



REPORT
OF
THE COMPTROLLER
AND
AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 1996

NO. 3

(CIVIL)

GOVERNMENT OF HIMACHAL PRADESH



REPORT

OF

THE COMPTROLLER

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PREFATORY REMARKS

This Report for the year ended 31 March 1996 has been prepared for submission to the Governor under Article 151 of the Constitution. It relates mainly to matters arising from the Appropriation Accounts for the year 1995-96 together with other points arising from audit of financial transactions of the Government of Himachal Pradesh. It also includes certain points of interest arising from the Finance Accounts for the year 1995-96.

2. The Report containing observations of Audit on Statutory Corporations, Boards and Government Companies and the Report containing the observations of Audit on Revenue Receipts are presented separately.

3. Cases mentioned in this Report are among those which came to notice in the course of test audit of accounts during 1995-96 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 1995-96 have also been included, wherever considered necessary.

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 1995-96 and four other chapters, comprising 4 reviews and 53 paragraphs, based on the audit of certain selected programmes and activities and of the financial transactions of Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Accounts of the State Government

** While revenue receipts increased by 117 *per cent* during 1990-96, the growth of revenue expenditure was 111 *per cent* during the same period. The accounts for the year 1995-96 closed with a revenue deficit of Rs. 150.32 crores as against the revenue deficit of Rs. 307.92 crores during 1994-95.

(Paragraph 1.7)

** Revenue receipts of the State Government increased by 34 *per cent* from Rs. 1306.36 crores in 1994-95 to Rs. 1754.03 crores in 1995-96. This was mainly due to increase in grants-in-aid by 77 *per cent* during 1995-96 (Rs. 894.88 crores) as compared to 1994-95 (Rs. 505.34 crores). During 1990-96, receipts from tax revenue increased progressively from Rs. 160.90 crores to Rs. 341.52 crores. The growth of tax revenue during 1995-96 was 14 *per cent* with reference to 1994-95 (Rs. 299.45 crores). Non-tax revenue decreased by 12 *per cent* during 1995-96 in relation to 1994-95 (Rs. 132.74 crores).

** The State could raise only 26.16 *per cent* (tax revenue: 19.47 *per cent* and non-tax revenue: 6.69 *per cent*) of the total revenue receipts during 1995-96 and remained heavily dependent on grants-in-aid from the Central Government and its share of Union taxes and duties which constituted 51.02 *per cent* and 22.82 *per cent* respectively of the total income. The State's share of Union taxes and duties progressively increased by 113 *per cent* from Rs. 187.95 crores in 1990-91 to Rs. 400.28 crores in 1995-96. Grants-in-aid from the Central Government increased by

125 *per cent* during this period from Rs. 398.46 crores to Rs. 894.88 crores.

(Paragraph 1.2 to 1.5)

** The State Legislature had not passed any law prescribing a limit on borrowing by the State Government. The internal debt of the State went up by 549 *per cent* from Rs. 135.56 crores at the end of 1990-91 to Rs. 879.81 crores at the end of 1995-96. Inclusive of the increase of Rs. 597.53 crores (72 *per cent*) in Loans and Advances from the Central Government, and of Rs. 540.68 crores (163 *per cent*) in other liabilities, the total of such liabilities of the State Government (Rs. 3176.95 crores) had increased by 145 *per cent* in relation to the liabilities at the end of 1990-91 (Rs. 1294.49 crores).

(Paragraph 1.9.1)

** The debt burden had resulted in increase in the interest liability of the State Government, which burgeoned by 158 *per cent* from Rs. 110.45 crores in 1990-91 to Rs. 285.25 crores in 1995-96. The outflow of funds on this account progressively increased from 12 *per cent* of the revenue expenditure in 1990-91 to 15 *per cent* of the same in 1995-96. During 1995-96, the repayment of Central Government loans and advances and payment of interest thereon, exceeded the loans and advances received during 1995-96 by Rs. 13.51 crores, thereby causing a net negative inflow

(Paragraphs 1.9.2 and 1.9.3)

** To tide over the stringent financial position as well as to meet urgent needs, the State Government raised two loans aggregating Rs. 308.46 crores through the Himachal Pradesh State Electricity Board during 1994-95 (Rs. 219.05 crores) and 1995-96 (Rs. 89.41 crores). An amount of Rs. 34.93 crores was paid as interest on these loans to the Himachal Pradesh State Electricity Board by the State Government. Besides, Rs. 9.48 crores were paid as interest on rediscounting of treasury bills during 1995-96.

(Paragraph 1.9.4)

** Rupees 16.87 crores and Rs. 546.25 crores were outstanding as ways and means advances and overdrafts respectively at the end of the year.

(Paragraph 1.10)

** The Government's investments in various Statutory Corporations, Government Companies, Joint Stock Companies and Co-operatives increased from Rs. 177.51 crores at the end of 1990-91 to Rs. 644.89 crores at the end of 1995-96. However, only a meagre amount of Rs. 0.11 crore was received as dividend during 1995-96. The return on investments was substantially lower than the interest payable by Government on its borrowings.

(Paragraph 1.12)

** Guarantees given by the State Government for repayment of loans raised by various public enterprises, local bodies, etc., increased from Rs. 674.88 crores as on 31st March 1991 to Rs. 1464.17 crores as on 31st March 1996. Outstandings increased by 96 per cent from Rs. 403.30 crores to Rs. 789.58 crores over the same period.

(Paragraph 1.13)

2. Appropriation Audit and control over expenditure

** During 1995-96, there were savings in 54 cases aggregating Rs. 118.72 crores. Expenditure of the State Government, however, exceeded the budget provisions in 18 cases by Rs. 485.07 crores. The excess expenditure required regularisation under Article 205 of the Constitution of India.

(Paragraphs 2.2.1 and 2.2.4)

** Supplementary provision of Rs. 249.90 crores obtained during the year 1995-96 constituted 10 per cent of the original budget provision of Rs. 2417.57 crores. Supplementary provisions totalling Rs. 8.11 crores obtained in nine cases during the year proved unnecessary as the expenditure in these cases was less than even the original budget provision.

** Savings of Rs. 50 lakhs and more in each case aggregating Rs. 115.97 crores occurred in 25 cases involving 22 grants and one appropriation.

(Paragraph 2.2.1)

** Persistent savings/excesses, ranging from 5 to as high as 557 per cent, occurred in 10 cases involving eight grants and one appropriation during the three-year period from 1993-94 to 1995-96.

(Paragraph 2.2.2)

** Savings aggregating Rs. 7.90 crores in 16 grants and 8 appropriations remained unsurrendered by the concerned departments. On the other hand, as against the savings of Rs. 83.19 crores only available for surrender in 22 cases, an amount of Rs. 110.89 crores was actually surrendered. In six grants and one appropriation, Rs. 9.87 crores were surrendered although the expenditure exceeded the grant and no savings were available. These instances were indicative of inadequate budgetary control.

(Paragraph 2.2.3)

** Of Rs. 74.01 crores drawn between March 1993 and March 1996 by 10 departments in advance of actual requirement, Rs. 73.61 crores were lying unutilised either with the executing agencies or as deposits in banks, etc., at the end of March 1996.

(Paragraph 2.4)

3. Primary Education in Himachal Pradesh

To achieve the goal of free and compulsory education for children and to promote national progress, a sense of common citizenship and culture and national integration, the State Government fixed the target of universalisation of primary education by 1995. Expenditure of Rs. 938.86 crores was incurred on the programme during 1990-96.

A review of the programme conducted in 33 blocks in five districts revealed, *inter alia*, the following:

** The percentage of literacy in Chamba, Kullu, Lahaul and Spiti and Sirmour districts was below the all India average.

** Survey to ascertain the actual number of eligible children/non-school going children in the State had not been conducted as required under the scheme.

** Against a target of opening 700 primary schools during 1995-96, not even a single school was opened till March 1996.

** Four schools in Chamba, Kullu and Solan districts were being run in the open for want of school buildings.

** Of the amount of Rs. 758.52 lakhs received by Block Development Officers for construction of 1,671 class rooms in 1,523 schools during 1990-95, a sum of Rs. 72.03 lakhs was lying unspent in bank accounts as of March 1995.

** The percentage shortfall in the provision of essential facilities like separate toilets for boys and girls, storage space, space for games and sports,

lighting and safe drinking water ranged between 60 and 97 in the primary schools.

- ** Shortage of qualified teachers as against the norms, ranged between 33 *per cent* and 46 *per cent*.

(Paragraph 3.1)

4. National AIDS Control Programme

Acquired Immuno Deficiency Syndrome (AIDS) is a fatal disease caused by a virus called the Human Immuno Deficiency Virus (HIV). The programme aimed at containing the spread of the HIV/AIDS virus. It was implemented in the State from September 1992 under *cent per cent* assistance from Government of India.

The important points noticed in the course of an audit review of the implementation of the programme are summarised below:

- ** No Statewide survey had been conducted as of April 1996, to ascertain the spread of HIV infection, base line data of HIV prevalence, areas of risky sexual behaviour and case detection and sexual designing, as envisaged in the programme.
- ** The funds made available by the Central Government for the implementation of the programme were not fully utilised during 1992-93 to 1995-96. The percentage shortfall in expenditure with reference to grants received during 1992-96 ranged between 40 and 56.
- ** The Director, Health Services was not aware of the sanction for creation of various categories of posts for the State AIDS Cell sanctioned by the State Government in September 1994. Consequently, the posts had not been filled in as of August 1996, adversely affecting the implementation of the programme.
- ** Facilities for separation of blood components had not been provided in any of the blood banks in the State except for the Surveillance Centre, Indira Gandhi Medical College, Shimla, as the equipment required to be purchased by the National AIDS Control Organisation had not been supplied as of April 1996 and the matter of non-supply of the equipment had not been pursued.
- ** Non-governmental organisations had not been involved in the implementation, which was imperative under the programme.

(Paragraph 3.2)

5. Special Central Assistance to Special Component Plan for the Scheduled Castes

The scheme was introduced in the State in 1980. The Special Central Assistance was to be an additive to the Special Component Plan of the State so as to give an added thrust to the economic development programmes only for Scheduled Castes, with reference to their occupational pattern and the need for increasing the productivity of and income from limited resources by taking up family-oriented income generating schemes.

A review of the implementation of the scheme in four districts during 1991-96 revealed the following:

- ** The second and final instalment of Special Central Assistance was usually released in the month of February/March, which adversely affected the implementation of the scheme.
- ** Rupees 34.51 lakhs were diverted from the Special Central Assistance funds for the purchase of 15 ambulances during 1994-95, which was beyond the scope of the scheme. Out of these, five ambulances costing Rs. 11.20 lakhs were supplied to Primary Health Centres in tribal areas where the scheme was not in operation.
- ** Surveys to identify families for providing assistance under the scheme had not been conducted by the Tribal Development Department. However, as per a survey conducted (December 1992) by the Rural Development Department, 99,845 Scheduled Caste families were identified in the State which were living below the poverty line. Against this, the fixation of a target of 1,21,000 families for assistance and providing of the same to 1,60,788 families upto March 1996 was unrealistic.
- ** The State Government was not aware as to how many SC beneficiaries had crossed the poverty line, although the scheme was in operation in the State since 1980.

(Paragraph 3.6)

6. Medium Irrigation Projects

A review of the Medium Irrigation Projects revealed the following points:

- ** The irrigation potential created by three medium irrigation projects in the State was not fully utilised. The percentage utilisation ranged between 1 and 58 during the period 1991-95.

- ** Lack of any preventive measures against silting resulted in the capacity of the balancing reservoir constructed at the headworks of the Giri Irrigation Project getting reduced to about one fourth of the original capacity because of continuous silting. This affected the continuous flow of water in the canal during the summer season.
- ** Extension services were not provided to the beneficiaries of the Bhabour Sahib Irrigation Project Phase-I for a period of more than 10 years after completion of the project.
- ** An abnormal delay in the completion of the Balh Valley Irrigation Project and the Bhabour Sahib Irrigation Project Phase-II resulted in cost overrun of Rs. 1522.79 lakhs. The Balh Valley Irrigation Project was reported as having been completed in March 1994 despite the fact that 233 hectares of land had not been brought under irrigation.
- ** Expenditure of Rs. 45.36 lakhs had been incurred on establishment in the Balh Valley Irrigation Project over and above the prescribed norms.
- ** Expenditure of Rs. 75.35 lakhs incurred on three irrigation schemes under the Balh Valley Irrigation Project remained unfruitful, as irrigation could not be provided to the command area due to reasons such as non-carrying out of special repairs and non-commissioning of the schemes.
- ** The pumping machinery costing Rs. 53.01 lakhs, installed in the Bhabour Sahib Irrigation Project Phase-II, was not capable of functioning at the required lowest water level, thereby necessitating an estimated extra expenditure of Rs. 27.36 lakhs on the provision of booster pumps. An avoidable expenditure of Rs. 4.21 lakhs was incurred on substitution of the suction pipes and foot valves. Expenditure of Rs. 2.26 lakhs was rendered infructuous due to dismantling of the suction pipes and foot valves already provided.
- ** Benefit of Rs. 7.52 lakhs had been given to a contractor because of the adoption of an unusual clause for the payment of escalation charges.

(Paragraph 4.1)

7. Himachal Pradesh Passengers Insurance Scheme

- ** The scheme was introduced in the State in November 1977 to avoid hardships to passengers, who became victims of accidents while travelling. Rules for the administration of the passenger insurance scheme fund had not been framed by the Government though the scheme was in operation for over 18 years.

** Though only a sum of Rs. 3.43 crores was disbursed to the victims of accidents and their dependents from the date of start of the scheme to 1995-96 against the total receipt of Rs. 41.48 crores, no review of the scheme was undertaken by the Government for reducing the rates of surcharge to lessen the burden of taxation on passengers.

** The premature encashment of Rs. 29.30 crores invested (March 1992 - March 1993) in the one year time deposit scheme of post offices and irregular deposit of Rs. 15.30 crores (March 1990 - March 1991) in the current account of the Himachal Pradesh State Co-operative Bank had resulted in loss of interest aggregating Rs. 5.30 crores to the scheme fund.

(Paragraph 3.7)

8. Deficiencies in cash management

** Due to the non-observance of financial rules, a shortage of cash aggregating Rs. 2.84 lakhs was noticed in the office of the Deputy Director of Agriculture, Una during March 1995. The shortage had not been reported to Audit as required under the rules.

(Paragraph 3.8)

9. Non-functioning of fertiliser quality control laboratory.

** Although an expenditure of Rs. 14.55 lakhs had been incurred on the establishment of a fertiliser quality control laboratory by the Deputy Director of Agriculture, Hamirpur during 1993-94 to 1994-95, the laboratory had not been put to use as the requisite staff had not been sanctioned as of July 1996 resulting in idle investment.

(Paragraph 3.9)

10. Non-realisation of beneficiaries' share

** The beneficiaries' share of Rs. 8.37 lakhs for afforestation of 275 hectares *shamlat* and village common land during 1990-95 recoverable by the Assistant Project Officer, Nahan had not been recovered as of March 1996.

(Paragraph 3.12)

11. Non-accounting of cash

** While proceeding on leave in September 1994, the Tehsil Welfare Officer, Kotkhai neither rendered any account in respect of an amount of Rs. 12.75 lakhs paid to him for payment to old age / widow pensioners of the area nor did he hand over the cash book, etc.

(Paragraph 3.17)

12. Infertuous expenditure on water supply schemes

- ** Pipes for construction of six water supply schemes in Spiti valley were not laid below the ground level as required which resulted in freezing of water and bursting of pipes. Thus, the schemes could not serve the intended purpose and the expenditure of Rs. 6.03 lakhs incurred on the construction of these schemes had been rendered infertuous.

(Paragraph 4.2)

13. Unfruitful expenditure on a water supply scheme

- ** Expenditure of Rs. 16.07 lakhs incurred on augmentation of the Water Supply Scheme, Alampur (Kangra district) remained unfruitful because detailed investigations to establish the availability of adequate water at source had not been carried out.

(Paragraph 4.3)

14. Defective construction of Rishi Dogri kuhl

- ** Expenditure of Rs. 37.75 lakhs incurred on the construction of the Rishi Dogri kuhl by Pooh division in Kinnaur district remained unfruitful because the kuhl had not been constructed in accordance with the provisions of the sanctioned estimate leading to heavy seepage of water.

(Paragraph 4.11)

15. Construction of new hospital building for Indira Gandhi Medical College, Shimla

Check of records relating to construction of a new hospital building for the Indira Gandhi Medical College, Shimla revealed the following points:

- ** Against the administrative approval for Rs. 529.82 lakhs for construction of the building in two phases in six years, the work on phase-I only was completed at a cost of Rs. 773.02 lakhs in ten years. Delay in completion of the work thus resulted in cost overrun of Rs. 243.20 lakhs and time overrun of about four years because of frequent changes in drawings and scope of work. No work had commenced on Phase-II of the building as of September 1996.
- ** Payment made to the contractor for seven items of work on assessed rates and without preparing detailed analysis, resulted in overpayment of Rs. 6.84 lakhs.

** Recoveries aggregating Rs. 11.84 lakhs were outstanding against the contractor on account of various reasons.

(Paragraph 4.12)

16. Unproductive investment

** Pandra Bis area of Kinnaur district was not linked by road. To provide communication facilities to the remote villages of this area, construction of the Chaura Rupi road and a bridge over the river Satluj at Nigulsari was taken up in March 1985 and June 1972 respectively. The works had not been completed even after incurring expenditure of Rs. 145.24 lakhs, thereby denying the intended benefits to the beneficiaries.

(Paragraph 4.13)

17. Excess payment to a contractor

** Excess payment of Rs. 4.88 lakhs had been made to a contractor by Nurpur division of the Public Works Department for the construction of a bridge over Chakki *khad* in contravention of the instructions of the Ministry of Surface Transport.

(Paragraph 4.14)

18. Construction of cableways

** Three cableways were constructed by Karchham division of the Public Works Department at a cost of Rs. 23.22 lakhs without getting the structural drawings and designs approved from the competent authority. These failed to function properly at the time of testing, resulting in unfruitful expenditure.

(Paragraph 4.16)

19. Extra avoidable liability owing to non-acceptance of tender within validity period

** Failure of the Public Works Department to accept the offer of the lowest tenderer within the validity period for the construction of the approaches, diversion and retaining walls pertaining to the Solding *khad* bridge over National Highway No. 22, resulted in an extra liability of Rs. 19.53 lakhs.

(Paragraph 4.17)

20. Unfruitful expenditure on construction of roads

** Eleven road works were taken up for construction by various divisions of the Public Works Department without obtaining the approval of the Government of India for the use of forest land for non-forest purposes and

without acquiring the private land falling in their alignments, resulting in unfruitful expenditure of Rs. 46.93 lakhs.

(Paragraph 4.19)

21. Misappropriation of material

- ** Bitumen costing Rs. 1.1.63 lakhs drawn by carriage contractors from Mathura refinery between June 1992 and April 1993 on the authorisation of the Public Works Department had not been handed over to five consignee divisions as of January 1996.

(Paragraph 5.1)

22. Shortages of stores

- ** Materials valued at Rs. 10.80 lakhs had not been handed over by two Junior Engineers at the time of their transfer between January 1993 and April 1994 from Chamba and Una-II divisions of the Irrigation and Public Health Department.

(Paragraph 5.3)

23. Non-submission of stores accounts

- ** Stores accounts pertaining to the period from 1976-77 to 1994-95 had not been furnished by 11 units of the Agriculture department.

(Paragraph 5.5)

24. Himachal Pradesh Krishi Vishwa Vidyalaya, Palampur (HPKVV)

Test-check of the records of the Himachal Pradesh Krishi Vishwa Vidyalaya, Palampur (HPKVV) during August 1995 to January 1996 revealed the following points:

- ** Out of 20 hectares of farmland made available by the State Government to the HPKVV in February 1995 at Rampur (Una district) for the establishment of a Krishi Vigyan Kendra, only three hectares of land had been developed for the activities of the KVK. The remaining land could not be developed for want of farm machinery. Besides, the land acquired for the Kendra had not been utilised for constructing any building, implement sheds or roads. This adversely affected the planned research work.

- ** Contingent advances of Rs. 119.88 lakhs paid by various departments of the University between 1977-78 and 1994-95 and Rs. 38.65 lakhs paid to various firms, Government departments, autonomous bodies and Boards

between August 1972 and March 1995 had not been adjusted as of September 1996. Reasons for non-adjustment of advances had not been intimated.

** A mist chamber constructed at a cost of Rs. 9.05 lakhs at Research Sub-station, Leo (Kinnaur district) and three laboratory-cum-office buildings constructed between September 1988 and September 1992 at Lari (Lahaul and Spiti district), Leo (Kinnaur district) and Katrain (Kullu district) at a cost of Rs. 14.93 lakhs could not be utilised for want of three phase electric connections.

** Machinery and equipment worth Rs. 8.34 lakhs were lying idle due to non-procurement of parts, non-repairs of machines and non-posting of scientists.

(Paragraph 6.2)

25. **Unfruitful expenditure on construction of a *Kuhl***

** Expenditure of Rs. 26.36 lakhs incurred on the construction of a *kuhl* for Nako and Malling villages in Kinnaur district remained unfruitful due to non-adoption of suitable specifications and non-allotment of *nautor* land to the beneficiaries.

(Paragraph 6.5)

26. **Injudicious purchase of material**

** Out of 1,100 latrine sets purchased by the District Rural Development Agency, Chamba in January 1995 at a cost of Rs. 3.37 lakhs and supplied to the Block Development Officer, Bhattiyat for supplying to beneficiaries, only 90 sets could be issued to the beneficiaries. The remaining 1,010 sets valued at Rs. 3.09 lakhs were lying unutilised as of February 1996.

(Paragraph 6.8)

CHAPTER-I

ACCOUNTS OF THE STATE GOVERNMENT

1.1 Sources and application of funds

The following statement contains details of the sources of funds at the disposal of the State Government and their application during the financial year 1995-96:

Sources (Receipts)		Application (Expenditure)	
(Rupees in crores)		(Rupees in crores)	
Tax Revenue	341.52	Revenue Expenditure	1904.35*
Non-Tax Revenue	117.35		
Grants-in-aid from the Central Government	894.88	Capital Expenditure	331.28*
States' share of Union Taxes and Duties-	400.28		
Taxes on Income other than Corporation Tax	78.89		
Union Excise Duties	321.39		
Internal Debt including Ways and Means Advances (excluding Overdrafts from the Reserve Bank of India)	107.76	Discharge of Internal Debt including Ways and Means Advances (excluding Overdrafts from Reserve Bank of India)	61.44
Loans and Advances from the Central Government	185.98		
Recoveries of Loans and Advances	25.89	Discharge of Loans and Advances from the Central Government	39.23
Net Receipts under Public Account	148.67	Loans and Advances disbursed	65.67
Increase in Overdraft from the Reserve Bank of India	387.08		
		Net increase in Cash Balance including Cash Balance Investment Account, Departmental Cash Balance, Permanent Advances, etc.	207.44
Total	2609.41		2609.41

* These are net figures exclusive of recoveries adjusted in reduction of expenditure viz; Revenue expenditure: Rs. 162.44 crores; Capital expenditure: Rs. 48.84 crores

The state of finances of the State Government has been broadly analysed in the succeeding paragraphs.

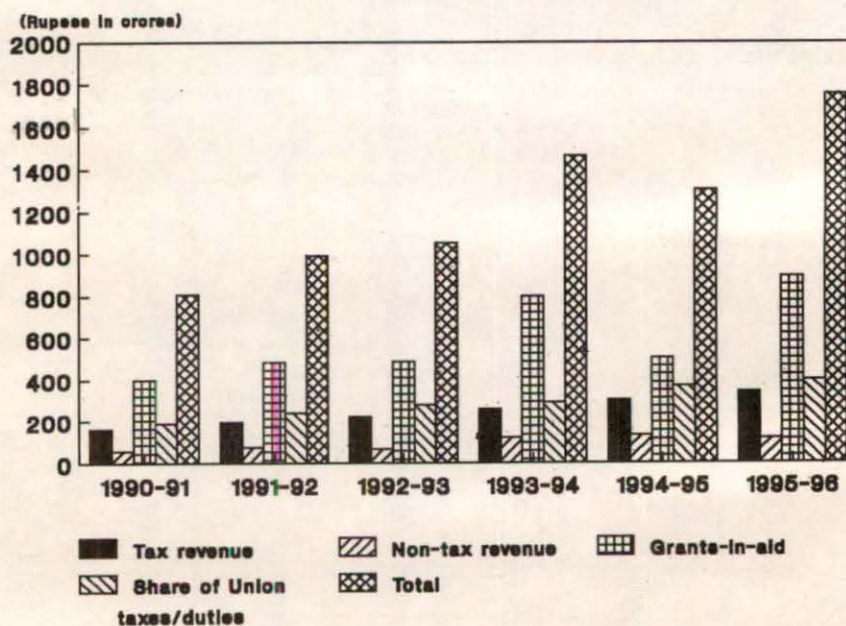
1.2 Revenue receipts

1.2.1 Revenue receipts during the six-year period ending 1995-96 were as shown below:

Year	Budget estimates	Revised estimates	Actuals	Percentage growth (+)/ decline (-) of Revenue Receipts over the previous year
(Rupees in crores)				
1990-91	779.55	843.45	806.63	(+)12
1991-92	936.42	994.07	992.42	(+)23
1992-93	1889.89	1875.87	1052.49	(+)6
1993-94	1151.07	1435.74	1465.13	(+)39
1994-95	1143.60	1235.85	1306.36	(-)11
1995-96	1714.88	1738.90	1754.03	(+)34

1.2.2 The position of revenue realisations from different sources during the period from 1990-91 to 1995-96 and their contribution to the total revenue of the State were as depicted in the chart below:

SOURCES OF REVENUE



A more detailed analysis of receipts from different sources is contained in the succeeding paragraphs.

1.3 Tax revenue

1.3.1 Tax revenue of the State Government increased from Rs. 299.45 crores in 1994-95 to Rs. 341.52 crores in 1995-96 representing a growth of 14 per cent.

1.3.2 Realisations from different taxes and duties during the period from 1990-91 to 1995-96 have been analysed in the following table:

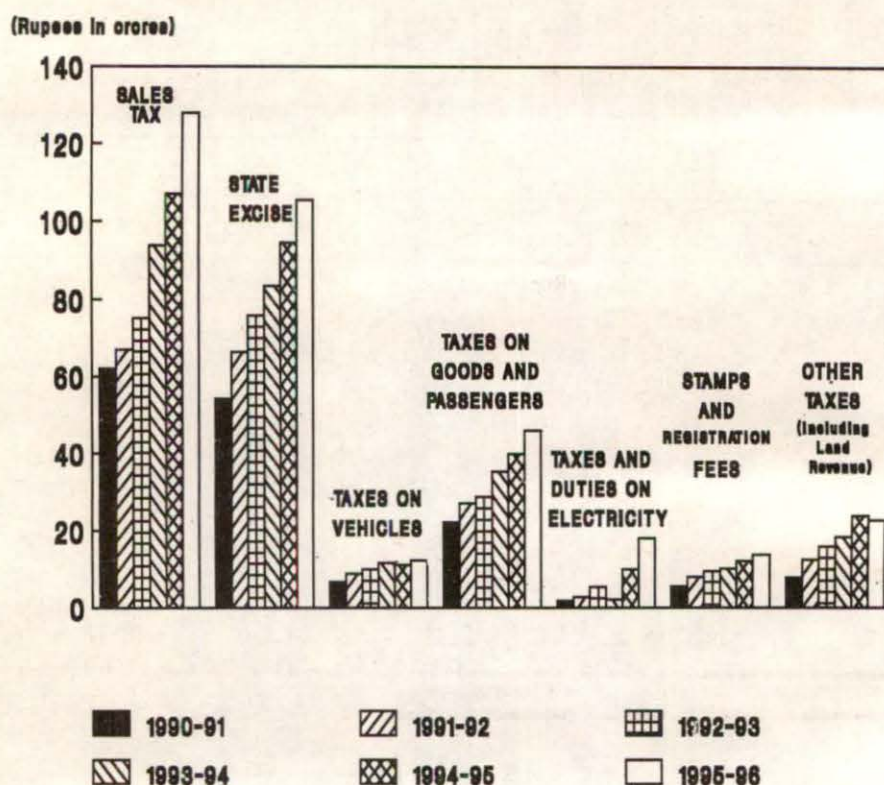
Year	Year-wise Tax Amount	Revenue Percentage growth over previous year
(Rupees in crores)		
1990-91	160.90	13
1991-92	192.93	20
1992-93	221.68	15
1993-94	255.74	15
1994-95	299.45	17
1995-96	341.52	14

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in crores)						
Sales Tax	62.11 (39)	66.90 (35)	75.20 (34)	93.88 (37)	107.18 (36)	122.83 (36)
State Excise	54.21 (34)	66.25 (34)	75.78 (34)	83.53 (33)	94.55 (32)	105.50 (31)
Taxes on Vehicles	6.59 (4)	8.78 (5)	9.88 (5)	11.56 (4)	11.17 (4)	12.32 (4)
Taxes on Goods and Passengers	22.13 (14)	26.98 (14)	28.63 (13)	35.22 (14)	39.77 (13)	45.80 (13)
Taxes and Duties on Electricity	1.81 (1)	2.76 (1)	5.27 (2)	2.10 (1)	9.88 (3)	17.92 (5)
Land Revenue	0.80 (--)	0.90 (1)	1.59 (1)	1.01 (--)	1.15 (--)	0.87 (--)
Stamps and Registration Fees	5.49 (3)	7.98 (4)	9.53 (4)	10.19 (4)	12.00 (4)	13.78 (4)
Other Taxes and Duties on Commodities and Services	7.76 (5)	12.38 (6)	15.80 (7)	18.25 (7)	23.75 (8)	22.50 (7)
Total	160.90 (100)	192.93 (100)	221.68 (100)	255.74 (100)	299.45 (100)	341.52 (100)

Note: Figures within parentheses represent the percentage of individual taxes to the total tax revenue.

1.3.3 The increase in tax revenue collections by Rs. 42.07 crores during 1995-96 in relation to the previous year was mainly attributable to additional realisations from State Excise (Rs. 10.95 crores), Sales Tax (Rs. 15.65 crores), Taxes and Duties on Electricity (Rs. 8.04 crores) and Taxes on Goods and Passengers (Rs. 6.03 crores).

1.3.4 The trends in regard to the major sources of tax revenue during the last six years were as depicted below:



Though the contribution of Sales Tax to the total tax revenue declined from 39 to 36 *per cent* between 1990-91 and 1995-96, it was still a major contributor to the total tax revenue.

1.3.5 Analysis of realisations of tax revenue from different sources during 1995-96 *vis-a-vis* the Budget Estimates and the Revised Estimates revealed significant variations. These variations were as high as 26 *per cent* in respect of Stamps and Registration Fees and (-) 10 *per cent* in respect of Other Taxes and Duties on Commodities and Services even with reference to the Revised Estimates. Details in this

regard were as tabulated below :

Actuals 1994-95	Revenue head	1995-96			Percentage increase (+)/ decrease (-) with reference to	
		Budget Estimates	Revised Estimates	Actuals	Budget Estimates	Revised Estimates
		(Rupees in crores)				
1.15	Land Revenue	0.95	0.87	0.87	(-) 8	--
12.00	Stamps and Regi- stration Fees	11.55	10.97	13.78	(+) 19	(+) 26
94.55	State Excise	100.00	100.00	105.50	(+) 6	(+) 6
107.18	Sales Tax	125.00	120.00	122.83	(-) 2	(+) 2
9.88	Taxes and Duties on Electricity	10.61	19.11	17.92	(+) 69	(-) 6
23.75	Other Taxes and Duties on Commodities and Services	25.00	25.00	22.50	(-) 10	(-) 10
39.77	Taxes on Goods and Passengers	48.00	48.00	45.80	(-) 5	(-) 5
11.17	Taxes on Vehicles	13.22	12.23	12.32	(-) 7	--

1.4 Non-tax revenue

1.4.1 Non-tax revenue of the State

Government decreased from Rs. 132.74 crores in 1994-95 to Rs. 117.35 crores in 1995-96 representing a reduction of 12 per cent over the previous year (1994-95).

The decrease was mainly attributable to reduced realisation from certain sectors as indicated

Year-wise Non-Tax Revenue		
Year	Non-Tax Revenue	Percentage increase(+)/ decrease(-) over the previous year
	(Rupees in crores)	
1990-91	59.32	(-)28
1991-92	74.45	(+)26
1992-93	66.78	(-)10
1993-94	120.61	(+)81
1994-95	132.74	(+)10
1995-96	117.35	(-)12

in the following table:

Description of Head of Account	Actuals		Decrease	
	1994-95	1995-96	Amount	Percentage
(Rupees in crores)				
0406 Forestry and Wild Life	47.11	44.94	2.17	5
0408 Food, Storage and Warehousing	3.02	1.51	1.51	50
0851 Village and Small Industries	3.42	0.63	2.79	82
0852 Industries	21.57	1.37	20.20	94

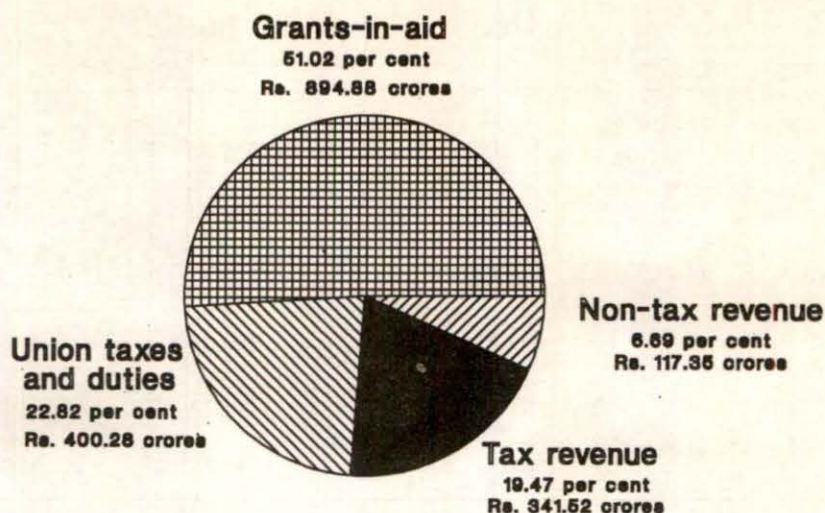
1.4.2 As in the case of tax revenue, realisation of non-tax revenue during 1995-96 varied significantly from the Budget and the Revised Estimates. These variations were as high as (+)100 *per cent* in respect of Public Works and (-) 75 *per cent* in respect of Co-operation even with reference to revised estimates. Details were as tabulated below:

Actuals 1994-95	Revenue head	1995-96			Variation with reference to			
					Budget Estimates		Revised Estimates	
		Budget estimates	Revised estimates	Actuals	Amount	Percentage	Amount	Percentage
(Rupees in crores)								
9.23	0049 Interest Receipts	5.00	15.70	25.37	(+) 20.37	(+) 407	(+) 9.67	(+) 62
1.19	0059 Public Works	0.90	1.21	2.42	(+) 1.52	(+) 169	(+) 1.21	(+) 100
2.72	0070 Other Administrative Services	2.28	6.58	4.24	(+) 1.96	(+) 86	(-) 2.34	(-) 36
3.02	0408 Food Storage and Warehousing	1.00	1.00	1.51	(+) 0.51	(+) 51	(+) 0.51	(+) 51
9.15	0425 Co-operation	2.76	2.77	0.68	(-) 2.08	(-) 75	(-) 2.09	(-) 75
21.57	0852 Industries	0.75	0.96	1.37	(+) 0.62	(+) 83	(+) 0.41	(+) 43

1.5 Grants-in-aid and share of Union taxes and duties

1.5.1 Himachal Pradesh being a small State, the scope for raising revenue internally had always been limited. The State had, therefore, to depend heavily on grants-in-aid from the Central Government and its share of Union taxes and duties. The

contributions made by the four major sources of revenue, namely tax revenue, non-tax revenue, grants-in-aid from the Central Government and share of Union taxes and duties, during the year 1995-96 were as depicted in the following chart :



1.5.2 The State's share of Union taxes and duties had progressively increased by 113 *per cent* between 1990-91 (Rs. 187.95 crores) and 1995-96 (Rs. 400.28 crores). During 1995-96, the increase was 9 *per cent* over the preceding year (Rs. 368.83 crores). The increase in grants-in-aid from the Central Government was from Rs. 398.46 crores in 1990-91 to Rs. 894.88 crores during 1995-96 - an increase of 125 *per cent*. In 1995-96, grants-in-aid increased by 77 *per cent* over the preceding year from Rs. 505.34 crores to Rs. 894.88 crores. Relevant details in this regard are presented in the table alongside.

Grants-in-Aid and Share of Union Taxes and Duties received from the Central Government		
Year	Grants-in-Aid	Share of Union Taxes and Duties
(Rupees in crores)		
1990-91	398.46	187.95
1991-92	485.22	239.82
1992-93	487.79	276.24
1993-94	799.26	289.52
1994-95	505.34	368.83
1995-96	894.88	400.28

1.6 Revenue expenditure

1.6.1 The growth in revenue expenditure between 1990-91 and 1995-96 was as shown in the table given below:

Revenue Expenditure			
Year	Plan	Non-Plan (Rupees in crores)	Total
1990-91	249.02	652.45	901.47
1991-92	284.32	698.24	982.56
1992-93	326.73	818.84	1145.57
1993-94	409.01	942.49	1351.50
1994-95	440.73	1173.55	1614.28
1995-96	560.59	1343.76	1904.35

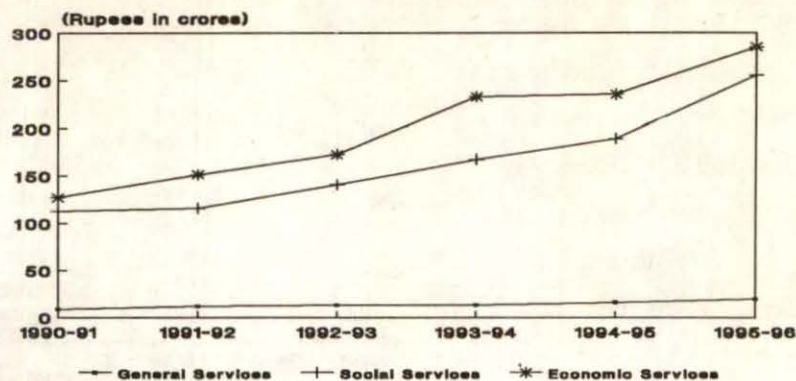
Between 1990-91 and 1995-96, Plan expenditure increased by 125 *per cent* and Non-Plan expenditure by 106 *per cent*. There was an increase in revenue expenditure by 18 *per cent* during 1995-96 over the level of 1994-95.

1.6.2 Sectorwise analysis of the expenditure on Revenue Account from 1990-91 to 1995-96 was as presented below:

Sector	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
	(Rupees in crores)					
General Services (Non-Plan)	269.05	325.13	380.09	446.98	508.44	603.77
General Services (Plan)	9.14	12.00	13.43	13.45	16.27	19.77
Social Services (Non-Plan)	243.28	254.37	301.30	320.70	381.67	454.57
Social Services (Plan)	112.70	115.82	140.54	162.58	189.04	255.57
Economic Services (Non-Plan)	137.82	115.49	133.69	171.14	279.78	281.24
Economic Services (Plan)	127.18	156.50	172.76	232.98	235.42	285.25
Grants-in-Aid and Contributions (Non-Plan)	2.30	3.25	3.76	3.67	3.66	4.18

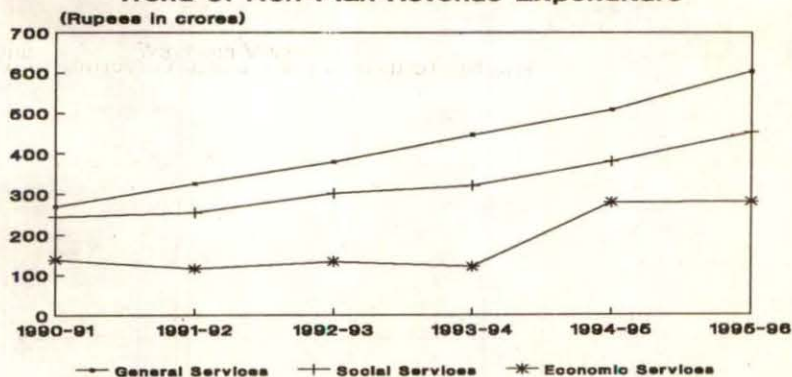
In relation to the previous year (1994-95), Plan expenditure during 1995-96 on Social Services, General Services and Economic Services increased by 35, 22 and 21 *per cent* respectively, while Non-Plan expenditure on these Services increased by 19, 19 and 1 *per cent* respectively.

