



**REPORT OF THE
COMPTROLLER AND AUDITOR GENERAL
OF INDIA**

FOR THE YEAR ENDED 31 MARCH 2003

(CIVIL)

**GOVERNMENT OF
HIMACHAL PRADESH**

	<i>Paragraph(s)</i>	<i>Page(s)</i>
CHAPTER-III : CIVIL DEPARTMENTS		
Section –A Reviews		
Agriculture Department		
Working of Agriculture Department	3.1	31
Horticulture Department		
Horticulture Development	3.2	45
Social, Women and Scheduled Caste Welfare Department		
Welfare of the Handicapped	3.3	57
Section –B Audit Paragraphs		
Education Department		
Incorrect fixation of pay of Head Teachers	3.4	69
Wrong operation of deposit heads	3.5	69
Finance Department		
Wrong operation of Reserve funds	3.6	71
Health and Family Welfare Department		
Underutilisation of Cath Lab facilities, non-providing of by-pass surgery/ open heart surgery facilities	3.7	72
Idle investment on construction of nurses hostel at Khaneri	3.8	73
Home Department (Home Guards, Civil Defence and Fire Services)		
Non-utilisation of loan for purchase of fire fighting equipments, etc.	3.9	74
Revenue Department		
Diversion of Calamity Relief Funds	3.10	75
Miscellaneous Departments		
Failure to respond to Audit objections and non-compliance	3.11	76
Irregular drawal of advances on Abstract Contingent Bills	3.12	77
Misappropriations, defalcations, etc.	3.13	78

	<i>Paragraph(s)</i>	<i>Page(s)</i>
CHAPTER-IV : WORKS EXPENDITURE		
Irrigation and Public Health Department		
Accelerated Irrigation Benefit Programme	4.1	79
Unfruitful expenditure on lift irrigation scheme, Daulatpur Jalari	4.2	84
Unfruitful expenditure on construction of Ghapen Ghat <i>kuhl</i>	4.3	85
Unfruitful expenditure on sewerage scheme, Una	4.4	86
Wasteful expenditure on a flow irrigation scheme	4.5	87
Underutilisation of irrigation potential	4.6	88
Public Works Department		
Unfruitful expenditure on a bridge in Hamirpur district owing to non-construction of approaches	4.7	89
Unfruitful expenditure on the construction of Reoghati-Umla-Dwar link road	4.8	90
Idle investment on construction of road and bridge	4.9	91
Unfruitful and infructuous expenditure owing to unplanned execution of road works	4.10	92
Unfruitful expenditure on a road and avoidable extra expenditure on a bridge in Kangra district	4.11	92
Avoidable payment of interest and compulsory land acquisition charges for road construction in Mandi district	4.12	93
Avoidable expenditure on providing of renewal coat to roads	4.13	94
Unfruitful expenditure on incomplete works	4.14	95
Unfruitful expenditure on Khakhri-Khera road in Chamba district due to improper planning	4.15	96
Miscellaneous Works Advances	4.16	97

	Paragraph(s)	Page(s)
CHAPTER-V : STORES AND STOCK		
Home Department (Jails)		
Stores and stock accounts	5.1	103
Health and Family Welfare Department		
Idle equipment	5.2	106
Public Works Department		
Fictitious booking of materials	5.3	107
Public Works and Irrigation and Public Health Departments		
Shortages of stores	5.4	108
CHAPTER-VI : FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS		
General	6.1	109
Agriculture Department		
Working of Chaudhry Sarwan Kumar Himachal Pradesh Krishi Vishva Vidayalya, Palampur	6.2	112
Deficiencies in monitoring of grants and loans given by the department	6.3	119
Rural Development Department		
Deficiencies in monitoring of grants and subsidies given by the department	6.4	121
Urban Development Department		
Irregularities in the execution of solid waste management plant	6.5	122
CHAPTER-VII : INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS		
Agriculture and Health and Family Welfare Departments		
Incorrect utilisation of staff	7.1	124
Expenditure and budgetary control in Health and Family Welfare Department	7.2	124
Reimbursement of inadmissible medicines	7.3	127
Overpayment of travelling allowance	7.4	128

APPENDICES

		<i>Page(s)</i>
Appendix-I	(A) Government accounts	131
	(B) List of terms used in Chapter-I and basis for their calculation	132
Appendix-II	Statement showing cases of unnecessary supplementary grants/appropriations	133
Appendix-III	Statement showing cases where supplementary provision was made in excess of actual requirement	134
Appendix-IV	Statement showing cases where supplementary provision was inadequate	135
Appendix-V	Details of persistent savings/excesses	136
Appendix-VI	Details of significant savings alongwith main reasons	137
Appendix-VII	Surrender of funds	139
Appendix-VIII	Major variation in recoveries	141
Appendix-IX	Cases of injudicious re-appropriations	142
Appendix-X	Consolidated statement showing the details of physical targets, achievement and shortfall during 1998-99 to 2002-2003 in respect of Centrally sponsored schemes.	143
Appendix-XI	Year-wise break up of outstanding Inspection Reports/Paras upto June 2003	144
Appendix-XII	Statement showing serious irregularities commented upon in the outstanding IRs	145
Appendix-XIII	Particulars of ineligible schemes selected for receipt of Central loan assistance (CLA) under Accelerated Irrigation Benefit Programme (AIBP)	146
Appendix-XIV	Statement showing the road works held up due to involvement of forest land	147
Appendix-XV	Statement showing the road works held up due to involvement of private land	148
Appendix-XVI	Statement showing details of incomplete/abandoned works	149
Appendix-XVII	Statement showing names of the bodies and authorities, the accounts of which had not been received	150
Appendix-XVIII	Statement showing the position of seats sanctioned and filled in various courses and students actually admitted during 1997-98 to 2001-2002	152
Appendix-XIX	Glossary of abbreviations	153

PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain Audit observations on the matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2003.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation and Public Health Departments, audit of Stores and Stock and audit of Autonomous Bodies.
4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2002-2003 as well as those which had come to notice in earlier years but could not be dealt with in previous Reports; matters relating to the period subsequent to 2002-2003 have also been included wherever necessary.

OVERVIEW

This Report contains two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 2002-2003 and five other chapters, comprising three reviews and 39 paragraphs, based on the results of test audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Review of the State's finances

- ◆ The revenue deficit of the State increased from Rs 1,022 crore in 1998-99 to Rs 1,482 crore in 2002-2003. The fiscal deficit too increased from Rs 1,662 crore to Rs 2,341 crore during the corresponding period. As proportion to State's gross domestic product, revenue deficit had increased to 8.83 *per cent* in 2002-2003 and fiscal deficit to 13.95 *per cent*.
- ◆ Revenue receipts of the State increased from Rs 2,312 crore in 1998-99 to Rs 3,659 crore in 2002-2003. But rate of growth during 2002-2003 was negative ((-) 1.53 *per cent*). Rate of growth of revenue receipts failed to keep pace with GSDP growth in three out of five years and overall buoyancy was less than one. Non-tax revenue and Central tax transfers had a negative growth.
- ◆ Overall expenditure of the State comprising revenue expenditure, capital expenditure and the loans and advances increased at an average annual trend of 11.46 *per cent* to Rs 6,029 crore in 2002-2003 from Rs 4,003 crore in 1998-99. The total expenditure of the State witnessed an increasing trend during 1998-2003 due mainly to increasing trend in expenditure on General Services and Interest payments. Expenditure on General Services and Interest payments considered as non-developmental accounted for 36 *per cent* of the total expenditure.
- ◆ By the end of 2002-2003 total investment in statutory corporations, etc., stood at Rs 1,796 crore compared to Rs 973 crore in 1998-99. Dividend received from these companies, etc., was negligible.
- ◆ Fiscal liabilities of the State increased from Rs 6,418 crore in 1998-99 to Rs 12,393 crore in 2002-2003 at an average annual rate of 21.58 *per cent*. The net funds available towards the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments were 24 *per cent* on an average during 1998-2003 of total fresh liabilities. In addition, Government had given guarantees which stood at Rs 4,503 crore.
- ◆ The Government could not maintain minimum cash balance with the Reserve Bank of India on 308 days and obtained ways and means

The abbreviations used in this Report have been listed in the Glossary in Appendix-XIX (Page 153-154)

advances of Rs 1,109 crore on 92 days, overdraft of Rs 1,634 crore on 179 days and rediscounted treasury bills of Rs 657 crore on 37 days. Interest of Rs 7.65 crore was paid during the year on ways and means advances and overdraft.

- ◆ The loans of Rs 226.23 crore raised through Himachal Pradesh Infrastructure Development Board, etc., were deposited under the Head "8448-Deposits of Local funds" which resulted in concealment of internal debt of the State to that extent during 2002-2003.
- ◆ Increasing revenue deficit and non-signing of memorandum of understanding for improvement in the revenue balance with the Government of India by the State Government resulted in non-availment of revenue deficit grant of Rs 292.31 crore for the years 2001-2002 and 2002-2003 as recommended by the Eleventh Finance Commission.

(Chapter-1)

2. Appropriation Audit and Control over expenditure

- ◆ Expenditure incurred by the Government, substantially in excess of the amounts sanctioned by the State Legislature, remained to be regularised in terms of Article 205 of the Constitution of India. As of August 2003, excess expenditure of Rs 8320.65 crore incurred during 2000-2003 remained to be regularised.
- ◆ During 2002-2003, there were savings in 41 cases aggregating Rs 250.19 crore. Of these, savings of Rs 50 lakh and above in each case aggregating Rs 248.29 crore occurred in 25 cases involving 20 grants.
- ◆ Supplementary provisions totalling Rs 25.11 crore obtained in 10 cases during the year proved unnecessary as the expenditure in these cases was less than the original budget provisions.
- ◆ In six cases, the amount surrendered exceeded the overall savings by Rs 103.74 crore. Further, in the case of six grants and one appropriation Rs 159.24 crore were surrendered although expenditure exceeded the grant/appropriation and no savings were available for surrender.
- ◆ In 28 cases (sub-heads) involving nine grants/appropriations Rs 16 crore were injudiciously reappropriated as either the original grants were adequate or no savings were available for reappropriation.
- ◆ Of Rs 2.58 crore drawn for computerisation of land records, payment of *ex-gratia* grant to small marginal farmers, calamity relief works, etc., during 1994-95 to 2001-2002 by three departments in advance of actual requirement, Rs 1.06 crore were lying unutilised either with the executing agencies (Rs 0.82 crore) or deposits with the banks (Rs 0.24 crore) as of December 2002.

(Chapter-II)

3. Working of Agriculture Department

The main objective of Agriculture Department to increase production of foodgrains, oilseeds, pulses, etc., was not achieved as production of foodgrains was consistently less than the targets during 1998-99 to 2002-2003. Review of certain aspects of the department revealed the following main points:

- ♦ Avoidable/unauthorised/wasteful expenditure of Rs 42.27 lakh had been incurred by the department for payment of pay and allowances of staff deployed in excess of the sanctioned strength, etc., during 1998-2003.
- ♦ Foodgrain production declined from 13.13 lakh tonnes in 1998-99 to 11.12 lakh tonnes during 2000-2001 and went up again to 15.99 lakh tonnes in 2001-2002.
- ♦ The percentage shortfall in physical achievements under Centrally sponsored schemes during 1998-2003 ranged between five and 99.
- ♦ Reconnaissance and micro-watershed soil surveys of 2.90 lakh hectares conducted by Assistant Soil Survey Officers, Sundernagar and Palampur during 1998-2003 were not used for planning soil resources while preparing the agriculture production programme. The expenditure of Rs 2.32 crore incurred on these offices during 1998-2003 was not adequately justified.
- ♦ Against the approved outlay of Rs 21.69 crore for implementation of National Watershed Development Projects, an expenditure of Rs 10.72 crore was incurred by the State Government. The balance amount of Rs 10.97 crore was not released by Government of India due to poor physical performance of the projects.
- ♦ Sale proceeds of Rs 3.63 crore realised by the Agriculture Development Officers/Agriculture Extension Officers from farmers on account of sale of agriculture inputs had not been deposited into Government treasuries as of March 2003.

(Paragraph 3.1)

4. Horticulture Development

Horticulture development aimed at raising of pedigreed varieties of fruit plants by establishing progeny-cum-demonstration orchards and nurseries supplemented by a scheme of plant protection to control pests and diseases. Achievement of targets fixed for pedigreed varieties during 1998-2003 fell short by 16 to 31 *per cent*. Spraying operations were conducted without identifying relevance to pests and diseases. Some of the main points noticed in audit are:

- ♦ Instructions of December 1997 for bringing improvement in management of nurseries and progeny-cum-demonstration orchards to make these economically viable were not followed. Against an expenditure of Rs 14.92 crore during 1998-2003, income of Rs 7.65 crore was received resulting in loss of Rs 7.27 crore.

- ♦ The department had not laid down norms for germination of seeds and for successful grafting of plants in the nurseries in the absence of which there were wide variations in germination/survival of plants from nursery to nursery.
- ♦ An amount of Rs 0.91 crore, being beneficiaries' share as of July 2003 on account of sale of pesticides/fungicides, was not recovered by the department.
- ♦ Under "Production of fruit products" the shortfall in achievement of target ranged between 18 and 52 *per cent* during 1998-2003. Capacity utilisation of the five units test-checked was between 12 and 67 *per cent* during 1998-2003.

(Paragraph 3.2)

5. Welfare of the Handicapped

The programme was launched in the State as a Centrally sponsored scheme during 1996-97. It aimed at extending assistance to disabled persons for purchasing/fitting of aids and appliances, their rehabilitation and promotion of voluntary action plan for the handicapped. Audit review of implementation of the programme revealed the following main points:

- ♦ Of Rs 5.15 crore received from Government of India, Rs 3.42 crore remained in the banks due to non-implementation of the programme effectively during 1998-2003.
- ♦ No specific State policy to address the issues faced by the persons with disability had been framed as of March 2003. Against 10 meetings of State Co-ordination Committee and 20 meetings of State Executive Committee required to be held, only three meetings and one meeting were held respectively during 1998-2003.
- ♦ Of the 51,252 persons with disabilities identified during survey, only 28,288 persons (including 812 unidentified persons) were issued disability certificates/identify cards as of March 2003.
- ♦ A backlog of 719 posts (class III and IV categories) in 11 out of 51 departments existed though 6,401 disabled persons stood registered with special employment exchanges during 1998-2003. Further identification of similar backlog in the remaining 40 departments had not been done as of June 2003.
- ♦ State resource centre for providing specialised services to persons with disability and strengthening of the existing services for producing professional manpower had not been established as of May 2003.

(Paragraph 3.3)

6. Accelerated Irrigation Benefit Programme

The programme was implemented in the State from 1997-98. Three irrigation projects (One major and two medium) and 98 minor irrigation schemes were included in the programme between July 1997 and July 2000 for getting

Central loan assistance. Audit scrutiny of the records of the projects/schemes revealed the following points:

- ◆ Against the requisite Central loan assistance of Rs 169.56 crore to be provided by the Government of India during 1997-2003, Rs 51.96 crore were actually received from Government of India resulting in slow pace of implementation of programme.
- ◆ One major irrigation project (Shah Nehar Project) and two medium irrigation projects (Sidhatha and Changer area of Bilaspur district) estimated to cost Rs 205.89 crore were included in the programme even though they were not at an advanced stage of execution and were not eligible for inclusion in the programme.
- ◆ All the irrigation projects/schemes included in the programme were targeted for completion between March 2000 and March 2003. The three major (1) and medium (2) projects had been completed to the extent of 5 to 20 *per cent* as of March 2003. Of the 98 minor irrigation schemes, only five had been completed, 41 were in progress and the remaining schemes had not been taken up for execution.
- ◆ Failure of the department to construct pump house of adequate size in the first instance in respect of lift irrigation scheme, Jakhbar Bhanoli under Shah Nehar Irrigation Project (Kangra district) resulted in non-providing of irrigation to the culturable command area despite incurring expenditure of Rs 1.41 crore.

(Paragraph 4.1)

7. Stores and stock Accounts

A review of the stores and stock accounts of Home Department (Jails) revealed the following points:

- ◆ Of Rs 52.85 lakh sanctioned under "Modernisation of Prisons Administration", Rs 42.39 lakh were diverted for the purchase of power looms, X-rays machine, ultra-sound machine, computer parts, etc., which were not covered under the scheme.
- ◆ Machinery and equipment valued at Rs 20.37 lakh was procured by the Additional Director General (Prisons) between March 1999 and March 2000 without assessment of the requirement/indents from the Superintendents, Prisons and had been lying unutilised.

(Paragraph 5.1)

8. Working of Chaudhry Sarwan Kumar Himachal Pradesh Krishi Vishva Vidyalaya, Palampur

- ◆ Funds under the State funded schemes meant for developmental activities were utilised for meeting expenditure on salaries of the employees which increased from 83 *per cent* in 1997-98 to 93 *per cent* in 2001-2002.

- ♦ Inadmissible payments of Secretariat allowance, non-practising allowance and interest on General Provident Fund amounting to Rs 70.51 lakh were made to the University employees during February 1995 to March 2003.
- ♦ Seed Multiplication farm of the University incurred a loss of Rs 49.30 lakh during 1999-2003.
- ♦ Milk from tuberculosis infected cows was sold for public consumption during 2000-2003. Also, 16 tuberculosis positive cows were sold to local farmers.

(Paragraph 6.2)

9. Idle investment

- ♦ Investment of Rs 41.91 lakh on the construction of hostel building at Khaneri (Shimla district) proved idle as the accommodation could not be utilised due to shifting of Nurses Training School from Khaneri to Dharamshala.

(Paragraph 3.8)

- ♦ Failure of the department to initiate timely action for acquisition of private land required for the construction of approaches resulted in non-utilisation of bridge over Garli *khad* (Hamirpur district) completed in November 2001 at an expenditure of Rs 41.12 lakh.

(Paragraph 4.7)

- ♦ Poor planning of the department in the construction of Killar-Punto road and bridge thereon in Pangi valley resulted in unfruitful expenditure of Rs 35.39 lakh and idle investment of Rs 47.93 lakh.

(Paragraph 4.9)

10. Unfruitful/wasteful expenditure

- ♦ Cath Lab, etc., established at an expenditure of Rs 5.11 crore was underutilised due to non-providing of by-pass/open heart backup. Besides, Rs 2.80 crore were lying unutilised with the department.

(Paragraph 3.7)

- ♦ Faulty planning of the department in selection of suitable site and provision of unsuitable RCC pipes in lift irrigation scheme, Daulatpur Jalari in Kangra district resulted in unfruitful expenditure of Rs 1.65 crore.

(Paragraph 4.2)

- ♦ Failure of the department to properly assess the requirement of private land for the construction of sewerage scheme, Una resulted in unfruitful expenditure of Rs 141.08 lakh and cost overrun of 60 per cent.

(Paragraph 4.4)

- ♦ Wrong planning of the department in the construction of flow irrigation scheme, Kuthal (Chamba district) resulted in wasteful expenditure of Rs 32.07 lakh.

(Paragraph 4.5)

- ♦ Unplanned execution and inadequate investigation of alignment of road from Goshal village to Mooling bridge and jeepable link road from Mooling bridge to Mooling and Bargul villages (Lahaul and Spiti district) resulted in unfruitful expenditure of Rs 40.63 lakh which included infructuous expenditure of Rs 8.29 lakh.

(Paragraph 4.10)

- ♦ Rupees 56.71 lakh spent on the construction of four kilometres long Khakhri-Kherna motorable road (Chamba district) proved unfruitful and funds of Rs 27.40 lakh provided for construction of the bridge remained unutilised due to non-finalisation of the site.

(Paragraph 4.15)

11. Other points of interest

- ♦ Loan of Rs 4.79 crore raised for purchase of fire fighting equipment and construction of fire station buildings during 2001-2003 was not utilised.

(Paragraph 3.9)

- ♦ Rupees 31.37 lakh were irregularly diverted from calamity relief funds by two Deputy Commissioners for fresh/ongoing works, etc.

(Paragraph 3.10)

- ♦ Failure of the department to follow the provisions of Land Acquisition Act for acquisition of 1.93 hectares of land for the construction of Plassi-Tripalghat road (Mandi district) resulted in avoidable burden of Rs 46.67 lakh on State exchequer.

(Paragraph 4.12)

CHAPTER-I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

CHAPTER-I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This chapter discusses the financial position of the State Government, based on the information contained in the Finance Accounts. The analysis is based on trends in receipts and expenditure, quality of expenditure and financial management of the State Government. In addition, the chapter also contains a section on analysis of indicators of financial performance of the Government. Some of the terms used in this chapter are explained in **Appendix-I**.

1.2 Financial position of the State

The Government accounting system does not attempt a comprehensive accounting of fixed assets i.e. land and buildings, etc., owned by the Government. However, these accounts do capture the financial liabilities of the government and the assets created out of the expenditure incurred by it. Exhibit-I presents an abstract of such liabilities and the assets as on 31 March 2003, compared with the corresponding position on 31 March 2002. While the liabilities in this statement consist mainly of moneys owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and reserve funds, the assets comprise mainly the capital expenditure and loans and advances given by the State Government. Exhibit-I shows that while the liabilities grew by 23 *per cent*, the assets grew by 13.57 *per cent* during 2002-2003, mainly as a result of a very high (37 *per cent*) growth in the deficit on the Government account. This shows an overall deterioration in the financial condition of the Government.

1.3 Sources and application of funds

Exhibit-II gives the position of sources and application of funds during the current and the preceding year. The main sources of funds include the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the public account. These are applied mainly on revenue and capital expenditure and on lending for developmental and other purposes. Revenue receipts constituted the most significant source of fund for the State Government. Their relative share decreased from 69.37 *per cent* in 2001-2002 to 59.30 *per cent* in 2002-2003, even though there was increase in total gross receipts by 15.18 *per cent*. The share of recoveries of loans and advances decreased from 0.54 *per cent* to 0.47 *per cent*. There was a net outflow from public accounts, while the share of public debt receipts increased from 26.57 *per cent* in 2001-2002 to 26.81 *per cent* in 2002-2003.

The revenue expenditure accounted for 83 *per cent* of total funds. This was higher than the share of the revenue receipts in the total receipts. This led to revenue deficit and increasing the liabilities of the state to that extent which had no asset back up.

1.4 Revenue Receipts

1.4.1 The revenue receipts of the State consist mainly of its own taxes and non-tax revenue, central tax transfers and grants-in-aid from the Government of India. Over all revenue receipts of the state increased from Rs 2,312 crore in 1998-99 to Rs 3,659 crore in 2002-2003 at an average trend rate of 12 *per cent* per annum. Rate of growth of revenue receipts was negative ((-) 1.53 *per cent*) in 2002-2003. While tax revenue stagnated, there was a decline in non-tax revenue and Central tax transfers. Over all revenue receipts, its annual and trend rate of growth, ratio of its receipts to the State Gross Domestic Product (GSDP) and its buoyancy are indicated in Table-1.1.

Table: 1.1

Revenue Receipts – Basic Parameters (Values in Rs in crore and others in *per cent*)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue Receipts	2312	3715	3046	3716	3659	3290
Rate of Growth	6.54	60.68	(-) 18.01	22.00	(-) 1.53	11.59
Revenue Receipt/GSDP	21.62	30.38	22.85	25.25	21.81	24.28
Revenue Buoyancy	0.311	4.234	*	2.112	*	0.898
GSDP Growth	21.037	14.332	8.995	10.413	13.997	12.907

* Rate of growth of Revenue Receipts was negative.

The rate of growth of revenue receipts and GSDP fluctuated over the years. However, during 1998-2003, rate of growth of revenue receipt failed to keep pace with GSDP growth in three out of the five years and overall buoyancy was less than one.

Non-availment of revenue deficit grant of Rs 292.31 crore

Revenue deficit grant of Rs 292.31 crore from the Central Government for 2001-2002 and 2002-2003 could not be availed due to increasing revenue deficit and non signing of MOU with the Central Government.

1.4.2 According to the recommendations of Eleventh Finance Commission (EFC) (2000-2005) an Incentive Fund was set up from which fiscal performance based grants were to be made available to States. The fund was created by crediting 15 *per cent* of the amount of Revenue Deficit Grant (RDG) meant for revenue deficit states and matching contribution by Central Government.

Releases from the Incentive Fund were based on a single monitorable fiscal objective that each State will be expected to achieve a minimum improvement of 5 *per cent* in the revenue deficit as a proportion of their revenue receipt each year. As per guidelines received from the EFC, the State was required to draw up a Medium Term Fiscal Reform Programme dovetailing the same with

improvements in the revenue balance and enter into Memorandum of Understanding (MOU) with the Government of India immediately.

Test-check of records (April-June 2003) of the Finance Department revealed that percentage of revenue deficit to revenue receipt of the State increased from 2.85 per cent in 1999-2000 to 25.31 per cent in 2000-2001, 46.74 per cent in 2001-2002 and 40.50 per cent in 2002-2003. The State Government had also not entered into MOU with the Government of India regarding fiscal reforms as of August 2003. Thus by not entering into MOU with the Government of India the State Government was deprived of 15 per cent of the recommended revenue deficit grant amounting to Rs 292.31 crore during 2001-2002 (Rs 150.33 crore) and 2002-2003 (Rs 141.98 crore). During this period the State Government had raised loans from open market at the interest rate of 10.35 and 7.8 per cent¹. Had the State Government availed these revenue deficit grants after complying with the conditions laid down by the EFC during respective years the interest liability of Rs 26.25 crore (upto August 2003) on the borrowings could have been avoided.

The Government stated (August 2003) that they are endeavouring to build a consensus in negotiating a more realistic MOU with the Government of India.

The reply of the Government was not acceptable as the MOU could have been signed well in time to avail the revenue deficit grant as per entitlement. Further these fiscal reforms were proposed to improve the fiscal performance of the State.

1.4.3 Composition of the revenue receipts of the state and the relative share of the four components over last five years is indicated in Table-1.2. On an average, only 36 per cent of the revenue came from state's own resources and central tax transfers and grants-in-aid together contributed about 64 per cent of total revenue. The grants-in-aid continued to grow in importance and from around 30 per cent of total revenue in 1999-2000 it increased to 61.44 per cent in 2002-2003. Central tax transfers as percentage to total revenue of the state witnessed a continuous decline from 31.44 per cent in 1998-99 to 3.03 per cent in 2002-2003.

Table: 1.2
Components of Revenue Receipt – relative Share in per cent

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Own Taxes	24.74	16.69	23.93	30.11	30.75	25.32
Non-Tax Revenue	8.91	28.43	5.81	5.33	4.78	11.02
Central tax Transfers	31.44	24.79	10.83	3.28	3.03	13.44
Grants-in-aid	34.90	30.09	59.42	61.28	61.44	50.22

Overall growth of the four components of revenue during 1998-2003 also differed significantly. While the revenue from own taxes of the State recorded a trend growth of 20 per cent during 1998-2003, the central tax transfers and

¹ 2001-2002 10.35 per cent and 2002-2003: 7.8 per cent.

non-tax revenue recorded negative growth of (-) 35.28 and (-) 8.46 *per cent* respectively. Non-tax revenue registered a high growth rate of 74 *per cent* during 1999-2000. This abnormal growth was due to crediting of loan amounts of Rs 861.50 crore during 1999-2000 as revenue receipts by HPSEB (Rs 205.46 crore) and Himachal Pradesh State Forest Corporation (Rs 656.04 crore) under the heads "0801-Free Power Royalty", "0049-Interest Receipts" and "0406-Forestry and Wild Life". However, non-tax revenue showed a declining trend during 2000-2003. Grants-in-aid also registered growth of 28 *per cent* during this period. The trend annual growth of the various components of State's revenue, their buoyancy, average ratio as percentage of GSDP and average annual rate of shift in the relative contribution is indicated in Table-1.3.

Table: 1.3
Components of Revenue – Basic Parameters 1998-2003 (Per cent)

	ROG	GSDP Share	Buoyancy	Relative Share	Shift Rate
Own Taxes	20.32	6.148	1.575	25.32	7.83
Non-Tax Revenue	(-) 8.46	2.675	*	11.02	(-) 17.97
Central tax Transfers	(-) 35.28	3.264	*	13.44	(-) 42.00
Grants-in-aid	27.96	12.192	2.166	50.22	14.68

* Non-tax revenue and Central tax transfers had a negative growth.

The State's own taxes and grants-in-aid had a high buoyancy of 1.575 and 2.166 respectively. However, Central tax transfers had a low buoyancy of (-) 2.733. As a result of the low buoyancy of the Central transfers and relatively lower buoyancy of its non-tax revenue compared to the other two components of revenue, the relative share of these in state's total revenue declined. Average annual shift rate was (-) 42 *per cent* for Central tax transactions and (-) 17.97 *per cent* for the non-tax revenue. However, since nearly 50 *per cent* of the state's total revenue was received through grants-in-aid, its grants-in-aid-GSDP ratio averaged 12.192 compared to a ratio of 6.148 for its own taxes and 3.264 for the Central tax transfers.

1.5 Expenditure

Overall expenditure of the state comprising revenue expenditure, capital expenditure and the loans and advances increased from Rs 4003 crore in 1998-99 to Rs 6029 crore in 2002-2003, at an average annual trend rate of 11.46 *per cent*. The rate of growth of total expenditure was lower than the rate of growth of state's GSDP and its revenue receipts. During 1998-2003 total expenditure witnessed increasing trend mainly due to increase of expenditure on general services and interest payments. Relatively high growth rates of expenditure on general services and interest payments, notwithstanding a moderate growth of developmental expenditure (8.78 *per cent*) kept the overall buoyancy of total expenditure close to one. For every one *per cent* increase in the state's GSDP and revenue receipts, expenditure increased by 0.905 *per cent*. Overall expenditure, its annual and trend growth ratio of total

expenditure to state's GSDP and the buoyancy of expenditure is indicated in Table-1.4 below:

Table: 1.4
Total Expenditure – Basic Parameters (Value in Rs crore and others in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Total Expenditure	4003	4435	4918	5256	6029	4928
Rate of Growth	18.05	10.79	10.89	6.87	14.71	11.46
TE/GSDP Ratio	37.43	36.27	36.90	35.71	35.94	36.37
Revenue Receipts/TE Ratio	57.76	83.77	61.94	70.70	60.69	66.75
Buoyancy of Total Expenditure with						
GSDP	0.858	0.753	1.211	0.660	1.051	0.888
Revenue Receipts	2.758	0.178	*	0.312	*	0.989

* Revenue receipts had a negative growth.

In terms of the activities total expenditure could be considered as being composed of expenditure on general services, interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in the total expenditure is indicated in Table-1.5.

Table: 1.5
Components of Expenditure –Relative Share (in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
General Services	15.26	19.93	16.98	17.28	16.09	17.11
Interest Payments	12.44	13.46	16.22	19.82	19.44	16.28
Social Services	36.05	35.56	36.38	34.49	30.74	34.64
Economic Services	33.78	29.25	29.20	27.44	32.36	30.41
Grants-in-aid and contributions	0.35	0.45	0.41	0.40	0.91	0.50
Loans and Advances	2.12	1.35	0.81	0.57	0.46	1.06

The movement of relative share of these components indicate that the share of economic services in total expenditure declined sharply from 33.78 per cent in 1998-99 to 27.44 per cent in 2001-2002. There was however an upsurge in the current year. The relative share of interest payments and general services increased sharply. Expenditure on social services also decelerated. Interest payments and expenditure on general services considered as non-developmental, together accounted for nearly 36 per cent of total expenditure in 2002-2003 as compared to around 28 per cent in 1998-99.

In total expenditure, revenue expenditure had the predominant share. Revenue expenditure is incurred to maintain the current level of services and does not represent any addition in the State's service network. Overall revenue expenditure of the State increased from Rs 3,334 crore in 1998-99 to Rs 5,141 crore in 2002-2003, at an average trend rate of 13.06 per cent per annum. Rate of growth of revenue expenditure reached its maximum in 1998-99 at 23.53 per cent. Revenue expenditure – GSDP ratio also witnessed an increase from 31.17 per cent in 1998-99 to 32.48 per cent in 2000-2001. Further, the ratio of revenue expenditure to total expenditure increased from 83.29 per cent in 1998-99 to 85.27 per cent in 2002-2003. On an average 86 per cent of total expenditure of the state was on current consumption. The ratio of revenue expenditure to revenue receipt was also on the rise indicating increasing dependence on borrowing for meeting even the current expenditure. The gap between revenue receipts and revenue expenditure widened from around 3 per cent in 1999-2000 to 41 per cent in 2002-2003. Overall revenue

expenditure, its rate of growth, ratio of revenue expenditure to state's GSDP and revenue receipts and its buoyancy with both GSDP and revenue receipts is indicated in Table-1.6 below:

Table: 1.6
Revenue Expenditure –Basic Parameters (Values in Rs crore and others in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue expenditure	3334	3821	4329	4576	5141	4240
Rate of Growth	23.53	14.61	13.29	5.71	12.35	13.06
RE/GSDP	31.17	31.25	32.48	31.09	30.64	31.29
RE as % of TE	83.29	86.16	88.02	87.06	85.27	86.04
RE as % of Revenue Receipt	144.20	102.85	142.12	123.14	140.50	128.90
Buoyancy of Revenue Expenditure with						
GSDP	1.118	1.019	1.478	0.548	0.882	1.012
Revenue Receipts	3.595	0.241	*	0.259	*	1.127

* Revenue receipt had a negative growth.

The growth in revenue expenditure exceeded the rate of growth of state's GSDP and revenue receipts. Average buoyancy of revenue expenditure to GSDP during 1998-2003 was 1.012 indicating that for each one-percentage increase of GSDP, revenue expenditure increased by 1.012 *per cent*. Similarly, for each one-percentage point increase in the State's revenue receipts, revenue expenditure increased by 1.127 *per cent*.

The plan, capital and developmental expenditure reflect its quality. The higher the ratio of these components to total expenditure the better is the quality of expenditure. Table-1.7 below gives the ratio of these components to total expenditure.

Table: 1.7
Quality of Expenditure –(per cent to total expenditure)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Plan Expenditure	40.58	37.26	37.64	35.44	37.46	37.53
Capital Expenditure	14.91	12.66	11.25	12.44	14.33	13.10
Development Expenditure	71.34	65.69	66.11	62.28	63.39	65.39

(Total expenditure do not include Loans and Advances).

All the three components of expenditure showed a relative decline during 1998-2003. Plan expenditure declined from 40.58 *per cent* of total expenditure in 1998-99 to 37.46 *per cent* in 2002-2003. Similarly, capital expenditure also declined from 14.91 to 14.33 *per cent*. There was also a decline in the share of development expenditure from 71.34 *per cent* in 1998-99 to 63.39 *per cent* in 2002-2003.

Activity-wise expenditure also revealed that the average trend growth of various components had significant variations. Interest payments and expenditure on general services were the fastest growing components with an average growth of 26.56 *per cent* and 13.87 *per cent* per annum respectively. Loans and advances of the State had a negative growth of (-) 28.94 *per cent*. As percentage to GSDP, non-development expenditure comprising general services and interest payments averaged 12.27 *per cent*, social services 12.51 *per cent* and the economic services 11.04 *per cent*. Activity-wise trend

growth, ratio to GSDP, relative share of the various activities, shift in their relative share and buoyancy with GSDP and revenue receipt are indicated in Table-1.8.

Table: 1.8
Activity-wise Expenditure – (Basic Parameters (in per cent))

	ROG	GSDP share	Buoyancy GSDP	Revenue receipt	Buoyancy with	
					Relative share	Shift rate
General Services	13.87	6.21	1.07	1.20	17.077	2.161
Interest Payments	26.56	6.06	2.06	2.29	16.667	13.543
Social Services	9.73	12.51	0.75	0.84	34.394	(-) 1.556
Economic Services	7.73	11.04	0.60	0.67	30.348	(-) 3.348
Loans and Advances	(-) 28.94	0.36	(-) 2.24	(-) 2.50	0.986	(-) 36.242

The relative shares of the expenditure on interest and general services grew by an average of 2.161 per cent and 13.54 per cent per annum respectively and witnessed a positive shift in their shares. On the other hand, the share of expenditure on economic services, loans and advances and social services actually declined. Expenditure on General services and interest payments had a buoyancy greater than one with respect to GSDP and revenue receipt, while the buoyancy of other three components was relatively low. The relatively lower buoyancy of social services and economic services resulted in decline in their relative share and their annual rate of shift was (-) 1.556 per cent and (-) 3.348 per cent respectively.

1.6 Fiscal Imbalances

The deficits in the Government accounts represent the gap between its receipts and expenditure. The nature of deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed are important pointers to the fiscal health. The revenue deficit which is the excess of its revenue expenditure over revenue receipts, increased from Rs 1,022 crore in 1998-99 to Rs 1,482 crore in 2002-2003. The fiscal deficit, which represents the total borrowing of the government and its total resource gap, increased from Rs 1,662 crore in 1998-99 to Rs 2,341 crore in 2002-2003. State also had a primary deficit which increased from Rs 1,164 crore in 1998-99 to Rs 1,169 crore in 2002-2003.

The existence of revenue deficit indicated that the revenue receipts of the State were not able to meet its revenue expenditure and Government had to borrow funds to meet its current obligations. The ratio of revenue deficit to fiscal deficit has also increased from 61.49 per cent in 1998-99 to 63.31 per cent in 2002-2003. As proportion to state's gross domestic product revenue deficit had increased to 8.83 per cent in 2002-2003 and fiscal deficit to 13.95 per cent.

Table: 1.9
Fiscal Imbalances–Basic Parameters (Values in Rs crore and Ratios in per cent)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Revenue deficit	(-) 1022	(-) 106	(-) 1283	(-) 860	(-) 1482	(-) 951
Fiscal deficit	(-) 1662	(-) 189	(-) 1845	(-) 1511	(-) 2341	(-) 1510
Primary Deficit	(-) 1164	(+) 408	(-) 1047	(-) 469	(-) 1169	(-) 688
RD/GSDP	(-) 9.55	(-) 0.87	(-) 9.63	(-) 5.84	(-) 8.83	(-) 7.02
FD/GSDP	(-) 15.54	(-) 1.55	(-) 13.84	(-) 10.27	(-) 13.95	(-) 11.14
PD/GSDP	(-) 10.88	(+) 3.34	(-) 7.86	(-) 3.19	(-) 6.97	(-) 5.08
RD/FD	61.49	56.08	69.54	56.92	63.31	62.97

1.7 Fiscal Liabilities – Public Debt and Guarantees

The Constitution of India provides that state may borrow within the territory of India, upon the security of its consolidated funds, within such limits, as may from time to time, be fixed by an act of Legislature. However, no such law was passed by the State to lay down any such limit. Table-10 below gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP revenue receipts and own resources and the buoyancy of these liabilities with respect to these parameters. It would be observed that the over all fiscal liabilities of the State increased from Rs 6418 crore in 1998-99 to Rs 12393 crore in 2002-2003 at an average annual rate of 21.58 *per cent*. These liabilities as ratio to GSDP increased from 60 *per cent* in 1998-99 to 73.87 *per cent* in 2002-2003 and stood at 2.72 times of its revenue receipts and 7.49 times of its own resources comprising its own tax and non-tax revenue.

In addition to these liabilities Government had guaranteed loans of its various Corporations and others which in 2002-2003 stood at Rs 4503 crore. The guarantees are in the nature of contingent liabilities. Currently the fiscal liabilities were more than three times the revenue receipt of the state. The direct fiscal liabilities of the state grew much faster compared to its rate of growth of GSDP, revenue receipts and own resources. On average from each one *per cent* increase in GSDP, revenue receipts, own resources the direct fiscal liabilities of the state increased by 1.672, 1.862 and 1.748 *per cent* respectively.

Table: 1.10
Fiscal Liabilities – Basic Parameters

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Fiscal Liabilities	6418	7104	8621	10220	12393	8951
Rate of Growth	47.98	10.69	21.35	18.55	21.26	21.58
Ratio of Fiscal Liabilities to						
GSDP	60.00	58.09	64.68	69.44	73.87	66.06
Revenue Receipt	277.60	191.22	283.03	275.03	338.70	272.11
Own Resources	824.94	423.87	951.55	776.01	953.31	748.80
Buoyancy of Fiscal liabilities to						
GSDP	2.281	0.746	2.374	1.781	1.519	1.672
Revenue Receipt	7.333	0.176	*	0.843	*	1.862
Own resources	4.186	0.093	*	0.409	*	1.748

* Revenue receipts and own resources had a negative growth.

Increasing liabilities had raised the issue of sustainability. Fiscal liabilities are considered 'sustainable' if the average interest paid on these liabilities is lower than the rate of growth of GSDP. In the case of Himachal Pradesh average interest rate on fiscal liabilities at 9.93 *per cent* was less than the rate of

growth of GSDP by 2.97 *per cent* as indicated in Table-1.11. Further in 2 out of 5 years average interest rate on fiscal liabilities exceeded the GSDP growth.

Table: 1.11

Debt Sustainability – Interest Rate and GSDP Growth (in *per cent*)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Weighted Interest Rate	9.26	8.83	10.15	11.06	10.37	9.93
GSDP Growth	21.04	14.33	9.00	10.41	14.00	12.91
Interest spread	11.78	5.50	1.15	0.65	3.63	2.97

Another important indication of debt sustainability is net availability of the funds after payment of the principal on account of the earlier contracted liabilities and interest. Table-1.12 below gives the position of the receipt and repayment of fiscal liabilities over last five years. The net funds available on account of the internal debt, loans and advances from Government of India and other liabilities after providing for interest and repayments varied from 13 *per cent* to 35 *per cent*.

Table: 1.12

Net Availability of Borrowed Funds (Rs in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Internal Debt						
Receipt	357	859	1227	1465	2053	1192
Repayment (Principal + Interest)	86	141	311	503	512	311
Loans and Advances from GOI						
Receipt	366	179	221	(-)64	146	170
Repayment (Principal + Interest)	380	429	464	515	779	513
Other Liabilities						
Receipt	2298	2389	1777	1547	1685	1939
Repayment (Principal + Interest)	1798	2299	1531	1557	1225	1682
Total Liabilities						
Receipt	3021	3427	3225	2948	3884	3301
Repayment (Principal + Interest)	2264	2869	2306	2575	2516	2506
Net Fund Available	757	558	919	373	1368	795
Net Fund Available (<i>per cent</i>)	25.06	16.28	28.50	12.65	35.22	24.08

Ways and Means Advances and Overdrafts

1.7.1 The Government could not maintain minimum cash balance with the Reserve Bank of India on 308 days and obtained ways and means advances of Rs 1109 crore on 92 days, overdraft of Rs 1,634 crore on 179 days and rediscounted treasury bills of Rs 657 crore on 37 days. Interest of

Rs 7.65 crore was paid during the year on ways and means advances and overdraft.

