, as detailed in Appendix-VIII, were taken up for execution between February 1974 and November 1986 and were lying incomplete after incurring expenditure of Rs. 17.64 lakhs. Technical sanctions were also not obtained (June 1995). These works were held up owing to non-finalisation of alignment, hard rocky strata coming in the alignment, non-acquisition of private land and paucity of funds.

The expenditure of Rs. 28.10 lakhs incurred on these works had, thus remained unfruitful and the beneficiaries deprived of the intended benefits.

¹ Dalhousie, Haripurdhar, Kangra and Shillai

² Haripurdhar, Kalpa, Sarkaghat and Shimla-I

(b) In 4 Divisions³, construction of 5 bridges was administratively approved for Rs. 56.37 lakhs between December 1988 and March 1991 with the stipulated period of completion ranging from 6 to 24 months. The execution of bridges commenced between 1988-89 and March 1991 without obtaining technical sanction as detailed in Appendix-IX. The construction of these five bridges is still incomplete, though expenditure of Rs. 19.72 lakhs has been incurred.

Test-check (June-October 1994) revealed that in two Divisions⁴, work of three bridges was suspended by the contractors between April 1992 and June 1993. Compensation of Rs. 1.09 lakhs levied (July 1993) in one case only had not been recovered (Nahan). Construction of footway bridge under Solan Division was held up due to non-acquisition of land for the construction of an abutment and work on the superstructure of foot bridge under Kalpa Division was not started by the contractor.

The expenditure of Rs. 19.72 lakhs incurred on these bridges had, thus, remained unfruitful and beneficiaries deprived of the intended benefits.

(c) In five Divisions⁵, 6 buildings (estimated cost: Rs. 37.63 lakhs), to be completed within a period of six months to three years from the date of their commencement as detailed in Appendix-X and taken up for execution between December 1980 and February 1992 were lying incomplete after incurring expenditure of Rs. 15.93 lakhs. The Executive Engineers attributed reasons for delay mainly to paucity of funds. The expenditure of Rs. 15.93 lakhs incurred on these buildings has, thus remained unfruitful.

These points were referred to Government in June 1995; reply has not been received (September 1995).

Irrigation and Public Health Department

4.12 Augmentation of water supply scheme, Nahan

Tenders for providing, laying and jointing of rising main of 300 mm diameter Mild Steel Electricity Resistance Welded (MSERW) pipes from RD 7,515 to 12,582 for the augmentation of water supply scheme, Nahan town were received (March 1993) in Nahan Division. The work was awarded to a Chandigarh based firm in December 1993

3 Kalpa, Nahan, Rajgarh and Solan

4 Nahan and Rajgarh

5 Bilaspur-I, Mandi-I, Rampur, Rohroo and Una

for Rs. 91.25 lakhs with stipulation to complete it within a period of one year. The work was in progress and payments totalling Rs. 94.70 lakhs had been made up to 11th running bill paid in May 1995.

Test-check (January-February 1995) of the records of the Division and further information collected in June and July 1995 revealed the following points:

(i) According to the conditions of the notice inviting tenders, tenders for works in the State remain open for acceptance for a period of 90 days from the date of opening of the tenders. The tenders for the aforesaid work were received in the division on 19 March 1993 and were valid up to 18 June 1993. The tender case was decided by the Engineer-in-Chief on 22 December 1993, after negotiating with the representative of the firm on 17 December 1993 and after the firm had extended the validity period up to 31 December 1993.

The firm in their offer of 19 March 1993 had undertaken the execution of 5,067 running metres (300 mm diameter) long rising main at the rate of Rs. 1,550 per running metre inclusive of cost of bends, flanges, laying, jointing and testing of pipe line, zero velocity valves and inclusive of all taxes. The Himachal Pradesh General Sales Tax Rules, 1970 were amended vide Government notification dated 31 July 1993 and were made applicable from August 1993. According to the amended rules, deduction of 2 per cent sales tax was to be made from payments relating to works contracts. The firm in their letter of 3 September 1993 demanded reimbursement of the above tax on actual basis. This condition of the firm was accepted during negotiations held in December 1993 and accordingly, payment of Rs. 1.86 lakhs had been made to the firm up to 11th running account bill paid in May 1995.

The rates offered by the firm in their original offer of March 1993 were valid up to 18 June 1993 and were inclusive of all taxes and duties. It was agreed during negotiations held in December 1993 that increase in Central/State taxes would be reimbursed to the firm on actual basis beyond 18 June 1993. The rates of Central excise duty on MSERW pipes of 5.6mm thickness and above were revised from 12.5 per cent to 15 per cent and fresh duty of 15 per cent was levied on pipes of 4.9mm thickness from March 1994. A payment of Rs. 3.30 lakhs had been made to the firm up to the 11th running bill paid in May 1995 on account of difference in the rates of Central excise duty and levy of fresh duty beyond the expiry of validity period.

Failure of the Department to accept the tender within the stipulated period of 90 days resulted in extra avoidable expenditure of Rs. 5.16 lakhs on account of reimbursement of sales tax and Central excise duty to the firm.

(ii) The firm had not quoted the rates for the specifications of pipes mentioned in the tender documents on the plea that pipes of the requisite specifications were not

available with the Steel Authority of India (SAIL), the sole manufacturers of these pipes. Instead a flat rate of Rs. 1,550 per running metre inclusive of cost of bends, flanges, laying, jointing, testing of pipe line, zero velocity valves and all taxes was quoted for the entire length of 5,067 running metres of the rising main. According to the schedule of quantities, pipes conforming to two different specifications having different thicknesses were required to be supplied and laid. The firm had quoted the aforesaid rate without specifying the thickness of the pipes. The offer of the firm was subject to the condition that they would give their design to the Department for approval and acceptance.

In December 1993, the firm agreed to execute the work on the rates quoted in their original offer of March 1993 for the specifications and thicknesses of pipes mentioned in the tender document subject to the condition that the pipes would be supplied by SAIL within a period of one month from the date of order. The firm also submitted their alternative design of pipes. In January 1994, a certificate from the Branch Sales Office of SAIL at Jullundur was obtained by the firm stating that it would not be possible to supply the pipes of required thickness and specifications within 30-40 days. Efforts made by the Department to check the authenticity of this certificate were not on record.

The work was started by the firm in May 1994 on their alternative design, according to which the thickness of pipes ranged between 4.9mm and 7.1mm as compared to the thickness ranging between 5.6mm and 7.9mm given in the schedule of quantities. The weight of 5,067 running metres of pipes having thickness between 5.6mm and 7.9mm worked out to 2,32,462 kgs, whereas the weight of the same length of the pipe line according to the alternative design of the firm worked out to 2,06,443 kgs. Computed on the basis of the rate (Rs. 31.53) per kilogram worked out by the division and after adjusting the value of zero velocity valves agreed to be provided by the firm free of cost, a net benefit of Rs. 3.20 lakhs had been given to the firm on account of difference of 26,019 kilograms in the weight of pipes provided in the notice inviting tenders and actually supplied by the firm according to their alternative design.

(iii) The schedule of quantities appended to the tender documents and subsequently incorporated in the agreement concluded with the firm, provided application of flood coat of coal tar approximately 3/32mm thick with a glass fibre wrap with an overlap of 13mm over an area of 4,635 square metres of 5,067 running metres long rising main. This treatment was intended to be given to the portion of the rising main which was to be buried under the earth to protect it from corrosion. The cost of this item as worked out in the approved working estimate amounted to Rs. 5.56 lakhs at the rate of Rs. 120 per square metre. The firm had quoted a rate of Rs. 58 per square metre for this item of work in their offer of March 1993.

Up to the 11th running bill paid in May 1995, 4,855 running metres of rising

main had been laid against the stipulated quantity of 5,067 running metres. Refilling of trenches in the entire length of 4,855 running metres had also been done. It was noticed in audit (July 1995) that glass fibre wrap over an area of 127.59 square metres of the pipe line valued at Rs. 7,400 had been provided. The treatment required as per the agreement thus had not been provided and the entire work done was below the specifications provided. The rising main was designed for a period of 30 years. In the absence of the specific treatment, the designed life of the rising main could not be taken for granted.

(iv) A uniform rate of Rs. 1,550 per running meter had been quoted by the firm for providing, laying and jointing of pipes irrespective of their thickness. According to the alternative design of the firm, the rising main was to be completed by providing 300mm dia pipes of different thicknesses ranging between 4.9mm and 7.1mm. The firm informed (January 1994) the Department that procurement of the entire quantity of pipes would be made by the end of 1993-94. However, the firm pointed out (November 1994) to the Engineer-in-Chief during the course of inspection of work that the pipes of 5.6mm thickness were not readily available and asked for permission to provide pipes of higher thickness. For this, they demanded extra payment for the extra weight involved. This plea of the firm was accepted (November 1994) by the Engineer-in-Chief and 795 running metres pipes of 5.6mm thickness were substituted by 6.4mm thickness involving extra weight of 4,889 kilograms for which payment of Rs. 1.54 lakhs had been made to the firm. The action of the Department was not according to the terms of the agreement and resulted in undue financial aid to the firm.

(v) The firm in their letter of 17 December 1993 stated that this work should not be linked with any other work being executed by them in the Department in connection with withholding any payment for other works. This condition was accepted by the Department during negotiations held on 17 December 1993. Solan Division No.I had already circulated a recovery notice for Rs. 8.58 lakhs against the firm amongst various divisions and Circles of the Irrigation and Public Health and Public Works Departments of the State during February 1992 with copy to the Engineer-in-Chief. Action of the Department was thus detrimental to the interest of the Government.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

4.13 Avoidable loss

To protect the land, houses and other property of Ghandawal and Bhalola villages (Una district), administrative approval for providing flood protection works to Dhussara *khad* was accorded in November 1993 at the estimated cost of Rs. 4.94 lakhs. The estimate of the work envisaged the construction of an earthen embankment with

stone pitching and apron in a length of 440 metres on the left bank of the *khad*. The work, stipulated to be completed in 6 months, was started departmentally in January 1994 and 435 metres long earthen embankment was completed in May 1994 at the expenditure of Rs. 1.13 lakhs.

Test-check of the records of Una Division No. 1 revealed (February 1995) that the work of providing wire crates and stone pitching to a portion of 220 metres (RD 0/0 to 220) earthen embankment constructed by the Department was entrusted to a contractor in March 1994 with the stipulation to complete the same in 3 months. Secured advance of Rs. 0.70 lakh was also paid to the contractor in March 1994 for bringing galvanized iron wire to the site of work. The contractor, however, did not start actual execution of work despite issue of several notices by the Department between April and June 1994. Due to heavy rains on the last day of June 1994, 360 metres embankment was washed away. The remaining portion of embankment was also washed away in the second fortnight of July 1994.

Scrutiny of records further revealed that tenders for protecting the remaining portion of the embankment from RD 220 to 440 were invited in May 1994 but the work was not awarded to any of the tenderers. Tenders reinvited and received in June 1994 had also not been finalised by the Division as of February 1995.

Failure to ensure timely completion of the work had thus resulted in an avoidable loss of Rs. 1.13 lakhs. Besides, the intended benefit of protecting the land and property of the villagers could also not be achieved.

The matter was referred to Government in April 1995, reply has not been received (September 1995).

4.14 Wasteful expenditure on a lift irrigation scheme

To provide irrigation facilities for converting 53 hectares of barren land of Moorang village (Spiti Valley) to agricultural land, construction of Lift Irrigation Scheme. Moorang was administratively approved in March 1973 at the estimated cost of Rs. 2.18 lakhs, subsequently revised to Rs. 7.61 lakhs in December 1986.

The estimate provided for lifting of 2.5 cusecs of water from Gondi *nallah* which had perennial discharge of 15 cusecs. The scheme was taken up for construction in July 1977 without obtaining technical sanction and expenditure of Rs. 9.70 lakhs had been incurred up to 1992-93* on pump house-cum-attendant quarter, approach road to pump house, feeder channel, distribution lines, delivery tank and procurement

* Includes Rs. 13,545 incurred during 1987-93 for liquidation of old liabilities and write back of material

of material.

Further work was not done after 1986-87 and the scheme was lying in an abandoned state.

The Executive Engineer intimated (May 1990) that silt load in *nallah* water in Spiti Valley was so high that it was not possible to desilt and lift it. It was further added that no pump set had functioned properly for a year and there was a constant public demand for conversion of all lift irrigation schemes into flow irrigation schemes.

Construction of flow irrigation scheme was administratively approved (December 1991) by the Project Director, Desert Development Project, Kaza for Rs. 48.03 lakhs. The scheme was taken up for execution in May 1992 and expenditure of Rs. 4.26 lakhs had been incurred on 1,800 metres long *pattra* cutting. The flow irrigation scheme was expected to be completed by end of 1997-98.

In these circumstances, while the expenditure of Rs. 0.70 lakh incurred on the feeder channel had gone waste, the pump house and approach road constructed at the expenditure of Rs. 3.45 lakhs could not be gainfully utilised. Besides, the expenditure of Rs. 5.10 lakhs incurred on the construction of the delivery tank, outlets and distribution system would remain unfruitful till the commissioning of flow irrigation scheme. It was mentioned by Executive Engineer in June 1995 that the delivery tank, outlets and distribution system constructed for the lift irrigation scheme would be utilised in the flow irrigation scheme and the pump house was being utilised as a store and chowkidar quarter.

