Report of the Comptroller and Auditor General Of India

for the year ended March 2000

Government of Jammu and Kashmir

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APPENDICES

Preface

This Report has been prepared for submission to the Governor under Article 151 of the Constitution.

Chapters I and II of this Report respectively contain Audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2000.

The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation Departments and audit of Stores and Stock, Revenue Receipts, Government Companies and Statutory Corporations, Autonomous Bodies and departmentally run commercial undertakings.

The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1999-2000 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 1999-2000 have also been included wherever necessary.

Overview

This Report includes two chapters containing the observations of Audit on the Finance and Appropriation Accounts of the State for the year 1999-2000 and six other chapters with 10 audit reviews and 32 paragraphs dealing with the results of the audit of selected schemes, programmes and of the financial transactions of the Government and its commercial and trading activities. A synopsis of the major findings is set out in this overview.

1. An overview of the Finances of the State Government

- As against revenue surplus of Rs 451 crore in 1997-98, the succeeding two years ended with revenue deficits. The accounts of the State Government for the year 1999-2000 closed with a revenue deficit of Rs 541 crore, up by 35 *per cent* over the deficit in 1998-99. This indicated deterioration in the financial condition of the State Government.

- During 1999-2000, total revenue receipts and expenditure of the State Government were Rs 5514 crore and Rs 6055 crore respectively. The revenue receipts of the State Government increased (22 *per cent*) from Rs 4509 crore in 1998-99 to Rs 5514 crore in 1999-2000. However, the relative share of revenue receipts in total receipts decreased from 80.11 *per cent* in 1998-99 to 79.82 *per cent* in 1999-2000.

- While revenue raised by the State Government from its own resources viz. tax and non-tax revenue constituted only 18 *per cent* of the total revenue receipts of the State, State's share of union taxes and duties and grants-in-aid from the Central Government formed 82 *per cent* of the total revenue receipts of the State Government.

- Tax revenue receipts increased by 98 *per cent* from Rs 292 crore to Rs 578 crore during the period 1995-2000. Non-tax revenue also increased by 99 *per cent* from Rs 204 crore to Rs 405 crore during the corresponding period.

- Revenue expenditure of Rs 6055 crore during 1999-2000 accounted for 89 *per cent* of the total expenditure of the State Government and increased by 23 *per cent* during 1999-2000 over the level of 1998-99.

- Capital expenditure decreased from Rs 1000 crore in 1996-97 to Rs 711 crore in 1999-2000 and represented only 11 *per cent* of the total expenditure during 1999-2000 against 24 *per cent* in 1996-97. The capital expenditure was incurred mainly on Economic and Social Services.

- The quality of expenditure incurred by the State Government was not satisfactory as share of Plan expenditure in Revenue and Capital expenditure out of total expenditure during 1999-2000 was low (12 and 11 *per cent* respectively). Besides, non-remunerative expenditure on incomplete projects and amount of wastages, diversion of funds and unspent balances under deposits amounted to Rs 221 crore and Rs 51.08 crore respectively.

- The State Government was increasingly resorting to borrowings to bridge the resource gap. The total liabilities of the State Government including public debt, small savings and provident funds, reserve funds and deposits increased from Rs 4829 crore at the end of 1995-96 to Rs 8182 crore at the end of 1999-2000 -an increase of 69 *per cent*. This was on account of 75 *per cent* growth in internal debt, 61 *per cent* growth in loans and advances from the Central Government and 83 *per cent* growth in other liabilities.

- Fiscal Deficit, representing net borrowings of the State Government, increased by 401 *per cent* from Rs 267 crore in 1995-96 to Rs 1338 crore in 1999-2000. During 1999-2000, 41 *per cent* of these borrowed funds were applied for meeting Revenue Deficit and 59 *per cent* for meeting capital expenditure and for giving loans for developmental and other purposes.

- Interest payments of Rs 845 crore during 1999-2000 constituted 14 *per cent* of the revenue expenditure.

- Out of loans advanced to various bodies like Municipalities, Corporations and Government servants, etc., the details of which are kept by the Accountant General, recovery of Rs 34.49 crore was in arrears as on 31 March 2000.

- While the Government was raising high cost borrowings from the market, its investment in the Statutory Corporations, Government companies, etc. was unremunerative and fetched insignificant returns. 15 Government companies, in which Government had invested Rs 136 crore as on March 2000, were running under loss and their accumulated loss aggregated Rs 126 crore up to the periods of finalisation of their accounts.

- Arrears of revenue amounting to Rs 886 crore in respect of sales tax, passenger tax, forestry and state excise were pending collection at the end of March 2000. Arrears outstanding for more than five years constituted 55 *per cent* of total arrears. The arrears of revenue had registered increase of 18 *per cent* during 1999-2000 over the level of 1998-99.

- Temporary loans/overdrafts obtained by the Government from the Jammu and Kashmir Bank for meeting its ways and means requirements had increased by 93 *per cent* from Rs 2738 crore to Rs 5275 crore during 1995-2000 indicating that the State was increasingly dependent on overdrafts/temporary loans and consequently was paying considerable amounts towards interest. During 1995-2000 interest paid on overdrafts amounted to Rs 529 crore. At the end of March 2000, temporary loan of

Rs 1024 crore was outstanding against Rs 1108 crore at the end of March 1999.

- The Balance from Current Revenue (BCR) of the State Government was negative throughout the period 1995-2000 indicating its dependency on Central assistance for meeting Plan expenditure. Increasing fiscal deficit with reduction in capital expenditure and other adverse financial indicators point to decline in growth inducing planned expenditure. The Government had opted for easier choice of borrowing than to expand its tax resource base, thereby increasing the liability of interest payments substantially.

(Paragraphs: 1.1 to 1.11)

2. Appropriation Audit and Control over expenditure

- Against the provision of Rs 8339 crore during 1999-2000, the expenditure aggregated Rs 12884 crore which resulted in excess expenditure of Rs 4545 crore. The excess was as a result of savings of Rs 1306 crore in 25 grants and 6 appropriations and excess of Rs 5851 crore in 10 grants and 2 appropriations. The excess expenditure was mainly due to clearance of overdrafts obtained by the State Government from Jammu and Kashmir Bank for meeting its ways and means requirements and for purchase of power. The excess expenditure requires regularisation by the State Legislature. Besides, excess expenditure of Rs 22767 crore incurred up to 1998-99 was not regularised by the State Legislature.

- In 10 grants, there was an excess expenditure of Rs 475 crore despite obtaining supplementary grants of Rs 177 crore, reflecting not only failure of the departments to assess realistically the requirement of additional funds even at the end of the year, but also indicates inadequacy of the system for monitoring the trend of expenditure under each head of account.

- In 16 cases relating to 14 grants and one appropriation, supplementary provision of Rs 150 crore remained wholly unutilised as the final expenditure of Rs 1701 crore was even less than the original grant of Rs 1876 crore. In 8 other cases relating to 6 grants and 2 appropriations, supplementary grant of Rs 281 crore exceeded the requirement of Rs 138 crore resulting in saving of Rs 143 crore. Large scale savings indicated over-estimation of required funds.

- Persistent excesses of more than 10 *per cent* over the budget provision were noticed in case of 3 Departments viz. Public Health Engineering and Fisheries Departments (under capital-voted) and Finance Department (under capital-charged).

- There were persistent savings during the last 3 years which were substantial in the departments of Education, Food Supplies and Transport, Planning and Development, Agriculture, Rural Development and Co-operative Department.

- During 1999-2000, expenditure of Rs 452 crore was incurred under 45 major heads of account without provision for such expenditure having been made in the budget. Expenditure without provision reflected financial indiscipline and lax monitoring system of the concerned departments.

(Paragraphs: 2.1 to 2.7)

3. Performance review of schemes/departments/companies/corporations

3.1 Utilisation of grants recommended by Tenth Finance Commission

The Tenth Finance Commission constituted in June 1992 recommended grants to the State for upgradation of District Administration (Police, Fire Services, Jails, Record Rooms, Accounts and Treasuries), promoting primary education and for tackling certain special problems. The envisaged objectives were not, however, achieved in full due to underutilisation of funds.

- Underutilisation of funds deprived the State Government of the Central assistance of Rs 11.60 crore. The State had also not claimed reimbursement of Rs 8.84 crore utilised up to March 2000.

- Rupees 13.33 crore retained in deposits/PLA/bank accounts or advanced to Government departments, etc. were booked as final expenditure.

- Funds aggregating Rs 7.65 crore were diverted for meeting expenditure on plan/non-plan activities which were outside the purview of the approved Action Plan.

- Percentage shortfall in construction of residential quarters, outposts/police stations and for police training was 77, 20 and 73 respectively.

- The objective of strengthening and upgrading fire fighting capabilities was not achieved due to delay in completion of civil works and non-purchase of rescue equipment and fire call communication system etc. despite expenditure of Rs 2.99 crore incurred during 1997-98 to 1999-2000.

- Though Rs 1.13 crore were released by the State Government during 1998-2000 for construction/renovation of 12 record rooms, only two new record rooms were constructed (expenditure: Rs 19.45 lakh) and one record room was renovated (expenditure: Rs 5.40 lakh) up to March 2000.

- None of the 21 identified district/additional treasuries had been computerised up to March 2000 despite release of Rs 1.50 crore by the State Government during 1998-2000. While hardware had been purchased for 13 treasuries, infrastructural facilities for installation of computers had been provided in 4 treasuries only as of August 2000.
- Drinking water/toilet facilities were not provided in the identified primary schools and funds aggregating Rs 5.44 crore were locked up in procurement of material viz, G.I. Pipes, tanks etc.

(Paragraph: 3.1)

3.2 National Family Welfare Programme

The National Family Welfare Programme was introduced in the First Five Year Plan in 1952 for stabilising population level by bringing down birth and death rates through various family planning measures. Subsequently, Maternal and Child Health Services were integrated with it during Fourth Five Year Plan period. The implementation of the programme, however, suffered adversely due to inadequate family control equipment/devices, medicines and absence of training to health workers. The scheme had degenerated into wage programme as expenditure on salaries during 1995-99 ranged between 70 and 100 *per cent* of the total expenditure.

- PAP smear tests were not conducted at PP centres Srinagar and Jammu and a cyto-technician posted at Srinagar centre was paid idle wages of Rs 3.66 lakh.
- Family planning activities at Post Partum Centres suffered adversely as no funds for meeting recurring expenditure on contingency, maintenance of operation theatres, replacement of surgical equipments, POL for vehicles were provided to any PP Centre. Survey conducted by ORG-MARG revealed that Post-Partum care in the State was inadequate and PPCs were poorly equipped.
- Sterilisations conducted under the Programme declined from 15714 in 1995-96 to 11040 in 1999-2000.
- No training was imparted to health workers in all the eleven training schools which resulted in payment of idle wages of Rs 2.55 crore during 1995-96 to 1999-2000.
- Inadequate manpower, non-availability of laparoscopes, family control devices and medicines affected adversely the working of family welfare centres.

(Paragraph: 3.2)

3.3 Urban Employment Generation Programme

With a view to combating under-employment and unemployment in urban areas, a number of Urban Employment Generation programmes were under implementation in the State since October 1989. The programmes aimed at alleviating urban poverty through setting up of self employment ventures, providing wage employment and training, etc. to identified urban poor with special emphasis on SC/ST beneficiaries, women and physically disabled persons. These programmes, however, failed to achieve the desired results and had little impact on improving the quality of life of urban poor due to lack of proper planning, poor utilisation of funds and inadequate mechanism for identification of beneficiaries.

- Utilisation of funds under the programme during 1995-96 to 1999-2000 was poor and ranged between 11 and 43 *per cent.* This resulted in increase of 110 *per cent* in unspent balances at the end of March 2000 over that of March 1995.

- Rupees 1.09 crore were diverted and utilised for activities outside the purview of the programme.

- No household survey for identifying beneficiaries except in Jammu Municipal area and Town Area Committee, Udhampur had been conducted. A proper system for ensuring that only people living Below Poverty Line /registered persons are assisted under the Programme had not been devised. Test check revealed that 114 Above Poverty Line ration card holders and 419 other ineligible beneficiaries were sponsored for assistance.

- The physical achievement of setting up of self-employment units was poor (29 and 33 *per cent* of the targets for NRY/PMIUPEP/SJSRY and PMRY) and percentage of sponsored cases rejected by bank was high which ranged between 39 and 69 *per cent*.

- Coverage of women, SCs, STs and OBCs ranged between nil and 12 *per cent* against the prescribed percentage of 22.5 to 30.

- Physical verification of units set up had not been conducted except by DIC, Udhampur which revealed that 43 *per cent* of the units were closed, non-traceable, non-functional or had not been established at all.

- Training for skill upgradation was imparted at a cost of Rs 1.56 crore through private institutions which were not fully equipped and suitable for imparting training.

- Fifty seven Community Organisers/Recovery Assistants were appointed (salary paid: Rs 17.59 lakh) without observing the prescribed norms of appointment.

(Paragraph:3.3)

3.4 Members of Parliament Local Area Development Scheme and Constituency Development Scheme

Members of Parliament Local Area Development and Constituency Development Schemes were implemented in the State from 1996-97 and 1997-98 respectively. Under the schemes, the legislators have the choice of suggesting execution of works in their respective constituencies based on locally felt needs. The objectives of the Programme were not, however, largely achieved due to non-utilisation of funds by the District Development Commissioners (DDCs), delay in finalisation of cost estimates of individual works and their execution and unauthorised diversion of funds, etc.

- Funds to the extent of 64 *per cent* under MPLADS and 42 *per cent* under CDS remained unutilised ending March 2000. Besides, adjustment accounts for Rs 16.10 crore advanced during 1997-98 to 1999-2000 for execution of works under CDS in four test-checked districts had not been obtained from the implementing agencies.

- Rupees 48.85 lakh (MPLADS: Rs 30.16 lakh; CDS: Rs 18.69 lakh) were diverted on purchase of inventory, execution of soil conservation works for individual beneficiaries, etc. in contravention of the guidelines of the schemes.

- Out of 1954 works (MPLADS: 281; CDS: 1673) sanctioned during 1996-99, 143 works had not been taken up despite availability of funds.

- Four works having estimated cost of Rs 25.03 lakh were abandoned after incurring an expenditure of Rs 7.73 lakh.

- Record of assets created under the MPLADS and CDS had not been maintained by DDCs in any of the test-checked districts nor was the implementation of the scheme monitored properly.

(Paragraph: 3.4)

3.5 Assistance to migrants

A Relief Organisation was created in March 1990 for providing relief to the families which migrated from Kashmir valley due to out-break of militancy. Six migrant camps had been established in Jammu and Udhampur districts and 31913 families were registered in the State up to March 2000. Of these 15329 families were provided cash relief and free rations which was reimbursed by the Central Government. Test-check revealed fake and fictitious registration of a large number of families for receiving cash relief etc., high administrative costs and poor delivery of relief services to the migrants.

- Expenditure on cash assistance was overstated by Rs 4.26 crore during 1997-98 to 1999-2000. Detailed adjustment accounts for Rs 2.58 crore advanced to various departments, zonal offices, etc. and utilisation certificates for Rs 4.37 crore advanced during 1995-2000 to various line departments and an NGO were awaited.

- Norms for administrative expenses had not been fixed in absence of which the expenditure on payment of relief to migrant families increased from Rs 726 per family during 1995-96 to Rs 1247 during 1999-2000.

- Due to non-adherence to the prescribed procedures for registration, 26000 families registered were found to be fake up to March 1998. Against irregular assistance of Rs 40.88 crore provided to them, only Rs 3.62 crore had been recovered.

- Cash assistance of Rs 7.24 crore was paid to 779 migrants whose antecedents had not been verified properly.

- The quantity of free rations authorised by the Relief Organisation to the migrants during 1995-2000 was less by 50230 quintals than the quantity of such rations for which bills were raised by the Food and Supplies Department against the Organisation. This involved excess billing of Rs. 3.98 crore by the Food and Supplies Department. The discrepancy has not been set right as of December 2000.

- Out of 4588 one room tenements constructed for migrant families, 2131 tenements constructed during 1991 to 1994 at a cost of Rs 7.30 crore were defective and developed cracks soon after occupation.

(Paragraph: 3.5)

3.6 Integrated Audit of Social Welfare Department

The objective of the Social Welfare Department is to promote welfare activities among weaker sections of the society especially Scheduled Castes, Scheduled Tribes and other underprivileged like destitutes, handicapped persons, widows, etc. The achievements were not, however, satisfactory due to poor planning and faulty implementation of various programmes. Non-adherence to control mechanisms/systems facilitated irregular appointments, misappropriations, diversion of funds and incidence of avoidable expenditure.

- Budgetary control was poor which resulted in unauthorised excess expenditure of Rs 2.23 crore over budget allocations under 24 schemes/sub-heads and savings of Rs 1.64 crore under 6 schemes. Detailed accounts for Rs 28.80 crore advanced to various Tehsil Officers for disbursement of stipend, scholarship, pension and other payments had not been obtained.

- Non-adherence to financial rules and inadequate control mechanism resulted in embezzlement of cash (Rs 1.38 lakh) in the office of the Tehsil Social Welfare Officer, Budhal and non-accountal of Rs 19.62 lakh in the cash books of Tehsil Social Welfare Officers, Rajouri and Poonch.

- Rupees 16.64 lakh meant for National Old Age Pension and Integrated Social Security Schemes were diverted during 1995-2000 for purchase of computers, fax machine, etc.

- Improper manpower management facilitated irregular/unauthorised appointments of 169 persons during 1989-1999.

- Incorrect projection of parameters and indicators under 4 Centrally Sponsored Schemes deprived the State Government of central assistance of Rs 27.16 crore.

- Irregular pension/relief payment of Rs 66.52 lakh was made during 1995-98 under Integrated Social Security Scheme to ineligible beneficiaries.

- Rupees 30.38 lakh were paid as idle wages to staff in 3 Cottage Industries Centres during 1995-2000.

- Extra expenditure of Rs 55.73 lakh was incurred on purchase of various store items at negotiated rates instead of lowest tendered rates.

(Paragraph: 3.6)

3.7 Jammu and Kashmir Sports Society

Jammu and Kashmir Sports Society was registered in 1961 under the Societies Registration Act VI 1998 (Svt) for planning all round development of sports and games in the State. The Society, however, largely failed to achieve the desired objectives due to inadequate supervision, planning and monitoring of various schemes and infrastructural deficiencies.

- The society had not prepared its accounts including balance sheet since its inception with the result its financial position was not ascertainable.
- While percentage of expenditure on sports activities decreased from 72 in 1996-97 to 39 in 1999-2000, the percentage of administrative expenses increased from 28 to 61 during the same period which indicated decreased focus on development of sports activities.
- Due to poor system for watching adjustment of advances to various officials for executing developmental works, Rs 86.49 lakh paid during 1985-86 to 1999-2000 were lying unadjusted as of July 2000.
- Grants aggregating Rs 91.92 lakh were disbursed to various sports associations during the period 1995-96 to 1999-2000 even though their recognition had not been renewed as required under rules.
- Construction/development of 24 stadia and play fields taken up by the Society at a cost of Rs 3.20 crore between 1997 and 1999 were lying incomplete as of March 2000. In addition, 20 works of Director Youth Services and Sports involving expenditure of Rs 1.67 crore, taken up for execution by the Society during 1987-88 to 1999-2000, were also lying incomplete.
- Rupees 70.05 lakh released by the Government/Director Youth Services and Sports for completion of on-going works like construction of stadia, youth hostel, school play fields, etc. were diverted for meeting administrative expenses.

(Paragraph: 8.4)

3.8 State Pollution Control Board

The Jammu and Kashmir State Pollution Control Board was constituted in the year 1976 with the objective of preventing and controlling pollution of water bodies in accordance with the provisions of the Water (Prevention and Control of Pollution) Act[ϕ], 1974. The objective was not, however, achieved mainly due to failure of the Board to regulate and control discharge of industrial

[ϕ] Central Act

effluents into the water bodies and to ensure installation of pollution control devices by industrial units.

- Finalisation of accounts of the Board from 1994-95 and onwards was in arrears.

- The administrative expenses during 1995-2000 constituted 65 *per cent* of the total expenditure of the Board.

- The Board had failed to ascertain the number of industrial units which were functioning without its consent.

- Laboratories for carrying out tests of water had not been made functional. This resulted in non-performance of the mandatory function of testing samples under the Water (Preventive and Control of Pollution) Act, 1974.

(Paragraph: 8.5)

3.9 Jammu and Kashmir Cements Limited

The Jammu and Kashmir Cements Limited was incorporated as a wholly owned Government Company in December 1974 with the main objectives of manufacturing, procuring, selling and dealing in cement. The Company, however, suffered losses due to underutilisation of installed capacity, idle labour and poor inventory material management.

- The Company had finalised its accounts only up to 1994-95. As per provisional accounts, the Company had sustained an accumulated loss of Rs 9.30 crore as on March 1999 which had eroded its paid up capital of Rs 15 crore by 62 *per cent.*

- There was shortfall in achieving even the budgeted targets which were fixed 25 to 58 *per cent* lower than the installed capacity. The percentage shortfall ranged between 25 and 38 in respect of clinker and 14 and 61 in respect of cement.

- The percentage of working hours lost due to voltage fluctuations, mechanical break-down, etc. ranged between 3 and 43 during 1994-95 to 1999-2000 resulting in payment of idle wages of Rs 5.32 crore during this period.

- Materials valuing Rs 9.56 crore was consumed in excess of the norms during 1994-95 to 1999-2000.

- The Company suffered a production loss amounting to Rs 2.48 crore during 1999-2000 due to malfunctioning of pollution control equipment. This also resulted in environmental pollution.

(Paragraph: 7.11)

3.10 Operational performance of Jammu and Kashmir State Road Transport Corporation

The Jammu and Kashmir State Road Transport Corporation was established in September 1976 for providing an adequate, efficient, economical and co-ordinated system of road transport services in the State. The Corporation, however, failed to achieve the objective in full due to poor vehicle productivity, failure to contain average operating expenses and its inability to generate more business, etc.

- The corporation sustained losses continuously since its inception and the accumulated losses stood at Rs 310 crore at the end of March 1999 which completely wiped out its paid-up capital of Rs 97.01 crore.

- The vehicle productivity of the Corporation during 1995-2000 ranged between 100 and 130 kms per day which was lower than the productivity of the adjoining states viz. Haryana, Himachal Pradesh, Punjab, etc.

- The percentage utilisation of the fleet of the Corporation varied between 53 and 58 during 1995-2000 against the norm of 85 which resulted in loss of Rs 75 crore.

- The Corporation suffered revenue loss of Rs 13.88 crore due to loss of 1.16 lakh vehicle days on account of belated delivery of vehicles after fabrication by body builders, delay in allotment of buses to depots and detention of vehicles in workshops.

- For every kilometre run by its vehicular fleet, the Corporation suffered a loss of Rs 13.83 to Rs 16.86 during 1995-99 due to high operational expenses. The aggregate loss on this account worked out to Rs 157 crore during the period.

- The Corporation failed to generate business from private parties/agencies which resulted in empty running of 31 lakh kilometres by its load carriers during 1995-96 to 1999-2000 leading to loss of Rs 62.96 lakh on account of consumption of 6.42 lakh litres of HSD.

(Paragraph: 7.12)

4. Audit paragraphs
4.1 Unfruitful/idle investment

- Investment of Rs 34 lakh made on semi-constructed structure was rendered idle for more than 4 years due to the failure of the Stationery and Office Supplies Department to monitor and co-ordinate the construction work.

(Paragraph: 3.14)

- Inadequate survey and improper planning and failure to take into account the proximity of command area to Jammu city rendered an expenditure of Rs 23.68 lakh incurred on a lift irrigation scheme at Sidhra largely unfruitful.

(Paragraph: 4.1)

- Failure of the Irrigation and Flood Control Department to take up construction of an Irrigation *Khul* without proper geological investigation and to get the damages to the *Khul* restored since November 1991 resulted in unfruitful expenditure of Rs 20.40 lakh. The objective of providing assured irrigation facility to a backward area under the minor irrigation scheme despite inherent advantages of smaller capital outlay, short-gestation period, etc. was not achieved even after 22 years of taking up of the work.

(Paragraph: 4.2)

- Injudicious purchase of a hydraulic excavator, two trucks, hot mix plant and asphalt paver finisher by Mechanical Engineering Department and consequent non/under utilisation resulted in idle investment of Rs 96.35 lakh besides wasteful expenditure of Rs 4.43 lakh.

(Paragraph: 4.4)

- Taking up of work on lift water supply scheme, Rajouri without ensuring the right to use the source of water resulted in unfruitful expenditure of Rs 35.10 lakh besides, depriving the beneficiaries of the intended benefits for over 14 years.

(Paragraph: 4.8)

- Purchase of sewing machines and barber's/cobbler's tool kits by Project Officer, District Rural Development Agency Pulwama without identifying the beneficiaries and assessing their requirement resulted in unfruitful expenditure of Rs 14.22 lakh besides, depriving the beneficiaries of the intended benefits.

(Paragraph: 8.6)

4.2 Infructuous/wasteful/irregular expenditure, etc.

- Expenditure of Rs 1.39 crore incurred by 220 KV Transmission Line Division Udhampur without any valid budget allotment and assignment of departmental receipts of Rs 0.16 crore towards departmental expenditure was irregular and indicated poor financial discipline/control. Further Rs 72.48 lakh were retained under Public Works Deposit for over 2 years in violation of financial rules.

(Paragraph: 4.5)

- Unplanned execution of construction of flyover between left bank of Budshah Bridge and New Secretariat and abandoning it later resulted in infructuous expenditure of Rs 31.23 lakh.

(Paragraph: 4.10)

- Drawal of funds in violation of financial rules and purchase of stores in excess of actual requirements resulted in wasteful expenditure of Rs 7.11 lakh and locking up of Rs 2.95 lakh for over 7 years.

(Paragraph: 4.11)

- Avoidable expenditure of Rs 12.34 lakh was incurred by Jammu and Kashmir Projects Construction Corporation Limited on construction of a 51 metre span bridge over Lohai *Nallah* due to deficiencies in the design of the bridge and other shortcomings.

(Paragraph: 7.15)

4.3 Locking up of funds

- Failure of the Animal Husbandry Department to ensure suitability of site, selected for setting up of a milk chilling plant, resulted in locking up of funds aggregating Rs 10.05 lakh for periods of over 5 to 8 years and denial of envisaged facilities to milk producers.

(Paragraph: 3.7)

- Construction of a public health centre at a protected archaeological site at Burzahama despite objections raised by the Archaeology Department and a labour *Sarai* at an unsuitable site resulted in infructuous expenditure of Rs 5.45 lakh and locking up of Rs 7.96 lakh for over two to five years respectively.

(Paragraph: 3.10)

- Failure of the Sericulture Department to properly plan the construction of a cold store resulted in avoidable expenditure of Rs 12.97 lakh on procurement of ice for storage of silkworm seeds and locking up of Rs 12 lakh for 3 to 15 years besides, cost escalation of Rs 13.50 lakh.

(Paragraph: 3.13)

- Unplanned and injudicious purchase of three pump sets during 1998 by Mechanical Engineering Department Kargil without taking into cognizance the availability of pump sets already in store resulted in the idling of equipment and consequent locking up of funds aggregating Rs 15.98 lakh.

(Paragraph: 4.3)

- Non-finalisation of drawings/designs resulted in locking up of investment of Rs 80.85 lakh on a semi-constructed structure up to raft level in old secretariat premises Srinagar for a period of more than 7 years. Mobilisation advance of Rs 20 lakh was also paid to a contractor even after the execution of work was suspended by him.

(Paragraph: 4.9)

- Failure of the Power Development Department to exercise adequate control and conduct periodical reconciliation of supplies received by it against advances made to various suppliers, resulted in locking up of funds aggregating Rs 3.02 crore for periods varying from 4 to 14 years.

(Paragraph: 5.2)

4.4 Irregular payment of pay and allowances

- Excess payment of honorarium aggregating Rs 72.03 lakh made by seventeen Drawing and Disbursing Officers of Police Department to employees deployed for the conduct of Parliamentary and State Assembly elections of 1996 had not been recovered.

(Paragraph: 3.11)

- Irregular fixation of pay of 160 store keepers by Food and Supplies Department resulted in excess payment of pay (excluding allowances) aggregating Rs 80.45 lakh for the period January 1995 to September 1999.

(Paragraph: 7.13)

4.5 Idle wages

- Failure of the Education and Industries and Commerce Departments to adjust the surplus staff of a non-functional hostel and drivers, who were without work, resulted in payment of idle wages of Rs 16.62 lakh to the staff during September 1993 to March 2000.

(Paragraphs: 3.8 and 3.12)

4.6 Cost and time over-run

- Defective survey and improper planning in execution of 220 KV double circuit 174 Km Transmission Line from Kishenpur to Pampore resulted in time over-run of 28 months and cost over-run of Rs 92.25 crore.

(Paragraph: 4.6)

4.7 Other points on Autonomous Bodies and Authorities

- Utilisation certificates in respect of grants aggregating Rs 733.35 crore paid ending March 1999 in 7647 cases were awaited as of 30 September 2000.

(Paragraph: 8.1)

- Accounts of 34 bodies were in arrears for periods ranging between one year and 28 years as on 30 September 2000. The main defaulters were Srinagar/Jammu Development Authorities, Board of Secondary Education, Srinagar, District Rural Development Agency, Doda, Jammu and Kashmir State Council for Science and Technology, Sher-i-Kashmir Medical Institute Trust Soura, Institute of Management and Public Administration, Jammu and Kashmir Co-operative Supply and Marketing Federation Limited, etc.

(Paragraph: 8.1(b))

- Grants aggregating Rs 7.05 crore meant for developmental and educational purposes and for beneficiary-oriented schemes remained unutilised with 7 bodies/authorities whose accounts were audited during 1999-2000. Further, amounts aggregating Rs 1.46 crore advanced by 4 bodies/agencies to contractors/suppliers during 1997-99 were outstanding as of March 2000.

(Paragraph: 8.3.1 (i and ii))

4.8 Revenue receipts

(a) Underassessments/suppression of turnover

- Test-check of records of Sales Tax, State Excise, Stamps and Registration Fees, Forest and other departments conducted during 1999-2000 revealed underassessments, short levy, loss of revenue, etc. of Rs 16.80 crore in 134 cases. The concerned departments accepted underassessment, etc. of Rs 1.19 crore in 7 cases.

(Paragraph: 6.2)

- Failure of the Assessing Authority to follow prescribed internal controls resulted in suppression of turnover of Rs 25.15 lakh with consequential short levy of tax, interest and penalty of Rs 9.05 lakh

(Paragraph: 6.3)

- Failure of the Assessing Authority to detect inter-state purchases made by a dealer, which were not covered under certificate of registration, resulted in non-levy of tax, penalty and interest of Rs 3.11 lakh.

(Paragraph: 6.4)

(b) Shortfall/loss due to non-levy of tax/penalty, etc.

- Incorrect computation of tax by the Assessing Authority resulted in short levy of tax and interest of Rs 3 lakh.

(Paragraph: 6.5)

- The State exchequer suffered revenue loss of Rs 2.08 crore due to non-realisation of penalty and loss of revenue on account of short extraction of resin, illicit tapping of blazes and failure of the State Forest Department to make adequate arrangements for storage/safety of the extracted resin.

(Paragraph: 6.6)

- Failure of the Forest Department to raise bills of timber against the State Forest Corporation and short charging of volume of timber handed over to it, resulted in non-recovery of Rs 1.02 crore and Rs 3.38 lakh respectively.

(Paragraph: 6.7)

- Failure of the Forest Department to raise bills for damages to forests caused by the contractors and to impose penalty for illegal felling of trees resulted in loss of revenue of Rs 2.10 lakh.

(Paragraph: 6.8)

- Recovery of licence/renewal licence fee from 159 brick kiln owners at pre-revised rates resulted in short-realisation of revenue of Rs 3.25 lakh.

(Paragraph: 6.9)

4.9 Commercial activities

The State had 19 Government companies (including 1 subsidiary) and 4 Statutory Corporations under its control as on 31 March 2000.

- The total Government investment in 23 Public Sector Undertakings by way of equity and long term loans was Rs 1444 crore as on 31 March 2000 against Rs 1559 crore as on 31 March 1999.

- In the total investment of Government companies at the end of March 2000, 30 *per cent* comprised equity capital and 70 *per cent* long-term loans.

- The total investment in the two Statutory Corporations at the end of March 2000 was Rs 698 crore against Rs 711 crore in the previous year.

(Paragraph: 7.2)

- Out of 19 Government companies and 2 Statutory corporations, only one company had finalised its accounts for the year 1999-2000. The accounts of 18 companies and the 2 Statutory corporations were in arrears for periods ranging between 2 and 16 years.

(Paragraph: 7.5)

- As per their latest finalised accounts, only three companies had earned a profit of Rs 120.24 crore while 13 companies suffered an aggregate loss of Rs 25.44 crore. Remaining three companies had not finalised their accounts as of September 2000. The two Statutory corporations had also incurred losses which aggregated Rs 46.40 crore as per their latest accounts.

(Paragraph: 7.6 and Appendix-20)

Chapter-I

An Overview of the Finances of the State Government

1.1 Introduction

This Chapter discusses the financial position of the State Government, based on an analysis of the information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the indicators of financial performance of the State Government, based on certain ratios and indices developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this Chapter are described in *Appendix*-1.

1.2 Financial position of the State

In the Government accounting system, comprehensive accounting of the fixed assets like land and buildings etc. owned by the Government is not done. However, the accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by it. The following table gives an abstract of such liabilities and assets as on 31 March 2000, compared with the corresponding position as on 31 March 1999.

(Rupees in crore)

As on 31 March 1999		Liabilities		As on 31 March 2000
1857.28		**Internal Debt**		**1932.23**
	576.58	Market Loans bearing interest	632.32	
	133.07	Loans from LIC	194.72	
	39.40	Loans from other Institutions	80.85	
	1108.23	Overdrafts from Jammu and Kashmir Bank	1024.34	
3420.18		**Loans and Advances from Central Government**		**4158.28**
	863.77	Pre-1984-85 Loans	762.04	
	903.00	Non-Plan Loans	1070.86	
	1570.28	Loans for State Plan Schemes	1957.68	
	27.38	Loans for Central Plan Schemes	10.10	
	52.74	Loans for Centrally Sponsored Plan Schemes	54.35	
	3.01	Ways and Means Advances	303.25	
0.38		**Contingency Fund**		**0.35**
1080.08		**Small Savings, Provident Funds, etc.**		**1675.59**
48.46		**Deposits**		**(-) 49.46**
429.33		**Reserve Funds**		**465.49**
968.94		**Remittance Balances**		**1107.59**
1762.01		**Surplus on Government Account:**		**1220.45**
		Revenue Surplus as on 31 March 1999	1762.01	
		Revenue Deficit for 1999-2000	541.56	
9566.66		**Total**		**10510.52**

(Rupees in crore)

As on 31 March 1999		Assets		As on 31 March 2000
8660.90		**Gross Capital Outlay on Fixed Assets**		**9371.79**
	341.53	Investments in shares of Companies, Corporations, etc.	355.05	
	8319.37	Other Capital Outlay	9016.74	
469.07	-	**Loans and Advances**		**555.17**
	214.74	Industries and Minerals	244.13	
	135.81	Transport	164.25	
	--	Energy	31.00	
	30.95	Agriculture and Allied Activity	30.98	
	56.56	Other Development Loans	56.68	
	31.01	Loans to Government servants and Miscellaneous loans	28.13	
4.57		**Advances**		**4.88**
208.64		**Suspense and Miscellaneous Balances**		**304.52**
223.48		**Cash**		**274.16**
	19.90	Cash in Treasuries and Local Remittances	25.32	
	66.26	Deposits with Bank	130.93	
	(-) 3.78	Departmental Cash Balance	(-) 7.00°	
	0.12	Permanent Advances	0.12	
	37.39	Cash Balance Investments	37.39	
	103.59	Reserve fund investments	87.40	
9566.66		**Total**		**10510.52**

° Minus balance is due to more adjustment/receipts than disbursements.

While liabilities consist mainly of internal borrowings, loans and advances from Government of India, receipts from Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. It would be seen from the table that while the liabilities grew by 19 *per cent,* the assets grew by only 10 *per cent* during 1999-2000, mainly as a result of increase of revenue deficit on Government account from Rs 400 crore during 1998-99 to Rs 541 crore during 1999-2000. This shows an overall deterioration in the financial position of the Government.

1.3 Sources and application of funds

1.3.1 The following table gives the position of the sources and applications of funds during the current and the preceding year.

(Rupees in crore)

1998-99		S.No.	Sources		1999-2000
4509.14		1.	Revenue receipts		**5513.59**
4.29		2.	Recoveries of Loans and Advances		**4.54**
286.89		3.	Net receipts from Public Debt other than Overdraft		**896.94**
104.51		4.	Net effect of overdraft		**(-) 83.89**
723.63		5.	Net receipts from Public Accounts:		**576.21**
	108.67		Net receipts from Small Savings, Provident funds, etc.	595.51	
	(-) 11.32		Net effect of Deposits and Advances	(-) 98.23	
	75.82		Net receipts from Reserve funds	36.16	
	76.81		Net effect of Suspense and Miscellaneous transactions	(-) 95.88	
	473.65		Net effect of Remittance transactions	138.65	
0.01		6.	Net effect of Contingency Fund transactions		**(-) 0.03**
5628.47			**Total**		**6907.36**
			Application		
4909.26		1.	Revenue expenditure		**6055.15**
62.00		2.	Lending for developmental and other purposes		**90.64**
596.44		3.	Capital expenditure		**710.89**
60.77		4.	Increase in closing cash balance		**50.68**
5628.47			**Total**		**6907.36**

The main sources of funds include the revenue receipts of the Government and capital receipts like recoveries of loans and advances and the receipts in the Public Account. These were applied mainly on revenue and capital expenditure and on lending for developmental purposes. It would be seen that the revenue receipts constitute the most significant source of funds for the State Government. However, its relative share decreased from 80.11 *per cent* in 1998-99 to 79.82 *per cent* during 1999-2000. The share of net receipts from the public debt (excluding overdraft/temporary advances obtained from Jammu and Kashmir Bank) increased from 5 *per cent* in 1998-99 to 13 *per cent* in 1999-2000. In absolute terms, the receipts from public debt, other than overdrafts increased by Rs 580 crore, over the preceding year indicating that the State was increasingly becoming dependent on borrowings. Share of net receipts from Public Account decreased from 13 *per cent* in 1998-99 to 8 *per cent* in 1999-2000. The outstanding on account of overdrafts obtained from Jammu and Kashmir Bank, however, decreased by Rs 83.89 crore during 1999-2000.

1.3.2 The available funds were applied mainly for revenue expenditure, share of which in total expenditure was not only 88 *per cent* in 1999-2000, but was also higher than the share of the revenue receipts (80 *per cent*) in total receipts of the State Government. This led to the Revenue Deficit of Rs 541 crore. Share of capital expenditure on the other hand remained stagnant at 11 *per cent* during 1998-99 and 1999-2000 and lending for developmental purposes formed only 1 *per cent* of total expenditure during 1999-2000. Evidently, the asset formation and the development activities received low priority during the year.

1.4 Financial operations of the State Government

1.4.1 Exhibit-I gives the details of the receipts and disbursements. The revenue expenditure (Rs 6055.15 crore) during the year exceeded the revenue receipts (Rs 5513.59 crore) resulting in a revenue deficit of Rs 541.56 crore. The revenue receipts comprised tax revenue (Rs 578 crore), non-tax revenue (Rs 405 crore), State's share of Union taxes and duties (Rs 1232 crore) and grants-in-aid received from the Central Government (Rs 3299 crore). The main sources of tax revenue were state excise (47 *per cent)*, sales tax (41 *per cent)* and taxes on vehicles (4 *per cent)*. Non-tax revenue came mainly from sale of power (54 *per cent*), interest receipts (25 *per cent*) and forestry and wild life (8 *per cent).*

1.4.2 The capital receipts comprised Rs 1148 crore from public debt and Rs 4.54 crore from recoveries of loans and advances. Against this, the expenditure was Rs 711 crore on capital outlay, Rs 91 crore on disbursement of loans and advances and Rs 251 crore* on repayment of public debt. The gross receipts (exclusive of remittance transactions) in the Public Account amounted to Rs 1297 crore, against which the disbursements made were Rs 859 crore. The net effect of the transactions in the Consolidated Fund, Contingency Fund and Public Account was an increase of Rs 51 crore in the cash balance from Rs 223 crore at the beginning of 1999-2000 to Rs 274 crore at the end of the year.

* Excludes Rs 84 crore on account of net repayment of overdrafts/temporary loans

1.4.3 The financial operations of the State Government, pertaining to its receipts and expenditure are discussed in the succeeding paragraphs with reference to the information contained in Exhibit-I and the time series data for the five-year period from 1995-96 to 1999-2000, presented in the following table.

Time series data on State Government Finances

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Part-A Receipts					
1. Revenue Receipts	**3319**	**3223**	**4642**	**4509**	**5514**
(i) Tax Revenue	292 (9)	294 (9)	368 (8)	437 (10)	578 (11)
Taxes on sales, trade, etc.	113 (39)	119 (41)	145 (40)	180 (41)	236 (41)
State Excise	146 (50)	135 (46)	162 (44)	206 (47)	274 (47)
Taxes on vehicles	12 (4)	12 (4)	15 (4)	18 (4)	22 (4)
Stamps and Registration fees	6 (2)	8 (3)	11 (3)	12 (3)	15 (3)
Land Revenue	1 (*)	1 (*)	*	3 (1)	2 (*)
Other Taxes	14 (5)	19 (6)	35 (9)	17 (4)	29 (5)
(ii) Non Tax Revenue	204 (6)	183 (6)	248 (5)	283 (6)	405 (7)
(iii) State's share of Union taxes and duties	644 (19)	626 (19)	834 (18)	1212 (27)	1232 (22)
(iv) Grants-in-aid from GOI	2179 (66)	2120 (66)	3192 (69)	2577 (57)	3299 (60)
2. Misc. Capital receipts	-	-	-	-	-
3. Total revenue and non-debt capital receipts (1+2)	**3319**	**3223**	**4642**	**4509**	**5514**
4. Recoveries of Loans and Advances	**3**	**3**	**4**	**4**	**5**
5. Public Debt receipts	**345**	**655**	**907**	**673**	**1148**
Internal Debt (excluding Ways and Means Advances and Overdrafts)	126	65	139	122	213
Net transactions under Ways and Means Advances and Overdrafts	-	142	254	105	-
Loans and advances from GOI[!]	219	448	514	446	935
6. Total receipts in the Consolidated fund (3+4+5)	**3667**	**3881**	**5553**	**5186**	**6667**
7. Contingency fund receipts	**0.25**	**0.36**	**0.30**	**0.09**	**0.33**
8. Public Account receipts	**9091**	**11460**	**12795**	**13020**	**15828**
9. Total receipts of the State (6+7+8)	**12758**	**15341**	**18348**	**18206**	**22495**
Part-B Expenditure/disbursement					
10. Revenue Expenditure	**2815**	**3129**	**4191**	**4909**	**6055**
Plan	296 (11)	348 (11)	445 (11)	526 (11)	704 (12)
Non Plan	2519 (89)	2781 (89)	3746 (89)	4383 (89)	5351 (88)
General Services (Including interest payments)	*1007 (36)*	*994 (32)*	*1717 (41)*	*1907 (39)*	*2414 (40)*
Social Services	*799 (28)*	*929 (30)*	*1048 (25)*	*1241 (25)*	*1526 (25)*
Economic Services	*1009 (36)*	*1206 (38)*	*1426 (34)*	*1761 (36)*	*2115 (35)*
Grants-in-aid and contributions	-	*0.04*	-	-	-
11. Capital Expenditure	**729**	**1000**	**889**	**596**	**711**
Plan	708 (97)	924 (92)	908 (102)	608 (102)	791 (111)
Non Plan	21 (3)	76 (8)	(-) 19 (-2)	(-) 12 (-2)	(-) 80 (-11)[@]
General Services	*21 (3)*	*25 (3)*	*39 (4)*	*35 (6)*	*49 (7)*
Social Services	*182 (25)*	*241 (24)*	*236 (27)*	*210 (35)*	*208 (29)*
Economic Services	*526 (72)*	*734 (73)*	*614 (69)*	*351 (59)*	*454 (64)*

(Contd.)

* Negligible

! Includes Ways and Means Advances from GOI

@ Minus expenditure is due to recoveries of Rs 126 crore.

Time series data on State Government Finances (concl.)

					(Rupees in crore)
	1995-96	1996-97	1997-98	1998-99	1999-2000
12. Disbursement of loans and advances	45	51	67	62	91
13. Total (10+11+12)	3589	4180	5147	5567	6857
14. Repayment of Public Debt	161	48	315	281	335
Internal Debt (excluding Ways and Means advances and Overdraft)	8	44	3	24	54
Net transactions under Ways and Means Advances and Overdraft	0.51	-	-	-	84
Loans and Advances from Government of India~	152	4	312	257	197
15. Appropriation to Contingency Fund	Nil	Nil	Nil	Nil	Nil
16. Total disbursement out of Consolidated Fund (13+14+15)	3750	4228	5462	5848	7192
17. Contingency fund disbursements	0.35	0.26	0.33	0.08	0.36
18. Public Account disbursements	9026	11074	12883	12297	15252
19. Total disbursements by the State (16+17+18)	12776	15302	18345	18145	22444
Part C. Deficits					
20. Revenue Deficit (1-10)	(+) 504	(+) 94	(+) 451	(-) 400	(-) 541
21. Fiscal Deficit (3+4-13)	267	954	501	1054	1338
22. Primary Deficit (21-23)	(-) 100	(+) 743	(-) 314	(+) 389	(+) 493
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	367	211	815	665	845
24. Arrears of Revenue (percentage of Tax and non-Tax Revenue Receipts)$^{\psi}$	NA	295 (62)	359 (58)	748 (104)	886 (90)
25. Financial Assistance to local bodies, etc.	61	74	88	122	186
26. Ways and Means Advances/Overdraft availed (days)	366	365	365	365	366
27. Interest on WMA/Overdraft	74	91	117	148	99%
28. Gross State Domestic Product^ (GSDP)	8097	9124	10286	11415	12669
29. Outstanding debt (year end)	3687	4294	4886	5277	6091
30. Outstanding guarantees (year end)$^{\phi}$	599	583	602	573	581
31. Maximum amount guaranteed (year end)	748	743	856	848	668
32. Number of incomplete projects	NA	24	27	33	73
33. Capital blocked in Incomplete projects	NA	149	132	138	221

(percentage in brackets)

~ Includes Ways and Means Advances from GOI

ψ Figures of arrears of revenue available under Sales Tax, State Excise, Passenger Tax and Forestry and Wild Life.

% Under reconciliation

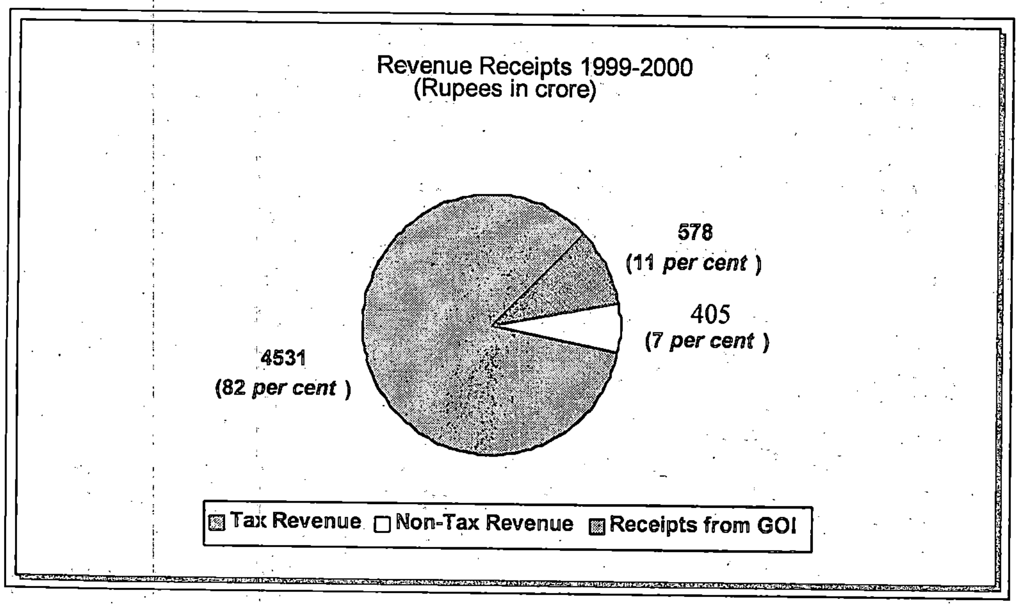
^ Figures of GSDP for 1995-96 to 1998-1999 are based on the revised information supplied by the State Government. Figures for 1999-2000 are provisional and have been arrived at on the basis of average growth for 1998-99 over 1997-98.

ϕ Excludes information in respect of 3 private firms and 4 co-operative societies.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure-1. The revenue receipts grew at an average annual rate of 13 *per cent* during 1995-96 to 1999-2000.

Figure-1



1.5.2 Tax Revenue

Tax revenue constituted 11 *per cent* of the revenue receipts. Its share in the total revenue receipts increased from 10 *per cent* in 1998-99 to 11 *per cent* in 1999-2000 mainly due to growth in sales tax (31 *per cent)* and state excise receipts (33 *per cent)*. The relative contribution of sales tax has gone up marginally from 39 *per cent* in 1995-96 to 41 *per cent* in 1999-2000, while that of state excise came down from 50 to 47 *per cent* during the corresponding period. The contribution of other constituents of the tax revenue viz., taxes on vehicles, stamps and registration fees, land revenue and taxes on goods and passengers, etc. was insignificant at 12 *per cent* and their relative shares varied between 11 and 16 *per cent* during 1995-96 to 1999-2000.

1.5.3 Non-tax revenue

Non-tax revenue constituted only 7 *per cent* of the revenue receipts of the Government and its share in the revenue receipts varied between 5 and 7 *per cent* during 1995-2000. The growth rate of non-tax revenue during the above period was erratic. While the growth rate was negative during 1996-97 compared to 1995-96, it increased by 43 *per cent* during 1999-2000 compared to 1998-99.

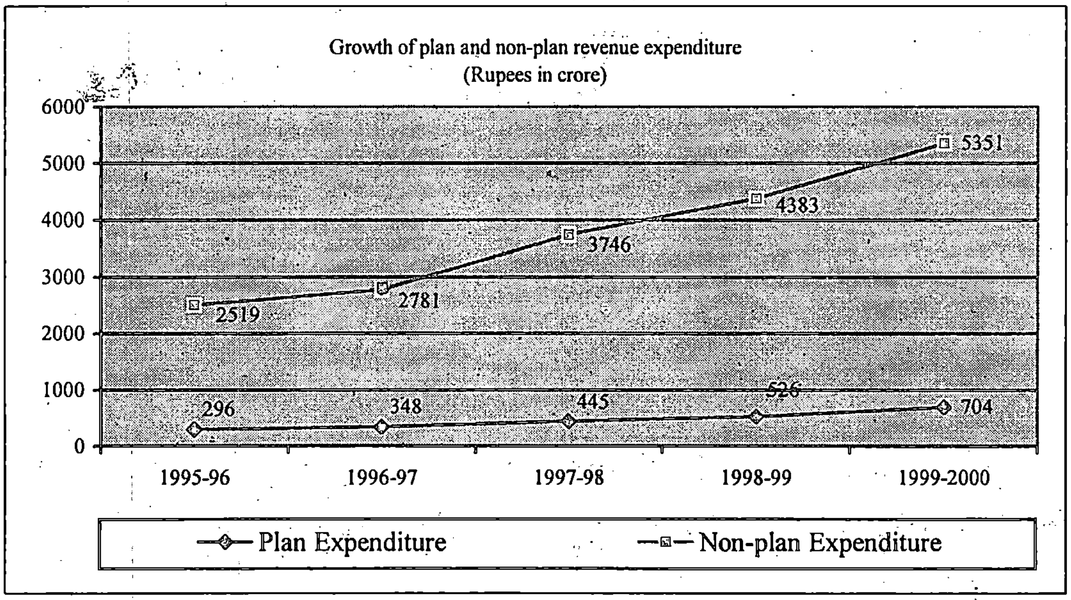
1.5.4 *State's share of Union taxes and duties and grants-in-aid from the Central Government*

The State's share of Union taxes (excise duties and taxes on income other than corporation tax) increased by 1.7 *per cent* during the year, while receipts on account of grants-in-aid from the Central Government increased by 28 *per cent*. However, as a percentage of revenue receipts (both taken together) these declined from 85 *per cent* in 1995-96 to 82 *per cent* during 1999-2000. This was mainly due to decrease (from 66 to 60 *per cent)* in the share of grants-in-aid from Government of India which offset increase (from 19 to 22 *per cent)* in the State's share of Union taxes and duties.

1.6 *Revenue expenditure*

1.6.1 Revenue expenditure accounted for major portion (89 *per cent)* of the expenditure of the State Government and increased by 23 *per cent* during 1999-2000. The increase was higher on the non-plan side and a major constituent of the non-plan revenue expenditure was salaries which amounted to Rs 3500 crore (approximately). Figure-2 shows the trend of growth of plan and non-plan revenue expenditure during the period 1995-2000. Trend analysis shows that the Government had made no effort to arrest the increasing trend in the revenue expenditure which has risen from 79 *per cent* in 1995-96 to 89 *per cent* in 1999-2000. Despite proposals of the State Government to enforce economy in expenditure during 1999-2000, the revenue expenditure had increased by Rs 1146 crore over that in 1998-99. The increase was mainly due to more expenditure incurred by the Government on Power (Rs 260 crore), Police (Rs 254 crore), Education (Rs 139 crore) and on payment of interest (Rs 180 crore) during 1999-2000.

Figure-2



1.6.2 Sector-wise analysis shows that the expenditure on Economic Services increased by 110 *per cent* (from Rs 1009 crore in 1995-96 to Rs 2115 crore in 1999-2000). The corresponding increase in expenditure on General and Social Services was 140 and 91 *per cent* respectively. As a proportion of total expenditure, the share of expenditure on Economic and Social Services decreased from 36 *per cent* and 28 *per cent* in 1995-96 to 35 and 25 *per cent* respectively in 1999-2000, while that of General Services increased from 36 *per cent* to 40 *per cent* during this period.

1.6.3 Interest payments

Interest payments ranged between Rs 211 crore and Rs 845 crore during the period from 1995-96 to 1999-2000. During 1999-2000, total interest payments amounted to Rs 845 crore[&] which formed 14 *per cent* of revenue expenditure. Interest paid by the Government on debts including loans and advances received from Government of India amounted to Rs 600 crore, which formed 71 *per cent* of total interest payments. Further details about interest payments are discussed in the section on financial indicators.

& This included Rs 128 crore on account of interest on State Provident Fund accounts for the years 1997-98 and 1998-99

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided in the shape of grants to different local bodies, etc. during the period of four years ending 1999-2000 was as follows:

(Rupees in crore)

	1996-97	1997-98	1998-99	1999-2000
Housing and Urban Development	27.40	34.26	77.46	99.42
Education	35.54	40.89	29.38	61.79
Agriculture and Allied Activities	6.28	6.19	6.64	12.71
Art and Culture	2.60	4.02	3.11	4.00
General Administration	0.03	1.25	1.53	2.22
Health and Medical Education	1.26	0.66	0.44	0.34
Other Institutions	0.96	1.03	3.29	5.46
Total	**74.07**	**88.30**	**121.85**	**185.94**
Percentage of growth over previous year	22	19	38	53
Assistance as a percentage of revenue expenditure	2	2	2	3

Financial assistance to educational institutions and housing and urban development bodies increased substantially by 110 and 28 *per cent* respectively during 1999-2000.

1.6.5 Loans and Advances by the State Government

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-governmental institutions, etc. for developmental and non-developmental activities. The position for the last five years as given below shows that while outstanding loans increased by 115 *per cent* during 1995-2000, repayments remained insignificant at 1 *per cent* of the loan outstanding at the close of each year during 1995-2000. The poor recovery of loans and advances contributed to the increase in the gross fiscal deficit of the State.

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance	258.26	300.52	347.96	411.36	469.07
Amount advanced during the year	45.01	50.79	67.22	62.00	90.64
Amount repaid during the year	2.75	3.35	3.82	4.29	4.54
Closing balance	300.52	347.96	411.36	469.07	555.17
Net addition	42.26	47.44	63.40	57.71	86.10
Interest received	0.28	0.22	0.51	0.44	0.67

Out of loans advanced to various bodies like Municipalities, Corporations as also to Government servants etc. the detailed accounts of which were kept by the Accountant General, recovery of Rs 34.49 crore (principal: Rs 29.71 crore and interest: Rs 4.78 crore) was in arrears as on 31 March 2000. In respect of loans etc. the detailed accounts of which are maintained by the departmental officers, Rs 518.07 crore were outstanding as on 31 March 2000. Information regarding overdue amounts in arrears had not been furnished by any of the controlling officers, though called for repeatedly.

1.7 Capital expenditure

Capital expenditure leads to asset creation. In addition, financial assets arise from investments made by Government in institutions or undertakings outside Government viz. public sector undertakings, corporations, etc. and from loans and advances made for developmental purposes. While the capital expenditure increased from Rs 729 crore in 1995-96 to Rs 1000 crore in 1996-97, it decreased to Rs 711 crore in 1999-2000. As a result, its share in the total expenditure decreased from 24 *per cent* in 1996-97 to 11 *per cent* in 1999-2000. Decrease in the level of capital expenditure was likely to result in a serious shortfall in capital formation which can have long-term impact on the State's economy. Time series data (Paragraph: 1.4.3) shows that most of the capital expenditure has been on Economic and Social Services under the Plan sector. The share of expenditure on these services, however, declined from 97 *per cent* in 1995-96 to 93 *per cent* in 1999-2000, with corresponding increase in expenditure on General Services.

1.8 Quality of Expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan/non-Plan and Revenue/Capital. While Plan and Capital expenditures are usually associated with asset creation, the non-Plan and Revenue expenditures are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversion of funds and funds locked up in incomplete projects would also impinge negatively on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered as a negative factor in judging the quality of expenditure; when expenditure is not actually incurred in the concerned year, it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General Services, to the detriment of Economic and Social Services.

The following table lists out the trend in these indicators:

S.No.		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Plan expenditure as a percentage of: Revenue expenditure Capital expenditure	 11 97	 11 92	 11 102	 11 102	 12 11
2.	Capital expenditure (*per cent*)	21	24	18	11	11
3.	Expenditure on General Services as a percentage of: Revenue Capital	 36 3	 32 3	 41 4	 39 6	 40 7
4.	Amount* of wastages and diversion of funds detected during test audit (Rupees in crore)	70.64	51.52	47.84	103	38.31
5.	Non-remunerative expenditure on incomplete projects (Rupees in crore)	NA	149	132	138	221
6.	Unspent balances under deposit heads, booked as expenditure at the time of their transfer to the deposit head@ (Rupees in crore)	0.10	27.42	7.21	2.28	12.77

It would be seen that the share of Plan expenditure on the revenue side did not register any significant increase and remained stagnant at 11 *per cent* during 1995-96 to 1998-99 registering a marginal increase of one *per cent* during 1999-2000. The share of capital expenditure in the total expenditure, however, declined from 21 to 11 *per cent* during the period 1995-2000 except during 1996-97 when it was 24 *per cent*. The expenditure on General Services, at the same time, varied between 32 and 41 *per cent* on the revenue side and increased from 3 to 7 *per cent* on capital side during the same period.

1.9 Financial Management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this Report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters,

* Based on Audit Reports

@ On the basis of test-audit

which can be segregated from the accounts and other related financial information of the Government, are discussed in this Section.

1.9.1 Investments and returns

Investments are made out of the capital outlay by the Government to promote developmental, manufacturing, marketing and social activities. The sector-wise details of investments made and the number of concerns involved were as under:

(Rupees in crore)

S.No	Sector	Number of concerns	Amount invested	
			As on 31 March 2000	During 1999-2000
1.	Statutory Corporations	3	138.70[$]	5.00
2.	Government Companies	19	192.66[@][^]	2.14
3.	Joint Stock Companies	2	0.35	Nil
4.	Co-operative Institutions	10	23.34	0.50
	Total	**34**	**355.05**	**7.64**

The details of investments made and returns thereon during the last five years by way of dividend were as follows:

Year	Investments	Returns	Percentage of returns on investment	Rate of interest on Government borrowings (*per cent*)
	(Rupees in crore)			
1995-96	272.25	Nil	-	16
1996-97	287.47	Nil	-	14 to 20.75
1997-98	324.76	Nil	-	12.30 to 20.75
1998-99	341.53	1.23	0.36	12.30 to 21.42
1999-2000	355.05	7.73	2.18	11.85 to 21.42

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies, etc. fetched insignificant returns. 15 Government companies in which Government had invested Rs 135.58 crore up to 31 March 2000, were incurring losses and the accumulated loss aggregated Rs 126.10 crore as per their latest finalised accounts.

[$] Includes Rs 88.01 lakh invested by the State Government in Jammu and Kashmir State Road Transport Corporation in the previous year but adjusted in the current year

[@] Includes Rs 5 crore invested by the State Government in Jammu and Kashmir State Power Development Corporation in the previous year but adjusted in the current year

Includes Rs 0.10 crore invested by the State Government in National Projects Construction Corporation Limited (a Central Government company)

1.9.2 *Financial results of Irrigation works*

The financial results of 6 irrigation projects with a capital outlay of Rs 78.10 crore at the end of March 2000 showed that revenue realised during 1999-2000 (Rs 8.84 lakh) from these projects was only 0.12 *per cent* of their capital outlay which was not sufficient even to cover the direct working expenses (Rs 1.02 crore). After meeting the working expenses (direct and indirect) of Rs 1.25 crore, these schemes suffered a loss of Rs 1.16 crore. The loss was substantial (Rs 1.14 crore) in the Pratap Canal (Rs 49.05 lakh), Ranbir Canal (Rs 35.65 lakh) and Kathua Feeder Channel (Rs 28.90 lakh).

1.9.3 *Incomplete Projects*

As of 31 March 2000, there were 73 incomplete projects costing Rs 50 lakh and above in which Government investment of Rs 221 crore was blocked. The position had deteriorated as compared to the position on 31 March 1999. This showed that the Government was spreading its resources thinly, which failed to yield any return.

1.9.4 *Arrears of revenue*

The arrears of revenue in respect of Sales Tax, Passenger Tax, Forestry and Wild Life and State Excise pending collection increased by 18 *per cent* during the year. The outstanding arrears registered an increase during the preceding three years (refer paragraph: 1.4.3) and their percentage increased from 58 *per cent* of the revenue raised during 1997-98 to 90 *per cent* during 1999-2000. Of the arrears of Rs 886 crore as of March 2000, Rs 491 crore (55 *per cent)* were pending for more than five years, and pertained mainly to Forestry and Wild Life (Rs 293 crore) and Sales Tax (Rs 187 crore). The overall deterioration in the position of arrears of revenue showed a slackening of the revenue efforts of the State Government.

1.9.5 *Ways and means advances and overdraft*

The State Government obtains overdrafts/temporary loans from Jammu and Kashmir Bank Limited for its ways and means requirements. The maximum limit up to which temporary loans can be obtained at any time, as approved by the Government of India, is Rs 3 crore. Interest at rates varying between 14.03 *per cent* and 21.42 *per cent* was charged on temporary loans during 1999-2000.

The position of temporary loans taken by the Government and interest paid thereon during the period from 1995-96 to 1999-2000 was as under:

(Rupees in crore)

Year	Temporary loans/overdrafts		Interest paid
	Taken during the year	Outstanding at the end of the year	
1995-96	2737.94	608.01	74.39
1996-97	3454.74	750.11	90.65
1997-98	3861.84	1003.72	117.48
1998-99	3973.61	1108.23	148.22
1999-2000	5274.58	1024.34	99.23

The temporary loans (gross) obtained during the year had increased from Rs 2738 crore in 1995-96 to Rs 5275 crore in 1999-2000 constituting an increase of 93 *per cent*. Taking recourse to ways and means advances and overdrafts indicates mismatch between receipts and expenditure of the Government and also reflects poorly on its financial management. Due to chronic overdraft problem, the dependence of the State Government on overdrafts/temporary loans for meeting its ways and means requirements, was increasing year after year and resulted in payment of considerable amounts towards interest.

1.9.6 Deficit

1.9.6.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of financial management in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers to the fiscal prudence of the Government. The discussion in this Section relates to three concepts of deficits viz., revenue deficit, fiscal deficit and primary deficit.

1.9.6.2 The revenue deficit is the excess of revenue expenditure over revenue receipts. The fiscal deficit is the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid and certain non-debt capital receipts). The State had a revenue deficit of Rs 541 crore during 1999-2000. Fiscal deficit of the State had shown an increasing trend for the 5 years ending 1999-2000. It had increased from Rs 267 crore in 1995-96 to Rs 1338 crore in 1999-2000. The following table gives a break-up of the deficits in Government account.

(Rupees in crore)

Consolidated Fund				
Receipt	Amount		**Disbursement**	Amount
Revenue	5514	**Revenue deficit: 541**	Revenue	6055
Misc. capital receipt			Capital	711
Recovery of loans and advances	5		Loans and advances disbursement	91
Sub-Total	5519	**Gross fiscal deficit: 1338**	Sub-Total	6857
Public debt receipts	1148		Public debt repayments	335
Total	**6667**	**A: Deficit in Consolidated fund: 525**		**7192**
Public Account				
Small savings, Provident Funds, etc.	785		Small savings, Provident Funds, etc.	189
Reserve funds	73		Reserve funds	37
Deposits and advances	371		Deposits and advances	469
Suspense and Miscellaneous balances	68		Suspense and Miscellaneous balances	164
Remittances	14531		Remittances	14393
Total Public Account	**15828**	**B: Surplus in Public Account: 576 was utilised to meet Deficit in CF (525) and balance surplus led to increase in cash balance.**		**15252**
Increase in cash balance (B-A): 51				

The table shows that the revenue deficit of Rs 541 crore was met by borrowings. The fiscal deficit of Rs 1338 crore was financed by net proceeds of the public debt (Rs 813 crore) and partly by the surplus (Rs 576 crore) from Public Account. The State had a revenue surplus upto 1997-98 after which a very significant deterioration in the financial position of the State resulted in Revenue deficit of Rs 400 crore during 1998-99 which increased to Rs 541 crore in 1999-2000.

1.9.6.3 Application of the borrowed funds (Fiscal Deficit)

The fiscal deficit represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue deficit, for incurring Capital expenditure and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the State for the year 1999-2000.

Ratio of	1999-2000
Revenue deficit to fiscal deficit	0.41
Capital expenditure to fiscal deficit	0.53
Net loans to fiscal deficit	0.06
Total	1.00

It would be seen that the State Government resorts to borrowings not only to finance its developmental activities but also to cover a significant portion of revenue expenditure. The ratio of revenue deficit to fiscal deficit increased from 0.38 during 1998-99 to 0.41 during 1999-2000 which indicated that more and more borrowed funds were applied for revenue expenditure. Therefore, if revenue expenditure is not controlled, capital formation would be adversely affected.

1.9.7 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc. raised by the statutory corporations, Government companies and co-operative institutions, etc. and payment of interest and dividend by them. These constitute contingent liabilities of the State. No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. The guaranteed sums outstanding at the end of each year during 1995-2000 are indicated in the time series data (Paragraph: 1.4.3). No amount was received as guarantee commission during 1999-2000 and Rs 1.41 crore was outstanding on this account for recovery from 9 Government Companies and 4 Statutory Corporations as on 31 March 2000.

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of Consolidated Fund of the State within such limits, if any, as may from time to time be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limit. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table.

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other liabilities[◊]	Total liabilities	Ratio of debt to GSDP
1995-96	1102.44	2584.41	3686.85	1142.08	4828.93	0.46
1996-97	1265.70	3028.61	4294.31	1259.77	5554.08	0.47
1997-98	1654.98	3231.09	4886.07	1384.30	6270.37	0.48
1998-99	1857.28	3420.18	5277.46	1557.87	6835.33	0.46
1999-2000	1932.23	4158.28	6090.51	2091.62	8182.13	0.48

During the five-year period, the total indebtedness of the State Government had grown by 69 *per cent.* The increase in indebtedness was on account of 75 *per cent* growth in internal debt, 61 *per cent* growth in loans and advances from Government of India and 83 *per cent* growth in other liabilities. During 1999-2000, Government borrowed Rs 100.57 crore in the open market at interest rates varying between 11.85 and 12.25 *per cent* per annum.

1.10.2 The amount of funds raised through Public debt, repayments thereagainst and net funds available are given in the following table:

(Rupees in crore)

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	**Internal debt**					
	Receipts during the year	2864	3520	4001	4095	5487
	Repayments (principal and interest)	2863	3472	3768	4244	5622
	Net funds available (*per cent*)	1	48 (1)	233 (6)	(-) 149	(-) 135
2.	**Loans and advances from GOI**					
	Receipts during the year	219	448	514	446	935
	Repayments (principal and interest)	404	4	880	556	587
	Net funds available (*per cent*)	(-) 185	444 (99)	(-) 366	(-) 110	348 (37)
3.	**Other liabilities**					
	Receipts during the year	448	609	753	772	1098[1]
	Repayments	405	491	628	598	564
	Net funds available (*per cent*)	43 (10)	118 (19)	125 (17)	174 (23)	534 (49)

◊ These comprise small savings, provident funds, reserve funds and deposits.
1 Comprises Small Savings, Reserve Funds and Deposits.

It would be seen that the outstanding debt has been increasing year after year as a result of which the outgo of funds is likely to increase. The mounting debt service reduces the availability of resources for asset formation and other developmental activities.

1.11 Indicators of financial performance

1.11.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity, it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, Government's vulnerability increases in the process. State Governments increase the level of their activity principally through Five-Year Plans which translate to Annual Development Plans provided for in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity, while plan expenditure entails expansion of activity. Both these activities require resource mobilisation, increasing Government's vulnerability. In short, financial health of a Government can be described in terms of sustainability, flexibility and vulnerability. These terms are defined as follows:

(i) Sustainability

Sustainability is the degree to which Government can maintain existing programmes and meet existing creditor requirements without increasing the debt burden.

(ii) Flexibility

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability

Vulnerability is the degree to which a Government becomes dependent on and therefore vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) Transparency

There is also the issue of financial information provided by the Government. This consists of annual Financial Statement (Budget) and the Accounts. As regards the budget the important parameters are timely presentation indicating the efficiency of the budgetary process and accuracy of the estimates. As regards accounts, timeliness in submission, for which milestones exist and completeness of accounts would be the principal criteria.

