Report of

the Comptroller and Auditor General of India

on

Social, General, Economic (Non-PSUs) sectors

for the year ended 31 March 2014

Government of Jammu and Kashmir

Report No: 4 of the year 2014

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PREFACE

This Report for the year ended 31 March 2014 has been prepared for submission to the Governor of the State of Jammu and Kashmir under Article 151 (2) of the Constitution of India.

The Report contains significant results of the performance audit and compliance audit of the departments/ autonomous bodies of the Government of Jammu and Kashmir under the Social, General and Economic Sectors (Non-Public Sector Undertakings).

The instances mentioned in this Report are those, which came to notice in the course of test audit done during the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to 2013-14 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued (March 2002) by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains five Performance audits i.e. Accelerated Irrigation Benefits Programme, Infrastructure available at Police Stations, Skill Development and employment generation for unemployed youth, Working of Forest Department and Working of Jammu and Kashmir Energy Development Agency (JAKEDA) and 23 paragraphs involving ₹795 crore relating to excess/ wasteful/ unfruitful/ infructuous/ avoidable unproductive expenditure, fraudulent drawals, idle investment, blocking of funds, etc. Some of the major findings are mentioned below:

PERFORMANCE AUDIT

The total expenditure of the State increased from ₹21607 crore to ₹31686 crore during 2009-14, the revenue expenditure of the State Government increased by 77 *per cent* from ₹15324 crore in 2009-10 to ₹27058 crore in 2013-14. Non-Plan revenue expenditure increased by 71 *per cent* from ₹14771 crore to ₹25219 crore and capital expenditure decreased by 28 *per cent* from ₹6234 crore to ₹4507 crore during the period 2009-14.

Major findings of **Accelerated Irrigation Benefits Programme** are given below:

- The DPRs of the schemes were prepared without Preliminary Project Proposals, non-recording of details of land required and non-provision of clearance for use of electricity and electromechanical works.

(Paragraph: 2.1.6.1)

- Against irrigation potential assessed at 11.76 lakh hectares in the State, the Department had created irrigation potential of 3.42 lakh hectares ending March 2014. The irrigation potential of 1.57 lakh hectares was created under the programme during the period 2009-14 against which irrigation potential of 1.38 lakh hectares was utilized.

(Paragraph: 2.1.6.2)

- The poor utilization of funds which ranged between 62 *per cent* and 77 *per cent* resulted in accumulation of unspent balance at the close of each year which varied between ₹66.62 crore and ₹133.34 crore during the years 2009-10 to 2013-14.

(Paragraph: 2.1.7)

- Out of 770 schemes under execution, 653 schemes (estimated cost of ₹2089.45 crore) were due for completion by March 2014 and out of these only 407 schemes (62 *per cent*) were completed as of March 2014.

(Paragraph: 2.1.8)

- Programme Implementation was weak due to non-completion of 77 schemes costing ₹341.56 crore, irregular selection of 93 schemes, unfavourable cost-benefit ratio in 18 completed schemes and time overrun of one to seven years in 337 schemes.

(Paragraphs: 2.1.8.1 to 2.1.8.5)

- Cases of irregular execution of works to the extent of ₹5.81 crore, diversion of funds of ₹1.97 crore, unadjusted material-at-site accounts valuing ₹9.85 crore and flow of polluted water into canals were noticed.

(Paragraphs: 2.1.7.4 and 2.1.9 to 2.1.11)

Major findings of **Infrastructure available at police stations** are given below:

- 18 out of total 195 police stations and 103 out of total 192 police posts in the State were without own buildings.

(Paragraph: 2.2.8.1)

- The deficiency of family accommodation for upper and lower subordinate staff ranged between 84 and 91 *per cent*. Against requirement of 300 barracks only 207 barracks (69 *per cent*) were available in the State.

(Paragraph: 2.2.8.3)

- The population police ratio ranged between 261 per lakh and 734 per lakh in eight test checked districts as compared to all India ratio of 140 per lakh. The deployment of police personnel to various offices/units was found without any approval from the Administrative Department.

(Paragraph: 2.2.9)

- There was lack of desired level of mobility in the Police Force and the shortage of light motor vehicles and motor cycles was to the extent of 53 *per cent* and 69 *per cent* respectively.

(Paragraph: 2.2.10)

- Allotment of fuel to vehicles at police stations was very meagre as only 13 to 22 *per cent* of funds allotted for the purpose were utilized on these vehicles.

(Paragraph: 2.2.11.1)

- Diet charges were not provided to 16 police stations/ police posts and stationery items were not provided to 80 police stations/ police posts in test checked districts.

(Paragraphs: 2.2.11.3 and 2.2.11.5)

Major findings of **Skill development and employment generation for unemployed youth** are given below:

- District Employment Exchanges and Counseling Centres were not equipped to deliver the intended role of emerging as facilitation centres. There was overall fluctuation between 6.04 lakh and 2.40 lakh in registration of unemployed youth with DE&CCs and counselling sessions for unemployed youth were held only in two out of six test-checked districts. The J&K State Overseas Employment Corporation had not been able to provide any job despite allotment of ₹5.85 crore to the Corporation since 2009-10.

(Paragraph: 2.3.6)

- The utilisation of funds allotted for various employment generating schemes ranged between 78 *per cent* and 100 *per cent.* However, achievement with regard to employment creation ranged between 31 *per cent* and 100 *per cent.*

(Paragraph: 2.3.7)

- Against target of 32,490 units to be assisted under Jammu and Kashmir Self Employment Scheme, only 17,799 units had been assisted. Excess release of margin money of ₹55.73 crore to the Banks without linking the release of margin money with actual disbursement of Bank loans was noticed by Audit.

(Paragraph: 2.3.8)

- Under the schemes launched under "Sher-i-Kashmir Employment & Welfare Programme for the Youth", release of full seed capital fund of ₹106 crore in single instalment in respect of 3,118 enterprises instead of in tranches to Bank resulted in retention of funds with the Bank. In 713 cases, Seed Capital Fund of ₹24.34 crore was released without receipt of sanction resulting in blocking of funds for periods ranging between 15 days to 21 months. Non-payment of Voluntary Service Allowance resulted in accumulation of liability of ₹35.97 crore. Against the target of generation of 50,000 jobs during the period of five years under the Women Entrepreneurship Programme, the Corporation could generate only 4,714 jobs during the last four years.

(Paragraph: 2.3.9)

- Implementation of the World Bank aided project "Vocational Training Improvement Project" had been tardy due to under-utilisation of funds, delay in procurement of equipment and construction of buildings. Out of 1608 trainees who passed out during 2008-13, only 395 had got employment. Procurement of machinery/equipment valuing ₹1.89 crore which constituted 20 *per cent* of the approved IDP cost of ₹9.67 crore was pending (March-2014) despite the fact, that programme was about to culminate in November 2014.

(Paragraph: 2.3.10)

Major findings of **Forest Management through CAMPA** are given below:

- The State Forest Policy was prepared in 2010-11 more than 23 years after formulation of National Forest Policy (1988). Working plans were prepared in five out of 30 territorial divisions (TDs) only and 25 TDs were without any working plans over a period ranging between five and over 25 years.

(Paragraphs: 2.4.6.1and 2.4.6.2)

- During 2009-14, administrative expenditure accounted for 86 to 90 *per cent* of funds spent, leaving a meager 10 to 14 *per cent* funds under capital component, indicating less spending on preservation and conservation activities.

(Paragraph: 2.4.7.1)

- Non-maintenance of books of accounts and non-adoption of Uniform Common Format of Accounts by State CAMPA was noticed. Basic records like head-wise cash book, ledger account, etc. were not maintained separately and Compensation Receipt Register did not provide full details of afforestation compensation money, quantum and nature of land and sanction.

(Paragraph: 2.4.8.1)

- Compensatory Afforestation Programme implementation had suffered due to non-maintenance of inventory of trees removed, incorrect application of compensation rates, non-obtaining of cost-benefit analysis report etc. In 136 cases wherein 303.80 hectares of forest land was diverted for non-forest purposes neither alternate non-forest land was identified by the TDs nor certificate of non-availability of non-forest land was obtained from the District Administration.

(Paragraphs: 2.4.8.4; 2.4.8.5; 2.4.8.8 and 2.4.8.9)

- 6,281 hectares of forest land was diverted for non-forest use without alternate land being obtained. Encroachment of forest land had increased by 88 *per cent* during 2003-12. For 90 sanctions relating to diversion of 123.93 hectares of land for non-forest purpose, no NPV and CA amounting to ₹13.40 crore had been realized by CAMPA.

(Paragraphs: 2.4.8.6 and 2.4.8.7)

- Forest Protection Force was suffering from shortage of infrastructure, Arms & Ammunition and communication equipment. Out of the 23 units in the State, field staff of 19 units is neither equipped nor trained in use of weapons.

(Paragraph: 2.4.9)

Major findings of **Working of the Jammu & Kashmir Energy Development Agency (JAKEDA)** are given below:

- A grid based Solar Power Policy was formulated (March 2013) in the State. The Renewable Energy sector had not been adequately encouraged and the State did not contribute towards achievement of countrywide RE targets including solar power generation.

(Paragraph: 2.5.6.2)

- Neither any survey of remote villages had been undertaken by the Agency nor DPRs and lists of beneficiaries had been prepared/ formulated despite the fact that the Agency received ₹2.86 crore for the purpose from the GoI. The Agency instead relied on the lists of remote villages/ beneficiaries framed by the Rural Development Department.

(Paragraph: 2.5.6.3)

- Annual accounts for the years 2010-11 to 2012-13 of the Agency had not been finalised. Instances of non-accountal of beneficiary share, parking of funds ranging between ₹20 lakh and ₹6.33 crore in Deposit accounts, loss of central assistance of ₹26.75 crore were noticed.

(Paragraph: 2.5.7)

- Implementation of the schemes showed non-distribution of SHLSs to 14,692 approved households, distribution of 12,366 SHLSs (value: ₹13.45 crore) in unapproved villages/ hamlets and in electrified villages/ hamlets leading to non-achievement of intended benefits of the schemes.

(Paragraph: 2.5.8)

- Various lacunae in the procurement process led to financial loss of ₹117.81 lakh to the public exchequer, undue benefit to the suppliers and allotment of projects to ineligible contractors.

(Paragraph: 2.5.10)

COMPLIANCE AUDIT

Inordinate delay in execution of project

Improper planning and poor funding for the project for construction of Government Press Complex at Pampore Kashmir resulted in inordinate delay in execution of the project and likely cost overrun of ₹5.06 crore.

(Paragraph 3.1)

Non-transparent procurement

Procurement of Agusta A-109E Power Helicopter in non-transparent manner.

(Paragraph 3.2)

Blocking of investment

Unplanned construction of Godowns by the Cooperative Department under the Centrally Sponsored Scheme RKVY resulted in blocking of investment to the extent of ₹2.26 crore.

(Paragraph 3.3)

Regulation and Development of Cooperatives and Cooperative Societies

The Cooperative Department did not fulfil requisite benchmark activities with the result it could not benefit from GoI sponsored VNCR scheme aimed at revival of cooperatives. Under-utilisation of funds to the extent of ₹9.47 crore and delay in release of assistance to beneficiary societies under GoI sponsored schemes resulted in non-achievement of intended objectives. Instances of non-maintenance of beneficiary accounts, non-operation of Bank accounts by societies, undue retention of funds to the extent of ₹1.30 crore and non-mortgaging of assets were also noticed in audit.

(Paragraph 3.4)

Undue benefit to private institutions

Payment of unjustified cash assistance by the Education Department to private schools out of Special Plan Assistance received from the Government of India for improvement and upgradation of the infrastructure in schools resulted in misutilisation of ₹1.73 crore.

(Paragraph 3.5)

Blockade of funds

Failure of the Health and Medical Education Department to acquire land for construction of PHCs at Bharath and Gundna (Doda) before sanction of the Project/ release of funds resulted in blockade of ₹1.55 crore for over three years.

(Paragraph 3.6)

Serious financial irregularities

Lack of internal control and monitoring in Government Hospital, Gandhi Nagar, Jammu facilitated serious financial irregularities including fraudulent double drawals (₹7.80 lakh), suspected double drawal (₹2.83 lakh), and short credit of hospital revenue (₹7.81 lakh) into Hospital Development Fund.

(Paragraph 3.11)

Fraudulent drawal of pay and allowances

Lack of internal control mechanism in Fire & Emergency Services Command Kulgam resulted in fraudulent drawal of pay and allowances of ₹18.89 lakh by inflating the gross/ net amount of salary bills.

(Paragraph 3.13)

Unplanned execution of road project

Wrong reporting by the Executive Engineer, Public Works (Roads and Buildings) Department and failure of the Department to ensure encumbrance free land before commencement of a road project resulted in unproductive expenditure of ₹6.78 crore, besides depriving the local populace of the area of the full benefits of road facility.

(Paragraph 3.21)

Suspected mis-appropriation of funds

Non-compliance with the guidelines of MGNREGA and false claim of credit of wages into non-existent Bank accounts leading to suspected embezzlement of ₹40.24 lakh.

(Paragraph 3.23)

Chapter-I

Introduction

CHAPTER-I

INTRODUCTION

1.1 Budget profile

There are 29 departments and 37 autonomous bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2009-14 is given in **Table 1.1**.

Table-1.1
Budget and expenditure of the State Government during 2009-14

(₹ in crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	4306	6445	4463	7777	11080	9725	11098	10626	12228	11403
Social services	4229	4258	5047	5214	5988	6293	6921	6908	7096	7896
Economic services	6191	4621	7943	5476	5369	6663	6572	7583	8293	7759
Grants-in-aid[1] and contributions	-	-	-	-	-	-	-	-	-	-
Total (1)	**14726**	**15324**	**17453**	**18467**	**22437**	**22681**	**24591**	**25117**	**27617**	**27058**
Capital expenditure										
Capital Outlay	**6982**	**6234**	**7327**	**6064**	**7286**	**5899**	**8863**	**5224**	**7308**	**4507**
Loans and advances disbursed	**65**	**49**	**81**	**72**	**80**	**66**	**70**	**93**	**133**	**121**
Repayment of Public Debt	**808**	**731**	**959**	**3932**	**1174**	**1211**	**1317**	**1343**	**1231**	**1297**
Contingency Fund	---	–	---	---	—	–	---	--	-	-
Public Accounts[2] disbursements	**1673**	**43301**	**1896**	**54735**	**2158**	**17106**	**2789**	**17722**	**3964**	**14169**
Closing Cash balance	-	**67**	-	**99**	-	**960**	-	**91**	**01**	**1063**
Total (2)	**9528**	**50382**	**10263**	**64902**	**10698**	**25242**	**13039**	**24473**	**12637**	**21157**
Grand Total (1+2)	**24254**	**65706**	**27716**	**83369**	**33135**	**47923**	**37630**	**49590**	**40254**	**48215**

Source: Annual Financial Statements and Finance Accounts of the State Government.

1.2 Application of resources of the State Government

The total expenditure[3] of the State increased from ₹21607 crore to ₹31686 crore during 2009-14, the revenue expenditure of the State Government increased by 77 *per cent* from ₹15324 crore in 2009-10 to ₹27058 crore in 2013-14. Non-Plan revenue expenditure increased by 71 *per cent* from ₹14771 crore to ₹25219 crore and capital expenditure decreased by 28 *per cent* from ₹6234 crore to ₹4507 crore during the period 2009-14.

The revenue expenditure constituted 71 to 85 *per cent* of the total expenditure during the years 2009-14 and capital expenditure 14 to 29 *per cent*. During the period total expenditure increased at an annual average rate of 13 *per cent*, whereas revenue receipts grew at an annual average growth rate of 14 *per cent* during 2009-14.

1 Grant-in-aid paid by the State Government is included in the above sectors
2 Actuals exclude transactions of investment of cash balance and departmental cash balance
3 Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances

1.3 Persistent savings

In nine cases, there were persistent savings of more than ₹one crore in each during the last five years as per the details given in **Table-1.2.**

Table-1.2
List of grants with persistent savings during 2009-14

(₹ in crore)

Sl. No	Grant number and name	Amount of Savings (percentage)				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue (Voted)						
1.	03-Planning and Development	98.31 (72)	38.88 (56)	20.48(14)	89.06(36)	683.73 (75)
2.	10-Law	43.00 (38)	22.31 (17)	77.17(38)	62.01(33)	65.28 (32)
3.	11-Industries & Commerce	19.14(14)	20.06(13)	36.84(18)	32.34(15)	42.17 (18)
Revenue charged						
4.	10-Law	5.32 (29)	2.18 (14)	6.51(28)	12.54(39)	3.81 (14)
Capital (Voted)						
5.	08-Finance	222.22 (27)	387.82 (74)	207.67(92)	248.65(93)	244.38 (96)
6.	14-Revenue	72.05 (53)	45.64 (42)	52.71(51)	41.76(75)	44.30 (80)
7.	19-Housing and Urban Development	96.10 (26)	156.78 (38)	262.38(43)	235.05(31)	672.87 (76)
8.	21-Forest	47.94 (50)	50.69 (52)	39.41(46)	16.36(18)	41.27 (42)
9.	25-Labour, Stationery and Printing	69.80 (97)	140.44 (99)	71.84(97)	78.16(98)	102.52 (98)

Source: Appropriation Accounts

Reasons for persistent savings under these heads were not intimated (August 2014) by the State Government. However, this indicated inadequate financial control.

1.4 Funds transferred directly to the State Implementing Agencies

The Government of India directly transferred ₹3200 crore to various State implementing agencies without routing through the State Budget during the year 2013-14. Consequently, these amounts remained outside the scope of Annual Accounts (Finance Accounts and Appropriation Accounts) of the State Government during the year.

1.5 Grants-in-aid from Government of India

The Grants-in-aid received from the GoI during the years 2009-10 to 2013-14 have been given in **Table-1.3.**

Table-1.3
Grants-in-aid from GoI

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan Grants	3404	5966	4551	4080	4009
Grants for State Plan Schemes	8287	8625	9990	10274	9834
Total	**11691**	**14591**	**14541**	**14354**	**13843**
Percentage of increase/decrease over the previous year	31	25	(-) 0.34	(-) 1	(-) 4
Percentage of Revenue Receipts	66	66	59	55	51

Total grants-in-aid from GoI increased from ₹11691 crore to ₹13843 crore during the period 2009-14. There was percentage increase which ranged between (-) 0.34 and

31 *per cent* during the period 2009-14 over the previous year whereas its percentage to revenue receipts ranged between 51 and 66 *per cent*.

1.6 Planning and conduct of audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/ projects, etc., criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Report containing audit findings is issued to the head of the office with request to furnish replies within one month. Whenever replies are received, audit findings are either settled/ or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of Jammu &Kashmir under Article 151 of the Constitution of India.

During 2013-14, compliance audit of 884 drawing and disbursing officers of the State and 37 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Jammu & Kashmir. Besides, five Performance Audits were also conducted.

1.7 Response of Government to Audit Report

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the sepecfic programmes/ schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit)/Accountant General (Audit) to the Principal Secretaries/Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/Government is invariably indicated at the end of such paragraphs included in the Audit Report. Five Performance Audits and 36 paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India on General/ Social and Economic (Non-PSUs) sectors for the year ended 31 March 2014 were sent to the Principal Secretaries/Secretaries of the respective departments. Of these replies in respect of one performance audit and nine paragraphs was not received (October 2014).

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.The details of recoveries pointed out by Audit during the year 2013-14, those accepted by the Departments and recoveries effected are given in **Table-1.4**.

Table-1.4

(₹ in crore)

Department	Recoveries pointed out in 2013-14			Recoveries accepted during 2013-14			Recoveries effected during 2013-14		
	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Reports	Total
Government Departments	49.89	14.38	64.27	49.89	14.38	64.27		0.59	0.59
Total	**49.89**	**14.38**	**64.27**	**49.89**	**14.38**	**64.27**	**-**	**0.59**	**0.59**

**The recoveries relate to CAG's Audit Report for the year ended March 2013.*

1.9 Lack of responsiveness of Government to Audit

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs), etc., issued by the Government (Finance Department) provides for prompt response by the executive to the IRs issued by the Principal Accountant General (Audit)/ Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. brought out in the IRs. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the Accountant General (Audit).

Based on the results of test audit, 32,625 Audit observations contained in 8518 IRs pertaining to the period 1998-2014 and outstanding as on 31 March 2014 are given in **Table 1.5**:

Table-1.5

Name of sector	Opening Balance (01 April 2013)		Additions during the year2013-14		Settled during the year2013-14		Closing Balance (31 March 2014)	
	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs
Social Sector (Non PSUs)	2914	11327	517	4126	160	1460	3271	13993
General Sector (Non PSUs)	1779	6228	418	1542	521	2776	1676	4994
Economic Sector (Non PSUs)	3344	12196	281	2391	54	949	3571	13638
Total	**8037**	**29751**	**1216**	**8059**	**735**	**5185**	**8518**	**32625**

The pendency of large number of paragraphs of serious financial irregularities and loss to Government even after being pointed out in audit, indicated lack of response of the Government departments to Audit.

The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner.

1.10 Follow-up on Audit Reports

1.10.1 Non-submission of *suo-motu* Action Taken Notes

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit)/ Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 412 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2012-13, *suo-motu* ATNs in respect of 139 audit paragraphs had not been received upto 31 March 2014.

1.10.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit)/ Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 393 audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2011-12, only 145 audit paragraphs have been discussed by the PAC up to 31 March 2014. Recommendations in respect of 140 audit paragraphs have been made by the PAC, however, ATNs on the recommendations of the Committees is pending from the State Government in respect of 113 paragraphs.

1.11 Non-submission/ delay in submission of Annual accounts by Autonomous Bodies

A total of 365 annual accounts of 32 Bodies were awaited in Audit as on 31st March 2014. Six Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20 (1) of the said Act had also not furnished the annual accounts as given in **Table 1.6**.

Table-1.6
Non-submission of accounts by Autonomous Bodies

Name of Body/Authority	Delay in number of years	No of accounts	Grants during 2013-14 (₹ in crore)
Ladakh Autonomous Hill Development Council, Leh	1-19	19	328.37
Ladakh Autonomous Hill Development Council, Kargil	1-10	10	342.98
Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar	1-4	4	80.92
Sher-i-Kashmir University of Agricultural Science and Technology, Jammu	1-4	4	70.15
Jammu & Kashmir Legal Services Authority, Srinagar	1-17	17	8.86
Provident Fund Organization, Srinagar	1-13	13	Nil
		67	**831.28**

The audit of Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India upto 2013-14. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since inception.

Non-submission/ delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years.

1.12 Year-wise details of reviews and paragraphs appeared in Audit Report

The year-wise details of Performance reviews and Audit paragraphs that appeared in the Audit Report for the last two years alongwith their money value is given in **Table-1.7**.

Table-1.7

Details regarding Performance reviews and Audit paragraphs appeared in Audit Reports during 2011-13

Year	Performance Audit		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2011-12	4	3675.01	17	41.01	-	04
2012-13	5	2881.34	14	74.83	-	12

Five Performance Audits and 36 Audit Paragraphs were issued to the State Government. However, reply in respect of four Performance Audits and 26 Audit Paragraphs was received from the Government/ Department.

Five performance audits involving money value of ₹730 crore and 23 Audit paragraphs involving ₹65 crore have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.

CHAPTER-II

PERFORMANCE AUDITS

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PERFORMANCE AUDITS

Irrigation and Flood Control Department

2.1 Accelerated Irrigation Benefits Programme

The Accelerated Irrigation Benefits Programme (AIBP) was launched by the Government of India (GoI) from the year 1996-97 to expedite completion of large major and multipurpose irrigation schemes. The State Government has been provided assistance of ₹1489.73 crore under AIBP since inception of the programme till 31 March 2014 for Major Medium (MM) & Minor Irrigation (MI) schemes which included ₹977.64 crore provided during review period (2009-14).

Highlights

- **The DPRs of the schemes were prepared without Preliminary Project Proposals, non-recording of details of land required and non-provision of clearance for use of electricity and electromechanical works.**

  (Paragraph: 2.1.6.1)

- **Against irrigation potential assessed at 11.76 lakh hectares in the State, the Department had created irrigation potential of 3.42 lakh hectares ending March 2014. The irrigation potential of 1.57 lakh hectares was created under the programme during the period 2009-14 against which irrigation potential of 1.38 lakh hectares was utilized.**

  (Paragraph: 2.1.6.2)

- **The poor utilization of funds which ranged between 62 *per cent* and 77 *per cent* resulted in accumulation of unspent balance at the close of each year which varied between ₹66.62 crore and ₹133.34 crore during the years 2009-10 to 2013-14.**

  (Paragraph: 2.1.7)

- **Out of 770 schemes under execution, 653 schemes (estimated cost of ₹2089.45 crore) were due for completion by March 2014 and out of these only 407 schemes (62 *per cent*) were completed as of March 2014.**

  (Paragraph: 2.1.8)

- **Programme Implementation was weak due to non-completion of 77 schemes costing ₹341.56 crore, irregular selection of 93 schemes, unfavourable cost-benefit ratio in 18 completed schemes and time overrun of one to seven years in 337 schemes.**

  (Paragraphs: 2.1.8.1 to 2.1.8.5)

- **Cases of irregular execution of works to the extent of of ₹5.81 crore, diversion of funds of ₹1.97 crore, unadjusted material-at-site accounts valuing ₹9.85 crore and flow of polluted water into canals were noticed.**

  (Paragraphs: 2.1.7.4 and 2.1.9 to 2.1.11)

2.1.1 Introduction

The Accelerated Irrigation Benefits Programme (AIBP) was launched by the Government of India (GoI) from the year 1996-97 to expedite completion of large major and multipurpose irrigation schemes which were beyond the resource capacity of the States and also to complete ongoing Major and Medium irrigation schemes which were in advance stage of completion, by providing loan assistance to States. The Surface Minor Irrigation Schemes of Jammu and Kashmir among few other States satisfying specific criteria were also made eligible for assistance under AIBP since 1999-2000. AIBP was further revised in February 2002, April 2005 and December 2006. The fast track projects that can be completed in two working seasons (one year) were to be included under the programme with effect from February 2002. The extension, renovation and modernization (ERM) schemes were brought under the ambit of AIBP from April 2005.

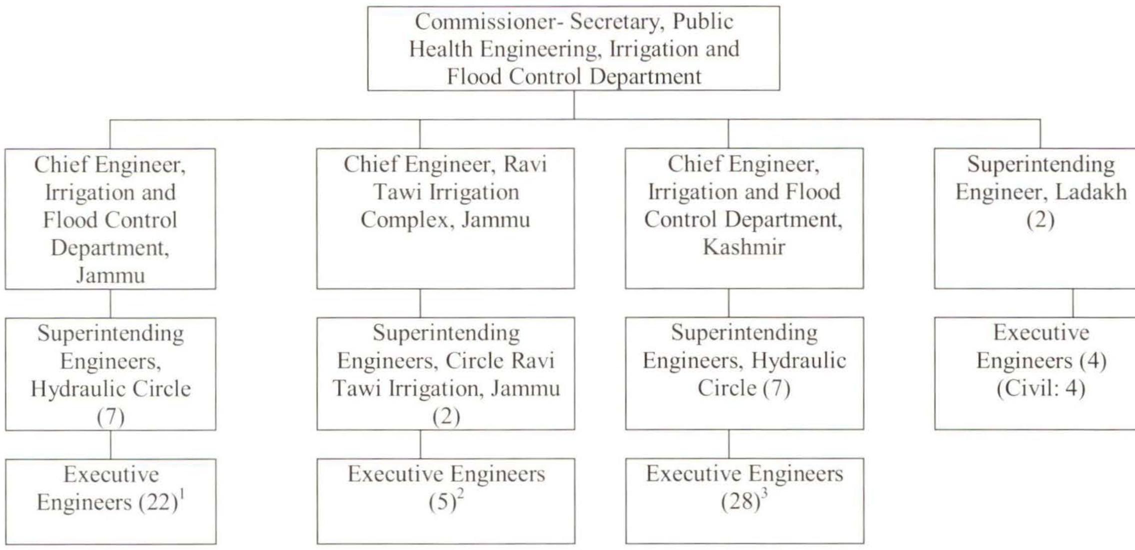
The Department of Irrigation and Flood Control (I&FC) is the implementing agency for AIBP in the State. The State Government was provided an assistance of ₹1489.73 crore under AIBP since inception of this programme upto 31 March 2014 for Major/ Medium (MM) and Minor Irrigation (MI) schemes which included ₹977.64 crore released during the period 2009-14.

A performance review of lift irrigation schemes was reported in the Report of the Comptroller & Auditor General of India for the year ended 31 March 2008 and another performance review on implementation of irrigation schemes covering MM gravity canals, with special emphasis on MI schemes funded under AIBP and National Bank for Agriculture and Rural Development (NABARD) was reported in the Report of the Comptroller & Auditor General of India for the year ended 31 March 2009. Both these performance reviews had not been taken up for discussion by the Committee on Public Accounts (August 2014). In the present performance audit, review of implementation of irrigation schemes funded under AIBP (Irrigation Sector) during the period 2009-14 have been reported.

2.1.2 Organisational structure

The organisational set-up of Irrigation and Flood Control Department is detailed in **Chart-I** below:

Chart-I



2.1.3 Audit objectives

The Performance Audit was conducted to assess whether:

- Planning process leading to approval of Detailed Project Reports (DPRs) and prioritization of projects was adequate;
- Financial management was efficient;
- Implementation of the schemes was efficient, effective and economical; and
- Monitoring mechanism and internal control system was in place and was effective.

2.1.4 Audit Scope and Methodology

The records of two CEs (I&FC Jammu: 1; I&FC Kashmir: 1) and 10 civil divisions[4] (Jammu: 6; Kashmir: 4) out of 33 civil divisions (Jammu: 15; Kashmir: 18) for the period 2009-10 to 2013-14 were test-checked between the period January 2014 and June 2014 covering 235 schemes (MM: 11; MI: 224) and expenditure of ₹350.47 crore (Jammu: ₹145.42 crore; Kashmir: ₹205.05 crore) under AIBP. All the MM schemes and a random sample of five *per cent* of MI schemes being funded under AIBP were reviewed in audit. An entry conference was held with the Principal Secretary, PHE, I&FC Department on 09 April 2014 wherein the Audit objectives, criteria and Audit methodology were discussed. Exit conference was held with the Principal Secretary on 11 August 2014 wherein audit findings were discussed. Replies received from the Government/Department have been incorporated at appropriate places.

1 Civil: 15; Mechanical: 3 & Flood Control: 4

2 Civil: 3 & Mechanical: 2

3 Civil: 18; Mechanical: 6 & Flood Control: 4

4 Jammu: Irrigation Division 1st Jammu, Irrigation Division Akhnoor, I&FC Division Rajouri, I&FC Division Poonch, I&FC Division Doda, I&FC Division Bhaderwah
Kashmir: Irrigation Division Anantnag, Irrigation Division Tral, Irrigation Division Budgam and I&FC Division Baramulla.

2.1.5 Audit criteria

The Performance Audit of the Programme is benchmarked against the following criteria:-

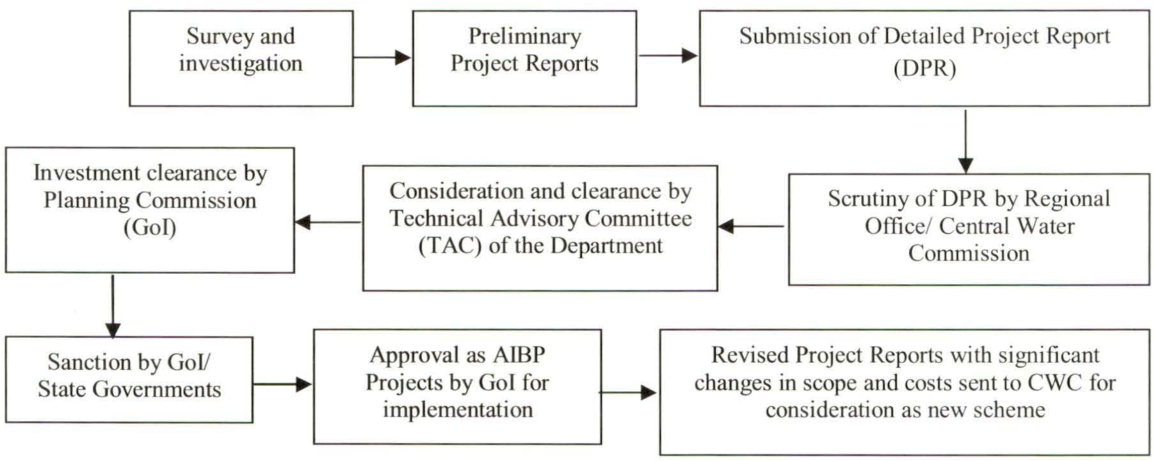
- Guidelines of GoI on AIBP;
- DPRs of the selected schemes;
- State Financial Rules, Public Works Account Code; and
- Other circulars/ instructions issued by the MoWR, CWC and the State Government.

2.1.6 Planning

2.1.6.1 Deficient planning process

The process of approval of MM projects and MI projects is depicted in **Chart-II** below:

Chart-II



The quality of a DPR is widely recognized as a success factor in implementation of a scheme. DPRs of 72 schemes (Completed schemes: 40; Ongoing schemes: 32) were reviewed in 10 test-checked divisions[5] covering an expenditure of ₹153.29 crore (Completed schemes: ₹50.47 crore; Ongoing schemes: ₹102.82 crore) ending March 2014 and the following points were noticed:-

- No Preliminary Project Proposals (PPPs) were prepared by any Division before submission of DPRs of the schemes in any of the cases. The surveys including details of soil, geological, investigation and hydrological surveys were carried out in only one Division (I&FC Division Rajouri) out of 10 test-checked Divisions. The survey reports/ dates of survey were also not on record in the I&FC Division Rajouri.

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5 **Jammu:** Irrigation Division 1st Jammu, Irrigation Division Akhnoor, I&FC Division Rajouri, I&FC Division Poonch, I&FC Division Doda, I&FC Division Bhaderwah
Kashmir: Irrigation Division Anantnag, Irrigation Division Tral, Irrigation Division Budgam and I&FC Division Baramulla.

- Hydrological survey was shown conducted in 18 schemes of three Divisions (Anantnag, Baramulla and Budgam), out of which the surveys of only six schemes were based on authentic data from Agriculture Department.
- The land required for construction works was shown in 20 schemes. The details of area of land required (private, Government or otherwise) were not found recorded in any of the DPRs. Land was not acquired in any case before execution of works which was a pre- requisite.
- The quality control aspects of works and formation of Water User Associations (WUA) and procedure for handing over schemes to WUAs was not mentioned in any DPR as required under the AIBP guidelines.
- The provision for clearance by the Power Development Department for use of electricity and Mechanical wing of the Department for electromechanical works was neither kept in the DPR nor obtained in respect of Lift Irrigation Schemes.
- The proposal for meeting 'Operation & Maintenance' charges after completion of scheme was recorded in the DPRs of eight schemes only.
- The dates of preparation of DPRs were not recorded, as a result time taken in preparation of DPR and its submission to SE/ CE could not be worked out.

The Government stated (August 2014) that projects are conceived after preparation of PPPs but PPPs have not been preserved by the EEs and that provision for land compensation is kept in DPRs but the process of acquisition of land goes simultaneously with the execution of the works of the scheme. The fact, however, remains that non-existence of PPPs with the Department and deficiency in DPRs was an indicator of lack of proper planning in implementation of the projects.

2.1.6.2 Creation of irrigation potential

The irrigation potential (IP) in the State has been assessed at 11.76 lakh hectares. As reported by Revenue Department (2012-13), out of net area of 3.25 lakh hectares land irrigated, 2.85 lakh hectares of land is irrigated through gravity canals and the remaining 0.40 lakh hectares through tanks, wells and other sources. The IP created by the Department ending March 2014 was 3.42 lakh hectares (Jammu: 1.39; Kashmir: 2.03). The IP utilised was 3.01 lakh hectares (Jammu: 1.11; Kashmir: 1.90) ending March 2014. Under AIBP, the irrigation potential of 1.85 lakh[6] hectares were created upto March 2009 and further 1.57 lakh hectares (Jammu: 0.50 lakh; Kashmir: 1.07 lakh hectares) of irrigation potential were created during the period 2009-14. Against this, irrigation potential of 1.38 lakh hectares was utilised during the same period. Out of 770 schemes under execution during the period 2009-14, total of 407 schemes were completed as of March 2014.

The records of two Chief Engineers I&FC Department Jammu as well as Kashmir had shown IP created under 74 completed MI schemes (Jammu: 45; Kashmir: 29) in

6 Excluding Ladakh region

respect of eight[7] out of 10 test-checked divisions as 16683 hectares as of March 2014, out of which irrigation potential of 12934 hectares had been utilized. Audit check of records of these eight divisions showed that actual creation of IP under these 74 schemes was 6068 hectares against which irrigation potential of 4513 hectares was utilised only. Similar was the case in 4 MM schemes (Jammu: 1; Kashmir: 3) where IP created shown by the Chief Engineers was 29498 hectares against the actual creation of 23789 hectares recorded in the divisional records. Thus, the Department had shown inflated figures of IP created/ utilised in its reports submitted to GoI for demand of funds under the programme. The Department attributed (August 2014) low utilisation of irrigation potential to the fact that 5 *per cent* to 10 *per cent* of area had got reduced due to urbanisation particularly the schemes which are nearer to the towns and also due to projects involving widening/ construction of roads and railway tracks. However, despite repeated reminders the Department remained silent on variation between the two sets of figures.

