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On 27/6/07

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

FOR THE YEAR ENDED 31 MARCH 2006

GOVERNMENT OF UTTARANCHAL

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PREFACE

1. This Report has been prepared for submission to the Governor under Article 151 of the Constitution.
2. Chapters I and II of this Report respectively contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2006.
3. The remaining chapters deal with the findings of performance audit and audit of transactions in various departments including the Public Works and Irrigation Department, audit of autonomous bodies and departmentally run commercial undertakings.
4. The Report also contains the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the observations on Revenue Receipts.
5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 2005-06 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 2005-06 have also been included, wherever necessary.

OVERVIEW

This Report includes two chapters containing observations of Audit on the Finance and Appropriation Accounts of the State for the year 2005-06 and five other chapters with four performance reviews, one internal control review and 22 other paragraphs dealing with results of audit of selected schemes, programmes and the financial transactions of the Government and its commercial and trading activities.

Copy of the performance reviews and paragraphs were sent to the Commissioners/Secretaries of the departments concerned by the Accountant General for furnishing replies within six weeks. Replies were received in respect of two audit paragraphs only. Wherever appropriate, the departmental views and explanations have been incorporated in this Report.

FINANCES OF THE STATE GOVERNMENT

Revenue as well as fiscal deficit persisted for the fifth consecutive year in 2005-2006 indicating continued macro imbalances in the State's finances. The revenue deficit of the State came down from Rs. 950 crore in 2004-05 to Rs.74 crore in 2005-06. The fiscal deficit of the State also came down from Rs.2,180 crore in 2004-05 to Rs.1,878 crore in 2005-06.

The revenue receipts increased from Rs.2,608 crore in 2001-02 to Rs.5,537 crore in 2005-06. During the current year, the revenue receipts grew by 35.51 *per cent*. The State generated 44 *per cent* of revenue receipts from its own sources and continues to be dependent on tax and grants-in-aid transfers from the Union Government.

Total expenditure of the State increased from Rs. 3,224 crore in 2001-02 to Rs.7,451 crore in 2005-06. The rate of growth of expenditure during the year was 17.30 *per cent* compared to 26.35 *per cent* in the previous year.

The expenditure on General Services including interest payments, which is considered as non-developmental, decreased from 32.24 *per cent* in 2004-05 to 29.72 *per cent* in 2005-06. On the other hand, developmental expenditure i.e. expenditure on Social and Economic Services together accounted for 66.90 *per cent* in 2005-06 as against 62.70 *per cent* in 2004-05.

Debt burden (fiscal liabilities) of the State at the end of 2005-06 was Rs.11,714 crore, up by 18.20 *per cent* over the previous year. These liabilities stood at 2.12 times the State's revenue receipts and 4.81 times its own resources.

The State of Uttaranchal comprising of 13 districts of the composite state of Uttar Pradesh came into existence on 9 November 2000. The process of apportionment of pre-November 2000 assets and liabilities of the composite State of Uttar Pradesh and of other financial adjustments, to be done in each case with reference to the provisions of the Uttar Pradesh Reorganization Act, 2000 is not yet complete. A realistic picture of the financial position of the State Government will emerge only after completion of this process. However, the State Government needs to initiate appropriate measures to raise its own

resources and to compress the non plan revenue expenditure during the medium to long run to address the deteriorating fiscal position of the State.

[Paragraph 1.1 to 1.11]

ALLOCATIVE PRIORITIES AND APPROPRIATIONS

The net saving of Rs.984.79 crore was a result of saving of Rs.1,648.28 crore in 55 cases of grants and appropriations, offset by excess of Rs. 663.49 crore in 7 cases of grants. The excess of Rs. 663.49 crore requires regularization under Article 205 of the Constitution.

[Paragraphs 2.3.1 & 2.3.5]

Supplementary provision of Rs. 518.39 crore made in 31 cases during the year proved unnecessary as the savings in these grants/appropriations were more than the supplementary provision in each case.

[Paragraphs 2.3.7]

Expenditure was persistently less than the total provisions by 10 per cent or more in 20 cases during 2002-2006.

[Paragraphs 2.3.8]

PERFORMANCE REVIEWS (CIVIL)

Forest Department

3.1 Management of National Parks and Sanctuaries

The objective of Management of National Parks and Sanctuaries was to protect, develop and scientifically manage the wildlife in the protected areas. This was however, not fully achieved due to the Department's inability to tackle the problems of biotic and human interference in the areas, as, also due to encroachment, destruction of trees etc. The State Government failed to issue final notification for an area of 4,779.15 sq. km. as Protected Areas despite expiry of a period of 23 years from the issue of intention notification. Operation of National Parks and Wildlife Sanctuaries was being managed on *ad hoc* basis inspite of the lapse of 6 years. Relocation of 14 villages and 193 families out of Kedar Nath Musk Deer Sanctuary and Rajaji National Park respectively was also not done.

[Paragraph 3.1]

School Education Department

3.2 Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan (SSA) was launched in January 2001 to provide useful and relevant elementary education for all children aged 6 to 14 years by 2010. The programme started late and suffered from shortages and delays in the release of funds, insufficiency of upper primary schools, disproportionate

deployment of teachers, insufficient coverage of out of school children, deficiencies in infrastructural facilities and teachers training. As a consequence the objectives of the programme could not be achieved by 2006. Diversion and non-utilization of funds, blocking of money, delay in distribution of free text books and lack of proper monitoring / evaluation system led to non-achievement of the goals.

[Paragraph 3.2]

Rural Development Department

3.3 Sampoorna Gramin Rojzar Yojana (SGRY)

The objective of the scheme was to provide additional wage employment, food security to rural poor and creation of durable community and economic assets. The objective was not fully achieved as funds and food grains available for the scheme were not fully utilized. Income generating assets like watershed development etc. were given low priority as only 16.87 per cent against prescribed 50 per cent expenditure was incurred on above work. Due to lackadaisical approach of executing agencies, funds and food grains as part of wages was not paid weekly to labourers which defeated the objective of providing food security to rural poor. The special safeguards envisaged for SCs/STs and woman community were not ensured as the fund meant for beneficiaries scheme for SCs/STs were diverted to general work and the stipulated 30 per cent employment opportunity to women was not adhered to.

[Paragraph 3.3]

Food and Civil Supplies Department

3.4 Food Security, Subsidy and management of foodgrains

The main objective of the Government's food management strategy to make available food grains for supply through the PDS/welfare schemes could not be achieved as a large quantity of food grains was siphoned off from the distribution chain. Review of the scheme revealed that the Government suffered delays and losses on account of subsidy claims amounting to Rs.44.09 crore and Rs. 5.40 crore respectively due to non-submission of final accounts to the Government of India. Monitoring of the scheme also suffered due to non-computerization of the department and its linking with NIC network.

[Paragraph 3.4]

AUDIT OF TRANSACTIONS (CIVIL)

INFRACTUOUS/WASTEFUL EXPENDITURE AND OVER PAYMENT

- Department's failure to get clear title of site and appoint an agency for operation/maintenance of incinerator plant resulted in unfruitful expenditure of Rs. 25 lakh.

[Paragraph 4.1]

- Non observance of the required procedure by the Executive Engineer, Construction Division, Public Works Department, Ukhimath resulted in unfruitful expenditure of Rs. 2.27 crore.

[Paragraph 4.2]

UNDUE FAVOUR TO CONTRACTORS/AVOIDABLE EXCESS EXPENDITURE

- Execution of Bituminous Macadam in excess of requirement by the Executive Engineer, Construction Division, Public Works Department, Ramnagar resulted in avoidable excess expenditure of Rs. 2.92 crore on account of construction of road.

[Paragraph 4.3]

IDLE INVESTMENT / IDLE ESTABLISHMENT / BLOCKING OF FUNDS / DELAY IN COMMISSIONING EQUIPMENTS/ DIVERSION / MISUTILISATION

- Utilisation of vehicles by the District Development Officer, Pithoragarh for purposes other than for which purchased, resulted in unfruitful expenditure of Rs. 28.14 lakh.

[Paragraph 4.4]

- Non execution of sale deed by the Director, Tourism Department, Dehradun resulted in blocking of funds of Rs. 5 crore besides unfruitful expenditure of Rs. 21.95 lakh.

[Paragraph 4.5]

- Lackadaisical approach of the Director, Tourism, Dehradun resulted in non-realisation of lease rent of Rs. 1.23 crore.

[Paragraph 4.6]

- Lackadaisical approach of the State Government and lack of planning resulted in blocking up of Rs. 1.10 crore depriving the people of Dehradun of a modern sports complex.

[Paragraph 4.7]

- Unjustified expenditure of Rs. 24 lakh was incurred by the Irrigation Department due to non-completion of construction of PHC.

[Paragraph 4.8]

- Failure to adequately strengthen a blood bank by Chief Medical Superintendent, Narendra Nagar, Tehri resulted in expenditure of Rs.21.57 lakh remaining unfruitful.

[Paragraph 4.9]

REGULATORY ISSUES AND OTHER POINTS

- Casual approach of the Education Department (Director of Education, Dehradun) in distribution of text books to the students resulted in non achievement of objectives even after spending Rs. 3.49 crore.

[Paragraph 4.10]

- Interest of Rs. 17.69 lakh on bank deposits was not remitted into the treasury and Rs. 13.54 lakh was unauthorizedly spent by District Development Officer, Pithoragarh.

[Paragraph 4.11]

- Deviation from specifications of the Indian Road Congress by Executive Engineer, Construction Division, Public Works Department, Chamba, Tehri Garhwal resulted in substandard work of Rs. 26.57 lakh.

[Paragraph 4.12]

- Short recovery of lease of Rs. 4.49 crore and delay in compensatory afforestation and soil conservation by Divisional Forest Officer, Haridwar led to avoidable risk of ecological damage.

[Paragraph 4.13]

INTERNAL CONTROL SYSTEM IN MEDICAL DEPARTMENT

The Internal Control System relating to budget, expenditure, operational controls and manpower management in the Medical Department was inadequate. Savings were not anticipated and surrendered as required. There was idle investment on incomplete buildings of Primary Health Centres and State Allopathic Dispensary. On account of 45 *per cent* vacancies of Senior Medical Officers/Medical Officers in the State, the people were deprived of their rightful medical health and family welfare facilities. Internal Audit Wing was not set up as required, thereby, depriving the Department of an independent internal assessment mechanism.

[Paragraph 5.1 to 5.15]

REVENUE RECEIPTS

- Delay in fixing rates for industrial land resulted in loss of Rs.2.52 crore on account of non-levy of stamp duty.

[Paragraph 6.2.2.1]

- Under valuation of industrial land resulted in short levy of stamp duty and registration fee of Rs.1.39 crore.

[Paragraph 6.2.2.2]

- Under valuation of commercial property resulted in loss of stamp duty of Rs. 85.86 lakh.

[Paragraph 6.2.3]

- Inadmissible exemption from trade tax on moss grass resulted in loss of revenue of Rs. 3.01 lakh including interest.

[Paragraph 6.3]

- Misclassification of commodities resulted in short levy of tax of Rs. 6.12 lakh.

[Paragraph 6.4]

- Allowance of inadmissible exemption to a dealer resulted in non-levy of tax of Rs. 2.20 crore under CST Act.

[Paragraph 6.5]

- Irregular grant of exemption resulted in short levy of tax of Rs. 2.60 lakh including interest.

[Paragraph 6.6]

- Non tapping of channels by the Divisional Forest Officer, Chakrata Forest Division resulted in loss of revenue of Rs. 72.98 lakh.

[Paragraph 6.7]

- Non-realisation of royalty on actual out-turn of timber by Deputy Conservator of Forests, Haldwani Forest Division, Haldwani resulted in loss of Rs. 1.45 crore.

[Paragraph 6.8]

COMMERCIAL

General view of Government Companies and Statutory Corporations

- As on 31 March 2006, there were 20 Government Companies (16 working and four non-working) and three Statutory Corporations (all working) in the State.

[Paragraph 7.1]

- The total investment in working companies and corporations was Rs. 2205.98 crore as on 31 March 2006.

[Paragraph 7.1.1]

- Accounts of all the working Government Companies and three Statutory Corporations were in arrears for periods ranging from one to 19 years. According to the latest finalised accounts, eight companies had incurred an aggregate loss of Rs. 73.82 crore and six companies had made a profit of Rs. 8.49 crore.

[Paragraph 7.1.6 and 7.1.7]

PERFORMANCE REVIEW

Garhwal Mandal Vikas Nigam Limited**Review on Tourism and Industry related activities of the Garhwal Mandal Vikas Nigam Limited**

The Nigam failed to achieve a sound financial position in the tourism sector in the State. The management of assets, including land, buildings and manpower was poor. Tourist Rest Houses (TRHs) were taken over without assessing their financial viability. The occupancy in TRHs, particularly those located at non-prominent places, was low. The Board of Directors and Audit Committee were virtually non-functional. Efforts were lacking at the corporate level to make the industrial units viable. Internal controls were lacking. Some of the important observations are as follows:

- Rs. 3.38 crore were blocked in land purchased at Noida, Mussoorie and Dehradun.
- The Nigam paid Rs. 1.36 crore upto February 2006 on salary and wages of its employees, deployed in various departments of the State Government, without any reimbursement from the Government.
- Flush Door Factory at Kotdwar suffered a loss of Rs. 5.53 crore since its inception (1983-84) due to the absence of marketing strategy.
- Internal control was lacking, Accounts, Administrative and Internal Audit manuals were not prepared. Audit committee though constituted in 2001, did not meet even once.

[Chapter 7.2]

TRANSACTION AUDIT OBSERVATIONS

Uttaranchal Power Corporation Limited

- Negligence in not detecting the defect in time in a meter caused a loss of Rs. 19.46 lakh to Uttaranchal Power Corporation Limited.

[Paragraph 7.3]

- The Company failed to realise revenue of Rs. 3.41 crore due to incorrect raising of energy bills to BHEL.

[Paragraph 7.4]

Kumaon Mandal Vikas Nigam Limited

- An amount of Rs. 75.57 lakh was blocked in the purchase of land at Noida by Kumaon Mandal Vikas Nigam Limited as it was not put to any use.

[Paragraph 7.5]

CHAPTER-I

FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

The accounts of the State Government are kept in three parts viz (i) the Consolidated Fund (ii) the Contingency Fund and (iii) the Public Account (*Appendix-I-Part-A*). The Finance Accounts of the Government of Uttaranchal are laid out in nineteen statements, presenting receipts and expenditure, revenue as well as capital, in the Consolidated Fund, Contingency Fund and the Public Accounts of the State of Uttaranchal. The lay out of the Finance Accounts is depicted in *Appendix-I-Part-B*.

1.1.1 Summary of Receipts and Disbursements

Table-1.1 summarises the finances of the Government of Uttaranchal for the year 2005-06, covering revenue receipts and expenditure, capital receipts and expenditure and public account receipts/disbursements as emerging from Statement-1 of Finance Accounts and other detailed statements.

Table 1.1: Summary of receipts and disbursements for the year 2005-06

(Rupees in crore)

2004-05	Receipts	2005-06	2004-05	Disbursements	2005-06		
Section-A: Revenue							
					Non-Plan	Plan	Total
4085.59	I. Revenue receipts	5537.02 ¹	5035.91	I. Revenue expenditure	4191.47	1419.50	5610.97
1444.36	Tax revenue	1784.69	1900.78	General Services	2026.06	0.91	2026.97
547.70	Non-tax revenue	650.09	1904.18	Social Services	1453.35	802.35	2255.70
519.97	Share of Union Taxes/Duties	1009.82 ¹	1089.51	Economic Services	595.42	616.24	1211.66
1573.56	Grants from Govt. of India	2092.42	141.44	Grants-in-aid / Contributions	116.64	-	116.64
Section-B: Capital							
-	II Misc. Capital Receipts	-	1135.83	II Capital Outlay	48.59	1656.84	1705.43
87.09	III. Recoveries of Loans and Advances	36.37	181.27	III Loans and Advances disbursed	18.57	116.65	135.22
1587.20	IV Public Debt receipts	1756.65	21.84	IV Repayment of Public Debt ²	-	-	247.10
24.06	V Contingency Fund	16.14	16.23	V Contingency Fund	-	-	44.80
8524.81	VI Public Account	19696.88	7846.84	VI Public Account disbursements	-	-	18916.55
215.35	Opening Balance	286.18	286.18	Closing Balance	-	-	669.17
14524.10	Total	27329.24	14524.10	Total			27329.24

The revenue of the State consists mainly of its own taxes, non-tax revenue, Central tax transfers and grants-in-aid from the Government of India. The overall increase of Rs. 1,451 crore in revenue receipts in 2005-06 compared to the previous year was mainly due to the increase of Rs.1,009 crore in Central

¹ Inflated to the extent of Rs., 122.45 crore on account of book adjustment of the DAA Suspense pertaining to the year 2001-2002.

² Includes net of Ways and Means Advances and Overdraft.

transfers comprising grants-in-aid and State's share in the pool of union taxes and duties (Rs. 490 crore as share of net proceeds of Central taxes assigned to the State, inflated to the extent of Rs. 122 crore on account of book adjustment of DAA suspense pertaining to the year 2001-02 and Rs. 519 crore as grants-in-aid from GOI). During the current year, the revenue receipts grew by 35.53 *per cent*. The closing cash balance of the current year was Rs.669.17 crore against Rs.286.18 crore during 2004-05. The revenue expenditure increased by 11.42 *per cent* from Rs.5,036 crore in 2004-05 to Rs. 5,611 crore in 2005-06.

1.1.2 The Uttarakhand Fiscal Responsibility and Budget Management Act, 2005

The State Government enacted the Fiscal Responsibility and Budget Management (FRBM) Act, 2005 in October 2005 to ensure prudence in fiscal management and fiscal stability, by progressive reduction of revenue deficit, and debt management consistent with fiscal stability, greater transparency in fiscal operations of the Government and conduct of fiscal policy in a medium term fiscal framework. To give effect to the fiscal management principles, the Act prescribed the following fiscal targets for the State Government:

- reduce revenue deficit as a percentage of Gross State Domestic Product(GSDP) in each successive financial year, to reduce revenue deficit to nil by 31 March 2009 ;
- reduce fiscal deficit to bring it to 3 *per cent* of the estimated GSDP by 31 March 2009; and
- not to guarantee the repayment of any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of the Act or any rule or law to be made by the State Government subsequent to the coming into force of the Act.

1.1.3 Fiscal Policy Statement(s) 2005-2006

As the FRBM Act was enacted only in October 2005, no Fiscal Policy Statement was laid in the Legislative Assembly along with the budget 2005-06.

1.1.4 Roadmap to achieve the Fiscal Targets as laid down in FRBM Act/Rules

The FRBM Act envisaged that the State Government shall in each financial year lay before the State Assembly a Medium Term Fiscal Policy (MTFP) along with the annual budget, shall set forth three year rolling targets for the prescribed fiscal indicators with specification of underlying assumptions. As the FRBM Act was enacted in October 2005, the State Government laid the MTFP along with budget for 2006-07. However, the projections / assessments made in MTFP Statement for 2005-06 are being used for comparison purposes.

1.1.5 Mid-Term Review of Fiscal Situation

The FRBM Act 2005 prescribes a half yearly review of the trends in receipts and expenditure in relation to the budget as well as remedial measures to be taken to achieve the budgetary targets by the Finance Minister. The outcome of such

review is to be placed before the State Legislature. No such statement is available for 2005-06 as FRBM Act was enacted mid-way during the year.

1.2 Overview of Fiscal Situation of the State

1.2.1 Trends in Fiscal Aggregates

The fiscal position of the State Government during the current year as compared to the previous year is given in Table 1.2.

Table: 1.2

		(Rupees in crore)	
2004-05	Sl. No	Major Aggregates	2005-06
4086	1.	Revenue Receipts (2+3+4)	5537
1444	2.	Tax Revenue	1785
548	3.	Non-Tax Revenue	650
2094	4.	Other Receipts	3102
87	5.	Non-Debt Capital Receipts	36
87	6.	Of which Recovery of Loans	36
4173	7.	Total Receipts (1+5)	5573
4003	8.	Non-Plan Expenditure (9+11+12)	4258
3898	9.	On Revenue Account	4191
816	10.	Of which, Interest Payments	808
61	11.	On Capital Account	48
44	12.	On loans and advances disbursed	19
2350	13.	Plan Expenditure (14+15+16)	3193
1138	14.	On Revenue Account	1420
1075	15.	On Capital Account	1657
137	16.	On loans and advances disbursed	116
6353	17.	Total Expenditure (8+13)	7451
(-) 950	18.	Revenue Deficit (-)/Surplus (+) (9+14-1)	(-) 74
(-)2180	19.	Fiscal Deficit (-)/Surplus (+) (17-1-5)	(-) 1878
(-)1364	20.	Primary Deficit (-)/Surplus (+) (19-10)	(-) 1070

The total receipts of the State increased from Rs.4,173 crore in 2004-05 to Rs.5,573 crore in 2005-06, inflated to the extent of Rs.122 crore on account of book adjustment of DAA suspense pertaining to the year 2001-02 and the total expenditure of the State increased from Rs.6,353 crore in 2004-05 to Rs.7,451 crore in 2005-06. All the three components of deficit i.e. revenue, fiscal and primary deficit have correspondingly decreased by Rs.876 crore, Rs.302 crore and Rs.294 crore respectively from the previous year.

1.3 Audit Methodology

Audit observations on the Statements of Finance Accounts for the year 2005-06 bring out the trends in the major fiscal aggregates of receipts and expenditure; wherever necessary, periodic comparisons and analyses has been made as per *Appendix-1.1 to 1.4* and Time Series Data (*Appendix-1.5*). Major fiscal aggregates like tax and non-tax revenue, revenue and capital expenditure, internal and external debt and revenue and fiscal deficits have been presented as percentage of the GSDP at current market prices. The New GSDP series with 1993-94 as base, as published by the Director of Economics and Statistics of the State Government has been used for the purpose. For tax revenues, non-tax

revenues, revenue expenditure, etc, buoyancy projections have also been provided for a further estimation of the range of fluctuations with reference to the base represented by GSDP. The key indicators adopted for the purpose are (i) resources by volumes and sources, (ii) application of resources, (iii) assets and liabilities and (iv) management of deficits. Audit observations also take into account the cumulative impact of resource mobilisation efforts, debt servicing and corrective fiscal measures. The overall financial performance of the State Government as a body corporate has been presented by the application of a set of ratios commonly adopted for the relational interpretation of fiscal aggregates. In addition, selected indicators of financial performance of the Government are also listed in this section; some of the terms used in this context are explained in *Appendix-I-Part-C*.

1.4 State Finances by Key Indicators

Uttaranchal State was created on 9 November 2000 (in the year 2000-01). Hence the rate of growth, revenue buoyancy etc. have been determined from the year 2002-03 onwards.

1.4.1 Resources by Volumes and Sources

The resources of the State Government comprise revenue and capital receipts. Revenue receipts include tax and non-tax revenues, State's share of union taxes and duties and grants-in-aid from the Government of India. Capital receipts consist of recoveries of loans and advances, debt receipts from internal sources (market loans, borrowings from financial institutions/commercial banks) and loans and advances from the Government of India as well as accruals from the Public Account and miscellaneous capital receipts such as proceeds from disinvestments. Table-1.3 shows that the total receipts of the State Government for the year 2005-06 were Rs.27,027 crore. Of these, revenue receipts were Rs.5,537 crore, constituting 20 *per cent* of the total receipts. The balance came from borrowings (7 *per cent*) and receipts from the Public Account (73 *per cent*). The huge balance under Suspense and Miscellaneous was mainly because of the balances under Cheques and Bills and Cash Balance Investment Account. The out go from suspense during the year was Rs.13,799 crore thereby leaving a net balance of Rs.440 crore under the head.

Table-1.3: Resources of Uttaranchal

(Rupees in crore)

I Revenue Receipts	5537
II Capital Receipts	1793
a Miscellaneous Receipts	-
b Recovery of Loans and Advances	36
c Public Debt Receipts	1757
III Public Account Receipts	19697
a Small Savings, Provident Fund, etc.	321
b Reserve Fund	256
c Deposits and Advances	2200
d Suspense and Miscellaneous	14239
e Remittances	2681
Total Receipts	27027

1.4.2 Revenue Receipts

Statement-11 of the Finance Accounts details the revenue receipts of the Government, consisting of tax and non-tax revenues, Central tax transfers and grants-in-aid from the Government of India. The overall revenue receipts, their annual rate of growth, ratio of these receipts to the GSDP and their buoyancies are indicated in **Table-1.4**.

Table-1.4: Revenue Receipts - Basic Parameters

(Rupees in crore and per cent to RR)

	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue Receipts (RR)	2608	3216	3600	4086	5537
Own taxes	971 (37.23)	1017 (31.62)	1226 (34.06)	1444 (35.34)	1785 (32.23)
Non-Tax Revenue	162 (6.21)	375 (11.66)	370 (10.28)	548 (13.41)	650 (11.74)
Central Tax Transfers	151 (5.79)	374 (11.63)	435 (12.08)	520 (12.73)	1010 (18.24)
Grants-in-aid	1324 (50.77)	1450 (45.09)	1569 (43.58)	1574 (38.52)	2092 (37.79)
Rate of Growth (RR) (per cent)	-	23.31	11.94	13.50	35.51
RR/GSDP (per cent)	19.78	21.35	20.73	20.22	23.75
Revenue Buoyancy (ratio)	-	1.63	0.78	0.82	2.31
States Own Tax Buoyancy (ratio)	-	0.33	1.34	1.09	1.53
Revenue Buoyancy with reference to State's Own taxes (ratio)	-	4.92	0.58	0.76	1.50
GSDP Growth (per cent)	7.71	14.29	15.31	16.32	15.39

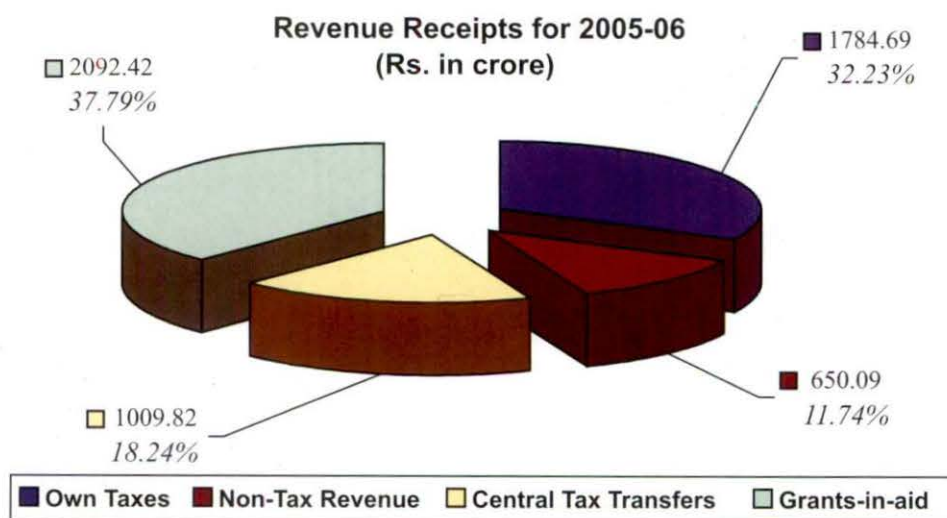
The revenue receipts of the State increased from Rs.2,608 crore in 2001-02 to Rs.5,537 crore in 2005-06 at an average rate of 21.07 *per cent*. The Revenue Receipts during 2005-06 are inflated to the extent of Rs. 122 crore on account of book adjustment of DAA suspense pertaining to the year 2001-02. There was a consistent increase in the revenue receipts during 2001-06. While 43.97 *per cent* of the revenue receipts during 2005-06 came from the State's own tax and non-tax revenues, the aggregate of central tax transfers and grants-in-aid contributed 56.03 *per cent* of the total revenue. Sales tax was the major contributor (57 *per cent*) of the State's own tax revenue, followed by Stamps and Registration Fees (19 *per cent*) and State Excise (16 *per cent*). Power (36 *per cent*) and Forestry and Wild life (24 *per cent*) were the principal contributors to non-tax revenue.

Tax and Non- Tax Revenue

Tax revenue at Rs.1,785 crore during 2005-06 exceeded the normative assessment of Rs.1,496.50 crore made by Twelfth Finance Commission (TFC) for the year. Similarly, Non-Tax Revenue at Rs.650 crore was more by Rs.103 crore as compared to TFC projections.

Central tax transfers

The receipts in the form of State's share in the pool of Union taxes and duties has increased by 94 *per cent* from Rs.520 crore in 2004-05 to Rs.1,010 crore in 2005-06. These are however inflated to the extent of Rs.122.45 crore on account of book adjustment of DAA suspense pertaining to the year 2001-02.



Grants-in-Aid

The non-plan grants significantly increased by 7.4 times from Rs.132.97 crore in 2004-05 to Rs.1,120.34 crore in 2005-06 which are inclusive of Rs.977.88 crore as non-plan revenue deficit grants recommended by TFC for Uttaranchal for 2005-06. Central plan and centrally sponsored plan scheme grants also increased from Rs.113.70 crore in 2004-05 to Rs.152.31 crore in 2005-06, mainly to cover the sponsorship of additional/ongoing centrally sponsored schemes. Grants for State plan schemes decreased from Rs.1,326.89 crore in 2004-05 to Rs. 819.77 crore in 2005-06. The decrease was mainly on account of shortfall in grants under Special Plan Assistance to the State of Uttaranchal during 2005-06.

Arrears of revenue (excluding Forest Revenue³) amounted to Rs.314 crore at the end of 2005-06. Of these, Rs.162 crore (51.60 *per cent*) was more than five years old. Specific action taken to effect recoveries had not been intimated by the State Government.

1.4.3 Receipts and GSDP

Receipts and GSDP during 2000-06 are given in Table-1.5.

Table-1.5: Source of Receipts – Trends

(Rupees in crore)

Year	Revenue Receipts	Capital Receipts				Total Receipts	Gross State Domestic product
		Non-Debt Receipts	Debt Receipts	Contingency Fund Receipts	Accruals in Public Account		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2000-01 ⁴	924	2	187	-	2112	3225	12237
2001-02	2608	4	775	30 ⁵	5131	8548	13181

³ Information awaited from the State Government.

⁴ 9 November 2000 to 31 March 2001.

⁵ Differs with last years report on account of proforma corrections.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2002-03	3216	3	1834	-	6574	11627	15064
2003-04	3600	23	3063	55	7499	14240	17370
2004-05	4086	87	1587	-	8525	14285	20205
2005-06	5537	36	1757	-	19697	27027	23315 ⁶

Revenue receipts increased from Rs.2,608 crore in 2001-02 to Rs.5,537 crore in 2005-06. Debt receipts grew at an average growth rate of 31.68 *per cent* in the period 2001-06 increasing by Rs.170 crore in 2005-06. Non debt receipts showed a fluctuating trend decreasing by Rs.51 crore over the previous year.

1.5 Application of resources

1.5.1 Growth of Expenditure

Statement-12 of the Finance Accounts depicts the detailed revenue expenditure by minor heads and capital expenditure by major heads. The total expenditure of the State increased from Rs.3,224 crore in 2001-02 to Rs.7,452 crore in 2005-06. The total expenditure, its annual growth rate and its ratio to the State GSDP and to revenue receipts as well as its buoyancy with respect to GSDP and revenue receipts are indicated in **Table-1.6**.

Table-1.6: Total Expenditure – Basic Parameters.

	(Rs. in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Total Expenditure ⁷ (TE)	3224	4110	5028	6353	7451
Rate of Growth (<i>per cent</i>)	-	27.48	22.34	26.35	17.30
TE/GSDP Ratio (<i>per cent</i>)	24.46	27.28	28.95	31.44	31.96
RR/TE Ratio (<i>per cent</i>)	80.89	78.25	71.60	64.32	74.30
Buoyancy of total expenditure with respect to					
GSDP (ratio)	-	1.92	1.46	1.61	1.13
RR (ratio)	-	1.18	1.87	1.95	0.49
Buoyancy of revenue expenditure with respect to					
GSDP (ratio)	-	1.76	1.22	0.95	0.74
RR (ratio)	-	1.08	1.56	1.15	0.32
Buoyancy of capital expenditure with respect to					
GSDP (ratio)	-	4.40	3.74	6.93	3.25
RR (ratio)	-	2.70	5.63	8.38	1.41

The total expenditure of the State increased at an average rate of 23 *per cent* per annum during 2002-06, ranging from 17 *per cent* to 27 *per cent* per annum. An increase of Rs.1,098 crore in total expenditure (17 *per cent*) during 2005-06 over the previous year was mainly due to an increase in both Revenue (Rs.575 crore) and Capital (Rs.569 crore) heads of expenditure under general, social and economic services accompanied by a decline of Rs.46 crore in loans and advances. Apart from pension payments, the enhancements were under these sectors., (i) education, sports, art and culture (ii) health and family welfare (iii) water supply, sanitation, housing and urban development (iv) social welfare and

⁶ GSDP figures for the years 2001-02 to 2005-06 have been intimated by State Government, GSDP figures for the years 2004-05 and 2005-06 are provisional.

⁷ Total expenditure includes revenue expenditure, capital expenditure and loans and advances.

nutrition in social services and (i) agriculture and allied activities (ii) rural development in economic services.

1.5.2 Trends in Total Expenditure by Activities

The total expenditure involves expenditure on general services including interest payments, social and economic services, grants-in-aid and loans and advances. The relative share of these components in total expenditure is indicated in Table-1.7.

Table-1.7: Components of Expenditure – Relative Share

	(In per cent)				
	2001-02	2002-03	2003-04	2004-05	2005-06
General Services (excluding I.P)	18.15	16.66	18.34	19.40	18.87
Interest Payments	15.72	13.46	11.87	12.84	10.85
Social Services	35.58	37.30	36.12	32.54	33.06
Economic Services	26.14	28.56	26.95	30.16	33.84
Grants-in-aid	1.99	1.68	4.04	2.21	1.57
Loans and advances	2.42	2.34	2.68	2.85	1.81

The movement of relative share of these components of expenditure indicated that all components of expenditure had inter-year variations. The expenditure on General Services including interest payments, which is considered as non-developmental, decreased from 32.24 per cent in 2004-05 to 29.72 per cent in 2005-06. On the other hand, developmental expenditure i.e. expenditure on Social and Economic Services together accounted for 66.90 per cent in 2005-06 as against 62.70 per cent in 2004-05.

1.5.3 Incidence of Revenue expenditure

Revenue expenditure had a predominant share in the total expenditure. Revenue expenditure is incurred to maintain the current level of services; payments for the past obligations, and as such does not result in any addition to the State's infrastructure and service network. The overall revenue expenditure, its rate of growth, ratio of revenue expenditure to GSDP and to revenue receipts and its buoyancy are indicated in Table-1.8.

Table-1.8: Revenue Expenditure: Basic Parameters

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
(1)	(2)	(3)	(4)	(5)	(6)
Revenue Expenditure (RE) of which	2938	3675	4360	5036	5611
Non-plan Revenue Expenditure (NPRE)	2453	2708	3310	3898	4191
Plan Revenue Expenditure (PRE)	485	967	1050	1138	1420
Rate of Growth (per cent) NPRE		10.40	22.23	17.76	7.52
Rate of Growth (per cent) PRE		99.38	8.58	8.38	24.78
NPRE/ GSDP(per cent)	18.61	17.98	19.06	19.10	17.98
NPRE as per cent of TE	76.05	65.89	65.83	61.36	56.24
NPRE as per cent of R R	94.06	84.20	91.94	95.40	75.70
Percentage of NPRE to RE	83.49	73.69	75.92	77.40	74.69

(1)	(2)	(3)	(4)	(5)	(6)
Percentage of PRE to RE	16.51	26.31	24.08	22.60	25.30
Buoyancy of Revenue Expenditure with					
GSDP (ratio)		1.63	1.21	1.00	0.74
RRs (ratio)		1.08	1.56	1.15	0.32
Buoyancy of NPRE with					
GSDP (ratio)		7.17	1.44	1.15	0.49
RRs (ratio)		0.45	1.86	1.32	0.21
Buoyancy of PRE with					
GSDP (ratio)		6.48	0.56	0.54	1.61
RRs (ratio)		4.26	0.72	0.62	0.70

The overall revenue expenditure of the State increased by 90.98 per cent from Rs. 2,938 crore in 2001-02 to Rs. 5,611 crore in 2005-06 at an average annual rate of 17.66 per cent. NPRE of the State increased by 70.85 per cent from Rs.2,453 crore in 2001-02 to Rs.4,191 crore in 2005-06. The share of NPRE in the total revenue expenditure though oscillated during the period 2001-06, declined from the peak level of 83.49 per cent during 2001-02 to 74.69 per cent during the current year. NPRE, at Rs.4,191 crore was lower than the amount of Rs.4,825 crore projected in the Fiscal Correction Path (FCP) drawn by the State Government indicating that State Government could compress the NPRE on certain items. The share of PRE in revenue expenditure of the State although exhibited an increasing trend, but in terms of its own growth rate, it indicated wide fluctuations during the period 2001-06.

1.5.4 Committed Expenditure

1.5.4.1 Expenditure on Salaries

Table-1.9: Expenditure on Salaries

Heads	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Salary expenditure	938	1036	1168	1192	1381
As percentage of GSDP	7.12	6.88	6.72	5.90	5.92
As percentage of Revenue Receipts	35.97	32.21	32.44	29.17	24.94
As percentage of Revenue Expenditure	31.93	28.19	26.79	23.67	24.61
As percentage of Revenue Expenditure (excluding Interest payments and Pension payments).	31.74

Although the expenditure on salaries and wages increased from Rs. 938 crore in 2001-02 to Rs.1381 crore in 2005-06 as indicated in Table 1.9, it was Rs. 810 crore (37 per cent) less than the amount of Rs. 2191 crore projected by the State Government in its FCP. It was also well within the TFC norms, which is 35 per cent of revenue expenditure (excluding interest payments and pension payments). Out of the salary expenditure of Rs.1381 crore during 2005-06, the major part, i.e. Rs.615 crore (45 per cent) was incurred on Social Services. However, Rs.433 crore (31 per cent) was incurred on General Services and Rs.333 crore (24 per cent) on Economic Services.

1.5.4.2 Pension Payments**Table 1.10: Expenditure on Pensions***(Rupees in crore)*

Year	Amount	Percentage of pension payments to total revenue expenditure	Percentage of pension payments to total revenue receipts
2001-02	13	0.44	0.50
2002-03	135	3.67	4.20
2003-04	283	6.49	7.86
2004-05	354	7.03	8.66
2005-06	453	8.07	8.18

Pension payments had increased to Rs. 453 crore in 2005-06 from Rs.13 crore in 2001-02, as shown in **Table 1.10**. Pension payments during 2005-06 grew by 27.97 *per cent* over those for the previous year, much higher than the rate of 10 *per cent* projected by the TFC. The growth in pension payment during the year was attributable to the increase in the number of pensioners by 2,582 in 2005-06 over the year 2004-05 and an increase of 8 *per cent* in dearness relief during the year. However, relatively the pension payments made by the State Govt. during 2005-06 were Rs.53 crore less than the projected target set by the State Government in its FCP.

1.5.4.3 Interest payments**Table-1.11: Interest payments**

Year	Amount	Percentage of interest payments with reference to	
	(Rupees in crore)	Revenue Receipts	Revenue Expenditure
2001-02	507	19.44	17.26
2002-03	553	17.20	15.05
2003-04	597	16.58	13.69
2004-05	816	19.97	16.20
2005-06	808	14.59	14.40

As shown in **Table 1.11**, interest payments increased by 59.37 *per cent* from Rs. 507 crore in 2001-02 to Rs. 808 crore in 2005-06, primarily due to ever increasing borrowings. Interest payments during 2005-06 included those on Internal Debt (Rs. 630.60 crore), loans received from Central Government (Rs. 42.27 crore), other obligations (Rs.54.27 crore) and Small Savings, Provident Fund etc. (Rs. 80.38 crore).

1.6 Expenditure by Allocative Priorities**1.6.1 Quality of Expenditure**

The availability of better social and physical infrastructure in the State reflects the quality of its expenditure. Therefore, the ratio of capital expenditure to total expenditure as well as to GSDP and the proportion of revenue expenditure on running the existing social and economic services efficiently and effectively, would determine the quality of expenditure. The higher the ratio of these components to total expenditure and GSDP the better the quality of expenditure. **Table-1.12** gives these ratios during 2001-06.

Table 1.12 – Indicators. of Quality of Expenditure

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Capital Expenditure	208	339	533	1136	1705
Revenue Expenditure of which	2938	3675	4360	5036	5611
Social and Economic Services	1812	2419	2696	2994	3468
Salary and wage component	631	699	794	846	932
Non-salary and wage component	1181	1719	1902	2148	2536
As per cent of Total Expenditure*					
Capital Expenditure	6.45	8.25	10.60	17.88	22.88
Revenue Expenditure	91.13	89.42	86.71	79.27	75.30
As per cent of GSDP					
Capital Expenditure	1.58	2.25	3.07	5.62	7.31
Revenue Expenditure	22.29	24.40	25.10	24.92	24.07

*Total expenditure excludes expenditure on loans and advances.

The ratio of capital expenditure to total expenditure during 2001-02 to 2005-06 has shown an increasing trend as it rose to 22.88 per cent in 2005-06 against 6.45 per cent in 2001-02; its ratio to GSDP increased from 1.58 per cent in 2001-02 to 7.31 per cent in 2005-06 implying that the quality of expenditure improved over the years.

1.6.2 Expenditure on Social Services

Given the fact that the human development indicators such as access to basic education, health services and drinking water and sanitation facilities etc. have a strong linkage with eradication of poverty and economic progress, it would be prudent to make an assessment with regard to the expansion and efficient provision of these services in the State. Table-1.13 summarises the expenditure incurred by the State Government in expanding and strengthening of social services in the State during 2001-06.

Table 1.13: Expenditure on Social Services

(Rupees in crore)

	2001-02	2002-03	2003-04	2004-05	2005-06
Education, Sports, Art and Culture					
Revenue Expenditure of which	683.76	945.79	1034.22	1126.78	1254.80
(a) Salary and Wage Component	246.32	293.93	324.68	354.37	417.15
(b) Non-Salary and Wage Component	437.44	651.86	709.54	772.41	837.65
Capital Expenditure	13.27	23.52	59.82	45.01	64.03
Total	697.03	969.31	1094.04	1171.79	1318.83
Health & Family Welfare					
Revenue Expenditure of which	140.37	158.36	173.66	198.05	278.32
(a) Salary and Wage Component	104.04	110.07	129.00	138.74	162.00
(b) Non-Salary and Wage Component	36.33	48.29	44.66	59.31	116.32
Capital Expenditure	8.97	24.52	35.07	50.52	73.40
Total	149.34	182.88	208.73	248.57	351.72
Water Supply, Sanitation, Housing and Urban Development					
Revenue Expenditure of which	188.90	178.32	303.41	355.02	387.54
(a) Salary and Wage Component	0.75	1.18	1.38	1.71	1.86
(b) Non-Salary and Wage Component	188.15	177.14	302.03	353.31	385.68
Capital Expenditure	1.06	9.27	3.71	19.08	14.64
Total	189.96	187.59	307.12	374.10	402.18

Other Social Services					
Revenue Expenditure of which	107.60	185.77	181.60	224.33	335.04
(a) Salary and Wage Component	23.34	25.41	28.12	29.95	33.70
(b) Non-Salary and Wage Component	84.26	160.36	153.48	194.38	301.34
Capital Expenditure	3.8	7.74	24.99	48.66	55.96
Total	111.40	193.51	206.59	272.99	391.00
Total (Social Services)					
Revenue Expenditure of which	1120.63	1468.24	1692.89	1904.18	2255.70
(a) Salary and Wage Component	374.45	430.59	483.18	524.77	614.71
(b) Non-Salary and Wage Component	746.18	1037.65	1209.71	1379.41	1640.99
Capital Expenditure	27.10	65.05	123.59	163.27	208.03
Total	1147.73	1533.29	1816.48	2067.45	2463.73

The expenditure on salary and wage component under the sub sector Education, Sports, Art and Culture increased from Rs. 246 crore in 2001-02 to Rs. 417 crore in 2005-06. Under the Social Services, the salary component increased from Rs.374.45 crore in 2001-02 to Rs.614.71 crore in 2005-06, an increase of Rs.240.26 crore (64 *per cent*) and non-salary component increased during the period from Rs.773.28 to Rs.1,849.02 crore, an increase of Rs.1,075.74 crore (139 *per cent*). The share of sub-sector Education, Sports, Art and Culture under social services sector has increased from Rs.697 crore to Rs.1,318 crore (89 *per cent*). Similarly under the sub-sector Health and Family Welfare, the share in Social Services has increased from Rs.149 crore in 2001-02 to Rs.351 crore in 2005-06, an increase of Rs.202 crore (139 *per cent*).

1.6.3 Expenditure on Economic Services

The expenditure on Economic Services includes all such expenditure that promotes directly or indirectly, productive capacity within the State's economy. The expenditure on Economic Services (Rs. 2,522 crore) accounted for 33.84 *per cent* of the total expenditure. Of this, Agriculture and Allied activities, Irrigation and Flood Control, Energy and Transport consumed nearly 75.42 *per cent* of the expenditure as can be seen from Table-1.14 below:

Table-1.14: Expenditure on Economic Services

	<i>(Rupees in crore)</i>				
	2001-02	2002-03	2003-04	2004-05	2005-06
Agriculture, Allied Activities					
Revenue Expenditure of which	336.55	367.26	448.54	449.03	508.02
(a) Salary and Wage Component	123.36	129.66	160.81	163.80	173.14
(b) Non-Salary and Wage Component	213.19	237.60	287.73	285.23	334.88
Capital Expenditure	-37.04	-1.33	-4.25	44.10	77.42
Total	299.51	365.93	444.29	493.13	585.44
Irrigation and Flood Control					
Revenue Expenditure of which	118.02	143.36	140.64	153.60	167.98
(a) Salary and Wage Component	68.63	74.66	84.16	87.37	79.52
(b) Non-Salary and Wage Component	49.39	68.70	56.48	66.23	88.46
Capital Expenditure	27.51	26.01	78.30	112.36	225.36
Total	145.53	169.37	218.94	265.96	393.34

Power and Energy					
Revenue Expenditure of which	13.56	136.03	110.13	77.05	94.52
(a) Salary and Wage Component	-	-	-	-	0.02
(b) Non-Salary and Wage Component	13.56	136.03	110.13	77.05	94.50
Capital Expenditure	8.00	-	-	166.61	210.34
Total	21.56	136.03	110.13	243.66	304.86
Transport					
Revenue Expenditure of which	45.73	52.72	42.87	53.25	75.44
(a) Salary and Wage Component	1.91	2.10	2.21	2.53	3.44
(b) Non-Salary and Wage Component	43.82	50.62	40.66	50.72	72.00
Capital Expenditure	140.92	136.03	196.79	138.28	542.50
Total	186.65	188.75	239.66	191.53	617.94
Other Economic Services					
Revenue Expenditure of which	178.23	250.98	261.20	356.58	365.70
(a) Salary and Wage Component	62.99	62.87	63.16	67.91	76.91
(b) Non-Salary and Wage Component	115.24	188.11	198.04	288.67	256.12
Capital Expenditure	11.96	62.29	81.00	364.10	254.51
Total	166.27	310.61	333.71	720.68	620.21
Total (Economic Services)					
Revenue Expenditure of which	692.09	950.35	1003.38	1089.51	1211.66
(a) Salary and Wage Component	256.89	269.29	310.34	321.61	333.03
(b) Non-Salary and Wage Component	435.20	681.06	693.04	767.90	878.63
Capital Expenditure	151.35	223.00	351.85	825.45	1310.13
Total	843.44	1173.35	1355.23	1914.96	2521.79

The expenditure on Economic Services accounted for 34 *per cent* of the total expenditure of the State, of which, revenue expenditure accounted for 48 *per cent*, with capital expenditure being 52 *per cent*. The expenditure on salary and wage component under Economic Services increased by 30 *per cent* from Rs. 257 crore in 2001-02 to Rs.333 crore in 2005-06. On non-salary and wage component, it increased by 102 *per cent* from Rs. 435 crore in 2001-02 to Rs.879 crore in 2005-06. The increase in the non-salary component was mainly due to the enhanced spending on the development of infrastructure in the State such as roads and bridges (Rs.466.46 crore), which is evident from the fact that the capital expenditure under sub-sector Transport has increased substantially during the current year.

1.6.4 Financial Assistance to local bodies and other institutions

1.6.4.1 Extent of assistance

The quantum of assistance provided by way of grants and loans to local bodies and others during the six year period 2001-06 is presented in Table-1.15.

Table-1.15: Financial Assistance

		(Rupees in crore)				
Sl. No.	Name of institutions	2001-02	2002-03	2003-04	2004-05	2005-06
1.	Universities and Educational Institutions	111.68	79.48	131.25	141.02	198.31
2.	Energy	13.46	135.88	110.13	73.75	60.83
3.	Agriculture, Land Reforms and Forestry	30.59	55.10	76.11	76.80	103.96
4.	Municipal Corporations and Municipalities	63.74	36.18	74.26	61.46	80.55
5.	Panchayati Raj Sanstahai	32.96	128.63	79.98	36.09
6.	Hospitals and Charitable Institutions	0.05	1.67	6.17	15.51	26.21
7.	Development Agencies	165.37	171.98	314.97	362.08	305.04
8.	Labour and Industry	4.99	21.16	27.61	25.10	18.28
9.	Co-operatives	1.41	3.16	4.72	4.30	7.64
10.	Animal Husbandry, Dairy Development and Fisheries	6.05	5.72	6.70	7.65	8.55
11.	Secretariat Economics Services & Tourism	3.25	52.50	39.56	131.05	43.38
12.	Social Security & Welfare of Scheduled Caste, Scheduled Tribe & Other backward classes	19.02	19.37	30.62	65.13	83.42
13..	Others	3.84	5.39	8.12	11.80	33.71
	Total	423.45	620.56	958.85	1054.90	1005.97
	Percentage of growth over previous year	--	46.55	54.51	10.02	(-) 4.63
	Assistance as percentage of revenue expenditure	14.41	16.89	21.99	20.93	17.93

The total assistance to local bodies and other institutions in 2005-06 had grown by 138 *per cent* over that in 2001-02. The sharp increase under Universities and Educational Institutions during 2005-06 was mainly due to the release of more grants to General Education (Rs. 16.88 crore) and to Agriculture Research and Education (Rs. 12.58 crore). While the assistance to the development agencies has gradually increased during the period 2001-06, the financial assistance being given to local bodies, both municipal corporations and municipalities and PRIs has widely fluctuated during the period.

1.6.5 Non-submission of accounts

The annual accounts of Kumaon Jal Sansthan, Nainital and Garhwal Jal Sansthan, Dehradun the audit of which is covered under Section 19 (2) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 were due for the year 2004-05.

1.7 Assets and Liabilities

In Government accounting system, comprehensive accounting of fixed assets like land and buildings owned by Government is not done. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred. *Appendix-1.2* gives an abstract of such liabilities and the assets as on 31 March 2006. While the liabilities in this Appendix consist mainly of internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay and loans and advances given by the State Government and the cash balances. *Appendix-1.5* depicts the time series data on State Government finances for the period 2001-06.

1.7.1 Financial Results of Irrigation Works

The financial results of six major irrigation projects as reported by the Government with a capital outlay of Rs. 173.82 crore at the end of March 2006 showed that revenue realized from these projects during 2005-06 (Rs. 6.21 crore) was very low (3.57 per cent) compared to the capital outlay. It was barely sufficient to cover even the direct working expenses (Rs. 33.10 crore) during 2005-06. The direct working expenses to the extent of Rs. 26.88 crore were borne by the State Government during the year.

1.7.2 Incomplete Projects

As per information received from the State Government, as of 31 March 2006, there were 848 ongoing projects of Irrigation and PWD each costing more than Rs. one crore on which an expenditure of Rs.1,749 crore was incurred. The details of these works are available in the *Appendix III* of Finance Accounts for the year 2005-06.

1.7.3 Departmental Commercial Undertakings

Departmentally managed Government commercial /quasi-commercial undertakings

General

1.7.3.1 Consequent upon the formation of the State of Uttaranchal with effect from 9 November 2000 under the Uttar Pradesh Reorganization Act 2000, the assets and liabilities of the undertakings already situated in Uttaranchal were to be passed on to the newly formed State.

Accordingly, the assets and liabilities of the following undertakings located within the State were deemed transferred to the newly created State from the aforesaid date.

Sl. No.	Department	Name of the undertakings
1.	Food and Civil Supplies	Grain Supply Scheme: Regional Food Controller, Dehradun Regional Food Controller, Haldwani
2.	Irrigation	Irrigation Workshop Division, Roorkee
3.	Animal Husbandry	State Livestock and Agricultural Farms, Kalsi, Dehradun State Livestock and Agricultural Farms, Manjhara, Dehradun
4.	Health	Rishikul Ayurvedic Pharmacy, Hardwar State Vaccine Institute, Patwadangar, Nainital

1.7.3.2 Lack of accountability for the use of public fund in departmentally managed commercial and quasi-commercial undertakings

Activities of quasi-commercial nature are performed by departmental undertakings. These undertakings are to prepare pro-forma accounts annually in

the prescribed format showing the results of financial operations so that Government can assess the results of their working. The Heads of Departments are to ensure that the undertakings, which are funded by budgetary releases, prepare the accounts and submit the same to the Accountant General for audit by 30 June every year. It was observed that only the Irrigation Workshop Division (IWD), Roorkee had finalised its accounts for the year 2004-05, while the other undertakings have not finalised their accounts for the period 9 November 2000-March 2001, 2001-02, 2002-03, 2003-04, 2004-05 and 2005-06. Thus the accounts, except in the cases of IWD, Roorkee, were in arrears for a period of six years and in the case of IWD, Roorkee for a period of one year. There is no improvement in the position despite this being pointed out earlier. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, Government's investment remains outside the scrutiny of Audit/State Legislature. Consequently, corrective measures, if any required, cannot be taken in time. Besides, the delay also opens the system to the risk of fraud and leakage of public money.

