



**REPORT**  
**OF THE**  
**COMPTROLLER**  
**AND**  
**AUDITOR GENERAL OF INDIA**  
**FOR THE YEAR ENDED 31 MARCH 1991**  
**NO. 3**  
**(CIVIL)**

**GOVERNMENT OF HIMACHAL PRADESH**





REPORT  
OF  
THE COMPTROLLER  
AND  
AUDITOR GENERAL OF INDIA  
FOR THE YEAR ENDED 31 MARCH 1991  
NO. 3  
(CIVIL)

HIMACHAL PRADESH







## TABLE OF CONTENTS

	Paragraph	Page
Prefatory Remarks		vii
Overview		ix

### CHAPTER-I

#### REVIEW OF STATE FINANCES

Sources and Application of Funds	1.1	1
Tax Revenue	1.2	2
Non-Tax Revenue	1.3	4
Grants-in-aid and Share of Union Taxes and Duties	1.4	7
Revenue Surplus/Deficit	1.5	9
Revenue expenditure	1.6	10
Capital expenditure	1.7	13
Public Debt and Other liabilities	1.8	13
Ways and Means advances and overdraft	1.9	15
Loans and Advances by State Government and Recoveries in arrears	1.10	17
Investments and Returns	1.11	18
Summarised Financial position	1.12	21
Assets and Liabilities of the State	1.13	26

### CHAPTER-II

#### APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

General	2.1	27
Important results emerging from Appropriation Audit	2.2	27
Shortfall/excess in recoveries	2.3	35
Injudicious reappropriation	2.4	36
Non-receipt of explanation for savings/excesses	2.5	41
Defective control over flow of expenditure	2.6	42
Reconciliation of departmental figures	2.7	44
Drawal of funds in advance of requirements	2.8	45
Diversion of funds/unjustified expenditure	2.9	45



CHAPTER-III  
CIVIL DEPARTMENTS

	Paragraph	Page
<i>Animal Husbandry Department</i>		
Milk supply schemes	3.1	47
Sheep breeding programme	3.2	57
<i>Health and Family Welfare Department</i>		
Technology Mission on Immunization (Universal Immunization Programme)	3.3	72
Unfruitful expenditure	3.4	98
<i>Co-operation Department</i>		
Utilisation of manpower resources	3.5	100
<i>Department of Language and Culture</i>		
Acquisition and renovation of Town Hall Complex	3.6	113
<i>Revenue Department</i>		
Irregular utilisation of relief funds	3.7	117
Non-receipt of actual payees' receipts	3.8	117
Irregular payment of subsidy	3.9	118
Payment of gratuitous relief	3.10	119
Avoidable expenditure on continued engagement of Bhoti Teachers	3.11	120
Unfruitful expenditure on settlement staff	3.12	121
<i>Agriculture Department</i>		
Overpayment of subsidy on fertilizers	3.13	122
Forfeiture of freight claims due to their non-submission	3.14	122
Unfruitful expenditure on a Flow Irrigation Scheme	3.15	123
Purchase of seed	3.16	124
Loss of seed potato	3.17	124
<i>Rural Development Department</i>		
Irregular payment of subsidy	3.18	126
Idle investment on construction of a building	3.19	127



*Forest Farming and Environmental  
Conservation Department*

Paragraph Page

Irregular payment of interest 3.20 128

*Industries Department*

Non-recovery of dues for  
Himachal Pavilion at New Delhi 3.21 129

*General*

Outstanding inspection reports 3.22 130

Idle equipment 3.23 137

Misappropriations, defalcations, etc. 3.24 137

CHAPTER-IV

WORKS EXPENDITURE

*Public Works Department*

Rural Roads in South Zone 4.1 139

Unfruitful expenditure 4.2 158

Overpayment of additional compensation 4.3 162

Avoidable expenditure 4.4 163

Loss due to defective designing of godown 4.5 165

Sub-standard execution of work 4.6 166

Miscellaneous Works Advances 4.7 167

Avoidable expenditure due to  
accident to a Departmental vehicle 4.8 175

Incomplete works 4.9 176

*Irrigation and Public Health Department*

Command Area Development Programme 4.10 177

European Economic Community  
Associated Water Supply Project 4.11 204

Lift Water Supply Scheme for  
Dhaned Haretta group of villages 4.12 214

Lift Water Supply Scheme for Lahat,  
Kotlu and adjoining villages 4.13 217

Chambak Bari kuhl 4.14 219

Defective execution of schemes 4.15 220



	Paragraph	Page
Under-utilisation of irrigation potential	4.16	221
Avoidable additional expenditure	4.17	222
Fictitious accountal of materials	4.18	223
Misappropriation of funds and fictitious payment	4.19	225
Incomplete water supply schemes	4.20	226

#### CHAPTER-V

#### STORES AND STOCK

##### *Public Works Department*

Unfruitful expenditure on fabrication of a steel truss bridge	5.1	227
Avoidable additional expenditure on purchase of cement	5.2	228
Avoidable expenditure on purchase of materials	5.3	230
Excess consumption of material	5.4	231
Shortages of stores	5.5	231
Fictitious stock adjustments	5.6	232

##### *Irrigation and Public Health Department*

Avoidable expenditure due to non-procurement of levy cement	5.7	233
Injudicious purchase of stores	5.8	233
Shortages of stores	5.9	234
Minus Balances in stock accounts	5.10	235
Fictitious stock adjustments	5.11	235

##### *Health and Family Welfare Department*

Idle Auto Analyzer	5.12	236
--------------------	------	-----

##### *Agriculture Department*

Non-deposit of sale proceeds	5.13	237
Shortage of stores	5.14	238

##### *Horticulture Department*

Outstanding recoveries	5.15	239
------------------------	------	-----



CHAPTER VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

General	6.1	240
Audit under Section 14	6.2	243
Audit under Section 15	6.3	250
Himachal Pradesh Khadi and Village Industries Board	6.4	256

## APPENDICES

	Page	
Appendix 1	Excess over grants/appropriations requiring regularisation	260
Appendix 2	Drawal of funds in advance of requirements	261
Appendix 3	Detail of samples analysed during 1985-86 to 1990-91	262
Appendix 4	Statement showing vaccine-wise, year-wise and district-wise targets and achievements under universal immunisation	263
Appendix 5	Instances of non-adherence of immunisation schedule	265
Appendix 6	Statement showing details of idle equipment	266
Appendix 7	Statement showing the details of incomplete buildings and roads	267
Appendix 8	Statement showing underutilisation of irrigation potential	268
Appendix 9	Statement showing incomplete water supply schemes	269
Appendix 10	Glossary of abbreviations	270



## PREFATORY REMARKS

This Report No.3 for the year ended 31 March 1991 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 1990-91 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 1990-91.

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 1990-91 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 1990-91 have also been included, wherever considered necessary.





## OVERVIEW

This Report includes two chapters containing the observations of Audit on the state of finances of the Government of Himachal Pradesh and its Appropriation Accounts for the year 1990-91, and four other chapters, comprising 6 reviews and 57 paragraphs, based on the audit of certain selected schemes and programmes and of the financial transactions of Government. A synopsis of the findings contained in the reviews and the more important paragraphs is presented in this Overview.

### 1. *Review of the State's finances*

The receipts of the State Government had increased in absolute terms from Rs. 519.21 crores in 1985-86 to Rs. 806.63 crores (55 per cent) in 1990-91. The growth in receipts had, however, been generally declining during this period; whereas the receipts during 1985-86 had increased by 36 per cent over 1984-85, the growth during 1990-91 in relation to 1989-90 was 12 per cent only.

Receipts from tax revenues raised by State Government had increased progressively during the Seventh Plan period from Rs. 73.65 crores in 1985-86 to Rs. 141.96 crores in 1989-90, and further to Rs. 160.90 crores during 1990-91, the growth in relation to 1989-90 being 13 per cent. On the other hand, the growth in non-tax revenues had been erratic during 1985-91. These, in fact, declined from Rs. 82.25 crores in 1989-90 to Rs. 59.32 crores in 1990-91, the decrease of 28 per cent representing the largest drop since 1985-86. While the increase in tax revenues during 1990-91 in relation to 1989-90 was attributable mainly to additional realisations from State Excise (Rs. 11.81 crores) and Sales Tax

---

The abbreviations used in this Report have been listed in the Glossary in Appendix 10 (page 270).



(Rs. 9.52 crores), the reduction in non-tax revenues was due to lower realisations from the Power, Tourism, and Forestry and Wild Life sectors, among others.

The scope for raising revenue internally being necessarily limited in a small State like Himachal Pradesh, the State had to depend, to a large extent, on grants-in-aid from the Central Government and its share of Union Taxes and Duties, which constituted 50 per cent and 23 per cent respectively of the total receipts during 1990-91, while tax and non-tax revenues were 20 per cent and 7 per cent respectively. The State's share of Union Taxes and Duties had been progressively on the increase from Rs. 101.31 crores at the beginning of the Seventh Plan period to Rs. 187.95 crores in 1990-91. Grants-in-aid from the Central Government had also increased from Rs. 278.77 crores in 1985-86 to Rs. 398.46 crores in 1990-91, the increase over the preceding year (1989-90) being of the order of 16 per cent.

Notwithstanding the growth in revenue receipts, both from internal and external sources, the resource gap had widened from year to year since 1988-89, and the deficit on Revenue Account had increased sharply during 1990-91. Whereas the accounts of the State in 1985-86, 1986-87 and 1987-88 closed with a Revenue Surplus of Rs. 107.82 crores, Rs. 69.76 crores and Rs. 41.01 crores respectively, the Revenue Deficit in the subsequent three years was of the order of Rs. 69.84 crores, Rs. 61.27 crores and Rs. 94.84 crores respectively. This was attributable to an increase in Revenue expenditure, combined with a virtual stagnation in Capital expenditure, which would, in the long run, have an adverse impact on the economy. Whereas revenue receipts had increased by 55 per cent during 1985-91, Revenue expenditure had increased by as much as 119 per cent from Rs. 411.39 crores (Plan: Rs. 116.18 crores;



Non-Plan: Rs. 295.21 crores) in 1985-86 to Rs. 901.47 crores (Plan: Rs. 249.02 crores; Non-Plan: Rs. 652.45 crores) in 1990-91.

The State Government had been resorting increasingly to borrowings in order to meet the growing demands of expenditure and to bridge the resource gap. By the end of 1990-91, the internal debt had increased by Rs. 91.10 crores (205 per cent) to Rs. 135.56 crores from Rs. 44.46 crores at the end of 1985-86. After taking into account the increase of Rs. 516.38 crores (166 per cent) in Loans and Advances from the Central Government, and of Rs. 209.85 crores (173 per cent) in other liabilities, the total liabilities of the State Government (Rs. 1294.49 crores) had increased by 171 per cent in relation to 1985-86 (Rs. 477.16 crores).

The debt burden had resulted in an increase in the interest liability of the State Government as well, and the outflow of funds on this account had increased by 262 per cent from Rs. 30.51 crores in 1985-86 to Rs. 110.45 crores in 1990-91. The repayments of the principal and interest totalling Rs. 84.59 crores during 1990-91 represented 38 per cent of the loans and advances received by the State Government during the year.

Government's investments in Statutory Corporations, Government Companies and Joint Stock Companies increased from Rs. 87.84 crores at the end of 1985-86 to Rs. 177.51 crores at the end of 1990-91. Dividend of Rs. 0.02 crore only was, however, received during 1990-91, the return on the investments being substantially lower than the rate of interest payable by Government on its borrowings. The bulk of the fresh investments (Rs. 18.45 crores) during 1990-91 were in Statutory Corporations which had been incurring recurring losses. Such investments were, therefore, more in the nature of a subsidy rather than sound business investments.



While the Himachal Road Transport Corporation had accumulated losses totalling Rs. 43.24 crores up to the end of 1989-90 (the year up to which accounts had been finalised as of January 1992), the accumulated losses of three Government companies (Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited, Himachal Pradesh Agro-Industries Corporation Limited, and Himachal Pradesh Tourism Development Corporation limited), among others, totalled Rs. 28.63 crores at the end of 1990-91.

The net loans and advances disbursed by the State Government during the six-year period from 1985-86 to 1990-91 ranged between 15 per cent and 115 per cent of the net receipts from long-term borrowings. During 1990-91, interest of Rs. 1.80 crores was received in respect of such loans and advances. The total amount overdue for recovery against loans, the detailed accounts of which are maintained by Departmental Officers, was Rs. 13.36 crores, inclusive of Rs. 3.89 crores towards interest. The arrears related mainly to private bodies, co-operative societies and boards (Rs. 5.52 crores), village and small industries (Rs. 2.07 crores), co-operative institutions (Rs. 1.94 crores), and Soil Conservation loans (Rs. 1.90 crores).

Ways and Means Advances of Rs. 69.38 crores and Overdrafts of Rs. 988.73 crores were availed of by the State Government during 1990-91, on which interest totalling Rs. 0.61 crore was paid.

[Paragraphs 1.1 to 1.12]

2. *Appropriation Audit and control over expenditure*

The supplementary provision of Rs. 109.83 crores obtained during the year 1990-91 constituted 9 per cent of the original budget provision of Rs. 1221.71 crores. The excess expenditure



totalling Rs. 1039.15 crores in 13 Grants and Appropriations required regularisation under Article 205 of the Constitution of India, partly offset by savings totalling Rs. 88.97 crores in 29 Grants and Appropriations.

Supplementary provision of Rs. 10 lakhs and above in each case totalling Rs. 16.26 crores obtained in 8 cases during the year proved wholly unnecessary in the context of the final saving in each of these cases being more than such supplementary provision. On the other hand, the supplementary provision of Rs. 27.22 crores proved insufficient in 8 other cases by more than Rs. 10 lakhs in each case. In 8 cases, supplementary grants aggregating to Rs. 57.98 crores were obtained when the additional requirements of funds were Rs. 50.49 crores only, the saving in each case being in excess of Rs. 10 lakhs.

Savings in excess of Rs. 50 lakhs in each case occurred in 9 Grants and Appropriations, such savings in relation to the budget provisions ranging between 11 per cent and 35 per cent. Further, substantial savings, in excess of Rs. 25 lakhs in each case, occurred in 13 Grants and Appropriations on account of either non-implementation or slow implementation of schemes. Persistent savings, ranging from 10 per cent to 47 per cent, occurred in 4 Grants and Appropriations during 1988-91, while expenditure, exceeding Rs. 1 lakh in each case, was incurred in 11 Grants and Appropriations even in the absence of budget provision. Savings totalling Rs. 63.07 crores were surrendered only on the last day of March 1991, though the Departments were aware at the time of submission of the Revised Estimates for the year in January 1991 that funds to the extent of Rs. 26.94 crores would need to be surrendered.

The Divisional Officers of the Public Works and the



Irrigation and Public Health Departments had proposed as many as 877 transfer entries, involving Rs. 25.22 crores, in respect of the transactions during the year. Of these, 441 transfer entries, involving Rs. 18.30 crores, could not be admitted following scrutiny because these had been proposed for reasons other than those envisaged in the Financial Rules; such entries were indicative of defective financial management.

[Paragraph 2]

### 3. Rural Roads in South Zone

In the context of the fact that roads are the main means of communication in the predominantly hilly State of Himachal Pradesh, the State Government had laid great emphasis on the development of all-weather roads to cater to the socioeconomic and cultural needs of the rural population. As of March 1991, there were 12,395 kilometres of rural roads, of which 6,640 kilometres were in South Zone of the State Public Works Department.

While the physical targets for the construction of rural roads in the South Zone during 1985-91 as envisaged in the Annual Plans were exceeded substantially-which appeared to indicate that these targets were not determined realistically - no master or long-term plan for the phased development of rural roads had been formulated. Review by Audit of construction and maintenance of rural roads in the South Zone during 1985-91 based on a test-check of the records of 9 Divisions, supplemented by information made available by 5 other Divisions and the Engineer-in-Chief disclosed the following:

\* As of March 1991, the 9 Divisions had constructed 2,759 kilometres of roads. Of these, 2,251 kilometres of roads (82 per cent) could be used only during fair weather and were not all-weather roads.



\* Of the 498 works taken up for execution by the 9 Divisions, only 98 works had been completed as of March 1991, the delay in the completion of 59 of these works ranging from one year and 16 years. The time overrun in respect of 285 incomplete works as of March 1991 ranged from one year to 21 years.

\* Expenditure (Rs. 12.30 crores) as of March 1991 on 114 roads exceeded their estimated cost by Rs. 5.95 crores, the cost increase in individual cases ranging from 11 per cent to as high as 840 per cent. Similarly, cost overruns, attributable to delays in completion of 19 bridges due to belated approval of drawings and changes in scope, amounted to Rs. 1.88 cores, the increase in individual cases ranging from 6 per cent to 459 per cent.

\* Specific programmes formulated for the benefit of scheduled castes during 1985-91 at a cost of Rs. 7.65 crores were implemented without identifying the villages predominantly inhabited by the target group and ensuring that the benefits envisaged, in fact, accrued to them.

\* On account of various factors, such as suspension of works in the absence of land, non-completion of other related works, non-adherence to approved specifications, defective planning, etc. investments totalling Rs. 45.72 lakhs on the construction of 7 roads and a bridge had remained either idle or unfruitful or had been rendered infructuous.

\* Appropriate norms for maintenance expenditure



not having been evolved, actual expenditure on the maintenance of roads in the 9 Divisions varied widely and ranged from Rs. 3,706 per km to Rs. 66,486 per km.

[Paragraph 4.1]

4. *Command Area Development Programme*

The Centrally sponsored Command Area Development Programme (CADP) was taken up for implementation in the command areas of the Giri Project (1983-84), Balh Valley Project (1987-88) and the Bhabhour Sahib Project (Phase-I) (1988-89). The objective of the Programme was to ensure better and more efficient utilisation of the irrigation potential created for optimising agricultural production, and it envisaged the construction of field channels and drains, the levelling and shaping of land, selection and introduction of cropping patterns, and implementation of warabandi for equitable distribution of water to the beneficiaries.

The expenditure incurred on the Programme in the three command areas was unusually high in the last quarter of the financial year; this ranged from 30 per cent to 100 per cent of the total expenditure incurred in a year. Expenditure of Rs. 25.92 lakhs was irregularly debited to the Programme, resulting in excess drawal of Central assistance of Rs. 12.96 lakhs.

On-farm development works were taken up in the command areas without the necessary soil and topographical surveys and adaptive trials to facilitate the proper planning and designing of these works. The CAD works in the Giri and Bhabhour Sahib projects were taken up 22 months and 81 months respectively after the completion of these two projects in February and April 1982, and these works were still in progress as of June 1991, the time overrun in respect of the Giri Project being 53 months till then. The Programme in the third command area, approved in June 1986 and



scheduled for completion by March 1991, commenced only in March 1988 and had not been completed.

Though the levelling of 4,000 hectares had been targeted during the Seventh Plan period, this had not been undertaken in the fields of the beneficiaries in any of the three command areas to enable the even spread of water. Expenditure of Rs. 3.13 crores was incurred on the construction of field channels in the absence of detailed estimates and technical sanction. Expenditure incurred on 9 CAD works without sanction even to the working estimates so as to avoid lapse of grants had exceeded the estimated cost by 22 per cent to 580 per cent. Action to recover loans amounting to Rs. 66.86 lakhs due from beneficiaries as of March 1991 for construction of field channels had not been initiated.

Warabandi was to be introduced concurrently with the construction of field channels. However, whereas field channels had been constructed in 7,135 hectares as of March 1991, warabandi had been introduced only in 3,642 hectares by then, the shortfall in individual command areas ranging from 45 per cent to 100 per cent.

Notwithstanding the availability of grants, training centers were not established in the three command areas to educate farmers on various aspects of water and farm management. Crop demonstrations were also not organised, as envisaged, in two of the command areas, and this was done only on a restricted scale in the third.

The irrigation potential created between 1985 and 1990 in the two completed projects and the on-going project was never fully utilised, the percentage utilisation in different seasons ranging from negligible to 57.

Failure to undertake bench mark surveys of the project



areas prior to the commencement of the Programme rendered difficult a proper analysis and evaluation of its impact and the attainment of its objectives.

[Paragraph 4.10]

5. *Technology Mission on Immunization*

The Universal Immunization Programme was launched during 1985-86 for the universal immunization of infants and pregnant women and to bring about the desired improvements in the quality of services already being provided since 1978 under the Expanded Programme on Immunisation. It was declared a Technology Mission in 1986 to provide a sense of urgency and commitment to the achievement of the goals by 1990. The Mission aimed at reducing morbidity and infant mortality through universal immunization against six vaccine-preventable diseases (Diphtheria, Pertussis, Tetanus, Measles, Tuberculosis and Poliomyelitis). An amount of Rs. 1.70 crores was spent on the programme during 1985-90. The expenditure reported by the State Government to the Government of India and that made available to Audit varied substantially, which was attributed to the furnishing of unreconciled data to the former.

Of the total expenditure incurred during 1986-88 and 1990-91, expenditure on establishment ranged from 20 per cent to 69 per cent.

The annual Action Plans, as envisaged, were either not prepared at all or were prepared belatedly. None of the 87 Public Health Centers test-checked had prepared these plans.

While the prescribed targets of immunisation against the six vaccine-preventable diseases were not achieved fully, the reported achievements were also apparently inflated because the number of doses stated to have been administered were, in certain



cases, more than the number of doses available in stock.

Instances of non-adherence to the prescribed vaccination schedule, and of administration of oral polio vaccine to older children were also noticed in test-check. The number of children not completing the immunisation course was as high as 70 per cent.

While no Cold Chain Officer was posted to ensure the efficacy of the cold chain arrangements, instances of non-supply of the necessary infrastructure facilities and non-provision of the requisite manpower resources were also noticed, in the absence of which control over the implementation of the programme would not appear to have been effective. Supervision of immunization sessions by Medical Officers of Public Health Centers was inadequate, the shortfall ranging from 27 per cent to 100 per cent in the five districts test-checked.

Regular testing of samples of oral polio vaccine for potency was not ensured, and the periodicity prescribed for the purpose was also not adhered to. In 5 districts test-checked, vaccine from certain batches continued to be administered to children notwithstanding the fact the test results were unsatisfactory. Though vaccines supplied to Sub-centers were to be returned to the Public Health Centers on the same day, 1.35 lakh vials continued to be administered by the former for periods up to 30 days.

As against 48 vaccination coverage evaluation surveys prescribed, only 22 surveys were conducted during 1985-91. Arrangements for the dissemination of information about the Programme were also inadequate.

[Paragraph 3.3]

## 6. Milk Supply Schemes

Between 1964-65 and 1984-85, Government had progressively



established 9 Milk Supply Schemes in the State to provide a market to milk producers for the disposal of their surplus production at a remunerative price, and to ensure regular supply of wholesome milk at reasonable prices to consumers. Of these, 4 Schemes were transferred to the Himachal Pradesh State Co-operative Milk Producers' Federation Limited in October 1983.

Review by Audit of the functioning of the remaining 5 Government Milk Supply Schemes during 1986-91 revealed that, with the exception of two of the Schemes in some years, the targets of milk collection were generally not achieved during this period, the shortfalls ranging between 12 per cent and 50 per cent. On the other hand, 15.25 lakh litres of milk were purchased from outside the State and secondary sources, thereby defeating the objective of providing a market for the surplus production of the primary producers.

The installed capacity of the Dairy Plant established in June 1986 at a cost of Rs. 3.09 crores for processing the milk procured by the Kangra Milk Scheme was never fully utilised during 1986-91. The remaining four Schemes supplied milk without standardisation in the absence of processing facilities.

One of the 10 milk chilling plants did not handle any milk during 1986-91, while another was utilised only for rechilling the milk received from another Scheme. The installed capacity of the remaining 8 plants was also never fully utilised, and the average utilisation ranged from only 8 per cent to 42 per cent. The installation of chilling plant at Raja-ka-talab at a cost of Rs. 6.14 lakhs in the vicinity of another plant at Kotla was injudicious in the context of the low utilisation of the latter plant. Construction of buildings for the establishment of two other chilling plants at Baijnath and Lambagaon, taken up in March



1986, and scheduled to be completed in 18 months, had not been completed as of June 1991, as a result of which the expenditure of Rs. 8.60 lakhs incurred till then had been rendered unfruitful. Further, personnel were deployed at Baijnath, without adequate justification from February 1987 itself; the expenditure of Rs. 5.82 lakhs on their pay and allowances was infructuous.

Exclusive of depreciation on assets, interest on the capital invested (Rs. 4.19 crores) and the headquarters expenses allocable to them, the activities of all the five Government Milk Schemes resulted in a cumulative deficit aggregating to Rs. 1.44 crores during 1986-91.

[Paragraph 3.1]

#### 7. *Sheep breeding programme*

A sheep development programme was launched by the State Government during 1970-71 by importing exotic breeds of sheep for cross breeding trials at five farms. The objectives of the programme were to improve the economic condition of the sheep breeders and farmers by providing pure-breed rams, developed pastures and facilities for marketing of wool. Four of the farms were converted into Exotic Sheep Breeding Farms for the purpose.

The income of the farms during 1985-91 was consistently lower than their expenditure, and the selling prices of sheep bore no relation to the expenditure on their rearing and maintenance. The expenditure incurred by the farms also varied widely in the absence of norms.

On account of their limited rearing capacity, the farms were unable to meet fully the demand for lambs and sheep during 1985-91, and the shortfalls ranged from 22 per cent to 83 per cent. Further, failure to replace the imported, exotic stock in two of the farms even after their reproductive life span had



expired led to in-breeding and resultant retarded growth of the progeny, impaired breeding efficiency and deterioration in wool quality.

The weaving apparatus installed at the Wool Utilisation Centre, Jeori, was auctioned in August 1986; the Veterinary Officer posted at the Centre was, however, retained even thereafter, rendering the expenditure on his pay and allowances unfruitful. On the other hand, the Wool Analysis Laboratory had not been in a position to undertake sensitivity tests of wool because of the non-posting of a Research Assistant for over 15 years. In the absence of a doctor, the Jeori Disease Investigation Laboratory had not been functioning since September 1988; consequently, expenditure of Rs. 3.13 lakhs incurred on the pay and allowances of other personnel up to March 1991 had been rendered unfruitful. Avoidable expenditure of Rs. 8.14 lakhs was incurred by three of the farms during 1985-91 due to deployment of shepherds in excess of the prescribed norms.

While only 5 sheep and wool extension centers had been established against the requirement of 218 centers, no breeding facilities were provided by two of these centers ever since their inception in 1985 in the absence of rams.

[Paragraph 3.2]

8. *Utilisation of manpower resources in the Co-operation Department*

In the absence of specific norms for the creation of posts in the Department, this was being done only on an ad hoc basis, and the deployment of personnel bore no relation to the number of societies or the work load involved and varied widely. Failure to determine staff requirements on the basis of clearly-defined norms also resulted in the pendency of 1,223 arbitration cases at the end of 1990-91. The pace of realisation



of the assets and settlement of liabilities of societies under liquidation was also slow, which was attributed by the Department to staff constraints.

In the 10 Circles test-checked, the prescribed inspections of co-operative societies were not undertaken by the District Inspectors and Assistant Registrars during 1986-91, the shortfalls in 8 of these Circles ranging from 30 per cent to 69 per cent.

Appropriate norms not having been evolved for the audit of cooperative societies and deployment of audit personnel, a mechanism to ensure that this was done judiciously was absent. Staff constraints and diversion of audit personnel to other duties not within the sphere of their designated responsibilities resulted in the audit of 193 societies remaining in arrears at the end of 1990-91.

Installation of a computer in March 1990 resulted in a saving of 2,670 mandays (Rs. 3.48 lakhs) per annum. The manner in which the manpower resources rendered surplus in the process were redeployed was not ascertainable.

[paragraph 3.5]

9. *European Economic Community Associated Water Supply Project*

The European Economic Community (EEC) had agreed, in June 1982, to provide financial assistance of Rs. 16.24 crores for a project for the provision of drinking water facilities in the rural areas of the State other than those in Kinnaur and Lahaul and Spiti Districts (estimated cost: Rs. 18.16 crores). The project, scheduled for completion by June 1986, was still in progress as of June 1991. Up to the year 1986-87 (when the project should normally have been completed), expenditure of Rs. 18.65 cores was incurred against budget provisions totalling Rs. 20.85 crores.



Some of the important points noticed in the course of a general review of the implementation of the project during 1982-91 by 7 Irrigation and Public Health Divisions were as follows:

\* Whereas the Department had reported that 1,295 of the targeted 1,303 villages had been covered by the terminal date (June 1986), the reported achievements also included 51 villages provided water supply under other separate schemes and were not to be covered under the EEC-assisted project. The shortfall in the achievement of targets was consequently 59 villages instead of only 8 villages. Further, of the 59 schemes reported by the Divisions to have been completed by June 1986, only 34 had been actually completed in all respects, the remaining 25 schemes being completed only between July 1986 and March 1991.

\* Delays in the completion of 29 schemes ranged between 9 months and 57 months, the resultant cost overrun being of the order of Rs. 2.44 crores. Though this was attributed to paucity of funds, audit scrutiny revealed that the budget provisions during 1982-86 were never fully utilised.

\* Revision of the project cost from Rs. 18.16 crores to Rs. 20.73 crores in March 1989 was necessitated by defective designing of schemes, use of pipes of higher specifications, increase in the quantities of pipes, etc.

\* Expenditure of Rs. 6.91 crores was incurred by the Divisions on 64 schemes without preparing the relevant estimates and detailed designs and getting these technically sanctioned. Expenditure totalling



Rs. 1.66 crores was also incurred by four of the Divisions on annual repairs and maintenance of the schemes even in the absence of approved estimates.

\* Expenditure of Rs. 59.45 lakhs incurred on various State and Centrally sponsored water supply schemes prior to the conclusion of the agreement with the EEC was irregularly debited to the project by 4 divisions.

[Paragraph 4.11]

10. *Other points of interest*

(a) A project was initiated in 1985 for the restoration of the Town Hall Complex at Shimla constructed in 1887. To facilitate its implementation, Government acquired the Complex from the Shimla Municipal Corporation at a cost of Rs. 38.66 lakhs. The restoration and renovation of the Complex was to be coordinated by Himachal Pradesh Sanskritik Parisar (a registered society) constituted in December 1987. While grants totalling Rs. 38 lakhs were released by Government during 1987-89 to the Parisar, which had been invested in a savings bank account, the entire Complex was also transferred to the Society in March 1989 at a token cost of one Rupee.

The parisar had not, however, transacted any business since its inception nor formulated proposals to fulfil its main objective. The renovation of the Complex had also not commenced as of October 1991. The objectives of the restoration of the historical Complex and its development as a centre for the encouragement and propagation of cultural activities had not been realised even after the lapse of five years and the expenditure of Rs. 76.66 lakhs on the acquisition of the Complex and on payment of grants-in-aid to the Parisar had remained largely unfruitful.



Further, rent amounting to Rs. 37.23 lakhs for the period from June 1986 to February 1989, when the ownership of the Complex vested in Government, had also not been realised from the principal tenants of the Complex.

[Paragraph 3.6]

(b) Factors, such as commencement of works without ascertaining the suitability of the proposed alignment, enlargement of the scope without proper surveys and investigations, execution without adequate justification and in the absence of technical sanction, delays in completion of works attributable to paucity of funds, absence of approvals to the use of forest land, etc., led to unfruitful expenditure totalling Rs. 23.77 lakhs on the construction of five roads, six buildings, a cableway and a helipad and the non-accrual of the intended benefits.

[Paragraphs 4.2 and 4.9]

(c) Failure to ensure the availability of adequate power resulted in an expenditure of Rs. 41.75 lakhs incurred on the Lift Water Supply Scheme for Lahat, Kotlu and 34 adjoining villages being rendered largely unfruitful because regular supply of water could not be assured to 15 of the 34 villages. This also necessitated additional investments of nearly Rs. 20 lakhs on improvements to the Scheme, which could have been avoided by the construction, in consultation with the State Electricity Board, of a separate feeder line at a lower cost of Rs. 7 lakhs. Unless improved power supply is ensured, the additional investments on improvements to the Scheme would also be only of limited utility.

[Paragraph 4.13]

(d) Five irrigation schemes, completed between 1982 and 1985 and involving investments totalling Rs. 39.17 lakhs, irrigated less than one per cent of the targeted culturable command area of



207.69 hectares, as a result of which the expenditure had remained largely unproductive. This was apparently attributable to the reluctance of farmers to invest in the construction of the distribution channels based on an apprehension that water supply from the schemes may not be equitable.

[Paragraph 4.16]

(e) Eight water supply schemes taken up for execution between April 1985 and January 1990, and six of which were scheduled to be completed within six months to one year, had been held up because of disputes either over their water sources or in regard to the lands along their alignment. Consequently, expenditure totalling Rs. 22.86 lakhs incurred on these schemes had remained unfruitful, and 4,521 beneficiaries deprived of the intended benefits.

[Paragraph 4.20]

(f) Failure to comprehensively review a lift water supply when it was known that the availability of water from the selected source was not likely to be adequate to meet the projected requirements of 21 villages resulted in the non-realisation of the intended objective despite investments of Rs. 17.06 lakhs on two separate schemes for these 21 villages as against an investment of Rs. 3.68 lakhs only initially envisaged in a single scheme covering all the 21 villages. Further, should another separate scheme for 8 of these villages proposed at a cost of Rs. 17.88 lakhs be finally approved, an estimated expenditure of Rs. 4.19 lakhs is expected to be rendered infructuous.

[Paragraph 4.12]

(g) Galvanized iron pipes and fittings, HDPE pipes, etc., valued at Rs. 43.28 lakhs, purchased injudiciously by 7 Irrigation and Public Health Divisions during 1985-90, were lying unutilised



as of January 1991, resulting in avoidable blocking of scarce resources.

[Paragraph 5.8]

(h) Contrary to the instructions on the subject, sale proceeds of agricultural inputs realised by the Assistant Development Officers in three offices during 1983-90 had not been deposited by them either in the treasury or with the concerned Deputy Directors of Agriculture/District Agricultural Officers.

[Paragraph 5.13]

(i) According to the progress reports submitted by 8 Public Works Divisions, recoveries from suppliers, departmental officials on account of shortages or non-accountal of materials or unauthorised or irregular expenditure, contractors, etc., aggregated to Rs. 1.46 crores at the end of March 1991. While these outstandings related to periods from 1951-52 to 1990-91, the outstandings as computed by Audit, however, aggregated to Rs. 1.57 crores.

[Paragraph 4.7]

(j) A steel truss bridge fabricated during 1978-79 at a cost of Rs. 4.67 lakhs for installation over the Nogli Khad on the Hindustan-Tibet Road had not been installed even as of November 1991 because of the transfer initially of the road to the Border Roads Organisation of the Government of India and the subsequent decision to develop the road to two lane standards. While a proposal to instal the bridge on another road was stated to be under consideration, this would render about 49 tonnes of steel valued at Rs. 2.75 lakhs surplus to requirements.

[Paragraph 5.1]

(k) Failure, on the part of the Himachal Pradesh State Co-operative Marketing and Consumers Federation, to pass on the



subsidy on fertilisers to the consumers and incorrect submission of subsidy claims by the Federation resulted in an excess payment of subsidy of Rs.1.72 lakhs and an avoidable additional liability of Rs.2.59 lakhs to the farmers who purchased fertilisers at the undiscounted, higher prices.

[Paragraph 3.13]

(l) Deployment of staff for settlement operations in the Haroli and Lalehri Circles prior to the consolidation of holdings, attributable to lack of coordination between the Assistant Settlement Officer and Director, Consolidation of Holdings, resulted in an unfruitful expenditure of Rs. 3.10 lakhs.

[Paragraph 3.12]

(m) An Electronic Private Branch Automatic Telephone Exchange installed at the Indira Gandhi Medical College, Shimla, remained totally non-functional due to unsatisfactory installation and non-rectification of defects by a Government Company entrusted with the responsibility. Consequently, payment of Rs. 2.94 lakhs made to the Company proved unproductive.

[Paragraph 3.4]







## CHAPTER-I

## REVIEW OF STATE'S FINANCES

## 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 1990-91:

Sources (Receipts)	(Rupees in Crores)	Application (Expenditure)	( Rupees in Crores )
Tax Revenue	160.90	Revenue Expenditure	901.47
Non-Tax Revenue	59.32		
Grants-In-aid from Central Government	398.46	Capital Expenditure	149.22
States' share of Union Taxes/ Duties	187.95		
Internal Debt	1093.52	Discharge of Internal Debt	1062.46
Loans and Advances from Central Govern- ment	225.32	Discharge of Loans and Advances from Central Govt	25.31
Recoveries of Loans and Advances	5.24	Other Loans and Advances	39.82
Net Receipts under Public Account*	85.23	Net increase in Cash Balance	37.66
Total	2215.94		2215.94

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

Inclusive of receipts on account of Cash Balance Investment Account, Cash with Departmental Officers and Permanent Advance, forming part of Public Account.

## 1.2. Tax Revenue

1.2.1. The Tax Revenue of the Government increased from Rs. 141.96 crores in 1989-90 to Rs. 160.90 crores in 1990-91 representing a growth of 13 per cent. The Tax revenue had also been registering a steady increase during the Seventh Plan period as would be evident from the Table alongside.

1.2.2. The realisations for different taxes and duties during the Seventh Plan period and during 1990-91 have been analysed in the following table:

Year	Year-wise Tax Revenue Amount	Percentage growth over previous year
1985-86	73.65	20
1986-87	92.40	25
1987-88	103.28	12
1988-89	118.10	14
1989-90	141.96	20
1990-91	160.90	13

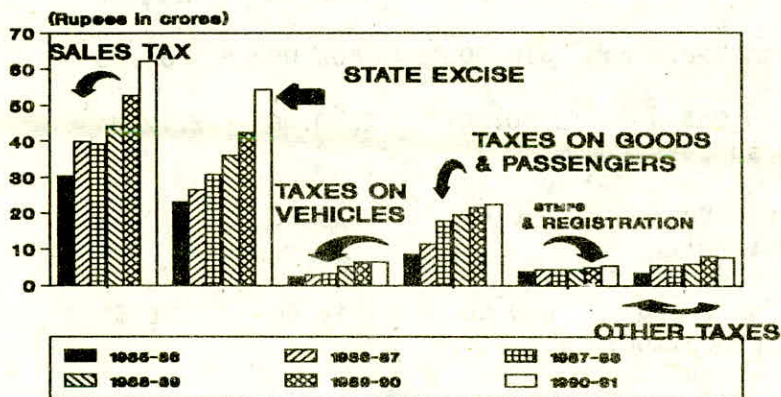
	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)					
Sales Tax	30.30 (41)	39.85 (43)	39.16 (38)	44.86 (38)	52.59 (37)	62.11 (39)
State Excise	23.18 (31)	26.49 (29)	30.67 (30)	36.06 (31)	42.40 (30)	54.21 (34)
Taxes on vehicles	2.53 (3)	2.89 (3)	3.33 (3)	5.27 (4)	6.47 (5)	6.59 (4)
Taxes on Goods and Passengers	8.62 (12)	11.50 (12)	17.98 (17)	19.59 (17)	21.49 (15)	22.13 (14)
Taxes and Duties on Electricity	1.17 (2)	1.32 (1)	1.75 (2)	1.57 (1)	5.00 (3)	1.81 (1)
Land Revenue	0.47 (1)	0.47 (1)	0.43 (1)	0.43 (-)	0.88 (1)	0.80 (-)
Stamps and Registration Fees	3.83 (5)	4.33 (5)	4.39 (4)	4.38 (4)	4.99 (3)	5.49 (3)
Other Taxes and Duties on Commodities and Services	3.55 (5)	5.55 (6)	5.57 (5)	5.94 (5)	8.14 (6)	7.76 (5)
<b>Total</b>	<b>73.65</b> (100)	<b>92.40</b> (100)	<b>103.28</b> (100)	<b>118.10</b> (100)	<b>141.96</b> (100)	<b>160.90</b> (100)

Note: Figures within parentheses represent the percentage of individual Taxes to the Total Tax Revenue



1.2.3. The increase in revenue collections during 1990-91 in relation to the previous year was mainly attributable to additional realisations from Sales Tax (Rs. 9.52 crores) and State Excise (Rs. 11.81 crores). On the other hand, realisations from Taxes and Duties on Electricity, Other Taxes and Duties on Commodities and Services and Land Revenue declined during 1990-91 in relation to 1989-90.

1.2.4 The trends in regard to the major sources of Tax-Revenue over the last six years is depicted below:



1.2.5. An analysis of the realisations of tax revenue from different sources during 1990-91 revealed significant variations between the actual realisations and the Budget and Revised Estimates, such variations with reference to the Revised Estimates being as high as 45 per cent in respect of Taxes and Duties on Electricity and 20 per cent in respect of Land Revenue. Relevant

details in this regard are tabulated below :

Actuals 1989-90	Revenue Head	1990-91		Actuals	Percentage variation with reference to Revised Estimates
		Budget Estimates	Revised Estimates		
(Rupees in lakhs)					
87.77	Land Revenue	52.00	66.69	79.87	(+)20
499.68	Stamps and Regi- stration Fees	489.00	496.31	548.55	(+)11
4239.87	State Excise	4150.00	5129.00	5421.42	(+)6
5259.06	Sales Tax	5100.00	5600.00	6210.98	(+)11
646.95	Taxes on Vehicles	610.00	609.00	659.05	(+)8
2148.85	Taxes on Goods and Passengers	2350.00	2350.00	2212.94	(-)6
500.26	Taxes and Duties on Electricity	330.00	330.00	180.59	(-)45
813.59	Other Taxes and Duties on Commodities and Services	600.00	814.00	776.51	(-)5

### 1.3. Non-Tax Revenue

1.3.1. Whereas the Tax Revenue had registered a progressive growth since 1985-86, the growth in Non-Tax Revenue had, however, been erratic during the same period, as would be evident from the



Year-wise Non-Tax Revenue		
Year	Non-Tax Revenue	Percentage Increase(+) / Decrease(-) over the previous year
(Rupees in crores)		
1985-86	65.48	(+150)
1986-87	59.26	(-118)
1987-88	71.83	(+134)
1988-89	67.40	(-18)
1989-90	82.25	(+122)
1990-91	59.32	(-128)

table alongside. In fact, Non-Tax Revenue declined to Rs. 59.32 crores during 1990-91 from Rs. 82.25 crores during the preceding year, the decrease of 28 per cent representing the largest drop since 1985-86.

1.3.2. The decrease of 28 per cent in the Non-Tax Revenue during 1990-91 in relation to 1989-90 was mainly attributable to reduced

realisations from certain sectors as indicated in the following table :

Description of Head of Account	Actuals		Decrease	
	1989-90	1990-91	Amount	Percentage
(Rupees in crores)				
0406-Forestry and Wild Life	32.11	14.51	17.60	55
0070-Other Administrative Services	3.35	2.07	1.28	38
0801- Power	1.10	--	1.10	100
0852-Industries	16.40	9.57	6.83	42
1452-Tourism	0.18	0.03	0.15	83

The decrease in revenue realisations from these sectors was, however, partially offset by increased realisations from Miscellaneous General Services ( Rs. 1.75 crores) and Medical and Public Health ( Rs. 0.58 crore).

1.3.3. As in the case of Tax Revenue, actual realisations of Non-Tax Revenue during 1990-91 varied significantly from the Budget

and the Revised Estimates, as indicated below:

1990-91

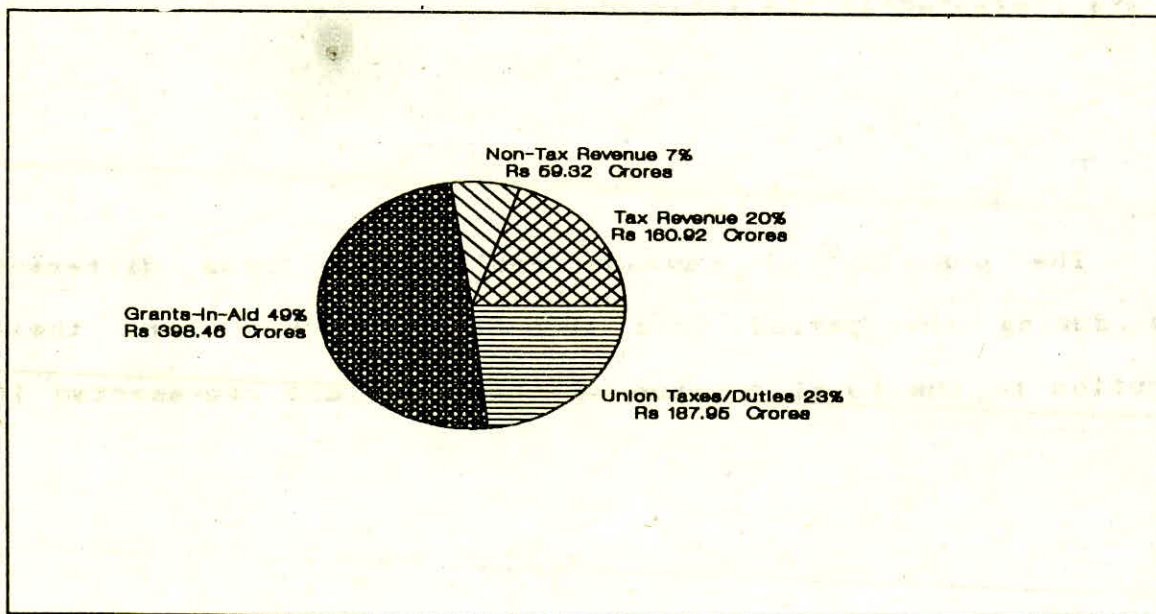
Actuals 1989-90	Revenue Head	Budget Estimates	Revised Estimates	Actuals	Percentage variation with reference to Revised Estimates
(Rupees in lakhs)					
511.72	Interest Receipts, Dividends and Profits	372.70	527.45	598.85	(+)14
Other Non-Tax Revenue					
(i) General Services					
194.28	Police	222.15	223.91	178.76	(-)20
99.17	Public Works	52.30	58.00	58.30	(+)1
335.40	Other Administrative Services	116.52	109.04	207.39	(+)90
725.83	Miscellaneous General Services	736.52	571.79	901.33	(+)58
102.06	Others	87.80	89.34	71.22	(-)20
(ii) Social Services					
151.48	Education, Sports, Art and Culture	148.97	149.02	160.50	(+)8
71.51	Medical and Public Health	91.70	110.09	129.68	(+)18
91.74	Water Supply and Sanitation	131.50	128.50	96.90	(-)25
91.12	Others	98.65	101.94	103.04	(+)1
(iii) Economic Services					
142.71	Crop Husbandry	163.00	162.00	174.72	(+)8
3210.50	Forestry and Wild Life	1600.00	2600.00	1451.30	(-)44
180.64	Other Agricultural Programmes	0.35	0.35	148.99	(+)42469
110.12	Power	100.00	113.75	----	(-)100
1640.05	Industries	14.29	13.89	957.34	(+)6792
282.78	Non-Ferrous Mining and Metallurgical Industries	260.40	290.00	291.70	(+)1
283.36	Others	544.68	465.46	401.85	(-)14



1.3.4. Scrutiny of the Finance Accounts for 1990-91 revealed that as against the revised provisions of Rs. 13.89 lakhs and Rs. 0.35 lakh respectively under "Industries" and "Other Agricultural Programmes", the actual realisations accounted for was Rs. 957.34 lakhs and Rs. 148.99 lakhs. Similarly, no realisation has been accounted for during the year under "Power" against the Revised Estimate of Rs. 113.75 lakhs. Reasons for such wide variations were not ascertainable.

1.4. *Grants-in-aid and Share of Union Taxes and Duties*

1.4.1. 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 1990-91 are depicted in the following chart :



1.4.2. The State's share of Union Taxes and Duties had been progressively on the increase during the Seventh Plan period, and

Grants-in-Aid and Share of Union Taxes and Duties received from Central Government		
Year	Grants-in-Aid	Share of Union Taxes/Duties
	(Rupees in Crores)	
1985-86	278.77	101.31
1986-87	266.75	121.42
1987-88	332.33	142.57
1988-89	338.50	178.38
1989-90	342.97	154.06
1990-91	398.46	187.95

had increased from Rs. 101.31 crores at the beginning of the Plan period to Rs. 187.95 crores in 1990-91. On the other hand, Grants-in-aid from the Central Government declined from Rs. 278.77 crores in 1985-86 to Rs. 266.75 crores in 1986-87

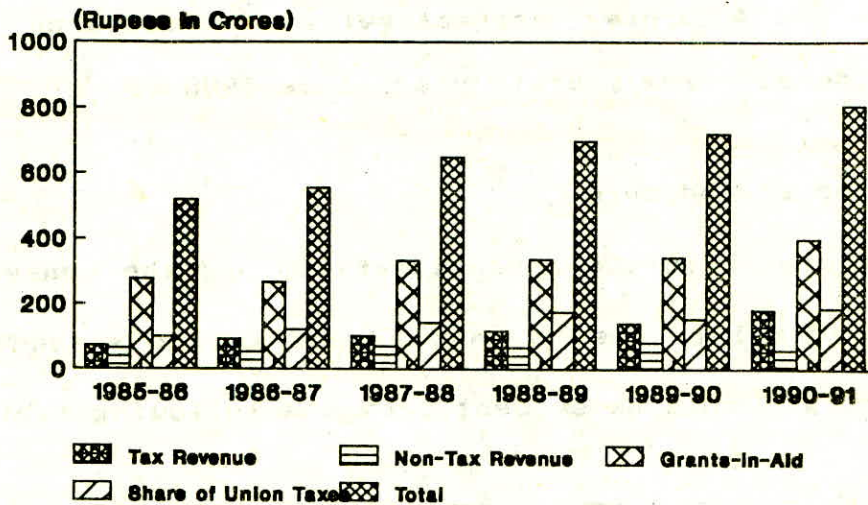
and ranged from Rs. 332.33 crores to Rs. 342.97 crores in the remaining three years of the Plan period. In 1990-91, however, Grants-in-aid increased by 16 per cent over the preceding year from Rs. 342.97 crores to Rs. 398.46 crores. Relevant details in this regard are presented in the table above.