1.11.2 Information available in Finance Accounts can be used to work out Sustainability, Flexibility and Vulnerability that can be expressed in terms of certain indices/ratios. The list of such indices/ratios is given in *Appendix*-1. Exhibit II indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000. The implications of these indices/ratios for the state of the financial health of the State Government are discussed in the following paragraphs.

1.11.3 The behaviour of the indices/ratios is discussed below:

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants and non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. Exhibit-II shows that the State Government has had negative BCRs in all the five years up to 1999-2000 suggesting that Government had to depend entirely on borrowings for meeting its plan expenditure.

(ii) Interest ratio

The higher the interest ratio, the lower would be the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts.

In case of Jammu and Kashmir, the ratio has moved in the range of 0.04 to 0.16. The high ratio also indicates constraint on the development expenditure of the Government due to increase in the expenditure on account of interest payments. The ratio increased substantially during 1997-98 and declined marginally during the period 1998-99 and 1999-2000. A rising interest ratio has adverse implications on sustainability since it indicates a rising interest burden.

(iii) Capital outlay/capital receipts

This ratio would indicate the extent to which the capital receipts are utilised for capital formation. A ratio of less than one would not be sustainable in the long term in as much as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance.

In the case of Jammu and Kashmir, the ratio was more than one during the years 1995-96 to 1997-98 which was mainly due to revenue surplus during these years. During 1998-99 and 1999-2000 the ratio was below one due to revenue deficit indicating deterioration in the financial health of the State Government.

(iv) Tax receipts vs Gross State Domestic Product (GSDP)

Tax receipts consist of State taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for flexibility as well. While a low ratio would imply that the Government can tax more and hence it possessed flexibility, a high ratio would indicate that the limits of this source had been reached.

Time series analysis shows that in case of Jammu and Kashmir the ratio of total tax to GSDP and State tax receipts to GSDP during the period 1995-96 to 1999-2000 ranged between 0.10 and 0.14 and between 0.3 and 0.5 respectively. This ratio suggests that while the State Government had the option to raise more resources through taxation, it chose the easier option of borrowing to meet its expenditure.

(v) Return on Investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggests sustainability. The table (Exhibit-II) presents the return on Government's investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that no returns had accrued to Government during the period 1995-96 to 1997-98 while during 1998-99 and 1999-2000 these were negligible at 0.36 and 2.18 *per cent* respectively, indicating investments in the Public Sector Undertakings were used to finance their losses rather than generating revenue.

(vi) Capital repayments vs Capital borrowings

The ratio would indicate the extent to which the capital borrowings are available for investment. The lower the ratio, the higher would be the availability of capital for investment. In case of Jammu and Kashmir Government this ratio has been in the range of 0.09 to 0.49 during the last 5 years.

(vii) Debt vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government, which can be used to service debt. An increasing ratio of Debt/GSDP would signify a reduction in the Government's ability to meet its debt obligations and therefore increasing risk for the lender. In case of Jammu and Kashmir, this ratio has moved in the range of 0.46 and 0.48 during the last five years which was a negative trend, suggesting greater vulnerability.

(viii) *Revenue deficit/Fiscal deficit*

Revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, the more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non-productive revenue expenditure. Thus, a higher ratio would imply that the debt burden is increasing without adding to the repayment capacity of the State. During 1999-2000, 0.41 *per cent* of the borrowings were applied to revenue expenditure against 0.38 during 1998-99 which reflected an unfavourable trend.

(ix) *Primary deficit vs Fiscal deficit*

Primary deficit is the fiscal deficit minus interest payments. In other words, the lower the ratio the lower would be the availability of funds for capital investment. During 1998-99 and 1999-2000, the interest payments accounted for 63 *per cent* of the fiscal deficit (net proceeds from the borrowings). Evidently, this was not a sustainable position.

(x) *Guarantees vs Revenue receipts*

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should, therefore, be compared with the ability of the Government to pay viz., from its revenue receipts. Thus, the ratio of the total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government. In case of Jammu and Kashmir this ratio decreased from 0.18 during 1995-96 to 0.13 in 1997-98 and 1998-99 and came down further to 0.11 during 1999-2000.

(xi) *Assets vs Liabilities*

This ratio indicates the solvency of the Government. A ratio of more than one would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than one would be a contra indicator. This ratio has all along been around one and has moved in the narrow range of 1.13 to 1.32.

(xii) Budget

There was no delay in submission of the budget and its approval.

Chapter-II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of the budgetary process and control over expenditure. It indicates defective budgeting and inadequate control over expenditure, as evidenced by persistent significant variations (excess/saving) between the final modified grant and actual expenditure. Further test-check of vouchers for February/March 2000 revealed that Rs 12.77 crore was transferred to personal ledger accounts/other deposits thus inflating the expenditure under the consolidated fund during the year.

1.11.4 Conclusion

The increasing fiscal deficit of the State Government over the years and adverse financial indicators point to improper fiscal management. While the revenue expenditure of the State Government increased from Rs 3129 crore in 1996-97 to Rs 6055 crore in 1999-2000-an increase of 94 *per cent*, Capital expenditure decreased by 29 *per cent* from Rs 1000 crore to Rs 711 crore during the same period which revealed a decline in growth-inducing planned development expenditure rather than curtailing unnecessary consumption expenditure. The investments already made were unremunerative, as the returns therefrom were negligible. The net outflow of funds under internal debt and increasing liability of interest payments also indicate deterioration in the financial position of the Government restricting its asset creating activities. Further a static tax to GSDP ratio shows that the State Government has preferred the easier option of borrowing to that of improving its tax revenues, which is the least costly means of financing Government expenditure. There is, thus, a need for sustained fiscal adjustments including cuts in unproductive expenditure for bringing down deficits.

Exhibit -I

Abstract of Receipts and Disbursements for the year 1999-2000

(Rupees in crore)

Receipts				Disbursements					
1998-99			**1999-2000**	**1998-99**					**1999-2000**
	Section-A: Revenue					**Non-Plan**	**Plan**	**Total**	
4509.14	**I. Revenue receipts**		**5513.59**	**4909.26**	**I. Revenue expenditure**	**5351.01**	**704.14**	**6055.15**	**6055.15**
436.61	Tax revenue	*577.63*		**1906.83**	**General Services**	**2386.22**	**27.63**	**2413.85**	
				1241.29	**Social Services**	**1196.98**	**329.66**	**1526.64**	
283.25	Non-tax revenue	*405.28*		*623.71*	Education, Sports, Art and Culture	*626.04*	*151.72*	*777.76*	
				282.36	Health and Family Welfare	*230.82*	*104.43*	*335.25*	
1212.05	State's share of Union taxes	*1231.60*		*203.46*	Water Supply, Sanitation, Housing and Urban Developm-ent	*241.16*	*27.16*	*268.32*	
				8.61	Information and Broadcast-ing	*7.65*	*0.86*	*8.51*	
330.56	Non-Plan grants	*415.53*		*10.92*	Welfare of Scheduled Castes, Scheduled tribes and Other Backward Classes	*6.86*	*6.32*	*13.18*	
				9.11	Labour and Labour Welfare	*5.22*	*5.63*	*10.85*	
2121.83	Grants for State Plan Schemes	*2668.28*		*97.60*	Social Welfare and Nutrition	*73.15*	*33.54*	*106.69*	
				5.52	Others	*6.08*	-	*6.08*	
124.84	Grants for Central and Centrally Sponsored Plan Schemes	*215.27*							
				1761.14	**Economic Services**	**1767.81**	**346.85**	**2114.66**	
				340.33	Agriculture and Allied Activities	*248.25*	*152.05*	*400.30*	
				64.92	Rural Development	*43.52*	*37.40*	*80.92*	
				110.33	Special Areas Programmes	*51.64*	*11.94*	*63.58*	
				111.58	Irrigation and Flood Control	*74.65*	*56.44*	*131.09*	
				983.24	Energy	*1243.04*		*1243.04*	

215.27
2668.28
415.53
3300.08

Receipts				Disbursements					
1998-99			1999-2000	1998-99		Non-Plan	Plan	Total	1999-2000
				74.63	Industries and Minerals	56.44	32.59	89.03	
				24.99	Transport	17.77	0.43	18.20	
				4.62	Science, Technology and Environment	1.12	5.14	6.26	
				46.50	General Economic Services	31.38	50.86	82.24	
400.12	**II. Revenue deficit carried over to Section -B**		**541.56**		**II. Revenue Surplus Carried over to Section-B**	-	-	-	-
4909.26	**Total Section-A**		**6055.15**	**4909.26**	**Total Section -A**				**6055.15**
	Section-B								
162.71	**III.Opening Cash balance including Permanent Advances and Cash Balance Investment**		**223.48**						
	IV. Misc. Capital receipts			**596.44**	**III. Capital Outlay**	**(-) 80.14**	**791.03**	**710.89**	**710.89**
				35.03	**General Services**	**12.05**	**37.47**	**49.52**	
				210.50	**Social Services**	**(-) 8.02**	**215.62**	**207.60**	
				13.75	Education, Sports, Art and Culture	1.09	20.24	21.33	
				17.09	Health and Family Welfare	5.99	41.45	47.44	
				171.20	Housing & Urban Development	0.13	152.30	152.43	
				0.53	Welfare of Scheduled Castes, Scheduled tribes and Other Backward classes		0.58	0.58	
				7.93	Social Welfare and Nutrition	(-) 15.23	1.05	(-) 14.18	
				350.91	**Economic Services**	**(-) 84.17**	**537.94**	**453.77**	
				10.35	Agriculture and Allied Activities	(-) 105.68	36.97	(-) 68.71	
				2.01	Rural Development	18.51	2.03	20.54	
				24.86	Special Areas Programmes	1.70	35.30	37.00	

Receipts				Disbursements					
1998-99			1999-2000	1998-99		Non-Plan	Plan	Total	1999-2000
				36.01	Irrigation and Flood Control	0.17	13.36	13.53	
				142.75	Energy	-	301.54	301.54	
				15.97	Industries and Minerals	0.89	25.14	26.03	
				103.38	Transport	0.09	98.79	98.88	
				15.58	General Economic Services	0.15	24.81	24.96	
4.29	**V. Recoveries of Loans and Advances**		**4.54**	**62.00**	**IV.Loans and Advances disbursement**				**90.64**
0.50	Industries and Minerals	0.50		36.61	Industries and Minerals			29.89	
				20.13	Road Transport			28.44	
3.07	Government servants	3.67		3.63	Government servants			0.79	
0.72	Others	0.37		1.63	Others			31.52	
	VI. Revenue surplus brought down			**400.12**	**V. Revenue deficit brought down**				**541.56**
672.51	**VII. Public debt receipts**		**1147.91**	**281.11**	**VI. Repayment of Public Debt**				**334.87**
121.64	Internal debt other than Ways and Means Advances and overdraft	212.69		23.84	Internal debt other than ways and means advances and overdraft			53.86	
446.36	Loans and Advances from GOI	935.22		257.27	Repayment of loans and advances from GOI.			197.12	
104.51	Net transactions under Overdrafts from J&K Bank@				Net transactions under ways and Means advances including Overdrafts			83.89	
	VIII.Appropriation to Contingency Fund				**VII. Appropriation to Contingency Fund**				
0.09	**IX. Amount recouped to contingency fund**		**0.33**	**0.08**	**VIII Expenditure from Contingency Fund**				**0.36**

@ Represents receipts : Rs 5274.57 crore and payments : Rs 5358.46 crore

Receipts				Disbursements					
1998-99			1999-2000	1998-99		Non-plan	Plan	Total	1999-2000
13020.31	**X. Public Account receipts**		15828.39	12296.68	**IX Public Account disbursements**				**15252.17**
241.11	Small Savings and Provident funds	784.72		132.44	Small Savings and Provident funds			189.21	
77.55	Reserve funds	73.56		1.73	Reserve funds			37.41	
452.87	Deposits and Advances	370.62		464.19	Deposits and Advances			468.84	
175.61	Suspense and Miscella-neous	67.89		98.80	Suspense and Miscella-neous			163.77	
12073.17	Remitt-ances	14531.60		11599.52	Remittances			14392.94	
				223.48	**X. Cash Balance at end**				**274.16**
				19.90	Cash in Treasuries and Local Remittances			25.32	
				66.26	Deposits with Banks			130.93	
				(-) 3.66	Departmental Cash Balance Including permanent Advances			(-) 6.88	
				37.39	Cash Balance Investment			37.39	
				103.59	Reserve fund investment			87.40	
13859.91	**Total Section-B**		17204.65	13859.91	**Total Section-B**				17204.65

Explanatory Notes

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the deficit on Government account indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation on stock figures etc. do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid and payments made on behalf of the State and others pending settlement etc.

4. There was a difference of Rs 1 lakh between the figures reflected in the accounts under cash in Banks and the figures conveyed by the Finance Department. The difference was under reconciliation (August 2000).

Exhibit-II

Financial indicators for Government of Jammu and Kashmir

	1995-96	1996-97	1997-98	1998-99	1999-2000
Sustainability					
BCR (Rs in crore)	(-) 620	(-) 1256	(-) 1626	(-) 2120	(-) 2721
Primary Deficit (PD) (-) /Surplus (+) (Rs in crore)	(-) 100	(+) 743	(-) 314	(+) 389	(+) 493
Interest Ratio	0.08	0.04	0.16	0.13	0.14
Capital outlay/Capital receipts	2.22	1.77	1.25	0.96	0.43
Total Tax receipts/GSDP	0.12	0.10	0.12	0.14	0.14
State Tax receipts/GSDP	0.04	0.03	0.04	0.04	0.05
Return on investment ratio	-	-	-	0.36	2.18
Flexibility					
BCR (Rs in crore)	(-) 620	(-) 1256	(-) 1626	(-) 2120	(-) 2721
Capital repayments/Capital borrowings	0.47	0.09	0.48	0.49	0.22
State Tax receipts/GSDP	0.04	0.03	0.04	0.04	0.05
Debt/GSDP	0.46	0.47	0.48	0.46	0.48
Vulnerability					
Revenue Deficit (RD) (Rs in crore)	-	-	-	400	542
Fiscal Deficit (FD) (Rs in crore)	267	954	501	1054	1338
Primary Deficit (PD) (-)/ Surplus (+) (Rs in crore)	(-) 100	(+) 743	(-) 314	(+) 389	(+) 493
PD/FD	(-) 0.37	(+) 0.78	(-) 0.62	(+) 0.37	(+) 0.37
RD/FD	-	-	-	(-) 0.38	(-) 0.41
Outstanding Guarantees/revenue receipts	0.18	0.18	0.13	0.13	0.11
Assets/Liabilities	1.31	1.28	1.32	1.23	1.13

Explanatory Notes

1. Primary deficit is defined as fiscal deficit less by interest payments.
2. The interest payments in 1995-96 and 1997-98 were more than the fiscal deficit, hence the negative figure for primary deficit in these years.
3. Fiscal deficit has been calculated as sum total of Revenue and Capital expenditure including net loans and advances disbursed less revenue receipts.
4. In the ratio Capital outlay vs. Capital receipts, the denominator has been worked out by adding Internal loans (excluding overdrafts), Loans and Advances from Government of India, net receipts from small savings, Provident Funds etc. less by net loans advanced by State Government.
5. Capital repayments/borrowings include disbursements and receipts under Major Heads 6003 and 6004 (excluding transactions on account of overdrafts).
6. Interest ratio has been calculated as ratio of interest payments (less by interest receipts) and Revenue receipts (less by interest receipts).

Chapter-II
Appropriation Audit and Control over Expenditure

2.1 Introduction

In accordance with the provisions of Section 81 of the Constitution of Jammu and Kashmir, soon after the grants under Sections 79 and 80 are made by the State Legislature, an Appropriation Bill is introduced for appropriation out of the Consolidated Fund of the State. The Appropriation Act passed by the State Legislature contains authority to appropriate sums of money from the Consolidated Fund of the State for the specified services. Subsequently, supplementary or additional grants can also be sanctioned by subsequent Appropriation Acts in terms of Section 82 of the Constitution of the Jammu and Kashmir.

The Appropriation Act indicates the expenditure which has been voted by the Legislature on various grants and also the expenditure which is required to be charged on the Consolidated Fund of the State. The Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by Government vis-à-vis those authorised by the Appropriation Acts.

The objective of Appropriation Audit is to ascertain whether the expenditure actually incurred under various grants is within the authorisation given under the Appropriation Acts and that the expenditure required to be charged under the provisions of the Constitution is so charged. It also ascertains whether the expenditure so incurred is in conformity with the law, relevant rules, regulations and instructions.

2.2 The summarised position of original and supplementary grants and expenditure thereagainst in respect of 27 grants and appropriations was as follows.

Summary of Appropriation Accounts 1999-2000

Appropriation Accounts 1999-2000

Total number of grants 27

Total provision and actual expenditure:

Provision	Amount (Rupees in crore)	Expenditure	Amount (Rupees in crore)
Original: **Supplementary:**	**7729.67** **609.52**		**12884.65**
Total gross provision:	**8339.19**	**Total gross expenditure:**	**12884.65**
Deduct-Estimated recoveries in reduction of expenditure	**1439.84**		**418.53**
Total net provision	**6899.35**	**Total net expenditure**	**12466.12**

Voted and Charged provision and expenditure:

	Provision (Rupees in crore)		Expenditure (Rupees in crore)	
	Voted	**Charged**	**Voted**	**Charged**
Revenue	**5370.25**	**828.95**	**5236.50**	**854.78**
Capital	**1879.32**	**260.67**	**1183.93**	**5609.44**
Total Gross:	**7249.57**	**1089.62**	**6420.43**	**6464.22**
Deduct-recoveries in reduction of expenditure	**1439.84**	**-**	**418.53**	**-**
Total Net:	**5809.73**	**1089.62**	**6001.90**	**6464.22**

The summarised position of the actual expenditure during 1999-2000 against 27 grants/appropriations was as follows:

(Rupees in crore)

	Nature of expenditure	Original grant/Appropriation	Supplementary grant/Appropriation	Total	Actual expenditure#	Saving (-)/ Excess (+)
Voted						
	Revenue	4868.36	501.89	5370.25	5236.50	(-) 133.75
	Capital	1713.67	106.55	1820.22	1093.29	(-) 726.93
	Loans and Advances	59.10	-	59.10	90.64	(+) 31.54
Total voted:		**6641.13**	**608.44**	**7249.57**	**6420.43**	**(-) 829.14**
Charged						
	Revenue	827.87	1.08	828.95	854.78	(+) 25.83
	Capital	-	-	-	-	-
	Public Debt	260.67	-	260.67	5609.44	(+) 5348.77
Total Charged:		**1088.54**	**1.08**	**1089.62**	**6464.22**	**(+) 5374.60**
Grand Total:		**7729.67**	**609.52**	**8339.19**	**12884.65****	**(+) 4545.46**

The overall excess of Rs 4545.46 crore was due to net effect of saving of Rs 1305.62 crore (Revenue: Rs 511.35 crore; Capital: Rs 794.27 crore) and excess of Rs 5851.08 crore (Revenue: Rs 403.43 crore; Capital: Rs 5447.65 crore) in respect of 25 grants and 6 appropriations and 10 grants and 2 appropriations respectively.

2.3 *Results of Appropriation Audit*

2.3.1 *Excess expenditure requiring regularisation*

In the Revenue section there was an excess expenditure of Rs 403.43 crore in 6 grants and 2 appropriations while in the Capital section excess amounted to Rs 5447.65 crore in 5 grants and one appropriation as detailed below:

These are gross figures without taking into account the recoveries adjusted in accounts as reduction of expenditure under Revenue : Rs 36.13 crore and Capital: Rs 382.40 crore

** The total expenditure stands inflated at least to the following extent:

(i) At the end of March 2000, detailed contingent bills were not received as required under rules from 251 drawing and disbursing officers in support of Rs 171.87 crore drawn on abstract contingent bills. In absence of detailed contingent bills, the genuineness of expenditure could not be vouchsafed

(ii) Rupees 5.53 crore for which vouchers were not received from the treasuries during the year and remained unaccounted for in the books of Accountant General (A&E).

(iii) Expenditure of Rs 21.45 lakh booked under Suspense (Departmental Adjusting Account) for want of vouchers/supporting details

(iv) Expenditure of Rs 3.24 lakh met out of contingency fund during 1999-2000 and was not recouped.

(v) Excess payment of Rs 33 thousand made by way of incorrect calculation by 5 treasury officers to 13 pensioners during 1999-2000

(vi) Amount of Rs 12.77 crore drawn in March 2000 by credit to civil deposits

S.No	Name of grant/appropriation	Total grant or appropriation	Expenditure	Excess (Percentage of excess)
		(Rupees in crore)		
I. Revenue (Voted)				
1.	2-Home	799.32	830.58	31.26 (4)
2.	3-Planning	11.67	50.26	38.59 (331)
3.	6-Power Development	958.82	1250.70	291.88 (30)
4.	12-Agriculture	247.09	251.48	4.39 (2)
5.	18-Social Welfare	75.13	83.99	8.86 (12)
6.	24-Estates, Hospitality and Protocol	4.49	5.31	0.82 (18)
II. Revenue (Charged)				
7.	8-Finance	816.98	844.60	27.62 (3)
8.	9-Parliamentary Affairs	0.23	0.24	0.01 (4)
	Total Revenue Section:	**2913.73**	**3317.16**	**403.43**
III. Capital (Voted)				
9.	6-Power Development	257.47	335.18	77.71 (30)
10.	17-Health and Medical Education	44.88	47.44	2.56 (6)
11.	20-Tourism	21.45	33.56	12.11 (56)
12.	23-Public Health Engineering	94.43	99.71	5.28 (6)
13.	26-Fisheries	2.50	3.71	1.21 (48)
IV. Capital (Charged)				
14.	8-Finance	260.66	5609.44	5348.78 (2052)
	Total Capital Section:	**681.39**	**6129.04**	**5447.65**
	Grand Total:	**3595.12**	**9446.20**	**5851.08**

The excess expenditure of Rs 5851.08 crore over the provision in these 14 cases, which was mainly due to clearance of overdraft obtained by the State Government from Jammu and Kashmir Bank Limited for meeting its ways and means requirements and for purchase of power by the Power Development Department, requires regularisation under Section 82 of the Constitution of Jammu and Kashmir.

In the case of 10 grants *(Appendix-2)* there was excess expenditure of Rs 474.68 crore despite obtaining supplementary grants of Rs 177.44 crore. This reflected the failure of the departments not only to assess the requirement of additional funds even at the fag end of the year but also inadequacy of the system of monitoring the trend of expenditure under various heads of account.

2.3.2 Excess over grants in previous years not regularised

As per section 82 of the Constitution of the Jammu and Kashmir it is mandatory for the State Government to get the excess over a grant/appropriation regularised by the State Legislature. However, excess expenditure of Rs 22767.36 crore for the years 1980-81 to 1998-99, as per details given below was pending with the Finance Department for regularisation.

Year	No. of Grants/ Appropriation	Grant/Appropriation No.	Amount (Rupees in crore)
1980-81	16	1,5,6,7,8,9,12,13,14,16,18, 19,20,21,22,23	227.90
1981-82	13	1,3,5,6,8,13,14,16,18,19, 20,21,23	41.99
1982-83	10	6,8,9,12,14,18,19,21,22,23	119.74
1983-84	12	1,5,6,7,8,14,18,19,20,21, 22,23	176.75
1984-85	10	1,6,8,10,14,16,18,19,21,23	65.42
1985-86	10	1,4,6,10,17,18,19,22,23,26	19.64
1986-87	15	1,2,4,6,7,8,10,13,18,19,20,22,23,25,26	104.22
1987-88	17	1,2,3,5,6,8,10,12,13,18,19,21,22,23,24,26, 27	177.32
1988-89	14	1,2,8,9,10,12,13,15,17,18, 22,23,26,27	438.42
1989-90	9	1,7,8,11,12,20,21,23,24	205.23
1990-91	11	1,2,5,8,12,17,19,21,23,25,26	427.72
1991-92	13	1,2,5,7,8,11,12,14,21,22, 23,26,27	1152.23
1992-93	14	1,4,5,8,10,11,12,14,16,20, 21,23,24,26	1029.71
1993-94	17	2,3,5,8,10,12,13,14,17,18, 20,21,22,23,24,26,27	1730.03
1994-95	14	5,6,8,9,10,12,13,14,20,21, 23,24,26,27	2057.49
1995-96	19	2,5,6,8,9,10,11,12,13,16, 17,18,20,21,23,24,25,26,27	2936.89
1996-97	18	2,4,5,6,8,10,11,12,13,14, 16,18,20,21,23,24,26,27	3482.20
1997-98	16	1,2,4,6,8,9,12,13,16,18,21,22,23,24,26,27	4189.21
1998-99	6	4,5,6,8,23,27	4185.25
Total			22767.36

2.4 *Savings under various grants/appropriations*

2.4.1 *Unnecessary/excessive supplementary provisions*

Savings in a grant or appropriation indicate that the expenditure could not be incurred as estimated and planned. It points to poor budgeting or shortfall in performance depending upon the circumstances under which and the purpose for which the original grant or appropriation was provided.

In 16 cases, relating to 14 grants and one appropriation (*Appendix*-3), supplementary provisions of Rs 150.28 crore were obtained in anticipation of higher expenditure. However, the final expenditure of Rs 1701.26 crore was even less than the original grant of Rs 1875.63 crore. The savings of Rs

324.65 crore thus, exceeded the entire supplementary provision amounting to Rs 150.28 crore indicating unnecessary allotment of additional funds in these cases.

In 8 other cases, relating to 6 grants and 2 appropriations, supplementary grants aggregating Rs 281.48 crore were obtained against the requirement of Rs 138.56 crore resulting in savings of Rs 142.92 crore *(Appendix-4).*

Apart from these cases, savings in 17 grants exceeded 10 *per cent* of the budget provision and were more than Rs 50 lakh in each case as detailed in *Appendix-5*. Large-scale savings indicated over estimation of requirement of funds.

2.5 Flow of expenditure

Financial rules require that expenditure should evenly be distributed throughout the year. Rush of expenditure particularly in the last quarter and also in the closing month is to be regarded as breach of financial rules. Quarter-wise expenditure (net) during 1999-2000 as also expenditure in the month of March 2000 under revenue and capital sections incurred by the State Government is detailed below:

(Rupees in crore)

	Total expenditure (Revenue and Capital)	Percentage of total expenditure
First quarter	816.65	12.07
Second quarter	1192.31	17.62
Third quarter	942.55	13.93
Fourth quarter	3814.53 (1726.93)	56.38 (26)
Total	**6766.04**	**100.00**

(Figures in brackets represent expenditure in the month of March)

As can be seen from above, the flow of expenditure was not evenly distributed throughout the year, in spite of issue of warning slips by the Accountant General (A&E) from time to time. Expenditure incurred during the month of March 2000 constituted 26 *per cent* of the total expenditure.

2.6 Persistent excesses/savings

2.6.1 Persistent excesses

Persistent excesses of more than 10 *per cent* over the budget provisions were noticed during the years 1997-98, 1998-99 and 1999-2000 in the following grants/appropriations:

S.No.	Name of grant/ appropriation	Amount of excess (Rupees in crore)		
		1997-98	1998-99	1999-2000
I. Capital- Voted				
1.	23-Public Health Engineering	13.10	16.50	5.28
2.	26-Fisheries	1.38	0.72	1.22
II. Capital- Charged				
3.	8-Finance	3695.78	3917.71	5348.78

2.6.2 *Persistent savings*

Persistent savings of 10 *per cent* and above were noticed during the years 1997-98, 1998-99 and 1999-2000 in the grants/appropriations detailed in *Appendix*-6.

2.7 *Budgetary Control*

2.7.1 *Expenditure without budget provision*

No expenditure is to be incurred, unless it has been provided in the budget estimates. However, during the year 1999-2000, expenditure of Rs 451.59 crore was incurred under 45 major heads of account (20 grants) without any provision for such expenditure having been made in the budget for which reasons were not intimated by the concerned departments (September 2000). Expenditure in absence of budget provision reflects financial indiscipline and lax monitoring system of the concerned departments/controlling officers. Details of cases covered under this category are given in *Appendix*-7.

2.8 *Unutilised provisions and surrender thereof*

Rules require that all savings should be surrendered as soon as the possibility of savings is foreseen given the trend of expenditure. Savings should also not be held in reserve for possible future excess.

In the accounts for the year 1999-2000, it was noticed that against final savings of Rs 1305.62 crore relating to 25 grants and 6 appropriations no amount was surrendered during the year though the savings in 23 grants and 1 appropriation had exceeded more than Rs 1 crore in each case. Non-surrender of funds deprived the Government of the opportunity to transfer these funds to other needy sectors.

2.9 *Recoveries as reduction of expenditure*

The demands for grants and appropriations, presented to the Legislature are framed for gross amount of expenditure without taking into account the recoveries arising from the use of stores procured in the past or transfer of expenditure to other concerning departments. These anticipated recoveries and credits are separately shown in budget estimates and actuals adjusted in the accounts as reduction of expenditure. Appropriation Audit, however, is done by comparing gross expenditure with gross amount of grant.

In the Revenue Section against the estimated recoveries of Rs 733.88 crore, actual recoveries were Rs 36.13 crore only. Similarly, in the Capital Section, against the estimated recoveries of Rs 705.96 crore, actual recoveries were Rs 382.40 crore. The shortfall occurred mainly under Grants No 6-Power Development Department (Rs 660.60 crore), 16-Public Works Department (Rs 28.99 crore), 22-Irrigation and Flood Control Department (Rs 1.2 crore) and 23-Public Health Engineering Department (Rs 4.03 crore) in Revenue Section and Grants No 6-Power Development Department (Rs 7.36 crore), 12-Agriculture Rural Development and Co-operative Department (Rs 5.71 crore), 15-Food Supplies and Transport Department (Rs 308.18 crore) and 22-Irrigation and Flood Control (Rs 1.48 crore) under Capital Section. Grant-wise details of deviations from the original estimates are given in the *Appendix*-2 to the Appropriation Accounts 1999-2000.

2.10 Non-reconciliation of departmental figures of expenditure

Standing instructions of the Government require that expenditure booked by the departmental controlling officers should be reconciled periodically with the expenditure figures booked by the Accountant General (Accounts and Entitlement). Such reconciliation enables the departmental officers to exercise proper control over the expenditure. As of 31 August 2000, 160 controlling officers out of 222 had not completed the reconciliation in respect of expenditure of Rs 5277.02 crore, which constituted 78 *per cent* of the total revenue and capital expenditure.

Chapter – III
Civil Departments

Section – A - Reviews

Finance Department

3.1 Utilisation of grants recommended by Tenth Finance Commission

Highlights

The Tenth Finance Commission recommended grants to the State Government for upgradation of district administration and primary education and for tackling certain special problems. The envisaged objectives could not, however, be achieved in full due to poor utilisation of funds and delay in execution of works and procurement of machinery/equipment.

- **Underutilisation of grants deprived the State of the Central assistance of Rs 11.60 crore. Besides, the State had also not claimed reimbursement of Rs 8.84 crore against the funds utilised up to March 2000.**

(Paragraph: 3.1.4)

- **Rupees 13.33 crore retained in deposits/PLA/bank accounts or advanced to Government departments, etc. were booked as final expenditure**

(Paragraph: 3.1.4 (a))

- **Funds aggregating Rs 7.65 crore were diverted for meeting expenditure on plan/non-plan activities which were not included in the approved Action Plan.**

(Paragraph: 3.1.4 (b))

- **Percentage shortfall in construction of residential quarters, outposts/police stations and for police training was 77, 20 and 73 respectively.**

(Paragraph: 3.1.5 (a))

- **The objective of strengthening and upgrading fire fighting capabilities was not achieved due to delay in completion of civil works and fabrication of chassis for water bousers despite expenditure of Rs 2.99 crore incurred during 1997-98 to 1999-2000.**

(Paragraph: 3.1.5 (b))

- **Against construction/renovation of 12 record rooms, works in respect of only 3 record rooms were completed despite release of full amount of Rs 1.13 crore during 1998-2000 for all the record rooms.**

(Paragraph: 3.1.5 (c))

- **Even though the required funds of Rs 1.50 crore were released in full during 1998-2000, none of the 21 identified treasuries was computerised due to delay in provision of infrastructural facilities and procurement of hardware/software.**

(Paragraph: 3.1.5 (d))

- **The facilities of drinking water/toilet in the identified primary schools were almost not provided and funds aggregating Rs 5.44 crore were spent mainly on procurement of material for water supply, sanitary fittings, etc.**

(Paragraph: 3.1.6)

- **Funds of Rs 3.13 crore released during 1998-99 were lying blocked in Deposits, etc. with the Director School Education/PHE divisions of Kashmir province as on 31 March 2000.**

(Paragraph: 3.1.6)

- **Oxygen gas pipeline laid in SMHS Hospital Srinagar at a cost of Rs 38.49 lakh during 1999-2000 had not been made operational as of June 2000 as oxygen concentrator, an integral part of the system, imported at a cost of Rs 89.09 lakh during 1999-2000 had not been installed.**

(Paragraph: 3.1.7)

3.1.1 Introduction

The Tenth Finance Commission *inter-alia* recommended grants to the State for upgrading District Administration (Police, Fire Services, Jails, Record Rooms and Treasuries and Accounts), promoting Primary Education and tackling Special Problems. The grants were for the following activities:

District Administration

(a) Buildings for Police Stations/outposts, housing facilities and training of Police personnel.

(b) To strengthen and upgrade fire fighting services.

(c) Improvement in existing accommodation and medical facilities in Jails.

(d) Upkeep and maintenance of land records.

(e) Computerisation of district treasuries.

Primary Education

Promotion of girls education in upper Primary Schools and provision of drinking water and toilet facilities to all Primary schools.

Special Problems

(a) Upgrading equipment in Medical Colleges Jammu/Srinagar.

(b) Development of Leh and Kargil districts.

3.1.2 Organisational set-up

At the State level, the State Level Empowered Committee (SLEC) with Chief Secretary to the State Government as its Chairman was incharge for overall implementation of the scheme. The SLEC was assisted by Directorates of Police, Fire Services, Prisons, Accounts and Treasuries, Education, Financial Commissioner and the Principals of Medical Colleges, Srinagar/Jammu.

3.1.3 Audit Coverage

Records relating to the period from 1995-96 to 1999-2000 were test-checked in the Directorates of Police, Fire Services, Accounts and Treasuries, Education and Revenue Departments during February and June 2000 and the points noticed are given in the succeeding paragraphs.

3.1.4 Financial outlay and expenditure

State deprived of central assistance of Rs 11.60 crore due to poor utilisation of funds

On-account payment of grants aggregating Rs 73.19 crore, against Rs 93.63 crore recommended by the Commission, was made by Central Government to the State Government subject to final adjustments, during the years 1996-97 to 1999-2000. The State Government in turn released Rs 88.28 crore to the implementing agencies during 1997-98 to 1999-2000. Of this, Rs 82.03* crore, which constituted 93 *per cent* of the total releases made by the State Government, were reported utilised by the implementing agencies during the corresponding period. As per the award of the Commission, all funds under upgradation grants were to be utilised by 31 March 2000. Grants remaining unutilised on 31 March 2000 were to lapse. Due to poor utilisation of grants, the State could not avail the Central assistance of Rs 11.60 crore (Rs 93.63 crore minus Rs 82.03 crore). On the basis of funds utilised up to March 2000, an amount of Rs 8.84 crore (Rs 82.03 crore minus Rs 73.19 crore) was due to the State Government which had, however, also not been claimed for reimbursement reasons for which were not on record. The position of sector-wise grants released and expenditure incurred thereagainst is indicated in *Appendix*-8. Following further points were observed:

Reimbursement of Rs 8.84 crore not claimed from Central Government

(a) The utilisation of grants was overstated, as grants amounting to Rs 12.17 crore and Rs 1.16 crore booked as final expenditure were actually lying unspent in deposits/PLA/bank accounts and as advances to Government departments/ Public sector undertaking respectively. Details of grants retained outside the Government account are indicated in *Appendix*-9.

Rs 7.65 crore diverted

(b) An amount of Rs 7.65 crore, as detailed in *Appendix*-10, was irregularly diverted for meeting expenditure on plan/non-plan activities like construction of dining hall/providing air conditioners at Police Academy Udhampur, construction of VIP suite and other buildings, etc.

3.1.5 District Administration

(a) Police

The Commission recommended construction of buildings for police stations/outposts and providing housing facilities to a minimum of 20 *per cent* of the staff. Besides, grants were given for training facilities. The targets and achievements in respect of Police Station/Outpost buildings, construction of quarters and training were as under:

* (1997-98: Rs 1.88 crore; 1998-99: Rs 18.97 crore; 1999-2000: Rs 61.18 crore)

	Target	Achievement	Shortfall (percentage)
Outposts/Police Stations	5	4	1 (20)
Residential Quarters	1517	348	1169 (77)
Training activities	11	3	8 (73)

The position of physical achievements/shortfall under each activity is discussed below:

(i) Construction of police residential quarters and police stations/outposts

In view of inadequate housing facility for subordinate staff and acute shortage of buildings for police stations/outposts, with many of them operating from temporary sheds and tents, the Commission had recommended grants of Rs 24.66 crore for construction of residential quarters for Police personnel at an unit cost of Rs 1.625 lakh per quarter and Rs 0.32 crore for construction of Police Stations at an unit cost of Rs 6 lakh per station.

Investment of Rs 14.89 crore locked up in incomplete residential quarters

Rupees 18.49 crore were released by the Central Government during 1997-2000 to the State Government which, however, released Rs 24.61 crore during 1998-99 and 1999-2000 to the Director General of Police for construction of 1517 residential quarters in 12 districts of the State. Test-check of the records, however, revealed that while construction of 1612 quarters was taken up during 1998-99 and 1999-2000, construction of only 348 quarters (22 *per cent*) involving expenditure of Rs 8.76 crore (36 *per cent*) had been completed up to March 2000 at an average unit cost of Rs 2.52 lakh per quarter. A further investment of Rs 14.89 crore was locked up in incomplete construction of 1264 quarters as of March 2000. Test check further revealed that while 24 flats/quarters of a block of 32 quarters constructed as a hostel during 1998-2000 (expenditure: Rs 68.44 lakh) were allotted to gazetted officers of the department, 6 were illegally occupied by some police personnel and two were lying vacant. Information in respect of allotment of other 316 quarters was not furnished to Audit. Reasons for increase in the unit cost per quarter from Rs 1.625 lakh to Rs 2.52 lakh were also not intimated. The aim of providing housing facility to the subordinate police staff was, thus, largely not achieved.

Similarly, against Rs 37 lakh released by the State Government for construction of 5 police stations/outposts during 1997-98 to 1999-2000, only four police stations/outposts had been constructed during 1999-2000 at a cost of Rs 24.50 lakh and work on the remaining one station (expenditure: Rs 12.43 lakh) had not been completed (June 2000). Reasons for increase in the cost and non-completion of one station were not intimated. It was also seen that 4 out of the 5 police stations had been constructed at locations other than those initially identified in the Action Plan. Reasons for the deviation were not on record.

(ii) *Police Training*

The Commission had observed that investment in training of Police was essential for improving its efficiency and operational performance and accordingly recommended grants of Rs 0.85 crore to the State. Against the release of Rs 0.76 crore by the Central Government during 1996-97 and 1999-2000, the State Government released grants aggregating Rs 0.85 crore during the period 1997-98 to 1999-2000 to the Police Department for improving training facilities/infrastructure at Police Academy, Udhampur.

Training activities and purchase of latest equipment generally ignored

Audit scrutiny revealed that the basic purpose of upgrading the training facilities had not been achieved as grants were not utilised in pursuance of the approved Action Plan. The approved Action Plan envisaged taking up of activities in 11 areas at a cost of Rs 84.54 lakh during 1998-99 and 1999-2000, against which Rs 57.85 lakh (including undischarged liability of Rs 16.48 lakh) alone were utilised during this period on construction of faculty block and mini Forensic Science Laboratory (FSL) for which an allocation of Rs 30 lakh had been earmarked. Due to this the envisaged activities relating to purchase of latest scientific gadgets for FSL, training equipment/aids and establishment of wireless Acquaintance-cum-Handling centre for trainees, etc. were neglected. Test-check further revealed that an expenditure of Rs 14.53 lakh was incurred on construction/levelling of riding school ground against allocation of Rs 5 lakh provided for updating the riding school with young mounts and a proper stable.

Similarly, against the provision of Rs 4 lakh for purchase of computers for creating computer awareness among subordinate police personnel through various courses to be conducted in the Police Academy, an expenditure of Rs 12.03 lakh was incurred on purchase (1998-99) of 8 computers. The basic purpose of increasing/improving computer awareness among police personnel was not achieved as these computers were being used in police headquarters at Srinagar and Jammu and field offices (DIGs/IGPs).

(b) *Fire services*

In view of the growing industrialisation, urbanisation and development of congested markets and colonies and consequent increase in fire hazards, the Commission had recommended grants of Rs 3 crore for strengthening and upgrading fire fighting capabilities in the State.

Based on the award of the Commission, grants totalling Rs 2.69 crore were released by the Central Government to the State Government during the years 1996-97 and 1999-2000. The State Government, however, released Rs 2.99 crore to the Fire Services Department during the period 1997-98 to 1999-2000

Construction of fire station buildings not completed despite release of Rs 0.95 crore

Rescue and fire call communication equipment not purchased

Wireless sets purchased lying idle

for construction of well designed functional fire stations, procurement of suitable modern rescue and protective equipment, effective fire call communication system and training of manpower, etc. The funds released were expended in full by March 2000. Test-check of records revealed that construction work of three fire station buildings and strengthening of zonal headquarter Jammu, for which Rs 0.80 crore and Rs 0.15 crore respectively were released to R&B Department during 1997-99 and 1999-2000, had not been completed (June 2000). Reasons for non-completion were not intimated (July 2000). It was also observed that six water bousers purchased (February 2000) for Rs 0.48 crore were non-functional as of June 2000 as fabrication of their chassis was incomplete. Audit scrutiny further revealed that important rescue equipment and fire call communication system viz. breathing apparatus (50 Nos) and walkie talkie sets (10 Nos)/ hand sets (20 Nos) for which Rs 8 lakh were earmarked in the approved Action Plan were not purchased. Seven wireless sets purchased (April 1999) for Rs 5.90 lakh, were lying idle due to non-allotment of frequency by Government of India to whom requisition had been made belatedly in September 1999. The envisaged objective of strengthening and upgrading fire fighting capabilities had, thus, not been realised.

(c) *Record Rooms*

For upkeep of records, the Commission recommended construction/renovation of record rooms and procurement and supply of modern equipment. The targets and achievements for the period from 1996-97 to 1999-2000 were as under:

	Target	Achievement	Shortfall
Construction of record rooms	7	2	5
Renovation of record rooms	5	1	4

Objective of constructing and upgrading record rooms largely not achieved

The Central Government released grants aggregating Rs 0.88 crore (against Rs 0.98 crore recommended by the Commission) during 1997-98 and 1999-2000 for construction/upgradation of record rooms. The State Government, however, released Rs 1.13[&] crore during 1998-99 and 1999-2000 to Financial Commissioner Jammu and Kashmir for construction of 7 new record rooms and repairs/renovation of 5 existing record rooms. Test-check of records, however, revealed that expenditure of Rs 79.41 lakh (70 *per cent*) was incurred up to March 2000 against the release of Rs 1.13 crore. While construction of two[ϕ] new record rooms (expenditure: Rs 19.45 lakh) was completed during 1999-2000, work in respect of other five[Ψ] was in progress as of March 2000 even after expenditure of Rs 32.96 lakh had been incurred.

& Excess expenditure over award amount to be met by State Government
ϕ Budgam and Baramulla
Ψ Anantnag, Kupwara, Poonch, Doda and Pulwama

Similarly, while renovation of one record room (Udhampur) taken up in 1998-99 was completed during 1999-2000 (expenditure: Rs 5.40 lakh), progress of work executed in respect of remaining four[#] record rooms was not monitored even though Rs 21.60 lakh (Rs 16.20 lakh in October 1998 and Rs 5.40 lakh in June 1999) were released for the execution of these works. Upgradation work of district record room Kathua had also not been taken up (June 2000). Reasons for poor progress in the physical achievements had not been investigated/ monitored.

(d) Treasuries and Accounts

The computerisation of district treasuries was expected to help in improving managerial control of the State and district administration besides generating speedy and accurate accounting information needed for better planning, budgeting and monitoring. Accordingly, the commission recommended grants of Rs 1.50 crore for the State. The targets and achievements in respect of the following components during 1996-97 to 1999-2000 were as under:

	Target	Achievement	Shortfall
	(Number of treasuries)		
(a) Civil/Electric works of computer rooms	21	4	17
(b) Supply of hardware	21	13	8
(c) Supply of software	21	Nil	21
(d) Training of staff (Number of personnel)	700	625	75

None of the 21 earmarked treasuries computerised even after two years of the release of funds

Central Government released grants aggregating Rs 1.35 crore during 1996-97 and 1999-2000 to the State Government who in turn released Rs 1.50 crore to the Director Accounts and Treasuries during 1998-99 and 1999-2000 for computerisation of 14 district treasuries of the State and 7 additional treasuries in Jammu (4) and Srinagar (3) districts. Audit scrutiny revealed that even after over 2 years of the release of funds, the records of none of the 21 identified treasuries had been computerised. While hardware for 13 treasuries only had been procured (August 2000) at a cost of Rs 0.80 crore, the infrastructural facilities required for its installation had been provided (August 2000) in 4 treasuries only. Development of software, for which Rs 2.50 lakh were advanced (January 2000) to National Informatics Centre, was reportedly on trial run (August 2000) at the 4 treasuries where hardware had been installed. Thus, none of the treasuries had been made functional on the envisaged lines. However, in the progress report furnished to the Administrative department by the Director Accounts and Treasuries, the physical achievement of computerising 13 treasuries during 1999-2000 was not correctly reported.

[#] Jammu, Kathua, Srinagar and Rajouri

3.1.6 Primary education

3.1.6.1 Provision of drinking water/toilet facilities in Primary schools and promotion of girls education

In view of abysmally low levels of basic toilet and drinking water facilities in the schools and in the interest of promoting girls education, the Commission recommended grants of Rs 24.81 crore to the State for providing these facilities and for free supply of uniform/text books among the girl students in primary and upper primary schools. The targets set and achievements made in respect of the components under this sector during 1997-98 to 1999-2000 were as detailed below:

	Target	Achievement	Shortfall (*per cent*)
(a) Promotion of girls education by free supply of			
Text books	1.85* lakh students	1.85* lakh students	-
Uniforms	2.74* lakh students	3.18* lakh students	-
(b) Drinking water facilities			
Primary and Upper Primary Schools	7575 (Schools)	234	7341 (97)
(c) Toilet facilities	715 (schools)	Nil	715 (100)

The Central Government released Rs 14.99 crore (Drinking water/toilet: Rs 7.79 crore; Promotion of girls education: Rs 7.20 crore) to the State during 1996-2000. The State Government, however, released Rs 19.32 crore to the implementing agencies♠ during the period 1997-98 to 1999-2000 for providing drinking water and toilet facilities (Rs 9.23 crore) in 7575 and 715 primary/middle schools respectively and issue of free uniforms/text books (Rs 10.09 crore) during the years 1998-99 and 1999-2000.

Expenditure of Rs 5.44 crore incurred mainly on purchase of GI pipes tanks, etc.

Drinking water/toilet facilities not provided in most of the earmarked schools

Test-check of records revealed that the expenditure of Rs 5.44 crore reported ending March 2000 for providing drinking water/toilet facilities was incurred mainly on procurement of material viz. GI pipes, syntex tanks and other sanitary fitting material, etc. However, actual facilities were not provided in any of the identified schools except drinking water facility in 234 primary schools of Kathua and Rajouri districts during 1999-2000 at an expenditure of Rs 35.03 lakh. The balance material valued at Rs 5.09 crore was lying unutilised with various PHE# divisions and Block Development Offices resulting in idle investment. Further, Rs 3.13 crore released during the year

* Information for 1999-2000 not monitored

♠ Public Health Engineering Department, Rural Development Department and Education Department

\# Public Health Engineering

1998-99 were lying blocked in Deposits, etc. with the Director School Education/PHE divisions of Kashmir province at the end of March 2000. The objective of providing the basic facilities of toilet and drinking water in schools for promoting girls' education was not, thus, achieved.

3.1.7 Special problem grants

The Commission supported the proposal of the State Government for upgrading equipment in various departments of Medical Colleges in Jammu/Srinagar and recommended grants of Rs 37 crore for the same. Based on the Commission's recommendation, the Central Government released Rs 33.30 crore to the State Government during 1996-97 and 1999-2000. The State Government, in turn, released Rs 37 crore during the period 1997-98 to 1999-2000 for purchase of machinery/equipment for various departments of Medical Colleges Jammu/Srinagar and Dental College, Srinagar.

Test-check of the records revealed that the expenditure of Rs 14.33 crore and Rs 13.79 crore reported by Government Medical College, Jammu and Srinagar respectively during 1999-2000 included Rs 7.62 crore and Rs 4.69 crore advanced (March 2000) to various foreign suppliers through letters of credit, for which supplies were awaited (June 2000).

Equipment costing Rs 1.28 crore lying idle

Audit scrutiny further revealed that in SMHS Hospital Srinagar (an associated Hospital of Medical College Srinagar), Gas pipe line laid (1999-2000) at a cost of Rs 38.49 lakh had not been made functional (June 2000) because oxygen concentrator, an integral part of the system, imported (1999-2000) at a cost of Rs 89.09 lakh had not been installed for want of a shed, construction work whereof was incomplete (June 2000).

3.1.8 Monitoring and Evaluation

There was a serious mis-match between the financial and physical achievements under various sectors. The State Level Empowered Committee responsible for the implementation of the scheme had, however, not prescribed any reports/returns for monitoring/evaluating the implementation of the programme. The impact of the upgradation programme had not been assessed nor was any evaluation study conducted.

The matter was reported to the Finance Department/ Government in August 2000; reply had not been received (December 2000).

Health and Medical Education Department

3.2 National Family Welfare Programme

Highlights

The National Family Welfare Programme is a demographic as well as a Welfare Programme meant for stabilising population level and at the same time improving maternal and child health care. The programme is cent per cent Centrally Sponsored.

- **Non-allocation of funds by the State Government in its regular budget affected flow of funds and implementation of the programme in the State. The Department had also not sent utilisation certificates and audited statement of accounts to Government of India for the period beyond 1996-97.**

(Paragraph: 3.2.4)

- **Expenditure on salaries ranged between 70 and 100 *per cent* of the total expenditure during 1995-96 to 1998-99 due to which the programme had become a wage programme.**

(Paragraph: 3.2.4 (ii))

- **PAP Smear tests were not conducted at the PP centre Srinagar (Lal Ded Hospital) despite availability of a cyto-technician who was paid idle wages of Rs 3.66 lakh. In the Jammu centre, the cyto-technician was attached to Government Medical College, Jammu and was not consequently involved in the programme.**

(Paragraph: 3.2.5.3)

- **Activities under the Post-Partum Programme were not undertaken as planned as funds for meeting recurring expenditure on contingencies, maintenance of operation theatres, replacement of surgical equipment, POL for vehicles, etc. were not provided. ORG-MARG Survey revealed that Post-Partum care was inadequate and PPCs were poorly equipped. Specialised personnel were not avaialble for attending the referred cases.**

(Paragraph: 3.2.5.4)

- **Physical achievements in respect of sterilisations conducted under the programme declined from 15714 (1995-96) to 11040 (1999-2000). The** position of IUD[π] acceptors also remained stagnant during the period 1995-99 (except 1997-98). Though the number of OPUs[∞] increased after 1996-97, it was low in comparison to targets fixed for 1995-96.

(Paragraph: 3.2.5.5)

- Achievements under Child Survival and Safe Motherhood Programme during the period 1995-96 to 1998-99 indicated declining trend in respect of prophylaxis against nutritional anaemia for mothers, except during 1997-98. As regards prophylaxis against blindness in children only 2-13 *per cent* of children receiving first dose of vitamin A were administered full dosage.

(Paragraph: 3.2.7)

- No training was imparted in all the eleven ANM[#]/LHV[&] and MPW[⊗] training schools during the period 1995-2000, resulting in payment of idle wages of Rs 2.55 crore (September 1999) to the staff of these schools. The hostel attached to Regional Health and Family Welfare Training Centre at Srinagar was non-functional for want of repairs/renovations and basic amenities.

(Paragraph: 3.2.8)

- Non-availability of adequate manpower, laparoscopic equipment, family control devices and medicines affected adversely the working of family welfare centres. Records relating to neo-natal/natal deaths, morbidity, mortality of pregnant ladies, reproductive tract infections, sexually transmitted diseases, etc. had not been maintained in any of the test-checked centres.

(Paragraph: 3.2.10)

3.2.1 Introduction

The Family Welfare Programme was introduced in the First Five Year Plan in 1952. It was made target oriented and time bound with effect from 1966-67. Maternal and Child Health Services (MCH) designed to improve the health of mothers and children were also integrated with it during the Fourth Plan period. The National Health Policy (NHP) approved by the Parliament in 1983 envisaged attainment of twin goals of 'Health for All' and a 'Net Reproductive Rate' (NRR) of unity by the year 2000 AD. Keeping in view the

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π Intra-Uterine Devices
∞ Oral Pill Users
\# Auxiliary nursing midwife
& Lady health visitor
⊗ Multipurpose workers

level of achievements made in the Seventh Plan period, it was stated in the Eighth Five Year Plan document that NRR-I would be achievable during the period 2011-16 AD. However, the Report of the Technical group on Population Projection (constituted by the Planning Commission) indicated that the replacement level of NRR-I is achievable only by 2026 A.D.

The main objective of the National Family Welfare Programme (NFWP) was to stabilize population level consistent with the needs of national development by adopting following measures/methods:

(i) Various family welfare/planning measures and temporary methods of birth control so as to bring down the birth and death rates and providing maternal and child health care, post-partum facilities, establishment of referral linkages and immunisation of pregnant women and new borns against all preventable diseases.

(ii) Persuade people to adopt small family norms by popularising the use of conventional contraceptive devices or oral pills, etc.

(iii) Provide medical services, medicines and incentives free of cost at the doorsteps of the acceptors of family planning measures.

These measures were to be achieved through implementation of following schemes/programmes:-

(i) Minimum Needs Programme (Redesigned as Basic Minimum Services (BMS)

(ii) Sterilisation Bed Scheme.

(iii) Post Partum PAP Smear Test facility Programme.

(iv) All India Hospital Post Partum Programme.

(v) Population Research Centre Scheme.

(vi) Child Survival and Safe Motherhood (CSSM) Programme (Renamed as Reproductive Child Health (RCH) Programme).

3.2.2 Organisational set-up

At the State level, Commissioner-cum-Secretary of Health and Family Welfare Department is nodal authority to oversee the implementation of the Programme. The Programme is implemented by Director of Family Welfare, MCH and Immunisation Services through 87 Rural/Urban Family Welfare Centres; 333 Primary Health Centres; 54 Community Health Centres; 1495 sub-centres and 17[&] Post Partum Centres. Besides, 11 ANM/LHV and MPW Family Welfare Training Centres and one Regional Health and Family Welfare Training Centre had been established for imparting requisite training under the programme.

3.2.3 *Audit coverage*

Implementation of the Programme in the State for the period from 1985-86 to 1991-92 was reviewed in audit during April 1993 to September 1993 and comments included at Paragraph 3.7 of the Report of the Comptroller and Auditor General of India for the year ended March 1993. A further review of the implementation of the programme covering the period from 1995-96 to 1999-2000 was conducted by audit during October 1999 to March 2000 by test-check of the records maintained by Directorate of Family Welfare, MCH[ϕ] and Immunisation in 4[Φ] out of 14 districts of the State, covering 35 *per cent* of the total expenditure. Important points noticed are discussed in succeeding paragraphs.

The services of the ORG centre for social research, a division of ORG-MARG Research Limited was commissioned by the Comptroller and Auditor General of India with a view to obtaining the beneficiary perception of the programme and related matters. The ORG-MARG carried out survey over a sample which covered 1485 households (392 urban and 1093 rural) and 27 centres in the 3[≈] districts, determined on the basis of socio cultural characteristics and development status. Findings of the survey on matters discussed in the report have been included in this review at appropriate places.

3.2.4 *Finance and expenditure*

The programme is cent *per cent* Centrally assisted. For orientation-training of medical and para medical personnel, the grant is admissible on 50:50 sharing basis between Government of India and State Government which is to be utilised for rent of hostel, contingency, consumable training material, additional teaching staff, class rooms for Health and Family Welfare training Centres, etc. The expenditure on establishment of PHCs, CHCs, sub-centres in rural areas and hospitals and dispensaries in urban areas are met under Minimum Needs Programme.

Total budget provision, central assistance released by Government of India and expenditure incurred thereagainst during the period from 1995-96 to 1999-2000 are detailed below:

& Includes two A type teaching PP centres of Medical Colleges Srinagar/Jammu

ϕ Maternal and Child Health

Φ Srinagar, Jammu, Kathua and Udhampur

≈ Kathua, Jammu and Udhampur

(Rs in crore)

Year	Budget provision		Total	Central assis-tance received	Expenditure		Total	Less or excess utilisati of Centr assistan
	Salary component	Non-salary component			Salary component	Non-salary component		
1995-96	Lumpsum provision under plan without schematic break-up has been provided in the supplementary budget of the State Finance Department		14.59	10.22♦	10.45	4.44	14.89	+ 4.67
1996-97			12.76	7.79	11.75	0.41	12.16	+ 4.37
1997-98			13.39	18.35ℵ	12.30	0.43	12.73	- 5.62
1998-99			15.73	16.01⊗	13.56	0.02	13.58	- 2.43
1999-2000			Nil	18.04	NA	NA	18.50•	+ 0.46*

For ensuring proper implementation of various Centrally Sponsored Schemes, the State Government is required to make provision, based on its own share and the estimated releases of Central assistance, in its budget. The reimbursement of the expenditure incurred by the State Government is to be claimed subsequently from the Central Government on the basis of utilisation certificates. It was, however, seen that the State Government did not allocate funds for the programme in its regular budget and lump sum provision was made in the Supplementary demand for grants for the years 1995-96 to 1998-99 without schematic breakup. During 1999-2000 even supplementary provision was not made. Accordingly, funds for the programme were provided to the implementing agencies after release of funds provisionally by the Central Government. Non-allocation of funds for the programme in the regular budget affected the flow of funds and consequent implementation of the programme. The Chief Secretary had informed (January 1999) Secretary, Ministry of Health and Family Welfare, Government of India that no formal regular budget was being approved for the Programme by the State Legislature and that the implementation of the programme was adversely affected due to delay in releases of funds by Government of India. Reasons for the failure of the State Government to finance the programme through its own budget initially and claim reimbursement subsequently were neither on record nor intimated. Following points were also noticed:

Non-provision of funds in the regular budget affected adversely the implementation of the programme

Utilisation certificates and audited statement of accounts not furnished regularly

(i) The reimbursement of expenditure incurred by the State Government on the programme is subject to furnishing of utilisation certificates alongwith audited statement of accounts. The State Government had sent utilisation certificates and audited statement of accounts only up to 1996-97 reportedly due to non-reconciliation of accounts by the field units.

♦ Includes Rs 2 crore for part settlement of arrears prior to 1995-96.

ℵ Includes arrears of Rs 8.37 crore in full settlement up to 1994-95 and partly for the year 1995-96.

⊗ Includes arrears of Rs 3.11 crore in full settlement up to 1996-97.

• Figures provisional.

The Central Government, however, released payments for the years 1997-98 to 1999-2000 provisionally on the basis of estimates submitted by the Department.

Planned activities of family welfare affected adversely as 70 to 100 *per cent* funds utilised on payment of salary

(ii) The guidelines of the scheme stipulated that financial assistance up to 7.5 *per cent* (raised to 12 *per cent* with effect from April 1998) of the grants given by the Government of India was admissible for Direction and Administration of the family welfare programme in the State, subject to actual expenditure as ascertained from the Accountant General. This was also subject to the condition that the State provided for certain State/District level posts[β]. The State Government had neither provided these posts (except State Media Officer) nor regulated the expenditure on Direction and Administration in conformity with the guidelines of the Government of India. It was seen that the expenditure on salaries constituted 70 *per cent* (1995-96), 97 *per cent* (1996-97 and 1997-98) and 100 *per cent* (1998-99) of the total expenditure under the programme. The envisaged planned activities were, thus, badly affected as discussed in the following paragraphs and the programme degenerated into a wage programme. The main objectives of the programme to stabilise population level and improve maternal and child health care were not, thus, fully achieved.

Funds allocated for implementation of various schemes diverted for payment of salaries

(iii) Against Rs 67.34 lakh released by the Government of India for implementation of four schemes viz. Innovative Publicity, Printing of ECRs[ϕ], Orientation Training of medical/para-medical staff and Reproductive Child Health, the expenditure was incurred merely on payment of salaries instead of implementation of these schemes during the years 1995-96 to 1998-99. Similarly, the expenditure under five other sub-schemes viz. Media Activities, Family Welfare Compensation, POL, Sterilisation Bed Scheme and Medical Termination of Pregnancy during 1995-99 was only 33 *per cent* (Rs 0.77 crore) of the releases (Rs 2.36 crore) made by Government of India. The balance 67 *per cent* grant (Rs 1.59 crore) was utilised on payment of salaries.

Material valuing Rs 9.07 crore sent by Government of India not adjusted in accounts

(iv) Government of India sent material (value: Rs 9.07[ψ] crore) in kind to the State Government during the period 1995-96 to 1999-2000. However, cost of material received had not been adjusted in the accounts.

3.2.5 Implementation

3.2.5.1 Minimum Needs Programme

Family Welfare Services were to be provided to the community through a network of Sub Centres (SCs), Primary Health Centres (PHCs) and Community

β Additional/Joint/Deputy Director separately for MCH, Monitoring and Evaluation and Administration, Engineer/Assistant Engineer for State Cold Chain and State Media Officer

ϕ Eligible couple records

ψ 1995-96: Rs 16.40 lakh; 1996-97: Rs 1.64 crore; 1997-98: Rs 1.69 crore; 1998-99: Rs 2.13 crore and 1999-2000: Rs 3.45 crore

Health Centres (CHCs) in the rural areas and hospitals and dispensaries in the urban areas in a phased manner by 2000 AD. The population norms for setting up the Centres and their staffing norms and activities/services to be delivered are as detailed in *Appendix*-11.

Test-check of records and information collected from Director Health Services Jammu/Kashmir and from Director Family Welfare, MCH and Immunisation revealed the following targets and achievements in respect of establishment of these centres:

Centres	Number of Centres required as per 1991 census	Targets fixed	In position as on 31 March 2000	Shortfall (percentage)	Funds released during 1995-2000		Actual expenditure
					By GOI	State	
Sub-Centres	2859	Not fixed	1798	1061 (37)	No separate funds provided for minimum needs programme as per sanctions	Nil	No expenditure under Minimum Needs Programme has been booked by the Department
Primary Health Centres	436	Not fixed	333	103 (24)		Nil	
Community Health Centres	109	Not fixed	54	55 (50)		Nil	

Substantial shortfall in setting up of various health centres as per norms

The percentage of shortfall in establishing SCs, PHCs and CHCs at the end of March 2000 was 37, 24 and 50 respectively. Family Welfare Services were, however, provided in 1495 sub-centres (out of 1798), 5 urban and 82 Rural Family Welfare Centres and 17 PP centres only. However, test-check of records of 2 District Family Welfare Bureax (Srinagar and Kathua) revealed that out of 176 sub centres, 32 were non-functional due to non-availability of ANMs and non-payment of rent for hired buildings. The survey conducted by ORG-MARG also revealed that the PHCs covered, on an average, population of 64062 in plain areas against the norm of 30000. Thus, due to non-provision of funds by the State/Central Governments under the component and substantial shortfall in establishing centres as per norms, the objectives of the programme were not fully achieved.

3.2.5.2 Sterilisation Bed Scheme

The scheme for reservation of sterilisation beds in hospitals run by local bodies and voluntary organisations was introduced in 1964 to provide facilities for tubectomy operations. Such operations conducted in hospitals run by Government are covered under Post Partum Programme. Under the Scheme, local bodies/voluntary organisations were eligible for maintenance grant of Rs 4500 per bed/annum for conducting 60 tubectomy operations and Rs 3000 per bed/annum for 45 such operations. Assistance was to be further reduced proportionately keeping in view the number of operations actually performed.

Rupees 2.70 lakh were released by Government of India for maintenance of approved beds during the period 1995-96 to 1999-2000 (September 1999). However, Rs 0.25 lakh only were utilised during 1995-96 and that too in a Government Hospital, which was not covered under the scheme. The balance of Rs 2.45 lakh had been diverted for payment of salaries under other schemes. Against 14 beds approved by Government of India in two hospitals (John Bishop Hospital Anantnag and Khanam Nursing Home Srinagar) under the scheme, the position of beds actually reserved for sterilisation was not available with the Department.

Poor implementation of scheme

Thus, the objective of the programme of population control through reservation of beds in hospitals run by Voluntary Organisations was not achieved despite release of grants by the Government of India.

3.2.5.3 Post-Partum PAP Smear Test facility Programme

With a view to detect cervical cancer among women, PAP Smear Test facility was introduced by Government of India initially in 25 Medical Colleges in 1977 which was later on extended to other Medical Colleges also. For conducting necessary tests, one post of Cyto-technician is provided under the scheme. The Government of India is to provide salary of the Cyto-technician as per respective State Government scale of pay and Rs 3000 per annum for purchase of glass ware, chemicals, etc. The technician is required to collect/examine smears from women acceptors/non-acceptors of Family Welfare methods, report results of confirmation by Cyto-pathologist, follow up both positive and negative cases and send quarterly report of Post Partum Centres to the Department of Family Welfare of Government of India through State Family Welfare Officers.

PAP smear tests not conducted and salary of Rs 3.66 lakh paid to technician proved unfruitful

Medical Colleges Srinagar and Jammu were implementing the programme in the State and Rs 109.73 lakh were spent mainly on payment of salaries of staff during 1995-96 to 1999-2000 (September 1999). Review of records of above centres revealed that at the PP Centre in Lal Ded Hospital, Srinagar although a Cyto-technician was posted, no PAP Smear test was conducted during the period 1995-96 to February 2000 due to non-availability of laboratory facility, drugs, equipment and para medical staff/technicians, etc. Amount of Rs 3.66 lakh paid as salary to the Cyto-technician, thus, proved unfruitful. In PP centre at SMGS hospital Jammu, the Cyto-technician was attached to Pathology Department of Medical College Jammu after 1996-97. Only 177 Smear tests were conducted during 1995-96 to December 1999 (30 by Cyto-technician and 147 by a laboratory technician) in Gynaecology out-patients department of the hospital. Records indicating cases of smear collected from acceptors/non-acceptors of various family welfare methods, confirmation results reported by Cyto-pathologist, cross checking of positive slides for cancerous lesions, normal slides and follow-up of negative/positive cases for carcinomas were not maintained at the Centre. There was shortage of 8 medical and 2 para-medical personnel vis-à-vis approved staffing pattern in these 2 centres as of October 1999. Besides, funds for replacement of surgical goods, maintenance of operation theatres, purchase of glassware, chemicals and contingencies had not been provided to these centres which adversely affected their proper working. Quarterly progress reports required to be sent to the State Family Welfare Officer/Government of India were also not furnished by any of these centres.

3.2.5.4 *All India Hospitals for Post-Partum Programme*

The district/sub-district level Post Partum Centres (PPCs) were to motivate women within the reproductive age group of 15-44 years and their husbands for adopting small family norms through education and motivation during pre-natal, post-natal period and after Medical Termination of Pregnancy. The basic objective of the programme was to provide integral package of maternal/child health and Family Welfare Services, in-service training to medical/para medical staff and outreach services to the targetted population. Under this programme cent *per cent* Central assistance was provided for recurring and non-recurring items. In the State there are 15 PPCs (9 District level and 6 Sub District level).

Funds provided by Government of India, released by the State Government and expenditure incurred during 1995-96 to 1999-2000 were as under:

(Rs in lakh)

Year	Funds provided by Government of India	Funds released by State Government	Expenditure incurred
1995-96	49.01	58.09	61.96
1996-97	48.00	76.98	74.68
1997-98	71.09	76.69	70.10
1998-99	105.81	86.15	89.79
1999-2000	67.50[Ψ]	114.88	107.89[•]

Post-partum activities for adopting small family norms not undertaken as envisaged

Funds for meeting recurring expenditure on contingencies, maintenance of operation theatres, replacement of surgical equipment, POL for vehicles and seminars had not been provided to any of the PP centres in the State during 1995-96 to March 2000. Assistance of Rs 3.41 crore released by the Central Government during the period 1995-2000 (September 1999), was utilised mainly on payment of salaries. Consequently, no planned activities were undertaken at these PP centres. ORG-MARG survey also found that Post-Partum care was quite poor in the State as only 15 *per cent* of women were examined within 42 days of delivery and 20 *per cent* had received family planning counselling during natal/post-natal period. The survey further revealed that PPCs were poorly equipped and only 25 *per cent* of the available

Ψ Figures up to September 1999
• Figures provisional

Medical Officers had received training and no specialist was available for attending the referred cases.

3.2.5.5 *Physical performance*

Targets and achievements for the year 1995-96 and achievements for the years 1996-97 to 1999-2000 under family welfare programme including Post-Partum Centres and immunisation are indicated in *Appendix*-12.

Declining trend in sterlisations

Onus of adopting birth control measures mainly on women

While there was a declining trend in the number of sterilisations from 15714 in 1995-96 to 11040 in 1999-2000, the position of IUD acceptors remained more or less stagnant during the period from 1995-96 to 1998-99, except for the year 1997-98. It was also seen in audit that the percentage of male sterilisation (vasectomy) to total sterilisations conducted was only 5 during 1995-96 which further declined to 2 during 1999-2000. This indicated that onus of adopting birth control measures was mainly on women. Though the number of oral pill users had increased after 1996-97, it was low in comparison to the targets fixed for 1995-96. Reasons for decline in the family welfare activities were neither placed on record nor intimated.

Contribution of PP programme to family welfare not assessed/ monitored

Decline in post-partum activities

The effectiveness of the PP Programme and its contribution to family welfare in the districts had neither been monitored nor assessed at any level during 1995-96 to 1999-2000 due to non-receipt of quarterly progress reports from 14 out of 15 PP centres. The Co-ordination Committee for PP centres had also not been constituted. Test-check of records in 4 PP centres (Jammu and Kathua districts) revealed that there was overall decline in the contribution of these centres towards the family welfare activities of the concerned districts during 1995-96 to 1998-99. The percentage decline in the activities of these centres during 1998-99 ranged between 1 and 8 vis-à-vis performance during 1995-96. Following further points were also observed in test-check of records of 3[≠] district and 1[∞] sub-district level PPC[ʃ].