Trend of Plan Revenue Expenditure



	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
General Services	9.14	12.00	13.43	13.45	16.27	19.77
Social Services	112.70	115.82	140.54	162.58	189.04	255.57
Economic Services	127.18	156.50	172.76	232.98	235.42	285.25

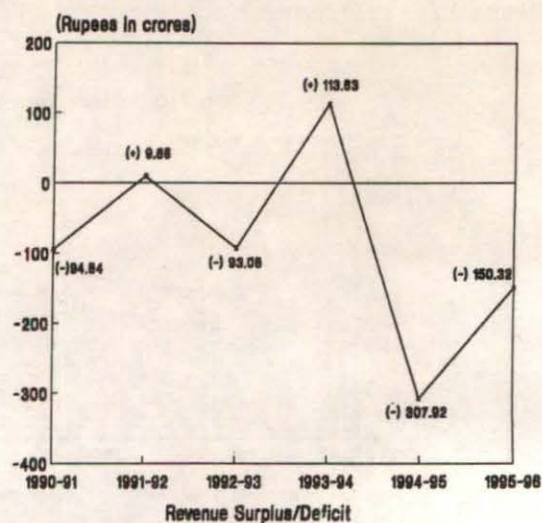
Trend of Non-Plan Revenue Expenditure



	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
General Services	269.05	325.13	380.09	446.98	508.44	603.77
Social Services	243.28	254.37	301.30	320.70	381.67	454.57
Economic Services	137.82	115.49	133.69	171.14	279.78	281.24

1.7 Revenue surplus/deficit

While revenue receipts increased by 117 per cent between 1990-91 and 1995-96, the growth of revenue expenditure was 111 per cent during the same period. The accounts for the year 1995-96 closed with a revenue deficit of Rs. 150.32 crores as against the revenue deficit of Rs. 307.92 crores during the previous years. The year-wise position during 1990-91 to 1995-96 was as given in the following table:



Year	Revenue		
	Receipts	Expenditure	Surplus(+)/deficit(-)
(Rupees in crores)			
1990-91	806.63	901.47	(-) 94.84
1991-92	992.42	982.56	(+) 9.86
1992-93	1052.49	1145.57	(-) 93.08
1993-94	1465.13	1351.50	(+) 113.63
1994-95	1306.36	1614.28	(-) 307.92
1995-96	1754.03	1904.35	(-) 150.32

1.8 Capital expenditure

Capital expenditure during 1995-96 was Rs. 331.28 crores as against Rs. 494.12 crores in 1994-95, representing a decrease of 33 per cent. The comparative position of Revenue expenditure and Capital expenditure during the years from 1990-91

to 1995-96 was as tabulated below:

Year	Revenue expenditure	Capital expenditure
(Rupees in crores)		
1990-91	901.47	149.22
1991-92	982.56	188.10
1992-93	1145.57	205.32
1993-94	1351.50	220.37
1994-95	1614.28	494.12
1995-96	1904.35	331.28

It would be seen that the Revenue expenditure (both Plan and Non-Plan) had increased by 111 *per cent* during 1990-96, whereas the Capital expenditure had gone up by 122 *per cent* during the same period.

1.9 Public Debt and other liabilities

1.9.1 Under Article 293(1) of the Constitution of India, the State Government may borrow within the territory of India, upon the security of the Consolidated Fund of the State, within such limits, if any, as may from time to time be fixed by an Act of the Legislature of the State. No law has been passed by the State Legislature prescribing such limits.

Public Debt of the State consists of internal debt and loans and advances from the Central Government. Internal debt comprises long-term loans raised in the open market and loans received from the Life Insurance Corporation of India, National Bank for Agriculture and Rural Development and other institutions to finance various projects and schemes. This also includes ways and means advances from the Reserve Bank of India and bonds issued by the State Government. Loans and advances from the Central Government represent loans received from the Government of India for the execution of various Plan and Non-Plan schemes. Besides, the Government has other liabilities on account of funds raised through small savings, provident funds, etc.

In order to meet the increasing demands of expenditure and to bridge the resource gap, the State Government had been increasingly resorting to borrowings. The total liabilities of the State Government had increased by 145 *per cent* from Rs. 1294.49 crores in 1990-91 to Rs. 3176.95 crores in 1995-96. While the increase in the internal debt was by 549 *per cent*, loans and advances from the Central Government and other liabilities increased by 72 and 163 *per cent* respectively. Details of such

liabilities of the State Government during the period were as follows:

At the end of	Internal Debt	Loans and Advances from the Central Government	Total Public Debt	Other liabilities	Total* liabilities
(Rupees in crores)					
1990-91	135.56	828.03	963.59	330.90	1294.49
1991-92	181.41	881.54	1062.95	396.10	1459.05
1992-93	355.42	940.94	1296.36	491.36	1787.72
1993-94	298.01	1029.67	1327.68	607.90	1935.58
1994-95	446.41	1278.81	1725.22	725.93	2451.15
1995-96	879.81	1425.56	2305.37	871.58	3176.95

1.9.2 The burden of debt had also increased the interest liability of the State Government. The outflow of funds on account of interest payments had been increasing progressively, the payments during 1995-96 being 158 per cent more than the outflow during 1990-91. The position is summarised in the following table:

Year	Revenue expenditure	Interest payments	Percentage of interest payments to Revenue expenditure
(Rupees in crores)			
1990-91	901.47	110.45	12
1991-92	982.56	147.85	15
1992-93	1145.57	177.12	15
1993-94	1351.50	209.65	16
1994-95	1614.28	222.60	14
1995-96	1904.35	285.25	15

1.9.3 The State Government had, however, discharged its debt service obligations to the Central Government. According to the schedule of repayment of loans and advances from the Central Government, the State Government was required to pay Rs. 199.49 crores (Rs. 39.23 crores towards principal and Rs. 160.26 crores as interest) during the year 1995-96. The amounts were paid in time. The repayment of loans and

* Does not include deposits and advances, Reserve Funds, other obligations, etc.

advances inclusive of interest was Rs. 13.51 crores more than the amount of loans and advances (Rs. 185.98 crores) received from the Central Government during the year. Thus, there was a negative in flow of loans and advances from the Government of India during 1995-96.

1.9.4 Raising of loan through Himachal Pradesh State Electricity Board

Mention was made in paragraph 1.9.4 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1995 - Government of Himachal Pradesh regarding raising of loans through the Himachal Pradesh State Electricity Board (HPSEB) to tide over the stringent financial position as well as to meet urgent needs of the State during 1994-95. It was further noticed that as of 31 March 1995, Rs. 1289.51* crores were outstanding against the State Government by way of public loans from other agencies (Rs. 255.46 crores) and loans from the Central Government (Rs. 1034.05 crores). Besides, Rs. 176.04 crores were also outstanding as of 31 March 1995 on account of Ways and Means Advances (Rs. 16.87 crores) and Overdraft (Rs. 159.17 crores).

Section 65 of the Electricity (Supply) Act, 1948 provides that the Board may borrow any sums required for the purpose of its activities.

It was, however, noticed that in contravention of this provision, the Board, instead of borrowing funds to finance its own activities, raised loans on the directions of the State Government during 1994-96. A loan of Rs. 219.05 crores raised by HPSEB during 1994-95 by placement of non-Statutory Liquidity Ratio (SLR) Bonds - 2001 which was deposited in the accounts of the Government in April 1995 (as mentioned in the Audit Report *ibid*) remained in the Government account upto 28 March 1996. On the direction (December 1995) of the State Government, HPSEB raised a further loan of Rs. 89.41 crores during 1995-96 by placement of non-SLR Bonds-2001 (Rs. 29.03 crores) bearing interest at the rate of 14.5 *per cent* and non-SLR Bonds-2003 (Rs. 60.38 crores) at the rate of interest of 17 *per cent*.

The loan amount of Rs. 89.41 crores was deposited in the State Government account between June 1995 and August 1995 (Rs. 29.03 crores) and between January 1996 and March 1996 (Rs. 60.38 crores).

In the meantime, the State Government rediscounted treasury bills amounting to Rs. 1207.75 crores¹ from April 1995 to March 1996 to keep their Ways and Means position favourable. An amount of Rs. 9.48 crores was paid as interest on rediscounting of treasury bills during the year.

Rupees 34.93 crores towards interest on the entire loan amount of Rs. 308.46 crores raised during 1994-95 (Rs. 219.05 crores) and 1995-96 (Rs. 89.41 crores) were paid by the Government to HPSEB during April 1995 to January 1996.

The entire loan amount of Rs. 308.46 crores was deposited by the Government in HPSEB's account on 29 March 1996. It was observed that the Government had no overdraft as on 29 March 1996. However, as on 31 March 1996, the closing overdraft of the Government was Rs. 546.25 crores. It was further observed that Rs. 308.46 crores were again deposited by HPSEB in the account of the Government between 2 April 1996 and 8 April 1996 (Rs. 308.43 crores) and on 24 July 1996 (Rs. 0.03 crore). Thus, the deposit of Rs. 308.43 crores by the State Government in HPSEB's account for 4 to 10 days at the end of the financial year was made to depict this amount in the Annual Accounts of HPSEB for the year ended 31 March 1996.

In the Budget proposals for the year 1994-95, the cumulative deficit of the State Government was Rs. 678.87 crores, which was expected to come down to Rs. 460.68 crores during 1995-96. The loans totalling Rs. 308.46 crores, raised by HPSEB during 1994-95 and 1995-96, were kept in the Government account (except upto 10 days) as a resource to keep the Ways and Means position favourable.

The Government admitted (October 1996) that HPSEB had raised Rs. 308.46 crores as loans through private placement of Non-SLR Bonds and the payment of interest due on these loans had been authorised to the Board from the Consolidated Fund of the State. It was also stated by the Government that the Non-SLR Bonds of HPSEB had

¹

1995
April: Rs. 22.12 crores; May: Rs. 122.59 crores; June: Rs. 152.63 crores; July: Rs. 82.69 crores; August: Rs. 116.27 crores; September: Rs. 133.15 crores; October: Rs. 74.73 crores; November: Rs. 77.37 crores; December: Rs. 58.71 crores;
1996
January: Rs. 98.55 crores; February: Rs. 128.75 crores; March: Rs. 140.19 crores

been backed by a State Government guarantee to help HPSEB to have access to the capital markets; the flow of funds from the State Government to HPSEB and vice versa was interrelated and was dependent upon different financial parameters and the respective liquidity positions; the Union Finance Ministry and the Planning Commission had been apprised of all such financial transactions and that no objections had been received from the Union Government regarding such matters.

The contention of the Government was not tenable because the loans raised through HPSEB were never utilised by the Board for financing its own activities and were, in fact, utilised by the Government to meet their own resource gap. The flow of funds from the State Government to HPSEB and vice versa as stated by the Government was not covered by the Electricity (Supply) Act, 1948.

The Government further stated in December 1996 that the liabilities of HPSEB towards the State Government were in excess of the amount received from the Board. If the State Government decided to recover these liabilities, the loans raised by HPSEB would not be in violation of the Electricity Supply Act. The Government felt that this had to be viewed in the context of the fiscal stress being faced by the State Government and the refusal of the Central Government to discuss any meaningful financial help to the State. In the absence of adequate financial assistance from the Central Government, there was no other short term recourse except to recover some of the past loans and liabilities of HPSEB towards the State Government.

This contention of the Government was not acceptable because there was nothing on record to indicate that the loans were raised by HPSEB to repay their past loans and liabilities towards the State Government. Had these been recoveries of past loans and liabilities, the amounts would not have been credited to HPSEB's account in March 1995 and March 1996.

It was, therefore, apparent that in view of the fact that the State Government was already heavily indebted to the Central Government, the loan was raised through HPSEB to bypass the provisions of Article 293(3) of the Constitution of India which

prohibits raising of loans by the State Government if there is any outstanding loan which has been made to the State Government, by the Government of India or in respect of which a guarantee has been given by the Government of India, except with the consent of the Government of India.

1.10 Ways and Means Advances and Overdrafts

Under an agreement with the Reserve Bank of India, the State Government has to maintain with the Bank a minimum cash balance of Rs. 20 lakhs. If the balance falls below the agreed minimum on any day, the deficiency is made good by taking Ways and Means Advances or Overdrafts from the Bank. The Government of India Treasury Bills are also re-discounted to make good the deficiency in the cash balance.

The extent to which the State Government maintained the minimum balance with the Bank during 1990-96 was as indicated below:

Year	Number of days on which minimum balance was maintained		Number of days on which Overdraft was taken	Number of days on which Government of India Treasury bills were rediscounted
	Without obtaining any advance	By obtaining Ways and Means Advances		
1990-91	178	3	77	107
1991-92	132	70	98	66
1992-93	22	102	232	9
1993-94	44	86	218	17
1994-95	191	9	21	144
1995-96	130	23	14	199

Details of the Ways and Means Advances and Overdrafts taken by the State Government and interest paid thereon during the period from 1990-91 to 1995-96 were

as tabulated below:

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in crores)						
(1) Ways and Means Advances						
(i) Advances taken during the year (Gross)	69.38	130.44	122.88	208.93	22.74	51.95
(ii) Advances outstanding at the end of the year	--	11.27	11.27	16.87	16.87	16.87
(iii) Interest paid	0.34	0.45	1.16	1.17	0.15	0.10
(2) Overdrafts						
(i) Overdrafts taken during the year (Gross)	988.73	940.85	4418.50	595.72	315.15	807.67
(ii) Overdrafts outstanding at the end of the year	--	--	143.42	51.48	159.17	546.25
(iii) Interest paid	0.27	0.28	1.55	2.96	0.78	0.71
(3) Re-discounting of Government of India Treasury Bills						
(i) Amount of Bills re-discounted during the year	354.00	172.00	27.50	64.50	733.30	1207.75
(ii) Amount outstanding at the end of the year	30.63	--	--	--	--	--
(iii) Interest paid	2.15	1.69	0.29	0.30	16.68	9.48

1.11 Loans and Advances by the State Government

1.11.1 The State Government has been advancing loans to Government Companies, Corporations, autonomous bodies, co-operatives, non-Government institutions, etc. for developmental and non-developmental activities. The position of such loans for the six

years beginning from 1990-91 was as given below:

	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
(Rupees in crores)						
Opening balance	459.36	493.94	539.46	552.61	598.01	416.37
Amount advanced during the year	39.82	52.54	32.27	53.49	(-)163.30*	65.67
Amount repaid during the year	5.24	7.02	19.12	8.09	18.34	25.89
Closing balance	493.94	539.46	552.61	598.01	416.37	456.15
Net addition	34.58	45.52	13.15	45.40	(-)181.64	39.78
Interest received and credited to revenue	1.80	3.96	4.15	2.50	1.77	4.55
Net receipts from long-term borrowings during the year	231.07	88.09	89.99	117.66	289.86	193.07

1.11.2 Recoveries in arrears: In respect of loans, the detailed accounts of which are maintained by the departmental officers, the total amount overdue for recovery against loans advanced as on 31st March 1996, to the extent relevant information was received, was Rs. 12 crores including Rs. 3.92 crores on account of interest. The major portion of the arrears related to "Loans for Small Industries and margin money" (Rs. 2.29 crores), "Loans to various Institutions (short term loans)" (Rs. 3.80 crores), "Soil Conservation Loans" (Rs. 2.60 crores), "Horticulture Loans" (Rs. 0.43 crore) and "Manures and Fertilizer Loans" (Rs. 0.31 crore). The details of recoveries of arrears in respect of four departments were not furnished as of September 1996.

*

Minus transaction is due to conversion of loan of Rs. 234 crores into equity capital

1.12 Investments and Returns

1.12.1 The total investments of the State Government increased from Rs. 575.24 crores as on 31st March 1995 to Rs. 644.89 crores as on 31st March 1996. The detailed position of fresh investments made during the year was as follows:

Name of the Concern	Investments during 1995-96	Total investment as on 31st March 1996	Accumulated loss/profit upto the end of 1995-96
(Rupees in lakhs)			
(A) Statutory Corporations			
1. Himachal Pradesh Financial Corporation	111.24	2004.08	(-) 1593.98
2. Himachal Road Transport Corporation	950.00	9714.40	(-) 12219.65
3. Himachal Pradesh Scheduled Castes Development Corporation	170.14	945.15	N.A.
4. Himachal Pradesh Ex-Servicemen Corporation	39.14	212.64	N.A.
(B) State Government Companies/Joint Stock Companies			
1. Himachal Pradesh State Industrial Development Corporation Limited	120.00	2862.40	(+) 59.03
2. Himachal Pradesh State Small Industries and Export Corporation Limited	41.50	225.38	(-) 249.83*
3. Himachal Pradesh State Handicrafts and Handloom Corporation Limited	36.96	275.65	(-) 432.54
4. Himachal Pradesh State Electronic Development Corporation Limited	8.00	343.27	(-) 93.68*
5. Himachal Pradesh General Industries Corporation Limited	23.00	305.25	(-) 245.30
6. Himachal Pradesh State Civil Supplies Corporation Limited	1.00	345.00	(+) 73.91
7. Himachal Pradesh Mahila Vikas Nigam	16.00	83.18	(-) 6.02 [#]
8. Himachal Pradesh Backward Classes Finance and Development Corporation	17.99	22.99	N.A. [^]
(C) Central Government Company			
1. Nathpa Jhakri Power Corporation	5291.00	12683.00	N.A.

N.A. - Not available

* Represents accumulated loss upto the end of 1994-95; the accounts for the year 1995-96 had not been finalised as of October 1996.

[#] Represents loss upto the end of 1993-94; the accounts for the year 1994-95 and onwards had not been finalised as of September 1995

[^] The Corporation was incorporated in January 1994. The accounts for 1994-95 and 1995-96 had not been finalised as of October 1996

In addition, a sum of Rs. 68.53 lakhs had been invested in co-operative banks and Rs. 243.82^{\$} lakhs in co-operative societies. However, these organisations do not come under the purview of audit by the Comptroller and Auditor General of India.

1.12.2 While the investments made by the State Government increased from Rs. 177.51 crores at the end of 1990-91 to Rs. 644.89* crores at the end of 1995-96, dividend/interest had not correspondingly increased during the period. The dividend/interest earned was Rs. 0.08 crore in 1994-95 and Rs. 0.11 crore in 1995-96. The detailed position of investments and dividend/interest from 1990-91 onwards was as given below:

Year	Total investment upto the end of the year	Dividend/interest received during the year	Percentage of Col 3 to Col 2
(1)	(2)	(3)	(4)
(Rupees in crores)			
1990-91	177.51	0.02 [^]	0.01
1991-92	198.11	0.12 [^]	0.06
1992-93	218.45 [#]	0.10 [^]	0.05
1993-94	295.78	0.34 [^]	0.11
1994-95	575.24	0.08 [^]	0.01
1995-96	644.89	0.11 [^]	0.02

The returns from the Government investments were substantially lower than the rate at which interest was paid by the State Government on its own borrowings. The investment of Rs. 196.24 crores made by the State Government in 12 Corporations/Companies as of March 1996 had not earned any dividend during the period 1990-96.

1.13 Guarantees given by the State Government

The position of contingent liability for guarantees given by the State Government for repayment of loans and payment of interest thereon by the Statutory

^{\$} The investment in Co-operative societies is inclusive of Rs 173.58 lakhs being value of shares redeemed during the year 1995-96

* The investments made by the State Government as per Statement-12 of the Finance Accounts work out to Rs. 629.44 crores. Difference of Rs. 15.45 crores is under reconciliation

[^] Provisional figures

[#] Differs from Finance Accounts 1992-93 by Rs. 3.91 crores on reconciliation of figures of investment

Corporations, Government Companies, co-operatives, etc., was as follows:

As on 31 March	Maximum amount guaranteed (Principal only)	Amount outstanding	
		Principal	Interest
(Rupees in crores)			
1991	674.88	403.30	4.60
1992	723.18	361.65	8.41
1993	756.09	472.19	9.93
1994	819.71	483.25	18.77
1995	948.40	476.41	19.00
1996	1464.17	789.58	8.40

There had been an increase of 96 *per cent* in the amount of guarantees outstanding over the period of five years.

The State Government charges guarantee fees at the rate of 0.5 *per cent* and commitment charges at 0.1 *per cent* on the amount guaranteed. An amount of Rs. 0.26 crore was outstanding on account of guarantee fee and commitment charges due as of 31st March 1996.

1.14 Summarised Financial position

The financial position of the State Government as on 31st March 1996 emerging from the Appropriation Accounts and Finance Accounts for the year 1995-96 and the abstract of Receipts and Disbursements for the year is indicated in the following statements:

STATEMENT-I - SUMMARISED FINANCIAL POSITION OF THE STATE GOVERNMENT AS ON 31ST MARCH 1996

(Rupees in crores)

LIABILITIES				ASSETS	
Amount as on 31st March 1995		Amount as on 31st March 1996	Amount as on 31st March 1995		Amount as on 31st March 1996
1	2	3	4	5	6
287.24	Internal Debt	333.56	2433.00	Gross capital outlay	2764.28
	(excluding overdrafts from the Reserve Bank of India)			Investment in shares of Companies, Corporations, etc.	644.89
	Market Loans	249.76		Other Capital	2119.39
	Loans from the Life Insurance Corporation of India	9.49		Expenditure	
	Loans from the General Insurance Corporation of India	4.81			
	Loans from the National Bank for Agriculture and Rural Development	0.52			

1	2	3	4	5	6
	Loans from National Co-operative Development Corporation	16.85			
	Loans from other institutions	35.26			
	Ways and Means Advances from the Reserve Bank of India	16.87			
1278.81	Loans and Advances from the Central Government	1425.56	416.37	Loans and Advances	456.15
	Pre-1984-85 Loans	101.25		Loans for Energy	355.02
	Non-Plan Loans	995.63		Other Development Loans	51.63
	Loans for State Plan Schemes	276.83		Loans to Government Servants and Miscellaneous Loans	49.50
	Loans for Central Plan Schemes	0.47			
	Loans for Centrally Sponsored Plan Schemes	51.38			
1.00	Contingency Fund	1.00	0.50	Appropriation to Contingency Fund	0.50
			39.77	Suspense and Miscellaneous Balances	18.38
				Advances	0.09
725.93	Small Savings, Provident Funds, etc.	871.57*	0.10		
84.58	Deposits	87.61	(-)231.24	Cash	(-)23.80
159.17	Overdrafts from the Reserve Bank of India	546.25			
19.71	Reserve Funds	1.78		Cash in Treasuries and Local Remittances	4.85
40.86	Remittance Balances	37.39		Departmental Cash Balance including Permanent Advances	0.09
61.20	Surplus on Government Account			Cash Balance Investment Account	0.14
				Deposits with the Reserve Bank of India	(-)28.88
				Deficit on the Government Account	89.12
				Accumulated surplus upto 31st March 1995	70.47
				Less	
				(i) Current year's deficit	150.32
				(ii) Adjustments	9.27**
				(iii) Miscellaneous Government Accounts	\$
2658.50		3304.72	2658.50		3304.72

* Difference of Rs. 0.01 crore is due to rounding

** According to Statement No.14 of the Finance Accounts 1995-96, the Revenue deficit on Government Account was Rs. (-)79.55 crores. The difference of (-) Rs. 9.57 crores is explained below:

(Rupees in crores)

(i)	Progressive amount adjusted under head "7810-Inter-State Settlement"	(-) 1.43
(ii)	Progressive amount adjusted under head "8680-Miscellaneous Government Accounts"	(-) 0.14
(iii)	Net amount adjusted <i>pro forma</i>	(-) 8.00
	Net total:	(-) 9.57

\$ Rs. 38,727 only

**STATEMENT-II - ABSTRACT OF RECEIPTS AND DISBURSEMENTS
FOR THE YEAR 1995-96**

SECTION-A-REVENUE

RECEIPTS			DISBURSEMENTS				
		(Rupees in crores)					(Rupees in crores)
I	Revenue Receipts	1754.03	I Revenue Expenditure				1904.35
			Sector	Non-Plan	Plan	Centrally sponsored schemes (including Plan Schemes)	Total
(i)	Tax-revenue	341.52					
(ii)	Non-Tax revenue	117.35					
(iii)	States' Share of Union Taxes and Duties	400.28					
			(A) General Services	603.77	16.32	3.45	623.54
(iv)	Non-Plan Grants	359.71					
(v)	Grant for State Plan Schemes	444.77	(B) Social Services	454.57	213.14	42.43	710.14
(vi)	Grants for Central and Centrally Sponsored Plan Schemes	90.40	(C) Economic Services-				
			(i) Agriculture and Allied Activities	92.33	111.08	23.45	226.86
			(ii) Rural Development	17.63	27.56	6.33	51.52
			(iii) Irrigation and Flood Control	11.87	15.80	0.32	27.99
			(iv) Energy	37.31	2.55	0.86	40.72
			(v) Industry and Minerals	3.37	13.43	3.35	20.15
			(vi) Transport	113.82	8.90	0.02	122.74
			(vii) Science, Technology and Environment	--	0.59	0.02	0.61
			(viii) General Economic Services	4.91	70.98	0.01	75.90
			(D) Grants-in-aid and Contributions	4.18	--	--	4.18
				1343.76	480.35	80.24	1904.35
II	Revenue Deficit carried over to Section B	150.32					
		1904.35					
							1904.35

SECTION-B-OTHERS

RECEIPTS			DISBURSEMENTS			
(Rupees in crores)			(Rupees in crores)			
			II Opening overdraft from the Reserve Bank of India			
						159.17
III	Opening Cash Balance including Permanent Advance and Cash Balance Investment Account, etc.	(-)231.24	III Capital Outlay			331.28
			Sector	Non-Plan	Plan	Total
			(A) General			
			Services	--	15.86	15.86
IV	Recoveries of Loans and Advances	25.89	(B) Social			
			Services	--	95.90	95.90
(i)	From Energy	11.61	(C) Economic			
(ii)	From Government servants	8.35	Services-			
(iii)	From others	5.93	(i) Agriculture and Allied Activities	(-)0.36	7.87	7.51
			(ii) Rural Development	--	0.15	0.15
			(iii) Irrigation and Flood Control	--	18.01	18.01
V	Public Debt Receipts	293.74	(iv) Energy	--	80.04	80.04
(i)	Internal Debt including Ways and Means Advances (excluding overdrafts from the Reserve Bank of India)	107.76	(v) Industry and Minerals	--	4.09	4.09
			(vi) Transport	2.17	103.22	105.39
(ii)	Loans and Advances from the Central Government	185.98	(vii) General Economic Services	--	4.33	4.33
VI	Public Account Receipts	2290.58	IV Loans and Advances Disbursed-			65.67
(i)	Small Savings, Provident Funds, etc.	277.76	(i) For Energy			42.52
(ii)	Reserve funds	232.39	(ii) To Government Servants			17.26
(iii)	Deposits and Advances	686.42	(iii) To others			5.89
(iv)	Suspense and Miscellaneous	229.17				
(v)	Remittances	864.84				
			V Revenue deficit brought down			150.32
			VI Repayment of Public Debt-			100.67
			(i) Internal Debt including Ways and Means Advances (excluding overdrafts from the Reserve Bank of India)			61.44
			(ii) Repayment of Loans and Advances to the Central Government			39.23

RECEIPTS		DISBURSEMENTS	
	(Rupees in crores)		(Rupees in crores)
		VII Public Account	2141.91
		Disbursements	
		(i) Small Savings,	132.11
		Provident Funds, etc.	
		(ii) Reserve funds	250.32
		(iii) Deposits and	683.39
		Advances	
		(iv) Suspense and	207.78
		Miscellaneous	
		(v) Remittances	868.31
VII	Closing Overdrafts from the Reserve Bank of India	546.25	
		VIII Cash Balance at the end of the year	(-)23.80
		(i) Cash in Treasuries and Local Remittances	4.85
		(ii) Departmental Cash Balances including Permanent Advances	0.09
		(iii) Cash Balance Investment Account	0.14
		(iv) Deposits with the Reserve Bank of India	(-)28.88
		2925.22	2925.22

Explanatory Notes:

1. The summarised financial statements are based on the statements of the Finance Accounts and the Appropriation Accounts of the State Government and are subject to the notes and explanations contained therein.
2. Government accounts being mainly on cash basis, the revenue surplus or deficit has been worked out on cash basis. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc., do not figure in the accounts.
3. Though a part of the revenue expenditure (grants) and the loans are used for capital formation by the recipient, its classification in the accounts of the State Government remains unaffected by end use.

4. Under the Government system of accounting, the revenue surplus or deficit is closed annually to Government account. The balancing figure of Rs. 285.32 crores as on 31st March 1983 was treated as cumulative surplus for drawing up the first statement for 1983-84.

5. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of States and others pending settlement, etc. The balance under Suspense and Miscellaneous had changed from Rs. 39.77 crores (Debit) on 31st March 1995 to Rs. 18.38 crores (Debit) as on 31st March 1996.

6. The closing balance according to the Reserve Bank of India, under "Deposits with the Reserve Bank of India" was Rs. 568.47 crores (Credit), against the balance of Rs. 28.88 crores (Credit) shown in the accounts. While a difference of Rs. 539.21 crores had been reconciled (October 1996), the balance (Rs. 0.38 crore) was awaiting reconciliation (October 1996).

1.15 Assets and Liabilities of the State

The assets, comprising of capital investments and loans advanced and the total liabilities of the State Government during the six-year period from 1990-91 to 1995-96 were as under:

At the end of	Assets	Liabilities
(Rupees in crores)		
1990-91	1695.34	1356.77
1991-92	1885.08	1536.18
1992-93	2133.74	1877.95
1993-94	2405.20	2035.78
1994-95	2658.50	2597.30
1995-96	3215.60	3304.72

While the assets grew by 90 per cent over the period of five years, the liabilities had increased by 144 per cent during the same period.

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Budget and expenditure

The summarised position of actual expenditure during 1995-96 against grants/appropriations was as follows:

	Original grant/ appropriation	Supplementary	Total	Actual Expenditure *	Variation Saving(-)/ Excess(+)
(Rupees in crores)					
I. Revenue					
Voted	1628.52	171.59	1800.11	1776.49	(-) 23.62
Charged	313.25	0.90	314.15	290.29	(-) 23.86
II. Capital					
Voted	296.03	63.15	359.18	374.97	(+) 15.79
Charged	1.90	3.25	5.15	5.15	--
III. Public Debt					
Charged	129.07	--	129.07	521.25@	(+) 392.18
IV. Loans and Advances					
Voted	48.80	11.01	59.81	65.67	(+) 5.86
Grand Total	2417.57	249.90	2667.47	3033.82	(+) 366.35

2.2 Results of Appropriation Audit

2.2.1 Saving/excess in grants/appropriations

The overall excess was the net result of savings in 54 cases and excesses in 18 cases as shown below:

	Savings		Excesses		Net saving(-)/excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
(Rupees in crores)						
Voted	78.76 (In 23 grants)	16.10 (In 19 grants)	55.14 (In 7 grants)	37.75 (In 6 grants)	(-) 23.62	(+) 21.65
Charged Appropriations	23.86 (In 11 appropriations)	**	\$	392.18 (In 4 appropriations)	(-) 23.86	(+) 392.18

The overall supplementary grants and appropriations obtained during 1995-96 constituted 10 per cent of the original grants and appropriations.

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz; Revenue expenditure: Rs. 162.44 crores; Capital expenditure: Rs. 48.84 crores.

@ Includes Rs. 420.59 crores on account of repayment of overdrafts and shortfalls obtained from Reserve Bank of India.

** Rs. 4,882 only.

\$ Rs. 10,470 only.

In nine cases, the supplementary provision of Rs. 8.11 crores was unnecessary as the expenditure in all these cases was less than even the original provisions. Details are given in Appendix-I.

Of the final savings of Rs. 94.86 crores under voted grants and of Rs. 23.86 crores under charged appropriations, savings of not less than Rs. 50 lakhs in each case aggregating Rs. 115.97 crores (25 cases) occurred in 22 grants and one appropriation, details of which are indicated below, along with the main reasons for savings, wherever furnished by the Government:

Serial Grant number	Amount of saving (Percentage of saving)	Main reasons
(Rupees in crores)		
Voted Grants		
Revenue		
1. 1-Vidhan Sabha and Elections	2.92 (23)	Less receipt of bills from the Himachal Pradesh Electronic Corporation.
2. 4-General Administration	2.71 (2)	Non-filling up of vacant posts, less travel expenses and reduction in plan ceiling.
3. 6-Excise and Taxation	2.25 (16)	Less receipt of surcharge on passenger tax and non-filling up of vacant posts.
4. 8-Education, Sports, Arts and Culture	9.59 (3)	Non-filling up of vacant posts and transfer of Backward Area Plan Schemes to Grant No. 4-General Administration.
5. 9-Health and Family Welfare	3.71 (3)	Non-filling up of vacant posts, less purchase of medicines, less receipt of medical claims, transfer of Backward Area Plan Schemes to Grant No. 4, less engagement of daily waged staff, less expenditure on AIDS Control Programme and machinery and equipment and non-providing of funds during the year 1995-96 by the United Nations Fund for Population Activities. However, reasons for savings of Rs. 1.15 crores had not been intimated (October 1996).
6. 11-Agriculture	1.63 (2)	Non-filling up of vacant posts, transfer of Backward Area Plan Schemes to Grant No. 4-General Administration, less requirement of seeds, receipt of less subsidy cases, non-implementation of schemes, less release of grant to Marketing Board, non-completion of biogas plants and reduction in plan ceiling. Reasons for savings of Rs. 3.58 crores had not been intimated (October 1996).
7. 13-Soil and Water Conservation	1.09 (6)	Non-filling up of vacant posts, less purchase of machinery, less expenditure on maintenance and less receipt of medical claims.
8. 14-Animal Husbandry and Dairy Development	2.04 (8)	Non-filling up of vacant posts and transfer of Backward Area Plan Schemes to Grant No. 4-General Administration.
9. 16-Forest and Wild Life	3.33 (4)	Non-filling up of vacant posts, less expenditure on execution of works and transfer of Backward Area Plan Schemes to Grant No. 4-General Administration.

Serial number	Grant	Amount of saving (Percentage of saving)	Main reasons
10.	17-Roads and Buildings	1.22 (1)	Not intimated (October 1996).
11.	19-Social Security and Welfare (Including Nutrition)	2.52 (6)	Non-filling up of vacant posts, less repair of vehicles, cut imposed by Tribal Development Department, less purchase of miscellaneous articles for <i>Ashrams</i> /schools and receipt of less pension cases under social security schemes.
12.	21-Co-operation	3.10 (28)	Non-filling up of vacant posts, less expenditure on office articles, less receipt of subsidy cases and non-finalisation of subsidy cases.
13.	22-Food and Warehousing	1.60 (10)	Less expenditure on travel expenses, non-filling up of vacant posts, receipt of less wheat subsidy cases and transfer of Backward Area Plan Schemes to Grant No. 4-General Administration. Reasons for savings of Rs. 1.58 crores had not been intimated (October 1996).
14.	23-Water and Power Development	12.69 (25)	Non-sanction of grant-in-aid by the Government to redeem the loan taken from a Co-operative bank.
15.	25-Road, Water Transport and Civil Aviation	0.51 (2)	Non-filling up of vacant posts, transfer of a scheme to the Technical Education Department and non-finalisation of parking place estimates of Parivahan Bhawan.
16.	27-Labour and Employment	2.94 (32)	Less purchase of machinery, non-filling up of vacant posts and receipt of less travelling allowance claims.
17.	29-Finance	23.51 (17)	Less payments on account of allocation of pensionary charges under the Punjab Reorganisation Act, 1966 and non-introduction of higher denomination lotteries.
Capital			
18.	9-Health and Family Welfare	3.07 (37)	Transfer of Backward Area Plan Schemes to Grant No. 4-General Administration, reduction in plan ceiling and non-finalisation of administrative approval/expenditure sanction.
19.	10-Public Works	2.28 (15)	Completion of construction works resulting in surrender of funds and cut imposed by the Department of Planning.
20.	12-Irrigation and Flood Control	0.73 (5)	Transfer of Backward Area Plan Schemes to Grant No. 4-General Administration and less expenditure on works.
21.	18-Supplies, Industries and Minerals	2.34 (41)	Less expenditure on construction of buildings, less demand by the Himachal Pradesh Industrial Development Corporation and the Himachal Pradesh Financial Corporation, transfer of Backward Area Plan Schemes to Grant No. 4-General Administration and less demand by industries.
22.	22-Food and Warehousing	4.11 (14)	Less procurement of wheat as per demand and less hiring of godowns.
23.	30-Loans to Government Servants	1.80 (9)	Less demand for house building advances than anticipated. Reasons for savings of Rs. 5.79 crores had not been intimated (October 1996).
24.	31-Tribal Development	0.53 (2)	Less expenditure on execution of works.
Charged Appropriation Revenue			
25.	29-Finance	23.75 (8)	Less anticipated payment of interest on General Provident Fund. Reasons for savings of Rs. 10.37 crores had not been intimated (October 1996).

2.2.2 Persistent savings/excesses

Expenditure was persistently less than the total provisions by 5 *per cent* and more in eight cases during 1993-96, while it exceeded the provision persistently in two other cases. Relevant details were as under:

Savings/Excesses as percentage of total grants

Serial number	Grants	1993-94	1994-95	1995-96
I-Savings				
A-Revenue-Voted				
1.	1-Vidhan Sabha and Elections	25	50	23
2.	21-Co-operation	18	17	28
3.	22-Food and Warehousing	9	6	10
4.	27-Labour and Employment	12	31	32
5.	29-Finance	6	8	17
B-Capital-Voted				
6.	12-Irrigation and Flood Control	14	10	5
7.	20-Rural Development	72	44	29
C-Revenue-Charged				
8.	29-Finance	7	10	8
II-Excesses				
D-Revenue-Voted				
9.	10-Public Works	51	50	32
E-Capital-Charged				
10.	29-Finance	557	90	304

2.2.3 Surrender of funds

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

Of the final savings of Rs. 94.86 crores under voted grants and of Rs. 23.86 crores under charged appropriations, savings amounting to Rs. 7.90 crores in 16 voted grants (19 cases) and eight charged appropriations (eight cases) respectively remained unsurrendered. Instances of major variations where savings were more than Rs. 1 crore but were not fully surrendered are contained in Appendix-II.

In 19 grants (22 cases), the amount surrendered exceeded the overall savings. Further, in the case of six grants and one appropriation, Rs. 9.87 crores were surrendered although expenditure exceeded the grant and no savings were available for surrender. Relevant details were as under:

(A) **Surrender of funds larger than available savings:**

Serial number	Grant	Amount of savings	Amount surrendered
(Rupees in lakhs)			
Revenue-Voted			
1.	2-Governor and Council of Ministers	19.66	19.77
2.	3-Administration of Justice	6.02	6.18
3.	6-Excise and Taxation	225.06	228.01
4.	8-Education, Sports, Arts and Culture	959.09	1897.30
5.	9-Health and Family Welfare	371.01	983.37
6.	18-Supplies, Industries and Minerals	48.25	50.89
7.	19-Social Security and Welfare (Including Nutrition)	252.14	271.00
8.	21-Co-operation	309.66	314.00
9.	24-Stationery and Printing	4.99	5.05
10.	25-Road, Water Transport and Civil Aviation	50.56	51.33
11.	27-Labour and Employment	293.54	293.84
12.	29-Finance	2351.45	2498.45
Capital-Voted			
13.	5-Land Revenue	3.14	3.83
14.	8-Education, Sports, Arts and Culture	14.20	14.23
15.	9-Health and Family Welfare	306.93	331.32
16.	10-Public Works	227.86	231.49
17.	12-Irrigation and Flood Control	72.79	77.33
18.	13-Soil and Water Conservation	4.65	4.80
19.	14-Animal Husbandry and Dairy Development	5.77	7.00
20.	20-Rural Development	6.28	6.50
21.	22-Food and Warehousing	410.63	410.79
Revenue-Charged			
22.	29-Finance	2375.10	3382.43
Total		8318.78	11088.91

(B) Surrender of funds in spite of overall excess expenditure:

Serial number	Grant	Amount of excess expenditure	Amount surrendered
(Rupees in lakhs)			
Revenue-Voted			
1.	5-Land Revenue	1652.00	12.86
2.	10-Public Works	2994.06	47.85
3.	31-Tribal Development	17.51	921.78
Capital-Voted			
4.	21-Co-operation	6.44	0.15
5.	23-Water and Power Development	2420.84	0.01
6.	27-Labour and Employment	4.58	4.75
Revenue-Charged			
7.	2-Governor and Council of Ministers	0.10	0.03
Total			987.43

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

2.2.4 Excess over grant/ appropriation

In the revenue section, there was a total excess of Rs. 55,14,44,737 in seven grants and Rs. 10,470 in one appropriation while the excesses in the capital section amounted to Rs. 37,74,61,897 in six grants and Rs. 3,92,18,26,457 in

four appropriations. These excesses (details given below) require regularisation under Article 205 of the Constitution.

Serial number	Grant	Total grant/ appropriation	Actual expenditure	Amount of excess
1	2	3	4	5
		Rupees	Rupees	Rupees
Voted Grants				
Revenue				
1.	5-Land Revenue	43,63,05,000	60,15,04,583	16,51,99,583
2.	10-Public Works	93,73,84,000	1,23,67,89,769	29,94,05,769
3.	12-Irrigation and Flood Control	40,48,54,000	43,33,17,003	2,84,63,003
4.	15-Fisheries	2,41,83,000	2,70,24,388	28,41,388
5.	20-Rural Development	62,99,52,000	65,03,29,552	2,03,77,552
6.	28-Water Supply, Sanitation, Housing and Urban Development	1,29,50,34,000	1,32,84,40,256	3,34,06,256
7.	31-Tribal Development	96,71,77,000	96,89,28,186	17,51,186
Capital				
8.	15-Fisheries	1,09,60,000	1,10,27,040	67,040
9.	17-Roads and Bridges	74,19,91,000	83,09,14,080	8,89,23,080
10.	21-Co-operation	8,10,25,000	8,16,69,217	6,44,217
11.	23-Water and Power Development	92,10,01,000	1,16,30,85,000	24,20,84,000
12.	27-Labour and Employment	83,00,000	87,57,995	4,57,995
13.	28-Water Supply, Sanitation, Housing and Urban Development	57,10,23,000	61,63,08,565	4,52,85,565
Charged Appropriation				
Revenue				
1.	2-Governor and Council of Ministers	81,02,300	81,12,770	10,470
Capital				
2.	4-General Administration	40,00,000	40,00,022	22
3.	8-Education, Sports, Arts and Culture	--	445	445
4.	17-Roads and Bridges	4,72,37,643	4,72,37,828	185
5.	29-Finance	1,29,07,22,000	5,21,25,47,805 [@]	3,92,18,25,805

The reasons for the excesses had not been furnished as of October 1996.