Concealment of internal debt by the State Government

1.7.2 Himachal Pradesh Road Infrastructure Development Corporation (HPRIDC) and Himachal Pradesh Infrastructure Development Board (HPIDB) deposited Rs 226.23 crore during 2002-2003 under the Head "8448 Deposits of Local Funds-120 Other Fund". It was noticed that the funds deposited by HPRIDC/HPIDB were raised by placement of Non-SLR Bonds. The repayment of the principal and interest on these Bonds was guaranteed by the State Government. Thus depositing these amounts under the head "8448-Deposits of Local Funds" instead of under the head "6003-Internal debt of the State Government" has resulted in concealment of internal debt of the State Government to the extent of Rs 226.23 crore.

1.8 Investments and returns

As on 31 March 2003, Government had invested Rs 1796 crore in statutory corporations, Government companies, joint stock companies and cooperatives. Government's return on this investment was not only meagre (less than 1 *per cent*), it was also on a decline as indicated in Table-1.13 below.

Table: 1.13
Return on Investment

(Rupees in crore)				
Year	Investment at the end of the year	Return	Percentage of Return	Rate of interest on Government Borrowing (%)
1998-1999	973	0.54	0.055	9.26
1999-2000	1105	0.59	0.053	8.83
2000-2001	1179	0.61	0.052	10.15
2001-2002	1384	0.89	0.064	11.06
2002-2003	1796	0.61	0.034	10.37

In addition to its investment, Government has also been providing loans and advances to many of these parastatals. Total outstanding loans was Rs 253 crore as on 31 March 2003. Overall interest received had declined to 3.31 *per cent* (Table-1.14). Government has, therefore, been providing an explicit subsidy varying from 4 to 9 *per cent* in the intermediation.

Table: 1.14
Average Interest Received on Loans Advanced by the State Government

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
Opening Balance	654.30	709.94	239.44	252.35	253.43
Amount advanced during the year	84.93	60.26	40.27	30.35	28.37
Amount repaid during the year	29.29	530.76	27.36	29.27	28.95
Closing Balance	709.94	239.44	252.35	253.43	252.85
Net addition	55.64	(-) 470.50	12.91	1.08	--
Interest Received	4.36	158.13	14.55	6.88	8.37
Interest received as <i>per cent</i> to Loans advanced	0.64	33.33	5.93	2.72	3.31
Average Interest paid by the State	9.26	8.83	10.15	11.06	10.37
Difference between interest paid and received	8.62	(-) 24.50	4.22	8.34	7.05

In these two functions of financial intermediation and investment, low returns indicated implicit subsidy. During 2002-2003 alone, the implicit subsidy (the difference between the cost of raising funds and the returns) amounted to Rs 204 crore.

1.9 Financial results of irrigation works

The financial results of one major and nine medium irrigation projects with capital expenditure of Rs 86.88 crore as of March 2003 showed that revenue realised during 2002-2003 (Rs 0.06 crore) was only 0.069 *per cent* of the capital expenditure. It was not sufficient to meet the working and maintenance expenditure (Rs 3.47 crore). The net loss after meeting the working and maintenance expenditure was Rs 3.41 crore.

1.10 Incomplete Projects

As informed by the State Government, there were eight incomplete projects in which Rs 16.77 crore were blocked. The delay in completion of other projects ranged between 2 months to 24 months. This showed that the Government was spreading its resources thinly without prioritisation. Reasons for incomplete projects were paucity of funds, failure of contractors, change in site/design of the project(s), defective planning etc.

1.11 Arrears of revenue

The arrears of revenue pending collection was Rs 181.49 crore as of March 2003 which was 0.03 *per cent* of the revenue collected during the year. Of these Rs 98.63 crore and Rs 42.92 crore were on account of Sales Tax and Power Receipts respectively. Of these Rs 32.64 crore (18 *per cent*) was pending for more than five years and pertained mainly to Sales Tax (Rs 24.38 crore), State Excise Receipt (Rs 5.41 crore) and Police receipts (Rs 2.19 crore). A few revenue collecting departments had not furnished information regarding arrears.

1.12 Financial Indicators of the Government of Himachal Pradesh

The finances of a State should be sustainable, flexible and non-vulnerable. Table-15 below presents a summarized position of Government finances over 1998-2003, with reference to certain key indicators that help assess the adequacy and effectiveness of available resources and their applications, highlight areas of concern and captures its important facets.

The ratio of revenue receipt and State's own taxes to GSDP indicate the adequacy of the resources. The buoyancy of revenue receipt indicates the nature of the tax regime and the State's increasing access to resources. Revenue receipts comprises not only the tax and non-tax resources of the State but the Central transfers. It indicates the sum total of the State's access for which there is no direct service provision obligations, recovery of users' charges for the social and economic services provided by it and its entitlement from the Central pool of resources. These ratios indicate a mixed trend. Revenue receipt-GSDP ratio, though fluctuating over the years had a negative shift rate of one percent per annum. The buoyancy of revenue receipts was

also less than one. These indicated continued deterioration of State's fiscal stage.

Various ratios concerning the expenditure management of the State indicate quality of its expenditure and sustainability of these in the relation to its resource mobilisation. The ratio of revenue expenditure to total expenditure has shown increase while its capital expenditure and development expenditure as percentage to total expenditure has declined. Both its revenue and total expenditure have been buoyant compared to its revenue receipts, revenue expenditure. All these indicate state's increasing dependence on borrowings for meeting its revenue expenditure and inadequate expansion of its developmental activities.

Table: 1.15
Indicators of Fiscal Health (in per cent)

Fiscal Indicators	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Average
Resource Mobilisation						
Revenue Receipt/GSDP	21.62	30.38	22.85	25.25	21.81	24.28
Revenue Buoyancy	0.311	4.234	*	2.112	*	0.898
Own tax/GSDP	5.348	5.070	5.469	7.603	6.706	6.148
Expenditure Management						
Total Expenditure/GSDP	37.43	36.27	36.90	35.71	35.94	36.37
Revenue Receipts/Total Expenditure	57.76	83.77	61.94	70.70	60.69	66.75
Revenue Expenditure/Total Expenditure	83.29	86.16	88.02	87.06	85.27	86.04
Capital Expenditure/Total Expenditure	14.91	12.66	11.25	12.44	14.33	13.10
Development Expenditure/Total Expenditure	71.34	65.69	66.11	62.28	63.39	65.39
Buoyancy of TE with RR	2.758	0.178	*	0.312	*	0.989
Buoyancy of RE with RR	3.595	0.241	*	0.259	*	1.127
Management of Fiscal Imbalances						
Revenue deficit (Rs in crore)	(-) 1022	(-) 106	(-) 1283	(-) 860	(-) 1482	(-) 951
Fiscal deficit (Rs in crore)	(-) 1662	(-) 189	(-) 1845	(-) 1511	(-) 2341	(-) 1510
Primary Deficit (Rs in crore)	(-) 1164	408	(-) 1047	(-) 469	(-) 1169	(-) 688
Revenue Deficit/ Fiscal Deficit	61.49	56.08	69.54	56.92	63.31	62.97
Management of Fiscal Liabilities (FL)						
Fiscal Liabilities/GSDP	60.00	58.09	64.68	69.44	73.87	66.06
Fiscal Liabilities/RR	277.60	191.22	283.03	275.03	338.70	272.11
Buoyancy of FL with RR	7.333	0.176	*	0.843	*	1.862
Buoyancy of FL with OR	4.186	0.093	*	0.409	*	1.748
Interest spread	11.78	5.50	(-) 1.15	(-) 0.65	3.63	2.97
Net Fund Available	25.06	16.28	28.50	12.65	35.22	24.08
Other Fiscal Health Indicators						
Return on Investment	0.055	0.053	0.052	0.064	0.03	0.05
BCR (Rs in crore)	(-) 761.12	(-) 113.87	(-) 921.12	(-) 810	(-) 1470	(-) 815
Financial Assets/Liabilities	0.73	0.74	0.64	0.61	0.56	0.66

* Revenue receipts and own resources had a negative growth.

Increasing revenue and fiscal deficit indicates growing fiscal imbalances of the State. Similarly increase in the ratio of revenue deficit and fiscal deficit indicates that the application of borrowed funds has largely been to meet current consumption. All the indicators of fiscal imbalances show continuous deterioration over time indicting increasing unsustainability and vulnerability of State finances.

It is not uncommon for a State to borrow for increasing its social and economic infrastructure support and creating additional income generating assets. However, increasing ratio of fiscal liabilities to GSDP and revenue receipts together with a growing revenue deficit, indicate that the State is gradually getting into a debt trap. Similarly the higher buoyancy of the debt both with regard to its revenue receipts and own resource indicate its increasing unsustainability. There has also been a decline in net availability of funds from its borrowings due to a larger portion of these funds being used for debt servicing. The State's low return on investment indicates an implicit subsidy and use of high cost borrowing for investments, which yields very little to it. The ratio of State's total financial assets to liabilities has also deteriorated indicating that increasingly a greater part of liabilities are without an asset back up. This indicates that either the State has to generate more revenue from out of its existing assets or need to provide from its current revenues for servicing its debt obligations. The balance from current revenue of the State has also continued to be increasingly negative. The BCR plays a critical role in determining its plan size and a negative BCR adversely affects the same and reduces availability of fund for additional infrastructure support and other revenue generating investment.

1.13 Impact of Government policies

Exhibit-V depicts the progress achieved during 2001-2002 as compared to 2000-2001 in various sectors. It would be seen that the percentage of literacy has remained at 73.13 *per cent* during 2000-2002. No new institutions were opened in the Health and Family Welfare sector. In power sector, generation has decreased during 2001-2002 necessitating purchase of power to fulfill the demand of the consumers. Fruit Production has decreased significantly during 2001-2002 as compared to 2000-2001.

EXHIBIT-I
SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HIMACHAL
PRADESH AS ON 31 MARCH 2003

(Rupees in crore)

(Rupees in crore)

As on 31 March 2002		Liabilities	As on 31 March 2003		As on 31 March 2002		Assets	As on 31 March 2003	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
4309.82		Internal Debt (excluding overdrafts from Reserve Bank of India)		6259.00	5992.73		Gross Capital Outlay		6852.47
	1299.32	Market Loans bearing interest	1983.36			1383.54	Investment in shares of Companies, Corporations, etc.	1796.49	
	0.17	Market Loans not bearing interest	0.19			4609.19	Other capital expenditure	5055.98	
	651.76	Loans from the Life Insurance Corporation of India	708.58		253.43		Loans and Advances		252.85
	8.15	Loans from the General Insurance Corporation of India	3.72			64.31	Loans for Energy	66.28	
	319.36	Loans from the National Bank for Agriculture and Rural Development	420.72			92.32	Other Development Loans	83.36	
	34.35	Loans from the National Co-operative Development Corporation	28.56			96.80	Loans to Government Servants and Miscellaneous Loans	103.21	
	1431.09	Loans from other institutions	2129.70		5.28		Suspense and Miscellaneous Balances		--
	92.00	Ways and Means Advances from the Reserve Bank of India	135.00		0.16		Advances		0.16
	473.67*	Special securities issued to National small savings Funds of the Central Government	849.17*		23.56		Cash		20.97
2842.84		Loans and Advances from the Central Government		2548.31		23.27	Cash in Treasuries and Local Remittances	20.73	
	57.77	Pre 1984-85 Loans	50.53			0.24	Departmental Cash Balance including Permanent Advances	0.24	

Includes Rs 197.78 crore being the share of Small Savings collections for the year 1999-2001 transferred from head 6004-01-102.

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
	2009.72	Non-Plan Loans	1658.10			0.05	Cash Balance Investment Account	--	
	658.93	Loans for State Plan Schemes	761.37		4049.38		Deficit on the Government Account		5531.78
	0.40	Loans for Central Plan Schemes	0.35			3174.85	Accumulated deficit upto 31 March 2002	4035.31	
	49.35	Loans for Centrally Sponsored Plan Schemes	47.96				Add		
	66.67	Ways and Means Advances	30.00			860.46	(i) Current year's deficit	1482.40	
5.00		Contingency Fund		5.00		14.07	(ii) Other miscellaneous adjustment, etc.	14.07	
2208.29		Small Savings, Provident Funds, etc.		2484.41					
---		Suspense and Miscellaneous Balances		17.42					
445.04		Deposits		709.07					
275.27		Overdrafts from the Reserve Bank of India		135.00					
138.76		Reserve Funds		257.25					
(-) 22.21		Deposits with the Reserve Bank of India		108.26					
121.68		Remittance Balances		134.51					
10324.54		Total:		12658.23	10324.54		Total:		12658.23

EXHIBIT-II

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

2001-2002	Source	2002-2003
3715.80	1. Revenue Receipts	3658.75
29.27	2. Recoveries of Loans and Advances	28.95
1423.56	3. Increase in Public Debt* other than Overdraft	1654.59
187.60	4. Net receipts from Public Account	694.18
206.97	Increase in Small Savings, Provident Funds, etc.	276.12
(-) 128.60	Increase in Deposits and Advances	264.03
96.99	Increase in Reserve Funds	118.48
(-) 25.61	Net effect of Suspense and Miscellaneous transactions	22.70
37.85	Net effect of Remittance transactions	12.85
--	Decrease in closing cash balance	133.06
5356.23	Total	6169.53
2001-2002	Application	2002-2003
4576.26	1. Revenue expenditure	5141.15
30.35	2. Lending for development and other purposes	28.37
649.80	3. Capital expenditure	859.74
--	4. Decrease in Overdraft	140.27
99.82	5. Increase in closing cash balance	--
5356.23	Total	6169.53

Explanatory Notes for Exhibit-I, II and III:

- The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.
- Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
- Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and others pending settlement, etc.
- There was an unreconciled difference of Rs 126.37 crore (debit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank". A net difference of Rs 126.70 crore (credit) had been reconciled and Rs 0.33 crore (credit) were awaiting reconciliation (May 2003).

* Includes Ways and Means Advances taken from Reserve Bank of India/GOI.

EXHIBIT-III
ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 2002-2003
(Rupees in crore) (Rupees in crore)

Receipts					Disbursements					
2001-2002		2002-2003			2001-2002		2002-2003			
							Non-Plan	Plan	Total	
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
		Section – A Revenue								
3715.80		I-Revenue Receipts		3658.75		I-Revenue Expenditure				5141.15
	1118.79	(i) Tax revenue	1124.47		1941.79	General Services	2093.48	37.19	2130.67	
	198.33	(ii) Non-tax revenue	175.49		1543.76	Social Services	863.17	745.69	1608.86	
	121.84	(iii) State's share of Union Taxes and Duties	110.70		877.53	Education, Sports, Art and Culture	497.65	439.74	937.39	
	1124.76	(iv) Non-Plan Grants	874.38		259.51	Health and Family Welfare	131.39	146.25	277.64	
	965.20	(v) Grants for State Plan Schemes	1176.04		207.92	Water Supply, Sanitation, Housing and Urban Development	123.32	77.91	201.23	
	186.88	(vi) Grants for Central Plan and Centrally Sponsored Plan Schemes	197.67		7.87	Information and Broadcasting	4.53	4.49	9.02	
					14.63	Welfare of Scheduled Castes, Scheduled Tribes and Other backward Classes	3.20	9.42	12.62	
860.46		II-Revenue Deficit carried over to Section B		1482.40	12.59	Labour and Labour Welfare	9.50	4.16	13.66	
					160.53	Social Welfare and Nutrition	90.73	62.81	153.54	
					3.18	Others	2.85	0.91	3.76	
					1069.91	Economic Services	795.40	550.59	1345.99	
					440.59	Agriculture and Allied Activities	349.88	235.17	585.05	
					80.62	Rural Development	29.77	61.15	90.92	
					50.66	Irrigation and Flood Control	29.94	40.10	70.04	
					86.35	Energy	98.43	32.49	130.92	
					39.32	Industry and Minerals	8.03	34.13	42.16	
					303.05	Transport	267.29	92.73	360.02	
					1.41	Science, Technology and Environment	--	3.31	3.31	

Audit Report (Civil) for the year ended 31 March 2003

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
					67.91	General Economic Services	12.06	51.51	63.57	
					20.80	Grants-in-aid and Contributions	2.87	52.76	55.63	
4576.26		Total:		5141.15	4576.26	Total:	3754.92*	1386.24	5141.15	5141.15***
Section-B-Capital										
(-) 54.05		III-Opening cash balance including Permanent Advances and Cash Balance Investment Account, etc.		45.77	649.80***	Capital Outlay	(-) 2.72	862.46	859.74	859.74***
					8.30	General Services	--	11.17	11.17	
					269.64	Social Services	0.59	243.24	243.83	
					41.18	Education, Sports, Art and Culture	0.66	19.29	19.95	
					18.41	Health and Family Welfare	--	19.80	19.80	
					207.39	Water Supply, Sanitation, Housing and Urban Development	(-) 0.07	200.83	200.76	
					0.04	Information and Broadcasting	--	0.36	0.36	
					2.25	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	--	2.64	2.64	
					0.35	Social Welfare and Nutrition	--	0.30	0.30	
					0.02	Others	--	0.02	0.02	
					371.86	Economics Services	(-) 3.31	608.05	604.74	
					15.76	Agriculture and Allied Activities	(-) 3.31	25.87	22.56	
					--	Rural Development	--	--	--	
					45.21	Irrigation and Flood Control	--	45.87	45.87	
					164.18	Energy	--	358.56	358.56	
					0.13	Industry and Minerals	---	1.73	1.73	
					145.04	Transport	--	174.27	174.27	

* This includes Rs 8.43 crore Non-Plan expenditure on Centrally sponsored schemes (General Services: Rs 7.55 crore; Social Services: Rs 0.88 crore).

** These are net figures exclusive of recoveries adjusted in reduction of revenue expenditure.

*** These are net figures exclusive of recoveries adjusted in reduction of capital expenditure.

Chapter-I: An Overview of the Finances of the State Government

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
					1.54	General Economic Services	--	1.75	1.75	
29.27		IV-Recoveries of Loans and Advances		28.95	30.35	III-Loans and Advances disbursed				28.37
	--	From Power Projects	--		--	For Power Projects		--	1.97	
	19.87	From Government Servants	19.55		14.03	To Government Servants			24.95	
	9.40	From Others	9.41		16.32	To others			1.45	
					860.46	IV-Revenue deficit brought down				1482.40
1587.93		V-Public Debt Receipts		2198.74*	164.37	V-Repayment of Public Debt				684.41
	1465.30	Internal Debt other than Ways and Means Advances and Overdraft	2052.45		88.12	Internal debt other than Ways and Means Advances and Overdraft			146.31	
					248.72	Net transactions under Ways and Means Advances including Overdraft			97.27	
	122.63	Loans and Advances from the Central Government	146.29		324.07	Repayment of Loans and Advances to Central Government			440.83	
3733.11		VI-Public Account Receipts		4155.69	3545.51	VI-Public Account Disbursement				3461.52
	761.04	Small Saving and Provident Funds	826.90		554.07	Small Savings and Provident Funds			550.78	
	169.77	Reserve Funds	273.43		72.78	Reserve Funds			154.95	
	737.41	Deposits and Advances	703.89		866.01	Deposit and Advances			439.86	
	162.83	Suspense and Miscellaneous	171.80		188.44	Suspense and Miscellaneous			149.10	
	1902.06	Remittances	2179.67		1864.21	Remittances			2166.83	
					45.77	VII-Cash Balance at end				(-) 87.29
					23.27	Cash in Treasuries and Local Remittances			20.73	
					0.24	Departmental Cash Balance including Permanent Advances			0.24	
					22.24	Deposits with Reserve Bank			(-) 108.26	
					0.05	Cash Balance investment			--**	
5296.26				6429.15	5296.26					6429.15

* Includes Rs 197.78 crore being the share of small savings collections for the years 1999-2001 transferred from the head 6004-01-102

** Rs 0.08 lakh only.

**EXHIBIT-IV
TIME SERIES DATA ON STATE GOVERNMENT FINANCES**

(Rupees in crore)

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
1.	2.	3.	4.	5.	6.
Part A. Receipts					
1. Revenue Receipts	2312	3715	3046	3716	3659
(i) Tax Revenue	572 (25)	620 (17)	729 (24)	1119 (30)	1125(31)
Taxes on Sales, Trade, etc.	197 (34)	233 (38)	302 (41)	355 (32)	383 (34)
State Excise	185 (33)	199 (32)	209 (29)	236 (21)	274 (25)
Taxes on vehicles	17 (3)	28 (4)	61 (8)	133 (12)	82 (7)
Stamps and Registration fees	22 (4)	25 (4)	29 (4)	34 (3)	37 (3)
Taxes and duties on Electricity	28 (5)	—	28 (4)	8 (—)	—
Land Revenue	1 (—)	6 (1)	4 (1)	52 (5)	5 (—)
Taxes on Goods and Passengers	115 (20)	105 (17)	43 (6)	34 (3)	32 (3)
Other Taxes and Duties on Commodities and Services	7 (1)	24 (4)	53 (7)	64 (6)	77 (7)
Customs	—	—	—	82 (7)	89 (8)
Union Excise Duties	—	—	—	113 (10)	136 (12)
Service Tax	—	—	—	8 (1)	10 (1)
(ii) Non-Tax Revenue	206 (9)	1056 (28)	177 (6)	198 (6)	175 (5)
(iii) State's share in Union taxes and duties	727 (31)	921 (25)	330 (11)	122 (3)	111(3)
(iv) Grants-in-aid from GOI	807 (35)	1118 (30)	1810 (59)	2277 (61)	2248 (61)
2. Misc. Capital Receipts	—	—	—	—	—
3. Total revenue and Non-debt capital receipts (1+2)	2312	3715	3046	3716	3659
4. Recovery of Loans and Advances	29	531	27	29	29
5. Public Debt Receipts	1642	1477	1557	1588	2199
Internal Debt (excluding Ways and Means Advances and Overdraft)	357 (22)	859 (58)	1227 (79)	1465 (92)	2053 (93)
Net transactions under Ways and Means Advances and Overdraft	819 (50)	—	—	—	—
Loans and Advances from Government of India ^a	466 (28)	618 (42)	330 (21)	123 (8)	146 (7)
6. Total receipts in the Consolidated Fund (3+4+5)	3983	5723	4630	5333	5887
7. Contingency Fund Receipts	4	—	—	—	—
8. Public Account receipts	4054	4932	3878	3733	4156
9. Total receipts of the State (6+7+8)	8041	10655	8508	9066	10043
Part B. Expenditure/Disbursement					
10 Revenue expenditure	3334	3821	4329	4576	5141
Plan	1006 (30)	1073 (28)	1282 (30)	1202 (26)	1386 (27)
Non-Plan	2328 (70)	2748 (72)	3047 (70)	3374 (74)	3755 (73)
General Services (including interest payments)	1088 (33)	1447 (38)	1614 (37)	1942 (42)	2131 (42)
Social Services	1265 (38)	1376 (36)	1561 (36)	1543 (34)	1609 (31)
Economic Services	967 (29)	978 (26)	1134 (26)	1070 (23)	1346 (26)
Grants-in-aid and Contributions	14	20	20 (1)	21 (1)	55 (1)

^a Rs 21 lakh only.

Rs 25 lakh only.

	1.	2.	3.	4.	5.	6.
11.	Capital Expenditure	584	554	549	650	860
	Plan	584 (100)	557 (100)	554 (100)	650 (100)	862 (100)
	Non-Plan	--	(-) 3	(-) 5	--	(-) 02
	General Services	21 (4)	34 (6)	19 (3)	8 (1)	11(1)
	Social Services	178 (30)	201 (36)	228 (42)	270 (42)	244 (28)
	Economic Services	385 (66)	319 (58)	302 (55)	372 (57)	605 (71)
12.	Disbursement of Loans and Advances	85	60	40	30	28
13.	Total (10+11+12)	4003	4435	4918	5256	6029
14.	Repayment of Public Debt	165	995	414	164	684
	Internal Debt (excluding Ways and Means Advances and Overdraft)	17 (10)	28 (3)	47 (11)	88 (54)	146 (21)
	Net Transactions under Ways and Means Advances and Overdraft	--	717 (72)	17 (4)	(-) 249 (-152)	97 (14)
	Loans and Advances from Government of India [@]	148 (92)	250 (25)	350 (85)	325 (198)	441 (65)
15.	Appropriation to Contingency Fund	4 (2)	--	--	--	--
16.	Total disbursement out of Consolidated Fund (13+14+15)	4172	5430	5332	5420	6713
17.	Contingency Fund disbursements	--	--	--	--	--
18.	Public Account disbursements	3368	5091	3164	3546	3462
19.	Total disbursement by the State (16+17+18)	7540	10521	8496	8966	10175
Part C. Deficits						
20.	Revenue Deficit (1-10)	1022	106	1283	860	1482
21.	Fiscal Deficit (3+4-13)	1662	189	1845	1511	2341
22.	Primary Deficit (21-23)	1164	(-) 408	1047	469	1169
Part D. Other data						
23.	Interest Payments (included in revenue expenditure)	498	597	798	1042	1172
24.	Arrears of Revenue^φ (Percentage of Tax and non-tax Revenue Receipts)	224 (29)	189 (11)	261 (29)	264 (20)	181.49 (14)
25.	Financial Assistance to local bodies, etc.	175	167	213	169	186
26.	Ways and Means Advances and Overdraft availed (days)	119	253	185	300	271
27.	Interest on WMA and Overdraft	2.23	6.69	4.96	9.16	7.65
28.	Gross State Domestic Product (GSDP)**	10696	12229	13329	14717	16777
29.	Outstanding Debt (year end)	6418	7104	8621	10220	12393
30.	Outstanding guarantees (year end)	1869	1886	3804	4418	4503
31.	Maximum amount guaranteed (year end)	2507	2897	4268	5112	5436
32.	Number of incomplete projects	39	25	17	3	8
33.	Capital blocked in incomplete projects	42	35	30	4	17

Note: Figures in brackets represent percentages (rounded) to total of each sub heading.

[@] Includes Ways and Means Advances from GOI.

^φ Source: Paragraph 1.5 of Audit Report (Revenue Receipts) of 1998 to 2002 and 1.9 of 2002-2003.

^{**} Source for GSDP figures: Economics and Statistics Department, Government of Himachal Pradesh. Figures have been revised by the State Government. Figures for 2002-2003 have been worked out by taking the average increase of 14 per cent during 1997-98 to 2001-2002.

EXHIBIT-V
STATEMENT SHOWING IMPACT OF GOVERNMENT POLICIES IN THE STATE

Serial number	Description	Unit	Year	
			2000-2001	2001-2002
1.	Education			
(a)	Schools			
(i)	Primary/Junior Basic	Number	10,633	10,633
(ii)	Middle/Senior Basic	Number	1,672	1,673
(iii)	High/Senior Secondary	Number	1,506	1,514
(b)	Enrollment in schools	In lakh	1.50	1.54
(c)	Literacy	Percentage	73.13	73.13
(d)	Colleges	Number	37	40
(e)	Universities	Number	03	03
2.	Technical Education			
(a)	Engineering Colleges	Number	1	1
(b)	Polytechnics	Number	07	07
(c)	Industrial Training Institutes	Number	44	44
(d)	Motor Driving and Heavy Earth Moving Training Institutes	Number	01	01
3.	Health			
(i)	Allopathic Dispensaries	Number	155	155
(ii)	Primary Health Centres	Number	369	369
(iii)	Allopathic Hospitals	Number	50	50
(iv)	Ayurvedic Dispensaries	Number	1,112	1,112
(v)	Ayurvedic Hospitals	Number	22	22
(vi)	Natural care Hospitals (Ayurvedic)	Number	1	1
(vii)	Ayurvedic Pharmacies	Number	3	3
(viii)	Research Institutes	Number	1	1
(ix)	Homeopathic Health Centres	Number	14	14
(x)	Unani Health Centres	Number	3	3
(xi)	Medical Colleges	Number	2	2
(xii)	Dental Colleges	Number	1	1
(xiii)	Ayurvedic Colleges	Number	1	1
(xiv)	Infant mortality	Number per thousand	60	54
4.	Animal Health			
(i)	Veterinary dispensaries	Number	1,435	1,585
(ii)	Central Veterinary Dispensaries	Number	25	25
(iii)	Polyclinics	Number	7	7
(iv)	Veterinary Hospitals	Number	302	303
5.	Power			
(i)	Generation	Million Kwh	1153.3	1149.5
(ii)	Purchased	Million Kwh	2539.3	2651.5
(iii)	Consumption	Million Kwh	2205.8	2331.8
(iv)	Sale	Million Kwh	615.6	548.8
(v)	Rural Electrification	Percent	100.00	100.00
6.	Roads/Communication			
(i)	Villages connected with roads	Number	7,867	7,910
(ii)	Motorable Roads	Km	22,206	22,763
(iii)	Jeepable Roads	Km	906	781
(iv)	Less than jeepable Roads	Km	4,105	3,959
(v)	Telephone sets	Number in lakh	3.51	4.44
(vi)	Vehicles	Number	1,799	1,832
7.	Irrigation			
	Irrigation potential created	Lakh Hectares	1.95	1.97
8.	Railway Lines			
(i)	Narrow Gauge	Length in kms	209	209
(ii)	Broad Gauge	Length in kms	16	16
9.	Per Capita Income at current prices	Rupees in lakh	0.20	0.21
10.	Houses	Number	53,256	58,096
11.	Agriculture Production	In lakh tonnes	11.12	15.99
12.	Fruit Production	In lakh tonnes	4.28	2.63

Source: Economic Survey for the years 2002 and 2003 and letters of various departments like Health and Family Welfare, Ayurveda, Medical Education and Rural Development.

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

APPROPRIATION ACCOUNTS 2002-2003 AT A GLANCE

Total No. of grants: 31

Total provision and actual expenditure

Table: 2.1

(Rupees in crore)

Provision	Amount	Expenditure	Amount
Original	6365.99		
Supplementary	491.28		
Total gross provision	6857.27	Total gross expenditure	9902.83
<i>Deduct</i> -Estimated recoveries in reduction of expenditure	250.33	<i>Deduct</i> -Actual recoveries in reduction of expenditure	446.25
Total net provision	6606.94	Total net expenditure	9456.58

Voted and Charged provision and expenditure

Table: 2.2

(Rupees in crore)

	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	4178.85	1235.16	4350.18	1182.27
Capital	924.89	518.37	940.98	3429.40
Total gross:	5103.74	1753.53	5291.16	4611.67
<i>Deduct</i> -Recoveries in reduction of expenditure	250.33	--	446.25	--
Total net:	4853.41	1753.53	4844.91	4611.67

2.1 Introduction

Appropriation Accounts are prepared every year indicating the details of amounts on various specified services actually spent by the Government vis-à-vis those authorised by the Appropriation Act in respect of both charged as well as voted items of the budget.

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2002-2003 against 31 grants/appropriations was as follows:

Table: 2.3

(Rupees in crore)

		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
Voted	I Revenue	3877.85	301.00	4178.85	4350.18	(+) 171.33
	II Capital	709.89	170.79	880.68	902.60	(+) 21.92
	III Loans and Advances	28.79	15.42	44.21	38.38	(-) 5.83
Total Voted		4616.53	487.21	5103.74	5291.16	(+) 187.42
Charged	IV Revenue	1233.19	1.97	1235.16	1182.27	(-) 52.89
	V Capital	--	2.10	2.10	2.10	--
	VI Public Debt	516.27	--	516.27	3427.30**	(+) 2911.03
Total Charged		1749.46	4.07	1753.53	4611.67	(+) 2858.14
Grand Total		6365.99	491.28	6857.27	9902.83	(+) 3045.56

** Includes Rs 1774.32 crore and Rs 1065.84 crore on account of repayment of Overdrafts and Ways and Means Advances obtained from Reserve Bank of India.

Against the original grants and appropriations of Rs 6365.99 crore, supplementary grants and appropriations of Rs 491.28 crore were obtained during 2002-2003. There was an overall excess of Rs 3104.28 crore and saving of Rs 58.72 crore. Supplementary appropriation of Rs 1.97 crore under IV-Revenue (charged) was unnecessary because actual expenditure was less than the original appropriation.

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure: Rs 391.30 crore; Capital expenditure: Rs 54.95 crore.

2.3 Results of Appropriation Audit

Savings/excesses in grants/appropriations

2.3.1 Net excess of Rs 3045.56 crore was the result of savings in 41 cases and excesses in 22 cases as shown below:

Table: 2.4

(Rupees in crore)

	Savings		Excesses		Net Saving (-)/excess (+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	98.76 (In 19 grants)	98.49 (In 17 grants)	270.09 (In 12 grants)	114.58 (In 7 grants)	(+) 171.33	(+) 16.09
Charged Appropriations	52.94 (In 5 appropriations)	--	0.05 (In 2 appropriations)	2911.03 (In 1 appropriation)	(-) 52.89	(+) 2911.03

Excess over provision relating to previous years requiring regularisation

2.3.2 As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Excess expenditure amounting to Rs 5024.90 crore for the years 2000-2001 and 2001-2002 was yet to be regularised (August 2003) by the State Legislature. Explanations for the excess expenditure incurred during 2001-2002 had not been furnished by the Government to the Public Accounts Committee (PAC) as of August 2003 as detailed below:

Table: 2.5

(Rupees in crore)

Year	No. of grants/appropriations	Grant/Appropriation No(s)	Amount of excess
2000-2001	17	1, 4, 5, 8, 9, 10, 12, 13, 14, 15, 17, 20, 23, 24, 28, 29 and 31	2059.54
2001-2002	16	1, 5, 9, 10, 11, 13, 15, 16, 17, 19, 23, 24, 28, 29, 30, 31	2965.36
Total:			5024.90

Possibilities of financial irregularities remaining unexamined due to failure and long delays in furnishing explanations of unregularised excess expenditure cannot be ruled out.

Excess over provision during 2002-2003 requiring regularisation

2.3.3 During 2002-2003, there was a total excess of Rs 270.09 crore in twelve grants in the revenue section and Rs 0.05 crore in two appropriations while the excesses in the capital section amounted to Rs 114.58 crore in seven

grants and Rs 2911.03 crore* in one appropriation. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

Table: 2.6

(In Rupees)

S. No.	Grant	Total grant/appropriation	Actual expenditure	Amount of excess
Grants				
Revenue (Voted)				
1.	05-Land Revenue and District Administration	1,49,17,37,000	1,51,61,76,530	2,44,39,530
2.	06-Excise and Taxation	14,69,71,000	15,23,00,561	53,29,561
3.	07-Police and Allied Organisation	1,73,38,33,245	1,82,74,03,635	9,35,70,390
4.	09-Health and Family Welfare	2,55,13,38,000	2,56,89,31,209	1,75,93,209
5.	10-Public Works	1,27,44,82,000	1,92,65,08,020	65,20,26,020
6.	13-Irrigation and Flood Control	83,03,84,000	1,12,79,35,103	29,75,51,103
7.	17-Roads and Bridges	2,27,17,86,000	2,78,11,59,201	50,93,73,201
8.	20-Rural Development	82,54,44,000	82,54,90,887	46,887
9.	23-Water and Power Development	1,24,26,02,090	1,28,98,51,523	4,72,49,433
10.	27-Labour, Employment and Training	20,22,87,800	21,14,53,032	91,65,232
11.	28-Water Supply, Sanitation Housing and Urban Development	3,15,16,89,000	4,05,73,44,191	90,56,55,191
12.	31-Tribal Development	1,79,06,58,000	1,92,95,15,441	13,88,57,441
Total:				2,70,08,57,198
Charged				
13.	03-Administration of Justice and Elections	5,98,66,000	6,04,08,459	5,42,459
14.	09 – Health and Family Welfare	4,83,569	4,83,570	1
Total:				5,42,460
Capital (Voted)				
15.	07 – Police and Allied Organisations	97,00,000	1,47,00,000	50,00,000
16.	12 – Horticulture	7,75,19,000	8,51,03,896	75,84,896
17.	15 – Planning and Backward Area Sub-plan	20,59,59,000	26,57,38,890	5,97,79,890
18.	18 – Supplies, Industries and Minerals	1,79,35,000	1,79,40,497	5,497
19.	23 – Water and Power Development	2,56,12,01,000	3,60,53,47,000	1,04,41,46,000
20.	28 – Water Supply, Sanitation, Housing and Urban Development	1,82,27,19,000	1,82,76,71,387	49,52,387
21.	31 – Tribal Development	76,97,57,000	79,41,04,998	2,43,47,998
Total:				1,14,58,16,668
Capital Charged				
22.	29 – Finance	5,16,27,26,000	34,27,30,87,016	29,11,03,61,016
Total:				29,11,03,61,016

Reasons for the excesses had not been furnished by the Government as of August 2003.

* Includes Rs 1774.32 crore and Rs 1065.84 crore on account of repayment of Overdrafts and Ways and Means Advances obtained from Reserve Bank of India.

Original Budget and Supplementary Provision

2.3.4 The overall supplementary grants and appropriations obtained during 2002-2003 constituted 8 *per cent* of the original grants and appropriations.

Unnecessary/excessive/inadequate Supplementary Provision

2.3.5 Supplementary provision of Rs 24.13 crore in Revenue Section in seven cases and Rs 0.98 crore in three cases in Capital Section was wholly unnecessary as the expenditure in each case was even less than the original provision, the saving being more than Rs 50 lakh in each case, as indicated in the **Appendix-II**.

In nine cases, against additional requirement of Rs 170.51 crore, supplementary grants of Rs 201.06 crore were obtained resulting in saving in each case exceeding Rs 1.22 crore. Relevant details are given in **Appendix-III**.

Supplementary provision of Rs 180.19 crore (Revenue: Rs 93.32 crore; Capital: Rs 86.87 crore) obtained in 11 cases, as detailed in **Appendix-IV**, proved inadequate by more than Rs one crore in each case leaving an aggregate uncovered excess expenditure of Rs 3284.05 crore.

Persistent savings/excesses

2.3.6 Expenditure was persistently less than the total provisions by more than 5 *per cent* in four cases during 2000-2003 while it exceeded the provision by more than 5 *per cent* persistently in four other cases. Relevant details are indicated in **Appendix-V**.

Significant Savings

2.3.7 Of the final savings of Rs 197.25 crore under voted grants and of Rs 52.94 crore under charged appropriations, savings of not less than Rs 50 lakh in each case aggregating Rs 248.29 crore (25 cases) occurred in 20 grants, details of which along with the main reasons for savings, as furnished by the Government, are indicated in **Appendix-VI**.

Surrender of funds

2.3.8 Savings in a grant or appropriation are to be surrendered to the Government immediately after these are foreseen, without waiting till the end of the year, unless such savings are required to meet excesses under some other units. No savings should be held in reserve for possible future excesses.

It was, however, noticed that in 12 cases against the available savings of Rs 148.82 crore (savings of Rs 1 crore and above in each case), savings aggregating Rs 40.89 crore were either not fully surrendered or not surrendered at all. In six cases, the amount surrendered exceeded the overall savings by Rs 103.74 crore. Further, in the case of six grants and one appropriation Rs 159.24 crore was surrendered although expenditure exceeded the grant/appropriation and no savings were available for surrender. Relevant details are indicated in **Appendix-VII**.

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

Failure to furnish explanations for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 2002-2003 were necessary in case of 437 heads/sub-heads, but were not received in case of 240 heads/sub-heads (55 *per cent*) as of August 2003.

Trend of recoveries

2.3.10 The demands for grants are for the gross amounts of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of footnotes thereunder. Similarly, the recoveries are also shown separately in the Appropriation Accounts in an Appendix thereto.

Scrutiny of the Accounts for 2002-2003 revealed that against the budget estimates of Rs 211.99 crore in the revenue section, actual recoveries were Rs 391.30 crore. In the capital section, against the budget estimates of Rs 38.34 crore, actual recoveries and adjustments were Rs 54.95 crore. Thus, recoveries in reduction of expenditure were underestimated by Rs 179.31 crore in the revenue section and Rs 16.61 crore in the capital section. Details of major variations of more than 6 *per cent* of the original estimates and not less than Rs one crore in each case are given in **Appendix-VIII**.

Injudicious reappropriation

2.3.11 A grant or appropriation is distributed by sub-heads or standard objects (called primary units) under which it is to be accounted for. Reappropriation of funds can take place between primary units of appropriation within a grant or appropriation before the close of the financial year. Reappropriation of funds should be made only when it is known or anticipated that the appropriation in respect of the unit from which the funds are to be transferred will not be utilised in full or that savings can be effected in the appropriation of the said unit.

In 28 cases (sub-heads) involving nine grants/appropriations, the reappropriation of Rs 16 crore proved to be injudicious as:

The original provisions under the sub-heads to which the funds were transferred by reappropriation (Rs 5.55 crore) were adequate and consequently, the amounts reappropriated remained unutilised and

The heads from which the funds (Rs 10.45 crore) were transferred did not have any savings available under them for reappropriation.

Relevant details are contained in **Appendix-IX**.

2.4 Drawal of funds in advance of requirements

Of Rs 2.58 crore drawn in advance of actual requirements mainly to avoid lapse of budget grants, Rs 1.06 crore were lying unutilised with executing agencies and in bank accounts, etc.

Rule 2.10 of the Himachal Pradesh Financial Rules stipulates that money should not be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of permanent advance. It is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly into the treasury. Drawing and Disbursing Officers have not been authorised by any general or special rules/orders to deposit unutilised funds in banks/post offices.