2.1.7 Financial Management

The funding pattern of the schemes under AIBP had undergone changes from time to time. From December 2006 onwards, 90 *per cent* of the scheme cost for the eligible MM/ MI irrigation schemes is provided as grants-in-aid from GoI to the State Government, being one of the "Special Category States". The matching share of 10 *per cent* is to be provided by the State Government. The 90 *per cent* of the total grant sanctioned is to be released immediately and balance 10 *per cent* is to be released after 70 *per cent* of agreed expenditure incurred. The assistance is released on yearly basis in two installments on receipt of Utilization Certificates (UCs) for the past year. The position of funds released by the GoI, State share and the expenditure incurred thereagainst under AIBP (Irrigation Sector) during the years 2009-10 to 2013-14 is given in **Table-2.1.1** below:

Table-2.1.1

(₹in crore)

Year	Opening balance (GoI)	Funds released during the year			Expenditure incurred during the year			Unspent balance (GoI)
		GoI	State share	Total availability of funds	GoI	State share	Total expenditure incurred	
2009-10	61.63	335.47	26.18	423.28	263.76	26.18	289.94	133.34
2010-11	133.34	140.81	20.92	295.07	207.53	20.86	228.39	66.62
2011-12	66.62	282.33	14.72	363.67	259.59	14.72	274.31	89.36
2012-13	89.36	126.37	23.64	239.37	145.80	23.62	169.42	69.93
2013-14	69.93	92.66	25.67	188.26	91.85	25.67	117.52	70.74
Total		**977.64**	**111.13**		**968.53**	**111.05**	**1079.58**	

As can be seen from the above, against the total availability of ₹1150.40 crore during the period 2009-14, the Department utilised ₹1079.58 crore thereagainst. The percentage of expenditure incurred vis-a-vis the availability of funds during the years 2009-10 to 2013-14 ranged between 62 *per cent* and 77 *per cent*. This resulted in

7 ID 1st Jammu, ID Akhnoor, I&FC Rajouri, I&FC Doda, I&FC Bhaderwah, ID Anantnag, ID Budgam and I&FC Baramulla.

accumulation of unspent balances (GoI) at the close of each year which ranged between ₹66.62 crore and ₹133.34 crore during the years 2009-10 to 2013-14.

The Department attributed (August 2014) non-utilization of balance funds to release of funds by the GoI at the fag end of the financial years and that in some schemes the funds remained un-utilised due to land disputes and other unavoidable factors arising on site during execution of the schemes. The fact remains that the funds were belatedly released by the Finance Department after receipt from the GoI which ranged between 10 days and 106 days during the period 2009-13.

2.1.7.1 Utilization certificates

Under AIBP guidelines, the Department is required to submit UCs to GoI for further releases. Audit scrutiny showed that while the expenditure out of GoI funds ranged between ₹91.85 crore and ₹263.76 crore during the years 2009-10 to 2013-14 which was also reported to GoI but the funds ranging between ₹7.81 crore and ₹21.07 crore during 2009-10 to 2013-14 in respect of EE Mechanical Irrigation Construction Division (MICD) Jammu and between ₹10.94 lakh and ₹1.01 crore during 2011-12 to 2013-14 in respect of EE MICD Srinagar were lying unutilized in Civil Deposit under Government accounts. This indicated that the entire amount advanced to MICDs was reflected as expenditure in order to inflate the amount of UCs for release of further installment of assistance from the GoI. The Department reported (August 2014) that funds were advanced to MICDs for procurement of machinery and allied items which was a time consuming and longer process and as a result the amount remained in civil deposit head. The reply is not convincing as the action of the Department had resulted in incorrect reporting of the expenditure and this was despite the fact that a similar incorrect reporting of ₹11.62 crore was also pointed out in previous audit review ending March 2009, and evidently the Department had not taken any corrective action to avoid its recurrence.

2.1.7.2 Delay in release of funds

AIBP guidelines envisaged release of Central funds along with matching share by the State Government to the implementing agencies within 15 days of their release by the GoI. Audit check showed that ₹641.08 crore were released by the Administrative Department to CEs after delay ranging between four to 151 days during the years 2009-10 to 2012-13. Audit further noticed that construction of 40 surface MI schemes costing ₹77.52 crore approved during 2008-09 could not be taken up immediately for execution due to delayed release of funds by the State Government as the first installment of ₹31.39 crore released by the GoI in February 2009 was further released by the State Government in June 2009 after delay of 118 days. The schemes were taken up for execution in the subsequent years which evidently delayed their completion. Non-execution of 173 MI schemes in their respective years due to delayed release of funds was also pointed out during previous review ending March 2009.

The Department attributed (August 2014) delay to late receipt of funds from the State Finance Department except ₹2.34 crore (released in September 2010) wherein the delay was stated to be due to unrest in the valley during that year.

2.1.7.3 Audited statement of expenditure

AIBP guidelines envisage that the State Government is required to submit Audited Statements of Expenditure under the programme on the schemes within nine months of the completion of a financial year. Audit did not find any system of submission of audited statements of expenditure for AIBP schemes by the State Government.

The Department stated (June 2014) that the condition of submission of Audited Statement of Expenditure was imposed in the revised guidelines (October 2013). The fact remains that this condition was already in the guidelines effective from the inception of AIBP.

2.1.7.4 Diversion of AIBP funds

Audit check of records showed that ₹1.87 crore were spent by eight divisions[8] during the period 2009-14 on items/ activities such as office expenses, furniture, travelling expenses, hire charges, payment of rent etc., which were not covered under the programme. The diversion of funds, apart from being unauthorized, reduced the availability of funds to the schemes from which these were diverted.

Further ₹10 lakh was also diverted (March 2012) by CE Ravi Tawi Irrigation Complex (RTIC) Jammu to PHE Department for construction of *Jal Bhawan* out of the funds released for MM scheme "Modernisation of main Ravi Canal and its distribution networks". The CE (RTIC) stated that the funds of ₹10 lakh were transferred as per the direction of the Administrative Department. The fact is that AIBP funds were mis-utilized by the Department.

The Department reported (August 2014) that the provision for K- buildings, special T&P, plantation and contingency charges had been reflected and incorporated in the DPRs of the schemes. The fact is that funds had been diverted towards construction of residential quarters, repairs of divisional buildings, development of lawns, purchase of PoL, LPG, fax machine, computers, furniture, besides repair works, hiring charges, payment of council fee, wages, refreshment charges etc. which were outside the purview of the AIBP guidelines.

2.1.8 Programme implementation

The position of implementation of Irrigation schemes under AIBP during the period 2009-14 in the State[9] (Jammu as wells as Kashmir Region) is given in **Table-2.1.2** below:

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8 EE Irrigation Division 1st Jammu, EE Irrigation Division Akhnoor, EE I&FC Division Rajouri, EE I& FC Division Poonch, EE Irrigation Division Anantnag, EE Irrigation Division Budgam, EE I&FC Division Baramulla, EE Irrigation Division Tral.

9 Excluding Ladakh region

Table-2.1.2

Type of scheme	Opening balance as on April 2009			New schemes taken up during April 2009 to March 2014			Total Schemes	No. of schemes completed ending March 2014			Closing balance as of March 2014		
	J	K	Total	J	K	Total		J	K	Total	J	K	Total
Major/ Medium (MM)	4	8	12	1	0	1	13	1	6	7	4	2	6
Minor Irrigation (MI)	218	205	423	159	175	334	757	210	190	400	167	190	357
Total	**222**	**213**	**435**	**160**	**175**	**335**	**770**	**211**	**196**	**407**	**171**	**192**	**363**

The department had taken up 335 schemes (MM: 1; MI: 334) at a cost of ₹1221.07 crore for execution during the period 2009-14 and 435 schemes (MM: 12; MI: 423) (estimated cost: ₹1455.12 crore) were already under execution as of March 2009. Out of these 770 schemes (MM: 13; MI: 757), 653[10] schemes (MM: 13; MI: 640) with an estimated cost of ₹2089.45 crore were due for completion by March 2014. However, only 407 schemes (MM: 7; MI: 400) (62 *per cent*) were completed by March 2014.

Audit scrutiny of records showed that:

- In the 10 test-checked divisions, out of 224 MI schemes under execution during the period 2009-14, 103 schemes (46 *per cent* with estimated cost ₹128.72 crore) were reported as completed ending March 2014. However, of these reportedly completed schemes audit observed that 12 schemes (expenditure ₹13.18 crore) in six divisions were either incomplete (seven schemes) or non-functional (five schemes) as of March 2014 as detailed in ***Appendix-2.1.*** Further, against the ultimate IP of 2085 hectares in respect of these 12 schemes the IP created was 258 hectares out of which irrigation potential of only 83 hectares was utilized as of March 2013 thereby rendering the expenditure of ₹13.18 crore mostly unfruitful.
- One[11] scheme taken up in the year 2008 to reclaim the Culturable Command Area (CCA) of 100 hectares by dewatering of submerged CCA at a cost of ₹85 lakh though completed in 2010-11 did not yield the envisaged results despite spending of the full cost of ₹85 lakh. The area was not re-claimed for cultivation and the objective of the scheme could not be achieved as of June 2014.
- Of the 121 ongoing schemes (taken up between 2006-07 and 2013-14 at a cost of ₹551.04 crore), seven schemes of four divisions could not be completed due to reasons like non-acquisition of land, land dispute, change of design etc., as indicated in the ***Appendix-2.2*** despite incurring ₹28.10 crore on their execution as of March 2014. The EEs stated that measures were being taken to resolve the disputes for completion of schemes.

2.1.8.1 Non-prioritisation of works

The AIBP guidelines prescribe that eligible schemes covered under the programme during previous years would get preference over new schemes proposed for inclusion

10 117 Schemes taken up in 2013-14 (770 schemes – 117 schemes)

11 Construction/ Dewatering scheme at Draman Soibug (Irrigation Division Budgam)

during the current year. Audit observed that 27 schemes of five divisions[12] estimated to cost ₹105.29 crore taken up during 2007-08 to 2011-12 were incomplete and despite this 50 new schemes were taken up for execution during 2011-12 at a cost of ₹236.27 crore which also remained incomplete (March 2014). This indicated that the Department without completing the old schemes had taken up new schemes for execution and did not prioritize the schemes.

The EE, Akhnoor stated that completion of ongoing schemes and projection of new scheme is a simultaneous activity. EE Budgam and Baramulla stated that schemes could not be completed due to non-availability of requisite funds. The fact of the matter is that department had not prioritized the schemes for execution.

The Department reported (August 2014) that new schemes were taken up for which a token provision was kept in the annual plan in three Divisions (Baramulla, Budgam and Anantnag).

2.1.8.2 Funding from different Programmes

The programme guidelines envisage that the irrigation schemes not receiving any other form of financial assistance were to be considered for inclusion under AIBP. Accordingly schemes being funded under other programmes were not to be covered under AIBP. Audit, however noticed that five MI schemes[13] (Poonch: two; Bhaderwah: three) had received additional assistance of ₹10.15 lakh under various other programmes[14] during their execution under AIBP though an expenditure of ₹3.24 crore had been incurred under AIBP on these schemes. Moreover two[15] schemes were taken up under AIBP even though these were receiving assistance under other programmes[16] before their inclusion under AIBP. Three MI schemes[17] of Doda district (Estimated cost: ₹1.66 crore) taken up under AIBP in 2006-07 continued to be funded under other programmes[18] (expenditure: ₹14.92 lakh) during their execution even though pointed out during previous review. The EEs stated that funds were utilized to complete the scheme. This was however, in contravention of AIBP guidelines.

2.1.8.3 Irregular selection of schemes

AIBP guidelines envisage that MI schemes which are approved by the State TAC are eligible for funding under the programme provided that the development cost of the schemes per hectare is less than ₹1 lakh and that the individual scheme should benefit at least 20 hectares. Audit scrutiny showed that the development cost of 89 schemes

12 Irrigation Division Akhnoor, I&FC Division Rajouri, I&FC Division Bhaderwah, Irrigation Division Budgam & I&FC Division Baramulla
13 Jhullas *khul*, Salotri *khul*, Kurseri *khul*, Bella *khul*, Berrur *khul*
14 RSVY, Backward Region Grant Fund (BRGF), Border Area Development Programme (BADP), Natural Calamity (NC).
15 Dungas Bela & Chakha *khul* and distributory
16 RSVY and BRGF
17 Dongroo *khul*, Jathali *khul*, Pranoo *khul*
18 Rashtriya Sam Vikas Yojna (RSVY)

(Jammu: 69; Kashmir: 20) sanctioned prior to the year 2013-14 in nine[19] test-checked divisions was in excess of ₹one lakh per hectare and ranged between ₹1.04 lakh and ₹3.80 lakh per hectare. Further four schemes of two[20] divisions did not satisfy the criteria of benefiting irrigation potential of 20 hectares and instead benefitted irrigation potential ranging between 12 hectares and 16 hectares despite incurring expenditure of ₹1.06 crore on their execution ending March 2014. The EEs stated that development cost exceeded due to geographical conditions in the State and that schemes were approved by the TAC. The fact remains that these factors of all the hilly States were taken into account in the programme guidelines. The Department reported (August 2014) that as per AIBP guidelines the cost per hectare was less than ₹1.50 lakh with respect to irrigation potential i.e Rabi and Kharif. The fact of the matter is that as per the programme guidelines the development cost per hectare was less than ₹one lakh per hectare which was raised to ₹2.50 lakh per hectare in October 2013, which was after the selection of schemes.

2.1.8.4 Unfavourable Cost Benefit Ratio

For economical viability of an irrigation scheme, the Cost Benefit Ratio (CBR) of a scheme should be more than 'one' as envisaged in AIBP guidelines. In order to ensure that a scheme has actually come up to the desired level of creation and utilization of IP, it is essential to work out CBR on actuals after completion of a scheme. Audit scrutiny of 39 completed schemes of 10 test-checked divisions showed that in 18 schemes of eight divisions completed at a cost of ₹16.23 crore the CBR was less than one and ranged between 0.04 and 0.91 as detailed in ***Appendix-2.3***. The EEs stated that the schemes were prepared after calculating a favourable CBR. The Department reported (August 2014) that when the potential created area was utilized in full after execution of CAD Programme, the cost benefit ratio would be exactly as envisaged in the project. The reply should be seen in light of the fact that CBR of 18 completed schemes was less than one in the test checked divisions where the CAD programme was already under execution.

2.1.8.5 Time overrun

Out of 640 MI schemes (Jammu: 377; Kashmir: 263) due for completion during the period 2009-14, a total of 400 MI schemes (Jammu: 210; Kashmir: 190) were completed. Of these, 337 schemes (Jammu: 148; Kashmir: 189) were completed after time overrun of one to seven years.

The Department attributed (August 2014) time overrun to late release of funds by GoI, disputes and other site contingencies.

2.1.9 Irregular execution of works

As per Book of Financial Powers (Chapter 5.5) no expenditure should be incurred by the EE beyond permissible limit of ₹five lakh on annual repairs without approval of Annual Repair Distribution (ARD) statement by the CE. Scrutiny showed that six[21]

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[19] Irrigation Division 1st Jammu, Irrigation Division Akhnoor, I&FC Rajouri, I&FC Poonch, I&FC Doda, I&FC Bhaderwah, Irrigation Division Anantnag, Irrigation Division Budgam and I&FC Baramulla.

[20] I&FC Division Rajouri and I&FC Division Poonch

[21] I&FC Division Poonch, I&FC Division Doda, I&FC Division Bhaderwah, Irrigation Division Anantnag, I&FC Division Baramulla and Irrigation Division Tral.

EEs had incurred an expenditure of ₹5.81 crore under the programme during 2009-14 on maintenance and repair works without approval of ARD by the CE. EEs stated that ARD statements were submitted to CE for approval and expenditure incurred after allotment of funds. The fact is that expenditure was incurred without approval of ARD statement which is irregular. The Department reported (August 2014) that the ARD statements were duly submitted by the Executive Engineers and were discussed by the Chief Engineer with the concerned Divisions who were allowed to execute the works as per ceiling. The fact, however, remains that there was no record of approval by the Chief Engineers.

Rules provide that all works are to be got executed after ensuring reasonability of rates by following the system of tendering. 264 works valued at ₹8.03 crore were allotted (2003-08) on approval basis without invitation of tenders. This practice continued during the period 2009-14 also where AIBP works of six[22] test-checked divisions were executed departmentally without invitation of tenders at a cost of ₹6.26 crore[23].

2.1.10 Un-adjusted material-at-site account

Material issued for utilization on works was to be accounted for in material-at-site register so as to keep a watch on its utilization against the estimated requirements. The account of key construction material valuing ₹9.85 crore issued from six[24] divisional stores during the period 2009-14 for works executed under AIBP was not rendered by 59 Junior Engineers (JEs) of six divisions and remained unadjusted as of March 2014. The unadjusted amount included ₹4.13 crore outstanding against five JEs of two[25] divisions who had attained Superannuation and 27 JEs of six divisions had been transferred from the respective divisions. No action was taken by the Department either to obtain adjustment account or recover the cost thereof (March 2014). The EEs stated that action would be taken to adjust the outstanding material.

2.1.11 Flow of polluted water in canals

Under Environmental (Protection) Rules 1986, the Department was required to take measures for prevention of discharge of untreated sewage water into irrigation *canals/ khuls* etc. Audit scrutiny, however, did not find any evidence of steps taken in this regard by the executing divisions though pointed out during previous review also (March 2009). The audit team during joint visit found that in two *canals* (Jammu: Ranbir Canal; Kashmir: Ompura *canal*) and two *Khuls* (Rajouri: *Bindala Khul*; Poonch: *Bijliwali khul*) untreated sewage/ sewerage flowed into these *canals/ khuls*. Bindala *khul* and *Bijliwali khul* were found converted into drains at many places. The

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22 Irrigation Division 1st Jammu, Irrigation Division Akhnoor, I&FC Rajouri, I&FC Poonch, I&FC Bhaderwa and Irrigation Division Budgam.

23 Amount of ₹6.26 crore is the expenditure incurred during March 2010, March 2011, March 2012, March 2013 & March 2014.

24 Irrigation Division Akhnoor, Irrigation Division Rajouri, I&FC Division Doda, Irrigation Division Anantnag Irrigation Division Budgam and Irrigation Division Tral

25 Irrigation Division Akhnoor, Irrigation Division Rajouri

garbage[26] was also found lying in *the canals/ khuls*/ distributaries without any check by the Department.

The Department stated (August 2014) that the Command area was fastly getting converted into built up area near towns and that the disposal of garbage was being taken care of by the Municipal Corporation/ Town Area Committees. It was further stated that instructions were being issued to EEs to have awareness programme so that the inhabitants assist the Department in controlling the flow of polluted water into the canals.

2.1.12 Water regulatory system

During joint physical inspection of 17 schemes (MM: 2; MI: 15) of six test-checked divisions by Audit and departmental officers it was found that regulatory system was not provided at any head work of the 15 MI schemes to regulate the flow of designed discharge of water into *canals/ khuls*. Thus, there was no control of overflow of water into these *canals/ khuls*. The EEs stated that water regulatory system would be installed wherever required.

2.1.13 Monitoring and evaluation

2.1.13.1 Inadequate monitoring

Inspection of schemes during execution and thereafter forms an important part of monitoring. The AIBP guidelines envisage monitoring of the minor irrigation schemes to be done by the State Government themselves through agencies independent of construction agencies. The State Government was also required to ensure establishment of monitoring cells for monitoring of all the MI Schemes. Moreover, CE/ EE is also expected to fix a targeted schedule of inspections at periodical levels and prepare inspection reports for submission to higher authorities. The involvement of Assistant Executive Engineers (AEEs) is expected to be much higher. Audit did not find any such mechanism in place. Neither monitoring cells were established nor inspection reports prepared or submitted to higher authorities during the period 2009-14.

The EEs stated that monitoring mechanism could not be followed due to shortage of staff and that the inspection reports would be prepared in future. The Department stated (August 2014) that Minor irrigation schemes were monitored periodically by EEs, SEs, CE and instructions issued were adhered to on spot. This contradicts the reply of EEs of the executing Divisions who stated that monitoring mechanism could not be followed due to shortage of staff.

2.1.13.2 Water user associations

AIBP guidelines recommend formation of Water User Associations (WUAs) for each scheme by involving the farmers and on completion hand these over to the associations who would, in turn, be responsible for their day to day water management and maintenance. Records of 10 test-checked divisions showed that no

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26 Household waste, Polythene, Hazardous waste material etc.

WUAs were formed and management/ maintenance of completed schemes continued to be done by the understaffed divisions themselves.

The Department reported (August 2014) that the EEs had been directed to constitute WUAs as per water Resources Act for smooth and effective irrigation facilities.

2.1.13.3 Maintenance of assets

To safeguard against misuse of assets and to assess further requirements as well as to provide for their periodical maintenance and repairs, the maintenance of records of assets is essential. The Department had, over the years, acquired fixed and other assets in the shape of *canals, khuls* etc. under AIBP but no computerized data of such assets showing book value, year of acquisition, physical status and extent to which they were utilized was in existence in any of the 10 test-checked divisions. Annual physical verification of assets was never conducted by the CE/ EE or at Administrative Department level during the period 2009-14. The EEs stated that computerized data would be maintained.

The Department stated (August 2014) that all the EEs have been directed to computerize the data including year of acquisition with physical status.

2.1.13.4 Evaluation/ Impact

The overall impact of the AIBP on agricultural related parameters of farmers showing increase in irrigation area, total agricultural production, crop rotation etc. and social- economic development parameters showing direct and indirect benefits were never got studied or evaluated by any internal or external agency to know the overall impact of the completed schemes. The Department reported (August 2014) that the District Evaluation and Statistical Officer had been authorized by the Director General Economics and Statistics to assess the impact of AIBP schemes.

2.1.14 Conclusion

The DPRs of the schemes were prepared without preliminary surveys and without Preliminary Project Proposals. The inadequacies in preparation of DPRs resulted in either mid-way abandonment or non-functioning of completed schemes. The irrigation potential of 1.57 lakh hectares was created under the programme during the period 2009-14 against which irrigation potential of 1.38 lakh hectares was utilized. The poor utilization of central funds under the programme resulted in accumulation of unspent balances at the close of each year. The programme implementation was weak due to non-prioritization of works, irregular sanction of schemes, unfavourable cost-benefit ratio and time overruns. Cases of irregular execution of works, diversion of funds, unadjusted material-at-site accounts and flow of polluted water into canals were also noticed. Mechanism to ensure monitoring and evaluation of schemes was not in place.

2.1.15 Recommendations

The Department may consider:

(i) ensuring proper planning in selection of the schemes and formulation of DPRs as per programme guidelines;

(ii) prioritizing completion of in-hand schemes so as to avoid time over-runs; and

(iii) strengthening monitoring mechanism of the completed and ongoing schemes.

29 Jammu, Samba, Kathua, Udhampur, Reasi, Rajouri, Poonch, Doda, Kishtwar and Ramban

30 Srinagar, Ganderbal, Budgam, Pulwama, Anantnag, Kulgam, Shopian, Awantipora, Baramulla, Sopore, Bandipora, Kupwara, Handwara, Leh and Kargil

Home Department

Audit Report- Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2014

- Infrastructure in the Police Stations was in accordance with the BPR&D guidelines and J&K Police Manual.

2.2.4 Audit scope and methodology

The audit was conducted between January and April 2014 by test-check of records of eight[31] police districts comprising 105 PSs (out of 195 PSs) and 86 PPs (out of 192 PPs), selected on random sample basis covering the period from 2009-10 to 2013-14. Of the sampled PSs and PPs, 36 PSs and 25 PPs were physically test-checked by the Audit. An entry conference was held with the Director General of Police on 17 February 2014 where, apart from the audit scope and methodology, the management issues concerning police functioning and financing were discussed. An exit conference was held with the Department on 1 September 2014 and the response of the Department has been incorporated at appropriate places.

2.2.5 Audit criteria

The Performance Audit was benchmarked against the following criteria:

- Bureau of Police Research and Development (BPR&D), Ministry of Home Affairs, GoI norms and the J&K Police Manual;
- Guidelines/ norms issued by the GoI, Ministry of Home Affairs and by the State Government; and
- Jammu and Kashmir Police Manual.

Audit findings

2.2.6 Planning

The BPR&D norms envisage preparation of Strategic Policing Plan for a five year period called 'Strategic Plan' and Annual Plans after receiving inputs on the policing needs of the districts from the District Superintendent of Police. Such planning is a pre-requisite for rational, norm-based deployment of resources, provision of infrastructural facilities and thereby effective policing.

Audit scrutiny showed that the five-year Strategic Policing Plan and the Annual Action Plans for the State as a whole, duly prioritized based on resource availability, were not prepared by the Department.

2.2.7 Financial management

2.2.7.1 The State Police receives budgetary support from the State Government in the shape of Non-Plan assistance to meet the administrative needs of the force. The GoI also provides funds in the form of Security Related Expenditure (SRE) to cater to the internal security duty needs and under the scheme 'Modernisation of Police Force (MoPF)' by way of assistance for weaponry, equipment, construction of buildings etc. A substantial portion of SRE and MOPF are utilized by the Police Headquarters and releases to the district level units of the force were limited to material and supplies, rent, honorarium to SPOs etc.

[31] Jammu, Udhampur, Rajouri, Reasi, Srinagar, Anantnag, Baramulla and Budgam

The position of allotment of funds and expenditure incurred thereagainst during the years 2009-10 to 2013-14 is shown in **Table-2.2.2** below:

Table-2.2.2

(₹ in crore)

Year	Government of India			State Government		
	Releases	Expenditure	Percentage utilization of funds	Allotment	Expenditure	Percentage utilization of funds
2009-10	470.43	412.35	88	1298.17	1272.37	98
2010-11	485.94	431.73	89	1672.17	1592.07	95
2011-12	433.84	377.54	87	2356.40	2218.21	94
2012-13	432.09	347.61	80	2505.26	2454.15	98
2013-14	506.87	377.13	74	2817.21	2702.29	96

(GoI funds comprises of Security Related Expenditure (SRE) & Modernisation of Police Force (MoPF)

While the percentage of expenditure against the funds allotted by the State Government ranged between 94 and 98, the expenditure against releases made by the GoI declined from 88 *per cent* in 2009-10 to 74 *per cent* in 2013-14.

2.2.7.2 The BPR&D guidelines envisage that the budgetary requirements of the police service as a whole need to be formulated by the Director General of Police and the District Superintendents of Police have to ensure that the financial requirements of each police station in the district are projected in the budgetary demands of the district.

It was, however, seen that inputs and requirements of police stations/ police posts had not been formally obtained while formulating budget estimates of the districts.

2.2.8 Infrastructure

2.2.8.1 Status of police station buildings

Police station building is a visible evidence of police availability in addition to being a convenient place for the police to work and for interaction with people. As per information made available to Audit, the position of police stations and police posts and status of availability of buildings for these police stations and police posts in the State at the end of March 2014 is tabulated in **Table-2.2.3** below:

Table-2.2.3

Number of Police stations	Number of Police posts	Police stations functioning in own buildings	Number of Police posts functioning in own buildings
195	192	177	89

As can be seen from the above Table, 18 police stations and 103 police posts in the State were without their own buildings and had been functioning in hired accommodation. Under GoI scheme "Modernization of Police Force" (MoPF[32]) an expenditure of ₹701.11 crore had been incurred by the Department during the period

[32] Scheme introduced by the GoI which was modified in 2000-01 and was extended for a period of ten years to meet the deficiencies in basic infrastructure like police stations/ police posts and police housing, modern weaponry, mobility, communication, forensic science equipment and skill up-gradation by imparting training to the manpower.

2004-14, out of which ₹394.30 crore had been incurred on construction works such as Police stations, Family quarters, Barracks and other buildings. However, an expenditure of only ₹18.10 crore (three *per cent*) was incurred on construction and repairs/ renovation of Police Stations during the period 2004-14. Audit further observed as under:

- The Police Post at Bhambla, Reasi was found (January 2014) functioning from a small private room hired by the *Munshi* of police post on personal account. Despite non-provision of proper accommodation, 22 police personnel had been shown on record as posted at this police post. The Superintendent of Police Reasi stated (January 2014) that transfer of State land at Bhambla for construction of Police Post which was under process would be taken up after availability of funds. The reply was not tenable as proper accommodation was required to be arranged for functioning of police post. The reply was, however, silent on the rationale of posting 22 personnel in a PP where the Department had not even provided proper hired accommodation.
- Two police stations namely, Rajouri and Rehmbal in Udhampur had been functioning in buildings which had been declared as unsafe and both these stations had not been included in the "up-gradation programme of police stations". The Superintendent of Police Udhampur stated (January 2014) that the matter in this regard had already been taken up with the Police Headquarters.
- The Police station Nowgam, Srinagar accommodated in the house of a migrant was gutted in fire and thereafter, the station had been functioning from a small pre-fabricated room in the lawn of the building and arms and the detenues were being kept in the ground floor of the gutted building. The Police post Noorbagh, Srinagar had been functioning in dilapidated rented building and the police post Delina Baramulla had been functioning in a school building without basic amenities.

2.2.8.2 Facilities available in police stations

The BPR&D recommended that every police station according to its category should have enough space for carrying out various police functions. It should have an office chamber for the SHO, a reception room, interrogation room, computer room, wireless room, stores (for keeping arms and ammunition, equipment, Government properties, items seized by police), one lock-up for men and women, one reading room/ library, one rest room for officers and one rest room for HCs and constables and separate toilets for men and women. Moreover, the police station buildings should have a safe and strong boundary wall and an impressive and attractive look.

The position of infrastructure facilities available in the eight test-checked districts is depicted in **Table-2.2.4** below:

Table-2.2.4

District	Number of Police stations	Reception Room	Interro-gation room	Wireless room	Rest room	Boundary wall	Separate toilets for women	Single lock up room	More than one lockup rooms
Jammu	25	07	06	18	08	18	05	08	15
Rajouri	10	02	01	04	01	06	Nil	05	05
Udhampur	09	Nil	01	07	01	07	Nil	Nil	09
Reasi	08	06	06	06	06	08	08	07	01
Srinagar	26	06	02	20	08	25	Nil	16	07
Anantnag	09	Nil	Nil	09	03	08	Nil	06	03
Baramulla	11	03	Nil	10	02	09	Nil	05	06
Budgam	07	01	02	07	Nil	07	Nil	04	03
Total	**105**	**25**	**18**	**81**	**29**	**88**	**13**	**51**	**49**
Percentage availability		**24**	**17**	**77**	**28**	**84**	**12**	**49**	**47**

(Data provided by the Department. Information in respect of two police stations of Jammu District not furnished.)

The availability of reception room, interrogation room, rest room, single lock-up room was dismal and ranged between 17 *per cent* and 49 *per cent* only. The separate toilets for women existed in only 13 (12 *per cent*) of the 105 Police stations and none of the PSs in six of the eight Police districts had a separate toilet for the women. It was seen that even PSs like Shergarhi, Nishat and Nowgam falling in Srinagar city/ or nearer to the city were without lock up rooms. The Superintendent of Police Srinagar stated (August 2014) that permanent lock ups had not been established in police stations Nishat and Nowgam due to establishment of these police stations in private rented accommodation and that the police station Shergarhi had been dismantled due to construction of fly over.

Audit noticed that the provision for vital infrastructure elements was not made in the Project Reports of construction of new police stations as well as up gradation of existing police stations as discussed below:

- The provision of vital infrastructural facilities such as reception room and interrogation room had not been included in the Detailed Project Reports for construction of the new Police Stations in three test-checked Police Stations.
- Records of 37 police stations upgraded (upgradation cost: ₹8.57 crore) during 2013-14 showed that up gradation works were executed without formulation of Detailed Project Reports (DPRs) and most of the expenditure was incurred on repairs, white wash, paint etc. Further, out of 26 upgraded police stations, reception rooms were constructed in six, interrogation room in one and rest rooms were constructed in four police stations. The Executive Engineer PCD (PHQ) Jammu stated (April 2014) that field engineering staff had extensively visited all the police stations to ascertain details of upgradation works and that all instructions issued by the Police Headquarter's regarding upgradation of police stations had been followed. The reply was not acceptable as these works were of repair/ renovation nature and that the BPR&D recommendations of extending space in existing police stations by 800 sq. ft. to provide infrastructural facilities were not followed.

- The physical inspection of 61 police stations/ police posts of test-checked districts showed that 39 police stations/ police posts required repairs. However, the in-charge of police stations/ police posts had never submitted proposals for such repairs to the district police offices.

The Inspector General of Police (Headquarters) stated (September 2014) during exit conference that construction work of infrastructural facilities in police stations had been taken up keeping in view the functional requirement of particular police stations which sometimes vary from place to place.

2.2.8.3 Family accommodation

The National Police Commission had recommended (1977) 100 *per cent* family accommodation for all police personnel for higher order in the performance. The BPR&D recommended dwelling units for lower subordinates and upper subordinates at a rate of 500 sq. feet per unit and 950 sq. feet per unit respectively.

The position of requirement and availability of family accommodation and barracks in the State at the end of March 2014 is tabulated in **Table-2.2.5** below:

Table-2.2.5

Upper Subordinate Quarters (USQs)		Lower Subordinate Quarters (LSQs)		Barracks	
Requirement	Availability (percentage)	Requirement	Availability (percentage)	Requirement	Availability (percentage)
7340	1184 (16)	70320	6095 (09)	300	207 (69)

The deficiency of family accommodation for upper subordinates and lower subordinates in the State was 84 *per cent* and 91 *per cent* respectively as of March 2014.

Audit noticed that in the eight test-checked districts availability of accommodation at the Police Station level was below ten *per cent* as against a requirement of 4,982 dwelling units (LSQ: 4,446 and USQ: 536), only 362 dwelling units (7 *per cent*) were available. Further the buildings of family quarters had not been repaired/ renovated regularly. The Inspector General of Police (Headquarters) accepted (September 2014) during exit conference the deficiency of family accommodation and stated that the construction of family accommodation according to the requirement was entirely dependent on budgeting by the GoI/ State Government.

2.2.9 Availability and deployment of manpower

The BPR&D recommendations envisaged that a periodic review of manpower in police stations on the basis of crime and complaints and the special needs of the particular area in respect of population and problems need to be conducted after every five years. Such review should include posting of women police officers.

Records showed that periodic review of requirement of manpower in police stations had not been conducted by the Department. The population-police ratio in test checked districts of the State was found to be significantly higher than all India ratio of 140 per lakh sanctioned and 102 per lakh (actual)[33] as indicated in **Table-2.2.6** given below:

Table-2.2.6

District	Sanctioned Strength	Men in position	SPOs/ Ex-servicemen	Total	Population (in lakh) (2011 census)	Population-Police ratio (per lakh)
Jammu	3757	3886	1736	5622	15.26	368
Rajouri	791	1336	1385	2721	6.19	440
Udhampur	1020	922	674	1596	5.55	288
Reasi	1720	1745	566	2311	3.15	734
Srinagar	4608	4701	1078	5779	12.50	462
Anantnag	1944	1819	1109	2928	10.70	274
Baramulla	1489	1562	1177	2739	10.16	270
Budgam	1376	1340	627	1967	7.55	261

As can be seen, the effective strength of police force in the police stations/ police posts in the test-checked districts was in excess of their sanctioned strength. The actual population-police ratio was between 261 per lakh and 734 per lakh in these test-checked districts. Audit analysis of records of eight test-checked districts further showed as follows:

- As per J&K Police Manual, only serving police officers are entitled to the services of head constables and constables to work as their personal orderlies. However, in contravention, it was seen that 198 police personnel were attached with retired police officers. Further, 70 police personnel had been deployed with police/ civilian officers who were posted in other districts, 180 police personnel had been deployed in the security of police officers and political leaders in excess of norms[34] fixed by the Security Wing of the Department and 653 police personnel had been attached with other units even outside the districts which was irregular.
- The deployment of 165 police personnel to Police Headquarter (PHQ), Zonal Police Headquarter (ZPHQ), Range Police Headquarter (RPHQ), Police Hospital, Security Wing, Traffic wing and various other units was found without any approval from the Administrative Department. Audit also noticed that four officers posted outside the State were provided with five police personnel from the staff strength of SSP Jammu. The Inspector General of Police (Headquarters) stated (September 2014) during exit conference that sufficient manpower was required for tackling the situation for building measures among the masses of Kashmir. The fact, however, remains that deployment without approval from the Competent Authority was irregular.
- 6393 police personnel (25 *per cent*) out of total strength of 25663 in eight test checked districts had been retained in district police lines and district police offices. Apart from this, police personnel had been attached to District police Headquarters Srinagar (131) and Reasi (70) from Armed Zone and Indian Reserve Police (IRP) despite the fact that these two districts had police personnel in excess

[33] Year 2011 as per BPR&D 2012

[34] 'Y' category: 1-4 Guards at residence and two PSOs; 'X' Category: two PSOs

of the strength. Further instances of same Government officer/ political leader having been provided police personnel from multiple district police headquarters were noticed by Audit and as many as 79 such police personnel were found deployed with 20 Government officers/ political leaders in the test-checked cases. The Inspector General of Police (Headquarters) stated (September 2014) during exit conference that steps would be taken to rationalize the deployment of police personnel keeping in view the ground situation.

2.2.10 Mobility

As per suggestions of UNDP sponsored study and accepted by the Steering Committee of Ministry of Home Affairs (GoI), the requirement of vehicles was (i) three light vehicles and three motor cycles for Urban Police stations, (ii) two light vehicles and two motor cycles for Semi-Urban police stations; (iii) two light vehicles and one motor cycle for Rural police stations. The position of requirement, availability and shortfall of vehicles in police stations and police posts in the State at the end of March 2014 is given in **Table-2.2.7** below:

Table-2.2.7

Vehicles	Urban PS	Rural PS	Requirement	Availability	Shortage (Percentage)
LMV	40	155	430	203	227 (53)
Motor cycles			275	85	190 (69)

The above data indicates lack of desired level of mobility in the Police Force and the shortage of light vehicles and motor cycles was to the extent of 53 *per cent* and 69 *per cent* respectively. An analysis of the position of availability of mobility in police stations of eight test-checked districts showed that as against the requirement of 432 vehicles (LMV: 248 and MC: 184) as envisaged by the GoI, the 105 Police Stations (40 urban and 65 rural) in the eight districts were holding only 134 vehicles (LMV: 125 and MC: 9). Moreover, 26 PPs/ PSs were without any vehicle and 28 PPs/ PSs possessed condemned[35] vehicles which continued to ply on road due to non-replacement. The Inspector General of Police (Headquarters) stated (September 2014) during exit conference that mobility in the police stations was being strengthened and that 107 new vehicles had been purchased exclusively for police stations and issuance thereof was under process.

2.2.11 Provision of logistics and day to day running aids

Since the Police Stations/ Posts are not authorized to operate funds, all the day to day logistics and running aids like fuel for vehicles, stationery, diet expenses, repair of vehicle and office equipment are provided by the district level Officers (SP/ SSP) who also act as DDO's. Audit observed that utilisation of maximum share of funds had been at the district headquarter level leading to deprival of the PSs/ PPs of the requisite facilities as detailed below.

[35] Vehicles that have covered one lakh kilometers or eight years life whichever is later.