The matter was referred to Government in April 1995, reply has not been received (September 1995).

4.15 Incorrect reporting to the Public Accounts Committee

Mention was made in paragraph 4.1.1.2(ii) of the Report of the Comptroller and Auditor General of India for the year 1982-83 (Civil)- Government of Himachal Pradesh of the delay in execution of irrigation schemes. The schemes commented upon in the paragraph *ibid* also included Flow Irrigation scheme, Ropa Patha (Mandi district) which had not been completed up to March 1983. However, in 158th Report of the Public Accounts Committee (Sixth Vidhan Sabha) presented to the Vidhan Sabha on 23 December 1988 it had been mentioned on the basis of oral examination of the departmental representative that all the schemes mentioned in the para 4.1.1.2(ii) had been completed.

The scheme, initially taken up for execution by Mandi Division in 1981, was transferred to Baggi Division on its creation during 1984-85. Test-check (June 1991) of

the records of Baggi Division and further information collected thereafter revealed that the scheme had not actually been completed as of June 1995 even after incurring expenditure of Rs. 19.90 lakhs.

Incorrect information was supplied to the Public Accounts Committee. The expenditure of Rs. 19.90 lakhs incurred on the scheme up to June 1995 had also remained unfruitful and the beneficiaries deprived of the intended benefits.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

4.16 Extra avoidable expenditure owing to inadequate investigations

To provide irrigation facility to culturable command area (CCA) of 75 hectares of land (subsequently reduced in March 1981 to 60 hectares), construction of Lift Irrigation Scheme, Takarla Nandpur (Una district) was administratively approved in March 1980 at the estimated cost of Rs. 2.28 lakhs. The scheme was commissioned in April 1985 after incurring expenditure of Rs. 7.07 lakhs. Expenditure of Rs. 4.90 lakhs had also been incurred on the maintenance of the scheme from 1985-86 to 1994-95 (up to November 1994).

Test-check (November 1993) of the records of Una Division No.II and information supplied (December 1994) by the Division revealed that maximum CCA of 18 hectares could be irrigated from the scheme till 1993-94. An estimate for Rs. 3.20 lakhs proposed in November 1990 for providing chak development to a CCA of 36.64 hectares was still awaiting approval. The remaining CCA which was found to be water logged according to the revenue records, did not require to be provided irrigation facility and was, therefore, not included in the estimate prepared for providing chak development works.

Evidently, the scheme was taken up on a larger scale than necessary without determining the area actually requiring irrigation. Had a thorough investigation of the scheme been conducted in the first instance, proportionate expenditure of Rs. 5.99 lakhs incurred on construction and maintenance of the scheme for the additional CCA of 38.36 hectares could have been avoided.

The Executive Engineer stated (December 1994) that the scheme was designed at the prevalent norm of one cusec of water for 75 hectares of land. The reply was not tenable as the scheme should have initially been designed for the CCA actually in need of irrigation facility after carrying out detailed survey and investigation of the

command area which was, evidently, not done.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

4.17 Unfruitful expenditure on an irrigation scheme

To irrigate 121 hectares of culturable command area, Flow Irrigation Scheme, Nichar (Kinnaur district) was administratively approved (February 1982) for Rs. 8.82 lakhs. Technical sanction had not been obtained as of April 1995. The work had, however, been started by Rekong Peo Division during 1979-80. *Patra** cutting in a length of 4.460 kilometres out of the total length of 6.750 kilometres had been done in patches up to April 1992 after incurring expenditure of Rs. 19.26 lakhs. Revised estimate of Rs. 30.57 lakhs received from the Nichar Sub-Division in February 1991 was still under process. Further work had not been done thereafter.

Test-check of the records of the division revealed (May 1994) that work of the scheme had been held up for want of permission of the Forest Department to construct the *kuhl* in its land. The Assistant Engineer, Nichar Sub-division had requested (May 1984) the Executive Engineer to obtain permission of the Forest Department for using forest land for executing the work. The case for acquisition of forest land was, however, moved by the division to the Forest Department as late as in January 1987 and was still (April 1995) under correspondence.

The Engineer in Chief (I&PH), Shimla stated (April 1995) that remaining work of the *kuhl* would be started immediately on receipt of sanction of the Forest Department. Further developments were awaited (May 1995).

Inordinate delay in moving the case to the Forest Department coupled with inaction of the latter had resulted in unfruitful expenditure of Rs. 19.26 lakhs. Besides, the inhabitants of the area had been deprived of irrigation facility.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

4.18 Infertuous expenditure

The tubewell at Dhakeri (Solan district) was drilled in June 1984 by the then Tubewell Division, Nalagarh at the cost of Rs. 2.78 lakhs and transferred (February 1987) to Solan Division No.I (presently I&PH Division, Nalagarh). To commission it and provide irrigation to 54 hectares of land, construction of civil works

* *Patra*: Trace cutting for an irrigation channel in hilly areas

for the tubewell was administratively approved (October 1987) for Rs. 12.30 lakhs. The civil works were taken up in June 1987 and the scheme was commissioned in July 1988 after incurring expenditure of Rs. 12.57 lakhs.

In July 1991, some sand problem was noticed which was overcome by lowering the pumping machinery from 26.13 metres to 29.15 metres below ground level without obtaining expert advice of Central Ground Water Board. However, the pumping machinery went out of order in July 1992 and some pebbles with sand were found in the pump screen. For taking remedial measures and putting the tube well to use, the advice of the Central Ground Water Board (Board) was sought in August 1992 but the tubewell could not be revived. In April 1994, the site was inspected by a Scientist of the Board during which a rupture was noticed at the joint of the lower portion of the slotted housing pipe which permitted sand and gravel to enter. Eventually, the abandonment of the tubewell was recommended (June 1994) with the suggestion for construction of an alternative well at a distance of about 30 metres from the existing well. The work at new site had not been started. The Executive Engineer stated (June 1994) that action on the report of the Board would be taken in due course. Reasons leading to rupturing of slotted pipe were also not investigated to fix responsibility, and for taking preventive measures in future.

Thus, due to failure of the tubewell within 4 years of its commissioning, the expenditure of Rs. 2.78 lakhs incurred on its drilling had been rendered infructuous. Besides, expenditure of Rs. 12.57 lakhs on civil works had also remained largely unfruitful due to non-functioning of the scheme since April 1992.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

4.19 Extra avoidable expenditure

Tenders for providing and laying of main sewerline, distribution lines, pillars and allied works of the sewerage system for Sundernagar Town (phase-I) were received (January 1994) in Sundernagar Division. Of the three tenders received, offer of contractor 'B' who was the second lowest and also had offered a discount of 5 per cent on the cost of pipes, if the pipes were provided by the Department, was not recommended (February 1994) by the Superintending Engineer, Sundernagar Circle to the Chief Engineer, Dharamsala on account of various reasons. One of the reasons given (February 1994) by the Superintending Engineer was that the pipes were neither available in stock nor could these be procured immediately.

It was noticed (July 1994 and May 1995) in audit that the plea of non-availability of pipes was not based on facts as 937 running metres of cast iron (CI)

pipes of 200mm (896.5 metres) and 150mm (40.5 metres) diameters (dia) costing Rs. 4.89 lakhs were already available with the division and 7,634 running metres of 150mm dia pipes costing Rs. 28.73 lakhs were received in March 1994 against two supply orders placed in January-February 1994. These pipes were reportedly purchased for Phase II of the scheme, work on which was to be taken up after the completion of Phase I of the scheme. Thus, the plea that pipes could not be procured immediately and the quantities purchased were meant for consumption in phase II was not tenable as sufficient time and funds were available and both the phases were integral part of the scheme.

To utilise the available budget allotments during 1992-93 and 1993-94, material costing Rs. 57.37 lakhs were booked to phase I of the scheme between March 1993 and March 1994. This included Rs. 14.73 lakhs on account of cost of 9,535 running metres of galvanised iron pipes of various dias which were not required for use on sewerage system. Of this, materials worth Rs. 51.37 lakhs including GI pipes were lying unutilised as of May 1995. The materials so booked would reportedly be utilised on Phase II, work on which had not been started. Thus, funds amounting to Rs. 51.37 lakhs had been blocked for periods ranging between 14 and 26 months.

The work was awarded (March 1994) to contractor 'A' at Rs. 123.67 lakhs which included a sum of Rs. 80.29 lakhs for providing and laying of 9,342 running metres of CI pipes of various diameters. Work was in progress (May 1995). Had the Department evaluated the tender after taking into account the impact of departmental supply of pipes and included provision for issue of pipes in the agreement, there would have been a saving of Rs. 13.48 lakhs in laying of 9,342 running metres of CI pipes.

While accepting the avoidable expenditure, the Executive Engineer stated (May 1995) that numerous factors such as involvement of travelling allowance, daily allowance and specialisation of contractors for executing big works were considered before entering into agreement. It was also stated that apart from pipes there were number of other items which were awarded to the contractor at rates lower than the justified rates. The plea was not tenable as the contractor did not have past experience of providing and laying of sewerage system and the factors enumerated above were only incidental. Again out of the total contract of Rs. 123.67 lakhs, the providing and laying of pipes alone came to Rs. 80.29 lakhs, thus highlighting the fact that this was the largest component in the work, accounting for 65 per cent of the cost.

Failure of the Department to evaluate the tender of contractor 'B' after ensuring departmental supply of pipes to him would result in extra avoidable liability of Rs. 13.48 lakhs. Besides, funds amounting to Rs. 51.37 lakhs had been blocked because of booking of material just to show the utilisation of available budget allotment.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

CHAPTER-V

STORES AND STOCK

Public Works Department

5.1 Misappropriation of material

Five Buildings and Roads divisions¹ entrusted the carriage of bitumen from Mathura to different destinations in the State to three contractors between February 1990 and January 1993. The jobs were to be completed by the contractors within one month to three months from the dates of allotment.

According to the system prevailing in the Department, authority letter is issued to the carriage contractor against the delivery orders of the refinery. On the basis of this authorisation, bitumen is obtained by the carriage contractor from the refinery and carted to the designated stations. The material thus remains in the custody of carriage contractors till it is delivered to the consignee at the destination. The payment on account of cost of material is made by the Pay and Accounts Office of the Ministry of Supply on behalf of the State Government and debits are raised through the Accountant General for adjustment in accounts.

Test-check of the records of the divisions revealed between August 1993 and September 1994 that no specific provision for securing Government interest in the event of non-handing over of material by the contractors to the consignees had been made in the agreements. The contractors lifted 542.41 tonnes (3,476 drums) of bitumen from the refinery between March 1990 and February 1993 on the basis of the authorisation of the divisions concerned and delivered 351.99 tonnes (2,256 drums) to different divisions during the same period. The balance quantity of 190.42 tonnes (1,220 drums) valued at Rs. 10.65 lakhs had not been handed over as of July 1995, notwithstanding the fact that payment for the entire quantity of 542.41 tonnes had been made to the refinery by the Ministry of Supply. Obviously, the material had been misappropriated by the carriage contractors.

The Executive Engineer, Bilaspur Division No. I stated (September 1994) that the matter was reported to Police in June 1993 and was under investigation as of June 1995. The remaining four divisions had not reported the matter to the Police and had only pursued the cases with the contractors for the delivery of the balance quantity

¹

Bilaspur-I, Kalpa, Karchham, Kaza and Nirmand

of material but without success. Carriage charges of Rs. 3.68 lakhs were payable to the contractors. However, amount of earnest money/ security amount recovered from the contractors was not known (September 1995).

Failure to secure Government interest by making specific penal provisions in the agreements in the event of non-delivery of material, facilitated the misappropriation of material worth Rs. 10.65 lakhs.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

5.2 Excess consumption of material

According to the Himachal Pradesh Public Works Department specifications and estimates of works approved by the Superintending Engineers, 5 kilograms of bitumen was required to be used for 10 square metres of area of an existing bitumen treated road surface for carrying out premix carpeting for annual surfacing.

Notwithstanding these provisions and the estimates framed on this basis, bitumen at the rate of 10 kilograms per 10 square metres was actually consumed in Ghumarwin and Una divisions over an area of 1,57,238 square metres in respect of 21 road works between May 1991 and December 1994. Deviation from the prescribed specification and the sanctioned estimates resulted in excess consumption of 78,619 kilograms of bitumen costing Rs. 5.08 lakhs. In addition, 550 quintals of fuelwood costing Rs. 0.50 lakh was also consumed in excess for heating the excess quantity of bitumen consumed.

Similarly, in Dharamsala Division tack coat for annual surfacing to 10 road works at the rate of 10 kilograms per 10 square meters was provided between 1991-92 and 1994-95 over an area of 92,527 square metres of road surface without preparation and approval of requisite estimates. Failure to follow laid down specification resulted in extra expenditure of Rs. 2.17 lakhs. On this being pointed out (March 1994 and January-February 1995) in audit, the Executive Engineer attributed (October 1994 and January-February 1995) the excess consumption of bitumen to bad condition of road crust and delay in carrying out renewal coat. The plea was not tenable as the specifications laid down did not allow excess consumption of materials on this account.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

5.3 Irregularities in procurement and issue of materials

Departmental Financial Rules provide that materials should not be issued to works unless these are required for immediate consumption. Debiting a work with the cost of materials not required for immediate use just to show utilisation of the budget provision is prohibited.