1.4.3. The position of revenue realisations from different sources during the period from 1985-86 to 1990-91 and their contribution to the total revenue of the State are represented in



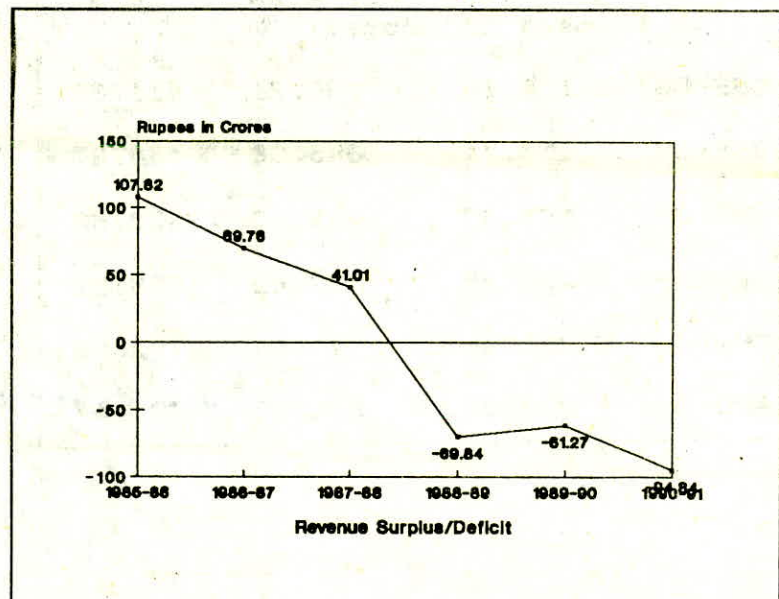
the following chart:

## Sources of Revenue Himachal Pradesh



### 1.5. Revenue Surplus/Deficit

An important premise of planned development is that there should be positive and rising savings on Government account. However, notwithstanding the growth in Revenue



both from internal and external sources, the deficit on Revenue Account had increased sharply during the year 1990-91. Whereas the accounts of the State in 1985-86, 1986-87, and 1987-88 closed with

Revenue surplus of Rs. 107.82 crores, Rs. 69.76 crores and Rs. 41.01 crores respectively, the State Government had been running into revenue deficits in the subsequent three years, the annual deficit being of the order of Rs. 69.84 crores, Rs. 61.27 crores and Rs. 94.84 crores respectively. The resource gap had consequently widened from year to year since 1988-89.

1.6. Revenue expenditure

1.6.1. The increase in the revenue deficit and the consequential resource gap were mainly due to an increase in the expenditure on Revenue Account, as would be evident from the following table:

Revenue Expenditure			
Year	Plan (Rupees in Crores)	Non-Plan	Total
1985-86	116.18	295.21	411.39
1986-87	118.71	345.36	464.07
1987-88	167.37	441.43	608.80
1988-89	200.80	567.42	768.22
1989-90	210.96	571.54	782.50
1990-91	249.02	652.45	901.47

Between 1985-86 and 1990-91, the Plan expenditure increased by 114 per cent whereas the increase in Non-Plan expenditure was of the order of 121 per cent during the same period.

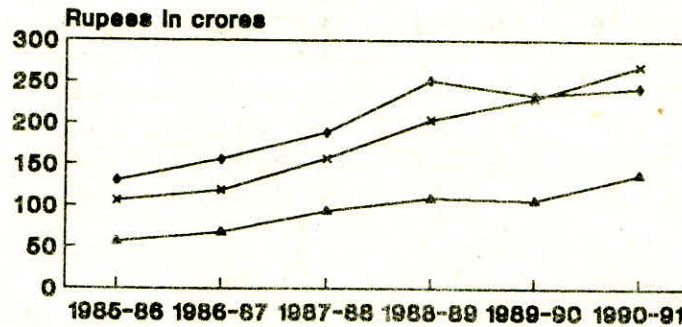


1.6.2. An analysis, Sector-wise, of the expenditure on Revenue Account from 1985-86 to 1990-91 is presented below:

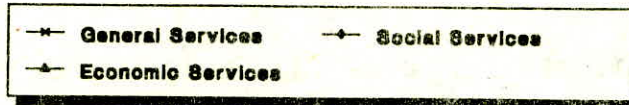
Sector	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)					
General Services (Non-Plan)	106.23	118.88	156.98	203.96	229.70	269.05
General Services (Plan)	3.35	3.70	4.59	5.64	6.00	9.14
Social Services (Non-Plan)	130.11	156.13	188.60	251.74	233.57	243.28
Social Services (Plan)	31.87	30.87	48.33	63.78	76.74	112.70
Economic Services (Non-Plan)	56.88	68.23	93.65	108.85	105.93	137.82
Economic Services (Plan)	80.96	84.14	114.45	131.38	128.22	127.18
Grants-in-Aid	1.99	2.12	2.20	2.87	2.34	2.30

1.6.3. In relation to the previous year (1989-90), the Non-Plan expenditure during 1990-91, on General Services, Social Services and Economic Services, had increased by 17 per cent, 4 per cent and 30 per cent respectively. Similarly, while the Plan expenditure on Social Services and General Services had increased by 47 per cent and 52 per cent respectively, Plan expenditure on Economic Services had, however, declined by one per cent.

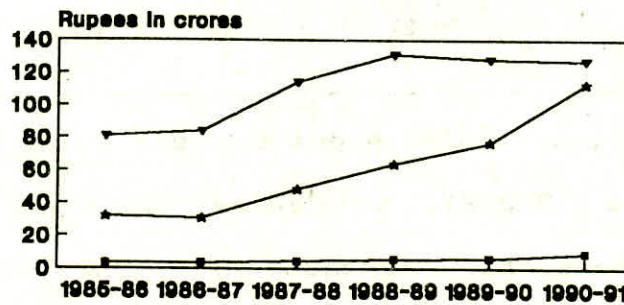
### Trend of Non-Plan Expenditure Himachal Pradesh



	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
General Services	106.23	118.86	156.98	203.98	229.7	269.05
Social Services	130.11	156.13	188.6	251.74	233.57	243.28
Economic Services	58.88	68.23	93.65	108.85	105.93	137.82



### Trend of Plan Expenditure Himachal Pradesh



	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
General Services	3.35	3.7	4.59	5.64	6	9.14
Social Services	31.87	30.87	48.33	63.78	76.74	112.7
Economic Services	80.96	84.14	114.45	131.38	126.22	127.18





## 1.7. Capital expenditure

1.7.1. The Capital expenditure during 1990-91 was Rs. 149.22 crores as against Rs. 122.14 crores in 1989-90, representing an increase of 22 per cent. The comparative position of Revenue expenditure (both Plan and Non-Plan) and Capital expenditure during the years from 1985-86 to 1990-91 is tabulated below :

Year	Plan Expenditure (Rupees in Crores)	Non-Plan Expenditure (Rupees in Crores)	Capital Expenditure
1985-86	116.18	295.21	88.12
1986-87	118.71	345.36	94.97
1987-88	167.37	441.43	130.18
1988-89	200.80	567.42	131.85
1989-90	210.96	571.54	122.14
1990-91	249.02	652.45	149.22

1.7.2. Whereas the Plan and Non-Plan expenditure on Revenue Account had increased by 114 per cent and 121 per cent respectively during 1985-91, the growth in the Capital expenditure during the same period was only 69 per cent. Furthermore expenditure on Capital Account had remained almost static from 1987-88 onwards and had, in fact, declined in 1989-90. Having regard to the fact that capital expenditure results in the creation of durable assets, stagnation on this account would have an adverse impact on the State's economy in the long run.

## 1.8 Public Debt and Other liabilities

1.8.1. 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 Himachal Pradesh Legislature prescribing such limits.

1.8.2. 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, the Government has other liabilities on account of funds raised through small savings, provident funds etc.

1.8.3. 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 liabilities of the State Government had increased from Rs. 477.16 crores in 1985-86 to Rs. 1294.49 crores in 1990-91, representing an increase of 171 per cent during the six-year period. While the increase in the internal debt was 205 per cent, loans and advances from the Central Government and other liabilities increased by 166 per cent and 173 per cent respectively. Details of the liabilities of the State Government during this period were as follows:

At the end of	Internal debt	Loans and Advances from Central Government	Total Public Debt	Other liabilities	Total liabilities
	(Rupees in crores)				
1985-86	44.46	311.65	356.11	121.05	477.16
1986-87	55.74	356.22	411.96	138.37	550.33
1987-88	71.35	436.80	508.15	178.92	687.07
1988-89	87.39	515.20	602.59	217.64	820.23
1989-90	104.50	628.02	732.52	268.60	1001.12
1990-91	135.56	828.03	963.59	330.90	1294.49



1.8.4. 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 1990-91 being 262 per cent more than the outflow during 1985-86. The position is summarised in the following table:

Year	Revenue Expenditure	Interest Payments	Percentage of Interest Payments to Revenue Expenditure
(Rupees in crores)			
1985-86	411.39	30.51	7
1986-87	464.07	41.76	9
1987-88	608.80	49.11	8
1988-89	768.22	69.01	9
1989-90	782.50	87.99	11
1990-91	901.47	110.45	12

1.8.5. The State Government had, however, discharged its debt service obligation 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. 25.31 crores towards principal and Rs. 59.28 crores as interest during the year 1990-91. Both the amount were paid in time. Incidentally, these payments represented 38 per cent of the loans and advances received by the State Government during the year.

#### 1.9. Ways and Means advances and overdraft

1.9.1. 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. Government of India Treasury Bills are also re-discounted to make good the deficiency in the cash balance. Details of the ways and means advances and

overdraft taken by the State Government and interest paid thereon during the period from 1985-86 to 1990-91 are tabulated below:

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)					
<b>1) Ways and Means Advances</b>						
(i) Advances taken during the year	27.06	--	0.49	28.97	96.11	69.38
(ii) Advances outstanding at the end of the year	--	--	--	--	--	--
(iii) Interest paid	0.07	--	-- <sup>o</sup>	0.03	0.45	0.34
<b>2) Overdrafts</b>						
(i) Overdrafts taken during the year	17.23	--	--	7.23	849.78	988.73
(ii) Overdrafts outstanding at the end of the year	--	---	--	--	--	--
(iii) Interest paid	0.02	--	--	-- <sup>#</sup>	0.23	0.27
<b>3) Re-discounting of Government of India Treasury Bills</b>						
(i) Amount of Bills re-discounted during the year	252	271	313	356	157	354
(ii) Amount outstanding at the end of the year	25.69	47.39	72.36	31.31	12.72	30.63
(iii) Interest paid	1.88	2.13	2.33	2.93	1.19	2.15

<sup>o</sup> Rs 1,208 only

<sup>#</sup> Rs 19,687 only



## 1.10. Loans and Advances by State Government

1.10.1. 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 1985-86 is given below:

	1985-86	1986-87	1987-88	1988-89	1989-90	1990-91
	(Rupees in crores)					
Opening Balance	204.72	260.02	323.93*	363.83	416.08	459.36
Amount Advanced during the year	59.81	68.94	45.14	60.22	60.16	39.82
Amount repaid during the year	4.51	4.87	5.24	7.97	16.88	5.24
Closing Balance	260.02	324.09	363.83	416.08	459.36	493.94
Net Addition	55.30	64.07	39.90	52.25	43.28	34.58
Interest received and credited to Revenue	0.79	1.17	2.50	3.39	3.44	1.80
Net Receipts from long term borrowings	66.08	55.85	96.19	94.45	129.92	231.07

1.10.2. The net loans and advances disbursed during the six-year period ranged between 15 per cent and 115 per cent of the net receipts from long term borrowings of the State Government.

\* Rs. 0.16 crore dropped *pro forma* on inclusion under the respective functional major Heads

1.10.3. Recoveries in arrears: Out of loans advanced to the Shimla Municipal Corporation and various Municipalities etc., the detailed accounts of which are kept in the office of the Senior Deputy Accountant General (Accounts and Entitlements), recoveries of Rs. 9.15 lakhs (principal : Rs. 4.25 lakhs; interest : Rs. 4.90 lakhs ) was in arrears as on 31st March 1991.

In respect of loans, the detailed accounts of which are maintained by the departmental officers, the total amount overdue for recovery against loans advanced as on 31st March 1991 as reported was Rs. 13.36 crores including Rs. 3.89 crores on account of interest. The major part of the arrears related to loans to "Private Bodies/Co-operative Societies/Boards" ( Rs. 5.52 crores) "Village and Small Industries" ( Rs. 2.07 crores), "Co-operative Institutions" (Rs. 1.94 crores) and "Soil Conservation loans" (Rs. 1.90 crores).

#### 1.11. *Investments and Returns*

1.11.1. The total investments of the State Government increased from Rs. 159.06 crores as on 31st March 1990 to Rs. 177.51 crores as on 31st March 1991. This included investments totalling Rs. 10.10 crores made in 4 Statutory Corporations during the year 1990-91. The detailed position of fresh investments made during



the year was as follows:

Name of the Concern	Investment during 1990-91	Accumulated loss/profit up to end of 1990-91
(Rupees in lakhs)		
<b>1. Statutory Corporations</b>		
Himachal Pradesh Financial Corporation	210.00	(-)103.13
Himachal Road Transport Corporation	680.00	(-)4324.17#
Himachal Pradesh Scheduled Castes Development Corporation	102.50	NA
Himachal Pradesh Ex-Servicemen Corporation	17.00	NA
<b>2. Government Companies/Joint Stock Companies</b>		
Himachal Pradesh State Industrial Development Corporation Limited	220.00	(+) 9.01
Himachal Pradesh Agro-Industries Corporations Limited	17.00	(-) 693.50
Himachal Pradesh State Small Industries and Export Corporation Limited.	14.91	(-)131.31 #
Himachal Pradesh State Handicrafts and Handloom Corporation Limited	10.00	(-)191.11 #
Himachal Pradesh Tourism Development Corporation Limited	63.53	(-)572.01
Himachal Pradesh Electronic Development Corporation Limited	24.00	(-)15.58 #
Himachal Pradesh Agro-Industrial Packaging India Limited	200.00	Commercial Production not started
Himachal Pradesh Horticultural Produce Marketing and Processing Corporation	98.50	(-)1597.56 #

# Represents accumulated loss upto the end of 1989-90, the accounts for the year 1990-91 not having been finalised as of January 1992.

In addition, a sum of Rs. 80.90\$ lakhs had been invested in Co-operative Banks and Rs. 142.40\$ lakhs in Co-operative societies. However, these organisations do not come under the pueview of audit by the Comptroller and Auditor General of India.

1.11.2. The bulk of the fresh investments made during the year 1990-91 was in Statutory Corporations which had been incurring substantial losses. Such investments were, therefore, more in the nature of a subsidy rather than sound business investments.

1.11.3. While the investments made by the State Government increased from Rs. 87.84 crores at the end of 1985-86 to Rs. 177.51 crores at the end of 1990-91, dividends and profits have not shown commensurate increase during the same period. In fact, Dividends and Profits earned during 1989-90 were Rs. 0.08 crore and in 1990-91, the Government earned only Rs. 0.02 crore. Detailed position of investments and dividends and profits from 1985-86 onwards is given below:

Year	Total investment upto the end of the year	Dividend/ profits received during the year	Percentage of Col 3 to Col 2
(1)	(2)	(3)	(4)
	(Rupees in crores)		
1985-86	87.84	0.02	0.02
1986-87	106.23	0.07	0.07
1987-88	125.69	0.03	0.02
1988-89	141.02	0.03	0.02
1989-90	159.06	0.08^	0.05
1990-91	177.51	0.02^	0.01

The returns from Government investments were substantially lower than the rate at which interest was paid by the Government on borrowings.

\$ The investment in Co-operative Banks/Societies is inclusive of Rs 35.61 lakhs being value of shares redeemed during the year 1990-91. Provisional figures



## 1.12. Summarised Financial position

The financial position of the Government of Himachal Pradesh as on 31st March 1991 emerging from the Appropriation Accounts and Finance Accounts for the year 1990-91 and the abstract of Receipts and Disbursements for the year is indicated in the following statements:

**STATEMENT-1 SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HIMACHAL PRADESH AS ON 31 MARCH 1991**

(Rupees in crores)

LIABILITIES			ASSETS		
Amount as on 31 March 1990		Amount as on 31 March 1991	Amount as on 31 March 1990		Amount as on 31 March 1991
1	2	3	4	5	6
104.50	<i>Internal Debt-</i>	135.56	1175.88	<i>Gross capital outlay</i>	1325.10
	Market Loan	100.92		<i>on fixed assets-</i>	
	Loan from life Insurance Corporation of India	6.18		Investment in Shares of Companies, Corporations etc.	177.51
	Loans from General Insurance Corporation of India	2.06		Other Capital Outlay	1147.59
	Loans from National Bank for Agriculture and Rural Development	0.05			
	Loans from National Co-operative Development Corporation	15.33			
	Loans from other institutions	11.02			
628.02	<i>Loans and Advances from Central Government</i>	828.03	459.36	<i>Loans and Advances-</i>	493.94
	Pre-1984-85 Loans	141.72		Loans for Power Projects	413.31
	Non-Plan Loans	508.40		Other Development Loans	60.69
	Loans for State Plan Schemes	135.10		Loans to Government Servants and Miscellaneous Loans	19.94
	Loans for Central Plan Schemes	0.57			
	Loan for Centrally Sponsored Plan Schemes	42.24			

1	2	3	4	5	6
1.00	Contingency Fund	1.00	0.50	Appropriation to Contingency Fund	0.50
			13.44*	Suspense and Miscellaneous Balances	(-) 21.20
268.60	Small Savings, Provident Funds, etc.	330.90	0.02	Advances	0.11
31.00	Deposits	31.62	(-1154.09*	Cash-	(-) 103.11
1.78	Reserve Funds	1.78		Cash in Treasuries and Local Remittances	0.47
26.80	Remittance Balances	27.88		Departmental Cash Balance including Permanent Advances	0.20
433.41	Surplus on Government Account	338.57			
	Last years' balance	443.12		Cash Balance Investment	30.77
	Less			Account Deposits with Reserve Bank of India	(-) 134.55
	(i) Current years' deficit	94.84			
	(ii) Adjustments	9.71E			
	(iii) Amount closed to Government Accounts	**			
1495.11		1695.34	1495.11		1695.34

\* Differs from the previous years figures owing to inclusion earlier of balances on account of "Cheques and bills" under "Cash" instead of under "Suspense and Miscellaneous" which has been rectified now.

E According to statement No.14 of the Finance Accounts 1990-91, the Revenue Surplus on Government Account was Rs. 348.28 crores. The difference of (-) Rs. 9.71 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 Account"	(+) 0.18
(iii) Net amount adjusted <i>pro forma</i>	(-) 8.47
(iv) Progressive difference due to rounding	(+) 0.01
Net total:	(-) 9.71

\*\* Rs. 26,243 only



**STATEMENT-II ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR  
1990-91**

**SECTION-A-REVENUE**

**RECEIPTS**

**DISBURSEMENTS**

(Rupees in crores)

<b>I</b>	<b>Revenue Receipts</b>	<b>806.63</b>	<b>I</b>	<b>Revenue Expenditure</b>				<b>901.47</b>
				<b>Sector</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Centrally sponsored schemes (including Plan Schemes)</b>	<b>Total</b>
(i)	Tax-Revenue	160.90						
(ii)	Non-Tax Revenue	59.32						
(iii)	States' Share of Union Taxes/Duties	187.95						
(iv)	Non-Plan Grants	124.69		(A) General Services	269.05	8.53	0.61	278.19
(v)	Grant for State Plan Schemes	219.10		(B) Social Services	243.28	86.65	26.05	355.98
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	54.67		(C) Economic Services-				
				(a) Agriculture and Allied Activities	81.88	65.57	11.09	158.54
				(b) Rural Development	10.72	11.79	8.99	31.50
				(d) Irrigation and Flood Control	9.04	6.10	0.49	15.63
<b>II</b>	<b>Revenue deficit carried over to Section-B</b>	<b>94.84</b>		(e) Energy	3.59	0.83	2.62	7.04
				(f) Industry and Minerals	2.45	4.71	1.17	8.33
				(g) Road Transport	27.12	5.19	--	32.31
				(i) Science and Technology	--	0.26	--	0.26
				(j) General Economic Services	3.02	8.34	0.03	11.39
				(D) Grants-in-aid and Contributions	2.30	--	--	2.30
		<u>901.47</u>			<u>652.45</u>	<u>197.97</u>	<u>51.05</u>	<u>901.47</u>

## SECTION-B-OTHERS

<b>RECEIPTS</b>		<b>DISBURSEMENTS</b> (Rupees in crores)					
<b>III</b>	<b>Opening Cash Balance including Permanent Advance and Cash Balance Investment</b>	<b>(-) 154.09</b>	<b>II Capital Outlay Sector</b>	<b>Non-Plan</b>	<b>Plan</b>	<b>Total</b>	<b>149.22</b>
			(A) General services	--	6.54	6.54	
<b>IV</b>	<b>Recoveries of Loans and Advances</b>	<b>5.24</b>	(B) Social Services	--	38.50	38.50	
(i)	From Power Projects	1.23	(C) Economic Services-				
(ii)	From Government servants	2.46	(a) Agriculture and Allied Activities	0.39	6.82	7.21	
(iii)	From others	1.55	(b) Rural Development	--	0.01	0.01	
<b>V</b>	<b>Public Debt Receipts</b>	<b>1318.84</b>	(d) Irrigation and Flood Control	--	18.32	18.32	
(i)	Internal Debt including Ways and Means Advances	1093.52	(e) Energy	--	21.72	21.72	
(ii)	Loans and Advances from Central Government	225.32	(f) Industry and Minerals	--	7.34	7.34	
<b>VI</b>	<b>Public Account Receipts</b>	<b>707.88</b>	(g) Transport	--	48.34	48.34	
(i)	Small Savings, Provident Funds, etc.	103.40	(e) General Economic Services	--	1.24	1.24	
(ii)	Suspense and Miscellaneous	135.06	<b>III Loans and Advances Disbursed-</b>				<b>39.82</b>
(iii)	Remittances	382.63	(i) For Power Projects		19.64		
(iv)	Deposits and Advances	86.79	(ii) To Government Servants		8.45		
			(iii) To others		11.73		
			<b>IV Revenue Deficit brought down</b>				<b>94.84</b>
			<b>V Repayment of Public Debts-</b>				<b>1087.77</b>
			(i) internal Debt including Ways and Means Advances		1062.46		
			(ii) Repayment of Loans and Advances to Central Government		25.31		
			<b>VI Public Account Disbursements-</b>				<b>609.33</b>
			(i) Small Savings, Provident Funds, etc.		41.10		
			(ii) Suspense and Miscellaneous		100.42		
			(iii) Remittances		381.55		
			(iv) Deposit and Advances		86.26		



## RECEIPTS

## DISBURSEMENTS

(Rupees in crores)

VII Cash Balance at the end of the year-		(-) 103.11
(i) Cash in Treasuries and Local Remittances	0.47	
(ii) Departmental Cash Balances including Permanent Advances	0.20	
(iii) Cash Balance Investment Account	30.77	
(iv) Deposits with Reserve Bank of India	(-) 134.55	
	<u>1877.87</u>	<u>1877.87</u>

## 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. Although a part of 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 with the result that cumulative position of such surplus or deficit is not ascertainable.
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 decreased from Rs. 13.44 crores (Debit) on 31st March 1990 to Rs. 21.20 crores (Credit) as on 31st March 1991.

6. The closing cash balance according to the Reserve Bank of India, was Rs. (-) 132.05 crores (Debit), against the general cash balance of Rs. (-) 134.55 crores (Debit) shown in the accounts. While a difference of Rs. 1.06 crores had been reconciled, The balance (Rs. 1.44 crore) was awaiting reconciliation (March 1992).

### 1.13. 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 1985-86 to 1989-90 were as follows:

At the end of	Assets	Liabilities
( Rupees in crores )		
1985-86	973.01*	510.85*
1986-87	1111.68*	587.98*
1987-88	1294.12*	729.60*
1988-89	1374.32*	879.64*
1989-90	1495.11*	1061.70
1990-91	1695.34	1356.77

While the assets grew by 74 per cent. over the period of five years, the liabilities had increased by 166 per cent during the same period. The growing gap between assets and liabilities was attributable to the revenue deficit during the years 1988-89 to 1990-91.

\* Differs from the position reflected in earlier Audit Reports due to the non-inclusion of data relating to "Deposits with Reserve Bank" under cash balance.



## CHAPTER - I I

## APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

## 2.1. General

The summarised position of actual expenditure during 1990-91

against grants/appropriations was as follows:-

	Original grant/appropriation	Supplementary grant/appropriation	Total	Actual Expenditure	Variation (Net) Saving(-)/ Excess(+)
( Rupees in crores)					
I. Revenue					
Voted	795.89	89.37	885.26	863.57	(-) 21.69
Charged	130.94	0.36	131.30	113.11	(-) 18.19
II. Capital-					
Voted	205.17	14.08	219.25	175.52	(-) 43.73
Charged	0.25	1.83	2.08	1.93	(-) 0.15
III. Public Debt					
Charged	69.55	0.26	69.81	1087.77	(+) 1017.96
IV. Loans and Advances					
Voted	19.91	3.93	23.84	39.82	(+) 15.98
Grand Total	1221.71	109.83	1331.54	2281.72	(+) 950.18

## 2.2. Important results emerging from Appropriation Audit

2.2.1. Supplementary provision of Rs. 109.83 crores obtained during the year constituted 9 per cent of the original budget provision.

2.2.2. Supplementary provision of Rs.10 lakhs and above in each case totalling Rs.16.26 crores obtained in 8 cases during the year proved unnecessary. In 8 other cases, additional funds of Rs. 50.49 crores only were required against the supplementary grant totalling Rs. 57.88 crores, the saving in each case being in excess of Rs. 10 lakhs.

In 8 cases, supplementary provision of Rs.27.22 crores proved insufficient by more than Rs.10 lakhs in each case, resulting in an aggregate uncovered excess of Rs. 1034.04 crores.

2.2.3. The overall saving was Rs. 88.97 crores in 29 grants and

appropriations. The overall excess on the other hand was Rs. 1039.15 crores in 13 grants/appropriations which requires regularisation under Article 205 of the Constitution. Details have been furnished in Appendix I.

2.2.4. In the following grants/appropriations, the expenditure fell short by more than Rs.50 lakhs in each case and also by more than 10 per cent of the total budget provision:

Serial No.	Description of the grant	Saving (Rupees in lakhs)	Main reasons for saving
(1)	(2)	(3)	(4)
1.	9- Health, and Family Welfare. (Capital-Voted)	256.77 (31)	Non-finalisation of Administrative Approval and Expenditure sanction.
2.	13-Soil and Water Conservation (Revenue-Voted)	283.02 (26)	Discontinuance of schemes (Rs. 221.25 lakhs), execution of lesser number of works by the beneficiaries (Rs.23.12 lakhs) and non-receipt of sanction/Administrative Approval to works from the Government of India (Rs: 14.00 lakhs).
3.	14-Animal Husbandry and Dairy Development (Capital-Voted)	72.26 (35)	Purchase of smaller quantities of milk than anticipated.
4.	17-Roads and Bridges (Capital-Voted)	1150.01 (23)	Reasons for the saving were not advised (March 1992).
5.	20-Rural Development (Revenue-Voted)	309.28 (11)	Release of lower quantum of Grant-in-aid by the Government of India (Rs. 229.16 lakhs) and discontinuance of works under Special Central Assistance (Rs. 54.24 lakhs).
6.	23-Water and Power Development (Capital-Voted)	949.00 (19)	Lower investment in Wathpa Jhakri Power Corporation.
7.	25-Road, Water Transport and Civil Aviation (Capital-Voted)	201.82 (23)	Non-receipt of claims for re-imburement from the Ministry of Defence.



(1)	(2)	(3)	(4)
8.	27-Labour and Employment (Revenue-Voted)	85.39 (19)	Receipt of sanction for lesser expenditure from the Government of India (Rs. 49.92 lakhs) and reduced purchase of tools (Rs. 32.38 lakhs).
9.	29-Finance (Revenue-Charged)	1805.28 (14)	Lesser payment of interest.

2.2.5. Apart from the instances mentioned in the preceeding paragraph, substantial savings, exceeding Rs.25 lakhs in each case, occurred in the following grants/appropriations on account of either non-implementation or slow implementation of schemes:

Description of grant/ appropriation	Name of the Scheme	Saving (Rupees in lakhs)	Percentage of saving
1	2	3	4
4-General Administration	2251-Secretariat Services- 090-Secretariat- 07-Expenditure on Scheduled Castes Development Machinery (Special Central Assistance)- Centrally Sponsored Scheme (Plan)	33.41	79
5-Land Revenue	2029-Land Revenue- 103-Land Records- 04-Strengthening of Primary and Supervisory Land Record Agencies- District Staff- Centrally Sponsored Scheme (Plan)	27.32	100
8-Education, Sports, Art and Culture	2202-General Education- 01-Elementary Education 101-Government Primary Schools- 01-Primary Schools (Non-Plan)	771.27	13
	2202-General Education- 01-Elementary Education- 107-Teachers Training- 03-Educational Technology Programme- Centrally Sponsored Scheme (Plan)	44.81	100

Figures within parentheses represent percentages.

1	2	3	4
9-Health and Family Welfare	2211-Family Welfare- 108-Selected Areas Programme (including India Population Project)- 01-Family Welfare Area Project- Centrally Sponsored Scheme (Plan)	113.03	33
10-Public Works	2059-Public Works 80-General- 02-Execution (Non-Plan)	49.66	13
11-Agriculture	799-Suspense- 01-Stock (Non-Plan)  2401-Crop Husbandry Agriculture Department- 103-Seeds- 03-Hybrid Maize Seed Farms- Centrally Sponsored Scheme (Plan)  2401-Crop Husbandry Agriculture Department- 109-Extension and Farmers Training- 10-Agriculture Extension Agency (T&V Scheme) (Plan)	313.75	12
12-Irrigation and Flood Control	2701-Major and Medium Irrigation- 799-Suspense 01-Expenditure on Balh Valley Project- Stock- (Plan)  4702-Capital outlay on Minor Irrigation- 01-Surface Water- 800-Other Expenditure- 02-Execution of Hill Area Land and Water Development Project in respect of Irrigation Department (U.S.Aid Project) (Plan)	36.88	53
16-Forest and Wild Life	2406- Forestry and Wild Life- 102-Social and Farm Forestry- Centrally Sponsored Scheme- 17-Seed Development Scheme (Plan)	26.73	96
17-Roads and Bridges	3054-Roads and Bridges- 02-Strategic and Border Roads- 337 Road work- 01-Maintenance and Repairs- Centrally Sponsored Scheme (Non-Plan)  800-Other Expenditure- 02-Rural Roads (Plan)	259.84	100
		31.82	15



1	2	3	4
19-Social Security and Welfare (Including Nutrition)	2235-Social Security and Welfare- 102-Child Welfare-Centrally Sponsored Scheme- 05-Integrated Child Care Services (Plan)	245.03	49
28-Water Supply, Sanitation, Housing and Urban Development	3604-Compensation and Assignments to Local Bodies and Panchayati Raj Institutions- 200-Other Miscellaneous Compensation and Assignments- Grants-in-aid (Non-Plan)	60.84	22
	4215-Capital Outlay on Water Supply and Sanitation- 01-Water Supply- 101-Urban Water Supply- 02-Urban Water Supply-Scheme under Integrated Urban Development Project with World Bank Assistance-Major Works	307.00	100
	4217-Capital Outlay on Urban Development- 051-Construction- 07-Integrated Urban Development Project with World Bank Assistance-Major Works- (Plan)	203.92	84
29-Finance	2071-Pension and other Retirement Benefits- 101-Superannuation and Retirement Allowances- 01-Civil- 104-Gratuities- 02-Payments after 1-11-1966 (Non-Plan)	103.49	12
31-Tribal Development	2505-Rural Employment- 01-National Programme- 796-Tribal Areas Sub-Plan- 02-Expenditure on Jawahar Rojgar Yojna-Centrally Sponsored Scheme (Plan)	40.15	100
	4059-Capital Outlay on Public Works- 01-Office Buildings- 796-Tribal Areas Sub-Plan- 03-Expenditure on Other Administration (Plan)	29.95	100
	2202-General Education- 02-Secondary Education- 796-Tribal Areas Sub-Plan- 02-Expenditure on Middle Schools under MNP (Non-Plan)	34.51	15
	7610-Loans to Government Servants, etc.- 796-Tribal Areas Sub-Plan- 01-Housing Advance Advances, Loans (Plan)	35.00	100

2.2.6. Persistent savings of 10 per cent and above were noticed in the following grants/appropriations during the last three years:

Description of the grant/ appropriation	Percentage of saving		
	1988-89	1989-90	1990-91
1-Vidhan Sabha and Elections (Revenue-Charged)	34	11	26
9-Health and Family Welfare (Capital-Voted)	10	24	31
13-Soil and Water Conservation (Revenue-Voted)	18	19	26
(Capital-Voted)	38	47	24
23-Water and Power Development (Capital-Voted)	23	19	19

2.2.7. In the following grants, the expenditure exceeded the approved provision by more than Rs. 20 lakhs in each case, and also by more than 5 per cent of the total provision.

Description of the grant	Excess	Percentage
	(Rupees in lakhs)	of provision
9-Health and Family Welfare (Revenue-Voted)	372.43	6
10-Public Works (Revenue-Voted)	592.11	12
11-Agriculture (Capital-Voted)	127.68	9
21-Co-operation (Capital-Voted)	488.61	147
29-Finance (Capital-Charged)	101795.63	1458

In all the above cases, reasons for the final excess were not received (March 1992).



2.2.8. In the following cases, expenditure, exceeding Rs.1 lakh in each case, was incurred even in the absence of budget provision:

Description of the grant	Head of account	Expenditure (Rupees in lakhs)
1	2	3
9-Health and Family Welfare (Capital-Voted)	4211-Capital Outlay on Family Welfare- 800-Other Expenditure- 01-Construction (Plan)	242.53
10-Public Works (Revenue-Voted)	2059-Public Works- 01-Office Buildings- 051-Construction (Plan)	6.51
	053-Maintenance and Repairs (Non-Plan)	14.25
	80-General- 051-Construction- 01-Government Non-Residential Buildings (Non-Plan)	1.48
	2245-Relief on account of Natural Calamities- 02-Flood Cyclones etc.- 107-Repair and restoration of damaged Government Office Buildings 01-Repair and Maintenance of Buildings (Non-Plan)	2.17
(Capital-Voted)	4059-Capital Outlay on Public Works- 101-Construction of General Pool Accommodation 02-Public Service Commission (Plan)	9.40
11-Agriculture (Revenue-Voted)	2401-Crop Husbandry- Agriculture Department- 108-Commercial crops- 06-Grants-in-aid to Potato Development Board (Plan)	2.78
12-Irrigation and Flood Control (Revenue-Voted)	2702-Minor Irrigation- Centrally Sponsored Scheme-  (a) 01-Scheme for Small and Marginal Farmers and Agricultural Loan Subsidy- Loan Subsidy on Wells and Pumps (Plan)  (b) 01-Taking over Small Farmers Development Agency (Plan)	3.71   11.95
17-Roads and Bridges (Capital-Charged)	5054-Capital outlay on Roads and Bridges- 800-Other Expenditure- 01-State Priority Roads (Plan)	1.56

1	2	3
(Capital-Voted)	12-Compensation of land	7.57
20-Rural Development (Revenue-Voted)	2515-Other RD Programmes- 102-Community Development- 07-Estimation of Hill Areas Land and Urban Development Project in respect of CID Department (USAID) (Plan)	60.29
21-Co-operation (Capital-Voted)	6408-Loans for Food, Storage and Warehousing- 02-Storage and Warehousing- 190-Loans to Public Sector and Other Undertakings (Plan)	500.00
28-Water Supply, Sanitation, Housing and Urban Development (Revenue-Voted)	2215-Water Supply and Sanitation- 01-Water Supply- 102-Rural Water Supply Programme (Other than MNP)- 03-Maintenance and Repairs of Rural Water Supply Schemes- Maintenance and Repairs (Plan)	909.54
(Capital-Voted)	4216-Capital Outlay on Housing- 01- Government Residential Buildings- 700-Other Housing- 01-Upgradation of standard of Administration- 8th and 9th Finance Commission Award- Major Works- (Plan)	2.16
29-Finance (Capital-Charged)	6003-Internal Debt of the State Government- 101-Market Loans (Non-Plan)	22.70
30-Loans to Government Servants (Capital-Voted)	7615-Miscellaneous Loans- 200-Misc Loans- 02-Loans to M.L.As for purchase of Motor Conveyance (Non-Plan)	3.42



1	2	3
31-Tribal Development (Revenue-Voted)	2216-Housing (PWD)- 01-Government Residential Buildings- 796-Tribal Areas Sub-Plan- 01- Expenditure on Maintenance and Repairs (Non-Plan)	3.06
	2245-Relief on account of Natural Calamities- 02-Flood, Cyclones, etc.- 796-Tribal Areas Sub-Plan- 01-Expenditure on Relief measures (Non-Plan)	38.38
	3054-Roads and Bridges- 02-Strategic and Border Roads- 796-Tribal Areas Sub-Plan- 02-Expenditure on maintenance and repairs of State Highway (Non-Plan)	21.48
	04-Expenditure on maintenance and Repairs of Rural Roads (Non-Plan)	22.88

### 2.3. Shortfall/excess in recoveries

Under the system of gross budgeting followed by Government, the demands or grants presented to the Legislature are for gross expenditure and exclude all receipts and recoveries, which are adjusted in the accounts as reduction of expenditure; the anticipated recoveries and receipts being shown separately in the budget estimates. During 1990-91, such recoveries were anticipated at Rs. 99.18 crores (Revenue: Rs. 68.05 crores; Capital: Rs. 31.13 crores). However, actual recoveries during the year were, Rs. 103.44 crores (Revenue: Rs. 75.21 crores; Capital: Rs. 28.23 crores), resulting in an excess of Rs. 7.16 crores under Revenue and

shortfall of Rs. 2.90 crores under Capital, as indicated below:

Number and name of the grant	Budget estimates		Actual recoveries		Excess (+)/ shortfall(-) in recoveries in relation to estimates	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
1	2	3	4	5	6	7
(Rupees in lakhs)						
4-General Administration	0.55	--	--	--	(-) 0.55	--
10-Public Works	4047.20	--	4537.73	--	(+) 490.53	--
11-Agriculture	--	837.00	--	901.10	--	(+) 64.10
12-Irrigation and Flood Control	936.09	--	1061.14	10.83	(+) 125.05	(+) 10.83
14-Animal Husbandry and Dairy Development	--	160.00	--	90.46	--	(-) 69.54
17-Roads and Bridges	--	792.60	--	513.07	--	(-) 279.53
21-Co-operation	--	2.00	--	43.07	--	(+) 41.07
22-Food and Warehousing	--	1266.91	--	1228.27	--	(-) 38.64
26-Tourism and Hospitality Organisation	--	--	--	0.28	--	(+) 0.28
28-Water supply, Sanitation, Housing and Urban Development	1295.88	--	1432.28	0.73	(+) 136.40	(+) 0.73
31-Tribal Development	525.62	54.10	489.71	35.21	(-) 35.91	(-) 18.89

Reasons for the excess/shortfall had not been advised (March 1992).

#### 2.4. Injudicious reappropriation

2.4.1. Reappropriation is transfer of funds within a grant from one unit of appropriation to another unit where additional funds are needed. The State Budget Manual enjoins that reappropriation is permissible only when it is known or anticipated that the appropriation for the unit from which funds have to be diverted will not be utilised in full or that savings can be effected in the appropriation for that unit.



## (a) Scrutiny of reappropriation orders relating to some

grants revealed non-observance of this requirement in the following cases:

Description of the grant	Description of Major/minor/sub-head of account, etc.	Original plus supplementary provision	Actual expenditure	Reappropriation (reduction of provision)	Excess (includes re-appropriation)
(Rupees in lakhs)					
Land Revenue	2029-103-04	322.02	356.59	1.75	36.32
Police	2056-101-01	96.97	99.08	12.50	14.62
	2070-106-02	166.70	169.65	2.75	4.70
Education, Sports, Arts and Culture	2202-01-101-06	439.10	451.23	40.06	52.19
	2202-04-103-04	17.50	19.58	15.85	17.93
	4202-01-203-01	33.00	35.65	13.43	16.08
Public Works	4059-01-051-01	21.14	22.89	2.75	4.50
Agriculture	2401-103-01	52.47	61.54	3.40	12.47
	2401-108-01	6.86	12.21	1.34	6.69
	2401-108-04	41.83	46.83	2.84	7.84
	4401-119-02	152.00	160.41	59.00	67.41
Irrigation and Flood Control	2701-799-01	2.00	2.14	1.00	1.14
	2702-01-102-01	146.00	158.02	16.00	28.02
	4701-04-302-01	125.00	126.11	3.50	4.61
Animal Husbandry and Veterinary Development	2404-191-01	56.32	65.70	3.62	13.00
Roads and Bridges	5054-04-800-01	655.00	729.25	41.06	115.31
	5054-80-001-01	247.92	288.89	6.33	47.30
Supplies, Industries and Minerals	2852-102-02	14.10	14.77	2.81	3.48
Tribal Development	2202-01-796-03	284.45	289.79	3.51	8.85
	2401-796-01	8.24	10.32	2.00	4.08
	2505-01-796-01	20.00	59.94	7.13	47.07

(b) In the following cases, the reappropriation was

not necessary in the context of the fact that the expenditure in 19 of

the cases was less than even the original provision or that no expenditure was incurred at all in 2 cases:

Description of the grant	Description of Major/minor sub-head of account, etc.	Original plus Supplementary provision	Actual expenditure	Reappropriation (augmentation of provision)	Saving (including re-appropriation)
1	2	3	4	5	6
(Rupees in lakhs)					
4-General Administration	2053-094-01	66.87	64.04	2.89	5.72
5-Land Revenue	2029-103-02	362.59	362.49	2.38	2.48
9-Health and Family Welfare	4210-02-103	44.19	40.76	9.83	13.26
	4210-01-104	2.50	2.40	3.00	3.10
10-Public Works	2059-80-001-02	384.78	335.12	2.70	52.36
11-Agriculture	2401-800-03	63.57	56.57	2.40	9.40
	2435-01-102-01	2.23	1.13	3.12	4.22
12-Irrigation and Flood Control	2701-02-305-01	52.00	49.71	1.80	4.09
	2702-80-001-01	269.00	257.65	10.00	21.35
	2702-80-001-04	11.00	10.66	1.08	1.42
	2705-301-01	0.01	--	2.69	2.70
	2705-302	0.01	--	2.29	2.30
16-Forests and Wild Life	2406-02-110-08	15.17	14.05	2.77	3.90
31-Tribal Development	2054-796-01	31.36	27.76	3.05	6.65
	2202-01-796-02	70.64	69.56	1.00	2.08
	2406-01-796-02	42.01	40.00	2.37	4.38
	2702-80-796-05	74.50	60.91	2.00	15.59
	3054-02-796-02	47.00	5.64	10.50	51.86
	3054-04-796-03	4.00	3.31	2.00	2.69
	4202-04-796-01	6.00	5.34	3.00	3.66
	5054-80-796-06	10.58	7.35	1.23	4.46



(a) In the following cases, funds provided by reappropriation proved inadequate resulting in final excess:

Description of the grant	Description of Major/-minor/sub-head of account, etc.	Original plus supplementary provision	Actual expenditure	Reappropriation (augmentation of provision)	Excess
1	2	3	4	5	6
(Rupees in lakhs)					
4-General Administration	2053-093-01	798.69	872.89	61.46	12.74
5-Land Revenue	2029-103-01	7.09	10.86	1.58	2.19
8-Education, Sports, Arts and Culture	2202-01-101-01	401.79	420.49	5.06	13.64
	2202-02-101-01	92.26	102.48	8.22	2.00
9-Health and Family Welfare	2211-101-01	185.19	291.17	32.47	73.51
	2211-101-03	114.89	204.59	14.55	75.15
10-Public Works	2059-80-799-02	753.00	1276.15	247.00	276.15
	2059-80-799-03	437.85	878.29	4.00	436.44
11-Agriculture	2401-105-02	8.70	72.75	5.34	58.71
	4885-01-190-03	--	200.00	72.15	127.85
12-Irrigation and Flood Control	2702-80-001-01	16.01	28.77	1.36	11.40
	4701-02-305-01	2.00	32.80	13.00	17.80
13-Soil and Water Conservation	2402-102-01	58.10	75.81	16.58	1.13
14-Animal Husbandry and Dairy Development	2403-101-01	74.11	98.26	3.28	20.87
18-Supplies, Industries and Minerals	2851-107-01	50.87	57.98	5.11	2.00
19-Social Security and Welfare	2225-01-190-01	11.02	155.08	91.49	52.57
	2235-200-11	15.00	43.81	10.00	18.81
20-Rural Development	3604-101-02	11.00	14.87	1.28	2.59
26-Tourism and Hospitality	5452-01-190-01	35	63.53	24.05	4.48
28-Water Supply, Sanitation, Housing and Urban Development	2215-01-102-03	695.22	846.08	1.48	149.38
	2215-01-799-01	150.00	307.38	60.00	97.38
31-Tribal Development	2702-80-796-06	55.00	81.51	9.35	17.16
	4059-01-796-01	36.00	67.95	10.44	21.51

#### 2.4.2. Surrender of Savings

(a) The rules require that all anticipated savings should be surrendered as soon as possible. It was, however, observed that during 1990-91 the entire amount of Rs. 63.07 crores was surrendered on the last day of March 1991.

Test-check during October-November 1991 of three grants (No. 6, 23 and 29) revealed that the Departments were aware in January 1991 itself- when the revised estimates were submitted- that funds totalling Rs. 2693.80 lakhs would need to be surrendered. The surrenders were, however, effected only on the last day of the financial year.

(b) In the following grants, savings exceeding Rs. one crore in each case had not been surrendered:

Description of the grant/ appropriation	Total saving	Unsurrendered saving
(Rupees in crores)		
8-Education, Sports, Arts and Culture (Revenue-Voted)	17.57	8.80 (50)
17-Roads and Bridges (Revenue-Voted)	2.46	2.46 (100)
(Capital-Voted)	11.50	10.81 (94)
23-Water and Power Development (Capital-Voted)	9.49	2.33 (25)
31-Tribal Development (Revenue-Voted)	3.04	3.04 (100)

Note: Figures within parentheses represent percentages.



(c) In the following grants, funds surrendered exceeding Rs. 10 lakhs in each case, were far in excess of the savings actually available for surrender:

Description of the grant/appropriation	Actual saving	Actual surrender	Amount surrendered in excess
(Rupees in lakhs)			
8-Education, Sports, Arts and Culture (Capital-Voted)	19.99	35.72	15.73
10-Public Works (Capital-Voted)	4.86	16.25	11.39
12-Irrigation and Flood Control- (Revenue-Voted)	107.75	237.67	129.92
19-Social Security and Welfare (Including Nutrition)- (Revenue-Voted)	210.78	289.54	78.76
20-Rural Development (Revenue-Voted)	309.28	348.50	39.22
29-Finance (Revenue-Charged)	1805.28	1870.25	64.97

(d) In the following grants, though there was an overall excess, substantial sums not actually available were nevertheless surrendered:

Description of grant/appropriation	Overall Excess	Amount surrendered
(Rupees in lakhs)		
16-Forest and Wild Life (Revenue-Voted)	119.20	3.99
21-Co-operation (Capital-Voted)	488.61	11.69
28-Water Supply, Sanitation, Housing and Urban Development (Revenue-Voted)	145.41	38.65

##### 5. Non-receipt of explanation for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 1990-91 were not received as of March 1992 in the case of 552 heads/sub-heads. Their non-submission resulted in the Appropriation Accounts remaining incomplete.

The matter was reported to the concerned controlling officers and also to Government from time to time; their reply had not been received as of March 1992.

#### 2.6. Defective control over flow of expenditure

(a) Under the Financial Rules, the Divisional Officers of the Public Works (B&R) and the Irrigation and Public Health Departments are required to incur expenditure under the head concerned in accordance with the appropriations placed at their disposal. When the expenditure exceeds the annual appropriation, they are held responsible for such excess. They are further required to ensure that all payments are booked in the accounts to the scheme of work to which they actually pertain.

With a view to rectifying mis-classifications, errors in accounting, etc., they are, however, permitted to transfer expenditure initially classified wrongly to the correct work or scheme. The Divisional Officers render compiled accounts to the Accounts Office after incorporating such adjustments as may be necessary to ensure the correctness of the accounts. After the close of accounts of March, adjustments in the accounts are, however, carried out in the Accounts Office on the basis of Transfer entries proposed by or received from the Divisional Officers.

As many as 877 transfer entries involving a sum of Rs. 2522.04 lakhs, were proposed by Divisional Officers of the Public Works and Irrigation and Public Health Departments in respect of the transactions for the financial year 1990-91. Scrutiny thereof in the Accounts Office, however, revealed that 441 of these transfer entries, involving a sum of Rs. 1830.35 lakhs (7 per cent of the Budget Estimates as well as the Revised Estimates), could not be



mitted as these had been proposed for reasons other than those envisaged in the Financial Rules. A further analysis of the transfer entries revealed that the proposals were indicative of defective financial management, as discussed below:

Serial Number	Number of proposals	Amount (Rupees in lakhs)	Results of Audit analysis
	323	1,552.72	The proposals - which related to the transfer of funds from the non-plan section to the plan section, from the Revenue Section to the Capital Section, or from schemes in the State Sector to Centrally Sponsored Schemes - had been initiated not to rectify any misclassifications or accounting errors. Instead, these had been initiated merely with the objective of ensuring that the expenditure corresponded to the budget provision and offsetting the excess expenditure incurred in the non-plan and Revenue Sections and on schemes in the State Sector against the savings available in the plan and Capital Sections and in Centrally sponsored schemes. The Divisional Officers of 12 Divisions <sup>1</sup> sought to justify 51 of these proposals, involving an amount of Rs. 279.12 lakhs, on the ground that the communications in regard to the final allotment of funds were received belatedly. Audit scrutiny revealed that these were received by 5 of the Divisions <sup>2</sup> only between May 1991 and July 1991.
	33	162.96	The Divisional Officers proposed the transfer of lump sum amounts from one head of account to another without even identifying specifically the transactions involved. This appeared to indicate that the <i>raison d'etre</i> of the proposals was only to avoid excesses/savings rather than to rectify errors in accounting.
	12	9.08	The Divisional Officers stated that the transfer entries related to misclassified transactions already accounted for in earlier months. They could not, however, furnish details of these transactions.
	73	105.58	The transfer entries were proposed for a combination of the reasons mentioned at serial numbers 1 to 3.
Total:	<u>441</u>	<u>1,830.35</u>	

(b) The Finance Department issues Reappropriation orders, issued on the expenditure actually incurred towards the end of the financial year, whose effect is to reduce the provisions under heads where savings are anticipated and to correspondingly increase the provisions under heads where excesses are likely. All such reappropriation orders should, normally be issued on or before the close of the financial year on 31st March, and are required to be delivered

Public Works (B&R) Divisions, Ghumarwin, Kapla, Rampur and Shimla-III; National Highways Division, Solan; Irrigation and Public Health Divisions, Bilaspur, Dalhousie, Dharamsala, Hamirpur, Nerwa and Nurpur; Electrical Division, Mandi.