Test-check of accounts of five Drawing and Disbursing Officers of Revenue, Horticulture and Technical Education departments revealed (June 2001-November 2002) that of Rs 2.58 crore drawn during 1994-95 to 2001-2002 by these departments for computerisation of land records, payment of *ex gratia* grant to small and marginal farmers, calamity relief works, construction of office and residential buildings, Rs 1.06 crore (41 per cent) were lying unutilised with executing agencies (Rs 0.82 crore) and as deposits

with the banks (Rs 0.24 crore) as of December 2002 as per details given below:

Table: 2.7

(Rupees in crore)

Sr. No.	Department/ Office (Drawing and Disbursing Officer)	Amount drawn	Month/ year of drawal	Purpose	Unutilised amount	Reasons furnished by the department
Revenue Department						
1.	Deputy Commissioner, Kinnaur	0.25	1994-95 and 1995-96	Computerisation of land records	0.24	The Deputy Commissioner stated (January 2003) that funds would be utilised on receipt of approval from the Government which is awaited.
2.	Deputy Commissioner, Hamirpur	0.76	1997-1998	<i>Ex gratia</i> grant to small and marginal farmers	0.20	The Deputy Commissioner stated (September 2002) that Sub-Divisional Offices have been directed to refund the balance amount if the applications are not pending.
3.	Deputy Commissioner, Una	1.11	2001-2002	Calamity relief works	0.41	The Deputy Commissioner stated (October 2002) that funds were kept in bank accounts so that these could be released on demand.
Horticulture Department						
4.	Deputy Director, Horticulture, Reckong Peo	0.35	2000-2001	Construction of office and residential buildings	0.10	The Deputy Director, Horticulture stated (January 2003) that the works were yet to be approved.
Technical Education Department						
5.	Principal ITI, Berthin, Bilaspur	0.11	2000-2001	Construction of ITI building	0.11	The Director, Technical Education stated (May 2003) that the site development has been taken up in hand.
Total:		2.58			1.06	

Such unauthorised deposit of Government scheme funds in banks, etc., apart from being irregular also resulted in non-execution/delay in execution of schemes/works. No, guidelines existed for depositing Government funds outside Government account. This also affected the Ways and Means position of the State Government adversely as the funds were kept outside Government account. The matter, therefore, needs to be investigated for fixing responsibility for violation of Government's orders.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

CHAPTER-III

CIVIL DEPARTMENTS

SECTION - A

REVIEWS

		Page
♣	Working of Agriculture Department	31-44
♣	Horticulture Development	45-56
♣	Welfare of the Handicapped	57-68

CHAPTER-III

CIVIL DEPARTMENTS

SECTION - A REVIEWS

Agriculture Department

3.1 Working of Agriculture Department

Highlights

The main objective of Agriculture Department to increase production of foodgrains, oilseeds, pulses, etc, in the State had not been achieved as the foodgrain production was consistently below target during the years 1998-99 to 2002-2003. The department also failed to disseminate the latest know how to the farmers. Important points noticed as a result of test-check of records are as under:

**** Advance subsidy of Rs 23.30 lakh was drawn by Deputy Directors Agriculture, Kullu and Mandi in March 2002 and deposited in capital head of account to avoid lapse of the budget grants thus depriving the farmers of the intended benefits of the scheme.**

(Paragraph 3.1.12)

**** Avoidable/unauthorised/wasteful expenditure of Rs 42.27 lakh had been incurred by the department for payment of pay and allowances of staff deployed in excess of the sanctioned strength, etc., during 1998-2003.**

(Paragraphs 3.1.16 to 3.1.19)

**** Foodgrains production declined from 13.13 lakh tonnes in 1998-99 to 11.12 lakh tonnes during 2000-2001 and went up again to 15.99 lakh tonnes in 2001-2002.**

(Paragraph 3.1.21)

**** The percentage shortfall in physical achievements under the Centrally sponsored schemes during 1998-2003 ranged between 5 and 99.**

(Paragraph 3.1.25)

**** Reconnaissance and micro-watershed soil surveys of 2.90 lakh hectares conducted by Assistant Soil Survey Officers, Sundernagar and Palampur during 1998-2003 were not used for planning soil resources while preparing the agriculture production programme. The expenditure of Rs 2.32 crore incurred on these offices during 1998-2003 was not adequately justified.**

(Paragraph 3.1.29)

**** Against the approved outlay of Rs 21.69 crore for implementation of National Watershed Development Projects, an expenditure of Rs 10.72 crore was incurred by the State Government. The**

balance amount of Rs 10.97 crore was not released by Government of India due to poor physical performance of the projects.

(Paragraph 3.1.30)

**** Sale proceeds of Rs 3.63 crore realised by the Agriculture Development Officers/Agriculture Extension Officers from the farmers on account of sale of agriculture inputs had not been deposited into Government treasuries as of March 2003.**

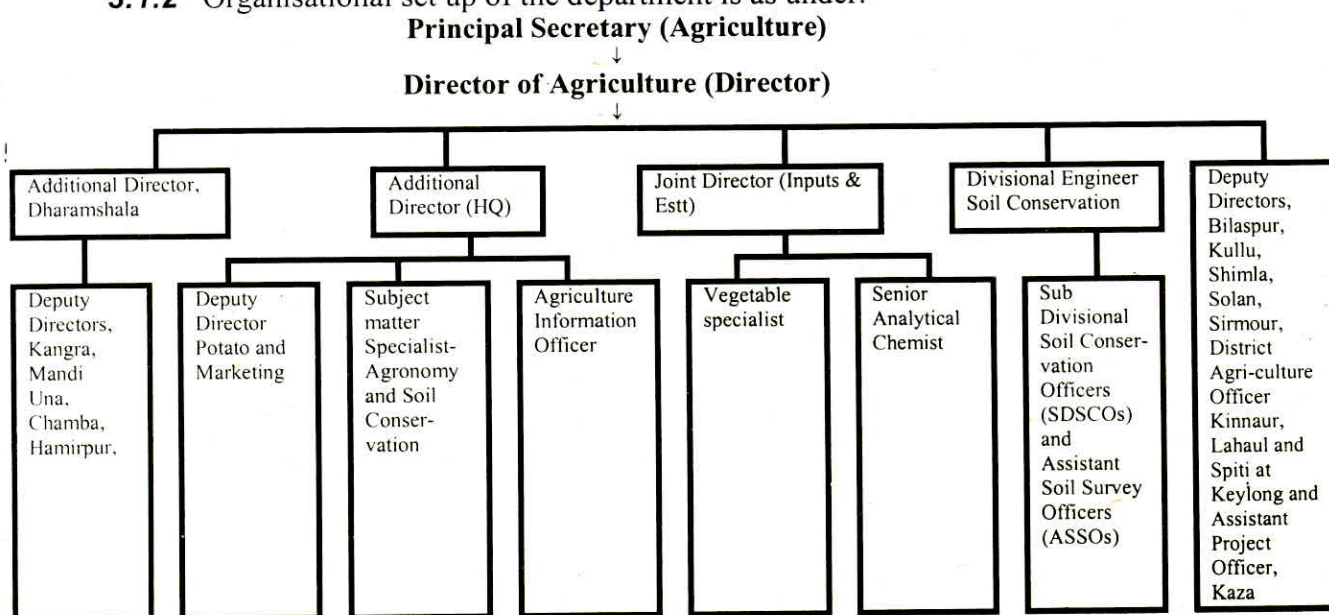
(Paragraph 3.1.39)

Introduction

3.1.1 Agriculture is the main occupation of the people of Himachal Pradesh and has an important role in the economy of the State. It provides direct employment to about 71 *per cent* of the total work force of the State. Despite this the percentage contribution of agriculture and allied services in total State Domestic Product had declined from 57.9 *per cent* in 1950-51 to 22.5 *per cent* in 2000-2001. The main objective of the Agriculture Department was to plan, execute and monitor the agriculture production programme in the State for increasing production of food-grains, oil seeds, pulses and vegetables, promote cultivation of cash crops, transmit latest know-how through extension network to farmers, coordinate research and extension activities with Agriculture Universities, plan and implement soil conservation works, arrange and supply agriculture inputs like seeds, plant protection material, agriculture implements and fertilizers to farmers, and ensure quality control. Of the total geographical area of 55.67 lakh hectares of the State, the area of operational farm holdings was about 9.99 lakh hectares operated by 8.63 lakh farmers.

Organisational set up

3.1.2 Organisational set up of the department is as under:



Audit coverage

3.1.3 The working of the Agriculture Department for the period 1998-2003 was reviewed by test-check during December 2002-April 2003 in the offices of five Deputy Directors of Agriculture (DDAs)¹ out of 10, four Sub Divisional Soil Conservation Officers (SDSCOs)² out of 20, two Divisional Engineers (DEs) at Palampur and Mandi out of three, two Soil Survey Officers³, Agriculture Engineer, Bhangrotu, Analytical Chemist and Soil Testing Officer, Sundernagar, supplemented by a review of records and information supplied by the Director. Thirty one *per cent* of the expenditure incurred by the department during 1998-2003 was test-checked. Important points noticed in audit are discussed in the succeeding paragraphs.

Financial Management

Budgetary procedure and control over expenditure

3.1.4 Funds were provided for the department through five grants⁴. The department had 50 Drawing and Disbursing Officers (DDOs) and 15 Controlling Officers as of March 2003. The Director was responsible for preparation and submission of the budget estimates to the Finance Department (FD) through the Administrative Department.

Budget provision and expenditure

3.1.5 The budget provisions and actual expenditure during 1998-2003 for the department were as under:

Table: 3.1

(Rupees in crore)			
Year	Budget provision	Expenditure	Excess (+)/Saving (-)
Revenue Section			
1998-1999	68.13	70.05	(+) 1.92
1999-2000	75.81	75.64	(-) 0.17
2000-2001	80.71	106.75	(+) 26.04
2001-2002	73.57	106.03	(+) 32.46
2002-2003	84.34	120.96	(+) 36.62
Total:	382.56	479.43	(+) 96.87
Capital Section			
1998-1999	14.83	14.18	(-) 0.65
1999-2000	17.71	17.32	(-) 0.39
2000-2001	26.04	26.39	(+) 0.35
2001-2002	32.45	32.04	(-) 0.41
2002-2003	36.58	18.72	(-) 17.86
Total:	127.61	108.65	(-) 18.96

The Director attributed (March 2003) excess expenditure during 1998-2003 under revenue section mainly to payment of arrears of revised pay scales and

¹ Chamba, Kangra, Kullu, Mandi and Sirmour.

² Banikhet, Dehra, Palampur and Sarkaghat.

³ Palampur and Sundernagar.

⁴ (i) Demand No. 11-Agriculture (ii) Demand No. 13-Soil and Water Conservation (iii) Demand No. 15-Planning and Backward Area Sub-Plan (iv) Demand No. 19-Social Security and Welfare and (v) Demand No. 31-Tribal Development under 11 major heads of account, namely 2401-Crop Husbandry; 2402-Soil and Water Conservation; 2415-Agriculture Research and Education; 2810-Non-Conventional Sources of Energy; 4401-Capital Outlay on Crop Husbandry; 4402-Capital Outlay on Soil and Water Conservation; 4425-Capital Outlay on Cooperation; 6401: Loan for Crop Husbandry; 6402-Loans for Soil and Water Conservation; 3435-Other Agriculture Programmes and 2235-Social Security and Welfare.

dearness allowance, execution of more works under Rural Infrastructure Development Fund (RIDF) and soil conservation. The reply was not tenable as all these items of expenditure were foreseeable and provision could have been made in the budget.

The following points were noticed:

3.1.6 During 1998-2002 budget provision of Rs 22.49 crore was made by the Director for vacant posts⁵ which was contrary to the provisions of Budget Manual as no provisions against vacant posts were to be demanded.

3.1.7 Rupees 51.08 lakh, shown as spent on three schemes⁶ during 1998-2000, were diverted for meeting expenditure of other schemes/activities.

3.1.8 The estimates in respect of seven schemes were not prepared on realistic basis during 1998-2002 which resulted in excess expenditure of Rs 5.91 crore under three schemes and savings of Rs 6.14 crore under four.

3.1.9 In six cases, budget allotments of Rs 14.98 crore were made for the years 1998-2001 which were sufficient to meet the expenditure of relevant schemes. The department, however, resorted to unnecessary augmentation by re-appropriating Rs 51.06 lakh in these years, which ultimately resulted in savings of Rs 1.60 crore as expenditure incurred was Rs 13.89 crore only.

3.1.10 The Finance Department provided Rs one crore to the Director by way of re-appropriation on 31 March 1999 to meet the increased demand of seeds during 1998-99. The funds, however, remained unutilised and were surrendered. No cogent reasons were offered by the department for non-utilisation of funds.

3.1.11 Test-check of records revealed that Rs 45 lakh pertaining to three⁷ schemes (Rs 15 lakh each) were not utilised by the department due to non-implementation of schemes. The budgeted funds were ultimately surrendered/lapsed at the close of the financial year 2001-2002.

Thus the beneficiaries of these schemes were deprived of the intended benefits.

Control over expenditure

Drawal of funds in advance of requirements

3.1.12 Test-check of accounts of six⁸ DDOs revealed that Rs 81.03 lakh were drawn between March 1997 and March 2002 for execution of various works.

5 1998-99: Rs 1.28 crore for 800 posts; 1999-2000: Rs 3.09 crore for 734 posts; 2000-01: Rs 9.44 crore for 876 posts and 2001-02: Rs 8.68 crore for 953 posts.

6 (i) Hybrid seed farms (ii) Setting up of State biogas laboratory and (iii) Bench mark assessment survey.

7 (i) Demand No. 11: 2401-Crop. Husbandry 103-Seeds-01-Distribution of seeds; (ii) Demand No. 15: 2401-Crop. Husbandry 103-Seeds 07-Special Food Production (Wheat) and (iii) 2401-Crop. Husbandry 103-Seeds 09-Accelerated Maize Development Programme 2001-2002

8 DDA Kullu: Rs 0.72 lakh; DDA Mandi: Rs 18.56 lakh; SDSCO Sarkaghat: Rs 13.53 lakh; AE Bhangrotu: Rs 0.68 lakh; DA Shimla: Rs 23.68 lakh; DDA Kangra: Rs 23.86 lakh.

Of this, Rs 68.49 lakh⁹ remained unutilised either with the executing agencies or as deposits in the banks, etc., as of March 2003. Such drawal of funds in advance of requirements resulted in blocking of Government funds and their unauthorised retention outside Government account.

Similarly, two¹⁰ DDAs drew Rs 23.30 lakh in March 2002 as subsidy on inputs such as improved seed, plant protection material and agriculture implements and charged the expenditure to final head of account. The subsidy was shown distributed to farmers without actual sale of inputs to avoid lapse of budget. However, the inputs were not purchased and distributed to the farmers. DDA, Kullu stated (February 2003) that the subsidy was drawn to avoid lapse of budget grants under the schemes. Reasons for drawal of advance subsidy called for (January 2003) from DDA, Mandi had not been intimated (July 2003). Thus the benefit of subsidy was not passed on to the eligible beneficiaries.

Delay in preparation of budget estimates

3.1.13 According to the Budget Manual, budget estimates were to be sent by the Head of the Department to the Finance Department by 25 October. It was noticed that the budget estimates for Plan schemes were sent to the Finance Department after delays of three to four months during 1998-2003. Similarly, the statement of excesses and surrenders and final statement of excesses and surrenders for both Plan and non-Plan schemes were to be sent to the Finance Department by 1st December and 15 January each year. It was observed that these were delayed between two to three months during the same period.

3.1.14 Savings in a grant or appropriation are to be surrendered to the Government immediately after these are foreseen without waiting till the end of the year.

It was, however, noticed that because of delay, savings of Rs 23.22 lakh surrendered by the Director for 1999-2000 were not accepted by the Finance Department. The budgetary control of the Director was not effective.

Human Resource Management

Sanctioned strength and men in position

3.1.15 Against 3,465 sanctioned posts of 136 different categories of staff as on March 2003, the department had 2,507 (72 per cent) men in position. The vacant posts (958) included class-I (120), Class-II (4), Class-III (778), Class-IV and others (56). Reasons for non-filling up of these posts were not intimated.

9 DDA Kullu; Rs 0.72 lakh; DDA Mandi: Rs 18.56 lakh; SDSCO Sarkaghat: Rs 0.99 lakh; AE Bhangrotu: Rs 0.68 lakh; DA Shimla: Rs 23.68 lakh; DDA Kangra: Rs 23.86 lakh.

10 Kullu: Rs 2.08 lakh and Mandi: Rs 21.22 lakh.

Deployment of staff in excess of sanctioned strength

3.1.16 Test-check revealed that pay and allowances of Rs 15.83 lakh were paid by DDAs Mandi: (Rs 1.40 lakh); Kullu: (Rs 7.39 lakh) and Sirmour: (Rs 7.04 lakh) to staff deployed in excess of the sanctioned strength during 1998-2003 as given below:

Table: 3.2

(Rupees in lakh)

Sr. No.	Name of Office	Category of post	Sanctioned strength	Men-in-position	Period	Pay and allowances paid
1.	DDA, Mandi	Biogas Supervisor	12	13	April 1998 to June 1999	1.40
2.	DDA, Kullu	<i>Beldars</i>	17	18 to 21	1998-2003	7.00
3.	DDA, Kullu	<i>Jamadars</i>	01	02	30 July 2002 to February 2003	0.39
4.	DDA, Sirmour	<i>Beldars</i>	08	09 to 12	1998-2003	7.04

Avoidable/wasteful/unauthorised expenditure on pay and allowances

3.1.17 Three posts of Agriculture Extension Officers (AEOs) and three posts of *beldars* had not been surrendered due to closure/transfer of Potato Development Stations (PDSs) Trimmunda (September 2001), in Mandi district, Hamta (November 2001) in Kullu district and vegetable farm, Bogot (February 1996) in Chamba district resulting in avoidable expenditure of Rs 7.02 lakh on their pay and allowances till March 2003.

3.1.18 Four *roughers** to be posted in PDSs had been posted in Directorate, DAO, Kinnaur, SDSCOs, Rampur and Rohru where no PDSs existed. This resulted in wasteful expenditure of Rs 12 lakh on their pay and allowances during 1998-2003.

3.1.19 One Senior Accountant Grade-I, one Senior Assistant and one Junior Assistant were working in the office of the Assistant Agriculture Engineer (AAE), Bhangrotu since April 1997 although no such posts were sanctioned for this office. This resulted in unauthorised drawal of pay and allowances of Rs 7.42 lakh during 1998-2003 due to posting of incumbents of higher grade.

Non-implementation of transfer policy

3.1.20 The Government issued (July 1998) instructions that all vacant posts in the tribal areas must be filled up by transfer of employees to those areas as a special drive with the approval of the Chief Minister. No transfer orders of employees to tribal area were to be cancelled.

Test-check revealed that 21 to 34 posts in different categories remained vacant during 1998-2002 (1998: 30; 1999: 28; 2000: 34 and 2002: 21) in the tribal areas.

* Laborers employed by the department for removing weeds, etc., from potato fields.

It was also noticed that of the transfer of 109 employees ordered during April 1998 to November 2002, transfer orders of 36 employees were modified and of 49 employees were cancelled subsequently. Director stated (December 2002) that this was done on administrative grounds. The reply was not tenable as Government instructions had not been followed.

Programme implementation

Foodgrain production

3.1.21 The position of targets and achievements of area covered under crops and foodgrain production for the period from 1998 to 2003 was as under:

Table: 3.3

(Area in lakh hectares: Production in lakh tonnes)

Year	Area covered			Production		
	Target	Achievements	Shortfall	Target	Achievements	Shortfall
1998-99	8.51	8.37	0.14	16.00	13.13	2.87
1999-2000	8.50	8.22	0.28	17.02	14.46	2.56
2000-2001	8.48	8.14	0.34	17.47	11.12	6.35
2001-2002	8.43	8.17	0.26	17.60	15.99	1.61
2002-2003*	8.39	8.51	--	17.76	14.16	3.60

* Provisional figures.

There was shortfall in foodgrains production during 1998-2003. Foodgrains production declined from 14.46 lakh tonnes in 1999-2000 to 11.12 lakh tonnes during 2000-2001 and went up again to 15.99 lakh tonnes in 2001-2002. The Director stated (March 2003) that shortfall in foodgrains production was due to inadequate rainfall during both the cropping seasons as 80 per cent of area was rainfed. The reply is not tenable as factors like rainfed area had been taken into consideration before fixing the targets.

3.1.22 It was further noticed that the department had taken no initiative for long term promotion technologies like organic and precision farming and diversification in agriculture to reduce the quantum of chemical fertilizers consumed and thus reducing the burden of the fertilizer subsidy.

The Director stated (March 2003) that organic farming is being popularised through introduction of bio-fertilizers and vermi compost, and steps had been taken for diversification of crops in the State. The reply is not tenable as no records were produced for audit verification. Thus, the objective of transmitting the latest know how through extension net work had not been achieved.

Implementation of Centrally sponsored schemes

3.1.23 The position of financial targets and achievements under three

Centrally sponsored schemes (CSS) during 1998-2003 was as under:

Table: 3.4

(Rupees in lakh)

Year	Targets	Achievements	Shortfall	Percentage of shortfall
1. National Pulses Development Project (NPDP)				
1998-99	20.00	8.59	11.41	57
1999-2000	20.00	0.32	19.68	98
2000-2001	11.30	1.59	9.71	86
2001-2002	6.97	4.77	2.20	32
2002-2003	14.40	9.47	4.93	34
2. Oilseeds Production Programme (OPP)				
1998-99	53.30	33.42	19.88	37
1999-2000	53.30	22.37	30.93	58
2000-2001	40.00	19.51	20.49	51
2001-2002	40.00	27.28	12.72	32
2002-2003	26.60	20.89	5.71	21
3. Accelerated Malze Development Programme (AMDP)				
1998-99	44.70	20.65	24.05	54
1999-2000	34.55	23.31	11.24	33
2000-2001	61.36	42.53	18.83	31
2001-2002	68.42	57.17	11.25	16
2002-2003	53.61	46.50	7.11	13

The following points were noticed:

3.1.24 The percentage of shortfall in achievement of financial targets during 1998-03 ranged between 13 to 98 (NPDP: 32 to 98; OPP: 21 to 58 and AMDP: 13 to 54).

3.1.25 The percentage of shortfall in physical achievements under the above schemes during 1998-2003 ranged between 5 to 99. (NPDP 16 to 99; OPP: 20 to 95 and AMDP: 5 to 89) as detailed in **Appendix-X**.

3.1.26 The Director could not utilise the full component of funds provided by Government of India for implementation of CSSs in the State and there were unspent balances of Rs 71.71 lakh (NPDP: Rs 25.85 lakh; OPP: Rs 4.28 lakh and AMPD: Rs 41.58 lakh) under above schemes during 1998-2003.

Director stated (April 2003) that most of the components under CSSs were not useful in the State. The contention of the Director was not tenable as a

proposal to change components of CSSs which were suitable to the State should have been taken up with the Government of India.

Soil testing programme

Non-achievement of targets

3.1.27 To maintain the fertility of the soil, it is necessary to test it so as to increase production. The position of targets and achievements for analysis of soil samples during 1998-2003 were as under:

Table: 3.5

(In numbers)

Year	Targets	Achievements	Shortfall	Percentage
1998-99	70,000	55,475	14,525	21
1999-2000	70,000	61,019	8,981	13
2000-2001	70,000	57,831	12,169	17
2001-2002	1,00,000	71,733	28,267	28
2002-2003	1,00,000	79,787	20,213	20

The percentage shortfall in achievement of targets during 1998-2003 ranged between 13 and 28. Reasons for shortfall in achievements called for had not been intimated (July 2003). Evidently the Director failed to implement the programme effectively. Thus the farmers were deprived of the facility of soil testing to obtain better yields.

Non-utilisation of Mobile Soil Testing Laboratory

3.1.28 In order to provide soil testing facilities to the farmers of Lahaul and Spiti district, a Mobile Soil Testing Laboratory (MSTL) containing lab facilities fitted in a mini bus valued at Rs 14.16 lakh was purchased/fabricated by the Director and supplied (October 2000) to the DAO, Lahaul and Spiti.

Test-check of records revealed that the MSTL was lying idle since its receipt (October 2000) as no soil testing had been done as of March 2003. The soil testings were got conducted at soil testing lab at Kullu and Reckong Peo for the samples pertaining to Lahaul and Spiti district.

The Director stated (March 2003) that no new posts had been sanctioned by the Government and the existing staff who were imparted training for the purpose managed to get themselves transferred to other places. The reply is not acceptable as the predominately tribal beneficiaries of Lahaul and Spiti had been deprived of the intended benefits besides blocking of funds.

Unfruitful expenditure on soil survey offices

3.1.29 Soil surveys and mapping help in understanding of different soils as regards their genesis, development, classification, nomenclature and in making predictions about the behaviour of different soils for agriculture.

Test-check revealed that reconnaissance and land use soil survey of micro watersheds of 2.90 lakh hectares had been conducted by two Assistant Soil Survey Officers (ASSOs), Palampur and Sundernagar during 1998-2003. During 1998-2003, Rs 2.32 crore had been incurred on running these offices.

The soil surveys conducted by these offices during 1998-2003 were not used for planning soil resources while preparing the agriculture production programme for the State for *Kharif* and *Rabi* crops during 1998-2003. The cropping pattern in areas surveyed had also remained unchanged.

The ASSO, Sundernagar stated (March 2003) that reconnaissance survey helped in macro-level planning and change of cropping pattern was a time consuming process. The reply is not tenable as the major activity of the department was extension of its programmes and motivation of farmers for adoption of latest technologies in agriculture. The ASSO Palampur, however, had not intimated any reasons (May 2003).

Thus, the expenditure of Rs 2.32 crore incurred on the reconnaissance and watersheds soil surveys of 2.90 lakh hectares during 1998-2003 had remained largely unfruitful.

Watershed development

Defective implementation of National Watershed Development Projects for Rain-fed Areas (NWDPRAs)

3.1.30 The Centrally sponsored scheme of NWDPRAs envisaged carrying out of activities of conservation, upgradation and utilisation of natural endowments like land, water, plant, animal and human resources in a harmonious and integrated manner. The scheme had been launched in the State during 1990-91 with the objectives of developing the natural resource base and improving the standard of living of poor farmers and labourers.

Test-check revealed that 61 projects were sanctioned at an approved outlay of Rs 21.69 crore for treatment of 45,899 hectares. These were taken up for execution during 1997-2002. The position of funds received from the Government of India and expenditure incurred thereagainst was as under:

Table: 3.6

(Rupees in lakh)

Sr. No.	Year	Opening balance	Funds received	Total funds	Expenditure	Balance
1.	1997-98	(-) 18.18	180.00	161.82	48.98	112.84
2.	1998-99	112.84	175.00	287.84	194.25	93.59
3.	1999-2000	93.59	200.00	293.59	295.79	(-) 2.20
4.	2000-01	(-) 2.20	300.00	297.80	299.71	(-) 1.91
5.	2001-02	(-) 1.91	232.99	231.08	232.99	(-) 1.91
Total:			1087.99		1071.72	

Source: Departmental figures.

Of the total area of 45,899 hectares to be treated under these projects during 1997-2002 only 21,629 hectares area was treated during IX Plan and the balance 24,270 hectares was left untreated as these projects were closed. Against the approved outlay of Rs 21.69 crore, expenditure of Rs 10.72 crore was incurred during 1997-2002 and the balance amount of Rs 10.97 crore was not released by Government of India due to poor physical performance of the projects.

Non-setting up of polyclinics

3.1.31 The Director approved (June 2001), for disease and pest diagnosis, the setting up of two polyclinics under macro-management under Agriculture Department at Mandi and Palampur for Rs 12 lakh. The DDAs, Kangra and Mandi drew the amount of Rs 12 lakh in March 2001 in anticipation of administrative approval. The DDA, Kangra had purchased equipments of Rs 2.38 lakh and the balance amount of Rs 3.62 lakh was lying unutilised in the bank as of February 2003. Rupees six lakh drawn by DDA, Mandi were also lying unutilised as of January 2003 and the polyclinic had not been set up as of March 2003. The DDA, Kangra stated (February 2003) that the amount was drawn in March 2001, to avoid the lapse of budget grant. DDA, Mandi stated (February 2003) that purchasing the item was a lengthy affair. The replies were not tenable as the DDAs failed to set up these polyclinics and thus, deprived the beneficiaries of the intended benefits.

Extension and farmers training

3.1.32 This programme envisages percolation of agriculture related knowledge inputs to the farmers by establishing better linkages between the extension functionaries, scientists and farmers. It was noticed that during 1998-2003:

3.1.33 As envisaged in the scheme, block-wise/circle-wise agriculture production programmes were not prepared by the Subject Matter Specialists (SMS) and Agriculture Development Officer (ADO).

3.1.34 The SMSs/ADOs had not conducted tours during the campaign periods for inspection of field problems such as diseases, insect and pest attacks, etc.

3.1.35 No meetings of district level irrigation committees were organised to sort out and remove bottlenecks and to utilise the available irrigation potential.

Research and introduction of new varieties

3.1.36 The activities relating to research in agriculture and evolution of new varieties of seeds have been entrusted to the Himachal Pradesh *Krishi Vishva Vidyalaya* (HPKV) since 1970-71. Grants aggregating Rs 81.57 crore had been released by the Director to the HPKV during 1998-2003 for research work. Of the twelve varieties of seeds released by HPKV during 1999-2001, seeds of five varieties were made available to the farmers. However, no follow up on these varieties was ensured by the department. Seeds of the remaining seven varieties had not been distributed to the farmers as of July 2003. Thus the results of research work were not extended fully to the farmers. The expenditure of Rs 81.57 crore on research work had remained largely unfruitful.

3.1.37 To popularise latest varieties of seeds amongst the farmers, 7156 trial demonstrations were conducted in three districts in the farmers' fields during 1998-2003 at an expenditure of Rs 64.44 lakh. It was, however, noticed that results of these trial demonstrations were not monitored either by the Director or by the DDAs. The Director stated (July 2003) that the results may be collected from the University. The contention was not tenable as the trials

were organised by the Agriculture Department. Due to non-monitoring of results of these demonstrations the expenditure of Rs 64.44 lakh had been rendered wasteful.

Material management and inventory control

Doubtful issue of seeds

3.1.38 Test-check revealed that seeds valued at Rs 25.11 lakh were issued from the central stores of DDA, Mandi to ADO (minikit), Mandi (Rs 4.76 lakh) and DDA, Chamba to ADO, Pangi (Rs 20.35 lakh) for distribution to the farmers under various schemes. Neither records in this regard were available with the concerned ADOs nor were accounts of seed subsequently distributed to the farmers maintained by them.

Suspected misappropriation of Government receipts

3.1.39 Financial rules provide that a Government servant, who is not in charge of a cash book, receiving money on behalf of Government, should pay or remit it, at the earliest opportunity to the nearest Government servant having a cash book or direct to a treasury.

Annual accounts of agriculture inputs like seeds, implements, fertilizers and plant protection material for the year 2001-2002 revealed that of the sale proceeds of Rs 4.67 crore realised by the ADOs/AEOs from the farmers on account of sale of seeds, implements, fertilizers and plant protection material upto 31 March 2002, a sum of Rs 1.04 crore only had been deposited upto 31 October 2002 and the balance amount of Rs 3.63 crore was not deposited into Government account as of March 2003. Misappropriation of Government money in these cases can not be ruled out. The DDAs stated (December-March 2003) that efforts were being made to recover the amount. However, reasons for not initiating disciplinary action against the concerned officers/officials for non-recovery of the amount were not intimated (July 2003) by the Director.

Used spare parts of vehicles not auctioned

3.1.40 Rules provide that used parts of vehicles including tyres and tubes should be retained by the department and a proper account should be maintained for their disposal. The sale proceeds on this account should be credited to the appropriate receipt head of account of the department.

It was noticed in audit that Rs 13.07 lakh were spent by five units on repair and maintenance of vehicles during 1997-2003 (DDA, Kullu: Rs 2.24 lakh; DDA, Mandi: Rs 9.32 lakh; SDSCO, Sarkaghat: Rs 0.53 lakh; DE, Bhangrotu: Rs 0.21 lakh and Director: Rs 0.77 lakh). No register for the accountal of used parts including tyres and tubes was maintained. Auction of the used parts had also not been conducted by the DDOs as of April 2003. The DDOs stated (January-April 2003) that the matter was under process for doing the needful. However, no such records were produced for audit verification.

Other points of interest

Idle investment on staff quarters

3.1.41 Financial-Commissioner (Development)-cum-Agriculture Production Commissioner approved the construction of staff quarters of various categories at different places in the State under World Bank aided Training and Extension Project for Rs 6.93 crore in September 1988 (Rs 3.82 crore) and July 1993 (Rs 3.11 crore) respectively. These quarters were constructed between 1988-1996.

Test-check of records of DDAs, Mandi and Sirmour revealed that 9 quarters (Mandi: 5 and Sirmour: 4) constructed between December 1992 and January 1996 at a cost of Rs 22.99 lakh were lying vacant as no staff had been posted at the places where these quarters were constructed. DDA, Mandi stated (January 2003) that efforts were being made to allot the quarters whereas DDA, Sirmour stated (March 2003) that the quarters remained vacant due to non-filling up of posts. The replies are indicative of the fact that the quarters were constructed without properly assessing the manner of utilisation of the quarters on a long term basis.

The investment of Rs 22.99 lakh on the construction of staff quarters has, thus, remained idle.

Non-establishment of Research-cum-Demonstration Centre for soil conservation

3.1.42 Test-check of records of Director revealed that budget allotment of Rs 57.89 lakh had been made for the scheme "Establishment of Research-cum-Demonstration Centre for Soil Conservation" during 1998-2002. Against this, an expenditure of Rs 56.66 lakh had been shown incurred on this scheme but the Centre had not been established as of May 2003. The Director stated (May 2003) that the entire budget sanctioned under the scheme had been utilised for payment of pay and allowances of the staff¹¹ sanctioned under the scheme. The services of the staff had been utilised for execution of soil conservation schemes. The reply was not tenable as the Research-cum-Demonstration Centre should have been established as envisaged and the diversion of funds for execution of soil conservation schemes was not a legitimate charge on the scheme. Thus Rs 56.66 lakh had been diverted by the Director to schemes for which it was not sanctioned, thus, depriving the farmers of the intended benefits of Research-cum-Demonstration Centre.

Higher costs of running of mechanical workshops

3.1.43 Test-check revealed that an expenditure of Rs 1.84 crore had been incurred on the pay and allowances of 9 categories of staff like Assistant Automobile Engineer (2), Junior Engineers (2), Mechanics (6) and others (20) during 1998-2003 of mechanical workshops under DDAs, Mandi and Palampur. As against this, repairs of departmental vehicles amounting to Rs 11.76 lakh only had been carried out during 1998-2003. Besides, repairs of departmental vehicles aggregating Rs 7.98 lakh were got done from private

¹¹ ADOs: 2; Clerks: 2 and Beldars: 7.

workshops during this period. As such, expenditure incurred on pay and allowances of staff deployed in the workshops was not justified.

Wasteful expenditure due to abandoning of tubewell

3.1.44 To irrigate culturable command area (CCA) of 35 hectares, the construction of a tubewell at Lakhanpur (Solan district) was approved by Director in May 2002 at an estimated cost of Rs 22.82 lakh.

The work was taken up by the SDSCO, Nalagarh in March 2002 without getting the site for the tubewell surveyed/selected from the Hydrogeologist. The work was abandoned due to less discharge of water and silt after incurring an expenditure of Rs 11.30 lakh upto August 2002. The Divisional Engineer (Soil Conservation), Shimla stated (March 2003) that efforts were being made to obtain suggestion of the Hydrogeologist of Central Ground Water Board. The reply was not tenable as opinion of the Hydrogeologist should have been obtained before taking up the execution. Thus, expenditure of Rs 11.30 lakh proved wasteful due to selection of the site of the tubewell without proper survey.

Monitoring and evaluation

Monitoring

3.1.45 No proper system for monitoring and implementation of various schemes had been devised by the department. Test-check revealed that no norms of supervision of extension staff in the field had been prescribed for Director, Additional Directors, Joint Directors, Deputy Directors, SMSs and ADOs. In respect of the completed schemes, the cost benefit ratio of their utility had not been ascertained by any of the DDAs, SDSCOs test-checked so as to assess their financial viability. The Director stated (March 2003) that monitoring was done through monthly progress reports. The reply was not tenable as neither records regarding critical analysis of shortfall in achievements of targets and follow up action taken thereon nor any guidelines issued were produced for audit verification.

Evaluation

3.1.46 Evaluation was essential to ascertain proper execution and functioning of the schemes. Various programmes and schemes of the department had been in operation in the State for well over five decades but no mid-term appraisal or assessment/evaluation had been carried out by the department to identify the shortfalls and impediments afflicting the programmes/schemes so that corrective action could be taken accordingly.

These points were referred to the Government in June 2003; their reply had not been received (August 2003).

Horticulture Department**3.2 Horticulture Development****Highlights**

Horticulture development aimed at raising pedigreed varieties of fruit plants by establishing progeny-cum-demonstration orchards and nurseries, supplemented by a scheme of plant protection to control pests and diseases. The achievement of targets for pedigreed varieties for 1998-2003 fell short by 16 to 31 per cent. The scheme of top working (grafting) was not supervised. Spraying operations were conducted without identifying requirements of pests and diseases. Some significant audit findings were as under:

**** Instructions of December 1997 for bringing improvement in management of nurseries and progeny-cum-demonstration orchards to make these economically viable were not followed. Against an expenditure of Rs 14.92 crore during 1998-2002 income of Rs 7.65 crore was received resulting in loss of Rs 7.27 crore.**

(Paragraph 3.2.9)

**** The department had not laid down norms for germination of seeds and for successful grafting of plants in the nurseries in the absence of which there were wide variations in germination/survival of plants from nursery to nursery.**

(Paragraph 3.2.12)

**** Spraying operations under plant protection and apple scab were in excess of the targets. The department had not conducted any survey for identification of pests, diseases, etc. The area claimed to have been sprayed was estimated on the basis of quantity of pesticides sold.**

(Paragraph 3.2.20)

**** An amount of Rs 0.91 crore, being beneficiaries' share as of March 2003 on account of sale of pesticides/fungicides, was not recovered by the department.**

(Paragraph 3.2.23)

**** While products valued at Rs 3.29 crore were processed by the test-checked fruit canning units, sales amounted to Rs 3.22 crore against the expenditure of Rs 7.20 crore during 1998-2003. Though the fruit preservation and processing scheme has been treated as developmental, only 2.38 per cent expenditure was incurred on developmental/extension activities.**

(Paragraph 3.2.27)

**** Under "Production of fruit products" the shortfall in achievement of target ranged between 18 and 52 per cent during 1998-2003. Capacity utilisation of the 5 units test-checked was between 12 and 67 per cent during 1998-2003.**

(Paragraphs 3.2.26 and 3.2.28)

Introduction

3.2.1 Horticulture development in the State was introduced in 1957-58 in Agriculture department with the objective of raising pedigreed varieties of fruit plants by establishing progeny-cum-demonstration orchards and nurseries for distribution to horticulturists, and convincing them to undertake fruit plantation and production on a large scale. The department had also started during 1959-60 fruit canning units for preservation and processing of fruits, which were of small size, bruised or irregular in shape and which did not fetch a good price in the market. The activities of horticulture development were taken over by the Horticulture Department in September 1970. A plant protection programme was also being implemented by Horticulture Department from 1971-72 with the objective of increasing horticulture production through control of pests and diseases. The area under horticulture in the State was 2,07,684 hectares in 1998-99 which increased to 2,31,240 hectares as of March 2003.

Organisational set up

3.2.2 The overall implementation of the scheme vested in the Principal Secretary (Horticulture) who was assisted by the Director of Horticulture (Director) at the State level and by Deputy Directors of Horticulture (DDH) and District Horticulture Officers (DHOs) and Subject Matter Specialists (SMSs) at the district level. Fruit Canning Units (FCUs) were being looked after by the Fruit Technologists (FTs)/Manager-cum-Chemists and mushroom development projects were run by the respective Project Coordinators.

Audit coverage

3.2.3 The main schemes¹ of horticulture development were reviewed for the period 1998-2003 during January-May 2003 in the offices of the Director, five out of 12 DHOs², one out of three Project Coordinators (Mushroom Project), Palampur, five out of nine FCUs,³ and Subject Matter Specialist, Rajgarh (Sirmour district). Fifty one per cent expenditure incurred on the schemes during 1998-2003 was test-checked. The results of review are incorporated in the succeeding paragraphs:

Financial outlay and expenditure

3.2.4 Year-wise details of budget provisions and expenditure on these

1 Establishment of Government Orchards and Nurseries, Plant Protection, Fruit Canning and Processing and Mushroom Development

2 Kangra at Dharamsala, Kullu, Mandi, Shimla, and Sirmour

3 Dhaulakuan, Nagrota Bagwan, Nihal (Bilaspur), Rajgarh and Shamshi.

schemes during 1998-2003 were as under:

Table: 3.7

(Rupees in lakh)

Year	Establishment of orchards/nurseries			Plant Protection			Fruit Canning		
	Budget	Expenditure	Variation	Budget	Expenditure	Variation	Budget	Expenditure	Variation
1998-99	203.24	203.24	--	246.31	228.15	(-) 18.16	164.59	170.61	(+) 6.02
1999-2000	202.10	202.10	--	288.69	204.52	(-) 84.17	260.99	213.37	(-) 47.62
2000-2001	304.24	304.24	--	227.20	259.45	(+) 32.25	221.50	200.53	(-) 20.97
2001-2002	261.55	261.55	--	211.50	210.00	(-) 1.50	185.63	200.74	(+) 15.11
2002-2003	281.02	281.02	--	258.20	253.00	(-) 5.20	197.72	197.70	(-) 0.02

Source: Departmental figures

The Director attributed (April 2003) the excess expenditure to purchase of more horticulture inputs and fruits for canning units and savings to less purchase of inputs, pesticides and procurement of fruits for processing during the respective years.

It was observed that excess expenditure on plant protection was 14 *per cent* during 2000-2001 and between 4 and 8 *per cent* on FCUs during 1998-99 and 2001-2002. Director stated (March 2003) that funds were diverted from schemes having savings under other heads of account.

Establishment of Government orchards and nurseries

3.2.5 There were 109⁴ progeny-cum-demonstration orchards (PCDOs) and nurseries in the State as of March 2003 for supply of the latest varieties of healthy plants to the growers. The objective of establishment of PCDOs and nurseries was to raise standard plants of pedigreed varieties for distribution to horticulturists and to convince them to undertake fruit plantation/production on a large scale. These were to serve as models to horticulturists besides laying out demonstration plots, providing extension services and technical guidance and improving fruit wealth of the State by 'top working' (grafting) of wild fruit trees and converting them into superior varieties.

Targets and achievements

3.2.6 The position of targets and achievements for the period 1998-2003 in raising plants in PCDOs and nurseries in the State was as under:

Table: 3.8

(Plants in lakh)

Year	Target	Achievement	Shortfall	Percentage
1998-1999	15.00	11.37	3.63	24
1999-2000	12.00	10.04	1.96	16
2000-2001	12.00	9.78	2.22	19
2001-2002	12.00	8.47	3.53	29
2002-2003	12.00	8.30	3.70	31

4 PCDOs: 96; Nurseries: 13.

Following points were noticed:

3.2.7 The shortfall in achievement of target ranged between 16 and 31 *per cent* during 1998-2003. The Director stated (May 2003) that the shortfall in the targets was mainly due to drought conditions, hailstorms, depletion of soil, reduction in area by planting progeny trees and emergence of insects, pests and diseases.