Test-check of ten divisions² revealed (August 1994-January 1995) that materials valued at Rs. 99.04 lakhs issued to 118 works between January 1992 and March 1994 were returned to divisional stores between April 1993 and November 1994. This included bitumen valued at Rs. 4.32 lakhs booked by Chamba (Rs. 1.14 lakhs) and Nahan (Rs. 3.18 lakhs) divisions to 11 building works and one fish farm work, even though it was not required for consumption.

In Rohroo Division, Rs. 32 lakhs were drawn (March 1994) from the treasury and converted (April 1994) into four bank drafts in the name of Steel Authority of India (SAIL). The amount was directly charged to 7 works instead of placing the same under suspense head "Miscellaneous Works Advances" pending receipt of material. The bank drafts, which were kept in cash chest instead of being remitted to the firm, were subsequently cancelled and encashed during May-July 1994 by giving credit to the concerned works and the amount was utilized for making payments to contractors and labour. While admitting that the booking of expenditure direct to works was done to ensure utilization of budget allotment, the Divisional Officer stated (November 1994) that funds were drawn on *pro forma* bills against anticipated requirement of steel and that when SAIL expressed its inability to supply the material the bank drafts were got cancelled. The contention of the Divisional Officer was, however, not tenable as neither the bank drafts were remitted to SAIL nor was any correspondence showing inability of the latter to supply the material available on record.

Moreover, another sum of Rs. 12.99 lakhs had been advanced in March 1994 to the State Small Scale Industries and Export Corporation for supply of steel, and material valued at Rs. 11.77 lakhs had been received thereagainst between June 1994 and November 1994. Balance material costing Rs. 1.22 lakhs had not been supplied as of December 1994. The advance payment of Rs. 12.99 lakhs was debited to the work "construction of hostel building of polytechnic, Rohroo" instead of "Miscellaneous Works Advances" for showing utilisation of available funds. The material was subsequently transferred either to stock or to other works. Necessary transfer entries to regularise the write back of material to stock had, however, not been prepared (November 1994) and the work continued to be overcharged. Further, Rs. 10.91 lakhs were advanced to SAIL (Rs. 6.44 lakhs) and State Civil Supplies Corporation (Rs. 4.47 lakhs) in

March 1993 for supply of steel and cement respectively and debited to the same work instead of "Miscellaneous Works Advances". Of this, material valued at Rs. 10.40 lakhs had been received between April 1993 and August 1993 and the balance material costing Rs. 0.51 lakh had not been received as of December 1994.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

5.4 Shortage/non-handing over of stores

A Junior Engineer of Dehra Division (Kangra district) did not hand over the charge of stores to his successor till his superannuation in September 1991. Protracted correspondence exchanged by the division with the official had also remained ineffective. Consequently, a committee constituted (September 1992) by the Executive Engineer worked out (August 1993) the shortages of Rs. 4.33 lakhs on the basis of handing over/ taking over charge (Rs. 0.46 lakh) and by comparing the book balances of materials with available ground balances (Rs. 3.87 lakhs).

Test-check of records of the division revealed (January 1995) that the official had been avoiding handing over of charge to another official since December 1989. It was also noticed that at the time of processing of pension papers of the defaulting Junior Engineer about three months before his retirement, no firm recovery had been noticed/established and as such no demand certificate was issued by the then Executive Engineer. Accordingly, all retirement benefits except death-cum-retirement gratuity of Rs. 0.37 lakh were released to him. The action of the Executive Engineer in issuing the no demand certificate, especially when he was aware that the official had not handed over the charge of stores, was not correct.

The defaulting Junior Engineer was charge-sheeted (December 1994) by Government after a period of over three years of his retirement and the enquiry was in progress. The then Executive Engineer and four other officers/officials, held responsible for administrative lapses, had also been charge-sheeted. Further developments were awaited (May 1995). There was abnormal delay of more than three years in initiating action against the retired Government servant and others who were still in service.

Had effective steps to get the charge of stores handed over well in time been taken and shortages established before retirement of the official, part of the amount could have been recovered from the dues of the retiree and loss to public exchequer minimised.

The matter was referred to Government in June 1995, reply has not been received (September 1995).

Irrigation and Public Health Department

5.5 Avoidable expenditure on transportation charges

The Engineer-in-Chief placed orders in June 1992 on various firms borne on the rate contract of Director General of Supplies and Disposals for the supply of galvanized iron (GI) pipes of varying diameters to different divisions of the Department. This included the requirement of 8,99,476 running metres of pipes for the year 1992-93 sent by the Kullu Division in May 1992.

Subsequently, the Executive Engineer, Kullu Division informed (July 1992) the Superintending Engineer, Kullu that the requirement of pipes had been wrongly prepared keeping in view the estimates of various water supply schemes and not on the basis of sanctioned budget. The revised requirement for 1,03,570 running metres of GI pipes was, thus, sent to the Chief Engineer, Dharamsala in July 1992. No amendment to the supply order placed in June 1992 was, however, issued by the Engineer-in-Chief as a result of which 1,69,579 running metres of GI pipes were received during 1992-93 on the basis of supply orders placed in June 1992. While sending the above requirement, the orders placed during December 1991 and January 1992 were not taken into account and 1,00,171 running metres of pipes were received during 1992-93 on the basis of these supply orders. Thus, against the requirement of 1,03,570 running metres of pipes, 2,69,750 running metres of pipes were actually received, of which 1,74,768 running metres of pipes were transferred to 7 divisions³ after incurring expenditure of Rs. 1.34 lakhs on transportation charges.

Failure on the part of the Division to prepare realistic requirement and to issue timely amendment to the supply order resulted in extra avoidable expenditure of Rs. 1.34 lakhs on transportation of pipes from Kullu to different destinations.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

5.6 Avoidable expenditure

The estimate of gravity water supply scheme to 4 villages¹ of Mandi district approved in March 1991 provided for the use of light grade galvanised iron pipes of various diameters (dias) in the gravity mains and distribution lines. Based on this approval, light grade pipes were purchased by Sundernagar Division for use on this

³ Baggi, Jubbal, Mandi, Padhar, Palampur, Sarkaghat and Sundernagar

¹ Bakhrot, Kalason, Karsog and Sorta

scheme. On reinvestigation (November-December 1992), it was observed that medium grade pipes of 40mm (610 metres), 50mm (2,390 metres), 65mm (1,985 metres), 80mm (5,475 metres) and 100mm (1,155 metres) diameters were suitable in 11,615 running metres long gravity mains of phases I and II of the scheme.

Instead of procuring medium grade pipes, it was decided to use light grade pipes by providing flanges. Accordingly, 8,192 metres light grade pipes of various dias costing Rs. 10.90 lakhs were got flanged into 8,122 metres of pipes during 1992-93 through 4 contractors at the expenditure of Rs. 3.95 lakhs. The cost of 8,122 metres medium grade pipes was Rs. 12.66 lakhs on the basis of rates prevailing during 1992-93.

Had adequate and proper investigations been conducted in the designed scheme initially, and medium grade pipes procured as per requirement of the scheme, extra expenditure of Rs. 2.19 lakhs on flanging of pipes could have been avoided.

The Executive Engineer stated (July 1994) that the scheme was targeted to be completed in March 1993 and light grade pipes were available in the Division and as such it was decided to use light grade pipes after flanging instead of procurement of medium grade pipes. The plea was not tenable as the scheme had not been completed as of July 1994.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

Social and Women's Welfare Department

5.7 Deficiencies in stores management

The stores in Social and Women's Welfare Department consist of foodstuffs, sewing machines, utensils, etc. While the purchase of stores (foodstuffs) is processed by a purchase committee at the directorate level, other stores are purchased both at directorate level and field units in accordance with the powers delegated to them under the State Financial Rules.

The following points were noticed in the course of test-check of stores management during February and May 1995:

- (i) Financial procedure require that moneys drawn in advance be adjusted immediately and no subsequent advance be allowed until the previous one is adjusted. Advances totalling Rs. 171.13 lakhs were paid to Child Development Project Officers (CDPOs) between 1990-91 and 1994-95 for the purchase of store items and for payment

of transport charges. The accounts in adjustment thereof were, however, not received nor had these been called for from the field officers. The Director stated (May 1995) that a *pro forma* would be devised and circulated to field units to maintain the accounts at directorate level.

(ii) Out of Rs. 2.47 lakhs received by CDPO, Ghumarwin in June 1993 (Rs. 0.72 lakh) and March 1994 (Rs. 1.75 lakhs) for purchase of various store items, Rs. 0.97 lakh only had been utilised and Rs. 1.50 lakhs were lying unutilised in the bank as of February 1995. The CDPO, Ghumarwin stated (February 1995) that this amount was released by the Director even when no demand was placed by him.

(iii) Material valued at Rs. 4.84 lakhs was purchased by the Director and 15 CDPOs from firms other than those borne on rate contract between March 1991 and February 1995 which resulted in extra expenditure of Rs. 1.07 lakhs as compared to the rates of firms on rate contract. No reasons for purchases effected from firms other than those on rate contract were advanced.

(iv) Stores worth Rs. 1.22 lakhs were found short/misappropriated in three Child Development Project Offices (CDPOs) and one District Welfare Office (DWO)* between March 1989 and September 1994.

(v) Stores and equipment like sewing machines, utensils, bed sheets, etc., valued at Rs. 1.72 lakhs purchased between April 1981 and May 1993 were lying unutilised from January 1985 to October 1993 due to winding up/non-implementation of programmes.

(vi) Contrary to the provisions in the financial rules of the State Government, open tenders for purchases exceeding Rs. 10,000 were not invited to derive the benefit of competitive rates and purchases amounting to Rs. 4.39 lakhs were made between May 1991 and May 1994 by the DWO, Shimla (Rs. 0.92 lakh), CDPO, Ghumarwin (Rs. 1.61 lakhs), CDPO, Nalagarh (Rs. 0.87 lakh), CDPO, Kumarsain (Rs. 0.14 lakh), CDPO, Rampur (Rs. 0.72 lakh) and CDPO, Solan (Rs. 0.13 lakh) on the basis of 3 to 4 spot quotations, though the value of indents was more than Rs. 10,000 in each case. No reasons were advanced by the Department.

The matter was referred to Government in July 1995; reply has not been received (September 1995).

* Ghumarwin: Rs. 0.73 lakh; Paonta: Rs. 0.13 lakh; Rampur: Rs. 0.20 lakh and DWO, Shimla: Rs. 0.16 lakh

Miscellaneous Departments

5.8 Postponement of inevitable liabilities

Financial rules of Government provide that all inevitable payments should be ascertained and liquidated at the earliest possible date and should not be allowed to stand over to be paid from the grants of another year.

Information collected (May-June 1995) from 88 out of 106 divisions (Buildings and Roads (B&R): 51 and Irrigation and Public Health (I&PH): 37) revealed that outturn of vehicles/machinery amounting to Rs. 411.39 lakhs (B&R divisions: Rs. 330.85 lakhs and I&PH divisions: Rs. 80.54 lakhs) for different periods during January 1992 to March 1995, though required to be debited to the works immediately after the use of vehicles/machinery, had not been adjusted as of 31 March 1995. This resulted in depicting incorrect picture of the works accounts on the one hand and postponing of inevitable liabilities on the other.

Reasons for not adjusting the outturns during the respective financial years had not been intimated (June 1995).

The matter was referred to Government in July 1995; reply has not been received (September 1995).

5.9 Equipment lying idle for want of trained operators

Different items of equipment purchased by Technical Education, Health and Family Welfare and Home departments between March 1990 and March 1994 at the cost of Rs. 8.62 lakhs had not been gainfully utilised due to non-posting of trained operating personnel as indicated below:

Serial number	Name of Department/Office	Particulars of equipment	Date of purchase/receipt	Cost (Rupees in lakhs)	Since when idle
Technical Education					
1.	Principal, Industrial Training Institute, Nahan	Different type of equipment required for imparting training in Electronics, Data processing and Secretarial Service Trades	1993-94	5.13	1993-94
Health and Family Welfare					
2.	Chief Medical Officer, Solan	X Ray plant	March 1983	1.36	April 1993
3.	Chief Medical Officer, Mandi	Personal Computer	February 1992	0.57	February 1992
Home					
4.	Director Forensic Science Laboratory, Bharari	Computer	March 1990	1.56	March 1990
Total				8.62	

Non-utilisation of equipment resulted not only in blocking of Government funds but also deprived the community at large of the services for which these were procured.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

According to the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, receipts and expenditure of bodies and authorities substantially financed by grants and loans from the Consolidated Fund are to be audited by the Comptroller and Auditor General of India. Section 15 of the Act prescribes that where any grant or loan is given for any specific purpose from the Consolidated Fund, the Comptroller and Auditor General shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants and loans were given.