~~Public Works (B&R) Divisions, Ghumarwin, Rampur, and Shimla-III; National Highways Division, Solan; Electrical Division, Mandi~~



to the Accounts Office by the 15th of April.

Reappropriation orders in respect of all the 31 voted grants were, however, received in the Accounts Office, after delays ranging from 32 to 105 days. Apart from resulting in the delayed finalisation of the Appropriation Accounts and their rendition to the Legislature, such belated receipt of the reappropriation orders also gave rise to doubts about the adequacy of the financial information systems in the Government to enable the timely forecast of savings and excesses and issue of reappropriations orders. In the context of the inadmissibility of a large number of transfer entries discussed in sub-para (a), it would appear that these transfer entries were proposed only to cover those cases where the reappropriation orders could not be issued even belatedly.

The matter was reported to Government in December 1991; their reply had not been received (March 1992).

## 2.7 *Reconciliation of departmental figures*

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

Two Controlling Officers had not, however, reconciled the accounts for Rs. 1.88 crores in respect of three heads of accounts, while another Controlling Officer did not reconcile the accounts for Rs. 3.27 crores in respect of one head of account for nine months. Expenditure totalling Rs. 5.15 crores, therefore, remained unreconciled.

The matter was reported to Government in November 1991; their reply had not been received (March 1992).



## 2.8 Drawal of funds in advance of requirements

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

Test-check of the accounts of various departments revealed that Rs. 70.56 lakhs were drawn between March 1987 and October 1990 for the execution of various schemes and development works, of which Rs. 55.72 lakhs were lying unutilised as of September 1991 in the form of cash or deposits in banks. Relevant details in this regard are contained in Appendix 2.

Such drawals of funds in advance of actual requirements resulted in the blocking up of the scarce resources of Government to the detriment of its financial interests.

The matter was reported to Government in September 1991; their reply had not been received (March 1992).

## 2.9 Diversion of funds/unjustified expenditure

Funds totalling Rs. 66 lakhs were received from the Government of India during 1986-87 for the restoration of damages caused by an earthquake to residential and non-residential buildings in Dharamsala and adjoining areas. The Public Works (B&R) Division, Dharamsala however, utilised Rs. 9.05 lakhs for the construction of an Administrative Block for the State Board of School Education (an autonomous body) between April 1987 and March 1989 without any recorded reasons.

Similarly, of a total allocation of Rs. 30 lakhs received by Shimla Division No. III in March 1990 for providing assistance to local bodies affected by natural calamities, Rs. 0.40 lakh were shown

to have been utilised during March 1990 by debiting to works the cost of materials already available in stock. The materials were, however, not utilised on the works and were written back to stock in May 1990. Further, Rs. 24.24 lakhs were advanced to suppliers during March 1990, against which materials costing Rs. 2.91 lakhs had not been received as of October 1990. Materials costing Rs. 21.33 lakhs received against the advance payments were also transferred to stock between May 1990 and July 1990.

Thus, expenditure totalling Rs. 33.69 lakhs was not actually incurred during the year 1990-91 for the intended purpose and the adjustments relating to materials were also fictitious.

The matter was reported to Government in August 1991; their reply had not been received (March 1992).



CHAPTER - III  
CIVIL DEPARTMENTS  
ANIMAL HUSBANDRY DEPARTMENT

3.1. *Milk supply schemes*

3.1.1. *Introduction*

In order to provide a market to milk producers for the disposal of their surplus production at a remunerative price and to ensure regular supply of wholesome milk at reasonable prices to consumers, the State Government had progressively established 9 Milk Supply Schemes<sup>1</sup> between 1964-65 and 1984-85. Four of these Schemes<sup>2</sup> were transferred to the Himachal Pradesh State Co-operative Milk Producers Federation Limited (HP Milkfed) in October 1983 under "Operation Flood-II", and the remaining five Schemes were being run by the State Government.

Expenditure totalling Rs. 871.81 lakhs was incurred on these five Schemes during the five-year period from 1986-87 to 1990-91, as against budget provisions aggregating to Rs. 877.89 lakhs.

3.1.2. *Organisational set up*

The five Government Milk Supply Schemes were being administered under the overall supervision and guidance of the Director, Animal Husbandry, by the Deputy Director (Dairy) through three District Animal Husbandry Officers (DAHOs)<sup>3</sup>, the Dairy Manager, Kangra, and the Dairy Development Officer, Nathpa Jhakri, at Jeori.

---

The abbreviations used in this review have been listed in the Glossary in Appendix 10 (Page 270).

<sup>1</sup> Bilaspur, Chamba, Kangra, Kinnaur, Kullu, Mandi, Nahan, Nathpa Jhakri and Shimla.

<sup>2</sup> Bilaspur, Mandi, Nahan and Shimla

<sup>3</sup> Chamba, Kinnaur and Kullu

### 3.1.3. Audit coverage

The functioning of the five Government Milk Supply Schemes during the period 1986-91 was reviewed by Audit between January 1991 and May 1991, based on a test-check of the records maintained by the Schemes and supplemented by information made available by the Director, Animal Husbandry.

### 3.1.4. Highlights

Except by two of the Schemes in some years, the targets of milk collection were generally not achieved by the Government Milk Supply Schemes during the period from 1986-87 to 1990-91, the shortfalls ranging between 12 per cent and 50 per cent. While the targets of procurement locally from the primary producers of milk were not achieved, 15.25 lakh litres of milk were purchased from outside the State and secondary sources during this period. Consequently, the objective of providing a market for the surplus production of the local producers was not fulfilled.

(Paragraph 3.1.5)

While one of the ten Milk Chilling Plants installed in the State did not handle any milk during 1986-91 and another was utilised only for rechilling the milk received from the Chilling Plant of another Scheme, the installed capacity of the remaining eight Plants was never fully utilised, the average utilisation ranging from only 8 per cent to 42 per cent.

Though the average utilisation of the installed capacity of the Chilling Plant at Kotla was low, another Plant was established at Raja-ka-talab in February 1988 at a cost of Rs. 6.14 lakhs, which was not judicious. Further, construction of buildings for the establishment of two other Chilling Plants at Baijnath and Lambagaon, taken up in March 1986 and scheduled to be completed in 18 months, had not been completed as of June 1991, rendering the expenditure of Rs. 8.60 lakhs incurred till then



unfruitful and of Rs. 5.82 lakhs incurred on the pay and allowances of the personnel deployed, without adequate justification, at Baijnath from February 1987 itself infructuous.

(Paragraph 3.1.6)

In the absence of facilities for processing the milk procured by four of the five Government Milk Supply Schemes, milk without standardisation only was being supplied to consumers by these Schemes. The installed capacity of the Dairy Plant established at a total cost of Rs 3.09 crores in June 1986 for processing the milk procured by the fifth Scheme (Kangra) was also never fully utilised during 1986-91.

(Paragraph 3.1.7)

The substantial shortfalls in the collection of milk by the Chamba and Kullu Schemes resulted in a truck, cream separators and milk cans procured between June 1979 and August 1984 for the Chilling Plants at Parel and Mohal at a total cost of Rs. 1.30 lakhs remaining unutilised for periods ranging from two to twelve years.

(Paragraph 3.1.9)

Exclusive of depreciation on assets, interest on the capital invested (Rs 419.43 lakhs) and the headquarters expenses allocable to the Schemes, the activities of all the five Government Milk Supply Schemes resulted in a cumulative deficit aggregating to Rs 143.73 lakhs during 1986-91.

(Paragraph 3.1.10)

### 3.1.5. *Collection of milk*

While the primary objective of the Milk Supply Schemes was to ensure a remunerative price for the surplus production of milk to producers, no annual targets of procurement were prescribed for the Kinnaur Milk Supply Scheme. As regards the other four departmental Schemes, the targets of collection were generally not



achieved during 1986-91 except by the Scheme at Nathpa Jhakri during three of the five years and that at Kullu in two years. The shortfall in the achievement of the targets ranged between 12 per cent and 50 per cent. Relevant Scheme-wise details have been indicated in the following table:

Scheme	Year	Targets*	Achievements*	Shortfall (-) Excess (+)	Percentage of shortfall
(In lakh litres)					
Chamba	1986-87	1.50	0.85	(-) 0.65	43
	1987-88	1.50	0.86	(-) 0.64	43
	1988-89	1.10	0.79	(-) 0.31	28
	1989-90	1.10	0.74	(-) 0.36	33
	1990-91	1.00	0.55	(-) 0.45	45
Kangra	1986-87	10.00	6.32	(-) 3.68	37
	1987-88	11.00	7.89	(-) 3.11	28
	1988-89	10.50	7.61	(-) 2.89	28
	1989-90	10.50	6.77	(-) 3.74	36
	1990-91	10.50	7.81	(-) 2.70	26
Kullu	1986-87	2.00	2.15	(+) 0.15	
	1987-88	2.20	2.55	(+) 0.35	
	1988-89	2.60	2.30	(-) 0.30	12
	1989-90	2.70	2.08	(-) 0.62	23
	1990-91	2.50	1.44	(-) 1.06	42
Nathpa Jhakri	1986-87	1.50	0.90	(-) 0.60	40
	1987-88	1.50	1.97	(+) 0.47	
	1988-89	2.00	2.01	(+) 0.01	
	1989-90	2.30	3.68	(+) 1.58	
	1990-91	4.00	2.00	(-) 2.00	50

The shortfalls in the realisation of the prescribed targets were attributed by the District Animal Husbandry Officers to road blocks caused by heavy rains and snow fall. However, the known constraints of inaccessible terrain and adverse weather conditions in the State should normally have been taken into account in determining the targets of milk collection.

\*Represent targets and achievements in respect of local procurement by the departmental schemes, and exclude purchases from outside the State and secondary sources.



Further, while the targets of procurement locally from the areas served by the Schemes were not achieved, 12.76 lakh litres of milk were imported from Hoshiarpur in Punjab during 1986-91<sup>4</sup> and 2.49 lakh litres were purchased from HP Milkfed during 1986-87 and 1988-89<sup>5</sup>. The shortfalls in the procurement of milk locally from the primary producers and dependence instead on purchases from outside the State and secondary sources such as HP Milkfed resulted in the non-fulfillment of the objective of providing a market for the disposal of the surplus production of the local producers.

#### 1.6. Chilling plants

Milk collected from the producers was kept stored in chilling plants prior to being processed in the Dairy Plant or otherwise sold.

The five Milk Supply Schemes had established ten chilling plants, each with a capacity to handle 2,000 litres of milk per day. One of the two chilling plants of the Nathpa Jhakri Scheme at Deori had not handled any milk during 1986-91, and the plant of the Innaur Scheme at Sungra only rechilled the milk received from the Deori plant of the Nathpa Jhakri Scheme. The installed capacity of the remaining eight plants was never fully utilised during this period (1986-91), the average utilisation ranging from only 8 per cent (Raja-ka-talab plant of the Kangra Scheme) to 42 per cent (Darkata plant of the Kangra Scheme). Plant-wise details are

<sup>4</sup> 1986-87: 0.38 lakh litres; 1987-88: 1.11 lakh litres;  
1988-89: 2.49 lakh litres; 1989-90: 4.72 lakh litres;  
1990-91: 4.06 lakh litres.

<sup>5</sup> 1986-87: 1.40 lakh litres; 1988-89: 1.09 lakh litres.



presented in the following table:

Chilling plant	Average quantity of milk handled daily	Percentage utilisation of installed capacity
(In litres)		
Milk Supply Scheme, Kangra		
Darkata	833	42
Kotla	436	22
Raja-ka-talab	162	8
Milwan	691	35
Bindraavan	204	10
Milk Supply Scheme, Chamba		
Parel	208	10
Milk Supply Scheme, Nathpa Jhakri		
Jeori	Nil	Nil
Kepu	589	29
Milk Supply Scheme, Kullu		
Mohal	576	29

Audit scrutiny revealed the following:

(a) Notwithstanding the fact that the chilling plant at Kotla was not being utilised to its full capacity, another plant, involving an investment of Rs. 6.14 lakhs, was established in February 1988 at Raja-ka-talab at a distance of 38 kilometres from Kotla. Following the establishment of this plant, no milk was procured and processed by the plant at Kotla, established in August 1973 at a cost of Rs. 1.50 lakhs. Consequently, the plant and machinery installed at Kotla plant remained idle, and expenditure totalling Rs. 3.34 lakhs incurred on the pay and allowances of the staff at Kotla, who continued to be retained, from July 1988 to March 1991 was rendered infructuous. The plant at Raja-ka-talab was also substantially under-utilised. The establishment of the second plant, in the circumstances, was not judicious.

(b) The plant at Jeori was damaged in flash floods in August 1987, and had not been repaired as of May 1991.



Consequently, apart from two rooms, which were being used for the office of the Dairy Development Officer, the buildings and equipment, involving an investment of Rs. 5.81 lakhs, were not being utilised and no milk was being handled by the plant. A loss of Rs. 3.18 lakhs attributable to the floods was also yet to be regularised.

(c) The Kinnaur Scheme sold 1.03 lakh litres of milk at Reckong Peo during 1988-91. The milk had been initially procured by the Nathpa Jhakri Scheme, chilled in the plant at Kepu and transported for rechilling in the plant at Sungra, located at a distance of 168 kilometres, prior to its distribution at Reckong Peo. Expenditure totalling Rs. 1.97 lakhs was incurred on such transportation.

A survey undertaken by the District Animal Husbandry Officer, Kinnaur, in March 1991 had revealed that 1,000 to 1,500 litres of milk would be available for procurement daily from the Nichar Sub-division falling between Kepu and Reckong Peo and located at a distance of only 14 kilometres from the Chilling Plant at Sungra. Had the possibility of procurement of milk from Nichar been explored earlier, the milk would have had to be transported over a much shorter distance and an expenditure of Rs. 1.64 lakhs incurred on the transportation of milk from the Kepu plant and its rechilling prior to distribution at Reckong Peo could have been avoided.

Further, equipment for a chilling plant with a capacity to handle 500 litres of milk daily was purchased for Milk Chilling Plant, Reckong Peo in December 1987 at a cost of Rs. 1.25 lakhs. This equipment could not be utilised as the entire quantity of milk was transported from Kepu. The investment of Rs. 1.25 lakhs had, therefore, remained idle for three years.



Construction of buildings for the establishment of two other chilling plants, each of 2,000 litres capacity per day, at Baijnath and Lambagaon was taken up in March 1986 at a total estimated cost of Rs. 5.18 lakhs<sup>6</sup>. The buildings, scheduled to be completed in 18 months, had not, however, been completed even as of June 1991, and expenditure totalling Rs. 8.60 lakhs<sup>7</sup> had been incurred till then, which had remained unfruitful. Further, a Dairy Inspector, two Dairy workers and a Chowkidar were deployed, without adequate justification, at Baijnath from February 1987 itself and the expenditure of Rs. 5.82 lakhs incurred on their pay and allowances up to March 1991 proved infructuous. A sum of Rs. 2.13 lakhs on account of establishment charges was also irregularly charged to the Lambagaon scheme though no personnel were provided for the plant.

The delay in completion of the Baijnath plant was attributed (May 1991) to non-availability of sufficient funds.

### 3.1.7. Dairy plant

Only one dairy plant with an installed capacity of 10,000 litres per shift per day was established at Dagwar (Kangra) in June 1986 at a total cost of Rs. 308.88 lakhs. The plant was to process the milk procured by the Kangra Scheme. It was envisaged that the plant would operate for two shifts daily.

In the context, however, of the significant shortfalls in the procurement of milk by the Kangra Scheme ranging from 26 per cent to 37 per cent and the low utilisation of the capacity of the five chilling plants established by the Scheme discussed in paragraph 3.1.6 supra, the installed capacity of the plant was never fully utilised during 1986-91 even by the operation of a

<sup>6</sup> Baijnath: Rs. 3.06 lakhs; Lambagaon: Rs. 2.12 lakhs.

<sup>7</sup> Baijnath: Rs. 3.90 lakhs; Lambagaon: Rs. 4.70 lakhs.



single shift only, as indicated in the following table:

Year	Installed capacity (Single shift)	Quantity of milk procured and processed <sup>8</sup>
		(In lakh litres)
1986-87	21.90	8.10
1987-88	36.50	9.00
1988-89	36.50	11.19
1989-90	36.50	11.49
1990-91	36.50	11.87

In the absence of facilities for the processing of milk procured by the other four Schemes, milk without standardization alone was supplied to the consumers in the areas served by these Schemes. The extra fat content, if any, in the milk procured by them could not also be consequently extracted.

### 3.1.8. Supply of sub-standard milk

The Fat and Solid Not Fat contents of the milk procured by the Schemes were not to be less than 3.5 per cent and 8.5 per cent respectively. Test-check of the records of the Dairy Development Officer, Jeori, however, revealed that 10.76 lakh litres of milk containing Fat between 2.9 per cent and 3.2 per cent and Solid Not Fat from 5.6 per cent to 6.7 per cent were purchased and sold to the consumers during 1986-91, resulting in the supply of sub-standard milk.

<sup>8</sup> Inclusive of quantities purchased from Hoshiarpur and HP Milkfed.



### 3.1.9. Unutilised stores and equipment

On account of the substantial shortfalls in the collection of milk by the Chamba and Kullu Schemes, a truck, cream separators and milk cans procured between June 1979 and August 1984 at a total cost of Rs. 1.30 lakhs for the chilling plants at Parel and Mohal remained unutilised for varying periods ranging from two to twelve years. Relevant details in this regard are indicated below:

Milk Chilling Plant	Particulars	Cost (Rupees in lakhs)	Date of purchase	Since when idle
Parel	Truck	1.05	Not available	April 1989
	Cream separator	0.02	1980-81	1980-81
	Milk cans	0.05	June 1979	June 1979
Mohal	Cream separator	0.18	August 1984	August 1984
	Total:	<u>1.30</u>		

### 3.1.10. Working results

As of March 1991, the investments in buildings, plant and machinery, etc. of the Five Milk Supply Schemes aggregated to Rs. 419.43 lakhs. Though the Schemes had not been declared commercial ventures, the proceeds from sales of milk and milk products during 1986-91 were always less than the expenditure incurred on the procurement, processing and distribution. Consequently, the activities of all the Schemes during the period resulted in a deficit. Exclusive of depreciation on assets, the interest on the capital invested and the expenditure on headquarters establishment allocable to the schemes, the cumulative deficit during 1986-91 aggregated to Rs. 143.73 lakhs. Year-wise



details in this regard are tabulated below:

Year	Quantity of milk purchased (In lakh litres)	Expenditure	Sale proceeds of milk and milk products	Deficit
(Rupees in lakhs)				
1986-87	12.00	72.92	50.21	22.71
1987-88	14.38	97.46	70.75	26.71
1988-89	16.29	117.53	85.76	31.77
1989-90	18.19	143.96	106.48	37.48
1990-91	15.85	125.53	100.47	25.06
Total	76.71	557.40	413.67	143.73

Government had decided in April 1991 to transfer these five schemes also to the Himachal Pradesh State Co-operative Milk Producers Federation Limited. The decision was, however, yet to be implemented as of November 1991.

3.1.11. These points were brought to the notice of Government in August 1991; their reply had not been received (January 1992).

### 3.2. *Sheep breeding programme*

#### 3.2.1. *Introduction*

Sheep rearing has been a profession of the people of Himachal Pradesh for ages; 35 per cent of the households keep sheep. The estimated population of sheep in the State during 1989-90 was 11.78 lakhs, wool production from which was estimated to be 1,405 tonnes annually.

With a view to improving the economic condition of the sheep breeders and farmers by providing pure-breed rams, developed pastures and facilities for marketing of wool, the State Government undertook a sheep development programme during 1970-71 by importing exotic breeds of sheep for cross breeding trials at five sheep breeding farms<sup>1</sup>, already established between 1956-57 and 1969-70.

The abbreviations used in this review have been listed in the Glossary in Appendix 10 (Page 270).

<sup>1</sup> Chamba, Jeori, Karchham, Nagwain and Tal

All the farms, other than the one at Tal, were converted into Exotic Sheep Breeding Farms in 1970-71.

### 3.2.2. Organisational set up

The programme was being implemented by the Animal Husbandry Department through two Project Officers at Bharmour and Nahan and the five farms, supported by three wool analysis laboratories<sup>2</sup> and a disease investigation laboratory<sup>3</sup>. While one of the farms<sup>4</sup> functioned under the administrative control of the District Animal Husbandry Officer (DAHO), Mandi other four were placed under the supervision of either a Manager or Senior Research Officer/ Research Officer. Besides, five sheep and wool extension centres<sup>5</sup> were also established in 1985 under the control of District Animal Husbandry Officers, who were also responsible for providing health care to the sheep.

### 3.2.3. Audit coverage

The implementation of the programme during the period from 1985-86 to 1990-91 was reviewed in audit during April-June 1991 based on a test-check of the records of the five breeding farms, the three wool analysis laboratories, the disease investigation laboratory, four of the twelve District Animal Husbandry Officers<sup>6</sup> and the Project Officer, Sheep Development, Nahan supplemented by a scrutiny of the records of Director, Animal Husbandry.

### 3.2.4. Highlights

In the absence of norms, expenditure incurred by the five sheep breeding farms during 1985-91 varied widely from farm to farm, and the selling price of sheep bore no relation to the

<sup>2</sup> Chamba, Jeori and Tal

<sup>3</sup> Jeori

<sup>4</sup> Nagwain

<sup>5</sup> Choori, Kawar, Kothi-Kohar, Nirmand and Sawar

<sup>6</sup> Hamirpur, Kullu, Mandi and Shimla



expenditure on their rearing and maintenance. This resulted in the income of the farms being consistently lower than their expenditure.

(Paragraph 3.2.6(a))

While the lambing rate in the farms generally conformed to the norm of 60 per cent considered reasonable by the Director of Animal Husbandry, on account, however, of the non-replacement of the imported, exotic stock in two of the farms even after their breedable life span had expired led to in-breeding and resultant retarded growth of the progeny, impaired breeding efficiency and deterioration in wool quality. In relation to the wool yields obtained from the exotic breeds, the yield from the progeny was also low. Further, though the mortality of sheep in the farms due to pneumonia was high (28 per cent), effective remedial measures in the context of the known constraints (sudden changes in temperature at high altitudes and the ineffectiveness of antibiotics in controlling viral pneumonia) were not taken.

(Paragraph 3.2.6(b), (d), (e) and (g))

Because of their limited rearing capacity, the farms were unable to meet the demand of the breeders for lambs and sheep fully during 1985-91, the shortfalls ranging from 22 per cent to 83 per cent in different farms.

(Paragraph 3.2.6(f))

Deployment of shepherds in excess of the prescribed norms in three of the farms resulted in an avoidable expenditure of Rs. 8.14 lakhs during 1985-91.

(Paragraph 3.2.6(h))

The non-posting of a Research Assistant for over 15 years resulted in the Wool Analysis Laboratory at Jeori not undertaking any of the sensitive tests of wool.

(Paragraph 3.2.7)

A Disease Investigation Laboratory at Jeori had been non-functional since September 1988 because the doctor in-charge had been declared unfit to perform his duties and no substitute had been posted in his place. Consequently, an expenditure of Rs. 3.13 lakhs incurred on the pay and allowances of the personnel of the laboratory up to March 1991 had been rendered unfruitful.

(Paragraph 3.2.8)

A Wool Utilisation Centre established at Jeori with the objective of weaving saleable products from the wool produced by the breeding farm and demonstrating weaving methods to the local population had not fulfilled the intended objectives. Though the weaving apparatus had been auctioned in August 1986 itself, the Veterinary Officer posted at the Centre was nevertheless retained even thereafter, resulting in unfruitful expenditure on his pay and allowances.

(Paragraph 3.2.9)

As against the requirement of 218 sheep and wool extension centres, only 5 centres had been established. No breeding facilities were provided by two of these centres ever since their inception in 1985 in the absence of rams.

(Paragraph 3.2.10)



### 3.2.5. Financial outlay

Details of the budget provisions for and the expenditure incurred on the programme during the six-year period ending March 1991 were as follows:

Year	Budget Provision	Expenditure <sup>7</sup>	Excess (+) Saving (-)
(Rupees in lakhs)			
1985-86	33.67	33.38	(-) 0.29
1986-87	37.92	38.16	(+) 0.24
1987-88	46.50	46.87	(+) 0.37
1988-89	47.24	60.65	(+) 13.41
1989-90	49.40	50.61	(+) 1.21
1990-91	83.60	90.51	(+) 6.91

The excess expenditure during 1988-91 was attributed to the payment of arrears following the revision of the scales of pay of the State Government employees and to the payment of the salary for the month of March during the same financial year.

### 3.2.6. Functioning of sheep breeding farms

#### (a) Financial performance

The farms derived their income mainly from sales of sheep and wool and incurred expenditure on purchase of feed, fodder and medicines and on salaries and wages. While no norms in regard to the expenditure to be incurred on the maintenance of sheep in the farms had been prescribed, this varied widely from farm to farm. The farm-wise details of income earned and the average annual

<sup>7</sup> Inclusive of the expenditure incurred by two of the farms (Chamba: Rs. 1.73 lakhs; Tal: Rs. 1.10 lakhs) on the maintenance of cows, referred to later in paragraph.

maintenance expenditure during the period 1985-91 were as follows:

Name of farm	Average number of sheep maintained	Total average expenditure incurred in a year	Average expenditure per sheep	Total average income	Average income per sheep
		(Rupees in lakhs)	(Rupees)	(Rupees in lakhs)	(Rupees)
Chamba	574	7.58	1,321	0.62	108
Jeori	891	12.08	1,356	0.99	111
Karchham	777	5.76	741	0.68	88
Nagwain	201	2.44	1,214	0.32	159
Tal	956	10.04	1,050	1.20	126

Whereas the expenditure of the farms increased by 106 per cent during the period from 1986-87 to 1990-91, the increase in the selling prices of sheep ranged from 9 per cent to 37 per cent only during this period, while that of wool was only marginal. Consequently, the selling prices bore no relation to the expenditure on their rearing and maintenance, which resulted in the income of the farms being consistently lower than their expenditure.

The increase in the expenditure of the farms was primarily attributable to the high incidence of establishment charges, which ranged from 54 per cent to 62 per cent of the total expenditure of the farms as indicated in the following table:

Name of farm	Total expenditure	Expenditure on establishment	Other expenditure
	(Rupees in lakhs)		
Chamba	45.47	26.10(57)	19.37(43)
Jeori	72.47	43.41(60)	29.06(40)
Karchham	34.54	21.30(62)	13.24(38)
Nagwain	14.62	9.00(62)	5.62(38)
Tal	60.23	32.36(54)	27.87(46)
Total	227.33	132.17	95.16

Note:-Figures within parentheses represent percentages.



(b) *Lambing*

A lambing rate of 60 per cent in respect of farm sheep had been considered reasonable by the Director of Animal Husbandry. While this norm was achieved or even exceeded in three of the farms<sup>8</sup> during the period covered by the review (1985-91), the lambing rate in the remaining two farms (Jeori and Nagwain), however, ranged from 56 per cent to 66 per cent and from 47 per cent to 65 per cent respectively. The low rate of lambing in the Jeori farm was attributed to the steep and rocky terrain of the pastures which led to abortions and delivery of still-born lambs, while that in the Nagwain farm was attributed to the maintenance of non-migratory flocks.

(c) *Retention of rams in excess of norms*

According to the prescribed norms, one ram was sufficient for covering 20 to 30 ewes. It was, however, noticed that 158 rams were retained in excess of the norm during 1985-91 in the five farms<sup>9</sup>.

The excess retention of rams was justified on the ground that this was intended to avoid a situation in which temporary infertility of the rams resulted in the non-serving or non-covering of the flock. While this could conceivably necessitate the retention of a few additional rams in each of the farms, the retention of as many as 34 to 50 additional rams in three of the farms would not, however, appear to be justified.

(d) *In-breeding of sheep*

Imported Russian Merinos were supplied to the breeding farm at Karchham on four occasions during 1969-70, 1970-71, 1973-74 and 1979-80 and the stock of exotic breed was not replenished

<sup>8</sup> Chamba: 77 per cent to 90 per cent; Karchham: 67 per cent to 80 per cent; Tal: 84 per cent to 96 per cent.

<sup>9</sup> Chamba: 16; Jeori: 50; Karchham: 14; Nagwain: 34; Tal: 44

thereafter. In view of the fact that the breedable life span of sheep is only 7 to 8 years, the farm had consequently been multiplying only the progeny of the Russian Merinos, leading to in-breeding in the farm. The Farm Manager stated (May 1991) that in-breeding in the farm resulted in retarded growth of the progeny, impaired breeding efficiency and deterioration in wool quality.

Similarly, in the Jeori farm, the Department had been multiplying only the progeny of the Polworth breed of sheep received as early as in 1956-57. No specific reasons for not replacing the old stock to avoid in-breeding were advanced by the Department. Though a decision was taken in a meeting held under the programme during 1988 to import Polworth rams to avoid in-breeding, necessary action in this regard had not been initiated (July 1991).

(e) Mortality

The farms had reported 734 deaths of sheep during 1985-91. Of these, 206 deaths (28 per cent) were attributed to Pneumonia.

The high mortality due to pneumonia in the exotic breeds was attributed by the Department to the sudden change in temperatures at high altitudes and the ineffectiveness of antibiotics in controlling viral pneumonia in many cases. The remedial measures taken in the context of these known constraints were, however, not intimated.

The Department had not maintained any record of the mortality among the private flocks. As a result, the impact of the health coverage provided by the Department for containing mortality could not be ascertained.



(f) *Distribution of lamb and sheep*

Lambs and sheep reared in the farms were sold to private breeders for cross-breeding of their flock. The farms were, however, unable to meet the demand of the breeders fully during 1985-91, and the shortfall ranged from 22 per cent to 83 per cent as indicated in the following table:

Name of farm	Demand	Supply (In numbers)	Shortfall (per cent)
Chamba	3,500	797	77
Jeori	1,880	866	54
Karchham	1,360	1,059	22
Nagwain	466	80	83
Tai	3,878	2,096	46
Total	11,084	4,898	56

The shortfall in meeting the demand was attributed by the officers in charge of the farms to their limited rearing capacity.

No systems or procedures had been evolved by the Department to ascertain the extent to which the sale of progeny reared in the farms had resulted in bringing about the desired improvements in the private flocks. The Department was also not aware whether the lambs and sheep sold to private breeders were retained by them for breeding purposes or had otherwise been sold with a profit motive.

Under a Centrally sponsored scheme, sheep were also distributed to small and marginal farmers in Sirmaur district on 50 per cent subsidy. The targets and achievements under the scheme

Year	Target	Achievement	Percentage of shortfall
(In numbers)			
1985-86	50	3	94
1986-87	50	16	68
1987-88	50	51	-
1988-89	50	52	-
1989-90	70	70	-
1990-91	70	59	16

The shortfalls in achievement of targets were attributed to the non-availability of good quality sheep. The records made available to Audit did not, however, indicate the efforts, if any, made by the Department to procure quality sheep from other districts.

(g) *Wool yield*

While no norms in regard to the yield of wool from the sheep reared in the farms were prescribed by the Department, the average yield of wool from rams and ewes of the Rambouillet breed ranged between 1.73 kg. (Chamba) and 2.36 kg. (Jeori) during 1985-91, and that from the Russian Merino breed between 2.39 kg. (Karchham) and 2.11 kg. (Nagwain).

The comparative position of the average wool yield obtained from the exotic breeds and their progeny during 1985-91



in the four farms was as follows:

Farm	Breed	Average wool yield from exotic breed		Average wool yield from progeny	
		Rams	Ewes	Rams	Ewes
			(In	Kilograms)	
Chamba	Rambouillet	4.25	2.73	3.17	1.80
Jeori	Rambouillet	5.60	3.20	3.26	2.69
Karchham	Russian Merino	3.10	2.80	3.48	2.60
Nagwain	Russian Merino	N.A.	N.A.	3.65	2.00
N.A.: Not available					

The low yield from the progeny of the imported flocks was attributed to the geo-climatic conditions of the area and the quality of pastures available for grazing.

(h) *Excess deployment of shepherds*

Shepherds were to be deployed in the farms according to the norms prescribed for the purpose with reference to the number of sheep<sup>10</sup>. Three shepherds in excess of the norms were, however, deployed in two of the farms (Chamba and Nagwain) during the entire period from 1985-86 to 1990-91. Similarly, in the Jeori farm, four shepherds were deployed in excess during 1985-90 and two shepherds in 1990-91. The expenditure incurred on the pay and allowances of these shepherds totalled Rs 8.14 lakhs up to the year 1990-91<sup>11</sup>, which could have been avoided had the prescribed norms been adhered to.

(i) *Irregular maintenance of cows*

Test-check of the records of farms at Chamba and Tal revealed that 11 cows (Chamba:6 and Tal:5) were being kept in the farms and an expenditure of Rs. 2.83 lakhs (Chamba Rs. 1.73

<sup>10</sup> Up to 80 sheep: One shepherd; 81 to 200 sheep: two shepherds; 201 to 300 sheep: three shepherds; 301 to 500 sheep: four shepherds.

<sup>11</sup> Chamba: Rs. 2.62 lakhs; Jeori: Rs. 2.84 lakhs; Nagwain: Rs. 2.68 lakhs.



lakhs; and Tal: Rs. 1.10 lakhs) was incurred on their maintenance during 1985-91 even in the absence of specific budget provisions. The expenditure was irregularly met out of the funds allotted for sheep breeding and wool development activities.

The Department stated (July 1991) that the cows had been kept at these farms to provide milk to such new-born lambs whose mothers were weak and could not provide sufficient milk. The plea of the Department was not tenable because similar arrangements had not been made in the other three farms and the programme did not also envisage such an arrangement. Besides, apart from the fact that the number of new-born lambs in these two farms did not justify the retention of as many as 11 cows, milk from the cows was also being sold by the farms, in the local market.

### 3.2.7. Wool analysis laboratories

Three laboratories at Chamba, Jeori and Tal were set-up in 1959, 1960 and 1975-76 respectively for the analysis of wool samples collected from the sheep breeding farms, and the sheep reared by private breeders. The wool samples were to be analysed for determining crimps, staple length, fibre diameter, medullation percentage, fleece density and clean yield percentage. Expenditure totalling Rs. 14.18 lakhs<sup>12</sup> was incurred on these laboratories during 1985-91.

Due to non-posting of a Research Assistant for over 15 years, no sensitive tests for determination of medullation percentage, fibre diameter, fleece density, crimps and clean yield percentage were conducted by the Wool Analysis Laboratory at Jeori during 1985-91, and only the staple length of the wool obtained from the sheep reared in the Government farms was measured.

Details of the tests conducted in the Chamba and the Tal

<sup>12</sup> Chamba: Rs. 8 lakhs; Jeori: Rs. 1.26 lakhs; Tal: Rs. 4.92 lakhs



laboratories are contained in Appendix 3.

The results of the analysis of wool samples were never communicated to the Director of Animal Husbandry, the concerned farms and the private breeders by the Wool Analysis Laboratory, Chamba, for appraisal of the improvement in wool quality.

On the other hand, the laboratory at Tal had confined itself to the testing of samples from Government flocks only during 1985-91 because no samples were obtained from private breeders. The Department stated that analysis of samples from private flocks could not be undertaken due to shortage of staff.

### 3.2.8. Disease investigation laboratory

With a view to providing diagnostic aid in identifying the causative agents of common sheep diseases and devising suitable measures for their eradication, a Disease Investigation Laboratory was set up at Jeori in 1957-58. Expenditure totalling Rs. 6.70 lakhs was incurred on the running of the laboratory during 1985-91

Between April 1985 and August 1988, the laboratory examined 8,050 samples of urine, blood, milk, etc. The results of these tests were, however, not communicated to the breeders and departmental authorities to facilitate appropriate remedial measures for disease control and eradication.

No diagnostic tests were, however, conducted since September 1988, and the laboratory had been virtually non-functional. This was attributed to the fact that the doctor in-charge of the laboratory had been declared unfit to perform his duties by a Medical Board following a mental disorder, and to the non-posting of a substitute. The expenditure of Rs. 3.13 lakhs on the pay and allowances of the personnel of the laboratory from August 1988 to March 1991 was thus unfruitful.

The Department stated (October 1991) that the case for



the premature retirement of the doctor was being processed.

### 3.2.9. Wool utilisation centre

A wool utilisation centre was established at Jeori during 1965-66 with the objective of weaving saleable products from the wool produced at the sheep breeding farm and demonstrating wool weaving methods to the local people. Expenditure totalling Rs. 1.26 lakhs was incurred during 1985-91 on the pay and allowances of the Veterinary Officer employed at the Centre and office expenses.

The Centre had not, however, manufactured any saleable goods or arranged any weaving demonstrations during this period. The purpose of its establishment had, therefore, been defeated and the expenditure of Rs. 1.26 lakhs was largely infructuous.

The Department stated (March 1991) that the functioning of the Centre had not been satisfactory in the past due to high cost of production and that the entire weaving apparatus had been auctioned in August 1986. In the circumstances, there was no justification for continuing the post of the Veterinary Officer after August 1986.

### 3.2.10. Sheep and wool extension centres

According to the norms prescribed for the purpose, a sheep and wool extension centre for providing health cover and breeding facilities was to be opened in an area where the density of sheep population was between 4,000 and 5,000. The sheep population of the State, based on a census of 1982, was 10,90,322, for which 218 centres were required. Only five centres<sup>13</sup> were, however, opened in 1985.

The Department stated (July 1991) that more centres were not opened as the veterinary dispensaries functioning in the areas were providing all facilities to the sheep breeders. The reply of

<sup>13</sup> Choori, Kawar, Kothi-Kohar, Nirmand, and Sawar



the Department was not tenable as no rams were available in the dispensaries for cross breeding of sheep.

While 11 rams were supplied to the Extension Centre, Kavar, during 1987-88 and 1988-89, details of the number of ewes crossed during this period were not available. However, of the 3,800 ewes available in the area, only 797 ewes (21 per cent) were actually crossed by the seven rams available during 1990-91. No ram was, however, supplied since the inception of scheme in 1985 to the other two centres (Nirmand and Sawar) test-checked, though an expenditure of Rs. 6.40 lakhs (Nirmand: Rs. 3.47 lakhs and Sawar: Rs. 2.93 lakhs) was incurred on these centres during 1985-91. No breeding facilities were consequently provided to the breeders of these areas.

The District Animal Husbandry Officers, Kullu and Mandi stated (October 1991) that the staff posted at the centres were utilised for drenching and dipping of the migratory flocks of private breeders and providing first aid to them.

### 3.2.11. *Training in sheep husbandry*

The programme envisaged training of the private sheep breeders at the sheep breeding farms, and 20 breeders were targeted to be trained annually in each farm. While 81,29 and 26 breeders were trained at the Chamba, Jeori and Tal farms, respectively during the six-year period from 1985-86 to 1990-91, no training was arranged by the Karchham and Nagwain farms. This was attributed to paucity of funds (Karchham) and poor response from breeders (Nagwain).

### 3.2.12. *Development of pastures*

The pastures attached to the farms were being maintained by the Animal Husbandry Department. The responsibility for developing pastures for the private flocks was entrusted to the

Forest Department. While no records indicating the requirements and availability of pastures in the State were made available to Audit, the Department was also not aware of the progress made by the Forest Department in developing pastures.

### 3.2.13. Marketing of wool

The wool produced in the farms alone was being marketed by the Department up to 1987-88 and no marketing facilities were extended to private breeders. The responsibility for marketing of wool was, however, transferred to the Himachal Pradesh State Co-operative Wool Procurement and Marketing Federation Limited in 1988-89. No records were available with the Department to indicate details of procurement and sales of wool made by the Federation.

3.2.14. These points were brought to the notice of Government in August 1991; their reply had not been received (January 1992).

## HEALTH AND FAMILY WELFARE DEPARTMENT

### 3.3. Technology Mission on Immunization (Universal Immunization Programme)

#### 3.3.1. Introduction

The Universal Immunization Programme (UIP) was launched during 1985-86 for the universal immunization of infants and pregnant women and to bring about the desired improvements in the quality of services already being provided since 1978 under the Expanded Programme on Immunization (EPI). It was declared a Technology Mission in 1986 to provide a sense of urgency and commitment to the achievement of the goals by 1990.

The Mission was divided into two parts. Part-I dealt with the implementation of the Programme and consisted of two Mini

---

The abbreviations used in this review have been listed in the Glossary in Appendix 10 (page 270).



Missions (Mini Mission-I relating to storage and distribution of vaccines, and Mini Mission-II relating to administration of vaccines, monitoring and evaluation). Part-II, comprising two more Mini Missions (Mini Mission-III relating to vaccine research and development and Mini-Mission-IV on vaccine production), was concerned with research on and development of vaccines.

The Technology Mission was Centrally sponsored and cent per cent assistance was provided to the State Government for implementation of the Programme. It aimed at reducing morbidity and infant mortality through universal immunization in the country as a whole by the year 1990 against six vaccine preventable diseases (VPDs) (Diphtheria, Pertusis, Measles, Tetanus, Tuberculosis and Poliomyelitis). It envisaged the reduction of neonatal tetanus mortality rates to less than one per 1000 live births and reduction of the incidence of poliomyelitis to less than 0.33 per 1000 children in the age group of 0 to 4 years.

With these objectives in view, all the 12 districts of Himachal Pradesh were covered under the Programme between 1985-86 and 1989-90 as indicated below:

<u>Year</u>	<u>Name of the districts covered</u>
1985-86	Hamirpur and Sirmaur.
1986-87	Kangra and Shimla.
1987-88	Bilaspur, Mandi, Solan and Una.
1988-89	Kinnaur and Kullu.
1989-90	Chamba and Lahaul and Spiti.

### 3.3.2. Organisational set up

The Programme was implemented under the overall supervision of the Director, Health Services, and the concerned Chief Medical Officer were responsible for its implementation in the districts in consultation with the State Programme Officer (EPI). At the field level, the programme was being implemented through the network of Primary Health Centres (PHCs). The Multi-purpose Workers in the primary health sub-centres were the key



persons for implementation. The services of the students of the Indira Gandhi Medical College, Shimla, were also utilised for the purpose.

### 3.3.3 Audit Coverage

The implementation of the Programme from 1985-86 to 1990-91 was reviewed in audit during May 1991 to July 1991 based on a test-check of the records in five of the twelve districts<sup>1</sup>, supplemented by a review of the records of the Indira Gandhi Medical College, Shimla, and the Director, Health Services.

### 3.3.4. Highlights

Details of the expenditure incurred on the Programme during 1985-90 reported to the Government of India and those made available by the State Government to Audit varied substantially. This was attributed to the furnishing of unreconciled data to the former. Expenditure on establishment during 1988-89, 1989-90 and 1990-91 constituted respectively 20 per cent , 21 per cent and 69 per cent of the total expenditure incurred on the Programme in these years.

(Paragraph 3.3.5)

While the annual Action Plans envisaged were not prepared by Government for the year 1986-87, 1987-88 and 1990-91, these were prepared for the years 1988-89 and 1989-90 after delays of one month and seven months. No Action Plans were prepared by any of the 87 PHCs test-checked.

(Paragraph 3.3.6)

The targets of immunization against the six vaccine preventable diseases were not achieved fully. The achievements reported were also inflated in as much as the number of doses

---

<sup>1</sup> Kinnaur, Mandi, Shimla, Sirmaur and Solan



held at the District level.

(b) *Monitoring of working of private practitioners.*

No information about the involvement of private practitioners in immunization activities was available with the Department. The State Government had not developed any system of reporting of VPDs by private practitioners to the District and State authorities.

3.3.13. *Information, Education and Communication (IEC)*

(a) The IEC activities under the immunization programme were being looked after by the IEC Cells/ media divisions already created under the Family Welfare Programme. These were, however, not trained in UIP.

(b) The VCES reports were required to be presented in meetings where local journalists, voluntary organisations and other officers of the State Government were to be invited. Summary findings of the reports were to be highlighted in the local media. These were not done though 22 surveys were undertaken during 1985-91.

(c) A Mass Education Media Committee had been established by the State Government to look after IEC activities relating to all health programmes. Records relating to the meetings of this committee were not made available to Audit.

3.3.14. *Monitoring and Supervision*

The Programme envisaged establishment of the following committees at various levels.

(a) Field level committees under the chairmanship of the Collectors.

(b) District level committees having largest representation of women organisations, municipal authorities,

voluntary organisations and functionaries connected with the Integrated Child Development Services (ICDS) Programme.

(c) State level Co-ordination Committee.

It was noticed that only District level Co-ordination Committees under the chairmanship of the Deputy Commissioner had been set up. The Chief Medical Officers and Medical Officers of Health were the members of these committees. No records relating to the meetings of these committees had been maintained.

The State officials as well as those in the districts and PHCs were required to ensure regular monitoring and supervision of various activities under the Programme. No norms, periodicity and schedule for supervisory visits were prescribed. However, according to the instructions issued by Government in 1988-89, 25 per cent of the immunization sessions held at sub-centres were required to be supervised by the Medical Officers of the PHCs. Immunization sessions were not supervised by the Medical Officers in terms of the instructions as indicated below:

Name of the District test-checked	No. of Sub-centres involved	No. of immunization sessions held during 1989-90 and 1990-91	No. of visits required by Medical Officers of PHCs	No. of visits made by Medical Officers	Shortfall	Percentage of shortfall
Sirmaur	64	1,426	356	23	333	94
Solan	59	1,317	329	16	313	95
Kinnaur	21	387	97	Nil	97	100
Mandi	592	5,904	1,476	1,078	398	27
Shimla	216	2,592	648	368	280	43

The shortfall in inspections was attributed to non-availability of vehicles.

Reports of these inspections were not submitted by the



### Inspecting Officers.

A check list for quality supervision of the UIP, covering all the important points was brought out by the State Government which was to be used during supervisory visits of District hospitals/PHCs/ Sub-centres. This check list was not completed by the supervisors during inspections.

There was no management reporting system in the State. It was stated by the Department (July 1991) that the system was being developed.

### 3.3.15. Role of voluntary organisation

The Programme provided for assistance from voluntary organisations for IEC activities.

The State Government was required to prepare a directory of voluntary organisations in each district that could be involved in the UIP.

The position in regard to the involvement of voluntary organisations in UIP was as follows:

Year	Number of UIP Districts	Number of voluntary organisations in the Districts	Number of voluntary organisations engaged in UIP.	Number of voluntary organisations not engaged in UIP.	Details of activities in which engaged
1985-86	2	N.A.	N.A.	N.A.	N.A.
1986-87	4	N.A.	N.A.	N.A.	N.A.
1987-88	8	4	4	Nil	Organisation of Immunization Camps, Publicity of health activities.
1988-89	10	14	6	8	As above
1989-90	12	14	7	7	As above
1990-91	12	14	7	7	As above

No Cold Chain equipment was supplied to the voluntary

organisations by the State Government. Of the 7 organisations engaged in the UIP at the end of 1990-91, four (3 in Kangra District and 1 in Kullu District) were having their own Cold Chain equipment.

No inputs like vaccine needles, syringes, etc. were supplied to the voluntary organisations.

No targets of immunization were fixed for voluntary organisations. Details of the immunization sessions planned, actually organised, cancelled or postponed during 1985-91 by voluntary organisations were not known to the Department.

Of the 7 voluntary organisations, only four (3 in Kangra District and 1 in Kullu District) were sending monthly performance reports to the District EPI Officers. No action was taken by the Department in regard to non-submission of reports by other organisations.

The working of the voluntary organisations was not supervised and monitored by the Departmental Officers.

No evaluation of the role of voluntary organisations in the UIP was done by the Department.

### 3.3.16. Evaluation

The State was required to organise an epidemiological evaluation of the services provided at the end of the year. No such evaluation was conducted in the State during the period reportedly for want of funds.

3.3.17. These points were brought to the notice of Government in October 1991; their reply had not been received (January 1992)

### 3.4. Unfruitful expenditure

The State Government accorded sanction in February 1989 for the installation of a Configuration Electronic Private Branch Automatic Exchange (EPBAX) in the Indira Gandhi Medical College,



Shimla, at a total cost of Rs. 4.90 lakhs.

The Director-cum-Principal, Medical Education, placed a supply order in February 1989 on the Himachal Pradesh State Electronic Corporation for the installation of the exchange at a cost of Rs. 4.90 lakhs. The installation was to be completed by 22nd April 1989. Failure to complete the work in time entailed a penalty of Rs. 500 per day. However, the Department had neither entered into a formal agreement nor included any warranty clause in the supply order. The Corporation was paid Rs. 2.94 lakhs in two instalments in February 1989 and March 1989. The balance amount of Rs. 1.96 lakhs drawn by the Department in March 1989 had been lying undisbursed in the shape of a bank draft.

The installation work was started in April 1989. The work was, however, not completed to the satisfaction of the Department and the exchange remained totally non-functional since December 1990. The defects were not rectified by the Corporation even after the matter was reported to the State Government. In the circumstances, the investment of Rs. 2.94 lakhs had been rendered unfruitful and funds to the extent of Rs. 1.96 lakhs had remained unutilised.

While confirming the facts, Government stated (October 1991) that the unspent amount of Rs. 1.96 lakhs was not deposited into the Government treasury as it would have disturbed the budget allocation of the subsequent year, when the payment was to be released. The plea was not tenable as fresh budget allocation for the purpose could be made by the Government.