2.2.5 Non-receipt of explanations for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 1994-95 were necessary in the case of 948 heads/sub-heads, but were not received as of October 1996 in the case of 247 heads/sub-heads.

2.2.6 Recoveries in reduction of expenditure

The demands for grants are for the gross amount of expenditure to be incurred in a particular year and show recoveries to be taken in reduction of expenditure separately by way of footnotes thereunder. Similarly, in the Appropriation Accounts, the recoveries are also shown separately in an Appendix thereto. Scrutiny of the Accounts for 1995-96 revealed that against the budget estimates of Rs. 123.43 crores in the revenue section, actual recoveries were Rs. 162.44 crores. In the capital section, against the budget estimates of Rs. 52.13 crores, actual recoveries and adjustments were Rs. 48.84 crores. Thus, in the revenue section, recoveries in reduction of expenditure were underestimated by Rs. 39.01 crores in five grants. Similarly, in the capital section, there was short budgeting in the case of four grants involving Rs. 1.90 crores and less recoveries in three grants involving Rs. 5.19 crores. Details of major variations involving 20 per cent of the original estimates and not less than Rs. one crore are given in Appendix—III.

2.2.7 Injudicious reappropriation

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

During a test-check of the Accounts for 1995-96, it was observed that in the case of 43 sub-heads involving 17 grants/appropriations, reappropriations amounting to Rs. 4.18 crores were injudicious as per the details given in Appendix-IV. The original provision under the sub-head to which the funds were transferred by reappropriation was adequate and consequently the amount reappropriated remained unutilised. Further, the original provision from which the funds were transferred did not have any savings available for reappropriation.

2.3 Reconciliation of departmental figures

In order to exercise effective control over expenditure, all departmental officers vested with drawing and disbursing powers are required to reconcile monthly, the expenditure of their respective departments every month with the expenditure booked in the accounts maintained by the Accountant General. This is intended to enable the departmental officers to detect any frauds or defalcations promptly.

Despite reporting of the extent of delay in reconciliation to the Government periodically, one Controlling Officer¹ had not reconciled the expenditure of Rs. 0.84 crore in respect of two heads of accounts for the entire year 1995-96, while another Controlling Officer² did not reconcile the expenditure of Rs. 65.42 crores in respect of one head of account for five months. Expenditure totalling Rs. 66.26 crores, therefore, remained unreconciled.

2.4 Drawal of funds in advance of requirements

Financial rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly into the treasury.

Test-check of the accounts of the Finance, Tribal Development, Revenue, Local Self Government, Education, Horticulture, Public Works, Irrigation and Public Health, Health and Family Welfare and Fisheries departments revealed that Rs. 7400.77 lakhs were drawn between March 1993 and March 1996 for execution of various schemes/development works and payment of arrears of increased wages to daily paid and work charged establishment. Of this, an amount of Rs. 7361.14 lakhs was lying unutilised either with the executing agencies or as deposits in the banks, etc. at the end of

¹ Financial Commissioner-cum-Secretary, Housing (2216-Housing: Rs. 0.04 crore; 4216-Capital Outlay on Housing: Rs. 0.80 crore).

² Secretary, Finance (2049-Interest payments: Rs. 65.42 crores)

March 1996 as per details given below:

Serial number	Department/ Office	Amount drawn (Rupees in lakhs)	Month of drawal/ receipt	Purpose	Amount unutilised (Rupees in lakhs)	Remarks
Finance						
1.	Director, Small Savings	29.56 44.96	March 1995 March 1996	Reward money meant for advertisements to promote small savings	25.07 44.96	Amount was lying in the bank for want of detailed policies and decision of the Government.
Tribal Development						
2.	Project Officer, (ITDP), Lahaul	30.00	March 1995	Construction of 10 crop collection centres and retail price shops in Lahaul.	30.00	The Government intimated (October 1996) that the execution work of 10 shops had been entrusted to Lahaul Potato Growers and Marketing Society. Further information regarding utilisation of funds had not been intimated (November 1996).
Revenue						
3.	Deputy Commissioner, Mandi	6.85	Between October 1993 and March 1995	Development works under drought relief	6.85	Amount was lying in the banks due to land disputes, non-availability of pipes, non-finalisation of estimates, etc.
4.	Deputy Commissioner, Lahaul and Spiti	5.00	April 1994	Execution of Members of Parliament Development works under MP local area development schemes	3.00	Amount was lying with the executing agencies due to non-finalisation of schemes.
5.	Deputy Commissioner, Sirmour	458.67	Between September 1995 and March 1996	Development works under Local District Planning, Decentralised Planning, Backward Area Sub-plan and relief on natural calamities	458.67	Funds will be released after receipt of estimates from the executing agencies which had not been received.
Local-Self Government						
6.	Director, Local Urban Bodies	254.86	Between March 1993 and October 1995	Utilisation for schemes such as Low Cost Sanitation and Nehru Rozgar Yojna to provide employment to the poor residing in urban areas	231.72	Amount was lying in the banks as the demand for funds had not been received from various urban local bodies.
Education						
7.	Director of Education	7.60	March 1994	Printing of teachers' diaries	7.60	Rupees 7.60 lakhs were deposited with the Printing and Stationery Department. Due to shortage of printing paper, the diaries could not be printed.
Horticulture						
8.	District Horticulture Officer, Kinnaur	1.10	Between March 1994 and September 1994	Construction of green house: Rs. 0.50 lakh Construction of three poly green houses: Rs. 0.60 lakh	1.10	Amount was lying unutilised due to non-finalisation of sites.

Serial number	Department/ Office	Amount drawn (Rupees in lakhs)	Month of drawal/ receipt	Purpose	Amount unutilised (Rupees in lakhs)	Remarks
Public Works						
9.	Shimla Division No.III	6150.00	March 1995	Payment of arrears of increased wages to daily paid and work charged establishment	6150.00	The amount was deposited with the Senior Post Master General, Shimla (Rs. 6075 lakhs) and the Deputy Commissioner, Shimla (Rs. 75 lakhs) in March 1995. The arrears of work charged establishment were to be credited to their General Provident Fund Account and that of daily paid staff were to be paid in Kisan Vikas Patras. The amount could not be disbursed as of March 1996 for want of details of arrears due to each employee.
10.	Dharamsala	43.47	March 1995	Construction of Academic Block of Degree College, Dharamsala	33.47	The amount of Rs. 33.47 lakhs was lying unutilised (January 1996) with the Deputy Commissioner. The Executive Engineer stated (January 1996) that the funds were received at the far end of the year and could not be utilised.
Irrigation and Public Health						
11.	Una-II	18.00	March 1995	Construction of 5 tubewells in Una area	18.00	An amount of Rs. 18 lakhs was advanced to the Superintending Engineer, Tubewell Division, Gagret for boring of tubewells in March 1995. The amount was lying unutilised as of February 1996 as the work of boring of tubewells had not been started.
Health and Family Welfare						
12.	Indira Gandhi Medical College	350.00	March 1996	Installation of Cardiac Catheterisation and Angiography Laboratory-cum -open Heart Surgery facilities	350.00	The amount was drawn (March 1996) by the Deputy Commissioner, Shimla and kept in the bank pending finalisation of tenders as of June 1996.
Fisheries						
13.	Director-cum-Warden, Fisheries, Bilaspur	0.70	March 1996	Printing of fisheries manuscripts.	0.70	Due to non-printing of fisheries manuscripts by the Printing and Stationery Department.
Total		7400.77			7361.14	

Such drawal of funds in advance of actual requirements resulted in blocking of the Government funds and retention thereof outside the Government accounts.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

CHAPTER-III

CIVIL DEPARTMENTS

Education Department

3.1 Primary Education in Himachal Pradesh

3.1.1 Introduction

To achieve the goal of free and compulsory education for children and to promote national progress, a sense of common citizenship and culture and national integration, a National Policy on Education was first evolved in 1968, which was further revised in 1986 with the following main objectives:

- (i) Universal enrolment and retention of children upto 14 years of age at schools.
- (ii) Highest priority to solving the problem of children dropping out of schools.
- (iii) Five years of schooling or its equivalent through the non-formal stream to all children who would attain the age of about 11 years by 1990.
- (iv) A substantial improvement in the quality of education.

With these objectives in view, the State Government fixed the target of universalisation of primary education by 1995.

3.1.2 Organisational set up

Overall responsibility for implementation of the programme vested in Additional Secretary (Education)-cum-Director, Primary Education (Director) who was assisted by District Primary Education Officers (DPEOs) in the districts. At the block level, the programme was being implemented by Block Primary Education Officers (BPEOs). In March 1995, there were 7,732 primary schools in 114 blocks in the State through which primary education was being imparted to children.

3.1.3 Audit coverage

Implementation of the programme for the period 1990-96 was reviewed in audit during September 1995 to January 1996 in 33 Blocks in five districts¹

The abbreviations used in this review have been listed in the Glossary in Appendix VIII (Page 171)

¹

Bilaspur, Chamba, Kinnaur, Kullu and Solan

supplemented by a review of the records of the Director's office. The results of test-check are embodied in the succeeding paragraphs.

3.1.4 Highlights

There was an overall saving of Rs. 132.85 crores against the budget provisions during 1990-96. There were shortfalls in expenditure as compared to budget provisions in all the years except 1992-93.

(Paragraph 3.1.5)

The percentage of literacy in Chamba, Kullu, Lahaul and Spiti and Sirmour districts was below the all India average.

(Paragraph 3.1.6.1)

No survey to ascertain the actual number of eligible children/non-school going children in the State had been conducted as required under the scheme.

(Paragraph 3.1.6.2(a)(i))

Against a target of opening 700 primary schools during 1995-96, not even a single school was opened upto March 1996.

(Paragraph 3.1.6.5(a)(iii))

Four schools in Chamba, Kullu and Solan districts were being run in the open for want of school buildings.

(Paragraph 3.1.7.1(i))

Of the amount of Rs. 758.52 lakhs received by Block Development Officers for construction of 1,671 class rooms in 1,523 schools during 1990-95, a sum of Rs. 72.03 lakhs was lying unspent in bank accounts as of March 1995.

(Paragraph 3.1.7.1(ii))

Shortfall in the provision of essential facilities like separate toilets for boys and girls, storage space, space for games and sports, lighting and safe drinking water ranged between 60 *per cent* and 97 *per cent* in the primary schools.

(Paragraph 3.1.7.1(v))

Shortages of qualified teachers as against the norms, ranged between 33 *per cent* and 46 *per cent* during 1990-95.

(Paragraph 3.1.7.2(iii))

No training was imparted in Bilaspur, Kullu and Solan districts to BPEOs/centre head teachers during 1990-94. No in-service/orientation training was imparted to primary teachers during 1990-94 for want of requisite training facilities.

(Paragraph 3.1.9)

The percentage of shortfalls in inspections of BPEOs and DPEOs ranged between 58 and 100 during 1990-95.

(Paragraph 3.1.10)

No arrangements existed in the State for imparting non-formal education at the primary level to eligible children. No survey had been conducted in the five test-checked districts to identify children who were in need of such education.

(Paragraph 3.1.13)

3.1.5 Financial outlay and expenditure

Budget allotments and expenditure incurred thereagainst on primary education in the State during 1990-96 were as under:

Year	Budget provision	Expenditure	Savings (-)/excess (+)
(Rupees in crores)			
1990-91	138.97	123.39	(-) 15.58
1991-92	167.69	134.79	(-) 32.90
1992-93	164.85	166.00	(+) 1.15
1993-94	213.89	184.11	(-) 29.78
1994-95	244.97	194.97	(-) 50.00
1995-96	141.34	135.60	(-) 5.74
Total	1071.71	938.86	(-) 132.85

Source: Figures as supplied by the Director

The overall saving of Rs. 132.85 crores was attributed (March 1996) by the Director to non-filling up of posts of teachers and economy in other expenditure on account of economy measures adopted by Government.

Rupees 75.85 lakhs were drawn during April 1987 to March 1991 by the Directorate from the treasury for procuring teaching and learning material much in

advance of requirement and kept in the shape of bank drafts till August 1993, when these were deposited in a savings bank account. The entire amount was paid to the suppliers by March 1995. The amount of Rs. 4.33 lakhs earned as interest, which should have been deposited in the Government account as per the financial rules of the State Government, had not been deposited in the treasury as of March 1996.

3.1.6 Implementation of the programme

3.1.6.1 Primary education

The following points were noticed in the implementation of the programme:

The literacy percentage of the State, as per the census of 1991 was 64 (male: 76 and female: 52) against the all India percentage of 52 (male: 64 and female: 40). Out of 12 districts, four districts lagged behind the all India level as detailed below:

Serial number	District	Percentage of literacy achieved		
		Male	Female	Total
1.	Chamba	60	29	45
2.	Kullu	70	39	55
3.	Lahaul and Spiti	72	38	55
4.	Sirmour	63	38	50

3.1.6.2 Enrolment of eligible children

(a) As per the National Policy on Education, children between the age group of 6-11 years were to be enrolled for imparting five years of primary schooling.

(i) No survey had been conducted by the department to ascertain the actual number of eligible children and non-school going children in the State. The Director stated (March 1996) that instructions had been issued to all the DPEOs/BPEOs to ensure the carrying out of surveys every year. However, no data could be collected due to shortage of staff in the field offices. Efforts made to get the staff posted were not on record.

(ii) Details of eligible children enrolled and non-school going children for 1992-93 and 1994-95 were not available with the Directorate.

(iii) The National Policy on Education envisaged that there was to be a well conceived edge in favour of women. Education was to be used as an agent of basic change in the status of women. Scrutiny of data made available by the Directorate revealed that during 1990-92 and 1993-94, the percentage of non-school going girls was higher (6 to 9) than that of non-school going boys (1) of eligible age groups.

(b) The category-wise position of enrolment of children in 1994-95 *vis-a-vis* the position of enrolment in 1990-91 as worked out by audit in respect of five districts was as under:

Category	Number of enrolled children			
	Girls		Boys	
	1990-91	1994-95	1990-91	1994-95
(In lakhs)				
1. Scheduled castes	0.16 (9)	0.19 (10)	0.19 (11)	0.23 (13)
2. Scheduled tribes	0.09 (5)	0.09 (5)	0.11 (7)	0.10 (5)
3. Others	0.52 (31)	0.58 (32)	0.63 (37)	0.65 (35)
Total	0.77 (45)	0.86 (47)	0.93 (55)	0.98 (53)

Figures in brackets represent percentages calculated with reference to total number of enrolled children during the year.

Thus, there was no substantial improvement in the enrolment of boys and girls in primary schools during 1990-95.

The Director attributed (March 1996) deficiencies in enrolment of eligible children in the schools to non-availability of adequate schooling facilities and non-grant of attendance scholarships to girl students for improving their attendance in schools to the requisite extent due to financial constraints. The contention was not tenable because there were savings year after year (except in 1992-93) against the budget provisions under primary education, which could have been used to provide adequate schooling facilities.

3.1.6.3 Dropouts

The National Policy on Education stipulated that highest priority should be given towards solving the problem of children dropping out of school and adopting strategies to ensure children's continuance in school.

Scrutiny of the records made available to audit by DPEOs/BPEOs revealed that:

(i) The percentage of dropouts in Chamba, Kinnaur and Kullu districts, ranged between 3 and 10 during 1992-95.

(ii) Out of 12 blocks of Bilaspur and Solan districts, data for dropouts were not maintained by six BPEOs. In the remaining six blocks², out of 1,866 children who had dropped out, only 1,004 were reinducted during 1990-95.

(iii) It was also noticed that data regarding dropouts were not maintained by the Director. The department had not evolved any system to monitor the incidence of dropouts and to investigate reasons thereof with a view to having an effective check on them. According to the DPEOs, data were not maintained as the higher authorities had not prescribed the requisite return/report.

(iv) Though none of the DPEOs/BPEOs had ascertained the exact reasons for the children dropping out, the same was attributed (September 1995 to January 1996) by the concerned DPEOs/BPEOs generally to poverty and illiteracy of the parents of the primary school children and non-availability of adequate schooling facilities within convenient walking distances in the difficult hilly terrain.

3.1.6.4 Walking distance to schools

The norm of one kilometre as walking distance for setting up of primary schools fixed in 1978 was revised (September 1995) by the Government to a maximum of 1.5 kilometres in hilly areas and three kilometres in other areas.

It was noticed that in Bilaspur district, in 20 localities and in Kinnaur district, in six localities, the nearest schools were located at distances ranging between two kilometres and six kilometres.

3.1.6.5 Opening of new schools

(a) Proposals for opening of new schools were received from various *gram panchayats* which, after verification of the necessity by the DPEOs/BPEOs were sent for approval of the Government. No data had, however, been maintained by the department regarding the number of proposals sent year-wise. During 1990-95, only 184 primary schools were opened.

Scrutiny of records showed the following:

(i) DPEO, Bilaspur submitted a proposal in November 1986 to the Director for opening 28 new primary schools during 1986-87. Out of these, only eight were

sanctioned upto December 1995 and 20 schools covering a population of 8,250 had not been sanctioned, for which no reasons were on record.

(ii) Against 181 primary schools needed in 1990-91 in Kinnaur district, as assessed by DPEO; Kinnaur, 163 had been opened till March 1995. The remaining 18 schools included those needed for six localities of Nichar Block inhabited mainly by people belonging to Scheduled Castes. These localities were also identified by the department as having some non-school going children in the eligible age group. Although BPEO, Nichar had moved the proposal for providing schools to these localities in February 1991, the sanction was awaited (September 1995).

(iii) In March 1995, the Government rescheduled its target year of universalisation^{ation} of education to 1997-98 by setting up 2,100 more schools. Of these, 700 primary schools were to be opened during 1995-96. Not a single school was, however, opened upto March 1996. The Director stated (March 1996) that the identification survey for opening of these schools was under finalisation.

(b) Non-functional schools

(i) Five primary schools to provide schooling to 100 children sanctioned between 1992-93 and 1994-95 remained non-functional till September 1995 in Solan district.

(ii) One primary school to provide schooling to 30 children, sanctioned in 1992-93 in Kinnaur district, remained non-functional till October 1995.

The DPEOs stated (September-October 1995) that these schools could not be made functional due to lack of school buildings to be provided by the villagers and non-allotment of funds.

3.1.7 School facilities

In keeping with the guidelines of the National Policy on Education, the State Government laid down (November 1994) norms for providing a minimum of two rooms and two trained teachers for each school having enrolment of upto 60 children and an additional room and a teacher for every additional enrolment of 40 children. The teachers to be provided under the Voluntary Teacher Scheme or any other new scheme were to be deemed additional to those provided under the norms.

The following points were noticed in audit:

3.1.7.1 Provision of building facility

(i) Scrutiny of records regarding the physical status of school buildings maintained by the BPEOs revealed that out of 2,246 schools functioning in the five districts as of March 1995, 218 schools were without *verandahs*. These included 29 schools which had single-roomed accommodation. Ninety six schools were functioning in privately owned premises of which 66 had one room each. Four schools (Chamba: 1; Kullu: 2 and Solan: 1) were being run in the open for want of school buildings. A total of 1,071 school buildings were *kutcha* structures and 1,171 were *pucca*. As such records in respect of primary school buildings were not being maintained/consolidated at the Directorate, no data were available for macro-level planning/monitoring of the adequacy of building facilities at higher levels.

(ii) Funds aggregating Rs. 758.52 lakhs had been received during 1990-95 by 22 Block Development Officers (BDOs) for construction of 1,671 classrooms for 1,523 schools, against which Rs. 686.49 lakhs had been spent. Out of 1,178 completed classrooms as of March 1995, 464 rooms (construction cost: Rs. 203.14 lakhs) had not been handed over to the Education Department (January 1996) for which no reasons were furnished. Construction of 452 rooms (1990-91: 3; 1991-92: 19; 1992-93: 43; 1993-94: 174 and 1994-95: 213) required to be completed within a period of six months to one year, on which Rs. 173.15 lakhs had been spent, was still incomplete (January 1996). The delay in completion was attributed (December 1995) by the BDOs to late/short allotment of funds, labour shortage, land disputes and delayed execution by village *panchayats*. An unspent amount of Rs. 72.03 lakhs was lying in the bank accounts of the concerned BDOs. The investment of Rs. 376.29 lakhs on 916 rooms during 1990-95 had, thus, not served the intended purpose.

(iii) Construction of 27 rooms sanctioned during 1991-95, for which funds aggregating Rs. 13.06 lakhs were allocated had not been started as of January 1996. Of these, the construction of one room by BDO, Dharampur (Solan district), sanctioned in 1991-92 for Rs. 0.30 lakh, had been cancelled without any recorded reasons. Construction of the remaining rooms had not been taken up due to non-selection of sites (9 rooms - cost: Rs. 4.20 lakhs), non-requirement of additional accommodation for the concerned schools (5 rooms - cost: Rs. 2.75 lakhs) and non-existence of any school at the approved site (1 room - cost: Rs. 0.50 lakh). No reasons were furnished for the non-construction of 11 schoolrooms. Thus, there were deficiencies in planning while sanctioning the construction of these schoolrooms.

(iv) In respect of 525 primary schools in nine blocks of Chamba district, 779 class rooms along with *verandahs* were required to be provided as of March 1995 for 17,491 children enrolled in these schools, against which only 413 rooms which included 35 rented rooms had been provided, resulting in a shortage of 366 rooms. The concerned BPEOs attributed the shortages to non-ascertainment of the requirement of the classrooms by the BDOs responsible for construction of the rooms.

(v) There were shortfalls in the provision of facilities like separate toilets for boys and girls (97 *per cent*), storage space (97 *per cent*), space for games and sports (72 *per cent*), lighting (77 *per cent*) and safe drinking water (60 *per cent*) as of March 1995.

Ninety one *per cent* of schools lacked fencing in 1990-91. Eighty seven *per cent* of these were still to be fenced at the end of 1994-95. No watch and ward arrangements existed in any of the schools in these districts.

3.1.7.2 Provision of teaching staff

The requisite qualification for a primary school teacher was matriculation with Junior Basic Training (JBT) of two years duration. In addition, the Government had also recruited voluntary teachers under the Voluntary Teacher Scheme, 1991.

Scrutiny of the records revealed the following points:

(i) Data regarding sanctioned strength and teachers in position for 1990-91 to 1992-93 were not supplied by the Directorate. As compared to the sanctioned strength, the shortage of teachers, including voluntary teachers, was between 15 *per cent* and 16 *per cent* during 1993-94 to 1994-95 at the State level and between 13 *per cent* and 17 *per cent* during 1990-95 in the test-checked districts.

(ii) The teacher-student ratio had been fixed at 1:30 by the Government in November 1994. However, the ratio ranged between 1:38 and 1:40 during 1990-95 in the test-checked districts. The BPEOs attributed (October 1995-January 1996) this to non-providing of staff by the higher authorities.

(iii) Shortage of qualified teachers as compared to the fixed norms ranged between 33 *per cent* and 46 *per cent* in the districts test-checked during 1990-95.

The Director intimated (March 1996) that data regarding teaching staff required to be provided as per the norms and the staff actually provided in the State for 1990-95 were not maintained in his office.

(iv) It was provided in the National Policy on Education that at least two teachers, one of them a woman as far as possible, should be posted in every primary school. However, the percentage of female teachers to the total strength of teachers ranged between 32 and 34 during 1990-95. In 1990-91, 199 primary schools were functioning with only one teacher each. It was observed that the position remained the same in respect of 93 schools in the test-checked districts as of January 1996.

(v) It was observed that persons who had not received Junior Basic Training (JBT) (i.e. as language teacher, drawing master, etc.) were appointed as primary teachers on an *ad hoc* basis. In addition, the department had also recruited matriculates, who had no pre-service training, as voluntary teachers. Engagement of *ad hoc* and voluntary teachers in five test-checked districts ranged between 383 and 393, and 874 and 1,895 respectively during 1990-95. An expenditure aggregating Rs. 1035.15 lakhs was incurred on their pay and allowances during 1990-95. Engagement of such staff was attributed (March 1996) by the Director to shortage of JBT teachers and financial constraints. The contention of the Director regarding the shortage of JBT teachers was not entirely tenable as scrutiny of the records in Chamba and Kullu districts revealed that although JBT teachers were available during all the years (1990-95), *ad hoc* and voluntary teachers were appointed as per the details given below:

Year	Number of <i>ad hoc</i> teachers		Number of voluntary teachers		Number of JBT teachers awaiting appointment	
	Chamba	Kullu	Chamba	Kullu	Chamba	Kullu
1990-91	269	Nil	345	168	87	Nil
1991-92	280	Nil	472	287	144	Nil
1992-93	280	Nil	775	459	348	Nil
1993-94	280	Nil	784	489	197	Nil
1994-95	288	Nil	809	493	37	68

3.1.7.3 Supply of teaching/learning material

The National Policy on Education envisaged the provision of essential teaching and learning materials like maps, plastic globes, toys etc., in primary schools. However, out of 2,246 schools in the five districts, teaching/learning material had not been supplied to 78 schools as of March 1995. The material was required to be replenished in nine schools of Bilaspur district as of December 1995. Besides, the teaching staff in the schools had not received any specific training for use of these materials, especially the science, mathematics and tool kits (for teaching purpose). The same were, thus, being utilised only partially for the intended purpose according to the extent of knowledge and experience of the teachers concerned.

3.1.8 Health care of children

No norms for visits of health workers to the schools were prescribed by the department. Out of 66 schools test-checked in audit, 23 schools were never visited by the medical authorities, 37 were visited once, five were visited twice and one was visited thrice during 1990-95.

Progress cards had not been maintained in any of the schools to record the condition of health of the children who received medical checks. DPEO, Solan stated (January 1996) that the authorities of the Health Department gave proper attention to checking the health of school children only when some disease broke out.

3.1.9 Training of educational administrators and teachers

(a) The National Policy on Education stressed the need for giving special attention to the training of educational planners, administrators and heads of the institutions and for establishing institutional arrangements for the purpose. It was observed that out of 448 BPEOs/Centre head teachers in the test-checked districts, training programmes had been organised in Kinnaur and Chamba districts for only 83 BPEOs/Centre head teachers during 1990-94. No training was imparted in Bilaspur, Kullu and Solan districts.

(b) New programme of teachers' education considered their pre-service and in-service components as inseparable and emphasised the need for continuing education for the teachers through District Institutes of Education and Training (DIETs) for equipping them to meet the thrusts envisaged in the National Policy on Education.

No in-service/orientation training was imparted to primary teachers during 1990-94 for want of requisite training facilities. The Director stated (March 1996) that in-service teachers' training programmes had been started for the first time during 1994-95, when 39 programmes were organised and 823 primary teachers in five districts had been imparted training.

3.1.10 Inadequate inspection of institutions

(i) Inspection by DPEOs

Norms for inspections of schools fixed by the Director in July 1990 required that a DPEO should inspect at least 12 schools every year. These norms were revised in November 1992 to the conducting of surprise inspections of two schools and regular inspections of four schools every month by each DPEO. In addition, he was required to conduct regular inspections of each BPEO's office at least twice every year.

Scrutiny in audit, however, revealed the following position in the five test-checked districts:

(a) During 1990-92, shortfall in regular inspections of schools in Chamba, Kinnaur and Kullu districts ranged between 92 *per cent* and 100 *per cent*.

(b) During 1992-95, shortfall in inspections of schools ranged between 91 *per cent* and 100 *per cent* for regular inspections and between 70 *per cent* and 100 *per cent* for surprise inspections. Shortfalls in inspections of BPEOs ranged between 74 *per cent* and 100 *per cent*. The DPEOs attributed the shortfalls to excessive office work, lack of inspection vehicles; posts of DPEOs remaining vacant for longer periods and non-posting of regular incumbents.

(ii) **Inspections by BPEOs**

Norms for inspections fixed by the Director in July 1990 required that a BPEO should inspect at least 50 schools every six months. These norms were revised in November 1992 to the conducting of one regular and one surprise inspection of every school annually.

Scrutiny in audit revealed the following position:

(a) Against 3,300 inspections of schools required to be conducted by 33 BPEOs in five districts during each of the years 1990-91 and 1991-92, 1,087 inspections and 1,116 inspections had actually been conducted resulting in shortfall of 2,213 (67 *per cent*) and 2,184 (66 *per cent*) inspections respectively.

(b) Shortfall in inspections during 1992-95 ranged between 58 *per cent* and 61 *per cent* for regular and was 85 *per cent* for surprise inspections of schools as given below:

Year	Total number of schools	Number of inspections required as per norms		Number of inspections actually conducted		Shortfalls (Percentage)	
		Regular	Surprise	Regular	Surprise	Regular	Surprise
1992-93	2,226	2,226	2,226	911	341	1,315 (59)	1,885 (85)
1993-94	2,236	2,236	2,236	940	346	1,296 (58)	1,890 (85)
1994-95	2,246	2,246	2,246	874	337	1,372 (61)	1,909 (85)

These shortfalls were attributed (September 1995 - January 1996) by the BPEOs to heavy rush of office work, larger number of schools under each block, distant

locations of various schools on difficult hilly terrains, posts of BPEOs lying vacant for longer periods and allotment of lesser time for touring by higher officers. Comments of the Director of Primary Education were awaited (May 1996).

3.1.11 Detention of children in primary classes

The National Policy on Education required that the policy of non-detention of children at the primary stage should be retained, making evaluation as disaggregated as feasible. It was observed that 1,35,862 children in primary classes were detained during 1990-92 on the basis of the results of annual examinations. These included 43,334 children of Class I alone.

The Director stated (February 1996) that the policy of non-detention of school children at the primary stage was not followed as its adoption would lead to lowering of the standard of education. The contention of the Director was not tenable because the motivational approach envisaged in the policy had not been followed.

3.1.12 Accountability of teaching staff

(i) With a view to improving the pass percentage in annual examinations of primary classes, the Government decided (September 1992) to impose a penalty of stoppage of one increment with cumulative effect in cases where the pass percentage of a class was 0 to 10 or without cumulative effect where it ranged between 11 and 20.

In nine cases, (Garola block of Chamba district: five and Nichar block of Kinnaur district: four) although the pass percentages of various classes ranged between 0 and 7 during 1992-93 to 1994-95, no disciplinary action had been taken in any case.

BPEO, Nichar attributed the shortfalls to low level of instructions resulting from frequent deputing of teachers to other duties like census work, preparation of electoral rolls and literacy drives to the detriment of teaching in the schools.

(ii) No progress cards were being maintained for the primary school children in the State to assess the improvement of children in studies and extra-curricular activities.

3.1.13 Non-formal education

A large and systematic programme of non-formal education was to be launched for school dropouts, children from habitations without schools, working children and girls who could not attend whole-day schools.

Scrutiny of records revealed the following points:

- (i) No arrangements existed in the State for imparting non-formal education at the primary level to eligible children;
- (ii) No survey had been conducted in the five test-checked districts to identify children who were in need of such education. The DPEOs attributed (September 1995-January 1996) the omission to non-receipt of instructions from higher authorities. Thus, the basic objective of universalis^{ation}~~ation~~ of education remained unachieved.

3.1.14 Other topics of interest

- (i) The primary school at Punj Villa (Solan district), functioning at the existing location since 1948 had 12 rooms for the school building and a sanctioned strength of seven teachers (eight teachers in position) for providing education to 166 children on its rolls as of November 1995. Subsequently, another primary school, functioning in the Jawahar Park locality was shifted to the same premises during April 1989 and was, shifted once again in April 1991 to a newly constructed two-roomed accommodation within a distance of 15 metres from the Punj Villa school. The Jawahar Park school had 120 children on its rolls (November 1995) for which five posts of JBT teachers had been sanctioned, against which six teachers had actually been posted.

The joint strength of children on the rolls of both the schools which were functioning side by side worked out to 286, for which a maximum of eight teachers and eight classrooms were required as per the norms as against the 14 teachers in position. Thus, by establishing an extra school in close proximity, an extra expenditure of Rs. 15.53 lakhs was incurred on the pay and allowances of the Jawahar school from April 1989 to October 1995. In addition, the expenditure incurred on construction of extra accommodation for the school was avoidable. Besides, the walking distances for the beneficiary children of Jawahar Park locality had increased by about one kilometre due to shifting of the said primary school.

BPEO, Kuthar admitted (November 1995) that functioning of the two schools in juxtaposition was unjustified. However, requisite action to merge these schools into one or to shift one of them elsewhere as needed had not been initiated.

- (ii) Enrolment of children in a primary school in Chamba town ranged between 174 and 217 during the five years ending January 1996 for which a maximum of seven trained teachers were required as per the norms. Against this, 13 teachers, in addition to six voluntary teachers, remained posted in the school resulting in avoidable

recurring expenditure of Rs. 2.16 lakhs annually for payment of pay and allowances to six JBT teachers and six voluntary teachers.

DPEO, Chamba attributed (February 1996) the excess to the sanctioning of staff on the basis of higher enrolment of children in the previous years. The staff in excess of norms had not been reduced subsequently when the enrolment decreased due to the opening of several private schools in the town. The comments of the Director were awaited (June 1996).

3.1.15 Monitoring and evaluation

No monitoring was being done by the Directorate except that the quarterly progress reports of enrolment received from the districts were being submitted to the Government.

The programme had also not been subjected to evaluation. The Director stated (March 1996) that no such norms existed presently and that the evaluation would be done under the DIET scheme.

These points were referred to the Government in June 1996; reply had not been received (October 1996).

Health and Family Welfare Department

3.2 National AIDS Control Programme

3.2.1 Introduction

Acquired Immuno Deficiency Syndrome (AIDS) is a fatal disease caused by a virus called the Human Immuno Deficiency Virus (HIV). It has emerged as a serious public health problem in many countries including India within a very short period after its detection in 1981. Accordingly, the National Aids Control Programme (NACP) was initiated in 1985 in the country in collaboration with Indian Council of Medical Research. This was followed by formulation of a programme by the Director General of Health Services (DGHS), Government of India in 1987 with three major components viz., (i) surveillance, (ii) screening of blood and blood products to ensure blood safety and (iii) information, education and communication. The programme was being monitored by the DGHS in collaboration with State Governments.

Subsequently, in order to contain the spread of HIV/AIDS, the Government of India (GOI) launched a centrally sponsored scheme (Programme) on 29 September 1992 with assistance from the World Bank and the World Health Organisation. In Himachal

Pradesh the programme was implemented from September 1992 with the following main objectives to:

- (a) develop HIV/AIDS preventive activities with 'special focus on the major epicentres of epidemic,
- (b) attain a satisfactory level of public awareness of HIV transmission and prevention,
- (c) develop health promotion intervention among high risk behaviour groups,
- (d) screen the majority of blood units collected for blood transfusions,
- (e) decrease the practice of professional blood donations,
- (f) develop skills in clinical management, health education and counselling and psycho-social support to HIV zero-positive persons, AIDS patients and their associates,
- (g) strengthen Sexually Transmitted Disease (STD) control,
- (h) monitor the development of the HIV/AIDS epidemic,
- (i) establish a comprehensive system of surveillance on HIV infection and AIDS; and
- (j) involve in a very substantial manner, non-governmental organisations for dissemination of information and provision of support services among the high risk groups, commercial sex workers, HIV drug users, migrant persons such as transport workers, etc.

3.2.2 Organisational set up

The responsibility for implementation of the programme vested in the Director of Health Services (DHS) who was assisted by an AIDS control cell, headed by a State Programme Officer (SPO). At the district level, the programme was being implemented by the Chief Medical Officers. The overall administrative control was with the Commissioner-cum-Secretary (Health and Family Welfare).

3.2.3 Audit coverage

Implementation of the programme from 1992-93 to 1995-96 was reviewed in audit during April 1996, in the Office of the Programme Officer, National Aids Control Programme, Shimla, supplemented by a review of the records of the Directorate of

Health Services, Indira Gandhi Medical College, and the State Blood Bank. The results of the review based on test-check of records are embodied in the succeeding paragraphs.

3.2.4 Highlights

No State-wide survey had been conducted as of April 1996 to ascertain the spread of HIV infection, baseline data on HIV prevalence, areas of risky sexual behaviour and case detection and sexual designing as envisaged in the programme.

(Paragraph 3.2.5)

No effective monitoring of the implementation of the programme had been conducted by the Empowered Committee established for this purpose in June 1992.

The percentage shortfall in expenditure with reference to grants received during 1992-96 except (1993-94) ranged between 40 and 56.

Although the State Government had sanctioned the creation of various categories of posts under the National Aids Control Programme in September 1994, Director of Health Services was not aware of this and consequently the posts had not been filled up as of August 1996.

(Paragraph 3.2.6(i))

The annual action plans for 1993-94 to 1995-96 had not been prepared for submission to the National Aids Control Organisation for requisite approval.

(Paragraph 3.2.6(iii))

Out of 11 blood banks, seven blood banks were functioning without licences and four blood banks were functioning without getting their licences renewed since 1994-95.

(Paragraph 3.2.7.4(i))

Facilities for separation of blood components had not been provided in any of the blood banks in the State, except for the Surveillance Centre of the Indira Gandhi Medical College, Shimla, as the equipment required to be purchased by the National AIDS Control Organisation had not been supplied as of April 1996 and the matter of supply of the equipment had not been pursued.

(Paragraph 3.2.7.4(ii))

Although the programme envisaged the involvement of non-governmental organisations in a substantial manner, no non-governmental organisation had been involved in the implementation of the programme in the State.

(Paragraph 3.2.8)

3.2.5 Survey

As envisaged in the programme, a State-wide survey was to be conducted to ascertain:

- (a) the geographical spread of HIV infection;
- (b) baseline data on HIV prevalence in known groups of higher risk, ex-sex workers/promiscuous men attending STD clinics and drug users;
- (c) the areas of risky sexual behaviour and major population groups practising them; and
- (d) case detection and sexual designing programmes which could provide the vulnerable groups access to curative services.

No such survey had, however, been conducted in the State as of April 1996. SPO stated (April 1996) that the project proposal for conducting a baseline survey in Hamirpur district was sent to National Aids Control Organisation (NACO) - a Government of India Organisation in 1995 and their sanction was awaited (August 1996).

3.2.6 Financial arrangements

For this centrally sponsored scheme, cent *per cent* financial assistance was provided by the Government of India. The budget provision for funds was made in the State Budget. Budget estimates, actual releases and expenditure incurred thereagainst under the programme during 1992-96 were as under:

Year	Budget estimates	Grants received/ released	Percentage of grants received to budget estimates	Actual expenditure	Shortfall in expenditure to grants received	Percentage shortfall in expenditure to grants received
(Rupees in lakhs)						
1992-93	91.85	82.75	90	36.67	46.08	56
1993-94	100.83	22.93	23	50.80	--	--
1994-95	117.17	87.27	74	55.00	32.27	37
1995-96	140.81	168.15	119	100.28	67.87	40
Total	450.66	361.10		242.75*		

* Figures as supplied by the department

The following points were noticed:

(i) An Empowered Committee with the Commissioner-cum-Secretary (Health) as Chairman was established in June 1992 to ensure quick release of funds, arrange financial sanction for the non-governmental agencies and monitor the programme closely. Against monthly meetings required to be held by the Committee, only two meetings were held, in February 1993 and November 1995. Thus, the implementation of the programme was not effectively monitored.

The shortfall in expenditure during 1992-96 (except 1993-94) in respect of the programme ranged between 40 *per cent* and 56 *per cent* of the grants received. SPO stated (June 1996) that due to non-creation of posts by the State Government, the entire allocation under the programme could not be utilised for implementation. However, DHS stated (August 1996) that a case for creation of posts had been sent to the Government in February 1993 but the posts had not been created so far. It was observed in audit that posts of various categories under NACP had already been created in September 1994. Meanwhile, four out of 10 posts of different categories had been filled up during 1993-94. The final reply of DHS regarding non-filling up of the remaining posts was awaited (August 1996).

(ii) According to details supplied (January 1996) by NACO, a grant of Rs. 82.75 lakhs was released to the State during 1992-93. Against this, only Rs. 74.75 lakhs were accounted for in the books of the State Government, for which audit certificates were issued. Thus, Rs. 8 lakhs remained unreconciled (April 1996). SPO stated (May 1996) that the matter would be taken up with NACO.

(iii) A letter of undertaking required to be sent by the State Government annually to NACO for releasing of grants was never sent and the grants were released to the State, year after year, on the basis of expenditure figures reported by the State Government without approval of the annual action plans. The annual action plan for 1992-93 was prepared but the necessary approval was not obtained from NACO. It was noticed that the annual action plans for 1993-96 had not been prepared.

(iv) Quarterly statements of expenditure along with monthly expenditure reconciliation certificates were not sent to NACO as required under the programme. Reasons for non-submission of the same were attributed (April 1996) by the SPO to shortage of manpower.

3.2.7 Implementation of the programme

3.2.7.1 General management (strengthening management capacity for HIV control)

(i) The State Government was required to establish an AIDS control cell as per the approved staffing pattern for planning, co-ordinating and implementation of the programme. The cell was created in the State in October 1993.

Two posts of Deputy Directors in the cell had not been filled up (August 1996). The SPO admitted (April 1996) that due to non-filling up of these posts by the State Government, the cell could not function properly.

