



Report of the Comptroller and Auditor
General of India

For the Year ended 31 March 2009

(Civil)

Government of Himachal Pradesh



Table of Contents

Subject	Paragraph	Page No.
Preface		v
Overview		vii
CHAPTER-I : PERFORMANCE REVIEWS		
Health and Family Welfare Department		
National Rural Health Mission	1.1	1
Home Department		
Modernisation of Police Forces	1.2	31
Irrigation and Public Health Department		
Implementation of Irrigation Projects	1.3	52
CHAPTER-II : AUDIT OF TRANSACTIONS		
<i>Excess/overpayment/wasteful/unfruitful/infructuous expenditure</i>		
Public Works Department		
Infructuous expenditure on construction of a link road	2.1	81
Unfruitful expenditure on construction of jeepable bridge	2.2	82
Avoidable loss due to washing away of bridge	2.3	83
Unfruitful expenditure in construction of Eklavya Model Residential School building	2.4	84
Irrigation and Public Health Department		
Infructuous expenditure on Lift Water Supply Scheme	2.5	85
Underutilisation of irrigation potential	2.6	86
Rural Development Department		
Infructuous expenditure on implementation of scheme	2.7	87
Youth Services and Sports and Public Works Departments		
Unproductive expenditure and avoidable loss on construction of Stadium	2.8	89
<i>Undue favour to contractors/avoidable expenditure</i>		
Public Works Department		
Undue favour to a contractor	2.9	90
Acceptance of sub-standard work and undue favour to contractor	2.10	91

Subject	Paragraph	Page No.
<i>Idle investment/blocking of funds/diversion of funds</i>		
Animal Husbandry Department		
Retention of Government receipts outside Government account	2.11	93
Blocking of Calamity Relief Fund	2.12	94
Education Department		
Delay in construction of kitchen sheds and blocking of funds	2.13	95
Health and Family Welfare Department		
Idle investment on Auxiliary Nurse-cum-Midwife Training Centre and injudicious expenditure on idle staff	2.14	96
Locking up of funds meant for public health infrastructure	2.15	97
Irrigation and Public Health Department		
Idle investment on construction of Lift Irrigation Scheme	2.16	98
Idle investment on Flow Irrigation Scheme	2.17	98
Public Works Department		
Idle expenditure on construction of road and bridge	2.18	99
Idle investment on incomplete road works	2.19	100
Blocking of funds	2.20	102
Medical Education Department		
Drawal of funds in advance of requirement	2.21	102
Revenue Department		
Diversion of Calamity Relief Fund	2.22	104
Rural Development Department		
Unauthorised operation of Personal Ledger Account	2.23	105
Urban Development Department		
Diversion of funds	2.24	106
Blocking of funds	2.25	107
<i>Regularity issues and other points</i>		
Education Department		
Implementation of scholarship schemes	2.26	108

Subject	Paragraph	Page No.
Unauthorised investment in SBI Mutual Fund	2.27	110
Health and Family Welfare Department		
Underutilisation of machinery and equipment	2.28	111
Rural Development Department		
Raising of Jatropha Nurseries	2.29	112
Irrigation and Public Health Department		
Irregular drawal of funds to avoid lapse of budget	2.30	114
Public Works Department		
Incorrect booking of materials	2.31	115
General		
Miscellaneous Departments		
Erosion of accountability	2.32	116
CHAPTER-III : INTEGRATED AUDIT		
Forest Department		
Integrated Audit of Forest Department	3.1	119

Appendices

		Page
Appendix-I	Statement showing details of immunisation of children during 2005-09	139
Appendix-II	Statement showing details of component-wise proposals sent to Government of India and fund actually received under the scheme "Modernisation of Police Forces" during the year 2004-05 to 2008-09	141
Appendix-III	Details of schemes implemented by the Forest Department during 2004-09	142
Appendix-IV	Glossary of Abbreviations	143



Preface

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. The Report contains findings on performance audit and audit of transactions in various Civil departments including public works and irrigation and public health departments, audit of stores and stock and audit of autonomous bodies.
3. The Report containing audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts, audit observations on Statutory Corporations, Boards and Government Companies and Revenue Receipts are presented separately.
4. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2008-2009 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 2008-2009 have also been included wherever considered necessary.
5. The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

OVERVIEW

OVERVIEW

This Report contains 32 paragraphs, three performance reviews and one integrated audit of a Department. The draft audit paragraphs and performance reviews were sent to the concerned Secretaries to the State Government with a request to furnish replies within eight weeks. However, in respect of the three performance reviews/integrated audit and 30 paragraphs included in the Report, no replies were received from the State Government. The audit findings relating to the performance reviews were also discussed with the Secretaries to the State Government and the views of the Government were incorporated wherever appropriate. A synopsis of the important findings contained in the Report is presented in this overview.

PERFORMANCE REVIEWS

National Rural Health Mission

The National Rural Health Mission (NRHM) was launched in Himachal Pradesh in April 2005 to provide accessible, affordable and reliable healthcare to the rural population, especially the vulnerable sections of the society. The programme envisaged convergence of various existing stand alone health programmes, decentralisation of the planning process with special emphasis on bottom-up approach in decision making and creating better linkages and co-operation among various social sector departments.

A mid-term review of the implementation of the programme in the fourth year of the Mission period (2005-2012) highlights the areas of concern and issues which need to be addressed for successful achievement of the objectives set out for the Mission. The review underlines glaring gaps in planning, implementation and monitoring activities. Absence of a household survey and perspective plan and lack of inputs from the community at the grass root level in the annual plans rendered the planning process an exercise in futility. While the number of health centres exceeded the norm, these could not ensure reliable and accessible health care to the targeted beneficiaries due to inadequate infrastructure and insufficient manpower. Some of the key initiatives of NRHM like ASHA and village health and sanitation committees have not received the required attention. Public spending on health sector also remained constant during the last four years.

(Paragraph 1.1)

Modernisation of Police Forces

Modernisation of Police Forces was introduced by the GOI in 1969 initially for 10 years, with periodic extensions, the latest being in February 2001, for another 10 years upto 2010. The scheme aims at improving the efficiency of the State Police Force and enhancing their striking abilities for meeting the emerging challenges.

Performance review of the implementation of the scheme in the State reveals that the objective of the scheme to modernise the State police force to meet the emerging challenges remained largely unachieved. Even after 40 years of implementation of the scheme, provision of infrastructure like housing and basic amenities at the Police Stations /Police Outposts was far from satisfactory. Implementation of the scheme was not in conformity with the areas of priority identified by the MHA. Sophisticated weapons procured were not supplied to the field units and they continued to depend on outdated weaponry. Forensic Science Laboratories were underutilised due to non-availability of technical staff. The benefits envisaged from POLNET and CIPA could not be derived, as these were either not operationalised or where operational, are not functioning at their optimum level. However, the Department's achievement in developing an informative and useful web portal which provides useful information like guidelines and tips for general public, tourists including foreigners and facilitates registration of complaints by the public in 88 out of 112 Police Stations in the State is laudable.

(Paragraph 1.2)

Implementation of Irrigation Projects

Performance review of implementation of irrigation projects in the State under Accelerated Irrigation Benefits Programme (AIBP) and NABARD funding revealed that the objective of speedy development of irrigation potential and its eventual utilisation for the benefit of the farmers was not achieved to the desired extent in the State due to inherent deficiencies in planning, execution and monitoring.

Of the two medium irrigation projects and 121 minor irrigation schemes reviewed in audit, none of the medium irrigation projects was completed, whereas, only 37 minor schemes were completed as of March 2009. The execution of irrigation schemes under NABARD's loan assistance was also not satisfactory, as out of 26 schemes only 13 schemes were completed within the stipulated period and the remaining 13 schemes were still in progress. Non-completion of projects/schemes within the prescribed time limit of two to four years resulted in time/cost overruns.

In the absence of a time bound strategy for systematic harnessing of estimated irrigation potential, only 17,053 hectares (22 *per cent*) irrigation potential could be created by the Department during 2005-09 against the target of 77,880 hectares under Bharat Nirman. Even the irrigation potential created under various schemes was not utilised optimally and the shortfall in utilisation during 2004-09 ranged between 56 and 100 *per cent*. DPRs were not prepared for minor irrigation schemes sponsored under AIBP. Technical sanctions for assuring that the proposals are structurally sound, feasible and estimates are calculated correctly were not obtained.

(Paragraph 1.3)

Integrated Audit of Forest Department

The Himachal Pradesh Forest Sector Policy seeks to achieve sustainable forest management in the State i.e. forest, watershed, wild life, biodiversity and habitats for the maintenance and rehabilitation of its environment and strive for enhanced livelihood of the people of the State. An integrated audit of the Department revealed that there are several areas where it needs to improve the implementation of the programmes.

The Department did not have reliable data relating to the area available for afforestation, as the area shown by the Department as afforested upto 2006-07 was in excess of the area that was actually available for afforestation. Even after the lapse of more than three decades of commencement (1988) of settlement proceedings in the State, only an area of 4,485 sq kms has been demarcated leaving targeted forest area of 11,033 sq kms in 10 out of 12 districts undemarcated. Norms for recovering the cost of CAT Plans from user agencies have not been standardised leading to loss of legitimate revenue of Rs 22.97 crore in nine CAT Plans. Fund utilisation, supervision and monitoring in the Department were not adequate enough to ensure that the Department functions at its optimal level.

(Paragraph 3.1)

AUDIT OF TRANSACTIONS

Excess/over payment/wasteful/unfruitful/infructuous expenditure

- The Public Works Department did not plan and construct jeepable road to village Suru in Shimla district resulting in unfruitful expenditure of Rs 85.80 lakh on construction of jeepable suspension bridge.

(Paragraph 2.2)

- The Public Works Department did not get construction of Eklavya Model Residential School building works at Nichhar (Kinnaur district) completed in time, rendering an expenditure of Rs 91.49 lakh unfruitful.

(Paragraph 2.4)

- The District Rural Development Agency, Sirmaur released payment to an implementing agency (VIMARSH) and a consultant (NABCONS) without enforcing the provisions of memorandum of understanding resulting in infructuous expenditure of Rs 44.53 lakh.

(Paragraph 2.7)

- Decision of the Youth Services and Sports Department to convert athletics stadium to cricket stadium midway during construction resulted in unproductive expenditure of Rs 53.50 lakh and blocking of Rs 1.30 crore.

(Paragraph 2.8)

Undue favour to contractors/avoidable expenditure

- The Public Works Department extended undue favour to a contractor by allowing advance payments of Rs 1.87 crore against invalid Bank Guarantees.
(Paragraph 2.9)
- Due to acceptance of sub-standard work executed at Rs 1.23 crore, the Public Works Department could not provide quality road connectivity and further inaction to recover levied compensation of Rs 50 lakh resulted in extending undue financial benefit to the contractor.
(Paragraph 2.10)

Idle investment/blocking of funds/diversion of funds

- In violation of Constitution of India and existing financial principles, the Animal Husbandry Department retained revenues received from sale of departmental property and refund of Government funds aggregating Rs 3.93 crore outside Government account.
(Paragraph 2.11)
- Improper planning and identification of schools for construction of kitchen shed-cum-stores under Mid-day-Meal scheme by Education Department resulted in delay in providing the facility to 1,077 schools and blocking of funds to the tune of Rs 6.46 crore.
(Paragraph 2.13)
- Expenditure of Rs 51.90 lakh incurred by the Health and Family Welfare Department on construction of Auxiliary Nurse-cum-Midwife training centre at Chamba and salary of staff deployed did not serve the intended purpose and proved largely unfruitful.
(Paragraph 2.14)
- The Irrigation and Public Health Department did not carry out adequate investigations initially and arrange encumbrance free land for the Flow Irrigation Scheme, Oddigad to Neri in Shimla district resulting in idle investment of Rs 66.79 lakh.
(Paragraph 2.17)
- Poor planning by the Public Works Department resulted in idle expenditure of Rs 1.87 crore on construction of road and bridge over Spiti river and non-achievement of the objective of providing transport facility to Sumra village in Kinnaur District.
(Paragraph 2.18)
- The State Government and Deputy Commissioners of Kangra, Kinnaur and Mandi districts diverted Rs 24.36 crore from calamity relief fund for works not admissible under CRF guidelines.
(Paragraph 2.22)

CHAPTER-I

PERFORMANCE REVIEWS

		Pages
❖	National Rural Health Mission	1-30
❖	Modernisation of Police Forces	31-51
❖	Implementation of Irrigation Projects	52-80

1. PERFORMANCE REVIEWS

Health and Family Welfare Department

1.1 National Rural Health Mission

The National Rural Health Mission was launched in the State in April 2005. A mid-term review of the implementation of the programme is aimed at reviewing the initiatives taken by the State Government to bridge the gaps in healthcare facilities and highlight areas of concern, which need to be addressed for successful achievement of the objectives of the Mission by the target date. The review revealed that interim goals/targets upto the end of 2008 for reducing Infant Mortality Rate, Maternal Mortality Rate, Babies with low birth weight were fully achieved. However, planning process was inadequate. The State is yet to carry out a household survey to identify the gaps in health care facilities. Upgradation of Community Health Centres, Primary Health Centres and Sub-Centres to the level of Indian Public Health Standards has not been achieved. Some significant audit findings are as under:

- *Perspective Plan and District Health Action Plans were not prepared during 2005-09 and community participation was not ensured in the planning process.*
(Paragraph 1.1.7)
- *Of the total available funds, 61 to 75 per cent remained unutilised with the Mission Director during 2005-09.*
(Paragraph 1.1.8.2)
- *Acute shortage of manpower in all the health institutions adversely affected the availability of health care services.*
(Paragraph 1.1.9.2)
- *Village Health and Sanitation Committees were not formed for ensuring community participation and implementation of the Mission at grass root level.*
(Paragraph 1.1.11)
- *Convergence of the Mission activities with Departments dealing with issues of safe drinking water, sanitation, nutrition, early childhood development and women's empowerment was not ensured.*
(Paragraph 1.1.14)

1.1.1 Introduction

The National Rural Health Mission (NRHM) was launched by the Government of India (GOI) on 12 April 2005 and was operationalised in Himachal Pradesh from this date. The main objectives of the Mission, to be met during the period 2005-2012 are as follows:

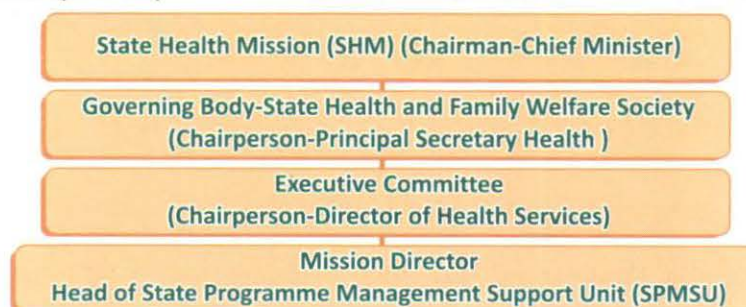
- provide accessible, affordable, accountable, effective and reliable health care facilities in the rural areas, especially to the poor and vulnerable sections of the society;
- involve community in planning and monitoring;
- reduce infant mortality rate (IMR) maternal mortality rate (MMR) and total fertility rate (TFR) for population stabilisation; and
- prevent and control communicable and non-communicable diseases, including locally endemic diseases.

The Mission aimed at an architectural correction in health care delivery system by converging various existing stand alone programmes viz., National Disease Control Programmes (NDCP), Reproductive and Child Health-II (RCH-II), Vector Borne Disease Control Programme, Tuberculosis, Leprosy, Blindness Control Programme and Integrated Disease Surveillance Project with the exception of National AIDS and Cancer Control Programmes.

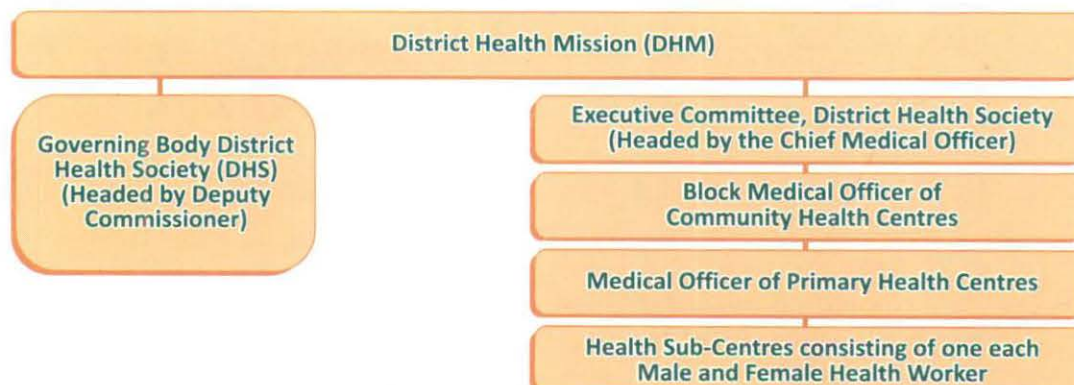
The salient features of NRHM include bridging gaps in healthcare facilities, facilitating decentralised planning in the health sector and addressing the issue of health in the context of a sector-wise approach encompassing sanitation, hygiene, nutrition, etc., as basic determinants of good health and convergence with related social sector departments like Women and Child Development, Ayurveda, Yoga, Unani, Sidha and Homeopathy (AYUSH) and Panchayati Raj.

1.1.2 Organisational Set up

The organisational set up for implementation of NRHM activities in the State is as under:-



The organisational set up at the district level is given below:



Public health services in the rural areas are delivered through the Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub-Centres (SCs).

1.1.3 Scope of Audit

Performance audit of NRHM was conducted during April-July 2008 and February-May 2009 covering the implementation of the programme during 2005-09. Four¹ out of the 12 districts were selected for detailed review based on Probability Proportionate to Size With Replacement (PPSWR) method and records of the Mission Directorate, four District Health Societies (DHSs) and 12² out of 28 CHCs in the selected districts, 24³ out of 67 PHCs under the selected CHCs and 48⁴ out of 82 SCs under the selected PHCs were examined in detail. Out of a total expenditure of Rs 80.53 crore incurred on the activities of the Mission during the review period, Rs 55.59 crore (69 per cent) was covered in audit.

1.1.4 Audit Objectives

The objectives of performance audit were to assess whether:

- *planning, monitoring and evaluation procedures at the Village, Block, District and State levels achieved their principal objective of ensuring accessible, effective and reliable healthcare to rural population;*
- *public spending on health sector over the years 2005-09 increased to the desired level and assessment, release of funds in the decentralised set up, utilisation and accounting of funds was adequate;*
- *the level of community participation in planning, implementation and monitoring of the Mission was adequate and effective;*
- *convergence of the Mission activities with other departments, programmes and non-governmental stakeholders was ensured for achieving the broad objectives of the programme;*
- *the Mission achieved capacity building and strengthening of physical infrastructure and human resources at different levels as planned and targeted;*
- *procedures for procurement of equipment and drugs were cost effective and efficient; and*
- *the performance indicators and targets fixed specially in respect of reproductive and child healthcare, immunisation and disease control programmes were achieved.*

¹ Bilaspur, Hamirpur, Kangra and Kinnaur.

² Barsar, Berthin, Bhawarna, Bhoranj, Harlog, Indora, Jawalamukhi, Jhandutta, Nadaun, Nichar, Pooch and Sangla.

³ Bheri, Bhota, Garhjamula, Gherwin, Haripur, Jaund, Kalol, Karohta, Kashmir, Katgaon, Khundian, Kuhmajhwar, Kilba, Mair, Paral, Salauni, Sera, Spillo, Ribba, Rey, Talai, Talyana, Tangling and Tapri.

⁴ Aghar, Akpa, Badehar, Bharoli Kalan, Balchurani, Balrada, Balwani, Bani, Basaral, Bari Kalan, Barsand, Batseri, Bhogarwan, Boungta, Chander, Dhirwin, Duhak, Gathuttar, Gharana, Hareta, Karer, Karla, Karaur, Khurul, Kohla, Kanei, Kot, Kraba, Kulera, Kuthar, Malron, Mandhroli, Naghjar, Nanawan, Nesang, Pakhrol, Panvi, Ralli, Rispa, Rohin, Sahaura, Salwar, Sehorwala, Shong, Sprul, Tantha, Tranda and Yangpa.

1.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- *Guidelines issued by GOI for implementation of NRHM and instructions issued from time to time;*
- *State Programme Implementation Plan (PIP) approved by GOI;*
- *Memorandum of understanding between the GOI and the State Government; and*
- *Indian Public Health Standards (IPHS) for upgradation of CHCs and PHCs.*

1.1.6 Audit Methodology

The performance review commenced with an entry conference (March 2009) with the Principal Secretary (Health) and the State Mission Director wherein the audit objectives, audit criteria, scope and methodology were discussed.

Audit conclusions were drawn after a scrutiny of records relating to the implementation of various components of the Mission for the period 2005-09. The report was finalised after taking into account the views put forth by the Government during an exit conference held in October 2009 with the Principal Secretary (Health).

Audit Findings

1.1.7 Planning

NRHM envisaged a decentralised and participatory planning process with a bottom up approach from village level to ensure that need based and community owned Health Action Plans become the basis for interventions in the health sector. The plans were to be prepared on the basis of household and facility surveys at village, block and district levels based on Indian Public Health Standards (IPHS) norms. Fifty *per cent* of these surveys were required to be completed by 2007 and 100 *per cent* by 2008.

Scrutiny revealed that facility survey was carried out in the State during 2007-08. However, household survey was not conducted in any of the districts as of March 2009.

In the absence of a household survey, the Department did not have a complete database for a meaningful assessment of health care services and identify the gaps for future course of interventions on need analysis for formulation of the State Programme Implementation Plan (PIP) covering all the villages, blocks and districts of the State.

GOI released Rs 1.20 crore in April 2006 for preparation of a Perspective Plan for the entire Mission period (2005-12) and Annual Action Plans (AAPs) for 2005-09 but these have not been prepared and the entire amount remained unutilised with the State Health Society (SHS) as of March 2009.

The District Health Action Plan (DHAP) prepared by the DHS incorporating the block plans of all NRHM activities were to be submitted to the SHS for incorporation in the State Plan and onward submission to the National Programme Coordination Committee (NPCC) for appraisal.

Scrutiny of records revealed that during 2005-09 none of the districts had prepared DHAP due to which Perspective Plan for 2005-12 could not be prepared at the State level. PIP for the year 2005-06 was also not prepared and PIPs for the years 2006-09 were prepared without inputs from village, block and district levels. Hence, bottom up approach as envisaged in the guidelines was not adopted in preparation of PIPs for NRHM activities.

Community participation was also not ensured as the Village Health and Sanitation Committees (VHSCs) at village level, monitoring committees at village, block and district level were not formed.

1.1.8 Financial Management

1.1.8.1 Funding Pattern

GOI provided 100 per cent funds for implementation of the scheme through two separate channels i.e. through State Finance Department and directly to different programme implementing societies during 2005-07. From 2007-08 onwards, the contribution was to be in the ratio of 85:15 between the Centre and the State. Funds are released by GOI for the subsequent financial year taking into account utilised funds available with the State Government.

1.1.8.2 Financial Performance

The details of funds released by the GOI and utilisation thereagainst during 2005-09 were as under:

Table: 1.1.1

(Rupees in crore)

Year	OB	Funds received from		Interest accrued	Total availability of funds	Funds utilised during the year	Unutilised balance at the close of year
		GOI	State Govt.				
2005-06	2.42	19.14	--	0.18	21.74	5.49	16.25 (75)
2006-07	16.25	44.65	--	0.67	61.57	18.90	42.67 (69)
2007-08	42.67	18.63	--	1.16	62.46	19.86	42.60 (68)
2008-09	42.60	37.43	10.65	1.35	92.03	36.28	55.75 (61)
Total:		119.85	10.65	3.36		80.53*	

Source : Figures supplied by the State Mission Director. Figures in parenthesis indicate percentage. *Includes Rs 24.45 crore spent at Mission Headquarter.

The details of funds released by the Mission Director (MD) to the four test checked DHMs during 2005-09 and expenditure incurred there against was as given in table 1.1.2.

Table: 1.1.2

(Rupees in crore)

District	Year	OB	Receipt	Interest accrued	Total availability of funds	Funds utilised during the year
Bilaspur	2005-06	0.02	0.69	-	0.71	0.04 (6)
	2006-07	0.67	1.28	-	1.95	0.46 (24)
	2007-08	1.49	0.90	-	2.39	0.30 (13)
	2008-09	2.09	2.29	0.10	4.48	0.53 (12)
	Total:		5.16	0.10		1.33
Hamirpur	2005-06	0.07	1.04	0.01	1.12	0.32 (29)
	2006-07	0.80	1.43	0.02	2.25	0.84 (37)
	2007-08	1.41	1.20	0.04	2.65	0.77 (29)
	2008-09	1.88	3.52	0.05	5.45	2.25 (41)
	Total:		7.19	0.12		4.18
Kangra	2005-06	0.07	2.02	0.01	2.10	0.98 (47)
	2006-07	1.12	2.69	0.04	3.85	1.28 (33)
	2007-08	2.57	3.01	0.07	5.65	2.67 (47)
	2008-09	2.98	7.75	0.03	10.76	3.81 (35)
	Total:		15.47	0.15		8.74
Kinnaur	2005-06	-	0.38	-	0.38	0.11 (29)
	2006-07	0.27	0.77	-	1.04	0.40 (38)
	2007-08	0.64	0.68	-	1.32	0.63 (48)
	2008-09	0.69	0.91	0.05	1.65	0.86 (52)
	Total:		2.74	0.05		2.00

Source: Figures supplied by the District Health Missions. Figures in parenthesis indicate percentage

Audit scrutiny revealed the following:

➤ **Utilisation of Funds**

During 2005-09, funds ranging between Rs 16.25 crore and Rs 55.75 crore received from GOI (including State share of Rs 10.65 crore) were not utilised in the State. The percentage of non-utilisation of available funds during the aforesaid period ranged between 61 and 75. In the four test-checked DHMs, funds ranging between 48 and 94 per cent remained unutilised. Low utilisation of funds was due to non-provision of 24 hours healthcare facilities for the rural population by upgrading CHCs to First Referral Units (FRUs), Emergency Obstetric Care including surgical intervention, new born care, non-setting up of Medical Mobile Units (MMUs), non-posting of Accredited Social Health Activists (ASHAs) and non-utilisation of funds received for the purchase of equipment, etc. The Principal

Secretary in the exit conference (October 2009) stated that the funds could not be utilised in some of the activities as the ground work for carrying out these activities was yet to be undertaken. He also stated that a new formula with approval of GOI has been devised for utilisation of funds by the respective health institutions from the current year. The fact remains that the Department did not utilise the funds during the past four years and thereby deprived the general public of efficient and functional healthcare facilities.

➤ **Public Spending on Health Sector**

One of the mission goals is to increase public spending on health sector to two-three *per cent* of GSDP. Budget allocation under health sector during 2005-09 by the State and percentage of expenditure to the State GDP during 2005-06 to 2007-09 was as given below:

Table: 1.1.3

(Rupees in crore)

Year	Budget allocation on health sector	State GDP	Expenditure	Percentage
2005-06	360.13	25,471.00	393	1.54
2006-07	396.08	28,358.26	441	1.56
2007-08	431.10	31,974.17	471	1.47
2008-09	593.31	36,940.26	482	1.30

Source: Figures supplied by the Department

As can be seen from the above table though the State Government complied with the NRHM guidelines in terms of increasing its outlay on public health, it was unable to utilise the allocation on strengthening the health care infrastructure and delivery at the grass root level.

Thus, public spending on health sector remained almost constant during 2005-09 and the target to increase the same upto two to three *per cent* of GSDP remains to be achieved.

➤ **Transfer of Unutilised Funds under Reproductive and Child Health (RCH-I) to Main NRHM Accounts**

RCH-I was closed on 31 March 2005 and the unspent funds were required to be transferred to NRHM account at the district and State levels. Scrutiny of records revealed that an amount of Rs 1.20 crore (State level: Rs 0.69 crore and District level: Rs 0.51 crore) had not been transferred to the main NRHM account as of June 2009. The MD stated (June 2009) that after reconciliation of accounts of RCH-I at State and district level, the amount would be transferred to the NRHM account.

However, the fact remains that though a period of more than four years has elapsed, steps to reconcile and transfer the unspent funds to the NRHM for proper utilisation have not been taken.

1.1.9 Programme implementation

1.1.9.1 Infrastructure

As per NRHM norms one CHC, PHC and SC is to be set up for a population of 80,000, 20,000 and 3,000 respectively in hilly and tribal areas. The total population of Himachal Pradesh as per 2001 census is 60.78 lakh. Comparative position of requirement of these institutions on the basis of the prescribed norms and healthcare facilities actually set up in the State is detailed below:

Table: 1.1.4

(In numbers)

Name of health institution	Requirement as per norms	Actually created	Excess (+)/ Shortfall (-)
CHC	76	73	(-) 3 (04)
PHC	304	452	(+) 148 (49)
SC	2,026	2,069	(+) 43 (02)

Source: Census 2001. Figures in parenthesis indicate percentage

In the four test-checked districts also audit found deviation from the norms in the number of institutions as of March 2009 as shown below:

Table: 1.1.5

(In numbers)

District and Population	Requirement as per population			Position as on March 2009/Excess(+)/Shortfall(-)		
	CHC	PHC	SC	CHC	PHC	SC
Bilaspur 3.41 lakh	4	17	114	6 (+2)	30 (+13)	114 (-)
Hamirpur 4.13 lakh	5	21	138	5 (-)	25 (+04)	151 (+13)
Kangra 13.39 lakh	17	67	446	14 (-3)	77 (+10)	434 (-12)
Kinnaur 0.78 lakh	1	4	26	3 (+2)	21 (+17)	33 (+7)
Total	27	109	724	28 (+1)	153 (+44)	732 (+8)

Source: Figures supplied by SHS

Considering that Himachal Pradesh is a hilly State and habitations/people are scattered, the increase in the number of health centres over the norms would serve the purpose, only if these centres are adequately staffed. However, as brought out in paragraph 1.1.9.2, the health centres at all levels are understaffed and the minimum requirement of infrastructure was not available at most of the test-checked centres as detailed in table 1.1.6.

Table: 1.1.6

(In numbers)

Particulars	Centres where services were not available		
	CHCs	PHCs	SCs
Total number of Health Centres test-checked	12	24	48
Housed in Government building	--	5	18
Separate utility for men and women	8	21	45
Separate wards for male and female	5	18	NR
Emergency/Casualty Room	7	20	NR
Operation Theater	3	15	NR
Labour Room	--	14	44
Emergency obstetric care	11	NR	NR
Generator	11	22	NR
Blood storage	12	NR	NR
New born care	12	NR	NR
24 x 7 delivery service	--	16	48
X-ray facility	3	24	NR
In-patient service	--	10	NR
Ultrasound	9	NR	NR
ECG	7	NR	NR
Emergency services (24 hours)	--	16	NR
Family Planning (Tubectomy and Vasectomy)	8	24	NR
Intra-natal examination of gynaecological conditions	12	NR	NR
Pediatrics	11	NR	NR

Source: Data compiled by audit from information supplied by the test checked units

Note: NR: Not required

Thus, despite launching of NRHM and availability of sufficient funds accessibility to health services for the rural people did not improve. The physical status of some of the facilities at the test-checked health centres is given in photographs 1.1.1 to 1.1.6.

Photograph : 1.1.1



Photograph : 1.1.2



Lack of facilities in the operation theatre at CHCs Barsar and Bhota

Photograph : 1.1.3



Patients waiting for their turn outside OPD due to non-availability of waiting room at CHC Bhota

Photograph : 1.1.4



Primary Health Centre Bhota without boundary wall

Photograph : 1.1.5



Primary Health Centre Salauni housed in private at building without basic amenities

Photograph : 1.1.6



Dilapidated condition of residential facilities for staff CHC Bhota

Scrutiny of records revealed that for construction of two CHCs, 11 PHCs and 15 SCs in Hamirpur and Kangra districts selected for test check, Rs 3.96⁵ crore were released by the MD during December 2008-January 2009 without ensuring availability of land and getting the estimates prepared from the DHSs. The MD while admitting (June 2009) the facts stated that respective CMOs would complete all the codal formalities and get the works executed.

Thus, release of funds indicated lack of proper coordination between Mission Directorate and DHSs for ensuring timely creation of infrastructure facilities in the rural areas.

⁵ **Hamirpur:** Rs 1.21 crore for one CHC, four PHCs and 10 SCs; **Kangra:** Rs 2.75 crore for one CHC, seven PHCs and five SCs.

➤ **Cold Chain Management**

To support immunisation programme cold chain maintenance was to be ensured in all the CHCs and PHCs. As per information available with SHS, cold chain equipments were available in all the CHCs but the same were not available in 142 out of 452 PHCs in the State. The Mission Director had proposed (January 2009) to establish cold chain facilities in 81 PHCs.

The Principal Secretary in the exit conference stated (October 2009) that many of the institutions would not qualify for it after rationalisation and 130 equipments (65 sets each of Deep freezer and Ice Lined Refrigerator) are expected to be received shortly from GOI which would be sufficient to cater to the health facilities in all the health institutions.

The fact remains that in the absence of cold chain equipment in sizable number of institutions, the potency and effectiveness of vaccines administered is suspect.

➤ **Upgradation of CHCs to First Referral Units (FRUs)**

NRHM provides for upgradation of CHCs to FRUs with adequate facilities and manpower.

In three out of the four districts examined in audit, it was noticed that 10 CHCs⁶ were planned to be upgraded as FRUs during 2005-09 and Rs 3.00 crore (Bilaspur: Rs 1.20 crore, Hamirpur: Rs 0.80 crore and Kangra: Rs 1.00 crore) were released by the Mission Director for this purpose upto March 2009. Scrutiny of records revealed that although Rs 1.42 crore (Bilaspur: Rs 0.19 crore, Hamirpur: Rs 0.70 crore and Kangra: Rs 0.53 crore) had been utilised by the DHSs concerned for the purchase of machinery and equipment, none of the CHCs had been made functional as FRU as of May 2009. In Kinnaur district two CHCs were targeted to be upgraded as FRUs and both (Rekong Peo in 2005-06 and Bhabanagar in 2006-07) were upgraded.

The Chief Medical Officers (CMOs) of the concerned districts stated (February-May 2009) that due to non appointment of specialists and other requisite staff, these CHCs could not be made functional as FRUs.

1.1.9.2 Manpower

There was acute shortage of manpower in the health centres and none of the test-checked units (CHC: 12; PHC: 24 and SC: 48) was upgraded to Indian Public Health Standards (IPHS) as can be seen from the details given in table 1.1.7.

⁶ **Bilaspur:** Ghawandal and Ghumarwin; **Hamirpur:** Bhoranj, Nadaun and Sujanpur; **Kangra:** Chadhiar, Fatehpur, Nagrota Bagwan and Shahpur.

Table: 1.1.7

(In numbers)

Category of centre	Manpower required (as per IPHS) norms		Men in position		Shortage	
	Medical Specialists	Para- medical staff	Medical Officers/ Specialists	Para- medical staff	Medical Officers/ Specialists	Para- medical staff
CHC	72 (6 each for 12 CHCs)	132 (11 each for 12 CHCs)	4	92	68	40
PHC	48 (2 each for 24 PHCs)	192 (8 each for 24 PHCs)	27	58	21	134
SC	Nil	96 (2 each for 48 SCs)	-	63	-	33

Source: Information supplied by the DHS

Audit analysis further revealed that:

- None of the selected CHCs had a General Surgeon, an Obstetrician/Gynaecologist, an Anaesthetist and an Eye Surgeon. Shortage of staff nurses in 11⁷ CHCs out of 12 test-checked was 44 against the required strength of 77 (seven staff nurses per CHC).
- In 18⁸ out of 24 PHCs only one Medical Officer against the required strength of two was in position and 13⁹ PHCs were being run without any staff nurse against the requirement of three in each PHC.
- In 27¹⁰ SCs, against the requirement of two health workers (one male and one female), only one worker (either male or female) was posted. Thus, SCs at grass root level were not adequately manned.

The Principal Secretary in the exit conference stated (October 2009) that the Government has devised its own norms for staff, space, equipment, etc. Population and distance from health institutions would be the basic parameters. The new norms would be followed to provide adequate medical and paramedical staff in these institutions.

The fact remains that the health centres remained under staffed and no medical and para medical staff was recruited during the past four years of implementation of NRHM as required under the guidelines. In the absence of necessary medical support staff at health centres the delivery of essential health services suffered and the goal of providing reliable and quality health services in the rural areas was affected.

⁷ Barsar, Berthin, Bhawarna, Bhoranj, Harlog, Jawalamukhi, Jhandutta, Nadaun, Nichar, Pooh and Sangla.

⁸ Bheri, Garhjamula, Gerhwin, Kalol, Kashmir, Katgoan, Khundian, Kuhmajhwar, Kilba, Mair, Paral, Salauni, Sera, Spillow, Talai, Talyana, Tangling and Tapri.

⁹ Bheri, Jaind, Kashmir, Katgaon, Kilba, Kuhmajhwar, Mair, Paral, Ribba, Salauni, Sera, Talyana and Tangling.

¹⁰ Akpa, Bharoli Kalan, Banni, Barikalan, Batseri, Duhak, Gharana, Hareta, Karla, Khrul, Kohla, Kanei, Kot, Kraba, Kulera, Kuthar, Manthroli, Nanawan, Nesang, Pakhrol, Panvi, Ralli, Rispa, Sahaura, Salwar, Shong and Yangpa.

Photograph: 1.1.7



Patients queued up around Medical Officer at CHC Barsar

➤ **Training of Medical and Para Medical Staff**

To bring improvement in healthcare services and to upgrade the knowledge of their medical and non-medical staff during 2005-09, 111 modules of training activities for Medical Officers, staff nurses, health workers, supervisors, ANMs/LHVs and ASHAs had been proposed. As per comprehensive training plan prepared by the Mission Director for 2005-09, 25,584 personnel were to be imparted training during these years for which Rs 2.11 crore were allocated. The position of training actually imparted in the State is given below:

Table: 1.1.8

(In numbers)

Year	Activities on which training was to be imparted	Personnel of different categories targeted to be trained	Personnel actually trained	Shortfall
2005-06	19	5,209	395	4,814 (92)
2006-07	31	5,181	193	4,988 (96)
2007-08	31	12,643	201	12,442 (98)
2008-09	30	2,551	1,084	1,467 (58)
Total:	111	25,584	1,873	23,711

Source: Figures supplied by the Mission Director. Figures in parenthesis indicate percentage

The percentage of shortfall in imparting training to staff ranged between 58 and 98. Besides, the State Government could utilise only Rs 59.92 lakh against the total allocation of Rs 2.11 crore for training.

The Mission Director stated (May 2009) that due to shortage of medical and para-medical staff it was not possible to depute staff for training as it becomes difficult to tackle emergencies and outbreaks. He further stated that training modules were not available for most of the new training activities launched

under NRHM and master trainers under most of the new training activities were not trained in the State, hence training activities could not be carried out in full swing.

1.1.9.3 State Programme Management Support Unit (SPMU) and District Programme Management Support Units (DPMUs)

In order to ensure proper implementation of the Mission at State and District level, SPMU at State level and DPMU at District level were to be set up and professionals like Masters of Business Administration, Chartered Accountants and MIS specialists were to be recruited on contract basis for the posts of State Programme Manager, State Finance Manager and State Data Manager respectively. Similarly, for DPMU District Programme Manager, District Finance Manager and District Data Manager were also required to be recruited.

Scrutiny of records revealed that though SPMU was set up, staff except the State Finance Manager, was not provided as per norms. The job of State Programme Manager and State Data Manager was assigned to a doctor and a Deputy Director (statistics) respectively. In the four test-checked districts, one Accountant in each district was recruited for DPMU and no professional Managers were engaged. Similarly, in 12 test-checked blocks, only Block Accountants (one in each block) and five Block Programme Managers (Bhawarna, Bhoranj, Jawalamukhi, Jhandutta and Nadaun) were recruited.

The shortage of managerial staff indicates that the purpose of managing specialised jobs by experts in the relevant field remained unrealised. This would certainly affect the quality of management functions like accounting, MIS reporting, manpower management, etc.

1.1.9.4 Accredited Social Health Activist (ASHA)

To act as an interface between the community and public health system, a trained female community health worker ASHA was required to be provided in each village in the ratio of one per 1,000 population. For tribal, hilly and desert areas, the norm could be relaxed with provision of one ASHA per habitation depending upon the workload. The State Government, considering a population of 800 persons for a village, worked out the requirement of 7,750 ASHAs and selected 2,393 ASHAs upto March 2008. Rupees 31.77 lakh was spent on selection (Rs 8.97 lakh), purchase of kits (Rs 14.86 lakh), printing of booklets (Rs 7.42 lakh) for these workers and Information, Education and Communication (IEC) activities (Rs 0.52 lakh). However, none of these 2,393 ASHAs was deployed in the rural areas as envisaged.

The Principal Secretary admitted in the exit conference that the selected ASHAs have not been deployed during 2005-09 as some of the functions like immunisation and health checkups of pregnant women are already being done by the Anganwadi Workers (AWWs) under Integrated Child Development Project (ICDP). He further stated that the Planning Commission as well as GOI have approved assigning the task of ASHA to AWWs in the PIP for the year 2009-10 and assured that this will be implemented effectively from the current financial year.

1.1.9.5 Mobile Medical Units

As per NRHM guidelines, a Mobile Medical Unit (MMU) was to be provided in each district for ensuring outreach of healthcare services in medically unserved/underserved areas.

GOI released Rs 5.33 crore in October 2006 for this purpose but no MMU had been set up in any of the 12 districts in the State as of May 2009. While admitting the facts, the Principal Secretary stated (October 2009) that in place of MMUs, a new scheme viz., Emergency Medical Response and Transport is likely to be implemented as the strategy is to take the patient to the medical centre where medical facilities will be available rather than to an MMU without facilities. Thus, during the first four years of implementation of NRHM, the objective of providing healthcare at the door steps of the people in the unserved/underserved areas of the State was not achieved despite availability of funds.

