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The Report of the Comptroller and Auditor General of India

on

Social, General and Economic Sectors

(Non-Public Sector Undertakings)

for the year ended 31 March 2013

Government of Himachal Pradesh

Report No. 3 of the year 2013

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PREFACE

This Report of the Comptroller and Auditor General of India has been prepared for submission to the Governor of the State of Himachal Pradesh under Article 151 (2) of the Constitution of India for being laid before the State Legislature.

The Report for the year ended 31 March 2013 contains significant results of the performance audit and compliance audit of the departments/ autonomous bodies of the Government of Himachal Pradesh under the Social, General and Economic Sectors (Non-Public Sector Undertakings).

The cases mentioned in this Report are among those which came to notice in the course of test audit of accounts of the Government departments during the year 2012-13 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 2012-13 have also been included, wherever necessary.

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

Overview

OVERVIEW

This Report contains three Performance audits on Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority, Medical Education and Research and Working of Public Works Department and 22 paragraphs involving ₹ 1258.95 crore relating to excess/ wasteful/ unfruitful/ infructuous/ avoidable unproductive expenditure, undue favour to contractors, idle investment, blocking of funds, diversion of funds, etc. Some of the major findings are mentioned below:

PERFORMANCE AUDIT

A performance audit of **Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority** was conducted. Some major findings are given below:

- An unspent amount of ₹ 21.51 crore in respect of catchment area treatment Plans of hydro electric projects pertaining to 2002-06 was not credited into *Ad hoc* CAMPA and remained with the State Government as of May 2013.

  (Paragraph 2.1.7.1)

- In 142 cases of diversion of forest land (between October 2002 and April 2008), the Department did not realise the net present value (NPV) of ₹ 25.85 crore.

  (Paragraphs 2.1.7.3 and 2.1.7.4)

- Against total available funds of ₹ 188.38 crore, the State CAMPA could utilise ₹ 127.09 crore only and year-wise percentage utilisation during the above period ranged between four and 48.

  (Paragraph 2.1.8)

- As against required Compensatory Afforestation for an area of 8160.46 hectares during 2006-12, 2789.51 hectares was covered during the above period, resulting in shortfall of 66 *per cent*.

  (Paragraph 2.1.9.1 (i))

- The allotment of *rim* plantation of Kol Dam Hydro Electric Project (HEP) and plantation work under CAT Plan of Larji HEP to an outside agency led to cost escalation of ₹ 18.63 crore (Kol Dam: ₹ 12.22 crore and Larji: ₹ 6.41 crore).

  (Paragraph 2.1.9.2)

- Monitoring mechanism was ineffective as the specified inspections of CAMPA works were not carried out by the functionaries at the field and State level. Besides, the prescribed system of concurrent monitoring and evaluation had not been evolved as of May 2013.

  (Paragraph 2.1.12)

A performance audit on **Medical Education and Research** was conducted. Some major findings are given below:

- The overall expenditure of the Department exceeded the approved outlay by over ₹ 55 crore. In Government Medical Colleges except for 2008-09 and 2012-13, there were excesses ranging from ₹ 8.77 crore to ₹ 30.08 crore during 2009-12.

  (Paragraph 2.2.7.1)

- Against funds of ₹ 21 crore released to Public Works Department for execution of four works during 2004-12, an amount of ₹ seven crore was diverted in one work for objectives other than the ones sanctioned.

(Paragraph 2.2.8)

- Non-utilisation of central assistance of ₹ 8.14 crore by the medical institutions against the total receipt of ₹ 14.03 crore during 2008-13, resulted in non-creation of infrastructure, etc., besides non-receipt of further central assistance of ₹ 11.27 crore.

(Paragraphs 2.2.9.1 to 2.2.9.4)

- Machinery and equipment costing ₹ 3.52 crore were lying unutilised in the Government Medical Colleges and hospitals attached to them for want of repairs and non-renewal of annual maintenance contracts.

(Paragraph 2.2.10.1)

- The shortage in cadres of teaching and teaching supporting staff was 11 to 71 and 12 to 52 *per cent* respectively as of March 2013.

(Paragraphs 2.2.12.1 and 2.2.12.2)

- Prescribed monitoring mechanism and internal audit arrangements for effective implementation of various schemes and activities of the Department were non-existent.

(Paragraph 2.2.13)

A performance audit of **Working of Public Works Department** was conducted. Some major findings are given below:

- No comprehensive road policy was in place. The Department had not formulated any long term plan for providing a time-bound connectivity to all census villages in the state.

(Paragraph 2.3.6.1)

- Budget Estimates were prepared on a completely unrealistic basis, as against the provisions, there was excess expenditure of ₹ 1084.14 crore during 2008-13 (2008-09: ₹ 134.66 crore; 2009-10: ₹ 224.30 crore; 2010-11: ₹ 242.55 crore; 2011-12: ₹ 232.99 and 2012-13: ₹ 249.64 crore).

(Paragraph 2.3.7.1)

- Withdrawal of funds of ₹ 15.21 crore from treasury merely to avoid lapse of budget, by charging the expenditure to works, thus showing their utilisation without actual execution and keeping the funds in Deposit head for utilisation in the subsequent financial years was against the canons of financial propriety.

(Paragraph 2.3.7.3)

- Of 914 works taken up for execution during 2008-13, construction of 823 works having an estimated cost of ₹ 521.92 crore were stipulated to be completed by March 2013. Against this, only 183 works were completed after incurring an expenditure of ₹ 152.74 crore and 640 works on which ₹ 126.50 crore had been spent, were lying incomplete as of March 2013.

(Paragraphs 2.3.9.1(ii), 2.3.9.2(i) and 2.3.9.3(i))

- Against the compensation of ₹ 10.43 crore in 171 cases, the Department had levied compensation of ₹ 2.86 crore in 36 cases only, which also had not been recovered as of May 2013.

(Paragraph 2.3.12.2)

COMPLIANCE AUDIT

Working of Himachal Pradesh University, Shimla

Annual accounts have not been prepared in accordance with provisions of the Act. The Director, International Centre for Distance Education and Open Learning (ICDEOL) irregularly transferred ₹ 13.65 crore from the student fund to the corpus fund (₹ 3.39 crore) and main account (₹ 10.26 crore) of the University. Contingent advances of ₹ 2.04 crore granted to officers/ officials of the University during 2010-13 remained unadjusted as of March 2013. The grants of ₹ 2.50 crore received by the University during March 2009 to January 2011 for creation of infrastructural facilities, remained unutilised. The University also incurred a loss of ₹ 1.49 crore on uneconomical running and maintenance of buses.

(Paragraph 3.1)

Financial Management in Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni (Solan)

Annual accounts have not been prepared in accordance with provisions of the Act. The University had furnished inflated certificates of utilisation of grant of ₹ 5.71 crore to the Indian Council of Agricultural Research (ICAR) during 2010-13. Contingent advances of ₹ 18.41 crore granted to officers/ officials of the University during 1997-2012 remained unadjusted as of June 2013. Construction of five works sanctioned for ₹ 2.50 crore during April 2008 and March 2011 remained incomplete as of June 2013 after incurring an expenditure of ₹ 1.69 crore.

(Paragraph 3.3)

Execution of Irrigation and Water Supply Schemes

The expenditure of ₹ 8.14 crore incurred on construction and maintenance of six Lift Irrigation Schemes proved infructuous/ unproductive/ idle due to inherent deficiencies in planning process for their implementation and execution. In respect of seven lift irrigation schemes, the expenditure had exceeded the estimated cost by ₹ 2.86 crore due to delay in their completion ranging between 20 and 62 months.

(Paragraph 3.4)

Implementation of Vidhayak Kshetra Vikas Nidhi Yojana

During 2010-13, the Deputy Commissioners of test-checked districts had sanctioned 1361 works costing ₹ 14.62 crore without obtaining prior technical sanctions. Contrary to the scheme guidelines, the DCs had also sanctioned ₹ 3.84 crore for execution of 296 inadmissible works. Out of 1610 works sanctioned for ₹ 18.10 crore during 2010-13, 378 works were completed and the remaining 1232 works were lying incomplete as of May 2013.

(Paragraph 3.6)

Execution of works under Pradhan Mantri Gram Sadak Yojana (PMGSY)

During 2006-10, a total number of 38 roads (length: 282.605 kms) sanctioned by Government of India for ₹ 87.67 crore could not be executed due to absence of encumbrance free land for the entire stretch of road alignments. In nine divisions, 55 road works having length of 440.070 kms and approved for ₹ 103.93 crore were abandoned after partially executing for a length of 240.885 kms and incurring an expenditure of ₹ 41.13 crore.

(Paragraph 3.7)

Unproductive expenditure on incomplete community hospital building

Failure of the Public Works Department to ensure timely completion of community hospital building at Killar (Chamba district) for more than four years resulted in unproductive expenditure of ₹ 1.12 crore.

(Paragraph 3.8)

Total Sanitation Campaign (TSC)

In the test checked districts, against the total availability of funds of ₹ 16.04 crore during 2010-13, the concerned DRDAs could utilise only ₹ 9.20 crore leaving ₹ 6.84 crore unutilised with them as of March 2013. The shortfall in achievement of physical targets during 2010-13 ranged from 11 to 84 *per cent*. As against the target of 1043 school toilets, 383 anganwadi toilets and 392 community sanitary complexes, the achievement was 657, 228 and 63 respectively.

(Paragraph 3.9)

Internal Control System in the Himachal Pradesh Bus Stands Management and Development Authority

Functional and accounting manuals and other basic records were not maintained by the Authority since its inception. There was inadequate control to ensure economical, efficient and effective operations and safeguarding of resources of the Authority against pilferages/ losses as assets valuing ₹ 1.15 crore were being used by Himachal Road Transport Corporation (HRTC) but no agreement for their utilisation and levy of rental charges existed between the authority and HRTC.

(Paragraph 3.11)

Infrastructure development and service delivery in Anganwadi Centres

There were delays in construction of anganwadi buildings. Of 1016 anganwadi centres buildings sanctioned for ₹ 24.31 crore during 2007-12, construction of 191 buildings involving ₹ 4.68 crore were not taken up for execution and 333 works on which an expenditure of ₹ 4.56 crore was incurred, had not been completed as of June 2013. Against the requirement of ₹ 237.54 crore for providing Supplementary Nutrition to 19.01 lakh identified beneficiaries during 2009-12, the Department made provision of only ₹ 224.77 crore resulting in short provisioning of funds of ₹ 12.77 crore.

(Paragraph 3.13)

Chapter-I
Introduction

CHAPTER-I
INTRODUCTION

1.1 Budget profile

There are 53 departments and 48 autonomous bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2008-13 is given in **Table 1.1**.

Table-1.1
Budget and expenditure of the State Government during 2008-13

(₹ in crore)

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	4258	3918	4582	4377	5340	5279	5971	5690	6651	6618
Social services	3784	3332	4086	3902	4929	4979	5669	5147	6635	6131
Economic services	2528	2184	2994	2868	3393	3682	3819	3049	4517	3418
Grants-in-aid and contributions	4	4	4	4	6	6	12	12	7	7
Total (1)	**10574**	**9438**	**11666**	**11151**	**13668**	**13946**	**15471**	**13898**	**17810**	**16174**
Capital expenditure										
Capital Outlay	**2149**	**2079**	**2160**	**1943**	**1814**	**1789**	**1899**	**1810**	**2059**	**1955**
Loans and advances disbursed	**24**	**90**	**51**	**70**	**225**	**227**	**390**	**493**	**379**	**469**
Repayment of Public Debt	**2501**	**885**	**920**	**867**	**879**	**870**	**1099**	**1128**	**1930**	**2117**
Contingency Fund	---	---	---	---	---	---	---	--	---	--
Public Accounts disbursements	**1987**	**5690**	**1987**	**6421**	**1987**	**7162**	**1987**	**8526**	**2288**	**8285**
Closing Cash balance	---	**979**	---	**281**	---	**635**	---	**569**	---	**(-) 295**
Total (2)	**6661**	**9723**	**5118**	**9582**	**4905**	**10683**	**5375**	**12526**	**6656**	**12531**
Grand Total (1+2)	**17235**	**19161**	**16784**	**20733**	**18573**	**24629**	**20846**	**26424**	**24466**	**28705**

Source: Annual Financial Statements and Explanatory Memorandum of the Budget of the State Government.

1.2 Application of resources of the State Government

As against the total outlay of the budget of ₹ 24,466 crore, total expenditure was ₹ 28,705 crore. The total expenditure[1] of the state increased from ₹ 11,607 crore to ₹ 18,598 crore during 2008-13, the revenue expenditure of the State Government increased by 71 *per cent* from ₹ 9,438 crore in 2008-09 to ₹ 16,174 crore in 2012-13. Non-Plan revenue expenditure increased by 65 *per cent* from ₹ 8,561 crore to ₹ 14,094 crore and capital expenditure decreased by six *per cent* from ₹ 2,079 crore to ₹ 1,955 crore during the period 2008-13.

The revenue expenditure constituted 81 to 87 *per cent* of the total expenditure during the years 2008-13 and capital expenditure 11 to 18 *per cent*. During this period, total expenditure increased at an annual average rate of 14 *per cent*, whereas revenue receipts grew at an annual average growth rate of 11 *per cent* during 2008-13.

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1 Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

1.3 Persistent savings

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

Table-1.2
List of grants with persistent savings during 2008-13

(₹ in crore)

Sr. No.	Grant number and name	Amount of Savings				
		2008-09	2009-10	2010-11	2011-12	2012-13
Revenue-Voted						
1.	03-Administration of Justice	3.66	2.84	16.51	15.96	14.78
2.	15-Planning and Backward Area Sub-Plan	15.06	9.99	7.78	9.43	6.89
3.	20-Rural Development	8.48	2.06	4.06	75.07	72.69
Capital-Voted						
4.	29-Finance	2.32	4.19	1.84	1.67	5.07

Source: Appropriation Accounts.

A significant portion of savings under Grant No. 20-Rural Development had occurred under Mahatma Gandhi National Rural Employment Guarantee Scheme during 2011-12 (₹ 57.86 crore) and 2012-13 (₹ 18.16 crore). This indicated inadequate financial control.

1.4 Funds transferred directly to the State implementing agencies

During 2012-13, Government of India (GOI) directly transferred ₹ 1202 crore to various State implementing agencies without routing through the State budget. There is no single agency in the State to monitor the funds directly transferred by the GOI to the implementing agencies and no data readily available as to how much money has actually been spent in a particular year on major flagship schemes and other important schemes which are being implemented by State implementing agencies and funded directly by the GOI.

1.5 Grants-in-aid from Government of India

The Grants-in-aid received from the GOI during the years 2008-09 to 2012-13 have been given in **Table-1.3**.

Table-1.3
Grants-in-aid from GOI

(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13
Non-Plan Grants	2311	2052	2634	2647	2526
Grants for State Plan Schemes	1700	2731	2680	3342	4179
Grants for Central Plan Schemes	5	5	1	27	28
Grants for Centrally Sponsored Schemes	456	339	343	505	580
Total	**4472**	**5127**	**5658**	**6521**	**7313**
Percentage of increase over previous year	-2.08	14.65	10.36	15.25	12.15
Percentage of Revenue Receipts	48	50	45	45	47

Total grants-in-aid from GOI increased from ₹ 4472 crore to ₹ 7313 crore during the period 2008-13. The percentage increase ranged between 10 and 15 during the period 2009-13 over the previous year whereas its percentage to revenue receipts ranged between 45 and 50 *per cent*.

1.6 Planning and conduct of audit

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

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

During 2012-13, compliance audit of 300 drawing and disbursing officers of the State and 38 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Himachal Pradesh. Besides, three Performance Audits were also conducted.

1.7 Significant audit observations and response of Government to audit

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

As per the provision of Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, the departments are required to send their responses to draft performance audit reports/ draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Reports of the Comptroller and Auditor General of India, to be placed before the Himachal Pradesh Legislature, it would be desirable to include their comments in the matter. They were also advised to have meeting with the Principal Accountant General to discuss the draft reports of Performance Audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on three Performance Audits, 26 draft paragraphs were forwarded to the concerned Administrative Secretaries. But reply of the Government has been received in eight cases only.

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government during central audit were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 1.83 crore pointed out in 900 cases, the DDOs concerned had effected recovery of ₹ 0.13 crore in 227 cases during 2012-13 as per the details given in **Table-1.4**.

Table-1.4
Details of recoveries pointed out by audit and accepted/recovered by the Departments during 2012-13

(₹ in crore)

Department	**Particulars of recoveries noticed**	**Recoveries pointed out in Audit and accepted by the Departments during 2012-13**		**Recoveries effected during 2012-13**	
		Number of cases	**Amount involved**	**Number of cases**	**Amount involved**
Miscellaneous Departments	Overpayment on account of excess payment of Medical re-imbursement	900	1.83	227	0.13

1.9 Lack of responsiveness of Government to Audit

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

The heads of offices and next higher authorities are required to report their compliance to the PAG (Audit) within four weeks of receipt of IRs. Serious irregularities are also brought to the notice of the Heads of the departments by the office of the PAG (Audit), HP through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

Based on the results of test audit, 27609 audit observations contained in 7237 IRs outstanding as on 31st March 2013[2] are given in **Table-1.5**.

Table-1.5
Outstanding Inspection Reports/Paragraphs

(₹ in crore)

Sr. No.	**Name of Sector**	**Inspection Reports**	**Paragraphs**	**Amount involved**
1.	Social Sector	5467	22182	5304.45
2.	General Sector	1111	3694	4361.48
3.	Economic Sector (Non PSUs)	659	1733	2341.04
Total		**7237**	**27609**	**12006.97**

During 2012-13, 29 meetings of the *Ad hoc* Committee were held in which 338 IRs and 1485 paragraphs were settled.

2 Including IRs and paragraphs issued upto 30 September 2012 and outstanding as on 31 March 2013.

A detailed review of the IRs issued to 89 Drawing and Disbursing Officers[3] (DDOs) upto September 2012 pertaining to Welfare Department and District Rural Development Agencies showed that 1008 paragraphs having financial implications of about ₹ 1040 crore relating to 254 IRs remained outstanding at the end of 31 March 2013. Of these, oldest items pertain to IRs issued during the year 1978-79 and 151 paragraphs having financial implication of ₹ 81.72 crore had not been settled for more than 10 years. The year-wise position of these outstanding 254 IRs and 1008 paragraphs is detailed in **Appendix-1.1** and types of irregularities in **Appendix-1.2**.

The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government may look into the matter to ensure prompt and proper response to audit observations.

1.10 Follow-up on Audit Reports

According to the Rules of procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs and Reviews featuring in the Comptroller and Auditor General's Audit Reports (ARs) regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the ARs to the State Legislature.

The position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the ARs upto the period ended 31 March 2012 as on 31 August 2013 is given in **Table-1.6**.

Table-1.6
Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Department(s)	ATNs pending as of 31 August 2013	Date of presentation in the State Legislature	Due date for receipt of ATNs
Civil/Social, General and Economic Sectors (Non-PSUs)	2009-10	Indian Systems of Medicines and Homeopathy (Ayurveda)	01	8.4.2011	7.7.2011
	2010-11	Education	03	6.4.2012	5.7.2012
		Food and Civil Supplies	01		
	2011-12	Miscellaneous departments	20	9.4.2013	8.7.2013
State Finances	2009-10	Finance and Misc. departments	All Chapters	8.4.2011	7.7.2011
	2010-11	Finance and Misc. departments	All Chapters	6.4.2012	5.7.2012
	2011-12	Finance and Misc. departments	All Chapters	9.4.2013	8.7.2013
Kinnaur District	2011-12	Miscellaneous departments	All Chapters	9.4.2013	8.7.2013

[3] Welfare Department: 77 and District Rural Development Agencies: 12.

1.11 Status of placement of Separate Audit Reports of autonomous bodies in the State Assembly

Several Autonomous Bodies have been set up by the State Government. A large number of these bodies are audited by the Comptroller and Auditor General of India for verification of their transactions, operational activities and accounts, regulatory compliance audit, review of internal management, financial control and review of systems and procedure, etc. The audit of accounts of 14 autonomous bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated in **Appendix-1.3**.

The accounts of HP Building and Construction Workers Welfare Board, Shimla were late by 273 days for the year 2011-12 whereas for the year 2012-13 the accounts have not been received as of December 2013. The accounts for the year 2012-13 in respect of 10[4] bodies had not been furnished as of August 2013 and accounts of four District Legal Authorities, Kangra, Mandi, Chamba and Bilaspur were delayed by 52, 52, 38 and 38 days, respectively. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to audit at the earliest.

Separate Audit Reports (SARs) of 13 Autonomous Bodies issued by Audit for the year 2011-12 are yet to be placed before the legislature and one SAR has not been issued due to delay in receipt of accounts for 2011-12 (**Appendix-1.3**). These need to be tabled before the State legislature at the earliest.

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

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

Table-1.7

Details regarding reviews and paragraphs appeared in Audit Report during 2010-13

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2010-11	2	604.66	20	804.77	---	---
2011-12	2	731.33	19	176.52	2	1

During 2012-13, three performance audit involving money value of ₹ 579.78 crore and 22 paragraphs involving ₹ 679.17 crore have been included in this Report. Out of this, replies to one performance audit and seven paragraphs were received (December 2013).

[4] Himachal Pradesh State Veterinary Council, Shimla, Himachal Pradesh Building and Construction Workers Welfare Board, Shimla, State Legal Service Authority, Shimla and District Legal Service Authorities, Hamirpur, Kullu, Nahan, Rampur, Shimla, Solan and Una.

Chapter-II
Performance Audit

CHAPTER-II
PERFORMANCE AUDIT

Forest Department

2.1 Himachal Pradesh State Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

Pursuant to orders (July 2009) of the Hon'ble Supreme Court and receipt of guidelines from the Government of India, the State Government constituted (August 2009) State CAMPA to accelerate the activities for compensatory afforestation, management and protection of forests and wildlife, development of infrastructure and allied works. The significant audit findings are as under:

Highlights:

- ***An unspent amount of ₹21.51 crore in respect of catchment area treatment Plans of hydro electric projects pertaining to 2002-06 was not credited into Ad hoc CAMPA and remained with the State Government as of May 2013.***

  (Paragraph 2.1.7.1)

- ***In 142 cases of diversion of forest land (between October 2002 and April 2008), the Department did not realise the net present value (NPV) of ₹25.85 crore.***

  (Paragraphs 2.1.7.3 and 2.1.7.4)

- ***Against total available funds of ₹188.38 crore, the State CAMPA could utilise ₹127.09 crore only and year-wise percentage utilisation during the above period ranged between four and 48.***

  (Paragraph 2.1.8)

- ***As against required Compensatory Afforestation for an area of 8160.46 hectares during 2006-12, 2789.51 hectares was covered during the above period, resulting in shortfall of 66 per cent.***

  (Paragraph 2.1.9.1 (i))

- ***The allotment of rim plantation of Kol Dam Hydro Electric Project (HEP) and plantation work under CAT Plan of Larji HEP to an outside agency led to cost escalation of ₹18.63 crore (Kol Dam: ₹12.22 crore and Larji: ₹6.41 crore).***

  (Paragraph 2.1.9.2)

- ***Monitoring mechanism was ineffective as the specified inspections of CAMPA works were not carried out by the functionaries at the field and State level. Besides, the prescribed system of concurrent monitoring and evaluation had not been evolved as of May 2013.***

  (Paragraph 2.1.12)

2.1.1 Introduction

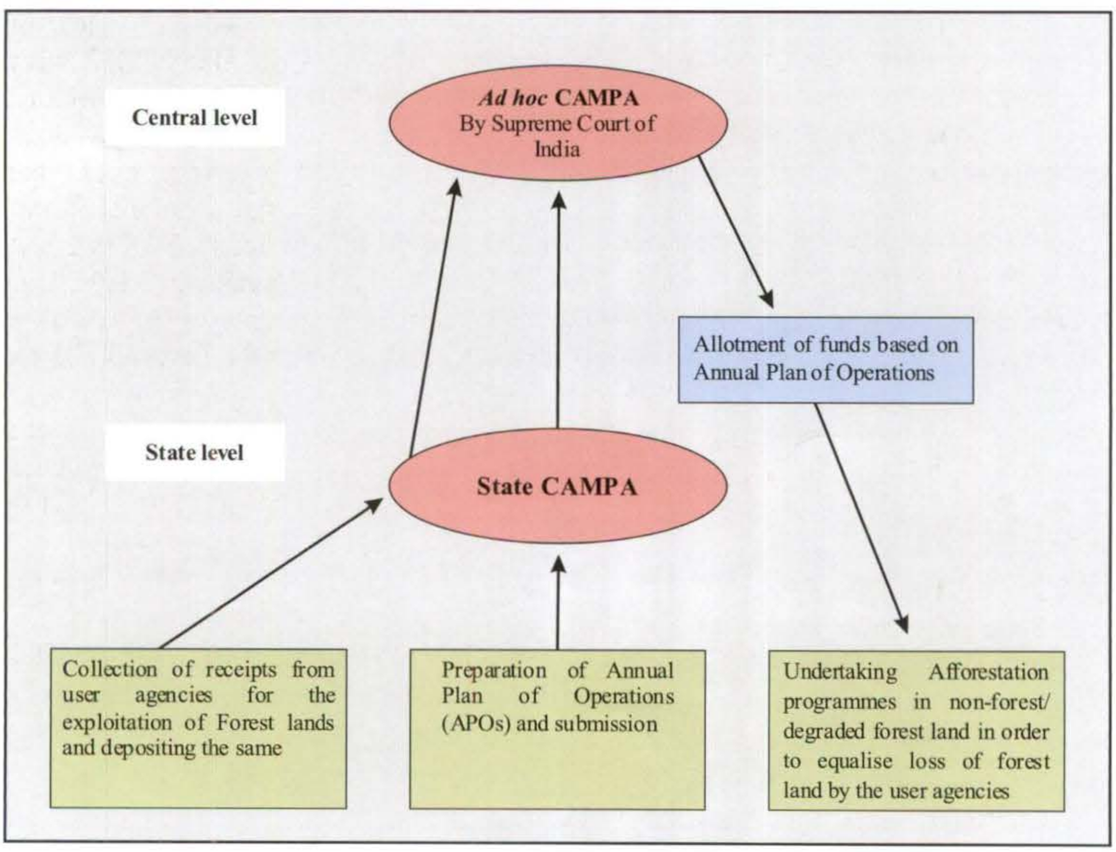
Pursuant to Article 48 A of the Constitution of India the Hon'ble Supreme Court in their orders (October 2002) directed the Government of India to create a

Compensatory Afforestation Fund in which all moneys received from the user agencies for using Government Forest land for all purposes were to be deposited. Though GOI, Ministry of Environment and Forests (MoEFs) created (April 2004) Compensatory Afforestation Fund Management and Planning Authority (CAMPA) under the provisions of Environment (Protection) Act, 1986, it could not be made operational. Ultimately, as per the Apex Court decision (May 2006), the GOI constituted (May 2006) *Ad hoc* CAMPA and directed all the State Governments to deposit all moneys collected by them with effect from 30 October 2002 in the accounts of the *Ad hoc* CAMPA.

The State Government also constituted (August 2009) State CAMPA on receipt of guidelines from the GOI in July 2009 to accelerate the activities for compensatory afforestation, management and protection of forests and wildlife, development of infrastructure and allied works. The functions of the State CAMPA *inter alia* included collection of money from user agencies and deposit to the Accounts of *Ad hoc* CAMPA besides funding, overseeing and promoting compensatory afforestation, forest and wildlife conservation and protection works within forest areas and maintaining a separate account in respect of the funds received from user agencies for conservation and protection of protected areas i.e., areas notified under section 18, 26-A or 35 of Wildlife (Protection) Act, 1972 for undertaking activities related to protection of biodiversity and wildlife.

The working mechanism of *Ad hoc* CAMPA and State CAMPA are depicted in **flowchart 2.1.1**.

Chart-2.1.1



2.1.2 Organisational set up

The Forest Department (FD) of the State of Himachal Pradesh is responsible for the management of the State CAMPA. The Principal Secretary (Forests) is the administrative head of the FD and is assisted by the Principal Chief Conservator of Forests (PCCFs) as Head of Department and Conservator of Forests (CAT Plan) at State Headquarters as the Nodal Officer of State CAMPA. There are 12 circles[1] headed by Conservators of Forests and 46 divisions[2] headed by Divisional Forest Officers (DFOs) for implementing the activities of the State CAMPA at field levels.

2.1.3 Audit Objectives

The main audit objectives were to assess whether:

- annual planning process for collection of user charges from user agencies and implementation of schemes for conservation and protection of protected forests was efficient;
- financial Management of the funds received from *Ad hoc* CAMPA were allocated and utilised economically, efficiently and effectively as per Annual Plan of Operations;
- compliance to mandatory conservation measures such as Compensatory Afforestation, Catchment Area Treatment (CAT), etc., were carried out effectively; and
- monitoring mechanism was in place and its effectiveness.

2.1.4 Scope of Audit and Methodology

The activities of the State CAMPA for the period 2009-13 alongwith the inflow of funds to the *Ad hoc* CAMPA covering period from May 2006 to March 2013 were reviewed during September to December 2012 and April-May 2013 by test-check of records of the Nodal Officer, State CAMPA and 23[3] out of 46 Forest divisions selected randomly. Before commencing audit, the audit objectives, criteria and scope were discussed in Entry Conferences held with the Additional Principal Chief Conservator of Forests (CAT Plan and Environment Services) in September 2012 and with the Under Secretary (Forests) and Nodal Officer, State CAMPA in May 2013. Audit methodology involved scrutiny of the relevant records and analysis of available data in the office of the Nodal Officer of the State CAMPA and in the Forest divisions selected for detailed scrutiny by issuing audit memoranda/ questionnaire and obtaining responses of the functionaries at various levels. Audit findings were discussed with the Principal Chief Conservator of Forests in an exit conference held in October 2013 and the response of the State Government received (November 2013) thereof have also been incorporated at appropriate places in the Report.

2.1.5 Audit Criteria

The criteria used for assessing the performance audit were derived from the following sources:

- Forest (Conservation) Act, 1980.

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1 Territorial Circles: nine and Wildlife Circles: three.

2 Forest Divisions: 38 and Wildlife Divisions: eight.

3 Ani, Bharmaur, Chamba, Churah, Dalhausie, Dharamshala, Jogindernagar, Karsog, Kinnaur, Kotgarh, Kullu, Kullu (WL), Mandi, Nachan, Nichar (CAT Plan), Nurpur, Palampur, Pangi, Rampur, Sarahan (WL), Shimla (WL), Shimla (Zoo & Rescue) and Suket.

- Forest (Conservation) Rules, 2003.
- Wild Life (Protection) Act, 1972.
- Indian Forests Act, 1927 and
- Apex Court judgements (October 2002, May 2006 and July 2009) and guidelines and instructions issued by the GOI and the State Government.

Audit findings

2.1.6.1 Planning for functioning of State CAMPA

Based on the guidelines issued (July 2009) by the GOI, the State Government had constituted (August 2009) three committees for functioning of the State CAMPA viz., (i) Governing body at Apex level comprising the Chief Minister as Chairperson, the Forest Minister as Vice Chairperson, nine other members and the PCCF as Member Secretary; (ii) Steering Committee consisting of the Chief Secretary as Chairperson, 10 other members and the Additional PCCF as Member Secretary and (iii) Executive Committee headed by the PCCF having six other members and Nodal Officer (CAMPA) as Member Secretary.

The Governing Body at the highest level was to lay down the broad policy framework for the functioning of State CAMPA and review its working from time to time. Audit noticed that the Governing Body had neither laid down the policy framework nor reviewed the working of the State CAMPA as of May 2013 as the Governing Body had not held any meeting since its constitution. As such the working of the state CAMPA remained unmonitored.

The Steering Committee was to lay down/ or approve rules and procedures for the functioning of the State CAMPA and its Executive Committee, subject to overarching objectives and core principles of State CAMPA. It was, however, noticed that necessary rules and procedures had not been framed by the Steering Committee as of May 2013.

2.1.6.2 Preparation of Annual Plan of Operation and submission to *Ad hoc* CAMPA

For getting funds released from *Ad hoc* CAMPA, the Executive Committee of the State CAMPA was to prepare and submit the Annual Plan of Operations (APOs) for various activities[4] before the end of December for each financial year, for concurrence of the Steering Committee. The year-wise details of submission of APOs and releasing of funds by *Ad hoc* CAMPA for the years 2009-13 are given in **Table-2.1.1**.

Table-2.1.1

Status of delay in submission of APO to *Ad hoc* CAMPA and receipt of funds thereof during 2009-13

Year	Due date of Submission to Steering Committee	Date of approval by Steering Committee	Period of delay	Date of Submission to *Ad hoc* CAMPA	Date of receipt of funds from *Ad hoc* CAMPA
2009-10	31 August 2009	26 October 2009	--	--	21 August 2009
2010-11	31 December 2009	09 March 2010	67 days	12 April 2010	05 October 2010
2011-12	31 December 2010	28 April 2011	117 days	21 June 2011	27 August 2011
2012-13	31 December 2011	17 October 2012	290 days	23 October 2012	02 January 2013

Source: Information supplied by the State CAMPA.

[4] Compensatory afforestation, net present value, catchment area treatment plan, *rim* plantation, soil and water conservation, etc.

From the above details it would be seen that the State CAMPA had not submitted the approved APOs for 2009-10 to *Ad hoc* CAMPA but funds were released by the *Ad hoc* CAMPA (August 2009) to it. The Annual Plan of Operations for 2010-13 were got approved from the Steering Committee after a delay ranging between 67 and 290 days entailing a delay in receipt of funds from the *Ad hoc* CAMPA. This had affected the utilisation of funds by the Implementing Agencies during the above period. Resultantly, the planned activities could not be carried out effectively as indicated under paragraph 2.1.8.1 and 2.1.9.1.

2.1.7 Process of collection of Compensatory Afforestation funds

As per the Apex Court orders (October 2002) and Forest (Conservation) Act, 1980 (FCA), the Net Present Value (NPV) was to be realised at the prescribed rates (upto March 2008: ₹ 5.80 lakh to ₹ 9.20 lakh per hectare and from April 2008 and onwards: ₹ 6.99 lakh to ₹ 10.43 lakh per hectare) depending upon the quantity and density of the forest land diverted for non-forestry uses from the user agencies as cost of benefits lost in respect of the forest tracts. Further, for the grant of approval for diversion of forest land for non-forestry use, the user agencies were also required to pay the cost of Compensatory Afforestation (CA) on equivalent area of non-forest land or twice the area of degraded forests, as the case may be. Catchment Area Treatment (CAT) Plans were to be implemented by the Forest Department out of the funds realised from the user agencies in the cases of Hydro Electric Projects (HEPs) having generating capacity of 10 MW or more. Moreover, as per the Apex Court orders (May 2006), the entire amount so realised from 30 October 2002 onwards was to be transferred to the *Ad hoc* CAMPA. The shortcomings noticed in this regard are discussed in the succeeding paragraphs.

2.1.7.1 Assessment, realisation and remittance of receipts

Audit noticed the following:

- The Department had not maintained any record relating to assessment and realisation of dues of NPV, CA and CAT Plan for diversion of forest land from the user agencies from 2002-03 to 2005-06 i.e. prior to formation of *Ad hoc* CAMPA. Besides, an unspent amount of ₹ 21.51 crore lying with the Department in respect of CAT Plans of HEPs pertaining to 2002-06 as confirmed (October 2009) by the State CAMPA Steering Committee was also not credited into CAMPA funds. The Steering Committee had directed (October 2009) the Forest Department to transfer the unspent amount of CA, CAT Plans, NPV, etc., to the *Ad hoc* CAMPA after reconciliation of the figures with the Finance Department. The Forest Department, however, had not taken any action to work out the unspent balance and reconcile it with the Finance Department as of May 2013. Instead, the State CAMPA unauthorisedly reimbursed (April 2011) ₹ 4.73 crore to the State Government pointed out in paragraph 2.1.8.2. During 2006-13, the Forest Department/ State CAMPA realised an amount of ₹ 908.69 crore on account of NPV (₹ 390.12 crore), CA (₹ 112.52 crore), CAT Plan, etc., (₹ 406.05 crore) and the entire amount was remitted to *Ad hoc* CAMPA in the respective years.
- In spite of instructions (June 2010) of the GOI, the State CAMPA had not carried out reconciliation of deposits with *Ad hoc* CAMPA as of May 2013. Besides, proper date-wise records relating to collection and remittance thereof had also not been maintained for 2006-13 by the State CAMPA without which actual assessment, realisation and accounting of receipts on account of NPV, CA, CAT Plans, etc., could not be verified in audit.

2.1.7.2 Assessment of Net Present Value

As per the GOI orders (October 2002 and August 2003), the State Government imposed (January 2004) a charge of NPV in respect of diversion of forest land diverted for non-forestry use.

Audit noticed that in Mandi Forest Division, GOI had granted approval (December 2007) for diversion of 61.36 hectares of forest land for construction of transmission line from Parbati-II HEP to Koldam HEP in favour of Power Grid Corporation of India Limited. in which 1492 trees of class III and above and 3013 trees below class-III fell in the alignment of the transmission line. Against NPV of ₹ 5.18 crore due from the user agencies on the basis of actual vegetation density of 12.21 *per cent*[5], the DFO Mandi recovered (September 2010) ₹ 4.03 crore taking vegetation density of 9.30 *per cent* resulting in short assessment of ₹ 1.15 crore (61.36 hectares x ₹ 1.88 lakh[6]).

On this being pointed out in audit the DFO Mandi stated (July 2013) that the differential amount of NPV of ₹ 1.15 crore had been recovered from user agency (June 2013). However, the DFO had not furnished any reason for the lapse.

2.1.7.3 Non-assessment and realisation of Net Present Value

The Apex Court clarified (September 2006) that NPV was payable by the user agencies in all cases of diversion of forest land under the FCA, in which final approval had been granted on or after 30 October 2002. It was noticed that in 21 cases of diversion of forest land in which final approval was accorded after 30 October 2002, the Department had not taken any action for assessment and realisation of NPV of ₹ 8.67 crore as of November 2013. While admitting the facts the State Government stated (November 2013) that due to the amount becoming leviable with retrospective effect, the case for exemption was being taken up with the GOI. The fact, thus, remained that the Apex Court directions had not been complied with.

2.1.7.4 Non-realisation of Net Present Value

The exemptions of NPV granted (December 2005) by the GOI, in the cases of diversion of forest land for government projects meant for public welfare on the basis of undertakings from the user agencies (regarding payment of NPV, if any, decided later on by the Apex Court), were disallowed (May 2008) by the Apex Court with certain exceptions[7].

Audit noticed that contrary to the Apex Court directives *ibid*, in 121 out of 362 cases of diversion of forest land, approved (between January 2006 and April 2008) by the GOI, on the basis of undertakings only from the user agencies (predominantly public sector), the due NPV of ₹ 17.18 crore had not been recovered by the Department as of

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5 Actual number of class-III & above trees = 1492
Actual number of trees below class-III = 3013
Total number of class-III and above trees for determining the forest cover = 1492+3013/2=2998 (two young trees = one mature tree i.e. class-III)
Density of vegetation= $\frac{2998 \times 100}{61.36 \times 400}$ =12.21 *per cent*. (Per cent density = $\frac{\text{No. of trees} \times 100}{\text{area} \times 400}$)

6 Prescribed rates of NPV for moderately dense forests (density 10 *per cent* and above) of Eco-Value Class-V: ₹ 8.45 lakh/ hectare and Prescribed rates of NPV for open forests (density less than 10 *per cent*) of Eco-Value Class-V: ₹ 6.57 lakh/ hectare. Difference: ₹ 1.88 lakh/ hectare.

7 Construction of schools, hospitals, electrical distribution line upto 22 KV in rural areas, community centres in rural areas, overhead tanks, village tanks, etc.

November 2013. The State Government stated (November 2013) that the field offices had been directed to recover the amount on priority.

2.1.7.5 Realisation of cost of Catchment Area Treatment Plans

Funds for treatment of catchment area under CAT Plans approved by the GOI were to be provided by the project authorities. As per instructions of the State Government issued in (September 2009) the cost of the CAT Plans at the rate of 2.5 *per cent* of the total project cost was to be deposited by the user agencies in equal yearly instalments spread over the duration from commencement to commissioning of the Project, with the last instalment payable at least six months before the commissioning of the Projects.

Audit noticed that in eight out of 29 CAT Plans costing ₹ 119.04 crore, where the HEPs had already been commissioned during the years 2000-12, the Department had recovered only ₹ 104.36 crore from the project authorities and ₹ 14.68 crore[8] remained unrecovered as of May 2013. Besides, the State Government instructions *ibid* did not specify any penalty for defaulters or incentive for early payment of CAT Plan cost. The Department stated (November 2013) that except HEP (Ranjit Sagar Dam), the outstanding amount has been recovered. However, no supporting documents have been produced to show that the money has been recovered and deposited to the State exchequer.

2.1.7.6 CAT Plan cost recovered in-kind

As per GOI instructions (May 2006) issued in pursuance of the Apex Court orders (May 2006) all FCA mandated levies were to be deposited with *Ad hoc* CAMPA. Audit noticed that in nine CAT Plans, against the approved cost of ₹ 2.59 crore due from the user agencies, the Department had recovered ₹ 0.18 crore upto March 2013 and remitted the same to *Ad hoc* CAMPA. An amount of ₹ 1.65 crore was realised in-kind in the shape of motor vehicles, office equipment, etc. during 2006-13 which was not permissible under the guidelines of the CAMPA and FCA. The cost of CAT Plan to above extent was not reflected in the accounts of *Ad hoc* CAMPA. Besides, ₹ 0.76 crore remained unrecovered from the project authorities as of May 2013.

While admitting the fact the State Government stated (November 2013) that from October 2012 onwards, the recovery of CAT Plan cost in-kind had been stopped even in those cases where such provisions existed in the CAT Plan documents and the new CAT plans were being approved without the provision for in-kind material.