(ii) In order to strengthen the technical and research capabilities of the programme, a Technical Advisory Committee (TAC) was constituted in November 1992, for a period of one year. As against four meetings required to be conducted every year, the committee met only once in February 1993. Thereafter, neither was its term extended nor was a new committee constituted. The SPO intimated (May 1996) that the TAC would be formed after the annual action plan for 1996-97 was approved by NACO.

(iii) The State Government was to develop HIV/AIDS preventive activities with a special focus on the major epicentres of the epidemic and to attain a satisfactory level of public awareness of HIV transmission and prevention. Year-wise and district-wise details of HIV/AIDS cases detected during 1992-95 were as under:

Districts

Year	Hamirpur	Kangra	Mandi	Shimla	Bilaspur	Una	Solan	Total
(In numbers)								
1992	8	--	--	--	--	--	--	8
1993	7	1	1	1	1	--	--	11
1994	9	3	1	1	3	--	--	17
1995	4	8	6	5	5	1	3	32

Though the programme had been under implementation since 1992, the number of AIDS cases in the State had been continuously increasing. The number of HIV/AIDS cases increased from eight in 1992 to 32 in 1995.

3.2.7.2 Training workshops

(i) The number of training workshops targeted to be conducted, actually held and the number of trainees targeted to be trained and actually trained during 1993-96 in

respect of field functionaries of the programme were as under:

Year	Training workshops			Number of trainees		
	Target	Actually held	Shortfall	Target	Actually trained	Shortfall
1993-94	15	11	4	300	280	20
1994-95	10	9	1	200	191	9
1995-96	10	6	4	200	110	90

The SPO stated (August 1996) that no training was imparted during 1992-93 due to late receipt of funds and non-receipt of training modules. The shortfall during 1993-96 was stated to be due to shortage of staff. It may be mentioned that the posts created in September 1994 had not been filled up as of August 1996.

(ii) During 1992-96, neither were any targets fixed nor was any training provided to personnel of the Central/State Government other than those in the health field or non-governmental organisations, to increase their awareness and knowledge about HIV and AIDS transmission and prevention. The SPO attributed (August 1996) the shortfall in imparting training to the aforesaid personnel to paucity of staff.

3.2.7.3 Information, education and communications (IEC) activities

With a view to promoting public awareness and community support about AIDS, a campaign was to be carried out through radio, television, newspapers and existing health personnel. Year-wise allocations made by NACO and the actual expenditure incurred thereagainst during 1992-96, for production of IEC materials on dissemination of information and health education about HIV and AIDS at all levels was as under:

Year	Allocation	Expenditure	Savings(-)/ Excess(+)
(Rupees in lakhs)			
1992-93	5.00	Nil	(-) 5.00
1993-94	8.75	8.04	(-) 0.71
1994-95	22.00	3.24	(-) 18.76
1995-96	30.00	30.50	(+) 0.50

During 1992-93, no activities were undertaken and accordingly, Rs. 5 lakhs remained unutilised. Similarly, there were savings of Rs. 19.47 lakhs during 1993-95. The SPO stated (April 1996) that the savings were due to paucity of staff. Consequently

no targets were fixed by Government to carry out an intensive public awareness and community support campaign. Similarly, no conference in support of the programme could be held through opinion leaders at the State level during 1992-96.

3.2.7.4 Blood banking system

To ensure that blood banks do not become a source of infection, upgradation and institutionalisation of quality standards were required. The programme, therefore, envisaged that all the blood banks would be licenced under the Drugs and Cosmetics Act/Rules. The following points were noticed in audit.

- (i) There were seven unlicenced blood banks in the State. The licences of the four licenced blood banks were required to be renewed from 1994-95 onwards which was not done as of August 1996. The SPO stated (August 1996) that all the Chief Medical Officers (CMOs) had applied for renewal/issue of fresh licences with the Drug Controller of India.
- (ii) Strengthening and upgrading of the blood banking system required promotion of the rational use of blood by establishing component separation facilities. A test-check revealed that blood component separation facilities had not been provided as of March 1996 to any of the blood banks in the State except the Surveillance Centre, Indira Gandhi Medical College (IGMC), Shimla. The SPO stated (April 1996) that the equipment required to be supplied by NACO to the blood banks had not been supplied. However, it was noticed in audit that the matter regarding supply of equipment had not been taken up by the SPO with NACO as of April 1996.

3.2.7.5 Building surveillance and clinical management capacity

- (i) Provision of HIV testing capability for sentinel surveillance at selected sites, carrying out HIV point prevalence surveys at selected sites and training and research in socio-behavioural and epidemiological aspects of the disease including strategies for intervention to control the epidemic were required to be made under the programme.

Only one surveillance centre with blood component separation facility was functioning in the State at the IGMC, Shimla since 1986. Neither was any target fixed for opening new surveillance centres nor had any such centre been opened during 1992-96.

(ii) No samples were screened for surveillance purposes after 1992-93. The Incharge of the Surveillance Centre, IGMSC, Shimla stated (May 1996) that no separate staff for the purpose had been provided to the centre.

(iii) Sentinel groups were not screened by the department specifically for high risk as well as low risk. The SPO stated (April 1996) that screening for the sentinel surveillance was being carried out in a general manner only in the main STD clinic at the Din Dayal Upadhyaya Hospital, Shimla. The contention of the SPO was not tenable as sentinel surveillance was to be conducted at the specific site of occurrence of the disease.

3.2.8 Involvement of non-governmental organisations

The involvement of non-governmental organisations in health education and curative services was imperative under the programme. It was, however, observed that neither had any non-governmental organisation been involved in the implementation of this programme nor were any funds provided by NACO for such organisations.

3.2.9 Idle equipment

One computer meant for the State AIDS control cell, purchased (May 1993) at a cost of Rs. 2 lakhs by the DHS had not been installed as of April 1996. Reasons for non-installation of the computer, though called for in April 1996, were not intimated by the SPO.

3.2.10 Monitoring and evaluation

(i) The programme prescribed various reports to be sent by the State AIDS control cell to NACO. The nature of the reports, the prescribed periodicity for their submission and the periodicity actually followed during 1992-96 was as under.

Serial number	Nature of report	Prescribed periodicity	Actual periodicity
1	AIDS cases reported	Monthly	Yearly
2	HIV screening sentinel report	Quarterly	Biennial
3	Operational reports	Quarterly and annually	Not sent
4	Financial report	Quarterly	Annually

The SPO stated (April 1996) that due to non-provision of clerical assistance at the surveillance centre, the reports could not be sent as required.

(ii) Research/studies had not been undertaken by the department as of August 1996 although a report in this behalf was required to be submitted in March 1997.

(iii) Neither the Government nor any other agency carried out any mid-term project review or conducted any evaluation of the programme as per the requirement (April 1996).

These points were referred to the Government in July 1996; reply had not been received (October 1996).

3.3 Non-adjustment of contingent advances

Mention was made in paragraph 3.5.9 of the Report of the Comptroller and Auditor General of India for the year 1983-84 (Civil) - Government of Himachal Pradesh regarding non-adjustment of advances. The Public Accounts Committee, in its 142nd report (6th Vidhan Sabha) recommended that in cases where officials had deposited the amounts in the Government treasuries after inordinate delays, action should invariably be taken against them. Also, where the advances were kept unadjusted by the officials, interest was also to be recovered for the time the advances were kept by them.

Notwithstanding these instructions/recommendations, the Chief Medical Officer (CMO), Shimla, paid advances aggregating Rs. 22.14 lakhs to various officials between 1982-83 and 1995-96 for purchase of petrol, repairs of machinery and equipments, etc. Of this, adjustment vouchers for only Rs. 3.88 lakhs had been received as of March 1996. However, neither had the vouchers for Rs. 3.88 lakhs been adjusted nor had adjustment accounts for the remaining amount of Rs. 18.26 lakhs been rendered by the concerned officials (March 1996). On this being pointed out (March 1996) in audit, the CMO stated (March 1996) that the field offices were being reminded regularly for submission of adjustment accounts. The CMO also stated (July 1996) that one of the officials had expired and two had retired.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

3.4 Overpayment of uniform and boarding allowance

According to a clarification issued by the Health and Family Welfare Department (October 1987), enhanced rates of uniform and boarding allowance to nursing personnel would be applicable in hospitals only. A further clarification issued in February 1989 stated that enhanced rates were applicable only to nursing personnel

i.e. matrons, ward sisters, staff nurses and public health nurses posted in district hospitals/civil hospitals, community health centres and referral hospitals where indoor facilities were provided.

Despite these instructions, two Block Medical Officers (BMOs) of Chamba and Solan districts paid enhanced boarding and uniform allowances aggregating Rs. 3.41 lakhs* from November 1987 to December 1995 to 194 female health workers who were working in various sub-centres. These sub-centres could not be classified as hospitals having indoor facilities and as such this payment was irregular.

Non-adherence to the instructions had, thus, resulted in an overpayment of Rs. 3.41 lakhs.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

3.5 Non-functioning of training school

A training school for imparting training to Female Health Workers was established at Chamba in 1961 and two sister tutors were deployed for the purpose. The last batch of trainees passed out from the school in May 1990 and no training was provided thereafter. Expenditure aggregating Rs. 7.72 lakhs was incurred on the pay and allowances of the staff during June 1990 to February 1996. Equipments valued at Rs. 1.10 lakhs were purchased between March 1992 and February 1994 for the school.

Chief Medical Officer (CMO) stated (February 1996) that the services of sister tutors were utilised in the field as well as in the district headquarters in various training programmes. However, no records in support thereof were made available to audit. Director of Health Services stated (July 1996) that the training courses had to be suspended due to the ban imposed by the Government on imparting training and filling up of vacant posts.

Non-functioning of the training school, therefore, resulted in unfruitful expenditure of Rs. 8.82 lakhs on pay and allowances of staff and purchase of equipments.

The matter was referred to the Government in May 1996; reply had not been received (October 1996).

Tribal Development Department

3.6 Special Central Assistance to Special Component Plan for the Scheduled Castes

3.6.1 Introduction

The scheme, Special Central Assistance (SCA) to Special Component Plan (SCP) for the Scheduled Castes (SCs) was introduced in the State in 1980. The Special Central Assistance was to be an additive to the SCP of the State in order to give an added thrust to the economic development programmes for SCs only with reference to their occupational pattern and the need for increasing the productivity of and income from limited resources by taking up family-oriented income generating schemes. The State Government was, however, free to apply this plan component according to local conditions and developmental needs and priorities of the SC population. The guidelines on SCA were amplified in July 1993 to include infrastructural development programmes in blocks having 50 *per cent* or more SC population subject to the condition that SCA allocation should be used to encourage larger efforts on the development of SCs on the part of the State.

According to the 1991 census, the population of SCs in the State was 13.10 lakhs; which was 25.35 *per cent* of the total population of the State. For the rapid socio-economic development of SCs, the concept of a sub-plan* was incorporated in the Fifth Five Year Plan as a strategy which aimed at rapid socio-economic development of SCs. SCP for SCs was formulated in the State in 1979-80. However, the real thrust was sought to be given in the Sixth Five Year Plan (1980-85) when 11 *per cent* of the State Plan outlays were provided. This was raised to 12 *per cent* in the Eighth Five Year Plan period.

3.6.2 Organisational set up

The scheme was being implemented through 12 departments of the State Government and the Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation (Corporation). The overall supervision of the implementation of the scheme at the State level was vested in the Additional Chief-Secretary-cum-Commissioner (ACSC), Scheduled Castes and Scheduled Tribes Development Department.

The abbreviations used in this review have been listed in the Glossary in Appendix VIII (Page 171)

* A plan within the plan

At the State level, the Tribal Development Department (TDD) worked as a co-ordinator between the heads of departments and at the district level, the Deputy Commissioners/District Statistical Officers worked as co-ordinators between the district level implementing officers and the TDD.

3.6.3 Audit coverage

A review of the implementation of the scheme during 1991-96 was conducted during March-May 1996 in four¹ out of 10 districts where the scheme was being implemented. Of the 12² implementing departments, the records of the Agriculture, Animal Husbandry, Horticulture, Co-operation and Economics and Statistics Departments along with the records of the Corporation were test-checked. This was supplemented by information supplied by the Additional Chief Secretary-cum-Commissioner, Scheduled Castes and Scheduled Tribes Development and Directors of Agriculture, Animal Husbandry, Horticulture, Health Services and Rural Development departments and the Registrar, Co-operative Societies. The results of test-check are mentioned in the succeeding paragraphs.

3.6.4 Highlights

The second and final instalment of Special Central Assistance were usually released in the month of February/March, which adversely affected the implementation of the scheme.

(Paragraph 3.6.5(i))

An unspent balance of Rs. 51.85 lakhs had been kept by the Corporation in banks in fixed deposit receipts and savings accounts as of March 1996.

(Paragraph 3.6.5(iii))

Rupees 34.51 lakhs were diverted out of Special Central Assistance funds for the purchase of 15 ambulances during 1994-95 which was beyond the scope of the scheme. Of these, five ambulances costing

¹ Kullu, Mandi, Sirmour and Solan

² Agriculture, Horticulture, Animal Husbandry, Fisheries, Co-operation, Science and Technology, Industry and Minerals, Economics and Statistics, Education, Health and Family Welfare, Tribal Development and Social and Women's Welfare Departments

Rs. 11.20 lakhs were supplied to Primary Health Centres in tribal areas where the scheme was not in operation.

(Paragraph 3.6.5.1(i))

A sum of Rs. 292.71 lakhs out of Special Central Assistance was utilised during 1991-96 in isolation without any allocation from the Special Component Plan as required.

(Paragraph 3.6.5.1(ii) & 3.6.5.2)

A total of 1,710 beneficiaries were trained under TRYSEM and in non-traditional trades as of March 1996 at a cost of Rs. 38.31 lakhs. The Corporation was not aware as to how many of them were rehabilitated.

(Paragraph 3.6.6)

No survey was conducted by the department to identify families for providing assistance under this scheme. However, according to a survey conducted (December 1992) by the Rural Development Department, 99,845 Scheduled Caste families were identified in the State as living below the poverty line. Against this, the fixation of a target of 1,21,000 families for assistance and reported achievement of providing of the same to 1,60,788 families were unrealistic.

The State Government was not aware of the number of SC beneficiaries who had crossed the poverty line although the scheme was in operation in the State since 1980.

(Paragraph 3.6.7)

Specific norms, periodicity and schedule of visits had not been prescribed by the State Government for inspections/visits by the officers from the department at the State level during 1991-96.

(Paragraph 3.6.8)

3.6.5 Financial performance

Special Central Assistance was a Centrally sponsored scheme and 100 *per cent* funds were provided by the Central Government as an additive to SCPs of the State. It was to be used in conjunction with the flow of outlay and benefits from other sectors of

the State Plan i.e. in conjunction with the State SCP. Any unspent amount was not to be carried forward during the next year but was to be surrendered to the Central Government.

Against an amount of Rs. 2025.77 lakhs released by the Government of India during 1991-96, expenditure aggregating Rs. 1818.54 lakhs was incurred by the State Government during this period. The following points were observed in audit:

(i) During 1991-94, unspent balances under the scheme ranged between Rs. 15.38 lakhs and Rs. 176.68 lakhs. The shortfall in expenditure was attributed (April 1996) by ACSC to the release of the second and final instalment of SCA, usually in the month of February/March, resulting in an adverse effect on the implementation of the scheme.

(ii) Out of unspent balances of Rs. 233.64 lakhs pertaining to the years 1991-94, Rs. 193.83 lakhs (1991-92: Rs. 11.32 lakhs, 1992-93: Rs. 8.36 lakhs and 1993-94: Rs. 174.15 lakhs) were not revalidated in time. While the unspent balances of Rs. 19.68 lakhs relating to 1991-92 and 1992-93 were revalidated in August 1995, Rs. 174.15 lakhs relating to 1993-94 were revalidated in January 1995. The delay in revalidation of unspent balances ranged between nine months and 40 months. The delay was attributed (June 1996) by the ACSC to non-receipt of expenditure reports from the implementing departments in time. However, the remaining unspent amount of Rs. 2.53 lakhs of 1993-94 had neither been revalidated nor refunded to the Government of India. It was stated (April 1996) by the ACSC that this could not be done due to non-reconciliation of figures.

(iii) Out of Rs. 2025.77 lakhs released by the Government of India during 1991-96, Rs. 681.79 lakhs were given to the Corporation as detailed below:

Year	Opening balance	Amount released by the State Government	Amount spent by the Corporation	Savings (-)/ Excess (+)
(Rupees in lakhs)				
1991-92	94.43	112.00	91.85	(-) 114.58
1992-93	114.58	249.79	107.28	(-) 257.09
1993-94	257.09	140.00	147.44	(-) 249.65
1994-95	249.65	80.00	195.83	(-) 133.82
1995-96	133.82	100.00	181.97	(-) 51.85
Total		681.79	724.37	

The unspent balance of Rs. 51.85 lakhs (March 1996) was neither refunded to the State Government nor revalidated. It was stated (April 1996) by the Managing Director of the Corporation that the unutilised amounts were kept in the banks in fixed deposit receipts and in savings bank accounts. This was in contravention of the guidelines of the scheme which stipulated that the funds received during a financial year were required to be utilised in full during the same financial year for the economic development of SCs.

In addition to the above, Rs. 18.37 lakhs were advanced by the TDD to the Corporation in March 1994 for imparting training in different trades to SC candidates. Subsequently, the ACSC issued instructions (April 1994) not to incur expenditure out of this amount till the schemes submitted by the Corporation were approved. The schemes were approved by the ACSC in March 1996 but the amount was not utilised as of September 1996. Thus, due to delay in the sanctioning of schemes by the ACSC, the amount of Rs. 18.37 lakhs remained blocked for two years and the intended benefits were denied to the beneficiaries.

3.6.5.1 Diversion of funds

Special Central Assistance funds were to be used only for income generating economic development schemes including directly relevant training, backup services, etc.

(i) Scrutiny of the records of the TDD, however, revealed that Rs. 33.80 lakhs and Rs. 0.71 lakh were sanctioned by the Secretary (Health and Family Welfare) during March 1994 and March 1995 respectively for purchase of 15 ambulances valued at Rs. 34.51 lakhs out of SCA funds. These ambulances were purchased by the Director of Health Services during June-September 1994. While 10 ambulances were supplied to health institutions in non-tribal districts, five ambulances costing Rs. 11.20 lakhs were supplied (June-July 1994) to Primary Health Centres in the tribal areas of Chamba, Kinnaur and Lahaul and Spiti districts where this scheme was not in operation. Since the scheme laid emphasis on taking up income generating schemes only for SC families, incurring of expenditure of Rs. 34.51 lakhs was beyond the scope of the scheme. Specific reasons for this called for from the ACSC in June 1996 had not been received.

(ii) Out of Rs. 176.68 lakhs which remained unspent with the State Government in 1993-94, Rs. 174.15 lakhs were revalidated by the Central Government in January 1995. This amount was sanctioned (March 1995) by the ACSC to be utilised by the respective departments with instructions that the same be drawn before the close of the financial

year 1994-95 for the following purposes:

Department to whom sanctioned	Purpose	Amount
		(Rupees in lakhs)
Director of Education	(i) Purchase of furniture	2.10
	(ii) Solar Gyser	0.90
Chief Engineer, Public Works Department	Construction of Link Road	16.05
Advisor, Planning	(i) Construction of 200 school rooms	150.00
	(ii) Installation of hand pumps	5.10
	Total	174.15

Neither was there any contribution from SCP for these schemes nor were these approved in the annual plan for 1993-94 or 1994-95. Thus, SCA funds had been diverted to other schemes irregularly. Moreover, the utilisation certificates of Rs. 174.15 lakhs had not been received and the details of the work done were not available with the ACSC as of June 1996. The reasons called for in June 1996 from the ACSC had not been received.

3.6.5.2 Use of SCA funds in isolation

According to the scheme, SCA was not to be utilised in isolation but was to be used along with SCP for SC families.

In the following cases, SCA funds were utilised in isolation and for general purposes, without any allocation out of SCP for these schemes:

Serial number	Name of department	Particulars of the scheme	Period	Amount
				(Rupees in lakhs)
1.	Animal Husbandry	(i) Development of Angora scheme	1993-96	6.31
		(ii) Foot and mouth disease control programme	1991-96	27.58
2.	Co-operation	(i) Subsidy for enrolment of new SC members in primary co-operative societies	1991-96	36.47
		(ii) Working capital subsidy to co-operatives	1991-96	22.30
3.	Agriculture	(i) Purchase of tarpaulin	1993-96	16.76
		(ii) Green/poly houses	1994-96	9.14
		Total		118.56

Similarly, Rs. 681.79 lakhs were paid between 1991-92 and 1995-96 by the State Government to the Corporation in the shape of capital subsidy (Rs. 557.70 lakhs), interest subsidy (Rs. 32.09 lakhs), TRYSEM/training in non-traditional trades (Rs. 30.00 lakhs) and loans to local bodies (Rs. 62.00 lakhs) without any corresponding contribution from SCP of the State.

3.6.6 Training programme

According to the instructions of the Government of India, training programmes in appropriate technology, including relevant backup services in the different sectors were to be provided under the scheme to create/upgrade the skills of the SCs. The Corporation provided two types of training i.e. under TRYSEM and in non-traditional trades (NTT). The Corporation paid stipends to trainees and honorarium to trainers. Of the 1,710 beneficiaries, trained at a cost of Rs. 38.31 lakhs as of March 1996, the Corporation was aware of neither the number of persons actually rehabilitated nor the number of those remaining unemployed/unadjusted as of April 1996.

3.6.7 Physical performance

As per the provisions of the scheme, SCA was to be used in an integrated, optimal and cost effective manner, in conjunction with the flow of outlays and benefits from various sectors of the State Plan i.e. Special Component Plan, so that the objective of enabling 50 *per cent* SC families to cross the poverty line during the Sixth Plan period (1980-85) could be achieved. A detailed survey of the SC households in the villages, particularly of the limited asset base, was to be conducted.

The position of targets fixed and reported achievements thereagainst during 1991-96 was as detailed below:

Year assisted	Number of SC families	
	Target	Achievement
1991-92	20,000	19,742
1992-93	20,000	24,616
1993-94	21,000	21,579
1994-95	30,000	37,908
1995-96	30,000	56,943
Total	1,21,000	1,60,788

It was, however, noticed in audit as under:

No survey to identify families for providing assistance under this scheme was conducted by the department. However, as per a survey conducted (December 1992) by the Rural Development Department (RDD), 99,845 SC families which were living below the poverty line had been identified in the State. Against this, the fixation of a target of 1,21,000 families for assistance and reported achievement of providing of the same to 1,60,788 families were unrealistic. The ACSC stated (June 1996) that these achievements were intimated to them by the RDD and multiple counting in a few cases was also possible. The action taken to investigate the multiple counting had not been intimated (July 1996).

Year-wise/department-wise targets fixed for assisting SC families (except for 1991-92 and 1993-94) were not available with the ACSC. No targets for SCA were fixed by the Animal Husbandry, Horticulture and Agriculture departments.

As per the Annual Special Component Plan 1991-92, families to be assisted during a year were to be allotted by the Block Development Officers (BDOs) to different implementing departments, giving full particulars and serial numbers thereof, as appearing in the survey report. Thereafter, the departments were required to report the progress to the concerned BDOs who in turn would submit the report to the Project Officer, District Rural Development Agency for onward transmission to the State Government and RDD. It was, however, observed that this procedure was not being followed and such lists were also not called for by the implementing departments.

The admissible subsidy limit was raised from Rs. 5,000 to Rs. 6,000 by the Government of India from 1993-94. However, no records to ascertain as to whether the permissible limit was adhered to, had been maintained by the implementing departments.

The State Government was not aware as to how many SC beneficiaries had crossed the poverty line as of May 1996 as the break-up of SC families living below the poverty line was not available in the household survey conducted during 1994-95.

3.6.8 Monitoring and supervision

As per instructions of the Government of India, the State Government was to prescribe the norms, periodicity and schedules for conducting supervisory visits to monitor/supervise the scheme works. However, no specific norms, periodicity or schedule of visits had been prescribed by the State Government for inspections/visits by the officers from the Tribal Development Department at the State level during 1991-96. The ACSC stated (June 1996) that officers from headquarters visit the districts to attend

SCP review meetings and conduct field inspections. The contention of the ACSC could not be verified as no inspection notes of these visits/inspections were maintained.

3.6.9 Evaluation

The evaluation of SCA as an additive to SCP was to be conducted by the State Government or by any other agency. Also, evaluation of various implementing agencies including the Corporation was to be done by the State Government or any other independent agency.

No evaluation of the programme had been done as of May 1996 by the co-ordinating department or by any other agency to judge its impact, although the programme was in operation for the past 16 years. The ACSC stated (April 1996) that the staff of SCP was quite insufficient for effective monitoring and evaluation of the schemes being implemented by the various heads of departments. The reply was not tenable as the evaluation work could also have been assigned to an independent agency as stipulated in the scheme.

These points were referred to the Government in July 1996; reply had not been received (October 1996).

Transport Department

3.7 Himachal Pradesh Passengers Insurance Scheme

The State Government introduced (November 1977) the Passengers Insurance Scheme in order to avoid hardships to passengers travelling in stage carriages and contract carriages, registered and/or licenced in the State to carry passengers for hire or reward, becoming victims of accidents while travelling. A passenger insurance scheme fund, to be administered by the Commissioner (now Director), Transport, was created and a surcharge at the rate of 20 *per cent* of the passengers and goods tax was to be levied on travelling passengers. Payments were to be made to the victims of accidents and their dependents at the rates prescribed from time to time from the fund.

Test-check of the records of the Director, Transport revealed (December 1995) the following:

- (i) It was stipulated (November 1977) in the scheme that the State Government should make rules for the administration of this fund. These rules had not been framed by the Government even though the scheme was in operation for the past 18 years. The Director stated (November 1995) that framing of these rules was under consideration.

(ii) Against the receipt of Rs. 41.48 crores under the scheme, Rs. 3.43 crores had been disbursed to the victims of accidents and their dependents from the beginning of the scheme to 1995-96. Keeping in view the heavy accumulation of receipts under the scheme, rates of surcharge were not reviewed for reduction by the Government to lessen the burden of taxation on passengers.

(iii) Rupees 29.30 crores were invested (March 1992: Rs. 18.30 crores and March 1993: Rs. 11 crores) without the sanction of the Government in the one year time deposit scheme in post offices at Shimla and Bilaspur. The entire amount was withdrawn during December 1992 and March 1993, though not required for immediate disbursement as there were sufficient balances of Rs. 14.09 lakhs in December 1992 and Rs. 18.37 crores in March 1993 in the personal ledger account of the scheme. The premature encashment resulted in loss of interest of Rs. 3.52 crores. The Director stated (November 1995) that the fund was being operated as per directions of the Government. As the rules to administer the fund had not been framed, no priorities had been fixed for investment out of the scheme. The contention of the Director could not be verified as the directions of the Government were not on record.

(iv) A sum of Rs. 15.30 crores was deposited (March 1990: Rs. 12.40 crores and March 1991: Rs. 2.90 crores) in the current account of the Himachal Pradesh State Co-operative Bank, Shimla. Of this, Rs. 3.50 crores were withdrawn in April 1990 and the balance amount of Rs. 11.80 crores was invested (September 1991) in fixed deposits. Since no interest was admissible in the current account, this resulted in loss of interest of Rs. 1.78 crores. The Director stated (December 1995) that the amount had been deposited in the current account on the directions of the Government. The contention of the Director could not be verified as the directions of the Government were not on record.

(v) Actual payees' receipts for Rs. 44.17 lakhs advanced to the Deputy Commissioners in the State during 1989-95 for further disbursement to the victims of accidents and their dependents were awaited as of December 1995.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

Agriculture Department

3.8 Deficiencies in cash management

Financial rules provide that all monetary transactions should be entered in the cash book as soon as these occur and attested by the head of the office in token of check.

The head of office is required to verify the cash at the end of each month and record a certificate to this effect.

Audit scrutiny of the cash book of the Deputy Director of Agriculture (DDA), Una during February 1996 revealed the following:

- (i) The office cashier was admitted (28 March 1995) in hospital due to ill health and remained under treatment without handing over the charge of cash. A new cash book with 'nil' balance was started on 30 March 1995. The cash chest was opened (3 August 1995) by the Committee constituted (2 August 1995) by the DDA for the purpose. Against the closing balance of Rs. 2,93,034.00 (28 March 1995), only Rs. 9,333.15 were found in the chest, showing a shortage of Rs. 2,83,700.85. The shortages related to payments on account of subsidy, agricultural inputs, other contingencies, pay, TA, etc. The Government sanctioned (June 1996) redrawal of the amount found short. The shortage was not reported to audit as required under the rules.
- (ii) Huge amounts of cash ranging between Rs. 2.60 lakhs and Rs. 4.76 lakhs were kept by the DDA during December 1994 to February 1995 in violation of the financial rules.
- (iii) Neither had the cash balance been worked out at the end of each month nor had a certificate to this effect been recorded in the cash book by the DDA since December 1994.
- (iv) Payments to two suppliers (Rs. 1,64,258) for supply of fertiliser and seven employees (Rs. 3,999) on account of their pay and allowances were drawn between March 1994 and March 1995 from the treasury and shown as paid to them between May 1994 and March 1995. Neither had the entries of these payments in the cash book been attested by the disbursing officer in token of check nor were the actual payees' receipts in token of disbursement having been made on record.

Though the official was working as a cashier since May 1991, no surety or bond had been obtained from him. The cashier resumed duty on 18th July 1995 and was placed under suspension from 1st September 1995. Action had not been taken to fix responsibility. A vigilance inquiry had been ordered by the State Government (May 1996). The results of investigation were, however, awaited (August 1996).

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

3.9 Non-functioning of fertiliser quality control laboratory

The Government of India approved (1992-93) the setting up of a fertiliser quality control laboratory at Hamirpur at a cost of Rs. 15 lakhs * under assistance to small and marginal farmers for implementation of various schemes including infrastructural buildings. The building for the laboratory was completed in March 1994 at a cost of Rs. 5 lakhs. Machinery and equipment valued at Rs. 9.55 lakhs were installed in September 1994. However, the laboratory did not start functioning as it had not been notified as a fertiliser testing/quality control laboratory by the Government as of April 1996. The requisite staff had also not been provided.

On this being pointed out (May 1995) in audit, a request to create the requisite posts was made (December 1995) to the Director of Agriculture by the Deputy Director of Agriculture, Hamirpur. However, the posts had not been created as of July 1996.

Thus, failure of the department to take timely/concurrent action for posting the staff and issuing the necessary notification had resulted in idle investment of Rs. 14.55 lakhs.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

Home Department

3.10 Working of Vigilance Department

3.10.1 Introduction

The main objective of the Vigilance Department is the implementation of anti-corruption measures in the State and maintenance of integrity in the services. The department undertakes investigations of criminal cases in which it is felt that officers/officials defined as public servants had *prima facie* indulged in corrupt practices or misused their official position for pecuniary benefits. To achieve these objectives, the Vigilance Department is empowered to enquire into:

- (a) any transaction in which a public servant is suspected or alleged to have acted for an improper purpose or in a corrupt manner;
- (b) any complaint that a public servant had exercised or refrained from exercising his powers with an improper or malafide motive; and,
- (c) any complaint of misconduct or lack of integrity or of any malpractices or misdemeanor on the part of a public servant.

* Purchase of equipment and chemicals: Rs. 10 lakhs and construction of building: Rs. 5 lakhs

3.10.2 Organisational set up

The Director of Vigilance is overall in-charge of vigilance work in the State. He also functions as *ex-officio* Joint Secretary (Vigilance) and submits vigilance cases to the Chief Secretary. The investigation wing of the department is headed by the Additional Director General of Police (ADGP). He is assisted by one Deputy Inspector General of Police and two Superintendents of Police in charge of the South Range at Shimla and the North Range at Dharamsala respectively. Each range has five anti-corruption zones under the charge of Deputy Superintendents of Police (DSPs) and one anti-corruption unit headed by an Inspector. The Inquiry Wing and the Prosecution Wing of the department function directly under the control of the Director of Vigilance.

3.10.3 Targets and achievements

The State Government had prescribed a norm of 0.75 and 1.5 units per month for a gazetted and a non-gazetted Inquiry Officer respectively. Completion of a regular enquiry was to be treated as equal to one unit while preliminary enquiry and criminal/trap cases when challaned constituted 0.5 unit and three units respectively.

During 1991-95, investigation work was allotted by the department to 10 DSPs, 22 Inspectors and 10 Sub-Inspectors. Achievements during 1991-95 against the target of 666 units, as per norms for each year, were as given below:

Year	Target	Achievement	Shortfall	Percentage of shortfall
(In number of units)				
1991	666	378	288	43
1992	666	335	331	50
1993	666	235	431	65
1994	666	353	313	47
1995	666	325	341	51

The ADGP stated (March 1996) that the norms fixed to assess the work of the inspecting officers by the Punjab Government were followed as such by the department

without taking the topography, difficult terrain, climate and other special circumstances prevailing in the State into consideration.

The shortfall in achievement were attributed (March 1996) by the ADGP to difficult topographical conditions, lower educational standards of the investigating officers, non-posting of law officers to tender legal advice, etc.

The contention of the ADGP was not tenable as factors like topographical conditions, lower educational standard of officers and posting of law officers, etc., were in the knowledge of the department and the standards must have been fixed by the State Government taking into account these factors.

3.10.3.1 Working results

(a) Complaints

The number of complaints received and disposed of by way of closing the cases or registering regular enquiries during 1991-95 were as below:

Year	Opening balance	Received	Total	Disposed of	Balance	Percentage disposal with reference to total complaints
1991	230	397	627	523	104	83
1992	104	305	409	317	92	78
1993	92	223	315	108	207	34
1994	207	335	542	260	282	48
1995	282	511	793	425	368	54

The percentage disposal of complaints through verification ranged between 34 and 83, resulting in considerable increase in closing balances, particularly during 1993-95. The ADGP stated (March 1996) that because of various factors, the number of vicious and motivated complaints was increasing over the last few years. However, no effective steps had been taken by the department to cope with the increased number of complaints.

(b) Preliminary enquiries

On the basis of information collected and recommendations made by an investigating officer that a complaint is based on facts and that the information is authentic and definite so as to make out a cognizable offence, a regular case or a

preliminary enquiry may be registered against an official. A case of enquiry is required to be disposed of within a period of six months.

Scrutiny of records revealed the following points:

- (i) Disposal of preliminary enquiries during 1991-95 ranged between 23 *per cent* and 46 *per cent*, out of which, the percentage of cases closed due to lack of evidence or being vague ranged from 53 to 86.
- (ii) A total of 185 enquiries were outstanding for more than six months to 10 years involving Rs. 348.05 lakhs as of December 1995, as indicated below:

Serial number	Period	Number of cases	Amount involved (Rupees in lakhs)
1	Upto six months	32	1.99
2	Six months to one year	35	70.83
3	One year to two years	64	164.80
4	Two years to three years	22	4.06
5	Three years to four years	13	99.72
6	Four years to five years	15	6.65
7	More than five years	4	NA
Total		185	348.05

NA: Not available.

Test-check of the records (August 1996) revealed that pendency of cases which was over three years old was due to non-initiation of enquiries by inspecting officers (four cases); awaiting of assessment of assets by technical experts (one case); awaiting of the decisions of the Government (seven cases); awaiting of the action following the departmental enquiry (one case); awaiting of the decision of the District Attorney (two cases) and want of records (one case).

The ADGP attributed (March 1996) the delays in finalisation of enquiries to delays in receiving records and transfer/retirement of investigating officers. The contention was not tenable as only one case out of the 31 pending for more than three years was delayed for want of records.

(c) **Vigilance cases**

If an offence is made out after completion of the preliminary enquiry against a public servant, a case can be registered against the delinquent. In respect of cases where investigations could not be completed within six months due to certain reasons, the Government stipulated (May 1993) that these may be reviewed on completion of this period to determine whether there was any possibility of the investigations making further headway.

Test-check of the records relating to vigilance cases registered, revealed that the percentage of total cases finally disposed of ranged between 9 and 22 during 1991-95 as per details given below:

Year	Total cases	Disposed of	Balance	Percentage of disposal
1991	213	19	194	9
1992	218	34	184	16
1993	202	39	163	19
1994	204	44	160	22
1995	189	40	149	21

The ADGP attributed (August 1996) the shortfall to transfer/retirement of investigating officers, the time taken to obtain scientific opinions from the Government Examiner Questioned Documents, the Forensic Science Laboratory, the Fingerprints Bureau and other laboratories; non-availability of old records and witnesses and delays in receiving prosecution sanction from the administrative departments.

Of the 149 vigilance cases involving Rs. 133.85 lakhs, 138 cases (amount involved: Rs. 133.52 lakhs) were outstanding for finalisation for six months to over more than 10 years as of December 1995. Thirty seven cases were pending for more than five years. Out of these 37 cases, 29 cases were scrutinised (August 1996) in audit. It was found that 12 cases were pending due to delay in according prosecution sanction by Government and five cases were held in abeyance as these were sub-judice. In four cases, observations of the Special Judge/District Attorney were being attended to by the department. Two cases were pending due to non-production of records by the concerned departments. Investigations were in progress in four cases while two cases were pending because the challans were sketchy/defective.

The ADGP stated (March 1996) that the time period for completion of investigations was not restricted under any section of the Criminal Procedure Code. The reply of the department was not tenable as Government had prescribed a time limit of six months for finalisation of cases.

(d) Court cases

If, on completion of the investigation of the case, the ADGP comes to the conclusion that sufficient evidence is forthcoming for launching a criminal prosecution against a delinquent, the final report of investigation is sent to the Government for obtaining a prosecution sanction under the law. On receipt of the sanction, a challan is put up in the Court of the Special Judge.

Of the 100 cases challaned in courts for trial during 1991-95, 52 were pending (August 1996) as detailed below:

Serial number	Period of pendency	Number of cases
1	Upto six months	2
2	Six months to one year	1
3	One year to two years	4
4	Two years to three years	2
5	Three years to four years	3
6	Four years to five years	9
7	Five years to ten years	22
8	More than ten years	9

Of the balance 48 cases which were decided, convictions could be obtained only in six cases, resulting in acquittals to the extent of 88 *per cent*. The case files of these 42 cases scrutinised (August 1996) in audit revealed that in all the cases, either the department could not prove the charge against the defaulters or the accused were acquitted due to faulty prosecution sanctions. The ADGP stated (August 1996) that acquittals were mainly due to defective prosecution sanctions, witnesses turning hostile, lack of adequate evidence and defective and delayed investigations.

These points were referred to the Government in July 1996; reply had not been received (October 1996).

3.11 Non-recovery of leave salary and pension contributions

The State Police Rules envisage that charges calculated on the basis of annual charges, including conveyance allowances, contingencies and leave and pensionary charges shall be levied on all private persons, corporate bodies or commercial companies in respect of police forces deployed in their establishments, for the period of their deployment.

Test-check of the records of the Superintendent of Police (SP), Bilaspur

(January 1996) and Chamba (March 1996) revealed the following:

(a) The Police force at Bhakra Complex under the Bhakra Beas Management Board (BBMB) had been provided by the State Government since December 1971. As per the terms and conditions, BBMB was liable to pay leave salary and pension contribution in addition to the cost of the police force. In May 1988, the BBMB decided not to pay the leave salary and pension contribution on the ground that the police staff working there were to be treated on transfer and not on deputation. The matter was taken up only in March 1994 by the SP, Bilaspur with the Director General of Police for obtaining the decision of the Government. The decision of the Government had not been received as of May 1996. Thus, an amount of Rs. 25 lakhs claimed by the department on this account from March 1988 to March 1996 had not been reimbursed by the BBMB.

(b) A police force was provided at the Chamera Project under the National Hydro-electric Power Corporation (NHPC) from July 1986. Leave salary, pension contribution and the cost of the police force, aggregating Rs. 126.97 lakhs, due from 1986-87 to February 1996, had not been reimbursed (May 1996) by NHPC.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

Forest Farming and Conservation Department

3.12 Non/short realisation of beneficiaries' share

(a) Beneficiaries of various schemes under the Integrated Watershed Development Project (Hills), Kandi, were required to bear the prescribed amount of expenditure as detailed below:

Serial number	Scheme	Percentage of expenditure to be borne by the beneficiaries
(i)	Treatment of private non-arable land	10 (In the shape of site preparation and pitting)
(ii)	Afforestation of <i>shamlat</i> and village common land	50
(iii)	Terrace repairs and vegetative reinforcement of arable land	10

Test-check during June-October 1995 of the records of three¹ Assistant Project Officers (APOs) of the Integrated Watershed Development Project revealed the following points:

- (i) Of the total recoverable beneficiaries' share of Rs. 3.84 lakhs pertaining to the period from 1990-91 to 1994-95 for treatment of 484 hectares of private non-arable land, Rs. 3.32 lakhs had not been recovered by two² APOs as of March 1996.
 - (ii) The beneficiaries' share of Rs. 8.37 lakhs for afforestation of 275 hectares of *shamlat* and village-common land during 1990-95 recoverable by the APO, Nahan had not been recovered as of March 1996. The APO stated (June 1995) that the people were not ready to contribute any share for the works executed in their areas.
 - (iii) The beneficiaries' share of Rs. 0.40 lakh for terrace repairs and vegetative reinforcement of arable land during 1994-95 recoverable by the APO, Nurpur had not been recovered as of March 1996.
- (b) The project provided for issue of building material with 50 *per cent* subsidy upto a maximum value of Rs. 600 or five bags of cement per unit to selected farmers for the improvement of their existing animal stalls. APO, Una, however, issued material valued at Rs. 2.01 lakhs at the rate of Rs. 600 each to 335 farmers for the improvement of their animal stalls during 1993-94, without recovering the 50 *per cent* share from them. This resulted in extra avoidable aid of Rs. 1 lakh to the beneficiaries. APO stated (October 1994) that the payment had been made in accordance with the budget allotment. The plea of the APO was not tenable as the department failed to restrict the subsidy to 50 *per cent* of the total payment.