## CO-OPERATION DEPARTMENT

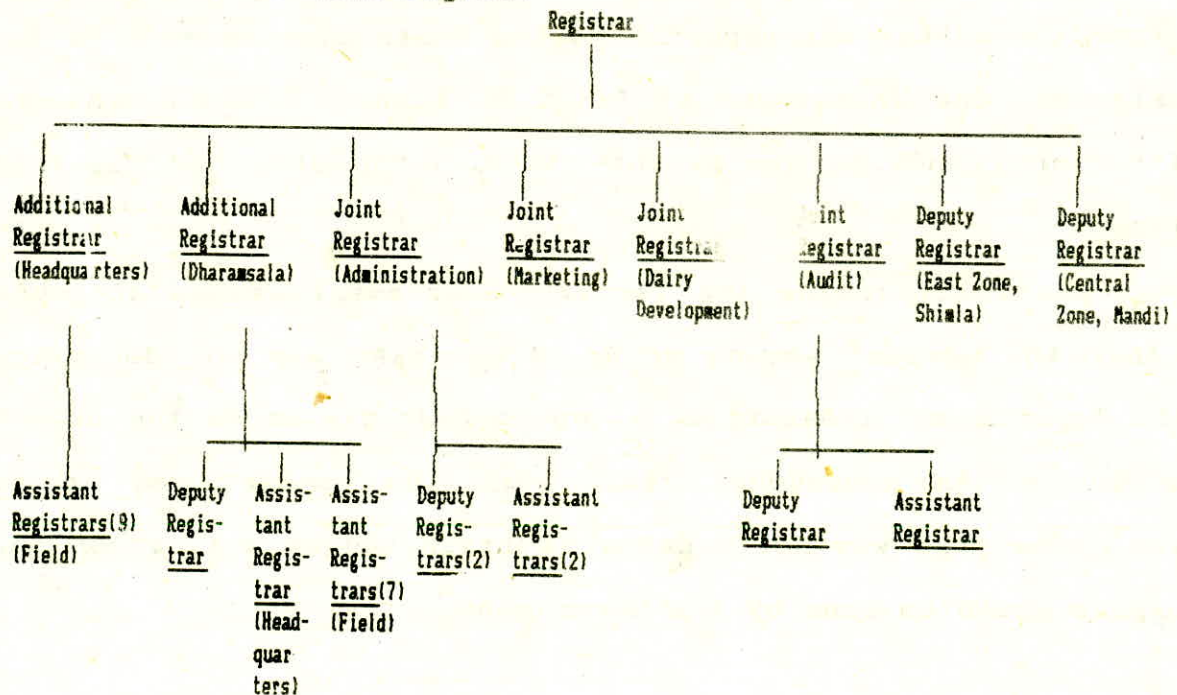
## 3.5. Utilisation of manpower resources

## 3.5.1. Introduction

The Co-operation Department is responsible for the promotion and development of the co-operative movement in the State. The main functions of the Department are to promote, register, develop, supervise and inspect co-operative societies. Accounts of the co-operative societies are also audited by the Department.

## 3.5.2. Organisational set up

The Department functions under the administrative control and overall supervision of the Registrar of Co-operative Societies, who is assisted by Additional Registrars, Joint Registrars, Deputy Registrars and Assistant Registrars in the Headquarters and field formations. The following chart contains the details in this regard:



Expenditure totalling Rs. 1,513.70 lakhs was incurred on the establishment of the Department during 1986-91<sup>1</sup>. The increase in

<sup>1</sup> 1986-87: Rs. 208.11 lakhs; 1987-88: Rs. 254.38 lakhs; 1988-89: Rs. 333.15 lakhs; 1989-90: Rs. 339.19 lakhs and 1990-91: Rs. 378.87 lakhs.



establishment expenditure during the five-year period in relation to 1986-87 was of the order of 82 per cent.

Details of the sanctioned strength of the Department and staff in position as on 30th June 1991 are indicated in the following table along with corresponding data as on 30th June 1986:

	As on 30.6.1986			As on 30.6.1991		
	Officers	Subordinate staff	Total	Officers	Subordinate staff	Total
(i) Sanctioned strength	31	892	923	36	1,061	1,097
(ii) Staff in position	28	789	817	31	941	972
(iii) Vacant posts	3	103	106	5	120	125

The vacancies in 125 posts in different categories as on 30th June 1991 had not been filled up following a ban on recruitment imposed by the Government as an economy measure in May 1989.

### 3.5.3. Audit coverage

The utilisation of manpower in 10 of the 16 Circle Offices<sup>2</sup> of the Department during the period from 1986-87 to 1990-91 was reviewed in audit during May-June 1991 based on a test-check of the records of these offices, supplemented by information in respect of certain other circles collected from the Offices of the Deputy Registrars, Shimla and Dharamsala, the Additional Registrar, Dharamsala, and the Registrar of Co-operative Societies. Certain points noticed in the course of the review are mentioned in the following paragraphs.

<sup>2</sup> Bilaspur; Chamba; Dehra; Dharamsala, Kullu; Mandi; Nurpur; Palampur; Reckong Peo and Solan

### 3.5.4. Highlights

Norms had not been evolved for the creation of posts in the Department, which was being done only on an *ad hoc* basis. Action to fix the cadre strength based on the recommendations of a sub-committee constituted in 1984 to undertake a work study was also yet to be taken even after more than six years. Consequently, staff deployment bore no relation to the number of societies or the work load involved and varied widely.

{Paragraph 3.5.5}

The prescribed inspections of co-operative societies were not undertaken by the District Inspectors and Assistant Registrars during 1986-91 in any of the 10 circles test-checked. The shortfalls in the inspections undertaken by the Inspectors in 8 of the 10 circles, ranged from 30 per cent to 69 per cent during 1986-91.

{Paragraph 3.5.6.1(b)(i)}

Failure to determine staff requirements on the basis of clearly-defined norms based on work load resulted in large pendency of 1,223 arbitration cases at the end of 1990-91. In the ten circles test-checked, 141 cases were pending for over 4 years.

{Paragraph 3.5.6.1(c)}

On account of staff constraints, the pace of realisation of the assets and settlement of liabilities of societies under liquidation was slow. While the value of the assets realized during the co-operative years 1986-87 to 1990-91 ranged from one per cent to 22 per cent of the realisable assets, only one per cent to 20 per cent of the accrued liabilities were discharged during this period.

{Paragraph 3.5.6.1(d)}

In the absence of appropriate norms for the audit of co-operative societies and deployment of audit personnel, there was no



mechanism to ensure the judicious deployment of the available manpower resources. Staff constraints, and diversion of audit personnel to ministerial duties and for the finalisation of cases of waiver of co-operative loans under the Agriculture and Rural Debt Scheme of 1990 resulted in the audit of 193 societies remaining in arrears at the end of June 1991.

{Paragraph 3.5.6.2}

Of the 546 technical personnel in position as on 30th June 1990 only 416 (76 per cent) had been trained by the end of March 1991, the deficit in trained technical personnel being attributable to constraints of resources.

{Paragraph 3.5.7}

Installation of a computer in March 1990 for the compilation and consolidation of data relating to co-operative societies resulted in a saving of 2,670 mandays (Rs. 3.48 lakhs) per annum. The manner in which the manpower resources so released were gainfully deployed was not ascertainable.

{Paragraph 3.5.8(a)}

### 3.5.5. *Assessment of manpower requirements*

No systems or procedures had been evolved for the assessment of the manpower requirements of the Department, nor were appropriate norms prescribed for the creation of posts. Consequently, staff were being sanctioned and deployed only on ad hoc basis, and the deployment bore no relation to the number of societies and the work load involved and varied widely. For instance, the span of control of the District Inspectors (responsible for the inspection of societies at the district level besides other duties relating to arbitration of societies, liquidation of societies, etc.) and the Inspectors (responsible for the inspection of societies at the block level) extended from 17

societies to as many as 62 societies in different districts and blocks. Similarly, the Sub-inspectors were assigned the responsibility of inspecting 13 to 29 societies in different blocks.

Further, while no norms for creation of new circles had been prescribed by Government, the Department informed Audit that a new circle was normally created for 200 or more societies. It was, however, noticed that five<sup>3</sup> of the circle offices had less than 200 societies under their jurisdiction as in June 1990 and that two of these had less than 100 societies.

In 1982, Government ordered a work study to enable fixation of the cadre strength of the Department. A sub-committee constituted for the purpose by the Registrar of Co-operative Societies in May 1984 submitted their recommendations in September 1987. The cadre strength had not, however, been determined based on these recommendations (June 1991).

### 3.5.6. Manpower utilisation

#### 3.5.6.1 Administration wing

##### (a) Cost of administration of societies

The Administration wing of the Department was responsible for the registration and inspection of co-operative societies. The wing also dealt with other matters relating to the societies, such as arbitration of disputes, execution of awards, election of managing committees, appointment of new committee of management in the event of supersession of an elected committee, liquidation of societies ordered to be wound up, administration of the public distribution system, etc.

Upto the year 1986-87, the expenditure of the Administration wing was not budgeted and accounted for distinctly

<sup>3</sup> Bilaspur :154 societies; Chamba :190 societies;. Jubbal :117 societies; Reckong Peo:67 societies; Lahaul and Spiti :78 societies;



The position of outstanding arbitration cases at the end of 1990-91 was as follows:

Number of cases outstanding at the end of March 1986	2,894
Cases added during 1986-91	<u>5,026</u>
Total	7,920
Cases finalised during 1986-91	<u>6,697</u>
Number of cases outstanding at the end of 1990-91	1,223

While the year-wise details of the pending cases were not available with the Registrar, scrutiny by Audit of the records in the ten circle offices test-checked revealed that 643 cases were awaiting disposal for varying periods ranging from one year to more than four years as indicated below:

Period of Pendency	Number of cases
One year	190
One to two years	151
Two to three years	95
Three to four years	66
Four years and above	141
Total	<u>643</u>

The large pendency of arbitration cases was attributed by the Department to inadequate staff strength, non-production of connected records by managements of the societies and the complicated nature of some of the cases. However, had the staff requirements been determined on the basis of clearly defined norms and the existing manpower deployed more rationally with reference to the work load in different circles, having regard to the size of the co-operative societies, the nature of their activities, etc.,

the pendency could conceivably have been reduced.

(d) *Liquidation of co-operative societies*

The Registrar of Co-operative Societies can order the winding up of a society for violation of the conditions of its registration or where the society fails to commence working within the time prescribed or on an application for winding up made by not less than three-fourth of its members. When such an order is passed, a liquidator is appointed for winding up the society, whose important duties involve realization of assets, disposal of properties by public auction, payment of liabilities, maintenance of accounts till the final winding up of the society, etc.

At the end of March 1991, 335 co-operative societies under liquidation were awaiting final closure. Year-wise details of these societies were not available with the Registrar.

In the circle offices test-checked, the position in this regard was as follows:

Number of societies awaiting closure at the end of June 1986	296
Number of societies ordered to be wound up between July 1986 and June 1991	<u>179</u>
Total	475
Number of societies wound up during July 1986 to June 1991	<u>195</u>
Number of societies awaiting closure at the end of June 1991	280

The assets of the 296 co-operative societies awaiting closure as at the end of June 1986 totalled Rs. 64.87 lakhs, while the liabilities to be discharged by them amounted to Rs. 92.73 lakhs. The value of the assets realised during the co-operative years 1986-87 to 1989-90 (July 1986 to June 1990) ranged from 7 per cent to 22 per cent of the realisable assets, and was only one per cent during the co-operative year 1990-91 (July 1990 to June



1991). Similarly, only 5 per cent to 20 per cent of the accrued liabilities were discharged between 1986-87 and 1989-90, which declined to about one per cent only during 1990-91. Relevant details in this regard are indicated in the following tables:

*Realization of assets*

Year	Opening balance	Value of assets accrued	Total	Value of assets realised	Percentage of realization
(Rupees in lakhs)					
1986-87	64.87	25.36	90.23	6.64	7
1987-88	63.59	10.09	93.68	7.51	8
1988-89	66.17	5.59	91.76	16.51	18
1989-90	75.25	0.80	76.05	17.09	22
1990-91	58.96		58.96	0.61	1

*Discharge of liabilities*

Year	Opening balance	Liability accrued	Total	Liability discharged	Percentage of discharge of liability
(Rupees in lakhs)					
1986-87	92.73	25.34	118.07	5.85	5
1987-88	112.22	5.00	117.22	14.11	12
1988-89	103.11	6.03	109.14	21.78	20
1989-90	87.36	1.06	88.42	16.94	19
1990-91	71.48		71.48	0.89	1

The slow pace of realization of assets and discharge of liabilities was attributed by the Department to shortage of staff.

(e) *Public distribution system*

The Public Distribution System introduced by Government during 1980 was to be implemented through the Co-operation Department. Distribution of fertilisers was also transferred from the Agriculture Department to the Co-operation Department during December 1980. This work resulted in a qualitative and quantitative increase in the activities of the Department. No

extra staff was, however, provided for the additional work owing to financial constraints and the work was managed by the existing staff.

The Registrar stated (April 1991) that in the absence of adequate staff for implementing the scheme, the existing staff were overburdened and that the normal functions of the Department, such as inspection of societies, settlement of disputes, etc., were consequently affected, adversely.

### 3.5.6.2 Audit wing

#### (a) Norms of audit

The audit of the accounts of co-operative institutions was the responsibility of the Audit wing of the Department. Audit Reports of apex institutions, and the regional and major institutions were issued by the Additional Registrar, while those of societies in the tehsils and districts were issued by the Deputy Registrar concerned. The Assistant Registrars were responsible for the issue of the audit reports of other primary co-operative societies.

No norms in regard to the composition of audit parties, duration of audit, etc. had been prescribed by the Department as of July 1990. Whereas 280 Auditors had been deployed for the audit of 3,578 societies during 1986-87, 275 Auditors were engaged during 1989-90 for the audit of 3,944 societies. In the absence of appropriate norms there was no mechanism to ensure that the manpower was justified and judiciously deployed.

#### (b) Cost of audit

Details of the expenditure incurred on the Audit wing during 1987-91 (when its expenditure was budgeted and accounted for distinctly) and the amount recovered from the co-operative



institutions as audit fee were as follows:

Year	Cost of Audit Wing	Audit fee recovered	Percentage of audit fee in relation to cost of Audit Wing
(Rupees in lakhs)			
1987-88	37.00	7.84	21
1988-89	92.54	8.50	9
1989-90	94.27	8.35	9
1990-91	107.47	14.13	13

The rates of audit fee, initially fixed by Government in December 1976, were revised during June 1990. In view, however, of the fact that the fee was determined not with reference to the cost of the manpower resources deployed, but was based on the net profits earned by different societies, the quantum of audit fee realised bore no relation to the actual cost of audit.

(c) *Arrears in audit*

As at the end of June 1991, the audit of 193 societies was in arrears. The arrears were attributed to shortage of staff and their deployment during 1990 for the finalisation of cases of waiver of co-operative loans under the Agriculture and Rural Debt Scheme.

Audit scrutiny also revealed that the arrears in audit were partly attributable to the diversion of 9 Inspectors of Audit to perform duties of Assistants in the office of the Registrar of Co-operative Societies since May 1987, and of 4 other Inspectors of Audit for ministerial work in the office of the Assistant Registrar, Chamba, for periods ranging from 7 to 22 months. While expenditure totalling Rs. 12.96 lakhs was incurred on the pay and allowances of the Inspectors engaged as Assistants during the period from May 1987 to April 1991, the pay and allowances of the 4 Inspectors amounted to Rs. 1.15 lakhs during the period that they

were engaged on ministerial work at Chamba.

### 3.5.7. Training

A training institute had been established by the Department at Mashobra (Shimla) in 1954 for imparting training to the Sub-Inspectors. Other technical personnel were imparted training at Chandigarh and Pune. As of March 1991, training had been imparted to 416 (76 per cent) of the 546 technical personnel in position as on 30th June 1990. The Department stated (July 1991) that training was being imparted to the technical staff in rotation subject to availability of funds.

### 3.5.8. Other points of interest

(a) General information relating to the co-operative societies in the State and data in regard to their receipt and payment accounts, profit and loss accounts and balance sheets were to be compiled and consolidated for the State as a whole by the Department for submission to the National Bank for Agriculture and Rural Development. Normally, 40 to 50 Inspectors and Sub-Inspectors used to be engaged for over three months every year on compiling and consolidating the relevant data manually, the entire process involving about 2,760 mandays.

In March 1990, the Department installed a computer on which the data were compiled and consolidated in about 15 days deploying 4 to 6 personnel only. This resulted in a saving of 2,670 mandays (Rs. 3.48 lakhs). No records were, however, made available to Audit to indicate the manner in which the mandays saved by the installation of the computer were utilised.



(b) The Offices of the Deputy Registrar and the Assistant Registrar at Mandi were located on the same floor of a building housing both the offices. Though the deployment of a single chowkidar would, therefore, have sufficed, each office had separately deployed a chowkidar, which lacked justification. This resulted in an avoidable expenditure of Rs. 1.11 lakhs on the pay and allowances of a second chowkidar during the period from January 1981 to March 1991.

The Deputy Registrar stated (May 1991) that one of the Chowkidars was performing the duties of a peon. In the context, however, of the fact that there was no vacant post of a peon in either of the two offices and that no additional post had also been sanctioned, the deployment was irregular.

3.5.9. These points were brought to the notice of Government in October 1991; their reply had not been received (January 1992).

#### DEPARTMENT OF LANGUAGE AND CULTURE

##### 3.6. Acquisition and renovation of Town Hall Complex

The Town Hall Complex at Shimla was constructed in May 1887 by the Municipal Corporation at a cost of Rs. 3.23 lakhs with a projected life span of 100 years. Apart from housing the Municipal Corporation, the Complex also included an auditorium known as the Gaiety Theatre.

In 1985, the State Government initiated a project for the restoration of the Complex at the instance of the Indian National Trust for Arts and Cultural Heritage (INTACH) and the Prithvi Theaters. A firm of private architects were appointed as consultants to prepare a comprehensive project report. Their appointment, also made at the instance of INTACH, was justified on the ground that they alone possessed the necessary qualifications

and experience for a project of this nature. There was, however, no evidence on record of the efforts, if any, made to ascertain the availability of and to locate other equally competent and qualified architects. The detailed project report and drawings were submitted by the consultants in March 1989.

While the drawings were awaiting the approval of the State Public Works Department as of October 1991, in order to implement the project, Government purchased the Complex from the Municipal Corporation in May 1986 at a cost of Rs. 38.66 lakhs. The Complex then comprised a covered area of 46,711 square feet, of which an area of 37,604 square feet was occupied by the Amateur Dramatic Club (19,665 square feet), the Municipal Corporation (15,331 square feet) and the Himachal Pradesh State Electricity Board (2,608 square feet). Though the Municipal Corporation had undertaken to vacate the premises occupied by them by November 1986, they had not done so even as of October 1991.

Based on the market rent of Rs. 3 per square foot assessed in April 1987 by the Deputy Commissioner, Shimla (the appropriate authority for the purpose), the Municipal Corporation and the State Electricity Board were liable to pay an annual rent of Rs.5.52 lakhs and Rs. 0.94 lakh respectively for the portions occupied by them in the Complex. Though they were assessed to rent accordingly, and the question of its payment was also pursued with them, the rent due was not realised.

The Amateur Dramatic Club was in occupation of the auditorium and portions of the complex described as the club and the tavern, and was paying an annual rent of Rs. 3,000 since 1887. The annual rent was, however, reduced to Rs. 2,000 with effect from January 1989 on the Club agreeing to retain only 3,528 square feet and undertaking to vacate the auditorium and the tavern to



facilitate the restoration of the Complex and the organisation of cultural activities. Contrary to these arrangements, the Amateur Dramatic Club was nevertheless permitted to retain the auditorium and the tavern while extending the lease from January 1989, albeit at the reduced annual rent of Rs. 2,000, as against Rs. 7.08 lakhs recoverable with reference to the market rent assessed by the Deputy Commissioner.

Apart from the architectural aspects, the project report submitted by the consultants also envisaged a continuing and enhanced role for the Amateur Dramatic Club as the agency for the implementation of the rejuvenated cultural activities that were proposed following the restoration of the Complex. Scrutiny by Audit of the records relating to the Club, however, revealed that the Amateur Dramatic Club was constituted in 1835 and that, initially, its members were actors by profession who had accepted employment in Government. In 1950, however, the control of the Club was taken over by the Indian Army, and the bye-laws provided for the automatic voting membership of army officers stationed at Shimla and restricted the total memberships, including members without any voting rights, of the Club to 500. Consequently the members were primarily officers of the Indian Army. The annual activities of the Club were also largely confined to its own members and were described variously as beauty contests, jams sessions, etc.

Though the project report had envisaged a prominent role for the Amateur Dramatic Club, Government constituted, under the Societies Registration Act, the Himachal Pradesh Sanskritik Parisar in December 1987. Its Governing Body consisted of the State Chief Minister, the Education Minister, two Members of the Legislative Assembly, several senior Government officials and a representative



of INTACH. The Parisar was to coordinate the restoration and renovation of the Town Hall Complex and to undertake activities for the promotion of performing, graphic and fine arts. The entire Town Hall Complex acquired by Government was also transferred to the Parisar in March 1989 at a token cost of one Rupee. It was, however, not very clear whether the Parisar was intended to assume the role envisaged for the Amateur Dramatic Club in the project report.

Government released grants totalling Rs. 38 lakhs to the Parisar during 1987-88 (Rs. 30 lakhs) and 1988-89 (Rs. 8 lakhs) for repairs to and renovation of the Town Hall Complex. The grants had been invested in savings bank accounts and fixed deposits with banks. A sum of Rs. 1.08 lakhs was, however, paid by the Parisar to the consultants during 1989-90 towards their fees and expenses utilising the interest earned by investing the Government grants. A grant of Rs. 10 lakhs offered by the Government of India in August 1991 could not, however, be availed of by the Parisar because of its inability to establish its ownership of the Complex.

Since its inception, the Parisar had not transacted any business or formulated proposals to fulfil its main objectives. Rent for the portions occupied by different tenants, which were earlier being tendered to the Department of Language and Culture for being credited to Government account, also continued to be tendered only to the Department which, in turn, credited such realisations to the account of the Parisar.

In the circumstances, notwithstanding the expenditure totalling Rs. 76.66 lakhs on the acquisition of the Town Hall Complex and on the payment of grants-in-aid to the Parisar, the objectives of restoration of the historical Complex and its development as a centre for the encouragement and propagation of



cultural activities had not been realised even after the lapse of five years, and the investments had remained largely unfruitful. Further, Government had also not realised rent totalling Rs. 37.23 lakhs from its principal tenants during the period from June 1986 to February 1989, when the ownership of the Complex vested in them.

The matter was reported to Government in November 1991 and January 1992; their final reply had not been received (January 1992).

#### REVENUE DEPARTMENT

##### 3.7. *Irregular utilisation of relief funds*

According to Government instructions, funds provided for relief of distress from natural calamities are required to be utilised only for the restoration of damages caused by such calamities.

Funds totalling Rs. 94.16 lakhs were sanctioned to three Districts<sup>1</sup> between August 1988 and July 1990 specifically for restoration of damages caused by excessive rains. Contrary to the terms of sanction, funds amounting to Rs. 70.07<sup>2</sup> lakhs (74 per cent) were irregularly utilised either on various new works or original works, thereby defeating the purpose for which the funds were allocated.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

##### 3.8. *Non-receipt of actual payees' receipts*

Rules require that every voucher should bear or have attached to it an acknowledgement of payment signed by the person by whom or in whose behalf the corresponding claim was submitted.

<sup>1</sup> Bilaspur: Rs. 3.00 lakhs; Kullu: Rs. 20.00 lakhs; Shimla: Rs. 68.16 lakhs.

<sup>2</sup> Bilaspur: Rs. 5.30 lakhs; Kullu: Rs. 7.77 lakhs; Shimla: Rs. 57.00 lakhs.

The acknowledgement is required to be obtained at the time of payment.

Test-check of the accounts of the Sub-Divisional Officer (Civil), Dalhousie, during June 1991 revealed that actual payees' receipts in support of payments totalling Rs. 21.30 lakhs made to the field staff and people affected by natural calamities between 1978 and February 1991 were not available on record. In their absence, it could not be verified in audit whether the payment(s) were made to the persons entitled to receive them. The matter had not been investigated by the Department.

The matter was reported to Government in September 1991; their reply had not been received (January 1992).

### 3.9. *Irregular payment of subsidy*

With a view to meeting the drought situation in Himachal Pradesh during 1987-88, the State Government decided in September 1987 to supply subsidised *bhoosa*<sup>1</sup> to the rural population. Apart from cent per cent subsidy on transportation, a subsidy at Rs.20 per quintal was also admissible towards the cost of *bhoosa*.

Test-check of the accounts of the Deputy Commissioners of four districts<sup>2</sup>, conducted between September 1988 and January 1990, disclosed the following:

(a) Though the *bhoosa* at subsidised prices was to be supplied during 1987-88 only, the Deputy Commissioners, Bilaspur and Solan, irregularly paid subsidy amounting to Rs. 9.41 lakhs<sup>3</sup> during 1988-89 as well. Proposals to regularise the irregular payment of the subsidy sent by the Deputy Commissioners were rejected by the Government in September 1989.

(b) Subsidy amounting to Rs. 8.63 lakhs was irregularly paid

<sup>1</sup> Wheat straw

<sup>2</sup> Bilaspur, Mandi, Shimla and Solan.

<sup>3</sup> Bilaspur: Rs. 7.05 lakhs; Solan: Rs. 2.36 lakhs.



for the purchase and transportation of grass, rice, husk and paddy straw in two sub-divisions of Shimla District<sup>4</sup>, and for the transportation of buffaloes of Gujars in one sub-division of Mandi District<sup>5</sup>.

The Deputy Commissioner, Mandi stated (August 1991) that Government approval to the payment of the freight subsidy sought in September 1987 was awaited.

Further, 904 quintals of bhoosa costing Rs. 1.09 lakhs were damaged due to storage in the open during rains in Bilaspur District.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

### 3.10. Payment of gratuitous relief

Norms for the provision of immediate relief to persons affected by natural calamities are contained in the Emergency Relief Manual issued by Government.

Test-check of the accounts of six Deputy Commissioners<sup>1</sup>, one Sub Divisional Officer (Civil)<sup>2</sup>, conducted between May 1989 and May 1990, revealed the following irregularities in the payment of gratuitous relief:

(i) Gratuitous relief amounting to Rs. 3.30 lakhs<sup>3</sup> was paid between November 1987 and April 1990 in excess of the prescribed norms to 428 beneficiaries.

(ii) Gratuitous relief was to be provided with the minimum loss of time and with maximum speed. However, Rs. 2.74 lakhs<sup>4</sup> drawn between 1985-86 and 1989-90 had remained un-disbursed

Rampur: Rs. 6.54 lakhs; Theog: Rs. 1.52 lakhs.  
 Sadar: Rs. 0.57 lakh. Livestock of Gujars are transported during winter from Mandi to the plains of Punjab.  
 Bilaspur, Hamirpur, Kangra, Kullu, Nahan and Solan.  
 Sunder Nagar.  
 Solan: Rs. 2.21 lakhs; Nahan: Rs. 0.42 lakh; Kangra: Rs. 0.31 lakh; Kullu: Rs. 0.26 lakh; and Sunder Nagar: Rs. 0.10 lakh.  
 Bilaspur: Rs. 1.92 lakhs; Hamirpur: Rs. 0.45 lakh; and Kullu: Rs. 0.37 lakh.

as the beneficiaries were either not traceable or had not reported to receive the payment.

The matter was reported to Government in September 1991; their reply had not been received (January 1992).

3.11. *Avoidable expenditure on continued engagement of Bhoti Teachers*

The erstwhile Punjab Government had created two temporary posts of Bhoti<sup>1</sup> teachers for teaching the dialect to Government employees stationed at Keylong and Kaza (Lahaul and Spiti) as the people of the area could not read and write Hindi. These teachers also acted as interpreters between the public and Government employees and in courts.

The necessity and justification for the continuance of these posts having regard to the knowledge of Hindi acquired subsequently by the local population was, however, never reviewed by the Deputy Commissioner, Lahaul and Spiti. The teacher posted at Keylong was engaged, since July 1981, not on teaching this dialect or as an interpreter, but on the maintenance of office records and registration duties. The incumbent of the post at Kaza was appointed as a Kanungo in the Election Department in February 1983. The resultant vacancy in the teacher's post was filled up by a new incumbent in August 1983, who had been assigned additional work in the Office of the Additional Deputy Commissioner, Kaza.

It was only in March 1986 that Government decided to abolish the posts of Bhoti teachers after the incumbents superannuated in the years 2009 and 2018. Both the teachers were, therefore, still under the employment of the Government (September 1991).

The expenditure of Rs. 4.17 lakhs incurred on the pay

---

<sup>1</sup> A local dialect.



and allowances of these two teachers from the time they were deployed on duties other than teaching the Bhoti dialect and up to August 1991 was not justified as the teachers had not performed their prescribed duties. The appointment of a new teacher at Kaza in August 1983 could have also been avoided because it was known by then that there was no necessity for the post.

The Divisional Commissioner, Mandi, stated (August 1990) that the matter was being referred to Government for regularisation.

The matter was reported to Government in July 1991; their reply had not been received (January 1992).

### 3.12. *Unfruitful expenditure on settlement staff*

The Revenue Department deployed 51 officials in different categories<sup>1</sup> between July 1987 and January 1988 for land settlement operations in Haroli and Lalehri Circles of Una district. The settlement operations in the two Circles could not, however, be taken up as the work relating to the consolidation of holdings had not been finalised following objections and appeals filed by some of the right holders with the Director, Consolidation of Holdings. Government, therefore, decided in March 1988 to transfer these personnel to other Circles, where settlement operations were in progress.

Proper co-ordination between the Assistant Settlement Officer and the Director, Consolidation of Holdings, would have ensured that the settlement staff were deployed only on completion of the process of consolidation of holdings. Failure to ensure this resulted in an unfruitful expenditure of Rs. 3.10 lakhs (approximately) on the pay and allowances of these personnel from October 1987 to March 1988, when they were transferred to other

<sup>1</sup> Naib Tehsildar: 1 ; Kanungos: 7 ; Reader: 1 ; Patwaries:28 ;  
Peons: 6 ; Chainmen: 8.

Circles.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### AGRICULTURE DEPARTMENT

##### 3.13. *Overpayment of subsidy on fertilizers*

Fertilizers are sold to farmers in the State through the Himachal Pradesh State Co-operative Marketing and Consumers Federation and the farmers were entitled to a subsidy of 40 per cent. The subsidy actually allowed to the farmers by the Federation as a reduction in the selling price of fertilizers was reimbursed by Government.

The Government of India allowed a discount of 7.5 per cent on the issue rate (Rs.2,350 per tonne) of urea from April 1988 to March 1989. Accordingly, the urea was to be sold to the farmers at the price of Rs 2,173.75 per tonne after allowing the discount and the subsidy was to be allowed only on the reduced price. The Federation, however, sold 2,446.20 tonnes of urea between June 1988 and March 1989 without allowing the discount and also obtained reimbursement of the subsidy with reference to the undiscounted price. This resulted in an extra payment of Rs.1.72 lakhs to the Federation and sale of the fertilizer at higher prices to the farmers, involving an additional liability of Rs.2.59 lakhs.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

##### 3.14. *Forfeiture of freight claims due to their non-submission*

According to instructions of the Government of India, expenditure incurred by consignees on transportation of levy cement by road to destinations beyond a distance of five kilometres from the factories was to be reimbursed by the cement manufacturers at



the prescribed rates. Claims on this account were required to be filed by the consignees within a period of six months from the date of despatch of the cement from the factories.

The Deputy Director of Agriculture, Palampur, transported by road 1,969 tonnes of levy cement procured from cement factories located beyond the prescribed distance of five kilometres during 1986-88, and incurred an expenditure of Rs. 4.02 lakhs thereon. The relevant reimbursement claims in respect of freight subsidy totalling Rs. 1.94 lakhs were, however, not preferred by the Department against the cement manufacturers. The amount of Rs. 1.94 lakhs was thus not reimbursed by the cement manufacturers resulting in a loss to the Government. The circumstances in which the claims were not submitted in time were not investigated by the Department.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

### 3.15. *Unfruitful expenditure on a Flow Irrigation Scheme*

A Flow Irrigation Scheme at Panyala-Gallian (Bilaspur District), designed to irrigate 20 hectares of land belonging to 25 families of Panyala, Dhaloh and Gallian villages, was administratively approved in March 1987 at a cost of Rs. 2.15 lakhs. The work, scheduled to be completed in a period of one year, was taken up departmentally by the Assistant Soil Conservation Officer, Ghumarwin, in February 1987. By February 1988, 85 per cent of the work was completed at a cost of Rs. 1.84 lakhs. Further work could not be undertaken due to a dispute between beneficiaries on the alignment of the main channel close to the water source.

The irrigation facilities envisaged could not consequently be provided, resulting in the non-realisation of the

stated objective and the expenditure of Rs. 1.84 lakhs incurred on the scheme being rendered unfruitful.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

3.16. *Purchase of seed*

The District Agriculture Officer, Kangra, purchased 9,423.75 quintals of wheat seed at the price of Rs. 250 per quintal, against the requirement of 8,500 quintals for the 1989-90 rabi season assessed by the field functionaries on the basis of the previous year's consumption. Of this, only 6,979.43 quintals of wheat seed was sold to farmers for Rs. 20.15 lakhs and the balance quantity of 2,444.32 quintals was sold to a flour mill at the rate of Rs. 200 per quintal against the procurement price of Rs. 250 per quintal. This resulted in a loss of Rs. 1.22 lakhs.

The Department stated (June 1991) that the wheat seed could not be distributed amongst the farmers owing to adverse weather conditions at the sowing time. No action was, however, taken by the Department to explore the possibility of transferring the surplus seed to other districts. Reasons for the purchase in excess of the requirements assessed by the field functionaries were also not advised.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

3.17. *Loss of seed potato*

During the 1989 Kharif season, 972.39 quintals of foundation seed potato were produced in three Potato Development Stations<sup>1</sup>. Of these, 199.39 quintals were sown in the departmental farms in April 1990 and 328.50 quintals were sold to the farmers at a price of Rs. 475 per quintal fixed by the Director of Agriculture

---

<sup>1</sup> Kamrah, Phuladhar and Trimunda.



in October 1989.

Though the sale price was reduced subsequently to Rs. 312.50 per quintal in May 1990 by the Director of Agriculture, the balance quantity of seed potato (444.50 quintals) costing Rs. 0.94 lakh could not be sold by the Department to the farmers as certified seed potato was available with the local farmers at prices ranging between Rs. 80 and Rs. 120 per quintal. The seed could also not be transferred to other units owing to lack of demand. The potato seed was, therefore, stored in a cold storage at Una in May 1990 for possible sale to the farmers during the September 1990 sowing season.

The potato seed could not, however, be transferred from the cold storage to facilitate sales during the September 1990 sowing season because of road blocks following a public agitation and shortage of diesel between August 1990 and October 1990. The entire potato seed costing Rs. 0.94 lakh was spoilt and could not be utilised for sowing.

While the Director of Agriculture stated (September 1991) that the prices of foundation seed potato were fixed having regard to its production cost and the prevailing market prices of seed potato, Audit scrutiny, however, revealed that the cost of production of the seed potato at the three Development Stations was of the order of Rs. 211 per quintal only on an average. Further, the availability of certified seed potato at substantially lower prices would also appear to have influenced greatly the demand for foundation seed potato. Failure of the Department to ensure that the selling price was fixed realistically having regard to the cost of production, demand and prevailing market trends resulted in the loss of 444.50 quintals of seed potato produced at a cost of Rs. 0.94 lakh.



The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### RURAL DEVELOPMENT DEPARTMENT

##### 3.18. Irregular payment of subsidy

To avoid depletion of the forest wealth and expenditure on replacing the roof tops of private buildings, which get damaged after 2-3 years due to heavy snowfall and rain, a scheme for the replacement of wooden plank roofs with corrugated galvanised iron (CGI) sheets was launched in 1987 in the Pandrahbis area of Rampur Tehsil in Shimla District and the Nichhar Sub-Division of Kinnaur District. The scheme provided for the payment of 50 per cent of the cost as subsidy subject to a maximum of Rs. 5,000 to a family having income below Rs. 7,500 per annum and the balance 50 per cent was to be arranged as loan from commercial banks, the interest on which was also to be subsidised by Government. The cost of roofing was not to exceed Rs.10,000 in each case. However, a family having annual income above Rs. 7,500 per annum was eligible only to the bank loan to the extent of 50 per cent of the cost and the interest subsidy.

Between March 1987 and June 1990, the Block Development Officer, Nichhar, received Rs.3.00 lakhs on account of subsidy for the purchase of CGI sheets and Rs.0.85 lakh as interest subsidy from Government. He purchased CGI sheets valued at Rs.3.57 lakhs during April 1989 and October 1989. Of these, sheets costing Rs.2.53 lakhs were distributed to 26 beneficiaries, who were entitled to a maximum subsidy of Rs.1.30 lakhs only. The corresponding bank loans were, however, not arranged. Further, though the expenditure likely to be incurred on the replacement of the roofs was required to be verified by the Junior Engineer to facilitate an assessment of the requirements, this was not done.



Besides, CGI sheets valued at Rs.1.04 lakhs and the unspent balance of Rs.0.28 lakh remained unutilised.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

### 3.19. Idle investment on construction of a building

The ground and first floors of a building as detailed below were constructed at Ronhat by the Block Development Officer, Shillai, for accommodating a Rural Bank.

Serial Number	Portion of the building	Financial sanction	Date of start	Date of completion	Cost of construction (Rupees in lakhs)
1.	Ground floor	Rs. 0.45 lakh by the Deputy Commissioner, Sirmaur, in July 1984 under the National Rural Employment Programme (revised to Rs. 0.60 lakh by the Director Rural Development Department in May 1986)	November 1984	July 1987	0.58
2.	First floor	Rs. 0.50 lakh by the Deputy Commissioner, Sirmaur, in May 1987 to be financed from Drought Relief Funds.	July 1987	August 1990	0.67
				Total	1.25

The rent of the ground floor was assessed at Rs. 0.06 lakh by the Junior Engineer (Development) in February 1988 and the rent for first floor had not been assessed. The building had not, however, been occupied by the bank (November 1991).

The Director, Rural Development Department, stated (November 1991) that the building was constructed on the basis of verbal discussions between the Block Development Officer and the Branch Manager of the bank and that the question of establishing

the bank in the building had been referred in January 1991 to the Regional Manager of the bank because the payment of rent as assessed was beyond the competence of the Branch Manager.

Construction of the building for the bank merely on the basis of certain verbal discussions without settling the terms and conditions in advance and in the absence of any formal agreement resulted in an idle investment of Rs. 1.25 lakhs and non-utilisation of the building constructed between July 1987 and August 1990.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### FOREST FARMING AND ENVIRONMENTAL CONSERVATION DEPARTMENT

#### 3.20. *Irregular payment of interest*

Divisional Forest Officers are required to recover sales tax from contractors on sales of timber and other forest produce. A return showing details of such sales, alongwith copies of challans in support of the deposit of the sales tax are required to be submitted to the Excise and Taxation Department within 30 days from the expiry of each quarter. In the event of default in payment of sales tax, interest at the rate of one per cent per month from the date immediately following the last date of submission of the return for the first month of such default and at the rate of one and a half per cent per month thereafter is payable.

Audit scrutiny in May 1991 of the records of two Forest Divisions<sup>1</sup> revealed that the Divisions themselves had not recovered the tax due on sales of timber and other Forest produce to forest contractors and the Himachal Pradesh State Forest Corporation

---

<sup>1</sup> Kullu and Mandi



Limited for varying periods between 1980-81 and 1986-87. Instead, the State Forest Corporation and the contractors had been permitted to remit the sales tax directly into the treasury, which was done only after delays ranging from one month to three years. The quarterly returns were also not submitted regularly in time.

Consequently, the Excise and Taxation Department levied interest amounting to Rs. 25.52 lakhs<sup>2</sup> for belated deposit of sales tax and delays in filing the returns. Instead of recovering the amount from the contractors and the State Forest Corporation, the claims were paid irregularly by the Divisions themselves in March 1991 out of Government funds.

The matter was reported to Government in September 1991; their reply had not been received (January 1992).

#### INDUSTRIES DEPARTMENT

##### 3.21. *Non-recovery of dues for Himachal Pavilion at New Delhi*

Government allotted space/stalls on payment of the prescribed license fee and against security of three months rent to interested private parties and co-operative societies for displaying their products in the Himachal Pavilion, at Pragati Maidan, New Delhi.

The terms and conditions of allotment provided that the allottees shall pay the prescribed licence fee in advance every month and that the Department shall have the right to terminate the allotment in the event of default for a period of three months.

<sup>2</sup> Kullu: Rs. 19.58 lakhs, Mandi: Rs. 5.94 lakhs.

Space/stalls in the Pavilion were allotted to 23 private parties co-operative societies between 1987 and 1990. Though the allottees defaulted in the payment of the licence fee, the Director of Industries neither enforced recovery thereof nor cancelled the allotment in time. This resulted in accumulation of outstanding dues to the extent of Rs. 1.60 lakhs pertaining to the period from 1987 to November 1990, after adjusting the security deposits available with the Department.

On this being pointed out in audit, an amount of Rs. 0.91 lakh was recovered by the Department and the balance of Rs. 0.69 lakh was yet to be recovered (December 1991).

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### GENERAL

##### 3.22. *Outstanding inspection reports*

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit which are 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. The more important irregularities are also reported to heads of departments and Government. Half-yearly reports on inspection reports and paragraphs outstanding for more than six months are forwarded to Government with a view to expediting their settlement.

At the end of June 1991, 20,067 paragraphs included in 5,042 inspection reports issued upto December 1990 in respect of various Civil departments including the Public Works (B&R), Irrigation and Public Health and Forest Farming and Environmental Conservation Departments still remained to be settled as indicated



below:

Serial Number	Name of Department	Inspection Reports	Paragraphs
			(In numbers)
1.	Civil Departments	4,036	15,416
2.	Public Works (B&R)	383	1,918
3.	Irrigation and Public Health	244	1,273
4.	Forest Farming and Environmental Conservation	<u>379</u>	<u>1,462</u>
	Total	<u>5,042</u>	<u>20,067</u>

The year-wise break up of the outstanding reports and paragraphs in respect of the Revenue, Education (Primary) and Health and Family Welfare Departments issued up to December 1990 but not settled as of June 1991 was as follows:

Serial Period Number	Revenue		Education (Primary)		Health and Family Welfare	
	Inspection reports	Para-graphs	Inspection reports	Para-graphs	Inspection reports	Para-graphs
( In numbers)						
1. Up to March 1985	142	486	89	284	106	574
2. 1985-86	12	26	37	189	10	60
3. 1986-87	27	119	17	33	30	155
4. 1987-88	14	236	5	46	36	169
5. 1988-89	24	107	26	124	26	235
6. 1989-90	19	238	69	396	54	350
7. 1990-91 (up to December 1990)	26	241	26	160	11	138

Replies to the Inspection Reports are required to be furnished to the Audit Office within a month of receipt of the inspection report by the concerned office. The extent of delay in the submission of even the first replies to the inspection reports

is tabulated below:

Name of Department	Number of inspection reports/ paragraphs in respect of which even first replies were not received after the lapse of					
	One Year		Two years		Three years	
	Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
1. Education (Primary)	37	230	5	40	-	-
2. Health and Family Welfare	5	74	2	39	3	57

The typical irregularities commented upon in the outstanding reports are broadly categorised below:

Serial Number	Category of objection	Inspection reports (In	Paragraphs numbers)	Amount (Rupees in lakhs)
1.	Drawal of funds in advance of requirements	21	25	275.83
2.	Irregular expenditure attributable to absence of sanctions/non-invitation of quotations, etc.	81	97	397.13
3.	Overpayments, non-recovery of rents and advances, miscellaneous recoveries	144	266	29.12
4.	Non-accountal/shortages of stores	33	35	5.94
5.	Misappropriation of stores/cash	12	13	2.56
6.	Losses, thefts, etc.	16	16	3.75
7.	Non-disposal of unserviceable articles	24	26	7.90
8.	Irregularities in repairs to vehicles	24	24	15.04
9.	Non-production of actual payees' receipts/utilisation certificates	42	52	322.31
10.	Unadjusted contingent advances/family planning advances	12	13	93.73



Serial Number	Category of objection	Inspection reports (In numbers)	Paragraphs (numbers)	Amount (Rupees in lakhs)
11.	Non-reconciliation with treasury	11	11	-
12.	Outstanding loans	9	9	61.75
13.	Incomplete works	11	15	144.07

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

***Revenue Department***

**(a) *Outstanding taccavi loans***

Loans were granted to distressed persons affected by floods, earthquakes, landslides, avalanches, fire and excessive rains between 1954-55 and 1990-91. These loans were treated as taccavi loans and were recoverable from the beneficiaries in 20 half-yearly instalments or less, commencing after a period of 18 months from the payment of loan. Simple interest was to be charged as prescribed by the State Co-Operative Bank for loans granted by it from time to time. The loan instalments were not recovered in time with the result that Rs. 27.56 lakhs (principal: Rs. 19.58 lakhs and interest: Rs. 7.98 lakhs) were outstanding for recovery from the beneficiaries of eight districts (June 1991).

**(b) *Awaited recoveries of attached vehicles***

Government decided in June 1984 that officers entitled to earmarked Government vehicles or to whom such vehicles were specifically attached would pay a minimum amount of Rs. 100 per month irrespective of the fact whether they utilised the vehicles for private journeys or not.

It was, however, noticed in audit conducted during the period from January 1987 to October 1990 that the prescribed charges in respect of such earmarked vehicles placed at the

disposal of various officers in seven districts during the period from November 1985 to September 1990 had not been recovered from them, resulting in the non-recovery of Rs. 1.31 lakhs.

*Education (Primary) Department*

*Irregular purchases*

(i)(a) Under the State Financial Rules, the drawing and disbursing officers are competent to sanction direct purchases of stores of value not exceeding Rs. 2,000 in respect of any single item from the local market after exhausting all the approved sources of supply and the rate contracts entered into by the Controller of Stores. Further, the total value of such local purchases should not exceed Rs. 8,000 in a financial year. Rules further provide that purchase orders should not be split up so as to obviate the necessity of sanction by a higher authority.

Contrary to the rules, purchase orders relating to furniture and school materials costing Rs. 11.90 lakhs were split up by 22 Block Primary Education Officers between 1982-83 and 1989-90 to avoid sanction by the competent higher authorities.

(b) *Late payment of scholarships/stipends*

Government decided in April 1987 to pay scholarships/stipends to eligible students at the beginning of each academic session so as to provide timely assistance to them. Test-check of the accounts of the District Primary Education Officer, Shimla, in December 1989 revealed that scholarships/stipends totalling Rs. 2.15 lakhs due for the academic years 1987-88 (Rs. 0.74 lakh) and 1988-89 (Rs. 1.41 lakhs) were actually drawn at the close of the respective financial years and payment released to the Block Primary Education Officers in April 1988 and May 1989 respectively for further disbursement to the students. Actual payees' receipts for Rs. 0.82 lakh in support of payments to the



beneficiaries were still awaited (December 1991).

*Health and Family Welfare Department*

(a) *Outstanding contingent/Family Planning advances*

Under the State Financial Rules, all monies drawn in advance are required to be adjusted immediately and no subsequent advance is to be allowed until the previous one is adjusted.

It was, however, noticed (January 1989 and December 1990) that advances totalling Rs. 42.96 lakhs were paid to various officers of the Health and Family Welfare Department between 1973-74 and 1990-91 for contingent expenditure. The accounts in adjustment thereof were, however, still awaited (July 1991).

Further, advances totalling Rs. 48.60 lakhs were drawn by various Chief Medical Officers, Block Medical Officers and doctors under the Family Welfare Programme between 1987-88 to 1990-91<sup>1</sup> for making spot payments to persons undergoing sterilisation. The adjustment accounts of these advances had not, however, been rendered by them.

In the absence of the adjustment accounts, the possibility of misappropriation of Government funds and the use of such funds for private gain through investments cannot be entirely ruled out.

(b) *Irregularities in repairs of vehicles*

Financial rules provide that where the cumulative expenditure on repairs to a vehicle had amounted to Rs. 10,000, no further repairs involving expenditure in excess of Rs. 500 should be carried out without obtaining the concurrence of the administrative department.

It was noticed that five Chief Medical Officers incurred

<sup>1</sup> 1987-88: Rs. 1.77 lakhs; 1988-89: Rs. 7.83 lakhs; 1989-90: Rs. 37.01 lakhs; 1990-91: Rs. 1.99 lakhs.



expenditure totalling Rs. 10.69 lakhs<sup>2</sup> on repairs of vehicles between October 1984 and December 1990 without the approval of the administrative department, notwithstanding the fact that the cumulative expenditure on repairs to these vehicles was in excess of Rs. 10,000.

The Rules also prohibit the incurring of expenditure on repairs to vehicles in excess of their cost price without the specific sanction of the Finance Department. Expenditure of Rs. 1.59 lakhs (from 1973 to December 1991) and Rs. 0.92 lakh (from March 1982 to December 1991) was, however, incurred by the Indira Gandhi Medical College, Shimla, on two vehicles which were purchased at the price of Rs. 0.74 lakh and Rs. 0.64 lakh respectively. The excess expenditure which was incurred without the approval of the Finance Department had not been regularised (December 1991).

(c) *Irregular purchases*

Under the Financial Rules, the Chief Medical Officers are competent to make purchases of medicines and medical apparatus up to a value of Rs. 5,000 only at a time. The purchase orders were not to be split up so as to obviate the necessity of obtaining the sanction of the competent higher authorities.

Test-check by Audit revealed that purchases of a total value of Rs. 227.52 lakhs were made by nine Chief Medical Officers<sup>3</sup> by splitting up purchase orders so as to bring these purchases within their delegated financial powers.

The matter was reported to Government in September 1991; their reply had not been received (January 1992).

<sup>2</sup> Bilaspur: Rs. 1.65 lakhs; Hamirpur: Rs. 0.78 lakh; Kalpa: Rs. 1.40 lakhs; Nahan: Rs. 0.74 lakh; Shimla: Rs. 6.12 lakhs.

<sup>3</sup> Solan: Rs. 45.47 lakhs; Una: Rs. 36.68 lakhs; Shimla: Rs. 34.51 lakhs; Nahan: Rs. 29.27 lakhs; Bilaspur: Rs. 29.10 lakhs; Hamirpur: Rs. 22.28 lakhs; Kangra: Rs. 17.62 lakhs; Mandi: Rs. 10.45 lakhs; Kullu: Rs. 2.14 lakhs.



### 3.23. *Idle equipment*

Different items of equipment acquired by various departments between April 1982 and April 1989 at a total cost of Rs. 11.94 lakhs had either not been installed or commissioned or gainfully utilised for reasons such as the non-completion of the related civil works, malfunctioning, non-posting of operating personnel, etc. Relevant details in this regard have been furnished in Appendix 6.

The non-commissioning/ non-utilisation of the equipment resulted not only in the blocking up of Government funds but also deprived the community at large of the services for which these were intended.

The matter was reported to Government in September 1991; their reply had not been received (January 1992).

### 3.24. *Misappropriations, defalcations, etc.*

The position of cases of alleged misappropriations, defalcations, etc., of Government money, reported to Audit up to the end of March 1991 and final action on which was pending as of October 1991 was as follows:

	Number of cases	Amount (Rupees in lakhs)
Cases reported up to 31st March 1990 and outstanding on 31st December 1990	117	59.01
Cases reported during 1990-91	19	4.18
Cases disposed of till October 1991	8	4.10
Cases outstanding on 31st October 1991	128	59.09

Of these, 17 cases (amount involved: Rs. 2.77 lakhs) were outstanding for more than 20 years. 59 cases involving Rs. 41.78 lakhs pertained to the Public Works Department (B&R), 45 cases involving Rs. 8.38 lakhs pertained to the Irrigation and Public Health Department, and 6 cases involving Rs. 1.93 lakhs to the Forest Farming and Environmental Conservation Department. Of the 110 outstanding cases in these three Departments, 36 cases (amount involved: Rs. 18.08 lakhs) were awaiting completion of Departmental investigation.