2.1.7.7 Delay in transfer of money to *Ad hoc* CAMPA

Rule 2.4 of State Financial Rules, 1971 stipulates that the departmental receipts collected during the day are credited into treasury on the same day or latest on the morning of the next day. Further, the guidelines of the State CAMPA provide that moneys received in State CAMPA should be kept in interest-bearing account(s) in the nationalised bank(s). Audit noticed that ₹ 534.83 crore received on account of NPV, CA, etc., during February 2007 and August 2012 were deposited in current account of Corporation Bank at Kasumpti (Shimla) and transferred to *Ad hoc* CAMPA, New Delhi after a delay ranging from one to 141 days in-contravention of the guidelines *ibid*. This resulted in loss of interest of ₹ 0.72 crore. On this being pointed out in audit, the State Government admitted the facts and stated (November 2013) that the bank had been advised to pay the interest for delay in remittance immediately.

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8 HEPs: Chamera-III: ₹ 1.22 crore; Karchham Wangtu: ₹ 1.87 crore; Larji: ₹ 0.01 crore; Nathpa Jhakri: ₹ 8.07 crore; Ranjit Sagar Dam: ₹ 2.72 crore; Budhil: ₹ 0.23 crore; Malana-II: ₹ 0.48 crore and Patikari: ₹ 0.08 crore.

2.1.8 Financial Management

The year-wise details of funds demanded and received by State CAMPA from the *Ad hoc* CAMPA and further released to the DFOs *vis-a-vis* expenditure incurred during 2009-13 are given in **Table-2.1.2**.

Table-2.1.2

Details of funds demanded, received and allocated by the State CAMPA and expenditure incurred during 2009-13

(₹ in crore)

Year	Annual Plan of Operation (Funds demanded)	Opening Balance	Amount received from *Ad hoc* CAMPA	Total funds available	Funds released to DFOs	Funds utilised	Balance	
							State CAMPA	IAs
2009-10	11.70	--	36.68	36.68	7.29	1.35 (04)	29.39	5.94
2010-11	42.01	35.33	42.17	77.50	38.41	37.08 (48)	33.15	7.27
2011-12	57.13	40.42	57.13	97.55	43.13	41.55 (43)	47.15	8.85
2012-13	62.16	56.00	52.40	108.40	46.27	47.11 (43)	53.28	8.01
Total	**173.00**		**188.38**		**135.10**	**127.09**	**61.29**	

Source: Information supplied by the State CAMPA.

Note: Figures in parenthesis represent percentage with reference to availability of funds during the year.

It would be seen from the above **Table-2.1.2** that against APOs of ₹ 173 crore, submitted by the State CAMPA during 2009-13, the *Ad hoc* CAMPA released ₹ 188.38 crore. The State CAMPA, however, had further released through Circle Offices (Conservators of Forests) ₹ 135.10 crore to the DFOs out of which ₹ 127.09 crore only was utilised by them during the above period leaving an unspent amount of ₹ 61.29 crore with the State CAMPA as of March 2013. The percentage of utilisation against the availability of funds during the above period ranged between four and 48. Thus, requirement and release of funds during 2009-13 was unrealistic and non commensurate with the APOs. The irregularities noticed in utilisation thereof are indicated in the succeeding paragraphs.

The State Government stated (November 2013) that it was very difficult to anticipate all such factors and some of the works included in the APO had to be shelved. The reply confirms the fact that the APOs had been prepared on unrealistic basis.

2.1.8.1 Component-wise utilisation of funds against annual plan of operation approved by *Ad hoc* CAMPA

The component-wise details of APOs and expenditure incurred thereagainst during 2009-13 are given in **Table-2.1.3**.

Table-2.1.3

Component wise details of expenditure incurred against APOs during 2009-13

(₹ in crore)

Component	2009-10		2010-11		2011-12		2012-13		Total	
	APOs	Exp.	APOs	Exp.	APOs	Exp.	APOs	Exp.	APOs	Exp.
CA	--	--	0.40	0.60	5.32	2.12	6.70	6.39	12.42	9.11 (73)
CAT Plans	5.70	1.17	30.73	22.59	17.88	15.69	26.70	21.75	81.01	61.20 (76)
Rim Plantation[9]	--	--	--	1.49	4.53	2.63	5.02	3.07	9.55	7.19 (75)
NPV	6.00	0.18	10.88	10.72	22.30	12.71	19.00	12.57	58.18	36.18 (62)
Wildlife	--	--	--	1.68	7.00	3.48	4.24	3.05	11.24	8.21 (73)
Soil and water conservation	--	--	--	--	0.10	0.19	0.32	0.28	0.42	0.47
Reclamation Plan	--	--	--	--	--	--	0.18	--	0.18	--
Others-	--	--	--	--	--	4.73	--	--	--	4.73
Total	**11.70**	**1.35**	**42.01**	**37.08**	**57.13**	**41.55**	**62.16**	**47.11**	**173**	**127.09**

Source: Information supplied by the State CAMPA.
Note: Figures in parenthesis represent percentage of utilisation against APOs.

It would be seen from the **Table-2.1.3** that:

9 Plantation in the periphery of 100 metres of reservoir.

- Out of APOs of ₹ 173 crore for 2009-13, ₹ 12.42 crore (seven *per cent*) only were provided for CA which indicated that little attention was paid for the core components of the State CAMPA during the above period.
- As the State CAMPA had not prepared the APOs for *rim* Plantation, Wildlife and Soil and Water Conservation components for 2009-11, expenditure of ₹ 1.49 crore under *rim* Plantation and ₹ 1.68 crore under Wildlife incurred without APOs during 2010-11 was irregular.
- No expenditure was incurred against the provision of ₹ 0.18 crore under Reclamation Plan.
- The percentage utilisation of funds under other components during 2009-13 ranged between 62 and 76 which indicated that the APOs were prepared on unrealistic basis.

The State Government stated (November 2013) that funds released by *Ad hoc* CAMPA were to be distributed to all sectors proportionately and some of the activities were taken up in subsequent years due to practical problems. The fact still remains that the funds under each component were not utilised proportionately as per APOs.

2.1.8.2 Irregular reimbursement of funds to State Government

Audit noticed that the State CAMPA instead of depositing the receipts from user agencies into *Ad hoc* CAMPA had reimbursed (April 2011) an amount of ₹ 4.73 crore to the State Government. The reimbursement was done on the basis of total expenditure of ₹ 97.75 crore incurred by the Forest Department during 2007-10 against the available unspent balance of ₹ 93.02 crore realised from the project authorities of HEPs for CA, NPV, CAT Plan, etc., upto 31 March 2007. Thus, without ascertaining the expenditure actually incurred in the areas of Hydro Electric Projects, the reimbursement of ₹ 4.73 crore over and above the actual receipt of ₹ 93.02 crore was irregular.

The State Government stated (November 2013) that the reimbursement was made on account of excess expenditure incurred by the State Government from state budget than the amount realised by it. The reply is not acceptable as the reimbursement of expenditure should have been done keeping in view the expenditure actually incurred in the HEP areas.

2.1.8.3 Monkey sterilisation programme

As per guidelines, the State CAMPA funds cannot be used on normal activities of the State Government. As per appropriation accounts of the State Government for the years 2009-10 to 2011-12, an expenditure of ₹ 4.77 crore was incurred by the State Government on monkey sterilisation programme (MSP). Evidently, the expenditure on this programme was being borne by the State Government upto 2011-12. It was, however, noticed that the State CAMPA had also made a provision of ₹ six crore in the APOs for 2011-13 and incurred an expenditure of ₹ 3.61 crore against it, during the above period for implementation of the MSP. Thus, in contravention of the guidelines, the provision of funds and expenditure on MSP out of CAMPA funds was irregular.

The State Government stated (November 2013) that in view of monkey menace in the state and the MSP being a need based programme, the expenditure was incurred out of CAMPA funds as it impacted wildlife conservation schemes. The fact, however, remains that the MSP cannot be covered under the CAMPA funds and the Department had also decided (November 2011) to send a proposal for requirement of funds under MSP to the Finance Department, but no such proposal was sent.

2.1.8.4 Non-maintenance of Cash Book

Rule 2.2 of State Financial Rules provides that all monetary transactions should be entered in the cash book to be maintained by every officer dealing with public money. The cash book should be closed regularly and completely checked.

Audit noticed that the Nodal Officer of the State CAMPA had not maintained the cash book in proper form showing therein the details of receipts and disbursements during 2009-13. In the absence of proper cash book the exact amount received and disbursed during the above period could not be verified in audit. Non-maintenance of cash book is a serious lapse on the part of the DDO and is in-contravention of financial rules. Besides, possibility of mis-utilisation of funds could also not be ruled out.

The State Government stated (November 2013) that there were certain inherent problems in maintaining the cash book in conventional mode at CAMPA Headquarters owing to complex system of fund flow and nature of transactions. The fact, however, remained that the cash books were not maintained in proper format.

2.1.8.5 Reconciliation of funds released to DFOs

During the period 2009-12, funds were routed to the DFOs through circles and the details of funds allocated to different DFOs and utilisation thereof was not available with the State CAMPA. However, during the year 2012-13 the State CAMPA had adopted a centralised system of funds transfer to the DFOs under which the entire CAMPA funds were to be kept in the main controlling bank branch mandated by the State CAMPA and further transferred to the DFOs on their requests by presentation of cheques. Audit noticed that in these cases the DFO-wise details of funds transferred and utilised were also not available with the State CAMPA and necessary reconciliation with the bank had not been carried out as of May 2013.

2.1.8.6 Maintenance and status of accounts

(i) Status of annual accounts of State CAMPA

As per guidelines, the State CAMPA was required to maintain proper accounts and other relevant records and prepare an annual statement of accounts in such form as may be prescribed in consultation with the Accountant General concerned. Audit noticed that:

- The State CAMPA had followed the single entry system of accounting prevalent in the State Forest Department during 2009-13. Though the State CAMPA in consultation with the Accountant General had decided (October 2011) to maintain the accounts in the "Uniform Format of Accounts" applicable to the Central Autonomous Bodies, the annual accounts for the aforesaid period had not been maintained as of May 2013. The Nodal officer stated (November 2012) that the task of preparation, compilation and authentication of annual accounts of State CAMPA for 2009-10 to 2011-12 had been assigned (June 2012) to a Chartered Accountant firm which had not accomplished the job as of November 2013.
- The State CAMPA had made a provision of ₹ 10 lakh in the APO for the year 2012-13 for procurement, installation of Software (Tally ERP 9.0) through

vendors and training of personnel for preparation of its accounts for 2012-13 and onwards. However, no effective steps to identify the vendor, modalities for the procurement and installation of the software were taken by the State CAMPA as of November 2013. On this being pointed out in audit, the State Government stated (November 2013) that the CAMPA had decided for an integrated software (multipurpose customised software) which would be more beneficial than the Tally. The fact, however, remains that the accounts could not be maintained in uniform formats by the State CAMPA as of November 2013.

(ii) Maintenance of accounts at implementing agency level

As per guidelines, the Executive Committee was to develop the code including rules and procedure for maintenance of the accounts of receipts from user agencies and amount received from *Ad hoc* CAMPA at the implementing agency (IA) level. It was, however, noticed that the necessary code for maintenance of accounts and other records at the IA level were not developed as of May 2013 and the IA were following the accounting system prevailing in the State Forest Department which did not meet the requirement of maintenance of accounts of the State CAMPA.

2.1.8.7 Status of audit

As per guidelines, the accounts of State CAMPA were to be audited by the Accountant General at such intervals as may be specified by him. However, due to non-preparation of annual accounts in the prescribed format for the years 2009-10 to 2012-13 correctness of its income and expenditure for the year 2009-10 to 2012-13 could not be verified in audit.

2.1.9 Implementation of activities

2.1.9.1 Non-execution of compensatory afforestation

As per condition imposed by GOI, in all cases of diversion of forest land for non-forestry purposes, the CA in twice the area of land diverted was required to be carried out on degraded forests within one year of final approval to maintain the ecological balance and make good the loss to environment. Audit noticed the following:

(i) During 2006-12, 4,080.23 hectares forest land was diverted in the State for non-forestry uses. Against this, the CA was required to be done on the degraded forests in twice the area (8,160.46 hectares) of the land diverted. It was, however, noticed that during the above period, the Forest Department/ State CAMPA had actually carried out CA in an area of 2789.51 hectares only, resulting in shortfall of 5370.95 hectares (66 *per cent*). The State Government stated (November 2013) that the State CAMPA was concentrating to clear the entire backlog at the earliest.

(ii) In 14[10] test-checked forest divisions, 1,424.49 hectare of forest land in 188 cases was diverted for non-forestry purposes during 2003-12. As the CA in these cases was required to be done in the area (2848.98 hectares) of degraded forests, CA was actually carried out on 79.25 hectares (three *per cent*) only upto March 2013, resulting in shortfall in CA of 2,769.73 hectares as detailed in **Appendix-2.1** despite a lapse of one to 10 years.

[10] Bharmaur, Chamba, Churah, Dalhausie, Dharamshala, Jogindernagar, Karsog, Kullu, Mandi, Nachan, Rampur, Reckong Peo, Sarahan and Sundernagar.

On this being pointed out in audit, the DFOs of five divisions[11] stated (May 2013) that due to non-receipt of approval of APOs from the higher authorities and non-availability of land banks, the CA could not be carried out to the prescribed extent. The DFOs of the remaining divisions, however, did not furnish any reasons for shortfall in carrying out the CA.

Thus, in violation of the provisions of the FCA and GOI instructions, non-conducting of the CA had adversely affected the maintenance of environmental stability and ecological balance.

2.1.9.2 Escalation in cost due to plantation through outside agency

(i) As per stipulation in the approval granted (June 1990) by the GOI, for diversion of 954.69 hectare forest land to Kol Dam HEP (Bilaspur district), *rim*[12] plantation was to be carried out in an area of 2,000 hectares as a soil conservation measure. Since most of the area in the periphery of reservoir had been covered for plantation under CAT Plan, land measuring 1,531 hectare was available for plantation around the reservoir and for this purpose, the user agency had deposited ₹ 9.15 crore as per the departmental norms of ₹ 59,765 per hectare.

The Department executed *rim* plantation in an area of 326 hectare upto February 2006 at a cost of ₹ 1.09 crore and thereafter the balance work of plantation was allotted by Forests Department to the Eco Task Force[13] (ETF) raised by the Ministry of Defence to carry out plantation in refractory and harsh area. It was, however, noticed that the ETF had raised plantation in an area of 736 hectares only by incurring an expenditure of ₹ 16.62 crore as of March 2013. Thus, against the funds of ₹ 9.15 crore made available by the user agency an expenditure of ₹ 17.71 crore (including departmental expenditure of ₹ 1.09 crore) had been incurred and plantation work in an area of 469 hectares remained unexecuted.

It was noticed that against the cost of *rim* plantation realised by the Department from the user agency for 1531 hectares, the Department had executed plantation work in 326 hectare of land within the departmental norms. But the cost of getting the plantation work done from the ETF was quite high (₹ 2.26 lakh per hectare) and escalated the cost of plantation by ₹ 1.66 lakh per hectare against the departmental norms of ₹ 59765 per hectare. Therefore, the execution of plantation work by the outside agency was not economical and led to cost escalation of ₹ 12.22 crore[14] in an area of 736 hectares. Besides, excess expenditure of ₹ 8.56 crore incurred was irregularly met out from the CAT Plan of the project.

(ii) Similarly, in the case of Larji HEP CAT Plan, the cost of execution and maintenance of afforestation of ₹ 8.93 crore on 2,859 hectare of land was recovered from the user agency at departmental norms of ₹ 31,235 per hectare. The afforestation work was allotted (March 2010) to ETF. However, prior to allotment of work to ETF, plantation work was carried out departmentally in an area of 356 hectares at a cost of ₹ 3.22 crore leaving 2503 hectares of area to be covered by the ETF.

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11 Jogindernagar, Kullu, Nachan, Sarahan and Suket.

12 Plantations in the periphery of 100 metres of the reservoir.

13 Force raised (February 2006) by Ministry of Defence to carry out plantation in HEPs areas of the State.

14 Cost at departmental norms: 736 x ₹ 59765= ₹ 4.40 crore.
Cost of plantation carried out by the ETF for 736 hectare=₹ 16.62 crore.
Cost escalated: ₹ 16.62 crore - ₹ 4.40 crore = ₹ 12.22 crore.

Audit noticed that despite incurring an expenditure of ₹ 10.83 crore against ₹ 8.93 crore deposited by the user agency, plantation in an area of 744 hectares only was done as of March 2013 and plantation in 2,115 hectares of land still remained to be done. In this case also the cost was quite high (₹ 1.96 lakh per hectare) and the cost escalation of the plantation carried out by ETF for plantation in 388 hectares of land worked out to ₹ 1.65 lakh per hectare which was not economical as compared to the departmental norms of ₹ 0.31 lakh per hectare and resulted in cost escalation of ₹ 6.41crore[15]. Besides, excess expenditure of ₹ 1.90 crore was irregularly met out of the other components of the CAT Plan of the project.

In the exit conference, Principal Chief Conservator of Forests (PCCF) admitted the facts and stated (October 2013) that due to involvement of huge expenditure on ETF the matter had been referred to the State Government for funding the force from other sources. The reply is not acceptable as the expenditure on plantation work should have been restricted to the amount actually realised from the user agencies. Besides, this would also affect adversely the other activities of the CAT plan of the project.

2.1.9.3 Tardy implementation of CAT Plan

The CAT Plan of Uhal stage-III HEP was approved (December 2002) by GOI, MoEF for ₹ 10 crore involving various activities[16] to be executed within 10 years of approval and the user agency had paid the amount to the Department during 2003-10. Test-check of the records of DFO Jogindernagar showed that against the target of plantation of 540 hectares area of forest land, the Department had carried out plantation activities, etc., on 347 hectares at a cost of ₹ 5.41 crore resulting in non-achievement of physical and financial targets to the extent of 36 *per cent* and 46 *per cent* respectively as of March 2013.

The State Government stated (November 2013) that the slow pace of execution of the CAT Plan was the result of non-receipt of funds from *Ad hoc* CAMPA during 2006-09. The fact, however, remained that the State CAMPA had not demanded the requisite funds from the *Ad hoc* CAMPA even during 2009-13.

2.1.9.4 Terracing/ soil moisture conservation under Kol Dam CAT Plan

Audit noticed that Terracing/ soil moisture conservation activity to be carried out in Karsog and Suket Forest Divisions under Kol Dam CAT Plan, for which a provision of ₹ 3.86 crore (Karsog: ₹ 2.48 crore and Suket: ₹ 1.38 crore) was made, had not been executed since 2004-05 due to inaction by state Forest Headquarters to get the same done from Agriculture Department. This resulted in non-utilisation of funds deposited by the user agency besides depriving the public of the intended benefits.

The PCCF stated (November 2013) that activity listed in the original CAT Plan was not found feasible and was substituted with some other activities with the approval of State Government. The reply is not acceptable as change of activity stipulated in the CAT Plan was required to be effected with prior approval of GOI. Besides, the Department had not specified the substituted activity.

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[15] Cost at departmental norms: 388 x ₹ 0.31 lakh= ₹ 1.20 crore.
Cost of plantation carried out by the ETF for 388 hectare= ₹ 7.61 crore.
Cost escalated: ₹ 7.61 crore - ₹ 1.20 crore= ₹ 6.41 crore.

[16] Enrichment plantation, subsidiary silviculture operation, consolidation and demarcation, forest protection, construction of roads, construction of buildings, soil conservation and contingency.

2.1.10 Land management issues

Deficiencies noticed in this regard are discussed in the succeeding paragraphs:

2.1.10.1 Transfer of non-forest land

(i) While according approval (January 1987) for diversion of 16.28 hectare forest land for construction of Larji HEP in Mandi and Kullu districts, the GOI had laid down the condition that compensatory plantations be raised on equivalent non-forest land at the cost of the project authority and same be transferred to the ownership of the Forest Department and notified as protected forests before the release of forest land being diverted. The project authority did not provide the non-forest land. Instead, the Department had carried out compensatory plantation on 32.56 hectares degraded forest land during 1992-94. In the meantime, the Department had moved (January 1993) the case to the GOI for changing the stipulation of compensatory plantation of equivalent non-forest land. Necessary approval had not been received from GOI as of May 2013. Thus, the diversion of forest land was made to the project authority without complying with the condition stipulated by the GOI.

(ii) In three forest divisions[17], against 24.89 hectares area of forest land diverted between January 1987 and February 1989 to four user agencies, area equivalent of non-forest land was not transferred to the Forest Department by the user agencies as of May 2013. In contravention of the FCA, the Department raised the CA on the degraded forest land.

Had the CA been carried out on the non-forest land as per stipulation of GOI, the area of forest land would have increased to that extent.

While confirming the facts the PCCF stated (November 2013) that necessary certificate of non-availability of non forest land from Chief Secretary was being submitted shortly. The reply is not acceptable as this aspect should have been looked into at the time of sending proposal to the GOI for diversion of forest land.

2.1.10.2 Mutation and declaration of non-forest land as Reserved Forests and Protected Forests

In Nurpur Forest division, against 154.81 hectares of forest land diverted between June 1986 and November 1999 to five user agencies, an area of 140.61 hectares of non-forest land was to be provided to the ownership of Forest Department by the user agencies concerned as per stipulation in their approval for diversion. Although 2.11 lakh plants at a cost of ₹ 34.55 lakh were raised on the identified land of 140.61 hectares, the Department had not taken any action to get the mutation of land in the name of the Department and without mutation it could not be declared as RF/ PF. The DFO, Nurpur admitted the facts (May 2013). In the exit conference the PCCF admitted the facts and stated that DFO concerned had been directed to do the needful.

Other Issues

2.1.11 Purchase of stores

2.1.11.1 Procurement of Global Positioning System equipment

As per Apex Court orders (March 2008), Global Positioning System (GPS) equipment were to be acquired by the State Governments from the Forest Survey of India (FSI),

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[17] Kullu: 20.44 hectares (one case); Mandi: 2.53 hectares (two cases) and Suket: 1.92 hectares (one case).

Dehradun for which the GOI had provided (December 2010) an amount of ₹ one crore to the FSI. It was noticed that contrary to the Apex Court orders, the State CAMPA purchased (December 2010) 200 GPS equipment from a Delhi based firm at a cost of ₹ 20 lakh. Thus, the expenditure on procurement of said GPS equipment was irregular and avoidable.

In the exit conference, the PCCF stated (October 2013) that GPS equipment was procured due to non-receipt of the material from FSI. The reply is not acceptable as the Department had not pursued the matter with the FSI.

2.1.11.2 Purchases of stores without invitation of tenders

State Financial Rules (SFRs) provide for purchase of goods upto ₹ 3,000 on each occasion subject to a maximum of ₹ 50,000 in a financial year without inviting bids and for purchase of goods[18] of ₹ 10 lakh or more Advertised Tender System should be adopted. In this regard following points were noticed:

- In five forest divisions[19] goods valued ₹ 1.10 crore were purchased during 2009-12 without competitive bidding/ approval of competent authority.
- In Mandi Forest Division, purchase of articles of pre-fabricated shelters worth ₹ 1.43 crore for ETF Camp at Jalogi was made during 2010-11 from a Delhi based firm without adopting the Advertising Tendering System.

Thus, in contravention of the provisions of SFRs mentioned *ibid*, the expenditure of ₹ 2.53 crore on purchase of stores proved irregular.

The DFO Mandi stated (May 2013) that the material was procured by ETF Jalogi for staying in battalion camp at Jalogi and the matter had been taken up with the concerned authority. The reply is evasive as DFO Mandi was also one of the members of the board constituted for procurement of said articles.

2.1.11.3 Non-levy of penalty

As per terms and conditions of supply orders of pre fabricated shelters, the supplier was required to supply and install the shelters within a period of 60 days from the date of placement of supply order on 11 August 2010. Failure to do so, penalty at the rate of half *per cent* per day and subject to a maximum of 10 *per cent* of the total amount of the supply order was to be levied and deducted from the dues of the suppliers.

Audit noticed that the above firm had delivered the requisite materials worth ₹ 1.43 crore on 7 February 2011 and after fabrication, the shelters were handed over to the ETF on 27 August 2011 causing a delay of more than ten months from the stipulated date of the supplies *i.e.*, 10 October 2010. It was however, noticed that the Department did not impose the penalty of ₹ 14 lakh on the said firm for not supplying and fabricating the materials on time. Thus, the firm was extended undue favour.

The DFO Mandi stated (May 2013) that as per information from ETF, the supply of material and installation of fabricated shelters has been completed in time. The reply is not acceptable as the complete shelters after fabrication were actually delivered by the firm on 27 August 2011 as per certificate issued by the ETF authority.

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18 LCDs, Dish TVs and wires, Display Boards, Projectors, Inter-link chains, etc.

19 Ani: ₹ 0.11 crore; Kinnaur: ₹ 0.76 crore; Rampur: ₹ 0.06 crore; Sarahan (Wildlife): ₹ 0.14 crore and Shimla (Zoo & Rescue): ₹ 0.03 crore.

2.1.12 Monitoring and Evaluation

2.1.12.1 Meeting of Steering Committee

The State CAMPA was to convene the meeting of the Steering Committee at least once in six months. It was noticed that during 2009-13 the Steering Committee had convened the required eight[20] meetings. However during 2011-12, three meetings of the Steering Committee were held and in 2012-13 the meeting was held in October 2012 after a gap of 10 and half months since the date of last meeting which caused the delay in approval of Annual Plan of Operation and receipt of funds for 2012-13 from the *Ad hoc* CAMPA as mentioned in paragraph 2.1.6.2.

The State Government stated (November 2013) that due to pre-occupation of the chairperson the meetings could not be held in time.

2.1.12.2 Annual Reports

As per guidelines, the State CAMPA was required to prepare its annual report for each financial year by the end of June of the following year which *inter alia* contained the details of the amount received by the State CAMPA from various sources, various works done, the amount spent and the observations made in the audit report. Audit noticed that the State CAMPA had not prepared the annual reports for 2009-10 to 2012-13 as of May 2013. The State Government stated (November 2013) that the annual reports could not be prepared due to non-preparation of annual accounts.

2.1.12.3 Supervision of works by Executive Committee

As per guidelines, the Executive Committee of the State CAMPA was to supervise the works being implemented in the State out of the funds released from the State CAMPA. However, in the absence of any provision for quantum of works to be supervised and the time scheduled thereof in the guidelines, the EC had not supervised any work during 2009-13. Resultantly, the works remained unmonitored.

2.1.12.4 Monitoring of works

A three-tier monitoring/ mentoring mechanism had been put in place for effective supervision and guidance required of CAMPA works. Under this system, the first two tiers of monitoring were to be carried out by the departmental authorities whereas the third tier monitoring was to be done through connected State universities and institutes.

(i) First Tier Monitoring

This system includes inspection of CAMPA works to be conducted by the field functionaries as per the details given in **Table-2.1.4** and submission of half yearly

[20] 26 October 2009, 09 March 2010, 19 November 2010, 11 February 2011, 28 April 2011, 01 June 2011, 01 December 2011 and 17 October 2012.

reports thereof to the State CAMPA by 15th of June and December every year:

Table-2.1.4
Details of inspection of CAMPA works required to be conducted by the field functionaries
(In percentage)

Designation	Plantation		Soil Conservation and Bio-Engineering works	Forest infrastructure/ forest project works
	By number	By area	By number	By number
Range Officer	100	100	100	100
Assistant Conservator of Forests	40	30	40	100
DFO	30	20	20	50
Conservator of Forests	10	5	5	20

Source: Information supplied by the State CAMPA.

Audit noticed that inspection of CAMPA works had not been conducted by the field functionaries during 2009-13 as the necessary half yearly inspection reports were neither available with the State CAMPA nor in test-checked forest divisions.

(ii) Second Tier Monitoring

Under the second tier system of monitoring, inspection teams constituted by the State Forest Headquarters were required to monitor two *per cent* of the CAMPA works executed every year during October-November (of the following year) and submit their reports by 30th November. It was noticed that the second tier monitoring of CAMPA works was not done during 2009-13 (except 2011-12). While admitting the facts the State Government stated (November 2013) that the task had been assigned to the Chief Conservator of Forests (Soil).

(iii) Third Tier Monitoring

Under the third tier (third party) system the monitoring of CAMPA works was to be carried out through State universities and institutes once in two years and as per guidelines, the State CAMPA had received ₹ 0.89 crore for monitoring of CAMPA activities as per APOs during 2009-13[21], out of which ₹ 0.22 crore had been spent by it as of May 2013 for monitoring of works under CAT Plans in Satluj basin by University of Horticulture and Forestry, Nauni, Solan (₹ 0.04 crore) and monitoring of works under CAT Plan of Koldam HEP (₹ 0.18 crore). Besides, ₹ 0.67 crore lying unutilised with the State CAMPA, the 3rd tier monitoring was also not done adequately. Thus, due to non-conducting of third tier monitoring, quality of works under State CAMPA was not ensured.

The State Government stated (November 2013) that the cases to assign the tasks to selected agencies were under process.

2.1.12.5 System of concurrent monitoring and evaluation

As per guidelines, the State CAMPA, in order to ensure effective and proper utilisation of funds was required to evolve an independent system for concurrent monitoring and evaluation of the works implemented from the CAMPA funds. Audit noticed that no such system had been devised by the State CAMPA as of May 2013. Thus, the State CAMPA was unable to ensure the effective and proper utilisation of funds in the absence of the system.

The Nodal Officer stated (May 2013) that the GOI had started implementing the e-green watch system through FSI, Dehradun and the State CAMPA had been asked

21 2009-10: ₹ 0.14 crore; 2010-11: ₹ 0.20 crore; 2011-12: ₹ 0.10 crore and 2012-13: ₹ 0.45 crore.

to check, correct, complete and authenticate the uploaded master data and also the data in respect of three divisions on pilot basis. The fact, however, remained that an independent system for concurrent monitoring and evaluation of work was yet to be evolved.

2.1.13 Conclusion

There was absence of effective planning in the State CAMPA as policy framework alongwith rules and procedures for its functioning had not been finalised for about four years after its constitution. Receipts of NPV, CA, CAT Plans were not administered as huge amount remained unrealised from the user agencies and the unspent amount which was collected during 2002-06 was also not reconciled and credited into CAMPA funds in spite of Apex Court orders. The accounts were not prepared/ maintained in a uniform format. APOs were not prepared on realistic basis as funds ranging from 52 to 96 *per cent* remained unutilised during 2009-13. Under CA, which was the core component of the State CAMPA, insufficient funds were provided to execute the works which resulted in non-coverage of 66 *per cent* area under CA during 2006-12. The entrustment of plantation works to outside agency in catchments areas of HEPs proved uneconomical and led to unnecessary cost escalation. Monitoring mechanism instituted for effective implementation of the CAMPA works also failed to ensure inspection of the CAMPA works to the prescribed extent. Besides, an independent system of concurrent monitoring and evaluation as prescribed in the guidelines had not been evolved as required.

2.1.14 Recommendations

The Government may consider to:

- make the State CAMPA more efficient and effective by strengthening the system for administration and accounting of receipts from *Ad hoc* CAMPA to State CAMPA and preparing the Annual Plan of Operations for projecting fund requirement before the *Ad hoc* CAMPA as per the guidelines/ instructions; and
- make necessary provisions in the guidelines for recovering the excess expenditure incurred by Eco Task Force/ department from the respective user agencies.

Health and Family Welfare Department

2.2 Medical Education and Research

The Department of Medical Education and Research is responsible for producing skilled medical and paramedical personnel and providing better medical education system, training to medical, paramedical and nursing personnel and to monitor and co-ordinate the activities of medical and dental services in the State. The significant audit findings are as under:

Highlights:

- ***The overall expenditure of the Department exceeded the approved outlay by over ₹55 crore. In Government Medical Colleges except for 2008-09 and 2012-13, there were excesses ranging from ₹8.77 crore to ₹30.08 crore during 2009-12.***

  (Paragraph 2.2.7.1)

- ***Against funds of ₹21 crore released to Public Works Department for execution of four works during 2004-12, an amount of ₹seven crore was diverted in one work for objectives other than the ones sanctioned.***

  (Paragraph 2.2.8)

- ***Non-utilisation of central assistance of ₹8.14 crore by the medical institutions against the total receipt of ₹14.03 crore during 2008-13, resulted in non-creation of infrastructure, etc., besides non-receipt of further central assistance of ₹11.27 crore.***

  (Paragraphs 2.2.9.1 to 2.2.9.4)

- ***Machinery and equipment costing ₹3.52 crore were lying unutilised in the Government Medical Colleges and hospitals attached to them for want of repairs and non-renewal of annual maintenance contracts.***

  (Paragraph 2.2.10.1)

- ***The shortage in cadres of teaching and teaching supporting staff was 11 to 71 and 12 to 52 per cent respectively as of March 2013.***

  (Paragraphs 2.2.12.1 and 2.2.12.2)

- ***Prescribed monitoring mechanism and internal audit arrangements for effective implementation of various schemes and activities of the Department were non-existent.***

  (Paragraph 2.2.13)

2.2.1 Introduction

The Government established the Directorate of Medical Education and Research (Directorate) during the year 1996-97 with the objective of providing better medical education system, training to medical, paramedical and nursing personnel and to monitor and co-ordinate the activities of medical and dental services in the State. The main functions of the Directorate are management of medical educational institutions imparting education in medical, dental, nursing and paramedical sciences, supervision over the quality of education, formulation of policy and programmes on medical education, liaison with the Medical Council of India (MCI), Dental Council of India (DCI)/ Indian Nursing Council (INC) and management of establishment, budget and accounts matter of government medical institutions.

In the State there are two Government Medical Colleges (GMCs) namely Indira Gandhi Medical College (IGMC), Shimla and Dr. Rajendra Prasad Government

Medical College (Dr. RPGMC), Kangra at Tanda, one Government Dental College (GDC) at Shimla, four[22] private Dental Colleges, one Government Nursing College at Shimla, five[23] Government schools of General Nursing and Midwifery (GNM) and 29 private GNM schools.

The academic matters relating to medical, dental and nursing colleges are entirely governed by the rules and regulations of the MCI, DCI and INC respectively.

2.2.2 Organisational Set-up

The Director, Medical Education and Research (DMER) functions under the overall supervision of the Principal Secretary (Health). The DMER is the head of the Department and the Director of Health Services is the cadre controlling authority. Besides, each medical institution (including GMCs, GDC, nursing college and schools of GNM) is headed by a Principal.

2.2.3 Audit Objectives

The audit objectives were to assess whether:

- the planning for medical education, health infrastructure, training, research, specialised health care was good;
- financial management was efficient and effective;
- implementation of schemes/ programmes for infrastructure development was efficient and effective;
- Human Resources were well managed; and
- adequate and effective monitoring mechanisms and internal control system were in place.

2.2.4 Scope of Audit and Methodology

The performance audit was conducted between January and May 2013 covering the period from 2008-09 to 2012-13 by test-check of records in the respective offices of the DMER, Principals of both the Government Medical Colleges (GMCs), Government Dental College (GDC) alongwith hospitals attached to them, Principal of Government Nursing College, Shimla and two[24] out of five Government Nursing Schools. Besides, records of two[25] out of four private Dental Colleges and three[26] privately run schools of GNM were also test-checked. The selection of schools for General Nursing and Midwifery (Government and privately run) and private Dental Colleges was done by using statistical sampling method of Simple Random Sampling without Replacement (SRSWOR). In addition, the records of Rogi Kalyan Samitis (RKSs) functioning in the attached hospitals of the GMCs and GDC were also test-checked.

An Entry Conference was held (February 2013) with the Special Secretary (Health), wherein scope of audit, objectives and criteria were discussed. Audit conclusions were drawn after scrutiny of available data by issuing audit memos and obtaining

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22 Nalagarh (Bhojia Dental College and Hospital), Solan (M.N. DAV Dental College, Tatul), Sundernagar (Himachal Dental College and Hospital) and Paonta Sahib (Himachal Institute of Dental Sciences).

23 Bilaspur, Tanda, Mandi, Nahan and Rampur.

24 Bilaspur and Tanda.

25 Nalagarh (Bhojia Dental College and Hospital) and Sundernagar (Himachal Dental College and Hospital).

26 Bhojia Institute of Nursing, Baddi, Jeewan Rekha School of Nursing, Sundernagar and Lord Mahavira Institute of General Nursing and Midwifery, Nalagarh.

response of the departmental functionaries at various levels. The audit findings were discussed with the DMER in the exit conference held in October 2013 and views of the Department have been incorporated appropriately in the Report.

2.2.5 Audit Criteria

The audit criteria used for the conduct of performance audit was derived from the following sources:

- Guidelines and standards prescribed by the Medical Council of India, Dental Council of India, Indian Nursing Council, for medical colleges, dental colleges and nursing colleges respectively;
- Instructions issued by the State Government relating to admissions in various courses relating to medical and dental education and training to nursing and para medical personnel; and
- State Financial Rules and instructions of GOI, State Governments for procurement of machinery and equipment.

Audit findings

2.2.6 Planning

Planning is critical for implementation of various activities of the Department. Deficiencies noticed in this regard are discussed in the following paragraphs:

2.2.6.1 Non-preparation of Annual Action Plan

The Office Manual of the State Government requires the Department to prepare an Annual Action Plan for all Departmental programmes/ schemes in January or February every year with month-wise and quarter-wise breakup of targets in respect of each activity to be achieved during the ensuing financial year.

Audit scrutiny showed that during 2008-13, the DMER had not prepared Annual Action Plans detailing the implementation strategy for development of medical education, improvement in quality of medical education, having due regard to the needs of unserved and under developed areas of the State. Besides, no planning for creation and development of health infrastructure and research activities was found done during 2008-13.

2.2.6.2 Absence of specific planning for development of medical education

The State has 200 medical seats in the two GMCs. While the all India average doctor population ratio is 1:1953 people, for the State of Himachal Pradesh it is 1:3907 which is twice of the average ratio of all India. The High Level Expert Group Report (November 2011) of the Planning Commission of India on universal health coverage had projected the availability of one allopathic doctor per 1000 people by 2028. The State Government while issuing essentiality certificate to MCI in April 2012 for the conduct of super specialty courses and increase in existing seats of post graduate (PG) courses had also proposed to achieve the doctor patient ratio of 1:1000 in a phased manner. It was, however, noticed in audit that the Department had not prepared any long term specific plan during 2012-13 to achieve the goal of doctor population ratio of 1:1000 by 2028.

Though in the exit conference, the DMER stated that increase in the intake capacity of both the GMCs was also a part of planning, there was no long term specific plan for development of medical education in the state on record.

2.2.6.3 Planning for Research activities

To promote medical education and to update the knowledge of teaching staff and other medical professionals, research formed an important part of the functioning of medical colleges. Further, the objectives of the Department also included promotion of corroboration with National and International Institutions in the field of medical education and research. It was noticed in audit that during 2008-13, the Department had not made any allocation of funds for the above purpose. Besides, the areas of the state specific research with respect to prevalent diseases/ health problems had also not been identified/ prioritised. Resultantly, no research activity was undertaken during the above period. Thus, there was absence of focus on research activities in the GMCs and the efforts of the Department to undertake the required research activities were deficient.

In the exit conference, the DMER stated that the State Government had not allocated budget for research activity and post graduate students were required to do research work and submit thesis. The fact, however, remained that there was nothing on record to show any state specific research having been conducted during 2008-13.

2.2.7 Financial Management

2.2.7.1 Budget allotment and expenditure

The details of budget allocation and the expenditure incurred by the DMER, Government Medical Colleges, Government Nursing College and Government Dental College during 2008-13 are given in **Table 2.2.1**.

Table-2.2.1
Details of budget allotment vis-à-vis expenditure during 2008-13

(₹ in crore)

Name of the office	Year	Plan		Non-Plan		Total Budget	Total Expend-iture	Variation Excess (+)/ Saving (-)
		Budget	Expen-diture	Budget	Expen-diture			
Directorate office	2008-09	-	-	0.42	0.42	0.42	0.42	-
	2009-10	-	-	0.54	0.54	0.54	0.54	-
	2010-11	-	-	0.61	0.78	0.61	0.78	+0.17
	2011-12	-	-	0.81	0.71	0.81	0.71	-0.10
	2012-13	-	-	0.98	0.99	0.98	0.99	+0.01
	Total	**-**	**-**	**3.36**	**3.44**	**3.36**	**3.44**	**+0.08**
Government Medical Colleges	2008-09	12.97	12.97	76.16	75.73	89.13	88.70	-0.43
	2009-10	21.00	21.00	95.86	104.63	116.86	125.63	+8.77
	2010-11	19.00	18.50	114.83	129.92	133.83	148.42	+14.59
	2011-12	4.15	3.70	103.70	134.23	107.85	137.93	+30.08
	2012-13	7.00	5.00	162.43	164.42	169.43	169.42	-0.01
	Total	**64.12**	**61.17**	**552.98**	**608.93**	**617.10**	**670.10**	**+53.00**
Government Dental College	2008-09	0.10	0.10	4.07	4.06	4.17	4.16	-0.01
	2009-10	0.30	0.30	5.11	6.05	5.41	6.35	+0.94
	2010-11	0.50	-	6.15	7.65	6.65	7.65	+1.00
	2011-12	0.85	0.85	7.79	7.78	8.64	8.63	-0.01
	2012-13	-	-	9.73	10.25	9.73	10.25	+0.52
	Total	**1.75**	**1.25**	**32.85**	**35.79**	**34.60**	**37.04**	**+2.44**
Grand Total		**65.87**	**62.42**	**589.19**	**648.16**	**655.06**	**710.58**	**+55.52**

Source: Information supplied by the DMER.

From the above table it would be seen that the overall expenditure exceeded the approved allotment of funds by ₹ 55.52 crore, during 2008-13. While there were no major excesses/ savings of expenditure against budget allotment for Directorate office during the above period, the GMCs except for 2008-09 and 2012-13, incurred expenditure in excess of the budget provisions ranging between ₹ 8.77 crore and ₹ 30.08 crore during 2009-12. In Government Dental College, Shimla also, expenditure exceeded the budget provisions between ₹ 0.52 crore and ₹ one crore during 2009-11 and 2012-13. The excess expenditure had not yet been regularised.

The Director stated (June 2013) that the excess expenditure during 2009-12 was due to payment of pay revision arrears and salary of March in the month of March which was not anticipated at the time of preparation of budget estimates. The reply is not acceptable as the department should have kept the provision for payment of pay arrears, etc., at the time of preparation of the revised budget estimates.

2.2.7.2 Irregular drawal of funds

Rule 5.71 of Himachal Pradesh Treasury Rules, 2007 stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement.