During 1994-95, Government disbursed Rs. 6188.20 lakhs as grants to *panchayats*, municipalities, co-operative societies, educational institutions, etc., for the following purposes:

A General Services		Amount
		(Rupees in lakhs)
(a)	Administration of Justice	7.00
B Social Services		
(a)	General Education	1072.00
(b)	Water Supply and Sanitation	299.14
(c)	Sports and Youth Services	24.93
(d)	Art and Culture	48.09
(e)	Technical Education	50.00
(f)	Urban Development	125.57
(g)	Other Social Community Services	0.37
C Economic Services		
(a)	Transport	1633.00
(b)	Special Programmes for Rural Development	688.25
(c)	Agricultural Research and Education	447.72
(d)	Compensation and Assignment	366.35
(e)	Housing	316.31
(f)	Rural Development	293.99
(g)	Industries	292.61
(h)	Dairy Development	253.69
(i)	Animal Husbandry	91.27
(j)	Roads and Bridges	44.87
(k)	Other Scientific Research	44.00
(l)	Co-operation	35.97
(m)	Tourism	30.78
(n)	Science and Technology	14.75
(o)	Other Agricultural Programme	6.50
(p)	Fisheries	1.04
Total		6188.20

Under the Financial Rules, in all cases in which conditions are attached to grants, certificates to the effect that the grants had been utilised for purposes for which these were paid, are required to be furnished by the departmental officers to the Audit Office within one year of the disbursement of the grants, unless specified otherwise. The Public Accounts Committee had repeatedly expressed dissatisfaction with the slow

progress of submission of utilisation certificates and had recommended that cases of unusual delays on the part of field officers should be duly investigated.

Of the 2,926 outstanding utilisation certificates due in respect of grants aggregating Rs. 11374.79 lakhs paid from 1978-79 to 1993-94, only 989 certificates for the sum of Rs. 3838.52 lakhs had been furnished by 30 September 1995 and 1,937 certificates for the aggregate amount of Rs. 7536.27 lakhs were in arrears. Department-wise break-up of the outstanding utilisation certificates was as follows:

Serial number	Department	Number of certificates	Amount (Rupees in lakhs)
1.	Transport	4	2050.00
2.	Education	739	1866.12
3.	Local Self Government	845	1309.43
4.	Rural Development	141	927.37
5.	Agriculture	4	492.89
6.	Industries	131	353.17
7.	Animal Husbandry	8	206.98
8.	Forest Farming and Environmental Conservation	4	159.37
9.	Sports and Youth Services	21	87.77
10.	Co-operation	17	40.60
11.	Tourism	7	27.50
12.	Social Security and Welfare	4	11.65
13.	Administration of Justice	2	2.00
14.	General Administration (Social and Community Services)	4	0.82
15.	Secretariat General Services	5	0.55
16.	Fisheries	1	0.05
	Total	1,937	7536.27

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 lakhs)
Up to three years	1,321	6992.59
More than three years, but up to five years	250	267.47
More than five years, but less than ten years	316	246.24
More than ten years	50	29.97
Total	1,937	7536.27

In the absence of these certificates, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

6.2 Audit under Section 14 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act

6.2.1 General

To enable the Comptroller and Auditor General of India to undertake the audit of a body or authority under Section 14(1) of the Act, all bodies and authorities in receipt of financial assistance, including the unutilised balances if any of grants and loans of previous year(s), of not less than Rs. 25 lakhs in a year (Rs. 5 lakhs prior to 1983-84) from Government were required to submit their accounts to the Audit Office within six months of the close of the financial year. In cases where the audit of a body/authority becomes due under Section 14(1) of the Act in a particular year, the audit of body/authority in the next two years is also conducted under Section 14(3) *ibid* notwithstanding that the prescribed conditions are not fulfilled during any of the two subsequent years.

There were, however, substantial delays, ranging between 4 and 30 months in receipt of accounts as indicated below:

Year of accounts	Number of bodies/authorities	Number of accounts received				Total	Number of accounts awaited as on 31st March 1995
		Between October 1991 and September 1992	Between October 1992 and September 1993	Between October 1993 and September 1994	Between October 1994 and March 1995		
1991-92	34	2	6	14	8	30	4
1992-93	33	-	-	13	15	28	5
1993-94	33	-	-	-	8	8	25

Of the 33 bodies/authorities, accounts of 8 were received for 1993-94 and 5 attracted the provisions of Section 14 of the Act and were accordingly selected for audit during 1994-95. Of the remaining 25 bodies/authorities, whose accounts were not received, 16 were also selected for audit in terms of Section 14(3) of the Act. The application of the provisions of Section 14 of the Act in respect of the remaining 9 bodies/authorities could not be determined due to non-receipt of these accounts.

Science Technology and Environment Department

6.2.2 Himachal Pradesh State Pollution Control Board

6.2.2.1 Introduction

The Himachal Pradesh State Pollution Control Board (Board) was constituted in December 1974 in pursuance of Water (prevention and control of pollution) Act,

1974 (Water Act) enacted by the Parliament. Subsequently with a view to control air pollution, Air (prevention and control of pollution) Act, 1981 (Air Act) was also enacted by the Parliament and adopted by Himachal Pradesh in May 1981. Implementation of both these Acts was entrusted to the Board. The main functions of the Board are:

- to give consent to person who shall bring into use any new or altered outlet for the discharge of sewage or trade effluent, besides promoting cleanliness of wells and streams and to improve the quality of air and to prevent, control or reduce water/air pollution in the State;
- to advise the State Government with respect to the location or suitability of any premises for setting up of any industry which is likely to cause water/air pollution and to plan and execute state-wide programmes on pollution control;
- to identify the sources of water and air pollution as also sites for storage and disposal of hazardous chemicals and waste;
- to lay down standards for treatment of sewage and trade effluent and for exhaust and stack gas cleaning systems for industrial plants, automobiles and for other polluting sources and to evolve economical and reliable methods of treatment of sewage and trade effluents; and
- to disseminate the collected information relating to water and air pollution and to perform other such functions as may be prescribed by the State Government or Central Pollution Control Board (CPCB).

In addition, the Board was empowered to levy and collect cess on water consumption by certain industries/ local authorities under the Cess Act, 1977.

6.2.2.2 Organisational set up

The Board consists of an *Ex officio* Chairman, one Member Secretary, five nominees of the State Government and five persons representing local authorities, two officers to represent the State Government companies or corporations and three non-official members to represent the interest of agriculture, fisheries and industries.

The Board had four regional offices at Shimla, Parwanoo, Una and Jassur, one laboratory at Parwanoo, and eight air monitoring control stations two each at Shimla, Parwanoo, Paonta Sahib and Damtal. Four new regional offices at Paonta Sahib, Baddi, Bilaspur and Kullu were set up during 1994-95.

6.2.2.3 Audit coverage

The activities of the Board for the period 1989-90 to 1994-95 were reviewed during February to March 1995 in its head office at Shimla supplemented by test-check of records in three out of four of its regional offices at Shimla, Parwanoo and Jassur. Important points noticed are mentioned in the succeeding paragraphs.

6.2.2.4 Highlights

Two-thirds of the water cess grant of Rs. 12.62 lakhs received from the Government of India during 1992-94 were required to be utilised towards pollution control measures, but had not been so utilised as of March 1995.

(Paragraph 6.2.2.5 (iv))

The Board had not identified the total number of polluting industries of the State which required installation of Effluent Treatment Plants as of March 1995. No survey on garbage flow and disposal system in various towns has been conducted by the Board. According to a survey conducted by Gyan Vigyan Samiti, Shimla, the town of Shimla alone was producing 46 tonnes of garbage per day out of which Municipal Corporation was disposing off only 20 tonnes leaving 26 tonnes per day, or 9,490 tonnes a year, to accumulate in various *nallahs* and hill slopes.

(Paragraph 6.2.2.6 (a) and (b))

Of the 50 municipalities/notified area committees, only Municipal Corporation, Shimla had laid sewerage system, but only partially. Although the Board had granted consent in September 1980 to the MC, Shimla for setting up treatment plant, the same had not been provided as of March 1995. Effective action had not been taken against MC for discharging effluents exceeding the permissible limits near Lal Pani for over 11 years; only a legal notice had been served in July 1983 without any follow up action.

(Paragraph 6.2.2.6 (c))

None of the 12 district hospitals had incinerators for disposal of solid waste. The Board had not even issued notices to these hospitals. Similarly the Central Research Institute, Kasauli too was yet to provide pollution control devices.

(Paragraph 6.2.2.6 (g))

All industries requiring installation of anti-air pollution devices had not been identified in the State as of March 1995. Of 738 industries identified up to March 1994, 230 industries had not provided such devices as of February 1995.

(Paragraph 6.2.2.7 (a))

Vehicular smoke monitoring done between June 1988 and February 1995 at various places in the State revealed that of 12,107 vehicles checked, 6,130 (50 per cent) were causing pollution beyond the prescribed level for which follow up action was awaited as of March 1995. First survey conducted in January 1995 for sound pollution at Shimla, Solan and Parwanoo revealed that of the 635 vehicles monitored, 593 (93 per cent) were causing pollution above the permissible limits for which too follow up action was awaited.

(Paragraph 6.2.2.7 (c))

Against the required 1,990 inspections of the industries during 1989-94, the Board had conducted only 735 inspections.

(Paragraph 6.2.2.7 (d))

The Board had not conducted survey of industries liable for levy of water cess under Water Cess Act. As many as 190, of 200 industries, had not installed meters and were being assessed on some standard rate of water consumption, rather than on actual consumption. Recovery of water cess amounting to Rs. 7.76 lakhs in respect of 59 cases and penalty up to an equal amount for the period between September 1985 and February 1995 was outstanding as of March 1995.

(Paragraph 6.2.2.9)

6.2.2.5 Financial arrangements

The main sources of income of the Board were contribution made in the form of grants-in-aid by the State/ Central Government including CPCB, fees-received for granting consent, sample testing, etc. The annual accounts of the Board up to March 1992 only had been prepared as of March 1995. These accounts had been audited by qualified auditor appointed by the State Government and under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. The accounts for the years 1992-93 and 1993-94 were stated (March 1995) by the Member Secretary to be under finalisation.

A summary of the receipts and expenditure of the Board for the years

1989-90 to 1994-95 is tabulated below:

Year	1989-90	1990-91	1991-92	1992-93*	1993-94*	1994-95*
	(Rupees in lakhs)					
Opening balance	41.98	34.70	37.94	56.00	89.17	114.20
<u>Grants received</u>						
Central Government	18.51	1.50	9.00	1.70	8.75	17.60
State Government	10.00	17.20	22.20	32.20	35.20	69.00
CPCB	2.63	3.48	8.70	7.76	7.17	7.76
<u>Receipts</u>						
Other sources	14.24	13.30	15.46	26.54	20.98	74.34
Cess	1.20	3.32	2.50	9.66	2.96	3.81
Total	88.56	73.50	95.80	133.86	164.23	286.71
<u>Expenditure</u>						
Pay and allowances of staff	20.46	23.41	24.78	29.76	34.67	36.47
Other expenditure	33.40	12.15	15.02	14.93	15.36	31.58
Total expenditure	53.86	35.56	39.80	44.69	50.03	68.05
Closing balance	34.70	37.94	56.00	89.17	114.20	218.66

* Provisional figures

The following points were noticed in audit:

- (i)(a) The increase in State contribution during 1994-95 was due to assistance for the project on "Environmental Management" from Norwegian Agency for Development Corporation (NORAD) through State Government.
- (b) The increase in CPCB grant in 1991-92 was on account of increase in sponsored activities like river study, air quality study and other environmental projects.
- (c) The increase in other sources during 1994-95 was due to collection of arrear of annual licence fee through special drive.
- (d) Decline in other expenditure from 1990-91 to 1993-94 was due to less expenditure on 'Equipment', etc. and the increase during 1994-95 was due to increase in the activities of the Board and provision of Rs. 4.75 lakhs towards introduction of gratuity scheme.
- (ii) Closing balance had increased from Rs. 34.70 lakhs in 1989-90 to Rs. 218.66 lakhs in 1994-95 due to savings. Member Secretary of the Board stated (March 1995) that the savings were from the Board's revenue.
- (iii) The expenditure on pay and allowances was 59 per cent of the total expenditure.
- (iv) Water cess grant of Rs. 12.62 lakhs was paid by the Central Government to the Board during 1992-93 and 1993-94. Of this, Rs. 8.41 lakhs representing two-third amount was required to be utilized towards pollution control measures and assisting

industrial units. The Board had, however, not decided to earmark/utilise this amount for these activities as of March 1995.

6.2.2.6 Water pollution

(a) Construction of effluent treatment plant (ETP)

Under the Water Act, no person shall without prior consent of the Board, establish any industry which is likely to discharge sewage or trade effluent. To control and prevent water pollution such industries are, *inter alia*, required to set up ETPs. The Board had not identified the total number of polluting industries in the State which required ETPs as of March 1995.

It was, however, noticed in audit that seven fruit canning units (including three Government units) and three milk plants of Government had not provided ETPs since their inception between 1974 and 1986. Reasons for non-installation of ETPs were attributed (March 1995) by the Environmental Engineer to non-preparation of designs in 3 cases, non-availability of land in one case, lack of funds in five cases. In the remaining one case, notice had been served.