1.7.4 Investments and returns

As of 31 March 2006, the Government invested Rs. 669 crore in its statutory corporations, rural banks, Government companies, joint stock companies and co-operatives (Table-1.16). The increase in the investments made by the State Government was mainly due to the investments made in key sectors like, Uttaranchal Hydro Electric Corporation (Rs.100 crore), Power Corporation Fund (Rs.110 crore) and State Industrial Development Corporation of Uttaranchal (Rs. 104 crore). The average return on this investment was less than 1 *per cent* in the last four years, while the Government paid interest at the average rate of 7.47 to 10.40 *per cent* on its borrowings during 2002-2006.

Table-1.16: Return on Investment

Year	Investment at the end of the year	Return	Percentage of return	(Rs. in crore)
				Average rate of interest on Government borrowing (per cent)
2001-02	5	0.02	0.40	-
2002-03	28	0.04	0.14	10.40
2003-04	40	0.04	0.10	8.51
2004-05	333	0.26	0.08	9.10
2005-06	669	0.07	0.01	7.47

1.7.5 Loans and advances by State Government

In addition to investments in Co-operatives, Corporations and Companies, the Government has also been providing loans and advances to many of these institutions/organizations. The total outstanding loans and advances as on 31 March 2006 were Rs. 483 crore (Table-1.17). Interest received against these loans was 1.33 *per cent* during 2005-06 as against 2.21 *per cent* in the previous year.

Table-1.17: Average Interest Received on Loans Advanced by the State Government

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
Opening Balance	9.71	84.52	177.20	289.75	383.94
Amount advanced during the year	78.32	95.89	135.48	181.27	135.22
Amount repaid during the year	3.51	3.21	22.93	87.09	36.37
Closing Balance	84.52	177.20	289.75	383.93	482.79
Net Addition (+) / Reduction (-)	(+)74.81	(+)92.68	(+)112.55	(+)94.18	(+)98.85
Interest Received	-	0.12	15.20	7.43	6.41
Interest received as <i>per cent</i> to outstanding Loans and Advances	-	0.09	6.51	2.21	1.33
Weighted interest rate (in <i>per cent</i>) paid on borrowing by State Government	-	10.40	8.51	9.10	7.47
Difference between weighted interest paid and received (<i>per cent</i>)	-	(-) 10.31	(-) 2.00	(-) 6.89	(-)6.14

Major recipients of the loans during 2005-06 were Power Projects (Rs. 30.28 crore) and Government servants (Rs. 5.71 crore). There were inter year fluctuations in the interest received over the years 2001-06, which sharply increased to Rs. 15 crore in 2004-05 compared to the three previous years and had declined to Rs. 6 crore in 2005-06.

1.7.6 Management of cash balances

It is generally desirable that the State's flow of resources matches its expenditure obligations. However, to take care of any temporary mismatches in the flow of resources and the expenditure obligations, a mechanism of Ways and Means Advances (WMA) and overdraft from Reserve Bank of India has been put in place. The operative limit for normal WMAs is reckoned as the three year average of revenue receipts and the operative limit for Special WMAs is fixed by Reserve Bank of India from time to time depending on the holding of Government securities. This limit was Rs. 0.16 crore on all days for Uttaranchal for normal WMA. No limit was fixed for Special WMAs during 2005-2006.

WMAs and Overdrafts availed, the number of occasions these were availed and interest paid by the State is detailed in Table-1.18.

Table-1.18: Ways and Means Advances and Overdrafts of the State

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
(1)	(2)	(3)	(4)	(5)	(6)
Ways and Means Advances					
Taken in the year	804.70	836.35	329.24	759.71	220
Outstanding	61.97	30.69	30.69	65.46	30.69
Interest paid	0.70	0.64	0.38	0.65	0.62

(1)	(2)	(3)	(4)	(5)	(6)
Number of days	57	109	43	184	54
Shortfall/Overdraft					
Taken in the year	523.64	215.35	83.02	127.72	-
Outstanding	53.82	-	-	-	-
Interest paid	0.69	0.30	0.13	0.16	-
Number of days State was in Overdraft	88	41	13	16	-

As is evident from the table, the number of occasions when the Government took WMAs has come down in 2005-06 over the previous year. Similarly, the number of occasions when the State Government availed of overdraft facility has become nil in 2005-06. In fact, the Government had not availed of any overdraft during 2005-06, since the financial position of the State was comfortable during the year due to a significant increase in grants-in-aid from the Central Government.

1.8 Undischarged Liabilities

1.8.1 Fiscal Liabilities – Public Debt and Guarantees

There are two sets of liabilities namely public debt and other liabilities. Public debt consists of internal debt of the State and is reported in the Annual Financial Statements under the Consolidated Fund-Capital Accounts. It includes market loans, special securities issued by RBI and loans and advances from the Central Government.

The Constitution of India provides that a State may borrow, within the territory of India, upon the security of its Consolidated Fund, within such limits, as may from time to time be fixed by the Act of its Legislature and give guarantees within such limits as may be fixed. However, no such law has been passed by the State, to lay down any such limit. Other liabilities, which are a part of Public Account, include deposits under Small Savings schemes, Provident Funds and other deposits.

Table-1.19 gives the fiscal liabilities of the State, its rate of growth, ratio of these liabilities to GSDP, to revenue receipts and to own resources as also the buoyancy of fiscal liabilities with respect to these parameters.

Table-1.19: Fiscal Liabilities–Basic Parameters

	2001-02	2002-03	2003-04	2004-05	2005-06
Fiscal Liabilities* (Rs.. in crore)	4634	6003	8030	9910	11714
Rate of growth (Per cent)	-	29.54	33.77	23.41	18.20
Ratio of Fiscal Liabilities to					
GSDP (Per cent)	35.16	39.85	46.23	49.05	50.24
RR (Per cent)	177.68	186.66	223.06	242.54	211.56
Own Resources (Per cent)	409.00	431.25	503.13	497.49	481.07
Buoyancy of Fiscal Liabilities to					
GSDP (ratio)	-	2.07	2.18	1.43	1.18
Revenue Receipts (ratio)	-	1.27	2.83	1.73	0.51
Own Resources (ratio)	-	1.29	2.30	0.94	0.82

* Includes internal debt, loans and advances from GOI and other obligations.

The overall fiscal liabilities of the State increased from Rs. 4,634 crore in 2001-02 to Rs. 11,714 crore in 2005-06. However, the increase during the year was mainly due to internal debt and small savings, provident fund etc. which rose by Rs.1,533 crore and Rs.103 crore respectively during the year. The growth rate was 18.20 *per cent* during 2005-06 over the previous year. The ratio of fiscal liabilities to GSDP also increased from 35.16 *per cent* in 2001-02 to 50.24 *per cent* in 2005-06. The buoyancy of these liabilities with respect to GSDP during the year was 1.18 indicating that for each percentage point increase in GSDP, fiscal liabilities grew by 1.18 *per cent*. These liabilities stood at 2.12 times State's revenue receipts and 4.81 times its own resources.

1.8.2 Status of Guarantees – Contingent liabilities

Guarantees are liabilities contingent on the Consolidated Fund of the State, in case of default by the borrower, for whom the guarantee has been extended.

No law under Article 293 of the Constitution had been passed by the State Legislature laying down the maximum limit within which, the Government may give guarantees on the security of the Consolidated Fund of the State. The FRBM Act, 2005 also prescribed that the State Government shall not give guarantee for any amount exceeding the limit stipulated under any rule or law of the State Government existing at the time of the coming into force of this Act or any rule or to be made by the State Government subsequent to coming into force of this Act. However, State Government has not enacted any law as on date to cap the guarantees.

The amount of guarantees given by the State Government during the year and the outstanding guarantees as on 31 March of the year are given in Table-1.20.

Table-1.20: Guarantees given by the Government of Uttarakhand

(Rupees in crore)

Year	Amount guaranteed during the year	Outstanding amount of guarantees at the end of the year	Percentage of amount guaranteed to outstanding guarantees
2001-02	Nil*	Nil*	-
2002-03	Nil*	Nil*	-
2003-04	743	743	100
2004-05	602	1345	44.75
2005-06	...	1345	...

* Revised as informed by the State Government.

The Government had guaranteed loans raised by various corporations and others, which at the end of 2005-2006 stood at Rs. 1,345 crore and were within the set target of Rs.1,344.94 crore, as prescribed in the MTFP of the State Government for the year 2005-06. The outstanding amount of guarantees is in the nature of contingent liabilities, which were about 24 *per cent* of revenue receipts (of 2005-06) of the State.

1.8.3 Debt Sustainability

Debt sustainability is defined as the ability to maintain a constant debt-GDP ratio over a period of time. In simple terms, public debt is considered sustainable as long as the rate of growth of income exceeds the interest rate or cost of public borrowings subject to the condition that the primary balance is either positive or zero. Given the rate spread (GSDP growth rate – interest rate) and quantum spread (Debt* rate spread), debt sustainability condition states that if quantum spread together with primary deficit is Zero, debt – GSDP ratio would be constant or sustainable. On the other hand, if $PD > QS$, debt – GSDP ratio would be rising and if $PD < QS$, it would be falling. Table-1.21 below gives the weighted Interest Rate, GSDP growth, Interest spread, and Primary deficit/surplus over the last four years.

Table-1.21: Debt Sustainability–Interest Rate and GSDP Growth (in per cent)

	2001-02	2002-03	2003-04	2004-05	2005-06
Weighted Interest Rate	--	10.40	8.51	9.10	7.47
GSDP Growth	--	14.29	15.31	16.32	15.39
Interest spread	--	3.89	6.80	7.22	7.92
Outstanding Debt (Rs. in crore)	4634	6003	8030	9910	11714
Quantum spread (per cent)	-	233.52	546.04	715.50	927.75
Primary deficit (-) / surplus (+) (Rs. in crore)	(-) 105	(-) 338	(-) 808	(-) 1364	(-) 1070

The trends in Table 1.21 indicate that during 2002 to 2006 the interest spread remained positive (the rate of growth of GSDP being more than the weighted interest). However, the State has not only experienced primary deficit, but it continues to be sizeable throughout this period, i.e. the primary deficit relative to GSDP was around 4 per cent during the period 2001-06 with peak level at 6.75 per cent during 2004-05. An analysis of primary deficit vis-à-vis quantum spread reveals that their sum turns out to be negative in each year of the period 2002-06 indicating rising debt-GSDP ratio and vulnerable fiscal position of the State.

1.8.4 Net Availability of Funds

An important indicator of debt sustainability is the net availability of funds after the payment of the principal on account of earlier contracted liabilities and interest. Table-1.22 below gives the position of the receipts and repayment of internal debt and other fiscal liabilities of the State over the last five years.

Table-1.22: Net Availability of Borrowed Funds

(Rupees in crore)					
	2001-02	2002-03	2003-04	2004-05	2005-06
(1)	(2)	(3)	(4)	(5)	(6)
Internal Debt:					
Receipts	1896	2635	3190	1406	1749
Repayments (Principal + Interest)	1244	1140	415	626	262
Net Funds Available	662	1495	2775	780	1487
Net Funds Available (per cent)	34	57	87	55	85
Loans and Advances from Government of India					
Receipts	123	251	285	147	8
Repayments (Principal + Interest)	77	735	1173	53	60

(1)	(2)	(3)	(4)	(5)	(6)
Net Funds Available	46	(-) 484	(-) 888	94	(-)52
Net Funds Available (<i>per cent</i>)	37	-	-	64	-
Other obligations					
Receipts	1488	1679	2275	2053	2366
Repayments	1041	1321	1924	1920	2224
Net Funds Available	447	358	351	133	742
Net Funds Available (<i>per cent</i>)	30	21	15	6	6
Total Receipts	3507	4565	5750	3606	4123
Repayment (Principal + Interest)	2362	3196	3512	2599	2546
Net Funds Available	1145	1369	2238	1007	1577
Net Funds Available (<i>per cent</i>)	33	30	39	28	38

During 2005-06, the net fund availability was 38 *per cent* against the debt receipts of Rs.4,123 crore; Government used Rs.2,546 crore on repayment of principal and interest on debt. An amount of Rs.1,098 crore was repaid by the State Government in 2003-04 to GOI which is why, less repayments were made by the State Government during 2004-05 and 2005-06.

1.9 Management of deficits

1.9.1 Fiscal imbalances

The deficit in Government accounts represents the gap between its receipts and expenditure. The nature of the deficit is an indicator of the prudence of fiscal management of the Government. Further, the ways in which the deficit is financed and the resources so raised are applied, are important pointers to its fiscal health.

The Revenue Deficit of the State is the excess of its revenue expenditure over receipts. The State had a continuous revenue deficit during 2001-02 to 2005-06 with large fluctuations. The Revenue Deficit has shown a steep decline of Rs. 876 crore in 2005-06 over the previous year mainly on account of substantial increase in Central transfers comprising State's share in Union pool of taxes and duties (Rs.490 crore) and grants-in-aid (Rs.519 crore). These transfers resulted in an increase of 35.51 *per cent* (Rs.1,451 crore) in revenue receipts during 2005-06 in comparison to 11.4 *per cent* increase in revenue expenditure (Rs.575) leading to a significant decline in Revenue Deficit during the year. Fiscal Deficit, which represents the total borrowings of the Government and its total resource gap decreased by 13.85 *per cent* (Rs. 302 crore) from Rs.2,180 crore in 2004-05 to Rs.1,878 crore in 2005-06, but, it is still considerably higher being 8.05 *per cent* of GSDP. Despite a cushion of Rs. 876 crore available in the form of revenue surplus, the fiscal deficit remained at higher level largely on account of increase in capital expenditure by Rs. 569 crore during the year. The primary deficit at Rs.1070 crore indicates the fact that the State is experiencing the deficit even in meeting its primary expenditure. Interest payments have increased by 59.37 *per cent* and remained higher during the period 2001-06 constituting around 17 *per cent* of revenue receipts. The increase in interest payments consumed significant portion of borrowed funds leaving less funds available for meeting the requirements of primary expenditure.

Table-1.23: Fiscal Imbalances—Basic Parameters (Values in crore of rupees and ratios in *per cent*)

Parameters	2001-02	2002-03	2003-04	2004-05	2005-06
Revenue deficit (Rs. in crore)	(-)330	(-)459	(-)760	(-)950	(-)74
Fiscal deficit (Rs. in crore)	(-)612	(-)891	(-)1405	(-)2180	(-)1878
Primary deficit (Rs. in crore)	(-)105	(-)338	(-)808	(-)1364	(-)1070
RD/GSDP (<i>per cent</i>)	2.50	3.04	4.38	4.70	0.32
FD/GSDP (<i>per cent</i>)	4.64	5.91	8.09	10.79	8.05
PD/GSDP (<i>per cent</i>)	0.80	2.24	4.65	6.75	4.59
RD/FD (<i>per cent</i>)	53.92	51.52	54.09	43.58	3.94

(Negative figures indicate deficit.)

1.10 Fiscal Indicators

The finances of the State should be sustainable, flexible and non-vulnerable. Table-1.24 below presents a summarised position of Government finances over 2001-06, with reference to certain key indicators that help to assess the adequacy and effectiveness of the available resources and their applications, highlights areas of concern and captures important facts.

Table-1.24: Indicators of Fiscal Health (in *per cent*)

Fiscal Ratios	2001-02	2002-03	2003-04	2004-05	2005-06
(1)	(2)	(3)	(4)	(5)	(6)
Resources Mobilization					
Revenue Receipts/GSDP	19.78	21.35	20.73	20.22	23.75
Revenue Buoyancy	-	1.63	0.96	0.82	2.31
Own Tax/GSDP	7.37	6.75	7.06	7.14	7.66
Expenditure Management					
Total Expenditure/GSDP	24.46	27.38	28.95	31.44	31.96
Total Expenditure /Revenue Receipts	123.62	127.80	139.67	155.48	134.59
Revenue Expenditure/Total Exp.	91.13	89.42	86.71	79.27	75.30
Capital Expenditure/TE	6.61	8.45	10.89	18.41	22.88
Developmental Expenditure/TE	63.25	67.44	64.81	64.53	66.91
Buoyancy of TE with RR	-	1.18	1.87	1.95	0.49
Buoyancy of RE with RR	-	1.08	1.56	1.15	0.32
Management of Fiscal Imbalances					
Revenue Deficit(-) (Rs. in crore)	(-)330	(-)459	(-)760	(-)950	(-)74 ⁸
Fiscal Deficit(-) (Rs. in crore)	(-)612	(-)891	(-)1405	(-)2180	(-)1878 ⁷
Primary Deficit(-) (Rs. in crore)	(-)105	(-)338	(-)808	(-)1364	(-)1070 ⁷
Revenue Deficit(-)/Fiscal Deficit (-)	53.92	51.52	54.09	43.58	3.94
Management of Fiscal Liabilities					
Fiscal Liabilities (FL)/GSDP	35.16	39.85	46.23	49.05	50.24
Fiscal Liabilities/RR	177.68	186.66	223.06	242.54	211.56
Buoyancy of FL with RR	-	1.27	2.83	1.73	0.51
Buoyancy of FL with Own Resources (OR)	-	1.29	2.30	0.94	0.82
Interest spread	-	3.80	3.91	2.34	16.14
Net Funds Available	32.65	29.99	38.92	27.37	38.25

⁸ Underestimated by Rs.122 crore on account of book adjustment of DAA Suspense pertaining to the year 2001-02.

(1)	(2)	(3)	(4)	(5)	(6)
Other Fiscal Health Indicators					
Return on Investment	0.40	0.14	0.10	0.08	0.01
BCR* (Rs. in crore)	(-) 1067	(-) 821	(-) 1107	(-) 1128	(+) 518
Assets/Liabilities	0.23	0.33	0.42	0.44	0.52

* Balance from Current Revenues

The ratio of revenue receipts to GSDP and revenue buoyancy had shown improvement in four-year period except during the year 2003-04 and 2004-05. The ratio of own taxes to GSDP declined in 2002-03 but again picked up during 2003-05 and remained stable in 2005-06. Various ratios relating to expenditure indicate quality of expenditure and sustainability in relation to resources. Total expenditure to GSDP and revenue receipts was buoyant upto 2004-05 but declined in 2005-06. Although revenue expenditure showed a decreasing trend over the four-year 2001-06, it still comprised 75.30 *per cent* of total expenditure during 2005-06, which reveals that most of the expenditure was incurred on current consumption. The revenue deficit, fiscal deficit and primary deficit constantly increased up to 2004-05 but decreased in 2005-06. However, continuous fiscal deficit indicates fiscal imbalances of the State. The continuous prevalence of primary deficit indicates that the State is unable to meet its primary expenditure out of its own funds and reliance on borrowed funds also tends to increase over a period of time.

1.11 Conclusion

The State of Uttaranchal comprising of 13 districts of the composite state of Uttar Pradesh came into existence on 9 November 2000. The process of apportionment of pre-November, 2000 assets and liabilities of the composite State of Uttar Pradesh and of other financial adjustments, to be done in each case with reference to the provisions of the Uttar Pradesh Reorganization Act, 2000 is not yet complete. A realistic picture of the financial position of the State Government will emerge only after completion of this process. However, the State's finances are heavily dependent upon Central assistance, which contributes over (56 *per cent*) of the total receipts. A steep increase in Central transfers to State has provided a cushion in revenue account which has indicated a significant decline in revenue deficit during the year. However, the fiscal and primary deficits being at relatively higher level are pointers towards the fiscal health of the State. The sizeable primary deficit despite the positive interest spread during the period 2001-06 leading to an increasing debt-GSDP ratio is a cause of concern. Besides, negligible rate of return on Government investments (less than one *per cent*) and inadequate recovery of cost on loans and advances further aggravated the fiscal position of the State. The State Government needs to initiate appropriate measures to raise its own resources and to compress the non plan revenue expenditure during the medium to long run to address the deteriorating fiscal position of the State.

CHAPTER-II

ALLOCATIVE PRIORITIES AND APPROPRIATION

APPROPRIATION ACCOUNTS 2005-06 AT A GLANCE

Total number of Grants/ Appropriations: 31

Total provision and expenditure

Table-2.1

(Rupees in crore)			
Provision	Amount	Expenditure	Amount
Original	8706.52		8579.69
Supplementary	857.96		
Total gross provision	9564.48	Total gross expenditure	8579.69
Deduct-Estimated recoveries in reduction of expenditure	777.53	Deduct-Actual recoveries in reduction of expenditure	660.73
Total net provision	8786.95	Total net expenditure	7918.96

Voted and Charged provision and expenditure

Table -2.2

(Rupees in crore)				
	Provision		Expenditure	
	Voted	Charged	Voted	Charged
Revenue	5893.87	1069.24	4657.78	967.53
Capital	2170.27	431.10	2485.54	468.84
Total gross	8064.14	1500.34	7143.32	1436.37
Deduct- recoveries in reduction of expenditure	777.53	-	660.73	-
Total net:	7286.61	1500.34	6482.59	1436.37

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 2005-06 against 31 Grants/Appropriations was as follows:

Table -2.3

(Rupees in crore)

		Original grant/ appropriation	Supplementary grant/appropriation	Total	Actual expenditure*	Saving(-) Excess(+)
Voted	I-Revenue	5439.98	453.89	5893.87	4657.78	(-)1236.09
	II-Capital	1665.39	332.38	1997.77	2350.32	(+)352.55
	III-Loans and Advances	172.50	-	172.50	135.22	(-) 37.28
Total Voted		7277.87	786.27	8064.14	7143.32	(-)920.82
Charged	IV-Revenue	998.55	70.69	1069.24	967.53	(-)101.71
	V-Capital	1.70	1.00	2.70	1.50	(-)1.20
	VI-Public Debt	428.40	-	428.40	467.34*	(+)38.94
Total Charged		1428.65	71.69	1500.34	1436.37	(-)63.97
Grand Total		8706.52	857.96	9564.48	8579.69	(-)984.79

* Includes Rs. 255.01 crore on account of repayment of Ways and Means Advances obtained from Reserve of Bank of India.

Against the original grants and appropriations of Rs.8706.52 crore, supplementary grants and appropriations of Rs. 857.96 crore were obtained during 2005-06. There was net saving of Rs. 984.79 crore which was the result of overall savings of Rs.1648.28 crore, partly offset by excess of Rs. 663.49 crore. Substantial excesses/savings reflect the failure of the Departments concerned to assess their requirement of funds realistically as also the inadequacy of the monitoring system resulting in funds not being surrendered/supplementary provision not being made.

Rs. 44.80 crore drawn under 12 Major Heads covered under 12 Grants* from the State Contingency Fund between 1 April 2005 and 31 March 2006 remained unrecouped at the end of the year.

2.3 Fulfillment of Allocative Priorities

Savings/excesses in grants/appropriations

2.3.1 Net savings of Rs. 984.79 crore was the result of savings in 55 cases (Appendix- 2.1) and excesses in seven cases (Appendix-2.2) as shown below:

Table-2.4

(Rupees in crore)

	Savings		Excesses		Net savings(-)/ excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
Voted	1236.09 (In 29 grants)	310.48 (In 18 grants)	-	625.75 (In six grants)	(-)1236.09	(+)315.27
Charged Appropriations	101.71 (In eight appropriations)	-	-	37.74 (In one appropriation)	(-)101.71	(+)37.74

Appropriation by Allocative Priorities

2.3.2 Out of the overall savings of Rs. 1648 crore, a major portion of Rs. 1137 crore (69 per cent) related to seven grants (in nine cases) as mentioned below:

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz Revenue expenditure Rs. 14.34 crore, Capital expenditure Rs. 646.39 crore.

* Grant Nos. 3, 6, 7, 11, 15, 18, 19, 20, 22, 28, 30, 31.

Table -2.5

(Rupees in crore)

Sl. No.	Grant No.	Original	Supplementary	Total	Actual expenditure	Savings
A-Revenue-Voted						
1.	6.Revenue and General Administration	208.66	8.92	217.58	148.53	69.05
2.	7.Finance, Tax, Planning, Secretarial & Miscellaneous Services	1001.14	15.26	1016.40	708.95	307.45
3.	11. Education, Sports & Youth Welfare & Culture	1340.06	45.02	1385.08	1251.56	133.52
4.	12. Medical, Health & Family Welfare	301.96	56.19	358.15	276.84	81.31
5.	13. Water Supply, Housing & Urban Development	453.76	114.98	568.74	363.19	205.55
6.	21. Energy	200.15	-	200.15	91.69	108.46
Total		3505.73	240.37	3746.10	2840.76	905.34
B-Revenue-Charged						
7.	7.Finance, Tax, Planning, Secretarial & Miscellaneous Services	981.33	70.00	1051.33	955.38	95.95
Total		981.33	70.00	1051.33	955.38	95.95
C-Capital-Voted						
8.	6. Revenue and General Administration	118.00	-	118.00	61.44	56.56
9.	23. Industries	214.61	42.00	256.61	177.64	78.97
Total		332.61	42.00	374.61	239.08	135.53
Grand Total		4819.67	352.37	5172.04	4035.22	1136.82

Areas in which major savings occurred in the above seven grants are indicated in *Appendix-2.3*.

Reasons for savings were not intimated by most of the Departments.

2.3.3 In 25 out of 31 grants/appropriations the expenditure fell short by more than Rs. one crore and also by more than 10 *per cent* of the provision. Details are indicated in *Appendix-2.4*. This indicated that requirements of funds had not been assessed correctly and that inflated demands for funds were placed by Controlling Officers for inclusion in the budget estimates.

Excess expenditure over provision relating to previous years requiring authorization of the State Legislature

2.3.4 As per Article 205 of the Constitution of India, it is mandatory for a State Government, to obtain the authorisation of the State Legislature for amounts spent in excess of a grant/appropriation. Excess expenditure amounting to Rs. 4595.48 crore for the years 2001-02 to 2004-05 as detailed below was yet to be regularized (November 2006) by the State Legislature.

Table- 2.6

(Rupees in crore)

Year	No. of grants/appropriations	Grants/Appropriation No(s)	Amount of excess
2001-2002	4	7,15,20&25	1299.64
2002-2003	13	7,10,12,14,15,16,17,19,20,22,24,25&26	1843.46
2003-2004	12	3,5,6,7,9,11,12,15,16,17,18&25	499.53
2004-2005	14	4,5,6,7,12,13,14,15,17,19,20,22,25&29.	952.85
Total			4595.48

The possibility of financial irregularities remaining unexamined due to failure or long delays in furnishing explanations of excess expenditure cannot be ruled out.

Excess expenditure over provision during 2005-2006 requiring authorisation of the State Legislature

2.3.5 During 2005-06 there was a total excess of Rs. 37.74 crore in Capital-Charged section in one appropriation while the excesses in the Capital-Voted section amounted to Rs. 625.75 crore in six grants. These excesses (details given below) require authorisation by the Legislature in terms of Article 205 of the Constitution of India.

Table-2.7

<i>(in Rupees)</i>					
Sl. No.	Grant/Appropriation No.	Name of Grant/Appropriation	Total Grant/Appropriation	Actual Expenditure	Amount of excess
		Revenue-Charged			
1.	7	Finance, Taxes, Planning Secretariat & Miscellaneous Services	4,29,59,69,000	4,67,34,03,477	37,74,34,477
		Total	4,29,59,69,000	4,67,34,03,477	37,74,34,477
		Capital-Voted			
2.	8	Excise	50,00,000	53,03,000	3,03,000
3.	17	Agricultural Work & Research	1,05,00,000	4,19,93,536	3,14,93,536
4.	20	Irrigation and Flood Control	2,18,51,50,000	2,99,06,45,631	80,54,95,631
5.	22	Public Works	4,49,63,00,000	5,02,15,35,405	52,52,35,405
6.	25	Food	71,01,000	4,86,67,51,967	4,85,96,50,967
7.	29	Horticulture Development	1,20,00,000	4,73,61,591	3,53,61,591
		Total	6,71,60,51,000	12,97,35,91,130	6,25,75,40,130
		Grand Total	11,01,20,20,000	17,64,69,94,607	6,63,49,74,607

Reasons for excess expenditure had not been furnished by most of the Departments concerned (November 2006).

Original Budget and Supplementary Provision

2.3.6 The total of the supplementary grants and appropriations obtained during 2005-06 constituted 9.85 *per cent* of the original grants and appropriations.

Unnecessary Supplementary Provision

2.3.7 Supplementary provision of Rs. 518.39 crore obtained in 31 cases during 2005-06 proved unnecessary since the savings in these grants/appropriations amounting to Rs.1355.41 crore were more than the supplementary provision in each case as detailed in *Appendix-2.5*.

Persistent savings

2.3.8 Expenditure fell short of the total provisions by 10 *per cent* or more every year during the period 2002-06 in 20 cases. Relevant details are given in *Appendix-2.6*.

Surrender of funds

2.3.9 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 excess expenditure under some other units. No savings should be held in reserve for possible future excess expenditure.

It was, however, noticed that in 36 cases against the available savings of Rs. 1501.11 crore (savings of Rs. one crore and above in each case), savings aggregating Rs.868.98 crore were either not fully surrendered or not surrendered at all. In nine cases, the amount surrendered exceeded the overall savings by Rs.17.40 crore. In respect of three grants Rs.16.52 crore was surrendered although expenditure exceeded the grant/appropriation and no savings were available for surrender. Relevant details are given in *Appendix-2.7*.

Expenditure without provision

2.3.10 For control over expenditure, the Budget Manual provides that, a Disbursing Officer, before incurring any expenditure must ensure that sanction of the competent authority exists and that the funds to cover the charge fully have been placed at his disposal. It was noticed that expenditure of Rs.671.95 crore was incurred in eight cases without provision having been made in the original estimates/supplementary demands and without any re-appropriation having been made. In case of Major Head of Account 4408 (Grant No. 25 Food) an amount of Rs. 485.98 crore were spent without any provision in gross violation of financial rules. (*Appendix-2.8*).

These instances were indicative of lack of monitoring and control over expenditure.

Trend of recoveries

2.3.11 Scrutiny of the accounts for 2005-06 revealed that while no recoveries were included in the budget estimates in the Revenue section, actual recoveries were Rs. 14.34 crore. In the Capital section, against the budget estimates of Rs. 777.53 crore, actual recoveries and adjustments were Rs.646.39 crore. Thus recoveries in reduction of expenditure were underestimated by Rs. 14.34 crore in the Revenue section and overestimated by Rs. 131.14 crore in the Capital section (*Appendix-2.9*).

Some cases where there were wide variations from the estimates are detailed below:

Table-2.8

<i>(Rupees in crore)</i>				
Sl. No.	Grant number and name	Estimate of recoveries	Actual recoveries	Shortfalls (-) Excess (+)
1.	17-Agricultural Work and Research	4.00	7.57	(+)3.57
2.	20-Irrigation and Flood Control	-	94.62	(+)94.62
3.	22-Public Works	-	61.30	(+)61.30
4.	25-Food	770.00	496.66	(-)273.34
5.	29- Horticulture Development	3.53	-	(-)3.53

Unwarranted drawal of Rs. 15.63 crore from State Contingency Fund

2.3.12 The Contingency Fund of the State of Uttaranchal was created with a corpus of Rs. 30 crore in the year 2001-02. A sum of Rs. 55 crore was further appropriated to the fund during 2003-04. The amount available in the Contingency Fund stood at Rs. 85 crore during 2005-06. Advances from the fund were to be made only for meeting expenditure of an unforeseen and emergent character, pending authorisation by the Legislature.

A sum of Rs. 15.63 crore had been drawn from the fund in eight cases under six major heads without any emergent necessity or requirement as there were substantial savings of Rs.196.03 crore were available under these major heads as detailed below:

Table-2.9

(Rupees in crore)		
Major Head	Savings	Drawal from SCF
2202-General Education, (Grant No.11)	16.69	0.81
2245-Relief on Account of Natural Calamities (Grant No.6)	44.09	1.00
4202-Capital Outlay on Education, Sports, Art and Culture (Grant No.11)	4.43	2.40
2235- Social Security and Welfare (Grant No.15)	4.50	3.18
4700- Capital Outlay in Major Irrigation (Grant No.20)	50.92	2.00
5054- Capital Outlay in Roads and Bridges (Grant No.22)	62.09	6.05
2235- Social Security and Welfare (Grant No.30)	12.80	0.13
2235- Social Security and Welfare (Grant No.31)	0.51	0.06
Total	196.03	15.63

Reconciliation of Departmental figures

2.3.13 The reconciliation of amounts booked in the office of Accountant General should be carried out every month by the Heads of the departments to ensure that the departmental accounts are sufficiently accurate to secure the accuracy of the accounts maintained in the Accountant General's office from which the final published accounts are compiled and to detect any fraud or defalcation.

Despite reporting the delay in reconciliation to the Government periodically, out of 58 expenditure controlling officers, 26 controlling officers had not reconciled the expenditure and 20 controlling officers had only partially reconciled the expenditure during the year 2005-06.

CHAPTER - III

PERFORMANCE REVIEWS

FOREST DEPARTMENT

3.1 MANAGEMENT OF NATIONAL PARKS & SANCTUARIES

3.1.1 Highlights

A separate Wildlife Wing was set up in January 2001 in Uttaranchal for implementation and enhancement of wildlife conservation measures as enshrined in the Wildlife (Protection) Act, 1972. Adequate attention had not been paid to the protection, development and scientific management of wildlife and its environment. No urgency was shown in declaring protected areas, which in turn adversely affected their management. No tangible steps were taken to check biotic pressure and human interference in the National Parks and Sanctuaries. The main findings are highlighted below:

- *Implementation of conservation activities relating to eco-restoration, grassland management, fire management, research etc. was adversely affected because of the inability of the Department to utilise budget allotment of Rs. 28.01 crore.*

[Paragraph 3.1.8]

- *There was loss of interest of Rs. 67.76 lakh as funds received under Compensatory Afforestation, Catchment Area Treatment Plan etc., were not put in fixed deposit contrary to GOI's directions.*

[Paragraph 3.1.9.2]

- *Revenue on account of royalty, lease rent, petty demand, late fees etc. was outstanding against Uttar Pradesh Forest Corporation (Rs.1.87 crore) and Uttaranchal Forest Development Corporation (Rs.0.02 crore) as of March 2006.*

[Paragraph 3.1.9.3]

- *The erstwhile UP Government and the Uttaranchal Government failed to issue final notification declaring 4779.15 sq. km. as protected areas for periods ranging from two to 23 years.*

[Paragraph 3.1.9.6]

- *National Parks and Wildlife Sanctuaries continued to be managed on adhoc basis as despite a lapse of 4 to 6 years, the Chief Wildlife Warden had not approved the Management Plans.*

[Paragraph 3.1.9.7]

- *Relocation of villages and rehabilitation of human settlement had not been completed. As a result, biotic and human interference in core zones of National Parks/Sanctuaries continued.*

[Paragraph 3.1.9.9]

- *Sixty two Musk Deer at Musk Deer Breeding Centre in Kanchula Khark and five domesticated elephants at Corbett Tiger Reserve died due to improper health care and climatic conditions. Consequently the Musk Deer population in Kedar Nath Musk Deer Sanctuary fell drastically from 63 in 2003 to 37 in 2005.*

[Paragraph 3.1.9.11 & 3.1. 9.17]

- *Encroachment in wildlife areas and illicit felling of trees continued unabated in National Parks and Sanctuaries.*

[Paragraph 3.1.9.16 & 3.1.9.19]

- *Development of 11 wildlife corridors was neglected and Rs.1.43 crore received for Chilla-Motichur corridor from GOI remained unspent.*

[Paragraph 3.1.9.18]

- *Erection of solar power fencing at a cost of Rs. 48 lakh during 2003-04 proved infructuous as despite rectification by the firm, the fencing remained non-functional.*

[Paragraph 3.1.9.20]

3.1.2 Introduction

Sanctuaries and National Parks are declared protected areas to facilitate conservation and protection of wildlife and its habitats. The Wildlife (Protection) Act, 1972 empowers the State Governments to declare any area of adequate ecological, fauna and flora, geomorphological, natural or zoological significance as either a Sanctuary or a National Park. An area of 7335.53 sq. km (13.72 per cent) out of a total of 53483 sq. km of the State is covered by national parks and sanctuaries, comparing favorably with the national average of 4.50 per cent.

There are six National Parks covering 4915.44 sq. km.¹ and 6 wildlife sanctuaries with an area of 2420.09 sq. km². The Wildlife wing of the Forest Department was created in January 2001 to protect, develop and scientifically manage wildlife and its habitats in and outside the protected areas, carry out integrated eco-development work in the vicinity of protected areas, reduce the biotic pressure in protected areas and create awareness of nature among local people, particularly youth.

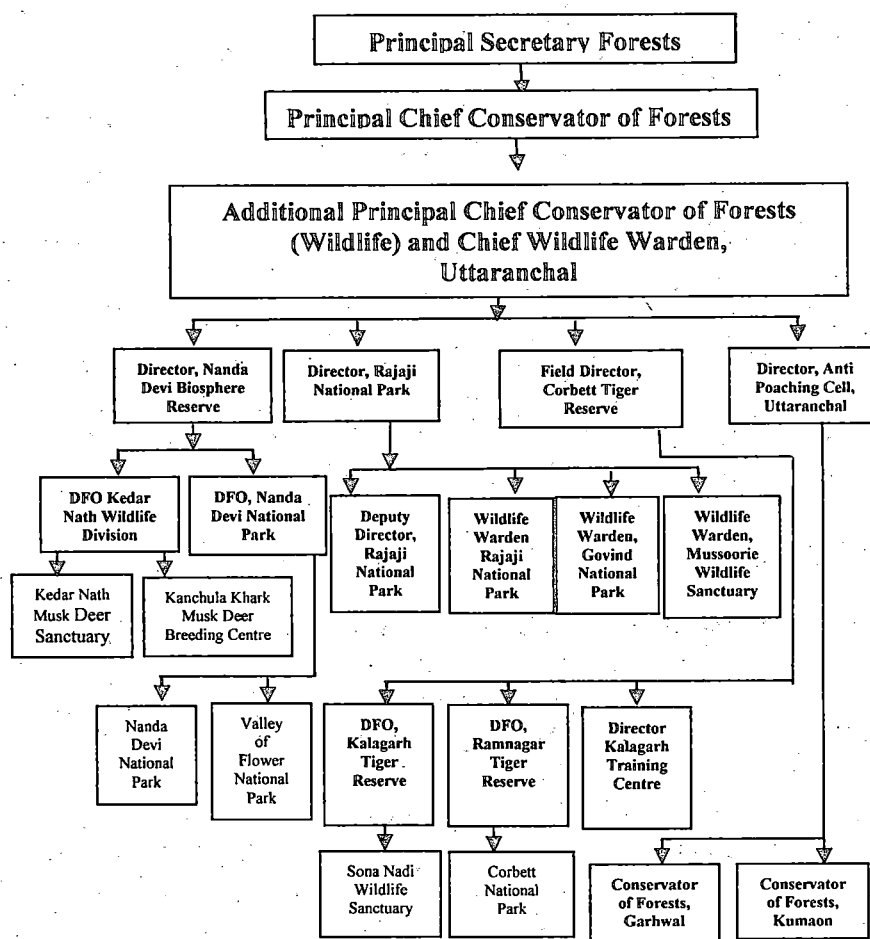
Project Tiger, a centrally sponsored scheme, was launched in 1973 to provide financial and technical support for conservation and propagation of flagship species tiger in Corbett Tiger Reserve. Project Elephant, another centrally sponsored scheme, was launched in February 1992 to provide financial and technical support to major elephant inhabited States for their protection as well as their habitat and corridors. The scheme also seeks to address the issue of human-elephant conflict and welfare of domesticated elephants.

3.1.3 Organisational set up

The Wildlife wing of the Forest Department is headed by an Additional Principal Chief Conservator of Forests (Wildlife) {Addl. PCCF (WL)} who is also the Chief Wildlife Warden (CWLW) with headquarters at Nainital and a camp office in Dehradun. He works under the general supervision and control of the PCCF. The wing comprises three circles each headed by a Conservator of Forests, divided into five divisions each headed by a Divisional Forest Officer (DFO). The detailed organizational chart of the wildlife wing in the State is given at next page:

¹ Corbett National Park 520.82 Sq. km, Nanda Devi National Park 624.60 Sq. km, Valley of Flowers National Park 87.50 Sq. km, Rajaji National Park 820.42 Sq. km, Gangotri National Park 2390.02 Sq. km and Govind National Park 472.08 Sq. km.

² Mussoorie Wildlife Sanctuary 10.82 Sq. km, Kedar Nath Wildlife Sanctuary 975.20 Sq. km, Govind Wildlife Sanctuary 485.89 Sq. km, Askot Wildlife Sanctuary 599.92 Sq. km, Sona Nadi Wildlife Sanctuary 301.18 Sq. km and Binsar Wildlife Sanctuary 47.08 Sq. km.



3.1.4 Audit objectives

The performance audit seeks to assess whether the objective of the State Government to protect, develop and scientifically manage wildlife and its environment in and outside the protected areas had been carried out efficiently and effectively.

In addition, it seeks to ascertain whether:

- the areas identified as National Parks or Sanctuaries had been declared as protected and whether the areas had adequate ecological, faunal, floral geomorphological, natural or zoological significance;
- the management plans had been prepared and formulated for scientific and systematic growth of protected areas;
- the conservation and protection measures had been planned and prioritized efficiently and effectively for endangered species;

- an effective mechanism had been devised for prevention of poaching and checking illegal trade in wildlife;
- adequate steps had been taken to address the principal threats to the protected areas from dams, mines, roads, projects, chemical pollution etc.;
- an adequate system for imparting training in management of wildlife including the use of arms and ammunition had been devised.

3.1.5 Scope of Audit

Performance audit of six national parks and six sanctuaries for the period from 2001-02 to 2005-06 was undertaken during February 2006 to June 2006 by a test check of the records of Field Director, Corbett National Park and Director, Rajaji National Park as well as in three Wildlife divisions³ and one territorial division⁴. This was supplemented by information furnished by the Addl. PCCF (WL) & CWLW, Dehradun.

3.1.6 Audit criteria

- Provisions of the Wildlife (Protection) Act, 1972, guidelines, rules, action plans and orders of the Government of India and of the State Government, as well as orders of the Supreme Court.
- Priorities fixed by the department for conservation and protection of Wildlife.
- Plans for scientific management and systematic growth of National Parks and Wildlife Sanctuaries.

3.1.7 Audit methodology

Before commencing the audit, objectives of audit, scope and criteria were discussed (26 June 2006) in an entry conference with the Additional Principal Chief Conservator of Forests (Wildlife) & Chief Wildlife Warden (CWLW), Uttaranchal. Relevant records were test checked and information collected from CWLW and field units on the basis of questionnaire and replies to audit memos were analyzed to arrive at audit conclusions. The audit findings were discussed (December 2006) with the CWLW in an exit conference. Replies/views of the Government and CWLW were awaited (December 2006).

³ Ramnagar Tiger Reserve, Ramnagar, Kedarnath Wildlife Division, Gopeshwer; and Nanda Devi National Park, Joshimath.

⁴ Uttarkashi Forest Division, Uttarkashi.

3.1.8 Financial outlay and expenditure

Year-wise details of budget allocation and expenditure incurred against both the Central and the State plan sectors during the period 2001-02 to 2005-06 are as per Table-1.

Table-1

(Rupees in crore)

Year	Central Sector			State sector		
	Budget allocation	Expenditure	Saving	Budget allocation	Expenditure	Saving
2001-02	9.40	6.63	2.77	1.75	1.22	0.53
2002-03	20.60	13.16	7.44	1.97	1.22	0.75
2003-04	13.72	4.74	8.98	1.34	1.33	0.01
2004-05	12.32	5.65	6.67	1.42	1.00	0.42
2005-06	9.91	9.48	0.43	1.32	1.31	0.01
Total	65.95	39.66	26.29	7.80	6.08	1.72

Source: Departmental figures

Out of the budget allotment of Rs. 73.75 crore during 2001-02 to 2005-06, comprising Central and State share, there was saving every year. The accumulated saving of Rs. 28.01 crore remained unutilized (Rs. 26.29 crore under Central Sector and Rs. 1.72 crore under State Sector). Consequently, important components of wildlife conservation like implementation of conservation activities relating to eco-restoration, grassland management, fire management, research etc., were adversely affected. Wildlife conservation is likely to be further affected as budget allotment has been decreasing year after year (2002-03 to 2005-06). This could well be due to non-utilisation of funds allotted to the full extent. Reply is awaited from Government (December 2006).

3.1.9 Audit findings

3.1.9.1 Benefits of Centrally Sponsored Schemes were not availed

The Government of India (GOI) releases funds under Centrally Sponsored Schemes (CSS) in installments. Subsequent installments are released after reviewing the progress of expenditure/work done against earlier installments.

Test check revealed that GOI administratively approved expenditure of Rs.14.71 crore during 2001-02 to 2005-06 for Project Tiger, Elephant Project and Development of National Parks and Sanctuaries as CSSs. Out of this, Rs.12.30 crore was released and Rs.2.41 crore was held back by the GOI due to slow progress of expenditure/non-submission of utilisation certificates. The details are as per Table-2.

Table - 2

(Rupees in crore)

Sl. No.	Name of Parks/Sanctuaries	Amount administratively approved	Amount released by GOI	Balance amount not released
1.	Corbett National Park	11.02	9.43	1.59
2.	Govind Wildlife Sanctuary and National Park	0.96	0.72	0.24
3.	Binog Wildlife Sanctuary	0.57	0.50	0.07
4.	Gangotri National Park	0.45	0.34	0.11
5.	Kedar Nath Musk Deer Sanctuary	1.03	0.78	0.25
6.	Nanda Devi National Park & Valley of Flowers National Park	0.68	0.53	0.15
Total		14.71	12.30	2.41

Source: Departmental figures

The fact that GOI did not release the full amount indicated that wildlife developmental activities lagged behind in the State.

3.1.9.2 Loss of interest

In compliance with the orders of the Hon'ble Supreme Court (October 2002), Compensatory Afforestation Fund Management & Planning Authority (CAMPA) was constituted and notified by Union Ministry of Environment and Forests for the management of money received towards compensatory afforestation and any other money recoverable in pursuance of the Hon'ble Supreme Court's order in this regard. While according approval under Forest (Conservation) Act, 1980 for non-forestry uses of the forest land, GOI directed (March 2004) the State Government to deposit the amount received as fixed deposits in a Nationalized Bank until the operation of the CAMPA. The amounts received on these account, however, were kept in the Government account as forest deposits. This resulted in loss of interest of Rs.67.76⁵ lakh.

Management in reply stated (July 2006) that Government order on the subject was not available. The reply is not tenable as the GOI order was issued to the State Government in March 2004.

3.1.9.3 Non realization of revenue/blocking of funds

- Revenues of Rs.1.87 crore on account of petty demand, royalty, marking fees, extension fees, lease rent etc. remained unrealized as of March 2006 against Uttar Pradesh Forest Corporation and Rs.2 lakh against Uttaranchal Forest Development Corporation.
- Two hectares of reserve forest land was transferred to High Altitude Plant Physiology Research Centre during 2003 in Kedar Nath Wildlife Division (KNWD), Gopeshwar against payment of Rs.0.99 lakh for compensatory afforestation. However, it had not been realized by KNWD (July 2006).

⁵ Kedar Nath Wildlife Division Rs.40.48 lakh, Nanda Devi National Park Rs. 25.16 lakh and Rajaji National Park Rs. 2.12 lakh (Interest @5% per annum on reducing balances for various periods)

- A Musk Deer Breeding Centre was established in 1980-81 in Kanchula Khark⁶ for study and captive breeding of this endangered species and its propagation and release into the Kedar Nath Musk Deer Sanctuary, its natural habitat. Of 66 musk deer born between 1982 and 2004, all but four, which were transferred to Darjeeling, died, due to various diseases, as well as unfavorable climatic conditions. The Department decided (2002) to shift the breeding centre to an alternative, climatically favourable site. GOI sanctioned Rs.51.54 lakh for the purpose in March 2003 under the CSS "Development of National Parks and Sanctuaries". GOI revalidated the sanction for 2004-05 on account of non utilization and stipulated that no fresh funds would be released under the scheme unless the amount of Rs.51.54 lakh was utilised. No urgency was shown by the Department and alternate site could not be selected (July 2006), as a result GOI stopped funds after 2003-04. The delay in relocation and site selection put the endangered species at greater risk and the Department also lost its source of funds.
- The National Wildlife Action Plan (NWAP) provided for all tourism receipts from protected areas to be put into a local trust fund (70 *per cent* for community benefit work and 30 *per cent* for park development activities). During the year 2001-02 to 2005-06 the Department realised Rs.7.81 crore as per **Table-3**.

Table-3

(Rupees in lakh)

Name of National Park/Sanctuary	Revenue collected from tourism	Budget allocation under Vikas Nidhi	Percentage of budget allocation to revenue collected
Corbett Tiger Reserve	718.94	30.00	4.17
Rajaji National Park	46.61	8.70	18.67
Kedar Nath Musk Deer Sanctuary	4.60	Nil	-
Nanda Devi National Park & Valley of Flowers National Park	11.26	Nil	-
Total	781.41	38.70	4.95

Source: Departmental figures

During 2004-05 and 2005-06 the State Government allotted only Rs.38.70 lakh as Vikas Nidhi to these protected areas which was only 4.95 *per cent* of the revenue generated. However, Rs. 9.30 lakh so allotted (Corbett Tiger Reserve: Rs. 7.10 lakh and Rajaji National Park: Rs. 2.20 lakh) remained unutilized. Less as well as unspent allotment indicate that the desired development and benefit did not reach the local community. No reply has been received from Government (December 2006).

3.1.9.4 Non release of Project Tiger funds

The entire funds received from GOI alongwith State's Share for Project Tiger was required to be released to Corbett Tiger Reserve. The State Government did not release Rs.0.78 crore (Rs.0.67 crore Central share and Rs.0.11 crore State share) during the period 2001-02 to 2005-06. Against Rs. 12.82 crore (Rs.9.43

⁶ Now in Kedar Nath Wildlife Division.

crore Central share and Rs.3.39 crore State share) the State Government released only Rs.12.04 crore (Rs.8.76 crore and Rs.3.28 crore respectively). Unspent balances of Rs.0.52 crore during 2001-02 to 2005-06 were adjusted against the grant sanctioned by GOI in the subsequent years. Non release of funds by the State Government affected the conservation of flora and fauna including the flagship species tiger. Reply was awaited from Government (December 2006).

3.1.9.5 Non release of amounts for development of grassland

The Central Empowered Committee, in its recommendation (July 2003) to Hon'ble Supreme Court, mentioned that the Power Grid Corporation of India Ltd. had stated that Rs.2.58 crore had been deposited with the State of Uttaranchal towards afforestation charges and development of grassland in Rajaji National Park. However, the State Government did not pass this on to the Rajaji National Park. As a result no afforestation or grassland development was undertaken. Management in reply has stated (June 2006) that the park authority was not aware of this amount and probably the said amount could have been received by the State Government directly. However, no reply has been received from the State Government (December 2006).

Programme formulation / implementation

3.1.9.6 Representative potential areas not finally notified as protected areas

Notifications of intention to create National Parks/Sanctuaries were issued under Section 18 of the Act. Further action to declare these areas as protected was required to be completed within two years from the date of notification but the action remained incomplete as of July 2006. The erstwhile UP Government and the Uttaranchal Government delayed notifying the declared protected areas as per Table-4.

Table-4

Sl. No.	Name of the Area	Area (in sq. km.)	Date of intention notification
1.	Rajaji National Park	820.42	August 1983
2.	Govind National Park	472.08	February 1990 & June 2004
3.	Gangotri National Park	2390.02	September 1989
4.	Askot Wildlife Sanctuary	599.92	July 1986 & June 2004
5.	Mussoorie Wildlife Sanctuary	10.82	September 1993
6.	Govind Wildlife Sanctuary	485.89	March 1995 & June 2004
Total Area		4779.15	

Source: Departmental figures

On account of lack of urgency shown by the Department, the identified areas remained unprotected and encroachment continued unabated.

3.1.9.7 Non approval of Management Plans

The Management Plans for the six National Parks and six Wildlife Sanctuaries were prepared and submitted by the respective divisions but date of submission was not on record except in case of Corbett Tiger Reserve and Kedar Nath Wildlife Division which were submitted during the years 2000-01 and 1999-2000 respectively. The operations of the National Parks and Wildlife Sanctuaries were being managed on an *ad hoc* basis, as despite a lapse of 4 to 6 years, the management plans were yet to be approved by the Chief Wildlife Warden (July 2006). Thus the underlying aim of the management plans of committed long term planning and budgeting, for a focused development of protected areas remained unachieved.

As per the guidelines of Wildlife Institute of India (WII), the management plan was to be reviewed after five years to evaluate the result of management practices and changes if any, incorporated therein. However, except for Corbett Tiger Reserve, the Management Plans of other National Parks/Sanctuaries remained unapproved and unreviewed (July 2006). Management in reply has stated (July 2006) that action was being taken for review of management plan.

3.1.9.8 Administrative control of Sanctuaries and National Parks

The management of Gangotri National Park and Askot Musk Deer Sanctuary remained under territorial divisions and was not transferred to Wildlife Wing of the State (July 2006) even after creation of the Wildlife Wing in January 2001.

The very purpose of creating protected areas for focused wildlife management was thus nullified and the State Government was deprived of enhanced assistance under CSSs.

The CWLW stated (July 2006) that these protected areas would come under the control of Wildlife Wing after the reorganization of the Forest Department.

3.1.9.9 Rehabilitation of human settlements from National Parks and Sanctuaries

Protected areas were to be classified as core, buffer and tourism zones. The core zone was to be surrounded by buffer and tourism zones so as to preserve the habitat in the best possible natural conditions. Entry and residence in the wildlife areas were to be so regulated as not to adversely affect the protection, propagation and development of wildlife. The NWAP for 2002-2016 also envisaged relocation of people living within the National Parks and Sanctuaries.

- In Kedar Nath Musk Deer Sanctuary (975.20 sq. km) there are 14 villages having a population of 4,557 human beings and 5,650 heads of live-stock, indicating increasing biotic pressure which adversely affects the conservation programme. Management failed to initiate any proposal to relocate these villages outside the sanctuary or to monitor illegal grazing in the sanctuary with only 244 out of 5,650 live stock having permission to graze legally in an area of 1,511 ha.

◦ Relocation of 242 Gujjar families comprising 813 people with 2975 heads of cattle residing within the Corbett Tiger Reserve has not been done. There is illegal as well as legal grazing in an area of 125.16 sq. km. of the buffer zone/sanctuary of the reserve causing inimical biotic pressure. GOI released Rs.1 crore in March 2003 to relocate the Gujjars by September 2003. Of this, Rs.0.95 crore placed under Forest Deposit was lying unspent (July 2006). In reply, the management stated (February 2006) that proposal for relocation of 181 Gujjar families was submitted to the higher authorities but latest position was not on record. Government reply was awaited (December 2006).