Scrutiny of records of Dr. RPGMC Kangra at Tanda showed that the State Government accorded (March 2011) expenditure sanction of ₹ 9.58 crore for the purchase of machinery and equipment including anaesthesia workstation, portable colour doppler, intensive care unit ventilator, etc., to cater to educational and training needs of the college. The Principal drew the entire amount of ₹ 5.44 crore from the treasury in the same month and spent ₹ 1.30 crore between September and October 2011 on procurement of machinery and equipment, leaving an amount of ₹ 4.14 crore unspent (in a savings bank account (₹ 1.54 crore) and in a fixed deposit (₹ 2.60 crore)) as of February 2013. The amount was not utilised due to non-processing of technical bids and floating of tenders. This showed that funds were drawn without any requirement merely to avoid lapse of budget.

In response, the Assistant Controller (Finance and Accounts) stated (February 2013) that in some cases the suppliers either do not respond to tender enquiry or fail to supply the goods of requisite standard. The reply is not convincing as appropriate timeframe for each stage of procurement should have been evolved to utilise the funds.

2.2.7.3 Crediting of students fees to Rogi Kalyan Samitis (RKSs)

Rule 3(5) of State Financial Rules, 2009, stipulates that receipts and dues of the Government are promptly assessed, collected and duly credited to the consolidated fund.

Scrutiny of records of both the GMCs showed that during 2008-13, an amount of ₹ 13.08 crore was realised on account of various fees from the students but the same was not credited to the consolidated fund of the State. Instead the amount was, transferred to the account of RKSs of the hospitals attached to these colleges for utilisation by them in the hospitals.

The Principal of IGMC, Shimla stated (March 2013) that the fees were credited to RKS account as per instructions of the State Government issued in January 2007. The reply is not acceptable because the State Government, in supersession of the above instructions, had notified (August 2008) a new policy which did not specify the retention and utilisation of student fees by the RKSs. The DMER admitted the facts in the exit conference.

2.2.8 Building Infrastructure

With a view to provide adequate building infrastructure facilities in the GMCs, the State Government administratively approved (March 2005 and August 2010) construction of four buildings at an estimated cost of ₹ 37.58 crore in IGMC, Shimla and Dr. RPGMC, Kangra at Tanda. Funds amounting to ₹ 21.00 crore were released to the Himachal Pradesh Public Works Department (HPPWD) for execution of the works. These works were stipulated to be completed within a period of two years from the date of sanction. Deficiencies noticed during audit are detailed in **Table-2.2.2**.

Table-2.2.2
Position of construction of building infrastructure in the GMCs

(₹ in crore)

Sr. No.	Name of work (Month of Sanction)	Sanctioned Cost	Funds released (Month)	Status of the work
1.	Construction of Obstetrics and Gynaecology (OBG) block at IGMC, Shimla (March 2010)	22.27	7.00 (April 2010)	The work was not taken up for execution due to non-approval of drawings of the buildings by the Municipal Corporation, Shimla and the State Government diverted (August 2010: ₹ 5.34 crore) the funds towards left out work of Auditorium cum Library complex of the college and also allowed (July 2012: ₹ 1.66 crore) payment towards arbitration award payable by the Principal of GDC, Shimla.
2.	Construction of residential accommodation for married doctors of IGMC, Shimla (October 2008: ₹ 1.42 crore and revised in March 2012: ₹ 1.60 crore)	1.60	1.00 (March 2009)	Due to delay in obtaining the clearance from TCP Department, only 60 *per cent* work was executed and was still in progress after incurring an expenditure of ₹ 0.71 crore which resulted in non-availability of timely residential accommodation to the doctors and time overun of more than two years.
3.	Construction of 18 Type-V quarters to the staff of Dr. RPGMC, Kangra at Tanda (March 2005: ₹ 2.54 crore and revised in September 2010: ₹ 5.14 crore)	5.14	5.14 (2004-12)	Though an expenditure of ₹ 4.99 crore was incurred, the work remained incomplete as of March 2013 due to delay in identification of appropriate site and its handing over to the HPPWD in spite of availability of land which led to non-providing of timely residential accommodation to the concerned staff. Thus, the work was lagging behind its schedule of completion by more than six years.
4.	Construction of a building comprising Anatomy Block, Lecture Theatre and Examination Hall at Dr. RPGMC, Kangra at Tanda (March 2007: ₹ 2.06 crore and revised in October 2010: ₹ 8.57 crore)	8.57	7.86 (2006-12)	The work remained incomplete as of March 2013 after incurring an expenditure of ₹ 2.13 crore and lagged behind its schedule of completion by four years due to delay in availability of appropriate site.
Total		**37.58**	**21.00**	

Source: Information supplied by the Department.

In the exit conference, the DMER stated (October 2013) that the Department had proposed construction of out patient department instead of OBG block. The proposal of construction of residential accommodation for doctors in IGMC had been submitted to TCP and the work was also delayed for want of solar passive design. Type-V staff quarters at Dr. RPGMC Tanda was near completion. The fact, however, remained that delay in completion of the works resulted in non-providing of the requisite infrastructure facilities to the intended beneficiaries. This also reflected lack of planning on the part of the Department.

2.2.9 Implementation of Centrally Sponsored Schemes by the Government Medical Colleges

2.2.9.1 Upgradation of State Government Medical College for starting new Post Graduate disciplines and increasing Post Graduate seats

The GOI, Ministry of Health and Family Welfare (MoH&FW) sanctioned grant-in-aid (August 2010) of ₹ 14.50 crore to IGMC, Shimla under centrally sponsored scheme (CSS) of upgradation of State Medical colleges for starting a new PG course on Pulmonary Medicine with intake of two seats and to increase the number of seats from 41 to 56 in the existing PG courses. The cost sharing between GOI and State Government was in the ratio of 75:25. The funds were to be utilised on creation of infrastructure and procurement of equipment subject to limit prescribed in the sanction order. Accordingly, GOI released (November 2010) its share of ₹ 5.44 crore as first instalment. In this regard the following points were noticed:

The State Government had not released its matching share of ₹ 1.81 crore against the first instalment of ₹ 5.44 crore received from the GOI, as of March 2013. Besides, out of central assistance of ₹ 5.44 crore received in November 2010, the Department utilised ₹ 4.84 crore, leaving ₹ 0.60 crore (excluding interest) as of February 2013.

As per terms and conditions laid down by the GOI in the sanction letter, the second/ subsequent instalment of assistance was to be released only when utilisation certificate (UC) with regard to first instalment was furnished by the State Government. The Principal of IGMC, however, furnished UC in May 2012 for full utilisation of ₹ 5.44 crore and did not depict the position of unutilised amount of grant-in-aid of ₹ 0.60 crore. The GOI did not release further instalment of grant-in-aid due to delay in submission of UC and non-release of State's share. As a result, only eight seats could be increased against the sanctioned number of 17 seats in the specified disciplines as of March 2013. Thus, ineffectiveness of the Department resulted in non-availment of the benefit of central assistance to the extent of ₹ 5.44 crore.

In the exit conference, the DMER stated that the proposal regarding release of state share under the CSS had been sent to the State Government in August 2013. The fact, however, remained that there was considerable delay in utilisation of funds and non-availment of the full benefit of the central assistance.

2.2.9.2 Upgradation of existing School of Nursing to College of Nursing

Under a CSS of "Development of Nursing Services", the GOI sanctioned (February 2010) grant-in-aid (GIA) of ₹ 5.21 crore for upgradation of existing School of Nursing in IGMC, Shimla into College of Nursing. The GIA sanctioned was to be utilised on civil works relating to school and hostel (₹ 3.21 crore), purchase of furniture (₹ one crore), laboratory equipment (₹ 0.65 crore) and teaching aid and books (₹ 0.35 crore) respectively. Against this, GOI released ₹ 1.02 crore in March 2010 (₹ 0.62 crore) and August 2010 (₹ 0.40 crore) respectively. As per terms and conditions laid down by GOI in the sanction order, UC of above amount was to be furnished within a period of 12 months of release of funds.

It was noticed that the Principal, IGMC Shimla furnished UC in January 2013 after a delay of 19 to 24 months as timely certification of receipt and payment from Chartered Accountant was not done. As a result, the balance amount of ₹ 4.19 crore was not released by the GOI.

In reply, the Principal, IGMC, Shimla stated (April 2013) that the funds were utilised only after receipt of proposals from the Principal, Government Nursing College, Shimla. He also stated that the releases of funds were not year specific and further grant was to be released only after utilisation of previous one. The reply confirmed the fact of non-utilisation of GIA in a time bound manner, resulting in non-release of the balance GIA amounting to ₹ 4.19 crore.

Thus, failure to ensure timely submission of UCs for GIA of ₹ 1.02 crore resulted in non release of further assistance of ₹ 4.19 crore by the GOI and consequently non-creation of the infrastructure in the above college.

2.2.9.3 Failure to establish Tertiary Cancer centre

Under National Programme for Prevention and Control of Cancers, Diabetes, Cardiovascular Diseases and Stroke launched by GOI in 2010-11, financial assistance of ₹ six crore was being provided to the selected health institutions/ medical colleges by the Central and State Government in the ratio 80:20 for procurement of equipment and carrying out construction activities.

Pursuant to above for strengthening the Regional Cancer Centre of IGMC, Shimla as a Tertiary care centre for providing advanced cancer care services, GOI, MoH&FW, sanctioned (January 2012) GIA of ₹ 4.80 crore (80 *per cent* share) and released it in March 2012 to the State Health Society for onward transmission to IGMC, Shimla. The State Government also released its 20 *per cent* share of ₹ 1.20 crore in March 2012 and deposited in the bank account of the above Society.

It was noticed in audit that the State Health Society further released (February 2013) the entire amount after a delay of 11 months to the Principal, IGMC, Shimla which remained unutilised in a savings bank account as of March 2013. It was further seen that for strengthening the Regional Cancer Centre, timely action was not taken by the institution concerned to acquire the specified equipment and other infrastructure in a time bound manner for ensuring the availability of envisaged advanced cancer care facility.

In reply, the Principal, IGMC, Shimla stated (March 2013) that proposal for change in the sanctioned equipment and revision of the project had been reviewed and sent to the GOI in September 2012. The reply is not acceptable as the matter for change in the sanctioned equipment should have been settled at the time of release of GIA of ₹ six crore by the GOI and State Government. The DMER admitted the facts in the exit conference.

2.2.9.4 Non-establishment of Burn Unit

Under a Centrally Sponsored Scheme 'Pilot Programme of Prevention of Burn Injuries in District Hospital and Medical Colleges' launched in 2010-11, the GOI, MoH&FW, New Delhi accorded (June 2011), approval for GIA of ₹ 4.41 crore for establishment of a Burn unit in Dr. RPGMC, Kangra at Tanda. The GIA was available upto March 2012 and was required to be utilised on civil works (₹ two crore), purchase of equipment and furniture (₹ 0.98 crore) and recruitment of man power (₹ 1.43 crore) respectively. Afterwards, its continuation was to be ensured as a department of the college. Against the approved amount of GIA, the GOI, however, released ₹ 2.77 crore[27] between January 2011 and January 2012 through demand drafts.

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[27] January 2011: ₹ 0.89 crore (released as an advance); December 2011: ₹ 1.48 crore and January 2012: ₹ 0.40 crore.

Scrutiny of records showed that out of GIA of ₹ 2.77 crore, the Principal of Dr. RPGMC Kangra at Tanda released ₹ 0.80 crore (September 2011) to the HPPWD for execution of civil works and spent ₹ 0.03 crore (February 2012) on procurement of air conditioners and furniture and the balance amount of ₹ 1.94 crore remained unutilised with the above college in a fixed deposit (₹ 1.80 crore) and savings bank account (₹ 0.14 crore) as of March 2013. It was further seen that execution of civil works for Burn unit could not be started due to delay in finalisation of the estimates by the HPPWD in accordance with the scheme guidelines as of March 2013.

The Principal of the college stated (March 2013) that the revised estimates for ₹ 2.01 crore had been prepared and sent to the State Government in December 2012 but approval was still awaited.

Thus, inability of the college authorities to ensure timely finalisation of estimates not only resulted in non-creation of Burn care services in the college but also the benefit of central assistance of ₹ 1.64 crore could not be availed of upto the specified time viz., March 2012 due to non-utilisation of GIA of ₹ 2.77 crore already released.

2.2.10 Deficient facilities for medical education and health care

2.2.10.1 Machinery and equipment

(i) Non-functioning/ utilisation of Machinery and Equipment

Machinery and equipment form an integral part of infrastructure needed to provide education and medical care in the medical colleges and the attached hospitals.

Scrutiny of records in the GMCs and the hospitals attached to them showed that machinery and equipment including intensive care unit ventilators, vital sign monitors, color doppler core vision, mammography system, etc., costing ₹ 3.52 crore as per details given in **Appendix-2.2** was lying unutilised as of February 2013 for want of repair/ due to non-renewal of annual maintenance contracts. Non-maintenance of the equipment in working condition resulted in non-availability of the required infrastructure and the desired benefits of the equipment could not be availed of by the students and patients in the hospitals.

The Senior Medical Superintendents of the hospitals attached to the GMCs, while admitting the facts stated (February-April 2013) that needful would be done in the near future.

(ii) Non-availability of equipment as per MCI norms

Norms for equipment required for practical skill and training in medical colleges and attached hospitals are determined by the MCI. All institutions are therefore required to effectively meet such requirements and comply with the prescribed norms so as to facilitate proper development of practical skills of the students.

Audit scrutiny showed that in five departments of IGMC, Shimla there were deficiencies of 184 items of specified equipment (approximate value ₹ 8.10 crore) as of April 2013 as detailed in **Appendix-2.3**.

The Principal, IGMC Shimla stated (April 2013) that various Departments were procuring the machinery and equipment keeping in view the availability of funds and priority fixed by the purchase committee. The reply is not acceptable because medical college was required to comply with the norms of MCI for ensuring quality education as well as better patient care services in the attached hospitals.

2.2.10.2 Availability of Super Specialty Services

As per vision document of the department, facilitation of adequate availability of specialised health professionals to provide high quality specialised patient care services was to be ensured. In this regard it was observed that:

(i) In Dr. RPGMC, Kangra at Tanda, no super specialty courses such as Paediatric Surgery, Heart Surgery, Plastic Surgery and Kidney transplantation were introduced as yet though the college came into existence in September 1996.

(ii) In IGMC, Shimla only two super specialty courses of Doctor of Medicine in Cardiology and Cardio Thoracic Vascular Surgery (CTVS) (two seats in each course) were operative as of April 2013.

In the exit conference, the DMER admitted the facts and stated (October 2013) that the matter regarding introduction of super specialty courses was under process.

2.2.10.3 Non-establishment of Trauma Centre

In both the GMCs, no trauma care centre existed in the hospitals attached to them for treatment of trauma patients and for upgradation of practical skills of the medical students. The trauma patients had to seek such treatment at distant places outside the State or in some private specialised hospitals at their own expense causing great inconvenience. During the years 2008-13, 457 trauma patients were referred outside the State.

The DMER in the exit conference admitted audit observation and stated that the matter regarding establishment of Trauma centres was under process.

2.2.11 Academic activities

The Himachal Pradesh University (University), conducts admissions for undergraduate (UG) and postgraduate (PG) courses offered in the two GMCs, GDC and four private unaided colleges located in the State of Himachal Pradesh.

2.2.11.1 Postgraduate degree and diploma courses

In PG degree and diploma courses conducted in various disciplines by both the GMCs, the position of admissions against the intake capacity was also satisfactory. However, in GDC, Shimla, during 2008-10 and 2011-13, in PG courses 33 to 87 *per cent* seats remained vacant due to non-availability of faculty such as Professors, Readers/ Assistant Professors.

The Principal, GDC, Shimla stated (May 2013) that due to shortage of faculty, DCI had stopped the admissions.

2.2.11.2 Government Nursing College, Shimla

Government Nursing College, Shimla started functioning as a part of IGMC, Shimla from the year 2010-11. Against an annual intake capacity of 60 students, 58 students in each year were admitted during 2011-13. Thus, the overall position of admissions was satisfactory. Besides in the above colleges, Post Basic Nursing course was also started from 2011-12 with an intake capacity of 30 students. In this course, 100 *per cent* seats were filled in, during 2011-12 but during 2012-13, eight seats remained vacant.

The Administrative Officer of IGMC, Shimla attributed (March 2013) less admission in Post Basic Nursing Course during 2012-13 to admission being sought by the aspirant candidates in nearby private colleges.

2.2.12 Human Resource Management

2.2.12.1 Teaching Staff

The adequacy of providing teaching faculty in all the institutions was scrutinised. It was noticed that except IGMC, Shimla, teaching faculty was not available in other test-checked government institutions in accordance with the norms prescribed by the

MCI, DCI, and INC as brought out in **Table 2.2.3**.

Table-2.2.3

Details showing the availability of teaching faculty in the test-checked institutes

(In numbers)

Sr. No.	Name of institutes	Intake capacity (No. of students)	Requirement of teaching faculty as per MCI/ DCI/ INC norms	Teaching faculty available	Shortage as on March 2013
1.	Dr. RPGMC, Kangra at Tanda	100	128	89	39 (30)
2.	Government Dental College, Shimla	60	47	42	05 (11)
3.	Government Nursing College, Shimla	58	31	18	13 (42)
4.	Government School of General Nursing and Midwifery (GNM), Bilaspur	20	07	02	05 (71)

Source: Information supplied by the concerned institutes.

Note: 1. Figures in parenthesis indicate percentage.

2. Requirement of teaching staff is based on intake capacity of each institution.

From the above table it would be seen that the institutions did not have adequate teaching faculty and shortage ranged from 11 to 71 *per cent*. Thus, inadequacy of teaching faculty in these institutes was a matter of concern for the quality of education being offered to the students.

The Principals of Dr. RPGMC, Kangra at Tanda and GDC Shimla stated (March-April 2013) that the vacant posts could not be filled up due to non-availability of eligible candidates. In respect of shortage of teaching faculty in Government Nursing College, Shimla the Administrative Officer of IGMC, Shimla stated (March 2013) that the position of staff was brought to the notice of the higher authorities from time to time. The Principal of Government School of GNM Bilaspur stated (May 2013) that the posts remained vacant due to non-creation of posts by the State Government.

The shortage of teaching staff, therefore, needs to be addressed on priority basis for ensuring availability of good quality education in the concerned institutions.

2.2.12.2 Availability of teaching supporting and non-teaching staff

In addition to teaching faculty, there was also shortage of manpower resources in the categories of teaching supporting and non-teaching staff in all the test-checked Government institutions and hospitals attached to them as shown in the **Table-2.2.4**.

Table-2.2.4

Details of Availability of teaching supporting and non-teaching staff in the test-checked institutions

(In numbers)

Sr. No.	Name of Institution	Man power requirement as per DCI/ MCI norms		Person-in-position		Shortage	
		Supporting staff	Non-teaching staff	Supporting staff	Non-teaching staff	Supporting staff	Non-teaching staff
1.	IGMC, Shimla	503	1522	347	1052	156 (31)	470 (31)
2.	Dr.RPGMC, Tanda	282	779	134	510	148 (52)	269 (35)
3.	Dental College	43	50	38	37	5 (12)	13 (26)

Source: Information supplied by the concerned institutes.

Note: Figures in parenthesis indicate percentage.

From the above table it would be seen that the percentage of staff shortage in the supporting and non-teaching cadres was 12 to 52 *per cent* and 26 to 35 *per cent* respectively. The shortage of staff in these institutions was bound to have its impact on the smooth functioning of these institutions and delivery of services in the attached hospitals, because the Medical Education Institutions also offered patient care services

The Principals of the institutions concerned stated (March-April 2013) that the matter was brought to the notice of higher authorities for filling up of posts. The fact, therefore, remained that the issue of staff shortages needs to be addressed on priority basis.

2.2.13 Monitoring mechanism and Internal control

The DMER was responsible for monitoring of the activities of the Department and implementation of programmes and schemes. Scrutiny of records in the Directorate office showed the following deficiencies:

2.2.13.1 Inspections

As per State Government's notification of May 1997, the DMER was responsible for inspection of GMCs, GDC, Government Nursing College and Government Nursing Schools but periodicity for such inspections was not indicated therein. It was, however, noticed that neither the DMER had devised any inspection schedule nor were any inspections carried out during 2008-13 to ensure effective check on the functioning of above institutions.

The DMER did not furnish any reasons for non-conducting the required inspections but gave a vague reply (April 2013) that Medical Colleges and Dental College were being inspected by the MCI/ DCI respectively. Thus, effective check on the functioning of the Medical Colleges by DMER as required under State Government notification of May 1997 was not ensured.

2.2.13.2 Internal Audit

Indira Gandhi Medical College, Shimla and Dr. RPGMC Kangra at Tanda had one sanctioned post of Assistant Controller (Finance and Accounts) each and DMER had one sanctioned post of Section Officer (Finance and Accounts) whose duty was to manage the work of internal audit. Against this, the Finance Department had posted two Assistant Controllers one each at IGMC, Shimla and Dr. RPGMC Kangra at Tanda and one Section Officer in DMER.

Scrutiny of records, however, showed that internal audit in the medical colleges, nursing colleges and schools of GNM had not been carried out during 2008-13. The Section Officer posted in the above office was carrying out the routine work of the office and no work relating to internal audit was done. Thus, internal audit was non-existent in the Department and it resulted in non-compliance of instructions, rules, etc., of GOI and State Government with regard to planning, financial management, development of infrastructure, etc., for medical education and research as brought out in the Report.

The Director while admitting the facts stated (April 2013) that internal audit cell could not be constituted due to shortage of staff. The reply is not acceptable as the services of the staff provided for internal audit should have been deployed for internal audit in accordance with instructions of Finance Department.

2.2.14 Conclusion

There was absence of proper planning for medical education, health infrastructure, research and specialised health care. No initiative was taken by the Department to identify/ prioritise any state specific research during 2008-13. Implementation of schemes relating to creation/ improvement of building infrastructure was tardy and led to non completion of works in a time bound manner, required for ensuring availability of the required facilities. Besides, central assistance sanctioned by the GOI was not utilised in time. Machinery and equipment including intensive care unit ventilators, vital sign monitors, color doppler core vision, mammography system, etc. remained unutilised for want of repairs in both the GMCs. Also, in IGMC, Shimla equipment were not available as per norms of MCI. Only two super specialty courses were being offered in IGMC, Shimla and the efforts of the Department to develop a cadre of specialised professionals were deficient. No trauma care centre existed in any of the GMCs and the trauma patients had to seek treatment at distant places. Human resource management in four out of five test-checked Government institutions was also inadequate as teaching faculty was not available and shortages ranged between 11 and 71 *per cent.* In both the GMCs and GDC there were also shortages in the cadres of teaching supporting and non-teaching staff ranging between 12 to 52 *per cent* and 26 to 35 *per cent* respectively. Monitoring and internal audit being the crucial components of any sound management systems, were non-existent in the Department.

2.2.15 Recommendations

The Government may consider to:

- take effective steps for preparation of detailed plans for creation and development of infrastructure for medical education, health and for carrying out research activities;
- accord priority for utilisation of available central assistance for timely creation of infrastructure facilities;
- minimise the shortage of manpower and infrastructure facilities in the GMCs, GDC and Nursing colleges; and
- operationalise monitoring and internal audit in the Department in order to ensure effective check on the functioning of the various institutions.

The audit findings were referred to the Government in June 2013. The reply had not been received (December 2013).

Public Works Department

2.3 Working of Public Works Department

The State Public Works Department (PWD) is responsible for planning, construction and maintenance of roads, bridges and buildings in the State. The significant audit findings are as under:

Highlights:

- ***The Department had not formulated any long term plan for providing a time-bound connectivity to all census villages in the state.***

  (Paragraph 2.3.6.1)

- ***There was excess expenditure of ₹1084.14 crore during 2008-13 which shows that budget was prepared on unrealistic basis.***

  (Paragraph 2.3.7.1)

- ***Withdrawal of funds of ₹15.21 crore from treasury merely to avoid lapse of budget and keeping the funds in Deposit head for utilisation in the subsequent financial years was against the canons of financial propriety.***

  (Paragraph 2.3.7.3)

- ***Of 914 works taken up for execution during 2008-13, construction of 823 works having an estimated cost of ₹ 521.92 crore were stipulated to be completed by March 2013. Against this, only 183 works were completed after incurring an expenditure of ₹ 152.74 crore and 640 works on which ₹126.50 crore had been spent, were lying incomplete as of March 2013.***

  (Paragraphs 2.3.9.1(ii), 2.3.9.2(i) and 2.3.9.3(i))

- ***Against the compensation of ₹10.43 crore in 171 cases, the Department had levied compensation of ₹2.86 crore in 36 cases only, which also had not been recovered as of May 2013.***

  (Paragraph 2.3.12.2)

2.3.1 Introduction

The State Public Works Department (PWD) is responsible for planning, construction and maintenance of roads, bridges and buildings (residential and non-residential) for various government departments and execution of civil engineering works on behalf of local bodies, public undertakings, boards, etc. as deposit works. Construction of roads and bridges is the main activity of the Department. Construction of roads was taken up under both Central Sector (National Highways) and State Sector (State Highways, Major District Roads and Other Rural Roads). The activities of the Department during the review period remained confined to implementation of various schemes including Central Road Fund (CRF), *Pradhan Mantri Gram Sadak Yojana* (PMGSY) of the Government of India (GOI), National Bank for Agriculture and Rural Development (NABARD) Loan and Other Roads under State Plan. Besides this, construction works of buildings for various government departments/ agencies were also undertaken by the Department as deposit works.

2.3.2 Organisational set up

The Principal Secretary (Public Works) is the administrative head of the department and overall responsibility for implementation of programmes and policies of the department vests in him. The Engineer-in-Chief (E-in-C), Public Works being the head of the Department, is responsible for budgetary control and overall working of the Department including implementation of various State as well as Centrally Sponsored Schemes (CSSs) through Zonal Chief Engineers (CEs), Circle Superintending Engineers (SEs) and works divisions headed by Executive Engineers (EEs).

2.3.3 Audit Objectives

The objectives of the audit of the Public Works Department were to assess whether:

- effective planning and programme management in terms of delivery of goals of schemes/ programmes existed;
- efficient financial administration with reference to allocated priorities existed in the Department and resources were optimally utilised;
- efficient management of human resources in terms of sanction, deployment and training of personnel for skill upgradation was prevalent;
- effective procedures for procurement and inventory control were in place; and
- adequate provisions for monitoring including suitable internal control mechanisms were in place.

2.3.4 Audit Scope and Methodology

Audit of the Department covering its overall working including performance of the department in respect of implementation of State Schemes and Centrally Sponsored Schemes (CSSs) for the period from 2008-09 to 2012-13 was conducted between January 2013 and June 2013 by test-check of records of 30 units comprising Engineer-in-Chief, 02[28] Zonal CEs out of four, 08[29] SEs out of 19, 16[30] divisions out of 73 and 03[31] Land Acquisition Officers situated in 07[32] out of 12 districts in the state. The selection of units was based on Simple Random Sampling without Replacement (SRSWOR) method.

The major categories of schemes funded by the Government of India (GOI) from Central Road Fund and others through state sector including NABARD, Scheduled Caste Sub Plan (SCSP), etc. were covered but not *Pradhan Mantri Gram Sadak Yojana* (PMGSY).

Before commencing audit, the audit objectives, criteria and scope of audit were discussed in an entry conference held in March 2013 with the Principal Secretary (PW). Audit conclusions were drawn after scrutiny of records, analysis of available data by issuing audit memoranda and questionnaires and obtaining response of the departmental functionaries at various levels. Audit findings were discussed with the Principal Secretary (PW) at an exit conference held in November 2013 and views of the government have been incorporated at appropriate places in the Report.

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28 Hamirpur and Shimla.

29 Dharamshala (Electrical), Hamirpur, Nahan, Shahpur (NH), Shimla, Shimla (Mechanical), Solan and Una.

30 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog, Una, Jogindernagar (NH), Pandoh (NH), Palampur (Electrical) and Shimla (Mechanical).

31 Kangra, Mandi and Shimla.

32 Hamirpur, Kangra, Mandi, Shimla, Sirmaur, Solan and Una.

2.3.5 Audit Criteria

The audit criteria used for assessing the working of the Department and implementation of various schemes was derived from the following sources:

- Plan documents/ Annual works programmes/ Project reports.
- Central Public Works Department (CPWD) Account Code, CPWD Works Manual, Punjab PWD Account Code and HP Budget Manual.
- State Financial Rules.
- Government notifications and instructions issued from time to time for the implementation of state and centrally sponsored schemes.
- Procedures prescribed for monitoring and evaluation of schemes/ programmes.

Audit findings

2.3.6 Planning

2.3.6.1 Formulation of Plans

As per Plan document of Eleventh Plan 2007-12 for providing missing links and increasing connectivity to villages and remote areas, and for facilitating construction of roads on scientific lines, it was necessary to have a comprehensive road policy for long term plan at the state level based on the inputs from the divisional/ district level, showing a detailed road map of the area, specifications for different roads, norms for maintenance in view of manifold increase in passenger transport and freight axle load.

Audit noticed that no comprehensive road policy and long term plan for achieving its mandate in a time bound manner had been framed by the State Government as of September 2013. In the exit conference the Principal Secretary (PW) also stated that draft road policy of the state was under consideration of the Government.

2.3.6.2 Mapping of targets in eleventh five year plan with annual plans

In the State, the Five Year Plan was considered as Perspective Plan and formed the basis for execution of various activities under the roads and bridges sectors by the Department. Annual works plans were to be prepared from the XIth five year plan and works prioritised for completion within the specific time period. The XIth five year plan on roads and bridges in the state were prepared by the Planning Department on the basis of feedback received fro m the Department (PWD).

The details of targets set in the XIth five year plan and the annual plans (APs) for 2007-12 are given in **Table-2.3.1**.

Table-2.3.1

Details of targets and achievements set in the XIth five year plan and the annual plans for 2007-12

Sr. No.	Name of the Sector	Financial (₹ in crore)			Physical (In kms)		
		Total outlay of XI Plan 2007-12	Total outlay as per APs 2007-12	Total expenditure 2007-12	Physical targets as per XI Plan 2007-12	Physical targets as per APs 2007-12	Actual achievements 2007-12
1.	Road and Bridges	1936.45	2170.34	2450.32	3000	3000	2613
2.	NRB*	154.35	128.94	215.58	65	90	105
3.	PGH**	23.60	40.75	51.12	300	232	172
	Total	**2114.40**	**2340.03**	**2717.02**			

Source: Information supplied by the Department.

Note: NRB*: Non-Residential Buildings, PGH**: Pooled Government Housing.

It would be evident from the above table that the targets envisaged in XIth five year plan were to be considered while preparing APs by the Department. However, the

APs (2007-12) had exceeded the targets set in XIth five year plan (2007-12) by ₹ 225.63 crore and the actual expenditure had exceeded by ₹ 602.62 crore during 2007-12. The physical targets for roads and bridges sector under XIth five year plan and APs during the above period remained the same (3000 kms) and against the projection of 365 buildings (NRB: 65 and PGH: 300) in the XIth five year plan, the target of 322 buildings (NRB: 90 and PGH: 232) was included in APs. The actual achievements were 2613 kms for roads and bridges and 277 for buildings (NRB: 105 and PGH: 172) respectively.

2.3.6.3 Component-wise targets and achievements

The component-wise details of physical targets and achievements for construction of roads and bridges (including village connectivity) for 2008-13 are given in **Table-2.3.2**.

Table-2.3.2

Details of physical targets and achievements for construction of roads and bridges for 2008-13[33]

Year	Targets					Achievements				
	MR (In kms)	CD (In Kms)	MT (In Kms)	Bridges (In No.)	VC (In No.)	MR (In kms)	CD (In Kms)	MT (In Kms)	Bridges (In No.)	VC (In No.)
2008-09	650	700	760	39	45	728	753	455	55	92
2009-10	650	700	760	30	45	504	645	564	60	137
2010-11	650	700	600	30	70	411	609	488	51	51
2011-12	450	460	650	32	45	314	597	370	31	55
2012-13	350	505	400	30	49	399	645	487	38	30
Total	**2750**	**3065**	**3170**	**161**	**254**	**2356 (86)**	**3249 (106)**	**2364 (75)**	**235 (146)**	**365 (144)**

Source: Information supplied by the Department.

Note: Figures in parenthesis represent percentage of achievements against targets.

It would be seen that during 2008-13, the overall achievements against targets under cross drainage, bridges and village connectivity were higher than the targets fixed. However, there was shortfall in achievements of the targets under construction of motorable road and metalling and tarring to the extent of 14 and 25 *per cent* respectively during the above period. It was further observed that the physical targets for construction of roads were fixed in terms of kms and not in number of road works to be completed, as 640 number of road works (70 *per cent*) involving expenditure of ₹ 126.50 crore remained incomplete as of March 2013 in the test-checked divisions which indicated that the targets were not fixed on realistic basis.

2.3.7 Financial Management

2.3.7.1 Resource and application of funds

The year-wise position of resource and application of funds of the Department for the

[33] MR: Motorable roads; CD: Cross drainage; MT: Metalling and Tarring and VC: Village connectivity.

period 2008-09 to 2012-13 is given in **Table-2.3.3** and **2.3.4**.

Table-2.3.3

Details of funds received through budget during 2008-13

(₹ in crore)

Head of Receipts	Year-wise allocation of funds					
	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Salaries and Wages	864.25	965.83	1191.43	1328.76	1487.81	5838.08
Administration	2.14	2.60	2.66	3.24	2.87	13.51
Centrally Sponsored Schemes	16.90	23.89	29.80	34.73	38.60	143.92
State Sponsored Schemes	908.60	1055.06	1012.65	1231.08	1259.65	5467.04
Total	**1791.89**	**2047.38**	**2236.54**	**2597.81**	**2788.93**	**11462.55**

Source: Information supplied by the Department.

Note: Under Centrally Sponsored Schemes, figures are as per State Budget and do not include funds directly transferred to implementing agencies by the GOI.

Table-2.3.4

Details of application of funds during 2008-13

(₹ in crore)

Head of expenditure	Year-wise breakup of expenditure incurred					
	2008-09	2009-10	2010-11	2011-12	2012-13	Total
Salaries and Wages	853.32	991.86	1222.98	1241.31	1444.63	5754.10
Administration	2.14	2.61	2.66	3.24	2.51	13.16
Centrally Sponsored Schemes	16.85	23.78	30.90	34.67	38.81	145.01
State Sponsored Schemes	1054.24	1253.43	1222.55	1551.58	1552.62	6634.42
Total	**1926.55**	**2271.68**	**2479.09**	**2830.80**	**3038.57**	**12546.69**

Source: Information supplied by the Department.

The Department had incurred an expenditure of ₹ 1084.14 crore during 2008-13 (2008-09: ₹ 134.66 crore; 2009-10: ₹ 224.30 crore; 2010-11: ₹ 242.55 crore; 2011-12: ₹ 232.99 crore and 2012-13: ₹ 249.64 crore) in excess of funds provided due to increase in pay and allowances of work-charged employees from time to time, regularisation of daily-waged workers and increase in the cost of material used for the maintenance of roads. This indicated that the budget estimates (BEs) were prepared on unrealistic bases.

2.3.7.2 Rush of expenditure

In order to regulate the expenditure in a phased manner the State Government had prescribed (September 1995) quarter-wise percentage[34] of expenditure to be incurred by the departmental authorities during a financial year. It was, however, noticed that there was no system of maintenance of data at apex level to ensure regulation of expenditure in the prescribed manner.

Further, the year-wise details of expenditure incurred by 12 test-checked divisions[35] during 2008-13 are given in **Table-2.3.5**.

Table-2.3.5

Details of expenditure incurred by test-checked divisions during 2008-13

(₹ in crore)

Year	Total expenditure incurred during the year	Expenditure incurred during last quarter of the year		Expenditure incurred during March	
		Amount	Percentage	Amount	Percentage
2008-09	108.34	38.95	36	19.00	18
2009-10	137.16	54.52	40	37.03	27
2010-11	115.03	38.27	33	24.07	21
2011-12	160.65	91.06	57	67.45	42
2012-13	143.03	60.44	42	41.51	29
Total	**664.21**	**283.24**		**189.06**	

Source: Information supplied by the Department.

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34 Percentage of expenditure: 1st quarter: 20, 2nd quarter: 25, 3rd quarter: 30 and 4th quarter: 25.

35 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog and Una.

It would be seen that expenditure in the fourth quarter of every year during 2008-13 ranged between 33 *per cent* and 57 *per cent* and the percentage of expenditure during the month of March alone ranged between 18 and 42 *per cent*. This was indicative of poor financial control.

2.3.7.3 Irregular drawal and utilisation of funds

According to Rule 2.10 (b) (5) of Himachal Pradesh Financial Rules, 1971, no money shall be drawn from the treasury unless it is required for immediate disbursement.

Audit noticed that the Executive Engineers of five[36] test-checked divisions, on the basis of Letters of Credit (LOC) received from the concerned Superintending Engineers during 2008-13, drew a sum of ₹ 13.93 crore from treasury in the last week of each financial year and showed it as final expenditure in the accounts. The divisions further transferred this amount to other divisions on the same day. However, in the subsequent financial years, the funds of ₹ 9.75 crore were received back from the divisions concerned during June 2009 to July 2012 and kept under deposit and ₹ 4.18 crore were yet to be received back by Nahan and Theog divisions from two[37] divisions. Subsequently, an expenditure of ₹ 5.60 crore had been incurred out of the funds kept under deposit and the balance amount of ₹ 4.15 crore was still lying unspent as of March 2013.

Similarly, Executive Engineer of Solan division drew a sum of ₹ 1.28 crore from treasury on the last day of financial year 2012-13 and transferred the amount to Assistant Engineer of the sub-division under his control, on the same day by debiting the expenditure to 11 works. The Assistant Engineer, however, kept it under deposit head which also remained unspent as of April 2013.

Parking of regular budgetary funds in deposit head to avoid its lapse and merely booking of expenditure to works also resulted in depiction of incorrect expenditure without actual execution of works.

The Executive Engineers of concerned divisions while admitting the facts (February to April 2013) had not furnished reasons for the same.

2.3.7.4 Irregular booking of material

Rules 2.10 (b) (5) and 15.2 (b) of Himachal Pradesh Financial Rules, 1971 prohibit irregular stock adjustment such as debiting to a work, the cost of material not required or purchased in excess of actual requirements to avoid excess outlay over appropriation.

Audit scrutiny of records of 12[38] test-checked divisions showed that material costing ₹ 26.21 crore was irregularly booked between January 2009 and March 2013 against 238 works. Subsequently, the cost of material was written back to stock in the following financial years, between April 2009 and April 2013. The stock adjustments were carried out merely to avoid surrender of funds released by the Government at the end of the financial years, which was irregular and resulted in misrepresentation of utilisation of stock.

The Engineer-in-Chief stated (November 2013) that the stock adjustments were carried out due to availability of sufficient funds at the close of financial year by making temporary adjustments. The reply is not in conformity with the rules *ibid.*

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[36] Nahan, Rajgarh, Shimla-I, Solan and Theog.

[37] Paonta Sahib and Shimla-I.

[38] Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Solan, Tauni Devi, Theog, Una and Electrical Division, Palampur.

2.3.8 Human Resources Management

2.3.8.1 Staff sanctioned and persons in position

The overall position of staff sanctioned and persons-in-position as of March 2013, in the Department are given in **Table-2.3.6**.

Table-2.3.6

Details of sanctioned staff *vis-a-vis* persons-in-position as of March 2013

(In numbers)

Category of Staff	Sanctioned Staff	Persons in position	Vacancy Position
Technical (Group A,B,C and D)	10876	8679	2197 (20)
Non-technical Staff (Group A,B,C and D)	31741	30208	1533 (05)

Source: Information supplied by the Department.

Note: Figures in parenthesis indicate percentage.

It would be seen that there was shortage of manpower resources in cadres of the technical and non-technical staff to the extent of 20 and five *per cent* respectively. The shortage of technical staff especially in the cadres of Assistant Engineers (20 *per cent*), Junior Engineers (26 *per cent*), Junior Draughtsmen (67 *per cent*), Surveyors (46 *per cent*), Work Inspectors (35 *per cent*), etc., would have negative impact on the efficient execution of quality works.

The Engineer-in-Chief stated (June 2013) that vacant posts could not be filled up due to stay on promotion by the Hon'ble Apex Court and ban on new recruitments. He further stated that work was suffering badly for want of adequate staff. The Principal Secretary (PW) also admitted the facts in the exit conference.

2.3.8.2 Training for capacity building of manpower

Capacity building enables continuous upgrading of skills and knowledge management and is essential for increasing the capability of the organisation to achieve its goals. As per Training Policy 2009 of the State Government, every personnel (class-I to class-IV) is required to undergo training for skill development at the time of induction and at least once in five years or before promotion, for better deliverance of service.

Audit noticed that:

- The Department had not followed the Training Policy 2009 as neither the training plan for coverage of all the personnel was prepared nor training was imparted as per Training Policy during 2009-13.
- Though the Department had prepared a Training Manual, the approval of the same from the Government was awaited as of June 2013.
- The Department had not established the required State Level Quality Control, Research and Development and Training Institute as of June 2013.

In the exit conference, the Principal Secretary (PW) stated that the efforts were being made to impart the training as per training policy for which the Training Manual was under finalisation.

Programme Management

Efficient programme management in an organisation involves proper selection of schemes as per criteria of programme for their successful completion within stipulated time and estimated cost so that intended benefits accrue to the public.

2.3.9 Roads and Bridges – State Sector

2.3.9.1 National Bank for Agriculture and Rural Development Loan

The Government of India (GOI) created the Rural Infrastructure Development Fund (RIDF) in the year 1995-96 in collaboration with National Bank for Agriculture and Rural Development (NABARD), a subsidiary of the Reserve Bank of India, to provide loan to the State Government for creation of durable assets in the rural areas. The roads and bridges sector was included in the scheme of RIDF from 1996-97 onwards.

(i) Status of projects

The details of the projects sanctioned under RIDF scheme of NABARD in the state and their status as of March 2013 are given in **Table-2.3.7**.