Non-recovery of the beneficiaries' share in these cases resulted in avoidable payment of Rs. 13.09 lakhs.

The matter was referred to the Government in April 1996; reply had not been received (October 1996).

¹ Nahan, Nurpur and Una

² Nahan: Rs. 0.32 lakh and Una: Rs. 3 lakhs

3.13 Idle investment

Construction of two inspection huts at Sherpur and Kujja Balh in Mandi district was approved during 1987-88 and 1989-90 for Rs. 1.66 lakhs and Rs. 3.84 lakhs respectively. Execution of these works was commenced by the Forest Division, Jogindernagar in November 1987 and December 1989 and was completed during 1988-89 and 1991-92 respectively at a cost of Rs. 5.50 lakhs. An expenditure of Rs. 0.34 lakh had also been incurred on watch and ward since the completion of the buildings.

However, the buildings could not be put to use as of August 1996 as the furniture and kitchenware required for these inspection huts were not made available due to lack of funds. Rupees 0.40 lakh demanded by the Divisional Forest Officer in March 1995 for the purpose had not been sanctioned as of August 1996.

Thus, the investment of Rs. 5.50 lakhs remained idle for the past four to six years as these huts did not serve the intended purpose.

The matter was referred to the Government in April 1996, reply had not been received (October 1996).

3.14 Drawal of funds in violation of Financial Rules

Financial rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time.

The Director, Great Himalayan National Park, Shamshi, and Divisional Forest Officers, Wild Life Divisions, Chamba and Sarahan had drawn Rs. 34.39 lakhs between February 1988 and December 1994 for paying compensation to the oustees, to acquire the rights of the rightholders and for purchasing motor launchers/boats. However, the entire amount remained undisbursed in the form of cash, cheques and deposits in

banks/post offices as per details given below:

Serial number	Office	Amount drawn (Rupees in lakhs)	Month of drawal/ receipt	Purpose	Remarks
1.	Director, Great Himalayan National Park, Shamshi (Kullu)	10.10 5.00 5.00	February 1988 and March 1988 March 1994 December 1994	Compensation to the oustees to be evacuated from the area of the Great Himalayan National Park in Kullu district	The amount was deposited with the Collector Forest Settlement, Kullu. The amount had not been utilised and was lying deposited with the bank/post office as the land award had not been announced as of March 1996.
2.	Divisional Forest Officer, Wild Life Division, Sarahan	4.50 3.00	February 1988 February 1989	Compensation for acquiring the rights of the right holders for establishment of National Park in Pin Valley of Lahaul and Spiti district	The amount of Rs. 7.50 lakhs was transferred to the Additional Deputy Commissioner, Spiti at Kaza during June 1988 (Rs. 4.50 lakhs) and March 1989 (Rs. 3 lakhs). The amount, however, could not be utilised due to non-receipt of requisite revenue records from the Settlement Officer, Shimla. The amount was lying deposited in the post office/bank as of May 1996.
3.	Divisional Forest Officer, Wild Life Division, Chamba	6.79	March 1994	For purchasing motor launchers/motor boats for protecting wild life	The amount could not be utilised as the suppliers had not supplied the material. The unpaid amount was lying in the shape of a cheque as of May 1996.
Total		34.39			

The drawal of funds in violation of financial rules had resulted in blocking of Government funds to the tune of Rs. 34.39 lakhs and retention thereof outside the Government account.

The matter was referred to the Government in May 1996; reply had not been received (October 1996).

Revenue Department

3.15 Misutilisation of money received from Prime Minister's Relief Fund

The Deputy Commissioner (DC), Kinnaur reported (August-September 1994) to the State Government that seven human lives were lost in the district due to cloud bursts/excessive rains, etc. An amount of Rs. 3.50 lakhs was received by him in

August-December 1994, out of the Prime Minister's Relief Fund for disbursement to the bereaved families.

It was noticed (October-November 1995) in audit that payments aggregating Rs. 2.50 lakhs were made by the DC, Kinnaur between December 1994 and April 1995 to the next kith and kin of five persons who had died (August 1994) due to causes such as drowning in a pond (two persons), road accidents (two persons) and falling from a *dhank*¹ (one person). On this irregular payment being pointed out, the DC stated that he had only reported seven cases of deaths due to natural calamity and payment was made on the basis of sanctions issued by the Government. The contention of the DC was not tenable because the initial report by the DC was incorrect as five of the deaths reported were not due to natural calamities.

Similarly, Rs. 1 lakh was disbursed (January 1995) from the Prime Minister's Relief Fund by the Sub-Divisional Officer (Civil), Rampur to the next kith and kin of two persons who had died in June 1994 due to falling from a *dhank* and being hit by a stone.

As the deaths in these cases were due to normal accidents and not as a result of floods, cloudbursts or excessive rains, the payment of Rs. 3.50 lakhs out of the Prime Minister's Relief Fund was inadmissible.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

Rural Development Department

3.16 Irregular issue of advances to a Junior Engineer

The Himachal Pradesh Financial Rules enjoin that no money may be withdrawn from the treasury unless it is required for immediate disbursement and that 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.

The Block Development Officer (BDO), Keylong advanced Rs. 2.85 lakhs to a Junior Engineer (JE) between August 1992 and June 1993 for the purchase of stores and execution of various works. An adjustment account for Rs. 0.90 lakh was submitted by the official but neither was the account for the remaining amount of Rs. 1.95 lakhs submitted nor was the amount refunded. The adjustment account for Rs. 0.90 lakh, as

submitted by the JE, was not, however, produced to audit as it was reported by the BDO to be in the custody of the Police. The official absented himself from duty with effect from 3rd September 1993. The matter, which was reported to the Police in September 1993 was still under investigation (August 1996).

Thus, the irregular issue of advances by the BDO to the JE resulted in blocking up of Government funds aggregating Rs. 2.85 lakhs.

The matter was referred to the Government in March 1996; reply had not been received (October 1996).

Social and Women's Welfare Department

3.17 Non-accounting of cash

The Himachal Pradesh Financial Rules envisage that every officer receiving money on behalf of the State Government should maintain a cash book and that all monetary transactions should be entered in the cash book as soon as these occur and attested by the head of office in token of check.

An amount of Rs. 12.75 lakhs was advanced to the Tehsil Welfare Officer (TWO), Kotkhai by the District Welfare Officer, Shimla during January 1994 to August 1994, for making payments to old age/widow pensioners of the area. The TWO neither rendered any account nor handed over the cash book, etc., of his office for this period while proceeding on leave in September 1994. Meanwhile, the Director, Social and Women's Welfare Department allowed a new cash book with nil balance to be opened from 29th September 1994.

On this being pointed out (July 1995) in audit, the Director, Social and Women's Welfare ordered (January 1996) an inquiry to be completed within a week's time. In the enquiry report submitted in April 1996, it was held that the TWO was responsible for the misplacement of the cash book, etc. However, nothing worthwhile had come out during enquiry. A show cause notice was issued to the TWO in May 1996 by the Director for initiating disciplinary action against him. Further developments were awaited (July 1996). In the circumstances, the authenticity of the expenditure could not be verified in audit.

The matter was referred to the Government in April 1996; reply had not been received (October 1996).

Tourism and Civil Aviation Department

3.18 **Blocking of funds owing to non-commencement of works**

Guidelines issued (October 1993) by the Government of India for providing financial assistance to State Governments for construction of infrastructural facilities such as tourist complexes, tourist lounges, wayside amenities, *yatri niwases*, *yatrikas*, reception centres, etc., envisaged that the proposals to be submitted by the State Governments should, *inter alia*, include (i) a blueprint of the project, (ii) the estimates proposed/vetted by the Public Works Department and (iii) a certificate to the effect that land was available and was in the possession of the State Government.

Proposals to provide such facilities at 11 different places in the State at an estimated cost of Rs. 492.98 lakhs were sanctioned by the Government of India between September 1991 and March 1994. These were stipulated to be completed within one year (10 cases) and two years (one case). Central assistance of Rs. 94.39 lakhs was received between April 1992 and May 1994 and Rs. 64.09 lakhs on account of State share, were drawn between March 1994 and December 1994. Of the total amount of Rs. 158.48 lakhs, Rs. 130.60 lakhs were released to the State Tourism Development Corporation and Rs. 6.51 lakhs to the State Housing Board between April 1994 and December 1994 for the execution of these works. The balance amount of Rs. 21.37 lakhs was retained by the department.

It was noticed (May 1995) in audit that none of these works could be started due to delay in transfer of land (one case), shifting the facilities to alternate places for which the approval of the Government of India was awaited (five cases), change in the scope of the infrastructure (one case) and non-finalisation of drawings/tenders (four cases).

Thus, funds were drawn without proper planning, which resulted not only in blocking of funds of Rs. 158.48 lakhs, but also in undue financial aid of Rs. 137.11 lakhs to the State Tourism Development Corporation and the Housing Board.

The matter was referred to the Government in March 1996; reply had not been received (October 1996).

Personnel Department

3.19 **Undue benefits to retiring officers**

In the normal course, five officers of the State Secretariat were due to retire on 30th June 1995 (AN) and one on 31st July 1995 (AN). Annual increments of five of

these officers fell due on 1st July and that of the sixth on 1st August. All of them were granted one day's extension in service and were allowed to retire after earning their annual increments leading to undue retirement financial benefits in the form of leave encashment, death-cum-retirement gratuity and one day's pay. One of these officers, however, did not avail of the benefit of extension in service.

The matter was referred to the Government in July 1996; final reply had not been received (October 1996).

Miscellaneous Departments

3.20 Outstanding inspection reports

Audit observations on financial irregularities and defects in the maintenance of accounts noticed during local audit and not settled on the spot in the absence of complete replies are communicated to the heads of offices and higher departmental authorities through inspection reports. Serious and more important irregularities are also reported to the heads of departments and Government. Half-yearly reports of inspection reports and paragraphs outstanding for more than six months are forwarded to the Government to expedite action on these reports/paragraphs.

At the end of June 1996, 21,707 paragraphs included in 6,168 inspection reports issued upto December 1995 in respect of various civil departments, including Public Works (B&R), Irrigation and Public Health and Forest Farming and Conservation. departments remained to be settled as indicated below:

Serial number	Name of department	Inspection reports (In numbers)	Paragraphs
1.	Civil Departments	4,881	17,077
2.	Public Works (B&R)	469	1,710
3.	Irrigation and Public Health	263	882
4.	Forest Farming and Conservation	555	2,038
Total		6,168	21,707

Of these, the year-wise break-up of outstanding reports and paragraphs in respect of the Rural Development, Health and Family Welfare and Primary Education departments, issued upto December 1995 but not settled as of June 1996, was as under:

Serial number	Period	Rural Development		Health and Family Welfare		Primary Education	
		Inspection reports	Paragraphs	Inspection reports	Paragraphs	Inspection reports	Paragraphs
(In numbers)							
1.	Upto March 1990	335	640	225	1,015	227	576
2.	1990-91	49	144	21	104	25	94
3.	1991-92	57	217	63	338	35	78
4.	1992-93	41	161	19	134	8	45
5.	1993-94	48	419	58	333	18	96
6.	1994-95	41	510	25	256	29	153
7.	1995-96 (Upto December 1995)	40	494	19	146	24	119
Total		611	2,585	430	2,326	366	1,161

Some of the typical irregularities commented upon in the outstanding inspection reports of these three departments are broadly categorised below:

Serial number	Category of objection	Inspection reports (In numbers)	Paragraphs
1.	Drawal of funds in advance of requirements/ blocking of funds	185	262
2.	Excess/irregular expenditure for want of sanction, non-invitation of tenders, etc.	502	851
3.	Overpayments, non-recovery of rents and advances/ miscellaneous recoveries	445	770
4.	Non-accounting/short accounting of stores/cash, etc.	92	105
5.	Misappropriation of stores/cash/funds	85	101
6.	Loss/theft/embezzlements/defalcations, etc.	88	100
7.	Non-disposal of unserviceable articles of stores	88	98
8.	Non-production of actual payees' receipts/utilisation certificates	63	69
9.	Non-adjustment of contingent advances	76	86
10.	Non-conducting of reconciliation with treasuries/banks	39	40
11.	Outstanding loans	50	65
12.	Incomplete/abandoned works	57	65
13.	Non-deposit of interest into treasuries	36	36
14.	Wasteful, infructuous/unfruitful expenditure	146	176
15.	Non-rendition of accounts by Panchayats	30	30
16.	Diversion/misutilisation of funds/stores	50	57
17.	Non-transfer of rural water supply schemes to Irrigation and Public Health department	32	32
18.	Miscellaneous irregularities	175	248

Out of 4,636 inspection reports (IRs) and 17,846 paragraphs, 200 IRs and 2,510 paragraphs were settled during 1994-95 in *ad hoc* committee meetings for settlement of old outstanding paragraphs organised by the State Government. However,

* Differs by 832 due to exhibition of objections category-wise

during 1995-96 and 1996-97, these meetings were being organised by the respective administrative departments. During 1995-96, out of the 52 departments, 11 departments formed these committees and only eight committees were convened (one meeting for each department) in which 29 IRs and 245 paragraphs were settled.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

3.21 Misappropriations, defalcations, etc.

The position of cases of alleged misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 1996, final action on which was pending as of June 1996, was as follows:

Particulars	Number of cases	Amount (Rupees in lakhs)
Cases reported upto 31st March 1995 and outstanding on 30th June 1995	108	52.37
Cases reported during 1995-96	5	6.70
Cases disposed upto June 1996	10	2.68
Cases outstanding on 30th June 1996	103	56.39

Of these, 19 cases (amount involved: Rs. 4.75 lakhs) were outstanding for more than 20 years. Fifty one cases involving Rs. 41.15 lakhs pertained to the Public Works (B&R) Department; 32 cases involving Rs. 7.36 lakhs pertained to the Irrigation and Public Health Department and five cases involving Rs. 1.35 lakhs to the Forest Farming and Conservation Department. Of the 88 cases outstanding in these three Departments, 66 cases in which Rs 23.52 lakhs were involved were awaiting completion of departmental investigations (upto three years: 11 cases: amount Rs. 4.33 lakhs; more than three years but upto five years: six cases: amount involved: Rs. 0.17 lakh; more than five years but upto 10 years: 16 cases: amount involved: Rs. 7.11 lakhs; and more than 10 years: 33 cases: amount involved: Rs. 11.91 lakhs).

3.22 Idle equipment

Different items of equipment purchased by the Health and Family Welfare and Revenue departments between May 1983 and June 1994 at a cost of Rs. 18.13 lakhs had not been gainfully utilised due to non-posting of trained operating personnel, delays in repairs, etc., as indicated below:

Serial number	Name of Department/ Office	Particulars of equipment	Date of purchase/ receipt	Cost (Rupees in lakhs)	Since when idle	Reasons for non-utilisation
1.	2.	3.	4.	5.	6.	7.
<u>Health and Family Welfare</u>						
1.	Chief Medical Officer, Lahaul and Spiti	X-Ray Plant	December 1987	1.32	September 1994	Non-posting of Radiographer at Community Health Centre, Udaipur.
2.	Chief Medical Officer, Sirmour	Ultra sound scanner machine	January 1994	5.88	March 1995	Failure to replace the probe of the machine.
3.	Block Medical Officer, Bhattiyat	X Ray Plant	May 1983	0.99	March 1995	Non-posting of Radiographer.
4.	Block Medical Officer, Pachhad	X Ray Plant	February 1984	3.50	August 1994	Non-posting of Radiographer.
<u>Revenue Department</u>						
5.	Additional Deputy Commissioner, Kaza	Photocopier with stabliser	July 1991	0.82	May 1992	Lack of repairs.
6.	Sub-Divisional Magistrate, Karsog	Two photostat machines	February 1987 April 1993	0.66 0.62	April 1992 November 1994	Lack of repairs.
7.	Deputy Commissioner, Bilaspur	Reader Printer	June 1994	4.34	June 1994	Lack of technical staff for handling the machine.
Total				18.13		

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

CHAPTER-IV

WORKS EXPENDITURE

Irrigation and Public Health Department

4.1 Medium Irrigation Projects

4.1.1 Introduction

Water is one of the primary inputs for successful agriculture. Of the total geographical area of 55.67 lakh hectares of the State, only 10.44 lakh hectares was cultivable, of which 5.83 lakh hectares was the sown area. The estimated irrigation potential of the State was 3.35 lakh hectares, out of which an area of 1.78 lakh hectares had been covered by irrigation upto January 1996 through medium irrigation projects (9,781 hectares) and minor irrigation projects (1,68,599 hectares).

Three medium irrigation projects² had been completed between 1981-82 and 1993-94. Execution of one medium irrigation project viz. the Bhabour Sahib Irrigation Project Phase-II was in progress and six more medium irrigation projects³ were under investigation as of March 1996.

4.1.2 Organisational set up

The Irrigation and Public Health (IPH) Department, which is responsible for the construction and maintenance of irrigation schemes, has been divided into two zones. The South Zone at Shimla is headed by the Engineer-in-Chief and the North Zone at Dharmsala by a Chief Engineer. The overall control of the department rests with the Commissioner-cum-Secretary (Irrigation and Public Health) to the State Government. Of the total of 42 divisions, only seven divisions⁴ have been entrusted with the task of investigation, execution and maintenance of medium irrigation projects.

The abbreviations used in this review have been listed in the Glossary in Appendix VIII (Page 171)

² Balh Valley Irrigation Project, Bhabour Sahib Irrigation Project Phase-I and Giri Irrigation Project

³ Changer Area Irrigation Project, Flow Irrigation Scheme Sidhata, Kirpal Chand Kuhl, Hatli-Sunrag-Batanta, Lift Irrigation Scheme Bhargaon and Phena Singh canal

⁴ Baggi, Bilaspur, Nurpur, Palampur, Paonta Sahib, Sarkaghat and Una-I

4.1.3 Audit coverage

Records of three divisions⁵ entrusted with the investigation, execution and maintenance of completed projects and one ongoing medium irrigation project covering the period from 1991-92 to 1995-96 were test-checked between January 1996 and March 1996. This was supplemented by information obtained from the Engineer-in-Chief and Chief Engineer. Important points noticed are discussed in the succeeding paragraphs.

4.1.4 Highlights

Utilisation of irrigation potential created by the three medium irrigation projects ranged between 1 per cent and 58 per cent during the period 1991-95.

(Paragraph 4.1.6)

Lack of any preventive measures against silting resulted in the capacity of the balancing reservoir constructed at the headworks of the Giri Irrigation Project getting reduced to about one fourth because of continuous silting. This affected the continuous flow of water in the canal during the summer season.

(Paragraph 4.1.7 (A)(i))

Extension services were not provided to the beneficiaries for a period of more than 10 years after completion of Bhabour Sahib Irrigation Project Phase-I.

(Paragraph 4.1.7 (B)(iii))

Abnormal delay in the completion of the Balh Valley Irrigation Project resulted in cost overrun of Rs. 806.79 lakhs. The capital cost of irrigation per hectare of the culturable command area had also increased from Rs. 12,560 to Rs. 46,888 as per the re-revised estimate. The project was reported as having been completed in March 1994, despite the fact that 233 hectares of land had not been brought under irrigation. Excess expenditure of Rs. 45.36 lakhs had been incurred on establishment over and above the prescribed norms in Balh Valley Irrigation Project.

(Paragraph 4.1.7(C) (i))

Expenditure of Rs. 75.35 lakhs incurred on the construction of three irrigation schemes under Balh Valley Irrigation Project remained unfruitful as irrigation could not be provided to the culturable command area due to reasons such as non-carrying out of special repairs and non-commissioning of the schemes.

(Paragraph 4.1.7(C)(ii))

Completion of Bhabour Sahib Irrigation Project Phase-II had been delayed because of various reasons, resulting in cost overrun of Rs. 716 lakhs and time overrun of over six years as per the revised estimate.

(Paragraph 4.1.8)

Pumping machinery costing Rs. 53.01 lakhs, installed in the Bhabour Sahib Irrigation Project Phase-II, were not capable of functioning at the required lowest water level, thereby necessitating an estimated extra expenditure of Rs. 27.36 lakhs on the provision of booster pumps. An avoidable expenditure of Rs. 4.21 lakhs was incurred on substitution of the suction pipes and foot valves. Expenditure of Rs. 2.26 lakhs was rendered infructuous due to dismantling of the suction pipes and foot valves already provided.

(Paragraph 4.1.8 (ii))

Benefit of Rs. 7.52 lakhs had been given to a contractor because of the adoption of an unusual clause for payment of escalation charges.

(Paragraph 4.1.8 (iii))

Rupees 106.60 lakhs were paid to Bhakra Beas Management Board for providing and jointing MS pipes for Bhabour Sahib Irrigation Project Phase-II without resorting to the system of open tenders and finalisation of rates and other terms and conditions of supply.

(Paragraph 4.1.8 (iv))

4.1.5 Budget provision and expenditure

Expenditure of Rs. 18.96 crores had been incurred on the medium irrigation projects upto 1990-91. Further expenditure of Rs. 9.62 crores was incurred on such projects during 1991-96 against the budget provision of Rs. 9.56 crores.

4.1.6 Utilisation of irrigation potential

(i) Details of irrigation potential created through the three completed medium irrigation projects and its utilisation between 1991 and 1995 were as below:

Year	Crop	Giri Project			Balh Valley Project			Bhabour Sahib Project Phase-I		
		Potential created	Potential utilised	Percentage utilisation	Potential created	Potential utilised	Percentage utilisation	Potential created	Potential utilised	Percentage utilisation
1991	<i>Kharif</i>	6,761	2,166	32	1,967	(In hectares) 408	21	923	436	47
	<i>Rabi</i>	6,761	2,294	34		340	17		17	2
1992	<i>Kharif</i>	6,761	2,583	38	1,967	539	27	923	450	49
	<i>Rabi</i>	6,761	2,662	39		340	17		11	1
1993	<i>Kharif</i>	6,761	2,605	39	2,117	530	25	923	471	51
	<i>Rabi</i>	6,761	2,360	35		514	24		27	3
1994	<i>Kharif</i>	6,761	2,807	42	2,177	297	14	923	480	52
	<i>Rabi</i>	6,761	3,007	44		186	9		30	3
1995	<i>Kharif</i>	6,761	2,771	41	2,177	Being assessed	--	923	490	53
	<i>Rabi</i>	6,761	3,899	58		191	9		28	3

It would be seen that utilisation of irrigation potential created by the three projects ranged between 1 per cent and 58 per cent. Though reasons for significant underutilisation of the irrigation potential created through the three projects had not been investigated by the department for taking appropriate remedial measures, the Executive Engineers concerned attributed (January-March 1996) the underutilisation of irrigation potential to less demand of water by the beneficiaries.

(ii) Irrigation potential of 1,700* hectares was created during 1984-85 to 1988-89 under Balh Valley Project. The potential was, however, utilised from *Kharif* 1989 onwards. The Divisional Officer stated (January 1996) that records showing crop-wise irrigation for the aforesaid period had not been maintained. In the absence of records, the extent upto which the irrigation potential was actually utilised could not be ascertained.

(iii) Under Bhabour Sahib Irrigation Project Phase-II, irrigation potential of 1,190 hectares was shown as having been created between 1992-93 and 1995-96 (upto December 1995) and reported to the higher authorities. However, no irrigation had actually been provided to the command area because works relating to supply and erection of pumping machinery for the three rising mains of the project were completed only in February 1996. The report was thus not based on facts.

* 1984-85: 200 hectares, 1985-86: 400 hectares, 1986-87: 400 hectares, 1987-88: 300 hectares and 1988-89: 400 hectares

4.1.7 Completed Projects

(A) Giri Irrigation Project

The project was commissioned in February 1982 at a cost of Rs. 8.65 crores* against the approved estimate of Rs. 4.91 crores. The revised estimate for Rs. 8.23 crores sent to the Central Water Commission in April 1986 had not been approved as of June 1996. Important points noticed during scrutiny by Audit of the records of this Irrigation Project are discussed below:-

(i) Silting of reservoir

Water of the Giri river was being utilised for irrigation purposes after generation of power at Giri Hydel Project. To ensure smooth flow of water and keep the canal system running continuously for 12 hours even when power was not generated and tail race water was not released, a balancing reservoir having a capacity of 1,20,000 cubic metres was constructed during 1980-81 at the headworks. Though the projected/ideal rate of silting had not been mentioned in the original estimate, average silting at the rate of 0.65 cubic metre per hour was observed. The capacity of the reservoir was being reduced gradually because of continuous silting. Scrutiny in audit revealed that no preventive measures had been provided for in the project estimates. Desilting of the reservoir was done during 1985-86 and 1989-90 and 17,596 cubic metres of silt were removed at a cost of Rs. 4.85 lakhs. No further desilting operations had been undertaken by the department to maintain the original capacity of the reservoir. To maintain its capacity and continuous flow of water in the canal system, an estimate of Rs. 27.37 lakhs (revised to Rs. 49.16 lakhs in July 1995) was submitted by the Superintending Engineer, Nahan to the Engineer-in-Chief in August 1992 for desilting of the reservoir. The Chief Engineer (Design and Monitoring) intimated (July 1996) that a revised estimate of Rs. 49.50 lakhs had been sent to the Government in June 1996 for approval. In the meantime, the capacity of the reservoir had reduced to about one fourth of its original capacity, thereby affecting the continuous flow of water in the canal system during the summer season. The effect of non-availability of water on the crops had not been studied by the department.

(ii) Injudicious installation of hydrams

Mention was made in paragraph 4.13.8 of the Report of the Comptroller and Auditor General of India for the year 1984-85 - (Civil) - Government of Himachal

* As per Finance Accounts 1987-88

Pradesh regarding unsatisfactory performance of ten hydrams⁶ installed at the Giri Project. During oral examination (June 1991), the department informed the Public Accounts Committee that the hydrams were working well and at some places these had been very successful. It was also stated that the hydrams were providing irrigation.

Test-check of the records, however, revealed (March 1996) that out of the aforesaid 10 hydrams, four hydrams were installed (March 1982) at the tail end (RD 24,112) of the Left Bank Canal at a cost of Rs. 4.22 lakhs to irrigate 36 hectares of land. No irrigation had been provided by these four hydrams during six out of the 10 cropping seasons from *Rabi* 1991 to *Kharif* 1995. The percentage of area irrigated during the remaining four cropping seasons ranged between 5 and 26.

Since the hydrams were not functioning properly for want of sufficient water at the tail end of the canal where these were installed, the existing system was proposed to be converted into a lift irrigation scheme for which an estimate of Rs. 0.84 lakh was sanctioned (July 1992) after taking into account a credit of Rs. 0.72 lakh for dismantled hydrams. The scope of work was subsequently (September 1993) changed and it was proposed to utilise the hydrams in addition to the lift irrigation scheme. The Superintending Engineer who inspected the hydrams also pointed out (July 1993) that due to non-availability of sufficient water, these hydrams functioned only during the monsoon season and as such, the proposed area of 36 hectares could not be irrigated. Construction of the lift irrigation scheme taken up in January 1994 was incomplete though an expenditure of Rs. 4.48 lakhs had been incurred on it as of March 1996.

(iii) **Extension services**

For optimum utilisation of the created irrigation potential to increase agricultural production, extension services in the form of crop demonstrations, farmers training centres and infrastructural facilities were to be provided to the beneficiaries of the command area. Test-check of records, however, revealed the following:

- (a) To educate the farmers about the benefit of scientific use of various inputs, the multiple cropping pattern and use of high yielding varieties, an estimate for crop demonstration was approved in October 1990 for Rs. 33.77 lakhs. The work was to be completed within three years and 1,260 crop demonstrations were required to be conducted. However, only 410 crop demonstrations were conducted from 1990-91 to 1995-96 at a cost of Rs. 7.93 lakhs. The Executive Engineer attributed (March 1996) the shortfall in crop demonstrations to paucity of funds. The reply was not tenable because

⁶

Mechanical device designed to lift water to elevated areas by its own force

only Rs. 33.02 lakhs were utilised on extension services between 1994-95 and 1995-96 out of the budget allotment of Rs. 45.65 lakhs.

(b) A farmers training hall (estimated cost: Rs. 14.08 lakhs) intended to provide information to farmers through audio-visual aids was stipulated to be completed by October 1993. The building was incomplete even after incurring an expenditure of Rs. 2.16 lakhs as of March 1996. Audio-visual equipments valued at Rs. 0.28 lakh were purchased in March 1991 but records of their utilisation had not been maintained. The Executive Engineer stated (March 1996) that the building could not be completed because of non-finalisation of the design, delay in finalisation of tenders and delay in selection of site.

(c) It was also noticed in audit that land levelling had not been carried out reportedly due to the fact that it involved 50 *per cent* beneficiary share and no farmers had come forward for its execution.

(iv) **Irregular expenditure on maintenance**

Expenditure of Rs. 49.97 lakhs was incurred on the running and maintenance of Giri Irrigation Project during 1991-92 and 1992-93 against the sanctioned amount of Rs. 35.58 lakhs. The excess expenditure of Rs. 14.39 lakhs had not been got regularised (June 1996). Expenditure of Rs. 131.58 lakhs on the running and maintenance of the project during 1993-96 had also been incurred without getting the estimates sanctioned from the competent authority.

(B) **Bhabour Sahib Irrigation Project Phase-I**

(i) The project, intended to irrigate 923 hectares of land, was commissioned in April 1982 at a cost of Rs. 127.90 lakhs against the estimate of Rs. 75 lakhs sanctioned in July 1978. The Divisional Officer, Una Division No.I stated (March 1994 and February 1996) that the revised estimate was being processed in the sub-divisional office. Reasons for not preparing the revised estimate even after 14 years of the completion of the project had not been intimated.

(ii) **Shortfall in production**

According to the estimate of the project approved in July 1978, the cost per hectare of irrigated area worked out to Rs. 8,126. After completion of the project in March 1982, the actual cost of the irrigated area escalated to Rs. 13,857 per hectare. The Executive Engineer attributed the cost overrun to increase in the price index. The reply

was not tenable as the revised estimate detailing reasons for cost overrun had not been prepared.

The approved estimate envisaged 5043.65 tonnes of annual additional food production valued at Rs. 23.15 lakhs. Neither had any evaluation of the project been conducted to assess the achievements of intended benefits nor had the additional increase in food production been quantified. However, a study of data obtained from crop cutting experiments revealed that the actual yield of maize per hectare ranged between 17 quintals and 20 quintals during 1993-96 as against a target of 30 quintals.

(iii) **Extension services**

Though the project was completed in March 1982, extension services were not provided to the beneficiaries for a period of more than 10 years. An estimate of Rs. 7.82 lakhs was approved in December 1992 for this purpose with the stipulated period as three years. The work was, however, taken up as late as in November 1993. Audio-visual equipments valuing Rs. 0.67 lakh were purchased during 1994-95 but no records of their utilisation were maintained. An Agriculture Development Officer was also posted in the division in June 1995 to carry out the activities of command area development (CAD) works. The work of construction of the farmers training hall for providing information to the farmers through audio-visual aids had also not been started as of February 1996.

Against the target of 324 crop demonstrations and 54 training camps, only 162 crop demonstrations and five training camps had actually been organised from June 1995 to January 1996, resulting in a shortfall of 162 crop demonstrations and 49 training camps. It was also noticed in audit that activities of land levelling and field drains sanctioned by the Central Government in April 1988 had also not been undertaken though a period of over seven years had elapsed. The Divisional Officer stated (February 1996) that land levelling was not being adopted by the farmers because of lack of knowledge.

(iv) **Avoidable extra expenditure**

The Himachal Pradesh State Electricity Board's (HPSEB) schedule of tariff applicable from October 1982, as amended from time to time, provided that all agricultural and industrial consumers having connected load would instal capacitors of adequate rating as specified by HPSEB. Surcharge at the rate of 10 per cent was leviable in cases where capacitors were not provided or were defective or underrated.

Una Division No.I paid Rs. 0.89 lakh to HPSEB on account of power factor surcharge between June 1995 and January 1996 as the capacitor installed at the pump house of rising main No. 1 of the project was not of adequate capacity.

Failure to get the capacitors replaced in time, thus, resulted in avoidable extra expenditure of Rs. 0.89 lakh.

(v) **Irregular expenditure on maintenance**

Expenditure of Rs. 64.27 lakhs had been incurred during 1991-92, 1993-94 and 1994-95 on running and maintenance of the Bhabour Sahib Project Phase-I without getting the estimates approved from the competent authority. During 1992-93 and 1995-96, the expenditure incurred on running and maintenance exceeded the amount of sanctioned estimates by Rs. 12.52 lakhs, which had not been regularised.

(C) **Balh Valley Irrigation Project**

The project was administratively approved (March 1982) at an estimated cost of Rs. 302.71 lakhs. Designed to irrigate a culturable command area of 2,410 hectares of land and scheduled to be completed by March 1986, the project was taken up for execution by Baggi division in February 1983 and was shown as completed in March 1994. Expenditure of Rs. 1109.50 lakhs had been incurred on it upto March 1995. A revised estimate of Rs. 1,130 lakhs submitted to the Planning Commission in July 1995 had not been approved as of January 1996. Delay in the completion of the project resulted in increase in the cost per hectare of culturable command area from Rs. 12,560 to Rs. 46,888. While the cost overrun was attributed to escalation in the cost of wages and prices of materials, the abnormal delay in completion of the project was attributed (February 1994) by the Executive Engineer to non-availability of adequate funds. Meanwhile, the Chief Engineer (North), Dharamsala, inspected the project and pointed out (November 1995) that it was still incomplete as 233 hectares of land was still to be brought under irrigation. Accordingly, an estimate of Rs. 49.20 lakhs was submitted to the Superintending Engineer, Sundernagar in October 1995 for the execution of works which had been left out and which had not been approved as of January 1996. Rupees 15 lakhs received during 1994-95 were utilised to liquidate the outstanding liabilities. No funds were received during 1995-96.

The Divisional Officer stated (January 1996) that the completion report of the project was sent erroneously.

(i) **Excess expenditure on establishment**

According to the approved estimate, the expenditure on establishment was to be restricted to 10 *per cent* of the cost of work less the cost of land. Contrary to this, expenditure of Rs. 133.32 lakhs had been incurred on establishment compared to Rs. 87.96 lakhs as per the re-revised estimate of Rs. 1,130 lakhs. The Divisional Officer stated (January 1996) that the excess was due to revision of pay scales of staff from January 1986, grant of annual increments, travelling allowance/medical reimbursement claims, etc. The contention was not tenable because all these factors should have been taken into account while fixing the norms. The expenditure incurred over and above the prescribed norms had not been regularised as of June 1996.

(ii) **Unfruitful expenditure**

In the following cases, expenditure of Rs. 75.35 lakhs incurred on three irrigation schemes of this project remained largely unfruitful:

(a) To irrigate 168 hectares of land on both the sides of Beas Satluj Link Hydel Canal, working estimates for the construction of two lift irrigation schemes were approved between September 1987 and May 1989 for Rs. 10.44 lakhs (left side: Rs. 9 lakhs and right side: Rs. 1.44 lakhs).

Execution of the left side scheme constructed in two stages was taken up in January 1988. The first stage was commissioned in October 1989 and the second stage in June 1991. Expenditure of Rs. 54.67 lakhs was incurred on its construction and maintenance. Two motors each of 40 HP capacity were installed on Stage-I. Four motors, two each of 50 HP capacity and two each of 15 HP capacity had been installed on Stage-II. These motors were designed to work for 16 hours per day. It was noticed (January 1996) in audit that 40 HP motors had worked only for 906 hours between October 1989 and December 1995 against the required working of 36,240 hours. Further, 50 HP and 15 HP motors installed on Stage-II had worked only for 318 hours and 17 hours against the required working of 26,512 hours and 26,560 hours respectively between June 1991 and December 1995. Two motors of 15 HP and 50 HP had not worked from June 1992 and June 1995 onwards respectively. Record of the area irrigated, if any, under the scheme had not been maintained. Scrutiny of log books of pumping machinery also revealed that the rising main had burst many times as there were leakages in pipes during the operation of the scheme between June 1991 and November 1995. Accordingly, a special repairs estimate for Rs. 1.37 lakhs was technically sanctioned (June 1995) by the Superintending Engineer. According to the estimate, the pipes used in the rising main had developed hair cracks causing frequent

bursting of pipes and breakdown of the scheme. It was proposed to replace the pipes in a length of 90 metres. The special repairs had, however, not been carried out.

The Divisional Officer stated (January 1996) that the special repairs estimate was erroneously sanctioned as there was leakage only in the joints and not in the pipes. These joints had now been repaired and the scheme was functioning properly since December 1995. It was further stated that though every care had been taken to handle the pipes, some of the pipes might have developed hair cracks during transportation from Bilaspur as the weight of each pipe was very heavy.

Thus, the expenditure of Rs. 54.67 lakhs incurred on the construction/maintenance of the scheme, remained largely unfruitful as the scheme remained non-functional for a considerable time.

(b) To provide irrigation facilities to 59 hectares of land, the construction of the Irrigation Scheme, Sakroha was technically approved (October 1988) for Rs. 6.30 lakhs. The work was taken up during March 1989 and the civil works were completed by March 1992 at an expenditure of Rs. 17.10 lakhs.

The work of supply and erection of pumping sets and allied accessories was awarded to a contractor in May 1989 for Rs. 4.15 lakhs with a stipulation to complete it by November 1989. The contractor started the work in June 1989 and continued the execution upto March 1993. Payment of Rs. 3.92 lakhs had been made to him. As the contractor did not complete the work despite repeated requests, compensation of Rs. 0.41 lakh was levied on him in November 1992. Expenditure of Rs. 0.37 lakh was incurred during 1993-94 by the division on certain items of work which had been left out earlier.

The Assistant Electrical Inspector, Mandi, while inspecting the electric installation of the scheme pointed out (February 1994) some defects in the motors which had not been removed and consequently, approval for energising the installation was not accorded (January 1996).

Performance test certificates of motors and pumps required to be supplied by the firm as per the terms and conditions of the contract before despatch were not supplied. The machinery was not tested within the guarantee period. Full payment had been released to the firm without actually checking the performance of pumping machinery. Moreover, equipments valuing Rs. 0.33 lakh provided by the contractor were awaiting replacement as these were found to be unsuitable. The contract had also not been rescinded as of January 1996. The Executive Engineer stated (January 1996) that the reasons for making full payment without obtaining performance test certificates were not on record.

Failure of the division to initiate timely action against the contractor rendered the entire expenditure of Rs. 17.10 lakhs incurred on the scheme unfruitful as the scheme remained uncommissioned as of January 1996. An amount of Rs. 0.78 lakh on account of compensation levied for delay in completion of the scheme and work executed on behalf of the contractor also remained to be recovered from the contractor.

The Divisional Officer stated (January 1996) that as the project was shown as completed in March 1994, action to complete the balance work could not be initiated. Reasons for non-rescission of the contract were, however, not intimated.

(c) To provide irrigation facilities to 46 hectares of land, construction of the Lift Irrigation Scheme, Rigger was technically approved during 1988-89 for Rs. 4.22 lakhs. According to the sanctioned estimate of the work, three separate rising mains, having a total length of 1,605 metres were to be laid. The work was taken up in May 1989 and partly completed in June 1994 at a cost of Rs. 10.76 lakhs.

The work of providing and laying the rising mains was awarded to a contractor in January 1989 for Rs. 3.99 lakhs with a stipulation to complete it by April 1989. The contractor, however, started the work in May 1989 and laid the rising main in a length of 997 metres. As the contractor did not complete the work within the stipulated period, compensation of Rs. 0.40 lakh was levied (October 1990) on him and the contract rescinded in February 1993.

The rising main in a length of 456 metres was further completed departmentally between August 1993 and May 1994 at a cost of Rs. 1.31 lakhs. The schemes in respect of two rising mains were commissioned during June 1994. However, the laying of the third rising main (length: 74 metres) could not be completed as the work was stopped (June 1994) by the owner of the land who did not allow laying of the pipeline through his land.

This resulted in unfruitful expenditure of Rs. 3.58 lakhs incurred on providing and laying of a part of the rising main, pumping machinery, etc. The Divisional Officer stated (June 1996) that there was no practice in the department to acquire private land for laying of pipelines. It was also stated that efforts were being made to resolve the dispute.

(iii) **Avoidable expenditure**

There was no provision for cement plaster over cement concrete lining (1:3:6) in the specifications and in the sanctioned estimate of the project.

Contrary to this, cement plaster work was done over 33,377 square metres of area at a cost of Rs. 3.61 lakhs between 1987-88 and 1993-94. The Divisional Officer stated (January 1996) that the work was executed as per the working estimates sanctioned

by the Superintending Engineer. The reply of the Divisional Officer was not tenable because provision for cement plaster did not exist either in the specifications or in the sanctioned estimate of the project. The laid down specifications were, thus, not kept in view while sanctioning the working estimates which resulted in unjustified expenditure of Rs. 3.61 lakhs.

(iv) **Short recovery of hire charges due to faulty agreement**

As per the standard clause of agreement, hire charges of machinery let out were to be recovered from the contractors for each day of eight hours commencing from the date of its handing over to the date of return though the same might not have worked for any cause except for major breakdown.