(b) No survey on garbage flow status had been conducted in various towns of the State to assess generation of garbage *vis-a-vis* its disposal system. However, according to the study conducted by Gyan Vigyan Samiti, Shimla town alone had been producing an average of 46 tonnes of garbage per day and Municipal Corporation (MC), Shimla was able to dispose of only 20 tonnes leading to imbalance in clearance. Thus, the garbage of 26 tonnes per day, or 9,490 tonnes a year, went on accumulating in various *nallahs* and hill slopes thereby polluting water and air.

(c) Lack of effluent treatment facilities in towns

Of the 50 municipalities/notified area committees (NAC), only MC, Shimla had partially laid the sewerage system. The Board had granted consent for setting up treatment plant to this MC in September 1980 with the stipulation that the Corporation:

- (i) would submit design of treatment plant within three months; and
- (ii) would provide and execute the proposed treatment facilities within twelve months from the date of consent.

Perusal of the records in audit revealed that the MC had not even submitted the design of the treatment plant as of March 1995. On the persistent default of

discharge of effluents in excess of the permissible limits near Lal Pani, a legal notice was served (July 1983) upon the MC, but no further action was taken thereafter (March 1995). It was stated (March 1995) by the Member Secretary that a time bound action plan was being prepared by the MC for installation of 10 satellite sewerage treatment plants. Thus effective action had not been taken by the Board for over 11 years for default of discharge of effluents in excess of the permissible limits by the MC.

It was further stated (March 1995) by Member Secretary that the situation regarding 49 other local bodies was no better. Of these, study in respect of three towns¹ had been completed as on March 1995 and three more towns would be covered during 1995-96.

(d) Pollution in industrial towns

(i) The water of Kalka Water Supply scheme was found (July 1991) contaminated in the test of samples taken. The pollution levels were in excess of standards due to discharge of effluents from industries and the Notified Area Committee (NAC), Parwanoo into Sukhana Nallah.

(ii) In Manali town, there were more than 200 hotels for which no sewage treatment facilities were available. On pursuance by the Board, the hotel owners had agreed to share the proportionate cost of treatment plant. To provide this facility, project proposal for Rs. 7.95 lakhs was submitted by NEERI to the Government of India in August 1992, the sanction to which was awaited as of March 1995.

(e) Pollution in towns on the banks of major rivers

The Government of India, Ministry of Environment and Forestry, after having identified the polluting stretches of major rivers, had proposed (March 1993) to undertake studies to facilitate the preparations of a National River Action Plan (NRAP). For this purpose, Mandi, Kullu and Manali situated on the bank of Beas river were selected as highly polluted towns with the objective of abatement of pollution therein. The CPCB released (March 1993) Rs. 3.75 lakhs (Rs. 1.25 lakhs per town) with instruction for preparation of the feasibility reports by October 1993. However, the studies were started late in June 1994 and the feasibility study reports were awaited (March 1995).

The water quality analysis reports of these 3 towns revealed (December 1994) that most critical parameters i.e. total coliform, faecal coliform and bio-chemical oxygen

demand of major drains, were quite high. Thus, waste water needed proper treatment before its direct discharge into Beas river. For Chamba town on the bank of Ravi river, Rampur town on Satluj river and Paonta Sahib on Yamuna river, proposal for undertaking similar study was submitted to the Government of India, Ministry of Environment in March 1993, but approval thereof was awaited (March 1995).

(f) Pollution by slums in Parwanoo

Slums had been developing at all places in Parwanoo town and were becoming a source of pollution due to lack of labour colonies as reported (June 1993) to the Board by Assistant Environment Engineer, Regional Office, Parwanoo. Notice was served (April 1994) by the Board upon NAC, Parwanoo to remove the slums. However, no progress was achieved as of March 1995.

(g) Non-installation of incinerator

(i) The main sources of solid waste in hospitals was from pathology and microbiology laboratories and operation theatres, besides discarded dressing materials such as bandage cloth and cotton, rubber gloves and disposable syringes sets, etc. These solid wastes were being dumped on land. In order to dispose of these solid wastes, installation of incinerator was required in the hospital premises. However, incinerators had not been installed in any of the 12 district hospitals as of March 1995. It was stated by the Member Secretary during 1995 that notices to these hospitals were yet to be issued for installation of incinerators.

(ii) The Central Research Institute, Kasauli had not provided any pollution control device though it had been causing pollution for the last over twenty years. The Board had been directing the unit to provide adequate arrangements for waste water treatment, solid waste incineration and emission control (last notice issued in January 1995). The Institute intimated (February 1995) that preliminary procedures for installation of incinerators/ETP were completed and the equipment would be operational by June 1995.

6.2.2.7 Air pollution

(a) Anti-air pollution device

Air Act, 1981 requires that every person to whom consent was granted shall install anti-air pollution devices in the premises. All industries requiring installation of anti-air pollution devices in the State had not been identified as of March 1995. However, of the 738 industries identified up to March 1994, 230 industries had not

provided such devices as of February 1995.

(b) Air quality monitoring

To improve the quality of air and to prevent, control, or abate air pollution, knowledge of air quality status was a pre-requisite. The National Ambient Air Quality Monitoring (NAAQM) programme sponsored by CPCB was started in October 1987 and three parameters were identified for monitoring viz; suspended particulate matter (SPM), sulphur dioxide (SO₂) and nitrogen oxide (NO). NAAQM was being done by the Board at eight stations established at the cost of Rs. 7.24 lakhs between October 1987 and April 1993. The Board had been collecting monthly data according to its proposed ambient air quality standards and was sending it to the CPCB for further evaluation according to the requirement of NAAQM programme. The following points were noticed in implementation of the programme.

(i) Monitoring for the parameters SO₂ and NO was not undertaken in two stations at Damtal since inception in April 1993 due to non-availability of chemicals. Member Secretary, while admitting the facts, stated (March 1995) that action would be taken against the erring officers.

(ii) According to the instructions, NAAQM stations were to be operated three days in a week prior to March 1992 and two days in a week thereafter. Frequency of samples on a working day for a period of 24 hours for SPM was prescribed as eight hourly and for SO₂ and NO as four hourly. Test-check of the records revealed the following:

Station No.II at Parwanoo was being operated for a period up to 16 hours as against the required period of 24 hours from January 1990 to January 1995. The reasons for the reduced period were attributed (March 1995) by the Member Secretary to location of station in private premises where entry was prohibited at night.

In NAAQM stations, frequency of samples drawn fell short of the prescribed standard and the shortfall varied from 4 to 81 per cent and 5 to 85 per cent in respect of the parameters SPM and SO₂/NO respectively, during the period from 1989-90 to 1993-94. The Member Secretary, while admitting the shortfall, stated (March 1995) that it was on account of power failure, equipment breakdown and weather conditions.

The Board had highlighted data-based study by NAAQM stations in its annual reports. However, no action in respect of unsatisfactory reports had been taken as of March 1995.

(c) Monitoring of vehicular emissions

Section 20 of the Air Act, 1981, requires that with a view to ensure that the standards for emission of air pollutions from automobiles laid down by the SPCB are complied with, the State Government in consultation with the Board shall give such instructions, as may be deemed necessary, to the concerned authority incharge of registration of motor vehicles under the Motor Vehicles Act, 1939, and such authority shall be bound to comply with such instructions. Test-check of the records revealed that:

(i) Vehicular smoke monitoring was undertaken by the Board at Shimla and other places in the State between June 1988 and February 1995. Of 12,107 vehicles checked, 6,130 (50 per cent) were found to cause pollution beyond the prescribed level. Follow-up action in such cases was not intimated by the Board as of March 1995. Similarly, the Transport Department responsible for controlling pollution caused by automobiles, checked 22,741 vehicles between August 1990 and January 1995 and found 6,173 vehicles causing pollution beyond the prescribed level. However, action taken by the Department under the Motor Vehicles Act in the defaulting cases was not intimated except for 135 vehicles.

(ii) The Board prescribed in April 1990 the ambient air quality standards in respect of noise. First survey was conducted in January 1995 on sound pollution at Shimla, Solan and Parwanoo. Of 635 vehicles monitored, noise of 593 (93 per cent) was found above permissible limits. Follow-up action in this regard was awaited (April 1995).

(d) Inspection of industries

For the purpose of inspection for implementation of the provisions of various statutes regarding control of pollution and protection of environment, the industries were categorised as 'Red'*, 'Orange'* and 'Green'* according to their pollution status. The frequency of inspection by the Board was determined in September 1988 which was to range between once in a month to once in two years. Test-check of records revealed that as against required 1,990 inspections, only 735 inspections were carried out in 200 cases from 1989-90 to 1993-94.

Member Secretary stated (March 1995) that sampling of effluents was also carried out apart from the above inspections. The reply was not tenable as sampling cannot be construed as full-fledged inspection as defined in Section 10 of Environment

* Red: High Pollution potential; Orange: Medium pollution potential and Green: Low/insignificant pollution potential

(Protection) Act, 1986.

Besides 28 mining industries in Paonta Sahib and Kala Amb areas of Sirmour district which were granted consent under the Air Act had not been inspected since May 1991. Assistant Environmental Engineer, Parwanoo stated (June 1994) that inspection could not be carried out due to shortage of technical staff.

(e) Air pollution caused by stone crushers

According to the decision of the Board taken in December 1991, no industry like stone crushers/ mining including stone quarry which caused air pollution should be allowed on National/State Highways within a horizontal distance of 500 metres. Contrary to this, 30 stone crushers in different localities of Damtal were situated on National Highway No. 1A within distances ranging from 50 to 500 metres causing air pollution. A report recommending shifting of the already existing stone-crushers was submitted (December 1992) by Assistant Environmental Engineer to the Member Secretary but no action was taken as of March 1995. Member Secretary stated (March 1995) that relocation might not be a solution in itself as it would only shift the venue of pollution. The owners of the crushers had been asked (January 1995) to cover the crushers under a shed and provide sprinklers which would help in reducing the pollution to 20 per cent. Further action in this regard was awaited as of March 1995.

6.2.2.8 Management of hazardous chemicals

(a) Non-grant of authorisation for handling, storage and disposal of hazardous wastes

The Hazardous Wastes (Management and Handling) Rules, 1989 stipulate that every occupier generating hazardous wastes and handling a facility for collection, reception, treatment, storage and disposal of hazardous wastes shall apply to the Board for the grant of authorisation within a period of six months from commencement of rules. The Board identified 51 industries generating hazardous wastes during 1993 (24), 1994 (23) and 1995 (4) of which only 3 had been granted authorisation under the said rules. The remaining 48 units were yet to apply for grant of authorisation and to provide facilities for storage and disposal of hazardous wastes.

(b) Emergency plan

The Manufacture and Storage of Hazardous Chemicals Rules, 1989, provide that an occupier who has control of an industrial activity shall prepare and keep up to date an 'on site emergency plan' for the purpose of safety against major accidents. The

Board did not identify the industries dealing with hazardous chemicals up to March 1992. This resulted in delay of three years in providing 'on site emergency plan' in 43 cases.

The rules further lay down that the District Collector or District Emergency Authority designated by the State Government will prepare, and keep up to date and adequate, an 'off site emergency plan' to deal with possible major accident. The said plan was required to be prepared within six months of coming into operation of these rules i.e. May 1990 but the plans were not got prepared from the concerned authority and thus the provisions of the rules were not complied with. The Board had also not initiated any action to ensure compliance with the rules.

6.2.2.9 Assessment and collection of water cess

Under the Water Cess Act, the Board is empowered to assess, levy and collect water cess from every consumer carrying on any specified industry and also from every local authority at the rate prescribed by Government for water consumed. The proceeds of cess so collected by the Board are credited to the Central Government through the Pay and Accounts Office. Of the amount credited to the Government of India, a sum having regard to the collection used to be paid back to the Board up to the end of March 1992. Thereafter, 75 *per cent* of the amount of the total collection is paid to the concerned State Board.

For the purpose of measuring and recording the quantities of water consumed, each industry/local authority is required to affix meters of prescribed standards in accordance with the provisions of the Act. Further, to enable the Board to assess the amount of water cess payable, the consumers are required to furnish a return to the Board by 5th of every month. The cess so assessed is communicated to the individual or local authority specifying the date within which the amount is to be paid.

(i) Since inception, the Board had not attempted an independent survey of industries using water to ensure that all units of specified industries were comprehensively covered for levy of water cess. Out of 200 industries (excluding 50 local bodies assessed on actual water consumption) 190 had not installed the meters. Penal action levying penalty at 50 *per cent* of cess payable was taken in 20 cases only in 1993-94. However, penalty amounting to Rs. 0.38 lakh was outstanding in 17 cases as of March 1995. The provisions of the Act were not invoked in the remaining 170 cases on the ground that these were assessed according to standard water consumption as stated by Environmental Engineer (March 1995). This was not tenable as there was no exception under the Act

(ii) Water cess returns were not regularly furnished by the consumers. Test-check of records revealed that the period of delay in furnishing the returns or assessing the water cess ranged from 2 months to 8 years. Besides, no cess return was obtained from 67 units pertaining to the period July 1986 to February 1995.