Table-2.3.7

Details of projects sanctioned under NABARD and their status as on 31 March 2013

(₹ in crore)

Year	Sanctioned		Expenditure		Status of works			
	Number	Amount	During 1996-2008	During 2008-13	Number of projects completed/ dropped			Incomplete projects as of March 2013
					Upto March 2008	Projects dropped	During 2008-13	
1996-2008	723	1121.78	727.38	347.38	305	8	322	88
2008-09	68	151.73	--	103.38	--	--	23	45
2009-10	144	378.06	--	195.11	--	--	12	132
2010-11	85	190.85	--	59.26	--	--	2	83
2011-12	109	273.62	--	34.35	--	--	--	109
2012-13	81	278.50	--	--	--	--	--	81
Total	**1210**	**2394.54**	**727.38**	**739.48**	**305**	**8**	**359**	**538**

Source: Information supplied by the Department.

It would be seen that:

- Against ₹ 2,394.54 crore sanctioned upto March 2013, the Department had incurred expenditure of ₹ 1466.86 crore (1996-2008: ₹ 727.38 crore and 2008-13: ₹ 739.48 crore) which indicated that the funds under the scheme were not being spent expeditiously.
- The NABARD works were required to be completed within three years from the date of sanction. Of 622 works to be completed as of March 2013, 357 works were completed and the remaining 265 works were lying incomplete as of March 2013, of which 88 works were lying incomplete for more than five years.

(ii) Execution of works

At the Engineer-in-Chief level, the work-wise consolidated records of road works taken up for execution, completed and those remaining incomplete during 2008-13 had not been maintained. However, the details of execution of works in 12 test-checked divisions[39] are given in **Table-2.3.8**.

Table-2.3.8

Details of execution of road works under NABARD loan by 12 test-checked divisions during 2008-13

(₹ in crore)

Year	Works sanctioned		Works not started		Works taken up for execution		Works to be completed by March 2013		Works completed		Works incomplete as of March 2013	
	No.	EC	No.	EC	No.	EC	No.	EC	No.	Exp.	No.	Exp.
As on 31.03.2008	80	117.34	1	0.44	79	116.90	79	116.90	66	87.35	13	19.55
2008-09	31	54.30	0	0	31	54.30	31	54.30	18	20.92	13	13.14
2009-10	35	77.99	3	7.27	32	70.72	32	70.72	6	8.38	26	26.69
2010-11	22	62.71	3	10.93	19	51.78	0	0	5	3.77	14	10.18
2011-12	31	80.28	4	16.64	27	63.64	0	0	1	0.91	26	8.28
2012-13	14	45.21	13	43.41	1	1.80	0	0	0	0	1	0.31
Total	**213**	**437.83**	**24**	**78.69**	**189**	**359.14**	**142**	**241.92**	**96**	**121.33**	**93**	**78.15**

Source: Information supplied by test-checked divisions.

Note: EC: Estimated Cost and Exp.: Expenditure.

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[39] Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog and Una.

It would be seen from the table that:

- Out of 213 works sanctioned at an estimated cost of ₹ 437.83 crore, 24 works having an estimated cost of ₹ 78.69 crore had not been taken up for execution as of March 2013 due to non-availability of suitable sites, land disputes, etc.
- Out of 189 works taken up for execution during 2008-13, construction of 142 works having an estimated cost of ₹ 241.92 crore were stipulated to be completed by March 2013. Against this, only six works were completed in time and 90 works were completed after incurring an expenditure of ₹ 116.65 crore. Further, 52 works on which ₹ 59.38 crore had been spent as of March 2013 were still lying incomplete which resulted in non-accrual of timely benefits of transportation facility to the public.
- Of 90 completed works, three road works sanctioned (between May 2004 and February 2007) for ₹ 5.54 crore in three[40] test-checked divisions, were completed at a cost of ₹ 6.54 crore after a delay of 18 to 41 months resulting in cost overrun of ₹ one crore (18 *per cent*).

The concerned Executive Engineers attributed (February to June 2013) the delay in completion of these works and cost overrun to site hindrances, slow pace of works by contractors, increase in cost of labour and materials, etc. The reply is not convincing as all the aspects should have been factored while sanctioning/ executing the works.

(iii) Unfruitful expenditure on abandoned road works

Under Section 2 of Forest (Conservation) Act, 1980 (FCA), prior approval of Ministry of Environment and Forests, Government of India (GOI) for the use of forest land for non-forestry purposes is required to be obtained. In other cases also, the Department is required to ensure encumbrance free land before taking up execution of works.

In five[41] out of 12 test-checked divisions, nine road works (length 62.150 kms) sanctioned (between September 2001 and June 2008) for ₹ 13.40 crore were stipulated to be completed between September 2004 and June 2011. On execution of these works for a length of 51.470 kms, ₹ 10.71 crore had been spent upto March 2013, but the execution of the road works in the remaining stretch had to be stopped midway due to non-obtaining of forest clearance (one work under Theog division: ₹ 1.05 crore) and private land dispute (eight works under four other divisions: ₹ 9.66 crore). These works were lying in a suspended state for the last 12 to 44 months. Thus, the Department did not ensure encumbrance free land before taking up the work for execution, the expenditure of ₹ 10.71 crore remained largely unfruitful.

The Executive Engineer, Theog division stated (April 2013) that FCA clearance was awaited and the Executive Engineers of other divisions stated (February to June 2013) that the works were taken in hand with the assurance of owners of the land who later on objected. The replies are not acceptable as encumbrance free land should have been ensured before commencement of the work.

(iv) Non-utilisation of roads due to non-construction of bridges

In Barsar and Nahan divisions construction of two roads[42] sanctioned (between February 2004 and May 2004) for ₹ 2.97 crore (including one bridge on each road with an estimated cost of ₹ 1.25 crore) were completed (between December 2008 and August 2009) at a cost of ₹ 1.26 crore. However, the construction of the bridges had

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40 Barsar, Hamirpur and Shimla-I.

41 Arki, Barsar, Hamirpur, Rajgarh and Theog.

42 Tihri Sadhwin road via Patnehri Kotlu Farsi km 0/0 to 4/0 and bridge at RD 1/435 (Barsar) and Rukhari Bankala Gowar on Rukhani km 0/0 to 5/200 and bridge at RD 0/900 (Nahan).

not been commenced as of March 2013 due to non-finalisation of tender (Barsar division) and non-finalisation of location of the bridge (Nahan division). Resultantly, the constructed portion of the roads could not be put to use and expenditure of ₹ 1.26 crore incurred thereon remained unfruitful, besides depriving the people of the area of intended benefits.

(v) Completed roads remained unopened

As per directions (June 2008) of the Engineer-in-Chief, action to get the completed roads passed by the Road Fitness Committees (RFCs) was to be taken by all the Executive Engineers within one month. Audit, however, noticed that in eight[43] test-checked divisions, 22 road works (length: 123.555 kms) approved (April 2003 and October 2010) for ₹ 31.11 crore were completed (between December 2008 and November 2012) after incurring an expenditure of ₹ 26.32 crore. It was noticed that these roads had not been passed by the RFCs for plying of vehicular traffic.

In reply, the Executive Engineers concerned stated (February-June 2013) that matter was being looked into and roads would be got passed from the RFCs shortly. The replies are not convincing as after completion of roads for the last four to 51 months as of March 2013, the Department had not taken up the matter with the RFCs to get the road declared fit for plying of vehicular traffic. This indicated lax attitude of the Department in providing timely transportation facilities to the people of the area.

2.3.9.2 Rural Roads (Scheduled Caste Sub Plan)

In order to ensure rapid economic development of scheduled castes population, the Scheduled Caste Sub Plan (SCSP) was adopted (1981-82) during the Sixth Five Year Plan. From the years 2007-08, a single Consolidated Demand (Demand No. 32) has been created for SCSP with a separate budget code under each major head to reflect budgetary provision for SCSP. For construction of roads to link a village or group of villages having 50 *per cent* scheduled castes population, the expenditure involved is required to be met under SCSP.

(i) Execution of works

The work-wise consolidated records of road works taken up for execution, completed and those remaining incomplete under SCSP during 2008-13 had not been maintained at the Engineer-in-Chief level. However, the details of execution of works in 12 test-checked divisions[44] are given in **Table-2.3.9**.

Table-2.3.9

Details of execution of road works under SCSP by 12 test-checked divisions during 2008-13

(₹ in crore)

Year	Works sanctioned		Works not started		Works taken up for execution		Works to be completed by March 2013		Works completed		Works incomplete as of March 2013	
	No.	EC	No.	EC	No.	EC	No.	EC	No.	Exp.	No.	Exp.
As on 31.03.2008	107	36.66	4	0.80	103	35.86	103	35.86	16	3.45	87	22.42
2008-09	52	26.71	2	1.14	50	25.57	50	25.57	7	2.16	43	6.97
2009-10	52	31.54	4	4.50	48	27.04	48	27.04	6	2.04	42	6.06
2010-11	16	11.32	2	1.05	14	10.27	14	10.27	1	0.07	13	0.66
2011-12	25	18.63	7	5.56	18	13.07	0	0	0	0	18	0.98
2012-13	9	3.97	2	0.76	7	3.21	0	0	0	0	7	0.23
Total	**261**	**128.83**	**21**	**13.81**	**240**	**115.02**	**215**	**98.74**	**30**	**7.72**	**210**	**37.32**

Source: Information supplied by test-checked divisions.

Note: EC : Estimated Cost and Exp. : Expenditure.

43 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Theog and Una.

44 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog and Una.

It would be seen that:

- Out of 261 works sanctioned at an estimated cost of ₹ 128.83 crore, 21 works having an estimated cost of ₹ 13.81 crore had not been taken up as of March 2013 due to non-availability of suitable sites, land disputes, etc.
- Out of 240 works taken up for execution during 2008-13, 215 works having an estimated cost of ₹ 98.74 crore were stipulated to be completed by March 2013. Against this, only 30 works were completed after incurring an expenditure of ₹ 7.72 crore and 185 works on which ₹ 36.11 crore had been spent as of March 2013 were still lying incomplete.
- Of 30 completed works, five road works sanctioned (between December 2002 and January 2010) for ₹ 1.02 crore in three test-checked divisions[45] were completed at a cost of ₹ 1.65 crore after a delay of three to 62 months resulting in cost overrun of ₹ 0.63 crore (62 *per cent*). Besides, out of 185 incomplete works, the construction of 33 road works sanctioned (between October 1983 and March 2010) for ₹ 7.24 crore in 10 test-checked divisions[46] were stipulated to be completed within two years. Though an expenditure of ₹ 12.01 crore had been incurred, the works were lying incomplete as of March 2013 and the delay of 12 to 329 months in completion of the works had already resulted in cost overrun of ₹ 4.77 crore (66 *per cent*). The work-wise percentage of cost overrun ranged between nine and 793 *per cent.*

The concerned Executive Engineers stated (February to June 2013) that the delays in completion of the works and cost overruns were due to paucity of funds, site hindrances, slow pace of works by contractors and increase in cost of labour and materials. The replies are not acceptable as all the aspects should have been looked into while sanctioning/ executing the works.

(ii) Unfruitful expenditure on held up road works

Under section 2 of the Forest (Conservation) Act, 1980 prior approval of GOI for the use of forest land for non-forestry purposes is required to be obtained. Thus, the Department is required to ensure encumbrance free land before taking up execution of works.

In Shimla-I division, two road works (length: 9.700 kms) sanctioned (March 2007 and March 2008) for ₹ 1.18 crore were stipulated to be completed between March 2009 and March 2010. On execution of these works for a length of 1.100 kms, ₹ 0.32 crore had been spent upto March 2013, but the execution of the road works in the remaining stretch had to be stopped midway due to non-obtaining of GOI approval under Forest (Conservation) Act. Thus, these works were suspended for the last 13 months and the expenditure of ₹ 0.32 crore remained largely unfruitful.

The concerned Executive Engineer stated (February 2013) that the case had been sent for approval of Government of India. The reply is not acceptable as prior approval of Government of India under Forest (Conservation) Act should have been obtained.

(iii) Completed roads remained unopened

As per directions (June 2008) of the Engineer-in-Chief, action to get the completed roads passed by the Road Fitness Committees (RFCs) was to be taken by all the Executive Engineers within one month. Audit, however, noticed that in five[47] out of 12 test-checked divisions, 19 road works (length: 35.195 kms) approved

45 Barsar, Bharwain and Una.

46 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan and Theog.

47 Barsar, Bharwain, Shillai, Theog and Una.

(between July 1985 and September 2010) for ₹ 5.30 crore were completed (between October 2008 and November 2012) after incurring an expenditure of ₹ 4.30 crore. It was noticed that these roads had not been passed by the Road Fitness Committees (RFCs) for plying of vehicular traffic.

In reply, the Executive Engineers concerned stated (February to June 2013) that matter was being looked into and roads would be got passed from RFCs shortly. The replies are not convincing as after completion of roads for the last four to 53 months as of March 2013, the Department had not taken up the matter with the RFCs to get the road declared fit for plying of vehicular traffic.

2.3.9.3 Other Rural Roads

(i) Execution of works

The work-wise consolidated records of road works taken up for execution, completed and those remaining incomplete during 2008-13 had not been maintained at the Engineer-in-Chief level. However, the details of execution of works in 12 test-checked divisions[48] are given in **Table-2.3.10**.

Table-2.3.10

Details of execution of road works under other rural roads by 12 test-checked divisions during 2008-13

(₹ in crore)

Year	Works sanctioned		Works not started		Works taken up for execution		Works to be completed by March 2013		Works completed		Works incomplete as of March 2013	
	No.	EC	No.	EC	No.	EC	No.	EC	No.	Exp.	No.	Exp.
As on 31.03.2008	463	178.56	16	6.97	447	171.59	447	171.59	61	25.25	386	30.47
2008-09	6	5.21	2	0.74	4	4.47	4	4.47	1	3.11	3	0.32
2009-10	7	1.17	1	0.28	6	0.89	6	0.89	1	0.01	5	0.10
2010-11	10	5.02	1	0.71	9	4.31	9	4.31	0	0	9	0.12
2011-12	5	2.73	0	0	5	2.73	0	0	0	0	5	0.16
2012-13	14	7.66	0	0	14	7.66	0	0	0	0	14	0.08
Total	**505**	**200.35**	**20**	**8.70**	**485**	**191.65**	**466**	**181.26**	**63**	**28.37**	**422**	**31.25**

Source: Information supplied by test-checked divisions.

Note: EC: Estimated Cost and Exp.: Expenditure.

It would be seen that:

- Of 505 works sanctioned for of ₹ 200.35 crore, 20 works involving estimated cost of ₹ 8.70 crore had not been taken up for execution as of March 2013 due to paucity of funds, suitable sites, land disputes, etc.
- Out of 485 works taken up for execution during 2008-13, 466 works having an estimated cost of ₹ 181.26 crore were stipulated to be completed by March 2013. Against this, only 63 works were completed after incurring an expenditure of ₹ 28.37 crore and 403 works on which ₹ 31.01 crore had been spent as of March 2013 were still lying incomplete.
- Out of 63 completed works, seven road works sanctioned (between December 1970 and May 2006) for ₹ 9.86 crore in three test-checked divisions[49] were completed at a cost of ₹ 15.04 crore after a delay of 19 to 446 months resulting in cost overrun of ₹ 5.18 crore (53 *per cent*). The percentage of cost overrun in

48 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog and Una.

49 Bharwain, Nahan and Shimla-I.

individual works, however, ranged between 23 and 728. Besides, out of 403 incomplete works, construction of 56 road works sanctioned (between August 1974 and January 2007) for ₹ 6.48 crore in 11 test-checked divisions[50], were stipulated to be completed within two years. Though an expenditure of ₹ 12.99 crore had been incurred, the works were lying incomplete as of March 2013 and lagging behind their schedule of completion by 50 to 439 months and resulting in cost overrun of ₹ 6.51 crore (100 *per cent*).

The concerned Executive Engineers stated (February to June 2013) that the delay was mainly due to paucity of funds, land disputes, etc. The cost overrun of the works was the result of increase in cost of labour and material. The replies are not acceptable as all the aspects should have been taken into account for expeditious execution of the works.

2.3.10 Roads and Bridges – Central Sector

2.3.10.1 Central Road Fund

Under Central Road Fund Act 2000, the Government of India (GOI), Ministry of Road Transport and Highways (MORTH) constituted (November 2000) Central Road Fund (CRF) for the development and maintenance of National Highways (NH), Rural Roads, other State roads including roads of inter-state connectivity (ISC) and of economic importance (EI). It is a reserve fund in the Public Account of the GOI fed through the proceeds of cess levied on motor spirit (petrol and diesel) earmarked for road development. Allocation of share of funds to each State and Union Territory is specified[51] in the First Schedule to the Constitution.

(i) Accrual and utilisation of funds

Out of the funds accrued to the State Government under three[52] components of CRF, the GOI releases funds in instalments by restricting the amount to the expenditure incurred by State Government for which utilisation certificates (UC) are submitted to the GOI. The details of funds accrued, sanctioned and released by GOI and expenditure incurred by the Department under CRF during 2000-13 are given in **Table-2.3.11**.

Table-2.3.11

Details of funds accrued, sanctioned and released by GOI and expenditure incurred by the Department under CRF during 2000-13

(₹ in crore)

Year	Accruals	Administrative approvals	Funds released by GOI	Expenditure incurred	Short release
2000-08	105.57	117.39	78.06	82.21	4.15
2008-09	29.45	52.00	14.27	12.82	(-) 1.45
2009-10	36.96	76.04	12.06	20.87	8.81
2010-11	32.11	45.43	17.44	24.43	6.99
2011-12	31.22	--	26.04	31.56	5.52
2012-13	32.19	--	23.07	31.37	8.30
Total	**267.50**	**290.86**	**170.94**	**203.26**	**32.32**

Source: Information supplied by the Department.

50 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Theog and Una.

51 Fifty *per cent* of the cess on high speed oil for the development of rural roads in such manner as may be prescribed and the balance amount equal to fifty *per cent* of cess on high speed diesel oil and the entire cess collected on petrol for NHs (fifty seven and half *per cent*), railway bridge and other safety works at railway crossing (twelve and half *per cent*) and on other State roads including roads of inter-state connectivity (thirty *per cent*).

52 Other State roads, ISC roads and EI roads.

It would be seen that against the funds accrual of ₹ 267.50 crore during 2000-13, the State had got proposal of ₹ 290.86 crore approved from the GOI upto March 2013. However, due to non-submission of utilisation certificates in time, against the expenditure of ₹ 203.26 crore incurred by the Department during above period, the Government of India had released ₹ 170.94 crore only upto March 2013 resulting in short release of ₹ 32.32 crore even though the state had a credit of ₹ 96.56 crore (accruals minus releases) as of March 2013. While admitting the facts the Engineer-in-Chief stated (November 2013) that efforts would be made to improve the working of the Department.

(ii) Status of works

As per component-wise details of projects proposed/ sanctioned/ completed and expenditure incurred under CRF during 2000-13 as shown in **Appendix-2.4**, it was observed that:

- Under other State roads component, of 55 projects sanctioned for ₹ 273.17 crore during 2000-11, 43 projects were completed and 12 projects were lying incomplete as of March 2013. The slow pace of execution deprived the public of intended benefits.
- Under Inter State Connectivity (ISC) roads component, only four works were sanctioned for ₹ 17.69 crore during 2000-10 and completed with an expenditure of ₹ 17.50 crore during 2000-13. No project was got approved from GOI after 2009-10 resultantly no ISC activity was carried out.
- Against the accrual of ₹ 6.52 crore on roads of Economic Importance (EI) component upto March 2013, no project was got approved from GOI. This indicated that the Department could not get any work sanctioned from GOI for the last 13 years.

On this being pointed out in audit, the Engineer-in-Chief stated (November 2013) that necessary action to get the projects approved under EI would be taken. However, the Department had not stated the reasons for slow pace of execution of the projects under other components.

2.3.10.2 National Highways

For upgradation and maintenance of National Highways (NH), the GOI, Ministry of Road Transport and Highways (MORTH) provides funds to the NH divisions of the State by Direct Payment Procedure (DPP) through NH divisions for construction of new roads, carrying out other road works such as special repairs (SR), periodical renewal (PR) of road surface and improvement of riding quality of roads. In the case of ordinary repairs (OR) and flood damage repairs (FDR), the State Government is required to submit claims for obtaining the requisite funds. These funds include nine *per cent* agency charges. Maintenance and upgradation of National Highways is a continuous process and the related works are executed on the basis of projects sanctioned by the MORTH. However, carrying over of unspent amount in the subsequent year is not permissible.

Audit noticed that against the allocation of ₹ 677.72 crore (DPP: ₹ 614.45 crore and ORs/ FDRs: ₹ 63.27 crore) the Department could utilise ₹ 633.76 crore (DPP: ₹ 581.35 crore and ORs/ FDRs: ₹ 52.41 crore) during 2008-13 resulting in overall savings of ₹ 43.96 crore. Further, in spite of utilisation of sufficient funds during the above period, there was shortfall in achievements of targets to the extent of 46 *per cent* under widening/ formation cutting, 30 *per cent* under strengthening/IRQP, 17 *per cent* under periodical renewal and 43 *per cent* under bridges as detailed in **Table 2.3.12**.

Table-2.3.12

Details of physical targets and achievement thereagainst under upgradation and maintenance of NH during 2008-13

Sr. No.	Item	Targets	Achievements	Shortfall
1.	Widening/ Formation Cutting (Kms.)	262.907	142.148	120.759 (46)
2.	Strengthening/ IRQP (Kms.)	1262.760	878.152	384.608 (30)
3.	Periodical Renewal (Kms.)	864.413	714.368	150.045 (17)
4.	Bridges (Nos.)	28	16	12 (43)

Source: Information supplied by the Department.
Note: Figures in parenthesis denote percentage.

While admitting the facts in the exit conference, the Principal Secretary (PW) stated that the shortfall in utilisation of allocations and achievements of the targets for National Highways works was mainly due to limited working season, tough topography, etc.

2.3.11 Building Works

The Department undertakes building works on behalf of other departments/ agencies in the form of Deposit Works. Some important findings in this regard are discussed below:

2.3.11.1 Execution of Works

It was noticed that work-wise consolidated record of execution of deposit works had not been maintained at the Engineer-in-Chief level. The status of execution of works in respect of 12 test-checked divisions[53] during 2008-13 is given in **Table-2.3.13**.

Table-2.3.13

Details of execution of deposit works in respect of 12 test-checked divisions during 2008-13

(₹ in crore)

Period	Number of works taken up	Estimated cost	Works completed		Works yet to be completed as of 31 March 2013	
			Number	Expenditure	Number	Expenditure
Upto March 2008	163	115.21	128	70.21	35	23.71
2008-09	80	38.41	41	12.79	39	16.84
2009-10	100	33.43	69	16.91	31	5.37
2010-11	119	82.66	34	16.03	85	15.55
2011-12	40	37.73	9	5.40	31	2.87
2012-13	19	26.79	2	0.29	17	2.62
Total	**521**	**334.23**	**283**	**121.63**	**238**	**66.96**

Source: Figures supplied by the Department.

53 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog and Una.

It would be seen that of 521 works involving estimated cost of ₹ 334.23 crore taken up for execution, 283 works with an expenditure of ₹ 121.63 crore had been completed during 2008-13 and 238 works were lying incomplete as of March 2013, of which 35 works were pending for more than five years. Non-completion of the works resulted in blocking of funds besides depriving the public of the intended benefits.

2.3.11.2 Time and cost overrun

Of the 283 works completed as of March 2013, 133 building works sanctioned (between January 1997 to February 2012) at an estimated cost of ₹ 51.29 crore were completed with an expenditure of ₹ 63.63 crore resulting in cost overrun of ₹ 12.34 crore and time overrun of one to 129 months. Besides, in seven[54] test-checked divisions, 18 building works sanctioned (between June 2002 and March 2011) at an estimated cost of ₹ 13.77 crore had not been completed within the stipulated period of one to three years, though an expenditure of ₹ 19.78 crore had already been incurred on those works. The delay in completion of the works ranging from five to 105 months had resulted in cost overrun of ₹ 6.01 crore as of March 2013.

The concerned Executive Engineers stated (February to June 2013) that delay in completion of works and cost overrun were mainly due to paucity of funds, land disputes, late handing over of sites, increase in cost of labour and material, etc. The replies are not convincing as all the aspects should have been taken into account before commencement of the works.

2.3.11.3 Excess expenditure over deposit

The expenditure on deposit works is required to be limited to the amount of funds received and expenditure incurred in excess of the amount deposited is chargable to "Miscelleneous Public Works Advances" (MPWA) pending recovery from the user department/ agency. Audit noticed that in 11 test-checked divisions[55], ₹ 7.09 crore spent on 85 works were completed between April 2002 and March 2013 in excess of deposits received from the concerned Departments and the excess expenditure was neither reflected in the MPWA register of the divisions nor recovered (March 2013).

The Executive Engineers stated (February to June 2013) that the demands were raised to the client departments and efforts were being made for recovery of the excess expenditure. The replies are not acceptable as sufficient deposits should have been ensured before incurring the excess expenditure.

2.3.12 Contract Management

Contract management includes negotiating the terms and conditions of contract and ensuring their compliance as well as documenting and negotiating any changes that may arise during its implementation. The irregularities in contract management noticed during audit are discussed below:

2.3.12.1 Operation of Contract Clause

(i) Variation in contract clause for cost escalation

The State PWD had not framed its own Works Manual. As per information furnished by the Engineer-in-Chief (April 2013), the Department was following the CPWD Works Manual. Section 32.10 of the CPWD Works Manual, 2007 read with clause 10 CC of Form No. 7 and 8 - tender document (TD) provides for cost escalation

54 Barsar, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I and Solan.

55 Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog and Una.

(i.e. variation in price of material and/ or wages of labour required for execution of work) where the stipulated period of completion is more than 18 months. Further the cost escalation during justified period extended shall be worked out on the basis of price/ wages prevailing at the time of stipulated date of completion or prevailing for the period under consideration, whichever was lesser.

Audit noticed that clause 10 CC of TD (Form No. 7 and 8) printed by the Department provided for the cost escalation where the stipulated period of completion is more than six months instead of 18 months. The condition of allowing cost escalation on the basis of prevailing price/ wages prevailing at the time of stipulated date of completion or prevailing for the period under consideration whichever was lesser, had, however not been provided in clause 10 CC. Thus, the terms and conditions in the TD used by the Department and contract agreements entered into for execution of works thereof were not in conformity with those stipulated in the CPWD Works Manual. This resulted in avoidable payment of cost escalation of ₹ 17.29 lakh to seven contractors in nine works awarded between March 2007 and March 2011 in Barsar and Tauni Devi divisions.

The Executive Engineers of the concerned divisions stated (February and March 2013) that the escalation was allowed as per the stipulation in the agreements.

(ii) Variation in contract clause for compensation due to delay

As per Section 32.1(3) of CPWD Works Manual, 2007, for slow performance or delay in completion of the work, compensation, subject to a maximum of 10 *per cent* of the tendered value was recoverable. It was, however, noticed that in 12 test-checked divisions there was no uniformity in the tender documents (TD) and the contract agreements entered into as the maximum compensation for slow performance or delay in completion of works varied from 10 *per cent* to 25 *per cent*.

The Executive Engineer, Bharwain division awarded (October 2008) a work for construction of Dr. B.R. Ambedkar Government Polytechnic at Gagret, to Una based contractor at a tendered cost of ₹ 42.60 lakh with the stipulation to complete it in six months. As per clause 2 of contract agreement entered into (November 2008), in the event of his failure to complete the work within the stipulated period, a penalty to the extent of 25 *per cent* of tendered cost was to be levied on him. However, the contractor could execute the work to the extent of ₹ 25.72 lakh only upto December 2010 and the Department had levied (December 2010) a compensation of ₹ 2.13 lakh (at the rate of five *per cent*) and the contract was rescinded by invoking clauses 3(a) and 3(c) in March 2011 and August 2012 respectively. It was further noticed that the balance work awarded (October 2011) to another contractor was completed by him in September 2012 at a cost of ₹ 32.51 lakh. However, the Executive Engineer had not enforced the recovery of ₹ 13.73 lakh[56] from original contractor as of March 2013.

While admitting the facts, the Engineer-in-Chief stated (November 2013) that the framing of state's own PWD Manual was under process. The reply is not acceptable as there was no uniformity in the terms and conditions stipulated in the contract agreement and those mentioned in CPWD Works Manual.

56 Compensation (clause 2): ₹ 2.13 lakh, Security forfeited (clause 3a): ₹ 1.44 lakh, Risk and cost (clause 3c): ₹ 6.92 lakh and materials, etc.: ₹ 3.24 lakh.

2.3.12.2 Undue favour to contractors due to non-levy of compensation

Audit noticed that in 13 test-checked divisions[57], in respect of 171 works involving ₹ 104.33 crore, awarded (between November 2003 and October 2012) to 142 contractors, were not completed within the stipulated time (between January 2004 and February 2013). However, contrary to the provisions of the contract agreements, against the compensation of ₹ 10.43 crore in all the cases, the concerned Executive Engineers had levied compensation of ₹ 2.86 crore in 36 cases only which also had not been recoverd as of May 2013. Thus, undue favour to the contractors was extended by not levying compensation of ₹ 7.57 crore for delay in completion of works.

The Executive Engineers stated (February to June 2013) that the matter would be looked into and action taken accordingly.

2.3.12.3 Uneconomical execution of work

Para 6.44 of PWD Manual of Orders specified that only that authority could allow/ approve split of a work, which was competent to accord technical sanction to whole of the work/ project. Further, as per instructions issued by the Engineer-in-Chief (April 2012), the Executive Engineers were not authorised to spilt the works at their own level even if technical sanction of whole project rest under their authority.

Audit noticed that Executive Engineers of eight test-checked divisions[58] had awarded (2007-13) the major portion of 46 works by splitting them up in 454 parts/ agreements (estimated cost: ₹ 2.96 crore) to 124 contractors at a cost of ₹ 3.99 crore. The tendered rates quoted by the contractors ranged between 35 *per cent* below (39 cases) and 228 *per cent* above (415 cases) the amount put to tender. Benefit of competitive rates was thus not derived by floating single tender for each work. Approval of the competent authority to split up the work had also not been obtained.

The Executive Engineers stated (February to June 2013) that the works had been split up, to achieve the targets and complete the work in time and that approval would be taken shortly. The contention is not valid as sanction should have been obtained from the competent authority before splitting and awarding the works to contractors.

2.3.12.4 Payment to contractors without approval

State Government instructions (October 2004) provided that any deviation necessitated during execution of the work, should have prior approval of the competent authority before executing such deviation and incurring any expenditure or creating financial liability.

The bills of the contractors for deviated items of works were required to be finalised and the contracts closed within a period of six months of the dates of completion of works after obtaining approval of competent authority.

Audit noticed that the Executive Engineers of eight[59] test-checked divisions had made payments aggregating ₹ 15.28 crore against 18 contracts awarded (between June 2005 and February 2009) to 17 contractors at a tendered amount of ₹ 12.62 crore which had been completed between July 2007 and July 2012. The payment of ₹ 2.66 crore over the tendered amount was made without getting the deviations approved from the competent authority which was irregular. Though a period ranging from eight months to 68 months had elapsed as of March 2013 since the completion of the contracts, the

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57 Arki, Barsar, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Shimla-I, Solan, Tauni Devi, Theog, Una and NH Jogindernagar.

58 Arki, Bharwain, Hamirpur, Nahan, Rajgarh, Shillai, Tauni Devi and Una.

59 Arki, Barsar, Hamirpur, Nahan, Shimla-I, Tauni Devi, Theog and Una.

contracts had not been closed by finalising the bills due to non-approval of the deviation.

The Executive Engineers stated (February to June 2013) that the matter regarding approval of deviations were under process. The replies are not acceptable as prior approval of the competent authorities should have been obtained.

2.3.13 Store management

2.3.13.1 Procurement of bitumen

As per State Government instructions (July 1996) bitumen was to be procured in the Department from Indian Oil Corporation (IOC) and Hindustan Petroleum Corporation Ltd. (HPCL) through their Carriage and Forwarding Agents (CFAs) Depots at Parwanoo, Mehatpur, Jawalamukhi and Sunder Nagar. The year-wise annual maintenance plan carrying out periodical maintenance of roads was to be finalised in the Engineer-in-Chief office based on requirement received from field offices. Every year, the Engineer-in-Chief office was to allocate quantity of bitumen for all the divisions of HPPWD by deducting Letter of Credit (LOC) at source. The payment for the allocated quantity of bitumen was to be released in advance to IOC/ HPCL through Shimla divisions No. II and III (paying divisions). While releasing payments to IOC/ HPCL for the allocated quantity of bitumen, the amount was to be kept in Miscellaneous Public Works Advances (MPWA) head of the respective suppliers by the divisions till the receipt of book transfer (BT) cheques from the respective divisions in support of receipt of bitumen.

The details of bitumen allocated, LOC issued by the Engineer-in-Chief office and LOC actually received and payment made by the paying divisions during 2008-13 are given in **Table-2.3.14**.

Table-2.3.14

Details of bitumen allocated, LOC issued by E-in-C office and LOC actually received and payment made by the paying divisions during 2008-13

(₹ in crore)

Year	Allocation by the E-in-C			LOC actually received, payment made, recovery made by Divisions No. II & III Shimla			
	Allocation and receipt		LOC issued	LOC received	Payments made IOC/ HPCL	Amount recovered	Balance due for recovery
	Quantity (MT*)	Value					
Opening Balance as on 01 April 2008	--	--	--	--	34.74	--	34.74
2008-09	7059.45	22.17	22.17	44.58	44.58	19.38	25.20
2009-10	7219.21	24.00	23.21	34.81	34.81	9.85	24.96
2010-11	12764.70	48.62	48.62	56.68	56.68	57.93	-1.25
2011-12	4272.37	16.60	16.60	48.38	48.38	30.61	17.77
2012-13	10409.41	51.95	51.95	57.58	57.58	46.26	11.32
Total	**41725.14**	**163.34**	**162.55**	**242.03**	**276.77**	**164.03**	**112.74**

Source: Figures supplied by the Department.

* Note: Quantity of one drum taken as 156 kilograms (0.156 MT).

It would be seen from the Table-2.3.14 that:

- Against LOC of ₹ 162.55 crore issued for 0.42 lakh MT bitumen allocated and received by the Engineer-in-Chief office, the paying divisions had received LOC of ₹ 242.03 crore and released an equal amount to the supplying agencies during 2008-13. Thus, there was huge variation in the data maintained by the

Engineer-in-Chief office and the paying divisions. Besides, records of actual receipt/ utilisation of bitumen by all the executing divisions had not been maintained at the Engineer-in-Chief level and also by the paying divisions. This showed lack of monitoring at all levels.

- Against ₹ 276.77 crore (Opening Balance as on 01 April 2008: ₹ 34.74 crore and payments made during 2008-13: ₹ 242.03 crore) recoverable from the receiving divisions, the paying divisions had received ₹ 164.03 crore (59 *per cent*) during 2008-13 in support of the bitumen actually lifted by them and ₹ 112.74 crore remained unrecovered as of May 2013. Besides, the pace of recovery during the above period was very slow which indicated inadequate monitoring by the Departmental authorities.

2.3.13.2 Receipt of bitumen against allocation and utilisation

In 12 test-checked divisions, against allocated quantity (by the E-in-C) of 13313.93 MT bitumen valuing ₹ 56.27 crore, 12645.48 MT bitumen valuing ₹ 53.45 crore had been received during 2008-13 resulting in short receipt of 668.45 MT bitumen valuing ₹ 2.82 crore. In spite of entire payment of the allocated bitumen having been made by the paying divisions to the suppliers, the Executive Engineers concerned had not taken any action to reconcile the short receipt of supply of bitumen as of March 2013. Besides, the test-checked divisions had not maintained separate records of receipt and utilisation of bitumen allocated by the Engineer-in-Chief and procured at divisional level, due to which the actual utilisation against allocations could not be ascertained in audit.

2.3.13.3 Irregular procurement

As per State Government instructions (July 1996), the powers to procure bitumen rested with the Engineer-in-Chief/ Chief Engineer. Audit however, noticed that contrary to the instructions *ibid*, the Executive Engineers of 12 test-checked divisions had procured 5170.28 MT bitumen costing ₹ 21.76 crore in 133 cases during 2008-13 without obtaining sanction of the competent authority which was irregular. The concerned Executive Engineers stated (February to June 2013) that bitumen had to be procured in view of urgent requirements and ex-post-facto sanction of the competent authority would be obtained. Replies are not acceptable as prior sanctions should have been obtained.

2.3.13.4 Mutation of land acquired

Audit noticed that in seven[60] test-checked divisions, land measuring 413.89 *bigha* area was acquired (between March 2008 and August 2012) for the construction of 29 road works in 42 awards and a sum of ₹ 4.22 crore was paid (between June 2008 and March 2013) as land compensation to LAOs Kangra and Shimla. However, neither the utilisation certificates were obtained nor mutation of the acquired land was got done in the name of the Department. Thus, in spite of investment of huge amount, the title of the land had not been vested with the Department as of March 2013 which involved the risk of litigations at a later stage. The Executive Engineers of concerned divisions stated (March to July 2013) that necessary action was being taken. Such lapse was indicative of poor administrative management in the divisions.

[60] Arki, Bharwain, Nahan, Rajgarh, Shillai, Shimla-I and Theog.

2.3.14 Internal Controls, Monitoring and Supervision

The main objective of the internal control system is to establish adequate and effective procedures, supervisory controls and management information system in the organisation so as to achieve its targets and goals efficiently. Audit noticed the following deficiencies:

2.3.14.1 PWD Accounts Code and Works Manual/ Code

The State Government had not framed its own Works Accounts Code/ Works Manual since its formation in 1948. The Department was following the CPWD Accounts Code and Works Manual and also Punjab PWD Code and Manual. Thus, different manuals, norms and methodology were being adopted and there was no uniformity in execution of the works as indicated in paragraph number 2.3.12.1.

2.3.14.2 Quality Control

As per departmental specifications, the material used for the construction of roads is required to be tested to ensure the quality standard. Audit noticed the following deficiencies:

(i) Testing of materials – shortage of laboratory staff

There existed 13 departmental laboratories for testing of materials at different places. Though laboratories were fully equipped to carry out the testing of material, required technical staff was not provided in the laboratories, and instead, testing of material was being done by non-qualified staff.

Status of staff required in the laboratories as per norms/ sanctioned strength/ person-in-position in HPPWD is given in the **Table-2.3.15**.

Table-2.3.15

Details of staff required for material test laboratories, sanctioned and person-in-position

(In numbers)

Sr. No.	Name of laboratory	Staff required as per norms	Sanctioned strength	Person in position	Variation (+) excess (-) shortage
1.	CMT Lab Shimla Zone	13	03	03	(-) 10
2.	Kangra Zone	05	-	-	(-) 05
3.	Mandi Zone	05	-	-	(-) 05
4.	Circle level laboratories (10)	30	-	-	(-) 30
	Total	53	03	03	(-) 50

Source: Information supplied by the E-in-C office.

It would be seen that there was 94 *per cent* shortage of technical staff in the laboratories. Besides, the laboratory had not been established in Hamirpur zonal office which came into being in February 2010.

Thus, owing to failure of the Department to provide required technical staff in the laboratories established for testing of materials, the chances of sub-standard materials being used on the execution of works could not be ruled out.

(ii) Inspection of works at sites and periodical inspections

There is a separate Quality Control and Design Wing headed by the Engineer-in-Chief in the Department which deals with the matters pertaining to assuring quality control of the works being executed. During 2008-13, 1206[61] inspections of works were conducted by the Quality Control Wing and inspection notes issued pointing out deficiencies in execution of works/ material issued on works with directions to rectify the same. In 1206 inspection notes, action taken reports (ATRs) were required in 658[62] cases against which the Engineer-in-Chief had received only 46 (seven *per cent*)

[61] 2008-09: six, 2009-10: 364, 2010-11: 253, 2011-12: 347 and 2012-13: 236.

[62] 2010-11: 234, 2011-12: 270 and 2012-13: 154.

ATRs as of April 2013. This indicated that inspection notes were not attended to by the field functionaries properly and inspections of works proved merely a formality.

Besides, the Department had not prescribed any norms for periodical inspection of works by the Chief Engineers, Superintending Engineers and Executive Engineers for works under state plan.

2.3.14.3 Internal Audit

As per instructions issued (August 1987) by the Finance Department (FD), the services of Internal Audit staff were to be utilised only for the purpose of conducting internal audit, checking of accounts, supervising the clearance of outstanding audit objections, physical verification of stores and stock, etc. Audit noticed that internal audit was completely non-existent in the Department during 2008-13 resulting in non-compliance of instructions, rules, etc., of GOI and the State Government with regard to planning, financial management and implementation of schemes.

2.3.14.4 Grievances Redressal

In compliance to State Government's instructions (December 2007), a Grievance Redressal Cell (GRC) had been constituted (August 2010) in the office of the Engineer-in-Chief. The Executive Engineer (Monitoring and Planning) as Nodal Officer is responsible for ensuring grievances/ complaints are disposed off through e-Samadhan within a period of one and half month.

It was noticed that the GRC was providing online information/ data of grievances/ complaints received and disposed off during 2008-13 through e-Samadhan. Audit noticed that out of 4519 number of grievances received during 2008-13, 4109 had been addressed and 410 grievances were outstanding for a period ranging from two to 36 months and disposal in these cases was not ensured within the prescribed time limit of one and half month.

The Engineer-in-Chief stated (July 2013) that grievances/ demands received were disposed off through e-Samadhan. He further stated that maximum complaints pertained to field offices and his office only transferred the grievances/ complaints to field offices where more time is taken than the prescribed time limit to redress the grievances. The fact, however, remained that 410 grievances remained un-resolved as of July 2013.

2.3.14.5 Monitoring Mechanism of the Department

A separate Planning and Monitoring Cell was created in the office of the Engineer-in-Chief (subsequently strengthened in 2012) to monitor the periodical reports on physical and financial achievements received from the field offices. It was, however, noticed that periodical progress reports received from the field offices were not scrutinised for suitable directions and necessary follow up action. The reports did not indicate the time frame fixed for completion of road/ building works, though 521 roads and building works sanctioned for construction more than five years ago remained incomplete in selected divisions.