CHAPTER - IV  
WORKS EXPENDITURE  
PUBLIC WORKS DEPARTMENT

4.1. *Rural Roads in South Zone*

4.1.1. *Introduction*

Roads are the main means of communication in the predominantly hilly State of Himachal Pradesh, where 93 per cent of the total population reside in rural areas. The villages are scattered on hill slopes and in order to cater to the socio-economic and cultural needs of the rural population, the State Government had laid great emphasis on the development of all-weather roads. At the time of reorganization of the States in November 1966, there were only 3,991 kilometres of rural roads in the State which progressively increased to 12,395 kilometres by March 1991. The South Zone of the Public Works Department accounted for 628 kilometres of rural roads in November 1966 and 6,640 kilometres at the end of March 1991.

4.1.2. *Organisational set up*

The State Public Works Department which is mainly responsible for the construction and maintenance of residential and non-residential buildings and all types of roads, had been divided into two zones. The South Zone, with headquarters at Shimla, was under the control of an Engineer-in-Chief (E-in-C) and the North Zone with its headquarters at Dharamsala was being looked after by a Chief Engineer (CE).

The South Zone had 7 Circles and 31 Buildings and Roads Divisions under its control, of which 27 Divisions were responsible for the construction and maintenance of rural roads, besides

---

The abbreviations used in this review are alphabetically listed in the Glossary in Appendix 10 (page 270)



buildings and other highways.

#### 4.1.3. *Scope of review*

The present review covers the activities of the South Zone of the Public Works Department in the sphere of construction and maintenance of rural roads during the period from 1985-86 to 1990-91 based on a test-check of the records of 9 Divisions<sup>1</sup> falling under 5 Circles undertaken during April-June 1991, and supplemented by information supplied by the E-in-C and 5 other Divisions<sup>2</sup>.

#### 4.1.4. *Highlights*

No master plan for the development of rural roads in terms of a phased programme had been formulated. While the physical targets fixed annually- which themselves did not appear to have been determined on a realistic basis were exceeded, the financial targets were, however, not achieved in four of the six years during 1985-91.

Of the 2,759 kilometres of roads constructed by 9 Divisions of the Zone as of March 1991, roads of total length of 2,251 kilometres (82 per cent) could be used only during fair weather.

(Paragraph 4.1.5)

Only 98 of the 498 works taken up for execution by the 9 Divisions had been completed as of March 1991. Of these, 59 works (estimated cost: Rs. 354.70 lakhs) were completed at a cost of Rs. 685.10 lakhs after delays ranging between one year and 16 years. The time overrun in respect of 285 incomplete works as of March 1991 ranged from one year to 21 years.

(Paragraph 4.1.6)

<sup>1</sup> Bilaspur-II, Hamirpur, Jubbal, Kasauli, Outer Seraj at Brow, Rampur, Rohru, Solan and Theog.

<sup>2</sup> Kaffota, Karchham, Kaza, Rajgarh and Shimla-II.



Cost overruns, attributable to delays in completion of works due to belated approval of drawings and changes in the scope of the works in respect of 17 bridges completed between August 1987 and March 1991 and 2 incomplete bridges totalled Rs. 167.94 lakhs and the increase in individual cases ranged from 6 per cent to 459 per cent. Similarly, expenditure totalling Rs. 1229.79 lakhs incurred by the 9 Divisions as of March 1991 on the construction of 114 roads exceeded the estimated cost by Rs. 595.14 lakhs, the cost increase in individual cases ranging from 11 per cent to as high as 840 per cent.

(Paragraph 4.1.7)

Investments totalling Rs. 45.72 lakhs on the construction of 7 roads and a bridge had remained idle or unfruitful or had been rendered infructuous because of their non-completion in all respects, suspension of works in the absence of the necessary land, non-completion of related works, non-adherence to approved specifications, defective planning, inadequate supervision and investigations, etc.

(Paragraph 4.1.8)

In the absence of appropriate norms for maintenance expenditure, funds for the purpose were allocated only on an ad hoc basis, and actual expenditure on maintenance of roads in the 9 Divisions test-checked varied widely and ranged from Rs. 3,706 per km to Rs. 66,486 per km.

(Paragraph 4.1.9)

Special programmes intended specifically to benefit scheduled castes, involving investments totalling Rs. 765.30 lakhs during 1985-91, were executed without identifying, on the basis of surveys, villages predominantly inhabited by scheduled castes and ensuring that the benefits, in fact, accrued to the intended target group.

(Paragraph 4.1.10.(a))



Construction of a foot bridge over the Suttlej river at Duttanagar at a cost of Rs. 28.56 lakhs notwithstanding the decisions to replace the foot bridge by a motorable bridge and to construct the related road to motorable grades was ill-conceived and was indicative of defective planning.

(Paragraph 4.1.11.(a))

#### 4.1.5. Physical targets and achievements

No master plan or long-term plan for the development of rural roads in terms of a phased programme had been formulated, and works were taken up for execution as envisaged in the Five Year and Annual Plans. The physical and financial targets for the construction of rural roads in the South Zone and achievements thereagainst during the period from 1985-86 to 1990-91 were as follows:

Period	Physical target	Total length of roads constructed	Budget provision	Expenditure
	(In kilometres)		(In lakhs of rupees)	
1985-86	144	203	629.47	706.45
1986-87	143	169	757.70	755.94
1987-88	140	204	1,062.44	990.63
1988-89	147	185	1,000.76	948.74
1989-90	84	183	953.92	1,000.44
1990-91	<u>96</u>	<u>155</u>	<u>928.93</u>	<u>781.89</u>
Total:	<u>754</u>	<u>1,099</u>	<u>5,333.22</u>	<u>5,184.09</u>

Considering the fact that the physical achievements were substantially more than the targets in all the six years, the annual targets would not appear to have been determined on a realistic basis. However, while the physical achievements exceeded the targets, financial targets were not achieved in four of the six years, the reasons for which were not clarified.

Scrutiny of the records of the 9 Divisions selected for



test-check revealed that of 2,759.5 kilometres of roads constructed by these Divisions as of March 1991, roads in a length of 508.2 km had been metalled and the remaining 2,251.3 km could be used only during fair weather.

#### 4.1.6. Delay in completion of works

Details of the number of works taken up, completed and those remaining incomplete as of March 1991 in the 9 Divisions test-checked are tabulated below:-

Period	Number of works taken up	Estimated cost (Rupees in lakhs)	Works completed as on 31st March 1991		Works remaining incomplete as on 31st March 1991	
			Number	Expenditure (Rupees in lakhs)	Number	Expenditure (Rupees in lakhs)
Up to March 1985	277	2199.48	69	653.28	208	1288.37
1985-86	49	513.94	16	158.82	33	174.90
1986-87	36	372.59	3	26.45	33	73.94
1987-88	32	286.71	4	73.31	28	56.77
1988-89	58	730.77	3	24.35	55	116.47
1989-90	35	447.98	3	20.51	32	45.02
1990-91	11	183.70	-	-	11	11.50
Total:-	498	4735.17	98	956.72	400	1766.97

Audit scrutiny revealed the following:

(a) Of the 498 works, 15 works were taken up without obtaining administrative approval and 465 works without obtaining technical sanction. Besides, 3 works were taken up against lapsed administrative approvals.

(b) Of the 98 works completed as on 31st March 1991, 59 works were taken up at an estimated cost of Rs. 354.70 lakhs and completed at a cost of Rs. 685.10 lakhs. The delay in completion of these works ranged between 1 year to 16 years, which was attributed to delay in acquisition of land, absence of adequate machinery, involvement of forest land along the proposed alignments of the roads and paucity of funds. Scrutiny of these 98 works further revealed that completion reports containing a variance



analysis of quantities, rates and cost of various items of works executed had not been prepared/submitted, resulting in the non-closure of the relevant works accounts. This was attributed by the Department to non-clearance of liabilities on account of land compensation, contractors' dues and other payments.

(c) Of the 400 incomplete works as on 31st March 1991, the stipulated period of completion had expired in respect of 285 works. The time overrun in these cases ranged from one year to 21 years, mainly due to the non-construction of bridges and connected roads, paucity of funds, disputes in regard to land acquisition and delays in transfer of forest land, along the proposed alignments.

According to the Forest (Conservation) Act, 1980, the use of forest land for non-forest purposes without the approval of the Government of India was prohibited. In the absence of the requisite approval, 30 road works taken up for execution in anticipation of such approval were incomplete. In 7 Divisions<sup>3</sup>, proposals for transfer of forest land in respect of 13 works taken up for execution between May 1972 and September 1988, and on which expenditure totalling Rs. 84.37 lakhs had been incurred as of March 1991, were still to be formulated as of June 1991. Of these, only one road constructed at a cost of Rs. 15.96 lakhs was being used partially.

The works were required to be taken up only when the land was available. However, 98 works were lying incomplete in the 9 Divisions because of disputes over acquisition of land and non-acquisition of land. Further, in respect of 54 works, taken up for execution between April 1969 and March 1990, even the preliminary processes in connection with land acquisition proceedings had not been initiated as of June 1991. Division-wise details in this

<sup>3</sup> Bilaspur II, Hamirpur, Jubbal, Outer Seraj at Brow, Rohru, Solan and Theog.



regard are indicated below:

Serial number	Name of Division	Number of works	Date of start
1.	Bilaspur-II	2	3/80 and 2/89
2.	Hamirpur	6	2/77 to 3/85
3.	Jubbai	10	1/75 to 3/89
4.	Kasauli	3	10/83 to 4/84
5.	Outer Seraj	3	9/83 to 6/88
6.	Rampur	4	12/78 to 7/87
7.	Rohru	10	1/72 to 11/86
8.	Solan	5	3/75 to 3/90
9.	Theog	<u>9</u>	4/69 to 3/86
		<u>54</u>	

In 7 Divisions<sup>4</sup>, 19 roads of a total length of 117.250 km and estimated to cost Rs. 98.14 lakhs were taken up for construction between January 1973 and October 1984. However, only trace cutting had been done in a length of 75.835 kilometres as of March 1991 at a cost of Rs. 19.19 lakhs. Further works on formation cutting of the roads were held up owing to land disputes, involvement of forest land, unsuitability of the alignments proposed and paucity of funds.

#### 4.1.7. Cost overrun

Delays in completion of works had an inevitable impact on costs. Between June 1979 and July 1989, the 9 Divisions had taken up the construction of 19 bridges at a total estimated cost of Rs. 142.25 lakhs. Of these, 17 bridges (estimated cost: Rs. 133.26 lakhs) were completed by 8 of the Divisions<sup>5</sup> between December 1986 and March 1991 at a total cost of Rs. 296.09 lakhs, representing a cost increase of 162.83 lakhs. The cost overrun in individual cases ranged from 6 per cent to 459 per cent. The remaining two

<sup>4</sup> Bilaspur II, Hamirpur, Kasauli, Outer Seraj at Brow, Rohru, Solan and Theog.

<sup>5</sup> Hamirpur, Jubbai, Kasauli, Outer Seraj, Rampur, Rohru, Solan and Theog.



bridges, taken up for execution by 2 Divisions<sup>6</sup> in June 1985 and July 1989 respectively at a total estimated cost of Rs. 8.99 lakhs had not, however, been completed as of March 1991 and expenditure totalling Rs. 14.10 lakhs had been incurred, involving a cost overrun of Rs. 4.12 lakhs (101 per cent) and Rs. 0.99 lakh (20 per cent).

The cost overrun totalling Rs. 167.94 lakhs in these 19 cases was attributed to increase in the scope of works and delay in completion of bridges due to belated approval of drawings.

Similarly, expenditure totalling Rs. 1229.79 lakhs had been incurred by the 9 Divisions as of March 1991 on the construction of 114 roads sanctioned at a total estimated cost of Rs. 634.85 lakhs. The cost increase in individual cases, which ranged from 11 per cent to as high as 840 per cent was attributed to the increase in prices of materials and wages and payment of larger compensation for land.

Two instances of abnormal increase in costs attributable to departmental delays are mentioned below:

(a) The construction of a bridge over the Giri river on the Shillanda-Piran road (Solan District) by the Rajgarh Division was sanctioned in July 1977 at an estimated cost of Rs. 2.69 lakhs. The work was, however, not taken up for execution immediately thereafter because of the non-finalisation of designs and drawings. The question of submission of hydraulic data and finalisation of drawings remained under correspondence between August 1977 and December 1986, when the drawings were finalised. Though the drawings were finalised only after a delay of over 9 years, the work was awarded to a contractor in March 1987 on the basis of his own drawings at a lump-sum cost of Rs. 19.65 lakhs.

---

<sup>6</sup> Bilaspur-II and Solan.



It was completed in August 1989 at a cost of Rs. 26.08 lakhs, representing a cost overrun of Rs. 23.39 lakhs (870 per cent).

Considering the fact that the Division had to ultimately rely on contractor's own drawings notwithstanding its efforts, spread over 9 years, to finalise the drawings, the cost overrun attributable to this delay was perhaps avoidable.

(b) The widening of the Himri Valley road from Pujarly to Baghi (Km 7/345 to 16/0) was sanctioned in June 1975 at a cost of Rs. 5.73 lakhs. On completion within a period of two years, the road was intended to link 6 villages. The work was taken up by the Jubbal Division in July 1975 and was completed in March 1990 at a cost of Rs. 53.88 lakhs. The time overrun of 13 years and cost overrun of Rs. 48.15 lakhs (840 per cent) were attributed to paucity of funds and the necessity to acquire private land falling in the alignment of the road. The time and cost overruns could have been avoided had the Department ensured the completion of the land acquisition proceedings prior to the commencement of work and the availability of adequate funds based on a planned allocation of available resources.

#### 4.1.8. *Idle/unfruitful investment on incomplete roads*

(a) Construction of a pre-stressed concrete motorable bridge across Pabbar river near Badiara at RD 0/030 on the Badiara-Kharot road via Masli-Mantikkari Jitata in Rohru Division was approved in January 1987 at a cost of Rs. 12.50 lakhs. The work, entrusted to a contractor in February 1988 without obtaining technical sanction, was completed in January 1990 at a cost of Rs. 16.54 lakhs.

While the bridge and its approaches had been completed, the trace cutting of the one metre wide road in km 0/0 to 12/0, sanctioned in January 1985 (estimated cost: Rs. 10.69 lakhs), was

taken up in 1985-86. This was completed only in patches in a length of 600 metres at a cost of Rs. 0.61 lakh and the work had been held up since 1987-88 owing to non-acquisition of private land and non-transfer of the forest land falling in the alignment of the road. Neither had the notification under Section 4 of Land Acquisition Act in respect of the private land been issued nor had the proposal for utilisation of forest land for non-forest purposes been processed as of June 1991.

Consequently, the bridge, constructed at a cost of Rs. 16.54 lakhs in January 1990, had not been opened to vehicular traffic, and the investments totalling Rs. 17.15 lakhs thereon and the construction of the related road had not yielded the intended benefits.

(b) Widening of the Tikkari-Janglik road in km 0/0 to 8/0 was sanctioned in November 1978 at an estimated cost of Rs. 11.88 lakhs. A road of 5/7 metres width up to km 5/0 and of 2.75 metres width from km 5/0 to 5/600 had been constructed by March 1988 at a cost of Rs. 20.49 lakhs. The road had been opened to vehicular traffic only up to km 2/630, completed in October 1983 at a cost of Rs. 7.86 lakhs. The subsequent portion of the road (cost: Rs. 12.63 lakhs) could not be opened to vehicular traffic as of June 1991 because of the non-construction of a bridge at km 2/630. Though the relevant hydraulic data had been sent to the Engineer-in-Chief in October 1989, the design of the bridge had not been finalised even as late as June 1991. Consequently, the expenditure of Rs. 12.63 lakhs incurred on the unused portion of the road from km 2/630 to km 5/600 had remained unfruitful since March 1988.

(c) Construction of the Manal-Kanti Mashwa road in km 0/0 to 4/500 was taken up by the Paonta Division in October 1980 at



an estimated cost of Rs. 5.00 lakhs without obtaining technical sanction to the estimate. An expenditure of Rs. 7.90 lakhs had been incurred up to October 1984 when the work was transferred to Kaffota Division. No work on the road was, however, done by that Division since October 1984, because the formation cutting already done, particularly from km 2/405 to km 4/300, which was beyond the approved grades and the road already constructed was not considered fit for vehicular traffic.

The Superintending Engineer, 12th Circle, Nahan, informed Audit in June 1989 that a further amount of about Rs. 4.00 lakhs would be required for improving the grades, removal of slips, etc., and that the work could not be resumed owing to paucity of funds. While work had not been resumed as of June 1991, a case initiated by the Department in March 1985 for fixing responsibility for faulty execution of the work was, however, closed by Government in August 1989, without assigning any reasons.

The village Kanti Mashwa falls at km.18 at the end of the road and the work in the reaches km 4/500 to km 9/0, sanctioned in August 1987 at an estimated cost of Rs. 12.09 lakhs, was also lying incomplete after incurring an expenditure of Rs. 0.58 lakh due to an intervening reserve forest beyond km 4/930, and the non-transfer of the necessary forest land to the Department.

Failure to adhere to the approved grades, which was indicative of poor supervision, and to ensure the availability of forest land resulted in the expenditure of Rs. 8.49 lakhs incurred on the construction of the road remaining unfruitful. The objective of linking Manal with Kanti Mashva had also not been realised.

(d) Widening of the Karchham-Sapni link road to

motorable standards was taken up in September 1986 in anticipation of administrative approval and technical sanction. Administrative approval was, however, accorded in May 1988 for Rs. 33.46 lakhs. After constructing a motorable road up to km 0/400 at a cost of Rs. 2 lakhs, the work was suspended in June 1988 due to disputes over forest land. The question of transfer of the necessary forest land taken up with the Forest Department in July 1988 had not been decided as of June 1991.

Another estimate for the construction and improvement of an existing jeepable road to Sapni village was sanctioned in June 1988 for Rs. 7.60 lakhs. This work, taken up during 1988, was also suspended in November 1989 after incurring an expenditure of Rs. 4.27 lakhs due to land slides. The Superintending Engineer, 11th Circle, Rampur, reported in December 1989 that the land slides were triggered off only by the construction of the jeepable road in an unstable strata and recommended that the work be abandoned because of the presence of a loose mantle of overburden in the entire slope.

Commencement of the first work without ensuring the availability of the necessary land and construction of the second road in what was admittedly an unstable strata were indicative of defective planning and inadequate investigations. In the result, the expenditure of Rs. 6.27 lakhs incurred on these works had remained unfruitful.

(e) Construction of the Khasadhar-Darkali-Kashapat road (widening from km 0/0 to 2/0 and survey cutting from km 2/0 to 20/0) was sanctioned in February 1980 at a cost of Rs. 5 lakhs. The estimate was revised to Rs. 15.18 lakhs in March 1986 for widening the road up to km 5/0 and survey cutting up to km 30/0. The work was taken up in June 1987, by Rampur Division in



anticipation of technical sanction. The work was, however, suspended in March 1989 after completing a one-metre wide track in patches in km 0/0 to 8/0 at a cost of Rs. 0.64 lakh.

The Superintending Engineer, 11th Circle, Rampur, informed Audit in February 1991 that though funds were provided for the work since 1980-81, it could not be undertaken because of non-finalisation of its alignment and that the work had to be suspended later due to involvement of reserve forests. The case for the transfer of the forest land was stated to be under process at the sub-divisional level.

The expenditure of Rs. 0.64 lakh had thus remained unfruitful.

(f) Construction of a 2.5 km long road to link two villages (Daryota and Gasota) with Khedru was sanctioned in July 1981 at a cost of Rs. 4.62 lakhs. The work was taken up in July 1981 by Hamirpur Division. An expenditure of Rs. 0.55 lakh had been incurred on road construction in a length of 1.8 km up to February 1990. The two villages proposed to be served by the road could not be connected because of involvement of private land along the proposed alignment and the non-construction of a bridge. The construction of the bridge had not been sanctioned in the absence of the necessary hydraulic data which had not been submitted by the Divisional Officer even as of April 1991.

The Executive Engineer stated (April 1991) that Gasota had already been connected with Khedru by an existing road and that Daryota would also be linked on completion of the Kohli-Daryota-Gallian-Tal road, work on which had already been taken up.

In the circumstances it would appear that the construction of the Gasota-Khedru road was taken up even in the absence of adequate justification rendering infructuous the

expenditure of Rs. 0.55 lakh incurred thereon.

#### 4.1.9. Maintenance of roads

Appropriate norms for the allocation of funds for the maintenance of roads based on traffic density, width of the roads and cost of materials and labour had not been evolved. Funds were instead being allocated only on an ad hoc basis. In November 1976, the Chief Engineer had prescribed a ceiling of Rs. 2,540 per Km and Rs. 2,800 per Km for annual expenditure on maintenance of rural roads in the lower and snow bound areas respectively. While these norms had not been reviewed thereafter, against the annual allocation ranging between Rs. 2,947 and Rs. 66,331, for the maintenance of roads in the 9 Divisions test-checked during 1985-91, the actual expenditure varied widely and ranged between Rs. 3,706 per km and Rs. 66,486 per km. In 4 of these Divisions<sup>7</sup>, no estimates for maintenance of roads had been prepared though an expenditure of Rs. 823.16 lakhs had been incurred during this period.

The Department stated (July 1991) that only ad hoc funds were allotted for maintenance without any fixed criteria.

#### 4.1.10. Irregular implementation of special programmes

(a) A special component sub-plan for the construction of roads to connect predominantly scheduled caste villages having more than 50 per cent scheduled caste population was launched in the State in 1970-71. An expenditure of Rs. 765.30 lakhs was incurred during 1985-91 on 98 works under the sub plan in the 9 Divisions test-checked. It was, however, observed that surveys to identify villages predominantly inhabited by scheduled castes were not conducted before undertaking these works so as to ensure the

<sup>7</sup> Jubbal, Outer Seraj at Brow, Rampur and Rohru.



flow of benefits to the intended target group.

The executing agencies stated (April-June 1991) that, though no thorough investigations had been conducted to ascertain the scheduled caste population living in the proposed villages, some scheduled caste persons did live in every village.

(b) The Backward Areas Sub-plan was taken up in the State during the Seventh Five Year Plan for the development of backward areas. In Hamirpur Division, an expenditure of Rs 6.26 lakhs had been incurred as of March 1991 on metalling/tarring of the Kot-Chouri road under this Sub-plan though the area did not fall under the identified backward panchayats.

#### 4.1.11. Other points of interest

(a) Construction of a suspension foot bridge over the Satluj river at Duttanagar (Shimla District) was sanctioned in March 1983 at a cost of Rs. 9.21 lakhs. Subsequently, in August 1984, the Superintending Engineer, 2nd Circle, Shimla, conveyed to the Executive Engineer, Rampur Division the decision of the Engineer-in-Chief that a bridge suitable for heavy vehicular traffic should be constructed instead of the sanctioned foot bridge. The revised hydraulic data for the construction of a motorable bridge was sent to the Circle Office by the Division in July 1985. Neither had the design of the motorable bridge been finalised nor was administrative approval accorded as of June 1991.

In the meantime, the work relating to the construction of the foot bridge was awarded to a contractor in January 1988 at the tendered cost of Rs. 11.29 lakhs by the Rampur Division. The work was stipulated to be completed by October 1988. The contractor, however, executed only 75 per cent of the sub-structure work up to September 1988 at a cost of Rs. 9.93 lakhs and left the work incomplete. The contract was rescinded in



December 1988 and the bill of the contractor was finalised for the minus amount of Rs. 2.50 lakhs, after taking into account the compensation recoverable for the non-completion of the work, forfeiture of security and recoveries towards cost of materials issued to him. The amount had not been recovered as of June 1991. The foot bridge was completed in October 1990 at a total cost of Rs. 28.56 lakhs through other contractors and departmentally.

The construction of the Duttnagar Bail-Koi jeepable road to motorable grades on which the above foot bridge was constructed was sanctioned in April 1988 for Rs. 4.56 lakhs. The work was taken up in February 1989 by Outer Seraj Division, Brow, and was to be completed by March 1990. The road was still incomplete as of June 1991 after incurring an expenditure of Rs. 2.97 lakhs due to paucity of funds and land disputes.

Considering the fact that the Division was aware in August 1984 itself of the decision to replace the foot bridge by a bridge suitable for heavy vehicular traffic, and that the related road was also being constructed to motorable grades, the construction of the foot bridge and its completion at a cost of Rs. 28.56 lakhs was ill-conceived. Had the necessity for the bridge been reviewed at least after the work was abandoned by the first contractor in September 1988, additional investments totalling Rs. 18.63 lakhs on completion of the bridge through other contractors and departmentally could have been avoided.

(b) According to departmental instructions, the application of a seal coat to prevent percolation of water was not required while metalling and tarring rural roads. The executing agencies had also clarified (April-June 1991) that this item of work was neither included in the estimates nor required to be



executed because premixed carpet surfacing itself was equally adequate to ensure that rural roads were strong enough for the anticipated traffic. It was, however, observed that in 5 of the 9 Divisions<sup>8</sup> test-checked, seal coat had been provided in an area of 1.09 lakh square metres between May 1985 and March 1991 at a cost of Rs. 6.29 lakhs without any provision in the approved estimates and without adequate justification. Further, provision on this account to provide seal coat in an area of 0.13 lakh square metres at a cost of Rs. 0.68 lakh had been included in an approved estimate contrary to the instructions. Expenditure totalling Rs. 6.97 lakhs on this account was avoidable.

(c) Norms for the consumption of fuel-wood for heating bitumen/sand/grit were initially fixed by the Department in May 1974. These were revised in December 1980 and again in January 1987, based on experience.

In 6 Divisions<sup>9</sup> test-checked, 11,933 quintals of fuelwood were consumed on 19 works between April 1987 and November 1990 for heating 535 tonnes of bitumen and 5,700 cubic metres of sand and grit against the permissible requirement of 9,683 quintals of fuelwood based on the revised norms of 1987. This resulted in excess consumption of 2,250 quintals of fuelwood costing Rs. 1.63 lakhs.

The executing agencies broadly attributed (April-June 1991) the excess consumption to changes in weather conditions. Their contention was not tenable because variations in consumption based on weather conditions had already been taken into account while fixing the norms and due allowance had been made on this account.

(d) (i) Formation cutting of the Uhal-Jandru and the

<sup>8</sup> Hamirpur, Kasauli, Outer Seraj, Rohru and Solan.

<sup>9</sup> Bilaspur-II, Hamirpur, Kasauli, Outer Seraj, Rohru and Solan.

Nirmand-Arsu-Sarhan roads was awarded to contractors by the Hamirpur and Brow Divisions between 1988-89 and 1990-91 against 9 contracts. These provided that useful stones equal to one-third of the quantities obtained by blasting would have to be stacked by the contractors. Accordingly, based on 27,524 cubic metres of blasting done by the contractors, a total quantity of 9,174 cubic metres of useful stones should have been stacked by them. However, only 597 cubic metres of useful stones were stacked, resulting in lower collection of stones to the extent of 8,577 cubic metres valued at Rs. 3.78 lakhs. No action had been taken against the contractors for less collection of stones.

The executing agencies attributed (April-June 1991) the less collection of stones to the presence of conglomerated rocks and steep profiles. This plea was not tenable because the provision in regard to stacking of useful stones had been made only after taking into account the classification of soil and topography of the area.

(ii) The sanctioned estimates in respect of the Sujampur-Lag Devi-Uhal road and the Bhutti-Karan road in Hamirpur and Rampur Divisions provided for collection of useful stones equal to one-third of the quantities by blasting and one-sixth of the quantities arising from jumper works<sup>10</sup>. The widening of these two roads in different reaches was awarded against 7 contracts between April 1988 and February 1991. The provision relating to the stacking of useful stones was, however, not included in the contracts. Taking advantage of the absence of specific provisions in this regard, the contractors collected only 278 cubic metres of useful stones against 6,323 cubic metres which should have been stacked based on the quantities of blasing and jumper works. This

---

<sup>10</sup> Earthwork cutting with tools where soft rock is encountered.



resulted in a loss of Rs. 2.66 lakhs.

The executing agencies stated (April-June 1991) that the provision was not included in the contracts due to the presence of conglomerated rocks and having regard to the fact that the roads were being laid in a steep valley. The plea of the Department was not tenable as the estimates were prepared only after field investigations and the provision for collection of useful stones was included after taking into account the available strata.

(e) Five work orders amounting to Rs. 0.84 lakh were issued in Kaza Division to 3 contractors during the year 1983-84 for cutting and formation work on the Attargu-Kud road in RD 9/215 to 9/280 and the work was completed in the same year. The formation work from RDs 9/222 to 9/280 was again awarded to another contractor and got executed during 1984-85 in terms of three work orders amounting to Rs. 0.57 lakh. The work shown as having been executed during 1984-85 was obviously fictitious.

The Executive Engineer stated (September 1989) that the work had been got done at different locations at the same RDs and there was over lapping involving cost of Rs. 0.17 lakh only. The reply was evasive as the Executive Engineer did not clarify the circumstances in which the formation work already completed had to be executed afresh at the same place. Relevant records in support of this contention were also not produced.

#### 4.1.12. *Monitoring and Evaluation*

A separate planning and monitoring cell was created in April 1968 and re-organised during 1984 for monitoring the periodical reports on physical and financial achievements received from the Superintending Engineers.

No norms prescribing the periodicity of inspection of works by the Engineer-in-Chief/Superintending Engineers to ensure



the quality of works, adherence to specifications and schedule, etc. had been prescribed. In 8 Divisions<sup>11</sup> test-checked, the number of inspection notes issued by the Engineer-in-Chief and Superintending Engineers during a financial year varied from none to four and from none to thirteen respectively during 1985-91.

4.1.13 These points were brought to the notice of Government in October 1991; their reply had not been received (January 1992).

#### 4.2. *Unfruitful expenditure*

(a) Construction of the Manali-Leh-Marbal road was administratively approved in November 1981 for Rs. 9.67 lakhs. The work, which was to be completed in three working seasons, involved survey and the cutting of a one-metre wide track from km 0/0 (Manali) to Km 5/0 (Marbal village) and the construction of a motorable road from km 0/0 to Km 3/500. The work was taken up by the Chenab Valley Division, Udaipur, in June 1982 without obtaining technical sanction. Though the road was to be constructed only for a distance of 5 kilometers in terms of the administrative approval, formation cutting of motorable standards was completed up to km. 7/0 by March 1988 at a cost of Rs. 6.75 lakhs.

On completion of this work, the strata from km 6/090 to km 6/720, involving an expenditure of Rs. 0.61 lakh, was found to be slushy and unfit for vehicular traffic. An estimate for Rs. 3.63 lakhs to realign this section of the road was, therefore, sent for approval to the Resident Commissioner, Keylong in September 1988. This was awaited as of August 1990.

The Division, however, commenced work on the realigned section in September 1988 and completed the formation cutting up to km 7/440 by June 1990 at a cost of Rs. 1.75 lakhs. No work could be done thereafter due to disputes over lands falling in the proposed alignment of the road.

The Divisional Officer stated (August 1990) that the

<sup>11</sup> Bilaspur-II, Hamirpur, Kasauli, Outer Seraj at Brow, Rampur, Rohru, Solan and Theog.



formation cutting of motorable standards was undertaken beyond Marbal without the approval of the competent authority in order to connect Lepchack village which was situated at km 9/500.

Had the construction of the road beyond its approved scope been taken up after proper survey and investigation of the strata and after obtaining technical sanction of the competent authority, formation cutting in strata which was admittedly unsuitable for vehicular traffic and the consequential wasteful expenditure of Rs. 0.61 lakh could have been avoided. Besides, the expenditure of Rs. 3.07 lakhs unauthorisedly incurred on the road beyond km 5/0 up to km 7/440 served no purpose as it did not connect village Lepchack.

(b) The construction of a cableway from Thokla to Durgahti on the Chamba-Kharamukh road, to facilitate transportation of agricultural produce from inaccessible areas to the road head, was administratively approved in April 1986 for Rs. 2.35 lakhs. The work was taken up by the Chamba Division in June 1986 without preparing detailed estimates and obtaining the technical sanction of the competent authority. The first stage of the cableway from Thokla to Gurat was completed by March 1989 and the expenditure incurred till then amounted to Rs. 3.30 lakhs.

Inspection of the cableway in September 1989 by the Superintending Engineer, 7th Circle, Dalhousie, revealed that, while the first stage was stated to have been completed, one of the trestles to be provided *en route* at Devi Mandir on this section had not been erected and that the cables touched the ground even after these were stretched taut. This was attributed to the ground being elevated along certain sections of the alignment of the cableway. The Division had, therefore, been instructed to prepare the L-Section of the cableway afresh and to submit revised proposal in case any discrepancy in the alignment were observed. Action to rectify the defects and make the cableway functional had not, however, been taken even as of January 1991. The work also remained suspended after incurring a further expenditure of



Rs. 0.04 lakh between April 1989 and December 1990 on liquidation of past liabilities.

Commencement of the work without preparing the detailed estimates after ensuring the suitability of the alignment proposed and subsequent delay of over a year in rectifying the defects resulted in the expenditure of Rs. 3.34 lakhs incurred on the partial construction of the cableway being rendered unfruitful, thereby defeating the objective of providing facilities for the transportation of agricultural produce from the inaccessible areas.

(c) In consideration of the fact that the interiors of the State were still very remote notwithstanding the significant achievements in construction of roads, Government decided to connect such remote areas by helicopter services. The construction of a helipad at Mahasu village (Bankuffer) in Shimla district was taken up by the Jubbal Division in January 1985 in anticipation of administrative approval and expenditure and technical sanctions.

Subsequently in February 1986, based on a preliminary estimate of Rs. 1.24 lakhs submitted by the Division, Government in the Tourism Department accorded administrative approval and expenditure sanction for Rs. 0.55 lakh. This was, however, not preceded by any traffic surveys or studies to establish the need and justification for the provision of the helicopter services to Mahasu and the economic viability of such services.

The helipad was constructed during 1985-86 at a cost of Rs. 1.19 lakhs. However, even after the lapse of nearly six years, the helipad had not been handed over to the Tourism Department (September 1991); nor had the proposed helicopter services introduced.

Considering the fact that Mahasu village had been connected by road with the District headquarters/State capital for over a decade and cannot be strictly termed a remote area, and that the helipad had remained unused ever since its construction, the construction of the helipad lacked adequate justification and resulted in the expenditure of Rs. 1.19 lakhs being rendered



unfruitful.

(d) A proposal initiated by the Karsog Division for the construction of a road from Alsindi to Tattapani via Dhundar was sent by the Superintending Engineer, 1st Circle, Mandi, to the Chief Engineer in May 1981. The Chief Engineer observed in November 1981 that the area was already being served by two link roads and that the proposed alignment of the road ran parallel to the existing Shimla-Mandi road via Tattapani. After further examination of the alignment and the relative merits of the proposal, the Superintending Engineer also opined in March 1982 that there was no necessity to construct the proposed road, which would also create landslide problems. The proposal was, therefore, not then approved.

Notwithstanding these reservations, administrative approval for Rs. 1.64 lakhs was accorded in February 1984 for the construction of a jeepable road from Alsindi to Tattapani, so that village Jassal, which fell at km 5/670 on the proposed road, could be linked to Alsindi. This was based on an estimate prepared by the Division on a suggestion of the Engineer-in-Chief in March 1983. The work, which was to be completed within two years, commenced in April 1984. It was, however, suspended in March 1986 after the road had been constructed for a distance of 1.5 km at a cost of Rs. 0.68 lakh. No expenditure on the work was incurred after 1985-86 on the ground that the area was being served by other motorable roads, and funds (Rs. 0.62 lakh) received during 1986-87 and 1989-90 were diverted to other works.

The intended benefit of linking village Jassal was thus not achieved and the expenditure of Rs. 0.68 lakh proved wasteful.

These cases were reported to Government in August 1991; their reply had not been received (January 1992).



#### 4.3. *Overpayment of additional compensation*

In terms of the Land Acquisition Act, 1894, as amended in 1984, an additional compensation calculated at the rate of 12 per cent per annum on the market value from the last date of publication of the acquisition notification under Section 4(i) of the Act to the date of award of the Collector or the date on which possession of the land is taken, whichever is earlier, is payable. This additional compensation is payable over and above the market value of land.

The Ghumarwin Division took possession of three plots of land (market value: Rs. 3.32 lakhs) between November 1979 and September 1985, even before the notification for their acquisition was issued under Section 4 (i) between March 1985 and April 1989. Compensation in these three cases was awarded by the Collector between November 1988 and April 1990. Though the additional compensation, in terms of the Act, was payable only for the periods intervening between the last date of publication of the notification and the dates of award, this was incorrectly paid from the dates on which the possession of the land was taken over. This resulted in an overpayment of additional compensation of Rs. 1.43 lakhs.

Similarly, additional compensation totalling Rs. 5.20 lakhs was awarded by the Land Acquisition Collector, Shimla, in November 1987 to a private party (Rs. 2.92 lakhs) and the Government of India (Rs. 2.28 lakhs) in respect of the land (market value: Rs. 20.78 lakhs) acquired for the construction of a hostel for the Government Girls College at Shimla. This was paid by the Medical College Division in July 1988. Though the additional compensation payable should have been correctly determined from 20th March 1986, the date on which the notification for the acquisition of the land was last published in newspapers, the Land



Acquisition Collector had erroneously computed the amount due from 26th October 1985, the date on which the acquisition was notified in the Gazette. The mistake resulted in an excess payment of Rs. 1 lakh as additional compensation (Private party: Rs. 0.56 lakh and Government of India: Rs. 0.44 lakh). Erroneous award had not been contested by the Department within the stipulated period nor pointed out to the Land Acquisition Collector rendering the excess payment irrecoverable.

These cases were reported to Government in August 1991 and October 1991; their reply had not been received (January 1992).

#### 4.4. *Avoidable expenditure*

(a) Tenders for the construction of 18 Type II Quarters in three blocks at Reckong Peo were invited separately in respect of each block of 6 quarters by the Kalpa Division in January 1988. The lowest tenders for the three blocks received in response in March 1988 aggregated to Rs. 23.75 lakhs. These were valid up to 13th June 1988. The offers were sent by the Divisional Officer to the Superintending Engineer, 11th Circle, Rampur, on 28th May 1988, who in turn submitted these to the Engineer-in-Chief on 16th June 1988 for acceptance. The validity of the offers had, however, already expired by then. As the tenderers refused to extend the validity period, the cases were not approved by the Engineer-in-Chief.

Tenders were reinvited in July 1988 and the construction of these three blocks was awarded to a contractor in October 1988 at a cost of Rs. 25.30 lakhs. The delay in submission of the offers for approval was attributed (November 1988) by the Divisional Officer to non-availability of market rates in respect of bricks and trusses necessary for their processing. The reasons advanced by the Divisional Officer, were, however, not found cogent



by the Superintending Engineer who directed in February 1989 that responsibility may be fixed for the delay. This had not been done as of November 1991.

Thus, failure to process the offers received on the first occasion and ensure their acceptance within the stipulated validity period resulted in an estimated additional cost of Rs. 1.55 lakhs, which was avoidable.

(b) Tenders for the construction of a transformer building for the State Medical College, Shimla, were invited by the Medical College Division, Shimla, in May 1981. The work was awarded to a contractor in July 1981 as a cost of Rs. 6.40 lakhs, and was to be completed by July 1982. The contractor started the work in August 1981 but could not complete it within the stipulated period owing to (i) the inability of the Department to hand over the complete site to the contractor because of the non-shifting of an existing transformer by the Himachal Pradesh State Electricity Board and (ii) delay in finalization of the design of the foundations, which was finalised in February 1983. These delays not being attributable to the contractor, the contract was closed in July 1987. By then about 67 per cent of the work valued at Rs. 7.16 lakhs had been executed by the contractor.

The transformer was subsequently shifted by the Electricity Board only in June 1988 and tenders for completing the remaining work were invited in August 1988. The work was awarded to another contractor in November 1988 for Rs. 3.75 lakhs. The work was completed by the contractor in April 1990 at a cost of Rs. 3.27 lakhs and final payment made to him in June 1990.

Scrutiny by Audit during October 1990 revealed that 15 items of work provided in the original estimate had been got executed through the second contractor at an additional cost of



Rs. 1.66 lakhs as compared to the rates accepted initially in respect of these items.

Failure to finalise the design before the commencement of the work and the delay of nearly seven years in handing over the complete site to the first contractor resulted in an avoidable additional expenditure of Rs. 1.66 lakhs. Besides, on account of the time overrun, the cost of the building had also increased from Rs. 6.40 lakhs to Rs. 10.43 lakhs.

These cases were reported to Government in August 1991; their reply had not been received (January 1992).

#### 4.5. *Loss due to defective designing of godown*

Construction of a godown (Capacity: 100 tonnes) at Dodra Kwar (Shimla District) for shortage of food grains by the Food and Supplies Department was administratively approved in February 1976 at a cost of Rs. 1.18 lakhs. The building was completed by the Rohroo Division in July 1986 at a cost of Rs. 4.87 lakhs, when it was handed over to the Department.

The godown was damaged by heavy snowfall in January 1989 and was rendered unsafe. The Assistant Engineer, Chirgaon Sub-Division, who was deputed to enquire into the causes of the damage, reported in February 1989 that there was a difference of two metres between the roof of the main structure and the roof of its covered verandah, which was unable to withstand the thrust of the accumulated snow which slid down from the main roof. The damages to the roof of the verandah and the left side wall, assessed at Rs. 0.83 lakh, were rectified at a cost of Rs. one lakh against an estimate for the same amount sanctioned by the Food and Supplies Department in March 1989.

Failure to ensure that the godown was so designed as to prevent damages due to adverse weather conditions-which were not



unknown-resulted in an avoidable expenditure of Rs. 1.00 lakh on repairs to and restoration of the godown representing over 20 per cent of its completion cost of Rs. 4.87 lakhs.

The matter was reported to Government in October 1991 ; their reply had not been received (January 1992).

#### 4.6. *Sub-standard execution of work*

Construction of additional accommodation (2 rooms) for the primary school at Masroor (Kangra District) consequent upon its upgradation to a middle school was administratively approved in February 1980 for Rs. 0.77 lakh and technically sanctioned for Rs. 0.72 lakh in June 1981. The work, started in March 1980, was completed in March 1989 at a cost of Rs. 1.97 lakhs and handed over to the Education Department by the Dehra Division during the same month.

Subsequently in March 1990, the Director of Education informed the Chief Engineer that the walls of the structure had developed cracks and the building had become unsafe for use by the students. The Executive Engineer, Dehra Division, asked the concerned Assistant Engineer in May 1990 to investigate the matter and submit detailed report.

While the report of the Assistant Engineer was awaited as of December 1990, that the accommodation constructed at a cost of Rs. 1.97 lakhs as against the approved cost of Rs. 0.72 lakh (cost increase: 174 per cent) should have developed cracks and had been rendered unsafe for occupation within a year would appear to indicate that its execution was sub-standard, responsibility for which was yet to be fixed. In the process, the village had also been deprived of appropriate accommodation for a middle school as envisaged.

The matter was reported to Government in October 1991 ;



their reply had not been received (January 1992).

#### 4.7. *Miscellaneous Works Advances*

"Miscellaneous Works Advances" (MWA) is a transitory suspense head which is intended to record (i) transactions relating to sales on credit, (ii) expenditure incurred on deposit works in excess of deposits received, (iii) losses, retrenchments, errors, etc., and (iv) other items of expenditure, the allocation of which is not known and which cannot immediately be adjusted under the final head of account. The amounts placed under MWA are required to be cleared promptly. Large balances remaining outstanding for a long time could involve the risk of Government money not being realised. Besides, instances of misclassification, losses, misappropriations and other irregularities may remain undetected.

Mention was made in paragraph 4.14 of the Report of the Comptroller and Auditor General of India for the year 1976-77 (Civil) about the outstanding balances under MWA.

In its 40th Report, the Public Accounts Committee (Sixth Vidhan Sabha) had observed that the Department should be vigilant in disposal of all cases involving the recovery of large amounts. The Committee had desired that the procedures and working of the Department should be improved and that action should be taken against those responsible for laxity in dealing with such cases. Notwithstanding these recommendations, large balances continued to persist under this head and no effective steps to clear the old outstanding items appeared to have been taken.

Test-check of the records of 8 of the 34 Divisions<sup>1</sup> in the South Zone of the State Public Works Department conducted during May-June 1991 brought out the following points.

<sup>1</sup> Ghumarwin, Jubbal, Kasauli, Rampur-Bushahar, Rohru, Shimla-I, Shimla-II and Theog.



**(1) Position of outstanding balances**

The amount outstanding under the head in these 8 Divisions at the end of March 1991, as reflected in the progress reports submitted by the Divisions for the quarter ended March 1991, aggregated to Rs. 146.12 lakhs, the category-wise break up of which was as follows:

Serial number	Category	Amount (Rupees in lakhs)
(i)	Amounts recoverable from/adjustable against suppliers/firms	64.77
(ii)	Amounts recoverable from departmental officials on account of shortages/non-accountal of materials/unauthorised or irregular expenditure	33.11
(iii)	Expenditure incurred on Deposit Works in excess of deposits received	19.79
(iv)	Recoveries due from contractors	7.85
(v)	Hire charges of vehicles/machinery	2.96
(vi)	Trunk call charges	0.55
(vii)	Other items	<u>17.09</u>
	Total	<u>146.12</u>

Contrary to the rules, which envisage that transactions relating to works alone should be debited to MWA, expenditure of Rs. 0.55 lakh on trunk call charges and tour travelling allowance advances of Rs. 0.13 lakh had been debited to this head without any recorded reasons.

The outstandings related to the period from 1951-52 (Rampur-Bushahar) to 1990-91.

While the year-wise details of outstandings were not available in any of the Divisions test-checked, such details of



Items of Rs. 1,000 or more worked out by Audit were as follows:

Period	Amount
	(Rupees in lakhs)
Amount outstanding upto 1979-80	31.75
1980-81 to 1984-85	24.11
1985-86	6.77
1986-87	11.59
1987-88	9.14
1988-89	19.25
1989-90	27.78
1990-91	<u>26.16</u>
Total	<u>158.55</u>

The above balance did not tally with the total of Rs. 146.12 lakhs reported by the 8 Divisions test-checked through their progress reports for the quarter ended March 1991. This showed that either the MWA Registers had not been updated or the correct position of outstandings was not being reported through the quarterly reports/monthly accounts.

The large balances outstanding as on 31st March 1991 and items remaining unadjusted from the year 1951-52 indicated that effective steps had not been taken by the Divisional Officers to clear the outstanding balances by adjustment or recovery. Non-adjustment/recovery of old outstanding items was attributed by the Divisional Officers mainly to (i) non-availability of old records, (ii) lack of information about the whereabouts of the concerned officials and contractors and (iii) non-reconciliation of shortages by the concerned officers/officials.

**(2) Trend analysis**

The trend of balances under the head during the preceding four years was as follows:

Year	Opening balance on 1st April	Debit during the year	Credit during the year	Closing balance on 31st March
(Rupees in lakhs)				
1987-88	143.24	172.13	167.54	147.83
1988-89	147.83	197.70	156.26	189.27
1989-90	189.27	207.69	285.95	131.01
1990-91	131.01	141.89	127.31	145.59 <sup>2</sup>

It would be observed from the data presented in the above table that the position of balances under the head at the close of March 1991 remained, by and large, the same as it was in the beginning of April 1987. It was noticed that the old items were not generally attended to.

**(3) Non-adjustment of items**

In three Divisions<sup>3</sup>, advance payments totalling Rs. 10.79 lakhs were made to various suppliers between 1983-84 and 1990-91, but no action had been taken to clear the outstanding items though the material had already been received from them. Reasons for non-clearance of these items were not furnished.

**(4) Outstandings against departmental officials:****(a) Shortages/Non-accountal of material**

Of the amount of Rs. 33.11 lakhs outstanding on account of shortages/non-accountal of materials, unauthorised or irregular expenditure, etc., 166 items (each amounting to Rs. 1,000 or above) involving balances aggregating to Rs. 10.49 lakhs, pertained

<sup>2</sup> Differs from the reported figure of Rs. 146.12 lakhs by (-) Rs. 0.53 lakh. The difference, according to the quarterly report for March 1991, was in three divisions (Kasauli: (+) Rs. 0.61 lakh; Rampur-Bushahr: (-) Rs. 0.12 lakh; and Shimla-II: (+) Rs. 0.04 lakh).

<sup>3</sup> Jubbal, Kasauli and Rohru.



to shortages/non-accountal of materials by the departmental officials. The earliest item pertained to the year 1961-62 (Rampur-Bushahar).

Rupees 2.82 lakhs were outstanding against a Junior Engineer on account of shortages (Rs. 1.99 lakhs) and unauthorised expenditure (Rs. 0.83 lakh) in three Divisions in which he worked during the period from 1974-75 to 1988-89 as detailed below:

Serial Number	Name of Division	Outstanding amount		
		Shortages	Unauthorised expenditure	Total
(Rupees in lakhs)				
1.	Shimla-II	1.70	0.20	1.90
2.	Jubbal	0.17	0.21	0.38
3.	Rohru	0.12	0.42	0.54
Total:		1.99	0.83	2.82

A committee constituted to examine the shortages in Shimla Division No-II (Rs. 1.70 lakhs) had concluded that the net shortages worked out to Rs. 1.32 lakhs only. A case for the recovery of this amount was stated to have been filed in a court of law by the Vigilance Department, to whom this case was entrusted in August 1977. The case was pending (November 1991). No action had, however, been taken by the Division to clear/adjust the remaining amount of Rs. 0.38 lakh.

The Divisional Officer, Jubbal Division, stated (June 1991) that disciplinary proceedings had been initiated against the official in respect of recovery of Rs. 0.17 lakh. As regards the outstandings in Rohru Division, the matter for recovery was stated (June 1991) to be under correspondence with the official. No action for the regularisation of the unauthorised expenditure of Rs. 0.83 lakh had been taken by any of the 3 Divisions.



**(b) Unauthorised/Irregular Expenditure**

Various departmental officials had incurred unauthorised/irregular expenditure aggregating to Rs. 19.92 lakhs in 183 cases (each case involving Rs. 1,000 or more), attributable to incorrect maintenance and non-verification of muster rolls, non-verification of bills, expenditure being incurred without sanction, misclassification, etc. The earliest item pertained to the year 1954-55 (Rampur-Bushahar).