Substantial shortfall in immunisation of expected mothers and children despite availability of vaccines free of cost

(i) Shortfall in immunisation of expected mothers and children against various diseases (Tetanus, Polio, TB, Measles, Diphtheria, etc.) ranged between 9 and 69 *per cent* during the period from 1995-96 to 1999-2000 (January 2000) despite the fact that vaccines were provided free of cost by the Central Government. As seen in audit, the shortfall was mainly due to the failure of the Health Workers/ANMs to visit the families and local communities in their areas and to educate them.

(ii) Emergency services viz. vehicles for providing transport to patients, referral services for high-risk women and home visits by ANMs were not available at any of these centres.

≠ JLNM Hospital Srinagar, Gandhi Nagar Hospital Jammu and District Hospital Kathua

∞ Sub-district Hospital Billawar

ʃ Post-Partum Centre

Required health care facilities not provided to pregnant women and children

(iii) Stock of iron tablets for mothers, Folic Acid and Vitamin A for children were not available in 4 PP centres for the periods ranging from 4 to 15 and 20 to 39 quarters (against 76 quarters) during the period 1995-96 to 1999-2000 (December 1999). This deprived the pregnant women and children of the required health care during these quarters.

Data base of various tests conducted and follow up action taken not maintained/ monitored

(iv) Records indicating the number of tests required and actually conducted for early detection of complications, number of maternal and neo-natal deaths and causes therefor and direct acceptors out of total obstetrics/abortion cases at the PP centres had not been maintained. Designing and printing of cards in three different colours to ensure proper follow-up system was not undertaken in four test-checked PP centres. The percentage distribution of acceptors of family planning methods by parity (number of children) in four test-checked post-partum centres (district and sub district level) during 1995-96 to 1999-2000 (September 1999) was as under:

	Total	2 or less children	3 or more children	Not available
			(Percentage)	
Tubectomy	11144	19	80	1
Vasectomy	798	30	70	-
IUD	2009	54	25	21

Lower percentage of couples opting for 2 or lesser number of children showed lack of motivation among the couples for adopting small family norms.

(v) Under the target free/Community Needs Assessment Approach adopted by the Department, ANMs/Health Workers were required to consult families and local communities in their areas in the beginning of the year to assess their needs and preferences and work out an Action Plan for implementation of the Programme and requirements for the coming year at the Sub-centre, PHC and District level. However, no such surveys were conducted to set up goals and to prepare Action Plans for the ensuing year. The programme also envisaged natal and post-natal visits by the family welfare personnel which too had not been conducted. The programme as a result was implemented without setting out targets/goals at the sub-centres and district levels and the objective of improving quality of services by adopting target free approach was not achieved.

Achievements of demographic goals like Crude Birth Rate, Crude Death Rate, etc. not monitored

(vi) The demographic goals laid down in National Health Policy 1983, to be achieved by the year 2000, included Crude Birth Rate (CBR) of 21 per thousand, Crude Death Rate (CDR) of 9 per thousand and Annual Natural Growth Rate of 1.2 *per cent.* It also envisaged achievement of Infant Mortality Rate (IMR) of below 60 per thousand live births and effective Couple Protection Rate (CPR) of 60 *per cent.* It was, however, seen in audit that no census/survey was conducted during the period under review to determine and evaluate the achievements in the State vis-a-vis stated objectives relating to

CBR, CDR, IMR, etc. and fix revised targets, etc. for the State on the basis of actual achievements. The Couple Protection Rate as assessed by the Department showed a decline from 17.6 *per cent* in 1994-95 to 16.5 *per cent* in 1996-97 which was much lower than the National average of 45.4 *per cent* (1996-97). No exercise to determine the CPR was undertaken thereafter. As such, the progress made in achievement of demographic goals in the State could not be evaluated in audit.

3.2.6 Population Research Centre Scheme (PRCS)

The Population Research Centre (PRC) functioning in Kashmir University was selected as one of the centres under Population Research Centre Scheme (PRCS). The PRC, which is autonomous in its day to day working, was to get cent *per cent* grant from Government of India. Studies and findings of the Centre are to be utilised for improvement of Family Planning and Reproductive Health Programme.

During 1995-96 to 1998-99 an amount of Rs 23.50 lakh was released for the purpose against which the actual expenditure was Rs 21.16 lakh up to March 1999.

The Centre undertook research studies for 18 topics out of which studies on 14 topics (13 selected by Government of India and one by Population Research Centre) were completed during 1995-96 to the end of January 2000. No report on these studies had, however, been prepared/published in any journal at National/International level after 1996-97. Before that the studies were published by Ministry of Health and Family Welfare, Government of India in population research bulletin.

Research Co-ordination Committee constituted in the year 1996 with Commissioner/Secretary, Medical Education Department as its Chairman was to provide a forum for exchange of ideas and study findings between programme administrators and researchers for better utilisation of the findings and identification of the areas in which further research was required. The Committee was to conduct 10 meetings during 1995-96 to 1999-2000 against which only one meeting was held (October 1998). Decisions/ conclusions arrived at the meeting and follow up thereof were not available. The utilisation of the grants of Rs 23.50 lakh could not, therefore, be vouchsafed in audit.

3.2.7 Child Survival and Safe Motherhood (CSSM)/ Reproductive Child Health (RCH) Programme

In the Eighth Plan (1992-97), various programmes, viz. Universal Immunisation, Oral Rehydration Therapy (ORT) and other related programmes of Maternal and Child Health (MCH) were integrated under CSSM Programme. In Ninth Plan (1997-2002) CSSM programme was renamed as RCH and included providing of facilities for treatment of Sexually Transmitted Diseases and Reproductive Tract Infections (RTI).

The objective of the programme was to ensure availability of services for assuring reproductive child health care to all citizens for achieving stable level of population for the country in the medium and long term.

Funds released by Government of India and expenditure incurred under CSSM and RCH were as under:

(Rs in lakh)

Year	Funds released by Government of India	Expenditure	Saving
CSSM			
1995-96	64.01	18.96	45.05
1996-97	48.59	25.91	22.68
1997-98	38.10	31.93	6.17
Total	**150.70**	**76.80**	**73.90**
RCH			
1998-99	9.53		
1999-2000	206.17	77.39	138.31
Total	**215.70**	**77.39**	**138.31**

Database of target group not maintained

The services were primarily aimed at pregnant women, infants and children up to the age of 5 years. For effective implementation of the programme, identification of the beneficiaries in the service area at sub-centres, PHCs, CHCs and district level centres was necessary. It was, however, seen in audit that none of the 15 Rural Family Welfare Centres, 1 Urban Family Welfare Centre and 6 PP Centres test-checked in audit had maintained a database of vulnerable women in the reproductive age group, infants and children with status of their immunisation nor had any action plans been prepared. The basis for the implementation of the programme and its effectiveness in absence of requisite data was not susceptible to verification in audit. Mother and Child Health Care Services were to be provided under the programme through two preventive treatment schemes. Daily dose of iron and folic acid for a period of 100 days to all pregnant women/mothers and vitamin A to infants up to 5 years age, was to be given (in 8 monthly doses) as a prophylactic measure against nutritional anaemia and blindness. Targets fixed and achievements thereof under the scheme for the period 1995-96 to 1999-2000 were as under:

(Numbers in lakh)

Year	Prophylaxis against nutritional anaemia						Prophylaxis against blindness in children	
	Mothers			Children				
	Pregnant women°	Targets	Achievements (percentage)	Children up to 5 years of age	Targets	Achievements (percentage)	Targets	Achievements
1995-96	2.81	2.73	1.53 (56)	11.07	1.81	1.10 (61)	1.78	3.34
1996-97	2.89	2.73	1.13 (41)	11.38	1.81	0.93 (51)	1.78	2.93
1997-98	2.96	*	1.58	11.68	*	1.06	*	3.65
1998-99	3.04	*	1.06	12.00	*	1.40	*	3.98
1999-2000	3.13	*	1.40	12.32	*	1.70	*	12.93

Achievements in administering preventive medicines against nutritional anaemia/blindness to mothers/children declined

The estimated number of pregnant women and children up to 5 years of age during the years 1995-99 was not *prima facie* correct as increase in the number of children was much more than the increase in number of pregnant women during the corresponding period. Percentage achievement against targets in respect of prophylaxis against nutritional anaemia for mothers declined from 56 in 1995-96 to 41 in 1996-97 despite the fact that targets fixed did not cover the entire estimated population of the pregnant women. There was also sharp decline in respect of prophylaxis against nutritional anaemia for mothers in 1998-99. Similarly, the achievements against targets in respect of prophylaxis against nutritional anaemia for children declined from 61 *per cent* in 1995-96 to 51 *per cent* in 1996-97. The shortfall/declining trend was due to shortage of medicines, family welfare devices as discussed at para 3.2.10 and poor contact with the beneficiaries/follow up by the departmental functionaries. The achievements under prophylaxis against blindness in children during 1995-96 to June 1999 were overstated as these represented aggregate of eight doses administered to children.

For prophylaxis against blindness, eight monthly doses of Vitamin A were to be administered to children up to 5 years of age. Review of records relating to administration of Vitamin A to children during the period from 1995-96 to 1999-2000 (June 1999) revealed the following:

Year	Doses administered			
	Initiated Ist Dose	Continuing 2nd to 7th doseℵ	Completed 8th dose	Percentage of completed 8th dose to 1st dose
1995-96	144959	186269	2901	2
1996-97	135110	148627	9184	7
1997-98	152092	195875	16754	11
1998-99	156993	220429	21124	13
1999-2000 (ending June 1999)	36580	49351	3222	9

° Estimated number
* Target free approach
ℵ Aggregate of 2nd to 7th doses

Full doses of Vitamin A not administered to 87 to 98 *per cent* of children covered

It would be seen that only between 2 and 13 *per cent* of children receiving the Ist dose of Vitamin A were administered full doses during the period 1995-96 to 1999-2000 (June 1999) which was indicative of poor contacts with the beneficiaries and also deprived a large number of children, ranging from 87 to 98 *per cent,* of prophylaxis against blindness.

Rupees 1.38 crore not utilised and kept in bank

The programme merged with the Reproductive and Child Health Programme during the 9th plan, was taken up in the State from April 1998 and Rs 215.70 lakh were released by Government of India during the period from April 1998 to March 2000 for strengthening the infrastructure viz. execution of works and procurement of drugs, equipment and for imparting training, etc. Of this, Rs 20.68 lakh (office contingencies: Rs 6.00 lakh; medicines: Rs 0.32 lakh; other purposes: Rs 14.36 lakh) were utilised and Rs 56.71 lakh were advanced to various agencies for execution of civil works (Rs 43.50 lakh), payment of honorarium to laboratory technicians (Rs 8.40 lakh) and awareness generation training (Rs 4.81 lakh) up to March 2000. The balance of Rs 138.31 lakh was kept in a bank account as the same was to be utilised in a phased manner. The envisaged objective of the programme had not, thus, been achieved in the State.

3.2.8 Training

There are 11 training schools for imparting basic training to Health Workers and 1 Regional Health and Family Welfare Training Centre for providing in-service training to health personnel deployed under rural sector in the State. Funds released and expenditure incurred during 1995-96 to 1999-2000 were as under:

Category of Training		Funds released by GOI and expenditure incurred (Rs in lakh)	Period				
			1995-96	1996-97	1997-98	1998-99	1999-2000 (September 1999)
(i)	ANM/ LHV	Funds released Expenditure	15.98 31.35	16.00 36.65	30.00 44.04	51.00 50.08	NA 25.82
(ii)	In service training in Health and Family Welfare	Funds released Expenditure	9.61 21.18	11.00 18.36	13.00 21.04	14.63 16.99	NA 10.73
(iii)	Multipurpose worker	Funds released Expenditure	3.00 13.03	1.50 15.90	Nil 13.88	Nil 15.96	NA 8.55
(iv)	Village Health Guide (Orientation training of medical and para medical personnel)	Funds released Expenditure	1.00 Nil	0.25 Nil	Nil Nil	Nil Nil	NA Nil

Following points were noticed.

(a) ANM/LHVs and MPW training schools

Basic training to Health Workers not imparted and idle wages of Rs 2.55 crore paid to staff of training schools

All the eleven* training schools set up for imparting basic training to Health Workers were non-functional as no training was imparted during the period 1995-96 to 1999-2000. This resulted in payment of idle wages of Rs 2.55 crore up to September 1999 to the staff comprising medical officers, public health workers and clerical staff in these schools. Reasons for not utilising the staff gainfully were not intimated. Besides, the objective of providing training facilities to the Basic Health Workers for improving efficiency and providing proper health services under the programme was not achieved.

(b) Regional Health and Family Welfare (RHFW) Training Centre Srinagar

Test-check of the records of RHFW Training Centre (intake capacity of 50 candidates) meant for providing in-service training to health personnel deployed under rural sector revealed as under:

Year	No. of courses to be imparted as per annual roster	No. of training courses actually held	Duration of training (in days)	No. of candidates
1995-96	No Roster framed	8	6 to 30	215
1996-97	No Roster framed	3	10 to 15	39
1997-98	Trainings-26 Workshops-7	2 -	15 -	60 -
1998-99	Trainings-17	9	6 to 10	172
1999-2000 (September 1999)	No Roster framed	20	1 to 15	648

Idle wages of Rs 8.70 lakh paid to staff of a non-functional hostel

It would be seen that there was shortfall in holding 32 training courses (74 *per cent*) during 1997-98 and 1998-99 and as against the target of holding 7 workshops in 1997-98, not a single workshop was held. Further, neither had funds been provided for training purposes nor was any vehicle provided to these centres as required under the scheme. It was further noticed that the hostel attached to the training centre was non-functional for want of repairs/renovations and lack of basic amenities and the hostel staff (2 wardens and 3 bearers) had been paid idle wages of Rs 8.70 lakh during 1995-96 to 1998-99.

3.2.9 Information, Education and Communication

Information, Education and Communication (IEC) play a significant role in the dissemination of information relating to family planning methods and in motivating eligible couples to adopt small family norms. The activities had to

* Multipurpose workers training school: 3; Auxiliary nursing midwives/lady health visitors: 8

be community-based and local-specific social objectives such as raising the age of marriage, neutralising the preference for male child, suitable spacing, etc. The activities had to be carried out at State/District and Peripheral level by organising camps, holding of exhibitions and installation of hoardings in prominent areas. An IEC cell with effective staff strength of 58 (State Bureax: 3; District Bureax: 55) was functioning in the State. Though the State cell had been submitting annual action plans for these activities, the same had not been implemented reportedly due to paucity of funds. It was, however, noticed in audit that out of Rs 97.18 lakh allocated by Government of India during 1995-96 to 1998-99 (1995-96: Rs 32.58 lakh; 1996-97: Rs 19.91 lakh; 1997-98: Rs 25.69 lakh; 1998-99: Rs 19.00 lakh) for the purpose, Rs 0.73 lakh only were spent on media activities during 1995-96 and the balance of Rs 96.45 lakh (99.25 *per cent*) was utilised for payment of salaries to the staff of Family Welfare Department. This evidently led to shortfall in achievement of objectives of the programme and consequent failure to motivate the beneficiaries to adopt small family norm. As per ORG-MARG study, the IEC component of the programme was quite weak and only 6 *per cent* of beneficiaries were aware about any IEC activities. The availability of IEC material at the family welfare institutions was also unsatisfactory.

99 *per cent* of the scheme funds utilised for payment of salaries

3.2.10 Family Welfare Centres

Family welfare services in the State are primarily rendered through family welfare centres. Conventional contraceptives (CCs), Oral Pills (OPs), intra-uterine devices (IUD), fallopian rings, etc. and medicines/vaccines supplied by the Central Government are distributed/supplied free of cost to eligible couples through these centres. Out of 5 urban and 82 rural family welfare centres, records of 1 Urban (SMHS Hospital Srinagar) and 15* Rural Family Welfare Centres including their sub-centres in 4 districts were test-checked which revealed as under:

(a) Staffing

The position of the sanctioned/available staff as on 31 March 1999 in respect of test-checked Urban and Rural Family Welfare Centres was as under:

	Rural Family Welfare Centres		Urban Family Welfare Centres	
	Sanctioned staff	In position	Sanctioned staff	In position
Medical	15	13	1	Nil
Paramedical	90	50	4	2
Others	15	17	1	1

* Tikri, R.S.Pora, Kot Bhalwal, Dansal, Hiranagar, Parole, Akhnoor, Samba, Ramgarh, Bishnah, Sohanjana, Purmandal, Pallanwala, Katra and Reasi

No Medical Officer had been posted in the urban family welfare centre at Srinagar (SMHS Hospital) and Rural Family Welfare Centres at Pallanwalla and Reasi. 45 *per cent* of paramedical posts were vacant. Seven Rural Family Welfare Centres out of 15 were not provided with the services of ANMs. None of the Rural Family Welfare Centres were provided with the services of a female attendant for ANMs except at Akhnoor. As regards sub-centres, 435 sub-centres out of 1495 in the State were without services of ANMs. Survey conducted by ORG-MARG also revealed that only a few sub-centres were having ANMs who had, however, received training in Acute Respiratory Infection/Community Needs Assessment. Shortage of medical and para medical staff was bound to affect adversely immunisation and family planning activities under the programme.

Database of eligible couples, mortality of pregnant ladies and occurance of diseases, etc. not maintained for preparing Action Plans

(b) Eligible couple registers, case card systems, records for neo-natal/natal deaths, morbidity, mortality of pregnant ladies, reproductive tract infections and sexually transmitted diseases were not maintained in any of the test-checked Rural Family Welfare Centres. No proper system for visits by ANMs/LHVs in field areas was followed as no tour visit registers/diaries were maintained. This resulted in non-assessment of needs/requirements of the eligible families for preparing Action Plans and providing requisite services in the service areas. ORG-MARG survey revealed that visits of health workers to the households in rural areas were only 13 *per cent* and in urban areas, no visit of health workers had taken place in the last 12 months. Details of follow-up, date of expulsion of IUDs and number of couples protected through this method had not been maintained.

Facilities for high risk deliveries not available

(c) Facilities for high-risk deliveries, caesarian operations were not available at Ramgarh, R.S. Pura, Kotbalwal, Purmandal, Pallanwala, Dansal, Hiranagar, Katra and Parole centres.

Laparoscopes not available in all centres and 43 *per cent* of available laparoscopes out of order

(d) Against the requirement of 155 laparoscopes for 103 trained teams (1.50 laparoscope for each Rural, Urban and post-partum team), 121 laparoscopes (78 *per cent*) were available. Of these, 52 (43 *per cent*) were out of order since 1995-96. No steps had been taken by the Department for their replacement/repairs. Eight out of 15 rural centres were without laparoscopic equipment and trained teams. In 3 rural centres (Samba, Sohanjana and R.S.Pora), Karl Storz laparoscopes provided in November-December 1996 were lying idle for want of carbon dioxide cylinders and trained staff to operate these.

Contraceptives/ medicines not available at the centres most of the time

(e) Stocks of conventional contraceptives and IUDs were not available for periods ranging from one to 12 months. Fallopian rings for one to nine months, oral pills for one to 24 months and medicines (Iron tablets and vitamin A solution) for one to 17 months were also not available in stock. In the provincial stores at Srinagar/Jammu, however, 1.68 lakh packets of ORS, 5.83 lakh doses of T.Toxide, Oral Polio, measles vaccines and 4.31 lakh tablets of iron supplied by the Central Government during the period from

October 1994 to September 1999 had expired. In addition, 15765 IUDs in these stores had also expired which indicated poor inventory management of family welfare devices and medicines in the Department.

3.2.11 Monitoring and Evaluation

Programme not monitored/ evaluated

The Programme was neither monitored at State/District level nor was ever evaluated at any stage although a Secretariat cell headed by an Under Secretary (Family Welfare) existed in Administrative Department since 1995-96. Regional Director Government of India had also not conducted any sample verification of family welfare acceptors from 1991-92 onwards nor monitored the Family Welfare, MCH& Immunization activities in the State.

3.2.12 Recommendations

The programme needs to be implemented in the State in a planned manner in accordance with guidelines of the Central Government, providing adequate funds regularly in the Budget. Monitoring of the programme at all levels needs to be ensured for achieving the objectives of the programme.

The above points were reported to Government/Department in July 2000; reply had not been received (December 2000).

Housing and Urban Development Department

3.3 Urban Employment Generation Programme 1995-2000

Highlights

Urban Employment Generation Programmes, aimed at alleviating urban poverty by providing employment to urban unemployed and under-employed poor through setting up of self employment ventures and providing of wage employment through creation of socially and economically useful assets, were under implementation in the State since October 1989. The programmes had, however, failed to achieve the desired result and had little impact on improving the quality of life of urban poor. This was due to lack of proper planning including poor/inadequate mechanism for identification of beneficiaries and extremely poor utilisation of funds. Unspent funds had increased by 110 per cent from Rs 3.23 crore (April 1995) to Rs 6.77 crore (March 2000). The activities regarding creation of socially and economically durable and useful community assets, through wage employment programme, had generally been ignored.

- **Utilisation of funds under Urban Employment Generation Programme was poor and ranged between 11 and 43 *per cent* during the period 1995-96 to 1999-2000. There was increase of 110 *per cent* in unspent balances at the end of March 2000 over March 1995.**

(Paragraph: 3.3.4.2)

- **Poor utilisation of funds was mainly due to release of only 16 to 57 *per cent* of available funds by Nodal agency to the implementing agencies.**

(Paragraph: 3.3.4.2)

- **Matching share was not released by State Government and shortfall amounted to Rs 1.21 crore at the end of April 2000.**

(Paragraph: 3.3.4.4)

- **Rupees 1.09 crore were diverted and utilised on purchase of vehicles, repayment of HUDCO Loans, payment of telephone bills and other activities outside the purview/scope of programme.**

(Paragraph: 3.3.4.6)

- **No household survey for identifying beneficiaries for mapping or marking out of thrust areas was conducted nor had the lists of**

identified beneficiaries been prepared except by Jammu Municipality and TAC Udhampur.

(Paragraphs: 3.3.5 and 3.3.5.1)

- **114 'Above Poverty Line' ration card holders and 419 other ineligible beneficiaries were sponsored for assistance under the programmes.**

(Paragraph: 3.3.5.1)

- **The physical achievement of setting up of self employment units vis-a-vis targets was poor (30 *per cent* for NRY/PMIUPEP/SJSRY and 33 *per cent* under PMRY). The percentage of sponsored cases returned/rejected or pending with banks was high (between 39 and 69 *per cent*) which was mainly due to wrong selection of beneficiaries.**

(Paragraph: 3.3.6.1)

- **Coverage of women, SCs/STs and OBCs ranged between nil and 12 *per cent* against the prescribed percentage of 22.5 to 30.**

(Paragraph: 3.3.6.4)

- **Physical verification of the micro enterprises set up had not been conducted, except by DIC Udhampur, for assessing the functional health and ascertaining whether these units had actually been set up. Physical verification conducted by DIC Udhampur had revealed that 43 *per cent* of units surveyed were either closed, non-traceable, non-functional or had not been established at all.**

(Paragraph: 3.3.6.5)

- **Against the allotment of Rs 82.28 lakh and Rs 16.11 lakh for establishing 317 DWCUA groups and 297 Thrift and Credit Societies during the years 1997-98 to 1999-2000, Rs 7.64 lakh and Rs 0.22 lakh only were spent on establishing 9 DWCUA groups and 2 Thrift and Credit Societies. Balance amount (92 *per cent*) was lying unutilised with implementing agencies.**

(Paragraph: 3.3.7)

- **Training for skill upgradation was imparted to 10947 persons at a cost of Rs 1.56 crore through private institutes instead of ITIs, Polytechnics and other Government recognised training institutions. The general profile of the selected training institutes revealed that these were not fully equipped and suitable for imparting training.**

(Paragraph: 3.3.8.1 (a))

- **There was no follow up of the training programme due to which none of the trained persons except 2 DWCUA group societies had set up any self employment ventures.**

(Paragraph: 3.3.8.1(e))

- **Forty Community Organisers and 17 SHASU recovery assistants were employed (salary paid: Rs 17.59 lakh) without observing norms for appointment.**

(Paragraph: 3.3.11.1 (i) and (ii))

3.3.1 Introduction

Poverty alleviation has been one of the major goals of economic planning and for achieving this, various urban employment generation programmes were launched by the Government of India from time to time. The objective of these programmes was to provide employment to urban unemployed and underemployed poor, alleviate urban poverty, improve quality of life of urban poor and bring about a shift in sectoral distribution of work force through training and self employment. Nehru Rozgar Yojana (NRY), launched in October 1989, had been designed to provide employment through setting up of self employment ventures and provision of wage employment through creation of socially and economically useful assets and shelter upgradation. Prime Minister's Rozgar Yojana (PMRY) was introduced in October 1993 with the aim of providing employment to unemployed youth by setting up industry, service and business related micro enterprises. Subsequently, Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) was launched in November 1995 with emphasis on environmental improvement including improvement of hygiene and sanitation, shelter upgradation, community organisation and empowerment and strengthening of urban local bodies, etc. In December 1997 "Swarn Jayanti Shahri Rozgar Yojna" (SJSRY) was launched and all the ongoing urban poverty alleviation programmes/schemes except PMRY were merged into it.

While these schemes aimed at covering all the urban areas, the target group was urban poor with special emphasis on SC/ST beneficiaries. Thirty *per cent* of beneficiaries were to be women and 3 *per cent* physically disabled persons. PMRY was to cover all educated unemployed youth in the age group of 18-35 years with preference being given to women.

3.3.2 Organisational set up

Jammu Urban Development Agency (JUDA) and Urban Development Agency Kashmir (UDAK) were responsible for the implementation of the Programmes at divisional (Jammu, Kashmir) and district levels under the overall supervision of Housing and Urban Development Department

(H&UDD). The State Urban Development Agency (SUDA) and District Urban Development Agencies (DUDAs) constituted[≡] (January 1998) for effective implementation and monitoring of the programme were non-functional as of March 2000 owing to non-provision of staff. In Jammu division, staff was provided for 2 district level agencies (Kathua, Udhampur) in April 1999 and additional charge of the 3 districts (Poonch, Rajouri, Doda) was entrusted to the two Project Officers. At the micro level, the Programmes were implemented by respective Town Area/Notified Area Committees (TACs/NACs).

PMRY was implemented by District Industries Centres and Director Employment at the district and State level respectively.

3.3.3 Audit coverage

The implementation of the Programme was reviewed in audit during December 1999 to April 2000 through test-check of the records of Housing and Urban Development Department, Directorate of Employment, two each divisional (Jammu, Kashmir) and district level (Kathua, Udhampur) agencies, 9[*] out of 33 TACs/NACs in Jammu Division and 4[®] out of 14 District Industries Centres for the period 1995-2000. Results thereof, supplemented by information obtained from 3[φ] lead banks and their 8[&] branches in Jammu/Srinagar, are brought out in the succeeding paragraphs.

3.3.4 Financial Outlay and expenditure

3.3.4.1 Funding pattern

The expenditure under NRY and PMIUPEP was to be shared between Central and State Governments on 60:40 basis except for certain components, for which 100 *per cent* assistance was released by Central Government and SJSRY was funded on 75:25 basis. PMRY was, however, funded entirely by Government of India. Major components of these schemes are credit linked/financed by banks/HUDCO and part of the project cost was met by the subsidy as indicated below:

≡ Except in Leh and Kargil Districts
* Bishnah, Bari Brahmna, Ghomansa, Kathua, Parole, R.S. Pura, Ramgarh, Samba and Udhampur.
® Srinagar, Jammu, Kathua and Udhampur
φ Punjab National Bank, State Bank of India, Jammu and Kashmir Bank.
& Punjab National Bank: Shastri Nagar, Canal Road, Batmaloo; State Bank of India: Rehari, Janipur; Jammu and Kashmir Bank: Nanak Nagar, Nai Basti, Talab Tiloo

	Scheme	Project cost ceiling	Subsidy allowed	Admissible loan amount
(i)	NRY (setting up of micro enterprises and employment through shelter upgradation)	-	25 *per cent* subject to maximum of Rs 1000 to Rs 4000 per beneficiary	75 *per cent* of project cost
(ii)	PMIUPEP	Rs. 0.50 lakh	15 *per cent* of project cost subject to maximum of Rs 7500 to be credited against loan account	95 *per cent* and remaining 5 *per cent* was to be contributed by the beneficiaries as margin money.
(iii)	SJSRY	Rs 0.50 lakh	-do-	-do-
(iv)	PMRY	Rs. 1.00 lakh	-do-	-do-

3.3.4.2 *Release of grants*

The position of funds released by Government of India and State Government and expenditure incurred thereagainst during the period 1995-96 to 1999-2000 was as under:

(Rupees in crore)

Year	Total opening unspent balance	Funds released		Total funds available	Expenditure	Closing balance	Percentage of closing balance to total funds available
		GOI	State Govt.				
1995-96	3.23 (0.16)	2.43 (0.28)	0.40 -	6.06 (0.44)	1.29 (0.14)	4.77 (0.30)	79 (68)
1996-97	4.77 (0.30)	2.09 (0.17)	0.66 -	7.52 (0.47)	0.82 (0.09)	6.70 (0.38)	89 (81)
1997-98	6.70 (0.38)	1.99 (0.02)	1.28 -	10.45ℵ (0.40)	1.46 (0.11)	8.99 (0.29)	86 (73)
1998-99	8.99 (0.29)	0.73 (0.01)	0.52 -	10.24 (0.30)	2.48 (0.13)	7.76 (0.17)	76 (57)
1999-2000	7.76 (0.17)	0.15 (0.08)	1.43 -	9.34 (0.25)	2.57 (0.05)	6.77 (0.20)	72 (80)
Total		**7.39 (0.56)**	**4.29 -**	**43.61 (1.86)**	**8.62 (0.52)**		

(Position of funds under PMRY in brackets)

Scheme-wise position of grants released by Central/State Governments and expenditure incurred thereagainst is indicated in *Appendix*-13. Percentage utilisation of available funds under NRY/PMIUPEP/SJSRY during the years from 1995-96 to 1999-2000 ranged between 11 and 28 and between 19 and 43 in case of PMRY. Poor utilisation of funds resulted in increase of unspent balances from Rs 3.23 crore at the end of March 1995 to Rs 6.77 crore (increase of 110 *per cent*) at the end of March 2000 with the implementing agencies.

ℵ Includes Rs 0.48 crore representing the unspent closing balance under UBSP transferred to SJSRY after closure of scheme from December 1997

Poor utilisation of funds and delay in selection of beneficiaries

Poor utilisation of funds, as seen in audit, was mainly due to release of only 16 to 57 *per cent* of available funds under NRY, PMIUPEP and SJSRY by the Nodal Agency (Housing and Urban Development Department) to the implementing agencies during the period 1995-2000 besides, tardy progress in selection of beneficiaries and sponsoring cases to banks and also large scale rejection (47 to 63 *per cent*) of the sponsored cases by banks as discussed in succeeding paragraphs.

3.3.4.3 Delay in release of funds

Release of funds to implementing agencies delayed by 4 to 12 months

Grants received from the Central Government were to be provided to Housing and Urban Development Department/implementing agencies promptly without any delay. Test-check revealed that funds aggregating Rs 4.44 crore released by the Government of India under PMIUPEP and NRY (Rs 3.96 crore) and PMRY (Rs 0.48 crore) during November 1995 to October 1999 were released by the Finance Department to the implementing agencies after delay of 4 to 12 months. Further, Rs 1.44 crore received during April 1998 to October 1999 under SJSRY (Rs 1.36 crore) and PMRY (Rs 0.08 crore) had not been released as of April 2000.

Rs 1.34 crore blocked for over two years

Test-check further revealed that funds aggregating Rs 1.34 crore released in favour of H&UDD* on 30 March 1998 were converted into a *Hundi*ᴪ and had not been encashed up to April 2000. This resulted in blocking of Rs 1.34 crore outside Government accounts for over two years and loss of interest of Rs 25.17 lakh at the minimum rate of 9 *per cent* realised on investment made by the H&UDD.

3.3.4.4 Non-release of State's share in full

Matching state share of Rs 1.21 crore not released

Subsequent to the merging of NRY and PMIUPEP into SJSRY, the State Government was to ensure that the amount of its share due under these schemes was released in full by 30 November 1997. Test-check, however, revealed that matching share was not fully released by the State Government and shortfall at the end of April 2000 amounted to Rs 1.21 crore.

3.3.4.5 Advances treated as final expenditure

An amount of Rs 51.48 lakh advanced to 40ϒ TACs/NACs (Jammu: 32, Kashmir: 8), etc. for execution of works under wage employment programme during 1995-96 to 1999-2000 was treated as final expenditure under UWEPℵ by Urban Development Agencies (JUDA, UDAK and DUDAs) without

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* Housing and Urban Development Department

ᴪ Government Promissory Note

ϒ Main defaulting TACs/NACs: NAC Doda: Rs 2.05 lakh; Ganderbal: Rs 2.75 lakh; Handwara: Rs 2 lakh; Khansahib: Rs 2.40 lakh and Executive Officer Poonch: Rs 15 lakh

ℵ Urban Wage Employment Programme

obtaining the adjustment accounts or details of expenditure from the concerned agencies.

Similarly under SJSRY/NRY, Rs 1.12 crore were released by UDAK to various banks during the period from 1995-96 to 1998-99 towards subsidy component in respect of cases sponsored by it for grant of institutional finance. The subsidy amount deposited in banks had been booked as expenditure without conducting any reconciliation with the banks for ascertaining the amounts actually adjusted and those lying unutilised with banks.

3.3.4.6 Diversion and misutilisation of funds

Diversion of Rs 1.09 crore for activities/items outside the scope of the programme

The guidelines of NRY, PMIUPEP and PMRY prohibit diversion of funds from one scheme to another and the funds were not to be utilised on other activities. Interest earned on unspent balances of programme funds was to be utilised for providing infrastructure support to beneficiaries. It was, however, seen in test-check that funds amounting to Rs 1.09$^{\otimes}$ crore were diverted and utilised on activities/items outside the purview/scope of the programmes as detailed below:

(Rupees in lakh)

S.No	Year	Agency	Amount	Purpose for which diverted
1.	1998-99	UDAK	11.31	Purchase of vehicles, camera, computers for Minister of H&UDD, Dy. Director (P&S) H&UDD and Administrator Municipality
2.	1995-96 to 1999-2000	DICs Srinagar, Jammu and Kathua H&UDD, UDAK	11.16	Payment of Telephone bills for telephones installed at residences of Ministers/ Commissioner Secretary H&UDD, purchase of furniture, office material, POL and clearance of liabilities of SULB$^{\phi}$
3.	1995-96	JUDA	0.17	Purchase of colour TV for District Development Commissioner Doda
4.	1998-2000	UDAK	34.16	Repayment of HUDCO Loan
5.	1998-99	H&UDD	9.49	On account of payment of honorarium to Dy. Secretary, Dy. Director (P&S), Private Secretary to Minister of H&UDD; Incharge Co-ordination of UBSP, Director Local Bodies and Payment of salaries to Dharat Inspector, Community Organisers
6.	1997-98	UDAK and JUDA	16.52	Payment of subsidy under NRY on SUME$^{®}$ out of PMIUPEP funds and on SHASU training out of UBSP$^{\psi}$ funds, etc
7.	1997-98	JUDA and UBSP	4.21	Loan to Poonch Municipality for meeting expenditure
8.	1997-98 to 1998-99	JUDA	22.23	Extension in duration of training courses run by Private institutions
	Total		**109.25**	

$\otimes$ Includes Rs 75.23 lakh earned as interest on deposits of unspent programme funds

ϕ Strengthening of Urban Local Bodies

® Scheme of Urban Micro Enterprises

ψ Urban Basic Services Programme

It was further observed that a vehicle purchased (May 1999) at a cost of Rs 3.89 lakh by CEO, UDAK to meet increased urgent work load in the field was actually placed at the disposal of personal section of Minister for H&UDD though vehicles for Ministers and personal staff were already provided from General Pool of the Government. Besides, out of Rs 4.20 lakh advanced to the dealer for purchase of vehicle, unspent balance of Rs 0.31 lakh had not been refunded as of December 1999. Similarly, a video camera purchased by UDAK in October 1998 at a cost of Rs 0.72 lakh for keeping evidence of various events and assets created was also placed at the disposal of personal section of Minister of H&UDD.

3.3.4.7 Non-submission of utilisation certificates

Utilisation certificates for funds released during 1995-96 to 1999-2000 under NRY and SJSRY were not submitted to Government of India. The State Government, while submitting the utilisation certificates up to 1997-98 for PMIUPEP had, however, reported (August 1998) a total expenditure of Rs 36.81 lakh (Rs 22 lakh out of Central and Rs 14.81 lakh out of State funds) though expenditure of only Rs 17.38 lakh was actually incurred. Further, it was seen that accounts had not been compiled by UDAK from 1992-93 and by JUDA from 1998-99 for audit/certification by chartered accountants. None of the implementing agencies including Urban Local Bodies (ULBs) had maintained separate cash books for each sub-scheme/component. Funds were being released to implementing agencies in a routine manner year after year without insisting upon submission of utilisation certificates.

3.3.5 Planning

Surveys for identification of target groups not conducted

Desirability of integrating all allied urban wage employment programmes not considered

For ensuring effective and purposeful implementation of the Urban poverty alleviation programmes, identification of target groups including Urban Poor Clusters, pockets of concentration of SCs/STs and other economically backward classes through surveys was a pre-requisite. The surveys would indicate, *inter-alia*, the income level of identified beneficiaries, their socio-economic status and spatial constraints in terms of potential access of Urban Poor to basic services, etc. No such surveys had been conducted for mapping or marking out of thrust areas. The desirability of integrating all the allied urban wage employment programmes having same components, objectives and target groups for avoiding overlapping and duplication of administrative machinery had also not been considered at any level. Similarly, mechanism for providing assistance in procurement/supply of raw-material to the beneficiaries and marketing tie-ups, as envisaged under the programme, had not been set-up. A proper system for determining the magnitude of unemployment among urban-poor had also not been evolved.

Shelf of projects based on felt needs not prepared

Besides, shelf of projects based on felt needs of the people, prioritisation of works/areas and action plan had not been prepared. With a view to ensuring and promoting community empowerment, the guidelines of the programmes envisaged constitution of Town Urban Poverty Eradication cells, Neighbourhood Groups (NHGs), Neighbourhood Committees (NHCs) and Community Development Societies (CDS) which were to be focal point for identification of beneficiaries, processing of applications, identification of viable projects and monitoring of recoveries, etc. The envisaged committees had not, however, been constituted due to which the intended objective of promoting community empowerment was not achieved.

3.3.5.1 Identification of beneficiaries

Ineligible persons assisted

Identification of individual beneficiaries on the basis of house to house surveys had not been done except by Jammu Municipality and TAC Udhampur. Selection of the beneficiaries was, however, done on the basis of an affidavit obtained from the beneficiaries affirming their "Below Poverty Line status" and income certificates from gazetted officers. In absence of surveys and details of economic status of beneficiaries, the correctness of providing assistance to the targetted beneficiaries could not be established in audit. A general review of the 990 assisted cases (including 370 cases under PMRY) revealed that in 533 cases (54 *per cent*) assistance had been extended to ineligible persons as indicated below:

Beneficiaries covered included persons Above Poverty Line and children/spouse of serving/retired Government servants

(i) Cross check of the particulars of 60 beneficiaries sponsored for training and self employment with the lists maintained by JUDA revealed that only one beneficiary figured in the survey list. Similarly, in 23 test-checked cases of TAC Udhampur, though the beneficiaries covered did not figure in the survey lists their cases had been sponsored by JUDA for assistance on the grounds of "their being below poverty line and that these were identified and would be included in the supplementary survey lists".

(ii) 114 beneficiaries with 'Above Poverty Line' ration cards had been sponsored for assistance.

(iii) 142 individuals (including 10 under PMRY) having established shops/business were sponsored for expansion/improvement of their existing business.

(iv) 162 individuals declaring immovable property worth lakhs were sponsored.

(v) 49 cases of children/spouses of Government servants/retired Government servants were sponsored under PMRY.

(vi) 7 beneficiaries with educational qualifications of above IX class had been sponsored for self employment ventures irregularly under SJSRY.

Thus, by sponsoring 533 ineligible persons equal number of deserving needy persons were deprived of the intended benefits of the schemes.

3.3.6 Self Employment through setting up of Micro Enterprise and Skill Development

3.3.6.1 Under this component the identified beneficiaries were to be provided financial assistance in the form of subsidy at varying rates and institutional finance through public sector banks for setting up of self-employment ventures. The overall position of targets fixed and achievements made under self-employment component of NRY, PMIUPEP and SJSRY and PMRY[ϕ] during the period 1995-2000 was as under:

NRY, PMIUPEP and SJSRY

(Rupees in lakh)

Year	Target		No. of cases sponsored	Cases returned/ rejected by banks or pending	Cases sanctioned (percentage of cases sanctioned to cases sponsored)	Amount of Loan disbursed and subsidy released to banks		
						Cases	Loan	Subsidy
1995-96	J	850	917	408	509 (56)	440	53.25	17.28
	U	1036	1022	456	566 (55)	NA	NA	22.50
1996-97	J	766	721	345	376 (52)	318	36.83	12.20
	U	1006	1391	964	427 (31)	NA	NA	17.08
1997-98	J	2022	1214	832	382 (31)	264	41.26	10.81
	U	1500	1183	466	717 (61)	NA	NA	32.11
1998-99	J	2200	2528	1643	885 (35)	690	250	45.84
	U	3237	2297	1351	946 (41)	NA	NA	71.61
1999-2000	J	2175	2313	1531	782 (34)	653	NA	41.59
	U	3262	1999[■]	956	1043 (52)	453	NA	64.60

(J: JUDA; U:UDAK)

PMRY

Year	Target	Applications		Cases sanctioned		Amount of Loan disbursed (In lakh rupees)	
		Received	Sponsored	Number	Amount	Number	Amount
1995-96	3100	8283	5588	2586 (46)	1727.60	862	653.08
1996-97	3500	6832	4094	1632 (40)	1333.80	817	663.87
1997-98	5000	8114	4940	2637 (53)	2056.07	1501	760.05
1998-99	5000	7862	5717	2950 (52)	2397.49	1974	1488.04
1999-2000	5000	NA	7421	2774 (37)	2432.87	2000	1427.54
Total	21600	-	27760	12579 (45)	9947.83	7154	4992.58

(Figures in bracket represent percentage of cases sanctioned to cases sponsored)

ϕ Implemented in both rural and urban areas

■ 3300 cases as per records of Administrative Department (Housing and Urban Development Department)

Shortfall in setting up of self-employment enterprises

There was shortfall in achievement of targets fixed for setting up of self-employment enterprises. Urban Development Agency Kashmir had not monitored the details of cases in which loans had been sanctioned/released by financial institutions. In Jammu region, against a target of setting up 8013 units under NRY, PMIUPEP and SJSRY during the period 1995-96 to 1999-2000, loan had been disbursed in only 2365 cases (30 *per cent*). Similarly, under PMRY achievement was only 33 *per cent* as loan had been disbursed for setting up 7154 units against 21600 cases targeted. Test-check revealed that the percentage of cases returned/rejected or pending with banks compared to cases sponsored during the period 1995-96 to 1999-2000 was very high and ranged between 47 and 63 under PMRY and 39 to 69 under NRY, PMIUPEP and SJSRY. Poor performance was attributed by the Department and Urban Development Agencies to poor response from banks. However, the main reasons for rejection of loan cases by the banks as seen in audit were: -(i) non-viability of the projects (ii) loans having already been availed of by the beneficiaries or their family members under other schemes and having defaulted in repayment (iii) beneficiaries having established units and being gainfully employed (iv) beneficiaries or their parents being already employed either in Government Service or in other organised sector (v) income of identified beneficiaries being more than the prescribed ceiling and (vi) beneficiaries not coming forward for completion of requisite formalities at bank. This indicated defective system of selection of beneficiaries and improper/ inadequate planning as already mentioned at para 3.3.5.1. Had identification of beneficiaries been done properly, considerable number of eligible persons could have been benefited under the Programme.

Percentage of cases returned/rejected/ pending with banks high

The operational guidelines of PMRY stipulated that number of applications sponsored to the banks should be around 100 *per cent* more than the target to take care of rejections by the banks. It was seen that the number of applications actually sponsored by executing agencies during 1997-98 was less than the target fixed and only 80, 17, 14 and 48 *per cent* more than the targets fixed during the years 1995-96, 1996-97, 1998-99 and 1999-2000 respectively.

43 *per cent* cases sanctioned by bank did not avail loan

The number of cases sponsored, sanctioned and loan disbursed as reported by DICs®, Director Employment and lead banks were found to be at variance with each other and variations had not been reconciled (April 2000). The details of variations are given in *Appendix*-14. The figures communicated by executing agencies to nodal department and to Government of India were not, thus, correct. It was also seen that out of 12579 cases sanctioned by banks for grant of loan; only 7154 (57 *per cent*) had availed of loan facilities which was attributed by the banks to delay in release of subsidy by implementing agencies and the beneficiaries not turning up after loans were sanctioned in their favour.

® District Industries Centres

3.3.6.2 Selection of activities

Ventures set up in 2 to 4 activities only against 36 to 137 activities identified for self employment

Under PMRY not more than 30 *per cent* of self employment ventures were to be set up in business sector. Audit scrutiny in test-checked districts, however, revealed that 62 to 77 *per cent* of ventures had been set up in business sector alone. Test-check of 1032 self employment ventures set up under NRY, PMIUPEP and SJSRY revealed that 423 provision stores (41 *per cent*), 104 readymade garment (10 *per cent*) and 88 cutting and tailoring (9 *per cent*) units had been set up and manufacturing and service sectors were largely ignored. The majority of self employment ventures had been set up under 2-4 activities only against 36 to 137 activities identified under various schemes of the programme. The objective of providing employment to the cross section of the society depending upon their traditional skills and aptitudes, etc. was not, thus, achieved fully.

3.3.6.3 Delay in disbursement of loans

There was considerable delay ranging up to 30 months in sanctioning of cases by banks as indicated below:

Agency	NO. of cases checked	Extent of delay in months				
		3-6	6-9	9-12	12-18	18-30
JUDA	248	163	44	26	14	1

The delay was indicative of lack of co-ordination and follow up action by concerned agency with banks concerned. No such information was available in the case of UDAK as the banks had not furnished details.

3.3.6.4 Coverage of SC/ST/OBC and women beneficiaries

Low coverage of women, SCs/STs and OBCs

The schemes envisaged that 30, 22.5 and 27 *per cent* of the beneficiaries should be women, SCs/STs and OBCs respectively so that basic change in their socio-economic profile/status could be brought about. However, it was noticed that prescribed percentage of coverage for women, SCs/STs and OBCs in test-checked districts was not followed. The actual coverage ranged between 4 and 12 *per cent* for women beneficiaries, 2 and 12 *per cent* for SCs/STs and nil and 7 *per cent* for OBCs. Reasons for low coverage were not intimated to Audit. Failure to cover the prescribed percentage of the special target groups had defeated the very basic objective of the programme.

3.3.6.5 Repayment of loans and functional status of units

Physical verification of established self employment ventures not conducted

Subsequent to release of loan to the beneficiaries and crediting of subsidy to their loan accounts for setting up of self-employment ventures, none of the implementing agencies had conducted physical verification for ascertaining whether the beneficiaries had actually set up the intended units and assessing their functional health for gainful employment. Thus, proper utilisation of loan of Rs 53.74 crore paid during 1995-96 to 1999-2000 and crediting of subsidy amounting to Rs 3.36[♠] crore granted during the same period could not be ensured. None of the lead banks had maintained consolidated record for monitoring the status of repayment of loans by the assisted beneficiaries. Test-check of the position of repayment of loans in 550 cases in two districts (Jammu and Srinagar) as on 31 March 2000 revealed that 297 beneficiaries constituting 54 *per cent* of the sample to whom loan assistance of Rs 1.40 crore had been released, had defaulted in its repayment. The banks had registered 216 of these cases (Rs 89.93 lakh) as non-performing assets.

54 *per cent* loanees defaulted in repayment

A survey of 196 assisted micro enterprises conducted by DIC Udhampur during 1999-2000 revealed that 23 units (12 *per cent*) were closed and non-traceable, 52 units (27 *per cent*) were non-functional and 74 units (4 *per cent*) had not been established at all. The impact of the setting up of self employment units in the remaining 57 *per cent* cases on improving the financial status of identified beneficiaries and incremental income generated, etc. had not been assessed or monitored.

43 *per cent* assisted enterprises non-traceable/non-functional/not established

3.3.7 Development of Women and Children in Urban Areas (DWCUA) and constitution of Thrift and Credit societies

With a view to empowering urban poor women and making them economically independent and creating congenial atmosphere for their self employment, the SJSRY envisaged grant of subsidy of Rs 1.25 lakh or 50 *per cent* of project cost to urban poor women desirous of setting up self employment ventures in groups in areas suited to their skill, training, aptitude and local conditions. These groups were further entitled to grant of Rs 25000 as revolving fund for purchase of raw material, etc. in case they organised themselves into a Thrift and Credit society. The position of availability of funds and expenditure incurred thereagainst during 1997-98 to 1999-2000 was as under:-

(Rupees in lakh)

	DWCUA				Thrift and Credit societies			
	Financial		Physical		Financial		Physical	
	Allocation	Expenditure	Targets	Achievements	Allocation	Expenditure	Targets	Achievements
JUDA	14.20	6.39	103	8	1.30	0.11	97	1
UDAK	66.58	Nil	214	Nil	14.50	Nil	200	Nil
DUDAs	1.50	1.25	NA	1	0.31	0.11	NA	1
Total	**82.28**	**7.64**	**317**	**9**	**16.11**	**0.22**	**297**	**2**

As would be seen, the financial and physical achievements were very poor and only 9 (3 *per cent)* out of 317 targetted DWCUA groups and 2 (1 *per cent*) out of 297 targetted Thrift and Credit societies had been set up despite availability of sufficient funds with the implementing agencies. This depicted lack of motivation in establishing and promoting community organisations and structures so as to provide supporting mechanism for local development.

Very low achievements in setting up of DWCUA groups and Thrift and Credit societies despite availability of sufficient funds

♠ Excludes figures of subsidy released in case of PMRY

Test-check further revealed that out of 9 DWCUA assisted groups, subsidy of Rs 1.15 lakh and Rs 1.25 lakh was released by JUDA to 2 groups which had already set up self employment ventures after obtaining financial assistance from State Women Development Corporation under *Rashtriya Mahila Kosh Scheme*. The prescribed guidelines regarding electing an organiser from amongst the group had also not been followed in the two cases as the proprietors of the training centres had been elected as organisers and authorised to manage the groups.

3.3.8 Training for skill upgradation

3.3.8.1 NRY, PMIUPEP and SJSRY envisaged providing training to beneficiaries for acquisition and upgradation of skills in a variety of services, manufacturing trades as well as local skills and crafts to enable them to set up self employment ventures or seek employment with better wages. Under PMRY the training was to be imparted to such beneficiaries who had been sanctioned loans by banks for setting up self employment units. During 1995-96 to 1999-2000, 10947 identified beneficiaries had been imparted training in different skills/trades under SUME, USEP* and SHASU≠ at an expenditure of Rs 1.56 crore. Following points were noticed in audit:

Training not imparted under SJSRY

Trainees identified/ nominated by private training centres, Ministers, MLAs/ MLCs, etc.

(a) The identification and selection of trainees was to be done on the basis of household survey and after assessing profile, aptitude and skills, etc. of the potential candidates. No plans were formulated by the agencies for imparting training to upgrade the skills of selected beneficiaries. While the selected beneficiaries under PMRY were imparted training before release of loans, no such training was imparted under SJSRY. In Jammu division trainees had, however, been identified, selected and sponsored by private training centres. These training centres had either forwarded lists of selected trainees to JUDA for approval or submitted lists of trainees, reportedly trained, for disbursement of training expenses. In Kashmir division out of 64 test-checked training courses, the trainees were nominated by Ministers in 6 cases, MLAs/MLCs in 31 cases, functionaries of political parties and religious and social trusts in 7 cases, owners of private training centres in 11 cases and by others in 9 cases. Selection of training centres/trainees had also been done on the recommendation of these agencies. Though UDAK had, after sanction of courses, called for proper applications with photographs of beneficiaries, etc. no such records/details were ever called for/obtained by JUDA. Records did not indicate that the implementing agencies had conducted, at any stage, any assessment/survey of the infrastructural facilities including faculty available and training modules devised, etc. in these private training institutes.

Guidelines of the schemes had suggested imparting of training through ITIs, Polytechnics, Shramik Vidyapeeths, Engineering Colleges and building

* Urban Self Employment Programme

≠ Scheme for Housing and Shelter Upgradation

Training not imparted through Government/ voluntary organisations

Training imparted at private institutes which lacked expertise/infrastucture

centres of the State and other suitable training institutions run by Government/private or voluntary organisations. No efforts had been made to involve Government ITIs, Polytechnics, etc. in the training programme for utilising their available capacity despite some of these institutions having volunteered to impart such training. Similarly, a large number of training courses were conducted in handicrafts, cutting, tailoring, etc. through private training institutes despite the fact that State Handicrafts and Social Welfare Department had sufficient infrastructure and outreach with over 600 training centres in these trades/crafts spread over the entire State. Only in Udhampur district one training course for 20 beneficiaries was conducted in 1999-2000 through Handicrafts Department which was in progress as of April 2000. The profile of the private training institutes commissioned for imparting training revealed that these bodies lacked, *prima-facie*, the requisite expertise, infrastructure and did not fulfil the prescribed criteria. Details of some such cases are indicated in the following table:

(Rupees in lakh)

S.No	Name of the training institute	No of candidates/ courses	Trade	Period	Training expenses	Remarks
1.	Timber Merchant and General Order Supplier Jammu	140	Carpentry	1996-98	2.35	The Institute was functioning as a commission agent
2.	Industrial unit engaged in manufacture of steel doors and windows	2 training courses (50 candidates)	Electric fitting	1996-97	0.75	Unit was actually dealing in manufacture of doors/windows/ fan boxes
3.	Four shop keepers of Rajouri engaged in trading of hardware, paint, manufacture of furniture, etc.	50 candidates	Brick Making/Carpentry/ Welding and shoe repairs	1995-96	0.75	General order suppliers
4.	Private Polytechnic at Baramulla recognised for 3 year Diploma courses in Computer, Agriculture, instrumentation, Dairy and Pharmacy	19 courses (496 candidates)	Cutting and tailoring, Radio/ TV repairs, Carpentry, Plumbing, etc.	1996-97 to 1999-2000	7.53	Though the polytechnic is functional at Baramulla, the courses were conducted at Srinagar
5.	Private Institute at R.S.Pora recognised for stenography, Computer, Electric trade and Draftsman/ Surveyors Course	6 courses (120 candidates)	Plumbing, Painting and glass fittings, etc.	1996-97	2.25[ϕ]	The private institute was not registered for the trade in which training was imparted

Similarly, a training centre of Jammu advertising itself as a coaching centre for Medical/Engineering Entrance Examination, private tuitions for class IX to XII and English speaking courses, was allotted training courses in various trades including handicrafts, fashion and dress designing for a consideration of Rs 6.33 lakh. In view of above, the efficacy and genuineness of the total expenditure of Rs 19.96 lakh was, therefore, doubtful.

ϕ Includes amount of Rs 0.25 lakh for infrastructural support for each course

(b) Contrary to the approved pattern of the schemes, the prescribed duration of 3 to 6 months (minimum of 300 hours) of each training course was extended by JUDA during 1997-98 and 1998-99 in 14 cases from 6 months to 1 year in favour of some selected institutions resulting in extra expenditure of Rs 17.03 lakh. The same courses had been conducted through other training centres for 3 months only. The extra expenditure on such courses was met by diversion of interest income earned on deposit of unspent programme funds. Three such training centres were also reimbursed non-recurring expenses of Rs 1.32 lakh during each year in 1997-98 and 1998-99 for purchase of sewing machines, tools and equipment and furniture.

(c) There was no uniformity in the payment of training expenses to training centres. In the Valley area training allowance ranging from Rs 0.36 lakh to Rs 0.50 lakh per batch of 25 trainees was paid to training centres based on an analysis of requirement of raw material, instructors fee, stipend, etc. However, in Jammu division Rs 0.50 lakh had been paid uniformly for all identical courses without any analysis/break-up of actual requirement. Consequently, the training institutions, while submitting detailed accounts showed varying rates of stipend, instructors fee, etc. for similar courses apart from including items such as salary of chowkidar, peon, rent of premises, purchase of POL, etc. in order to account for entire amount of Rs 0.50 lakh.

(d) Finished products generated in training centres were to be deposited with the implementing agencies. In 15 test-checked cases in Kashmir division final payment was released by UDAK to training centres without obtaining the finished goods. In Jammu division there was no system of receiving back finished products although in 30 of the test-checked cases raw material valuing Rs 5.92 lakh had reportedly been consumed. Consequently, proper system for control over consumption of raw material was not exercised nor could the quality of training be monitored.

Objective of imparting skill upgradation training not achieved

(e) None of the beneficiaries imparted training under the programmes had set up self employment ventures under SUME/USEP schemes except for 2 DWCUA group societies. The basic objective of imparting training for skill upgradation to 10945 beneficiaries for employment was not, thus, achieved.

3.3.9 Urban Wage Employment Programme

3.3.9.1 The Urban Wage Employment component of the Programmes was designed to provide wage employment to urban poor beneficiaries through creation of socially and economically useful public assets. The works were to be executed by the identified urban poor beneficiaries or their groups/ associations, etc. The works to be executed related to low cost water supply, pour flush community latrines, community facilities like parks, play grounds, community centres, drainage related works, neighbourhood clinics and ICDS feeding centres, etc.

Against the funds of Rs 1.29 crore made available under wage employment programmes of NRY, PMIUPEP and SJSRY an amount of Rs 1.09 crore was released to the implementing agencies (JUDA: Rs 38.96 lakh; UDAK: Rs 60.88 lakh; DUDAs: Rs 9.30 lakh) during the years from 1995-96 to 1999-2000. The implementing agencies in turn released only 47 *per cent* funds aggregating Rs 51.48 lakh (JUDA: Rs 29.62 lakh; UDAK: Rs 10.41 lakh; DUDAs: Rs 11.45 lakh) to 32 and 9 TACs/NACs in Jammu and Kashmir areas for execution of various works and clearance of past liabilities (Rs. 6.48 lakh). Actual expenditure incurred by the local bodies, works executed and employment generated was not monitored at any level. Muster sheets had also not been maintained by any of Urban Development Agencies due to which the utilisation of funds for providing employment to urban poor could not be vouchsafed in audit. The local bodies were to draw up lists of basic minimum services available in their areas and identify missing basic services and other requirements of physical infrastructure. It was, however, seen that a proper system of identification and prioritisation of works to be taken up had not been evolved. The basis for selecting and taking up of works was not, thus, clear. Following further points were also noticed in test-check:

Details of expenditure incurred on execution of works and employment generated not monitored

Identification and prioritisation of works to be taken up not done

(i) No groups/associations of identified beneficiaries were framed as envisaged and works were executed mainly by contractors/*mates* resulting in part of programme funds being paid as profit to contractors/*mates*.

(ii) Against a variety of need-based useful assets to be created under the programme, construction of drains/lanes only had been undertaken in all the test-checked TACs/NACs.

Distribution of funds among TACs/NACs not uniform

(iii) There was no uniformity in the distribution of funds among TACs/NACs based on population. Test-check revealed that no funds had been provided to 25 TACs/NACs (Kashmir division) and 2 TACs/NACs (Jammu division) since 1995-96 till 1998-99. While 22 TACs/NACs in Jammu division were paid funds far in excess of amounts due on the basis of their population; less grants were released to four TACs/NACs.

(iv) Consolidated records of assets created under the programme had not been maintained at any level nor had the register of assets been maintained in any of the test-checked TACs/NACs.

3.3.10 Employment through Housing and Shelter Upgradation

3.3.10.1 Under this component economically weaker sections of the society were to be provided a loan assistance of Rs 4000 under NRY and Rs 10000 under PMIUPEP, at the interest rate of 10.5 *per cent* recoverable in 120 months and subsidy (25 *per cent* subject to a maximum of Rs 1000 under NRY and Rs 2500 under PMIUPEP) for construction or upgradation of their dwelling units utilising their own labour. While Jammu and Kashmir State Housing Board (JKHB) was the nodal agency for drawal of loan under the

Out of housing loan of Rs 5.35 crore obtained from HUDCO, Rs 3.85 crore only disbursed and balance invested in bank deposits

schemes from HUDCO up to December 1995, Chief Executive Officers of JUDA and UDAK were made the nodal officers thereafter. During the period November 1997 to March 1998 the State Government obtained loan of Rs 5.35 crore from HUDCO for further disbursement to identified beneficiaries. Against 11639 beneficiaries proposed to be covered under this scheme, loan had been sanctioned in 4419 cases (38 *per cent*). Test-check revealed that amount of loan actually disbursed during this period was Rs 3.85 crore only (subsidy amount: Rs 25.75 lakh) and the balance unspent amount of Rs 1.50 crore had been invested in bank deposits. Consolidated records indicating total number of beneficiaries identified under this component, number of persons to whom loan assistance/subsidy was paid and details of construction/ upgradation works executed had not been maintained at any level. Test-check of the records in various TACs/NACs, however, revealed as under:

(i) The loan assistance was released by JUDA to various TACs/NACs for further disbursement to the concerned beneficiaries. The assistance had, however, been disbursed after delays of 2-6 months from the date of receipt of funds. In case of NAC R.S. Pura and TAC Kathua amounts of Rs 1.59 lakh and Rs 0.75 lakh sanctioned in 24 cases and received in September 1999 and May 1999 respectively had not been released to the beneficiaries as of April 2000.

Irregular disbursement of loan assistance

(ii) In NAC Reasi, 28 State Government/Notified Area Committee employees had been provided loan of Rs 4000 each in June 1994 which was irregular. The outstanding loan amount of Rs 1.12 lakh alongwith interest of Rs 0.68 lakh was neither recovered nor any action initiated against officials responsible for the irregularity as of March 2000.

Loan sanctioned in 188 ineligible cases

(iii) Out of 200 cases test-checked in audit, loan had been sanctioned in 132 cases to such persons who were possessing *pucca* single or multi storey dwelling units and another 56 beneficiaries had 'Above Poverty Line' ration cards. It was also seen that application forms in majority of cases were generally blank in respect of columns seeking vital information regarding the socio-economic profile of the applicants having bearing on sanction of loans. Certificates of survey of the dwelling units by field staff of ULBs was not recorded on application forms in any of the TACs/NACs test-checked.

(iv) UDAK had not effected recovery of loan amounts in full from beneficiaries despite appointment of eleven Recovery Assistants. While an amount of Rs 4.81 lakh (against Rs 12.09 lakh as principal and Rs 7.19 lakh as interest due) was recovered up to November 1999, an expenditure of Rs 2.14 lakh was incurred on payment of wages to Recovery Assistants from October 1998 to November 1999. Accounts indicating loan amounts due for recovery from the beneficiaries along with interest had not been maintained by JUDA.

Out of Rs 6.25 lakh recovered from beneficiaries by 9 test-checked TACs/NACs during the period September 1998 to April 2000, an amount of Rs 3.51 lakh was remitted to JUDA and balance amount of Rs 2.74 lakh had been retained for periods ranging from 1 to 20 months. NAC Bishnah had utilised part of recovered loan (Rs. 0.13 lakh) on purchase of stationery.

3.3.11 Other Important points

3.3.11.1 Irregularity in appointments

Community organisers appointed on the recommendation of Minister without fixing eligible criteria

(i) Under SJSRY, a Community Organiser could be engaged for 2000 identified low income households for conducting survey of beneficiaries living below poverty line. The organisers were to be women as far as possible and they were to be appointed by transfer from any Government Department on deputation or by appointment on adhoc/contract basis. Test-check of records revealed that, without laying down any eligibility criteria i.e. qualification, etc. and without advertising the posts or inviting applications, etc., CEO, UDAK appointed 25 community organisers of which only 11 were women (salary paid: Rs 9.16 lakh) on a consolidated pay of Rs 2300 per month in November 1998 on the basis of list of names forwarded by Minister of H&UDD to CEO UDAK for issuance of orders. Orders were issued without verification of educational qualifications, etc. as a result of which it was subsequently found that even a non-matriculate had been appointed as community organiser who was eventually disengaged but at the same time appointed as Recovery Assistant under SHASU. In JUDA also 15 community organisers (7 women) were appointed (salary paid: Rs 4.30 lakh) in similar manner up to March 2000.

17 Recovery Assistants appointed on orders of Minister without creation of posts

(ii) Seventeen SHASU Recovery Assistants (11 in UDAK and 6 in JUDA) were engaged (salary paid: Rs 4.13 lakh) for recovery of loans, etc. on a consolidated pay of Rs 1650 per month from September 1998 to March 2000 on the orders of Minister of Housing and Urban Development Department without advertising the posts or obtaining sanction to the creation of posts from Planning and Finance Departments.

Irregular appointments made

(iii) Assistant Project Officer DUDA Baramulla and a videographer in UDAK were appointed (July 1999) on consolidated wages of Rs 5000 and Rs 3500 per month respectively. Their services were subsequently regularised in November 1999 and placed in regular grades of Rs 6500-10500 and Rs 4000-6000. Another person appointed as typist in H&UDD on consolidated wages was also regularised against the post of Junior Assistant in DUDA Pulwama and placed in the grade of Rs 4000-6000 from December 1999. The initial appointment and subsequent regularisation of the officials was made without observing prescribed recruitment procedures like advertising the posts, inviting applications and formal selection by competent authority.

3.3.12 *Monitoring and evaluation*

The programmes were neither monitored at State level nor at District level by any State Nodal Agency or Urban District Development Agencies.

Programmes not monitored/ evaluated

The impact of the Programmes on the alleviation of urban poverty had also not been evaluated at any stage by any Government or independent agency although Ministry of Industries, GOI had released Rs 0.50 lakh for evaluation of PMRY which had, however, not been utilised for the purpose.

The above points were reported to Government/Department in August 2000; reply had not been received (December 2000).

Planning and Development Department

3.4 Members of Parliament Local Area Development Scheme and Constituency Development Scheme

Highlights

Under the Members of Parliament Local Area Development and Constituency Development Schemes (MPLADS and CDS) the legislators had the choice of suggesting execution of works in their respective constituencies based on locally felt needs. The objective could not, however, largely be achieved due to non-utilisation of funds by the District Development Commissioners and delay in finalisation/approval of the cost estimates of individual works. Unauthorised diversion of scheme funds, delay in execution of works and retention of unspent balances by the implementing agencies contributed to the improper implementation of the schemes.

- **Out of Rs 33.50 crore and Rs 59.12 crore released under MPLADS and CDS respectively during 1996-2000, Rs 21.48 crore (64 *per cent*) and Rs 24.79 crore (42 *per cent*) remained unutilised at the end of March 2000.**

(Paragraph: 3.4.4)

- **Adjustment accounts for Rs 16.10 crore advanced during 1997-98 to 1999-2000 to implementing agencies for execution of works under CDS in four test-checked districts had not been obtained as of March 2000. Besides, unspent balance of Rs 49.65 lakh (MPLADS: Rs 9.53 lakh; CDS: Rs 40.12 lakh) in respect of 345 works (MPLADS: 74; CDS: 271) completed up to March 2000 had not been recovered from various implementing agencies as of July 2000.**

(Paragraph: 3.4.4 (b))

- **Rupees 48.85 lakh (MPLADS: Rs 30.16 lakh; CDS: Rs 18.69 lakh) were diverted in the test-checked districts on purchase of inventory, execution of soil conservation works for individual beneficiaries, etc. in contravention of the guidelines of the schemes.**

(Paragraph: 3.4.4 (c))

- **Of the 1954 works (MPLADS: 281; CDS: 1673) sanctioned during 1996-99, 143 works (MPLADS: 8; CDS: 135) (7 *per cent*) had not been started despite availability of funds. Further 287 works (16 *per cent*) out of 1811 works taken up during 1996-99 had not been completed** even after lapse of 13 to 38 months from the date(s) of release of funds for these works.

(Paragraphs: 3.4.5 and 3.4.6)

- **Four works, having estimated cost of Rs 25.03 lakh (3 MPLADS: Rs 24.03 lakh; 1 CDS: Rs 1.00 lakh) for which Rs 18.93 lakh (MPLADS: Rs 17.93 lakh; CDS: Rs 1.00 lakh) were released to the implementing agencies, had been abandoned after incurring an expenditure of Rs 7.73 lakh (MPLADS: Rs 7.07 lakh; CDS: Rs 0.66 lakh).**

(Paragraph: 3.4.7 (a) to 3.4.7 (d))

- **One hundred ninety nine works (estimated cost: Rs 2.56 crore) relating to places of religious worship (46), private institutions, trusts and registered societies, etc. (58) and repair and maintenance of existing assets (95) were irregularly taken up for execution in violation of the guidelines of the schemes.**

(Paragraph: 3.4.8)

- **Record of assets created under the two schemes had not been maintained.**

(Paragraph: 3.4.9)

- **The implementation of programme was not properly monitored nor had prescribed minimum 10 *per cent* of works been inspected.**

(Paragraph: 3.4.10)

Finance Inverse Tree

Total funds released to DDCs
MPLADS: Rs 33.50 crore
CDS: Rs 59.12 crore

Amount released to DDCs in constituencies/districts test-checked in audit
MPLADS: Rs 12.00 crore (35.82 *per cent*)
CDS: Rs 21.13 crore (36 *per cent*)

Amount released to implementing agencies by DDCs
MPLADS: Rs 9.18 crore (76.5 *per cent*)
CDS: Rs 16.10 crore (76.20 *per cent*)

Funds lying with DDCs
MPLADS: Rs 2.82 crore (23.50 *per cent*)
CDS : Rs 5.03 crore (23.80 *per cent*)

Amount lying with implementing agencies for works in progress
MPLADS: Rs 3.56 crore (38.78 *per cent*)
CDS: Rs 11.89 crore (73.85 *per cent*)

Actual expenditure incurred on completed works
MPLADS: Rs 5.22 crore (56.86 *per cent*)
CDS: Rs 3.62 crore (22.49 *per cent*)

Unspent amount lying with implementing agencies for completed works
MPLADS: Rs 0.10 crore (1.09 *per cent*)
CDS: Rs 0.40 crore (2.48 *per cent*)

Amount diverted for other purposes
MPLADS: Rs 0.30 crore (3.27 *per cent*)
CDS: Rs 0.19 crore (1.18 *per cent*)

3.4.1 Introduction

Members of Parliament Local Area Development Scheme (MPLADS) introduced during 1993-94 was implemented in the State from 1996-97 after Lok Sabha elections held in May 1996. Under this scheme, each Member of Parliament had the choice of suggesting to the District Development Commissioner small works of capital and developmental nature based on locally felt needs in his/her constituency within a cost limit of Rs 10 lakh in respect of each work and a total cost ceiling of Rs 1 crore in respect of the constituency as a whole (Rs 2 crore per year from 1998-99). Elected members of the Rajya Sabha were allowed to select works for implementation in one or more districts as they might choose. On the analogy of this scheme, the State

Government also introduced (April 1997) a Constituency Development Scheme (CDS) for the Members of Legislative Assembly and Legislative Council. Under CDS, each member had the choice of suggesting to the DDC[v] works within a cost limit of Rs one lakh for each work with a cost ceiling of Rs 25 lakh in a year for the constituency as a whole. In Jammu and Kashmir there are 6 Members of Lok Sabha, 4 of Rajya Sabha and 118 MLAs/MLCs.