2.3.15 Conclusion

The functioning of the Department was deficient as no long term plan was formulated for providing a time-bound connectivity to all census villages in the State. Financial management of the Department was inadequate with lack of proper budgetary control which showed up in persistent excesses over allocations during 2008-13, rush of expenditure at the fag end of the financial years and drawals of huge funds from treasury by charging of expenditure to works without their actual utilisation merely to avoid lapse of budget, etc. Programme implementation was inefficient and suffered from delays in completion of works, execution of works without ensuring encumbrance free sites, unfruitful investments and cost and time overruns. Contract management was deficient as variation in contract clauses of CPWD manual and non-levy of compensation for delay in completion of the works beyond stipulated dates led to undue favour to contractors. Quality control measures were virtually non-existent due to shortages of technical staff at the material testing laboratories and lack of monitoring/ follow up of inspection notes of works issued to the field functionaries. Internal controls and a suitable monitoring mechanism, both regarded as a *sine qua non* for satisfactory delivery of results in such departments, were found completely missing.

2.3.16 Recommendations

The Government/ Department may consider:

- making a comprehensive plan which provides an overall template synergising various schemes, with clear milestones and timelines for achieving the declared objective of providing connectivity to all villages in the state;
- ensuring effective budgetary control to avoid excesses and avoiding withdrawal of money from the treasury at the fag end of financial year;
- strengthening contract management system ensuring strict compliance with stipulated clauses including recovery of liquidated damages in the contract agreement; and
- ensuring suitable mechanisms for quality control, internal audit and inspections for construction of technically sound and durable assets.

The audit findings were referred to the Government in September 2013. The reply had not been received (December 2013).

Chapter-III
Compliance Audit

CHAPTER-III
COMPLIANCE AUDIT

Higher Education Department

3.1 Working of Himachal Pradesh University, Shimla

Annual accounts have not been prepared in accordance with provisions of the Act. The Director International Centre for Distance Education and Open Learning (ICDEOL) irregularly transferred ₹ 13.65 crore from the student fund to the corpus fund (₹ 3.39 crore) and main account (₹ 10.26 crore) of the University. Contingent advances of ₹ 2.04 crore granted to officers/ officials of the University during 2010-13 remained unadjusted as of April 2013. The grants of ₹ 2.50 crore received by the University during March 2009 to January 2011 for creation of infrastructural facilities, remained unutilised. The University also incurred a loss of ₹ 1.49 crore on uneconomical running and maintenance of buses.

An audit of the working of the University covering the period from 2010-11 to 2012-13 was conducted from July 2012 to August 2012 through test-check of records in 10[1] out of 30 teaching departments, 14[2] out of 41 non-teaching departments/ units and in the office of the Director, ICDEOL. The following are the audit findings:

3.1.1 Financial Management

3.1.1.1 Receipt and Utilisation of Grants

The University receives grants from various sources. The position of receipts and expenditure incurred during 2010-13 is shown in **Table-3.1.1**.

Table-3.1.1
Year-wise details of receipts and expenditure for the period 2010-13

(₹ in crore)

Particulars	2010-11	2011-12	2012-13
Grants received			
(A) State Government			
(i) for salary	50.00	50.00	89.00
(ii) for works	0.88	0.45	0.05
(B) Central Government agencies	9.34	5.75	4.19
UGC	8.90	3.85	15.08
(C) Miscellaneous receipts			
(i) Domestic	29.58	32.00	36.00
(ii) Others (Self-financing schemes, etc.)	7.85	8.50	10.21
Total receipts	**106.55**	**100.55**	**154.53**
Expenditure incurred			
(A) State Grants			
(i) for salary	81.61	97.90	125.00
(ii) for works	0.01	0.07	0.05
(B) Central Government agencies	6.83	4.19	5.70
(i) UGC	6.47	4.62	15.08
(ii) Others (Self-financing schemes)	6.74	9.24	10.21
Total expenditure	**101.66**	**116.02**	**156.04**

Source: Figures supplied by the Budget Branch.

1 Bio-Sciences, Chemistry, Computer Science, Economics, Foreign Language, Hindi, History, Mathematics, Public Administration and Sanskrit.

2 Academic Branch, Accounts Branch, Budget Branch, Cash Branch, Compilation Branch, Computer Centre, Construction Division, Controller of Examination, Director ICDEOL, Establishment Branch, Estate Office, Planning and Development, Pool officer (Vehicles) and Registration and Migration.

Analysis of the data showed the following:

(a) The overall increase in the receipts (including grant-in-aid to the University) was 45 *per cent* during 2010-13 with respect to previous years whereas the expenditure increased by 53 *per cent* during this period.

(b) The expenditure on salaries component had gone up from ₹ 81.61 crore in 2010-11 to ₹ 125 crore in 2012-13 and increased by 53 *per cent*. Though the University had made requirement of funds in the budget, the grants provided by the State Government for salaries during this period were not sufficient to meet the requirements. Resultantly, the University had to resort to use of domestic receipts for the payments of salary of its employees during the above period. Had the University received State grant to meet the salary, the domestic receipts could have been utilised for other developmental activities.

The Finance Officer stated (April 2013) that excess expenditure over and above the receipts has been incurred on committed liabilities of the University through internal management of funds.

3.1.1.2 Non-preparation of Annual Accounts

As per provisions of section 29 (i) of the Himachal Pradesh University Act, 1970, the University is required to prepare Annual Accounts and Balance Sheets under the directions of the Executive Council (EC) so as to present the true and fair view of the financial position and receipt and disbursement of the University. These shall, at least every year, and at intervals of not more than fifteen months, be got audited from an agency specifically authorised in this behalf by the State Government.

It was observed that in spite of audit having pointed out repeatedly during 2008-12, the University had not prepared its Annual Accounts in accordance with the above provisions and prepared only the Income and Expenditure statement upto 2008-09. From 2008-09 onwards, even the income and expenditure accounts had not been finalised and got audited from the statutory auditors as of April 2013. Besides the chances of fraud and malpractices, it reflected unsound financial management and lack of transparency in the working of the University.

The Assistant Registrar (Compilation) stated (April 2013) that the Executive Council (EC) has made recommendations (March 2000) to the State Government for omitting the word "Balance Sheet" appearing in section 29 (i) but final decision was awaited. The fact, however, remained that the University had not made any effort to follow up and thus did not ensure the preparation and subsequent audit of annual accounts from the designated agency, as required under the Act, *ibid.*

- **Improper maintenance of accounts of amalgamated fund**

Scrutiny of records of Post Graduate Centre, Shimla showed that as on 31 March 2006, the centre had an unutilised amalgamated fund of ₹ 65.67 lakh. Thereafter no account of demand and collection of above fund were maintained. On this being pointed out in audit, the Section Officer (Cash collection) of the University, while confirming the facts stated (April 2013) that out of ₹ 65.67 lakh, ₹ 6.50 lakh had been spent during 2006-13, leaving an amount of ₹ 59.17 lakh unutilised in the shape of Fixed Deposit Receipts. However, no records in support of expenditure incurred were furnished to audit. Thus, in the absence of proper record/ accounts of the amalgamated fund, the possibility of fraud/ misappropriation of funds could not be ruled out.

3.1.1.3 Irregular utilisation of student fund

As per Clause 42.1(b) of the First Ordinance of the University, the student fund is administered solely by the Dean of Studies in case of the University, Director of ICDEOL and the Principal in case of a college affiliated to or maintained by the University. The utilisation of student fund is permitted on activities relating to welfare of the students.

It was noticed that contrary to the above provisions, the Director of ICDEOL between December 2007 and June 2012 transferred an amount of ₹ 3.39 crore from the above fund to corpus fund of the University to discharge the liability on account of pension and gratuity. In addition, the Director ICDEOL, between February 2012 and January 2013 also transferred an amount of ₹ 10.26 crore on loan basis to the main account of the University. The transfer of money from student fund account was irregular and the entire amount was not refunded to the student fund of the ICDEOL as of April 2013.

The Director ICDEOL stated (April 2013) that funds were transferred as per decisions of the Executive Council. The reply is not acceptable as transfer of student welfare fund was *ultra vires* the provisions of the University Ordinance, and therefore irregular.

3.1.1.4 Outstanding affiliation fee

As per clause 38.20 of the University Ordinance, every affiliated/ associated college/ *pathshala* shall have to remit affiliation fee as prescribed by the EC from time to time.

It was observed that from all the 65 Government Colleges, affiliation fee aggregating ₹ 2.62 crore[3] for the sessions prior to 2010-11 and 2010-13 respectively was pending as of April 2013.

The Assistant Registrar (Academic) stated (April 2013) that efforts were being made to recover the balance amount from the Government colleges. The reply is not convincing. The non-realisation of the required fee at regular intervals from the defaulting colleges was obvious.

3.1.1.5 Non-adjustment of contingent advances

As per provisions contained in Chapter–VI of University Accounts Manual, adjustment of temporary advances is required to be done within a period of fortnight. It was, however, noticed that temporary advances aggregating ₹ 2.04 crore were granted to 77 officers/ officials of the University during 2010-13 for the purchase of equipment and furniture and to defray contingent expenses in connection with research activities but the officer/ official concerned had not rendered the accounts of advances within the prescribed time limit and the whole amount remained outstanding as of April 2013.

The Deputy Registrar (Accounts) stated (April 2013) that accounts of advances in few cases had been rendered for adjustment but the same were under process. The reply lacked justification as advances should have been adjusted promptly to prevent the risk of fraud or misutilisation of funds.

3.1.1.6 Non-maintenance of Cash Book

As per provisions contained in Chapter-IV of University Accounts Manual, every officer responsible for receiving money on behalf of University should maintain a cash book and ensure recording of all monetary transactions therein as soon as they

[3] Sessions prior to 2010-2011: ₹ 1.29 crore and sessions of 2010-11 to 2012-13: ₹ 1.33 crore.

occur and attest them in token of check. It was noticed that as per fee classification register of ICDEOL, during 2010-13 an amount of ₹ 21.63 crore[4] was shown to have been collected as fee from the students but no cash book was maintained. In addition, during 2012-13, fee amounting to ₹ 0.55 crore was also deposited online by 4,230 students as per the bank statements but no entries of amount received were found recorded in the fee collection and classification register.

The Assistant Registrar ICDEOL admitted the facts and stated (April 2013) that online fee received could not be entered in the fee classification register for want of details/ particular of students depositing fee online. The reply is not acceptable as non-maintenance of cash book and improper maintenance of fee classification register was fraught with the risk of misappropriation of money.

3.1.2 Academic Activities

3.1.2.1 Admissions in PG courses

It was observed that in regular PG courses of the University the position of students admitted for the past three year period showed an increasing trend. However, in respect of Certificate, Diploma and advance Diploma Courses conducted in respect of German, French and Russian Languages by the Department of Foreign Languages during 2010-13, against annual intake capacity (60 students for each course), enrolment of students except certificate course in French language was quite low and 18 to 100 *per cent* seats in these courses remained vacant during the above period as detailed in **Appendix-3.1**.

The chairperson of the concerned Department stated (April 2013) that these courses are offered on part time basis and many students leave the courses in middle of the session. He further stated that most of the students selected in all the three languages finally opt one course and intake was affected in higher courses. The University may review the continuation of these courses.

3.1.2.2 International Centre for Distance Education and Open Learning

With a view to imparting distance education at UG and PG level, the University set up a Directorate of Correspondence Courses (DCC) immediately after its establishment in 1970. The DCC gradually adopted the multi media approach to impart instructions and has been re-named as the International Centre for Distance Education and Open Learning (ICDEOL) and is located within the Campus of the University. Scrutiny of records showed the following points:

(a) In respect of UG, PG and Diploma courses conducted by the ICDEOL, the enrolment of students showed decreasing trend and it ranged between 14 and 61 *per cent* during 2012-13.

(b) The ICDEOL had strength of 18 teachers during 2010-11 to 2012-13 for various subjects. The duties of teachers as prescribed under clause 26.1 (v) of the University Ordinance, 1973 provides for writing of lessons and evaluation/ checking of the response sheets of the students and no additional remuneration was to be paid to them. It was noticed in audit that except writing of a few[5] lessons in respect of English and Master of Mass Communication (MMC) courses, no lessons were written by them during 2010-13. Some of the lessons which were to be written by the

[4] 2010-11: ₹ 8.67 crore; 2011-12: ₹ 6.46 crore; and 2012-13: ₹ 6.50 crore (including online deposit of ₹ 0.55 crore).

[5] English (BA-I): four and MMC: seven.

teachers of the ICDEOL, were got written from the teachers other than those of ICDEOL and remuneration amounting to ₹ 6.35 lakh was paid to them.

(c) Under Clause 4.12 of the first Ordinance of the University, a student is eligible for appearing at a University examination only if he has responded to at least 75 *per cent* of the assignments sent to him and must have secured at least 33 *per cent* of the total marks in these assignments. It was noticed that only 1,550 assignments were received in 2012-13 against the required number of 20,78,074 during 2010-13. All the students were being allowed to appear in the examination without ensuring prescribed eligibility criteria. Besides, assignment/ response sheet received during 2012-13 were not checked/ evaluated by the teachers of ICDEOL.

The Director, ICDEOL stated (April 2013) that the subject/ courses in which the experts with specialisation were not available, the lesson work was done by external teachers and the students were not submitting the assignments as there was no extra weightage for internal assessments.

The fact, however, remained that the ICDEOL of the University did not follow the prescribed system of writing of lessons, obtaining/ evaluating of assignments, etc. The students were allowed to appear in the examination without fulfilling the eligibility criteria which was bound to affect the quality of education.

3.1.3 Human Resources Management

3.1.3.1 Vacancy Position in Faculty

The details of sanctioned strength and the number of existing faculty members as of March 2013 in the University are given in **Table-3.1.2**.

Table-3.1.2
Vacancy position of faculty member

(In number)

Name of Cadre	Sanctioned strength	Persons-in-position	Vacancy position
Professor	47	7	40 (85)
Reader	105	36	69 (66)
Lecturer	274	164*	110 (40)

Source: 1. Information supplied by the Establishment Branch of the University.
2. Figures in parenthesis represent percentage of vacancy position.
* Includes 106 persons covered under Carrier Advancement Scheme.

The percentage of vacancies of faculty members, thus, ranged from 40 to 85 *per cent.* As per UGC norms, a faculty-student ratio of 1:10 and 1:15 should be maintained for Science and Humanities respectively. Audit noticed that during 2010-13 the faculty-student ratio was in range of 1:11 and 1:37 for 2204 students of science and between 1:16 and 1:60 for 7097 students of humanities courses. Thus, the faculty-student ratio was not within the norms.

3.1.4 Infrastructure

3.1.4.1 Blocking of funds due to non-utilisation of grants

The University had received (between March 2009 and Janaury 2011) grants of ₹ 2.50 crore for creation of infrastructure facilities. The grants were to be utilised within two years from the date of receipt. Audit noticed that the entire amount remained unutilised with the university as per details given in **Table-3.1.3**.

Table-3.1.3
Details showing non-utilisation of grants by the University

(₹ in crore)

Sr. No.	Funding Agency	Grant received (month)	Purpose	Status
1.	State Government	1.00 (March 2009)	Construction of residential accommodation to non teaching staff	Even after a lapse of four year period the work remained uncommenced as of April 2013 due to non-receipt of final approval from Municipal Corporation, Shimla.
2.	GOI, Ministry of Tourism	1.00 (January 2010: ₹ 0.10 crore and January 2011: ₹ 0.90 crore)	Improvement of infrastructure (Purchase of equipment, furniture, fixture , etc., for introduction of three years degree course in Hotel Management	Though the University had started the new course in July 2011, the entire amount remained unutilised with it as of May 2013 due to non-availability of adequate space for establishment of laboratories and other facilities. Thus, the University could not provide the requisite facilities to the students.
3.	State Government	0.50 (January 2011)	For installation of Wi Fi internet connectivity in hostels	The entire amount remained unutilised with the University due to non-finalisation of the proposal of installation of internet facility.
	Total	**2.50**		

Source: Information supplied by the University.

The University authorities stated (April 2013 and May 2013) that the amount could not be spent due to non-finalisation of drawings of residential accommodation to non teaching staff by MC, Shimla, non-availability of adequate space for laboratories, etc., of the new course of Hotel Management and non-finalisation of proposal for installation of internet facility. The replies are not acceptable as the authorities should have pursued the cases vigoursly as non-creation of the infrastructure facilities deprived the beneficiaries of the intended benefits besides blocking of funds for more than two to four years.

3.1.4.2 Delay in creation of building infrastructure

For creation of building infrastructure the UGC, GOI, and State Government sanctioned (between January 2006 and April 2007) construction of two buildings at Shimla and Dharamshala at an estimated cost of ₹ 6.82 crore. These buildings were stipulated to be completed between May 2008 and July 2012 respectively.

Scrutiny of records showed that the works were lagging behind their schedule of completion ranging from nine to 59 months and were still incomplete even after incurring an expenditure of ₹ 4.65 crore. Thus, the University failed to utilise the sanctioned funds and to provide adequate building infrastructure facility in a time bound manner rendering the expenditure of ₹ 4.65 crore unfruitful so far.

The Executive Engineer (EE) of the University stated (April 2013) that the completion of the works was delayed due to belated clearance from local bodies and inclement weather conditions, etc. The reply is not acceptable as these factors should have been taken into account at the time of taking up of construction work.

3.1.5 Asset Management

3.1.5.1 Loss due to uneconomical running of buses

The University has a fleet of six buses to provide transport facility to the students and its employees on concessional pass basis. The fact was that the University did not even recover the running cost of buses. Resultantly, during 2010-13 the University incurred a loss of ₹ 1.49 crore on running and maintenance of buses. The loss included ₹ 85.86 lakh on account of pay and allowances of the 12 drivers/ conductors for idle time.

The Pool Officer of the University stated (April 2013) that bus facility was being provided to the students and employees on very concessional and subsidised rates and the bus fare was enhanced in August 2012 and February 2013. The fact, however, remained that the University needs to review the matter of subsidised transportation to avoid recurring loss.

3.1.5.2 Uneconomical running of hostels

It was observed that during 2010-13, the University realised an amount of ₹ 0.61 crore on account of hostel charges from the students but during the corresponding period, the University paid an amount of ₹ 2.44 crore on account of electricity and water charges resulting in loss of ₹ 1.83 crore.

The Chief Warden of Hostels stated (April 2013) that consumption of electricity was more than the amount of fees collected from the boarders. The matter may be reviewed in order to avoid the recurring loss.

3.1.6 Internal Control

3.1.6.1 Physical verification of Store and Stock not conducted

The Accounts Manual, of the University envisaged physical verification of stores and stock at least once in a year. It was noticed that the required physical verification of store was not got conducted in respect of 20 teaching departments including main office during 2010-11 and 2011-12 respectively. In the absence of periodical verification of articles of stores/ stock, the chances of pilferage, non-accounting and excess acquisition of stores could not be ruled out.

3.1.6.2 Adequacy of Internal Audit arrangement

The State's Examiner of Local Fund Account (LFA) is the Statutory Auditor of the University and is responsible for pre-audit as well as post audit of the accounts on test-check basis. The Examiner, LFA had not conducted post audit of the accounts of University after 2008-09. However, 686 paragraphs of LFA pertaining to the period from 1981-82 to 2008-09 were pending for settlement as of April 2013. Long pendency of large number of audit objections and non-conduct of internal audit by the Examiner, LFA after 2008-09 at regular intervals is a matter of concern and needs to be addressed on priority basis.

The audit findings were referred to the Government in June 2013. The reply is awaited (December 2013).

3.2 Non-completion of multipurpose hall due to selection of unsuitable site

Defective planning of the Department and the executing agency in taking up construction of a multipurpose hall on unsuitable site resulted in wasteful expenditure of ₹ 0.64 crore and blocking of ₹ 1.70 crore for more than two years.

The State Government accorded (November 2004) administrative approval of ₹ 1.16 crore for construction of a Multipurpose Hall (Auditorium) for Thakur Sen Negi (T.S.Negi) Government College (GC), Reckong Peo (Kinnaur district).

However, in the meantime the Principal, T.S.Negi GC and Deputy Director of Higher Education, Reckong Peo released ₹ 2.34 crore[6] between March 2001 and July 2010 to the Himachal Pradesh Public Works Department (HPPWD) after obtaining expenditure sanctions from the Deputy Commissioner in anticipation of revised administrative approval.

Scrutiny of records (July 2012) of the office of the Principal, T.S.Negi GC, Reckong Peo and information collected (September 2013) from Reckong Peo division of HPPWD showed that HPPWD without seeking/ having revised administrative approval, commenced execution of multipurpose hall in January 2006 on a site identified by the Education Department without proper investigation and survey of soil strata. After expending ₹ 0.64 crore the work had to be stopped (October 2010) due to occurrence of cracks in the building under construction. Thereafter the work was lying in a suspended state. As a result, the balance amount of ₹ 1.70 crore could also not be spent and remained blocked for more than two years.

The Executive Engineer, HPPWD Kalpa division stated (March 2013) that construction site fell in the sinking zone and the work could not be completed. The Principal of the college while admitting the facts, stated (September 2013) that due to subsidence in the construction area the work had to be stopped.

Thus, defective planning for construction of above building coupled with selection of unsuitable site resulted in wasteful expenditure of ₹ 0.64 crore and blocking of Government funds of ₹ 1.70 crore for more than two years. Besides, the students were also deprived of the intended facilities.

The audit findings were referred to the Government in June 2013. The reply had not been received (December 2013).

Horticulture Department

3.3 Financial Management in Dr. Y.S. Parmar University of Horticulture and Forestry, Nauni (Solan)

Annual accounts have not been prepared in accordance with the provisions of Act. The University had furnished inflated certificates of utilisation of grant of ₹ 5.71 crore to the Indian Council of Agricultural Research (ICAR) during 2010-13. Contingent advances of ₹ 18.41 crore granted to officers/ officials of the University during 1997-2012 remained unadjusted as of June 2013. Construction of five works sanctioned for ₹ 2.50 crore during April 2008 and March 2011 remained incomplete as of June 2013 after incurring an expenditure of ₹ 1.69 crore.

An audit of the financial management in the UHF covering the period from 2009-10 to 2012-13 was conducted from July 2012 to March 2013 through test-check of records in 15[7] out of 42 departments. The following are the audit findings:

3.3.1 Receipt and Utilisation of Grants

The UHF receives grants from various sources. Central Government provides grants through Indian Council of Agricultural Research (ICAR) and Indian Council for Forestry Research and Extension (ICFRE) for the implementation of the various

6 Principal, T.S.Negi GC: ₹ 0.49 crore and Deputy Director of Higher Education: ₹ 1.85 crore.

7 Comptroller of University's office, Estate Cell, Registrar Office, Director of Extension, Director of Research, College of Horticulture and Forestry, Vice Chancellor's office, Department of Fruit Science, Entomology, Vegetable, Floriculture, Food Sciences, Krishi Vikas Kendra, Kandaghat and Regional Research Station, Dhaulakuan.

projects, developmental works, strengthening of infrastructure and improvement of education in the University. UGC provided for 80 *per cent* of total liabilities of pay arrears on revision of pay scales by the 6th Pay Commission. State Government provides grants for discharge of establishment liabilities only. The position of receipts and expenditure incurred during 2009-13 is shown in **Table-3.3.1**.

Table-3.3.1

Year-wise details of receipts and expenditure for the period 2009-13

(₹ in crore)

Particulars	**Year wise breakup**			
	2009-10	**2010-11**	**2011-12**	**2012-13**
Opening balance	**10.79**	**12.46**	**40.33**	**8.20**
I. Grants received				
(A) State Sector				
(i) Horticulture	41.36	48.82	47.42	50.46
(ii) Forestry	0.25	0.25	0.25	0.25
(B) Central Sector	17.79	56.02	27.03	23.37
(C) Domestic Income (Miscellaneous receipts)	7.13	6.87	10.17	Awaited*
Total receipts	**66.53**	**111.96**	**84.87**	---
II. Expenditure incurred				
(A) Salary	47.81	55.65	87.63	Awaited*
(B) Other Expenditure	17.05	28.44	29.37	Awaited*
Total Expenditure	**64.86**	**84.09**	**117.00**	---
Closing balance	**12.46**	**40.33**	**8.20**	---
Un-recouped opening balance of schemes	**0.53**	**2.05**	**26.40**	---
Amount added (+) / recouped (-) during the year	**+1.52**	**+ 24.35**	**nil**	---

Source: Figures supplied by the UHF.

Note: * Not available due to non-finalisation of Annual Accounts by the UHF.

It would be seen from **Table-3.3.1** that:

- The UHF had not compiled the figures of expenditure for the year 2012-13 as of June 2013 which indicated lack of expenditure control in the UHF.
- In the annual accounts of the UHF, for the year ended 31 March 2012, negative balance of ₹ 26.40 crore was depicted against various State/ Central schemes under the head "unspent balance" which was accumulated year to year. This was indicative of the fact that excess expenditure had been incurred on schemes from other sources in anticipation of receipt of funds under the original head**.** The Comptroller had not made any efforts for reconciliation of the amount with the funding agencies.

In reply, the Comptroller, UHF stated (June 2013) that ₹ 24.55 crore had been erroneously shown as expenditure out of ICAR development assistance in the accounts for the year 2011-12 and excess expenditure of ₹ 1.85 crore incurred had been recouped during the financial year 2012-13 on receipt of grants from different funding agencies.

The reply is not acceptable as the accounts for the year 2011-12 did not depict the true financial position of the UHF. Besides, the excess expenditure of ₹ 24.55 crore erroneously debited to ICAR schemes had not been set right as of November 2013. This would also affect the accounts of the University.

3.3.2 Non-preparation of Balance Sheets

Section 45 (3) of the Himachal Pradesh Universities of Agriculture, Horticulture and Forestry Act, 1986 provides for preparation and submission of Balance Sheet to the Government of Himachal Pradesh by the UHF. It was noticed that the UHF was preparing only the receipts and payments accounts and had not prepared income and expenditure account and balance sheet so far despite recommendations of the Public Accounts Committee (PAC) in its 192nd Report. The receipts and payments accounts for the year 2012-13 were not prepared. This indicated poor financial management in the UHF.

Non-preparation of balance sheet by the University since its inception was also commented upon in paragraph 6.2.2.5 of the Report of the Comptroller and Auditor General of India for the year ended March 1994 (Civil)- Government of Himachal Pradesh.

The Comptroller, UHF stated (May 2013) that annual accounts were being prepared as per provisions of the University Act and were vetted by the Examiner of Local Fund Account before submission to Finance Committee and Board of Management for approval. The reply is not convincing as the preparation of Annual Accounts was not ensured by the UHF in accordance with the provisions of *ibid* Act.

3.3.3 Issuance of wrong Utilisation Certificates

During 2009-12, the UHF received grants aggregating ₹ 5.80 crore[8] from the ICAR, for construction of Girls Hostel (₹ 1.80 crore), Education Museum (₹ one crore), Examination Hall (₹ one crore), Boys Hostel (₹ 1.50 crore) and development of existing sports facilities (₹ 0.50 crore).

It was noticed in audit that, the UHF spent an amount of ₹ 9.31 lakh only on the works but sent utilisation certificates (UCs) for the whole amount of ₹ 5.80 crore during 2010-13.

The Comptroller, UHF admitted the facts and stated (June 2013) that there was no other way to utilise the part of grant received at the fag end of the financial year specially under Sub head "works" where codal formalities were required to be completed as per Accounts Manual. The reply is evasive, as the UHF authority has not furnished any reasons for wrong reporting of utilisation of funds to the ICAR.

3.3.4 Non-adjustment of Advances

Under rule 7.9 of the UHF Accounts Manual, the drawing officers or the heads of the departments are permitted to draw a temporary advance for incurring expenditure. All such advances are required to be got adjusted within a month of their drawal.

It was noticed that 32 drawing officers/ heads of the departments of UHF had not rendered the accounts of contingent advances amounting to ₹ 18.41 crore drawn by them during 1997-2012 and the entire amount had remained outstanding for period ranging between more than one year to 15 years as of June 2013.

The Comptroller, UHF admitted (June 2013) the facts and stated that the adjustment of the advances was a continuous process and efforts were always made to get the advances adjusted within the prescribed period except where short supply of material or execution of deposit works were under process.

The reply is not acceptable as advances should have been adjusted promptly to prevent the risk of fraud or misutilisation of funds.

3.3.5 Irregular expenditure due to diversion of funds

During 2010-11, UHF incurred an expenditure of ₹ 42.61 lakh on account of electricity charges of its campus out of state grants. The amount was written back from the state grants and debited to grants of ICAR schemes in November 2011. Since funds for ICAR schemes were provided for teaching and research activities, the

[8] 2009-10: ₹ 1.55 crore; 2010-11: ₹ 2.05 crore and 2011-12: ₹ 2.20 crore.

transfer and adjustment of expenditure of ₹ 42.61 lakh from the grant of ICAR was irregular. Besides, this would have adverse impact on the teaching and research activities for which the funds were actually provided by the ICAR.

The Comptroller of UHF stated (June 2013) that the ICAR had provided funds for strengthening of teaching and research facilities and electricity was generally used by the teachers/ scientists/ students for their research and teaching purposes. The reply is not convincing as the ICAR guidelines did not provide for such expenses.

3.3.6 Non-Deposit of New Contributory Pension Scheme Funds

The State Government adopted (June 2010) the New Pension System (NPS) architecture approved by the Pension Fund Regulatory and Development Authority (PFRDA) of India for the enrolment of new incumbents who were appointed on or after 15 May 2003. The scheme was made applicable to all the government departments including Boards/ Autonomous Bodies/ Corporations/ Government Companies, etc.

As per guidelines of NPS, contributions received from the employees alongwith employer's share were required to be deposited with the trustee bank and funds already collected by the respective departments were required to be deposited with the Pension Funds Managers (PFMs) nominated by the PFRDA.

It was noticed that since the date of adoption of the NPS, the UHF had also deducted the required contributions from the eligible employees and also contributed its share. As of March 2013, an amount of ₹ 5.33 crore on account of contributions of NPS was retained by the University in its own bank account and the same was not deposited with the trustee bank.

The Comptroller, UHF stated (June 2013) that the pension scheme had been introduced in the UHF on the analogy of the State Government and strictly on guidelines/ instructions circulated by the State Government. However, these guidelines do not cover autonomous bodies such as Boards/ Corporations/ Universities, etc. The reply is not relevant as the instructions of State Government issued in June 2010 clearly indicated application of scheme in autonomous bodies and UHF being an autonomous body was required to follow it in letter and spirit.

3.3.7 Overpayment of house rent allowances

Mention regarding over payment of house rent allowance (HRA) at the rates applicable for district headquarters to employees posted at Nauni (UHF headquarters) was made in paragraph 6.5.2 (i) of the Report of the Comptroller and Auditor General of India for year ended 31 March 2002 (Civil)-Government of Himachal Pradesh. Audit noticed that the irregularity was still persisting from April 2009 to March 2013, as the payment of HRA was not regulated in accordance with the clarification already given (March 2000) by the State Finance Department. This had resulted in overpayment of ₹ 51.21 lakh to 768 employees.

The Comptroller of UHF stated (June 2013) that on the directions (July 2000) of the Financial Commissioner-cum-Secretary (Horticulture) to the State Government, the BOM in its 53rd meeting (May 2000) had decided to continue the drawal of HRA at the rates applicable for district headquarters. It was further stated that matter was also pending with the PAC for final decision. The reply lacked justification as the approval of BOM was contrary to the instructions of the Finance Department.

3.3.8 Avoidable payment of Demand Charges

As per provisions contained in sales manual of the Himachal Pradesh State Electricity Board Limited (HPSEBL), the consumers of non-domestic/ non-commercial electric supply can revise their contract demand within the limits of their sanctioned load, twice a year subject to the condition that the consumer concerned enters into an agreement. It was, however, noticed that to avail of the benefit of demand charges on actual basis, no agreement in this regard was executed by the UHF, with the HPSEBL. As a result, the HPSEBL during 2009-13 levied demand charges for the entire sanctioned load of 1591 kilo watt (KW)/ 1414 kilo volt ampere (KVA) against the actually recorded demand of 228 to 625 KVA during the above period. Had the UHF, executed the required agreement, extra payment of demand charges amounting to ₹ 24.78 lakh[9] could have been avoided.

The Comptroller of UHF admitted the facts and stated (June 2013) that the corrective action in this regard was being taken.

3.3.9 Blocking of funds due to non-completion of works

During test-check of records of Estate Office it was noticed that the construction of five works administratively approved (between April 2008 and March 2011) for ₹ 4.09 crore were awarded to contractors for ₹ 2.50 crore between December 2008 and September 2011 and were stipulated to be completed between April 2010 and April 2012.

These works were lying incomplete as of June 2013 after incurring an expenditure of ₹ 1.69 crore due to slow pace of works by the contractors, execution of additional works, etc. The delay involved in completion of these works ranged from 14 to 38 months. The slow pace of execution resulted in blocking of funds, besides, depriving the beneficiaries of the intended benefits.

In reply, the Comptroller, UHF stated (June 2013) that works were in progress and were likely to be completed shortly. The reply is not acceptable as no action had been taken against the defaulting contractors under penal clause of the agreement for ensuring timely completion of these works.

3.3.10 Loss due to uneconomical running of buses

With the shifting (1985) of UHF campus from Chambaghat to Nauni (Solan district) transport facility was provided to the employees and students due to insufficient transport facilities and residential accommodation at Nauni campus. The UHF did not even recover the running cost of buses. Resultantly, during 2010-13 the UHF incurred a loss of ₹ 76.93 lakh on running of six buses including idle time pay and allowances paid to the drivers and conductors.

The Comptroller, UHF stated (June 2013) that the recoveries on account of transportation in UHF buses were being made at HRTC concessional monthly passes rates. The reply is not acceptable as running its own fleet of buses by the UHF involved huge operational costs.

The audit findings were referred to the Government in July 2013. The reply is awaited (December 2013).

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[9] 24775 KVA x ₹ 100 per KVA.

Irrigation and Public Health Department

3.4 Execution of Irrigation and Water Supply Schemes

3.4.1 Execution of Lift Irrigation Schemes

The expenditure of ₹ 8.14 crore incurred on construction and maintenance of six Lift Irrigation Schemes proved infructuous/ unproductive/ idle due to inherent deficiencies in planning process for their implementation and execution. In respect of seven lift irrigation schemes, the expenditure had exceeded the estimated cost by ₹ 2.86 crore due to delay in their completion ranging between 20 and 62 months.

Out of total 47 divisions, 14 divisions[10] were test-checked during the course of compliance audit from June 2012 to March 2013 covering the functioning of LISs during 2010-13. The following are the audit findings:

3.4.1.1 Infructuous expenditure on improvement of LIS, Patta Bhadrog

To provide irrigation facility to a cultivable command area (CCA) of 104.71 hectares in Patta and Bhadrog villages (Bilaspur district), the Department administratively approved (August 2007) improvement of existing LIS for ₹ 45.24 lakh. The scheme stipulated to be completed in three years was taken up for execution in June 2008 without obtaining technical sanction.

Scrutiny of records (March 2013) of Ghumarwin division showed that the work could not be completed due to objection from a land owner on construction of rising main on his land as the Department had changed the alignment of the rising main without ensuring encumbrance free land. Meanwhile, an expenditure of ₹ 65.68 lakh was incurred on partial laying of rising main and distribution system, construction of storage tanks, procurement of pumping machinery and arranging the power supply upto March 2010 and since then the work is lying in a suspended state. Thus, owing to the failure of the Department to ensure dispute free land before commencement of the work, the expenditure of ₹ 65.68 lakh incurred on the scheme has proved infructuous.

The State Government stated (September 2013) that the process of land acquisition would be completed shortly. The fact, however, remains that the acquisition of land for public purpose was not ensured first as per provisions of the Land Acquisition Act, 1894. As a result, the beneficiary villages were deprived of the timely availability of irrigation facility.

3.4.1.2 Idle investment on construction of LIS, Kothi-Dol

To provide irrigation facility to a CCA of 47.86 hectares of Kothi and Dol villages, (Mandi district), the State Government administratively approved (December 2009) construction of a LIS at an estimated cost of ₹ 77.69 lakh. The scheme as a whole was not sanctioned technically and only working estimates were got sanctioned in parts. The water for irrigation was to be lifted in two stages from river Beas. The scheme was stipulated to be completed in three years. Scrutiny of records (June 2012) of Padhar division and further information collected (May 2013) showed that the execution of scheme was taken up during 2009-10 in violation of instructions

[10] Baggi, Bilaspur, Ghumarwin, Indora, Jubbal, Kullu-I, Kullu-II, Mandi, Nurpur, Padhar, Palampur, Rohru, Shimla-I and Sundernagar.

(March 1995) of E-in-C and an expenditure of ₹ 55.12 lakh was incurred as of June 2012 on partial laying of rising main, procurement of pumping machinery and obtaining electricity connection but the work of developing source and ascertaining the discharge of water, construction of jack well, pump house and desilting tank, etc., which was to be executed before execution of other components of the scheme was not taken up and remained unexecuted as of May 2013.

The State Government stated (September 2013) that the scheme has been delayed because the proposed land of jack well, pump house and desilting tank was to be submerged in dam of the Triveni Mahadev Hydel Project proposed to be constructed on river Beas. It was further stated that the new source of water was in the reserved forest land and the case for transfer of land was still under process.

The fact, however, remains that in spite of instructions, the Department failed to first ensure a dependable source of water for running of the scheme as stipulated in the State Government instructions (March 1995) *ibid.*

Thus, improper planning for execution of the scheme led to suspension of work midway and resulted in an idle investment of ₹ 55.12 lakh.

3.4.1.3 Delay in completion of LIS

To provide irrigation facility to a culturable command area (CCA) of 386.02 hectares of Kharahal valley, a LIS was administratively approved (March 2007) under Accelerated Irrigation Benefit Programme for ₹ 4.25 crore. The scheme was targeted for completion by March 2009. An expenditure of ₹ 5.75 crore had been incurred on the execution of seven components[11] of the scheme as of March 2013. Scrutiny of records (June 2012) of Kullu-I division and further information collected (May 2013) showed that distribution work including the construction of RCC main channels, laying and jointing RCC pipe, HDPE pipe, main outlets, sub-outlets, delivery tank, *Pucca* field channel, *Katcha* field channels (Phase-I to IV) was awarded to a contactor by splitting up the scope of work in eight parts in October 2009 for ₹ 0.87 crore with the stipulation to complete the work in six months. The contractor, however, executed the work for value of ₹ 4.22 lakh only and suspended it in February 2011 without assigning any reasons. For committing breach of contractual provision, the Department levied (June 2011) compensation of ₹ 2.41 lakh. The contractor did not turn up to resume the works and the Department ultimately rescinded (May-June 2011) the contract. The balance work had been awarded to another contractor between May 2012 and September 2012 but the same was not completed as of September 2013.

Thus, lack of proper planning and Department's inability to ensure timely completion of work resulted in idle investment of ₹ 5.75 crore on an incomplete scheme. Besides, the beneficiaries of the area were also deprived of the intended irrigation facility.

The State Government while admitting the facts stated (September 2013) that 40 *per cent* of the distribution work had been completed and the execution of the remaining work was in full swing. The fact, however, remains that the LIS had been delayed for more than four years.

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11 1. Feeder channel (30 metres) 2. Desilting tank (one) 3. Raw water tank (one) 4. Partly laying of RCC main channel (250 mm dia – 2745 metres) 5. Rising main 6. Procurement of machinery and 7. Partly laying of RCC distribution line.

3.4.1.4 Non-availability of power supply

(a) To provide irrigation facility to a CCA of 47.79 hectares LIS, Baroti (Mandi district) was administratively approved (March 2007) for ₹ 57.37 lakh. The work was taken up for execution during October 2007 and all the components of the scheme except field channels were completed in March 2011 at a total cost of ₹ 53.38 lakh. Scrutiny of records (December 2012) of Sundernagar division and further information collected (May 2013) showed that the scheme completed in March 2011 was not made operational even after the lapse of two years of its completion due to non-securing of electricity connection despite the fact that advance payment of ₹ 7.36 lakh was made to the Himachal Pradesh State Electricity Board Limited (HPSEBL) between March 2007 and March 2010. Further scrutiny showed that as per initial requirement of the department, the HPSEBL had installed a transformer of 63 KVA instead of actual requirement of 168.56 KVA as worked out by the HPSEBL on the basis of modified demand for 2x100 HP motors made (June 2009) by the Department.

Thus, Department's inability to secure electricity connection of appropriate load resulted in idle investment of ₹ 53.38 lakh, besides, depriving the beneficiaries of the area of the intended irrigation facility for more than two and half years as of September 2013.

The State Government stated (September 2013) that the work of installing supply of power was nearing completion and scheme would be commissioned accordingly. The reply does not clarify the position of installation of the transformer of the required capacity as the capacity of machinery should have been matched with the requirement of electricity load.

(b) To provide irrigation facility to a CCA of 34.75 hectares, LIS Kainthly (Shimla District) was executed by Rohru Division in September 2011 at a cost of ₹ 42.94 lakh. It was noticed that the scheme after its completion could not be commissioned as of September 2013 due to non-availability of electricity connection. Thus, the Department failed to pursue and co-ordinate the matter with the HPSEBL to ensure timely energisation of the scheme which resulted in non-availability of timely irrigation facilities. Besides, an investment of ₹ 42.94 lakh, made on the scheme also proved unproductive for more than two years as of September 2013.

The State Government stated (September 2013) that delay in commissioning of scheme had occurred due to non-completion of work of power supply by the HPSEBL and the scheme would be commissioned soon.

(c) To provide irrigation to a CCA of 16.69 hectares of *Gram Panchayat* Tunna (Mandi district), LIS, Karnala was constructed in April 2006 at a cost of ₹ 16.59 lakh. Scrutiny of records (December 2012) of Sundernagar division showed that the scheme had not been providing any irrigation facility since its commissioning. However, the Department continued to incur expenditure on day to day maintenance and energy charges regularly and had spent ₹ 5.09 lakh on this account upto November 2012.

The EE confirmed the facts and stated (May 2013) that the scheme had not run even for a single day since its commissioning as people were not willing to get benefit of irrigation facility.

Thus, lack of proper planning and failure of the Department in not involving the beneficiaries concerned to ascertain actual demand for irrigation water had rendered the entire expenditure of ₹ 21.68 lakh as infructuous.

3.4.1.5 Under-utilisation of created Irrigation Potential

In three[12] divisions, four LISs[13] having an irrigation potential of 190.82 hectares were completed between 2000-2001 and 2009-10 at a cost of ₹ 2.06 crore. It was noticed that as against the created irrigation potential of 190.82 hectares per annum, per crop area irrigated during 2010-13 was quite low (*Rabi* crop: ranging between 19.28 and 25.50 hectares and *Kharif* crop: ranging between 27.57 and 27.41 hectares) and percentage shortfall in utilisation ranged between 83 and 90 as detailed in **Table-3.4.1**.