1.1.9.6 Family Welfare Activities

Under NRHM, the interim goals/targets upto the end of 2008 for reducing Infant Mortality Rate (IMR), Total Fertility rate (TFR), Maternal Mortality Rate (MMR), Morbidity and Child Mortality Rate and increasing cure rate of different endemic diseases covered under various national programmes have been laid down. The targets and achievement thereagainst in this regard during 2005-09 in the State are as under:

Table: 1.1.9

(In numbers)

Sr. No	Indicators	Position as per SRS 2002	Target	Achievement as per SRS 2007
1	Infant mortality rate (IMR) (per 1000)	52	50	47 (SRS * 2007)
2	Crude death rate (per 1000)	7.5	7.0	7.10 (SRS 2007)
3	Child mortality rate (under 5 years) (Per 1000)	14.4	8	10 (SRS 2007)
4	Maternal mortality rate (MMR)	---	100/1,00,000	37
5	Life expectancy at birth (years)	65.9	67	66.70
6	Babies with low birth weight (<i>per cent</i>)	---	20	6.89
7	Crude birth rate	20.7	17	17.40 (SRS 2007)
8	Total fertility rate (TFR)	2.1	2	1.90 (SRS 2007)
9	Essential Ante-natal care (<i>per cent</i>)	---	90	62.60 (For three check-ups)
10	Deliveries by trained birth attendants (<i>per cent</i>)	---	100	41.70
11	Institutional deliveries (2008-09) (<i>per cent</i>)	---	45	53.31

Source: Data supplied by the Mission Director

*SRS = Sample Registration System

As can be seen from the table above the indicators showed positive trends. Separate targets/indicators for districts were not prescribed under the Mission. From the above details it would be seen that while the Department fully achieved the interim goals/targets under IMR, MMR and babies with low birth weight upto March 2008, the targets in respect of essential anti-natal care and deliveries by trained birth attendants had not been achieved. Further, achievement (53.31 *per cent*) in respect of institutional deliveries shown in 2008-09 was not correct as it was only 39 *per cent* up to the end of 2008-09 as brought out in paragraph 1.1.9.8.

1.1.9.7 Janani Suraksha Yojana and Referral Transport

Janani Suraksha Yojana (JSY) is a safe motherhood intervention under NRHM. The objective of JSY is to reduce maternal and neo-natal mortality by promoting institutional deliveries among the poor pregnant women.

Under NRHM, BPL, SC and ST pregnant women aged 19 years and above up to two live births are entitled for incentive of Rs 700 in case of delivery in a Government health centre or accredited private institution and Rs 500 in case of domiciliary delivery including referral transport cash assistance. The bottom line for the success of the scheme lies in making the cash assistance to these women at the time of delivery or within seven days from the date of delivery.

During 2005-09, Rs 1.80 crore were spent in the State on payment of cash assistance in 32,008 cases under JSY and Rs 25.46 lakh in 9,276 cases under referral transport.

In three CHCs of Kangra district and in District Hospital Bilaspur it was noticed that cash assistance of Rs 1.06 lakh was not disbursed to the beneficiaries within the prescribed time limit and delay involved in disbursement ranged between one and 20 months as detailed below:

Table: 1.1.10

(In Rupees)

Health centre	Period	Number of cases	Amount paid	Period of delay (In months)
DH, Bilaspur	November 2006 to October 2008	21	11,600	1 to 20
CHC, Bhawarna	November 2005 to December 2008	42	26,350	1 to 20
CHC, Jawalamukhi	November 2005 to January 2009	77	46,600	1 to 16
CHC, Indora	July 2006 to January 2009	42	21,700	1 to 13
Total:		182	1,06,250	

Source: Departmental figures

The CMOs/BMOs attributed (March-May 2009) the delay to difficulties in completing the required identification documents, cards, etc.

1.1.9.8 Institutional Delivery

NRHM provides for strengthening of maternal health services to ensure safe delivery by promoting institutional delivery. As per the interim goals/targets fixed by the State Government, 45 per cent deliveries were to be ensured in Government health centres or accredited private institutions by the end of 2008.

Audit scrutiny revealed that achievement in this regard during 2005-09 remained between 33 and 39 per cent as detailed in table 1.1.11.

Table: 1.1.11

(In numbers)

Year	Pregnant women registered	Institutional deliveries	Percentage of achievement
2005-06	1,58,480	52,117	33
2006-07	1,55,098	54,197	35
2007-08	1,51,921	57,625	38
2008-09	1,53,685	59,437	39

Source: Data supplied by the Mission Director

The status of institutional deliveries in the four test checked districts during 2005-09 was as under:

Table: 1.1.12

(In numbers)

District	Year	Pregnant women registered	Institutional deliveries	Percentage of Achievement
Bilaspur	2005-06	8,061	3,667	45
	2006-07	7,699	3,411	44
	2007-08	7,156	3,051	43
	2008-09	7,579	3,182	42
Hamirpur	2005-06	10,871	3,920	36
	2006-07	10,981	3,584	33
	2007-08	10,972	3,300	30
	2008-09	10,805	5,684	53
Kangra	2005-06	32,160	11,186	35
	2006-07	32,320	11,235	35
	2007-08	30,374	9,958	33
	2008-09	25,869	7,184	28
Kinnaur	2005-06	1,785	501	28
	2006-07	1,632	433	27
	2007-08	1,619	512	32
	2008-09	1,868	754	40

Source: Data supplied by the Mission Director and DHSs of the respective districts

From the above details it would be seen that under the intervention of JSY, the percentage of pregnant women opting for institutional facilities for delivery had not been achieved to the prescribed level of 45 *per cent* upto March 2009 except in Hamirpur district during the year 2008-09. In Bilaspur district, the prescribed level of 45 *per cent* was achieved during 2005-06 but subsequently decreased to 42 *per cent* during 2008-09. Shortfall in achievement was attributed

(June 2009) by the MD to difficult terrain/geographical conditions of the State and lack of specialist doctors/gynecologists and paramedical staff. The reply is not acceptable as the Department was unable to establish interface with the rural people due to non-appointment of ASHAs who were to create awareness among rural pregnant women and ensure they received adequate support during pregnancy and child birth.

1.1.9.9 Antenatal Checkups (ANCs)

The details of pregnant women in the State who had received three ANCs during 2005-09 were as under:

Table: 1.1.13

(In numbers)

Year	Pregnant women registered	Provided three ANCs	Percentage of Achievement
2005-06	1,58,480	1,20,661	76
2006-07	1,55,098	1,15,628	75
2007-08	1,51,921	1,15,053	76
2008-09	1,53,685	1,12,121	73

Source: Information supplied by the SHS

In the four test-checked districts, the percentage of achievement during 2005-09 was as under:

Table: 1.1.14

(In numbers)

District	Year	Registered pregnant women	Women provided ANC	Percentage of Achievement
Bilaspur	2005-06	8,061	6,361	79
	2006-07	7,699	5,963	77
	2007-08	7,156	5,812	81
	2008-09	7,579	6,274	83
Hamirpur	2005-06	10,871	8,402	77
	2006-07	10,981	8,466	77
	2007-08	10,972	9,015	82
	2008-09	10,805	8,477	78
Kangra	2005-06	32,160	26,205	81
	2006-07	32,320	25,524	79
	2007-08	30,374	24,174	80
	2008-09	25,869	19,748	76
Kinnaur	2005-06	1,785	1,006	56
	2006-07	1632	953	58
	2007-08	1619	962	59
	2008-09	1868	1,058	57

Source: Information supplied by the DHS of the respective districts

The above details show that the intervention of ANCs was not implemented effectively in the State as registered pregnant women were not covered fully to ensure effective healthcare.

While admitting the facts the MD stated (June 2009) that some beneficiaries migrate to other States after first/second ANC and as a result, all the registered pregnant women could not be given three ANCs.

1.1.9.10 Reproductive Tract Infection (RTI) and Sexually Transmitted Infection (STI) Clinics

Reproductive healthcare includes services to counter RTI, STI and facility for safe medical termination of pregnancy (MTP). The Mission envisaged establishment of RTI and STI clinics at every district hospital and CHCs and MTP facilities upto PHC level.

Scrutiny of records of SHS revealed that RTI/STI clinics and MTP centres had been established in all the 12 district hospitals. However, out of 73 CHCs in the State, these clinics/centres were established only in 42 and 37 CHCs respectively as of March 2009. The MTP centres were available only in 13 out of 452 PHCs in the State.

The existence of RTI/STI and MTP facilities were insignificant in the CHCs/PHCs of the test-checked districts as detailed below:

Table: 1.1.15

(In numbers)

District	Total health centres		RTI/STI clinics established		Availability of MTP centres	
	CHCs	PHCs	CHCs	PHCs	CHCs	PHCs
Bilaspur	6	30	2	NR	3	Nil
Hamirpur	5	25	4	NR	4	1
Kangra	14	77	8	NR	9	2
Kinnaur	3	21	2	NR	2	1

Source: Information supplied by SHS. Note: NR: Not required

The above details show that, the establishment of clinics in all the CHCs was not ensured as of March 2009 to counter the prevalence of RTI and STI especially among women. Besides, existence of MTP centres was also insignificant as these were available only in three *per cent* PHCs in the State and in four¹¹ PHCs of three test-checked districts. Further, out of 100 MTP kits purchased in May 2008 at a cost of Rs 2.43 lakh, 30 kits were supplied to Kamla Nehru Hospital, Shimla and 10 kits to DHS, Shimla. The remaining 60 kits were lying unutilized in the store of SHS as of May 2009.

The MD stated (June 2009) that the RTI/STI and MTP centres were not established in all the CHCs/PHCs due to shortage of specialists and other manpower.

¹¹ **Hamirpur:** PHC Bhota; **Kangra:** PHC Gopalpur and Tiara and **Kinnaur:** PHC Spillo.

1.1.9.11 Immunisation

➤ Immunisation against Preventable Diseases

Immunisation of children against six preventable diseases, viz., tuberculosis, diphtheria, pertussis, tetanus, polio and measles has been the cornerstone of routine immunisation under universal immunisation programme. The achievement against the targets set for routine immunisation in the State during 2005-09 is given below:

Table: 1.1.16

(In numbers)

Year	Target	Achievement (0 to 1 year age group)			
		BCG	Measles	DPT	OPV
2005-06	1,25,630	1,34,050 (107)	1,25,308 (100)	1,31,548 (105)	1,31,288 (105)
2006-07	1,26,712	1,33,212 (105)	1,26,284 (100)	1,29,173 (102)	1,29,140 (102)
2007-08	1,18,945	1,29,882 (109)	1,25,056 (105)	1,27,471 (107)	1,27,475 (107)
2008-09	1,26,255	1,34,334 (106)	1,22,206 (97)	1,30,842 (104)	1,30,839 (104)

Source: Information supplied by the Mission Director. Figures in parenthesis indicate percentage

Note: BCG: Bacillus Calamide Gurine, DPT: Diphtheria Pertussis Tetanus, OPV: Oral Polio Vaccine

Table: 1.1.17

(In numbers)

Year	DT (5 to 6 year age group)		TT (10 years)		TT (16 years)	
	Target	Achievement	Target	Achievement	Target	Achievement
2005-06	1,41,485	1,17,587 (83)	1,53,650	1,16,941 (76)	1,40,850	1,08,313 (77)
2006-07	1,29,360	1,15,229 (89)	1,29,360	1,21,725 (94)	1,09,956	1,07,088 (97)
2007-08	1,30,560	1,12,845 (86)	1,30,560	1,21,865 (93)	1,10,976	1,19,181 (107)
2008-09	1,32,760	1,10,470 (83)	1,32,760	1,17,255 (88)	1,12,646	96,164 (85)

Source: Information supplied by the Mission Director. Figures in parenthesis indicate percentage

Note: DT: Diphtheria Tetanus, TT: Tetanus Toxide

The overall achievement of full immunisation of children between zero to one year age group covering BCG, measles, DPT and OPV was 97 to 109 *per cent* during 2005-09. The achievement of targets in the secondary immunisation of children ranged between 83 and 89 *per cent* for DT, 76 to 94 *per cent* for TT (10 years age group) and 77 to 107 *per cent* for TT (16 years age group).

In the four test-checked districts the percentage of fully immunised children was between 83 and 107 (Bilaspur: 94 and 105; Hamirpur: 96 and 107; Kinnaur: 83 and 99 and Kangra: 93 and 106). Shortfall in achievement of targets in secondary immunisation of children in these districts remained between 0 and 31 *per cent* as indicated in Appendix-I.

➤ Pulse Polio Immunisation

The Pulse polio immunisation was launched under RCH-II to eradicate polio and ensure zero transmission by the end of 2008. The year-wise position of pulse polio targets set and achievements thereagainst in

the State during 2005-09 were as under:

Table: 1.1.18

(Number of children)

Year	Target	Achievement
2005-06	7,37,350	7,12,179 (97)
2006-07	7,44,192	7,17,545 (96)
2007-08	7,31,875	7,14,730 (98)
2008-09	7,24,171	7,12,227 (98)

Source: Data supplied by the Mission Director. Figures in parenthesis indicate percentage

The performance of pulse polio immunisation ranged between 96 and 98 *per cent* during 2005-09. Besides, in the State only one case of Polio was detected during 2006-07 and thereafter zero occurrence by the end of March 2009.

In the four test-checked districts, achievement of polio immunisation during the period 2005-09 was as follows:

Table: 1.1.19

(Number of children)

District	Year	Target	Achievement
Bilaspur	2005-06	39,782	39,782 (100)
	2006-07	39,966	38,472 (96)
	2007-08	38,319	38,925 (102)
	2008-09	38,584	39,204 (102)
Hamirpur	2005-06	44,200	45,202 (102)
	2006-07	50,065	44,040 (88)
	2007-08	43,348	41,299 (95)
	2008-09	44,866	41,536 (93)
Kangra	2005-06	No targets fixed	1,44,745
	2006-07	-do-	1,45,454
	2007-08	-do-	1,45,302
	2008-09	-do-	1,45,434
Kinnaur	2005-06	8,900	8,901 (100)
	2006-07	9,365	8,567 (91)
	2007-08	8,264	8,098 (98)
	2008-09	8,274	8,099 (98)

Source: Information supplied by the respective DHSs. Figures in parenthesis indicate percentage

From the above details it would be seen that in Bilaspur, Hamirpur and Kinnaur districts the performance was satisfactory whereas in Kangra district performance could not be evaluated due to non-availability of targets with the DHS. Besides, no case of polio was detected in these districts during 2005-09.

1.1.9.12 Disease Control Programmes

Six¹² National Disease Control Programmes were taken up for implementation under NRHM. The programme-wise performance of two programmes test checked in audit is discussed below:

➤ **National Programme for Control of Blindness (NPCB)**

The NPCB aimed at reducing the prevalence of blindness cases to 0.8 *per cent* by 2007 through increased cataract surgery, school eye screening and free distribution of spectacles, collection of donated eyes, creation of donation centres and eye bank, strengthening of infrastructure and training of eye surgeons and nurses.

➤ **Cataract Operations**

Year wise position of cataract operations performed in the State during 2005-09 was as under:

Table: 1.1.20

(In numbers)

Year	Target	Achievement
2005-06	16,000	20,367 (127)
2006-07	16,000	21,546 (135)
2007-08	20,000	22,511 (113)
2008-09	30,000	27,012 (90)

Source: Information supplied by the Mission Director. Figures in parenthesis indicate percentage

The achievement of cataract operations in the State against the targets exceeded by 13 to 35 *per cent* during 2005-08 whereas during 2008-09 the achievement fell short by 10 *per cent*.

In the test-checked districts, the status of cataract operations performed during 2005-09 was as under:

Table: 1.1.21

(In numbers)

District	Year	Target	Achievement	Percentage of Achievement
Bilaspur	2005-06	900	746	83
	2006-07	900	618	69
	2007-08	1,100	625	57
	2008-09	1,600	741	46

¹² 1. National Programme for Control of Blindness (NPCB), 2. National Leprosy Elimination Programme (NLEP), 3. National Vector Borne Disease Control Programme, 4. National Iodine Deficiency Disorder (NIDD) Control Programme, 5. Revised National Tuberculosis Control Programme (RNTCP) and 6. Integrated Disease Surveillance Project (IDSP).

Hamirpur	2005-06	1,100	1,658	151
	2006-07	1,100	1,453	132
	2007-08	1,300	1,463	113
	2008-09	2,000	1,609	80
Kangra	2005-06	3,500	7,239	207
	2006-07	3,500	8,759	250
	2007-08	4,500	8,852	197
	2008-09	5,800	6,562	113
Kinnaur	2005-06	200	157	79
	2006-07	200	136	68
	2007-08	200	159	80
	2008-09	300	158	53

Source: Information supplied by the respective DHSs

From the above details it would be seen that during 2005-09 performance of cataract operations in two districts (Hamirpur and Kangra) was also satisfactory as achievements exceeded by 13 to 150 *per cent* except for 2008-09 in respect of Hamirpur district. The remaining two districts Bilaspur and Kinnaur did not perform well as achievement of targets was between 46 and 83 *per cent*.

➤ **Refractive Errors and Distribution of Spectacles to School Children**

The programme envisaged screening of school children for refractive errors and distribution of spectacles to the students having refractive errors. The year wise position of detection of refractive errors and distribution of spectacles to the students having refractive errors was as under:

Table: 1.1.22

(In numbers)

Year	Children checked	Children found with refractive errors	Children provided with glasses		
			Target	Achievement	Shortfall
2005-06	1,04,667	6,059	3,119	1,353	1,766 (57)
2006-07	1,41,714	6,219	3,638	1,948	1,690 (46)
2007-08	1,50,385	6,668	3,638	1,369	2,269 (62)
2008-09	95,231	3,536	1,899	662	1,237 (65)
Total:	4,91,997	22,482	12,294	5,332	6,962

Source: Figures supplied by the Mission Director. Figures in parenthesis indicate percentage

It would be seen from the above table that there was shortfall ranging between 46 and 65 per cent in providing glasses to the targeted school children found with refractive errors during 2005-09.

While admitting the facts, Deputy Director NPCB stated (May 2009) that glasses were provided only to poor children whose parents could not afford to purchase from the market.

➤ **Facilities for Eye Donation**

Under NRHM the facility for eye donation and its preservation should be established in all the district hospitals and medical colleges in the State. Scrutiny of records of the SHS revealed that none of the district hospitals and medical colleges in the State were equipped with facility for eye donation and its preservation.

While admitting the facts the Deputy Director NPCB stated (May 2009) that an eye bank was sanctioned and is in the process of being setup in IGMC Hospital.

➤ **Procurement of Ophthalmic Equipment**

The GOI released (June 2006) Rs 1.23 crore for procurement of ophthalmic equipment in the State under NPCB during 2006-07.

Scrutiny of records of the SHS revealed that out of Rs 1.23 crore, an amount of Rs 0.45 crore was utilised for the procurement of ophthalmic equipment and balance Rs 0.78 crore remained unutilised with the three units¹³. This deprived the rural masses of the intended facilities.

The Deputy Director of Health (NPCB) stated (May 2009) that the funds lying with the State Blindness Control Society would be utilised shortly for the purchase of intra ocular lenses.

Besides, an amount of Rs 1.32 crore received from GOI in December 2008 for implementation of four new schemes viz., construction of Eye Wards and Eye Operation Theaters (Rs 0.75 crore), Mobile Ophthalmic Units with telenetwork (Rs 0.40 crore), salary of staff (Rs 0.02 crore) and maintenance of ophthalmic equipment (Rs 0.15 crore) also remained unutilised with the State Government as of May 2009.

1.1.10 Integrated Disease Surveillance Project (IDSP)

To establish a decentralised State based system of disease surveillance for communicable and non communicable diseases IDSP was launched in the State during April 2005. Under this project, activities like training for District Surveillance Officers and District Surveillance team, establishing data centres in all districts, upgradation of health laboratories up to PHC level were to be undertaken.

Scrutiny of records of the SHS revealed that an amount of Rs 45.20 lakh was released to all the districts between May 2005 and November 2005 for the renovation/repair of 12 District Surveillance Units (DSUs) (Rs 16.80 lakh) and strengthening of Surveillance laboratories at 12 Districts Hospitals (DHs) (Rs 16.80 lakh), 43 CHCs (Rs 8.60 lakh), 15 PHCs (Rs 3.00 lakh) respectively. Of these, 10 DSUs and eight District level laboratories were renovated. Two DSUs (Kullu and Solan) and four¹⁴ District level laboratories were not renovated/strengthened. Besides, 38 laboratories at CHCs level and 13 at PHCs

¹³ State Blindness Control Society: Rs 7.00 lakh; Dr. Rajendra Prasad Medical College, Kangra: Rs 35.50 lakh and Indira Gandhi Medical College, Shimla: Rs 35.50 lakh.

¹⁴ Kangra, Kullu, Lahaul & Spiti and Mandi.

were renovated. Five¹⁵ laboratories at CHCs level and two at PHCs (Gondhla and Sissu) level were not strengthened as of May 2009 and funds of Rs 9.80 lakh were lying unutilised with the concerned institutions.

The MD stated (June 2009) that the delay in completion of civil works was on the part of implementing agencies. The reply does not explain why the concerned institutions were not geared up for timely completion of these works.

1.1.11 Village Health and Sanitation Committees

A Village Health and Sanitation Committee (VHSC) was to be formed in each village to create public awareness on health, nutritional activities, maintenance of village health register, health information board/calendar indicating mandated services and services actually delivered and preparation of village health plan.

As per NRHM norms, every village with a population of upto 1,500 is entitled to get an annual untied grant of Rs 10,000 for creating revolving fund for providing referral transport facilities for emergency deliveries as well as to meet the immediate financial needs for hospitalisation in the rural areas.

Scrutiny of records revealed that as of May 2009, VHSCs had not been formed in the State. The Principal Secretary in the exit conference admitted (October 2009) the lack of community participation through VHSCs and stated that from 2009-10 committees at Gram Panchayat are to be formed and this proposal has been accepted by the GOI in the current year's PIP.

1.1.12 Rogi Kalyan Samitis (RKS)

The Rogi Kalyan Samitis (RKSs) were to be formed in each health centre to upgrade the SCs, PHCs and CHCs to IPHS to provide sustainable quality healthcare with people's participation and to make the community accountable and responsible for managing these rural health centres. As per NRHM guidelines, constitution of 50 *per cent* of RKSs was to be completed by 2007 and 100 per cent by 2009.

Scrutiny of records of the Mission Directorate revealed that against the target of 537 RKSs (District Hospitals: 12; CHCs: 73 and PHCs: 452) 521 RKSs (District Hospitals: 12; CHCs: 73 and PHCs: 436) were constituted as of March 2009 leaving 16 PHCs without RKSs. In the four test-checked districts RKSs were formed in all the above institutions except one PHC (Jaind) in Kangra district. The percentage of progress of formation of RKSs in the State was to the extent of 97 and was satisfactory.

1.1.12.1 Funding of Rogi Kalyan Samitis

As per the NRHM guidelines, specified funds are to be released to RKSs to enable them to carryout the functions devolved on them. The RKS at district hospital was to receive a corpus grant of Rs five lakh per year. At CHC and PHC level, the RKS was to receive annual corpus grant of Rs one lakh each, annual untied grant of Rs 50,000 and Rs 25,000 and annual maintenance grant of Rs one lakh and Rs 50,000 respectively.

¹⁵ Dharampur, Kaza, Manali, Shansha and Udaipur

During 2005-06, GOI did not release any grant to RKSs. In 2006-07 and 2008-09, GOI released Rs 7.51 crore (2006-07: Rs 1.02 crore; 2008-09: Rs 6.49 crore) for RKS in the State which was further released by the SHS as untied fund (Rs 0.64 crore), annual maintenance grant (Rs 1.27 crore) and corpus fund (Rs 5.60 crore) respectively to RKSs in all the 12 districts.

In the four test-checked districts, Rs 2.65 crore (Bilaspur: Rs 0.42 crore; Hamirpur: Rs 0.59 crore; Kangra: Rs 1.18 crore and Kinnaur: Rs 0.46 crore) were received by the DHSs of respective district for further release to RKSs formed at district, CHC and PHC level.

Scrutiny of records revealed that the DHSs, after release of the amount to RKSs showed it as final expenditure whereas Rs 32 lakh remained unspent with the RKSs of 21 health institutions of four test-checked districts.

While confirming the facts, the State Programme Officer (RKS) stated (May 2009) that grant transferred to RKSs would become a part of the overall corpus and utilisation thereof is to be done as per need of the concerned RKS. The reply does not explain why grant transferred to RKS was treated as final expenditure without getting utilisation certificates from the RKSs concerned.

1.1.12.2 Functioning of RKS

As per NRHM guidelines the RKSs were required to perform the following activities:

- To convene meetings of governing and executive body on quarterly and monthly basis to review the OPD and IPD services, performance of the hospital outreach work performed during the last quarter; review reports of the Monitoring Committee and status of utilisation of funds, equipment, drugs, etc;
- to develop citizen's charter;
- to institute a mechanism for redressal of complaints of the community;
- to collect patients' feedback and
- to constitute monitoring committees.

It was noticed in audit that none of the aforesaid activities was being carried out by RKSs. This indicated that the RKSs were not functioning satisfactorily and the objective of monitoring and grievances redressal mechanism remained unachieved.

1.1.12.3 Citizen's Charter

One of the objectives of Rogi Kalyan Samiti (RKS) is to develop a Citizen's Charter at all the health centres and ensure its display at appropriate places to make healthcare applicants aware of their health rights and facilities available there.

In the four test-checked districts Citizen's Charter had not been developed and displayed at appropriate places and a Grievances Redressal Mechanism at CHCs and PHCs level had not been operationalised as required.

1.1.13 Involvement of Non-Governmental Organisations (NGOs)

Scrutiny of records in the Mission Directorate revealed that nine¹⁶ NGOs were involved in implementation of NRHM in the State. These NGOs were providing services like maternal and child health family planning, adolescent reproductive health and prevention and management of RTI in unserved and under served areas of the respective districts. During 2005-09 grant-in-aid of Rs 3.74 crore¹⁷ was provided to them. In the four test-checked districts, four NGOs¹⁸ were carrying out the activities of NRHM and were provided grant-in-aid of Rs 1.10 crore during the above period. The grant-in-aid provided was required to be utilised fully in the respective financial years.

It was noticed in audit that grant-in-aid provided was not utilised fully for carrying out the Mission activities as Rs 87.10 lakh remained unutilised (including Rs 56.86 lakh of four NGOs of selected districts) with them as of March 2009. This shows that grant-in-aid was being released to the NGOs without assessing their capacity to utilise the funds.

Functioning of NGOs in the four test-checked districts was satisfactory. The fact was also confirmed by the external evaluation got conducted by the Department of Economic and Statistics Himachal Pradesh in 2007 in six districts (Bilaspur, Kangra, Mandi, Shimla, Solan and Una). Findings of evaluation showed an increase ranging between 20 and 49 *per cent* in Bilaspur district and 23 and 48 *per cent* in Kangra district in activities like complete antenatal checkups, institutional deliveries, spacing methods, etc.

1.1.14 Convergence with Other Departments

Health is as much a function of availability of safe drinking water, early childhood development, sanitation and women's empowerment as of hospitals and a reliable medical system. NRHM sought to adopt a convergent approach for intervention under the umbrella of the district plan.

It was noticed in audit that involvement of the representatives of the Departments dealing with the issues of safe drinking water, sanitation, nutrition, early childhood development and women's empowerment was not ensured for convergent action. The following points were noticed:

- Integrated Health Society (IHS) at State and District levels had not been constituted as of June 2009.
- The SHS was not getting feed back on implementation of plans/policies from other departments dealing with health issues.

The MD stated (June 2009) that formation of the IHS at State and district level was under process. He further stated that no feed back had been received from other departments dealing with health issues and no public dialogues/public hearings are being carried out. This indicated that disconcerted

¹⁶ 1. Himachal Pradesh Voluntary Health Association (HPVHA), 2. Society for upliftment through Rural Action (SUTRA), 3. Sir Nischal Singh Foundation (SNSF), 4. Friends Club, Rey, 5. Ankur Welfare Association, 6. Mahila Kalyan Parishad, 7. Society for Advancement of Village Economy (SAVE), 8. Society for Health and Social Transformation, Rehabilitation AID (SHASTRA) and 9. Social Action for Rural Development of Hilly Areas (SARDHA).

¹⁷ 2005-06: Rs 0.90 crore; 2006-07: Rs 0.50 crore; 2007-08: Rs 1.66 crore and 2008 09: Rs 0.68 crore.

¹⁸ 1. Ankur Welfare Association, 2. Mahila Kalyan Parishad, 3. Himachal Pradesh Voluntary Health Association and 4. Society for upliftment through Rural Action.

efforts were being made by various Departments working towards the goal of providing better health facilities.

1.1.15 Information, Education and Communication (IEC)

The IEC strategy under NRHM aims to facilitate awareness, dissemination of information regarding availability of and access to quality healthcare by the poor, women and children in rural areas.

It was noticed in audit that against the total availability of funds of Rs 1.45 crore under IEC, Rs 1.42 crore (State level: Rs 0.40 crore and District level: Rs 1.02 crore) were spent during 2005-09 on activities like Mahila Swasthya Sangh Meetings, Exhibitions, advertisements, Doordarshan Kendra, Electronic Media, Print Media, Health days and Bus Panels, etc., as can be seen from the photographs below:



It was noticed that out of Rs 29.60 lakh released to the four test-checked districts, Rs 20.66 lakh were utilised by these districts during 2005-08 on IEC activities leaving an unspent balance of Rs 8.94 lakh as of March 2009. Rupees 8 lakh was released to two districts (Bilaspur and Kinnaur) in April 2007 for organising Health Mela, which was yet to be organised as of March 2009. The non-organisation of Health Mela was attributed by the CMOs of respective districts to vacant seat of Hamirpur Parliamentary Constituency and acute shortage of staff.

1.1.16 Procurement of Medicines and Equipment

As per NRHM guidelines, SHS was required to develop a procurement plan and policy consistent with the Department's long term goals and objectives to ensure cost effective, efficient and improved availability of services. The Society had not developed any documented plan keeping in view the long term goals for procuring medicines and equipment but followed the State Government guidelines i.e. medicines were being procured through the HP State Civil Supplies Corporation Ltd. (HPSCSC) and equipment from open market as per the procedure laid down in the State Financial Rules. It was noticed that the medicines were purchased as per requirement, buffer stocks for two months were available and expired or sub-standard medicines were not noticed in stock at any of the test-checked units.

➤ *Adjustment of Advances*

The GOI released Rs 16.84 crore during 2005-09 (2005-06:Rs 5.68 crore; 2007-08: Rs 4.32 crore and 2008-09: Rs 6.84 crore) for the purchase of medicines and equipment. It was noticed in audit that out of Rs 4.10 crore advanced to HPSCSC between December 2008 and March 2009 for the purchase of medicines, Rs 1.36 crore was yet to be adjusted as of June 2009. Similarly Rs 1.19 crore had been provided to the Director Dental, HP (Rs 1.16 crore) and Block Medical Officer (BMO) Mashobra (Rs 2.17 lakh) between January and March 2009 for the purchase of equipments which were also awaiting adjustment.

The MD stated (May 2009) that advances would be adjusted on receipt of verified bills from the field units and utilisation certificates would also be obtained from the Director, Dental, HP and BMO, Mashobra.

1.1.17 Monitoring and Supervision

NRHM envisages a five tier system of monitoring and supervision at State, District, Block, PHC and village level. At the State level, the SHS was to evolve a monitoring format indicating the process and quality indicators in order to ensure the quality of programme implementation through various activities. At the District level, the DHS is to contribute for development of District Health Plan based on an assessment of the situation and priorities of the District. Similarly, at Block, PHC and village level, all the committees were to move towards a community based monitoring that allows a continuous assessment of planning and implementation of the Mission. The main purpose of the monitoring framework at different levels was to provide accessible, affordable and quality health care to the rural people.

The Department had not set up any monitoring mechanism during 2005-09 for complying with the Mission guidelines and ensuring community participation.

The MD while admitting the facts stated (May 2009) that the constitution of Monitoring Committees was under consideration.

1.1.18 Internal Audit

There is no system of internal audit of accounts at district and State level. During 2005-09 only annual accounts i.e. Receipt and Payment, Income and Expenditure accounts and Balance Sheet were got prepared from the Chartered Accountants. The MD stated (June 2009) that the process for institution of internal audit mechanism was under finalisation.

1.1.19 Conclusion

The overall performance of the programme at mid course was not very satisfactory. The review underscored glaring gaps in planning, implementation and monitoring activities. Absence of a household survey and perspective plan and lack of inputs from the community at the grass root level in the annual plans rendered the planning process an exercise in futility. While the number of health centres exceeded the norm, these could not ensure reliable and accessible health care to the targeted beneficiaries due to inadequate infrastructure and insufficient manpower. Some of the key initiatives of NRHM like ASHA and village health and sanitation committees have not received the required attention and public spending on health sector also remained constant during the last four years.

1.1.20 Recommendations

- *Planning process needs to be strengthened with community involvement in planning, implementation and monitoring of the activities of the programme;*
- *Infrastructure needs to be improved at the health centres expeditiously and sanctioned posts of medical and para-medical staff should be filled up on priority;*
- *Maternal health programme needs to be monitored closely and pregnant women should be made aware of and encouraged to opt for institutional deliveries as a safe mode. Delays and irregularities in payment of compensation under JSY should be plugged;*
- *IEC activities should be given a fillip and the rural population should be made aware of their health rights and facilities available at various health centres;*
- *To achieve convergence of mission activities with other departments the State Government should ensure adequate focus on determinants of health like safe drinking water, sanitation, nutrition, early childhood development and women's empowerment; and*
- *Monitoring and supervision mechanism should be established immediately so that check on effective implementation of Mission activities is exercised at all levels.*

These findings were referred to the Government in July 2009; their reply had not been received (September 2009).

Home Department

1.2 Modernisation of Police Forces

For increasing the efficiency and effectiveness of the State Police Forces in the country, the scheme of Modernisation of Police was initially introduced by the Government of India (GOI) in 1969. In February 2001, the scheme was modified with enhanced Central assistance. The major components of the scheme are mobility, weaponry, communication system including computerisation, forensic science equipment and housing.

A performance review of the implementation of the scheme covering the period 2004-09 revealed that even after 40 years of its implementation, the objectives of the scheme to modernise the State Police Force remained largely unachieved. One noticeable achievement under the scheme, however, is the development of informative and useful web portal, which provides useful information to the public and tourists, including foreigners and facilitates registration of complaints in 88 out of 112 PSs in the State. Some significant audit findings are as under:

- *The objective of increasing the mobility of police force at cutting edge level was not fully achieved as 77 light vehicles received during 2004-09 were retained at the State and District Police Headquarters, India Reserve Battalions and State Forensic Science Laboratory.*
(Paragraph 1.2.9.1)
- *The Department failed to assess and procure weapons as per norms resulting in acute shortage (71 and 88 per cent) in two categories (7.62 mm SLR rifles: 6,416 numbers short; LM Guns: 285 numbers short) and excess (221 per cent) in one category (9 mm pistols: 869 numbers excess) which adversely affected the striking capability of the police force.*
(Paragraph 1.2.9.2)
- *Despite incurring an expenditure of Rs 1.47 crore, implementation of POLNET at Police Station level suffered due to technical drawbacks and unreliable performance of MART System.*
(Paragraph 1.2.9.3)
- *DNA Profiling Division sanctioned by the GOI for SFSL, Junga in May 2006 remained non-functional due to non-filling of posts. Consequently, equipment valued at Rs 69.38 lakh received from the MHA in September 2006 remained idle.*
(Paragraph 1.2.9.6)
- *The Department failed to provide housing facilities to upper and lower subordinates as per NPC norms and the satisfaction level attained during 2004-09 was only 13 to 17 per cent.*
(Paragraph 1.2.9.7)
- *The SLEC did not meet during 2004-09 to monitor the implementation of the scheme though it was required to meet once every three months.*
(Paragraph 1.2.11)

1.2.1 Introduction

The scheme “Modernisation of Police Forces” (MPF) was introduced by the GOI in 1969 initially for 10 years but has been extended periodically, the latest being in February 2001, for another 10 years up to 2010. The scheme aims at improving the efficiency of the State police force and enhancing their striking abilities for meeting the emerging challenges.

The main thrust of the scheme is to address the deficiencies in various aspects of police administration identified by the Bureau of Police Research and Development (BPR&D) and the Report of the Padmanabhaiah Committee on police reforms (October 2000). The scheme follows a bottom-up approach and concentrates on funding the requirement at the cutting-edge level i.e. the Police Stations (PSs) and Police Outposts (POs) and the men who man them.

The objectives of the scheme include *inter alia*, the following:

- *Meeting the identified deficiencies in basic police infrastructure;*
- *Improving the operational efficiency of the police force by providing it with better arms and ammunition and other equipment;*
- *Enhancing the mobility of the force by providing better and more secure transportation;*
- *Improving communication and information sharing among various field formations with adequate and sophisticated communication gadgets;*
- *Honing the investigative skills of the force through better training and equipment; and*
- *Reducing the dependence of the State Government on the Central Para Military Forces and Army to control internal security and law and order related problems.*

1.2.2 Organisational Set up

At the Government level, Principal Secretary (Home) is responsible for overseeing the implementation and monitoring of the scheme. There is a State Level Empowered Committee (SLEC) constituted under the Chairmanship of the Chief Secretary with Principal Secretary (Finance), Principal Secretary (Home), Director General of Police (DGP), Additional Directors General of Police (ADsGP) and Inspector General of Police (IGP) as Members to finalise the Annual Action Plans (AAPs) and monitor the implementation of the scheme. At the Department level, ADGP (Headquarters) is incharge of the scheme and ADGP (Armed Police and Training), Deputy Inspector General of Police (DIG) (Communication and Technical Services) and Director, State Forensic Science Laboratory (SFSL) are responsible for implementing different components of the scheme.

1.2.3 Scope of Audit

The implementation of the scheme for the period 2004-09 was reviewed in audit during March–May 2009 by a test-check of the records of the DGP, Director, SFSL, Junga; Superintendent of Police (SP),

Police Training College (PTC), Daroh; Deputy Inspector General (DIG), HP Institute of Police Studies, Dharamshala and other units in four¹ out of 12 districts. Three² out of five Armed/India Reserve Battalions (Bn) and 13³ out of 112 PSs of these districts were covered in audit.

1.2.4 Audit Objectives

The main objectives of the performance review were to assess whether:

- *The objectives of the scheme were achieved and whether the striking ability of the police force improved.*
- *Budgeting and Planning for implementation of the scheme was sound and adequate and the execution of various components of the scheme and utilisation of funds was as per the approved plan;*
- *The mobility, weaponry and equipment, etc., of the State police improved, to face the challenges to internal security;*
- *Creation of infrastructure was as per the approved norms and has resulted in better working environment;*
- *Training needs were adequately addressed to meet the State specific needs of the police force;*
- *The implementation was effectively monitored and evaluated.*

1.2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- *Perspective Plan and Annual Action Plans;*
- *Guidelines issued by the Union Ministry of Home Affairs (MHA) from time to time;*
- *National Police Commission's recommendations relating to police housing.*
- *Norms prescribed by the Bureau of Police Research and Development (BPR&D);*
- *State Financial Rules, Codes and Manuals applicable for purchases and execution of works;*
- *Prescribed monitoring mechanism.*

1.2.6 Audit Methodology

The performance review commenced with an entry conference with the Principal Secretary (Home) and Inspector General of Police (Headquarters) on 4 March 2009 wherein the audit objectives, criteria and audit methodology were explained. Field units were selected on the basis of Probability Proportional to Size with Replacement (PPSWR) method. Data and information furnished by the Department were analysed to arrive at audit conclusions. Audit findings were discussed with the Principal Secretary (Home) in an exit conference on 5 October 2009 and their views have been incorporated in the review at appropriate places.

¹ Kangra, Mandi, Shimla and Una.

² Armed Battalion Junga, India Reserve Battalions Dharamsala and Pandoh.

³ Amb, Baijnath, Balh, Chirgaon, Dehra, Dhalli, Gohar, Haroli, Kumarsain, Mcleodganj, Palampur, Rampur and Sundernagar.

Audit Findings

1.2.7 Planning

The GOI prescribed (February 2001) formulation of a five year perspective plan for modernisation, starting from 2000-01 indicating the specific projects which were required to be implemented in each year. Although the State Government submitted (February 2001) a five year perspective plan covering the period 2001-05 to the GOI, it was yet to be approved (April 2009). The Department did not make any effort for obtaining approval and had also not submitted five year perspective plan for the period 2006-10. However, Annual Action Plans (AAPs) in respect of different components of the scheme were approved by the GOI and the requisite funds were sanctioned and released during 2004-09. The State Government stated (September 2009) that it was incumbent upon the GOI to approve/consider five year perspective plan for the period 2001-05 and annual plans were prepared on yearly basis as per the directions of the MHA.

The principal areas identified by the MHA included implementation of the recommendations of the Police Reforms Commission, filling up the vacancies of State police, creation of infrastructure like police stations, barracks, residential accommodation, increase in the number of women in police force, provision of modern weaponry and communication equipment including installation of police network (POLNET)/ Common Integrated Police Application (CIPA) and improvement of intelligence wing. However, some of these issues like implementation of recommendations for police reforms, filling up of vacancies in the police force, increase in the number of women in police force, creation of infrastructure viz., construction of sufficient number of houses for upper and lower subordinate staff were not fully reflected in the AAPs of the State. Scrutiny revealed that the implementation of the programme was not in conformity with the areas of priority identified by the MHA as discussed in the succeeding paragraphs.

The Principal Secretary assured (October 2009) in the exit conference that the above issues would be taken care of in future plans.

1.2.8 Financial management

1.2.8.1 Funding Pattern

The scheme was funded by the Central and the State Governments in the ratio of 50:50 till 2002-03 and the ratio changed to 60:40 from the year 2003-04. The funding pattern was modified based on the categorisation of the States with regard to the security parameters by the GOI in 2005. Himachal Pradesh was categorised as 'B' and is thus eligible for receiving central funding for the scheme upto 75 per cent. A maximum of five per cent of the total allocation was to be provided to the Home Guards from the year 2003-04 for incurring expenditure on all components, except housing. As per the arrangement, the GOI releases the funds to the State Government as grants-in-aid, which are subsequently transferred to the DGP for utilisation. Certificates of utilisation are sent to MHA by the State Government in the prescribed format.