An air compressor purchased in July 1988 against the project was let out on hire to a contractor working under the Irrigation and Public Health Division, Mandi from 10 February 1994 to 15 June 1994. The rate of recovery was not specified in the contract. The Assistant Engineer, Mechanical Sub-Division, Baggi raised (July 1994) bills for 225 hours (on the basis of 50 hours a month) and accordingly, recovery of Rs. 0.78 lakh was made (October 1994) by Mandi division from the contractor. As the standard clause had provided for levying of a minimum charge, the total amount of hire charges worked out to Rs. 3.49 lakhs. This resulted in short recovery of Rs. 2.71 lakhs from the contractor. The Executive Engineer, Mandi division stated (January 1996) that the recovery had been made as per bills raised by the Assistant Engineer, Mechanical Sub-Division, Baggi. The Executive Engineer, Baggi, however, stated (January 1996) that the matter regarding short recovery of hire charges would be sorted out in consultation with Mandi division.

The contractor had, thus, been allowed undue benefit of Rs. 2.71 lakhs due to non-recovery of hire charges as per the standard clause of the contract.

(v) **Plantation**

To avoid encroachment of Government land, the revised estimate of Rs. 1,130 lakhs provided for plantations in various zones at a cost of Rs. 9 lakhs. An expenditure of Rs. 5.89 lakhs was shown to have been incurred on plantations upto 1992-93. The Executive Engineer stated (June 1996) that records showing the number of plants planted and actually available at site were not available. Legitimacy of the expenditure could thus not be verified.

(vi) **Machinery**

A truck purchased out of the project funds in February 1984 at a cost of Rs. 1.80 lakhs covered only 3,384 kilometres for the project and was transferred

(November 1986) to Rewalsar sub-division which had been entrusted with the execution/maintenance of schemes other than those relating to the project. No credit on account of the residual value of the vehicle was afforded to the project.

The purchase of the truck out of the project funds was, thus, not based on definite requirements and debiting of its cost to the project estimate was unjustified.

It was also noticed that machinery valued at Rs. 3.65 lakhs were transferred to other divisions during 1993-94 but value thereof was not realised (January 1996).

4.1.8 Project in progress

Bhabour Sahib Project Phase-II

Designed to irrigate 2,640 hectares of land, construction of Bhabour Sahib Irrigation Project Phase-II was administratively approved in February 1989 for Rs. 426 lakhs. A revised estimate of Rs. 1,142 lakhs prepared in June 1994 had not been approved as of February 1996. The project, scheduled to be completed within three years, was taken up in December 1987 in anticipation of administrative approval. Expenditure of Rs. 757.02 lakhs had been incurred on the project as of January 1996.

(i) Delay in completion of project

As per the revised estimate of Rs. 1,142 lakhs prepared in June 1994, the project would be completed by December 1997.

Scrutiny of records revealed that the original estimate had not been prepared on a realistic basis. According to the revised estimate, the excess over the original estimate was mainly due to inadequate provision in the original estimate; change in design; inadequate investigations at the initial stage and increase in prices of materials and wages of labour. It was also noticed that no independent division had been created for the execution of the project. An independent sub-division exclusively for the execution of the project was created in May 1995 after more than six years of the receipt of the administrative approval. This also resulted in delay in completion of the project.

(ii) Procurement of pumping machinery

Works relating to supply and erection of pumping machinery for rising main No. I and rising mains No. II and III were awarded to a Pathankot based firm in May 1989 and January 1993 for Rs. 22.31 lakhs and Rs. 30.05 lakhs respectively. The works were completed by the contractor in February 1996 at an expenditure of Rs. 53.01 lakhs.

Scrutiny of records revealed (February 1996) that the lowest water level of the Nangal Dam Reservoir was inadvertently taken as 348 metres instead of 347 metres. The design of nine centrifugal pumping sets (rising main: I: five and rising mains: II and III: four) required for lifting water from the reservoir was finalised by taking into account the lowest water level of 348 metres. The pump sets supplied were operational above 350 metres (rising main I) and above 348 metres (rising mains II and III) against the required level of 347 metres.

To overcome this deficiency, nine booster pumps (five of 15 HP capacity each for rising main I and four of 40 HP capacity each for rising mains II and III) were required to be installed at an estimated cost of Rs. 27.36 lakhs. Tenders for the aforesaid item of work, received in June 1995, were under process as of February 1996.

It was further noticed that suction pipes of 650mm diameter and foot valves already provided for rising mains II and III at a cost of Rs. 2.26 lakhs had to be substituted with 400mm diameter pipes (expenditure: Rs. 4.21 lakhs). The dismantled material had neither been utilised nor was there any possibility of its utilisation in the near future.

Failure to design pump sets of adequate capacity by taking into account the correct data was, thus, likely to result in extra expenditure of Rs. 31.57 lakhs which was avoidable. Besides, expenditure of Rs. 2.26 lakhs incurred on providing 650mm diameter suction pipes and foot valves had remained unfruitful.

The Executive Engineer, Una Division No I stated (February 1996) that the booster pumps were being provided to improve the net positive suction head (NPSH) as per site conditions. This contention was not tenable because the NPSH available had not been worked out before award of works. Moreover, the pumping sets designed by taking into account the incorrect lowest water level, were not capable of functioning at the actual water level of 347 metres.

(iii) Providing and laying of pipes

The work of providing and laying 600mm diameter mild steel pipes of various classes in rising main I was awarded to a Jalandhar based firm in January 1990 for Rs. 66.51 lakhs. Scrutiny of records revealed the following points:

(a) Tenders received in the division on 31 January 1989 were valid for a period of 90 days and were submitted by the division to the Superintending Engineer on 25 February 1989. The tender case was received in the office of the Engineer-in-Chief on 24 April 1989 but could not be decided within the validity period, which expired on 30 April 1989. According to the original offer of the contractor, increases exceeding

10 per cent in prices of materials/wages of labour were required to be reimbursed. During negotiations conducted in September 1989, it was agreed that escalation on pipes and flanges would be paid on the basis of the percentage increase/decrease in prices as notified by the Steel Authority of India on 80 per cent of the quoted rates, on furnishing of the necessary proof by the firm. Escalation charges of Rs. 8.66 lakhs had been paid to the firm between August 1992 and July 1995 on account of increase in prices of pipes. Had the tender been accepted within the validity period and the original terms and conditions regarding price variation not been modified during negotiations, escalation charges of only Rs. 1.14 lakhs would have been payable. This resulted in extra avoidable expenditure of Rs. 7.52 lakhs. The payment had also been released to the firm without insisting on the production of necessary proof of purchase of the pipes at increased rates as required under the contract.

(b) Expenditure of Rs. 201.75 lakhs had been incurred on the work as per the 23rd running account bill paid in December 1995 against the awarded amount of Rs. 66.51 lakhs, resulting in deviation of Rs. 135.24 lakhs. The deviation statement returned by the Engineer-in-Chief with certain observations had not been resubmitted (June 1996) for approval.

(iv) **Irregular purchase of pipes**

The sanctioned estimate of the Project contained a provision of Rs. 26.65 lakhs for providing a 4,125 metres long gravity main No 3 of RCC pipes of various diameters. A working estimate was technically approved (August 1995) for Rs. 179.23 lakhs which, *inter alia*, contained a provision of Rs. 114.31 lakhs for providing and laying of 2,664 metres mild steel pipes. The substitution was done on the plea that whenever RCC pipes were provided in the syphonic portion, there was leakage due to weak joints.

Una Division No. I paid Rs. 106.60 lakhs in March 1995 (Rs. 53.30 lakhs) and August 1995 (Rs. 53.30 lakhs) to Nangal Workshop Division of the Bhakra Beas Management Board for supply of 2,600 running meters of 800mm diameter MS pipes of 6mm thickness including jointing at site. The payment was made to utilise the funds in anticipation of receipt of material and without entering into any agreement setting out terms and conditions for the supply of pipes. Further, wide publicity was not given to derive the benefit of competitive rates. The advance payment was also charged to the project instead of placing the same in the suspense head pending receipt of materials. A total quantity of 152.350 tonnes of mild steel pipes valued at approximately Rs. 52.73 lakhs had been received as of February 1996 and the supply of the balance material valued at Rs. 53.87 lakhs was awaited (February 1996). The pipes received were also lying unutilised as the work of laying the gravity main had not been started (February 1996). It was also noticed that the length of pipes supplied ranged between 2 metres and 2.5 metres against the minimum length of 2.7 metres provided in the

specifications. This would increase the number of joints and escalate the cost of laying the pipes.

(v) **Unauthorised construction of accommodation**

Technical sanction for the construction of one Type-IV quarter at divisional headquarters, Una was accorded for Rs. 1.29 lakhs in August 1993 without any provision in the sanctioned estimate of the project. The quarter was completed at a cost of Rs. 2.57 lakhs and allotted (July 1994) to the Executive Engineer. The Divisional Officer stated (February 1996) that there was a provision for three Type-III quarters in the originally sanctioned estimate against which one Type-III quarter and one Type-IV quarter had been constructed. The reply was not tenable as the division had been entrusted with the construction/maintenance of various schemes in addition to construction of the project. Construction of the accommodation for the Executive Engineer out of project funds was not a legitimate charge against the project.

4.1.9 Water rates

Arrears in collection of water rates levied by the department in respect of these projects aggregated Rs. 3.91 lakhs⁷ at the end of 1989 which increased to Rs. 6.66 lakhs⁸ at the end of February 1996. Effective steps to recover the outstandings had not been taken.

4.1.10 Quality control

Quality control tests of material consumed/works executed were required to be carried out to ensure the reliability of all structures of the project. No quality control system was available in the department to carry out the requisite tests. The Engineer-in-Chief stated (December 1995) that no laboratory had been set up by the department for testing the materials. It was also stated that materials were being tested by other departments/agencies to exercise quality control. Test reports were, however, not made available by any of the divisions test-checked.

4.1.11 Monitoring and evaluation

Regional data banks and cost control cells at the State/ Project level had not been set up by the department for close monitoring of the Projects. Evaluation of the Bhabour Sahib Project Phase-I had not been made as of March 1996 to judge the impact of the project on socio-economic aspects or in terms of increase in yield. Report of the

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Giri Irrigation: Rs. 3.87 lakhs; Bhabour Sahib Phase-I: Rs. 0.01 lakh and Balh Valley Project: Rs. 0.03 lakh

8

Giri Irrigation: Rs. 5.36 lakhs; Bhabour Sahib Phase-I: Rs. 0.16 lakh and Balh Valley Project: Rs. 1.14 lakhs

evaluation of Giri Irrigation Project conducted during July-September 1993 had not been finalised (March 1996).

These points were referred to the Government in May 1996; reply had not been received (October 1996).

4.2 Infructuous expenditure on water supply schemes

Six gravity water supply schemes¹ were completed by Kaza division between 1979-80 and 1983-84 at an expenditure of Rs. 6.03 lakhs to provide drinking water to the residents of six villages in Spiti valley.

It was observed (August 1994) in audit that all the schemes had become defunct between 1981-82 and 1989-90 because of (i) freezing of water and consequent bursting of pipes reportedly laid much above the frost line and (ii) reduction of water at the source. The manual on Water Supply Treatment laid down that pipelines should be laid 1.5 metres below the ground level where freezing was anticipated.

The Engineer-in-Chief stated (February 1995) that there were no separate instructions regarding laying of pipes below the frost line i.e. around 1.25 metres and the pipes had been laid much above the frost line by following the instructions/ practice prevalent in the State. The reply was not tenable because the provisions of the manual *ibid* had not been followed.

Failure to conduct a proper survey to establish the reliability of the source of water and defective construction of the schemes had, thus, resulted in infructuous expenditure of Rs. 6.03 lakhs.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.3 Augmentation of Water Supply Scheme, Alampur

To meet the increased demand of water, augmentation of the Water Supply Scheme, Alampur (Kangra district) was administratively approved (November 1991) for Rs. 23.75 lakhs. The work was taken up by Palampur division during 1991-92 in anticipation of the technical sanction. The work was transferred to Thural division on its creation in April 1992 and an expenditure of Rs. 16.07 lakhs was incurred on (i) construction of a pump house upto slab level, (ii) construction of a percolation well including its sinking upto 2.4 metres below bed level, (iii) construction of a storage tank (80 per cent work) and (iv) procurement of 50 per cent material for the rising main.

Though expenditure on account of clearance of liabilities was booked upto July 1995, no physical work had been done after December 1993.

Scrutiny of records of Thural division revealed (August 1995) that the percolation well sunk at the bed of Neogal *khad* without ascertaining sufficient discharge was incapable of yielding the required quantity of water. Reasons for the construction of the percolation well at an unsuitable site had not been intimated. The Senior Hydrogeologist of the Ground Water Organisation of the department observed (November 1993) that the area, by virtue of its lithological character, did not have ground water bearing characteristics and as such, the chances of successful functioning of the percolation well were remote. In the absence of any alternative, he suggested the augmentation of the scheme by utilising the surface water of the *khad* after necessary treatment. Accordingly, an estimate for Rs. 82.21 lakhs (revised to Rs. 116.56 lakhs) was prepared (December 1994) by the division which had not been approved by the competent authority as of October 1996.

Failure to carry out detailed investigations initially to establish the availability of adequate water in the percolation well, thus, resulted in unfruitful expenditure of Rs. 16.07 lakhs and deprived the beneficiaries of the facility of adequate drinking water.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.4 Unfruitful expenditure on construction of Lift Irrigation Scheme, Rewari Bithal

Designed to irrigate a culturable command area of 56.68 hectares, construction of the Lift Irrigation Scheme, Rewari Bithal (Shimla district) was administratively approved (July 1980) for Rs. 6.26 lakhs. The scheme was taken up for execution by Ani division in November 1982 and was completed in November 1987 at the cost of Rs. 10 lakhs. To utilise the created irrigation potential, *chak* development works of the scheme were administratively approved (March 1987) for Rs. 2.79 lakhs. The work was started in February 1987 and expenditure of Rs. 2.78 lakhs was incurred as of June 1989. The scheme was transferred (July 1989) to Suni division on its creation. No further expenditure was incurred by the latter division on the scheme except for Rs. 3.45 lakhs on repairs and maintenance between July 1989 and October 1995.

The scheme had, thus, been conceived without assessing the definite water requirements and the expenditure of Rs. 16.23 lakhs had not served the intended purpose.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.5 Idle investment on works

(i) The bore of tubewell No. 63 at Saloh Beri (Una district) drilled in April 1987 by the Tubewell Division, Gagret at a cost of Rs. 2.41 lakhs was handed over (July 1987) to Una Division No.II for carrying out civil works and energisation. The area to be brought under irrigation on the commissioning of this tubewell was not specified. The beneficiaries, however, represented (June 1995) that about 20 hectares of their land had been deprived of the irrigation facility due to non-completion of civil works.

Action to execute civil works and to make the scheme functional had not been taken by the division. The Executive Engineer stated (January 1996) that the detailed estimate for the civil works could not be framed for want of budget allotment. The contention was not tenable because no funds had been demanded by the division at any stage for this purpose. The investment of Rs. 2.41 lakhs had, thus, remained idle for more than eight years.

(ii) To ensure the supply of safe and pollution free water, construction of a water testing laboratory (Rs. 4.07 lakhs) with provision of laboratory equipment, chemicals, etc., (Rs. 3.16 lakhs) in Hamirpur district was administratively approved (November 1987) for Rs. 7.23 lakhs. The building work stipulated to be completed in three years was taken up by Hamirpur division in June 1988 and completed in March 1990 at a cost of Rs. 2.06 lakhs. However, instead of setting up the laboratory, the building was being used as office of the Superintending Engineer, Hamirpur Circle without the approval of the competent authority.

Subsequently, for carrying out routine tests of the water supply scheme, Hamirpur town, a working estimate for the construction of a laboratory room at Hathli was technically approved (September 1991) for Rs. 0.82 lakh. Execution was taken up during October 1991 and completed in December 1993 at a cost of Rs. 0.82 lakh. For running the laboratory, equipments valued at Rs. 1.20 lakhs were purchased between July 1992 and February 1993. The laboratory room and the equipments were lying unutilised for want of qualified laboratory staff as of October 1995.

The investment of Rs. 2.06 lakhs was, thus, irregularly utilised for a purpose other than the approved one while that of Rs. 2.02 lakhs remained idle.

(iii) A Gravity Water Supply Scheme for Anu village (Shimla district) designed to provide potable water to an ultimate population of 113 persons was administratively approved (September 1993) for Rs. 2.62 lakhs. The stipulated period of its completion was one year. The scheme was taken up for execution by Suni division in November 1993 without obtaining technical sanction and ascertaining the sufficiency of discharge of water at source during the lean period. Expenditure of Rs. 2.34 lakhs had

been incurred on the scheme upto March 1995. The scheme was stated (January 1996) to have been completed in all respects.

The source of the scheme dried up in May 1995 and water could not be supplied to the beneficiaries. The Executive Engineer stated (January 1996) that the proposal to tap water from another functional scheme was awaiting approval of the competent authority. The investment of Rs. 2.34 lakhs had remained idle for want of proper survey and investigation regarding the availability of water at the source of the scheme.

(iv) Remodelling, extension and improvement of the existing Raj Canal in Nalagarh area (Solan district) was administratively approved (January 1980) for Rs. 57.49 lakhs. The scheme was designed to bring 1,173 hectares of command area under irrigation through a main gravity canal (636 hectares), lift irrigation scheme phase-I (30 hectares) and lift irrigation scheme phase-II (507 hectares). The scope of the estimate included (i) civil works such as construction of a sump well and a pump house-cum-chowkidar's quarter, (ii) laying and joining of a rising main, (iii) construction of a distribution system for the main and upper canal and (iv) supply and erection of pumping machinery. The work stipulated to be completed in three years, was started by Nalagarh division in April 1980 without obtaining technical sanction and an expenditure of Rs. 23.85 lakhs was incurred upto March 1995 on (i) 3,160 metres lining work of the main canal in different reaches including cross drainage works, (ii) completion of the work relating to phase-I of the scheme and (iii) procurement (May 1981) of 864 metres cast iron (CI) pipes of 600mm diameter valued at Rs. 7.60 lakhs and pumping machinery with allied accessories between January 1992 and March 1992, at a cost of Rs. 6.51 lakhs for phase-II of the scheme.

It was noticed in audit (June 1995) that the CI pipes and the pumping machinery were lying unutilised/ uninstalled for want of construction of the civil works.

The Engineer-in-Chief attributed (March 1996) the non-completion of civil works to allotment of meagre funds. It was stated that material had to be procured in the absence of civil works because the firms took two to three years to manufacture these items. A sum of Rs. 20 lakhs was stated to be required for the completion of the scheme in all respects during 1996-97. It was further stated that the pipes and pumping machinery had been declared surplus to the requirement of the division in January 1996. However, no demand had been received from any of the divisions of the department as of March 1996. Procurement of materials/machinery in the absence of completion of civil works and without obtaining technical sanction was, thus, injudicious and ill planned and resulted in blocking of funds of Rs. 14.11 lakhs for periods ranging between four years and 15 years.

(v) The manual of Sewerage and Treatment provided for the use of a minimum of 150mm diameter cast iron pipes for public sewers. Contrary to this, construction of a sewerage scheme for Shri Naina Devi Ji Town (Bilaspur district) was administratively approved (July 1994) for Rs. 75.57 lakhs with a provision of 100mm diameter CI pipes. The work relating to providing and laying of distribution of the aforesaid scheme was accordingly awarded (September 1994) to a firm by Bilaspur division.

In October 1994, the division proposed the substitution of 100mm diameter CI pipes with suitable higher diameter pipes for smooth functioning of the scheme and to avoid choking of pipes. The proposal to use higher diameter pipes in identified portions was approved by the Engineer-in-Chief in February 1995. Meanwhile, the contractor had procured (November 1994), 1,705 running metres CI pipes of 100mm diameter costing Rs. 8.24 lakhs. A secured advance of Rs. 6.18 lakhs was paid by the division to the contractor during the same month.

The Executive Engineer stated (August 1995) that though the proposal for substitution of pipes was mooted in October 1994 in public interest, the contractor had procured the pipes according to the provisions of the agreement. Deviation from the provisions of the manual in the first instance, coupled with delay in arranging approval of the competent authority for substitution, resulted in injudicious procurement of CI pipes and blocking of Government funds.

(vi) To provide irrigation facility to a culturable command area (CCA) of 81 hectares, construction of a lift irrigation scheme at Kangian (Kangra district) was administratively approved (October 1974) for Rs. 4.80 lakhs with a stipulation to complete it in three years. Survey and investigation of the scheme was taken up in March 1978 and was completed in 1979 at a cost of Rs. 0.86 lakh. The work of the scheme commenced in 1981 without obtaining technical sanction and was held up since October 1992 owing to non-finalisation of the detailed estimate of the rising main and pumping machinery. Till then, an expenditure of Rs. 9.13 lakhs had been incurred on the construction of 70 per cent work of the pump house (Rs. 1 lakh), procurement of AC pressure pipes (Rs. 3.05 lakhs) and a sprinkler set (Rs. 1.36 lakhs), supply of power (Rs. 1.22 lakhs) and other items, including survey and investigation (Rs. 2.50 lakhs).

The Government stated (May 1994) that the execution of the scheme had to be deferred because of the coming up of various other schemes between 1984 and 1992 and the need for their completion within a fixed time frame under the USAID. The Executive Engineer, Thural division, however, informed (July 1994) Audit that the final selection of the source and the feasibility of the scheme remained under observation due to change in river behaviour and as such, the pumping machinery and plinth level rising

main could not be finalised. The source had, however, not been finalised as of September 1996.

The purchase of the sprinkler set, which was declared surplus to the requirement of the division in July 1994, procurement of pipes, releasing of the payment for the supply of power in the absence of finalisation of detailed estimate of the rising main and pumping machinery and selection of a new source for the scheme resulted in idle investment of Rs. 5.63 lakhs. Besides, expenditure of Rs. 3.50 lakhs incurred on the part construction of a pump house, survey and investigation and watch and ward would be rendered infructuous in case the source of the scheme was changed.

These points were referred to the Government in July 1996; final reply had not been received (October 1996).

4.6 Unfruitful expenditure on a lift irrigation scheme

To irrigate 43 hectares of land, the construction of the Lift Irrigation Scheme, Putlifald (Mandi district) was administratively approved under the State Sector in October 1983 for Rs. 5.54 lakhs. The work was started by Sarkaghat division in February 1985. After completing the pump house, feeder channel and sump well at a cost of Rs. 1.03 lakhs, the scheme was taken up during 1989-90 under the USAID project against the estimate of Rs. 13.36 lakhs sanctioned in February 1989. The scheme was commissioned in December 1991 at a cost of Rs. 17.97 lakhs.

It was noticed (September 1995) in audit that only 6.25 hectares of the area had been irrigated in the *kharif* crops of 1992 and 1993. The rising main and pillars of the scheme were totally damaged/washed away due to landslides in August 1993. The loss was estimated at Rs. 2.80 lakhs. The scheme became non-functional since August 1994 and had not been restored as of September 1995. Expenditure of Rs. 1.20 lakhs had, however, been incurred on the maintenance of the scheme from 1992-93 to August 1995.

The Executive Engineer stated (September 1995) that the beneficiaries of the scheme were not interested in irrigation water and its restoration had been objected to by them. According to their version, the landslide which damaged their land had occurred due to construction of the scheme. They also apprehended further damages to their property in the event of restoration of the scheme. The Executive Engineer further stated in February 1996 that an estimate for the restoration of the scheme for converting it into a water supply scheme was under preparation. Further developments were awaited (July 1996). The investment of Rs. 17.97 lakhs, thus, remained unfruitful.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.7 Supply of untreated water to beneficiaries

Construction of Gravity Water Supply Scheme, Dhangeel (Chamlu) in Shimla district was administratively approved (October 1989) for Rs. 1.71 lakhs. Designed to serve a population of 100 persons, the scheme was taken up for execution by Solan division in November 1989 and completed in December 1990 at a cost of Rs. 1.08 lakhs.

According to the provisions of the Manual on Water Supply and Treatment (Manual), preliminary field tests for the acceptability of the physical and chemical quality of water should be followed by a comprehensive laboratory analysis of the water. The extent of preliminary and final treatment of the raw water needed to obtain safe water supply from the source would have to be determined.

It was, however, observed (October-November 1994) in audit that laboratory tests of the water at source were not conducted before taking up the execution of the scheme. The Executive Engineer stated (March 1996) that there were no instructions to get the water of the source tested before starting the construction. The contention of the Executive Engineer was not tenable in view of the provisions of the manual *ibid*.

Test reports of water being supplied to the beneficiaries, conducted between June 1992 and July 1993, revealed that the water contained iron ranging between 2 ppm and 5 ppm (parts per million) which was far in excess of the acceptable limit of 0.1 ppm to 1.0 ppm laid down in the aforesaid manual. Samples of water taken from the source and from the tap in August 1995 on the advice (June 1994) of the Assistant Chemist of the departmental testing laboratory at Kandaghat also contained excess iron to the extent of 2.7 ppm and 2 ppm respectively. An estimate of Rs. 0.78 lakh for the removal of excess iron was sent by the division to the Superintending Engineer in November 1995 which had not been approved as of April 1996.

Unsafe drinking water was, thus, being supplied to the beneficiaries for a period of over 5 years. The Executive Engineer maintained (March 1996) that minimum excess of iron in water did not have any ill effect on the health as enquired from the beneficiaries. This argument was not logical in view of the provisions of the manual which provided that the water supplied should be free from minerals which could produce undesirable physiological effects.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

4.8 Remodelling of Shalli kuhl

The Shalli kuhl in Pangi Valley was constructed by local beneficiaries long ago for providing irrigation to 10 hectares of their agricultural land. The kuhl passed

through highly unstable strata in a length of about 400 metres which used to be washed away every year, making the *kuhl* non-functional.

To remodel the *kuhl* and make it functional, an estimate of Rs. 4.56 lakhs was administratively approved (March 1990) by the Resident Commissioner, Pangi at Killar. The alignment of the *kuhl* was changed and an additional area of 6.47 hectares was also proposed to be irrigated. The total length of the *kuhl* as per the new alignment was 3.700 kilometres. The work was taken up for execution by Pangi division in July 1989 in anticipation of administrative approval. Expenditure of Rs. 2.38 lakhs was incurred upto July 1991 on (i) cutting in earthwork in a length of 1.610 kilometres and (ii) excavation in drains and channels (0.549 kilometre) in five different patches. Further execution was stopped thereafter.

The Superintending Engineer, Chamba stated (December 1995) that the work was held up because of (i) hard rock cutting, (ii) rocky cliffs of enormous height having no cutting space where cutting was extremely dangerous and (iii) the absence of a road for want of which the air compressor could not be transported to the site of the work. The feasibility of constructing the *kuhl* in rocky cliffs and dangerous mountainous terrain should have been examined before starting the work. Had this been done, the unfruitful expenditure of Rs. 2.38 lakhs could have been avoided.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.9 Blocking of funds

The Government of Punjab had undertaken the construction of the Anandpur Sahib Hydel Channel, for which acquisition of some land falling in Bilaspur district of Himachal Pradesh was considered necessary. An agreement was signed (August 1983) between the Governments of Punjab and Himachal Pradesh, according to which land falling in the territory of the later State was to be acquired and in lieu thereof, the former State was to release 25 cusecs of water from the channel regularly to the latter State.

An estimate of Rs. 26.75 lakhs was, therefore, administratively approved (November 1990) for providing irrigation facility to 166 hectares of land of the Changer area in Bilaspur district. After conducting the survey and investigation for the scheme between 1985-86 and 1990-91, the scheme was taken up for execution by Bilaspur division in November 1990 and completed in January 1995 (except the take off point) at an expenditure of Rs. 37.29 lakhs (including Rs. 1.40 lakhs on survey and investigation).

The scheme could not, however, be commissioned and irrigation facility could not be provided to the command area for want of selection of release points, the estimate for which was to be prepared by the Punjab authorities. The Superintending Engineer, Anandpur Sahib Power House Generation Circle, Punjab State Electricity Board, Anandpur Sahib informed (July 1994) the Director, Canals, Hydel Design Organisation, Chandigarh that the right side delivery point for lifting 6.41 cusecs of water had been finalised. Accordingly, a request was made for evolving a design and conveying approval for releasing the water. Further outcome was awaited (March 1996).

The Engineer-in-Chief stated (March 1996) that it would take some more time before water could be obtained from the Punjab Government and that the matter was being pursued.

Abnormal delay in getting the release point decided before the completion of the scheme had, thus, resulted in non-commissioning of the scheme and blocking of funds.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.10 Avoidable expenditure on water treatment works

To provide potable water to an ultimate population of 5,868 persons and 2,118 students of 55 villages, construction of a lift water supply scheme, Bara Choru (Hamirpur district) was administratively approved (March 1982) for Rs. 14.10 lakhs. The scheme was completed by Hamirpur division in March 1983 at an expenditure of Rs. 24.39 lakhs. The source of the scheme was a percolation well constructed on the bank of the Kunah *khad*. It was expected that sufficient yield of water would be available in the percolation well to meet the daily requirements of 2,56,530 litres.

Records of the division revealed (November 1993) that the percolation well was dug on the overburden of the Kunah *khad* without obtaining the expert opinion of the State Hydrogeologist and carrying out proper investigations. The percolation well could not be dug deep owing to hard strata encountered at the site. The daily yield of water was hardly 10,000 litres, which was quite insufficient to meet the requirement of the beneficiaries. To overcome this difficulty, a *kuhl* was constructed in 1987 to bring water from the nearby *khad* and the percolation well was converted into a sump well for collection and pumping of raw water for supply to the beneficiaries. As no treatment facilities were available, untreated water was supplied to the beneficiaries after adding a heavy dose of bleaching powder. To treat the water, a sedimentation tank and two units of filter beds were constructed between December 1990 and February 1992 at a cost of

Rs. 3.90 lakhs against two special repair estimates sanctioned by the Superintending Engineer in February 1988 and March 1988. Had the percolation well been dug and sunk after obtaining the expert opinion and after conducting proper investigations about the strata and availability of sufficient discharge of water, the necessity of treatment units would not have been felt.

The Executive Engineer stated (December 1993 and October 1995) that the percolation - cum - sump well had served its purpose for 10 years and it was only after the blocking of the pores that treatment works had to be provided as the raw water was not potable. It was also stated that at the time of conception of the scheme, there was no practice to obtain the opinion of the Hydrogeologist and the well was constructed after proper field investigation. The contention was not based on facts as the percolation well, which could not serve the desired purpose due to insufficient digging and sinking, had to be converted into a sump well within a short span of the commissioning of the scheme. The construction of treatment units was conceived in March 1987 i.e. within four years of its completion and in February 1989, the Chief Engineer, Irrigation and Public Health, had called for a complete report on the faulty execution of the scheme.

Failure to obtain the advice of the Hydrogeologist with regard to the availability of water and to carry out proper investigations had, thus, resulted in avoidable extra expenditure of Rs. 3.90 lakhs on treatment works.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.11 Defective construction of Rishi Dogri *kuhl*

To provide irrigation facilities to 498 hectares of land, construction of a 11.18 kilometres long Rishi Dogri *kuhl* in Kinnaur district was administratively approved (December 1983) for Rs. 37.25 lakhs. The source of the scheme was Hozo *nallah* from where 14.85 cusecs of water was proposed to be diverted. The work on the *kuhl* was started by the Irrigation and Public Health Division, Pooh in June 1984 in anticipation of technical sanction, which was subsequently accorded in June 1988 for Rs. 20.54 lakhs. Ninety eight *per cent* of the work had reportedly been completed upto December 1990. No further progress in the execution of the original work was made thereafter. Expenditure of Rs. 37.75 lakhs had been incurred on the *kuhl* upto March 1993 including Rs. 2.78 lakhs incurred after December 1990 on account of repairs, etc.

The sanctioned estimate contained a provision for *patra* cutting and a dry stone lining was to be provided in the *kuhl* below the ground level. Contrary to this provision, the dry stone lining was provided above the ground level after minor *patra* cutting and

both sides of the lining were filled with soil to form a channel. Defective construction of the *kuhl* resulted in heavy seepage of water and no irrigation could be provided to the command area. The Government constituted (January 1994) a Committee for conducting a joint inspection of the defunct and partially functioning irrigation schemes before preparing a final proposal to make the schemes functional, if found economically and technically viable. No such inspection had been conducted and the scheme was lying in an abandoned state as of May 1996.

Defective construction of the *kuhl*, thus, resulted in unfruitful expenditure of Rs. 37.75 lakhs and denial of intended irrigation facilities to the command area.

The matter was referred to the Government in July 1994 and July 1996; reply had not been received (October 1996).

Public Works Department

4.12 Construction of a new hospital building for Indira Gandhi Medical College, Shimla

To provide adequate accommodation for the proper functioning of the Indira Gandhi Medical College, Shimla (IGMC), the construction of a new hospital building in two phases was administratively approved (January 1985) for Rs. 529.82 lakhs (revised to Rs. 643.68 lakhs in April 1994). The work relating to Phase-I of the building only was technically sanctioned (October 1985) for Rs. 115.66 lakhs by the Engineer-in-Chief. Civil works of the aforesaid building were taken up for execution by the Medical College Division, Shimla during 1984-85 in anticipation of administrative approval and expenditure sanction. Electrical works were taken up for execution by Electrical Division No.II, Shimla in September 1986. The work was completed in November 1994 at a cost of Rs. 773.02 lakhs (civil works: Rs. 473.37 lakhs and electrical works: Rs. 299.65 lakhs).

Test-check of the records of the two divisions¹ conducted during March-April 1996, supplemented by points already noticed during regular inspections of the divisions from time to time revealed the following points:

4.12.1 Unrealistic estimation

The work estimated to cost Rs. 529.82 lakhs in January 1985 (revised to Rs. 643.68 lakhs in April 1994) was required to be completed in six years. Only the work relating to Phase-I was completed in November 1994 at a cost of Rs. 773.02 lakhs.

No work had commenced on Phase-II of the building as of September 1996. A revised estimate for obtaining the approval of the competent authority had not been prepared as of March 1996. Delay in completion of the work resulted in cost overrun of Rs. 243.20 lakhs and time overrun of about four years.

The Executive Engineer, Medical College Division attributed (March 1996) the time overrun and cost overrun to increased scope of work, death of contractor and limited space for stacking of material while the Executive Engineer, Electrical Division No.II held (April 1996) subsequent changes in drawings as responsible for the delay and excess over the estimate. The department had, thus, failed to frame realistic estimates by covering the entire scope of work actually involved and finalise the structural drawings accordingly.

4.12.2 Excessive deviations owing to non-finalisation of drawings before award of work

(a) The work relating to construction of the new hospital building was awarded (January 1986) to a contractor at a cost of Rs. 101.03 lakhs at 109.97 *per cent* above the Himachal Pradesh Schedule of Rates, 1979 (HPSR). The work was taken up by the contractor for execution in February 1986 but the contract had to be closed in May 1994 because of the death of the contractor.

At the time of termination of the contract, the gross value of the work done by the contractor worked out to Rs. 146.48 lakhs, which included Rs. 77.32 lakhs on account of deviated work done at market rate (Rs. 8.86 lakhs), substituted items (Rs. 59.49 lakhs) and extra items (Rs. 8.97 lakhs). Thus, the work which was executed at the original rates was for Rs. 69.16 lakhs only, which worked out to 47 *per cent* to the total value of the work done.

The Executive Engineer stated (March 1996) that the tenders which were floated were based on estimates drawn on the preliminary drawings, while the work was actually got executed subsequently as per the working structural drawings evolved and issued by the architectural wing of the department. This resulted in deviations in the quantities included in the contract and execution of items at market rates not covered in the contract.

(b) It was noticed that the structural designs were revised from time to time during execution of the work, which resulted in excessive execution of the work beyond the prescribed deviation limit. The payment of Rs. 8.86 lakhs had been made at market rates as of March 1994 for the work done beyond the prescribed limit. This involved an extra expenditure of Rs. 3.05 lakhs, representing the difference between the originally agreed

rates and market rates. The Executive Engineer stated (March 1996) that the architectural drawings were modified so as to utilise maximum available space.

4.12.3 Overpayment to a contractor

(a) Seven items of work were executed by the contractor as substituted items and payments were made on assessed rates without preparing a detailed analysis and getting the approval of the competent authority. Subsequently, when the rates of these items were prepared, the rates already allowed turned out to be higher than the former resulting in overpayment of Rs. 6.84 lakhs to the contractor. Out of the aforesaid seven items, the rate of only one item had been approved while the rates of the remaining six items were awaiting approval as of March 1996.

While confirming the facts, the Executive Engineer stated (March 1996) that the recovery would be effected from the final bill. The final bill which was still under process, was already negative and there was no scope for recovery of overpayment from it as contended by the Executive Engineer. The overpayment had not been recovered as of July 1996.

(b) The contract agreement finalised with the contractor provided for the use of 2nd class *Deodar* wood in frames of false ceiling, partitions, etc., at the quoted rate of Rs. 5,500 per cubic metre (cum). The cost of the estimated quantity of 28.89 cum worked out to Rs. 1.59 lakhs. The item was, however, substituted with 711.31 quintals of steel work at an estimated cost of Rs. 15.86 lakhs. The Executive Engineer stated (March 1996) that the substitution was made in view of Government instructions to use minimum quantity of wood in the false ceiling due to fire hazard and to avoid felling of *Deodar* trees. This aspect should have been taken into consideration before finalisation of the design.

Scrutiny of records revealed that 418.12 quintals of steel work in frames was executed as of March 1994 as a substituted item and payment of Rs. 8.02 lakhs was made at the rate of Rs. 1917.74 per quintal which was the prevailing market rate. Payment for the substituted item at the market rate was not in order when the substituted item existed in the Himachal Pradesh Schedule of Rates, 1979 (Sl. No. 15.4). The item was actually payable under clause 12(iii) of the agreement according to which payment at the rate of Rs. 1002.40 (schedule rate: Rs. 477.40 plus 109.97 per cent quoted premium of the contractor) per quintal was admissible.

Payment of the substituted item by adopting the incorrect formula resulted in overpayment of Rs. 3.83 lakhs to the contractor. The contention of the Executive

Engineer that the payment was made at the market rate after approval of the competent authority was contrary to the provisions of the agreement.

4.12.4 Outstanding recoveries from a contractor

(i) A secured advance restricted to 75 *per cent* of the estimated value of materials was to be sanctioned to the contractor subject to the condition that the materials were of nonperishable nature and a formal indenture was drawn up to safeguard against any losses due to misuse, etc. Such advances were to be deducted from the next payment made under any of the clauses of the contract.

Secured advances of Rs. 28.88 lakhs had been paid to the contractor between March 1986 and January 1994, out of which only Rs. 21.79 lakhs could be adjusted as of November 1994, leaving an unadjusted balance of Rs. 7.09 lakhs. The contractor died in May 1994, thereafter the work was split up and awarded to other contractors against various agreements/work orders. Of the unadjusted balance, material valued at Rs. 2.38 lakhs was utilised on the same work done through other contractors against various agreements, thereby leaving an outstanding balance of Rs. 4.71 lakhs. This included the outstanding balance of secured advance of Rs. 1.94 lakhs paid for HCI pipes, WC pans and board in excess of both the estimated and the actually executed quantities of work. It was noticed in audit that the material procured against this secured advance was not kept in joint custody of the contractor and the department. Failure of the department in following the codal provisions resulted in this outstanding recovery. The materials for which recovery of Rs. 4.71 lakhs was outstanding were not available at the site of the work, except for some broken chinaware.

It was noticed in audit that the division had paid secured advances amounting to Rs. 6.12 lakhs for goods of perishable nature like sand, grit, chinaware, glass panes, etc., in violation of the provision of the agreement.

Secured advance of Rs. 1.62 lakhs was paid to the same contractor for 1,674 square metres (sqm) of glass panes. After the death of the contractor in May 1994, 1,060 sqm of glass panes were issued to other contractors at a cost of Rs. 1.75 lakhs and consumed on the work. The cost of 1,060 sqm glass panes at the rate of Rs. 129 per sqm, at which the secured advance was given, worked out to Rs. 1.37 lakhs. It was noticed that the credit of the balance amount of Rs. 0.38 lakh was given to the contractor instead of to the work.

The Executive Engineer's statement (March 1996) that the secured advance was given on the materials brought at site inclusive of some perishable items in the

interest of work and that the actual requirement could not be determined since the contractor was executing the work in an unplanned manner, was evasive.

(ii) The work of providing 381.386 tonnes of tor steel reinforcement was awarded to the contractor at labour rates vide agreement No. 5 of 1985-86. Steel was to be issued free of cost. According to the negotiations held in January 1986 and the provisions of the agreement, steel issued beyond the measured quantities was to remain the contractor's property. The recovery of steel issued in excess of the measured quantity was to be made in accordance with the formula given in the agreement.

Against the issue of 692.797 tonnes of steel, the contractor executed 634.057 tonnes of steel reinforcement work as of May 1994. The cost of the balance 58.74 tonnes of steel representing wastage and variation, was recoverable from the contractor in accordance with the laid down formula. The division had recovered the cost of 27 tonnes of steel at the issue rate plus 2 per cent storage charges and the recovery of the cost of the balance quantity of 31.74 tonnes of steel, (value: Rs. 3.71 lakhs), had not been made as of March 1996.