Table-3.4.1
Details of potential created vis-à-vis per crop area irrigated during 2010-13

Year	Number of completed Schemes	Potential created (Area in hectares)	Potential utilised (CCA in hectares)		Shortfall (percentage)	
			Rabi	*Kharif*	*Rabi*	*Kharif*
2010-11	4	190.82	19.28 (10)	27.57 (14)	90	86
2011-12	4	190.82	20.48 (11)	31.50 (17)	89	83
2012-13	4	190.82	25.50 (13)	27.41 (14)	87	86

Source: Data supplied by the test-checked divisions.
Figures in parenthesis indicate percentage.

In respect of the schemes falling in Kullu-I and Kullu-II divisions, the State Government attributed (September 2013) the shortfall in utilisation of potential to construction of new houses and hotels in the areas and the water being used for drinking as well as irrigation. Regarding the schemes falling in Palampur division, the State Government stated (September 2013) that the departmental officials were persuading the concerned *Krishi Vikas Sangh* (KVS) to encourage the beneficiaries for maximum utilisation of potential. The fact, however, remained that the created irrigation potential was grossly underutilised and the expenditure of ₹ 2.06 crore incurred on construction of these schemes did not largely achieve the intended objective.

3.4.1.6 Time and cost overrun in the execution of LIS projects

There were instances of time and cost overrun in respect of eight LISs taken up for execution by six[14] divisions.

Audit scrutiny showed that in one case (LIS Dogru *Khad* to Kufta Dhar in Jubbal division) expenditure incurred on the scheme was within the sanctioned cost but it was lagging behind the prescribed schedule of completion by 33 months as of March 2013. In the remaining seven cases expenditure incurred upto March 2013 had exceeded the estimated cost by ₹ 2.86 crore. The delay occurred in completion of these schemes ranged between 20 and 62 months as of March 2013. The division-wise details of schemes on which time and cost overrun has occurred, are given in **Appendix-3.2.**

The State Government attributed (September 2013) the delay to limited working season, extra time taken by the contractors to execute the work and land dispute, etc.

12 Kullu-I, Kullu-II and Palampur.
13 Manali (CCA: 45.91 hectares), Pirh (CCA: 46 hectares), Ratwah (CCA: 41.31 hectares) and Tikari (CCA: 57.60 hectares).
14 Jubbal, Kullu-II, Mandi, Nurpur, Padhar and Palampur.

The fact still remains that such issues could have been resolved expeditiously for ensuring timely completion of schemes.

3.4.1.7 Unauthorised splitting of a work

The Chief Engineer of Mandi Zone (MZ) and Superintending Engineer, Rohru accorded technical sanctions (June 2007 and December 2008) for ₹ 1.92 crore for the execution of two[15] LISs.

The works of these schemes were split up into 32 agreements and were awarded to 19 contractors (Kullu-II: 26 works to 14 contractors and Rohru: six works to five contractors) for ₹ 1.97 crore between May 2007 and April 2012. These works were awarded at one to 557 *per cent* above the amount put to tender. The abnormal gap between the lowest and the highest offers of the contractors was indicative of the improper award of works by the EEs (five cases were awarded for more than 100 *per cent* of the original estimated cost). Benefit of competitive rates was, thus, not derived by floating a single tender for each work. Approval of the competent authority to split up the works had also not been obtained.

The State Government stated (September 2013) that the works were of urgent nature and the pace to speed up the work was needed as the working season was limited, being mostly a snow bound area. The reply is not convincing as even by splitting of the works, the LISs were lying incomplete as of November 2013.

3.4.1.8 Levy and collection of user charges

As per Section 28(1) of the Himachal Pradesh Minor Canals Act, 1976, the Department levies user charges called '*Abiana*' from the beneficiaries. The rates prescribed for the years 2011-13 in respect of LISs on yearly basis at a rate of ₹ 25.10, ₹ 27.60, ₹ 30.40 per crop per acre during 2010-11, 2011-12 and 2012-13 respectively.

In nine[16] out of 14 test-checked divisions, the *Abiana* charges levied and collected during 2010-13 were ₹ 11.10 lakh and ₹ 0.23 lakh respectively.

Thus, ₹ 10.87 lakh remained pending for recovery as of March 2013. No efforts were made by the Department to realise the outstanding dues as arrears of land revenue by invoking the provisions of Himachal Pradesh Minor Canal Act, 1976.

The State Government stated (September 2013) that the process for recovery of *Abiana* charges also involved the officials of Revenue Department but efforts would, however, be made to take necessary action in the matter at the earliest.

3.4.1.9 Expenditure on electricity charges of a defunct scheme

The Lift Irrigation Scheme viz., Budukhar-II constructed in February 1982 became defunct in March 2009 due to drying up of source of water. Scrutiny of records (March 2013) of Indora division showed that an amount of ₹ 6.03 lakh was paid to the HPSEBL for the period from April 2009 to September 2012 and thereafter the electricity connection was got disconnected. Had the department taken prompt action to get the electricity connection disconnected, the expenditure of ₹ 6.03 lakh incurred could have been avoided.

The EE concerned stated (March 2013) that despite repeated correspondence with the HPSEBL, disconnection of energy meter was done in October 2012. The reply is not

15 Bhatgran in Kullu-II division (₹ 1.62 crore) and Thana in Rohru division (₹ 0.30 crore).

16 Baggi, Bilaspur, Ghumarwin, Kullu-II, Mandi, Nurpur, Padhar, Palampur and Sundernagar.

acceptable because the matter for disconnection of electricity was taken up with HPSEBL in March 2012, i.e., after three years of the closure of the scheme as ascertained in audit.

3.4.2 Execution of Flow Irrigation Scheme

3.4.2.1 Unfruitful expenditure

Department's failure to initiate timely action against defaulting contractors for non-completion of works by the stipulated dates resulted in unfruitful expenditure of ₹ 1.11 crore and non-availability of irrigation facility to the villagers for more than two years.

To provide irrigation facilities to a culturable command area (CCA) of 41.29 hectares in three[17] villages of Kullu district, construction of 7950 metres long Flow Irrigation Scheme (FIS), Karshaigad was administratively approved (January 2009) under Accelerated Irrigation Benefit Programme (AIBP) for ₹ 82.03 lakh. The scheme was stipulated to be completed by January 2011. The scheme was taken up for execution in February 2009 and an expenditure of ₹ 1.11 crore had been incurred on it upto June 2013.

Scrutiny of records (November 2012) of Anni division and information collected (June 2013) showed that after expending an amount of ₹ 1.11 crore upto May 2013, the scheme was still incomplete with physical progress of about 70 *per cent* and lagging behind its schedule of completion by more than two years. It was observed that execution of headwear, *pattra* cutting[18], laying and jointing of pipes in the main line and distribution system was awarded in November 2010 and March 2011 to two contractors at a tendered cost of ₹ 39.03 lakh with the stipulation to complete works by 11 June 2011 and 12 October 2011 respectively. The contractors, however, executed work for value of ₹ 23.81 lakh and did not complete execution by the stipulated dates. The Department served notices to the defaulting contractors in December 2011 to speed up the work but did not levy compensation of ₹ 3.90 lakh under Clause 2 of the contracts for breach of contract agreements. Thereafter (December 2011), the Department neither took any action to get the work completed from the contractor nor invoked provisions of Clause 3 (a) and (c) of the contract to rescind the contracts to get the balance work completed at risk and cost of the defaulting contractors.

The Executive Engineer while confirming the facts stated (November 2012 and June 2013) that the work got delayed due to slow speed of work by the contractors and necessary action would be initiated against them. The reply is not acceptable since time is the essence of contract and without reporting of any hindrances by the contractors, the Department failed to take recourse to Clause 3(c) of the agreements to ensure timely completion of work. As a result, expenditure of ₹ 1.11 crore incurred on the scheme remained largely unfruitful and intended benefit of irrigation facilities in the concerned villages could also not be ensured.

The audit findings were referred to the Government in June 2013. The reply had not been received (December 2013).

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17 Dididhar, Kashmal and Sample.

18 *Pattra* cutting : Trace cutting for construction of irrigation channel in hilly areas.

3.4.3 Execution of tubewells

3.4.3.1 Unproductive expenditure on construction of tubewells

An amount of ₹ 60.99 lakh spent on two tubewells for irrigation purpose proved unproductive due to less discharge and Department's inability to utilise them alternatively for providing drinking water facility.

On the basis of site investigation and feasibility study conducted (July-December 2000) from the Central Ground Water Board's unit at Kangra, the Executive Engineer (EE), Indora Division, completed (March 2008) drilling, lowering of assemblies and development of two tubewells one each at Kanger Malahri and Lodhwan-III (Kangra district) at a cost of ₹ 60.99 lakh. These tubewells were intended to irrigate about 80 hectares of land.

Scrutiny of records and information collected (March-May 2013) showed that further execution of civil works and energisation of the tubewells could not progress as the discharge of water was found to be only 6.73 and 8.09 litres per second (lps) respectively against the requirement of 37.70 lps which was not considered sufficient for irrigation of land in the subject areas. It was further noticed that after occurrence of less discharge of water, the Department failed to exercise prudence in utilising the available ground water by exploring the possibility for using it for drinking water facilities and making the investment productive. These tubewells, therefore, remained abandoned since the date of completion.

The EE stated (May 2013) that these tubewells would be used for the purpose of drinking water after taking approval of the competent authority. Thus, due to delay in taking approval of the competent authority for more than five years, expenditure of ₹ 60.99 lakh incurred on these tubewells had remained unproductive.

The audit findings were referred to the Government in June 2013. The reply had not been received (December 2013).

3.4.4 Execution of Lift Water Supply Scheme

3.4.4.1 Unproductive investment on improvement and augmentation of Lift Water Supply Scheme

Faulty planning of the Department for execution of improvement and augmentation works of Lift Water Supply Scheme Nagwain, Jhiri, Panarsa and Aut resulted in unproductive investment of ₹ 2.84 crore.

To provide drinking water facility to 51 habitations of 10[19] *Panchayats* of Mandi district, improvement and augmentation of Lift Water Supply Scheme Nagwain, Jhiri, Panarsa and Aut was administratively approved (November 2006) for ₹ 2.98 crore under RIDF[20]-XII scheme of NABARD[21]. The scheme was technically approved (December 2006) for ₹ 2.89 crore and was stipulated to be completed in four years.

Scrutiny of records (February 2013) of Mandi division showed that the scheme was taken up for execution in January 2007 but remained incomplete as of April 2013 despite incurring expenditure of ₹ 2.84 crore due to non-completion of various components i.e. construction of percolation well, main storage tank along with

19 Aut, Jhiri, Kigas, Kotadhar, Nagwain, Nau, Panarsa, Pali, Ranidhar and Takoli.

20 RIDF: Rural Infrastructure Development Fund.

21 NABARD: National Bank for Agriculture and Rural Development.

six sector storage tanks, water treatment plant (WTP) and erection and installation of pumping machinery. These are discussed below:

(i) The construction of RCC main underground tank and other sector tanks was awarded (October 2007) to a contractor for ₹ 19.59 lakh and was stipulated to be completed by 14 January 2008. The contractor, however, executed work for value of ₹ four lakh and he stopped (September 2010) further execution of works on the ground that the site of the storage tank fell in private land and the landowner objected to the construction.

(ii) The work for construction of Water Treatment Plant of 0.83 Million litres per day (MLD) capacity including its operation and maintenance for five years awarded (February 2011) to a contractor for ₹ 98 lakh on lump sum basis with stipulation to complete it in six months was also subsequently rescinded (May 2012) under Clause 68.3 of agreement due to failure of the contractor to supply structural design and drawings. The tenders for WTP were again called in June 2012 but the lowest tenderer did not agree to reduce the quoted rates. Thereafter, the State Hydro Geologist suggested (December 2012) for execution of percolation well and the Department accordingly awarded (January 2013), construction of percolation well to another contractor for ₹ 14.43 lakh with the stipulation to complete it by 13 August 2013. The work was in progress as of May 2013. Besides, the pumping machinery procured (September 2007) at a cost of ₹ 12.05 lakh could not be installed due to non-completion of the above works and involved the risk of the deterioration as warranty period had already expired in December 2008.

The Executive Engineer while confirming the facts (February 2013 and May 2013) stated that due to involvement of heavy cost in WTP, the percolation well was preferred. He further stated that the acquisition of private land was under process. The reply was evasive on the issues of acquisition of private land and construction of percolation well in place of WTP on account of heavy cost as these aspects could have been foreseen at the time of according technical sanction and designing of the scheme.

Thus, the failure of the Department to plan execution of scheme by securing encumbrance free land coupled with indecision on the part of the departmental authorities to construct percolation well in place of WTP led to an unproductive investment of ₹ 2.84 crore.

The audit findings were referred to the Government in June 2013. The reply had not been received (December 2013).

3.4.4.2 Unfruitful expenditure on water supply scheme for Mehli Pujarli *Panchayat*

Improper planning and execution of a lift water supply scheme in Mehli Pujarli *Panchayat* and its adjoining villages (Shimla district) resulted in unfruitful expenditure of ₹ 4.45 crore besides cost overrun and irregular expenditure of ₹ 0.92 crore.

To provide drinking water facility in Mehli Pujarli *Panchayat* and its adjoining villages (Shimla district), the State Government accorded (March 2008) administrative approval and expenditure sanction (AA & ES) for construction of a lift water supply scheme under NABARD[22] for ₹ 3.53 crore. The scheme was taken up for execution in March 2008 and was stipulated to be completed in four years i.e. by March 2012. All components of the scheme except rising main, distribution system and supply of power had been completed between June 2009 and August 2011 after incurring an expenditure of ₹ 4.45 crore.

Scrutiny of records (February 2013) of Division No. I, Shimla and further information collected (May 2013 – July 2013) showed the following:

(i) The work of providing and laying of 2800 metres long rising main was awarded (August 2010) to a contractor at a tendered cost of ₹ 72.65 lakh with the stipulation to complete it in six months. The contractor took up the work in December 2010 but could not complete it due to objection from the landowners on laying of the rising main through their land. The landowners also filed (October 2011) a suit and further execution of the work had been stayed (June 2012) by the Hon'ble High Court. The contractor had been paid (February 2011) an amount of ₹ 39.32 lakh against his 2nd running account bill.

(ii) The work of laying of distribution system with galvanised iron pipes of different dia awarded (September 2011) to a contractor at a tendered cost of ₹ 19.67 lakh and stipulated to be completed by April 2012 also remained incomplete as of September 2013. In this case, the contractor took up the work in April 2012 and executed the work of construction of main storage tank for value of ₹ 2.88 lakh as per first running account bill paid in August 2012. Thereafter, he abandoned its execution on the plea that hindrance free site was not made available to him. The Department has, however, granted unilateral extension of time for completion of work upto October 2013. The contractor had resumed the work and the same was in progress as of September 2013.

(iii) Installation and erection of pumping machinery procured between June 2010 and August 2011 at a cost of ₹ 23.73 lakh could also not be done due to non-completion of rising main and without electricity connection. In the meantime warranty period of pumping machinery had also expired in September 2011 and November 2012 respectively.

The State Government stated (September 2013) that the Land Acquisition Officer, HPPWD, Shimla-3 had been advised to take necessary action for acquisition of land at the earliest. The fact, however, remains that the Department did not ensure availability of encumbrance free land before taking up the execution of rising main and initiated action for land acquisition only after litigation by the concerned land owners.

Thus, the absence of proper planning for the execution of scheme, led to non-completion of scheme by the targeted date i.e. March 2012 and expenditure of ₹ 4.45 crore incurred on it largely remained unfruitful. Besides, expenditure of ₹ 0.92 crore incurred in excess of the AA & ES also remained to be regularised as of September 2013.

22 National Bank for Agriculture and Rural Development.

Panchayati Raj Department

3.5 Blocking of funds provided for construction/ repair and maintenance of *Panchayat Ghars*

Failure of the Department to get the construction/ repair and maintenance of *Panchayat Ghars* done within the prescribed timeframe resulted in blocking of grants amounting to ₹ 3.85 crore for a period of one to six years.

Rule 7.6 of Panchayati Raj Bodies (Payment of Grant-in-aid) Rules, 1980 stipulates that utilisation of contributory grants for works should be ensured by the District Panchayat Officers (DPOs) within two years from the date of sanction.

Scrutiny of the records (January 2013) of Director, Panchayati Raj Department (PRD) and further information collected (April-June 2013) showed that during 2007-12, the Director, PRD released grant-in-aid of ₹ 3.85 crore[23] to eight DPOs[24] for the construction/ repair and maintenance of *panchayat ghars*. The construction/ repair and maintenance of 167 *panchayats ghars* were stipulated to be completed within a period of one year from the date of sanction. The execution of *panchayat ghars* remained uncommenced as of June 2013 due to non-availability of encumbrance free land (111 cases), non-completion of codal formalities (nine cases) and land disputes (47 cases). The whole amount remained unutilised with the DPOs resulting in unnecessary blocking of Government funds of ₹ 3.85 crore for a period ranging between one and six years with effect from 2007-08 to 2011-12, which was against public interest.

The Joint Director stated (Janaury 2013) that the department was convening meetings of field level officers to monitor the progress of works and utilisation of funds from time to time. The fact, however, remained that the DPOs had not ensured utilisation of grant-in-aid in accordance with the rule, *ibid.*

The audit findings were referred to the Government in June 2013. Reply had not been received (December 2013).

Planning Department

3.6 Implementation of Vidhayak Kshetra Vikas Nidhi Yojana

During 2010-13 the Deputy Commissioners of test-checked districts had sanctioned 1362 works costing ₹ 14.62 crore without obtaining prior technical sanctions. Contrary to the scheme guidelines, the DCs had also sanctioned ₹ 3.84 crore for execution of 296 inadmissible works. Out of 1610 works sanctioned for ₹ 18.10 crore during 2010-13, 378 works were completed and the remaining 1232 works were lying incomplete as of May 2013.

An audit of VKVNY covering the period 2010-13 was conducted during June-July 2012 through test-check of records of three[25] DCs consisting 15 Assembly

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23 2007-08: ₹ 0.22 crore (10 works); 2008-09: ₹ 0.67 crore (26 works); 2009-10: ₹ 2.00 crore (87 works); 2010-11: ₹ 0.53 crore (30 works) and 2011-12: ₹ 0.43 crore (14 works).

24 Bilaspur, Dharamsala ,Hamirpur, Kullu, Mandi, Shimla, Solan and Una.

25 Sirmaur, Solan and Una.

Constituencies[26]. The records of 12[27] out of 16 executing agencies in these districts were test-checked. The following are the audit findings:

3.6.1.1 Availability of funds and releases thereof to the executing agencies

As per the instructions (May 2004) of the State Government, the allotted funds were to be utilised in the same year and the unutilised amount at the end of each financial year, was to be deposited in the treasury. The details of total availability of funds and releases thereof to the executing agencies during 2010-13 are given in **Table-3.6.1**.

Table-3.6.1

Year-wise availability of funds and releases thereof to executing agencies for the period 2010-13

(₹ in crore)

Year	OB	Funds withdrawn during the year	Funds Refunded by executing agencies	Total funds avail-able	Funds released to executing agencies	Funds deposited in Treasury	Balance	Excess amount released against norms of per constituency per MLA during the year (6-3)
1.	2.	3.	4.	5.	6.	7.	8.	9.
2010-11	1.13	4.50	0.60	6.23	5.34	0.05	0.84	0.84 (19)
2011-12	0.84	4.50	0.32	5.66	5.03	---	0.63	0.53 (12)
2012-13	0.63	7.50	0.45	8.58	7.73	0.001	0.85	0.23 (03)
Total		**16.50**			**18.10**	**0.051**		

Source: Figures supplied by the test-checked DCs.

Note: Figures in parenthesis represent percentage.

It would be seen from **Table-3.6.1** that:

- Instead of depositing the unutilised amount in treasury during the years 2009-13 the DCs of the test-checked districts every year carried over the amounts ranging between ₹ 0.63 crore and ₹ 1.13 crore to the next financial year in contravention of the State Government instructions *ibid.*
- Due to retention of unspent balances of previous years, the test-checked DCs had released ₹ 18.10 crore to executing agencies during 2010-13, against allocation of ₹ 16.50 crore for 15 Assembly Constituencies in the districts.

The DCs stated (April-May 2013) that the unutilised funds were sanctioned for developmental works on the recommendations of the concerned MLAs in the public interest. The reply is not in consonance with the instructions (May 2004) of the State Government *ibid.*

3.6.1.2 Maintenance of Asset Registers

The scheme guidelines provide for creation of durable assets leading to the benefit of the general public and the ownership of the assets lies with the concerned *panchayat*/ EA/ Department. Audit noticed that the asset registers of the assets created under the scheme during 2010-13 were not maintained by 10[28] out of 12 test-checked executing agencies.

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[26] Arki, Chintpurni, Doon, Gagret, Kasauli, Kutlehr, Nahan, Nalagarh, Pachad, Paonta Sahib, Renuka, Santhokhgarh, Shillai, Solan and Una.

[27] Bangana, Dharampur, Gagret, Haroli, Kandaghat, Kunihar, Nahan, Pachad, Paonta Sahib, Sangrah, Solan and Una.

[28] Dharampur, Gagret, Kandaghat, Kunihar, Nahan, Pachad, Paonta Sahib, Sangrah, Solan and Una.

3.6.2 Execution of works

3.6.2.1 Delay in sanction of works

As per the scheme guidelines, the works recommended by the MLAs should be sanctioned by the DCs within 30 days from the date of receipt of recommendations.

It was noticed that contrary to the guidelines, 191 out of 1610 works recommended by the MLAs in three test-checked districts during 2010-13, were sanctioned after the stipulated period of 30 days resulting in delay of 4 to 289 days as per details given in **Table-3.6.2** and as such deprived the beneficiaries of the intended benefits of the schemes in time.

Table-3.6.2
Detail of works sanctioned in test-checked districts during 2010-13

(In numbers)

Name of District	Period	Number of constituencies	Total no. of works sanctioned	No. of works sanctioned after stipulated period of 30 days	Delay (in days)
Sirmaur	2010-13	5	568	57	6 to 289
Solan	2010-13	5	491	121	4 to 127
Una	2010-13	5	551	13	5 to 70
Total		**15**	**1610**	**191**	

Source: Figures supplied by the test-checked DCs.

The DCs attributed (April-May 2013) the delay in sanctioning of works to time taken in completion of codal formalities. The replies do not explain any reasons for delay in completion of codal formalities due to which the works could not be taken up within the stipulated period.

3.6.2.2 Non-preparation of estimates

The scheme guidelines stipulate that estimates of the works should be got technically approved from the technical staff of the executing agencies, before according their sanctions by the DCs. In violation of this stipulation, 1362 works[29] costing ₹ 14.62 crore were sanctioned by the test-checked DCs during 2010-13 without obtaining prior technical sanctions. The DCs stated (May 2013) that the technical sanctions could not be obtained due to time constraints. The reply is not acceptable as the technical sanctions were necessary to ensure proper execution of the works.

3.6.2.3 Expenditure on inadmissible works

The scheme guidelines provide that developmental works should be sanctioned for creation of durable assets leading to the benefit of the general public. The scheme also lays down a list of works for which sanction and release of funds are strictly prohibited[30].

The district wise details of works sanctioned and inadmissible works thereof in test-checked districts during 2010-13 are given in **Table-3.6.3**.

[29] Solan: 491 works costing ₹ 6.47 crore during 2010-13; Una: 551 works costing ₹ 4.56 crore during 2010-13 and Sirmaur: 320 works costing ₹ 3.59 crore during 2010-12.

[30] Inadmissible works: Unmattled paths; works/ projects which would benefit private institutions; maintenance of existing assets and aid to any religious body.

Table-3.6.3
Details of works sanctioned and inadmissible works thereof during 2010-13

(₹ in crore)

Sr. No.	District	Number of constituencies	Works sanctioned		Inadmissible works	
			Number of works	Amount	Number of works	Amount
1.	Sirmaur	5	568	6.07	136	1.68
2.	Solan	5	491	6.47	102	1.36
3.	Una	5	551	5.57	58	0.80
Total		**15**	**1610**	**18.11**	**296**	**3.84**

Source: Information supplied by the test-checked DCs.

From the above table, it would be seen that out of 1610 works taken up for execution during 2010-13, 296 inadmissible works[31] involving ₹ 3.84 crore including works relating to protection walls, soil conservation work, leveling of sites, Mahila Mandal Bhawans, Yuvak Mandals, installation of statues, construction work in temples, retaining walls of Sarai, repair and maintenance works, construction of Government offices, etc., were sanctioned by the test-checked DCs in violation of the scheme guidelines.

The DC Sirmaur stated (May 2013) that the works were sanctioned on the basis of recommendations received from the concerned MLAs for the benefit of general public. DC Solan and Una stated (April-May 2013) that the works sanctioned were relating to community based infrastructural development schemes. The contentions of the DCs are not acceptable because the inadmissible works were for specific community/ people and did not cover the scope of the guidelines.

3.6.2.4 Status of works

As per the scheme guidelines, the works sanctioned by the DCs should be completed within one year from the date of the sanction.

(i) The year-wise status of works in the three test-checked districts is given in **Table-3.6.4**.

Table-3.6.4
Year-wise status of works in the three test-checked districts

(₹ in crore)

Year	Works Sanctioned		Works completed		Work in progress	
	Number of works	Amount	Number of works	Expenditure	Number of works	Sanctioned amount
2010-11	468	5.34	195	2.27	273	3.07
2011-12	429	5.03	130	1.69	299	3.34
2012-13	713	7.73	53	0.50	660	7.23
Total	**1610**	**18.10**	**378**	**4.46**	**1232**	**13.64**

Source: Figures supplied by the test-checked DCs.

It would be seen that out of 1610 works sanctioned for ₹ 18.10 crore by the test-checked DCs during 2010-13, 378 works were completed after incurring an expenditure of ₹ 4.46 crore and out of the remaining 1232 works, 572 works sanctioned upto March 2012 due for completion upto March 2013 had not been

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[31] Construction works for religious purposes: 63 works costing ₹ 88.52 lakh; Construction/ repair of protection/ retaining wall, repair and maintenance works: 58 works costing ₹ 73.28 lakh; Construction of Mahila Mandal and Yuvak Mandal Bhawans: 87 works costing ₹ 1.02 crore; Installation of statues, individuals and private works: 20 works costing ₹ 31.31 lakh; Construction of Government offices/ residential buildings: five works costing ₹ 8.34 lakh and other inadmissible works: 63 works costing ₹ 80.66 lakh.

completed as of May 2013 and the delay involved in these cases ranged from one to two years, depriving the public of the timely accrual of intended benefits. Besides, the DCs had not maintained/ updated the data about number of actual execution of the works and all the works had been shown as works-in-progress.

The DC Sirmaur stated (May 2013) that the concerned executing agencies have been directed to complete the works in the quarterly meeting of District Planning Development Committee. The DC Una stated (May 2013) that the schemes could not be completed due to non-completion of codal formalities by the executing agencies and limited working seasons of the area.

(ii) Similarly out of 1016 works sanctioned for ₹ 11.42 crore for execution by the 12 test-checked executing agencies during 2010-13, 511 (50 *per cent*) works were completed with an expenditure of ₹ 5.52 crore and 334 works involving sanctioned cost of ₹ 3.91 crore were lying incomplete, whereas 171 works sanctioned for ₹ 1.99 crore had not been started as of May 2013. Besides, 38 works sanctioned for ₹ 0.41 crore during the period 2004-10 were also lying incomplete for a period of three to nine years after incurring an expenditure of ₹ 0.27 crore.

The delay in commencement/ completion of works by the executing agencies resulted in blocking of funds and indicated lack of planning for ensuring completion of developmental works as per scheme guidelines.

The concerned executing agencies stated (April-May 2013) that the delay in commencement/ completion of the works was due to non-availability of land, non-completion of codal formalities, limited working season, etc. The replies confirmed the fact that there was absence of proper planning for execution of works.

3.6.2.5 Overlapping in sanction of works

Besides, implementation of the VKVNY, DC of the district is also responsible for implementation of other programmes including Member of Parliament Local Area Development (MPLAD), Sectoral Decentralised Planning (SDP), Backward Region Grant Fund (BRGF), Calamity Relief Fund and MMGPY and the guidelines of VKVNY stipulate that the funds should not be sanctioned for those works/ projects for which the financial provision is also made from other programmes.

Audit noticed that DCs of the three test-checked districts sanctioned ₹ 0.74 crore for 36 works under the scheme during 2010-13 for which funds of ₹ 0.63 crore had also been provided from other schemes[32] as detailed in **Table-3.6.5**.

Table-3.6.5
Details of works for which funds were also provided from other schemes

(₹ in crore)

District	Number of works	Total Funds Released	Release from VKVNY	Releases from other schemes
Sirmaur	5	0.24	0.07	0.17
Solan	11	0.42	0.23	0.19
Una	20	0.71	0.44	0.27
Total	**36**	**1.37**	**0.74**	**0.63**

Source: Figures supplied by the test-checked DCs.

The DCs Solan and Una stated (July-August 2012) that the funds were sanctioned on the recommendations of the concerned MLAs for the benefit of general public.

[32] Works under MPLAD Funds: three; SDP: 26; BRGF: one; 13th Finance Commission, etc.: two; Calamity Relief Fund: three and MMGPY: one.

DC, Sirmaur had, however, not furnished any reasons. The replies are not acceptable as the funds under the scheme should have been sanctioned after proper verification to avoid overlapping in sanctioning of works.

3.6.2.6 Irregular sanction of additional funds

As per State Government instructions (November 2008), on the recommendations of the MLAs sanction of additional funds to the extent of 30 *per cent* of the original allocations under the scheme for completion of works was permissible.

It was noticed that the test-checked DCs sanctioned an additional amount ₹ 1.19 crore[33] for 148 works during 2010-13 without ascertaining the funds sanctioned earlier for those works under the scheme. In the absence of proper records of original sanctions the authenticity of the sanction of additional funds could also not be verified in audit.

The concerned DCs stated (April-May 2013) that the additional funds were sanctioned on the recommendations of the MLAs for completion of the earlier works. The replies of the DCs are not in conformity with the instructions of the State Government.

3.6.2.7 Irregular sanction and release of funds for construction of village paths

As per the instructions (March and September 2000) of the State Government, construction of concrete based or black topped village paths can be taken up for execution under VKVNY and funds to the extent of 15 *per cent* of the total allocation under the scheme can be utilised for the purpose.

It was noticed that against the admissible provision of ₹ 0.83 crore (15 *per cent* of allocation of ₹ 5.50 crore during 2010-13), the DC Una had sanctioned ₹ 1.23 crore for execution of 176 works relating to construction of *pucca* paths and conversion of *Katcha* path into *pacca* paths resulting in excess release of funds of ₹ 0.40 crore. The excess funds could have been released for the other priority areas including construction of community centres, education and health institutions, village link roads, etc.

While admitting the facts, the DC Una stated that the works were sanctioned on the recommendations of the concerned MLAs for the benefit of general public. The reply is not acceptable as the DC should have brought the limitation to the notice of the Hon'ble MLAs to ensure financial discipline.

3.6.2.8 Cancellation of works

Audit noticed that 85 number of developmental works sanctioned for ₹ 1.26 crore during the period 2003-04 to 2011-12 were cancelled after a period ranging between one and six years by the DCs of test-checked districts on the grounds of non-feasibility and funds were received back from executing agencies during 2010-13.

The DCs stated (April - May 2013) that the works were cancelled on the recommendation of the MLAs concerned due to non-availability of land, local disputes, etc. The replies are not acceptable as all these aspects should have been taken into account before releasing of funds under the schemes.

The audit findings were referred to the Government in June 2013. The reply is awaited (December 2013).

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33 Sirmaur: ₹ 0.38 crore for 49 works; Solan: ₹ 0.57 crore for 72 works and Una: ₹ 0.24 crore for 27 works.

Public Works Department

3.7 Execution of works under Pradhan Mantri Gram Sadak Yojana

3.7.1 Land acquisition for implementation of Pradhan Mantri Gram Sadak Yojana

During 2006-10, a total number of 38 roads (length: 282.605 kms) sanctioned by Government of India for ₹ 87.67 crore could not be executed due to absence of encumbrance free land for the entire stretch of road alignments. In nine divisions, 55 road works having length of 440.070 kms and approved for ₹ 103.93 crore were abandoned after partially executing for a length of 240.885 kms and incurring an expenditure of ₹ 41.13 crore.

An audit on land acquisition for implementation of PMGSY covering the period from 2010-11 to 2012-13 was conducted between May 2012 and May 2013 through test-check of records of 11[34] out of 56 divisions. The following are the audit findings:

3.7.1.1 Non-preparation of Master Plan

As per paragraph 3.1 of operational manual of PMGSY, for sustainable development through rural roads, a proper Master Plan was required to be prepared so that all activities relating to rural roads such as construction, upgradation and maintenance could be taken up systematically within the frame work of Master Plan. The preparation of the Master Plan for road works should have also been done after obtaining clearance of the land involved in the alignment of the roads from the communities or forest land under Forest Conservation Act, 1980 as the case may be and the preparation of the Master Plan for each Block was the responsibility of the executing agency i.e., Executive Engineer of the HPPWD. After the Block Level Master Plan was prepared and approved by the Block *Panchayat,* the same was to be integrated into District Level Master Plan called the District Rural Roads Plan (DRRP). The DRRP after approval of the District *Panchayat* was required to be forwarded by the executing agency concerned to the nodal department/ State Rural Roads Development Agency for approval of the State Level Standing Committee. After approval of the State Level Standing Committee, it formed the basis for selection of road works through the core network.

It was, however, noticed in audit that the required Master Plan was not prepared for implementation of PMGSY in the State. In the absence of any Master Plan, the road works were being undertaken subject to availability of land/ forest clearance. As a result, 33 out of 742 habitations having population of 1000 and above and 188 out of 2,170 habitations with a population of 500 and above but less than 1000 remained unconnected as of March 2013.

In reply, the Chief Engineer (PMGSY) stated (May 2013) that Master Plan in the shape of core network had been formulated. The reply is not acceptable as Master Plan and core network were different documents, where the former was a comprehensive compilation under which all activities relating to rural roads such as construction, upgradation and maintenance could be taken up systematically and the latter being a guide for route marking only.

[34] Bharmaur, Chamba, Dehra, Gohar, Ghumarwin, Kangra, Karsog, Kullu-I, Kullu-II, Padhar and Udaipur.

3.7.1.2 Non-acquisition of land for road works

Since the PMGSY does not provide funds for land acquisition, it is the responsibility of the State Government/ District *Panchayat* to ensure that land is available for taking up the proposed road work. A certificate in this regard is also required to be furnished with the proposal for each road work. Besides, the State Government had also issued instructions (June 2001) that new road works were to be constructed only where communities give land, free of cost. In case of forest land, the clearance under Forest Conservation Act, 1980 was required to be obtained from the Central Government before making proposal for such road works.

It was, however, noticed that the executing agencies had not ensured encumbrance free land before going for construction of road works under PMGSY. Resultantly, the road works either could not be taken up for execution or had to be stopped midway as indicated in the succeeding paragraphs:

3.7.1.3 Failure to ensure availability of land before award of road works to contractors

To provide road connectivity to 32 habitations, between 2003-04 and 2009-10, the GOI sanctioned construction of 22 roads (length: 142.115 kms) under PMGSY for ₹ 50.62 crore in 2003-09 (17 roads: ₹ 43.75 crore) and 2009-10 (five roads: ₹ 6.87 crore) respectively in the jurisdiction of eight[35] divisions. The execution of these roads was awarded to contractors between September 2004 and August 2012 at a tendered cost of ₹ 48.98 crore and were stipulated to be completed within a period ranging from 12 to 24 months.

Scrutiny of records showed that the execution of these roads could not be taken up by the contractors as of March 2013 due to involvement of private and forest land falling in the alignment of roads. It was further noticed that in respect of nine roads (length: 66.240 kms), the requirement of private land (6.550 hectares) and forest land (32.674 hectares) was assessed but sanctions for land acquisition and forest clearance were not obtained by the Executive Engineers (EEs) concerned before award of works. In the remaining 13 roads, the EEs concerned had not even assessed the involvement of private and forest land before award of works to the contractors.

Thus, due to non-availability of encumbrance free land for the construction of roads, the contracts of seven roads (length: 54.560 kms) were closed/ terminated by two[36] divisions between May 2011 and December 2012. However, two contractors to whom Padhar division had awarded two road works, sought arbitration and the arbitrator announced award of ₹ 87.13 lakh in favour of contractors for idle machinery/ labour and loss of profit during May 2012 and November 2012. The Department, had however, filed petition against the arbitrator's award before the State High Court in February 2013, the outcome of which was awaited. The contracts of remaining 15 roads (length: 87.555 kms) were, however, not closed by the Department as of March 2013. Non-closure of contracts in these cases involved risk of lodging claims by the contractors for idle machinery/ labour and loss of profit to them before the arbitrator due to failure of the Department to sort out the issue of involvement of private and forest land.

In reply, the EE Chamba division stated (May 2013) that at the time of obtaining approval for roads, undertakings were given that entire process of land acquisition

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35 Bharmaur, Chamba, Gohar, Ghumarwin, Kangra, Kullu-I, Kullu-II and Padhar.

36 Chamba (four) and Padhar (three).

would be completed before taking up the execution of works. The EEs of seven[37] divisions stated (April-May 2013) that certificates of land availability were furnished with the proposals in anticipation of the forest clearance by the competent authority. This showed that the Detailed Project Reports (DPRs) of the roads were not prepared realistically in consonance with the guidelines. Thus, Government's inability to ensure availability of land by invoking the provisions of Land Acquisition Act, 1894 and obtaining clearance for forest land under the Forest Conservation Act, 1980 led to non-availment of the benefit of central assistance of ₹ 50.62 crore. Besides, the concerned beneficiaries were deprived of the intended benefit of all weather road connectivity.

3.7.1.4 Defective preparation of DPRs

The National Institute of Technology, Hamirpur is the State Technical Agency (STA) responsible for scrutinising the DPRs of PMGSY works. The executing agencies were required to forward DPRs to the STA for scrutiny of design and estimates as well as to check that proposals formed a part of core network of roads. Besides the STA, in particular was required to check the certificates of land availability. After scrutiny, DPRs countersigned by STA were to be forwarded to the State Rural Roads Development Agency for arranging final sanction from the GOI, MORD.

It was noticed in audit that during 2006-10 DPRs of 38 roads (length: 282.605 kms) submitted by seven[38] divisions to provide connectivity to 73 habitations were approved by the STA and also sanctioned by the GOI for ₹ 87.67 crore without checking the authenticity of the certificates of land availability. In all the cases, encumbrance free land was not available for the entire stretch of road alignments and involved acquisition of private land and clearance of forest land under the Forest Conversation Act, 1980. Though in respect of two road works (length: 24.380 kms), Kullu-I division had obtained sanction for forest clearance in May-June 2012, construction of road works in these cases was, however, not awarded to the contractors as of May 2013. In the remaining 36 roads, the EEs concerned had not taken the necessary action to acquire private land and to obtain forest clearance as of May 2013. Clearly, DPRs in these cases were sponsored to the GOI for sanction of road works without clear title of availability of land. Defective preparation of DPRs not only resulted in non-creation of all weather road connectivity of 282.605 kms for 73 habitations but also deprived the State of the benefit of central assistance of ₹ 87.67 crore as of May 2013.

The EEs admitted the facts and stated (April-May 2013) that action to obtain sanction for acquisition of land/ forest clearance was being taken up.

3.7.1.5 Infructuous expenditure on abandoned road works

Scrutiny of records in nine[39] out of 11 divisions selected for test-check showed that to provide connectivity to 178 habitations, the GOI sanctioned (between 2003-04 and 2007-08) 55 road works having length of 440.070 kms for ₹ 103.93 crore. These roads were stipulated to be completed within a period ranging from 9 to 24 months. The divisions awarded (between December 2004 and June 2010), execution of these works to contractors at a tendered cost of ₹ 103.70 crore. After execution of roads in a length of 240.885 kms by incurring an expenditure of ₹ 41.13 crore, further execution was held up (between November 2005 and December 2012) midway due to

37 Bharmaur, Gohar, Ghumarwin, Kangra, Kullu-I, Kullu-II and Padhar.

38 Bharmaur, Dehra, Gohar, Ghumarwin, Kullu-I, Padhar and Udaipur.

39 Bharmaur, Chamba, Gohar, Ghumarwin, Kangra, Karsog, Kullu-I, Kullu-II and Padhar.

non-acquisition of private land and non-obtaining of clearance for forest land involved in the alignment of roads. It was also noticed that at the time of preparation of DPRs, the required certificates of availability of land, as per para 6.12 of PMGSY guidelines, were not furnished by the respective divisions in respect of 27 roads and in the remaining 28 roads false certificates of land availability were furnished. Though out of constructed road length of 240.885 kms, two divisions (Karsog and Padhar) had got passed partly constructed eight roads of a length of 84.950 kms (cost: ₹ 14.62 crore) from the road fitness committee, the remaining portion of roads (length: 155.935 kms) constructed at a cost of ₹ 26.51 crore remained abandoned as of May 2013.

The EEs confirmed the facts and stated (April 2013-May 2013) that DPRs were approved in anticipation of clearance for land availability and action would be taken to get the forest clearance and private land transferred in favour of the Government. The reply does not provide an assurance as to when the task of land acquisition and forest clearance would be completed. Hence, with no progress to ensure encumbrance free land the investment of ₹ 26.51 crore on incomplete roads had proved infructuous.

3.7.1.6 Outstanding recoveries of Mobilisation/ Equipment advance from contractors

As per terms and conditions laid down in the Standard Bidding Document (SBD) of the PMGSY, the contractors were allowed mobilisation advance upto five *per cent* of the contract price and equipment advance of 90 *per cent* of the cost of new equipment brought to the site of work subject to maximum of 10 *per cent* of the contract price. These advances were required to be recovered proportionately from payments due to the contractor for work done.

Audit scrutiny showed that for execution of 18 roads, six[40] divisions had paid mobilisation/ equipment advance of ₹ 4.48 crore to 14 contractors between March 2006 and September 2009 but only an amount of ₹ 1.58 crore was recovered from them leaving ₹ 2.90 crore unrecovered as of March 2013. The reasons for non-recovery of mobilisation/ equipment advance were stoppage of road works (14 cases) midway due to involvement of forest land and non-commencement of works (four cases) due to non-availability of encumbrance free site for construction of roads.