3.4.2 Organisational set up

The schemes were implemented by DDCs through line departments including Block Development Officers and Local Bodies like Municipalities, etc. The State Planning and Development Department was the nodal agency for the overall control, supervision and co-ordination of the schemes at the State level.

3.4.3 Audit coverage

Implementation of the schemes during 1996-97 to 1999-2000 was reviewed in audit between October 1999 and February 2000 through test-check of records of Planning and Development Department at the State level and in 2[¢] constituencies each (40 *per cent*) out of 6 Lok Sabha and 4 Rajya Sabha Constituencies and 50 out of 118 MLAs/MLCs under CDS. The important points noticed are mentioned in the succeeding paragraphs.

3.4.4 Financial outlay and expenditure

While funds under MPLADS[♦] were provided to the respective DDCs directly by the Central Government, funds under CDS were released by the Planning/Finance Department to the DDCs. Funds released under these schemes were kept in separate bank accounts by each District Development Commissioner for release to different executing agencies from time to time. Interest received from the banks was also to be utilised for execution of works under the schemes.

Against Rs 33.50[ϕ] crore and Rs 59.12[*] crore released by Central and State Governments respectively during the period 1996-97 to 1999-2000[¢], expenditure of only Rs 12.02 crore (36 *per cent*) and Rs 34.33 crore (58 *per cent*) was incurred during the corresponding period. The shortfall in utilisation of funds was due to non-release of funds by the DDCs and tardy execution of works by implementing agencies as discussed in the following paragraphs. Failure of the DDCs to release funds to the implementing agencies was

[v] District Development Commissioner
[¢] Srinagar-Budgam; Jammu- Rajouri- Poonch
[♦] Members of Parliament Local Area Development Scheme
[ϕ] Year-wise break-up not available
[*] Excludes releases of Budgam, Poonch and Kargil districts for the year 1999-2000
[¢] Up to February 2000 in respect of MPLADS

attributed to the delays in selection of works by the legislators. The reasons offered were not entirely correct. The selected works were to be sanctioned by the DDCs within 45 days of their identification by the MPs. However, test-check revealed that 64 MPLADS works were sanctioned by the respective DDCs after delays up to 5 months. Further, funds for 79 works had been released to implementing agencies 4 to 15 months after the date (s) of sanctioning works. Test-check further revealed that 66 works sanctioned by DDC Jammu in April/September 1999, for which Rs 18.80 lakh were released to DDC Poonch in December 1999, had not been taken up (April 2000) as funds had not been released by DDC Poonch to the implementing agencies. Reasons for this were awaited (July 2000). This indicated that the poor utilisation of funds and tardy execution of works was mainly due to the failure of the DDCs to monitor and oversee the implementation of schemes closely. Following points also emerged as a result of audit analysis: -

Poor utilisation of funds and tardy execution of works

(a) Improper maintenance of records

The funds released under the scheme were to be kept separately for each MP/MLA in a saving bank account. The funds were, however, kept in current accounts in 2[#] and 11[¢] cases respectively under MPLADS and CDS. At the level of implementing agencies also separate records of MPLADS and CDS were not maintained in Rural Development Department due to which position of funds/expenditure was not separately identifiable. Test-check also revealed that cash books had not been maintained by DDCs Jammu and Udhampur for these funds nor was reconciliation of cheques issued to implementing agencies conducted in any of the test-checked districts. Bank reconciliation had also not been carried out at any stage. Due to this bank balance of Rs 3.58 lakh (MPLADS: Rs 1.47 lakh; CDS: Rs 2.11 lakh) appearing in accounts of Block Development Officer R.S.Pura (Jammu district) at the end of March 2000 was at variance with the balance of Rs 5.46 lakh (MPLADS: Rs 1.54 lakh; CDS: Rs 3.92 lakh) as per bank scrolls. Reasons for variations had not been investigated (July 2000).

(b) Non-rendition of detailed accounts

Detailed accounts for Rs 16.10 crore not obtained from 63 implementing agencies

Financial Rules of the State Government provide for submission of detailed accounts to the Accountant General in support of all advances drawn from the treasuries. The CDS funds are drawn from the treasuries by the respective DDCs and released to implementing agencies from whom detailed accounts are required to be obtained. In the test-checked districts, Rs 16.10 crore were advanced to 63 implementing agencies during 1997-98 to 1999-2000 but detailed accounts had not been obtained for scrutiny and submission to Accountant General. In respect of MPLADS, statements of expenditure required to be sent to the Accountant General by the end of May of the

DDC Srinagar and DDC Poonch
¢ DDC Srinagar

following year were not sent by any of the five test-checked DDCs. Utilisation certificates had also not been sent to Government of India in any case.

Unutilised funds of Rs 49.65 lakh in respect of completed works not refunded

Due to non-maintenance of proper accounts, refund of savings from completed works and interest money lying with implementing agencies had not been monitored. Test-check revealed that unutilised amount of Rs 49.65 lakh (MPLADS: Rs 9.53 lakh; CDS: Rs 40.12 lakh) was lying (July 2000) with various implementing agencies in respect of 345[ϕ] works completed as of March 2000. In another 7 CDS and 5 MPLADS works executed through BDO Purmandal, funds aggregating Rs 17.29 lakh (MPLADS: Rs 7.37 lakh; CDS: Rs 9.92 lakh) released up to March 2000 were shown as fully spent although actual expenditure was Rs 13.67 lakh only (MPLADS: Rs 3.99 lakh; CDS: Rs 9.68 lakh). Further, unutilised interest amount of Rs 34.65 lakh (MPLADS: Rs 17.97 lakh; CDS: Rs 16.68 lakh) was lying with the test-checked DDCs (Rs 32.84 lakh) and implementing agencies (Rs 1.81 lakh) as of March 2000 which had neither been utilised on sanctioned works nor refunded.

(c) Diversion of funds

Rs 48.85 lakh diverted on activities not covered under the schemes

The guidelines of the schemes prohibit utilisation of funds for incurring revenue expenditure, purchase of store/stock or creation of assets for individual beneficiaries. Works which were developmental in nature and resulted in creation of durable assets were only to be taken up for execution. Test-check, however, revealed that funds aggregating Rs 48.85 lakh (MPLADS: Rs 30.16 lakh; CDS: Rs 18.69 lakh) were unauthorisedly diverted and utilised during 1996-2000 on activities/ purchase of inventory, etc. as indicated below:

(Rs in lakh)

S.No	District	Purpose for which diverted	Amount	Scheme
1.	Srinagar, Jammu, Rajouri and Udhampur	Revenue expenditure including purchase of POL, shifting of electric sub-station, etc.	4.53	MPLADS: 2.29 CDS: 2.24
2.	Srinagar	Purchase of material for rehabilitation of victims of militancy	6.75	MPLADS
3.	Rajouri	Purchase of fax machines, electronic typewriter	0.95	CDS
4.	Jammu, Rajouri and Udhampur	Purchase of tipper, vehicle, computers and books.	10.12	MPLADS
5.	Jammu	Execution of Jawahar Rozgar Yojna works	11.00	MPLADS
6.	Udhampur	Soil conservation works for 253 individual beneficiaries	15.50	CDS
	Total		**48.85**	

ϕ MPLADS: 74; CDS: 271

Responsibility for diversion of funds and execution of works in violation of the guidelines of the two schemes had not been fixed nor had the amounts spent, unauthorisedly, been recouped (March 2000).

3.4.5 Physical performance

Physical and financial performance of works not monitored

The overall year-wise details of works suggested by MPs/MLAs/MLCs for execution, works sanctioned by DDCs with their cost estimates, funds released, expenditure incurred and physical status of these works was not monitored at any stage either by Planning and Development Department at the State level or by DDCs at district level. It was, however, noticed in audit that in the test-checked constituencies[ψ], out of 1954 works (MPLADS: 281; CDS: 1673) sanctioned during 1996-97 to 1998-99, only 1524 works (MPLADS: 206; CDS: 1318) constituting 78 *per cent* of the approved works had been completed up to March 2000. Of the remaining 430 works, 143 works (MPLADS: 8; CDS: 135) had not been taken up despite availability[ϕ] of Rs 0.80 crore, Rs 4.07 crore and Rs 2.76 crore with the DDCs at the end of March 1997, March 1998 and March 1999 respectively. Reasons for not taking up all the sanctioned works were awaited (April 2000).

3.4.6 Delay in execution of works

Works not taken up despite release of Rs 21.42 lakh

Under the schemes only those works are to be taken up which can generally be completed within one year. Test-check, however, revealed that out of 1811 works taken up during 1996-97 to 1998-99, 287 works (MPLADS: 67 works/estimated cost: Rs 14.87 crore; CDS: 220 works/estimated cost: Rs 4.75 crore) on which an expenditure of Rs 2.51 crore (MPLADS: Rs 0.82 crore; CDS: Rs 1.69 crore) had been incurred, were at different stages of execution even after lapse of 13 to 38 months from the date (s) of release of funds for these works. Reasons for delay had not been ascertained by the respective DDCs. Further, execution of 4 additional works under CDS (estimated cost: Rs 2.67 lakh) and 15 works under MPLADS (estimated cost: Rs 24.41 lakh), for which Rs 1.99 lakh and Rs 19.43 lakh were released during December 1997 to March 2000, had not been taken up as of March 2000. Reasons for not taking up these works even after the release of funds were not intimated.

ψ Excluding Srinagar-Budgam constituency

ϕ (Rs in crore)

Scheme	March 1997	March 1998	March 1999
MPLADS	0.80	0.63	1.35
CDS	-	3.44	1.41

3.4.7 Works taken up without obtaining administrative approval and technical sanction

Rs 4.43 crore released for 376 works without issue of administrative approval/technical sanction

The financial rules and guidelines of the two schemes provide that no work shall be taken up unless administratively approved and technically sanctioned. However, in Udhampur and Rajouri districts the respective DDCs released funds aggregating Rs 4.43 crore (MPLADS: Rs 1.66 crore; CDS: Rs 2.77 crore) for 376 works (MPLADS: 123; CDS: 253) during 1996-97 to 1999-2000 without issuing administrative approvals and obtaining technical sanctions.

According to the guidelines of the schemes, individual works costing not more than Rs 10 lakh per work under MPLADS and not more than Rs 1 lakh under CDS were to be taken up and deviations were to be made only in special/exceptional cases. Test-check, however, revealed that out of 3018 works (MPLADS: 748; CDS: 2270) sanctioned in the test-checked constituencies ending March 2000, 670 works (MPLADS: 5; CDS: 665) constituting 22 *per cent* of the total works were sanctioned at estimated cost exceeding the prescribed limits. These included two CDS works viz. 52 metre foot suspension bridge at Koughe in Udhampur district (estimated cost: Rs 44.39 lakh) for which Rs 2.50 lakh were released in 1998-99 and construction of high school building in Kishtwar (estimated cost: Rs 91.93 lakh) for which Rs 21 lakh had been released in September 1999. Reasons for taking up works in excess of the prescribed cost ceilings were not intimated.

The execution of works without obtaining administrative approval and technical sanction, improper/inadequate monitoring and co-ordination at various levels resulted in wasteful/infructuous expenditure. Some of the important instances are discussed below:

(a) DDC Jammu released Rs 1.09 lakh to Block Development Officer Dansal in April 1998 for execution of three works (construction of breast wall of high school Dansal; repair of Panchayat Ghar at Bamial; water tank at Khoda Mohalla Gujjran) under MPLADS. These works had, however, already been executed under other (State/Central plan) schemes. Out of Rs 1.09 lakh, an amount of Rs 0.86 lakh was refunded in April 2000 at the instance of Audit (December 1999) while Rs 0.23 lakh had yet to be recovered (July 2000).

(b) Construction of two rooms with verandah at SPM Rajput high school Jammu (estimated cost: Rs 9.70 lakh) was sanctioned by DDC Jammu under MPLADS in December 1997 and Rs 7.23 lakh were released to Executive Engineer, R&B Division No II, Jammu in March 1998. The work was allotted by R&B Division No II to J&KPCC® Ltd. (a Government Company) and Rs 7.23 lakh were advanced to it in August 1998. The work

® Jammu and Kashmir Project Construction Corporation

Wasteful expenditure of Rs 3 lakh on unauthorised execution of work

taken up by the Company in November 1998 was abandoned in February 1999, after an expenditure of Rs 3 lakh had been incurred, following objections raised by Jammu Municipality to the raising of the building as the drawings for its construction had not been got approved from them. The work had not been resumed up to March 2000. Another MPLADS work of constructing Surankote-Sangla road (estimated cost: Rs 10 lakh) for which Rs 7.45 lakh were released (June 1997) to Block Development Officer Surankote (Poonch district) had been abandoned due to land dispute rendering expenditure of Rs 3 lakh incurred up to March 2000 unfruitful. Another work relating to construction of approach road/drain of Gujjar Mohalla Ambedkar Chowk, Jammu (estimated cost: Rs 4.33 lakh) allotted (May 1998) to Jammu Municipality was abandoned in July 1998 after construction of 882 rft drain at a cost of Rs 1.07 lakh against Rs 3.25 lakh released to it in May 1998. Reasons for abandoning the work of construction of road were neither on record nor was the unspent balance recovered up to March 2000.

Unfruitful expenditure of Rs 4.07 lakh on abandoned works

(c) Construction of *bowli*-cum-bath room at Saroh (estimated cost: Rs 0.15 lakh), community centre at Sair (estimated cost: Rs 2 lakh) and community hall in village Chakli (estimated cost: Rs 0.30 lakh) in Rajouri district under CDS, for which funds were released in June 1998, had not been taken up due to land disputes and non-identification of alternative sites. Similarly, the work of constructing stadium/library at Bagnoti in Rajouri district (estimated cost: Rs 1.50 lakh) for which CDS funds were released in February 1999 without ensuring availability of land had also not been taken up (March 2000). Construction of a road from *bowli* behind airfield to Gujjar Basti, Dhanidhar (Rajouri district) for which Rs 1 lakh was released (April 1999) to Executive Engineer (R&B), Rajouri in anticipation of administrative approval and technical sanction, had to be abandoned due to land dispute with defence authorities and expenditure of Rs 0.66 lakh incurred up to October 1999 was rendered unfruitful.

Works not taken up due to land disputes/ non-identification of sites

(d) Audit scrutiny further revealed that three road works were also executed and were paid for by Block Development Officer Purmandal through *mates* under CDS in June 1998, March 1999 and April 1999. However, while making payment of final bills, cost of 15.61 Mt of bitumen (Rs 2.17 lakh) supplied departmentally had not been accounted for while arriving at actual payments due to the *mates*. This resulted in excess payment of Rs 2.17 lakh which had not been recovered (July 2000).

Excess payment of Rs 2.17 lakh

3.4.8 Execution of works not covered under the scheme

Works relating to places of religious worship, trusts, etc. sanctioned in violation of scheme guidelines

The scheme prohibits execution of works relating to places of religious worship, trusts, registered societies and private institutions. Repair and maintenance works are also not to be taken up. However, 46 works having estimated cost of Rs 50.75 lakh (19 MPLADS: Rs 30.17 lakh; 27 CDS: Rs 20.58 lakh) relating to places of religious worship suggested by MPs/MLAs/MLCs were sanctioned by respective DDCs and funds aggregating Rs 48.17 lakh (MPLADS: Rs 28.21 lakh; CDS: Rs 19.96 lakh) were released ending March 2000 in violation of the guidelines of the schemes. Further, 95 repair and maintenance works estimated to cost Rs 92.60 lakh (5 MPLADS: Rs 3.63 lakh; 90 CDS: Rs 88.97 lakh) were also taken up for execution in the test-checked districts ending March 2000 in violation of the guidelines of the schemes. Besides, 17 MPLADS works (estimated cost: Rs 47.12 lakh) and 41 CDS works (estimated cost: Rs 65.36 lakh) of land levelling and those pertaining to trusts, registered Societies and private institutions were also executed in violation of the guidelines. Reasons for taking up these works were not intimated.

3.4.9 Maintenance of Asset Registers

- **Data base of assets created not maintained**
- **Impact of assets created on development of constituencies not monitored**

Record of assets created/acquired under the schemes including computers and vehicles had not been maintained by District Development Commissioners in any of the test-checked districts reasons for which were not intimated. Completion reports of works executed had also not been obtained. In absence of these records, the position of assets created and whether these assets were handed over to line departments for maintenance was not monitored by the DDCs. The impact of the assets created on overall development of the constituencies and the needs of the general public had also not been monitored.

3.4.10 Monitoring

Implementation not monitored and no record of works inspected maintained

The State Planning and Development Department is to monitor the execution of works under the schemes. The DDCs are to visit and inspect at least 10 *per cent* of the works every year. Schedule of inspections prescribing the minimum number of field visits for each supervisory level of the implementing agencies was to be drawn up by the State Planning Department. State Planning Department had, however, neither prescribed any such schedules nor had issued any instructions to that effect (October 1999). The implementation of MPLADS was not monitored at all by the Planning and Development Department except for holding one meeting at State level in March 1999. In the test-checked districts, the prescribed 10 *per cent* inspection of works was not carried out by the DDCs and no record of inspections, if any, carried out was kept. No record of inspections carried out by each supervisory level was also maintained. Work registers had also not been maintained by the DDCs.

The above points were reported to the Government/Department in August 2000; reply had not been received (December 2000).

Revenue Department

3.5 Assistance to migrants

Highlights

Relief Organisation was set up in March 1990 for carrying out relief operations in the State for the militancy affected families which migrated to Jammu region from the valley. Six migrant camps had been established in Jammu and Udhampur districts and 31913 families had been registered in the State up to March 2000 out of which 15329 families were provided cash relief and free rations for Rs 167.77 crore during the period 1995-96 to 1999-2000. The expenditure incurred on cash relief, free rations and development of infrastructure in migrant camps was reimbursed by the Central Government.

- **The expenditure on cash assistance was overstated by Rs 1.49 crore, Rs 0.57 crore and Rs 2.20 crore during the years 1997-98 to 1999-2000 respectively. Detailed adjustment accounts for Rs 2.58 crore advanced to various departments, zonal/camp officers, etc. and utilisation certificates for Rs 4.37 crore were awaited (August 2000).**

(Paragraph: 3.5.4 (a) and (c))

- **Norms for administrative expenses had not been fixed by the Organisation. The administrative expenditure of the Organisation increased from Rs 726 in 1995-96 to Rs 1247 per family during 1999-2000.**

(Paragraph: 3.5.4.1)

- **Due to non-adherence to the prescribed procedures for registration of migrants and poor control mechanism, 26000 families registered by the Organisation were found to be fake, up to March 1998. Irregular assistance of Rs 40.88 crore had been paid to these families against which Rs 3.62 crore (9 *per cent*) only had been recovered.**

(Paragraph:3.5.5(a))

- **Cash assistance of Rs 7.24 crore had been paid to 779 migrant political activists from April 1996 to March 2000 whose antecedents had not been verified properly. Of this, Rs 1.12 crore had been paid even after the committee constituted (April 1999) by the Government failed to establish or verify the genuineness of these cases.**

(Paragraph: 3.5.5(b))

- **Accounts of free rations provided to migrant families had not been reconciled with the Food and Supplies Department. Test-check revealed a variation of Rs 3.98 crore between the accounts of Food and Supplies Department and Relief Organisation during the period from 1995-96 to 1999-2000.**

(Paragraph: 3.5.6)

- **Out of 4588 one room tenements constructed for migrants during the period from 1990-91 to 1997-98, 2131 tenements (46 *per cent*) constructed during 1991 to 1994 (cost: Rs 7.30 crore) were defective and developed cracks in walls/RCC roofs immediately after these were occupied. The defects had not been set right (October 2000).**

(Paragraph: 3.5.8)

3.5.1 Introduction

Due to militancy in Kashmir valley, migration of people to Jammu region and other places in the country started in the year 1990 and continued thereafter. A Relief Organisation was created (March 1990) temporarily in the Revenue Department for carrying out relief operations like arrangements for accommodation, payment of cash assistance, issue of free rations, etc. In all 31913* families had been registered by the Organisation in the State up to March 2000. Of these, 15329 families (62206 persons) were getting cash relief at the rates notified from time to time and free rations (rice:9 kgs; wheat: 2 kgs; sugar: 1 kg).The remaining families belonging to the employees of the State/Central Government, public sector undertakings/local bodies and pensioners drawing pension equal to or more than the amount of cash relief were, however, not entitled to cash relief and free rations. The Government also provided ex-gratia relief to migrant families for loss/damage to immovable property due to militancy.

The expenditure incurred on Assistance to Migrants and Improvement of Infrastructure facilities in migrant camps was reimbursed by the Central Government as part of Security Related Expenditure.

3.5.2 Organisational set-up

Relief Commissioner, Jammu was responsible for carrying out relief operations for the migrants under the overall control of Revenue Department. He was assisted by two Deputy Commissioners, three Assistant Commissioners, a Chief Accounts Officer and fifty three camp commandants/zonal officers. Free rations were provided to the registered families through sale depots of the Food and Supplies Department on ration

* Includes 3731 families registered during 1995-2000

slips issued by the camp commandants/zonal officers. Works relating to improvement/maintenance of infrastructure, sanitation works, etc. at camps were executed mainly by various Line Departments viz., Public Works/Public Health Engineering/Power Development Departments, Jammu Development Authority and Jammu Municipality. Health care facilities at camps were provided by the Health and Medical Education Department.

3.5.3 *Audit Coverage*

The activities of the Relief Organisation were last reviewed by Audit during September 1990 to August 1992 and comments included in Paragraph 3.5 of the Report of the Comptroller and Auditor General of India for the year ended March 1992.

The present review, covering the period from 1995-96 to 1999-2000, was conducted during July-September 2000 by test-check of records maintained by Relief Commissioner, Jammu and 12[#] camps/zones out of 53 camps/zones. Important points noticed are contained in succeeding paragraphs.

3.5.4 *Allocation and expenditure*

The position of funds allocated to the Organisation and expenditure incurred thereagainst during the years from 1995-96 to 1999-2000 was as under:

(Rupees in crore)

Particulars	1995-96		1996-97		1997-98	
	Allocation	Expenditure	Allocation	Expenditure	Allocation	Expenditure
Cash assistance	22.00	21.53	25.50	25.14	28.55	28.42
Free Rations	4.50	4.50	5.30	5.31	5.60	5.42
Improvement to infrastructure/health care	0.60	0.49	7.28	1.02	7.28*	7.09*
Ex-gratia relief	-	-	14.36$	14.36$	5.00	5.00
Administrative Expenses	1.30	0.95 (73)	1.47	1.07 (73)	1.69	1.35 (80)
Miscellaneous	0.96ℜ	0.90	0.36	0.33	0.65	0.65
Total	**29.36**	**28.37 (97)**	**54.27**	**47.23 (87)**	**48.77**	**47.93 (98)**

Particulars	1998-99		1999-2000	
	Allocation	Expenditure	Allocation	Expenditure
Cash assistance	29.16	28.42	38.00	38.12
Free Rations	6.00	6.00	5.00	4.91ψ
Improvement to infrastructure/ Health care	4.05	3.66	3.44	3.11
Ex-gratia relief	2.74	0.50	4.95	4.95
Administrative Expenses	1.99	1.41 (71)	2.22	1.91 (86)
Miscellaneous	0.78	0.68	0.50	0.50
Total	**44.72**	**40.67 (91)**	**54.11**	**53.50 (99)**

Jhiri, Mishriwala, Udhampur, Reasi, Kathua, Janipur I &II, Sarwal II & III, Muthi III, DC's Office (I & II)

* Includes Rs 6.22 crore out of PM's package of Rs 6.60 crore provided during 1996-97 and revalidated during 1997-98

$ Includes Rs 3 crore transferred by DC Jammu for payment of ex-gratia relief

ℜ Includes cost of tents/ORTs and expenditure on maintenance/protection works

ψ Excludes Rs 3.60 crore (approximately) representing unpaid liability for the year

Of the total allocation of Rs 231.23 crore made during the years 1995-96 to 1999-2000, expenditure of Rs 217.70 crore (94 *per cent*) had been incurred by the organisation under the programme. Following further points were noticed:

(a) Overstatement of expenditure and drawals in excess of requirement

Unspent amounts kept in bank accounts and booked as expenditure

The expenditure incurred was overstated as it included advances drawn from the treasury and paid to various camp commandants/zonal officers and other implementing agencies for further disbursement/execution of works. Against the reported expenditure of Rs 28.42 crore each during 1997-98 and 1998-99 and Rs 38.12 crore during 1999-2000 on cash assistance, expenditure actually incurred amounted to Rs 26.93 crore, Rs 27.85 crore and Rs 35.92 crore respectively during these years. The balance amounts of Rs 1.49 crore, Rs 0.57 crore and Rs 2.20 crore were either locked up in bank accounts (Rs 1.21 lakh at the end of March 2000) of the camp/zonal functionaries or had subsequently been refunded to the Chief Accounts Officer, Relief Organisation. This also indicated that the amounts were drawn from the treasury and advanced to camp commandants/zonal officers without assessing actual and immediate requirements. Similarly, Rs 2.76 crore representing undisbursed ex-gratia payments, though booked as final expenditure, were also lying in the bank account at the end of March 2000.

(b) Unauthorised retention and diversion of funds

Rs 1.67 crore allotted for construction of ORTs diverted and Rs 13.44 lakh kept in deposit account unauthorisedly

The Organisation advanced (March 1995) Rs 3.50 crore to Jammu and Kashmir Projects Construction Corporation (a State Government company) for construction of one room tenements (ORTs) for the migrants. The company utilised Rs 50.17 lakh on construction of 166 ORTs during 1995-96, following which it was decided (February 1996) to construct pre-fabricated ORTs and the corporation was accordingly requested to refund the unspent balance of Rs 299.83 lakh along with interest thereon. Rupees 290.84[Ψ] lakh only were, however, refunded by the company during the period from March 1996 to October 1997. The balance of Rs 8.99 lakh and interest of Rs 9.96[#] lakh (up to March 2000) due from the Company had not been recovered as of August 2000 for which no reasons were intimated. It was further observed that out of the amount refunded, Rs 1.67 crore meant for construction of ORTs were diverted and utilised on sanitation works, land acquisition, etc. and Rs 13.44 lakh were lying (August 2000) unspent in the deposit account opened by the Organisation without the approval of the Finance Department.

Ψ March 1996: Rs 50 lakh; June 1996: Rs 100 lakh; August 1996: Rs 50 lakh; March 1997: Rs 50 lakh and October 1997: Rs 40.84 lakh

\# Calculated at minimum saving bank interest rate of 4.5 *per cent* during the period 1995-96 to 1999-2000

(c) *Adjustment accounts/utilisation certificates not submitted*

Detailed adjustment accounts not obtained/rendered to Accountant General

Utilisation certificates also not obtained

Adjustment accounts for Rs 1.36 crore advanced to Jammu Municipality during the period from March 1990 to March 2000 for execution of sanitation works and providing sanitation services in 4 migrant camps in Jammu had not been obtained and furnished to the Accountant General. Eight zonal/camp officers had also not rendered (October 2000) adjustment accounts in support of disbursement of cash assistance of Rs 7.53 lakh , Rs 33.92 lakh and Rs 80.64 lakh during 1997-98, 1998-99 and 1999-2000 respectively at the respective camps for submission to the Accountant General. In the absence of detailed adjustment accounts the correctness of the expenditure incurred could not be verified. Similarly, utilisation certificates for Rs 4.37 crore advanced during the period 1995-96 to 1999-2000 to various line$^{\phi}$ departments and an NGO for infrastructure development in the camps had not been obtained (August 2000).

(d) *Non-reconciliation of bank accounts/remittances*

Bank reconciliation not carried out

Reconciliation of bank accounts operated by zone/camp officers, Chief Accounts Officer and the Accounts Officer of the Organisation for disbursement of cash assistance and ex-gratia payments had not been carried out since inception. While the cash book and bank balances revealed a variation of Rs 5.81 lakh in respect of the account operated by Chief Accounts Officer, variation in other cases could not be worked out in the absence of bank statements/pass books. Further, cash book for the period 28 August 1996 to 31 December 1996 in respect of ex-gratia payments had not been maintained by the Organisation, reasons for which were not intimated. Remittances of unspent cash assistance made by the zonal/camp offices into the account of Chief Accounts Officer had also not been reconciled.

3.5.4.1 *Administrative expenses*

Administrative expenses incurred for carrying out relief operations vis-à-vis number of registered families receiving cash assistance during the periods 1995-96 to 1999-2000 was as under:

Year	Administrative expenditure (Rs in lakh)	Total number of families assisted	Administrative expenses per family (in Rupees)
1995-96	95.38	13133	726
1996-97	107.18	14075	761
1997-98	135.06	14654	922
1998-99	140.51	16278	863
1999-2000	191.13	15329	1247

ϕ Public Health Engineering: Rs 1.52 crore; Power Development Department: Rs 1.51 crore; Urban Environmental Engineering Department: Rs 1.20 crore and Irrigation and Flood Control Department: Rs 0.11 crore and NGO: Rs 0.03 crore

Norms for Administrative expenses not fixed

Norms for administrative expenses had not been fixed though the Organisation had been running for over 10 years now. Administrative expenses incurred mainly for payment/disbursement of cash/ex-gratia relief ranged from Rs 726 to Rs 1247 per family during the period 1995-96 to 1999-2000 which was obviously high considering the fact that distribution of free rations to migrant families and execution of works for infrastructure development were undertaken through Public Distribution System and line departments of the State Government respectively. Audit scrutiny revealed that no norms for creation of zones had been prescribed and separate zones had been established for catering to small number of families (11 zones out of 53 had less than 20 families to cater) leading to increased administrative expenses of the Organisation. The cost of providing cash relief per family was likely to be more, in case the expenditure incurred on the salary of the staff on deputation (number not intimated) with the Organisation whose salary was debited to Security Related Expenditure by their parent departments was also considered. Measures taken/proposed to improve operational efficiency of the Organisation, though called for, were not intimated (August 2000).

3.5.5 Registration of migrant families and payment of cash assistance

Package of relief for migrants, sanctioned by Government in March 1990, included ad-hoc cash assistance of Rs 500 per family/month. The amount was, however, revised to Rs 300 and further to Rs 375 per head/month subject to a maximum of Rs 1000 and Rs 1500 per family/month from April 1990 and February 1994 respectively. The amount of cash assistance was further revised to Rs 450 and Rs 600 per head/month subject to maximum of Rs 1800 and Rs 2400 per month/family from June 1996 and April 1999 respectively. Audit scrutiny revealed following points:

(a) The registration of migrant families for grant of relief was to be made on the basis of on the spot inspection under the supervision of an Assistant Commissioner (Revenue). Further, verification on random basis to detect any fake cases for their prosecution under law was required to be conducted by the Relief Commissioner. A committee of migrant families was also to be formulated to assist the Organisation in registration of genuine migrant families.

Centralised database of families registered in/outside the State not maintained

Registration of fake migrant families made due to non-adherence to prescribed procedures

An effective system for registration of bonafide migrant families had, however, not been evolved. A centralised data base indicating particulars of migrant families registered in various camps/zones in the State and places/stations outside the State viz., Delhi, Himachal Pradesh, etc. had not been maintained. In absence of this, the possibility of a migrant family being registered at more than one station for the purpose of drawing relief could not be ruled out. It was seen that the prescribed procedure of on the spot verification by Assistant Commissioner at the time of initial registration and subsequent random check by Relief Commissioner had also not been

Registration of 26000 fake migrant families detected upto March 1998

followed. In the absence of a proper and effective mechanism, irregular registration of 26000 fake migrant families was detected by the Organisation from time to time up to March 1998 following verification of the antecedents of registered migrants with the electoral rolls and obtaining joint photographs of families, etc.

Out of Rs 40.88 crore paid as cash assistance, free ration , etc. to 26000 registered fake families, Rs 3.62 crore only recovered

Cash assistance (Rs 31.61 crore) and assistance in the form of tents, beds, fans, etc. (Rs 0.59 crore) had been provided to these fake migrant families. In addition, free rations[≤] valued at Rs 8.68 crore had also been issued to them. Against this, Rs 3.62 crore only had been recovered in 1958 cases and 953 cases had been referred to the crime branch/vigilance organisation up to August 2000 for investigation and initiating criminal proceedings. Action to recover the balance amount of assistance paid to remaining 23089 fake migrant families had not been initiated as of August 2000. Responsibility for the lapses in registering the fake migrant families had also not been fixed (October 2000).

(b) *Cash assistance to political activists*

The Organisation also registered 2532 families of political activists during the period March 1996 to September 1999 who migrated from the valley under security threat perception. In view of the reports regarding fabricated/fraudulent threat perception certificates of CID produced by some of these migrants, the Government appointed (April 1999) a committee of three officers to physically verify the families of registered migrant political activists. Out of 779 families whose whereabouts were verified (October 1999), the committee failed to locate even a single family/person at the locations declared in the application forms. In 142 out of 779 cases, threat perception certificates purportedly obtained from CID were also found to be fake. The committee concluded that genuineness of these families could not be verified/established. Cash assistance of Rs 6.12 crore (April 1996 to September 1999) had been provided in these 779 cases.

Irregular payment of Rs 7.24 crore to ingenuine migrant political activists

Action to cancel the registration of these political migrant families in the light of committee's report had not been taken and further cash assistance of Rs 1.12 crore had been paid to these families during the period October 1999 to March 2000. However, in supersession of all its previous orders, the Government constituted (April 2000) another committee for physical verification of all registered migrant families which was to report within three months. Further developments were awaited (October 2000).

≤ Rice: 95139 qtls; Atta: 21172 qtls; Sugar: 3341 qtls. valued at average sale price for the years 1995-96 to 1999-2000

(c) Payment of arrears of cash relief

Irregular payment of Rs 28.75 lakh as arrears of cash assistance

The relief package sanctioned by the Government from March 1990 envisaged payment of cash relief at the prescribed rates every month to such migrant families who had no source of assured income. Accordingly, the question of releasing arrears of cash assistance did not arise as the relief was meant for their immediate sustenance. However, arrears of cash relief, aggregating Rs 28.75 lakh for periods ranging from 2 to 67 months had been paid during the period 1995-96 to 1999-2000 in 64 cases test-checked, which was irregular. The arrears paid were found to be mainly on account of revival of suspended/cancelled ration cards with retrospective effect.

3.5.6 Free rations

Free rations (rice, atta and sugar) were issued each month to migrant ration card holders, on the basis of ration slips issued by the zonal/camp officers, through sale depots of the Food and Supplies Department which raised bills therefor against the Organisation.

Excess billing of Rs 3.98 crore by Food and Supplies Department for ration supplied to the Organisation

Reconciliation of free ration accounts not carried out

Test-check revealed that no system/mechanism was followed for reconciling periodically (quarterly or annually) the quantity of rations authorised for issue by the zonal/camp officers to migrant families and that actually issued by the Food and Supplies Department as per bills raised. Perusal of the records of the Relief Commissioner revealed that the Food and Supplies Department had raised bills for supply of rice, atta and sugar to migrant families in excess by 38525 quintals, 11105 quintals and 600 quintals respectively (value: Rs 3.98 crore)* during the period 1995-96 to 1999-2000. The year-wise details of the quantity of rations authorised by the Relief Organisation and the quantities billed for by Food and Supplies Department are indicated in *Appendix*-15. Huge variations detected in audit and non-reconciliation of the free ration accounts from March 1990 is fraught with the risk of misappropriation/embezzlement of foodgrains.

3.5.7 Ex-gratia payments in respect of immovable property damaged by militancy

Delay in sanction and disbursement of ex-gratia relief

Based on the loss assessed by the respective Deputy Commissioners in whose jurisdiction the immovable property of a migrant family had been gutted/damaged, 50 *per cent* of the assessed loss or Rs 1 lakh whichever is less, for each structure, is sanctioned as ex-gratia relief. Scrutiny in audit revealed that 34 *per cent* of test-checked ex-gratia cases were sanctioned by the DCs 6 years after filing of First Information Report (FIR) and 53 *per cent* cases after delay of 1-6 years. Only 13 *per cent* cases were sanctioned within 1 year of filing of the FIRs. The disbursement of the ex-gratia payments by the

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* At average sale price for the period 1995-96 to 1999-2000

Relief Organisation♥ to the owners/legal heirs was also made after a delay of up to 3 months (11 *per cent*), four months to one year (48 *per cent*) and more than a year (41 *per cent)* from the date of sanction. A proper monitoring mechanism had not been devised by the Organisation to streamline the procedures and avoid delays at various levels. Abnormal delay in sanction/disbursement of ex-gratia payments to migrants defeated the very objective of providing timely relief/succour to migrant families.

3.5.8 Improvements to infrastructure

Records indicating allotment of ORTs not maintained

All needy families not provided ORTs

Six migrant camps were established in the year 1990 and thereafter in Jammu region for providing suitable accommodation to the migrants who had been temporarily accommodated in tents and Government/semi-Government buildings. A total of 4588 one room tenements (ORTs) had been constructed by the Organisation mainly through Jammu Development Authority, Jammu and Kashmir Projects Construction Corporation and Public Works Department during the period from 1990-91 to 1997-98 at a cost of Rs 13.57 crore. The Organisation had not framed any guidelines, etc. for ensuring allotment of ORTs to most needy migrant families. Records indicating the details of families to whom such accommodation was allotted both under relief and non-relief (Government/semi-Government employees) categories and the position of vacant/unallotted ORTs from time to time had also not been maintained. As of August 2000, 260 families had not been allotted accommodation and they were being put up in Government/semi-Government buildings. The Organisation, in September 2000 had, however, sought administrative approval of the Department for construction of 304, 2 bed room flats at an estimated cost of Rs 15.53 crore at Purkhoo, Jammu which was awaited (October 2000). Following points were noticed in test-check.

(a) Sub-standard/defective construction of one room tenements

Jammu and Kashmir Projects Construction Corporation (a Government Company) had constructed 1632 ORTs in a phased manner during the years 1992-96 at a cost of Rs 6.49 crore for accommodating migrant families putting up in tents at four camps viz. Purkhoo, Mishriwala, Nagrota (Jammu district) and Battal Ballian (Udhampur district).

The walls and RCC roofing of 1632 ORTs constructed at a cost of Rs 6.49 crore developed cracks and leaked immediately after their occupation

These tenements developed cracks in walls and RCC roofing immediately after their occupation by the migrant families between 1993 and 1995 and started leaking during the monsoon seasons. The Managing Director of the company attributed (August 1995) these defects to highly economic specification of construction keeping in view expected early return of migrants to Kashmir valley and further stated that the specifications would be

♥ Disbursement of ex-gratia was made by respective DCs up to May 1996 and by Relief Organisation thereafter improved upon in future constructions. Accordingly, the Managing Director proposed (August 1995) water proofing of the ORTs at a cost of Rs 6.25 per sft (revised to Rs 7.25). The Relief Commissioner Jammu, however, declined (October 1995) to bear the additional cost of water proofing and informed the Company that economy in construction left no scope for poor specifications and requested for early removal of defects at no extra cost to the Organisation. No action to remove these defects was, however, taken by the Company. The Relief Commissioner, however, projected (April 2000) additional requirement of Rs 22 lakh to Ministry of Home Affairs, Government of India for the proposed leak proofing of the defective ORTs. Further developments were awaited (September 2000).

Sub-standard construction of 499 one room tenements by Jammu Development Authority

Similarly, 499 one room tenements (geodesic dome type) constructed in May 1991 by Jammu Development Authority at a cost of Rs 80.56 lakh (migrant camp Muthi, Jammu) also started leaking immediately after occupation by migrant families. The Chief Engineer, PWD (R&B) Jammu to whom the matter was referred (1994) for exploring the possibility of repairing the defects, proposed bitumen treatment (estimated cost: Rs 15.33 lakh) whose effect would last for only 2 to 3 years. Though Rs 15 lakh had been placed at the disposal of Chief Engineer, PWD (R&B) in June 2000, the work had not been started as of October 2000.

Due to non-rectification of the defects in the ORTs, the migrant families could not get proper housing accommodation despite expenditure of Rs 7.30 crore incurred by the Relief Organisation.

(b) Non-construction/completion of ORTs

During 1993-94, the Relief Organisation advanced Rs 2.78 crore to JKPCC for construction of 812 one room tenements at Mishriwala migrant camp in Jammu district (estimated cost: Rs 34326 per ORT). Out of 812 ORTs, construction of 48 ORTs was not taken up by the Company due to non-availability of land which had not been identified by the Relief Organisation as of August 2000. As a result of the defective planning, Government funds amounting to Rs 16.43 lakh in respect of 48 ORTs advanced to the Company in March 1994 remained locked up with it, besides depriving the migrant families of the benefit of housing accommodation.

Rs 22.97 lakh locked up due to non completion of 98 ORTs

The remaining 764 ORTs (cost: Rs 2.39 crore) were constructed by the Company at Mishriwala camp during 1994, out of which 98 ORTs were without partition walls, internal plaster, internal wiring, flooring and glass panes (cost of balance works: Rs 22.97 lakh). These ORTs were handed over as such alongwith other 666 ORTs in the year 1994 directly to the camp commandant of Mishriwala zone. In view of non-availability of accommodation, the migrant families occupied these incomplete ORTs in the year 1994 itself. The Company to whom the matter was referred for completing the ORTs with the funds already available with it, stated

(December 1998) that the shortcomings could not be set right due to continued occupation of ORTs by the migrant families. No further action was taken by the Organisation (October 2000) as a result of which Rs 22.97 lakh also remained locked up with the Company. The Relief Organisation had also not initiated any action to get the amount refunded (October 2000).

(c) *Sanitation facilities*

Inadequate sanitation facilities in camps

To provide sanitation facilities in the relief camps, the Relief Commissioner allotted (June 1997) the job of constructing 19 toilet blocks at various migrant camps in Jammu to Sulabh-International at an estimated cost of Rs 76 lakh. Construction of 17 blocks was completed by the NGO during the year 1997-98 and the work on the remaining two blocks at Mishriwala migrant camp in Jammu district could not be executed due to dispute over land. The land dispute had not been settled (August 2000). It was also seen in audit that sanitation facilities like toilets and bath rooms had not been provided in camps on a uniform scale, based on the number of migrants living in each camp. While each toilet constructed catered to 14 to 29 persons, each bath room catered to 22 to 312 persons, indicating inadequate sanitation facilities in camps.

(d) *Health care*

Inadequate health care facilities in camps

The Organisation had provided two-room dispensaries at each camp site. The dispensaries run by the Health and Medical Education Department were provided with adequate medical (between 4 and 8 medical officers including dental surgeons) and para-medical (between 28 and 46 persons including dental, opthalmic and laboratory technicians and sanitary inspectors) staff. However, related infrastructural facilities/equipment had not been provided which resulted in the non/under-utilisation of the available manpower. The dispensaries were also lacking in first-aid equipment/dressing material like forceps, scissors, needle holders, etc. and medicines (which were supplied irregularly) affecting the functioning of the dispensaries and consequent delivery of health care services in camps.

3.5.9 *Other points of interest*

(i) Despite mention of non-maintenance of a centralised inventory of camp equipment viz. tents, cots, fans, blankets, TV sets, etc. in the Report of the Comptroller and Auditor General of India for the year ended March 1992 (Paragraph: 3.5), the inventory register had not been prepared as of October 2000. Physical verification of these items and identification of dead stock articles purchased since creation of the Organisation had also not been conducted.

(ii) Asset register in respect of assets created by the Organisation had not been maintained at any level.

(iii) The State Government levied (July 1997) service tax on services rendered by the contractors at the rate of 2 *per cent* of the gross amount received by them. Test-check revealed that the recovery of service tax amounting to Rs 8 lakh had not been effected from the payments made between October 1997 and December 1998. On this being pointed out (August 2000) in audit, the Organisation stated (September 2000) that the matter had been taken up with the contractor for recovery of the amount from the deposits lying with it. It was, however, seen that the amount (Rs 4.44 lakh) lying in the deposit account of the contractor was not sufficient to compensate the full amount of recovery.

Service tax of Rs 8 lakh not recovered from a contractor

3.5.10 Recommendations

The Organisation should prepare a centralised data base for all migrants in and outside the State and re-verify their antecedents to eliminate bogus/fake migrants and recover irregular payment of cash assistance and cost of free rations issued. The free ration account should also be reconciled with the Food and Supplies Department for ensuring proper control as also the issue of rations be regulated in accordance with the scale laid down under PDS. The Organisation should also improve its internal control mechanism to avoid delays in payment of ex-gratia, etc. and ensure quality in construction of ORTs.

The above points were reported to Government/Department in September 2000; reply had not been received (December 2000).

Social Welfare Department

3.6 Integrated Audit of Social Welfare Department

Highlights

The basic objective of the Social Welfare Department is to promote welfare activities among weaker sections of society especially scheduled castes, scheduled tribes and other under privileged like destitutes handicapped persons, widows, etc. The transfer of benefits to the targetted segments of the population was, however, not satisfactory due to poor planning and faulty implementation of various programmes. Absence of manpower management control resulted in irregular, unauthorised and fake appointments/promotions and consequent avoidable litigations. Non-adherence to the prescribed controls, systems and mechanism for financial management/monitoring was also observed which facilitated misappropriation, diversions of programme funds and incurring of avoidable expenditure.

- **Register of grants/appropriations and other budgetary control records for monitoring and controlling expenditure on monthly basis and at the end of each year had not been maintained by the controlling officers. This led to excess expenditure of Rs 2.23 crore over budget allotments in respect of 24 schemes/sub-heads of account and saving of Rs 1.64 crore under 6 schemes during 1995-2000.**

(Paragraph: 3.6.4.2)

- **Detailed accounts in support of Rs 28.80 crore advanced to various Tehsil Social Welfare Officers in 5 test-checked districts for disbursement of stipend, scholarship, pension and other payments had not been obtained and submitted to the Accountant General for check.**

(Paragraph: 3.6.4.3)

- **Rupees 19.62 lakh charged in the cash books of two DSWOs (Rajouri and Poonch) under Integrated Social Security Scheme during March 1996 to August 1999 had not been accounted for in the books of recipient Tehsil Social Welfare Officers nor was any record in support of disbursements made available in these offices. No action had been taken in case of embezzlement of Rs 1.38 lakh in Tehsil Social Welfare Office, Budhal.**

(Paragraph: 3.6.4.5(a) & (b))

- Funds aggregating Rs 16.64 lakh meant for National Old Age Pension and Integrated Social Security Schemes were diverted during 1995-2000 by 11 DSWOs for purchase of computers, fax machines and payment of carriage charges, etc. pertaining to other schemes.

(Paragraph: 3.6.4.6)

- No mechanism for monitoring the cadre-wise position of sanctioned and effective manpower existed in the Department for proper control and management. This facilitated unauthorised/irregular appointment of 169 officials during the period 1989-99 for which responsibility had not been fixed.

(Paragraphs: 3.6.5.1 and 3.6.5.2)

- Leave availed of by 103 officials in 5 test-checked districts was not found debited to the leave accounts of the officials although salary of Rs 2.70 lakh was paid to the leave substitutes appointed against them during 1990 to 1999.

  Further, efficacy of expenditure of Rs 7.26 lakh incurred on the salary of 259 leave substitutes employed in 7 districts during 1990 to 1999 against technical and specialised posts was doubtful as appointments were made without assessing technical capability of the candidates.

(Paragraph: 3.6.5.2.1)

- The State was deprived of central assistance of Rs 27.16 crore due to incorrect projection of parameters and indicators determining the eligibility of central assistance under 4 centrally sponsored schemes.

(Paragraph: 3.6.6.1)

- Detailed accounts/utilisation certificates in support of Rs 2.28 crore released by the Department to 356 heads of educational institutions during 1995-96 and 1997-2000 for disbursement as scholarships had not been obtained as of March 2000.

(Paragraph: 3.6.6.2(ii))

- Under Integrated Social Security Scheme, pension payments amounting to Rs 66.52 lakh were made by the TSWOs during 1995-98 to 2636 ineligible beneficiaries who were either employed, triple/double pension recipients or were not destitute widows.

(Paragraph: 3.6.6.4)

- **Idle wages of Rs 30.38 lakh were paid during 1995-2000 to staff employed in 3 Cottage Industries Centres.**

(Paragraph: 3.6.6.5.2)

- **Purchase of various store/stock items by the Department during 1998-2000 was in excess by 23 to 1863 *per cent* of the tendered quantity which indicated poor inventory management. Store items valued at Rs 2.09 crore were purchased at negotiated rates instead of lowest tendered rates which resulted in extra expenditure of Rs 55.73 lakh during 1997-99.**

(Paragraphs: 3.6.7 & 3.6.7.1)

3.6.1 Introduction

The main objective of the Department of Social Welfare is to provide social security and promote welfare among weaker sections of the society especially scheduled castes, scheduled tribes and other under-privileged people viz. destitutes, handicapped persons, widows, etc. For achieving these objectives the Department implements various State level and Centrally sponsored schemes viz. Integrated Social Security Scheme (ISSS), Pre-Matric and Post Matric scholarship schemes for SC/ST/OBC students, National Social Assistance Programme (NSAP) and Rehabilitation of victims of militancy, etc. in the State.

3.6.2 Organisational set up

Director Social Welfare is responsible for the implementation of various programmes/schemes and is assisted by two Deputy Directors at divisional level (Kashmir, Jammu) and 14 District Social Welfare Officers (DSWOs) at the district level. The Department functions under the overall control and supervision of Principal Secretary/Commissioner, Social Welfare Department.

3.6.3 Audit coverage

The working of the Department during the period from 1995-96 to 1999-2000 was reviewed in audit during November 1999 to May 2000 through test-check of records maintained by the Administrative Department, Director Social Welfare, 2 provincial Deputy Directors and 5[Ψ] out of 14 DSWOs who accounted for an expenditure of Rs 57.99 crore (31 *per cent* of total expenditure of Rs 187.44 crore). Results of the review are discussed in the succeeding paragraphs.

Ψ Pulwama, Jammu, Kathua, Rajouri and Poonch

3.6.4 *Financial Management and Control*

3.6.4.1 *Allocation of Funds and Expenditure*

The position of funds provided to the Department and expenditure incurred thereagainst during the years 1995-96 to 1999-2000 is tabulated below:-

(Rupees in crore)

Year	Allocation[&]			Expenditure	Percentage Utilisation of Funds
	State Government	Central Government	Total funds available		
1995-96	24.99	2.23	27.22	23.24	85
1996-97	28.43	3.81	32.24	31.44	98
1997-98	43.29	3.39	46.68	43.79	94
1998-99	44.62	4.03	48.65	41.43	85
99-2000	46.25	4.48	50.73	47.54	94
Total	**187.58**	**17.94**	**205.52**	**187.44**	**91**

The overall utilisation of available funds during 1995-2000 was 91 *per cent*. The expenditure on establishment constituted between 15 and 26 *per cent* of the total expenditure during this period.

3.6.4.2 *Control over expenditure*

The State Budget Manual lays down that Head of the department shall maintain a register of grants and appropriations in Form 18 for recording original grants, their distribution amongst drawing and disbursing officers and record modifications made from time to time. Controlling officers and Head of the department are also required to maintain a separate register in Form B-12 for each minor or sub-head of account for recording transactions. Progress of expenditure against allotment made is to be monitored by the controlling officer on a monthly basis. No such records had been maintained either by the Administrative Department/Directorate or by any of the 5 test-checked DSWOs and two provincial Deputy Directors. Due to non-maintenance of control records and failure of Director Social Welfare to monitor expenditure of the subordinate offices, excess expenditure of Rs 2.23 crore over the budget allocations was incurred in respect of 24 schemes/sub-heads of account during 1995-2000 and persistent savings of Rs 1.64 crore during 1995-99 under 6[ϕ] important social welfare oriented schemes (non-plan).

Required budget control records not maintained for effective control over expenditure

Further against allocations of Rs 9.24 crore during the years 1997-2000 under 20 plan schemes/sub-heads, an expenditure of Rs 6.61 crore constituting 72

[&] Excludes position of ICDS which was reviewed and included in the Audit Report for the year ended 31 March 1999

[ϕ] Scholarship and stipend, Pre-matric scholarship (OBC), Pre-matric scholarship (SC), Post Matric Scholarship (OBC), Diet charges (Residential homes), Bedding and clothing (Residential homes) *per cent* of allocations, was incurred while against an allocation of Rs 0.68 crore under other 12 plan schemes/sub-heads, no expenditure was incurred during the same period as per details given in *Appendices*-16 and 17. Test-check also revealed that the figures of allocations and expenditure at the end of each year from 1995-96 to 1998-99, as emerging from the records of Administrative Department, were at variance with those appearing in the records of Director Social Welfare. Instances of variations noticed in test-check are indicated in *Appendix*-18.

Reconciliation of expenditure booked not carried out by controlling officers with Accountant General (A&E)

According to the financial rules of the State Government the expenditure booked by the controlling officers on the basis of statements of expenditure furnished by each DDO are to be reconciled periodically with the expenditure figures booked by the Accountant General (A&E). Such reconciliation enables the controlling officers to exercise control over expenditure and also acts as a check against frauds, embezzlements/mis-appropriations, etc. The reconciliation had, however, not been conducted in any year during 1995-2000.

3.6.4.3 Retention of huge funds in bank accounts

According to financial rules of the State Government, no money is to be withdrawn from treasury unless required for immediate disbursement and no money is to be kept outside the Government account. The rules further prohibit opening of bank accounts by the DDOs except in exceptional cases with the approval of Finance Department. The records of the test-checked DSWOs , however, revealed that bank accounts had been opened by them unauthorisedly without the approval of the Finance Department. Further, drawals made from the treasury and released to Tehsil Social Welfare Officers (TSWOs) through cheques for disbursement of stipend, scholarship, pension and other payments were charged in the cash books in lump in anticipation of actual disbursement.

Detailed accounts of Rs 28.80 crore advanced to TSWOs not obtained

It was also seen in test-check that detailed accounts in support of Rs 28.80 crore drawn from treasury and advanced to various TSWOs in 5 test-checked districts had not been obtained by the DSWOs for submission to the Accountant General. Refund of undisbursed amounts of Rs 57.18 lakh had been made into treasuries by 16 TSWOs during 1995-96 to 1999-2000 without routing the same through the cash books of DSWOs. The unspent balances held in the bank accounts of 18 TSWOs in 5 test-checked districts at the end of years 1995-96 to 1998-99 ranged between Rs 2.10 lakh and Rs 81.65 lakh which besides being violative of rules, indicated lack of control over expenditure. While DSWO Pulwama did not produce the bank pass book, etc. the cash balances at the close of the financial years 1995-96 to 1998-99 in the bank accounts of DSWOs of 4 test-checked districts ranged between Rs 3.26 lakh and Rs 1.04 crore. Substantial scheme funds, thus, remained unspent for long periods and this also contributed to the overstating of expenditure during these years.

3.6.4.4 Drawal of funds to avoid their lapsing

Rs 1.63 crore kept in bank accounts/ deposits during 1995-99 to avoid lapsing of funds

Test-check of records of Director Social Welfare, Deputy Director Jammu, DSWO Rajouri and DSWO Poonch revealed that Rs 1.63 crore were drawn on last days of financial years 1995-96 to1998-99. These amounts were credited to bank accounts/civil deposit or converted into *Hundis* and kept outside Government accounts in violation of financial rules to avoid their lapsing. The amounts were subsequently utilised during ensuing years.

3.6.4.5 Irregularities in maintenance of Cash books and Drawal registers

Accounts records not maintained properly and prescribed financial controls not adhered to

Test-check of cash books/drawal registers in the test-checked districts revealed that entries in the cash books had not been attested by DDOs as required under rules. Similarly drawals made from the treasuries had either not been verified from the treasuries at the end of each month or had been verified belatedly after delays ranging up to 25 months. Further, the totals of the cash book had never been got checked by a person other than the writer of the cash book nor was cash security obtained from the cashiers. Test-check also revealed that stock account of receipt books/cheque books had not been maintained nor were the cash balances at the close of each month physically verified by the Head of the offices as required under rules. There was no uniformity in making payments to the beneficiaries at the Tehsil level as the disbursements were made both in cash and by cheque. Non-adherence to the systems/control mechanism prescribed in the financial rules resulted in irregularities/suspected misappropriation as discussed below:

Non-accountal of Rs 19.62 lakh by TSWOs

(a) Expenditure of Rs 19.62 lakh reflected in the cash books of 2 DSWOs (Rajouri; Poonch) under Integrated Social Security Scheme during March 1996 to August 1999 had not been accounted for in the accounts of recipient TSWOs nor was any record of disbursements made to beneficiaries available in these offices.

Rs 1.38 lakh embezzled by TSWO Rajouri

(b) While holding additional charge of Tehsil Budhal, TSWO Rajouri credited the drawals relating to the Budhal Tehsil irregularly in his personal bank account at Rajouri and subsequently embezzled Rs 1.38 lakh. The embezzlement was not reported by the District Social Welfare Officer Rajouri to the Head of Department/Government and the Accountant General as required under Rule 2.51 of J&K Financial Code Vol.I. No departmental enquiry was conducted and no proceedings were initiated against the officer in the embezzlement case.

(c) TSWO Kotranka (Rajouri District) made a temporary misappropriation of Rs 1.05 lakh in September 1996 and October 1996. Out of this, only Rs 0.75 lakh had been recovered from the TSWO and remitted into treasury (January 1999). Neither had the balance amount of Rs 0.30 lakh been recovered nor had any departmental proceedings been initiated against the TSWO for temporary mis-appropriation/undue retention of cash for long spell.

3.6.4.6 Diversion of funds

Rs 16.64 lakh diverted

Rupees 16.64 lakh (NOAP$^{\psi}$: Rs 4.04 lakh; ISSS$^{\phi}$: Rs 12.60 lakh) were diverted during 1995-2000 by 11* DSWOs for purchase of computers, fax machines (Rs 3.32 lakh) and organisation of camps, carriage charges, etc. (Rs 13.32 lakh) for other schemes without any proper authority.

3.6.5 Manpower Management

3.6.5.1 Staff position

Employees posted in excess of sanctioned strength

The Department did not have any mechanism for monitoring the cadre-wise position of sanctioned and effective manpower at appropriate intervals for their proper management. Norms for assessment of manpower requirements had also not been determined and requirement of staff continued to be assessed on *adhoc* basis. Test-check revealed that as of March 1999, 23 employees (19 orderlies, 2 conductresses, 1 craft assistant and 1 cook) were posted in excess of the sanctioned strength of 79 employees in the three districts (Srinagar, Budgam and Doda).

3.6.5.2 Irregular appointments

Inadequate manpower management facilitated unauthorised appointments

The position of posts lying vacant in various subordinate offices of the Department was not monitored at any stage either by Deputy Directors at divisional level or by Director/Secretary-Commissioner of the Department at State level. System of ascertaining the vacancy position from the district/ provincial/state level offices and intimating the same to the recruitment agencies like State Subordinate Services Recruitment Board (SSSRB)/Public Service Commission/Recruitment Boards was not followed by the Department. Inadequate manpower management facilitated unauthorised appointments of 169 persons as discussed below:

Irregular appointments against 49 class-III posts

Test-check revealed that appointments against 49& class-III posts, required to be made on the recommendations of the SSSRB, were made irregularly by District officers (28), Provincial Deputy Directors (7), Director Social Welfare (9) and Commissioner Secretary (5) during 1989-99. The irregular appointments had not been got regularised (March 2000).

ψ National Old Age Pension Scheme

ϕ Integrated Social Security Scheme

* Jammu, Kathua, Poonch, Rajouri, Srinagar, Anantnag, Budgam, Kupwara, Baramulla, Doda and Udhampur

& Social Workers: 3; Supervisors: 4; Assistant Manager: 1; Craft Assistants: 15; Junior Assistants: 18; Care takers: 4; Drivers:4

Unauthorised/irregular appointment of 120 class IV employees

It was, further seen in audit that 120 class IV employees (62 Orderlies, 49 Conductresses, 8 Cooks and 1 *Aya*) were appointed unauthorisedly at district/provincial level by various officers of the Department. Of these 9 appointments in various cadres were made at the behest of Ministers in the Government. Another 43 appointments in class IV grade were made in the Directorate during 1996 to December 1998 but records thereof were not produced to Audit. Some of the cases of irregular/unauthorised appointments made are discussed below:

DSWO Poonch appointed his sisters based on doubtful letter/orders

(i) Shri Mohammad Tariq DSWO Poonch appointed (December 1995) his sister (Ms Shakeela Begum) as conductress on the basis of a photocopy of letter of recommendation (July 1995) of Secretary to Government, Social Welfare Department. Deputy Director Social Welfare Department, Jammu informed (August 1997) the Director that the copy of order was *prima-facie* doubtful in view of incompatibility in date(s)/addresses and the fact that original copy of the order was not on record. The district officer further appointed (November 1996) his 2 sisters as craft teachers on the basis of xerox copies of the orders of District Development Commissioner dated 26/28 November 1996. Records of the District Development Commissioner revealed that no such orders had been issued from that office. The appointees did not possess technical/academic qualification for the post on the date of their appointment. Salary aggregating Rs 5.38 lakh was paid to the three sisters during December 1996 to March 2000 records for which period were available. The DSWO had also made appointment of 2 conductresses earlier in March/September 1995 unauthorisedly. The Deputy Director Social Welfare Jammu had recommended (August 1997) to the Director for conducting a vigilance probe into the appointments made in the District. No further action had been taken (March 2000) and the officer was subsequently inducted in Kashmir Administrative Service.

Probe against irregular appointments not done

Unauthorised appointment of relatives

(ii) Sh. Mohammad Yaqoob Khan Project Officer Langate, appointed unauthorisedly his niece as supervisor in April 1998 who continued up to January 1999 (salary: Rs 0.46 lakh) after which her services were terminated on a complaint lodged against the officer. Similarly, Shri Mohd Yousuf Bhat DSWO Pulwama, appointed (1996) his brother as Junior Assistant unauthorisedly on the basis of fake matriculation certificate. The Junior Assistant, however, resigned after two years when the fact of fake academic certificate came to the notice of the department. No departmental action was, however, taken against the Project officer/DSWO.

Unauthorised appointment followed by promotion under fake order

Similarly, a conductress was appointed (October 1987) unauthorisedly by DSWO Poonch. The conductress was also subsequently promoted as Craft Teacher on fictitious/fake order. The Deputy Director Social Welfare Jammu recommended (August 1997) to the Director Social Welfare for referring the case to vigilance organisation but no action had been taken (April 2000).

(iii) In 5 districts (Srinagar, Pulwama, Budgam, Baramulla, Anantnag) it was seen in audit that unauthorised adhoc appointment of 28 employees (Social Workers: 3; Craft Assistants: 12; Conductresses/ Orderlies: 11; Junior Assistants: 2) had been made by the district officers against posts fallen vacant due to migration of employees. The appointments were made during 1990-93 in contravention of Rule 14 of Jammu and Kashmir Civil Services (CCA) Rules 1956 (as amended in July 1989) and specific directives (June 1993, March 1998, October 1998) of the State Government banning adhoc appointments. No departmental action had been taken against the officers who made these appointments even though Government had directed (March 1998) to initiate disciplinary action against all the officers who had made appointments in violation of rules. Director Social Welfare stated (April 2000) that the appointments were made by the field officers without proper approval who were being identified for appropriate action. Further developments were awaited (July 2000).

3.6.5.2.1 Appointment of leave substitutes

Leave availed of not debited to leave accounts

The department was making temporary appointments against leave vacancies. Test-check revealed that in 5 districts (Jammu, Kathua, Rajouri, Pulwama and Budgam) out of 460 officials, against whom leave substitutes were appointed during the period January 1990 to October 1999, leave availed of by 103 officials was not found debited to their leave accounts/service records. Thus, the genuineness of engaging leave substitutes (salary paid: Rs 2.70 lakh) could not be vouchsafed in audit. The correctness of payment of Rs 0.57 lakh paid as salary to 15 leave substitutes in Poonch district during June 1995 to September 1999 was also doubtful as the particulars of the employees against whom these appointments were made, were not available on record. It was also seen that 259 leave substitutes were appointed in 7[Ψ] districts during January 1990 to October 1999 against technical and specialised posts without assessing capability of the substitutes. The efficacy of the expenditure of Rs 7.26 lakh incurred on salary of these leave substitutes was, therefore, doubtful.

Leave substitutes appointed against technical/ specialised posts without assessing their capability

3.6.5.2.2 Promotion without clearance by Departmental promotion Committee

Adhoc promotions continue for many years without clearance by DPCs

According to the Jammu and Kashmir Civil Service (CCA) Rules, 1956 appointment of a Government servant to a higher post is to be made only after clearance by Departmental Promotion Committee (DPC). Government servants can, however, be promoted in public interest for a period of 3 months in their own pay and grade (with a charge allowance for holding the higher post) pending clearance by DPC. Test-check revealed that a system of adhocism in promotions was prevalent in the Department and 31 promoted employees continued to hold higher posts (March 2000) for periods ranging from 16 months to 8 years without clearance by the DPCs.

Ψ Doda, Jammu, Kathua, Budgam, Rajouri, Pulwama and Baramulla

Test-check revealed that in one case (Sh. Mohd Raiz), a matriculate clerk cum storekeeper was promoted as Senior Assistant vide orders dated 18 April 1983. Under another order bearing same number and date the official was also shown as promoted to executive post of Residential Teacher though he was not in line of promotion and did not possess the educational qualification prescribed for the post. The appointment was challenged (1990) in the High Court which directed (October 1991) the department to inquire into the case. The enquiry had not, however, been finalised as of April 2000. Meanwhile the official was promoted (August 1994) as Tehsil Social Welfare Officer.

3.6.5.2.3 Attachment of staff members

Idle wages of Rs 7.40 lakh paid to 9 officials

Thirty three employees including 2 Child Development Project Officers remained attached with Directorate, divisional offices, etc. in addition to their regular strength during 1996-2000 for periods ranging from 4 months to 4 years. No reasons for the attachment were placed on record nor intimated. In respect of 9 such officials the Department paid idle wages of Rs 7.40 lakh for the periods of attachment. Reasons for not adjusting these officials/officers against regular posts for utilising their services gainfully were not intimated to Audit.

3.6.5.2.4 Avoidable litigations

Incidence of litigation cases high due to improper manpower management

Poor and inadequate management/monitoring of the manpower resources at various levels coupled with the failure to maintain/update cadre wise seniority lists on yearly basis resulted in illegal/irregular appointments and promotions in the Department from time to time. This also led to avoidable litigations as 86 cases of appointments and 18 cases of promotions were pending in the courts against the Department as of January 2000. The Court cases on service matters constituted 85 *per cent* of the cases filed in various courts against the Department and three legal cells, one each in Administrative Department and Deputy Directorates (Kashmir and Jammu) were functioning in the Department. Had the Department devised a proper manpower management policy including control system, the illegal/ unauthorised appointments/promotions and consequent litigations could have been avoided.

3.6.6 Programme implementation

Thirtythree State Sector Plan and Non-plan Schemes (including 5 Centrally Sponsored Schemes) were being implemented by the Department for the welfare of SCs/STs (11), OBCs (8) and for other underprivileged sections (14).

Data base of SCs/STs, OBCs and implementation of welfare schemes not maintained

Expenditure of Rs 104.51 crore was incurred on implementation of these schemes during the years 1995-2000. Overall position of the persons assisted under each of these schemes was not monitored/maintained by the

Department. A test-check in audit of the implementation of the schemes revealed following points:

3.6.6.1 *Centrally sponsored schemes*

A cent *per cent* Centrally sponsored National Social Assistance Programme (NSAP), comprising three[Y] sub-schemes, was introduced in 1995-96. An expenditure of Rs 11.74 crore was incurred on this programme during the period 1995-2000. The programme envisaged social protection by providing cash assistance of Rs 75 per month per beneficiary under National Old Age Pension Scheme (NOAP), Rs 5000 (natural death) and Rs 10,000 (accidental death) to destitute families in the event of death of primary bread earner under National Family Benefit Scheme (NFBS) and Rs 300 (raised to Rs 500 from August 1998) per pregnancy up to first two live births under National Maternity Benefit Scheme (NMBS).

State deprived of central assistance of Rs 27.16 crore due to incorrect projections

Test-check revealed that, based on various parameters and indicators laid down by the Central Government viz. population projections, poverty ratio, age specific mortality, etc. the State was eligible for Central assistance of Rs 39.68 crore. However, the Department had not made the projections of parameters and indicators correctly to the Central Government due to which Central assistance of Rs 12.52 crore only had been released by Government of India. The State was, thus, deprived of the Central assistance of Rs 27.16 crore during 1995-2000 and denial of intended benefits to targetted beneficiaries. Assistance of Rs 47.95 lakh under NMBS had been released during 1995-2000 in the 5 test-checked districts. The fact that these benefits were allowed only to first two live births could not be verified in audit in absence of any records/monitoring done by the department. It was further seen that undisbursed programme funds aggregating Rs 17.96 lakh were lying in the bank accounts of 13 test-checked TSWOs as on March 2000. Besides, cheques amounting to Rs 0.76 lakh issued between April 1997 and December 1999 were not handed over to the beneficiaries and were instead retained by 2 TSWOs (Hiranagar and Kathua) and had become time barred. In 4 test-checked districts (Jammu, Poonch, Rajouri and Pulwama) against a physical target of 8321 beneficiaries under NOAP, based on allocations made to DSWOs during 1995-99, the actual coverage was raised to 16530 beneficiaries unauthorisedly without obtaining additional financial allocation. This not only resulted in creation of committed liability of Rs 83.10 lakh (ending March 2000) in 4 districts but also delayed disbursement of assistance to the needy and indigent by about 2 to 18 months.

Liability of Rs 83.10 lakh created unauthorisedly

[Y] (i) National Old Age Pension Scheme (NOAP), (ii) National Family Benefit Scheme (NFBS) and (iii) National Maternity Benefit Scheme (NMBS)

3.6.6.2 *Post-Matric Scholarship and Book Bank schemes for SC/ST students*

In order to encourage SC/ST and other backward class students to pursue post-matric courses, the Central/State Government introduced Post-Matric Scholarship/Book Bank schemes. The objective of the schemes was to grant scholarship to poor students of these communities so as to provide maintenance expenses and access to books. Following points were noticed:

Non-release of State share in full led to withholding of central share

(i) Against Rs 1.58 crore released by Government of India during 1995-96 and 1996-97 under Post-Matric Scholarship, the State Government did not release any matching share as no provision was kept in the Budget for this. Due to non-release of matching share during 1995-97 and underutilisation of Central assistance released during the same period, Government of India released Rs 44.85 lakh on *adhoc* basis during 1998-99 and withheld releases during 1999-2000 thereby depriving the students of the benefits of the scheme. Assistance of Rs 1.21 crore out of Rs 2.03 crore, received from Government of India during the corresponding period, was released by the Administrative Department to implementing agencies after delay of 3 to 9 months which affected adversely the timely release of scholarship to the needy students. Besides, Rs 32.75 lakh released (July 1998) by Government of India for scholarship to SC/ST students had not been released by the Finance Department as of August 2000. Reasons for this were awaited (September 2000).