1.2.8.2 Budget and Expenditure

The year-wise approved outlay, funds released by the GOI and the State Government and expenditure incurred thereagainst during 2004-09 is depicted in the following table.

Table: 1.2.1

(Rupees in crore)

Year	Central share	State share	Funds received			Total funds available	Expenditure	
			OB	Central	State		Central	State
2004-05	7.91	5.28	-	2.58	9.55	12.13	2.58	9.55
2005-06	9.57	3.19	-	7.69*	10.00	14.67	3.78	9.89
2006-07	3.00	1.00	3.91	7.07**	10.00	17.82	7.07	10.00
2007-08	8.00	2.67	3.91	10.27	10.00	24.18	10.41	8.31
2008-09	7.80	2.61	3.77	7.74	10.00	21.51	6.54	10.00
Total	36.28	14.75		35.35	49.55	90.31	30.38	47.75

Source: Figures compiled from expenditure statements and approved Annual Action Plans of the Department

Note:

1. OB means Opening Balance.
2. Figures in parenthesis indicate percentage.
3. In 2004-05 Central share was received in kind whereas during 2005-09 Central share was received in cash.
- 4*. Includes Rs 3.02 crore pertaining to 2002-03 released in 2005-06 and Rs 1.51 crore in kind.
- 5**. Includes Rs 3.16 crore pertaining to 2005-06 released in 2006-07.

Component-wise and year wise details of funds as projected in the AAP and releases thereagainst during 2004-09 are given in Appendix-II.

In this regard following was observed:

- During 2004-09, GOI released Rs 32.33 crore (excluding Rs 3.02 crore for 2002-03 released in 2005-06) against its due share of Rs 36.28 crore resulting in short release of Rs 3.95 crore (11 per cent). Reasons for short release of central share were not available with the Department. The State Government released Rs 49.55 crore from State plan funds inclusive of its due share of Rs 14.75 crore for MPF for police housing component and did not contribute for other components. Of this, the Department utilised only Rs 47.75 crore and Rs 1.80 crore lapsed due to late receipt of sanctions from the State Government.
- Central share ranging between Rs 3.77 crore and Rs 4.97 crore remained unutilised with the Department during 2005-09 in the form of bank drafts in the respective years.
- Funds amounting to Rs 54.93 crore (Central funds: Rs 7.18 crore and State funds: Rs 47.75 crore) for police housing were placed at the disposal of Himachal Pradesh Urban Development Authority (HIMUDA) and Public Works Department (PWD)⁴ for construction of residential quarters for upper and lower subordinates, Police Stations and office buildings. The amount was shown as fully spent but the details of expenditure actually incurred by the executing agencies were neither obtained nor furnished by them. In the absence of details of expenditure, its authenticity could not be verified in audit.

⁴ HIMUDA: Rs 6.33 crore for 55 works and PWD: Rs 48.60 crore for 435 works.

1.2.9 Programme implementation

1.2.9.1 Mobility

One of the thrust areas of the modernisation scheme is to increase the mobility of the State police force to face the challenges to internal security effectively. Provision of adequate number of vehicles is essential for improving the mobility of the police personnel, as it has a direct relation to the response time. As of March 2004, the Department had 381 vehicles (52 per cent) against the BPR&D norm of 727 vehicles, resulting in a shortfall of 346 vehicles. However, the requirement of only 195⁵ vehicles was projected in the Annual Plans for the period 2004-09 against which the State Police procured 141⁶ vehicles during 2004-09 at a total cost of Rs 5.52 crore.

Category-wise number of vehicles held by the State police over the last five years is detailed below:

Table: 1.2.2

(Vehicle in numbers)

Category of vehicle	Requirement as per norms of BPR&D	Holding as of April 2004	Procured during 2004-09	Holding as of March 2009	Shortage (-)/ surplus (+)/ (percentage)
Heavy vehicles	204	37	1	38	(-) 166 (81)
Medium vehicles	183	113	4	117	(-) 66 (36)
Light vehicles	340	231	136 [#]	367	(+) 27 (08)

Source: Departmental records

Includes thirty vehicles for which payment of Rs 1.16 crore was made in March 2009 but were yet (April 2009) to be received from suppliers as of April 2009

Besides, the fleet included 10 condemned vehicles (LMVs: 8 and MMVs: 2) which are yet to be disposed off.

Despite directions of the MHA to deploy the vehicles received under modernisation scheme to the principal focus areas i.e. PS and PO level, 77 out of 141 vehicles received during 2004-09 were retained at the State Police Headquarters (29 vehicles), District Police Headquarters (38 vehicles), IR Battalion (9 vehicles) and SFSL (one vehicle).

Further, as per BPR&D norms, two light vehicles and three motorcycles were required to be provided for all the PSs and two motorcycles for each of the POs. Scrutiny of records revealed that out of 46⁷ PSs in the four selected districts, one light vehicle and two motorcycles were provided in 42 PSs whereas in four⁸ PSs only two motorcycles were provided and no light vehicle was made available during 2004-09. While two motorcycles were provided at PO, Mandi Sadar, 56 motorcycles were provided in 57 POs in the test-checked districts with two POs of Dodra kwar and Khara Pathar without any motorcycles. This indicated poor attention to the mobility of the State Police at PS and PO level as 77 vehicles were

⁵ Heavy vehicle: 1; Medium vehicles: 11; Light vehicles: 183.

⁶ Heavy vehicles: 1; Medium vehicles: 4; Light vehicles: 136.

⁷ Kangra: 15; Mandi: 10; Shimla: 15 and Una: 6.

⁸ Dhalli, Jhakri, Padhar and Sundernagar.

diverted for use by other units. The Department did not furnish any reasons for non allocation of vehicles to PSs.

The Principal Secretary stated (October 2009) in the exit conference that to check the tendency of retaining the vehicles at State/district headquarters, specific model of vehicles (Bolero Camper) has been approved for the PSs and all of the PSs have now been provided vehicles during the current year. However, information in this regard was awaited as of October 2009.

➤ **Response Time**

Increase in mobility for field policing should result in reduction of response time⁹. It was, however, seen that the State Government had not fixed any norms for the response time nor did it give any instructions for recording the time of visit to the site of offence in the crime diary. During test-check of records of the 13 PSs in four selected districts, it was observed that the time relating to visit to the site of crime by the police personnel was not noted in the crime diary. As such it could not be ascertained whether there was any reduction in response time as a result of increase in mobility.

1.2.9.2 Weaponry

➤ **Projection of Requirement in the Annual Plans**

Increasing the striking capability of the police force by equipping them with modern and sophisticated weapons to combat insurgency and other challenges to internal security of the State is one of the key components of the modernisation programme. The requirement of weaponry is projected by the State Government through the Annual Plans to MHA. The weaponry is procured centrally by the MHA and subsequently issued to the State Government from time to time.

Scrutiny of records revealed that in the Annual Plans, the State Government projected a requirement of eight¹⁰ categories (798 numbers) of weapons alongwith their accessories and 2.78 lakh rounds of ammunition costing Rs 2.37 crore for procurement during 2004-09. The MHA, however, approved six¹¹ categories (605 numbers) of weapons worth Rs 1.34 crore but actually procured/supplied three¹² categories (408 number) of weapons valuing Rs 80.13 lakh, which constituted 51 *per cent* of the requirement of the weapons projected in the Annual Plans.

⁹ Total time taken from the time of receiving message/making First Information Report to the time of the Police actually reaching the crime/offence scenes.

¹⁰ Glock Pistol: 200; Pistol Auto: 380; Carbine MC 9mm: 60; 51 mm Mortar: 18; AK-47 Rifle: 60; MP-5 Guns: 10; SLR 7.62 mm Rifle: 60 and LMG-7.62: 10.

¹¹ Pistol Auto 9 mm: 405; Carbine MC 9mm: 60; AK-47 Rifle: 60; MP-5 Guns: 10; SLR 7.62 mm Rifle: 60 and LMG-7.62: 10.

¹² Pistol Auto 9 mm: 302; Carbine MC 9mm: 58 and SLR 7.62 mm Rifle: 48.

➤ **Shortage of Weapons**

BPR&D has prescribed the requirement of holding of three types of weapons by the State Police. The position of actual holding there against as of March 2009 was as under:

Table: 1.2.3

(In numbers)

Category of weapon	Requirement (as per BPR&D norms)	Holding	Shortfall (-)/Excess (+) (percentage)
7.62 mm SLR Rifle	9,074	2,658	(-) 6416 (71)
LM Gun	323	38	(-) 285 (88)
9 mm Pistol	394	1,163	(+) 869 ¹³ (221)

Source: Data supplied by the Department

From the above details it would be seen that there was acute shortfall of 71 and 88 per cent of weapons in respect of two categories, whereas holding and weapons ordered in respect of the third category of weapons exceeded by 221 *per cent*. Instead of procuring weapons which were less than the prescribed requirement, the Department procured 30 numbers of 9mm Pistols valued at Rs 52.59 lakh (March 2008: 27 numbers and December 2008: 275 numbers) and placed yet another order for 100 more (February 2009) even though they were available in excess of laid down norms. The 30 numbers already received are lying in stock of Central Armoury of HPAP, Junga in the absence of clearance from field units. The Government stated (September 2009) that the demand of weapons was being assessed by calling requirement from the field units according to the norms of GOI notified in November 1953 and projected in AAPs. It was admitted that BPR&D norms were not followed. They further stated that 9mm pistols would be distributed on receipt of the demand from the field units.

Audit noticed that whereas most of the police stations continued to depend on outdated and obsolete weapons like .303 rifles and .455 revolvers, sophisticated weapons such as INSAS rifles (250 numbers) and 9 mm pistols (769 numbers) procured under the scheme were either retained at headquarters or in the reserve armoury in the district units.

Thus, due to non-projection of requirement of weapons as per BPR&D norms in the AAPs, keeping of obsolete weapons and non-supply of sophisticated weapons to the PSs, the objective of improving the striking capability of the police force remained unachieved.

➤ **Holding of Obsolete Arms and Ammunition**

Scrutiny of records of Commandant, 1st Himachal Pradesh Armed Police (HPAP) Battalion, Junga, revealed that the Department had 487 obsolete weapons like Rifles MK-.303, Rifle Musket-410, Revolver-.38 S&W, Revolver-.455, etc., and 111 rounds of unserviceable ammunition as of April 2009. No action was taken for the disposal or replacement of these weapons by serviceable weapons. The Government stated (September 2009) that the Department has been directed to take up the matter with MHA.

¹³ Order placed in February 2009 with Ordnance Factory, Ishapore for 100 numbers.

➤ **Non-receipt of Arms**

Scrutiny of records revealed that Rs 19.53 lakh were deposited with Ordnance Factory, Ishapore in February 2009 for supply of 100 number of 9mm Pistols alongwith seven types of Complete Equipment Schedule¹⁴ items but the factory had not supplied the pistols as of August 2009. The Government stated (September 2009) that no timeframe has been fixed in this regard. However, the concerned factory has assured that supply would be ready for collection in September 2009.

➤ **Non-distribution of Arms**

Scrutiny of records of Central Armoury of HPAP, Junga revealed that 302 numbers of 9 mm Pistols valued at Rs 52.59 lakh were received in March 2008 (27 numbers) and December 2008 (275 numbers) respectively but were lying in the stock of armoury and had not been distributed. As already pointed out in Para supra, these weapons are in excess of requirement and are possibly lying undistributed for that reason. The Government stated (September 2009) these pistols would be distributed on receipt of demand from districts/units as per norms.

The Principal Secretary stated in the exit conference that the issue of distribution of arms would be resolved shortly. He also assured that detailed plan for phasing out outdated/obsolete weapons would be prepared on priority basis.

1.2.9.3 Surveillance and Communication

➤ **Implementation of the Police Communication Network (POLNET) Project**

One of the main operational strategies of the MPF scheme is improved communication system involving sophisticated gadgets including POLNET. The main objective of implementation of POLNET is to obtain criminal data through sharing/dissemination of information with other Police Organisations/ Central Para Military Forces (CPMF) inside and outside the State.

POLNET is a satellite based integrated network, which envisages installation of Very Small Aperture Terminals (V-SAT) and Multi Access Radio Terminals (MART) to link the national capital with all the State capitals. As per the orders of MHA, all the States were required to implement the project by 2005-06.

During 2003-09, GOI approved Rs 66.39 lakh (2003-04: Rs 17.37 lakh; 2004-05: Rs 38.62 lakh and 2005-06: Rs 10.40 lakh) for implementation of POLNET in the State. However, the MHA procured equipment costing Rs 1.07 crore (2003-04: Rs 0.56 crore; 2004-05: Rs 0.40 crore; 2005-06: Rs 0.09 crore and 2006-07: Rs 0.02 crore) and issued to the State. Other items such as batteries, mast, wooden chairs, steel tables, generator sets, etc., costing Rs 40 lakh were procured locally for preparation of sites, etc.

¹⁴ Order placed in February 2009 with Ordnance Factory, Ishapore for 100 numbers.

Scrutiny of the records of SP Communication and Technical Services (C&TS), Shimla revealed that MHA supplied the State police 13 V-SATs between 2003-04 and 2006-07 which were installed at all the 12 district headquarters and one at wireless headquarters, Shimla. Of these, three V-SATs installed at district headquarters of Shimla, Sirmour and Solan were out of order.

Further scrutiny of records revealed that 79 MARTs were sanctioned and supplied to State police during 2004-09 for installation in PSs. Of these, 47 MARTs were installed in PSs and the remaining 32 MARTs were not installed due to non-availability of line of sight (LOS) with District Police Headquarters due to obstacle/hindrance of hills or high buildings between two antennas. Owing to certain technical limitations and unreliable performance of the MART system, the SP, C&TS requested (February 2009) the DGP to take up the matter with the MHA to provide some alternative to MART system as these were not effective particularly in Hill States. The issue was yet to be resolved as of April 2009. This indicates that the POLNET project was not functioning effectively.

The Government stated (September 2009) that GOI has constituted a committee for the solution of this problem and necessary action would be taken as per the decision of the committee. The desired objective of sharing/disseminating information with other Police Organisations/CPMFs, thus, could not be achieved to the full extent despite incurring an expenditure of Rs 1.47 crore.

1.2.9.4 Implementation of Common Integrated Police Application

With the objective of introducing a computerised network system in the Police Stations, developing a database relating to various crimes occurring in the State the MHA took up (2005-06) a project viz., Common Integrated Police Application (CIPA).

Under the project 10 *per cent* of the PSs were to be covered in Phase-I (2005-06) and 30 *per cent* PSs in Phase-II (2006-07). Accordingly, the State Government selected 40 out of 112 PSs (including vigilance and CID PSs) for implementation of the project in Phase-I&II and proposed to cover the remaining 72 PSs under Phase III in 2007-08.

MHA selected the National Informatics Centre (NIC), New Delhi as the implementing agency for the project to supply hardware and software and also provide training and other support. During 2004-08 the MHA sanctioned Rs 3.38 crore for the implementation of the project in all the 112 PSs, of which Rs 2.97 crore were released directly to NIC and Rs 0.41 crore was released to the State Government for preparation of site and purchase of furniture in the selected PSs. NIC supplied 277 computers which were installed in 65 PSs during 2005-08 where site preparation was complete. These computers were being used for registration of FIRs/cases. Site preparation work had not been completed in the remaining 47 PSs and hardware received between November 2008 and March 2009 from NIC was lying unutilised with the respective PSs. Audit scrutiny revealed that the software provided by NIC was being used for general diary entry, registration of FIR but it was not being used for generating reports,

queries, sharing of information by all PSs regarding missing persons, stolen vehicles, unidentified dead bodies, criminal dossiers, etc. Thus, the objective of introducing computerised networks system in the PSs had not been achieved.

The Department stated (May 2009) that the process of installation of computers at 47 sites had been completed and further training and deployment of nodal officers was underway. The reply does not explain why timely operationalisation of the scheme was not ensured.

The Principal Secretary stated (October 2009) that trained manpower has been provided in all the PSs to run the system and the same has been made functional from the current year. However, details of training and operationalisation of the system in support of the reply are awaited as of October 2009.

The Government admitted (September 2009) the facts and stated that even subsequent patches (V 1.14 to V 1.17) released by NIC could not be implemented/made operational as these were creating more problems rather than providing solutions. Thus, due to non-installation of error free software additional features proposed to be included by the NIC could not be incorporated.

1.2.9.5 Equipment

Scrutiny of records revealed that the Department was holding 320 bullet proof jackets (BPJs) of three different models (BPJ-III, V-Model and L-III-A) as of April 2009. These BPJs were procured by MHA during 2004-09 (164) and earlier years (156) from Defence Research Development Organisation (DRDO) and supplied to the Department. Three units¹⁵ which had a holding of 16, 18 and 66 BPJs of three models, conducted tests on them during January-April 2009. During the testing carried out (January 2009) by SP Shimla from a distance of 50 and 15 yards using .303 rifle and .38 bore pistol respectively, the BPJ failed the tests as bullets pierced through them. The results of tests conducted by the Commandant, 3rd IRB Pandoh and State CID headquarters from a distance of 10 yards and 10 metres were not made available to audit. This indicates that the BPJs supplied by the DRDO were substandard and would not serve the purpose for which these were procured.

While admitting the facts in the exit conference, the Principal Secretary stated (October 2009) that these Jackets were not bullet proof but actually bullet resistant. The contention is not acceptable as BPJs were sub-standard and not fit for safeguarding lives of police personnel.

1.2.9.6 Forensic Science Laboratory (FSL)

A Forensic Science Laboratory (FSL) was established in the State in December 1988. During 2004-09, the Department procured various equipment at a cost of Rs 37.41 lakh to upgrade the infrastructure of the FSL for scientific and effective investigation of criminal cases. Analysis report of cases/samples

¹⁵ SP Shimla, 3rd IR Battalion, Pandoh and State CID Headquarters, Shimla.

received in the SFSL is required to be submitted within 30 to 45 days. It was noticed in audit that the number of cases pending for analysis increased by 145 *per cent* from 2004-05 (387 cases) to 2008-09 (950 cases) as can be seen from the details given below:

Table: 1.2.4

(In numbers)

Year	Cases pending upto the previous year	Cases reported/ received during the year	Total	Cases disposed off	Cases pending
2004-05	357	1,868	2,225	1,838	387
2005-06	387	1,979	2,366	1,915	451
2006-07	451	2,235	2,686	2,131	555
2007-08	555	3,149	3,704	3,472	232
2008-09	232	3,658	3,890	2,940	950

Source: Information supplied by the Department

The delay in settlement of cases as of April 2009 ranged between 12 and 218 days. Staff shortage was the main reason for delay/pendency as against the sanctioned strength of 32 technical posts¹⁶, 18 posts¹⁷ (56 *per cent*) were lying vacant as of April 2009. This made the functioning of the FSL at its optimum capacity and utilisation of facilities and infrastructure difficult.

The Government stated (September 2009) that receipt of new cases during the period has almost doubled while the examination staff remained almost the same. Besides, the staff of the laboratory also carry out teaching and training for the Police, Prosecution and Judiciary and added that the process of filling up of vacant posts are underway. However, the fact that delays in forensic investigation would have an adverse impact on prosecution of criminals has to be recognised and steps should be taken to minimise these delays.

Likewise, the State Government also sanctioned (May 2006) setting up of two Regional Forensic Science Laboratories (RFSLs) one each at Range Headquarters Dharamshala and Mandi under SFSL Junga. These laboratories were required to look after the work of three divisions¹⁸ and for running these laboratories 26 posts of technical staff (DDs: 2; ADs: 06; SOs: 6; SAs: 6 and LAs: 6) were also created. Although these laboratories were established in February 2008 and April 2008 respectively they could not provide the envisaged services in the field of Biology and Serology and Chemistry & Toxicology divisions due to non-filling up of posts of 17¹⁹ technical personnel as of April 2009.

Scrutiny of records of RFSL, Dharamshala further revealed that equipment and chemicals valued at Rs 8.62 lakh received from FSL, Junga between July 2008 and March 2009 also remained unutilised due to non-functioning of these two divisions.

¹⁶ Director: one; Deputy Director (DD): one; Assistant Director (AD): seven; Scientific Officer (SO): seven; Scientific Assistant (SA): six and Laboratory Assistant: ten.

¹⁷ DD: one; AD: three; SO: two; SA: three and LA: nine.

¹⁸ 1. Biology & Serology 2. Chemistry & Toxicology 3. Physics & Ballistics.

¹⁹ DD: 1; ADs: 03; SOs: 6; SA: 1 and LAs: 6

➤ **DNA Profiling Division**

The State Government sanctioned (May 2006) setting up of DNA profiling division in SFSL, Junga and created five posts (DD: 1; AD: 2 and SO: 2) of technical staff. These posts, required to be filled up during 2006-08, had not been filled up as of April 2009. Resultantly, the equipment valuing Rs 69.38 lakh (PCR System: Rs 4.11 lakh and Genetic Analyser: Rs 65.27 lakh) supplied in September 2006 by the MHA was lying idle.

The Principal Secretary stated (October 2009) that for DNA analysis, qualified staff is yet to be provided and recruitment process in this regard is underway.

1.2.9.7 Civil Works

➤ **Housing**

The National Police Commission (NPC) had recommended 100 *per cent* accommodation for all police personnel in the State. Increasing the availability of quarters for upper and lower subordinates was one of the priority areas of the modernisation plan.

Scrutiny of records revealed that even after expiry of eight years of the modernisation plan period (2001-2009), the satisfaction level of housing remained much below the targets fixed. The shortage of accommodation for upper and lower subordinates as of March 2009 and the overall percentage of satisfaction level is given below.

Table: 1.2.5

Category of personnel	Number of personnel	Number of personnel provided Housing	Percentage of satisfaction level
Upper Subordinates (ASI to Inspector)	2,000	268	13
Lower Subordinates (Constable and Head Constable)	13,924	2,380	17
Total	15,924	2,648	17

Source: Departmental records

The Department did not maintain any record of major and minor works indicating the names of the implementing agencies (IAs), funds placed at the disposal of IAs from time to time, names of works, up-to-date expenditure incurred and present status of works. This indicates lack of adequate monitoring by the Department over works required to be completed.

The Government stated (September 2009) that to achieve the satisfaction level, the Home Department is co-ordinating with the Finance Department to provide Rs 11.50 crore more for police housing during the current financial year. The fact remains that proper monitoring needs to be ensured.

➤ **Execution of Works**

During 2004-06 and 2007-09 the MHA approved 290 works relating to construction of residential quarters (260) and non-residential accommodation (PSs/PSs with Barracks: eight; POs/POs with Barracks:

18 Administrative Blocks: two, Central Armoury: one and Barracks at PTC: one) in the State at a total cost of Rs 19.04 crore and released Rs 7.18 crore (2005-06: Rs 3.02 crore revalidated for 2002-03; 2006-07: Rs 3.16 crore revalidated for 2005-06 and 2008-09: Rs 1.00 crore).

The year-wise position of works sanctioned under the scheme is tabulated below:-

Table: 1.2.6

(Rupees in crore)

Category of works	2004-05		2005-06		2006-07		2007-08		2008-09	
	No.	AC	No.	AC	No.	AC	No.	AC	No.	AC
Residential quarters Type I	--	--	--	--	--	--	8	0.40	--	--
Type-II	85	3.43	14	0.80	--	--	40	1.04	52	3.22
Type-III	--	--	38	1.24	--	--	23	0.93	--	--
Non Residential accomodation (Police Stations/Police Stations with Baracks)	8	2.00	--	--	--	--	--	--	--	--
Police Posts/Police Posts with Barracks	8	1.48	9	2.70	--	--	1	0.30	--	--
Administrative Blocks	--	--	2	0.70	--	--	--	--	--	--
Central Armoury	--	--	1	0.35	--	--	--	--	--	--
Barracks for PTC	--	--	--	--	--	--	--	--	1	0.45
Total	101	6.91	64	5.79	--	--	72	2.67	53	3.67

Source: Information compiled by audit from the files of the Department

Note: No: Number and AC: Approved cost

The Department showed utilisation of Central assistance of Rs 7.18 crore on construction of 101 works during the above period. Category-wise breakup of these works is given below:-

Table: 1.2.7

(Amount rupees in crore)

Category of accommodation	2004-05		2005-06		2006-07		2007-08		2008-09	
	No.	AS	No.	AS	No.	AS	No.	AS	No.	AS
I. Residential quarters Type I	--	--	37	1.94	12	0.23	--	--	16	1.00
Type-II	--	--	11	0.67	10	0.18	--	--	--	--
II. Non Residential accommodation										
1 Police Posts with Barracks	--	--	--	--	7	0.57	--	--	--	--
2 Administrative Blocks	--	--	--	--	2	1.33	--	--	--	--
3 Control Room	--	--	1	0.09	--	--	--	--	--	--
4 Officers' Mess in Hostel	--	--	1	0.20	--	--	--	--	--	--
5 Volley Ball and Basket Ball courts	--	--	2	0.02	--	--	--	--	--	--
6 Expansion work (FSL)	--	--	1	0.10	--	--	--	--	--	--
7 Central Armoury	--	--	--	--	1	0.84	--	--	--	--
Total	--	--	53	3.02	32	3.15	--	--	16	1.00

Source: Information compiled by audit from the files of the Department

Note: No.: Number and AS: Amount spent

From the details given in tables 1.2.6 and 1.2.7 it would be seen that the Department had constructed only seven POs with barracks against the approved number of 26 (PSs: eight and POs with barracks: 18) and Central assistance of Rs 0.41 crore was diverted for works such as control room; officers mess, Volley Ball and Basket Ball courts and expansion works of FSL not approved by the MHA in the Annual Plans of the respective years. Besides, details of amount spent out of State share were not kept separately in the absence of which actual expenditure incurred on works could not be verified in audit.

The State Government stated that funds are placed at the disposal of executing agencies from time to time and that information regarding upto date expenditure on works was not correctly available with the Department.

The Principal Secretary assured (October 2009) in the exit conference that an institutional mechanism would be setup shortly to monitor the execution of works.

➤ **Status of Police Stations**

As per BPR&D norms, minimum 3500 square feet (sqft) area was required for running a PS comprising basic amenities like boundary wall, reception room, interrogation room, computer room, wireless room, rest room for males and separate rest room and toilets for women police. The Department upgraded 11²⁰ POs as PSs during 2007-09 without providing the requisite infrastructure as above.

Test check of 13 selected PSs including two POs²¹ upgraded as PSs revealed that most of them did not have the basic infrastructure as tabulated below and seen in photographs 1.2.1 and 1.2.2.

Table: 1.2.8

(In numbers)

Name of amenity	Police Stations where not available
Total number of PSs audited	13
Boundary wall	13
Interrogation room	10
Wireless room	10
Rest rooms with toilets for women Police	12
Rest rooms for males	9
Reception room	8
Computer room	2
Armoury room	5

Source: Information supplied by test-checked PSs

²⁰ Bhawarna, Bhunter, Brow, Chintpurni, Drang, Mcleodganj, Nagrota Bagwan, New Shimla, Sangrah, Swarghat and Sundernagar.

²¹ Mcleodganj and Sundernagar.

Photograph : 1.2.1



Traffic, Tourist and Railway PS at Amb without basic amenities like parking, reception room, etc.

Photograph : 1.2.2



Rest room for males at PS Amb without any basic facilities like attached toilets, baths, cots, bedding, etc.

Further, as per BPR&D norms, housing space of 3500 sqft was to be made available at the PSs. In respect of PSs constructed 30 years back additional space of 800 sqft was also to be provided. In eight²² out of 13 selected PSs, housing space of 3500 sqft was not provided and seven²³ PSs constructed 30 years back were also not provided additional space of 800 sqft as ascertained in audit.

The Government stated (September 2009) that it is not possible to provide facilities as per BPR&D norms keeping in view the funds earmarked by MHA. The reply does not explain why the matter for more funds could not be taken up with MHA for providing facilities as per BPR&D norms.

➤ **Modernisation of Home Guards**

The GOI approved (December 2003) the inclusion of modernisation of Home Guards under the scheme with effect from 2003-04, and five *per cent* allocation could be earmarked for items such as training institutions, mobility, weaponry, communication, modern equipment, etc., but not housing.

Scrutiny of records revealed that requirement of funds under the aforesaid components (except for training institutions) were never demanded during 2004-09. Under training component, Rs 2.30 crore were demanded by the State Government during 2004-09 through AAPs submitted to GOI. Against this GOI released Rs 95.80 lakh during 2006-09 which was not utilised as of April 2009 as pointed out in the succeeding paragraph.

➤ **Training Infrastructure for Home Guards**

MHA approved construction of class rooms in training centres, armoury in battalion training centres, rescue towers, bath and toilets and provided Rs 95.80 lakh during 2006-09 (2006-07: Rs 15.80 lakh; 2007-08: Rs 40 lakh; and 2008-09: Rs: 40 lakh) to Home Guards Department. The amount was released to the executing agencies (PWD and HIMUDA) during 2006-09 for construction of eight works but none

²² Amb, Balh, Chirgaon, Dhalli, Haroli, Kumarsain, Rampur and Sundernagar.

²³ Amb, Balh, Dehra, Gohar, Kumarsain, Palampur and Rampur.

of the works had been taken up for execution as of April 2009 due to non-completion of formalities such as preparation of detailed estimates and tendering process by the executing agencies. Government admitted (September 2009) the facts.

The Principal Secretary stated (October 2009) that funds could not be utilised due to non-handing over of sites, designs of proposed works and non-issuance of administrative approval and expenditure sanction. He, however, assured that these aspects would be taken care in future.

1.2.9.8 Traffic, Tourist and Railway (TTR) Police

The road traffic management has become an area of prime concern due to growth of population, tourist inflow, rapid industrialisation and increasing number of vehicles. The TTR wing is functioning with 577 personnel of different ranks of Inspector to Constables in the State. The MHA did not provide any funds during 2004-08 although proposals for purchase of equipment required for checking over-speeding, drunken driving and smoke pollution, etc., were proposed by the State Government in the AAPs and projected a requirement of Rs 17.38 lakh for the purpose.

Audit scrutiny revealed that the MHA released Rs 21.28 lakh during 2008-09 for purchase of traffic equipment, of which, Rs 13.48 lakh had been utilised and the balance amount of Rs 7.80 lakh was lying unutilised/deposited in a bank account as supplies were awaited (May 2009). The TTR wing had only 12 speed radars, 13 alco-sensors, four smoke meters and five gas analysers which was not sufficient for the 112 PSs in the State. The Department has demanded (March 2009) 100 alco-sensors, 100 doppler radars, 200 reflective fluorescent traffic Jackets, 200 reflective batons, 10 bullet proof vests and three laser speed guns with camera (Day/Night mode optional) to be distributed to all PSs in the State under MPF scheme during 2009-12. For the present, due to shortage of equipment, the functioning of TTR police is restricted to checking/challaning of vehicles and thus the services of traffic wing personnel were not gainfully utilised.

The Government stated (September 2009) that no purchases have been made during 2004-08 under the scheme due to non-receipt of funds. It was also stated that sufficient number of traffic equipment for equipping all the PSs in the State have been demanded under modernisation scheme during 2009-12.

1.2.9.9 Training

The effectiveness of modernisation plan lies in effective utilisation of modern and sophisticated weapons and equipment provided to the force to increase its striking and communication capacity. The modernisation plan provides for comprehensive training on new weapons/equipment and systems to the personnel deployed at various locations throughout the State.

There are two training institutes viz., (1) Police Training College (PTC) at Daroh (2) Himachal Pradesh Institute of Police Studies, Dharamsala with its campuses at Daroh (Kangra District) and Jungleberi (Hamirpur District). PTC Daroh has training intake capacity of 550 personnel. The training institute at Dharamsala (created in June 2008) had not been made functional as of April 2009 due to non availability of building, equipment and adequate staff.

The number of police personnel imparted training during 2004-09 is indicated in the table below:-

Table: 1.2.9

(In numbers)

Year	Courses	Training within State				Training outside State	
		GOs	NGOs	ORs	Total	Courses	Officers/Officials trained
2004-05	154	26	793	3,103	3,922	82	588
2005-06	183	39	1,198	3,947	5,184	74	336
2006-07	206	30	1,252	3,520	4,802	76	366
2007-08	241	25	1,012	2,589	3,626	77	331
2008-09	251	38	1,103	2,695	3,836	64	280
Total	1,035	158	5,358	15,854	21,370	373	1,901

Source: Figures supplied by the Department

Note: GOs: Gazetted Officers; NGOs: Non-Gazetted Officers; ORs: Other ranks i.e., Constables/Head Constables

Of these, 220 training courses of different modules were organised by the PTC Daroh and were attended by 8,017 trainees. Training on modern weapons such as AK-47 rifle and INSAS series, etc. was imparted during the period but practical training of two inch Mortar could not be imparted due to non-availability of a firing range for the purpose.

The Government admitted (September 2009) the facts.

1.2.9.10 Human Resource Management

Acquisition of superior weapons, communication and other equipment would become meaningful only if the vacancies in various ranks are filled up and adequate training on use of modern gadgets is imparted. But non-filling up of vacancies and inadequate training on weapons acquired by the State police under MPF contributed to a great extent towards non-achievement of its objectives as would be evident from the following:

➤ **Vacancies in State Police**

The High Powered Committee of the MHA stressed (July 2006) the need for filling up vacancies in the ranks on priority basis so that the assistance made available under the MPF scheme could be optimally utilised. It was also suggested that 10 per cent representation of women in the police should be achieved in a time bound manner. The vacancy position in the State (January 2009) is as under:

Table: 1.2.10

(In numbers)

Category of personnel	Sanctioned strength	Men-in-position	Shortfall (percentage)
Inspector	258	232	26 (10)
Sub-Inspector	647	537	110 (17)
Assistant Sub-Inspector	1,095	992	103 (9)
Head Constable	2,699	2,206	493 (18)
Constable	11,755@	8,870	2,885 (25)
Total	16,454	12,837	3,617 (22)

Source: Departmental records

@ Includes 530 posts held in abeyance by State Government since May 2007

It would be seen from the table 1.2.10 that as of March 2009, there were 3,617 vacancies in various ranks which constituted 22 *per cent* of the sanctioned strength. Further, representation of women in the force was only four *per cent* as there were only 100 sanctioned posts of women personnel in the police force. Reasons for non-creation of posts distinctly for these personnel were not on record.

Thus, the State Government did not take effective steps to fill up the vacancies and to reduce the gender gap as suggested by the MHA.

1.2.10 Incidence of Crime

Crime statistics are prepared by the Department each year. The incidence and the rate of crime is segregated into three categories viz., Indian Penal Code (IPC), Special and Local Laws (SLL) and Police Act.

The year-wise position of registration of crimes in the State during 2004-09 is given as under:

Table: 1.2.11

(Cases in numbers)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09
Crimes under IPC ²⁴	12,077	12,593	13,441	13,997	14,099
Special and local laws ²⁵	4,744	4,471	4,901	3,957	3,874
Police Act ²⁶	1,038	1,125	898	1,136	1,689
Total	17,859	18,189	19,240	19,090	19,662

Source: Information supplied by the Department

As can be seen from the above table the overall incidence of crime in the State increased from 17,859 cases in 2004-05 to 19,662 cases (10 *per cent*) in 2008-09. This is especially so in crimes under IPC, which are more serious.

The Department stated (April 2009) that the accused were equipped with arms and ammunition and have their own vehicle to flee the spot of crime easily, whereas, such facility to nab the culprits was not available with the Police. This is a shocking admission by the Department of poor mobility and striking capability at the cutting edge level which is exactly what the scheme of Modernisation of Police Force was meant to achieve. Observations made earlier regarding retention of vehicles meant for PSs at the State/District Police Headquarters and holding of insufficient weapons point towards poor implementation of the scheme.

²⁴ Murder, Dacoity, Theft, Kidnapping, Attempt to Murder, Robbery, Rape, Dowry Death, Molestation, Accident and Culpable Homicide, etc.

²⁵ ND&PS Act, SC/ST Act, PCR Act, Excise Act, Forest Act and Other Laws.

²⁶ Offence under Section 64: To comply with the reasonable and lawful direction given to a Police Officer in discharge of his duties under the Act; 109 and 110: Regulation of public assemblies and procession and violation of prescribed conditions; 111: To keep order on public road, streets thorough fare, ghats, landing places etc.; 112: Regulation of entries in public reserve places and 113: Regulation of the use of music and other sound systems in and near public places, etc.

To facilitate interaction between the public and the police, the HP Police web portal provides the facility of online registration of complaints in 88 out of 112 PSs. Besides, it includes useful information like guidelines and tips for general public, tourists including foreigners, and crime trends, information under RTI Act, list of most wanted and missing persons and the details of various community policing schemes.

1.2.11 Monitoring and Evaluation

A State level Empowered Committee (SLEC) headed by the Chief Secretary was constituted by the State Government in March 2001 to monitor the implementation of the modernisation programme as per the instructions of the MHA (February 2001). There was, however, no recorded evidence of obtaining reports/returns, etc., required for effective monitoring on a regular basis from the subordinate formations and implementing agencies. The Department admitted that monitoring of the scheme had not been done by the SLEC as during 2004-09 no meeting of SLEC was held even though it was required to meet once every three months. No evaluation of the scheme had been carried out by the Department to ascertain the impact of increased mobility and striking capabilities of the State police force.

The Principal Secretary assured (October 2009) in the exit conference that henceforth, the implementation of the programme will be monitored and evaluated periodically.

1.2.12 Conclusion

The objectives of the scheme to modernise the State police force to meet the emerging challenges remained largely unachieved. Even after 40 years of implementation of the scheme, provision of basic infrastructure like housing and provision of basic amenities at the Police Stations /Police Outposts was far from satisfactory. Implementation of the scheme was not in conformity with the areas of priority identified by the MHA. Sophisticated weapons procured were not supplied to the field units and they continued to depend on outdated weaponry. Forensic Science Laboratories were underutilised due to non-availability of technical staff. The benefits envisaged from POLNET and CIPA could not be derived, as these were either not operationalised or where operational, are not functioning at their optimum level. Monitoring mechanism was ineffective both at the Department and the Government level.

1.2.13 Recommendations

The State Government should prepare a road map for modernisation of its police force, taking into account the existing gaps *vis-à-vis* requirement, as per norms.

- *Five year perspective plan should be formulated and got approved from GOI in a timely manner and Annual Action Plans should flow out of the Perspective Plan.*
- *Financial management should be streamlined to ensure timely release of funds and their optimum utilisation in the same year for the intended purpose.*

- *Quantifiable targets and specific timelines should be fixed to fill the gaps in weaponry, mobility and communication.*
- *The pace of construction should be accelerated to ensure completion of the buildings in a time bound manner. Availability of sites should be ensured before release of funds to the executing agencies.*
- *Civil works, especially housing for the police personnel should be taken up on priority to ensure optimum satisfaction level.*
- *Implementation of CIPA to the desired level should be ensured at once to access instantaneous information electronically at all levels including the police stations.*
- *The Department needs to take effective steps to minimise delays in analysing samples at the State Forensic Science Laboratory to ensure timely prosecution of criminals in the courts.*
- *There is an urgent need to put in place a stringent monitoring mechanism both at the Department and the SLEC levels.*

Irrigation and Public Health Department

1.3 Implementation of Irrigation Projects

Accelerated Irrigation Benefits Programme (AIBP) was launched (1996-97) with the objective of accelerating the completion of ongoing major/medium irrigation projects on which substantial investment had been made and were beyond the resource capability of the State Governments. Subsequently, Minor Irrigation Projects were included for implementation under AIBP in 1999-2000. Of the two medium irrigation projects and 121 minor irrigation schemes reviewed in audit none of the medium irrigation project was completed whereas 37 minor schemes were completed. The execution of irrigation schemes under NABARD's loan assistance was also not satisfactory as out of 26 schemes only 13 schemes were completed within the stipulated period and remaining 13 schemes were still in progress.

Significant points noticed are as under:

- *The Department had not prepared any long term master plan for systematic harnessing of estimated irrigation potential.*
(Paragraph 1.3.7)
- *The Department failed to prepare a time bound strategy to achieve the target of creation of additional irrigation potential of 77,880 hectares under Bharat Nirman.*
(Paragraph 1.3.7.1)
- *Irrigation potential created under various schemes was not utilised optimally and shortfall in utilisation during 2004-09 ranged between 56 and 100 per cent.*
(Paragraph 1.3.11.4)

1.3.1 Introduction

To increase the crop production, the importance of irrigation is well established. A large number of irrigation projects had spilled over from Plan to Plan due to financial constraints of the State Governments. In order to ensure that the amount invested in these projects was not futile, the Government of India (GOI) launched Accelerated Irrigation Benefits Programme (AIBP) in 1996-97 with the objective of accelerating the completion of ongoing selected major¹ and medium² irrigation projects which were in an advanced stage of completion to yield bulk benefits by assisting the State Governments through Central Loan Assistance (CLA). Subsequently, in 1999-2000 minor irrigation projects with less than 2000 hectares of culturable command area (CCA) were also included within the ambit of AIBP. The State has been receiving funding under AIBP with effect from 1997-98.