The Executive Engineer stated (March 1996) that the variations in the quantity included in the agreement were due to changes in the architectural drawings and that the balance amount would be recovered from the final bill. The recovery was, however, not possible because the final bill under preparation was already in the negative.

(iii) Materials supplied to the contractor from the stores according to the provisions of the contract were required to be kept under double lock arrangements and were to remain the absolute property of Government. These were not to be removed on any account from the site of work.

It was noticed in audit that materials in excess of the required quantities had been issued to the contractor. The materials which remained unused were not returned by the contractor and the recovery of Rs. 2.86 lakhs for the unused materials (cement: 2,042 bags, CGI sheets: 1.41 tonnes, PGI sheets: 0.07 tonne, bitumen: one drum and MS sheets: 7.48 tonnes) was not effected.

The Executive Engineer stated (March 1996) that the reconciliation of material as per the quantity of work done could not be undertaken earlier because the work was being executed by the contractor in an unplanned manner. Thus, the lack of adequate supervision by the division resulted in the unplanned execution of work by the contractor and the recovery of Rs. 2.86 lakhs could not be made.

(iv) Recovery of Rs. 0.56 lakh due from the contractor on account of electricity bills (Rs. 0.36 lakh) paid by the division on his behalf and the execution of the works

which were left over through other agencies on labour rates (Rs. 0.20 lakh) had also not been made.

While confirming the facts, the Executive Engineer stated (March 1996) that the recovery would be effected on finalisation of the arbitration proceedings.

4.12.5 Unjustified extra expenditure

An item of work relating to distempering (two coats) with oil bound washable distemper, dry distemper and glossy distemper on undecorated wall surface including a priming coat with distemper after thoroughly brushing the surface free from mortar dropping and other foreign material after preparing the surface even and sand papered smooth in all leads and lifts, was included in the estimate technically sanctioned in October 1985. According to the analysis of rates, the cost of putty work to be applied to make the surface smooth was already included in the rates of distempering work and nothing extra was payable on that account.

The distempering work over an area of 13,050 sqm was got executed through nine contracts during 1994-95. Scrutiny of records revealed that a coat of putty was applied on the plastered surface of the walls before distempering, without approval of the working estimates and payment of Rs. 2.49 lakhs was made to the contractors at the rate of Rs. 19.08 per sqm.

The payment of Rs. 2.49 lakhs made for the execution of the putty work as a separate item, thus, lacked justification.

The Executive Engineer stated (March 1996) that the provision of putty was a basic necessity to meet the requirements laid down in the HP PWD specifications and to provide a uniform and smooth surface for applying the oil bound distemper and the special effect glossy oil bound paints. It was further stated that the provision of providing putty in the analysis of rates for distempering was not workable. The contention was not tenable because there was no provision for execution of putty work as a separate item in the analysis of rates.

4.12.6 Wasteful expenditure

According to the schedule of quantities appended to the agreement, red stone work for lining/flooring including painting in white cement, etc., was to be provided in the ramp portion of the building at the tendered rate of Rs. 150 per sqm. The contractor had executed 502.16 sqm work costing Rs. 0.75 lakh by the end of January 1994. Scrutiny of records revealed that the work already executed against the aforesaid

contract was subsequently dismantled and red stone flooring was laid afresh between March 1994 and November 1994 departmentally and through other contractors, at a cost of Rs. 2.57 lakhs, which included Rs. 0.18 lakh for dismantling work. Expenditure of Rs. 0.93 lakh incurred on the laying of flooring and dismantling had, thus, gone waste.

The Executive Engineer stated (March 1996) that rough red stone flooring in the ramp portion of the building was provided as per the approved architectural drawings. In January 1994, the medical authorities observed that the rough ground surface would lead to medical complications while shifting newly operated patients and there was no alternative but to replace the flooring. This aspect could have been examined by the department before preparing drawings for the flooring of the ramp.

4.12.7 Extra expenditure due to delay in acceptance of tenders

Tenders for providing two bed lifts and one passenger lift were received by Electrical Division No. II in August 1987. The offer of a Delhi based firm for Rs. 16.15 lakhs was the lowest. The tender case remained under correspondence between the division, circle and Engineer-in-Chief offices and was finally accepted in March 1991. The work was allotted to the same firm at an increased cost of Rs. 24.70 lakhs. Abnormal delay in finalisation of the tender case within 90 days, as required, resulted in an avoidable extra expenditure of Rs. 8.55 lakhs.

The Executive Engineer stated (April 1996) that the tender case was delayed because the finalisation of a suitable system took some time and the extra expenditure was a direct result of the slow progress of civil works. Detailed reasons for the abnormal delay in evolving the suitable system had not been intimated.

4.12.8 Splitting up of work

(i) According to the instructions of Government, work orders should not be issued for the same work by splitting it up into smaller works. The Executive Engineer could, however, issue work orders upto annual ceiling of Rs. 3 lakhs.

The division, however, split up the work of the hospital building in anticipation of the sanction of the competent authority and the work was executed on the basis of 123 work orders aggregating Rs. 21.87 lakhs during the period 1993-94 to 1995-96.

(ii) Similarly, contrary to the instructions that works exceeding Rs. 0.50 lakh should be awarded only after resorting to open tender enquiries through newspapers, works in 121 cases having a total value of Rs. 143.62 lakhs were awarded between

1992-93 and 1994-95 through limited local enquiries by splitting up the work without sanction.

The Executive Engineer stated (March 1996) that the work was split up to complete the building within the targeted period (November 1994) and the case for obtaining the sanction from the competent authority in both the cases was under process. The contention was not tenable because the very objective of awarding the work on competitive rates had been defeated. The case for obtaining the sanction had not been moved as of September 1996.

4.12.9 Payment of unjustified higher rates

The work of providing marble chip flooring in 3,515 sqms and Kota stone flooring, rubbed and polished in 480 sqms, as executed under agreement No. 5 of 1985-86 was accepted incomplete in anticipation of rubbing and polishing. Part rates of Rs. 56.55 and Rs. 266.60 per sqm were allowed as against the tendered rates of Rs. 64.90 and Rs. 300 per sqm respectively. The work of rubbing and polishing of the marble chip flooring was executed by other contractors at the rate of Rs. 79.17 per sqm and of the Kota stone flooring at Rs. 86.91 per sqm. The action of the division in allowing higher rates than those disallowed to the original contractor resulted in excess expenditure of Rs. 2.75 lakhs.

The Executive Engineer stated (March 1996) that the contract had to be closed due to the death of the contractor and the rates for unfinished items were reduced corresponding to the provision in the analysis of rates. The contention was not tenable because there was a vast difference between the rates disallowed and the rates at which the unfinished items were executed. Moreover, the rates allowed were much on the higher side as compared to the rates given for similar works by other divisions in Shimla during the corresponding period.

These points were referred to the Government in July 1996; reply had not been received (October 1996).

4.13 Unproductive investment

To provide communication facilities to remote villages of the Pandara Bis area of Kinnaur district, construction of the 5/7 metre wide Chaura Rupi road from km 1/270 to km 5/450 (actual RDs from km 1/270 to km 5/600) was administratively approved (January 1985) for Rs. 28.60 lakhs and technically sanctioned for the same amount in March 1985. The work, stipulated to be completed in three years, was taken up for execution by Karchham division in March 1985. An expenditure of Rs. 67.11 lakhs had been incurred on the construction of the road in isolated reaches as of July 1996. The road had not been completed in four different reaches having a total length of

396 metres. The Executive Engineer stated (August 1996) that the road could not be constructed in a continuous stretch because of the difficult terrain. Reasons for delay in completion of the road and excess expenditure over the sanctioned estimate had not been intimated by the department. In the meantime, a 14-metre open RCC T-Beam bridge over Chaunda *khad* at km 5/493 on the aforesaid road was also constructed in March 1988 at an expenditure of Rs. 2.89 lakhs.

Construction of a footway suspension bridge over river Satluj at Nigulsari at km 5/600 was administratively approved (June 1964) for Rs. 1.26 lakhs (revised to Rs. 3.79 lakhs in March 1971). The work was started by Kalpa division in June 1972 and was transferred to Karchham division in October 1980. In March 1981, administrative approval of Rs. 22.04 lakhs was accorded for the construction of a 90-metre span stiffened suspension bridge of motorable standard at the same site. The work was stipulated to be completed in two years. A total expenditure of Rs. 75.24 lakhs was incurred on the work upto July 1996 for the construction of these substructure including anchorage towers and approaches on both sides. This amount also included the expenditure incurred on procuring part of the material for the superstructure.

The records of Karchham division revealed (June-July 1994) that due to construction of a road by the Nathpa Jhakri Power Corporation (NJPC) for their adit, the Nigulsari side tower of the bridge was damaged in March 1990. An estimate for Rs. 3.70 lakhs (revised to Rs. 10.51 lakhs in May 1995) was sent by the division in October 1990 to the NJPC for depositing the amount to restore the damages to the bridge. The proposal was turned down by the latter in November 1990, stating that the damages had occurred because of unprecedented heavy rains. The Executive Engineer stated (August 1996) that the damaged tower was repaired by the department out of Government funds in May 1996 and no amount had been deposited by the NJPC. The physical work, except arrangement of some material upto March 1994, had been held up since March 1990.

The Executive Engineer stated (October 1995) that a claim for restoration of damages was pending with the NJPC. Even if the bridge was completed after restoring the damaged tower, it would not be utilised till the road on the left bank of the river was constructed in a continuous stretch.

Failure to synchronise the construction of the road and the bridge had, thus, resulted in an unproductive investment of Rs. 145.24 lakhs and denial of intended benefits to the beneficiaries for a period of about three decades.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.14 Excess payment to a contractor

Construction of 150 metres of an effective span prestressed concrete bridge over Chakki *khad* (Kangra district) at km 62/0 on the Mukerian-Talwara-Bodh-Chakki-Dhar road was awarded (February 1988) to a contractor by Jassur division (transferred to Nurpur division in July 1994) for a lump sum amount of Rs. 121.57 lakhs. The original design evolved by the department in January 1986 provided for the construction of two abutments by raising the foundation from the reduced level (RL) of 444 metres. Four piers, one from RL 428.5 metres and three from 412 metres were to be constructed at a distance of 25 metres from each other, except for the third pier which was designed to be constructed at a distance of 50 metres from the second pier. Instead of quoting his rates for the construction of the bridge according to the design evolved by the department, the contractor submitted his own design according to which two abutments were to be constructed by founding at RL of 444 metres while two piers were to be constructed at RL 412 metres. The piers were to be constructed at a distance of 49.5 metres from each abutment and the distance between the piers was kept as 51 metres. A note was given on the drawing indicating that the details, including the span arrangement, were tentative subject to minor alterations within the quoted lump sum price and without violating any tender conditions.

In August 1988, the contractor submitted a revised design which provided for a central span of 75 metres and two end spans of 40 metres each in addition to two abutments. The effective span of the bridge was, thus, increased from 150 metres to 155 metres. The contractor gave an undertaking that nothing extra would be charged on account of the increase in the length of the bridge. According to the revised design, the founding level of the pier on the Bodh side was kept at 428.50 metres instead of 412 metres, for which the contractor had quoted his rates. During the execution of this pier, its founding level had to be taken to RL 422 metres for want of clay rock at RL 428.5 metres. The deviation was accepted (October 1989) by the Ministry of Surface Transport (MOST) with the understanding that there would not be any financial implication on that score. In August 1994, the division made a payment of Rs. 4.88 lakhs to the contractor for founding the pier at RL 422 metres instead of 428.5 metres. This was in contravention of the instructions of MOST read with the note given by the contractor along with the revised drawing. In fact, a rebate of Rs. 2 lakhs (at the rate of Rs. 0.20 lakh per metre) as per the schedule of variation appended with the agreement was to be recovered from the bills of the contractor on account of fixing the foundation level of the pier at 422 metres instead of the agreed level of 412 metres in the original offer.

The Superintending Engineer, 9th Circle, Nurpur, *inter alia*, stated (August 1995) that with the increase in the span of the bridge by 5 metres, an open

foundation had to be provided for the pier on the Bodh side and accordingly, the foundation level of 428.5 metres was considered for payment. The contention was not tenable because the contractor had quoted his rates by considering the foundation level of both the piers at 412 metres. Moreover, the change in the foundation level of the pier on the Bodh side, which was 10 metres less than the agreed level of 412 metres, had been accepted by MOST with the clear understanding that there would not be any additional financial implication on that score.

The action of the department, thus, resulted in excess payment of Rs. 4.88 lakhs to the contractor. Besides, non-recovery of Rs. 2 lakhs on account of rebate for keeping the founding level of the pier on the Bodh side at 422 metres i.e. 10 metres higher than the agreed level of 412 metres resulted in undue financial aid to the contractor.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.15 Wasteful expenditure on works

(a) Construction of a multipurpose Sports Stadium at Chamba was administratively approved (March 1984) at an estimated cost of Rs. 5.85 lakhs, which was revised to Rs. 12 lakhs in October 1987 and further revised to Rs. 23.77 lakhs in May 1994. Phase-I, which provided for the construction of a pavilion building and steps for sitting was taken up for execution by Chamba division during 1983-84 without obtaining technical sanction and completed in December 1989 at an expenditure of Rs. 22.72 lakhs. Subsequently, in July 1994, it was felt that the space available was not sufficient to accommodate the game of cricket.

To expand the stadium, an estimate of Rs. 14.28 lakhs was sent by the division to the Deputy Commissioner, Chamba in July 1995, which had not been approved as of February 1996. The estimate provided for the dismantling of the steps constructed earlier at a cost of Rs. 3.03 lakhs (excluding an amount of Rs. 0.45 lakh on account of serviceable stones). The work of expansion of the stadium was taken up by the division in November 1994 in anticipation of technical sanction and expenditure of Rs. 4.68 lakhs had been incurred on this work as of December 1995. This included an amount of Rs. 0.36 lakh spent on dismantling of steps.

The Executive Engineer stated (February 1996) that the game of cricket could not be envisaged in the architectural drawings for want of sufficient space and a separate provision had to be made for it. The contention was not tenable because this could have been foreseen before finalisation of the drawings and design of the multipurpose stadium.

Thus, an expenditure of Rs. 3.39 lakhs incurred on the construction of steps (Rs. 3.03 lakhs) and their dismantling (Rs. 0.36 lakh) had been rendered wasteful.

(b) The construction of eight type I quarters (Block A) at Krishnanagar (Shimla), was taken up for execution in March 1992 without obtaining technical sanction and without getting the soil investigations done by the State geologist.

The work had to be stopped after incurring an expenditure of Rs. 1.60 lakhs upto August 1992 on the development of the site and footings of 2 rows of columns comprising of 12 column footings and their connecting plinth beams, because huge cracks were noticed in the adjoining area. The whole area was observed to be sinking and soil investigations through the State geologist were considered necessary before proceeding further with the construction work. No such investigations had been conducted (October 1995). The Executive Engineer stated (October 1995) that the work had been abandoned.

The expenditure of Rs. 1.60 lakhs incurred on the work had, thus, gone waste.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.16 Construction of cable ways

To enable the inhabitants of the interiors of Kinnaur district to transport their horticultural produce to the road head, construction of three power type cable ways (Panvi, Sapni and Gharsu) was administratively approved between December 1988 and December 1992 at an estimated cost of Rs. 16.95 lakhs. The construction of these cable ways was taken up by Karchham division between June 1989 and March 1993 and was scheduled to be completed on different dates between May 1990 and December 1993. Expenditure of Rs. 23.22 lakhs had been incurred on these works upto February 1995.

It was observed (July 1995) in audit that construction of the cable ways was taken up without getting the structural drawings and designs approved by the competent authority. The loading and haulage ropes of the cable ways broke down at the time of their testing in February 1995. A committee of officers of the mechanical and electrical wings of the department was constituted in May 1995 to investigate the failure of the cable ways within 20 days, suggest remedial measures to avoid recurrence of the same in future and fix responsibility for breakage of the ropes of the cable ways. The report of the committee had not been received as of May 1996.

The expenditure of Rs. 23.22 lakhs incurred on the construction of the cable ways without getting the structural drawings and designs approved and without

obtaining the expert opinion of the mechanical wing of the department, thus, remained unfruitful and the beneficiaries were deprived of the intended benefits.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.17 Extra avoidable liability owing to non-acceptance of tender within validity period

Tenders for the construction of approaches and a diversion including retaining walls pertaining to the Solding *khad* bridge at km 322 of the National Highway No.22 were received in the National Highway division, Rampur in August 1992. The lowest offer of Rs. 26.96 lakhs of contractor 'A' was valid upto 24th November 1992. The validity period was further extended by the contractor upto the last day of November 1992.

The tender case was approved by the Chief Engineer, Shimla on 17th November 1992 and the Superintending Engineer, Rampur directed (28th November 1992) the Executive Engineer to get the letter of award issued to the contractor. The Superintending Engineer, however, approved the letter of award on 7th December 1992. By this time, the extended validity period of the offer of the contractor had already expired and the work was, thus, not awarded to the contractor.

The Executive Engineer stated (April 1996) that though the contractor was exempted from depositing the earnest money at the time of tendering, he was required to deposit the same before the issue of the letter of award. The contractor did not deposit the earnest money and as such, the award letter could not be issued. The contention of the Executive Engineer was not tenable because the contractor was not asked to deposit the earnest money during the currency of extended validity period of the offer.

Tenders for the same work without any change in its scope were re-invited by the division and received in September 1993. The work was awarded to another contractor in February 1994 for Rs. 46.49 lakhs. The work was started by the contractor in February 1994 itself and was in progress as of April 1996.

Failure of the department to accept the offer of Rs. 26.96 lakhs of the original contractor within the validity period at the time of the first call of tenders, thus, resulted in an avoidable extra liability of Rs. 19.53 lakhs.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.18 Irregularities in rescission of contracts

According to standard clause-2 of the agreement, the Engineer-in-Charge is empowered to levy compensation on the contractor for delay in completion of work. Further, the Engineer-in-Charge has the power to rescind the contract by forfeiting the security deposit of the contractor (clause-3(a)) and get the balance work executed through other agencies at the risk and cost of the contractor (clauses-3(b) and (c)).

The Punjab Public Works Department Manual of orders as applicable to the Himachal Pradesh Public Works Department provides that the Engineer-in-Charge should carefully weigh the consequences of taking action under clauses-3(a), (b) and (c) and should then select the sub-clause which is most suited to the circumstances of the case. Further, according to instructions issued by the Chief Engineer in August 1965, the entire security deposit of the contractor stands forfeited to Government and not merely the security deposit standing at the credit of the contractor if action under clause-3(a) of the contract is taken. In case any portion of the security money is not paid or realised, it should be called for and forfeited. The amount of security deposit should be worked out on the tendered amount according to the formula printed in the tender documents, as clarified by the Chief Engineer in May 1979.

Audit scrutiny of two divisions¹ conducted during June-July 1995 and January 1996 revealed the following points:

(a) Construction of a Sub-Judge-cum-Sub-Divisional Magistrates' office building at Chopal (Shimla district) was awarded to a contractor in August 1985 for Rs. 9.56 lakhs by Chopal division. The work was stipulated to be completed by September 1986. The contractor started the work in September 1985 and suspended its further execution in November 1986 after completing about 18 *per cent* of the work valued at Rs. 1.74 lakhs. As the contractor failed to complete the work within the stipulated period, compensation under clause-2 of the agreement amounting to Rs. 0.95 lakh was levied in February 1987. The contractor was also directed from time to time between December 1986 and January 1987 to accelerate the progress of work and complete the same, but no positive response was received from him. The amount of compensation had not been recovered as of November 1995.

The contract was rescinded in February 1987 under clause-3(a) by forfeiting the security deposit of Rs. 0.16 lakh available with the department. The total amount of security on the tendered amount of Rs. 9.56 lakhs worked out to Rs. 0.55 lakh in accordance with the formula given in the contract. Action to call for and forfeit the

balance amount of Rs. 0.39 lakh as contemplated in Chief Engineer's instructions of August 1965 was not taken.

The balance work was completed departmentally and through another contractor in March 1994 at a cost of Rs. 15.38 lakhs, involving an extra expenditure of Rs. 7.56 lakhs. The action of the Engineer-in-Charge in rescinding the work by invoking the provision of sub-clause-3(a) of the contract alone was not justified in view of the fact that the contractor had deliberately delayed completion of the work and the department was aware at the time of issuing the rescission order that a considerable quantum of work had been left incomplete, which would result in huge extra cost if it was got completed through other agencies.

According to the final bill of the contractor adjusted by the division, the cost of materials amounting to Rs. 0.41 lakh issued from the departmental stores was also recoverable from the contractor. The recovery had not been made as of November 1995.

The Superintending Engineer stated (November 1995) that the matter for intimating the credit balance of the contractor for forfeiting the balance amount of security was taken up with various other divisions but no response had been received. It was also stated that action to recover the cost of materials would be initiated against the contractor. Further developments were not known. As regards action under clause-3(b) and (c) to get the remaining work completed at the risk and cost of the contractor, it was stated that action under these clauses was not considered wise and justified in order to avoid unnecessary litigation. The contention of the Superintending Engineer was not tenable because action to recover Government dues had abnormally been delayed, thereby giving undue benefit to the contractor. Further, action under clause-3(a) alone was detrimental to Government interest and against the provisions of the Manual referred to above.

(b) Construction of a Panchayat Training Institute at Mashobra (Shimla district) was awarded by Theog division to a contractor in March 1992 for Rs. 11.56 lakhs. The contractor started the work in April 1992 and after executing about 30 *per cent* of the work valued at Rs. 3.41 lakhs, stopped further execution of the work in September 1993. Compensation of Rs. 1.16 lakhs was levied on the contractor for delay in completion of the work. The recovery of the compensation levied had not been made as of April 1996.

The contract was rescinded in April 1994 under clause-3(a) and the security of the contractor amounting to Rs. 0.35 lakh available with the division was forfeited to Government. The amount of security which should have been forfeited worked out to Rs. 0.65 lakh on the tendered cost of Rs. 11.56 lakhs. The action of the department was,

thus, contrary to the instructions of the Chief Engineer issued in August 1965 and May 1979.

The balance work was awarded to another contractor in January 1996 for Rs. 17.09 lakhs and was in progress. This was likely to involve an extra expenditure of Rs. 8.94 lakhs. Had action under sub-clauses(b) and (c) of clause-3 to rescind the contract been taken, the extra cost would have been recoverable from the first contractor. The action of the department was, thus, contrary to the provisions of the Manual referred to earlier.

According to the final bill of the contractor passed in January 1996, Rs. 0.45 lakh was recoverable from the contractor on account of cost of materials issued from departmental stores. The recovery had not been made as of April 1996.

Failure of the department to take action in accordance with the provisions of the contracts in both the cases, thus resulted in non-recovery of Rs. 3.66 lakhs from the contractors. Besides, an extra expenditure of Rs. 16.50 lakhs had to be incurred on the completion of works.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.19 Unfruitful expenditure on construction of roads

According to the Forest Conservation Act, 1980, prior approval of the Government of India was necessary for acquiring forest land for non-forest use. The Government of India had also clarified in March 1982 that diversion of forest land for non-forestry activities in anticipation of approval was not permissible and that requests for *ex-post-facto* approval would not be entertained. Further, the works were required to be taken up for execution after acquiring private land falling in their alignments.

In five divisions¹, eight road works as detailed in Appendix-V, were taken up for construction between 1982-83 and 1989-90 without obtaining the approval of the Government of India for the use of forest land falling along the alignment of these roads. These road works, on which an expenditure of Rs. 37.65 lakhs had been incurred, were lying incomplete for want of permission of the Government of India for the use of forest land for non-forest purposes. The delay involved in the completion of these roads ranged between 36 months and 133 months as of March 1996.

¹

Ghumarwin, Karchham, Kangra, Nahan and Sundernagar

In three divisions², three road works (estimated cost: Rs. 42.89 lakhs) stipulated to be completed within a period of two years from the date of commencement, as detailed in Appendix *ibid*, were taken up for execution between October 1978 and April 1989 and were lying incomplete after incurring an expenditure of Rs. 9.28 lakhs. These road works were held up owing to non-acquisition of private land falling along their alignment. The delay in completion of these roads ranged between 59 months and 185 months.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

4.20 III planned construction of Hatli Kharol road

Kharol village in Una district was not linked by any road and the inhabitants had to cover long distances on foot either to catch buses or carry their daily needs on their heads. To mitigate their hardship, the construction of a five kilometre (kms) long road from Hatli to Kharol via Arloo was administratively approved (March 1978) for Rs. 5 lakhs. The work, stipulated to be completed in two years, was taken up for execution by Barsar division during 1977-78 without obtaining technical sanction and was transferred to Una division in September 1978.

Construction of the road (4.550 kms), cross drainage works (1.500 kms) and laying of soling (3 kms) had been completed (March 1988) after incurring an expenditure of Rs. 4.68 lakhs. The Executive Engineer stated (February 1996) that the constructed portion of the road was not put to use and the work had been held up since March 1988 for want of construction of two bridges at km 2.200 and km 4.075. The hydraulic data of the bridges submitted to the Superintending Engineer in July 1992 were awaiting approval as of February 1996. Reasons for not according approval even after a lapse of four years were not available in the records of the division.

Failure to synchronise the construction of the road and the bridges, thus, resulted in unfruitful expenditure of Rs. 4.68 lakhs and denial of communication facilities to the beneficiaries for a period of over eight years.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

Public Works and Irrigation and Public Health Departments

4.21 Outstanding recoveries from contractors

Recoveries of Rs. 10.07 lakhs were outstanding against various contractors on account of issue of materials from departmental stores, compensation levied for delay in completion of works, hire charges of machinery let out on hire to contractors, etc., in four divisions¹ of Public Works and Irrigation and Public Health Departments as detailed below:

(a) The work relating to construction of the Directorate of Industries and District Industries Centre at Shimla under Shimla Division No.III was completed by a contractor in August 1993. The final bill of the contractor was prepared and adjusted in September 1995 for a recoverable amount of Rs. 2.57 lakhs. The recoveries on account of cost of materials like cement, CGI/PGI sheets and steel issued in excess of the requirements of the work had not been made.

The Executive Engineer stated (April 1996) that some material had become excess with the contractor because of the change in the scope of work and that the materials issued always remained under double lock in the store. The contention was not based on facts because the double lock system would have certainly helped the department in taking the excess material back from the contractor. Moreover, recovery of the cost of materials was to be made from the running account bills of the contractor.

(b) Construction of six Type-II quarters for the Police Department at Rohru (Shimla district) was awarded (March 1987) to a contractor by Rohru Division. Compensation of Rs. 0.52 lakh was levied (December 1988) upon the contractor for delay in completion of work and the contract was rescinded in March 1990.

According to the final bill prepared by the division in August 1990 but not adjusted in the accounts, recovery of Rs. 1.24 lakhs on account of cost of materials issued and compensation levied was due from the contractor which had not been made good as of May 1996.

(c) Formation cutting work of Wazir Bowli to Jhakri road (Kullu district) from km 14.165 to km 14.390 was awarded to three contractors by Outer Seraj Division, Nirmand between August 1989 and October 1989 and was completed between January 1992 and November 1992.

According to the contracts concluded, the contractors were required to hand over 13,514 cums of serviceable stones to the department, failing which, recovery at the rate of Rs. 44 per cum for the stones less handed over was to be made from their running account bills. The contractors handed over only 280 cums of stones. Recovery of Rs. 5.82 lakhs for the 13,234 cums of stones less handed over was to be made. In addition, recovery of a total of Rs. 3 lakhs on account of hire charges of machinery (Rs. 2.62 lakhs) and other miscellaneous recoveries (Rs. 0.38 lakh) was also outstanding against the aforesaid contractors. After adjusting the value of the work done (Rs. 5.02 lakhs) and the security deposit (Rs. 0.82 lakh) available with the department, a net recovery of Rs. 2.98 lakhs was due from the contractors. Though the final bills of the contractors for the minus amount of Rs. 2.98 lakhs were adjusted in August 1995, recovery had not been made as the contractors were not working in the division.

The Executive Engineer stated (February 1996) that recovery of hire charges of machinery could not be made due to late adjustment of outturns. The recoveries had been circulated amongst all divisions of Public Works and the Irrigation and Public Health Departments in January 1996 for withholding the amounts due from the contractors. Further developments were awaited (May 1996).

(d) In the Irrigation and Public Health Division, Rohru, seven works were awarded to two contractors between November 1985 and February 1989. The works were left incomplete between April 1987 and December 1989.

Compensation of Rs. 0.74 lakh was levied between March 1989 and December 1989 in respect of 6 works and all the 7 works were completed at the risk and cost of the contractors involving extra expenditure of Rs. 0.95 lakh. Besides, materials such as cement, steel and galvanised iron pipes valued at Rs. 1.59 lakhs were issued to the contractors in excess of the immediate requirement for the works. Recovery of Rs. 3.28 lakhs in all the seven cases had not been made as of April 1996.

The Superintending Engineer stated (April 1996) that efforts were being made to effect recovery of Rs. 1.21 lakhs from the contractor in one case through other divisions/arbitration/court and the matter relating to recovery of Rs. 2.07 lakhs in respect of the remaining six cases was awaiting decision of the Arbitrator since October 1990.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

CHAPTER-V

STORES AND STOCK

Public Works Department

5.1 Misappropriation of material

Mention was made in paragraph 5.3 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 - Government of Himachal Pradesh and paragraphs 4.1.10 (vi) and 5.1 of the Report *ibid* for the year ended 31 March 1995 regarding misappropriation of materials by carriage contractors. Despite this, the department had not taken any action to make specific penal provisions in the contract agreements for securing Government interest in the event of non-delivery of material by carriage contractors.

It had, however, been further observed in audit that against the quantity of 442.340 tonnes of bitumen received by four contractors from Mathura refinery between June 1992 and April 1993, only 186.732 tonnes of bitumen were delivered to the consignees (five divisions¹). The remaining quantity of 255.608 tonnes valued at Rs. 11.63 lakhs had not been handed over as of January 1996, despite the fact that payment for the entire quantity of 442.340 tonnes had been made to the refinery by the Ministry of Supply. The material had, thus, been misappropriated by the carriage contractors.

The National Highway Division, Rampur reported the matter to the police in September 1994, even though the last consignment was handed over to the carriage contractor in July 1992. The other four divisions had not reported the matter to the police and had only pursued without success the cases with the contractors for the supply of the remaining quantities.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

¹

Kaza, Kumarsain, Nahan, Rampur National Highway and Theog

5.2 Excess consumption of materials

The Himachal Pradesh Public Works Department specifications provided for the consumption of five kilograms of bitumen over an area of 10 square metres of an existing bitumen treated road surface for carrying out premix carpeting for annual surfacing.

Test-check (January 1995 - February 1996) of the records of four divisions¹ revealed that while carrying out premix carpeting for annual repairs over an area of 1,37,708 square metres in respect of 21 road works, the provisions of the aforesaid specifications were not followed and 88.618 tonnes of bitumen valued at Rs. 6.42 lakhs were consumed in excess of the prescribed norms. Besides, 919.62 quintals of fuelwood costing Rs. 1.15 lakhs and grit valued at Rs. 0.26 lakh were also consumed for heating and applying the excess quantity of bitumen. There was also an additional expenditure of Rs. 0.29 lakh on labour.

On this being pointed out (June 1995 and February 1996) in audit, the Executive Engineers of the Theog and Arki divisions attributed the excess consumption of materials to delay in carrying out the renewal coat, damage to road surface due to sinking and bad road conditions. The contention of the Executive Engineers was not tenable because the specifications which had been laid down did not allow excess consumption of materials on this account.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

Irrigation and Public Health Department

5.3 Shortages of stores

In Chamba and Una-II Irrigation and Public Health divisions, materials valued at Rs. 10.80 lakhs* had either not been handed over or handed over short by two junior engineers to their successors at the time of their transfer between January 1993 and

¹ Arki, Dharamsala, Kulhu-II and Theog

* Chamba: Rs. 3.43 lakhs; Una-II: Rs. 7.37 lakhs

April 1994. The amount of shortages had not been placed under "Miscellaneous Works Advances" as required under the rules.

The report regarding the shortages was received by Chamba division in December 1994 from the sub-divisional office but action to reconcile or make good the shortages had not been taken by the division as of July 1996. The Executive Engineer, however, stated (February 1996) that disciplinary action was being taken against the official. No action had been taken by Una Division No.II against the defaulting official as of July 1996.

The matter was referred to the Government in May 1996; reply had not been received (October 1996).

Public Works and Irrigation and Public Health Departments

5.4 Irregularities in issue of materials

Financial rules of Government provide that materials should not be issued to works unless these are required for immediate consumption. Debiting a work with the cost of materials not required for immediate use just to utilise the available budget allocation is strictly prohibited.

Contrary to these rules, materials costing Rs. 418.32 lakhs were booked by 14¹ Public Works and 10² Irrigation and Public Health divisions against 204 works between March 1990 and March 1995. The cost of materials booked was written back to stock during the succeeding financial years between November 1993 and October 1995. This included the value of 96.60 tonnes of bitumen costing Rs. 6.25 lakhs booked by Solan (B&R) Division to a building work in February 1995 for which it was not required and was written back to stock in May 1995. In Bilaspur and Palampur Irrigation and Public Health divisions, galvanised iron pipes and steel valued at Rs. 17.15 lakhs were booked against three works where either these were not required for consumption or there was no provision in the sanctioned estimates.

¹ Dharamsala, Kangra, Kumarsain, Medical College Division Shimla, Nirmand, Palampur, Pangi at Killar, Rampur, Shimla-I, Shimla-II, Solan, Solan National Highway, Theog and Udaipur

² Arki, Barsar, Bilaspur, Chamba, Indora, Palampur, Rohru, Shimla-I, Solan and Sundernagar

The adjustments in all these cases had, thus, been carried out with the objective of utilising the available funds and were irregular.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

Agriculture department

5.5 Deficiencies in material management

5.5.1 Introduction

The stores in the Agriculture Department mainly consist of seeds, plant protection material and implements. After obtaining requirements from field offices, the cases for the purchase of stores are processed by a purchase committee. Supply orders for plant protection material and implements are placed by the Directorate. The Deputy Directors of Agriculture (DDAs)/District Agriculture Officers (DAOs) in the respective districts are made the consignees. The Directorate acts as a co-ordinator for the procurement of seeds.

Ten Deputy Directors of Agriculture and two District Agriculture Officers are implementing the activities relating to agriculture in all the 12 districts of the State under the overall control of the Director of Agriculture (DA).

A test-check of the records of the Directorate and five DDAs¹ for the period 1991-96, conducted between February 1996 and April 1996, revealed the points set out in the succeeding paragraphs.

5.5.2 Stores accounts

The matter regarding non-submission of stores accounts by the department to the Audit Office was mentioned repeatedly in paragraph 5.1 of the Report of the Comptroller and Auditor General of India-Government of Himachal Pradesh for the years 1976-77 to 1979-80. The Public Accounts Committee, in their 46th Report, 1983-84 (Fifth Vidhan Sabha) had *inter alia*, recommended that the stores accounts of a financial year should be furnished to the Audit Office within the period prescribed by Government i.e. by June of the following financial year. Notwithstanding these factors, the stores accounts of 11 units relating to 1976-77 to 1994-95 had not been received in

the Audit Office till April 1996 as shown below:

Serial number	Districts	Period for which accounts are awaited		
		Seeds	Plant protection material	Implements
1.	Bilaspur	1980-81 to 1994-95	1994-95	1994-95
2.	Kangra	1982-83 to 1994-95	1982-83 to 1994-95	1982-83 to 1994-95
3.	Kullu	1990-91 to 1994-95	1990-91 to 1994-95	1990-91 to 1994-95
4.	Mandi	1991-92 to 1994-95	1979-80 to 1994-95	1988-89 to 1994-95
5.	Shimla	1987-88 to 1994-95	1987-88 to 1994-95	1987-88 to 1994-95
6.	Solan	1986-87 to 1994-95	1986-87 to 1994-95	1986-87 to 1994-95
7.	Sirmour	1986-87 to 1994-95	1986-87 to 1994-95	1986-87 to 1994-95
8.	Una	1976-77 to 1994-95	1976-77 to 1994-95	1976-77 to 1994-95
9.	Chamba	1980-81 to 1994-95	1980-81 to 1994-95	1980-81 to 1994-95
10.	Kinnaur	1989-90 to 1994-95	1989-90 to 1994-95	1989-90 to 1994-95
11.	Lahaul and Spiti	1987-88 to 1994-95	1987-88 to 1994-95	1987-88 to 1994-95

Further scrutiny revealed the following points:

(i) The department purchased all agricultural inputs initially out of funds provided under the capital account. Subsequently, sale proceeds of inputs were exhibited in the accounts as reduction in expenditure under the capital account. Though this accounting procedure was in operation since the inception of the department, the outstanding balances under this head were not known to the DA and DDAs (March 1996). It was noticed in audit during 1991-96 that Rs. 3889.18 lakhs were debited to the capital account on account of purchase of inputs and Rs. 3814.01 lakhs were exhibited in accounts as reduction in expenditure under capital account on account of sale proceeds of inputs. The details of the outstanding amount had not been worked out and analysed as of March 1996. While admitting the facts, the DA stated (April 1996) that due to paucity of staff and other reasons, the annual accounts were not prepared regularly by the field offices and consequently, the actual outstandings could not be worked out.

(ii) As per the stores accounts pertaining to Bilaspur district for the year ending 1993-94, Rs. 11.74 lakhs were recoverable for the period from 1980-81 to 1993-94 on

account of shortages, etc., of implements and plant protection material from 58 officials who were handling stores and stock. Similarly, in Mandi district, the stores account of seeds for 1990-91 revealed accumulated recoveries aggregating Rs. 3.69 lakhs pertaining to 1988-89 to 1990-91 against 33 officials. Reasons for not initiating action to effect the recoveries of Rs. 15.43 lakhs by both the DDAs, called for in July 1996, had not been furnished by the department. Due to non-preparation of accounts by the DDAs of Sirmour and Solan from 1986-87 and by DDA, Una from 1976-77 onwards, the shortages, if any, could not be verified in audit.

5.5.3 Injudicious purchases

(a) Against the demand for 50 power operated and 200 hand operated maize shellers for 1995-96 made by the DDA, Mandi, the DA placed a supply order in July 1995 on a Hamirpur based firm for 200 power operated and 50 hand operated shellers. A total of 150 power operated maize shellers valued at Rs. 4.54 lakhs were received in Mandi District in September 1995. Of these, 34 shellers could be sold and the remaining 116 maize shellers valued at Rs. 3.51 lakhs were lying unsold as of March 1996. The Director intimated (September 1996) that out of 116 maize shellers, 100 maize shellers had been transferred to 5 DDAs². Further developments were awaited (October 1996).

(b) Against the demand of 250 quintals of pea seeds, DDA, Nahan purchased 358.95 quintals of pea seeds between April 1995 and August 1995. Of this, 128.85 quintals of pea seeds valued at Rs. 5.46 lakhs remained unsold as of August 1996. DDA, Nahan stated (August 1996) that excess pea seeds had been purchased keeping in view the unforeseen demand of farmers. The reply of DDA, Nahan was not tenable because the demand for pea seeds had already been assessed at 250 quintals in April 1995.

5.5.4 Sale of infested maize seeds and expired pesticides to the farmers

(i) With a view to increasing the production of foodgrains, 284.05 quintals of maize seeds were purchased by three DDAs from the National Seed Corporation (NSC), Solan for further sale to farmers for sowing. Of this, 132.66 quintals, valued at

Rs. 1.83 lakhs, were sold to the farmers. The DA intimated (June 1994) NSC, Solan that the seeds were small sized, substandard and infested. Therefore, the farmers did not come forward to purchase the seeds. The balance quantity of 151.39 quintals, was returned to NSC, Solan. Thus, the sale of 132.66 quintals of infested and sub-standard maize seeds valuing Rs. 1.83 lakhs, meant for sowing in 663.3 hectares of land, defeated the purpose of supplying quality seeds to the farmers for increasing the production of foodgrains.

(ii) Five hundred kilograms of Isoproton was purchased by DDA, Bilaspur in December 1990. Of this, 220.25 kilograms had not been distributed till September 1992, which was the expiry date of this batch of pesticide. Out of this, 144.50 kilograms valued at Rs. 0.35 lakh were sold to farmers, 40 kilograms valued at Rs. 0.10 lakh were issued for demonstration and 15.75 kilograms valued at Rs. 0.04 lakh were issued to departmental seed multiplication farms between October 1992 and October 1995.

Sale of pesticide, after its expiry date did not serve the intended purpose.

5.5.5 Charging of extra sale price for certified wheat seeds

The sale rates of certified wheat seeds produced within the State were fixed at Rs. 590 and Rs. 635 per quintal for the years 1994-95 and 1995-96 respectively by the DA. These sale rates included a provision for commission at the rate of Rs. 20 per quintal to Societies for sale through them. Wheat seeds totalling 23,153 quintals were sold at departmental sale shops, but farmers were made to pay an extra cost of Rs. 20 per quintal. Thus, Rs. 4.63 lakhs were charged extra from farmers in four districts³ between 1994-95 and 1995-96.

5.5.6 Miscellaneous irregularities

(i) Agricultural implements valued at Rs. 7.63 lakhs, purchased between 1982-83 and 1994-95, were lying unsold (March 1996) in five districts (one year to three years: Rs. 6.25 lakhs; three years to five years: Rs. 0.82 lakh; and more than five years: Rs. 0.56 lakh). Reasons for the purchase of agricultural implements in excess of requirement called for in July 1996, had not been intimated by the department.