Detailed accounts for Rs 3.78 crore not obtained from educational institutions

(ii) While records relating to disbursement of Scholarships for 1996-97 were not produced to Audit, test-check revealed that Rs 2.28* crore were released by the Department during 1995-96 and 1997-2000 to 356 heads of educational institutions but detailed accounts/utilisation certificates had not been obtained from them as of March 2000. Similarly, detailed accounts/utilisation certificates for Rs. 1.50 crore placed at the disposal of various subordinate offices during the above period were also not obtained by these offices from the concerned educational institutions.

3.6.6.3 *Non-implementation of various Centrally sponsored schemes*

Four centrally sponsored schemes not implemented

Four Centrally sponsored schemes for construction of hostels, residential schools and grant of pre-matric/post-matric scholarships for upliftment of OBCs sanctioned by Government of India during 9th Plan were not taken up for implementation (April 2000) because neither provision for State's contribution (at 50 *per cent* for three schemes) was kept in the budget nor was a commitment made to Government of India for meeting the committed liabilities under the schemes.

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* Includes State share funds released during 1997-2000

3.6.6.4 State sponsored schemes

3.6.6.4.1 Integrated Social Security Scheme

With a view to providing social cover to the destitutes and handicapped having no source of livelihood, the State Government launched Integrated Social Security Scheme (ISSS) in June 1994. The scheme envisaged financial assistance of Rs 150 per month as pension/relief to each identified beneficiary. As on March 1999, 1.04 lakh beneficiaries were being assisted under the scheme.

Data base of eligible beneficiaries under ISS scheme not prepared

Quarterly/annual review to weed out ineligible beneficiaries, not carried out

The district level committees with District Development Commissioners as Chairmen were to sanction pension/relief to the identified beneficiaries on the basis of verification conducted by TSWOs. No data of eligible beneficiaries based on below poverty line lists prepared by Rural Development/Food and Supplies Department had been prepared at any level in absence of which the genuineness of the recommended beneficiaries was not susceptible to check. For weeding out ineligible beneficiaries who had become self dependent, the District level committees were to undertake quarterly and annual review of all the cases. The requisite reviews/checks had not, however, been made in the 5 test-checked districts. Instead, Administrative Department on one occasion constituted (December 1997) Tehsil level committees for weeding out ineligible cases. The exercise was to be carried out under the overall supervision of the respective DDCs and completed within one month. It was seen in test-check that the Tehsil Committees constituted (December 1997) did not undertake the weeding out exercise in any of the 5 test-checked districts. The TSWOs instead carried out the exercise at their own level weeding out 8203 cases by March 1998. Due to non-involvement of the Tehsil level committee the impartiality and transparency in weeding out exercise could not be ensured as it was done by the same officers who had allowed the benefits in the first instance. Test-check of the records of 16 TSWOs[#] revealed that the beneficiaries assisted included 2636 ineligible persons who were not widows as envisaged or were employed, triple/double pension recipients, etc. which involved irregular payment of pension amounting to Rs 66.52 lakh during 1995-98 (December 1997) to these ineligible persons. No steps had been taken to recover the amounts drawn unauthorisedly or fix responsibility for irregular payments.

Responsibility for irregular payment of pension of Rs 66.52 lakh not fixed

Pension not disbursed regularly to weaker sections of the society

Monthly disbursement of pension was also not ensured by the Department. In 11 test-checked Tehsils of 3 districts (Rajouri, Kathua and Poonch) lump sum drawals for periods ranging from 2 to 8 months were made during 1996-2000. The delayed payments defeated the very purpose of providing timely assistance to the needy sections of the society.

[#] Jammu: Bishnah, Jammu, R.S.Pora; Udhampur: Udhampur, Ramnagar; Rajouri: Rajouri, Budhal, Thanamandi, Kalakote; Poonch: Poonch Haveli, Sarankote, Mendhar; Doda: Doda, Bhaderwah, Thathri, Kishtwar

3.6.6.5 *Working of Residential Homes/Social Welfare Centres/ CICs , etc.*

3.6.6.5.1 *Residential Homes*

Vocational training not imparted for rehabilitation

Free board and lodge facilities to the underprivileged/ handicapped sections of the society were being provided by the Department through 34 Bal Ashrams, Nari Niketans, Blind Homes and Observation Homes. The diet charges of Rs 15 per day per beneficiary were sanctioned by the Government more than a decade back. Out of 11 test-checked homes, cutting and tailoring training was provided in only one residential home. The vocational training in handicrafts, handlooms, raising of vegetables, etc. for rehabilitating the inmates through self employment programmes were not undertaken in any centre (March 2000). The action plan for undertaking diagnostic analysis of areas of weaknesses for providing sensitized and humane management to promote creativity was also not prepared (1995-2000).

3.6.6.5.2 *Social Welfare Centres/Cottage Industries Centres (CICs)*

Idle wages of Rs 30.38 lakh paid to staff of Cottage Industries Centres of Rajouri district

No trainee sponsored for setting up of income generating unit

Poor women in the age group of 14 to35 years were to be trained in various crafts and trades including new trades like electronics, computer, fashion designing, etc. at Social Welfare Centres for independent living. In 3 CICs of Rajouri District idle wages of Rs 30.38 lakh were paid to staff (Six craft assistants and six orderlies) as no training was imparted during 1995-2000 (ending December 1999) owing to non-availability of raw material. On this being pointed out in audit, the DSWO Rajouri stated (March 2000) that the centres would be revived. Rehabilitation of 2668 persons trained in 24 test-checked centres during 1995-2000 was also not monitored as none of the trainee was sponsored for setting up of income generating unit under self-employment programmes.

3.6.6.6 *Rehabilitation of victims of militancy*

With a view to rehabilitating the victims of militancy, including rehabilitation of migrants and providing assistance to orphans/women and girl students/handicapped/aged persons through provision of scholarship and reimbursement of tuition fee and setting up of hostel for girl students at Jammu, a three tier structure of Governing Council, Executive Council and District Level Committees was set up (February 1996) with Special Secretary Social Welfare Department as its nodal officer. A corpus fund of Rs 20 crore to be contributed by Government of India and State Government on 50:50 basis was to be created for the Council. The income on account of investment of the corpus fund was to be utilized for functioning of the Council. In audit it was seen that:-

(i) Against the envisaged contribution of Rs 10 crore each by Central and State Government, the Central Government released Rs 7 crore

(1995-96: Rs 1.50 crore; 1996-97: Rs 3.50 crore and 1999-2000: Rs 2 crore) to the corpus fund while the State Government contributed only Rs 1.38 crore during 1995-2000. Rupees 2 crore contributed by Government of India in March 1999 were released by the Administrative Department to the Council after 1 year (Rs 1 crore in February 2000 and Rs 1 crore in March 2000) which led to loss of interest of Rs 19.16 lakh for the period 1 April 1999 to end of March 2000 to the Council fund. The accounts of the Council fund had not been drawn up since 1996-97 in absence of which its financial position was not ascertainable. Identification of victims of militancy had not been done as of March 2000. During test-check it was seen that detailed accounts for Rs 1.47 crore advanced to 12 district committees for disbursement among victims of militancy (widows and orphans) had not been obtained. It was, however, noticed that funds to the extent of Rs 3.42 lakh were irregularly diverted from the corpus fund during 1996-98 for holding of camps for handicapped under a separate scheme of ADIP[Ψ].

Detailed accounts in support of Rs 1.47 crore advanced to district committees not obtained

(ii) In 5 test-checked districts it was noticed that activities viz. rehabilitation of migrants, providing of scholarship to students and reimbursement of tuition fee, financial assistance to handicapped/girl students/aged persons and setting up of hostel for girl students in Jammu were not undertaken due to non-release of funds by the Council.

Various rehabilitation activities not undertaken

3.6.7 Purchase system

Purchases of various items required for implementation of programmes were made by the Department during 1995-2000 centrally at the Directorate level except for nutrition items for which rate contracts were finalised at district level. The Department did not have any system of assessing the requirements of the stores/stocks based on actual requisitions/requirements projected by the field offices and availability of stores in various homes/ashrams run by the department. Purchases of different store/stock items (value: Rs 3.33 crore) made by the Directorate during 1998-2000 was in excess by 23 to 1863 *per cent* of the tendered quantity which indicated improper assessment of actual requirements.

Purchase of store/stock items exceeded tendered quantities

3.6.7.1 Extra expenditure due to irregular purchases

The purchase system adopted by Director Social Welfare was defective as purchase of various items was not ensured at the lowest competitive rates. During 1997-98 to 1999-2000 items of different stores valuing Rs 2.09 crore were purchased at negotiated rates after ignoring lowest tendered rates. Some cases are discussed below:

Stores valuing Rs 2.09 crore purchased at negotiated rates after ignoring lowest tendered rates

(a) Assistance of Rs 3500 was to be paid to each identified beneficiary under ISSS in the shape of sewing machine or hand driven looms

Ψ Assistance to disabled persons for fitting/purchase of Aids and appliances or kit and trays for mushroom cultivation and rearing equipment for silk worms. Without assessing the requirements of equipment on the basis of identified beneficiaries for different trades and crafts, Director Social Welfare purchased 7417 sewing machines and 3798 iron presses during 1997-98 and 1998-99 after diverting funds earmarked for purchase of weaving/silkworm/ mushroom cultivation equipment. Of the total purchases of 7417 sewing machines, only 551 (7 *per cent*) were purchased from the lowest tenderer at the rate of Rs 890 per machine. The remaining sewing machines had been purchased at higher rates with excess ranging from Rs 205 to Rs 402 per machine during 1997-99 which resulted in an extra expenditure of Rs 23.27 lakh. Similarly, 3798 iron presses were purchased from a local firm at a higher rate of Rs 380 per piece during 1998-99 against lowest tendered rate of Rs 135 per piece which resulted in a further extra expenditure of Rs 9.31 lakh. Reasons for not making the purchases at the lowest tendered rates were not intimated. The decision to purchase sewing machines during 1998-99 at higher rates was taken by Director Social Welfare, though four out of seven members of the purchase committee had not agreed to the purchases. During 1999-2000 the Department purchased sewing machines and iron presses for Rs 65.40 lakh without calling any tender(s) and after by-passing the duly constituted Departmental Purchase Committee. The utilisation of the purchased equipment issued to various district offices had also not been ascertained/monitored in absence of which impact of the scheme could not be evaluated in audit.

(b) ***Purchase of pre-school material***

The tenders for purchase of pre-school material (nursery books/toys, etc.) invited (February 1998) did not indicate the specifications of the material in absence of which the intending tenderers quoted more than one rate for each item. The Purchase Committee constituted (February 1998 & March 1998) to finalise the contract(s) did not finalise the purchases and subsequently the Directorate negotiated with some selected firms and finalised the rate contract at its own level. Audit scrutiny revealed that the Department incurred an extra expenditure of Rs 23.15 lakh on purchase of the material at rates higher than the lowest tendered rates for items of same specifications. Approval of the purchase rates sought in March 1998 from the Administrative Department had also not been accorded as of April 2000.Though the material was shown to have been issued to various centres during 1998-99, no records indicating actual issue of the material to the intended beneficiaries were made available to Audit.

3.6.8 *Monitoring and Evaluation*

Implementation of schemes not evaluated

The Department had not evolved any mechanism for ensuring continuous monitoring of the programme implementation nor were the results of the implementation of the schemes got evaluated through Government or outside agency. Improper monitoring resulted in poor planning, defective selection of beneficiaries and poor implementation of schemes due to which envisaged benefits did not reach the needy and socially deprived sections of population fully. There was also complete lack of control over manpower, appointments, promotions and proper vigilance over staff.

The above points were reported to Government/Department in August 2000; reply had not been received (December 2000).

Section-B-Audit Paragraphs

Agriculture Production and Rural Development Department

3.7 Unfruitful expenditure on purchase of land and escalation of estimated cost

Release of funds, without proper identification of site, for setting up of milk chilling plant in Pulwama District, resulted in locking up of Rs 10.05 lakh for periods over 5 to 8 years, besides depriving the milk producers of the envisaged facilities

District Development Board Pulwama approved (June 1991) setting up of a milk chilling plant in the district. The plant with a capacity of chilling 2000 litres of milk per hour and holding capacity of 5000 litres was to be completed at an estimated cost of Rs 21.06 lakh in four years and operated under the technical and administrative control of the Kashmir Milk Producers Co-operative Federation Srinagar.

Test-check (July 1999) of the records of Chief Animal Husbandry Officer Pulwama, revealed that the Department placed Rs 2 lakh at the disposal of Assistant Commissioner (Revenue) in March 1992 for purchase of land and also released Rs 4 lakh to the Milk Federation for purchase of machinery and equipment for the plant. The site for the setting up of plant, identified by the Department in March 1994, was acquired by the Revenue Department at a cost of Rs 6.04 lakh. The amount of Rs 4 lakh released to the Milk Federation earlier in March 1992 by the Department was received back and paid to the Revenue Department in October 1994 towards balance cost of the land. An amount of Rs 4.05 lakh was released to the Milk Federation subsequently in March 1995 for purchase and installation of the plant at the acquired site.

Action to acquire/install the plant was not taken till February 1997 when the District Development Board observed that the site selected being very close to the Administrative Block of the District Development Commissioner was unsuitable for the construction of the chilling plant and that the acquired land be utilised for the construction of proposed Veterinary Complex (Administrative office of the Animal Husbandry Department). However, as of July 2000, neither had the Veterinary Complex come up nor had any alternative site been identified for construction of the milk chilling plant. Meanwhile, the estimated cost of construction of the chilling plant had increased from Rs 21.06 lakh to Rs 70 lakh.

Thus, unplanned release of funds by the Department without proper identification of land for setting up of the plant, resulted in locking up of Rs 10.05 lakh for a period of over 5 to 8 years and escalation in the estimated cost of the plant from Rs 21.06 lakh during 1991 to Rs 70 lakh in 1997 and denial of intended facility to the milk producers of the district.

The matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

Education Department

3.8 Nugatory expenditure on idle staff

Idle wages amounting to Rs 10.11 lakh paid to staff of a non-functional hostel

The Government sanctioned (October 1987) staff (9$^{\Psi}$ posts) for girls hostel of Government Polytechnic College for Women Jammu. The hostel housed in a hired private building started functioning in November 1988 but was closed down in September 1993 due to poor occupancy. The hostel staff comprising cook, helper, attendant, watcher, etc. rendered surplus had not been adjusted as of April 2000. On this being pointed out (April 2000) in audit, the Director Technical Education stated (April 2000) that the staff was deployed on comparable posts in college laboratories, workshop, etc. pending approval of Government to create additional posts of non-teaching staff. The reply is not tenable as the college had full complement of sanctioned staff in these sections and there was little scope for creation of additional posts in view of the declining trend of admissions which came down from 43 students in 1995-96 to only 28 students in 1999-2000. Failure to adjust the surplus staff resulted in payment of idle wages of Rs 10.11 lakh from September 1993 to March 2000.

The matter was reported to Government/Department in July 2000; reply had not been received (December 2000).

Ψ Warden- 1, Plumber- 1, Store Keeper-1, Hostel Cook-1, Hostel Watcher-1, Nursing Orderly-1, Helper-1, Hostel Attendant-1 and Safaiwala-1

Health and Medical Education Department

3.9 Idle investment on purchase of equipment

Failure of the Health and Medical Education Department to get the spectrophotometer repaired or replaced by the supplier resulted in investment of Rs 7.91 lakh made on its purchase remaining idle for more than 5 years and avoidable expenditure on conducting tests outside the State

Test-check of records of the Health and Medical Education Department during July 1998 revealed that the Controller, Drug and Food Control Organisation, Jammu and Kashmir placed (December 1993) orders for import of a Spectrophotometer, FT-IR with an Italian firm for analysis of drugs in its laboratory at Jammu. Sanction for advance drawal of Rs 7.91 lakh to meet the cost of equipment and for opening a letter of credit in favour of the supplier was accorded by Government in February 1994. The equipment received in October 1994 was found short of some important accessories. The missing accessories supplied in July 1995 being incompatible with the original equipment were replaced by the firm in December 1995. The spectrophotometer, however, did not function and developed (January 1996) major defects. The supplier with whom the matter for repairing the equipment was taken up belatedly in February/March 1998 i.e. after a delay of over 2 years, refused to repair the same free of cost as the warranty period of 12 months from the date of purchase of equipment had expired. It, however, offered (April 1998) to supply the required spares at a discount of 50 *per cent* (Rs 0.85 lakh) which offer was valid for two months. The Controller, sought Government sanction for replacement of defective parts in December 1998, only after the issue was raised in audit, by which time the validity period of the offer had expired. No further action had been taken as of March 2000. Meanwhile, the organisation continued to get the requisite analysis of the drugs conducted at laboratories outside the State. The amount spent on these tests was not intimated.

The matter was reported to the Government/Department in June 2000; reply had not been received (December 2000).

Health and Medical Education and Labour and Employment Departments

3.10 Wasteful expenditure and locking up of funds due to defective selection of sites

Construction of a PHC[Ψ] at a protected site at Burzahom in violation of Ancient Monuments, Archaeological Sites and Remains Act, 1958, and a labour *sarai* at an unsuitable site resulted in infructuous expenditure of Rs 5.45 lakh besides locking up of Rs 7.96 lakh for over two to five years

Unplanned construction of a PHC and labour *Sarai* taken up by Health and Medical Education Department and Labour and Employment Department respectively without assessing the suitability of the identified sites is discussed below:

(a) Burzahom, situated about 17 kms North East of Srinagar, is an archaeological site of ancient human settlements of Neolithic period (2375 BC). Burzahom, being an archaeological site of national importance, is protected under the provisions of the Ancient Monuments, Archaeological Sites and Remains Act, 1958 and Rules thereunder since August 1965. As per provisions of the Act and the Rules, no construction can be undertaken in the protected/prohibited or regulated area of the site/monument.

Test-check of records of the Executive Engineer, Construction Division No. 3 Srinagar revealed that the Division, without obtaining the administrative approval, allotted (November 1995) the work of construction of a PHC building in Burzahom village at a site identified by Health and Medical Education Department. The work was taken up (December 1995) despite objections raised by Archaeological Survey of India that the site was within the notified/protected area. The execution of work was stopped and finally abandoned in January 1996 after the matter was brought to the notice of Advisor to the Governor by the Archaeological Department. By that time expenditure of Rs 3.41 lakh had been incurred. The proposed health centre was constructed thereafter at a different location in Safapora, rendering the expenditure at Burzahom site wasteful. The circumstances under which the site falling in protected area was identified initially for construction of the health centre were not intimated nor had responsibility for the same been fixed.

Thus, identification of the site in protected area initially and taking up of the construction work despite objections raised by the Archaeological Department subsequently resulted in wasteful expenditure of Rs 3.41 lakh.

Ψ Primary Health Centre

(b) In March 1994, Labour Department advanced Rs 5 lakh to Notified Area Committee (NAC) Katra for purchase of land and construction of a labour *sarai*-cum-welfare centre at Katra. The NAC purchased 4 Kanals and 12 Marlas of land at a cost of Rs 0.98 lakh and transferred (April 1997) the balance amount of Rs 4.02 lakh to Mata Vaishno Devi Shrine Board to whom proposed construction had been entrusted. A further amount of Rs 5 lakh was paid (March 1997) to the Shrine Board for the construction, administratively approved for Rs 12.93 lakh. The Board after utilising Rs 1.06 lakh on construction of approach road and boundary wall expressed (August 1997) their inability to complete the work owing to busy works programme of its construction division. Consequently, the work was entrusted (August 1997) to Public Works Department and unspent amount of Rs 7.96 lakh was transferred to it by the Shrine Board in November 1997. The Public Works Department, however, did not commence the work as the site was reportedly unsuitable and the Department was advised (July 1998) to acquire an alternative site. Meanwhile, the estimated cost of construction was revised (February 1998) by the Public Works Department to Rs 29.35 lakh.

On this being pointed out (February 2000) in audit, the Labour and Employment Department stated that the site was found fit for construction on the basis of spot inspection carried out by it. The reply is, however, not tenable because the cost of the building would increase considerably due to proper soil treatment to be provided in the basement as observed (February 2000) by the CE, PWD (R&B). No final decision had, however, been taken by the Department as of May 2000.

The above points were reported to the Government/Department in May 2000; reply had not been received (December 2000).

Home Department

3.11 Excess payment of Honorarium

Excess payment of Honorarium of Rs 72.03 lakh to the police personnel engaged on election duty had not been recovered despite instructions issued to Drawing and Disbursing Officers by the Administrative Department and Director General of Police

Government accorded sanction (March 1997) for the payment of Honorarium, equivalent to one months' pay and allowances[&], to the police personnel deployed for the conduct of Parliamentary and State Assembly elections of 1996.

A test-check (July 1997 to July 1998) in audit of the records of 17 Drawing and Disbursing Officers of the Police Department, however, revealed that Honorarium paid to police personnel deployed on election duty also included special allowances like Ration Money, House Rent, City Compensatory, Kit maintenance and two and a half days pay paid to police personnel for performing duties on roster basis on Sundays/holidays. This resulted in excess payment of Rs 72.03 lakh during April 1997. At the instance of Audit, the Administrative Department and the Director General of Police directed (August 1997, October 1997, March 2000) all the Drawing and Disbursing Officers to recover the excess amount. Further progress in the matter was awaited (June 2000).

The matter was reported to the Government/Department in June 2000; reply had not been received (December 2000).

Industries and Commerce Department

3.12 Infructuous expenditure on pay and allowances of idle staff

Idle wages amounting to Rs 6.51 lakh were paid to 2 drivers who were without any work

Two vehicles provided to District Industries Centre Udhampur were rendered non-functional from March and April 1991 respectively due to an accident and uneconomical running. Consequently, the two drivers deployed on these vehicles became surplus. Test-check (September 1999/March 2000) in audit revealed that while services of one driver were utilised for the running of a

[&] Dearness allowance, Additional DA, Interim Relief and Medical allowance new vehicle purchased during 1991, the other driver remained idle, except for the period from July 1992 to June 1993 when he was temporarily transferred to Handloom Development Department. Idle wages paid to the driver during the period April 1991 to June 1992 and July 1993 to March 2000 amounted to Rs 4.76 lakh.

Test-check (March 2000) of the records of District Industries Centre Kathua further revealed that although a regular driver stood appointed in the Centre for operating the only vehicle available at the centre, the General Manager employed another driver in June 1993 on daily wage basis. The services of the driver were subsequently placed (March 1997) in a regular scale and regularised from October 1999. Appointment of driver without any work was irregular and resulted in payment of idle wages of Rs 1.75 lakh as of March 2000.

The matter was reported to the Government/Department in July 2000; reply had not been received (December 2000).

3.13 Locking up of funds and avoidable expenditure

Failure of the Sericulture Department to properly plan the construction of cold store resulted in cost escalation of Rs 13.50 lakh, locking up of Rs 12 lakh for 3 to 15 years and avoidable expenditure of Rs 12.97 lakh on procurement of ice for storage of silkworm seeds

Production and distribution of silkworm seeds under controlled conditions is done at the basic seed stations of the Sericulture Department. A mention about unfruitful expenditure of Rs 3.50 lakh on construction of the building of a cold store at seed station, Batote and locking up of Rs 1 lakh due to non-procurement of air conditioning plant was made in Paragraph 3.12 of the Report of the Comptroller and Auditor General of India for the year ended March 1993.

Test-check (August 1998 and February 2000) of the records of Additional Director Sericulture, Jammu further revealed that the air conditioning plant had not been procured and installed at basic seed station, Batote by the Mechanical Division, Udhampur as of February 2000 despite release of Rs 12[&] lakh to it during the period November 1984 to December 1996. It was also seen that though the Division had invited tenders for the purchase and installation of the plant on eight occasions between January 1985 and October 1998, the work had not been allotted. Non-finalisation of tenders last invited in October 1998 was attributed (October 1998 and February 2000) by the Mechanical Division Udhampur to frequent changes in the design parameters of the plant relating to its holding capacity/temperature regulation and non-

& November 1984: Rs 2.50 lakh; March 1987: Rs 1 lakh; December 1996: Rs 8.50 lakh provision of funds in time by the Sericulture Department. The estimated cost of the plant meanwhile increased from Rs 5 lakh in August 1987 to Rs 11 lakh in July 1996 and to Rs 18.50 lakh in February 2000. The unspent funds of Rs 12 lakh were also locked up in Public Works Deposits. In absence of cold storage facilities, the silkworm seed was stored by the Department in ice boxes and Rs 12.97 lakh had been spent by the Department on purchase of ice during 1986-87 to December 1999, which could have been avoided, had the cold storage plant been installed and commissioned.

Thus, failure of the Department to properly plan construction of the cold store resulted in escalation of the cost of plant from Rs 5 lakh in August 1987 to Rs 18.50 lakh in February 2000, locking up of funds aggregating Rs 12 lakh and avoidable expenditure of Rs 12.97 lakh on purchase of ice.

The matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

Stationery and Office Supplies Department

3.14 Idle investment due to inadequate monitoring and co-ordination

Failure of the Stationery and Office Supplies Department to monitor and co-ordinate the construction of office complex resulted in idle investment of Rs 34 lakh for more than 4 years on semi-constructed structure

Department of Stationery and Office Supplies mooted (December 1985) a proposal for construction of an office-cum-store complex at Srinagar. Accordingly, Director Stationery and Office Supplies requested Srinagar Development Authority (SDA) for allotment of land adjacent to Srinagar city for operational convenience of the user Departments which were located mainly in or around Srinagar city. Funds aggregating Rs 4 lakh were released to the SDA during the period March 1986 to April 1989 towards cost of land (Rs 2.40 lakh) and fencing. The construction of the complex (estimated cost: Rs 46.41 lakh) was also entrusted (February 1988) to SDA for completion by May 1996 for which funds aggregating Rs 29.99 lakh were released between March 1991 and March 1996. The execution of the work was, however, taken up only in May 1992 and after incurring expenditure of Rs 34.01 lakh up to October 1995, SDA revised the cost estimates to Rs 60.20 lakh. In the review meetings held (January 1996/February 1997) by Planning and Development Department it was decided to terminate the contract with SDA and allot the balance work to Jammu and Kashmir Project Construction Corporation (a Government Company). Director Stationery and Office Supplies was also directed to verify the physical achievements of the semi-constructed structure and report thereon.

A team of officers headed by Director of Stationery and Office Supplies inspected (March 1997 and May 1998) the work and reported that the land allotted for the complex being about 7 kilometres away from Srinagar city was unsuitable and not in consonance with the requirements of the Department. Substantial mismatch between the reported expenditure and actual physical achievements were also reported (September 1999) as the semi-completed building raised up to roof level was without flooring, doors, windows and sanitary/electrical fittings. While justifying the termination of the contract, the team suggested a detailed probe by the Vigilance Department or other Committee. No further action to complete the building had been taken as of April 2000 as neither detailed accounts for Rs 34 lakh were made available by Srinagar Development Authority nor had the semi-constructed structure been handed over. On this being pointed out in audit (July 2000), the Commissioner Secretary, Administrative Reforms/Stationery and Printing Department stated (August 2000) that the subsequent view of the Director Stationery and Office Supplies regarding unsuitability of site, who was not associated with the earlier decision, has not been upheld by the Government. It was further stated that decision of the Government for completion of complex and its proper use is expected shortly. Further developments were awaited (September 2000).

Thus, due to failure of Stationery and Office Supplies Department to properly monitor and co-ordinate construction of the complex, the expenditure of Rs 34 lakh was rendered idle for more than 4 years. In the meantime the semi-constructed structure was facing vagaries of weather and was without any watch and ward since 1995.

The matter was reported to Government/Department in July 2000; reply had not been received (December 2000).

Chapter – IV
Works Expenditure

Irrigation and Flood Control Department

4.1 Unfruitful expenditure on Lift Irrigation Scheme due to improper planning

Unplanned execution of a Lift Irrigation Scheme without taking into account the proximity of command area to Jammu city and its possible urbanisation rendered the expenditure of Rs 23.68 lakh thereon largely unfruitful

Lift Irrigation Scheme, Sidhra designed to irrigate 468 acres (Rabi: 220 acres; Kharif: 248 acres) of land in Sidhra area of Jammu district was commissioned in 1986-87 at a cost of Rs 23.68 lakh (civil works: Rs 11.68 lakh; mechanical works: Rs 12 lakh). Test-check (April 1999) of records of the Executive Engineer, Irrigation Division-I Jammu, however, revealed that the scheme irrigated only 29 acres each (12-13 *per cent* of the irrigation potential) during *Kharif* and *Rabi* seasons, up to *Kharif* 1994. The scheme had become non-functional thereafter due to non-clearance of the accumulated silt/*mulba* in the sump and dumping of construction material in the canal section due to large scale constructions being carried out in the area. It was further noticed in audit that the Lift Irrigation Scheme had become redundant due to urbanisation of the command area, which fell in the suburbs of Jammu city, and construction of a township in the area by the State Government.

On this being pointed out (April/June1999) the Division stated that due to sale of agricultural land falling in the command area, for construction of residential houses, there was no possibility of utilisation of the created irrigation potential. It was further stated that a proposal for transfer of the machinery to Jammu Development Authority or Public Health Engineering Department or for utilisation on other lift irrigation schemes was under consideration. Further developments were awaited (February 2000).

Thus, utilisation of only 12 *per cent* of the irrigation potential created, up to *Kharif* 1994 and abandoning of the scheme thereafter indicated inadequate survey and improper planning particularly in view of the fact that the area falling in the suburbs of Jammu city was vulnerable to rapid urbanisation. This rendered the expenditure of Rs 23.68 lakh on the scheme largely unfruitful.

The matter was reported to the Department/Government in May 2000; reply had not been received (December 2000).

4.2 Unfruitful expenditure on minor irrigation scheme due to inadequate investigation

Taking up of the work of construction of Challa *khul* by the Department without geological investigations and its failure to get the damages to the *khul* restored since November 1991, rendered the expenditure of Rs 20.40 lakh incurred on it unfruitful besides, denial of intended benefits to the beneficiaries of the area

Construction of 9800 ft long Challa minor irrigation *khul* (estimated cost: Rs 15.17 lakh), designed to irrigate 450 acres of agricultural land in tehsil Billawar, was taken up by the Executive Engineer, Irrigation Division, Kathua during 1978-79. Though the construction of the *khul* was to be completed in four years, the work continued up to 1987-88 due to meagre annual plan allocations, by which time expenditure of Rs 17.38 lakh had been incurred. In August 1988, rains and land slides damaged a substantial portion of the constructed *khul*. A further expenditure of Rs 3.02 lakh was incurred on construction (Rs 2.70 lakh) and restoration of damages (Rs 0.32 lakh) to the *khul* during 1988-89 to 1990-91. Thereafter further work was stopped and a revised proposal for making the scheme functional, estimated to cost Rs 33.20 lakh including provision of Rs 6.93 lakh for restoration of damages, was submitted by the Executive Engineer in September 1991.

Test-check (May 1997) of the records of Irrigation Division, Kathua revealed that the work was taken up during 1978-79 without undertaking geological investigation of the site as the same was not considered necessary then. Administrative approval had also not been obtained. Geo-technical investigation of the site was, however, undertaken belatedly in November 1991 by the Geologist at the request of Superintending Engineer, Irrigation and Flood Control, Circle Kathua which revealed that the alignment of the canal passed through rugged topographical features and also along a very steep slope of a ridge. The remedial measures recommended (November 1991) by the Geologist had, however, not been taken as of February 2000, reportedly due to non-availability of funds and the work stood abandoned. It was also observed that the Design Directorate had sought clarification in September 1992 on the revised proposal of the Executive Engineer on cost increase, discharge of the source, design of the canal section, cost benefit ratio, etc. of the scheme. No action had been taken for providing the information on these parameters to the Design Directorate. As a result, the scheme continued to be non-functional (February 2000).

Thus, inadequate investigation and subsequent failure of the Department to execute the work, based on the recommendations of the Geologist, resulted in unfruitful expenditure of Rs 20.40 lakh. The objective of utilising irrigation potential of the minor irrigation scheme with inherent advantages of smaller capital outlay, short gestation period, etc. for providing assured irrigation facility to a backward area was also not achieved even after 22 years of taking up the work for execution.

The matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

Ladakh Affairs Department

4.3 Unplanned and injudicious purchase of pump sets resulting in locking up of Government money

Unplanned and injudicious purchase of 3 pump sets by Executive Engineer, Mechanical Division, Kargil without taking into cognizance the availability of pump sets in stores resulted in locking up of Rs 15.98 lakh

With a view to providing irrigation facilities to certain villages in Kargil district, District Development Commissioner, Kargil approved (October 1997) purchase of 2 electric and one diesel pump set at an estimated cost of Rs 18 lakh. The pump sets were to be provided during drought conditions to certain villages with potential for lift irrigation which had been identified by the Executive Engineer, Mechanical Division, Kargil during feasibility and field survey. Accordingly, Superintending Engineer, Mechanical Circle, Leh placed (October 1997) orders for supply of 3 pump sets with two Delhi based firms at a negotiated cost of Rs 17 lakh. A payment of Rs 15.98 lakh was made in March 1998 and the supplies were received in November 1998.

Test-check (July 1998) of the records of Executive Engineer, Mechanical Division, Kargil revealed that 3 new pump sets were purchased although 3 Kirloskar pump sets purchased during 1985-86 were already available in the divisional stores. The pump sets already available had also not been utilised since 1988, records for which period were available in the Division. The purchase of new pump sets had obviously been made without ascertaining the stock position of pump sets in the Division. The new pump sets had also not been utilised after their purchase which indicated that these were purchased without assessing immediate need.

Thus, injudicious and unplanned purchase of new pump sets without assessing their immediate need and despite availability of similar pump sets in Divisional stores resulted in locking up of funds amounting to Rs 15.98 lakh.

The matter was reported to the Department/Government in May 2000; their replies had not been received (December 2000).

Mechanical Engineering Department

4.4 Idle investment due to injudicious purchase of machinery and vehicles

Injudicious purchase of a hydraulic excavator, hot mix plant and asphalt paver finisher and two trucks by the Mechanical Engineering Department and consequent non/underutilisation thereof resulted in idle investment of Rs 96.35 lakh besides, wasteful expenditure of Rs 4.43 lakh

The State Government has been facing financial difficulties during the last few years particularly after 1996-97, which called for better financial management. Test-check of the records of Mechanical Engineering Department, however, revealed that the available funds were not utilised judiciously, which resulted in idle investment of Rs 96.35 lakh and wasteful expenditure of Rs 4.43 lakh as discussed below: -

(a) Despite availability of earth moving machinery, Chief Engineer, Mechanical Engineering Department, Jammu purchased (January 1999) a hydraulic excavator at a cost of Rs 40.24 lakh. Test-check (November 1999; March 2000) of the records of Executive Engineer, Mechanical Division, Jammu revealed that the purchase of hydraulic excavator had been made without taking cognizance of the approved outlays and works programme of the user divisions as the excavator was not utilised on any departmental work and remained idle as of March 2000. The machine had, however, been hired out to contractors/other agencies for 313 hours, against 1620[Υ] available working hours earning a revenue of Rs 2.32 lakh which was insignificant and did not even cover the interest charge of 20.75 *per cent* (Rs 8.35 lakh on the locked up amount of the machine) which the Government was paying on its borrowings.

(b) In March 1998, Chief Engineer, Mechanical Engineering Department, Kashmir purchased a 20-30 tonnes per hour capacity hot mix plant and asphalt paver finisher at a cost of Rs 44.39 lakh for ensuring departmentally, quality macadamisation of roads in the districts of Baramulla and Kupwara. The foundations for installation of the plant were constructed (March 1999) at Veerwan (Baramulla) and Zangli (Kupwara) at a cost of Rs 4.43 lakh. However, macadamisation work of roads in these districts was not taken-up up to October 1998, when the progress of road works was reviewed by the Chief Minister in a meeting attended among others by the Chief

[Υ] Based on 270 working days in a year and 6 hours in a day

Secretary, Commissioner Secretary, Chief Engineers (Roads and Buildings) and representatives of the hot mix plant owners association/contractors. In the meeting, the representatives of the association/contractors stated that they were ready to execute the macadamisation works on the basis of rates quoted by them in the preceding year. A decision was accordingly taken to get the works executed through local contractors and to sell the hot mix plant through auction. The sale had not taken place as of July 1999. Thus the investment of Rs 44.39 lakh on purchase of equipment resulted in idle investment besides, rendering an expenditure of Rs 4.43 lakh on construction of foundations infructuous.

(c) The Chief Engineer, Mechanical Engineering Department, Jammu purchased (September 1997) 2 truck chassis at a cost of Rs 9.29 lakh for Mechanical Division, Kathua. The fabrication of the truck bodies on the new chassis was completed at a cost of Rs 2.43 lakh in May 1999 and June 1999 after delay of 18 months due to belated sanction by the Chief Engineer. These trucks had, however, been utilised for 21 days only against 292* available days as of January 2000 which indicated that the purchase of these trucks was made without sufficient demand from user divisions. This resulted in the investment of Rs 11.72 lakh remaining largely idle.

Matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

Power Development Department

4.5 Irregular expenditure of Rs 1.55 crore

Expenditure of Rs 1.39 crore in absence of valid budget allotment and utilisation of departmental receipts of Rs 0.16 crore towards departmental expenditure was irregular and indicated poor financial discipline/control

Financial rules of the State Government provide that no expenditure can be incurred unless provision for funds is kept in the budget estimates and funds are duly authorised/allotted. Further, no money can be kept outside the Government account in Personal Ledger Account or in Deposits without proper sanction of the Government.

(a) Chief Engineer, 220 KV TLP# Division, Jammu, in anticipation of Government sanction, allotted (November 1992) Rs 1.50 crore to Executive Engineer, 220 KV TLP Division, Udhampur for making payment to Forest

* Based on 270 working days in a year
# Transmission Line Project

Department on account of compensation for plantation coming under the alignment of transmission line from Kishenpur to Pampore. Payment of Rs 23.06 lakh was made to three* forest divisions during March 1993 to November 1995 and a cheque for Rs 138.67 lakh was issued (November 1992) by the Division which instead of being handed over to the Forest Department was retained by it. The cheque having become time barred was, however, cancelled subsequently in July 1995. The amount of the cancelled cheque was wrongly reflected as minus debit in the accounts thereby understating the expenditure and inflating the budget provision for the year 1995-96 by Rs 138.67 lakh. Against Rs 138.67 lakh, the Division made payment (September 1995) of Rs 66.19 lakh to a firm for construction of a transmission line and retained the balance amount of Rs 72.48 lakh (September 1995) under Public Works Deposits. The amount of Rs 72.48 lakh was subsequently paid (March 1997) to the Forest Department alongwith a further amount of Rs 55.19 lakh allotted in March 1997 by the Chief Engineer. Reasons for making excess payment of Rs 12.06 lakh to Forest Department were not intimated. The excess expenditure without any budget allocations and concealed in the accounts due to adoption of irregular/incorrect accounting procedure and the retention of Rs 72.48 lakh in the deposit head were irregular.

(b) The Division had further utilised an amount of Rs 16.42 lakh, out of Rs 16.82 lakh recovered (February 1997 to March 1998) from a firm towards cost of shortage of material and restoration of road damages, on repairs and maintenance of the transmission line. The utilisation of amount received from the contractor towards departmental expenditure was irregular and in violation of the financial rules which indicated poor financial discipline/controls. On this being pointed out in audit, the Department stated (December 1999) that the matter for regularisation of the expenditure was taken up with the Chief Engineer, Transmission Line Project, approval for which was awaited (July 2000).

The matter was reported to the Government in May 2000; reply had not been received (December 2000).

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* Ramban, Batote and Udhampur

4.6 220 KV Double Circuit Transmission Line from Kishenpur to Pampore

220 KV Double Circuit Transmission Line from Kishenpur to Pampore was commissioned in July 1996 after time and cost over-run of 28 months and Rs 92.25 crore respectively due to defective survey and improper planning. A project report prepared for realignment of vulnerable locations, execution of protection works, etc. indicated sub-standard execution of work. Cases of undue aid to a firm, non-recovery of liquidated damages/non-supply of spare material were also noticed

With a view to increasing the existing power transmission capacity between Jammu and Kashmir Divisions, the Power Development Department decided (1988) extension of 220 KV Double Circuit Transmission Line from Kishenpur, Udhampur to Pampore in Kashmir valley. The 174 km transmission line, taken up for execution in October 1991, was commissioned (expenditure: Rs 148.51 crore) in July 1996. Test-check (November-December 1999) of records relating to construction of the transmission line revealed the following points:

(a) Underutilisation of capacity

The transmission line was laid with the objective of to and fro transmission of power between Northern Grid and valley during lean winter months and peak power generation during summer months. Test-check of the details of power transmitted on the line during the lean winter months (January 1997, January 1998, January 1999) and peak summer months (June 1997, June 1998, June 1999) revealed that against the transmission capacity of 600 MWs the actual power transmitted on the line ranged between 80 MWs and 320 MWs during the lean winter months and between 170 MWs and 420 MWs during peak summer months. This indicated that the transmission capacity created was underutilised to the extent of 47* and 30* *per cent* during winter and summer months. Reasons for the same were not available. Further, the transmission and distribution losses and impact of the transfer of power on overall improvement in voltage had also not been monitored in absence of which the actual benefits derived could not be assessed in audit.

(b) Time and cost over-run

The project conceived initially in 1988 (estimated cost: Rs 38.64 crore) was not taken up due to financial constraints and was assigned to NHPC[ϕ] in 1990. Anticipating delay in the execution of project by NHPC, the project was taken up departmentally in October 1991 for completion by February 1994. The

* Based on maximum power transmitted during the test-checked period

ϕ National Hydro Electric Power Corporation work split in three sections[ψ] was allotted (September 1991) on turnkey basis to three firms on the basis of tenders invited and finalised by the NHPC. The cost of project estimated at Rs 56.26 crore in September 1991 was revised to Rs 93.65 crore in 1992 and again to Rs 161.01 crore in 1995. The project was commissioned in July 1996 at a cost of Rs 148.51 crore after time over-run of 28 months and cost over-run of Rs 92.25 crore vis-à-vis estimates of September 1991. The overall expenditure on the project ending March 1999 aggregated Rs 156.81 crore which included expenditure of Rs 5.21 crore on works and administrative expenses and undischarged liability of Rs 3.09 crore on account of supplies, pending compensation claims with land collector, etc. The cost over-run of 164 *per cent* was attributed by the Chief Engineer, Transmission Line Project, to non-provision of funds for land/forest compensation, vehicles, T&P and administrative expenses in the initial project report and also to increase in the number of towers from 557 to 582, provision of 45 number special towers leading to increase in cost of foundations, increase in quantities of benching and protection works from estimated 43,200 Cum to 2,09,000 Cum (increase: 384 *per cent*) and from 12,350 Cum to 1,54,625 Cum (increase: 1152 *per cent*) respectively. Audit scrutiny revealed that time over-run of 28 months was also due to delay in approval of route allotment, foundation classification, forest clearance and land acquisition. This indicated defective/inadequate survey and improper/incomplete project planning.

(c) Stabilization of transmission line

The contract for allotment of works drawn with the firms guaranteed satisfactory performance of the project for a period of 12 months from the date of its commissioning. Any portion of the transmission line found defective during this period as a consequence of bad design, manufacture or workmanship was to be replaced by the firms free of cost.

The line immediately (August 1996) after its commissioning in July 1996, however, developed routine faults and had to be placed under planned shut-down for repairs and for undertaking stabilization works. Heavy rains in August 1996 caused damages enroute, endangering many locations due to cracks, sliding, sinking, erosion, etc. During re-inspection (September 1996) of the damaged sites/locations by the Sr. Geologist/Geologist and field engineers, need for taking up additional measures viz. laying of crates, providing effective drain network, construction of toe walls, etc. was felt for which the Department prepared a project report at an estimated cost of Rs 27.50 crore. The project report envisaged realignment of vulnerable locations,

ψ Section A- Kishenpur to Champiari (no snow zone), Section B-Champiari to Tethar (light snow zone), Section C-Tethar to Pampore (heavy snow zone from Tethar to Manda and light snow zone thereafter up to Pampore) execution of protection works, etc. during the IXth Plan period. An amount of Rs 4.38 crore was spent on the protection works/repairs as of March 1999.

Development of faults within the guarantee period which necessitated provision of additional measures as suggested by Geologist, etc. indicated defective survey and sub-standard execution, necessitating additional expenditure by way of stabilization works despite 1152 *per cent* increase in benching and protection works undertaken during execution stage of the project. Reasons for non-recovery of the cost of these works from the firms especially when detailed survey of the line was within the scope of work entrusted to them and the defects had developed within the guarantee period, were neither on record nor intimated.

Test-check also revealed that defective survey of the line alignment necessitated realignment of the transmission line and abandoning of tower numbers 8,10 and 12 and location numbers 47 and 48 at execution stage resulting in infructuous expenditure of Rs 1.33 crore.

(d) Undue aid to a firm

The work allotted to the firms on turnkey basis, *inter-alia*, included construction of retaining/breast walls. Test-check of records revealed that in *Champiari-Tethar* section of the transmission line, a number of these civil works were executed departmentally during the period October 1993 to March 1996 at a cost of Rs 1.77 crore excluding establishment/supervision charges. Circumstances under which such works, which were a part of the turn-key project, were executed departmentally and the manner in which reasonability of rates for these works was assessed, were neither on record nor intimated. Execution of the works departmentally amounted to undue aid to the firm.

(e) Non-recovery of liquidated damages and unauthorised retention of tower material

(i) As per terms and conditions of the contract, liquidated damages at the rate of half *per cent* of the unexecuted portion of the work, per week or part thereof subject to a maximum of 10 *per cent* of the total value of contract, were to be recovered for delay in execution beyond February 1994. Though works and supplies worth Rs 34.22[ϕ] crore were executed after extended period of completion in October 1994 and December 1994 respectively, no liquidated damages were levied. The Department, however, worked out (April 1998) liquidated damages at Rs 2.83 crore and sent the case (April 1998) to the Development Commissioner, Power Development Department. Decision of the Empowered Committee was awaited as of May 2000.

ϕ SAE Ltd. (India) : Rs 6.07 crore, KEC Ltd.: Rs 17.67 crore, EMC Ltd. : Rs 10.48 crore

(ii) According to the contract entered into with the executing firms, spare tower and line material, required for maintenance after commissioning of the transmission line, was to be supplied by these firms. Out of 278.184 Mts tower material ordered/paid for, 50.068 Mts (estimated value[≠]: Rs 15.52 lakh) of spares were not supplied by the firm who executed the *Thethar-Pampore* section of the line. No action to obtain the balance material/recover cost thereof from the firm had been initiated (September 2000). Similarly, other line material worth Rs 21.17 lakh lying with the firm had also not been recovered as of November 1999.

On being pointed out in audit, the Department stated (November 1999) that the matter for recovery of the material was under correspondence with the firm. Further progress in the matter was awaited (May 2000).

(f) Awaited detailed accounts

Against Rs 2.14 crore advanced by Pampore Division for acquisition of land, etc. to Collectors Land Acquisition, Bemina (Rs 10 lakh), Anantnag (Rs 1.22 crore), Pulwama (Rs 81.97 lakh), during the period December 1993 to March 1999, payees receipts for Rs 1.04 crore only were obtained that too without supporting land award/mutation certificates. The balance of Rs 1.10 crore had neither been refunded nor were reasons thereof intimated as of January 2000.

The matter was reported to Government/Department in May 2000; reply had not been received (December 2000).

4.7 Wasteful expenditure on construction of a tower

Failure of the Power Development Department to conduct geological investigation and assess the design requirements before taking up construction of a tower resulted in damages to the tower due to rains and winds, immediately after its completion and consequential wasteful expenditure of Rs 6.17 lakh on its construction and dismantling of conductors

Executive Engineer, Transmission Line Construction Division-I, Jammu completed (September 1996) erection of a tower and stringing of conductors at location No. 11 of Sidhra-Janipur section of 132 KV Double Circuit Ring Main Line at a cost of Rs 5.46 lakh. The foundation and the tower was, however, damaged immediately thereafter due to heavy rains and winds. Accordingly, a fresh foundation was constructed (January 1999) at a new site, about 20 metres away from the old site, after obtaining opinion of the geologist and design consultants. The reconstruction of a special type

[≠] Cost of material retained by the firm not assessed by the Department foundation with protection/breast walls and drainage system, etc. erection of superstructure and stringing of conductors at the new site (estimated cost: Rs 11.03 lakh) was completed in June 1999 and was pending energisation for want of some minor protection works, funds for which had not been allotted (December 1999). A further expenditure of Rs 0.71 lakh was incurred on dismantling of conductors between location No 10 to 11 and 11 to 12.

Test-check (December 1999) of the records of Executive Engineer, Transmission Line Division No. I, Jammu revealed that the work of construction of foundation at the original site was taken up by the Executive Engineer on the basis of soil classification alone without conducting geological investigation and assessing the design requirements based on geological features of the site. On this being pointed out (December 1999) in audit, the Executive Engineer stated (December 1999) that expert technical opinion was not being obtained in case of all the locations as obtaining specialised expert opinion increased the cost of the project. The reply is not tenable as obtaining of technical opinion was obligatory and besides, the services of a Geologist (Engineering), Civil Construction Wing and a separate Design Directorate were already available to the Department whose opinion had, however, been obtained belatedly by the Executive Engineer after the tower was damaged in 1996.

Thus, failure of the Department to conduct geological investigation of the site and assess design requirements of the foundations before taking up the construction work resulted in wasteful expenditure of Rs 6.17 lakh on defective construction of tower and dismantling of conductors.

The matter was reported to the Government/Department in July 2000; reply had not been received (December 2000).

Public Health Engineering Department

4.8 Unfruitful expenditure due to non-commissioning of drinking water supply scheme

Execution of work on Lift Water Supply Scheme, Rajouri without ensuring the right to use the source of water for the scheme resulted in unfruitful expenditure of Rs 35.10 lakh besides, depriving the beneficiaries of the intended benefits

Water Supply Scheme Charian envisaging supply of drinking water to Farwala and Charian villages in Rajouri district, having population of 978, was taken up for execution under ARWSP[Ψ] during 1986-87 (estimated cost:

[Ψ] Accelerated Rural Water Supply Programme

Rs 16.20 lakh) by Executive Engineer, Public Health Engineering Division, Rajouri. In view of the fact that a number of water supply schemes did not come to fruition mainly because of doubtful sources of water, the Government had instructed (July 1984) that water supply schemes should be taken up only after ensuring that source of water was perennial and free from encumbrances.

Scrutiny of records (January 1999) of Executive Engineer, Public Health Engineering Division, Rajouri revealed that the work on the water supply scheme, with a spring on a private land as its source, was taken up (1986-87) without obtaining administrative approval/technical sanction. The work was completed in 1991-92 at an escalated cost of Rs 31.62 lakh and additional expenditure of Rs 3.48 lakh was further incurred on purchase of voltage stabilizers, etc. during 1992-94. The scheme could not, however, be made functional after its completion as owner of the land refused to allow pumping of water from the spring. Consequently, the scheme could not be commissioned and was lying dysfunctional as of January 1999. On this being pointed out in audit, the Executive Engineer stated (January 1999) that efforts were being made to settle the dispute through Police and Revenue authorities.

Thus, defective planning and execution of work without first ensuring the right to use the spring as a source of water for the scheme, in disregard of the specific instructions of Government, resulted in unfruitful expenditure of Rs 35.10 lakh as also the scheme failed to provide drinking water facility to the people of the aforementioned villages even after 14 years.

The matter was reported to the Government in May 2000; reply had not been received (December 2000).

Public Works Department

4.9 Unfruitful investment due to defective planning

Failure of the Department to finalise and supply drawings/designs to the contractor resulted in locking up of investment of Rs 80.85 lakh for over seven years

According to the instructions issued (January 1988) by the State Government, works costing Rs 15 lakh and above are to be executed through Jammu and Kashmir Projects Construction Corporation Limited (a Government Company). In violation of these instructions, Chief Engineer, Roads and Buildings, Kashmir allotted (July 1992) construction of a five-storey office building (estimated cost: Rs 1.41 crore) in old Secretariat premises, Srinagar to a contractor for completion within 3 years. As per the terms of allotment, construction drawings/designs of the work were to be supplied by the Department before the start of the work.

Test-check (June 1999) of the divisional records revealed that in anticipation of the approval of the Government and without entering into any agreement, the Chief Engineer engaged (1991) a consultancy firm for framing drawings/designs of the proposed building and made a payment of Rs 1.18 lakh to the firm between January 1992 and March 1993. The firm supplied (March 1992) drawings up to raft level pending execution of proper agreement. The department had not, however, entered into any proper agreement with the firm as of August 2000 as approval to the hiring of the services of the firm had not been accorded by the Government (August 2000). Consequently, the contractor to whom the work was allotted in July 1992, suspended (December 1992) the work after it had reached raft level (booked expenditure: Rs 60.72 lakh) and the work was lying incomplete as of August 2000. It was further seen that even after suspension of the work by the contractor, to whom a payment of Rs 11.61 lakh had been made, a mobilisation advance of Rs 20 lakh was paid to him in May 1993, reasons for which were awaited. Out of the said advance, only Rs 1.05 lakh had been recovered up to August 2000 leaving Rs 18.95 lakh recoverable. Unconsumed material valued at Rs 4 lakh was also lying with the contractor.

Thus, allotment of the work to the contractor before finalising drawings/designs and payment of mobilisation advance of Rs 20 lakh even after work had been suspended by him resulted in locking up of investment of Rs 80.85 lakh over a period of more than 7 years. The estimated cost of the building was also likely to escalate due to delay in its completion.

The matter was reported to the Department/Government in August 2000; reply had not been received (December 2000).

4.10 Infructuous expenditure on construction of flyover

Abandoning of the construction work of flyover between left bank of Budshah bridge and New Secretariat junction resulted in infructuous expenditure of Rs 31.23 lakh

Planning and Development Department of the State Government commissioned (December 1988) M/S RITES[Ψ] as consultants (fees paid: Rs 3.59 lakh) for preparation of an integrated transport plan for Greater Srinagar to meet its transport demand up to year 2021. The detailed report submitted (January 1992) by the agency, *inter alia,* recommended construction of a Flyover/grade separator between left bank of Budshah Bridge and New Secretariat junction. The integrated transport plan was approved by the State Administrative Council in February 1996.

Ψ Rail India Technical and Economic Services

Based on the immediate traffic demand and available financial resources, construction of Flyover (estimated cost; phase-I: Rs 8.76 crore) was allotted by the Chief Engineer (R&B), Kashmir to the Jammu and Kashmir Projects Construction Corporation (a Government Company). The execution of the work was taken up by the Company in April 1997 and up to August 1997 expenditure of Rs 27.35 lakh was incurred on driving of piles, barricading/providing floodlights and construction of a tube well. A further expenditure of Rs 5.75 lakh was incurred by the Power Development Department on shifting of sub-stations falling in the alignment of the proposed Flyover. The execution of the work was, however, cancelled following a decision taken (November 1997) in a meeting held by the Chief Minister with Chief Secretary and Deputy Commissioners of Kashmir Division. Reasons for cancellation of the work on the Flyover were neither placed on record nor intimated. After accounting for the cost of dismantled material (Rs 3.97 lakh) and further expenditure of Rs 2.10 lakh incurred by the Company on clearing the site for smooth flow of traffic, expenditure of Rs 31.23 lakh incurred on the project was rendered infructuous.

Thus, taking up the work of construction of Flyover by the Department without considering all relevant factors which impinged on its execution resulted in wasteful expenditure of Rs 31.23 lakh.

The matter was reported to the Government/Department in May 2000; reply had not been received (December 2000).

4.11 Irregular drawal, wasteful expenditure and blocking of funds

Drawal of funds in violation of financial rules and purchase of stores in excess of actual requirements, resulted in wasteful expenditure of Rs 7.11 lakh and locking up of Rs 2.95 lakh for over 7 years

Financial Rules of the State Government provide that funds should not be drawn from the treasury unless required for immediate disbursement. The Rules also forbid drawal of funds with a view to avoiding lapsing of budget grant and placing of such moneys in deposits in Public Account or with banks.

A decision to introduce improved technology of using precast section of drains and purchase of U-shaped precast drains on trial basis was taken (January 1993) in a meeting held under the Chairmanship of the Chief Engineer, PWD (R&B), Srinagar. Accordingly an order for supply of 16500 rft, 225mm U-shaped RCC drains was placed (February 1993) with a firm[ψ] at the rate of Rs 69.35 per feet by Executive Engineer, Right River Circular

ψ A small scale unit

Road Division, Srinagar without prescribing any delivery schedule. The basis on which the requirement of 16500 rft was assessed by the Executive Engineer was neither on record nor intimated. In March 1993, the Executive Engineer drew an amount of Rs 11.27 lakh and transferred it to Deposit head in spite of the fact that payment was to be made only after receipt of material and verification of its specifications, in terms of supply order. Partial supplies (12000 rft) were made by the firm only in August and September 1993 against which Rs 8.32 lakh was released to it in September 1993 and the balance of Rs 2.95 lakh remained locked up (April 1999) in the Deposit head. Of the 12000 rft drains purchased by the Division, only 1750 rft (15 *per cent*) had been utilised up to March 1998. The remaining 10250 rft drains (value: Rs 7.11 lakh) had in the meantime become unserviceable and the efforts of the Division to utilise these drains in other Divisions before these became unserviceable did not succeed due to which expenditure of Rs 7.11 lakh was rendered wasteful.

Thus, drawal of Rs 11.27 lakh and crediting it to Deposit account and purchase of stores in excess of actual requirement resulted in irregular drawal of the amount and wasteful expenditure of Rs 7.11 lakh besides, locking up of funds amounting to Rs 2.95 lakh for over 7 years. Irregular drawal of funds and their locking up in Deposit account and wasteful expenditure exacerbated the fiscal distress of the State particularly in view of the fact that the State Government is meeting part of its expenditure from borrowings at the interest rate of 20.75 *per cent*.

The matter was reported to Government in May 2000; reply had not been received (December 2000).

Chapter-V

Stores and Stocks

Irrigation and Flood Control Department

5.1 Locking up of Government money due to unnecessary purchase of stores

Unnecessary purchase of chain–link fencing and black annealed wire by the Executive Engineer, Tube Well Irrigation Division, Srinagar between November 1991 and July 1992 resulted in locking up of Rs 5.15 lakh for over 8 years

Financial Rules of the Government provide that purchase of stores for public service should be made in accordance with definite requirements of public service and that purchases in advance or in excess of requirements should be avoided as it involves locking up of Government money.

Executive Engineer, Tube Well Irrigation Division, Srinagar procured chain-link fencing and black annealed wire valued at Rs 5.15 lakh during November 1991 to July 1992 for utilisation on different flood control core area works. It was, however, noticed (August 1999) that the material was not used till July 1997 when these works were transferred to the Flood Control Division, Srinagar. Even thereafter the material was neither transferred to the Flood Control Division nor was the same utilised by the Division or transferred to other sister Divisions. The basis for assessing requirements or obtaining indents from sub-divisions, etc. was not on record. Non-utilisation of the material indicated that the material had been purchased by the Division without any firm requirements.

Thus, unnecessary purchase of material resulted in locking up of Rs 5.15 lakh for over 8 years. Further, accumulation of stores for a long period of 8 years was fraught with the risk of pilferage/shortage of stores and possible deterioration of the material.

The matter was reported to Government in May 2000; reply had not been received (December 2000).

Power Development Department

5.2 Locking up of funds due to non-receipt of supplies against advances made

Failure of the Department to exercise proper control and conduct reconciliation of supplies received against advances made, resulted in locking up of funds aggregating Rs 3.02 crore for periods varying from 4 to 14 years

The Procurement and Material Management Organisation was created in May 1981 with the objective of making centralised procurement of quality material and equipment at competitive rates for use by the user divisions of the Power Development Department. A test-check (February 2000) in audit of the records of the Organisation revealed that due to poor control mechanism and non-reconciliation of material received against amounts advanced to various suppliers, Rs 3.02 crore were locked up for periods varying from 4-14 years as discussed below: -

(a) The Superintending Engineer, Electric Purchase Circle-II, Srinagar placed orders with a Srinagar based firm for conversion of carbon steel billets into tor steel of different sizes. For this, 4640.210 Mts of billets were issued to the firm from Electric Central Stores Division (ECSD), Srinagar during September 1988 to May 1989. The firm, however, returned only 3762.715 Mts of tor steel up to June 1991. The balance quantity of 459.410 Mts steel billets valued at Rs 27.05 lakh, after allowing stipulated 10 *per cent* (418.08 Mts) wastage on the raw material issued, had not been supplied by the firm as of September 2000. According to the standing instructions, the Department had to ensure that the material remaining with the firm did not exceed the amount of bank guarantee (Rs 5 lakh) executed by the firm, at any time. Non-observance of the agreed terms resulted in undue retention of the material by the firm. The bank guarantee executed with the firm was also not got renewed beyond May 1990. Similarly, Executive Engineer, ECSD, Jammu issued 1975.690 Mts of steel billets to a rolling mill at Jammu for conversion into 1795.200 Mts of finished tor steel of different sizes. Against 1795.200 Mts of tor steel, only 1626.098 Mts were supplied by the firm up to May 1992 and the balance quantity of 169.102 Mts valued at Rs 21.98 lakh was unauthorisedly retained by it. Neither 169.102 Mts of tor steel was retrieved from the firm nor its cost (Rs 21.98 lakh) recovered (November 1999).

(b) On the basis of a requisition from Chief Engineer, Civil Construction Wing, Chief Engineer, Procurement and Material Management

(P&MM) placed orders (February-March 1993) with SAIL[♥], Jallandhar for supplying 5689[#] Mts of tor steel of sorts by March 1993. The ECSD, Jammu on the directions of the Chief Engineer, P&MM advanced (March 1993) Rs 6.44 crore to SAIL for supply of 5784 Mts tor steel. The material was to be consigned by 3 Jallandhar based rolling mills, approved by SAIL, to 4 nominated user divisions of the Civil Construction Wing. Against the quantity of 5784 Mts, only 3674 Mts of steel had been received ending July 2000 leaving 2110 Mts of tor steel valued at Rs 2.40 crore with SAIL. This resulted in locking up of funds besides loss of interest[*] of Rs 2.47 crore on the locked up amount for the period between March 1993 to September 2000.

(c) Executive Engineer, ECSD, Jammu made advance payments aggregating Rs 39.84 lakh to a firm during December 1984 to November 1986 for supply of 4000 Mts cement. The firm supplied only 672.95 Mts of cement valued at Rs 6.15 lakh up to February 1987. Out of the balance amount of Rs 33.69 lakh lying with the firm, only an amount of Rs 28.60[⊕] lakh had been recovered upto May 1991. The balance amount of Rs 5.09 lakh had not been recovered as of September 2000 resulting in its locking up besides, loss of interest[*] of Rs 8.83 lakh for the period November 1986 to September 2000.

(d) Advance payments aggregating Rs 8.17 lakh made to various firms/suppliers and Government undertakings by 3 Jammu based consignee divisions during 1995-96 to 1998-99 were outstanding (August 2000) owing to non-supply of material/equipment by them. This resulted in locking up of Government money besides, loss of interest* of Rs 2.74 lakh for the period April 1996 to September 2000.

The matter was reported to Government in May 2000; reply had not been received (December 2000).

♥ Steel Authority of India

\# At the rates ranging from Rs 10874 to Rs 11760 per Mt

* Calculated at the minimum interest (simple) rate charged by J&K bank on overdrafts taken by the State Government

⊕ Rs. 9.60 lakh during May 1986 to October 1987 and Rs 19 lakh in May 1991

Chapter-VI

Revenue Receipts

6.1 *Trend of revenue receipts*

Receipts from Government of India accounted for 82 *per cent* of total revenue

6.1.1 The total receipts of Government of Jammu and Kashmir for the year 1999-2000 were Rs 5513.59 crore, against the anticipated receipts of Rs 4983.10 crore. The receipts during the year 1999-2000 registered an increase of Rs 1004.45 crore[#] over 1998-99. Out of the total receipts of Rs 5513.59 crore, Rs 982.92 crore represented revenue raised by the State Government, of which Rs 577.64 crore represented tax revenue and the balance of Rs 405.28 crore non-tax revenue. The receipts from Government of India (Rs 4530.67 crore) during the year accounted for 82 *per cent* of the total revenue receipts of the State Government.

6.1.2 *Details of revenue receipts*

(a) *General*

The details of revenue receipts during the year 1999-2000 alongwith the corresponding figures for the preceding two years are given in the table below:

(Rupees in crore)

		1997-98	1998-99	1999-2000
I-Revenue raised by the State Government				
(a)	Tax revenue	368.28	436.61	577.64
(b)	Non-tax revenue	247.92	283.25	405.28
	Total - I	**616.20**	**719.86**	**982.92**
II-Receipts from Government of India				
(a)	State's share of Union taxes and duties	833.57	1212.05	1231.60
(b)	Grants-in-aid	3192.02	2577.23	3299.07
	Total-II	**4025.59**	**3789.28**	**4530.67**
III	**Total (I+II)**	**4641.79**	**4509.14**	**5513.59**
IV	**Percentage of I to III**	**13**	**16**	**18**

(b) *Tax revenue raised by the State*

Tax revenue, 59 *per cent* of total revenue raised by the State

Receipts from tax revenue during 1999-2000 constituted 59 *per cent* of the revenue raised by the State. An analysis of tax revenue for the year 1999-2000 and the preceding two years is given in the table below:

Rs 741.39 crore on account of receipts from Government of India and Rs 263.06 crore on account of tax and non-tax revenue

(Rupees in crore)

S. No	Tax revenue	1997-98	1998-99	1999-2000	Percentage increase(+)/ decrease(-) in 1999-2000 with reference to 1998-99
1	State Excise	161.93	206.14	274.30	(+) 33
2	Sales Tax	144.65	180.28	235.87	(+) 31
3	Taxes on Vehicles	14.79	18.14	21.91	(+) 21
4	Stamps and Registration Fees	11.43	12.10	14.86	(+) 23
5	Taxes and Duties on Electricity	8.07	8.33	16.38	(+) 97
6	Taxes on Goods and Passengers	23.80	4.95	7.46	(+) 51
7	Land Revenue	0.63	2.81	1.81	(-) 36
8	Other taxes and duties	2.98	3.86	5.05	(+) 31
	Total	**368.28**	**436.61**	**577.64**	**(+) 32**

Increase in Sales tax and Excise duty receipts during 1999-2000 as compared to 1998-99 was mainly due to increasing trend in prices of consumer goods with consequent increase in Sales tax collections, upward revision in tax rates including excise duty and introduction of amnesty scheme by the State Government. The increased collection under Taxes and Duties on Electricity and Passenger tax was also due to increase in tariff during the years 1997-99.

(c) *Non-tax revenue of the State*

Non-tax revenue,41 *per cent* of revenue raised by the State

Receipts from non-tax revenue during 1999-2000 constituted 41 *per cent* of the revenue raised by the State. Receipts from sale of power, Interest and Forestry and Wild life were the principal sources of non-tax revenue in the State. An analysis of non-tax revenue under the principal heads for the year 1999-2000 and the preceding two years is given in the table below:

(Rupees in crore)

S. No	Non-tax revenue	1997-98	1998-99	1999-2000	Percentage increase (+)/ decrease (-) in 1999-2000 with reference to 1998-99
1.	Power	87.47	103.93	218.55	(+) 110
2.	Forestry and Wildlife	20.80	45.70	33.86	(-) 26
3.	Interest	102.69	88.17	102.55	(+) 16
4.	Public Works	7.64	7.33	6.81	(-) 7
5.	Stationery and Printing	2.01	1.88	1.48	(-) 21
6.	Medical and Public Health	2.40	3.06	3.27	(+) 7
7.	Animal Husbandry	2.59	3.36	2.48	(-) 26
8.	Others	22.32	29.82	36.28	(+) 22
	Total:	**247.92**	**283.25**	**405.28**	**(+) 43**

The increase (110 *per cent)* on account of Power and Others was mainly due to more receipts of arrears of electricity charges for which an amnesty scheme was introduced by the State Government (1997) which was extended during the years 1998 and 1999 and increase in user charges particularly under Power, water tax and rents, etc.

(d) Variation between Budget estimates and actuals

The variations between the Budget estimates and actuals for the year 1999-2000 in respect of principal heads of revenue are given below:

(Rupees in crore)

S.No	Heads of revenue	Budget estimates	Actuals*	Variations increase (+)/ decrease (-)	Percentage of variation
A.	**Tax revenue**				
1	Sales Tax	240.00	235.87	(-) 4.13	(-) 2
2	State Excise	145.00	274.30	(+) 129.30	(+) 89
3	Taxes on Goods and Passengers	147.50	7.46	(-) 140.04	(-) 95
4	Taxes on Vehicles	16.65	21.91	(+) 5.26	(+) 32
5	Taxes and Duties on Electricity	25.34	16.38	(-) 8.96	(-) 35
6	Stamps and Registration Fees	13.65	14.86	(+) 1.21	(+) 9
7	Land Revenue	1.46	1.81	(+) 0.35	(+) 24
B	**Non-tax revenue**				
8	Interest Receipts	116.96	102.55	(-) 14.41	(-) 12
9	Forestry and Wildlife	86.17	33.86	(-) 52.31	(-) 61
10	Stationery and Printing	3.95	1.48	(-) 2.47	(-) 63
11	Animal Husbandry	3.62	2.48	(-) 1.14	(-) 31
12	Medical and Public Health	4.62	3.27	(-) 1.35	(-) 29
13	Public Works	7.75	6.81	(-) 0.94	(-) 12
14	Power	39.74	218.55	(+) 178.81	(+) 450

Reasons for variations between the Budget estimates and actual receipts, though called for, have not been received (November 2000).