◦ Willingness for relocation of 512 Gujjar families out of Rajaji National Park was obtained and a relocation plan approved. Residences etc. were constructed at a cost of Rs.3.33 crore in 1987-88 but relocation was not done as the matter was sub judice. Meanwhile (1998) the number of families increased to 1390. Of these 512 families were planned to be relocated at Pathari and remaining 878 families at Gaidikhatta. As of March 2006, 481 families have been relocated at Pathari and 716 families at Gaidikhatta. Despite an expenditure of Rs. 9.83 crore, 193 families are yet to be relocated as the National Human Right Commission had directed that an affidavit be obtained from the Gujjars as regards their willingness prior to relocating them. However, no action has been taken by the Department (July 2006). The delay is leading to avoidable additional expenditure on relocation and continued biotic pressure on the park. Management in reply has stated (June 2006) that approval in principle for transfer of land for relocation of Gujjars was received and further action was in progress.

3.1.9.10 Non-inclusion of identified areas in protected areas

◦ The Department proposed to include an area of 15,022.2 ha. of Reserve Forest/Van Panchayats in Trisula, Jajsi, Maikhand and Bansu in the Management Plan of Kedar Nath Musk Deer Sanctuary, as it has dense broad leaf forest with low temperature and little biotic pressure, being contiguous to one of the richest wildlife areas. However, no proposal was sent to CWLW so far (July 2006) for inclusion of this area in the sanctuary.

◦ Brahma Kamal is the State flower of Uttaranchal. On the recommendation of the State Government, a proposal was made out in March 2005 by the Kedar Nath Wildlife Division to declare the area rich in Brahma Kamal as Brahma Kamal Conservation Reserve to check its exploitation. The current status of the proposal was, however, not on record. Management in reply has stated (July 2006) that it was in correspondence with higher authorities. Reply of the Government was awaited (December 2006).

3.1.9.11 Decline in wildlife population in sanctuary

◦ The Kedar Nath Musk Deer Sanctuary was established to conserve and propagate musk deer, an endangered species. The objective has not been fulfilled. A census carried out in 2005 by the KNWD revealed that the number of musk deer and other herbivorous species has declined considerably as shown in Table-5.

Table-5

Name of herbivores	Population	
	2003	2005
Sambhar	109	73
Barking deer	299	53
Himalayan Thar	353	230
Serow	61	21
Musk Deer	63	37

Source: Departmental figures

There was nothing on record that the Department had conducted any study to analyse the reasons for the decline in the population and remedial measures required to arrest the trend.

- An annual estimation of the tiger population was to be carried out in the Corbett Tiger Reserve as per the directions issued by the Project Tiger Directorate in June 2001. Census of tiger was carried out once in two years only and data for the remaining years was worked out on the basis of deaths reported as shown in Table-6.

Table-6

Year	No of Tigers			
	Male	Female	Cub	Total
2001-02 (Census year)	51	75	11	137
2002-03 (No Census)	50	72	11	133
2003-04 (Census year)	56	76	11	143
2004-05 (No Census)	55	74	9	138
2005-06 (Census year)	47	84	10	141

Source: Departmental figures

The census carried out was based on pugmarks which is not a reliable method of estimation. The Wildlife Institute of India (WII), Dehradun has evolved a new method named 'All India Tiger Census' based on transect lines. Estimation in accordance with the new method was carried out during February 2006, the results of which are awaited from WII.

3.1.9.12 Fire security

Forest fires cause damage to micro organisms and trees and have an adverse impact on habitat as the soil texture is degraded and organic compounds are lost.

The incidents of fire in two National Parks and KNWD during 2001-02 to 2005-06 is indicated in Table-7.

Table-7

(Area in hectares)

Year	Rajaji National Park		Corbett Tiger Reserve		Kedar Nath Wildlife Division		Total	
	No. of incidents	Area covered	No. of incidents	Area covered	No. of incidents	Area covered	No. of incidents	Area covered
2001-02	35	133.75	03	5.50	10	480	48	619.25
2002-03	47	156.75	13	230.50	04	451	64	838.25
2003-04	30	66.30	28	254.50	17	333	75	653.80
2004-05	49	91.05	26	118.00	70	413	145	622.05
2005-06	66	204.05	36	153.75	41	445	143	802.80

Source: Departmental figures

Despite the increase in incidents of fire and forest area affected, no study/review of the pattern of forest fires, contingency plan, efficacy of fire fighting arrangements, impact of forest fires on bio-diversity and ecology, identification of fire prone area with the help of remote sensing methods or otherwise as well as long term effects was undertaken.

3.1.9.13 Catchment Area Treatment Plan

Expenditure on a defective plan

Catchment Area Treatment Plan (CATP) for 1999 to 2001, prepared by Nanda Devi National Park Division in respect of land transferred from the Forest Department to Messrs. Jai Prakash Power Venture Limited for Vishnu Prayag Hydro Electric Project, had the following discrepancies.

- A target of 12300 ha. was planned for plantation in the catchment area although only 200 ha. was available.
- An area of 1130 sq. km. with a workable area for catchment treatment of 330 sq. km. was selected above the diversion channel of Lambagarh but actual survey revealed that only 652.18 sq. km with workable area of 100.78 sq. km was available.
- The area below Lambagarh where water enters the tunnel till the point of installation of turbine and adits was affected and needed ecorestoration treatment. This was, however, not provided in the plan.

Thus, expenditure of Rs.1.65⁷ crore was incurred between 1999 and 2001 on a defective plan. Reply to the audit query was not furnished by the management.

Non deposit of fund in time by private enterprises

M/s Jai Prakash Power Venture Limited had to make advance deposits of Rs.15.94 crore during 2003-04 to 2006-07 for implementation of revised CATP in

⁷ Plantation Rs.28.84 lakh, Soil Conservation Rs.115.55 lakh, Livelyhood Support Rs.2.05 lakh, Study/Research & Monitoring Rs. 12 lakh, Project Management Cell (PMC) running cost Rs. 6.56 lakh.

lieu of land transferred to them for Vishnu Prayag Hydro Electric Project. They deposited only Rs. 10.29 crore leaving a balance of Rs. 5.65 crore (July 2006).

Audit scrutiny revealed shortfall in the following catchment treatment activities:

Table-8

(Rupees in crore)

Item	2004-05		2005-06		Total	
	Target	Achievement	Target	Achievement	Target	Achievement
Drainage Line Treatment	1.21	0.03	1.25	0.31	2.46	0.34
Expert agency work (Soil Erosion Control Work)	0.60	0.05	1.00	0.05	1.60	0.10
Village level work	0.91	0.43	1.36	0.65	2.27	1.08
Research Study	0.13	0.01	0.16	0.02	0.29	0.03
Project Management Cell	1.04	0.43	0.55	0.50	1.59	0.93
Total	3.89	0.95	4.32	1.53	8.21	2.48

Source: Departmental figures

In addition to the above, the revised CATP for Wildlife Protection in Nanda Devi National Park provided for a financial outlay of Rs.23.25 lakh in 2005-06 against which only Rs.10.33 lakh was utilised which affected the programmes on capacity building of the forest staff, conservation of threatened biodiversity, research and documentation.

3.1.9.14 Non reorganization of territorial range/ beat areas

• The area of some beats of Nanda Devi National Park was too large to be managed effectively. Four beats of the division had an area of more than 10,000 ha. to be managed by one beat officer against a norm of 2000 ha . Effective steps were not taken to reorganize these beats for proper control. As a consequence, the park was exposed to encroachment, poaching, illegal grazing and fires.

• Ten beats inside the core zone of Rajaji National Park were so large that it was not possible for a forest guard to patrol the whole beat even in a week. Management Plan envisaged division of these beats for better protection and control for which a proposal was to be sent to CWLW. This was not done (July 2006). Effective steps were not taken to reorganize these beats for proper control. As a consequence, the park was exposed to encroachment, poaching, illegal grazing and fires.

• Current Management Plan of Corbett Tiger Reserve envisaged reorganization of territorial units in order to increase the effectiveness of protection measures and remove imbalances which resulted from an earlier reorganization of the Reserve in 1991. For example, Kalagarh Range occupies nearly one third of the area of the Ramnagar Tiger Reserve Division. Inclusion of this area increased the buffer zone considerably diverting attention from the crucial core zone. The reorganization was still incomplete resulting in an imbalance in the protection measures. Effective steps were not taken to reorganize these beats for proper control. As a consequence, the park was exposed to encroachment, poaching, illegal grazing and fires. Management in reply has stated (February 2006) that proposal for reorganization was pending with the Principal Chief Conservator of Forest, Uttaranchal, since April 2004.

3.1.9.15 Protection measures

The main threat to wildlife is from poaching and illicit trade in animals and their body parts.

The details of offences relating to poaching and cases of seizure of parts of wild animals in Corbett Tiger Reserve during the period 2001-02 to 2005-06 and present status of the cases are as per Table-9.

Table-9

Year	Opening balance of pending cases	New cases added during the year	No. of cases settled during the year	Closing balance of pending cases
2001-02	8	13	9	12
2002-03	12	12	7	17
2003-04	17	13	10	20
2004-05	20	3	2	21
2005-06	21	14	9	26

Source: Departmental figures

It is observed from the above that the number of cases pending is increasing every year. The year wise breakup of pending cases is as detailed in Table-10.

Table -10

Year	No. of cases pending	Level at which pending		
		Department	Lower Court	High Court
1996-97	3	-	2	1
2000-01	5	5	-	-
2001-02	4	-	3	1
2002-03	3	-	3	-
2003-04	5	2	1	2
2004-05	1	-	1	-
2005-06	5	4	1	-
Total	26	11	11	4

Source: Departmental figures

It was also noticed that five cases of elephant poaching were pending with the Department since 2000-01. Even after a lapse of six years, the cases had not been filed in the court (July 2006). The Department stated that investigations in these cases are pending with the police (CBCID). The connected files were not shown to Audit.

• Out of 394 wireless sets available in Corbett Tiger Reserve, 140 were non-functional. Out of these 140 sets, 110 were procured in 1999-2000 and 2002-03. Since then no efforts were made to get the wireless sets repaired, indicating that these were either surplus to requirement or had not been put to proper use.

• Statement of guns and cartridges depicted that ten 12 bore guns have either been looted or deposited in the police stations in connection with the offences in Corbett Tiger Reserve. Three of these ten cases pertain to the period before 1980. Departmental enquiries have not been instituted and no efforts were made to get the guns released from the police station. The facts were accepted by the management.

3.1.9.16 Illicit felling of trees

• Exploitation of any forest produce from the Rajaji National Park has been banned since October 1986. The park had a well established security system on which an expenditure of Rs.5.52 crore had been incurred during 2001-02 to 2005-06. Despite this, 1534 trees of different species valued at Rs.60.06 lakh had been illicitly cut during the years 2001-02 to 2005-06. Timber valuing Rs.12.59 lakh was, however seized and the rest transported out of the park area, thereby causing loss of Rs.47.47 lakh (Rs.60.06 lakh- Rs.12.59 lakh) to the Government.

• A combing operation was ordered by the CWLW (February 2004) to ascertain the exact number and value of illicitly felled trees in Rajaji National Park during 2001-02 to 2003-04 and it was revealed that 1467 trees valuing Rs.13.72 lakh were cut because of ineffective administrative control by superior officers over their subordinate staff as regular patrolling of the beats were not carried out at any level.

In reply, the management stated (June 2006) that the matter was under investigation. The reply is not acceptable as even after a lapse of two years, no responsibility was fixed for the loss of Rs.13.72 lakh (July 2006).

3.1.9.17 Improper monitoring of health of animals

Health of wildlife represented one of the most neglected areas of management in Corbett Tiger Reserve. There was no veterinary doctor and the staff posted was un-trained in health measures. An animal orphanage established was discontinued. No studies on the health and disease of wild animals were carried out. Due to lack of adequate backup health facilities, five domesticated elephants died during 2001-02 to 2005-06. Similarly, 62 Musk Deer at Musk Deer Breeding Centre in Kanchula Khark died due to improper health care and unfavourable climatic conditions.

3.1.9.18 Wildlife corridors

• The restoration and management of degraded habitats outside the protected areas is vital to provide sufficient habitat for spatial movement of spill over species. Presence of corridors for movement of wildlife is important for gene continuity and prevention of inbreeding. NWAP provided for identification of degraded habitats including forests, grasslands and wetlands around each protected area and in potential wild life corridors where protection/restoration would yield best results. This process was to start in 2002 and to be completed by 2004. No efforts had, however been made to ascertain degraded habitats. Though 11 corridors were identified, restoration of the same has not been done nor have they been declared eco-fragile under Environment Protection Act, 1986.

• Rapid and unregulated development along the Kosi River from Ramnagar to Mohan and up to Marchula in Corbett Tiger Reserve was a cause of concern

because of construction of resorts, time share buildings⁸ and residential houses in between the State highway and the Kosi River. This and the consequent vehicular traffic disrupted the movement of wild elephants and caused accidental deaths of other wild animals.

A study on change in land use pattern by using Remote Sensing Data by the Indian Institute of Remote Sensing, Dehradun was to be done by Corbett Tiger Reserve. An Action Plan was also to be prepared to maintain these corridors by freezing any change in land use pattern and regulating new constructions of resorts and buildings by invoking the provision of Environmental Protection Act, 1986. The study was however, not conducted.

• In Rajaji National Park, the Chilla-Motichur corridor is an important passage for genetic exchange of elephants and tigers. Restoration of this corridor could not be done as an Army ammunition dump and village Khandgaon III could not be relocated outside the park. Out of Rs.1.70 crore received from the Planning Commission, during 2001-02, Rs.1.43 crore meant for relocation of Khandgaon III have been kept under Forest Deposit since then. Management in reply has stated (June 2006) that transfer of Army ammunition dump was under consideration of Hon'ble Supreme Court and action to relocate village Khandgaon III was in progress.

Thus the Department took no action to restore and manage the degraded habitats in and around wildlife corridors.

3.1.9.19 Encroachment

The Forest Department handed over 8998.15 hectare of reserve forest land to the Irrigation Department for construction of a dam at Kalagarh across the Ramganga river (1966) on the condition that it would remain a reserve forest and that on completion of the project, the area not required would be returned to the Forest Department. The said reserve forest now forms part of the Corbett Tiger Reserve. The Irrigation Department did not return the forest land resulting in illegal encroachment on 60 hectare of forest land. On a petition of the Wildlife Protection Society of India, the Hon'ble High Court of Allahabad directed the Irrigation Department to keep only the land required by it for upkeep of or running of the dam establishment and to return the remaining forest area to the Forest Department. However, an area of 13.26 hectare of land is still under encroachment (July 2006). Central Empowered Committee of the Hon'ble Supreme Court found that the forest land was unauthorisedly retained by the Irrigation Department of UP and Uttaranchal Jal Vidyut Nigam in excess of their minimum requirement. The details of unauthorized occupation were as under:

- Engineers' Academy and hostel area 26.45 acres;
- 1260 houses allotted to personnel not essentially for operation of dam; and
- wire fencing, boundary wall, ornamental gardens.

⁸ Building which is used for self and other paying guests.

This is causing serious and irreparable damage to wildlife especially the endangered species. Management accepted that biotic pressure has increased due to illegal occupation on forest land.

3.1.9.20 Solar Power Fencing

Solar power fencing of 32 km. length was erected at a cost of Rs.48 lakh during 2003-04 along the southern boundary of the Corbett Tiger Reserve to minimize damage by wild elephants and big cats to human life and property. The maintenance of the fencing was to be done by village committees for which Rs.10,000 were contributed by the villagers under each committee. A mid-term review of the Management Plan made during 2005-06 revealed that the fencing became non-functional during 2004-05 due to use of substandard material even after rectification work was done by the executing firm.

3.1.9.21 Eco-development

Activities under the eco-development component of Project Tiger in Corbett Tiger Reserve were lagging behind. Out of Rs.81.20 lakh allocated by GOI during the period 2001-02 and 2002-03, only Rs. 27.25 lakh (34 *per cent*) were utilized.

Non utilisation of funds under eco-development resulted in activities relating to soil and moisture conservation work, raising plants in departmental nurseries and eradication of unpalatable weeds remaining incomplete. This adversely affected the programme of habitat improvement. In reply, Management stated (March 2006) that activities under eco-development could not be undertaken due to late receipt of funds.

3.1.9.22 Eradication of exotic weeds

Spread of exotic weeds such as lantana in the protected area is a cause of concern as these weeds displace and destroy indigenous plants and palatable grass (fodder) and adversely affect the habitat of wildlife. The Management Plan of Corbett Tiger Reserve envisaged eradication of these exotic weeds and their replacement with indigenous species of plants by mapping the extent of lantana and drawing site specific plans. The Reserve incurred an expenditure of Rs.23.95 lakh on eradication of lantana during 2004-05 but in the absence of mapping and drawing up of site specific plans, the effectiveness of these measures could not be gauged.

Similarly, in Rajaji National Park, 36 *per cent* of the total park area i.e. 29514.13 hectare was infested with exotic weeds like *lantana camera*, *cannabis sativa*, *parthenium* and *cosia tora* at the beginning of the year 2000-01. The current Management Plan, however, proposed the eradication of weeds in an area of 400 hectare only within 10 years. The area actually covered during 2001-02 to 2005-06 was not known nor were site specific plans drawn up. The facts were accepted by the management.

3.1.9.23 General findings

- As per NWAP an extra specialized vigilance over illegal trade in wildlife species and their products was to be set up by the year 2003, which was not done. A special court required to be set up in the State to deal exclusively with crimes related to illegal trade in wildlife, was not established.
- Regional Wildlife Forensic Laboratory was not set up by the year 2003, as provided in the NWAP.
- Personnel Management policies which were to be evolved by the year 2003 for effective utilisation of human resources as required in NWAP have yet not been formulated. Norms were not fixed by the Forest Department/State Government for manpower deployment. Forest Stations on the pattern of Police Stations/Strike Force on the pattern of the Provincial Armed Constabulary have not been established. No norms were fixed for patrolling duty squads/beat guards. Forestry/Wildlife Personnel were not granted status at par with the police in the use of weapons.

3.1.10 Monitoring and evaluation

3.1.10.1 An expenditure of Rs. 2.89 crore was incurred on plantation of 26.23 lakh plants in an area of 1902 ha. in KNWD and Nanda Devi National Park, Joshimath but the work was not monitored and evaluated.

3.1.10.2 The Joint Forest Management (JFM) programme was formulated in 1997 by the State of Uttar Pradesh for protecting, developing and increasing productivity and sharing of products, responsibilities, control and decision making authority over forest lands between the Forest Department and forest user groups represented by Village Forest Committees (VFCs). The project was introduced from 1 February 1998 and has been closed on 31 July 2003. All the VFCs were required to furnish utilisation certificates (UCs) to the Forest Division in respect of funds provided to them for implementing the micro plans. Test check (June 2006) of records of the Divisional Forest Officer, KNWD, Gopeshwar revealed that during the period 1998-99 to 2002-03, 20 VFCs were provided Rs.97.47 lakh, of which VFCs utilized Rs.77.21 lakh leaving Rs.20.26 lakh unutilized with them. The unspent balances had not been refunded (July 2006).

3.1.10.3 A committee constituted in Corbett Tiger Reserve for monitoring and evaluation of initiatives such as habitat improvements, weed eradication, poaching control, fire management etc. was to meet once in three months to monitor and evaluate the initiatives. The committee never met and the initiatives undertaken in the Reserve were not monitored and evaluated.

3.1.10.4 A State Board of Wildlife was to be constituted for selection of areas to be declared as sanctuary/national park and administration thereof. In addition they

were to carry out impact assessment of various projects on wildlife and the habitat.

The Board was constituted only in April 2005 and had its first meeting on 7 March 2006. Thus the statutory requirements were not met for almost four years, affecting the conservation programmes adversely.

3.1.10.5 As per guidelines of the Project Directorate, monthly, half-yearly and annual reports were required to be submitted by Corbett Tiger Reserve to the Director, Project Tiger, Union Ministry of Environment and Forest. The Reserve did not submit the monthly and half-yearly reports.

3.1.11 Conclusion

The objective to protect, develop and scientifically manage the wildlife in the protected areas was not fully achieved due to the Department's lack of urgency and inability to tackle the problems of biotic and human interference in protected areas as also to stop encroachment, destruction by illicit felling of trees etc. in these areas. Lack of planning and prioritization of preservation and conservation measures, delay in setting up monitoring committee and inability to utilize full funds also contributed to non-achievement of the intended objectives. No action was taken to review the project from time to time to identify problem areas and prioritising remedial action. Reply was awaited from Government (December 2006).

3.1.12 Recommendations

- Approval of Management Plans should be expedited and implemented in a systematic and scientific manner and not on an *ad hoc* basis. Such plans should be prepared for all protected areas.
- State Government should ensure adequate release of funds as recommended in Paragraph 3 of Chapter XII of NWAP 2002-2016 for the success of the programme.
- State Government should ensure timely submission of progress reports and utilization certificates in respect of CSS so as to facilitate timely release of further installments.
- Central and State funds should be fully utilized. A mechanism also should be set up to ensure timely release of funds.
- Wildlife corridor/extent of damage by exotic weeds should be mapped and analysed through remote sensing for effective restoration/eradication.
- The control of all the notified protected areas should vest with the Wildlife Wing of the Department to ensure their proper development and scientific management.

- Time bound measures should be taken to relocate human settlements from the protected areas so as to provide protection to the fauna and flora against any biotic and human pressure.

SCHOOL EDUCATION DEPARTMENT

3.2 SARVA SHIKSHA ABHIYAN

3.2.1 Highlights

Sarva Shiksha Abhiyan (SSA) was launched by the Government of India (GOI) in January 2001 to provide useful and relevant elementary education for all children in the age group 6 to 14 years by 2010. The programme started late in the State and suffered from shortages and delays in the release of funds, insufficiency of upper primary schools, disproportionate deployment of teachers, insufficient coverage of out of school children, deficiencies in infrastructural facilities and teachers training. As a consequence the objectives of the programme could not be achieved by 2006. Diversion and non-utilization of funds, blockage of money, delay in distribution of free text books and lack of proper monitoring / evaluation system led to non-achievement of the goals.

- *There was 2 years delay in starting the programme. There remained 5,923 out of school children in the test checked districts and 22,238 (1.19 per cent) out of 18,76,519 children in the State as a whole at the end of year 2005-06.*

[Paragraph 3.2.8.1 & 3.2.8.14]

- *Funds were not released in full or in time by the Central and State Governments as per approved annual working plans and budget. Non-utilization of funds ranged between 9.24 and 16.62 per cent in the test checked districts and 20.82 per cent in the State as a whole.*

[Paragraph 3.2.8.7 & 3.2.8.8]

- *Rs. 4.58 crore were diverted by the DPOs, Bageshwar and Haridwar to activities / schemes outside the scope of SSA.*

[Paragraph 3.2.8.9]

- *An amount of Rs. 1.97 crore was transferred to the state sector for payment of salary to teachers who were yet to be appointed.*

[Paragraph 3.2.8.10]

- *An avoidable excess expenditure of Rs. 1.10 crore was incurred on release of maintenance grant in excess of norms.*

[Paragraph 3.2.8.11]

- *Primary schooling facilities did not exist in 1242 habitations. The number of upper primary schools was below the norms in the test checked districts.*

[Paragraph 3.2.8.16 & 3.2.8.17]

- *In the test checked districts, 1931 schools had less teachers than prescribed and 93 schools had no teachers, whereas, 951 schools in easily accessible areas had more than the required number of teachers.*

[Paragraph 3.2.8.20]

- *No teachers' training was imparted during the years 2002-03 to 2004-05 in Haridwar district against 10 days of in-service training required for every teacher per year under the programme.*

[Paragraph 3.2.8.21]

- *An amount of Rs. 2.47 crore was spent in excess of norms on drinking water facilities.*

[Paragraph 3.2.8.22]

- *118 schools were without their own buildings while 320 school buildings were in a dilapidated condition. No drinking water facilities existed in 1523 schools, 751 schools had no toilets and 3721 schools were without boundary walls in the test checked districts.*

[Paragraph 3.2.8.23]

- *There were delays of 2 to 6 months in the supply of free text books to girls and SC/ST children.*

[Paragraph 3.2.8.24]

3.2.2 Introduction

Sarva Shiksha Abhiyan (SSA) a comprehensive and integrated flagship programme of the Government of India, was launched in January 2001 to provide useful and relevant elementary education of satisfactory quality to all the children in the 6-14 age group with active participation of the community including panchayati institutions, school management committees, village and urban slum level education committees, parent-teacher associations, mother-teacher associations, tribal autonomous councils etc. to bridge social, regional and gender gaps. The programme was however, launched in the State only in February-March 2003.

The objectives of SSA were to:

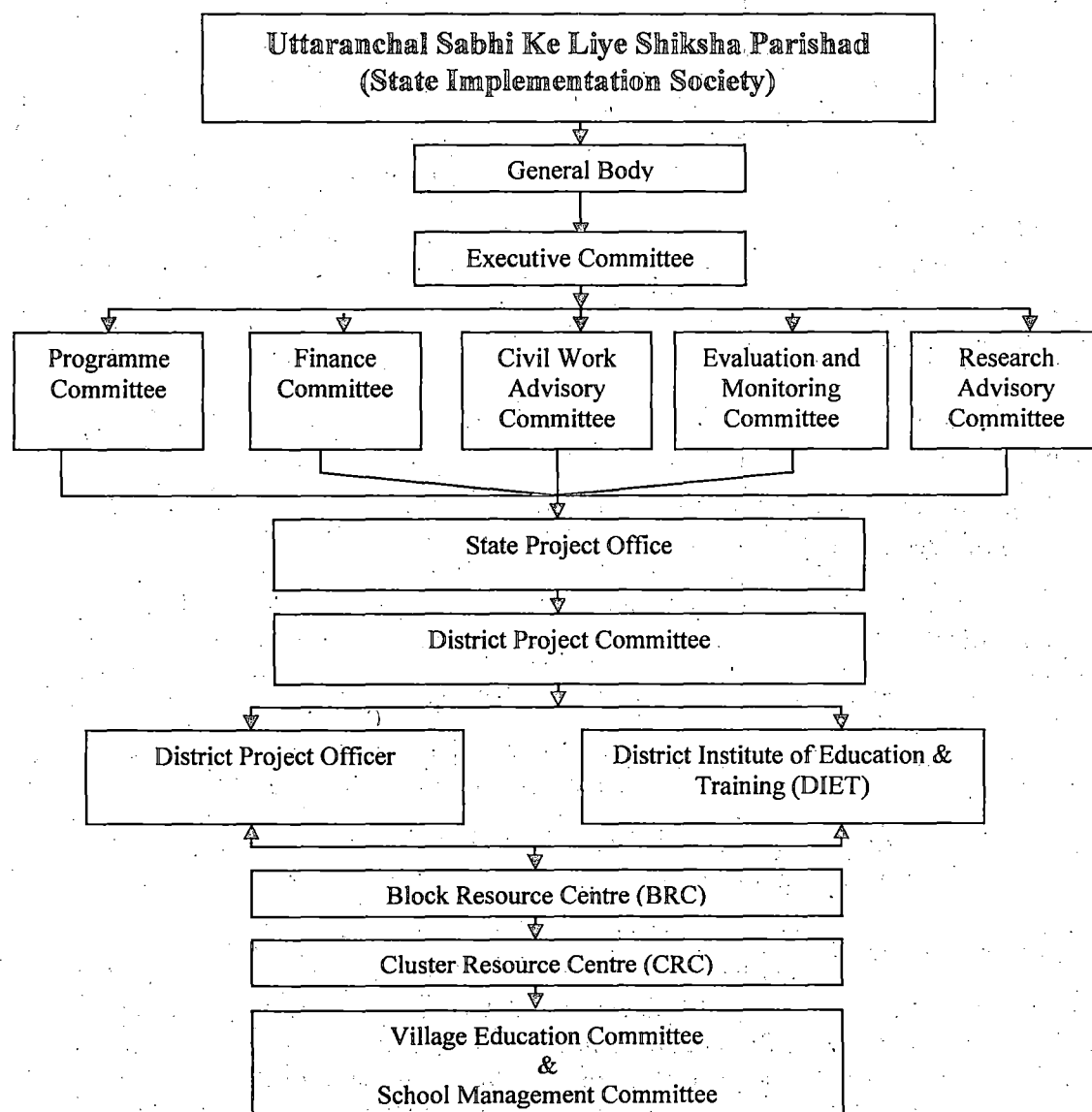
- have all children in schools, Education Guarantee Schemes (EGS), Alternative Schools, "Back-to-School" camps by 2003 (revised to 2005 in March 2005);
- ensure that all children complete five years of primary schooling by 2007;
- ensure that all children complete eight years of elementary schooling by 2010;
- focus on elementary education of satisfactory quality with emphasis on education for life;
- provide infrastructure in schools;

- (vi) bridge all gender and social category gaps at the primary school stage by 2007 and at elementary education level by 2010; and
- (vii) ensure universal retention of children in schools by 2010.

3.2.3 Organizational Setup

In Uttaranchal, “Uttaranchal Sabhi Ke Liye Shiksha Parishad” was created as the State Implementation Society (SIS) for SSA under the Societies Act of 1860 on 17 February 2001. The State Project Officer (SPO), presently additional Secretary of School Education Department is the Secretary of the Parishad and is responsible for overall implementation of the programme under the chairmanship of the Chief Minister of the State. The District Basic Education Officer is also ex-officio District Project Officer (DPO) for implementation of the programme at the district level under the chairmanship of the District Magistrate.

The organizational structure of SSA is given below:



3.2.4 Scope of Audit

Implementation of SSA for the period January 2001 to March 2006 was reviewed through a test check (April to August 2006) of the records in the offices of the SPO, Dehradun, DPOs in 6 out of 13 districts comprising the capital district (Dehradun) and 5 other districts (Almora, Bageshwar, Haridwar, Nainital & Pauri Garhwal), 26 out of 49 Block Resource Centres (BRC) located in these districts, 989 out of 9730 Schools (Primary 746, Upper Primary 243) and the Village Education Committees (VECs) in the selected districts.

3.2.5 Audit Objectives

The main objectives of audit were to assess:

- whether the objectives of the programme were achieved;
- whether the funds were utilized efficiently and effectively;
- the efficacy of planning for implementation of various components of the programme including special focus groups and the role of Non-Government Organization (NGOs);
- whether major interventions were carried out as per norms fixed; and
- whether the efforts of the Government to improve the quality of educational standards had been effective.

3.2.6 Audit Criteria

The audit criteria used for assessing the performance of various components of the scheme were:

- scheme guidelines for involvement of related organizations and committees in the planning process;
- standards of output and benchmarks of performance fixed for each programme;
- norms prescribed for appointment and training of teachers;
- standards of education comprising curricula, requirement of school teaching/learning material and teaching-learning process; and
- monitoring mechanism and evaluation / follow up prescribed at various levels for implementation.

3.2.7 Audit Methodology

Before commencing audit, the audit objectives, criteria and scope were discussed (March 2006) with the State Project Director in an entry conference. Districts and the units within them, were selected using statistical sampling method of probability proportional to size with replacement (PPSWR). Audit conclusions

were drawn after a scrutiny of the records relating to the implementation of various components of the scheme for the period 2001-2006, analysis of the available data, issuance of questionnaires and audit memoranda and the response of various functionaries to these. The audit findings were discussed (30 November 2006) with the State Project Director in an exit conference and the views of the Department were suitably included against the relevant paragraphs where found appropriate.

3.2.8 Audit Findings

The performance audit of SSA revealed the following:

Planning

3.2.8.1 Delay in implementation of the programme

The SSA frame work stipulated that the planning process was to start with the creation of a core group at the habitation level and move upwards to block level, district level and thereafter to the State level. State and districts had to prepare a perspective plan based on data collected through house hold surveys and a micro planning exercise.

Though the SIS was registered in February 2001, scrutiny revealed that there was a delay of two years (February/March 2003) in starting the programme in the test checked districts. The perspective plans of these districts were prepared on the basis of the out come of the ongoing programme District Primary Education Programme (DPEP) in 6 districts and base line studies / social assessment studies conducted in 7 non DPEP districts and submitted to the SIS in March 2003. It was approved by the Government of India in July 2003. The process of micro planning based on the local needs was started only in October 2004 which indicated that the perspective plans prepared earlier were not need based and realistic.

In reply, the Department stated (November 2006) that a household survey had been carried out and a report of the Government of India's appraisal mission dated 09.11.2001 was offered in support wherein it was mentioned that Almora, Dehradun and Rudraprayag districts had developed plan proposals on the basis of micro planning at habitation level. The survey reports of these districts were not, however, made available for scrutiny.

3.2.8.2 Non-formation of State Appraisal Mission

As per the SSA Manual for Planning & Appraisal, the State was to constitute an appraisal mission consisting of experts from the fields of education, social sector, planning, civil works, evaluation, budgeting and costing. The mission was to visit the districts in order to assess the process of planning, preparedness for the implementation of plans, habitation related information and to cross check whether the field situation and needs were reflected in the plans.

Scrutiny revealed that SIS had not established the State Appraisal Mission. The quality of preparatory activities of planning was thus not assessed by experts of different fields as envisaged.

3.2.8.3 Annual Plans not based on Perspective Plans

According to the Manual on Financial Management and Procurement, each SSA district had to prepare a 'Perspective Plan' and 'Annual Working Plan and Budget (AWP&B)' for continuous assessment of the situation and identification of appropriate strategies and activities for achieving SSA goals.

Scrutiny of records revealed that the funds approved in AWP&B of the test checked districts did not match the perspective plans as shown in Table 1 below.

Table- 1

(Rupees in crore)

Name	Perspective Plan				AWP&B							
	2002-03	2003-04	2004-05	2005-06	2002-03		2003-04		2004-05		2005-06	
					SO*	New	SO*	New	SO*	New	SO*	New
Almora	N.A.	14.43	16.64	17.26	1.35	6.37	2.46	14.43	0.63	13.07	NA	19.81
Bageshwar	N.A.	3.37	3.86	5.26	0.09	0.86	0.40	3.37	0.38	4.60	NA	5.86
Dehradun	6.75	14.73	17.89	18.13	1.36	4.34	1.75	14.73	0.86	17.26	0.19	17.04
Haridwar	N.A.	7.03	6.99	11.45	0.10	1.69	0.37	7.03	0.21	4.16	0.75	9.63
Nainital	N.A.	9.39	9.62	9.12	0.81	4.19	0.22	9.39	0.31	7.76	NA	12.11
Pauri	N.A.	11.92	16.83	16.30	0.83	6.29	1.80	11.92	0.52	14.15	NA	17.45
State	55.82	110.37	128.65	156.70	7.99	47.83	14.51	110.36	6.90	123.48	1.45	161.42

SO* = Spill Over i.e. unspent balances of previous year.

Source: Perspective Plan and AWP&B of the respective districts and State.

The mismatch between the district perspective plans and the AWP&B adversely affected the entire process of planning as the AWP&B were prepared without any co-relation with the perspective plans.

Fund Management

3.2.8.4 Funding pattern

The Central and the State Governments provided financial assistance for the SSA in the ratio of 85:15 in the Ninth Five Year Plan (up to 2001-02), 75:25 in Tenth Plan (2002-03 to 2006-07), and thereafter 50:50. The Government of India releases funds directly to the SIS. At the State level, the School Education Department, Government of Uttaranchal was responsible for making budget provisions and releasing the matching State share to the SIS.

3.2.8.5 Financial position

The year-wise details of funds received and expenditure incurred by the State on SSA were as follows:

Table- 2

Year	Opening ¹ Balance	Amount Released			Total funds available	Expenditure	Closing ¹ Balance
		Central Share	State Share	Total			
2001-02	-	10.00	1.76	11.76	11.76	00.00	11.76
2002-03	11.76	21.53	12.04	33.57	45.33	18.56	26.77
2003-04	26.77	35.05	11.68	46.73	73.50	66.28	07.22
2004-05	7.22	86.74	28.91	115.65	122.87	91.67	31.20
2005-06	31.20	97.63	32.54	130.17	161.37	142.66	18.71
Total	-	250.95	86.93	337.88	-	319.17	-

Source: Information provided by the SPO.

The table above shows that during 2001-02 to 2005-06 in all the years there was savings. Thus, in none of the years the State children could benefit from the programme fully. The savings could have been higher had there not been excess/unjustified expenditure and diversion of funds as brought out in *Paras 3.2.8.9, 3.2.8.10, 3.2.8.11 and 3.2.8.12.*

3.2.8.6 Short release of funds

The total project cost for the period January 2001 to March 2007 approved by the GOI for Uttaranchal was Rs. 600.63 crore. The year wise details of funds released by the Central / State Government against approved project cost were as per Table 3.

Table- 3

Year	Approved Perspective Plan (APP)	Approved Annual Working Plan ² (AWP)	Amount Released			Short Release			
			Central Share	State Share	Total	Amount		Percentage	
						APP	AWP	APP	AWP
2001-02		23.76	10.00	1.76	11.76		12.00		50.51
2002-03	55.82	47.83	21.53	12.04	33.57	22.25	14.26	39.86	29.81
2003-04	110.37	110.36	35.05	11.68	46.73	63.64	63.63	57.66	57.66
2004-05	128.65	123.48	86.74	28.91	115.65	13.00	7.83	10.10	6.34
2005-06	156.70	161.41	97.63	32.54	130.17	26.53	31.24	16.93	19.35
Total	451.54	466.84	250.95	86.93	337.88	125.42	128.96	27.78	27.62

Source: Information provided by the SPO.

Thus, there was short release of funds of 27.78 *per cent* against the approved perspective plan and 27.62 *per cent* against the approved AWP&B.

The Department replied (November 2006) that the GOI releases budget on the basis of actual expenditure. The second installment is released on the basis of expenditure against the first installment. The reply itself showed that the Department did not utilize the funds in time, which resulted in short release of funds and consequently the objectives of the programme could not be achieved as planned.

¹ Excluding amount of interest earned on unspent balances.

² Amount of (AWP&B) without spill over.

3.2.8.7 Delay in release of funds

The programme envisaged the release of funds by the GOI to the SIS in two installments in a year, the first in April and the second in September. The State Government had to contribute its share within thirty days of receipt of the Central share. The SIS had to release the funds to the districts within fifteen days of their receipt from the Central and State Governments.

Audit scrutiny revealed that during 2001-2006 there were delays ranging from 1 to 9 months in the release of funds of Rs. 239.75 crore (95.54 *per cent*) out of total releases of Rs. 250.95 crore by the Central Government. The State Government also delayed the release of Rs. 69.52 crore (80 *per cent*) of the total released funds of Rs. 86.94 crore by 1 to 6 months. The SIS released 29.42 *per cent* (Rs. 50.50 crore) funds during 2002-2006 to the test checked districts out of total release of Rs. 171.66 crore towards the close of the financial year (January to March). The details of delay in release of funds by the Governments to SIS and the SIS to the districts are given in *Appendix 3.1*.

Delays in the release of funds adversely affected the timely implementation as well as success of the programme.

The Department did not reply on the late release of funds by the GOI. However, it was stated that the State releases its share only after the release of Central share. The reply is not tenable as the State Government also delayed in release of funds by 1 to 6 months after release of the Central share.

3.2.8.8 Non utilization of Funds

Scrutiny of records of test checked districts and State revealed that funds made available under SSA were not fully utilized as detailed below:

Table- 4

(Rupees in crore)

District	Funds available ³					Funds utilized					
	2002-03	2003-04	2004-05	2005-06	Total	2002-03	2003-04	2004-05	2005-06	Total	%
Almora	3.68	9.09	11.25	20.85	44.87	2.54	9.02	10.53	17.42	39.51	88.05
Bageshwar	0.45	1.76	4.57	5.95	12.73	0.34	1.72	3.53	5.42	11.01	87.74
Dehradun	3.44	10.11	16.59	17.56	47.70	2.30	9.95	11.64	15.88	39.77	83.38
Haridwar	0.78	4.57	4.29	9.99	19.63	0.30	3.74	3.58	9.27	16.89	86.04
Nainital	2.44	5.67	6.89	12.22	27.22	2.24	5.30	6.22	10.80	24.56	90.22
Pauri	3.08	8.50	12.77	17.66	42.01	1.59	8.39	11.76	15.80	37.54	89.36
State	45.33	73.50	122.87	161.37	403.07	18.56	66.28	91.67	142.66	319.17	79.18

Source: Information provided by the respective DPOs and SPO.

The funds shown as utilized in table above, during the year 2002-03 were advances made by the SIS to the districts for various activities, which were treated as expenditure for reporting purpose, although, no activities were carried out during the year in the test checked districts.

The non-utilization of funds ranging between 9.24 *per cent* to 16.62 *per cent* in the test checked districts and 20.82 *per cent* in the State as a whole adversely affected implementation and success of the programme. The non-utilisation of

³ Includes unspent balances of previous years.

funds was mainly attributable to late release of funds, delay in implementation of programme and partial operation of some activities etc.

The Department replied (November 2006) that some delays in the utilization of funds during the initial years were due to newly formed SIS.

3.2.8.9 Diversion of funds

The primary education in Bageshwar and Haridwar districts was part of a centrally sponsored scheme "District Primary Education Programme-III (DPEP)" and the SSA funds were to be used for upper primary schools in these districts.

Scrutiny of records revealed that SSA funds of Rs. 1.64 crore (Rs.12.50 lakh in 2003-04, Rs. 26.75 lakh in 2004-05 & Rs. 124.29 lakh in 2005-06) were utilized by the DPO, Bageshwar and Rs. 2.94 crore by the DPO, Haridwar in 2005-06 towards construction / re-construction of primary school buildings, construction of additional class rooms, drinking water, toilets, boundary walls, teaching learning equipments and maintenance grants to primary schools, expenditure on EGS / AIE, free text books, salary and training of primary school teachers.

The Department replied (November 2006) that Bageshwar and Haridwar were DPEP districts where both the DPEP and SSA programmes were being implemented and primary schools that were not approved under DPEP, were taken up under SSA. The reply is not tenable as the primary schools of these districts were under the coverage of the DPEP and upper primary schools under SSA.

Thus, the diversion of Rs. 4.58 crore out side the scope of SSA for DPEP components was irregular and imposed an extra burden on the scheme.

3.2.8.10 Unjustified expenditure on teachers' salary

The State Government sanctioned the creation of 280 posts of assistant teachers for primary schools and 222 posts for upper primary schools on 17 January 2006 with the condition that the expenditure on the creation of posts would be met from the SSA budget with effect from the date of Government order or the date of filling up the post, whichever was later.

Out of the above, 64 posts of primary teachers and 135 posts of upper primary teachers were created for Almora, Bageshwar, Haridwar and Nainital districts. Further, it was also observed that these districts had already made provision of Rs.2.03 crore (PS: Rs. 57.60 lakh, UPS: Rs. 145.80 lakh) to meet the expenditure towards salary of the new posts and transferred Rs. 1.97 crore (96.85 per cent) to the Finance & Accounts Officer (Basic Education) of the respective districts for disbursement of salary to the teachers without ascertaining the actual requirement based on the posts actually filled up. The details of expenditure shown by these DPOs were as follows:

Table-5

(Rs. in lakh)

Name of District	No. of Posts created		Allotted Budget		Expenditure	
	PS	UPS	PS	UPS	PS	UPS
Almora	24	30	21.60	32.40	21.60	32.40
Bageshwar	-	21	-	22.68	-	22.68
Haridwar	12	54	10.80	58.32	10.80	58.32
Nainital	28	30	25.20	32.40	22.40	28.80
Total	64	135	57.60	145.80	54.80	142.20

Source: Information received from the DPOs.

The Department replied (November 2006) that since recruitment and placement of teachers is done by the Directorate of School Education, salary component of these teachers sanctioned under SSA is clubbed together at a single administrative point i.e. Basic Shiksha Adhikari (BSA). Further, it was also stated that in consonance of salary component of the State sector, the amount provided for salary of teachers recruited under SSA is remitted to the BSA.

The reply is not relevant to the audit observation as the salary of teachers actually recruited under the SSA had to be remitted to the BSA. Thus, transfer of funds without ascertaining the position of actual posts filled up and treating it as expenditure under the programme was unjustified.

3.2.8.11 Avoidable excess expenditure on account of maintenance grant

Schools having upto 3 classrooms were eligible for a maintenance grant of Rs.4000 per school, while those having more than 3 classrooms were eligible for Rs.7500 per school per year on proposals of school management committees with a contribution from the community also.

Scrutiny of records of test checked districts revealed that the DPOs had released grants of Rs. 5,000 per school per year for annual repairs. Consequently, schools having classrooms up to 3 got an excess grant of Rs. 1000 per year and schools having more than three rooms were deprived of Rs. 2,500 per year. Grants were sanctioned without any proposals or community contributions. The DPOs had paid excess grant of Rs. 1000 each to 11037⁴ schools (having only up to 3 classrooms) resulting in avoidable expenditure to the tune of Rs. 1.10 crore.

On this being pointed out, the DPOs concerned replied that the maintenance grant was released as per the sanction of AWP&B and assured to follow the norms in future.

3.2.8.12 Irregular expenditure on maintenance of BRC/CRC buildings

The SSA programme does not provide for maintenance of the building other than Government owned primary and upper primary school buildings.

⁴ 11037 = Almora: 1239 (in 2005-06), Bageshwar: 1503 (310 in 2003-04, 565 in 2004-05 & 628 in 2005-06) Dehradun: 3527 (1045 in 2002-03, 921 in 2003-04, 822 in 2004-05 & 739 in 2005-06), Haridwar: 408 (in 2005-06), Nainital: 2627 (876 in 2003-04, 847 in 2004-05 & 904 in 2005-06) & Pauri: 1733 (126 in 2003-04, 342 in 2004-05 & 1265 in 2005-06)

Scrutiny of records of the DPO, Pauri revealed that the DPO had made a budget provision for maintenance of 15 Block Resource centre (BRC) and 118 Cluster Resource Centre (CRC) buildings costing Rs. 31.10 lakh⁵ at the rate of Rs. 50,000 and Rs. 20,000 each respectively during the year 2005-06 and expenditure was incurred accordingly, contrary to the provisions of the programme. It was also observed that the DPO had already spent Rs. 6.80 lakh on 15 BRC and 121 CRC buildings at the rate of Rs. 5,000 per BRC/CRC during the year 2004-05 for the same purpose.

On this being pointed out, the DPO stated that these BRCs and CRCs were constructed during the year 1991-92 under the Basic Education Programme (BEP) and repairs were essential as the State Government had not provided any funds for maintenance of these buildings. The reply is not tenable, as the expenditure on maintenance of BRC/CRC buildings was not admissible under this programme and the cost of maintenance of assets created under BEP and DPEP schemes was to be borne by the State Government.

Thus, the above expenditure of Rs. 37.90 lakh was irregular and against the provisions of the programme.

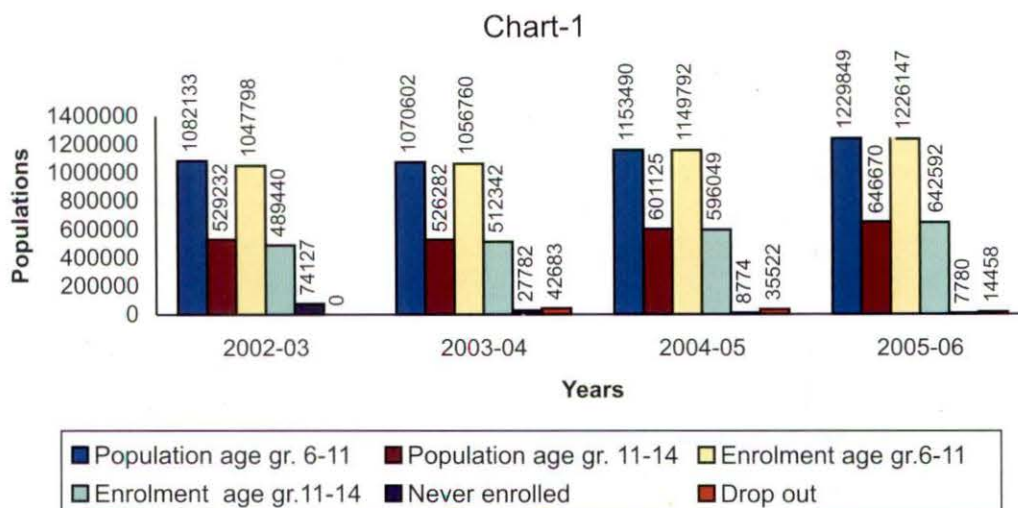
Implementation

3.2.8.13 Implementation of programme with insufficient data

The Manual of Planning and Appraisal for SSA envisaged the collection of updated information on population, literacy rates, population of target groups, education statistics, number of schools, status of teachers, school infrastructure and details of education related schemes of various Departments which were required for preparation of a perspective plan through house hold surveys and micro planning exercise prior to the commencement of the programme.

The micro planning exercise as envisaged was not carried out in the beginning of the programme as mentioned in paragraph 3.2.8.1. The Department had only conducted a door to door survey (May 2002) and baseline assessment to arrive at the position of child population and enrollment during the year 2002-03 and data was updated yearly with the help of VECs. The year wise position of child population and enrollment for the State as a whole is shown in Chart-1.

⁵ Rs. 31,10,000= Rs. 7,50,000 (Rs. 50,000 x 15) + Rs. 23,60,000 (Rs. 20,000 x 118)



Thus, the programme was started without preparation of a micro plan based on the local needs.

3.2.8.14 Coverage of out of school children

The main objective of the programme was to have all children in school, Education Guarantee Scheme (EGS)/Alternative Innovative Education (AIE) centres, back to school camps by 2003 (since revised to 2005, in March 2005). The programme also emphasized the need for special efforts for girls and disadvantaged (SC/ST) sections.

Scrutiny of records revealed, that, though the overall position of out of school students had gradually reduced in the districts, the percentage of out of school girl students to boys remained high in the test checked districts and the number of out of school SC/ST students in Almora and Bageshwar districts had increased from 155 to 381 and 113 to 154 during 2003-04 to 2005-06.

There were 5923 out of school children in the test checked districts and 22,238 (1.19 per cent) out of 18,76,519 children in the State as a whole at the end of the year 2005-06. The year wise details of population, enrollment and out of school children in the test checked districts are as per **Appendix 3.2**.

Thus, these districts and the State as a whole are yet to achieve the objective of the programme in this regard even after a lapse of 4 years of the SSA programme.

3.2.8.15 Retention of drop out children

The programme emphasized universal retention of children in schools by 2010.

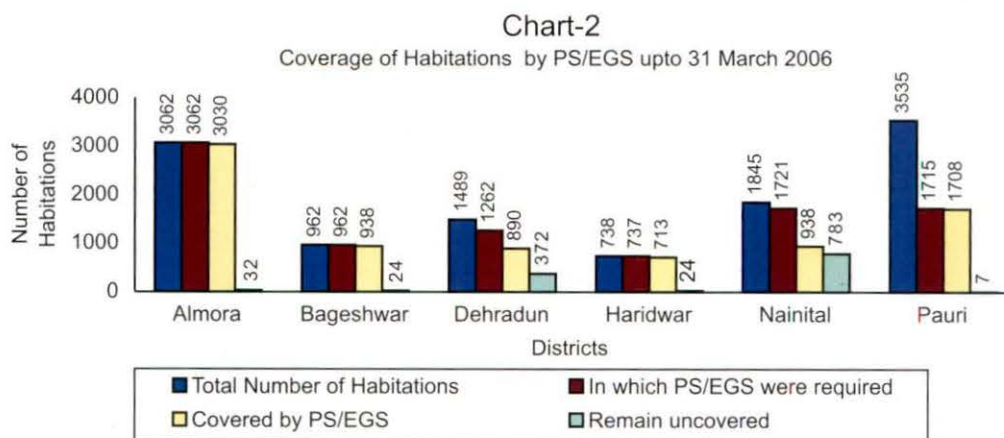
Scrutiny revealed that the progress in retention of drop out children was slow in the test checked districts due to low infrastructure facilities in Government schools, preference for private schools and traditional involvement of girls in house hold chores and looking after siblings etc. The percentage of drop out children during the year 2003-04 to 2005-06 remained between 1.92 to 1.13 Primary Schools (PS) and 1.64 to 1.19 Upper Primary Schools (UPS) in Almora, 0.88 to 1.24 (PS) in Bageshwar, 1.40 to 1.03 (PS) in Dehradun, 2.66 to 1.34 (PS)

in Haridwar, 0.48 to 0.46 (PS) in Nainital and 5.42 to 3.09 (PS) in Pauri district. Details are given in *Appendix 3.3*.

3.2.8.16 Habitations without primary schooling facility

The first and foremost objective of SSA was to have all children in schools, EGS / AIE centres by 2003 by adopting a focused strategy by setting up schools / EGS centres in school less habitations.

Test check of records of the six districts revealed that only 8217 habitations out of 9459 were covered by primary / EGS centres within one km. and 1242 habitations remained uncovered by primary schooling facilities till the year 2005-06. Details are as given in Chart-2.



The Department stated (November 2006) that there were 2279 habitations without schools during the year 2005-06 in the State which are expected to be covered by the year 2007-08. Reason for delay in covering balance habitations were not given.

3.2.8.17 Insufficient Upper Primary Schools

As per provisions of the programme, one UPS was to be set up for every two PS.

Scrutiny revealed that only 4009 (68 per cent) UPSs against a requirement of 5864 at the State level and 2323 (76 per cent) against a requirement of 3050 in the test checked districts had been set up by the end of the year 2005-06. The details are shown in **Table 6**.

Table-6

Name	Total No. of primary schools	Required UPS as per norms	Actual No. of UPS	Shortfall	
				In no.	In %
Almora	1421	710	454	256	36
Bageshwar	572	286	174	112	39
Dehradun	890	445	374	71	16
Haridwar	645	322	199	123	38
Nainital	903	451	422	29	06
Pauri	1673	836	700	136	16
Total	6104	3050	2323	727	24
State	11728	5864	4009	1855	32

Source: Information provided by the respective DPOs and SPO.

Due to not setting up of UPSs as per prescribed norms, students of hilly and remote areas were deprived of easy access to schools.

The Department stated (November 2006) that steps have been taken to improve the ratio of UPS to PS.

3.2.8.18 Insufficient EGS & AIE Centres

As per the programme guidelines, EGS and AIE centres were to be opened in habitations where no school existed within a radius of one km. and 10-15 children in the age group of 6-14, remained out of school.