(ii) Agricultural implements/plant protection equipments valued at Rs. 0.99 lakh purchased during 1976-77 and 1994-95 in two districts (Mandi: Rs. 0.74 lakh and Una: Rs. 0.25 lakh) were found defective during physical verification by departmental authorities and were lying unsold in stores.

(iii) In Solan district, the cost of 638 cement bags valued at Rs. 0.49 lakh, issued to beneficiaries between September 1986 and March 1992 for the construction of bio-gas plants, had not been recovered. There was nothing on record to show that the beneficiaries to whom the cement was shown to have been issued, had actually constructed the bio-gas plants. DDA, Solan stated (April 1996) that the matter was under investigation. Results of the investigation were awaited (June 1996).

(iv) Government stopped (October 1969) the credit sale of agricultural inputs to cultivators, depot holders, etc. However, agricultural inputs valued at Rs. 0.69 lakh⁴ had been sold on credit to Government agencies, Co-operative Societies and depot holders between April 1994 and January 1996, the sale proceeds of which had not been realised as of March 1996. Reasons for non-recovery and sale of agricultural inputs on credit, called for in July 1996, had not been intimated by the department.

(v) Financial Rules provide that physical verification of stores is to be made at least once a year and a certificate of verification of stores with its results recorded on the list of inventory or account as the case may be. However, physical verification had not been conducted in 23 centres for periods ranging between one year and three years.

(vi) Officials dealing with stores are required to deposit security of an appropriate amount as prescribed by Government from time to time. However, it was observed that security deposits had not been obtained from officials handling stores/cash in five offices (DDA, Bilaspur, Mandi, Sirmour, Solan and Una).

These points were referred to the Government in July 1996; reply had not been received (October 1996).

CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

6.1 General

(a) Autonomous bodies and authorities are set up to discharge generally non-commercial functions of public utility services. These bodies/authorities, by and large, receive substantial financial assistance from Government. Government also provides substantial financial assistance to other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., to implement certain programmes of the State Government. The grants are intended essentially for maintenance of educational institutions, hospitals and charitable institutions; construction and maintenance of schools and hospital buildings; improvement of roads and other communication facilities under municipalities and local bodies, etc.

During 1995-96, financial assistance of Rs. 154.10 crores was paid to various autonomous bodies and others broadly grouped as under:

Serial number	Name of institutions	Amount of assistance paid (Rupees in crores)
1.	Universities and Educational Institutions	36.63
2.	Municipal Corporations and Municipalities	11.20
3.	Zila Parishads and Panchayati Raj Institutions	2.08
4.	Development Agencies	9.76
5.	Hospitals and other Charitable Institutions	3.42
6.	Other Institutions (including Statutory Bodies)	91.01
Total		154.10

(b) Delay in furnishing utilisation certificates

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

Out of 2,722 utilisation certificates due in respect of grants and loans aggregating Rs. 137.24 crores, paid during the period 1978-79 to 1994-95, only 120 utilisation certificates for Rs. 40.14 crores had been furnished by 30 September 1996 and 2,602 certificates for an aggregate amount of Rs. 97.10 crores were in arrears. The department-wise break-up of outstanding utilisation certificates was as under:

Department	Number of certificates	Amount (Rupees in crores)
Rural Development	212	19.71
Education	607	28.63
Agriculture	12	9.48
Local Self Government	1,211	21.45
Administration of Justice	1	0.02
Fisheries	9	0.01
Animal Husbandry	17	5.66
Co-operation	38	0.75
Sports and Youth Services	36	1.13
Tourism	12	0.57
Industries	195	6.46
Social and Women's Welfare	4	0.12
General Administration	6	0.01
Forest Farming and Conservation	4	1.59
Language, Art and Culture	238	1.51
Total	2,602	97.10

The following table contains an analysis of the extent of delay in furnishing the utilisation certificates:

Extent of delay	Number of certificates	Amount (Rupees in crores)
Upto three years	1,768	83.29
More than three years, but upto five years	366	10.57
More than five years, but less than ten years	391	2.71
More than ten years	77	0.53
Total	2,602	97.10

In the absence of these certificates, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

(c) **Delay in submission of accounts**

In order to identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, Government is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. Information upto the year 1995-96, called for in 1996-97, was awaited as of October 1996 from 14 departments of Government. Of the defaulting departments, the following had not furnished information for a number of years as indicated below:

Serial number	Name of Department	Years for which information had not been furnished
1.	Rural Development Department	1993-94 to 1995-96
2.	Education	1993-94 to 1995-96
3.	Language, Art and Culture	1994-95 and 1995-96
4.	Social and Women's Welfare	1994-95 and 1995-96
5.	Tribal Development	1993-94 to 1995-96
6.	Agriculture	1994-95 and 1995-96
7.	Co-operation	1993-94 to 1995-96
8.	Fisheries	1994-95 and 1995-96
9.	Science and Technology	1992-93 to 1995-96
10.	Town and Country Planning	1994-95 and 1995-96

There were substantial delays in submission of accounts as indicated below:

Year of accounts	Number of bodies/ authorities	Number of accounts received			Total	Number of accounts awaited as on October 1996
		Between October 1993 and September 1994	Between October 1994 and September 1995	Between October 1995 and September 1996		
1992-93	33	13	15	4	32	1
1993-94	33	--	8	16	24	9
1994-95	34	--	--	13	13	21
1995-96	35	--	--	--	--	35

(d) Audit arrangement

The primary audit of local bodies (Zila Parishads, Nagar Palikas, Town Area/Notified Area Committees), educational institutions and others is conducted by the Director, Local Audit, Himachal Pradesh, Shimla. Audit of co-operative societies is conducted by the Registrar, Co-operative Societies, Himachal Pradesh, Shimla and the Audit of Panchayati Raj institutions is conducted by the Director, Panchayati Raj.

Of the 13 bodies/authorities, whose accounts for 1994-95 were received, 10 bodies/authorities attracted audit, which was completed by May 1996.

On the basis of information available with Audit, 66 annual accounts for 35 bodies and authorities for 1995-96 and earlier years had not been received as of October 1996 by the Accountant General. The details are given in Appendix-VI.

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

Agriculture Department

6.2 Himachal Pradesh Krishi Vishwa Vidyalaya, Palampur

The Himachal Pradesh Krishi Vishwa Vidyalaya (HPKVV), Palampur was established under an Act of the State Legislature on 1st November 1978. The working of HPKVV is managed by the Board of Management, the Academic Council, the Faculties and such other bodies as may be declared for the purpose under the statutes of the University. The Vice-Chancellor is the principal executive and academic officer of the University and *ex-officio* Chairman of the Board and the Academic Council. In addition to the main campus at Palampur, the University has 12 research stations/ sub-stations and five Krishi Vigyan Kendras (KVKs) located in different zones of the State. The accounts and other relevant records of HPKVV for the period 1988-89 to 1994-95 were test-checked during August 1995 to January 1996. Results of the test-check are contained in the following paragraphs.

(i) Krishi Vigyan Kendra

A Krishi Vigyan Kendra (KVK) undertakes vocational training, conducts on farm research for technological refinement and organises frontline demonstrations to demonstrate the latest agricultural technologies to the farmers as well as the extension workers. It functions on the principles of collaboration and participation of scientists, subject matter experts, extension workers and farmers.

It was noticed that:

- (a) The Indian Council of Agriculture Research (ICAR) had approved (March 1993) the establishment of a KVK at Rampur (Una district) on the condition that

a minimum of 20 hectares of cultivable land would be provided free of cost. Accordingly, 20 hectares of farmland owned by the Forest Department was made available (February 1995) by the State Government on lease basis at a rate of Rs. 1 per annum. However, only three hectares of land could be developed for the activities of the KVK. The remaining land could not be developed (May 1996) due to non-purchase of farm machinery and late purchase of tractor (November 1995). Besides, works for construction of building/implement sheds/roads had not been executed, which adversely affected the research work planned for the Kendra.

(b) ICAR sanctioned (October 1994) the establishment of a KVK at Mandi. Consequently, 10 posts (Associate Professor: one; Assistant Extension Specialists: six; Superintendent: one and Drivers: two) were filled up between January 1995 and June 1995. Office accommodation was hired in January 1996 and land for this KVK was made available by the State Government in March 1996. The staff recruited for this KVK had been working at Palampur and other research stations. Their pay and allowances aggregating Rs. 7.45 lakhs upto December 1995, were charged to this KVK. Even though the office accommodation and the land were made available in January/March 1996, only two Assistant Extension Specialists (AESs) were moved to Mandi, while the remaining staff continued to work at Palampur and other research stations as of July 1996. The Director of Extension admitted (July 1996) that research and extension work of the Kendra was suffering due to non-moving of staff and as such, the objectives of setting up the KVK could not be achieved.

(c) The KVK at Bara in Hamirpur district started functioning from August 1992. Against six posts of Assistant Extension Specialists (AESs) filled up in February 1993, only one AES worked in Bara, while the remaining five AESs remained posted at Palampur. Pay and allowances aggregating Rs. 8.74 lakhs in respect of AESs posted at Palampur were charged to the KVK, Bara during February 1993 to January 1995. Thus, due to non-posting of AESs at the KVK and non-levelling of land provided for the KVK, no research work could be taken up as of May 1996 and the objectives of establishing the KVK could not be achieved. The Director of Extension admitted (July 1996) that the targets could not be achieved fully and research work / extension work suffered due to non-moving of staff to the KVK at Bara.

(ii) **Non-implementation of research scheme as per plan**

A research scheme on fish production potentialities titled "Hydrobiological Studies of a high altitude stream the Paber" was sanctioned by ICAR in December 1990 for Rs. 2.86 lakhs. The period of the research scheme was three years. The research

work could start only in May 1992 due to delay in recruitment of staff. HPKVV spent Rs. 1.86 lakhs upto March 1994 on implementation of the aforesaid scheme after which no extension was granted by ICAR. While reviewing the progress reports for the period September 1991 to September 1993 in May 1994, the funding agency observed (March 1995) that (i) implementation of research work was not carried out as per plan, (ii) objectives laid down in the scheme had not been fulfilled, (iii) the Principal Investigator had not made any study on qualitative estimates of periphytic organism and not analysed the gut contents of the economically important fish species and (iv) no data on identification of breeding zones, migration behaviour of some important fish species through tagging, etc. had been collected.

Thus, due to non-implementation of the research work as per plan, the expenditure of Rs. 1.86 lakhs had not served the intended purpose.

(iii) Blocking of funds/unfruitful expenditure

(a) To grow off-season vegetables, vegetable nurseries and seedlings for forest trees and other horticulture plants by simulating temperature, humidity and light and other climatic parameters, a mist chamber was constructed (August 1991) at a cost of Rs. 9.05 lakhs under the Desert Development Programme at the Research Sub-station at Leo (Kinnaur district). The matter regarding providing a three phase electric connection to the chamber was taken up with the Himachal Pradesh State Electricity Board (HPSEB) in December 1990. No follow up action was taken thereafter for getting the electric connection, with the result that the mist chamber constructed in August 1991 remained unoperational as of July 1996. The services of one operator, appointed in August 1992 to run the mist chamber, could also not be utilised for the purpose due to its non-operation. Meanwhile, Rs. 1.11 lakhs was incurred on his pay and allowances during August 1992 to December 1995. The Scientist in charge of the sub-station stated (January 1996) that the services of the operator were utilised in field observations and other experimental works. The reply was not tenable as the operator was not trained for making field observations and conducting other experimental research work.

This resulted in blocking of Rs. 9.05 lakhs on the construction of the mist chamber and unfruitful expenditure of Rs. 1.11 lakhs on the pay and allowances of the operator.

(b) To strengthen research activities under the National Agriculture Research Project in different climatic zones under the various sub-stations of HPKVV, three laboratory-cum-office buildings were constructed at Lari (Lahaul and Spiti district), Leo (Kinnaur district) and Katrain (Kullu district) between September 1988 and

September 1992 at a cost of Rs. 14.93 lakhs out of a grant from ICAR. However, no research work could be undertaken for want of three phase electric connections in all the three sub-stations. Adequate action to obtain the electric connection had not been taken by HPKV. In respect of the Lari Research Station, the matter regarding installation of a 25 KVA sub-station was taken up with HPSEB in December 1991 and the requisite amount of Rs. 1.61 lakhs was deposited in June 1995. The connection was, however, not provided as of January 1996. The matter regarding installation of a transformer at Leo was taken up with the Electricity Board in December 1990 but even the estimate in this regard had not been obtained from HPSEB as of June 1996. An estimate of Rs. 0.50 lakh for providing a connection at Katrain was sent to the Director, Research in May 1995, funds for which had not been provided as of January 1996. Thus, the expenditure of Rs. 14.93 lakhs incurred on the construction of the buildings remained unfruitful.

(c) To provide streetlights at nine Research Stations, sodium vapour and mercury vapour street light fixtures were purchased (March 1991) from a Chandigarh based firm at a cost of Rs. 1.46 lakhs. While fixtures worth Rs. 0.75 lakh were installed at five stations in May 1995, the remaining fixtures worth Rs. 0.71 lakh had not been installed at four stations as of January 1996. The fixtures installed were not put to use due to non-procurement of mercury lamps. The purchase of these fixtures without procurement of requisite lamps had, thus, resulted in unfruitful expenditure of Rs. 1.46 lakhs. The Executive Engineer, HPKV stated (January 1996) that the lamps could not be procured due to paucity of funds.

(iv) **Non-Adjustment of advances**

(a) The Accounts Manual of HPKV requires that every official to whom advances are granted should submit the adjustment accounts positively within a fortnight. No second/subsequent advance should be ordinarily granted unless the first advance is fully cleared. As far as possible, all advances should be adjusted before the end of a particular financial year.

Contrary to these provisions, contingent advances of Rs. 119.88 lakhs¹ paid by various departments of the University to employees between 1977-78 and 1994-95 were lying unadjusted as of January 1996. In many cases, second/subsequent advances were also granted without adjusting the previous advances. Reasons for non-adjustment of these advances for such a long period, though called for in January 1996, were not intimated as of September 1996.

¹

More than 15 years: Rs. 0.21 lakh; 10 to 15 years: Rs. 0.44 lakh; 5 to 10 years: Rs. 3.39 lakhs and 1 to 5 years: Rs. 115.84 lakhs

(b) Advances aggregating Rs. 38.65 lakhs² were paid to various firms, Government departments, autonomous bodies and Boards, by the Executive Engineer, HPKVV between August 1972 and March 1995 for purchase of building material, etc. These advances were not adjusted as of September 1996.

(v) **Non-recovery of departmental charges**

Architectural services for preparing plans and drawings of three model bus stands were provided to the Himachal Road Transport Corporation (HRTC) by HPKVV. For this work, departmental charges at a rate of 3 per cent of the total cost of the project were to be recovered from HRTC. The total cost of these projects was Rs. 550 lakhs. The entire work was completed and the drawings were supplied to HRTC by HPKVV by February 1993. However, departmental charges amounting to Rs. 16.50 lakhs had not been recovered from HRTC till January 1996. No effective steps had been taken to recover the amount.

(vi) **Idle equipment**

Different items of machinery and equipment acquired by various departments of HPKVV between September 1973 and March 1994 at a cost of Rs. 8.34 lakhs had either not been installed or gainfully utilised for reasons such as non-transportation of machinery, non-procurement of parts, non-posting of scientists, non-repair of machines etc. Relevant details in this regard have been furnished in Appendix-VII.

These points were referred to the Government in May 1996; reply had not been received (October 1996).

6.3 **Irregular utilisation of grant for developing seed testing laboratory**

A grant of Rs. 15 lakhs was sanctioned (March 1993) by the Government of India for developing the existing seed testing laboratory into an elite seed testing laboratory on the precondition that the seed testing scheme in Himachal Pradesh along with the staff, etc., created under the scheme would be transferred to the State Seed Certification Agency. Details of equipments to be purchased were also specified by the Government of India. The State Government informed (November 1992) the Government of India that it had been decided in principle to transfer the scheme to the State Seed Certification Agency for which modalities were being worked out.

The Director of Agriculture drew the grant of Rs. 15 lakhs in March 1993 and instead of transferring the seed certification laboratories as also the amount of the grant to the Seed Certification Agency, placed (May 1993) it at the disposal of the Deputy

Director of Agriculture (DDA), Solan. The DDA, Solan purchased equipment at a cost of Rs. 15 lakhs during June 1993 to February 1994. The purchases included equipments valued at Rs. 1.94 lakhs which were not specified by the Government of India. Besides, an electrophoresis system purchased (June 1993) at a cost of Rs. 2.97 lakhs was lying idle as of February 1996 since its purchase, as the supplier had not given the required demonstration due to non-availability of certain required chemicals in India.

This resulted in diversion of Rs. 1.94 lakhs on the purchase of unspecified equipments and idle investment of Rs. 2.97 lakhs on the electrophoresis system.

The Director of Agriculture stated (April 1996) that modalities to transfer the State Seed Testing Laboratory, Solan to the Seed Certification Agency were being worked out. It would, thus, be seen that in spite of the assurance given by the State Government to the Government of India in November 1992, the modalities to transfer the laboratory to the Seed Certification Agency had not been worked out even after the lapse of over four years.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

6.4 Grants and loans

Grants

The Agriculture Department sanctioned between 1991-92 and 1995-96, grants aggregating Rs. 3392.95 lakhs to three institutions, namely Himachal Pradesh Krishi Vishwa Vidyalaya, Palampur (HPKVV) (Rs. 3278.72 lakhs), Himachal Pradesh Seed Certification Agency, Shimla (HPSCA) (Rs. 70.58 lakhs) and Himachal Pradesh Marketing Board, Shimla (HPMB) (Rs. 43.65 lakhs).

Test-check of the records of the sanctioning authority revealed (May 1996) the following:

- (i) Financial rules require that every order sanctioning a grant should clearly specify the purpose for which the grant was sanctioned. It was, however, noticed in audit that grants totalling Rs. 75.58 lakhs (HPSCA: Rs. 70.58 lakhs and HPMB: Rs. 5 lakhs) were sanctioned between 1991-92 and 1995-96, without indicating the specific purposes for sanctioning the same.
- (ii) The register of grants had not been maintained by the sanctioning authority in respect of grants paid to HPMB and HPSCA.

(iii) Rules require that only that portion of grants should be paid during any financial year as was likely to be expended during that year and money should not be drawn in advance of requirement. However, a grant of Rs. 2 lakhs sanctioned during 1992-93 in favour of HPMB for purchase of land at Holi (Chamba district) for construction of a regulated market, was lying unutilised as of May 1996.

(iv) Financial rules provide that in no case should the sanctioning/countersigning authority prepare and submit the bill for payment to the treasury on behalf of the grantee. It was, however, noticed that grants aggregating Rs. 91.83 lakhs (HPMB: Rs. 43.65 lakhs and HPSCA: Rs. 48.18 lakhs) were drawn between 1991-92 and 1995-96 by the Director of Agriculture (DA) and remitted to the grantee institutions. While no reasons were furnished for drawal of grants aggregating Rs. 48.18 lakhs pertaining to HPSCA, the DA stated (May 1996) that the Drawing and Disbursing Officer code was not allotted to HPMB as it was an autonomous body. The reply of the DA was not tenable as grants-in-aid bills were required to be prepared and drawn by the grantee institutions after countersignature by the sanctioning authority.

(v) Financial rules require that audited statements of accounts relating to the previous year should be obtained by the sanctioning authority from the grantee institutions before sanctioning further grants. It was, however, noticed that grants aggregating Rs. 1665.29 lakhs were released by the department during 1993-96 without receipt of audited statements from HPKV, Palampur (1994-96), HPMB and HPSCA (1993-96).

Loans

Loans aggregating Rs. 623 lakhs sanctioned between 1991-92 and 1993-94 by the Government of India were placed by the DA at the disposal of three institutions, namely Himachal Pradesh Marketing Federation (Rs. 403 lakhs), General Industries Corporation (Rs. 145 lakhs) and Himachal Pradesh Agro-Industries Corporation (Rs. 75 lakhs) for the purchase and distribution of agricultural inputs viz; fertilisers, seeds, pesticides, etc. Scrutiny of the records disclosed that loans aggregating Rs. 348 lakhs sanctioned by the Government of India during 1992-93 (Rs. 240 lakhs) and 1993-94 (Rs. 108 lakhs) for purchase and distribution of agricultural inputs were not utilised for this purpose but drawn by the DA (March 1993: Rs. 240 lakhs and March 1994: Rs. 108 lakhs) and adjusted without the sanction of the competent authority against the old outstanding short term loans lying with these three institutions.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

Rural Development Department

6.5 Unfruitful expenditure on construction of a *kuhl*

In order to irrigate 324 hectares of culturable barren land, the construction of a *kuhl* for villages Nako and Malling in Kinnaur district was taken up in 1984-85 under the Desert Development Programme. The barren land in the command area was to be allotted amongst the villagers after completion of the *kuhl*. The *kuhl* was completed and commissioned in December 1989 at a cost of Rs. 25.73 lakhs. A further expenditure of Rs. 0.63 lakh was incurred from December 1989 to March 1992 on the upkeep of the *kuhl*.

It was noticed (September 1994) in audit that the barren land had not been allotted by the Additional Deputy Commissioner, Pooh amongst the villagers for cultivation as of August 1996. Also, due to heavy seepage, the discharge at the end of the *kuhl* was not of the desired quantity. Thus, no irrigation could be provided from this scheme since its completion.

Meanwhile, during a detailed inspection of the *kuhl* carried out in November 1994 by the Executive Engineer, Irrigation and Public Health Division, Pooh it was found that dry stone pitching and stone pitching with cement grouting had not been found workable as per the topographical and geological conditions of the area. The dry stone lining which was tended to check the scoring of the channel was unable to check the seepage of water. Administrative approval for Rs. 24.84 lakhs had, therefore, been accorded (August 1995) for improvement of the lining of the *kuhl* by providing prefabricated GMS sheet lining in the first 660 metres. The Project Director stated (August 1996) that the lining work was in progress.

Thus, the failure of the department to adopt suitable specifications as per the topography for lining of the *kuhl* and the inordinate delay in allotment of barren land to the beneficiaries had resulted in unfruitful expenditure of Rs. 26.36 lakhs.

The matter was referred to the Government in April 1996; reply had not been received (October 1996).

6.6 Blocking of funds owing to non-utilisation of revolving fund

Development of Women and Children in Rural Areas (DWCRA), a sub-scheme of the Integrated Rural Development Programme was started in 1982-83 with a view to provide rural women below the poverty line with the opportunity for self-employment on a sustained basis. For this purpose, groups of 10-15 women were to be given grants of Rs. 0.15 lakh each as Revolving Funds towards infrastructural support for income generating and economic activities suited to their skill, aptitude and local conditions.

The District Rural Development Agency, Chamba released grants of Rs. 3.45 lakhs between December 1988 and 1993 as Revolving Funds to 23 DWCRA groups registered under the Mehla Block. Instead of utilising the funds, the groups kept the same in banks in the names of group leaders. These amounts were lying in the banks as of March 1996. This not only defeated the purpose of the scheme but also resulted in blocking up of funds amounting to Rs. 3.45 lakhs.

The Block Development Officer, Mehla stated (March 1996) that the field workers had been asked time and again to motivate the said groups to utilise the amount.

The matter was referred to the Government in June 1996; reply had not been received (October 1996).

6.7 Idle investment on construction of shops

In order to provide infrastructural facilities to families identified under the Integrated Rural Development Programme (IRDP), including families trained under the Training of Rural Youth for Self Employment (TRYSEM) scheme, shops were to be constructed by District Rural Development Agencies (DRDAs) and allotted to them on payment of reasonable rent. These shops were to be constructed on identified locations, keeping in view the market potential and availability of land.

Ten shops were constructed at four places* by DRDA, Chamba through the Block Development Officer, Mehla between 1989 and 1990 at a cost of Rs. 2.50 lakhs. However, no survey with reference to market potential was conducted before starting the construction. The distances of these shops from the nearby market ranged between seven and 17 kilometres. None of the shops had been allotted as of May 1996. The shutters of two of these shops located at Kalsui village had been damaged and had not been repaired (May 1996).

The Block Development Officer, Mehla stated (February 1996) that the shops could not be allotted as the beneficiaries of the scheme were not interested in taking these shops on rent.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

6.8 Injudicious purchase of material

Under the Central Rural Sanitation Programme launched in August 1991 in Himachal Pradesh, the unit cost of construction of sanitary latrines was limited to Rs. 2,500, of which 80 *per cent* was to be paid as subsidy to selected beneficiaries below the poverty line. There was no provision to supply the material for the construction of latrines.

It was observed (February 1996) in audit that the Project Officer, District Rural Development Agency (DRDA), Chamba purchased (January 1995) 1,100 latrine sets for Rs. 3.37 lakhs (including carriage charges). These sets were issued to the Block Development Officer, Bhattiyat for supplying to the beneficiaries. Of these, only 90 sets could be issued to the beneficiaries and the remaining 1,010 sets valued at Rs. 3.09 lakhs were lying unutilised as of February 1996. The Block Development Officer, Bhattiyat

* Mehla: 2 ; Kalsui: 4; Mangla: 2; and Gate: 2

stated (February 1996) that no requirement was sent to DRDA, Chamba for these latrine sets and the main reason for non-issuance of latrine sets was the refusal of the beneficiaries to accept the sets as the same were available in the market at lower rates.

Thus, injudicious procurement of material contrary to the provisions of the programme and without definite demand from the implementing agency had resulted in blocking up of funds amounting to Rs. 3.09 lakhs.

The matter was referred to the Government in June 1996; reply had not been received (October 1996)

Language, Art and Culture Department

6.9 Printing of magazines in excess of demand

The Academy of Art, Language and Culture (Academy) had been publishing two quarterly magazines, *Somasi* and *Him Bharti* since 1975 and 1984 respectively and 500 copies of each magazine were being printed. On a demand from the Education Department for 1,000 copies of each magazine, the number for printed copies of each magazine was increased to 1,500 since January 1986 and March 1986 respectively. However, the Education Department stopped purchasing these magazines from January 1991.

Despite this, the Academy continued to print 1,500 copies of both the magazines upto December 1992 and thereafter, reduced it to 1,000 copies. Thus, out of 27,485 copies of both the magazines, printed at a cost of Rs. 3.50 lakhs between January 1991 and December 1995, 17,072 copies costing Rs. 2.09 lakhs remained unsold as of July 1996.

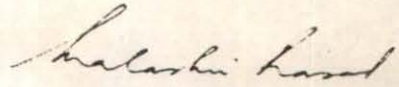
The Secretary of the Academy stated (January and August 1996) that the magazines were being printed for publicity, for giving protection to the art, language and culture of the State and for providing basic materials to research scholars. The idea was

not to earn profit. The reply of the Secretary was not tenable because 62 *per cent* of the magazines remained unsold.

The matter was referred to the Government in July 1996; reply had not been received (October 1996).

Shimla
The

128 FEB 1997

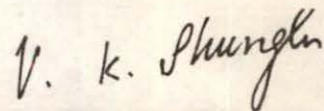


(MALASHRI PRASAD)
Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The

3 MAR 1997



(V.K.SHUNGLU)
Comptroller and Auditor General of India

158 FEB 1981

APPENDICES

158 MAR 1981

APPENDIX-I

(Refer paragraph 2.2.1; page 28)

Cases of unnecessary supplementary grants/appropriations

Serial number	Grant/Appropriation	Amount of Grant/Appropriation			
		Original	Supplementary	Actual expenditure	Saving
1	2	3	4	5	6
(Rupees in crores)					
Revenue-Voted					
1.	6-Excise and Taxation	13.94	0.25	11.94	(-) 2.25
2.	8-Education, Sports, Arts and Culture	328.90	3.66	322.97	(-) 9.59
3.	9-Health and Family Welfare	120.61	0.08	116.98	(-) 3.71
4.	11-Agriculture	64.99	0.57	63.93	(-) 1.63
5.	14-Animal Husbandry and Dairy Development	25.84	0.95	24.75	(-) 2.04
6.	16-Forest and Wild Life	77.51	0.19	74.37	(-) 3.33
7.	19-Social Security and Welfare	41.24	1.01	39.73	(-) 2.52
Capital-Voted					
8.	9-Health and Family Welfare	7.23	0.98	5.14	(-) 3.07
9.	22-Food and Warehousing	28.73	0.42	25.04	(-) 4.11

APPENDIX-II

(Refer paragraph 2.2.3; page 31)

Surrender of funds

Details of major variations where savings were more than Rs. 1 crore but were not surrendered fully

Serial number	Grant	Total savings	Amount surrendered	Amount not surrendered	Percentage
(Rupees in crores)					
<i>Revenue-Voted</i>					
1.	11-Agriculture	1.63	0.18	1.45	89
2.	17-Roads and Bridges	1.22	--	1.22	100
3.	22-Food and Warehousing	1.60	0.16	1.44	90
<i>Capital-Voted</i>					
4.	30-Loans to Government Servants	1.80	0.58	1.22	68

APPENDIX-III

(Refer paragraph 2.2.6; page 34)

Major variations in recoveries

Details of major variations in recoveries and actuals adjusted in reduction of expenditure

Serial number	Grant	Budget Estimates	Actual recoveries	Variation	
				Amount	Percentage
(Rupees in crores)					
Excess recoveries against budget estimates					
Revenue					
1.	10-Public Works	72.62	99.20	26.58	37
2.	31-Tribal Development	6.45	14.64	8.19	127
Capital					
3.	21-Co-operation	0.20	2.00	1.80	900

APPENDIX-IV

(Refer paragraph 2.2.7; page 35)

Cases of injudicious reappropriation

I Cases of major reappropriation which turned out injudicious on account of non-utilisation

Serial number	Grant	Major/minor/sub-head of account etc.	Amount of reappropriation to the sub-head	Amount of final saving under the sub-head after reappropriation
(Rupees in lakhs)				
1.	5-Land Revenue	2506-001-02	1.99	5.95
		2029-103-03	49.99	50.00
		2029-103	64.99	65.00
2.	7-Police and Allied Organisation	2070-107-01	15.85	64.27
		2070-107-02	1.28	52.75
3.	8-Education, Sports, Arts and Culture	2203-107-01	2.37	3.74
4.	11-Agriculture	2401-001-02	2.68	5.21
		2401-108-04	10.28	11.43
5.	19-Social Security and Welfare (including Nutrition)	2235-200-15	1.73	2.14
		2235-200-20	2.00	2.00
		2235-200-20	13.00	13.00
6.	20-Rural Development	2501-01-003-02	4.94	4.95
7.	27-Labour and Employment	2230-01-101-01	2.25	3.08
8.	28-Water Supply, Sanitation, Housing and Urban Development	6216-80-800-02	2.45	2.91
9.	31-Tribal Development	2075-796-02	35.62	35.62
		2403-796-02	4.88	11.11
		2408-01-796-01	3.39	4.75
		4401-796-02	2.00	3.49

II. Cases of major reappropriation to other heads which turned out finally excess under the following sub-heads.

Serial number	Grant	Major/minor/sub-head of account etc.	Amount of reappropriation to the sub-head	Amount of final excess under the sub-head after reappropriation
(Rupees in lakhs)				
1.	5-Land Revenue	2029-103-04	7.00	101.73
		2029-103-04	20.14	42.87
2.	8-Education, Sports, Arts and Culture	2202-80-800-01	10.00	11.30
		2203-107-01	2.00	3.74
3.	9-Health and Family Welfare	2210-03-101-01	9.80	10.12
		2210-06-101-01	6.00	85.59
		2210-06-101-04	1.00	4.77
4.	11-Agriculture	2401-103-01	5.50	7.48
		2401-108-04	1.50	2.13
		2506-102-01	3.73	19.54
5.	12-Irrigation and Flood Control	2701-799-03	6.00	8.95
		2702-80-001-01	6.00	22.39
6.	13-Soil and Water Conservation	2402-102-10	3.61	3.85
7.	15-Fisheries	2405-101-02	1.96	2.87
8.	17-Roads and Bridges	5054-04-08	1.50	102.04
9.	26-Tourism and Hospitality Organisation	2070-115-01	4.73	5.52
10.	28-Water Supply, Sanitation, Housing and Urban Development	4215-01-101-01	9.21	9.21
11.	29-Finance	2071-01-102-01	26.00	121.00
		2071-01-104-01	16.00	111.00
		2071-01-105-01	15.00	65.00
12.	30-Loans to Government servants	7610-202-01	28.34	447.65
13.	31-Tribal Development	2216-01-796-01	1.28	7.78
		3054-04-796-05	2.80	25.68
		2210-06-796-11	1.16	1.23
		2406-796-09	6.05	6.05

Appendix-V

(Refer paragraph 4.19; page 135)

Statement showing road works held up due to involvement of forest land

Serial number	Name of the division	Name of the road	Particulars of A/A & E/S		Stipulated period of completion (In years)	Month of commencement	To date expenditure (Rupees in lakhs)	Delay involved in completion of work as of March 1996 (In months)
			Month and Year	Amount (Rupees in lakhs)				
1.	Ghumarwin	Jeori-Paitan to Kohina road	July 1988	12.56	Three	1989-90	2.74	36
2.	Kangra	Salol-Khart-Kotlu road	November 1986	24.61	Four	March 1986	1.15	72
3.	Karchham	Link road to village Rally	Not accorded	17.33	One	September 1988	15.95	78
		Bhaba Project operation road to village Kandhar in Pandra-Bis area	January 1984	10.33	Three	December 1988	4.67	51
4.	Nahan	Dadahu-Trimli road	November 1988	NA	Three	December 1988	5.56	51
		Ramadhan-Dhagehda road	February 1987	13.17	Three	November 1987	3.81	64
5.	Sundernagar	Batha-Devidhar and Majothi road	September 1980	19.33	Two	September 1982	3.04	138
		Bajahi-Lot Jariose road	October 1979	4.46	Two	February 1983	0.73	133
Total				101.79			37.65	

Statement showing road works held up due to involvement of private land

1.	Bilaspur-II	Kallar-Charran-Mare road	November 1981	4.43	Two	January 1982	1.52	146
2.	Kalpa	Link road Khab bridge to Tashigang	January 1988	34.28	Two	April 1989	6.82	59
3.	Sundernagar	Bagraid Parwara road	July 1979	4.18	Two	October 1978	0.94	185
Total				42.89			9.28	

NA: Not available

Appendix-VI

(Refer paragraph: 6.1; page: 150)

Statement showing name of the bodies and authorities, the accounts of which had not been received

Serial number	Body/Authority	Year for which accounts were awaited
1.	District Rural Development Agency, Kinnaur	1993-94 to 1995-96
2.	District Rural Development Agency, Bilaspur	1994-95 and 1995-96
3.	District Rural Development Agency, Nahan	1993-94 to 1995-96
4.	District Rural Development Agency, Mandi	1994-95 and 1995-96
5.	District Rural Development Agency, Kullu	1993-94 to 1995-96
6.	District Rural Development Agency, Chamba	1994-95 and 1995-96
7.	District Rural Development Agency, Kangra	1995-96
8.	District Rural Development Agency, Keylong	1995-96
9.	District Rural Development Agency, Kinnaur	1995-96
10.	District Rural Development Agency, Shimla	1995-96
11.	District Rural Development Agency, Solan	1995-96
12.	District Rural Development Agency, Hamirpur	1995-96
13.	Desert Development Project, Pooh	1995-96
14.	Desert Development Project, Kaza	1993-94 to 1995-96
15.	Himachal Pradesh University, Shimla	1993-94 to 1995-96
16.	Himachal Pradesh Board of School Education, Dharamsala	1994-95 and 1995-96
17.	Academy of Language, Art and Culture, Shimla	1994-95 and 1995-96
18.	Himachal Pradesh State Social Welfare Advisory Board, Shimla	1994-95 and 1995-96
19.	Himachal Pradesh State Council for Child Welfare, Shimla	1994-95 and 1995-96
20.	Himachal Pradesh Ex-servicemen Corporation, Hamirpur	1995-96
21.	Himachal Pradesh SC/ST Corporation, Solan	1993-94 to 1995-96
22.	Himachal Pradesh Seed Certification Agency, Shimla	1994-95 and 1995-96
23.	Himachal Pradesh Marketing Board, Shimla	1995-96
24.	Himachal Pradesh Krishi Vishwa Vidyalaya, Palampur	1994-95 and 1995-96
25.	Changar Project, Palampur	1995-96
26.	Himachal Pradesh State Co-operative Marketing and Consumer's Federation, Shimla	1993-94 to 1995-96
27.	Himachal Pradesh Co-operative Union, Shimla	1993-94 to 1995-96
28.	Fish Farmer Development Agency, Bilaspur	1994-95 and 1995-96
29.	Himachal Pradesh State Board for Prevention and Control of Water Pollution, Shimla	1992-93 to 1995-96
30.	Himachal Pradesh Government Energy Development Agency, Shimla	1994-95 and 1995-96
31.	Dr. Y.S. Parmar University of Horticulture and Forestry, Solan	1995-96
32.	Shimla Development Authority, Shimla	1994-95 and 1995-96
33.	Himachal Pradesh Housing Board, Shimla	1995-96
34.	Himachal Pradesh Co-operative Milk Federation, Shimla	1995-96
35.	Municipal Corporation, Shimla	1995-96

Appendix-VII

(Refer paragraph: 6.2; page: 154)

Statement showing the details of idle equipment

Serial number	Name of the Department	Particulars of equipment	Date of purchase/receipt	Cost (Rupees in lakhs)	Since when lying idle	Reasons
1.	Scientist seed production unit	Bulldozer	September 1973	2.20	December 1994	Non-replacement of defective parts
2.	Regional research station, Bajaura and Lari	Miscellaneous machinery and equipment	Between April 1989 and March 1994	1.47	April 1989 to March 1994	Non-availability of irrigation facilities, non-posting of scientist and non-availability of supply of electricity
3.	Regional research station, Bajaura	30 KVA generator set	April 1989	1.29	April 1989	Generator was purchased for research station, Kukumsari (Lahaul & Spiti district) but could not be sent to Kukumsari due to its bigger size. It was shifted to Palampur in September 1993 and was lying idle for want of repairs as of January 1996.
4.	College of Home Science	Steam boiler of 300 Kg/hour capacity with accessories	October 1985	1.07	Since its purchase	Missing parts
5.	Research-sub-station, Dhaulakuan	Photo-copier and stablizer	January 1991	1.04	June 1994	Non-repair of machine due to paucity of funds.
6.	Animal breeding and genetics department	Wire net cages	November 1984	0.57	December 1990	Termination of Rabbit Project in December 1990.
7.	Animal breeding and genetic department	Milko-pack semi-automatic machine	November 1989	0.43	April 1993	Lack of repairs.
8.	Department of bio-technology, Palampur	Heavy duty shaker with platform	August 1992	0.27	December 1994	Non-availability of air-conditioned room.
Total				8.34		

Appendix-VIII**Glossary of abbreviations**

<u>Abbreviation</u>	<u>Expanded form</u>
AES	Assistant Extension Specialist
AIDS	Acquired Immuno-deficiency Syndrome
ACSC	Additional Chief Secretary-cum-Commissioner
ADGP	Additional Director General of Police
APOs	Assistant Project Officers
AC sheets	Asbestos Cement sheets
BPEOs	Block Primary Education Officers
BDOs	Block Development Officers
BBMB	Bhakra Beas Management Board
CMOs	Chief Medical Officers
CAD	Command area development
CCA	Culturable Command Area
CI pipes	Cast Iron pipes
CGI sheets	Corrugated galvanised iron sheets
DPEOs	District Primary Education Officers
DGHS	Director General of Health Services
DHS	Director of Health Services
DDA	Deputy Director of Agriculture
DA	Director of Agriculture
DSPs	Deputy Superintendents of Police
DC	Deputy Commissioner
DAO	District Agriculture Officer
DRDA	District Rural Development Agency
DWCRA	Development of Women and Children in Rural Area
GMS	Galvanised mild steel
GOI	Government of India
HIV	Human Immuno Deficiency Virus
HP	Horse power
HPSR	Himachal Pradesh Schedule of Rates
HCI pipes	Heavy duty cast iron pipes
HPPWD	Himachal Pradesh Public Works Department
HPKVV	Himachal Pradesh Krishi Vishwa Vidyalaya
HPSEB	Himachal Pradesh State Electricity Board

<u>Abbreviation</u>	<u>Expanded form</u>
HRTC	Himachal Road Transport Corporation
HPSCA	Himachal Pradesh Seed Certification Agency
HPMB	Himachal Pradesh Marketing Board
IRDP	Integrated Rural Development Programme
ICAR	Indian Council of Agricultural Research
IGMC	Indira Gandhi Medical College
I&PH	Irrigation and Public Health
JBT	Junior Basic Training
KVK	Krishi Vigyan Kendra
MD	Managing Director
MS	Mild steel
MOST	Ministry of Surface Transport
NACP	National Aids Control Programme
NACO	National Aids Control Organisation
NTT	Non-traditional trades
NHPC	National Hydro-Electric Power Corporation
NJPC	Nathpa Jhakri Project Corporation
NPSH	Net positive suction head
NSC	National Seeds Corporation
PGI sheets	Plain galvanised iron sheets
RDD	Rural Development Department
RCC pipes	Reinforced Cement Concrete pipes
RD	Reduced Distance
RL	Reduced Level
STD	Sexually Transmitted Disease
SPO	State Programme Officer
SCA	Special Central Assistance
SCP	Special Component Plan
SCs	Scheduled Castes
TAC	Technical Advisory Committee
TDD	Tribal Development Department
TRYSEM	Training of Rural Youth for Self Employment
TWO	Tehsil Welfare Officer
USAID	United States Agency for International Development
WC	Water closet