3.2.8 No norms for germination of seeds, survival of seedlings, grafted plants, plants which died after successful grafting were prescribed by the department. The Director stated (April 2003) that it is very difficult to determine the germination percentage because the seeds of fruit plants have to be given special treatment. The reply is not acceptable as the norms for germination of seeds after special treatment to seeds should have been prescribed.

3.2.9 The instructions issued (December 1997) by the Director to the DHOs prescribed that five year action plans on annual basis by the head of PCDOs and nurseries should be prepared for improving the management of these departmental units to make these economically viable. However, the instructions were not followed and the DHOs failed to take effective measures to improve the working of the PCDOs and nurseries to make them viable. It was noticed that against the expenditure of Rs 14.92 crore incurred during 1998-2003 on the running and maintenance of PCDOs and nurseries, income of Rs 7.65 crore was received. Thus, loss of Rs 7.27 crore was incurred on the running and maintenance of these orchards. The DHOs stated (January to April 2003) that losses were incurred due to adverse climatic conditions, scarcity of area under nursery, contamination due to continuous nursery production on same land, etc. The replies were not tenable as the instructions of the Director were not followed to make the PCDOs and nurseries economically viable.

Director admitted (April 2003) that better management could have minimised the mortality and ensured better success in grafting.

Performance of PCDOs and nurseries

3.2.10 PCDOs were to serve as a nucleus to multiply and supply pedigreed and disease free plants to the growers at reasonable rates. Test-check (January-April 2003) of 54 PCDOs and 6 nurseries in five districts out of 96 PCDOs and 13 nurseries was conducted. The position of targets and achievement for raising plants in the test-checked districts was as under:

Table: 3.9

(Plants raised in lakh)

Year	Target	Achievement	Shortfall	Percentage of shortfall
1998-1999	7.10	5.25	1.85	26
1999-2000	7.43	5.06	2.27	32
2000-2001	7.63	4.60	3.03	40
2001-2002	6.20	4.31	1.89	30
2002-2003	7.30	3.79	3.51	48

The shortfall in achievement of targets ranged between 26 and 48 *per cent*. The concerned DHOs attributed (January-April 2003) the shortfall to adverse climatic conditions, inadequate irrigation facilities, nursery area badly infected

with soil born diseases, etc. The replies are not tenable as the instructions of the Director were not followed for bringing improvement in the units. Thus the PCDOs and nurseries failed to serve as models to the orchardists.

3.2.11 The department had established nurseries for supply of the latest varieties of healthy plants to the growers. A test-check of records of 54 PCDOs and 6 nurseries regarding germination of seeds and survival of grafted plants revealed variations in survival from one nursery to another as per details given below:

Germination of seeds

Table: 3.10

Sr. No.	Species	Minimum survival		Maximum survival	
		Location of nursery	Germination percentage	Location of nursery	Germination percentage
1	Apple	Timbi	30	Bajoura	90
2	Mango	Shahpur	19	Harabag	81
3	Peach	Shirumyla	26	Timbi	91
4	Apricot	Mandyarch	12	Janjahli	96
5	Walnut	Sanhari	20	Timbi	95

3.2.12 The department had not laid down norms for germination of seeds in the departmental nurseries. There were wide variations in the level of successful germination of various species in the nurseries having similar climatic conditions over the last five years ending March 2003.

Survival of grafted plants

Table: 3.11

Sr. No.	Species	Minimum survival		Maximum survival	
		Location of farm	Percentage	Location of farm	Percentage
1	Apple	Pingla	41	Barda	89
2	Mango	Gummer	29	Dhaulakaun	83
3	Peach	Ritab	33	Bhangrotu	74
4	Apricot	Muethln	21	Pingla	71

3.2.13 Survival norms of the grafted plants had also not been prescribed by the department. The survival rate of various grafted species was low and there were wide variations in the survival rate of such plants from one nursery to another during 1998-2003.

The Director admitted (April 2003) that no norms had been laid down by the department for germination of seeds, survival of seedlings and grafted plants as it was difficult to determine the germination percentage as compared to cereal crops like wheat, maize and other vegetables. He further admitted that

if management was proper, mortality could be reduced and success in germination and grafting could be increased.

Distribution of pedigreed fruit plants

3.2.14 The main objective of the department was to raise standard plants of pedigreed varieties for distribution to horticulturists. Year-wise position of distribution of pedigreed fruit plants to the orchardists in the State was as under:

Table: 3.12

Year	Plants distributed including private nurseries	Number of growers benefited
1998-1999	2061640	53642
1999-2000	2150026	59354
2000-2001	1639232	51853
2001-2002	2323928	52606
2002-2003	1977000	63548

The following points were noticed during test-check:

3.2.15 The department had neither carried out any study of the plants sold at their sale centres at subsidised rates nor ascertained the extent of their survival. The production of fruits obtained from pedigreed plants of the growers has also not been assessed. Thus, the department was not aware as to whether the scheme fulfilled its objective of improving the varieties and their availability to the growers as per their requirement.

3.2.16 DHOs, Shimla, Mandi and Kullu had not maintained records of sale of fruit plants, and as such, number of growers actually benefited was not known.

Top working (grafting) not monitored

3.2.17 Top working (grafting) aimed at converting wild and inferior fruit trees of mid hills and low hills like peaches, apricot, olives, pears and figs into superior varieties. A top worked tree was expected to start bearing fruits after 4-5 years. From 1998-2003, 3,56,998 trees were top worked in the five test-checked districts but no records of survival and fruit production were kept by the DHOs. The DHOs stated (May 2003) that evaluation of the scheme was not being done due to shortage of staff. The replies are not acceptable as the results of this horticulture development scheme should have been monitored and assessed by the department.

Non-transfer/closure of PCDOs and nurseries

3.2.18 The Department constituted four zonal committees to review the working of PCDOs and nurseries in March 1996. The committees recommended transfer of 14 PCDOs to the *Panchayati Raj* institutions and closure of 12 nurseries from August 2001. Accordingly, the Director proposed the transfer (March 2001) to Government but approval of the Government has not been received (May 2003). Due to non-transfer/closure of nurseries, expenditure of Rs 58.21 lakh⁵ on their maintenance from the proposed date of closure to date (March 2003) was avoidable.

Plant protection

3.2.19 Plant protection scheme was launched with the objective of increasing horticulture production through control of pests, diseases, weeds, etc. It envisages distribution of pesticides and plant protection equipments at subsidised rates and dissemination of technical know how amongst the orchardists. The department was to prepare spray schedules and to organise campaigns for conducting spraying operation.

Physical targets and achievement

3.2.20 The table below indicates physical targets and achievements under the main activities of the scheme.

Table: 3.13

(In hectares)

Year	Area covered under plant protection		Area covered under control of apple scab		Area covered under diseases in other important fruits	
	Target	Achievement	Target	Achievement	Target	Achievement
1998-1999	180000	224113 (124)	50000	83384 (166)	26000	52154 (200)
1999-2000	185000	200023 (108)	55000	70325 (128)	35000	42002 (120)
2000-2001	185000	260782 (141)	55000	88648 (161)	35000	45893 (131)
2001-2002	185000	272418 (147)	55000	90577 (165)	35000	42603 (122)
2002-2003	183000	269356 (147)	85000	119740 (141)	35000	40436 (116)

(Figures in brackets represent percentage).

Source: Departmental figures.

The following points were noticed:

3.2.21 The percentage of higher achievement as compared to the targets under plant protection, control of apple scab and diseases in other important fruits ranged between 8 and 47; 28 and 65 and 16 and 100 respectively. It was noticed that no records of spraying were maintained by the DHOs to verify the work done in the orchards. Further, the records which could show the extent to which the area under fruits crop was infected were also not maintained by the department. The Senior Plant Protection Officer (Sr. PPO) stated (May 2003) that spraying operations were left to be done by the orchardists themselves and the area claimed to have been sprayed was also estimated on the basis of quantity of pesticides sold by the department as the sprays could not be done in the presence of departmental officers due to shortage of staff. As such, the data maintained by the department on the basis of sale of pesticides without supervising and verifying the spraying operations conducted by orchardists could not be treated as realistic. Besides, the impact of pesticides on the pests was also not ascertained.

3.2.22 Identification of pests and diseases was necessary for proper planning and implementation of spraying operations. It was noticed that the department had not established any surveillance unit and as such had not conducted the detailed survey of the orchards' area for identification of various pests and diseases and their effect on production for the period 1998-2003. The pesticides were purchased and distributed as per availability of funds. The Sr. PPO stated (May 2003) that survey was not done due to shortage of staff. Thus, spraying operations were conducted without identifying relevance to pests and diseases.

3.2.23 The Department drew Rs 17.64 crore between 1998-2003 (upto December 2002) for the purchase of pesticides to be sold to the beneficiaries.

Out of Rs 17.64 crore, an amount of Rs 14.81 crore has been recouped, (July 2003) and stock of pesticides worth Rs 1.92 crore was still lying with the DHOs/SMSs. Rupees 0.91 crore had not been recovered from the beneficiaries. The Sr. PPO stated (July 2003) that the details were being collected from field units. The department has thus failed to exercise effective control over the field offices.

Distribution of pesticides without identification of beneficiaries

3.2.24 Pesticides at subsidised rates were required to be supplied at the sale centres to the growers having anti-scab fungicides distribution cards. To avoid misuse of subsidy, the cards were to be registered at the above centres.

Pesticides valued at Rs 7.07 lakh were, however, sold to the orchardists at subsidised rates by the officials of sale centres of DHO, Kangra (Rs 5.48 lakh) and SMS, Rajgarh (Rs 1.59 lakh) without having verified the distribution cards during 1998-2003.

The DHO, Kangra stated (March 2003) that orchardists generally came to collect the pesticides without cards. SMS, Rajgarh stated that due to rush of work, the officials at their own level sold the pesticides. Evidently, the officials at the sale centres failed to ensure sale of fungicides to the eligible beneficiaries and misuse of subsidy in such cases could not be ruled out.

Fruit Canning Units

3.2.25 In order to cope with the ever increasing production of fruits, the Government started the food preservation and processing scheme in 1959-60. Out of the total production of fruits, 20 *per cent* was estimated to be of small size, bruised or irregular in shape, which could not fetch good price in the market. The stuff could be better utilised by preserving and processing into different fruit products. The scheme envisages procurement and processing of fruits, providing community canning services, training to housewives and orchardists in preparation and presentation of fruit products, providing technical advisory services to entrepreneurs and standardisation of recipes.

Fruit preservation and processing

3.2.26 The table below indicates the targets and achievements of five test-checked units out of nine in the State during 1998-2003 under the main activities of this scheme.

Table: 3.14

Year	(In tonnes)		(In numbers)	
	Production of fruit products	Fruit products to be processed under community canning service	Persons trained under fruit preservation	
	Target	Achievements	Target	Achievements
1998-1999	289	235 (81)	36	35 (97)
1999-2000	262	196 (75)	24	20 (83)
2000-2001	252	165 (65)	30	29 (97)
2001-2002	165	135 (82)	30	26 (87)
2002-2003	335	162 (48)	26	26 (100)

Figures in parenthesis denote percentages.

Following points were noticed:

Shortfall in achievement of physical targets was 18 to 52 *per cent* in production of fruit products while it was 3 to 17 *per cent* under CCS. Shortfall in achievement of targets was attributed (January-April 2003) by the Fruit

Technologists to limited publicity for sale of fruit products and non-availability of marketing infrastructure.

The replies were not tenable as the department had 11 sale centres in the test-checked districts for marketing of fruit products and for advertisement. Further the targets should have been fixed keeping in view the marketability of the fruit products.

Financial working of units

3.2.27 During 1998-2003, fruit products valued at Rs 3.29 crore were processed by the five units test-checked and the sale proceeds amounting to Rs 3.22 crore were realised. The expenditure incurred on running the units was Rs 7.20 crore as per details given below:

Table: 3.15

(Rupees in lakh)

Year	1998-99	1999-2000	2000-2001	2001-2002	2002-2003	Total
Total expenditure	154.43	149.13	146.43	139.89	129.93	719.81
Value of finished goods	72.76	68.82	67.45	58.23	61.91	329.17
Sale proceeds	74.98	68.49	51.80	58.54	68.27	322.08

Regarding higher cost of Rs 7.20 crore on running of these units the department maintained (January-March 2003) that the activities of fruit canning units were declared (March 1977) as developmental as these also included extension activities. The contention of the department was not acceptable as the expenditure on running the units should have been commensurate with the value of finished products and sale proceeds. It was, further noticed that during 1998-2003, 17,285 persons were trained under the scheme and 136 tonnes of fruits were processed under the community canning services at an expenditure of Rs 17.16 lakh which worked out to merely 2.38 per cent of the total expenditure of Rs 719.87 lakh. This was indicative of less utilisation of financial resources for extension purposes.

Underutilisation of installed capacity of fruit canning units

3.2.28 The table below indicates the installed capacity of the units test-checked and their utilisation during the year 1998-2003.

Table: 3.16

(In kilograms)

Sr. No.	Unit	Capacity per day	Average utilisation per day 1998 to 2003	Percentage of utilisation
1	Dhaulakuan	500	154	31
2	Bilaspur	500	62	12
3	Nagrota Bagwan	500	333	67
4	Shamshi	500	133	27
5	Rajgarh	500	223	44

The following points were noticed:

The percentage of shortfall in utilisation of installed capacity per day was between 33 and 88 during 1998-2003.

The Fruit Technologists/Manager-cum-Chemists attributed (January-March 2003) the underutilisation to limited fruit season and lack of marketing

infrastructure. The reply was not tenable as the department had its own sale centres for marketing the fruit products. Further, advertisement of the fruit products should have been made for promotion of their sales.

Quality control and standardisation of products

3.2.29 Under the fruit technology section, quality control and product standardisation is sought to be achieved through a laboratory established at Novbahar. The laboratory was to develop new fruit products and test samples of products manufactured in the units.

Although it was decided (November 1985) that the recipes would be standardised within the next six months this had not been done as of March 2003. Fruit Technologist, Shimla stated (April 2003) that the difference in the taste of products was due to use of different varieties of fruits in different areas. The reply was not tenable as manufacturing of the products should have been done only after standardising recipes.

Unfruitful expenditure due to delay in completion of bulk mushroom development pasteurization unit

3.2.30 To increase production of mushroom on a large scale, a mushroom cultivation project at Dharbagi (Kangra district) was approved in 1995-96 for supplying pasteurised compost to small/marginal farmers at subsidised rates.

The project (involving the construction of a building with a type V quarter) was approved (January 1996) by the Government for Rs 39.58 lakh which was revised (March 2003) to Rs 41.65 lakh. The construction of building was entrusted (July 1995) to the Executive Engineer, Public Works Department, Baijnath and Rs 42.96 lakh were released between July 1995 and August 1999. The building which was to be completed in two years was completed in November 2002. The building was not taken over by the Project Coordinator, Palampur due to non-installation of water supply, sanitary and electrical installation. Thus, the department could not get the project completed within the stipulated period. The expenditure of Rs 84.95 lakh incurred on building (Rs 42.96 lakh), insulation and electrical, water supply and sanitary installation (Rs 17.36 lakh) and procurement of machinery (Rs 24.63 lakh) had so far remained unfruitful and deprived the beneficiaries of the intended benefits.

The Project Coordinator stated (March 2003) that due to paucity of funds building could not be completed in time. Thus, the mushroom development project on which Rs 84.95 lakh had been spent could not be started even after a lapse of about eight years.

Stores and stock

Unsold pesticides

3.2.31 Financial rules require that stores should be purchased in the most economical manner and based on definite requirement. Test-check of records of three DHOs⁶ revealed that pesticides valued at Rs 1.53 crore procured between March 2000 and March 2002 were lying unsold as of March 2003 at

the sale centres. This resulted in blocking of Government funds. Reasons for non-disposal of the pesticides were attributed by the DHOs to less demand from the orchardists and less attack of pests and diseases. The reply was not tenable as the pesticides should have been purchased as per requirement of the orchardists.

Retention of funds outside Government account

3.2.32 Test-check of the accounts of Sr. PPO, Shimla revealed that Rs 1.44 crore were drawn in March 2002 for the purchase of power sprayers to be distributed to the orchardists at subsidised rates. Supply order to the firm was issued in March 2002 to supply the material direct to the field offices. The firm could not arrange the supply of the material for Rs 43.63 lakh as of March 2003. In the meantime, the rate contract of the firm had also expired in March 2003. The records further revealed that Rs 43.63 lakh remained unspent as of May 2003. The Sr. PPO stated (May 2003) that the balance quantity was being supplied by the firm shortly. The reply was not acceptable as drawal of funds in advance of requirement and keeping the money outside the Government account was in contravention of the financial rules. Besides, the objective of carrying out the spray operations in the orchards through these sprayers by power mechanism for the control of pests and disease had not been achieved.

Non-preparation and submission of stores accounts

3.2.33 According to instructions issued by the Finance Department in July 1973, the departments/offices where total value of store had not fallen below Rs 5 lakh are required to prepare accounts of such stores and submit the same by the end of June every year to Audit Office.

It was noticed that store accounts of pesticides and implements had not been prepared either by the Director or DHOs during 1998-2003. The Director stated (January 2003) that no store accounts had been maintained and further stated that it would be prepared in future. The DHOs stated (January-March 2003) that no guidelines were received in this regard from the Directorate. The replies were not tenable as store accounts should have been prepared to depict the correct picture of accounts of pesticides and implements.

Other points of interest

Suspected misappropriation of Government money

3.2.34 Contrary to financial instructions, sale proceeds of horticulture pesticides amounting to Rs 2.76 lakh realised by sale centre Rajgarh for the period 1994-1999 were not deposited either into treasury or with SMS office, Rajgarh as of March 2003. It was observed that this lapse could not be noticed earlier due to non-maintenance of store accounts.

The SMS, Rajgarh stated (March 2003) that the amount had already been realised from the beneficiaries by the incharge of sale centre, Rajgarh but not deposited into Government account and, thus, mis-appropriated by him. He further stated that action to effect the recovery was being initiated with the approval of Director.

Non-setting up of a laboratory and a plant health clinic

3.2.35 A Biological Control Laboratory was constructed (December 2002) for the control of insects, pests and diseases of fruit crops, at a cost of Rs 68.64 lakh at Rajhana (Shimla district). Proposal for sanction of 17 posts of different categories sent in August 1999 by Sr. PPO to the Director had not been approved (March 2003). However, one *beldar*, one Peon and one *chowkidar* were posted in November 2002 in the laboratory. An expenditure of Rs 0.71 lakh had been incurred between November 2002 and March 2003 on pay and allowances. No test of fruit-leaves could be conducted as of March 2003. Equipments purchased in March 2002 at a cost of Rs 7.46 lakh were also lying unutilised (March 2003). The Sr. PPO stated (January 2003) that the Director had intimated (December 2002) that required staff would be provided as per availability. Thus the expenditure of Rs 76.81 lakh incurred on establishment of laboratory and pay and allowances of staff had remained unfruitful.

Purchase of horticulture implements at higher rates

3.2.36 Tenders for the purchase of Swiss made Felco brand pruning secateurs, saws and their spares during the year 2001-2002 were invited in November 2001 by the Director. Four Shimla based firms quoted their rates and the firm whose rates were lowest was approved by Director in February 2002. In the meantime the Secretary (Horticulture) to the Government of Himachal Pradesh decided in March 2002 to effect the purchases of Felco secateurs and saws through Himachal Pradesh Agro Industries Corporation (HPAIC) and directed that in future also the import of these items be made through the HPAIC. The order was cancelled by the Director as HPAIC could not supply the material till October 2002. The supply orders was given to Himachal Pradesh State Cooperative Marketing and Consumers Federation (HIMFED) in October 2002. The material was supplied in December 2002 by HIMFED and final payment of Rs 70.05 lakh was made in January 2003.

Thus by not giving supply order to the firm whose rates were approved by the Director in February 2002, the department had to incur an extra expenditure of Rs 7.60 lakh. Delay in finalising the supply orders also entailed enhancement of the cost of these tools due to rate of exchange variation of Swiss Franc in December 2002 resulting in avoidable excess expenditure of Rs 4.75 lakh. This enhancement consequently affected the sale price of these implements which were to be sold to the horticulturists at subsidised rates.

Evaluation

3.2.37 No evaluation to ascertain the impact of the schemes to judge the success and for taking remedial measures to eliminate shortcomings in implementation had, however, been got done through some independent agency as of March 2003.

These points were referred to the Government in June 2003; their reply had not been received (August 2003).

Social, Women and Scheduled Caste Welfare Department

3.3 Welfare of the Handicapped

Highlights

Funds released by Government of India for implementation of the programme remained largely unutilised during 1998-2003. A large number of persons with disability remained to be covered under the programme as disability certificates/identity cards had not been issued to them. There were very few meetings of State Co-ordination Committee and State Executive Committee. Monitoring and evaluation of the programme was not done. Multiplicity of implementing departments, lack of effective co-ordination by the nodal departments, non-implementation of programmes/schemes and lack of monitoring showed apathy of the State Government towards welfare of the handicapped. Important points noticed as a result of test-check are as under:

**** Of Rs 5.15 crore received from Government of India, Rs 3.42 crore remained in the banks due to non-implementation of the programme effectively during 1998-2003.**

(Paragraphs 3.3.4 and 3.3.5)

**** No specific State policy to address the issues faced by the persons with disability had been framed as of March 2003. Against 10 meetings of State Co-ordination Committee and 20 meetings of State Executive Committee required to be held, only three meetings and one meeting were held respectively during 1998-2003.**

(Paragraphs 3.3.11 and 3.3.13)

**** Of the 51,252 persons with disabilities identified during survey, only 28,288 persons (including 812 unidentified persons) were issued disability certificates/identity cards as of March 2003.**

(Paragraph 3.3.14)

**** A backlog of 719 posts (class III and IV categories) in 11 out of 51 departments existed though 6,401 persons with disability stood registered with special employment exchanges during 1998-2003. Further identification of similar backlog in the remaining 40 departments had not been done as of June 2003.**

(Paragraph 3.3.20)

**** State resource centre for providing specialised services to persons with disability and strengthening of the existing services for producing professional manpower had not been established as of May 2003.**

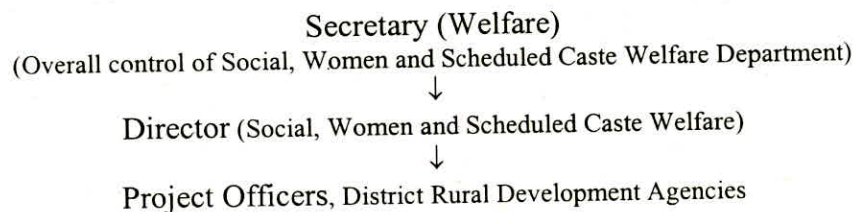
(Paragraph 3.3.36)

Introduction

3.3.1 There are three Acts; viz. Rehabilitation Council of India Act, 1992; Persons with Disabilities (PWD) Act, 1995 and National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999 passed by Parliament for the benefit of persons with disabilities. The programme for the welfare of handicapped was launched in the State as a Centrally sponsored scheme during 1996-97 after the introduction of PWD Act, 1995 with three main components (i) Assistance to Disabled Persons for purchasing/fitting of Aids and Appliances (ADIP), (ii) National Programme for Rehabilitation of Persons with Disabilities (NPRPD), and, (iii) Promotion of Voluntary Action for Persons with Disabilities.

Organisational set up

3.3.2 Social, Women and Scheduled Caste Welfare Department was functioning as nodal agency for the implementation, co-ordination and monitoring of the programme/schemes in the State. Organisational set up of the department was as under:



Audit coverage

3.3.3 Implementation of the PWD Act, 1995 and two schemes/programmes¹ (ADIP and NPRPD) for the period 1998-2003 was reviewed in audit during December 2002-May 2003 in the office of Director, five Project Officers² (POs) of District Rural Development Agencies out of 12 and District Red Cross Society (RCS), Una. Out of a total expenditure of Rs 172.59 lakh incurred on various schemes/programmes during 1998-2003, expenditure of Rs 100.33 lakh (58 per cent) was test-checked. Results of test-check are incorporated in the succeeding paragraphs.

Financial assistance and expenditure

Position of funds released by Government of India and expenditure

¹ Scheme for Assistance to Disabled Persons (ADIP) and National Programme for Rehabilitation of Persons with Disabilities (NPRPD).

² Bilaspur, Hamirpur, Kangra, Sirmour and Solan.

incurred thereagainst during 1998-2003 was as under:

Table: 3.17

(Rupees in lakh)

Year	Funds released by Government of India under various schemes				Expenditure incurred				Unutilised amount
	ADIP	NPRDP	NGOs/ others ³	Total	ADIP	NPRDP	NGOs/ others ³	Total	Excess (+) Unutilised (-)
1998-99	10.00	--	--	10.00	10.00	--	1.45	11.45	(+) 1.45
1999-2000	29.80	12.50	32.42	74.72	17.49	--	22.38	39.87	(-) 34.85
2000-2001	100.30	136.40	15.03	251.73	19.13	--	13.59	32.72	(-) 219.01
2001-2002	26.26	108.20	24.49	158.95	3.58	20.60	25.34	49.52	(-) 109.43
2002-2003	18.25	--	1.09	19.34	1.10	36.77	1.16	39.03	(+) 19.69
Total	184.61	257.10	73.03	514.74	51.30	57.37	63.92	172.59	(-) 342.15

Following points were noticed:

3.3.5 Rupees 3.42 crore remained unutilised in the banks as of March 2003. This was indicative of tardy implementation of the programme for the welfare of PWDs.

3.3.6 Of Rs 2.57 crore received for the implementation of NPRPD during 1999-2002; Director released Rs 81.95 lakh to two POs (Hamirpur: Rs 50.97 lakh and Kangra: Rs 30.98 lakh) during 2001-2003 and balance of Rs 1.75 crore had not been released as of March 2003. Scrutiny of records, however, revealed that only Rs 57.37 lakh were spent by the POs and balance of Rs 24.58 lakh remained unutilised as of March 2003. Director attributed (March 2003) non-utilisation of funds to non-receipt of project proposal for setting up of State Resource Centre (SRC) from the Principal, Medical College, Tanda (Kangra district). He also stated that District Rehabilitation Centres (DRCs) at Hamirpur and Kangra became functional only during 2002-2003. The plea is not tenable as timely action to utilise the funds and to provide services/facilities to PWDs was not taken by the department. This was indicative of the apathy of the department towards the PWDs.

3.3.7 According to the terms and conditions of grant-in-aid/assistance, the interest earned on the amount deposited in banks was required to be reported annually to Government of India for approval as it was part of Government of India funds and was to be treated as a credit while releasing further instalment of the grant. It was noticed in audit that interest of Rs 11.20 lakh earned on deposits during 1998-2003 had not been reported to Government of India by five offices⁴ as of March 2003. Out of the total interest earned, Rs 5.54 lakh had been deposited into the treasury as state receipt by the Director during March 2001-May 2002. The balance amount of Rs 5.66 lakh was lying in the banks as of March 2003. The Director confirmed (April 2003) the facts.

³ Non-Government Organisations (NGOs), Homes, Schools and Centre for Voluntary Action to PWDs.

⁴ Director: Rs 5.58 lakh; POs Hamirpur: Rs 2.32 lakh; Kangra: Rs 1.55 lakh; Sirmour: Rs 0.50 lakh and Una: Rs 1.25 lakh.

3.3.8 Rupees 11.42 lakh received (May 2000) by PO, Bilaspur from Government of India for the implementation of ADIP scheme were unauthorisedly diverted to other programmes (Food for work: Rs 2.42 lakh and SGSY-Gold Mine Project: Rs 9.00 lakh) without approval from Government of India. While admitting the facts PO stated (June 2003) that funds diverted would be recouped. The reply is not acceptable as unauthorised diversion deprived the PWDs of the services and facilities.

Programme implementation

Formation of State co-ordination committee and State executive committee

3.3.9 The PWD Act, 1995 provided for formation of State Co-ordination Committee (SCC) headed by the Minister incharge of the Department of Social Welfare in the State as Chairperson to review and co-ordinate the activities of all the Government departments/Governmental/non-Governmental organisations dealing with matters relating to PWDs. Similarly, State Executive Committee (SEC) was to be headed by the Secretary (Welfare) as *ex-officio* Chairperson and was responsible for carrying out the decisions of the SCC. SCC was also required to meet once in every six months and SEC at least once in three months.

Following points were noticed in audit:

3.3.10 The SCC and SEC were not constituted immediately after the introduction of PWD Act, 1995. These committees were actually constituted in January 1997.

3.3.11 Against 10 meetings of SCC required to be held, only three meetings were held in December 1998, February 2000 and September 2002. SEC, however, met only once (June 1999) against 20 meetings required to be held during 1998-2003. The activities of all Government departments/NGOs dealing with programme implementation were thus not reviewed and coordinated regularly by these committees. Director stated (May 2003) that shortfall in holding meetings was due to non-receipt of information from the concerned departments.

3.3.12 SEC was responsible for implementation of the decisions of the SCC. It was noticed that the following main decisions taken by SCC in its meetings held in February 2000 and September 2002 had not been implemented as of May 2003.

Setting up of trauma centres in four zonal hospitals;

Identification and involvement of NGO in place of *Himotkarsh* (NGO) for undertaking research work for reducing disability;

Admission of disabled children in *Jawahar Navodaya Vidyalayas* and;

Setting up of special schools with modern facilities for disabled children.

3.3.13 The Act provides for developing a State policy to address issues faced by persons with disabilities. It was noticed that specific State policy had not been developed as required. The Director confirmed (May 2003) the facts.

Prevention and early detection of disabilities

3.3.14 To prevent the occurrence of disabilities, the State Government was required to undertake survey, investigation and research concerning the cause of disabilities, under the provisions of PWD Act, 1995. According to a survey conducted in 2000 by Deputy Commissioners, 51,252 persons were identified as disabled which formed about 0.84 *per cent* of the total population of the State. District-wise and category-wise details of identified disabled persons were as follows:

Table: 3.18

Name of district	Number of identified disabled persons					Persons issued disability certificates	Persons yet to be issued disability certificates	Unidentified persons issued disability certificates
	Visual handicapped	Deaf and dumb	Mentally retarded	Ortho-disabled	Total			
Bilaspur	447	193	189	1211	2040	2517	--	477
Chamba	251	257	39	588	1135	1092	43	--
Hamirpur	686	699	411	2478	4274	1699	2575	--
Kangra	1079	1337	779	5216	8411	4260	4151	--
Kinnaur	155	222	8	380	765	347	418	--
Kullu	1198	1349	82	2137	4766	1733	3033	--
Lahul and Spiti	108	64	18	163	353	177	176	--
Mandi	864	806	303	3837	5810	5810	--	--
Shimla	3216	3722	539	6616	14093	4205	9888	--
Sirmour	254	222	124	1219	1819	2154	--	335
Solan	546	592	288	2619	4045	2179	1866	--
Una	497	375	338	2531	3741	2115	1626	--
Total:	9301	9838	3118	28995	51252	28288	23776	812

It would be seen that out of 51,252 persons identified as disabled, only 28,288 (55 *per cent*) had been issued disability certificates/identity cards. Non-issuance of disability certificates/identity cards, deprived 23,776 PWDs of various benefits/concessions provided by the Government and NGOs as of March 2003. It was noticed in audit that against 3,859 identified disabled persons in Bilaspur and Sirmour districts, 4,671 disability certificates/identity cards had been issued. Issue of 812 disability certificates/identity cards in excess of the number of identified handicapped persons is indicative of the fact that either survey conducted to identify disabled persons was faulty or disability certificates/identity cards were issued to ineligible persons. The Director while admitting (June 2003) the facts did not intimate the reasons for this anomalous position.

Development of educational infrastructure

3.3.15 According to the (PWD) Act the State Government was required to ensure that every child with a disability had access to free education in an appropriate environment till he/she attained the age of eighteen years. The Act further provided for promoting integration of students with disability in the normal schools and that special schools also be set up in Government and private sectors. The nodal department had no information regarding the number of disabled children attending educational institutions in the State *vis-à-vis* number of disabled children provided free education and number of left out disabled children during 1998-2003. Further, no special schools were set up in the Government sector during 1998-2003. The SCC in their meeting held in September 2002 directed the Education Department to take necessary action so that children with disability may get reservation in *Navodaya Vidyalayas* also. This had also not been done as of March 2003. Thus, the nodal department failed to implement the provisions of the Act.

Scheme and programme for non-formal education

3.3.16 The State Government was required to frame schemes and programmes for imparting non-formal education, functional literacy, education through open schools/university and to provide free of cost special books to those disabled children who could not continue their studies on a whole time basis. The SCC also directed (September 2002) the Education Department to identify such children who could not continue their studies after 5th class and to impart functional literacy to children in the age group of 16 and above.

It was noticed that 991 disabled children availed the benefit of non-formal education through *Anganwari* centres in the State during 2001-2003. Details of children who availed the benefit of education through open schools/university were not known to the nodal department. The nodal department had also not collected the information from Education Department in regard to identifying those children who discontinued their study after 5th class and those provided functional literacy in the age group of 16 and above. Director admitted (May 2003) the facts.

Development of new assistive devices and teaching aids

3.3.17 In order to provide equal opportunities in education to the children with disability, the State Government had not initiated any steps to open institutions for designing and developing new assistive devices, teaching aids, special teaching material, etc., during 1998-2003. The Director admitted (May 2003) the facts.

Setting up of teachers' training institutes and preparation of comprehensive education scheme

3.3.18 Under the PWD Act, the State Government was required to set up adequate teachers' training institutes to develop trained manpower for schools for children with disabilities. The Act also required the State Government to prepare a comprehensive education scheme to provide transport facility, supply of books and uniforms, etc., for such children. The nodal department had neither set up such institutions nor was aware of the setting up of such institutions by the Education Department during 1998-2003. Information

regarding preparation of requisite comprehensive schemes and allocation of funds for the purpose was also not available. Director stated (May 2003) that the information was being collected from the Education Department.

Identification and reservation of posts and filling up of vacancies in class I and II categories

3.3.19 The State Government was required to identify class I and II posts which could be reserved for PWDs and to review/update the position after three years. Reservation of the posts was to be made at the rate of 3 per cent (one per cent each for blindness/low visions, hearing impairment and locomotor disability/cerebral palsy).

It was noticed in audit that the State Government provided (December 1999) 3 per cent reservation to PWDs in direct recruitment of class I and II posts. Thus, the Government took more than four years to issue the notification after the introduction of the Act. It was further noticed that only 14 posts in 9 out of 51 departments were identified in December 1999. The position was not reviewed/updated after three years, as required.

It was also noticed that neither the nodal department had information of filled up posts nor was the information called for from the concerned departments during 1998-2003. Thus, the department had not implemented the provisions of the Act in full even after a lapse of more than seven years. The Director stated (May 2003) that relevant information had been called for from the concerned departments.

Setting up of special employment exchanges and filling up of class-III and IV posts

3.3.20 According to the provisions of the Act, the State Government was required to set up special employment exchange (SEE) for providing employment in Class-III and IV posts where the employer in every establishment was required to furnish information/return in relation to vacancies for appointment of PWDs. SEE/cell for the purpose was set up (1976) in the Directorate of Labour and Employment. The position of PWDs registered, sponsored and ultimately placed in jobs during 1998-2003 was as under:

Table: 3.19

Number of persons registered	Number of persons sponsored	Number of persons placed in jobs
6,401	890	277

It was noticed that backlog of 719 posts in class-III and IV categories in 11 out of 51 departments existed but necessary action to clear the backlog had not been initiated as of March 2003. Identification of similar backlog in remaining departments had also not been done so far. Director stated (June 2003) that the matter was being pursued with the concerned departments.

Provision of employment in poverty alleviation schemes

3.3.21 The State Government was required to formulate schemes for ensuring employment to disabled persons and also reserve not less than 3 per cent vacancies in all poverty alleviation schemes for the benefit of PWDs. It was noticed that in five poverty alleviation schemes⁵, Rs 107.05 crore were released by the State Government to the executing agencies⁶ during 1998-2003. Against the requisite allocation of Rs 2.61 crore, Rs 2.56 crore were actually allocated for providing employment to PWDs through these poverty alleviation schemes during 1998-2003. Further, against the provision of Rs 2.56 crore, expenditure of Rs 0.66 crore was incurred under three schemes (JGSY: Rs 0.04 crore; IRDP/SGSY: Rs 0.54 crore and IAY: Rs 0.08 crore) and no expenditure was incurred under the remaining two schemes (SRSP and CRSP) for providing employment to disabled persons during 1998-2003. In the SCC meeting held in September 2002, Secretary (RDD) had informed the chairman that the provisions of the Act would be implemented strictly from 2002-2003. However, in four test-checked districts⁷, the required allocation of Rs 1.35 crore for providing employment in poverty alleviation schemes was not made during 1998-2003. Evidently, the provisions of the Act remained un-implemented during the aforesaid period in these districts. While POs, Hamirpur, Kangra and Solan confirmed (February-May 2003) the facts, PO, Bilaspur had not furnished reply as of June 2003.

Implementation of affirmative action schemes

3.3.22 The State Government and local authorities were required to frame schemes in favour of PWDs for the preferential allotment of land at concessional rates for houses, business, special recreation centres, special schools, research centres and factories. No such schemes had been framed as of March 2003.

Un-employment allowance

3.3.23 The State Government was required to frame a scheme for payment of un-employment allowance to PWDs registered with the SEE for more than two years and who could not be placed in any gainful occupation. The State Government had not framed such a scheme though 44,469 PWDs remained registered with SEE for more than two years as of March 2003. However, in SCC meeting held in September 2002, it was decided not to implement the said scheme due to financial constraints. The provisions of the Act had thus not been implemented.

Implementation of dedicated scheme

Assistance to disabled persons (ADIP) scheme

3.3.24 The scheme aimed at helping the disabled persons by providing suitable, durable, sophisticated/scientifically manufactured modern, standard

⁵ State Rural Sanitation Programme (SRSP), Central Rural Sanitation Programme (CRSP), Jawahar Gramin Swarojgar Yojna (JGSY), Integrated Rural Development Programme/Swaran Jayanti Swarojgar Yojna (IRDP/SGSY) and Indira Awas Yojna (IAY).

⁶ Deputy Commissioners, Projects Officers of District Rural Development Agencies, Block Development Offices, Gram Panchayats, etc.

⁷ Bilaspur, Hamirpur, Kangra, and Solan.

aids and appliances which could promote their physical, social and psychological rehabilitation by reducing the effects of disabilities and enhance their economic potential. It was noticed in audit that physical targets to cover PWDs were not fixed by the Government during 1998-2003. However, targets proposed in the project proposals sent to Government of India by the implementing agencies/Government *vis-à-vis* achievements made thereagainst in five test-checked districts was as under:

Table: 3.20

(Rupees in lakh)

Name of the district	Project period	Number of persons identified	Number of persons proposed to be covered	Number of persons actually covered	Funds demanded	Funds received plus interest	Funds utilised as of March 2003
Hamirpur	1999-2000	4274	4000	352	153.75	16.20	3.87
Kangra	1998-2001	8411	6000	436	156.90	30.40	5.28
Sirmour	1996-99 and 2001-2002	1819	2400	393	29.68	11.50	7.82
Solan	1996-97	4045	200	510	7.50	7.06	6.76
Una	1999-2001	3741	3376	556	118.00	21.25	15.28
Total:		22290	15976	2247	465.83	86.41	39.01

3.3.25 Of 15,976 PWDs proposed to be covered, 2,247 persons (14 per cent) were actually covered. Thus, there was a shortfall of 86 per cent in the coverage of PWDs mainly due to less receipt and utilisation of funds.

3.3.26 Against the project proposals of Rs 4.66 crore to cover 15,976 PWDs in the aforesaid five districts, Government of India released Rs 81.80 lakh (18 per cent) during 1996-2002. No efforts were made by the Government to get the remaining funds released which resulted in non-achievement of proposed targets. The Director confirmed (May 2003) the facts.

3.3.27 Of Rs 86.41 lakh, Rs 47.40 lakh remained unutilised as of March 2003. This indicated tardy implementation of ADIP scheme and deprived the needy disabled persons of the assistance.

3.3.28 In Sirmour district, against 1819 identified PWDs, project proposal for 2,400 PWDs was sent during 1996-99 and 2001-2002. Thus, the project proposal was not factual. PO, furnished no reply for variation.

Irregular distribution of aids and appliances

3.3.29 According to the guidelines of ADIP, free of cost aids and appliances were to be provided to PWDs who produced requisite eligibility documents. Audit scrutiny revealed (February-May 2003) that in four districts⁸, free of cost aids and appliances valued at Rs 14.98 lakh were distributed to 1,207 persons during 1998-2003 without obtaining requisite eligibility documents. PO Hamirpur and Secretaries, RCS, Kangra and Sirmour stated (February-May 2003) that requisite eligibility documents could not be

8 Bilaspur: Rs 0.50 lakh; Hamirpur: Rs 2.26 lakh; Kangra: Rs 4.56 lakh; and Sirmour: Rs 7.66 lakh.

obtained due to rush of work in camps and non-availability of guidelines. District Welfare Officer (DWO), Bilaspur stated (February 2003) that documents were not available on record. The replies are not tenable as the camps should have been organised in planned manner and documents obtained/placed on record to ensure eligibility criteria.

Delay in providing aids and appliances

3.3.30 Check of the records of POs, Sirmour and Solan districts revealed (May 2003) that delay in providing aids and appliances to PWDs ranged between 3 and 21 months from the date of submission of application by the needy disabled persons. While PO, Sirmour stated (June 2003) that the process to provide assistance was lengthy and would be streamlined in future, PO, Solan stated (May 2003) that delay was due to late reporting by the PWDs in Navedic Institution at Chandigarh for getting the parts fitted. The plea is not tenable as the department should have provided early assistance and arranged the fitment of parts in the camps itself.