Records of the SIS revealed that 1931 EGS (PS: 1729, UPS: 202) were sanctioned up to the year 2005-06 but only 1716 centres (89 *per cent*) were set up. Thus, the children of un-served habitations belonging to the remaining 215 EGS centres in the State including 122⁶ centres in test checked districts were deprived of the intended benefits of the programme.

The Department replied (November 2006) that the EGS centres were sanctioned considering the number of out of school children and due to migration of some families the remaining centres could not be established. The reply is not tenable as 2279 habitations (ref. Para 3.2.8.16) and 22,238 children (ref. Para 3.2.8.14) in the age group of 6-14 years still (at the end of March 2006) remained to be covered in the State under the scheme.

3.2.8.19 Non-achievement of prescribed Pupil Teacher Ratio (PTR)

SSA envisaged one teacher for every 40 children with a minimum of 2 teachers in a primary school and 3 teachers in an upper primary school.

Scrutiny of the records revealed that the pupil-teacher ratio in the six test checked districts at the end of the year 2005-06 was as per Table 7.

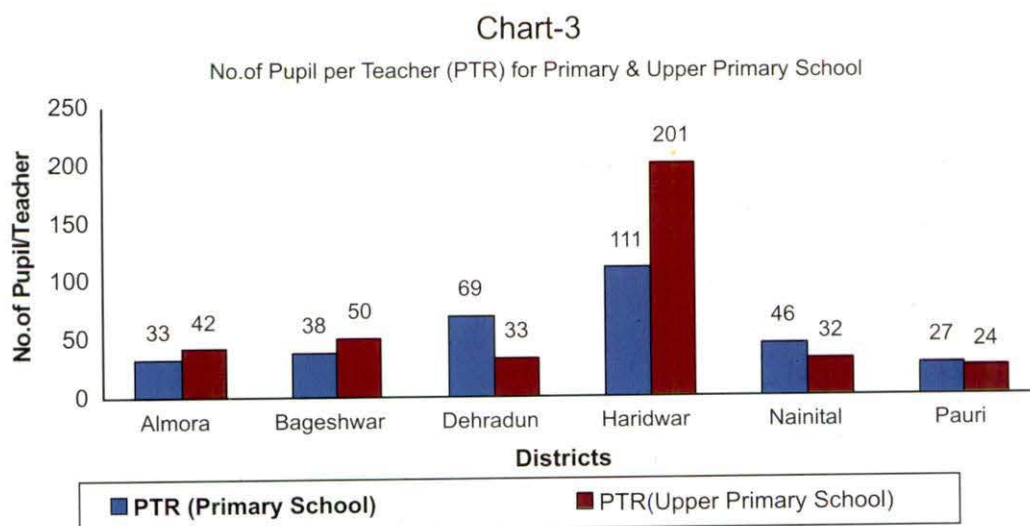
Table-7

Name of District	No. of Students		No. of Teachers		PTR	
	Primary	Upper Primary	Primary	Upper Primary	Primary	Upper Primary
Almora	84342	49943	2593	1195	33:1	42:1
Bageshwar	35448	18596	932	372	38:1	50:1
Dehradun	138152	64653	2000	1976	69:1	33:1
Haridwar	201687	110928	1813	553	111:1	201:1
Nainital	99416	54464	2162	1683	46:1	32:1
Pauri	80003	47004	2997	1928	27:1	24:1
State	1188835	631766	30642 ⁷	10766	39:1	59:1

Source: Information provided by the respective DPOs and SPO.

⁶ 122 = Almora (PS 5), Bageshwar (PS 18, UPS 6), Dehradun (PS 37 UPS 7), Haridwar (PS 5 UPS 11), Nainital (PS 4) and Pauri (PS 29).

⁷ Includes para-teachers.



The Department replied (November 2006) that the PTR has now become favourable but the above statement / chart shows that the PTR (UPS) of the State as a whole and the test checked districts Bageshwar (Upper Primary), Haridwar (Primary and Upper Primary) and Dehradun, Nainital (Primary) was adverse.

3.2.8.20 Disproportionate deployment of teachers

As per the norms of SSA, there should be at least 2 teachers in each PS and 3 teachers (1 for each class) in each UPS.

The records of the test checked districts revealed that 1931 out of 8427 schools (PS: 6104 & UPS: 2323), had less teachers than the norms. 1362 schools had only a single teacher and 93 schools were without teachers. There were, however, 951 schools with more teachers than the norm. There were 113 schools without students and 518 schools had only 15 students or less whereas more than 15 children are required to open or run a school. Schools where there were more teachers were located in easily accessible educational blocks and habitations near district / tehsil / block headquarters or directly linked by road and schools having a shortage of teachers were located in remote or hilly areas.

The SIS did not clarify the actual position. However, it was stated (November 2006) that the transfer / posting of teachers is regulated by the Directorate of Education.

3.2.8.21 Teachers' Training

As per norms, all the primary and upper primary school teachers were required to be imparted 10 days in-service training every year.

Audit scrutiny revealed that:

- The DPO, Haridwar did not impart any training to the teachers during 2002-03, 2003-04 and 2004-05 for want of training modules. During 2005-06 the DPO released Rs. 37.29 lakh to the DIET, Roorkee for imparting training to primary (PS)/ upper primary school (UPS) teachers and Shiksha Mitras⁸. Instead of arranging the training, the DIET transferred the funds of Rs. 36.79 lakh to different BRCs who could utilize only Rs.2.54 lakh during the year and Rs. 34.25 lakh were lying unutilized with them as of 31 March 2006.
- The DPO, Nainital aimed to provide in-service training to 6552 teachers of PS and UPS and 10 Shiksha Mitras⁷ for 30 days in the year 2004-05 but erroneously provided Rs. 4.80 lakh only in place of Rs. 48 lakh required as per norms. Thus, due to insufficient funds, only 686 teachers (10 *per cent*) could be trained.

During 2005-06 the DPO released Rs. 60 lakh to DIET, Nainital for training. The DIET transferred Rs. 48 lakh to 8 BRCs which could utilize only Rs. 8.40 lakh during the year. As a result, the teachers were deprived of training despite availability of funds.

- DIET, Dehradun was provided Rs. 1.18 crore between 2002-03 and 2005-06 for teachers training but Rs. 54.82 lakh out of this remained unutilized at the end of 2005-06.
- the DPOs, Almora, Bageshwar and Pauri Garhwal transferred Rs. 3.59 crore for in-service training (PS and UPS) to their respective DIETs during the years 2002-03 to 2005-06. In turn, the DIETs released funds amounting to Rs. 2.49 crore to the BRCs of the respective districts to provide trainings, and retained Rs. 1.10 crore (30.75 *per cent*).

The BRCs utilized Rs. 1.75 crore (70.35 *per cent*) out of Rs. 2.49 crore during the years and Rs. 73.69 lakh remained unutilized.

3.2.8.22 Non-adherence to norms prescribed for civil works

The SSA Manual on Financial Management and Procurement, provided for a cost of Rs. 6 lakh and Rs. 2 lakh for BRC and CRC buildings respectively, and Rs. 15,000 and Rs. 20,000 for drinking water and toilet facilities respectively. The SIS had, however, fixed Rs. 20,000 for drinking water facilities and Rs. 15,000 for toilet facilities. A total of 4938 drinking water facilities and 4004 toilets were constructed up to the year 2005-06 under the programme. Due to changes in the prescribed norms, Rs. 2.47 crore⁹ was spent over the norms for drinking water facility and expenditure of Rs.2.00 crore¹⁰ below the norms for toilet facilities.

⁸ Para-teachers.

⁹ Excess: @ Rs. 5,000 x 4938 = Rs. 2.47 crore.
(cost was fixed at Rs.15,000 but expenditure was incurred at Rs. 20,000 per facility)

¹⁰ Below: @ Rs. 5,000 x 4004 = Rs. 2.00 crore.
(cost prescribed was Rs. 20,000 but expenditure incurred at Rs. 15,000 per facility)

The Department replied that Manual on Financial Management and Procurement was rolled out by the GOI in December 2004. Prior to this, in the absence of specific guidelines, SIS had proposed a unit cost of Rs. 20,000 for drinking water and Rs. 15,000 for toilet facilities under the AWP&B for the initial years and continued in the forthcoming years which were approved by the PAB. The reply is not acceptable, as after the issue of the manual, the unit cost actually fixed by the PAB should have been adopted.

3.2.8.23 Deficiencies in infrastructural facilities

The programme emphasized the need to develop a school system and to provide natural environment by improving school infrastructure by 2006-07. Scrutiny of records of the test checked districts revealed the position of infrastructural deficiencies in the schools up to the year 2005-06 as per Table 8.

Table-8

District	Schools without own building	School buildings in dilapidated conditions	Schools without Head Master's room	Schools without drinking water facilities	Schools without toilet facilities	Schools without separate toilet facility for Girls	Schools without boundary wall
Almora	22	114	1447	608	25	1438	1108
Bageshwar	NA	NA	-	80	15	655	140
Dehradun	35	94	660	53	231	885	829
Haridwar	29	11	64	147	50	213	423
Nainital	24	19	903	105	99	NA	486
Pauri	8	82	497	530	331	1193	735
Total	118	320	3571	1523	751	4384	3721

Source: Information obtained from the DPOs concerned.

There were 118 schools without their own buildings, 320 schools in dilapidated condition, 3571 schools without head-master's room, 1523 schools without drinking water facilities, 751 schools without toilet facilities, 4384 schools without separate toilets for girls and 3721 schools without boundary walls in the test checked districts. Thus, even after a lapse of four years of the programme, these districts were lagging behind in provision of adequate infrastructure.

3.2.8.24 Delay in distribution of text books

Records of the test checked districts revealed that the suppliers did not supply all the required text books in time before the commencement of the academic session in July. There were delays at the district level also, in providing the text books to the blocks for onward distribution. Students could not get the complete set of books within time. Some books were provided after delays ranging from 2 to 6 months which deprived the students of timely use of learning materials. The details of delays in supply / distribution of text books at different levels are given in Table 9.

Table-9

District	Year	Name of the supplier	Month of receiving at District	Month of receiving at Block	Delay
Almora	2003-04	Govt. Press, Roorkee & KUSB, Hridwar	July to September 03	August to October 03	3 months
	2004-05	Govt. Press, Roorkee	May to Dec. 04	May to Dec. 04	5 months
	2005-06	Govt. Press, Roorkee & 3 others	May to November 05	August to December 05	5 months
Bageshwar	2003-04	Govt. Press Roorkee & 8 others	July to December 03	Sept to January 04	6 months
	2004-05	Govt. Press, Roorkee	June to October 04	July to December 04	5 months
	2005-06	Govt. Press, Roorkee & TNHk Printers	May to September 05	July to October 2005	3 months
Dehradun	2003-04	Different publishers and Govt. Press, Roorkee.	August to September 03	August, 03 to October, 03	3 Months
	2004-05	Govt. Press, Roorkee & KUSB, Hridwar	July to October, 04	July, 04 to October, 04	4 Months
	2005-06	- do -	July to October, 05	July, 05 to October, 05	4 Months
Haridwar	2004-05	Govt. Press, Roorkee & KUSB, Hridwar	July to November, 04	August to November, 04	3 Months
	2005-06	-do-	July to September, 05	August to September, 05	2 Months
Nainital	2004-05	Govt. Press, Roorkee.	June, to October, 04	June to October, 04	4 Months
	2005-06	Govt. Press, Roorkee & TNHk, Printers, Meerut.	June & July, 05	June & July, 05	1 Month
Pauri Garhwal	2003-04	Govt. Press, Roorkee & 7 others	June to August 03	August to September 03	2 months
	2004-05	Govt. Press, Roorkee.	June to October 04	June to October 04	3 months
	2005-06	Govt. Press, Roorkee & 1 other	July to September 05	July to October 05	3 months

Source: Information obtained from the DPOs.

The SIS replied that the Director of School Education is responsible for printing and supply of free text books and entire system of supply has now been revamped.

3.2.8.25 Irregular withdrawal and non-utilisation of 'Teaching Learning Equipments' grant

New as well as existing UPS not covered under Operation Black Board were entitled to get "Teaching Learning Equipment" (TLE) grant up to Rs. 50,000 per school.

Scrutiny of records of the DPO, Nainital revealed that Rs. 9.20 lakh and Rs. 10.90 lakh pertaining to purchase of TLE for the years 2004-05 and 2005-06 respectively were shown in the accounts as expenditure but were actually retained as bank drafts in favour of VECs by the DPO till the date of audit (May 2006).

Similarly, the DPO - Almora had also kept Rs. 22.20 lakh of TLE grant pertaining to the year 2005-06 as bank drafts till the date of Audit (July 2006).

In reply, the Department stated that the decision relating to purchase of TLE was pending at higher level and therefore, the TLE could not be purchased. The reply of the Department is not tenable because keeping the money as bank drafts without purchasing TLE, deprived the teachers / students of teaching learning materials and adversely affected the intended objectives of the programme.

3.2.8.26 Unjustified expenditure on CWSN's

The SIS had identified 11,175 children with special needs (CWSN) in the State as a whole and 8682 in the test checked districts (Almora 1042, Bageshwar 563, Dehradun 1014, Haridwar 3272, Nainital 1393 and Pauri 1398) during the year 2005-06.

Scrutiny of records revealed that the DPO, Nainital had identified 528 disabled children in the age group 6-18 years in the year 2005-06 and made a budgetary provision of Rs. 6.34 lakh (at the rate of Rs. 1200 per child per annum as per norms). The number of children was enhanced to 1393 at the time of finalization / approval of budget by the SIS and Rs.16.71 lakh was sanctioned. The amount was utilized by the DPO on construction of ramps, aids / appliances to the children and community mobilization etc.

In reply the DPO stated (May 2006) that only the disabled children in the age group 6-14 years were identified under the proposed AWP&B for the year 2005-06 but at the time of finalization of budget at the State level, the children upto to the age group 6-18 years were included. The reply of DPO is not tenable, as the children in the age group 6-18 years were already included in the total number of 528 disabled children proposed in the AWP&B.

3.2.8.27 Excess operational cost on ECCE centres

The SSA envisaged strengthening the existing Integrated Child Development Service (ICDS) centres for pre-school education and supporting pre-school education centres in habitations not covered by ICDS centres using funds available for innovative activities. The support could be in form of honoraria for pre-school teachers, training of Aganbari Sevikas for pre-school learning, activity materials and play items etc.

Scrutiny of records of DPO, Almora revealed that 962 Early Childhood Care and Education (ECCE) centres including 397 centres already running under the ICDS were proposed for operation in the perspective plan. The DPO engaged an NGO (*Uttarakand Seva Nidhi Paryawaran Shiksha Sansthan, Almora*) to operate this programme and transferred Rs. 31.98 lakh (Rs. 9.62 lakh in 2003-04, Rs. 14.36 lakh in 2004-05 and Rs. 8 lakh in 2005-06) to the NGO. The NGO had taken up 83, 97 and 100 centres during 2003-04, 2004-05 and 2005-06 respectively in only 5 blocks out of 11 blocks of the district and children in the 6 remaining blocks of the district were deprived of the intended benefits of the scheme. The cost of running a centre by the NGO was much higher than the norms prescribed for

ICDS centres. The difference in operational cost was Rs. 8,375¹¹ per centre per year.

In reply, it was stated by the Department (November 2006) that it was not possible to cover more than 100 ECCE centres as this is an innovative activity under SSA for which only Rs 15 lakh per year was provided. The reply is not tenable as the operational cost of an ECCE centre run by the NGO was much higher than the norms prescribed for the ICDS centres and under this cost, 168 centers could be operated per year.

3.2.8.28 Delay in establishment of SIEMAT

As per the provisions of the SSA, a State Institute of Education Management and Training (SIEMAT) had to be established for conducting training and capacity building exercises, coordination with national level institutions, statistics, monitoring, research and evaluation activities with one time grant of Rs. 3 crore from the scheme.

In Uttaranchal, the process of establishment of the SIEMAT was started late in the year 2005-06 and only Rs. 50 lakh had been utilized for civil works. The Department replied (November 2006) that the SIEMAT could not be established for want of location and proper infrastructural facilities.

Thus, delay in establishment of SIEMAT affected the activities of training and capacity building exercises etc.

3.2.8.29 Non-maintenance of records and accounts

Scrutiny revealed that the SIS and its subordinate offices except the DPO, Pauri Garhwal had not maintained records like: "Register of Assets" for the assets created under the scheme, "Register of Advances" for different advances, "Journal" and accounts in "Double Entry System" based on mercantile system as required under the scheme.

On this being pointed out, the Department replied (August 2006) that staff has been trained as per requirements and the double entry system has now been started at districts/DIETs level. Although the Department had organized workshops and imparted trainings to the field staff, no district (except DPO Pauri) had adopted the system up to the end of 2005-06.

3.2.8.30 Non-participation of NGOs

Implementation of SSA is based on a partnership with NGOs in the area of capacity building both in communities and in resource institutions. The research, evaluation and monitoring activities under the SSA were to be done in partnership with NGOs. This would improve transparency of programme interventions and would also encourage a more open assessment of achievements.

11 Operational cost of an ECCE centre run by the NGO	= Rs.14,700 per year
Operational cost of an ECCE centre as per norms for ICDS	= Rs. 6,325 per year
Difference in operational cost	= Rs. 8,375

Scrutiny of records showed that the NGOs were not engaged for preparation of habitation, district level plans and their assistance was also not obtained in research, evaluation & monitoring activities. However, the NGOs were involved in EGS/AIE & innovative activities.

Non-involvement of NGOs in preparation of district plan and research, evaluation & monitoring activities reduced the transparency of the programme.

Research, Evaluation, Monitoring & Supervision (REMS)

3.2.8.31 REMS

The scheme envisaged an expenditure on research, evaluation, monitoring and supervision (REMS) activities at the prescribed norm of Rs.1400 per school per year for: (a) creating a pool of resource persons at the State, district, block level for effective field based monitoring; (b) providing travel grant and a very modest honorarium to resource persons for monitoring; (c) providing regular generation of community based data; (d) conducting achievement tests and evaluation studies; (e) undertaking research activities; (f) setting up special task force for low female literacy districts and for special monitoring of girls and SCs/STs; (g) incurring expenditure on education management system; (h) undertaking contingent expenditure for visual monitoring system (video conferencing); (i) assessment and appraisal teams and their field activities; (j) analyzing data at block / district / State level; (k) curriculum renewal; (l) development of training modules; (m) institutional monitoring of the progress of implementation.

Scrutiny revealed the following deficiencies in this component of the SSA:

- The test checked districts and the State as a whole could only utilize funds between 20.14 and 59.17 *per cent* and 38.20 *per cent* against the allotted budget during the year 2002-03 to 2005-06 respectively. The details are as per Table 10.

Table -10

(Rupees in lakh)

District	Funds made available					Funds utilized				
	2002-03	2003-04	2004-05	2005-06	Total	2002-03	2003-04	2004-05	2005-06	Total
Almora	NA	NA	24.96	12.90	37.86	NA	NA	9.52	12.88	22.40
Bageshwar	NA	1.82	NA	5.71	7.53	NA	0.82	NA	2.09	2.91
Dehradun	13.10	16.86	18.78	9.11	57.85	4.97	3.97	6.90	8.74	24.58
Haridwar	3.38	6.83	2.84	5.12	18.17	-	2.07	2.62	2.42	7.11
Nainital	15.39	17.00	17.81	7.63	57.83	0.65	3.54	1.99	5.47	11.65
Pauri	29.93	31.33	31.33	15.70	108.29	1.83	6.13	8.29	10.70	26.95
State	106.26	154.02	156.04	111.11	527.43	13.00	47.72	57.39	83.38	201.49

Source : Details of activity wise expenditure of concerning DPO sans SPO.

The low utilization of funds hampered the creation of an effective REMS system.

- The SIS had conducted 9 studies¹² in the year 2005-06 through different agencies on various topics out of which 7 have been completed and 2 are under progress. Action for improvement is yet to be taken on the recommendation of the studies conducted.
- In addition, a study on Comprehensive and Continuous Evaluation (CCE) under SSA was also conducted by National Institute of Administrative Research (NIAR), Mussoorie in August 2004 and covered the districts Bageshwar and Rudraprayag. The impact of this programme on quality of education was analyzed and the hypothesis that the CCE had favourable impact on the achievement level of students was also examined.

It was recommended in this study report that this programme should be implemented in all primary schools of the State and the Department should follow the norms of teaching –learning and making evaluation an integral part of this process. Apart from this, a multi pronged strategy with the following components was also required to improve the effectiveness of CCE: (i) appointment of one more teacher in every single teacher school; (ii) need of specific training and orientation in CCE; (iii) remedial classes to support the academically weak students; (iv) improvement in level of awareness among community; and (v) special training for VEC members etc.

Although the CCE is being implemented in all primary and upper primary schools from the year 2005-06, the multi pronged strategy as required is yet to be set up.

- The Union Ministry of Human Resource Development has assigned the Institute of Public Auditors of India, New Delhi (IPAI) to evaluate the implementation process of SSA up to the year 2004-05. The IPAI had highlighted deficiencies including: (i) heavy unspent balances; (ii) delay in release of funds by GOI /State and also by SIS to the districts; (iii) submission of AWP&B to GOI without approval of executive committee; (iv) short fall in expenditure with reference to approved AWP&B; (v) unutilised funds of pre-project activities; (vi) non-achievements of targets of civil works; (vii) schools without buildings and under dilapidated conditions; (viii) shortage of drinking water and toilet facilities (ix) delay in supply of text books (x) unsatisfactory level of education etc.

¹² (1) Preparing Teacher Profile, Data completion and analysis of profile, (2) Study of Achievement level in Language, Mathematics, (3) Convergence of other Govt. scheme and programme with primary education programme, (4) Effectiveness of multi-grade teaching Kunjapuri Model, (5) To estimate and identify reasons for grade wise / class wise drop out, (6) The impact and effectiveness of innovative programme in girls education, (7) Efficiency of Management and Resource Support Structure, (8) Capacity of VEC & SMC to management of SSA Programme and (9) Comparative assessment of para and regular teacher.

- For monitoring of the programme, the SIS had constituted Village Education Committees (VECs), School Management Committees (SMCs), Block level Education Monitoring Committees, District and State level Committees at different stages. Meetings were to be organized once a month by the VECs and SMCs and reports were to be submitted to block level committees. After analysis these were to be submitted to the district level committees. The districts were to submit the reports to the SIS after analysis.

Scrutiny revealed that a maximum of 4 meetings against 12 in a year as per the norms were organized at VECs/BRCs levels. It was stated in reply by the SPO that regular monitoring was being carried out by the committees. However, no monitoring report in respect of any VECs and BRCs was made available to audit.

Effective monitoring could have minimized problems like delay in release of funds by SIS to districts, non-utilization of funds, disproportionate deployment of teachers, diversion of funds, delayed and irregular training, delay in distribution of text books and unauthorized blocking of funds.

Internal Control System

3.2.8.32 Effectiveness of Internal Control System

According to the provisions of the programme, SIS had to establish effective internal audit system and strengthen internal checks to ensure proper utilization of funds, to examine / evaluate the adequacy and effectiveness of other controls throughout the organization.

Audit scrutiny revealed that the internal audit wing of the SIS was established only in October 2005.

3.2.9 Conclusion

The objective of SSA to bring back all the children to schools was only partially achieved. Even after four years (as at the end of 2005-06), 22,238 children in the 6-14 age group remained out of school. There were instances of delay in release of funds, diversions, avoidable and unjustified expenditure of the SSA funds. As a result, funds were not used for the targeted group. Fund management was also poor and there were heavy unutilized balances at different levels.

Training, which was vital for proper implementation and quality improvement of the scheme was not conducted as planned and posting of teachers were not in accordance with the norms. Civil works were executed without proper supervision/monitoring and infrastructure facilities in the schools were insufficient. Free textbooks to girls and SC/ST children were being distributed late. No action was taken to review the scheme from time to time so as, to prioritise remedial action.

3.2.10 Recommendations

- A mechanism should be set up to ensure timely release of funds as per the approved working plans and its full utilization also should be ensured.
- SIS should be proactive and remedial action for success of the scheme prioritised.
- Adequate number of primary and upper primary schools should be opened as early as possible to achieve the target of the programme by 2010.
- Appointment of the required teaching staff should be made without further delay, imbalances in deployment avoided and teachers' training should be ensured as prescribed.
- Availability of text books to the students of special focus groups should be ensured at the start of the academic session.
- The SIEMAT may be strengthened as soon as possible.
- State Government should also ensure that the communities in the targeted areas where schools are being opened are made aware of the Right to Information Act.

RURAL DEVELOPMENT DEPARTMENT

3.3 SAMPOORNA GRAMIN ROZGAR YOJANA

3.3.1 Highlights

The Sampoorna Gramin Rozgar Yojana (SGRY), a centrally sponsored scheme, was launched in the State in September 2001 to provide additional wage employment, food security and creation of durable community and economic assets in rural areas. A review on implementation of scheme revealed that during 2001-02 to 2005-06 the funds and food grains available for the scheme could not be fully utilised in the State, although, the mandays generation was higher (131 *per cent*) than target. Funds meant for individual and group beneficiary scheme for SCs/STs were diverted to general works, weekly payments were not ensured to labourers.

- *The State Government failed to release its matching share in time, which in turn abnormally delayed execution of work.*

[Paragraph 3.3.8.4]

- *Rs.2.09 crore and Rs. 9.85 crore representing the share of Scheduled Castes and Scheduled Tribes in Kshetriya and District Panchayats and Gram Panchayats respectively were diverted to general works.*

[Paragraph 3.3.8.5]

- *Rs.15.32 lakh was spent on works, which were prohibited under the scheme.*

[Paragraph 3.3.8.6]

- *In DRDA-Tehri Rs.46.99 lakh was dovetailed with other programme, which was not admissible under the scheme.*

[Paragraph 3.3.8.7]

- *Targets for mandays generation were pitched low to show over achievement, as these were not fixed on the basis of works sanctioned / Annual works plans.*

[Paragraph 3.3.8.8]

- *Excess payment of wages amounting to Rs. 30.72 crore during 2001-02 to 2005-06 and under payment of wages amounting to Rs.2.73 crore during 2001-02 & 2002-03 were made by implementing agencies in test checked districts.*

[Paragraph 3.3.8.10 & 3.3.8.11]

- *During 2001-06 against 150673.18 MT of food grains lifted, only 129807.81 MT were distributed by the executing agencies (DRDAs).*

[Paragraph 3.3.8.13]

- *The implementing agencies incurred only 16.87 per cent of the total expenditure on watershed development against the prescribed 50 per cent.*

[Paragraph 3.3.8.17]

- *Empty gunny bags valuing Rs. 1.27 crore were not disposed of during the year 2001-02 to 2004-05.*

[Paragraph 3.3.8.19]

- *Inadequate monitoring affected the implementation of the programme as, against 14,664 inspections prescribed, only 546 were carried out.*

[Paragraph 3.3.8.21]

3.3.2 Introduction

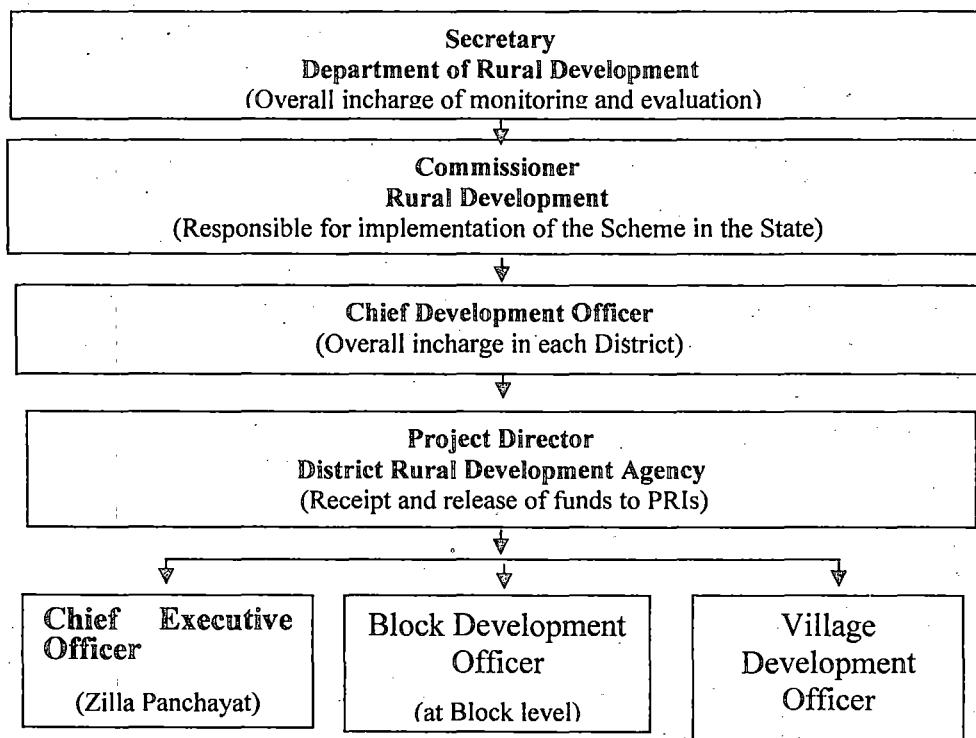
With a view to make a dent on the prevailing poverty, unemployment and slow growth in the rural economy and to provide food security and a demand driven infrastructure at the village level, the Sampoorna Gramin Rozgar Yojana (SGRY) was launched by the Government of India (GOI) with effect from 25 September 2001. The GOI was to share the cost of the cash component of the programme with the State Government in the ratio of 75:25. Two ongoing schemes viz.

Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY) were merged in SGRY.

The objectives of SGRY were to provide additional and supplementary wage employment to the rural poor and thereby provide food security and improved nutritional levels in all rural areas. The scheme also aimed at creation of durable community, social and economic assets and infrastructural development in rural areas.

3.3.3 Organisational Setup

The Department of Rural Development was responsible for implementation of SGRY. The organisational setup of the Department with regard to the implementation of the programme is given below:



3.3.4 Scope of Audit

The performance audit of the programme was carried out during May to August 2006 and covered the period 2001-02 to 2005-06. The records for the period of 2001-02 to 2005-06 of the Rural Development Commissioner, Pauri, 5¹ out of 13 Districts, 25 out of 95 Blocks and 10 village Panchayats in each selected Block were test checked during audit. The test check covered an expenditure of Rs. 206.37crore (56.92 *per cent* of the total expenditure of Rs. 362.59 crore).

¹ Almora, Haridwar, Pauri Garhwal and Tehri Garhwal including compulsory capital district Dehradun.

3.3.5 Audit Objectives

The main objectives of Audit were to examine and evaluate:

- The allocation and distribution of funds and food grains from Centre to the State, Districts, Blocks and villages and whether the funds were allocated as prescribed for the targeted group viz SCs/STs.
- Whether wages were paid as per norms to the rural poor who were in need of wage employment.
- Whether the programme has increased the generation of mandays and the figures reported were not inflated.
- Whether the assets created under the programme were income generating and durable in nature.

3.3.6 Criteria

The criteria adopted in audit to arrive at audit conclusions were:

- Guidelines on SGRY issued by the GOI.
- Norms for assessment of employment generation for rural poor.
- Monitoring system prescribed.

3.3.7 Audit Methodology

Before taking up the performance audit of the scheme, an entry conference was organized (June 2006) with the Secretary and other officers of the Rural Development Department. Wherein, the audit objectives, audit criteria and scope of audit were explained to the Department and their suggestions were sought.

The records of the Rural Development Commissioner, District Rural Development Agencies (DRDAs), Zilla Panchayats, Kshetriya Panchayats and Village Panchayats were analyzed, using data/information made available by these agencies in reply to audit notes and questionnaires.

Records for test check were chosen based on statistical sampling method of probability proportionate to size with replacement (PPSWR).

An exit conference was held with the Additional Secretary, Department of Rural Development (December 2006) to discuss the audit findings. The replies of the Department have been incorporated in the review where appropriate.

3.3.8 Audit Findings

The performance audit of SGRY revealed the following audit findings.

Fund Management

3.3.8.1 Resources flow mechanism

The Union Ministry of Rural Development released the central share (75 per cent) in two instalments every year directly to the DRDAs. The State Government released its matching share (25 per cent) after the release of central assistance. The funds were distributed to Zilla Panchayats, Kshetriya Panchayats and Village Panchayats by the DRDAs in the ratio of 20:30:50 since 2004-05.

Food grains were provided by the GOI through the Food Corporation of India (FCI). The State Government was to bear the transportation and handling charges. The GOI released food grains to the DRDAs under intimation to the FCI. The FCI sent appropriate advices to its regional and designated depots for further release of food grains to the DRDAs under intimation to the State Government. Food grains as part of wages were to be given at the rate of 5 kgs per manday subject to a minimum of 25 per cent of the wages to be paid in cash.

3.3.8.2 Financial Position

The year wise details of funds released by GOI and State Government and expenditure incurred during 2001-02 to 2005-06 by the State were as under:

Table-1

(Rupees in crore)

Year	Plan Outlay	Opening Balance	Central Share	State Share	Miscellaneous Receipts	Total Funds Available	Expenditure	Closing Balance
2001-02	59.66	10.74	43.24	10.71	0.76	65.45	46.82	18.63
2002-03	56.13	18.19	42.99	16.20	0.66	78.04	62.23	15.81
2003-04	65.87	12.45	48.54	28.88	0.70	90.57	74.93	15.64
2004-05	69.90	15.70	55.23	21.34	2.25	94.52	85.03	9.49
2005-06	83.75	8.94	64.24	26.02	1.77	100.97	93.58	7.39
Total			254.24	103.15	6.14	429.55	362.59	

Source: Directorate, Paui

Scrutiny revealed variations in the information submitted by the State Government and by the DRDAs, which remained unreconciled.

Overall savings as indicated by closing balances as shown in the Table-1 above, would have been much higher had the excess payment not been made (*Refer Paragraph 3.3.8.10*).

3.3.8.3 Shortage of Rs. 4.29 crore in Opening Balance

The closing balance of a particular year should form the opening balance of the next year. It was however noticed that the closing balances of various years did not tally with the opening balances of the subsequent years. The aggregates of the opening balances fell short of the closing balances by Rs. 4.29 crore.

The differences in opening balances and closing balances had not been reconciled by the Department and it failed to investigate and record the reason for these differences. The reply from the Government is awaited (December 2006).

3.3.8.4 Delay in release of funds by State Government

The scheme envisaged that after the release of central share to DRDAs, the State Government would release its share of cash component to DRDAs within 15 days for timely implementation of the programme. Scrutiny of records in the test checked districts revealed that the State Government failed to release its share in time. The delays ranged from one month to eighteen months during the period 2001-02 to 2005-06.

Table-2

(Rupees in crore)

Year	Total funds released by			Funds released in last quarter by			Percentage of release in last quarter	Funds released in March by			Percentage of release in March
	Centre	State	Total	Centre	State	Total		Centre	State	Total	
2001-02	22.69	5.68	28.37	12.84	1.65	14.49	51.08	7.93	1.65	9.58	33.77
2002-03	27.13	7.89	35.02	11.14	0.99	12.13	34.64	7.07	0.99	8.06	23.02
2003-04	27.09	13.13	40.22	9.85	3.63	13.48	33.52	3.31	3.63	6.94	17.26
2004-05	33.36	11.01	44.37	15.84	3.87	19.71	44.42	1.77	3.11	4.88	11.00
2005-06	36.95	12.95	49.90	9.78	5.03	14.81	29.68	3.56	4.20	7.76	15.55
Total	147.22	50.66	197.88	59.45	15.17	74.62	37.71	23.64	13.58	37.22	18.81

Source: DRDAs

The delay in release of funds by the GOI/State Government resulted in unnecessary rush of expenditure at the end of the five financial years, which was in contravention of the financial rules besides adversely affecting the successful implementation of the scheme.

3.3.8.5 Diversion of Funds meant for SCs/STs

To specially safeguard the weaker sections of the society, the scheme envisaged that

- a share of 22.5 per cent of the annual allocation at the level of District and Kshetriya Panchayats would be earmarked for individual/group beneficiary schemes such as development of allotted land, social forestry work, agri-horticulture, floriculture plantations on private land and other income generating assets for Scheduled Caste/Scheduled Tribe families living below the poverty line (BPL).
- a minimum of 50 per cent of the Village Panchayat allocation would be earmarked for the creation of need based village infrastructure in habitations/wards of Scheduled Castes and Scheduled Tribes.

The scheme further stipulated that diversion of funds from the above allocations was not permitted. During scrutiny of records and information gathered from test checked districts, it was noticed that during the years 2004-05 & 2005-06, Rs.2.09 crore meant for individual beneficiary schemes for Scheduled Castes and Scheduled Tribes under District and Kshetriya Panchayats was diverted to general works. Under Village Panchayats Rs.21.90 crore only (34 per cent) out of total allocation of Rs.63.49 crore during the years 2001-06 was incurred on Scheduled

Caste and Scheduled Tribe habitations and Rs. 9.85 crore was diverted to general works.

Thus the members of Scheduled Caste and Scheduled Tribe families were deprived of the intended benefits stipulated under the SGRY scheme to the extent of these diversions. Had Rs.9.85 crore not been diverted, the overall savings would be much more than shown in **Table 1**.

3.3.8.6 Execution of prohibited works

As per guidelines, buildings for religious purposes such as temples, mosques, gurudwaras, churches etc, monuments, memorials, statues, idols, arch gates, welcome gates, bridges, buildings for higher secondary schools, colleges, black topping of roads etc. were prohibited under the scheme. But in Haridwar, Tehri and Dehradun districts Rs.15.32 lakh² were spent on construction of graveyard wall, cremation ghat and additional room for intermediate colleges, temple and mosque etc. in violation of the guidelines of the scheme.

3.3.8.7 Irregular dovetailing with other programmes

The scheme emphasized that the funds available with Panchayati Raj Institutions (PRIs) from other sources can be dovetailed for construction of durable community assets. However, SGRY funds should not be used as a substitute for departmental plan funds. Funds from other programmes can be dovetailed with SGRY funds and not vice versa.

During scrutiny, it was noticed that DRDA –Tehri in contravention of the above provision, transferred Rs.46.99 lakh in June-2002 to Basic Shiksha Adhikari for completion of incomplete school buildings.

Implementation of the Scheme

Employment Generation

3.3.8.8 Physical Targets and Achievement

The primary objective of the scheme was to create additional wage employment in rural areas. During 2001-02 to 2005-06 the physical achievement in terms of generation of mandays and works executed such as roads, schools, health centre, work sheds, housing units, watershed development and panchayat buildings etc. against the targets was as under:

Table-3

District	Target of generation of mandays (in lakh)	Mandays generated (in lakh)	Per centage of achievement	No. of works sanctioned	No. of works completed	Per centage of completed works
Almora	48.24	76.36	158.29	24855	20237	81.42
Haridwar	25.90	33.92	130.96	12670	10344	81.64
Pauri	33.78	45.61	135.02	21260	19324	90.89

² Expenditure incurred on prohibited work in Tehri Garhwal Rs. 10.53 lakh, in Haridwar Rs. 2.74 lakh and in Dehradun Rs. 2.05 lakh.

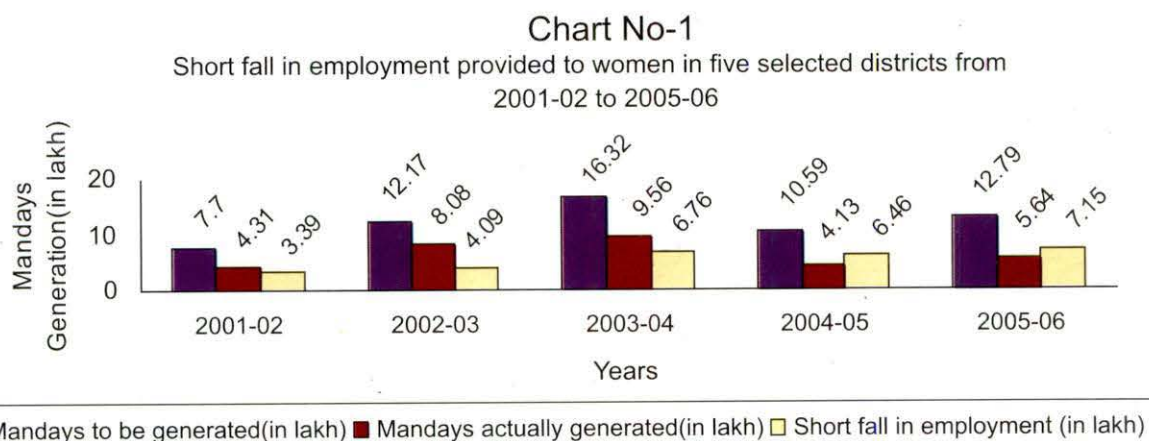
New Tehri	35.66	48.55	136.15	14310	11448	80.00
Dehradun	24.36	32.08	131.69	14976	12649	84.46
Total	167.94	236.52	140.84	88071	74002	84.03
State	315.76	412.96	131	158021	133505	84

Source: DRDAs & Directorate, Pauri

The table shows that while the mandays generated in the test checked districts was 141 *per cent* (131 *per cent* in the State), the completed works were only 84.03 *per cent* (84 *per cent* at the State level). This indicated that achievement in mandays generated was inflated as the targets were fixed on the basis of works sanctioned in Annual Action Plan (AAP) on prevailing schedule of rates. The reply from Government is awaited (December 2006).

3.3.8.9 Norms for employment of women not observed

Under SGRY, preference was to be given to agricultural wage earners, non-agricultural unskilled wage earners, marginal farmers, women and members of SC/STs etc. The scheme specifically envisaged that efforts should be made to provide 30 *per cent* of employment opportunities to women under the programme. During test check it was noticed that the executing agencies of the different level of PRIs failed to provide the desired wage employment opportunities to women as indicated in the chart given below:



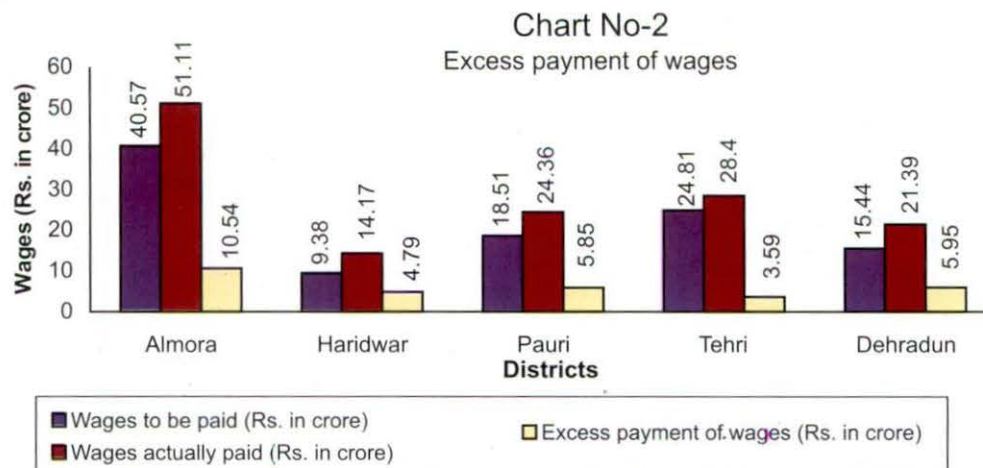
Wage employment to women fell significantly short of target and ranged between 11.70 to 19.91 *per cent* during 2001-02 to 2005-06. The reply from Government is awaited (December 2006).

Payment of wages

3.3.8.10 Excess payment of wages

Wages under the scheme were to be paid partly in cash and partly in food grains. The State Government fixed Rs.58 per manday as minimum wages till a revised rate of Rs.73 per manday was introduced in January 2006 under the Minimum Wages Act. During 2002-06 (in Almora and Tehri districts during 2002-06, in Haridwar during 2003-04 & 2005-06 and in Pauri and Dehradun districts during

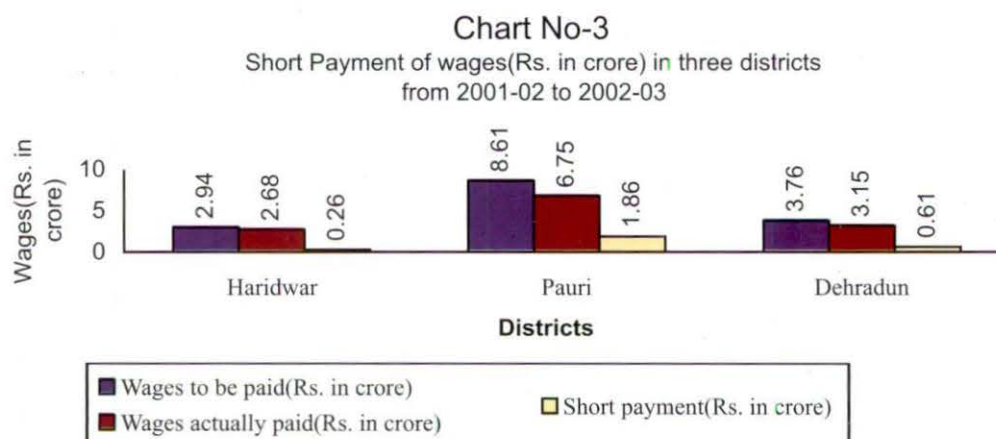
2003-06) a total of 189.61 lakh mandays were created (165.13 lakh mandays till January 2006 and 17.71 lakh mandays after January 2006). On the basis of the rates of wages applicable, the total wages payable works out to Rs.108.71 crore as against Rs. 139.43 crore actually paid. Thus, an excess payment of Rs.30.72 crore (*Appendix- 3.4*) was made as can be seen below.



The reason for excess payment could not be explained by the DRDAs. The reply from Government is awaited (December 2006).

3.3.8.11 Short payment of wages

In Haridwar, Pauri and Dehradun districts the wages paid during the year 2001-03 were below the rates fixed by the Government under the Minimum Wages Act. This resulted in short payment of wages of Rs. 2.73 crore. The details are given in the chart below:



The schemes emphasized that in case the executing agencies (ZPs, Blocks and VPs) do not pay the minimum wages, the District Panchayats, DRDAs and Kshetriya Panchayats shall withhold further release of funds to such implementing agencies and inform the authorities concerned for suitable action under the Minimum Wages Act. No such action was, however, initiated by the DRDAs concerned. The reply from Government is awaited (December 2006).

3.3.8.12 Weekly payment not made

The scheme stipulated weekly payment to labourers on a fixed day in a week, preferably a day before the local market was held. Scrutiny of muster rolls and cashbook of Gram Panchayats test checked in 25 blocks³ of five selected districts revealed that the executing agencies did not adopt any fixed time schedule/day for payments, which ranged from 15 to 30 days.

The scheme further stipulated distribution of food grains @ 5 kgs per manday on a fixed day in a week. Scrutiny of records (June 2006) of DRDAs, Rudraprayag and Nainital revealed that distribution of food grains to the workers was not made weekly. Food grains in lump ranging from 348 kgs to 649 kgs were issued on the same date instead of the prescribed 35 kgs per week. No enquiry had been conducted into the reason for issuance of such huge quantities of food grains on a single coupon.

Thus the object of the scheme to ensure regular and timely availability of cash and food grains to labourers was defeated. The reply from Government is awaited (December 2006).

Food grains

3.3.8.13 Distribution of food grains as a part of wages

The distribution of food grains as a part of wages under the scheme was based on the principle of protecting the real wages of the workers besides improving the nutritional standards of the rural poor families.

The position of authorization of food grains by the Central Government and its lifting and utilization by the executing agencies in the test checked districts during the year 2001-06 was as under:

Table-4

(Quantity in MT)

District	Total authorization of food grains	Food grains lifted	Food grains utilized	Unutilized food grains
Almora	44939.42	43865.42	34945.00	8920.42
Haridwar	25822.00	22879.56	21217.94	1661.62
Tehri	35898.00	33146.00	28797.00	4349.00
Pauri	27341.22	25250.46	24138.01	1112.45
Dehradun	28203.17	25531.74	20709.86	4821.88
Total	162203.81	150673.18	129807.81	20865.37
State	314561.00	266509.00	236627.00	29882.00

Source: MPRs & information collected from DRDAs

From the table it is evident that during 2001-06 against 150673.18 MT of food grains lifted, only 129807.81 MT (86 per cent) were distributed by the executing

³ Hawalbagh, Tarikhet, Bhakiyasaidn, Chaukutiya, Dwarhat (Almora); Bahaderabad, Roorkee, Narsen, Laksar, Bhagwanpur (Haridwar); Khirshu, Pauri, Kot, Pabo, Kalzikhai (Pauri); Jaunpur, Bhilangna, Fakot, Chamba, Kirtinager (New Tehri); Raipur, Doiwala, Sahaspur, Vikas Nager, Kalsi (Dehradun).

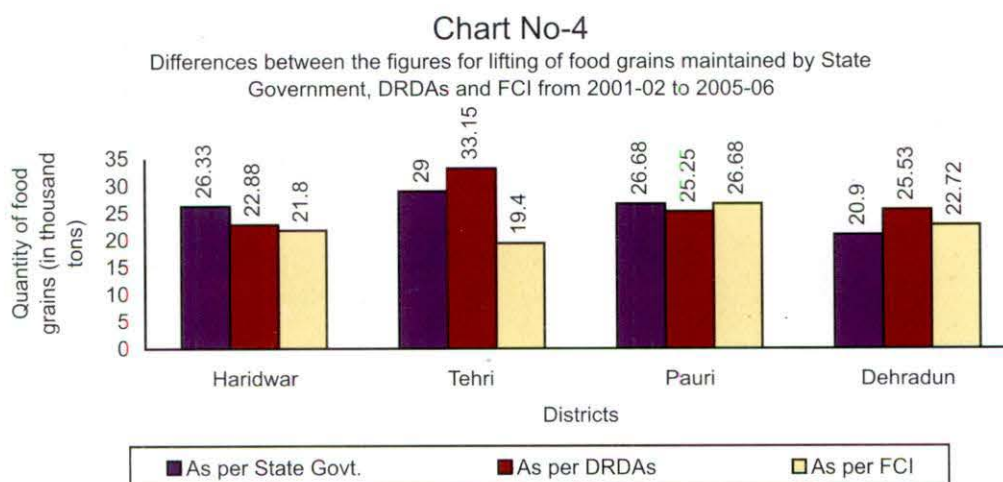
agencies (DRDAs), although, the lifting of food grains was based on the target for mandays generation approved under Annual Action Plan (AAP). As the achievement in mandays generated was higher (131%) than the target, the short utilization of food grains indicates the under payment of wages in terms of food grains. The reply from Government is awaited (December 2006).

3.3.8.14 Excess expenditure on transportation of food grains

Food grains of the scheme were to be transported from godowns of FCI to Fair price shops (FPS) at the standard freight rate of Rs.85/Qtl and bills submitted to DRDA for adjustments. Scrutiny of records (May 2006) of DRDA Uttarkashi revealed that an expenditure of Rs. 2.06 crore was incurred by District Supply Officer, Uttarkashi on transportation of 1,57,546 Qtl food grains from FCI godowns to various FPSs during 2002-03 to 2005-06 as against the admissible expenditure of Rs.1.34 crore. Thus an excess expenditure of Rs.72.29 lakh was incurred over and above the rates fixed by the Government. Government reply is awaited (December 2006).

3.3.8.15 Incorrect reporting

The State Government was required to report the progress of lifting, utilization etc. of food grains to the GOI. The State Government prepared the returns on the basis of information received from the DRDAs. Test check of records of selected districts (from 2001-02 to 2005-06) revealed the following differences between the figures for lifting of food grains under SGRY maintained by the State Government, DRDAs and FCI as shown in the chart below:

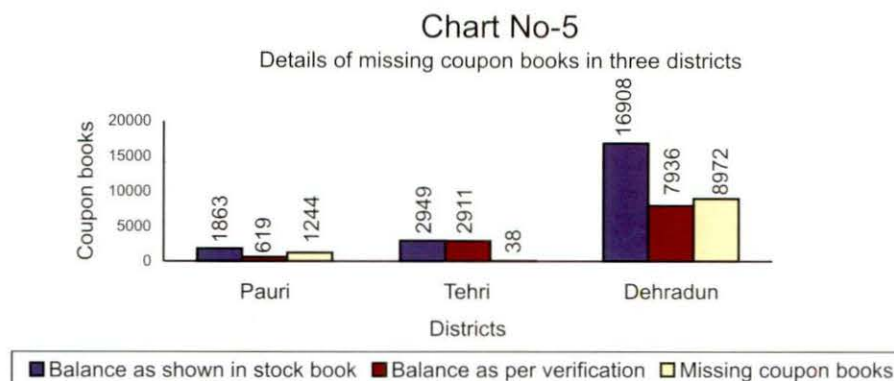


Thus the reports regarding food grains lifted were not reliable and needed to be reconciled. The reply from Government is awaited (December 2006).

3.3.8.16 Improper Accounting of Coupon Books

Distribution of food grains to the executing agencies under the scheme was done through coupon books provided by the DRDAs. These coupons are authorisations issued to the labourers for drawing food grains from FPS.

Test check of records in selected Districts revealed that no proper account of coupon books was kept in DRDAs. In Dehradun district alone as many as 21250 coupon books were found to be in duplicate. Test check carried out in three districts (Pauri, Tehri and Dehradun) also revealed that 10254 coupon books were found missing as shown in the chart below:



Thus the possibility of misuse of these duplicate and missing coupon books and food grains reaching other than the beneficiaries cannot be ruled out.

Instances of short and delayed distribution of food grains defeated the intended purpose of the scheme to protect the real wages of workers and ensure food security for rural poor. Besides, duplicate and missing coupon books may result in their possible misuse for lifting food grains from FPS for selling it in the open market at higher rates. The discrepancies in the quantity of food grains lifted as reported by different Government agencies like DRDAs, FCI show slackness in monitoring and corroborates the above observation. The reply from Government is awaited (December 2006).

Planning and Execution of Works

3.3.8.17 Creation of low priority community assets

Besides generation of additional wage employment, the scheme aimed at creation of productive community assets that are socially and economically beneficial for sustainable livelihood in rural areas. The SGRY guidelines illustrated the nature of assets, which were to be created at the District, Kshetriya and Gram Panchayat levels. At the District and Kshetriya Panchayat levels, priority was to be given to soil and moisture conservation, minor irrigation and such other works as were useful for watershed development. At the Village Panchayat level, community assets such as work sheds for SGSY beneficiaries, infrastructure for agriculture activities, desiltation and renovation of traditional village tanks were to be created on priority basis. The State Government also, in compliance with the guidelines issued (June 2003), emphasised that 50 *per cent* of the SGRY funds would be utilized for watershed development by the implementing agencies at all levels.