2.2.11.1 Fuel

Audit analysis of total expenditure incurred under the Object-Head of expenditure "Carriage of Constabulary (COC)" and fuel provided to the vehicles of Police stations of test-checked districts during 2009-10 to 2013-14 showed that the allotment of fuel to the vehicles of police stations was very meagre as only 13 *per cent* to 22 *per cent* of funds allotted under the head were utilized on running and maintenance of vehicles of police stations which are the main functionaries of district police.

- The issuance of fuel to vehicles of police stations and police posts of eight test-checked districts was reduced to the extent of 17 to 40 *per cent* during 2013-14 as compared to fuel issued during 2009-10, except Srinagar where the issuance of fuel had increased by 10 *per cent*. The Superintendent of Police of seven test-checked districts stated (January/ March/ April 2014) that fuel quota of police stations and police posts had been reduced due to hike in prices of petrol/ HSD and due to non-increase of allotment of funds and that the In-charge police stations were asked to curtail unnecessary movement of vehicles.
- Instead of authorising filling of fuel of vehicles from the nearby petrol pumps to reduce frequent shuttling of vehicles and resultant dead mileage, the fuel had been issued to vehicles of police stations multiple times (range from three to eight times in a month) from the authorised petrol pumps at the district police headquarters. Audit analysis of the records of 63 PSs of eight test-checked districts showed that one-third to one-fifth of fuel quota had been consumed in to and fro journeys by vehicles from PSs to petrol pumps located at respective District headquarters (distance ranging between seven to 125 Kms). Taking into account the average monthly consumption of fuel on dead mileage in test-checked districts, Audit found that 1.22 lakh[36] litres of fuel (cost: ₹63.67 lakh) had been consumed on dead mileage during the period 2009-14 resulting in avoidable expenditure of ₹63.67 lakh. The Inspector General of Police (Headquarters) stated (September 2014) during exit conference that directions would be issued to the District Police headquarters to allow the police stations to purchase fuel from the nearest petrol pumps to avoid such dead mileage.

2.2.11.2 Repair of vehicles

An analysis of the expenditure made on repair of vehicles during the years from 2009-10 to 2013-14 showed that out of ₹60.21 lakh spent by the eight test checked districts, a meager expenditure of ₹3.48 lakh (six *per cent*) had been incurred on repair of vehicles of police stations and police posts. Further in four test checked districts[37] an expenditure of only ₹1.12 lakh was incurred on repairs of 26 vehicles attached with the Police stations/ Police posts of these districts during the period 2009-14. The Superintendent of police Reasi, Rajouri and Udhampur stated (January/ March/ April 2014) that minor repairs of vehicles of police stations had been carried

36 Calculated on the basis of Average monthly consumption of fuel i.e., 2026 litres x 12 months for five years

37 Jammu, Rajouri, Udhampur and Reasi

out locally and amount spent by the SHOs/ drivers of these vehicles had been reimbursed to them. It was further stated that major repairs of vehicles had been carried out by Police Transport workshop Jammu. The fact however, remains that 152 out of 216 vehicles of police stations/ police posts of test-checked districts had never been repaired during the period 2009-14 despite the fact that large number of vehicles allotted to police stations and police posts were very old and required frequent repairs. Further three to 19 *per cent* of the expenditure was incurred on minor repairs of vehicles of police stations of test-checked districts.

2.2.11.3 Diet charges

As per the Government instructions, diet charges amounting to ₹17/- is to be provided to arrested persons spending night in police stations. The position of detained persons and diet charges reimbursed to police stations of test checked districts during 2009-10 to 2013-14 is tabulated in **Table-2.2.8** below:

Table-2.2.8

District	Number of Police Stations/ posts	Range of arrested persons (2009-14)	Position of Police Stations/Police Posts where diet charges were provided to the detenues					
			Never provided	Provided for				
				One year	Two years	Three years	Four years	All the five years
Jammu	25	12 to 412	08	10	06	01	Nil	Nil
Rajouri	10	77 to 1052	Nil	Nil	04	04	02	Nil
Udhampur	11	3 to 169	Nil	04	04	03	Nil	Nil
Reasi	08	Nil to 88	02	03	Nil	02	Nil	01
Srinagar	26	13 to 279	Nil	05	12	08	01	Nil
Anantnag	15	01 to 887	06	08	01	01	Nil	Nil
Baramulla	11	02 to 187	Nil	01	Nil	03	02	05
Budgam	12	42 to 1123	Nil	Nil	02	01	05	04

It may be seen that 16 police stations/ police posts had never provided diet charges to the arrested persons despite the fact that these police stations had detained persons during the period.

The Superintendent of Police Reasi, Rajouri and Udhampur, stated (January/ March/ April 2014) that the diet charges had been provided to police stations on the basis of claims of the police stations from time to time and that police stations as pointed out by audit had never submitted claims for such charges. The Superintendent of Police Srinagar, Budgam, Anantnag and Baramulla stated (March/ April 2014) that police stations as pointed out by audit had not submitted bills of diet charges and that the food had been provided to detenues from police stations mess. The fact remains that no separate requisition was made by the police stations for providing diet to the inmates and that the provision for diet existed in the annual budgetary support provided by the State Government.

2.2.11.4 Coal facilities for winter

The coal facilities were to be provided in Government offices during 15th of December to 15th of February every year. Records test checked at District Police Headquarters showed that requirement of coal in police stations and police posts had never been assessed. The position of receipt of coal in three of the eight test-checked districts and issuance of coal to field units during 2010-11 to 2013-14 is tabulated in **Table-2.2.9** below:

Table-2.2.9

Year	Opening balance of coal (In quintals)	Quantity of coal received (In quintals)	Period of receipt of coal in district Police Headquarters	Period of start of issue	Closing balance of coal
Udhampur					
2010-11	Nil	82	01.01.2011 to 26.02.2011	01.01.2011 to 26.02.2011	Nil
2011-12	Nil	429.10	04.01.2012 to 02.03.2012	17.01.2012 to 02.04.2012	197.70
2012-13	197.70	155.00	02.01.2013 to 08.02.2013	02.01.2013 to 15.02.2013	35.00
2013-14	35.00	80.00	08.02.2014	18.12.2013 to 13.02.2014	Nil
Rajouri					
2010-11	Nil	227.31	07.01.2011 to 28.01.2011	16.01.2011 to 02.02.2011	Nil
2011-12	Nil	286.80	15.01.2012 to 29.01.2012	16.01.2012 to 07.02.2012	Nil
2012-13	Nil	738.00	12.12.2012 to 08.02.2013	15.12.2012 to 06.03.2013	222.00
2013-14	222.00	Nil		21.12.2013	Nil
Jammu					
2010-11	Nil	21.76	06.01.2011 to 15.01.2011	10.01.2011	2.40
2011-12	2.40	120	16.01.2012	10.01.2012	18.58
2012-13	18.58	70	04.01.2013 to 14.01.2013	06.01.2013	4
2013-14	4	Nil			
Total		**2209.97**			

From the above, it can be seen that:

- requirement of coal was not properly assessed and allotment of coal was made on *adhoc* basis as there had been a huge variation between quantities of coal received during 2010-11 to 2013-14. Such year-wise variation in annual receipt of coal was also noticed in other five test-checked districts which ranged between 146 and 5700 quintals.
- No coal was procured and received during the month of December and out of 2209.97 quintals of coal received between January and March during the period 2010-11 to 2013-14 by these three District police headquarters, 441 quintals of coal (20 *per cent*) were issued to field units after 15 February of each year. Thus, coal had not been made available in time and as such the police stations/ police posts/ police pickets were deprived of the facilities especially those situated in the winter zone.

The Inspector General of Police (Headquarters) stated (September 2014) during exit conference that the delay in procurement of coal during 2012-13 was because of the decision of the Department to procure coal of high quality directly from Coal India Limited and that the procurement during current year would be made in time due to timely allotment of coal mine by the Coal India Limited. The fact remains that the receipt and issue of coal is to be restricted within the stipulated period as late receipt/ issue defeats the objective of providing relief to the personnel in winter season.

2.2.11.5 Operational equipment and stationery

Office equipment like fax, photocopier, furniture for police stations, books, shelves etc. and operational equipment like wireless communication sets, night vision devices, metal detector, bomb disposal equipment, binoculars, body protectors, bullet proof vests, tear gas etc., are essential for effective policing. The position of availability of equipment in police stations of test checked districts is tabulated in **Table-2.2.10** below:

Table-2.2.10

District	Number of Police Stations	No. of police stations provided with						
		Fax	Xeroxes	Night vision devices	Bomb disposal equipment	Binoculars	Body protectors	Bullet proof vests
Jammu[38]	25	07	07	01	Nil	02	16	16
Rajouri	10	Nil	Nil	Nil	Nil	02	02	05
Udhampur	09	04	Nil	04	Nil	05	07	09
Reasi	08	Nil	Nil	Nil	02	02	08	Nil
Srinagar	26	06	10	02	Nil	Nil	20	22
Anantnag	09	Nil	Nil	02-NF	Nil	04	04	08
Baramulla	11	04	04	Nil	Nil	Nil	04	08
Budgam	07	01	Nil	Nil	Nil	Nil	07	06

As can be seen, basic equipment had not been provided to the majority of the police stations. The life saving equipment viz., Body Protectors and Bullet Proof Vests were not available with 64 Police Stations of eight test-checked districts wherein 2865 Police personnel remained posted.

The BPR&D recommendations provide that major requirements like registers, diaries, plain paper, pen, pencil, ink and other requirements of the office should be supplied through the State supply sources. The position of issue of stationery items to police stations and police posts of test-checked district during 2010-11 to 2013-14 is given in **Table-2.2.11** below:

Table-2.2.11

District	Number of Police stations/ posts	Number of Police Stations/ Police Posts provided stationery for				
		Never provided	One Year	Two years	Three years	All the four years
Jammu	72	14	17	30	11	0
Rajouri	17	12	02	02	01	0
Udhampur	17	06	06	03	0	02
Reasi	19	07	08	04	0	0
Srinagar	35	30	05	0	0	0
Anantnag	17	10	03	03	01	0
Baramulla	18	0	01	05	03	09
Budgam	11	01	0	05	04	01

38 Information available in respect of 23 police stations

The annual requirement of stationery items of police stations and police posts of the District had been ignored while formulating the annual requirements by the concerned Sr. Superintendent of Police of each district. It was seen in audit that majority of stationery items had been utilized in District Police Offices and stationery items had not been issued to all the police stations and police posts of the districts.

The Superintendents of Police (SSP) Reasi, Rajouri and Udhampur stated (January/ March/ April 2014) that stationery items had been provided as and when demanded by police stations. The fact, however, remains that stationery items had not been provided to police stations in a regular manner. The SSP Srinagar, Budgam, Anantnag and Baramulla stated (March/ April 2014) that stationery items could not be issued to police stations due to insufficient funds.

2.2.11.6 Police computerisation

A Common Integrated Police Application (CIPA) programme was conceptualized in the year 2004 as part of the scheme "Modernization of State Police Forces" with the aim of computerization and bringing in greater efficiency and transparency in various processes and functions at the Police Station level and to improve service delivery to the citizens. Under the Programme, hardware/ software were to be provided to the police stations.

Further, the project "Crime and Criminal Tracking Networking and Systems" (CCTNS) for creating an integrated system for enhancing the efficiency and effective policing at all levels and especially at police station level through adoption of principles of e-governance and creation of nationwide networked infrastructure for evolution of IT enabled state of the art tracking system was launched during 11th Five year plan period 2007-12.

Audit noticed that implementation of the CIPA and CCTNS programmes in police stations, which was to be completed by 2011-12, was not satisfactory as only 79[39] police stations had been covered under either of these programmes and 116 police stations remained uncovered (March 2014), thereby defeating the aim of computerization and bringing in greater efficiency and transparency in various processes and functions at the Police Station level and improve service delivery to the citizens.

2.2.12 Other points of interest

Some significant points noticed during audit are discussed below:

- Records showed that 14 police posts (Jammu: 07; Udhampur: 07) had been functioning for the last several years without any sanction of Government and 322 police officers/ police personnel had been deployed in these unsanctioned police posts. The Superintendent of Police Udhampur stated (April 2014) that matter had already been taken up with the Police Headquarter's to sanction these police posts.

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[39] 56 police stations of four districts (Jammu: 22; Udhampur: 05; Srinagar: 19 and Baramulla: 10) covered under CCTNS and 23 police stations under CIPA

- Similarly, 11 new Police posts (Thanole, Tote Sarhi, Dera Baba, Bhambla, Ahiv Khori, Shajroo, Dewal, Malikote, Dhansal, Banna and Kakryal) were sanctioned (June 2011) in District Reasi. It was seen in audit that police posts of Dera Baba, Dhansal, Banna and Malikote, had not been made functional even after a lapse of two and half years from the date of creation. Reasons for non-function of these police posts even after a lapse of two and half years were not on record. Further, records showed that six police personnel (ASI: 01; SGCT/ CT: 04; SPO: 01) had been posted in the non-functional police post at Dera Baba. The Superintendent of Police Reasi stated (January 2014) that these police posts could not be made functional due to non-availability of land/ accommodation.
- 21 police pickets had been created in Udhampur District to check militant movement in the area. It was seen in audit that all these posts had been manned by SPOs and not a single regular police personnel had been deployed in these pickets.

2.2.13 Conclusion

The Department had not formulated any long and short term plans for policing in the State. BPR&D recommendations had not been implemented in the State. The working and living conditions of Police personnel in Police Stations was not upto mark as a substantial number of PSs/ PPs were without own building and lacked basic infrastructure facilities. Financial requirements of the Police Stations/ Posts had not been formally obtained while projecting budgetary proposals with the result the actual requirements of various items such as stationery, POL, repair and maintenance of vehicle and buildings and diet charges had not been fulfilled. There existed huge deficiencies in providing accommodation and the police personnel were not fully provided with operational equipment. The manpower management was not efficient as deployment of excess manpower was witnessed in the test-checked districts.

2.2.14 Recommendation

The Government may consider:

(i) enhancing basic infrastructure facilities including residential accommodation as per norms;

(ii) improving operational deployment of Police forces to benefit the public;

(iii) ensuring adequate provisioning of life saving equipment of Police personnel deployed at Police Stations; and

(iv) taking effective steps to meet the basic infrastructure and day to day running needs of the Police Stations for effective service delivery.

The above findings were reported (June 2014) to the Government. Reply thereof was awaited (September 2014).

Labour and Employment Department

2.3 Skill development and employment generation for unemployed youth

The GoI and State Governments both formulated various outreach strategies/ Self Employment Schemes to give boost to employment generation in the State and to create employment opportunities for unemployed youth. During the period 2009-14, the State Government with the GoI assistance launched a number of schemes, including "Sher-i-Kashmir Employment & Welfare Programme for the Youth" (SKEWPY), predominantly aimed towards imparting skills, promoting creation of jobs and providing relief to them.

Highlights

- **District Employment Exchanges and Counseling Centres were not equipped to deliver the intended role of emerging as facilitation centres. There was overall fluctuation between 6.04 lakh and 2.40 lakh in registration of unemployed youth with DE&CCs and counselling sessions for unemployed youth were held only in two out of six test-checked districts. The J&K State Overseas Employment Corporation had not been able to provide any job despite allotment of ₹5.85 crore to the Corporation since 2009-10.**

  (Paragraph: 2.3.6)

- **The utilisation of funds allotted for various employment generating schemes ranged between 78 *per cent* and 100 *per cent*. However, achievement with regard to employment creation ranged between 31 *per cent* and 100 *per cent*.**

  (Paragraph: 2.3.7)

- **Against target of 32,490 units to be assisted under Jammu and Kashmir Self Employment Scheme, only 17,799 units had been assisted. Excess release of margin money of ₹55.73 crore to the Banks without linking the release of margin money with actual disbursement of Bank loans was noticed by Audit.**

  (Paragraph: 2.3.8)

- **Under the schemes launched under "Sher-i-Kashmir Employment & Welfare Programme for the Youth", release of full seed capital fund of ₹106 crore in single instalment in respect of 3,118 enterprises instead of in tranches to Bank resulted in retention of funds with the Bank. In 713 cases, Seed Capital Fund of ₹24.34 crore was released without receipt of sanction resulting in blocking of funds for periods ranging between 15 days to 21 months. Non-payment of Voluntary Service Allowance resulted in accumulation of liability of ₹35.97 crore. Against the target of generation of 50,000 jobs during the period of five years under the Women Entrepreneurship Programme, the Corporation could generate only 4,714 jobs during the last four years.**

  (Paragraph: 2.3.9)

- **Implementation of the World Bank aided project "Vocational Training Improvement Project" had been tardy due to under-utilisation of funds,**

delay in procurement of equipment and construction of buildings. Out of 1,608 trainees who passed out during 2008-13, only 395 had got employment. Procurement of machinery/equipment valuing ₹1.89 crore which constituted 20 *per cent* of the approved IDP cost of ₹9.67 crore was pending (March-2014) despite the fact, that programme was about to culminate in November 2014.

(Paragraph: 2.3.10)

2.3.1 Introduction

As per the survey conducted by National Sample Survey Organisation (NSSO) during July 2011–June 2012, 'Unemployment Rate' (UR)[40] as per Usual Principal Status (UPS) in the State has come down from 5.3 *per cent* to 4.9 *per cent* during the period July 2009 to June 2012. The reliable and complete data on UR in the State was not available (March 2014), since registration with the Government is voluntary. The number of job-seekers registered in the District Employment and Counseling Centres across the State was 2.40 lakh as of March 2014.

Central and State Governments both formulated various outreach strategies/ Self Employment Schemes to create employment opportunities for unemployed youth. During the period 2009-14, the State Government with the GoI assistance launched a number of schemes, including "Sher-i-Kashmir Employment & Welfare Programme for the Youth" (SKEWPY), predominantly aimed towards imparting skills, promoting creation of jobs and providing relief to them.

2.3.2 Organizational structure

Most of the schemes are run under the Administrative control of the Commissioner/Secretary, Labour and Employment Department, who is assisted by one Director (Employment), two Joint Directors (Employment) looking after Jammu and Kashmir regions, and 22 Dy. Director/Assistant Director in charge of District Employment and Counselling Centres (10 Jammu, 10 Kashmir and two Ladakh regions). The Department has a PSU under its administrative control, viz., J&K Overseas Employment Corporation. Other implementing agencies involved are J&K Women Development Corporation (WDC) under the Social Welfare Department and Technical Education Department for implementation of World Bank-aided Vocational Training Improvement Project (VTIP).

The details of schemes launched during 2009-14 and the implementing agencies are detailed in **Table 2.3.1** below:

[40] The percentage of the total labour force that is unemployed but actively seeking employment and willing to work.

Table-2.3.1

S. No	Scheme	Implementing agency[41]	Year of start	Nature
1.	Jammu and Kashmir Self Employment Scheme (JKSES)	L&ED	1994-95	Self-employment
2.	**SKEWPY**			
(i)	Seed Capital Fund Scheme (SCF)	JKEDI	2010-11	Self-employment
(ii)	Women's Entrepreneurship Programme (WEP)	WDC	2012-13	Self-employment
(iii)	Voluntary Service Allowance (VSA)	L&ED	2010-11	Relief to unemployed
3.	Youth Start-up Loan Scheme (YSLS)	JKEDI	2012-13	Self-employment
4.	National Minority Development Fund Scheme (NMDFC)	JKEDI	2012-13	Self-employment
5.	World Bank assisted Vocational Training Improvement Project (VTIP)	TED	2008-09	Skill development
6.	HIMAYAT	NIRD	2010-11	Training and placement
7.	UMEED	JKSRLM	2012-13	Self-employment
8.	UDAAN	NSDC and MDPDD	2011-12	Skill development and employment

Of the above, two centrally sponsored schemes viz., UDAAN, HIMAYAT are implemented by National Skill Development Corporation (NSDC) and National Institute of Rural Development (NIRD) and the State acts as a facilitator only. Another GoI sponsored scheme, viz., UMEED is implemented by State Rural Development Department through State Rural Livelihood Mission (SRLM) and being in infancy stage has not been covered in Audit.

2.3.3 Audit objective

The Performance Audit was conducted to assess whether the:-

- Institutional mechanism in place was robust enough to assist the unemployed educated youth;
- GoI and State sponsored schemes aimed at skill development and employment generation were implemented in an efficient and effective manner; and
- targets of skill development and employment generation set under different schemes were achieved.

2.3.4 Audit scope and methodology

The performance audit was conducted by test-check of records of the Commissioner-Secretary, Labour and Employment Department, Director (Employment), two Joint Directors (Employment), J&K State Overseas Employment Corporation and six District Employment and Counselling Centres[42] covering the period 2009-10 to 2013-14 selected on the basis of number of persons registered with Employment

41 Labour & Employment Department (L&ED), J&K Entrepreneurship Development Institute (JKEDI), Women Development Corporation (WDC), Technical Education Department, National Institute of Rural Development (NIRD), J&K State Rural Livelihood Mission (JKSRLM), National Skill Development Corporation (NSDC), and the Mission Directorate in the Planning and Development Department (MDPDD),

42 Reasi, Doda, Poonch, Ganderbal, Pulwama and Kulgam

Exchanges in concerned districts as of 31 March 2012[43]. The records of the J&K Entrepreneurship Development Institute (JKEDI) under the Industries and Commerce Department, J&K Women Development Corporation (WDC) under Social Welfare Department besides, World Bank-aided 'VTIP' were also test-checked in Audit.

An entry conference was held with Commissioner-Secretary, Labour and Employment Department on 17 December 2013 wherein the planning, implementation and monitoring of the schemes besides the audit objectives, scope, criteria and methodology of audit were discussed. The exit conference was held with the Secretary, Labour and Employment Department and the Director, Technical Education Department on 4 August 2014 wherein the audit findings were discussed. The views and replies of the Government/ Department have been incorporated in the Report at appropriate places.

2.3.5 Audit criteria

The Performance Audit was benchmarked against the following criteria:

- Guidelines of the Schemes;
- Circulars/ notifications/ clarifications etc. issued by the Government from time to time regarding implementation of the relevant schemes; and
- Financial Rules and Regulations.

Audit Findings

2.3.6 Planning and Policy framework

Planning for the purpose of enhancing the skill of the youth for gainful as well as self employment initiatives requires a well laid out road map in the form of a policy supported by a sound structural mechanism for implementation.

A comprehensive 'State policy on Employment' called 'Sher-i-Kashmir Employment & Welfare Programme for the Youth' (SKEWPY) was announced on 5 December 2009 detailing institutional arrangements and operational strategies for creating employment opportunities, enhancing employability and address comprehensively all issues relating to the problem of unemployment in the State. The Policy aimed at creating five lakh job opportunities in various sectors[44] in next five years. The focus of the policy is on self employment in the private sector with Government sector jobs constituting only 20 *per cent* of the target. Unemployment allowance- a helping hand, was offered to all those who were matriculates and above and had not got absorption

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[43] The selection of two districts each at Jammu and Kashmir had been made on the basis of highest percentage of registered unemployed youth and one district each at Jammu and Kashmir on the basis of lowest percentage of unemployed registered youth as on the registration status in March 2012.

[44] Government (One lakh), Industrial units for Handicrafts/ Handlooms/ Food processing/ Leather/Silk/ Wool etc (20 thousand), Women Development Corporation (50 thousand), J&K Entrepreneur Development Institute (JKEDI) Seed Capital Scheme (50 thousand), Overseas employment (seven thousand), Skill upgradation/ retraining/ Skill development programmes through NASSCOM (IT) (five thousand), Skill development through JKEDI/ RSETIs (two lakh), PMs initiative/ ITI trainees (40 thousand), Poultry sector (10 thousand), Sheep and Dairy sector (five thousand), Tourism sector (five thousand), State Volunteers Core (eight thousand).

anywhere till they attain the age of 37. However, neither Economic Survey nor the annual State Budget brings out specific progress made under each of the 12 sectors as targeted under SKEWPY.

2.3.6.1 Institutional mechanism

An apex committee headed by the Chief Secretary is in place to ensure coordination amongst the Departments administering various schemes for employment generation and skill development for unemployed youth. Most of the schemes are run by the Labour and Employment Department through 22[45] District Employment and Counseling Centres and one PSU[46]. Other major implementing agencies involved are the Jammu and Kashmir Entrepreneurship Development Institute (JKEDI) under the Industries and Commerce Department, and the J&K Women Development Corporation (WDC) under the Social Welfare Department. Skill development is carried out through training in 53 Industrial Training Institutes (ITI), of which 10 are being upgraded under the World Bank-aided "Vocational Training Improvement Project" (VTIP).

2.3.6.2 District employment exchanges and counseling centres (DE&CC)

Subsequent to launching of new initiatives for providing employment to youth, the State Government envisaged a proactive and dynamic role for District Employment Exchanges and Counseling Centres (DE&CC).

There are 22 District Employment and Counseling Centres (one in each District) manned by 190 personnel against sanctioned strength of 384 personnel of different ranks (December 2013). An expenditure of ₹29.48 crore had been incurred on running of these exchanges/ centres during 2010-11 to 2013-14. The DE&CCs are required to function as effective and dynamic centres wherefrom educated unemployed youth can seek full information on employment opportunities besides to act as centres for generating useful data regarding educated unemployed youth. These centres are to conduct programmes for entrepreneurs for development of managerial and accounting skills, quality up-gradation, marketing updates and infusion of technologies etc. The DE&CCs are also required to provide counseling for the educated unemployed youth for skill development and self-employment ventures for decent and sustainable income generation. Audit however, observed that these centres were deficient in delivering the intended role of emerging as dynamic information and facilitation centres as elaborated below:

- At State level, there was overall fluctuation between 6.04 lakh and 2.40 lakh in registration of unemployed youth with DE&CC (s) during the period March 2010 to March 2014. In test-checked districts[47], it was seen that the launch of "SKEWPY" and "Voluntary Service Allowance" (VSA) had evoked good response from the unemployed youth and the number had increased manifold but on completion of three years (after which payment of VSA ceases), the number

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45 Jammu and Srinagar regions: 10 each and Ladakh region: two

46 J&K Overseas Employment Corporation

47 Reasi, Poonch, Doda, Pulwama, Kulgam and Ganderbal

had again decreased considerably from 1.64 lakh to 0.44 lakh (decrease of 73 *per cent*). Besides, the unemployed youth had not come forward for renewal of their employment cards.

The Secretary, Labour and Employment attributed (August 2014) steep rise in registration during 2009-10 to introduction of Voluntary Service Allowance (VSA) scheme and subsequent fall to non-renewal of registration by the beneficiaries after expiry of prescribed period of three years. The fact, however, remained that youth were not voluntarily coming forward to register with the centres, which was indicative of non-emergence of DECC(s) as quality resource centres.

- The unemployed youth have to renew their registrations with the concerned DE&CCs after every three years failing which their registration are to be deleted from the live register. DE&CC Reasi, Poonch, Doda, Kulgam and Ganderbal without deleting the names of unemployed youth who failed to renew their registration, during the period 2012-13 and 2013-14 reported figures of 88,707 registered unemployed youth as against the actual enrollment of 15,980 in their progress reports, thereby inflating the figure by 72,727 (455 *per cent*). The average percentage of inflated figures during the years by the respective counselling centres ranged between 121 *per cent* and 1797 *per cent.* The Department stated (August 2014) that the errors detected were rectified.
- Counselling sessions for unemployed youth were held only in two (Reasi and Doda) out of six test-checked districts and activities were limited to occasional counseling sessions. Thus, proactive and dynamic role for DE&CCs as envisaged by SKEWPY had not been achieved.
- The SKEWPY guidelines envisage providing of buildings and other infrastructure for all the District Employment and Counseling Centers in a phased manner. The estimated cost of land and building was kept at ₹50 lakh per centre. Two buildings were to be constructed during the year 2009-10 and within next two to three years from start of SKEWPY i.e., by 31 December 2012, the remaining districts were to be provided with the buildings. Audit noticed that an amount of ₹28.56 crore had been advanced upto October 2013 to executing agencies and the Collectors. However, only two buildings (DE&CC Samba and Ganderbal) had been handed over to the Department (March 2014) even though not fully completed. The work on five[48] of these buildings could not be taken up by the executing agency due to either non-availability of the land or land disputes and in one[49] case the building after completion had been found to be unsafe. The Secretary, Labour and Employment stated (August 2014) that five buildings had been taken over and 13 buildings even though completed could not be taken over due to non-availability of funds for internal furnishing.

[48] Director/ Joint Director Jammu, Director/ Joint Director Srinagar, DE&CCs Jammu, Rajouri and Anantnag

[49] DE&CC Budgam

2.3.6.3 Jammu and Kashmir Entrepreneurship Development Institute (JKEDI)

Established in 1997, the JKEDI started its regular activities in February 2004 and has set up three regional centres–one each in Kashmir, Jammu and Ladakh divisions and also placed its officers in all the 22 districts of the State to facilitate entrepreneurship creation by conducting awareness programmes in collaboration with various district level offices, educational Institutes and grassroot level Institutions.

Since the year 2003-04, the Institute had conducted 783 Entrepreneurship Development Programmes (EDPs), 537 Entrepreneurship Orientation Programmes (EOPs) and 216 Entrepreneurship Awareness Programmes (EAPs) covering 78,082 participants. The Institute implements a host of Government sponsored employment schemes, which *inter alia* are the Seed Capital Fund Scheme (SCFS) of the SKEWPY, Start-up Loan Scheme, Education and Term Loan schemes of the National Minorities Development and Finance Corporation (NMDFC). The performance of the Institute in implementation of the "Seed Capital Fund Scheme" is discussed in the subsequent paragraphs

2.3.6.4 J&K State Overseas Employment Corporation

The Government setup (October 2009) the Corporation with an authorized share capital of ₹five crore with a target of facilitating 7000 jobs within five years for the educated and/ or skilled labour force of the State within and outside the country. The Corporation is expected to keep liaison with placement agencies, foreign embassies, Ministry of Labour and Employment of Overseas Employment etc. and to act as a knowledge bank for aspirants.

The Government had provided ₹5.85 crore to the Corporation since 2009-10 against which an expenditure of ₹64.57 lakh had been incurred on salary and administrative expenses by November 2013 and balance of ₹5.20 crore was lying unspent for last three years. A total number of 2,249 candidates were registered under Doctors, Engineers, Para-Medical and un-skilled categories, but not a single placement had been made (January 2014) during its more than three years of existence. The Secretary, Labour and Employment stated (August 2014) that effective measures would be taken to facilitate placement of skilled persons overseas.

2.3.7 Funding

Funds for implementation of the schemes are provided by the State Government and GoI. The position of funds received for various schemes and expenditure incurred during the period 2008-14 are detailed in **Table-2.3.2** below:

Table-2.3.2

Scheme[50]	Funding period	Funding (₹ in crore)		Physical progress (in numbers)	
		Allocation	Expenditure (Percentage)	Targets	Achievement (Percentage)
JKSES	2009-14	171.52	160.19 (93)	32490	17799 (55)
VCF/SCF	2009-14	125.85	119.22 (95)	3700	3118 (84)
YSLS	2012-14	27	27 (100)	350	109 (31)
NMDFC	2012-14	4	4 (100)	3026	939 (31)
WEP/ESW	2012-14	14.25	14.25(100)	547	547 (100)
VTIP	2008-14	20.98	16.26 (78)	NA	395 (25)[51]
VSA	2010-14	96.19	95.06 (99)	NA	162581[52]

Though utilisation of the allotted funds ranged between 78 *per cent* and 100 *per cent*, the achievement on ground with regard to provision of employment under various self employment schemes ranged between 31 *per cent* and 84 *per cent* except under WEP where the achievement had been cent *per cent* indicating that the physical achievements were not in conformity with the funds utilized. Under skill development initiatives of VTIP, 4523 youth were enrolled out of which 1608 passed out and 395 (25 *per cent*) were provided employment. The State Government had concentrated more on provision of the Voluntary Service Allowance (VSA) where under 1,62,581 youth had been provided allowance during the period 2010-14.

Scheme Implementation

2.3.8 Jammu and Kashmir Self Employment Scheme (JKSES)

The scheme launched in 1994-95 (modified in the year 1999) provides for loan assistance to the educated unemployed youth for establishing their own employment generating units. Under the scheme capital subsidy @ 5 *per cent* of the project cost maximum upto ₹7500 and interest subsidy (100 *per cent* for first six months, 75 *per cent* for next one year and 50 *per cent* for next six months) alongwith recoverable margin money @ 15 *per cent* of the project cost was to be paid to the unemployed youth with minimum qualification of 8th pass or any other technical qualification within age group of 18 to 42 years in respect of general category and upto 47 years in respect of other reserved categories and women. The upper ceilings for various activities were: (i) Retail Trade: ₹two lakh (ii) Service and Industries: ₹three lakh and (iii) ₹10 lakh for joint venture (two persons and above).

The loan assistance cases sponsored by the Department are sent to the Bank for sanction of the loan. Once the loan is sanctioned by the Bank, margin money equal to 15 *per cent* of the loan amount sanctioned by the Bank is released by the Department. The margin money paid is to be recovered from the beneficiary in five equal yearly installments after liquidation of the Bank loan.

50 Jammu and Kashmir Self Employment Scheme (JKSES), Seed Capital Fund Scheme (SCF), Youth Start-up Loan Scheme (YSLS), National Minority Development Fund Scheme (NMDFC), Women's Entrepreneurship Programme (WEP), World Bank assisted Vocational Training Improvement Project (VTIP), Voluntary Service Allowance (VSA)

51 Percentage not reflected as no targets were fixed. Figures indicate number of youth provided employment

52 Percentage not reflected as no targets were fixed

Audit noticed as follows:

- Against the target of 32,490 units to be assisted, only 17,799 units had been established and extended financial assistance of ₹160.19 crore[53] against allocation of ₹171.52 crore[54] during the period 2009-14. Underachievement of target (45 *per cent*) indicated that the funds provided were not commensurate with the targets set under the scheme.
- In six test-checked districts against a target of 10,376 cases, 11,578 cases were sponsored by the Department to the Bank, out of which loan was sanctioned in favour of 7,487 cases and disbursement was made only to 6,442 cases (62 *per cent*) by the Banks. The delay/ denial of loan after being sponsored by the Department belies the assurances given during awareness camps to the beneficiaries and was bound to discourage unemployed youth. The Secretary, Labour and Employment stated (August 2014) that targets for providing assistance to the beneficiaries were set by the bankers without taking into account the actual availability of funds with the Department. This was indicative of callous approach of the Department in sponsoring cases to the Bank.
- The records to verify the period within which the bank loan of the beneficiary was to be liquidated were not maintained. In five out of six test-checked districts, audit observed that no recovery of margin money had been initiated against recoverable amount of ₹10.42 crore (March 2014) in respect of loan cases more than five years old. Non-recovery of margin money reduces the resource availability of the Government and deprives other interested unemployed youth of the benefits of the scheme. The Secretary, Labour and Employment stated (August 2014) that instructions for recovery had been issued to the Director Employment.
- The margin money is to be released by the Department after the Bank intimates the sanctioning of the loan in favour of the beneficiary. However, analysis of State level data showed that the margin money was released by the Department without linking it with loans sanctioned as indicated in **Table-2.3.3** below:

Table-2.3.3

(₹ in crore)

Year	No. of beneficiaries	No. of districts	Project Cost	Margin money sanctioned	Margin money released	Margin money released in excess to sanction of loan		Margin money short released with reference to sanction of loan	
						Amount	No. of districts	Amount	No. of districts
2009-10	2918	20	82.79	12.42	16.05	4.37	14	0.74	6
2010-11	3833	20	111.08	16.66	16.60	1.48	8	1.54	12
2011-12	5096	20	160.30	24.05	23.92	2.22	11	2.35	9
2012-13	6479	22	218.90	32.83	27.07	0.73	6	6.49	16
Total	**18326**		**573.07**	**85.96**	**83.64**	**8.80**		**11.12**	

There was excess release of ₹8.80 crore in 06 to 14 districts and short release of ₹11.12 crore in 06 to 16 districts during the years 2009-10 to 2012-13.

53 Margin Money ₹108.03 crore and Capital/ Interest Subsidy ₹52.16 crore

54 Margin Money: ₹116.37 crore, Capital/ Interest Subsidy: ₹55.15 crore

- Against the margin money released by the Department, loans had not been disbursed in full by the Banks. Against sanction of 59,090 cases having project cost of ₹1337.68 crore, the Department had released margin money to the tune of ₹174.91 crore since 1995-96. However, Banks disbursed loans covering margin money to the tune of ₹119.18 crore in respect of 39,672 cases with project cost of ₹802.85 crore (March 2014). Thus, there was excess release of margin money of ₹55.73 crore to the Banks without linking the release of margin money with actual disbursement of Bank loans. There was nothing on record to show that the Department had ever conducted any sort of reconciliation with the Banks concerned. This resulted in loss of interest on surplus funds released to the Banks, as no interest is being paid by the Banks on the excess amount released as margin money.

- In four out of six test-checked districts, progress reports furnished for the years 2009-10 to 2013-14 reflected release of margin money by the Department to the tune of ₹ 20.60 crore in favour of 3,820 beneficiaries. However, banks disbursed ₹15.76 crore and returned an amount of ₹33.80 lakh, thus, leaving an amount of ₹4.50 crore undisbursed with banks. The Government stated (August 2014) that strict direction had been issued for completing the reconciliation with banks and that factual report alongwith reasons of un-disbursed margin money would be communicated.

- Guidelines provide for payment of margin money @ 15 *per cent* of the project cost. However, in Reasi district, it was found that the criterion had not been followed as against an entitlement of ₹73.55 lakh, margin money to the tune of ₹67.59 lakh only had been released in favour of 228 candidates during the period 2007-08 to 2011-12 (December 2012). The Department attributed short release to non-availability of proper staff resulting in incorrect calculation of the margin money and release of less amounts.

- As per guidelines, the scheme is to be monitored by the officers of District Employment Centres which include physical verification and insurance of the assets financed. There was nothing on record to substantiate that any such monitoring had ever been conducted.

- Joint Physical verification by the Audit and officials of the Implementing agencies of 239 beneficiary units out of 5131 units in five test-checked districts showed that four units in respect of whom margin money/ subsidy to the tune of ₹1.20 lakh had been released were non-functional. The Government stated (August 2014) that Director Employment had been directed to initiate action against the defaulters.

2.3.9 Schemes under SKEWPY

2.3.9.1 Seed Capital Fund Scheme

The "Seed Capital Fund Scheme" was launched in December 2009 and is being implemented by the JKEDI and the Jammu and Kashmir Bank Limited. The scheme envisages counseling, guidance and training in entrepreneurship and providing of seed capital fund to the willing candidates for starting self employment ventures, within age group of 18 to 37 years and having minimum qualification of 10+2. Audit scrutiny showed the following:

- Under the scheme, seed capital is to be released in installments. After release of first tranche of loan, the release of further instalments is subject to meeting the benchmark in the DPR by the entrepreneur.