(e) Cost of collection

The collections in respect of major tax receipts, expenditure incurred on their collection and percentage of such expenditure to collections during the year 1999-2000 and preceding two years alongwith the corresponding all India average for the year 1998-99 are given below:

* Figures as per Finance accounts and unreconciled

(Rupees in crore)

S. No	Heads of revenue	Year	Gross collection	Expenditure on collection	Percentage of expenditure to gross collection	All India percentage of cost of collection for the year 1998-99
1	State Excise	1997-98	161.93	6.07	4	
		1998-99	206.14	6.24	3	3.25
		1999-2000	274.30	7.35	3	
2	Sales Tax	1997-98	144.65	4.09	3	
		1998-99	180.28	7.03	4	1.40
		1999-2000	235.87	8.61	4	
3	Taxes on Vehicles	1997-98	14.79	1.54	10	
		1998-99	18.14	1.89	10	3.22
		1999-2000	21.91	2.11	10	
4	Stamps and Registration Fees	1997-98	11.43	0.94	8	
		1998-99	12.10	0.64	5	5.45
		1999-2000	14.86	2.41	16	

The percentage of expenditure on collection of Sales Tax, Taxes on vehicles and Stamps and Registration fees compared to the national average was higher mainly due to high cost of establishment.

6.1.3 Arrears in revenue

As on 31 March 2000, arrears of revenue under Sales Tax, Passenger Tax, Forestry and Wild life and State Excise as reported by the Departments were as under:

S. No.	Heads of revenue	Total arrears	Arrears more than five years old	Remarks
		(Rupees in crore)		
1.	Sales Tax	511.95	187.30	Out of total arrears of Rs.511.95 crore (Rs 472.32 crore proposed to be recovered as arrears of land revenue) recovery of Rs 29.33 crore and Rs 1.41 crore had been stayed by the court and the Appellate Authority respectively. Arrears of Rs 81.32 crore were proposed to be written off. The position of recovery of the remaining amount of Rs 399.89 crore was not intimated (September 2000).
2.	Passenger Tax	10.77	6.75	Out of total arrears of Rs 10.77 crore (Rs 10.46 crore proposed to be recovered as arrears of land revenue) recovery of Rs 48.22 lakh had been stayed by the courts and Rs 15.72 lakh was proposed to be written off
3	Forestry and Wild life	358.16	292.52	Recovery of arrears of Rs 19.73 crore was stayed by the courts
4.	State Excise	5.41	4.28	Recovery of arrears in abeyance as the cases are sub-judice
	Total:	886.29	490.85	

55 *per cent* of total arrears more than 5 years old

The arrears outstanding for more than five years constituted 55 *per cent* of the total arrears.

6.1.4 Arrears in Assessment

The details of Sales Tax assessment cases pending at the beginning of the year, cases becoming due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of each year during 1995-96 to 1999-2000 as furnished by the Department, are given below:

Year	Opening balance	Cases due for assessment during the year	Total	Cases finalised during the year	Balance at the close of the year	Percentage of column 5 to 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1995-96	39340	17079	56419	17893	38526	32
1996-97	38526	20790	59316	18402	40914	31
1997-98	40914	17381	58295	16214	42081	28
1998-99	52304 #	51136	103440	23968	79472	23
1999-2000	40433#	22453	62886	22108	40778	35

The variation in the figures with the closing balance for 1997-98 and 1998-99 as shown in the Audit Report for 1997-98 and 1998-99 is due to the revised figures of assessment cases supplied by the Sales Tax Department

6.1.5 *Frauds and evasion of tax*

The details of cases of frauds and evasion of sales tax pending at the beginning of the year, number of cases detected by the departmental authorities, number of cases in which assessments/investigations were completed and additional demand (including penalties, etc.) of taxes raised against the defaulters during the years and the number of cases pending for finalisation at the end of each year, as supplied by the Department, are given as under:

Year	Cases pending at the beginning of the year	Cases detected during the year	Cases in which assessments/ investigations were completed	Amount of demand (Rs. in lakh)	Number of cases pending finalisation at the end of the year
1995-96	1989	17314	16733	80.50	2570
1996-97	2570	22002	20978	68.39	3594
1997-98	3625#	25100	24257	118.02	4468
1998-99	4468	21704	20766	44.21	5406
1999-2000	4757#	77438	73815	741.05	8380

6.2 *Results of Audit*

During the year underassessments, short levy and loss of revenue, etc. amounted to Rs 16.80 crore in 134 cases

Test check of records of Sales Tax, State Excise, Stamps and Registration Fees, Forest and other Departments, conducted during the year 1999-2000, revealed underassessments, short levy and loss of revenue, etc. amounting to Rs 16.80 crore in 134 cases. During the course of the year 1999-2000, the concerned departments accepted underassessments, etc. of Rs 1.19 crore involved in 7 cases of which 5 (involving Rs 0.14 crore) pertained to the year 1999-2000 and 2 to the earlier years.

The variation in figures with those given in the Audit Report 1996-97 and 1998-99 is due to revised figures supplied by the Sales Tax Department

Finance Department

6.3 Suppression of turnover

Failure of the Assessing Authority to follow prescribed internal controls resulted in suppression of turnover of Rs 25.15 lakh with consequential short levy of tax, interest and penalty of Rs 9.05 lakh

Under the provisions of Jammu and Kashmir General Sales Tax Act, 1962, if the Assessing Authority has reason to believe that the dealer has concealed his turnover or has furnished incorrect particulars of such turnover, the said authority shall direct the dealer to pay, in addition to tax due on such concealed turnover, interest for the period of default in payment and penalty equivalent to the amount of tax which is assessed on the escaped turnover. Further, for ensuring proper assessment and check evasion of tax, the departmental instructions issued in February 1994 require the Assessing Authority to call for details of imports, made by each assessee, from the Computer Centre established (1990) for maintaining data base of imports.

(a) Test-check of records of Sales Tax Circle 'F' and 'H' in Jammu revealed (May 1999 and April 1999) that 3 dealers had not included their purchases valued at Rs 14.03 lakh made during 1993-94 and 1995-96 in their accounts. The Assessing Authorities while assessing the dealers (April 1997 and March 1998) failed to detect the same which resulted in suppression of sale turnover amounting to Rs 14.82 lakh (after including element of profit and freight). This led to short levy of tax of Rs 6.07 lakh (including interest and penalty).

On this being pointed out (May and April 1999) the Department raised demand of Rs 6.22 lakh (June and August 1999). Report of recovery was awaited (September 2000).

The matter was reported to the Government (May and July 2000); their reply had not been received (December 2000).

(b) Test-check of records of Sales Tax Circle 'J' in Jammu revealed (May 1997) that a dealer had not filed his return for the year 1992-93 within the prescribed time. The Assessing Authority assessed (October 1996) the dealer to tax on best judgement basis on a turnover of Rs 40 lakh against the turnover of Rs 50.33[#] lakh (including element of profit and freight) based on the actual inter-state purchases of Rs 43.77 lakh made by the dealer as per the data of purchases maintained by the computer cell. The omission resulted in underassessment of turnover of Rs 10.33 lakh with consequential short demand of tax of Rs 2.83 lakh including interest.

After adding 15 *per cent* of purchase value as freight and profit

On this being pointed out in audit (May 1997), the Assessing Authority re-assessed the dealer (November 1999) and raised an additional demand of Rs 2.83 lakh (November 1999 and July 2000). Further report on the recovery had not been received (September 2000).

The matter was reported to Department/Government in May 2000; reply had not been received (December 2000).

6.4 Non-levy of tax, penalty and interest

Failure of the Assessing Authority to detect inter-state purchases of Rs 14.90 lakh made by a dealer, which were not covered under certificate of registration, resulted in non-levy of tax, penalty and interest of Rs 3.11 lakh

Under the provisions of Central Sales Tax Act, 1956, if a registered dealer while purchasing any class of goods in the course of inter-state trade or commerce, falsely represents that the goods of such class are covered by his certificate of registration, the competent authority may impose upon him by way of penalty, a sum not exceeding one and a half times the tax which would have been levied in respect of such goods. Further, under the Jammu and Kashmir General Sales Tax Act, 1962, the Assessing Authority shall direct the dealer, who has without any cause failed to furnish correct return of his turnover or concealed the particulars thereof, to pay, in addition to tax due on such concealed turnover, penalty and interest for the period of default in payment.

During the course of test-check of the records of Sales Tax Circle Udhampur, it was noticed (September 1999/July 2000) that a dealer made inter-state purchase of sintex tanks, hardware, sanitary, druggets, resin, watches and cosmetics valued at Rs 14.90 lakh during the year 1996-97 which were not covered by his certificate of registration. These were also not accounted for by the dealer in his accounts. The Assessing Authority, while assessing (May 1998) the dealer, failed to detect the above irregularities which resulted in non-levy of tax aggregating Rs 3.11 lakh (including interest: Rs 0.13 lakh and penalty: Rs 2.66 lakh)

On this being pointed out (September 1999/July 2000), the department raised an additional demand of Rs 2.33 lakh (December 1999) against the dealer. Further action to raise an additional demand of Rs 0.78 lakh and the position of recovery was awaited (September 2000).

The matter was reported to Government (May 2000); reply had not been received (December 2000).

6.5 Mistake in computation of tax

Mistake in computation of tax payable by a dealer resulted in short levy of tax and interest of Rs 3 lakh

The Jammu and Kashmir General Sales Tax Act, 1962, provides for levy of sales tax on total taxable turnover during an accounting year at the prescribed rates. In case of short payment of tax, interest at varying rates from 1.5 *per cent* to 3 *per cent* per month is chargeable on the amount of tax not paid for the period of default.

In a Sales Tax Circle in Kashmir Division, the Assessing Authority while assessing (July 1998) a dealer to tax on a taxable turnover of Rs 21.36[Ψ] lakh for the year 1994-95 computed the tax as Rs 0.33 lakh against Rs 1.49 lakh payable by the dealer. This resulted in short levy of tax and interest aggregating Rs 3 lakh (tax: Rs 1.16 lakh; interest: Rs 1.84 lakh up to July 1999).

On this being pointed out (August 1999) the Assessing Authority reassessed the dealer (August 1999) and raised additional demand. Further report on recovery had not been received (September 2000).

The matter was reported to Government in July 2000; reply had not been received (December 2000).

Forest Department

6.6 Extraction of Resin

Short yield of resin and illicit tapping of blazes resulted in non-recovery of Rs 1.11 crore by way of penalty. Further, lack of proper facilities for storage and safety including comprehensive insurance cover of resin stocks resulted in loss of revenue of Rs 81.76 lakh and non-realisation of revenue of Rs 15.37 lakh

Resin, a viscous substance[ϕ] is extracted from standing green "chir" trees (pinus roxburghii) which form sub-tropical forests of Jammu region. It is an important raw material for manufacture of rosin and turpentine oil which are further used for manufacture of soap, cosmetics, paints and varnishes.

Resin tapping is a seasonal operation carried out between April and November. The Forest Department gets the extraction work done through wage-mates by open auction of each lot containing mature tappable "chir"

Ψ (Rs 14.10 lakh at the rate of 8 *per cent*; Rs 7.26 lakh at the rate of 4 *per cent*)
ϕ A sort of Gum

trees. For this agreements are executed with them. Test-check revealed the following points:-

(a) Short yield of Resin

The wage-mates were required to extract a minimum quantity of 2.70 Kgs of resin per blaze during 1995-96 and 3 Kgs per blaze from 1996-97 onwards. As per clause 7 of the agreement for extraction of Crude Resin, in case the wage mate(s) fail to extract the prescribed minimum quantity of resin, a penalty equal to the difference between the approved sale rate and extraction rate, as may be occurring during the period of the contract, shall be imposed.

Test-check of the records of 5[#] Forest divisions revealed that the wage mates had extracted 13136.63 quintals of resin against the minimum yield of 17920.79 quintals of resin from 602079 blazes, during the period between 1995-96 and 1997-98. This resulted in shortfall of 4784.16 quintals of resin with a revenue effect of Rs 1.06 crore by way of penalty which had not been imposed on 11 defaulters.

(b) Illicit tapping of blazes

As per clause 12 of the standard agreement, if a wage mate taps blazes illicitly over and above the number allotted, a penalty of Rs 100 per blaze had to be imposed at the discretion of the Conservator of Forests.

In 6 resin lots of Nowshera Forest Division, against allotment of 72326 blazes the wage-mates had, however, tapped 77685 blazes during the year 1998-99. This resulted in illicit tapping of 5359 blazes for which a penalty of Rs 5.36 lakh could be imposed on the concerned wage-mates. On enquiry by audit (August 1999) as to why penalty was not imposed, the Conservator of Forests, West Circle, Jammu stated (August 1999) that the penalty was being recovered by the Division from the final bills of wage-mates. Recovery had, however, not been made so far (December 1999).

(c) Storage and safety of resin stocks

Till the extracted resin is sold, proper facilities for its storage and necessary arrangements for its safety including comprehensive insurance cover against risks of fire and natural calamities, sabotage, pilferage, etc. are required to be made. However, the transit depots were lacking proper storage/safety arrangements which resulted in loss of revenue of Rs 81.76 lakh and non-realisation of revenue of Rs 15.37 lakh as observed in the following test-checked cases: -

(i) 3367 quintals of resin (18604 tins) valued at Rs 78.09 lakh were destroyed in fire during March 1995, May 1997 and October 1999 in various depots of Forest Divisions Udhampur, Mahore and Nowshera due to

[#] Nowshera, Rajouri, Ram Nagar, Reasi and Udhampur inadequate fire fighting arrangements viz. non-functional/inadequate fire extinguishers, improper maintenance of depots and non-availability of concrete platforms. Of this, fire insurance cover in respect of 117 Mts of resin stocks valued at Rs 35 lakh at Harag Depot of Mahore Forest Division, lost in fire of May 1997, was not renewed beyond 26 March 1997. In absence of insurance cover, no compensation could be claimed from the insurance company.

Similarly, in absence of insurance cover, the Department suffered a loss of Rs 3.67 lakh as 155 quintals of resin (860 tins pertaining to crop year 1993-94) were washed away in floods (July 1994) at transit depots (Kotli bridge and Bathuni) of Rajouri Forest Division.

(ii) 3684 resin filled tins, which included 383 leaked tins, containing 663 quintals of resin pertaining to crop years 1993-94 and 1995-96 to 1998-99 lying in various forest depots of Ramnagar (1000 tins) and Rajouri (2684 tins) divisions had been rejected due to admixture with impurities which resulted in non-realisation of revenue of Rs 15.37 lakh.

The matter was reported to the Government in July 2000; reply had not been received (December 2000).

6.7 Non-raising of bills and short charging of volume of timber

Non-raising of bills and short charging of volume of timber by the Forest Department resulted in non-recovery of Rs 1.02 crore and Rs 3.38 lakh respectively from State Forest Corporation

After the enactment of Jammu and Kashmir State Forest Corporation Act, 1978, earmarked forests are handed over to the Corporation for commercial exploitation. The bills for cost of trees are thereafter raised by the State Forest Department for the quantity specified in the lists of markings handed over to the Corporation, on the basis of latest available sanctioned rates. During the course of audit of two Forest Divisions, non-raising of bills for Rs 1.02 crore and short charging of volume of timber involving revenue of Rs 3.38 lakh was observed as discussed hereunder:

(a) Test-check of records of Forest Division (Pir Panchal) in Kashmir province revealed (January 1999) that 1573 Fir trees and 18 Kail trees having volume[ϕ] of 259885 cft (Fir: 257561 cft; Kail: 2324 cft) were handed over (June 1997) to the Corporation for commercial exploitation. The Division, however, failed to raise the bills of cost of timber against the Corporation resulting in non-recovery of revenue of Rs 1.02 crore.

ϕ Volume of unfit Fir/Kail trees charged at one-third

On this being pointed out (January 1999), the Division issued bills (June 1999) for Rs 1.02 crore against the Corporation. Further progress of recovery was awaited (September 2000).

(b) In Forest Division, Shopian, it was noticed (July 1999) that while raising bills of cost (August 1998) for the earmarked trees handed over to the Corporation between July 1997 and October 1997, the Divisional Forest Officer charged the volume of 149 trees of different species as 6537 cft instead of 14618 cft actually chargeable. This resulted in short charging of 8081 cft of timber valuing Rs 3.38 lakh against the Corporation.

On this being pointed out (July 1999), the Divisional Forest Officer while accepting the lapse issued (February/March 2000) bills for Rs 3.85 lakh against the Corporation. Further developments were awaited (September 2000).

The matter was reported to the Government/Department in May 2000; replies had not been furnished (December 2000).

6.8 Non-recovery of damages and penalty

Non-raising of bill of cost of illegally felled markings and failure of the Forest Department to impose penalty resulted in loss of revenue of Rs 2.10 lakh

After the enactment of the Jammu and Kashmir State Forest Corporation Act, 1978, earmarked forests are handed over to the Jammu and Kashmir Forest Corporation for commercial exploitation against payment of royalty. The Corporation is responsible for the protection of forest property in the handed-over coupes.

Though the State Forest Corporation Act was enacted in the year 1978, the Forest Department had not drawn up any agreement with the lessee Corporation specifying the terms and conditions for undertaking the extraction work including compensation for damages to forests during extraction. Test check (July 1999) of records of the Forest Division, Shopian revealed that in a handed-over compartment of Shopian Range, 37 Kail trees and 2 Kail poles having a volume of 1844 cft had been illegally felled (May 1997) by the contractors engaged by the Corporation. The Forest Department had not taken any action on the report (May 1997) of the Range Officer up to July 1999.

On this being pointed out (July 1999) in audit, the Divisional Forest Officer stated that necessary bill for damages would be issued. Thus, non-raising of bill for damages to forests and failure to impose penalty for illegal felling of trees resulted in loss of revenue of Rs 2.10 lakh (damages[#] and minimum penalty of Rs 1.05 lakh each). Further progress in the matter was awaited (September 2000).

The matter was reported to Government in July 2000; reply had not been received (December 2000).

Revenue Department

6.9 Short/non-realisation of licence/renewal licence fee

Despite having been pointed out in audit earlier, recovery of licence/renewal licence fee was made from brick kiln licensees in 159 cases at pre-revised rates which resulted in short-realisation of revenue of Rs 3.25 lakh

Under the provisions of construction of Brick Kiln Rules, 1969 Svt. (1912 AD) a licence fee and renewal licence fee of Rs 12 per annum each was to be paid by each licensee for operating a brick kiln. The Government, subsequently, increased the licence fee and renewal licence fee from Rs 12 to Rs 5000 and Rs 2000 per annum respectively from July 1990.

Mention was made at para 6.13 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1996 regarding short realisation of licence/renewal licence fee in respect of 22 cases. However, a test-check (March 1999) of records of Tehsil office Chadura in Kashmir Division revealed that the licence/renewal licence fee in respect of 14 fresh and 145 renewal cases was realised at the pre-revised rates during September 1990 to March 1999. This resulted in short realisation of licence/renewal licence fee of Rs 3.25 lakh. Further, licence fee recoverable from 180 non-functional brick kiln owners had not been worked out for recovery.

On this being pointed out in audit (March 1999/July 2000), the Tehsildar Chadura stated (July 2000) that while Rs 1.65 lakh had been recovered from 32 functional brick kiln owners, the recovery from 180 non-functional brick kiln owners was impossible as most of them were not existing. Reasons for not realising licence fee in time from non-existing brick kiln owners were not intimated (September 2000). The position of the recovery of licence fee from other functional units was awaited (September 2000).

The matter was reported to the Government in May 2000; reply had not been received (December 2000).

[#] Damages worked out on the basis of available sanctioned lease rate for the year 1987-88

Chapter-VII

Commercial Activities

Section-I

7.1 General view of Government Companies and Statutory Corporations

7.1.1 *Introduction*

As on 31 March 2000, there were 19 Government companies (including one subsidiary) and four Statutory corporations under the control of the State Government. The accounts of the Government companies (as defined in Section 617 of Companies Act, 1956) are audited by Statutory Auditors appointed by Government of India on the advice of Comptroller and Auditor General of India (CAG) as per provision of Section 619 (2) of Companies Act, 1956. These accounts are also subject to supplementary audit conducted by the CAG as per provisions of Section 619 (4) of the Act, ibid. Audit of two Statutory corporations viz. Jammu and Kashmir State Forest Corporation and Jammu and Kashmir State Electricity Board set up under respective Acts of the State Legislature had been entrusted to CAG during 1999-2000 and process of taking up audit of these corporations is underway. Audit of remaining two Statutory corporations is conducted under the provisions of the respective Acts as detailed below:

S.No	Name of the Corporation	Authority for audit by the CAG	Audit arrangement
1.	Jammu and Kashmir State Road Transport Corporation (SRTC)	Section 33(2) of the Road Transport Corporations Act, 1950	Sole audit by CAG
2.	Jammu and Kashmir State Financial Corporation (SFC)	Section 37(6) of the State Financial Corporations Act, 1951	Chartered Accountants and supplementary Audit by CAG

7.2 *Investment in Public Sector Undertakings (PSUs)*

As on 31 March 2000, total investment in 23 PSUs[Ψ] (19 Government companies including one subsidiary and four Statutory corporations) was Rs 1444.26 crore (equity: Rs. 399.55 crore; long term loans: Rs 1044.71 crore) against total investment of Rs 1559.39 crore (equity: Rs 386.05 crore; long

Ψ Public Sector Undertakings

term loans: Rs 1173.34 crore) in these PSUs as on 31 March 1999. An analysis of the investment in these PSUs is given in the following paragraphs:

7.2.1 Government companies

Total investment in 19 Government companies (including one subsidiary) as on 31 March 2000 was Rs 746.11 crore (equity: Rs 224.72 crore; long-term loans: Rs 521.39 crore) as against Rs 848.71 crore (equity: Rs 217.09 crore; long-term loans: Rs 631.62 crore) as on 31 March 1999. Details are indicated in the *Appendix-19*.

Classification of these companies was as under:

Status of companies	Number of companies	Investment (Rupees in crore)	
		Paid-up capital	Long-term loans
(a) Working companies	18	223.92 (216.29)	520.56 (630.81)
(b) Non-working company under liquidation/merger	1[&]	0.80 (0.80)	0.83 (0.81)
Total	19	**224.72 (217.09)**	**521.39 (631.62)**

(Figures in brackets represent figures for the previous year)

The non-working company viz. Tawi Scooters Limited was under the process of liquidation/amalgamation since 1990. As substantial investment of Rs 1.63 crore was involved in this company as of March 2000, effective steps need to be taken for its expeditious liquidation.

The summarised financial results of all the Government companies are detailed in *Appendix-20*. The debt-equity ratio decreased from 2.91 in 1998-99 to 2.32 during 1999-2000 due to overall decrease of Rs 110.23 crore in the outstanding long-term loans and increase in share capital contribution by Rs 7.63 crore of which Rs 5 crore pertained to Jammu and Kashmir State Power Development Corporation Limited. The overall decrease of Rs 110.23 crore in the outstanding long-term loan was as a result of the net effect of decrease in the outstandings against the Jammu and Kashmir Bank Limited by Rs 188.78 crore and increase in it against other companies by Rs 78.55 crore.

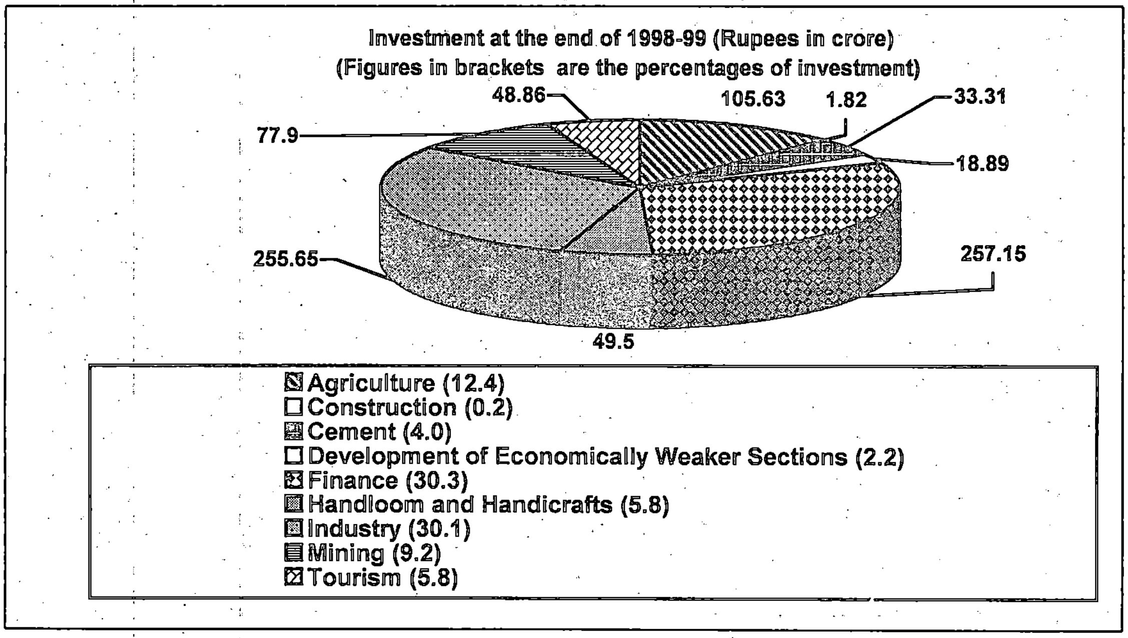
Sector-wise investment in Government companies

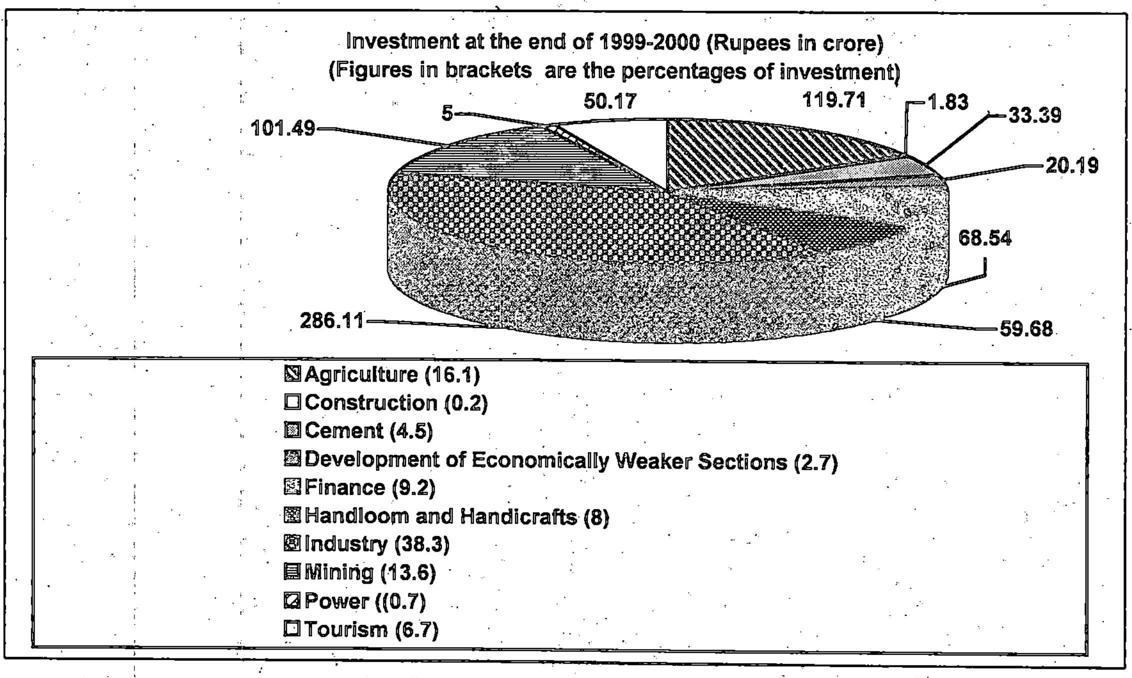
As on 31 March 2000, in the total investment of Government companies, 30 *per cent* comprised equity capital and 70 *per cent* comprised long-term loans,

[&] Tawi Scooters Limited

compared to 26 *per cent* equity capital and 74 *per cent* long-term loans in the previous year.

The sector-wise investment (equity and long-term loans) in Government companies at the end of 1998-99 and 1999-2000 is given below in two pie diagrams.





7.2.2 *Statutory corporations*

The total investment in four Statutory corporations at the end of 1998-99 and 1999-2000 was as follows:

(Rupees in crore)

Name of Corporation	1998-99		1999-2000	
	Capital	Loan	Capital	Loan
Jammu and Kashmir State Road Transport Corporation (SRTC)	96.13	163.75	102.00	190.88
Jammu and Kashmir State Financial Corporation Limited (SFC)	63.80	50.61	63.80	58.73
Jammu and Kashmir State Forest Corporation Limited (SFC)	9.03	23.58	9.03	23.82
Jammu and Kashmir State Electricity Board (SEB)	-	303.78	-	249.89
Total	**168.96**	**541.72**	174.83	**523.32**

The summarised financial results of these[ϕ] Statutory corporations are given in *Appendix-20*. The financial position as also working results for the four years up to 1998-99 as per provisional and finalised accounts in respect of Jammu and Kashmir State Road Transport Corporation is given in Paragraphs 7.12.5.1 and 7.12.5.2 and that of Jammu and Kashmir State Financial Corporation Limited for the three years up to 1997-98 is given in the *Appendices* 22 and 23.

Due to decrease in the long-term loans, the debt equity ratio of these corporations decreased from 3.21 in 1998-99 to 2.99 in 1999-2000.

As on 31 March 2000 the total investment in Statutory corporations comprised 25 *per cent* as equity capital and 75 *per cent* as long-term loans compared to 24 *per cent* and 76 *per cent* respectively as on 31 March 1999.

7.3 *Disinvestment, privatisation and restructuring of Public Sector Undertakings*

The State Government constituted (December 1996) Godbole Committee on Economic Reforms. The Committee, in its report submitted in August 1998,

ϕ Excludes information in respect of Jammu and Kashmir State Forest Corporation Limited and of Jammu and Kashmir State Electricity Board recommended privatisation/closure of (i) 9[*] PSUs (ii) merger of 4[ℵ] PSUs and restructuring of 3[♣] PSUs. Government constituted (March 1999) a Committee for considering the recommendations made by Godbole Committee. The Committee recommended closure of 7 non-viable units of Jammu and Kashmir Industries Limited, on which final action of the Government was awaited. Meanwhile, decision to close one loss-making company (Himalayan Wool Combers Limited including its subsidiary) was taken by the State Government in September 2000 and modalities for the adjustment of the staff and transfer of assets etc. were being worked out (December 2000). A formal policy, if any, framed by the State Government regarding disinvestment, privatisation and restructuring of the loss making PSUs was not intimated (December 2000).

One company viz. Tawi Scooters Ltd. was under the process of liquidation/amalgamation with the Jammu and Kashmir State Industrial Development Corporation Limited (SIDCO) which had not been completed as of September 2000.

7.4 *Budgetary outgo, subsidies, guarantees given and waiver of dues*

The details of budgetary outgo, subsidies, guarantees given, waiver of dues and conversion of loans into equity by State Government in respect of Government companies and Statutory corporations are given in *Appendices 19* and 21.

The budgetary outgo from the State Government to companies and two Statutory corporations for the three years up to 1999-2000 in the form of equity capital, loans, grants and subsidy is given below:

[*] J&K Minerals Ltd., J&K Himalayan Wool Combers Ltd., J&K Projects Construction Corporation Ltd., Tawi Scooters Ltd., J&K State Forest Corporation Ltd, J&K Cements Ltd., J&K Cable Car Corporation, some units of J&K Industries Ltd. and One unit of J&K Handloom Development Corporation

[ℵ] (i) J&K Small Scale Industries Development Corporation Ltd. and J&K Industrial Development Corporation Ltd., (ii) J&K Agro Industries and J&K Horticulture Produce and Marketing Corporation, (iii) J&K Handicraft (S&E) Corporation and J&K Handloom Development Corporation and (iv) J&K Industries and J&K Himalayan Wool Combers Ltd.

[♣] J&K SC/ST & OBC Corporation, J&K Women Development Corporation and some units of J&K Industries

(Rupees in crore)

	1997-98				1998-99				1999-2000			
	Companies		Corporations		Companies		Corporations		Companies		Corporations	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Equity Capital	8	26.80	2	10	8	2.91	1	5.25	6	2.14#	1	5.00&
Loans	6	35.19	-	-	6	29.03	1	20.04	7	27.75	2	28.50
Grants	5	8.64	-	-	6	92.85	-	-	5	5.38	2	13.05
Subsidy	3	4.01	-	-	2	2.05	-	-	2	2.95	-	-
Total	**14**	**74.64**	**2**	**10**	**15**	**126.84**	**1**	**25.29**	**14**	**38.22**	**2**	**46.55**

During the year 1999-2000 the Government had guaranteed loans aggregating Rs 2 crore obtained by three[Ψ] Government companies. At the end of the year guarantees amounting to Rs 231.08 crore against eight companies (Rs 131.74 crore) and two Statutory corporations (Rs 99.34 crore) were outstanding.

7.5 *Finalisation of accounts by PSUs*

7.5.1 The accounts of the companies for every financial year ought to be finalised within six months from the end of relevant financial year, under Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 (1) of the Comptroller and Auditor General's (Duties, Power and Conditions of Service) Act, 1971. These are also to be laid before the Legislature within nine months after the end of financial year. Similarly, in case of Statutory corporations their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

However, as could be noticed from *Appendix-20*, out of 19 companies and two[®] Statutory corporations only one company (Jammu and Kashmir Bank Limited) had finalised its accounts for the year 1999-2000 within the stipulated period. Out of remaining 18 companies and two Statutory corporations, 10 companies had finalised 14 accounts for previous years during the period from October 1999 to September 2000. Similarly, during this period one Statutory corporation had finalised two accounts for 1996-97 and 1997-98. The position of arrears in respect of 18 companies and two Statutory corporations as on 30 September 2000 is as detailed below:

\# Excludes Rs 5 crore invested by the Government in Jammu and Kashmir State Power Development Corporation Limited in the previous year but adjusted in the current year

& Excludes Rs 88.01 lakh invested by the Government in Jammu and Kashmir State Road Transport Corporation Limited in the previous year but adjusted in the current year

Ψ Jammu and Kashmir State Handloom (Sales and Export) Corporation Limited: Rs 1.40 crore; Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited: Rs 40 lakh; Jammu and Kashmir State Women's Development Corporation Limited: Rs 20 lakh

® Information in respect of Jammu and Kashmir State Forest Corporation Limited and Jammu and Kashmir State Electricity Board was awaited

S.No.	Year from which accounts are in arrears	Number of years for which accounts are in arrears	No. of Companies/Corporations		Reference to Serial No. of *Appendix*-20	
			Government Companies	Statutory Corporations	Government Companies	Statutory Corporations
1.	1984-85	16	3	-	1, 4, 12	-
2.	1986-87	14	1	-	11	-
3.	1987-88	13	1	-	16	-
4.	1989-90	11	1	-	9	-
5.	1990-91	10	3	-	7, 13, 17	-
6.	1991-92	9	1	-	2	-
7.	1992-93	8	4	-	5, 8, 10, 14	-
8.	1994-95	6	1	-	3	-
9.	1995-96	5	2	-	15, 18	-
10.	1997-98	3	-	1	-	1
11.	1998-99	2	1	1	6	2
	Total	-	18	2		

Of the above 18 Government companies whose accounts were in arrears, one[ϒ] company was a non-working company.

The Administrative Department has to oversee and ensure that the accounts are finalised and adopted by the PSUs within the prescribed period. Though the concerned administrative departments were apprised quarterly by Audit regarding arrears in finalisation of accounts, no effective measures had been taken by the Government and as a result, the investments made in these PSUs remained outside the purview of the audit and their accountability could not be assessed in audit.

7.5.2 *Status of placement of Separate Audit Reports of Statutory corporations in Legislature*

The following table indicates the status of placement of Separate Audit Reports (SARs) on the accounts of Statutory corporations, issued by the Comptroller and Auditor General of India, in the Legislature.

ϒ Tawi Scooters Limited

S.No.	Name of the Statutory corporation	Year up to which SARs placed in the Legislature	Year for which SARs not placed in the Legislature		
			Year of SAR	Date of issue to the Government	Reasons for delay in placement in Legislature
1.	Jammu and Kashmir State Road Transport Corporation (SRTC)	1995-96	1996-97	30 September 1999	NA
2.	Jammu and Kashmir State Financial Corporation Limited (SFC)	1996-97	1997-98	Not issued	Under finalisation

7.6 Working results of Public Sector Undertakings

According to latest finalised accounts of 19 Government companies, while only three companies earned a profit of Rs 120.24 crore, 13 suffered a loss of Rs 25.44 crore and remaining three companies had not finalised their accounts as of September 2000. The two Statutory corporations incurred a loss of Rs 46.40 crore. Of the 13 loss-making companies, five companies had accumulated losses aggregating Rs 94.83 crore as per their latest finalised accounts which had far exceeded their aggregate paid-up capital of Rs 28.75 crore.

In spite of poor performance and complete erosion of their paid-up capital, the State Government continued to provide financial support to these companies in the form of equity and loans. According to available information, the financial support so provided by the State Government by way of equity and loans during 1999-2000 to three out of these five companies amounted to Rs 18.35 crore.

7.6.1 Government Companies

Only one company viz. Jammu and Kashmir Bank Limited which had finalised its accounts for 1999-2000, had earned a profit of Rs 120.17 crore during the year and declared dividend of Rs 17.28 crore. The dividend as percentage of share capital of the company worked out to 36 *per cent* and as a percentage of total investment of Rs 192.56 crore made by the State Government in all the companies, it worked out to 8.97 *per cent*. Two other companies (Jammu and Kashmir Projects Construction Corporation Limited and Jammu and Kashmir Small Scale Industries Development Corporation Limited) which had finalised their accounts for the earlier years earned an aggregate profit of Rs 6.37 lakh but did not declare any dividend. Of these two companies, only one company (Jammu and Kashmir Projects Construction Corporation Limited) had earned profit for three consecutive years.

7.6.2 *Statutory corporations*

None of the Statutory corporations had finalised its accounts for the year 1999-2000. As per their latest accounts, both had incurred losses which accumulated to Rs 399.05 crore and exceeded their paid-up capital of Rs 149.55 crore.

In spite of poor performance and erosion of paid-up capital, the State Government continued to provide financial support to these corporations in the form of equity and loans. The financial support so provided by the State Government during 1999-2000 to these corporations amounted to Rs 33.50 crore (Jammu and Kashmir State Road Transport Corporation: Rs 33.44 crore; Jammu and Kashmir State Financial Corporation :Rs 6 lakh). The operational performance of Jammu and Kashmir State Road Transport Corporation is given in Paragraph 7.12.6 and that of Jammu and Kashmir State Financial Corporation is given in *Appendix*-24.

7.7 *Return on Capital Employed*

During 1999-2000 the capital employed$^{\Psi}$ in respect of Government companies for the latest years for which accounts were finalised worked out to Rs 5719.30 crore in all the 19 companies and total return$^{\phi}$ thereon amounted to Rs 705.10 crore which was 12.33 *per cent* as compared to 12.25 *per cent* in 1998-99. The main contributor was the Jammu and Kashmir Bank Limited which had earned Rs 718.39 crore as return on capital employed. In case of Statutory corporations, total capital employed amounted to Rs 242.19 crore for the latest years for which accounts were finalised and total return thereon amounted to minus Rs 19.80 crore, against minus Rs 31.54 crore in 1998-99. The details of capital employed and total return thereon in case of all the companies and the corporations on the basis of their latest available accounts are given in *Appendix*-20.

7.8 *Results of audit by Comptroller and Auditor General of India*

During the period from October 1999 to April 2000, audit of accounts of 10 companies and one Statutory corporation (Jammu and Kashmir State Road Transport Corporation) was selected for review. The net impact of the important audit observations as a result of the review was as follows:

Ψ Capital employed represents net fixed assets (including capital works-in-progress) plus working capital (current assets less by current liabilities) except in financial companies and corporations, where it represents a mean of aggregate of opening and closing balances of paid-up capital, free reserves and borrowings (including refinance).

ϕ For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss accounts

(Rupees in lakh)

	Details	Number of accounts			
		Companies	Corporations	Companies	Corporations
(i)	Non-disclosure of material facts	2	-	77.55	-
(ii)	Errors in classification	3	1	380.61	250.00

Some of the major errors and omissions noticed in the course of review of annual accounts of some of the above companies and corporations are mentioned below:

A. Errors and omissions noticed in Government Companies

1. Jammu and Kashmir State Industrial Development Corporation Limited (1991-92)

An amount of Rs 2.20 crore received as loan was classified as share capital resulting in understatement of loans and overstatement of share capital to that extent.

2. Jammu and Kashmir State Cable Car Corporation Limited (1989-90)

(i) Provision for an amount of Rs 95 lakh payable by the Company to Power Development Department was not made in the accounts which resulted in understatement of liabilities to that extent.

(ii) Fixed assets of the Company were overstated to the extent of Rs 3.98 lakh which represented cost of vehicles, the title of which was yet to be transferred in the name of the Company.

3. Jammu and Kashmir State Handloom Development Corporation(1990-91)

Finished goods included damaged fabrics valued at Rs 2.91 lakh for which no provision had been made in the accounts.

4. Jammu and Kashmir State Handloom Development Corporation (1991-92)

(i) Marketing Development Assistance of Rs 1.31 crore included Rs 60.83 lakh receivable by the Company on account of insurance claims which should have been shown distinctly in the accounts. This resulted in overstatement of Marketing Development Assistance and understatement of "Insurance claims Recoverable" to that extent.

(ii) The Company had written off Rs 14.06 lakh on account of loss suffered by it due to fire without approval of the competent authority. This had also not been disclosed in the accounts.

(iii) Total expenditure of Rs 6.82 crore included Rs 6.05 lakh pertaining to previous years which should have been shown distinctly as required under accounting procedure.

5. Jammu and Kashmir Minerals Limited (1984-85)

Advances made to employees included Rs 2.66 lakh which were outstanding against employees who had either expired or had retired from services. As recovery of the amount was doubtful, neither disclosure to this effect was made in the accounts nor was any provision made for the same.

B. Errors and omissions noticed in case of Jammu and Kashmir State Financial Corporation (1996-97)

Subscribed and paid-up capital of Rs 61.30 crore included Rs 2.50 crore received from the State Government in March 1997 towards share capital contribution. As the shares were yet to be allotted, the amount should have been shown as "Share Application Money-pending allotment of shares". This resulted in overstatement of paid-up capital with corresponding understatement of share application money.

C. Persistent irregularities and system deficiencies in financial matters

The following irregularities and system deficiencies in the financial matters of Jammu and Kashmir State Road Transport Corporation had been repeatedly pointed out during the course of audit of the accounts but no corrective action had been taken by the PSUs so far.

(a) The Corporation had not maintained, since inception, the fixed assets register recording particulars of the fixed assets, date(s) of acquisition and its cost, rate of depreciation, written down value and other details. In absence of such a register, the correctness of depreciation charged in the accounts could not be verified in audit.

(b) An amount of Rs 2.67 crore was subject to reconciliation on account of inter-unit adjustment. No concrete steps had been taken to reconcile the balances and to minimise the balances under the head.

(c) An amount of Rs 18 lakh on account of advance on capital account pertaining to the period prior to 1989-90 was being carried forward from year to year without adjustment. No details/adjustment/inventory sheet of the capital account was furnished to audit.

D. Closure/merger of Government companies

The working results of various Public Sector Undertakings (PSUs) have not improved despite continued budgetary support from the State Government.

Based on latest finalised accounts, 5 PSUs continued to incur losses leading to their negative net worth while turnover of 2 more PSUs was continuously less than Rs 5 crore during each of the last 5 years for which accounts stand finalised. In view of continuous poor performance and low turnover of these PSUs, as listed in *Appendix*-25, there is a need to re-assess their role and consider them for closure.

7.9 Appraisal on the working of Jammu and Kashmir State Electricity Board

The Jammu and Kashmir State Electricity Board was incorporated in 1971 for rationalisation of production and supply of electricity and for taking measures conducive for development of electricity in the State. The Board, however, entrusted (February 1973) works relating to the transmission and distribution of power including execution of rural electrification programme to Power Development Department. As such, its activities were confined to the extent of raising loans from financial institutions for making available to the Power Development Department. The State Government, which acts as guarantor, releases funds to the Board for repayment of loans raised by it from the financial institutions. The total debt liability of the Board towards various financial institutions as on 31 March 2000 was Rs 249.89 crore.

7.10 Position of discussion of Audit Reports (Commercial) by the Committee on Public Undertakings

Status of reviews/paragraphs of Commercial Chapter pending discussion as on 31 March 2000 was as under:

Period of Audit Report	Total number of reviews and paragraphs appeared in Commercial Chapter		No. of reviews and paragraphs pending discussion	
	Reviews	Paragraphs	Reviews	Paragraphs
1990-91	1	4	1	2
1991-92	3	2	2	2°
1992-93	2	1	1	-
1993-94	1	2	1*	-
1994-95	3	1	1*	-
1995-96	1	4	-	-
1996-97	2	1	2*	1*
1997-98	1	1	1	1*
1998-99$	2	4	2*	4*
Total:	**16**	**20**	**11**	**10**

° Partly discussed

$ Audit Report for 1998-99 was presented in the State Legislature on 10 April 2000

Section-A-Reviews

7.11 Jammu and Kashmir Cements Limited

Highlights

The Jammu and Kashmir Cements Limited was incorporated as a wholly owned Government Company in December 1974 under the Companies Act, 1956 to promote and assist in the manufacture of cement in the State.

- **The accounts of the Company were in arrears from 1994-95 onwards. The accumulated loss of Rs 9.30 crore as of March 1999 had eroded the paid-up capital of Rs 15 crore by 62 *per cent*. The Company had sustained losses despite locational advantage in the transport intensive industry, availability of high grade limestone and clay locally and assured market in Government departments/ organisations which were required to make purchase of cement from the Company.**

(Paragraph: 7.11.5)

- **The budgeted targets of production were fixed 25 to 58 *per cent* lower than the installed capacity. The Company failed to achieve the budgeted targets with percentage shortfall ranging between 25 and 38 in respect of clinker and 14 and 61 in respect of cement during 1994-95 to 1999-2000.**

(Paragraph: 7.11.6)

- **The percentage of working hours lost in respect of kilns due to voltage fluctuations, mechanical break-down, etc. ranged between 3 and 43 during 1994-95 to 1999-2000. The Company paid idle wages amounting to Rs 5.32 crore during this period.**

(Paragraph: 7.11.7)

- **The Company consumed 29794 MTs of coal and 511405 litres of LDO/HSD valued at Rs 9.56 crore in excess of norms during 1994-95 to 1999-2000.**

(Paragraph: 7.11.8)

- **The sundry debtors increased from Rs 14.18 lakh at the end of 1994-95 to Rs 2.96 crore at the end of March 2000 indicating an abnormal increase of 1987 *per cent*.**

(Paragraph: 7.11.9)

- **The Company had not fixed maximum, minimum and ordering levels in respect of inventory items of stores and spares. The Company was maintaining high level of inventory which ranged between 19 and 49 months' average consumption during the period from 1994-95 to 1998-99.**

(Paragraph: 7.11.11)

- **Malfunctioning of pollution control equipment within one year of its commissioning resulted in loss of production of clinker amounting to Rs 2.48 crore during 1999-2000 besides, causing environmental pollution.**

(Paragraph: 7.11.12)

7.11.1 Introduction

Jammu and Kashmir Cements Limited was incorporated in December 1974 as a wholly owned Government Company under the Companies Act, 1956. The main objectives of the Company are to manufacture, procure, buy, sell and deal in cement, limestone and other materials used in the business of manufacturing cement and to promote and assist in the manufacture of cement in the State. To meet these objectives, the Company is operating a major cement manufacturing plant, set up in October 1981 at Khrew (Kashmir), with installed capacity of two lakh MTs per annum.

7.11.2 Organisational set up

The management of the company is vested in a Board of Directors who are nominated by the State Government. As on 31 March 2000, the Board consisted of ten Directors including the Chairman and the Managing Director. The Managing Director is the Chief Executive of the Company.

During the last five years ending March 2000, the Board of Directors held only 9 meetings against the minimum of 20 meetings required under Section 285 of the Companies Act, 1956.

7.11.3 Scope of Audit

A review on the working of the Company covering the period 1995-96 to 1999-2000 was undertaken in audit during January to May 2000 and findings thereof are discussed in the succeeding paragraphs.

7.11.4 *Funding*

7.11.4.1 *Capital structure and Borrowings*

The authorised capital of the Company at the end of March 2000 was Rs 15 crore which was wholly subscribed by the State Government. The Company had obtained loans aggregating Rs 19.62 crore from various financial institutions from time to time to meet its capital and revenue expenditure. Loans aggregating Rs 5.90 crore (excluding interest and penal interest accrued and due amounting to Rs 11.07$^{\phi}$ crore) was outstanding at the end of 31 March 2000. In addition, the Company had also raised loans aggregating Rs 5.54 crore during the period 1983-84 to 1996-97 from the State Government for which terms and conditions had not been settled so far (March 2000). Reasons for non-settlement of terms and conditions with the State Government were not intimated to Audit. As on 31 March 2000, the Company had a debt liability of Rs 7.42 crore (including interest of Rs 1.88 crore). In addition, Rs 1.04 crore was also payable to the State Government on account of royalty for extraction of lime-stone.

7.11.5 *Financial position and working results*

As on September 2000, the Company had finalised its accounts up to 1994-95 and finalisation of accounts thereafter was in arrears. The financial position and working results of the Company at the end of each year during 1994-95 to 1998-99, on the basis of final/provisional accounts, are indicated in *Appendices* 26 and 27.

Accumulated loss of Rs 9.30 crore eroded the paid-up capital by 62 *per cent*

The Company had sustained losses during 1994-95 and 1996-97 and registered marginal profit during 1995-96, 1997-98 and 1998-99. The accumulated loss of Rs 9.30 crore at the end of March 1999 had eroded its paid-up capital of Rs 15 crore by 62 *per cent*. The Company had incurred losses despite locational advantage in the transport intensive industry, availability of high grade limestone and clay locally and assured market in the Government departments/organisations which are required to make purchases of cement only from the Company. The poor performance of the Company was due to underutilisation of installed capacity, idle labour and locking up of funds in inventory and increase in sundry debtors/inordinate delay in realisation of debts as discussed in the succeeding paragraphs.

7.11.6 *Production performance*

The installed production capacity of the cement plant is 1.90 lakh MTs of clinker and 2 lakh MTs of cement. The Company had, however, fixed targets

ϕ Industrial Development Bank of India: Rs 14.19 crore (principal: Rs 5.40 crore; interest Rs 8.79 crore), Life Insurance Corporation of India: Rs 1.03 crore (principal: Rs 20.50 lakh; interest: Rs 82.61 lakh), Industrial Finance Corporation of India: Rs 1 crore (principal: Rs 16.50 lakh; interest: Rs 83.72 lakh) and Industrial Credit and Investment Corporation of India: Rs 74 lakh (principal: Rs 12.40 lakh; interest: Rs 61.78 lakh)

Underutilisation of installed capacity

(budgeted) for production of clinker/cement 25 to 58 *per cent* lower than its installed capacity. The budgeted/actual production and percentage shortfall in production for the six years up to end of 31 March 2000 was as under:

Year		Production (In lakh MTs)		Percentage shortfall in achievement
		Budgeted	Actual	
1994-95				
	Clinker	0.80	0.52	35
	Cement	1.00	0.79	21
1995-96				
	Clinker	0.80	0.60	25
	Cement	1.00	0.70	30
1996-97				
	Clinker	0.90	0.65	28
	Cement	1.05	0.41	61
1997-98				
	Clinker	1.30	0.81	38
	Cement	1.50	0.76	49
1998-99				
	Clinker	0.90	0.91	-
	Cement	1.30	1.12	14
1999-2000				
	Clinker	0.90	0.92	-
	Cement	1.15	0.96	17

Shortfall in achieving the budgeted production targets

The actual production was even lower than the budgeted production with shortfall ranging between 25 and 38 *per cent* in respect of clinker and 14 and 61 *per cent* in respect of cement during 1994-95 to 1999-2000. Non-achievement of the budgeted targets indicated defective production management and planning. The shortfall in production during 1994-95 to 1999-2000 vis-a-vis budgeted targets was attributed by the Management to irregular power supply, low voltage, poor condition of plant and machinery and poor off-take of cement by Government departments. The lowest ever production of cement during 1996-97 was attributed to two long spells of employees' strike during the peak production season.

7.11.7 ***Kilns***

The table below indicates total/net working hours available, hours operated/lost and percentage of hours lost to net available working hours in respect of two kilns for the six years ending 1999-2000:

	Particulars	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
(a)	Total working hours available	17520	17568	17520	17520	17520	17568
(b)	Less on account of power failure, holidays, hartals, maintenance, etc.	4313	6374	5865	4965	3574	3133
(c)	Net available working hours	13207	11194	11655	12555	13946	14435
(d)	Working hours utilised	7532	7572	8657	10088	11737	13999
(e)	Idle hours	5675	3622	2998	2467	2209	436
(f)	Percentage of idle hours to net available working hours	43	32	26	20	16	3
	Analysis of idle hours						
(a)	Voltage fluctuations	3379	2600	1669	86	56	63
(b)	Mechanical break-down	758	134	377	1279	398	175
(c)	Other reasons	1538	888	952	1102	1755	198
	Total	**5675**	**3622**	**2998**	**2467**	**2209**	**436**

Idle wages of Rs 5.32 crore paid on working hours lost

The percentage of idle hours had come down from 43 in 1994-95 to 3 in 1999-2000 which was mainly due to reduction in voltage fluctuations. Based on the manufacturing wages of Rs 20.35 crore paid during the period 1994-95 to 1999-2000, idle wages paid during these years amounted to Rs 5.32[#] crore.

Records of down time analysis in respect of other sections of the plant viz., Raw mill, Coal and Cement mills had not been maintained by the Company.

7.11.8 *Excess consumption of material*

Coal and LDO/HSD valued at Rs 9.56 crore consumed in excess of budgeted norms

Test-check of the records revealed that coal and LDO[ℜ] used at various stages for production of clinker was consumed far in excess of the budgeted norms fixed by the Company. The excess consumption of material during 1994-95 to 1999-2000 worked out to 29794 MTs of coal (value: Rs 9.11 crore) and 5.11 lakh litres of LDO/HSD[Ψ] (value: Rs 45.14 lakh) as per details given below:

Idle wages for 1999-2000 have been calculated on the basis of manufacturing wages for 1998-99

ℜ Light diesel oil

Ψ High Speed diesel

Year	Clinker produced (in MTs)	Consumption per MT of clinker			
		Coal (in MTs)		LDO/HSD (in Litres)	
		Budgeted	Actual	Budgeted	Actual
1994-95	51700	0.213	0.339	3.36	5.20
1995-96	60154	0.248	0.354	3.91	5.47
1996-97	65000	0.237	0.348	4.17	5.65
1997-98	81285	0.156	0.246	3.63	5.86
1998-99	90845	0.250	0.264	5.80$^{\phi}$	4.37
1999-2000	91780	0.266	0.278	4.37	4.86

Total excess consumption		Rate (in rupee per MT/Litre)		Total extra cost
Coal (in MTs)	LDO/HSD (in litres)	Coal	LDO/HSD	(Rupees in crore)
6514	95128	2488	7.04	1.69
6376	93840	2613	7.54	1.74
7215	96200	2971	8.56	2.23
7316	181265	3756	9.46	2.92
1272	-	3777	-	0.48
1101	44972	4050	12.91	0.50
29794	**511405**			**9.56**

Norms for consumption of inputs not fixed

Records did not reveal the basis for fixation of the norms for consumption of coal and LDO/HSD and whether these compared favourably with the industry norms. The norms fixed and the actual consumption did not follow any rationale as these varied from year to year. While the budgeted norm for consumption of coal per MT of clinker varied from 0.156 MTs to 0.266 MTs during 1994-95 to 1999-2000, the actual consumption varied from 0.246 MTs to 0.354 MTs during the same period. In respect of LDO while the budgeted norm of consumption varied from 3.36 litres per MT of clinker to 4.17 litres per MT of clinker during 1994-95 to 1997-98, the actual consumption varied from 5.20 litres/MT to 5.86 litres/MT during the same period. The Company attributed (May 2000) high consumption of these inputs to power/machinery break-down and maintenance/repairs, as excess quantity of fuel was required to restart the process of manufacturing to bring the kilns back to the required working temperature after stoppage of plant. Consumption of LDO was also stated to be subject to percentage of moisture present in the clay and ambient temperature. Reply of the Company was, however, not tenable as these factors are taken care of while fixing the norms. Besides, the incidence of power failure/voltage fluctuations and mechanical break-down had declined considerably over the years from 4180 and 758 working hours in 1994-95 to 772 and 175 working hours in 1999-2000 respectively against which average consumption of LDO per MT of clinker increased from 5.20 litres in 1994-95 to 5.86 litres in 1997-98 and in respect of coal from 0.339 MTs in 1994-95 to 0.354 MTs in 1995-96 which, however, declined to 0.278 MTs in 1999-2000. Reasons for excess consumption had not been investigated by the Management (September 2000).

ϕ From 1998-99 LDO was substituted by HSD

7.11.9 *Sundry Debtors*

Book debts increased from Rs 14.18 lakh to Rs 2.96 crore during 1994-2000

The book debts increased from Rs 14.18 lakh at the end of 1994-95 to Rs 2.96 crore at the end of March 2000 indicating an increase of 1987 *per cent*. The increase in debts and delay in recovery of the same resulted in the incidence of interest burden on the Company. Age-wise details of the debtors are as follow:

(Rs in lakh)

(a)	Less than 6 months old	274.27
(b)	Six months to less than one year	17.23
(c)	One to less than 2 years	Nil
(d)	Two to less than three years	0.95
(e)	Three to less than four years	3.00
(f)	Four years and above	0.13
	Total	**295.58**

7.11.10 *Sales performance*

Cement sold to private stockists at rates lower than the cost of production

The Company is selling its cement either through private stockists or directly to the bulk consumers of Government departments and other organisations. During audit it was observed that from 1995-96 to 1999-2000, against the average cost of production of Rs 3230 per MT, the Company sold 2.11 lakh MTs of cement (valued at Rs 70.72 crore) to the Government departments/semi-Government agencies at an average sale rate of Rs 3364 per MT, while 1.79 lakh MTs (valued at Rs 54.32 crore) were sold to the stockists at an average sale rate of Rs 3044 per MT. The ex-factory sale rate for sales to stockists/dealers was around Rs 146 per bag for 33 grade cement and Rs 148 per bag for 43 grade cement, excluding taxes, against the cost of production of Rs 152 per bag. Sale of cement to private stockists was, thus, made at rates lower than the cost of production for ensuring competitiveness of rates in the open market. The pricing policy was, thus, determined not by cost of production but by other factors.

7.11.11 *Inventory management-excess holding of inventory*

The table below indicates the inventory position of stores and spares at the end of each year for the five years up to 1998-99.

Year	Opening balance	Receipts	Issues	Closing balance	Inventory held in terms of months' consumption
	(Rupees in crore)				
1994-95	4.97	0.94	1.16	4.75	49
1995-96	4.75	2.38	2.26	4.87	26
1996-97	4.87	1.82	1.40	5.29	45
1997-98	5.29	1.79	1.88	5.20	33
1998-99	5.20	3.99	3.55	5.64	19

The Company had not fixed maximum, minimum and ordering levels for inventory. The Company was holding high levels of inventory and it ranged

High inventory of stores and spares

between 19 and 49 months' average consumption during the period from 1994-95 to 1998-99. Audit scrutiny revealed that most of the items had not been issued during the last five years and a review of these stocks had not been made for weeding out dead stock items so as to reduce locking up of working capital to minimum and bring down avoidable overheads. The Company had also a substantial inventory of cement in kilns valued at Rs 1.25 crore as on 31 March 1999. This was attributed to poor demand during the last 2-3 years. Measures proposed/taken to bring down the stocks to normal level were not intimated.

7.11.12 Installation of pollution control equipment

Malfunctioning of pollution control equipment led to loss in production of 9338 MTs of clinker valued at Rs 2.48 crore

The Company appointed (August 1989) M/S Holtec Engineers, as consultants for proposing measures to check pollution at the factory site and to bring the emissions to the minimum level. The consultants submitted their Project Report in September 1989 and recommended installation of Electrostatic Precipitators with Gas Conditioning towers on the kilns and the Reverse Pulse Jet System on the raw mill. The capital cost of the project estimated at Rs 2.27 crore was revised (March 1994) to Rs 4.79 crore due to modifications and provision of additional equipment like water treatment plant, dampers, expansion joints and conveyers, etc. The project was commissioned in May 1998 at a total cost of Rs 4.01 crore. However, the equipment did not function smoothly due to tripping of power and could, therefore, run for only 7164 hours out of available 17568 working hours during 1999-2000. This resulted in loss of production of clinker by 10.27 *per cent* (9338 MTs valued at Rs 2.48 crore) over production achieved during 1998-99, besides, environmental pollution. The malfunctioning of the device, within one year of its commissioning, had also not been investigated. The delay of about eight years in completion of the project was attributed by the Company to non-availability of funds and disturbances in the valley. However, delay due to non-availability of funds was not tenable, as the Company had sufficient available funds during 1994-95 to 1998-99 which were kept in FDRs.

7.11.13 Purchases

(a) With a view to adopt modern technological advancement in operation of the kilns and to avoid frequent break-downs in the Analog Control System which resulted in stoppage of kilns, the Company decided (January 1995) to replace the existing second generation Analog Drives by fifth generation microprocessor-based Digital Drives. The Company, without calling tenders for assessing the reasonability/competitiveness of rates, placed orders (January 1995) with a firm for supply of four Digital Drives at a cost of Rs 16.38 lakh and payment was released to the firm (M/S Siemens Limited) in January/April 1995. Reasons for releasing the payment in anticipation of its installation were not intimated. The Digital Drives received by the Company in June 1995 were to be installed by service engineers of the firm. The firm did not, however, depute the engineer. The technicians of the Company who

Rupees 16.38 lakh locked up for more than four years with resultant interest loss of Rs 8.49 lakh

tried to install the Drives, failed to do so. The Digital Drives were installed by the firm and commissioned subsequently in September 1999 after delay of four years. Thus, release of payment to the firm before the installation of the equipment resulted in locking up of investment of Rs 16.38 lakh for more than four years with resultant loss of interest amounting to Rs 8.49 lakh thereon. Besides, the modernisation of the plant also got delayed.

(b) In order to replace portion of kiln shell (measuring 1.63 metres by 3 metres) the Company purchased (November 1997) a fabricated shell at a cost of Rs 4.99 lakh. The material had not been utilised as of June 2000 and was lying in the factory premises, reasons for which were not intimated.

7.11.14 Transportation of coal

Increase in transit shortage by 7 *per cent* led to extra transit shortage of Rs 2.54 crore

The Company procures coal mainly from Bihar through various agencies like Coal India Limited, Central Coal Fields, etc. and its transportation by rail/trucks to the factory site is arranged by the handling agent engaged by the Company. The contractor arranges loading of the wagons at various pit heads for its carriage by rail up to Jammu. The Company had, since its inception in December 1974, engaged only one coal handling agent and his contract was extended on three occasions[#] on repeat order basis. The terms and conditions of the contract remained same except for enhancement of handling charges. Further, basis for increasing transit shortage from 1.5 *per cent* to 8.5 *per cent* were not intimated. Based on total consumption of coal of 1.05 lakh MTs during 1994-95 to 1998-99, the extra differential transit shortage at 7 *per cent* worked out to 8065 MTs (value: Rs 2.54 crore). Reasons for not inviting fresh tenders for ensuring cost competitiveness of the handling/carriage charges were not intimated to Audit.

Penalty of Rs 15.84 lakh paid for over-loading of wagons by contractor not recovered from him

As per instructions issued (April 1984) by the Railways, loading of the wagons over and above their permissible limits was subject to penalty at varying rates. Test-check of the records of the Company revealed that the Company had paid Rs 15.84 lakh as penalty for overloading of wagons during 1994-95 to 1999-2000. Reasons for not recovering the amount from the contractor were not intimated (June 2000).

7.11.15 Conclusion

The Company sustained losses despite locational advantage and assured market in Government Departments/Organisations. The losses were incurred due to underutilisation of its installed capacity and excess consumption of material. In addition, the pricing policy of the Company was not determined by cost of production but by other factors.

The above points were reported to Government/Company in July 2000; reply had not been received (December 2000).

September 1985, March 1988 and September 1993

7.11.16 Recommendations

There is a need to make optimal use of available capacity, exploring ways and means to reduce the cost of production and fixing of norms for various inputs used in the cement production.

7.12 Operational Performance of Jammu and Kashmir State Road Transport Corporation

Highlights

The Jammu and Kashmir State Road Transport Corporation was established in 1976 under Section 3 of Road Transport Corporations Act, 1950 for providing an adequate, efficient, economical and co-ordinated system of road transport services in the State.

- **The Corporation had been sustaining losses since inception and the accumulated losses of the Corporation which stood at Rs 310 crore at the end of March 1999 had completely wiped out capital contribution of Rs 97.01 crore.**

(Paragraph: 7.12.5.1)

- **While the revenue of the Corporation increased by 45 *per cent* from Rs 23.82 crore in 1995-96 to Rs 34.55 crore in 1998-99, its expenditure increased by 41 *per cent* from Rs 55.12 crore to Rs 77.59 crore during this period. The total revenue earned was not sufficient even to meet the expenses on salary and allowances in any of the year from 1995-96 to 1998-99.**

(Paragraph: 7.12.5.2)

- **The vehicle productivity of Corporation ranged between 100.19 and 130.28 Kms/day during 1995-96 to 1999-2000 and was lower than the productivity in adjoining States viz. Haryana, Himachal, Punjab, etc.**

(Paragraph: 7.12.6(a)(i))

- **Percentage utilisation of the fleet of the Corporation varied between 53.04 and 58.02 during 1995-96 and 1999-2000 against norm of 85 *per cent* fixed by the Corporation. Low utilisation of its fleet resulted in loss of Rs 74.71 crore to the Corporation.**

(Paragraph: 7.12.6(a)(ii))

- **Out of 1235 vehicles held by the Corporation as on 31 March 2000, 589 vehicles had outlived their life (over 10 years old). The percentage of buses in-service for four years and less was only 35 *per cent* against the norm of 60 *per cent*.**

(Paragraph: 7.12.6(b))

- **Belated delivery of chassis after fabrication by the body-builders, delay in allotment of fabricated buses to depots for operation and detention of vehicles in workshops for repairs, etc. led to loss of 1.16 lakh vehicle days with consequential loss of potential revenue of Rs 13.88 crore.**

(Paragraph: 7.12.6(c) and (d))

- **Due to high operational expenses, the Corporation suffered loss of Rs 13.83 to Rs 16.86 for every kilometre run by its fleet during the period 1995-99 and the aggregated loss amounted to Rs 156.50 crore during this period.**

(Paragraph: 7.12.7)

- **Inability of the Corporation to generate business from private parties/agencies resulted in running of 31 lakh kilometres without load leading to loss of Rs 62.96 lakh on consumption of 6.42 lakh litres of HSD during 1995-96 to 1999-2000.**

(Paragraph: 7.12.8)

7.12.1 Introduction

The Jammu and Kashmir State Road Transport Corporation was established (September 1976) under Section 3 of the Road Transport Corporations Act, 1950, for providing an adequate, efficient, economical and co-ordinated system of road transport services in the State. To achieve these objectives, the Corporation operates passenger and goods transport services and also provides transport facilities to the tourists visiting the State.

7.12.2 Organisational set up

Against 20 meetings, only 10 meetings of the Board of Directors held

The Management of the Corporation is vested in a Board of Directors consisting of 12 Directors as of September 2000 including a Chairman and a Managing Director. The day to day functions of the Corporation are carried out by the Managing Director who is assisted by Financial Advisor and Chief Accounts Officer. While passenger operations are looked after by two General Managers (one each at Jammu and Srinagar), the operation of goods transport services is looked after by a General Manager stationed at Srinagar. Against 20 meetings of the Board of Directors to be held during 1995-96 to 1999-2000, only 10 meetings were held.

7.12.3 Scope of Audit

The review on performance of the Corporation regarding material management and inventory control was included in paragraph 7.12 of the Report of the Comptroller and Auditor General of India for the year ended 31

March 1999-Government of Jammu and Kashmir. The present review, based on audit conducted between January and May 2000, covers the operational performance of the Corporation for five years up to 1999-2000. Important points noticed as a result of test-check are discussed in the succeeding paragraphs.

7.12.4 *Capital structure and borrowings*

The paid-up capital of the Corporation which was to be contributed by the State and Central Governments in the ratio of 67: 33 was Rs 102.01⇒ crore as on 31 March 2000. The contribution of the Central Government was short by Rs 19.73 crore during 1981-82 to 1996-97 which was due to its decision not to contribute further in the share capital of the loss-making corporations. The Corporation had also raised loans to meet its capital and revenue expenditure from the State/Central Governments, IDBI* and Jammu and Kashmir Bank. The total debt obligation of the Corporation as on 31 March 1999 including interest was Rs 251.41 crore• (Principal: Rs 149.23 crore; interest: Rs 102.18 crore).

7.12.5 *Financial Position and working results*

7.12.5.1 *Financial Position*

The Corporation had finalised its accounts up to 1997-98 only. The summarised financial position of the Corporation for the four years ending 31 March 1999, on the basis of finalised and provisional accounts was as under:

(Rupees in crore)

S.No		1995-96	1996-97	1997-98	1998-99
	Liabilities				
1.	Paid-up Capital	79.76	85.76	91.76	97.01
2.	Borrowings	92.52	107.51	133.13	149.23
3.	Trade dues and other liabilities	61.62	76.58	91.36	110.49
	Total	**233.90**	**269.85**	**316.25**	**356.73**
	Assets				
1.	Gross block	33.03	33.99	39.30	36.79
2.	Less depreciation	2.44	4.89	4.94	5.07
3.	Net fixed assets	30.59	29.10	34.36	31.72
4.	Current assets, loans and advances	9.98	12.01	14.93	15.01
5.	Accumulated losses	193.33	228.74	266.96	310.00
	Total	**233.90**	**269.85**	**316.25**	**356.73**
	Capital employedɸ	**(-) 21.05**	**(-) 35.47**	**(-) 42.07**	**(-) 63.76**
	Net worth&	**(-) 113.57**	**(-) 142.98**	**(-) 175.20**	**(-) 212.99**

⇒ State Government: Rs 87 crore; Central Government: Rs 15.01 crore

* Industrial Development Bank of India

• State Government: Rs 237.92 crore; Central Government: Rs 10 lakh; Jammu and Kashmir Bank: Rs 7.91 crore; IDBI:Rs 5.28 crore; others: Rs 20 lakh

ɸ Capital employed represents net fixed assets plus working capital

& Net worth represents paid-up capital less accumulated losses

The Corporation sustained losses continuously since inception and accumulated loss of Rs 310 crore completely eroded its paid-up capital

The Corporation has been sustaining losses continuously since inception and accumulated loss at the end of March 1999 amounting to Rs 310 crore, had completely eroded the paid-up capital of Rs 97.01 crore on that date. The Corporation had a negative net worth of Rs 212.99 crore as on March 1999.