Test check however, revealed that the implementing agencies in disregard of the guidelines and State Government orders, incurred a major part of expenditure on construction of roads and dwelling units. It was also noticed that in the test-

checked districts, out of a total expenditure of Rs. 150.17 crore on creation of community assets, Rs.25.33 crore only (16.87 *per cent*) was earmarked for watershed development. The component wise expenditure during 2001-02 to 2005-06 is detailed in the table given below:

Table-5

(Rupees in lakh)

District	Total Expenditure	Roads	Clusters	Schools	Health Centres	Work-shed	Housing units	Panchayat buildings/ Other works	Water-shed
Almora	3220.85	162.49	31.69	58.74	Nil	Nil	Nil	Nil / 2157.73	810.20
Haridwar	1568.30	1025.30	Nil	Nil	Nil	Nil	Nil	Nil/ 38.39	504.61
Tehri	4554.42	2085.24	41.45	162.34	Nil	Nil	1274.27	Nil/ 45.00	946.12
Pauri	4317.46	1595.04	94.09	26.94	1.51	95.44	467.20	79.81/ 1944.24	13.19
Dehradun	1356.43	457.96	Nil	5.47	Nil	1.36	19.28	Nil / 613.70	258.66
Total	15017.46	5326.03	167.23	253.49	1.51	96.80	1760.75	79.81/ 4799.06	2532.78

Source: MPRs & information collected from DRDAs

3.3.8.18 *Standard design and estimates not prepared*

In order to facilitate the technical scrutiny of works, authorities at the District Panchayat and DRDA levels were to prepare and approve standard design and cost estimates of those items of works, which were common in nature. Test check, however, revealed that none of the selected District Panchayats or DRDAs prepared standard designs and estimates. Thus uniformity in cost estimates of works of a common nature was not ensured.

Miscellaneous Points

3.3.8.19 *Non disposal of empty Gunny bags*

As per the scheme, the gunny bags in which the food grains were received for distribution under the programme were to be disposed of in accordance with the prescribed procedure in the State and the sale proceeds used for making payments towards the transportation cost/handling charges. The State Government, fixing the category wise cost of empty bags, issued instructions (June 2003) to dispose of the same at the district level by a committee headed by the Chief Development Officer. However revised instructions were issued (May 2005) whereby the empty gunny bags available during 2005-06 were to be left with grain dealers in lieu of margin money⁴.

⁴ Margin money is profit per quintal given to grain dealer.

Test check of records in the five selected districts revealed that inspite of Government instructions, the empty gunny bags were not disposed of during 2001-02 to 2004-05 resulting in loss of their realisable value which amounted to Rs. 1.27 crore. The details are given in the table below:

Table-6

Year	Food grains distributed (Quantity in quintal)	No. of empty gunny bags (50kgs each)	Rate per empty gunny bags assuming "C" category	Value of gunny bags (lakh of rupees)
2001-02	1780.00	3560	Rs.6.44	0.23
2002-03	214651.30	429303	Rs.6.44	27.65
2003-04	369645.09	739290	Rs.6.44	47.61
2004-05	399294.90	798590	Rs.6.44	51.42
Total	985371.29	1970743	Rs.6.44	126.91

Source: MPRs & information collected from DRDAs

3.3.8.20 Contributions by the Village community

With a view to ensure people's participation and the feeling of community ownership of public assets, the scheme stipulated that the village community should be encouraged to contribute either in cash or kind for the development of rural infrastructure. The scheme further emphasized that the PRIs may even raise additional resources through appropriate cess/tax.

However, it was found that neither such attempt was made by any of the PRIs in test checked districts nor any contribution from village community received.

Thus the objective of people's participation in creation of community assets could not be achieved.

Monitoring and Evaluation of the programme

3.3.8.21 Poor Inspection of works

For effective implementation of the programme, the State government was to ensure that the officers at the State, District and Block levels closely monitor all aspects of the programme through site visits to the interior areas. A schedule of inspection prescribing the minimum number of field visits for each supervising level functionary was to be drawn up by the State Government and strictly adhered to. In compliance with the Central guidelines, the State Government fixed the schedule of programme only in February 2005.

Test check however, revealed that against the prescribed number of 14664 inspections, only 546 inspections (3.72 per cent) were carried out by the District level functionaries viz. Chief Development Officer, District Development Officer and Project Directors of DRDAs in five selected districts. Number of inspections carried out at Department and State level was not available in test checked districts.

Thus the desired level of monitoring of the effective implementation of the programme was not achieved resulting in irregularities mentioned in the review.

3.3.8.22 *Non-formation of Monitoring Committee at Grass root level*

As per the guidelines of the scheme, for every work sanctioned by the District, Kshetriya and Village Panchayats, a monitoring committee was to be constituted to closely monitor the progress and quality of the work. The committees were to have five to nine members to be nominated from amongst the social workers, retired educated persons including SC/STs and a women's representative. To select the members and convener of the committee, a meeting of the local beneficiaries was to be convened. The guidelines further envisaged that without the formation of the monitoring committee, the work could not be started.

Test check of 243 Gram Panchayats in 25 Kshetriya Panchayats of five selected districts⁵ revealed that with a few exceptions, monitoring committees had not been formed in any of the Gram Panchayats, yet works had been taken up and completed.

Thus transparency in execution and quality of the work was not ensured.

3.3.9 Conclusion

The main component of the scheme was wage employment to rural poor and creation of community productive assets. However, little priority was given to community assets. Road and brick soling works received undue priority over watershed management, minor irrigation, soil conservation etc. Thus the aim of development of self sustaining community assets as well as community involvement was defeated.

Weekly wages were not paid to the labourers weekly and lifting and distribution of food grains was neither satisfactory nor monitored properly.

Prescribed inspections by District and State functionaries for ensuring success of the scheme and that benefits reach the targeted community were not carried out.

There was also no transparency in selection and ensuring quality of works. No action was taken from time to time to review the progress of the scheme to identify problem areas for timely remedial action.

3.3.10 Recommendations

- The State Government should release its matching share within 15 days of the Central release for success of the scheme.
- Rush of expenditure towards the close of the year should be avoided and funds evenly distributed during the financial year.

⁵ Almora, Haridwar, Pauri, Tehri and Dehradun.

- While formulating the annual action plan at District and Kshetriya Panchayat level, priority should be given to soil and moisture conservation, minor irrigation, augmentation of ground water, traditional water harvesting structures and desiltation of village ponds.
- Standard designs and cost estimates should be prepared by the authorities at the District Panchayats and DRDAs to ensure economy and uniformity.
- The annual allocations for women, Scheduled Caste and Scheduled Tribe families and employment generation should be maintained for all three tiers of PRIs.
- Community involvement in projects and their future maintenance has to be emphasized.
- The State Government should effectively and regularly monitor progress reports on expenditure, mandays generation and distribution of food grains received from the DRDAs. Remedial action should then be prescribed. Prescribed monitoring of physical progress through field inspections at all levels should be done to ensure the desired outcome of the programme.
- State Government should also ensure that the targeted community is aware of the Right to Information Act.

FOOD AND CIVIL SUPPLIES DEPARTMENT

3.4 FOOD SECURITY, SUBSIDY AND MANAGEMENT OF FOODGRAINS

3.4.1 Highlights

In accordance with the Central Government's food management strategy, the Government of Uttaranchal has undertaken to procure and distribute foodgrains to the targeted population through Public Distribution System (PDS) to provide food security and pay remunerative prices to the farmers. A review of the scheme revealed that on account of inordinate delay in finalisation of its accounts and their submission to the GOI, the Government suffered losses of subsidy claims and a large quantity of foodgrains was siphoned off from the distribution chain.

- *Due to non-submission of final accounts GOI did not release subsidy of Rs. 44.09 crore.*

[Paragraph: 3.4.8.2]

- *Subsidy of Rs. 5.40 crore lapsed, as prior approval for purchase of Custom Mill Rice through decentralized purchase scheme was not obtained.*

[Paragraph 3.4.8.3]

- *Foodgrains valuing Rs. 1.58 crore were distributed against duplicate ration cards.*

[Paragraph 3.4.10.3]

- *Government suffered a loss Rs. 94.89 lakh due to unauthorized distribution of rice under the Annapurna Scheme.*

[Paragraph 3.4.10.5]

- *There was wastage of foodgrains worth Rs. 71.15 lakh due to lack of monitoring.*

[Paragraph 3.4.10.6]

- *Foodgrains valuing Rs. 63.93 lakh were embezzled by store-in-charge.*

[Paragraph 3.4.10.7]

- *180 computers procured for monitoring the TPDS and various operations of the Department were lying idle due to non-supply of electricity.*

[Paragraph 3.4.11.2]

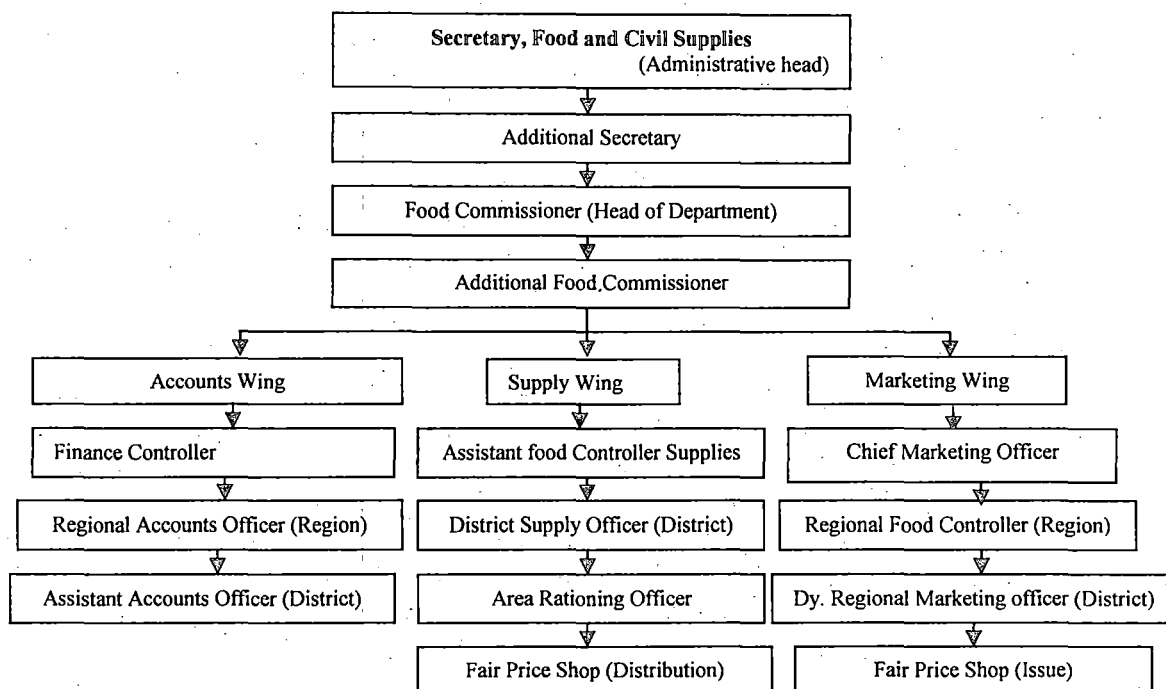
3.4.2 Introduction

The GOI's food management strategy involves procurement of foodgrains from the farmers at a Minimum Support Price (MSP), allocation of foodgrains so procured amongst States for distribution to the targeted population at subsidized Central Issue Price (CIP) under Public Distribution System (PDS) and Targeted Public Distribution System (TPDS) through Fair Price Shops (FPS). In order to make the TPDS more focused and targeted towards the poorest of the poor, the GOI launched (December 2000) Antodaya Anna Yojana (AAY) aimed at reducing hunger among the poorest segment of population by providing them foodgrains at a highly subsidized rate. Since the CIP of the foodgrains is lower than its Economic Cost (EC), the GOI provides subsidy to the agencies involved in execution of the food management strategy.

Procurement of foodgrains within the State serves the twin objectives of providing price security to the growers and food security to the people in addition to reducing the subsidy burden of the Central Government on account of cost of transporting foodgrains from outside the State.

3.4.3 Organisational set-up

Foodgrain management is done by the Food and Civil Supplies Department in the State. The organizational set-up of this Department is as depicted in the Chart on the next page:



3.4.4 Scope of Audit

A performance review of the operations of the Food and Civil Supplies Department with regard to its implementation of food security, subsidy and management of foodgrains during the period 2001-2006 was carried out in March-July 2006. The review included a test-check of records in the Offices of the Commissioner, Food and Civil Supplies, Dehradun, two Regional Food Controllers (RFCs) at Dehradun and Haldwani, 7 District Supply Officers (DSOs) out of 13 and 5 DRDAs out of 13. Besides, 10 per cent of Fair Price Shops (FPS) of each selected district were test checked.

3.4.5 Audit Objectives

The objectives of the performance audit were to assess whether:

- the system of procurement by the State was efficient;
- identification of beneficiaries and delivery to the target group was effective;
- the distribution system ensured that the people had access to foodgrains and actually got it when needed;
- there were leakages, diversion and pilferage of foodgrains, transportation bottlenecks etc. and
- the monitoring mechanism was effective.

3.4.6 Audit Criteria

The criteria for assessing the audit objectives were as follows:

- Guidelines of the Central Government relating to identification of beneficiaries;

- Procedures prescribed for procurement and distribution of foodgrains;
- Central Government norms for refund of subsidy to the State Government;
- Scale of issue of foodgrains prescribed by the Government of India;
- Government instructions on quality of food grains; and
- Norms for computerization in the Department.

3.4.7 Audit Methodology

Before commencing audit, discussions were held in March 2006 with the Secretary, Food and Civil Supplies Department in an entry conference and audit scope, objectives and criteria were discussed. Districts, and FPSs within them were selected using statistical sampling techniques. Test check of the records relating to the implementation of the scheme in the Offices of the Food Commissioner, RFCs and DSOs and replies furnished by them to audit memoranda and questionnaires were analysed to arrive at audit conclusions. The audit findings were discussed (December 2006) with the Secretary, Food and Civil Supplies Department and the views of the department have been incorporated in the review at appropriate places.

3.4.8 Audit Findings

Financial Management

3.4.8.1 Budget allotment and Expenditure

Table below indicates the budget provisions and expenditure incurred for implementation of TPDS and subsidy due, received and balance from the GOI for TPDS during 2001-2006.

Table-1

(Rupees in crore)

Financial Year	Allotment	Expenditure	Savings (-)	Subsidy		
				Due	Received	Balance
1	2	3	4	5	6	7
2001-02	277.06	276.73	(-) 0.33	11.23	10.01	1.22
2002-03	288.39	285.14	(-)3.25	73.15	64.79	8.36
2003-04	231.99	231.02	(-)0.97	36.03	29.61	6.42
2004-05	265.02	264.44	(-)0.58	108.68	92.73	15.95
2005-06	220.47	210.80	(-)9.67	123.70	111.56	12.14
Total	1282.93	1268.13	(-)14.80	352.79	308.70	44.09

Source: - Budget documents and records of F & S Department

Out of total budget allocation of Rs. 1,282.93 crore under TPDS during 2001-06, Rs. 1,268.13 crore were spent by the Department resulting in unutilized funds of Rs.14.80 crore.

Failure of the Department in procurement of targeted quantity of foodgrains during 2005-06 was the main reason for non-utilization of allotted funds (Rs.9.67 crore during 2005-06).

3.4.8.2 Non finalization of subsidy claims and subsidy recoverable

Since the CIP for distribution of food grains to the targeted population is lower than the cost of procurement and handling i.e. EC, the GOI provides subsidy to the agencies responsible for handling, storage, retention and distribution of the food grains.

As per provisions of the DCP scheme, the GOI reimburses 90 *per cent* of the subsidy if the claim is preferred on the basis of off take only. It however, reimburses an additional 5 *per cent* i.e. 95 *per cent* of the subsidy claim if the claim is preferred on the basis of actual distribution and is accompanied by the utilization certificates. The balance subsidy is released on receipt of final audited accounts which are to be submitted by the concerned State/UT within six months of the close of the respective marketing season. In case of default in submission of final audited accounts, 5 *per cent* additional subsidy released over 90 *per cent* is withheld and released only on receipt of the documents from the State/UT concerned.

It was noticed in Audit that subsidy amounting to Rs. 308.70 crore received from the GOI during 2000-01 to 2005-06 was provisional as final audited accounts were not submitted to the GOI since the formation of the State. As a result, a sum of Rs. 44.09 crore towards subsidy for the years from 2000-01 to 2005-06 was yet to be realized from the GOI thereby burdening the State exchequer.

The State Government replied (December 2006) that action would be taken against the audit firm, if profit and loss account is not finalized by 31 December 2006.

3.4.8.3 Lapsed subsidy

GOI prescribed a policy (October 2001) for the purchase of paddy under price support scheme for the Kharif Marketing Season (KMS) 2001-02. As per this policy, Custom Milled Rice (CMR) obtained from paddy purchased under the price support scheme would be delivered to Food Corporation of India (FCI) for central pool against credits received from the Reserve Bank of India (RBI) for kharif crop year 2001-2002. The above order did not provide for procurement of CMR for the State pool.

Prior approval for purchase of CMR through DCP scheme under State pool and its distribution was required to be obtained from the GOI and an MOU was to be signed with the GOI for the purpose. A proposal for fixation of EC was also to be submitted to the GOI accordingly.

Uttaranchal Government allowed (July 2002) the procurement of CMR in State pool up to 60 *per cent* of the total quantity of 25,790.284 MT of CMR obtained from paddy purchased under price support scheme during 2001-2002.

Subsidy from the GOI amounting to Rs. 5.40 crore on account of procurement of 10,374.523 MT CMR in state pool recovered from paddy procured under MSP

through DCP during 2001-02 and its distribution through TPDS to BPL could not be claimed because prior approval to this effect was not obtained from the GOI. Neither MOU was signed with the GOI nor a proposal for fixation of EC was submitted to the GOI. The entire subsidy amounting to Rs.5.40 crore had to be borne by the State Government.

The State Government replied (December 2006) that the GOI has been requested to accord *ex-post facto* sanction.

3.4.9.1 Procurement of foodgrains

Uttaranchal is one of the ten States, which has undertaken the responsibility of not only procuring food grains from within the State but also distributing the same to the targeted population under the PDS. In the State, Food Department, Co-operative Department, Agro-Units and FCI are the agencies involved in the procurement of food grains viz. wheat, paddy and levy rice. Under the scheme of DCP, the GOI determines the EC for each State as mentioned in paragraph 3.4.2. The difference between the EC, so fixed, and the CIP is passed on to the State as subsidy.

Quantity of paddy procured by different agencies against the targeted quantity of foodgrains during 2001-2006 is shown in the table below:

Table-2
Procurement of Paddy during Kharif Marketing Season 2001-2006 under MSP
(Quantity in MT)

Year	Target fixed	Quantity of paddy procured		Total quantity procured	Shortfall	Quantity of rice received from Paddy(67%)
		By Food Department	By Co-operative Department			
1	2	3	4	5	6 (Col. 2-5)	7
2001-02	-	28,081.890	11,177.236	39,259.126	-	26,303.614
2002-03	1,20,000	12,702.450	6,783.574	19,486.024	1,00,513.976 (84%)	13,055.998
2003-04	50,000	6,548.910	696.550	7,245.460	42,754.540 (86%)	4,854.440
2004-05	50,000	6,536.258	4,882.344	11,418.602	38,581.398 (77%)	7,650.463
2005-06	50,000	8,633.355	9,101.400	17,734.755	32,265.245 (65%)	11,874.230
Total	2,70,000	62,505.863	32,645.104	95,148.967	2,14,115.159 (79%)	63,745.745

Source: Departmental figures

Scrutiny of procurement records revealed that during 2002-06, there was 79 per cent shortfall in procurement of paddy against the targets fixed.

Table-3

Procurement of levy rice during Kharif Marketing Season 2001-2006

Year	Target Fixed			Total quantity of levy Rice procured	Shortfall (Col. 4-5)	Quantity delivered to State pool and Central pool against procurement	
	For State pool	For Central pool	Total target			State pool	FCI
1	2	3	4	5	6	7	8
2001-02	-	-	-	2,09,939.000	-	-	2,09,939.000
2002-03	-	-	2,50,000	2,19,054.746	30,945.254(12%)	1,04,106.746	1,14,948.000
2003-04	1,32,000	2,68,000	4,00,000	3,23,695.775	76,304.225(19%)	1,26,520.525	1,97,175.250
2004-05	1,35,000	2,65,000	4,00,000	3,08,370.747	91,629.213(23%)	1,22,261.747	1,86,109.000
2005-06	1,40,000	3,10,000	4,50,000	3,24,654.000	1,25,346.000(28%)	12,483.000	1,98,171.000
Total	4,07,000	8,43,000	15,00,000	13,85,719.268	3,24,224.692(22%)	3,65,372.018	9,06,350.25

Source: Departmental figures

During 2002-06 there was a shortfall of 22 *per cent* in the procurement of levy rice from the rice millers. Levy rice was procured from the rice millers on completely voluntary basis, which was the main reason for shortfall in procurement of levy rice against the target fixed.

Table-4

Procurement of wheat during Rabi Marketing Seasons 2001-2006 under MSP

Year	Target Fixed			Quantity delivered to State pool and Central pool against procurement		Total quantity of Wheat procured (Col. 5+6)	Shortfall (Col. 4-7)
	For State pool	For Central pool	Total target	State pool	FCI		
1	2	3	4	5	6	7	8
2001-02	-	-	-	-	1,39,715.900	1,39,715.900	-
2002-03	-	-	1,68,000	-	1,83,845.700	1,83,845.700	-
2003-04	-	4,00,000	4,00,000	-	66,527.550	66,527.550	3,33,472.450(83%)
2004-05	85,000	1,15,000	2,00,000	23,805.721	30,223.429	54,029.150	1,45,970.850(73%)
2005-06	1,00,000	1,00,000	2,00,000	20,197.390	20,280.184	40,477.574	1,59,522.426(80%)
Total	1,85,000	6,15,000	9,68,000	44,003.111	4,40,598.763	4,84,602.874	6,38,965.726(80%)

Source: Departmental figures

Scrutiny of records revealed a sizeable shortfall of 80 *per cent* in the procurement of wheat during 2003-2006. Higher rates of wheat in open market than MSP was the main reason for shortfall in procurement of wheat. The farmers preferred to sell their produce in the open market instead of to the procurement agencies.

3.4.9.2 Blocking of funds on incomplete godowns

An expenditure of Rs.1.94 crore was incurred during 2001-02 to 2005-06 on the construction of 113 godowns which were lying incomplete. An expenditure of Rs.29.67 lakh (Garhwal region only) incurred on the rent of godowns hired during the period could have been avoided had the godowns been constructed on time.

The State Government replied (December 2006) that the work is in progress and will be completed by March 2007.

Thus due to delay in completing construction of godowns, the Department besides paying avoidable rent amounting to Rs. 33.60 lakh upto November 2006, will also incur extra cost due to escalation in cost of construction.

3.4.9.3 Losses in storage and transit

As per norms laid down by the GOI, transit and storage loss at the rate of 0.5 *per cent* of acquisition cost was permissible for arriving at the EC in respect of Uttaranchal.

During the period from 2000-01 to 2005-06, the State had to bear storage and transit losses of Rs. 1.42 crore incurred over and above the permissible limit of 0.5 *per cent*.

It was stated by the State Government (December 2006) that natural losses will be written off and other losses will be recovered from the responsible officials. However, loss proposed to be written off and recovered was not intimated.

3.4.9.4 Losses in RFC Garhwal Region

Net losses of Rs. 9.27 crore and Rs. 19.06 crore were shown in the balance sheets of Regional Food Controller (RFC), Garhwal region for the years 2000-01 and 2001-02 respectively. The main reason for losses was that while the GOI allowed transportation and handling charges at the rate of Rs. 27.75/qlt, the actual average charges on this account amounted to Rs. 85.00/qlt. Losses for the year 2002-03 onwards could not be ascertained because the Annual Accounts were yet to be finalized. No steps were taken by the Department to minimize these losses by claiming hill transport subsidy admissible to the State from GOI.

The State Government replied (December 2006) that proposal for hill transport subsidy will be sent to GOI. The reply is not tenable, as the matter was not taken up seriously, since the formation of the State.

3.4.9.5 Outstanding advances on account of supply of gunny bags

Advances paid to firms and individuals for supply of materials and store items should be adjusted upon receipt of materials/rendition of accounts/cash refund/recovery, at the close of each year after ensuring satisfactory supply, stock entry and installation certificates etc.

Out of Rs. 29.52 crore advanced to the Director General, Supplies & Disposal (DGS&D), Kolkata for supply of jute bags during 2000-01 to 2003-04, Rs. 28.65 crore was adjusted against material supplied, leaving a balance of Rs. 0.87 crore as on 31 March 2006.

The State Government replied (December 2006) that it is in correspondence with DGS&D Kolkata. The reply is not convincing, as the matter was pending since 2003-04.

3.4.10 Distribution of foodgrains

3.4.10.1 Identification of BPL beneficiaries

Uttaranchal Government had identified 4,16,925 Below Poverty Line (BPL) families in accordance with the provisions contained in the guidelines for BPL census 1997 as BPL census 2002 was not finalized in view of writ petition No. 196 of 2001 in the Hon'ble Supreme Court.

BPL families are provided 35 kg food grains per family per month at subsidised rates of Rs. 6.15 /kg rice and Rs. 4.65/ kg wheat.

3.4.10.2 Identification of AAY beneficiaries

AAY was launched on 25 December 2000 to serve the poorest of the poor families in rural and urban areas. The identification of these families was to be carried out by the State Government from amongst the number of BPL families within the State to cover 15.33 per cent of BPL households. The scheme stipulated distribution of 35 kg food grains (24.5 kg rice+10.5 kg wheat) per month per ration card at the rate of Rs. 2 per kg wheat and Rs. 3 per kg rice.

3.4.10.3 Distribution of foodgrains against duplicate ration cards

Table-5 gives the details of ration cards issued under different schemes of the State Government.

Table-5

Year	APL*	BPL	AAY
2001-02	17,31,362	4,16,925	-
2002-03	16,84,933	4,21,700	76,300
2003-04	16,86,630	4,21,680	76,300
2004-05	16,96,430	4,12,771	78,246
2005-06	17,29,149	4,10,551	78,246

* Above Poverty line.

Scrutiny of records revealed that 76,300 ration cards under AAY scheme were to be issued during 2001-02 as the scheme was started w.e.f. December 2000. As these ration cards were issued during 2002-2003, 76,300 families were deprived of the benefits of the scheme during 2001-02.

Out of 27,675 BPL families, 7,686 families were identified as AAY families in the year 2003-04 in Pauri district. These were not deleted from the BPL list till April 2005. Thus distribution of food grains against 1,946 ration cards continued in BPL list along with AAY list for two years, which resulted in distribution of food grains (5,721.24 qtl rice+2,951.96 qtl wheat) valuing Rs.1.58 crore against 1,946 duplicate ration cards.

The Government stated (December 2006) that it would ascertain the circumstances that led to duplicate ration cards with District Supply Officer Pauri.

3.4.10.4 Shortfall/excess in lifting and distribution of foodgrains

Scrutiny of records related to allocation, lifting and distribution of foodgrains for the year 2001-2006 revealed that there was sizeable shortfall in distribution with reference to lifting in APL category as mentioned in the table below. Excess quantity of wheat and rice was distributed vis-à-vis the quantity lifted under BPL category during the year 2002-03, 2003-04, 2004-05 and 2005-06 and under AAY category during the year 2001-02, 2002-03 and 2003-04. Similarly, excess quantity of rice was distributed vis-à-vis the quantity lifted under APL category during the year 2001-02, 2002-03 and 2003-04. This happened due to distribution of balance stocks of foodgrains of previous years.

Table - 6

(Quantity in MT)

BPL						
	Wheat			Rice		
	Allocation	Lifting	Distribution	Allocation	Lifting	Distribution
2001-02	56,719.95	32,010.89	NA	1,04,690.55	52,564.378	NA
2002-03	61,574.65	48,301.355	52,179.39*	1,10,490.85	81,021.622	84,504.20*
2003-04	63,600	39,159.81	59,392.15*	1,13,520	79,921.912	94,510.14*
2004-05	63,600	60,666.256	62,637.945 *	1,13,520	1,14,333.316	1,12,487.4745
2005-06	56,624	56,133.966	57,731.1681*	1,09,800	1,05,918.292	1,10,322.3828*
AAY						
	Wheat			Rice		
	Allocation	Lifting	Distribution	Allocation	Lifting	Distribution
2001-02	3,990	2,741.302	5,155.46	9,366	7,185.877	5,641.50
2002-03	9,585.45	8,193.242	9,188.01	22,465.05	20,325.538	19,210.71
2003-04	9,576	9,151.082	9,552.36	22,476.00	20,382.785	21,664.26
2004-05	9,576	9,748.074	9,560.2393	22,476.00	22,488.003	21,632.105
2005-06	12,768	11,767.8557	11,277.2233	29,980.00	27,148.8833	26,119.2944
APL						
	Wheat			Rice		
	Allocation	Lifting	Distribution	Allocation	Lifting	Distribution
2001-02	1,29,290	2,688.449	2,600.176	65,282	144.776	1,695.37 *
2002-03	2,21,640	7,417.384	7,381.674	1,11,912	826.276	9,37.636 *
2003-04	2,21,640	17,415.815	16,664.766	1,11,912	1,716.19	1,762.579 *
2004-05	2,21,640	11,664.51	11,222.23	1,11,912	6,571.891	5,662.071
2005-06	1,40,592	2,024.509	25,835.114	1,92,960	16,417.532	14,119.005

Source: Departmental figures

* Excess distribution and lifting.

3.4.10.5 Unauthorized distribution of rice under Annapurna scheme

The Annapurna Scheme was launched by the Ministry of Rural Development, GOI in 2000-2001. Indigent senior citizens of 65 years of age or above who though eligible for old age pension under the National Old Age Pension Scheme (NOAPS) but are not getting the pension, are covered under the Scheme. 10 kgs of foodgrains per person per month are supplied free of cost to the beneficiaries under the scheme.

MOU was signed between the GOI and the State under DCP for distribution of levy rice/CMR to APL/BPL/AAY categories in accordance with Government

Order dated 29.10.2002. Rice for distribution under the Annapurna scheme of the GOI was to be purchased from FCI only and not from the State pool.

Contrary to the above, Government of Uttaranchal *vide* its order dated 4.1.2003 allowed the procurement of levy rice/CMR worth Rs. 94.89 lakh (8936.45 qtl) under the State pool for the Annapurna Scheme beneficiaries.

As this was not covered under the MOU signed with GOI no subsidy was paid by the GOI. Thus Government of Uttaranchal sustained a loss of Rs.94.89 lakh on purchase of rice for the Annapurna Scheme.

Government while accepting the audit observation (December 2006) stated that the rice was distributed to the beneficiaries out of State Pool by mistake.

3.4.10.6 Wastage of food grains due to lack of monitoring system

Monthly progress reports (MPRs) of stock contain details of receipt of foodgrains at interior godowns and issue of the same to FPS. Release of foodgrains to interior godowns was to be based on balances lying in the godowns.

Scrutiny of records revealed that foodgrains under APL category in various interior godowns were not lifted by the FPSs because market rates were lower than APL rates. The Department continued to release the foodgrains without taking into account the balances lying under APL category. This resulted in 9797.89 qtl food grains valuing Rs. 71.15 lakh becoming unfit for consumption in interior godowns¹.

Government stated (December 2006) that it would ascertain from the Regional Food Controllers of Garhwal and Kumaon regions the circumstances under which foodgrains became unfit for human consumption.

3.4.10.7 Foodgrains valuing Rs. 63.93 lakh embezzled by store-in-charge² in Bageshwar district

The PDS scheme envisaged that allotted quantity of food grains is transported from rail head/base godowns to interior godowns of the Department for distribution to beneficiaries of the scheme. Transported quantity and number of bags are recorded in Transport Delivery Receipt (TDR). Store-in-charge of interior godowns maintains records of receipt and issue of food grains alongwith cash deposits by retailers. Monthly returns are submitted to the concerned DSO & Regional Accounts Officer. Annual physical verification and periodical inspection are carried out to check the leakage and misappropriation of stock.

The Internal Audit of the Department, during the scrutiny (September/October 2004) of the records of DSO, Bageshwar noticed misappropriation of food grains to the tune of Rs.63.93 lakh committed by Store-in-charge of various godowns in the district as detailed in Table-7.

¹ Chamoli, Pauri, Rudraprayag, Bageshwar, Pithoragarh.

² Late Sri Balam Singh Thapa, Clerk, was store-in-charge of departmental godown at Bharai, Baghar, Karmi, Sharan and Urgia.

Table-7

(Amount in Rupees)

Name of godowns	Value of foodgrains misappropriated	Amount short deposited by retailers	Total Amount misappropriated
Bharari	21,93,641.36	1,09,750.70	23,03,392.06
Baghar	25,03,788.38	92,252.57	25,96,040.95
Karmi	5,808.00	64,143.28	69,951.28
Sharan	13,52,622.54	16,518.30	13,69,140.84
Urgia	17,326.60	37,590.02	54,916.62
Total	60,73,186.88	3,20,254.87	63,93,441.75

A case was filed in district court Bageshwar under IPC which is pending in the court due to death of the store-in-charge (November 2003). The case has been referred to CBCID for enquiry.

Scrutiny of the case revealed that shortage of staff, non-submission of returns and lack of physical verification and periodical inspection facilitated the misappropriation.

The Government stated (December 2006) that action will be taken as soon as CBCID inquiry is completed.

3.4.10.8 Non disposal of unserviceable bags

Government orders provide for the constitution of an advisory committee for disposal of unserviceable gunny bags of all centres in the region through auction.

Scrutiny of records (July 2006) of RFC, Haldwani revealed that 2,55,922 unserviceable bags were lying in Nainital, Champawat and Udham Singh Nagar districts which were due for disposal and whose storage was causing problems. Non disposal of these bags involves blocking of Rs. 7.68 lakh worked out at the rate of Rs. 3 per bag at which these had been disposed off (June 2000) in Kashipur.

The Government stated (December 2006) that the instructions are being issued for disposal of the unserviceable bags and condemned items.

3.4.10.9 Distribution of foodgrains at higher rates

As per instructions of the GOI the end retail price per kg at FPS level was to be fixed at a rate not more than 50 paise over the CIP for BPL population. In case of APL, retail price was to be fixed by limiting the margin to the actual expenses incurred. In respect of AAY, the end retail price was to be retained at CIP viz. Rs. 2 per kg for wheat and Rs. 3 per kg for rice.

Scrutiny of records of RFC Kumaun Region (June 2006) revealed that foodgrains were provided to the BPL population at a rate higher than the maximum permissible price of Rs. 4.65/kg for wheat and Rs. 6.15/kg for rice since 2000-01 as shown in the table for test checked centres:

Table-8

District	Centres	Rates charged from BPL beneficiaries (in Rs.)			
		Wheat		Rice	
		Minimum	Maximum	Minimum	Maximum
Pithoragarh	Pangla	4.77	5.25	6.38	6.86
	Dharchula	4.77	6.13	6.38	7.74
	Berinag	4.77	5.50	6.38	7.11
	Gurna	4.77	5.83	6.38	7.44
	Moonakot	4.77	5.80	6.38	-
	Tejum	4.77	6.25	6.38	7.76
	Tawaghat	4.77	4.86	6.38	6.47
	Pangoon	4.77	5.05	6.38	6.66
	Dantoo	4.77	5.77	6.38	7.38
	Gangolihat	4.77	6.41	6.38	8.02
	Pithoragarh	4.77	6.53	6.34	8.10
Champawat	Lohaghat	4.65	6.09	6.25	7.69
	Barakot	-	4.91	-	6.41
	Manch	-	5.55	-	7.15
	Takli	-	6.15	-	7.75
Bageshwar	Garun	4.75	5.75	-	-

In reply, it was stated by the Government (December 2006) that clarification would be obtained from the District Magistrate concerned and action would be taken accordingly.

3.4.11 Internal Control System

3.4.11.1 No quality check done for stock of foodgrains

The Department established two laboratories in Garhwal and Kumaun regions since the formation of the State, to ensure quality of foodgrains under PDS.

Scrutiny of records of RFC, Kumaun region (June 2006) revealed that out of 16 centres, 15 centres had not sent samples of rice to the regional laboratory till 22 January 2006 in respect of purchase made during KMS 2005-2006. It was noted in audit that chemicals viz. methylene, hydrochloric acid and distilled water etc and instruments viz. Petri dish and hygrometers, required to be used in laboratory were not available in the laboratories. This indicates that the laboratories were not geared to conduct the required test. Hence the quality of food grain distributed could not be vouchsafed.

On this being pointed out, the Government stated (December 2006) that instructions would be issued to RFC concerned to ascertain the availability of equipments and maintain the quality of foodgrains.

3.4.11.2 Monitoring and Evaluation

Financial assistance was provided by the Department of Food and Public Distribution, Ministry of Consumer Affairs, Food and Public Distribution, GOI, to State Governments/UTs under the Central Plan scheme "Training, Research and Monitoring" for organizing training courses on public distribution system and for the purchase of computers for linking the Directorates of Food and Civil Supplies of the States/UTs with the NIC network.

Audit scrutiny revealed that 180 computers valuing Rs.86.29 lakh, out of 243 computers installed under the scheme, were lying idle (May 2006) due to non-supply of electricity resulting in lack of training and non-transmission of State level reports for monitoring of TPDS through NIC-NET to the Central Government.

In reply it was stated by the Government (December 2006) that idle computers will be transferred to other departments as per their requirement.

3.4.12 Conclusion

Government did not finalize its accounts relating to lifting and distribution of foodgrains which led to the non-receipt of subsidy (Rs.44.09 crore). The State procured CMR without prior approval of the Government of India leading to lapsed subsidy. Government suffered heavy losses (Rs.5.40 crore) on account of difference in handling charges incurred and those compensated by the Government of India (Rs.85/ql and Rs.27.75/ql). Government failure to computerize various operations of the Department through NIC Net resulted in ineffective monitoring mechanism. Large scale losses, wastage, misappropriation and theft of foodgrains defeated the purpose of the scheme. Foodgrains were provided to the BPL population at a higher rate than the maximum permissible price. No action was taken from time to time to review the efficacy of implementation of the scheme to identify problem areas and prioritising remedial action.

3.4.13 Recommendations

- Government should ensure timely finalization of annual accounts to settle the pending subsidy claims.
- Computerization and office automation of the Department should be completed expeditiously for an effective on line monitoring of TPDS.
- Steps should be taken to reduce dependence on Central pool for foodgrains requirements for PDS and other welfare schemes.
- Government should strictly follow 'first in first out' (FIFO) method for issue of foodgrains from stores and accord priority for lifting of foodgrains lying in open storage.
- The distribution channel of food grains from base godowns to actual distribution point needs inbuilt controls such as periodical reconciliation, linking between the source and destination, supply with actual lifting etc.
- Government should adopt effective quality control, for rice and wheat procured for Central and State pools and also activate the test laboratories.
- Steps should be taken to obtain Hill Transport Subsidy (HTS) from the GOI.
- Annual verification of ration cards under APL, BPL and AAY should be done periodically.

CHAPTER-IV

AUDIT OF TRANSACTIONS

Infructuous /wasteful expenditure and over payment

RURAL DEVELOPMENT DEPARTMENT

4.1 Unfruitful expenditure on installation of incinerator plant

Department's failure to get clear title of site and appoint an agency for operation and maintenance of incinerator resulted in unfruitful expenditure of Rs.25 lakh.

No work should commence on a site if title to same is not clear. Further, prior approval of GOI for use of forest land for non forest purposes is necessary under the Forest Conservation Act, 1980.

With a view to check pollution, the GOI sanctioned (June 2003) Rs.25 lakh for the installation of an incinerator plant at Govindghat under the Border Area Development Programme. The work was entrusted to the District Panchayati Raj Adhikari, Chamoli. The District Development Officer (DDO), Chamoli released Rs.5 lakh in February 2004 and Rs.20 lakh in March 2004 for the purpose.

Test check (September 2005) of the records of the DDO, Chamoli and further information collected (May 2006) revealed that the plant was completed in August 2005 but could not be made operational for want of an agency for operation and maintenance. Scrutiny further revealed that the plant was set up without getting the title of the land in favour of the Department and without obtaining prior approval from the GOI for using forest land for non-forest purposes as is required under the forest Conservation Act 1980.

On this being pointed out (September 2005), the DDO stated (September 2005) that since the land belonged to the Gram Sabha, permission of the GOI was not obtained. The Department further stated (August 2006) that the plant would be handed over to the Eco Development Committee, Govindghat by 15 September 2006 for operation and maintenance.

The reply is not tenable, since the Divisional Forest Officer, Nanda Devi National Park, Chamoli has intimated (May 2006) that the plant was installed on forest land for which prior permission from the GOI was necessary.

Thus, the expenditure of Rs. 25 lakh proved unfruitful as the purpose for which it was installed was defeated.

The matter was reported to the Government (March 2006); reply is awaited (November 2006).

PUBLIC WORKS DEPARTMENT

4.2 Unfruitful expenditure

Non adherence to the Forest Conservation Act led to unfruitful expenditure of Rs. 2.27 crore.

Forest Conservation Act, 1980 prohibits the use of any forest land for non-forest purposes unless prior approval of the GOI has been obtained. The State Government can propose dereservation of forest areas included in wildlife sanctuaries only after obtaining the approval of the Indian Wildlife Board.

Government of Uttaranchal accorded (June 2003) administrative approval and financial sanction of Rs.353.96 lakh for widening and improvement of the 14 km long Gaurikund-Kedarnath Paidal marg by two meters. The technical sanction for Rs.353.96 lakh was accorded (January 2004) by the Chief Engineer (Garhwal Kshetra) Public Works Department (PWD), Pauri Garhwal. The work was to be completed by the end of November 2006. The 14 km long road passed through 7 km. of a wildlife sanctuary (0.840 hectare) and the remaining 7 km involved civil forest land of 0.910 hectare.

Test check (October 2005) of the records of the Executive Engineer (EE), Construction Division, PWD, Ukhimath revealed that the Division started the work (January 2004) simultaneously in the entire stretch of 14 km which involved hill cutting in forest land for which the required approval of the GOI was not taken. As a result the work of hill cutting was stopped (February 2004) by the Forest Department.

Meanwhile an expenditure of Rs.227 lakh had been incurred (September 2005) on the above work as well as 12 other subsidiary works. The balance of Rs 126.87 lakh remained unutilized with the Division since February 2004.

On this being pointed out, the EE stated that the work was started on the directions of the Hon'ble Governor of Uttaranchal for completion well before the beginning of the tourist season (April 2005). It was also stated that the permission of the GOI was not considered essential as widening work was to be done on an existing road maintained by the Division. The EE subsequently approached (February 2005) the GOI for sanction of civil forest land but did not approach the Indian Wildlife Board for clearance of the sanctuary forest land. Approval of both the authorities is awaited (November 2006).

Had the Department observed the pre commencement formalities of obtaining approval of the Forest Department and GOI it could have avoided blocking of Rs.227 lakh.

The matter was reported to Government (February 2006); reply is awaited (November 2006).

Undue favour to contractors/avoidable excess expenditure**PUBLIC WORKS DEPARTMENT****4.3 Avoidable excess expenditure on motor road**

Execution of Bituminous Macadam in excess of requirement resulted in avoidable excess expenditure of Rs. 2.92 crore.

The State Government sanctioned Rs. 6.15 crore in March 2003 for improvement of Haldwani-Ramnagar motor road from km 28.100 to km 54.370. The financial sanction was revised to Rs. 8.94 crore in November 2003 due to change/expansion in the scope of work.

Test check (August 2005) of the records of the Executive Engineer (EE), Construction Division, PWD, Ramnagar revealed that a design was prepared (October 2002) by the Indian Institute of Technology (IIT), Roorkee. The design included corrections for undulations also. It provided for an overlay of 50 mm thick bituminous macadam (BM) except in km 34, 37 and 39 where an overlay of 75 mm thick BM (including 25 mm for Profile Corrective Course, (PCC) was to be provided followed by 25 mm of Semi Dense Bituminous Concrete (SDBC).

Further scrutiny revealed that instead of executing the design prepared by the IIT, a fresh design was obtained from a private agency (M/s Data Technosis, Lucknow) which provided for an overlay of 80-100 mm BM as PCC followed by a layer each of 50 mm BM and 25 mm SDBC on the entire length of the road. The detailed estimate prepared on the basis of this design was technically sanctioned (March 2004) by the Chief Engineer, PWD, Almora and work executed accordingly.

By ignoring the design of the IIT, Roorkee the Department laid 12,627 cu.m of BM as PCC in place of 525 cu.m (suggested by IIT) and incurred an avoidable extra expenditure of Rs. 2.92 crore*.

On this being pointed out (August 2005), the Department stated (November 2006) that the road had heavy undulations and the private agency had conducted a detailed survey for laying of PCC.

The reply is not tenable as IIT, Roorkee confirmed (December 2006) that the recommendations made in their report included corrections for undulations in the entire length of road (km 29 to 54) and that kms 34, 37 and 39 had more deflections, so extra layer was suggested in these three km only. It was further stated by IIT Roorkee that except for these three kms only 50 mm BM and 25 mm SDBC was sufficient.

The matter was referred to the Government (February 2006); reply is awaited (November 2006).

* Cost of 12627 Cu m @ Rs. 2417 per Cu m =	Rs. 305.19 lakh
Cost of 525 Cu m @ Rs. 2417 per Cu m =	Rs. 12.69 lakh
Difference =	Rs. 2.92 crore

Idle investment/Idle establishment/blocking of funds/delay in commissioning equipments/diversions/misutilisation

RURAL DEVELOPMENT DEPARTMENT

4.4 Unfruitful expenditure on mobile dispensaries

Diversion of vehicles to purposes other than those intended led to unfruitful expenditure of Rs.28.14 lakh.

Border Area Development Programme (BADP) was launched and funded by the GOI to meet the special needs of the people living in remote border areas. Funds for outlay on medical facilities to the people and their livestock were released to the districts in the border areas during 2000-2001 and 2001-2002.

Scrutiny of records (March 2006) of the District Development Officer, Pithoragarh revealed that out of Rs.37.50 lakh released in March 2001 and September 2002 (Rs. 32.50 lakh and Rs. 5 lakh respectively), Rs.28.14 lakh was spent on purchase of 8 vehicles for use as mobile dispensaries for the Medical and Health and Veterinary Health Departments to provide medical facilities to the people and livestock in border areas.

The vehicles were, neither customized for use as mobile dispensaries nor used for community or livestock health and were instead used by the BDO for attending meetings, inspection of construction and afforestation sites and other general uses.

On this being pointed out (March 2006), no reply was given by the DDO. Thus the purpose of providing mobile health facilities to people and their livestock was defeated.

The matter was reported to the Government (June 2006); reply is awaited (November 2006).

DEPARTMENT OF TOURISM

4.5 Blocking up of funds and unfruitful expenditure

Non-execution of sale deed resulted in avoidable blocking up of investment of Rs. 5 crore besides unfruitful expenditure of Rs. 21.95 lakh.

No work should be commenced on land which has not been duly made over by the competent authority. Further, prior approval of GOI for use of forest land for non forest purposes is necessary under the Forest Conservation Act, 1980.

Test check (December 2005) of the records of the Director, Tourism Department, Dehradun revealed that Rs.5 crore was paid to Uttar Pradesh State Mining Corporation Limited (UPSMCL) in October 2000 for purchase of 54.35 acre of land situated at Hathi Paon, Mussoorie without execution of sale deed to establish legal possession of the land. The Tourism Department prepared the George

Everest Project for execution on the said land. An expenditure of Rs.21.95 lakh was incurred on consultancy for the project. The sale deed had neither been executed nor had the project received the approval of the Union Ministry of Environment and Forest (Ministry) till June 2006.

The matter was reported to the Government in March 2006. The Government stated (June 2006) that a demand for an additional Rs.10 crore (i.e. Rs.15 crore in all) had been made by the UPSMCL, which was considered to be unjustified and was referred to the GOI. As regards the expenditure of Rs. 21.95 lakh, it was stated that the amount has been spent on consultancy services for preparing the Master Plan and for making preparations to get the investor for the project and hence was not unfruitful.

The reply of the Government is not acceptable as the sale deed was not finalized even after the lapse of six years and incurring an expenditure of Rs. 5.22 crore (Rs. 5 crore + Rs. 21.95 lakh).

Thus the entire expenditure proved unfruitful as the purpose for which it was made was not achieved.

4.6 Non-realisation of lease rent

Lackadaisical approach of the Department resulted in non-realisation of lease rent of Rs. 1.23 crore.

Government approved (February 1977) transfer of tourist rest houses owned by it to the Garhwal and the Kumaon Mandal Vikas Nigams (GMVN and KMVN respectively) on lease in return for 25 *per cent* of the net profits earned by each of these rest houses.

Test check (December 2005) of the records of Director of Tourism, Uttaranchal, Dehradun revealed that a sum of Rs. 1.97 crore was due as lease rent from GMVN for 1983-84 to 2005-06. Similarly, a sum of Rs. 11.07 lakh was due and payable by KMVN for 2001-02 to 2005-06.

After this was pointed out in audit (December 2005) the Department asked GMVN to deposit the lease rent. Thus, at the instance of Audit GMVN deposited a sum of Rs. 36.96 lakh in September 2006, after adjusting Rs. 48.54 lakh which was due from the Department of Tourism, leaving a balance of Rs.1.12 crore unpaid. KMVN stated (December 2006) that action for depositing Rs. 11.07 lakh was being taken. Thus, a sum of Rs. 1.23 crore (GMVN Rs.112 lakh and KMVN Rs. 11.07 lakh) was still pending for recovery as lease rent.

The reply of the Department indicates that it did not take timely and effective action for realization of the lease rent till the matter was pointed out by Audit.

The matter was reported to Government (June 2006); reply is awaited (November 2006).

SPORTS AND YOUTH WELFARE DEPARTMENT

4.7 Blocking up of funds

Lackadaisical approach of the State Government and lack of planning resulted in blocking of Rs. 1.10 crore depriving the public of the State level sports complex facility.

On the request of the State Government, the GOI conveyed (31 March 2002) in principle, approval for the release of assistance of Rs. 3.66 crore for construction of a State level sports complex at Dehradun at an estimated cost of Rs. 5.80 crore. The conditions for approval *inter alia* provided that the State Government would spend at least 50 *per cent* of the cost of the project before seeking the release of Central assistance. The offer was valid for two years i.e. up to 31 March 2004.

Test check (June 2006) of records of the District Sports Officer, (DSO), Dehradun and further information collected (December 2006) revealed that the State Government sanctioned (March 2003) Rs. 1.10 crore for the construction of the sports complex. The amount was drawn from the Treasury (March 2003) by the DSO and transferred (April 2003) to the Uttar Pradesh Jal Nigam Construction and Design Services Dehradun (executing agency). The work was, however, not started during the two year stipulated period due to a dispute on the selected site which was pending at the level of the Lok Ayukta/Government.

On this being pointed out (June 2006) the DSO stated in his reply that the matter was pending with the Government. The executing agency, however, stated (December 2006) that the dispute was pending at the level of the Lok Ayukta and the work would be resumed only after the clearance of the dispute on the selected site.

On account of the State Government's failure to fulfil the preconditions of the sanction accorded by the GOI it was unable to avail Central assistance thereby depriving the people of Dehradun of a modern sports complex.

Thus the casual approach and lack of planning resulted into non-utilization and blocking of Rs.1.10 crore as it could not be used also for the purpose it was sanctioned.

The matter was reported to Government (November 2006); reply had not been received (December 2006).

IRRIGATION DEPARTMENT

4.8 Blocking up of funds and denial of medical facilities

Unjustified expenditure of Rs. 24 lakh due to non completion of construction of PHC.

The Director, Rehabilitation, New Tehri accorded (November 2002) administrative approval and financial sanction of Rs.75 lakh for construction of a ten bedded Primary Health Centre (PHC) at Lambgaon to provide medical

facilities to the public living in areas rendered inaccessible from New Tehri by the Tehri Dam. The Superintending Engineer (Rehabilitation), Tehri Dam Project, Dehradun accorded technical sanction of Rs.89.30 lakh in March 2004.

Test check (March 2006) of the records of the Executive Engineer (EE), Tehri Dam Division-22, New Tehri and further information collected (August 2006) revealed that the EE released (November 2002) Rs.20 lakh to the executing agency (Uttaranchal Peysa Jal Sansadhan Vikas Evam Nirman Nigam Limited, New Tehri) to commence the work. The agency started work in November 2002 i.e. much before the Superintending Engineer (Rehabilitation), Tehri Dam accorded technical sanction in March 2004 and incurred an expenditure of Rs.24 lakh on site development and construction of a retaining wall. The work, however, was stopped (February 2004) on an announcement by the Chief Minister that the PHC was to be upgraded to a Community Health Centre (CHC). The District Magistrate, New Tehri stated (November 2004) that estimates of Rs.325 lakh for construction of CHC were sent to Government. These had not been sanctioned (August 2006).

Though the work on the PHC was stopped in February 2004 Government was yet to sanction the CHC. Thus due to non completion of the PHC, the public of that area was deprived of accessible medical facilities. As a result the expenditure of Rs. 24 lakh proved unjustified as the purpose for which it was incurred was defeated.

On this being pointed out (March 2006), the EE stated that the work could not be resumed as the matter was pending with the Government. The Government has not responded to the proposal even after two years. The developed site is likely to be damaged in the meanwhile due to rains and floods rendering the expenditure infructuous.

The matter was reported to Government (May 2006); reply is awaited (November 2006).

MEDICAL, HEALTH & FAMILY WELFARE DEPARTMENT

4.9 Unfruitful expenditure on Blood Bank

Failure to adequately strengthen the blood bank resulted in unfruitful expenditure of Rs. 21.57 lakh.

Government of Uttar Pradesh sanctioned (February 1997) Rs. 21.57 lakh for strengthening of the blood bank in the Suman District Hospital, Narendra Nagar, Tehri to provide blood to the patients at their convenience. Of this, Rs. 8.85 lakh was for the purchase of equipment and Rs. 12.72 lakh for the construction of a building for the blood bank.