  Audit noticed that full seed capital fund of ₹106 crore was released in single instalment in respect of 3,118 enterprises up to March 2014 to the J&K Bank Limited. This has resulted in retention of huge interest-free funds with the Bank and concomitant loss to the State Government.

  After being pointed out (January 2014) in Audit, the Secretary, Labour and Employment informed (August 2014) that the Steering Committee had submitted (July 2014) a proposal for modifications in the guidelines so that entire amount of seed capital is released in one go. The fact remains that action of the Department to release full quantum of seed capital fund to the bank was against the guidelines on the date of release.

- Out of 3,118 units, 1261 units (40 *per cent*) had been covered in two capital cities Srinagar and Jammu for which seed capital to the tune of ₹43.85 crore (41 *per cent*), out of total seed capital of ₹ 106 crore, stood released as of March 2014. However, in backward districts[55], the coverage ranged between 0.87 *per cent* and 1.64 *per cent* only. The Secretary, Labour and Employment stated (August 2014) that no district-wise targets were fixed and the scheme was demand driven. This was indicative of lack of awareness among the youth residing in backward areas.

- Para 4.2 of the guideline envisages that Seed Capital equivalent to 35 *per cent* of the project cost shall be provided up to a maximum of ₹three lakh in respect of undergraduate/ graduate and ₹five lakh in respect of post-graduate prospective entrepreneur. In respect of technical qualified persons such as Engineers, Doctors, and Computer Science & Technology Graduates, MBA etc. the maximum limit shall be ₹7.5 lakh. For group initiatives the upper limit shall be relaxable up to ₹10 lakh. However, in individual cases where costlier technologies are involved the upper limit shall be ₹10 lakh.

  Audit check of records showed that in eight cases no such limit had been taken into consideration and seed capital had been released at higher rates resulting in inadmissible payment of Seed Capital of ₹29.93 lakh.

[55] Kishtwar, Reasi, Kargil, Ramban

After being pointed out (January 2014) in Audit, the Secretary, Labour and Employment informed (August 2014) that the implementation of the provision had been kept in abeyance and seed money, as per individual entitlement, was paid to all the candidates who opted to start a joint venture. It was further stated that a detailed proposal had been submitted (July 2014) to State Government, wherein all the changes in the guidelines were being affected. However, formal orders were awaited (August 2014).

- Guideline issued by the Labour and Employment Department regarding implementation of Seed Capital Fund Scheme is silent about the type of bank account in which funds released by the Department are to be kept by the implementing agency JKEDI. Audit noticed that the funds released by the Department were kept in non-interest bearing current account with monthly balances ranging between ₹37 lakh and ₹22.96 crore during the period 2010-14. Had the funds been kept in saving account, an amount of ₹98.92 lakh could have been earned as interest on the monthly balances (up to December 2013). The Secretary, Labour and Employment stated (August 2014) that as per rule of the bank, only 15 cheques upto limit of ₹10 lakh can be issued in a particular month against saving bank account, however, the institute at average issues around 200 cheques per month for more than ₹six crore. Therefore to avoid any problem, bank advised for keeping the money in current account. The reply should be seen in light of the fact that the Department should have authorized the Bank to credit the amount in the shape of bank advice to the account of the entrepreneurs.
- Para 10.4 and 10.5 of the guidelines provide that after furnishing the bond, the Director JKEDI shall sponsor the case to the J&K Bank Limited for sanction of loan. On sanctioning of project, the JKEDI shall release a proportionate share of seed capital for the first stage in the shape of bank advice authorizing the bank to credit the amount to the account of the entrepreneur. The Bank Manager shall also release the first tranche of loan for the first stage as indicated in the DPR. However, records showed that in respect of 713 cases, Seed Capital Fund of ₹24.34 crore was released by JKEDI without receipt of sanction from the bank resulting in blockade of ₹24.34 crore with the Bank for period ranging between 15 days to 21 months. The Secretary, Labour and Employment stated (August 2014) that 713 cases were those which were returned by the bank due to non-completion of pre-requisite formalities at the bank level. The reply is not tenable as the Seed Capital Fund was not to be released prior to sanction of loan by the bank.
- Para 4 of the guidelines envisage that funding for the scheme shall be provided by the State Government through the Department of Labour and Employment which shall in turn make advance drawals for further release to JKEDI on quarterly basis. Audit noticed that JKEDI had regularly issued utilisation certificates for full amount certifying that all funds released had been utilized for the intended purpose. However huge funds ranging between ₹two and ₹22 crore had been invested at the end of each quarter in fixed deposits for periods ranging between

one day and 345 days and interest to the tune of ₹70.71 lakh had been earned as of December 2013.

- Para 6.3 of the guideline provides the priority sectors identified under seed capital fund scheme in which the first generation entrepreneurs are to start their environment friendly ventures relating to certain core areas[56] of the State economy.

  Audit analysis of the data showed that 'other' category i.e., fair price shops/ retail units etc., was the most preferred sector under the scheme as 1,599 out of total of 3,118 units were established under this category, whereas only nine units were established under Horticulture, floriculture, cultivation of medicinal and aromatic plants etc., categories. The Secretary, Labour and Employment stated (August 2014) that no sector-wise targets were fixed as the scheme was demand driven. The fact remains that adequate focus should have been on coverage of sectors having potential of generating more jobs.

- As per para 18 of guidelines of the Scheme, a target of generation of 50,000 jobs had to be realized under Seed Capital Fund scheme by establishment of 5000 units (10 jobs per unit). Audit scrutiny of records showed that a potential of 16,910 jobs had been created by establishment of 2,669 units[57] (6.33 jobs per unit) under the scheme as of January 2014 indicating underachievement of the targets.

  In 85 out of 393 physically verified units in five test-checked districts[58] it was found that only 159 jobs were generated against 850 as prescribed in the guidelines (SKEWPY). The Secretary, Labour and Employment stated (August 2014) that initially majority of candidates wanted to start their ventures in handicrafts, retail, boutique etc., where employment potential was much less and that the Institute would focus on the sectors like tourism, food processing, agriculture etc., which have higher employment potential.

- The Joint Physical verification by the Audit and officials of the Implementing agencies of 85 beneficiary units out of 393 units in five test-checked districts showed that three units in respect of whom Seed Capital Fund to the tune of ₹8.48 lakh had been released were non-functional. The physical verification of units of Seed Capital Fund conducted by the Employment Department showed (July 2013) that out of 1410 surveyed cases, 305 units were non-existent/ non-located and 123 units were under established. As per details available in respect of eight districts, subsidy under Seed Capital Fund scheme to the tune of ₹7.10 crore was credited/ released in favour of 222 non-existing units. The physical verification of 1301 units of Seed Capital Fund Scheme was also got conducted by Director JKEDI in June/ July 2013 which detected 114 units as non-existing/ non-located and 127 as under established.

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56 Horticulture, floriculture, cultivation of medicinal and aromatic plants; Food processes/ storage of food products; Handloom, handicraft etc., Poultry, Sheep breeding and production; Milk Processing; Information technology, Tourism and 'others' like Fair price shops/ Retail units etc.

57 Figures upto March 2014 not available.

58 Reasi, Poonch, Doda, Pulwama and Kulgam

2.3.9.2 Voluntary Service Allowance scheme (VSA)

Under the State Policy on Employment (SKEWPY December 2009), the State Government provides, by way of financial support, a monthly Voluntary Service Allowance (VSA) to all unemployed educated youth having educational qualification of matriculation and above and have crossed the age of 26 years. VSA is admissible only for a maximum period of three years or till the person gets employed or attains the age of 37 years, whichever is earlier. Each beneficiary is required to render 12 hours of voluntary service during a week subject to availability of work. The allowance is paid on monthly basis through concerned DE&CCs by direct transfer to beneficiary account at rates varying between ₹500 to ₹1100 based on qualification with effect from 01 April 2010 revised to ₹600 to ₹1200 from 01 August 2010. An additional amount of ₹50/- per month is paid to women in all the categories. Audit check of records showed the following:

- An amount of ₹96.19 crore[59] had been released by the State Government to the Department during the period 2009-14, which was insufficient to cover all the eligible beneficiaries registered with the Department. As a result allowance had not been paid to all beneficiaries regularly resulting in accumulation of liability to the tune of ₹35.97 crore (March 2014). The Director Employment admitted that funds released under VSA were not matching with requirements and therefore resulted in accrual of liabilities. Audit further noticed that in test-checked districts, the allowance was last paid for the periods ranging between May to July 2013, which had resulted in accumulation of liability to the tune of ₹13 crore (March 2014).

- Out of test-checked districts only one district (Doda) had placed the funds in saving bank account, and the remaining districts had parked the money in non-interest bearing Current Accounts, which was in contravention to scheme guidelines.

- The scheme had not been implemented in Leh district though 5,309 persons were registered with District Employment and Counseling Centre Leh as of September 2013. On being pointed out (January 2014) in Audit, the Secretary, Labour and Employment Department informed (August 2014) that though initially no youth had come forward for the assistance, about 60 youth had been registered under the scheme and were being provided prescribed incentives.

- Para 6.3 of VSA guidelines envisage that at the end of every six months period, the candidate should produce an undertaking of eligibility and at the end of each financial year, all the certificates issued by Tehsildars/ other officers shall have to be renewed. Till the renewed certificates are produced, the VSA should be kept on hold and sanctioned only after these are produced by the beneficiaries.

  Audit scrutiny of records showed that neither any undertaking after six months was obtained nor certificates issued by the Tehsildars/ other officers renewed at

[59] Non-Plan: ₹71.69 crore and Plan: ₹24.50 crore

the end of each financial year in violation of the guidelines resulting in irregular payments of VSA to candidates for 2nd and 3rd year.

- The DE&CCs, through a single order for the month, authorize the Bank to transfer the amount to each beneficiary. The Bank, in turn, is required to furnish a certificate to the DE&CC that the requisite amount had been credited into the individual beneficiary's account. Audit observed that no such Bank certificates were available with the test-checked DE&CCs as a result, the Department was not in position to certify whether the amount so released had actually been credited in the concerned beneficiary account. On being pointed out, the DECC(s) stated that necessary certificate would be obtained from the Branch Manager of the Bank.
- The Deputy Commissioner of the district shall, in consultation with the district heads of the offices, draw out a tehsil wise schedule of the voluntary services (12 hours a week) to be performed by the VSA beneficiary. The Tehsildars shall be responsible for the deployment of the workforce. Audit noticed that no schedule of the voluntary services to be performed was found to have been prepared in any of the test-checked districts.

2.3.9.3 Women Entrepreneurship Programme (WEP)

The Scheme, launched (March 2010), provides for grant of loan to women entrepreneurs through J&K Women's Development Corporation. The scheme envisages to provide direct loan facility up to ₹three lakh at a low rate of interest (6 *per cent*) to the applicants within the age group of 18-45 years (as on 1st January) with minimum qualification of matriculate for specified trades. The Scheme was funded by the Social Welfare Department up to 2011-12 and thereafter by the Labour and Employment Department. A target of generation of 50,000 jobs was set for the J&K Women Development Corporation on establishment of 5000 units (10 jobs per unit) as per the SKEWPY guidelines within a period of five years. Audit scrutiny showed the following:

- Against target of generation of 50,000 jobs during the period of five years, the Corporation could generate only 4,714 jobs during last four years. This was due to reduction of funding during 2009-14 and resultant reduction in coverage of units from 433 in 2010-11 to 112 in 2013-14. The Secretary, Women Development Corporation (WDC) stated that declining trend in physical achievements was due to non-release of funds by the concerned Administrative Department. This indicated that the scheme had not been able to generate the desired employment primarily due to fund constraint.
- The financial management of the scheme was also found deficient. An amount of ₹6.50 crore was released to the Corporation in March 2008, which remained unutilized until April 2010 as no guidelines of the scheme were issued.

2.3.10 Vocational Training Improvement Project (VTIP)

The Government of India launched in April 2007 Vocational Training Improvement Project (VTIP) in the Central Sector with World Bank Assistance (WBA) to upgrade 500 ITIs over the next five years at a rate of 100 ITIs a year. The Project is centrally-coordinated with a strategy to establish Centres of Excellence (COEs) and upgrade the training of conventional trades in ITIs to produce multi-skilled workforce of world standard through public-private partnership mode by formation of Institute Management Committees (IMCs) with private sector participation.

All ITIs that meet the eligibility criteria set out in the MOU (signed between State and the GoI) were required to submit Institutional Development Plans (IDP). Audit test checked records of State Project Implementation Unit (Director Technical Education Department J & K) and all 10 ITIs covered under VTIP including three ITI's selected as Centre of Excellence (COE). Under the scheme, the students who would have passed from these COE institutions and ITI's were to be awarded National Council for Vocational Training (NCVT) certificates.

2.3.10.1. In 10 test checked ITI's, audit observed that against an intake capacity of 6501 students, only 4,523 (70 *per cent*) were enrolled. Out of the 5,385 (including 862 back log) students who were eligible for examination, only 3,664 (68 *per cent*) appeared in the examination as indicated in **Table-2.3.4** below:

Table-2.3.4

Year	Intake Capacity	Enrollment	Backlog	Total (col. 3+4)	Appeared	Passed (percentage)	Employed against passed (percentage)
1	2	3	4	6	7	8	10
2008-09	946	707	232	939	679	313 (46)	43 (14)
2009-10	1,423	976	187	1,163	847	349 (41)	79 (23)
2010-11	1,470	937	182	1,119	820	437 (53)	105 (24)
2011-12	1,596	1,216	192	1,408	821	386 (47)	116 (30)
2012-13	1,066	687	69	756	497	123 (25)	52 (42)
Total	**6,501**	**4,523** (70 per cent)	**862**	**5,385**	**3,664** (68 per cent)	**1,608 (44)**	**395 (25)**

As is evident, out of 3,664 trainees who appeared in the examination, only 1,608 trainees passed during 2008-13 with annual pass percentage ranging between 25 and 53 *per cent*. As per information furnished (July 2014) to audit, out of 1,608 trainees passed out during 2008-13, NCVT certificates had been issued (February to April 2014) to 646 (40 *per cent*) trainees only and remaining 962 (1608-646) NCVT certificates had not been issued as of July 2014. Further, of the passed out trainees, only 395 had got employment with annual employment ranging between 14 and 42 *per cent* indicating poor scheme linkage with the market. Thus, only seven *per cent* of the 5,385 trainees had got jobs during the currency of the scheme.

In reply the Director (Technical Education) attributed (July 2014) less enrollment to lack of awareness about the new trades introduced in the existing ITI's. As regards less pass out percentage, the Director stated that efforts were being made to improve the skill of the trainer and that necessary steps would be taken to strengthen the linkage between employers and institutes.

2.3.10.2 The under-achievement can be attributed to the improper fund management and programme implementation noticed during audit as elaborated below:

- Against the total release of ₹20.98 crore by the GoI and State Government during 2008-14, the Department could utilize only ₹16.26 crore (78 *per cent*), resulting in under utilization of funds. Despite timely release of funds by the GoI, annual under utilization ranged between 43 and 80 *per cent* whereas in respect of State funds only 57 *percent* had been utilized and balance was surrendered.
- The delay of release of funds (Central Share) from Finance department to Administrative Department ranged between 46 and 330 days during 2008-14. The delay in release of State Share funds from Administrative department to ITIs ranged from 11 days to 178 days.
- Against receipt of ₹12.62 crore under Central Share, Utilization Certificates for ₹11.27 crore only had been submitted and for balance amount of ₹1.35 crore utilization certificates was still awaited ending March 2014.
- The procurement 'under goods and equipments' valuing ₹1.89 crore which constituted 20 *per cent* of the approved IDP cost of ₹9.67 crore was pending (March-2014) despite the fact, that programme was about to culminate in November 2014.
- In seven ITIs the goods/ equipment worth ₹46.13 lakh purchased during 2009-13 under the programme were not issued to the trades as of March 2014. The Director Technical Education stated (July 2014) that instructions had been issued to all Project ITIs to ensure optimum utilization of the equipment procured.
- Construction of workshop building at ITI R S Pura was administratively approved for ₹45.54 lakh (February 2010) for completion within six months. Audit observed that despite release of full amount to the executing agency during 2009-11, the building was incomplete (October 2013). Due to non-completion of the building, the machinery/ equipment and vehicles purchased under VTIP for ₹32.67 lakh were lying unutilized besides trainees were deprived of the intended benefits. The Director (Technical Education) stated (July 2014) that the matter was being reviewed and the equipment procured would be put to use at the earliest.
- The sanction orders provided that funds allocated for the scheme and goods/ equipment, Consumable Material & Training Material (CMTM), furniture and books procured under the programme were not to be used for other purposes under any circumstances. Audit observed that in four ITIs the goods/ equipment, CMTM, furniture and books worth ₹45.79 lakh purchased under the programme had been issued to other non-VTIP programmes.

- Clause 5.1(ix) of Section-1 of Procurement Manual envisages that in case the State Government decides to utilize the services of State PWD or any other competent agency for civil works, no fee should be paid to them under the project. Audit observed that in four ITIs, works had been got executed through SICOP, for which agency charges of ₹14.05 lakh were paid to executing agency in contravention of the guidelines. The Department stated (July 2014) that agency fee had been paid by the State Government under State Share. The reply is not tenable as no separate funds for the purpose were provided by the State Government.

- The Management Information System (MIS) was the basis for effective monitoring and evaluation (M&E) of the project and was expected to be operational within six months from the commencement of the project. For this purpose, ₹53.99 lakh were sanctioned (2010-12)[60] as Central Share (75 *per cent*) by the GoI, for procurement of Computers & its peripherals. It was seen that despite receipt of ₹41.30 lakh[61] during 2012-14, the Department belatedly utilized ₹33.33 lakh (March 2014) on procurement of computers resulting in non-implementation of the MIS.

2.3.11 Conclusion

The District employment and Counselling Centres were not fully equipped to act as resource centers for unemployed youth. Implementation of various skill upgradation and employment generation schemes had been tardy due to underutilization of funds, delay in processing of cases, financial mismanagement and non-adherence to scheme guidelines. The aim of upgradation of ITIs and making them centres of excellence through World Bank-Aided project "Vocational Training Improvement Project (VTIP)" could not be achieved due to delay in procurement of equipment and construction of buildings.

2.3.12 Recommendations

The Department may consider:

(i) providing adequate infrastructure and manpower to DE&CCs and to ensure maintenance of a reliable database of the un-employed youth in the State so that these function as resource centres;

(ii) ensuring proper implementation of the schemes for creation of employment opportunities and facilitation of jobs;

(iii) laying focus on coverage of sectors having potential of generating maximum jobs under Seed Capital Fund Scheme; and

(iv) ensuring payment of Voluntary Service Allowance (VSA) to all the beneficiaries regularly to avoid accumulation of liability and denial of timely assistance to unemployed youth.

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60 ₹20.94 in March 2011 and ₹33.05 lakh in September 2011

61 GoI: ₹ 33.05 (January 2012) + State: ₹ 8.25 (January 2014)

Forest Department

2.4 Forest Management through CAMPA

The recorded forest area of the State is 16,053 Sq. Kms[62], which account for 15.83 per cent of the geographical area under actual control of the State. The Forest Department of J&K alongwith Compensatory Afforestation Fund Management and Planning Authority (CAMPA) and nine other wings are responsible for management of forests.

Highlights

- **The State Forest Policy was prepared in 2010-11 more than 23 years after formulation of National Forest Policy (1988). Working plans were prepared in five out of 30 territorial divisions (TDs) only and 25 TDs were without any working plans over a period ranging between five and over 25 years.**

  (Paragraphs: 2.4.6.1and 2.4.6.2)

- **During 2009-14, administrative expenditure accounted for 86 to 90 *per cent* of funds spent, leaving a meager 10 to 14 *per cent* funds under capital component, indicating less spending on preservation and conservation activities.**

  (Paragraph: 2.4.7.1)

- **Non-maintenance of books of accounts and non-adoption of Uniform Common Format of Accounts by State CAMPA was noticed. Basic records like head-wise cash book, ledger account, etc. were not maintained separately and Compensation Receipt Register did not provide full details of afforestation compensation money, quantum and nature of land and sanction.**

  (Paragraph: 2.4.8.1)

- **Compensatory Afforestation Programme implementation had suffered due to non-maintenance of inventory of trees removed, incorrect application of compensation rates, non-obtaining of cost-benefit analysis report etc. In 136 cases wherein 303.80 hectares of forest land was diverted for non-forest purposes neither alternate non-forest land was identified by the TDs nor certificate of non-availability of non-forest land was obtained from the District Administration.**

  (Paragraphs: 2.4.8.4; 2.4.8.8 and 2.4.8.10)

- **6,281 hectares of forest land was diverted for non-forest use without alternate land being obtained. Encroachment of forest land had increased by 88 *per cent* during 2003-12. For 90 sanctions relating to diversion of 123.93**

62 Indian State of Forest Report (ISFR) 2013

hectares of land for non-forest purpose, no NPV and CA amounting to ₹13.40 crore had been realized by CAMPA.

(Paragraphs: 2.4.8.6 and 2.4.8.7)

- **Forest protection Force was suffering from shortage of infrastructure, Arms & Ammunition and communication equipment. Out of the 23 units in the State, field staff of 19 units is neither equipped nor trained in use of weapons.**

(Paragraph: 2.4.9)

2.4.1 Introduction

Forests are vital for the existence of humankind and are integral to the sustainability of primary sectors like agriculture, horticulture and animal husbandry, particularly in hilly regions. Environmental security, livelihood and economic opportunities are intimately linked to tangible and intangible benefits that flow from the forests.

In J&K, the Forest Department along with Compensatory Afforestation Fund Management and Planning Authority (CAMPA) and nine[63] other wings are responsible for management of forests. The functions and responsibilities of the Forest Department are broadly classified into management of forest resources, development of degraded forest area, protection of the forest estate, conservation of soil and preservation of water bodies, wildlife protection, fulfilling social obligations which include meeting the bonafide requirements of the people for timber, firewood and fodder. The forest cover in the State as per Indian State of Forest Report (ISFR) 2013 data is depicted in **Table-2.4.1** below:

Table-2.4.1

Area (Sq Km)	Jammu	Kashmir	Ladakh	Total
Total Area (Sq Km)	26,293	15,948	59,147	1,01,388
Forest Area (Sq Km)	10,903	5,021	129	16,053
Percentage Forest Area to Total Area (*per cent*)	41.47	31.48	0.22	15.83

(Source: ISFR Data. The Area figures exclude the area under foreign occupation.)

National Forest Policy (NFP) 1988 aimed to bring two-thirds i.e., 66 *per cent* of geographical area in hill areas (includes J&K) of the country under forest or tree cover. However as per ISFR-2013 it was seen that the forest area in the State remained static at 15.83 *per cent* of its geographical area and growing stock[64] in the existing forests decreased from 226.20 cum/hectare (ISFR 1993) to 114.77 cum/ha (ISFR-2013).

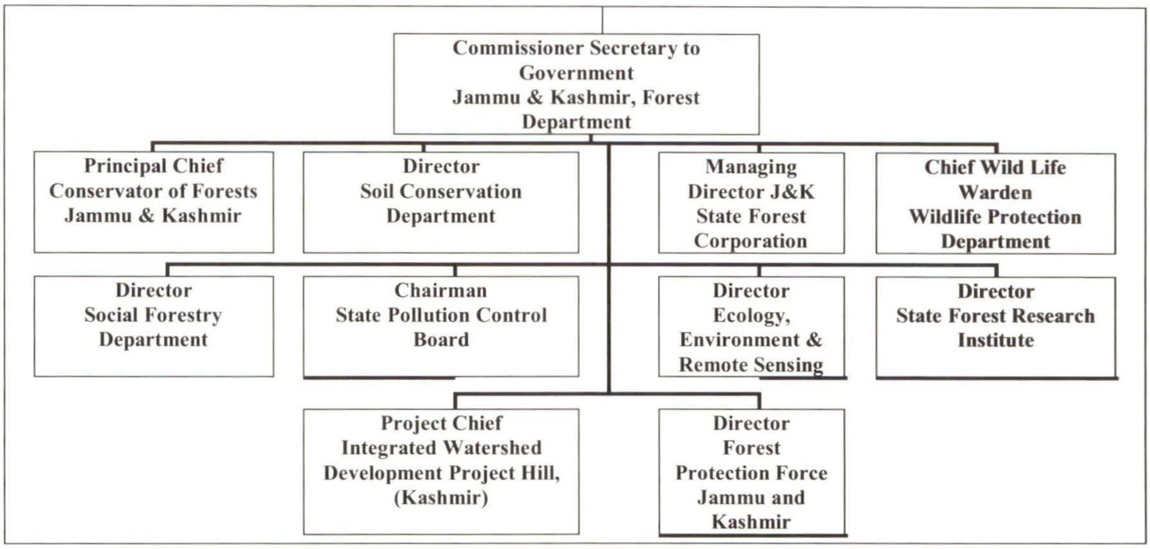
63 Soil Conservation Department; State Forest Corporation; Wildlife Protection Department; Social Forestry Department; Ecology, Environment & Remote Sensing; State Pollution Control Board; State Forest Research Institute; Integrated Watershed Development Project (Kashmir) and Forest Protection Force.

64 Volume of all living trees in a given area of forest or wooded land that have more than a certain diameter at breast height.

2.4.2 Organizational set-up

Organizational set-up of the Forest Department is depicted in **Chart-I** below:-

Chart-I



2.4.3 Audit Objectives

The performance audit focuses on working of the Department including CAMPA and two wings viz., Social Forestry and Forest Protection Force, mainly responsible for conservation of forests and expansion of forest cover, to assess whether:

- Planning for forest management is in place;
- Compensatory Afforestation (CA) activities had been effectively implemented;
- Expansion of tree cover and development of degraded forest area through Social Forestry interventions had been achieved; and
- Protection of forests had been ensured.

2.4.4 Audit scope and methodology

Performance review of the Forest Department for the period 2002-07 was included in the Report of the CAG of India for the period ended 31 March 2007. The Report was partly discussed by the Committee on Public Accounts (PAC) during 2009-10 and 2012-13. However, Action Taken Notes (ATN) on recommendations of the PAC were pending (March 2014). The present audit, covering the period 2009-14 was undertaken during 2013-14 by test check of records of the Principal Chief Conservator of Forests, Nodal Officer CAMPA, and 24 out of 30 Territorial Divisions[65] (TDs) responsible for implementation of various forest management programmes. Selection of the TDs was done on the basis of quantum of expenditure

[65] Kashmir Division: 11 (Lidder, Budgam, Shopian, Sindh, Langate, Kehmil, Kamraj, Tangmarg, Anantnag, Bandipora and JV Baramulla) and Jammu Division: 13 (Jammu, Bhaderwah, Reasi, Doda, Kishtwar, Marwah, Batote, Udhampur, Nowshera, Urban Forestry Jammu, NH-1 Batote, Ramban and Social Forestry Kathua)

incurred. Further, Director and three divisions[66] of Social Forestry Department and Director Forest Protection Force were also covered by Audit. Besides, information was also collected from Conservator of Forests (Working Plan) and Photo Interpretation Division, Srinagar. An entry conference was held on 11 April 2014 with the Secretary Forest Department wherein audit objectives, criteria and scope of audit were discussed. The exit conference was held with the Secretary of the Department along with the PCCF of Forest Department, Directorates of Social Forestry, Forest Protection Force and Soil Conservation and Officer of Chief Wild Life Warden on 22 July 2014. The response of the Government/ Department to the audit observations have been incorporated at appropriate places.

2.4.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- Provisions of Jammu and Kashmir Forest Act 1987 amended as State Forest Conservation Act 1997 and Forest Protection Force Act, 2001;
- Government notifications and instructions issued from time to time for the implementation of State and Centrally Sponsored Schemes;
- Apex Court judgements (October 2002, May 2006 and July 2009), guidelines and instructions issued by the GoI and the State Government; and
- Departmental Manual, Policies, Rules and Regulations; State Financial Rules.

Audit Findings

2.4.6 Planning and strategies

2.4.6.1 State Forest Policy (SFP) 2011

National Forest Policy (NFP) 1988 prescribes targets for forest and tree cover, environmental stability, conserving the natural forests for generations to come, preparation of working plans of existing forests, formulation of comprehensive State Forest Policy (SFP), etc.

The State Government notified (January 2011) the "Jammu and Kashmir State Forest Policy (SFP) 2011" more than 23 years after formulation of NFP 1988.

For proper implementation, a high powered Institutional Mechanism was to be put in place to monitor and review implementation of the Policy. However, this was not done. The Government reported (August 2014) that the high powered Institutional Mechanism would be constituted with the active participation of all the wings of the Forest Department.

2.4.6.2 Non-existence of working plans

National Forest Policy 1988 states that no forest should be permitted to be worked without the Government having approved the management plan. Working Plans (WP) are an essential document for the scientific management of natural forest areas.

The status of working plans in 30 TDs in the State as observed by Audit were as follows:

[66] Rajouri, Ramban and Jammu

- Out of the 30 TDs, 25 TDs were without any working plans over a period ranging between five and over 25 years.
- Working plans were prepared in five TDs only. These working plans were also prepared after a delay ranging between two and 16 years since expiry of previous working plan. Of the five prepared WPs, one WP had been approved by the State Government after expiry of period of its applicability.
- Grant of ₹133.04 crore was earmarked (2010-15) for the Forests of Jammu and Kashmir under 13th Finance Commission award. However, against earmarked funding of ₹66.52 crore for the period 2012-13 to 2013-14, the GoI released ₹16.63 crore[67]only resulting in short release of ₹49.89 crore. This was due to non-formulation/ finalization of working plans for all the TDs as grants were linked to the progress of formulation of working plans.

2.4.7 Financial management

2.4.7.1 Expenditure management

The budget allotment vis-à-vis expenditure of the Forest Department including nine wings under Revenue and Capital for the period 2009-13 is shown in **Table-2.4.2** below[68]:

Table-2.4.2

Year		Allotment (₹ in crore)	Expenditure (₹ in crore)	Un-utilized (percent age)	Utilized (percent age)	Percentage of RE to TE	Percentage of CE to TE	Percentage of salary to TE
2009-10	Revenue	335.55	289.13	14	86	86	14	72
	Capital	96.36	48.41	50	50			
	Total	**431.91**	**337.54**	**22**	**78**			
2010-11	Revenue	399.81	338.22	15	85	88	12	75
	Capital	97.80	47.11	52	48			
	Total	**497.61**	**385.33**	**23**	**77**			
2011-12	Revenue	479.09	418.10	13	87	90	10	80
	Capital	85.02	45.61	46	54			
	Total	**564.11**	**463.71**	**18**	**82**			
2012-13	Revenue	508.03	438.85	14	86	86	14	76
	Capital	89.16	72.81	18	82			
	Total	**597.19**	**511.66**	**14**	**86**			
2013-14	Revenue	**480.15**	469.48	**02**	**98**	90	10	79
	Capital	**69.22**	51.19	**26**	**74**			
	Total	**549.37**	**520.67**	**05**	**95**			

(Source: Finance/ Appropriation account, RE: Revenue expenditure, CE: Capital Expenditure, TE: Total expenditure)

As is evident from the above table, though upto 95 *per cent* of the allotted budget had been utilized by the Department, out of this the funding had been primarily (about 86 to 90 *per cent*) for administrative expenditure during the period leaving a meager 10 to 14 *per cent* under Capital component. The ratio of revenue expenditure to capital expenditure ranged between 6:1 and 9:1 during the period. The salary component of the total expenditure ranged between 72 and 80 *per cent* during 2009-14.

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67 {₹8.315 crore (2012-13); ₹8.315 crore (2013-14)}

68 Source Appropriation account and Finance Account

2.4.7.2 Revenue management

(I) Audit analysis of the revenue collected by the Department showed that the Department's revenue surplus during 1989-90 stood at ₹7.54 crore as the revenue collected (₹24.43 crore) was 145 *per cent* of the non-plan and plan expenditure (₹16.89 crore) of that year. However, it was seen that the ratio of annual revenue to total expenditure of the department had deteriorated over the years and the deficit in revenue to total expenditure during 2013-14 stood at ₹447.46 crore[69].

(II) State Forest Corporation (SFC) is a State owned PSU under the Administrative Control of the Forest Department. The Forest Department (FD) through its TDs hands over marked volume of timber to SFC for its extraction and sale, for which Royalty is paid by the SFC to the FD. A part of extracted timber is supplied by SFC to various Timber Sale Depots (TSDs) of FD for catering to local demand. Thus, a proper arrangement of accounting for payment of royalty by the SFC to the Department and payment of sale proceeds of timber by TDs to SFC should be in place. Audit scrutiny, however, showed as follows:

- It was seen that TDs handed over timber to SFC without any agreement specifying the terms and conditions for payment of royalty and management of its operations since the creation of SFC (1978). Test-check of 13 TDs[70] showed that an amount of ₹256.97 crore was outstanding against SFC as of March 2014. It was noticed that no amount was recovered despite extraction of timber by SFC during last five years.
- Test-check of records in five TDs showed that ₹15.41 crore realized from sale of timber during 2009-14 were remitted by these TDs to revenue head (Government Account) of the Department instead of transfer to the SFC. This had resulted not only into inflation of Forest revenue but also the State revenue to that extent.
- Audit noticed that neither records depicting year-wise stock received, amount payable, acknowledgement of stocks etc., were maintained by the TDs nor any reconciliation of the stocks received or the amounts payable on this account had been carried out with SFC. The system of non-maintenance of records is fraught with the risk of mis-appropriation/ embezzlement.
- An amount of ₹11.73 crore was also outstanding as arrears of land revenue against 307 private contractors/ lessees in these TDs for over a period of three decades, who till then used to be assigned the task of forests exploitation. The Department reported (August 2014) that most of the cases were under trial with One-Man Forest Authority.
- An amount of ₹ 4.23 lakh was payable by Lidder TD to an erstwhile forest lessee. Due to delay in receipt of payment since 1984, the lessee approached (June 1993) Hon'ble Court of One Man Forest Authority. The Court ordered (May 2010)

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69 Revenue: ₹ 67.90 crore; Expenditure: ₹ 515.36 crore (excluding CSS)

70 Anantnag, Budgam, Lidder, Shopian, Sindh, Langate, Kehmil, Kamraj, Baramulla and Bandipora (Kashmir Province) and-Poonch, Rajouri and Nowshera (Jammu Province)

payment of outstanding amount along with interest of ₹16.69 lakh to the lessee. It was noticed that the lessee owed ₹68 lakh to the Department on account of royalty. However, the Department did not recovery the outstanding amount while making payment of ₹20.90 lakh, with the result that the amount continued to remain unrecovered. The Department reported (August 2014) that the matter had again gone under litigation with One-Man Forest Authority and the outcome thereof would be communicated to audit.

2.4.8 Working of State Compensatory Afforestation Fund Management and Planning Authority (CAMPA).

Under the J&K Forest Conservation Act and GoI guidelines, for any forest land transferred for non-forest purposes, alternate non-forest land equivalent to the transferred forest land is to be arranged and transferred to the Forest Department prior to commencement of the project. Apart from this, cost of land in the form of Net Present Value (NPV), cost of Compensatory Afforestation (CA), Cost of Trees (COT), wild life development and other activities is recoverable from the user agency to whom the land is diverted. However, in case alternate non-forest land is not available, the user agency will have to bear the cost of the CA in degraded forest to the extent of double the area of forest land diverted. Further, in case the diverted forest land involves a wild life sanctuary, the user agency has to pay NPV at five times the normal rates.

In order to manage the money received on account of diversion of forest land, Central *Adhoc* CAMPA was constituted (April 2004) by the Central Government and the State constituted (November 2009) State CAMPA under the chairmanship of PCCF of the Forest Department.

Unlike other States where the entire money received towards NPV, CA etc. is to be deposited with the Central *Adhoc* CAMPA, the J&K State CAMPA has to deposit only NPV of the compensation received in lieu of diversion of forest land under Forest (Conservation) Act with the Central *Adhoc* CAMPA as per orders of Central Empowered Committee (CEC). CEC also ordered that the amount received by the State CAMPA towards the CA has to be used for implementation of APOs for the financial years 2009-10 and 2010-11. Further, Central *Adhoc* CAMPA has to release 10 *per cent* of the deposited NPV to the State CAMPA for implementation of its APOs for the subsequent years.

Scrutiny of records in the office of Nodal Officer, CAMPA and Implementing Agencies (IAs) viz., TDs showed as follows:

2.4.8.1 Deficient accounting system

State CAMPA guidelines envisage maintenance of proper accounts and other relevant records and preparation of an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General. The Accountant General suggested (July 2010) use of Uniform Common Format of Accounts. However, no such format was adopted (March 2014). Further, audit scrutiny showed the following deficiencies in maintenance of records by the State CAMPA:

- No records existed that could have reflected monthly / quarterly / yearly NPV, CA, other charges etc. received from the user agencies on account of land diverted. Besides, ledger account depicting name of the User Agency, head-wise receipts and outstanding balances, if any, against each user-agency was also not maintained. Thus, component-wise details of NPV, CA, COT, Cost of Damage (COD), project cost etc., was not ascertainable.
- The books of records i.e. head wise cash book, ledger etc. were not maintained separately. Entries in the cash books were not attested and page count certificate was not recorded in the cash books. There was no chronology/ sequence of date of entries/ transactions in the cash book.
- Ledger account in respect of releases vis-à-vis amount spent by TDs was not maintained to arrive at head-wise/scheme-wise balances available with the TDs.
- No details existed with CAMPA that could have depicted the position of funds un-utilized (along-with the interest earned on saving account of TDs) under CAMPA funds.
- Compensation Receipt Register maintained since September 2005 did not provide full details of afforestation compensation money, quantum and nature of land and the sanction. No such register pertaining to pre-September 2005 period was made available to Audit. Due to above omissions, audit could not ascertain the factual position of money receivable/ received, outstanding amounts, if any etc. from the user agencies, etc.
- No reconciliation on account of compensation money was conducted between the State CAMPA and TDs to ascertain amount due, amount received and outstanding from the user agencies.
- A comparison of Revenue Realization Register of the PCCF and the records of audited TDs showed that an amount of ₹17.84 crore was received in 19 cases by the PCCF as compensation on account of diversion of forest land. However, it was seen that no details of these diversion cases were available with the TDs.