7.12.5.2 Working results

The working results of the Corporation for the period 1995-96 to 1998-99 were as tabulated below:

S.No.		1995-96	1996-97	1997-98	1998-99
		(Rupees in crore)			
(A) Revenue					
1.	Passenger services	13.02	15.24	17.75	20.10
2.	Load services	8.35	8.91	11.16	11.80
3.	Other receipts@	2.45	1.72	1.72	2.65
	Total	**23.82**	**25.87**	**30.63**	**34.55**
(B) Expenditure					
1.	Salaries and allowances	27.67	29.95	32.64	38.44
2.	Oil, lubricant material and supplies*	9.28	10.87	12.76	12.82
3.	Depreciation	2.44	4.89	4.94	5.07
4.	Other expenses $^{\psi}$	3.54	2.69	3.32	3.57
5.	Interest	12.19	12.88	15.19	17.69
	Total	**55.12**	**61.28**	**68.85**	**77.59**
	Loss	**31.30**	**35.41**	**38.22**	**43.04**

Increase in earnings of the Corporation during 1995-99 offset by increase in expenditure on salaries, fuel and lubricants and payment of interest

Revenue earned by the Corporation not sufficient even to meet salary and allowances of the staff

The losses of the Corporation have been increasing year after year. Though the revenue of the Corporation increased by Rs 10.73 crore in 1998-99 over 1995-96, due to increase in the passenger fare and effective kilometre coverage (from 243.56 lakh in 1995-96 to 271.39 lakh in 1998-99), the same was offset by increase in expenditure on salaries (Rs 10.77 crore), interest payments (Rs 5.50 crore) and fuel and lubricants (Rs 3.54 crore) during the corresponding period. The total revenue earned was not sufficient even to meet the expenses on salary and allowances of the staff in any of the year from 1995-96 to 1998-99. The continuous losses suffered by the Corporation were attributed (December 1999) by the Management to law and order problem in the State, mounting establishment costs, one-way traffic on National Highway, operation of vehicles on uneconomical routes on social consideration and clandestine operations of private transport operators on nationalised routes. Test-check, however, revealed that the Corporation had suffered losses mainly due to low vehicle utilisation, operation of old vehicles, delay in servicing, maintenance/ renovation and fabrication works, etc. and running of empty vehicles, as discussed in the succeeding paragraphs.

@ Includes receipts on account of commission on hired transport, auction proceeds, mail services, etc.

* Includes expenditure on repairs from open market

ψ Including expenditure relating to previous year

7.12.6 *Operational performance*

(a) *Performance*

The operational performance of the Corporation during five years ending 1999-2000 was as under:

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
Average number of vehicles held	1220	1308	1184	1280	1233
Average number of vehicles on road per day	666	714	687	730	654
Fleet utilisation (*per cent*)	54.59	54.59	58.02	57.03	53.04
Kms covered (in lakh)					
(i) Gross	249.04	269.58	272.60	274.11	313.95
(ii) Net	243.56	263.58	267.37	271.39	310.99
(iii) Dead	5.48	6.00	5.23	2.72	2.96
Percentage of dead Kms to Gross kms	2.20	2.23	1.92	0.99	0.94
Total Operating Revenue (Rs in crore)	21.37	24.15	28.91	31.90	38.54
Vehicle Productivity (kms/veh/day)	100.19	101.14	106.63	101.85	130.28
Revenue earned per vehicle per day (in rupees)	879.10	926.68	1152.92	1197.23	1614.52
Average effective km. covered per bus per year (in lakh)	0.37	0.37	0.39	0.37	0.48
Average operating expenses/km (in rupees)	23	23	26	29	NA°
Average operating revenue/km (in rupees)	9	9	11	12	12
Loss/km (-) (in rupees)	14	14	15	17	NA
Occupancy ratio percentage (load factor)	80	90	97	98	NA

An analysis of the above table has revealed the following points:

Compared to transport corporations of adjoining states, vehicle productivity and the revenue earning per vehicle/ day lowest

(i) The Corporation had fixed (February 1983) average norm of 137 kms/day run for each vehicle, against which the vehicle productivity of the Corporation ranged between 100.19 and 130.28 kms/day during the period from 1995-96 to 1999-2000. Further, comparison of vehicle productivity and revenue earned per vehicle/day of the Corporation with the transport corporations of the adjoining States for 1999-2000 revealed that the Corporation had the lowest vehicle productivity and revenue earning per vehicle/day which indicated poor fleet utilisation. The details of vehicle productivity and revenue earned/vehicle/day of the Corporation as also of Road Transport Corporations operating in adjoining States was as under:

° Not available due to non-finalisation of 1999-2000 accounts

Particulars	J&K SRTC[1]	Haryana SRTC	Punjab Roadways	PEPSU	Himachal SRTC
Vehicle productivity (kms/vehicle/day)	130	293	225	253	228
Revenue earned/ vehicle/day (in rupees)	1615	2558	2500	3504	2804

The Corporation had not maintained any data regarding number of seats available/km offered, in absence of which the occupancy ratio[$] could not be assessed/analysed in audit.

Percentage of 'fleet on road' varied between 53 and 58 and was much lower than the all India average of 90

(ii) The Corporation had fixed norm of keeping 85 *per cent* of its total fleet strength on road against all India average of 90 *per cent*. However, actual percentage of fleet on road varied between 53.04 and 58.02 during 1995-96 to 1999-2000 which was the lowest compared to performance of transport corporations of the neighbouring States[•] during 1999-2000. The Management attributed low utilisation of its vehicles to workshop detention and holidays observed by Government departments whose load contracts were undertaken by the Corporation. The reply is, however, not tenable, as these factors are taken care of while fixing norms. Measures taken by the Corporation for reducing the detention period of its vehicular fleet were not intimated. Shortfall in utilisation of its fleet below the norm resulted in loss of Rs 74.71 crore during the period 1995-96 to 1999-2000 as detailed below:

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000
Detention of average number of vehicles/day	371	398	319	358	344
Average revenue earned per vehicle/day (in rupees)	879	927	1153	1197	1615
Loss of revenue (in crore rupees)	11.90	13.47	13.42	15.64	20.28

Test-check of the records further revealed that following factors also contributed to the detention of vehicles in excess of the norm fixed by the Corporation.

(b) Vehicular strength and age profile

The Corporation had a total fleet strength of 1235 vehicles (Buses: 644; load carriers: 591) and 5559 employees as on 31 March 2000 indicating vehicle to staff ratio of 1:4.5. According to norms fixed by the Corporation, the vehicles are due for condemnation after 10 years or 5 lakh kilometre run, whichever is earlier. ASRTU[$] had also recommended (July 1971) that 60 *per cent* of total fleet of a transport corporation should be less than four years old and normal life of a vehicle should be considered eight years or five lakh kilometres run,

1 State Road Transport Corporation

$ Occupancy ratio is the percentage of passenger revenue per km to estimated passenger revenue per km for full seat capacity

• Himachal Pradesh: 97; Punjab:78; Haryana: 96

Association of State Road Transport Undertakings

Out of 1235 vehicles, 589 were over 10 years old

whichever was earlier. Audit scrutiny, however, revealed that out of 1235 vehicles held by the Corporation as on 31 March 2000, 589 vehicles were over 10 years old. Besides, the percentage of vehicles in-service for four years and less as on 31 March 2000 was only 35 *per cent* against 60 *per cent* recommended by ASRTU. Records indicating number of vehicles that had run more than five lakh kilometres had not been maintained by the Corporation. Running of vehicles that had outlived their life was bound to impede the operational efficiency of the Corporation besides, entailing avoidable expenditure on repairs/maintenance and higher consumption of fuel.

(c) ***Fabrication activities***

Delay in fabrication of bodies resulted in loss of potential revenue of Rs 13.66 crore

The Corporation purchased 240 chassis during 1996-97 (160 chassis) and 1999-2000 (80 chassis). The chassis were allotted between June 1996 and August 1999 to various private body builders for fabrication of bus bodies. Though the fabrication work was to be completed within 45 to 60 days of the delivery of the chassis to the body builders, the chassis were received by the Corporation from the fabricators after delays ranging from 30 to 1134 days resulting in loss of 114140 vehicle days[Ψ] with consequential loss of potential revenue of Rs 13.66 crore. While reasons for belated delivery of 80 chassis (1999-2000 batch) by the fabricators was attributed (April 2000) by the Corporation to late release of plan funds by the State Government, reasons for delay in respect of 160 chassis purchased during 1996-97 and penalty, if any, imposed on the defaulting fabricators were not intimated.

Potential revenue loss of Rs 11.61 lakh due to delay in allotment of vehicles

Test-check further revealed that out of 80 buses received from the fabricators, 40 buses were allotted to tourist/passenger service depots for operation during 1999-2000 after delays ranging between 7 and 33 days resulting in further loss of 719 vehicle days with consequential potential revenue loss of Rs 11.61 lakh. Reasons for belated delivery of the vehicles to the depots were not furnished nor was any responsibility for the same fixed (September 2000).

(d) ***Repair of vehicles***

Expenditure of Rs 45.53 lakh incurred during 1995-99 on repairs of vehicles from outside agencies

The Corporation has eight workshops located at Srinagar/ Jammu for maintenance and repairs of vehicles. It was seen that the workshops were not equipped adequately to facilitate economical and timely out-shedding of vehicles after conducting repairs. Test-check of Central workshop Jammu revealed that four out of five sections in the workshop were non-functional either due to non-availability of technicians or installation of defective machines. This resulted in increase in the detention period of vehicles in the workshops and also incurring of expenditure of Rs 45.53 lakh during 1995-99 on their repairs from outside agencies. The Corporation had not formulated any schedule for periodical maintenance and repairs including overhauling of vehicles.

Ψ 1996-97: 2656 days; 1997-98: 29988 days; 1998-99: 76801 days; 1999-2000: 4695 days

Detention of vehicles at manufacturers' workshops led to loss of revenue of Rs 10.02 lakh

The newly acquired vehicles had been sent to manufacturers' workshops for servicing and rectification of minor defects during the first year of warranty. The Management had not, however, fixed any time schedule for re-delivery of the vehicles to the Corporation by the manufacturers after rectification of the defects. This resulted in detention of vehicles at manufacturers' workshops for periods varying between 3 and 56 days during 1995-96 and 1996-97 with an aggregate loss of 1109* days and consequential loss of revenue of Rs 10.02 lakh.

Test-check of records also revealed that against 525 vehicles auctioned by the Corporation during 1995-96 to 1999-2000, only 380 vehicles were replaced during this period indicating shortfall in redemption of fleet.

(e) Idle investment

Locking up of Rs 15.10 lakh with resultant interest loss of Rs 16.67 lakh

A review of the records revealed that machinery purchased by the Corporation during 1987-88 to 1997-98 at a cost of Rs 15.10 lakh for use at its various workshops had not been put to any use as of March 2000. The equipment lying idle included seven wireless sets (cost: Rs 2.28 lakh), a washing machine (cost: Rs 6.37 lakh) and a Hydraulic Dynamometer (cost: Rs 6.45 lakh). This resulted not only in locking up of capital of Rs 15.10 lakh but also in loss of interest of Rs 16.67 lakh as of March 2000.

7.12.7 Operational losses

Details of operational revenue/expenditure of the Corporation for the period from 1995-96 to 1998-99 were as under:

Year	Total effective kms (in lakh)	Operating revenue	Operating cost	Loss	Total loss (Rupees in crore)
		(Per kilometre/vehicle) (in rupees)			
1995-96	244	8.76	22.59	13.83	33.75
1996-97	264	9.15	23.21	14.06	37.12
1997-98	267	10.83	25.79	14.96	39.94
1998-99	271	11.77	28.63	16.86	45.69

Operating expenses per kilometre exceeded operating revenue leading to aggregate loss of Rs 157 crore during 1995-99

Against operating revenue of Rs 8.76 to Rs 11.77 per kilometre run, the operating expenses per kilometre were between Rs 22.59 and Rs 28.63 during 1995-96 to 1998-99. Thus, for every kilometre run by its vehicular fleet, the Corporation suffered loss of Rs 13.83 to Rs 16.86 during 1995-96 to 1998-99. The aggregate loss incurred by the Corporation during the period on this account aggregated Rs 156.50 crore. The Corporation had the highest operating cost during 1998-99 compared to transport corporations of the adjoining States as indicated below:

* 1995-96: 536; 1996-97: 573

	Jammu and Kashmir	Himachal Pradesh	PEPSU	Haryana	Punjab
	(In rupees)				
Operating cost/km	29	16	16	11	17
Operating earning/km	12	12	14	8	12

Operating cost highest as compared to transport corporations of adjoining states

As would be seen from above, the gap between operating expenses and operating revenue of the Corporation was the highest at Rs 17 per kilometre. An effective cost control system and reduction in expenditure could have narrowed this gap to reduce the losses.

7.12.8 *Uneconomical running of vehicles*

The Corporation was exclusively dependent on Government departments for the operation of its goods transport services and had made no serious effort to attract business from private parties/agencies. This resulted in running of its load carriers without any load as the carriers were unable to generate return-loads leading to their uneconomical operation. Test-check of records of Load Wing, Srinagar revealed that the load carriers were forced to run 31 lakh kms without load during 1995-96 to 1999-2000, which involved loss of Rs 62.96 lakh on account of 6.42 lakh litres of HSD consumption alone. Reasons for failure of the Corporation to improve the economic viability of its goods transport services by undertaking a study to overcome this situation were awaited (June 2000).

Running of vehicles without load/ passengers led to loss of Rs 1.70 crore during 1995-2000

Similarly, buses of the passenger fleet were also forced to run without passengers for 40 lakh kilometres during 1995-96 to 1999-2000 resulting in loss on account of consumption of HSD worth Rs 1.07 crore. This indicated inadequate management of fleet leading to loss of revenue.

7.12.9 *Sundry debtors*

Sundry debtors increased to Rs 9.17 crore leading to locking up of funds with consequential loss of interest of Rs 1.65 crore

A review of the records revealed that outstandings on account of freight charges from indenting departments/other agencies had increased from Rs 3.96 crore at the end of 1995-96 to Rs 9.17 crore at the end of 1998-99 for which age-wise analysis had not been made. Confirmation of balances outstanding against debtors had also not been obtained. This resulted in locking up of Rs 9.17 crore as of March 1999 with consequential loss of interest of Rs 1.65 crore, worked out at 18 *per cent* (simple interest) at which the Corporation is borrowing funds.

7.12.10 Infrastructural-Development Fund (IDF)

The Corporation without obtaining approval of the Board of Directors/Administrative Department, established (November 1998) Infrastructural Development Fund for creation of facilities at various places on the National Highways from Lakhanpur to Srinagar and from Srinagar to Leh for benefit of passengers travelling in the Corporation buses. The fund financed by charging additional amount of Rs 5 per seat from passengers was to be kept in a separate account and was not to be operated without approval of the Managing Director. Test-check revealed that out of a total accumulation of Rs 19.57 lakh to the fund, an amount of Rs 16.20 lakh was withdrawn from it during 1999-2000 for purchase of HSD. Against Rs 16.20 lakh, Rs 10 lakh were subsequently recouped leaving a balance of Rs 13.37 lakh in the fund ending March 2000 which were not utilised for creating the envisaged facilities. Reasons for creating the fund without approval of the Government/BOD and utilisation of Rs 6.20 lakh for the purpose other than the one envisaged in the scheme, though called for, were awaited (June 2000).

7.12.11 Conclusion

The Corporation had largely failed to provide an adequate, economical and co-ordinated system of road transport services in the State due to lower vehicle productivity and had also failed to contain average operating expenses which exceeded the average operating revenue by over hundred *per cent*. Operation of old vehicles and inability of the Corporation to generate business from private entrepreneurs for its load services were some of the factors which also contributed to its lower generation of revenue.

The above points were reported to Government/Corporation in July 2000; reply had not been received (December 2000).

7.12.12 Recommendations

There is a need for evolving an integrated approach for ensuring optimum vehicle productivity and utilisation of the fleet, improvement in operational efficiency through effective utilisation of manpower, workshop and other related facilities.

Section-B-Audit Paragraphs

Food and Supplies Department

7.13 Excess payment due to wrong fixation of pay

Irregular fixation of pay resulted in excess payment of pay (excluding allowances) aggregating Rs 80.45 lakh

Jammu and Kashmir Civil Services (Higher Standard Pay Scale Scheme) Rules, 1996 effective from 1 January 1995, were introduced by the State Government for extending benefit to such of those non-gazetted State Government employees who were stagnating in a pay of a post for nine years or more. The rules provided for *in situ*[Ψ] promotion to higher standard pay scales I, II and III, corresponding to existing pay scales to those employees who had not been promoted in their service career for nine years and more but less than 18 years, 18 years or more but less than 27 years and 27 years or more. In pursuance of these rules, IInd higher standard pay scale was sanctioned (August 1997) by Director, Food and Supplies, Kashmir in favour of eight storekeepers, having service of more than 18 years but less than 27 years.

Test-check of records of the Directorate during December 1998 and other supplementary information obtained thereafter revealed that Director Food and Supplies Department, Kashmir sanctioned (October 1997/January/March 1998) IInd higher standard pay scale in favour of 160 storekeepers from 1 January 1995 who did not possess the requisite length of service of more than 18 years. The higher pay scale was sanctioned on the ground that these storekeepers being matriculates were senior to the eight storekeepers promoted in August 1997, necessitating protection of their pay vis-à-vis their juniors. Audit scrutiny revealed that these 160 storekeepers, brought at par with 8 storekeepers having service of 21 years, included 102 employees who had service of less than nine years of whom 10 and 64 employees had less than one year and five years of service respectively. The remaining 58 employees had rendered service of more than nine but less than 18 years on 1 January 1995. The *in situ* promotion to IInd higher standard pay scale to these employees was, therefore, irregular as they did not possess the minimum required service of more than 18 years.

In reply to an audit query, Director Food and Supplies Srinagar stated (February/May 2000) that pay scales of 160 senior storekeepers were brought at par with their juniors in terms of note under rule 5-A *ibid* which provided for allowing the senior the pay scale equivalent to that of his junior. The reply was not, however, tenable as the intention of the scheme is to extend benefit to

Ψ Elevation from existing pay scale without change in designation, responsibility or inter-se seniority employees who are stagnating in a post and could not be extended to those who did not fulfill the basic criteria. The determination of seniority of storekeeper on the basis of qualification also appeared, *prima-facie,* incorrect as the inter-se seniority in a cadre is, as a rule, determined on the basis of continuous service rendered. Irregular sanction of higher standard pay scale and consequent wrong fixation of pay resulted in excess payment of salary aggregating Rs 80.45 lakh (excluding allowances) to these 160 employees during the period 1 January 1995 to September 1999.

On being pointed out (November/December 1999) by Audit, the Commissioner-cum-Secretary to Government Food and Supplies Department and Principal Secretary to Government Finance Department called for (January/June 2000) a detailed report from the Director Food and Supplies and also asked him to start recovery of the irregular payment from the concerned employees. Further report on the recovery was awaited (December 2000).

The matter was reported to the Department/Government in July 2000; their reply had not been received (December 2000).

Industries and Commerce Department

(Jammu and Kashmir Minerals Limited)

7.14 Infructuous expenditure

Failure by Jammu and Kashmir Minerals Limited to depute a qualified technical person for inspecting the 'mining-type cables' and accepting sub-standard material resulted in an infructuous expenditure of Rs 4.87 lakh

With a view to providing 'mining-type cables' for pump sets used for dewatering at Metka mine of Kalakote mines, an order for supply of 1000 metre each of 10 and 25 square mm copper conductor PVC cables was placed (February 1995) with a private firm after inviting tenders. The supply order envisaged inspection of material by the Company before its despatch by the firm. The material was got inspected by the Company at the firm's work site in April 1995 deputing an electrical supervisor who was not holding valid under-ground mine work qualification. The material was supplied by the firm in May 1995 claiming it as approved by Director General of Mines Safety (DGMS) guaranteeing its satisfactory performance for a period of 12 months. This was extended to 18 months in October 1995. A payment of Rs 4.87 lakh was released to the firm in May 1995. Out of 2000 metres cable received by the Company, 1650 metres were installed at the mine in June/August 1995. It was observed (February 2000) in audit that the 25 mm square cable, when put to use on 7 August 1995, burst without any load on 10 August 1995. An enquiry by another electrical supervisor (August 1995) of the Company revealed that the cable supplied had very weak insulation and did not bear the stamp of DGMS as required under Indian Electricity Rules, 1996. The 10 square mm cable installed on 28 June 1995 also burst without any load on 1 December 1995. After taking up the matter with the firm, notices were issued to the supplier in June 1996 and October 1996 asking for replacing the cables or refunding the amount paid to it. The supplier, however, refused to replace the whole supply contending that the material was inspected/tested by the Company's representative. The standing counsel of the Company also held that its case was not sound as the material was inspected and accepted by its representative. The whole quantity of the material was lying unutilised with the Company as of March 2000. No departmental enquiry for accepting the sub-standard material and deputing unqualified official for inspection/ acceptance of the material had been held so far (March 2000).

Thus, failure of the company to depute a qualified technical official for inspection and acceptance of sub-standard material, resulted in an infructuous expenditure of Rs 4.87 lakh.

The matter was reported to the Company/Government in July 2000; reply had not been received (December 2000).

Public Works Department
(Jammu and Kashmir Projects Construction Corporation Limited)

7.15 Extra expenditure on construction of a bridge

Avoidable extra expenditure of Rs 12.34 lakh due to deficiencies in the designs and other shortcomings on construction of bridge over Lohai Nallah

Construction of a 51 metre span, steel girder bridge over Lohai *Nallah* at km 18th of the Mahanpur-Basohli road was taken up by the Company on behalf of the Public Works Department, on turnkey basis during 1991, at an estimated cost of Rs 84.67 lakh. For this Rs 83.36 lakh were provided to the Company by Public Works Department. Based on the design prepared (August 1991) by M/S Design Consultants, Jammu and approved by the Design Directorate, the bridge completed at a cost of Rs 81.43 lakh was opened for traffic in July 1995. It was, however, closed to traffic in November 1995 as the gusset* plate on up-stream side of the bridge had given way, causing sagging of the bridge. The defects noticed were removed by the Company during January-June 1996 and the bridge was re-opened for traffic in July 1996 after incurring an expenditure of Rs 12.34 lakh. On this being pointed out in audit (October 1997 and November 1998), the Company attributed (February 1999) sagging

* A bracket strengthening an angle of a structure

of the bridge to deficiencies in the designs prepared by the firm. The Company further stated that the said firm had been black listed and debarred from further assignments. Scrutiny of the records of the Company in audit, however, revealed that:

(i) The error in the construction work was at joints L0 and U1 where the end raker had stopped short of the joint centre leaving a substantial length of the gusset plate liable to buckling. Moreover, the gusset plate used in the structure should have been thicker than the 10mm provided.

(ii) The Company procured 24.86 tonnes of steel plates during April and May 1993, without calling for tenders, for gusset and splices from a local and Jallandhar based firms which was not conforming to ISI specifications.

(iii) The fabrication and launching of the steel truss was allotted to a local firm having no experience in bridge construction works, at negotiated rates.

(iv) Despite the statement of the Company that the defaulting firm had been black listed, it was seen that a fresh job was allotted to it by the Company in April 1999.

(v) No enquiry for fixing responsibility had been conducted by the Company.

The matter was reported to the Administrative Department/ Company in June 2000; reply had not been received (December 2000).

Chapter-VIII

Local Bodies and Others

Financial assistance to Local Bodies and Others

8.1 General

Autonomous Bodies and Authorities are set up to discharge generally non-commercial functions of public utility services. These Bodies/Authorities by and large receive substantial financial assistance from Government. Government also provides financial assistance to other institutions such as those registered under the State Co-operative Societies Act, etc. to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, construction and maintenance of charitable institutions, school and hospital buildings, improvement of roads and other communication facilities under municipalities and local bodies.

Rupees 185.94 crore paid as financial assistance during 1999-2000

During 1999-2000 financial assistance of Rs 185.94 crore was paid to various autonomous bodies against Rs 121.85 crore paid during 1998-99. Department-wise break-up of the amount paid during 1999-2000 was as under:

(Rupees in crore)

S. No.	Name of the department	Amount
1.	Housing and Urban Development	99.42
2.	Education	61.79
3.	Agriculture	12.71
4.	Art and Culture	4.00
5.	General Administration	2.22
6.	Tourism	2.16
7	Law and Justice	1.16
8.	Animal Husbandry	1.00
9.	Others$^{\Phi}$	1.48
	Total:	**185.94**

(a) Delay in furnishing of utilisation certificates

The financial rules of Government require that where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification, these should be

Φ Social Welfare and Nutrition: Rs 91.56 lakh; Medical and Public Health : Rs 34.20 lakh; Ladakh Affairs: Rs 22.43 lakh; Public Works Department: Rs 0.22 lakh forwarded to Accountant General within 18 months from the date of sanction of grants unless specified otherwise.

7647 utilisation certificates for an aggregate amount of Rs 733.35 crore not furnished

In respect of grants paid up to 1998-99, 7647 utilisation certificates for an aggregate amount of Rs 733.35 crore were awaited as on 30 September 2000. Department-wise break-up of certificates not received up to 30 September 2000 in respect of grants paid during 1997-99 is given in *Appendix*-28. In absence of utilisation certificates it was not clear as to how the departmental officers satisfied themselves whether and to what extent recipients utilised the grants for the purposes for which these were paid.

(b) Delay in submission of accounts

Detailed information regarding financial assistance given to various institutions and annual accounts awaited from departments

In order to identify the institutions which attract audit under Sections 14/15 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government/Heads of Departments are required to furnish to Audit every year detailed information about the financial assistance given to various institutions, the purpose for which such assistance was sanctioned and the total expenditure of the institutions. The details of defaulting departments which had not furnished information for 1999-2000 and earlier years are given in *Appendix*-29.

The particulars of Bodies/Authorities whose annual accounts for 1999-2000 and earlier years were awaited are indicated in *Appendix*-30.

The status of submission of accounts by Corporations and submission of Audit Reports thereon to the State Legislature as of September 2000 was as under:

S.No	Name of body	Year up to which accounts due	Year up to which accounts submitted	Year up to which Audit Report issued
1.	Jammu and Kashmir State Road Transport Corporation	1999-2000	1996-97	1996-97
2.	Jammu and Kashmir State Financial Corporation	1999-2000	1997-98	1997-98

8.2 Audit arrangement

Audit of two organisations viz., Ladakh Autonomous Hill Development Council and Khadi and Village Industries Board falls under Section 19 (3) of Comptroller and Auditor General's (DPC) Act, 1971. Audit of accounts of Khadi and Village Industries Board for the years 1998-99 to 1999-2000 (period entrusted) had not been conducted due to non-receipt of the accounts from the Body. Ladakh Autonomous Hill Development Council was established in 1995 and audit of the Council was to be entrusted to the

Comptroller and Auditor General of India. The said entrustment for the period from its inception to 1999-2000 was awaited (September 2000).

The audit of accounts of the following bodies had been entrusted to Comptroller and Auditor General under Section 20(1) of the C&AG's (DPC) Act, 1971, for different periods as detailed below:

S.No	Name of the body	Period of entrustment	Date of entrustment
1.	Sher-i-Kashmir University of Agricultural Sciences and Technology, Srinagar	1995-96 to 1997-98	16 September 1999
2.	Jammu and Kashmir Employees Provident Fund Organisation, Srinagar	1984-85 to 1989-90 1990-91 to 1999-2000	16 September 1999 16 September 2000

The primary audit of local bodies viz., Jammu and Kashmir Co-operative Supply and Marketing Federation Limited and Srinagar and Jammu Municipalities, is conducted by the Registrar, Co-operative Societies and Finance Department respectively.

8.3 Audit under Section 14

8.3.1 Overall results of audit of autonomous bodies

Accounts for 1999-2000 and earlier years were received from 8 Bodies/Authorities (*Appendix*-31). Audit of 7 Bodies/Authorities was conducted during the year as these attracted audit under Section 14 of the Comptroller and Auditor General's (DPC) Act, 1971. Some main points noticed as a result of the audit of these Bodies/Authorities are given in the paragraphs that follow.

(i) Grants remaining unutilised

Rupees 7.05 crore meant for developmental and educational purposes remained unutilised with 7 bodies/ authorities

Out of total available grants of Rs 16.44 crore, grants aggregating Rs 7.05 crore meant for developmental and educational purposes and implementation of beneficiary oriented schemes remained unutilised with the following Bodies/Authorities whose accounts were audited during 1999-2000 for the years indicated against each:

(Rupees in crore)

S.No	Name of Body/Authority	Year of account	Amount unutilised
1.	District Rural Development Agency, Udhampur	1997-98	0.22
2.	District Rural Development Agency, Pulwama	1998-99	1.04
3.	District Rural Development Agency, Budgam	1998-99	0.43
4.	District Rural Development Agency, Jammu	1998-99	0.35
5.	Jammu Urban Development Agency	1997-98	2.29
6.	Jammu and Kashmir Sports Council	1996-97	2.02
7.	Jammu and Kashmir Social Welfare Advisory Board	1998-99	0.70
	Total		7.05

No specific reasons for underutilisation of grants and non-refund of unutilised grants to the sanctioning authorities were intimated. Sanction to carry forward of these unutilised grants to the following years was also not obtained by the Bodies/Authorities concerned.

Advances aggregating Rs 1.46 crore outstanding against various contractors, suppliers and executing agencies

(ii) Outstanding Advances

Advances aggregating Rs 1.46 crore given by the following Bodies/Agencies to contractors/suppliers, various executing agencies and their employees, for various purposes were outstanding at the end of the year as indicated against each:

S.No	Name of body/authority	Year	Amount (Rupees in lakh)
1.	District Rural Development Agency, Udhampur	1997-98	74.85
2.	District Rural Development Agency, Budgam	1998-99	10.85
3.	District Rural Development Agency, Pulwama	1997-98	25.67
4.	District Rural Development Agency, Jammu	1998-99	34.53
	Total		145.90

Action taken by these agencies for recovery/adjustment of these advances was not intimated (September 2000).

(iii) Outstanding audit observations

Audit observations on the accounts of Bodies/Authorities are conveyed to them in the form of Audit Inspection Reports (AIRs) and copies thereof are endorsed to the Government/Body for taking necessary action and for rectification of defects within a reasonable time. The status of AIRs issued up to March 2000 and outstanding at the end of September 2000 was as indicated below:

S.No	Name of the body	No. of AIRs	No. of paragraphs	Earliest year from which outstanding
1.	State Pollution Control Board	1	7	1987-88
2.	Jammu and Kashmir Sports Council	2	26	1992-93
3.	Jammu and Kashmir Social Welfare Advisory Board	3	23	1978-79
4.	Jammu and Kashmir Academy of Art, Culture and Languages	2	12	1995-96
5.	Jammu University	4	62	1992-93
6.	District Rural Development Agencies	51	291	1982-83
7.	Desert Development Agencies	8	78	1979-80
8.	Jammu Municipality	1	21	1995-96
9.	Jammu and Kashmir Housing Board, Jammu	1	25	1991-92
10.	Islamia College of Science and Commerce, Srinagar	2	14	1981-82
11.	Jammu Urban Development Agency	2	4	1994-95
12.	Jammu and Kashmir Co-operative Supply and Marketing Federation Limited	1	4	1994-95
13.	Srinagar Development Authority	1	12	1998-99
14.	Srinagar Municipality	1	22	1996-97
15.	Kashmir University	1	21	1996-97
16.	Jammu and Kashmir Energy Development Agency	2	18	1996-97
	Total	**83**	**640**	

SECTION-A-Reviews

Education Department

8.4 Jammu and Kashmir Sports Society

Highlights

Jammu and Kashmir Sports Society was registered in 1961 under the Societies Registration Act VI 1998 (Svt.) for planning all round development of sports and games in the State. The Society, however, largely failed to achieve its objective due to inadequate supervision, planning and monitoring of various schemes and infrastructural deficiencies.

- **The Society had not prepared its annual statement of accounts including balance sheet and had instead prepared Receipt and Payment accounts up to 1996-97 only. Consequently, its financial position was not ascertainable nor could accountability of the investments made by the Government in it be ensured.**

(Paragraph: 8.4.4.1)

- **While percentage of expenditure on sports activities decreased from 72 in 1996-97 to 39 in 1999-2000, administrative expenses increased from 28 to 61 *per cent* during the same period indicating decline in expenditure on sports activities.**

(Paragraph: 8.4.4.2)

- **System for watching adjustment of advances disbursed to various officials for executing developmental works was not in existence in the Society. Advances aggregating Rs 86.49 lakh paid during 1985-86 to 1999-2000 to various officials were lying unadjusted as of July 2000.**

(Paragraph: 8.4.4.2 (a))

- **Grants aggregating Rs 91.92 lakh were disbursed to various sports associations during 1995-96 to 1999-2000 even though their recognition was not renewed as required under rules.**

(Paragraph: 8.4.5.1)

- **No targets were fixed for the number of youth who were to be provided basic or specialised training by the coaches nor had this been monitored by the Society.**

(Paragraph: 8.4.5.2)

- **Construction/development of 24 stadia and play fields taken up by the Society at a cost of Rs 3.20 crore between 1977 and 1999, were lying incomplete as of March 2000. In addition, 20 works of Director Youth Services and Sports involving expenditure of Rs 1.67 crore taken up by the Society during 1987-88 to 1999-2000 were also lying incomplete as of March 2000.**

  Funds aggregating Rs 70.05 lakh released by the Government/ Director Youth Services and Sports for completion of on-going works like construction of stadia, youth hostel, school play fields, etc. were diverted for meeting administrative expenses.

(Paragraphs: 8.4.5.4 and 8.4.5.5)

8.4.1 Introduction

Jammu and Kashmir Sports Society was registered in 1961 under the Societies Registration Act VI 1998 (Svt.) for planning all round development of sports and games and fostering a spirit of comradeship among the youth and sports associations in the State. The objectives were to be achieved by imparting training, providing infrastructure facilities and financial assistance to sports organisations and co-ordinating their activities.

8.4.2 Organisational set-up

Management of the affairs of the Society is vested in a Council comprising 25 members nominated by the Government including the President and Vice-President. The members to be nominated should be outstanding sportsmen or reputed persons connected with sports, physical educationists and representatives of recognised associations. A standing committee constituted by the Council is responsible for carrying on the work of the Society. The Society has also an engineering wing under the supervisory control of an Executive Engineer who works under the control of the Secretary to Council.

8.4.3 Audit Coverage

The activities of the Society covering the period from 1995-96 to 1999-2000 were reviewed in audit during December 1999 to March 2000 by test-check of records of Commissioner-cum-Secretary, Education Department, Secretary of the Council and 6 out of 7 District Coaching Centres at Srinagar, Anantnag, Baramulla, Jammu, Kathua and Udhampur. Important points noticed as a result of test-check are brought out in the succeeding paragraphs.

8.4.4 *Financial position*

8.4.4.1 *Preparation of accounts*

Balance sheet not prepared in absence of which financial position not ascertainable

The Society is required to maintain proper accounts and prepare annual statement of accounts including the balance sheet under the rules. The Society, however, prepared Receipt and Payment Account only, as a result of which its financial position was not ascertainable and accountability of investments made by the Government in it could not be ensured. Receipt and Payment Account for the year 1997-98 and onwards had also not been finalised as of March 2000, for which no reasons were furnished. The Society, which is following the rules and procedures applicable to State Government, had yet to prepare its Accounting Manual, laying down accounting procedures and delegating financial powers/responsibilities amongst its functionaries for prescribed internal checks/controls.

Accounting Manual not prepared

8.4.4.2 *Receipts and payments*

The Society receives funds by way of grants-in-aid from the State and Central Governments. Income also accrues to it on account of rent of property, admission/registration fees from the participants taking part in various games. The position of receipts and expenditure of the Society during the period from 1995-96 to 1999-2000 was as under:

(Rupees in crore)

Year	Opening balance	Funds received from		Receipts from other sources[ϕ]	Total funds available
		State Government	Central Government		
1995-96	2.88	1.88	--	0.88	5.64
1996-97	3.19	3.53	--	1.31	8.03
1997-98	3.30	2.24	0.14	0.82	6.50
1998-99	2.18	1.41	0.22	1.14	4.95
1999-2000	0.93	4.65	--	0.23	5.81

Year	Expenditure on		Total expenditure[δ]	*Percentage* utilisation of available funds
	Administrative expenses (*per cent)*	Sports activities (*per cent*)		
1995-96	1.23 (50)	1.22 (50)	2.45	43
1996-97	1.33 (28)	3.40 (72)	4.73	59
1997-98	1.72 (40)	2.60 (60)	4.32	66
1998-99	1.80 (45)	2.22 (55)	4.02	81
1999-2000	2.25 (61)	1.46 (39)	3.71	63

ϕ Includes funds received from Sports Authority of India and Director Youth Services and Sports and receipts on account of rent, admission/registration charges

δ Includes that on deposit works

While expenditure on sports activities decreased (33 *per cent*) administrative expenses increased substantially

It would be seen from the above table that while expenditure on sports activities had decreased from 72 *per cent* in 1996-97 to 39 *per cent in* 1999-2000, administrative expenses increased from 28 *per cent* to 61 *per cent* during the same period indicating decline in sports activities. No reasons for decline in sports activities/increase in administrative expenses were intimated. It was, however, seen that the Society had not fixed norms for assessing the requirements of manpower and its efficient management for curtailing the increasing administrative expenses. Further, the Society had also employed 30 daily wagers to work as chowkidars, sweepers, groundsmen, etc. during the period from 1996-97 to 1999-2000 (March 2000) in violation of the State Government orders banning employment of daily wagers which resulted in irregular expenditure of Rs 11.54 lakh on their wages.

Irregular expenditure of Rs 11.54 lakh on wage payment to 30 daily wagers

Following further points were noticed:

Advances of Rs 86.49 lakh against various agencies/officials outstanding

(a) Proper accounts to monitor adjustment of amounts advanced to various agencies/officials had not been maintained. Advances aggregating Rs 86.49 lakh paid during 1985-86 to 1999-2000 were outstanding against various agencies/officials as of July 2000. Of this, Rs 4.02 lakh were outstanding against ten officials who had retired, died or were transferred from the Society. Further, out of Rs 75.53 lakh advanced during the period from 1995-96 to 1999-2000, Rs 41.42 lakh had been debited to final head of account instead of the personal accounts of the persons concerned so as to watch recovery thereof. As a result, the accounts overstated the expenditure of the Society to that extent. Responsibility for non-maintenance of proper records and non-recovery/adjustment of advances made had not been fixed (March 2000).

Expenditure of Rs 41.42 lakh overstated

Rs 3.42 lakh realised as admission/ registration charges, diverted

(b) Test-check of records of MAM Stadium revealed that out of admission/ registration charges of Rs 13.18 lakh realised during 1995-96 to 1999-2000 (February 2000), Rs 3.42 lakh were irregularly appropriated for meeting day to day contingent expenditure. Besides, receipts of Rs 9.76 lakh were remitted in the bank after delays ranging from 5 to 24 months during 1996-97 and 1997-98 which resulted in loss of Rs 0.52 lakh by way of interest.

Irregular payment of Rs 1.71 lakh made

(c) The Society paid (June 1997) Rs 1.71 lakh to the Vice-President of the Standing Committee as travel expenses for 'self' and his 3 family members for witnessing 4th National Games-1997 at Bangalore, which is not provided in Rules.

8.4.5 Activities of the Society

The Society is an apex sports advisory body. Its activities include providing financial and other assistance to sports organisations, imparting training and specialised coaching to sportspersons and developing infrastructural facilities.

8.4.5.1 Recognition of sports associations

Grants of Rs 91.92 lakh paid to 38 associations without renewal of recognition

The Society had recognised 38 sports associations up to 1988-89. Applications received by the Society from 30 associations during 1988-97 for recognition, were pending as of March 2000 for which no reasons were furnished (August 2000). Moreover, recognition of the associations is done for a period of one year on *adhoc* basis. Though recognition of none of the 38 associations had been renewed after 1988-89, grants aggregating Rs 91.92 lakh were paid to them during the period covered under the review. It was also observed that 23 of these associations had irregularly been paid Rs 27.42 lakh as grant during the period from 1995-96 to 1998-99 without obtaining audited statements of accounts and utilisation certificates of grants disbursed in previous years indicating that proper system of watching utilisation of grants was not followed by the Society.

- 76 Government officials held posts in sports associations unauthorisedly
- 15 persons held more than one post in 30 associations

With a view to keeping sports associations free from official influence, it was decided (December 1989) by the Council that no Society/Government official shall hold any office in any sports association without proper permission of the Council/Government. It was, however, seen that 76 Government officials held posts in various capacities in different sports associations without seeking the requisite permission of the Government. Besides, 15 persons had held more than one post in 30 associations in violation of the instructions (April 1997) of the Council.

8.4.5.2 Training of youth

64 coaches engaged in 7 districts paid salary of Rs 1.01 crore. Of these 12 coaches trained only 3 to 30 youth per month and 8 coaches did not impart training during 50 out of 60 months

The Society provides basic training to youth in various sports for improving the skill and maintaining stamina of sportspersons for better results. It also conducts specialised coaching camps and holds tournaments and various sports events. For this, the society has established 15 coaching/subcentres in 7 out of 14 districts of the State and had engaged 64[Ψ] coaches. An expenditure of Rs 1.38 crore was incurred on pay and allowances of coaches (Rs 1.01 crore) and coaching centres (Rs 37.11 lakh) during 1995-96 to 1999-2000. No targets had, however, been fixed by the Society for coaching of youth at these coaching centres/camps. Records indicating the number of youth who were actually provided basic training or specialised coaching during 1995-96 to 1999-2000 had also not been maintained. Scrutiny of work diaries of 12 coaches for the period 1995-96 to 1999-2000 revealed that a meagre number of youth, ranging between 3 and 30 per month, were trained during this period, while no coaching was imparted by 8 coaches during 50 out of 60 months. Reasons for neglecting/ignoring the remaining seven[1] districts under the Programme were also not on record.

Ψ Includes 19 from Sports Authority of India

1 Rajouri, Doda, Kupwara, Pulwama, Leh, Kargil and Budgam

8.4.5.3 Rural and Womens' Sports

Expenditure of Rs 27.73 lakh on holding of Rural and Womens' sport meets infructuous as no talent spotted

Government of India, Ministry of Human Resource Development introduced (1970-71) Rural Sports Programme for broad basing sports/games and tapping hidden talent in rural areas. The programme envisaged organising of tournaments in rural areas in various disciplines viz. athletics, archery, kho-kho, kabaddi, etc. Similarly, need for participation of women for arousing their sports consciousness was also felt and National Sports Festival for women was made an annual feature from 1994-95. The Society spent Rs 27.73 lakh on rural and womens' sports during the period from 1995-96 to 1999-2000 and organised annual festivals for Rural and Womens' Sports. The number of tournaments held under the programme in rural areas were not intimated. However, the effectiveness of the expenditure incurred and its impact on development of rural and women sports had not been monitored or assessed at any stage/level. While reviewing the progress on implementation of the schemes, the Chief Sports Officer of the Society had stated (October 1999) that the expenditure incurred on holding of Rural and Womens' sports events at Block or District level had proved infructuous as no talent had been spotted. Steps taken for identifying the deficiencies and ensuring effective implementation of these schemes were not intimated.

Idle investment of Rs 9.92 lakh on purchase of fencing material

Test-check revealed that for promotion of sports at village level, land measuring 692.14 *kanals* was identified by the Society during 1975-96 for developing playing fields at 15 places in rural areas. The possession of land had not been taken over as of February 2000. The Society, however, in anticipation of acquisition of land, had purchased (1988-89) fencing material for fencing of playing fields at Wathora and Bahipora at a cost of Rs 9.92 lakh which had not been utilised. This resulted in idle investment of Rs 9.92 lakh. Besides, the chances of the quality of the purchased material deteriorating due to prolonged storage could not be ruled out.

8.4.5.4 Infrastructure development

Incomplete construction/ development of stadia/play fields at 24 places despite expenditure of Rs 3.20 crore

Rupees 34.20 lakh diverted for meeting administrative expenses

Infrastructure development works were undertaken by the Society without obtaining administrative/ technical approval and drawing up of works plans depending upon the availability of funds. Stadia/ play fields at 24 places constructed/ developed at a cost of Rs. 3.20 crore (excluding cost of land) by the Society during the period between 1977 and 1999 were lying incomplete. While paucity of funds was stated to be the reason for non-completion, it was seen that out of Rs 36 lakh received during 1998-99 by the Society from the Government for 6 ongoing development works of stadia/play fields, Rs 34.20 lakh were diverted to non-plan sector for meeting administrative expenses. Non-prioritisation of works/diversion of funds, therefore, resulted in non-completion of infrastructure development works and consequent delay/non-realisation of the envisaged benefits. A few cases of defective planning are discussed below:

(a) The Society, without ascertaining the technical feasibility of the site, developed Gani Memorial Stadium at Rajouri Kadal Srinagar under Srinagar Core Area Development Project. An expenditure of Rs. 76.52 lakh was incurred up to March 1994 which included Rs. 25.94 lakh advanced to Urban and Environmental Engineering Department (UEED) for providing a drainage system for the play field. The UEED, however, constructed a drain for the adjoining locality and installed pumps for draining out water from the play field. Due to subsequent diversion of the drains of the adjoining localities to the play field, which was at a lower level, it remained submerged making it unusable. Expenditure of Rs. 8.56 lakh incurred during the period from 1994-95 to 1999-2000 on operating and maintaining the dewatering pumps, etc. also proved unfruitful. Thus, improper planning and defective selection of site rendered the expenditure of Rs. 85.08 lakh unfruitful besides, denying facilities to the sportspersons.

Unfruitful expenditure of Rs 85.08 lakh

(b) The Society developed a play field at Bemina, Srinagar at a cost of Rs. 38.79 lakh (March 1994). The field, however, could not be put to proper use as it was low lying and got submerged under water coming from an adjacent residential area developed by the Srinagar Development Authority. Proposal (December 1994) of the Engineering Wing for raising the level of the play field at a cost of Rs. 15 lakh had not been implemented due to non-availability of funds. As a result, the expenditure of Rs 38.79 lakh incurred on the play field was rendered unfruitful.

Wrong selection of site rendered expenditure of Rs 38.79 lakh unfruitful

(c) For construction of a stadium at Doda, land measuring 51.05 *kanals* was acquired by the Society between 1960-61 and 1979-80 at a cost of Rs. 12 lakh. The development/ construction work of the stadium was entrusted to PWD in 1975 at an estimated cost of Rs. 45.09 lakh for which administrative approval was accorded by Secretary Sports Council in March 1987 though it was beyond his competence as per delegations of powers of the Government, followed by the Society.

After incurring an expenditure of Rs. 42.98 lakh (including unpaid liability of Rs. 5.28 lakh) up to November 1992, the work was stopped by PWD for want of funds by which time the project cost escalated to Rs. 62.30 lakh. The Society took over the project from PWD in October 1996 (though decision to this effect was taken in June 1994) for speedy completion by its own Engineering Wing. Thereafter, no action was taken to complete the long pending project though Rs. 6 lakh were paid by the Government for the purpose in March 1998 which were diverted for meeting administrative expenses. As a result the expenditure of Rs. 42.98 lakh incurred on the project was rendered unfruitful besides, the envisaged facilities were not made available to the rural youth of the hill district.

Rupees 6 lakh diverted

Unfruitful expenditure of Rs 42.98 lakh

(d) Without ascertaining feasibility of the site, the Society developed a play field at Shopian at a cost of Rs. 16.83 lakh between 1985 and 1992. The site, being prone to floods, was washed away in the floods of 1992 and 1996

Wasteful expenditure of Rs 16.83 lakh due to non-feasible site washed away in floods rendering the expenditure thereon wasteful. Alternate site for the play field had yet to be identified, thereby depriving the youth of the area of the facility.

8.4.5.5 *Deposit works*

The Society executes works on behalf of other departments/ agencies against funds placed at its disposal charging 8 *per cent* of the works expenditure as supervisory charges. It had, however, not maintained records indicating the amounts placed at its disposal, expenditure incurred thereagainst and balance, if any, available against each work. The figures of deposits received and expenditure incurred thereagainst had also not been reconciled with concerned departments/ agencies.

Deposit contribution works involving expenditure of Rs 1.67 crore incomplete

Test-check also revealed that 20 works like construction of stadia at R.S.Pora, Youth Hostel, Srinagar, Billiards hall, Jammu, School play fields, etc. allotted by the Youth Services and Sports Department and taken up for execution by the Society between 1987-88 and 1999-2000 were lying incomplete even after incurring an expenditure of Rs 1.67 crore thereon. No reasons for non-completion of these works were available on record. It was, however, seen that the Society had diverted Rs. 29.85 lakh from the deposits for meeting administrative expenses. Moreover, an amount of Rs 1.98 lakh recoverable from various agencies on account of supervisory charges had not been recovered.

Deposit of Rs 29.85 lakh diverted and supervisory charges of Rs 1.98 lakh not recovered

Database of works executed not maintained

The records relating to execution of works viz. works registers, material-at-site accounts, contractors ledgers, etc. had not been maintained for exercising required checks. No system of watching adjustment of material issued from the engineering wing to contractors and for departmental works was followed. As a result, material valued at Rs 20.25 lakh issued to contractors and staff between 1995-96 and February 2000 had not been adjusted as of March 2000. Of this, material valued at Rs 2.73 lakh was outstanding against officials who had since been transferred from the Society. Test-check also revealed that works costing Rs 1.15 crore had been executed during 1995-96 to 1999-2000 without administrative approval and technical sanction.

Works costing Rs 1.15 crore executed without administrative approval/technical sanction

8.4.6 *Register of assets*

Assets register not maintained

The Society is mainly financed by the grants from State Government and is required to maintain a register of assets recording therein all types of assets including land and other property transferred by Government or acquired by gift, purchase or otherwise. No such register had been maintained by the Society as a result of which the assets acquired by the Society from time to time and their maintenance/utilisation could not be verified.

8.4.7 Stores and stocks

Physical verification of stores/stocks not conducted regularly

Physical verification of stores/ stocks is to be conducted annually. Test-check of records revealed that physical verification of sports articles was conducted between May 1998 and July 1998 after a gap of six years at seven centres (out of 19). Further, 1607 unserviceable items (value: Rs 16.11 lakh of 1201 items) were lying in the stores. Action for their disposal had not been taken (February 2000). Physical verification of remaining centres and engineering wing had not been conducted since 1992-93.

8.4.8 Monitoring and evaluation

Supervisory committee constituted in April 1999 to monitor *inter alia* the performance of coaching camps, etc. did not submit report

Against ten envisaged meetings during 1995-2000 council met on four occasions only

Evaluation of various works executed and activities carried out by the Society had not been undertaken at any level. A supervisory committee under the overall supervision of Chief Sports Officer constituted in April 1999 to monitor *inter alia* the performance of coaching camps and activities carried out by various sports associations, had not furnished any report as of March 2000. Further, the Council was required to meet at least twice a year to review its activities, annual reports and statement of audited accounts of the previous year. The Council had, however, met only on four occasions during 1995-96 to 1999-2000 against ten meetings envisaged under the Rules which indicated inadequate supervision of the affairs of the Society.

8.4.9 Recommendations

The activities of the Society need to be monitored and supervised more closely for better utilisation of resources provided to it by the Government, bringing overall improvement in standard of sports, development of infrastructure and coaching of upcoming sports persons of the State.

The above points were reported to the Government/Society in June 2000; reply had not been received (December 2000).

Forest Department

8.5 State Pollution Control Board

Highlights

One of the main objectives of the State Pollution Control Board is to prevent and control pollution of water bodies in accordance with the provisions of the Water (Prevention and Control of Pollution) Act, 1974. The objective was not, however, achieved mainly due to the failure of the Board to regulate and control discharge of industrial effluents into the water bodies and to ensure installation of pollution control devices by industrial units. Water testing laboratories required for monitoring and assessing the quality of water had also not been set up.

- **Finalisation of accounts from 1994-95 and onwards was in arrears and accounts had not been audited by a qualified auditor beyond 1992-93.**

(Paragraph: 8.5.4)

- **Administrative expenses of the Board (Rs 3.74 crore) constituted 65 *per cent* of the total expenditure of Rs 5.79 crore incurred during 1995-2000.**

(Paragraph: 8.5.4)

- **The number of industrial units functioning without consent in violation of the Water (Prevention and Control of Pollution) Act, 1974 had not been ascertained by the Board. A number of such units were functioning in violation of law and no action had been taken by the Government for their closure.**

(Paragraph: 8.5.6.1)

- **Despite mention in the Report of the Comptroller and Auditor General of India for the period ending March 1995 regarding non-establishment of laboratories for carrying out water tests, the laboratories had still not been made functional. This resulted in non-performance of the mandatory function of testing samples under the Water (Prevention and Control of Pollution) Act, 1974.**

(Paragraph: 8.5.6.2)

- **No progress had been made in completing the studies sponsored by Central Pollution Control Board relating to problems of water pollution under 'Monitoring of Indian Aquatic River System and Indus Basin Projects'.**

(Paragraph: 8.5.7)

8.5.1 *Introduction*

Anti-pollution laws not implemented for 11 years

The Jammu and Kashmir State Board for Prevention and Control of Water Pollution was constituted by the Government in the year 1976 in pursuance of the Water (Prevention and Control of Pollution) Act$^{\phi}$, 1974. However, rules for regulating the provisions of the Act were notified by the State Government in the year 1987 with the result anti-pollution laws could not be implemented in the State for 11 years. The Board was renamed State Pollution Control Board in the year 1988 after entrustment of additional responsibilities to it under the Air (Prevention and Control of Pollution) Act, 1981 and Environment (Protection) Act, 1986.

The main objectives of the Board are to plan and execute comprehensive programmes for prevention and control or abatement of pollution of water bodies, air pollution control zones and in areas declared prone to noise pollution. The Board is also required to collect and disseminate information relating to pollution and advise the State Government on matters concerning it.

8.5.2 *Organisational set up*

The Board, reconstituted in February 1997, comprises 13 official and non-official members nominated by the State Government and is headed by a Chairman who looks after its day to day working. The members, who hold office for three years, include Director Industries, Transport Commissioner and Director Fisheries as Government representatives and Administrators of Jammu and Srinagar Municipalities represent local bodies. The Chairman is assisted by a Member-Secretary and two Regional Directors at divisional levels (Kashmir; Jammu). The overall administrative control of the Board is vested with the Forest Department of the State Government.

8.5.3 *Audit Coverage*

The activities of the Board for the period from 1990-91 to 1994-95 were last reviewed in audit during April-May 1995 and findings included in paragraph 8.3.2 of the Report of the Comptroller and Auditor General of India for the year ended March 1995. The present review covering activities undertaken by the Board regarding prevention and control of water pollution was conducted

ϕ Central Act.

during March-May 2000 by test-check of records of the Board for the period from 1995-96 to 1999-2000. Important points noticed are discussed in the succeeding paragraphs.

8.5.4 Finance and Expenditure

The main sources of income of the Board are grants received from the State/Central Governments including contributions from CPCB[∞]. The Board also collects fees from industrial units for renewal/grant of consent for using existing outlets or to bring into use any new or altered outlet for discharge of effluents. A summary of the receipts and expenditure of the Board[¢] for the years from 1995-96 to 1999-2000 is given as under:

(Rupees in lakh)

Particulars	1995-96	1996-97	1997-98	1998-99	1999-2000	Grand total
Opening balance	**25.16**	**32.05**	**45.63**	**87.71**	**63.95**	
Grants received						
State Government	33.90	46.00	131.75	116.53	218.07	546.25
Central Government	0.25	0.75	4.00	5.00	10.00	20.00
CPCB	1.28	-	3.86	-	-	5.14
Other Receipts						
Consent fee	5.30	6.55	8.77	8.55	14.61	43.78
Miscellaneous receipts	0.70	-	-	9.00	-	9.70
Total funds available	**66.59**	**85.35**	**194.01**	**226.79**	**306.63**	**650.03**
Expenditure	**34.54**	**39.72**	**106.30**	**162.84**	**236.00**	**579.40**
Unspent balance	32.05	45.63	87.71	63.95	70.63	70.63
Percentage utilisation of funds	52	47	55	72	77	89

Administrative expenses during 1995-2000 constituted 65 *per cent* of the total expenditure

It was seen in audit that administrative expenses of the Board (Rs 3.74 crore) constituted 65 *per cent* of the total expenditure (Rs 5.79 crore) incurred during 1995-2000. Further, Rs 1.44 crore (25 *per cent)* was spent on construction/renovation of office-cum-laboratory building and Rs 61 lakh only were utilised on implementation of various pollution control activities during the period. Following points were also noticed in audit:

(a) The actual unspent balance with the Board at the end of March 2000, as per cashbook, was Rs 79.95 lakh against Rs 70.63 lakh reported by it to the State Government. The variation had not been reconciled due to non-maintenance of ledger accounts, improper maintenance of cashbook from 1995-96 to 1998-99 and non-reconciliation of bank accounts.

(b) The Board is required to maintain proper accounts and prepare an annual statement of accounts. The accounts are to be audited by an auditor to be appointed by the Government on the advice of the Comptroller and

∞ Central Pollution Control Board

¢ Including expenditure on activities relating to Air and Environmental Pollution

Accounts beyond 1993-94 not finalised and those beyond 1992-93 unaudited

Auditor General of India. It was, however, seen that the Board had not finalised its accounts beyond 1993-94 and the accounts had not been audited by a qualified auditor beyond 1992-93.

8.5.5 Manpower

- **Against 467 posts sanctioned without norms, 58 *per cent* lying vacant of which technical/ scientific posts constituted 69 *per cent***
- **Owing to limited activities carried out, effectiveness of Rs 3.74 crore incurred on salary not ensured**

As on 31 March 2000, the Board had 195 personnel (technical/scientific: 61; administrative: 16; ministerial: 118) in position against the sanctioned strength of 467 (technical/scientific: 198; administrative: 27; ministerial: 242) leaving 58 *per cent* of the sanctioned posts vacant which was predominant (69 *per cent*) in case of technical/scientific posts. The posts were sanctioned without laying down any norms/scale of work to be performed by each member of the staff. Test-check, however, revealed that due to limited activities carried out by the Board owing to non-setting up of laboratories for conducting sample tests, inadequate monitoring/inspections, the effectiveness of Rs 3.74 crore incurred on salary of staff was not ensured.

8.5.6 Implementation of laws

8.5.6.1 Enforcement of anti-pollution laws

(i) Grant of Consent

Under the provisions of the Act[ɛ], it is mandatory for every unit holder to obtain consent from the Board for bringing into use any new or altered outlet for discharge of sewage or trade effluents into a stream, well or sewer or on land. For this the Board was required to examine and analyse the trade effluents of industrial units before granting consent so as to ensure that they are within the prescribed standards or were brought within the standards by installing anti-pollution devices. The industrial units operating without consent and without installing anti-pollution devices are required to be prosecuted.

Survey for identifying units functioning without consent not conducted

Out of 63 test-checked units, 39 units were functioning without pollution control devices

The Board had not conducted any survey for identifying units which were functioning without obtaining consent. The Board granted consent in 357 out of 489 cases who had applied for it during 1995-2000. The consents were, however, granted arbitrarily without conducting any analysis of trade effluents discharged by these units. The objective of ascertaining/ensuring that trade effluents were within the prescribed standards or were brought within these standards through remedial measures viz. installation of anti-pollution devices, etc. was not, thus, achieved. It was noticed in audit that while 24 industrial units had installed pollution control devices in Jammu division, 39 units were functioning without such devices. Even where pollution control devices had been installed, no inspections were carried out for monitoring the performance of these pollution control devices. On this being pointed out in audit, the

[ɛ] Water (Prevention and Control of Pollution) Act, 1974

Six highly polluting industrial units operating without installation of anti-pollution devices

Regional Director Jammu admitted (April 2000) that the monitoring/ inspection of the industrial units could not be carried out to the desired extent due to shortage of field/technical staff. Test-check of records further revealed that 6[⊗] industrial units (falling under the list of 17 highly polluting industries) and 4 distilleries in Jammu were operating without grant of consent of the Board. The units had also not installed any anti-pollution devices and the Board had recommended to the State Government (1993) for closure of these units. However, no action had been taken on this proposal as of April 2000. The untreated discharge of effluents from these polluting industries still continues, defeating the basic objective of the scheme.

(ii) Renewal of consents

274 consent renewal applications remained unattended

The industrial units, on payment of prescribed licence fee, are required to seek annual renewal of the consents granted earlier. The Board is required to grant/refuse renewal of consent within a period of 4 months from the date of receipt of an application from a unit holder, failing which the consent is deemed to have been granted unconditionally. The Board had not, however, maintained any record to watch renewal of consents granted so as to monitor that no unit remained without check/renewal. Test-check in audit revealed that out of 530 applications received for renewal of licences during 1995-2000, only 256 applications (48 *per cent*) were disposed of by the Board leaving 274 applications (52 *per cent*) unattended for which no reasons were on record. Further, in 29 cases test-checked in audit, the unit holders had not applied for renewals as of March 2000 with the result the operation of such units was in violation of the Act. This also resulted in loss of Rs 1.16 lakh to the Board by way of renewal fee.

8.5.6.2 Testing of water and trade effluent samples

Government Analyst not appointed

Under the provisions of the Act, the Board had to establish a laboratory to carry out analysis/tests of samples of water bodies, sewage and trade effluents. The State Government under the provisions of the Act, had also to appoint a Government Analyst for conducting analysis of these samples. However, no Analyst had been appointed (March 2000) by the Government since inception of the Board.

Mention regarding non-establishment of two laboratories at Srinagar and Jammu for which equipment worth Rs 53.26 lakh was purchased in 1989-91, was made at para 8.3.2.6 (b)(iii) of the Report of the Comptroller and Auditor General of India for the period ending March 1995. Despite this the State Government/Board had not established the laboratories as of April 2000. While the accommodation required for installation of the laboratory at Jammu was not arranged, the laboratory at Srinagar was functioning partially as vital

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⊗ Tanneries: 4; Hotel Industry: 1; Katha Industry: 1

Regional Engineering College, Srinagar declared as recognised laboratory in 1988 did not take up the assigned work

tests like BOD[≤]/COD[/] were not conducted due to inadequate infrastructure. The equipment procured (value: Rs 53.26 lakh) during 1989-91 had not been installed (May 2000) due to lack of proper accommodation. While building for the laboratory at Jammu was under construction (March 2000), the accommodation for laboratory at Srinagar was made available belatedly in October 1997 by which time the equipment had been declared outdated/damaged. Earlier, the Board had declared (1988) Regional Engineering College, Srinagar as its recognised laboratory, but the institution did not take up the assigned work, reasons for which were not intimated.

As a result of non-functioning of the laboratories and in absence of an Analyst, the mandatory functions of carrying out sample tests of water bodies, sewage and trade effluents were not carried out by the Board. The Board, however, reported to the Government the following physical targets and achievements of testing samples of water/industrial effluents during the period from 1995-96 to 1999-2000:

Year	Testing of Water samples		Testing of Industrial effluents	
	Target	Achievement	Target	Achievement
1995-96	250	240	400	400
1996-97	250	235	250	242
1997-98	800	738	1000	850
1998-99	800	300	1000	NIL
1999-2000	800	298	850	124

Reported achievements of tests conducted unauthentic

Tawi river highly polluted

Solid waste dumped along river beds led to contamination of ground water

The authenticity of the above data, the basis of which was not on record, was questionable, particularly when the Board had neither any laboratory to conduct such tests nor had it made any payment to any outside recognised laboratory for the purpose. Moreover, no data of test reports indicating the levels of pollution detected were available/on record. However, a study conducted by a team of Central Pollution Control Board, who visited (December 1996) Jammu, had observed that all the 72 drains of Jammu city, with outfall in Tawi river, were highly polluted with high BOD and COD content ranging from 110 to 629 mg/litre and 246 to 1164 mg/litre against permissible limit of 30 mg/ litre and 250 mg/ litre respectively. The PH[#] value of these drains ranged between 7.5 and 8 against permissible limit of 5.5. Accordingly, the river water which showed increase of BOD from permissible norm of 2 mg/litre to 74 mg/litre was unsuitable for bathing/drinking purposes. The study also revealed that the city of Jammu had no proper system for disposal of solid wastes, sewage including municipal garbage and hospital wastes which were generally dumped along river beds leading to contamination of ground water. The Board had not taken any remedial

≤ Biological Oxygen Demand

/ Chemical Oxygen Demand

\# Negative logarithmic value of Hydrogen ion concentration measures on these findings as necessary directions were awaited from the State Government (April 2000).

Low levels of dissolved oxygen in Mansar Lake water resulted in mortality of fish

Test-check further revealed that the Board advanced Rs one lakh to Western Himalayan Regional Centre, National Institute of Hydrology, Jammu for undertaking lumnological study of Mansar Lake. While final report of the Institute was awaited, the preliminary report (March 1999) *inter-alia* indicated low level of dissolved oxygen in the lake water which resulted in mortality of fish.

8.5.7 CPCB sponsored pollution control studies

Two projects entrusted by CPCB in 1989/1990 not completed

Under section 17 (1) of the Act, the State Pollution Control Board is required to conduct and participate in research work relating to problems of water pollution. For this CPCB entrusted two projects viz. Monitoring of Indian National Aquatic River System Project and the Indus Basin Project to the Board in 1989/1990. Despite mention about non-implementation of the projects in the Report of the Comptroller and Auditor General of India (Paragraph 3.2.7) for the year ended March 1995, no progress had been made in the completion of the projects as of March 2000.

8.5.8 Monitoring and evaluation

Against 20 envisaged meetings during 1995-2000 Board met only on 7 occasions

The Board had to monitor the levels of increase/decrease in pollution of industrial/urban areas periodically. The Board was required to meet at least once in every three months to deliberate on its functioning. However, against 20 meetings due to be held during 1995-2000, the Board met only on 7[Ψ] occasions during this period. In case of rise in pollution levels, the circumstances leading to increase had to be investigated for advising the State Government in matters relating to prevention, control or abatement of pollution. However, no such evaluation was conducted by the Board. Further, periodical appraisal of the working of the Board for reviewing its functioning had also not been undertaken (March 2000).

The matter was reported to Government/Department in July 2000; reply had not been received (December2000).

Ψ 1995-96: 2; 1996-97: 2; 1997-98: 2; 1998-99: 1

Section-B-Audit Paragraph

Rural Development Department

8.6 Unfruitful expenditure

Purchase of sewing machines and barber's/cobbler's tool kits by the Project Officer, District Rural Development Agency, Pulwama without assessing their requirement, resulted in unfruitful expenditure of Rs 14.22 lakh thereon besides, non-realisation of intended objectives

Under the Integrated Rural Development Programme, income generating assets are provided to families living Below Poverty Line at subsidised rates to enable them to increase their income and cross the poverty line. An essential feature of the implementation of the Programme is proper planning including project identification and beneficiary selection. Test-check (July 1999) in audit of the records of District Rural Development Agency, Pulwama revealed that Project Officer, without identifying the target group of beneficiaries and assessing their requirement, invited tenders and placed (September 1996) an order for supply of 2000 sewing machines with a local firm. Though the supply was to be completed by March 1997, the firm supplied only 617[Ψ] machines (cost: Rs 10.21 lakh) in August 1998. Reasons for short/delayed supply of machines and penal action, if any, taken against the supplier were not intimated. Out of 617 machines supplied by the firm, the Agency could sell only 7 machines to beneficiaries despite subsidy of 33.3 *per cent* available under the programme. The poor demand for the machines was reportedly due to these being sub-standard and costlier vis-à-vis market price even at subsidised rates. The issue was referred (March 2000) to the Vigilance Organisation by Director Rural Development Department for detailed investigations. Further developments were awaited (July 2000).

Test-check further revealed that the Project Officer also purchased (September 1998) 220 barber's and cobbler's tool kits (cost: Rs 4.12 lakh) from another local firm for supply to beneficiaries at 90 *per cent* subsidy under the scheme "supply of improved tool kits to rural artisans" to help them improve their productivity and quality of production. These tools had also not been lifted by the beneficiaries as of May 2000.

Thus, purchase of sewing machines and tool kits by the Project Officer DRDA, Pulwama without identifying the beneficiaries and assessing their requirement, resulted in unfruitful expenditure of Rs 14.22 lakh besides, non-realisation of the objective of increasing the income of Below Poverty Line families.

Ψ At the rate of Rs 1655 per machine

The matter was reported to the Government/Department in July 2000; reply had not been received (December 2000).

Srinagar/Jammu 04 MAY 2001 **(R.P.Singh)**

The **Accountant General Jammu and Kashmir**

Countersigned

New Delhi **(V.K.Shunglu)**

The 28 MAY 2001 **Comptroller and Auditor General of India**

Appendices

Appendix-1

(Reference: Paragraph: 1.1; Page: 1)

Part A. Government Accounts

I. Structure of Government Accounts

Structure

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

Part-I: Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund constituted under Article 115 of Constitution of Jammu and Kashmir. All expenditure of the Government is incurred from this Fund from which no amount can be withdrawn without authorisation from the State Legislature. This part consists of two main divisions, namely Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc).

Part-II: Contingency Fund

The Contingency Fund created under Article 116 of the Constitution of Jammu and Kashmir is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of equivalent amount from the Consolidated Fund to Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs 40 lakh.