(iii) Cess amounting to Rs. 7.76 lakhs relating to the period from September 1985 to February 1995 remained outstanding in 59 cases as of March 1995. Penalty for non-payment of cess within the specified time, was leviable to the extent of the amount of cess. However, such penalty was not levied.

(iv) Interest amounting to Rs. 1 lakh chargeable in 40 cases under the Act for delayed payments of cess was not levied. The Environmental Engineer stated (March 1995) that the process being dilatory, the provisions for realisation of interest were invoked in the case of major amounts only. Board's reply was not tenable as interest was to be levied and realized according to the Cess Act.

(v) Hydel (power generating) projects were covered under Water Cess Act since April 1993. Accordingly, water cess was assessed at Rs. 157.15 crores for the period from April 1993 to September/October 1993 in respect of 9 hydel projects. Of these, 5 had filed (November 1993) appeal before the Appellate Committee against levy of cess of Rs. 154.23 crores. Decision was awaited as of March 1995. Three projects which started making payments in instalments and deposited Rs. 0.03 crore in January 1994 against Rs. 1.80 crores due from them, had stopped the payments. Notices were served on these projects by the Board in February 1995. Further action was awaited. In the remaining one case involving water cess of Rs. 1.15 crores, penalty proceedings were initiated in December 1994 for non-payment of cess and interest amounting to Rs. 0.43 crore was also levied. Further action was awaited (March 1995).

6.2.2.10 Levy and recovery of consent fee

According to Himachal Pradesh Water (Pollution and Control) Consent Rules, 1979, the industries/local bodies, while applying for the grant of consent, are required to pay consent fee at initial stage at the prescribed rates. Thereafter, at the time of yearly renewal of consent, annual licence fee is also payable at fixed rates.

Prior consent of the Board had to be obtained by industries/ local bodies for discharge of trade/ domestic effluents on land/ water under Water/ Air Act. The Board can refuse/withdraw such consent for not fulfilling the conditions imposed by it. The State Government by notification of April 1980 had fixed the rates of the consent fee, leviable on industries and local bodies at slab rates ranging between Rs. 300 and

(i) Of the 1,494 identified industries, consent fee was not levied in 547 cases between 1989-90 and 1994-95 resulting in loss of revenue to the extent of Rs. 1.64 lakhs, even if calculated at the lowest slab rate of Rs. 300 per unit. The Environmental Engineer stated (March 1995) that the said fee could not be levied as the cases were under process pending finalisation.

(ii) Of the 50 municipalities/ notified area committees annual licence fee was not levied on 27 committees during 1989-95 leading to loss of Rs. 0.87 lakh.

(iii) In 222 cases of industries/ local bodies annual licence fee aggregating Rs. 2.75 lakhs for the period from 1974-75 to 1993-94 was levied. However, the amount had not been realised as of March 1995.

6.2.2.11 Launching of prosecutions

The Board initiates legal action against defaulting industries/ local bodies for water and air pollution control. As at the end of 1994-95, 16 cases were pending in lower courts and 11 in High Court. The Board lost 40 cases between 1989-90 and 1993-94 mainly due to the following reasons:

- (i) samples of discharge let out, as taken, were not in accordance with the rules;
- (ii) complaints were groundless as the cases did not fall within the purview of the Act;
- (iii) authorization document for filing of the cases before the court could not be produced;
- (iv) appropriate witnesses were not available; and
- (v) sample analysis reports were sent to incorrect addresses.

6.2.2.12 Monitoring and evaluation

According to Section 8 of the Water Act, the Board was to meet at least once in three months. However, against the requirement of minimum four meetings in a year, three meetings each were held during the years 1989-90 to 1991-92 and two meetings each in 1992-93 and 1994-95. No meeting was held by the Board during 1993-94. The Board had not evaluated its functioning to judge the impact of implementation of its programmes since inception.

6.2.2.13 Other topics of interest

(a) Non-provision of pollution control device

One unit of large scale engineering industry engaged in manufacture of bearings for automobiles/railway engine was issued instructions in October 1991 to modify ETP by automatic sensors for chemical dosing. The unit accordingly proposed (June 1993) modification of ETP at the cost of Rs. 16 lakhs but deferred its implementation. Again a fresh proposal to put up a vacuum evaporator was submitted to the Board in September 1993 which was not approved.

Further, the Board in consultation with the unit approved (November 1994) a cleaner method of recycling waste chemical system. For this purpose, the firm intended to install an equipment, namely 'Evaporatory Recovery System', designed and manufactured by a foreign firm. The Board approached the Government of India in March 1995 for permission to import the equipment which was awaited (July 1995). Thus the improvement has not taken place for the last four years.

(b) Diversion of funds

With a view to provide effective and appropriate sampling techniques for giving reliable results by means of sophisticated instruments in the monitoring van, a project proposal was sent in July 1992 to the CPCB. Under this project, Rs. 4.23 lakhs were provided between January 1993 and March 1993 by the CPCB for purchase of sampling/mobile van and the requisite equipment (Rs. 1.06 lakhs). The Board, however, purchased (December 1993) a car (Tata Sierra) costing Rs. 3.90 lakhs instead of mobile van and a video camera (cost: Rs. 0.84 lakh) in March 1994 instead of the requisite equipment. In the absence of requisite equipment the vehicle, which too was not according to the requirements, could not be gainfully utilised for the intended purposes. A fresh proposal for purchase of equipment costing Rs. 20.70 lakhs was submitted (September 1994) to CPCB, sanction of which was awaited (March 1995).

These points were referred to Government in May 1995; reply has not been received (September 1995).

Agriculture Department

(Himachal Pradesh Marketing Board)

6.2.3 Construction of regulated market at Dhalli

To shift the existing vegetable and grain markets at Shimla to Dhalli so as to

reduce the carriage charges as also to provide better marketing facilities to farmers and traders, the State Marketing Board decided (January 1986) to construct a regulated market complex at Dhalli at the estimated cost of Rs. 5.16 crores, according to the details tabulated below:

Block	Unit	Estimated cost (Rupees in lakhs)
A	16 shops- cum- offices, court yard, steps, walls, etc.	35.60
B	Auction platform, market committee office, canteen, lavatory, post office, bank, etc.	74.20
C	72 shops, godowns, offices, post office, bank, etc.	396.09
	Roads in all blocks, etc.	10.00

		515.89

The work was assigned in 1985-86 to the Himachal Pradesh Housing Board as a deposit work, without specifying the period of completion. An amount of Rs. 71.50 lakhs had been paid to the Housing Board between January 1986 and November 1992. Construction of 16 shops-cum-offices in Block 'A' was completed at the cost of Rs. 37.34 lakhs against the estimated cost of Rs. 28.33 lakhs and handed over to the Marketing Board in January 1990. Considering the high cost and poor quality of construction as opined by the Market Committee (a constituent of Marketing Board), the Marketing Board asked (January 1991) the Housing Board to stop the work. Accordingly, the work had been lying suspended since January 1991 and the Marketing Board was considering completion of the work departmentally. Meanwhile, it was stated (March 1995) by the Secretary, Marketing Board that expenditure of Rs. 30 lakhs had been incurred before January 1991 by the Housing Board on the construction of some structures¹ of Blocks 'B' and 'C'. The Housing Board had neither submitted the accounts of amounts spent nor refunded the balance amount of Rs. 4.16 lakhs as of March 1995.

Apart from the amount of Rs. 4.16 lakhs remaining unrecovered from the Housing Board, the expenditure of Rs. 30 lakhs incurred on the construction of incomplete Blocks 'B' and 'C' had not yielded the intended benefits and had remained unfruitful.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

6.2.4 Blocking of funds on purchase of weigh bridge

For providing weighing facilities at the up coming terminal market, Parwanoo, a weigh bridge was purchased (November 1992) by the Secretary, Himachal Pradesh Marketing Board from a Chandigarh based firm. The payment of Rs. 4.61 lakhs against the supply order for Rs. 4.95 lakhs was made to the supplier at the time of placing supply order in September 1992 (Rs. 1.49 lakhs) and on delivery in November 1992 (Rs. 3.12 lakhs). The weigh bridge, required to be installed by the supplier by November 1992, had not been installed as of February 1995 due to non-completion of civil works costing Rs. 0.15 lakh which was held up since the site was not handed over to the firm. The Board had withheld Rs. 0.34 lakh on account of installation charges. The terminal market, where this bridge was to be installed, had also not started functioning as all marketing facilities had not been provided as of February 1995. In the meantime, the one year warranty period of the equipment expired in November 1993. The Board stated (March 1995) that the delay in installation of the weigh bridge had occurred due to change in the decision of the Board (1993) to install the weigh bridge at the entry point at National Highway instead of in the market itself and due to delay in handing over of site to the Board.

Thus, purchase of the weigh bridge in advance of completion of the civil works was not justified. This resulted in blocking of funds of Rs. 4.61 lakhs without serving any useful purpose for over two years.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

6.2.5 Defective planning in establishing markets/sub-market yards

For providing marketing facilities to traders and farmers, the Himachal Pradesh Marketing Board started construction of 11 market/sub-market yards in 5 districts¹ between 1978-79 and 1988-89. These yards had not been completed after incurring expenditure of Rs. 159.42 lakhs. The delay in completion of these works was attributed (February 1995) by Government to paucity of funds and in case of Chakki Pul market to boundary dispute with the Punjab Government. The partially completed markets could not be utilized by traders and farmers for the intended purpose due to lack of proper facilities like rest houses, lavatories, canteens, post office, banks, etc., in the yards.

Defective planning in taking up many works at a time without taking into

1

Kangra (Chakki Pul and Dhaliyara); Kullu (Kullu); Shimla (Shilaru); Sirmour (Andheri, Dadahu, Kheri and Sataun) and Solan (Kandaghat, Kunihar and Parwanoo).

consideration the availability of sufficient funds resulted in holding up the completion of these works.

The expenditure of Rs. 159.42 lakhs incurred on these works had thus not yielded the intended benefits and had remained unfruitful.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

Education Department

(Himachal Pradesh University)

6.2.6 Loss due to accident to bus

The Himachal Pradesh University maintains a fleet of buses for transportation of students, teachers and employees and their family members. According to Government rules adopted by the University, the Controlling Officer, in exceptional cases, may permit the use of vehicle for non-duty purpose at headquarters (Shimla town). It was noticed (January 1995) in audit that one bus was hired out by the University in April 1982 for journey beyond headquarters for carrying the marriage party of a brother of an employee. The bus met with an accident in which a number of persons sustained injuries and 18 lost their lives. The University paid Rs. 19 lakhs to the affected persons between September 1992 and October 1994 on account of compensation awarded by the High Court and the Accident Claim Tribunal (Rs. 18.84 lakhs) and fees paid to the lawyers for defending the case (Rs. 0.16 lakh).

The insurance claim of the University was rejected by the Insurance Company on the grounds that the driver of the bus did not have a valid licence at the time of accident and that the vehicle was being used for a purpose other than that for which it had been insured.

Hiring out the bus in disregard of the objective for which it was meant resulted in loss of Rs. 19 lakhs to the University apart from the damage to the bus, the extent of which was not intimated.

The matter was referred to Government in May 1995; reply has not been received (September 1995).

Rural Development Department

6.2.7 Irregular payment of subsidy

Under Million Well (MW) Scheme benefits were admissible only to scheduled castes (SC), scheduled tribes (ST) and freed bonded labour who were living below poverty line and whose names were registered in the survey register of Integrated Rural Development Programme (IRDP).

Test-check of the records of Project Officer, Solan revealed (July 1992 and August 1994) that subsidy of Rs. 3.06 lakhs were paid to ineligible persons due to in-adequate survey and mis-representation of facts by the Department under this scheme according to the details given below:

Serial number	Amount	When paid	Remarks
(Rupees in lakhs)			
1.	0.68	Between 1989-90 and 1991-92	Subsidy paid to four non SC/ST, non-bonded labour.
2.	0.34	Between 1990-91 and 1991-92	Subsidy was irregularly allowed twice to a single family.
3.	2.04	Between 1990-91 and 1991-92	Subsidy paid to 12 families whose names were not found included in the survey list of IRDP.
Total:	3.06		

The Department had not initiated action to recover the amount from the person to whom it was wrongly paid, nor had responsibility for this lapse been fixed (April 1995)

The matter was referred to Government in May 1995; reply has not been received (September 1995).

6.2.8 Idle equipment

The equipments, as detailed below, procured by the Director, Desert Development Project, Kaza during August 1983 and May 1990 at the total cost of

Rs. 1.29 lakhs had not been utilised since procurement.

Serial number	Particulars of equipment	Date of purchase	Cost (Rupees in lakhs)	Reasons of idleness
1.	Six Engines	May 1990	0.71	The schemes on which these engines were to be utilised had not been finalised and thus there was no requirement of these engines.
2.	One Solar Photo Voltaic Water Pumping System	August 1983	0.25	The equipment received was defective.
3	Three pumps sets	Not available	0.33	The equipment received was defective.

Non-utilisation of the equipments resulted in blocking of funds, apart from depriving the community at large of the services for which these were procured.

The matter was referred to Government in April 1995; reply has not been received (September 1995).