Besides, the GOI is also extending loan assistance to the State Government through National Agriculture Bank for Rural Development (NABARD) for completion of ongoing schemes as well as new projects in

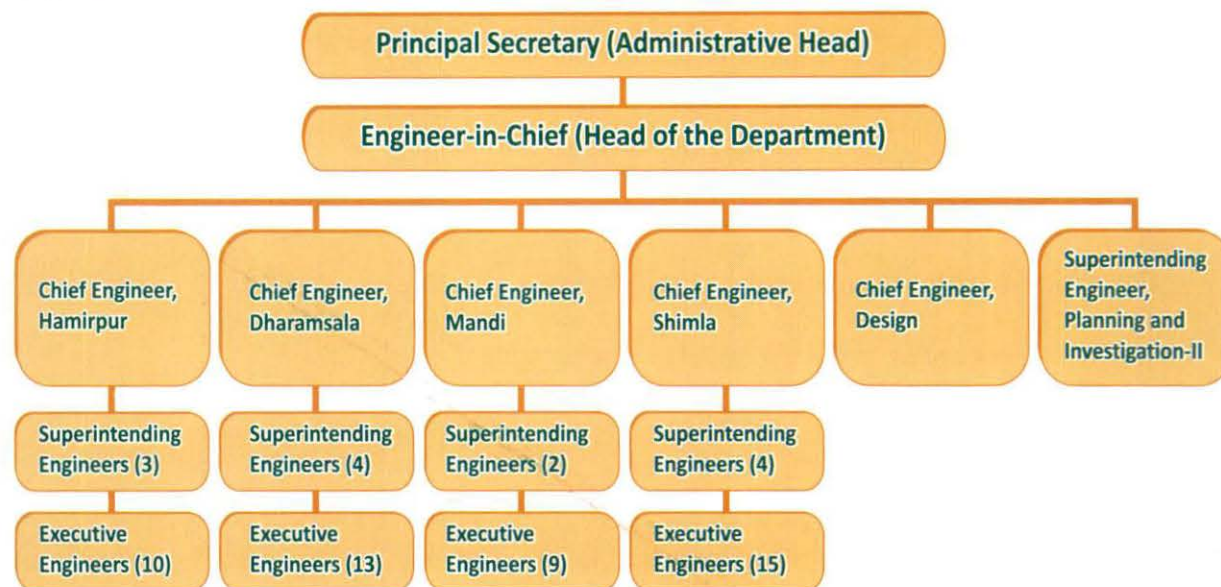
¹ Irrigation Projects with CCA of more than 10,000 hectares.

² Irrigation Projects with CCA of more than 2,000 hectares but less than 10,000 hectares.

the infrastructure sector from 1995-96. The State Government has been availing of the NABARD's loan assistance for construction of minor irrigation schemes since the date of introduction of the scheme.

1.3.2 Organisational Set up

The Irrigation and Public Health (I&PH) Department is responsible for construction and maintenance of irrigation schemes. The organisational set up of the Department is as under:



1.3.3 Scope of Audit

The performance audit covered implementation of both³ the medium irrigation projects and 205 (AIBP: 121 schemes and NABARD: 84 schemes) out of 451 (AIBP: 218 and NABARD: 233) minor irrigation schemes taken up during 2004-09. Records relating to the selection and execution of schemes during 2004-09 in 14⁴ out of 47 divisions were test-checked between June-September 2008 and March-May 2009. This was supplemented by the information received from the Superintending Engineer, Planning and Investigation-II Shimla and office of the Engineer-in-Chief (E-in-C). The sample check in terms of the divisions was, thus, 30 per cent covering 45 per cent of the irrigation projects/ schemes and 40 per cent of the total expenditure (Rs.522.84 crore) incurred during 2004-09.

1.3.4 Audit Objectives

The audit objectives were to assess whether:

- *the programme had achieved the objective of accelerating the completion of ongoing irrigation projects and creating adequate and targeted irrigation potential;*
- *adequate funds were released in time and have been utilised properly;*

³ Changer Area Medium Lift Irrigation Project, Bassi (Bilaspur district) and Sidhata Medium Irrigation Project, Jawali (Kangra district).

⁴ Anni, Baggi, Bassi, Bilaspur, Hamirpur, Jawali, Jubbal, Kullu-I, Padhar, Paonta Sahib, Sarkaghat, Solan, Thural and Una-I.

- *individual projects were executed in an economic, efficient and effective manner; and*
- *mechanism for monitoring and evaluation was adequate and effective.*

1.3.5 Audit Criteria

The audit findings were benchmarked against the following criteria:

- *AIBP guidelines.*
- *Detailed project reports of selected projects.*
- *Other circulars/instructions issued by the GOI, Ministry of Water Resources, Central Water Commission and State Government.*
- *Financial and Accounting rules and procedures and*
- *Monitoring mechanism instituted by the State Government.*

1.3.6 Audit Methodology

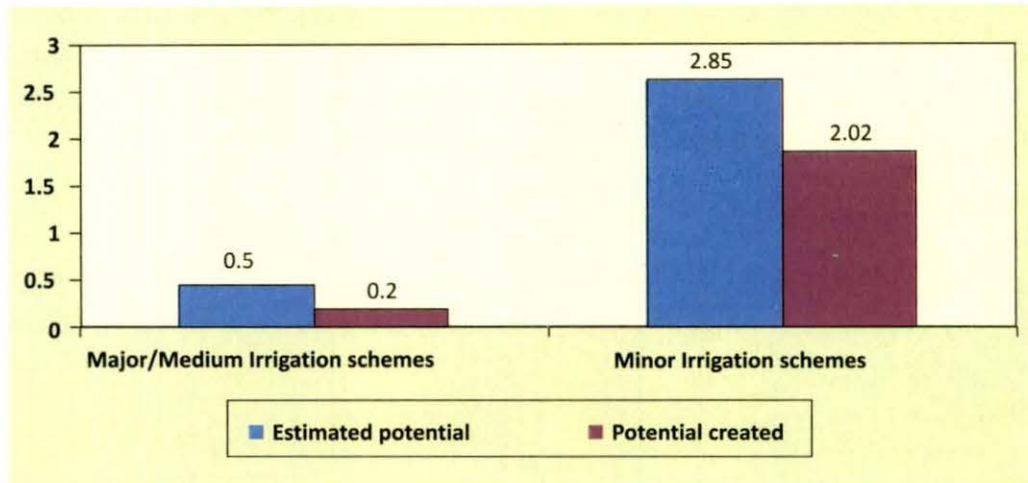
Before commencing the audit, the scope of audit, objectives and criteria were discussed (June 2008) with the Principal Secretary, Special Secretary and E-in-C in an entry conference. The selection of projects/ schemes, for audit examination was based on Simple Random Sampling Without Replacement (SRSWOR) method. Audit conclusions were drawn after scrutiny of records, analysis of available data by issuing audit memoranda/questionnaires and obtaining the response of departmental functionaries at various levels. Audit findings were discussed (October 2009) with the Principal Secretary of the Department in the exit conference and the views of the Department have been incorporated in the report at appropriate places.

Audit Findings

1.3.7 Planning

Out of the total geographical area of 55.67 lakh hectares of the State, only 5.83 lakh hectares is culturable/ sown area as per the Departmental records. The Department had not prepared any long term master plan for systematic harnessing of estimated irrigation potential and planning for irrigation is being done on demand of public either on individual project basis or in basin as a whole after ascertaining the availability of water sources. The position of total estimated potential in the State under Major/ Medium and Minor Irrigation projects vis-à-vis potential actually created as of March 2009 is shown in chart 1.3.1.

Chart-1.3.1
Total Estimated potential and potential created under
Major/Medium and Minor Irrigation schemes (In lakh hectares)



Source : Department figures

1.3.7.1 Creation of Additional Irrigation Potential under Bharat Nirman

Under the irrigation component of Bharat Nirman, the target of creation of additional irrigation potential of 77,880 hectares in four years (2005-06 to 2008-09) was to be met largely through expeditious completion of identified major, medium and minor irrigation projects in the State. As per records of the Department, irrigation potential created in four years was only 17,053 hectares resulting in shortfall of 60,827 hectares (78 per cent). This showed that the Department had not prepared any time bound strategy to achieve the goal of Bharat Nirman. The Special Secretary admitted (October 2009) that no long term master plan/time bound strategy to achieve the goal was made by the Department.

1.3.7.2 Preparation of DPRs

AIBP guidelines envisage that irrigation scheme should be prepared after a survey of water requirement and an assessment of hydrological, meteorological, environmental and ecological aspects of the project. A Detailed Project Report (DPR) is to be prepared for every scheme, identifying the source of water, seasonal discharge of water after factoring in the conjunctive use of surface water, need for environment and forest clearance, etc. Thereafter these were to be sent to the Ministry of Water Resources (MOWR) for getting investment clearance from the Planning Commission and approval for the projects from the GOI. It was noticed that in respect of 120 out of 121 selected schemes of AIBP, DPRs were not prepared for minor irrigation schemes sponsored to the GOI during 2004-09 for approval. Instead information like location, construction of head works and estimated cost of the schemes in the prescribed proforma was submitted. The GOI also sanctioned the schemes from time to time without obtaining the requisite DPRs. In exit conference the Special Secretary stated (October 2009) that the point is noted for implementation in future.

In the case of schemes funded by NABARD, DPRs were prepared by the State Government.

1.3.8 Financial Management

1.3.8.1 Funding Pattern

Under AIBP, 90 per cent of the project/scheme cost is provided as grant by the GOI and the remaining 10 per cent is contributed by the State Government from market borrowings. Irrigation projects financed by the NABARD are executed after drawal of loan by the State Finance Department. Funds in both the cases are provided to the Department through the normal budgetary process.

1.3.8.2 Financial outlay and expenditure

The position of allocation of funds for implementation of major, medium and minor irrigation schemes under AIBP, loan assistance of NABARD and expenditure incurred thereagainst during 2004-09 in the State was as under:-

Table: 1.3.1
Funding under AIBP

(Rupees in crore)

Year	Budget allotment	Central assistance admissible	State Share	Central assistance actually released	Expenditure incurred	Variation (+) Excess/ (-) Savings
2004-05	23.95	19.98	3.97	3.12	25.35	(+) 1.40
2005-06	41.29	37.16	4.13	30.08	41.59	(+) 0.30
2006-07	69.53	62.58	6.95	41.55	54.28	(-) 15.25
2007-08	112.51	101.26	11.25	76.43	110.90	(-) 1.61
2008-09	111.17	100.05	11.12	119.32	109.61	(-) 1.56
Total	358.45	321.03	37.42	270.50	341.73	

Source: Departmental figures

From the above details it would be seen that against admissible Central assistance of Rs 321.03 crore, grant/assistance released during 2004-09 by GOI was only Rs 270.50 crore. While there was no major excess or saving except for the year 2006-07 over the budget provided for construction of schemes under AIBP, there was overall savings of Rs 16.72 crore during 2004-09.

Reasons for short receipt of grant from GOI though called for (September 2009) were not furnished by the E-in-C.

Table: 1.3.2
Funding by NABARD

(Rupees in crore)

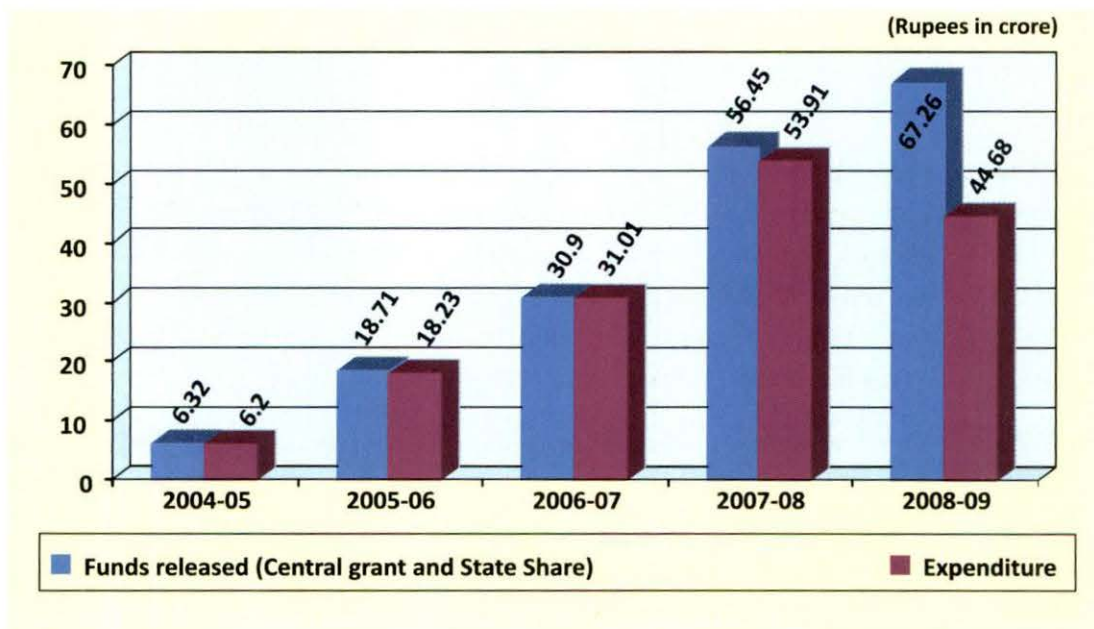
Year	Budget Allotment	Expenditure incurred	Variation (+) Excess / (-) Savings
2004-05	21.37	22.59	(+) 1.22
2005-06	28.40	29.67	(+) 1.27
2006-07	37.43	36.99	(-) 0.44
2007-08	42.99	43.46	(+) 0.47
2008-09	45.38	48.40	(+) 3.02
Total	175.57	181.11	

Source: Departmental figures

As can be seen from the table above, the departmental expenditure exceeded the budget allocation every year except for the year 2006-07. The excess expenditure which was met from State budget has not yet been regularised.

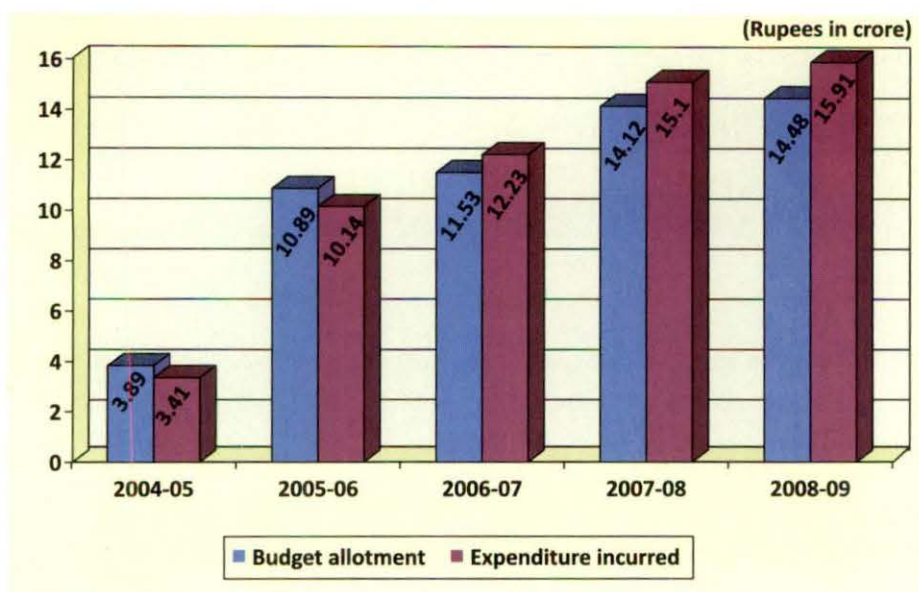
In the test-checked divisions, the position of funds released under AIBP and NABARD's loan assistance and expenditure incurred during 2004-09 is given below:

Chart-1.3.2
AIBP



While there were no major excess or saving in the budget provided for construction of schemes during 2004-08, saving of Rs 22.58 crore occurred in 2008-09 was mainly due to non-commencement of works on account of delay in according technical sanction and non-finalisation of tenders.

Chart-1.3.3
NABARD's Loan Assistance



1.3.8.3 Drawal of funds and booking of expenditure without actual expenditure

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

Scrutiny of records of Sidhata Medium Irrigation Project division, Jawali revealed that funds aggregating Rs 2.45 crore were drawn during 2004-07 (2004-05: Rs 0.04 crore; 2005-06: Rs 0.64 crore and 2006-07: Rs 1.77 crore) towards payment of land compensation in anticipation of announcement of land acquisition awards by the Land Acquisition Officer (LAO), Fatehpur, (Kangra district). The amount after drawal was shown as final expenditure under the project without ensuring disbursement of compensation to land owners by LAO concerned as of May 2009.

Similarly in Kullu-I division, an amount of Rs 2.07 crore was drawn under AIBP at the end of March 2007 and debited to seven minor irrigation schemes without actual execution of work to avoid the lapse of budget grant. The entire amount was retained under transitory head "Public Works Deposits" for utilisation in the subsequent financial year. Of this, Rs 1.41 crore had been spent on the above works and the balance amount of Rs 0.66 crore was lying unutilised as of May 2009.

In Una-I division, Rs 1.52 crore drawn in March 2008 was remitted to Tubewell division, Gagret (Una district) for undertaking construction of 19 Tubewells under AIBP. It was noticed that in July 2008, an amount of Rs 0.54 crore was taken back and kept under the deposit head and the balance amount of Rs 0.98 crore remained unutilised with the Tubewell division as of March 2009. This action of the divisions resulted in incorrect depiction of expenditure in the accounts for the relevant year. Besides, money was kept unauthorisedly outside the normal budgetary process in contravention of financial rules.

Material such as galvanised iron pipes, Mild Steel Electricity Resistance Welded (MSERW) pipes, steel and interlink chains costing Rs 1.35 crore was booked between March 2004 and March 2008 by three⁵ divisions against 20 minor irrigation schemes. The cost of material was written back to stock in the succeeding financial years as the material was not required for consumption on these works. Thus, cost of material was debited to these schemes falsely merely to show utilisation of the available funds in contravention of rules. The Special Secretary admitted (October 2009) the facts.

1.3.8.4 Diversion of funds

- In three⁶ divisions grant of Rs 30.63 lakh released by the GOI for execution of five schemes under AIBP was utilised between March 2006 and March 2008 on seven irrigation schemes being executed out of State funds.
- In Una-I division, funds amounting to Rs 33.73 lakh provided under NABARD's allocation for execution of 12 minor irrigation schemes were utilised between March 2006 and March 2008 for construction/repair and maintenance of water supply schemes.

While admitting (March-April 2009) the facts the EEs stated that funds were diverted due to non-availability of funds (two cases) and erroneously/inadvertently (two cases) due to rush of work in the month of March in the respective years. The Special Secretary admitted (October 2009) the facts.

Programme Implementation

1.3.9 Physical Performance

1.3.9.1 Status of Projects

The status of Major, Medium and Minor Irrigation projects sanctioned/taken up for execution under AIBP during 2004-09 in the State is given in table 1.3.3.

⁵ Sarkaghat, Thural and Una-I.

⁶ Padhar: (Rs 6.41 lakh), Sidhata Medium Irrigation Project, Jawali: (Rs 21.18 lakh) and Solan: (Rs 3.04 lakh).

Table: 1.3.3

Project	Year of sanction	No. of Projects	Projected Irrigation Potential (In hectares)	Irrigation Potential created as of March 2009 (In hectares)	Irrigation potential utilised as of March 2009	Remarks
Major	Prior to 2004-05	1	15,287	7,755	1175	Shah Nehar Project is in Kangra district and the work is in progress. Stipulated date of completion is March 2012.
Medium	Prior to 2004-05	2	5,500	1,989	250	One Medium Irrigation Project at Sidhata in Kangra district was stipulated to be completed in March 2009 but is still in progress. Changer Area Medium Irrigation Project in Bilaspur district is in progress and the stipulated date of completion is March 2010.
Minor	2004-09	218	29,855	11,235	3,035	
	Total	221	50,642	20,979	4,460	

Source: Departmental figures

Note: During 2004-05, 2006-07 and 2008-09 no projects/schemes were sanctioned in the State

During the above period under NABARD's loan assistance, 233 minor irrigation schemes were sanctioned in the State but status of schemes actually completed and irrigation potential created was not available with the E-in-C.

As per the guidelines of AIBP, medium irrigation projects were to be completed within a period of four financial years and minor irrigation projects within two financial years from the year of sanction respectively.

In the 14 sampled divisions, the position of two medium irrigation projects and 205 minor irrigation schemes selected for test-check is given below:

Table: 1.3.4 (AIBP)

(In numbers)

Year	Projects/schemes sanctioned		Projects/schemes completed		Projects/schemes in progress as of May 2009		Project/schemes not started	
	Medium	Minor	Medium	Minor	Medium	Minor	Medium	Minor
Upto 2003-04	2	7	--	5	2	2	--	--
2004-05	--	--	--	--	--	--	--	--
2005-06	--	46	--	29	--	13	--	4
2006-07	--	--	--	--	--	--	--	--
2007-08	--	68	--	3	--	35	--	30
2008-09	--	--	--	--	--	--	--	--
Total	2	121		37	2	50	--	34

Source: Departmental figures

Table: 1.3.5 (NABARD)

(In numbers)

Year	Schemes sanctioned	Schemes completed	Schemes in progress as of May 2009	Schemes not started
Upto 2003-04	15	8	7	--
2004-05	11	5	6	--
2005-06	27	6	21	--
2006-07	5	--	5	--
2007-08	18	--	18	--
2008-09	8	--	5	3
Total	84	19	62	3

Source: Departmental figures

From the above details it would be seen that under AIBP, out of nine projects, four projects (two each medium and minor irrigation) taken up for execution prior to 2004-05 were still lying incomplete though as per guidelines of AIBP these should have been completed within a period of four/two financial years respectively.

In respect of minor irrigation schemes taken up for execution during 2004-09, audit scrutiny revealed the following:

- Under AIBP seven spilled over schemes and 46 schemes sanctioned during 2005-06 were required to be completed within a period of two financial years. As such completion of these schemes should have been ensured by the end of March 2008. It was noticed that out of 53 schemes, only 34 were completed as of May 2009. Delay in completion of schemes was mainly due to slow pace of execution of works by the contractor for which the Department had not taken appropriate action under the relevant clauses of the contract agreement.
- The execution of 50 schemes was in progress and work on 34 schemes had not started as of May 2009. Audit further observed that seven out of 34 schemes not taken up for execution, were subsequently found infeasible due to unsuitable sites (two schemes), inadequate discharge of water from source (four schemes) and submerging of command area in a hydel project being executed in that area (one scheme).
- Under NABARD, schemes were required to be completed within three to four years. As such, 53 schemes (including 15 spilled over schemes) taken up for execution upto the year 2005-06 should have been completed by the end of March 2008. However, the Department had completed only 19 (36 per cent) schemes as of May 2009.

Thus, the systematic implementation and timely completion of AIBP and NABARD assisted projects/schemes was not ensured for accrual of intended benefits to the people of the respective command areas.

1.3.10 AIBP Projects

In respect of the two Medium Irrigation Projects viz., Sidhata (Kangra district) and Changer Area (Bilaspur district), the DPRs were available with the executing divisions. Various components of the projects were technically sanctioned in piecemeal to avoid sanction by the competent authority. Project wise execution of various components is discussed below:

1.3.10.1 Sidhata Medium Irrigation Project

This project is situated at Jawali in Kangra district. The project was approved (February 2000) by the GOI for Rs 33.62 crore (subsequently revised to Rs 66.35 crore in July 2007) to create irrigation facilities in CCA of 3,150 hectares. The construction of the project was taken up in 1998-99 in anticipation of GOI's approval and was stipulated to be completed (as per revised sanction) by March 2009. The main components of the project comprised execution of head works, main canal system and branch canals.

The scope of work vis-à-vis progress achieved in respect of the main components is as follows:

(i) **Head Works:** Diversion weir was completed in March 2007.

(ii) **Water Conductor System (Main Canal):** Total length of the main canal is 13.77 kilometres (kms). This component of the project included construction of 2.04 kms long (km 0/0 to 2.04) cement concrete lined open channel, 9.43 kms long RCC boxes, 1.77 kms tunnel and 0.54 kms long 10 aqueducts at various locations on the main canal.

Scrutiny of records revealed that construction of open channel at the initial stretch of the main canal was completed in August 2008. Against 9.43 kms long RCC boxes, the construction in a length of 7.58 kms was completed leaving construction of 1.85 kms boxes incomplete as of April 2009. Scrutiny of records further revealed that construction of RCC boxes in a length of 535 metres could not be taken up due to involvement of Railway land whereas work of RCC boxes in a length of 1.31 kms was still incomplete due to slow pace of execution by the contractor.

Photograph: 1.3.1



Portion of RCC Box where the work has not been done

Audit also observed that the matter for transfer of land was taken up with the Railway Department in November 2004 i.e., after a lapse of more than four years since the date of approval of the Project by the GOI. This issue is yet to be resolved and the Department did not pursue it at Government level.

(iii) Aquaducts: Out of 10 aquaducts (length 538 metres) work of only four aquaducts (length 200 metres) had been completed whereas in respect of six aquaducts, the work could not be completed due to slow pace of execution of work (two cases) by the contractor, non-taking up of execution of work (three cases) by the contractor and involvement of Railway land (one case).

Photograph: 1.3.2



Aquaduct at kms 6.867 to 6.909 kms lying incomplete due to slow pace of work by the contractor

The Department had not taken any action against the contractor to levy compensation of Rs 4.93 lakh under clause-2 of the contract agreements.

(iv) Tunnel work: Construction of 1.772 kms long tunnel was awarded to a Hyderabad based firm⁷ in October 2006 for Rs 4.71 crore and was stipulated to be completed in 18 months (i.e. by April 2008).

The contractor failed to complete the work within the stipulated period and had executed excavation of tunnel in a portion of 700 metres (including shotcreting) valuing Rs 1.78 crore upto March 2009. Records further revealed that slow pace of execution of work was mainly due to lack of adequate expertise and skill and non-availability of the required machinery and equipment with the firm. For slow pace/delay in completion of work the Department levied a compensation of Rs 2.35 lakh in October 2007 against the required amount of Rs 47.10 lakh (10 per cent of the tendered cost of Rs 4.71 crore). Thus, compensation of Rs 44.75 lakh was short levied and on this being pointed out (July 2008) in audit, the Department levied further compensation of Rs 20.11 lakh in March 2009. Out of levied amount of Rs 22.46 lakh only Rs 13.49 lakh was recovered as of April 2009.

⁷ M/s Him Shakthi Power Ltd.

Photograph: 1.3.3



Tunnel work (inner side) in progress in Medium Irrigation Project, Sidhata

(v) Lift Irrigation Schemes: Out of CCA of 3150 hectares, to be covered under the Project 715 hectares was to be brought under irrigation by lifting water at six locations⁸ of the main canal and the remaining 2,435 hectares to be covered through gravity by laying of distribution system.

The work of lift irrigation schemes, stipulated to be completed within a period of two years, was taken up between May 1999 and December 2007. It was noticed in audit that as of March 2009, only two schemes⁹ were completed in March 2001 and March 2007 respectively at a cost of Rs 2.01 crore and the remaining four schemes were still in progress.

From the two completed schemes irrigation potential of 185 hectares created was also not utilised optimally as during eight crops in respect of one scheme (Kuther) the percentage of shortfall in utilisation of potential ranged between 65 and 96 *per cent*. In respect of the second scheme (Kaldoon), no irrigation was provided during 2007-08. Thus, the Department did not ensure full utilisation of created potential rendering the expenditure of Rs 2.01 crore unfruitful.

The EE intimated (April 2009) that the irrigation potential could not be utilised due to less demand of water from the farmers. The reply does not explain why demand for irrigation was not assessed properly before construction of these schemes at the initial stretch of the main canal.

Guidelines of AIBP stipulate that the project which is in an advanced stage of completion and could be completed in two financial years (subsequently revised to four years in December 2006) would be eligible for funding through AIBP. This project was initially stipulated to be completed in March 2004 but later on the GOI extended (June 2007) its due date of completion upto March 2009. Despite this the project had not been completed as of May 2009 and the main objectives of the programme to accelerate the completion of project and to realise the bulk benefits from completed project remained

⁸ Bagroor (RD 7.670 kms), Basantpur (RD 9.650 kms), Behmaskar (RD 7.690 kms), Harian (RD 6.300 kms), Kaldoon (RD 2.700 kms) and Kuther (RD 0/0 km).

⁹ Kaldoon (At kms 2.700 of main canal with potential of 40 hectares) and Kuther (at km 0/0 of the main canal with potential of 145 hectares).

unachieved. The Special Secretary stated (October 2009) that delay in completion of work was due to non-receipt of permission from Railways, dispute at site created by the villagers, etc., which resulted in a cost/time overrun. This indicates that the project was taken up under AIBP without ensuring the fulfillment of selection criteria and has resulted in non-provision of timely irrigation facilities to the people of the area despite incurring an expenditure of Rs 60.29 crore.

1.3.10.2 Changer Area Medium Irrigation Project

Changer Area Medium Lift Irrigation Project (Bilaspur district) with a CCA of 2,350 hectares was administratively approved (June 1999) by the State Government for Rs 28.37 crore and taken up for execution in the same month. Subsequently, in September 2000 this project was included for funding under AIBP.

Prior to inclusion of this project under AIBP, expenditure incurred by the Department was Rs 59.50 lakh, whereas no physical progress in terms of creation of irrigation potential was achieved. Scrutiny of records of Bassi division revealed as under:

- The work of construction of Pump House and Sump well for lifting water to six command areas¹⁰ of the project was completed between May 2003 and September 2006 at a cost of Rs 69.29 lakh (Pump House: Rs 52.33 lakh and Sump well: Rs 16.96 lakh).
- The construction of rising mains to six command areas was taken up between March 2005 and November 2007 and was stipulated to be completed within a period ranging from nine months to one year. It was noticed in audit that the work of only one rising main for one command area (Zone 1A) was completed for irrigation of CCA of 176 hectares area. In respect of two command areas (Zone 1B and Zone 1C) the work remained suspended upto January 2009 due to involvement of forest land in the alignment of rising mains.

Photograph: 1.3.4



The area where work remained suspended due to involvement of forest land

¹⁰ Zone 1A: 176 ha; Zone 1B: 295 ha; Zone 1C: 846 ha; Zone 1D : 320 ha; Zone 2A : 325 ha and Zone 2B : 388 ha.

Action to get the land transferred under the provision of Forest Conservation Act, 1980 was initiated in October 2008, after a lapse of eight years since the date of approval of the project by GOI. The requisite approval was yet to be received and further execution of rising main had been taken from February 2009 on verbal permission from the Forest Department as intimated (August 2009) by the Department.

- In case of two rising mains (Zones 1D and 2A) the work including distribution system was completed between April 2008 and February 2009 at a cost of Rs 10.31 crore but irrigation facilities in a command area of 645 hectares (Zone 1D: 320 ha, Zone 2A: 325 ha) could not be provided as of May 2009 due to non-supply of power by the Himachal Pradesh State Electricity Board (HPSEB). The Department should have synchronised the work of supply of power to energise the pumping machinery of these rising mains for providing timely irrigation facilities to the beneficiaries concerned.

Photograph: 1.3.5



Pumping machinery of zone 1D awaiting supply of power

- Rising main in respect of one command area (Zone 2B) was completed in April 2009 but only 50 per cent distribution system was laid upto May 2009. Besides, energisation of pumping machinery was also to be done. In this command area the work was started in November 2007 and was still in progress.

As per guidelines and MOU entered into with the GOI, the project was required to be completed within a period of four financial years. As such the project should have been completed by March 2005.

The GOI has, however, extended the date of completion upto March 2010 and approved revised cost for Rs 88.09 crore in April 2008. Thus escalation in the cost of the project as compared to the original estimated cost (Rs 28.37 crore) was to the extent of Rs 59.72 crore (200 per cent). The project could not progress due to involvement of forest land in two command areas, slow pace of execution of work by the contractors and non-pursuance of matter regarding supply of power to the rising mains as brought out in the preceding paragraphs. The Special Secretary admitted (October 2009) the facts.

1.3.11 Minor Irrigation Schemes (AIBP and NABARD)

Out of 451 (AIBP: 218 and NABARD: 233) minor irrigation schemes taken up for execution during 2004-09, 205 (AIBP: 121 and NABARD: 84) schemes including 22 spilled over schemes (AIBP:7 and NABARD: 15) were being executed in 12 test-checked divisions. Of these, 56 (AIBP: 37 and NABARD: 19) were only completed as of May 2009.

1.3.11.1 Incomplete schemes reported as complete

Five minor irrigation schemes with a CCA of 161.04 hectares were approved under AIBP by the GOI between 1999-2000 and 2005-06 for Rs 75.04 lakh. Scrutiny of records revealed that against the projected CCA to be brought under irrigation, irrigation potential created was only 95.29 hectares (59 per cent) and these schemes were incorrectly reported as completed. The scheme-wise details are given below:

Table: 1.3.6

Name of MI Scheme / (Division)	Year of approval by GOI	Sanctioned cost (Rs in lakh)	CCA to be created (In Hectares)	Month/year of reporting completion	CCA actually created (In Hectares)	Expenditure incurred (Rs in lakh)
FIS Dharkuhl (Baggi)	July 2000	31.89	76.11	March 2007	55.05	31.82
FIS Kuthera (Padhar)	October 2005	8.69	14.41	October 2007	10.50	33.76
FIS Main Bhorala (Padhar)	October 2005	21.00	30.00	January 2008	19.29	51.06
FIS Kardwan (Sarkaghat)	1999-2000	6.73	23.38	February 2007	5.05	6.01
FIS Tikkri Nadgi (Sarkaghat)	October 2005	6.73	17.14	December 2006	5.40	9.47
	Total	75.04	161.04		95.29	132.12

Source: Departmental figures

As ascertained in audit, short creation of irrigation potential by 65.75 hectares was mainly due to non-execution of distribution system in the command areas as of April 2009 as per the sanctioned scope of work. Besides, against the sanctioned cost of Rs 75.04 lakh the expenditure exceeded by Rs 57.08 lakh and was not got regularised as of March 2009. The Special Secretary while admitting (October 2009) the facts stated that incorrect reporting of completion of schemes was made for sending the utilisation certificate to the Government of India to enable it to release the remaining amount of grants.

1.3.11.2 Expenditure on Revival of Non-functional Schemes

Works for improvement of two non-functional lift irrigation schemes namely Jharet and Sandhol falling under the jurisdiction of Thural and Sarkaghat divisions were got approved in September 1999 and October 2005 respectively for Rs 66.44 lakh under AIBP from GOI to make them fully functional and utilise the available irrigation potential in a CCA of 174.05 hectares (Jharet: 21.05 hectares; Sandhol: 153 hectares).

Scrutiny of records revealed that improvement of LIS Jharet was completed in May 2005 at a cost of Rs 20.95 lakh. In addition Rs 14.34 lakh were also spent on maintenance of the scheme upto March 2008. However, irrigation to the CCA was not provided after its completion in March 2005 due to non/negligible supply of water from the source lying in the jurisdiction of Palampur division. The kuhl was lying almost dry as of April 2009 as can be seen from the photograph 1.3.6:

Photograph: 1.3.6



Dry Kuhl of LIS Jharet

In respect of LIS Sandhol, improvement such as intake structure, platform for rising main and 325 metres long rising main of MSERW pipe constructed upto March 2005 at a cost of Rs 3.30 lakh were damaged in June 2006 due to rains. Consequently, the improvement work could not progress as the site was declared (June 2007) unsuitable by the Superintending Engineer (Design). The Special Secretary admitted (October 2009) the facts.

This shows that the Department did not conduct adequate survey and investigation before getting the schemes approved under AIBP. Resultantly Rs 38.59 lakh spent on revival of these schemes had been rendered wasteful.

1.3.11.3 Unfruitful Expenditure

In three¹¹ selected divisions, construction of five minor irrigation schemes (CCA: 658.42 hectares) was approved between March 2004 and February 2007 under AIBP (three schemes: 318.42 hectares) and NABARD loan assistance (two schemes: 340 hectares) respectively at an estimated cost of Rs 5.05 crore (AIBP: Rs 1.55 crore and NABARD: Rs 3.50 crore). It was noticed in audit that these schemes could not be completed within the prescribed time limit of two to four years due to dispute over laying of distribution system in the fields of farmers. The construction of these schemes was lying in a suspended state for a period ranging between three to 26 months as of May 2009. An expenditure of Rs 4.58 crore (AIBP: Rs 1.66 crore and NABARD: Rs 2.92 crore) had been incurred on these schemes. No concrete steps were taken by the Department to resolve the disputes upto May 2009 to get the balance work completed. This, has, thus, resulted in non-accrual of benefit of timely irrigation facilities to the people in the respective command areas. While admitting (March-May 2009) the facts the EEs concerned stated that efforts were being made to resolve the disputes. The reply does not explain why such issues could not be settled well in advance to ensure timely completion of schemes. The Special Secretary admitted (October 2009) the facts.

1.3.11.4 Utilisation of Irrigation Potential

In eight¹² selected divisions 41 minor irrigation schemes having an irrigation potential of 2,278.91 hectares (AIBP: 29 schemes of 1362.20 hectares and NABARD: 12 schemes of 916.71 hectares) were completed between 2004-05 and 2008-09 at a cost of Rs 18.05 crore. It was noticed in audit that against the created irrigation potential, per crop area irrigated was quite less as shortfall in utilisation ranged between 56 and 100 *per cent* as detailed below:

Table: 1.3.7

Year	Number of completed schemes	Potential created during the year (in hectares)	Cumulative total of potential created (in hectares)	Potential utilised	
				CCA in hectares	
				Rabi crop	Kharif crop
2004-05	1	8.25	8.25	Nil (100)	Nil (100)
2005-06	6	377.99	386.24	30.47 (92)	3.24 (99)
2006-07	11	588.28	974.52	21.09 (98)	3.62 (99)
2007-08	16	762.03	1736.55	212.90 (88)	155.91 (91)
2008-09	7	542.36	2278.91	284.34* (56)	265.06* (59)

Source: Departmental figures. Figures in parenthesis indicate percentage

* Figures of potential utilised are out of 651 hectares as in respect of remaining CCA of 1627.91 hectares, Khataunis (Revenue records relating to area brought under irrigation) were not prepared

¹¹ Kullu-I, Padhar and Una-I.

¹² Baggi, Bilaspur, Kullu-I, Padhar, Paonta Sahib, Sarkaghat, Solan and Thural.

The shortfall in utilisation of irrigation potential was attributed (October 2009) by the Special Secretary to non-changing of traditional cropping pattern and less demand of water from the farmers.

Thus, taking up the execution of these schemes without ascertaining the demand for water has resulted in underutilization of these schemes. Consequently, the expenditure of Rs 18.05 crore incurred on construction of these schemes had largely remained unfruitful.

1.3.11.5 Works Executed without Technical Sanction

As per rules, no work should be taken up for execution unless detailed estimates are prepared and technically sanctioned. Technical Sanction (TS) is an assurance that the proposal is structurally sound, feasible and that the estimate is calculated accurately based on adequate data. The TS to detailed estimate is required to be accorded to ascertain the feasibility of schemes.

Scrutiny of records of seven divisions revealed that 50 minor irrigation schemes (AIBP: 35 schemes and NABARD: 15 schemes) estimated to cost Rs 43.75 crore (AIBP: Rs 23.13 crore and NABARD: Rs 20.62 crore) were taken up for execution during 2004-09 without preparing detailed estimates for obtaining sanctions. An expenditure of Rs 41.57 crore (AIBP: Rs 23.39 crore and NABARD: Rs 18.18 crore) was incurred irregularly on these schemes as of March 2009. Taking up of works for execution without preparing detailed estimates for obtaining TS had made seven¹³ schemes infeasible due to unsuitable sites (two schemes), less discharge of water from source (four schemes) and submerging of command area in a hydel project being executed in that area (one scheme).

The EEs stated (March-May 2009) that only component-wise working estimates were prepared and got sanctioned. The Special Secretary stated (October 2009) that future compliance would be ensured.

1.3.11.6 Time and Cost Overrun

There were instances of time and cost overrun in respect of 31 minor irrigation schemes (AIBP:19 schemes and NABARD:12 schemes) completed/under execution.

Audit scrutiny revealed that:



- Of the 23 completed schemes, 14 schemes (AIBP:ten and NABARD: four) were completed within the stipulated period but cost overrun in respect of these schemes was Rs 2.16 crore. Nine schemes (AIBP:five and NABARD:four) were completed after a delay ranging between 12 and 43 months and cost overrun in respect of these schemes was Rs 1.36 crore.
- Eight schemes (four each under AIBP and NABARD) were under execution. The delay occurred in completion of these schemes ranged between two and 14 months as of May 2009. Whereas expenditure incurred on these upto March 2009 had also exceeded the estimated cost by Rs 5.98 crore.

¹³ **Anni:** FIS Khagsu; **Paonta Sahib:** FIS Barotiwala Bobri, FIS Bhajon, FIS Charew and FIS Rampur Majri and **Sarkaghat:** LIS Sandhol and LIS for left out area of Sandhol.


The EEs attributed (March-May 2009) the delay to slow pace of work by the contractors, hindrances created by the local people and land disputes. For cost overrun they stated that it occurred due to escalation of cost of material and labour rates. The Special Secretary attributed (October 2009) the time and cost overrun to time taken in according A/A& E/S by the competent authority, delay in starting the execution of schemes, involvement of lengthy codal formalities in inviting tenders and increase in cost of labour and material, etc. The replies do not explain why such issues could not be resolved expeditiously.


1.3.11.7 Physical Verification of Minor Irrigation Schemes


In an attempt to ascertain the operation status of completed schemes, a joint physical verification was carried out (September 2009) by the audit team with the representatives of the Department in 16 out of 205 sampled schemes in Mandi and Kullu districts. Five¹⁴ completed schemes were running successfully and audit findings with regard to the remaining schemes are discussed in the following paragraphs:


Name of the Scheme: FIS Raja Markandey under AIBP (Mandi district)	<i>Specific findings</i>
Estimated Cost: Rs 11.56 lakh	<i>The position of main channel after initial stretch of 50 metres to 1200 metres was causing water logging/heavy seepage due to settling down of the bed of the Kuhl. In addition, cast iron pipes laid in a length of 45 metres beyond 1400 metres were also found choking causing deficient water supply to the beneficiaries. The beneficiaries told that due to defective construction of the scheme they were not getting adequate water for irrigation.</i>
Project length: 1890 metres	
Project CCA: 29.29 hectares	
Expenditure: Rs 70.84 lakh	
Number of beneficiaries: 23	
Year of Construction: 2008-09	
<div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;">Defective construction of FIS Raja Markandey</p>	

¹⁴ **AIBP:** Improvement of FIS Seobag, FIS Chakladi Mansari (Kullu district), FIS Main Bharola (Mandi district); **NABARD:** FIS Bari Kuhl and FIS, Banchi (Kullu district).