The Department stated (August 2014) that there were procedural short comings in the infancy of the project and now a proper accounting procedure is in place and that the observations were being examined and action taken shall be furnished to audit. The fact remains that absence of proper accounting system raises doubts about the genuineness of the accounts, which the Authority should have taken care of from the very beginning.

2.4.8.2 Financial management

In the absence of a proper accounting mechanism, it was seen that vital details such as opening balance, receipts, payments and closing balances of amounts received had not been prepared by the State CAMPA.

Position of amount received, payments made, amount released[71] to the TDs and amount transferred to Central *Adhoc* CAMPA by the State CAMPA during the period 2007-08 to 2012-13 is detailed in **Table-2.4.3** below:

Table-2.4.3

(₹in crore)

Year	Opening balance	Money received[72]	Total	Payments/ releases	Amount transferred/ Pledged to Adhoc CAMPA	Closing balance		
						Cash at Bank	FDRs	Total
2007-08	73.64	38.18	111.82	0.58[73]		21.24	90.00[74]	111.24
2008-09	111.24	63.2	174.44	0.02		31.42	143.00	174.42
2009-10	174.42	70.05	244.47	11.15[75]		15.32	218.00	233.32
2010-11	233.32	304.14	537.46	18.77		230.74	287.95	518.69
2011-12	518.69	110.05	628.74	38.23	365.90[76]	3.51	221.10	224.61
2012-13	224.61	131.19	355.80	52.78	61.04	3.88	238.10	241.98
2013-14	Data awaited from the CAMPA							

Audit scrutiny of records maintained in the Nodal office of CAMPA showed the following:

- Prior to formation (November 2009) of State CAMPA, the money on account of land diversion was received and accounted for by the Forest Department. The Forest Department had maintained Cash Book for accountal of money received as NPV, CA etc., from May 2001 after adopting opening balance of ₹33.40 lakh. However, Cash Book prior to May 2001 was either not maintained or made available to audit. It was seen that another Cash Book was maintained in parallel from 17 July 2007 with an opening balance of ₹7.06 crore adopted from the Bank account. However, balance of ₹87.90 crore reflected in the first Cash Book as at 16 July 2007 was not accounted for in the second Cash Book, resulting in less accountal of balances to the extent of ₹80.84 crore, which was not explained to Audit. It was further seen that the first Cash Book had been operated upto 11 February 2008 and a test check showed that eight entries amounting to ₹5.90 crore were not forthcoming from the second Cash Book maintained parallel from 17 July 2007.

71 Information not made available by the State CAMPA. However, the figures have been arrived at from the cash books of the CAMPA.

72 Includes only Receipt of all money from the user agency towards CA, NPV, additional CA etc.

73 Payments made prior to the launching of CAMPA programme

74 Details of FDRs, if any, made prior to March 2007 could not be ascertained/ carried forward in balances due to non-availability of records.

75 Released as advance for works programme of 2010-11.

76 ₹74.05 crore transferred as cash and rest amount of ₹291.85 crore pledged FDRs to Central Adhoc CAMPA. Amount of cash reduced from bank balance whereas FDRs pledged reduced from available FDRs of CAMPA.

It was further noticed that ₹8.49 lakh was shown withdrawn from the bank through self cheques by CAMPA and ₹five lakh was paid (July 2007) to the Chief Conservator of Forests (Central) as advance. However, no corresponding entries were made either on the receipt side or under balances in the Cash Book. Besides, subsidiary cash book, ledger account etc., was not maintained to monitor the recovery/ adjustment.

- CAMPA did not maintain a Fixed Deposit Receipt Register (FDRR) indicating details of FDR's existing in the name of the Authority. Also, bank confirmations indicating actual amount of FDRs, actual date of investments, reinvestment, date of maturity, interest earned etc., were also not available with CAMPA. Instead, CAMPA had kept details of 277 FDRs of ₹545.30 crore on loose papers of which FDRs for ₹321.81 crore had been shown existing in the name of the Accounts Officer PCCF, J&K (CAMPA) and FDR for ₹223.49 crore as pledged to Central CAMPA as of March 2012, indicating variation with the FDR figures arrived at by the Audit from the Cash Books as depicted in the table above. Details of FDRs as on 31 March 2013 were not available with the CAMPA. Thus, due to non-maintenance of primary/ basic records, FDRs made from time to time vis-à-vis renewals etc., could not be vouchsafed.

- The GoI advised (March 2004) the State Government to keep CAMPA money in the form of fixed deposits in the name of the concerned Nodal Officer of the State in a nationalized bank till State CAMPA became operational. Besides, CAMPA guidelines (July 2009) envisage that afforestation money should be kept in interest bearing accounts. Contrary to this, money received by the State CAMPA was kept in current account during the period 2007-13 and the year end balances ranged between ₹3.51 crore and 230.74 crore, leading to a minimum interest loss of ₹12.24 crore (at Saving Bank rate) and maximum of ₹24.48 crore (at Term deposit rate) during the period. Besides, funds received by TDs[77] from State CAMPA were also kept in current accounts resulting in loss of interest to the extent of ₹39 lakh.
- Audit observed in test checked TDs[78] that from 2012-13 onwards funds received from State CAMPA were kept in Saving Bank Accounts and an amount of ₹19 lakh was earned as interest thereon. However, interest amount was not communicated to the Nodal Officer State CAMPA at the end of each financial year resulting in understatement of balances to that extent.

- There were huge variations between balances reflected in the accounts of CAMPA and those reflected by the bank ranging from ₹nine lakh to ₹5.41 crore during 2007-13.

  No bank reconciliation had been conducted. Non-reconciliation of balances is fraught with the risk of mis-appropriation/ embezzlement. The Principal Chief Conservator of Forests had informed (July 2012) the Steering Committee that

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77 Anantnag, Kamraj, Sindh, Langate, PP Lidder, Shopian, Budgam, Tangmarg, Jammu, Bhaderwah, Reasi, Doda, Kishtwar, Marwah, Batote and Udhampur

78 Sindh, Lidder, Anantnag, Langate, Kehmil, Shopian, Kamraj and Tangmarg

action was being taken for reconciliation of CAMPA accounts for better accountability and transparency. However, progress on this count was awaited (August 2014).

- There were huge variations in figures between release of funds to TDs as shown by CAMPA in its progress reports and those depicted in the cash books of CAMPA. The variation ranged between ₹2.01 crore and ₹3.76 crore, during 2009-10 to 2012-13 which remained unexplained.

  The Department reported (August 2014) that the reconciliation of receipts and payments was being conducted with the concerned agencies including the Bank and there was no scope of any variation existing in the books of accounts. The fact is that there were variations as brought out hereinabove.

- It was seen that an amount of ₹90.62 crore was drawn (March 2005 to January 2011) through 24 cheques as payment to individuals/ institutions/ Bank from the official bank account, out of which seven cheques valuing ₹84 crore had been issued for conversion into FDRs. Audit observed that neither any corresponding entries of all these 24 cheques existed in the cash book of CAMPA nor was the details of these FDRs available with the Nodal officer. It was seen that balances were adopted in the cash book on the basis of bank statement therefore purpose of withdrawal was not verifiable and was indicative of lack of control on maintenance of basic records.

- Scrutiny of records of the PCCF showed that 666 cheques amounting to ₹369.73 crore were forwarded (2007-12) to the Financial Advisor, State CAMPA. However, only 521 cheques[79] amounting to ₹336.46 crore were entered in the accounts/ Cash Book of State CAMPA. Thus, 162 cheques amounting to ₹33.27 crore were not recorded in the Cash Book of the State CAMPA.

- As per the Cash Book of CAMPA, cheques/ demand drafts amounting to ₹66.85 crore were received from PCCF on account of NPV, CA etc. However, corresponding credit thereof was not traceable from the bank accounts. Response of the Nodal Officer on non-accountal was awaited.

- Rule 5.6 (Sl. No. 1 to 3) of Book of J&K Financial powers, provides that Forest Officers are not authorized to make payment of temporary advance to subordinate officers. In violation of powers of delegation, advances ranging between ₹five lakh and ₹52 lakh were paid to subordinate officers. It was noticed in 14 cases of three TDs that these advances were given without immediate requirement and had remained unadjusted for a period ranging between one month and one year thereby resulting in interest loss of ₹12.86 lakh[80] due to retention of these advances by the concerned officials.

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79 Includes 17 cheques in which amount matched but cheque numbers varied.

80 Calculated at Saving Bank rate (4 *per cent*) for the period of retention.

- A yardstick of 10 *per-cent* of CA was laid (May 2011) for release of funds to TDs under CA by the Board of Governors (BoG). Audit check of records showed that against due release of ₹35.88 crore[81] during 2009-12, an amount of ₹68.15 crore had been released to the TDs, resulting in excess release of ₹32.27 crore.

  Similarly, funds to the extent of ₹23.78 crore[82]were released by Central *Adhoc* CAMPA, as NPV share, to the State CAMPA for APOs for year 2012-13. It was, however, seen that ₹52.78 crore was released to the TDs, resulting in excess release of ₹29 crore.

- In pursuance of Central Forest Conservation Act, 1980 and Hon'ble Supreme Court's directions, the money received towards NPV, CA etc. was to be deposited with the Central *Adhoc* CAMPA. There was a doubt raised by the State Government that in view of having its own Forest Conservation, Act 1997 whether the same was applicable to the State or not. The State Level Steering Committee (SLSC) decided (April 2007) that the money received shall not be utilized till the matter was resolved by the Hon'ble Supreme Court. The matter was resolved (February 2010) by the CEC and the State CAMPA was to deposit only NPV of the compensation received in lieu of diversion of forest land under Forest Conservation Act with the Central *Adhoc* CAMPA. During the intervening period of decision taken by the SLSC and till resolution of the issue, an amount of ₹5.25 crore was spent from CAMPA money on payment of loan, advances, sports meet, payment to private hotels etc. This resulted in un-authorized expenditure to that extent.

Due to defective maintenance of books of accounts and lack of internal controls, Audit cannot provide assurance that the accounts are complete and authentic, that the transactions appearing in the books of the original account represent legitimate charges and account themselves recorded all the transactions fully from inception of CAMPA to March 2014.

The Director (Finance), Forest Department stated (August 2014) that observations were being examined and result thereof would be communicated to Audit.

Programme implementation

The Ministry of Environment and Forests, GoI in its guidelines (September 2003), stipulated that NPV, CA and other charges be charged in all those cases which were granted approval of diverting forest land for non-forest purposes in principle (after 30 October 2002) at a rate of ₹5.80 lakh to ₹9.20 lakh per hectare and revised (April 2008) from ₹4.38 lakh to ₹10.43 lakh per hectare, depending upon the quality and density of the forest before final approval for transfer of forest land. The money so realized was to be utilized on compensatory afforestation. Thus, CA is one of the

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81 CA available ₹188.84 crore and as per yardstick 10 percent was to be released every year from 2010-11 onwards. The amount worked on reducing balance under CA (₹18.88 crore during 2010-11 and ₹17 crore in 2011-12).

82 ₹13.05 crore released to the Wildlife Department and ₹10.73 lakh to the Forest Department

important conditions stipulated by the Government while approving the proposals for diversion of forest land for non-forest uses. Scrutiny of records showed the following:

2.4.8.3 Non uniformity in CA coverage

Guidelines envisage that CA has to be done over equivalent area of non-forest land. As far as possible, the non-forest land for CA has to be identified contiguous to or in proximity of un-demarcated or demarcated forest to enable the State CAMPA to effectively manage the newly planted area and to minimize adverse impact on the micro-ecology of the area.

Contrary to the guidelines, it was seen that in 19 units[83] area treated was over and above the targeted forest area ranging from 24 hectares to 375 hectares whereas in other TDs/ units[84] the treated area was below the targeted area ranging from five hectares to 3006 hectares. This had potential of adverse impact on the micro-ecology of the area.

2.4.8.4 Non-maintenance of inventory of trees removed

Year-wise/ species-wise inventory of the trees removed and cut while diverting forest land under CA vis-à-vis year-wise/ species wise plants planted was to be maintained to retain ecological balance. This was not done and consequently ecological balance could not be ensured.

2.4.8.5 Non-obtaining of certificate from the District Administration

The J&K Forest (Conservation) Act 1997 envisage that all effort has to be made to identify equivalent non-forest area for CA. The non-availability of non-forest land for CA has to be accepted only on the certificate from the Deputy Commissioner of the concerned District/Divisional Commissioner.

In 136 cases, 303.80 hectares of forest land was diverted for non-forest purposes. It was observed that, against these, though CA amounts were received from the user departments/ agencies, neither alternate non-forest land was identified by the TDs nor certificate of non-availability of non-forest land was obtained from the District Administration. This indicated that stress had not been laid for ensuring transfer of alternate land for CA purposes.

2.4.8.6 Reduction of forest area

It was noticed that forest land measuring 6281.28 hectares were diverted (2002-12) to various user agencies for non-forest purposes by 30 TDs and three other units without obtaining alternate land from the concerned District Administration as required under rules. Thus, diversion of forest land had resulted in reduction of forest area to that extent. Besides, encroachment had increased by 88 *per cent* from 9214.53 hectares

83 Doda, Kargil, Langate, Lidder, Budgam, Rajouri, Ramnagar, Shopian, Sindh, Agrostology, NH1 Batote, Kulgam, Social Forestry Kathua, ETF, Urban Forestry Jammu, Tangmarg, Social Forestry Srinagar, Social Forestry Anantnag, Social Forestry Rajouri

84 Anantnag, Bandipora, Billawar, JV Baramulla, Jammu, Kamraj, Kehmil, Leh, Mahore, Marwah, Nowshera, Poonch, Ramban, Reasi, Research Srinagar, Urban Forestry Srinagar, Social Forestry Udhampur Bhaderwah, Batote, Kathua, Kishtwar, Udhampur

(March 2003) to 17,352 hectares (March 2012). This was despite the fact that the Department had a separate establishment in the form of Forest Protection Force (FPF) to prevent encroachment of the forest lands. Figures for the period 2012-14, though called for, were awaited (June 2014). The Department reported (August 2014) that use of forest land for non-forestry purposes was being made as per provisions of the J&K Forest Conservation Act, 1997 and that all efforts were made to take the equivalent non-forest land for compensatory afforestation from the respective Deputy Commissioners.

2.4.8.7 Non-realization of NPV, CA and other charges

Test check of records of audited TDs showed that for 90 sanctions[85] (February 2006 to February 2013) relating to diversion of 123.93 hectares of land for non-forest purpose, NPV and CA amounting to ₹13.40 crore had not been realized by CAMPA. The Department reported (August 2014) that all efforts were being made to recover the outstanding dues from the user agencies against the old sanctioned cases and that the matter had been taken with the respective Administrative Departments for payment.

2.4.8.8 Incorrect application of compensation rates

In 74 sanctions (January 2006 to February 2013), 856.46 hectares of forest land was diverted for non-forest purposes. However, the NPV was not charged at prescribed rates resulting in less realization of ₹seven crore.

Further, Audit noticed that 679.12 hectares of Wild life Sanctuary land was diverted to four user agencies[86]. Records showed that:

- In one case, 11.63 hectares of land was diverted (February 2010)[87] for which NPV ₹6.99 lakh per hectare was charged instead of charging NPV @ ₹34.95 lakh (i.e. five times of ₹6.99 lakh) per hectare. This had resulted in incorrect assessment and consequently resulted in less charging of ₹3.25 crore[88] on account of NPV. Besides, 5 *per cent* of the project cost was also not recovered.
- In another case 66.81 hectare of land[89] was diverted (October 2007) for non-forest use. NPV ₹8.52 lakh per hectare was charged instead of charging NPV @ five times of ₹9.20 lakh per hectare. This had resulted in incorrect assessment and consequently less charging of ₹25.04 crore[90] on account of NPV. Besides, an amount of ₹13.72 crore[91] was outstanding against the user agency.

85 Sindh (11), Lidder (11), Anantnag (13), Langate (10), Kehmil (18), Shopian (05), Kamraj (08), Tangmarg (02) and Budgam (12) = 90 Sanctions

86 Mughal Road Division Shopian, National Highway 1-A, BRTF and ITBP.

87 Tunnel at Bannihal

88 @ ₹34.95 lakh (i.e.five times of ₹6.99 lakh) per hectare =₹4.07 crore minus ₹0.82 crore (amount received).

89 Mughal Road

90 ₹46.00 lakh (@ five times of ₹9.20 lakh) per hectare = ₹30.73 crore *minus* ₹5.69 crore (amount calculated by FD).

91 ₹2.10 crore (NPV not paid), ₹10.72 crore 5 *per cent* Project Cost, ₹0.330 crore CA and ₹0.57 crore COT.

- In five cases, involving 600.68 hectares of land diverted (March 2010 to July 2010) no CA had been assessed.

In reply, the Department stated (July 2014) that the land involved was the State land. The reply is not tenable as in case the land involved was State land, the Forest Department should not have accorded the sanction for its diversion.

2.4.8.9 Non-obtaining of cost-benefit analysis report

The J&K Forest (Conservation) Act 1997 envisages that while considering proposals involving diversion of more than 10 hectares of forest land for non-forest purpose, it is essential that ecological and environmental losses in the form of a cost-benefit analysis report should accompany the proposals. Notwithstanding these rules and guidelines, seven sanctions, involving diversion of 138.30 hectares of forest land for non-forest purpose, were accorded without obtaining requisite reports. Thus, ecological and environmental loss could not be assessed.

Project implementation by the TDs

2.4.8.10 Excess approval against projected APOs

It was observed that eight APOs for ₹10.60 crore were submitted (2011-12) by seven TDs[92] and one unit[93]. However, the Executive Committee (EC) recommended these APOs for ₹13.26 crore and were approved by the Steering Committee (SC) for ₹14.08 crore. This indicated an overall excess of ₹3.48 crore against APOs submitted by respective TDs and one unit. Reasons for increase in the cost of APOs were not on record[94].

2.4.8.11 Project activities and component-wise allocation of funds

Guidelines envisage component-wise[95] allocation of funds under afforestation programme. Test check of records of audited TDs showed that ₹53.51 crore was allocated for various components under afforestation programme during 2009-13. Against this, ₹39.97 crore (75 *per cent*) was spent under plantation and the remaining funds under other components as detailed in ***Appendix-2.4.***

Out of an expenditure of ₹39.97 crore booked under plantation, only meager amount of ₹10.81 crore (27 *per cent*) was spent on actual plantation components and ₹29.16 crore (73 *per cent*) was spent on fencing (₹25.45 crore) and on establishment of nursery and wages (₹3.71 crore). The issue of excess spending on fencing rather than thrust on actual plantation was flagged (July 2012) by the Chairman SC, who had directed the implementing agencies for ensuring that fencing cost was reduced and

92 Jammu, Marwah, Pirpanchal Budgam, Poonch, Rajouri, Shopian and Sindh Ganderbal

93 Social Forestry Rajouri

94 Minutes of committee meetings.

95 Plantation, soil and water conservation (70 *per cent*), Other works, viz. forest protection, fire protection and management, communication and mobility etc. (5 *per cent*), Capacity-building, training, workshops, demonstrations for staff and public, cost of training material etc. (2 *per cent*), Infrastructure development (14 *per cent*), Survey/ demarcation/ provision of energy saving devices etc. (2 *per cent*), Monitoring and evaluation (2 *per cent*), Overhead and maintenance (5 *per cent*)

number of plants to be planted were increased. This evidently had not been adhered to. The Department reported (August 2014) that the IAs were being regularly directed to follow the CAMPA guidelines and the instructions given by the Steering Committee from time to time. The fact remains that no action to ensure increased spending on plantation component had been ensured even after having been flagged by the Chairman SC. It was further seen that:

- ₹19.90 lakh was spent on activities like purchase of TVs, mobile sets, laptops, cameras, furniture and fixture, refreshment etc., which were not provided under the guidelines. Similarly, ₹44.37 lakh was spent in excess of allocation on items like weeding and hoeing, POL, wages, construction of Range officer huts etc. This had resulted in un-authorized expenditure to that extent.

- Test-check of records of CAMPA showed that ₹1.37 crore was released (2012-13) to five TDs[96] without approval of the Steering Committee. Against the releases, TDs had spent ₹1.14 crore. Similarly, ₹95 lakh was released to one TD[97] against approved outlay of ₹75 lakh. This indicated that ₹20 lakh was released in excess of approved outlay. This had resulted in un-authorized release of funds and expenditure to that extent.

- An amount of ₹4.10 crore was spent on works like fencing, soil conservation works, construction of Range officer huts etc., which were neither in approved PPs nor in APOs. Similarly, against an estimated cost of ₹1.42 crore for execution of 11 works, ₹1.72 crore was incurred (2010-13), resulting in excess over sanctioned cost to the extent of ₹30 lakh. The Department reported (August 2014) that the reasons for the same would be looked into and follow-up action shown to the Audit.

2.4.8.12 Lack of information about outcome of the activities

It was observed from the test checked records of audited TDs that there was lack of quality control of plants procured and no monitoring of survival rate of plantation done, by the CAMPA and TDs, besides impact of other works executed was also not assessed as detailed below:

- Plantation of 70.63 lakh[98] plants and plant production of 106.99 lakh in nurseries[99] was shown made (2010-13 upto 12/2012). The BoG had directed (May 2011) that plantation programme should aim at 100 *per cent* survival and strict monitoring mechanism should be in place to ensure quality plantation with good survival percentage. It was observed that plantation journal of test checked TDs did not reflect survival/ mortality of these plantations. Besides, there was no quality certificate of procured plants even at the time of purchase either by the

96 Social Forestry units of Anantnag, Srinagar, Rajouri, Kathua and Poonch.
97 Demarcation-II
98 18.30 lakh in 2010-11, 37.31 lakh in 2011-12 and 15.02 lakh in 2012-13 (Upto December 2012)
99 45.44 lakh in 2010-11, 55.36 lakh in 2011-12 and 6.19 lakh in 2012-13 (Upto December 2012)

responsible officers or by the technical committee. Passed vouchers of plant bills also lacked details such as age, length, girth etc., of the supplied plants.

- Raising of plantation in nurseries was done without projection of demand and framing of estimates by the test checked TDs.
- For 61,528 cubic metres DRSM[100] soil conservation works and Pasture development of 29.99 lakh patches (2010-13 upto December 2012) no impact assessment was done.

In the absence of above, the actual outcome of projects could not be verified in audit.

2.4.8.13 Non-maintenance of statutory records

Proper maintenance of records is one of the success factors of the scheme. Rule XXIV of guidelines envisage maintenance of proper records like muster roll register date-wise, works register with details of works such as number, date of sanction, completion date and expenditure incurred etc, asset register indicating cost, location, current actions, benefits derivable and additions etc. However, these records were not maintained by the test checked TDs. Thus, proper consolidation and maintenance of above records at the State CAMPA level could not be ensured.

Besides, the following omissions were also noticed in maintenance of records relating to procurement of the material:

- Supply orders placed were not found on record in the Divisions.
- Weighment was not done at the time of loading/ unloading of supplies. In absence thereof the quantity received was questionable.
- Quality test reports of material procured was not available.
- The supplies were received by an individual official instead by the committee of group of officers to be nominated for the purpose.
- Specification / brand of the material used in the supply were also not recorded in the vouchers.
- Stock entry of the supplies received was not recorded on vouchers.
- Destination (location) of the receipt of supply was not on record.
- Vouchers were not marked as paid and cancelled after making payments.
- Stocking/ issue/ consumption of material procured was not on record.

In the absence of above, amount spent on procurement of stores worth ₹10.74 crore by Range Officers of 19 test checked divisions[101] during the period 2010-13 could not be vouchsafed in audit.

100 Dry Rubble Stone Masonry

101 Anantnag, Jammu, Kamraj, Kehmil, Marwah, Nowshera, Udhampur, Bhaderwah, Kishtwar, Sindh, Lidder, Langate, Shopian, Tangmarg, PirPanjal, Doda, NH1A Batote, Urban Forestry Jammu, Social Forestry Kathua

2.4.8.14 Monitoring and evaluation

- Guidelines envisage that an independent system for concurrent monitoring and evaluation of the works is to be evolved and implemented to ensure effective and proper utilization of funds. This was reinforced by the Steering Committee (SC) in February 2010 and also by the Board of Governors (BoG). It was, however, seen that no action had been taken in this regard.
- Test-check of records of audited TDs showed that ₹37.10 lakh was allocated (2009-13) to six[102] TDs under monitoring and evaluation. However, five out of six TDs had not booked any expenditure on this account and the lone TD (Sindh) which had booked ₹ four lakh under the head had diverted the amount for other than monitoring purposes.
- Guidelines envisage that the State CAMPA has to prepare an annual report which has to provide, inter-alia, details of various works done and amounts spent details of amounts received by the State CAMPA from various agencies and observations made in the audit report. SC also directed (April 2011) to compile the accounts. However, no follow-up action has been taken, so far.
- SC decided (April 2011) that before any area was taken up for afforestation, its coordinates in terms of latitude and longitude was to be recorded and the existing condition of the area was to be documented in terms of photography / videography as well as satellite imaginaries. Besides, BoG had also directed (May 2011) for establishing a mechanism for satellite based Concurrent Monitoring of CAMPA. Records of test checked TDs had showed that no follow up action regarding confirmation of CA through photography, videography and satellite, besides the mechanism for satellite based Concurrent Monitoring of the State CAMPA was also not ensured despite elapse of two years.
- Information, Communication and Technology (ICT) project aimed at organizing, planning, implementation and monitoring of forests and other related operations by systematic collection, storage and retrieval of MIS and GEO spatial data through a computer based communication network was initiated (2012-13) at a cost of ₹10.89 crore for completion within three years. It was seen that apart from procurement of hardware and software valuing ₹71 lakh, nothing substantial had been done on the project. Audit observed that the project was underway without any technical evaluation and consultancy.
- Executive Committee (EC) and Steering Committee (SC) had to hold its meetings after every six months. Regular periodic meetings of EC and SC were not held. It was also observed that BoG after its constitution (April 2011) had met only twice (May 2011 and January 2013) and no defined time schedule for holding meetings of BoG existed.

[102] Kamraj, Tangmarg, Kehmil, Shopian, PirPanjal, Sindh

2.4.9 Forest Protection Force

Forest Protection Force (FPF) formed (December 1996) with a force level of 2,257 personnel, was constituted (2001) as a statutory Armed Force. As per FPF Act and Rules, the members of the Force are responsible to detect, register and take up investigation of offences under the J&K FPF Act 2001, J&K Forest Act, *Samvat* 1987 and J&K Wild Life Act 1978 and other Acts which empower the forest officers to take cognizance of offences, apprehend the offenders and remain associated in subsequent legal proceedings in courts and bring the offenders to justice. A budgetary support of ₹181.73 crore had been provided to the Force during the period 2009-13 which comprised of ₹160.84 crore (89 *per cent*) revenue and ₹20.89 crore (11 *per cent*) capital components.

Audit scrutiny showed the following deficiencies in the working of FPF:

2.4.9.1 Infrastructure

Since the Force is required to stay in the field at strategically selected locations in 24 hours preparedness, accommodation and other facilities are required for deployment of force for field operations.

Audit scrutiny of records showed that the Department constructed 75 barracks for accommodation of field staff of 23 gamma units (FPF units) during 1997 to 2012 at a cost of ₹4.90 crore. To make these barracks functional, support staff like cooks, washermen, sweepers etc., and allied facilities were required to be created as recommended (March 2010) by the Commissioner/ Secretary to Government, Forest Department. But no action in this regard had been taken by the Department nor any instruction issued to the field personnel to stay in barracks to ensure readiness of the force. Thus, creation of barracks resulted in idle investment of ₹4.90 crore. It was seen that barracks built at Poonch had been handed over to Territorial Forest Department for development of eco-tourism.

Further, 15 residential complexes constructed at a cost of ₹ 1.28 crore during 1998-99 to 2007-08 had not been occupied/allotted as of March 2014 resulting in idle investment. The Department reported (August 2014) that the infrastructure shall be utilized purposefully in future.

2.4.9.2 Arms and ammunition

The armament of the force shall be fixed by orders of the Government in consultation with the Home Department based on forecast of the ordinance requirement prepared by the Dy. Directors of Gamma units.

Audit scrutiny of records of the Directorate showed that arms and ammunition had not been provided to any of the 11 Gamma units of Jammu Division for general duty or for training, since their creation. Also, out of the 12 Gamma units of Kashmir Division only four units[103] had been provided with weapons, that too during the year

[103] Budgam, Kupwara, Baramulla and Tangmarg

2012-13. Thus, out of the 23 units in the State, field staff of 19 units is neither equipped nor trained in use of weapons.

The Department constructed 11 armoury/control room buildings (six in Jammu Division and five in Kashmir Division) between 2001-02 to 2004-05 incurring an expenditure of ₹1.65 crore. Out of these 11 units, only one viz., Kupwara had been provided with some arms and ammunition during the year 2012 and the remaining 10 armouries were unutilized for more than nine years, resulting in idle investment of ₹1.46 crore.

2.4.9.3 Communication

Success of a Force largely depends on effective and reliable communication network. As per concept plan, a suitable wireless network was to be established. A wireless network was proposed at suitable locations to interconnect the FPF with the Forest Department and also with the Government.

- Audit scrutiny of records showed that between 2001-02 to 2004-05 the Department purchased 244 radio communication equipment from two different agencies incurring an expenditure of ₹31.75 lakh and also received 14 sets from Jt. Director office Srinagar. These 258 sets were distributed to 14 gamma units of FPF and 6 TDs. All these sets had stopped working since 2009, as the batteries of the sets were exhausted, and new batteries could not be made available as the agencies had stopped production of these type of wireless sets. No efforts had been made by the Department to equip the force with an alternate suitable wireless communication network thereafter.

- Instead of establishing a suitable wireless communication system appropriate for a Force required to work at remote places, the FPF purchased 190 sim cards (2008-09) under closed user group, which were also distributed among the officers and ministerial staff apart from field staff. It was seen that the sim cards had subsequently been placed outside the closed user group and monthly usage limits were enhanced and an expenditure of ₹13.19 lakh was incurred between January 2009 to December 2013. The field staff was thus provided with communication equipment that had the limitation of network coverage, especially in remote and interior forest locations where the field staff has to do patrolling and other functions and thus is virtually ineffective.

- The Gamma units located at District headquarters are to be connected with Delta units headquartered at Srinagar and Jammu through a satellite based nation-wide computer communication network called NICNET with the help of National Informatics Centre. It was seen in Audit that for this, the hardware procured and installed (July 2012) at a cost of ₹10 lakh had not been operationalised (March 2014).

2.4.10 Social Forestry Department

The main function of Department of Social Forestry is to create nurseries to produce planting stocks, raise plantations, distribution of plant material to people (rural/ urban), farmers, Government agencies for planting in their premises/ fields with an ultimate goal of greening the State, improving the environment, generating employment and conserving the natural forests. A budgetary support of ₹224.36 crore had been provided to the Department during 2009-13 which comprised of ₹201.01 crore (90 *per cent*) revenue and ₹23.35 crore (10 *per cent*) capital components.

Audit of functioning of the Department showed as under:

2.4.10.1 Maintenance of assets

The Social Forestry Department formed (October 2004) was entrusted with maintenance of assets like village woodlots, rehabilitated forest areas etc., created earlier under Social Forestry Project. Audit scrutiny of records relating to the projects taken up by the Department showed the following deficiencies in the implementation of projects.

- Approval of the TDs to take up the rehabilitation in the selected compartments is mandatory and same should be communicated to all the agencies associated with execution of similar works for preventing duplicity. This was not done.
- While selecting a compartment for rehabilitation, a detailed proposal indicating total area of the compartment, total degraded area, kind of species available and to be planted, area to be left out, area to be taken up later, etc., should be prepared and got approved by the Competent Authority. This exercise is required to be undertaken under various guidelines concerning Compensatory Afforestation works by the Department. It was, however, seen that the Social Forestry Divisions had submitted proposals for rehabilitation indicating only the area to be treated as per availability of funds without mentioning other vital details. The divisions had not maintained records indicating leftover portions/area of each compartment to be rehabilitated further.
- The Social Forestry plantations raised over degraded areas shall remain free from all encumbrances and the TD shall assume charge/ management of the plantation raised in such degraded areas within five to 11 years of the plantation. Audit observed that none of the plantations raised in the degraded areas had been handed over/ taken over by the TDs for management since creation of Social Forestry Department. This indicated that the Forest Department is not ensuring management and conservation of rehabilitated forests which make them susceptible to degradation, encroachment and illegal felling.

2.4.10.2 Village wood lots

Rehabilitation of degraded forests and village plantation rules, 1992 envisaged protection and management of such waste un-demarcated forests and *khalsa* lands as are not included in demarcated forests. Village woodlots are planted over unproductive State/ revenue/ village common lands and are raised to make villages self-sufficient to fuel-wood, fodder and small timber, besides earning money by involvement in forestry works. Mainly fodder yielding species, plants of medicinal value and grasses are planted in Village Wood Lots. Soil & Water conservation works wherever necessary are also executed in the Village wood lots. The Social Forestry divisions Jammu, Rajouri and Ramban during the years 2009-10 to 2013-14 have created village woodlots in 844.50 hectares land and planted 6,25,248 trees incurring an expenditure of ₹1.64 crore. Audit observed that:

- Before plantation, the area is to be demarcated by means of boundary pillars and mapped by revenue officials and a formal notification is to be issued by the Dy. Commissioner declaring the demarcated land as forest land as per Forest Act. But no such exercises had been undertaken before creating the woodlots.
- Major harvest is to be carried out as per silvicultural requirements of the species after preparation of a management plan and its approval by the Director Social Forestry. Produces are to be disposed off through open auction by a committee and by co-opting Chairman of concerned village forest committee. No management plans for the divisions had been prepared/ finalized by the Department. Due to non-formulation of management plans and non-identification of mature and immature plantations, harvesting could not be done. The divisions had not maintained any records indicating number of villages where woodlots had been created each year, expected date of their maturing and date of harvesting. This indicated that the villagers have been given free hand to harvest and use the forest produce at their will.
- Produce out of major harvest or in damage to plantation, in case of a village wood lot shall be shared between the general body of the village forest committee and the Social Forestry Department on 75:25 basis as per provisions of SRO 65 of 1991 read with SRO 17 of 1999. The village forest committee shall utilize the funds either for replanting the area or for financing the establishment of additional woodlot or for financing public works in the village. An amount of ₹17.18 lakh was released to village forest committees as 75 *per cent* share on account of auctions held in March 2008 and August 2009 by Jammu division. The Department had not devised any monitoring mechanism to ensure proper utilization of the amount and to record the works and purpose for which the funds were utilized by the committee.

2.4.10.3 Use of CAMPA funds for Social Forestry

Funds amounting to ₹3.87 crore were received by three Social Forestry Divisions (Jammu, Rajouri and Ramban) during the period 2010-11 to 2013-14 for execution of works under CAMPA. However, the guidelines of the programme were not followed during execution of works as instanced below:

- The detailed survey, to collect physical data for identifying the measures to be taken, for preparation of APO was not conducted. The Department had incurred an expenditure of ₹3.06 crore on the basis of APOs formulated without conducting detailed surveys. Further, out of above, works amounting to ₹61 lakh had been executed without administrative approval and technical sanction.

- After completion of each closure, a plantation journal is required to be maintained indicating planting stock, the survival percentage of species during March, works taken up subsequently, remarks of inspection officers, village monitoring committees etc. But a test check of plantation journals showed that such vital information was not recorded and no periodical inspections of the closures had been carried out.

2.4.10.4 Monitoring and evaluation

The Social Forestry Department had no proper monitoring system to evaluate the impact of schemes and investment made. During the period 2009-13 the Department had planted 70.13 lakh trees in the State. The cost of plantation, maintenance and protection of plants was borne by Social Forestry Department. But no records of survival/ sustainability of plants planted were maintained nor any norms indicating survival rate each year after plantation had been fixed by the Department with the result proper impact of schemes in regeneration and expansion of forest cover could not be ascertained.

2.4.11 Conclusion

The State Forest Policy was notified after more than 23 years after formulation of National Forest Policy and 25 out of 30 territorial Forest Divisions were without any Working Plans. Non-maintenance of books of accounts and lack of internal controls was noticed. The Compensatory Afforestation Programme implementation had suffered due to non-maintenance of inventory of trees removed, incorrect application of compensation rates, non-obtaining of cost-benefit analysis report etc. Forest land was diverted for non-forest use without alternate land being obtained. Encroachment of forest land had increased during 2003-12. The Forest Protection Force does not have properly trained, armed and quipped staff and wherewithal to serve its basic objectives. Specific areas of operation for Social Forestry Divisions had not been identified. Proper monitoring and evaluation system to evaluate the impact of schemes and utilization of funds by village forest committees was not in place.

2.4.12 Recommendations

The Government may consider to ensure:

(i) preparation of Working Plans by all the TDs for scientific management of natural forest cover;

(ii) strengthening financial management in the Department and CAMPA;

(iii) making the State CAMPA more efficient and effective by strengthening the system for administration, accounting of receipts from *Adhoc* CAMPA to State CAMPA as per the guidelines/ instructions, timely preparation of accounts; and

(iv) providing adequate infrastructure, arms/ ammunition and trainings to Forest Protection Force.

Science and Technology Department

2.5 Working of the Jammu and Kashmir Energy Development Agency (JAKEDA)

The Jammu and Kashmir Energy Development Agency (JAKEDA) was registered (March 1986) as Society under Registration of Societies Act VI of 1998 (1941 A.D) for harnessing new and renewable sources of energy (NRSE) such as Solar, Wind, Bio-Gas, Bio-Mass, Hydel, geo-thermal. The main activities undertaken by the Agency include implementation of GoI sponsored schemes like the Remote Village Electrification (RVE) Programme and the Jawaharlal Nehru National Solar Mission (JNNSM) which mainly are focused on promotion of Solar Energy in the States.