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

Tribal Development Department

6.3.1 Grants

The Industries and Agriculture departments, under Tribal Sub-Plan, sanctioned grants aggregating Rs. 277.25 lakhs between 1990-91 and 1994-95 to 4 institutions as indicated below:

Serial number	Name of the grantee institution	Amount (Rupees in lakhs)
1.	Himachal Pradesh Krishi Vishvavidyalaya, Palampur	68.00
2.	Himachal Pradesh Khadi and Village Industries Board, Shimla	133.00
3.	Himachal Pradesh State Handicraft and Handloom Corporation, Shimla	70.50
4.	Himachal Pradesh State Small Scale Industries and Export Corporation, Shimla	5.75

Test-check of the records of the sanctioning authorities conducted during May 1995 revealed the following:

- (i) Financial rules provide that audited statements of accounts relating to previous years be obtained from the recipient institutions by the sanctioning authority before sanctioning further grants. It was noticed that grants of Rs. 31 lakhs had been released by the Industries Department during 1994-95 without receipt of audited

statements of previous years which were still awaited as of May 1995.

(ii) Neither of the two departments had evolved any mechanism by way of periodical inspection or reporting to ensure that the grants were utilised by the grantee institutions for the purpose for which these had been sanctioned.

(iii) Rules provide that the sanctioning authority should not prepare the grants-in-aid bills, and draw the amount of the grant on behalf of the grantee. Contrary to these instructions, the entire grant of Rs. 209.25 lakhs for the period 1990-91 to 1994-95 was drawn by the Industries Department on behalf of grantee Institutions. The Director of Industries stated (May 1995) that the Corporations/Public Undertakings are not empowered to draw such grants direct from the treasury. The reply was not correct as financial rules provide that the bills prepared by the grantee institutions and countersigned by the sanctioning authority can be drawn by the grantee institution direct from the treasury.

(iv) Neither of the two departments had maintained records of assets created by the grantee institution wholly or partially out of the grants paid to them.

(v) The register of grants required to be maintained to guard against double payment and also to watch fulfillment of various codal formalities were not maintained in the prescribed form and these did not contain complete information in regard to sanction of grant, submission of utilisation certificate, refund of unspent balance, etc.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

Rural Development Department

6.3.2 Grants

The Rural Development Department sanctioned grants aggregating Rs. 7806.98 lakhs between 1990-91 to 1994-95 to District Rural Development Agencies (Rs. 6345.01 lakhs), *Panchayati Raj* Institutions (Rs. 464.33 lakhs) and Block Development Officers (Rs. 997.64 lakhs).

Test-check of records of the sanctioning authority conducted in May 1995 revealed the following:

(i) The sanctioning authority had not maintained records of assets created by the grantee institutions wholly or partially out of the grants paid to them.

(ii) Financial Rules provide that the audited statements of accounts relating to previous years should be obtained from the recipient bodies/institutions by the

sanctioning authority before sanctioning further grants. It was, however, noticed that grants of Rs. 5319.51 lakhs had been released by the Department without the receipt of audited statements of accounts of previous years; which were still awaited (June 1995).

(iii) The sanctioning authority had not evolved any system to keep a watch on the outstanding utilisation certificates in respect of District Rural Development Agencies. Utilisation certificates for Rs. 5319.51 lakhs for 1990-91 to 1993-94 in respect of 1,974 cases had not been received by the Department as of May 1995. The Department stated (June 1995) that utilisation certificates in respect of District Rural Development Agencies and Block Development Officers were sent direct to the Government of India by the grantee institutions. However, there was no such provision in the sanctions and details of submission of these certificates to the Government of India were also not available with the sanctioning authority. Of the grant of Rs. 464.33 lakhs paid to *Panchayati Raj* Institutions, utilisation certificates in 71 cases for Rs. 43.11 lakhs were awaited (August 1995).

(iv) The prescribed register of grants, to guard against double payment and also to watch fulfillment of various codal formalities was not maintained in the prescribed form and did not contain complete information in regard to sanction of grant.

(v) Financial rules provide that there should be no rush of expenditure in the month of March. It was, however, noticed that grants totalling Rs. 300.63 lakhs (65 per cent of the total grants) in respect of *Panchayati Raj* Institutions were sanctioned only in the month of March during 1990-95.

(vi) According to Himachal Pradesh Rural Integrated Development Department Grants-in-Aid Rules, 1978, Block Development Officers were not eligible for grants-in-aid. It was, however, noticed that the Department, in contravention of the rules, had sanctioned grants-in-aid of Rs. 997.64 lakhs between 1990-91 and 1994-95 to the Block Development Officers.

(vii) Financial Rules require that order sanctioning a grant should specify the time limit within which the grant is to be spent. However, sanctions for Rs. 326.97 lakhs were issued between 1990-91 and 1994-95 without mentioning the period within which the grant was to be utilised.

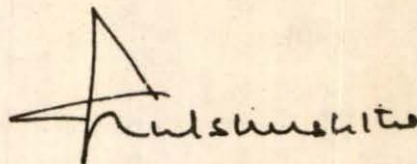
(viii) Rules require that in no case should the sanctioning authority prepare bills on behalf of grantee institutions. The Department, however, can guide the institution in preparation of bills. Contrary to the rules, all the bills for the grants released were

prepared by the sanctioning authority itself.

The matter was referred to Government in June 1995; reply has not been received (September 1995).

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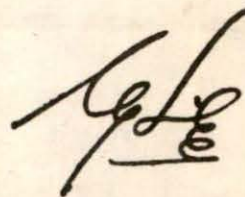


(ANUPAM KULSHRESHTHA)
Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The

4 MAY 1996



(C.G.SOMIAH)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

(Refer paragraph 2.2.1; page 30)

Cases of unnecessary supplementary grants/appropriations

Serial number	Grant/Appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
1	2	3	4	5	6
(Rupees in lakhs)					
Revenue Voted					
1.	7-Police and Allied Organisation	7347.08	236.85	7287.11	(-) 296.82
2.	19-Social Security and Welfare (including nutrition)	3682.22	109.32	3504.47	(-) 287.07
3.	21-Co-operation	878.85	157.18	855.76	(-) 180.27
4.	25-Roads, Water Transport and Civil Aviation	1775.66	12.28	1774.18	(-) 13.76

APPENDIX-II

(Refer paragraph 2.2.3; page 33)

Surrender of funds

Details of major variations where savings were more than Rs. 1 crore but were not surrendered fully

Serial number	Grant	Total savings	Amount surrendered	Amount not surrendered
(Rupees in crores)				
Revenue Voted				
1.	5-Land Revenue	8.19	5.00	3.19
2.	8-Education, Sports, Arts and Culture	59.60	49.48	10.12
3.	11-Agriculture	8.86	7.17	1.69
4.	20-Rural Development	2.82	1.57	1.25
5.	29-Finance	9.30	6.97	2.33
Capital-Voted				
6.	31-Tribal Development	2.36	--	2.36
Revenue-Charged				
7.	29-Finance	25.03	--	25.03

APPENDIX-III

(Refer paragraph 2.2.7; page 37)

Major variations in recoveries

Details of major variations in recoveries and actuals adjusted in reduction of expenditure

Serial number	Grant	Budget Estimates	Actual recoveries	Variation	
				Amount	Percentage
(Rupees in crores)					
Excess recoveries against budget estimates					
Revenue					
1.	10-Public Works	40.81	68.51	27.70	68
2.	28-Water Supply, Sanitation Housing and Urban Development	16.27	21.60	5.33	33
3.	31-Tribal Development	5.66	9.71	4.05	71
Capital					
4.	23-Water and Power Development	--	234.00	234.00	100

APPENDIX-IV

(Refer paragraph 2.2.8; page 38)

Cases of injudicious reappropriation**I Cases of major reappropriation which turned out injudicious on account of non-utilisation**

Serial number	Grant	Major/minor/ sub-head of account etc.	Amount of reappropriation to the sub-head	Amount of final saving under the sub-head after reappropriation
(Rupees in lakhs)				
1.	8-Education, Sports, Arts and Culture	2202-01-104-02	2.52	50.00
2.	10-Public Works	2059-80-001-02	9.93	11.66
		2059-80-001-05	1.61	40.20
3.	14-Animal Husbandry	2403-101-01	16.75	18.81
4.	18-Supplies, Industries and Minerals	2851-102-14	101.07	101.07
5.	19-Social Security and Welfare (including Nutrition)	2225-01-277	2.50	2.50
		2225-03-001-01	4.18	4.66
		2235-60-200-10	1.30	1.66
		4235-02-190-01	3.00	3.00
6.	20-Rural Development	2216-03-102-01	8.37	8.38
7.	21-Co-operation	2425-108-01	11.09	13.98
		4408-01-190	8.58	9.10
8.	30-Loans to Government servants	7610-800-01	1.69	9.52
9.	31-Tribal Development	2029-796-06	3.50	10.50
		2059-01-796-03	4.51	11.79
		2059-80-796-02	5.42	8.81
		2210-06-796-09	4.69	4.82
		4215-01-796-01	1.86	14.04
		6801-796-04	55.00	55.00
		6801-796-05	25.00	25.00
		6801-796-07	15.00	15.00

II. Cases of major reappropriation to other heads which turned out fully excess under the following sub-heads.

Serial number	Grant	Major/minor/ sub-head of account etc.	Amount of reappropriation to the sub-head	Amount of final excess under the sub-head after reappropriation
(Rupees in lakhs)				
1.	3-Administration of Justice	2014-114-01	5.23	14.71
2.	8-Education, Sports, Arts and Culture	2202-200-02	3.23	7.41
		4202-04-104-01	1.50	28.40
3.	9-Health and Family Welfare	2210-101-11	3.00	4.96
		2210-101-21	15.50	80.11
		2210-103-09	8.00	138.94
4.	14-Animal Husbandry and Dairy Development	2403-101-02	2.61	13.12
		2403-102-09	75	4.08
		2403-103-04	1.00	2.16
		2403-104-04	1.23	6.44
5.	17-Roads and Bridges	5054-80-001-03	2.00	199.37
		5054-80-001-05	4.00	22.56
6.	18-Supplies, Industries and Minerals	2851-103-13	3.34	5.33
7.	28-Water Supply, Sanitation, Housing and Urban Development	4215-01-102-01	14.72	101.47
		4215-01-102-01	4.14	7.04
		6216-800-02	2.15	11.86
8.	30-Loans to Government servants	7610-201-01	22.83	22.83
		7610-201-03	1.00	1.00
		7610-202-04	1.00	1.00
9.	31-Tribal development	3054-05-796-04	18.87	38.74
		4401-796-02	3.50	4.72
		6801-796-06	80.00	80.00

Appendix-V
(Refer paragraph 2.4; page 39)

Drawal of funds in advance of requirements

Serial number	Department/ Office	Amount drawn (Rupees in lakhs)	Month of drawal/ receipt	Purpose	Amount unutilised (Rupees in lakhs) (As of June 1995)	Remarks
Revenue						
1.	Deputy Commissioner, Kinnaur	26.38	December 1993	Construction of buildings	17.82	Rupees 17.82 lakhs drawn for the construction of buildings for the Department at Bhawanagar could not be utilised due to non-availability of site.
2.	Deputy Commissioner, Lahaul & Spiti at Keylong	5.36	March 1994	Employment generation works	5.36	No action was initiated to implement the scheme and the amount was lying unutilised in the bank as of March 1995.
Home						
3.	Director General Home Guards	21.03	March 1994	Purchase of uniform and other material	4.84	Rupees 16.19 lakhs were paid to the suppliers and the balance Rs. 4.84 lakhs was lying in the shape of bank drafts.
4.	Director, Forensic Science Laboratory	6.50 4.00	March 1993 March 1994	Construction of Forensic Laboratory at Bharari	10.50	The amount was lying unutilised for want of administrative approval and expenditure sanction of Government.
Industries						
5.	General Manager, District Industries Centre, Keylong	9.07	October 1993	Construction of staff quarters	9.07	The General Manager stated (September 1994) that the amount was not released to the Public Works Department as the utilisation certificate for the amounts of Rs. 12.07 lakhs previously released were awaited (August 1995).
6.	General Manager, District Industries Centre, Mandi	2.26	April 1992	Construction of culvert on National-Highway	2.26	The work could not be started due to site dispute with a local resident.
Total		74.60			49.85	

Appendix-VI

(Refer paragraph 3.2.5.1; page 64)