<p>Name of the Scheme: FIS Tantaka Dhelu under AIBP (Mandi district)</p>	<p>Specific findings</p>
<p>Estimated Cost: Rs 18.90 lakh</p>	<p><i>The Kuhl was found constructed in a length of 4813 metres only. There was seepage, weed growth and accumulation of debris at many places of the main channel causing hindrance in flow of water resulting in inadequate water supply for irrigation. Besides due to non-construction of main channel in a length of 407 metres, CCA of 24.18 hectares at the tail end remained to be covered. The beneficiaries told that corrective measures need to be taken to ensure proper irrigation to their crops.</i></p>
<p>Project length: 5220 metres</p>	
<p>Project CCA: 76.11 hectares</p>	
<p>Expenditure: Rs 84.60 lakh</p>	
<p>Number of beneficiaries: 34</p>	
<p>Year of Construction: 2007-08</p>	
<div style="text-align: center;">  </div> <p>FIS Tantaka Dhelu covered with wild growth and debris, etc.</p>	

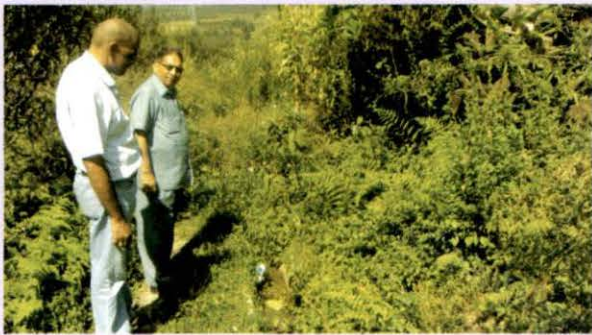
<p>Name of the Scheme: LIS Kotla Ban under AIBP (Mandi district)</p>	<p>Specific findings</p>
<p>Estimated Cost: Rs 26.63 lakh</p>	<p><i>The schemes was found constructed in a length of 540 metres only. In the remaining portion of 480 metres pucca field channel of the scheme was not constructed due to dispute. As a result CCA of 8.50 hectares was not covered. The beneficiaries told that they had no complaint about the scheme but it is necessary to construct remaining portion of the scheme alongwith pucca and kutcha field channels.</i></p>
<p>Project length: 1020 metres</p>	
<p>Project CCA: 27.49 hectares</p>	
<p>Expenditure: Rs 26.31 lakh</p>	
<p>Number of beneficiaries: 53</p>	
<p>Year of Construction: 2008-09</p>	
<div style="text-align: center;">  </div> <p>Distribution line LIS Kotla Ban-pucca field channel not constructed after length of 540 metres</p>	


Name of the Scheme: FIS Kuthera under AIBP (Mandi district)	Specific findings
Estimated Cost: Rs 8.69 lakh	The Kuhl was found constructed in a length of 1000 metres only resulting in non-coverage of CCA of 3.91 hectares. The Kuhl was filled with debris, wild growth causing hindrance in flow of water resulting in inadequate water for irrigation. The beneficiaries reported that despite continuous pursuance with the Department no corrective measures had been taken.
Project length: 1380 metres	
Project CCA: 14.41 hectares	
Expenditure: Rs 33.66 lakh	
Number of beneficiaries: 34	
Year of Construction: 2007-08	
	
FIS Kuthera filled with debris and wild growth	


Name of the Scheme: LIS Maman under AIBP (Mandi district)	Specific findings
Estimated Cost: Rs 20.72 lakh	Audit found that there was problem of low voltage of electricity as a result of which pumping machinery was not lifting adequate water. Besides, distribution system (pucca field channels) was not constructed in a length of 735 metres. The scheme was found partially running.
Project length: 1365 metres	
Project CCA: 19.50 hectares	
Expenditure: Rs 45.58 lakh	
Number of beneficiaries: 66	
Year of Construction: 2006-07	
	
Feeder channel of LIS Maman, indicating inadequate flow of water	


<p>Name of the Scheme: LIS Dalehar under AIBP (Mandi district)</p>	<p>Specific findings <i>The scheme was constructed in 2007-08. Distribution system was laid upto a length of 814 metres only. Due to non-construction of 196 metres distribution channel about 1.5 hectares of CCA at the tail end remained unirrigated.</i></p>
<p>Estimated Cost: Rs 24.07 lakh</p>	
<p>Project length: 1010 metres (Distribution system)</p>	
<p>Project CCA: 29.01 hectares</p>	
<p>Expenditure: Rs 14.07 lakh</p>	
<p>Number of beneficiaries: 71</p>	
<p>Year of Construction: 2007-08</p>	
<div data-bbox="245 648 807 965" data-label="Image"> </div> <div data-bbox="296 980 762 1046" data-label="Caption"> <p>Defective construction of distribution system of LIS Dalehar</p> </div>	

<p>Name of the Scheme: FIS Bhaknoj under AIBP (Kullu district)</p>	<p>Specific findings <i>Width of Kuhl was narrow and protection works at head-works were also inadequate. The presence of debris and weed growth in the Kuhl was causing hindrance in flow of water. The beneficiaries told that despite several requests to the Department, corrective action had not been taken so far.</i></p>
<p>Estimated Cost: Rs 56.30 lakh</p>	
<p>Project length: 3170 metres</p>	
<p>Project CCA: 64.70 hectares</p>	
<p>Expenditure: Rs 64.70 lakh</p>	
<p>Number of beneficiaries: NA</p>	
<p>Year of Construction: 2008-09</p>	
<div data-bbox="245 1482 807 1799" data-label="Image"> </div> <div data-bbox="260 1810 799 1876" data-label="Caption"> <p>FIS Bhaknoj filled with debris, weed growth and having narrow width</p> </div>	

Name of the Scheme: FIS Jana Seri under AIBP (Kullu district)	Specific findings <i>The Kuhl was filled with debris and bushes. Besides, there were slips at many places, causing hindrance in flow of water in the Kuhl. The beneficiaries told that despite several requests to the Department, corrective measures had not been taken so far.</i>
Estimated Cost: Rs 79.33 lakh	
Project length: 3260 metres	
Project CCA: 111.40 hectares	
Expenditure: Rs 84.56 lakh	
Number of beneficiaries: NA	
Year of Construction: 2008-09	
	
Dilapidated condition of FIS Jana Seri	

Name of the Scheme: LIS Ramshilla to Tharman under AIBP (Kullu district)	Specific findings <i>Audit found that the Department had constructed pucca field channel in a length of 5500 metres against the requirement of 7900 metres. Besides, there existed problem of silt in the sump well and feeder channel and seepage/leakage of water. The beneficiaries told that there was urgent need to construct pucca field channel in the left out portion to avoid leakage/seepage of water.</i>
Estimated Cost: Rs 35.19 lakh	
Project length: 7900 metres	
Project CCA: 98.50 hectares	
Expenditure: Rs 31.97 lakh	
Number of beneficiaries: NA	
Year of Construction: 2008-09	
	
LIS Ramshilla (silt in sump well)	

<p>Name of the Scheme: FIS Gojra Khakhnal under AIBP (Kullu district)</p>	<p>Specific findings</p>
<p>Estimated Cost: Rs 30.40 lakh</p>	<p>The scheme was reported as completed in March 2009. Distribution system was not properly executed and problem of water logging in the field existed. Besides, there existed wild growth, accumulation of debris and seepage in the field channels resulting in inadequate water supply to the beneficiaries for irrigation. The beneficiaries told that despite several requests, the Department had not taken any remedial action so far.</p>
<p>Project length: 950 metres</p>	
<p>Project CCA: 76.56 hectares</p>	
<p>Expenditure: Rs 30.09 lakh</p>	
<p>Number of beneficiaries: NA</p>	
<p>Year of Construction: 2008-09</p>	
<div style="text-align: center;">  <p>Defective construction of FIS Gojra Khakhnal</p> </div>	

<p>Name of the Scheme: FIS Haripur Nallah under NABARD (Kullu district)</p>	<p>Specific findings</p>
<p>Estimated Cost: Rs 38.41 lakh</p>	<p>The scheme was completed in March 2008. However, only 5410 metres was constructed against the estimated length of 5655 metres. Due to development of cracks in the main channel, existence of silt and debris at many places, the flow of water was not adequate. Besides, after length of 4000 metres the Kuhl was found dry as no water was flowing to serve the CCA of beneficiaries at the tail end. The beneficiaries reported that approximately 66 hectares of CCA was not getting any water for irrigation and despite their several requests to the Department no corrective action has been taken so far.</p>
<p>Project length: 5655 metres</p>	
<p>Project CCA: 135.23 hectares</p>	
<p>Expenditure: Rs 45.79 lakh</p>	
<p>Number of beneficiaries: NA</p>	
<p>Year of Construction: 2007-08</p>	
<div style="text-align: center;">  <p>Dry Kuhl after length of 4000 metres not irrigating 66 hectares at the tail end</p> </div>	

1.3.11.8 Contract Management

As per the terms of a contract, in case of delay in completion of work, compensation of amount equal to one *per cent* per day subject to a maximum not exceeding 10 *per cent* of the tendered cost of the work should be levied and recovered from the payments due to the contractors.

In six divisions¹⁵ 61 sub works of medium projects/minor irrigation schemes awarded to 47 contractors at a tendered cost of Rs 13.21 crore between February 2004 and January 2008 were stipulated to be completed between two and 12 months. As the contractors did not complete the works within the stipulated time, compensation of Rs 1.32 crore was leviable on them. No action to levy compensation was taken by the EEs.

The EEs of Bilaspur and Bassi divisions stated (March-May 2009) that action would be taken now. The EEs of Hamirpur and Padhar divisions stated (April-May 2009) that works were nearly complete/in progress and therefore, no action was taken. The EEs of Kullu-I and Thural divisions did not intimate any reasons for non-levy of compensation. While admitting (October 2009) the facts the Special Secretary stated that action against the errant contractor would be taken.

Thus, inaction on the part of the EEs resulted in non-recovery of Government dues and extending of undue financial benefit of Rs 1.32 crore to the errant contractors.

1.3.12 Participatory Irrigation Management

1.3.12.1 Formation of Water Users' Associations

AIBP guidelines recommend that Water Users' Associations (WUA) should be formed for each scheme and that ownership of the schemes was to be transferred to these WUA who would in turn be responsible for its day to day water management and its maintenance/repairs. It was noticed in audit that in four¹⁶ out of 14 divisions selected for test-check, 31 WUA were formed since inception of the schemes but completed schemes were not handed over to them. Thus formation of WUA was only on paper, to meet the criterion set in AIBP and management of irrigation scheme still remained with the Department.

1.3.12.2 Levy and Realisation of User Charges

The Department levies user charges called 'Abiana' from the beneficiaries. The rates prescribed for the years 2004-08 were as under on yearly basis.

¹⁵ Bassi, Bilaspur, Hamirpur, Kullu-I, Padhar and Thural.

¹⁶ Kullu, Padhar, Paonta Sahib and Sarkaghat.

Table: 1.3.8

(In rupees)

Year	Rate per crop per acre	
	Lift Irrigation Scheme	Flow Irrigation Scheme
2004-05*	---	---
2005-06	15.58	7.81
2006-07	17.14	8.60
2007-08	18.85	9.46
2008-09	20.73	10.40

Source: Data supplied by the Department

*2004-05 (per crop per acre)

Kharif crops: Rice (FIS: Rs 11.34; LIS: Rs 22.68); Maize (FIS: Rs 5.65; LIS: Rs 11.30), Oil seeds (FIS: Rs 6.42; LIS Rs 12.34) and other crops (FIS: Rs 6.80; LIS Rs 13.60)

Rabi crops: All crops except wheat and grams (FIS: Rs 3.05; LIS Rs 6.10); wheat and grams (FIS: Rs 5.90; LIS: Rs 11.80)

The yearwise position of abiana charges levied and actually realised during 2004-09 in the State is given below:

Table: 1.3.9

(Rupees in lakh)

Year	Opening balance outstanding amount of abiana charges	Abiana charges levied during the year	Total Amount due for recovery	Abiana charges realised during the year	Amount remained outstanding
2004-05	82.39	12.50	94.89	10.50	84.39
2005-06	84.39	12.18	96.57	5.16	91.41
2006-07	91.41	11.22	102.63	8.03	94.60
2007-08	94.60	12.25	106.85	8.88	97.97
2008-09	97.97	N.A	N.A	N.A	N.A
Total		48.15		32.57	

Source: Departmental figures

It would be seen from the above table that realisation of abiana charges during 2004-08 was only 25¹⁷ per cent resulting in accumulation of abiana charges to the extent of Rs 97.97 lakh at the close of 2007-08 financial year. No efforts were made by the Department to realise the outstanding dues as arrears of land revenue by invoking the provisions of Himachal Pradesh Minor Canal Act.

¹⁷ $\frac{\text{Rs } 32.57 \text{ lakh} \times 100}{\text{Rs } 82.39 \text{ lakh} + \text{Rs } 48.15 \text{ lakh}} = 25 \text{ per cent}$

1.3.13 Monitoring

According to the AIBP guidelines the physical and financial progress of major/medium irrigation projects were to be monitored by the Central Water Commission (CWC)/MOWR and Ministry of Programme Implementation with emphasis on quality control. Monitoring visit and submission of status reports were to be done by the CWC at least twice a year for the period ending March and September. Minor irrigation schemes were to be monitored by a State Government agency independent of the construction agency.

Minor irrigation schemes funded from NABARD loan assistance were to be monitored by a High Powered Committee headed by the Chief Secretary through quarterly progress reports obtained by the Planning and Monitoring Wing-II of the Department from the implementing units.

During the period 2004-09, the CWC has made two monitoring visits regularly except for the year 2005-06 in which 2nd monitoring visit was not made. Monitoring of minor irrigation schemes by an independent agency was not got done as State level agency for this purpose had not been constituted as of May 2009. Minor irrigation schemes financed by NABARD were also being monitored by the high powered committee (constituted in February 1996) through quarterly progress reports supplied by the Monitoring Wing of the Department.

1.3.14 Conclusion

The objective of speedy development of irrigation potential and its eventual utilisation for the benefit of the farmers was not achieved to the desired extent in the State due to inherent deficiencies in planning, execution and monitoring. In the absence of a time bound strategy for systematic harnessing of estimated irrigation potential, only 17,053 hectares (22 *per cent*) irrigation potential could be created by the Department during 2005-09 against the target of 77,880 hectares under Bharat Nirman. Even the irrigation potential created under various schemes was not utilised optimally and the shortfall in utilisation during 2004-09 ranged between 56 and 100 *per cent*. DPRs were not prepared for minor irrigation schemes sponsored under AIBP. Technical Sanctions for assuring that the proposals are structurally sound, feasible and estimates are calculated correctly were not obtained resulting in infeasibility of several schemes. Non-completion of projects/schemes within the prescribed time limits of two to four years resulted in time/cost overruns.

1.3.15 Recommendations

- *The State Government should consider preparation of a long term master plan for harnessing the estimated irrigation potential in a time bound manner.*
- *Proper initiative needs to be taken to ensure completion of the projects as per stipulated timeframe for timely accrual of benefits to the people.*

- *Optimum utilisation of created irrigation potential needs to be ensured by persuading the beneficiaries in the respective command areas for deriving maximum benefits.*
- *The completed schemes need to be handed over to the water user association (WUA) which need to be empowered to ensure maintenance of these schemes so that the schemes remained operational.*
- *The State Government should consider setting up an agency independent of the construction agency for regular monitoring of physical and financial progress of minor irrigation schemes.*

These findings were referred to the Government in July 2009; their reply had not been received (September 2009)

CHAPTER-II AUDIT OF TRANSACTIONS

		Page
♣	Excess/overpayment/wasteful/unfruitful/infructuous expenditure	81
♣	Undue favour to contractors/avoidable expenditure	90
♣	Idle investment/blocking of funds/diversion of funds	93
♣	Regularity issues and other points	108
♣	General	116

2. AUDIT OF TRANSACTIONS

Excess/overpayment/wasteful/unfruitful/infructuous expenditure

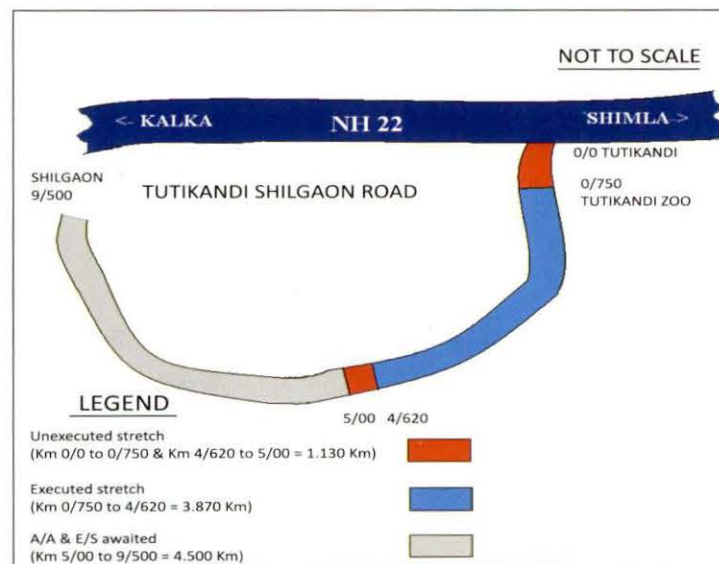
Public Works Department

2.1 Infructuous expenditure on construction of a link road

Lack of planning for construction of a link road resulted in infructuous expenditure of Rs 35.98 lakh

In order to provide transport facilities to inhabitants of six villages¹ of Shimla district, an estimate for Rs 13.05 lakh for construction of 9.500 kilometres long link road from Tutikandi by-pass (National Highway-22) to Shilgaon, was submitted by the Superintending Engineer, 4th Circle Shimla to the Engineer-in-Chief in May 1986. The State Government thereagainst administratively approved (October 1986) construction of five kms (0/0 to 5/0 kms) long motorable road for Rs 12.96 lakh and stipulated that it should be completed in three years.

Map: 2.1.1



Scrutiny of records (December 2007) of Shimla Division No. 1 and further information obtained (November 2008-June 2009) revealed that due to involvement of private land/property in the alignment of road at the initial stretch (km 0/0 to 0/750) the Department took up execution (October 2003) of road beyond km 0/750 from Tutikandi Zoo road after conducting survey and investigation between 1987-88 and 2002-03 at a cost of Rs 0.38 lakh and constructed 3.870 kms road (upto stretch of

¹ Dhar, Lail, Badhi, Nahra, Kiari and Shilgaon.

km 4/620) at a cost of Rs 35.98 lakh. The road work in the next reach was held up (March 2006) due to involvement of forest land.

When the matter was taken up in audit, the Executive Engineer (EE), without responding to the issue of poor planning leading to non-completion of work in stretches from km 0/0 to 0/750 and km 4/620 to 5/0 drew attention to the stretch of km 5/0 to 9/500 for which administrative approval and expenditure sanction(A/A & E/S) is yet to be accorded. The fact remains that the stretches of km 0/0 to 0/750 and km 4/620 to 5/0 have not been taken up for construction and the entire expenditure of Rs 35.98 lakh has proved infructuous. Further, A/A & E/S in the next stretch of road from km 5/0 to 9/500 will only add to the infructuous amount of work without resolving the problem in the present incomplete stretches.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

2.2 Unfruitful expenditure on construction of jeepable bridge

The Department did not plan and construct jeepable approach road to village Suru resulting in unfruitful expenditure of Rs 85.80 lakh on construction of jeepable suspension bridge

In order to provide transport facility to 282 persons of Suru village of Shimla district, construction of 140 metre span jeepable suspension bridge over river Sutlej was administratively approved (September 2001) under RIDF² -VI scheme of NABARD³ for Rs 1.32 crore. The construction work of the bridge was taken up in October 2001 and was completed in September 2006 at a cost of Rs 85.80 lakh.

Scrutiny of records (November 2008) of Rampur division revealed that there was no jeepable road to Suru village and the existing footpath was not suitable for plying of jeeps/light vehicles. At the time of getting sanction for construction of jeepable bridge, the Department did not consider conversion of the footpath to jeepable road standard and as a result, the bridge constructed could not be utilised for plying jeeps/light vehicles as of March 2009.

The Chief Engineer (South) stated (March 2009) that there was a proposal under Bharat Nirman (PMGSY) to connect village Suru either from Ganvi side or from Rupi side, which are also on the right bank of river Sutlej. The reply is admission of the fact that the village Suru is now proposed to be linked by other roads having bridges over river Sutlej.

Thus, absence of planning, first led to the construction of a jeepable bridge without ensuring a jeepable approach road, and now to the virtual abandonment of the bridge, rendering the expenditure of Rs 85.80 lakh on construction of bridge, wasteful. More importantly, the inhabitants of Suru village, who

² Rural Infrastructure Development Fund.

³ National Agriculture Bank for Rural Development.

had been sanctioned a bridge way back in September 2001, continue to be deprived of the jeepable road connectivity even after 8 years.

The audit findings were referred to the Government in April 2009. Reply had not been received (September 2009).

2.3 Avoidable loss due to washing away of bridge

The Department did not maintain the road and bridge over Brauni Nallah resulting in avoidable loss of Rs 1.86 crore to the State Government

The RCC slab culvert over Brauni Nallah and both the approaches to it between kms 284/240 and 285/100 of National Highway-22 (NH), were washed away due to flash floods in August 2003. The restoration work of the culvert and approach roads was completed by NH division, Rampur in May 2006 by incurring an expenditure of Rs 2.14 crore.

Scrutiny of records (December 2008) of the division revealed that after a few months of carrying out restoration/special repairs, the wire crates protecting the wing walls bulged out, and the wire crates provided at downstream and side aprons, were completely washed away. The site near the bridge, had settled down, and sank. To avoid further damages, the Superintending Engineer (SE), NH Circle, Shimla during his inspection (September 2007) directed the division to carry out immediate protection measures and construct a diversion route through the Nallah for the movement of heavy vehicles. It was noticed that neither any protection measures were carried out nor the diversion route as directed by the SE was constructed by the division and the road/bridge continued to be used even by heavy vehicles.

Scrutiny further revealed that in the absence of any maintenance work, the road in a length of 800 metres and the bailey bridge over the Nallah were completely washed away in August-September 2008, thereby sustaining an estimated loss of Rs 1.86 crore as per the damage report. In the meantime, the Engineer-in-Chief informed (September 2008) the State Government that it would not be economical, to restore the road and proposed an alternative alignment. A provision of Rs 2.66 crore for the road on the proposed new alignment at Brauni Nallah was made in the overall estimate of Rs 10.45 crore for restoration of NH-22 between kms 165/0 and 337/140. The approval of the estimate submitted (November 2008) by the Chief Engineer (NH) to the Union Ministry of Shipping, Road Transport and Highways was awaited (December 2008).

The EE while confirming the facts (December 2008) attributed non-taking of protection measures to non-availability of funds. The reply is not acceptable, as funds of Rs 2.87 crore received from various quarters during March 2005-November 2007 for carrying out different restoration works were available in the division under deposits. Moreover, the division had not raised any demand for funds for the purpose.

Thus, the Department did not maintain the road and bridge properly resulting in avoidable loss of Rs 1.86 crore to the State Government.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

2.4 Unfruitful expenditure in construction of Eklavya Model Residential School building

The Department did not get construction of building works completed in time, rendering an expenditure of Rs 91.49 lakh unfruitful

With a view to improving the infrastructure and standard of education in tribal areas, the Union Ministry of Tribal Affairs has been implementing the Eklavya Model Residential School (EMRS) scheme since 1997-98. An EMRS has been functioning at Nichhar (Kinnaur district) in old treasury office building. To mitigate the hardship of the school authorities, students and staff, construction of additional accommodation⁴ was administratively approved (March 2007) for Rs 12.17 crore by the Commissioner, State Tribal Development Department. However, the Chief Engineer (South) approved (May 2007) working estimate for construction of school building, administrative block, dining block and two hostel blocks in phase-I for Rs 2.88 crore. The work was awarded (July 2007) to a Yamunanagar based contractor⁵ for Rs 6.14 crore with a stipulation to complete by August 2008.

Scrutiny of the records of Karchham division revealed (December 2008) that the contractor started the work in August 2007 and executed only 20 *per cent* work and was paid Rs 67.96 lakh upto 2nd Running Account bill in May 2008. Besides, the Department also spent Rs 23.53 lakh on purchase of material, etc. The work was abandoned in September 2008 and the EE levied a compensation of Rs 61.39 lakh on the contractor (October 2008) for breach of contract. The contractor did not resume the work and the contract was ultimately rescinded (April 2009) under clause-3 of the agreement for getting the remaining work executed at the risk and cost of the contractor.

The EE confirmed (December 2008) the facts and stated that due to limited working season in the area, action to levy compensation was delayed. The reply is not in consonance with the provisions of clause-2 of the agreement as the contractor did not maintain progress of work according to time schedule stipulated for its completion. The fact of limited working season is not an unknown or uncertain factor and cannot be cited as an excuse for non-performance. Moreover, the contractor had not sought any extension of time under clause-5 of the agreement and the EE granted it provisionally

⁴ (i) Construction of boys and girls hostel and transit accommodation: Rs 7.07 crore, (ii) Construction of school building (basement), Administrative and Dining Block (Ground and 1st Floor): Rs 2.86 crore and (iii) Principal residence, 12 nos. teacher/warden residences and 15 nos. type-I staff quarters: Rs 2.24 crore.

⁵ Sh. Amrit Lal Gupta & Co.

upto 15 December 2008 merely to keep the contract alive. After levy of compensation in October 2008 the Department had not taken any action for its recovery as of April 2009.

The expenditure of Rs 91.49 lakh incurred had, thus, been rendered unfruitful as even after rescission of the work, considerable time and money is likely to be consumed to get the balance work done.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

Irrigation and Public Health Department

2.5 Infructuous expenditure on Lift Water Supply Scheme

The Department did not acquire private land for construction of sump well-cum-storage tank and laying rising main before taking up execution of Lift Water Supply Scheme resulting in infructuous expenditure of Rs 21.15 lakh

To provide drinking water facility to 639 residents of Malehari village and adjoining hamlets in *Gram Panchayat* Mohari (partially covered habitations of Shimla district), construction of a Lift Water Supply Scheme, Malehari was administratively approved (March 2004) for Rs 18.85 lakh. The scheme, stipulated to be completed in four years, was taken up for execution in July 2004 without obtaining technical sanction.

Scrutiny of the records (January 2009) of Division No. I, Shimla revealed that the work could not be completed due to objection from a land owner on construction of sump well-cum-storage tank and laying of rising main. Meanwhile Rs 21.15 lakh was spent upto March 2008 and the work is lying in a suspended state since then.

The Engineer-in-Chief stated (April 2009) that the scheme was taken up for execution hoping to complete it without hindrance and dispute but during its execution, a land owner whose land came across the work, stopped the work. He further stated that undertaking in this regard was taken from the *Gram Panchayat* and in case the dispute is not resolved the matter will be taken up with the Land Acquisition Officer for acquiring the land in public interest. The reply confirms the fact that the Department did not ensure clear title/encumbrance free land by obtaining written consent of the land owner before taking up the work. As a result, the expenditure of Rs 21.15 lakh has proved infructuous. Besides, people of the area were deprived of the facility of adequate water supply.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

2.6 Underutilisation of irrigation potential

Irrigation potential of three irrigation schemes constructed and maintained at a cost of Rs 1.06 crore was grossly underutilised

Scrutiny of records (November 2008-February 2009) of three divisions⁶ revealed that the irrigation potential of three irrigation schemes⁷ commissioned between November 2002 and August 2005 at a cost of Rs 93.68 lakh and designed to irrigate 169.34 hectares of land per crop was grossly underutilised. Two schemes (Lift Irrigation Scheme (LIS), Kheri and Flow Irrigation Scheme (FIS), Lungasu Babeja) were constructed without obtaining technical sanctions and in one case (LIS, Kheri) demand for water was also not assessed. Utilisation of the irrigation potential created in the schemes ranged between 0.26 and 10.32 per cent per crop during 2003-2008 as detailed below:

Table: 2.6.1

(In hectares)

Year	Number of schemes	Crop	Potential created	Potential utilised	Percentage of utilisation
2003-04	1	Rabi	60	0.92	1.53
		Kharif	60	1.07	1.78
2004-05	2	Rabi	134	0.35	0.26
		Kharif	134	6.59	4.91
2005-06	3	Rabi	169.34	0.46	0.27
		Kharif	169.34	5.00	2.95
2006-07	3	Rabi	169.34	0.61	0.36
		Kharif	169.34	5.33	3.14
2007-08	3	Rabi	169.34	6.39	3.77
		Kharif	169.34	17.49	10.32

Source: Figures supplied by the Department

The underutilisation was attributed (November 2008-February 2009) by the EEs concerned to poor demand of water for irrigation from the beneficiaries, non-allotment of land by the Revenue Department to the beneficiaries and non-restoration of damages to the scheme.

Thus, taking up the execution of these schemes without ascertaining the actual demand for water by demand survey (LIS Kheri), non-allotment of land to the beneficiaries (FIS Lungasu Babeja) and non-restoration of damages (FIS Karangla) has resulted in underutilisation of these schemes. The poor demand of the water could be assigned to the fact that the Department did not motivate the farmers to switch over to cultivation of irrigation intensive crops/cash crops like off season vegetables, etc. Consequently, the expenditure of Rs 1.06 crore incurred on construction (Rs 93.68 lakh) and maintenance (Rs 12.39 lakh) of these schemes during 2004-09 had largely remained unfruitful.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

⁶ Hamirpur, Pooh and Rampur.

⁷ Lift Irrigation Scheme: Kheri, Flow Irrigation Schemes: Lungasu Babeja and Karangla.

Rural Development Department

2.7 Infertuous expenditure on implementation of scheme

The DRDA released payment to an implementing agency and a consultant without enforcing the provisions of MOU resulting in infertuous expenditure of Rs 44.53 lakh

Deputy Commissioner (DC) Sirmour released Rs 60.39 lakh (2005-07) to the Project Officer (PO), District Rural Development Agency (DRDA), Nahan for capacity building of 500 Self Help Groups (SHGs) under the Centrally Sponsored Scheme Rashtriya Sam Vikas Yojana (RSVY) with the objective of addressing the problems of low agriculture productivity, unemployment and filling up critical gaps in physical and social infrastructure. Implementation of the scheme was assigned to VIMARSH, a consultancy firm working in the area of socio-economic development and NABCONs, a wholly owned subsidiary of NABARD. A tripartite memorandum of understanding (MOU), valid for two years, was signed between the firm, consultants and DC-cum-Chief Executive Officer, DRDA, Nahan on 24 March 2005.

VIMARSH was to work as actual service provider and was to build capacity of 500 SHGs (115 to be formed new and 385 to be revived) for independently managing group activities, identification of income generation activities, market survey and feasibility study, initiating and managing income generation activities and developing linkages with financial and marketing institutions. According to the MOU, Rs 42.50 lakh were to be paid to VIMARSH in the following manner:

- Twenty five *per cent* of the total value of the project in advance at the time of signing the contract.
- The remaining payment in equal quarterly installments on review of the quarterly assigned targets and on recommendation of District Level Monitoring Committee (DLMC).

NABCONs was to provide regular feedback to DRDA on the status of implementation of the project. The DLMC was to convene regular monthly meetings to monitor the work done by NABCONs and VIMARSH and the progress made by SHGs in taking up micro enterprises for income generation. Rupees 15 lakh was to be paid to NABCONs as consultation fee in the following manner:

- Twenty five *per cent* as first installment within one week of signing of the MOU and 25 *per cent* at the end of first year.
- Third and fourth installments of 25 *per cent* each were to be paid at the commencement and at the end of the second year subject to the condition that consultants have fulfilled their obligations and have submitted concurrent/mid term/final evaluation reports.

Audit scrutiny (March 2009) of records of DRDA, Sirmour revealed the following:

- Regular monthly meetings of DLMC to review and monitor the performance of the firm and consultants were not held as per MOU and only four against the required 24 meetings were held during the project period.
- Payments were released to VIMARSH and NABCONs regularly without co-relating them to physical achievements.
- Even though the firm and the consultants had not completed the task assigned to them within the validity period of MOU, which expired on 23 March 2007, payment of Rs 44.53 lakh (firm: Rs 37.03 lakh and consultants: Rs 7.50 lakh) had been made. This included payment of Rs 6.25 lakh made beyond the expiry of validity period.
- Both VIMARSH and NABCONs abandoned the project without fulfilling their obligations spelt out in the MOU and it was terminated (November 2008) by ADC-cum-Project Director.
- As no penalty clause had been incorporated in the MOU to safeguard Government interest in the event of non-performance by the firm and the consultants, no action was taken against them.

The Project Officer, DRDA stated (March 2009) that the executing agencies were given directions to finish the work as per time schedule but the agencies did not adhere to the prescribed time schedule on one pretext or the other and notice had been issued for termination of MOU and for taking further action as per provisions of MOU. It was also intimated that the DLMC meetings could not be held within the stipulated period due to non-availability of convenient dates suitable to all the three parties and the remaining work would be carried out with the help of BDOs. The reply is not acceptable as the terms and conditions of the MOU were not followed, monitoring of the performance of the firm and consultants was not done and the intended benefits could not be derived.

Action of the DRDA to release periodic payments to the firm and consultants without monitoring their performance in accordance with the provisions of the MOU, thus, resulted in infructuous expenditure of Rs 44.53 lakh.

The audit findings were referred to the Government in July 2009. Reply had not been received (September 2009).

Youth Services and Sports and Public Works Departments

2.8 Unproductive expenditure and avoidable loss on construction of Stadium

Decision of the Youth Services and Sports Department to convert athletics stadium to cricket stadium midway during construction resulted in unproductive expenditure of Rs 53.50 lakh and blocking of Rs 1.30 crore

To provide modern facilities and technical training for better performance of the sportsmen of the area at international level, a 400 metres athletics track stadium at Nurpur (Kangra district) was administratively approved (June 2005) for Rs 1.84 crore. The work, required to be completed within two years, was sanctioned by the Department for execution through Public Works Department (PWD) as deposit work.

Scrutiny (February-March 2009) of the records of the Director, Youth Services and Sports (Director) and Nurpur division of PWD revealed that the PWD had executed the works of levelling of site and other structures⁸ valued at Rs 53.35 lakh upto December 2007. In January 2008, on the recommendation of the local MLA, the work was stopped and a fresh proposal for the construction of a cricket stadium at an estimated cost of Rs 3.45 crore was sent (December 2008) by the Director for approval of the Government. The revised proposal for constructing a cricket stadium involved dismantling various components of work on which Rs 18.88 lakh had already been incurred. The work had not been resumed as of April 2009 and the revised proposal, when implemented, would result in infructuous expenditure of Rs 18.88 lakh. Besides, Rs 1.30 crore remained blocked as deposit and expenditure of Rs 53.50 lakh⁹ did not yield the intended benefits.

The Director, while admitting the facts stated (February 2009) that the work was stopped as there was a demand for the construction of cricket stadium instead of outdoor stadium. The reply is not acceptable as the proposal should have initially been finalised after taking all these factors into account. The EE, Nurpur division stated (March 2009) that the executed portion had not been dismantled so far, as write off sanction of the competent authority was still awaited.

Government accepted (June 2009) the facts and stated that the proposal to construct cricket stadium instead of synthetic track is a positive proposition which is under its examination.

The fact remains that taking up the work without ascertaining specific requirement of the intended beneficiaries in the first instance has, thus, resulted in unproductive expenditure of Rs 53.50 lakh and blocking of funds of Rs 1.30 crore.

⁸ Construction of breast wall, retaining wall, sitting tiers on left hand side of pavilion, excavation work and lean concrete of foundation of the sitting tiers on the western side and pavilion building up to plinth level.

⁹ Including Rs 0.15 lakh incurred by the PWD during January-March 2008.

Undue favour to contractors/avoidable expenditure

Public Works Department

2.9 Undue favour to a contractor

The Department extended undue favour to a contractor by allowing advance payments of Rs 1.87 crore against invalid Bank Guarantees

As per the provisions of the Standard Bidding Document (SBD) for Pradhan Mantri Gram Sadak Yojna (PMGSY), the Employer may consider advance payment to the contractor against provision by the contractor of an unconditional Bank Guarantee (BG) in a form and by a Commercial Bank acceptable to the Employer in amounts equal to (a) Mobilisation advance up to five *per cent* of the contract price and (b) Equipment advance upto 90 *per cent* of the cost of new equipment brought to the site of the work.

(i) The Detailed Project Report of "Construction of Pangna Manjhagan road from km 0/0 to 22/0" under PMGSY was approved (December 2005) for Rs 5.61 crore by the State Technical Agency (STA), Hamirpur. The work was awarded (February 2006) to a Shimla based contractor for Rs 5.17 crore with a stipulation to complete it in one year.

Scrutiny of records (January 2009) of Karsog division revealed that the work was taken up by the contractor in March 2006 and was stopped in December 2007 after executing the work valued at Rs 2.52 crore. The contractor had not resumed the work thereafter though liquidated damages of Rs 51.72 lakh were levied on him during October 2008 which were yet to be recovered.

The contractor was paid an advance of Rs 77.58 lakh (Mobilisation advance: Rs 25.86 lakh and Machinery advance: Rs 51.72 lakh) during March 2006 against the BGs of Rs 1.05 crore issued by the Branch Manager, UCO Bank Sangrah (District Sirmour). The confirmation of BGs sought (March 2006) from the Bank by the Division was not received. However, the contractor, instead of arranging confirmation from the Bank furnished fresh BGs of Rs 90.40 lakh for advance payment issued by the Branch Manager, UCO Bank, Palampur in February 2007 which indicated that the earlier BGs were false. The fresh BGs were also found fraudulent as Zonal Manager UCO Bank, Dharamshala intimated (November 2007) that no such BGs had been issued by the Palampur branch of the bank. Out of the total advance payments of Rs 77.58 lakh, the recovery of Rs 39.83 lakh (Mobilisation advance: Rs 13.27 lakh and Machinery advance: Rs 26.56 lakh) was still outstanding against the contractor.

The EE confirmed (January 2009) the facts and stated that in case the contractor failed to resume the work, the contract would be terminated and balance amount of advances would be recovered from the machinery brought at site. Government stated (October 2009) that investigation for invalid BGs is being conducted by CBI which had not yet been completed. It was further stated that the matter for withholding payments of concerned contractor had been taken up with all the divisions in the State.

(ii) In a similar case, the Detailed Project Report of “Upgradation of Lawassa Chowki Preet Nagar road from km 0/0 to 42/0” under PMGSY was approved (August 2006) for Rs 7.17 crore by the STA, Hamirpur. The working estimate was approved by the Chief Engineer (South) in January 2007 for Rs 7.58 crore. The work was awarded (May 2007) to the same contractor for Rs 7.50 crore with a stipulation to complete it in one year.

Scrutiny of records (March 2008) of Rajgarh division revealed that the contractor had executed only four *per cent* of the total work as of February 2008 despite issuance of several notices and imposition of liquidated damages of Rs 15 lakh. Advance payments of Rs 1.09 crore (Mobilisation advance: Rs 0.37 crore and Machinery advance: Rs 0.72 crore) had been made to the contractor during May 2007 against the BGs of Rs 1.52 crore issued by the Branch Manager, UCO Bank, Palampur. The BGs were found fraudulent subsequently as Zonal Manager UCO Bank, Dharamshala intimated (November 2007) that no such BGs had been issued by the Palampur branch of the bank. The contractor had neither submitted any documents viz., the registration certificate and insurance papers for the procurement of machinery and equipment nor deployed such machinery at the site of work. Further, the contractor had neither resumed the execution of the work nor the Department could recover the advance payments of Rs 1.09 crore.

The EE confirmed (March 2008) the facts and further intimated (October 2008) that an FIR has been lodged against the contractor in August 2008 and that the matter was under investigation.

Clearly, huge amounts were advanced to the same contractor in these cases without verifying the validity of the furnished BGs. The Department did not observe the relevant provisions of the Standard Bidding Document before making advance payments of Rs 1.87 crore to the contractor, resulting in extending undue favour to him. Besides, Government dues to the extent of Rs 2.16 crore had been put at high risk in the absence of valid BGs.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

2.10 Acceptance of sub-standard work and undue favour to contractor

Due to acceptance of sub-standard work executed at Rs 1.23 crore, the Department did not provide quality road facility and further inaction to recover levied compensation of Rs 50 lakh resulted in extending undue financial benefit to the contractor

The work “Improvement and strengthening of existing road crust from kms 0/0 to 11/0 of Jawalamukhi-Dehra-Nehranpukhar road” (Kangra district) under Central Road Fund Phase-I was awarded (January 2005) to a Nurpur based contractor for Rupees five crore. The work was stipulated to be completed in 18 months. The contractor started the work in January 2005 and executed it to the extent of Rs 3.55 crore upto May 2007. Thereafter, no payment had been made to the contractor.

Scrutiny of records (February 2008) of Dehra division revealed that instead of scarifying the old bituminous surface in an area of 44,100 M² as directed by the Engineer-in-Charge, the contractor executed this item in an area of 1771 M² only. In the remaining area of the road, the wearing surface was laid and tarred without scarifying the surface. The lapse resulted in allowing rain water to enter the road crust from the sides which could not be drained out and remained trapped. The trapped water ultimately damaged the freshly laid bituminous layer thereby developing potholes and cracks immediately after execution. Non-cutting of existing tarred surface properly was also pointed out by the Chief Engineers (Design) and (North) during their inspections in June 2005 and October 2005 respectively.

It was further noticed that soon after occurrence of damage, the Chief Engineer (North) inspected the site and attributed the damage to non-scraping the bituminous surface before laying the wearing. He issued (October 2006) instructions to the contractor and the site Engineers to get the damaged surface removed completely and relay the same either by scraping the old bituminous surface or cutting of escape channels for the exit of rain water. Despite instructions, the contractor did only patch work which was confirmed (February 2009) by the Executive Engineer. Thus, due to acceptance of sub-standard work of wearing and tarring valuing Rs 1.23 crore, the Department did not to provide quality road facility to the public.

Further, as the contractor had failed to maintain the required pace of progress and complete the work within the stipulated time (July 2006), several notices were issued during May 2005-May 2007. Eventually, compensation of Rs 50 lakh was levied (March 2008) on the contractor which had not been recovered as of February 2009.