Part-III: Public Account

Receipts and disbursements in respect of small savings, provident funds, deposits, reserve funds, suspense, remittances, etc. which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classification in the Government accounts. The Appropriation Accounts, present the details of expenditure by the State Government vis-a-vis the amounts authorised by State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part B. List of Indices/ratios and basis for their calculation

(Referred to in paragraph: 1.11)

Indices/ratios		Basis of calculation
Sustainability		
Balance from the current revenue	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601) and Non-Plan revenue expenditure
Primary Deficit		Fiscal Deficit minus interest payments
Interest Ratio		
	Capital Outlay	Capital expenditure as per Statement No. 2 of the Finance Accounts
Capital Outlay Vs Capital receipts		
	Capital receipts	Internal Loans (net of ways and means advances) plus Loans and advances from Government of India plus Net receipts from small savings, PF, etc. plus Repayments received out of loans advanced by the State Government minus Loans advanced by the State Government.
Total tax receipts Vs GSDP		
State tax receipts Vs GSDP		
Flexibility		
Balance from current revenue		As above
Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under major heads 6003 and 6004
	Capital Borrowings	Addition under Major Heads 6003 and 6004
	State Tax Receipts	Statement No.1 of Finance Accounts
	Total Tax Receipts	State Tax receipts plus State's share of Union Taxes
Incomplete Projects		
Total Tax Receipts Vs GSDP		
Debt Vs GSDP		
Vulnerability		
Revenue Deficit		Paragraph No 1.9.6.2 of the Audit Report
Fiscal Deficit		
Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs	Outstanding guarantees	Exhibit-IV
Total revenue receipts of the Government	Revenue Receipts	Exhibit-II
Assets Vs Liabilities	Assets and Liabilities	Exhibit-I
	Debt	Borrowings and other obligations at the end of the year (Statement No. 17 of the Finance Account)

Appendix-2
(Reference: Paragraph: 2.3.1; Page: 33)

Details of excess expenditure despite obtaining supplementary grants

(Rupees in crore)

S.No	Name of Grant/Department	Original	Supplementary	Total grant	Expenditure	Excess expenditure
Revenue						
1.	2-Home Department	718.29	81.03	799.32	830.57	31.25
2.	3-Planning and Development	10.27	1.40	11.67	50.26	38.59
3.	6-Power Development	918.10	40.72	958.82	1250.70	291.88
4.	12-Agriculture, Rural Development and Co-operative Department	238.64	8.45	247.09	251.48	4.39
5.	18-Social Welfare	71.57	3.56	75.13	83.99	8.86
6.	24-Estates, Hospitality and Protocol, Parks and Gardens	4.34	0.15	4.49	5.31	0.82
	Total: Revenue	**1961.21**	**135.31**	**2096.52**	**2472.31**	**375.79**
Capital						
7.	6-Power Development	232.75	24.72	257.47	335.18	77.71
8.	17-Health and Medical Education	39.53	5.35	44.88	47.44	2.56
9.	20-Tourism Department	16.12	5.33	21.45	33.56	12.11
10.	23-Public Health Engineering	88.00	6.43	94.43	99.71	5.28
11.	26-Fisheries	2.20	0.30	2.50	3.72	1.22
	Total: Capital	**378.60**	**42.13**	**420.73**	**519.61**	**98.88**
	Grand Total:	**2339.81**	**177.44**	**2517.25**	**2991.92**	**474.67**

Appendix-3
(Reference: Paragraph: 2.4.1; Page: 34)
Cases of unnecessary supplementary grant/appropriation

(Rupees in crore)

S.No	Grant or Appropriation	Amount of Grant/Appropriation				
		Original	Supple-mentary	Total	Actual expenditure	Saving
	I-Revenue (Voted)					
1.	1-General Administration	103.65	3.67	107.32	87.44	19.88
2.	4-Information Department	8.59	0.43	9.02	8.51	0.51
3.	7-Education Department	712.62	42.00	754.62	671.17	83.45
4.	11-Industries and Commerce	69.94	0.57	70.51	65.36	5.15
5.	14-Revenue Department	140.95	3.99	144.94	131.40	13.54
6.	17-Health and Medical Education Department	351.91	17.60	369.51	335.16	34.35
7.	19-Housing and Urban Development Department	66.87	10.60	77.47	63.17	14.30
8.	20-Tourism Department	28.62	3.58	32.20	20.96	11.24
9.	22-Irrigation and Flood Control	130.38	3.10	133.48	121.07	12.41
	Total Revenue (Voted)	**1613.53**	**85.54**	**1699.07**	**1504.24**	**194.83**
	II-Revenue (Charged)					
10.	10-Law Department	7.56	0.33	7.89	6.43	1.46
	Total Revenue	**1621.09**	**85.87**	**1706.96**	**1510.67**	**196.29**
	III-Capital (Voted)					
11.	5-Ladakh Affairs	53.24	7.65	60.89	37.00	23.89
12.	14-Revenue Department	2.40	0.95	3.35	0.28	3.07
13.	16-Public Works Department	160.43	31.90	192.33	144.88	47.45
14.	18-Social Welfare Department	19.84	0.89	20.73	1.64	19.09
15.	21-Forest Department	11.88	21.99	33.87	4.77	29.10
16.	27-Higher Education	6.75	1.03	7.78	2.02	5.76
	Total Capital (Voted)	**254.54**	**64.41**	**318.95**	**190.59**	**128.36**
	Grand Total	**1875.63**	**150.28**	**2025.91**	**1701.26**	**324.65**

Appendix-4
(Reference: Paragraph: 2.4.1; Page: 35)
Excessive supplementary grant/appropriation

(Rupees in crore)

S.No	Name of Grant/Appropriation	Amount of Grant/Appropriation				
		Original	**Supplementary**	**Total**	**Expenditure**	**Saving**
	I-Revenue (Voted)					
1.	8-Finance Department	338.00	247.52	585.52	460.83	124.69
2.	9-Parliamentary Affairs	6.02	0.97	6.99	6.17	0.82
3.	10-Law Department	21.59	13.67	35.26	26.14	9.12
4.	13-Animal Husbandry Department	92.80	6.16	98.96	97.33	1.63
5.	26-Fisheries Department	10.92	1.48	12.40	12.28	0.12
6.	27-Higher Education Department	101.54	11.25	112.79	106.57	6.22
	Total-I:	**570.87**	**281.05**	**851.92**	**709.32**	**142.60**
	II-Revenue (Charged)					
7.	1-General Administration	3.10	0.40	3.50	3.19	0.31
8.	6-Power Development Department	-	0.03	0.03	0.02	0.01
	Total-II:	**3.10**	**0.43**	**3.53**	**3.21**	**0.32**
	Grand Total:	**573.97**	**281.48**	**855.45**	**712.53**	**142.92**

Appendix-5

(Reference: Paragraph: 2.4.1; Page: 35)
Savings exceeded 10 *per cent* of the grant and more than Rs 50 lakh

(Rupees in crore)

S. No	Name of grant and grant number	Amount of grant/ appropr-iation	Expenditure	Saving (Percentage)
I-Revenue (Voted)				
1.	5-Ladakh Affairs Department	115.02	65.48	49.54 (43)
2.	15-Food, Supplies and Transport Department	45.45	9.30	36.15 (80)
3.	16-Public Works Department	188.58	141.23	47.35 (25)
4.	23-Public Health Engineering Department	203.65	179.86	23.79 (12)
II-Capital (Voted)				
5.	1-General Administration Department	3.07	2.21	0.86 (28)
6.	2-Home Department	12.57	-	12.57 (100)
7.	3-Planning and Development Department	80.68	-	80.68 (100)
8.	4-Information Department	0.64	-	0.64 (100)
9.	7-Education Department	35.38	19.32	16.06 (45)
10.	8-Finance Department	3.00	0.01	2.99 (100)
11.	9-Parliamentary Affairs	3.40	0.48	2.92 (86)
12.	11-Industries and Commerce	77.25	55.92	21.33 (28)
13.	12-Agriculture Department	92.63	50.80	41.83 (45)
14.	13-Animal Husbandry	8.53	2.53	6.00 (70)
15.	15-Food, Supplies and Transport	630.68	279.17	351.51 (56)
16.	19-Housing and Urban Development	66.91	49.37	17.54 (26)
17.	22-Irrigation and Flood Control	113.08	13.55	99.53 (88)
18.	25-Labour, Stationery and Printing	11.83	0.39	11.44 (97)

Appendix-6
(Reference: Paragraph: 2.6.2; Page: 36)
Persistent savings of more than 10 *per cent* during last 3 years

(Rupees in crore)

S.No.	Name of grant/appropriation	Amount of saving (Percentage in brackets)		
		1997-98	1998-99	1999-2000
I. Revenue –Voted				
1.	7-Education Department	48.21 (10)	114.04 (17)	83.44 (11)
2.	15-Food Supplies and Transport	78.48 (90)	59.64 (87)	36.15 (80)
3.	16-Public Works Department	22.50 (13)	20.33 (11)	47.35 (25)
4.	19-Housing and Urban Development	9.83 (21)	17.86 (29)	14.30 (18)
5.	20-Tourism Department	6.91 (23)	9.45 (39)	11.24 (35)
6.	23-Public Health Engineering	21.81 (17)	30.06 (18)	23.79 (12)
II. Capital-Voted				
7.	1- General Administration	3.35 (72)	3.58 (82)	0.86 (28)
8.	2-Home Department	15.68 (100)	13.23 (100)	12.57 (100)
9.	3-Planning and Development	162.61 (100)	84.26 (100)	80.68 (100)
10.	4-Information Department	0.70 (82)	1.00 (100)	0.64 (100)
11.	5-Ladakh Affairs	32.27 (62)	32.61 (57)	23.89 (39)
12.	7-Education Department	22.15 (47)	30.43 (69)	16.06 (45)
13.	9-Parliamentary Affairs	3.40 (100)	3.40 (100)	2.93 (86)
14.	11-Industries and Commerce	11.94 (17)	31.80 (38)	21.33 (28)
15.	12-Agriculture, Rural Development and Co-operative Department	22.54 (29)	64.86 (68)	41.83 (45)
16.	13-Animal Husbandry Department	8.76 (77)	7.43 (80)	6.01 (70)
17.	14-Revenue Department	3.09 (100)	3.13 (100)	3.07 (92)
18.	15-Food Supplies and Transport	178.13 (31)	268.63 (41)	351.51 (56)
19.	18-Social Welfare Department	20.39 (97)	20.99 (98)	19.10 (92)
20.	19-Housing and Urban Development	29.84 (31)	43.71 (48)	17.55 (26)
21.	21-Forest	20.43 (69)	19.56 (63)	29.10 (86)
22.	22-Irrigation and Flood Control	25.57 (40)	67.60 (65)	99.53 (88)
23.	25-Labour, Stationery and Printing	12.74 (96)	11.73 (99)	11.45 (97)
24.	27-Higher Education	16.21 (100)	10.33 (100)	5.76 (74)

Appendix-7

(Reference: Paragraph: 2.7.1; Page: 36)

Statement showing expenditure incurred without budget provisions

(Rupees in lakh)

S.No	Grant/Head of Account	Amount
1.	**1-General Administration Department**	
	2051-Public Service Commission	3.78
	4070-Capital outlay on other Administrative Services	199.20
	6202-Loans for Education, Sports, Art & Culture	10.61
	6210-Loans for Medical & Public Health	6.99
	6401-Loans for Crop Husbandry	4.15
2.	**2-Home Department**	
	2055-Police	1768.01
3.	**3-Planning and Development Department**	
	3454-Census	313.87
4.	**4-Information Department**	
	2220-Information & Publicity	32.31
5.	**5-Ladakh Affairs Department**	
	2575-Special Area Programmes	492.03
	4575-Capital Outlay on Special Area Programmes	170.26
6.	**6-Power Development Department**	
	2801-Power	1917.80
	6801-Loans for Power Projects	3100.00
7.	**8-Finance Department**	
	6003-Internal Debt of State Government (Charged)	5207.54
	2054-Treasuries and Accounts Administration	52.61
8.	**11-Industries and Commerce Department**	
	2851-Village and Small Industries	1685.53
	2852-Industries	627.22
	4885-Capital outlay on Industries and Minerals	100.00
9.	**12-Agriculture, Rural Development and Co-operative Department**	
	2029-Land Revenue	24.08
	2435-Other Agricultural Programmes	582.46
	2501-Special Programmes for Rural Development	2.47
10.	**13-Animal Husbandry Department**	
	2404-Dairy Development	12.50
11.	**15-Food, Supplies and Transport**	
	7055-Loans for Road/Water Transport	2844.00
12.	**16-Public Works Department**	
	2059-Public Works	192.11
	2215-Water Supply and Sanitation	247.75
	2217-Urban Development	174.35
	3054-Road and Bridges	942.62
	4059-Capital Outlay on Public Works	3654.29
	4215-Capital Outlay on water supply and sanitation	330.48

	4216-Capital Outlay on Housing	65.93
13.	**17-Health and Medical Education Department**	
	2210-Medical and Public Health	391.02
	2211-Family Welfare	1971.56
	4210-Capital outlay on Medical and Public Health	598.83
14.	**19-Housing and Urban Development Department**	
	4217-Capital outlay on Urban Development	3693.63
15.	**20-Tourism Department**	
	4406-Capital Outlay on Forestry and Wild Life	235.19
	5452-Capital Outlay on Tourism	15.00
16.	**21-Forest Department**	
	2406-Forestry and Wild Life	4164.38
	4402-Capital outlay on Soil and Water Conservation	16.31
	4406-Capital Outlay on Forestry and Wild Life	7.53
17.	**22-Irrigation and Flood Control Department**	
	2701-Major and Medium Irrigation	7.15
	2702-Minor Irrigation	477.62
	2711-Flood Control	231.76
	4711-Capital Outlay on Major and Medium Irrigation	239.08
18.	**23-Public Health Engineering Department**	
	2215-Water supply and sanitation	200.28
	4215-Capital outlay on Water supply and sanitation	7144.13
19.	**25-Labour, Stationery and Printing Department**	
	2058-Stationery and Printing	61.19
	2230-Labour and Employment	393.36
20.	**26-Fisheries Department**	
	2405-Fisheries	174.60
	4405-Capital Outlay on Fisheries	371.52
	Total:	**45159.09**

Appendix-8

(Reference: Paragraph: 3.1.4; Page: 41)

Position of Tenth Finance Commission upgradation grants released by Central Government/State Government and expenditure incurred.

(Rupees in crore)

(a) Amount released by Govt. of India	1996-97	1997-98	1998-99	1999-2000	Total
(i) Police					
(a) Police Stations/Outposts	0.04	-	-	0.23	0.27
(b) Police Housing	-	2.77	-	15.72	18.49
(c) Police Training	0.13	-	-	0.63	0.76
(ii) Fire Services	0.45	-	-	2.24	2.69
(iii) Jails	-	0.06	-	0.40	0.46
(iv) Record Rooms	-	0.11	-	0.77	0.88
(v) Treasuries and Accounts	0.23	-	-	1.12	1.35
(vi) Education					
(a) Promotion of Girls Education	-	-	5.40	1.80	7.20
(b) Drinking Water/Toilet facilities	1.92	-	-	5.87	7.79
(vii) Special problem grants for upgradation of equipment in Medical Colleges	5.55	-	-	27.75	33.30
Total	**8.32**	**2.94**	**5.40**	**56.53**	**73.19**
(b). Amount released by State Government to implementing agencies					
(i) Police					
(a) Police stations/Outposts	-	0.04	0.26	0.07	0.37
(b) Police Housing	-	-	10.62	13.99	24.61
(c) Police Training	-	0.13	0.28	0.44	0.85
(ii) Fire Services	-	0.45	1.43	1.11	2.99
(iii) Jails	-	0.20	0.31	-	0.51
(iv) Record Rooms	-	-	0.47	0.66	1.13
(v) Treasuries and Accounts	-	-	0.63	0.87	1.50
(vi) Education					
(a) Promotion of Girls Education	-	-	5.52	4.57	10.09
(b) Drinking Water/Toilet facilities	-	1.92	6.11	1.20	9.23
(vii) Special problem grants for upgradation of equipment in Medical Colleges	-	18.00	17.64	1.36	37.00
Total		**20.74**	**43.27**	**24.27**	**88.28**
(c). Expenditure incurred					
(i) Police					
(a) Police Stations/Outposts	-	-	0.05	0.32	0.37
(b) Police Housing	-	-	2.10	22.45	24.55
(c) Police Training	-	-	0.24	0.60	0.84
(ii) Fire Services	-	0.45	0.47	2.07	2.99
(iii) Jails	-	0.13	0.02	0.33	0.48
(iv) Record Rooms	-	-	0.43	0.36	0.79
(v) Treasuries and Accounts	-	-	0.28	1.05	1.33
(vi) Education					
(a) Promotion of Girls Education	-	-	5.00	4.20	9.20
(b) Drinking Water/Toilet facilities	-	0.96	3.28	1.20	5.44
(vii) Special problem grants for upgradation of equipment in Medical Colleges	-	0.34	0.18 6.92$^{\Psi}$	28.60	36.04
Total		**1.88**	**18.97**	**61.18**	**82.03**
Percentage utilisation of grants to available grants	**0**	**09**	**31**	**91**	**93**

Ψ Cumulative expenditure ending 1998-99 was revised to Rs 7.44 crore against the actual expenditure of Rs 0.52 crore

Appendix-9

(Reference: Paragraph: 3.1.4 (a); Page: 41)

Statement of amounts (A) remaining in deposit/PLA accounts of Implementing Agencies and (B) released/advanced to various departments, etc. treated as final expenditure.

S.No	Department		Amount (Rs in crore)	Remarks
(A)				
1.	**Special Problem Grants**			
	Health and Medical Education Department			
	(i) Principal, Medical College, Srinagar		Rs 7.04	Kept in bank for opening of LOC for import of equipment
	(ii) Principal, Medical College, Jammu		Rs 0.25	Unutilized balance out of the saving of Rs 53.34 lakh, made in the purchase of MRI due to decrease in foreign exchange value of Euro, was lying in the bank
2.	**Upgradation Grants**			
	Fire Services			
	Director, Fire Services, J&K		Rs 0.59	The amount meant for fabrication of chassis was kept as a TDR in the bank
	Police			
	Director General of Police, J&K		Rs 1.53	Kept in deposit in the shape of *hundies* as the same advanced to PHC in March 2000 could not be expended by them by the end of award period viz. March 2000
	Education Department			
	(i) FA& CAO, Education Department		Rs 0.31	The amount represents unspent balance out of the amount of Rs 2.60 crore kept in deposit in the shape of *hundie* in March 2000
	(ii) Director, School Education, Kashmir		Rs 0.60	Kept in deposit in March 2000 in the shape of a *hundie*
	(iii) PHE Department, Jammu		Rs 1.85	Kept in deposit in various PHE divisions of Jammu province
	Total (A)		**Rs 12.17**	
(B)				
1.	**Fire Services**			
	Director, Fire Services Jammu and Kashmir	(i)	Rs 0.80	Released to R&B Department during 1997-98 and 1998-99 for construction of well designed functional fire stations was treated as final expenditure
		(ii)	Rs 0.15	Released to R&B department during 1999-2000 for strengthening of zonal headquarter, Jammu was treated as final expenditure
2.	**Revenue department**			
	Financial commissioner, Jammu and Kashmir	(i)	Rs 0.16	Released to DC Kathua, Rajouri and Srinagar in October 1998 was treated as final expenditure
		(ii)	Rs 0.05	Advanced to JKPCC in July 1999 was treated as final expenditure
	Total (B)		**Rs 1.16**	

Appendix-10

(Reference: Paragraph: 3.1.4 (b); Page: 41)

Statement of funds diverted for activities other than those recommended by the 10th Finance Commission.

S.No	Department	Amount (Rs in crore)	Remarks
1.	**Health and Medical Education**		
	Commissioner cum Secretary, Health and Medical Education Department, Jammu and Kashmir	Rs 6.92	Diverted towards expenditure incurred under State Plan/Non-Plan funds during 1996-97 to 1998-99.
2.	**Police**		
	Director General of Police, J&K, Srinagar		
	Training	(i) Rs 0.15	Diverted for construction of a high school in Police Housing colony.
		(ii) Rs 0.11 (liability Rs 0.04 crore).	Diverted for construction of dining hall and providing A.Cs in conference hall in SKPA, Udhampur not envisaged in the Action Plan
	Police housing	Rs 0.40	Diverted for construction of residential accommodation at three police stations, dining hall and administrative block at Police Training school, Kathua not envisaged in the Action Plan.
3.	**Fire Services**		
	Director, Fire Services, Jammu and Kashmir.	Rs 0.05	Diverted for construction of VIP suite accommodation not included in the Action Plan
4.	**Primary Education**		
	Directorates of School Education, Jammu and Kashmir.	Rs 0.02	Diverted for payment as incentive to teachers not provided in the scheme.
	Total	**Rs 7.65**	

Appendix-11

(Reference: Paragraph: 3.2.5.1; Page: 54)

Statement showing population norms for setting up of centres and their staffing norms.

Centres	Population norms for establishment in		Agencies responsible for establishment and maintenance of centres	Staffing norm	Services to be provided
	Plain Area	Hill/ Tribal area			
SCs	5000	3000	All Sub Centres established after 1 April 1981 were funded by Government of India. Sub-centres functioning prior to 1 April 1981 were funded by State under Minimum Needs Programme	One Multipurpose worker (Male), MPW (Female) or ANM	Contact point between Primary health care and community
PHCs	30000	20000	State Government under MNP	A medical officer assisted by 14 para-medical and Non-medical staff	First contact point between village community and MO. It has 4-6 beds for treatment of patients and acts as referral unit for 6 sub-centres.
CHCs	120000	80000	State Government under MNP	4 Medical specialists supported by 21 medical and para medical staff.	It serves as referral centre for 4 PHCs and has 30 indoor beds with Operation Theatre, X ray and laboratory facilities.

Appendix-12

(Reference: Paragraph: 3.2.5.5; Page: 57)

Statement showing targets and achievements in respect of Post-Partum centres and immunisation.

	1995-96		1996-97	1997-98	1998-99	1999-2000
Activity	Target	Achievement (*per cent*)	Achievement	Achievement	Achievement	Achievement
Birth Control						
Sterilisation	22600	15714 (70)*	15388*	12510*	11471*	11040*
Intra Uterine Contraceptive Device (IUD)	30600	9518 (31)	9551	12926	9988	13537
Conventional Contraceptive Users (CCUs)	NA	10285	7469	13814	9369	12312
Oral Pill Users (OPUs)	11300	3138 (28)	3031	4215	4482	5270
Immunisation						
DPT	247600	196773 (79)	206409	242462	235449	248032
Polio	247600	198998 (80)	209792	240986	238023	250564
BCG	247600	248042 (100)	226592	277108	258536	279115
Measles	247600	177011 (71)	167710	204690	201928	211740
TT (PW)	273100	115810 (42)	125429	140403	164107	200910

* Includes male sterilisation 1995-96: 722; 1996-97: 692; 1997-98: 404; 1998-99: 215 and 1999-2000: 201.

Appendix-13

(Reference: Paragraph: 3.3.4.2; Page: 71)

Details of Component-wise funds released and expenditure incurred from 1995-96 to 1999-2000 (NRY/PMIUPEP/SJSRY)

(Rupees in lakh)

	1995-96					1996-97					1997-98					
Scheme	**Opening balance**	**Central Share**	**State Share**	**Total**	**Expen-diture**	**Opening balance**	**Central Share**	**State Share**	**Total**	**Expe-nditure**	**Opening balance**	**Central Share**	**State Share**	**Total**	**Expenditure**	**Closing balance**
NRY																
SUME (subsidy)	27.77	14.00	6.68	48.45	42.46	5.99	14.00	11.28	31.27	22.00	9.27	7.00	10.50	26.77	36.70	(-)9.93
SUME (Trg)	48.88	9.80	3.75	62.43	17.05	45.38	9.80	7.46	62.64	7.35	55.29	4.90	7.50	67.69	13.79	53.90
SUWE	5.06	26.93	9.52	41.51	10.08	31.43	18.75	14.00	64.18	5.58	58.60	11.58	15.00	85.18	4.46	80.72
SHASU (Sub)	59.47	-	5.04	64.51	1.36	63.15	-	17.64	80.79	-	80.79	-	13.75	94.54	-	94.54
SHASU (Trg)	45.22	7.00	2.80	55.02	18.48	36.54	-	-	36.54	8.03	28.51	-	-	28.51	3.49	25.02
A&OE	87.17	13.65	10.05	110.87	24.02	86.85	13.65	15.25	115.75	27.42	88.33	13.48	13.25	115.06	26.15	88.91
ULBs	22.51	5.00	1.66	29.17	0.94	28.23	5.00	0.50	33.73	2.18	31.55	5.00	-	36.55	1.94	34.61
NGOs	6.75	1.50	0.50	8.75	-	8.75	1.50	0.30	10.55	0.40	10.15	1.50	-	11.65	0.30	11.35
PMIUPEP																
PMIUPEP	-	136.22	-	136.22	-	136.22	128.55	-	264.77	-	264.77	90.37	67.75	422.89	17.38	405.51
Untied Grants	4.46	-	-	4.46	-	4.46	-	-	4.46	-	4.46	-	-	4.46	-	4.46
SJSRY																
SJSRY	-	-	-	-	-	-	-	-	-	-	-	63.54	-	63.54	30.58	32.96
	307.29	214.10	40.00	561.39	114.39	447.00	191.25	66.43	704.68	72.96	631.72	197.37	127.75	1004.92[&]	134.79	870.13

[&] Includes Rs 48.00 lakh representing the closing unspent balance under Urban Basic Services Programme (UBSP) transferred to SJSRY after closure of the scheme with effect from December 1997

	1998-99					1999-2000					
Scheme	Opening balance	Central Share	State Share	Total	Expenditure	Opening balance	Central* Share	State* Share	Total	Expenditure	Closing balance
(a) USEP Subsidy		28.00	14.55		103.22		-				
Training		2.52	8.03		52.99		-				
Infrastructure/ Tool Kits		5.04	3.00				-				
(b) DWCUA Subsidy		10.08	7.82		1.65		-				
Thrift & Credit Society		5.04	1.05		-		-				
(c) UWEP		10.63	6.07		19.72		-				
(d)Community Structure		11.00	8.89		9.09		-				
(e) A&OE		-	2.59		48.20		-				
(f) SHASU Trg. and Subsidy		-	-				-				
Total	870.13	72.31	52.00	994.44	234.87	759.57	7.81®	142.86	910.24	252.17Ψ	658.07

* Schematic break up of allocation for 1999-2000 not available.

® Excludes Rs 90.00 lakh released on 27/28 March 2000 for which bank draft were awaited as of April 2000.

Ψ Component wise details of expenditure of Rs 252.17 lakh (expenditure incurred by DUDAS: Rs 39.81 lakh; UDAK: Rs 107.25 lakh; JUDA: Rs 94.70 lakh and H&UDD: Rs 10.41 lakh) not available.

Appendix-14

(Reference: Paragraph: 3.3.6.1; Page: 77)

Statement showing variations between the figures of DIC's, Director Employment and lead banks in respect of cases sponsored, sanctioned and loans disbursed during 1996-97 to 1998-99 of test checked districts

(Rupees in lakh)

Year	District	District Industries Centre					Director Employment					Lead Banks				
		Cases Sponsored	Cases sanctioned		Loan disbursed		Cases Sponsored	Cases sanctioned		Loan disbursed		Cases Sponsored	Cases sanctioned		Loan disbursed	
			No.	Amount	No.	Amount		No.	Amount	No.	Amount		No.	Amount	No.	Amount
1996-97	Jammu	1159	407	278.71	237	150.84	1064	277	278.71	153	150.84					
	Kathua	426	211	159.55	159	114.88	386	190	151.55	119	114.88					
	Udhampur	393	129	97.17	91	56.26	393	129	97.17	89	56.26	336	150	113.84	98	70.80
	Srinagar	764	440	346.18	238	157.92	764	440	346.16	165	137.38					
1997-98	Jammu	1152	462	350.75	NA	NA	1152	440	354.57	249	166.51	1135	462	350.75	312	226.85
	Kathua	429	222	174.54	168	127.09	429	217	172.41	136	107.55	476	222	174.54	168	127.09
	Udhampur	243	145	127.11	NA	NA	243	145	112.01	NA	NA	234	145	129.27	133	92.52
1998-99	Jammu	1303	457	365.60	188	145.10	1245	491	372.00	418	306.88	1217	491	372.05	348	258.19
	Kathua	578	256	196.40	176	140.04	572	256	196.40	225	176.33	544	256	196.40	176	140.04
	Udhampur	367	117	96.23	66	57.22	345	143	113.79	94	73.28	277	143	113.79	69	54.19
	Srinagar	1442	640	476.03	462	275.09	1225	652	572.70	318	245.35					

Appendix-15

(Reference: Paragraph: 3.5.6; Page: 104)

Statement showing variations between the quantity of rice, wheat and sugar shown issued to migrants by the Relief Organisation and that shown by the Food and Supplies Department during the period 1995-96 to 1999-2000

Year	Quantity authorised for issue by Relief Organisation	Quantity issued as per Food and Supplies Department	Variations
		(In quintals)	
Rice			
1995-96	57814.76	66089.60	(+) 8274.84
1996-97	59985.10	69594.09	(+) 9608.99
1997-98	63614.39	63181.31	(-) 433.08
1998-99	63707.76	84623.08	(+) 20915.32
1999-2000	65271.87	65430.49	(+) 158.62
Total	**310393.88**	**348918.57**	**38524.69**
Atta			
1995-96	12487.58	14675.73	(+) 2188.15
1996-97	13330.02	17544.30	(+) 4214.28
1997-98	14136.52	14022.58	(-) 113.94
1998-99	14157.72	18857.67	(+) 4699.95
1999-2000	14504.86	14621.47	(+) 116.61
Total	**68616.70**	**79721.75**	**11105.05**
Sugar			
1995-96	1553.91	1711.58	(+) 157.67
1996-97	1614.36	1816.28	(+) 201.92
1997-98	1710.00	1660.91	(-) 49.09
1998-99	1743.77	2165.59	(+) 421.82
1999-2000	1790.75	1658.66	(-)132.09
Total	**8412.79**	**9013.02**	**600.23**

Appendix-16

(Reference: Paragraph: 3.6.4.2; Page: 113)

Statement showing the position of Allocation/Expenditure in respect of 20 plan schemes/sub-heads during the years 1997-2000.

(Rs in lakh)

S.No	Name of the scheme	1997-98		1998-99		1999-2000	
		Allocation	Expenditure	Allocation	Expenditure	Allocation	Expenditure
1.	Hostel for girls	6.06	3.00	23.34	9.11	13.00	10.00
2.	Hostel for boys	9.94	4.48			10.00	5.00
3.	Special coaching to SC/ST			6.00	2.56	6.00	2.16
4.	Pre-matric scholarship to those engaged in unclean occupations					8.00	5.86
5	Coaching and Allied services	1.00				2.00	0.70
6.	Pre-matric scholarship (SC/ST)			230	171.07	219.00	180.19
7.	Reimbursement of examination fees (SC)			2.50	1.64	4.20	0.92
8.	Stipend to ITI trainees	3.00	1.73	3.00	2.11	3.00	1.65
9.	Subsidy on Tools and Kits (SC)	10.00	2.50	10.00	0.25	2.50	0.35
10.	Pre-matric scholarship (OBC)			120.00	96.16	120.00	115.79
11.	Stipend to ITI (OBC) trainees			3.00	1.08	3.00	1.78
12.	Subsidy on tools and kits (OBC)	11.00	3.05	10.00	2.49	3.00	1.26
13.	Additions/alterations to departmental building					14.00	8.60
14.	Expansion of Balashram					8.40	3.50
15.	Improvement of children Act.	17.75	5.80	10.23	4.60	4.50	
16.	Upgradation of Social Welfare Centres	2.00				5.55	2.20
17	Pre-matric scholarship to handicapped.					7.00	4.50
18.	Book bank			6.00	0.18		
19.	Upliftment of sweepers			4.00	3.14		
20.	Prosthetic aid			2.00	1.26		
	Total	**60.75**	**20.56**	**430.07**	**295.65**	**433.15**	**344.46**

Appendix-17

(Reference: Paragraph: 3.6.4.2; Page: 113)

Statement showing the position of Allocation/Expenditure in respect of 12 plan schemes/sub-heads during the years 1997-2000

(Rs in lakh)

S.No	Name of the scheme	1997-98		1998-99		1999-2000	
		Allocation	Expenditure	Allocation	Expenditure	Allocation	Expendi-ure
1.	Monitoring and evaluation	0.30					
2.	Purchase of vehicle	3.00		5.10			
3.	Rehabilitation Centre for visually handicapped			10.00		10.00	
4.	Establishment for school for blind			1.50		0.50	
5.	Home for old age			2.50		0.50	
6.	Balika Ashram			2.50		0.50	
7.	Establishment of Nari Niketan			1.50		1.00	
8.	Post-matric scholarship to Handicapped			5.00		5.00	
9.	Improvement of child Act					4.50	
10.	Upgradation of Social Welfare Centres					5.55	
11.	Upgradation of skills in Social welfare centres					2.00	
12.	Pre-matric scholarship to handicapped.					7.00	
	Total	**3.30**		**28.10**		**36.55**	

Appendix-18
(Reference: Paragraph: 3.6.4.2; Page: 113)

Statement showing sector-wise details of variation between Administrative Department and Directorate.

(Rs in lakh)

S.No	Sector	Figures as per records of			
		Administrative Department		Director Social Welfare	
		Allocation	Expenditure	Allocation	Expenditure
		1995-96			
1.	SC/ST/OBC	388.77	305.97	355.27	321.31
2.	Social Welfare	542.74	489.58	502.74	450.92
	Total	**931.51**	**795.55**	**858.01**	**772.23**
		1996-97			
1.	SC/ST/OBC	371.84	352.41	368.24	349.29
2.	Social Welfare	688.68	670.18	688.68	674.44
	Total	**1060.52**	**1022.59**	**1056.92**	**1023.73**
		1997-98			
1.	SC/ST/OBC	718.18	686.54	719.18	686.54
2.	Social Welfare	1313.67	1299.03	1398.04	1305.66
	Total	**2031.85**	**1985.57**	**2117.22**	**1992.20**
		1998-99			
1.	SC/ST/OBC	600.00	480.72	600.00	471.16
2.	Social Welfare	1617.37	1520.26	1472.37	1508.81
	Total	**2217.37**	**2000.98**	**2072.37**	**1979.97**

Appendix – 19

(Reference: Paragraph: 7.2.1; Page: 167)

Statement showing particulars of Capital, Loans/Equity received out of budget, other loans and loans outstanding as on 31 March 2000 in respect of Government Companies and Statutory Corporations

(Rupees in lakh)

S.No	Sector and name of the Company/ Corporation	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other[v] loans received during the year	Loans outstanding at the close of 1999-2000[ψ]			Debt Equity ratio for 1999-2000 (previous year)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
(A)	**Government Companies**												
	Agriculture and Allied Sector												
1.	Jammu and Kashmir State Agro Industries Development Corporation Limited	259.92	93.76	Nil	Nil	353.68	Nil	30.00	Nil	1057.62	5.55	1063.17	3 (3)
2.	Jammu and Kashmir State Horticultural Produce Marketing and Processing Corporation Limited	600.00	320.00	Nil	Nil	920.00	Nil	Nil	213.35	288.36	9346.29	963[illegible]5	10 (9)
	Sector-wise Total	**859.92**	**413.76**	**Nil**	**Nil**	**1273.68**	**Nil**	**30.00**	**213.35**	**1345.98**	**9351.84**	**10697.82**	**8**
	Industry Sector												
3.	Jammu and Kashmir Industries Limited	1783.83	Nil	Nil	Nil	1783.83	Nil	1521.00	Nil	14047.81	956.24	15004.05	8 (7)
4.	Jammu and Kashmir Small Scale Industries Development Corporation Limited	311.85	Nil	Nil	Nil	311.85	Nil	Nil	75.00	481.12	24.40	505.52	2 (2)

v Includes bonds, debentures, deposits, etc.

ψ Long-term loans only

Appendix – 19 (Contd.)

S.No	Sector and name of the Company/Corporation	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 1999-2000			Debt Equity ratio for 1999-2000(previous year)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
5.	Jammu and Kashmir State Industrial Development Corporation Limited	4577.64	Nil	Nil	Nil	4577.64	100.00	Nil	Nil	5.00	5244.00	5249.00	1 (1)
6.	Himalayan Wool Combers Limited	136.50	Nil	Nil	Nil	136.50	Nil	89.57	Nil	607.00	271.86	878.86	6 (6)
7.	Tawi Scooters Limited	80.40	Nil	Nil	Nil	80.40	Nil	Nil	Nil	83.21	Nil	83.21	1 (1)
	Sector-wise Total	**6890.22**	**Nil**	**Nil**	**Nil**	**6890.22**	**100.00**	**1610.57**	**75.00**	**15224.14**	**6496.50**	**21720.64**	**3**
	Handloom and Handicrafts Sector												
8.	Jammu and Kashmir State Handloom Development Corporation Limited	316.90	Nil	Nil	Nil	316.90	Nil	201.30	160.47	2086.44	Nil	2086.44	7 (5)
9.	Jammu and Kashmir Handicrafts (Sale and Export) Development Corporation Limited	517.12	54.00	Nil	Nil	571.12	34.50	189.50	15.50	2557.50	150.00	2707.50	5 (4)
10.	Jammu and Kashmir State Handloom Handicrafts Raw Material Supplies Organisation Limited (a subsidiary of Himalayan Wool Combers Limited)	40.00	Nil	Nil	Nil	40.00	Nil	15.79	Nil	151.14	95.11	246.25	6 (5)
	Sector-wise Total	**874.02**	**54.00**	**Nil**	**Nil**	**928.02**	**34.50**	**406.59**	**175.97**	**4795.08**	**245.11**	**5040.19**	**5**
	Mining Sector												
11.	Jammu and Kashmir Minerals Limited	800.00	Nil	Nil	Nil	800.00	Nil	727.94	Nil	8437.02	911.65	9348.67	12 (9)
	Sector-wise Total	**800.00**	**Nil**	**Nil**	**Nil**	**800.00**	**Nil**	**727.94**	**Nil**	**8437.02**	**911.65**	**9348.67**	**12**

Appendix – 19 (Contd.)

S.No	Sector and name of the Company/Corporation	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 1999-2000			Debt Equity ratio for 1999-2000 (previous year)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
	Construction Sector												
12.	Jammu and Kashmir Projects Construction Corporation Limited	152.50	Nil	Nil	Nil	152.50	Nil	Nil	Nil	30.00	Nil	30.00	0.2 (0.2)
	Sector-wise Total	**152.50**	**Nil**	**Nil**	**Nil**	**152.50**	**Nil**	**Nil**	**Nil**	**30.00**	**Nil**	**30.00**	**0.2**
	Development of Economically weaker Sections Sector												
13.	Jammu and Kashmir Scheduled Castes, Scheduled Tribes and Other Backward Classes Development Corporation Limited	519.00	524.05	Nil	Nil	1043.05	10.00	Nil	Nil	Nil	750.25	750.25	0.7 (0.6)
14.	Jammu and Kashmir State Women Development Corporation Limited	164.53	Nil	Nil	Nil	164.53	3.00	Nil	73.25	Nil	61.15	61.15	0.4 (0.4)
	Sector-wise Total	**683.53**	**524.05**	**Nil**	**Nil**	**1207.58**	**13.00**	**Nil**	**73.25**	**Nil**	**811.40**	**811.40**	**0.7**
	Cement Sector												
15.	Jammu and Kashmir Cements Limited	1499.67	Nil	Nil	Nil	1499.67	Nil	Nil	Nil	317.22	1522.12	1839.34	1 (1)
	Sector-wise Total	**1499.67**	**Nil**	**Nil**	**Nil**	**1499.67**	**Nil**	**Nil**	**Nil**	**317.22**	**1522.12**	**1839.34**	**1**
	Tourism Sector												
16.	Jammu and Kashmir State Tourism Development Corporation Limited	1962.83	Nil	Nil	Nil	1962.83	50.00	Nil	Nil	426.00	172.00	598.00	0.3 (0.3)

Appendix – 19 (Contd.)

S.No	Sector and name of the Company/Corporation	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 1999-2000			Debt Equity ratio for 1999-2000 (previous year)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
17.	Jammu and Kashmir State Cable Car Corporation Limited	2456.12	Nil	Nil	Nil	2456.12	16.00	Nil	Nil	Nil	Nil	Nil	-
	Sector-wise Total	**4418.95**	**Nil**	**Nil**	**Nil**	**4418.95**	**66.00**	**Nil**	**Nil**	**426.00**	**172.00**	**598.00**	**0.13**
	Power Sector												
18.	Jammu and Kashmir State Power Development Corporation Limited[*]	500.00	Nil	Nil	Nil	500.00	Nil	Nil	Nil	Nil	NA	Nil	-
	Sector-wise Total	**500.00**	**Nil**	**Nil**	**Nil**	**500.00**	**Nil**	**Nil**	**Nil**	**Nil**	**NA**	**Nil**	
	Finance Sector												
19.	Jammu and Kashmir Bank Limited	2577.53	Nil	Nil	2223.71	4801.24	Nil	Nil	Nil	Nil	2053.01	2053.01	0.4 (0.4)
	Sector-wise Total	**2577.53**	**Nil**	**Nil**	**2223.71**	**4801.24**	**Nil**	**Nil**	**Nil**	**Nil**	**2053.01**	**2053.01**	**0.4**
	Total (A) (All Government Companies)	**19256.34**	**991.81**	**Nil**	**2223.71**	**22471.86**	**213.50**	**2775.10**	**537.57**	**30575.44**	**21563.63**	**52139.07**	**2.32 (2.91)**
(B)	**Statutory Corporations**												
	Transport Sector												
1.	Jammu and Kashmir State Road Transport Corporation[&]	8699.56	1501.09	Nil	Nil	10200.65	500.00	2844.00	509.00	17994.58	1093.03	19087.61	1.87 (2)
	Sector-wise Total	**8699.56**	**1501.09**	**Nil**	**Nil**	**10200.65**	**500.00**	**2844.00**	**509.00**	**17994.58**	**1093.03**	**19087.61**	**1.87**
	Financing Sector												
2.	Jammu and Kashmir State Financial Corporation Limited	4267.40	2092.40	Nil	19.91	6379.71	Nil	6.00	796.00	41.93	5831.21	5873.14	1 (1)
	Sector-wise Total	**4267.40**	**2092.40**	**Nil**	**19.91**	**6379.71**	**Nil**	**6.00**	**796.00**	**41.93**	**5831.21**	**5873.14**	**1**

[*] Paid-up capital of Rs 5 crore contributed by the State Government in the previous year adjusted in the current year

[&] Paid-up capital of Rs 88.01 lakh contributed by the State Government in the previous year adjusted in the current year

Appendix – 19 (Concld.)

S.No	Sector and name of the Company/Corporation	Paid-up capital as at the end of the current year					Equity/loans received out of budget during the year		Other loans received during the year	Loans outstanding at the close of 1999-2000			Debt Equity ratio for 1999-2000 (previous year)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Govt.	Others	Total	
	Forest Sector												
3.	Jammu and Kashmir State Forest Corporation Limited	903.00	-	-	-	903.00	-	-	-	54.27	2327.61	2381.88	2.6
	Sector-wise total	**903.00**	-	-	-	**903.00**	-	-	-	**54.27**	**2327.61**	**2381.88**	**2.6**
	Power sector												
4.	State Electricity Board	-	-	-	-	-	-	-	1568.00	-	24988.89	24988.89	-
	Sector-wise total	-	-	-	-	-	-	-	**1568.00**	-	**24988.89**	**24988.89**	-
	Total(B) (All Sector -wise Statutory Corporations)	**13869.96**	**3593.49**	**Nil**	**19.91**	**17483.36**	**500.00**	**2850.00**	**2873.00**	**18090.78**	**34240.74**	**52331.52**	-
	Grand Total (A + B)	**33126.30**	**4585.30**	**Nil**	**2243.62**	**39955.22**	**713.50**	**5625.10**	**3410.57**	**48666.22**	**55804.37**	**104470.59**	-

(Note: Except in respect of Jammu and Kashmir Bank Limited which finalised its accounts for 1999-2000, figures are provisional as given by companies and corporations)

Appendix-20

(Reference: Paragraph: 7.2.1 Page: 167)

Summarised financial results of Government Companies and Statutory Corporations for the latest year for which accounts were finalised

(Rupees in lakh)

S.No	Sector and name of the Company/ Corporation	Name of the Department	Date of incorporation	Period of Accounts	Year in which accounts finalised	Net profit(+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/loss (-)	Capital employed*	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company/Corporation
(A)	**Government Companies**													
	Agriculture and allied Sector													
1.	J&K State Agro Industries Development Corporation Limited	Agriculture Production	30 January 1970	1983-84	1999-2000	(-) 37.78	Nil	224.33	(-)198.78	48.69	(-)37.10	(-)76.19	16	Working company
2.	J&K State Horticultural Produce Marketing and Processing Corporation Limited	-do-	10 April 1978	1990-91	1998-99	(-) 454.19	Nil	920.00	(-)2487.35	(-)157.70	(-)147.70		9	-do
	Sector-wise Total					**(-) 491.97**	**Nil**	**1144.33**	**(-) 2686.13**	**(-) 109.01**	**(-) 184.80**			
	Industry Sector													
3.	J&K Industries Limited	Industries and Commerce	4 October 1960	1993-94	1999-2000	(-) 1426.19	Nil	1626.64	(-) 5876.83	(-) 213.78	(-) 1031.52		6	Working company
4.	J&K Small Scale Industries Development Corporation Limited	-do	28 November 1975	1983-84	1998-99	(+) 0.80	(-)0.18	176.85	(-) 28.90	254.06	4.02	1.58	16	-do-
5.	J&K State Industrial Development Corporation Limited	-do	17 March 1969	1991-92	1999-2000	(-) 285.92	220.80	2962.64	(-) 1037.77	4842.71	(-) 10.95	(-) 0.23	8	-do-
6.	Himalayan Wool Combers Limited	-do-	24 January 1978	1997-98	1998-99	(-) 94.09	Nil	136.50	(-)798.91	(-)97.72	(-)82.84		2	-do-

Appendix-20 (Contd.)

S.No	Sector and name of the Company/ Corporation	Name of the Department	Date of incorporation	Period of Accounts	Year in which accounts finalised	Net profit(+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/ (-)	Capital employed*	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company/ Corporation
7.	Tawi Scooters Limited.	-do-	15 December 1976	1989-90	1991-92	(-) 6.14	Nil	80.40	(-)104.23	58.69	(-)1.25	(-)2.13	10	Under Amalgamation
	Sector-wise Total					**(-) 1811.54**	**220.62**	**4983.03**	**(-) 7846.64**	**4843.96**	**(-) 1122.54**	**(-) 23.17**		
	Handloom and Handicrafts Sector													
8.	J&K State Handloom Development Corporation Limited	Industries and Commerce	29 June 1981	1991-92	1999-2000	(-) 3.76	135.72	299.90	(-) 225.02	652.44	21.51	3.30	8	Working company
9.	J&K Handicrafts (Sale and Export) Corporation Limited	-do-	6 June 1970	1988-89	1999-2000	(-) 40.91	Nil	111.10	(-) 215.52	145.31	(-)9.74	(-)6.70	11	-do-
10.	J&K Handloom Handicrafts Raw Material supplies Organisation Limited (a subsidiary of Himalayan Wool Combers Limited) **	-do-	29 November 1991	1991-92	1999-2000	(-)0.03	Nil	Nil	(-)0.03	Nil	(-)0.03		8	-do-
	Sector-wise Total					**(-)44.70**	**135.72**	**411.00**	**(-)440.57**	**797.75**	**11.74**	**1.47**		
	Mining Sector													
11.	J&K Minerals Limited	Industries and Commerce	5 February 1960	1985-86	1999-2000	(-) 7.93	2.66	800.00	(-) 542.07	13.84	(-) 0.81	(-) 5.85	14	-do-
	Sector-wise Total					**(-)7.93**	**2.66**	**800.00**	**(-)542.07**	**13.84**	**(-)0.81**	**(-) 5.85**		
	Construction Sector													
12.	J&K Projects Construction Corporation Limited	Public Works	22 May 1965	1983-84	1999-2000	(+) 5.57	Nil	120.00	(-)1.69	408.11	7.70	1.89	16	Working Company
	Sector-wise Total					**(+) 5.57**	**Nil**	**120.00**	**(-)1.69**	**408.11**	**7.70**	**1.89**		

Appendix-20 (Contd.)

S.No	Sector and name of the Company/ Corporation	Name of the Depart-ment	Date of incor-poration	Period of Accounts	Year in which accounts finalised	Net profit(+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/loss (-)	Capital employed*	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company/Cor-poration.
	Development of economi-cally Weaker Sections													
13.	J&K Scheduled Castes, Scheduled Tribes and Other Backward classes Corporation Limited.	Social Welfare	1 April 1986	1989-90	1998-99	(-)6.64	Nil	126.28	(-)11.30	165.61	(-)6.64	(-) 4.01	10	Working company
14.	J&K State women Development Corporation Ltd.[$]	-do-	10 May 1991	1991-92	1998-99	Nil	Nil	2.00	-	1.11	Nil	-	8	-do-
	Sector-wise total					**(-)6.64**	**Nil**	**128.28**	**(-)11.30**	**166.72**	**(-)6.64**	**(-) 4.01**		
	Cement Sector													
15.	J&K Cements Limited	Indus-tries and Comme-rce	24 December 1974	1994-95	1999-2000	(-) 153.84	Nil	1549.67	(-) 965.49	1426.71	(-) 10.12	(-) 0.71	5	Working company
	Sector wise Total					**(-)153.84**	**Nil**	**1549.67**	**(-) 965.49**	**1426.71**	**(-) 10.12**	**(-) 0.71**		
	Tourism Sector													
16.	J&K State Tourism Development Corporation Limited	Tourism	13 February 1970	1986-87	1999-2000	(-) 26.27	Nil	235.15	(-) 116.60	365.49	(-) 23.79	(-) 6.51	13	Working company
17.	J&K State Cable Car Corporation Limited ***	-do-	28 November 1988	1989-90	1999-2000	Nil	98.98	2127.12	Nil	193.82	Nil	Nil	10	-do-
	Sector-wise Total					**(-)26.27**	**98.98**	**2362.27**	**(-) 116.60**	**559.31**	**(-) 23.79**	**(-) 4.25**		

[$] The Company had not conducted any business during the year, hence had not prepared its profit and loss statement

Appendix-20 (Concld.)

S. No	Sector and name of the Company/ Corporation	Name of the Depart-ment	Date of incor-poration	Period of Accounts	Year in which accounts finalised	Net profit(+)/ Loss(-)	Net impact of Audit comments	Paid-up capital	Accumulated profit (+)/loss (-)	Capital employed*	Total return on capital employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Status of the Company/Corporation.
	Power Sector													
18.	J&K State Power Development Corporation Limited	Power	16 February 1995	No Accounts Received									5	Working Company
	Sector-wise Total													
	Finance Sector													
19.	Jammu & Kashmir Bank Ltd.	Finance	1 October 1938	1999-2000	2000-01	(+) 12017.41	Nil	4801.24	-	563822.13	71839.38	12.74	-	Working Company
	Sector wise Total					**(+) 12017.41**	**Nil**	**4801.24**	**-**	**563822.13**	**71839.38**	**12.74**		
	Total (A) (Govt. Companies)					**(+) 9480.09**	**457.98**	**16299.82**	**(-) 12610.49**	**571929.52**	**70510.12**	**12.33**	-	
	(B) Statutory Corporations													
	Transport Sector													
1.	J&K State Road Transport Corporation	Civil Supplies & Transport	1 September 1976	1996-97	1998-99	(-) 3540.73	(+) 2.63	8575.65	(-)22873.84	3547.45	(-)2224.73	(-)62.71	3	Working Company
	Sector wise Total					**(-) 3540.73**	**(+) 2.63**	**8575.65**	**(-)22873.84**	**3547.45**	**(-)2224.73**	**(-) 62.71**		
	Financing Sector													
2.	J&K State Financial Corporation	Finance	2 December 1959	1997-98	2000-01	(-) 1099.50	Nil	6379.71	(-) 17031.02	20671.66	244.74	1.18	2	Working company
	Sector-wise Total					**(-) 1099.50**	**Nil**	**6379.71**	**(-) 17031.02**	**20671.66**	**244.74**	**1.18**		
	Total (B) (Statutory Corporations)					**(-) 4640.23**	**2.63**	**14955.36**	**(-) 39904.86**	**24219.11**	**(-)1979.99**	**(-) 8.18**	-	-
	Grand Total (A+B)					**(+) 4839.86**	**460.61**	**31255.18**	**(-) 52515.35**	**596148.63**	**68530.13**	**11.5**	-	

* Capital employed represents Net Fixed Assets (including capital work-in-progress) plus working capital (current Assets (-) current Liability).

** The Company has finalised its first Balance Sheet. Paid-up Capital, Fixed Assets & current Liabilities are shown as Nil

*** No Profit & Loss Account has been prepared by the Company as the Company has not commenced business activities

Appendix-21

(Reference: Paragraph :7.4; Page: 170)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2000

(Rupees in lakh)

S.No	Name of the Public Sector Undertaking	Subsidy received during the year				Guarantees received during the year & outstanding at the end of the year					Waiver of dues during the year					
		Central Government	State Govern-ment	Others	Total	Cash credit from Banks	Loans from other sources	Letter of credit opened by banks in respect of imports	Payment obligation under agree-ment with foreign consul-tants or contracts	Total	Loans repay-ment written off	Interest waived	Penal Inte-rest waived	Total	Loans on which Morato-rium allowed	Loans conver-ted into equity during the year
	(A) Govt. Companies															
1.	J&K State Agro Industries Development Corporation Limited	284.56	Nil	Nil	284.56	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	J&K State Horticultural Produce Marketing and Processing Corporation Limited	Nil	Nil	Nil	Nil	Nil (9346.29)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (9346.29)	5532.78	Nil	Nil	5532.78	Nil	Nil
3.	Jammu and Kashmir Industries Limited	Nil	Nil	Nil	Nil	Nil (Nil)	Nil (1174.54)	Nil	Nil	Nil (1174.54)	4775.95	Nil	Nil	4775.95	Nil	Nil
4.	J&K Small Scale Industries Development Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil (24.40)	Nil -	Nil -	Nil (24.40)	Nil	Nil	Nil	Nil	Nil	Nil
5.	J&K State Industrial Development Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	2069	Nil	2069	3175	Nil
6.	Himalayan Wool Combers Limited	Nil	Nil	Nil	Nil	Nil	Nil (271.86)	Nil	Nil	Nil (271.86)	Nil	Nil	Nil	Nil	Nil	Nil
7.	Tawi Scooters Limited.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
8.	J&K State Handloom Development Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
9.	J&K State Handicrafts(Sales & Export) Corporation Limited	Nil	Nil	Nil	Nil	140.00 (150.00)	Nil	Nil	Nil	140.00 (150.00)	Nil	Nil	Nil	Nil	Nil	Nil
10.	J&K State Handloom Handicrafts Raw Material Supplies Organisation Limited	Nil	Nil	Nil	Nil	40.00 (Nil)	Nil	Nil	Nil	40.00 (Nil)	28.41	Nil	Nil	28.41	Nil	Nil

Appendix-21 (Concld.)

S.No.	Name of the Public Sector Undertaking	Subsidy received during the year				Guarantees received during the year & outstanding at the end of the year					Waiver of dues during the year					
		Central Government	State Govern-ment	Others	Total	Cash credit from Banks	Loans from other sources	Letter of credit opened by banks in respect of imports	Payment obligation under agree-ment with foreign consultants or contracts	Total	Loans repayment written off	Interest waived	Penal Interest waived	Total	Loans on which Morato-rium allowed	Loans conver-ted into equity during the year
11.	J&K Minerals Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	680.68	Nil	Nil	680.68	Nil	Nil
12.	J&K Projects Construction Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
13.	J&K SC,ST & OBC Development Corporation Limited	Nil	10.00	Nil	10.00	Nil	Nil (627.09)	Nil	Nil	Nil (627.09)	Nil	Nil	Nil	Nil	Nil	Nil
14.	J&K State Women Development Corporation Limited	Nil	Nil	Nil	Nil	Nil	20.00 (58.15)	Nil	Nil	20.00 (58.15)	Nil	Nil	Nil	Nil	Nil	Nil
15.	J&K Cements Limited	Nil	Nil	Nil	Nil	Nil	Nil (1522.12)	Nil	Nil	Nil (1522.12)	Nil	125.14	Nil	125.14	Nil	Nil
16.	J&K State Tourism Development Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
17.	J&K State Cable Car Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
18.	J&K State power Development Corporation Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
19.	J&K Bank Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total (A)	**284.56**	**10.00**	**Nil**	**294.56**	**180.00 (9496.29)**	**20.00 (3678.16)**	**Nil**	**Nil**	**200.00 (13174.45)**	**11017.82**	**2194.14**	**Nil**	**13211.96**	**3175.00**	**Nil**
	(B) Statutory Corporations															
1.	J&K State Road Transport Corporation Limited	Nil	Nil	Nil	Nil	Nil (167.00)	Nil	Nil	Nil	Nil (167.00)	Nil	Nil	Nil	Nil	Nil	Nil
2.	J&K State Financial Corporation Limited.	Nil	Nil	Nil	Nil	Nil (9766.70)	Nil	Nil	Nil	Nil (9766.70)	Nil	Nil	Nil	Nil	Nil	Nil
	Total (B)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil (9933.70)**	**Nil**	**Nil**	**Nil**	**Nil (9933.70)**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Grand Total (A+B)	**284.56**	**10.00**	**Nil**	**294.56**	**180.00 (19429.99)**	**20.00 (3678.16)**	**Nil**	**Nil**	**200.00 (23108.15)**	**11017.82**	**2194.14**	**Nil**	**13211.96**	**3175.00**	**Nil**

Figures in brackets indicate guarantees outstanding at the end of the year

Appendix-22
(Reference: Paragraph: 7.2.2; Page: 169)
Statement showing financial position of Jammu and Kashmir State Financial Corporation

(Rs in crore)

	Particulars	1995-96	1996-97	1997-98
A.	**Liabilities**			
	Paid up capital	58.80	61.30	63.80
	Reserve Funds and surplus	5.59	5.59	5.59
	Borrowings			
	Bonds and debentures	90.95	87.38	89.71
	Fixed Deposits	-	-	-
	Others	52.25	50.03	50.03
	Other Liabilities and provisions	95.62	124.56	126.24
	Total - A	**303.21**	**328.86**	**335.37**
B.	**Assets**			
	Cash and Bank Balances	9.14	2.60	7.40
	Loans and Advances	168.89	163.81	155.25
	Net Fixed Assets	0.21	0.22	0.28
	Other assets	124.97	162.23	172.44
	Total - B	**303.21**	**328.86**	**335.37**
C.	**Capital Employed***	**209.86**	**205.95**	**206.72**

* Capital employed represents the mean of the aggregate of opening and closing balances of paid up capital, loans in lieu of capital, seed money, debentures, reserves(other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance)

Appendix- 23
(Reference: Paragraph 7.2.2.; Page: 169)
Statement showing working results of Jammu and Kashmir State Financial Corporation

(Rs in crore)

Particulars		1995-96	1996-97	1997-98
A	**Income**			
	(a) Interest on loans and advances	10.13	7.85	6.09
	(b) Other income	1.07	0.62	0.06
	Total-A	**11.20**	**8.47**	**6.15**
B	**Expenditure**			
	(a) Interest on long term loans	15.86	12.86	13.44
	(b) Other expenditure	1.98	2.30	3.70
	Total-B	**17.84**	**15.16**	**17.14**
C	**Profit (+)/Loss (-)**	**(-) 6.64**	**(-) 6.69**	**(-) 10.99**
D	**Total return on capital employed**	**9.22**	**6.15**	**2.45**
E	**Percentage of return on capital employed**	**4**	**3**	**1**

Appendix- 24
(Reference: Paragraph 7.6.2; Page: 174)
Statement showing operational performance of Jammu and Kashmir State Financial Corporation

(Rs in crore)

Particulars	1996-97		1997-98		1998-99	
	No.	Amount	No.	Amount	No.	Amount
Applications pending at the beginning of the year	389	532.55	272	263.64	199	140.84
Applications received	30	212.39	16	172.80	255	1863.00
Total	419	744.94	288	436.44	454	2003.84
Applications sanctioned	38	289.46	28	213.25	261	1517.50
Applications cancelled/withdrawn/rejected /reduced	109	191.84	61	82.35	31	65.71
Applications pending at the close of the year	272	263.64	199	140.84	162	420.63
Loans disbursed	27	133.81	30	123.09	192	790.00
Loans outstanding at the close of the year	-	441.82	-	469.14	-	412.80
Amount overdue for recovery at the close of the year		416.31		469.71		432.77
Percentage of overdue to total loans outstanding		94		100		105

Appendix-25

(Reference: Paragraph: 7.8 (D); Page: 177)

Statement indicating turnover and financial results# of State Public Sector Undertakings (excluding Jammu and Kashmir State Road Transport Corporation) which incurred losses continuously for the last 5 years leading to negative net-worth or whose turnover was less than Rs 5 crore

Rupees in Crore

S.No.	Name of the Company/ Corporation	Period	Turnover	Net Profit/ Loss	Net worth
1.	J&K State Horticultural Produce Marketing & Processing Corporation Limited	1986-87	0.31	(-)3.22	(-)0.93
		1987-88	1.42	(-)3.61	(-)3.34
		1988-89	1.06	(-)3.83	(-)6.66
		1989-90	0.69	(-)4.58	(-)11.24
		1990-91	1.05	(-)4.54	(-)14.20
2.	J&K Industries Limited	1989-90	14.32	(-)7.11	(-)5.90
		1990-91	8.12	(-)7.74	(-)13.90
		1991-92	20.78	(-)7.61	(-)21.70
		1992-93	24.01	(-)8.74	(-)26.79
		1993-94	10.45	(-)14.26	(-)41.30
3.	J&K State Financial Corporation Limited	1993-94	13.43	(-)18.87	10.38
		1994-95	11.50	(-)7.75	(-)35.66
		1995-96	11.20	(-)6.64	(-)58.76
		1996-97	8.47	(-)6.69	(-)93.16
		1997-98	6.15	(-)11.00	(-)100.92
4.	J&K Handicrafts (Sales and Export) Corporation Limited	1984-85	2.36	(-)0.04	(+)0.93
		1985-86	2.78	(-)0.28	(+)0.55
		1986-87	2.68	(-)0.70	(-)0.05
		1987-88	2.77	(-)0.61	(-)0.66
		1988-89	3.32	(-)0.41	(-)1.04
5.	Himalayan Wool Combers Limited	1993-94	0.87	(-)0.43	(-)3.69
		1994-95	0.85	(-) 0.31	(-) 4.00
		1995-96	0.76	(-) 0.68	(-) 4.68
		1996-97	0.49	(-) 0.85	(-) 5.53
		1997-98	0.54	(-) 0.94	(-) 6.47
6.	J&K State Industrial Development Corporation Limited	1987-88	0.10	(-)0.14	18.96
		1988-89	0.46	(-)1.01	20.25
		1989-90	0.17	(-)2.95	21.79
		1990-91	0.05	(-)2.03	20.26
		1991-92	0.11	(-)2.86	19.60
7.	J&K State Tourism Development Corporation Limited	1982-83	0.59	0.02	1.96
		1983-84	0.65	(-)0.26	1.98
		1984-85	0.43	(-)0.38	1.67
		1985-86	0.67	(-)0.29	1.70
		1986-87	0.97	(-)0.26	1.43

Based on latest finalised accounts

Appendix-26

(Reference: Paragraph: 7.11.5; Page: 180)

Financial position of Jammu and Kashmir Cements Limited for the period 1994-95 to 1998-99

(Rs in crore)

		1994-95	1995-96	1996-97	1997-98	1998-99
A-Liabilities					**(Provisional)**	
(i)	Share Capital	15.00	15.00	15.00	15.00	15.00
(ii)	Share Application Deposit	0.50	0.50	0.50	0.50	0.50
(iii)	Reserves and Surplus	0.24	0.24	0.24	0.24	0.24
(iv)	Long term loans	16.75	17.22	20.18	21.83	21.51
(v)	Current liabilities including provisions	10.48	9.73	10.14	9.53	9.89
Total-A		**42.97**	**42.69**	**46.06**	**47.10**	**47.14**
B-Assets						
(i)	Gross block	33.32	34.50	34.93	35.17	37.13
(ii)	*Depreciation*	*19.24*	*20.65*	*22.16*	*23.18*	*24.73*
(iii)	Net fixed assets	14.08	13.85	12.77	11.99	12.40
(iv)	Capital works-in-progress	2.40	2.53	2.70	3.09	1.95
(v)	Current assets, loans and advances	16.84	17.17	19.97	21.71	23.49
(vi)	Accumulated loss	9.65	9.14	10.62	10.31	9.30
Total-B		**42.97**	**42.69**	**46.06**	**47.10**	**47.14**
C-Capital* employed		**22.84**	**23.82**	**25.30**	**27.26**	**27.95**
D-Net worth#		**6.09**	**6.60**	**5.12**	**5.43**	**6.44**

* Capital employed represents net fixed assets plus working capital and capital works-in-progress

\# Net worth represents paid-up capital (including share application deposit) plus reserves and surplus minus intangible assets

Appendix-27

(Reference: Paragraph: 7.11.5; Page: 180)

Working results of Jammu and Kashmir Cements limited for the period 1994-95 to 1998-99

(Rs in crore)

	1994-95	1995-96	1996-97	1997-98	1998-99
(A) Income		(Provisional)			
Sales	17.82	19.09	12.23*	22.20	32.80
Other receipts∝	0.22	0.51	0.30	0.11	0.30
Total (A)	18.04	19.60	12.53	22.31	33.10
(B) Cost of production					
Raw material	1.11	1.06	1.14	1.39	1.82
Manufacturing wages	2.66	3.79	4.16	4.46	5.28
Manufacturing overheads&	8.42	9.04	9.09	11.64	14.96
Other expenses	1.18	1.30	1.29	1.65	1.96
Total (B)	13.37	15.19	15.68	19.14	24.02
(C) Administrative overheads including remuneration and benefits	1.07	1.09	1.32	1.48	1.73
(D) Interest	1.44	1.57	1.67	1.80	1.82
(E) Depreciation	1.40	1.41	1.51	1.04	1.54
(F) Net accretion/decretion of stocks	(+) 2.30	(-) 0.02	(-) 6.18	(-) 1.46	(+) 2.97
Total (B) to (F)	19.58	19.24	14.00	22.00	32.08
Net profit (+)/loss// (-) during the year	(-) 1.54	(+) 0.36	(-) 1.47	(+) 0.31	(+) 1.02

* Lower sales during 1996-97 were due to two long spells of strike

∝ Includes interest from banks, hire charges of vehicles, sale of disposables and insurance claims received

& Includes expenditure on power and fuel, consumables, packing charges, excise duty, etc.

// The figures of net profit/loss for the years 1995-96 to 1998-99 are provisional and are subject to change

Appendix-28
(Reference: Paragraph: 8.1 (a) ; Page: 203)
Statement of wanting utilisation certificates

Department	Year	**Certificates awaited** No.	(Rupees in crore)
Education	1997-98	181	40.89
	1998-99	125	29.38
Housing and Urban Development	1997-98	12	34.26
	1998-99	107	77.46
Health and Medical Education	1997-98	6	0.44
	1998-99	6	0.44
Agriculture	1997-98	10	6.19
	1998-99	6	6.64
Law and Justice	1997-98	3	0.01
	1998-99	32	0.91
Social Welfare	1997-98	9	0.09
	1998-99	26	0.09
General Administration	1997-98	9	1.25
	1998-99	15	1.53
Tourism	1997-98	6	0.93
	1998-99	3	0.34
Art and Culture	1997-98	9	4.02
	1998-99	9	3.11
Public Works	1997-98	2	$
	1998-99	1	$
Animal Husbandry	1998-99	7	1.08
Industries	1998-99	2	0.87
Information	1998-99	1	$
Total		587	**209.93**

$ Negligible

Appendix-29
(Reference: Paragraph: 8.1 (b) ; Page: 203)
List showing names of departments which had not furnished the details of grants/loans paid by them to various bodies

S.No	Name of the Department	Period for which information awaited
1.	General Administration	1996-97 onwards
2.	Industries and Commerce	1996-97 onwards
3.	Housing and Urban Development	1992-93 to 1996-97 and 1998-99 onwards
4.	Agriculture Production and Rural Development	1996-97 onwards
5.	Health and Medical Education	1996-97 onwards
6.	Education/Higher Education	1996-97 onwards
7.	Social Welfare	1996-97 onwards
8.	Forest	1992-93 onwards
9.	Tourism	1992-93 onwards

Appendix-30
(Reference: Paragraph: 8.1 (b);Page: 203)
Bodies which did not furnish annual accounts for 1999-2000 and earlier years

S.No	Name of the Body	Period for which accounts were not received	No. of accounts
1.	Jammu and Kashmir State Social Welfare Advisory Board	1999-2000	1
2.	District Rural Development Agency, Srinagar	1997-98 to 1999-2000	3
3.	District Rural Development Agency, Pulwama	1999-2000	1
4.	District Rural Development Agency, Kupwara	1999-2000	1
5.	District Rural Development Agency, Baramulla	1998-99 and 1999-2000	2
6.	District Rural Development Agency, Rajouri	1996-97 to 1999-2000	4
7.	District Rural Development Agency, Doda	1983-84 to 1999-2000	17
8.	District Rural Development Agency, Leh	1996-97 to 1999-2000	4
9.	District Rural Development Agency, Kargil	1998-99 and 1999-2000	2
10	District Rural Development Agency, Kathua	1998-99 and 1999-2000	2
11.	District Rural Development Agency, Udhampur	1999-2000	1
12.	District Rural Development Agency, Anantnag	1997-98 to 1999-2000	3
13.	District Rural Development Agency, Poonch	1996-97 to 1999-2000	4
14.	District Rural Development Agency, Budgam	1999-2000	1
15.	Jammu and Kashmir State Sports Council	1997-98 to 1999-2000	3
16.	Desert Development Agency, Leh	1995-96 to 1999-2000	5
17	Desert Development Agency, Kargil	1998-99 and 1999-2000	2
18.	Jammu Development Authority	1972-73 to 1999-2000	28
19.	Jammu Municipality	1996-97 to 1999-2000	4
20.	Jammu and Kashmir Academy of Art, Culture and Languages	1998-99 and 1999-2000	2
21.	Jammu and Kashmir Housing Board	1992-93 to 1999-2000	8
22.	State Pollution Control Board	1992-93 to 1999-2000	8
23.	Jammu and Kashmir Council for Science and Technology	1986-87 to 1999-2000	14
24.	Kashmir University	1997-98 to 1999-2000	3
25.	Jammu and Kashmir Energy Development Agency	1998-99 and 1999-2000	2
26.	Sher-i-Kashmir Medical Institute Trust, Soura	1986-87 to 1999-2000	14
27.	Jammu Urban Development Agency	1998-99 and 1999-2000	2
28.	Jammu and Kashmir Co-operative Supply and Marketing Federation Limited	1987-88 to 1999-2000	13
29.	Sher-i-Kashmir International Convention Complex	1994-95 to 1999-2000	6
30.	Institute of Management and Public Administration	1988-89 to 1999-2000	12
31.	Board of Secondary Education, Srinagar	1977-78 to 1999-2000	23
32.	Patnitop Development Authority	1995-96 to 1999-2000	5
33.	Srinagar Development Authority	1981-82 to 1999-2000	19
34.	Kashmir Urban Development Agency	1999-2000	1

Appendix-31

(Reference: Paragraph: 8.3.1; Page: 204)

Statement showing bodies/authorities and the period for which their accounts were received

S.No	Name of the body	Period of accounts received
1.	District Rural Development Agency, Pulwama	1998-99
2.	District Rural Development Agency, Kupwara	1997-98 and 1998-99
3.	District Rural Development Agency, Jammu	1999-2000
4.	District Rural Development Agency, Udhampur	1998-99
5.	Jammu and Kashmir State Sports Council	1995-96 and 1996-97
6.	Srinagar Municipality	1997-98 to 1999-2000
7.	Jammu University	1998-99 and 1999-2000
8.	Jammu and Kashmir State Social Welfare Advisory Board	1996-97 to 1998-99