In reply, the EEs of three[41] divisions stated (April-May 2013) that the balance amount would be recovered by adjustment of security deposits lying with them. The EEs of two[42] divisions stated (April 2013) that the cases were under arbitration and advances would be recovered after decision of the arbitrator. The EE of Gohar division stated (April 2013) that the advances were paid in anticipation of approval for clearance of forest land with the intention to get the work completed from the contractor on time.

The audit findings were referred to the Government in July 2013. Reply had not been received (December 2013).

40 Bharmaur, Chamba, Gohar, Karsog, Kullu-I and Kullu-II.

41 Bharmaur, Chamba and Karsog.

42 Kullu-I and Kullu-II.

3.7.2 Unfruitful expenditure on improvement of road and undue financial benefit to a contractor

Failure of the Department to ensure timely completion of improvement work of a road lying in a suspended state for more than two years led to unfruitful expenditure of ₹ 76.39 lakh and extension of undue financial benefit of ₹ 74.58 lakh to a contractor.

Para 9.1 of Operations Manual of *Pradhan Mantri Gram Sadak Yojana* requires that all works should be executed by the contractors within the given time and should be of the requisite quality, to ensure speedy execution of works. The contractors are therefore required to adhere strictly to the prescribed time schedule. Besides, progress of the work should be commensurate with the time allotted.

Upgradation work of existing 9.780 kms long link road from Gander to Kalian (Kangra district) approved (December 2006) under Bharat Nirman Yojana (a time bound programme under *Pradhan Mantri Gram Sadak Yojana*) for ₹ 3.34 crore, was awarded (July 2007) to a contractor at a tendered cost of ₹ 3.32 crore with the stipulation to complete it by 15 February 2009.

Scrutiny of records (March 2013) of Palampur division and further information collected (May 2013) showed that the contractor commenced the work in August 2007 but did not maintain the pace of work as stipulated in the contract agreement that led to non-completion of work by the prescribed date. After executing work for value of ₹ 76.39 lakh (23 *per cent)* upto 7th Running Account bill, the contractor stopped (January 2011) further execution and intimated (June 2011) reasons therefor as his own health problem. An amount of ₹ 65.06 lakh was paid to him in January 2011 against his 6th Running Account bill. For committing breach of contractual provisions, the Department in the meantime had levied (May 2008-June 2009) liquidated damages amounting to ₹ 32.60 lakh under Clause 44.1 of the contract agreement for delay in completion of work and not achieving the required progress of work. The Department granted extension of time upto December 2011 but the contractor again failed to complete the work by the above date and his contract was ultimately terminated (March 2012) under Clause 52.1 and 20 *per cent* additional compensation of ₹ 52.18 lakh under Clause 53.1 of the contract for the work left unexecuted, was also levied simultaneously.

After making adjustments of an amount of ₹ 1.13 lakh and withholding of an amount of ₹ 10.20 lakh from the balance amount (₹ 11.33 lakh) payable to the contractor, the 7th and final bill passed in March 2013 showed an amount of ₹ 71.38 lakh recoverable from him on account of liquidated damages (₹ 19.20 lakh) and additional compensation (₹ 52.18 lakh) instead of ₹ 74.58 lakh[43] actually recoverable. It was further seen in audit that the Department had not taken any action to ensure recovery of Government dues of ₹ 74.58 lakh and re-award the balance work as of March 2013. Thus, the completion of work had been delayed by more than four years which resulted in non-availability of timely benefit of smooth and safe travel facility to the road users despite incurring an expenditure of ₹ 76.39 lakh. Also, undue financial benefit of ₹ 74.58 lakh was extended to the contractor by way of non-recovery of Government dues.

The EE while confirming the facts stated (March 2013) that the contractor failed to complete the work within the stipulated period on one pretext or the other and

43 Liquidated damages: ₹ 32.60 lakh - withheld amount: ₹ 10.20 lakh + ₹ 52.18 lakh as additional compensation = ₹ 74.58 lakh.

had now sought arbitration. He further stated that the re-award of balance work was under process.

The audit findings were referred to the Government in May 2013. The reply had not been received (December 2013).

3.7.3 Wasteful expenditure on construction of road

Failure of the Department to ensure technical viability of road alignment resulted in wasteful expenditure of ₹ 55.99 lakh on incomplete road.

To provide road connectivity to two villages[44] of Hamirpur district, construction of Har to Kallohan road (length four kms) was approved (March 2005) under PMGSY for ₹ 89.61 lakh. The villages proposed to be provided all weather road connectivity fell at km 1.250 and km 3.600 of the alignment of the road. The work was awarded (November 2006) to a Kangra based contractor at tendered cost of ₹ 82.75 lakh with the stipulation to complete it by 26 November 2007.

Scrutiny of records (November 2012) of Barsar division and further information collected (May - August 2013) showed that the contractor took up the execution of work in November 2006 but did not achieve the pace of work as stipulated in the contract agreement. The contractor executed formation cutting in 3.600 kms, soling and wearing in 1.345 kms each and cross drainage works in one km for value of ₹ 33.44 lakh only. The contractor suspended the work in 2008 without assigning any reasons. As the contractor failed to resume the work, the Department levied (September 2008) liquidated damages of ₹ 8.28 lakh (equal to 10 *per cent* of the tendered cost) under Clause 44.1 of Standard Bidding Document (SBD). The Department ultimately terminated the contract agreement under Clause 52 of the SBD in December 2008. The Department, however, reduced the amount of liquidated damages to ₹ 0.27 lakh in January 2010 and recovered the amount from his 6th Running Account bill paid in July 2010.

The Department awarded (September 2011), the balance work of formation cutting in 0.400 km, soling and wearing in 2.655 kms each, metalling/ tarring in four kms and cross drainage works in three kms to another contractor for ₹ 69.25 lakh with stipulation to complete it within a period of one year. The contractor executed soling and wearing in 0.360 km each, tarring in one km and cross drainage works in 0.250 km. An amount of ₹ 15.92 lakh had been paid to the contractor against his 1st running account bill paid in October 2012. It was further seen in audit that the State Quality Monitor (SQM) during his inspections in March 2009 and June 2012 had cautioned the Department that road alignment beyond kms 1.960 passed along a *Khad*[45] and it will not be fruitful to construct the road in a *Khad* portion on embankment because of adverse behaviour of flow of water. The SQM, therefore, recommended (June 2012) for closing the road work beyond 1.960 kms as people of the area were not willing to give their land on hill side of the *Khad*. An expenditure of ₹ 55.99 lakh[46] had been incurred on the construction of road upto May 2013.

This shows that proper survey and investigation of road alignment was not done by the Department before according Technical Sanction and award of works to the contractors.

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44 Bakroh (Population: 75 persons) and Kallohan (Population: 472 persons).

45 *Khad*: A small rivulet in hilly area.

46 Departmentally (from State funds): ₹ 6.63 lakh and contractor's payments (from PMGSY): ₹ 49.36 lakh.

In reply, the Superintending Engineer, 8th Circle, Hamirpur stated (March 2013) that in view of recommendations of the SQM, the matter regarding the closure of road work beyond kms 1.960 is being decided by higher authorities. He also stated that as per PMGSY parameters Kallohan village stood connected as it is within a radius of 1.500 kms of path distance and on road constructed upto kms 1.960, the vehicles are plying but the same has not been passed by the Road Fitness Committee. The reply is not acceptable because Kallohan village is situated at kms 3.600 and the SQM in his inspection of June 2012 has clearly indicated that after closure of road beyond kms 1.960, the above village will remain unconnected. Besides, upto kms 1.960 also, it is a pre-requisite to obtain the approval of the Road Fitness Committee for opening of a road for plying of vehicles and opening an incomplete road without getting it passed from the above Committee involved risk of unsafe travel.

Thus, Department's failure to ensure technical viability of road alignment rendered the expenditure of ₹ 55.99 lakh on partly constructed road as wasteful and the objective of providing all weather connectivity, thus, remained to be achieved.

The audit findings were referred to the Government in April 2013. The reply had not been received (December 2013).

3.7.4 Undue financial benefit to a contractor

Failure of the Department to ensure timely realisation of Government dues led to extension of undue financial benefit of ₹ 0.85 crore to a contractor.

In order to provide road connectivity to three villages of Kullu district, construction of 10.510 kms long link road from Sheel to Juagi was approved during 2006-07 under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) for ₹ 2.72 crore. The work was awarded (July 2007) to a Rampur based contractor at a tendered cost of ₹ 3.38 crore with the stipulation to complete it by 23 July 2008. Accordingly, the contractor commenced the work in July 2007.

Scrutiny of records (February 2013) of Nirmand division showed that the contractor did not achieve the pace of work as prescribed in the contract agreement and failed to complete it by the stipulated date. After executing work for value of ₹ 25.36 lakh (eight *per cent*), he stopped it in November 2009 without intimating any reasons. The Department granted unilateral time extension upto November 2009 to complete the work but he did not turn up to resume the work. For committing breach of terms and conditions of the contract the Department levied (₹ 33.79 lakh) liquidated damages (10 *per cent* of the tendered cost) in November 2009 under Clause 44.1 of Standard Bidding Document (SBD). The Department ultimately terminated the contract under Clause 52.1 of the SBD in July 2010.

The final bill of contractor prepared in November 2010 showed an amount of ₹ 1.02 crore recoverable from the contractor on account of cost of materials, security, liquidated damages, penalty for the balance work and other miscellaneous dues. Against the recoverable amount of ₹ 1.02 crore, ₹ 0.17 crore was available in the shape of Bank Guarantee for effecting the recoveries but the same was not encashed and credited into Government account as of January 2013. This shows that even after finalising the bill, the Department had not taken any effective steps to ensure recovery of Government dues of ₹ 0.85 crore for more than two years and extended undue financial benefit to the defaulting contractor.

Audit scrutiny further showed that the Department after a lapse of 16 months of termination of first contract invited (October 2011) tenders for awarding the balance work but no contractor participated in the bid.

In reply, the Executive Engineer stated (February 2013) that due to mismanagement and negligence of contractor, the work remained unexecuted. He further stated that the first contractor had gone in arbitration against the recoveries. The reply is not acceptable as the Department did not terminate the contract promptly and well in time keeping in view the performance of the contractor. Moreover, the Department also did not conduct any investigation/ enquiry prior to it to fix responsibility on the defaulter for non-realisation of Government dues. This was necessary to ensure that with the passage of time the dues may not become irrecoverable.

Thus, Department's laxity resulted in non-recovery of Government dues of ₹ 0.85 crore for more than two years. Besides, ₹ 25.36 lakh spent on incomplete road work also proved unproductive.

The audit findings were referred to the Government in April 2013. The reply had not been received (December 2013).

3.7.5 Idle investment due to non-utilisation of completed bridge for want of road connectivity

Failure of the Department to synchronise the construction of road and bridge works led to idle investment of ₹ 2.47 crore on a bridge for more than two and half years.

Forest Conservation Act (FCA), 1980 prohibits use of forest land for non-forestry purpose without prior approval of the Government of India (GOI). It was further clarified (March 1982) that diversion of forest land for non-forestry activities in anticipation of the approval was not permissible and the request for *ex-post-facto* approval would not be entertained. To provide transport facilities to inhabitants of two villages[47], a steel truss bridge of 70 metre span over river *Chenab* (Lahaul and Spiti district) at km 0.350 of proposed 4.510 kms long link road was got completed (December 2010) at a cost of ₹ 2.47 crore by Chenab Valley Division, Udaipur.

Audit scrutiny of records (August 2012) of the division and further information collected (June 2013 and September 2013) showed that after completion, it could not be opened for vehicular traffic due to non-construction of link road to Salgran village from bridge site which was approved under *Pradhan Mantri Gram Sadak Yojana* during 2007-08. It was further noticed that in alignment of road, there fell forest land and the Department had taken up the case for its clearance in November 2011. The required forest clearance had not been obtained from the Government of India as of September 2013.

The Executive Engineer while admitting the facts stated (June 2013 and September 2013) that the Divisional Forest Officer, Lahaul and Spiti had been asked time and again for conducting joint inspection of the above road.

Thus, non-initiation of timely action by the Department for obtaining forest clearance from the Government of India and to synchronise construction of bridge with the construction of roads resulted in idle investment of ₹ 2.47 crore for more than two and

[47] Salgran and Thanwari.

half years. Besides, motorable road connectivity still remained (September 2013) to be provided to the concerned villages.

The audit findings were referred to the Government in August 2013. The reply had not been received (December 2013).

3.7.6 Unproductive expenditure on incomplete bridge

Expenditure of ₹ 68.18 lakh incurred on construction of sub-structure of a bridge and 1.775 kms long portion of road in Kullu district remained unproductive because of faulty planning of the Department.

Construction of a 10.600 kilometres long link road from Avera Devdhank to Ghatoo (Kullu district) was approved (January 2004) under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) for ₹ 93.75 lakh. The road taken up for execution (July 2004) was completed (May 2007) at a cost of ₹ 90.63 lakh.

Scrutiny of records (December 2011) of Nirmand division and further information collected (February-July 2013) showed that the road portion only upto kms 8.825 could be opened for vehicular traffic, leaving the remaining portion of 1.775 kms (kms 8.825 to 10.600) unutilised due to non-construction of two bridges required at km 8.825 and 9.510 respectively. Since no provision existed for the construction of bridges in the approved estimate of the road, the Chief Engineer (South) Shimla, in the meantime developed a drawing for construction of 58.10 metre span steel truss bridge at kms 8.825 and approved it in March 2006. The State Government, subsequently, accorded (February 2008) an administrative approval for construction of 58.10 metre span steel truss bridge at km 8.825 and 12 metre RCC slab bridge at km 9.510 alongwith approaches for an amount of ₹ 1.58 crore. The Department accordingly awarded (February 2009), the work of construction of both the bridges to a contractor at a tendered cost of ₹ 75.05 lakh with the stipulation to complete them within a period of nine months.

Audit scrutiny further showed that the Executive Engineer (EE) against the approved drawing for construction of 58.10 metre steel truss bridge at km 8.825, got executed (September-November 2009) the sub-structure and approaches for a bridge of only 45 metres span at a cost of ₹ 53 lakh as per the directions given by the Superintending Engineer (SE), 11th Circle, Rampur during his site inspection conducted in March 2009. However, the construction of second bridge at km 9.510 remained incomplete due to non-execution of super-structure work as of June 2013.

For construction of super-structure on 45 metre constructed sub-structure, the SE, 11th Circle, Rampur, sought (April 2010) approval of the Chief Engineer (South), Shimla on the ground that at the time of giving the layout of abutments at site, the local people had objected to it as their land fell in the alignment. The Chief Engineer (South) did not approve the above proposal and asked (May 2010-October 2011) for submission of all the relevant data including hydraulic data and plan, etc., for an amended drawing. In this regard, a Detailed Project Report for construction of super-structure of 46 metre steel truss bridge sponsored by the SE, 11th Circle, Rampur in April 2013, was yet to be got approved from the State Technical Agency of PMGSY.

In reply, the EE while confirming the facts stated (February 2013) that the estimate for construction of super-structure has been sent to the higher authority for approval.

Thus, due to lack of proper planning in the initial stages and failure to decide the final design of the bridge on the constructed sub-structure, the expenditure of ₹ 68.18 lakh[48] incurred on the bridge and 1.775 kms long unutilised road portion, proved unproductive for more than three years. Besides, the intended objective of providing road facility to the people of three[49] villages falling at kms 9, 10 and 10.600 of the road could also not be achieved.

The audit findings were referred to the Government in May 2013. The reply had not been received (December 2013).

3.8 Unproductive expenditure on incomplete community hospital building

Failure of the Department to ensure timely completion of community hospital building for more than four years resulted in unproductive expenditure of ₹ 1.12 crore.

To provide adequate medical facilities to the people in tribal area of Pangi sub-division (Chamba district), construction of a community hospital building at Killar was administratively approved (November 2002) for ₹ 1.69 crore by the Resident Commissioner, Pangi at Killar. The work except water supply and sanitation component (estimated cost: ₹ 56.64 lakh) was awarded (May 2004 and September 2005) to a local contractor for ₹ 1.32 crore[50] with the stipulation to complete it within two years. Of which, the work relating to construction of breast wall and culvert was completed in September 2006 at a cost of ₹ 15.57 lakh.

Scrutiny of records (August 2012) of Killar division and further information collected (April 2013) showed that the contractor commenced the building work in May 2004 but abandoned the execution in August 2008 without intimating any reasons. The contractor executed only 51 *per cent* work and was paid ₹ 59.73 lakh upto 5th running account bill in November 2012. The Executive Engineer levied compensation of ₹ 6.13 lakh under Clause 2 of the contract agreement and also granted unilateral extension of time upto 31 May 2011 just to keep the contract alive. As the contractor failed to resume the work, the Department ultimately rescinded (October 2011) the contract under Clause 3 of the contract agreement. The compensation of ₹ 6.13 lakh levied was also recovered from the 5th running account bill of the contractor.

Further, to secure the interest of the Government, the Department failed to invoke the provision of Clause 3(c) of the agreement to get the balance work done at the risk and cost of the defaulting contractor as contract had been recinded in October 2011. An expenditure of ₹ 1.12 crore[51] had been incurred on the work upto March 2013, but the balance work still remained unexecuted (April 2013).

In response to audit, the Government stated (January 2013) that the process of fresh tenders of balance work was in progress and the work would be awarded shortly. The reply is not convincing because in order to ensure timely availability of infrastructure facility, the Department did not act promptly to rescind the work by invoking the appropriate Clause of the agreement and award the balance work well in

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48 Expenditure on bridge: ₹ 53 lakh + Proportionate expenditure on 1.775 kms long road ₹ 90.63 lakh/10.600x1.775 i.e. ₹ 15.18 lakh) = ₹ 68.18 lakh.

49 Ghatoo (Population: 330), Kedas (Population: 194) and Shahidwar (Population: 400).

50 Building work (May 2004): ₹ 1.17 crore and breast wall and culvert for the building (September 2005): ₹ 0.15 crore.

51 Includes payment of ₹ 75.30 lakh to the contractor.

time keeping in view the fact that the contractor never sought any extension of time for completion of work under Clause 5 of the agreement.

Thus, the Department did not ensure timely completion of the hospital building and keeping the work in a suspended state for more than four years not only rendered the expenditure of ₹ 1.12 crore unproductive but the objective of providing adequate health infrastructure to the people of the area also remained to be achieved.

Rural Development Department

3.9 Total Sanitation Campaign

In the test checked districts, against the total availability of funds of ₹ 16.04 crore during 2010-13, the concerned DRDAs could utilise only ₹ 9.20 crore leaving ₹ 6.84 crore unutilised with them as of March 2013. The shortfall in achievement of physical targets during 2010-13 ranged from 11 to 84 *per cent*. As against the target of 1043 school toilets, 383 anganwadi toilets and 392 community sanitary complexes, the achievement was 657, 228 and 63 respectively.

An audit of implementation of TSC covering the period from 2010-11 to 2012-13 was conducted in three[52] out of 12 districts in the State between January and April 2013 through test-check of records in the offices of the District Rural Development Agencies (DRDAs) of the selected districts, five[53] out of 19 Blocks and 20 *Gram Panchayats* (GPs) falling in the jurisdiction of selected Blocks. The following are the audit findings:

3.9.1 Non-preparation of Annual Implementation Plans

As per the scheme guidelines, an Annual Implementation Plan (AIP) was required to be prepared first by the *Gram Panchayats* (GPs) based on the anticipated progress in sanitation coverage. The GP plans were to be aggregated into Block Implementation Plans (BIPs) and thereafter District Water and Sanitation Committee was to prepare District Implementation Plan (DIP) by suitably consolidating TSC plans of blocks.

It was, however, noticed that during 2010-13 in the test-checked districts the required AIPs and BIPs were not prepared. The Government stated (July 2013) that due to shortage of staff at GPs levels the AIPs could not be prepared. The fact, however, remained that in the absence of planning at the grass root level, the implementation of scheme was being done on an *Ad hoc* basis and without robust mechanism as envisaged in the guidelines. This resulted in non-providing of the intended facilities to the targeted beneficiaries during 2010-13 as indicated in paragraph 3.9.3.1.

3.9.2 Funding pattern and release of funds

For implementation of various components and activities of TSC, GOI provided 60 to 80 *per cent* of fund requirement and the rest was to be borne by the State Government and the beneficiaries. GOI released funds directly to the DRDAs upto 2009-10 and thereafter through the SWSM for onward transmission to the Director of Rural Development Department (Director). The Director further released funds to the DRDA alongwith State's share. The funds received by the DRDAs were kept in the nationalised banks.

52 Bilaspur, Kullu and Shimla.

53 Ghumarwin, Jubbal, Mashobra, Naggar and Theog.

3.9.2.1 Receipt and utilisation of funds

During the period 2010-13, the DRDAs in the State received ₹ 70.25 crore (GOI share: ₹ 50.77 crore and State share: ₹ 19.48 crore). Of this, an amount of ₹ 16.04 crore was received by the DRDAs of test-checked districts during 2010-13.

Audit analysis showed that against the total availability of funds, the DRDAs were able to utilise funds ranging between 38 and 54 *per cent* during 2010-13, leaving ₹ 6.84 crore unutilised with them as of March 2013. In the test-checked blocks, the utilisation of funds was also unsatisfactory and ranged between 30 and 69 *per cent* due to less demand of funds from the GPs and non-fulfilment of codal formalities by them.

The DRDAs attributed (February-March 2013) underutilisation of funds to late receipt of requirement of funds from the executing agencies, lack of interest on the part of Blocks/ GPs and receipt of funds at the fag end of the financial year.

Thus, inability of the test-checked DRDAs to ensure proper planning from GP to district level resulted in poor financial progress and implementation of the scheme in a casual manner. The State Government admitted (July 2013) the facts.

3.9.2.2 Reports and returns

The GOI, Department of Drinking Water and Sanitation had developed an online monitoring system for TSC. All TSC project districts were required to submit the physical and financial progress reports through the online system and only an annual performance report was to be submitted in a hard copy in the prescribed format by the DRDAs. Audit, however, noticed that:

- There was a difference of ₹ 3.27 crore and ₹ 5.06 crore during 2010-11 and 2011-12 respectively between the expenditure figures depicted in the UCs sent and reported by Director, RDD to the GOI through online system.

- During 2010-13, in the test checked DRDAs, against actual expenditure ₹ 15.57 crore depicted in their cash books, an expenditure of ₹ 14.64 crore only was reported online resulting in overall difference of ₹ 0.93 crore.

This indicated that reliability and authenticity of financial reporting was not ensured by the Directorate office.

The DRDAs concerned admitted (February-April 2013) the facts and stated that the difference between the online reported and cash book figures was due to inaccurate reporting from the field units and non-receipt of timely reports from the blocks. The Director, RDD did not furnish any reason for occurance of above difference.

3.9.3 Implementation of scheme

3.9.3.1 Target and achievement

The target fixed for some of the components for the period 2010-13 and achievements thereagainst in the test-checked districts as of March 2013 are given in **Table-3.9.1**.

Table-3.9.1

Component-wise target and achievement as of March 2013

(In numbers)

Component	Target	Achievement	Shortfall
Individual household latrine* (IHHL)	9993	8912	1081 (11)
School toilets	1043	657	386 (37)
Anganwadi toilets	383	228	155 (40)
Community sanitary complexes	392	63	329 (84)

Source: Information supplied by the test-checked DRDAs.

* Does not include Bilaspur and Shimla districts as in these districts all families have IHHL. Target and achievement are, therefore, in respect of Kullu district only.

Note: Figures in parenthesis indicate percentage.

As can be seen from the above table there was shortfall in achievement of targets ranging from 11 to 84 *per cent* during 2010-13 in the test-checked districts. In the test-checked blocks, the physical performance in the corresponding period was also poor and shortfall in achievement of targets ranged between 54 and 73 *per cent*.

The State Government stated (July 2013) that targets of community sanitary complexes could not be achieved due to non-availability of land and disputes over ownership of the assets so created. No reason was, however, furnished for less achievement of targets of toilets in schools and Anganwadis. The fact stands out that effective steps have not been taken for early construction of community sanitary complexes and institutional toilets in order to improve hygienic conditions.

3.9.3.2 Solid and liquid waste management

In order to bring about improvement in general quality of life in rural areas, ensuring general cleanliness of the villages was emphasised. For this purpose, 10 *per cent* of the TSC project outlay was to be utilised for meeting capital cost towards solid and liquid waste management (SLWM) in the concerned districts. The cost sharing between the Centre, State and *Panchayats*/ Community was in the ratio of 60:20:20 for taking up activities like common compost pits, low cost drainage, soaking channels/ pits, reuse of water system for collection, segregation and disposal of household garbage, etc.

Test-checked DRDAs received ₹ 16.04 crore during 2010-13 for the implementation of the programmes in the districts and 10 *per cent* of the amount received i.e., ₹ 1.60 crore was to be spent on SLWM. Only DRDAs Bilaspur and Shimla had utilised ₹ 14.12 lakh (Bilaspur: ₹ 11.68 lakh and Shimla: ₹ 2.44 lakh) and DRDA Kullu, had not implemented this activity during 2010-13.

The DRDAs stated (February-April 2013) that funds could not be utilised due to non-receipt of demand from the field offices. The fact, however, remained that the DRDAs had not implemented the solid and liquid waste management activity effectively as envisaged in the TSC guidelines.

3.9.3.3 Rural Sanitary Marts and Production Centres

The Rural Sanitary Mart (RSM) is an outlet dealing with the materials, hardware and designs required for the construction of sanitary latrines, compost pits, vermi-composting, washing platforms, certified domestic water filters and other sanitation and hygiene accessories required for individuals and families. Under this component, five *per cent* subject to a maximum of ₹ 35 lakh of the total Government outlay had been earmarked. For establishment of RSM/ production centres (PC), an assistance to the extent of ₹ 3.50 lakh per RSM/ PC was available with the DRDAs. Funds for this component are provided by the Centre and State Governments to the NGOs/ *Panchayats*/ other agencies for setting up of RSMs/ PCs in the ratio of 80:20.

It was noticed that though five *per cent* of the total outlay subject to a maximum of ₹ 35 lakh was provided for each district, none of the test-checked DRDAs had established any RSM during 2010-13. The Government stated (July 2013) that since sanitary material is easily accessible, no need was felt for establishment of RSMs in the State. The fact, however, remained that the rural public was deprived of the intended facilities of RSM in spite of the provision of the same in the guidelines and availability of funds.

3.9.3.4 Ecological Sanitation

Under this component of TSC, specially designed toilet seat to separate urine and faeces at source that allow storage of human excreta and urine for compositing or converting to usable and safe manure or fertiliser was to be promoted. Besides, guidelines also envisaged promotion of the concept of waterless urinals to save precious fresh water.

It was noticed that in none of the test-checked districts, the activity of ecological sanitation was implemented during 2010-13. The Government admitted (July 2013) the fact and stated that preliminary activities have now been initiated by the districts.

3.9.3.5 Nirmal Gram Puraskar

In order to reorganise the efforts of the Panchayati Raj Institutions (PRIs) and other organisations towards ensuring full sanitation coverage in their area of operation, GOI under TSC offers award money to Gram *Panchayats*/ Blocks/ District *Panchayats* ranging from ₹ one lakh to ₹ 50 lakh on population criteria. The award money is required to be utilised for maintenance of community sanitary facilities, SLWM, creation of additional sanitation facilities in *Panchayat* areas such as at *mela* ground, market place, schools anganwadis, etc.

Audit scrutiny showed that Ghumarwin block (Bilaspur district) received award money of ₹ 20 lakh in March 2010 and irregularly spent ₹ 6.93 lakh on construction of 10 toilet-cum-bathrooms in the residential accommodation of block employees though toilets already existed outside the residential complex of the block. Thus, ₹ 6.93 lakh was diverted in contravention of the scheme guidelines.

The BDO Ghumarwin stated (February 2013) that the funds for the construction of toilets were utilised on the recommendations of *Panchayat Samiti*. The reply is evasive as it contravened the TSC guidelines.

3.9.4 Information, Education and Communication activities

Information, Education and Communication (IEC) activities intend not only to create demand for sanitation facilities but also for use, maintenance and upgradation of the same. Deficiencies noticed in this regard are discussed below:

- As provided under TSC guidelines, no annual action plans for IEC activities were prepared by the test-checked DRDAs during 2010-13.
- Against the earmarked funds of ₹ 2.41 crore (15 *per cent* of the total project cost: ₹ 16.04 crore), the test-checked DRDAs could utilise only ₹ 1.58 crore (66 *per cent*) on IEC activities. Under-utilisation of IEC funds resulted in lack of creation of awareness and inadequate community participation.

- As required under TSC guidelines, none of the test-checked *gram panchayats* had conducted the social audit as a means towards continuous and comprehensive public vigilance.
- As provided under TSC guidelines, no evaluation of the implementation of the TSC in the State had been got conducted through reputed institution and organisation as of May 2013.

The DRDAs stated (February-April 2013) that IEC activities could not be implemented effectively due to shortage of staff.

3.10 Unproductive investment on implementation of a project

Failure of the Department to assess the project viability in Hamirpur district correctly resulted in non-achievement of the target to the extent of ₹ 12.34 crore during 2008-13 on the investment of ₹ 8.94 crore.

With a view to increase the production of bi-voltine cocoons through mulberry cultivation and to generate employment opportunities for rural population, Government of India (GOI), Ministry of Rural Development, under a Centrally Sponsored Scheme of *Swaranjayanti Gram Swarojgar Yojana* (SGSY), sanctioned (March 2002) a special project 'Self Reliance through Sericulture' for implementation in Hamirpur district for ₹ 9.13 crore (subsidy/ grant: ₹ 4.72 crore and loan/ beneficiary share: ₹ 4.41 crore). The subsidy was to be borne by the GOI and the State Government in the ratio of 75:25. The project was stipulated to be completed within five years from the date of sanction. As per project report, the production of silk cocoons per year envisaged to be achieved was between 80 thousand and 1.20 lakh Kilograms (kgs) from the fifth year of plantation of mulberry trees. An investment of ₹ 8.94 crore[54] had been made on the project upto March 2013.

Scrutiny of the records (October 2011) and further information collected (April-May 2013) from the District Rural Development Agency (DRDA), Hamirpur showed that the project was implemented in the district and plantation of 9.51 lakh mulberry trees was completed during 2006-07, and the production of cocoons started from 2008-09. However, during the period 2008-13 the production of cocoons was 34,656 kgs valuing ₹ 1.01 crore only against the minimum expected level of four lakh kgs valuing ₹ 13.35 crore[55] approximately (80,000 kgs per year) resulting in shortfall of 3,65,344 kgs (approximate value ₹ 12.34 crore). It was further observed that the production of cocoons came down year after year (from 8283 kgs during 2008-09 to 6549 kgs in 2012-13).

The Member Secretary of the Project attributed (May 2013) non-achievement of production of cocoons to natural phenomenon of climatic variations and also to implementation of MGNREGA scheme. The reply is not convincing as the Department did not produce documentary evidence of exceptional/ major climatic variations in Hamirpur district. Besides, climatic conditions of Hamirpur district was stated as conducive for production and successful harvest of cocoons in the detailed project report. Also under MGNREGA, the employment is available only to the

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54 Expenditure against subsidy: ₹ 4.79 crore and loan/ beneficiary share: ₹ 4.15 crore.

55 2008-09: ₹ 0.62 crore (at the rate of ₹ 78 per kg); 2009-10: ₹ 0.89 crore (at the rate of ₹ 111 per kg); 2010-11: ₹ 3.58 crore (at the rate of ₹ 447 per kg); 2011-12: ₹ 4.02 crore (at the rate of ₹ 502 per kg) and 2012-13: ₹ 4.24 crore (at the rate of ₹ 530 per kg).

member of a registered household for 100 days in a year, which also should have been factored in for estimating the available supply of labour.

While admitting the facts, the State Government further stated (August 2013) that the low achievements against projections was also due to shortage of technical staff, fall in prevailing market price of cocoons and implementation of other community development programmes in the area. The fact, however, remained that there was lack of planning and initiative for implementation of the project in letter and spirit.

Thus, failure of the Department to ensure viability of the project led to non-achievement of target to the extent of ₹ 12.34 crore approximately during 2008-13 on the investment of ₹ 8.94 crore.

Transport Department

3.11 Internal Control System in the Himachal Pradesh Bus Stands Management and Development Authority (HPBSMDA), Shimla

Functional and accounting manuals and other basic records were not maintained by the Authority since its inception. There was inadequate control to ensure economical, efficient and effective operations and safeguarding of resources of the Authority against pilferages/ losses as assets valuing ₹ 1.15 crore were being used by Himachal Road Transport Corporation (HRTC) but no agreement for their utilisation and levy of rental charges existed between the authority and HRTC.

An audit of the internal control system of the Authority including functional control, budgetary control, financial control, management information system, etc., covering the period from 2010-11 to 2012-13 was conducted from June 2012 to July 2012 through test-check of records in the head office of the Authority and six[56] out of 23 units. The following are the audit findings:

3.11.1 Deficient functional Control

3.11.1.1 Non-preparation of Functional Manual, Accounting Manual and non-maintenance of basic records

(a) Functional Manual provides guidance to the personnel of an organisation for the efficient operation of the activities and ensures accountability obligations. It was noticed that the Authority had not prepared any functional manual which is generally regarded as a *sine qua non* for providing guidance to the personnel of an organisation for efficient operation of the activities and ensuring accountability obligations. Non preparation of a functional manual for its activities even after thirteen years of its existence was indicative of the casual approach of the Authority towards institution of an efficient control system. This, apart from deficient accountability obligations resulted in inefficient operation of activities by the Authority.

(b) The authority has not prepared any Accounting Manual. Ledgers pertaining to receipts of parking fee and license fee are prepared at the Head Office on the basis of summary of revenue cash book received from the field units. Similarly, the ledgers pertaining to expenditure incurred on salary and wages, maintenance of bus stands, electricity and water charges are being maintained at the Head Office on the basis of

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[56] Regional Managers (RMs) of Himachal Road Transport Corporation at Dehra, Dharamshala, Hamirpur, Kullu, Palampur and Solan.

bills raised by HRTC. No system of verification of the correctness of the bills raised by HRTC existed in the Authority.

(c) Fixed assets register and general ledger were not maintained by the field units. Also no consolidated record/ register in this regard existed in the Head Office.

(d) There is no system of submission of daily reports of collection of money from the units to Head Office. Thus, the position of cash/ bank balances, sundry debtors and sundry creditors on a particular day could not be ascertained.

(e) Subsidiary records pertaining to receipt of parking fee and license fee maintained in the field units were not being reconciled with the accounts maintained at Head Office.

(f) Periodical physical verification of assets had not been done since the inception of the Authority which indicates failure of the functionaries of the Authority to exercise effective administrative control.

(g) The internal audit system was not introduced in the Authority as of September 2013.

On this being pointed out in audit, the State Government stated (September 2013) that a committee would be constituted to look into the matter.

3.11.2 Budgetary Control

In terms of provisions contained in Section 18 of the HPBSMDA Act, the Authority was required to prepare not less than three months before the commencement of each financial year a statement of programme of its activities as well as related financial estimates.

It was, however, noticed in audit that the authority had not prepared the required statement of programme of activities and financial estimates since the date of its inception. Thus, the authority failed to exercise budgetary control on its activities resulting in non-achievement of its objectives.

The State Government stated (September 2013) that the matter would be taken care of in future. Evidently, the Authority failed to ensure compliance to the above provision of the Act for fulfilling accountability obligations and for effective internal control for a period of 12 years.

3.11.3 Financial Control

3.11.3.1 Non-recovery of dues from the Himachal Road Transport Corporation (HRTC)

As per lease deed and licence deed executed with lessee, the lease rent is to be deposited by the lessee in the first week of January of each year and licence fee on or before seventh of each month.

It was noticed that ₹ 10.88 lakh recoverable from HRTC prior to 2008-09 on account of lease rent (₹ 5.02 lakh), miscellaneous expenses (₹ 3.91 lakh) and licence fee (₹ 1.95 lakh) had not been recovered by the Authority as of September 2013. Thus, the Authority failed to mobilise its funds which could have been utilised for working capital.

The State Government admitted the facts (September 2013) and assured to reconcile/ recover the amount in the next financial year.

3.11.3.2 Non-fixation/ charging of licence fee

Section 10 (1) d of the HPBSMDA Act provided that all properties and other assets of bus stands should be transferred to the Authority on its inception to ensure autonomy of the Authority to possess all the bus stands alongwith shops, stalls, buildings, etc. The assets and liabilities were to be determined at the time of its inception.

Scrutiny of records, however, showed that the second floor of Inter State Bus Terminal (ISBT) building at Shimla (now old bus stand) having a historical book value of ₹ 1.15 crore was being used by HRTC since the date of inception of the Authority (April 2000), but no agreement for utilisation of a portion of above building and levy of rental charges existed between the Authority and HRTC as of September 2013.

The State Government while admitting the audit findings stated (September 2013) that the assessment of the rent would be made by obtaining the approval of Board of Directors. The delayed action on the part of the Authority to resolve the matter with the administration of HRTC reflected lack of control by the Authority in safeguarding its assets against loss due to abuse or mismanagement.

3.11.4 Cash management/ Accounting records

The systems in force for cash accounting did not provide sufficient assurance relating to maintenance and management of resources. Audit noticed the following deficiencies in the maintenance of cash books and bank reconciliation in all the test-checked units, including the head office of the Authority.

3.11.4.1 Imprudent cash management

Under the provisions of Sections 19 and 27(e) of the Act, the Authority was to consider investment of funds in the securities of the Government or in such other manner as prescribed.

The Authority had opened three current accounts with the Himachal Pradesh State Co-operative Bank Limited, Shimla, the Kangra Central Co-operative Bank, Dharamshala and the Jogindra Central Co-operative Bank, Solan respectively to keep its funds. Scrutiny of cash balances as depicted in Bank Statements for the years 2010-12 showed that on an average, the daily cash requirement of the Authority was ₹ 3.77 lakh in 2010-11 and ₹ 4.41 lakh in 2011-12. However, the average daily cash balance of the Authority in the corresponding year remained ₹ 66 lakh and ₹ 1.21 crore respectively which had no semblance to actual requirements. Had the Authority even after keeping double provision for daily cash requirement and invested the remaining surplus funds in sweep-in accounts, an amount of ₹ 8.94 lakh could have been earned during 2010-12 by way of interest at the rate of five *per cent* on a deposit for a minimum period of 30 days being paid by the Co-operative Bank. Other options such as linked FDRs in sweep-in accounts with Public Sector banks could also have been explored. It indicates weak internal control in cash management.

The CEO stated (April 2013) that in case of urgent requirement, it would be difficult to encash the Fixed Deposit Receipts (FDRs). The reply is not acceptable in view of above stated facts.

3.11.4.2 Delay in remittance of daily collection of cash to main account and clearance of cheques

The Management issued instructions (June 2000) to three[57] banks to remit daily collection of amounts deposited by the concerned units into the main accounts of the Authority operated at Dharamshala, Shimla and Solan respectively for drawal and disbursement of funds from time to time.

Audit scrutiny in the test-checked units, however, showed that in contravention of the instructions, *ibid*, during 2010-12, the concerned Branch Managers of the banks remitted ₹ 22.41 lakh after delays ranging from three to 102 days on 51 occasions. Had these funds remitted daily in the main accounts of the Authority, it could have been utilised as its working capital.

The State Government stated (September 2013) that with the introduction of online banking system the delayed deposit from daily transactions would be resolved. The fact, however, remains that the management of the Authority failed to exercise proper control over prompt remittance of funds for more than seven years.

3.11.4.3 Non-recovery of cleanliness and maintenance charges

As per terms and conditions of lease deeds executed with the lessees of shops at various bus stands, cleanliness of surroundings of the premises was required to be ensured by the lessees themselves. In addition to the prescribed lease amount, ₹ 100 per month were also required to be deposited by them with the Authority for cleanliness and maintenance of corridors. It was, however, noticed in audit that from April 2003 to March 2013 the requisite charges amounting to ₹ 7.94 lakh were not deposited by the concerned lessees in the three[58] test-checked units and remained unrecovered as of April 2013. Had these funds remitted monthly in the main accounts of the Authority, it could have been utilised as its working capital.

The State Government stated (September 2013) that instructions had been issued to all divisional managers for effecting the recoveries. The fact, however, remains that the Authority did not ensure the compliance of the terms and conditions in the lease deed properly.

3.11.5 Management Information System

Information and communication are essential to the realisation of all the internal control objectives and the management's ability to make appropriate decisions affected by the quality and timeliness of information.

Audit noticed that the Authority did not have a well defined management information system (MIS). It did not maintain a centralised database information source centre and had not identified an array of pertinent and reliable information to be furnished in the format within the prescribed timeframe. In the absence of any periodical reporting by the field functionaries, effective control over realisation of fee/ rental charges of shops, stalls, etc., at the bus stands was not exercised as pointed out in the preceding paragraphs.

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57 Jogindra Central Co-operative Bank, Solan; Kangra Central Co-operative Bank, Dharamshala and Himachal Pradesh State Co-operative Bank, Shimla.

58 Dharamshala (₹ 2.47 lakh from 34 lessees); Palampur (₹ 5.42 lakh from 87 lessees) and Solan (₹ 0.05 lakh from four lessees).

The State Government stated (September 2013) that the work of installation of the Tally Accounting System in the Authority was in progress to exercise the requisite control. The reply does not state the reasons as to why the Authority could not establish an effective MIS since the date of inception.

Tribal Development Department

3.12 Mismanagement of funds owing to non-execution of works of helipads

Failure of the Department to ensure timely completion of necessary formalities resulted in blocking of funds amounting to ₹ 1.02 crore with the executing agency and non-construction of the helipads.

Rule 5.71 (c) (5) of Himachal Pradesh Treasury Rules, 2007 stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement and it is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take a considerable time. With a view to provide helicopter facilities to remote and geologically fragile area and also to cope with the bad experience of natural calamities in Kinnaur district, the Project Officer (PO), Integrated Tribal Development Project (ITDP), Reckong Peo drew during 2007-12, an amount of ₹ 1.64 crore from treasury and deposited with the executing agency i.e., Himachal Pradesh Public Works Department (HPPWD) for construction of five[59] helipads in Kinnaur district.