The EE admitted (February 2008) the facts and stated that the matter was under investigation and action will be taken after receipt of report. He further stated (February 2009) that the work was still in progress and the levied compensation would be recovered from the next running account bill. The reply does not explain why the Department has accepted the sub-standard work and released the payment of Rs 1.23 crore for not executing the work as per terms of agreement. Besides, inaction on the part of the division to recover the levied compensation has resulted in extending undue financial benefit of Rs 50 lakh to the contractor.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

Idle investment/blocking of funds/diversion of funds

Animal Husbandry Department

2.11 Retention of Government receipts outside Government account

In violation of Constitution of India and existing financial principles, the Department retained revenues received from sale of departmental property and refund of Government funds aggregating Rs 3.93 crore outside Government account

Constitution of India lays down that all revenue receipts of the State Government shall be credited to the Consolidated Fund of the State and that no money out of this fund should be appropriated except in accordance with the law and in the manner provided under the Constitution. The State Financial Rules also require that departmental receipts are credited to Government Account.

To promote breeding and development of livestock, especially cattle and buffaloes in the State, Himachal Pradesh Livestock Development Board (Board) was constituted (November 2001) and registered under the Societies Registration Act 1860. The Board was to make the best use of the assets like land, buildings, laboratories, equipment, livestock, machinery and liquid nitrogen plants of the Animal Husbandry Department for carrying out its activities but ownership of these assets rest with the Department.

Scrutiny of records (February 2009) of the Director, Animal Husbandry cum Member Secretary of the Board (Director) revealed the following:

- An amount of Rs 3.60 crore realised by the Animal Husbandry Department on account of sale of Government land at Sainj (Kullu district) to National Hydro Electric Power Corporation (NHPC) was temporarily deposited (January 2002) by the Director in the account of the Board instead of crediting it to the Government account. Subsequently, the State Government allowed (July 2005) conversion of this fund as 'Corpus Fund' of the Board.
- Similarly, Rs 12.40 lakh, realised on account of sale of land at Palampur (Kangra district: Rs 9.95 lakh) and building at Kothipura (Bilaspur district: Rs 2.45 lakh) was also deposited (August 2005 and December 2006 respectively) in the account of the Board.
- Rupees 20.49 lakh received (December 2002) by the Director from the National Dairy Development Board (NDDB) on account of refund of Government Fund drawn through treasury for Liquid Nitrogen plant, was also deposited in the account of the Board instead of crediting it into the Government account.
- Rupees 68.57 lakh received as interest by the Board on the amount transferred to the corpus fund was expended by the Director on the purchase of Liquid Nitrogen Gas during 2005-08.

Government stated (August 2009) that in view of the decision (March 2003) to deposit the income generated by the Department in the Board's account and further approval granted in March 2005 the amount was kept in corpus fund. Thus, the decision of the Government to credit the receipts of Rs 3.93 crore into the account of the Board violated the provisions of the Constitution of India and State Financial Rules and undermined the authority of the Legislature. The State accounts for the period from 2001-02 onwards also did not depict the true picture of receipts of the State Government and revenue deficit/surplus.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

2.12 Blocking of Calamity Relief Fund

The Department did not ensure timely release of transportation subsidy on cattle feed to the farmers resulting in blocking of unutilised amount of Rs 57.20 lakh

The State was affected by drought during 2005-06 and there was a considerable loss to the crops during that year. The Divisional Commissioner, Shimla Division released (February 2007) Rupees one crore from Calamity Relief Fund (CRF) to the Director, Animal Husbandry (DAH) for payment of transportation subsidy on cattle feed under drought relief. The DAH in turn released (March 2007) the funds to Himachal Pradesh Milk Federation Limited (MILKFED) (Rs 48 lakh) and Himachal Pradesh Agro Industries Corporation Limited (HPAIC) (Rs 52 lakh) as these agencies were providing feed to the farmers. Of Rs 48 lakh, the MILKFED further transferred Rs 17 lakh to HPAIC in March 2007.

Scrutiny (March 2009) of records of the DAH revealed that together, MILKFED and HPAIC spent Rs 42.80 lakh¹⁰ for transporting cattle feed under drought relief to the beneficiaries between May 2007 and May 2009. The balance amount of Rs 57.20 lakh remained unutilised¹¹ (June 2009) with the DAH and the HPAIC as the amount under Calamity Relief was made available to the agencies at such a time when the drought was over and the rainy season was in full swing. The farmers were reluctant to purchase cattle feed due to the availability of sufficient grass in their Ghasnees¹² and fodder crops on the fields. Evidently, the very purpose of grant of relief to the beneficiaries for the drought situation was defeated.

Rupees 57.20 lakh remained unutilised outside Government account for a period of over two years.

The Government stated (August 2009) that in the meeting (March 2009) of the State Level Committee to administer the CRF, the implementing agencies have been asked to refund the unspent amount and that as and when the amount is received back, it will be refunded to DC, Shimla.

¹⁰ HPAIC: Rs 22.74 Lakh and MILKFED: Rs 20.06 lakh.

¹¹ DAH: Rs 10.94 lakh (Funds refunded by MILKFED in April 2009) and HPAIC: Rs 46.26 lakh.

¹² Non-cultivated pieces of land having grass growing naturally.

Thus, providing calamity relief funds after the drought was over resulted in blocking of Rs 57.20 lakh. Besides, the purpose of providing relief to the farmers in the State facing drought situation was defeated.

Education Department

2.13 Delay in construction of kitchen sheds and blocking of funds

Improper planning and identification of schools for construction of kitchen shed-cum-stores under Mid-day-Meal scheme resulted in delay in providing the facility to 1,077 schools and blocking of funds to the tune of Rs 6.46 crore

Government of India released (February 2007) Rs 20.60 crore for construction of kitchen-shed-cum-stores at the rate of Rs 0.60 lakh per kitchen shed in 3,433 Government and Local Body Schools during 2007-08 under the Mid-day-Meal scheme. The Director, Elementary Education, Shimla passed on (August 2007) the funds to the Project Director, Sarva Shiksha Abhiyan (PD-SSA) who released the amount to all the districts in October 2007. The kitchen shed-cum-stores were required to be completed within three months.

Scrutiny (January-February 2009) of records of the PD-SSA revealed that the construction of 1,047 kitchen sheds costing Rs 6.28 crore was still in progress and the work on 30 kitchen sheds (costing Rs 0.18 crore) in two districts (Kinnaur: 19 and Shimla: 11) had not even been started as of April 2009 due to site disputes, non-availability of land, etc.

The PD-SSA stated (February 2009) that efforts were made to complete the kitchen sheds within the stipulated time and only those works were in progress or not started where suitable sites were not available or kitchen sheds had already been provided through other schemes and the districts had been asked to construct kitchen sheds at the alternative schools. The reply is not acceptable as the feasibility of construction of the kitchen sheds should have been ensured before releasing the funds and a proper check exercised on construction of kitchen sheds.

Improper planning and poor identification of schools on the part of the Department had, thus, resulted in delay of 18 months beyond the stipulated time for providing facility of kitchen shed-cum-stores to 1,077 schools and blocking of Rs 6.46 crore.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

Health and Family Welfare Department

2.14 Idle investment on Auxiliary Nurse-cum-Midwife Training Centre and injudicious expenditure on idle staff

Expenditure of Rs 51.90 lakh incurred on construction of Auxiliary Nurse-cum-Midwife training centre and salary of staff deployed did not serve the intended purpose and proved largely unfruitful

Administrative approval and expenditure sanction was accorded (January 1982) by the State Government for construction of an Auxiliary Nurse-cum-Midwife (ANM) Training Centre at Chamba for Rs 6.67 lakh in place of the training centre housed in the building of Regional Hospital in Chamba which was dismantled for construction of OPD Block. The construction of the training centre building was completed by the State Public Works Department in October 2005, i.e., after over 13 years of sanctioning the work at a cost of Rs 24.66 lakh and the building was handed over (November 2005) to the Chief Medical Officer (CMO), Chamba.

Training for ANM courses was to be provided in this school for the candidates sponsored by the State Government. The Department posted three sister tutors (November 2005) for the purpose.

Scrutiny (January 2009) of the records of CMO, Chamba revealed that State Government had not sponsored the candidates for ANM courses. Only six workshops (October 2008 to January 2009) of shorter duration for 126 participants were conducted at the training centre. Neither any training nor any workshops were held during November 2005 to September 2008. The services of staff (three sister tutors) were, thus, not gainfully utilised and expenditure of Rs 27.24 lakh incurred between November 2005 and May 2009 on the salary of staff of the nursing school was not fully justified.

The CMO while admitting the facts stated (June 2009) that the matter was taken up with the Government for posting of sister tutors in other training institutions where the training is going on and in response the Government directed (January 2006) to utilise the services of the staff in the health institutions against the supervisory posts. The reply is not convincing as the services of the sister tutors could not be gainfully utilised for the intended purposes and instead two out of three sister tutors performed the duties in the statistical, record and diet sections. The construction of ANM training centre building also could not serve the envisaged/desired purposes and was lying idle.

Thus, expenditure of Rs 51.90 lakh incurred on construction of ANM training centre and salary of teaching staff did not serve the intended purpose and resulted in idle investment which proved largely unfruitful.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

2.15 Locking up of funds meant for public health infrastructure

The Department did not arrange suitable sites for construction of public health infrastructure resulting in locking up of funds amounting to Rupees two crore with the executing agencies

State Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement and it is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time. The Rule also prohibits drawal of funds just to avoid lapse of budget grant.

The Chief Medical Officer (CMO), Shimla drew Rs 1.75 crore during 2001-08 for execution of seven works¹³ relating to construction of Primary Health Centres (PHCs): (five); Sub-centre and staff quarters (in one PHC) in Shimla district and deposited the amount with the Public Works Department (PWD). Deputy Commissioner also sanctioned (June 2005) Rs 25.31 lakh for construction of three¹⁴ Sub-centres and transferred the funds to PWD through CMO.

Audit scrutiny revealed that the construction of these works had not so far (April 2009) been started due to non-availability of land (five cases), disputed sites (two cases), awaited administrative approval (one case) and non commencement of work by PWD (two cases). Thus, the funds were released to PWD without ensuring encumbrance free land and other items essential for starting the works and the funds were lying locked up with the PWD for periods ranging between 20 and 99 months. Besides, expenditure of Rs 8.68 lakh incurred on two works (PHC, Gumma and HSC, Motibagh) remained unfruitful as the work on these sites was stopped (PHC, Gumma June 2005 and HSC, Motibag: March 2000) due to dispute over sites.

The CMO while confirming the facts stated (November 2008) that fund was provided by the Government and it was deposited with the EEs concerned for execution of works. He further stated that the estimates might have been prepared on tentative basis. The reply confirms that the funds were transferred to the PWD to show utilisation of available funds without ascertaining the availability of sites and fulfilling other requirements which is contrary to the provisions of the financial rules.

Laxity on the part of the Department has, thus, resulted in irregular drawal of Rupees two crore from the treasury and locking it up with the executing agency. Besides, Rs 8.68 lakh remained unfruitful and the intended benefit could not reach the public of that area.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

¹³ Primary Health Centres, Mandal: Rs 57.00 lakh (March 2006); Garaoug: Rs 15.00 lakh (March 2007); Taklech: Rs 20.50 lakh (August 2007); Gumma: Rs 44.00 lakh (September 2005); Sarain: Rs 17.00 lakh (June 2007); Health Sub-Centre, Motibag: Rs 6.50 lakh (February 2001) and Staff quarters at PHC Saraswati Nagar: Rs 15.00 lakh (July 2007).

¹⁴ Health Sub-Centres, Jakha: Rs 10.48 lakh (June 2005); Pandhar: Rs 9.83 lakh (June 2005) and Pujarli: Rs 5.00 lakh (June 2005).

Irrigation and Public Health Department

2.16 Idle investment on construction of Lift Irrigation Scheme

Incorrect assessment of load requirement for supply of power to Lift Irrigation Scheme Panarsa resulted in idle investment of Rs 4.67 crore

To provide irrigation facility to a cultivable command area (CCA) of 332.44 hectares in seven villages¹⁵ (Mandi district), a lift irrigation scheme was administratively approved (February 2004) for Rs 3.20 crore. The work was taken up for execution during March 2004 and all the components of the scheme except field channels were completed by May 2007 at a cost of Rs 4.67 crore.

Scrutiny of records (February 2008) of Mandi division revealed that the scheme completed in May 2007 could not be made functional even after the lapse of 13 months for want of supply of power (SOP) by the Himachal Pradesh State Electricity Board (HPSEB). It was further noticed that the Department had initially submitted (February 2005) the load requirement of 1161 KW to the HPSEB authorities which was subsequently found inadequate. The revised load requirement of 1176 KW submitted in October 2006 was, however, rejected by the HPSEB on the ground that the load of 1161 KW had already been sanctioned by the Chief Engineer (Operation Electrical) Central Zone, Mandi in May 2006.

The EE confirmed (February 2008) the facts and stated (June 2008) that the matter had been taken up with HPSEB several times at various level and now the HPSEB authorities had suggested to install three Transformers of 630 KVA for load requirement of 1176 KW. The reply does not explain why the load requirement for running the pump machinery was not assessed properly at the initial stage in consultation with the HPSEB.

Thus, the Department did not plan adequately and ascertain the accurate load requirement initially for commissioning of the scheme resulting in idle investment of Rs 4.67 crore, besides denying timely irrigation facilities to the beneficiaries, for over two years.

The audit findings were referred to the Government in April 2009. Reply had not been received (September 2009).

2.17 Idle investment on Flow Irrigation Scheme

The Department did not carry out adequate investigations initially and arrange encumbrance free land for the Flow Irrigation Scheme, Oddigad to Neri resulting in idle investment of Rs 66.79 lakh

To provide irrigation facility to a CCA of 121.14 hectares in 14 villages¹⁶ (Shimla district), administrative approval and expenditure sanction for the construction of a flow irrigation scheme, Oddigad to Neri was accorded (March 2003) by the Chief Engineer (South) for Rs 48.92 lakh. The scheme, stipulated to

¹⁵ Bamsoi, Kotadhar, Nagwain, Pali, Panarsa, Ranidhar and Takoli.

¹⁶ Badrali, Bashali, Bhamrala, Dev Nagar, Dogra, Garshola, Khanewali, Kharal, Kanchetu, Kotlu, Neri, Sobri, Thanti and Thari.

be completed by March 2006, was taken up for construction in August 2003 in anticipation of technical sanction. Water for irrigation was to be tapped from Oddigad Nallah by constructing main channel in 9,700 metres and field channels in 12,780 metres.

Scrutiny of records of Rampur division revealed (December 2008) that to cover all the villages, a main channel of 12,090 metres was required to be constructed. However, provision for only 9,700 metres was made due to inadequate investigation. Further, only 9,270 metres long (77 per cent) main channel and field channels of 2,162 metres (17 per cent) were constructed till March 2007. For part construction/maintenance of the scheme, an expenditure of Rs 66.79 lakh¹⁷ was incurred and CCA of 81 hectares (67 per cent) was created. The remaining CCA of 40.14 hectares could not be created for want of sanction of increased length of the channel, additional funds and dispute over construction of field channels. The revised estimate for Rs 94.03 lakh submitted (March 2006) to the Superintending Engineer was received back (August 2007) with certain observations which had not been attended to as of December 2008. It was further noticed that despite commissioning the scheme in March 2007 for CCA of 81 hectares, it could provide irrigation to only 14 per cent of the CCA in Rabi 2008 for want of field channels which were not constructed due to unresolved dispute amongst beneficiaries over site. In the meantime due to heavy rains in September 2008, the scheme was badly damaged causing an estimated loss of Rs 29.84 lakh. Government stated (October 2009) that the damages had been restored. The fact of restoration, however, remains to be verified in audit.

The EE while confirming (December 2008) the facts stated that actual survey could not be conducted initially due to inaccessible reach at the tail end causing change in length and attributed non-construction of field channels to dispute amongst beneficiaries. He further stated that the estimate for restoration of the scheme was under preparation. The reply confirms that the Department did not ensure encumbrance free land and detailed/adequate investigations before taking up construction resulting in delay in preparation/approval of the estimate on realistic basis and completion of the scheme in time. This had resulted in an idle investment of Rs 66.79 lakh. The objective of providing irrigation facility to 14 villages has also not been achieved.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

Public Works Department

2.18 Idle expenditure on construction of road and bridge

Poor planning by the Department resulted in idle expenditure of Rs 1.87 crore on construction of road and bridge over Spiti river and non-achievement of the objective of providing transport facility to Sumra village

The existing jeepable road to village Sumra (Kinnaur district) constructed in March 2002 could not be used for vehicular traffic due to formation deficiencies and lack of connectivity across

¹⁷ Construction: Rs 61.15 lakh and maintenance: Rs 5.64 lakh.

Spiti river at km 0/120 and Sumra Nallah at km 0/735. To provide this connectivity, the Deputy Commissioner Kinnaur accorded administrative approval in March 2004 for widening the road to motorable standard and construction of a 33 metres span steel bridge over Sumra Nallah at km 0/735 for Rs 71.23 lakh. The stipulated time for completion of the road and bridge work was two years. However, for construction of the second bridge of 65 metres span over river Spiti at km 0/120 of road, administrative approval and expenditure sanction (A/A & E/S) was accorded in September 2006 for Rs 1.13 crore with a stipulation for completion in two years. The bridge work at km 0/120 taken up for execution during October 2006 was completed in August 2007 after incurring an expenditure of Rs 1.74 crore.

Scrutiny of records (November 2008) of the Kalpa division revealed that widening of the road taken up for execution in March 2004 was completed in March 2007 after expending Rs 12.95 lakh but the other component viz., motorable bridge over Sumra Nallah at km 0/735 had not been started as of October 2009.

The EE admitted (November 2008) that it was only after launching the bridge across river Spiti in August 2007, that the soil investigation for construction of the bridge over Sumra Nallah was taken up. The report of soil investigation was received in August 2008 and design/drawings were awaited on the basis of hydraulic data submitted (August 2008) to the Superintending Engineer, Rampur Circle.

Thus, due to poor planning by the Department the expenditure of Rs 1.87 crore remained idle besides non-achievement of the objective of providing transport facility to Sumra village for over five years.

The audit findings were referred to the Government in April 2009. Reply had not been received (September 2009).

2.19 Idle investment on incomplete road works

The Department did not ensure availability of land before taking up construction of six roads resulting in idle investment of Rs 2.63 crore

As per the *Pradhan Mantri Gram Sadak Yojna* (PMGSY) guidelines, it is the responsibility of the State Government/District Panchayat to ensure that land is available for taking up the proposed road works. A certificate that land is available must accompany the proposal for each road and the details of land should be reflected in the local land records to avoid disputes. Also, the Forest Conservation Act, 1980 amended from time to time prohibits use of forest land for non-forestry purposes without prior approval of Government of India.

Scrutiny of records (October 2008-February 2009) of six divisions¹⁸ revealed that six road works taken up under PMGSY for construction between January 2006 and March 2007 were subsequently held up

¹⁸ Division No. II Bilaspur, Dehra, Kangra, Karsog, Division No. I Kullu and Sundernagar.

between October 2006 and August 2008 after incurring an expenditure of Rs 2.63 crore. The details of these works are given as under:

Table: 2.19.1

(Rupees in lakh)

Name of Division	Name of work	Approved cost	Date/month of start of work	Stipulated date/month of completion	Physical progress	Expenditure incurred
Bilaspur- II	C/o link road to village Kacholi (KM 0/0 to 5/0)	202.23	1/2006	1/2007	Road has been completed upto Km 4/060.	109.00
Dehra	C/o road from Balghar Chatwal Landiara (KM 0/0 to 4/250)	79.99	3/2007	3/2008	F/C work done upto Km 2/500.	30.04
Kangra	C/o link road from Ujjain to Sevkaran (KM 0/0 to 1/900)	58.31	2/2006	11/2006	Road work stands completed between Km 0/0 to 0/750.	11.95
Karsog	C/o Badhan to Kathechi road (KM 0/0 to 5/500)	109.22	2/2006	2/2008	F/C works and cross drainage works completed in Km 0/0 to 3/240 and soling work completed in Km 0/0 to Km 3/210.	52.69
Kullu -I	C/o road from Hawaii Gharat to Manjhali (KM 0/0 to 2/300)	74.89	10/2006	10/2007	F/C work completed from Km 0/0 to Km 0/050 and from 0/100 to Km 1/300.	18.09
Sunder Nagar	C/o Samon to Tihari road (KM 0/0 to 8/700)	157.84	10/2006	10/2007	Road work completed upto Km 0/0 to Km 3/850.	41.11
	Total	682.48				262.88

Source: Figures supplied by the Department

The construction in case of four road works was held up due to dispute with the land owners and in two cases due to involvement of forest land falling in the alignment of the proposed roads. It was also noticed that the EEs at the time of sending proposal had furnished the certificates of availability of land without actually ensuring the availability of land free from all encumbrances and entries in the local land records.

The EEs concerned confirmed the facts (October 2008-February 2009).

Thus, the Department did not comply with the pre-requisite formalities before taking up the execution of works resulted in idle investment of Rs 2.63 crore, besides depriving the public of the intended road connectivity.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

2.20 Blocking of funds

Placing of funds under “Public Works Deposits” for execution of works without completion of requisite formalities led to non-utilisation and blocking of Rs 15.54 crore

Funds received by the EEs from various Departments/agencies for the execution of works on their behalf are temporarily kept under the transitory head “Public Works Deposits”. Such funds should not be allowed to remain un-utilised for an indefinite period as their prolonged retention results in keeping the money outside the normal budgetary process and in blocking of Government funds.

Scrutiny of records of eight divisions¹⁹ revealed (May 2008-March 2009) that Rs 15.54 crore received from various Departments/agencies between February 2001 and September 2007 for execution of 16 deposit works²⁰ remained unutilised due to non-commencement of works for reasons like hindrances/site disputes (four cases), non-finalisation of appropriate sites as well as architectural drawings (three cases), non-handing over of sites (three cases) and non-availability of sites (six cases).

The concerned EEs admitted (May 2008-March 2009) the facts. Evidently, funds under deposit head were received by the respective divisions from different Departments/agencies without ensuring the pre-requisite formalities and availability of land for the execution of works of the sanctioned infrastructure.

Thus, the deposits amounting to Rs 15.54 crore remained unutilised for periods ranging between 18 and 97 months thereby defeating the purpose for which these were sanctioned.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

Medical Education Department

2.21 Drawal of funds in advance of requirement

Drawal of funds in anticipation of requirements and their retention in the form of bank drafts and fixed deposit receipts during March 2005 to March 2008 led to falsification of accounts, undue benefit to banks and loss of interest to Government.

Financial Rules stipulate that money should not be drawn from treasury unless it is required for immediate disbursement. The rules also prohibit drawal of funds from treasuries for making payments in advance for supplies which may not be received for months.

¹⁹ Barsar: Rs 4.48 crore; Bilaspur No. I: Rs 63 lakh; Chopal: Rs 75 lakh; Kullu No. I: Rs 30 lakh; Mandi No. I: Rs 28.32 lakh; Nahan: Rs 4.29 crore; Rohroo: Rs 81.42 lakh and Salooni: Rs four crore.

²⁰ Construction of Schools/Science Laboratory in School/Degree Colleges/Girls' Hostel: seven; construction of Health Sub-Centre/Trauma Centre/Veterinary Hospital: three; construction of Office buildings/Type-III quarters/Forum building: six.

Instead of drawing funds from the treasury on actual receipt of supplies or the work done, the Department drew the amount in anticipation of requirements as given below:

(a) Scrutiny (December 2006) of records of the Principal, Dr Rajendra Prasad Medical College and Hospital (DRPMCH), Tanda, (Kangra district) revealed that the Principal drew (2005-2007) Rs 30.19 crore²¹ from the treasury for making payments on account of construction of hospital building (Rs 4.52 crore) and procurement of machinery, equipment and furniture, etc. (Rs 25.67 crore). The amount was booked as final expenditure against the work and supplies and kept in the chest as bank drafts in favour of the firms executing the work and making supplies. Of this, Rs 26.40 crore, were paid/disbursed to the firms after a period ranging between three and 46 months based on the progress of work done or supplies made. Balance amount of Rs 3.79 crore remained as bank drafts as of May 2009.

(b) Scrutiny (April-May 2009) of the records of the Principal, Indira Gandhi Medical College (IGMC), Shimla revealed that the Principal drew (March 2008) Rs 14.75 crore from the treasury for the purchase of machinery and equipment for various Departments of IGMC and deposited (July 2008) the amount with the Rogi Kalyan Samiti (RKS) of IGMC in the form of fixed deposit receipts. Against this, equipment valued at Rs 0.84 crore were purchased (between November 2008 and March 2009) after a delay ranging between seven and 11 months and the supply orders for Rs 3.35 crore were placed with various firms between August 2008 and May 2009. The amount of Rs 13.91 crore remained un-utilised with the RKS as of May 2009.

While confirming the facts, the Principal, DRPMCH stated (May 2009) that the amount was kept in the form of bank drafts as security, as supply of materials was awaited. The Principal, IGMC stated (April 2009) that the tenders could not be finalised before 31 March 2008 and the amount was drawn in advance and kept in the account of the RKS as per the directions of the Government (May 2008). The reply is not in consonance with the provisions of the financial rules as the funds were drawn from the treasury in anticipation of receipt of materials, etc.

Thus, unauthorised drawal of funds to show utilisation of available budget resulted in:

- Falsification of accounts by showing the amount as final expenditure.
- Undue benefit to the banks by keeping the money in the form of bank drafts.
- Loss of interest of Rs 5.37 lakh to the Government by keeping the money outside Government account.
- The objective of providing better health care services to the public had, thus, remained largely unachieved.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

²¹ March 2005: Rs 0.56 crore, March 2006: Rs 15.29 crore and March 2007: Rs 14.34 crore.

Revenue Department

2.22 Diversion of Calamity Relief Fund

Rupees 24.36 crore were diverted from calamity relief fund by the State Government and three Deputy Commissioners for works not admissible under CRF guidelines

Government of India instructions provide (May 1987) that Calamity Relief Fund (CRF) should be utilised on works damaged during natural calamities and not on fresh works. The State Government impressed upon (January 1998) all the Divisional Commissioners/Deputy Commissioners (DCs) that CRF may not be diverted without the prior approval of the State Government. The GOI further reiterated (September 2000-June 2007) that assistance under CRF should only be provided on the basis of the assessment of loss made by State Level Committee (SLC). The State Government had also clarified (March 2002) that it was obligatory for the field staff of the Revenue Department to make quick spot inspections to assess loss and report it to the higher authorities in accordance with the provisions of the Relief Manual.

Scrutiny (June 2008-March 2009) of the records of the DCs of Kangra, Kinnaur and Mandi revealed that Rs 24.36 crore meant for restoration/relief works under CRF were diverted for execution of 198 works²² during 2005-09 which were not permissible under CRF guidelines as discussed in the succeeding paragraphs:

- DCs Kangra and Mandi spent Rs 63.83 lakh on 120 fresh works²³ which were not permissible like construction of Mahila Mandal Bhawans, Samudayik Bhawans, village paths, link road, etc., during 2006-09.
- DC Kinnaur spent Rs 28.71 lakh on 22 works showing repair of Mahila Mandal Bhawans, Samudayik Bhawans, Religious buildings, village paths, bowaris, kuhls, etc., during 2007-09 even though the buildings did not exist at the site of natural calamities. This is supported by the fact that the Panchayats had proposed for construction of the works and not repairs as sanctioned by the DC.
- Rupees 24.67 lakh (DCs Kangra: Rs 16.52 lakh, Kinnaur: Rs 4.35 lakh and Mandi: Rs 3.80 lakh) were spent on 33 works²⁴ relating to repair of residential buildings of officers/officials of the Revenue and Police Departments in their respective districts.
- Rupees 18.95 lakh (DCs Kinnaur: Rs 13 lakh and Mandi: Rs 5.95 lakh) were spent on 23 works²⁵ relating to construction/repair of Government non-residential buildings including SDM Campus

²² Kangra: 127; Kinnaur: 30 and Mandi: 41.

²³ Kangra: 102 works for Rs 49.32 lakh and Mandi: 18 works for Rs 14.51 lakh.

²⁴ Kangra: 25; Kinnaur: three and Mandi: five.

²⁵ Kinnaur: five and Mandi: 18

at Mandi and Padhar, Patwarkhanas in Mandi district, repair of sheep shed in Sheep Breeding Farm and schools in Kinnaur district which in the absence of damage reports from the Revenue Department, were not covered under relief works.

- Financial Commissioner-cum-Secretary (Revenue) to the Government of Himachal Pradesh diverted Rs 23 crore in favour of Public Works Department (Rs 15 crore) and Irrigation and Public Health (Rs 8 crore) for the purchase of bitumen and installation of Hand pumps and repair of damaged schemes although there was no such report from SLC. Moreover, funds out of CRF could not be taken as substitute for normal budget.

The Deputy Commissioners of Kangra, Kinnaur and Mandi gave almost similar replies in July 2008, January 2009 and March 2009 respectively stating that the funds were sanctioned for repair and restoration of buildings damaged due to natural calamity, construction of community assets like construction of Mahila Mandal Bhawans, community centres, village paths, etc., and to provide employment to the people under SGRY which is permissible as per CRF guidelines. The contention is not acceptable as the funds were not utilised keeping in view the aforesaid instructions of GOI/State Government.

Moreover, the works were carried out without obtaining damage assessment reports from the Revenue authorities as required under the Himachal Pradesh Emergency Relief Manual.

Thus, the Financial Commissioner (Revenue) and DCs Kangra, Kinnaur and Mandi used the funds amounting to Rs 24.36 crore, meant for restoration of relief works on works not admissible under CRF guidelines.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

Rural Development Department

2.23 Unauthorised operation of Personal Ledger Account

Unauthorised transfer of scheme funds of Rs 1.07 crore by the Deputy Commissioner to Personal Ledger Account of Panchayat Samiti led to violation of financial rules, besides loss of interest of Rs 20.58 lakh

As per Rural Development Department (RDD) Manual, all the funds received both from Central and State Governments are required to be kept in the savings bank accounts only. The State Financial rules further provide that permission to open Personal Ledger Account (PLA) may be granted by the Finance Department with the prior consultation of Accountant General (A&E).

Scrutiny (December 2008) of the records of the Block Development Officer (BDO) Lahaul and Spiti at Keylong revealed that the BDO with the approval of Deputy Commissioner (DC), Lahaul and Spiti transferred (March 2004) Rs 1.07 crore pertaining to various development schemes²⁶ to the PLA of the Panchayat Samiti. Permission from the Finance Department as also the approval of the Accountant General, as required, was not obtained by the BDO. On this being pointed out (December 2008) in audit, the BDO with the approval of the DC transferred (March 2009) Rs 38.83 lakh out of the unspent balance of Rs 50.12 lakh to the State Bank of India, Keylong, leaving Rs 11.29 lakh in the PLA. By keeping the funds in PLA instead of in a savings bank account, the Government lost an interest of Rs 20.58 lakh²⁷ (March 2009).

The BDO while admitting the facts stated (December 2008) that the DC had ordered the transfer of developmental funds from Bank to PLA.

Keeping the funds in PLA at the treasury had, thus, resulted in violation of financial rules and loss of interest amounting to Rs 20.58 lakh.

The audit findings were referred to the Government in May 2009. Reply had not been received (September 2009).

Urban Development Department

2.24 Diversion of funds

Grants of Rs 1.77 crore meant for slum improvement and upgradation were diverted for other purposes in violation of State Financial Rules

The Twelfth schedule incorporated through the 74th Amendment to the Constitution of India added slum improvement and their upgradation as legitimate functions of the municipal authorities.

State Financial rules provide that the grant should be utilised for the purpose for which it was sanctioned and in no case should the amount be diverted for any other purpose.

Scrutiny (May-June 2009) of the records of the Director, Urban Development Department (UDD), Shimla revealed the following:

A budget provision of Rs 6.36 crore was made to the Urban Development Department during 2007-08 for Environmental Improvement of Urban Slums (EIUSs). In disregard of the EIUS scheme guidelines and financial rules the State Government sanctioned Rs 1.11 crore and Rs 0.66 crore out of the budget available for EIUSs during 2007-08 for the works 'shifting of water connection from existing line to newly laid network and other remaining works' under the scheme 'Reorganisation and augmentation

²⁶ Swarnjayanti Grameen Rojgar Yojana: Rs 15.30 lakh; Calamity Relief: Rs 8.05 lakh; Zila Parishad: Rs 5.05 lakh; Art and Culture: Rs 2.49 lakh; 2515 and ORDP: Rs 6.71 lakh; Panchayat Samiti: Rs 4.97 lakh; VMJS: Rs 27.77 lakh; Office Building: Rs 21.18 lakh and Nucleus: Rs 15.75 lakh.

²⁷ Average monthly balance for 60 months (April 2004 to March 2009): Rs 1,02,88,207 x 4 x 60/1200 = Rs 20,57,641 or say Rs 20.58 lakh.

of existing WSS, Shimla' and 'providing and laying of DI pipes 150 mm dia sewer lines of broken and defunct sewerage lines of SDA, New Shimla Zone' respectively. As the sanctioned works had no direct relation with slum improvement and upgradation in identified slum areas, the sanction of Rs 1.77 crore was injudicious. The Director, UDD stated (June 2009) that the proposal was made directly by the Commissioner, Municipal Corporation, Shimla to the Government for release of funds and the Government released the funds through the Department. The reply is not acceptable as the action was in violation of the State Financial Rules.

The audit findings were referred to the Government in July 2009. Reply had not been received (September 2009).

2.25 Blocking of funds

Funds of Rs 3.49 crore were sanctioned for installation of Solid Waste Management projects without ensuring availability of suitable sites and without obtaining technical sanction

The Twelfth Finance Commission (TFC) had recommended the release of Rs 8 crore to the State for Urban local bodies (ULBs) during 2005-10. As against allocation of Rs 6.40 crore for 2005-09, the State Government provided the Urban Development Department (UDD) Rs 6.34 crore to eight²⁸ ULBs for setting up Solid Waste Management (SWM) projects.

Scrutiny (May-June 2009) of records of Urban Development Department revealed the following:

- Rupees 2.46 crore were released²⁹ (December 2006-February 2009) to Municipal Councils (MCs) Palampur and Solan for installation of SWM projects. Of these, Rs 0.03 crore only had been spent by MC Palampur and none by MC Solan. The remaining amount of Rs 2.43 crore was lying unutilised as of June 2009 with the MCs due to non-availability of suitable land.
- The State Government sanctioned (June 2008) Rs 50 lakh by diverting the same from sewerage scheme in favour of MC, Shimla for relocating a conversion plant for SWM as per directions of the Hon'ble High Court. Due to non-availability of suitable site, the funds remained unutilised.
- A Detailed Project Report (DPR) for setting up SWM project at Nalagarh was got prepared in 2006 for Rs 71 lakh. On the basis of DPR, funds of Rs 53.33 lakh were released (January 2007) by Director (UDD). The entire amount was lying unutilised for want of technical sanction for execution of work (September 2008).

The Director, UDD stated (June 2009) that the State Government had released the funds based on the proposal submitted in August 2005. It was further stated that MCs were not having land within their

²⁸ Municipal Councils: Chamba, Mehatpur, Nalagarh, Palampur, Paonta Sahib, Parwanoo, Solan and Sundernagar.

²⁹ MC Palampur: December 2006: Rs 0.27 crore, January 2007: Rs 0.27 crore and February 2009: Rs 0.32 crore and MC Solan: November 2007: Rs 1.60 crore.

limits for such projects and the land had to be identified outside their limits, which involved completion of certain formalities. He further stated that although the funds were released after the transfer of the land in some cases, these could not be utilised due to public resentment at the site.

Thus, release of funds by the Department without identifying suitable site and encumbrance free land for installation of SWM projects resulted in blocking of Rs 2.96 crore with three ULBs and Rs 0.53 crore remaining unutilised with Executive Officer MC Nalagarh due to not obtaining technical sanction.

The audit findings were referred to the Government in July 2009. Reply had not been received (September 2009).

Regularity issues and other points

Education Department

2.26 Implementation of scholarship schemes

Non-compliance with the financial rules and scheme guidelines by the Department deprived the students of the benefit of scholarship apart from blocking of Rs 9.16 crore

To improve the standard of education of poor and meritorious students, financial assistance is provided by the Central and State Governments through 13 scholarship schemes³⁰. As per guidelines of these schemes, the beneficiary students are required to submit their applications complete in all respects to the Principals/Head Masters (HMs) by 15 September each year who would send the requirement of funds to the Deputy Directors (DDs) concerned. The DDs should send the requirements of the district to the Director, Higher Education (DHE) by the 15 November every year. Funds are sent by the DHE to the DDs/Principals/HMs who are required to disburse the scholarship to the eligible students within 15 days of the receipt of funds and send the actual payee's receipts (APRs) to DHE within 30 days.

Scrutiny (April-May 2009) of the records of the DHE and six³¹ Government Colleges (GCs) revealed the following:

- No record was maintained by DHE to show the basis on which the number of beneficiary students or the amount of scholarship demanded from the Government was decided and the demand was made on lump sum basis. There was no linkage between the eligible beneficiaries and allocation made/amount released due to non-availability of exact number of beneficiaries. The DHE made assessment of requirement of funds under scholarship schemes without ascertaining actual requirement from the field institutions.
- The DHE drew Rs 14.33 crore from the treasury during 2006-09 under different scholarship schemes. Of this, the DHE released Rs 5.72 crore³² during 2007-09 for disbursement to the

³⁰ Central: two and State: 11

³¹ Dharamshala, Hamirpur, Kullu, Mandi, Palampur and Rampur.

³² 2007-08: Rs 1.38 crore and 2008-09: Rs 4.34 crore.

eligible students. Balance amount of Rs 8.61 crore remained unspent in savings bank account as of March 2009. Out of the released amount of Rs 5.72 crore, Rs 0.21 crore were received back by DHE and Rs 0.34 crore was lying undisbursed with six Principals of GCs as the beneficiary students had left after completion of their studies.

- The actual payee's receipts for Rs 5.17 crore released during 2007-09 were awaited in the office of the DHE as of May 2009 which was indicative of laxity of control over the disbursing authorities. The DHE, thus, did not ensure actual disbursement of scholarship to the eligible beneficiaries.
- The scholarships for Rs 0.07 crore under Indira Gandhi Utkrishta Chhatravriti Yojana (IGUCY) for the year 2005-06, were released during 2007-08. Similarly, Rs 0.38 crore under two³³ schemes for the year 2006-07 were released during 2008-09, thereby causing a delay of two years in releasing of funds.
- The GOI guidelines provided that the value of scholarship under Post-Matric Scholarship Scheme (PMSS) include maintenance allowance and reimbursement of non refundable fees like enrollment/admission fees, registration, tuition, games, union, library, magazine, medical examination and such other fees compulsorily payable by the students. The Principals of test-checked GCs did not reimburse the compulsory non-refundable fees of Rs 0.06 crore to 2,888 beneficiaries for the period 2006-08 thereby depriving them of the intended benefits.
- The heads of institutions and teachers-in-charge of scholarships of three³⁴ test-checked GCs did not attest the disbursement of scholarships for Rs 0.26 crore made to 1,603 students in token of the amount having actually been disbursed in their presence as required in the instructions of the DHE.

While admitting the facts, the DHE stated (May 2009) that the funds were drawn in lump sum as the demands from field units were received very late and as such, the scholarships could not be released during the relevant year. It was also stated that the awaited actual payee's receipts received in certain cases were being arranged. The Principals of test-checked GCs stated (May 2009) that the students who left the institutions on completion of studies did not turn up to receive the scholarships and compulsory non-refundable fees was not reimbursed to the students alongwith maintenance allowance as necessary guidelines thereof were not available. For non-attestation of payments to students in the scholarship registers, the Principals stated (May 2009) that it was due to oversight. The replies are not acceptable as the time schedule laid down by the Department for receipt of applications of beneficiary students and release of funds were not followed properly.

Thus, due to non-adherence to the prescribed time schedule for receipt of applications for grant of scholarship, their processing and release of funds by the Department, the eligible students were denied of the benefits or given the benefits after delay. Further, seeking funds without assessment of actual requirement led to blocking of Rs 9.16 crore.

³³ Post-Matric Scholarship Scheme for Scheduled Tribes: Rs 0.11 crore and Other Backward Classes Scholarship Scheme: Rs 0.27 crore.

³⁴ Dharamshala, Palampur and Rampur.

Similar observations were made in Paragraph 3.1 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2007 regarding implementation of the scholarship schemes for educational development of SC and ST students which was yet to be discussed by the PAC.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

2.27 Unauthorised investment in SBI Mutual Fund

Action of the Vice Chancellor to invest Rs 3.32 crore in Mutual Fund without authorisation from the Executive Council has subjected the investment to market risks

Statute 11 (vi) of the First Statute to the Himachal Pradesh University (University) Act 1970 authorises the Executive Council (EC) of the University to invest any money belonging to the University, including any unapplied income, in such stocks, funds, shares, or securities, as it may, from time to time, think fit, or in the purchase of immoveable property in India. The EC further authorised (May 1986) the Vice Chancellor (VC) to invest any amount out of the Current Account of the University in short term deposits/saving account and accumulations of CPF in more beneficial long term deposits in Post Office Five Year Schemes up to the required level³⁵ and the remaining amount in Nationalised Banks. Regarding GPF, the matter was directed to be taken up with the State Government for examining the feasibility of depositing the accumulation with the State Government and, thus, entitling the subscribers to the same benefits as under Government.

Scrutiny (December 2008-January 2009) of the records revealed that the University with the prior approval of VC, invested (March 2008) Rs 3.32 crore (33,16,600 units of Rs 10 each) pertaining to its Corpus Fund Account (Rs 3.23 crore) and Contributory Pension Fund Account (Rs 9.02 lakh) in State Bank of India Tax Advantage Fund, Series-1 (Mutual Fund) for a period of ten years (upto 2018) with minimum lock in period of three years. The Mutual fund in which the investment has been made is not an investment in a nationalised bank and is subject to market risks. While comparing the investment with the Statement of Account dated 16 December 2008 of the Mutual Fund, issued by the State Bank of India, it was noticed that the Net Asset Value of a unit of Rs 10 was reduced to Rs 5.92 on that date, causing a sharp decrease in the invested amount to the extent of Rs 1.35 crore. The public money was thus put to avoidable market risk.