Scrutiny of records (May 2006) of the Chief Medical Superintendent (CMS) of the Hospital revealed that the licence for the blood bank was issued under Rule 122 (G) of the Drug and Cosmetics, Rules, 1940 for the period from 13 October 1997 to 31 December 1998. The licence was not renewed after its expiry.

Further, during the validity period of the licence, an essential apparatus viz. an Enzyme linked Immunosorbent Assay (ELISA) reader, required for measuring antibody activity, including human immunodeficiency virus (HIV), was not available with the blood bank and was installed only in March 1999. Inspections carried out in February 2000 and May 2005 revealed that the layout of the building did not conform to the standards. There was a shortage of staff and the quantity of blood collected and distributed was insufficient. The blood bank could not thus achieve its intended objective.

On this being pointed out (May 2006), the CMS stated (July 2006) that due to non-achievement of the desired standards, the licence was not renewed by the Drug Controller, Uttaranchal. The latest proposal for renewal of licence was sent in July 2003, on which a decision is awaited (November 2006).

Thus, due to non-adherence to the standards required for the operation of a blood bank the expenditure of Rs. 21.57 lakh was rendered unfruitful.

The matter was reported to the Department/Government (June 2006); reply is awaited (November 2006).

Regulatory Issues and Other Points

EDUCATION DEPARTMENT

4.10 Non achievement of intended objective

Casual approach of the Department resulted in non-achievement of the objective of providing free text books despite expenditure of Rs.3.49 crore.

Government sanctioned (February 2004) Rs.3.50 crore for distribution of text books to students of Government/Government aided schools from classes 1 to 8 for the academic session of 2004-05 free of cost. The text books were to be printed by 15 June 2004. For achieving the above objective and to avoid delay in the printing and distribution of text books, the Government envisaged that an agreement be executed with the Government Press, Roorkee.

Test check (December 2005) of records of the Director of Education, Dehradun revealed that a sum of Rs.1.17 crore was provided to the Government Press in May 2004 without entering into any agreement with the press. Scrutiny further revealed that the text books were not printed before the start of the academic session and were made available to the district authorities for distribution from February - December 2004. The remaining amount of Rs.2.32 crore was also released in March 2005 to the press without verifying the availability of books to the students.

On this being pointed out (December 2005), the Directorate confirmed the facts and accepted that there were delays in the printing and distribution of books.

Non compliance with Government orders thus resulted in non achievement of the intended objective of providing free text books to the students of classes 1 to 8 for the academic session of 2004-05 even after incurring an expenditure of Rs.3.49 crore.

The matter was reported to the Government (May 2006); reply is awaited (November 2006).

RURAL DEVELOPMENT DEPARTMENT

4.11 Non remittance into treasury and unauthorized expenditure out of interest receipts

Interest of Rs. 17.69 lakh on bank deposits was not remitted into the treasury and Rs. 13.54 lakh was unauthorizedly spent by District Development Officer, Pithoragarh.

Interest earned on Government funds deposited in banks forms part of Government revenues and should, therefore, be deposited into the treasury. No expenditure can directly be incurred from this amount.

Test check (March 2006) of the records of the District Development Officer (DDO), Pithoragarh revealed that interest of Rs. 17.69 lakh earned during the period 2000-01 to 2005-06 on bank deposits of Rs. 1216.74 lakh were not remitted into the treasury. Instead, Rs. 13.54 lakh out of the above amount was spent for purchase of stationery, petrol, palki (palanquin) and repair of generator room, school building and BSNL tower etc.

On this being pointed out, the DDO stated (July 2006) that the interest was spent as per orders of the District Magistrate. The reply is not tenable as the interest formed part of the Consolidated Fund of the State and could not be spent without authorization from the State Legislature.

The matter was reported to the Government (June 2006); reply is awaited (November 2006).

PUBLIC WORKS DEPARTMENT

4.12 Substandard work

Deviation from specifications of the Indian Roads Congress resulted in substandard work of Rs. 26.57 lakh.

According to the specifications* of the Indian Roads Congress (IRC), adopted by the Ministry of Road, Transport and Highways, a wearing surface should be laid

* IRC: 37-2001

only after a binder course of Bituminous Macadam (BM) or Dense Bituminous Macadam (DBM) has been laid. The Government of Uttaranchal follows the IRC norms.

Scrutiny of records (March 2006) of Executive Engineer (EE), Construction Division, Public Works Department (PWD), Chamba, Tehri Garhwal revealed that the GOI sanctioned Rs.112.15 lakh (February 2004) for improvement and widening of Chamba-Jaul-Kuriyalgaon motor road (km 4.50) under the Central Road Fund. The work was to be completed by March 2005. Technical sanction for two coats (inter and top coats) of Water Bound Macadam (WBM) compacted to thicknesses of 10.80 cm and 8.00 cm respectively followed by a first coat painting and a 2.5 cm thick wearing surface semi dense bituminous concrete (SDBC) was accorded (February 2005) by Chief Engineer (Garhwal Region), PWD, Pauri-Garhwal for Rs.98.88 lakh. The technical sanction was contrary to the IRC specifications as no binder course was provided before laying the wearing surface of SDBC. An expenditure of Rs.26.57 lakh was incurred upto February 2006 on completing the work in 3.5 km.

On this being pointed out, the Division stated (March 2006) that the work was executed as per provisions of the technical sanction.

The reply is not tenable as laying of the wearing surface without a binder course resulted in the entire work of Rs.26.57 lakh being substandard. By compromising the IRC specification the contractual cost and quality have both been lowered.

The matter was reported to Government (May 2006); reply is awaited (November 2006).

4.13 Avoidable risk of ecological damage

Short recovery of lease of Rs. 4.49 crore and delay in compensatory afforestation and soil conservation work led to avoidable risk of ecological damage.

The GOI approved the diversion of 2900 ha. of forest land to Uttaranchal Forest Development Corporation (UFDC) (October 2002) for collection of minor minerals such as bajri, boulders and sand from river beds *in Haridwar District. The approval was subject to the condition that the UFDC would deposit Rs. 90.50 lakh every six months for a period of 10 years to enable the State Government to carry out compensatory afforestation and soil conservation and river training works to avoid damage to the river bed and contiguous areas. The compensatory afforestation was to be done on an equivalent area of degraded forest land.

Test check (April 2006) of the records of Divisional Forest Officer (DFO), Forest Division, Haridwar revealed that Government of Uttaranchal leased the land (November 2002) to UFDC for five years only. UFDC had deposited Rs. 1.84

* Yellow river Shyampur : 400 ha, Gnaga Shyampur : 600 ha. Ganga river Chiryapur : 600 ha, Rawasan-I : 300 ha, Kotawali : 200 ha, Rawasan-II : 300 ha, Ganga Bishanpur : 300 ha and Ganga Bhogpur : 200 ha.

crore only upto Jan 2006,* though the total amount due was Rs. 6.33 crore. Of this, the DFO had utilized Rs. one crore only. Non receipt of the complete amount and its non utilisation for the intended purpose unduly delayed the regeneration of degraded forests. It also increased the risk of ecological damage to the river bed and contiguous areas due to erosion of the soil which was left exposed to the scouring action of the flood waters of the river during the monsoon season.

On this being pointed out, the Department stated (April 2006) that the UFDC was regularly being asked to deposit the remaining amount.

The failure of the Department to recover the due amount of Rs. 4.49 crore and to utilize it on the intended purpose has led to avoidable risk of ecological damage.

The matter was reported to Government (June 2006); reply is awaited (November 2006).

♦

(Rs. in crore)			
Year	Due FDC	Received from FDC	Shortfall
2002-03	1.81	0.52	1.29
2003-04	1.81	0.65	1.16
2004-05	1.81	0.46	1.35
2005-06	0.90	0.21	0.69
	6.33	1.84	4.49

CHAPTER-V

INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT ARRANGEMENTS IN GOVERNMENT DEPARTMENTS

INTERNAL CONTROL SYSTEM IN MEDICAL DEPARTMENT

5.1 Highlights

Internal control uses a system of rules, orders and procedures to provide management with a reasonable assurance that, the entity is functioning in the manner intended and is likely to achieve its objectives. An evaluation of the internal control system in the Medical Department during the period 2003-04 to 2005-06 revealed weaknesses due to non-compliance with rules, manuals, and codes in the areas of budget preparation, expenditure control and operational control. Internal Audit function had also not been established in the Department.

- *Budget Estimates were prepared and submitted without receiving inputs from the Estimating Officers. Incorrect estimation and lack of monitoring led to substantial savings of funds.*

[Paragraph 5.8.2]

- *Expenditure exceeded the budget allotment in certain detailed heads of account.*

[Paragraph 5.9.1]

- *Indents for the purchase of medicines were issued to manufacturers of medicines but payments were made to distributors/agents instead.*

[Paragraph 5.9.4]

- *There was an idle investment of Rs. 42.35 lakh on incomplete Primary Health Centre, Buggawala (Haridwar) and State Allopathic Dispensary and residences, Bankot (Pithoragarh).*

[Paragraph 5.11.1 & 5.11.3]

- *Vacancies of 45 per cent in key posts such as senior and ordinary grade Medical Officers, District TB Officer, District Leprosy Officer due to which medical, health and family welfare facilities were not adequately provided to the people of the State.*

[Paragraph 5.12.1]

- *Internal Audit function was not set up in the Department, which contributed poor budgetary and administrative control.*

[Paragraph 5.13.1]

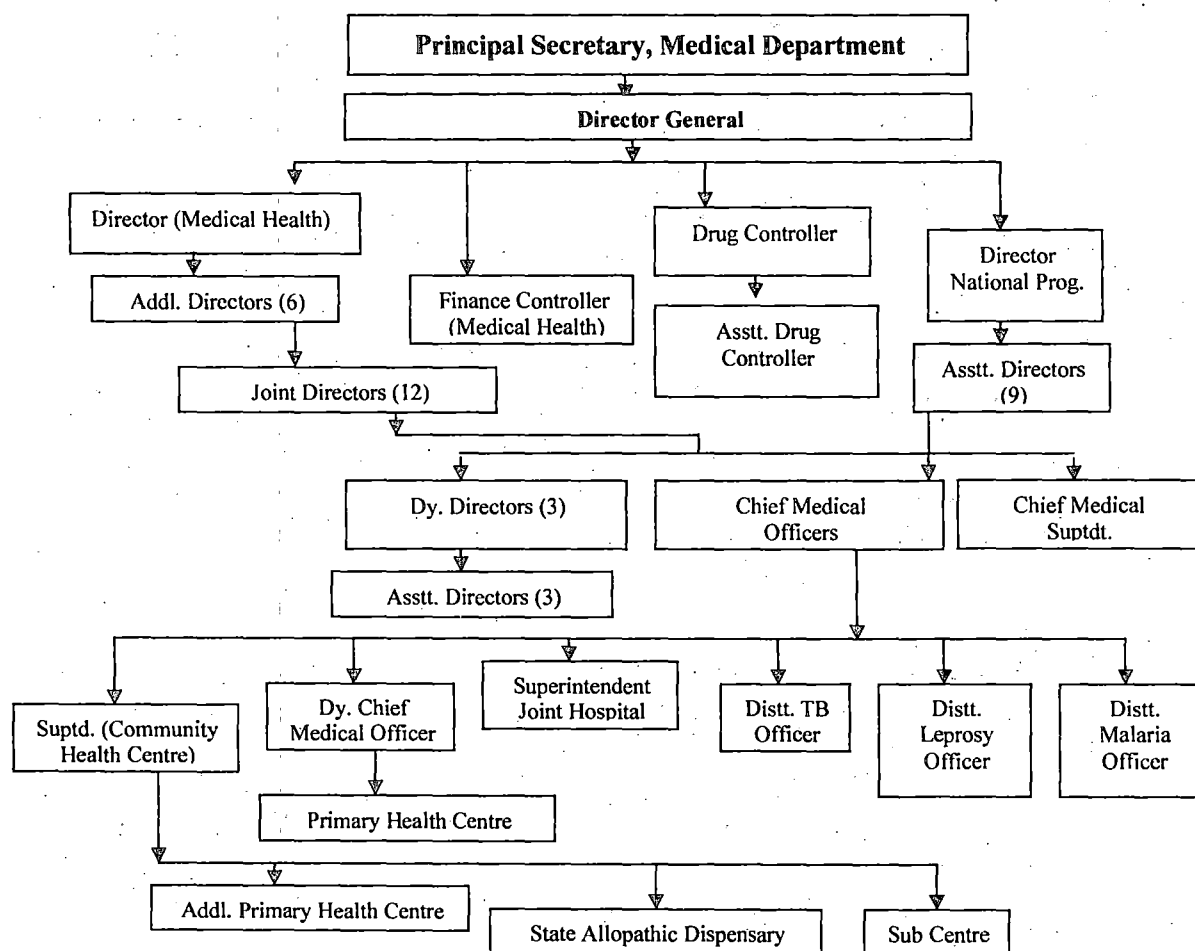
5.2 Introduction

Internal control is an integral process by which an organization oversees its activities to effectively achieve its objectives at the same time ensuring efficient, effective and economical use of its resources. It provides safeguards against errors and irregularities in operational and financial matters and ensures compliance with rules and procedures and highlights deviations therefrom.

The Medical Department is responsible for promoting good health through the use of modern systems of medicine (allopathy). It manages a system to expand the outreach of institutional health care through preventive and curative intervention to promote affordable and efficacious, medical, health and family welfare services.

5.3 Organisational Set-up

The organisational set-up of the Medical Department is given below:



5.4 Audit Objectives

The review of the internal control system in the Medical Department was conducted to assess whether the following general objectives were being achieved:

- fulfilling accountability obligations;
- ensuring orderly, ethical, economical, efficient and effective operations;
- identifying and minimising the risks faced by the Department in achieving its objectives and
- safeguarding its resources against loss.

5.5 Audit Criteria

The audit criteria set for achieving the Audit objectives were:

- Provisions of the State Financial Handbook, Budget Manual and the treasury rules;
- Rules, norms and procedures prescribed for the purchase of medicines and other stores;
- Prescribed guidelines for various schemes in operation in the Department and
- Monitoring mechanism prescribed.

5.6 Scope of Audit

The records of the Director General (DG), Medical, Health and Family Welfare, five¹ out of 13 Chief Medical Officers (CMOs) and eight² out of 26 Chief Medical Superintendents (CMSs) for the period 2003-04 to 2005-06 were test checked between April 2006 to July 2006 to evaluate the effectiveness of the internal control system in the Department. The results are discussed in the succeeding paragraphs.

5.7 Audit Methodology

The samples for review were selected from the offices of the Director General (Medical, Health & Family Welfare), Dehradun district units located in the Kumaon and Garhwal regions. Data on physical and financial progress etc. was collected from the DG, Chief Medical Officers (CMOs) and Chief Medical Superintendents (CMSs) of the Districts test checked.

¹ CMOs Almora, Chamoli, Haridwar, Pithoragarh & Dehradun.

² CMS (Male) Haridwar, Pithoragarh, Almora & Dehradun.

CMS (Female) Haridwar, Pithoragarh, Almora & Dehradun.

5.8 Budgetary Control

5.8.1 Delay in submission of Budget Estimates

According to Para 8 of the Budget Manual, Heads of Departments (Controlling Officers) and other estimating officers should send their budget estimates for the year to the Finance Department and also to the appropriate department of the Government by 31 October of the preceding year.

Test check of records of CMOs (estimating officers) of Haridwar, Pithoragarh and Dehradun and CMS of Haridwar, Pithoragarh and Almora during April to July 2006 revealed that budget estimates for 2003-04 to 2005-06 were sent late to the DG (Controlling Officer) as detailed below:

Table-1

Year	Dates of Submission of Budget Estimates by					
	CMO Haridwar	CMS Haridwar	CMO Pithoragarh	CMS Female Pithoragarh	CMS Almora	CMO Dehradun
2003-04	18.7.2003	-	28.4.2003	10.4.2003	5.2003	30.6.2003
2004-05	5.5.2004	30.4.2004	28.4.2004	5.5.2004	5.2004	30.4.2004
2005-06	12.5.2005	13.6.2005	25.4.2005	2.4.2005	5.2005	8.4.2005

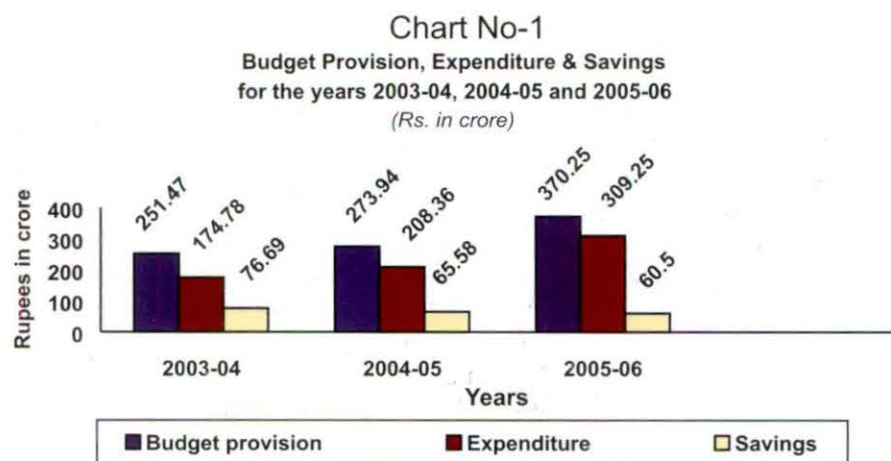
Source: From the Departmental figures

The DG prepared and submitted the budget estimates to the Secretary, Medical, and Health and Family Welfare Department without receiving any budget estimates from the estimating officers. This resulted in incorrect estimation and preparation of unrealistic budget estimates as discussed in the following paragraphs.

5.8.2 Savings due to excess provision

According to the Financial Rules and Budget Manual, the DG, assisted by the Finance Controller, is to ensure that the grant of the year is fully spent and any money, which is not likely to be needed during the year, is promptly surrendered.

The budget provision and expenditure of the Department for the years 2003-04 to 2005-06 are shown in the chart below.



Source: From the statement given by Director General

The unspent balances for the years 2003-04 to 2005-06 were surrendered at the close of the financial years on 31 March, in contravention of the provisions of the Budget Manual. Had the savings been identified and surrendered in time to the Government earlier, these could have been re-appropriated and optimally utilized for other activities of the Government. The persistent savings showed that the budget proposals were unrealistic and monitoring and control over expenditure was also inadequate as discussed in paragraph 5.9.

5.9 Monitoring and Control over Expenditure

The Budget Manual requires the DG to monitor the receipt of monthly expenditure statements with a view to watch the progress of expenditure and achievement of targets.

It was noticed that the monthly statements received from the CMOs and other Drawing & Disbursing Officers (DDOs) were not scrutinised by the DG to ensure proper utilization of funds.

5.9.1 Excess expenditure against budget allotment

As per the Budget Manual and Financial Rules, the expenditure in any detailed head of account should not exceed the budget allotment.

Test check of records (July 2006) of the CMO, Dehradun revealed that expenditure exceeded the budget allotment under certain heads of account under the Major Head 2210- Medical & Public Health during the year 2005-06 by Rs. 1.23 lakh (*Appendix-5.1*).

5.9.2 Purchases made in the month of March

According to Paragraph 207 of the Budget Manual, read with Para 162 of Financial Hand Book (FHB) Part V, Vol I, only material and goods, which are absolutely necessary, may be purchased after 15 February.

Test check of records (April to July 2006) of CMOs Haridwar, Pithoragarh and Almora for the years 2003-04 to 2005-06 revealed that there was a rush of expenditure in the month of March to avoid the lapse of funds, as detailed below.

Table- 2
Rush of Expenditure in the month of March

(Rupees in lakh)

Month/Year	CMO Haridwar	CMO Pithoragarh	CMO Almora
March 2004	14.29	5.5	15.98
March 2005	34.45	14.94	3.57
March 2006	22.03	2.65	17.88

Source : Departmental figures

5.9.3 Government money remained out of cashbook

The State Financial Rules provide that as soon as Government money is received or disbursed, it should be immediately accounted for.

- Test check of records (May 2006) of CMO, Haridwar, revealed that two cheques (No: 594968 & 594962 dated 28.10.05) for Rs. 16,800 and Rs. 58,599 were received by the Dy. CMO, Haridwar but not entered in

the subsidiary cash book for three months and were returned on 25.1.2006.

- Test check of records of CMS, Almora (July 2006) revealed that the cash book had not been closed each month and the Drawing & Disbursing Officer did not physically verify the closing balance of the cash book at the end of the month.

The delayed account of Government money in the cash book and non-verification of entries of cash book by the Drawing and Disbursing Officer is fraught with the risk of possible misappropriation and embezzlement.

5.9.4 Medicines purchased from the Distributor/Agent and not from the Manufacturer

As per Government notification dated 22.12.2004 issued by the DG, the indenting officer will indent and pay for medicines and chemicals purchased directly to the manufacturer and not to the agent/distributor/whole seller.

Test check of records (April and July 2006) of CMOs Chamoli, Haridwar, Pithoragarh and Dehradun and CMS Haridwar, Pithoragarh, Almora and Dehradun revealed that indents for the purchase of medicines were issued to the manufacturer but the supply of medicines was made by the agent/distributor of the manufacturer. The Department made payments to the agents/distributors instead of to the manufacturers, which was contrary to the Government notification, and the possibility of supply of substandard medicines is not ruled out.

5.9.5 Expenditure split up to avoid sanction of competent authority or calling for tenders

Financial rules provide that orders for purchase of material/goods should not be split up to avoid calling for tender/quotations and approval of higher authorities. For the purchase of goods worth more than Rs. 15,000, tenders should be invited as per government order dated 14.10.1996.

Test check of records of CMO Haridwar, Almora, Pithoragarh and Dehradun and CMS Almora, Dehradun (April to July 2006) for the year 2005-06 revealed that most of the purchases of medicines and other materials were made on the same date and subsequent dates of the same month to avoid calling of tenders or to avoid the need for sanction of competent authority.

5.9.6 Expenditure on local purchase of medicines in excess of limits

According to government order No. 1224 dated 23.8.2003, local purchase of medicine is to be restricted to 30 *per cent* of the funds available. 70 per cent of the available funds were to be utilized for purchase of medicines as per rate contract.

Test check of records (July 2006) of Chief Medical Superintendent, Doon Hospital, Dehradun revealed that during the years 2003-04, 2004-05 and 2005-06 medicines were purchased locally beyond the prescribed limit of 30 *per cent* as detailed on the next page:

Table- 3

Year	Total Expenditure (Rs. in lakh)	Local Purchase (Rs. in lakh)	Percentage of local Purchase
2003-04	55.53	29.67	53
2004-05	86.53	63.25	73
2005-06	103.90	87.24	84

Source: Departmental figures

Thus, Doon Hospital failed to comply with the internal control for local purchases.

5.10 Store Management and Inventory Control

5.10.1 Physical verification of store and stock not done

State Financial Rules require the competent authority to physically verify the stores/stock of the Department at least once a year and set right the discrepancies noticed, if any.

Test check of records (April & July 2006) of CMO Almora, Chamoli, Haridwar and CMS Pithoragarh revealed that physical verification of stock had not been carried out during 2003-04 to 2005-06 by the competent authority.

5.10.2 Non disposal of unserviceable X-ray machines and other miscellaneous goods amounting to Rs. 2.99 lakh

According to the financial rules, as soon as any equipment/machinery is found unserviceable, it should be disposed off by auction.

Test check of records (May 2006) of CMO Chamoli and CMS District Hospital, Almora revealed that an X-ray machine and 88 different types of stores amounting to Rs. 1.86 lakh and Rs. 1.13 lakh respectively were lying unserviceable. The Department had not taken any action for their disposal till the date of audit (May 2006).

5.11 Operational Controls

5.11.1 Idle investment of Rs. 29.86 lakh on incomplete PHC

Government sanctioned Rs. 29.86 lakh (November 2002) for the construction of a hospital building and residential quarters of PHC at Buggawala, Haridwar, to provide medical facilities to the people. Rs. 10 lakh was released to the executing agency, PACSFED, a cooperative federation (November 2002).

Test check of records (May 2006) of the CMO, Haridwar revealed that PACSFED started the work in January 2003. The work was stopped by the orders of the Government and entrusted to the Project Engineer, Construction and Design Services, U.P. Jal Nigam, Uttaranchal (October 2004) and Rs.19.86 lakh released to them. The Jal Nigam, without starting the work, submitted revised estimates of Rs. 39.90 lakh (May 2005) on the ground of price escalation in the cost of materials and labour charges, which was yet to be sanctioned (May 2006).

Lack of monitoring and control by the Department resulted in non completion of the building and idle investment of Rs. 29.86 lakh. The intended benefit of providing medical facilities to the people of Buggawala, Haridwar had not been achieved.

5.11.2 Procedural lapses led to stoppage of construction

Financial rules provide that no work should commence on land which has not been duly acquired by the Department. Further, prior approval of GOI for use of reserve forestland for non forest purposes is necessary under the Forest Conservation Act, 1980.

Test check of records (May 2006) of Chief Medical officer Haridwar revealed that the Government sanctioned and the Department released (March 2005) Rs. 8.53 lakh to the U.P. Rajkiya Nirman Nigam, Haridwar, for construction of a Post-Mortem house at Haridwar. Construction could not be started due to non acquisition of land from the forest department. The construction was on forestland and prior approval of GOI had not been obtained.

Failure of the Department to obtain title of land led to avoidable blocking of Rs. 8.53 lakh with the executing agency.

5.11.3 Idle investment on incomplete dispensary and residential buildings

Government sanctioned Rs. 12.49 lakh (March 1984) for the construction of State Allopathic Dispensary and residential quarters to provide medical facilities to the public of Bankot (Pithoragarh). The work was entrusted to the Temporary Construction Division, Public Works Department (March 1984). Funds were released in 1984 and the work was to be completed in two years.

Test check of records (June 2006) of the CMO, Pithoragarh revealed that the executing agency had spent Rs. 20.21 lakh but only 50 per cent of the construction work had been completed (June 2006). The executing agency submitted revised estimates of Rs. 34 lakh in 1988 (four years after starting the work) which was not sanctioned. Despite the lapse of a period of 22 years, the construction of dispensary building and residential quarters had not been completed. The executing agency had spent Rs.7.72 lakh in excess of the amount released i.e. Rs. 12.49 lakh which also was not got regularised.

Lack of timely action and poor monitoring by the Department resulted in non-completion of the building and an idle investment of Rs. 20.21 lakh since 1984. The purpose for which the expenditure was incurred was also defeated.

5.11.4 Funds for Maternity Benefit Scheme remained unutilized

National Maternity Benefit Scheme under the National Social Help Programme is implemented by the Family Welfare Department. Under this scheme, Rs. 500 per delivery for upto two live children is paid 8 to 12 weeks before delivery to women belonging to BPL families whose age is above 19 years.

Test check of records of CMO Pauri revealed that a total number of 18,845 women should have been benefited during the period from April 2001 to January 2006. Only 1605 women benefited from the scheme during the period 2001-02 to 2005-06. The target was thus not achieved.

Although a budget allotment of Rs. 34.57 lakh was available during the period, only Rs. 8.11 lakh were, however, actually spent and 17,240 BPL women were deprived of the benefits.

5.12 Manpower Management

The Department is responsible for providing medical and health services to the people of the State. It is also responsible for implementation of Family Welfare schemes of the Central/State Government. Manpower management in the Department was inadequate, adversely affecting programme implementation and also leading to wastage of resources as discussed below:

5.12.1 Key posts lying vacant

A considerable number of key posts such as Joint Directors, Senior Grade Medical Officers, Ordinary Grade Medical Officers (Male and Female) Dentists, District Malaria Officers, District T.B. Officers, District Leprosy Officers were vacant in the State. Test check of records of the Director General, Medical, Health & Family Welfare, CMOs Almora, Chamoli, Haridwar, Pithoragarh and Dehradun and CMS Haridwar and Almora revealed that nearly 45 *per cent* posts of doctors were vacant. As a result the people of the area were deprived of medical health and family welfare facilities. The DG did not effectively pursue with the Government the matter of deployment of Medical Officers against the vacant posts.

Table- 4

Name of the Post	Sanctioned Posts	In Position	Vacant Posts
1. Joint Director	66	51	15
2. Senior Grade Medical Officer	248	171	77
3. Ordinary Grade Medical Officer Male	1465	776	689
4. Ordinary Grade Medical Office Female	283	132	151
5. Dentist	66	42	24
Total	2128	1172	956
1. Chief Food Inspector	14	06	08
2. Food Inspector	149	56	93
Total	163	62	101

Source: Departmental figures

5.12.2 Vacancies in Para Medical and Technical Staff

Test check of records (February, April-May 2006) of CMO Almora, Chamoli, Haridwar, Pauri, Pithoragarh and Dehradun and CMS of District Hospitals Haridwar and Dehradun revealed that there were considerable number of vacancies in the posts of Health Education Officers, Deputy District Health Information Officers, Health Workers Male/Female, Physiotherapists, Operation Theatre Technicians and Pharmacists ranging from 38 *per cent* to 100 *per cent* in the above districts, due to which adequate and proper medical and health services could not be provided to the public (*Appendix-5.2*).

5.12.3 Equipment worth Rs. 20.65 lakh remained idle for want of specialist doctors and trained staff

Test check of records of CMO, Udham Singh Nagar (December 2005) revealed that the following equipments were purchased and installed during the year

2004-05 at a cost of Rs. 20.65 lakh at Community Heath Centres (CHC) at Sitarganj, Gadarpur, Kashipur, New Sitarganj and Allopathic Hospital, Bazpur of Udham Singh Nagar district.

Table- 5

(Rs. in lakh)

Name of Equipment	Name of CHC	Amount
1. Dental Unit & Dental Chair	SAD Bagipur	2.83
2. Auto Clave 3 pieces	CHC New Sitarganj, Gadarpur L.D.Bhatt Hosiptal, Kashipur	2.82
3. Ventilators 2 pieces	CHC Sitarganj, CHC Gadarpur	9.38
4. Economy phototherapy 10 pieces	CHC Sitarganj, CHC Gadarpur	1.87
5. X-ray machine 2 pieces	CHC Sitarganj, CHC Gadarpur	2.11
6. Auto Analyser	CHC Kashipur	1.63
Total		20.65

Source: Departmental figures

The above equipments remained idle for want of specialist doctors and trained staff resulting in idle investment of Rs. 20.65 lakh and denial of health facilities to the patients.

5.12.4 Test check of records (February 2006) of CMO Pauri revealed that a ventilator, two X-ray machines, a semi auto analyser and other equipments valuing Rs. 15.74 lakh were purchased during the year 2004-05 for CHC Thaliland, Zorokhol and Borokhol of Pauri District. The aforesaid equipments remained idle in store and were not installed for want of specialist doctors and trained staff. Prior to purchase of equipments, the purchase department did not ensure the availability of specialist doctors and trained staff, which resulted in blockage of fund amounting to Rs. 15.74 lakh.

5.12.5 Key posts lying vacant in remote areas of state

A number of key posts such as Dy. CMO, Senior Medical Officer, Senior Specialist Doctors, District Malaria Officer, District TB Officer, District Leprosy Officer, and Superintendent of CHC, Medical Officer are vacant in remote areas of the districts of the State, as detailed below:

Table-6

Name of Office	No. of sanctioned strength	No. of vacant post	Percentage of vacancy
CMO Pithoragarh	164	99	60
CMS Almora, District Hospital Male & Female	34	18	53
CMO Almora	206	115	56
CMO Chamoli	142	85	60

Source: Departmental figures

Thus there were a large number of vacancies of Senior Medical Officers, Medical Officers and Specialist Doctors in remote areas due to which medical and health facilities to the people of above districts could not be provided adequately and effectively.

5.12.6 State Allopathic Dispensaries & Additional Primary Health Centres were without Medical Officers and Pharmacists

Test check of records of CMO Pithoragarh (June 2006) revealed that thirteen State Allopathic Dispensaries were without Medical Officers and Pharmacists since the date of their establishment. In some dispensaries only Ward Boys and Sweepers were posted since 1992. In five additional PHCs and one State Allopathic Dispensary(SAD), only, Pharmacists were posted and Medical Officers were not posted. In two SADs and three Additional PHCs only Medical Officers were posted and Pharmacists were not posted. Lack of Medical Officers and Pharmacists resulted in people of these areas being deprived of medical, health and family welfare facilities.

5.12.7 Excess posting of Specialist Doctors

Test check of records of CMS Doon Hospital, Dehradun revealed (July 2006) that there were excess postings of two Senior Orthopedic Surgeons, one Senior Medical Officer and two Senior Eye Surgeons against the sanctioned strength. It is noteworthy that there were several vacancies of Senior Medical Officers/Senior Specialists in other District Hospitals of the State.

5.12.8 Targets of food sampling not achieved due to vacancies in the post of Food Inspector

Under the Prevention of Food Adulteration Act 1976, each Food Inspector should take 60 samples of food per year and Chief Food Inspector should take 36 samples of food per year and the samples collected be sent to Food Analyst for testing.

Test check of records (April to July 2006) of CMO Almora, Chamoli, Haridwar, Pithoragarh revealed that the number of food samples collected ranged between 7 per cent to 88 per cent during 2003-04 to 2005-06 (Appendix-5.3).

Thus, the target of taking samples was not achieved due to the shortage of Food Inspectors, which ranged between 33 to 92 per cent as detailed below.

Table -7

Name of CMO	Sanctioned Posts	Men-in-Position	Vacant Posts	Percentage of Vacancy
Almora	17	5	12	71
Chamoli	14	1	13	92
Haridwar	6	4	2	33
Pithoragarh	8	2	6	75

Source: Departmental figures

5.13 Internal audit Set-up

Internal audit is part of the internal control system. It is an independent function within the organization, which helps an organization to accomplish its objectives by bringing about a systematic disciplined approach to evaluate the level of compliance with the departmental rules and procedures so as to

provide assurance to the management on the adequacy of the internal control system of the department.

5.13 Test check of records of Director General (Medical Health & Family Welfare), Dehradun (April & May 2006) revealed that there was no internal audit set-up in the Department. The Department replied that no structure for internal audit had been approved for the Department so far. Failures were noticed at various control levels (budgetary, financial, expenditure, manpower management) as discussed in the above paragraphs, which could have been avoided had there been a system of Internal Audit in the Department.

5.14 Conclusion

Although an internal control existed in the Department, the control exercised are inadequate and unsatisfactory. Because of poor budgetary control of the funds provided, 30 *per cent* in 2003-04, 24 *per cent* in 2004-05 and 16 *per cent* in 2005-06 remained unspent leading to avoidable savings. Chief Medical Officers and Chief Medical Superintendents submitted budget estimates late to the Controlling Officer resulting in unrealistic budget estimates, which in turn inhibited a planned growth. There were idle investments of 29.86 lakh and Rs. 12.49 lakh on incomplete buildings of Primary Health Centre, Buggawala, Haridwar and State Allopathic Dispensary Bankot, Pithoragarh. On account of 45 *per cent* vacancies of Senior Medical Officer/Medical Officers in the State, the people of the State were deprived of their rightful medical, health and family welfare facilities. A number of State Allopathic Dispensaries and Additional PHCs were without Medical Officers and Pharmacists even though they were constructed long time back, thus depriving the public of those areas of medical and health facilities. Targets of food sampling were not achieved. Internal Audit function was not set up as required, thereby depriving the department of an independent internal assessment mechanism.

5.15 Recommendations

- Proper scrutiny and timely submission of budget estimates should be ensured for optimum utilization of funds and to avoid excess budget provision and avoidable surrenders. Adequate internal expenditure control measures need to be established to ensure optimum utilisation of budgetary grants.
- Prescribed procedure should be followed for the purchase of medicines.
- The Department should expedite the process of filling the posts of medical officers and para medical staff particularly in remote areas.
- Internal Audit Wing should be established in the Department to examine and evaluate the level of compliance with rules and procedures so as to provide assurance on the adequacy of the internal control framework.
- A system should be evolved and enforced to monitor various operational activities of the department.

CHAPTER-VI

REVENUE RECEIPTS

GENERAL

6.1 Trend of revenue receipts

The tax and non tax revenue raised by Government of Uttaranchal during the year 2005-06, State's share of divisible Union taxes and grants in aid received from Government of India during the year and corresponding figures for the preceding year are given below:

	(Rupees in crore)				
	2001-02	2002-03	2003-04	2004-05	2005-06
I. Revenue raised by the State Government					
• Tax revenue	970.88	1,018.87	1,225.96	1,444.36	1,784.69
• Non tax revenue	162.06	374.85	370.41	547.70	650.09
Total	1,132.94	1,393.72	1,596.37	1,992.06	2,434.78
II. Receipts from Government of India					
• State's share of divisible Union taxes	151.40	372.14	435.03	519.97	1,009.82 ¹
• Grants in aid	1,323.85	1,450.25	1,568.68	1,573.57	2,092.42
Total	1,475.25	1,822.39	2,003.71	2,093.54	3,102.24
III. Total receipts of the State (I+II)	2,608.19	3,216.11	3,600.08	4,085.60	5,537.02
IV. Percentage of I to III	43.44	43.34	44.34	48.76	43.97

6.1.1 The details of tax revenue for the year 2005-06 along with the figures for the preceding four years are given in the following table:

	(Rupees in crore)						
Revenue head	2001-02	2002-03	2003-04	2004-05	2005-06	Increase (+) or decrease (-) in 2005-06 with reference to 2004-05	Percentage of increase or decrease with reference to 2004-05
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1. Trade tax	486.13	548.84	661.96	793.51	1014.33	(+) 220.82	(+)27.83
2. State excise	232.04	245.86	273.37	292.01	292.75	(+) 0.74	(+)0.25
3. Stamp duty and registration fees	89.45	123.35	168.94	207.80	333.39	(+)125.59	(+)60.44

¹ For details see statement No.11 - Detailed accounts of revenue by minor heads in the Finance Accounts of Government of Uttaranchal for the year 2005-06. Figures under the major heads 0020- Corporation tax, 0021 Taxes on income other than corporation tax, 0028- other taxes on income and expenditure, 0032-Taxes on wealth, 0037- Customs, 0038-Union excise duties and 0044- Service tax which entail share of net proceeds assigned to States booked in the Finance Accounts under A- Tax revenue have been excluded from revenue raised by the State and included in State's share of divisible Union taxes in this statement.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
4. Taxes on vehicles, goods and passengers	67.41	71.68	86.12	98.91	114.85	(+) 15.94	(+)16.11
5. Taxes and duties on electricity	7.94	18.10	16.45	37.49	12.24	(-) 25.25	(-) 67.35
6. Land revenue	3.28	2.52	12.64	7.74	9.18	(+) 1.44	(+)18.60
7. Other taxes and duties on commodities and services	82.89	6.70	6.04	4.04	4.39	(+) 0.35	(+)8.66
8. Others	1.66	1.82	0.45	2.86	3.56	(+) 0.70	(+)24.48
Total	970.80	1,018.87	1,225.97	1,444.36	1,784.69	(+) 340.33	(+)23.56

Reasons for variations though called for from the departments / Government have not been received. (November 2006).

6.1.2 The details of non tax revenue for the year 2005-06 along with the figures for the preceding four years are exhibited in the following table:

<i>(Rupees in crore)</i>							
Revenue head	2001-02	2002-03	2003-04	2004-05	2005-06	Increase (+) or decrease (-) in 2005-06 with reference to 2004-05	Percentage of increase/decrease with reference to 2004-05
1	2	3	4	5	6	7	8
1. Interest receipts	3.15	3.92	30.22	21.96	34.60	(+) 12.64	(+)57.56
2. Forestry and wildlife	80.70	177.69	131.88	130.58	159.47	(+) 28.89	(+)22.12
3. Major and medium irrigation	6.78	10.38	9.36	5.74	6.21	(+) 0.47	(+)8.19
4. Education, sports, art and culture	17.96	22.67	21.28	22.27	24.84	(+) 2.57	(+)11.54
5. Other administrative services	3.85	9.70	20.65	27.04	35.71	(+) 8.67	(+)32.06
6. Non ferrous mining and metallurgical industries	18.24	23.93	31.82	36.61	52.97	(+) 16.36	(+)44.69
7. Police	3.60	3.84	4.01	4.20	5.23	(+) 1.03	(+)24.52
8. Crop husbandry	3.20	49.31	22.11	6.40	2.80	(-) 3.60	(-) 56.25
9. Social security and welfare	0.17	0.38	1.95	0.98	1.15	(+) 0.17	(+)17.35
10. Medical and public health	3.58	3.37	4.25	2.60	6.04	(+) 3.44	(+)132.31
11. Minor irrigation	0.12	0.22	0.65	1.01	0.92	(-) 0.09	(-)8.91
12. Roads and bridges	1.20	1.08	0.93	1.06	1.38	(+) 0.32	(+)30.19
13. Public works	1.74	2.90	2.19	3.99	8.62	(+) 4.63	(+)116
14. Co-operation	0.83	1.15	1.17	2.94	1.19	(-) 1.75	(-) 59.52
15. Others	16.94	64.31	87.94	280.32	308.96	(+) 28.64	(+)10.22
Total	162.06	374.85	370.41	547.70	650.09	(+) 102.39	(+)18.69

Reasons for variations though called for from the departments /Government have not been received (November 2006).

6.1.3 Variations between budget estimate and actuals

The variations between budget estimates and actuals of tax and non tax revenue during the year 2005-06 are given in the table as follows:

(Rupees in crore)

Revenue head	Budget estimates	Actuals	Variation increase (+) decrease (-)	Percentage of variation
Tax revenue				
1. Trade tax	890.00	1,014.33	(+) 124.33	13.97
2. State excise	357.97	292.75	(-) 65.22	(-) 18.22
3. Stamp duty and registration fees	219.78	333.39	(+) 113.61	(+) 51.69
4. Taxes and duties on electricity	38.02	12.24	(-) 25.78	(-) 67.84
Non tax revenue				
5. Interest receipts	24.98	34.60	(+) 9.62	(+) 38.51
6. Other administrative services	7.85	35.71	(+) 27.86	(+) 354.90
7. Crop husbandry	11.09	2.80	(-) 8.29	(-) 74.75
8. Social security and welfare	-	1.15	(+) 1.15	(+) 100.00
9. Medical and public health	3.20	6.04	(+) 2.84	(+) 88.75
10. Roads and bridges	0.02	1.38	(+) 1.36	(+) 6800.00
11. Public works	2.17	8.62	(+) 6.45	(+) 297.24

Reasons for substantial variations between budget estimates and actuals though called for have not been intimated by Government (November 2006).

6.1.4 Analysis of collection

Breakup of total collection at preassessment stage and after regular assessment of sales tax and entry tax for the year 2005-06 furnished by the department is as follows:

(Rupees in crore)

Head of revenue	Amount collected at pre-assessment stage	Amount collected after regular assessment (additional demand)	Penalties for delay in payment of taxes and duties	Amount refunded	Net collection	Percentage of column 2 to 6
1	2	3	4	5	6	7
Commercial tax	957.58	46.18	6.32	4.80	1,005.28	95.25
Entry tax	5.70	-	-	-	5.70	100.00

6.1.5 Cost of collection

The gross collection in respect of major revenue receipts, expenditure incurred on collection and the percentage of such expenditure to gross collection during the years 2003-2004, 2004-2005 and 2005-2006 along with the relevant all India average percentage of expenditure on collection to gross collection for 2004-2005 are given below:

(Rupees in crore)

Sl. no.	Head of revenue	Year	Collection	Expenditure on collection of revenue	Percentage of expenditure on collection	All India average percentage for the year 2004-2005
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	Sales tax/ Commercial tax	2003-04 2004-05 2005-06	661.96 793.51 1,014.33	15.09 21.17 13.95	2.28 2.67 1.38	0.95

(1)	(2)	(3)	(4)	(5)	(6)	(7)
2	State excise	2003-04 2004-05 2005-06	273.37 292.05 292.75	2.86 3.22 3.11	1.05 1.10 1.06	3.34
3	Taxes on vehicles	2003-04 2004-05 2005-06	75.35 85.32 114.85	3.72 4.27 4.71	4.94 5.00 4.10	2.74
4	Stamp duty and registration fees	2003-04 2004-05 2005-06	168.94 207.80 333.39	4.91 4.46 3.24	2.91 2.15 0.97	3.44

It would be seen from the above that expenditure on collection under the respective heads during 2005-06 was higher in case of sales tax compared to the all India average. While the sales tax department failed to explain the reasons for decrease in cost of collection during the year 2005-06, the department of stamp duty and registration fees attributed, the reasons for decrease in 2005-06 to reduction in manpower who were repatriated to Uttar Pradesh.

6.1.6 Collection of sales tax/commercial tax per assessee

(Rupees in lakh)

Year	No. of assesseees	Sales tax revenue	Revenue/assessee
2001-02	45,540	47,823.00	1.05
2002-03	49,759	55,286.00	1.11
2003-04	51,973	64,558.00	1.24
2004-05	48,946	78,468.00	1.60
2005-06	52,221	1,00,528.00	1.93

The increase in 2005-06 was due to introduction of value added tax (VAT) in the state.

6.1.7 Analysis of arrears of revenue

The arrears of revenue as on 31 March 2006 in respect of some principal heads of revenue amounted to Rs. 312 crore of which Rs.161 crore was outstanding for more than five years as detailed in the following table:

(Rupees in crore)

Sl. No.	Head of Revenue	Amount outstanding as on 31 March 2006	Amount outstanding for more than 5 years as on 31 March 2006	Remarks
1	Commercial Tax	234.64	161.13	<ul style="list-style-type: none"> Most of the arrears pertain to the people residing outside this state. Some of the arrear holders are not tracable for want of complete address. Some of the arrears have been stayed by the judicial and administrative authorities.
2	Taxes on Vehicles	1.75	Not furnished	
3	Stamp duty and Registration fee	4.77	Not furnished	
4	Taxes and Duties on Electricity	65.67	NIL	
5	Receipts made by Sugarcane (Regulation, Supply and Purchase Tax) Act	5.63	NIL	

6.1.8 Arrears in assessment

The details of cases pending assessment at the beginning of the year 2005-06, cases which became due for assessment during the year, cases disposed of during the year and number of cases pending finalisation at the end of the year 2005-06 as furnished by the department in respect of commercial tax are as follows:

Name of tax	Opening balance	New cases due for assessment during 2005-06	Total assessments due	Cases disposed of during 2005-06	Balance at the end of the year	Percentage of column 5 to 4
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Commercial tax	94,811	46,174	1,40,985	29,462	1,11,523	20.90

6.1.9 Evasion of tax

The details of cases of evasion of tax detected by the Commercial Tax Department, cases finalised and the demands for additional tax raised as reported by the department are given below:

(Rupees in lakh)

Sl. No.	Name of tax/duty	Cases pending as on 31 March 2005	Cases detected during 2005-06	Total	No. of cases in which assessments/investigations completed and additional demand including penalty etc. raised		No. of cases pending finalisation as on 31 March 2006
					No. of cases	Amount of demand	
1	Commercial tax	146	144	290	128	371.77	162

6.1.10 Write off and waiver of revenue

During the year 2005-06, demands for Rs.20 lakh in 78 cases relating to commercial tax were written off by department as irrecoverable. Reasons for write off though called for have not been received.(November 2006)

6.1.11 Refunds

The number of refund cases pending at the beginning of the year 2005-06, claims received, refunds allowed and cases pending at the end of the year 2005-06, as reported by the departments are given below:

(Rupees in lakh)

Sl. No.	Reasons	Commercial Tax		Stamp Duty and Registration	
		No. of cases	Amount	No. of cases	Amount
1	Claims outstanding at the beginning of the year	343	252.68	-	-
2	Claims received during the year	2,879	627.60	8	92.34
3	Refunds made during the year	2,811	575.43	8	69.00
4	Balance outstanding at the end of the year	411			

6.1.12 Results of audit

Test check of records of commercial tax, land revenue, state excise, motor vehicles tax, stamp duty and registration fees, electricity duty, other tax receipts, forest receipts and other non tax receipts conducted during the year 2005-06 revealed under assessment / short levy / loss of revenue amounting to Rs. 69.13 crore in 201 cases.

This chapter contains a long paragraph on under valuation of property/building in the stamps and registration department and six paragraphs involving money value of Rs.7.58 crore. The Department/Government accepted 16 cases involving money value of Rs. 3.19 crore. Report on recovery and reply in one case had not been received (November 2006).

6.1.13 Failure of senior officials to enforce accountability and protect interest of Government

Accountant General (Audit), Uttaranchal arranges to conduct periodical inspection of Government Departments concerned with tax revenue to test check transactions and verify maintenance of important records in accordance with prescribed rules and procedures. These inspections are followed up with inspection reports (IRs). When important irregularities etc. detected during inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities. The heads of offices and respective next higher authorities are required to ensure compliance with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the Accountant General (Audit). Serious irregularities are also brought to the notice of the heads of departments by the office of the Accountant General (Audit). The number of IRs and audit observations relating to revenue receipts issued upto 31 December 2005 and pending settlement by the departments as on 30 June 2006 along with corresponding figures for the preceding two years are given below:

Particulars	As at the end of		
	June 2004	June 2005	June 2006
Number of IRs pending settlement	1,362	1,538	1,588
Number of outstanding audit observations	2,577	2,937	3,033
Amount of revenue involved (Rupees in crore)	1,302	1,556	1,604

6.2 Undervaluation of Property/Buildings in the Stamps and Registration Department

6.2.1 Introduction

Stamp Act is a fiscal law which imposes tax, popularly known as stamp duty. The levy of stamp duty on various types of instruments such as conveyance, exchange, mortgage etc is governed by the Indian Stamp Act (IS Act), 1899 and Rules framed thereunder. The duty is paid by the executors of instruments either by using impressed stamps or by affixing stamps (non

judicial) of proper denomination. The levy of registration fee on the instruments presented for registration is regulated by Indian Registration Act, 1908 and Rules framed thereunder. Under the provisions of Uttar Pradesh Stamp (Valuation of property) Rules, 1997 (Rules) as adopted in the state of Uttaranchal, the market value is fixed biennially by the District Collector for different localities and is notified for guidance of registering authorities. In case of under valuation of property the registering authorities have the right to initiate action under section 33 and/or Sec 47-A of the IS Act.

6.2. Non levy of stamp duty due to delay in fixing the rates for industrial land

Under the IS Act, stamp duty on an instrument for conveyance is chargeable either on the market value of property forming the subject matter of the deed or on the value of consideration set forth therein, whichever is higher. Further as per provisions of Rules, market value of various categories of land and building in a district is to be fixed biennially by the collector for the guidance of assessing authorities.

6.2.2.1 Scrutiny of records of the Sub Registrar (SR) I & II Roorkee under District Collector Haridwar revealed that the rate of industrial land in Roorkee tehsil, effective from 1 November 2001 was fixed at 20 *per cent* above the rate applicable to residential land. Under the Rules *ibid*, the rate was to be refixed from 1 November 2003 i.e. after completion of two years. The Collector Haridwar refixed rates for all the categories of land on due date viz. November 2003, but failed to revise the rates of industrial land from due date and the rate of industrial land was refixed at a later date from 23 May 2005.

Test check of records in the office of SR Roorkee revealed that 80 documents were registered at the pre revised rate during the period from 1 November 2003 to 22 May 2005. Revenue of Rs. 2.52 crore was foregone by the department due to non revision of rates of industrial land on the due date.

The cases were reported to the Department in October 2006; reply has not received (November 2006).

6.2.2.2 Short levy of stamp duty and registration fee due to under valuation of industrial land

Test check of records of five SRs² and District Registrar, Tehri revealed that in 88 cases test checked, the market value of the land purchased for industrial purpose was worked out on the basis of agricultural circle rates instead of industrial circle rates fixed by the District Collector. This resulted in short levy of stamp duty and registration fee of Rs. 1.39 crore.

After this was pointed out, the Department in October 2006 stated that under the provisions of Rules, industrial rates to be fixed need not be higher than the rates fixed for residential land. The reply was not relevant as in this case separate rates for industrial land had been fixed by the District Collector which were to be applied for charging stamp duty.

² Bazpur, Haridwar, Kashipur, Luxar, Roorkee.

6.2.3 *Short levy of stamp duty due to under valuation of commercial property*

Under the provision of Rules, the value of commercial property for the purpose of stamp duty was to be worked out after taking into account the value of land together with 300 times monthly rent of covered area built therein as fixed by the District Collector.

Scrutiny of records between October 2005 and April 2006 of six SRs³ and District Registrar Tehri, revealed that in seven cases test checked the valuation was done taking the value of land plus the cost of construction as applicable to residential property. Thus, non inclusion of 300 times the rent of covered area as applicable to commercial property resulted in under valuation of commercial property and short levy of stamp duty of Rs. 85.86 lakh.

After this was pointed out, the Department in October 2006 accepted under valuation of property in five cases. In respect of two cases relating to Rishikesh and Kotdwar, the Department stated that the properties were residential and not commercial. The reply was not tenable as the subjects of properties as per respective sale deeds were a hospital (Rishikesh) and a shop (Kotdwar) which are commercial and not residential properties.

6.2.4 *Short levy of stamp duty due to undervaluation of leased property*

Under article 35 of Schedule 1B of the IS Act, and Rules made thereunder, stamp duty on a lease deed is chargeable on the value computed on the basis of average annual rent reserved in accordance with period of lease specified together with any fine or premium or money advanced. When the period of lease is not specified or for more than 30 years or perpetual or confers heiriditary right on a tenant, stamp duty is chargeable as applicable to an instrument of conveyance under Article 23 of the Act viz. the value of consideration setforth therein or the market value of the property fixed by the Collector, whichever is higher.

Scrutiny of records of four SRs between October 2005 and April 2006 revealed that three lease deeds (two in Ranikhet and one in Tehri) were registered for a period of 15, 10 and five years respectively but the value was not computed in accordance with provisions made in the Act, viz taking into consideration five, four and three times of the average annual rent reserved in the deed. Similarly, four lease deeds (three in Haridwar and one in Sitarganj) were registered either as perpetual lease or a lease for a period of more than 30 years, but the value was not computed in accordance with Article 23 of the Act, i.e. on the market value of the property fixed by the Collector. This resulted in under valuation of property and short levy of stamp duty of Rs. 13.06 lakh.

After this was pointed out, the Department in October 2006 accepted the objection. Report on recovery has not been received. (November 2006).

³ Almorah, Bazpur, Kashipur Pithoragarh,, Ranikhet.