Scrutiny of records (August 2012) and further information supplied (May 2013) by the PO, ITDP, Reckong Peo showed that in respect of four[60] helipads the Administrative Approval (A/A) and Expenditure Sanction (E/S) had not been obtained from the competent authority. The detailed estimates and the drawings and design of these helipads were also not prepared and in one case (construction of helipad at Chango administratively approved for ₹ 2.46 crore in June 2010) the work had not been completed as of June 2013 for want of additional funds.

On this being pointed out in audit (June 2013), the department diverted[61] (June 2013) ₹ 62.70 lakh (out of ₹ 101.70 lakh released earlier for execution of the other four helipads) towards execution of work of helipad at Chango. The fact, however, remained that neither sufficient funds were made available for construction of helipad at Chango nor effective steps were taken for construction of other four helipads, which was the need of the hour. The State Government stated (July 2013) that due to non-availability of site or awaited Administrative Approval and Expenditure Sanction, the works in respect of four helipads could not be started and the funds were diverted towards ongoing work at Chango. The reply of the State Government confirms ill-planning and mismanagement of funds.

Thus, non-exercise of the requisite prudence by the Department in handling cash resulted in blocking of ₹ 1.02 crore for one to six years. Besides, due to non-construction of the helipads, the people of the areas were also deprived of the intended facilities.

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59 Chango: ₹ 62.00 lakh; Kalpa: ₹ 0.10 lakh; Kanam: ₹ 17.00 lakh; Pooh: ₹ 0.10 lakh and Shalkhar: ₹ 84.50 lakh.

60 Kalpa, Kanam, Pooh and Shalkhar.

61 Kalpa: ₹ 0.10 lakh, Kanam: ₹ 17 lakh, Pooh: ₹ 0.10 lakh and Shalkhar: ₹ 45.50 lakh.

Women and Child Development Department

3.13 Infrastructure development and service delivery in Anganwadi Centres

There were delays in construction of anganwadi buildings. Of 1016 anganwadi centres buildings sanctioned for ₹ 24.31 crore during 2007-12, construction of 191 buildings involving ₹ 4.68 crore were not taken up for execution and 333 works on which an expenditure of ₹ 4.56 crore was incurred, had not been completed as of June 2013. Against the requirement of ₹ 237.54 crore for providing Supplementary Nutrition to 19.01 lakh identified beneficiaries during 2009-12, the Department made provision of only ₹ 224.77 crore resulting in short provisioning of funds of ₹ 12.77 crore.

An audit of the availability of infrastructure and delivery of services in AWCs covering the period from 2009-10 to 2011-12 was conducted from July 2012 to September 2012 through test-check of records in the Directorate of Women and Child Welfare, 12[62] out of 22 CDPOs and 467[63] out of 3169 AWCs falling in the jurisdiction of 12 CDPOs. The following are the audit findings:

Audit findings

3.13.1 Financial Outlay and Expenditure

Audit noticed that against the available funds of ₹ 341.85 crore (2009-10: ₹ 95.50 crore; 2010-11: ₹ 100.51 crore and 2011-12: ₹ 145.84 crore), the department had incurred an expenditure of ₹ 326.62 crore (2009-10: ₹ 91.64 crore; 2010-11: ₹ 95.35 crore and 2011-12: ₹ 139.63 crore). Thus, there were persistent savings ranging between ₹ 3.86 crore and ₹ 6.21 crore during the above period which indicated unrealistic preparation of budget estimates.

The Director stated (June 2013) that persistent savings were due to expenditure incurred on the basis of actual requirement and enrolment of beneficiaries in the AWCs.

3.13.2 Infrastructure development

3.13.2.1 Availability of AWC buildings

A building for running an AWC is the foremost requirement for providing services under ICDS scheme. As per the scheme guidelines the State Government was required to provide buildings for AWCs either through community support or by hiring suitable accommodation on rent with basic facilities such as lighted room, safe play area, etc., or by tapping funds from other schemes for construction of the buildings.

Audit noticed that out of 18571 AWCs functioning in the State as of March 2012, 816 were functioning in buildings constructed under ICDS scheme. Further, 10436 AWCs were being run in private buildings hired on rent without basic facilities and the remaining 7319 AWCs were running in other places/ sites (Schools: 1692,

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[62] Bhawarna, Bilaspur, Chirgaon, Chopal, Dehra, Ghumarwin, Hamirpur, Mashobra, Nurpur, Panchrukhi, Pragpur and Rampur.

[63] Bhawarna: 29; Bilaspur: 40; Chirgaon: 35; Chopal: 79; Dehra: 36; Ghumarwin: 32; Hamirpur: 18; Mashobra: 53; Nurpur: 35; Panchrukhi: 29; Pragpur: 37 and Rampur: 44.

Panchayats: 694 and others: 4933). Out of 467 test-checked AWCs, 270 were running in government buildings and 197 were running in rented/ rent free buildings.

3.13.2.2 Physical conditions of AWC buildings

An AWC requires a building in good condition. As per the scheme guidelines the AWCs are required to provide hot cooked food under supplementary nutrition programme (SNP). In addition to SNP, AWCs are also required to provide pre-school education to children between the age group of three to six years. Accordingly, the AWCs must have separate kitchen, stores for storing food items and other necessary items such as mats/ *dari*, carpets, fans, etc.

Audit noticed that out of 18,571 AWCs in the State, 3,513 AWCs (19 *per cent*) did not have *pucca* buildings. None of the test-checked AWCs had separate space for cooking (kitchen) and storage for food. Further, 424 AWCs did not have mats/ *dari*, carpets and 387 did not have fans. Absence of basic infrastructural facilities and items in AWCs had adverse implications on delivery of services to the targeted beneficiaries as brought out in the succeeding paragraphs.

3.13.2.3 Water supply, electricity, hygiene and sanitation at AWCs

The hygiene of AWCs is of paramount importance in view of the fact that the beneficiaries were required to stay at AWCs for considerable period of time during the day and the child friendly toilets, drinking water and electricity facilities were the basic minimum requirements for effective functioning of AWCs.

Audit, however, noticed that a large number of AWCs lacked essential infrastructure for maintenance of hygiene, sanitation, etc., as discussed below:

Out of 467 test-checked AWCs, no toilet was available in 194 (42 *per cent*); drinking water facility was not available in 42 (nine *per cent)* and electricity was not available in 303 AWCs (65 *per cent*). Thus, beneficiaries were deprived of basic amenities in large number of AWCs.

3.13.2.4 Construction of AWC buildings

During 2007-12 the State Government had taken up the construction of 1016 AWCs at an estimated cost of ₹ 24.31 crore which were stipulated to be completed within one year.

Audit noticed that out of 1016 sanctioned works, the construction of 492 AWC buildings (48 *per cent*) was completed at a cost of ₹ 11.48 crore. The work in respect of 191 AWCs buildings involving sanctioned cost of ₹ 4.68 crore was not started as of October 2012 due to land disputes, non-completion of codal formalities, court cases, etc., and the work relating to 333 AWCs was in progress on which an expenditure of ₹ 4.56 crore was incurred leaving an unspent amount of ₹ 3.59 crore with the executing agencies.

The Director stated (June 2013) that instructions have now been issued to field functionaries for processing of only those cases with clear title of land in the name of the Department. The reply does not explain as to why the constructions of AWCs already taken up for execution were not completed within the stipulated period.

3.13.2.5 Delay in construction of toilets and kitchens

To provide kitchen and toilet facilities in 738 AWCs, the State Government sanctioned ₹ 2.95 crore during 2008-09 at the rate of ₹ 0.40 lakh per AWC under Scheduled Caste Sub Plan with stipulation to complete the same within the same financial year.

It was noticed that as of October 2012 execution of kitchen and toilets in 326 AWCs had been completed and in the remaining 412 AWCs the works were either in progress or were yet to commence even after a lapse of four years due to non-availability of land and in some cases refusal by the executing agencies to complete the work within the allotted amount. This showed improper planning and casual approach of the Department in monitoring the execution of works.

3.13.3 Delivery of services

The intervention-wise performance is discussed in the succeeding paragraphs:

3.13.3.1 Supplementary nutrition programme

Supplementary nutrition programme (SNP) was aimed at improving the health and nutrition status of children in the age group of six months to six years and expectant and nursing mothers. It was meant to provide 300 calories and 15 grams protein for children between one year to six years of age and double the quantity for malnourished children in the same category. Expecting and nursing mothers were to be provided 500 gms calories and 20-25 gms protein. Nutrients were to be provided for 300 days in a year.

3.13.3.2 Coverage of beneficiaries under Supplementary Nutrition Programme

Audit noticed that against 19.01 lakh number of beneficiaries (expectant and nursing mothers: 3.14 lakh and children below six years: 15.87 lakh) identified, the Department had covered 15.76 lakh number of beneficiaries (expectant and nursing mothers: 3.03 lakh and children below six years: 12.73 lakh) under supplementary nutrition programme during 2009-12 resulting in shortfall of 3.25 lakh number of beneficiaries (expectant and nursing mothers: 0.11 lakh and children below six years: 3.14 lakh).

The Director stated (April 2013) that the less coverage of children was due to a large number of the children attending private schools in the Anganwadi area. The reply, however, does not explain as to why the children had shifted towards private schools.

3.13.3.3 Inadequate provisioning and under utilisation of funds for assisting identified beneficiaries

As per the ICDS guidelines, supplementary nutrition was required to be provided to the children in the age group of six months to six years of age and expectant and nursing mothers for 300 days in a year. **Table-3.13.1** indicates the status of identification of beneficiaries and the extent of physical and financial coverage under the programme during 2009-12:

Table-3.13.1
Status of identification of beneficiaries and the extent of physical and financial coverage during 2009-12

(Number in lakh and ₹ in crore)

Year	Number of beneficiaries identified for daily coverage		Funds required for identified beneficiaries			Total funds available	Excess (+)/ Less (-) funds received	Expen-diture incurred	Shortfall in expenditure
	C	M	C	M	T				
2009-10	5.21	1.03	62.52	15.45	77.97	64.56	(-) 13.41	46.29	18.27
2010-11	5.32	1.05	63.84	15.75	79.59	71.11	(-) 8.48	42.60	28.51
2011-12	5.34	1.06	64.08	15.90	79.98	89.10	(+) 9.12	49.60	39.50
Total	**15.87**	**3.14**	**190.44**	**47.10**	**237.54**	**224.77**	**(-) 12.77**	**138.49**	**86.28**

Source: Departmental figures.
Note: C: Children; M: Mothers and T: Total.

Audit noticed that against the requirement of ₹ 237.54 crore for providing Supplementary Nutrition to 19.01 lakh identified beneficiaries during 2009-12 the Department made provision of ₹ 224.77 crore resulting in short provisioning of funds of ₹ 12.77 crore. The Department, however, failed to utilise even the available funds of ₹ 224.77 crore.

The Director stated (June 2013) that the budget provision and expenditure thereagainst is based on the actual requirement and actual enrolment of the beneficiaries in the AWCs. The reply does not explain why the Department did not utilise the available funds for the identified beneficiaries.

3.13.3.4 Non-adherence of norms of Supplementary Nutrition Programme

As per the State Government instructions (March 2009), supplementary nutrition to children (in the age group of six months to six years) and expectant and nursing mothers was to be provided at the rate of ₹ four and ₹ five per beneficiary per day respectively.

It was noticed that against the expenditure of ₹ 198.21 crore required (₹ 152.76 crore for 12.73 lakh children and ₹ 45.45 crore for 3.03 lakh expectant and nursing mothers) for providing supplementary nutrition in the State during 2009-12, the Department had spent ₹ 138.49 crore only and the average expenditure per day per beneficiary during the above period works out to ₹ 2.90 (approximately) which was much below the rates prescribed in the instructions *ibid.*

3.13.4 Non-formal pre-school education

Non-formal pre-school education (PSE) is a crucial component of the package of services envisaged under the ICDS scheme as it seeks to lay the foundation for proper physical, psychological, cognitive and social development of the child.

3.13.4.1 Coverage of identified children

The children of three to six years of age were to be imparted non-formal pre-school education through AWCs. Test-check of records in the Directorate showed that against 7.47 lakh children in the age group of three to six years identified in the State during 2009-12, 5.08 lakh children were actually covered and the remaining 2.39 lakh (32 *per cent*) were deprived of the intended benefits of PSE.

The Director stated (April 2013) that the children of five-six years of age were attending Government schools and three to five years of age were attending private schools in anganwadi areas. The reply is not convincing as no records in support of this contention were furnished to audit. Besides, the government should take measures to provide quality services and motivate people to send their wards to AWCs.

3.13.4.2 Procurement of Pre-School Education Kits

With a view to develop positive attitude of children towards education, the PSE in AWCs is provided through non-formal and play way methods of joyful learning. PSE kit was required to be provided at each AWC every year as per the norms fixed by the GOI.

Audit noticed that the Director, WCD procured 36,600 number of PSE Kits during 2009-11 (2009-10: 18,248 and 2010-11: 18,352) at a cost of ₹ 3.66 crore and shown as issued to the AWCs through DPOs/ CDPOs. The PSE kits had not been provided during 2011-12 due to non-finalisation of procurement process as of June 2013.

However, in the test-checked 467 AWCs, the PSE kits were provided to 382 AWCs during 2009-10 and 210 AWCs during 2010-11 resulting in less coverage of AWCs during 2009-12[64] and thus, replenishment of the required kits in the AWCs was not done regularly for proper delivery of service.

The Director stated (June 2013) that tenders for the purchase of 18,571 kits, valuing ₹ 1.57 crore were finalised in August 2012 and December 2012, however, the firm did not supply the PSE kits and further action was under process.

3.13.5 Health check-up and referral services

3.13.5.1 Coverage of identified beneficiaries for health check-up and referral services

Health check-up and referral services component of programme provided for ante-natal care of expectant mothers, post-natal care of nursing mothers, care of new born babies and care of all children under six years of age.

[64] 2009-10:85 AWCs; 2010-11:257 AWCs and 2011-12: 467 AWCs.

Audit noticed that against 19.01 lakh number of beneficiaries (expectant and nursing mothers: 3.14 lakh and children below six years: 15.87 lakh) identified, the Department had covered 13.07 lakh number of beneficiaries (expectant and nursing mothers: 2.45 lakh and children below six years: 10.62 lakh) under health check-up and referral services during 2009-12 resulting in shortfall of 5.94 lakh number of beneficiaries (expectant and nursing mothers: 0.69 lakh and children below six years: 5.25 lakh).

The Director, while admitting (June 2013) the facts, had not furnished the reasons for less coverage of beneficiaries under this component.

The audit findings were referred to the Government in June 2013. Reply had not been received (December 2013).

(Satish Loomba)
Principal Accountant General (Audit)
Himachal Pradesh

Shimla
The 16 FEB 2014

Countersigned

(Shashi Kant Sharma)
Comptroller and Auditor General of India

New Delhi
The 17 FEB 2014

Appendices

Appendix-1.1

(Refer paragraph 1.9; page 5)

Year-wise break up of outstanding Inspection Reports/ Paras upto March 2013 of selected Drawing and Disbursing Officers

(₹ in crore)

Period	Welfare Department			District Rural Development Agencies			Total		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Upto March 2003	46	75	69.94	36	76	11.75	82	151	81.69
2003-04	08	10	0.30	07	28	43.74	15	38	44.04
2004-05	10	12	0.47	09	50	34.86	19	62	35.33
2005-06	02	02	19.12	04	12	6.81	06	14	25.93
2006-07	04	05	0.57	06	41	20.08	10	46	20.65
2007-08	15	34	2.16	11	53	46.47	26	87	48.63
2008-09	03	10	27.98	07	43	27.69	10	53	55.67
2009-10	04	07	0.25	12	129	110.19	16	136	110.44
2010-11	11	23	37.17	12	102	221.23	23	125	258.40
2011-12	11	36	74.47	09	109	170.84	20	145	245.31
2012-13	26	138	100.69	01	13	13.18	27	151	113.87
Total	**140**	**352**	**333.12**	**114**	**656**	**706.84**	**254**	**1008**	**1039.96**

Appendix-1.2

(Refer paragraph 1.9; page 5)

Statement showing irregularities commented upon in the outstanding Inspection Reports and Paragraphs as on 31 March 2013

(Amount ₹ in crore)

Sr. No.	Type of irregularities	Welfare Department		District Rural Development Agencies		Total	
		Para	Amount	Para	Amount	Para	Amount
1.	Drawal of funds in advance of requirement	19	37.74	02	0.93	21	38.67
2.	Non-adjustment of contingent advances	09	131.68	18	32.43	27	164.11
3.	Excess/ irregular expenditure for want of sanctions	01	0.18	130	50.88	131	51.06
4.	Wasteful/ infructuous/ unfruitful expenditure	19	42.24	79	123.08	98	165.32
5.	Diversion of funds	--	--	21	11.19	21	11.19
6.	Overpayment, non-recovery of rent, advances/ miscellaneous recoveries	06	0.16	38	2.04	44	2.20
7.	Non-production of actual payees' receipts	02	--	01	0.01	03	0.01
8.	Outstanding loans	03	0.03	05	0.15	08	0.18
9.	Idle machinery/ equipment including vehicles	0	--	04	0.03	04	0.03
10.	Non-accounting/ shortage of stores/ cash, etc.	09	0.02	05	0.07	14	0.09
11.	Non-recoupment of expenditure	--	--	02	2.91	02	2.91
12.	Misappropriation of stores/ cash/ funds	--	--	01	0.06	01	0.06
13.	Incomplete/ abandoned works	--	--	32	66.59	32	66.59
14.	Loss/ theft embezzlement/ defalcation, etc.	04	0.20	18	5.03	22	5.23
15.	Non-production of UCs	05	27.70	05	48.16	10	75.86
16.	Non-disposal of unserviceable articles of stores	09	0.20	--	--	09	0.20
17.	Non-reconciliation with treasuries/ banks	05	1.01	06	5.81	11	6.82
18.	Non-utilisation of Grants-in-aid	01	0.47	23	26.63	24	27.10
19.	Non-deposit of interest in treasuries	11	4.54	05	1.21	16	5.75
20.	Miscellaneous irregularities	249	86.95	261	329.63	510	416.58
Total		**352**	**333.12**	**656**	**706.84**	**1008**	**1039.96**

Appendix–1.3

(Refer paragraph 1.11; page 6)

Statement showing Status of Accounts of the autonomous bodies

Sr. No.	Name of the body	Period of entrustment	Year upto which Accounts were rendered	Delay in Submission of Accounts (in months)	Period upto which Separate Audit Report is issued	Placement of SAR in the Legislature	Delay in submission of SARs (in months)
1.	HP State Veterinary Council, Shimla	2005-06 onwards	2011-12	Two months	2011-12	Yet to be placed	Nine months
2.	HP State Legal Service Authority, Shimla	Audit is being conducted in accordance with the Section 18 (2) of the Legal Services Authorities Act, 1987.	2011-12	1½ months	2011-12	-do-	-do-
3.	District Legal Service Authority, Shimla		2011-12	1½ months	2011-12	-do-	-do-
4.	District Legal Service Authority, Rampur		2011-12	1½ months	2011-12	-do-	-do-
5.	District Legal Service Authority, Solan		2011-12	1½ months	2011-12	-do-	-do-
6.	District Legal Service Authority, Nahan		2011-12	One month	2011-12	-do-	-do-
7.	District Legal Service Authority, Una		2011-12	One month	2011-12	-do-	-do-
8.	District Legal Service Authority, Hamirpur		2011-12	1½ months	2011-12	-do-	-do-
9.	District Legal Service Authority, Kangra at Dharamshala		2012-13	1½ months	2011-12	-do-	-do-
10.	District Legal Service Authority, Chamba		2012-13	One month	2011-12	-do-	-do-
11.	District Legal Service Authority, Mandi		2012-13	1½ months	2011-12	-do-	-do-
12.	District Legal Service Authority, Bilaspur		2012-13	1½ months	2011-12	-do-	-do-
13.	District Legal Service Authority, Kullu		2011-12	Two months	2011-12	-do-	-do-
14.	HP Building & Construction Worker Welfare Board, Shimla	2011-12 onwards	2011-12	Nine Months	Yet to be issued*	--	--

* Accounts were rendered after a delay of nine months.

Appendix-2.1

(Refer paragraph 2.1.9.1 (ii); page 17)

Statement showing details of non-execution of Compensatory Afforestation

(Area in hectare and ₹ in crore)

Sr. No.	Name of the Forest Division	Number of Cases	Period		Area of Forest Land diverted	CA required to be done	CA actually done
			From	To			
1.	DFO Reckong Peo	30	August 2003	October 2011	549.50	1099	
2.	DFO Rampur	13	March 2006	March 2012	141.35	282.70	50.00
3.	DFO Sarahan	04	December 2006	August 2010	20.42	40.84	
4.	DFO Karsog	04	April 2009	January 2010	06.23	12.46	
5.	DFO Jogindernagar	23	December 2003	March 2012	49.46	98.92	
6.	DFO Chamba	18	September 2005	June 2011	164.55	329.10	29.25
7.	DFO Sundernagar	24	June 2006	December 2011	45.99	91.98	
8.	DFO Nachan	21	May 2007	February 2012	77.01	154.02	
9.	DFO Kullu	25	May 2008	November 2011	115.64	231.28	
10.	DFO Bharmaur	03	July 2009	March 2010	27.14	54.28	
11.	DFO Churah	05	January 2007	December 2008	37.00	74.00	
12.	DFO Dharamshala	10	March 2007	August 2008	11.21	22.42	
13.	DFO Dalhousie	05	June 2007	November 2008	16.68	33.36	
14.	DFO Mandi	03	January 2008	May 2009	162.31	324.62	
	Total	**188**			**1424.49**	**2848.98**	**79.25**

Source: Information supplied by the State CAMPA.

Appendix-2.2

(Refer paragraph 2.2.10.1 (i); page 33)

Statement showing institution-wise details of non-functional machinery and equipment

Sr. No.	Department	Machinery and Equipment	Quantity	Date of Purchase	Value (₹ in lakh)
Dr. RPGMC, Kangra at Tanda					
1.	Skin & VD	Pedestal OT light	1	January 2008	1.15
2.	Chest & TB	S Pirometry machine III	1	03 February 2010	3.38
3.	-do-	ABG Analyzer	1	16 October 2007	5.87
4.	Medicine	Oxygen concentrators	6	25 October 2007	8.46
5.	-do-	ICU Ventilators	2	20 November 2007	15.44
6.	Anesthesiology	Critical care monitor (Data Scope)	2	09 July 2004	8.80
7.	-do-	Mechanical Ventilator	2	28 January 2003	17.50
8.	-do-	Portable Pulse O2 & saturation monitor (Criti care)	3	25 February 2003	1.61
9.	-do-	Vital sign monitor	4	14 October 2003 and 28 February 2004	24.36
10.	-do-	Defibrillator	1	18 October 2003	3.79
11.	-do-	ETO sterilizer	1	03 January 2008	34.66
12.	-do-	Autoclave table top	4	26 November 2008	7.92
13.	-do-	C-ARM X-Ray intensifier	1	11 December 1999	8.50
14.	-do-	ICU Ventilator (Versamed)	4	22 November 2007	29.68
15.	Gynaecology and Obstetrics (OBG)	Multipart Monitor with ECTO 2	2	12 December 2007	7.19
16.	-do-	Electro Surgical Cautery,Valley Lab.	1	-do-	5.62
17.	-do-	ECG Multichannel machine	1	-do-	1.03
18.	-do-	Pedestal Light	4	-do-	4.59
19.	-do-	Fetal Monitor CTG	4	04 April 2008	4.68
20.	-do-	Autoclave for MOT	2	23 July 2009	4.12
21.	-do-	Cryo Cautry Unit for Gynae	1	One November 2011	6.93
22.	-do-	Electric Delivery Bed	2	25 February 2012	3.23
23.	Pathology/ Blood Bank	Automatic Blood & Plasma Thawing Equipment	1	03 September 2007	5.30
24.	-do-	Online UPS	1	09 March 2009	0.48
25.	-do-	Cytospin	1	27 March 2008	6.13
26.	-do-	Binocular Microscope	3	22 May 2008	1.59
Total (i)					**222.01**
IGMC, Shimla					
1.	Radio Therapy	Skeleton MDR	1	1993	60.00
2.	Physiotherapy	Parallel Bars	1	13 June 1998	1.45
		Ultrasonic therapy Unit	1	31 March 1999	2.11
		Computerised traction	1	06 August 1992	2.45
3.	Pulmonary medicine	Master screen diffusion system (PFT with helium test)	1	18 March 1997	10.12
4.	Radio diagnosis	Mammography system with stereotactic 3D Biopsy	1	14 August 2001	29.75
		Color Doppler core vision	1	08 April 2003	19.70
5.	Cardiology	Holter recorder and analyzer	1	07 August 2006	4.61
Total (ii)					**130.19**
Grand Total (i + ii)					**352.20 or say ₹ 3.52 crore**

Source: Information supplied by the Department.

Appendix-2.3

(Refer paragraph 2.2.10.1 (ii); page 33)

Statement showing details of machinery and equipment not available in the test-checked institutions as per Medical Council of India norms

(₹ in lakh)

Sr. No.	Department	Equipment short as per Medical Council of India norms	Numbers	Estimated cost
1.	Ophthalmology	Operating Microscope with X-Y coupling, focus controllable by the foot switch	01	60.00
2.	-do-	Vasectomy machine with advance xenon illuminator	01	56.00
3.	-do-	532mm laser machine	01	35.00
4.	-do-	Expansible gases with C3 and SF6	02 cylinders	4.00
5.	-do-	Cryo unit with probes	01	5.50
6.	-do-	High power refractory lens during I/o surgery contact lenses	01 pair each	6.00
7.	-do-	HD/ FD/ Spectral OCT	01	45.00
8.	-do-	Indirect Ophthalmoscope	01	5.00
9.	-do-	Ultrasound B scan for screening points of opaque ocular media cases	01	15.00
10.	-do-	Plasma steriliser for sterilising reusable cutters and fibre cables	01	40.00
11.	-do-	Ret cam in OPD for ROP clinic	01	37.00
12.	-do-	ERG and EOG machine	01	10.00
13.	Anesthesiology	Anesthesia work station	04	45.00
14.	-do-	Ultrasonic nerve and blood vessels locating system	02	45.00
15.	-do-	Incubating fibreoptic bronscopes	01	25.00
16.	-do-	Multifunction patient monitors	04	25.00
17.	-do-	Portable ozone generator	01	8.00
18.	-do-	Syringe infusion pumps for use in operation theaters	12	5.00
19.	-do-	Ceilings lights for operation theaters	04	50.00
20.	-do-	Cardiac output monitor in ICU	01	6.00
21.	-do-	Portable anesthesia machines	02	5.00
22.	-do-	Nerve simulator cum NMJ monitor	02	1.00
23.	-do-	Multioutput radiofrequency generator for pain clinic	01	25.00
24.	-do-	Percutaneous neuromodulatity on pain therapy system	01	2.00
25.	-do-	Patient control analgesia pumps	06	12.00
26.	-do-	Radiation protection accessories complete set	06	3.00
27.	-do-	Video laryngoscope	03	22.50
28.	Paediatrics	Ventilator	03	18.00
29.	-do-	HFOV	01	15.00
30.	-do-	Vital Sign Monitor	06	4.00
31.	-do-	ICU beds adults	04	1.50
32.	-do-	ICU bed Paediatric	04	15.00
33.	-do-	LED phototherapy	04	1.00
34.	-do-	Radiant warmer	02	1.00

Sr. No.	Department	Equipment short as per Medical Council of India norms	Numbers	Estimated cost
35.	-do-	Syringe infusion pumps	24	0.35
36.	-do-	Pulse oximeter with neonatal cuff and skin probe	01	0.75
37.	-do-	Weighing scale	02	0.01
38.	-do-	Stadiometer	02	0.25
39.	-do-	Weighing scale electronic	01	0.10
40.	Bio-Chemistry	Water bath boiling	04	0.30
41.	-do-	Constant temperature water bath	03	0.30
42.	-do-	Incubator	02	0.30
43.	-do-	Semi Auto Analyser	06	2.50
44.	-do-	Chromatography apparatus	02	1.00
45.	-do-	Glass disc pla	02	0.50
46.	-do-	Centrifuge Machine	05	0.75
47.	-do-	Microscope	04	1.00
48.	-do-	Bottle Dispenser	15	0.25
49.	-do-	Electrophoresis	06	1.00
50.	-do-	Spectrophotometer	01	5.00
51.	-do-	Ph meter	03	0.20
52.	-do-	Coagulometer	01	3.00
53.	-do-	Deep freezer	01	6.00
54.	-do-	Autoclave	01	1.00
55.	-do-	Electrolytic Chemistry Analyser	01	8.00
56.	-do-	Fully Auto Analyser	01	30.00
57.	-do-	Fully Automatic Immuno-analyser	01	40.00
58.	Physiotherapy	Ramps and stairs	01	6.00
59.	-do-	Weight suspension	01	2.00
60.	-do-	Isokinetic system	01	10.00
61.	-do-	Laser scanner	01	10.00
62.	-do-	Hip, knee, ankle and upper limb CPM	01	1.00
63.	-do-	Hydrotherapy pool and equipment	01	10.00
64.	-do-	Biofeedback	01	3.00
65.	-do-	Microwave cum traction	01	12.00
Total			**184**	**810.06 or say ₹ 8.10 crore**

Source: Information supplied by the Department.

Appendix-2.4

(Refer paragraph 2.3.10.1 (ii); page 51)

Statement showing component-wise details of amount accrued, projects proposed, sanctioned, completed, expenditure incurred and the amount released by the GOI under Central Road Fund during 2000-13

(₹ in crore)

Year	Accruals	Projects proposed		Projects sanctioned		Projects completed/ closed	Expenditure incurred	Funds released by GOI
		Number	Amount	Number	Amount			
Other State Roads								
2000-08	103.68	-	-	39	102.43	39*	70.41	76.17
2008-09	19.34	15	81.20	7	52.00	3	10.01	4.36
2009-10	28.59	12	124.83	4	73.31	1	20.87	12.06
2010-11	25.83	21	217.86	5	45.43	-	24.43	17.44
2011-12	31.22	12	163.35	-	-	-	28.73	26.04
2012-13	32.19	17	251.15	-	-	-	31.31	23.07
Total	**240.85**	**77**	**838.39**	**55**	**273.17**	**43**	**185.76**	**159.14**
Roads of Inter State Connectivity								
2000-08	1.89	-	-	3	14.96	3	11.80	1.89
2008-09	9.91	-	-	-	-	-	2.81	9.91
2009-10	4.35	6	68.79	1	2.73	-	-	-
2010-11	3.98	4	37.08	-	-	-	-	-
2011-12	-	6	68.06	-	-	1	2.83	-
2012-13	-	11	201.03	-	-	-	0.06	-
Total	**20.13**	**27**	**374.96**	**4**	**17.69**	**4**	**17.50**	**11.80**
Roads of Economic Importance								
2000-08	-	-	-	-	-	-	-	-
2008-09	0.20	-	-	-	-	-	-	-
2009-10	4.02	-	-	-	-	-	-	-
2010-11	2.30	2	102.70	-	-	-	-	-
2011-12	-	2	102.70	-	-	-	-	-
2012-13	-	2	107.83	-	-	-	-	-
Total	**6.52**	**6**	**313.23**	**-**	**-**	**-**	**-**	**-**
Grand Total	**267.50**	**110**	**1526.58**	**59**	**290.86**	**47**	**203.26**	**170.94**

Source: Figures supplied by the Department.

*Note: The figure includes six projects closed due to their execution under State road projects (five) and NABARD (one).

Appendix-3.1

(Refer paragraph 3.1.2.1; page 64)

Different courses conducted in respect of French, German and Russian Languages by the Department of Foreign Languages during 2010-13

(Number of Seats)

Description of Language	Name of course	Intake capacity	Enrolment			Vacant Seats		
			2010-11	2011-12	2012-13	2010-11	2011-12	2012-13
French	(i) Certificate	60	59	56	57	1 (2)	4 (7)	3 (5)
	(ii) Diploma	60	5	2	3	55 (92)	58 (97)	57 (95)
	(iii) Advance Diploma	60	2	4	0	58 (97)	56 (93)	60 (100)
German	(i) Certificate	60	49	46	47	11 (18)	14 (23)	13 (22)
	(ii) Diploma	60	4	2	9	56 (93)	58 (97)	51 (85)
	(iii) Advance Diploma	60	4	2	9	56 (93)	58 (97)	51 (85)
Russian	(i) Certificate	60	46	45	42	14 (23)	15 (25)	18 (30)
	(ii) Diploma	60	0	1	3	60 (100)	59 (98)	57 (95)
	(iii) Advance Diploma	60	0	1	0	60 (100)	59 (98)	60 (100)

Source: Department of Foreign Languages of the University.
Note: Figures in parenthesis indicate percentage.

Appendix-3.2

(Refer paragraph 3.4.1.6; page 76)

Statement showing the details of time and cost overrun in respect of Lift Irrigation Schemes

Sr. No.	CCA to be created (In hectares)	Month/ Year of approval of estimate	Appr-oved cost (₹ in lakh)	Month/ Year of commen-cement of work	Stipu-lated period of comple-tion as per estimate (In years)	Delay as of March 2013 (In months)	Actual expend-iture incurred up to March 2013 (₹ in lakh)	Excess over sanc-tioned cost (₹ in lakh)	Reasons for cost and time overrun intimated by the divisions
Lift Irrigation Scheme Dogru Khad to Kufta Dhar, Jubbal Division									
1.	782.82	July 2008	631.12	June 2008	two years i.e. June 2010	33	396.19	---	The work abnormally delayed by the contractor which now assigned to another contractor for early completion.
Total	**782.82**		**631.12**				**396.19**	**---**	
Lift Irrigation Scheme Anti Khad to Barthata, Jubbal Division									
2.	575.00	July 2008	419.71	August 2008	two years i.e. June 2010	33	434.25	14.54	Due to limited working period i.e. snow bound area, rainy season and apple season, etc.
Lift Irrigation Scheme Bhatgran Tuni Seri, etc., Kullu-II Division									
3.	127.78	March 2008	189.83	March 2008	three years i.e. February 2011	25	297.33	107.50	The scheme delayed because of the contractor executing the work of main and field channel was expired on June 2012 and it took extra time to complete the codal formalities for retendering the same.
Lift Irrigation Scheme Hansu to Sojha, Jori, etc., Mandi Division									
4.	94.29	May 2007	111.61	July 2008	two years i.e. April 2009	47	170.04	58.43	Due to delay in forest clearance.
Lift Irrigation Scheme Nera Balera, Nurpur Division									
5.	86.44	March 2008	96.71	July 2008	two years i.e. February 2010	37	112.60	15.89	Due to land dispute at site, the work of the scheme was not completed in time.
Lift Irrigation Scheme Suliali, Nurpur Division									
6.	66.00	February 2006	64.92	May 2007	two years i.e. January 2008	62	82.26	17.34	Due to land dispute at site, the work of the scheme was not completed in time.
Lift Irrigation Scheme Baragaon, Padhar Division									
7.	38.23	June 2009	38.95	August 2009	two years i.e., May 2011	22	50.07	11.12	The working period is very less between sowing and harvesting of standing crops. As the alignment of rising main is going through the fields. The cost has been increased due to booking of material.
Lift Irrigation Scheme Malahoo Dugni, Palampur Division									
8.	57.27	August 2007 February 2009	74.73	March 2008	three years i.e. July 2011	20	135.93	61.20	No reasons were furnished for delay and time and cost overrun.
Total	**1045.01**		**996.46**				**1282.48**	**286.02**	
Grand Total	**1827.83**		**1627.58**				**1678.67**		

Source: Information supplied by the Department.

Glossary of Abbreviations

Glossary of abbreviations

Abbreviation	Expanded form
A&PB	Academic and Planning Board
A/A	Administrative Approval
AC	Academic Council
AIBP	Accelerated Irrigation Benefit Programme
AIP	Annual Implementation Plan
APOs	Annual Plan of Operations
ATCs	Anganwadi Training Centres
ATRs	Action Taken Reports
AWCs	Anganwadi Centres
AWWs	Anganwadi Workers
BATHM	Bachelors in Airlines, Tourism and Hospitality Management
BEs	Budget Estimates
BG	Bank Guarantee
BIPs	Block Implementation Plans
BLS	Base Line Survey
BMCAJ	Bachelors in Mass Communication, Advertisement and Journalism
BMEFT	Bachelors in Media Entertainment and Film Technology
BOM	Board of Management
BOT	Build Operate and Transfer
BRGF	Backward Region Grant Fund
BT	Book Transfer
CA	Compensatory Afforestation
CAG	Comptroller and Auditor General of India
CAMPA	Compensatory Afforestation Fund Management and Planning Authority
CAT	Catchment Area Treatment
CCA	Cultivable Command Area
CD	Cross Drainage
CDPOs	Child Development Project Officers
CEs	Chief Engineers
CPF	Contributory Provident Fund
CPWD	Central Public Works Department
CRF	Central Road Fund
CRRI	Central Road Research Institute
CSS	Centrally Sponsored Scheme
CTVS	Cardio Thoracic Vascular Surgery
DC	Deputy Commissioner
DCC	Directorate of Correspondence Courses
DCI	Dental Council of India
DDP	Desert Development Programme
DEE	Director, Elementary Education
DFOs	Divisional Forest Officers
DIP	District Implementation Plan

Abbreviation	Expanded form
DMER	Directorate of Medical Education and Research
DPOs	District Programme Officers
DPOs	District Panchayat Officers
DPP	Direct Payment Procedure
Dr. RPGMC	Dr. Rajendra Prasad Government Medical College
DRDA	District Rural Development Agency
E/S	Expenditure Sanction
EC	Executive Council
EE	Executive Engineer
EI	Economic Importance
E-in-C	Engineer-in-Chief
ESCI	Engineering Staff College of India
ETF	Eco Task Force
FC	Finance Committee
FCA	Forest Conservation Act, 1980
FD	Forest Department
FDR	Flood Damage Repairs
FIS	Flow Irrigation Scheme
FSI	Forest Survey of India
GDC	Government Dental College
GDC	Government Degree College
GMCs	Government Medical Colleges
GNM	General Nursing and Midwifery
GOI	Government of India
GPS	Global Positioning System
GPs	Gram Panchayats
GRC	Grievance Redressal Cell
HEPs	Hydro Electric Projects
HIPA	Himachal Pradesh Institute of Public Administration, Shimla
HPBSMDA	Himachal Pradesh Bus Stands Management and Development Authority
HPBSMDA Act	Himachal Pradesh Bus Stands Management and Development Authority Act, 1999
HPCL	Hindustan Petroleum Corporation Limited
HPPWD	Himachal Pradesh Public Works Department
HPSEBL	Himachal Pradesh State Electricity Board Limited
IA	Implementing Agency
IAHE	Indian Academy of Highway Engineers
ICDEOL	International Centre for Distance Education and Open Learning
ICDS	Integrated Child Development Services
IEC	Information, Education and Communication
IGMC	Indira Gandhi Medical College
INC	Indian Nursing Council
IOC	Indian Oil Corporation
IR	Inspection Report
IRDP	Integrated Rural Development Programme

Abbreviation	Expanded form
ISBT	Inter State Bus Terminal
ISC	Inter-State Connectivity
ITDP	Integrated Tribal Development Project
KVA	Kilo Volt Ampere
KVS	Krishi Vikas Sangh
KW	Kilo Watt
LFA	Local Fund Account
LISs	Lift Irrigation Schemes
LOC	Letters of Credit
MATHM	Masters in Airlines, Tourism and Hospitality Management
MC	Municipal Corporation
MCI	Medical Council of India
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MLAs	Members of Legislative Assembly
MLD	Million litres per day
MMAGY	Mukhya Mantri Adarsh Gram Yojana
MMC	Master of Mass Communication
MoEFs	Ministry of Environment and Forests
MoH&FW	Ministry of Health and Family Welfare
MORD	Ministry of Rural Development
MORTH	Ministry of Road Transport and Highways
MPLAD	Member of Parliament Local Area Development
MPWA	Miscellaneous Public Works Advances
MR	Motorable Roads
MSP	Monkey Sterilisation Programme
MT	Metalling and Tarring
NABARD	National Bank for Agriculture and Rural Development
NCAC	National CAMPA Advisory Council
NOC	No Objection Certificate
NPV	Net Present Value
NRRDA	National Rural Roads Development Agency
OBC	Other Backward Classes
OBG	Obstetrics and Gynaecology
OR	Ordinary Repairs
PAC	Public Accounts Committee
PAG	Principal Accountant General
PC	Production Centre
PCCFs	Principal Chief Conservator of Forests
PFRDA	Pension Fund Regulatory and Development Authority
PFs	Protected Forests
PG	Post Graduate
PMGSY	Pradhan Mantri Gram Sadak Yojana
PO	Project Officer

Abbreviation	Expanded form
PP	Perspective Plan
PPP	Public Private Partnership
PR	Periodical Renewal
PRD	Panchayati Raj Department
PRIs	Panchayati Raj Institutions
PSE	Pre-School Education
QPR	Quarterly Performance Report
RFCs	Road Fitness Committees
RFs	Reserved Forests
RIDF	Rural Infrastructure Development Fund
RKSs	Rogi Kalyan Samitis
RMs	Regional Managers
RSM	Rural Sanitary Mart
SCs	Scheduled Castes
SCSP	Scheduled Caste Sub Plan
SDP	Sectoral Decentralised Planning
SE	Superintending Engineer
SFRs	State Financial Rules
SGSY	Swaranjayanti Gram Swarojgar Yojana
SLWM	Solid And Liquid Waste Management
SN	Supplementary Nutrition
SNP	Supplementary Nutrition Programme
SQM	State Quality Monitor
SRs	Special Repairs
SRRDA	State Rural Roads Development Agency
SRSWOR	Simple Random Sampling without Replacement
STA	State Technical Agency
STs	Scheduled Tribes
SWSM	State Water and Sanitation Mission
TCP	Town and Country Planning
TD	Tender Documents
TSC	Total Sanitation Campaign
UCs	Utilisation Certificates
UHF	Dr. Yashwant Singh Parmar University of Horticulture and Forestry
VC	Vice Chancellor
VC	Village Connectivity
VKVNY	Vidhayak Kshetra Vikas Nidhi Yojana
WCD	Women and Child Development
WTP	Water Treatment Plant