Highlights

- **A grid based Solar Power Policy was formulated (March 2013) in the State. The Renewable Energy sector had not been adequately encouraged and the State did not contribute towards achievement of countrywide RE targets including solar power generation.**

  (Paragraph: 2.5.6.2)

- **Neither any survey of remote villages had been undertaken by the Agency nor DPRs and lists of beneficiaries had been prepared/ formulated despite the fact that the Agency received ₹2.86 crore for the purpose from the GoI. The Agency instead relied on the lists of remote villages/ beneficiaries framed by the Rural Development Department.**

  (Paragraph: 2.5.6.3)

- **Annual accounts for the years 2010-11 to 2012-13 of the Agency had not been finalised. Instances of non-accountal of beneficiary share, parking of funds ranging between ₹20 lakh and ₹6.33 crore in Deposit accounts, loss of central assistance of ₹26.75 crore were noticed.**

  (Paragraph: 2.5.7)

- **Implementation of the schemes showed non-distribution of SHLSs to 14,692 approved households, distribution of 12,366 SHLSs (value: ₹13.45 crore) in unapproved villages/ hamlets and in electrified villages/ hamlets leading to non-achievement of intended benefits of the schemes.**

  (Paragraph: 2.5.8)

- **Various lacunae in the procurement process led to financial loss of ₹117.81 lakh to the public exchequer, undue benefit to the suppliers and allotment of projects to ineligible contractors.**

  (Paragraph: 2.5.10)

2.5.1 Introduction

The Jammu and Kashmir Energy Development Agency (JAKEDA) was registered (March 1986) as Society under Registration of Societies Act VI of 1998 (1941 A.D) with the objective of promotion, execution, installation and maintenance of projects aimed at meeting the energy requirements of remote villages and/ or other selective utilization centres by harnessing new and renewable sources of energy (NRSE). The activities of the Agency are mainly focused on solar energy promotion through implementation of GoI sponsored schemes like the Remote Village Electrification (RVE) Programme and the Jawaharlal Nehru National Solar Mission (JNNSM). The RVE programme, (started in 2006-07), aimed at electrification of remote un-electrified census villages and remote un-electrified hamlets of electrified census villages through renewable energy sources by installation of power plants based on small hydro power, bio mass, wind, bio fuels, bio gas, solar photovoltaic power plants and combination of renewable energy systems or hybrid systems. The Jawaharlal Nehru National Solar Mission (JNNSM) started by the GoI in 2009-10 is focused on setting up an enabling environment for solar technology penetration in the country both at centralized and decentralized level.

2.5.2 Organisational set-up

The Programme is implemented through the Jammu and Kashmir Energy Development Agency (JAKEDA), under the Administrative control of Science and Technology Department headed by the Commissioner Secretary to Government.

2.5.3 Audit objectives

The performance Audit of JAKEDA was conducted to assess whether:

- A comprehensive Solar Power Policy existed in the State and Plans for promotion and implementation of Solar Energy projects were formulated;
- Financial Management of the Agency was efficient;
- Implementation of the projects was in tune with the respective programme guidelines;
- Efficient and effective procurement system existed in the Agency; and
- Monitoring and supervision of the implemented projects was in place.

2.5.4 Audit scope and methodology

The performance Audit was conducted from November 2012 to September 2013 and May 2014 by test-check of records of the Chief Executive Officer JAKEDA, four district officers of JAKEDA (out of 12) of four[104] erstwhile districts (Jammu: two; Kashmir: two) selected on the basis of distribution of solar lights covering the period from April 2008 to March 2014. Besides, to assess the position on ground, Audit physically surveyed 21 (18 *per cent*) out of 116 institutions, where systems had been installed. An exit conference was held with Commissioner/ Secretary of Department on 21 July 2014. The deliberation of the discussion along with the replies received from the Government/ Agency to the audit observations have been incorporated at appropriate places.

2.5.5 Audit criteria

The Performance Audit of JAKEDA was benchmarked against the following criteria:

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104 Anantnag, Baramulla, Doda and Poonch (New districts: Anantnag, Kulgam, Baramulla, Bandipora, Doda, Kishtwar, Ramban and Poonch)

- Guidelines of the GoI sponsored programmes; and
- Jammu and Kashmir Financial Code.

Audit findings

2.5.6 Planning

2.5.6.1 A comprehensive renewable energy Policy had not been formulated by the State Government and as a result various sources of renewable energy had not been exploited as per their potential.

2.5.6.2 For success of the JNNSM at State level, a Solar Power Policy was to be formulated. Audit noticed that instead of formulating a comprehensive solar policy, the State had belatedly (March 2013) formulated a Grid Based Solar Power Policy though the scheme was started in 2009-10. This led to non-development of Solar Grid based projects in the State as of March 2014 and resultant non-contribution towards the countrywide target of solar power generation as envisaged in the Mission. The Commissioner/ Secretary stated (July 2014) that unlike most of the states in the country, JAKEDA had framed Solar Power Policy well in time and the policy generated a lot of interest initially but the State Power Development Department decided (September 2013) not to purchase the solar power which resulted in decrease in interest among Independent Power Producers (IPPs). The fact remains that delay in formulation of Grid Based Policy and non-formulation of a comprehensive Policy had resulted in lack of direction for harnessing Solar energy in the State.

2.5.6.3 The guidelines of Rural Village Electrification (RVE) Programme provide for distribution of Solar Home Lighting Systems (SHLSs) and Solar Lanterns in the un-electrified areas. This should be based on surveys of remote villages for assessment of demand for electricity and availability of renewable energy resources and preparation of Detailed Project Reports (DPR) for effective implementation. The Government of India provided funds for the purpose in the shape of service charges.

Records, however, showed that neither any survey of remote villages had been undertaken by the Agency nor DPRs and lists of beneficiaries had been prepared/ formulated despite the fact that the Agency received ₹2.86 crore for the purpose from the GoI which had been utilized on unapproved items like purchase of five vehicles, POL, travelling allowance, lunch in hotels, repair of vehicles, hiring of vehicles, purchase of equipment for office purposes, air fares, wages etc. during the period 2008-14.

Audit noticed that the Agency relied on the lists of remote villages/ beneficiaries framed by the Rural Development Department which were vetted by the concerned Deputy Commissioners. The criteria adopted by the Rural Development Department for formulation of remote villages/ beneficiaries lists were not available on record. Non-involvement of Agency in the preparation of lists of beneficiaries indicated lack of planning in implementation of the schemes. This led to non-distribution of SHLSs to 14,692 households of approved villages and wrongful distribution of 12,366 SHLSs (value: ₹13.45 crore) in unapproved and electrified villages/ hamlets as discussed in ***Paragraph 2.5.8.1.***

The Commissioner/ Secretary stated (July 2014) that service charges were being provided by GoI for implementation of the Projects but not for the preparation of DPRs and that in order to monitor functioning of the system, vehicles were required. The reply was not convincing as programme guidelines clearly provided that service charges released by the GoI are *inter-alia* to be utilised on surveys of the remote villages and preparation of DPRs.

2.5.6.4 Records showed that the Agency had formulated proposals for installation of solar equipment and submitted to the Government of India for approval without ensuring availability of space at proposed sites, indicating selection of projects on *adhoc* basis. As a result, audit found that 20 solar power plants and solar water heating systems (cost: ₹8.69 crore) were not installed at institutions proposed by the Agency and sanctioned by the GoI due to non-availability of required space and these equipment had been installed at unapproved institutions.

The Commissioner/ Secretary stated (July 2014) that the project proposals were prepared and submitted to the GoI on the basis of requests received from various quarters. The reply clearly indicated that feasibility of site was not ensured prior to preparation and submission of project proposals to the GoI.

2.5.7 Financial management

The Agency receives funds from the State Government as well as from the GoI. Whereas the funding from the State Government is in the form of Non-Plan grants for Administrative purpose and Plan assistance for State contributions for the GoI schemes, the GoI funding is for implementation of the GoI sponsored programmes. The funds for GoI sponsored schemes are released in installments and are linked with the progress in implementation and submission of utilisation certificates in prescribed format of previous released funds, monitoring report and satisfactory installation of projects.

The position of funds released by the GoI and the State Government and expenditure incurred thereagainst during the years from 2008-09 to 2013-14 is tabulated in **Table-2.5.1** below:

Table-2.5.1

(₹in crore)

	Government of India					State Government	
Year	Opening balance	Funds received	Total funds available	Expenditure incurred (percentage utilisation)	Closing balance	Allotment	Expenditure
2008-09	1.10	7.30	8.40	4.41 (53)	3.99	5.49	2.97
2009-10	3.99	14.96	18.95	8.08 (43)	10.87	7.01	6.55
2010-11	10.87	35.48	46.35	3.32 (07)	43.03	4.84	2.75
2011-12	43.03	16.03	59.06	35.33 (60)	23.73	17.24	16.96
2012-13	23.73	18.36	42.09	15.65 (37)	26.44	17.19	16.20
2013-14	26.44	8.60	35.04	23.24 (66)	11.80	15.57	14.56

Average annual utilization of available funds provided by the GoI for implementation of the schemes during the years 2008-09 to 2013-14 ranged between seven and 66 *per cent* indicating that the Agency had not been able to utilize the full quantum of assistance. The unspent funds at the close of each year during the period 2008-14 ranged between ₹3.99 crore and ₹43.03 crore. The CEO attributed accumulation of funds to the delayed supply by the suppliers.

Audit check of records further showed that:

(a) The GoI sanctioned eight projects for ₹37.52 crore[105] during the period 2008-11, against which an amount of ₹5.61 crore only had been released by the GoI as of March 2014. This led to withholding of balance funds of ₹26.75 crore[106] by the GoI as the Agency could not submit the requisite documents/certificates like monitoring reports, satisfactory installation certificates, utilisation certificates due to non-completion of projects. The Commissioner/ Secretary stated (July 2014) that all the utilization certificates had been submitted to the GoI well in time as per norms. The reply was not acceptable as the Agency had submitted the utilization certificates belatedly with delays ranging between 12 months and 44 months from the due date of submission of utilization certificates.

(b) An amount of ₹45.06 crore was utilised out of total plan allotment of ₹51.08 crore from the State Government during 2008-14. Audit noticed that out of the total expenditure reported, ₹12.37 crore were credited to M.H. 8443-Civil Deposits during 2008-12. The funds ranging between ₹20 lakh and ₹6.33 crore were credited to the Civil Deposits during the years 2008-09 to 2011-12. An amount of ₹90.87 lakh had been lying unspent as of March 2014. This was indicative of unrealistic estimates formulated by the Agency.

The Commissioner/ Secretary stated (July 2014) that the funds had been kept in the Civil Deposits with the approval of the Competent Authority only in cases where supply orders were already placed on various vendors and due to non-receipt of supplies before end of March. The reply was not acceptable as withdrawal of funds in the month of March to avoid lapse of funds was in contravention of Rule 2.33 of J&K Financial Code Volume-I.

(c) The Rules of the Agency envisage preparation and placement of Balance Sheet, Income and Expenditure Account, the Auditors Report and Annual Progress Report in respect of each financial year at the Annual General Meeting (AGM) before the 30th of June of every year. It was, however, seen in audit that annual accounts for the years 2010-11 to 2012-13 had not been finalized (September 2013). Non-preparation of annual accounts exposed the poor financial management and renders the financial position of the Agency unreliable.

(d) The RVE Programme guidelines envisage distribution of Solar Home Lighting Systems (SHLSs) and Solar lanterns in the un-electrified areas to the beneficiaries

105 Cost of individual projects ranging between ₹22 lakh and ₹30.31 crore.

106 Revised demand of balance funds projected by the Agency

against a beneficiary share at a prescribed rate to be received by the Agency. Records showed that 18,196 SHLSs and 618 Solar lanterns had been issued by the Agency to beneficiaries under the Programme. However, records relating to recovery of beneficiary share, remittance of share to Head Office and outstanding share with concerned BDOs had not been maintained. As a result, actual position of recovery, remittance of beneficiaries share and amount of beneficiaries share retained by the concerned BDOs could not be ascertained. Audit noticed that ₹28.21 lakh had been retained unauthorisedly by nine BDOs (BDOs: Chattroo, Thathri, Gundwana, Drabshalla, Kishtwar, Ramsoo, Ramban, Assar and Bhagwah) despite the fact that more than one and half year had lapsed from the date of distribution of solar equipment and no action for ensuring remittance of the amounts by the concerned BDOs had been taken by the District Officer, JAKEDA, Doda. The Commissioner/ Secretary stated (July 2014) that most of the amount out of ₹28.21 lakh retained by the BDOs had been received and that only ₹0.60 lakh remained outstanding with them. The Agency had however not furnished details of amount deposited by the BDOs to confirm their receipt.

(e) The instructions issued by the GoI envisaged placement of funds received for implementation of various centrally sponsored schemes in interest bearing bank account. Records, however, showed that the Agency placed the funds related to GoI schemes in the current accounts thereby leading to loss of interest to the extent of ₹22.92 lakh during 2008-13. After being pointed out in Audit, the Agency converted (October 2013) current deposit accounts into Smart Saving account.

2.5.8 Implementation

Remote Village Electrification (RVE) Programme

2.5.8.1 Non-distribution of SHLSs to approved households

The Government of India approved villages for distribution of SHLSs on the basis of project proposals submitted by the Agency and any change in the approved list of beneficiary villages had to be done only with the prior permission of GoI. Records further showed that SHLSs were not distributed to every household in the approved villages.

In four test-checked districts, records showed that 25,016 SHLSs were approved for 25,016 household of 148 villages by the GoI. It was, however, seen in audit that only 10,324 SHLSs were distributed among approved household thereby depriving 14,692 (59 *per cent*) approved households of the scheme benefit without assigning any reasons.

Similarly, 3,382 SHLSs valuing ₹3.68 crore were distributed in 34 unapproved villages/ hamlets without obtaining the approval of the GoI.

The Commissioner/ Secretary stated (July 2014) that the villages which had been electrified by the Power Development Department during the process of obtaining sanction from the GoI were dropped and only actual un-electrified villages were covered. However, the due process of obtaining prior permission from the GoI for distribution of SHLSs among the beneficiaries was not followed.

2.5.8.2 Distribution of SHLSs in electrified villages/ hamlets

The Programme Guidelines envisaged that the Agency needs to ensure that the villages/ hamlets taken up for coverage under RVE Programme had not been electrified under RGGVY or any other schemes of the State Government. Records, however, showed that the Agency did not ensure an un-electrified status of villages/ hamlets before distribution of SHLSs. As a result, 8,984 SHLSs valuing ₹9.77 crore were found distributed to 8,984 households of 37 electrified hamlets. The deviation from the guidelines resulted in mis-utilisation of the assistance, deprival of the benefits of the scheme to the un-electrified hamlets and non-achievement of the programme objectives. The Commissioner/ Secretary stated (June 2014) that implementation of the project gets delayed and meanwhile some villages get electrified and SHLSs were being provided to only those villages which were un-electrified at the time of distribution. The reply was not based on facts as SHLSs were distributed in electrified hamlets.

2.5.8.3 Wasteful expenditure

The Agency under the 'Solar Photovoltaic Programme' received (March 2010) assistance of ₹1.81 crore from the GoI for distribution of 15,150 solar lanterns in the Gujjar and Bakerwal basties of the State.

It was seen that after procurement of the lanterns by the Agency, the same were distributed among the districts. Test check of records in District Office, Anantnag showed that of the 4,384 Solar Lanterns received during April 2011 to August 2011, 803 solar lanterns (cost: ₹22.09 lakh) had not been distributed to the beneficiaries as of August 2013 even after two years from the receipt of systems. This indicated that the Agency procured solar lanterns without identification of beneficiaries prior to submission of proposals to the GoI. As a result of non-distribution of equipment and expiry of battery life, the expenditure of ₹22.09 lakh was rendered wasteful. The Commissioner/ Secretary stated (July 2014) that the implementation of the project in Anantnag district had got delayed due to Model code of Conduct in connection with Panchayat elections and as such, the batteries got exhausted. The fact remains that the Panchayat elections were held in April/June 2011 and the lanterns had not been distributed as of June 2014.

2.5.8.4 Beneficiary share

The Programme guidelines envisage that the Agency needs to obtain share of ₹750 per SHLS and ₹500 per solar lantern from beneficiaries before issue of these equipment.

Records, however, showed that the Agency had distributed SHLS and solar lanterns to beneficiaries without obtaining beneficiary share before their issue. An amount of ₹25 lakh had been outstanding against District officers as beneficiary share as of

March 2014 for the systems issued during 2009-10 to 2012-13. The CEO stated (September 2013) that there was no outstanding amount as same was lying with the districts. The fact, however, remains that the beneficiary share collected by the districts offices should have been remitted for consolidation and accountal at the Head office which had not been done.

It was also seen in audit that foolproof mechanism for recovery of beneficiary share had not been formulated as beneficiary share to be recovered was not indicated in the distribution of SHLSs lists. It was seen that in absence of any criteria, the District Officer, Baramulla and concerned *Sarpanchs* had collected (2011-12) beneficiary share in the range of ₹1600 to ₹3000 from the beneficiaries of villages of *Jabla* and *Gakhrote* of district Baramulla as confirmed by the two members committee[107] constituted by the Agency to ascertain the facts regarding excess charging from beneficiaries which indicated weak control mechanism in the Agency. The Commissioner/ Secretary stated (June 2014) that the question of charging higher beneficiary share did not arise as the complaint regarding such excess charging in two villages had been found to be frivolous. The reply was not acceptable as excess charging from beneficiaries was confirmed by the two members committee constituted by the Agency and the District Officer had been attached on the basis of the recommendations of the committee.

2.5.8.5 User charges from beneficiaries

The Programme Guidelines envisage collection of user charge of ₹20 per month from the beneficiaries. The money so collected is to be kept in a separate account and used for replacement of batteries and other components. A willingness to pay this amount by the beneficiaries is to be obtained before distribution of SHLSs.

Records showed that the Agency procured and distributed 51,997 SHLSs to households of un-electrified villages during 2008-09 to 2012-13. It was, however, seen in audit that the Agency did not obtain the requisite willingness from the beneficiaries for payment of user charges. As a result, the Agency had to suffer annual loss of ₹1.25 crore. The non-levy of monthly user charges clearly indicated the Agency had not planned long term sustainability of these systems.

The CEO and the Commissioner/ Secretary stated (September 2013 and July 2014) that it was very difficult to manage the collection of user charges in the rural and far flung areas as the Agency had no adequate manpower for the purpose. The reply was not acceptable as the user charges to be collected were to be used for replacement of batteries and other components of SHLSs.

2.5.8.6 Annual Maintenance Contract (AMC) provided by suppliers

The Programme Guidelines envisaged that appropriate arrangements should be made for suitable AMC for a minimum period of five years to ensure long term operation, maintenance and sustainability of the projects. State Implementing Agencies were to

[107] Chief Executive Officer (Central) and Asstt Chief Executive Officer (Kashmir)

ensure that the required local services set up had been created by the suppliers for fulfilment of AMC liability.

Records, however, showed that maintenance of SHLSs had not been provided by eight suppliers out of 13 suppliers, as these suppliers had not established service centres in the respective districts. As a result, services for maintenance of SHLSs and replacement of components had not been provided to beneficiaries. Audit also noticed that four out of five service centres established in district Doda were non-functional as of May 2013 and that service centres had not been established in Anantnag and Poonch districts.

Further, the ineffectiveness of the Agency to provide free of cost maintenance to beneficiaries for a warranted period of five years could be judged from the fact that the service centre of M/s Kotak Urja established in Gurez charged fees in the range of ₹200 to ₹400 from beneficiaries as showed during physical inspection conducted by a Government of India team. It was seen in audit that the Agency had not initiated any action against defaulting suppliers who had not established service centres or charged fees from beneficiaries and had shown non adherence to the contractual obligations.

The Commissioner/ Secretary stated (July 2014) that the Agency had been ensuring setting up of proper service centres and that these would be strengthened further.

2.5.9 Jawahar Lal Nehru National Solar Mission (JNNSM)

It was seen in audit that the Agency had not initiated any steps for grid connected solar plants in the State and focused only on installation of off-grid solar applications such as solar power plants and solar water heating systems at rooftop of Government buildings viz; hospitals, community Information Centres (BDOs office) etc. Audit observed as follows:

2.5.9.1 Non-functional solar power plants and solar water heating systems

Audit conducted physical inspections of 21 institutions where solar equipment was installed during March 2010 to October 2012. The Heads of the institutions of 12 sites reported that the installed solar equipment had been non-functional immediately after commissioning and suppliers of the equipment had not provided service for maintenance despite the fact that these equipment had been covered under Annual Maintenance Contract of five years. The non-functioning of the equipment indicated that the Agency did not monitor the performance of the equipment. Third party inspections of these equipment had not been conducted as of March 2014 despite the fact that guidelines/ bidding documents envisage such inspections. This defeated the intended purpose and rendered expenditure of ₹2.52 crore on installations of these equipment at 12 locations wasteful.

The Commissioner/ Secretary stated (July 2014) that all the systems had been functioning properly and complaints wherever received had been referred to the supplier to make the system functional. The reply was contrary to the reports of the Heads of the Institutions where the solar equipment were installed.

2.5.9.2 Non-installation of solar power plants

The GoI sanctioned (December 2010) installation of 69 SPV power plants with aggregate capacity of 1090 KWP at 69 district hospitals/ health centres of the State at a cost of ₹32.70 crore for completion by December 2011. It was seen in audit that only 33 plants (Capacity : 525 KWP) were completed and balance 36 plants had not been installed at approved district hospitals/ health centres as of March 2014 even after a lapse of 26 months from the targeted date fixed by the GoI.

Similarly, 107 SPV power plants with aggregate capacity of 905 KWP (cost: ₹24.44 crore) sanctioned (February 2012) by the GoI for installation at Community Information Centres (CICs) for completion by the end of January 2013, had not been installed at the CICs as of March 2014, even after lapse of 14 months from the target date of completion. The delay in installation of the plants resulted in non-release of subsequent instalments by the GoI (May 2014).

The Commissioner/ Secretary stated (July 2014) that all 69 solar power plants at district hospitals/ health centres and 107 power plants at CICs had been procured and almost 90 *per cent* stand installed and commissioned. The reply furnished was not based on facts since only 47 solar power plants i.e. 68 *per cent* at district hospitals/ health centres and 85 power plants i.e. 79 *per cent* at CICs had been installed as of August 2014.

2.5.9.3 Solar water heating systems

The GoI sanctioned (August 2011) installation of solar water heating systems of aggregate collector area of 20,000 sq. mtr in various domestic, industrial and commercial institutes in the State with an estimated cost of ₹22 crore. The guidelines envisage that the firm would submit all the relevant documents such as utilization certificates of funds, installation and commissioning reports, audited statement of expenditure, photographs of systems installed and full details of solar collector type and area installed to the Agency.

Records showed that out of the sanctioned funds the Agency received (August 2011) ₹50 lakh and awarded contracts for installation of 422 solar water heating systems to two firms[108]. It was, however, seen that without following the guidelines and obtaining requisite installation/ commissioning reports, photographs of systems installed and full details of solar collector type and area installed, the Agency had released payment of ₹41.28 lakh to the firms.

The CEO stated (September 2013) that it was not practically possible for the Agency to verify the systems on individual basis. The reply was not acceptable as release of huge payments in absence of verification of installed equipment was irregular.

2.5.10 Procurement of Solar Equipment

The Programme guidelines envisaged that solar home lighting systems, solar power plants, solar water heating systems etc., need to be procured through competitive

[108] M/s Electrotherm and M/s Tata BP

bidding process and after following guidelines issued by the Central Vigilance Commission for procurement of material.

Audit noticed cases of non-adherence to codal provisions, undue benefits to suppliers and allotment of projects to ineligible contractors as discussed below:

2.5.10.1 The Agency placed orders for procurement of 6,872 solar home lighting systems of M/s Bharat Electronics Ltd. make and 4,355 solar lanterns of M/s Kotak Urja Private Ltd. make with the Director General Supplies and Disposals (DGS&D) New Delhi at a cost of ₹11.24 crore on 23 October 2009. Audit observed following procedural and codal lacunae in the procurement process indicating lack of transparency in procurements.

- The in-charge Chief Executive Officer (CEO), of the Agency placed supply orders and indents on 23 October 2009 before obtaining approval of the Principal Secretary of the Department who approved supplies on 26 October 2009. Further, approval of the Competent Authority viz., Governing Body or Executive Committee of the Agency was not obtained for such procurement. The Commissioner/ Secretary stated (July 2014) that all the projects would be approved as and when meeting of GB took place.

- Rules framed by the Agency envisage that cheques valuing above ₹10,000 up to ₹one crore are to be signed jointly by the Accounts Officer and the CEO and beyond ₹one crore by the CEO and the Commissioner/ Secretary of the Department.

  It was, however, seen that supply orders worth ₹11.24 crore were split into 14 supply orders below ₹ one crore each and placed (October 2009) to avoid signatures of the Competent Authority. The Commissioner/ Secretary stated (July 2014) that the Programme was to be implemented in various districts of the State consisting of different blocks and as such, the supply order was split block-wise and cheques were prepared as per indent placed on DGS&D. The reply was not acceptable as all the 14 supply orders were placed with DGS&D and the location wise distribution should have formed part of the instructions appended with the supply order.

- The matter had come to the knowledge of the then Hon'ble Minister, Science and Information Technology Department who while taking serious note of the matter had ordered (November 2009) cancellation of the supply orders. However no action was taken and the Agency went ahead with the procurement. The Commissioner/ Secretary stated (July 2014) that the then Hon'ble Minister had not communicated any letter on the matter. The reply was not based on facts as the note dated 9 November 2009 on the matter was marked to the then Principal Secretary of the Department.

- The Agency placed (October 2009) supply orders for solar home lighting systems at a rate of ₹12,978 just before seven days of lapse of rate contract valid for the period from November 2008 to October 2009. However, no clause relating to price fall was incorporated in the terms and conditions while placing the supply orders. Though a clause of price fall was incorporated in the case of solar lanterns and it was seen that non-inclusion of this clause resulted in excess payment of ₹32.81 lakh, as the new rate contract (effective from November 2009) for the solar home lighting systems was approved for ₹12,500 per system. The Commissioner/ Secretary stated (July 2014) that M/s BEL had not participated in the fresh rate contract and as such price fall clause was not applicable on the firm. The reply was not tenable as the purpose of price fall clause was to safe guard the interests of the Government just as in the case of solar lanterns.

2.5.10.2 The tender specification for supply of Solar Home Lighting Systems (SHLS) envisaged that firms were to supply batteries as per specification as indicated in IEC-61427 or IS: 1651 or IS: 13369 or IS: 15549 or any equivalent standards with condition that battery must qualify to meet certain tests as specified in the contract. Further, technical specification envisaged that the use of Chinese solar cells need not be allowed.

- The inspection report of the Directorate of Quality Assurance, Department of Commerce (Supply Division), Ministry of Commerce & Industry, GoI indicated that 5,000 solar home lighting systems supplied by a firm[109] at a cost of ₹5.44 crore were not as per technical specification envisaged in the NIT, as apart from using Chinese solar cells, the charge retention/ shelf life was not covered under IS: 13,369. The Agency did not take action against the firm in the light of inspection report and accepted the supply of systems on the plea that systems were to be maintained by the firm free of cost under CMC clause for a period of five years against which 10 *per cent* Bank guarantee was obtained from the firm. The plea of the CEO (September 2013) was not justifiable in the light of violation of contractual stipulations by the firm and acceptance of sub-standard systems resulted in undue benefits to the firm. The Commissioner/ Secretary stated (July 2014) that the DGS&D inspection team of Mumbai had raised a minor observation which was clarified and the material was as per approved specification and the firm was bound to maintain the system for a period of five years. The contention of the Agency was not convincing as the firm had not adhered to the technical specifications stipulated in the NIT. Besides, reasons for not taking up the matter with the supplier in the light of the observations made by the Inspection team were not on record.

2.5.10.3 The guidelines issued by the Central Vigilance Commission (CVC) envisage that estimated rate is a vital element in establishing the reasonability of prices.

Records showed that 500 KW solar power plants had been procured (December 2011 and January 2012) at rates higher than those prevailing in the market. Even the rates charged by different suppliers were at variance. In absence of estimated rates, the

[109] M/s Jain Irrigation Systems Limited

Agency failed to ascertain reasonable rates of various equipment and suffered financial loss of ₹85 lakh as instanced in **Table-2.5.2** below:

Table-2.5.2

Particulars	Quantity (Kw / lpd)	Rate borne by JAKEDA (Rupees)	Prevailing market rates (Rupees)	Extra cost involved (₹in lakh)
Solar power plants	500 Kw	2,62,000	2,45,000	85

It was seen that the Agency had procured solar power plants from M/s Sun Technics Energy Ltd. (January 2012) and M/s Moser Baer (December 2011) at a rate of ₹2.62 lakh per Kw whereas the Agency had procured solar power plants from M/s HBL Power systems (December 2011) at a rate of ₹2.42 lakh and M/s Sova Power Limited (September 2012) at a rate of ₹2.45 lakh.

The Commissioner/ Secretary stated (July 2014) that GoI had fixed a benchmark cost of ₹220 per lpd (as per calculations made by audit) thereby bringing the cost of 46 sites to ₹1.26 crore whereas the purchases had been effected for only ₹1.23 crore which was less than the benchmark cost approved by the GoI. The reply is not based on facts as audit contention is based on agency's benchmark of ₹165 per lpd and not ₹220 per lpd as claimed by the Agency.

2.5.10.4 The Design, supply, installation, commissioning of five[110] solar wind hybrid systems was allotted to a firm[111] at a cost of ₹one crore during December 2009. Records showed that the Agency had made major changes in the technical specifications such as lowering down the capacity of battery bank, invertors, and specifications of SPV Module and Aero generators etc., in the supply order placed with the supplier after approval of the rate contract by the Purchase committee. Major changes in specifications without any changes in the price of systems were clearly indicative of compromising the quality and extension of undue benefits to the supplier. Further, the contract was allotted to the firm despite the fact that the company had not met the technical criteria as specified in bidding document as the company had an aggregate experience of 4.15 Kw with an individual solar wind hybrid system with a minimum capacity of 950 watt against the prescribed requirement of an aggregate capacity of at least 500 Kw with individual solar wind hybrid system with a minimum capacity of 15 Kw.

The Commissioner/ Secretary stated (July 2014) that there were few Aero-generators manufacturers in the country and an amendment was made in the tender document itself by keeping better specifications. Further, it was stated that the clause of experience was waived off through an amendment in the tender document as the wind projects were of smaller sizes and had not been installed in the country on large scales. The reply was not acceptable as the Agency had not issued corrigendum for making amendments in the newspapers besides the date of posting of these amendments on the official website was not produced to audit.

110 PHC Narbal Baramulla, SDH Ganderbal, SDH Akhnoor, SDH Sunderbani and SDH Banihal

111 M/s Rajasthan Electronics and Instruments Limited.

Further, reasons/ necessity for making amendments in specifications were not on records.

2.5.10.5 Allotment of projects to ineligible contractors

The terms and conditions for the bids for supply of solar systems envisaged that total financial turnover of bidder firm should not be less than ₹50 crore in the past three years and should be authenticated by the Chartered Accountant.

Audit noticed that contract of ₹16.92 crore for supply, installation and commissioning and testing of solar power plants at various hospitals, community information centres etc., was allotted (September 2012 and April 2013) to a firm[112] on the basis of a turnover certificate where the firm claimed to have achieved a turnover of ₹52.88 crore during three years 2009-10 (₹Nil), 2010-11 (₹4.32 crore) and 2011-12 (₹48.56 crore). Audit scrutiny of the records however, showed that the copy of the Profit and Loss Account for the year 2011-12 had not been certified by the Chartered Accountant, in absence of which genuineness of turnover certificates furnished by the company was doubtful. The Agency ignored these facts while evaluating the technical and commercial bids and declared the firm successful for financial bid.

Further, the Agency placed supply order for supply, installation, commissioning and testing of solar power plants at nine sub-district hospitals (capacity: 140KW) with the same firm at a cost of ₹3.43 crore without adopting the system of competitive bidding. Placement of supply order in absence of tendering process was a violation of guidelines and was clearly indicative of undue benefits to the company which was not eligible for participation in bidding process as per terms and conditions of bidding documents.

The Commissioner/ Secretary stated (July 2014) that the turnover of ₹50 crore for the last three years was the basic eligibility and the Chartered Accountant had certified the requisite certificates and that the firm had supplied the best quality material without delay. The fact, however, remains that the financial statements for the year 2011-12 furnished by the firm were not certified by the Chartered Accountant.

2.5.10.6 Splitting of supply orders amongst unsuccessful bidders

The Central Vigilance Commission (CVC) instructions (March 2007) envisaged that in cases where organizations decided in advance to have more than one source of supply, ratio of splitting the supply need to be pre-disclosed in the tender itself.

It was seen in audit that no such splitting was indicated in the tender document for 39,812 Solar Home Lighting Systems under RVE Programme. However, the supply orders were distributed amongst five suppliers (out of six participated in bidding process) in the ratio of 55:17:13:12:03 and 20,000 Solar Home Lighting Systems under General Category were distributed amongst all the four bidders in the ratio of 25:25:25:25. The Commissioner/ Secretary stated (July 2014) that work order was not placed with any bidder more than its production capacity to ensure timely

112 M/s Sova Power Limited.

implementation of the project in the light of involvement of large quantity and wide area of operation. The reply should be seen in the light of fact that supplies by three test-checked suppliers were not received by the Agency within the scheduled time of three months and that the ratio of splitting was not pre-disclosed in the NIT.

2.5.11 Avoidable extra expenditure

Records showed that JAKEDA had been registered with the Commercial Taxes Department and the Agency had been entitled to issue 'C' form to avail concessional rate of tax in case of inter-state trade. It was, however, seen in audit that the Agency had not issued 'C' form to avail concessional rate of tax while procuring SHLSs from outside the State and as such the Agency had to bear full rate of tax. As a result, the Agency had to bear an avoidable extra expenditure of ₹1.26 crore to five suppliers on procurement of 34,504 SHLSs during May 2011 to October 2012. The Commissioner/ Secretary stated (July 2014) that if C-Form was to be issued the benefit would go normally to the vendor. The reply was not based on facts as by not claiming the concessional rate the Agency had made excess payment to the contractors.

2.5.12 Monitoring

The Programme guidelines envisage that the implementing agencies must ensure close monitoring of the implementation of the projects and provide periodic progress reports to the GoI. Third party monitoring by an independent, reputed agency after completion of the projects would be mandatory before release of final instalment.

Records showed that the Agency had neither carried out periodic inspections nor monitored the implementation of the projects through independent and reputed agency. As a result, performance of these projects could not be ascertained.

The Commissioner/ Secretary stated (July 2014) that since the projects had been recently completed the third party monitoring got delayed and that it would be taken up immediately.

2.5.13 Conclusion

Comprehensive Solar Power Policy had not been formulated with the result the Renewable Energy sector had not been encouraged and the State did not contribute towards achievement of countrywide targets of solar power generation. Annual accounts for the years 2010-11 to 2012-13 had not been finalised. Instances of shortage of funds, non-accountal of beneficiary share, parking of funds in Deposit accounts, loss of central assistance, misutilisation of funds were noticed in audit. Surveys required for identification of eligible beneficiaries to be covered under the GoI schemes had not been conducted by the Agency and in absence thereof the distribution had been carried out as per the list prepared by Rural Development Department. The Procurement process adopted by the Agency led to financial loss to the public exchequer, undue benefits to suppliers, allotment of contract to ineligible suppliers. In absence of estimated rates, the Agency failed to ascertain reasonability of rates of various equipment. There was a lack of post installation annual maintenance of the systems installed and non-monitoring of implementation of the projects.

2.5.14 Recommendation

The Government may consider:

(i) carrying out proper survey of the un-electrified villages/ hamlets and identification of the beneficiaries to achieve the intended benefits;

(ii) procuring of equipment after proper evaluation of technical and financial parameters and ensuring reasonability of rates; and

(iii) undertaking proper monitoring of the solar systems for their installation and proper maintenance.

CHAPTER-III

COMPLIANCE AUDIT

CHAPTER- III: COMPLIANCE AUDIT

ADMINISTRATIVE REFORMS INSPECTIONS AND TRAININGS DEPARTMENT

GOVERNMENT PRESS SRINAGAR

3.1 Inordinate delay in execution of project

Improper planning and poor funding for the project for construction of Government Press Complex at Pampore Kashmir resulted in inordinate delay in execution of the project and likely cost overrun of ₹5.06 crore.

With a view to giving adequate space and facilities consistent with modern requirements to the Government Press Srinagar, the State Government agreed (August 1987) to the recommendations of the consultative committee which suggested shifting of the press from Lal Chowk Srinagar to a new location at Samboora, Pampore. A piece of land measuring 20 *kanals* belonging to Industries Department was transferred (August 1988) by the State Government for construction of the new press complex.

Audit scrutiny (July 2013) of records showed that the construction of the Press complex was started (1988-89) at an estimated cost of ₹2.92 crore through the State Public Works Department and ₹61 lakh had been released during seven years (1988-89 to 1994-95). After completing a single storey block and the compound wall with the released amount, the project was handed over (1996-97) to the J&K Project Construction Corporation Limited (JKPCC) at an estimated cost of ₹4.87 crore for completion within three years. However, poor release of funds by the State Planning and Development Department resulted in non-completion of the project even after a lapse of 17 years. It was seen that ₹5.39 crore had been released for the project during the period of 17 years from 1996-97 to 2013-14 (February 2014) to the JKPCC.

Due to considerable increase in 'Schedule of Rates', the JKPCC revised (December 2012) the cost of the project to ₹7.98 crore and the administrative approval was accorded (December 2012) for ₹7.74 crore. While as the value of work done stood at ₹6.35 crore the work was yet to be completed (February 2014).

Thus poor funding for a project started in 1988-89 resulted in its non-completion in about 22 years besides likely cost overrun of ₹5.06 crore.

The matter was referred to the Government/ Department in March 2014. The Director Finance, ARI & Trainings Department attributed (April 2014) the delay and resultant cost overrun to poor funding by the Government.

Civil Aviation Department

3.2 Non-transparent procurement

Procurement of Agusta A-109E Power Helicopter in non-transparent manner.

For movement of Very Important Persons (VIPs) in the State, the Civil Aviation Department (CAD) of State Government floated a proposal to acquire a twin engine helicopter. For this, the Government constituted a high level committee in January 2004, which decided that the Director Civil Aviation would evaluate all the available makes in the desired category and thereafter invite specific offers from such of the Companies as would be short listed. The Director, CAD got an in house study conducted by a team of Pilots and Engineers (Committee) which shortlisted three helicopters viz EUROCOPTER EC 135 (EC), AGUSTA 109 POWER (AP) and MD 900 EXPLORER (MD).

The Committee after evaluation of the offers received from two firms (EC and AP), recommended (June 2004), purchase of AP stating that it was technically best suited for local conditions, was cheaper than EC, offered spares worth ₹ one crore and a warranty of three years against warranty of two years offered by EC whereas MD did not respond.