In Shimla Division No.1, Rs. 0.99 lakh were outstanding against an Assistant Engineer on account of irregular purchases made by him from 1976-77 to 1978-79. Scrutiny of the records revealed that there was no response from the concerned Assistant Engineer to the repeated references made by the Division. Similarly, in Rampur-Bushahar Division, Rs. 1.74 lakhs were outstanding against three Assistant Engineers since 1986-87 on account of unauthorised payments made by them. Reasons for non-clearance of these items had not been intimated.

(5) According to the rules, the value of stores found surplus during physical verification is required to be credited at once as a revenue receipt or a receipt on capital account, as the case may be.

In Shimla Division No.II, stores costing Rs. 3 lakhs found surplus in September 1988 had neither been accounted for as a revenue receipt nor had the reasons for the surplus been investigated (June 1991).

**(6) Expenditure on Deposit Works in excess of deposits received**

Prior to reorganisation of the composite Punjab State into three states (Panjab, Haryana and Himachal Pradesh), the Executive Engineer (Public Health), Ambala (Haryana), executed the works relating to the provision of a refiltration tank at Dhalli



and reconstruction of six Nallahs (total estimated cost: Rs. 16.32 lakhs) between 1966-67 and 1970-71 on behalf of the Municipal Committee (Now Municipal Corporation), Shimla, as deposit works. The Municipal Committee deposited Rs. 6.86 lakhs only against the actual expenditure of Rs. 17.77 lakhs.

The Administrator of the Shimla Municipal Corporation acknowledged the liability of Rs. 10.91 lakhs in January 1980, and stated that necessary provision on this account would be made in the budget for the year 1980-81. The liability had, however, neither been discharged by the Municipal Corporation nor any efforts made by Shimla Division No. II to recover the amount (November 1991).

(7) *Outstandings against contractors*

Of the amount of Rs. 7.85 lakhs pending recovery from contractors, 53 items (each amounting to Rs. 1,000 or more) aggregated to Rs. 4.99 lakhs. The earliest item pertained to the year 1958-59 (Rampur-Bushahar). Non-clearance of old items upto 1980-81 was attributed by the Divisional Officers to (i) lack of information about the whereabouts of the contractors and (ii) non-availability of old records. No reasons in respect of the items outstanding from 1980-81 onwards were advanced.

In two Divisions<sup>4</sup>, Rs. 3.02 lakhs were outstanding from two contractors since 1975-76 and 1988-89 respectively on account of compensation levied for delay in completion/non-completion of works within the stipulated period. In the former case, reasons for non-clearance were not intimated, while in the latter case the matter was *sub judice*.

<sup>4</sup> Shimla-I: Rs. 1.05 lakhs; Shimla-II: Rs. 1.97 lakhs.

(8) *Defects in maintenance of records*

MWA registers had not been maintained properly in any of the Divisions test-checked. The totals worked out in the registers did not agree with those shown in the quarterly returns. Year-wise break up of outstanding items was not available and the registers had not been reviewed by the Divisional Officers/ Divisional Accountants with a view to taking effective steps for the clearance of old outstanding items. Follow-up action for the adjustment/recovery of items placed under MWA was lacking.

(9) *Monitoring*

Position of outstandings under the head is reported by the Divisions to the concerned Superintending Engineers through quarterly progress returns for onward transmission to the Engineer-in-Chief.

It was noticed that the system of monitoring did not prove to be effective as the reports submitted by the Divisional Officers merely indicated the increase and decrease in balances. No attempt to analyse and conduct an in-depth study of old items and to find out the constraints in settling the more important and older items had been made, as a result of which the progress in clearance of old items was almost negligible. Efforts had also not been made to ascertain the whereabouts of officers/officials responsible for the outstandings. Even when some routine instructions were given by the Superintending Engineers and Engineer-in-Chief, these were not taken seriously by the Divisional Officers, with the result that the balances continued to accumulate.

Government had not prescribed any system of monitoring the progress of clearance of outstanding balances. The absence of such a system also contributed towards the non-clearance of heavy balances.



These points were brought to the notice of Government in October, 1991; their reply had not been received (January 1992).

4.8. *Avoidable expenditure due to accident to a Departmental vehicle*

In order to avoid payment of compensation in the event of injuries or fatal accidents, the Engineer-in-Chief issued instructions in July 1983 that no unauthorised person should be allowed to travel in departmental trucks.

A departmental truck (No. HPR 308) met with an accident in July 1987 while returning to Rohru on completion of its assigned duties. The truck was carrying 28 departmental and work-charged labourers, besides a private individual travelling unauthorisedly. Six labourers and the private individual died in the accident. A committee constituted in August 1988 to investigate the cause of the accident had concluded that the accident occurred due to the gross negligence of the cleaner who was driving the vehicle, though he possessed a licence to drive light vehicles only. It was estimated by the committee that the truck had sustained damages to the extent of Rs. 0.92 lakh.

Compensation amounting to Rs. 4.56 lakhs awarded by the Motor Accident Claims Tribunal was paid to the dependents of the six labourers (Rs. 3.86 lakhs) and the private individual (Rs. 0.70 lakh) between March 1988 and April 1991. In addition, an amount of Rs. 0.42 lakh was also paid to the cleaner in June 1990 on account of injuries sustained by him in pursuance of a judgement of the Himachal Pradesh High Court. The truck had not been repaired as of November 1991.

The Engineer-in-Chief asked the Superintending Engineer, 2nd Circle, Shimla, in September 1988 to investigate as to why the truck was being plied or handled by the cleaner and had desired that the officer(s) who entrusted the truck to the cleaner should



be dealt with in accordance with the rules. No departmental action was, however, taken either against the officer(s) or against the cleaner who was held responsible for the accident both by the committee and the Motor Accident Claims Tribunal.

The matter was reported to Government in July 1989 and September 1991; their reply had not been received (January 1992).

#### 4.9. *Incomplete works*

Test-check of the records of seven Divisions<sup>1</sup> conducted between September 1990 and March 1991 revealed that construction of 6 buildings and 3 roads (total estimated cost: Rs. 47.47 lakhs) details of which have been furnished in Appendix 7, was taken up without obtaining technical sanction between March 1970 and March 1988. These were scheduled to be completed within a period of one to three years. The works had, however, been suspended between September 1983 and March 1990 and had not been completed or had been only partially completed even after the lapse of one to seven years. Expenditure totalling Rs. 14.88 lakhs had been incurred on these works till their suspension.

The concerned Divisions attributed the non-completion of two of the six buildings to paucity of funds, and the delays in the completion of the three roads to the non-receipt of necessary approval of the Government of India to the use of the forest lands falling along their alignment. Reasons for the non-completion of the remaining four buildings (expenditure incurred: Rs. 6.52 lakhs) were, however, not furnished.

The expenditure of Rs. 14.88 lakhs had, therefore, not yielded the intended benefits. Delays in their completion would also have an inevitable impact on costs.

While it had not been possible to quantify the cost

---

<sup>1</sup> Barsar, Bilaspur-II, Churah, Dehra, Ghumarwin, Rajgarh and Una



overrun attributable to the delays in eight of the nine cases because of non-preparation of the relevant revised estimates, the estimates in respect of the ninth work (date of commencement: March 1970) had been revised in June 1981 to Rs. 2.25 lakhs from Rs. 0.55 lakh, against which an expenditure of Rs. 2.88 lakhs had been incurred as of March 1991.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### IRRIGATION AND PUBLIC HEALTH DEPARTMENT

#### 4.10. *Command Area Development Programme*

##### 4.10.1. *Introduction*

In order to ensure better and more efficient utilisation of the irrigation potential created for optimising agricultural production, the Command Area Development Programme (CADP) was introduced as a Centrally sponsored scheme from 1974-75 in selected major and medium irrigation projects of the country. The programme was extended subsequently to selected minor irrigation projects covering 250 hectares of command area either in a single project or in a cluster of projects with effect from 1986-87.

In Himachal Pradesh, the Programme was taken up for implementation in the command area of the Giri Project (Sirmour District) during 1983-84 and was extended to the command areas of the Balh Valley (Mandi District) and Bhabhour Sahib, Phase-I (Una District) projects during 1987-88 and 1988-89 respectively. The command areas of 3 minor irrigation projects (Bata Majra Canal, Rampur Giri Canal and Giri Purewal Canal) were also included in the Giri Command Area during January 1986.

The Programme envisaged the construction of field

channels and drains, levelling and shaping of land, selection and introduction of cropping patterns and implementation of warabandi<sup>1</sup> for rotational supply of water. It also included provision of agricultural extension services construction of markets and godowns and development of ground water for conjunctive use.

Though the Programme was being implemented by the State Government since 1983-84, the programme documents as approved by the Government of India were not made available to Audit either by the State Government or any of the implementing agencies despite repeated requests made between April 1991 and June 1991.

#### 4.10.2. Organisational set up

The Programme was being implemented by the Irrigation and Public Health Department through its three Divisions<sup>2</sup> functioning under the direct control of the Circles at Sundernagar, Nahan and Una respectively and the jurisdiction of the Chief Engineer (North), Dharamsala, and Engineer-in-Chief, Shimla.

The Command Area Development Programme envisaged the establishment of a Command Area Development Authority (CADA) for ensuring an integrated development of the command area and monitoring the Programme. While such an Authority was not set up for any of the projects covered by the programme, a governing body of the Command Area Development Agency under the Chairmanship of the Secretary, Irrigation and Public Health, was, however, constituted by Government in March 1986 for expeditious execution of the Programme relating to the Giri project. The body met only twice in August 1987 and April 1989 without making any attempt to formulate a plan for the integrated development of the command area. Similar governing bodies for the other two projects were yet

<sup>1</sup> System of rotational distribution of water on the basis of a pre-determined schedule to ensure equitable availability to beneficiaries.

<sup>2</sup> Baggi, Majra and Una.



to be set up, in the absence of Government approval to a proposal in this regard submitted by the Engineer-in-Chief in January 1991.

In July 1984, the Government of India had stressed the need for providing appropriate legal powers to the executing agencies to facilitate the smooth implementation of the Programme in terms of the approved plan. The necessary legislation had not, however, been enacted even as of June 1991 though a draft was submitted by the Engineer-in-Chief to Government in February 1988.

#### 4.10.3. *Audit coverage*

The implementation of the Programme in the command areas of the three projects was generally reviewed by Audit during March-June 1991 based on a test-check of the records of the three executing Divisions supplemented by information supplied by the Superintending Engineers and the Engineer-in-Chief. Results of the review are mentioned in the subsequent paragraphs.

#### 4.10.4. *Highlights*

Contrary to the instructions on the subject, expenditure incurred on the implementation of the Programme in the command areas of the Giri, Balh Valley and Bhabhour Sahib (Phase I) Projects was unusually high in the last quarter of the financial year and ranged from 30 per cent to as high as 100 per cent of the total expenditure incurred in a year. Expenditure totalling Rs. 25.92 lakhs incurred on items and activities not related to the Command Area Development Programme was irregularly debited to the Programme, resulting in excess drawal of Central assistance to the extent of Rs. 12.96 lakhs.

(Paragraph 4.10.5)

Formulation of proposals in respect of on-farm-development works was deficient in as much as such works had been taken up for execution even in the absence of the necessary soil

and topographical surveys and adaptive trial, which were prerequisites for the proper planning and designing of these works.

Defective assessment of the culturable command area of the Giri Project necessitated the subsequent inclusion of 1,747 hectares of the culturable command area of 16 other minor irrigation schemes to make good the shortfall in the targeted area of coverage.

(Paragraph 4.10.6)

CAD works in the command areas of the Giri and Bhabhour Sahib Projects were taken up for execution 22 months and 81 months after the completion of the two irrigation projects in February 1982 and April 1982, and were still in progress as of June 1991, the time overrun in respect of the former being of the order of 53 months till then. Similarly, the Programme in the command area of the Balh Valley Project, approved in June 1986 and scheduled to be completed by March 1991, commenced only in March 1988 and was yet to be completed.

(Paragraph 4.10.7.1)

Levelling and shaping of the land to ensure the even spread of water in the fields of beneficiaries were not undertaken in any of the three command areas though the levelling of 4,000 hectares had been targeted during the Seventh Plan period.

(Paragraph 4.10.7.2)

While the annual targets for the construction of field channels in the three command areas had been mostly achieved, expenditure of Rs. 3.13 crores was also incurred in the absence of detailed estimates and technical sanction. Expenditure of Rs. 45.19 lakhs was incurred on 18 CAD works in the command area of the Giri Project without sanction even to working estimates in order to avoid lapse of budget grants, and the expenditure had, in the meantime, exceeded the estimated cost by 22 per cent to 580 per



cent in 9 of these cases. Action to recover loans amounting to Rs. 66.86 lakhs due from the beneficiaries in the three command areas as of March 1991 towards construction of Field channels had not been initiated.

(Paragraph 4.10.7.3)

Though warabandi to ensure the equitable and assured distribution of water among beneficiaries was to be introduced concurrently with the construction of field channels, this had been done only in an area of 3,642 hectares as of March 1991, while field channels had been constructed in 7,135 hectares by then, the shortfall in individual command areas ranging from 45 per cent to 100 per cent.

(Paragraph 4.10.7.4)

While crop demonstrations as envisaged in the Programme were not organised in the command areas of the Balh Valley and Bhabhour Sahib Projects and these were organised only on a restricted scale in the third command area belatedly from December 1990, no training centres were also established to educate farmers on various aspects of water and farm management notwithstanding the availability of grants for the purpose.

(Paragraph 4.10.7.6)

The irrigation potential created between 1985 and 1990 in the two completed projects (Giri and Bhabhour Sahib, Phase-I) and the on-going third project (Balh Valley) was never fully utilised, the percentage utilisation ranging from negligible to 57 in different seasons in the three command areas.

(Paragraph 4.10.8)

While cells as envisaged by the Government of India, for the technical, physical and monitoring of the Programme were not set up in any of the three projects, a proper analysis and evaluation of the impact of the Programme and the attainment of its objectives was also rendered difficult on account of failure to

undertake bench mark surveys of the project areas prior to the commencement of the Programme.

(Paragraph 4.10.10)

#### 4.10.5. Financing arrangements, allocations and expenditure

The activities under the Programme were financed by (i) the State's own resources, (ii) Central assistance in the form of grants and loans, and (iii) institutional finance. The pattern of Central assistance prescribed in April 1979 was revised with effect from April 1986. Details of the assistance admissible for different activities were as follows:

Serial Number	Item/Activity	Central assistance admissible from April 1979	Changes introduced in pattern of assistance from April 1986
		<u>Grants</u>	
1.	Establishment, planning and surveys )		
	)		
	)		
2.	Adaptive Trials, demonstration and training )	50 per cent of expenditure	No change
	)		
3.	Evaluation study )		
4.	Warabandi	50 per cent of expenditure other than that relating to wireless communication system	50 per cent of all expenditure, inclusive of that incurred on wireless communication system.
5.	Crop compensation	50 per cent of two-third value of the crops	No change
6.	Subsidy for small and marginal farmers on IRDP pattern	50 per cent to be adjusted against loans	No change



Serial Number	Item/Activity	Central assistance admissible from April 1979	Changes introduced in pattern of assistance from April 1986
7.	Construction of field channels	25 per cent of cost of construction of channels from the designated outlets to individual fields	(i) 50 per cent of the cost of construction of channels from designated outlets to blocks 5 to 8 hectares in extent. (ii) 25 per cent of the construction of channels within 5 to 8 hectare blocks
8.	Orientation training for Senior level officers	Nil	100 per cent
9.	Management subsidy for farmers association	Nil	50 per cent <sup>3</sup>
10.	Construction of field drains	Nil	25 per cent of the cost of construction.
<u>Loans</u>			
1.	Equipment and machinery	)	
		)	
2.	Equity support to land Development Corporation and Farmers services, Societies, etc.	) 50 per cent	No change
		)	
3.	Special loan Account for financing eligible farmers for execution of on farm development works	)	
		)	
		)	
		)	
4.	Construction of field channels	25 per cent of cost of construction of channels from designated outlets to individual fields	25 per cent of cost of construction of channels within blocks 5 to 8 hectares in extent
5.	Construction of field drains	Nil	25 per cent of cost of construction.

The Central assistance received for the Programme during

<sup>3</sup> At the rate Rs. 100 per hectare for the first two years and Rs. 75 per hectare for the 3rd year, to be included as part of CAD Establishment.

the period from 1983-84 to 1990-91 totalled Rs. 174.73 lakhs (grants: Rs. 141.43 lakhs; loans: Rs. 33.30 lakhs), as against the expenditure of Rs. 354.87 lakhs incurred on the three CAD Projects.

Details of the funds provided by the State Government for implementation of the Programme in the command areas of the three projects and the expenditure incurred thereagainst from their inception to 1990-91 were as follows:-

Year	Giri Project		Balh valley Project		Bhabhour Sahib Project	
	Provision	Expenditure	Provision	Expenditure	Provision	Expenditure
	(Rupees in lakhs)					
1983-84	10.00	9.67	-	-	-	-
1984-85	20.00	24.40	-	-	-	-
1985-86	36.50	36.55	-	-	-	-
1986-87	36.85	36.24	-	-	-	-
1987-88	31.00	30.80	4.00	4.62	-	-
1988-89	47.33	41.81	25.00	25.20	1.00	1.00
1989-90	50.00	47.13	25.00	25.01	3.00	3.00
1990-91	31.40	29.45	25.00	24.98	15.00	15.01
Total	<u>263.08</u>	<u>256.05</u>	<u>79.00</u>	<u>79.81</u>	<u>19.00</u>	<u>19.01</u>

Certain points arising out of a scrutiny by Audit of the expenditure on the programme are mentioned below:

(a) With a view to curbing the tendency to incur expenditure only towards the fag end of the financial year, Government had prescribed that the expenditure during the last quarter of the year should not exceed 30 per cent of the total budget allotment in keeping with the physical targets fixed for various works.

It was, however, seen that the flow of expenditure on the implementation of the Programme in the command areas of the three projects had been unusually high during the last quarter of the financial year and particularly so in the month of March as



Indicated in the following table:-

Serial Number	Name of Project	Year	Total expenditure incurred during the year	Expenditure incurred during the last quarter	Expenditure incurred during March	Percentage of total expenditure incurred in the last quarter to the total expenditure during the year	Percentage of expenditure incurred in March to the total expenditure during the year
1.	Giri	1985-86	36.55	15.37	8.95	42	24
		1986-87	36.24	18.84	13.27	52	37
		1987-88	30.80	14.85	(-) 0.97	48	-
		1988-89	41.81	12.55	6.88	30	16
		1989-90	47.13	25.98	18.07	55	34
		1990-91	29.45	18.77	15.90	64	54
2.	Balh Valley	1987-88	4.62	4.62	2.99	100	65
		1988-89	25.20	17.33	13.80	69	55
		1989-90	25.01	9.24	5.53	37	22
		1990-91	24.98	8.70	3.82	35	15
3.	Bhabhour Sahib Phase-I	1988-89	1.00	1.00	1.00	100	100
		1989-90	3.00	1.31	1.30	44	43
		1990-91	15.01	11.29	7.49	75	50

(b) Galvanised iron and RCC pipes and cement costing Rs. 4.50 lakhs were shown to have been issued by the Baggi Division to the CAD works of the Balh Valley Project in March 1989. These materials were, however, transferred to other works (Rs. 2.43 lakhs) and stock (Rs. 2.07 lakhs) during May-June 1989 on the ground that they were not required for the CAD works in question.

Similarly, galvanised iron pipes, corrugated galvanised iron sheets and tor steel costing Rs. 4.71 lakhs were booked to the CAD works of the Bhabhour Sahib (Rs. 2.81 lakhs) and Giri (Rs. 2.10 lakhs) Projects in March 1991 without any provision in the sanctioned estimates. The materials had not been utilised as of June 1991.

Advance payments totalling Rs. 3.28 lakhs were made by the Una Division to certain firms during February-March 1991 for supply of tor steel and cement. Though these should have been correctly accounted for under Miscellaneous Works Advances, the

payments were charged to the CAD works of the Bhabour Sahib Project in anticipation of receipt of the materials. The materials, had not, however, been received as of May 1991.

The irregular booking of materials and advances to the CAD works appeared to have been resorted to primarily with a view to utilising the budget grants.

(c) An expenditure of Rs. 22.90 lakhs incurred by the Majra and Baggi Divisions between 1986-87 and 1990-91 on items and activities not related to the CADP in the command areas of the Giri project (Rs. 6.45 lakhs) and the Balh Valley Project (Rs. 16.45 lakhs), and which were consequently not eligible for Central assistance, was irregularly debited to the CAD works of these projects.

Similarly, two jeeps were purchased in November 1988 at a cost of Rs. 2.25 lakhs out of the funds earmarked for the Programme in the command area of the Giri project and were allotted to the Nahan and Paonta Sahib Divisions. In view of the fact that these two Divisions were not involved with the implementation of the Programme, the debiting of the expenditure to the Programme was irregular.

Further, a photocopy machine procured by the Majra Division in July 1987 at a cost of Rs. 0.77 lakh out of the funds provided for the programme in the command area of the Giri Project was installed in the Office of Superintending Engineer, IPH Circle, Nahan, without any provision in the sanctioned estimate.

These instances led to the excess drawal of Central assistance to the extent of Rs. 12.96 lakhs.

#### 4.10.6. *Planning and formulation of Programme/project proposals*

The guidelines issued by the Government of India in June 1977 prescribed that all the administrative, technical and



financial aspects of the Programme including *inter alia*, the present status of the on-farm-development (OFD) works and economic justification for the CAD projects should be spelt out clearly.

Scrutiny by Audit of the records relating to the formulation of the Programme and its pre-implementation phase, and of the project reports and estimates relating to the three CAD projects, however, revealed the following deficiencies:

(a) *Soil and topographical surveys*

Soil and topographical surveys to facilitate the formulation of appropriate project proposals and the proper designing and execution of OFD works were required to be undertaken in the command areas prior to the finalisation of the project proposals. However, no soil surveys were undertaken in the command areas of any of the three projects even as of March 1991 though the programme was taken up for implementation in these command areas between January 1984 and February 1989. By March 1991, 44 per cent to 80 per cent of the field channels had been constructed in these command areas, as discussed later in this review.

Similarly, whereas field channels had been constructed in a culturable command area (CCA) of 7,135 hectares<sup>4</sup> as of March 1991, topographical surveys had been undertaken by then only in 4,452 hectares<sup>5</sup>, which would imply that OFD works had been executed in 2,683 hectares even in the absence of topographical surveys, which were a pre-requisite for the proper planning and designing of these works.

(b) *Consolidation of holdings*

Consolidation of holdings in the command area prior to the execution of CAD works would enable better management and

<sup>4</sup> Giri Project: 5,380 hectares; Balh Valley Project: 1,350 hectares; Bhabhour Sahib Project, Phase-I: 405 hectares.

<sup>5</sup> Giri Project: 3,500 hectares; Balh Valley Project: 952 hectares.



utilisation of the irrigation facilities and bring about economics in the overall cost of such works by the construction of a lesser number of outlets.

While the of holdings were consolidated in the command areas of the Giri and Bhabhour Sahib Projects prior to the construction of field channels, the consolidation was, however, yet to be done in the command area of the Balh Valley Project, where field channels in 56 per cent of the command area had been constructed as of March 1991. It was observed that the list of villages involved the command area, called for by the Director, Consolidation of Holdings, in January 1989, was made available by the Department only as late as in June 1991 resulting in the process of consolidation, not being initiated.

(c) *Adaptive trials*

Prior to the execution of OFD works on a large scale, adaptive trials were to be undertaken in the command areas to identify local problems and constraints and to determine (i) the extent to which the field channels were to be lined and the reaches in which such lining would be necessary, (ii) the extent to which the fields were to be levelled under different soil and topographical conditions, (iii) the number of field drains to be constructed and their location, (iv) the cropping patterns, etc.

The adaptive trials envisaged had not, however, been conducted in the command areas of any of the three projects. The Executive Engineer, Majra stated (June 1991) that the trials could not be conducted because the relevant estimate submitted in February 1986 had not been approved by the Government of India. The Executive Engineers, Una-I and Baggi, attributed the failure to conduct these trials to the non-receipt of guidelines therefor and non-constitution of the CADA.



(d) The cost-benefit ratio was not worked out in any of the project reports, implying thereby that the economic justification for the CAD works had not been ascertained.

(e) The estimates relating to the development of the command area of the Giri Project prepared initially in December 1983 envisaged the execution of OFD works in a CCA of 5,263 hectares. In the revised estimates sanctioned in January 1986, the coverage was increased to 6,761 hectares after taking into account the inclusion of the adjacent command areas of three minor irrigation projects<sup>6</sup> in the Giri Command Area.

On subsequent verification of the revenue records, in December 1989, the CCA available for carrying out OFD works was, however, found to be 5,394 hectares only. Further, 481 hectares of the CCA were found to have been covered by private tubewells and *kuhls*<sup>7</sup> or to have been subjected to erosion, obviating the necessity for OFD works under the Programme. In order, therefore, to make good the shortfall of 1,848 hectares in the targeted area of coverage in terms of the revised estimates of January 1986, the Engineer-in-Chief accepted a proposal of the Majra Division in December 1990 to include in the Programme 1,747.15 hectares of the CCA of 16 minor irrigation schemes. While no expenditure was incurred on the execution of OFD works in 7 of these schemes (CCA: 1272.65 hectares), expenditure totalling Rs. 5.27 lakhs was irregularly incurred on OFD works in the CCA of the remaining 9 schemes (474.50 hectares) without obtaining the approval of the Government of India.

#### 4.10.7. Programme implementation

The Programme for the development of the command areas of the three projects formulated by the State Government forming the

<sup>6</sup> Bata Majra Canal, Rampur Giri Canal and Giri Purewal Canal

<sup>7</sup> A small irrigation channel in hilly areas.



basis of approved estimates envisaged the execution of works relating to the levelling and shaping of lands in the command areas, construction and maintenance of field channels, introduction of warabandi to ensure equitable distribution of water, construction of field drains and organisation of crop demonstrations. Actual implementation was, however, mainly confined to construction of field channels and warabandi. Certain aspects relating to the implementation of different components of the Programme in the command areas of the three projects are discussed in the following paragraphs.

#### 4.10.7.1 *Delays in commencement and completion of CAD works*

The Giri Irrigation Project and the Bhabour Sahib Irrigation Project, Phase I were completed in February 1982 and April 1982 respectively. CAD works in the command areas of these two projects were, however, taken up for execution only in January 1984 and February 1989 respectively, after a delay of 22 months and 81 months. Further, the works in the command area of the Giri Project which were scheduled to be completed by January 1987 were still in progress as of June 1991, while the works in the command area of the Bhabour Sahib Project were scheduled to be completed by February 1992.

The Balh Valley Irrigation Project, the execution of which commenced in March 1988, was yet to be completed as of June 1991. The CAD Programme in respect of this Project was approved by the Government of India in June 1986 and was to be completed in March 1991. The works were, however, taken up for execution only in March 1988 and were in progress (June 1991).

Apart from the non-utilisation fully of the irrigation potential created, the belated commencement of the CAD works and delays in their completion would also have an inevitable impact on



costs. The cost overrun could not, however, be precisely quantified because various components of the Programme were in different stages of implementation in the command areas of individual projects and the estimates had not been revised by the Divisions concerned.

#### 4.10.7.2 Land levelling/shaping

Levelling and shaping of the land was intended to ensure the even spread of water in the cultivators' fields and the drainage of excess water from the fields without causing soil erosion.

The estimates in respect of CAD works approved by the Government of India provided for the levelling/shaping of 4,260 hectares of land in the command areas of the three projects at a total estimated cost of Rs. 155.22 lakhs<sup>8</sup>. While the levelling of 4,000 hectares in all the three projects was targeted during the Seventh Plan period, the targets fixed by the State Government, however, envisaged the levelling of 850 hectares in the command area of the Giri Project only during the four-year period from 1985-86 to 1988-89<sup>9</sup>. Even the reduced target was not achieved because no land levelling works were taken up for execution.

The Divisional Officers, Majra and Baggi stated (May/June 1991) that lands in the command areas of the Giri and Balh Valley Projects could not be levelled due to the reluctance of the farmers in allowing the Department to undertake the levelling/shaping of their fields. As regards the Bhabhour Sahib Project Phase-I, the Executive Engineer, Una-I Division, stated (May 1991) that, the terrain in the command area being less undulating, levelling works

<sup>8</sup> Giri Project:1,500 hectares (Rs. 60.00 lakhs); Balh Valley Project:2,410 hectares (Rs. 81.22 lakhs); Bhabhour Sahib Project, Phase-I: 350 hectares(Rs. 14.00 lakhs).

<sup>9</sup> 1985-86:300 hectares; 1986-87:250 hectares; 1987-88:100 hectares; 1988-89:200 hectares.

had not been considered necessary.

#### 4.10.7.3 Construction and maintenance of field channels

##### (a) Targets and achievements

Construction of field channels constituted one of the most important components of the Programme. Of the budget provisions totalling Rs. 361.08 lakhs for the Programme during 1983-91, Rs. 305.27<sup>10</sup> lakhs were meant for this component, against which expenditure totalling Rs. 312.59 lakhs<sup>11</sup> was incurred.

In the 7th Five Year Plan (1985-90), field channels in an area of 13,000 hectares were targeted to be constructed. The project-wise physical targets and achievements during the period 1985-91 were as follows:

Year	Giri Project		Balh Valley Project		Bhabhour Sahib Project	
	Target	Achievement	Target	Achievement	Target	Achievement
	(in hectares)					
Up-to						
1984-85	-	810	-	-	-	-
1985-86	600	923	-	-	-	-
1986-87	600	715	-	-	-	-
1987-88	800	725	50	50	-	-
1988-89	1,000	1,007	400	400	-	-
1989-90	1,000	1,000	400	400	200	205
1990-91	700	200	400	500	400	200
Total	<u>4,700</u>	<u>5,380</u>	<u>1,250</u>	<u>1,350</u>	<u>600</u>	<u>405</u>

While the reasons for the shortfall in achieving the target in the command area of the Giri Project during 1990-91 were not made available by the Majra Division, the shortfall in respect of the command area of the Bhabhour Sahib Project was attributed to

<sup>10</sup> Giri Project: Rs. 207.27 lakhs; Balh Valley Project: Rs. 79.00 lakhs; Bhabhour Sahib Project, Phase-I: Rs. 19.00 lakhs.

<sup>11</sup> Giri Project: Rs. 213.77 lakhs; Balh Valley Project: Rs. 79.81 lakhs; Bhabhour Sahib Project, Phase-I: Rs. 19.01 lakhs.



a strike by Junior Engineers from November 1990 to February 1991 and the reduction of the working season due to standing crops in the fields.

Audit scrutiny of the records relating to the construction of field channels revealed the following:

(i) Expenditure totalling Rs. 312.59 lakhs had been incurred by the Divisions during 1983-91 on construction of field channels in the command area of all the three projects without obtaining the necessary technical sanction. The detailed estimates for the purpose had also not been prepared as of June 1991.

(ii) Expenditure of Rs. 45.19 lakhs was incurred on 18 CAD works in the command area of the Giri project up to March 1991 even without getting working estimates sanctioned. The Divisional Officer stated (June 1991) that the works were executed in anticipation of approval to the working estimates in order to achieve the prescribed targets and to ensure the timely utilisation of the budget provisions. Meanwhile, the expenditure had exceeded the estimated cost, in 9 cases, the excess ranging from 22 per cent to 580 per cent.

(iii) Construction of field channels in the entire command area of the Giri and Balh Valley Projects was administratively approved in March 1984 and December 1987 at an estimated cost of Rs. 160.31 lakhs and Rs. 34.83 lakhs respectively. The expenditure incurred by the Divisions up to March 1991 was, however, Rs. 213.77 lakhs and Rs. 79.81 lakhs respectively resulting in excess of 33 per cent and 129 per cent. This was attributed by the Divisional Officers to an increase in the cost index. The revised estimates were in the process of being prepared/sanctioned.

(b) *Recovery of expenditure on field channels*

Up to the year 1985-86, 50 per cent of the cost of construction of field channels from the designated outlets to blocks of fields 5 to 8 metres in extent was recoverable from the concerned beneficiaries. From the year 1986-87 onwards the entire cost of such channels was to be borne by the Central and State Governments on a matching basis and was, not to be recovered from the beneficiaries. In respect, however, of construction of field channels within these blocks 50 per cent of the cost was recoverable. Accordingly, separate estimates were required to be prepared and distinct accounts of expenditure maintained for the two categories of channels.

This requirement was not fulfilled by any of the three Divisions. However, according to the information supplied by them, Rs. 66.86 lakhs were recoverable on this account as of March 1991 from the beneficiaries in the three command areas<sup>12</sup>, after adjusting the subsidy due. Action for the recovery of the dues had not, however, been initiated as of June 1991.

The Executive Engineer, Majra Division reported in September 1987 that beneficiaries had objected to the recoveries on the plea that they were not informed about it prior to the construction of the field channels. The Executive Engineer, Baggi stated (May 1991) that the prescribed pattern of recovery had not been adopted in the command area of the Balh Valley Project because the beneficiaries in the command were mostly marginal and small farmers and had hardly any capacity to pay the amounts due. However, approval to the deviation from the approved pattern had not been obtained. On the other hand, the Divisional Officer, Una Division No. I stated (May 1991) that instructions for recovery from

<sup>12</sup> Giri Project: Rs. 49.72 lakhs; Balh Valley Project: Rs. 10.82 lakhs; Bhabhour Sahib Project, Phase-I: Rs. 6.32 lakhs.



the beneficiaries in the command area of the Bhabhour Sahib Project were not available in the Division.

(c) *Incorrect adjustment of subsidy*

Subsidy on matching basis and IRDP pattern at 25 and 33-1/3 per cent of the cost of channels within 5-8 hectare blocks was admissible to small and marginal farmers respectively and was adjustable against the loan portion. For the three projects, subsidy of Rs. 51.38 lakhs had been adjusted without identifying such farmers. Farmer-wise accounts of loans due and subsidy adjusted had also not been maintained in the absence of which verification of accuracy of grant and adjustment of subsidy was not possible. The Executive Engineer, Una Division No. 1 (Bhabhour Sahib Project) stated in May 1991 that instructions for identifying the small and marginal farmers for allowing subsidy were not available with them.

Subsidy amounting to Rs. 25.69 lakhs, representing their matching contribution, was due from the Central Government. Claims for Rs. 23.34 lakhs only were, however, raised of which claims totalling Rs. 20.10 lakhs had been reimbursed as of March 1991..

(d) *Maintenance of field channels*

Participation of the beneficiary-farmers in the programme activities was emphasized by the Government of India in November 1988 with the ultimate objective of handing over the water management and maintenance of structures beyond the designated outlets to farmers' associations at the earliest.

While the register of assets created was not maintained by any of the three Divisions, distinct and separate accounts of the expenditure incurred on maintenance of the field channels were also not prepared. Expenditure on the maintenance of the channels in the command area of the Giri Project was being incurred against

the allotments for the maintenance of the irrigation project. Field channels constructed in 7,135 hectares at a cost of Rs. 312.59 lakhs up to March 1991 had not been handed over to the beneficiaries due to non-formation of farmers' associations.

#### 4.10.7.4 Warabandi

The warabandi system for the equitable distribution of water, in rotation, to the beneficiaries, aimed at providing assured and timely irrigation, was to be introduced in the command areas under the Programme. Introduction of warabandi in a total area of 8,000 hectares (representing also the target of construction of field channels) was envisaged during the Seventh Plan period. This was, however, implemented in a total area of 3,642 hectares in the command areas of the Giri and Balh Valley Projects only during 1985-91. Project-wise details of the targets and achievements are contained in the following table:

Year	Giri Project		Balh Valley Project		Bhabhour Sahib Project, Phase-I	
	Target	Achievement	Target	Achievement	Target	Achievement
	(In hectares)					
1985-86	600	678	--	--	--	--
1986-87	600	550	--	--	--	--
1987-88	200	209	--	--	--	--
1988-89	400	405	100	100	--	--
1989-90	400	600	200	100	--	--
1990-91	700	500	400	500	400	--
	-----	-----	-----	-----	-----	-----
	2,900	2,942	700	700	400	--

According to the instructions of the Government of India, the introduction of warabandi was to keep pace with the construction of field channels. However, whereas field channels were constructed in a total area of 7,135 hectares as of March 1991, warabandi was introduced only in an area of 3,642 hectares till then, thereby defeating the objective of providing assured and timely irrigation facilities to the beneficiaries. Relevant



details in this regard are tabulated below:

Project	Extent in which field channels constructed	Area covered by warabandi	Shortfall
		(In hectares)	
Giri	5,380	2,942	2,438 (45)
Balh Valley	1,350	700	650 (48)
Bhabhour Sahib, Phase-I	405	Nil	405 (100)
	-----	-----	-----
Total	7,135	3,642	3,493 (49)

The Superintending Engineer, IPH Circle, Una, stated (May 1991) that warabandi in the command area of the Bhabhour Sahib Project would be taken up on completion of the field channels, while the Executive Engineer, Majra, stated (June 1991) that priority was accorded to the completion of the field channels in the command area of the Giri Project and that warabandi was implemented only in cases of extreme necessity involving disputes. The shortfall in the command area of the Balh Valley Project was, on the other hand, attributed by the Executive Engineer, Baggi Division, to inadequacy of funds and staff.

Having, however, due regard to the fact that warabandi was to keep pace with the construction of field channels, so as to optimise the benefits from the investments in the construction of the channels by ensuring the equitable distribution of water, the two activities should have been appropriately synchronised by proper planning and allocation of financial and manpower resources. Failure to do so resulted in the postponement of the benefits envisaged by the Programme.

#### 4.10.7.5 Construction of field drains

Proper drainage of fields plays a crucial role in increasing the productivity of irrigated areas by preventing water logging and providing aeration to the root zone. The estimates for

Note: Figures within parentheses represent percentages.

the implementation of the Programme in the command areas of all the three projects envisaged construction of field drains in an area of 3,167 hectares at an estimated cost of Rs. 19.00 lakhs. This component was, however, not taken up for execution; nor were any targets prescribed for the purpose and funds provided.

Non-construction of field drains in the command area of the Giri Project led to a rise in the water table along both the banks of the Bata river during September 1985, which delayed the sowing of Rabi crops.

#### 4.10.7.6 *Extension services*

##### (a) *Crop demonstrations*

Crop demonstrations were required to be conducted to educate the farmers about modern farming techniques and motivate them to adopt these for maximising agricultural production at a minimum cost. Though lump-sum provisions totalling Rs. 55 lakhs were included for the purpose in the estimates relating to the Balh Valley and Bhabhour Sahib Projects, no crop demonstrations were organised by the Divisions in the command areas of these projects. This was attributed by the Executive Engineers to the non-establishment of the CADA and non-posting of agricultural staff.

Crop demonstrations were organised in the command area of the Giri Project only from December 1990 and an expenditure of Rs. 2.06 lakhs was incurred up to March 1991, inclusive of the expenditure on the purchase of a colour television set and video cassettes recorder (Rs. 0.28 lakh) and procurement of steel for the construction of the community hall for farmers (Rs. 0.72 lakh). The delay in organising the demonstrations was attributable to the belated receipt of sanction of the Engineer-in-Chief to an estimate for Rs. 33.77 lakhs submitted by the Superintending Engineer, Irrigation Circle, Nahan, in May 1989. In the meantime two



Assistant Development Officers whose services were requisitioned for the purpose from the Agriculture Department had joined the Project in May 1988 and October 1988. In the absence of the necessary sanction their services remained unutilised rendering the expenditure of Rs. 1.53 lakhs incurred on their pay and allowances up to November 1990 unfruitful.

(b) *Training*

The project authorities were required to establish at least one farmers' training centre in each project for imparting training to the farmers on storage of water, on farm water management, water requirements for different crops, adverse effect of water logging and salinity, weed control, maintenance of field channels and field drains, etc. Personnel engaged in the CAD Programme were also to be imparted training to refresh their knowledge and to inculcate in them the latest ideas with a view to improving their efficiency. The cost of the training was to be shared between the Central and the State Governments.

The availability of grants for the purpose from the Central Government notwithstanding, no training centres were established for farmers nor was any training arranged for the Programme personnel.

(c) *Infrastructure facilities*

The programme envisaged strengthening of the infrastructure, including the communication system, by the State Government from their own resources to handle the increased production for the development of markets, etc. However, the infrastructure requirements were neither assessed nor were any funds provided for such facilities by the State Government.

The Executive Engineer, Baggi Division, stated (May 1991) that the facilities already available in the vicinity of the Balh

Valley command were sufficient, while the Executive Engineer, Una-I attributed the non-development of these facilities to the absence of a provision for the purpose in the sanctioned estimate of CADA.

#### 4.10.8. Utilisation of irrigation potential

The main thrust of the CADP was to accelerate the process of utilisation of the irrigation potential and to ensure efficient utilisation of water through integrated water management. The details of irrigation potential created and utilised in two completed medium irrigation projects (Giri and Bhabhour Sahib, Phase-I) and the on-going third project (Balh Valley) between 1985 and 1990 are indicated in the following table:-

Year ending June	Giri Project			Balh valley Project			Bhabhour Sahib Project, Phase-I			
	Potential created	Potential utilised	Percentage utilisation	Potential created	Potential utilised	Percentage utilisation	Potential created	Potential utilised	Percentage utilisation	
1985	5283	Kharif	1,369	26	200	Nil	Nil	923	4	Negligible
	5283	Rabi	1,574	30	200	Nil	Nil	923	520	56
1986	6761	Kharif	1,240	18	600	Nil	Nil	923	8	1
	6761	Rabi	1,658	25	600	Nil	Nil	923	415	45
1987	6761	Kharif	1,432	21	1,000	Nil	Nil	923	Nil	Nil
	6761	Rabi	1,572	23	1,000	Nil	Nil	923	263	28
1988	6761	Kharif	1,776	26	1,300	400	31	923	40	4
	6761	Rabi	2,244	33	1,300	380	29	923	311	34
1989	6761	Kharif	1,901	28	1,700	720	42	923	6	Negligible
	6761	Rabi	2,861	42	1,700	720	42	923	360	39
1990	6761	Kharif	-	-	1,950	1,120	57	923	4	Negligible
	6761	Rabi	2,208	33	1,950	920	47	923	419	45

The reasons for the significant under-utilisation of the Irrigation potential created in the three projects had not been investigated by the Department with a view to initiating appropriate remedial measures.

#### 4.10.9. Arrears in collection of water rates

Though the Giri Project and the Bhabhour Sahib Project, Phase I, were medium irrigation projects, these were included in



Schedule-I to the Minor Canals Act, 1976 and the water rates were being assessed by the Department accordingly. No steps had been taken by the Department to enact separate legislation to cover medium irrigation projects in the State (June 1991).

Arrears in collection of water rates in respect of the Giri Project and the Bhabhour Sahib Project, phase I, increased from Rs. 1.26 lakhs and Rs. 0.20 lakh respectively at the end of 1984 to Rs. 5.14 lakhs and Rs. 0.84 lakh respectively at the end of 1990. As regards the Balh Valley Project, which provided irrigation partly during the year 1987-88, the abiana charges<sup>13</sup> were yet to be assessed (June 1991).

The Executive Engineers Majra and Una-I Divisions stated (June 1991) that Khataunis<sup>14</sup> up to the year 1990 had since been sent to the Revenue Department for realisation of water charges.

#### 4.10.10. *Monitoring and evaluation*

The Government of India had stressed the need for detailed technical, physical and financial monitoring of various activities of the Programme so that it would be possible to identify the bottlenecks and initiate the necessary corrective measures, and to determine, through a diagnostic analysis, the extent to which its objectives had been achieved.

A monitoring cell was required to be established in each project for the purpose. Apart from physical and financial monitoring, the cell was also to undertake detailed analyses of water availability, carrying capacity of channels, performance of structures and water distribution.

The monitoring cell was, however, not set up in any of the three projects. This was attributed to non-constitution of the

<sup>13</sup> Revenue collected for the supply of water to cultivators for irrigation.

<sup>14</sup> Revenue record containing the names of owners and cultivators of holdings.



Command Area Development Authority (Bhabhour Sahib Project, Phase I) and inadequacy of staff (Balh Valley Project). Reasons for the non-establishment of the cell in the Giri Project were, however, not furnished.

Further, in order to facilitate an evaluation and assessment of the impact of the CAD activities with reference to the extent to which the irrigation potential created had been utilised, the efficiency achieved in improving irrigation intensity, the cropping intensity over the years, improvements in production/productivity, etc., bench mark surveys of the project area were also required to be conducted before undertaking the Programme.

No bench mark surveys were conducted in any of the projects before commencement of the Programme, in the absence of which a proper evaluation of its impact was not possible. Failure to conduct the surveys was attributed to the non-constitution of evaluation teams (Balh Valley) and non-availability of requisite instructions (Bhabhour Sahib). No reasons were, however, furnished in respect of the Giri Project.

#### 4.10.11. *Other point of interest*

##### (a) *Injudicious installation of hydrams*

Mention was made in paragraph 4.13.8 of the Report of the Comptroller and Auditor General of India for the year 1984-85 (Civil) of the unsatisfactory performance of ten hydrams<sup>15</sup> installed in the Giri Project. These included six hydrams installed in March 1982 at RD 12,160 of the Right Bank Canal (total length: 17 Km) at a cost of Rs. 4.28 lakhs.

Whereas the hydrams were expected to render satisfactory

<sup>15</sup> Mechanical devices designed to lift water to elevated areas by its own force.



service for at least 35 years, it was, however, found during June-August 1989 that only three of them were functional. This was attributed to the fact that the main canal, as designed, did not permit the flow of adequate quantities of water with the requisite force for its being lifted by the hydrams to the elevated areas which were to be irrigated. Besides, substantial quantities of water were also wasted and not lifted to the intended elevation, as a result of which only about half the CCA (40 hectares) of the relevant distributory (No.9) at its tail end remained unirrigated.

All the six hydrams were, therefore, replaced by a lift irrigation scheme in March 1990 at a cost of Rs. 2.05 lakhs.

Audit scrutiny revealed that, even prior to the installation of the hydrams at the proposed location, the Chief Engineer had recommended that these may be installed at the tail end of the canal after ensuring the availability of additional 10 cusecs of water in the distributory to enable the lifting of 1.04 cusecs of water to irrigate 85 hectares of land in the elevated areas. The recommendation had not, however implemented, the reasons for which were not ascertainable from the records; nor was the availability of adequate water at the location where the hydrams were ultimately installed ensured.

Installation of the hydrams at what was obviously an unsuitable location without ensuring the availability of adequate water after taking into account the design constraints of the canal, thus, resulted in their being abandoned after they had worked for less than one-fourth of their normal designated life and necessitated avoidable additional investments in a lift irrigation scheme.

4.10.12. These points were brought to the notice of Government in September 1991; their reply had not been received (January 1992).



4.11. European Economic Community Associated Water Supply Project

With a view to providing drinking water facilities to the rural areas of Himachal Pradesh, other than those in Kinnaur and Lahaul and Spiti Districts, the Government of India entered into an agreement with the European Economic Community (EEC) in June 1982. The agreement envisaged the execution of 308 water supply schemes by June 1985 at a total estimated cost of Rs. 15.55 crores to cover 1,427 priority villages (population: 2.84 lakhs) by providing drinking water to them for a period of 15 years. The number of schemes and the project cost were, however, revised during 1984-85 to 302 and Rs. 18.16 crores respectively to cover 1,303 villages (population: 2.79 lakhs). The completion schedule was also extended to June 1986, subject to the condition that the cost overrun, if any, would be borne by the State Government themselves.

The European Economic Community had undertaken to provide financial assistance to the extent of ECU 18 million (Rs. 16.24 crores). In terms, however, of the pattern of assistance evolved by the Government of India the State Government was to be reimbursed to the extent of 70 per cent (Rs. 11.37 crores) only, which was to be treated as additional Central assistance to the State, the balance amount being met from the State's own resources.

The project was not completed as scheduled and its implementation was still in progress as of June 1991. Up to the year 1986-87, when funds for the EEC-assisted project were distinctly and separately provided and the expenditure thereon was also accounted for separately, the expenditure incurred on the project amounted to Rs. 18.65 crores against budget provisions totalling Rs. 20.85 crores. Works taken up under the project were financed from the State's own resources after March 1987 and funds were provided and expenditure accounted for under various heads of



account. In the circumstances, consolidated details of the budget provisions and expenditure in respect of the works relating to the EEC project were not separately available from 1987-88 onwards.

Details of the number of Irrigation and Public Health Divisions which implemented the project were not available with the Department. Certain important points noticed in the course of a general review of the implementation of the project during the period from 1982-83 to 1990-91 by 7 Irrigation and Public Health Divisions<sup>1</sup> undertaken by Audit during April-June 1991 are mentioned in the following paragraphs.

(a) *Payment of Central assistance*

Against the assistance of Rs. 11.37 crores due from the Central Government, a sum of Rs. 10.70 crores had been reimbursed as of April 1991, and the balance (Rs. 0.67 crore) was pending reimbursement because the final completion report/certificate had not been furnished by the State Government.

Test-check of the records of the 7 Divisions, however, revealed the following:

(i) Expenditure of Rs. 59.45 lakhs incurred on various State and Centrally sponsored water supply schemes prior to the conclusion of the agreement with the European Economic Community was irregularly debited to the project by 4 Divisions<sup>2</sup> by crediting the State Government (Rs. 42.63 lakhs) and other Centrally sponsored schemes (Rs. 16.82 lakhs).

(ii) Administrative approval to the Centrally sponsored Bhulana water supply scheme (Sirmaur District) was accorded in July 1978 at an estimated cost of Rs. 1.93 lakhs. The scheme was completed during 1983-84 at a cost of Rs. 1.53 lakhs. The scheme

<sup>1</sup> Barsar, Bilaspur, Ghumarwin, Hamirpur, Nahan, Nerwa and Sundernagar.

<sup>2</sup> Barsar, Bilaspur, Hamirpur and Nerwa.



was, however, also included subsequently in the EEC-assisted project and reimbursement of the expenditure claimed based on a revised estimated cost of Rs. 4.65 lakhs. No expenditure having been incurred on the scheme under the EEC project, the reimbursement claimed was irregular.

(b) *Physical achievements*

As mentioned earlier, the terminal date for the completion of the project was June 1986. The Department had reported that 1,295 of the targeted 1,303 villages had been covered by then following completion of the related water supply schemes. Audit scrutiny, however, disclosed the following:

(i) The achievements reported also included 51 villages not to be covered under the EEC-assisted project, but which had been provided water supply under other schemes formulated separately. In the circumstances, as against the shortfall of only 8 villages reported, the actual shortfall was 59 villages.