Finance Officer of the University stated (June 2009) that the VC was authorised by the EC to make any type of investment in long term deposits in Post Office/Nationalised Bank and further stated that the matter was under consideration of the EC and its decision was awaited. The reply is not acceptable as the VC should have invested the public money only in the authorised mode of investment or obtained prior approval of EC before putting the public money to market risk.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

³⁵ Invested amount on which University could get maximum rate of interest in the Post Office.

Health and Family Welfare Department

2.28 Underutilisation of machinery and equipment

Poor asset utilisation attributed to non availability of trained staff resulted in an expenditure of Rs 28.82 lakh remaining largely unproductive

Scrutiny (January-July 2009) of records of the Chief Medical Officers (CMOs), Bilaspur, Kinnaur and Kullu and Block Medical Officer (BMO), Ghumarwin revealed that machinery and equipment purchased by the Department between March 2006 and June 2007 at a cost of Rs 28.82 lakh were not gainfully utilised as trained personnel had not been posted to operate them as tabulated below:

Table: 2.28.1

(Rupees in lakh)

Name of Office	Particulars of equipment	Year of purchase	Cost	Idle since	Reasons for non-utilisation
CMO Bilaspur	TMT-Stress System	April-2006	3.39	April 2006	The CMO, Bilaspur stated (May 2009) that the machine was put to use with effect from November 2007 and two TMTs were done but due to lack of proper training and shortage of Medical Specialist/ECG Technician, etc., frequent use of the machine could not be ensured.
	Calpo-Scope	March 2006	4.20	March 2006	The CMO, Bilaspur stated (May 2009) that the machine was required to be used by the Gynaecologist who has expressed his inability for its use without proper training.
CMO Kinnaur	Ultrasound machine at CH, Chango	June 2007	4.79	June 2007	The CMO, Kinnaur stated (March 2009) that the machine had been lying idle due to non-posting of Radiologist.
CMO Kullu	Ultrasound machine at Civil Hospital, Banjar	April 2007	10.26	July 2007	The CMO Kullu stated (January 2009) that the machine had been lying idle due to non-posting of Radiologist.
BMO Ghumarwin	Operation Theatre machinery and equipments	April 2006 to March 2007	6.18	May 2007	Due to non-availability of specialised trained staff.
		Total	28.82		

Source: Information supplied by the CMOs, Bilaspur, Kinnaur, Kullu and BMO Ghumarwin

Thus, inadequate attention to procurement planning involving proper training, posting of trained staff, etc., resulted in non-utilisation of high value machinery and equipment procured at a cost of Rs 28.82 lakh and more importantly, deprived the public of the benefits for which the equipment was purchased.

The audit findings were referred to the Government in May/September 2009. Reply had not been received (September 2009).

Rural Development Department

2.29 Raising of Jatropha Nurseries

Expenditure of Rs 75 lakh incurred on raising, distribution and plantation of Jatropha plants by the implementing agencies lacked justification due to non-maintenance of proper records and non-identification of cluster lands before getting money from GOI

Government of India released (March 2006) a one time grant of Rs 1.50 crore to six³⁶ District Rural Development Agencies (DRDAs) for raising Jatropha nurseries in the State during 2005-06. The DRDAs further released the funds to 11 Forest Divisions³⁷ between April 2006 and February 2007 for raising Jatropha seedlings in the nurseries under their control. The grant, provided at the rate of Rupees three per sapling, included all recurring and non-recurring costs involved in raising the saplings. The saplings so raised were to be provided to various implementing agencies free of charge during monsoon season (June-July 2006).

Scrutiny (April 2009) of the records of four Forest Divisions (Bilaspur, Dehra, Nurpur and Una) to which Rs 75 lakh³⁸ were released during 2006-07 revealed the following:

- According to the terms and conditions of the grant, DRDAs were to release the funds to the implementing agencies for utilisation during 2005-06 within 15 days from the issue of sanction letter (14 March 2006). The DRDAs released the funds late to the test checked Divisions involving delays ranging between 26 and 232 days. The funds were, thus, actually utilised during 2006-07 and 2007-08 thereby delaying the actual implementation of the programme.
- As per the information supplied by the four test-checked Divisions, 31.65 lakh saplings³⁹ were stated to have been raised during 2006-07 (15.00 lakh) and 2007-08 (16.65 lakh) at a cost of Rs 75 lakh. Of these, 28.42 lakh saplings were stated to have been distributed (2006-08) to various agencies for plantation. Records showing the number of saplings raised and distributed had, however, not been maintained by the concerned divisions as a result of which, authenticity of the information supplied could not be verified in audit. The remaining 3.23 lakh saplings valued at Rs 9.69 lakh were either damaged (1.11 lakh saplings valued at Rs 3.33 lakh) by heavy floods/raining/fog or were lying in nurseries (2.12 lakh saplings valued at Rs 6.36 lakh) because no agency was interested in lifting them. Efforts made to sell these saplings to private parties at the

³⁶ Bilaspur, Hamirpur, Kangra at Dharamshala, Sirmour, Solan and Una.

³⁷ Bilaspur, Dehra, Dharamshala, Hamirpur, Kunihar, Nalagarh, Nurpur, Palampur, Renuka, Solan and Una.

³⁸ Bilaspur: Rs 24.00 lakh; Dehra Rs 15.00 lakh ; Nurpur: Rs 18.00 lakh and Una Rs 18.00 lakh.

³⁹ Bilaspur: 9.93 lakh; Dehra: 5.00 lakh; Nurpur: 6.06 lakh and Una: 10.66 lakh.

rate of Rs 3.50 per sapling, as envisaged in the guidelines were not on record. The expenditure of Rs 9.69 lakh had, thus, become infructuous.

- As per guidelines, plants distributed free of cost to the agencies were to be planted on cluster basis on waste and common lands with extension support, plantation cost, etc., met out of funds available under other existing schemes. Progress reports and information supplied by the Divisions and Block Development Officers (BDOs) revealed that contrary to the provisions, 8.51 lakh saplings were planted, during 2006-07 (5.40 lakh) and 2007-08 (3.11 lakh) by three⁴⁰ Divisions and 4.69 lakh by three⁴¹ BDOs during 2006-07 (1.25 lakh) and 2007-08 (3.44 lakh) around the existing plantation/fencing areas without indicating the location of the areas where plantation was done. Identification of the areas where plantation was done was, thus, not possible.
- Survival norms of plantation and monitoring mechanisms have not been prescribed either in the guidelines or by the Department. It was, however, seen that there were wide variations in survival percentage in each agency as shown below:

Table: 2.29.1

(In percentage)

Name of agency	Percentage of survival			
	2006-07		2007-08	
	Minimum	Maximum	Minimum	Maximum
Bilaspur Division	80	90	80	90
Nurpur Division	75	80	75	80
Una Division	70	75	70	75
BDO Bilaspur	60	65	60	65
BDO Nurpur	50	Not available	52	Not available
BDO Una	30	Not available	30	Not available

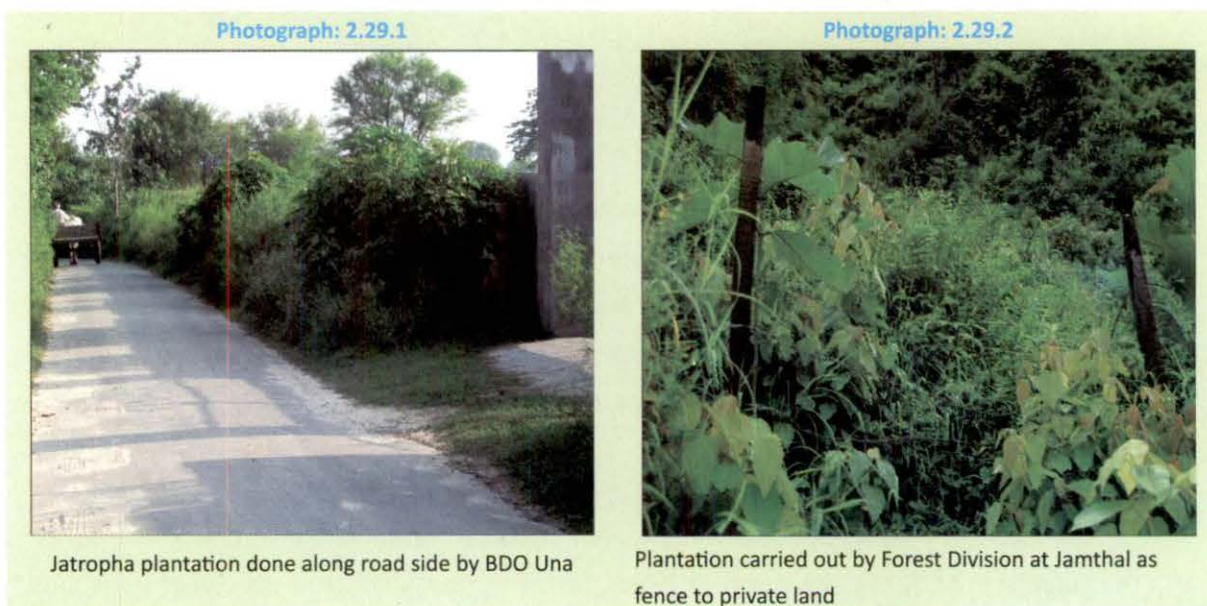
Source: Figures supplied by the concerned DFOs and BDOs

The Divisional Forest Officers and the BDOs stated (April-May 2009) that plantations were not done in clusters due to non-availability of compact land and survival rate was low due to draught. It was also assured that records would be maintained in future.

⁴⁰ Bilaspur: 3.46 lakh; Nurpur: 3.10 lakh and Una: 1.95 lakh.

⁴¹ Bilaspur: 1.53 lakh; Nurpur: 0.68 lakh and Una: 2.48 lakh.

Plantation of Jatropha plants was made in a scattered manner instead of on cluster basis as can be seen from the photographs given below:



The plantation was not done within the stipulated period and due to non maintenance of records of raising and distribution of saplings, the progress reports thereof were not based on facts. The expenditure of Rs 75 lakh, thus, lacked justification.

The audit findings were referred to the Government in July 2009. Reply had not been received (September 2009).

Irrigation and Public Health Department

2.30 Irregular drawal of funds to avoid lapse of budget

Drawal of Rs 19.74 crore irregularly without execution of works resulted in depiction of incorrect expenditure on works

State Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take considerable time.

Scrutiny of records (December 2008-February 2009) of five divisions⁴² revealed that Rs 19.74 crore were released through letters of credit by the concerned Superintending Engineers at the fag end of the financial year 2007-08 for the execution of 121 works. The EEs drew the entire amount of Rs 19.74 crore in March 2008 and showed it as final expenditure in accounts. Out of this, Rs 12.57 crore

⁴² Bilaspur, Chamba, Nalagarh, Paonta Sahib and Sunni.

was paid (March 2008) to Shimla Division No. 1 (Rs 9.25 crore) and Himachal Pradesh State Civil Supplies Corporation Limited (HPSCSC) (Rs 3.32 crore) for procurement of materials such as cement, Ductile Iron pipes and Galvanised Iron pipes. Of this, material valuing only Rs 7.57 crore was received between April 2008 and November 2008 from Shimla Division No. 1 (Rs 5.81 crore) and HPSCSC (Rs 1.76 crore) as of September 2009. The remaining amount of Rs 7.17 crore out of Rs 19.74 crore was transferred (March 2008) by two⁴³ divisions to the sub-divisions under their control and was kept under deposit head. Thus, depiction of expenditure of Rs 19.74 crore to the final head of account of works in the financial year 2007-08 and its utilisation in the subsequent financial year was in contravention of rules.

The action of the divisions not only violated the prescribed financial system but also resulted in keeping the money outside the normal budgetary process.

The concerned EEs confirmed the facts (December 2008-February 2009).

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

Public Works Department

2.31 Incorrect booking of materials

Material costing Rs 4.60 crore was incorrectly booked against 54 works by nine divisions to show utilisation of budget in contravention of rules

Financial rules prohibit the following stock adjustments:

- debiting to a work the cost of material not required or in excess of actual requirements,
- debiting to a particular work for which funds are available, the value of materials intended to be utilised on another work, for which no allotment has been sanctioned, or
- writing back the value of materials used on a work to avoid excess expenditure over allocation.

Contrary to these rules, material costing Rs 4.60 crore were booked between March 2007 and March 2008 by nine⁴⁴ divisions against 54 works to which these did not pertain. The entire quantity of the materials was subsequently written back to stock in the succeeding financial years between April 2007 and November 2008.

⁴³ Nalagarh (Rs 0.53 crore) and Paonta Sahib (Rs 6.64 crore).

⁴⁴ Baijnath, Barsar, Dehra, Dharamshala, Hamirpur, Kangra, Nalagarh, Nahan and Sarkaghat.

Further, in two⁴⁵ divisions, 47 bitumen drums costing Rs 1.98 lakh and steel costing Rs 16.28 lakh were booked to two⁴⁶ works in March 2007 and March 2008 respectively, even though the same were not required for consumption on these works as ascertained from the estimates of these works.

The EEs concerned confirmed the facts (September 2008-March 2009).

The booking of material thus, carried out with the objective of utilising the available funds was irregular and resulted in overstatement of actual expenditure of works during the year in which the material was booked.

The audit findings were referred to the Government in June 2009. Reply had not been received (September 2009).

General

Miscellaneous Departments

2.32 Erosion of accountability

Inadequate response to Audit findings and observations resulted in erosion of accountability

Principal Accountant General (Audit) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

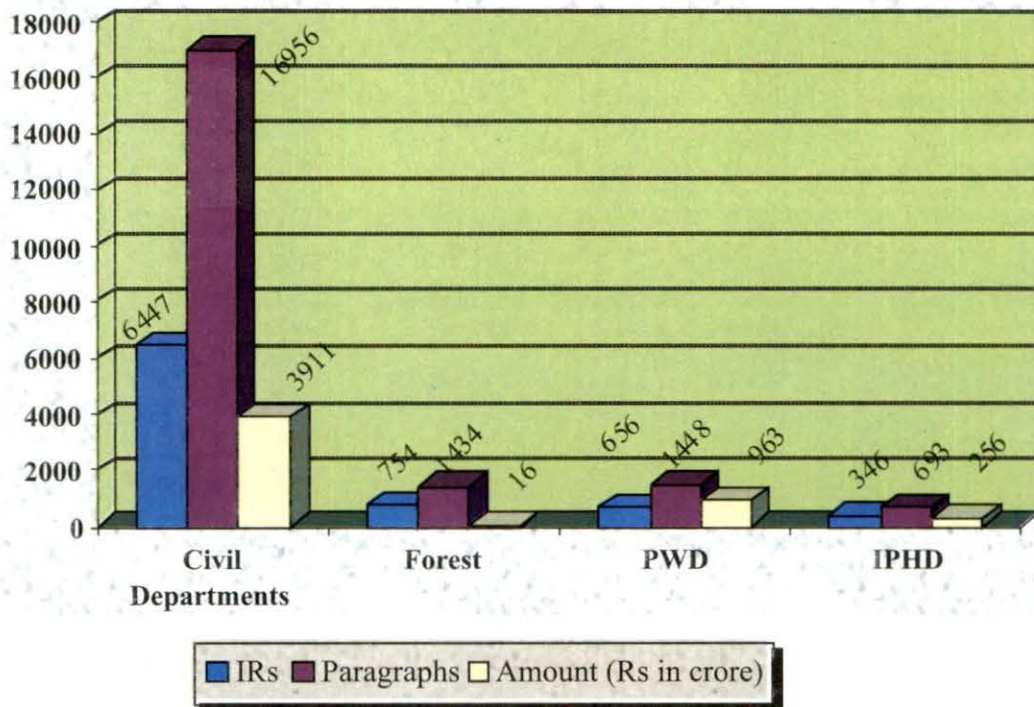
The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions within four weeks and report their compliance to the Principal Accountant General. Serious irregularities are also brought to the notice of the heads of Departments by the office of the Principal Accountant General through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

Based on the result of test audit, 20,531 audit observations, involving financial irregularities amounting to Rs 5,146 crore, contained in 8,203 IRs outstanding as on 31st March 2009 are indicated in chart 2.32.1.

⁴⁵ Kangra and Nahan.

⁴⁶ Construction of Superintending Engineer residential accommodation at Shahpur and annual surfacing to BBRC road.

Chart: 2.32.1



IPHD: Irrigation and Public Health Department

During 2008-09, 44 Adhoc Committee (Audit Committee) meetings were held in which 149 IRs and 1205 paragraphs were settled.

It is recommended that the Government look into the matter and ensure that (a) action is taken against the officials who fail to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover losses/outstanding advances/overpayments is taken in a time bound manner and (c) the system is streamlined to ensure proper response to audit observations.

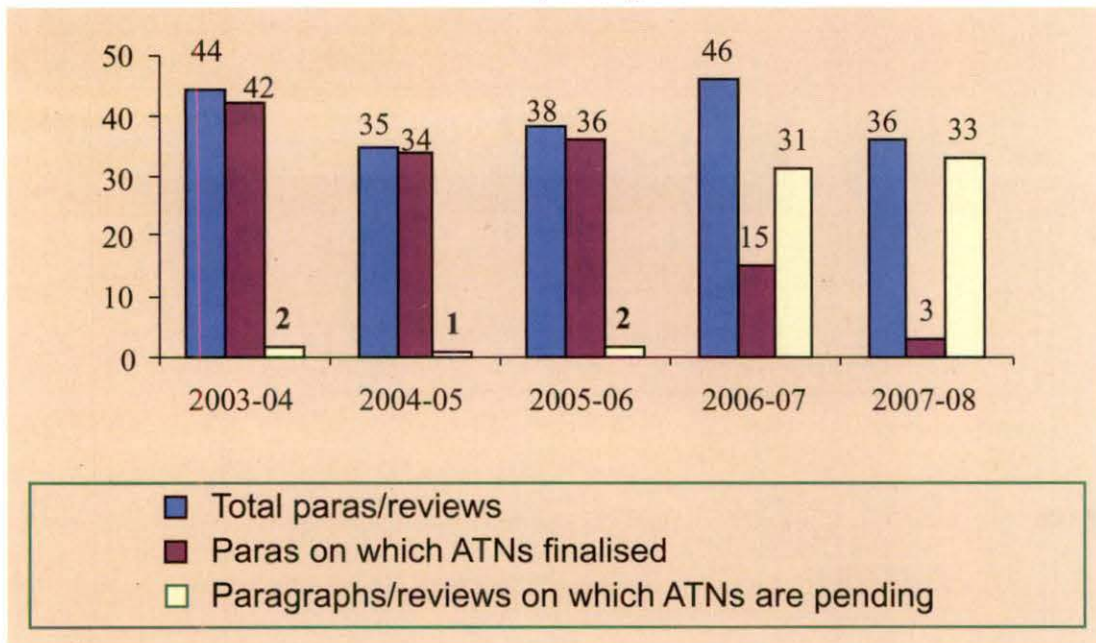
2.32.2 Follow up on Audit Reports

To ensure accountability of the executive on all issues dealt within the Report of the Comptroller and Auditor General of India and to comply with the recommendations of the Shakhdar Committee, the PAC decided that the concerned Departments of the State Government should furnish corrective/remedial Action Taken Notes (ATNs) on all paragraphs and reviews contained therein within three months of presentation of the Audit Reports to the Legislature with a copy to the Principal Accountant General (Audit) without waiting for any notice.

Taking a serious view of the inordinate delays and persistent failure in furnishing ATNs within the prescribed time limit, PAC had desired (May 2009) in the introductory meeting with the Chief Secretary and Principal Secretary (Finance) that henceforth corrective/remedial ATNs, duly vetted by Audit, on all paragraphs and reviews included in the Reports be furnished within the prescribed time limit.

The position of ATNs on the paragraphs and reviews as on 30 June 2009 is given below:

Chart: 2.32.2
Position of pending ATNs



As can be seen from the above chart, ATNs in respect of 69 paragraphs/reviews relating to the Reports for the years 2003-04 to 2007-08 have not been furnished (June 2009).

**CHAPTER-III
INTEGRATED AUDIT**

3. INTEGRATED AUDIT

Forest Department

3.1 Integrated Audit of Forest Department

The Himachal Pradesh Forest Sector Policy seeks to achieve sustainable forest management in the State i.e. forest, watershed, wild life, biodiversity and habitats for the maintenance and rehabilitation of its environment and strive for enhanced livelihood of the people of the State. Forest Department is responsible for carrying out afforestation works to bring available area under forest cover, soil and water conservation works and conservation and management of wild life. Audit review of the functioning of the Department revealed that there are several areas where it needs to improve the implementation of the programmes. Significant audit findings are as under:

- *Achievements relating to area afforested by the Department are questionable, as against the available area of 6,297 sq kms for afforestation, the Department had shown afforestation in an area of 6,807 sq kms.*

(Paragraph 3.1.7)

- *Under Mountain Livelihood Enhancement component of Mid-Himalayan Watershed Development Project, the financial performance was quite poor as funds ranging from 42 to 86 per cent were not utilised for the intended purpose.*

(Paragraph 3.1.10.1 (i))

- *During 2004-08, Rs 7.45 crore were spent on plantations (1,753.50 ha) under different CAT plans but funds for maintenance were not provided by the State Government to ensure their success.*

(Paragraph 3.1.10.4 (vii))

- *Against assessed environmental value of Rs 64.13 crore for Koldam Project, the user agency had deposited only Rs 13.47 crore as of July 2009.*

(Paragraph 3.1.10.4)

- *For research and education, grants aggregating Rs 29.76 crore were paid to Dr. Y.S.Parmar University of Horticulture and Forestry during 2004-09 without specifying the subjects for research.*

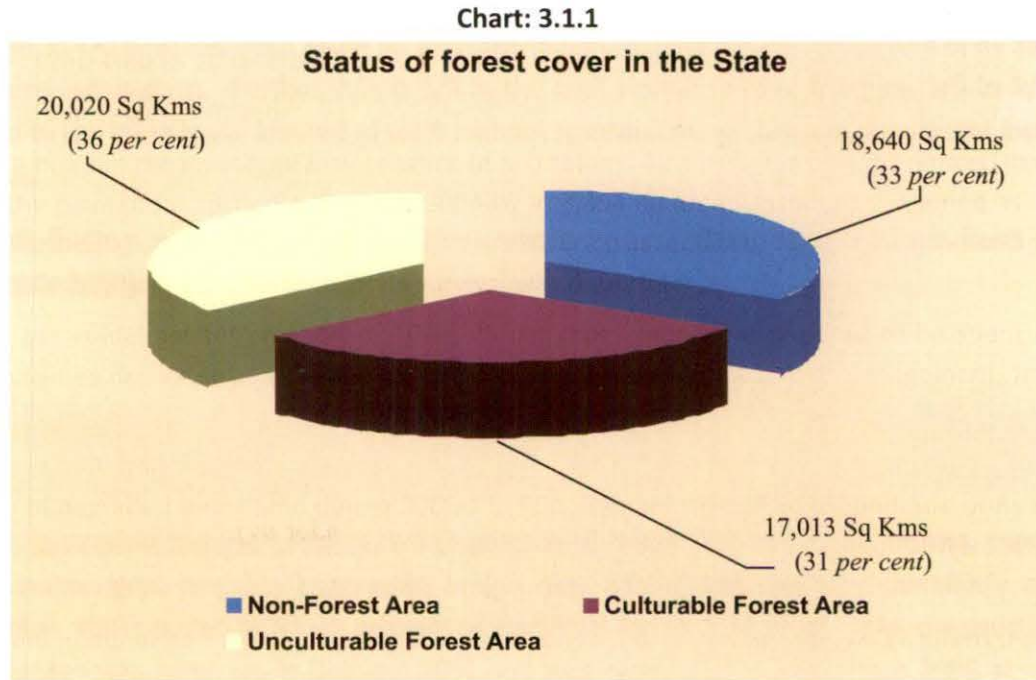
(Paragraph 3.1.10.6)

3.1.1 Introduction

Forests are an important source of subsistence and employment to a large number of people and provide revenue and raw material to a number of industries. They play a vital role in ecological balance, environment stability, biodiversity conservation, food security and sustainable development of a country/region. Keeping in view the importance of forests to ensure stability of the fragile ecosystem, the National Forest Policy, 1988 was framed to increase the area under forest and tree cover by need based and time bound programme of afforestation and tree planting.

Himachal Pradesh Government aims to protect environment, conserve, develop and protect the unique Himalayan biodiversity by effective management of forests and protected areas, increasing forest density and cover, soil conservation works through implementation of various State sector schemes, Centrally sponsored schemes and externally aided projects.

The status of forests in the total geographical area of the State is given below:



Source: State Sector Forest Policy and Strategy 2005

As per the State Forest Report of 2005, published by the Forest Survey of India (FSI), forest cover in the State is as under:

Table: 3.1.1

(Area in Sq kms)

Forest Cover	Assessment of 2005
Very Dense Forest	1,097
Moderate Dense Forest	7,831
Open Forest	5,441
Scrubs	383
Total	14,752

3.1.2 Organisational Set up

The organisational set up of the territorial wing of the State Forest Department is as under:



Principal Chief Conservator of Forests (PCCF) is the Head of the Department (Territorial Wing) who is responsible for policy decision making, budgetary control, direction and overall working of the Department. Additional Principal Chief Conservator of Forests/Deputy Chief Conservator of Forests/Chief Conservator of Forests is responsible for monitoring the implementation of schemes under their respective charge. Chief Project Director (CPD), Integrated Watershed Development Project (IWDP), Mid Himalayan Project is responsible for planning, implementation and monitoring the project activities. Conservator of Forests (CFs) and Regional Project Directors allot budget amongst Divisional Forest Officers (DFOs) and Divisional Watershed Development Officers (DWDOs) and monitor the implementation of schemes. The DFOs are responsible for actual implementation of schemes in the field through Range Officers and staff subordinate to them. Similarly, DWDOs are responsible for actual implementation of activities through Watershed Development Co-ordinators and staff subordinate to them.

3.1.3 Scope of Audit

An integrated audit of the Forest Department was carried out during March-June 2009 and covered the period 2004-09. Records of the Principal Chief Conservator of Forests (PCCF) (Territorial), 15¹ out of 37 Divisional Forest Officers (DFOs) (Territorial), Chief Project Director (CPD), Mid Himalayan Project, five² out of 11 Divisional Watershed Development Officers (DWDOs) and Conservator of Forests, Great Himalayan National Park and DFO Wild Life, Kullu covering eight³ out of 12 Districts were scrutinised.

¹ Banjar, Bharmour, Bilaspur, Chamba, Dalhousie, Joginder Nagar, Karsog, Kinnaur, Kullu, Kunihar, Mandi, Palampur, Parvati, Rampur and Suket (Sundernagar).

² Chowari, Kullu, Nurpur, Rampur and Solan.

³ Bilaspur, Chamba, Kangra, Kinnaur, Kullu, Mandi, Shimla and Solan.

Out of the total expenditure of Rs 1,146 crore incurred on 25 schemes (Appendix-III) being implemented by the Department during 2004-09, an expenditure of Rs 406 crore (35 per cent) incurred on eight⁴ schemes was test-checked. Besides, an expenditure of Rs 10.07 crore incurred on National Afforestation Programme, which is not routed through the State budget was also audited.

3.1.4 Audit Objectives

The integrated audit of the Department was carried out with the objective of assessing whether there exists in the Department:

- efficient financial administration with reference to allocated priorities and resources are optimally utilised;
- effective programme management in terms of delivery of goals of the schemes/programmes;
- efficient management of human resources in terms of recruitment, deployment and training of personnel for skill upgradation; and
- adequate supervision and monitoring including internal control mechanism.

3.1.5 Audit Criteria

The audit criteria used for benchmarking the audit findings were as under:

- Government notifications and instructions issued from time to time for the implementation of State and Centrally sponsored schemes;
- Departmental Manual/Polices/Rules and Regulations;
- State Financial Rules;
- Budget Manual/Subsidiary Treasury Rules;
- Procedures prescribed for monitoring and evaluation of schemes/programmes.

3.1.6 Audit Methodology

An entry conference was held with the Additional Chief Secretary (Forests) (May 2009) wherein audit objectives, criteria and scope of audit were discussed. Judgemental sampling was carried out to select territorial divisions, Divisional Watershed Development Officers and Wild Life units to cover maximum schemes being implemented by the Department. Audit findings as discussed in the succeeding paragraphs are based on an analysis of records, data, information and replies furnished to the audit memoranda by the above units. Exit conference was held with Deputy Secretary (Forests) in September 2009 and the replies of the Department have been incorporated in the report at appropriate places.

⁴ (i) Mid Himalayan Watershed Development Project (ii) Development of pastures and grazing lands (iii) Improvement of tree cover (iv) Utilisation of amount deposited by other agencies (v) Sanjhi Van Yojna (vi) Wild Life management and nature conservation (vii) Soil and water conservation and (viii) Research in forestry.

Audit Findings

3.1.7 Forest Policy and Planning

The first State Forest Policy was formulated in September 1980. In 1988 the GOI also introduced a progressive National Forest Policy (NFP) that recognised the relationship between rural poverty and environmental protection and envisaged bringing 2/3rd of geographical area under forest/tree cover. The State Government revised the 1980 Policy and brought out a Forest Sector Policy and Strategy in 2005 to conserve and improve the natural resources in the State especially forest, wild life and biodiversity through watershed management practices. The State Government revised the area to be brought under tree cover to 36 *per cent* in its new Policy of 2005 by acknowledging and including five *per cent* (2,798 sqm) area under Horticulture and Agriculture and tree cover to 31 *per cent* culturable forest area available in the State. GOI approval for revision of area to 36 *per cent* had not yet been obtained.

National Forest Policy, 1988 recommended undertaking a time bound programme of afforestation and tree planting. The State Policy of 2005 does not provide for actionable time frame to achieve the goal of covering the available area by tree cover. In the absence of actionable time frame, implementation of the plan cannot be ensured. The State Government stated (May 2009) that the matter regarding different norms for raising tree cover fixed in the two policies would be taken up with the GOI.

Data maintained by the State Government regarding the area under forest cover, area requiring afforestation and area afforested is not consistent, as can be seen from the following details:

As per Annual Plan 2005-06, the culturable area was 20,657 sq kms instead of 17,013 sq kms actually depicted in the State Forest Policy 2005. Out of 20,657 sq kms, area under good forests and open forest was shown as 10,429 and 3,931 sq kms respectively (as against 8,928 and 5,441 sqm respectively shown in the State Forest Report of 2005 published by FSI), thus, leaving a balance culturable area of 6,297 sq kms. However, as per the Annual Plan 2008-09, area brought under plantation (Post 1980 plantation till 2006-07) was 6,807 sq kms. Thus, the claim of the Department was doubtful as the afforested area was more (510 sq kms) than what was available for afforestation. The PCCF stated (June 2009) that mathematical analysis and deductions may not be applied while viewing forest plantation. The reply is not acceptable in view of the fact that the State Forest Policy 2005 is an important document and the Annual Plans should flow from the policy so as to ensure its implementation.

3.1.8 Financial Management

Funds are provided to the Department through four grants⁵. The Principal Chief Conservator of Forests is responsible for preparation and submission of the budget estimates to the Finance Department through the Administrative Department.

⁵ Demand No. 16-Forestry and Wild Life, Demand No. 31-Tribal Sub-Plan (Forest), Demand No. 32-Scheduled Caste Sub-Plan (Forest) and Demand No. 15-Backward Area Sub-Plan (Forest) under six major heads of account, namely 2402-Soil and water Conservation, 2406-Forestry and Wild Life, 2415-Agriculture Research and Education, 2059-Public Works, 4216-Housing and 4406-Capital Outlay on Forestry and Wild Life.

3.1.8.1 Financial Outlay and Expenditure

The budget allotment for implementation of various schemes/programmes and expenditure thereagainst by the Department during 2004-09 was as under:

Table: 3.1.2

(Rupees in crore)

Year	Budget allocation			Expenditure			Net excess (+)/ saving (-)
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	
2004-05	63.70	95.00	158.70	61.84	95.00	156.84	(-) 1.86
2005-06	100.72	92.85	193.57	99.99	92.83	192.82	(-) 0.75
2006-07	138.32	100.53	238.85	128.65	100.52	229.17	(-) 9.68
2007-08	127.60	124.47	252.07	126.37	125.28	251.65	(-) 0.42
2008-09	123.27	171.83	295.10	123.82	191.75	315.57	(+) 20.47
Total:	553.61	584.68	1,138.29	540.67	605.38	1,146.05	

Source: Detailed Appropriation Accounts of the respective years

As can be seen from the above table, there were savings in the budget provided during 2004-08 but excess over budget allocation during 2008-09. The Department stated (July 2009) that excess was due to payment of arrears of pay to IFS officers, release of DA instalments, payment of interim relief and payment of salary for the month of March in March. Additional funds were demanded from the Government but no funds were provided.

3.1.8.2 Expenditure Control

Financial Rules require that to regulate the expenditure in a phased manner, the Administrative Department should ensure that both the plan and non-plan budget is spent in a controlled manner i.e., 1st quarter: 20 per cent; 2nd quarter: 25 per cent; 3rd quarter: 30 per cent and 4th quarter: 25 per cent. It was noticed that the quarter wise expenditure pattern during 2004-09 was not followed particularly during 4th quarter. Expenditure in this quarter ranged between 37 and 46 per cent of which, 21 to 28 per cent expenditure was incurred in March alone.

In 15 test-checked units the expenditure ranged between five to 24 per cent in 1st quarter, 15 to 38 per cent in 2nd quarter, 11 to 45 per cent in 3rd quarter and 20 to 59 per cent in 4th quarter whereas it ranged between 10 to 39 per cent in the month of March during 2004-09. No action was taken by the Department to streamline the expenditure as per the guidelines of the Finance Department.

The Department stated (July 2009) that the activities of the Department were seasonal in nature, therefore, expenditure flow cannot be regulated as prescribed. The reply is not acceptable as no action to seek exemption/approval from the Finance Department was taken for regulation of expenditure as per seasonal flow.

3.1.9 Forest Management

Forests are renewable in nature. Left to themselves forests regenerate. They can be augmented or depleted with human and other interferences. Environment stability and restoration of ecological balance depends upon conservation, upgradation and augmentation of tree cover. Therefore forests are required to be managed in most sustainable manner which involves control over forest land, preparation of working plans and plantation programmes.

3.1.9.1 Control over Forest Land

In order to manage forests well, proper demarcation of the forest land is required for which settlement proceedings were started in the State in the year 1988 and revenue staff were sanctioned for conducting the settlement proceedings. In 10 districts 4,485 sq kms area has been demarcated and 11,033 sq kms of forest area targetted is yet to be demarcated even after a lapse of more than three decades. The Department stated (June 2009) that demarcation work depends upon available resources provided by the Government and further stated (July 2009) that the matter will be taken up with the Government as it involves the Revenue Department also.

Any encroachment on forest land is required to be evicted immediately. For this purpose the DFOs had been delegated the powers of Collector. Eviction of encroachment cases are thus decided by Revenue Courts as well as courts of DFO-cum-Collector. The position of encroachment cases and eviction as of 31 December 2008 was as under:

Table: 3.1.3

(Area in hectares)

Name of Court	Cases challaned		Eviction order passed		Eviction obtained	
	Number of cases	Area	Number of cases	Area	Number of cases	Area
DFO-cum-Collector	8,880	1,598.71	4,443	860.75	2,135	387.36
Revenue	4407	849.78	905	121.59	629	97.01
Total	13,287	2,448.49	5,348	982.34	2764	484.37

Source: Departmental figures

In 2,584 cases involving an area of 497.98 hectares (ha) the eviction could not be obtained by the Department despite passing of eviction orders. Besides, 7,939 cases involving an area of 1,466.15 ha are yet to be decided. The Department intimated (July 2009) that Government is taking a serious view on encroachments and necessary directions have been issued to all concerned.

3.1.9.2 Working Plans

Working plans are one of the important forestry documents prescribing treatment for regeneration, management and exploitation of forests keeping in view different growth patterns, hygiene of forests and needs of the people. It was noticed that the Working Plans of 15⁶ divisions expired between

⁶ Bilaspur, Churah, Dalhousie, Kotgarh, Kullu, Lahaul, Nachan, Nalagarh, Nurpur, Rajgarh, Rampur, Parvati, Seraj, Shimla (Urban) and Spiti.

2002-03 and 2008-09. These working plans were not revised in a timely manner despite the fact that there was an independent Working Plan wing in the Department.

The Department stated (July 2009) that shortage of staff is the major hurdle in this case and the matter is being followed vigorously with the Government. The complete ban on green felling has also diverted the attention of the Forest Department towards other subjects. The reply is not acceptable as the working plans are drawn up for 20-25 years period and involve scientific method of removing old and diseased trees, thinning of standing trees and allowing younger healthy trees to grow. Adherence to the plans ensures that the forests are maintained in perpetuity. If the plans expire and new ones are not drawn up, the potential negative impacts like decomposition of trees and forest growth, exposure to soil erosion, domination of few invasive species at the cost of others may take place. This is indicative of lacuna in the internal control mechanism.

3.1.9.3 Plantation Programmes

Plantations under various plan, non-plan and centrally sponsored schemes are carried out by preparing Annual Plan of Operations by the DFO and approved by the PCCF.

The position of physical and financial achievements against the targets in respect of three State schemes during 2004-09 is given below:

Table: 3.1.4

Name of Scheme	Year	Targets		Achievement (percentage)	
		Physical (In ha)	Financial (Rupees in crore)	Physical (In ha)	Financial (Rupees in crore)
Development of pasture and grazing lands	2004-05	546.06	0.41	603.26 (110)	0.41 (100)
	2005-06	662.00	0.66	663.00 (100)	0.66 (100)
	2006-07	700.00	0.72	795.00 (114)	0.72 (100)
	2007-08	506.00	0.56	496.00 (98)	0.51 (91)
	2008-09	577.00	0.55	564.00 (98)	0.55 (100)
	Total	2,991.06	2.90	3,121.26	2.85
Improvement of tree cover	2004-05	3,709.35	5.10	4,315.35 (116)	5.08 (100)
	2005-06	7,713.00	12.23	7,926.00 (103)	12.23 (100)
	2006-07	9,203.00	13.43	9,336.97 (101)	13.44 (100)
	2007-08	4,020.00	7.97	4,427.00 (110)	7.18 (90)
	2008-09	7,986.00	13.49	7,717.00 (97)	13.49 (100)
	Total	32,631.35	52.22	33,722.32	51.42
New forestry scheme, Sanjhi Van Yojna	2004-05	541.61	1.59	950.41 (175)	1.58 (99)
	2005-06	518.50	1.67	759.50 (146)	1.64 (98)
	2006-07	538.00	1.63	737.75 (137)	1.51 (93)
	2007-08	209.00	1.03	371.00 (178)	1.03 (100)
	2008-09	126.00	0.55	126.00 (100)	0.55 (100)
	Total	1,933.11	6.47	2,944.66	6.31
	Grand Total	37,555.52	61.59	39,788.24	60.58

Source: Departmental figures

The Department had shown more achievement against the physical targets set under the above programmes.

In the test-checked divisions, against the target of 14,204.07 ha for the State sector schemes, 14,340.17 ha was achieved within the financial provision.

Under Indian Forest Act, 1927 the State Government is required to issue notification for the closure of the areas for the purpose of regeneration and planting, thereby suspending the rights of right holders for a maximum period of thirty years. No such notifications were issued for plantations carried out under two departmental schemes in 36,666.63 ha during 2004-09. Thus, the rights were not suspended for the success of plantations.

The Department stated (June 2009) that with the promulgation of Forest Conservation Act, 1980 the practice of issuing notification for closure was dispensed with as no felling was allowed as per the orders of the Apex Court. The reply is not acceptable as the requisite notification under Indian Forest Act was necessary to ensure survival of new plantations by suspending grazing rights of the right holders which cannot be ensured under Forest Conservation Act.

For the success of plantations, the Department is supposed to fence the areas and carry out beating up⁷ of failed plants for three years out of funds provided for maintenance purpose. The Department carried out maintenance during the mandatory period. However, it had not instituted any mechanism to assess the survival of plantation to gauge the impact of actual increase in forest cover. Instead, 60 per cent of post 1980 plantations were assumed to be surviving.

3.1.10 Implementation of Schemes

3.1.10.1 Mid-Himalayan Watershed Development Project

To reverse the process of degradation of the natural resource base, improve the productive potential of natural resources and incomes of the rural households, the Mid Himalayan Watershed Development Project was designed (2005) with the aid of World Bank for Rs 337.50 crore on 80:20 sharing basis between the International Development Association and the State Government. The project has four components viz., Institutional Strengthening, Watershed Development and Management, Mountain Livelihood Enhancement and Project Co-ordination. It was started during 2005-06 and is to be completed in 2012-13. As per the Project Implementation Plan (PIP), the staff for the project was to be recruited on regular and contractual basis only. There was no provision for obtaining the services on daily wages. Further, a clearcut building programme for new construction and special repairs, addition/alteration was incorporated in the PIP. The project was to be implemented through Gram Panchayats and grant-in-aid were to be released to them.

The information regarding physical progress under various components was not supplied to Audit by the Department. Activity-wise financial targets as per PIP and achievements made thereagainst were as given in table 3.1.5.

⁷ Beating up denotes replacement of failed plants by new plantation.

Table: 3.1.5

(Rupees in crore)

	Institutional Strengthening	Watershed Development and Management	Mountain Livelihood Enhancement	Project Co-ordination
2005-06				
Financial targets	0.80	2.63	--	3.54
Achievement	0.80	2.63	--	3.54
Shortfall (-)/Excess (+) (Percentage)	--	--	--	--
2006-07				
Financial targets	5.59	23.08	1.33	9.00
Achievement	4.38	25.92	0.77	7.93
Shortfall (-)/Excess (+) (Percentage)	(-) 1.21 (22)	(+) 2.84 (12)	(-) 0.56 (42)	(-) 1.07 (12)
2007-08				
Financial Targets	8.80	33.00	8.55	4.65
Achievement	6.15	29.01	1.19	8.25
Shortfall (-)/Excess (+) (Percentage)	(-) 2.65 (30)	(-) 3.99 (12)	(-) 7.36 (86)	(+) 3.60
2008-09				
Financial targets	9.40	38.95	11.70	4.95
Achievement	6.20	33.38	1.87	8.21
Shortfall (-)/Excess (+) (Percentage)	(-) 3.20 (34)	(-) 5.57 (14)	(-) 9.83 (84)	(+) 3.26
Total Targets	24.59	97.66	21.58	22.14
Total Achievements	17.53	90.94	3.83	27.93

Source: Departmental Figures

In this regard following was observed:

(i) As can be seen from the above table, funds provided in the first two years viz., 2005-07 were fully expended whereas in the subsequent two years, against the financial targets of Rs 120 crore (2007-08: Rs 55 crore and 2008-09: Rs 65 crore) the Department spent only Rs 94.26 crore (2007-08: Rs 44.60 crore and 2008-09: Rs 49.66 crore) resulting in short utilisation of Rs 25.74 crore (21 per cent). Besides, under the components of Mountain Livelihood Enhancement, the financial performance was quite poor during 2006-09 as funds ranging from 42 to 86 per cent were not utilised for the intended purpose. The Department attributed (September 2009) the short utilisation of funds to short allocation of budget from the State Government and due to promulgation of model code of conduct for two elections during 2007 and 2008. The reply is not acceptable as even the allocated funds were not fully utilised and the periodicity of model code of conduct was for three months only.