The Government accepted the proposal and accorded sanction (June 2005) for the purchase of AP helicopter at a cost of ₹20 crore (USD 4.41 million). The CAD accordingly carried out the purchase of the helicopter which was received in January 2007. An examination of the records showed the following:

(i) No formal Notice Inviting Tenders or Request for Proposals was issued either on open/ global tender basis or even to three shortlisted vendors on limited tendering basis. In the absence of such a process, firm quotes (preferably in two parts; technical bids and financial bids) based on pre-defined buyer requirements/ specifications (consumes technical parameters which were minimum essential) were not obtained.

(ii) The comparative evaluation was done (in the absence of firm and formal technical/ price bids) with reference to informal offers obtained at different points of time and not brought to common basis of evaluation through pre-defined parameters (e.g. post sale support, cost of maintenance for a pre-defined period, essential and desirable attributes).

(iii) In the absence of competitive tendering (global or limited), the reasonableness of negotiated price could not be vouched. Although it was known that Rajasthan Government had procured the same helicopter and that Government was indeed approached for details, but their response was not on record.

The matter was referred to the Government/ Department in March 2014. The Commissioner, Civil Aviation Department, stated (June 2014) that the Committee headed by the Chief Secretary accepted the recommendations of the Department that had carried out technical comparison and which were also approved by the State Cabinet. The reply should be viewed in light of the fact that proper tendering process was required to be followed before allotment of contract for the purchase of twin engine helicopter.

COOPERATIVE DEPARTMENT

3.3 Blocking of investment

Unplanned construction of Godowns under the Centrally Sponsored Scheme RKVY resulted in blocking of investment to the extent of ₹2.26 crore.

In order to mitigate the shortage of fertilizers in District Baramulla and *erstwhile* District Doda, two Godowns of 1000 MTS capacity each at *Chakkar Assar*, (Doda) and Sopore (Baramulla), were taken up for construction under the Centrally Sponsored Scheme *Rashtriya Krishi Vikas Yojana* (RKVY) with the objective of dumping buffer stock of fertilizers for issue to farmers at the time of need and scarcity. The land for constructions of the godowns was arranged by two Cooperative Societies[1] which were to use the godowns for storage of fertilizers. Administrative Approval for the construction was accorded (November 2011) for a total cost of ₹2.26 crore and the works were to be completed within two years.

Audit scrutiny (February 2014) of records of Registrar Cooperative Societies (RCS), Jammu showed that though the construction was completed in March 2012 after incurring an expenditure of ₹2.26 crore yet the godowns had been taken over by the Department[2] belatedly (June/ August 2013) from the executing agency. The godowns had not been utilised for the intended purpose as of February 2014. The godown at Assar, Doda taken over in June 2013 had not been put to use at all while as the godown at Sopore, Baramulla taken over in August 2013 had been rented out (November 2013) to a private party, through the Sopore Cooperative Marketing and Consumer Society, on an annual rent of ₹ three lakh.

Thus, the godowns constructed with the objective of dumping buffer stock of fertilizers had not been used for the purpose for which these were constructed thereby resulting in blockade of investment of ₹2.26 crore.

The matter was referred to the Government/ Department in May 2014. The Director (Finance) of the Department endorsed (June 2014) the reply of the Registrar, Cooperative Societies, wherein it was stated that the godown at Chakkar Assar in district Doda had been taken over from the executing agency in June 2013 and would be put to use during current financial year (2014-15). It was further stated that due to non-finalisation of terms and conditions with the fertilizer manufacturing companies for dumping of fertilizers it had been decided to rent out the godown at Sopore for generating income till the agreement was executed with the companies. Deputy Registrar (C) Cooperative Societies, J&K Srinagar stated (July 2014) that the godown at Assar, Doda was being provided to Block Development Officer Assar. The fact remained that the godowns had not been used for intended purposes.

1 The Sopore Cooperative Marketing and Consumer Society, Sopore, (Baramulla) and The Jathi Marketing Society Limited, Assar, (Doda).

2 The Dy. Registrar, Cooperative Societies District Baramulla and The Dy. Registrar Cooperative Societies (Agri), Doda.

3.4 Regulation and Development of Cooperatives and Cooperative Societies

The department did not fulfil requisite benchmark activities with the result it could not benefit from GoI sponsored VNCR scheme aimed at revival of cooperatives. Under-utilisation of funds to the extent of ₹9.47 crore and delay in release of assistance to beneficiary societies under GoI sponsored schemes resulted in non-achievement of intended objectives. Instances of non-maintenance of beneficiary accounts, non-operation of Bank accounts by societies, undue retention of funds to the extent of ₹1.30 crore and non-mortgaging of assets were also noticed in audit.

There are two legislative frameworks in the State of Jammu and Kashmir pertaining to the cooperative movement. One is the "J&K Cooperative Societies Act, 1989" and Rules (J&K Cooperative Societies Rules, 2001) made there-under and the other is the "J&K Self Reliant Cooperative Act, 1999". The Cooperative institutions registered under the former are called *Cooperative Societies* whereas those registered under the latter are called *Cooperatives*. The Government may subscribe directly to share capital of a *Cooperative Society* whereas registered *Cooperative Society*, which is not in receipt of any share capital from Government, may apply for registration under J&K Self Reliant Act as *Cooperatives*. The Institution of the Registrar Cooperative Societies (RCS) has been created to aid, advice, facilitate and guide the Cooperative Societies/ Cooperatives in their working. 1,673 Cooperative Societies and 2,043 Cooperatives under various disciplines were registered as of March 2014.

As part of our audit during 2013-14, we reviewed the working of the office of the Registrar Cooperative Societies (RCS) covering the period 2009-14. The Audit findings are detailed below:

3.4.1 Development financing of cooperative societies

3.4.1.1 Loss of central assistance under Vaidyanathan Committee Report (VNCR)

The State Government signed (April 2008) a Memorandum of Understanding (MoU) with the National Bank for Agriculture and Rural Development (NABARD) and the Government of India (GoI) regarding implementation of Revival Package for re-capitalization of the Short Term Credit Cooperative Institutions, who had huge accumulated losses and as a result suffered erosion of their capital/ net-worth, under the *Vaidyanathan* Committee Report (VNCR) launched by the Ministry of Finance, Government of India.

As a result of special audit conducted (2008-09) by NABARD, 110 societies[3] were found conforming to the eligibility criteria and the total erosion of net worth of these societies was worked out to ₹7.09 crore. In accordance with the parameters fixed (January 2006) by the GoI, the assistance payable under the package was to be shared between the GoI, State Government and the Cooperative Society on the basis of loss/ existing commitments and the amount to be shared by each worked out to ₹4.19 crore,

3 Primary Agriculture Credit Societies (PACS), Central Cooperative Banks (CCBs) and State Cooperative Banks (SCBs).

₹92.75 lakh and ₹1.98 crore respectively. However, in view of weak financial position of the Primary Agriculture Cooperative Societies (PACS), the State Government decided (February 2010) to contribute 50 *per cent* of the Institutional share (Share of cooperative societies) in addition to its due share.

The implementation package was required to be completed within three years (2009-12) and the State Government was supposed to release its due share in advance and fulfill certain benchmark activities[4] before claiming the Central assistance.

It was seen that though the State Government released an amount of ₹2.64 crore[5] during the years 2009-12 for onward credit to the eligible societies, the Department failed to fulfill the requisite benchmark activities, resulting in deprival of the GoI assistance of ₹4.19 crore and non-achievement of the intended objectives.

It was further seen that out of ₹1.92 crore[6] released (2009-12) by the State Government to different District Central Cooperative Banks (DCCBs), ₹1.28 crore was released (2009-10) to Jammu Central Cooperative Bank (JCCB). An amount of ₹18.35 lakh was lying undisbursed with the JCCB as of January 2014 and no details of credit of the balance ₹1.10 crore by the JCCB together with the credit of ₹64 lakh (₹1.92 crore *minus* ₹1.28 crore) by the other DCCBs to the concerned societies were available with the RCS.

3.4.2 NCDC funded schemes

3.4.2.1 Implementation of Integrated Cooperative Development Projects (ICDP)

ICDP is a scheme district specific in nature, which addresses development needs in the area of agriculture and other rural based activities including fisheries, poultry, handloom, dairy, sericulture and other village level micro credit delivery system. The scheme had been taken up by the State Government for employment generation and speedy economic development of the region through cooperatives. Two projects were approved (March 2004) by the NCDC for implementation in the districts of Anantnag and Kathua at a total project cost of ₹19.37 crore[7].

The projects were to be completed by 31 March 2014 but these were under execution (July 2014) which resulted in non-sanctioning of the new projects by the NCDC in the districts of Baramulla and Doda and that the project implementation had suffered due to the following reasons:

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4 Amending the Cooperative Societies Act and Bye-laws of the Primary Agriculture Cooperative Societies (PACS), conducting of elections of banks and PACS, fulfillment of fit and proper criteria by the CEOs of Banks stipulated by the RBI, appointment of professional CEOs satisfying the qualification as prescribed by the RBI, revival of ineligible PACS, conversion of state hold share capital in excess of 25 *per cent* lying in paid up capital of the societies/Banks into a grant from the State, etc.

5 State share: ₹92.74 lakh; PAC share: ₹98.78 lakh and ₹72.87 lakh for Baramulla Central Cooperative Bank so as to enable it to attain the Capital to Risk Weighted Assets Ratio (CRAR) of 4 *per cent* and become eligible for obtaining license from the RBI

6 State share:₹92.74 lakh and 50 *per cent* PAC share: ₹98.78 lakh

7 Anantnag: ₹10.49 crore; Kathua: ₹8.88 crore

- The projects were required to be monitored by a monitoring cell and Audit noticed that no such monitoring cell had been constituted in the RCS office for State Level Monitoring of the projects (March 2014).
- Against total cost of ₹19.37 crore, an amount of ₹7.38 crore only had been received (August 2005 to March 2011) from the NCDC out of which the Department could utilize ₹5.17 crore[8] (70 *per cent*) only by January 2014. Under utilization of funds was attributed by the Director Finance (Cooperative Department) to delay in completion of the legal formalities by the societies.
- Audit noticed that out of ₹88.89 lakh received as loan from NCDC, funds amounting to ₹85.78 lakh had been released to the cooperative societies after a delay ranging between 65 and 89 months against prescribed period of 30 days. Further an amount of ₹3.11 lakh was lying unreleased (March 2014) with the RCS. The delay in disbursement had resulted in undue accrual of interest of ₹57.59 lakh during the period 2005-14.

3.4.2.2 Implementation of development of commercial poultry

The scheme adopted (2005-06) by the State aims at attaining self sufficiency in Poultry requirement through Cooperative Sector. Under the scheme, the poultry projects for rearing Broiler Birds submitted by different societies are approved by the NCDC.

The scheme is being implemented in the State in two phases and the Department had received ways and means advance of ₹15.90 crore[9] from NCDC for disbursement among 83 Poultry Units[10] sanctioned by the NCDC (March 2014).

Implementation under Phase-I

Under phase-I of the Scheme, ₹6.74 crore[11] was received from NCDC during 2005-12 for further disbursement among 35 poultry cooperatives sanctioned during the period 2005-08. Audit noticed that ₹5.78 crore only had been released (March 2014) in favour of 27 Poultry Units while as seven units had been de-sanctioned (November 2011) by the NCDC for their failure to produce the requisite documents and in respect of remaining one unit, the funds were surrendered (March 2014) to NCDC.

Further, against receipt of ₹1.73 crore for eight beneficiary societies, an amount of ₹72.96 lakh only had been released and balance ₹one crore had been retained by the Department. Of the eight societies, full loan assistance in respect of five societies had not been released due to non-completion of legal formalities and non-obtaining of NOC from Pollution Control Board (PCB) and in respect of three societies no reasons for the retention were on record. Retention of loan assistance had resulted in accrual of interest (payable to the NCDC) of ₹10.73 lakh in respect of two of the eight cases. Thus, non-disbursal of full quantum of loan amount to the societies had apart from

8 Anantnag: ₹3.96 crore; Kathua: ₹1.21 crore
9 Phase-I:₹6.74 crore; Phase-II: ₹9.16 crore
10 Phase-I: 35; Phase-II: 48
11 Loan: ₹4.98 crore; Subsidy: ₹1.76 crore

accrual of interest resulted in non-extension of intended benefits to the beneficiary societies.

It was also seen that out of ₹32.56 lakh received for seven de-sanctioned societies which remained blocked with the RCS during 2008-11, an amount of ₹28.11 lakh only were adjusted (November 2011) by NCDC leaving ₹4.45 lakh unadjusted as of February 2014. The blockade of ₹32.56 lakh during 2008-11 and of ₹4.45 lakh during 2011-14 resulted in accrual of interest of ₹10.13 lakh (excluding penal interest) payable to NCDC.

Implementation under Phase-II

Under Phase-II, an amount of ₹18.32 crore[12] was sanctioned (December 2011) by the NCDC for assisting 48 poultry cooperative societies with validity period upto 30 June 2013.The period of validity was however extended by the NCDC on two occasions (latest extension valid up to 30 June 2014). The State Government requested NCDC for release of funds in the shape of ways and means advance in two equal installments instead of reimbursement in response to which NCDC released (June/ August 2012) ₹9.16 crore as first installment.

Audit noticed that ₹2.90 crore only had been released in favour of 15 poultry cooperatives and the balance ₹6.26 crore pertaining to 33 poultry cooperatives was withheld by the RCS either due to non-completion of legal formalities by the concerned societies or for want of permanent registrations (February 2014). This indicated that before recommending the cases to NCDC, necessary checks had not been conducted by the Department resulting in delayed start of projects and also blocking of funds. Since the amount so received is to be repaid back to NCDC along with interest @ 12.75 *per cent,* Audit noticed that ₹1.21 crore had already accrued as interest (ending February 2014) on such amount and is liable to be paid by the State Government.

The Director Finance (Cooperative Department), however, stated (June 2014) that the beneficiary societies are reluctant to raise the collateral security equivalent to the project cost.

3.4.2.3 Non-maintenance of beneficiary wise accounts

The RCS was required to maintain beneficiary wise accounts (poultry cooperative society) in order to monitor the disbursements, proper usage and recoveries of loan on regular basis.

Audit noticed that the project wise accounts of the cooperative societies sanctioned by the NCDC had not been maintained by the Department in absence of which the amounts due for repayment of loan to NCDC and overall interest payable could not be ascertained. The Director Finance (Cooperative Department) stated that the system had been streamlined and the registers were being maintained accordingly.

12 Loan: ₹13.50 crore; Subsidy: ₹4.82 crore

3.4.2.4 Non-operation of bank accounts in Cooperative Banks

In accordance with the operational guidelines framed by the State Government for implementation of the NCDC funded schemes, the societies were required to open special accounts (Current Account) with the District Level Cooperative Banks/ State Cooperative Banks. Audit noticed that sixteen societies had not opened their bank accounts in the Cooperative Banks. This clearly indicated that proper monitoring over the business transactions of the societies had never been done by the Department. The Director Finance (Cooperative Department) stated that societies shall be directed to operate their accounts in the Cooperative Banks.

3.4.2.5 Undue retention of funds

As per the recovery mechanism approved by the Administrative Department (October 2012) for recovery of loans advanced under NCDC funded schemes, the amount due from the cooperative societies was required to be recovered along with interest after completion of their projects and remitted to the State Finance Department to recoup the State Exchequer. Audit noticed that an amount of ₹1.30 crore recovered from 56 societies[13] was deposited (December 2011 to December 2013) in the official account of the RCS and had not been remitted to the State Finance Department as of January 2014. The Director Finance (Cooperative Department) stated that the accounts section is being directed to remit the amount to the State Finance Department.

3.4.2.6 Non-mortgaging of assets

As per the operational guidelines of the NCDC framed by the State Government, all the assets raised using NCDC and State Government funds were required to be mortgaged to the State Government so that in the event of default, if any, by the societies, these assets shall be put to sale by the Cooperative Bank under the provisions of Securitization Act, 2002.

Audit noticed that in none of the cases, the assets had been mortgaged by the societies. No action had ever been initiated by the Department to comply with the provisions of the operational guidelines issued. The Government stated that the land on which the asset was raised was mortgaged by the concerned society thereby not complying with the guidelines ibid. The fact remains that the built up assets should also have been mortgaged.

3.4.3 Regulation of Cooperatives and Cooperative Societies

3.4.3.1 Deficient Auditing mechanism and lack of oversight

In accordance with the provisions contained in Section 64 of the J&K Cooperative Societies Act 1989, the RCS shall audit or cause to be audited by a person authorized by him, the accounts of every Cooperative Society at least once in each year. The Registrar Cooperative Societies has a separate audit wing for conducting the audit of the cooperative societies headed by a Joint Registrar, one each at Jammu and Kashmir

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13 ₹98.78 lakh received from 53 projects under ICDP and ₹31.11 lakh received from three societies under Poultry Projects

Province. They are further assisted by District Audit Officers (one at each district) and other subordinate staff.

Audit scrutiny showed as follows:

- The department had not prepared any audit plan. There was no system of pre-defined norms about the mandays required for conducting audit of a particular society.
- There was huge shortfall ranging between 45 *per cent* and 50 *per cent* in audit of the cooperative societies during the period 2009-10 to 2012-13. Shortfall in audit was attributed by the Director Finance (Cooperative Department) to non-preparation and non-production of accounts by the societies. No action was found to have been initiated by the Department against such societies.
- The Department had not maintained any record to show that the defects pointed out during the course of audit of the cooperative societies had been rectified by the concerned societies as required under Section 65 of the Act. The Director Finance (Cooperative Department) stated that such records are being maintained at the District/ Divisional level. The reply is not tenable as no such records were found to have been maintained by the Joint Registrar (Audit) Jammu.
- An amount of ₹31.92 lakh was outstanding against various Cooperative Societies on account of Audit fee as of March 2013. Apart from this, ₹72.72 lakh was outstanding on account of audit fee (ending March 2013) from eight Apex Institutions[14] pertaining to District Jammu only.
- The number of defunct/ non-existent societies had increased from 602 during 2009-10 to 701 in 2012-13. However, break-up of societies in terms of non-existent or non-functional, which could have enabled the Department to take appropriate action under the provisions of the Act, was not available with the Department. It was also noticed that the matter had never been taken up by the District/ Provincial level officers with the RCS for initiating appropriate action against such societies. The Director Finance (Cooperative Department) stated that the steps were being taken to revive the defunct cooperative societies.

3.4.3.2 Unrecovered embezzled amount of the Cooperative Societies

The embezzlements in the cooperative societies had been detected by the internal audit wing of the Department and an amount of ₹6.75 crore was recoverable (ending March 2013). The percentage of recovery during the period 2009-10 to 2012-13 ranged between 0.47 *per cent* and 6.12 *per cent*. The Director Finance (Cooperative Department) stated that the cases of embezzlement are very old. The reply furnished is not tenable as there had been fresh cases of embezzlement involving ₹25.49 lakh

14 Cooperative School of Education and Research, Deeli Jammu; Jammu Central Cooperative Bank; Citizen Cooperative Bank; Housing Corporation Limited; Jammu and Kashmir Cooperative Federation (JAKFED); Jammu and Kashmir Ex-servicemen Cooperative/ Store Limited; Super Bazar; and Cooperative Union.

during the period 2009-13, out of which an amount of ₹23.72 lakh pertained to the period 2011-13.

3.4.3.3 Delay in processing of liquidation proceedings

The Cooperative Societies Act envisages appointment of a liquidator in case of winding up of a Cooperative Society, who shall finalize the liquidation proceedings within a period of six months in case of primary society and one year in case of other societies from the date of his taking over as a liquidator.

Audit noticed that during the period 2008-13, liquidators had been appointed by the Registrar Cooperative Societies in respect of 77 Cooperative Societies but in none of the cases had the liquidation proceedings been finalized by the liquidators despite a lapse of a considerable period ranging between one year and five years.

3.4.4 Non-furnishing of returns

The J&K Self Reliant Act 1999 envisages that every cooperative, within thirty days of holding of the Annual General Meeting, shall file returns relating to annual report of activities, audited annual accounts and other statistical information regarding liabilities, surpluses etc., with the RCS.

Audit noticed that neither the returns were filed by the Cooperatives nor was any action taken against the defaulters by the RCS. Even the State Government had never been apprised of the facts regarding non-filing of returns by the Cooperatives. The Director Finance (Cooperative Department) stated that a large number of Cooperatives had not started their business and as such had not filed their returns.

EDUCATION DEPARTMENT

3.5 Undue benefit to private institutions

Payment of unjustified cash assistance to private schools from out of Special Plan Assistance received from the Government of India for improvement and upgradation of the infrastructure in schools resulted in misutilisation of ₹1.73 crore.

The State Government rescinded (July 2004 with effect from April 2004) the Grant-in-Aid scheme, which was promulgated by the Government in January 1975, in respect of Private schools citing the public concern connected with the commercial character of the private schools which were being run as more of an economic or commercial venture.

The Government of India released (September 2010) ₹100 crore as Special Plan Assistance (SPA) for grants to schools and colleges for improvement and additions to the existing infrastructure of which ₹60 crore were approved (October 2010) in favour of School Education Department and ₹40 crore in favour of Higher and Technical Education Department.

Audit scrutiny (December 2011) of records of Education Department showed that the action plans for ₹60 crore prepared (November 2010/March 2011) *inter-alia* included provision of assistance to the tune of ₹2.03 crore for reconstruction of three[15] private institutions. The release to private institutions was subject to conditions stipulated by the Education Department in its action plan, which provided for construction of school buildings by the respective school management with a representative from the Government for proper utilization and monitoring of funds. A total assistance of ₹1.73 crore[16] (from out of the approved assistance of ₹2.03 crore) was disbursed to these three private institutions during March 2011 to May 2012.

Audit scrutiny further showed as follows:

- One of the private beneficiaries[17] after receipt (March/July 2011) of first ₹one crore, had placed (April/July 2011) ₹83 lakh in fixed deposit accounts. Utilisation certificate for ₹25 lakh was furnished on 19 April 2011 and utilization certificate of ₹75 lakh was pending as of March 2014. Audit further, noticed that apart from placing the assistance received in FDRs, the school had raised an insurance claim of ₹1.29 crore (March 2012) and that the School was provided (May 2011) 25 prefabricated huts meant for Disaster Management programme of the State by the District Development Commissioner Baramulla. These prefabricated huts were installed at the site and the institution continued to be housed in these huts (November 2013).
- Another beneficiary[18] was housed in rented accommodation. The assistance amount of ₹10 lakh was distributed (May 2012) by the Assistant Commissioner (Development), Pulwama between the building owner (₹4.50 lakh) and the school management (₹5.50 lakh) without either carrying out proper survey of damages or ascertaining as to whether the owner was having any insurance claim. Apart from this, the school had shifted to another place immediately after disturbances and had not returned to the old location.
- In respect of the third beneficiary[19] it was seen that the area in which school falls was free from any turmoil. The payment of grant in aid was in contravention to the statement of Joint Director (Planning) of the School Education Department who in the context of two valley schools had stated (January 2012) that the grant was paid due to the reasons that these schools had received heavy damages during the turmoil.

Apart from above, there was nothing on record to suggest that a representative of the Government had monitored proper utilization of funds on the construction of school buildings by the respective school management. Thus, payment of assistance meant for Government schools to private schools and subsequent non-monitoring of the

15 Tyndale Bisco School Tangmarg: ₹one crore and Good Shepherd School Pulwama: ₹40 lakh, Islamia Public School, Leh (₹ 63 lakh)

16 Tyndale Bisco School Tangmarg: ₹25 lakh (March 2011) + ₹75 lakh (July 2011); Good Shepherd School Pulwama: ₹10 lakh (May 2012) and Islamia Public School, Leh: ₹63 lakh (November 2011)

17 Tyndale Bisco School Tangmarg

18 Good Shepherd School, Pulwama

19 Islamia Public School, Leh

utilization thereof resulted in misutilisation of ₹1.73 crore and undue benefit to the recipient private schools.

The matter was referred to the Government/ Department (March 2014). The Department stated (May 2014) that the assistance had been provided to two private schools in the valley as their buildings were gutted by a mob during turmoil. It was also stated that a notice had been served to one of the schools for not utilizing the amount for the intended purpose and for submitting a false utilization certificate and that further course of action would be decided by the Department after the reply of the school was received.

The reply was not convincing as the payment of assistance to Private schools, in violation of the Government order of July 2004 rescinding the Scheme in respect of private schools being run as commercial venture, from out of funds meant for Government schools apart from being irregular diversion at the cost of Government institutions, had resulted in extension of undue benefit to the private institutions who even had not utilized the funds for intended benefits.

Health and Medical Education Department

3.6 Blockade of funds

Failure of the Department to acquire land for construction of PHCs at Bharath and Gundna (Doda) before sanction of the Project/ release of funds resulted in blockade of ₹1.55 crore for over three years.

The Director Health Services (DHS) Jammu projected (2008-09) need for the construction of Primary Health Centres (PHCs) at Bharath and Gundna in Doda District for providing immediate medical treatment to the patients. The Jammu and Kashmir Project Construction Corporation Limited (JKPCC) submitted (February 2009) Detailed Project Reports (DPRs) of these PHCs for the purpose of funding the Project. The Project was sanctioned (October 2009) under loan assistance from NABARD[20] (Rural Infrastructure Development Fund (RIDF)-XV) at a cost of ₹2.40 crore (Loan: ₹2.16 crore and State Government contribution: ₹23.97 lakh) for each PHC. The NABARD released (2009-10) first installment of ₹64.72 lakh for each PHC as mobilisation advance which was further placed (November 2009) by it at the disposal of District Development Commissioner Doda for further release in favour of JKPCC DHS, Jammu. An amount of ₹1.29 crore was released in favour of JKPCC in December 2009. The State contribution of ₹12.94 lakh for each PHC was also released to JKPCC in January 2010 (₹6.47 lakh) and March 2011 (₹6.47 lakh).

20 National Bank for Agriculture and Rural Development

Audit scrutiny (May 2012) of records of Chief Medical Officer (CMO) Doda showed that works of PHCs Bharath and Gundna could not be started by the JKPCC as the land identified by the Department for these PHCs had not been acquired resulting in blockade of funds to the extent of ₹1.55 crore[21].

The matter was referred to the Government/Department in March 2014. The Department endorsed (June 2014) the reply of Director Health Services, Jammu wherein it was stated that the people of Bharath were reluctant to provide land and that it had been decided to submit the case to the Administrative Department for utilization of available funds for construction of PHC at some other location. It was further stated that for construction of PHC Gundna, land had been acquired by the revenue authorities but there being no approach road it was decided by the District Administration to identify the land in an area having road connectivity. The reply is indicative of the fact that the Department did not ensure acquisition of land before sanction of the projects.

3.7 Non-recovery of rent of parking spaces

Inaction of the Medical Superintendent SMHS Hospital Srinagar to recover rent of parking spaces from the contractors resulted in non-recovery of revenue to the extent of ₹18.29 lakh.

The contract for use of parking spaces in Government Medical College (GMC) Srinagar and Shri Maharaja Hari Singh (SMHS) Hospital Srinagar for the year 2007-08 was allotted (February 2007) by the purchase sub-committee of GMC Srinagar in favour of contractor[22] at a monthly rent of ₹23,000 with interest at the rate of 10 *per cent* in case of default in payment by the contractor. As the Department failed to finalise contract for the years 2008-09 and 2009-10, the contractor continued to hold the parking spaces up to September 2009.

Audit check (August 2012) of records of Medical Superintendent SMHS Hospital Srinagar showed that during the period April 2007 to September 2009, against ₹6.90 lakh payable by the contractor to the Department on account of rent of parking spaces, ₹3.08 lakh only had been deposited by him. The Principal GMC Srinagar subsequently allotted (October 2009) the parking contract for a period of six months upto March 2010 in favour of another contractor[23] at a monthly rent of ₹62,500. This contractor too, however, did not deposit rent of ₹1.87 lakh for the period from October 2009 to December 2009. The Principal GMC Srinagar thereafter allotted (January 2010) the parking contract for the remaining period of three months (January 2010 to March 2010) to another contractor[24] at a monthly rent of ₹45,000. The said contractor after remitting the monthly rent for three months, continued to collect parking charges from the public unauthorizedly which accumulated to ₹12.60 lakh for

21 ₹ 64.72 lakh (NABARD component) plus ₹12.94 lakh (State share) for each PHC (₹77.66 lakh x 2 PHCs = ₹1.55 crore)

22 M/s Friends Handicrafts Srinagar

23 M/s. Beigh Provision Store Srinagar

24 M/s Suhail Raffal Garments Srinagar

the period from April 2010 to July 2012 as the Department neither allotted nor extended the contract and the contractor did not remit the parking charges to the Government.

Thus, failure of the Medical Superintendent SMHS Hospital Srinagar to enforce recovery of monthly rent of parking spaces and delays in finalization of regular contracts resulted in unauthorized retention of ₹18.29 lakh and consequent non-recovery of revenue to that extent.

The matter was referred to the Government/ Department in March 2014. The Department stated (June 2014) that despite a number of reminders the contractors had failed to deposit the outstanding amount which prompted the Department to approach the concerned Tehsildar for recovery and that the Principal GMC, Srinagar had been asked to follow the recovery proceedings with the Tehsildar. Further progress in the matter was awaited (July 2014).

3.8 Unfruitful expenditure

Failure of the Department to ensure encumbrance free land before taking up construction of Allopathic Dispensary at Tarore, Jammu resulted in unfruitful expenditure of ₹77.90 lakh.

With a view to providing health care facilities to the inhabitants of Tarore town (Block Purmandal), Jammu and surrounding villages, the Department proposed (January 2009) construction of a double storey Allopathic dispensary with residential quarters at Tarore on a piece of land identified by the Block Medical Officer at a cost of ₹95.20 lakh. The project was sanctioned (July 2009) under the loan assistance from NABARD Rural Infrastructure Development Fund XV at a cost of ₹91.57 lakh (Loan Assistance: ₹79.57 lakh and State share: ₹12 lakh).

Test-check (July 2012) of records of the Director Health Services, Jammu showed that the land identified by the Department for construction of the Dispensary had previously been in possession of the Education Department. The construction of the building was allotted (February 2010) by the Executive Engineer PW (R&B) Division Samba to the contractor at a cost of ₹58.01 lakh for completion within six months. The construction of the building was started in April 2010. However, a private individual who had earlier claimed the ownership of land while it was under the possession of Education Department, obtained stay order (June 2010) from the Court for maintaining status quo. The Department without taking cognizance of the stay order continued construction of the building till September 2011 when the Court passed a decree in favour of the land owner. The construction work was stopped in September 2011. An expenditure of ₹77.90 lakh[25] was incurred on the construction of building during the period from 2009-10 to 2012-13 which was rendered unfruitful.

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25 Expenditure incurred on work ₹59.88 lakh, material booked ₹11.91 lakh (2012-13) and amount held under deposit ₹6.11 lakh (2012-13)

The matter was referred to the Government/ Department in March 2014. The Department stated (June 2014) that the construction work had got delayed due to litigation and not because of deliberate departmental inaction. The reply was not appropriate as encumbrance free land was not ensured before taking up construction of allopathic dispensary

Thus, failure of the Department to ensure availability of encumbrance free land before taking up construction of Allopathic Dispensary at Tarore, Jammu resulted in unfruitful expenditure of ₹77.90 lakh.

3.9 Non-redeployment of medical/ paramedical staff of the Government Leper Hospital Srinagar

The medical/ paramedical staff of Government Leper Hospital, Srinagar had not been redeployed even after the inmates had been declared infection free in November 1997. An expenditure of ₹2.34 crore was incurred on the salary of staff deployed in the hospital during April 2008 to November 2013.

A separate State Leper Hospital was established in 1891 under the management of the Church Missionary Society and presently the hospital is under the administrative control of Health Department of the State Government. The number of inmates/ patients in the hospital varied from 144 to 109 during the period December 2003 to December 2013. The disease was not curable prior to the year 1995. However, with the introduction of Multi Drug Therapy (MDT) in the year 1995, the disease became curable. All the inmates of the Leper Hospital completed their medical treatment in November 1997 and from then the inmates of the hospital were declared infection free.

Audit examination (January 2014) of records showed that even after the inmates had been declared infection free, the Department did not redeploy the medical and para-medical staff consisting of seventeen persons including two doctors and three pharmacists. An expenditure of ₹2.34 crore was incurred on their salaries during the period from April 2008 to November 2013. Non-deployment of the staff elsewhere deprived the needy public of their services.

The matter was referred to the Government/ Department in March 2014. The Department stated (June 2014) that the beneficiaries could not be ignored owing to the socio-economic conditions connected with the disease and that if the Department did not maintain the patients they would come to streets for begging to sustain their day to day life. The fact however remains that as the patients had become infection free there was a need to redeploy the medical and para-medical staff posted in the hospital.

3.10 Blockade of funds

Injudicious action of the Director Health Services Kashmir to park funds meant for purchase of C.T scanners in Bank and Deposit Head in violation of conditions of sanction for advance drawal and in absence of finalization of rate contract resulted in blockade of funds to the extent of ₹7.31 crore.

The proposal (October 2010) of Director Health Services (DHS) Kashmir for purchase of five C.T Scan machines for as many hospitals in the valley was accepted by the Government and funds to the tune of ₹7.31 crore were released (November 2010: ₹6.41 crore and February 2011: ₹90 lakh) in favour of the DHS. The DHS Kashmir placed (November 2010, December 2010 and February 2011) supply orders for purchase of five Single/ double Slice C.T Scan machines on two firms. The Government accorded (March 2011) sanctions for advance drawal of funds for the purpose wherein it questioned the decision of DHS Kashmir to go in for procurement of Single Slice C.T Scan machines which had become obsolete in comparison with Double Slice or other high end machines when the cost differential was also not too significant. The sanction order for advance drawal also required that the amounts should be withdrawn only after DHS Kashmir shared with the Administrative/ Finance Department the rationale for procuring Single Slice C.T Scanners.

Audit scrutiny (August 2012) of records of DHS showed that instead of first adhering to the conditions put by the Government for advance drawal of funds, the DHS withdrew (March 2011) ₹7.31 crore and placed ₹4.69 crore with J&K Bank, Ltd. International Banking Division Srinagar and ₹2.62 crore under Civil Deposits of Government Account in Additional Treasury Tankipora Srinagar.

The DHS Kashmir placed (May 2012) supply order on M/s Erbis Engineering Company Limited Tokyo Japan for purchase of two units of whole body multi slice C.T Scanner. The supply order was however kept in abeyance as it was objected to by the Government since it was placed on the basis of financial bid of a single tender as other two tenders were rejected on technical grounds. The Department issued fresh rate contract (February 2013) for whole body multi slice C.T Scanners and placed orders for supply of these four equipment in favour of the same Company. The equipment had not been received and the funds continued to remain blocked as of June 2014.

Thus, drawal of funds without adhering to the condition of sanction for advance drawal and in absence of finalization of rate contract resulted in blockade of funds of ₹7.31 crore for a period of over two years besides defeating the intention of the Government to provide modern medical facilities to the intended beneficiaries.

The matter was referred to the Government/ Department in March 2014. The Department stated (June 2014) that funds had not been parked in the deposits unnecessarily but as per the requirement and in the larger interest of the patient care. The fact remains that the funds had remained blocked for more than two years leading to non-accrual of intended benefits.

3.11 Serious financial irregularities in Government Hospital, Gandhi Nagar, Jammu

Lack of internal control and monitoring in Government Hospital, Gandhi Nagar, Jammu facilitated serious financial irregularities including fraudulent double drawals (₹7.80 lakh), suspected double drawal (₹2.83 lakh), and short credit of hospital revenue (₹7.81 lakh) into Hospital Development Fund.

The Health and Medical Education Department provides diet (through contractors) to indoor patients admitted in hospitals. Besides, free diet is provided to pregnant women during their stay in hospitals under the *Janani Shishu Surakshu Karyakaram* (JSSK) component of the Centrally Sponsored Programme "National Rural Health Mission" (NRHM).

A Government Hospital has access to three sources for funding its expenditure: (a) Funds drawn from the State Treasury provided by the State Government (b) Funds directly provided by the Union Ministry of Health and Family Welfare under NRHM and kept in a separate bank account and (c) Hospital Development Fund (HDF) that has been authorized to be created by the Government out of sundry revenue of the Hospital (like moneys collected from sale of OPD tickets, use of medical facilities and diagnostic investigations etc.) and kept in a separate bank account. HDF is meant to be used only for developmental activities. The Hospital is required to maintain three different cashbooks. All moneys collected by the Hospital are supposed to be promptly and regularly remitted to the bank or Treasury, as the case may be.

Audit scrutiny (June-July 2013) of the records of Medical Superintendent (MS), Government Hospital Gandhi Nagar, Jammu brought out the following serious financial irregularities:

(i) A total amount of ₹10.63 lakh were drawn (February 2012 to March 2013) towards payment of diet charges on the basis of xerox copies of bills for payment to the diet contractor. Audit found that diet charges of ₹7.80 lakh pertaining to various periods (March 2009 to June 2009, March 2010, June 2010 and November 2011 to September 2012) had already been drawn (August 2009 to March 2013) on the basis of original bills. The balance diet charges of ₹2.83 lakh for the period July 2010 to September 2010 were drawn from the Hospital Development Fund on xerox copies of three bills and the original bills thereof were not produced to Audit. The Medical Superintendent had not maintained a bill register to keep a watch on the period(s) for which bills were preferred by the diet contractor and payments made to him from time to time against the bills preferred. After this was pointed out in Audit, the Medical Superintendent, got ₹6.41 lakh[26] recovered from the contractor.

(ii) Rule 2.2 of the Jammu and Kashmir Financial Code Volume-I envisages that all sums of money, which a Government servant receives in official capacity, must immediately be paid in full into the nearest treasury/ bank. Audit noticed that against actual revenue of ₹60.92 lakh realised (April 2008, October 2009 and November 2011 to March 2013) by various revenue generating sections of the hospital and deposited

[26] ₹3.36 lakh in June/ July 2013 and ₹3.05 lakh in August 2013

with the cashier for credit into the Hospital Development Fund (HDF) Account, only ₹53.11 lakh was deposited by the cashier into the Account resulting in short credit of ₹7.81 lakh. Audit further observed that out of revenue receipts of ₹60.92 lakh only ₹36.65 lakh was recorded as receipts in the cash book and ₹16.46 lakh was directly deposited into bank without routing through cash book.