Non-submission of utilisation certificates (UCs)

3.3.31 According to the guidelines, UCs alongwith a list of beneficiaries assisted in the previous year, physical and financial progress made under the scheme were required to be submitted to Government of India. Test-check revealed the following points:

3.3.32 In four districts⁹, UCs for Rs 14.10 lakh for the period 2000-2003 had not been sent to the quarters concerned as of March 2003. While PO, Hamirpur attributed (February 2003) non-furnishing of UCs to rush of work, PO, Kangra stated (March 2003) that certificates were not received from the Secretary, *Zila Sakshrata Samittee*, Dharamshala. DWO, Bilaspur and Secretary, RCS Una, however, stated (February-May 2003) that these would be sent shortly.

3.3.33 PO, Kangra furnished UCs for Rs 30 lakh received from Government of India under the scheme during 1999-2000 against actual expenditure of Rs 5.28 lakh. PO stated (March 2003) that UCs for the total amount of Rs 30 lakh were sent on the basis of information received from Secretary, RCS, Kangra. Thus, UCs were sent without verifying the correctness of expenditure.

National programme for rehabilitation of persons with disability (NPRPD)

3.3.34 The NPRPD is a new State sector scheme with the basic objective of providing comprehensive rehabilitation services to PWDs, especially in rural areas, closer to their door-steps, through a four-tier delivery system established at *Gram Panchayat*, Block, District and State levels. The scheme was implemented in Hamirpur and Kangra districts. The scheme was intended to create and provide service delivery system and to create awareness for prevention of disabilities with clear linkages at each level. It also envisaged establishment of one State Resource Centre at a cost of Rs 25 lakh and two District Resource Centres in the covered districts at a cost of Rs 61.95 lakh each. Government of India released Rs 2.57 crore during 1999-2002 for

⁹ Bilaspur, Hamirpur, Kangra and Una.

CHAPTER-III

SECTION - B

AUDIT PARAGRAPHS

SECTION - B AUDIT PARAGRAPHS

Education Department

3.4 Incorrect fixation of pay of Head Teachers

Incorrect fixation of pay of Head Teachers resulted in overpayment of Rs 18.57 lakh.

Fundamental Rule (FR) 22 (1) (a) (2) provides that a Government servant on promotion to a new post not involving higher duties and responsibilities shall draw the stage of the promotional scale or if there is no such stage, the stage next above his pay in the old post held by him on regular basis. The position was clarified (July 2001) by the State Government that the benefit of FR 22 (1) (a) (1) was not admissible in cases where promotion was made from a post carrying a pay scale similar to the pay scale of the promotional post.

Test-check of the records (July 2000-January 2003) of the eight Block Primary Education Officers (BPEOs)¹ revealed (October 2002 to March 2003) that 84 Junior Basic Teachers (JBTs) drawing pay in the time scale of Rs 4550-7220 were promoted as Head Teachers in the identical time scale of Rs 4550-7220 and their pay on promotion was fixed by the respective BPEOs under the provisions of FR 22 (1) (a) (1) involving assumption of higher duties and responsibilities which was not correct. Thus, due to wrong fixation of pay, overpayment of Rs 18.57 lakh was made to the Head Teachers from January 1996 to March 2003.

On this being pointed out (October 2002-March 2003) by audit, the Director Primary Education admitted the facts. However, the position of recovery had not been intimated by the department.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

3.5 Wrong operation of deposit heads

8449-Other deposits

120-Miscellaneous deposits

The Principals of privately managed colleges were authorised (March 1985) by the Government in consultation with the Accountant General to open of Personal Deposit Account (PDA) with the concerned treasuries falling in their respective areas. There were eight non-Government affiliated colleges in the

¹ Nadaun: Rs 5.40 lakh; Jawali: Rs 1.12 lakh; Lambagaon: Rs 4.25 lakh; Katrain: Rs 3.79 lakh; Kullu: Rs 0.45 lakh; Balh: Rs 1.83 lakh; Dharampur: Rs 0.54 lakh and Dharampur-II: Rs 1.19 lakh.

State as of June 2003. The PDA was to be operated subject to the fulfilment of the following conditions:

The transactions out of PDA were for credit of Government grant-in-aid to privately managed institutions and these institutions were to deposit their own contributions for the disbursement of salary of staff of the concerned college, on monthly basis.

The cheques were to be drawn by the Principals of the private colleges each month upto the amounts allowed on specific authorisation by the Director of Education who was to communicate each month the amounts to be authorised for withdrawal from each PDA to the concerned Treasury Officers/Sub-Treasury officers.

The amount of grant-in-aid to be released to a college was to be limited to 95 *per cent* of the deficit of the estimated income and the expenditure likely to be incurred on payment of the salary of the approved staff (teaching and non-teaching) during the financial year, subject to adjustment of over and under payments in accordance with the norms at which the salary is being paid to the staff in Government Colleges. As per prescribed application form annexed with Grant-in-aid Rules, the expenditure on salary includes basic pay, dearness pay, dearness allowance, compensatory allowance, house rent allowance and interim relief. Test-check of records (May-June 2003) of Director of Education and concerned Treasury officers revealed the following points:

Between 1998-99 and 2002-2003 an amount of Rs 2.98 crore on account of Employers Share towards contribution to Employees Provident Fund/Contributory Provident Fund (EPF/CPF) was reimbursed to non-Government Affiliated Colleges which was not part of salary as per grant-in-aid rules.

The Director of Education stated (June 2003) that the matter would now be taken up with the Government. The reply is not acceptable as share of employers contribution to EPF/CPF does not form part of salary for reimbursement.

Similarly administrative charges on handling EPF amounting to Rs 2.45 lakh (95 *per cent*) incurred during 2002-2003 by two colleges were reimbursed whereas these charges were not part of salary. Thus inadmissible payment of Rs 2.45 lakh was made to the colleges.

These points were referred to the Government in June 2003; their reply had not been received (August 2003).

Finance Department

3.6 Wrong operation of Reserve funds

Test-check of records in respect of certain reserve funds conducted (April-June 2003) in the department of Finance, revealed the following points:

8229-Development and Welfare Fund

110-Electricity Development Fund

Satluj Jal Vidyut Nigam (SJVN) (formerly known as Nathpa Jhakri Power Corporation Limited) is a joint venture of the Government of India and Himachal Pradesh, with an equity participation of 75 per cent and 25 per cent respectively. The State's share is released to SJVN on demand, depending upon the progress of expenditure.

In June 1992, Finance Department requested Accountant General to authorise them to open a Personal Deposit Account (PDA) for placing the State's share of investment in SJVN. This amount was to be withdrawn from the head "4801-Capital Outlay on Power Projects" and placed under the head "8229-Development and Welfare Fund, 110-Electricity Development Fund". In July 1992, Accountant General authorised the opening of a PDA for the purpose in the name of the Director, Institutional Finance and Public Enterprises (DIFPE), subject to the provisions of financial rules.

Scrutiny of records of the DIFPE and the Department revealed (April-June 2003) the following points:

Total approved cost of the Project was Rs 7666 crore and the State's equity share worked out to Rs 958.25 crore. Of this Rs 843.90 crore had been released by the State Government upto 31 March 2003 leaving a liability of Rs 114.35 crore as of 31 March 2003. Test-check (May 2003) revealed that on 31 March 2003 the DIFPE credited Rs 208.56 crore to the existing balance of Rs 31.88 crore in the PDA of the department. Thus Rs 240.44 crore (Rs 31.88 crore+Rs 208.56 crore) was available in PDA on 31 March 2003. Keeping in view the liability of Rs 114.35 crore of equity share an amount of Rs 126.09 crore (Rs 240.44 crore minus Rs 114.35 crore) was credited in excess of State's share to PDA. Evidently, the funds were drawn without assessment of requirement. The DIFPE stated (May 2003) that the cost of the project is likely to increase in which the State share will also increase proportionately and the excess amount would take care of this situation. The reply of the department is not tenable as drawal of amount in excess of requirement and crediting the same to PDA was irregular.

Himachal Pradesh Financial Rules provided that the financial limits on each PDA were to be fixed before referring the cases to Accountant General. Accordingly a ceiling limit of Rs 50 crore was fixed for opening the PDA in concurrence with the Accountant General. However, DIFPE failed to observe the ceiling and drew excess amount over the financial limit ranging between Rs 78.88 crore and Rs 190.44 crore during 2001-2003. The Treasury Officer, Shimla also did not exercise proper check and allowed drawal in excess of prescribed limit. The department stated (May 2003) that the matter regarding

enhancement of the limit from Rs 50 crore to Rs 200 crore has been taken up with the Accountant General (May 1998) but the limit has not been enhanced so far (May 2003). The reply of the department is not tenable as enhancement in financial limit requested by the department was not found justified and the PDA had been operated without concurrence. Moreover, the amount credited to the PDA was far in excess of State's liability on account of equity share as pointed out in sub-para (i) supra.

Health and Family Welfare Department

3.7 Underutilisation of Cath Lab facilities, non-providing of by-pass surgery/open heart surgery facilities

Cath Lab, etc., established at an expenditure of Rs 5.11 crore was underutilised due to non-providing of by-pass/open heart backup. Besides, Rs 2.80 crore were lying unutilised with the department.

Government of India sanctioned (December 1995) central assistance of Rs 3.50 crore for establishment of a Cath Lab, digital cardiography and bedside monitor and central monitoring system for CCU in Indira Gandhi Medical College (IGMC), Shimla. The amount was drawn in March 1996 by the Deputy Commissioner, Shimla. The State Government had also sanctioned (September 1996) Rs 2.50 crore for this purpose. Additional funds of Rs 2.80 crore were also sanctioned (March 1998) by the Government for purchase of machinery and equipment for by-pass/open heart surgery. Construction of new hospital building for IGMC Phase-II was approved (March 1997) for Rs 9.61 crore by the Government wherein the space for the Cath Lab was earmarked. The work stipulated to be completed in three years, was started in July 1997 and is in progress as of July 2003. For providing cardio thoracic surgery (CTS) facilities, it was decided (September 1998) to house the open heart surgery unit in OT-8 of Operation Theatre complex. The by-pass/open heart surgery was to be started tentatively in October 1998 with sanctioned staff of 23.

Test-check of records of IGMC revealed (May 2002) that Cath Lab was providing only routine angiography and other diagnostic facilities were temporarily established in December 1997 on 3rd floor of IGMC Phase-I building at an expenditure of Rs 5.11 crore. Unspent amount of Rs 0.89 crore was deposited into Government treasury (June 1998). Only angiography procedures, which were safe, simple and free from complications, were being performed. As such, out of 2,558 patients investigated since January 1998, 596 patients had to be referred outside the State for by-pass surgery/open heart surgery causing these patients great inconvenience and compelling them to incur substantial expenditure on treatment. The Cath Lab, etc., was not fully utilised in the absence of by-pass/open heart surgery backup. Rs 2.80 crore provided by the Government in March 1998 for procuring machinery and equipments for providing by-pass/open heart surgery facilities alongwith establishment of Cardio Cath Lab and angiography facilities had not been utilised for the purpose as of July 2003 and had been kept in various banks as

fixed deposits. Thus the CTS department and CTS equipment could not be fully established and utilised due to delay in completion of IGM Phase-II building.

The Principal, IGM stated (March 2003) that the 4th floor of phase-II building was under construction and supply orders for the purchase of machinery and equipments for by-pass/open heart surgery were yet to be placed. The Executive Engineer, Medical College Division intimated (July 2003) that the building work could not be completed as the complete site was not handed over at the start and due to non-deposit/non-provision of sufficient funds by the medical authorities. He further stated that the work is expected to be completed in March 2004. The reply was not convincing as due to delay in completion of Phase-II building and even after availability of sufficient funds the department failed to provide for by-pass/open heart surgery facilities after a lapse of more than five years. Thus, due to delay, the Cath Lab facilities could not be fully utilised resulting in denial of intended benefits to the people of the State in spite of incurring expenditure of Rs 5.11 crore. Besides, funds of Rs 2.80 crore meant for purchase of machinery and equipments also remained locked and the staff was also not fully utilised.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

3.8 Idle investment on construction of nurses hostel at Khaneri

Investment of Rs 41.91 lakh on construction of hostel building at Khaneri proved idle.

The State Government accorded (July 1997) administrative approval and expenditure sanction for Rs 45.67 lakh for construction of hostel building for 30 nurses in the 200 bed hospital at Khaneri in Rampur. Government of India also released (March 1998) Rs 18.75 lakh for opening of a nursing school at Rampur. Subsequently, the State Government proposed shifting of nursing school from Khaneri in Rampur to Dharamshala which was accepted by the Government of India in July 1998.

Test-check of the records (October 2002) of the Senior Medical Officer (SMO), Mahatma Gandhi Medical Services Complex (MGMSC), Khaneri, Rampur revealed that the construction of the hostel building was taken up by the Public Works Division, Rampur in December 1997. The building, completed at a cost of Rs 41.91 lakh, was handed over to the Medical Department in November 1999. However, the building had been lying unutilised as of March 2003. It was further noticed that the entire nursing staff serving at MGMSC, Khaneri was accommodated in 116 residential quarters constructed at Khaneri and these quarters were sufficient to meet their requirement. The construction of nursing hostel was, thus, not necessary.

The Director Health Services admitted (January 2003) that the nurses hostel could not be utilised due to shifting of Training School from Khaneri to Dharamshala.

Thus, the expenditure of Rs 41.91 lakh incurred on the construction of nurses hostel building Khaneri had not served the intended purpose and resulted in idle investment.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

Home Department (Home Guards, Civil Defence and Fire Services)

3.9 Non-utilisation of loan for purchase of fire fighting equipments, etc.

Loan of Rs 4.79 crore raised for procurement of fire fighting equipments/appliances, etc., in March 2002 and March 2003 was not utilised.

Government of India approved (September 2001 and March 2003) raising of loans by the State Government from General Insurance Corporation of India (GIC) for the purchase of specified capital equipments for fire fighting purpose and construction of fire station buildings in backward/other identifiable areas. The Director General, Home Guards, Civil Defence and Fire Services submitted (November 2001 and November 2002) to the State Government proposals for Rs 0.49 crore and Rs 4.30 crore respectively for procurement of fire fighting equipments/appliances. Accordingly, the loans of Rs 0.49 crore and Rs 4.30 crore were raised in March 2002 and March 2003 and the amounts were deposited in Government Treasury (March 2002 and April 2003) under the head "6003-Internal Debt of State Government". The loans were to be utilised during the financial years 2001-2002 and 2002-2003.

Test-check (November 2002) of records of Chief Fire Officer, Shimla and the additional information collected (July 2003) revealed that the loans had not been utilised as of July 2003 as provisions for the purpose had not been made in the budget for 2001-2002 and 2002-2003. Thus the loans of Rs 4.79 crore had not been utilised for the purpose these were raised. Besides, interest liability of Rs 23.99 lakh accrued on the loan upto July 2003. The Director General, Home Guards, Civil Defence and Fire Services while admitting the facts stated (February 2003 and July 2003) that allocation of budget against these loans was under process with the Government. He further stated that 45 fire fighting vehicles of the department were more than 10 years old and required replacement. 22 fire stations in the State were required to be equipped with latest fire fighting vehicles and equipment. But due to financial constraints the procurement of such vehicles/modern equipments and construction of various fire station buildings could not be undertaken.

The fact remains that the loans raised for the purpose were not utilised.

The matter was referred to the Government in February 2003; their reply had not been received (August 2003).

Revenue Department

3.10 Diversion of Calamity Relief Funds

Rupees 31.37 lakh were irregularly diverted from calamity relief funds by two Deputy Commissioners for fresh/ongoing works, etc.

Instructions (May 1987) of the Government of India provide that calamity relief funds should not be utilised on fresh works. These funds are to be utilised for old works damaged during the calamity. The State Government also directed (January 1998) that whenever the Controlling Officers proposed to spend the funds on fresh works, the approval of the Government was invariably necessary.

Test-check (February 2001-January 2002) of the records of the Deputy Commissioners (DCs), Chamba and Kullu revealed that Rs 31.37 lakh were diverted for execution of 23 works during 1999-2002 out of the calamity relief funds although these works were not caused by natural calamities. The works pertained to construction of roads, paths, parking place, breast wall and repair works. It was also noticed in audit that Rs 5.14 lakh were spent on replacement of wiring of DC residence at Chamba (Rs one lakh), rewiring to SDM office, Chamba (Rs 0.73 lakh), repair of microfilming machine (Rs 1.20 lakh) and replacement of roofing of Block "A" of combined office building at Chamba (Rs 2.21 lakh) none of which were caused by natural calamities. Approval of the Government was also not obtained for execution of fresh works as per the directions of the Government.

DC, Kullu stated (October 2002) that roads, paths and residential buildings were badly damaged due to heavy rains and needed immediate repairs. The reply is not tenable because funds were utilised on construction of original works. DC, Chamba stated (February 2002) that funds were sanctioned for repairs/reconstruction of structures that were damaged due to various natural causes including heavy rains and floods, etc. The contention is not tenable because funds were not utilised keeping in view the aforesaid instructions of Government of India/State Government.

Thus, the DCs misused funds of Rs 31.37 lakh meant for restoration of relief works affected by natural calamity.

The matter was referred to the Government in February 2003; their reply had not been received (August 2003).

Miscellaneous Departments

3.11 Failure to respond to Audit objections and non-compliance

Inadequate response to Audit findings and observations resulting in erosion of accountability.

Accountant General (AG) (Audit) arranges to conduct periodical inspection of Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the Heads of offices inspected with copy to the next higher authorities. The Financial rules/orders of Government provide for compliance within six weeks by the executive to the IRs issued by the AG to ensure corrective action in compliance with the prescribed rules and procedures and enforce accountability for the deficiencies, lapses, etc., noticed during his inspection. The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions within six weeks and report their compliance to the AG. Serious irregularities are also brought to the notice of the Head of the Department by the office of the AG. A half yearly report of pending reports is sent to the Principal Secretary (Finance) in respect of pending IRs to facilitate monitoring of the audit observations in the pending IRs.

A review of the IRs issued to 122 DDOs during 1967-68 to December 2002 pertaining to Agriculture (48 DDOs) and Revenue (74 DDOs) departments disclosed that 2336 paragraphs relating to 519 IRs remained outstanding at the end of June 2003. Of these, 416 IRs, containing 1847 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the **Appendix-XI**.

Though initial replies were required to be received from the heads of offices within six weeks from the date of issue, such replies were not received in respect of 23 offices (Agriculture: 12 and Revenue: 11) for 23 IRs issued between October 1999 to December 2002. As a result, action taken on the serious irregularities commented upon in the outstanding IRs of Agriculture and Revenue departments as detailed in **Appendix-XII** is not known to audit.

A review of the pending IRs in respect of Agriculture and Revenue departments revealed that the concerned heads of the offices and the heads of the department did not send complete replies to a large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs and thus failed to discharge their due responsibilities.

The above failure also indicated lack of action against the defaulting officers thereby facilitating the continuation of financial irregularities and loss to the Government though these omissions were pointed out in Audit.

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

The matter was referred to Government in June 2003; reply had not been received (August 2003).

3.12 Irregular drawal of advances on Abstract Contingent Bills

To avoid delay in the discharge of claims, advances for countersigned contingencies are required to be drawn on Abstract Contingent Bills (AC Bills) by the Drawing and Disbursing Officers (DDOs) subject to presentation of Detailed Contingent Bills (DC Bills) to the Controlling Officers (COs) for countersignature and for onward transmission to the Accountant General. Further, no fresh AC bills can be drawn by DDOs until the AC bills drawn during the previous months are adjusted by submitting DC bills to the COs. A certificate to the effect that the DC bills have been submitted to the COs in respect of AC bills drawn more than a month is also required to be attached to every AC bill.

Test-check of the records of 18 DDOs under Youth Services and Sports (YSS), Revenue and Education departments revealed (June 2003) that these DDOs drew Rs 251.17 crore through 649 AC bills during 2002-2003 by debiting the expenditure to the final heads of account to meet the expenditure on construction of stadium/play grounds, relief on account of natural calamities, purchase of POL, supply of free text books, construction of school buildings, etc.

The details of these drawals and their adjustment as on 30 June 2003 are given below:

Table: 3.21

(Rupees in crore)

Sr. No.	Name of Department	No. of DDOs	AC bills drawn		DC bills submitted		DC bills awaited	
			Number	Amount	Number	Amount	Number	Amount
1.	Youth Services and Sports	2	160	6.85	68	2.25	92	4.60
2.	Revenue	7	203	145.01	147	0.27	56	144.74
3.	Education	9	286	99.31	16	0.02	270	99.29
Total:		18	649	251.17	231	2.54	418	248.63

Non-adjustment of AC bills was attributed (June 2003) by Director, YSS, Commissioner (Revenue) and Director of Education departments to

Year	No. of bills	Amount (Rs in crore)
2000-2001	120	32.31
2001-2002	130	126.70
2002-2003	168	89.62
Total:	418	248.63

non-receipt of accounts from executing agencies. It was further stated that no officer was declared as DDO to draw advances on AC bills by any of the departments mentioned above.

Further the AC bills were being drawn in form HPTR-5 instead of form STR-31. Instead of submitting the DC bills for adjustment of advances to the Accountant General, the advances drawn on AC bills were being adjusted through the treasuries. It was also noticed that the Director, Primary Education drew (April 2002-March 2003) 136 AC bills out of outstanding 418 AC bills, amounting to Rs 73.36 crore but had not submitted any detailed DC bills (June 2003) for their adjustment.

The matter was referred to the Government in July 2003; their reply had not been received (August 2003).

3.13 Misappropriations, defalcations, etc.

The position of cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 2003, final action on which was pending as of June 2003, was as under:

Table: 3.22

(Rupees in lakh)		
Particulars	Number of cases	Amount
Cases reported upto 31 March 2002 and outstanding on 30 June 2002	63	130.55
Cases reported during 2002-2003	02	2.40
Cases disposed of upto June 2003	--	--
Cases outstanding on 30 June 2003	65	132.95

Of these, 17 cases (amount involved: Rs 8.01 lakh) relating to shortages of materials, accident during excavation, fire, washing away of *kuhl*/bridge/buildings, theft of cash, machinery, bitumen, detonators, MS Plates, GI Pipes, etc., were outstanding for more than 20 years. Twenty six cases involving Rs 56 lakh pertained to the Public Works Department, 14 cases involving Rs 27.58 lakh to the Irrigation and Public Health Department and six cases involving Rs 3.73 lakh to the Forest Farming and Conservation Department. Of the 46 cases outstanding in these three departments, 33 cases involving Rs 58.78 lakh were awaiting completion of departmental investigations (upto three years: three cases: amount involved: Rs 45.40 lakh; more than three years but upto five years: four cases: amount involved: Rs 0.77 lakh; more than five years but upto 10 years: 11 cases: amount involved: Rs 6.65 lakh; more than 10 years but upto 15 years: three cases: amount involved: Rs 1.87 lakh; more than 15 years but upto 20 years: six cases: amount involved: Rs 1.67 lakh and more than 20 years: six cases: amount involved: Rs 2.42 lakh).

Government need to take suitable steps to finalise the cases in a time bound manner.

CHAPTER-IV

WORKS EXPENDITURE

CHAPTER-IV

WORKS EXPENDITURE

Irrigation and Public Health Department

4.1 Accelerated Irrigation Benefit Programme

Introduction

4.1.1 Accelerated Irrigation Benefit Programme (AIBP) was launched by the Government of India (Ministry of Water Resources) during 1996-97 to help the State Governments get over the financial constraints faced by them in ensuring early completion of ongoing multipurpose and irrigation projects by grant of Central loan assistance (CLA). Initially, projects fulfilling the following criteria were required to be selected for implementation under the programme:

Irrigation/multipurpose projects each costing more than Rs 1,000 crore (Rs 500 crore from 1997-98 onwards) where substantial progress had been made and were beyond the resource capability of the states; and,

major and medium projects which were in an advanced stage of completion and could be completed in the next four agricultural seasons, i.e., in a period of about two years, irrespective of the total estimated cost.

From 1999-2000, minor surface irrigation schemes, both new and ongoing, of hilly states including Himachal Pradesh were also made eligible for the grant of assistance under the programme.

The programme was implemented in the State from 1997-98. Status of major/medium irrigation projects and minor irrigation schemes included in the programme between July 1997 and July 2000 was as under:

Table: 4.1

Sr. No.	Name of Project/ Scheme	Date of completion	Percentage/ stage of completion	Expenditure incurred (Rupees in crore)	Estimated potential (In hectares)	Potential created
1.	Major Irrigation Project					
	Shah Nehar	In progress	20	64.76	15,287	655
2.	Medium Irrigation Projects					
	(i) Sidhatha Medium Irrigation Project (ii) Changar Area Project from Anandpur Hydel Project	In progress	5	4.56	5500	145
3.	Minor Irrigation Schemes					
	98 minor irrigation schemes	(i) 5 schemes completed in March 2002	100			
		(ii) 41 schemes in progress	Not available	3.36	8,498	68
		(iii) 1 scheme not found feasible				
		(iv) 51 schemes not yet taken up under AIBP	Not applicable			
	Total:			72.68	29,285	868

Execution of one major and one medium project is being looked after by the Chief Engineer (CE), Shah Nehar Project (SNP) and that of one medium and 25 minor irrigation schemes by 11 divisions. All the major/medium projects and 25 out of 98 minor surface irrigation schemes included in the programme were reviewed by test-check (January 2003 to March 2003) of the records of Engineer-in-Chief (E-in-C), CE, Shah Nehar Project, Superintending Engineer (SE), SNP Circle and 11 divisions¹ for the period 1997-2003. This was supplemented by points noticed during periodical inspection of the divisions. Out of a total expenditure of Rs 72.68 crore incurred under the programme during 1997-2003, expenditure of Rs 72.29 crore (99 per cent) was covered in audit. Important points noticed are discussed in the succeeding paragraphs.

Financial outlay and expenditure

4.1.2 Against the budget allotment of Rs 74.84 crore (major project: Rs 65.49 crore, medium projects: Rs 4.67 crore and minor schemes: Rs 4.68 crore) expenditure of Rs 72.68 crore (major project: Rs 64.76 crore; medium projects: Rs 4.56 crore and minor schemes: Rs 3.36 crore) was incurred during 1997-2003 on the construction of the projects/schemes included in the programme. Total CLA of Rs 51.96 crore (major project: Rs 41.22 crore; medium projects: Rs 4.02 crore and minor schemes: Rs 6.72 crore) was received by the department from Government of India during 1997-2003.

4.1.3 For timely completion of the selected projects/schemes during 1997-2003, Rs 231.51 crore (state share: Rs 61.95 crore and CLA: Rs 169.56 crore) were required. Against this, only Rs 74.84 crore (State share: Rs 27.37 crore and CLA: Rs 47.47 crore) were provided in the State budget. Similarly, against anticipated CLA of Rs 169.56 crore to be provided by Government of India under the programme during 1997-2003, Rs 51.96 crore were actually provided. 15 instalments of CLA amounting to Rs 43.71 crore were released by Government of India after delays ranging between 3 to 14 months. In Karsog, Palampur and Shimla-I divisions there were delays of 12 to 36 months in receipt of CLA from SEs during 1999-2003 for 11 minor schemes. The objective of accelerating the pace of execution of works under the programme could thus not be achieved because of less allotment of State share by the State Government and consequent less release of CLA by Government of India.

The E-in-C admitted the facts (April 2003). Reasons for less provision of State share of funds under the programme were however, not furnished.

4.1.4 Against the expenditure of Rs 3.36 crore incurred by the department on execution of the selected minor irrigation schemes during 1999-2003, CLA of Rs 2.52 crore was admissible against which CLA of Rs 6.72 crore was released by Government of India to the State Government. The excess CLA of Rs 4.20 crore received from Government of India had not been refunded by the State Government. The E-in-C stated (April 2003) that Government of

¹ Bilaspur, Karsog, Palampur, Paonta Sahib, SNP Division-I, Sansarpur Terrace, SNP Division-II at Badukhar, Shimla-I, Sidhatha Medium Project at Guglara, Solan, Una-I and Una-II

India did not press for refund of excess amount of CLA. However, the fact remains that instructions of AIBP were not followed.

4.1.5 No establishment cost was permissible under the AIBP funding scheme during 1997-99. It was noticed in audit that the entire expenditure of Rs 2.81 crore incurred on establishment of Shah Nehar Project during 1997-99 (1997-98: Rs 0.99 crore and 1998-99: Rs 1.82 crore) was charged to CLA.

Programme Implementation

Selection of ineligible projects

4.1.6 The guidelines of AIBP provided that the projects which were in advanced stage of completion and could be completed in the next four agricultural seasons, i.e., in a period of about two years, irrespective of the total estimated cost would be eligible for CLA under the programme.

Check of records of E-in-C's office however, revealed that none of the major and medium projects as detailed in **Appendix-XIII**, having irrigation potential of 0.21 lakh hectares and estimated to cost Rs 205.89 crore, included in the programme during 1997-2000, was eligible for the grant of CLA.

The E-in-C stated (May 2003) that these projects were got included in the programme in view of shortage of funds with the State Government and with a view to accelerate the pace of execution of the projects so as to derive the irrigation benefit at the earliest.

Tardy execution of projects/schemes

4.1.7 The programme aimed at accelerating completion of the selected irrigation projects/schemes for creation of the envisaged irrigation potential so as to derive the intended benefits within the stipulated time frame. All the projects/schemes included in the programme between 1997-98 and 2000-2001 were targeted for completion between March 2000 and March 2003. It was, however, noticed that the major and medium projects were still at early stages of execution (physical progress achieved between 5 and 20 per cent). One minor flow irrigation scheme, Rathog Sarog (irrigation potential: 36.94 hectares) under Paonta Sahib Division, subsequently, included in the programme, was not found feasible due to the disappearance of its source.² The scheme could thus not be taken up for execution. Five minor schemes² had been completed upto March 2002 (potential created: 68 hectares) at a cost of Rs 32.26 lakh. Out of the remaining 92 schemes, 41 schemes were at various stages of execution as of March 2003 resulting in time overrun ranging between 12 and 36 months. 51 schemes though included in the programme had not been taken up for execution.

E-in-C and implementing units attributed the tardy progress of the projects to lack of adequate funds as State's share, lack of adequate infrastructural facilities by creation of additional divisions and sub-divisions and shortage of staff in the existing divisions and also of inspection vehicles. The bottlenecks were also pointed out by the Central Water Commission (CWC) during inspection of projects in 2002-2003.

² Flow irrigation schemes: Himu Nad, Guddi Manpur, Timbi and Katech and LIS, Chanog Sujana Stage-II.

Work held up due to non-acquisition of land

4.1.8 Construction of minor and sub-minor distributaries of left bank canal of SNP between RDs 2,250 metre and 23,900 metre was awarded by the Executive Engineer, Badukhar, Division to two contractors in October 1999 (Rs 47.74 lakh) and March 2000 (Rs 90.6 lakh) with stipulated period of completion of six months. The works were commenced by contractors in April-May 2000 and total payment of Rs 23.37 lakh was made for part work done by them upto October 2000 and February 2001. Thereafter no work could be done because private land falling in the alignment of the distributaries had not been acquired.

Executive Engineer stated (March 2003) that the works were awarded for execution for which land was voluntarily offered by the people and that the proceedings for acquisition of the land were also in progress. Thus, failure of the division to ensure lawful transfer of title of land before award of works had delayed their completion for periods ranging between 30 and 36 months.

Unfruitful expenditure on lift irrigation schemes under Shah Nehar Project (SNP)

4.1.9 The programme guidelines emphasised phased completion of the selected projects so as to expedite accrual of irrigation benefits with comparatively smaller investment. It was noticed that requisite irrigation facility has not been provided from the following lift schemes/tubewells constructed under the SNP.

4.1.10 Construction of LIS, Jakhbar Bhanoli (Kangra district) was technically sanctioned (December 1998) for Rs 1.97 crore. The scheme to be completed in two years, was designed to lift water from the right bank main canal of SNP at RD 2,998 metres and was to be constructed in three phases. Construction of the scheme was commenced by SNP Division No.-I, Sansarpur Terrace during 1999-2000 and expenditure of Rs 1.41 crore had been incurred upto August 2002. All the vital components including construction of pump house, rising main, installation of pumping machinery and distribution system (constructed between 75 and 95 per cent) for all the three phases had been completed upto December 2000. The right bank canal has also been constructed upto the point from where the water is to be lifted for the scheme.

Test-check of the records of the division revealed (October 2002) that the scheme had not been commissioned as the pumping machinery of second phase was to be accommodated by constructing additional pump house. The construction of the additional pump house was necessitated due to insufficient space in the pump house already constructed for installation of pump sets of the three phases. EE stated (February 2003) that the work of additional pump house was in progress and the relocation work was expected to be completed by December 2003.

Failure of the department to construct the pump house of adequate size in the first instance thus resulted in non-commissioning of the scheme and expenditure of Rs 1.41 crore remaining unfruitful.

4.1.11 Two tubewells³ (irrigation potential: 124.97 hectares) were drilled and developed at km 9/410 of right bank canal of SNP by Division-I, Sansarpur Terrace between May 2000 and April 2001 at a cost of Rs 21.15 lakh. No irrigation from the tubewells has so far been provided for want of power connection and non-construction of distribution system even though payment for supply of power (SOP) had been made by the division during March 1998 (Rs 50 lakh) and August 1999 (Rs 14.78 lakh) for all the 44 tubewells under the project. It was further noticed that an estimate for providing distribution system for the two tubewells sent by the division to the SE for Rs 25.25 lakh in May 2002 had not been finalised.

Non-levy of compensation

4.1.12 SNP Division No. I, Sansarpur Terrace awarded (June 2001-December 2001) five works relating to the construction of main right bank canal, aquaduct and a bridge over the canal to various contractors at the tendered cost of Rs 1.90 crore. The works were to be completed between three and 12 months. The contractors neither completed the works within the respective stipulated periods of time nor applied for any extension of time. Compensation of Rs 19 lakh was leviable in terms of clause 2 of the agreements in these cases action for which had not been taken. This resulted in undue financial aid to the contractors.

While admitting the facts, EE stated (February 2003) that the matter would be looked into and requisite action taken.

Repayment of CLA and interest

4.1.13 The CLA granted to the State Governments by Government of India was repayable in 20 equal annual instalments together with interest on the outstanding balance commencing from the following year. However, 50 per cent of the loan was granted initial grace period of five years after which the repayment of loan was to be effected in 15 equal annual instalments. In the event of non-repayment of the principal and interest in time, interest at penal rates, as given below, was recoverable:

Table: 4.2

Sr. No.	Year of grant of CLA	Annual percentage rate of interest chargeable	
		Normal rate	Penal rate
1.	1997-98 to 2000-2001	12.50	15.25
2.	2001-2002	12.00	14.75
3.	2002-2003	11.50	14.25

It was noticed that principal amount of loan received to the extent of Rs 3.12 crore became due for repayment between 1998-99 and 2002-2003 but the same had not been repaid. Accordingly, the department had become liable to pay interest of Rs 10.04 lakh at the additional penal rate of 2.75 per cent per annum on principal alone, which was avoidable. Reasons for default in re-payment of loan and interest thereon were not furnished by E-in-C.

These points were referred to the Government in June 2003; their reply had not been received (August 2003).

³ Tubewells No. 28 at Mand Malal and 29 at Bhadpur.

4.2 Unfruitful expenditure on lift irrigation scheme, Daulatpur Jalari

Faulty planning of the department in selection of suitable site and provision of unsuitable RCC pipes in lift irrigation scheme, Daulatpur Jalari in Kangra district resulted in unfruitful expenditure of Rs 1.65 crore.

Construction of Lift Irrigation Scheme, Daulatpur Jalari (Kangra district) was administratively approved (December 1989) by the State Government and technically sanctioned (July 1990) by the Chief Engineer, USAID¹ for Rs 57.15 lakh. Intended to provide irrigation to a culturable command area (CCA) of 172 hectares of Daulatpur and Jalari villages, the scheme was to be completed in two years. The source of the scheme was Baner *khad*. The scheme was taken up for execution by Dharamshala Division in February 1989 and was commissioned in May 1992. It was subsequently transferred to Shahpur Division in 1996. Expenditure of Rs 165.13 lakh² had been incurred on construction, improvement and maintenance of the scheme as of August 2002.

Test-check of records of Shahpur division revealed (September 2002) that the scheme was lying defunct ever since its commissioning because RCC pipes provided in the distribution system could not withstand the pressure of water and burst at joints. Water level of sump well at the source of the scheme went down due to change of course of the *khad*. The pump house was also damaged in 1995 by floods in the *khad*. To make the scheme functional, an improvement estimate was approved (March 1996) by the Chief Engineer (North), Dharamshala for Rs 20.66 lakh. The estimate provided for replacement of 4990.180 running metres RCC pipes already laid in the distribution system by AC pressure pipes, reconstruction of pump house, laying of 35 metres long additional rising main of 400 mm dia MSERW³ pipes and provision of submersible pump.

Scrutiny of records revealed that though replacement work of pipes was completed by March 1998, other components of the work like construction of pump house and erection of submersible pumping sets had not been taken up for execution. In the process expenditure of Rs 3.62 lakh incurred on re-excavation of trenches, dismantling of RCC pipes, etc., had gone waste. The expenditure on improvement works had also exceeded the sanctioned estimate by 53 per cent.

The Executive Engineer stated (September 2002) that the remaining components of the work could not be completed because of paucity of funds. There was however, nothing on record to indicate that sufficient funds had been demanded by the division to complete various components of the improvement work.

¹ United States Agency for International Development.

² Construction: Rs 104.78 lakh, improvement: Rs 31.70 lakh and maintenance: Rs 28.65 lakh.

³ Mild steel electric resistance welded.

Even after spending Rs 165.13 lakh on construction, improvement and maintenance of the scheme, only 6.06 per cent (10.43 hectares) of the total CCA of 172 hectares per crop could be irrigated during *Rabi* season from 1999 to 2002. No irrigation was provided to the CCA during *Kharif* season during the aforesaid period. This happened due to the faulty planning of the department in selection of site, laying unsuitable pipes in the distribution system etc. The investment was rendered largely wasteful and the beneficiaries were deprived of the intended irrigation facility. The actual cost of the scheme per hectare also escalated from Rs 33,227⁴ to Rs 79,351⁵ (138.81 per cent) which is likely to increase further on completion of the unexecuted components.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

4.3 Unfruitful expenditure on construction of Ghapen Ghat *kuhl*

Lackadaisical approach to construction of Ghapen Ghat *kuhl* in Lahaul and Spiti district led to a time overrun of 10 years and escalation of project cost by 58 per cent, besides the investment of Rs 43.47 lakh so far remaining largely unfruitful.

Construction of 6.270 kms long Ghapen Ghat *kuhl* in Sissue Gram Panchayat of Lahaul and Spiti district, designed to irrigate 243 hectares of culturable command area (CCA), was administratively approved (July 1990) by the Deputy Commissioner for Rs 27.49 lakh. The scheme, stipulated for completion in three working seasons and taken up for execution in August 1990, had not been completed as of October 2003 after incurring an expenditure of Rs 43.47 lakh. The source of the scheme was Sissue Nallah which had sufficient discharge of water to meet the irrigation demand.

Test-check of the records of Lahaul Division at Keylong conducted in July-August 2001 and information collected (November 2003) revealed that *patra* cutting* and *katcha* channel had been completed for the full length of 6,270 Rmt. However, stone lining had been done in a stretch of 5,375 Rmt. Head works of the scheme and three outlets provided in the approved estimate had also not been completed. Due to non-completion of the lining work of the entire channel of the scheme and head works, required amount of water could not be supplied to the CCA. It was also noticed that water was being tapped from Fardang Nallah located at RD[#] 1550 of the *kuhl*. Since sufficient water was not available in Fardang nallah, only 110 hectares of land could be irrigated during 2002 and 2003.

Executive Engineer stated (August 2001) that water for the *kuhl* could not be supplied from Sissue Nallah as *katcha* channel between Sissue Nallah and Fardang Nallah had loose deposits of soil at various RDs which led to

4 Estimated cost per hectare = $57,15,000 \div 172$ = Rs 33227.

5 Actual cost per hectare = $(1,04,77,949 + 31,70,495) \div 172$ = Rs 79351.

**Patra* cutting: Trace cutting for an irrigation channel in hilly areas.

Reducing distance.

excessive seepage of water. He further stated (November 2003) that permanent head weir would be completed in June 2004. The reply of the EE is not acceptable as geological investigations of the strata should have been conducted before starting the scheme. No reasons were available on record for the inordinate time and cost overruns.

Lackadaisical approach of the department in the implementation of the project as well as its failure to establish the reliability of the strata resulted in inordinate delay of about 10 years in the completion of the scheme and cost overrun of 58 *per cent* which is likely to go up further. The investment of Rs 43.47 lakh so far has remained largely unfruitful and about 55 *per cent* of the CCA had been denied the benefits of irrigation.

The matter was referred to the Government in December 2002; their reply had not been received (August 2003).

4.4 Unfruitful expenditure on sewerage scheme, Una

Failure of the department to properly assess the requirement of private land for the construction of sewerage scheme, Una resulted in unfruitful expenditure of Rs 141.08 lakh and cost overrun of 60 *per cent*.

The work, "Providing sewerage scheme to Una town" was administratively approved (June 1995) by the State Government for Rs 4.93 crore. The scheme, to be completed in four years, was divided into four independent zones (A, B, C and D) in so far as their construction and functioning was concerned. The work relating to zone C had been completed and that relating to zones A and B was in progress as of September 2002. The work of Zone D, technically sanctioned (February 1997) for Rs 88.28 lakh (laying of sewerage network: Rs 55.05 lakh and treatment plant: Rs 33.23 lakh) was taken up for execution by Una Division No. I in May 1997. Expenditure of Rs 141.08 lakh had been incurred on this zone till 2002-2003.

Test-check of records of the division revealed (September 2002) that the work of zone D was held up since December 2000 and had not been completed as of September 2002. Scrutiny of records revealed that private land acquired by the department for the construction of treatment plant and the connecting sewer lines fell short of actual requirements. This necessitated acquisition of additional private land measuring 554.20 sqm adjoining the piece of land already taken over. However, owners of the land raised objections regarding demarcation and location of exact points of boundaries and got stay orders from the court in April 2001.

The Chief Engineer, Irrigation and Public Health Department, Dharamshala stated (January 2003) that the balance work would be completed after the decision of the court and no action could be taken till then. This eventuality could have been avoided had the department properly assessed the requirement of land in the first instance.

Failure of the department to properly assess the requirement of land for the treatment plant and sewer lines and take appropriate steps for the acquisition

of the same thus resulted in unfruitful expenditure of Rs 141.08 lakh and denial of intended benefits to the beneficiaries. The expenditure on the work completed so far has already resulted in cost overrun of 60 *per cent* which is likely to escalate further on actual completion of the work. No justification for the cost overrun had been furnished by the department. Action to revise the estimate had also not been initiated.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

4.5 Wasteful expenditure on a flow irrigation scheme

Wrong planning of the department in the construction of flow irrigation scheme Kuthal (Chamba district) resulted in wasteful expenditure of Rs 32.07 lakh.