(ii) By June 1986, the 7 Divisions test-checked had targeted the completion of 71 schemes covering 513 villages (population: 0.94 lakh). The Divisions had reported that 59 of these schemes had been completed in all respects by June 1986. However, only 34 of the schemes had been actually completed in all respects by the cut-off date, and the remaining 25 schemes were completed only between July 1986 and March 1991.

(c) *Time and cost overruns*

Delays in the completion of 29 schemes by the 7 Divisions test-checked ranged between 9 months and 57 months. This had an inevitable impact on costs, the cost overrun in respect of these 29 schemes being of the order of Rs. 244.17 lakhs.

The time overrun in these cases was attributed by the Department to paucity of funds. This was, however, not tenable



having regard to the fact that the budget provisions totalling Rs. 20.12 crores during 1982-86 were not fully utilised and that the actual expenditure during this period amounted to only Rs. 17.94 crores. In fact, four of the seven Divisions<sup>3</sup> selected for test-check had surrendered funds to the extent of Rs. 25.51 lakhs during this period.

The revision of the project cost from Rs. 15.55 crores initially estimated to Rs. 18.16 crores was attributed by the Department to the steep increase in the prices of materials, transportation charges, energisation costs, wages of labour, etc. It had also been estimated in March 1989 that the project cost would increase further to Rs. 20.73 crores.

Test-check of the records relating to the schemes implemented by the 7 Divisions, however, revealed that, apart from the normal escalation in prices during the period, the cost overrun was also partly attributable to defective designing of schemes, use of pipes of higher specifications for distribution lines, increase in the quantities of pipes, etc. Some of these aspects have been discussed in the following paragraphs.

(i) The estimates in respect of 27 water supply schemes executed by these 7 Divisions included provision for the laying of 2,74,409 running metres of galvanised iron pipes of varying sizes and grades at a cost of Rs. 53.48 lakhs. However, 4,73,391 running metres of galvanised iron and low/high density polythene pipes were actually laid in these schemes at a total cost of Rs. 88 lakhs without obtaining the sanction of the competent authority. The deviations, ranging from 29 per cent to 101 per cent in individual schemes, resulted in a cost increase of Rs. 34.52 lakhs.

(ii) The project reports/estimates of 22 water supply

<sup>3</sup> Ghumarwin, Nahan, Nerwa and Sundernagar.



schemes envisaged the laying of only 18,160 running metres of medium grade galvanised iron pipes of varying sizes. All other pipes used in these schemes were to be only of light grade. Contrary to the provision in the project reports/estimates, 2,04,264 running metres of medium grade pipes were laid instead at a cost of Rs. 63.73 lakhs. The increase in the quantities of the more expensive medium grade pipes to the extent of 1,86,104 running metres resulted in an additional expenditure of Rs. 8.55 lakhs.

(iii) The working pressure of light grade galvanised iron pipes of 15 to 80-mm diameter had been technically observed to be between 70.38 metres and 105.56 metres. Accordingly, in cases where the working pressure or the height of the terminal heads was less than 70 metres, light grade galvanised iron pipes would have been technically adequate. Notwithstanding the fact that the height of the terminal heads of the distribution lines and working pressure of 10 schemes implemented by 4 Divisions<sup>4</sup> was less than 70 metres, the designs of these schemes were based on the use of 83,065 running metres of medium grade galvanised iron pipes at a cost of Rs. 23.42 lakhs. The defective designing of the distribution lines in these cases resulted in a cost increase of Rs. 3.08 lakhs.

(iv) In terms of the instructions issued by Government in June 1977 and September 1985, materials required for the execution of works in respect of which rate contracts had been concluded were to be procured by the Department against such rate contracts and made available to contractors. This method of procurement had also been agreed to in June 1982 at the time of concluding the agreement in respect of the project with the European Economic Community.

Contrary to these arrangements, contracts for the supply

---

<sup>4</sup> Barsar, Bilaspur, Ghumarwin and Hamirpur.



and laying of 36,373 running metres of galvanised iron pipes of varying diameters in nine schemes were awarded by 6 Divisions<sup>5</sup> during 1984-88, and payments totalling Rs. 10.93 lakhs were made to the contractors on this account. Had the contracts been confined only to the laying of the pipes, their supply being arranged departmentally against rate contracts as envisaged in the Government instructions and the agreement with EEC, the works could have been completed at a total cost of Rs. 8.69 lakhs. Failure to do so resulted in an additional expenditure of Rs. 2.24 lakhs.

(d) *Deficiencies in implementation*

(i) The Lift Water Supply Schemes, Kalri Patta Bhadrog, designed to provide drinking water to 11 villages (population: 1,631) was completed in March 1986 at a cost of Rs. 6.86 lakhs. The water for the scheme was to be drawn from the delivery tank of the Lift Irrigation Scheme, Patta, the first stage of which alone had been commissioned at the relevant time. In October 1982, however, the second stage of the Lift Irrigation Scheme, Patta, based on the same source was also administratively approved at an estimated cost of Rs. 1.22 lakhs for providing irrigation facilities to 42.51 hectares of land. On commissioning of the second stage in January 1988, faults developed in the pumps of the first stage as a result of the combined heavy loads of the two stages of the Lift Irrigation Scheme and Lift Water Supply Scheme, Kalri Patta Bhadrog. This necessitated the isolation of the Lift Water Supply Schemes, Kalri Patta Bhadrog and the second stage of the Lift Irrigation Scheme, Patta, by augmenting the former, for which administrative approval was accorded in February 1990 at an estimated cost of Rs. 4.89 lakhs. The augmentation works were in progress, causing disruption in the supply of drinking water to the

<sup>5</sup> Barsar, Bilaspur, Ghumarwin, Hamirpur, Nahan and Nerwa.



intended beneficiaries, and an expenditure of Rs. 0.08 lakh had been incurred thereon as of March 1991.

Having been aware of the proposal to utilise the source of the Lift Irrigation Scheme, Patta, for its second stage as well, the problems encountered subsequently could have been foreseen by the Department and the technical feasibility of utilising the source for both the stages of the irrigation scheme as well as the water supply scheme adequately examined. Had this been done, and either the second stage of the irrigation scheme or the water supply scheme been delinked from the first stage of the irrigation scheme and planned for separately, the failure of the pumps attributable to the combined heavy loads could perhaps have been prevented and augmentation of the water supply scheme some four years later, with the attendant increase in cost, avoided.

(ii) Four of the seven Divisions<sup>6</sup> test-checked had used 15,768 running metres of low/high density polythene pipes of 20 to 32-mm outer diameter (cost: Rs. 1.35 lakhs) in 7 schemes implemented during 1982-85 against the laying of galvanised iron pipes envisaged in the relevant estimates. While this was attributed by the Executive Engineers to the non-availability of galvanised iron pipes, the polythene pipes were replaced by the former during 1985-91 following damages to the pipes caused by high pressure, cutting by miscreants and nibbling by rats and ants, rendering the expenditure of Rs. 1.35 lakhs infructuous. Notwithstanding this experience, two of these Divisions and two other Divisions<sup>7</sup> continued to use low/high density polythene pipes even thereafter, and laid 65,487 running metres in the distribution lines of 14 other schemes at a total cost of Rs. 5.49 lakhs even in the absence of any provision therefor in the sanctioned estimates.

<sup>6</sup> Barsar, Bilaspur, Ghumarwin and Sundernagar.

<sup>7</sup> Barsar, Nahan, Nerwa and Sundernagar.



The laying of galvanised iron pipes alone having been envisaged in the estimates relating to the 7 schemes, the Department ought to have arranged their procurement in time after taking into account the requirements of various water supply schemes. Had the availability of galvanised iron pipes been ensured, the infructuous expenditure of Rs. 1.35 lakhs on the laying of polythene pipes, which were more easily susceptible to damage by miscreants and rodents could have been avoided. In any event, the continued use of polythene pipes even when the Divisions were aware of their unsuitability would not appear to have been prudent.

(iii) The Nerwa Division had entrusted the laying of medium grade galvanised iron pipes of 50-mm diameter from RD 10,000 to 11,500 of the main distribution line of the Giller Khokha gravity water supply scheme to a contractor during 1981-82. 1,500 running metres of medium grade galvanised pipes of 50-mm diameter were issued to the contractor from the material at site account of the work and a payment of Rs. 0.06 lakh was made to him in March 1983 for the laying of these pipes. However, medium grade galvanised iron pipes of 50-mm diameter were again shown as having been laid departmentally from RD 10,090 to 11,500 during January 1984, involving an expenditure of Rs. 0.64 lakh (cost of pipes : Rs. 0.61 lakh; expenditure on muster roll labour : Rs. 0.03 lakh). In the absence of any rational explanation for the laying of the pipes in the same reaches on two different occasions within a period of about 9 months, it appeared, *prima facie*, that the payments stated to have been made on one of the occasions were fictitious.

Further, the Division also entrusted the laying of 8,830 running metres of 50-mm diameter galvanised iron pipes in trenches



of the gravity main to five contractors against 8 work orders during 1982-83. Instead of laying the pipes in trenches excavated for the purpose, as stipulated in the work orders, the contractors laid almost the entire length of pipes (6,445 running metres) above ground in the open. They were paid Rs. 0.45 lakh for the work, treating the pipes as having been laid in trenches excavated for the purpose on the basis of fictitious measurements, which had also been test-checked by the Assistant Engineer concerned. Subsequently during 1985-86 and 1986-87, the pipes were relaid in trenches departmentally at a cost of Rs. 0.66 lakh. The expenditure of Rs. 0.45 lakh incurred initially during 1982-83 had been rendered wasteful in the process.

The Executive Engineer stated (June 1991) that both the cases were being investigated. Further developments were awaited (November 1991).

(iv) The project report and sanctioned estimates of the schemes provided for the installation of water treatment plants to ensure the supply of safe and treated water to the villages. Though the estimates of three water supply schemes in two Divisions<sup>8</sup> included a provision of Rs. 0.98 lakh in respect of water treatment works, the schemes were commissioned between March 1983 and March 1986 at a total cost of Rs. 26.31 lakhs without providing the water treatment works, the reasons for which were not clarified. Consequently, 24 villages (population : 3,676) served by these schemes were supplied only untreated water contrary to the objectives of the project.

Similarly, provisions totalling Rs. 1.88 lakhs were included in the estimates of 58 schemes implemented by the 7 Divisions test-checked for chlorination plants. The schemes were,

---

<sup>8</sup> Hamirpur and Nerwa.



however, commissioned without installing the chlorination plants. While the Executive Engineer, Barsar Division, stated (May 1991) that bleaching powder was being added regularly to the water, no reasons for the omission were, however, furnished by the other Divisional Officers.

(v) Expenditure totalling Rs. 690.83 lakhs was incurred by the 7 Divisions on 64 schemes during 1981-91 without preparing the relevant estimates and detailed designs and getting them technically sanctioned. Further, 4 of these Divisions<sup>9</sup> had also incurred expenditure totalling Rs. 166.47 lakhs during 1986-91 on the annual repairs and maintenance of 25 schemes even in the absence of estimates approved by the competent authority.

(e) *Stores and Stock*

(i) Various items of stores, such as galvanised iron and high density polythene pipes, mild steel tanks, mild steel bars, angles, barbed wire, etc., valued at Rs. 14.97 lakhs were debited to 20 water supply schemes by the 7 Divisions during 1982-91. Of these, materials valued at Rs. 11.33 lakhs had been utilised in the schemes. The remaining items valued at Rs. 3.64 lakhs were held in stock as of June 1991, unutilised for periods ranging from one year to 10 years. Appropriate action for the disposal of the surplus materials had not been taken.

(ii) Shortages of materials totally valued at Rs. 5.01 lakhs had occurred in 6 of the 7 Divisions<sup>10</sup>, attributable to failure to carry forward balances or non-accountal in the new material-at-site accounts (Rs. 3.90 lakhs), fictitious issues (Rs. 0.77 lakh) and theft of pipes (Rs. 0.34 lakh). While a charge sheet had been served on a Junior Engineer in May 1989 alleging negligence as a result of which 2,044 running metres of galvanised

<sup>9</sup> Barsar, Bilaspur, Ghumarwin and Hamirpur.

<sup>10</sup> Barsar, Bilaspur, Ghumarwin, Nahan, Nerwa and Sundernagar.



Iron pipes costing Rs. 0.34 lakh were stolen during March 1985, and further developments in this case were awaited, the Divisional Officers stated that the concerned officials responsible for the other shortages were being asked to reconcile them.

(f) *Non-closure of works accounts*

The works accounts of 44 water supply schemes, completed by 4 Divisions<sup>11</sup> between March 1983 and March 1991, had not been closed as of June 1991. This was attributed by the Divisional Officers to the non-clearance of certain old liabilities, details of which were not readily available with the Divisions.

These points were brought to the notice of Government in August 1991; their reply had not been received (January 1992).

4.12. *Lift Water Supply Scheme for Dhaned Haretta group of villages*

With a view to providing drinking water facilities to an ultimate projected population of 6,532 in the year 1998 in 21 villages of the Dhaned Haretta group in Hamirpur District, a lift water supply scheme was administratively approved in January 1971 at an estimated cost of Rs. 3.68 lakhs. Based on the lean period discharge of 69,120 gallons per day from the source (Dhaned Khad) measured in May-June 1968, the water available from the source was considered sufficient for the ultimate population after 30 years at the rate of 10 gallons per individual.

The execution of the scheme was taken up in 1971 without obtaining technical sanction. After an expenditure of Rs. 1.88 lakhs had been incurred on construction of the pump house, chowkidar's quarter, storage tank, etc., the lean period discharge of water from the source was again measured in May 1973 and found to be only 37,440 gallons per day. A revised estimate amounting to

<sup>11</sup>Ghumarwin, Hamirpur, Nahan and Nerwa.



Rs. 9.66 lakhs was prepared by the Division in November 1974 on the ground that (a) the cost of materials and labour had increased, (b) provision had not been included in the originally sanctioned estimate for electrical connections, protective works, etc., and (c) there was a totalling mistake to the extent of Rs. 1.26 lakhs. This estimate was, however, not approved.

Though it was known that the lean period discharge from the source was likely to be lower than what had been estimated in 1988, it was held that the problem could be overcome by the construction of a weir at the head works to divert water to the sump well. The expectation was not realised even after a weir was constructed at a cost of Rs. 0.15 lakh in May 1974.

Instead of reviewing the scheme and introducing appropriate mid-term changes in its scope, the Department continued to execute the scheme as formulated initially. It was completed during 1980-81 at a cost of Rs. 13.74 lakhs, representing a cost overrun of Rs. 10.06 lakhs (273 per cent). A further expenditure of Rs. 8.24 lakhs was also incurred on the operation and maintenance of the scheme up to the year 1989-90.

The discharge of water from the source declined further to 15,204 gallons per day during 1984-85. A separate scheme from a different source, was, therefore, sanctioned in November 1987 at an estimated cost of Rs. 2.29 lakhs for providing water to 9 of the 21 villages covered under the original scheme. This scheme was completed in May 1988 at a cost of Rs. 3.32 lakhs.

The required quantity of water could not be supplied to the beneficiaries of the remaining 12 villages even thereafter owing to a further reduction in the discharge of water from Dhaned khad. While the normal daily discharge of the source during the period from 1988-89 to 1990-91 ranged between 29,268 gallons and



30,408 gallons, the daily lean period discharge during this period ranged between 12,924 gallons and 13,304 gallons only as against 69,120 gallons initially measured in 1968 and 37,440 gallons in 1973. Consequently, only 8 gallons of water could be supplied daily to the beneficiaries during the normal period and 3 to 4 gallons daily during the lean period, as against the daily supply of 10 gallons per individual envisaged initially. Further, as against the projected capital cost of Rs. 20 per gallon, the average cost worked out to Rs. 46 per gallon during the normal period and Rs. 104 per gallon during the lean period.

A proposal for the augmentation of the scheme at an estimated cost of Rs. 49 lakhs was, therefore, formulated by the Division in August 1989. This was, however, not approved by the Engineer-in-Chief.

Yet another scheme for the provision of water to 8 of the 12 villages at an estimated cost of Rs. 17.88 lakhs submitted by the Division in June 1991 was awaiting the approval of the Engineer-in-Chief as of November 1991. In terms of the estimate prepared for the purpose the diameter of the pipeline already laid would have to be changed, necessitating its dismantling. It had been assessed that this would result in a wasteful expenditure of Rs. 4.19 lakhs.

The Divisional Officer attributed (December 1990) the reduction in the discharge from the source to the topography of the area and the prevalence of drought condition.

Failure to comprehensively review the scheme even when it was known in 1973 itself that the discharge of water from the source was not likely to be adequate to meet the projected requirements and to introduce appropriate midterm correctives resulted in the non-realisation of the intended objective



notwithstanding the investments totalling Rs. 17.06 lakhs on two separate schemes for 21 villages, as against an investment of Rs. 3.68 lakhs only initially envisaged in a single scheme covering all the villages. Besides, an estimated expenditure of Rs. 4.19 lakhs is also likely to be rendered infructuous in the event of a separate scheme for 8 of these villages, involving an additional estimated investment of Rs. 17.88 lakhs, being sanctioned. Had the scheme been formulated after careful planning having regard to the topography of the area the vagaries of the weather, the additional investments could have been minimised and the intended benefits would have accrued earlier.

The matter was reported to the Government in October, 1991; their reply had not been received (January 1992).

#### 4.13. *Lift Water Supply Scheme for Lahat, Kotlu and adjoining villages*

Designed to provide drinking water facilities to an estimated prospective population of 11,008 in the year 1994, the Lift Water Supply Scheme for Lahat, Kotlu and 34 other adjoining villages was administratively approved at an estimated cost of Rs. 18.64 lakhs in September 1979. The estimated cost was subsequently revised to Rs. 40.68 lakhs in January 1985, the increase being attributed to increase in the prices of materials and wages of labour, and changes in the scope of the scheme. The detailed estimate for obtaining technical sanction of the competent authority had not, however, been prepared even as of June 1990, though the scheme was commissioned by the Palampur Division during 1982-83 at a cost of Rs. 41.75 lakhs.

The functioning of the scheme was not satisfactory ever since its commissioning in 1982-83 and 15 villages at the tail-end were not getting regular supply of water due to frequent power failures. Instead of remedying the situation in consultation with



the State Electricity Board, the Chief Engineer sanctioned an estimate of Rs. 12.57 lakhs in December 1987 for certain improvements to the scheme, such as the construction of rising main and other structural works, installation of additional pumping machinery, etc., to ensure adequate supply of water to these villages. These improvement works, taken up in March 1988, were almost complete and expenditure totalling Rs. 19.93 lakhs had been incurred thereon as of October 1991.

While these works were in progress, in the context of the complaints about the unsatisfactory functioning of various Lift Irrigation and water supply schemes in the area, including the scheme for Lahat, Kotlu and adjoining villages, the Executive Engineer of the State Electricity Board at Palampur had informed the Palampur Division in July 1990 that the schemes were not functioning properly because there were a large number of transformers on the feeder line serving the area. He had, therefore, suggested that a separate feeder line might be got constructed at an approximate cost of Rs. 7 lakhs so that all the schemes could function smoothly, and had opined that the expenditure on the proposed improvements to the scheme could ultimately prove wasteful. Further action on the suggestion had not been initiated as of March 1991.

Thus, failure to ensure adequate supply of power resulted in the expenditure of Rs. 41.75 lakhs incurred on the water supply scheme being rendered largely unfruitful as regular supply of water could not be ensured to 15 of the 34 villages. Further, had the State Electricity Board been consulted before the improvement works were sanctioned and a separate feeder line been constructed instead, the performance of the scheme could have been improved at a lower cost of Rs. 7 lakhs, as against the investment of Rs. 19.93



lakhs on the improvement works, which, in any case, is likely to be only of limited utility unless improved power supply is ensured through appropriate measures.

The matter was reported to Government in October 1991; their reply had not been received (January 1992).

#### 4.14. Chambak Bari kuhl

Construction of the 17-Kilometre long Chambak Bari Kuhl<sup>1</sup> in Lahaul and Spiti District was administratively approved in October 1981 for Rs.17.72 lakhs and was to be completed within 3 years. The Kuhl was to provide irrigation facilities to a culturable command area of 135 hectares. The work was, however, taken up in March 1978 in anticipation of administrative approval by the Irrigation and Public Health (IPH) Division, Kullu, and an expenditure of Rs.5.47 lakhs had been incurred up to March 1986 on patra<sup>2</sup> cutting in a length of 7.84 Kilometres. The work was transferred to the IPH Division, Keylong in November 1988.

The work was suspended in March 1986 as the Forest Department did not allow construction of the Kuhl through the reserve forest land falling within its alignment. The Executive Engineer, IPH Division, Keylong, stated in August 1990 that this question was under correspondence with the Forest Department. Technical sanction of the competent authority had also not been obtained as of August 1990. The work already executed had also not been maintained after March 1986.

Thus, commencement of work without obtaining the prior permission of the Forest Department to execute the scheme in forest land resulted in suspension of the work and in the expenditure of Rs.5.47 lakhs incurred on it being rendered unfruitful and in the non-realisation of the intended objective.

<sup>1</sup> A small irrigation channel.

<sup>2</sup> Trace cutting for construction of kuhl/s in hilly areas.



The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 4.15. Defective execution of schemes

(a) The Water Supply Scheme, Brua (Kinnaur District), was completed in March 1985 at a cost of Rs. 4.77 lakhs. The walls of the filter beds and sedimentation tank, constructed during 1984-85 at a cost of Rs. 2.07 lakhs, had developed cracks subsequently owing to settlement of land. Though these were repaired at a cost of Rs. 0.20 lakh, the repairs did not prove useful and these, therefore, remained non-functional since January 1988.

While inspecting the scheme in May 1989, the Executive Engineer had observed that the cracks would not have developed had the filter beds and sedimentation tank been constructed underground.

Thus, due to defective designing, the expenditure of Rs. 2.27 lakhs incurred on the construction and repairs of the filter beds and sedimentation tank had remained unfruitful and untreated water alone was being supplied to the beneficiaries since January 1988.

The Executive Engineer stated (October 1990) that the concerned Assistant Engineer had been asked to justify construction of the filter beds and tank above ground level and that the methodology for carrying out repairs to these tanks was under study.

(b) With a view to providing irrigation facilities to 135 hectares of land, a flow irrigation scheme at Bara Khamba (Kinnaur District) was administratively approved in June 1981 at a cost of Rs. 3.84 lakhs (revised to Rs. 5.03 lakhs in January 1985). The work was started in April 1982, without obtaining technical



sanction, and patra<sup>1</sup> cutting in a length of 2,500 metres had been completed up to June 1989 at a cost of Rs. 7.26 lakhs. In July 1989, it was, however, noticed that the water would not flow down on account of the existence of a reverse grade in a length of 600 meters from RD 0/0 to 1/600 rendering expenditure of Rs. 1.31 lakhs incurred on patra cutting in this reach infructuous. The work of fresh patra cutting, started in August 1989, was in progress (September 1990) and was expected to be completed at a cost of Rs. 2 lakhs.

While admitting the facts, the Executive Engineer stated (June 1990) that the reverse grade was caused because the area was inaccessible and the work had to be got done through manual labour as machinery could not be deployed. The plea of the Executive Engineer was not tenable as the work was taken up for execution without a detailed survey and investigations and without getting the estimate technically sanctioned. Had this been done, a more suitable alignment could have been ensured.

The scheme taken up for execution in 1982 had not been completed even after 9 years and expenditure of Rs. 7.26 lakhs incurred on it had thus not yielded the intended benefits. Besides, an expenditure of Rs. 1.31 lakhs had also become infructuous.

These cases were reported to Government in August 1991; their reply had not been received (January 1992).

#### 4.16. *Under-utilisation of irrigation potential*

Test check of the records of four Irrigation and Public Health Divisions<sup>2</sup> conducted between April 1990 and January 1991 revealed that five irrigation schemes constructed between March

<sup>1</sup> Trace cutting for the construction of Kuhls (small irrigation channels) in hilly areas.

<sup>2</sup> Jubbal, Hamirpur, Palampur and Suni.

1982 and 1985, details of which have been furnished in Appendix 8, irrigated less than one per cent the targeted culturable command area of 207.69 hectares. While the shortfall in utilisation of irrigation potential in four cases was attributed mainly to the farmers not availing of the irrigation facilities, no reasons were furnished in the fifth case. It appeared that the farmers were reluctant to invest in the construction of the related distribution channels because of the apprehension that the water supply would not be equitable in the absence of the warabandi system in the State. Action taken by the Department to educate the farmers of the advantages of utilizing the irrigation potential and to dispel the apprehensions of the farmers had also not been intimated.

The expenditure of Rs. 39.17 lakhs incurred on the construction and maintenance of these schemes had thus remained largely unfruitful.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 4.17. *Avoidable additional expenditure*

(a) According to the instructions issued by Government in June 1977 and September 1985, any item of stores for which rate contracts are concluded with different firms should be procured only from such firms and should be supplied to contractors by the Department.

Contrary to these instructions, 10 contractors were permitted by two Divisions<sup>1</sup> to utilise on various works AC pressure pipes and galvanised iron pipes procured at higher rates by the contractors themselves during the period from 1987-88 to 1990-91. Failure to ensure departmental supply of these materials, procured from rate contract firms, resulted in an avoidable additional

---

<sup>1</sup> Barsar and Solan-I.



expenditure of Rs. 3.76 lakhs.

(b) The sanctioned estimate of a water supply scheme executed by a Division<sup>2</sup> between August 1985 and May 1990 provided for the use of light grade galvanised iron pipes in the laying of distribution lines. Medium grade pipes were, however, laid in this scheme involving higher investment.

Similarly, the galvanised iron and high density polythene pipes of various dimensions actually laid in a water supply scheme by another Division<sup>3</sup> were not in conformity with those provided in the relevant estimate.

These deviations, for which the approval of the competent authority had not been obtained, resulted in avoidable extra expenditure of Rs. 1.90 lakhs.

These cases were reported to Government in August 1991; their reply had not been received (January 1992).

#### 4.18. *Fictitious accountal of materials*

The supervision of the Lift Water Supply Scheme, Matyara, under implementation by the Sarkaghat Division, was transferred from Junior Engineer 'A' to Junior Engineer 'B' in November 1982. At the time of handing over charge, 'A' did not hand over 520 running metres of galvanized iron pipes of 50-mm diameter (cost: Rs. 0.30 lakh) to his successor.

Scrutiny by Audit in October 1988 of the records relating to the scheme revealed that the supervision thereof was again entrusted to Junior Engineer 'A' during July and August 1983, and that he had then shown these pipes as having been consumed on subsequent occasions in three other schemes, two of which had, in

<sup>2</sup> Nerwa

<sup>3</sup> Sundernager

fact been completed even prior to the receipt of the pipes in the Division as indicated below:

Serial number	Quantity in running meters	Name of the work	Remarks
1.	150	Water Supply Scheme, Khudla	The pipes were received in the Division after November 1982, whereas the scheme had already been completed in January 1982.
2.	150	Water Supply Scheme, Dhurkhari Narola	As above
3.	220	Water Supply Scheme, Tikkari Saidhwani	The pipes were shown as having been issued for the construction of stand posts, but no stand posts had actually been constructed according to the entries recorded in the Measurement Book.

It was further noticed that 184 running meters of 125-mm galvanized iron pipes (cost: Rs. 0.39 lakh) were shown in the material-at-site account as having been consumed on the Matyar water supply scheme. No entries in support of the consumption of the pipes were, however, available in the measurement book.

On the irregularities being pointed out by Audit, the Divisional Officer admitted (August 1991) that the materials had been shown to have been consumed even in the absence of entries in the relevant records. Action to investigate the circumstances in which materials costing Rs. 0.69 lakh were accounted for as having been consumed in these cases and to fix responsibility had not been taken as of August 1991.

The matter was reported to Government in October 1991 and their reply had not been received (January 1992).



4.19. *Misappropriation of funds and fictitious payment*

(a) On the basis of a requisition received from the Assistant Engineer, Ramshehar Sub-Division, two muster rolls were issued in September 1987 by Arki Division for deployment of labour on the lift water supply scheme, Malow, during September-October 1987. The muster rolls were passed by the Assistant Engineer at his own level in November 1987 without being checked by the Executive Engineer as prescribed in the rules and a payment of Rs. 0.17 lakh was shown to have been made to the labour on muster roll.

Subsequently in June 1989, based on the results of a review conducted by the Divisional Accountant and the related report of the Executive Engineer, the Superintending Engineer, Irrigation and Public Health Circle, Nahan, informed the Chief Engineer (South) that neither had any labour been engaged on the muster rolls nor was any work done at site, and that the Assistant Engineer and Junior Engineer had embezzled the entire amount stated to have been paid to the muster roll labour and that they had also shown fictitious consumption of material costing Rs. 0.39 lakh.

The Engineer-in-Chief, Irrigation and Public Health, informed Audit in November 1991 that the case had been referred to the Commissioner-cum-Secretary in December 1990 and that a final decision was awaited.

(b) In Nerwa Division, 1,800 running metres of galvanised iron pipes of 32-mm diameter were shown as having been laid during 1986-87 and 1987-88 by a contractor from RD 3,000 to 4,800 of the Charolidhar Water Supply Scheme at a cost of Rs. 0.12 lakh, which was paid in March 1988. Scrutiny by Audit of the records of the division during May 1990 revealed that another contractor had also

been paid Rs. 0.16 lakh in March 1988 for the laying of pipes of the same dimension from RD 3,650 to RD 5,750 of the scheme during 1987-88. Consequently, payment of Rs. 0.08 lakh had been made twice for the laying of pipes from RD 3,650 to RD 4,800 in addition to the consumption of 1,150 running metres of pipes (cost: Rs. 0.46 lakh) being accounted for twice on the same work. Quite obviously the work on this portion could have been executed only by one of the two contractors and the consumption of pipes and the payment made to the first contractor was doubtful.

These cases were reported to Government in August 1991; their reply had not been received (January 1992).

#### 4.20. *Incomplete water supply schemes*

Test-check of the records of five Irrigation and Public Health Divisions<sup>1</sup> conducted between June 1988 and March 1991 revealed that 8 water supply schemes (total estimated cost: Rs. 21.95 lakhs) were taken up for execution between April 1985 and January 1990. Six of these schemes were scheduled to be completed within periods ranging from 6 months to one year, while the completion schedule in respect of the remaining two schemes was not ascertainable from the records made available to Audit. Completion of all these schemes, details of which have been indicated in Appendix 9, was, however, held up owing to disputes either over their water sources or in regard to lands falling in their alignment. The expenditure of Rs. 22.86 lakhs incurred on these schemes had, therefore, remained unfruitful and 4,521 beneficiaries deprived of the intended benefits.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

<sup>1</sup> Arki, Hamirpur, Rampur, Solan-1 and Sunder Nagar



CHAPTER-V  
STORES AND STOCK

PUBLIC WORKS DEPARTMENT

5.1. *Unfruitful expenditure on fabrication of a steel truss bridge*

The fabrication of a steel truss bridge over Nogli Khad on the Hindustan-Tibet road was entrusted to a contractor in January 1969 at a cost of Rs. 3 lakhs for completion within one year. The contractor executed work costing Rs. 1.48 lakhs and stopped further execution in May 1972. The contract was rescinded in January 1973 and the remaining work was done departmentally by the Rampur Division between 1973-74 and 1978-79 at a cost of Rs. 3.19 lakhs.

While the fabrication of the bridge was completed during 1978-79 at a total cost of Rs. 4.67 lakhs, it could not, however, be installed as the road was transferred in the meantime to the Directorate General of Border Roads in 1978 and the bridge was not taken over by them. Instead, a bailey bridge was installed by them at the same site. Though the road was again transferred to the State Public Works Department in April 1986, the bridge could not be installed because of a decision of the Government of India to develop the road to two lane standards. Pending completion of this work, which was in progress, the bailey bridge already installed by the Director General of Border roads was also being used for traffic over the khad. Consequently, the bridge was lying, uninstalled at Nogli (November 1991).

The Executive Engineer stated (November 1991) that, after investigating various sites for the utilisation of the bridge, it was decided to install it on the Nogli-Taklech road, the construction of which was administratively approved in October

1989, and it was expected to be installed after 1992-93, when the abutments on the new road were scheduled to be constructed.

However, in terms of the estimates relating to the Nogli-Taklech road, sanctioned in October 1991, of the 82.525 tonnes of steel used in the fabrication of the truss bridge, only 34 tonnes (value: Rs. 1.92 lakhs) would be utilised for the proposed bridge on the road. While this would necessitate dismantling and refabrication of the bridge, the Department had not formulated any proposal to utilise the balance quantity of 48.525 tonnes of steel (value: Rs. 2.75 lakhs).

Thus, while the expenditure of Rs. 4.67 lakhs incurred on the fabrication of the bridge had remained unfruitful for over 12 years, an expenditure of Rs. 2.75 lakhs is also likely to be rendered infructuous should it not be possible, for any reason, to utilise the balance quantity of 48.525 tonnes of steel.

The matter was reported to Government in October 1991; their reply had not been received (January 1992).

5.2. *Avoidable additional expenditure on purchase of cement*

The Buildings and Roads Division No. 1, Shimla, placed 7 supply orders on a cement factory between July 1986 and November 1987 for the supply of 1,877 tonnes of levy cement at the price of Rs. 806 per tonne. The factory supplied only 1,363 tonnes of cement against these supply orders.

The Division failed to pursue the question of supply of the balance quantity of 514 tonnes of levy cement with the factory. Instead, it purchased 985 tonnes of non-levy cement from the same cement factory between August 1987 and October 1988 at higher prices (730 tonnes at Rs. 1,107 per tonne and 255 tonnes at Rs. 1,274 per tonne) against two sanctions for the purchase of only 255 tonnes non-levy cement issued in July 1987 (55 tonnes) and



October 1987 (200 tonnes). Had the Department pursued the question of obtaining supplies of levy cement against the pending orders, an expenditure of Rs. 1.98 lakhs on the purchase instead of 514 tonnes of non-levy cement could have been avoided. Further, 730 tonnes of non-levy cement costing Rs. 8.08 lakhs had been purchased without the sanction of the competent authority.

The Divisional Officer stated (February 1990) that the full quantities of levy cement ordered were generally never supplied by the factory, and that the balance quantity of 514 tonnes of levy cement against two orders placed in September 1987 and November 1987 were not supplied because they were aware at the relevant time that a rate contract for the supply of non-levy cement at higher prices in their favour was then under finalisation. The Divisional Officer added that the rate contract for the supply of non-levy cement having been finalised in January 1988, no levy cement was supplied by the factory thereafter.

Notwithstanding the finalisation of a rate contract for the supply of non-levy cement, the factory was contractually bound to supply the stipulated quantity of levy cement and this question ought to have been pursued with the factory and the Cement Controller, Government of India. This was all the more necessary in the context of the decision to finalise rate contract with the same factory for the supply of non-levy cement, and the Department should have ensured that the factory did not renege on its commitments for the supply of levy cement at lower prices as it had admittedly done.

The matter was reported to Government in October 1991; their reply had not been received (January 1992).

5.3. **Avoidable expenditure on purchase of materials**

According to the instructions issued by the State Government in August 1979, the indenting officers were required to place direct orders on State Government undertakings for purchase of materials manufactured by them.

A test-check of the accounts of the Pragti Nagar Division conducted during July-August 1990 revealed that, contrary to these instructions, the Division had purchased tor steel (50.040 metric tonnes) and angle iron (18.195 metric tonnes) from the Himachal Pradesh State Small Industries and Export Corporation between August 1989 and November 1989 at a cost of Rs. 6.48 lakhs though these were not manufactured by the Corporation. The Corporation procured these materials from other manufacturers and arranged supplies to the Division. Payments were made by the Division to the Corporation with reference to the then prevailing prices of the Steel Authority of India Limited (SAIL) and the Tata Iron and Steel Company Limited (TISCO) inclusive of all taxes and after allowing service charges of 5 per cent and taxes at 4 per cent on the gross amount so determined. Had the Division instead purchased the materials directly from SAIL or TISCO, instead of placing orders on the State Government Undertaking-which in any case did not manufacture the materials- an extra expenditure of Rs. 0.81 lakh could have been avoided.

The Superintending Engineer, 2nd Circle, Shimla, stated (January 1991) that the materials could not be purchased from SAIL or TISCO as no offer was received from them. This contention was, however, not tenable as no documentary evidence in support of the efforts, if any, made by the Department to purchase the materials from these firms or their refusal was furnished.



The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 5.4. *Excess consumption of material*

The sanctioned estimates of various road works under the Haripur Dhar and Paonta Divisions provided for the consumption of bitumen at the rate of 5 Kilograms per 10 square metres for the provision of 2-cm thick premix carpet surfacing. Notwithstanding the provisions, bitumen was actually consumed at the rate of 10 Kilograms per 10 square metres, resulting in excess consumption of 24.183 tonnes of bitumen costing Rs. 1.10 lakhs. In addition, 21.582 tonnes of fuel wood costing Rs. 0.16 lakh was also consumed in excess of the norms prescribed by the Engineer-in-Chief with reference to the altitude of the areas where works are to be executed. No reasons for the non-adherence to the prescribed norms were furnished by the Divisions concerned.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 5.5. *Shortages of stores*

Physical verification of stores conducted in two Buildings and Roads Divisions<sup>1</sup> between February 1986 and March 1990 had revealed shortages of stores valued at Rs. 1.48 lakhs. No action to investigate and reconcile the discrepancies had, however, been taken as of December 1990.

Further, materials valued at Rs. 1.38 lakhs were not handed over by a Junior Engineer of Brow Division at the time of his transfer from the Division in July 1989. No action had, however, been initiated against the official responsible for the shortages or to recover the cost thereof from him (September 1991).

<sup>1</sup> Shimla-III and Una

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 5.6 Fictitious stock adjustments

Rules prohibit fictitious stock adjustments such as debiting to a work the cost of materials not required or in excess of requirements, the debiting to a particular work for which funds are available of the value of materials intended to be utilised on another work for which no allotment has been sanctioned or the writing back of the value of materials used on a work to avoid excess outlay over appropriations.

Contrary to these rules, materials costing Rs. 47.61 lakhs booked by five Public Works Divisions<sup>1</sup> against 27 works between March 1987 and March 1990 were written back to stock between May 1987 and May 1990. Further, bitumen costing Rs. 2.76 lakhs booked to a bridge and a building work by one of these Divisions<sup>2</sup> was not at all required for consumption on these works.

Similarly, expenditure of Rs. 9.63 lakhs was debited to eight works during March 1990 by another Public Works Division<sup>3</sup> without giving details of vouchers/indents and was subsequently withdrawn during April 1990 and May 1990.

The adjustments in all these cases had, thus, been carried out primarily with the objective of utilising the available funds, and were irregular.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

---

<sup>1</sup> Jubbal, Karsog, Mandi-I, Shimla-II and Theog

<sup>2</sup> Jubbal

<sup>3</sup> Hamirpur



## IRRIGATION AND PUBLIC HEALTH DEPARTMENT

5.7. *Avoidable expenditure due to non-procurement of levy cement*

Following the abolition of price and distribution control on cement from 1st March 1989, cement manufacturers were relieved of the obligation to supply part of their production as levy cement at the lower controlled prices. They were, however, required to complete supplies of levy cement against pending orders by June 1989.

The Irrigation and Public Health Circle, Chamba, had placed 13 supply orders on various cement factories for the supply of 1,460 tonnes of levy cement between August 1987 and February 1989. Only 708 tonnes of cement was, however, supplied by the factories till March 1989. The question of obtaining supplies of the balance quantity of 752 tonnes of cement was not pursued. Instead the Circle procured 917 tonnes of non-levy cement at prices higher than those of levy cement between February 1989 and February 1990. This resulted in extra avoidable expenditure of Rs. 3.01 lakhs.

The matter was reported to Government in October 1991 ; their reply had not been received (January 1992).

5.8. *Injudicious purchase of stores*

Financial rules of the Government require that stores should be purchased in accordance with definite requirements of public service and that these should not be purchased in excess of actual requirements.

Test-check of the stores and stock accounts of seven Divisions<sup>1</sup> conducted between August 1990 and January 1991 revealed that materials, such as galvanised iron pipes and fittings, steel, HDPE pipes, etc., valued at Rs. 43.28 lakhs purchased between 1985-

<sup>1</sup> Anni, Arki Chamba, Nerwa, Pooh, Shahnehar No.1 and Solooni



86 and 1989-90 were either lying unutilised in stores (value: Rs. 37.51 lakhs) or had been debited to various works (value:Rs. 5.77 lakhs) even in the absence of any provision in the sanctioned estimates. No action to transfer the surplus materials to other Divisions or works had been taken by these Divisions (January 1991).

The purchase of materials was, thus, injudicious and resulted in avoidable blocking of funds.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 5.9. Shortages of stores

Materials costing Rs. 3.40 lakhs had either not been handed over or were handed over short by various Junior Engineers at the time of their transfer in August 1988 and July 1989 in 3 Irrigation and Public Health Divisions<sup>1</sup>.

In addition, 4,300 running metres of medium grade galvanised iron pipes of 15-mm diameter (cost: Rs. 0.69 lakh) and 538 cubic feet of sand (cost: Rs. 0.17 lakh) were found short respectively in two of these Divisions<sup>2</sup> at the time of physical verification conducted in October 1986.

No action to reconcile/recover the shortages had been taken except in the case of Rohroo Division, where a charge sheet was issued to the Junior Engineer in June 1990 for various lapses, such as failure to hand over complete charge which resulted in unexplained shortages in stores, improper maintenance of the Materials-at-Site Register, etc. Further developments were awaited (October 1991).

The matter was reported to Government in August 1991;

<sup>1</sup> Padhar, Rohroo and Sunder Nagar

<sup>2</sup> Padhar and Sunder Nagar



their reply had not been received (January 1992).

#### 5.10. Minus Balances in stock accounts

A minus balance in the stock accounts is indicative of non-adjustment of (i) the value of stores transferred from works to stock or received from other Divisions or (ii) profit on stock accruing as a result of issue of materials at prices higher than those at which they were purchased.

Scrutiny of the monthly accounts of nine Divisions<sup>1</sup> for the month of March 1991 revealed minus balances of stock aggregating to Rs. 81.17 lakhs. The Divisional Officers of four Divisions<sup>2</sup> intimated (November 1991) that minus balances were mainly due to non-adjustment of the value of stores received or transferred from works and action to reconcile the minus balances was being taken. Replies from the remaining five Divisions had not been received.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 5.11. Fictitious stock adjustments

Materials valued at Rs. 65.33 lakhs booked against 42 works by seven Irrigation and Public Health Divisions<sup>3</sup> between March 1985 and March 1990 were either written back to stock or transferred to other works/Divisions between May 1988 and July 1990. Of these, five Divisions<sup>4</sup> debited galvanised iron pipes and fittings costing Rs. 31.37 lakhs to fifteen irrigation schemes

<sup>1</sup> Arki, Dalhousie, Dehra, Gagret, Ghumarwin, Majra, Nurpur, Salooni and Una-II.

<sup>2</sup> Arki, Ghumarwin, Majra and Gagret.

<sup>3</sup> Arki, Dehra, Jubbal, Nerwa, Padhar, Pooh and Rohroo.

<sup>4</sup> Dehra, Jubbal, Nerwa, Padhar and Rohroo.



though these were not at all required for the execution of these schemes.

The adjustments in all these cases had, thus, been carried out primarily with the objective of utilising the available funds, and were irregular.

These instances of fictitious adjustments were reported to Government in August 1991; their reply had not been received (January 1992).

#### HEALTH AND FAMILY WELFARE DEPARTMENT

##### 5.12. *Idle Auto Analyzer*

An Auto Analyzer for use in the Bio-Chemistry department was purchased in February 1989 at a cost of Rs. 8.85 lakhs in foreign currency by the Director, Medical Education-cum-Principal, Indira Gandhi Medical College, Shimla. However, the equipment could not be put to use for want of a voltage stabilizer, action to procure which was initiated only after the supplier advised in April 1989 that this was necessary. The equipment could be put to use only in December 1989, but remained out of order since January 1990. Audit scrutiny in December 1990 revealed that the equipment was not utilised since the results yielded by it were not satisfactory and the suppliers' Service Engineer pointed out in April 1990 that a vital piece of the equipment was missing.

An inquiry was ordered to ascertain the reason for the missing part and it was held that the part was removed by the monkeys which had entered the room housing the equipment during a violent storm in January 1990.

While the College sought the sanction of Government for the procurement of the missing part in August 1990, this sanction was conveyed only in February 1991 and a letter of credit for supply of the part was opened only in July 1991. The equipment,



therefore, continued to remain unutilized (October 1991).

Thus, despite an outflow of Rs. 8.85 lakhs in foreign exchange, patients of the hospital continued to be denied the facilities of a modern diagnostic equipment for a period of almost three years since the date of its procurement.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### AGRICULTURE DEPARTMENT

##### 5.13. *Non-deposit of sale proceeds*

Monies realised by Assistant Development Officers from sales of agricultural inputs, implements, etc., were required to be deposited promptly with the Office of the Deputy Director of Agriculture/District Agriculture Officer concerned or directly into the treasury.

Contrary to these instructions, sale proceeds of agricultural inputs totalling Rs. 33.49 lakhs realised by the Assistant Development Officers in three offices<sup>1</sup> during the period from 1983-84 to 1989-90 were not deposited either into the treasury or with the concerned Deputy Directors of Agriculture/District Agriculture Officers.

One of the Assistant Development Officers<sup>2</sup> was suspended in March 1989 for not rendering the accounts of sale proceeds realised by him, and a departmental enquiry was instituted against him. The suspension was, however, revoked in April 1990 and the enquiry report was awaited (June 1991). The Department stated (June 1991) that the stores accounts of the other two offices were being reconciled.

<sup>1</sup> Kangra: Rs. 13.86 lakhs; Palampur: Rs. 15.12 lakhs; Solan: Rs. 4.51 lakhs.

<sup>2</sup> Solan.



The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### 5.14. Shortage of stores

Financial rules provide that physical verification of all stores should be made at least once in every year by a responsible Government servant, who is independent of the official in-charge of the stores.

In disregard of these rules, physical verification of the stores held by one Agriculture Sub-Inspector in the office of the Deputy Director of Agriculture, Mandi, had not been conducted since 1987-88. The Sub-Inspector died in February 1989. A Committee of three officers was constituted in April 1989 to prepare an inventory of the stores held in his charge. The inventory so prepared revealed shortages of stores valued at Rs. 7.89 lakhs. Besides, 100 items of expired/unserviceable pesticides/insecticides were also found. While the value of 39 of these items was Rs. 1.72 lakhs, that of the remaining items had not been worked out. Though the terminal dues of the deceased official amounting to Rs. 0.54 lakh were withheld, these were, however, released subsequently to the legal heirs in pursuance of the directions of the State Administrative Tribunal, which held that pensionary dues could not be withheld against any recoveries due from the deceased. The case had been referred to the Government in July 1990 by the Director of Agriculture for fixing responsibility for the loss. Further developments were awaited (October 1991).

The shortages could not be detected earlier because physical verification of the stores had not been undertaken in time. Non-observance of prescribed procedures, therefore, resulted in a loss of Rs. 9.61 lakhs to the Government for which no responsibility had been fixed (October 1991).



The matter was reported to Government in August 1991; their reply had not been received (January 1992).

#### HORTICULTURE DEPARTMENT

##### 5.15. *Outstanding recoveries*

Plant protection materials, implements, etc., are issued by the Horticulture Department to departmental officers for further supply to the farmers at subsidized prices. The amount as realised is required to be deposited promptly with the office of the District Horticulture/Horticulture Development Officer concerned or directly into the treasury.

Non-deposit of sale proceeds of materials had been pointed out repeatedly by Audit during test-check of the records of the Department. The reconciliation of the stores accounts of the Horticulture Development Officer, Rajgarh and the District Horticulture Officers, Shimla and Solan, was conducted by the Directorate of Horticulture during 1988-91. Following the reconciliation, an amount of Rs. 3.55 lakhs<sup>1</sup>, being sale proceeds of plant protection materials, implements, etc., during the period 1982-88 which they had not deposited, was found to be outstanding against various officials of the Department. While the question of recovery of a sum of Rs. 1.80 lakhs had been reported to the Police in February 1991 by the District Horticulture Officer, Solan, the Departmental Officers stated (June 1991) that action was being taken to recover the amounts due from the concerned officials.

These outstandings could not be noticed earlier due to non-reconciliation of store accounts in time.

The matter was reported to Government in August 1991; their reply had not been received (January 1992).

<sup>1</sup> Rajgarh: Rs. 0.66 lakh, Shimla: Rs. 0.66 lakh and Solan: Rs. 2.23 lakhs.



## 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. 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 scrutinize the procedure by which the sanctioning authority satisfied itself as to the fulfillment of the conditions subject to which such grants and loans are given. Under Section 19 of the Act, audit of the accounts of a statutory corporation may be entrusted by the Governor to the Comptroller and Auditor General.

In 1990-91, Government disbursed Rs. 1919.28 lakhs as grants to panchayats, municipalities, co-operative societies,



educational institutions, etc., for the following broad purposes:

	Amount (Rupees in lakhs)
A. General Services	
(a) Administration of Justice	1.60
B. Social Services	
(a) General Education	257.10
(b) Technical Education	14.80
(c) Art and Culture	19.08
(d) Water Supply and Sanitation	17.68
(e) Urban Development	11.46
(f) Sports and Youth Services	17.24
(g) Social Security and Welfare	1.14
C. Economic Services	
(a) Agriculture Research and Education	567.21
(b) Road Transport	500.00
(c) Compensation and Assignments	215.00
(d) Co-operation	80.71
(e) Dairy Development	70.34
(f) Other Agricultural Programmes	32.00
(g) Non-Conventional Energy	21.50
(h) Animal Husbandry	30.75
(i) Tourism	28.50
(j) Other Scientific Research	13.25
(k) Ecology and Environment	4.92
(l) Village and Small Industries	<u>15.00</u>
	<u>1919.28</u>

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 the purposes for which they 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 the cases of unusual delays on the part of field officers should be duly investigated. Of the 2,398 outstanding utilisation certificates in respect of grants aggregating to Rs. 8090.74 lakhs paid from 1973-74 to 1988-89, only 377 certificates for a sum of Rs. 4045.76 lakhs had been furnished by 30th September 1991, and

2,021 certificates for an aggregate amount of Rs. 4044.98 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.	Local Self-Government	1,173	1,249.37
2.	Education	408	304.57
3.	Rural Development	186	1,652.02
4.	Co-operation	82	47.39
5.	Social and Women's Welfare	69	36.65
6.	Industries	55	210.79
7.	Animal Husbandry	18	56.27
8.	Agriculture	14	476.46
9.	General Administration (Social and Community Services)	5	0.85
10.	Fisheries	4	6.94
11.	Dairy Development	3	0.12
12.	Secretariat General Services	2	0.13
13.	Forest Farming and Environmental Conservation	1	3.05
14.	Sports and Youth Services	1	0.37
Total		2,021	4,044.98

The following table contains an analysis of the extent of delay in furnishing the utilisation certificates:

Extent of delay	No. of certificates	Amount (Rupees in lakhs)
Up to three years	964	1423.24
More than three years, but up to five years	537	1180.02
More than five years, but less than ten years	480	1369.46
More than ten years	40	72.26
Total		2,021 4044.98



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 they were intended.