6.2.5 *Short levy of stamp duty on sale of property by UPFC*

Under Article 18 of Schedule 1B of the IS Act, when a certificate of sale is granted to the purchaser of any property sold by public auction by a court, or by an officer, authority or body empowered under any law, for the time being in force, to sell such property by public auction and to grant the certificate, the stamp duty is leviable as a conveyance under clause (a) of article 23 of the Act for a consideration equal to the amount of purchase price only. The certificate of sale granted to the purchaser by Uttar Pradesh Financial Corporation (UPFC) is not covered under the provisions of the Act *ibid* and stamp duty leviable thereon was to be based on the amount or value of the consideration of such conveyance as set forth therein, or the market value of the property fixed by the District Collector, whichever was greater.

Test check of SRs, Haridwar, Kichchha, and Kotdwar revealed that in four cases property was transferred between September 2002 and March 2005 on the value of sale certificate granted by UPFC and not on the value to be worked out on the basis of the circle rate fixed by the Collector. This resulted in short levy of stamp duty of Rs. 58.73 lakh.

After this was pointed out, the Department in October 2006 stated that stamp duty was charged correctly. The reply was not tenable as stamp duty was chargeable on the market value of property as per Act and also clarified by Government in December 2002.

6.2.6 *Short levy of stamp duty due to misclassification of deed*

Under article 64 of Schedule 1B of the IS Act, when a person creates a trust for charitable purpose and declares himself as a trustee and also transfers his property to the trust so created, the trust deed will be treated as a settlement deed on which stamp duty at the rate of Rs. 70 per 1,000 is leviable under Article 58 of the Act *ibid*.

During test check in the offices of the SRs Haldwani, Rishikesh, and Almora, it was noticed that in three cases the executors transferred properties valued at Rs. 70.59 lakh to trusts created for charitable purposes declaring themselves as trustees but did not pay stamp duty as settlement deed which resulted in short payment of stamp duty of Rs.3.95 lakh.

After this was pointed out, the Department in October 2006 accepted the objection and referred the matter to the Collector for determination of market value and stamp duty payable thereon. Report on recovery is awaited (November 2006).

6.2.7 *Short levy of stamp duty due to irregular exemption to district co-operative bank*

As per Government of UP order issued in July 1979 (as adopted in Uttaranchal) exemption was granted from the payment of stamp duty on the deeds executed in favour of co-operative societies. There was, however, no provision of exemption from payment of stamp duty on deeds executed in favour of district co-operative banks.

Scrutiny of records of SR, Kotdwar in January 2006 revealed that the sale deed of a building valued at Rs. 43 lakh at Kotdwar having covered area of 319.63 sq m was executed in favour of District Co-operative Bank Ltd, Garhwal on which stamp duty of Rs.4.30 lakh was payable on the market/sale value of the building. The SR, however, exempted the property from charging stamp duty treating it as a co-operative society. This resulted in non levy of stamp duty of Rs. 4.30 lakh.

After this was pointed out, the Department in October 2006 accepted the objection and referred the matter to the Collector for determination of stamp duty payable thereon. Recovery is awaited (November 2006).

6.2.8 Short levy of stamp duty on the transfer of bhoomidhari land

Under IS Act, stamp duty is chargeable based on the nature and contents of the instrument and not on the nomenclature given to it. Under section 156 of UP Zamindari Abolition & Land Reforms Act 1950, in cases where the possession of the land is transferred through a lease, stamp duty thereon is chargeable as applicable to an instrument of conveyance under article 23 of the Act *ibid* viz. on the market value of the land fixed by the District Collector.

Scrutiny of records of SR, Tehri in February 2006 revealed that a bhoomidhari land measuring 1.072 hectare at Dhanolti was transferred on lease for 99 years in favour of M/s Apil Auchai Resort, Dhanolti at a stamp duty of Rs. 600. The market value of the land was to be arrived at the circle rate of Rs. 41.13 lakh per hectare fixed by the District Collector which comes to Rs. 44.09 lakh on which stamp duty Rs. 3.52 lakh was payable. As such stamp duty of Rs 3.52 lakh was short levied by the department.

After this was pointed out, the Department in October 2006 accepted the objection and referred the matter to the Collector for determination of actual market value and stamp duty payable thereon. Report on recovery of stamp duty is awaited (November 2006).

The cases were reported to Government in October 2006; reply has not been received (November 2006).

Commercial Tax Department

6.3 Non levy of tax

Inadmissible exemption resulted in non levy of tax and interest of Rs. 3.01 lakh.

Section 3A of the Uttar Pradesh Trade Tax Act, (UPTT Act) 1948 (as adopted by the Government of Uttaranchal) stipulates that tax is leviable on the sale of classified/unclassified goods except those specifically exempted under section 4 of Act *ibid*. While tax on the sale of classified goods is leviable at the rates notified from time to time, tax on sale of unclassified goods is leviable at the rate of 10 *per cent*. Interest is also chargeable upto the date of deposit of tax.

Scrutiny of records in February 2006 of the Assistant Commissioner, Commercial Tax, Ram Nagar revealed that a dealer sold moss grass valued at

Rs. 15.94 lakh during the years 2001-02 and 2002-03 which was exempted from payment of tax by the assessing authority (AA) treating the goods as cattle fodder covered under section 4 of the Act. Moss grass is neither cattle fodder nor exempted under any other section of the Act. The item being unclassified is taxable at the rate of 10 *per cent*. Grant of inadmissible exemption resulted in short levy of tax of Rs. 1.59 lakh. In addition, interest of Rs. 1.42 lakh was also leviable on the tax due. Thus, an amount of Rs. 3.01 lakh was leviable by way of tax and interest.

After this was pointed out, the Department in September 2006 stated that notice for levy of tax has been issued to the dealer. Further reply is awaited (November 2006).

The matter was reported to Government in April 2006; reply has not been received (November 2006).

6.4 Short levy of tax due to misclassification

Misclassification of commodities resulted in short levy of tax of Rs. 6.12 lakh.

As per notification of January 2000 issued under section 3A of UPTT Act, (as adopted), all goods and wares made of glass excluding plain glass panes are taxable at the rate of 15 *per cent*. Plain glass panes being unclassified goods are, however, taxable at the rate of 10 *per cent*.

Scrutiny of records in November 2004 in the offices of the Deputy Commissioner (A), Trade Tax, Roorkee and Deputy Commissioner (A) III, Trade Tax/CT Dehradun revealed that two dealers imported glass sheets, glasswares, float and reflective glasses from outside the state and sold it for Rs. 122.46 lakh during the years 2000-01 and 2001-02. The AAs, however, levied tax at the rate of 10 *per cent* treating the goods as plain glass panes instead of 15 *per cent*. Misclassification of the commodities resulted in short levy of tax amounting to Rs. 6.12 lakh.

After this was pointed out, the AA of Roorkee stated that the differential tax along with interest due has been levied while AA in Dehradun stated that imported glass falls in the category of plain glass according to the manufacturing process involved. The reply is not tenable as records available with audit clearly show that the dealer imported float glass which is different from plain glass and was taxable at the rate of 15 *per cent*.

6.5 Inadmissible exemption under Central Sales Tax Act

Allowance of inadmissible exemption to a dealer resulted in non levy of tax of Rs. 2.20 crore.

Central Sales Tax Act (CST Act) 1956, exempts any sale subsequent to the movement of goods or transfer of documents relating to the title of goods from one state to another, in the course of interstate trade or commerce, from tax under the Act. The dealer who effects the sale is, however, required to furnish to the prescribed authority a certificate signed by the registered dealer from whom the goods were purchased in form E-1 and a declaration in form 'C'. It

has been judicially held⁴ that furnishing of form C with form E-1 is mandatory for obtaining the above exemption.

Scrutiny of records of the Deputy Commissioner (Assessment), Commercial Tax, Kotdwar revealed that while finalising the assessment of a dealer for the year 2001-02 in June 2004, the AA exempted turnover of Rs. 22.01 crore on account of sale of SMPS⁵ power plant, batteries and MDF⁶ during movement of goods by transfer of documents of title based on E-1 form only. Since the dealer did not submit form C in support of interstate sale, he was liable to pay tax at the rate of 10 *per cent*. Inadmissible exemption from tax, allowed by the AA resulted in non levy of tax of Rs. 2.20 crore.

The matter was reported to the Department and Government in April 2006. In reply the department accepted (August 2006) the objection and sought permission of higher authorities for the levy of tax. Reply from Government is awaited (November 2006).

6.6 Irregular exemption from tax

Irregular grant of exemption resulted in short levy of tax and interest of Rs. 2.60 lakh.

Section 5 of the CST Act provides that no tax is leviable on goods exported out of the territory of India. For this purpose, form H and bill of lading are required to be furnished by the dealer to prove that the goods had actually been exported across the customs frontier of India. Interest is also chargeable up to the date of deposit of tax.

Scrutiny of records in January 2006 of Deputy Commissioner (A) II, Commercial Tax, Rudrapur revealed that a dealer claimed to have exported 'non basmati' rice valued at Rs. 19.70 lakh during the year 2002-03 and submitted form H in support of such export. Verification of bill of lading submitted by the dealer along with form H, however, showed sale of "basmati rice". The discrepancy in the documents indicated that the bill of lading submitted by the dealer did not relate to the transaction for which form H had been furnished. Thus, the commodity was not covered by form H and was to be treated as sales during the course of interstate trade attracting tax at eight *per cent* which was not levied. This resulted in irregular exemption and short levy of tax of Rs. 2.60 lakh including interest.

The matter was reported to the Department and Government in April 2006. The department stated in August 2006 that non basmati rice had been written on form H by mistake. The reply is not tenable as form H is required to be filled in by the exporter and copy of form H available with audit shows the item as non basmati rice whereas bill of lading covers the item basmati rice. Reply of Government is awaited (November 2006).

⁴ M/s Swastik Sale Corporation, Agra Vs Commissioner of Sale Tax, U.P. Lucknow (ST-1996 Allahabad High Court-281 STR 201 & 202 of 1993).

⁵ SMPS- Switch mode power supply.

⁶ MDF- Main distribution frame.

Environment and Forest Department

6.7 Loss of revenue due to non extraction of resin

Non tapping of channels resulted in loss of revenue of Rs. 72.98 lakh.

A deep marking called a channel is made on the trunks of pine trees after removing the bark to extract resin (*lisa*), which is a forest produce. The extraction of resin is done as per the working plan of the division. The working plan indicates the number of channels to be tapped by the division in a year. Any deviation from the working plan required approval of the Conservator of Forests, Working Plan Circle.

Test check of records of the Divisional Forest Officer (DFO), Chakrata Forest Division, Chakrata in February 2006 revealed that during the year 2003-04 to 2004-05, 1.82 lakh channels were available for resin tapping as per the working plan of the division. Of these, the division tapped only 1.15 lakh channels leaving 0.67 lakh channels untapped. Non tapping of channels as per the approved working plan of the division resulted in non extraction of 2,919 quintals of resin valuing Rs. 72.98⁷ lakh, thereby causing a loss of revenue to Government.

After this was being pointed out, Government replied in November 2006 that tapping was made on the actual number of trees found fit for tapping. Reply was not tenable as the number of channels for tapping was clearly indicated in the working plan after scientific survey of the trees in the area. No deviation from the working plan was also approved by the Conservator of Forests.

6.8 Non-realisation of royalty on actual outturn of timber

Non-realisation of royalty on actual outturn resulted in loss of Rs. 1.45 crore.

Norms prescribed by the Chief Conservator of Forests (CCF), provide that if the variation between the estimated and the actual outturn of timber is upto ten *per cent*, it may be ignored. Where the variation exceeds ten *per cent*, royalty should be levied on the actual outturn.

Test check of records (February 2006) of the office of the Deputy Conservator of Forest (DCF), Haldwani Forest Division, Haldwani revealed that the actual outturn of timber extracted by the Uttaranchal Forest Corporation (UFC) exceeded the estimated out-turn by 62 *per cent* during the year 2004-05. The Department, however, raised demand of royalty on the basis of estimated

Year	Nos. of channels available as per Working Plan	Nos. of Channel taped	Nos. of untapped Channels	Actual extraction per Channel in kg.	Un extracted resin in kg.
2003	91000	53564	37436	4.25	1,59,103
2004	91000	61300	29700	4.47	1,32,759
Total	182000	114864	67136		2,91,862

2919 qtl. x 2500 = Rs. 72.98 lakh.

outturn only. Forest royalty of Rs. 1.45 crore, based on the difference between the estimated and actual outturn, amounting to 1,644.83 cubic meters of timber, was not assessed and realised.

On this being pointed out, the DCF stated (February and June 2006) that royalty was calculated on the rates fixed by a Committee headed by the Principal Chief Conservator of Forest (PCCF) and that action would be taken after receiving necessary orders from the higher authorities. The reply is not tenable as the Committee headed by the PCCF fixes the rates of royalty only once a year. It has nowhere recommended that the actual outturn of timber be not taken into account while charging royalty. Where the actual exceeds the estimated outturn by more than 10 *per cent* royalty is chargeable on the actual outturn. The actual volume of timber was assessed and recorded in the C-4(a) register maintained by the Range Officers at the time of transportation. The Division had not, however, raised additional demand for un-recovered royalty amounting to Rs. 1.45 crore (November 2006).

The matter was reported to the Government (May 2006); reply is awaited (November 2006).

CHAPTER-VII

COMMERCIAL ACTIVITIES

7.1 Overview of Government Companies and Statutory Corporations

Introduction

As on 31 March 2006, there were 20 Government Companies (16 working and four non-working*) and three Statutory Corporations (all working) as against 22 Government Companies (16 working and six non-working) and three Statutory Corporations as on 31 March 2005 under the control of the State Government. During the year 2005-06, two non-working Government Companies viz. Teletronix Limited and Kumaon Television Limited were wound up. The accounts of the Government Companies (as defined in Section 617 of the Companies Act, 1956) are audited by the Statutory Auditors appointed by the Comptroller and Auditor General of India (CAG) as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit by the CAG as per the provisions of Section 619 (4) of the Companies Act, 1956.

The audit arrangements of Statutory Corporations are as shown below:

Sl. No.	Name of Corporation	Authority for audit by CAG	Audit arrangement
1	Uttaranchal State Road Transport Corporation	Section 33(2) of the Road Transport Act, 1950	sole audit by CAG
2	Uttaranchal Forest Development Corporation	Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971	audit by CAG** and also by Examiner, Local Fund Account
3	Uttaranchal Peysa Jal Sansadhan Vikas Evam Nirman Nigam	Section 20(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971	sole audit by CAG

The State Government had formed the Uttaranchal Electricity Regulatory Commission and its audit is entrusted to the CAG under section 104(2) of the Electricity Act, 2003***.

* Non-working Government Companies are those that are in the process of liquidation/closure/merger, etc.

** Audit is also being conducted by Examiner, Local Fund Account as the amendment in the Corporation's Act is still awaited.

*** Erstwhile Section 34(4) of the Electricity Regulatory Commission Act, 1998 repealed by the Electricity Act, 2003.

Working Public Sector Undertakings (PSUs)

Investment in working PSUs

7.1.1 As on 31 March 2006, the total investment in 19 working PSUs (16 Government Companies and three Statutory Corporations) was Rs. 2,205.98 crore* (equity: Rs. 429.92 crore, share application money: Rs. 132.01 crore and long term loans**: Rs. 1,644.05 crore) against the total investment of Rs. 1,546.25 crore (equity: Rs. 130.76 crore, share application money: Rs. 139.76 crore and long term loans: Rs. 1,275.73 crore) in 19 working PSUs (16 Government Companies and three Statutory Corporations) as on 31 March 2005. The analysis of investment in working PSUs is given in the succeeding paragraphs.

Sector-wise investment in working Government Companies and Statutory Corporations

7.1.2 The investment (equity and long term loans) in PSUs under various sectors and percentage thereof at the end of 31 March 2006 and 31 March 2005 is indicated in Pie charts as follows:

* State Government investment was Rs. 919.59 crore (Others: Rs. 1286.39 crore). Figures as per Finance Accounts 2005-06 is Rs. 803.84 crore. The difference is under reconciliation.

** Long term loans mentioned in paragraph 7.1.1, 7.1.2, 7.1.3 and 7.1.4 are excluding interest accrued and due on such loans.

Sector-wise investment in working

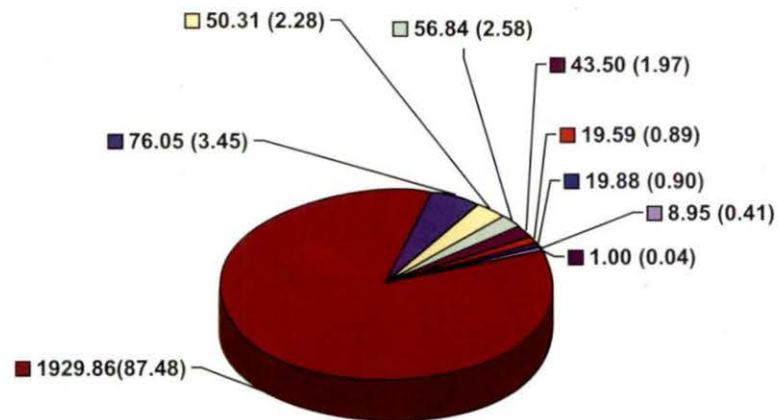
Government Companies and Statutory Corporations

As on 31 March 2006

Amount: Rupees in crore

(Figures in brackets indicate the percentage of investment)

Total investment - Rs. 2205.98 crore



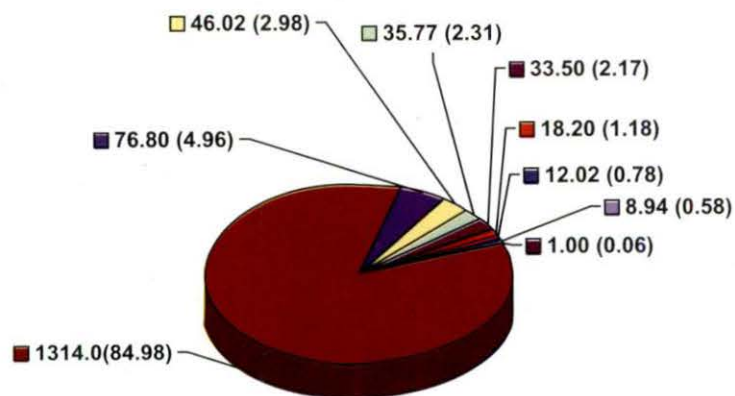
■ Power	■ Sugar
■ Area Development	■ Transport
■ Finance	■ Development of Economically Weaker Sections
■ Industry	■ Electronics
■ Miscellaneous	

As on 31 March 2005

Amount: Rupees in crore

(Figures in brackets indicate the percentage of investment)

Total investment - Rs.1546.25 crore



■ Power	■ Sugar
■ Area Development	■ Transport
■ Finance	■ Development of Economically Weaker Section
■ Industry	■ Electronics
■ Miscellaneous	

Working Government Companies

7.1.3 The total investment in working Government Companies at the end of March 2005 and March 2006 was as follows:

(Rupees in crore)

Year	Number of Companies	Equity	Share application money	Loans	Total
2004-05	16	102.76	139.76	1267.96	1510.48
2005-06	16	381.92	132.01	1635.20	2149.13

Investment in the current year has increased over the previous year mainly due to increase in equity and loans to the PSUs in the Power Sector.

As on 31 March 2006, the total investment in working Government Companies comprised 23.91 per cent of equity capital and 76.09 per cent of loans as compared to 16 per cent and 84 per cent respectively as on 31 March 2005.

The summarised statement of Government investment in working Government Companies in the form of equity and loans is given in **Appendix 7.1**.

Working Statutory Corporations

7.1.4 Three Statutory Corporations (all working) were formed between the period May 2001 and October 2003 after the creation of the State of Uttaranchal. The first accounts of these Corporations had not been finalised as of September 2006. As per the available information, the total investment in these Corporations at the end of March 2005 and March 2006* was as follows:

(Rupees in crore)

Sl. No.	Name of corporation	2004-05		2005-06	
		Capital	Loan	Capital	Loan
1.	Uttaranchal State Road Transport Corporation	28	7.77	48	8.85
2.	Uttaranchal Forest Development Corporation	Not Available			
3.	Uttaranchal Peya Jal Sansadhan Vikas Evam Nirman Nigam				
	Total	28	7.77	48	8.85

As on 31 March 2006, the total investment in working Statutory Corporations comprised 84.43 per cent of equity capital and 15.57 per cent of loans as compared to 78 per cent and 22 per cent respectively as on 31 March 2005.

The summarised statement of Government investment in working Statutory Corporations in the form of equity and loans is given in **Appendix 7.1**.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

7.1.5 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of the working Government Companies and Statutory Corporations are given in **Appendices 7.1 and 7.3**.

* Figures are provisional.

The budgetary outgo in the form of equity, loans and grants/subsidies from the State Government to working Government Companies and Statutory Corporations for the three years up to March 2006 are given below:

Particulars	2003-04				2004-05				2005-06			
	Companies		Corporation		Companies		Corporation		Companies		Corporation	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
(i) Equity Capital outgo from budget	3	18.91	1	3.00	3	139.76	-	-	3	271.41	1	20.00
(ii) Loans given from budget	4	26.62	1	3.00	4	56.32	1	4.25	3	115.96	-	-
Total	6	45.53	2	6.00	5	196.08	1	4.25	5	387.37	1	20.00
A (i) + (ii)												
(i) Grant towards Projects/ Programmes/ Schemes	4	142.67	2	126.62	2	178.84	-	-	3	50.22	-	-
(ii) Subsidy	-	-	-	-	1	9.60	-	-	2	12.42	-	-
Total B (i) + (ii)	4	142.67		126.62	3	188.44	-	-	5	62.64	-	-
Total outgo A+B	6*	188.20	2*	132.62	6*	384.52	1	4.25	8*	450.01	1	20.00

During 2005-06, the Government had guaranteed loans aggregating to Rs. 1246 crore obtained by two working Companies. At the end of the year, guarantees amounting to Rs. 1257.61 crore against four working Companies and Rs. 17.17 crore against one corporation were outstanding. Guarantee commission of Rs. 31.18 crore is payable by these companies to the State Government.

Finalisation of accounts by working PSUs

7.1.6 The accounts of the Government Companies for each financial year are required to be finalised within six months from the end of the relevant financial year under Section 166, 210, 230, 619 and 619-B of the Companies Act, 1956 read with Section 19 of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. They are also to be laid before the Legislature within nine months from the end of the financial year. Similarly, in case of Statutory Corporations their accounts are to be finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

None of the 16 working Government Companies and three Statutory Corporations finalised their accounts for the year 2005-06 within the stipulated period. During the period from October 2005 to September 2006, eight working Government Companies finalised nine accounts for the previous years.

* Indicate actual number of Companies/Corporations, which received budgetary support in the form of equity, loans, grants and subsidies from the Government in respective years.

The accounts of all the working Government Companies and three Statutory Corporations were in arrears for periods ranging from one to 19 years as on 30 September 2006 as detailed below:

Sl. No.	Number of working		Year from which accounts are in arrears	Number of years for which accounts are in arrears	Reference to serial number of Appendix 7.2	
	Government Companies	Statutory Corporations			Government Companies	Statutory Corporations
1	1		1987-88 to 2005-06	19	A-8	
2	1		1990-91 to 2005-06	16	A-7	
3	1		1994-95 to 2005-06	12	A-4	
4	1		1997-98 to 2005-06	9	A-2	
5	2		1998-99 to 2005-06	8	A-3,6	
6	2		2000-01 to 2005-06	6	A-1,5	
7		1	2001-02 to 2005-06	5		B-2
8	2	1	2002-03 to 2005-06	4	A-9,13	B-3
9.	1	1	2003-04 to 2005-06	3	A-11	B-1
10.	3		2004-05 to 2005-06	2	A-12,14,15	
11.	2		2005-06	1	A-10,16	

It is the responsibility of the administrative departments to oversee and ensure that the accounts are finalised and adopted by the PSUs within the stipulated period. Though the concerned administrative departments of the Government were apprised quarterly by the audit of the arrears in the finalisation of accounts, no remedial measures have been taken by them and as a result of which the net worth of these PSUs could not be assessed.

Financial position and working results of working PSUs*

7.1.7 The summarised financial results of working PSUs (Government Companies and Statutory Corporations) as per their latest finalised accounts are given in *Appendix 7.2*.

According to the latest finalised accounts of 15** Companies, eight companies had incurred an aggregate loss of Rs. 73.82 crore and six had made a profit of Rs. 8.49 crore and in the case of one company (A-3) only pre-operative expenses were incurred.

Working Government Companies

Profit earning working Government Companies and dividend

7.1.8 Out of eight working Government Companies, which finalised their accounts for previous years by September 2006, only six Companies (Sl. No. A-5, 6, 9, 10, 15 and 16 of *Appendix 7.2*) earned a profit of Rs. 8.49 crore (*Appendix 7.2*). The Government has not formulated any dividend policy.

* Under this paragraph information in respect of Government Companies only has been given, as none of the Corporations has finalised its first accounts.

** In case of one company (A-14 of *Appendix 7.2*) first accounts has not been received.

Loss incurring working Government Companies

7.1.9 Out of the eight loss incurring working Government Companies, Seven companies (Sl. No. A-1, 2, 6, 7, 10, 11 and 12 of *Appendix 7.2*) had accumulated losses aggregating to Rs. 152.43 crore, which exceeded their paid-up capital of Rs. 36.59 crore (*Appendix 7.2*).

Despite poor performance and complete erosion of their paid-up capital, the State Government continued to provide financial support to two Companies (Sl. No. A-2 and A-12 of *Appendix 7.2*) amounting to Rs. 45.53 crore by way of loans during 2005-06 (*Appendix 7.1*).

Return on Capital Employed

7.1.10 As per the latest finalised annual accounts of PSUs, the capital employed* worked out to Rs. 1905.12 crore and total return** thereon amounted Rs. 122.40 crore compared to total return of Rs. 20.23 crore in the previous year. The details of capital employed and total return on capital employed in case of working Government Companies are given in *Appendix 7.2*.

Reforms in the power sector

State Electricity Regulatory Commission

7.1.11 The Uttaranchal Electricity Regulatory Commission (Commission) was formed on 5 September, 2002 under Section 17 of the Electricity Regulatory Commission Act, 1998***. It is a single member Commission headed by a Chairman, who is appointed by the State Government. The audit of accounts of the Commission has been entrusted to the CAG under Section 104 (2) of the Electricity Act, 2003. The Commission had issued three tariff orders up to September 2006.

Non-working Public Sector Undertaking (PSUs)

Investment in non-working PSUs

7.1.12 As on 31 March 2006, the total investment in four@ non-working PSUs (all Government Companies) was Rs. 0.39 crore* (equity only) as against the total investment of Rs. 4.84 crore (equity only) in six non-working PSUs as on 31 March 2005.

The classification of non-working Government Companies at the end of March 2006 was as follows:

* Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

** For calculating total return on capital employed, interest on borrowed funds is added to net profit/subtracted from the loss as disclosed in the profit and loss account.

*** Since replaced with Section 82(1) of the Electricity Act, 2003.

@ Two non-working Government Companies viz. Teletronix Ltd. and Kumaon Television Ltd. were wound up.

* Figures as per Finance Accounts 2005-06 is Rs. 0.15 crore.

(Rupees in crore)

Sl. No.	Status of non-working Government Companies	Number of Companies	Investment	
			Equity	Long term loans
(i)	Under liquidation**	1	0.17	-
(ii)	Others***	3	0.22	-
	Total	4	0.39	-

Out of four non-working Government Companies, one Government company was under liquidation/closure under section 560 of the Companies Act, 1956 since 31 March 1991. Effective steps need to be taken for its expeditious liquidation /closure.

Budgetary outgo, grants/subsidies, guarantees, waiver of dues and conversion of loans into equity

7.1.13 The details regarding budgetary outgo, grants/subsidies, guarantees issued, waiver of dues and conversion of loans into equity by the State Government in respect of non-working Government Companies are given in **Appendix 7.1 and 7.3.**

During the year 2005-06, there was no budgetary outgo in the form of equity/loans/subsidy/grants.

Finalisation of accounts by non-working Government PSUs

7.1.14 One out of four non-working Government Companies was under liquidation. The accounts of three non-working Companies were in arrears for periods ranging from 16 to 19 years as on 30 September 2006 as could be seen from **Appendix 7.2.**

Financial position and working results of non-working Government Companies

7.1.15 The summarised financial results of non-working Government Companies as per their latest finalised accounts are given in **Appendix 7.2.** The summarised details of paid-up capital, net worth, cash loss/profits and accumulated loss/ profit of non-working Government Companies as per their latest finalised accounts are given below.

(Rupees in crore)

Particular	Paid-up capital	Net worth ¹	Cash loss ²	Accumulated loss
Non-working Companies	0.35	(-) 0.04	0.03	0.07

** Sl. No. C-1 of *Appendix 7.1.*

*** Sl. No. C-2, C-3 and C-4 of *Appendix 7.1.*

¹ Net worth represents paid-up capital *plus* free reserves *less* accumulated loss.

² Cash loss represents loss *plus* depreciation for the year.

Results of audit on the accounts of PSUs by the Comptroller and Auditor General of India

7.1.16 During the period from October 2005 to September 2006, eight working Government Companies were selected for audit. The net impact on the profitability of the PSUs of the important audit observations was as follows:

Details	No. of accounts	Rs. in lakh
(i) Increase in Profit	4	446.04
(ii) Decrease in Loss	2	447.06
(iii) Non disclosure of material facts	4	712.31

Some of the major errors and omissions noticed during audit of annual accounts of some of the Government Companies are mentioned below.

7.1.17 Errors and omissions noticed in case of Government Companies
UTTARANCHAL POWER CORPORATION LIMITED (2002-03 & 2003-04)

- Short provision of Rs. 3.50 crore for bad and doubtful debts resulted in overstatement of sundry debtors by Rs. 3.50 crore and profit of the company for 2002-03 to the same extent.
- Loans and Advances amounting to Rs. 3.27 crore lying outstanding for the period from 1978 to 2001 have not been provided for in the accounts for 2003-04. This has resulted in overstatement of loans and advances and understatement of loss by Rs. 3.27 crore.
- The Profit and Loss Appropriation Account included an amount of Rs. 18.04 crore as transfer to deferred tax liability. This should have been charged to the Profit & Loss Account, which was not done. This has resulted in understatement of loss for the year 2003-04 by Rs. 18.04 crore.

KICCHA SUGAR COMPANY LIMITED (2004-05)

- Due to non-provision of excise duty, stock of finished sugar and molasses was understated by Rs. 3.36 crore and Rs. 1.12 crore respectively. This has resulted in understatement of current liabilities to the same extent.
- Due to non inclusion of the value of bagasse in stock, the closing stock as well as profit for the year was understated by Rs. 30.90 lakh.

UTTARANCHAL BAHUDESHIYA VITTA EVAM VIKAS NIGAM LIMITED (2001-02)

Interest on Bank Deposits included Rs. 25.41 lakh being the amount of interest on unutilized grants/subsidies. This should have been shown as payable to the Government. This has resulted in overstatement of profit to that extent and understatement of current liabilities by the corresponding amount.

Recoveries at the instance of Audit

7.1.18 Test check of records by Audit of Electricity Distribution Division, Kashipur of Uttaranchal Power Corporation Limited. disclosed non-levy of minimum consumption guarantee resulting in short realisation of revenue aggregating Rs. 31.50 lakh. The Company accepted the observation and recovered the amount from the concerned consumer.

Internal audit/Internal control

7.1.19 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report upon various aspects including the internal audit/internal control systems in the Companies audited by them in accordance with the directions issued by the CAG to them under Section 619 (3) (a) of the Companies Act, 1956 and to identify areas which need improvement. Accordingly, the Statutory Auditors in the case of three Companies (Kumaon Mandal Vikas Nigam limited, Uttaranchal Bahuudeshia Vitta Evam Vikas Nigam Limited and Uttaranchal Chay Vikas Nigam Limited) had observed that the internal control system was weak and not commensurate with the size and nature of their business.

Recommendation for closure of PSUs

7.1.20 Even after completion of 28 to 32 years of their existence, the turnover (sales and other income) of five working Government Companies (*Appendix-7.4*) has been less than Rs. 5 crore in each of the preceding five years as per their latest finalised accounts. Similarly, three working Government Companies (*Appendix-7.5*) had been incurring losses for five consecutive years (as per latest accounts) leading to negative net worth. In view of poor turnover and continuous losses, the Government may either improve the performance of these Companies or consider their closure.

Response to inspection reports, draft paragraphs and reviews

7.1.21 Observations made during audit and not settled on the spot are communicated to the heads of PSUs and concerned departments of the State Government through inspection reports. The heads of the Offices/PSUs are required to furnish replies to the inspection reports through their respective heads of departments within a period of six weeks. Inspection reports issued up to March 2006 pertaining to 14 PSUs disclosed that 1957 paragraphs relating to 550 inspection reports were outstanding at the end of September 2006. Department-wise break-up of inspection reports and audit observations outstanding as on 30 September 2006 are given in *Appendix-7.6*.

Similarly, draft paragraphs and reviews on the working of the PSUs are forwarded to the Principal Secretary, Finance and the Principal Secretary/Secretary of the administrative department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. One draft paragraph forwarded to the

Energy Department and one review forwarded to Tourism Department during June 2006 and September 2006 respectively, had not been replied so far as detailed in *Appendix-7.7*.

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who fail to send replies to inspection reports/draft paragraphs/reviews and Action Taken Notes for recommendations of COPU as per the prescribed time schedule, (b) action is taken to recover loss/outstanding advances/overpayment in a time bound schedule, and (c) system of responding to audit observations is revamped.

Departmentally managed Government commercial /quasi-commercial undertakings

General

7.1.22 Consequent upon formation of the State of Uttaranchal with effect from 9 November 2000 under the Uttar Pradesh Reorganisation Act 2000, the assets and liabilities of the departmentally managed Government commercial undertakings already situated in Uttaranchal were to be passed on to the newly formed State.

Accordingly, the assets and liabilities of the following departmentally managed Government commercial undertakings located within the State were deemed transferred to the newly created State from the aforesaid date.

Sl. No.	Department	Name of the undertakings
1.	Food and Civil Supplies	Grain Supply Scheme: Regional Food Controller, Dehradun Regional Food Controller, Haldwani
2.	Irrigation	Irrigation Workshop Division, Roorkee
3.	Animal Husbandry	State Livestock and Agricultural Farms, Kalsi, Dehradun State Livestock and Agricultural Farms, Manjhara,
4.	Health	Rishikul Ayurvedic Pharmacy, Hardwar State Vaccine Institute, Patwadangar, Nainital

Lack of accountability for the use of public fund in departmentally managed commercial and quasi-commercial undertakings

7.1.23 Activities of quasi-commercial nature are performed by the departmental undertakings of the Government. These undertakings have to prepare pro-forma accounts annually in the prescribed format showing the results of financial operations so that the Government can assess the results of their working. The heads of departments in Government are to ensure that the undertakings, which are funded by the budgetary releases, prepare the accounts and submit the same to the Accountant General for audit by 30 June every year. It was observed by Audit that only the Irrigation Workshop Division (IWD), Roorkee had finalised its accounts for the year 2004-05, while the other undertakings have not finalised their accounts for the period 9 November 2000- March 2001, 2001-02, 2002-03, 2003-04, 2004-05 and

2005-06. Thus the accounts except in the cases of IWD, Roorkee, were in the arrears for a period of six years, and in the case of IWD, Roorkee for a period of one year. There is no improvement despite this being pointed out by Audit earlier. The finalised accounts of departmentally managed commercial and quasi-commercial undertakings reflect their overall financial health and efficiency in conducting their business. In the absence of timely finalisation of accounts, the investment of the Government remains outside the scrutiny of the Audit/State Legislature. Consequently corrective measures, if any required, cannot be taken in time. Besides, the delay also opens the system to risk of fraud and leakage of public money.

619-B Companies

7.1.24 There was one working company within the purview of Section 619-B of the Companies Act, 1956. *Appendix 7.8* gives the details of paid up capital, investment by way of equity, loans and grants and summarised working results of the Company based on its latest available accounts.

PERFORMANCE REVIEW

GARHWAL MANDAL VIKAS NIGAM LIMITED

7.2 Performance Review on Tourism and Industry related activities of the Garhwal Mandal Vikas Nigam Limited

Highlights

- Average annual occupancy of all the tourist rest houses operated during the five years ended March 2006 was 21.05 per cent.

[Paragraph 7.2.8]

- Rs.3.38 crore were blocked in land purchased at Noida, Mussoorie and Dehradun.

[Paragraphs 7.2.17 to 7.2.19]

- The Nigam paid Rs. 1.36 crore upto February 2006 on salary and wages of its employees, deployed in various departments of the State Government, without any reimbursement from the Government.

[Paragraph 7.2.20]

- Flush Door Factory at Kotdwar had suffered a loss of Rs. 5.53 crore since its inception (1983-84) due to the absence of a proper marketing strategy.

[Paragraph 7.2.24]

- The production of resin and turpentine at Tilwara plant had declined since 2003-04 due to higher floor price of the raw material being supplied by the Forest Department.

[Paragraph 7.2.25]

- Fruit Processing and Mineral Water units were located at remote places (Tilwara and Gawana) resulting in high transportation costs and loss of Rs. 25.33 lakh during the five years ended March 2006.

[Paragraph 7.2.26]

- Debts of Rs. 74.59 lakh, outstanding for more than five years, were not realised by the Nigam.

[Paragraph 7.2.28]

- Internal control was lacking, Accounts, Administrative and Internal Audit manuals were not prepared. Audit committee though constituted in 2001 did not meet even once.

[Paragraph 7.2.3]

7.2.1 Introduction

The Garhwal Mandal Vikas Nigam Limited (Nigam) was incorporated as a wholly owned State Government Company at Dehradun on 31 March 1976 under the Companies Act, 1956 with the aim of overall development of the Garhwal region. After formation of Uttarakhand State (9 November 2000), the Nigam functioned under the Department of Tourism, Government of Uttarakhand.

Tourism related activities of the Nigam included the operation (as on 31 March 2006) of 82 Tourist Rest Houses (TRHs) spread over all the seven districts of Garhwal region of the State (Uttarkashi: 23, Tehri: 11, Chamoli : 27, Pauri: 9, Dehradun: 6, Rudrapur: 4, and Haridwar: 2) and 72 Canteens. There was also a Yatra unit at Rishikesh for conducting Char Dham Yatra (a pilgrimage to Yamnotri, Gangotri, Kedarnath and Badrinath) against bookings made by 10 Public Relation Offices (PRO) located at Ahmedabad, Jaipur, Lucknow, Mumbai, Bangalore, Chennai, Chandigarh, Haridwar, Kolkata and Delhi. The Nigam also promoted tourism related activities like Mountaineering, Water Sports, Winter Sports etc.

The Nigam operates six industrial units (Parvat Wood Wool at Muni-ki-reti; Rosin & Turpentine at Tilwara; Flush Doors at Kotdwar; Cement Concrete Blocks at Srinagar; Fruit Processing at Tilwara and Bhagirathi Ganga Mineral Water, Rishikesh) producing wood wool, flush doors, rosin and turpentine, cement concrete blocks, processed fruit and juices and mineral water respectively.

Besides Tourism and Industry, the Nigam is also engaged in the retail marketing of petroleum, oil and lubricants and liquefied petroleum gas, wholesale marketing of foreign liquor under FL-2 licenses and mining of sand, boulders and bajri etc. on payment of royalty.

The Board of Directors (Board) of the Nigam consisted of a Chairperson, two Vice-Chairpersons and 12 members including the Managing Director, who is assisted by five General Managers dealing with Finance, Tourism, Industry and Marketing, Construction and Projects, one Assistant General Manager (Mining) and a Chief Manager at HQs. The post of the Company Secretary was vacant since October 2003. One AGM(T) at Rishikesh is responsible for operation of Char Dham Yatra. The industrial units are managed by the unit managers. During the period 2001-02 to 2005-06, seven Managing Directors served the Nigam for periods ranging from 1.5 months to 15.5 months before being transferred / replaced by the Government. *Appendix 7.9* indicates the organizational set up of the Nigam.

7.2.2 Scope of Audit

The overall performance of the Nigam was last reviewed and included in the Audit Report (Commercial), Government of Uttar Pradesh for the year ended 31 March 1987. The review was discussed by the Committee on Public Undertakings (COPU) between September 1992 and November 1998. The recommendations of the COPU (Uttar Pradesh) were awaited (November 2006).

The present performance review was conducted between July and September 2006 to evaluate the Tourism and Industry related activities of the Nigam for the five years ended 31 March 2006. Out of 82 TRHs and ten PROs, the records of 21 TRHs (14 at prominent places, four at non prominent places and three seasonal ones) and three PROs (Lucknow, Haridwar and Delhi) have been test checked. Out of six industrial units, records of four units were test checked.

7.2.3 Audit objectives

The audit objectives were to ascertain whether:

- there was a well defined market strategy to create awareness among the prospective tourists highlighting the various attractions the State offers under well planned and coordinated packages ;
- the Nigam had managed its TRHs, industrial units economically and efficiently;
- funds were utilised efficiently and Nigam's dues recovered promptly;
- necessary facilities required for tourism development in the State were well conceived and provided.

7.2.4 Audit criteria

The audit criteria used for assessing the achievement of the audit objectives were:

- State Tourism Policy 2001, guidelines/ instructions issued by the State Government ;
- Directives of *Uttaranchal Paryatan Vikas Parishad* ;
- Terms and conditions of operation of TRHs leased out to the Nigam by the State Government ;
- Year wise revenue targets of TRHs , industrial units etc. ;
- Targets for occupancy in TRHs.

7.2.5 Audit methodology

The following mix of audit methodologies was adopted for attaining the audit objectives:

- Examination of agenda and minutes of the meetings of the BODs;
- Study of Tourism and Industrial policies of the Government;
- Examination of the directives and circulars issued by the Management, progress reports and financial statements;
- Scrutiny of guidelines/orders issued by the Government for operating the TRHs and Industrial units; and
- Examination of stock and inventory registers, store and production ledgers, log books of machines, registers of fixed assets, tenders/ agreements and sales, cash books, bank reconciliation statements, cash receipt-books, visitors' registers and suggestion/complaint registers maintained at TRHs, physical verification reports and records relating to man power management and internal audit.

7.2.6 Audit findings

Audit findings arising from the performance review were reported (October 2006) to the Management/Government and also discussed in the exit conference held on 8 November 2006 with the Management, which was attended by the officiating Managing Director and other officers of the Nigam. The views expressed by the Management in the meeting and replies furnished by them have been kept in view while finalising the report.

7.2.7 Performance of the Nigam in Tourism Sector

The Tourism Policy of the State Government, declared in 2001 aimed at development of infrastructure for tourism, including cultural tourism, eco-tourism, amusement tourism, leisure tourism, corporate tourism, adventure tourism, craft business, marketing and pilgrimage. The thrust was to make the corporations in the State commercially viable and on level with private sector commercial organizations. The Tourism Department formed a regulatory body called *Paryatan Vikas Parishad* in 2002 to formulate guidelines for development of tourism in the State.

TRHs taken on lease from the State Government

The Nigam was assigned a major role in the promotion and development of tourism in Garhwal region of the State through operation of PROs and TRHs. TRHs constructed and owned by the State Government were given on lease from time to time to the Nigam for operation. Of the profit earned by the individual TRH, 25 per cent was to be given to the State Government. The Government directed the Nigam (September 1979) to execute lease deeds in respect of TRHs, which have not been executed so far (October 2006). This indicated slackness in the management of assets by the Nigam. An amount of Rs.1.60 crore on account of lease rent was payable to the State Government as on 31 March 2006. The performance of TRHs is discussed in the succeeding paragraphs:

7.2.8 Performance of TRHs

The Nigam operated 68 TRHs during 2001-02. During the period from 2002-03 to 2005-06, 17 new TRHs (2002-03: 4; 2003-04: 1; 2004-05: 3 and 2005-06: 9) were handed over by the State Government to the Nigam for operation while three were closed by the Government (2004-05: 2 and 2005-06:1). The financial performance and percentage of occupancy in the TRHs during 2001-02 to 2005-06 are summarised below:

Year	No. of TRH	Turnover	Profit/ Loss	Average annual occupancy	Required occupancy to avoid loss†
		(Rs. in crore)		(per cent)	(per cent)
2001-02	68	3.50	(-) 0.65	18.58	22.03
2002-03	72	4.07	(-) 1.37	20.43	27.30
2003-04	73	4.93	(-) 1.05	22.97	27.86
2004-05	74	5.40	(-) 0.05	23.03	23.24
2005-06	82	5.71	(-) 0.58	20.23	22.28
Total		23.61	(-) 3.70	21.05	24.54

It was noticed by Audit that the Nigam had not fixed any norms/ targets of occupancy for TRHs and no yardstick for assessing the level of achievement has also been fixed. The average annual occupancy in TRHs during last 5

† While calculating the frequent occupancy it has been presumed that direct cost was negligible.

years ending 31 March 2006 ranged from 18.58 *per cent* to 23.03 *per cent*. Had the Nigam raised its average occupancy over five years from 21.05 *per cent* to 24.54 *per cent* it could have avoided losses. The fact however is that the Nigam's TRHs were not found attractive by the tourists.

TRHs broadly fall into three categories:

- Seasonal ones, 14 in number, which remain closed between November and March due to heavy snowfall. These are mainly on the Chardham Yatra route;
- those located at prominent places (37 in number); and
- those located at non- prominent places (31 in number).

The Nigam suffered a total loss of Rs. 3.70 crore in the operation of TRHs, during the five years ended 31 March 2006. The category wise details of profit/loss suffered by these TRHs are given below:

(Rs. in lakh)

No.	Category of TRH	2001-02	2002-03	2003-04	2004-05	2005-06	Total
1.	Seasonal	19.32	3.83	27.06	15.38	19.81	85.40
2.	Prominent	(-)50.59	(-)93.87	(-)92.24	13.45	(-)20.85	(-)244.10
3.	Non-prominent	(-)33.42	(-)46.76	(-)40.22	(-)33.68	(-)57.14	(-)211.22
	Total	(-)64.69	(-)136.80	(-)105.40	(-)4.85	(-)58.18	(-)369.92

It was observed by Audit that low turnover, heavy cost of repairs and maintenance (Rs.5.80 crore) and excessive expenditure on man power (Rs. 2.29 crore) were the main reasons for heavy losses. The profit made by the seasonal TRHs could not affect the losses made by the prominent and non-prominent TRHs. In fact if profit of seasonal TRHs is excluded the accumulated loss during the five years period would be Rs.455.32 lakh.

The Nigam stated (November 2006) that an occupancy policy was prescribed but the same was not produced to Audit. No comments were offered for non-fixation of norms for occupancy of individual TRHs. Nonetheless, the Nigam expressed satisfaction over the existing occupancy status despite recurring annual losses.

7.2.9 Seasonal TRHs

Chardham Yatra is the prime tourist venture of the Nigam. All the Seasonal TRHs are mostly on the Yatra route. The Nigam earned a profit of Rs. 85.40 lakh in the operation of seasonal TRHs during the five years ended March 2006. The average percentage of profit earned by the Nigam on all the seasonal TRHs operated during the above period, was 16.47 *per cent* of the total turn-over.

It was, however, observed that three out of 15 seasonal TRH viz. Lanka, Rambara and Yamunotri suffered substantial losses (Rs. 26.93 lakh) during the last five years on account of low annual average occupancy (19.4 *per cent*), low turnover (Rs. 11.84 lakh) coupled with high cost of salary and wages

(Rs. 22.64 lakh) and the cost of repair and maintenance (Rs. 8.84 lakh) which worked out to 191.22 *per cent* and 74.66 *per cent* of the turnover respectively (*Appendix-7.10*).

The Management stated (November 2006) that these TRHs are located very far off from the main roads where tourists could not reach conveniently and even if the occupancy in TRH is zero, the expenditure on salary and allowance of staff and on upkeep of TRH had to be incurred. The reply is not tenable as the Government did not assess the commercial viability of these sites before construction of TRHs at these places, nor did the Nigam do so before taking over the possession thereof.

7.2.10 TRHs located at prominent places

The Nigam suffered loss of Rs. 2.44 crore on turnover of Rs.17.12 crore during five years ended March 2006 on TRHs located at prominent places. During this period these TRHs attracted 4.46 lakh tourists. Had these TRHs attracted 5.09 lakh tourists i.e 0.63 lakh more, loss of Rs.2.44 crore could have been avoided. It was observed that low occupancy, high cost of manpower (Rs. 9.05 crore) and repair and maintenance (Rs. 4.23 crore) as at the end of March 2006 were the main factors responsible for the losses. The percentage of salary and wages and repair and maintenance to turnover in these TRHs was 52.86 *per cent* and 24.71 *per cent* respectively.

An expert committee constituted by the State Government in 2005 test checked some TRHs at prominent places and observed that there was no professionalism, service standards were low and the tariffs were high. The Principal Secretary, Tourism on the recommendations of the Committee stated (December 2005) that a training program to eliminate all such drawbacks would be organized. However, this had not been done so far (October 2006).

It was observed that despite good inflow of tourists in the State, the Nigam failed to attract sufficient number of tourists to avoid losses. The share of the Nigam of the total tourists who visited 14 selected TRHs during the five years ended March 2006 the State ranged from 0.11 to 9.89 *per cent*. A comparative statement of occupancy of these 14 TRHs at nine prominent places vis-à-vis influx of tourists at these places as published by the State Government is shown in *Appendix-7.11*.

A test check of the records of TRHs located at Haridwar, Dehradun, Rudraprayag, Chamba, Joshimath and Mussoorie revealed the following:

- Against 304 lakh tourists who visited Haridwar during the period 2001-02 to 2005-06, the two TRHs operated by the Nigam could attract only 0.34 lakh tourists (0.11 *per cent*) against the total available capacity of 1.17 lakh tourists at these TRHs. The occupancy in Rahi Motel at Haridwar during Ardh Kumbh 2004 (January 2004 to April 2004) ranged between 13.8 *per cent* to 21 *per cent* only. The main reasons for low occupancy at this Motel as attributed by the Unit Management were its disadvantageous location on the Roorkee Road which was closed to vehicles during mela and other peak

seasons as a crowd control measure and non-availability of alternate approach road to the TRH. It was observed by Audit that the facilities provided at TRHs were unsatisfactory (bathrooms were in poor condition, no TV facilities were available in the rooms) and also accommodation for low budget tourists including pilgrims was not available at the TRH.

The Nigam intimated (November 2006) that the TRH is now better furnished. No efforts were, however, made for providing accommodation to the low budget tourists.

• The other TRH near Haridwar is about 5 kms from the main city center and mainly dependent upon the annual Urs celebrations of a religious saint. It was noticed by Audit that the occupancy at this TRH too, remained low during the month of Urs celebrations (March 2004:27 *per cent*, March 2005: 21 *per cent* and March 2006:27 *per cent*). It was further observed that the class of devotees who visited the place during Urs demanded dormitory accommodation where they could be lodged in groups. There was, however, only one dormitory and three deluxe rooms and one family suite which mostly remained vacant.

The Nigam replied (November 2006) that data published by the State Government showed a large number of day visitors at Haridwar. Apart from the day visitors, a sizeable number of visitors also come to Haridwar who needed low budget accommodation which the Nigam could not provide. The Nigam, however, did not explain the low percentage of occupancy at places other than Haridwar.

• The records published by the State Government indicated that 41.45 lakh tourists visited Dehradun during five years ended 31 March 2006. Out of the two TRHs being operated by the Nigam at Dehradun, one is located at a tourist spot, Sahastradhara. This TRH had six executive rooms which were in very bad condition with seepage of water. The Manager of the TRH had repeatedly reported the problem since 2004 but no action has been taken by the Nigam. On this being pointed out by Audit, the Nigam stated (October 2006) carrying out the repairs at this TRH. The annual average occupancy at this TRH remained less than 23 *per cent*.

The Nigam replied (November 2006) that the number of visitors staying at this TRH during night was very low, but the visitors do stay at the TRH for rest during the day time.

• Nigam's Hotel Drona, located at a prime location in Dehradun city, was earning profits (Rs. 19.09 lakh during 1999-2000) before it was taken over (8 November 2000) by the Estate Department of the Uttaranchal Government on creation of the State. The management of the hotel as MLA Hostel was entrusted to the Nigam and all the operational expenses were to be reimbursed by the State Government. The State Government partially vacated the Hotel on 18 August 2006. It was observed by Audit that against the total expenses of Rs. 4.22 crore incurred by the Nigam from November 2000 to

August 2006 the State Government reimbursed Rs. 3.90 crore only from time to time leaving a balance of Rs. 0.32 crore as of October 2006.

The Nigam stated (November 2006) that the matter was discussed with the Additional Secretary, Estate Department who has agreed in principle to release the payment of the balance amount.

7.2.11 TRHs located at non-prominent places

The Nigam incurred loss of Rs. 2.11 crore on turnover of Rs. 1.67 crore of the TRHs located at non-prominent places during the five years ended March 2006. During this period these TRHs attracted 6965 tourists. Had these TRHs attracted 15765 tourists i.e 8800 more tourists, loss of Rs.2.11 crore could have been avoided. It was observed by Audit that low occupancy, heavy cost of salary and wages (Rs. 2.29 crore) and repair and maintenance (Rs. 0.58 crore) were the main reasons for losses. The percentage of salary and wages and repair and maintenance to turnover in these TRHs was 136.78 *per cent* and 34.92 *per cent* respectively. A few cases of low occupancy ranging from 0.60 to 9.60 *per cent* are given in *Appendix-7.12*.

The Nigam did not review the reasons for consistent losses being suffered by these TRHs. The Nigam did not try to popularise these TRHs through publicity measures as discussed in paragraph 7.2.15.

It was further noticed in Audit that the TRHs (Gangi, Reeh, Yamkeshwar, Raithal, Barsu, Haryali Devi etc.) were situated off the main roads and were without the facilities of pony or other transport for the tourists. The Government did not assess the commercial viability of these sites before construction of TRHs, nor did the Nigam do so before taking over possession thereof.

7.2.12 Despite continued low occupancies at the TRHs, the Nigam never reviewed its tariff structure to improve the turnover. At most TRHs, no suggestion boxes were placed for suggestions from tourists. In TRHs where suggestion registers were maintained (Agrakhal, Rudraprayag, Chamba, Joshimath) there was no evidence of any periodical review and follow up action.