Designed to irrigate 52 hectares of land of village Kuthal, construction of flow irrigation scheme (FIS), Kuthal (Chamba district) was administratively approved (May 1997) for Rs 11.89 lakh which was revised to Rs 45.78 lakh in August 1997. The *kuhl** was to be constructed in 2.210 kms with source from Godwa *nallah*. To be completed in two years the work was taken up for execution in September 1997 by Killar Division in anticipation of technical sanction.

Test-check of records of the division revealed (September 2001) that the construction of the *kuhl* upto a length of 1.410 kms was completed by October 1999 at a cost of Rs 32.07 lakh. No work was executed thereafter in the remaining length of 800 metres as the people of the village did not allow the *kuhl* to pass through their fields. Meanwhile, the department proposed a new scheme named "FIS, Parmar *nallah* to Sach and Kuthal" covering 79.76 hectares of culturable command area of Sach and Kuthal villages. The scheme was administratively approved (September 2001) for Rs 67.51 lakh but the work had not been taken up for execution as of May 2002. It was further noticed in audit that alignment of *kuhls* of both the above schemes was separate and no credit for the already constructed *kuhl* had been given in the estimate of the new scheme. The expenditure of Rs 32.07 lakh incurred on the *kuhl* would thus go waste.

Chief Engineer, Dharamshala stated (February 2002) that prior consent of local people was obtained before execution of the *kuhl* of Kuthal village but subsequently they objected to the construction of the *kuhl* through their fields. The contention is not acceptable as the work had been executed without obtaining written consent of the people of the area.

Thus, due to poor planning the expenditure of Rs 32.07 lakh was rendered wasteful besides denial of intended benefits to the beneficiaries.

The matter was referred to the Government in March 2003; their reply had not been received (August 2003).

**Kuhl*: A small irrigation channel in hilly areas.

4.6 Underutilisation of irrigation potential

Irrigation potential of eight lift/flow irrigation schemes could be utilised between 2 and 8 per cent only resulting in unfruitful expenditure of Rs 2.82 crore.

Test-check of records of seven divisions¹ revealed (December 2001-December 2002) that irrigation potential of eight irrigation schemes² completed/commissioned between 1986-87 and 1998-99 at a cost of Rs 2.48 crore and designed to irrigate 579.93 hectares of land was grossly underutilised. Further, Rs 34.64 lakh were also spent on the running and maintenance of these schemes during 1997-2002. However, the underutilisation of irrigation potential ranged between 92 and 98 per cent of culturable command area (CCA) per crop during 1997-2002, as detailed below:

Table: 4.3

Year	Crop	Potential created	Potential utilised	Percentage shortfall
		(In hectares)		
1997-98	Kharif	478.72	37.26	92
	Rabi	478.72	9.41	98
1998-99	Kharif	478.72	30.81	94
	Rabi	478.72	14.28	97
1999-2000	Kharif	579.93	35.39	94
	Rabi	579.93	25.86	96
2000-2001	Kharif	579.93	36.55	94
	Rabi	579.93	22.25	96
2001-2002	Kharif	579.93	38.46	93
	Rabi	579.93	34.18	94

Of these, lift irrigation scheme, Niun Pallian was completed during 1997 by Ghumarwin division at a cost of Rs 23.96 lakh. It was noticed that water level of source had gone down owing to which the scheme was not functioning properly during summer season. However, estimate for improvement of source prepared (September 1997) for Rs 13.02 lakh had not been sanctioned as of December 2002.

Flow irrigation scheme, Bhanota was remodelled during 1991-92 by Chamba division at a cost of Rs 22.82 lakh. It was noticed that a portion of the irrigation channel involving CCA of 48.33 hectares was damaged due to heavy rains in 1990 and had not been restored as of September 2002.

Concerned Executive Engineers attributed (December 2001-December 2002) under-utilisation of irrigation potential to less demand of water for irrigation and non-adoption of the desired cropping pattern by the beneficiaries.

Construction of the schemes without ascertaining demand of water for irrigation coupled with abnormal delay in restoration of damages/improvement of source of the scheme resulted in unfruitful expenditure of Rs 2.82 crore spent on construction and maintenance of the schemes.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

¹ Arki, Barsar, Chamba, Ghumarwin, Indora, Padhar and Rampur.

² Lift irrigation schemes: Manlog Kalan, Neri Bhukhar, Niun Pallian and Balkhore; Flow irrigation schemes: Ropa, Dawarch Bathara and Bhanota; Sprinkler irrigation scheme: Khanni Grima.

Public Works Department

4.7 Unfruitful expenditure on a bridge in Hamirpur district owing to non-construction of approaches

Failure of the department to initiate timely action for acquisition of private land resulted in non-utilisation of a bridge over Garli *khad* completed in November 2001 at an expenditure of Rs 41.12 lakh.

Construction of 3.5 kms long Malehra-Rappar road (Hamirpur district) was completed by Barsar Division at an expenditure of Rs 5.47 lakh and was opened (May 1997) for vehicular traffic. In order to make it an all weather road, construction of 56.114 metres span bridge over Garli *khad* at km 0/881 of the road was administratively approved (July 1999) for Rs 42.78 lakh by the Chief Engineer (Central Zone), Mandi. The work was taken up for execution by Barsar Division in June 2000 without obtaining technical sanction and the bridge completed (November 2001) at a cost of Rs 41.12 lakh.

Test-check of records of the division revealed (February 2002) that construction of Malehra side approach to the bridge had been held up since March 2001 as the owners of private land falling in the alignment did not allow execution of work. It was further noticed that notification under section 4 of Land Acquisition Act, for acquisition of land was issued in March 2001. Action to issue declarations that land is required for public purpose under section 6 and Government directions to the Collector for acquisition of land under section 7 of the Act, required to be taken within a period of one year from the date of publication of notification under section 4, had not been taken as of January 2003. The notification issued under section 4 had thus been rendered null and void. The bridge completed in November 2001 could also not be put to use due to non-construction of approaches.

The Superintending Engineer, 8th Circle, Hamirpur stated (June 2002) that the owners of the land had agreed in the beginning to donate land for the construction of Malehra side approach and land acquisition proceedings were not initiated to save government money. The contention is not tenable as neither any written undertaking was obtained from the interest holders nor timely land acquisition proceedings initiated despite a provision in the sanctioned estimate of the work.

Failure of the department to take timely action for acquisition of private land and complete the proceedings within the time frame given in the Land Acquisition Act led to stoppage of work. This resulted in unfruitful expenditure of Rs 41.12 lakh incurred on construction of the bridge besides denial of intended benefit to the public.

The matter was referred to the Government in March 2003; their reply had not been received (August 2003).

4.8 Unfruitful expenditure on the construction of Reoghati-Umla-Dwar link road

Lack of co-ordination between two divisions involved in the construction of a road work resulted in non-completion of the road and unfruitful expenditure of Rs 20.38 lakh.

Construction of 5/7 metres wide and 9.500 kms long Reoghati-Umla-Dwar motorable road to link two existing roads (Gumma-Jashla-Reoghati and Tikkar-Umla-Dwar) was administratively approved (January 1996) by the State Government for Rs 25.18 lakh. The proposed road from km 0/0 to 5/200 fell under the jurisdiction of Jubbal Division and from km 5/200 to 9/500 under Rohru Division.

Construction of road from Reoghati side was taken up (April 1996) by Jubbal Division without obtaining technical sanction. Formation work upto km 5/200 was completed by November 1997 after incurring expenditure of Rs 18.14 lakh. The completed road portion had, however, not been opened for vehicular traffic so far. Construction of the road beyond km 5/200 was also taken up by Rohru Division in May 1997 in anticipation of technical sanction. It was noticed in audit that the road in a length of 4.190 kms was not constructed upto the required width of 5/7 metres. Expenditure of Rs 2.24 lakh had been incurred on the construction of the road as of June 1998. Further execution of the road remained suspended since July 1998 reportedly owing to non-availability of funds. Scrutiny of records however, revealed (May 1999) that out of Rs 15 lakh received from the Deputy Commissioner-(DC), Shimla for the construction of the road, Rs 8.99 lakh only were utilised by Jubbal Division during 1997-99 and the balance amount of Rs 6.01 lakh remained unutilised as of June 2002 under PW deposits. Allocation of funds was thus not made by the DC keeping in view the priority of the road.

The Executive Engineer, Jubbal Division stated (June 2002) that the unutilised amount of Rs 6.01 lakh would be utilised for soling and retaining structures for which estimates were being processed and the unutilised amount could not be spared for Rohru Division. Meanwhile, the Executive Engineer, Rohru Division intimated (September 2002) that no budget provision had been made for the work and the same would be resumed on availability of adequate funds.

Lack of co-ordination between two divisions of the department coupled with paucity of funds resulted in non-completion of the road. The expenditure of Rs 20.38 lakh incurred on the construction of the road had thus remained unfruitful.

The matter was referred to the Government in January 2003; their reply had not been received (August 2003).

4.9 Idle investment on construction of road and bridge

Poor planning of the department in the construction of Killar-Punto road and bridge thereon in Pangi valley resulted in unfruitful expenditure of Rs 35.39 lakh and idle investment of Rs 47.93 lakh.

Construction of 5 kilometres long jeepable road from Killar to Punto in Pangi valley (Chamba district) was administratively approved (March 1991) for Rs 7.74 lakh. The work, stipulated to be completed in three years, was started by Killar division in June 1991 without obtaining technical sanction. Expenditure of Rs 35.39 lakh was incurred on formation work from km 0/0 to 1/280 as of July 2002. There was time overrun of more than eight years and cost overrun of Rs 27.65 lakh (357 *per cent*) which would increase further as only 26 *per cent* road portion has so far been constructed.

Test-check of records of the division revealed (August 2002) that Rs 71 lakh were available for the work during 1991-2003 of which only 50 *per cent* funds were utilised during the aforesaid period. It was also noticed in audit that the entire alignment of the road was passing through forest land. Approval of Government of India for the use of forest land for non-forestry purposes, required under the provisions of Forest Conservation Act 1980, had not been obtained as of January 2003.

Administrative approval for the construction of jeepable suspension bridge over river Chanderbhaga at km 1/500 of the road was accorded (April 1992) for Rs 18.50 lakh which was revised (October 1994) to Rs 32.96 lakh for constructing a motorable bailey bridge in two years. However, scope of the road remained jeepable. An expenditure of Rs 75.19 lakh had been incurred on the construction of the bridge upto 1997-98 which included Rs 74.60 lakh on procurement of bailey bridge. Scrutiny of records revealed that actual execution of the bridge had not commenced as of August 2002 and some components of the bailey bridge valued at Rs 27.26 lakh had been utilised (October 2000) on another bridge.

The Executive Engineer, while admitting the facts stated (August 2002) that Killar being the remotest area of the State, material had to be procured in advance. The contention is not tenable as the materials had not been utilised even after more than four years of their procurement.

Failure of the department to obtain permission of Government of India for the use of forest land for non-forestry purposes and complete the road and the bridge despite availability of sufficient funds thus resulted in unfruitful expenditure of Rs 35.39 lakh. Further, investment of Rs 47.93 lakh on the bridge remained idle.

The matter was referred to the Government in January 2003; their reply had not been received (August 2003).

4.10 Unfruitful and infructuous expenditure owing to unplanned execution of road works

Unplanned execution and inadequate investigation of alignment of road works resulted in unfruitful expenditure of Rs 40.63 lakh which included infructuous expenditure of Rs 8.29 lakh.

Construction of 3 kms long motorable road from Goshal village to Mooling bridge and 4.230 kms long jeepable link road from Mooling bridge to Mooling and Bargul villages via Shipting (Lahaul and Spiti district) was administratively approved (October 1980) for Rs 9.46 lakh. The work, to be completed in about three working seasons, was taken up for execution in 1981 by Chenab Valley Division, Udiapur without obtaining technical sanction. An expenditure of Rs 40.63 lakh had been incurred on construction of 4.903 kms motorable road from Goshal to Mooling bridge (3 kms), link road from Mooling bridge to Mooling village (1.300 kms) and link road from bifurcation point to Bargul village (0.603 km) as of November 2000. No work was executed thereafter. The constructed portion of the road had not been opened for vehicular traffic as of August 2002.

It was noticed (July-August 2002) in audit that the major variations between the approved estimate and the actuals were due to time overrun of 19 years and construction of 1.903 kms long motorable road instead of jeepable road from Mooling bridge to Mooling village.

It was also noticed in audit that no proper survey was done before preparing the original estimate. Lack of proper survey was evidenced by the fact that the completed road included one kilometre road to Mooling village which was abandoned due to risk of glaciers after incurring expenditure of Rs 8.29 lakh.

Even after an expenditure of Rs 40.63 lakh and time overrun of 19 years, the road remains still incomplete. Lack of proper planning in the initial stages and absence of mid course corrections during the course of execution resulted in denying the benefits of the road to the concerned people for more than 19 years leading to wasteful and unfruitful expenditure of Rs 40.63 lakh.

The matter was referred to the Government in March 2003; their reply had not been received (August 2003).

4.11 Unfruitful expenditure on a road and avoidable extra expenditure on a bridge in Kangra district

Failure of the department to acquire private land resulted in avoidable expenditure of Rs 20.41 lakh on the construction of a bridge, infructuous expenditure of Rs one lakh on construction of approaches and unfruitful expenditure of Rs 32.04 lakh on construction of road in Kangra district.

Construction of 3.500 kms long Jandpur-Nagta-Bharwana-Battan road (Kangra district) was completed by Baijnath Division in June 1996 at a cost of Rs 25.96 lakh. Rupees 6.08 lakh were also spent on repair and maintenance of the road from April 1999 to October 2002. The road had however not been opened for vehicular traffic as of December 2002.

It was noticed (December 2002) in audit that construction of a bridge over Awa *khaad* at km 1/225 was necessary for utilisation of the road. No provision for the construction of the bridge was made in the approved estimate of the road. Administrative approval for the construction of 25 metre span bridge was subsequently accorded (January 2000) for Rs 24.19 lakh. It was also noticed that no provision for acquisition of private land falling in the alignment of the bridge existed in the approved estimate. The department however, spent Rs one lakh on construction of approaches of the bridge. In the meantime, owners of private land objected to the construction of the bridge. Consequently, alternative site for the construction of 40 metres span steel truss bridge at km 1/170 was finalised. The work awarded (July 2002) to a contractor for Rs 54.43 lakh was in progress as of December 2002.

While confirming the facts, the Executive Engineer stated (December 2002) that dispute at the original bridge site could not be anticipated as the land owners objected only when its execution was started. The contention is not tenable as is evident from the fact that the department had neither made any provision for acquisition of private land in the estimate of the bridge nor taken any action to acquire the land.

Failure of the department to acquire private land falling in the alignment of the bridge thus necessitated shifting the site of the proposed bridge involving extra avoidable expenditure of Rs 20.41 lakh¹ due to increase in scope of work. Besides expenditure of Rs one lakh incurred on the construction of approaches at the original site had been rendered infructuous. Abnormal delay in the construction of the bridge had also rendered the expenditure of Rs 32.04 lakh on construction and maintenance of the road unfruitful and deprived the public of the intended benefits.

The matter was referred to the Government in February 2003; their reply had not been received (August 2003).

4.12 Avoidable payment of interest and compulsory land acquisition charges for road construction in Mandi district

Failure of the department to follow the provisions of Land Acquisition Act resulted in avoidable burden of Rs 46.67 lakh on State exchequer.

The Land Acquisition Act, 1894 as amended in 1984 (effective from 29 April 1982) provides that if any land is needed for a public purpose, a preliminary notification under Section 4 and declaration under Section 6 should be made to that effect. Possession of land taken over in anticipation of acquisition proceedings would result in avoidable payment of enhanced interest charges and compulsory acquisition charges (from existing 15 to 30 per cent).

Test-check of records of Sarkaghat division revealed (June 2002) that possession of 1.93 hectares of land for the construction of Plassi Triphalghat road (Mandi district) was taken over by the department in four localities in April 1969 without issuing notifications as required under the Act. The notifications under Section 4 were subsequently published in November and

¹ (54.43 ÷ 40) 15 = 20.41.

December 1994 and declarations under Section 6 were issued in July 1995. Four awards of Rs 56.71 lakh were announced (June 1997) by the Land Acquisition Officer (LAO), Mandi for the acquisition of the aforesaid land. The amount of awards was deposited by the division with the LAO in November 2000 who disbursed Rs 55.94 lakh to the interest holders between May 2001 and July 2001 leaving unutilised balance of Rs 0.77 lakh as of March 2003 outside the government account. The proceedings in these cases were initiated after a lapse of over 25 years from the date of taking possession of land. This resulted in avoidable payment of interest of Rs 43.43 lakh*. Besides, Rs 3.24 lakh had to be paid on account of additional compensation and compulsory acquisition charges under the amended provisions of the Act.

The Executive Engineer stated (June 2002 and February 2003) that land acquisition proceedings could not be initiated as the control of the road remained with different divisions prior to 1983. He also stated that land acquisition was a lengthy process and sometimes it was not practicable to first acquire the land and start the execution work thereafter. The contention is not tenable as it was mandatory to start land acquisition proceedings immediately after taking possession of land and there was no justification for abnormal delay of 25 years for doing so.

Failure of the department to follow the provisions of the Act thus resulted in avoidable burden of Rs 46.67 lakh on the State exchequer.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

4.13 Avoidable expenditure on providing of renewal coat to roads

Failure to adopt economical specifications for providing renewal coat to roads resulted in avoidable expenditure of Rs 2.71 crore.

Mention was made in paragraph 4.12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil) - Government of Himachal Pradesh regarding avoidable expenditure on providing of renewal coat to roads owing to adoption of conventional method of premix carpet (PC) and seal coat (SC) separately instead of mix seal surface (MSS) or PC treatment of one time laid one layer.

Test-check of records of nine divisions¹ revealed (June 2001 and January 2003) that the suggestions of the study group adopted by the Ministry of Surface Transport (MOST) for renewal treatment of roads by MSS or PC

	(Rs in lakh)
Assessed value of land and trees	8.70
Amount of additional compensation	1.95
Total:	10.65
Interest on Rs 10.65 lakh @ 9 per cent from 1.4.1969 to 31.03.1970	0.96
Interest on Rs 10.65 lakh @ 15 per cent from 01.04.1970 to 31.10.1996	42.47
Total interest:	43.43

¹ Bangana, Barsar, Dehra, Hamirpur, National Highway Jogindernagar, Nalagarh, Paonta Sahib, National Highway Rampur and Una.

treatment of one time laid one layer were not effected by the divisional officers and renewal coat over an area of 10,15,569 square metres of road surface was executed in 121 cases between 1996-97 and 2002-2003 with the conventional method of PC and SC at a cost of Rs 7.58 crore. Had the divisions adopted specifications approved by the Engineer-in-Chief for renewal of road surfaces, the actual cost could have come down to Rs 4.87 crore.

In respect of Bangana Division the Superintending Engineer, 15th Circle, Una stated (April 2002) that different specifications are used keeping in view the site conditions and decision regarding use of MSS or PC should be left to the authorities sanctioning the estimate. The Superintending Engineer, 9th Circle, Nurgpur in respect of Dehra division stated (July 2002) that the item of PC and SC had to be executed to give more strength to the surface of the road in view of the intensity of vehicular traffic as well as excessive rains in the hilly terrain. The contentions are not tenable as these factors had already been taken into account by the study group while fixing the norms for laying renewal treatment of roads by MSS or PC treatment of one time laid one layer. Replies from the remaining divisions had not been received. Failure to adopt proper specifications in these cases thus resulted in extra expenditure of Rs 2.71 crore.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

4.14 Unfruitful expenditure on incomplete works

Due to non-completion of works, Rs 4.33 crore spent on ten roads and six building works remained largely unfruitful.

Forest (Conservation) Act 1980, prohibits use of forest land for non-forest purposes without prior approval of the Government of India. Government of India also clarified (March 1982) that diversion of forest land for non-forestry activities in anticipation of approval was not permissible and that request for *ex-post-facto* approval would not be entertained.

Contrary to these provisions, construction of eight road works (estimated cost: Rs 2.77 crore), stipulated to be completed within a period of three to six years from the dates of their commencement, was taken up by five divisions¹ between 1979-80 and 1996-97 without obtaining technical sanction as detailed in **Appendix-XIV**. These works on which Rs 1.83 crore had been spent were held up for various periods between 1996 and November 2001 for want of permission of Government of India for the use of forest land for non-forest purposes. Even out of these eight roads works, two works² were taken up for execution in anticipation of administrative approval.

Delay in completion of these roads ranged between 7 months to 19 years and expenditure of Rs 1.83 crore thus remained largely unfruitful.

¹ Baijnath, Chamba, Mandi-II, Salooni and Udaipur.

² Sungal to Kalotha road: Rs 28.63 lakh and Sach Lindi Behi road: Rs 6.78 lakh.

In two divisions,³ two road works (estimated cost: Rs 33.89 lakh), to be completed within a period of three years from the dates of their commencement as detailed in **Appendix-XV**, were taken up for construction during 1991-95 without obtaining technical sanction and were lying incomplete after spending Rs 19.67 lakh. These works were held up mainly because of non-acquisition of private land falling in the alignment. It was noticed that proceedings to acquire private land had not been started as of August 2002. Delay in completion of these works ranged between 63 to 87 months.

In five divisions⁴, six building works as detailed in **Appendix-XVI**, were sanctioned between July 1986 and January 1999 at an estimated cost of Rs 2.48 crore. The works, stipulated to be completed within one year to two years from the dates of their commencement were taken up for execution between March 1987 and April 1999. These works were lying incomplete due to various reasons after spending Rs 2.30 crore. Delay in completion of these works ranged between 24 and 168 months.

The Divisional Officers had thus committed public funds without any accountability as a result of which Rs 4.33 crore had remained largely unfruitful and the beneficiaries deprived of the intended benefits.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

4.15 Unfruitful expenditure on Khakhri-Kherna road in Chamba district due to improper planning

Rs 56.71 lakh spent on construction of a motorable road proved unfruitful and funds of Rs 27.40 lakh provided for construction of the bridge remained unutilised due to non-finalisation of the site.

Administrative approval and expenditure sanction (A/A and E/S) for construction of four kilometres long Khakhri-Kherna road from km 0/0 to 4/0 (Chamba district) was accorded (March 1986) for Rs 7.88 lakh. The A/A and E/S was subsequently revised (October 1997) to Rs 103.75 lakh for construction of the same road from km 1/0 to 10/0 thereby leaving the initial reach of one km from km 0/0 to 1/0 which fell under the jurisdiction of Chamba Division. A/A and E/S for construction of motorable bridge at Khakhri at RD 1/021 of the road over Baira *nallah* was also accorded (June 1989) for Rs 15.45 lakh. Construction of the road was started by Churah Division during 1986-87 without obtaining technical sanction. The work was transferred to Salooni Division on its creation in October 1994. An expenditure of Rs 56.71 lakh had been incurred on the construction of the road from km 1/042 to 5/600 as of September 2002.

Test-check of records of Salooni Division revealed (October 2002) that construction of the motorable bridge at Khakhri over Baira *nallah* essential for utilisation of the constructed road was not taken up by the division. Instead, revised estimate of Rs 60 lakh for construction of 42 metres span steel truss

3 Kasauli and Mandi-II.

4 Jubbal, Karsog, Kaza, Rampur and Shimla Medical College.

motorable bridge at the proposed site under Backward Area Sub-Plan (BASP), was sent (June 2002) to the Deputy Commissioner, Chamba which was approved in September 2002. Funds of Rs 27.40 lakh provided under BASP during 2001-02 for the construction of the bridge remained unutilised and were not surrendered before the close of the financial year as required under instructions of the Planning Department. Thus the road constructed at a cost of Rs 56.71 lakh could not be utilised as of October 2002.

The Executive Engineer stated (October 2002) that construction of the road in the initial reaches as also the bridge at RD 1/021 could not be started as the area fell under the jurisdiction of Chamba Division. He also stated that the matter had been resolved and the detailed estimate of Rs 19.66 lakh for the construction of road from km 0/450 to 1/0 was under process. However, fact remains that there was lack of co-ordination between the two divisions (Chamba and Churah) in so far as construction of road in the initial reaches is concerned. Processing of estimate for the construction of bridge at Baira nallah had also been inordinately delayed resulting in non-utilisation of the constructed portion of the road and unfruitful expenditure of Rs 56.71 lakh. Funds to the tune of Rs 27.40 lakh meant for the construction of the bridge also remained unutilised.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

4.16 Miscellaneous Works Advances

Mention was made in the Report of the Comptroller and Auditor General of India (Civil) – Government of Himachal Pradesh for the year ended 31 March 1991 vide paragraph 4.7 regarding outstanding balances under Miscellaneous Works Advances (MWA).

The Public Accounts Committee (Ninth Vidhan Sabha) vide its 76th report presented to the State Legislature on 19 August 1999 had *inter alia*, observed that the department should be vigilant in disposal of all cases involving recovery of large amounts and steps be taken to effect recovery from the concerned officials. In cases where recovery is not possible disciplinary action be taken against the concerned officials. The department should discourage the practice of making advance payments to the firms and make recovery from the concerned firms in a time bound manner. It was further recommended that items which were 25-30 years old and where recovery was not possible, action to write off such items be initiated.

The department had not taken any action on the recommendations of the PAC as of April 2003.

Notwithstanding the aforesaid recommendations, balances under MWA are still increasing.

Further check of records of 16 divisions¹ for the period 1998-2003 during January-March 2003 and supplemented by information obtained from the Engineer-in-Chief revealed the following points:

¹ Bilaspur, Barsar, Dehra, Ghumarwin, Hamirpur, Mandi-II, Nahan, Nirmand, Rampur, Mechanical Rampur, Solan, Shimla-II, Shimla-III, Mechanical Shimla (Dhalli), Theog and Una.

Position of outstanding Balances

4.16.1 The position of outstanding balances under the head during 1998-2003 was as under:

Table: 4.4

(Rupees in crore)

Sr. No.	Year	Opening balance	Addition	Clearance	Closing balance
1.	1998-99	25.14	57.16	51.61	30.69
2.	1999-2000	30.69	54.01	56.51	28.19
3.	2000-2001	28.19	53.06	52.43	28.82
4.	2001-2002	28.82	45.44	45.53	30.73
5.	2002-2003 (upto December 2002)	30.73	30.41	34.39	26.75

MWA is a transitory suspense head under which various items are recorded temporarily pending recovery/adjustment. Accumulation of heavy balances under the head is indicative of hidden expenditure which has not been charged to concerned service heads over long periods and actual expenditure had thus been concealed.

4.16.2 In 16 test-checked divisions, Rs 9 crore comprising 4,728 items were outstanding as of December 2002. Category-wise break up of these items was as under:

Table: 4.5

(Rupees in lakh)

Sr. No.	Category	Number of items	Amount
1.	Advance payments to firms/suppliers awaiting receipt of material or adjustment	778	427.44
2.	Recoveries from departmental officials on account of shortages/non-accounting of stores, etc.	218	13.94
3.	Outstanding recoveries against other divisions/departments	564	292.56
4.	Recoveries from various firms/suppliers/contractors on account of short/non-supply of materials, excess payments, etc.	174	47.67
5.	Recoveries from Assistant Engineers/Junior Engineers on account of unauthorised/irregular expenditure incurred by them	281	45.93
6.	Amount recoverable on account of hire charges of vehicles/machinery	689	44.58
7.	Amount recoverable on account of telephone trunk call charges	1621	5.48
8.	Expenditure incurred on deposit works in excess of deposits received	42	10.72
9.	Amount recoverable on account of tour travelling advance, etc., debited to MWA	12	0.14
10.	Miscellaneous items recoverable from different government/non-government agencies	349	11.60
Total:		4728	900.06

Contrary to the rules, expenditure of Rs 5.62 lakh on trunk call charges (Rs 5.48 lakh) and tour travelling advances (Rs 0.14 lakh) had been debited to MWA without any recorded reasons. The outstanding recoveries related to the period from March 1969.

4.16.3 Year-wise position of outstanding balances of the divisions test-checked was as follows:

Table: 4.6

(Rupees in lakh)

Period	Amount
1952 to 1992-93	114.24
1993-94 to 1997-98	137.65
1998-99	51.03
1999-2000	82.95
2000-2001	119.42
2001-2002	123.02
2002-2003 (upto December 2002)	271.75
Total:	900.06

In five divisions², balance of Rs 203.41 lakh (as per MWA Register) did not tally with the total of Rs 179.94 lakh reported by these divisions through their progress reports for the quarter ended December 2002. This showed that either the correct position was not being reported through the quarterly progress reports/monthly accounts or debits and credits had not been updated in the MWA registers. The concerned Executive Engineers stated that discrepancies were due to wrong carrying forward of the figures. It was also stated that variations of figures pertained to very old period and would be reconciled in due course.

Trend analysis

4.16.4 The trend of balances of 10 divisions³ out of 16 selected for test-check under the head during the preceding five years was as follows:

Table: 4.7

(Rupees in crore)

Year	Opening balance	Debit during the year	Credit during the year	Closing balance
1998-99	2.95	9.30	7.48	4.77
1999-2000	4.77	7.19	6.18	5.78
2000-2001	5.78	8.31	9.49	4.60
2001-2002	4.60	7.48	5.83	6.25
2002-2003 (upto 12/2002)	6.25	7.32	7.05	6.52

² Hamirpur, Rampur, Solan, Theog and Una.

³ Barsar, Hamirpur, Mandi-II, Nahau, Nirmand, Mechanical Rampur, Solan, Shimla-III, Theog and Una.

The outstanding balance at the end of December 2002 showed an increase of 121 per cent over March 1998. The outstanding items were thus not being pursued vigorously.

Analysis of outstanding amounts

4.16.5 In Barsar division seven supply orders were placed between March 2000 and March 2002 with Himachal Pradesh Agro Industries Corporation (HPAIC)/ Indian Oil Corporation Limited, Panipat Refinery for the procurement of bitumen and the advance payment of Rs 2.28 crore made to them was charged to MWA. It was noticed in audit that the entire amount of Rs 2.28 crore had been cleared from the head MWA as of January 2003 even though material costing Rs 18.98 lakh had not been received. The Executive Engineer stated (February 2003) that the matter regarding short supply of material had been taken up with the concerned corporation. Notwithstanding this contention, action of the division to clear the entire amount from MWA was injudicious.

4.16.6 In Sundernagar Division, advance payment of Rs 43.12 lakh was made to HPAIC and Civil Supply Corporation (CSC) during January 2002 for procurement of bitumen and cement. The cost of material was irregularly charged to six works instead of "MWA" pending receipt of material. The Executive Engineer while confirming the facts stated (October 2002) that the advance payment related to PMGSY and was charged to work directly to reflect the expenditure. The contention is not tenable as codal provisions were not followed.

4.16.7 In Mechanical Division, Rampur Rs 85.04 lakh on account of repair charges of vehicles/machinery of various divisions of the department for the period from 1995-96 to December 2002 classified under MWA were pending recovery. It was also noticed in audit that Rs 2.70 crore for the period 1994-2003 on the same account had been charged to repair and maintenance of workshop by Mechanical Division, Dhalli, Shimla thereby leaving no scope for watching the recovery of expenditure from the concerned divisions/departments.

4.16.8 The payment of premium under Janata Personal Accidental Assurance Scheme in respect of daily waged workers and work charged staff of all the Public Works Divisions of the State was being made by Shimla Division No. III to the New India Assurance Company, Shimla. The amount so deposited was required to be deducted from the pay/wages of the workers by various divisions and remitted to Shimla Division No. III. It was noticed in audit that an amount of Rs 1.43 crore paid by Shimla Division No. III to New India Assurance Company during the period from 1996-97 to February 2003 had not been recovered from different divisions as of March 2003. This resulted in unnecessary accumulation of balances under MWA. The Divisional Officer stated that reminders were being issued to the concerned divisions/circle for remitting the amount.

4.16.9 In Theog Division, Rs 5.77 lakh were outstanding against 5 JEs and 4 AEs for the period from August 1995 to April 2002 on account of

unauthorised expenditure/less progress of work/shortage of stores, etc. These officials have either been transferred (6 officials) or retired (3 officials).

4.16.10 In Nirmand Division, an amount of Rs 17.89 lakh mainly on account of shortage of stores, unauthorised payments, excess payments, issue of material without indents, etc., was outstanding from 1999-2000 to December 2002. The Executive Engineer stated that steps were being taken to recover/reconcile the outstanding.

4.16.11 Six hundred and eighty nine items amounting to Rs 44.58 lakh were outstanding against various departmental officers/officials, other departments/corporation, contractors and firms on account of private use of vehicles and machinery of the divisions. The earliest item pertained to the year 1954-55 (Solan Division). It was noticed in audit that hire charges for private use of vehicles, machinery by the officers/officials, contractors and other private parties were not realised immediately after the use of vehicles/machinery. Further, whereabouts of some of the contractors/private parties, etc., were not known to the divisions. Chances of recovery of outstanding amounts from concerned parties had, thus become very remote.

Expenditure on deposit works in excess of deposits received

4.16.12 Expenditure on 64 deposit works undertaken by six divisions⁴ during the period from 1989 to December 2002 amounted to Rs 10.06 crore against deposits of Rs 7.58 crore. It was noticed in audit that expenditure incurred in excess of deposits received had not been charged to MWA as required under rules.

Mention was made in Paragraph 4.7(6) of the Report of the Comptroller and Auditor General of India for the year 1990-91 regarding non-recovery of Rs 10.91 lakh from Municipal Corporation, Shimla pertaining to the period 1966-71. Out of this, an amount of Rs 6.60 lakh was yet to be recovered. Contrary to the recommendation of PAC neither recovery in full was effected nor the balance amount got written off as of March 2003 by Shimla Division No.II.

Minus Balances

4.16.13 In five divisions⁵ 27 items amounting to Rs 11.38 lakh and pertaining to 1990-2003 represented minus balances. The minus balances were on account of non linking of debits/credits, incorrect incorporation of transfer entries and affording of credit on account of freight charges, etc. This was indicative of improper maintenance of records.

4 Barsar, Hamirpur, Rampur, Solan, Theog and Una.

5 Ghumarwin, Rampur, Mechanical Rampur, Nirmand and Solan.

Defects in maintenance of records

4.16.14 MWA registers had not been maintained properly in any of the divisions test-checked. Year-wise break up of outstanding items was not available and the registers had not been reviewed by the Divisional Officers of 12 divisions⁶ for taking effective steps to clear old outstanding items. Follow up action for the adjustment/recovery of items placed under MWA was lacking.

Monitoring

4.16.15 The position of outstanding under the head is reported by the divisions to the concerned Superintending Engineer through quarterly progress reports for onward transmission to the Engineer-in-Chief.

It was noticed that the system of monitoring did not prove to be effective as the reports submitted by the Divisional Officers merely indicated the increase and decrease in balances. No attempt to analyse and conduct an in-depth study of old items and to find out the constraints in settling the older items had been made with the result that the progress of clearance of older item was almost negligible.

Government had not prescribed any system of monitoring the progress of clearance of outstanding balances. The absence of such a system also contributed to non-clearance of heavy balances.

These points were referred to the Government in April 2003; their reply had not been received (August 2003).

⁶ Barsar, Bilaspur, Ghumarwin, Hamirpur, Nahan, Nirmand, Rampur, Shimla-II, Shimla-III, Mechanical Shimla (Dhalli), Theog and Una.

CHAPTER-V

STORES AND STOCK

CHAPTER-V

STORES AND STOCK

Home Department (Jails)

5.1 Stores and stock accounts

Stores of Home Department (Jails) consist of machinery and equipment, arms and ammunition, ration, medicines and stationery articles. Against the budget provision of Rs 559.15 lakh, the department spent Rs 525.81 lakh¹ on the purchases of these items during 1998-2003. Expenditure on ration, clothing and medicines accounted for 78.55 *per cent* of the total expenditure during the aforesaid period.

Records of six² out of 12 units covering expenditure of Rs 396.15 lakh for the period 1998-2003 were test-checked between February-April 2003. Important points noticed in audit are discussed in the succeeding paragraphs:

Budget allotment and expenditure

5.1.1 Scrutiny of records of the selected units revealed that actual expenditure³ during the last quarter of each year ranged between 37.83 and 67.47 *per cent* against the norm of 25 *per cent*. The Superintendents, Jails stated (February-March 2003) that the expenditure exceeded the norms as the additional funds were received in the last quarter. This was indicative of inadequate financial control.

5.1.2 Out of provision of Rs 52.85 lakh (March 1999) for the procurement of machinery and equipment to strengthen security arrangements, communication, and for providing vocational training, medical facilities, etc., under "Modernisation of Prisons Administration", Rs 42.39 lakh were diverted for the purchase of power looms, X-rays machine, ultra-sound machine, computer parts, furniture and civil works of sub Jail, Kaithu which were not covered under the scheme. Additional Director General (Prisons) admitted the facts (February 2003).

5.1.3 In four of the selected units,⁴ Rs 72.25 lakh were drawn at the fag end of the respective years during 1998-2003 to avoid lapse of budget and disbursed in the subsequent years. The Superintendents, Jail, Nahan and Kaithu admitted (April 2003) the facts. Reply from the remaining two units was not received.

1 Machinery and Equipment: Rs 49.38 lakh; Ration, Clothing and Medicines: Rs 445.04 lakh; Raw material: Rs 29.47 lakh and Stationery: Rs 1.92 lakh.

2 Additional Director General of Prisons, Shimla: Rs 129.57 lakh; Model Central Jail, Kanda at Shimla: Rs 58.96 lakh; Model Central Jail, Nahan: Rs 87.13 lakh. Open Air Jail, Bilaspur: Rs 36.18 lakh, Sub Jail, Kaithu at Shimla: Rs 35.02 lakh and District Jail, Dharamshala: Rs 49.29 lakh.

3 1998-99: $48.66 \div 72.12 \times 100 = 67.47$; 1999-2000: $49.87 \div 99.77 \times 100 = 49.98$; 2000-2001: $67.64 \div 117.84 \times 100 = 57.39$; 2001-02: $31.78 \div 84.01 \times 100 = 37.82$.

4 Kaithu (Shimla): Rs 4.33 lakh; Kanda (Shimla): Rs 1.70 lakh; Nahan: Rs 15.66 lakh and Headquarter: Rs 50.56 lakh.

Purchases

Purchases without quotations/tenders/requirements

5.1.4 Test-check of the records of selected units revealed that the Jails Administration had not constituted any purchase committee at the State level and the committee constituted at jail level (December 2001) did not have the approval of the Finance Department. The Department had made purchases of Rs 314.49 lakh⁵ during 1998-2003 in six units.

The following points were noticed in audit:

5.1.5 In the selected units, purchases of stores valued at Rs 88.93 lakh (28.30 per cent) were made during 1998-2003 from the open market without quotations thereby depriving the Government of competitive rates. ADG (Prisons) stated (February 2003) that the purchases without quotations were made from authorised dealers only. The plea of the department is not tenable as the purchases without observing codal provisions were irregular and deprived the Government of competitive rates.

5.1.6 Rupees 50.56 lakh was drawn by ADG (Prisons) from the treasury at the fag end of 1998-99, 1999-2000 and 2001-2002 without ascertaining requirement from the field offices and released to the concerned parties on the basis of proforma bills. Entries of receipt of materials were also made in the stock register. However, original bills were not found on record in the units test-checked. The authenticity of payments could thus not be verified.

Blocking of funds due to purchase of machinery and equipment

5.1.7 The ADG (Prisons) procured machinery and equipment valued at Rs 20.37 lakh (medical equipment: Rs 8.43 lakh; power looms: Rs 11.94 lakh) between March 1999-March 2000 without assessment of the requirement/indents from the Superintendents, Prisons. Medical equipment had been lying unutilised since their procurement and the power looms were not commissioned by the supplier. The Superintendents of Kanda and Nahan jails stated (February 2003) that there was no requirement of the machinery in jails. The purchases were thus unwarranted and resulted in blocking of funds.

Purchases without sanction

5.1.8 Expenditure on material and supply of consumable nature pertaining to the functional need of jails like prisoners' meals, medicines, clothing, bedding and special medical diet, etc., is to be incurred with the prior approval of the Head of department/Administrative Department.

Scrutiny of records of Model Central Jail, Nahan and District Jail, Dharamsala revealed (March 2003) that purchases valued Rs 132.85 lakh⁶ were made by the Superintendents, Jails without prior approval of the competent authority. The concerned Superintendents stated (March 2003) that cases for obtaining *ex-post-facto* sanctions had been taken up with ADG.

⁵ Open Air Jail Bilaspur: Rs 33.82 lakh; District Jail Dharamsala: Rs 46.58 lakh; Sub-Jail Kaithu: Rs 27.59 lakh; MC Jail Kanda: Rs.50.16 lakh; MC Jail Nahan: Rs 99.40 lakh and ADGP Shimla: Rs 56.94 lakh.

⁶ MC Jail Nahan: Rs 46.58 lakh and District Jail Dharamsala: Rs 86.27 lakh.

Idle equipment

5.1.9 Test-check of records in selected units revealed that Hospital equipment, EPBAX system, embroidery machine, cutting machine/warping and winding machine valued at Rs 5.97 lakh⁷ purchased during 1996-2002 were lying idle since the dates of their purchase as these items had been purchased by HQ without ascertaining requirement from the field units.

5.1.10 Test-check of records revealed that ADG Prisons, purchased closed circuit television system between March 1998-1999 at a total cost of Rs 28.94 lakh. The system was installed in three Jails⁸ between March 1998 and December 2000. Installation in two jails at Dharamshala and Nahan was delayed by 9 and 20 months respectively. It was further noticed that in District Jail, Dharamshala and MC Jail, Nahan, the system was not working properly since installation and in Kanda jail, the system was not working since September 2001. The department stated that due to non-availability of funds for repairs, the system could not be kept fully functional. The objective of monitoring and maintenance of security in the jails, for which the equipment were installed, could thus not be achieved.

Other points of interest

Outstanding recovery of credit sales

5.1.11 Test-check of records revealed (February-March 2003) that items manufactured by the inmates in the Jails were sold at credit to private individuals, sister units and other departments of the State Government. Recovery of Rs 19.24 lakh was outstanding against 39 units/departments and 54 individuals for the period between March 1986-March 2003. No reasons for making the sales at credit were intimated.