(ii) In order to evaluate midterm and final performance against various performance indicators a base line survey depicting pre-project conditions was required to be conducted in the year 2005-06. It was noticed that the base line survey was got conducted during 4th year of project implementation for the whole project area by which time the activities undertaken in the project had started giving results. Since the survey was not conducted prior to commencement of the project, there are no base line figures, against which a mid term and final performance can be evaluated/assessed.

(iii) The PIP prohibits the deployment of staff on daily wages. Scrutiny of records of two⁸ DWDOs and the CPD revealed that an expenditure of Rs 33.25 lakh was incurred on daily wage workers which was irregular.

(iv) The PIP clearly defines the building programme to be undertaken under the project including repairs, special repairs, etc. It was noticed that four⁹ DWDOs and the CPD had incurred an expenditure of Rs 55.59 lakh beyond the scope of the approved building plans.

(v) The project was being implemented through the *Gram Panchayats* to whom the GIA was released as per approved micro plans. The UCs were required to be furnished for the same. It was noticed that UCs for GIA amounting to Rs 19 crore released during 2006-09 were still (July 2009) awaited from various *Gram Panchayats*.

(vi) The success of plantations can only be ensured after proper maintenance, for which a provision for four years had been kept in the PIP. It was noticed that maintenance of the plantation created during the previous years were not covered entirely during the years 2007-09 (2007-08: 44 ha; 2008-09: 175.25 ha).

The above findings are indicative of absence of effective controls in the Department.

3.1.10.2 Development of Pastures and Improvement of Grazing Land

Under this scheme, high altitude pastures as well as grazing lands adjoining villages are improved by introducing better grass and raising fodder trees.

It was noticed that in two¹⁰ divisions, besides planting grass tufts and other fodder trees, 20,649 non-fodder species such as Deodar and Chil were planted thus defeating the objective of the scheme. This was not pointed out by any of the functionaries to whom the plantation brochures were submitted. DFO, Bharmour stated (May 2009) that the species were planted as per site conditions and demand of the public. DFO, Joginder Nagar did not furnish any reply.

3.1.10.3 Improvement of Tree Cover-Enrichment Planting

As per departmental norms, 800 plants per ha are required to be planted under enrichment planting in areas of poor density with inadequate stocking (with density ranging from five *per cent* to 20 *per cent*) to improve the stocking and productivity.

⁸ Rampur and Solan.

⁹ Chowari, Nurpur, Rampur and Solan.

¹⁰ Bharmour and Joginder Nagar.

It was noticed that in four¹¹ divisions an area of 70.5 ha covered under the scheme was treated by planting 1100 or more plants per ha (as in the case of afforestation scheme which is carried out in blank areas). Plantation of more trees per hectare would lead to the greater density requiring operations like thinning of the forest which cannot be carried out as per ban on green felling. As such, the forest developed cannot be said to be of good health as there will be competition among plants for growth and survival. This is indicative of poor internal control mechanism in the Department.

3.1.10.4 Management of Catchment Area Treatment Plans and Compensatory Afforestation

➤ Plantations under CAT Plan

Catchment Area Treatment (CAT) Plans are prepared to check the flow of sediment load for enhancement of life of the reservoir and are to be executed by the Department out of the funds provided by user agency. Besides this, the CAT Plans also aim at Ecosystem Conservation through improvement in water retaining properties of soil and increase in vegetative cover.

For grant of approval for diversion of forest land to non-forestry purposes by GOI, the user agency is required to pay the cost of compensatory afforestation in twice the area so diverted and cost of Net Present Value at prescribed rates and cost of Catchment Area Treatment Plan (CAT Plan) in case of projects having generating capacity of 10 MW or more to be executed in catchments of the rivers on which the project is being constructed. The funds so received were treated as Government revenue upto 2006 and thereafter were deposited with Compensatory Afforestation Management and Planning Authority¹² (CAMPA). The State Government releases the CAMPA funds through budgetary allocations for executing the works.

The following points were noticed:

(i) There are no standard norms laid down by the Department for recovering the cost of CAT Plans resulting in different rates being adopted for different CAT Plans. In case of CAT Plans of Mallana Stage-II, for RIM¹³ plantations of Koldam and plantation works of Allain Dhawangan projects, departmental charges at the rate of 17.5 *per cent* were recovered whereas in other cases only administrative charges at varying rates from zero to 15 *per cent* were recovered which were far less than 17.5 *per cent*. This deprived the State Government of its legitimate revenue of Rs 22.97 crore in nine CAT Plans. The Department stated (July 2009) that there are no standard guidelines regarding departmental charges and that the issue will be taken up with the State Government to define the stance.

(ii) The CAT Plans were prepared between 1994 to 2006 at wage rates of maximum of Rs 65 per day with no provision or less provision made for escalation of labour and material costs. The present wage rate was Rs 110 per day which would result in either cost overrun or curtailing of the CAT plan to keep it within the cost agreed with the user agencies. The Additional Chief Secretary (Forests) stated (June 2009) that the user agencies had refused to pay the enhanced cost of CAT plans and in the circumstances, the scope of CAT plans will be reduced. The decision of the State Government to reduce

¹¹ Bharmour, Dalhousie, Joginder Nagar and Mandi.

¹² Constituted in pursuance of the Hon'ble Supreme Court's order dated 30th October 2002 and notified by the GOI in April 2004.

¹³ Plantations in the periphery of 100 metres of the reservoir.

the area of CAT Plans to keep it within the agreed cost instead of recovering the enhanced/revised costs of the Plans from the user agencies would reduce the effectiveness of these truncated Plans to control the sedimentation of reservoirs, conservation of the ecosystem and targeted increase in vegetation cover.

(iii) Against the total amount of Rs 116 crore received between 1994-2006 by the State Government on account of CAT plan funds, the Government released funds to the extent of Rs 96.32 crore to the concerned DFOs upto March 2009 and retained Rs 19.68 crore. The Department stated (July 2009) that in such matters State Government takes decision keeping in view overall financial requirements of other sectors too and that the Forest Department cannot do much in this respect.

(iv) Ecological Task Force (ETF) was raised (February 2006) by Ministry of Defence to carry out plantations in refractory¹⁴ and harsh areas of the State. To utilise the services of ETF, the Department decided (October 2006) to reimburse the expenses out of CAT Plan funds without identifying refractory and harsh areas. Forest land measuring 188 ha comprising parts of demarcated protected forests (DPF) and undemarcated protected forests (UPF) which were highly degraded alongwith private lands were handed over to ETF to carry out plantation works between April 2007 and November 2008 under RIM plantation of Koldam. The ETF was paid Rs 4.26 crore¹⁵ during 2007-10 (upto April 2009) for which the cost deposited by user agency as per approved norms works out to only Rs 53.10 lakh. Thus, allotting the work to ETF was uneconomical and resulted in extra liability of Rs 3.73 crore. Moreover, the land handed over was not refractory or harsh area. The Department stated (July 2009) that the work was assigned to ETF as per decision of the Government as ETF was doing work in difficult and harsh areas of the State. The reply is not acceptable as Joint Forest Management Plan of ETF under Kol Dam CAT Plan revealed that the area is overburdened with grazing rights, fuel and fodder extraction. Recommended species were Shisham, Amultas, Amla and Khair. Keeping in view the species recommended and status of area, the same cannot be treated as refractory. Moreover, the areas handed over were under plantation working circle as per working plan of Karsog Forest Division.

(v) As per approved CAT plans of Koldam and Larji Hydroelectric projects, plants were to be planted in the pits of size 30 cu cm. DFO Mandi, Karsog and Suket carried out plantations during 2004-09 in the pits of size 45 cu cm and had incurred excess expenditure of Rs 23.92 lakh. The Department stated (July 2009) that pits were dug keeping in view the soil depth and nature of plantations raised thereon and that since intention is to plant broad leave species, plants are planted in pits of size 45 cu cm. The reply has to be viewed in light of the fact that it has realised the cost of 30 cu cm pits from the user agency which resulted in realisation of lesser amount and the Department has to bear additional financial burden.

(vi) Three DFOs¹⁶ while implementing CAT Plans carried out plantation and soil conservation works during 2004-09 at a cost of Rs 4.26 crore in areas which were not identified in the approved CAT plans. The Department stated (July 2009) that the CAT plan is not a static document as it is based on assumptions and projections; and that APO can be changed and modified by the DFOs/PCCF. The reply

¹⁴ Unmanageable, resistant to treatment, hard to work.

¹⁵ 2007-08: Rs 2.59 crore; 2008-09: 1.25 crore and 2009-10 (upto April 2009): Rs 0.42 crore.

¹⁶ Karsog, Rampur and Suket.

of the Department is not acceptable as the CAT plan is not based on assumptions as stated but on actual field survey in consultation with the representatives of user agency. Moreover, the document is approved by the GOI for which modification powers rests with GOI and not with PCCF as stated.

(vii) Seven DFOs¹⁷ carried out plantations in 1,753.50 ha at a cost of Rs 7.45 crore during 2004-08 under different CAT Plans, but no expenditure on maintenance was incurred by the divisions during 2006-09 to ensure the success of plantations. State Government also did not release funds for maintenance though sufficient funds had been retained by the State Government out of the CAT Plan funds. The plantations carried out had been treated as assets of the Department as per plantation brochures. The Department stated (July 2009) that since CAMPA could not be operationalised, money remained locked in that account and was not made available to the Department for the required works. The reply is not correct as the State Government had sufficient unutilised funds of CAT plans which could have been used for the purpose.

(viii) GOI, Ministry of Environment and Forests (MOEF) directed (June 2004) that plantations of Chil should be avoided in CAT plans. However, four Divisions¹⁸ planted 1.12 lakh Chil plants at a cost of Rs 16.88 lakh between 2004-08 in violation of the instructions of GOI. The Department stated (July 2009) that Chil is usually planted in refractory areas. They stated that local conditions sometimes do not favour broad leaved plantations and it becomes imperative/unavoidable to plant Chil. The reply is not correct as the Chil has been planted alongwith other species which clearly suggests that other options were available.

(ix) As per approved CAT plan of Koldam, 1500 plants were required to be planted in one ha of area. It was noticed that during 2004-06 three Divisions¹⁹ had planted 5,81,900 plants against the provision of 7,88,250 in 525.50 ha area. This resulted in short plantation of 2,06,350 plants. The Divisions, however, did not surrender the savings on this account aggregating Rs 18.11 lakh. This was also not pointed out at any stage of monitoring which is indicative of the fact that there was no internal control mechanism in the Department.

(x) An amount of Rs 27 lakh was paid (March 2009) to a firm by the Upper Sutlej Valley Watershed Development Society for preparation of comprehensive CAT Plan for Sutlej basin for which there was no provision in any of the CAT Plan documents. The Department stated (July 2009) that there is a provision for research in various CAT plans of Sutlej basin and that from these funds, a comprehensive CAT plan was being prepared for the entire basin. It was also stated that the amount would be shared within the existing provisions of funds for research in various CAT plans. The reply is not acceptable as the implementation of CAT plans had already been delayed resulting in cost overrun which will further result in curtailing of CAT plans and foregoing certain envisaged works.

➤ **Environment Plan of Parvati Stage-II**

The GOI, while according (September 2001) approval for diversion of 87.795 ha of forest land for Parvati Hydro Electric Project Stage-II (Kullu district) to NHPC (user agency) earmarked Rs 15.40 crore

¹⁷ Banjar, Bharmour, Dalhousie, Joginder Nagar, Kinnaur, Mandi and Parvati.

¹⁸ Bharmour, Dalhousie, Karsog and Rampur.

¹⁹ Karsog, Kunihar and Suket.

for “Conservation of flora and fauna in and around the Great Himalayan National Park (GHNP), Shamshi (Project-I)” and Rs 20 crore for “Conservation of Endangered Species (Project-II)”. Projects were to be framed by Wild Life Institute of India (WII), Dehradun. In case the project cost exceeded the earmarked amount including consultancy charges, additional cost upto five per cent was to be deposited with the State Government by the user agency. WII framed Project-I for Rs 17.41 crore and Project-II for Rs 20 crore excluding consultancy charges.

Scrutiny revealed the following:

- (i) In the case of Project-I against the approved cost of Rs 15.40 crore the WII formulated project for Rs 17.41 crore which exceeded the approved cost by more than five *per cent*. The Department had not sought fresh approval in this regard from the GOI to recover the additional environmental cost of Rs 2.01 crore from the user agency as of July 2009.
- (ii) Against the total cost of Rs 17.41 crore for Project-I, Rs 13.41 crore was the phased out cost upto 2008-09 but the user agency had released an amount of Rs 8.97 crore only.
- (iii) In case of Project-II, against Rs 17.46 crore due upto March 2009, the user agency released only Rs 13.62 crore. Of this, Rs 5.75 crore was deposited in treasury as Government revenue and the balance Rs 7.87 crore was deposited with CAMPA. CAMPA, however, did not release any funds for implementation of the project. The State Government released only Rs 1.97 crore out of Rs 5.75 crore.
- (iv) The project cost worked out by WII of the two projects did not include the consultancy charges. No demand was raised on user agency to liquidate the consultancy charges of Rs 54.68 lakh paid by the Department.

➤ **Net Present Value**

In case of diversion of forest land for non-forestry purposes, the Net Present Value is realised at prescribed rates from the user agency as cost of benefits lost in respect of forest tracts. The funds on account of NPV are to be utilised for natural assisted regeneration, forest management, protection, infrastructure development, wildlife protection and management, supply of wood, other forest produce saving devices and other allied activities.

Audit scrutiny revealed that:

- (i) As per directions of the Hon’ble Supreme Court, the NPV was required to be recovered in all cases of diversion of forest land for non-forestry purpose. It was noticed that in 118 cases of diversion, NPV of Rs 21.97 crore was not realised. The Department stated (May 2009) that the Ministry of Rural Development, GOI had gone in appeal against the order for exemption to rural roads and that NPV would be recovered as per decision of the Hon’ble Court. Till then an undertaking had been obtained from the concerned Department. The reply is not acceptable as there were no stay orders of the Apex Court.
- (ii) The loss of environmental value of Koldam Project was assessed at Rs 64.13 crore. Against this an amount of Rs 13.47 crore was adjusted against the funds already deposited by the user agency and Rs 50.66 crore demanded in September 2008 was yet to be deposited by the concerned user agency. The Department stated (July 2009) that the matter was being pursued vigorously.

3.1.10.5 National Afforestation Programme

National Afforestation Programme was launched by the GOI through Forest Development Agencies (FDAs) of which CF was chairman and DFO was Member Secretary. The scheme was applicable during 10th Plan period (2002-07). Under the project GIA was released direct to the FDA concerned who was to submit the UCs in the prescribed form. The implementation of project and maintenance of the plantations raised thereunder that spilled over to the 11th Plan are the responsibility of the State Government. Projects in respect of eight²⁰ FDAs test-checked were approved for Rs 16.23 crore against which GOI released Rs 10.07 crore.

Following points were noticed:

(i) The programme envisaged maintenance of plantations for three years. It was noticed that in four FDAs²¹ the plantations carried out during 2004-07 in 3,454 ha area were not maintained as the State Government did not release the funds after 10th plan period as required. In the absence of maintenance of plantations raised, the prospects of its survival was doubtful.

(ii) As per guidelines for creation of FDAs, 25 *per cent* funds were required to be spent on entry point activities like extension, awareness raising, promotion of joint forest management, training of communities, concurrent monitoring and evaluation, microplanning, fencing, etc.

Administrative approval for Rs 3.13 crore was accorded by the GOI to FDA, Banjar for treating an area of 1600 ha of degraded forest land during 2006-11. FDA, Banjar incurred an expenditure of Rs 8.21 lakh on entry point activities against release of Rs 9 lakh during 2006-07. No further funds were released by GOI/State Government, thus, defeating the very purpose of the scheme.

(iii) Grant-in-aid of Rs 6.64 lakh against the approved cost of Rs 14.86 lakh was released (April 2007) to FDA, Jogindernagar for additional advance works in 260 hectares approved during March 2007. The work as envisaged was not carried out due to insufficient grant. The GIA was not refunded (July 2009) thus keeping the amount out of Government account irregularly.

(iv) Survival percentage of mixed plantation made by one Village Forest Committee (VFC) in FDA, Jogindernagar was 47 *per cent* and in Mandi, the average survival of plantations was 45 *per cent* which are quite low. Low survival was attributed to grazing pressure and fire incidents. The grazing pressure had still not been controlled by the VFC.

(v) As per the approved programme, an evaluation of the assets created was required to be conducted by independent agencies. This was not done by four FDAs²². FDA Dalhousie stated (May 2009) that evaluation report was sent to GOI and copy was not available. The evaluation reports issued by the Forest Survey of India at the instance of GOI were not available with the concerned FDAs.

3.1.10.6 Research in Forestry

The activities of applied research in forestry relate to establishment of seed stands, preservation plots and biosphere reserves. The seed stands were established by the Department as far back as in 1929 and no departmental research in these activities was conducted during the review period.

²⁰ Banjar, Bilaspur, Dalhousie, Joginder Nagar, Kunihar, Mandi, Palampur and Parvati.

²¹ Dalhousie, Joginder Nagar, Kunihar and Parvati.

²² Bilaspur, Kunihar, Palampur and Parvati.

During 2004-09, GIA aggregating Rs 29.76 crore was released to Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni for carrying out teaching, research and extension education in the field of forestry. No specific purpose for which the amount was to be utilised was prescribed. It was noticed that the university had carried out research work of academic interest only, like conservation and improvement of germplasm, establishment of seed stands and evaluation of germplasm which had no direct bearing on the activities of the Department.

The Department stated (June 2009) that establishment of seed stands for different tree species is an important activity. The reply is not acceptable as none of the divisions made use of these seed stands for collection of seeds as the seeds are collected/purchased locally. There is no change in nursery operations carried out by the Department and it could not be verified from record as to whether any new technology was developed by the University for nursery operations. Thus, the Department could not reap benefits from grants aggregating Rs 29.76 crore released to Dr. Y.S. Parmar University of Horticulture and Forestry during 2004-09 for carrying out teaching, research and extension education in the field of forestry as neither the Department nor the State Government had prescribed any specific research topic/activity related to forestry for which the amount was to be utilised.

3.1.11 Human Resource Management

Against 9,677 sanctioned posts of 83 categories of staff as on 31st March 2009, the Department had 9,140 (94 *per cent*) men in position leaving 537 posts of various categories vacant. Important posts like posts to be manned by Indian Forest Service (IFS) Officers (three *per cent*), Himachal Pradesh Forest Service Officers (15 *per cent*), Range Forest Officers (27 *per cent*), Deputy Rangers (two *per cent*) and Forest Guards (two *per cent*) instrumental for carrying out forestry activities were lying vacant. The Department stated (July 2009) that in order to make systematic recruitment at every level, 10 year projection of staff retiring and number of vacancies to be filled against that staff was being worked out for future.

As per transfer policy, one third of the staff was required to be transferred every year with the objective of posting every employee in rural/remote areas of the State. This was not being followed in case of Ministerial staff. Against 690 men in position in four²³ categories, 230 were required to be transferred each year on rotation basis. As against this 58, 74, 135, 52, 127 and 29 transfer orders only were issued during 2004-09 respectively. Of these, still less were actually implemented (45, 59, 106, 47, 105 and 22) during 2004-09 respectively. The Department stated (July 2009) that this is due to administrative reasons and that staff is being utilised in best possible manner and modification and cancellation of transfer orders was done at the instance of Government. Thus, the objective of posting every employee in rural/remote areas of the State on rotation basis was not ensured/implemented properly.

3.1.12 Internal Audit

One post of Deputy Controller (F&A), one post of Section Officer (F&A) exists in the office of the PCCF for internal audit and one Section Officer is posted in Bilaspur Circle. It was seen in audit that the services of staff so posted were being utilised to maintain the service records of the IFS officers and not for carrying out internal audit.

²³ Superintendent Grade-I: 16; Superintendent Grade-II: 122; Senior Assistants: 221 and Clerks/Junior Assistants: 331.

The Department stated (May 2009) that though no internal audit of the units was being conducted, occasional inspections are made to check the procedure for maintaining the accounts and that proper procedure was being followed. It was further stated that the work load in this respect was huge and it was not possible to conduct the internal audit. The reply is not acceptable as staff were posted for carrying out internal audit.

3.1.13 Monitoring, Inspection and Evaluation

Monitoring and evaluation provide the means for development managers, planners and decision makers to track the progress of development and remain alert for deviations for early corrective action, determine effectiveness and efficiency of development activities and learn lessons for future development planning. The PCCF was responsible for monitoring, inspection and evaluation of the implementation of programmes, schemes and other activities of the Department.

It was noticed that:

- (i) Mandatory field inspections were provided for only one and two year old plantations. No evaluation of plantations after proper stocking was prescribed. As such the Department was not in a position to assess the success of its efforts made in this direction.
- (ii) The DFOs and CFs were not sending the reports regarding mandatory field inspections in time and 23 out of 55 field units (42 per cent) had not submitted the reports for 2007-08 as of March 2009.
- (iii) The plantation brochures sent by the field units are not properly checked at any level for necessary corrective action by the Department.

3.1.14 Conclusion

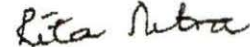
Integrated audit of the Department brought out significant gaps in the functioning of the Department especially in planning, financial management and execution of projects. The database of the Department could not be relied upon, as achievement in area afforested was shown as 6,807 sq kms upto 2006-07 while the actual area available for afforestation was only 6,297 sq kms. Even after a lapse of more than three decades of commencement (1988) of settlement proceedings in the State, only an area of 4,485 sq kms has been demarcated leaving a targeted forest area of 11,033 sq kms in 10 out of 12 districts yet to be demarcated. Norms for recovering the cost of CAT Plans from user agencies have not been standardised by the Department/State Government. As a result, the State Government has been deprived of its legitimate revenue of Rs 22.97 crore in nine CAT Plans. The decision of the State Government to reduce the area of CAT Plans to keep it within the agreed cost with the user agencies instead of recovering the enhanced/revised costs of the Plans from the agencies would reduce the effectiveness of these truncated Plans to control the sedimentation of reservoirs, conservation of the ecosystem and targeted increase in vegetation cover. The Department could not reap benefits from grants aggregating Rs 29.76 crore released to Dr. Y.S. Parmar University of Horticulture and Forestry during 2004-09 for carrying out teaching, research and extension education in the field of forestry as neither the Department nor the State Government had prescribed any specific research topic/activity related to forestry for which the amount was to be utilised. These shortcomings underline the ineffectiveness of the existing supervision and monitoring mechanism in the Department.

3.1.15 Recommendations

- The State Government should consider preparation of long term plan to bring all the available areas under forest cover in a time bound manner in pursuance of the National/State Forest Policy.
- Expenditure on staff and administration should be brought down so that maximum funds are available for implementation of programmes.
- Research needs to be monitored closely in order to address the requirements and objectives of the Department in the field.
- The staff provided for internal audit should be deployed to exercise control over financial reporting and to ensure implementation of programmes in an effective way.

These findings were referred to the Government in August 2009; their reply had not been received (September 2009).

Shimla
The



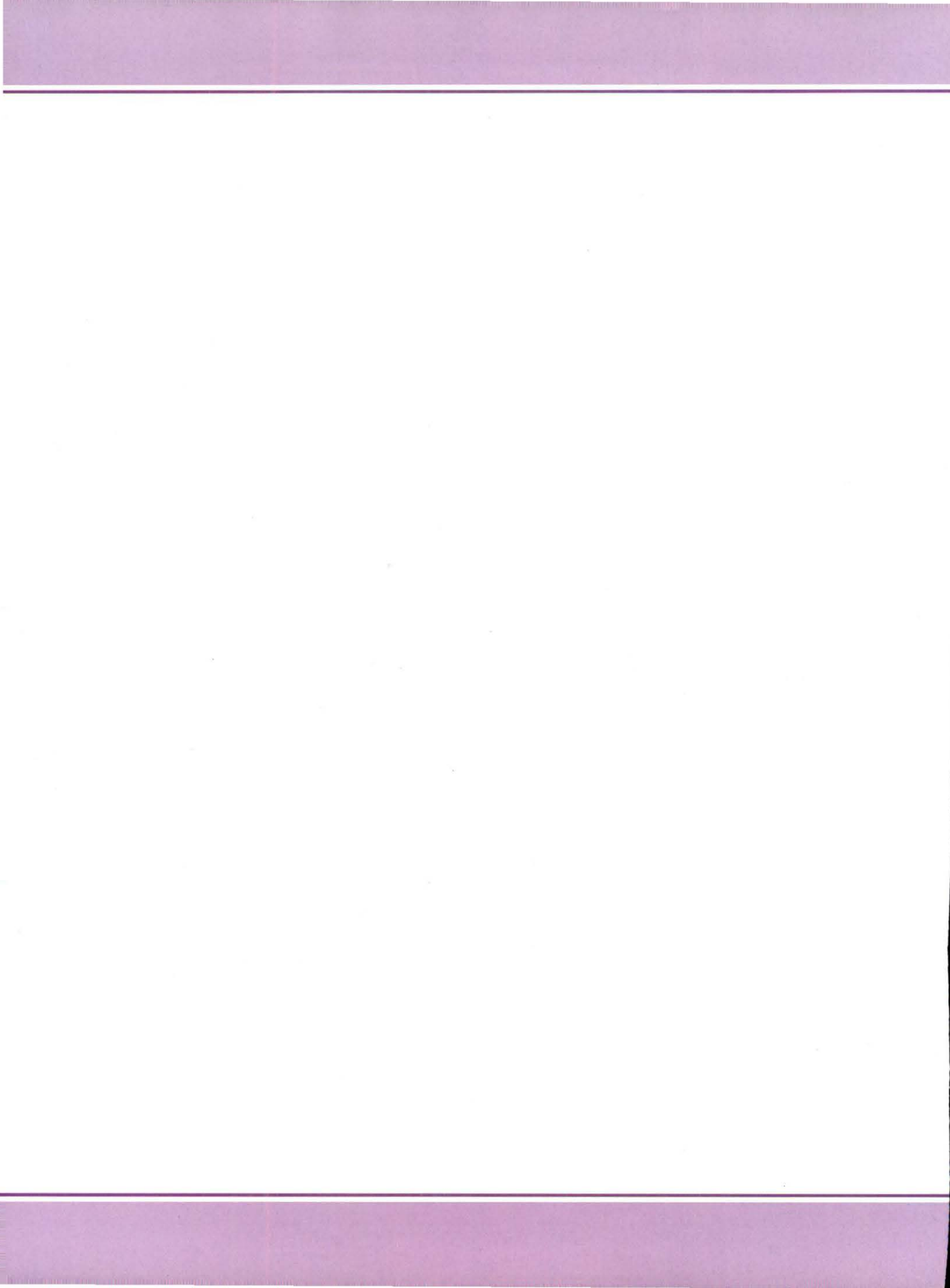
(Rita Mitra)
Principal Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The



(Vinod Rai)
Comptroller and Auditor General of India



APPENDICES

APPENDIX-I

(Refer Paragraph 1.1.9.11; Page 20)

Statement showing details of immunisation of children during 2005-09

1. Bilaspur district

(In numbers)

Year	Target	Achievement (0 to 1 year age group)				Fully Immunised percentage	DT (5 years)			T.T (10 years)			TT (16 years)		
		BCG	DPT	OPV	Measles		T	A	Shortfall	T	A	Shortfall	T	A	Short fall
2005-06	7060	7465	7506	7506	7441	105	7950	5720	2230 (28)	8635	6344	2291 (27)	7915	5578	2337 (30)
2006-07	7110	7336	7095	7095	6942	98	7256	5989	1267 (17)	7255	6907	348 (5)	6170	6151	19
2007-08	6671	7194	6758	6758	6515	98	7323	5496	1827 (25)	7323	6516	807 (11)	6225	6583	-
2008-09	7081	7266	7113	7112	6635	94	7447	5337	2110 (28)	7447	5819	1628 (22)	6319	4557	1762 (28)

2. Hamirpur district

Year	Target	Achievement				Fully Immunised percentage	DT (5 years)			TT (10 years)			TT (16 years)		
		BCG	DPT	OPV	Measles		T	A	Shortfall	T	A	Shortfall	T	A	Shortfall
2005-06	8540	9290	9184	9193	8790	103	9625	7209	2416 (25)	10450	7228	3222 (31)	9575	8953	622 (6)
2006-07	8600	9116	9129	9129	8596	100	8785	7055	1730 (20)	8785	7099	1686 (19)	7485	8198	--
2007-08	8077	9101	9221	9221	8653	107	8866	6302	2564 (29)	8886	6953	1933 (22)	7536	8642	--
2008-09	9015	9363	9205	9205	8640	96	9014	6989	2025 (22)	9014	8015	999 (11)	7648	8142	--

3. Kangra district

Year	Target	Achievement				Fully Immunised percentage	DT (5 years)			TT (10 years)			TT (16 years)		
		BCG	DPT	OPV	Measles		T	A	Shortfall	T	A	Shortfall	T	A	Shortfall
2005-06	27710	29037	29255	29255	28471	103	31210	24307	6903 (22)	33900	24202	9698 (29)	31070	23837	7233 (23)
2006-07	27940	29213	28801	28801	28558	102	28525	23129	5396 (19)	28525	26268	2257 (8)	24245	23887	358 (01)
2007-08	26206	28508	28497	28497	27885	106	28765	22731	6034 (21)	28765	27911	854 (3)	24450	28169	--
2008-09	27815	28343	28219	28219	25922	93	29248	21368	7880 (27)	29248	24463	4785 (16)	24817	21521	3296 (13)

4. Kinnaur district

Year	Target	Achievement				Fully Immunised percentage	DT (5 years)			TT (10 years)			TT (16 years)		
		BCG	DPT	OPV	Measles		T	A	Shortfall	T	A	Shortfall	T	A	Shortfall
2005-06	1620	1535	1643	1643	1608	99	1825	1777	48 (3)	1980	1595	385 (19)	1815	1325	490 (27)
2006-07	1610	1334	1455	1455	1356	84	1640	1810	--	1640	1574	66 (4)	1395	1354	41 (3)
2007-08	1533	1339	1401	1401	1358	89	1683	1678	05	1683	1579	104 (6)	1431	1396	35 (2)
2008-09	1627	1410	1608	1608	1483	91	1711	1663	48 (03)	1711	1462	249 (15)	1452	1259	193 (13)

Source: information supplied by the respective DHSs.

Note: T= Target, A= Achievement. Figures in parenthesis indicate percentage.

APPENDIX-II

(Refer paragraph 1.2.8.2; page 35)

Statement showing details of component-wise proposals sent to Government of India and fund actually received under the scheme "Modernisation of Police Forces" during the year 2004-05 to 2008-09

(Rupees in lakh)

Name of the Components	Funds demanded as per Annual Plan						Approved by the Government of India						Actually Received from Government of India					
	2004-05	2005-06	2006-07	2007-08	2008-09	Total	2004-05	2005-06	2006-07	2007-08	2008-09	Total	2004-05	2005-06	2006-07	2007-08	2008-09	Total
Mobility	212.73	69.16	90.46	206.00	290.80	869.15	212.55	59.40	90.46	113.60	150.30	626.31	118.00	37.33	90.33	189.87	182.05	617.58
Weaponary	28.50	81.64	--	82.96	79.31	272.41	28.50	38.73	--	47.26	52.08	166.57	--	31.00	--	66.78	52.08	149.86
Communi- cation Equipment	75.30	81.34	42.23	147.91	154.95	501.73	75.30	81.35	42.23	85.25	83.35	367.48	40.00	8.42	37.89	96.85	83.35	266.51
Security Equipments	27.20	171.22	69.24	77.61	86.86	432.13	27.20	174.81	38.66	19.92	75.15	335.74	68.00	--	66.00	117.72	78.25	329.97
Training Equipments	59.73	73.26	--	62.07	118.56	313.62	59.72	70.81	0.30	28.65	74.14	233.62	--	46.29	8.93	26.41	76.79	158.42
Office Equipments	87.39	44.82	39.64	130.34	134.94	437.13	87.05	41.82	8.88	77.21	59.11	274.07	4.00	--	16.02	129.96	59.11	209.09
FSL Equipments/ Buildings	90.90	76.38	18.57	218.73	95.98	500.56	90.90	76.12	14.57	203.73	90.80	476.12	--	--	14.57	203.73	95.98	314.28
CIPA	--	90.87	75.00	141.00	--	306.87	--	90.07	83.58	141.00	--	314.65	28.00	27.58	141.54	141.00	--	338.12
Modern Traffic Control Equipments	--	48.31	24.06	43.38	48.60	164.35	--	48.31	14.41	43.38	48.60	154.70	--	--	--	14.68	6.60	21.28
Plan for Home Guards	67.00	67.00	15.80	40.00	40.00	229.80	46.90	67.00	15.80	40.00	40.00	209.70	--	--	15.80	40.00	40.00	95.80
Buildings/ Police Housing	691.25	1000.00	1025.00	267.00	367.00	3350.25	691.25	527.37	91.12	267.00	367.00	1943.74	--	618.40	316.00	--	100.00	416.40
Total:	1340.00	1804.00	1400.00	1417.00	1417.00	7378.00	1319.37	1275.79	400.01	1067.00	1040.53	5102.70	258.00	769.02*	707.08*	1027.00	774.21	2917.31
State Share received under housing/Building													955.39	989.37	1000.00	831.00	1000.00	4775.76
Grand Total:													1213.39	1758.39	1707.08	1858.00	1774.21	7693.07

* Note: Rs 3.02 crore pertaining to the year 2002-03 was received in 2005-06 and Rs 3.16 crore pertaining to 2005-06 was received in 2006-07.

APPENDIX-III

(Refer paragraph 3.1.3; page 122)

Details of schemes implemented by the Forest Department during 2004-09

Sr. No.	Name of Scheme
I. State Sector	
1.	Consolidation and Demarcation of Forests
2.	Regeneration of Forests
3.	Timber and other Forest produce removed from forest by consumers and purchasers
4.	Working Plan Organisation
5.	Utilisation of the amount deposited by other Departments/Organisation for tree plantation
6.	Development of Pasture and Grazing
7.	Improvement of Tree Cover
8.	Raising of Nurseries for Departmental Planting and Public Distribution
9.	Maintenance of Forests under 12 th Finance Commission Grants
10.	Timber and other Forest Produce removed by Government Agency
11.	Drift wood and confiscated Forest Produce
12.	Establishment of shuttle and Bobbin Factory
13.	Improvement and Development of Himalayan Zoological Park and Pheasantries
14.	Wild Life Management and Nature conservation
15.	Agriculture, Research and Education
16.	Protective Afforestation, soil conservation and demonstration
17.	New Forestry Scheme-Sanjhi Van Yojna
II. Central Sector	
18.	Macro Management of Agriculture-Supplementation/complementation of State Efforts through work plans
19.	Integrated Forest Protection scheme
20.	Assistance for Development of National Parks and Sanctuaries
III. Externally Aided Projects	
21.	Himachal Pradesh Forest Sector Reforms Project (ODA assisted)
22.	Indo German Eco-Development Project
23.	World Bank aided Watershed Development Project for Himalayan Hills-Mid Himalayan Watershed Development Project
24.	World Bank aided-Kandi Project
25.	Swan River Integrated Watershed Management Project

APPENDIX-IV

Glossary of Abbreviations

Abbreviation	Expanded form
A/A & E/S	Administrative Approval and Expenditure Sanction
AAP	Annual Action Plan
ADGP	Additional Director General of Police
AIBP	Accelerated Irrigation Benefits Programme
ANCs	Antenatal Checkups
ANM	Auxiliary Nurse-cum-Midwife
APO	Annual Plan of Operations
APR	Actual Payee's Receipt
ASHA	Accredited Social Health Activist
ATN	Action Taken Note
AYUSH	Ayurveda, Yoga, Unani, Siddha and Homeopathy
BDO	Block Development Officer
BG	Bank Guarantee
BMO	Block Medical Officer
BPJ	Bullet Proof Jacket
BPR&D	Bureau of Police Research and Development
C&TS	Communication and Technical Services
CA	Chartered Accountant
CAMPA	Compensatory Afforestation, Management and Planning Authority
CAT	Catchment Area Treatment
CCA	Cultivable Command Area
CF	Conservator of Forest
CHC	Community Health Centre
CIPA	Common Integrated Police Application
CLA	Central Loan Assistance
CMO	Chief Medical Officer
CPD	Chief Project Director
CPF	Contributory Provident Fund
CPMF	Central Para Military Force
CRF	Calamity Relief Fund
CWC	Central Water Commission
DAH	Director, Animal Husbandry
DC	Deputy Commissioner
DFO	Divisional Forest Officer
DGP	Director General of Police

DHAP	District Health Action Plan
DHE	Director, Higher Education
DHM	District Health Mission
DHS	District Health Society
DIG	Deputy Inspector General
DPMU	District Programme Management Support Unit
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DRDO	Defence Research Development Organisation
DRPMCH	Dr. Rajendra Prasad Medical College and Hospital
DWDO	Divisional Watershed Development Officer
EC	Executive Committee
EE	Executive Engineer
E-in-C	Engineer-in-Chief
EIUS	Environmental Improvement of Urban Slums
EMRS	Eklavya Model Residential School
ETF	Ecological Task Force
FDA	Forest Development Agency
FIS	Flow Irrigation Scheme
FRU	First Referral Unit
FSL	Forensic Science Laboratory
GC	Government College
GHNP	Great Himalayan National Park
GIA	Grant-in-aid
GOI	Government of India
HIMUDA	Himachal Pradesh Urban Development Authority
HPAIC	Himachal Pradesh Agro Industries Corporation Limited
HPAP	Himachal Pradesh Armed Police
HPSCSC	Himachal Pradesh State Civil Supplies Corporation Limited
HPSEB	Himachal Pradesh State Electricity Board
HSC	Health Sub-Centre
IA	Implementing Agency
IDSP	Integrated Disease Surveillance Project
IEC	Information Education and Communication
IFS	Indian Forest Service
IGMC	Indira Gandhi Medical College
IGP	Inspector General of Police
IGUCY	Indira Gandhi Utkrishta Chhatravriti Yojana
IHS	Integrated Health Society
IMR	Infant Mortality Rate
IPC	Indian Penal Code

IPHS	Indian Public Health Standard
IR	Inspection Report
IWDP	Integrated Watershed Development Project
JSY	Janani Suraksha Yojana
LAO	Land Acquisition Officer
LIS	Lift Irrigation Scheme
LMVs	Light Motor Vehicles
LOS	Line of Sight
MART	Multi Access Radio Terminal
MBA	Masters of Business Administration
MHA	Ministry of Home Affairs
MILKFED	Himachal Pradesh Milk Federation Limited
MMR	Maternal Mortality Rate
MMU	Medical Mobile Units
MMV	Medium Motor Vehicle
MOEF	Ministry of Environment and Forests
MOWR	Ministry of Water Resources
MPF	Modernisation of Police Forces
MSERW	Mild Steel Electricity Resistance Welded
MTP	Medical Termination of Pregnancy
NA	Not Available/Not Applicable
NABARD	National Agriculture Bank for Rural Development
NDCP	National Disease Control Programme
NDDDB	National Dairy Development Board
NFP	National Forest Policy
NGO	Non-Government Organisation
NH	National Highway
NHPC	National Hydro-electric Power Corporation
NIC	National Informatics Centre
NPC	National Police Commission
NPCB	National Programme for Control of Blindness
NPCC	National Programme Co-ordination Committee
NPV	Net Present Value
NRHM	National Rural Health Mission
PAC	Public Accounts Committee
PCCF	Principal Chief Conservator of Forests
PD	Project Director
PHC	Primary Health Centre
PIP	Programme Implementation Plan
PLA	Personal Ledger Account
PMGSY	Pradhan Mantri Gram Sadak Yojana

PMSS	Post Matric Scholarship Scheme
PO	Police Outpost/Project Officer
POLNET	Police Network
PPSWR	Probability Proportionate to Size With Replacement
PS	Police Station
PTC	Police Training College
PWD	Public Works Department
RCC	Reinforced Cement Concrete
RCH-II	Reproductive and Child Health-II
RKSs	Rogi Kalyan Samitis
RSVY	Rastriya Sam Vikas Yojana
RTI	Reproductive Tract Infection
SBD	Standard Bidding Document
SE	Superintending Engineer
SFSL	State Forensic Science Laboratory
SHG	Self Help Group
SHM	State Health Mission
SHS	State Health Society
SLC	State Level Committee
SLEC	State Level Empowered Committee
SLL	Special and Local Laws
SP	Superintendent of Police
SPMSU	State Programme Management Support Unit
SRSWOR	Simple Random Sampling Without Replacement
SSA	Sarva Shiksha Abhiyan
STA	State Technical Agency
STI	Sexually Transmitted Infection
SWM	Solid Waste Management
TFC	Twelfth Finance Commission
TFR	Total Fertility Rate
TS	Technical Sanction
UC	Utilisation Certificate
UDD	Urban Development Department
ULB	Urban Local Bodies
UPF	Un-demarcated Protected Forests
VC	Vice Chancellor
VFC	Village Forest Committee
VHSC	Village Health and Sanitation Committee
V-SAT	Very Small Aperture Terminal
WSS	Water Supply Scheme
WUA	Water Users' Association