The HDF is not to be utilized for providing diet to patients admitted in the Hospital. However, under special orders of the Minister-in-charge, use of HDF was allowed for meeting the expenditure on diet charges owing to lack of non-Plan budget allotment. Audit noticed that this deviation from standard procedure coupled with lack of internal control to keep a watch against funding of diet charges from multiple sources facilitated the double drawal of diet charges. Further, absence of effective surprise check of cash chest facilitated delays in deposit of amount collected into appropriate bank account or into treasury as well as short-credit of money collected.

Thus lack of internal controls and monitoring facilitated financial irregularities of proven double drawal of ₹7.80 lakh, suspected double drawal of ₹2.83 lakh and short credit of ₹7.81 lakh into HDF.

The matter was referred to the Government/ Department in March 2014. The Director Finance of the Department, informed (June 2014) that a Committee had been constituted (December 2013) to inquire into the matter and that the proceedings thereof would be submitted shortly. Further progress in the matter was awaited (July 2014).

Home Department

3.12 Idle investment on unutilized equipment

Non-utilisation of equipment supplied under Police modernization scheme for a forensic laboratory resulted in infructuous expenditure of ₹54.75 lakh.

Ministry of Home Affairs, Government of India (GoI) supplied (February 2006) a Gas Chromatograph with Mass Spectrograph (GCMS), purchased during the year 2004-05 under "Police Modernization Scheme", to the State Forensic Science Laboratories (FSL), Jammu. The equipment of the value of ₹54.75 lakh was to be used to study the separation, identification and quantification of forensic samples.

Audit scrutiny (March 2013) of the records of Director, FSL J&K showed that the equipment (GCMS) had not been put to use since February 2006 despite its installation and demonstration to the staff of FSL by Service Engineer of the Supplier Firm in June 2009. The equipment had not been made functional due to absence of optimum cooling atmosphere in the room where the equipment was installed. The prolonged non-use had resulted in technical snag to the equipment, which had not been rectified as of July 2013.

The matter was referred to the Government/ Department in March 2014. In response the Home Department, Jammu endorsed the reply of Director Forensic Science Laboratory, J&K Jammu, stating therein (March 2014) that concerned Scientific Officer had never made efforts either to install a two ton AC issued for the room in which the equipment was installed or to use the equipment in winter season when temperature remained low and that efforts were on for repairing the equipment at the earliest. Thus non-utilisation of GCMS resulted in idle investment of ₹54.75 lakh and non-accrual of intended benefits of the scheme for over eight years.

Fire and Emergency Services

3.13 Fraudulent drawal of pay and allowances

Lack of internal control mechanism resulted in fraudulent drawal of pay and allowances of ₹18.89 lakh by inflating the gross/ net amount of salary bills.

Rules 4 and 6 of the Jammu and Kashmir Financial Code (Volume-I) prescribe the manner in which the pay, leave salary and allowances due to persons borne on the establishment are to be regulated. The rules inter-alia provide that the Head of Office is personally responsible for all moneys drawn on establishment bills signed by him or on his behalf until he has paid them to the persons who are entitled to receive them and has obtained their dated acknowledgment duly stamped where necessary.

Test-check (February 2014) of records of the Dy. Director Fire & Emergency Services Command Kulgam, showed that an amount of ₹18.89 lakh was fraudulently drawn on the monthly establishment bills during the period from March 2012 to November 2013 by inflating the totals in the bills. The excess amount thus drawn was credited to the Bank account of the acting cashier (₹9.82 lakh) of the Command and to the Bank accounts of three non-existent/ fictitious employees (₹7.07 lakh). The fate of balance amount of ₹ two lakh drawn from the official account could not be traced/ verified.

Audit observed that the fraudulent drawal of funds was facilitated due to lack of proper internal control and monitoring mechanism in the Command and evident negligence of the Drawing and Disbursing Officer (DDO) to check the correctness of the monthly pay bills or to get them verified by the Superintendent of the office in accordance with the standing Financial Rules and Regulations.

Thus, lack of proper internal control and monitoring mechanism resulted in fraudulent drawal of ₹18.89 lakh in the test-checked months and possibility of existence of more such drawals could not be ruled out.

The matter was referred to the Government/ Department in May 2014. The Director Finance, of the Department endorsed the reply of the Director General, Fire & Emergency Services, wherein it was stated (June 2014) that the Cashier in the Command office, Kulgam had been placed (May 2014) under suspension and a departmental enquiry was ordered to investigate the fraudulent drawals including the role of DDOs concerned besides the matter was also referred to the Crime Branch of the Police Department for detailed enquiry. Further the Joint Director Fire & Emergency Services J&K stated (August 2014) that out of the embezzled amount ₹16.74 lakh had been recovered from the cashier.

3.14 Blocking of funds

Non-establishment of two District Mobile Forensic Science Laboratories resulted in blocking of funds to the extent of ₹83 lakh.

With a view to ensuring quick breakthrough by law enforcement agencies in crime investigation, crime scene management and evidence analysis the Directorate of Forensic Sciences Services (DFSS), Ministry of Home Affairs (MHA) felt the requirement of at least one District Forensic Unit (DFU) in each district. The cost of land required for establishment of RFSLs/ DUs was to be borne by the State Government(s)/ UTs and manpower proposed to be created too was to be maintained by the State Government(s)/ UTs after the completion of XI plan period (2007-12). The allotment of one RFSL and five DUs was proposed for Jammu and Kashmir State and Director, State Forensic Laboratory J&K was informed (January 2008) to intimate his proposal/ consent after identifying the land and place(s) to open RFSL/ DUs. In the first instance two DUs with financial assistance of ₹one crore each was approved (March 2010) for the State during XI Five Year plan. A Memorandum of Understanding (MOU), Detailed Project Report (DPR), schedule of release of funds, action plan for implementation in addition to assistance needed in procurement of machinery and equipment, hiring of manpower and training was to be furnished to DFS, MHA by the State Government. After a meeting of nodal officers of beneficiary State/ UTs held (January 2011) by GOI MHA, the State Government signed MOU.

The MHA after according sanction (December 2011) released (March 2012) ₹83 lakh to the State Designating Agency[27] as first instalment for setting up of two DUs in the State.

Audit scrutiny (November 2013) of records of the Deputy Director FSL, J&K Jammu showed that for establishment of DU at Jammu the Department reported in the Detailed Project Report (DPR) that land at village Bahu had been identified and its allotment by the concerned authority was under process. Further for DU at Srinagar, the identification of land was reported to be under process. The providing of land for establishment of DMU at Srinagar (Bemina) and Jammu (village Bahu) though taken up by the Department with Srinagar Development Authority (SDA) and Jammu Development Authority (JDA) respectively could not mature as both SDA and JDA intimated that land could be allotted only as per the market rate of the location or otherwise under the provision of Development Act which provided for transfer of land by issue of notification in Government Gazette. Audit observed that despite lapse of about two years after release of funds by GoI, two DUs could not be established by the Department and ₹83 lakh remained locked up in the current account of J&K bank (December 2013).

The matter was referred to the Government/ Department in March 2014. The Department endorsed the reply of the Director, Forensic Science Laboratory, J&K Jammu, wherein it was stated (March 2014) that a proposal to use the amount to

27 Jammu and Kashmir Police Housing Corporation Limited.

strengthen Forensic Science Services was being prepared for submission to DFSS as desired by the MHA. Further progress in the matter was awaited (July 2014).

3.15 Short deduction of labour cess

Failure of the Police Construction Division to comply with the provisions of the Act/ Rules resulted in short deduction of cess of ₹68.59 lakh.

Section 3 of the Building and other Construction Workers' Welfare Cess Act, 1996 provide that there shall be levied and collected a cess for the purpose of the Building and Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996 at such rate not exceeding two *per cent* but not less than one *per cent* of the cost of construction incurred by an employer. The cess levied is to be paid by an employer to Cess Collector appointed by the State Government within 30 days of completion of the construction project or within 30 days of the date on which assessment of cess payable is finalized whichever is earlier and where the duration of construction work exceeds one year, cess is to be paid within 30 days of completion of one year from the date of commencement of work and every year thereafter at the notified rates on the cost of construction incurred during the relevant period.

Test-check (February 2013) of records of the Executive Engineer, Police Construction Division, Police Headquarters, J&K, Jammu showed that the Division, despite having executed the works to the tune of ₹68.59 crore during the period from April 2008 to December 2011 had neither levied nor paid the minimum cess (one *per cent*) to Cess Collector on the value of work done. Non-adherence to the provisions of the Act had resulted in non-recovery of labour cess of ₹68.59 lakh from the contractors.

The matter was referred to the Government in March 2014. The Department endorsed (May 2014) the reply of the Executive Engineer which stated that due to lack of awareness labour cess could not be deducted. The reply thus confirms that there was non-compliance with the provisions of the Cess Act.

Hospitality and Protocol Department

3.16 Non-recovery of water usage charges

Absence of any mechanism to ensure recovery of water usage charges from the licensees resulted in undue benefit to the occupants and creation of liability of ₹12.97 crore.

The Estates Department is the custodian of buildings meant for providing residential accommodation to Government officers/ staff and other functionaries. The allotment of accommodation is carried out by the Director Estates and at the time of allotment, a license deed called 'License for occupation of residential accommodation' is drawn between the grantor (Estates Department) and the licensee (the occupant Government employee). The deed *inter-alia* includes a clause for payment of electricity and water usage charges by the licensee.

Audit scrutiny (November 2012) of the records of Executive Engineer, Estates Division Jammu showed that instead of raising bills on account of water usage charges against the licensees the bills had been raised by the PHE Department against the Estates Department for bulk water supplied to buildings/ premises under the control of Estates Department. The Estates Department had not put in place any mechanism to ensure that the water usage charges for the bulk water supplied by the PHE were actually recovered from the licensees. The cumulative outstanding bills raised by the PHE Department against the Estates Department stood at ₹12.97 crore (₹8.09 crore PHE Division-I Jammu as of March 2014 and ₹4.88 Division-II Jammu as of September 2012). Audit also noticed that 'No Demand Certificates' (NDC) were issued by the Estates Department in favour of licensees who had retired from services without paying the water usage charges.

On being pointed out in audit, the Dy. Director, Estates, Jammu without specifying any reasons for lack of a mechanism to recover the charges from the licensees stated (November 2012) that the NOC to the licensees had been issued only for rent/ furniture/ fixtures and that the charges for water usage had to be met by the individual licensees. The reply is not appropriate as the Bills were being raised by the PHE against the Estates Department for bulk water supply and neither PHE nor the Estates Department had put in place a system either by providing water consumption meters or other wise to apportion the cost of bulk supply to individual consumers.

Thus, absence of any mechanism to ensure recovery of water usage charges from the licensees resulted in extending undue benefit to them due to non-recovery of ₹12.97 crore with bleak prospect of recovery of dues in future.

The matter was referred to the Government/ Department in March 2014. The reply was not received as of July 2014.

Housing and Urban Development Department

Jammu Municipal Corporation

3.17 Shortage of stores

Non-accountal of shortages of stores while carrying forward the balances resulted in concealment of ₹92.80 lakh.

Rule 8.13 of Jammu and Kashmir Financial Code Volume-I envisages that the Head of an office or any other officer entrusted with the stores of any kind should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from loss, damage or deterioration. The officer should maintain suitable accounts and inventories and prepare correct returns in respect of stores in his charge with a view to preventing losses through accident, fraud or otherwise and to make it possible at any time to check the actual balances with the book balances. Further Rule 8.29 of the *ibid* code provides that physical verification must be made in the presence of Government servant responsible for the custody of stores or of a responsible person deputed by him and all discrepancies noticed must be properly investigated and brought to account immediately and shortage/ damages must be reported immediately to the authority competent.

Audit examination (October 2013) of records of the Jammu Municipal Corporation (JMC) showed that the divisional store of Municipal Corporation Division Jammu had been locked following seizure of steel (iron bars) and arrest of one contractor by the

Police on 17 August 2011. The divisional store was opened (22 August 2011) by police in presence of Technical Officer of the Division along with the Magistrate. The storekeeper was placed (27 August 2011) under suspension and a new storekeeper posted (27 August 2011) to the Division. The details of shortages against ex-store keeper were reflected in the Priced Store Ledger (PSL). The ex-storekeeper was reported absconding since August 2011 and the Audit further reflected pilferage/ shortage of stores to the tune of ₹92.80 lakh against ex-storekeeper.

Further, after placing the ex-storekeeper under suspension, the Corporation did not initiate any enquiry to assess shortages against the ex-store keeper. The officer who conducted (June 2013) physical verification of stores for the period 02 July 2012 to 01 June 2013 adopted book balances as on 02 July 2012 after ignoring the shortages and did not highlight these shortages in its report. Stock clerk of the Division too while opening new PSL with effect from April 2013 left out the shortages while carrying forward the closing balances of old PSL to new PSL.

Thus, non-accountal of shortages of stores while carrying forward the balances resulted in concealment of stores valuing ₹92.80 lakh.

The matter was referred to the Government/ Department in March 2014. The Secretary stated (May 2014) that an FIR stood lodged at the Police station and the case was sub-judice. It was also stated that the Department was likely to take further action after receipt of report from the JMC. Further progress in the matter was awaited (July 2014).

3.18 Blockade of funds

Failure of the Department to provide land to NBCC, which was pre-requisite as per MOU with the Central Government, for taking up Solid Waste Management (SWM) projects of three towns resulted in blockade of ₹2.23 crore for over six years besides, defeating the aim of the SWM Programme.

With a view to providing better civic amenities in small and medium towns, Government of India (GoI) launched (2005-06) a scheme 'Urban Infrastructure Development Scheme for Small and Medium Towns' (UIDSSMT) with duration of seven years. In Jammu and Kashmir State, UIDSSMT was started in the year 2007-08. One of the components under the scheme was Solid Waste Management (SWM) under which SWM projects of seven towns of Jammu division namely Akhnoor, Sunderbani, Samba, Doda, Bhaderwah, Poonch and Kathua) were sanctioned at a cost of ₹10.34 crore. On the basis of an agreement executed (August 2007) between the National Buildings Construction Corporation[28] (NBCC) and the State Government, the NBCC was authorised (September 2007) to go ahead with the execution.

Audit check (May 2013) of records of Director Urban Local Bodies (ULB) Jammu showed that the SWM works of three towns (Samba, Poonch, and Kathua) for which ₹2.23 crore[29] had been released to the NBCC during January 2008 to July 2009 could

28 A Government of India enterprise
29 Including state share of ₹22.29 lakh

not be taken up due to non-provision of land by the State Government/ Local Bodies to NBCC as the land originally identified by the State Government for SWM projects were found incompatible with site conditions by the NBCC.

Audit noticed that the SWM projects for ₹10.34 crore were approved by the State Government on the basis of Detailed Project Reports (DPRs) formulated by the Directorate of Urban Local Bodies (ULB) Jammu without identifying sites. The NBCC after taking up the projects conducted survey of project sites and prepared revised DPRs for a sum of ₹23.30 crore and submitted (October 2008) them for the approval of Government. As the revised cost estimates were not approved, Director, ULB intimated (October 2008) the NBCC to submit cost estimates of only core items of work required to be executed in each town for making the SWM projects functional on bare minimum requirement. Accordingly, NBCC submitted (December 2008) additional cost estimate of ₹4.14 crore over and above the available cost of ₹9.86 crore[30]. Audit observed that approval to additional cost was also not accorded by the State Government and the NBCC finally foreclosed the contract with the contractors intimating the Department to hand over all the four sites (Akhnoor, Samba, Kathua and Poonch) to it in one go so that it would conduct site surveys to formulate detailed estimate for each town considering market rate prevailing at that point of time and furnish detailed estimates for approval of State Government. The NBCC further intimated (November 2013) the Department that it would not be able to take up any of SWM work of the remaining towns until the additional cost as per latest cost index was provided.

On being pointed out in audit, Director, ULB Jammu stated (May 2013) that SWM works at Akhnoor, Poonch, Samba and Kathua towns could not be started due to non-availability of land and for want of approval of the Administrative Department for the revised cost. The Director, ULB Jammu also stated (March 2014) that Administrative Department had been requested (December 2013) either to approve the revised DPRs as per the present market rates or else the Director, ULB be authorised to take up SWM Projects by incorporating the most essential components within the approved cost of the project. The reply should be seen in light of the fact that availability of land compatible with site conditions should have been ensured before handing over implementation of SWM projects to the NBCC.

Thus the Department failed to ensure availability of land for implementation of SWM projects for safe dumping of garbage/ solid waste of Samba, Poonch, and Kathua towns for over six years resulting in blockade of ₹2.23 crore besides defeating the aim of the SWM Programme.

The matter was referred to the Government/ Department in March 2014. The reply was awaited (July 2014).

[30] Sanctioned cost of ₹1033.77 lakh reduced by cost of land of ₹48 lakh

Law Department

3.19 Blocking of funds

Failure of the Department to identify the land for construction of court complex before release of funds to the executing agency resulted in blockade of funds of ₹2.12 crore for seven years.

In order to address the insufficient accommodation of the existing court building and to have a centralized court complex after the creation of the court of District and Session Judge at Doda, the Chief Engineer, Public Works Department, Jammu submitted (September 2005) a project for the construction of court complex at Doda at a cost of ₹2.38 crore. The administrative approval to the project was accorded by the Law Department in July 2006 at a cost of ₹2.12 crore. The Executive Engineer Public Works (R&B) Sub-Division Doda while entrusting (February 2007) the work to Jammu and Kashmir Project Construction Corporation Limited (JKPCC), released[31] ₹2.12 crore to the JKPCC and ₹36 lakh was released (February 2010: ₹30 lakh; November 2010: ₹6.47 lakh) to revenue authorities for land compensation. The work was to be completed within two years.

Audit scrutiny (March 2013) of the records of Executive Engineer (EE), Public Works (R&B) Special Sub-Division, Doda showed that the work could not be taken up as the identified site for the court complex was not found suitable. The executing agency proposed (January 2011) to revise the cost of the project to ₹12.07 crore, due to change in the site of construction.

Thus, failure of the Department to identify land before releasing the funds to the executing agency resulted in blockade of funds amounting to ₹2.12 crore for about seven years.

The matter was referred to the Government/ Department in April 2014. The Department stated that after handing over (January 2011) possession of another piece of land to the Principal District and Sessions Judge, Bhaderwah a fresh cost offer for construction of Court complex at the new site was forwarded by the Hon'ble J&K High Court for ₹17.79 crore for which the Law Department accorded (March 2014) administrative approval for construction at an estimated cost of ₹17.41 crore and that the work on the project was in progress (April 2014). It was also stated that acquisition of land require number of formalities and due to change of site some delay occurred in the construction. The fact remained that failure to identify and acquire the land before release of funds by the Department had resulted in blockade of funds besides cost escalation of the Project.

Power Development Department

3.20 Inadmissible payment

Unauthorised action of the Executive Engineer in making payment of incentive of two and half days pay per month to ineligible employees of Electric Division, Budgam, Kashmir resulted in inadmissible payment to the extent of ₹77.46 lakh.

Government Order (October 1994) of the Power Development Department stipulated that a two and a half days pay per month shall be allowed to such employees from the

[31] February 2007: ₹50 lakh; March 2008: ₹60 lakh; November 2011: ₹52 lakh; and December 2011: ₹50 lakh.

executive cadre of the Department who do not avail of Sundays and gazetted holidays and were required to remain on duty round the clock. Accordingly the Government notified (February 1995) 15 categories of posts entitled to the benefit, with a further stipulation, entitling those employees from the executive cadre, as did not belong to the said categories but performed the duties within the ambit of the benefit may represent to their respective Chief Engineers who in turn shall forward such cases with cogent reasoning for consideration of the Government.

Audit scrutiny (May 2010) of records of the Executive Engineer (EE), Electric Division, Budgam (Kashmir) showed that contrary to the orders of the Government, the EE allowed the payment of two and half days pay to 152 ineligible employees of the Division which included Helpers, Attendants, Gate-keepers, Orderlies, Meter-readers and Fitters. As a result of this an inadmissible payment of ₹77.46 lakh was made to the ineligible employees during the period from April 2007 to January 2013.

The matter was referred to the Government/ Department in April 2014. The Department stated (May 2014) that recovery of the excess payment has been ordered.

Public Works (Roads and Buildings) Department

3.21 Unplanned execution of road project

Wrong reporting by the Executive Engineer and failure of the Department to ensure encumbrance free land before commencement of a road project resulted in unproductive expenditure of ₹6.78 crore, besides depriving the local populace of the area of the full benefits of road facility.

To provide assured road connectivity to four villages[32] of block Lohai Malhar in district Kathua, a project for construction of 13 Km long road from *Katli* to *Dhera Galla via Chew* proposed by the Executive Engineer (EE), Public Works Division Basohli was sanctioned (August 2006) under the NABARD assisted scheme (RIDF-XII) at a cost of ₹8.99[33] crore targeted for completion by March 2008. The EE had certified in the detailed project report (DPR) that no forest land was involved in the alignment of the road.

Audit scrutiny (December 2012) of records of EE Public works (R&B) Division Basohli showed that the work on the project was taken up in December 2006 and after part execution of work[34] at an expenditure of ₹3.53 crore during the period 2006-07 to 2010-11 further work on the project got held up for want of clearance from the Forest Department as the road alignment passed through the forest area. The certificate regarding non-involvement of forest land in the proposed road alignment made in the DPR by the EE thus turned out to be incorrect. Further, an order (February 2011) from the Court of law (Sub-Judge Kathua) restrained the Department from assembling/ dumping any material in the land of private persons falling in the alignment of the road and as a result execution of the work was stopped (September

32 Claie, Chew, Plunge Mangnoo Sathle and Malad Bund

33 NABARD loan: ₹8.09 crore and State share: ₹0.90 crore

34 Earth work: 6.65 Km (Km 1 to 6th: upto RD 650, Km.7th: RD 500 to 1,000 and Km. 8th: RD 0 to 500), shingling: 3 Km., metalling: 0.5 Km., minor x-drainage: 10 nos., retaining wall/ boundary wall: 273 meters, side drain: 185 Rmt. and crate work: 275 meters.

2011) by the contractors. Moreover, an amount of ₹3.25 crore released for the project during 2011-12 and 2012-13 was utilized by the EE for procurement of material and on some minor works. Even after obtaining clearance (September 2011) from the Forest Department the work on the project remained suspended (August 2013) under orders of the Court.

Thus, wrong reporting by the EE of the Division and further failure of the Department to provide encumbrance free land for a road project resulted in unplanned execution of road project at an expenditure of ₹6.78 crore, besides depriving the local populace of the area of the full benefits of road facility.

The matter was referred to the Government/ Department in March 2014. The Department stated (April 2014) that all the hindrances including forest clearance had been cleared and the work stood taken up for early completion of the road project. The fact remains that wrong reporting and subsequent failure to provide encumbrance free land had delayed the completion of the project by more than six years, for which the Department needs to fix responsibility.

3.22 Under-utilisation of Government transport fleet

Irregular hiring of private transport and under-utilisation of the departmental trucks/vehicles by the Public Works Divisions.

The Mechanical Engineering Department is responsible for providing road construction and earth moving machineries/ trucks and other infrastructure meant for use by all engineering/non-engineering departments for carrying out various road construction material and other developmental activities on hire charge basis to the user divisions especially Divisions of the Public Works Department (PWD) for carriage of departmental material. According to the standing instructions (September 2004) of the Government all divisional authorities are required to utilize the service of the machinery available with Mechanical Engineering Department (MED) against the charges fixed by the Government for the purpose. The instructions *inter-alia* provide that private transport be opted only after getting 'No Objection Certificate' (NOC) from MED to the effect that such machinery/ trucks were not available with MED.

The Chief Engineer PWD (R&B), Kashmir, Srinagar observed that some Departments/ Corporations were irregularly hiring road construction equipment from private agencies which renders the machinery idle and also results in loss of revenue to the Government exchequer and reiterated the instruction in September 2012 for utilization of equipment of MED on the approved hire charge rates instead of resorting to hiring of private vehicles.

Audit scrutiny (July 2013) of records of EE Mechanical Engineering Division, Anantnag showed that 12 to 15 trucks available with the Division during the period 2010-13 remained mostly idle as against the available 11,200 working days the Division deployed its trucks for only 3,141 days (28 *per cent*) resulting in non-deployment of trucks for 8,059 working days. The EE, Anantnag stated (July 2013) that revenue earnings of the Division depend upon the utilization of machinery/fleet by other user Departments. Further check of records (November

2013) in three[35] user divisions of Mechanical Engineering Division, Anantnag showed that these user divisions had hired private trucks at the rates ranging between ₹3500 to ₹6940 per trip without obtaining NOC from the MED and had incurred an expenditure of ₹47.27 lakh on this account during the period 2010-13.

Thus, non-adherence to the standing Government instructions and the practice of hiring departmental trucks/ vehicles from private operators on comparatively higher rates by the user divisions/ departments resulted in under utilisaton of the transport fleet of the MED and consequential strain on the State exchequer.

On being pointed out in audit, the EE, Mechanical Engineering Division, Anantnag attributed (July 2013) non-deployment of trucks/ vehicle to non-adherence of instructions by the user divisions whereas the user divisions attributed (November 2013) non-utilization of the departmental vehicles to resistance from private truck unions. The fact remains that the Department has failed to implement its own orders resulting in under-utilisation of the Government transport fleet on one hand and extra expenditure by the user divisions on the other.

The matter was referred to the Government/ Department in June 2014. The reply was not received as of August 2014.

Rural Development Department

3.23 Suspected mis-appropriation of funds

Non-compliance with the guidelines of MGNREGA and false claim of credit of wages into non-existent Bank accounts leading to suspected embezzlement of ₹40.24 lakh.

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) guarantees 100 days of employment to every household whose adult members are willing to undertake manual unskilled labour. The operational guidelines of the MGNREGA prescribe payment of wages through banks or post offices, for which the individual accounts are to be opened in respect of every MGNREGA worker and the wages earned are to be credited to this account to ensure fairness and transparency in disbursement of wages. The Block Development Officers (BDOs) were required to carry out reconciliation of their accounts with bank accounts to ensure transparency in the day to day transactions.

Audit examination (November 2013) of records of the BDO Sopore and Wagoora in District Baramulla showed that instead of crediting wages directly into the bank accounts of the job card holders engaged in MGNREGA works, the funds were released to Panchayat Halqas through cheques for further disbursement to the workers by deposit in respective Bank accounts during the period 2011-14.

However, cross check of records[36] of Panchayat Halqas with bank records by Audit showed that 309 bank accounts[37], to which the Panchayat Secretaries/ Gram Sevaks

[35] PW (R&B) Division Kulgam: ₹14.81 lakh; PW (R&B) Division Shopian: ₹17.37 lakh; PW (R&B) Division Qazigund: ₹15.09 lakh

[36] Panchayat level Data (MGNREGA bank account details) uploaded by the respective BDOs

[37] Sopore: 125 and Wagoora: 184

claimed to have credited wages to the tune of ₹35.52 lakh for 27,558 mandays[38] of MGNREGA works, were found to be non-existing in the Bank records. This showed that the concerned Panchayat Secretaries/ Gram Sevaks had charged off the amount from the account books by credit to the fictitious accounts. Similarly, in the case of 55 banks accounts[39], no entries of credit/ debit existed even though the Panchayat Halqa records showed that ₹4.72 lakh had been credited into these bank accounts as payment of wages for 4,218 mandays.

The BDOs had neither ensured the reconciliation of their accounts with those of Panchayat Halqas on one hand and between accounts of Panchayat Halqas and Bank accounts on the other nor the genuineness of beneficiaries and payment of wages made by the concerned Panchayat authorities had been got verified at any stage. Lack of internal control and proper monitoring of transactions had caused a suspected misappropriation of ₹40.24 lakh[40] during the period 2011-14.

After being pointed out in Audit, the Director Rural Development Department ordered (April 2014) an inquiry into the matter. Further progress was awaited (April 2014).

The matter was referred to the Government/ Department in May 2014 and reply thereof was not received (July 2014).

Srinagar/Jammu
The 12 DEC 2014

(Khalid Bin Jamal)
Accountant General (Audit)
Jammu and Kashmir

Countersigned

New Delhi
The 18 DEC 2014

(Shashi Kant Sharma)
Comptroller and Auditor General of India

38 Sopore: 10,531 and Wagoora: 17,027
39 Sopore: 32 and Wagoora: 23
40 Sopore: ₹16.40 lakh and Wagoora: ₹23.84 lakh

APPENDICES

Appendix-2.1
(Refer Paragraph: 2.1.8; Page: 15)

Statement showing incomplete/ non-functional schemes

Sl. No	Name of Scheme	Name of the executing division	Year of start	Year of completion	CCA	Ultimate potential	Irrigation potential created ending March 2014	Irrigation potential utilized ending March 2014	Estimated cost	Expenditure incurred as of March 2014	Reasons for abandonment/ change of proposal
					(in hectares)				(₹ in lakh)		
Incomplete schemes											
1	LIS Gurrah Pattan-II	ID 1st Jammu	2007-08	2010-11	40	65	0	0	32.89	32.89	Construction of channel no. 2 (RD 0 to RD 600 Mts not completed due to land dispute
2	LIS Lalyal	ID 1st Jammu	2003-04	2012-13	110	110	0	0	73.64	72.13	The original estimated cost spend (upto March 2008) on construction of channel 1 & 2, Const. of channel 3 not taken up due to non acquisition of land. Pumping machinery not installed
3	Construction of Siderwan Khul	ID Akhnoor	2008-09	2010-11	140	225	0	0	166.87	166.87	The alignment of proposed channel passed through forest land. Involvement of forest land was not shown in DPR. The scheme is non-functional
4	Construction of Argi Khul	I&FC Division Rajouri	2003-04	2011-12	37	55	0	0	70.00	27.89	Work of Argi *Khul* abandoned due to topographical problems encountered during construction. Project revised as Argi Baljaran to utilise abandoned portion. No work executed on Argi *Khul* which remained abandoned.
5	Construction of Kurseri Khul	I&FC Division Bhaderwah	2003-04	2010-11	180	200	61	18	83.70	79.06	Parts sunk/ slipped away as alignment passes through sliding zones and *khul* is non functional beyond this zone. Const. Work taken up despite sliding zone aspect was mentioned in DPR.
6	Construction of Pranoo Khul	I&FC Division Doda	2006-07	2010-11	94	180	167	65	68.00	68.00	Head got damaged. Extended part of 6 Kms completed upto 5 Kms but not connected to existing part (which is Source) due to damages to existing part as well as main head
7	Construction of Water Storage Tank at Chinigund	ID Anantnag	2007-08	2012-13	455	883	0	0	669.00	669.00	Work not completed due to land dispute. No IP created even though scheme completed.
Total					**1056**	**1718**	**228**	**83**	**1164.10**	**1115.84**	
Non-functional schemes											
1	LIS Phandwal	ID Akhnoor	2007-08	2010-11	40	72	0	0	40.00	40.00	Schemes completed but not commissioned due to non availability of staff. Operation clearance not sought from mechanical wing of the department. Revised DPR's submitted (schemes damaged)
2	LIS Kah	ID Akhnoor	2007-08	2010-11	48	87	0	0	48.00	48.00	
3	LIS Mayari	ID Akhnoor	2007-08	2010-11	40	72	0	0	39.00	39.00	
4	LIS Bhanara	ID Akhnoor	2008-09	2010-11	60	96	0	0	67.00	67.00	
5	Construction of Sheyal Khul	I&FC Division Doda	2006-07	2009-10	22	40	30	0	8.19	8.19	Non functional *khul*. Potential of 30 Ha could not be utilized
Total					**210**	**367**	**30**	**0**	**202.19**	**202.19**	
Grand Total					**1266**	**2085**	**258**	**83**	**1366.29**	**1318.03**	

Appendix-2.2
(Refer Paragraph: 2.1.8; Page: 15)

Statement showing schemes having problems such as land dispute, change in design etc.

Sl. No	Name of Scheme	Name of the executing division	Date of start	Ultimate potential	Irrigation potential created ending March 2014	Irrigation potential utilized ending March 2014	Estimated cost	Expenditure incurred ending March 2014	Reasons for abandonment/ Non- Completion
				(in hectares)			(₹in lakh)		
1.	LIS Takwal	ID Akhnoor	2008-09	265	10	0	188.93	181.25	Construction of Check dam and channel was necessary. Provision for land was kept in DPR. But work could not be executed due to non- acquisition of land
2.	LIS Rajpora	ID Akhnoor	2007-08	257	161	0	96.95	91.36	Construction of main channel (800M) could not be taken up due to land dispute.
3.	Najwal Khul	ID Akhnoor	2007-08	165	20	0	71.63	67.03	Design parameters of check dam were changed as dam failed to ponder water. No base line surveys were conducted.
4	LIS Chowki Chora	ID Akhnoor	2008-09	630	5	0	550.00	502.98	Const. work abandoned in October 2010 due to hard rock encountered during execution.
5	LIS Dera Deri	I&FC Division Rajouri	2008-09	75	0	0	119.00	108.60	Work abandoned due to land dispute. Electromechanical machinery not installed due to non availability of approach road.
6.	Construction of Neroj Khul	I&FC Division Bhaderwah	2006-07	286	270	250	106.93	101.14	Out of 6000 Mts. only 2600 mts completed as alignment passes through newly constructed hospital. The hospital administration had denied permission to execute further works.
7.	Construction of Bringi Right Canal	ID Anantnag	2007-08	1990	0	0	1964.63	1757.78	Non-conducting of survey and non acquisition of encumbrance free land resulted in land dispute. Alignment involves Government/ Private Land and residential structures for which ₹3.40 crore is required as compensation against a provision of ₹32 lakh kept in project.
	Total			**3668**	**466**	**250**	**3098.07**	**2810.14**	

Appendix-2.3

(Refer Paragraph: 2.1.8.4; Page: 17)

Statement showing completed schemes having unfavourable cost benefit ratio

Name of the scheme	Expenditure ending March 2014 (₹ in lakh)	CCA (Ha.)	CBR (As per DPR)	Irrigation Potential created (Ha.)	Irrigation potential utilized (Ha.)	Actual cost benefit ratio
LIS Lower Manda	67.00	60	1: 1.26	22	14	1: 0.04
Remodelling of Dandote-II Khul	37.73	60	1: 1.50	100	55	1: 0.60
Construction of Sabzian Mangote Khul	13.32	21	1: 4.65	35	5	1: 0.52
Construction of Faqir Dhara Khul	13.00	16	1: 1.40	24	10	1: 0.47
Construction of Jhulas Khul	85.80	140	1: 1.58	218	109	1: 0.61
Construction of Pranoo Khul	68.00	94	1: 1.16	167	65	1: 0.23
Construction of Dhangroo Khul	52.53	60	1: 1.17	100	90	1: 0.56
Construction of Panj Grain Khul	35.40	45	1: 1.32	36	28	1: 0.47
Construction of Sarna Khul	46.90	62	1: 1.97	38	16	1: 0.17
Construction of Pawara Malani Khul	29.40	28	1: 1.55	18	14	1: 0.29
Construction of Gajote Khul	25.00	36	1: 2.02	28	17	1: 0.36
Construction t of Ganora Khul	21.00	21	1: 1.52	24	15	1: 0.44
Improvements of Parnigram Ladi*	100.00	202.40	1: 2	202	68	1: 0.12
Improvement to Zabbar Canal *	256.00	103.24	1: 2.26	51	46	1: 0.26
Remodelling Saida Khul*	375.00	218	1: 2.97	105	99	1: 0.36
Const of Hib Danderpora LIS*	41.08	98	1: 1.71	45	42	1: 0.91
Modernisation/ Augmentation of Now Khul*	231.00	196	1: 1.62	87	77	1: 0.45
Modernisation of Balhama Khul*	125.14	120	1: 6.87	60	40	1: 0.28
	1623.30			**1360**	**810**	

*Value of produce after modernization was lower than before modernization in nine schemes (expenditure ₹15.72 crore)

Appendix-2.4

(Refer Paragraph: 2.4.8.11; Page: 69)

Statement showing breakup of expenditure incurred on plantation

(₹ in crore)

Name of the division	Period	Allocation[1]	Total expenditure booked under plantation	Actual expenditure on plantation	Percentage of expenditure on actual plantation to total expenditure	Expenditure incurred on fencing but debited to Plantation	Percentage of expenditure on fencing to total expenditure on Plantation	Establishment of Nursery debited to Plantation	Wages debited to Plantation
Sindh	2010-13	7.85	6.01	1.09	18.00	4.09	68	0.73	0.10
Lidder	2009-12	1.87	1.57	0.40	25.00	1.06	68	0.11	-
Anantnag	2009-13	2.55	1.94	0.52	27.00	1.27	65	0.15	-
Langate	2011-13	1.65	1.30	0.37	28.00	0.93	72	-	-
Kehmil	2011-13	1.61	1.38	0.34	25.00	1.04	75	-	-
Shopian	2009-13	6.65	4.85	0.61	13.00	3.98	82	0.26	-
Kamraj	2011-13	1.44	1.13	0.23	20.00	0.90	80	-	-
Tangmarg	2011-13	1.44	1.08	0.23	21.00	0.79	73	0.06	-
Budgam	2009-13	5.75	4.47	0.62	14.00	3.85	86	-	-
Bhaderwah	2009-13	2.21	1.40	0.66	47.00	0.59	42	0.15	-
Ramban	2010-13	1.70	1.19	0.56	47.00	0.41	34	0.22	-
SF Kathua	2011-13	0.75	0.68	0.24	35.00	0.38	56	0.06	-
Uhampur	2010-13	2.83	1.95	0.64	33.00	1.07	55	0.24	
Jammu	2010-13	3.28	2.62	0.70	27.00	1.56	60	0.36	
Kishtwar	2010-13	1.78	1.20	0.46	38.00	0.52	43	0.22	-
Doda	2010-13	1.74	1.07	0.47	44.00	0.44	41	0.16	-
Marwah	2010-13	1.74	1.13	0.50	44.00	0.43	38	0.20	-
Batote	2010-13	2.39	1.82	0.94	52.00	0.69	38	0.19	-
Nowshara	2010-13	1.79	1.32	0.50	38.00	0.61	46	0.21	-
Reasi	2011-13	2.49	1.86	0.73	39.00	0.84	45	0.29	-
Total		**53.51**	**39.97**	**10.81**	**27.00**	**25.45**	**64**	**3.61**	**0.10**

[1] Expenditure incurred during the financial year is equal to allocation. Unspent allocation, if any, has to be refunded to the State CAMPA.