Fictitious accountal of stores

5.1.12 Rules provide that material received should be examined, counted, measured or weighed, as the case may be, when delivery is taken. The Government servant receiving the store is also required to give a certificate in token of receipt.

Test-check of records revealed that stores and stock items valued at Rs 10.75 lakh which were not actually purchased were found accounted for in the stock register on the basis of the proforma bills obtained between February-December 2002. Department admitted the facts (March 2003). Accounting of material in the absence of actual receipt was thus fictitious.

Non-accounting/short accounting of stores

5.1.13 Scrutiny of record revealed that material valued at Rs 6.23 lakh purchased at HQ during 1996-2000 and supplied to MC Jail, Kanda (Rs 6.20 lakh) and Open Air Jail, Bilaspur (Rs 0.03 lakh) had not been accounted for in the stock registers of the aforesaid jails. Superintendent Jail,

7 District Jail Dharamshala: Rs 0.55 lakh; MC Jail Kanda: Rs 3.41 lakh and MC Jail Nahan: Rs 2.01 lakh.

8 Dharamshala, Nahan and Kanda.

Bilaspur stated (February 2003) that HQ was informed of the short supply of material whereas Superintendent Jail, Kanda stated (February 2003) that no bills of these items had been received. Chances of misappropriation of material could thus not be ruled out.

Non-handing over of stores

5.1.14 Medicines/medical equipment valued at Rs 4.02 lakh had not been handed over by the Dispenser who was transferred (May 2000) from Dharamshala Jail to Bilaspur Jail and was relieved on 30 June 2000. The charge of stores had not been handed over as of April 2003 despite directions from the Jail HQ.

Non-disposal of manufactured goods

5.1.15 In two units, goods valued at Rs 14.69 lakh⁹ manufactured between 1998-2003 were lying un-disposed off as of March 2003. It was stated (February-March 2003) by the Superintendent of both the Jails that efforts are being made to dispose of the manufactured goods lying in the stock.

Loss due to theft/damage

5.1.16 It was noticed that an Ultra-Sound Machine valued at Rs 5.19 lakh was stolen from the MC Jail, Kanda (Shimla) and an X-ray machine valued at Rs 3.24 lakh had also been damaged along with other equipment/buildings. As reported by the Superintendent Jail, Kanda, these damages occurred on Diwali Day (November 2002) when the Deputy Superintendent of Jail in violation to Jail Rules, allowed the use of crackers inside the jail building which turned the prisoners violent and consequently led to damage to jail property. The matter was stated (February 2003) to be under investigation by Police.

These points were referred to the Government in May 2003; their reply had not been received (August 2003).

Health and Family Welfare Department

5.2 Idle equipment

Inadequate attention to procurement planning and non-creation of posts for operating machines resulted in idling of equipment costing Rs 42.88 lakh.

Audit scrutiny of equipment purchased by Health and Family Welfare department revealed that different high value items procured between

March 1998 to May 1999 and costing Rs 42.88 lakh had not been utilised for various reasons as detailed below:

Table: 5.1

Name of Office	Particulars of equipment	Year of purchase	Cost (Rupees in lakh)	Idle from	Reasons for non-utilisation
Principal IGMC, Shimla	Stryker Arthroscopy Surgery System	June 1998	23.96	June 1998	Assistant Controller, IGMC stated (June 2002) that operation theatre No. 8 was withdrawn for its renovation from the department in 1999. It was, however, noticed that the renovation work was completed in March 2001 and the Surgery system is still lying unused.
Chief Medical Officer, Kangra					
	(1.) Cardiac Breath Ventilators	March 1999	5.43	March 1999	The CMO stated (May 2002) that cardiac breath ventilators were supplied without demand and could not be used for want of experts.
	(2.) Topgem Miniature X-ray Contraster	February 1999	2.89	February 1999	X-ray contraster was out of order since receipt (June 2002).
	(3.) Electronic Foetal Monitor	July 1998	1.40	July 1998	Non-posting of Gynaecologist in CHC, Fatehpur (November 2002).
Chief Medical Officer, Una					
PHC, Chururu	X-ray Machine	May 1999	3.24	May 1999	CMO stated (October 2001) functioning of X-ray machine not started as accommodation was not available and non-supply of X-ray cassettes/material.
Senior Medical Superintendent, Zonal Hospital, Mandi					
	Incinerator	March 1998	5.96	March 1998	Medical Superintendent stated (September 2002) that the machinery could not be installed due to delay in execution of civil works, etc.
			42.88		

Thus, inadequate attention to procurement planning, non-installation of machinery, non-posting of staff and non-supply of material, etc., resulted in non-utilisation of high value equipment valued at Rs 42.88 lakh and deprived the people of the State of health care facilities.

The matter was referred to the Government in March 2003; their reply had not been received (August 2003).

Public Works Department

5.3 Fictitious booking of materials

Fictitious booking to works was carried out for showing utilisation of budget in contravention of rules.

Financial rules of the Government prohibit fictitious stock adjustments such as debiting to a work the cost of materials not required, or in excess of actual requirements, the debiting to a particular work for which funds are available of the value of materials intended to be utilised on another work for which no allotment has been sanctioned or the writing back of the value of materials used on a work to avoid excess outlay over appropriation.

Contrary to these rules, materials costing Rs 2.68 crore were fictitiously booked between March 1998 and March 2002 by eight divisions¹ against 59 works. The cost of the material was written back to stock in the succeeding

¹ Bangana, Baijnath, Bharmour, Dehra, Kaza, Nurpur, Paonta Sahib and Una.

financial years between April 2000 and September 2002. Scrutiny of records further revealed that fictitious booking included bitumen valued at Rs 62.52 lakh against four bridges and one building works by Dehra and Paonta Sahib divisions (March 2000: Rs 9.53 lakh; March 2001: Rs 44.11 lakh and March 2002: Rs 8.88 lakh) even though bitumen was not required for such works.

Fictitious booking of material to works thus resulted in overstatement of actual expenditure of works. This also facilitated the obtaining of extra funds for these works in subsequent years to the extent of stores written back to stock/transferred to other works.

The matter was referred to the Government in March 2003; their reply had not been received (August 2003).

Public Works and Irrigation and Public Health Departments

5.4 Shortages of stores

Stores valued at Rs 18.64 lakh were not handed over by three Junior Engineers in three divisions on their transfer to other divisions.

Test-check of records of three Divisions¹ revealed (December 2001 and January-February 2003) that three Junior Engineers (JEs) working in these divisions were relieved of their duties by the concerned Divisional Officers in December 2002, September 2001 and October 2001 on their transfer without handing over complete charge of stores costing Rs 20.74 lakh. However, stores valued at Rs 2.10 lakh were handed over (September 2002) by the JE working in Irrigation and Public Health Division (I&PH), Chamba and remaining stores valued at Rs 18.64 lakh was still to be handed over by the concerned JEs as of April 2003. The Executive Engineer, I&PH Division, Chamba stated (October 2002) that the concerned JE had been directed to hand over the balance stores valued at Rs 4.41 lakh. The XEN, I&PH Division No. I, Shimla stated (February 2003) that charge sheet against the concerned JE was under process in the circle office. Action on the shortages had not been taken by the XEN, Bilaspur Division No. II (April 2003).

Scrutiny of records further revealed that there was nothing on the record to indicate that JEs were relieved of their duties after ensuring proper handing over charge of stores. The shortages had also not been placed in "Miscellaneous Works Advances" pending reconciliation/recovery as required under rules.

Under the circumstances, chances of misappropriation of material could not be ruled out.

The matter was referred to the Government in April 2003; their reply had not been received (August 2003).

¹ Bilaspur (B&R)-II: Rs 4.74 lakh; I&PH, Chamba: Rs 6.51 lakh and I&PH Shimla-I: Rs 9.49 lakh.

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

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FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

Autonomous bodies and authorities are set up, *inter alia* to discharge non-commercial functions of public utility services. These bodies/authorities, receive substantial financial assistance from the Government. Other institutions, such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956 etc., also receive substantial grants to implement programmes of the State Government.

During 2002-2003, financial assistance of Rs 185.69 crore paid to various autonomous bodies and others is broadly grouped as under:

Table: 6.1

(Rupees in crore)

Sr. No.	Name of institutions	Amount of assistance paid
1.	University and Educational Institutions	78.44
2.	Municipal Corporations and Municipalities	45.15
3.	<i>Zila Parishads</i> and <i>Panchayati Raj</i> Institutions	42.87
4.	Development Agencies	10.45
5.	Hospital and other Charitable Institutions	0.05
5.	Other Institutions (including Statutory Bodies)	8.73
Total		185.69

Delay in furnishing of utilisation certificates

Where grants are given for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise.

Out of 3943 utilisation certificates (UCs) in respect of grants and loans aggregating Rs 464.59 crore paid during the period 1992-2002 only 1289 UCs for Rs 161.22 crore had been furnished by 31 May 2003 and 2654 UCs for Rs 303.37 crore were in arrears. Department-wise breakup of outstanding UCs was as under:

Table: 6.2

(Rupees in crore)

Department	Number of UCs not furnished	Amount
Rural Development	1261	104.63
Education	320	95.98
Agriculture	48	36.47
Local Self Government/Urban Development	218	17.84
Horticulture	17	12.22
Industries	283	11.94
Animal Husbandry	19	8.72
Sports and Youth Services	157	6.22
Science and Technology	16	2.72
Tourism	19	2.34
Forest	5	1.56
Medical and Public Health	21	1.20
Co-operation	126	1.02
Art and Culture	133	0.27
Fisheries	10	0.19
Other Administrative Services	1	0.05
Total:	2654	303.37

The following table shows extent of delay in furnishing UCs.

Table: 6.3

(Rupees in crore)

	Number of Certificates	Amount
Upto three years	2292	276.45
More than three years but upto five years	235	19.35
More than five years, but upto ten years	127	7.57
More than ten years	--	--
Total:	2654	303.37

Due to non-receipt of UCs, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

Delay in submission of accounts

To identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's (DPC) Act), the Government is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. On the basis of information available with Audit, 199 annual accounts of 71 bodies and authorities for 2002-2003 and earlier years had not been received as of June 2003 by the Accountant General as detailed in **Appendix-XVII**.

Audit arrangement

Audit of local bodies (*Zila Parishads, Nagar Palikas, Town Area/Notified Area Committees*), educational institutions and others is conducted by the Examiner, Local Fund Audit, Himachal Pradesh, Shimla. Audit of Cooperative Societies is conducted by the Registrar, Cooperative Societies, Himachal Pradesh, Shimla and the Audit of *Panchayati Raj* institutions is conducted by the Director, *Panchayati Raj*.

Of the 64 bodies/authorities, whose accounts were received upto June 2003, 29 bodies/authorities attracted audit under Section 14 of the CAG's (DPC), Act, 1971. Of this, audit of 28 bodies/authorities was completed by July 2003.

Interesting points arising out of audit are mentioned in the succeeding paragraphs.

Agriculture Department

6.2 Working of Chaudhry Sarwan Kumar Himachal Pradesh Krishi Vishva Vidyalaya, Palampur

Introduction

6.2.1 Himachal Pradesh *Krishi Vishva Vidyalaya* (HPKV), Palampur established in November 1978 was bifurcated into two independent universities viz Chaudhry Sarwan Kumar Himachal Pradesh *Krishi Vishva Vidyalaya*, Palampur and Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni (Solan) by an enactment of 1987 for imparting education in the fields of Agriculture, Horticulture, Forestry and other allied branches of learning, etc.

The overall working of the HPKV is managed by the Senate, Board of Management (BOM), Finance Committee (FC), Academic Council, Research Council, Extension Council and Board of Studies and other faculties. The Vice Chancellor (VC) is the Principal executive, academic, administrative officer and Ex-officio Chairman of the BOM and various councils. In discharge of his duties the VC is assisted by Deans of five colleges¹, Directors of Research and Extension Education, Student Welfare Officer and Registrar, Comptroller of accounts and Estate Officer, etc.

The accounts and other relevant records for the period 1997-2002 including records for 2002-2003 of the HPKV were test-checked during February-April 2003. The main findings of audit are discussed in the succeeding paragraphs:

¹ Deans College of Agriculture, College of Veterinary Science, College of Home Science, College of Post Graduate Studies and College of Basic Sciences.

Financial outlay and its management

6.2.2 The HPKV received grants-in-aid from various sources. The position of receipts and expenditure incurred during 1997-2002 was as under:

Table: 6.4

(Rupees in crore)

Particulars	1997-98	1998-99	1999-2000	2000-2001	2001-2002
Opening balance	1.00	5.44	4.10	7.35	2.62
Grant received					
State Government	19.24	18.51	18.43	21.44	26.05
Central Government/ICAR	4.77	6.24	13.86	9.17	12.52
Other International institutions	--	--	0.01	--	--
Receipts					
Domestic	0.70	0.82	1.00	1.19	1.08
Others	0.47	0.66	0.72	1.66	2.46
Total Receipt	26.18	31.67	38.12	40.81	44.73
Expenditure out of					
State grants	15.70	21.20	21.50	25.46	26.97
Other grants	5.04	6.37	9.27	12.73	15.62
Total Expenditure	20.74	27.57	30.77	38.19	42.59
Closing balance	5.44	4.10	7.35	2.62	2.14

Source: Annual accounts of the HPKV

Analysis of details revealed:

6.2.3 The receipts of HPKV from the State Government including domestic receipts during 1998-2001 were Rs 61.39 crore whereas the expenditure incurred was Rs 68.16 crore. Extra expenditure of Rs 6.77 crore was met by diverting funds from Central/Indian Council of Agricultural Research (ICAR) grants for research work without approval of the funding agencies.

6.2.4 The overall increase in Grants-in-aid to HPKV by the State Government was 35 per cent whereas the increase in expenditure was 72 per cent during 1997-2002. To bridge the gap, the University unauthorisedly diverted funds received from ICAR/Tea Board/Central schemes/projects.

6.2.5 The expenditure on salaries of the employees under the State funded schemes had increased from 83 per cent in 1997-98 to 93 per cent in 2001-2002 leaving negligible (7 per cent) amount for developmental activities. The Assistant Registrar (AR) (Budget) admitted (April 2003) that development and research were badly affected for want of sufficient funds.

6.2.6 During 1999-2002, Rs 6.72 crore were diverted to non-plan schemes out of funds released by State Government for execution of plan schemes without the prior approval of the State Government.

The following points of overpayments, inadmissible payments of allowances, irregular expenditure and losses, etc., were noticed during test-check.

Inadmissible payment of secretariat allowance Rs 39.17 lakh

6.2.7 Secretariat allowance was admissible to the State Government employees working in Himachal Pradesh Secretariat, Shimla or its equivalent offices. It was, however, noticed that HPKV paid during February 1995 to March 2003, Rs 19.66 lakh as secretariat allowance to the *beldars*, medical attendants and workshop helpers which was not admissible to any of these categories in Himachal Pradesh Secretariat. Further, instead of granting this allowance to the staff posted in the administrative office only, the HPKV also paid Rs 19.51 lakh as secretariat allowance to other employees posted in the field offices. The injudicious payment of this allowance had resulted in out flow of Rs 39.17 lakh during 1994-2003.

The Assistant Registrar stated (April 2003) that FC/BOM are competent to grant such type of allowances. The reply is not acceptable as payment of secretariat allowance to various categories of staff was not admissible.

Inadmissible payment of non-practicing allowance Rs 19.68 lakh

6.2.8 The State Government decided (June 2002) that the non-practicing allowance (NPA) was not payable to the veterinary teachers/scientists and directed the HPKV to recover the allowance already paid to any Veterinary Teacher/Scientist. It was, however, noticed that the HPKV had made inadmissible payment of NPA of Rs 19.68 lakh between April 1997 to March 2003 to 56 veterinary teachers/scientists. Assistant Registrar (Budget) stated (April 2003) that the NPA was paid after approval by BOM/FC. The reply is not tenable as the payment of NPA was made contrary to the directions of the State Government.

Inadmissible payment of interest on GPF Rs 11.66 lakh

6.2.9 General Provident Fund (GPF) Rules as applicable to the HPKV employees provide that if the subscriber submits application for final payment after retirement, he is not entitled to any interest for the period of delay in submission of application. Test-check of final payments of GPF made during 1996-2003 revealed that inadmissible payment of interest amounting to Rs 11.66 lakh was made in 52 cases where the delay in claiming the final payment was attributable to the subscriber. The AR stated (April 2003) that the interest was paid as per statutes. The reply is not tenable as the interest was not admissible as per GPF rules in cases of delay attributable to subscriber.

Uneconomical working of printing press, loss of Rs 41.18 lakh

6.2.10 A printing press was established (1985) as service unit to provide efficient and timely services on no profit no loss basis. It was, however, noticed that the printing press suffered loss of Rs 41.18 lakh between 1997-2002.

The officer in charge of printing press stated (April 2003) that enhancement of wages/pay scales of daily waged and regular staff, non-availability of computer based technology and non-revision of printing rates were the main reasons for losses. Further, Rs 15 lakh sanctioned (July 2001) by ICAR for replacement of printing press were utilised by HPKV for providing EPBAX. The AR (Budget) stated (April 2003) that funds were utilised for installation

of EPBAX after approval of ICAR. The contention was not correct as the ICAR approved the utilisation of Rs 15 lakh out of "savings in respect of one time catch up grants" and not from modernisation of printing press component.

Seed multiplication unit, loss of Rs 49.30 lakh

6.2.11 Test-check of records of University Seed Multiplication Unit, Palampur revealed that production of nucleus seed, breeder seed and certified seed in the University farm measuring 23 hectares was much below the norms fixed. The farm incurred loss of Rs 49.30 lakh during 1999-2003 as detailed below:

Table: 6.5

Year	1999-2000		2000-2001		2001-2002		2002-2003	
	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif
1. Area under cultivation (in hectares)	11.70	5.75	15.20	12.20	10.20	9.00	14.79	11.50
2. Required production as per package of practice (in quintals)	291.20	88.75	379.00	338.00	272.00	263.00	410.78	415.00
3. Actual production (in quintals)	23.95	33.56	56.57	112.75	91.00	34.02	40.95	124.92
4. Shortfall in production (in quintals)	267.25	55.19	322.43	225.25	181.00	228.98	369.83	290.08
5. Percentage shortfall	92	62	85	67	67	87	90	70
6. Loss (Rs in lakh)	5.98	2.04	7.10	7.09	3.88	7.09	7.42	8.70

Despite application of latest technology, quality seed and sufficient inputs the shortfall in production ranged between 62 and 92 *per cent*. The Seed Production Scientist stated (April 2003) that poor production of crops was mainly due to non-availability of irrigation and due to financial crunch. The reply is not tenable as (i) check dams for irrigation were constructed to harvest rain water, and (ii) the crop was also poor in *Kharif* season when not much irrigation was required as the recommendations made in the package of practice released to farmers after intensive research were for land under rainfed area.

Irregular booking of expenditure to the Projects - Rs 11.82 lakh

6.2.12 Test-check of records of the Regional Research Station (RRS), Dhaulakuan disclosed that the expenditure of Rs 11.82 lakh on the pay and allowances of six employees for July 1999 to March 2003 was charged to the State schemes/projects being implemented by the RRS. However, these employees never performed duties on projects/schemes of RRS during this period. The Associate Director stated (March 2003) that this arrangement was made by the Registrar's office who offered no comments in this regard.

Academic activities

Following points were noticed in respect of academic activities during test-check:

6.2.13 The University imparts education in 4 disciplines viz., Veterinary Science and Animal Husbandry, Agriculture, Basic Science, and Home Science at undergraduate, post graduate and Ph.D. level. It was noticed that the sanctioned seats in various courses were not filled to full strength during

* Loss has been worked out on sale rates.

1997-2002 as per details given in the **Appendix-XVIII**. It would be seen that the shortfall in Agriculture and Home Science ranged between 16 and 58 *per cent*. In B.Sc. (Home Science) there is a decreasing trend in admissions as it declined from 84 *per cent* in 1997-98 to 43 *per cent* in 2001-2002. In post graduate courses 4 to 57 *per cent* seats remained vacant in Agriculture and MV Sc. In Ph.D. courses 17 to 100 *per cent* seats remained vacant during 1997-98 to 2001-2002.

The Assistant Registrar (Academic) stated (August 2003) that the students generally leave studies for betterment of career.

6.2.14 The Students Counselling and Placement Cell (SCPC) was created (July 2000) with the objective to assist the students in finding employment by proper placement and to provide guidance for seeking higher education. The cell was to maintain complete bio-data, etc., of the students and procure details of industries and other openings for the students. The cell was also to impart pre-coaching to students for competitive examinations.

It was noticed in audit that 258 students passed out from different disciplines since inception of the SCPC but no assistance was provided to them in employment and guidance for seeking higher education as envisaged in the objectives. An expenditure of Rs 6.23 lakh was incurred for furnishing the accommodation for cell but no staff was provided to SCPC. Thus the objective of establishing SCPC has not been achieved thereby rendering the expenditure of Rs 6.23 lakh unfruitful. The Coordinator stated (April 2003) that no budget is being allotted to SCPC. Further there is no sanctioned staff for SCPC.

Programme Implementation

Development of mushroom cultivation in Kangra valley and adjoining area, unfruitful expenditure Rs 28.50 lakh

6.2.15 The Government of India sanctioned (June 1998) Rs 45 lakh (Rs 40 lakh for pasteurised compost spawn production unit and Rs 5 lakh for imparting training to farmers) under the Central Sector scheme for development of mushroom cultivation in Kangra Valley and adjoining areas during 1998-99. Of the said grant the State Government released (December 1998), Rs 28.50 lakh to HPKV for implementation of the scheme.

Scrutiny of records revealed that HPKV utilised Rs 19.36 lakh (building Rs 14 lakh; tractor: Rs 5.36 lakh) and balance Rs 9.14 lakh remained unspent as of March 2003. The scheme could not be completed by the University as the State Government had not released balance amount of Rs 16.50 lakh sanctioned by the Government of India. This has rendered the expenditure of Rs 19.36 lakh largely unfruitful and deprived the beneficiaries of the intended benefits.

Non-installation of tea processing unit – unfruitful expenditure Rs 27.31 lakh

6.2.16 The ICAR sanctioned (May 2001) the proposal for standardisation of tea processing technology in North West India for Rs 18.63 lakh. Amount of Rs 27.39 lakh was released during 2001-2003 to HPKV which included additional funds of Rs 12.05 lakh for purchase of tea roller and tea drier.

It was noticed that Rs 27.31 lakh were spent during 2001-2003 on civil works (Rs 5 lakh), equipment (Rs 17.60 lakh) and miscellaneous expenses (Rs 4.71 lakh). The HPKV further demanded (December 2002) Rs 30 lakh from ICAR for construction of building for installation of machinery for tea processing unit. However, ICAR refused (December 2002) to provide funds for civil works.

Thus, the expenditure of Rs 27.31 lakh including Rs 17.60 lakh incurred on purchase of machinery and equipment has remained unfruitful. Besides, the objective of standardizing the processing technology for manufacture of green and orthodox black tea, etc., remained unachieved.

Unauthorised expenditure of Rs 82.31 lakh

6.2.17 As per revised guidelines of ICAR, the revised staff strength of each *Krishi Vigyan Kendra* (KVK) has been reduced to 16 employees from April 1997. Contrary to these instructions the HPKV recruited eight employees in excess of sanctioned strength between September 1997 and June 2000 and deployed in five* KVKs. Thus the expenditure of Rs 18.38 lakh was incurred on their pay and allowances (September 1997 to March 2001) unauthorisedly and was not considered by the ICAR for reimbursement. The AR (Establishment) stated (April 2003) that the matter for the remittance of liability was taken up with the ICAR. The reply was not tenable as the HPKV recruited employees in excess of the revised guidelines.

6.2.18 As per ICAR guidelines, manpower, equipment, vehicles and buildings created under KVK projects should not be diverted without prior approval of ICAR. It was noticed that in three KVKs (Dhaulakuan, Mandi, Una) the pay of four persons has been charged between December 1999 and March 2003 to the KVK schemes whereas they have been deployed to carry out activities not related to implementation of KVK programmes. Thus Rs 10.65 lakh were irregularly charged to the KVK schemes. The AR (Establishment) stated (April 2003) that the services of the persons who were transferred from the KVKs were required at other schemes. The reply was not tenable as persons were not deployed as per ICAR guidelines.

6.2.19 Revised guidelines of ICAR applicable with effect from April 1997 prescribed specific pay scales for each post to be deployed in KVKs. Test-check of 5 KVKs revealed that staff working in higher scales were posted in KVK and their pay was being charged to the KVK schemes. This had resulted in avoidable extra expenditure of Rs 53.28 lakh during April 1997 to March 2002 on ICAR schemes. The AR (Establishment) stated (April 2003) that the posts with higher scales were created by the BOM in view of the Career Advancement Scheme. The reply was not tenable as the ICAR guidelines were not followed in posting the staff.

Non-refund of unspent balances Rs 14.07 lakh

6.2.20 Two projects implemented out of the grants released by ICAR were completed between March 1999 and March 2002 and Rs 14.07 lakh remained unspent were not refunded to the funding agency as of March 2003.

* Mandi, Bajaura, Una, Dhaulakuan and Hamirpur.

The Departments stated (April 2003) that the unspent balance will be refunded in due course.

Other topics of interest

Sale of milk of tuberculosis (TB) infected cows

6.2.21 Live stock farm at Palampur was taken over by the University during 1979-80 as research and development project. The farm was declared (December 1997) as service unit. The live stock was tested in April-May 2000 and August-September 2001 and 54 *per cent* were found serotested positive in tuberculin. No preventive as well as curative measures were taken to control the disease. The milk of live stock tested TB positive could cause tuberculosis to the consumers. Scrutiny of records further revealed that the University sold 7,69,491 liters of milk, which included milk from TB infected cows during 2000-2001 to 2002-2003 for public consumption.

Officer-in-charge, live stock farm stated (March 2003) that the milk of infected cows was fit for human consumption after boiling. The reply was not correct as the milk of diseased animal can be used only after pasteurisation.

Chapter II of Veterinary Jurisprudence further stipulates that animals health, state of pregnancy and freedom from disease should be certified before the sale of animals. It was, however, noticed that 16 tuberculosis positive cows were sold to local farmers. The officer-in-charge, Livestock Farm further admitted (March 2003) that animals tested positive to tuberculous were not put to auction after receipt of guidelines from the Department of Veterinary Clinical Medicine, Ethics and Jurisprudence.

Non-completion of Working Women Hostel

6.2.22 Government of India approved (March 2001) the construction/expansion of hostel building for working women with day care centre for children at a cost of Rs 58.73 lakh on 75:25 basis (Central share: Rs 44.05 lakh and State share: Rs 14.68 lakh) with a stipulation to complete the work within 24 months from the date of receipt of first installment. The University received Rs 18.21 lakh (Rs 13.21 lakh in March 2001 first installment of Central share and Rs 5 lakh in November 2002 State Share). The work was started in October 2001 and further execution was stopped in February 2002 after incurring an expenditure of Rs 22.37 lakh as the subsequent installment of funds was not released by the Central/State Governments.

The Executive Engineer (Construction) stated (April 2003) that matter for the release of grant was under correspondence and the work would be got completed after the receipt of grant from the Central/State Government. The reply was not acceptable as the work has been stopped more than a year back which deprived the beneficiaries of intended benefit.

Non-adjustment of contingent advances Rs 128.66 lakh

6.2.23 The rules required that all advances should be got adjusted within a month of their drawal and as far as possible no advances should remain unsettled after the end of a financial year. It was noticed during test-check

that temporary advances amounting to Rs 1.29 crore granted between 1986-87 and 2001-2002 to various officers/officials for meeting emergent expenditure were lying outstanding (March 2002). The AR (stores) stated (April 2003) that most of the advances were lying unadjusted due to audit observations of their statutory auditors.

Non-preparation of Balance Sheet

6.2.24 Section 45 (2) of the University Act provides that the University shall prepare once in a year Annual Accounts and Balance Sheet of the University and shall be submitted by the VC through the BOM to Government.

Test-check of the records revealed that Balance sheets had not been prepared by the HPKV since inception, which was contrary to the provisions of the Act.

These points were referred to the Government in June 2003; their reply had not been received (August 2003).

6.3 Deficiencies in monitoring of grants and loans given by the department

Grants

The Agriculture Department sanctioned during 1998-2003 grants of Rs 85.69 crore to the Himachal Pradesh *Krishi Vishav Vidyalaya*, Palampur (HPKV) (Rs 83.78 crore), Himachal Pradesh Seed Certification Agency, Shimla (HPSCAS) (Rs 1.13 crore) and the State Agriculture Management and Extension Training Institute (SAMETI), Mashobra (Rs 0.78 crore) for undertaking agriculture development activities. Long term loans of Rs 2.99 crore were also given during 2000-2001 to Himachal Pradesh General Industries Corporation for purchase of agriculture inputs.

Test-check of records of Sanctioning Authority revealed (March 2003) the following deficiencies:

HPKV, Palampur grant-in-aid (GIA) rules 1980 require that grants should be sanctioned to meet expenditure on specific objects viz; administrative staff, equipments, land and buildings required for agriculture activities. Contrary to the above provisions, grants of Rs 50.71 crore were sanctioned to HPKV, Palampur during 1998-2003 without indicating specific purposes.

The Director of Agriculture (DA) stated (March 2003) that the sanctions of GIA were accorded by the Government without indicating specific purpose. The reply is not tenable as the specific object of expenditure was required to be mentioned in GIA sanctions.

Financial rules provide that the departmental officer on whose signature or counter signature the bill was drawn should furnish utilisation certificate (UC) in prescribed form. It was, however, noticed that UCs for Rs 34.24 lakh in respect of grants sanctioned during 2001-02 due from the SAMETI between April 2002 and March 2003 were awaited (March 2003). Further, UCs for grant of Rs 62.23 crore sanctioned during 1998-2002 were accepted by the department from HPKV, Palampur which were not in prescribed form. DA

stated (March 2003) that audited UCs submitted by HPKV, Palampur were checked with relation to GIA released and after verifying the correctness. The reply is not tenable as the UCs accepted by the Directorate were not in the prescribed form and as such the required checks could not be exercised.

GIA rules regulating the grants to HPSCA provide that the office and salary expenses of the Agency were to be met out of grants sanctioned annually for a period of five years from the date of issue/publication of the rules. After five years, no expenditure on office and salary expenses were to be incurred out of the grants. Contrary to above rules Rs 1.02 crore were utilised during 1998-2003 for office and salary expenses of the Agency.

Director HPSCA stated (March 2003) that the GIA had been utilised on salary of the staff as the income generated by the Agency from own resources was not sufficient and mainly depended on the assistance from the State Government. However, no reply was furnished by the DA, Shimla.

Once GIA is sanctioned, the grantee institution should prepare and submit the bill to the countersigning authority for signature and the Treasury Officer for payment. Contrary to these rules, the GIA bills of Rs 1.67 crore were prepared and drawn from the treasury by the DA during 1998-2003 and thereafter released to HPSCA and SAMETI.

Assets register of permanent and semi-permanent nature assets acquired out of Government grants were neither maintained nor copies thereof were ever furnished annually by HPKV to the sanctioning authority for permanent record, as required under financial rules. The department has also not devised any system to see as to what assets were created by the grantee institution and whether the assets so created by the grantee institution out of GIA were being utilised for the intended purpose. The DA stated (March 2003) that details of assets with copies of the assets register would be called for from grantee institution for record in the Directorate.

Financial rules require that the sanctioning authority should obtain an audited statement of the accounts of the body or institution in order to see that the GIA is justified by the financial position of the grantee and to ensure that previous grant was spent for the intended purpose. It was noticed that during 2002-2003 GIA of Rs 21.53 crore released to HPKV, Palampur without obtaining the statements of audited accounts for 2001-02.

The DA stated (March 2003) that HPKV, Palampur would be asked to furnish audited statement of accounts.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

Rural Development Department

6.4 Deficiencies in monitoring of grants and subsidies given by the department

The Rural Development Department released during 1998-2003 grants of Rs 140.60 crore and subsidy of Rs 4.55 crore to District Rural Development Agencies (DRDAs) for implementation of various programmes.

Test-check of records of the Director and Special Secretary, Rural Development Department (RDD), Shimla revealed (March-April 2003) following deficiencies:

Financial rules require that the departmental officer on whose signature or counter signature the bill was drawn should furnish utilisation certificate (UC) in prescribed form. UCs for Rs 66.84 crore in respect of grants sanctioned during 1998-2002 due from the grantee institutions between April 1999 and March 2003 were awaited (April 2003). The Director, RDD stated (April 2003) that the UCs were being called for from the grantee institutions.

The registers of grants as required under the financial rules were not maintained in the prescribed form and did not contain complete information in regard to sanctions and utilisation certificates. The Director, RDD stated (April 2003) that in future grant-in-aid register would be prepared as prescribed under the financial rules.

Assets register of permanent and semi-permanent assets acquired out of Government grants were neither maintained nor copies thereof were furnished annually to the sanctioning authority by the grantee institutions, as required under the financial rules. The department had also not devised any system to see as to what assets were created by the grantee institutions and whether the assets so created out of grants were being utilised for the intended purpose. The Director, RDD stated (April 2003) that the programmes were being implemented by the DRDAs and record of assets was maintained at the DRDA level.

The contention is not tenable as copies of assets register were required to be furnished annually to the sanctioning authority by the grantee institution for record.

Financial rules require that in the case of non-recurring grants for specified objects, the order sanctioning the grant should also specify the time limit within which the grant was to be spent.

It was noticed that no time limit for utilisation of grants of Rs 140.60 crore was given in the sanctions issued during 1998-2003. The Director, RDD stated (April 2003) that these grants were being utilised as per the guidelines of the Government of India. The reply is not tenable as the time limit should have been specified in the sanction orders in order to ensure utilisation of funds by implementing agencies within specified period.

Financial rules provide that there should be no occasion for a rush of payment of grant in the month of March. It was noticed that the grants of

Rs 12.35 crore were sanctioned during 1998-2003 to DRDAs under various schemes in the month of March.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

Urban Development Department

6.5 Irregularities in the execution of solid waste management plant

There were overpayments/irregular payments of Rs 26.63 lakh of excise duty/sales tax, non-recovery of lease money and royalty and non-levy of penalty of Rs 7.39 lakh for delay in completion of solid waste management plant.

The work for setting up of bio conversion municipal solid waste management plant capable of processing of 100 MT garbage at Darni ka-Bageecha, on turnkey basis, was awarded (March 1999) to a firm by Municipal Corporation, (MC) Shimla for Rs 3.22 crore. The work, stipulated to be completed in nine months, was started by the firm in March 2000. As per agreement, the MC shall lease out the plant for five years on payment of lease money of Rs 10 lakh annually by the firm. Further the firm shall pay royalty at the rate of 5 per cent ex-factory sale price of the finished manure produced payable quarterly to the MC.

Test-check (June-July 2001 and August 2002) of the records of the MC, Shimla revealed the following points:

Payment of Rs 25.63 lakh was made to the firm during 2000-2002 on account of Central excise duty (Rs 12.34 lakh) and sales tax (Rs 13.29 lakh) on the purchase of machinery without obtaining proof of payment for the same by the firm. On being pointed in audit that Central excise duty was exempted on the machinery supplied by the firm, the MC took up (May 2002) the matter for recovery with the firm. The recovery, however, had not been affected as of May 2003. Thus overpayment of Rs 12.34 lakh was made to the firm. The payment of Rs 13.29 lakh on account of sales tax without obtaining proof of payment was irregular.

The plant was commissioned on 12 December 2001. During 12 December 2001 to April 2003, 14,217 MT garbage was supplied to the plant out of which 10,863 MT has been processed and 78 MT manure has been produced out of which 48 MT had been sold. It was noticed that neither the lease money of Rs 10 lakh for the year 2002 nor the 5 per cent royalty on the sale of 48 MT manure had been received from the firm.

The project was to be completed by the firm by 31 May 2001. It was noticed that the project was commissioned on 12 December 2001 but the penalty of Rs 7.39 lakh leviable for delay in completion of the project had not been recovered from the firm by MC, Shimla.

The matter was referred to the Government in May 2003; their reply had not been received (August 2003).

CHAPTER-VII

INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS

CHAPTER-VII

INTERNAL CONTROL AND INTERNAL AUDIT ARRANGEMENTS

Agriculture and Health and Family Welfare Departments

Internal audit and internal control are important mechanisms for ensuring smooth working of a department. While effective internal audit helps in exercising a check on various activities of the department, internal control mechanism acts as an effective tool in keeping a check on expenditure. It also ensures that various systems have been put in place and are functioning properly.

Internal audit system had not been introduced in Health and Family Welfare Department.

The Agriculture Department has introduced Internal audit system under the overall control of Director. The department had a total number of 50 auditable units.

The position of inspection reports (IRs) and paras issued by the internal audit during 1998-2003 and the number of objections outstanding was as under:

Year	Opening balance		Addition during the year		Clearance		Balance		Percentage disposal	
	IR	Paras	IR	Paras	IR	Paras	IR	Paras	IR	Paras
1998-1999	--	--	04	33	--	06	04	27	--	18
1999-2000	04	27	05	30	--	07	09	50	--	12
2000-2001	09	50	02	08	--	--	11	58	--	--
2001-2002	11	58	01	14	--	--	12	72	--	--
2002-2003	12	72	15	46	--	06	27	112	--	05

It would be seen that the percentage of settlement of paras during 1998-2003 ranged between zero and 18 during the aforesaid period.

Check of internal audit and internal control systems in Agriculture and Health and Family Welfare departments revealed the following points:

7.1 Incorrect utilisation of staff

The Internal Audit (IA) wing of Agriculture department is headed by the Deputy Controller (Finance and Accounts) at the Directorate who is assisted by two Section Officers (SO) (SAS) drawn from the State Finance Department. Besides, one Assistant had been provided by the department.

The prescribed duties and responsibilities of SOs were to assist the Director in framing of budget estimates, ensure expenditure control, assist in the disposal of Public Accounts Committee (PAC) paragraphs, help in expeditious issue of financial sanctions and to conduct physical verification of stock during IA and Inspection.

It was noticed in audit that the IA staff had been deployed for conducting special internal audit of 4401-Capital Outlay and 2402-Soil and Water Conservation, routine duties of finalisation of tenders and quotations, scrutiny of annual accounts of agriculture inputs, vetting of pay fixation cases, issue of salary slips and GPF withdrawal cases. No work relating to providing assistance in framing of budget estimates, expenditure control and issue of financial sanctions was allotted to the wing. Special audit of only nine out of 50 DDOs had been conducted by the wing during 1998-2003 besides checking of annual accounts of 10 DDOs during the same period. Quality of inspection notes could not be assessed as these were not produced for audit verification. Director stated (January 2003) that as and when financial irregularities come to notice, the IA wing is called upon to conduct special audit of the concerned DDOs. Thus the performance of prescribed duties by the IA wing had not been ensured by the Director.

The matter was referred to the Government in June 2003; their reply had not been received (August 2003).

7.2 Expenditure and budgetary control in Health and Family Welfare Department

Introduction

7.2.1 Funds for Health and Family Welfare are provided in the Budget of the department through Grant No. 9 – Health and Family Welfare and Grant No. 31- Tribal Development under various major heads¹. Director, Health and Family Welfare (DHS) is the Head of the Department and is responsible for the preparation and submission of budget estimates to Finance Department through the Administrative Department. The budget estimates were dealt with by 106 Drawing and Disbursing Officers (DDOs) and 29 Controlling Officers during 1999-2001 and 104 DDOs and 27 Controlling Officers during 2001-2002 under the control of DHS.

Preparation of budget estimates and control over expenditure, for the period 1999-2002 reviewed in audit during May-July 2003 at Directorate level revealed the following points:

¹ 2210-Medical and Public Health, 2211-Family Welfare and 4210-Capital outlay on Medical and Public Health.

Budget provision and expenditure

7.2.2 The overall position of funds allotted and expenditure incurred thereagainst under two grants during the aforesaid period was as under:

Table: 7.1

(Rupees in crore)

Year	Total provision	Actual expenditure	Excess(+) Savings (-)
Grant No. 9			
Plan			
1999-2000	73.90	74.19	(+) 0.29
2000-2001	79.84	95.35	(+) 15.51 (19)
2001-2002	79.44	86.48	(+) 7.04 (9)
Non-Plan			
1999-2000	81.99	89.65	(+) 7.66 (9)
2000-2001	91.86	77.92	(-) 13.94 (15)
2001-2002	83.13	82.94	(-) 0.19
Grant No. 31			
Plan			
1999-2000	6.32	6.56	(+) 0.24
2000-2001	10.33	10.26	(-) 0.07
2001-2002	8.75	8.77	(+) 0.02
Non-plan			
1999-2000	5.31	5.30	(-) 0.01
2000-2001	6.49	4.97	(-) 1.52 (23)
2001-2002	4.82	4.69	(-) 0.13

(Figures in parenthesis represent the percentage)

It would be seen that persistent excesses ranging between 9 and 19 *per cent* occurred in plan section during 2000-2002 and in non-plan section during 1999-2000 under Grant No. 9. Savings to the extent of 15 and 23 *per cent* also occurred in non-plan section of Grant Nos. 9 and 31 during 2000-2001. It would thus appear that the budget estimates were not framed on realistic basis.

Non-submission of budget estimates by DDOs

7.2.3 Scrutiny of records in audit, revealed that budget estimates were not submitted by 9 to 17 *per cent* DDOs during 1999-2002 as detailed below:

Table: 7.2

Year	Total number of DDOs		Number of DDOs who did not submit budget proposals	
	Plan	Non-plan	Plan	Non-plan
1999-2000	106	105	18 (17)	18 (17)
2000-2001	106	105	10 (9)	10 (10)
2001-2002	104	103	9 (9)	9 (9)

(Figures in parenthesis represent the percentage)

The DHS stated (July 2003) that the budget proposals were made on the basis of previous year's expenditure of the DDOs in the absence of the receipt of budget estimates from them. No action against the defaulting DDOs had been taken. The budget proposals were thus not prepared on realistic basis.

Delay in submission of budgetary returns

7.2.4 It was noticed in audit that various budgetary returns such as budget estimates, statements of excesses and surrenders and final statement of excesses and surrenders were not submitted by DHS to Finance Department during 1999-2002 on the dates prescribed in the Budget Manual. Delay in individual cases ranged between 5 and 131 days. DHS thus failed to comply with the provisions of the Budget Manual.