Statement showing Physical targets and achievements up to 1994-95

Serial number	Particulars of activity	Targets				Achievements	Shortfall	Percentage in shortfall
		1992-93	1993-94	1994-95	Total	Up to March 1995		
A-Arable Land								
Conservation measures								
1.	Contour furrows/trenches and vegetative hedges (in hectares)	936	3,301	5,383	9,620	1,210	8,410	87
2.	Points of repair of bunds/hedges (in numbers)	530	1,571	2,137	4,238	858	3,380	80
3.	Contour cultivation (in hectares)	1,090	1,980	2,245	5,315	394	4,921	93
4.	Opening of contour dead furrows (in hectares)	318	2,298	2,096	4,712	304	4,408	94
5.	Gully control (in numbers)	241	1,040	1,992	3,273	753	2,520	77
Production System (In numbers)								
6.	Organic farming/Integrated nutrient management system	124	2,010	4,059	6,193	3,202	2,991	48
7.	Mixed cropping/ally cropping inter cropping-demonstrations	44	84	1,685	1,813	11,933	--	--
8.	Trees on home steads	480	2,436	3,719	6,635	31,527	--	--
9.	Trees on cultivated land	11,255	49,460	79,860	1,40,575	52,393	88,182	63
10.	Orchards (other sources)	--	--	--	--	17,731	--	--
11.	Agro-forestry	10,264	34,550	50,600	95,414	1,42,337	--	--
12.	Demonstration of fodder Cultivation techniques	--	--	--	--	370	--	--
B-Non-Arable Land								
Conservation measures								
13.	Contour vegetative hedges/contour furrows (in hectares)	1,186	3,298	5,617	10,101	2,087	8,014	79
14.	Gully control means (in numbers)	280	505	357	1,142	1,526	--	--
Production System								
15.	Over seeding of grasses and legumes (in hectares)	976	7,441	9,969	18,386	1604.10	16781.9	91
16.	Planting of shrubs (in numbers)	83,000	2,31,150	3,23,100	6,37,250	99,106	5,38,144	84
17.	Planting of trees (in numbers)	23,300	79,200	1,23,900	2,26,400	1,57,329	69,071	31
Treatment of Drainage lines								
18.	Clearance of drainage congestion (in kilometres)	3,450	3,450	--	6,900	2.75	6897.25	100
19.	Stabilization of Nallah banks (in Rmt)	17,500	38,900	43,032	99,432	32,063	67,369	68
20.	Construction of check dams vegetatives (in numbers)	627	2,311	3,943	6,881	1,46,338	--	--
C-Live Stock management								
21.	Castration of scrub bulls (in numbers)	1,406	2,915	5,155	9,476	8,243	1,233	13
22.	Production of fodder seeds and fodder (in numbers)	462	956	1,616	3,034	3,190	--	--
23.	Development of pastures on non-arable land (in hectares)	--	--	--	--	--	--	--
Agro-based allied activities								
24.	Agro based Allied activities (in numbers)	336	1,958	2,355	4,649	189	4,460	96

Appendix-VII

(Refer paragraph 4.11 (a); page 132)

Statement showing road works held up due to involvement of forest land

Serial number	Name of the division	Name of the road	Particulars of A/A & E/S		Particulars of technical sanction	Stipulated period of completion	Date of commencement	Date since construction held up	To date expenditure (Rupees in lakhs)	Present position of work
			Month & Year	Amount (Rupees in lakhs)						
1.	Dalhousie	Lahru-Sarna-Saloh Raipur Road (10 kms)	July 1983	20.05	Not obtained	3 Years	1984	March 1990	2.04	One metre track (5.230 kms), Jeepable road (0.520 kms) and Motorable road (0.250 kms) constructed.
		Link road from Hobar to Kakira-Bakloh-Ghatasni Kharada (12 kms)	1989	32.30	Not obtained	Subject to availability of funds	1989	March 1990	0.93	One metre track (1.895 kms) and motorable road (0.105 km) constructed.
		5/7 metre wide Chowari Raipur road via Mandhuriara Gaghar Baloh and Chali	March 1987	21.59	Not obtained	Subject to availability of funds	1987	March 1990	0.18	Jeepable road (0.200 kms) and motorable road (0.210 kms) constructed.
		5/7 metre wide motorable standard Bhed khad to Saldha road via Jolna and Morthu (10 kms)	March 1987	42.30	Not obtained	Subject to availability of funds	1987	March 1989	0.76	One metre track (1.450 kms) constructed.
2.	Harpurdhar	5/7 metre vide link road to village Chokar (5 kms)	March 1986	12.58	Not obtained	Not available	1988-89	January 1990	2.27	One metre track (5 kms) and 5/7 metre wide formation cutting (0.881 kms).
3.	Kangra	Bohar Kwalu to Sirmari-Talla-Palara-Dhaka-Bandla road (7 kms)	March 1991	24.25	Not obtained	5 years	February 1991	June 1991	2.09	Formation cutting (4.500 kms) in patches done.
4.	Shillai	Badgan-Danda-Pagar Amboya road (5 kms)	December 1988	12.96	September 1991	2 years	April 1989	March 1992	2.19	5/7 metre vide formation cutting (4.150 kms) in different patches done.
Total				166.03					10.46	

Appendix-VIII

(Refer paragraph 4.11 (a); page 132)

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	Date of commencement	Date since construction held up	Delay involved (In months)	To date expenditure (Rupees in lakhs)	Present position of work	Remarks
			Month and Year	Amount (Rupees in lakhs)							
1.	Harpurdhar	Magwa-Siyun road (10 kms)	March 1986	13.10	3 years	March 1986	September 1990	72	2.65	One metre track (2.30 kms) and 5/7 metres wide formation cutting (1.300 kms)	The alignment of road was not finalised as of July 1994.
2.	Shimla-I	Motorable road from Shalgaon to Kiari via Bhud (11.86 kms)	March 1986	13.30	3 Years	November 1986	September 1990	64	0.95	One metre track (6.350 kms) completed in patches	Matter for acquisition of private land yet to be taken up.
3.	Kalpa	Widening the existing track to 15/22' wide motorable road from Peo to Karchham (10.97 kms)	March 1973	23.86	3 years	February 1974	June 1989	217	10.00	Motorable road (2.915 kms)	Hard rocky strata and paucity of funds.
4.	Sarkaghat	Tihra-Gaddidhar-Kamolah fort road (17 kms)	November 1981	4.37	5 years	February 1984	March 1990	73	4.04	One metre track (0/0 to 12/0 km) formation cutting (0.660 kms)	Hard rock strata and paucity of funds.
			Total	54.63							17.64

Appendix-IX
(Refer paragraph 4.11 (b); page 133)
Statement showing the details of incomplete bridges

Serial number	Name of the division	Name of the bridge	Particulars of A/A & E/S	Date	Amount (Rupees in lakhs)	Stipulated period of completion	Date of commencement	Up to date expenditure (Rupees in lakhs)	Present position of work	Remarks
1.	Kalpa	40-metre span footbridge over river Sathuj at Namlak	December 1988	5.56	One year	1988-89	1.47	Approaches and substructure completed	The superstructure work awarded to a contractor in May 1989 was not commenced by him and contract closed in March 1993. Reasons for not getting the work completed not intimated.	
2.	Nahan	(i) Construction of 48.41 metres RCC slab bridge over Dakra-Ka-Khalla on Sainwala Barma Papri-Kawianwala Bhood road at RD 10/795	March 1991	24.03	18 months	October 1990	6.62	Sinwala side abutment work in progress	Contractor left the work in June 1993. No penalty levied and contract rescinded.	
		(ii) Bridge over Karojan-ka-Khalla on Jameria Ramadhaun road at RD 8/435	March 1989	12.77	18 months	December 1990	8.07	Abutments completed in January 1992	Contractor left the work in March 1993 and compensation of Rs. 1.09 lakhs levied in July 1993 but not recovered (August 1994).	
3.	Rajgarh	Construction of 19.75 metres span RCCT Beam bridge over Bharmora-ka-Khalla on Sarahan Chandigarh road at RD 15/060	May 1989	3.97	6 months	May 1989	2.57	Work completed up to slab level	Contractor left the work in April 1992. No penalty levied (May 1994).	
4.	Solan	Construction of 65 metres span footway bridge over Giri river at Karganoo Katal in GP Hinner	January 1990	10.04	24 months	March 1991	0.99	Masonry work of one side abutment raised up to ground level	Work held up since March 1993 due to non-acquisition of land for the construction of other side abutment.	
Total				56.37			19.72			

Appendix-X

(Refer paragraph 4.11 (c); page 133)

Statement showing building works lying incomplete

Serial number	Name of the division	Name of the building	Particulars of A/A & E/S		Particulars of technical sanction		Stipulated period of completion	Date of commencement	Present position of work	Up to date expenditure (Rupees in lakhs)	Remarks
			Date	Amount (Rupees in lakhs)	Date	Amount (Rupees in lakhs)					
1.	Bilaspur-I	Additional office accommodation for Agriculture Department at Bilaspur	November 1982	5.64	--	3.67	Three years	March 1984	Masonry work completed up to slab level and slab laid in four panels	3.37	Work is held up since March 1992 for want of funds to the tune of Rs. 8 lakhs demanded by the Division from the Deputy Commissioner, Bilaspur in July 1994 to complete the remaining work were not received (September 1994).
2.	Mandi-I	Primary Health Centre Building at Kataula	March 1987	13.71	Not obtained		One year	1987-88	Masonry work completed up to roof level	6.33	Work lying held up since January 1993. Non availability of funds Rs. 8 lakhs demanded during December 1993 from the Health and Family Welfare.
3.	Rampur	(i) Middle School building at Jagori	Prior to 1980-81	2.16	Not obtained		One year	December 1981	Site Development done	0.50	Paucity of funds.
		(ii) Middle School building at Keo	Not obtained		Not obtained		One year	June 1988	Masonry work done up to plinth level	0.76	The work is lying abandoned since 1989-90 for want of sufficient funds.
4.	Rohru	Middle School Building at Dodra	March 1980	1.76	Not obtained		Six months	December 1980	All item of works except P/F shutter to doors/window, plastering, flooring etc., are completed	2.56	The work is lying incomplete since December 1988 because of paucity of funds and vigilance enquiry contemplated against the Junior Engineer.
5.	Una	District Education Officer Building, Una	December 1988	14.36	Not obtained		One year	February 1992	Work completed up to plinth level	2.41	The work was lying abandoned since October 1992 for want of sufficient funds.
			Total	37.63							15.93

Appendix-XI

Glossary of abbreviations

<u>Abbreviation</u>	<u>Expanded form</u>
A/A	Administrative Approval
ADC	Additional Deputy Commissioner
ADOs	Agriculture Development Officers
AIDS	Acquired Immuno-deficiency Syndrome
ARDB	Agriculture Rural Development Bank
BDO	Block Development Officer
B&R	Building & Roads
BM	Bituminous Macadam
BT	Black Top
BUSG	Built up Spray Grout
CCA	Culturable Command Area
CDPOs	Child Development Project Officers
CETP	Common Effluent Treatment Plant
CGWB	Central Ground Water Board
CI	Cast Iron
CIP	Central Issue Price
CMO	Chief Medical Officer
CM	Centi Metre
CMT	Central Material Testing
CPCB	Central Pollution Control Board
CTEs	College of Teacher Education
CT-Scan	Computed Tomography
CUM	Cubic metres
CVD	Commercial Vehicles per day
DDA	Deputy Directors of Agriculture
DGS&D	Director General of Supplies and Disposals
DHs	District Hospitals
DFO	District Forest Officer
DIET	District Institute of Education and Training
DRDA	District Rural Development Agency
DWO	District Welfare Officer
ETP	Effluent Treatment Plant
FPS	Fair Price Shop
GM/CC	Gram per Cubic Centrimetre
GI	Galvanised Iron
HIMURJA	Himachal Pradesh Government Energy Development Agency
HPSCB	Himachal Pradesh State Co-operative Bank
HPPSSR	Himachal Pradesh Standard Schedule of Rates
HPSEB	Himachal Pradesh State Electricity Board
ICS	Improved Chulhas
IGMC	Indira Gandhi Medical College
I&PH	Irrigation and Public Health
IRDP	Integrated Rural Development Programme
JCCB	Jogindra Central Co-operative Bank
LPS	Litre per second

Abbreviation**Expanded form**

Kg	Kilogram
KNH	Kamla Nehru Hospital
KCCB	Kangra Central Co-operative Bank
LTC	Leave Travel Concession
MBBS	Bachelor of Medicine and Bachelor of Surgeon
MC	Municipal Corporation
MRI	Magnetic Resonance Intensity
MNES	Ministry of Non-conventional Energy Sources
MW	Million Well
MOST	Ministry of Surface Transport
MSERW	Mild Steel Electrically Resistance Welded
MSS	Mix Seal Surfacing
NABARD	National Bank for Agriculture and Rural Development
NAC	Notified Area Committee
NICNET	National Informatics Centre
NH	National Highway
NORAD	Norwegian Agency for Development Corporation
NJPC	Nathpa Jhakri Project Corporation
NO	Nitrogen Oxide
NAAQM	National Ambient Air Quality Monitoring
NEERI	National Environmental Engineering Research Institute
NARP	National River Action Plan
OPD	Outpatient Department
OTs	Operation Theatres
PC	Pre-mix Carpet
PWD	Public Works Department
PPL	Private Pilot Licence
PDS	Public Distribution System
RCC	Reinforced Cement Concrete
RD	Reduced Distance
RDD	Rural Development Department
RPDS	Revamped Public Distribution System
SAIL	Steel Authority of India
SC	Scheduled Castes
SD	Surface Dressing
ST	Scheduled Tribes
SEW	Self Employed Worker
SPM	Suspended Particulate Matter
SQM	Square Metre
SO ₂	Sulphur Dioxide
TB	Tuberculosis
TBU	Technical Back up Support Unit
TA	Travelling Allowance
VD	Venereal Disease
WBM	Water Bound Macadam