## 6.2 Audit under Section 14

6.2.1 A body or authority is deemed to have been substantially financed by grants and loans from the Consolidated Fund if the aggregate of the grants and loans extended to it in a financial year was not less than Rs. 25 lakhs and also not less than 75 per cent of the total expenditure of that body or authority. In order to enable the Comptroller and Auditor General to determine whether he was required to undertake the audit of a body or authority under Section 14 of the Act, all bodies and authorities in receipt of financial assistance of not less than Rs. 25 lakhs in a year from Government were required to submit their accounts to the Audit Office. The position of receipt of such accounts in successive financial years was as follows:

Year	Accounts were to be received	Number of units from which		
		Accounts were received		Accounts were overdue
		in 1989-90	in 1990-91	
1986-87	4	-	-	4
1987-88	15	-	2	13
1988-89	38	7	13	18

Thus, 18 bodies and authorities did not furnish relevant information to enable the Comptroller and Auditor General to determine whether he was required to conduct their audit during 1990-91.

Following a scrutiny of the accounts of the bodies and authorities it was found that seven of them did not attract the provisions of Section 14, and the account of 22 bodies and authorities were selected for audit during 1990-91. Of these, audit of 19 bodies and authorities was conducted during the year.



The audit of three bodies and authorities could not, however, be undertaken during the year for the reasons discussed in the following paragraphs.

(a) Himachal Pradesh Council for Child Welfare, Shimla: The records of the Council were in the custody of the State Vigilance Department.

(b) Himachal Pradesh University, Shimla: The University authorities had expressed doubts about the applicability of Section 14 of the Act to their accounts. Following, however, the intervention of the State Government, the audit was completed during 1991-92 in December 1991.

(c) Municipal Corporation, Shimla: The Shimla Municipal Corporation, a local body incorporated under the Himachal Pradesh Municipal Corporation Act, 1979, receives grants from the State Government. In the financial years 1982-83 to 1984-85, the total annual expenditure incurred by the Corporation, and the grants received by it from Government were as follows:

Financial year	Total Expenditure	Grants Received from State Government
	(Rupees	in lakhs)
1982-83	212.00	171.12
1983-84	228.00	190.67
1984-85	261.00	217.79

Hence, in terms of Section 14(1) of the Comptroller and Auditor General's (DPC) Act, 1971, the Comptroller and Auditor General was required to audit the receipts and expenditure of the Corporation for these years, and also for the two subsequent years 1985-86 and 1986-87 by virtue of Section 14(3).

The accounts of subsequent years up to 1988-89 did not, however, attract the provisions of Section 14.

On receipt, in September 1983, of the accounts of the Corporation for the year 1982-83, the Corporation was informed



that audit under Section 14 was attracted. The Corporation, however, contended otherwise. The matter was then taken up with the State Government, who initially held that for only that quantum of grants spent in a financial year should be considered for determining the applicability of the provisions of Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. This question, was, therefore, referred to the Ministry of Law in the Union Government, who opined in July 1988 that, for this purpose, the unspent balance of the grant of the previous year is to be added to the balance of the current year without, however, deducting the closing balance of that year.

Notwithstanding the unambiguous opinion of the Law Ministry, it was only after further protracted correspondence that the State Government in the Department of Local Self Government issued instructions in May 1990 to the Commissioner of the Corporation to ensure that the audit of the Corporation was conducted by the Accountant General, Himachal Pradesh. The Commissioner, however, raised various extraneous issues and also sought periodically postponement of the audit citing administrative exigencies.

Finally in February 1991, the Corporation decided that the audit of its accounts may be assigned to the Accountant General, Himachal Pradesh, after dispensing with the audit by the Local Audit Department, of the State Government, which was then pre-auditing the accounts of the Corporation, by amending suitably the Municipal Corporation Act. It was, however, pointed out that the audit of the receipts and expenditure for the years 1982-83 to 1986-87 was to be conducted in terms of the provisions of the Comptroller and Auditor General's (DPC) Act, 1971 and that, while



an amendment of the Municipal Corporation Act would enable the Accountant General to undertake audit in future, no amendment would, however, be necessary to facilitate the audit of the accounts from 1982-83 to 1986-87 which was governed by a separate legislation. Government also clarified to the Municipal Commissioner in August 1990 that the audit by the Accountant General would be complementary to the audit by the Local Audit Department.

Following further pursuance, it was finally decided in June 1991 that the audit for these years would commence from 8th July 1991. No records were, however, provided to the Audit Party which visited the Corporation on the mutually agreed upon day. Subsequently on 17th July 1991, the Commissioner wrote to say that the Corporation's Staff Union had met the Honourable Minister for Local Self Government and had explained to him their point of view about the introduction of audit by the Accountant General.

While the expenditure aggregating to Rs. 12.84 crores consequently remained unaudited for periods ranging from 4 to 8 years. on the intervention once again of the State Government, the Corporation finally agreed to the audit being taken up in March 1992.

6.2.2 Certain points of interest arising out of audit under Section 14 of the Act are mentioned in the succeeding paragraphs.

(a) *Non-realisation of contributions from beneficiaries*

The Centrally sponsored National Programme for the installation of improved smokeless chulhas in the house-holds of identified beneficiaries was introduced in the State during 1983-84. The Programme was implemented through the Block Development Officers and funds were released in instalments by the District Rural Development Agencies. The cost of materials used



In these chulhas was fully subsidized up to the year 1986-87, and each beneficiary had to contribute Rs. 5 only towards supervisory charges payable to the trained workers installing the chulhas. Thereafter, an additional sum of Rs. 5 per chulha was also recoverable from the beneficiaries towards cost of materials.

Test-check of the accounts of 9 District Rural Development Agencies<sup>1</sup> conducted between July 1990 and April 1991 revealed that contributions totalling Rs. 2.89 lakhs on account of the material cost of chulhas installed during 1987-90 had not been realised from 57,745 beneficiaries in 25 blocks. The Block Development Officers of 10 Blocks in 4 District Rural Development Agencies<sup>2</sup> attributed (between July 1990 and April 1991) the non-realisation to the reluctance of the beneficiaries to pay the contribution, while the remaining Block Development Officers did not furnish any reason for not recovering the contribution.

(b) *Non-allotment of workshop sheds*

In order to provide infrastructural facilities to the families identified under the Integrated Rural Development Programme including the families trained under the Training of Rural Youth for self employment (TRYSEM) scheme, workshop sheds were to be allotted to them on payment of reasonable rent.

Test-check of the records of three District Rural Development Agencies<sup>3</sup> between October 1990 and April 1991 revealed that sixteen sheds constructed through the blocks between July 1988 and March 1990 at a cost of Rs. 1.67 lakhs had not been allotted to the beneficiaries. While one of the sheds was utilised for the Health Sub-Centre from August 1990, the Block Development Officers, Bajjnath and Pragpur stated (January 1991) that the beneficiaries

<sup>1</sup> Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmaur and Solan.

<sup>2</sup> Bilaspur, Mandi, Shimla and Solan

<sup>3</sup> Bilaspur, Kangra and Nahan.



were being persuaded to accept allotment of seven of the sheds. The latter added that four of the sheds could not be allotted because the beneficiaries preferred to work at home in the open than in closed sheds. No reasons were advanced for the non-allotment of the remaining four sheds by the Jhandutta Block (2 sheds) and the Nahan Block (2 sheds).

Construction of sheds without a proper assessment of the demand and preferences of the beneficiaries thus resulted in the expenditure of Rs. 1.67 lakhs remaining unfruitful.

(c) *Irregular financial assistance*

According to the instructions issued by Government in November 1985 and reiterated in March 1989, financial assistance to the extent of Rs. 12,000 was admissible under the Indira Awas Yojana only to the poorest of the poor, homeless persons belonging to scheduled castes and scheduled tribes who were in the target group of the Integrated Rural Development Programme. The assistance was provided by the District Rural Development Agencies through the concerned Block Development Officers.

The list of beneficiaries in the Bangana Development Block (Una District), prepared earlier on the basis of a survey undertaken in 1979-80, was reviewed during 1986-87 and a revised list was made effective from 1988-89. The Project Officer, District Rural Development Agency, Una, however, incorrectly sanctioned in September 1989 assistance of Rs. 0.96 lakh for the construction of houses to eight families which had been excluded from the revised list of beneficiaries. Similarly, assistance of Rs. 0.11 lakh was sanctioned during 1989-90 to a family in Gagret Block not included in the list of beneficiaries. These mistakes resulted in irregular assistance of Rs. 1.07 lakhs and deprived other eligible families of the intended benefits.



Government stated (September 1991) that families below the poverty line included in the earlier list of beneficiaries were also eligible to the benefits under the Indira Awas Yojana. This plea was not tenable because the earlier list was based on a survey conducted in 1979-80 and had been reviewed and updated during 1986-87 and beneficiaries excluded from the latter cannot obviously be deemed to be the poorest among the poor to whom the scheme was applicable.

(d) *Non-submission of accounts by Panchayats*

District Rural Development Agencies provide funds to Block Development Officers for execution of works under the Integrated Rural Development Programme and allied schemes. The latter generally execute these works through Panchayats which, on completion of the works, were required to furnish the related accounts duly supported by actual payees' receipts and sub-vouchers.

Test-check of the accounts of eight District Rural Development Agencies<sup>4</sup> conducted between April 1990 and May 1991 revealed that the accounts in respect of 120 works completed between 1986-87 and 1989-90, and involving payments of Rs. 20.59 lakhs, had not been rendered to the Block Development Officers by the concerned Panchayats.

(e) *Incomplete works*

Panchayats are actively involved in the implementation of community works under various programmes, such as IRDP<sup>5</sup>, NREP<sup>6</sup>, RLEGP<sup>7</sup>, etc. According to the agreements executed with the Panchayats for the execution of such works, these are normally

<sup>4</sup> Chamba, Hamirpur, Kangra, Kinnaur, Kullu, Shimla, Solan and Una.

<sup>5</sup> Integrated Rural Development Programme.

<sup>6</sup> National Rural Employment Programme.

<sup>7</sup> Rural Landless Employment Guarantee Programme.

required to be completed within three to twelve months.

Test-check of the records of six District Rural Development Agencies<sup>8</sup>, conducted between July 1990 and April 1991, revealed that 72 community works started between July 1982 and November 1989 by various Panchayats/Block Development Officers, on which expenditure totalling Rs. 21.21 lakhs had been incurred, were incomplete though the stipulated schedules for their completion had expired long back. While 45 of these works (expenditure incurred: Rs. 12.71 lakhs) were stated to be incomplete due to paucity of funds, (34 works; Rs. 10.39 lakhs), land disputes, (7 works; Rs. 0.73 lakh) and non-availability of timber (4 works; Rs. 1.59 lakhs), no reasons for the non-completion of the remaining 27 works, involving an expenditure of Rs. 8.50 lakhs were furnished.

These points were reported to Government in September and October 1991; with the exception of sub-para (c), their reply had not been received to the other audit observations (January 1992).

### 6.3 Audit under Section 15

Points noticed in the course of audit under Section 15 of the Act of the grants, paid by the Education, Animal Husbandry and Social and Women's Welfare Departments during the period from 1986-87 to 1990-91 are mentioned in the following paragraphs.

#### A. EDUCATION DEPARTMENT

The Education Department (Director of Higher Education and Director of Primary Education) sanctioned grants totalling Rs. 3406.76 lakhs during 1986-91 for the promotion of education. These grants were given to various institutions/bodies such as the Himachal Pradesh University, Himachal Pradesh Board of School Education, privately-managed colleges and schools, including Sanskrit Pathshalas, a Sainik School, Himachal Pradesh School Sports

<sup>8</sup> Bilaspur, Chamba, Hamirpur, Kinnaur, Kullu and Una.



Association, etc.

Test-check of the records of the sanctioning authority conducted in May 1990 and April 1991 revealed the following:

(a) Rules framed in January 1981 to regulate the payment of grants to privately-managed colleges were yet to be approved by Government as of April 1991. Further, rules governing the payment and utilisation of grants to Sainik Schools, libraries and institutions outside the State had not been framed till then. The grants in these cases, therefore, continued to be paid only on an ad hoc basis.

(b) The Financial Rules require that grants should be sanctioned to meet expenditure on specific items/objects relating to the promotion of education. Sanctions for grants totalling Rs. 1260.24 lakhs issued on 34 occasions between 1986-87 and 1990-91 in favour of various bodies<sup>9</sup> did not, however, indicate the specific purpose for which the grants were to be utilised.

(c) Grants of Rs. 6 lakhs sanctioned to the Board of School Education during 1986-87 and 1988-89 for payment of remuneration to teachers (Rs. 5 lakhs) and preparation of matric results on a computer (Rs. 1 lakh) respectively were utilised for the construction of buildings.

(d) Utilisation certificates in 337 cases, involving grants of Rs. 812.16 lakhs sanctioned between 1981-82 and 1989-90, were awaited from grantee institutions as of April 1991.

(e) The utilisation certificate furnished by the Himachal Pradesh School Sports Association in November 1989 for Rs. 4 lakhs sanctioned to it for conducting state-level school tournaments and for participation in national sports meets was accepted by the

---

<sup>9</sup> Himachal Pradesh University : Rs. 1107.74 lakhs; Himachal Pradesh Board of School Education : Rs. 113.50 lakhs and Sainik School, Sujapur Tihra: Rs. 39.00 lakhs.

Director. While the entire amount was shown as having been utilised, the adjustment accounts in respect of advances totalling Rs. 0.94 lakh paid to various officers and office bearers of the Association were, however, received only between June 1991 and October 1991. Further, refund of Rs. 0.04 lakh was also awaited from the Railways as of November 1991. In the circumstances, the utilisation certificate furnished in November 1989 did not depict the correct picture in regard to the utilisation of the grant.

(f) The Department had not evolved any system of periodical inspections or reporting to ensure that the grants were utilised by the grantee institutions for the purpose for which these had been sanctioned.

(g) Rules provide that there should be no rush of expenditure in the month of March. The Department, however, sanctioned grants totalling Rs. 525.33 lakhs to various institutions<sup>10</sup> in the month of March in different years.

Grants of Rs. 62.86 lakhs were also drawn by the Directorate in the month of March during the years 1988-91 and disbursed to the grantees only in the succeeding financial years.

(h) The registers of grants were not maintained in the prescribed form and these did not contain complete information in regard to the sanction of grants.

(i) The sanctioning authority had no idea of the assets created wholly or partially by the grantee institutions out of the grants paid to them.

(j) According to the grants-in-aid rules, fees were to be

<sup>10</sup> Himachal Pradesh Board of School Education: Rs. 43.30 lakhs (1989-90: Rs. 20.50 lakhs and 1990-91: Rs. 22.80 lakhs); Himachal Pradesh Schools Sports Association: 1990-91: Rs. 6.45 lakhs, Himachal Pradesh University : 1989-90 Rs. 461.62 lakhs, Primary Schools; Rs. 1.68 lakhs (1986-87: Rs. 0.78 lakh and 1987-88: Rs. 0.90 lakh); Privately-managed schools: 1987-88 Rs. 10.50 lakhs; and Sanskrit Pathshalas: 1990-91 Rs. 1.78 lakhs.



levied by the privately-managed educational institutions receiving grants based on the rules prescribed in this regard by the Department and fees higher than those prescribed were to be approved by the Head of the Department. Grants of Rs. 2.10 lakhs were, however, released during 1985-90 to three privately-managed high schools, which were charging higher rates of fees without the approval of the Department.

#### B. ANIMAL HUSBANDRY DEPARTMENT

The Animal Husbandry Department sanctioned grants totalling Rs. 580.72 lakhs between 1987-88 and 1990-91 to the Himachal Pradesh Krishi Vishva Vidyalaya, Palampur, (Rs. 299.48 lakhs), Himachal Pradesh State Co-operative Milk Producers Federation Limited (Rs. 199.24 lakhs), Himachal Pradesh State Co-operative Wool Procurement and Marketing Federation Limited (Rs. 78 lakhs) and Himachal Pradesh State Veterinary Council (Rs. 4 lakhs) for various activities connected with animal husbandry.

A test-check of the records of the sanctioning authority conducted during June-July 1991 revealed the following:

(a) Rules regulating the payment of grants-in-aid to the Himachal Pradesh State Co-operative Wool Procurement and Marketing Federation Limited and the Himachal Pradesh Veterinary Council had not been framed as of July 1991, and grants were released to these institutions only on an *ad hoc* basis.

(b) The Financial rules of Government require that there should be no rush of expenditure in the month of March. It was, however, noticed that grants totalling Rs. 203.64 lakhs (35 per cent of the total grants) were sanctioned only in the month of March during 1987-91.

(c) The Department had not evolved any procedure to ensure that the grants were utilised by the grantee institutions for the

purpose for which these had been sanctioned. No periodical progress reports on utilisation of the grants had been prescribed or called for by the Department.

(d) Details of assets created by the grantee institutions out of the grants given by the Government were not available with the Department.

(e) Utilisation certificates in respect of grants of Rs. 2 lakhs released to the Himachal Pradesh Veterinary Council during 1987-89 were awaited.

(f) The specific purpose for which grants totalling Rs. 278.40 lakhs, representing 93 per cent of the total grants (Rs. 299.48 lakhs), were disbursed during 1987-91 to the Krishi Vishva Vidyalaya could not be ascertained in the absence of any indication in this regard in the sanctions.

(g) Government decided in December 1990 that an annual grant of Rs. 65 lakhs would be sanctioned to the State Co-operative Milk Producers Federation from 1990-91 to 1994-95. It was, however, noticed that a grant of Rs. 65.70 lakhs was released to this institution during 1990-91.

#### C SOCIAL AND WOMEN'S WELFARE DEPARTMENT

The Social and Womens' Welfare Department sanctioned grants totalling Rs. 501.20 lakhs to 277 social welfare institutions and voluntary organizations for various welfare activities and administrative expenses during 1986-91. Of these, grants amounting to Rs. 457.41 lakhs (welfare activities: Rs. 427.17 lakhs and administrative expenses: Rs. 30.24 lakhs) were sanctioned to the Himachal Pradesh State Social Welfare Board and the Himachal Pradesh Council of Child Welfare for managing 239 institutions and Rs. 43.79 lakhs to 38 voluntary organizations in the State.



A test-check of the records of sanctioning authority conducted in May 1991 revealed the following:

(a) The Financial rules of Government provide that there should be no rush of expenditure in the month of March. The Department, however, sanctioned Rs. 150.37 lakhs, representing 30 per cent of the total grants sanctioned, only in the month of March during the years 1986-87 to 1990-91. Of this amount, Rs. 33.29 lakhs were disbursed to 56 grantee institutions by the Director of Social and Women's Welfare Department after the closure of the financial year(s).

(b) The sanctioning authority had no idea of the assets created wholly or partially by the grantee institutions out of the grants paid to them.

Grants-in-aid of Rs. 2.25 lakhs was paid between 1979-80 and 1986-87 to the Lok Sahayak Samaj Tailoring Centre, Nahan. The quarterly report submitted to the Director and the balance sheet of the institution for 1986-87 revealed that no assets had been procured/ created. This was not possible because sewing machines at least should have been procured for the tailoring Centre.

(c) The Department had not evolved any mechanism in the form of periodical inspections, returns, etc., to ensure that the grants were utilised by the grantee institutions for the purpose for which these were intended.

(d) Unspent balances of Rs. 5.99 lakhs were neither refunded to Government by the five grantee institutions<sup>11</sup> nor adjusted against the grants due for subsequent years.

<sup>11</sup> 1985-86: Rs. 1.25 lakhs; 1986-87: Rs. 1.85 lakhs; 1987-88: Rs. 2.24 lakhs; and 1989-90: Rs. 0.65 lakh.

(e) The Department sanctioned grants of Rs. 1.04 lakhs during 1981-88 for running two mobile schools with a view to providing educational facilities to children of Gujjars<sup>12</sup> of Chamba District. No inspection of the schools was ever conducted by any of the departmental authorities till July 1988, when it was intimated by the District Welfare Officer, Chamba, that only one mobile school with a strength of 7 to 8 students was functioning and the other had never functioned. Instead of investigating the matter, the Department continued to sanction grants for both the schools and released Rs. 0.42 lakh during the period from 1988-89 to 1990-91.

(f) Grants-in-aid rules require execution of bonds by the grantee institutions before grants are released. Bonds were, however, not obtained by the Department from the Himachal Pradesh Council of Child Welfare prior to payment of grants amounting to Rs. 86.88 lakhs in 67 cases during 1988-91.

These points were reported to Government in August and October 1991; their reply had not been received (January 1992).

#### 6.4 *Himachal Pradesh Khadi and Village Industries Board*

The audit of the Accounts of the Himachal Pradesh Khadi and Village Industries Board is undertaken under Section 19(3) of the Act. The Board was required to prepare its annual accounts within three months of the close of each financial year, and to

---

<sup>12</sup> A nomadic tribe.



make them available for audit. The Board, however, did not adhere to the prescribed time schedule, and the extent of delay in submission of accounts for the period from 1984-85 to 1989-90 is depicted below:

Serial number	Year of account	Due date of submitting the annual accounts	Extent of delay in submission of accounts
			(Months)
1.	1984-85	30.6.1985	19
2.	1985-86	30.6.1986	25
3.	1986-87	30.6.1987	13
4.	1987-88	30.6.1988	14
5.	1988-89	30.6.1989	17
6.	1989-90	30.6.1990	20

Accounts for the year 1990-91 were yet to be made available as of March 1992. While the delay in finalisation of the accounts was attributed (May 1991) by the Board to shortage of staff, Government stated (October 1991) that the accounts would be submitted for audit in December 1991. This had, however, not been done as of March 1992.

No steps had been taken to rectify the following persistent irregularities pointed out by Audit in successive reports on the accounts of the Board:

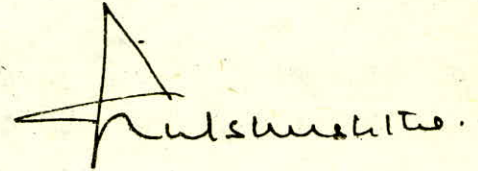
(i) Reconciliation of accounts was pending since 1982-83, as a result of which a difference of Rs. 41.78 lakhs in the accounts was to be traced and adjusted.

(ii) The accounts of the Leather Centre, Shimla, for the five years ending March 1989 and of the Production and Sale unit, Keylong, for the years 1987-88 and 1988-89 had not been incorporated in the balance sheet of the Board.

(iii) Year-wise break-up of the advances had not been worked out since 1970-71, and no record to watch the adjustment of advances was maintained.

Shimla  
The

25 SEP 1992



(ANUPAM KULSHRESHTHA)  
Accountant General (Audit)  
Himachal Pradesh

Countersigned

New Delhi  
The

1 OCT 1992



(C.G. SOMIAH)  
Comptroller and Auditor General  
of India



---

APPENDICES

---

## APPENDIX - 1

(Reference: paragraph: 2.2.3; page: 28)

Excess over grants/appropriations requiring regularisation.

Number and name of Grant/Appropriation	Total grant/ appropriation	Expenditure	Excess
	<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
<b>Revenue Section</b>			
5-Land Revenue Voted	17,90,31,771	17,92,24,379	1,92,608
9-Health and Family Welfare Voted	62,97,73,000	66,70,15,664	3,72,42,664
10-Public Works Voted	49,74,89,000	55,66,80,351	5,92,11,351
11-Agriculture- Voted	43,64,78,000	45,45,62,142	1,80,84,142
14-Animal Husbandry and Dairy Development Voted	13,73,48,000	14,43,83,912	70,35,912
16-Forest and Wildlife Voted	43,23,27,923	44,42,47,495	1,19,19,572
23-Water and Power Development Voted	4,94,00,000	5,02,62,066	8,62,066
28-Water Supply, Sanitation, Housing and Urban Development Voted	61,54,67,000	63,00,07,629	1,45,40,629
<b>Capital Section</b>			
5-Land Revenue Voted	10,90,000	11,35,725	45,725
9-Health and Family Welfare Charged	20,221	32,350	12,129
11-Agriculture Voted	14,47,96,000	15,75,64,383	1,27,68,383
15-Fisheries Voted	66,85,00	70,07,497	3,22,497
20-Rural Development Voted	2,50,000	2,57,426	7,426
21-Co-operation Voted	3,33,45,000	8,22,05,601	4,88,60,601
26-Tourism and Hospitality Organisation Voted	1,13,70,000	1,22,18,937	8,48,937
29-Finance Charged	69,80,79,000	10,87,76,42,172	10,17,95,63,172
<b>Total</b>	<b>3,87,29,29,915</b>	<b>14,26,44,47,729</b>	<b>10,39,15,17,814</b>



## APPENDIX-2

(Reference: paragraph 2.8 ; page 45)

## Drawal of funds in advance of requirements

Serial Number	Department/ Office	Amount Drawn (Rupees lakhs)	Month of drawal	Purpose	Amount Unutilised (Rupees in lakhs)
<b>VENUE</b>					
	Deputy Commissioner, Chamba	13.34 1.64 4.22	December 1989 January 1990 March 1990	For construction of 33 Primary Schools and local development works, out of District prize money.	18.02
	Deputy Commissioner, Mandi	5.50	March 1990	For construction of three Sub-Treasury Buildings (Rs. 1.50 lakhs) and construction and repair of various buildings (Rs. 4.00 lakhs)	5.50
	Deputy Commissioner, Una	2.40 0.40	May 1990 September 1990	For construction of Patwarikhanas For microfilming of records and purchase of steel cabinet.	2.20
<b>INDUSTRIES</b>					
	General Manager, District Industries Centre, Una	15.99	April 1989	For the construction of additional District Industries Centre Building (Rs. 3.87 lakhs) and for construction of type III quarters.	12.79
	General manager, District Industries Centre, Mandi	2.39	Between March 1989 and August 1990	For construction of (i) shops in Industrial Area, Mandi; (ii) Additional office room and (iii) repair of residential buildings.	2.39
<b>HEALTH AND FAMILY WELFARE</b>					
	Director of Health Services, Himachal Pradesh, Shimla	11.00	March 1989	For purchase of medicines under Flood Relief measures during the year 1988-89.	11.00
<b>GRAYATI RAJ</b>					
	District Panchayat Officer, Una	2.00	March 1987	For the construction of Panchayat Bhawan at Una.	2.00
	Chief Fire Officer, Shimla	1.27	March 1989	For the purchase of fire fighting equipment.	1.27
<b>LOCAL DEVELOPMENT</b>					
	Block Development Officer, Amb	10.21	Between April 1987 and October 1990	For development works under local District Planning.	0.55
	<b>Total</b>	<b>70.56</b>			<b>55.72</b>

## APPENDIX-3

(Reference: paragraph:3.2.7; page 69)

Detail of samples analysed during 1985-86 to 1990-91

Name of farms	Source of samples	Staple length	Staple crimps	Fibre length	Fibre crimps	Fleece density	Fibre dia-metre	Medullation percentage by lenametre	Medullation percentage by Benzene	Fibre short-ing	Scouring	Clean yield per-centage	Total
(In numbers)													
Chamba	Private breeders	5,431	5,438	5,481	5,480	-	203	-	5,470	5,470	-	-	32,973
	Government farm	212	214	219	220	10	57	-	220	220	25	25	1,422
Tal	Private breeders	-	-	-	-	-	-	-	-	-	-	-	-
	Government farm	2,134	2,109	1,144	1,144	2,059	1,566	1,566	1,541	1,541	1,541	765	765



## APPENDIX-4

(Reference: paragraph: 3.3.7 ;page 79)

Statement showing vaccinewise, year-wise and district-wise targets and achievements under universal immunization

Year	Name of district	Targets of infants (for BCG, DPT OPV, & Measles)	Achievements				T.T. (Pregnant women)		Achievements percentage				T.T. (P.V)
			BCG	DPT	OPV	Measles	Target	Achievement	BCG	DPT	OPV	Measles	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
(In numbers)													
1985-86	Sirmaur	8,000	6,011	7,759	6,507	-	7,200	5,041	75	97	81	-	70
	Hamirpur	8,000	11,509	7,851	6,715	-	7,400	6,995	144	98	84	-	95
	Medical College Shimla	2,000	1,935	2,337	1,829	-	2,100	1,167	97	117	91	-	56
	Total	18,000	19,455	17,947	15,051	-	16,700	13,203	108	100	84	-	79
1986-87	Sirmaur	8,000	7,777	8,323	8,086	6,158	11,000	5,681	97	104	101	77	52
	Hamirpur	8,000	8,343	8,392	7,355	7,404	11,000	8,024	104	105	92	93	73
	Shimla	13,600	8,025	12,964	10,600	8,953	23,000	7,516	59	95	76	66	33
	Kangra	26,000	20,945	21,690	16,898	11,649	34,000	18,010	81	83	65	45	53
Total	55,600	45,090	51,369	42,939	34,164	79,000	39,231	81	92	77	61	50	
1987-88	Sirmaur	9,000	7,510	8,050	7,933	6,622	10,000	7,147	83	89	88	74	71
	Hamirpur	9,000	7,340	8,630	8,662	7,030	11,000	8,451	82	98	98	78	77
	Shimla	14,000	8,680	10,240	9,413	7,362	17,000	8,026	62	73	67	53	47
	Kangra	26,000	28,036	23,098	21,073	17,600	33,000	18,202	108	89	81	68	55
	Mandi	17,000	10,996	14,114	11,828	10,596	22,000	11,275	65	83	70	62	51
	Bilaspur	7,000	6,209	5,453	5,102	3,397	8,000	7,779	89	78	73	49	97
	Una	9,000	6,733	6,443	6,224	4,939	11,000	5,191	75	72	69	55	47
	Solan	9,000	6,552	5,657	5,145	3,115	10,000	4,619	73	63	57	35	46
Total	1,00,000	82,056	81,885	75,380	60,661	1,22,000	70,690	82	82	75	61	58	
1988-89	Sirmaur	8,000	8,526	8,818	8,928	8,526	10,000	9,018	107	110	112	107	90
	Hamirpur	9,000	9,767	11,182	9,347	8,043	10,000	8,488	109	124	104	89	85
	Shimla	14,000	11,234	10,326	10,013	8,187	17,000	7,768	80	74	72	58	46
	Kangra	26,000	31,272	25,852	25,657	21,777	33,000	21,334	120	99	99	84	65
	Mandi	17,000	19,364	15,636	15,352	12,185	22,000	13,418	114	92	90	72	61
	Bilaspur	7,000	9,053	7,625	7,117	5,751	8,000	5,200	129	109	102	82	65
	Una	9,000	9,962	8,356	8,327	7,425	10,000	6,454	111	93	93	83	65
	Solan	8,000	8,763	7,611	7,564	6,467	10,000	6,503	110	95	95	81	65
	Kullu	6,000	6,867	6,297	5,847	3,686	8,000	3,825	114	105	97	61	48
	Kinnaur	2,000	1,177	752	860	835	2,000	291	59	38	43	42	15
Total	1,06,000	1,15,985	1,02,455	99,012	82,882	1,30,000	82,297	109	97	93	76	63	



Year	Name of district	Targets of infants (for BCG, DPT, OPV, & Measles)	Achievements				T.T. (Pregnant women)		Achievements percentage				T.T. (P.W)
			BCG	DPT	OPV	Measles	Target	Achievement	BCG	DPT	OPV	Measles	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
1989-90	Sirmaur	7,800	9,371	8,392	8,371	8,449	9,200	10,209	120	108	107	108	111
	Hamirpur	8,000	10,188	9,857	9,751	8,583	10,400	9,001	127	123	122	107	87
	Shimla	12,800	11,898	11,985	12,026	10,404	16,700	9,356	93	94	94	81	56
	Kangra	25,100	30,501	28,028	28,357	23,658	32,600	22,025	122	104	105	94	68
	Mandi	16,500	19,026	15,598	16,044	14,440	21,400	12,860	115	95	97	88	60
	Bilaspur	6,400	7,121	6,605	6,660	4,640	8,300	4,875	111	103	104	73	59
	Una	8,000	10,483	9,037	9,079	8,278	10,400	8,078	131	113	113	103	78
	Solan	7,800	7,910	7,558	7,359	6,798	10,200	6,293	101	97	94	87	62
	Kullu	6,000	9,145	6,736	7,177	7,050	7,900	5,092	152	112	120	118	64
	Kinnaur	1,500	1,457	1,394	1,382	1,344	1,900	944	97	93	92	90	50
	Lahaul & Spiti	900	311	202	234	244	1,100	100	35	22	28	27	9
Chamba	8,300	8,847	8,870	6,703	8,318	10,900	5,284	107	83	81	78	48	
	Total	1,09,100	1,26,258	1,10,262	1,11,143	1,00,202	1,41,000	94,115	116	101	102	92	67
1990-91	Sirmaur	9,600	10,154	9,058	9,130	9,282	10,100	9,491	106	94	95	96	94
	Hamirpur	9,650	10,375	9,189	9,286	8,013	10,200	8,930	108	95	96	83	88
	Shimla	15,600	13,219	10,855	10,514	10,285	16,900	8,987	85	70	87	86	53
	Kangra	30,700	31,599	27,714	28,164	25,923	32,500	25,983	103	90	92	84	80
	Mandi	20,140	18,432	15,423	15,443	14,848	21,300	12,951	92	77	77	73	61
	Bilaspur	7,800	7,865	7,821	7,619	6,402	8,200	6,757	98	98	98	82	82
	Una	9,710	10,354	8,914	8,098	8,795	10,300	8,233	107	92	83	91	80
	Solan	9,600	8,604	7,961	7,842	7,062	10,100	7,473	90	83	82	74	74
	Kullu	7,400	7,444	6,296	6,374	5,647	7,800	4,619	101	85	86	76	59
	Kinnaur	1,800	1,627	1,233	1,368	1,367	1,900	783	90	69	76	76	41
	Lahaul & Spiti	950	521	538	528	278	1,000	204	55	57	55	29	20
Chamba	9,640	10,330	8,074	7,972	8,439	10,200	7,431	107	84	83	88	73	
	Total	1,32,590	1,30,324	1,12,874	1,12,336	1,06,121	1,40,500	1,01,842	98	85	85	80	72

**Note:** The figures of Medical College Shimla from 1986-87 onwards have been included in the figures of Shimla District.



## APPENDIX-5

(Reference: paragraph: 3.3.8(a); page: 82)

## Instances of non-adherence of immunization schedule

Year		DPT		POLIO		TT	MEASLES	BCG
		Doses administered after a gap of 1-1/2 months to 3 months		Doses administered after a gap of 1-1/2 months to 3 months		2nd dose administered after a gap of 1-1/2 months to 3 months	Dose administered after the age of 13 months	Dose administered after the age of 12 months
		2nd dose	3rd dose	2nd dose	3rd dose			
(Beneficiaries in numbers)								
1986-87	Shimla	36	30	36	30	-	2	5
1987-88	Mandi	2,790	1,964	2,553	1,857	2,299	885	1,610
	Shimla	56	57	55	57	109	15	7
	Total	<u>2,846</u>	<u>2,021</u>	<u>2,608</u>	<u>1,904</u>	<u>2,408</u>	<u>900</u>	<u>1,617</u>
1988-89	Mandi	3,147	1,974	3,174	1,846	2,276	1,155	2,506
	Shimla	54	80	49	80	386	10	80
	Total	<u>3,201</u>	<u>2,054</u>	<u>3,223</u>	<u>1,926</u>	<u>2,662</u>	<u>1,165</u>	<u>2,586</u>
1989-90	Mandi	2,969	1,959	2,985	2,058	2,419	1,163	2,231
	Shimla	55	63	57	59	247	143	129
	Total	<u>3024</u>	<u>2022</u>	<u>3042</u>	<u>2117</u>	<u>2666</u>	<u>1306</u>	<u>2360</u>
1990-91	Mandi	2,897	1,825	3,036	1,900	2,108	897	1,624
	Shimla	30	54	32	60	16	84	90
	Total	<u>2927</u>	<u>1879</u>	<u>3068</u>	<u>1960</u>	<u>2124</u>	<u>981</u>	<u>1714</u>



## APPENDIX-6

(Reference paragraph: 3.23; page 137)

## Statement showing details of idle equipment

Serial number	Name of Department/ Office	Particulars of equipment	Date of purchase/ receipt	Cost (Rupees in lakhs)	Since when idle	Remarks
<b>Revenue</b>						
1.	Deputy Commissioner, Hamirpur	Microfilming Machine	April 1989	3.11	April 1989	The machine could not be installed in the absence of suitable accommodation. The warranty period expired in April 1990.
2.	Deputy Commissioner, Una	Micro-filming Reader-cum Printer	April 1989	3.08	April 1989	The records to be microfilmed had not been made available by the Director, Land Records.
3.	Deputy Commissioner, Mandi	Plain Photocopiers(2)	November 1987 and February 1989	1.32	January and May 1990	The equipment was lying idle owing to repairs which had not been carried out.
<b>Health and Family Welfare</b>						
4.	Block Medical Officer, Gangath, Kangra	Boyle's apparatus (3)	January 1986	0.34	January 1986	The apparatus were idle due to non-posting of specialist operator.
5.	Chief Medical Officer, Chamba	X-Ray plant	February 1983	1.15	June 1989	The plant could not be put to use at Rural Hospital, Choori, due to non-posting of Radiographer.
6.	Chief Medical Officer, Kangra	X-Ray plant	April 1982	1.34	May 1990	Due to non-posting of Radiographer, the plant was not being used at Civil Hospital, Baijnath.
<b>Agriculture</b>						
7.	Project Officer, ITDP, Keylong	Power tiller	December 1985	0.41	July 1987	The reasons for non-utilisation of the power tiller were not intimated.
<b>Tourism</b>						
8.	Commissioner Tourism, Himachal Pradesh	Equipment for meteorological laboratories (2 sets)	April 1989	1.19	April 1989	The equipment purchased for installation at the Air Strips at Rangrik and Hamirpur were lying idle because the construction of the air strips had not been completed.
<b>Total</b>				<u>11.94</u>		



## APPENDIX-7

(Reference: paragraph : 4.9; page: 176)

## Statement showing the details of incomplete buildings and roads

Serial Number	Name of Division	Name of work	Month of issue of Administrative approval and Expenditure sanction	Estimated cost	Stipulated period of completion	Date of commencement	Present position of work	Up to date expenditure (Rs. in lakhs)	Remarks
1.	Rajgarh	Residential quarters attached to Ayurvedic Dispensary at Dhamla.	January 1969	0.55*	One year	March 1970	Quarters completed between March 1979 and September 1984. Water supply, sanitary installations and protection works not completed.	2.68	Water supply and sanitary installations not provided as funds had not been made available by Ayurvedic Department. The quarters were yet to be handed over to the Department and were lying vacant (March 1991).
2.	Barsar	Rest House at Town Bharari	November 1977	1.61	two years	August 1983	Building completed in March 1988. Furnishing was yet to be provided.	3.89	Reasons for not providing furnishing had not been intimated.
3.	Una	(i) Sub-centre Building at Chulri	October 1983	1.06	One year	May 1985	Masonry work completed up to lintel level as of March 1989.	0.81	No reasons for suspension of the work had been furnished.
		(ii) Sub-centre at Karyala	September 1986	0.99	One year	December 1987	Building completed. Finishing work held up for over two years	0.96	No reasons for suspension of the work had been furnished.
4.	Churah	Bhumuni, Deothi, Kalotha, Judera link road - km. 0/0 to 13/500	March 1986	10.34	Three years	1986-87	Three km trace cutting and 50 metres widening work completed up to 1989-90.	0.90	Work held up due to forest land and trees falling in the alignment of the road. Sanction of the Government of India for removal of trees and transfer of land had not been obtained.
5.	Bilaspur-II	Ayurvedic Dispensary at Rani Kotla	December 1986	3.99	Not available	1986-87	Completed up to plinth level by 1988-89	2.20	Work held up due to paucity of funds.
6.	Dehra	Civil Dispensary Building at Majheen	February 1987	4.01	Two years	March 1988	Site development completed in July 1989.	0.86	No reasons for suspension of the work had been intimated.
	Marwin	(i) Bachhretu Gharan road via Bistan-	June 1987	10.26	Three years	December 1987	Widening work done in Km. 0/0 to 1/020 up to October 1988.	1.49	Same remarks as against 4 above
				9.98	Three years	June 1987	Widening work done in 1.200 Km up to September 1989.	1.09	Same remarks as against 4 above.

14.88



## APPENDIX - 8

(Referred to in paragraph:4.16; page 222)

## Statement showing underutilisation of irrigation potential

Serial number	Name of irrigation scheme	Year of completion	Expenditure including maintenance	CCA	Remarks
			(Rupees in lakhs)	(In hectares)	
1.	Lift Irrigation Scheme, Old Jubbal	1981-82	1.36	50.61	No area had been irrigated by the scheme ever since its completion due to non-utilisation of irrigation facilities by the farmers.
2.	Lift Irrigation Scheme, Jharet	March 1982	8.30	21.05	No land other than 0.08 hectare during Rabi 1985, was irrigated by the scheme up to June 1990. No reasons for the underutilisation of the potential created were on record.
3.	Lift Irrigation Scheme, Dargi	1983	13.96	56.68	The area irrigated by the scheme from 1983 to 1988 ranged between 0.11 hectare and 1.43 hectares except during Kharif 1984, when no irrigation was provided. A sprinkler system was installed in December 1988 in 44.94 hectares of land at a cost of Rs. 5.87 lakhs and only 1.81 hectares and 0.28 hectare of land was irrigated during Rabi and Kharif 1989. The beneficiaries were reportedly not availing the facility of irrigation.
4.	Lift Irrigation Scheme, Karara	April 1984	10.52	58.70	No area had been irrigated ever since the completion of the scheme due mainly to the beneficiaries not requiring water and non-construction of field channels.
5.	Lift Irrigation Scheme, Lunsoo	1985	5.03	20.65	The area irrigated by the scheme ranged between 0.10 hectare and 0.98 hectare during Kharif 1985 to Rabi 1988. The scheme became inoperative after Rabi 1988 as the pumping machinery was damaged due to floods which had not been repaired as of April 1990. Under utilisation of irrigation potential was attributed to the beneficiaries not availing of the irrigation facilities.
			<u>39.17</u>	<u>207.69</u>	



## APPENDIX - 9

(Reference paragraph: 4.20; page 226)

## Statement showing incomplete water supply schemes.

Serial Number	Name of Scheme	Estimated cost (Rupees in lakhs)	Stipulated period of completion	Month/Year of start	Expenditure up to the month of suspension of work (Rupees in lakhs)	Number of beneficiaries	Remarks
1.	Lift Water Supply scheme, Dakriana	6.56	Not given	April 1985	10.94	1,699	The scheme was held up since March 1990 due to dispute over the alignment of rising main and source of water at Shandi-ki-Khad.
2.	Water supply scheme, Kotla	0.94	One year	November 1986	0.81	250	The work was held up since March 1988 due to disputes over the land falling in the alignment.
3.	Water supply scheme, Jandoo Baned	0.16	6 months	August 1987	0.27	166	This was an old scheme, the discharge of which decreased considerably during the summer season. To serve the beneficiaries, water was supplied from other sources. The beneficiaries of those schemes, however, objected to this arrangement.
4.	Water supply scheme for Shanery and group of villages	2.17	one year	October 1987	1.03	805	The scheme was lying incomplete since August 1988 due to disputes over the source of water. Only two villages with a population of 70 could be covered.
5.	Gravity water supply scheme, Hunman Badog	0.90	one year	January 1988	1.45	329	The work is held up since February 1988 due to dispute over the water source for the scheme.
6.	Gravity water supply scheme, Banan	1.96	one year	November 1988	1.41	224	The work was held up since March 1989 due to dispute over the source of water for the scheme.
7.	Water supply scheme, Firnoo Balh	7.36	not given	December 1988	4.70	470	The work was held up since March 1990 due to dispute over the source of water.
8.	Augmentation of water supply scheme, Chow Chakrala	1.90	one year	January 1990	2.25	648	The work was held up since March 1990 due to dispute over the source of water.
Total	21.95			22.86	4,591		

## APPENDIX-10

## Glossary of abbreviations

<u>Abbreviation</u>	<u>Expanded form</u>
BCG	Bacillus Calmette Guerin
CAD	Command Area Development
CADA	Command Area Development Authority
CADP	Command Area Development Programme
CCA	Culturable Command Area
CE	Chief Engineer
CGI sheets	Corrugated galvanised iron sheets
DAHD	District Animal Husbandry Officer
DPT	Diphtheria Pertusis Tetanus
E-in-C	Engineer-in-Chief
EEC	European Economic Community
EPABX	Electronic Private Branch Automatic Exchange
EPI	Expanded Programme on Immunization
HIMFED	The Himachal Pradesh State Co-operative Marketing and Consumers Federation
HP Milkfed	The Himachal Pradesh State Co-operative Milk Producers Federation Limited
ICDS	Integrated Child Development Services
IEC	Information, Education and Communication
ILR	Ice-lined Refrigerator
INTACH	Indian National Trust for Arts and Cultural Heritage
IRDP	Integrated Rural Development Programme
ITDP	Integrated Tribal Development Project
MO	Medical Officer
MWA	Miscellaneous Works Advances
NMS	Non-medical Supervisor
NREP	National Rural Employment Programme
OFD	On-Farm-Development Works
PHC	Public Health Centre
MPW	Multipurpose Worker
RLEGP	Rural Landless Employment <b>Guarantee</b> Programme
SAIL	Steel Authority of India Limited
TISCO	Tata Iron and Steel Company
TRYSEM	Training of Rural Youth for Self Employment
TT	Tetanus toxoide
UIP	Universal Immunization Programme
UNICEF	United Nations International Children Emergency Fund
VCES	Vaccine Coverage Evaluation Survey
VPD	Vaccine Preventive Disease



ERRATA

REPORT OF THE COMPTROLLER AND AUDITOR  
GENERAL OF INDIA FOR THE YEAR ENDED 31ST  
MARCH 1991-NO.3 (CIVIL) GOVERNMENT OF  
HIMACHAL PRADESH

Reference to Page Number	Para Number	Line Number	For	Read
Table of contents, page (i) under Chapter I (X)		6th	STATE	STATE'S
(XIII)		12th line from above	extend	extent
(XVIII)		10th & 9th from bottom	57.98	57.88
(XXII)	7	12th & 13th line from bottom	1986-88 and 1990-91	1988-91
(XXIII)	9	2nd line from bottom	Centers	Centres
(XXVII)	10 (e)	12th line from above	Rs. 18.65 cores	18.65 crores
1	1.1	4th line from bottom	4.521	4,521
10	1.6.1	13th line from above	Succeeding	Succeeding
15	1.8.5	11th line from bottom	Ripees	Rupees
18	1.10.3	9th line from above	amount	amounts
19	1.11.1	10th line from bottom	erecovery	recovery
20	1.11.1	4th line from above	Corporation	Corporation
26	1.12	9th line from above	preview	purview
30	2.2.4	11th line from bottom	1.44 crore	1.44 crores
33	2.2.8	17th line from above	Developent	Development
37	2.4.1 (a)	10th line from bottom	Governeent	Government
40	2.4.2	4th line from above	Diary	Dairy
41	2.4.2 (5)	Last line of the page	1000-01	1990-91
43	2.6	10th line from above	particular	particular
43	2.6	16th line from above	Sectra	Sector
43	2.6	6th line from bottom	State	State.
44	2.6	9th line from above	Kaola	Kalpa
44	2.7	3rd	reappropriations	reappropriation
45	2.8	7th line from bottom	departments	departments
50	3.1.5	Table, Against-1990-91	Dharamsala	Dharamsala,
		Achievements Column-		
		Kangra Scheme	7.81	7.80
53	7.1.6(c)	11th line from bottom	explored	explored
59	3.2.4	6th line from bottom	shephards	shepherds
72	3.2.13	13th line from above	Fderation	Federation
75		4th	schdule	Schedule
76		6th	615	665
83	3.3.8 (a)	2nd line from bottom	the	on the
85	3.3.8 (i)	2nd line from bottom	instance	instances of
86	3.3.8 (i)	12th line from above	prescribed	prescribed norms
86	3.3.9 (a)	20th line from above	Vaccines	Vaccine

Reference to Page Number	Para Number	Line Number	For	Read
87	3.3.9 (c)	1st line from above	orders	order
87	3.3.9 (f)	last line from bottom	refraigertion	refrigeration
89	3.3.10 (a)	Table 1987-88	3	8
107	3.5.6.1 (c)	5th line from bottom	some o	some of
129	3.21	6th	provideed	provided
133	3.22(a)	16th line from bottom	eriod	period
139	4.1.1	8th line from above	3,991	1,348
141		3rd	August 1987	December 1986
145	4.1.7	3rd	conduction	construction
147		4th	not with standing	notwithstanding
147	4.1.7	4th line from above	draings	drawings
148		10th	ben	been
		12th	cosrtruction	construction
149		5th from below	Rs. 8.49 lakhs	Rs. 8.48 lakhs
156		2nd from below	blasing	blasting
166		9th line from bottom	constricted	constructed
177	4.9	2nd line from above	because	because
177	4.10.1	7th line from bottom	The	The
181	4.10.4	6th line from above	istribution	distribution
182	4.10.4	1st line from above	benen	bench
188		4th	the or holdings	the holdings
200	4.10.8	5th line from bottom	ly	by
202	4.10.11		Delete (a) caption	against the
203	4.10.11(a)	16th line from above	distributory	distributory
206		10th from bottom	he	the
207	4.10.11(1)	9th line from bottom	o <sup>f</sup>	of
207		19th	discused	discussed
217		9th	area the vagaries	area and the vagaries
223		last line	occacions	occasions
252		7th	furnihsed	furnished
255		3rd & 2nd from bottom	Delete 11 over "institutions" and insert 11 over "Rs. 5.99 lakhs".	
260	Appendix-1	5th line from above	appropriation	appropriation
262	Appendix-3	last line of the table	1541	765
262	Appendix-3	last line of the table	765	16334
269		last line	Please indicate 21.95, 22.86 and 4,591 correctly under columns "Estimated cost", "Expenditure up to the month of suspension of work" and "Number of beneficiaries".	