Unrealistic estimation

7.2.5 In two cases, expenditure far exceeded the funds allotted, as detailed below:

Table: 7.3

(Rupees in lakh)

Sr. No.	Head of Account	Year	Budget provided	Expenditure	Excess expenditure
1.	2210-Medical and Public Health, 01-Urban Health Services, 001-Direction and Administration, 01-Directorate (Plan)	1999-2000	17.50	27.90	10.40 (59)
		2000-2001	30.00	39.16	9.16 (31)
		2001-2002	36.59	201.57	164.98 (451)
2.	2210-Medical and Public Health, 01 Urban Health Services, 001-Direction and Administration 02-District Establishment (Plan)	1999-2000	11.40	19.34	7.94 (70)
		2000-2001	20.00	52.60	32.60 (163)
		2001-2002	46.16	62.58	16.42 (36)

(Figures in parenthesis represent the percentage)

DHS stated (July 2003) that the excess was due to payment of salaries of the staff, assured career progression increments, DA instalments and TA of the staff. The contention is not tenable as these factors should have been foreseen and budget demanded accordingly.

7.2.6 Rule 2.10 of the Himachal Pradesh Financial Rules stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement. It was noticed in audit that Rs 2.55 crore were provided by Government of India (1998-99: Rs 2.19 crore and 2001-2002: Rs 0.36 crore) under various schemes/projects². The amount was drawn by the DHS at the end of respective financial year and kept in the shape of cheques/bank drafts/FDRs as of June 2003. While admitting the facts, DHS stated (July 2003) that no provision was made in the budget estimates and the funds were provided by Government of India of its own at the fag end of the respective years. He further stated that to avoid lapse of these funds the department had no other option than to draw the amount. DHS thus failed to exercise budgetary control over the expenditure which resulted in retention of sanctioned funds outside the Government account.

Unnecessary demand of supplementary grant

7.2.7 It was noticed that supplementary provision of Rs 5.35 crore during 2000-2001 in five cases proved unnecessary as the expenditure in each case

² *Swaran Jayanti Hospital, Hamirpur and Nahan (New), Central Assistance for Hospital Waste Management and National Family Welfare Programme.*

was even less than the original provision as detailed below:

Table: 7.4

(Rupees in lakh)					
Sr. No.	Major/minor/sub-head of account	Original budget	Supplementary grant	Expenditure	Saving
1.	2210-01-110-03	3441.39	130.05	3276.94	294.50
2.	2210-03-110-01	4004.73	11.53	3228.04	788.22
3.	2210-03-800-04	100.00	12.68	22.45	90.23
4.	2210-03-107-01	Nil	21.10	Nil	21.10
5.	2210-01-110-06	Nil	360.00	Nil	360.00
Total:		7546.12	535.36	6527.43	1554.05

DHS stated (July 2003) that additional funds were demanded for payment of salary on the basis of first four months expenditure and could not be utilised because lesser arrears were paid. He further stated that funds for purchase of machinery were received late and the purchase process could not be completed. The contention is not tenable because the demand for funds was not assessed on realistic basis.

Non-inclusion of agreed additionality in supplementary demand for grants

7.2.8 The Finance department provided additional funds of Rs 22.91 lakh during 1999-2000 under various heads of account for procurement of machinery equipment and medical reimbursement. The provision was to be made in the supplementary demands for grants of the department. It was noticed in audit that the department incurred expenditure out of additional funds without including them in the supplementary demand for grants. This resulted in excess expenditure of Rs 22.91 lakh.

The DHS while admitting the facts stated that the additionality could not be included in the supplementary demands because of late receipt of excess and surrender statements from the field units. Thus the DHS failed to exercise control over expenditure.

Control records not maintained

7.2.9 Important control records such as register of sanctions, ledger account of appropriations and liability register were not maintained by DHS as required under the budget manual. In the absence of aforesaid records the DHS could not prepare realistic estimates and exercise effective control over the expenditure. The DHS attributed (July 2003) non-maintenance of records to shortage of staff.

These points were referred to the Government in August 2003; their reply had not been received (August 2003).

7.3 Reimbursement of inadmissible medicines

Central Services (Medical attendance) Rules, as adopted by the State Government, prohibit reimbursement of certain medicines, foods and tonics under various systems of medicine.

Test-check in central audit (2002-2003) of vouchers of medical reimbursement vouchers of various Drawing and Disbursing Officers (DDOs) of the departments revealed that the reimbursement claims had not been regulated in

accordance with the provisions of the aforesaid rules and reimbursement of inadmissible medicines valued at Rs 0.22 lakh made as detailed below:

Table: 7.5

						(Rupees)
Head of Account	Total number of vouchers	Total amount paid	Total number of vouchers selected for audit	Total value of vouchers Audited	Number of vouchers in which overpayment detected	Amount overpaid
2401-Agriculture	3,293	81,83,046	275	7,22,916	68	19,932
2210-Medical	5,148	3,24,00,644	428	21,17,662	37	1,625
Total:						21,557

The vouchers were selected for audit to the extent of 8.33 *per cent* of the total number of vouchers by Random Sampling Method. Had all the vouchers drawn under the aforesaid heads of account been audited, it is likely that overpayment would have been to the extent of Rs 2.59 lakh.

It would thus appear that the checks prescribed under Central Services (Medical Attendance) Rules for reimbursement of medical claims were not exercised by the concerned DDOs.

These points were referred to the Government in August 2003; their reply had not been received (August 2003).

7.4 Overpayment of travelling allowance

Supplementary Rules (Travelling Allowance) (TA), as adopted by the State Government, provide that when a government servant travels by a Government vehicle to outstation and returns to his headquarters daily, the government servant cannot draw full daily allowance at the rate applicable to the place of temporary duty. In such cases, the journeys will have to be treated as local and regulated accordingly.

Test-check in central audit (2002-2003) of TA vouchers of various Drawing and Disbursing Officers (DDOs) of the departments revealed that the claims had not been regulated in accordance with the provisions of the aforesaid rules and overpayment of Rs 0.15 lakh made as detailed below:

Table: 7.6

						(Rupees)
Head of Account	Total number of vouchers	Total amount paid	Total number of vouchers selected for audit	Total value of vouchers Audited	Number of vouchers in which overpayment detected	Amount overpaid
2401-Agriculture	3,304	90,67,139	274	6,22,112	22	4,660
2210-Medical	4,071	1,29,41,871	338	13,03,354	30	10,102
Total:						14,762

The vouchers were selected for audit to the extent of 8.33 *per cent* of the total number of vouchers by Random Sampling Method. Had all the vouchers drawn under the aforesaid heads of account during the aforesaid period been

audited, it is likely that overpayment would have been to the extent of Rs 1.77 lakh.

It would thus appear that the checks prescribed under the aforesaid rules were not exercised by the DDOs while regulating the TA claims.

These points were referred to the Government in August 2003; their reply had not been received (August 2003).

Jai Narain

(J.N. Gupta)

Accountant General (Audit)
Himachal Pradesh

Shimla
The

13 FEB 2004

Countersigned

Vijayendra N. Kaul

(Vijayendra N. Kaul)

Comptroller and Auditor General of India

New Delhi
The

19 FEB 2004

APPENDICES

APPENDIX-I

(Refer paragraph 1.1; page 1)

Part-A Government Accounts

I. Structure:

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part-I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation from the State Legislature. It consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part-II Contingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs five crore.

Part-III Public Account

Receipts and disbursements in respect of Small Savings, Provident Funds, Deposits, Reserve Funds, Suspense, Remittances, etc., which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications in the Government accounts. The Appropriation Accounts on the other hand, present the details of expenditure incurred by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

Part-B List of terms used in Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	<u>Rate of Growth of the parameter</u> GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	<u>Rate of Growth of the parameter (X)</u> Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$
Trend/Average	Trend of growth over a period of 5 years (LOGEST (Amount of 1996-97: Amount of 2001-2002)-1)*100
Share shift/Shift rate of a parameter	Trend of percentage shares, over a period of 5 years, of the parameter in Revenue or Expenditure as the case may be
Development Expenditure	Social Services + Economic Services
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Interest spread	GSDP growth – Weighted Interest rates
Interest received as <i>per cent</i> to Loans Advanced	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts – Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding debits under 2048-Appropriation for Reduction or Avoidance of Debt

APPENDIX-II

(Refer paragraph 2.3.5; Page 27)

Statement showing cases of unnecessary supplementary grants/appropriations

Serial number	Grant	Original grant	Supplementary grant	Expenditure	Saving
	Revenue – Voted	(Rupees in crore)			
1.	1-Vidhan Sabha	5.45	0.90	5.28	1.07
2.	8-Education	842.85	12.30	842.61	12.54
3.	14-Animal Husbandry, Dairy Development and Fisheries	64.94	2.77	63.71	4.00
4.	15-Planning and Backward Area Sub-Plan	119.54	0.13	100.93	18.74
5.	19-Social Security and Welfare (Including Nutrition)	98.42	2.52	93.78	7.16
6.	29-Finance	532.00	5.30	506.20	31.10
7.	30-Miscellaneous General Services	18.01	0.21	17.39	0.83
Total		1681.21	24.13	1629.90	75.44
Capital – Voted					
8.	8-Education	13.18	0.40	8.91	4.67
9.	13-Irrigation and Flood Control	47.68	0.08	46.60	1.16
10.	17-Roads and Bridges	192.00	0.50	115.97	76.53
Total		252.86	0.98	171.48	82.36

APPENDIX-III

(Refer paragraph 2.3.5; Page 27)

Statement showing cases where supplementary provision was made in excess of actual requirement

Serial number	Grant	Original provision	Expenditure	Additional requirement	Supplementary provision	Saving
(Rupees in crore)						
Revenue – Voted						
1.	3-Administration of Justice and Election	27.35	31.54	4.19	5.60	1.41
2.	11-Agriculture	75.53	76.17	0.64	5.45	4.81
3.	12-Horticulture	54.88	59.97	5.09	6.95	1.86
4.	16-Forest and Wild Life	238.54	331.52	92.98	99.71	6.73
5.	18-Supplies, Industries and Minerals	31.67	40.45	8.78	15.11	6.33
6.	25-Road and Water Transport	30.74	72.83	42.09	43.32	1.23
Total		458.71	612.48	153.77	176.14	22.37
Capital-Voted						
7.	9-Health and Family Welfare	14.98	15.27	0.29	2.64	2.35
8.	11-Agriculture	36.28	39.26	2.98	7.28	4.30
9.	29-Finance	11.10	24.57	13.47	15.00	1.53
Total:		62.36	79.10	16.74	24.92	8.18
Grand Total:		521.07	691.58	170.51	201.06	30.55

APPENDIX-IV

(Refer paragraph 2.3.5; Page 27)

Statement showing cases where supplementary provision was inadequate

Serial number	Grant/Appropriation	Original provision	Supplementary provision	Expenditure	Excess over total provision
(Rupees in crore)					
Revenue - Voted					
1.	05-Land Revenue and District Administration	133.31	15.86	151.61	2.44
2.	07-Police and Allied Organisations	171.63	1.75	182.74	9.36
3.	09-Health and Family Welfare	249.46	5.67	256.89	1.76
4.	10-Public Works	127.44	0.01	192.65	65.20
5.	13-Irrigation and Flood Control	83.00	0.04	112.79	29.75
6.	17-Roads and Bridges	227.17	0.01	278.12	50.94
7.	23-Water and Power Development	101.64	22.62	128.98	4.72
8.	28-Water Supply, Sanitation, Housing and Urban Development	268.56	46.61	405.73	90.56
9.	31-Tribal Development	178.32	0.75	192.95	13.88
Total:		1540.53	93.32	1902.46	268.61
Capital - Voted					
10.	23-Water and Power Development	169.25	86.87	360.53	104.41
Capital - Charged					
11.	29-Finance	516.27	\$	3427.30	2911.03
Total:		685.52	86.87	3787.83	3015.44
Grand Total:		2226.05	180.19	5690.29	3284.05

\$

Rs 2000 only.

APPENDIX-V

(Refer paragraph 2.3.6; Page 27)

Details of persistent savings/excesses

Serial number	Grants	2000-2001	2001-2002	2002-2003
		(Percentage of savings/excesses)		
	I-Savings			
	A-Revenue-Voted			
1.	19-Social Security and Welfare (including nutrition)	6	5	7
	B-Capital-Voted			
2.	17-Roads and Bridges	10	45	40
3.	21-Co-operation	66	33	21
4.	22-Food and Warehousing	56	99	79
	II-Excesses			
	C-Revenue-Voted			
5.	10-Public Works	62	31	51
6.	28-Water Supply, Sanitation, Housing and Urban Development	11	35	29
7.	31-Tribal Development	11	15	8
	Capital-Charged			
8.	29-Finance	846	813	564

APPENDIX-VI

(Refer paragraph 2.3.7; Page 27)

Details of significant savings alongwith main reasons

Serial number	Grant	Amount of saving Rupees in crore (Percentage of savings)	Main reasons as furnished by Government
	Revenue – Voted		
1	01-Vidhan Sabha	1.07 (17)	Due to excess budgetary provision.
2.	3-Administration of Justice and Elections	1.41 (4)	Less touring by staff, less expenditure on professionals and special services and less purchase of election material.
3.	08-Education	12.54 (1)	Due to receipt of less cases of Grant-in-Aid, non-filling of vacant posts, non-payment of livery allowance to class IV employees.
4.	11-Agriculture	4.81 (6)	Less demand from beneficiaries for subsidy and less expenditure on office items and miscellaneous articles.
5.	12-Horticulture	1.86 (3)	Non-filling of vacant posts, less expenditure on daily wages, office articles, horticulture material and repairs of horticulture buildings. Less receipt of cases of subsidy, and less organisation of horticulture seminars.
6.	14-Animal Husbandry, Dairy Development and Fisheries	4.00 (6)	Non-filling of vacant posts, less expenditure on touring, livery, office articles, repair of vehicles, veterinary medicines and less minor works.
7	15-Planning and Backward Area Sub-Plan	18.74 (16)	Vacant posts, less expenditure on tour, liveries, telephones rent, hospitality, petrol and less purchase of State Human Development Reports. Non-receipt of demand from local district planning department (Deputy Commissioner).
8.	16-Forest and Wild Life	6.74 (2)	Less expenditure on development of projects, less expenditure on material and less expenditure on works.

1.	2.	3.	4.
9.	18-Supplies, Industries and Minerals	6.33 (14)	Less demand from beneficiaries (Handloom weavers) and non-finalisation of proposal.
10.	19-Social Security and Welfare including nutrition	7.17 (7)	Less receipt of proposals, less expenditure on touring stationery, hospitality, entertainment, motor vehicles, machinery and buildings.
11.	25-Road and Water Transport	1.23 (2)	Non-finalisation of <i>ex-gratia</i> cases.
12.	29- Finance	31.10 (6)	Less receipt of interest, less receipt of pension cases, less expenditure on travelling and less receipt of rent rate and tax bills.
13.	30-Miscellaneous General Services	0.83 (5)	Non-filling up of vacant posts.
Revenue – Charged			
14.	29-Finance	52.85 (4)	Reasons were awaited (July 2003)
Capital-Voted			
15.	01-Vidhan Sabha	0.62 (41)	Due to dissolution of Vidhan Sabha and less touring by Speaker and Deputy Speaker
16.	08- Education	4.67 (34)	Non-completion of codal formalities of <i>Sarswati Bal Vidya Sankalpa yojna</i> .
17.	09-Health and Family Welfare	2.35 (13)	Reasons were awaited (July 2003).
18.	10-Public Works	1.09 (20)	Reasons were awaited (July 2003).
19.	11-Agriculture	4.30 (10)	Less expenditure on Plant Protection Equipment.
20.	13-Irrigation and Flood Control	1.16 (2)	Less execution of works.
21.	17-Roads and Bridges	76.53 (40)	Execution of less works, non-finalisation of proposals for cable ways.
22.	21-Co-operation	0.86 (21)	Due to less investment on Primary Agriculture Credit Societies and less investment on Co-operatives Banks.
23.	22-Food and Warehousing	2.50 (79)	Due to transfer of wheat trades to State Civil Supplies Corporation.
24.	25-Road and Water Transport	2.00 (17)	Due to non-finalisation of site plant for Inter-State Bus Stand, Shimla.
25.	29-Finance	1.53 (6)	Non-receipt of cases for advances.
Grand Total:		248.29	

APPENDIX-VII

(Refer paragraph 2.3.8; Page 28)

Surrender of Funds

I. Details of major variations where savings were more than Rs 1 crore and were either not fully surrendered or not surrendered at all

Serial number	Grant	Total savings	Amount surrendered	Amount not surrendered
		(Rupees in crore)		
	Revenue-Voted			
1.	1-Vidhan Sabha	1.07	0.93	0.14
2.	3-Administration of Justice	1.41	1.29	0.12
3.	11-Agriculture	4.81	3.75	1.06
4.	12-Irrigation and Flood Control	1.86	1.79	0.07
5.	15-Planning and Backward Area Sub-Plan	18.74	14.33	4.41
6.	19-Social Security and Welfare (including nutrition)	7.17	6.91	0.26
7.	29-Finance	31.10	0.10	31.00
	Total:	66.16	29.10	37.06
	Capital Voted			
8.	9-Health and Family Welfare	2.35	2.12	0.23
9.	10-Public Works and Buildings	1.09	--	1.09
10.	13-Soil and Water Conservation	1.16	0.71	0.45
11.	17-Roads and Bridges	76.53	75.68	0.85
12.	29-Finance	1.53	0.32	1.21
	Total:	82.66	78.83	3.83
	Grand Total:	148.82	107.93	40.89

II. Details showing surrender of funds more than available savings

Serial number	Grant	Amount of savings	Amount surrendered
		(Rupees in crore)	
	Revenue-Voted		
1.	8-Education	12.54	27.06
2.	14-Animal Husbandry and Dairy Development	4.00	4.03
3.	18-Supplies, Industries and Minerals	6.33	6.38
Revenue Charged			
4.	29-Finance	52.85	141.89
Capital voted			
5.	8-Education	4.67	4.70
6.	11-Agriculture	4.30	4.37
	Total:	84.69	188.43

III. Details of surrender of funds in spite of overall excess expenditure

Serial number	Grant	Amount of excess expenditure	Amount surrendered
		(Rupees in crore)	
	Revenue-Voted		
1.	9-Health and Family Welfare	1.76	3.50
2.	13-Irrigation and Flood Control	29.76	9.16
3.	20-Rural Development	--	2.57
4.	23-Water and Power Development	4.72	23.63
5.	31-Tribal Development	13.89	2.77
Capital-Voted			
6.	23-Water and Power Development	104.41	0.20
7.	28-Water supply, Sanitation, Housing and Urban Development	0.50	5.79
Capital-Charged			
8.	29-Finance	2911.03	111.62
	Total:	3066.07	159.24

* Rs 46887 only.

APPENDIX-VIII

(Refer paragraph 2.3.10; Page 28)

Major variation in recoveries**Details of major variations in recoveries and actual adjusted in reduction of expenditure**

Serial number	Grant	Budget estimates	Actual recoveries	Variation			
				Excess recoveries against budget estimates		Amount	Percentage
				Revenue	(Rupees in crore)		
1.	10-Public Works	94.76	151.64	(+) 56.88	60		
2.	13-Irrigation and Flood Control	32.75	46.67	(+)13.92	43		
3.	28-Water Supply, Sanitation, Housing and Urban Development	74.00	166.64	(+) 92.64	125		
4.	31-Tribal Development	10.49	26.35	(+) 15.86	151		
Capital							
5.	13-Irrigation and Flood Control	--	15.00	(+) 15.00	100		
6.	22-Food and Warehousing	\$	3.34	(+) 3.34	100		
Less recoveries against budget estimates							
Capital							
7.	11-Agriculture	25.10	23.53	(-) 1.57	6		

^s Rs 2000 only.

APPENDIX-IX

(Refer paragraph 2.3.11; Page 29)

Cases of injudicious re-appropriations

I. Cases of major re-appropriations which turned out injudicious on account of non-utilisation

Serial number	Grant	Major/ minor/ sub-head of account, etc.	Amount of reappropriation to the sub-head	Amount of final saving under the sub-head after reappropriation
(Rupees in lakh)				
1.	10-Public Works	4059-01-051-07	1.80	33.71
2.	19-Social Security and Welfare (including Nutrition)	2235-200-12	30.00	69.78
3.	29-Finance	2049-200-03	15.64	24.48
		2049-200-13	0.02	44.87
		6004-800-01	65.26	85.00
		6003-103-01	0.93	26.23
		6003-109-07	0.01	28.05
4.	30-Miscellaneous General Services	2220-60-101-01	3.24	28.14
5.	31- Tribal Development	2202-02-796-03	35.14	38.23
		2202-02-796-03	229.13	235.98
		2403-796-02	25.71	56.78
		2202-01-796-03	8.53	186.71
		2202-02-796-02	70.25	133.39
		4406-01-796-01	26.90	39.84
		5054-03-796-05	42.10	163.86
		4059-01-796-02	0.15	34.87
Total:			554.81	

II. Cases of major re-appropriations to other heads which led to final excesses under the following sub-heads

Serial number	Grant	Major/ minor/ sub-head of account, etc.	Amount of reappropriation from the sub-head	Amount of final excess under the sub-head after reappropriation
(Rupees in lakh)				
1.	07-Police and Allied Organisation	2070-107-01	2.46	20.73
		2070-107-02	71.06	283.28
		2070-107-03	3.50	21.84
2.	08-Education	2202-01-109-01	823.72	3105.11
3.	09-Health and Family Welfare	2210-05-101-01	3.20	15.60
		2210-05-101-01	0.20	8.10
4.	10-Public Works	2059-80-001-01	36.99	141.35
5.	13-Irrigation and Flood Control	4702-101-01-03	50.00	59.37
6.	31-Tribal Development	2029-796-03	2.98	11.14
		2406-01-796-02	0.12	3.76
		4406-01-796-02	31.15	39.64
		5452-80-796-01	20.14	22.39
Total:			1045.52	

APPENDIX-X

(Refer Paragraph 3.1.25; Page 38)

Consolidated statement showing the details of physical targets, achievement and shortfall during 1998-99 to 2002-2003 in respect of Centrally sponsored schemes.

Sr. No.	Name of the component	Unit	Target	Achievement	Shortfall	Percentage of shortfall
A National Pulses Development Project						
1.	Distribution of certified seeds	Quintals	6079.25	756.29	5322.96	87
2.	Production of certified seeds	Quintals	7800	31.82	7768.18	99
3.	Breeder seed procurement	Quintals	12	0.60	11.40	95
4.	Distribution of seed minikits	Nos.	4400	3713	687	16
5.	Procurement of Foundation seed	Quintals	250	63.25	186.75	75
6.	Organisation of block demonstration	Hectares	285	363.18	--	--
7.	Distribution of ZYPSUM/Pyrities	Hectares	260	81	179	69
8.	Distribution of NPV	Hectares	800	106	694	87
B. Oil seeds Production Programme						
1.	Purchase of Breeder seed	Quintals	232	15.38	216.62	93
2.	Production of Foundation seed	Quintals	1200	64.20	1135.80	95
3.	Distribution of certified seed	Quintals	4333	575.99	3757.01	87
4.	Block Demonstration	Hectares	3303	2650	653	20
5.	Distribution of Minikits	Nos.	10156	7285	2871	28
6.	Seed Treatment	Hectares	6356	1197	5159	81
7.	IPM Demonstration	Hectares	199	75.42	123.58	62
8.	Distribution of PP equipment	Nos.	422	434	--	--
9.	Distribution of Rhizobium culture	Hectares	2800	657.4	2142.6	77
10.	Farmers training camps	Nos.	124	142	--	--
11.	P.P. chemicals/ weedicides/ Insecticides	Hectares	900	461	439	49
C. Accelerated Maize Development Programme						
1.	Field Demonstration	Nos.	13,201	11995	1206	9
2.	IPM Demonstration	Nos.	401	191	210	52
3.	Training of Farmers	Nos.	607	579	28	5
4.	Use of certified seed	Quintals	3,540	394.22	3145.78	89

APPENDIX-XI

(Refer Paragraph 3.11; Page 76)

Year-wise break up of outstanding Inspection Reports/Paras upto June 2003

Sr. No.	Period	Name of Department			
		Agriculture		Revenue	
		IRs	Paras	IRs	Paras
1.	Upto March 1996	107	184	97	555
2.	1996-97	18	101	21	65
3.	1997-98	17	80	16	74
4.	1998-99	1	1	15	74
5.	1999-2000	20	63	29	132
6.	2000-2001	5	5	23	183
7.	2001-2002	31	213	58	219
8.	2002-2003	20	86	41	301
Total:		219	733	300	1603

APPENDIX-XII

(Refer Paragraph 3.11; Page 76)

Statement showing serious irregularities commented upon in the outstanding IRs

Nature of irregularities	Agriculture		Revenue		Grand total	
	Paragraphs	Amount (Rupees in lakh)	Paragraphs	Amount (Rupees in lakh)	Total paragraph	Total Amount (Rupees in lakh)
Drawal of funds in advance of requirement	73	940.65	227	13018.89	300	13959.54
Non-adjustment of contingent advances	15	216.89	02	2.32	17	219.21
Excess/irregular expenditure for want of sanctions	115	800.99	446	8730.77	561	9531.76
Wasteful/infructuous/unfruitful expenditure	32	243.18	56	2539.11	88	2782.29
Diversion of funds	02	25.75	47	927.46	49	953.21
Overpayments, non-recovery of rent, advances/misc. recoveries	106	185.47	249	212.18	355	397.65
Non-production of actual payees' receipts	29	171.20	37	2050.54	66	2221.74
Outstanding loans	15	90.02	43	318.24	58	408.26
Idle machinery/equipment including vehicles off the road	16	26.95	18	19.89	34	46.84
Non-accounting/short accounting of stores/cash, etc.	34	57.57	44	43.35	78	100.92
Non-recoupment of expenditure	08	247.12	09	255.41	17	502.53
Mis-appropriation of stores/cash/funds	29	107.42	58	99.63	87	207.05
Incomplete/abandoned works	04	45.66	28	3071.09	32	3116.75
Loss/theft/embezzlement/ defalcation, etc.	51	110.96	50	297.03	101	407.99
Non-production of utilisation certificates	04	2110.02	40	3629.12	44	5739.14
Non-disposal of unserviceable articles of stores	37	25.25	32	10.62	69	35.87
Non-reconciliation with treasury/banks	09	7.38	31	322.10	40	329.48
Non-utilisation of grants-in-aid	01	0.07	06	3.64	07	3.71
Non-deposit of interest into treasury	10	55.19	41	128.41	51	183.60
Miscellaneous irregularities	143	649.41	139	1184.49	282	1833.90
Total:	733	6117.15	1603	36864.29	2336	42981.44

APPENDIX-XIII

Refer paragraph 4.1.6; page 81)

Particulars of ineligible schemes selected for receipt of Central loan assistance (CLA) under Accelerated Irrigation Benefit Programme (AIBP)

Sr. No.	Name of the Scheme and category	Total irrigation potential	Particulars of A/A and E/S		Stipulated period of completion	Date of inclusion in AIBP by Government of India	Date of start of work	Expenditure incurred prior to inclusion in AIBP (Rs in crore)	Stipulated date of completion under AIBP	Expenditure incurred on construction after inclusion in AIBP till March 2003	Present position of execution	Remarks
		(In hectares)	Month/ Year	Amount (Rs in crore)						(Rs in crore)		
1.	Shah Nehar Irrigation Project (Major)	15,287	June 1997	143.90	7 years	July 1997	1997	NIL	March 2003	64.76	In progress	Completion date revised to March 2007
2.	(i) Sidhatha Irrigation Project (Medium)	3,150	December 1997	33.62	7 years	July 2000	December 2000	1.85	March 2003	4.56	In progress	
	(ii) Medium Irrigation Project Changer area of Bilaspur district	2,350	June 1999	28.37	7 years	July 2000	June 1999	0.59	March 2003			
	Total:	20,787		205.89				2.44		69.32		

APPENDIX-XIV

(Refer paragraph 4.14; Page 95)

Statement showing the road works held up due to involvement of forest land.

Sr. No.	Name of Division	Name of road	Particular of A/A and E/S		Stipulated period of completion (In years)	Date of commencement	Date since when construction held up	To date expenditure	Delay involved as of March 2003
			Month and Year	Amount (Rupees in lakh)				(Rupees in lakh)	(In months)
1.	Bajjnath	Deol-Tatwani road via Karnathu (km 0/0 to 7/0)	March 1993	24.90	6	September 1996	April 2000	10.44	7
2.	Chamba	(i) Bairagarh -Devikothi road (km 0/0 to 12/800)	September 1978	13.64	4	1979	September 1997	46.17	231
		(ii) Bhagaigarh-Chanju Road (km 0/0 to 10/0)	March 1986	9.98	3	1987	October 1999	33.46	147
		(iii) Sungal-Kalotha road (km 0/0 to 16/0)	October 1997	50.00	3	1984	April 1999	28.63	183
		(iv) Sach-Lindi Behi road (km 0/0 to 10/0)	September 1988	19.88	3	1984	September 1999	6.78	183
3.	Mandi-II	Link road from Roda Nallah to Govt. High School Karkoh (km 0/0 to 2.500)	August 1981	4.99	1	1981-82	November 2001	16.70	195
4.	Salooni	Kandi-Ather road (km of 0/0 to 12/0)	December 1994	24.61* 131.35 (Revised in February 1998)	4	1994-95	March 2001	19.17	39
5.	Udaipur	Link road to village Gumarang (km 0/0 to 4/0)	January 1989	22.04	6	October 1992	1996	21.83	54
Total:				276.78				183.18	

* Included in the revised amount of Rs 131.35 lakh.

APPENDIX-XV

(Refer paragraph 4.14; Page 96)

Statement showing the road works held up due to involvement of private land

Sr. No.	Name of Division	Name of road	Particular of A/A and E/S		Stipulated period of completion (In Years)	Date of commencement	Date since when construction held up	To date expenditure	Delay involved as of March 2003
			Month and Year	Amount (Rupees in lakh)				(Rupees in lakh)	(In months)
1.	Kasauli	Kasauli-Mehlog Patta road (km 0 to 5/0)	March 1983	9.74	3	1991-92	January 2000	13.64	87
2.	Mandi-II	Link road from Bagla to Kathalag via Barsu (km 0 to 6/0)	February 1990	24.15	3	January 1995	June 1995	6.03	63
		Total:		33.89				19.67	

APPENDIX-XVI

(Refer paragraph 4.14; Page 96)

Statement showing details of incomplete/abandoned works

Sr. No.	Name of Division	Name of work	Particular of A/A and E/S		Stipulated period of completion	Date of commencement	Date since when construction held up	To date expenditure	Delay involved as of March 2003	Reasons for incompleteness
			Month and Year	Amount (Rupees in lakh)						
1 (i)	Jubbal	Construction of Rest House building at Mandhole	July 1986	6.67	2	March 1987	August 1999	14.79	168	No reasons for delay in completion of the work had been intimated by the department.
(ii)		Construction of Primary Health Centre with staff quarters at Kalbog	November 1987	25.45	1	October 1988	March 2002	22.50	162	The work was not completed due to paucity of funds.
2.	Karsog	Construction of Civil Dispensary building at Ashla	December 1998	18.13	2	February 1999	February 2002	9.36	26	The work was held up due to paucity of funds.
3.	Kaza	Construction of Rest House at Pangmo	December 1996	16.76	2	May 1998	October 1999	62.23	34	The work was held up due to change in design and for want of approval of deviation.
4.	Rampur	Construction of 10+2 school building at Nankhari	November 1997	94.57	2	February 1998	October 2000	83.82	38	The building was not completed due to paucity of funds.
5.	Shimla Medical College	Construction of ITI building at Shimla	January 1999	86.50	2	April 1999	December 2000	36.81	24	The work was not completed for want of funds.
Total:				248.08				229.51		

APPENDIX-XVII

(Refer Paragraph 6.1; Page 111)

Statement showing names of the bodies and authorities, the accounts of which had not been received

Serial number	Department and Body/Authority	Number of accounts	Year for which accounts were awaited
Rural Development			
1.	District Rural Development Agency, Shimla	1	2001-02
2.	District Rural Development Agency, Solan	1	2001-02
3.	District Rural Development Agency, Nahan	2	2001-02
4.	District Rural Development Agency, Bilaspur	1	2001-02
5.	District Rural Development Agency, Mandi	2	2000-01 to 2001-02
6.	District Rural Development Agency, Hamirpur	1	2001-02
7.	District Rural Development Agency, Kangra	1	2001-02
8.	District Rural Development Agency, Kullu	1	2001-02
9.	District Rural Development Agency, Una	2	2001-02
10.	District Rural Development Agency, Chamba	1	2001-02
11.	District Rural Development Agency, Keylong	2	2001-02
12.	District Rural Development Agency, Kinnaur	2	1998-99 to 2001-02
Language, Art and Culture			
13.	Academy of Language, Art and Culture, Shimla	5	1998-99 to 2001-02
Social and Women's Welfare			
14.	Himachal Pradesh State Council for Child Welfare, Shimla	1	2000-01 to 2001-02
15.	Himachal Pradesh State Welfare Advisory Board, Shimla	4	1999-00 to 2001-02
16.	Himachal Pradesh Scheduled Caste/Scheduled Tribe Corporation, Solan	2	1999-00 to 2001-02
Agriculture			
17.	Himachal Pradesh Krishi Vishva Vidyalaya, Palampur	1	2001-02
18.	Himachal Pradesh Seed Certification Agency, Shimla	2	2001-02
Forest Farming and Conservation			
19.	Indo-German Changar Project, Palampur	1	2001-02
Horticulture			
20.	Dr. Y.S. Parmar University of Horticulture and Forestry, Solan	1	2000-01 to 2001-02
Co-operation			
21.	Himachal Pradesh State Co-operative Marketing and Consumers Federation, Shimla	2	2001-02
22.	Himachal Pradesh Co-operative Union, Shimla	2	1998-99 to 2001-02
Science, Technology and Environment			
23.	HIMURJA	2	2000-01 to 2001-02
24.	Himachal Pradesh State Board for Prevention and Control of Water Pollution, Shimla	8	1995-96 to 2001-02
25.	State Council for Science, Technology and Environment, Shimla	3	2000-01 to 2001-02

1.	2.	3.	4.
	Housing		
26.	Himachal Pradesh Housing Board, Shimla	1	2000-01 to 2001-02
	Animal Husbandry		
27.	Himachal Pradesh Co-operative Milk Federation, Shimla	1	2001-02
	Youth Services and Sports		
28.	Himachal Pradesh Sports Council, Shimla	6	1997-98 to 2001-02
29.	National Service Scheme, Shimla	5	1998-99 to 2001-02
30.	Himachal Pradesh State Youth Board, Shimla	4	1999-00 to 2001-02
	Education		
31.	S.D. Sr. Sec. School, Shimla	1	2001-02
32.	DAV Sr. Sec. School, Una	3	2001-02
33.	Himachal Pradesh University, Shimla	5	1998-99 to 2001-02
34.	St. Bede's College, Shimla	5	1998-99 to 2001-02
35.	SVS College, Bhatoli	6	1998-99 to 2001-02
36.	DAV College, Kangra	5	1998-99 to 2001-02
37.	MLSM College, Sundernagar	6	1997-98 to 2001-02
38.	GGDSD College, Baijnath	3	1997-98 to 2001-02
39.	Public Sr. Sec. School, Bhatoli	5	2001-02
40.	Public Sr. Sec. School, Thara	2	2001-02
41.	Public Sr. Sec. School, Mehatpur	3	2000-01 to 2001-02
42.	GAV Sr. Sec. School, Kangra	3	2000-01 to 2001-02
43.	State Council of Education Research and Training, Solan	4	1999-00 to 2001-02
44.	DAV College, Daulatpur Chowk	4	1999-00 to 2001-02
45.	MSCM College, Thural	4	1999-00 to 2001-02
46.	DAV College, Kotkhai	4	1999-00 to 2001-02
	Urban Development		
47.	Municipal Corporation, Shimla	1	2000-01 to 2001-02
48.	Municipal Committee, Dharamshala	2	2001-02
49.	Municipal Committee, Solan	2	1997-98 to 2001-02
50.	Municipal Committee, Chamba	3	2001-02
51.	Municipal Committee, Kullu	6	1997-98 to 2001-02
52.	Municipal Committee, Mandi	3	2000-01 to 2001-02
53.	Municipal Committee, Sundernagar	3	2000-01 to 2001-02
54.	Municipal Committee, Nahan	2	1997-98 to 2001-02
55.	Municipal Committee, Nalagarh	2	1997-98 to 2001-02
56.	Municipal Committee, Paonta Sahib	4	1997-98 to 2001-02
57.	Municipal Committee, Bilaspur	2	2001-02
58.	Municipal Committee, Una	2	2001-02
59.	Municipal Committee, Hamirpur	6	1997-98 to 2001-02
60.	Municipal Committee, Kangra	4	1997-98 to 2001-02
61.	Municipal Committee, Nurpur	2	2001-02
62.	Municipal Committee, Dalhousie	2	2001-02
63.	Nagar Panchayat, Mehatpur	2	2001-02
64.	Nagar Panchayat, Santokhgarh	2	1997-98 to 2001-02
65.	Municipal Corporation, Rampur	2	2001-02
66.	Nagar Panchayat, Baddi	6	1997-98 to 2001-02
67.	Municipal Corporation, Palampur	2	2001-02
68.	Municipal Corporation, Parwanoo	2	1997-98 to 2001-02
69.	Nagar Panchayat, Jawala Mukhi	2	2001-02
70.	Nagar Panchayat, Sujanpur	2	2001-02
	Fisheries		
71.	Fish Farmer's Development Agency Kangra	2	2001-02
	Total:	199	

APPENDIX-XVIII

(Refer paragraph 6.2.13; Page 116)

**Statement showing the position of seats sanctioned and filled in various courses
and students actually admitted during 1997-98 to 2001-2002**

Discipline	1997-98			1998-99			1999-2000			2000-2001			2001-2002		
	Sanctioned seats	Students admitted	Vacant seats	Sanctioned seats	Students admitted	Vacant seats	Sanctioned seats	Students admitted	Vacant seats	Sanctioned seats	Students admitted	Vacant seats	Sanctioned seats	Students admitted	Vacant seats
B. Sc (Agriculture)	40	28	12 (30)	45	31	14 (31)	50	21	29 (58)	50	40	10 (20)	50	41	09 (18)
B. Sc (Home Science)	25	21	04 (16)	25	21	04 (16)	25	17	08 (32)	35	21	14 (40)	35	15	20 (57)
M. Sc (Agriculture)	31	27	04 (13)	31	26	05 (16)	36	37*	- (-)	45	48*	- (-)	45	43	02 (04)
M. VSC (Master of Veterinary Science)	17	12	05 (29)	17	15	2 (12)	19	14	05 (26)	37	16	21 (57)	37	22	15 (41)
Ph. D (Agriculture)	16	11	05 (30)	16	12	4 (25)	16	11	05 (31)	24	14	10 (42)	24	20	04 (17)
Ph. D (Veterinary)	02	02	- (-)	02	01	01 (50)	02	02	- (-)	05	--	05 (100)	05	02	03 (60)
Ph. D (Home Science)	02	02	- (-)	02	01	01 (50)	02	02	- (-)	03	02	01 (33)	03	02	01 (33)

Note: Percentage in brackets.

* Students sponsored by ICAR.

APPENDIX-XIX**Glossary of abbreviations**

Abbreviations	Expanded form
AAE	Assistant Agriculture Engineer
ADG	Additional Director General
ADIP	Assistance to disable persons
AEOs	Agriculture Extension Officers
AIBP	Accelerated Irrigation Benefit Programme
AMDP	Accelerated Maize Development Programme
AR	Assistant Registrar
ASSOs	Assistant Soil Survey Officers
BOM	Board of Management
BPEOs	Block Primary Education Officers
CBRWs	Community based rehabilitation workers
CCA	Culturable command area
CE	Chief Engineer
CLA	Central Loan Assistance
CSS	Centrally sponsored scheme
CTS	Cardio Thoracic Surgery
CWC	Central Water Commission
DA	Director of Agriculture
DAO	District Agriculture Officer
DDA	Deputy Directors of Agriculture
DDH	Deputy Directors of Horticulture
DDOs	Drawing and Disbursing Officers
DEs	Divisional Engineers
DHOs	District Horticulture Officers
DIFPE	Director, Institutional Finance and Public Enterprises
DRCs	District Rehabilitation Centres
DRDAs	District Rural Development Agencies
DWO	District Welfare Officer
E-in-C	Engineer-in-Chief
FC	Finance Committee
FCUs	Fruit Canning Units
FD	Finance Department
FTs	Fruit Technologists
HIMFED	Himachal Pradesh State Cooperative Marketing and Consumers Federation
HPAIC	Himachal Pradesh Agro Industries Corporation
HPKVV	Himachal Pradesh <i>Krishi Vishav Vidyalyaya</i>

HPTDC	Himachal Pradesh Tourism Development Corporation
I&PH	Irrigation and Public Health
JBTs	Junior Basic Teachers
KVK	<i>Krishi Vigyan Kendra</i>
MC	Municipal Corporation
MC	Model Central
MRWs	Multipurpose rehabilitation workers
MSS	Mix seal surface
MSTI	Mobile Soil Testing Laboratory
MWA	Miscellaneous works advances
NJPC	Nathpa Jhakri Power Corporation Limited
NPA	Non-practicing allowance
NPDP	National Pulses Development Project
NPRPD	National programme for rehabilitation of persons with disabilities
NWDpra	National Watershed Development Projects for Rainfed Areas
OPP	Oilseeds Production Programme
PC	Premix Carpet
PCDOs	Progeny-cum-demonstration orchards
PDSs	Potato Development Stations
PLA	Personal Ledger Account
PWD	Persons with disabilities
RCS	Red Cross Society
RDD	Rural Development Department
RIDF	Rural Infrastructure Development Fund
RRS	Regional Research Station
SAMETI	State Agriculture Management and Extension Training Institute
SC	Seal Coat
SCC	State Co-ordination Committee
SCPC	Students counselling and placement cell
SDSCOs	Sub-Divisional Soil Conservation Officers
SE	Superintending Engineer
SEC	State Executive Committee
SEE	Special employment exchange
SMSs	Subject Matter Specialists
SNP	Shah Nehar Project
Sr. PPO	Senior Plant Protection Officer
SRC	State Resource Centre
UCs	Utilisation certificate