7.2.13 Improper management of assets

The Nigam did not execute the lease deeds with the State Government due to which the specific role of the Nigam and the Government remained undefined. Absence of a clear cut demarcation of responsibility between the Government and the Nigam adversely effected the management of assets. The Nigam incurred an expenditure of Rs. 3.58 crore during the five years ended March 2006 on maintenance and up gradation of TRHs which should have been borne by the Government. On being pointed out by audit, the Nigam took up (September 2006) the matter with the State Government for compensating the Nigam for the expenditure on repairs and maintenance. Response of the Government is awaited (November 2006).

7.2.14 Performance of Canteens

For providing food and other eatables to the tourists and others, the Nigam operates canteens at various TRHs and some other places. As on 31 March 2006, the Nigam was operating 46 canteens on its own and 26 canteens were outsourced to the private parties. The details of profit earned by these canteens during the last 5 years ending 31 March 2006 are indicated below:

Year	Profit earned (Rs. In lakh)
2001-02	25.75
2002-03	21.20
2003-04	14.51
2004-05	24.58
2005-06	26.54
Total	112.58

A test check of records of two canteens one at office and one at residence of the Chief Minister revealed that these canteens were running into losses and accumulated losses as on 31 March 2006 amounted to Rs.31.28 lakh and Rs.4.81 lakh respectively. It was noticed that sales/trade tax of Rs.0.96 lakh (March 2004) was not charged on the items sold at the canteen at the CM's residence and was paid from the Nigam's funds. The Nigam did not claim any subsidy from the Government to compensate for the loss on running of these two canteens.

The Nigam stated (November 2006) that the reimbursement of Rs. 0.96 lakh was awaited from the Government.

7.2.15 Publicity

The Nigam has not formulated any promotional policy for publicity of its TRHs (September 2006). During 2001-02 to 2005-06, it spent Rs.1.58 crore on the publicity including seminars and exhibitions organised in different cities and salaries of the employees posted in publicity department of the Nigam.

The percentage of occupancy in TRHs, however, remained very low (between 18.58 and 23.03 *per cent*). While the expenditure on publicity increased from Rs. 23.52 lakh in 2004-05 to Rs. 34.65 lakh in 2005-06, the general occupancy declined from 26.90 to 21.02 *per cent*.

The tourism business is highly dependent on publicity. It was, however, observed (September 2006) that no publicity was being done on the electronic media and no hoardings/ boards were displayed at key points/ places e.g. Railway Stations, Bus Stations, City centres, highways etc. so as to popularize tourists places/ TRHs.

7.2.16 Financial Management

It was observed during Audit that there was no proper financial planning and follow-up. As a result, several investments turned unfruitful on account of blocking of funds. Some instances are given at the next page:

7.2.17 Unfruitful expenditure

In order to construct booking office for tourists, vehicle workshop and parking space for vehicles, the Nigam purchased (January 2000) land measuring 1375 sqm from New Okhla Industrial Development Authority (Noida) at a premium of Rs. 37.81 lakh paid in instalments alongwith interest of Rs. 8.93 lakh between January 2000 and July 2004. As per the lease deed, construction on the plot was to be started within one month from the date of taking possession of the land and was to be completed within two years (December 2002), failing which either lease deed was to be cancelled or extension was to be given on payment of extension charges at the rate of 4 per cent per annum of the total amount of premium. The construction on this plot has not been started even after six years (September 2006). Thus the investment of Rs.46.74 lakh till March 2006 remained unfruitful.

The Nigam stated (November 2006) that construction on the plot will be started by December 2006.

7.2.18 Irregular purchase of land for construction of car parking

A proposal for purchase of land measuring 26312.29 sqm (6.50 acre) at Mussoorie at a rate of Rs. 950 per sqm was approved (April 2005) by the BOD through a resolution by circulation. Accordingly, the Nigam purchased a plot in June 2005 for Rs. 2.75 crore (including 10 per cent stamp duty) for construction of four storey parking for nearly 800 cars at an approximate cost of Rs. 6.11 crore. The Nigam incurred an expenditure of Rs. 3.31 lakh on fencing and soil testing of land till September 2006. It was noticed during Audit that the purchase of land was made without:

- the approval of the State Government;
- getting the rates of the land confirmed from the local Authorities;
- getting the valuation of land assessed from the PWD or some approved Valuers; and
- preparing the project report(DPR) and assessing the feasibility of the deal.

It was further observed by Audit that only an area of 0.75 acre was earmarked for car parking in the master plan of that area as notified by the Collector but the Nigam purchased 6.50 acres of land in the residential area and the rate of Rs. 950 per sqm was applicable for residential land. There was no evidence on record to show as to how the residential area would be utilised for commercial purpose. The site plan shows that only a small patch of land was falling in the said area while its major part was 200 meters away from the Gandhi Chowk, Mussoorie and spread over a deep gorge (upto the nala flowing at the bottom of the land) which was notified by the Collector, Mussoorie (Dehradun) at a lower rate of Rs. 800 per sqm. Thus, the land costing Rs.2.75 crore was purchased in excess of the requirements and without following the proper procedure.

The Nigam stated (November 2006) that a committee was constituted for selection of the site. It was also stated that the eco-tourism and children park would be developed on the land not used for construction of car parking. The reply is not tenable as the approval for purchase of land by the BOD was accorded in April 2005 while the committee for the inspection of the land was constituted in May 2005. The Nigam should have selected the site and the area of land required through open advertisement as per the prescribed procedures and not by negotiations with individuals.

7.2.19 Blocking of Rs. 16 lakh

The Government of Uttar Pradesh (UP) directed (July 2000) the Nigam to purchase a land measuring 60 acres at Selakui, Dehradun for developing a Software Technology Park. The Nigam paid Rs. 16 lakh to UPSIDC (July 2000) as ten *per cent* of the cost of land. Subsequently, after the formation of Uttaranchal State, the Uttaranchal Government changed the location of the said park. Thus the land at Selakui acquired at the instance of the State Government is lying unused for the last six years resulting in blocking of funds of Rs.16 lakh.

The Nigam replied (November 2006) that they were in correspondence with the State Government (SIDCUL, Dehradun) for the refund of the amount.

7.2.20 Non-recovery of salary of employees attached to different departments of State Government

On creation of the new State of Uttaranchal, 73 employees, most of them belonging to the tourism wing of the Nigam, were attached to the different Departments of Uttaranchal Government from time to time without deciding the terms and conditions for their attachment. Of these, 36 employees were absorbed by the State Government but the pay and allowances to these employees were paid by the Nigam till July 2001 after which it was stopped (9 July 2001). Subsequently the Nigam resumed payment on the assurance of the State Government (16 September 2002) that reimbursement would be made in the near future.

The Nigam incurred expenditure of Rs. 1.36 crore on the salaries and allowances of these employees till February 2006 but reimbursement from the State Government has not been received (October 2006).

The Nigam replied (November 2006) that they were regularly requesting the Government for compensation. The reply is not tenable as the Nigam did not take up or pursue the matter with the concerned departments.

7.2.21 Non-recovery of dues

- The Government of India (GOI) and the Government of erstwhile Uttar Pradesh, (now Uttaranchal) organised the winter games at Auli in Uttaranchal through the Nigam with the understanding that the expenditure incurred would be reimbursed. An expenditure of

Rs. 42.46 lakh incurred during 2002-03 and 2004-05 (Rs. 20.44 lakh on behalf of the GOI and Rs. 22.02 lakh on behalf of the Government of Uttaranchal) has not been reimbursed till October 2006. It was observed that though the claims for reimbursement were submitted to the GOI (May 2003) and to the Government of Uttaranchal (October 2005), the Nigam did not pursue the claims leading to blocking of funds and loss of interest thereon.

- As per directions of the *Uttaranchal Paryatan Vikas Parishad*, the expenditure incurred on participation in national and international seminars/exhibitions was to be borne by the Parishad, the Nigam and Kumaon Mandal Vikas Nigam Limited (KMVNL) equally while expenditure incurred on *Jhanki* etc. on the Republic Day Parade was to be borne by the GMVNL and KMVNL equally. Expenditure of Rs.3.88 lakh incurred by the Nigam on behalf of these agencies for the above purpose was still outstanding.

The Nigam replied (November 2006) that Rs. 3.95 lakh has been received out of Rs.46.34 lakh. The recovery of the balance amount of Rs. 42.39 lakh was still outstanding against the GOI, the Government of Uttaranchal and KMVNL.

7.2.22 Performance of Industrial Units

The Nigam was operating seven industrial units, out of which one unit namely Industrial Wood Wool, Gawana, Uttarkashi was closed during 2000-2001. It was observed by Audit that manpower engaged at the time of the closure of this unit was utilised in other industrial units but the details of assets and other records of this unit were not made available to audit.

7.2.23 Capacity utilization and financial position of Industrial Units

The norms for optimum utilisation of capacity/ production in industrial units were not fixed. The capacity utilisation and financial position of the industrial units for five years ended on 31 March 2006 are given in *Appendix—7.13* and *7.14*.

The Nigam suffered a net loss of Rs. 7.89 lakh after adjustment of profit of two industrial units (two units earned profit of Rs. 120.80 lakh and four units incurred a loss of Rs. 128.69 lakh). It was observed that these units were not getting enough sale orders for their survival during these years for which no special efforts were made by the Nigam.

Losses in industrial units

Flush Door Factory, Kotdwar

7.2.24 Flush Door Factory, Kotdwar producing flush doors, ply wood and block boards etc. had been running in loss since inception (1983-84) with a cumulative loss of Rs. 5.53 crore as on 31 March 2006. It was observed by Audit that the main reasons for losses was high cost of production in the unit

especially due to over staffing and the Nigam did not review its manpower requirements. Even the existing strength was not justified as the percentage of capacity utilisation ranged from 2 to 7 *per cent*. Non receipt of sale orders from UP Avas Vikas Parishad, UPSRTC, PWD and UP. Police Avas Nigam Ltd. after the formation of the Uttaranchal State contributed to its losses. The Nigam did not explore the market to increase its sales.

The Nigam stated (November 2006) that steps were being taken to obtain orders from the units of the Government Departments.

Rosin and Terpine Factory, Tilwara

7.2.25 Rosin and Terpine Factory, Tilwara was producing rosin and terpine oil by procuring its full requirement of *lisa* (a forest produce) from the Forest Department and was running in profit till 2002-03. In June 2003, the Government reduced the quota for the units of Khadi & Cooperative Department and the two Mandal Vikas Nigams of Kumaon and Garhwal to 25 *per cent* and also included the Nigam in the open bid category for procurement of *lisa*. The minimum floor price fixed by the Forest Department did not suit the Nigam. Consequently, the Nigam was deprived of the supply of full requirement of *lisa* resulting in non-utilisation of the capacity of the plant from 2003-04 onwards.

The Nigam stated (November 2006) that they have obtained *lisa* valuing Rs.2.11 crore from the Forest Department in February 2006 and consumed the same worth Rs.84.69 lakh till September 2006. But no sale could be made till this date and balance quantity of *lisa* is still to be utilised.

Fruit Processing unit, Tilwara

7.2.26 Fruit Processing unit was commissioned in 1997-98 at Tilwara for producing squash, juice, jam, chatni and pickles etc. The unit could utilise only 2 to 24 *per cent* of its installed capacity and incurred a loss of Rs. 12.81 lakh during the period 2001-02 to 2005-06. The main reason for low capacity utilisation was lack of sales due to the high cost of production which included double cost of transportation, (procuring packing material from and selling final product in the market at a distance of 140 km from factory) As a result the products could not compete with the private producers of the plains. Thus establishment of the unit at a remote place was not justified.

Mineral Water unit, Uttarkashi

7.2.27 Bhagirathi Ganga Mineral Water unit, Gawana, Uttarkashi was established in 1997-98 for the production and sale of mineral water. It incurred a loss of Rs. 12.52 lakh during the five years ended on 31 March 2006. The unit being 150 Km (approximately) away from the nearest rail head, the cost of production per bottle was high on account of double transport cost of packing material and the packed products. Thus the establishment of the unit at a remote place was not justified.

The Nigam stated (November 2006) that the proposal for shifting of the unit was initiated but the unit could not be shifted due to the pressure of the local people.

7.2.28 Non-realisation of Sundry Debtors

The unitwise details of sundry debtors of Rs. 74.59 lakh outstanding for more than five years as on 31 March 2006 are as under:

(Rs. in lakh)

Sl. No.	Industrial Units	Government	Non-Government	GMVN units	Total
1-	Parwat Wood Wool, Muni-ki-reti	3.46	5.73	0.42	9.61
2-	Rosin and Turpentine, Tilwara	5.32	2.19	-	7.51
3-	Flush Door Factory, Kotdwar	16.48	32.60	-	49.08
4-	Cement Concrete Block, Srinagar	2.82	0.40	-	3.22
5-	Fruit Processing Unit, Tilwara	0.03	3.19	0.83	4.05
6-	Bhagirathi Mineral Water, Uttarkashi	-	1.12	-	1.12
		28.11	45.23	1.25	74.59

Non-realisation of debts had an adverse impact on the working of the Nigam. The Nigam stated (November 2006) that efforts were made from time to time to realise the outstanding debts.

7.2.29 Monitoring

After the separation of the Uttaranchal State from Uttar Pradesh, the regular Government buyers dissociated themselves from buying products from the Industrial Units of the Nigam on account of extra taxation. Therefore, the industrial units of the Nigam suffered mainly from lack of sale orders for their products. It was also observed that the units were left to the exclusive control of the unit managers and there was no monitoring at Corporate level. The Nigam had a marketing and a publicity wing but it did not utilise their services for popularising and marketing its products.

Thus due to lack of effective monitoring at the corporate level the problem of adequate numbers of sale orders remained unresolved and resulted in the industrial units not producing expected results. Non-recovery of dues from the Government Departments was another aspect of concern which was not addressed.

7.2.30 Internal Control

Internal control in an organisation is a tool used to provide reasonable assurance to the management that the objectives of the organisation are

properly achieved. The following deficiencies were noticed in the internal system being followed by the Nigam:

- Administrative, accounting and internal audit manuals have not been prepared by the Nigam. A Corporate Plan prepared in March 2005 at a cost of Rs.6 lakh had not been submitted to the BOD (October 2006).
- The annual accounts of the Nigam were in arrears since 1998-99 and therefore financial position of the Nigam from 1998-99 to date could not be ascertained. The Nigam, however, prepared provisional accounts upto 2005-06 for taxation purposes.
- The Nigam did not have a vigilance cell. A casual inspection made by the GM(T) in April 2006 in Dak Patthar TRH revealed non-accountal of income (Rs. 0.14 lakh) pertaining to the rent of the rooms.
- An Audit Committee set up in 2001 did not hold any meeting to address the problems of the Nigam.
- Eventhough there were sanctioned posts of four Auditors/Asstt. Auditors and six Accounts Officers for the Internal Audit Wing, the internal audit work was outsourced to the firms of Chartered Accountants and expenditure of Rs.10.07 lakh had been incurred till March 2006. The CA firms confined themselves mainly to accounting jobs.
- The BODs did not hold the minimum of four meetings during a calendar year as provided in the Companies Act, 1956.

Acknowledgement

7.2.31 The Audit acknowledges the co-operation and assistance extended by different levels of officers of the Company/Government at various stages of conducting the performance audit.

Conclusion

The Nigam failed to achieve a sound financial position in the tourism sector in the State. The management of assets, including land, buildings and manpower was poor. TRHs were taken over from the State Government without assessing their financial viability. The occupancy in TRHs, particularly those located at non-prominent places, was low. Synchronised efforts were not made by the Nigam to overcome the losses. Investment of funds in purchase of land was made without proper planning. The Board of Directors and Audit Committee were virtually non-functional. Efforts were lacking at the corporate level to make the industrial units viable. Internal controls were lacking.

Recommendations

- Nigam should set annual targets for attracting tourists.

- Nigam needs to persuade the State Government to involve them in assessing the feasibility of TRHs sites before selection.
- Nigam should improve TRH facilities and launch publicity campaigns to popularise them.
- Nigam should constitute a committee to examine proposals for investments in property.
- The meetings of the Board of Directors and Audit Committee should be held regularly as required in the Companies Act 1956 to evolve an effective Corporate plan for promoting tourism and setting up a machinery to resolve problems being faced by Management.
- Nigam should professionalise its working and prepare manuals to streamline its functioning and strengthen its internal control system.

MISCELLANEOUS TOPICS OF INTEREST RELATING TO GOVERNMENT COMPANIES

UTTARANCHAL POWER CORPORATION LIMITED

7.3 Loss of revenue due to negligence

Negligence of the division in not detecting the defects in a meter in time resulted in loss of revenue of Rs. 19.46 lakh.

In accordance with the provisions of Section 26(6) of Indian Electricity Act, 1910, where any difference or dispute arises in any meter between the consumer and the electricity supply company, the matter shall be decided, upon the application of either party, by an Electrical Inspector of the State Government, and where the meter has, in the opinion of such Inspector ceased to be correct, such Inspector shall estimate the amount of the energy supplied to the consumer during such period but not exceeding six months.

Scrutiny (August 2005) by Audit of the records of the Urban Distribution Division (South), Dehradun revealed that during checking of the meter installed at the premises of Himalaya Drug Company, Dehradun through Meter Reading Instrument it was detected (March 2001) that one phase of the meter ceased to function since August 1999 as a result the meter was recording only 2/3 of the electricity consumed and 1/3 of the consumption of electricity was not recorded during the period August 1999 to March 2001. Accordingly, the division issued (April 2001) a supplementary bill of Rs. 28.29 lakh (electricity charges for 568320 units and demand charges for 878 KVA) on account of short billing for the above period. The first installment of Rs. 16.97 lakh was deposited (June 2001) by the consumer. The consumer then filed (July 2001) a case before the Electrical Inspector of Uttaranchal under section 26(6) of the ibid Act, opposing recovery of electricity charges

through supplementary bill for the period beyond six months. The Electrical Inspector in his judgment (November 2002) accepted the contention of the consumer and passed orders for charging Rs. 8.83 lakh only against the assessment of Rs. 28.29 lakh. Accordingly, the division had to adjust the excess payment of Rs. 8.14 lakh (Rs. 16.97 lakh less Rs. 8.83 lakh) in the subsequent bills of the consumer.

Thus, negligence and failure on the part of the division in not detecting the defects in the meter in time resulted in loss of revenue of Rs. 19.46 lakh to the Company.

In reply (September 2006), the Management stated that during 1999-2000, MRI was not compulsory and MRI was to be resorted to whenever any drastic change in the consumption pattern of any consumer was noticed. The reply of the Management is not tenable as there was a drastic change in the consumption pattern of the consumer, as the meter showed 57360 units in October 1999 compared to 49800 units in November 1999, thereafter the consumption increased to 72600 units in February 2000 as compared to 37440 units in March 2000.

The above matter was reported to the Government in July 2006; their reply is awaited (December 2006).

7.4 Short realisation of revenue

The Company failed to realise revenue of Rs. 3.41 crore due to incorrect raising of bills to BHEL.

An agreement was entered into between the erstwhile Uttar Pradesh Power Corporation Limited (UPPCL) and Bharat Heavy Electricals Ltd. (BHEL) in May 2000 for supply of electricity of 34000 KVA to their factory at Haridwar and 5000 KVA to the township of BHEL. The agreement was effective for an initial period of 5 years i.e. upto 30 May 2005 and thereafter for a graded period of five years each. The same agreement continued with the Company.

Clause 12(a) of the agreement, *inter alia*, provided that since the BHEL had their own Thermal Power Station (TPS) which was synchronized with the grid of UPPCL, the billable demand would be taken as 75 percent of the maximum contracted/sanctioned demand or the maximum demand recorded by the Company's meter whichever was higher minus the average power units generated by the TPS. The total energy consumption by the factory of BHEL was to be billed as per the rate schedule applicable to large and heavy consumers from time to time.

Billing of demand charges was being made by the company based on the electricity actually supplied after deducting the demand charges of electricity generated by the TPS of BHEL.

It was observed during audit (April 2006) that the electricity generated by the BHEL's Thermal Power Station was being used by BHEL for its own consumption and it was not fed into the grid of the Company. Hence there was

no relation between the demand charges on account of electricity supplied by the Company and demand charges on account of electricity generated by the TPS of BHEL. Therefore, deduction of demand charges on account of electricity generated by TPS of BHEL from the demand charges on account of actual electricity supplied to BHEL was not correct. Consequently, the Company short realised energy charges of Rs. 3.41 crore from BHEL during the period from April 2001 to March 2006.

On this being pointed out by audit, the Company started including the demand charges on the electricity actually supplied to BHEL (without deducting the demand charges on account of electricity generated by TPS of BHEL) and the same are being paid by BHEL from April 2006.

The Management stated (November 2006) that revised bills for the period from April 2001 to March 2006 incorporating arrears of demand charges amounting to Rs 3.41 crore had been issued to the consumer in September 2006 for making the payment. However, the recovery of Rs. 3.41 crore from BHEL is still awaited (November 2006).

The above matter was reported to the Government in November 2006; their reply is awaited (December 2006).

KUMAON MANDAL VIKAS NIGAM LIMITED

7.5 Blocking of funds in purchase of land at Noida

An amount of Rs. 75.57 lakh was blocked in the purchase of land at Noida as it was not put to any use.

The Kumaon Mandal Vikas Nigam Ltd. (KMVN) obtained 2148 square metres of land on lease from the New Okhla Industrial Development Authority (NOIDA) at a premium of Rs.59.07 lakh in January 2000 to construct a building for its tourism and marketing activities. Clause 6 of the lease agreement (executed in April 2000) between NOIDA and KMVN stipulated that the building was to be constructed within 48 months of taking over of the possession of the land i.e. by 30 April 2004, failing which the lease would be terminated unless extended on payment of a penalty of 4 *per cent* of the cost of premium per annum. The terms and conditions also provided for payment of annual lease rent at the rate of Rs. 1.48 lakh per annum in advance. The KMVN obtained a loan of Rs. 62 lakh from the State Government of Uttar Pradesh (March 2000) at an interest rate of 19.5 *per cent* per annum for acquiring the said land.

Scrutiny of the records by Audit (March 2005) of KMVN revealed that the company incurred an expenditure of Rs. 75.57 lakh (upto March 2005) on the land (premium of land Rs. 59.07 lakh, stamps duty - Rs. 5.91 lakh, interest on outstanding premium Rs. 3.21 lakh, lease rent - Rs. 5.91 lakh, and construction of boundary wall-Rs.1.47 lakh).


In January 2001, the KMVNL felt that there would be difficulties in carrying out the marketing and tourism activities from Noida after the formation of a

separate State of Uttaranchal (November 2000) and decided to sell the plot. The plot could not be sold as the Company was not entitled to sell the plot as per the terms and conditions of the lease deed.

Thus, non-utilisation of the plot for the desired purpose resulted in blocking of funds of Rs. 75.57 lakh, besides annual recurring liability of Rs. 15.93 lakh (Rs. 1.48 lakh as lease rent, Rs. 2.36 lakh as penalty and Rs. 12.09 lakh as interest on loan).

The Management in its reply (August 2006) stated that due to formation of the State of Uttaranchal, it faced difficulties in carrying out the tourism activities from NOIDA (Uttar Pradesh) and therefore, decided to sell the plot. The reply of the Management is not tenable as KMVNL is not entitled to sell the plot and further the Company is successfully running many tourist offices outside the State of Uttaranchal and the tourism office if established at NOIDA could also have added to the activities of attracting tourists to the State of Uttaranchal.

The above matter was reported to the Government in July 2006; their reply is awaited (November 2006).



(REBECCA MATHAI)

Accountant General, Uttaranchal

Dehradun

The 06 May 2007

Countersigned



(VIJAYENDRA N. KAUL)

Comptroller and Auditor General of India

New Delhi

The 07 May 2007

APPENDICES

APPENDIX-1.1

(Reference: Paragraph 1.1, 1.1.3, & 1.3; Page 1, 2 & 3)

Part-A Structure and Form of Government Accounts

Structure of Government Accounts

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part-I: Consolidated Fund

All revenues received by the State Government, all loans raised by issue of treasury bills, internal and external loans and all moneys received by the Government in repayment of loans shall form one consolidated fund entitled 'The Consolidated Fund of State' established under Article 266(1) of the Constitution of India.

Part-II: Contingency Fund

Contingency Fund of State established under Article 267(2) of the Constitution is in the nature of an imprest placed at the disposal of the Governor to enable him to make advances to meet urgent unforeseen expenditure, pending authorisation by Legislature. Approval of the Legislature for such expenditure and for withdrawal of an equivalent amount from the Consolidated Fund is subsequently obtained, whereupon the advances from the Contingency Fund are recouped to the Fund.

Part-III: Public Account

Receipts and disbursements in respect of certain transaction such as small savings, provident funds, reserve funds, deposit, suspense, remittances, etc., which do not form part of the Consolidated Fund, are kept in the Public Account set up under Article 266(2) of the Constitution and are not subject to vote by the State Legislature.

Part-B Layout of Finance Accounts

Statement No. 1	Presents the summary of transactions of the State Government-receipts and expenditure, revenue and capital, public debt receipts and disbursements etc. in the Consolidated Fund, Contingency Fund and Public Account of the State.
Statement No. 2	Contains the summarised statement of capital outlay showing progressive expenditure to the end of 2005-2006.
Statement No.3	Gives financial results of irrigation works, their revenue receipts, working expenses and maintenance charges, capital outlay, net profit or loss, etc.
Statement No. 4	Indicates the summary of debt position of the State, which includes borrowings from internal debt, Government of India, other obligations and servicing of debt.
Statement No. 5	Gives the summary of loans and advances given by the State Government during the year, repayments made, recoveries in the arrears, etc.
Statement No. 6	Gives the summary of guarantees given by the Government for repayment of loans etc. raised by the statutory corporations, local bodies and other institutions.
Statement No. 7	Gives the summary of cash balances and investments made out of such balances.
Statement No. 8	Depicts the summary of balances under Consolidated Fund, Contingency Fund and Public Account as on 31 March 2006.
Statement No. 9	Shows the revenue and expenditure under different heads for the year 2005-2006 as a percentage of total revenue/expenditure.
Statement No. 10	Indicates the distribution between the charged and voted expenditure incurred during the year.
Statement No. 11	Indicates the detailed account of revenue receipts by minor heads.
Statement No. 12	Provides accounts of revenue expenditure by minor heads under non-plan, and plan separately and capital expenditure by major head-wise.
Statement No. 13	Depicts the detailed capital expenditure incurred during and to the end of 2005-2006.
Statement No. 14	Shows the details of investment of the State Government in statutory corporations, Government companies, other joint stock companies, cooperative banks and societies etc. up to the end of 2005-2006.
Statement No. 15	Depicts the capital and other expenditure to end of the 2005-2006 and the principal sources from which the funds were provided for that expenditure.
Statement No. 16	Gives the detailed account of receipts, disbursements and balances under heads of account relating to Debt, Contingency Fund and Public Account.
Statement No. 17	Presents the detailed account of debt and other interest bearing obligations of the Government of Uttaranchal.
Statement No. 18	Provides the detailed account of loans and advances given by the Government of Uttaranchal, the amount of loans repaid during the year, the balances as on 31 March 2006.
Statement No. 19	Gives the details of earmarked balances of reserve funds.

Part-C List of terms used in Chapter-I and basis for their calculation

Terms	Basis for calculation
Buoyancy of a parameter	Rate of Growth of the parameter/GSDP Growth
Buoyancy of a parameter (X) with respect to another parameter (Y)	Rate of Growth of the parameter (X)/Rate of Growth of the parameter (Y)
Rate of Growth (ROG)	$[(\text{Current year Amount}/\text{Previous year Amount})-1]*100$
Development Expenditure	Social Services + Economic Services
Interest spread	GSDP growth – Weighted Interest Rates
Weighted Interest Rate (Average interest paid by the State)	$\text{Interest Payment}/[(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities})/2]*100$
Quantum spread	Debt stock *Interest spread
Interest received as <i>per cent</i> to Loans outstanding	$\text{Interest Received} [(\text{Opening balance} + \text{Closing balance of Loans and Advances})/2]*100$
Revenue Deficit	Revenue Receipt – Revenue Expenditure
Fiscal Deficit	Revenue Expenditure + Capital Expenditure + Net Loans and Advances – Revenue Receipts –Miscellaneous Capital Receipts
Primary Deficit	Fiscal Deficit – Interest Payments
Balance from Current Revenue (BCR)	Revenue Receipts <u>minus</u> all Plan grants and Non-Plan Revenue Expenditure excluding expenditure recorded under the major head 2048-Appropriation for Reduction or Avoidance of Debt

APPENDIX 1.2

(Reference: Paragraph 1.3 & 1.7; page 3 & 14)

**Summarised financial position of the Government of Uttaranchal as on
31 March 2006**

(Rupees in crore)

As on 31 March 2005	Liabilities	As on 31 March 2006	As on 31 March 2005	Assets	As on 31 March 2006
7561.53	Internal Debt (Excluding Overdrafts from RBI)	9094.05	2365.52	Gross Capital Outlay on Fixed Assets	4070.95
3544.80	Market Loans bearing interest	3948.41	333.33	Investments in shares of Companies, Corporations etc.	668.71
0.39	Market Loans not bearing interest	0.35	2032.19	Other Capital Outlays	3402.24
1.50	Loans from the LIC of India	1.50	383.93	Loans and advances	482.79
891.47	Loans from other Institutions	1036.91	9.60	Loans for Special Area Programmes	9.56
3057.91	Special Securities issued to NSS fund	4076.19	374.33	Other Development Loans	473.23
65.46	Ways and Means Advances from RBI	30.69		Contingency Fund	-
491.25	Loans and Advances from the Central Government	468.27	1351.31	Suspense & Miscellaneous Balances	793.38
27.55	Pre 1984-85 Loans	21.60	107.25	Remittance	324.60
59.95	Non-Plan Loans	59.27	286.18	Cash	669.17
369.67	Loans for State Plan Schemes	362.88	0.15	Cash in Treasuries and Local Remittances	(-)52.89
0.08	Loans for Central Plan Schemes	0.06	-16.54	Deposits with Reserve Bank	156.96
21.12	Loans for Centrally Sponsored Plan Schemes	24.46	-1.55	Departmental Cash Balances	(-)1.59
12.88	Ways and Means Advances from Central Government	-	-0.88	Permanent Advances	(-)0.88
1012.77	Small Savings, Provident Funds, etc.	1112.91		Cash Balance Investments	117.57
771.23	Deposits & Advances	967.17	305.00	Investment of Earmarked funds	450.00
-	Remittances	-	5778.73	Deficit on Government Accounts	5852.68
-	Suspense and Miscellaneous Balances		950.32	Revenue Deficit of the Current Period	73.95
377.97	Reserve Funds	521.66	4828.49	Accumulated Deficit	5778.73
58.17	Contingency Fund	29.51	--	Appropriation to Contingency Fund	-
			-0.08	Miscellaneous Government Cash Account	-
10272.92	Total	12193.57	10272.92	Total	12193.57

APPENDIX-1.3
(Reference: Paragraph 1.3; Page 3)

Abstract of Receipts and Disbursements for the year 2005-2006

(Rupees in crore)

Receipts					Disbursements				
2004-2005		2005-2006			2004-05	2005-06			
1	2	3	4	5	6	7	Non-plan	Plan	Total
1	2	3	4	5	6	7	8	9	10
Section-A: Revenue									
4085.59		I Revenue Receipts		5537.02	5035.91	I Revenue Expenditure	4191.47	1419.50	...
	1444.36	Tax revenue	1784.69		1900.78	General Services	2026.06	0.91	2026.97
	547.70	Non-tax revenue	650.09		1904.18	Social Services	1453.35	802.35	2255.70
	519.97	State's share of Union taxes	1009.82		1126.78	Education, Sports, Art and Culture	997.41	257.39	1254.80
	132.97	Non-Plan grants	1120.34		198.05	Health and Family Welfare	174.89	103.43	278.32
	1326.89	Grants for State Plan Scheme	819.77		355.02	Water Supply, Sanitation, Housing and Urban Development	99.28	288.26	387.54
	113.70	Grants for Central and Centrally sponsored Plan schemes	152.31		10.44	Information and Broadcasting	10.86	1.97	12.83
					57.60	Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	47.89	63.74	111.63
					20.72	Labour and Labour Welfare	17.29	9.98	27.27
					129.40	Social Welfare and Nutrition	100.48	72.63	173.11
					6.17	Others	5.25	4.95	10.20
					1089.51	Economic Services	595.42	616.24	1211.66
					449.04	Agriculture and Allied Activities	272.58	235.44	508.02
					182.46	Rural Development	75.49	189.33	264.82
						Special Area Programmes
					153.60	Irrigation and Flood Control	157.12	10.86	167.98
					32.64	Industry and Minerals	10.48	16.38	26.86
					77.05	Energy	1.41	93.11	94.52
					53.25	Transport	58.64	16.80	75.44
					1.63	Science, Technology and Environment	10.00	7.00	17.00
					139.84	General Economic Services	9.70	47.32	57.02
					141.44	Grants-in-aid/Contribution	116.64	...	116.64
950.32		II Revenue deficit carried over to Section B		73.95	-	II Revenue surplus carried over to Section B	-	-	-
5035.91		Total		5610.97	5035.91	Total	4191.47	1419.50	...
215.35		III Opening Cash balance including permanent advances and Cash Balance Investment Accounts etc.,		286.18	...	III Opening Overdraft from RBI	-	-	-
	-	IV Miscellaneous capital receipts	-	-	1135.83	IV Capital Outlay	48.59	1656.84	...
					147.11	General Services	55.94	131.33	187.27
					163.27	Social Services	1.82	206.21	208.03
					45.01	Education, Sports, Art and Culture	...	64.03	64.03
					50.51	Health and Family Welfare	...	73.40	73.40
					19.08	Water Supply, Sanitation, Housing and Urban Development	1.82	12.82	14.64
					33.83	Welfare of Scheduled Castes, Scheduled Tribes and other Backward Classes	...	45.62	45.62
					9.62	Social Welfare and Nutrition	...	6.77	6.77
					5.22	Other Social Services	...	3.57	3.57

Audit Report for the year 31 March 2006

Receipts					Disbursements					
2004-2005		2005-2006			2004-05				2005-06	
1	2	3	4	5	6	7	Non-plan	Plan	Total	11
					825.45	Economic Services	(-) 9.18	1319.31	1310.13	
					44.10	Agriculture and Allied Activities	(-) 9.44	86.86	77.42	
					36.37	Other Rural Development Programmes		31.77	31.77	
					112.36	Irrigation and Flood Control	0.26	225.10	225.36	
					92.84	Industry and Minerals	...	176.50	176.50	
					338.28	Transport	...	542.50	542.50	
					166.61	Power Project	...	210.34	210.34	
					34.89	General Economic Services	...	46.24	46.24	
87.09		V Recoveries of Loans and Advances		36.37	181.27	V Loans and Advances disbursed			...	135.22
	9.33	From Government Servants	5.71		165.97	For Economic Services		113.65		
	77.76	From others	30.66		15.30	To others		21.57		
		VI Revenue surplus brought down			950.32	VI Revenue deficit			...	73.95
1587.20		VII Public Debt Receipts		1756.65	21.84	VII Repayment of Public Debt			...	247.10
	1405.55	Internal Debt other than Ways and Means Advances and Overdrafts	1748.79			Internal Debt other than Ways and Means Advances and Overdrafts	-	181.50		
	34.77	Net transactions under Ways and Means Advances (RBI)	-	-	-	Net transactions under Ways and Means Advances	-	34.77		
	146.88	Loans and Advances from Central Govt. other than Ways and Means Advances	7.86	-	21.84	Repayments of Loans and Advances to Central Government.		17.95		
	-	Ways and Means Advances (Gol)	-	-	-	Ways and Means Advances (Gol)	-	12.88	-	
	-	VIII Appropriation to Contingency Fund	-	-	-	VIII Appropriation to Contingency Fund	-		-	
24.06		IX Amount transferred to Contingency Fund		16.14	16.23	IX Expenditure from Contingency Fund			...	44.80
8524.81		X Public Account Receipts		19696.88	7846.84	X Public Account Disbursements			...	18916.55
	299.84	Small Savings and Provident Funds	320.77		187.25	Small Savings and Provident Funds		220.64		
	290.44	Reserve Funds	256.48		162.56	Reserve Funds		112.79		
	4308.92	Suspense and Miscellaneous	14239.43		4138.52	Suspense and Miscellaneous		13681.50		
	1775.18	Remittances	2680.67		1676.67	Remittances		2898.02		
	1850.43	Deposits and Advances	2199.53		1681.84	Deposits and Advances		2003.60		
					286.18	XI Cash Balance at end			...	669.17
					0.15	Cash in Treasuries and Local Remittances		(-) 52.89		
					- 16.54	Deposits with Reserve Bank		156.96		
					- 2.43	Departmental Cash Balances including Permanent Advances		(-) 2.47		
					...	Cash Balance Investments		117.57		
					305.00	Investment of Earmarked funds		450.00		
10438.51		Total		21792.22	10438.51	Total			...	21792.22

Explanatory Notes for Appendices 1.2 and 1.3

- The abridged account in the foregoing statements has to be read with comments and explanations in Finance Accounts.
- Government accounts being mainly on cash basis, the deficit on Government account, as shown in Appendix 1 indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures etc., do not figure in the accounts.
- Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and others pending settlement, etc.
- There was an unreconciled difference of Rs. 110.50 crore (credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank". A net difference of Rs 110.50 crore (credit) were awaiting reconciliation (March 2006).

APPENDIX -1.4
(Reference: Paragraph 1.3; Page 3)
Sources and Application of Funds

(Rupees in crore)

2004-2005		Source	2005-06
4085.59	1	Revenue Receipts	5537.02
87.09	2	Recoveries of Loans and Advances	36.37
1565.35	3	Increase in Public Debt [*] other than overdraft	1509.54
308.84		Market Loans bearing interest	403.61
-		Market Loans not bearing interest	-0.04
-		Loans from LIC	-
128.66		Loans from other institutions	145.44
968.05		Special Securities issued	1018.28
34.77		Ways and Means advances from RBI	(-)34.77
(-)7.12		Pre 1984-85 loans	(-)5.95
1.94		Non-Plan loans	(-)0.68
125.73		Loans for State Plan Schemes	(-)6.79
(-)0.01		Loans for Central Plan Schemes	(-)0.02
4.49		Loans for Centrally Sponsored Plan Schemes	3.34
		Ways and Means Advances from GoI	(-)12.88
677.92	4	Net receipts from Public account	780.35
112.58		Increase in Small Savings	100.14
168.58		Increase in Deposits & Advances	195.94
127.88		Increase in Reserve Funds	143.69
170.36		Net effect of Suspense and Miscellaneous transactions	557.93
98.52		Net effect of Remittance transactions	(-)217.35
-	5	Net effect in closing cash balance	-
7.83	6	Net effect of Contingency Transactions	-
6423.78		Total	7863.28
2004-05		Application	2005-06
5035.91	1	Revenue expenditure	5610.97
181.27	2	Lending for development and other purposes	135.22
1135.83	3	Capital Expenditure	1705.43
-	4	Appropriation to Contingency Fund	-
-	5	Net effect of Contingency Transactions	28.66
70.83	6	Net effect in closing cash balance	382.99
(-)0.06	7	Miscellaneous Government Cash Account	-
6423.78		Total	7863.28

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

APPENDIX-1.5
(Reference: Paragraph 1.3 & 1.7; Page 3 & 14)
Time Series Data on State Government Finances

(Rupees in crore)

	2001-2002	2002-2003	2003-2004	2004-2005	2005-06
1	2	3	4	5	6
Part A. Receipts					
1. Revenue Receipts	2608	3216	3600	4086	5537
(i) Tax Revenue	971 (37)	1017(32)	1226(34)	1444(35)	1785(32)
Sales Tax/Trade Tax	486 (50)	549(54)	662(54)	793(55)	1014(57)
State Excise	232 (24)	246(24)	273(22)	292(20)	293(16)
Taxes on vehicles	67 (7)	72(7)	86(7)	99(7)	115(6)
Stamps and Registration fees	89 (9)	123(12)	169(14)	208(14)	333(19)
Land Revenue	3 (1)	3(1)	13(1)	8(1)	9(1)
Other Taxes	94 (9)	24(2)	23(2)	44(3)	21(1)
(ii) Non- Tax Revenue	162 (6)	375(12)	370(10)	548(14)	650(12)
(iii) State's share in union taxes	151 (6)	374(12)	435(12)	520(13)	1010(18)
(iv) Grants-in-aid from GoI	1324 (51)	1450(45)	1569(44)	1574(38)	2092(38)
2. Miscellaneous Capital Receipts				-	-
3. Total Revenue and Non Debt Capital Receipts (1+2)	2608	3216	3600	4086	5537
4. Recoveries of Loans and Advances	4	3	23	87	36
5. Public Debt Receipts	775	1834	3063	1587	1757
Internal Debt (Excluding Ways and Means Advances and Overdrafts)	567 (73)	1583(86)	2777(91)	1405(89)	1749(99)
Net Transactions under Ways and Means Advances and Overdraft	85 (11)			35(2)	-
Loans and Advances from Government of India	123 (16)	251(14)	286(9)	147(9)	8(1)
6. Total Receipts in the Consolidated Fund (3+4+5)	3387	5053	6686	5760	7330
7. Contingency Fund Receipts	30		55	24	16
8. Public Account Receipts	5131	6574	7499	8525	19697
9. Total Receipts of the State (6+7+8)	8548	11627	14240	14309	27043
Part B. Expenditure/Disbursement					
10. Revenue Expenditure	2938 (93)	3675(92)	4360(89)	5036(82)	5611(77)
Plan	485 (17)	967(26)	1050(24)	1138(23)	1420(25)
Non Plan	2453 (83)	2708(74)	3310(76)	3898(77)	4191(75)
General Services (including Interest payments)	1062 (36)	1187(32)	1461(33)	1901(38)	2027(36)
Economic Services	692 (24)	951(26)	1003(23)	1090(22)	1212(22)
Social Services	1120 (38)	1468(40)	1693(39)	1904(38)	2256(40)
Grants-in-aid and contributions	64 (2)	69(2)	203(5)	141(3)	116(2)
11. Capital Expenditure	208 (7)	339(8)	533(11)	1136(18)	1705(23)
Plan	101 (49)	129(38)	518(97)	1075(95)	1657(97)
Non Plan	107 (51)	210(62)	15(3)	61(5)	48(3)
General Services	30 (14)	51(15)	58(11)	147(13)	187(11)
Economic Services	151 (73)	223(66)	352(66)	826(73)	1310(77)
Social Services	27(13)	65(19)	123(23)	163(14)	208(12)
12. Disbursement of Loans and Advances	78	96	135	181	135
13. Total (10+11+12)	3224	4110	5028	6353	7451
14. Repayments of Public Debt	78	823	1176	22	247
Internal Debt (excluding Ways and Means Advances and Overdrafts)	1 (1)	3(1)	3(1)	-	181(73)
Net Transactions under Ways and Means advances and Overdraft	-	85(10)	-	-	35(14)

	2001-2002	2002-2003	2003-2004	2004-2005	2005-06
1	2	3	4	5	6
Loans and Advances from GOI	77(99)	735(89)	1173(99)	22(100)	31(13)
15. Appropriation to Contingency Fund	30	-	55	-	-
16. Total Disbursement out of Consolidated Fund (13+14+15)	3332	4933	6259	6375	7698
17. Contingency Fund disbursements	11	1	20	16	45
18 Public Account disbursements	5480	6311	8121	7847	18917
19. Total Disbursement by the State (16+17+18)	8823	11245	14400	14238	26660
Part C. Deficits					
20. Revenue Deficit (1-10)	330	459	760	950	74
21. Fiscal Deficit (3+4-13)	612	891	1405	2180	1878
22. Primary Deficit (21-23)	105	338	808	1364	1070
Part D. Other data					
23. Interest Payments (included in revenue expenditure)	507	553	597	816	808
24. Arrears of Revenue (Percentage of tax & Non-tax Revenue Receipt)	NA*	185	NA*	NA*	313. (9)
25. Financial Assistance to local bodies etc.	64	69	203	141	117
26. Ways and Means Advances and Overdrafts (days)	145	150	56	200	54
27. Interest on Ways and Means Advances/Overdraft	1.39	0.94	0.51	0.81	0.62
28. Gross State Domestic Product (GSDP)*	13181	15064	17370	20205	23315
29. Outstanding Debt (year end)	4634	6003	8030	9910	11714
30. Outstanding Guarantees (year end)	NA*	NA*	743*	1345	1345
31. Maximum amount Guaranteed (year end)	NA*	NA*	743*	760	1345
32. Number of incomplete projects	NA*	94	492**	578**	848**
33. Capital blocked in incomplete projects	NA*	737	1517	1737	1749

Note: Figures in brackets represent percentages.

¶ GSDP figures for 2001-2006 have been intimated by the State Government. GSDP figures for the year 2004-05 and 2005-06 are provisional.

* Information is wanting from State Government.

** Number of incomplete projects also includes ongoing projects.

♦ Difference in figures appearing in previous years Audit Reports is due to revision made by the State Government.

Appendix-2.1

(Reference: Paragraph 2.3.1; Page 26)

Details of savings against the provisions under various Grants

(Rs. in crore)

Sl. No.	Grant/Appropriation No.	Name of Grant/Appropriation	Total provision	Expenditure	Saving
Revenue-Voted					
1.	1	Legislative Assembly	7.61	7.06	0.55
2.	3	Council of Ministers	18.66	17.91	0.75
3.	4	Judicial Administration	29.67	23.68	5.99
4.	5	Election	4.16	2.38	1.78
5.	6	Revenue and General Administration	217.58	148.53	69.05
6.	7	Finance, Tax, Planning, Secretarial & Miscellaneous Services	1016.40	708.95	307.45
7.	8	Excise	4.52	3.11	1.41
8.	10	Police and Jail	282.52	243.97	38.55
9.	11	Education, Sports & Youth Welfare & Culture	1385.08	1251.56	133.52
10.	12	Medical Health & Family Welfare	358.15	276.84	81.31
11.	13	Water Supply, Housing & Urban Development	568.74	363.19	205.55
12.	14	Information	14.70	12.80	1.90
13.	15	Welfare	142.69	118.78	23.91
14.	16	Labour & Employment	31.67	25.45	6.22
15.	17	Agriculture Works & Research	171.20	141.66	29.54
16.	18	Co-operative	27.03	12.32	14.71
17.	19	Rural Development	274.46	222.30	52.16
18.	20	Irrigation & Flood control	193.56	182.32	11.24
19.	21	Energy	200.15	91.69	108.46
20.	22	Public Works	223.27	181.12	42.15
21.	23	Industries	66.03	51.85	14.18
22.	24	Transport	12.33	8.21	4.12
23.	25	Food	15.66	13.07	2.59
24.	26	Tourism	15.79	11.84	3.95
25.	27	Forest	253.87	237.15	16.72
26.	28	Animal Husbandry	49.45	41.92	7.53
27.	29	Horticulture Development	47.51	45.77	1.74
28.	30	Welfare of Scheduled Castes	204.54	167.52	37.02
29.	31	Welfare of Scheduled Tribes	56.87	44.83	12.04
Total			5893.87	4657.78	1236.09
Revenue-Charged					
30.	1	Legislative Assembly	0.66	0.32	0.34
31.	2	Governor	2.09	1.74	0.35
32.	4	Judicial Administration	7.71	5.73	1.98
33.	6	Revenue and General Administration	0.77	0.68	0.09
34.	7	Finance, Tax, Planning, Secretarial & Miscellaneous Services	1051.33	955.38	95.95
35.	9	Public Service Commission	3.84	2.45	1.39
36.	22	Public Works	2.57	1.10	1.47
37.	29	Horticulture Development	0.28	0.14	0.14
Total			1069.25	967.54	101.71

Sl. No.	Grant/Appropriation No.	Name of Grant/Appropriation	Total provision	Expenditure	Saving
Capital-Voted					
38.	4	Judicial Administration	20.00	14.69	5.31
39.	6	Revenue and General Administration	118.00	61.44	56.56
40.	7	Finance, Tax, Planning, Secretarial & Miscellaneous Services	69.05	40.12	28.93
41.	10	Police and Jail	59.12	51.86	7.26
42.	11	Education, Sports, Youth Welfare & Culture	58.99	51.97	7.02
43.	12	Medical, Health & Family Welfare	72.54	71.04	1.50
44.	15	Welfare	13.60	10.44	3.16
45.	16	Labour and Employment	5.15	3.08	2.07
46.	18	Co-operative	15.00	3.33	11.67
47.	19	Rural Development	55.30	54.44	0.86
48.	21	Energy	355.96	321.74	34.22
49.	23	Industries	256.61	177.64	78.97
50.	24	Transport	77.45	76.04	1.41
51.	26	Tourism	43.69	42.24	1.45
52.	27	Forest	89.10	74.36	14.74
53.	28	Animal Husbandry	9.82	8.58	1.24
54.	30	Welfare of Scheduled Castes	135.56	93.42	42.14
55.	31	Welfare of Scheduled Tribes	40.71	28.74	11.97
Total			1495.65	1185.17	310.48
Grand Total			8458.77	6810.49	1648.28

Appendix-2.2

(Reference: Paragraph 2.3.1; Page 26)

Excess Expenditure over Grants/Charged Appropriations

(Rs. in crore)

Sl. No.	Grant/Appropriation No.	Name of Grant/ Appropriation	Total provision	Expenditure	Excess
Capital-Voted					
1.	8	Excise	0.50	0.53	0.03
2.	17	Agriculture Works & Research	1.05	4.20	3.15
3.	20	Irrigation & Flood Control	218.52	299.06	80.54
4.	22	Public Works	449.63	502.15	52.52
5.	25	Food	0.71	486.68	485.97
6.	29	Horticulture Development	1.20	4.74	3.54
Total			671.61	1297.36	625.75
Capital-Charged					
7.	7	Finance, Tax, Planning, Secretariat & Miscellaneous Services	429.60	467.34	37.74
Total			429.60	467.34	37.74
Grand Total			1101.21	1764.70	663.49

Appendix-2.3
(Reference: Paragraph 2.3.2; Page 27)
Areas in which major savings occurred

(Rupees in crore)

Grant number	Major Head	Areas of major savings	Savings
Revenue-Voted			
6	2029	Land Revenue	9.56
	2245	Relief on Account of Natural Calamities	44.09
7	2040	Taxes on Sales, Trade etc.	18.45
	2052	Secretariat General Services	24.09
	2054	Treasury and Accounts Administration	2.90
	2071	Pension and other Retirements Benefits	53.38
	3451	Secretariat Economic Services	132.58
	3604	Compensation and Assignments to Local Bodies and Panchayati Raj Institutions	60.25
11	2202	Education, Sports, Art and Culture	19.19
		Elementary Education	
12	2210	Medical and Public Health	52.66
	2211	Family Welfare	8.05
13	2215	Water Supply and Sanitation-Water Supply	4.40
	2217	Assistance to Local Bodies Corporations Urban Development Authorities, Town Development Board etc.,	82.20
		Slum Area Development	
21	2801	Power	107.00
	2810	Non Conventional Sources of Energy	1.30
Revenue-Charged			
7	2048	Appropriation for Reduction or Avoidance of Debt	10.00
	2049	Interest Payments	84.43
	2052	Secretariat General Services	5.00
Capital-Voted			
6	4059	Capital Outlay on Public Works	56.55
23	4058	Capital Outlay on Stationary and Printing	0.57
	4859	Capital Outlay on Tele Communication Electronic Industry	26.57

Appendix-2.4

(Reference: Paragraph 2.3.3; Page 27)

Cases where expenditure fell short by more than Rs. 1 crore each and also by more than 10 per cent of the total provision

Sl.No.	Grant/Appropriation Number	Name of Grant/ Appropriation	Savings (percentage of total provision)
Revenue-Voted			
1.	4	Judicial Administration	20.19
2.	5	Election	42.78
3.	6	Revenue & General Administration	31.74
4.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	30.25
5.	8	Excise	31.19
6.	10	Police & Jail	13.65
7.	12	Medical, Health & Family Welfare	22.70
8.	13	Water Supply, Housing & Urban Development	36.14
9.	14	Information	12.93
10.	15	Welfare	16.75
11.	16	Labour & Employment	19.64
12.	17	Agriculture, Works & Research	17.25
13.	18	Co-operative	54.53
14.	19	Rural Development	19.00
15.	21	Energy	54.19
16.	22	Public Works	18.88
17.	23	Industries	21.48
18.	24	Transport	33.38
19.	25	Food	16.56
20.	26	Tourism	24.99
21.	28	Animal Husbandry	15.23
22.	30	Welfare of Scheduled Castes	18.10
23.	31	Welfare of Scheduled Tribes	21.17
Revenue-Charged			
24.	4	Judicial Administration	25.75
25.	22	Public Works	57.30
Capital-Voted			
26.	4	Judicial Administration	26.52
27.	6	Revenue & General Administration	47.93
28.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	41.90
29.	10	Police & Jail	12.28
30.	11	Education, Sports, Youth Welfare & Culture	11.90
31.	15	Welfare	23.19
32.	16	Labour & Employment	40.14
33.	18	Co-operative	77.80
34.	23	Industries	30.77
35.	27	Forest	16.54
36.	28	Animal Husbandry	12.63
37.	30	Welfare of Scheduled Castes	31.09
38.	31	Welfare of Scheduled Tribes	29.40

Appendix-2.5

(Reference: Paragraph 2.3.7; Page 28)

Grants where supplementary provision obtained proved entirely unnecessary

(Rs. in crore)

Sl.No.	Grant/Appropriation No.	Name of Grant/Appropriation	Savings	Supplementary Provision obtained
Revenue-Voted				
1.	1	Legislature	0.55	0.13
2.	4	Judicial Administration	5.99	0.08
3.	6	Revenue & General Administration	69.05	8.92
4.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	307.46	15.27
5.	8	Excise	1.40	0.18
6.	9	Public Service Commission	1.40	0.19
7.	10	Police & Jail	38.55	3.15
8.	11	Education, Sports, Youth Welfare & Culture	133.52	45.03
9.	12	Medical, Health & Family Welfare	81.31	56.19
10.	13	Water Supply, Housing & Urban Development	205.55	114.98
11.	16	Labour & Employment	6.22	2.41
12.	17	Agriculture Works & Research	29.54	10.39
13.	19	Rural Development	52.16	44.60
14.	20	Irrigation & Flood Control	11.24	2.92
15.	22	Public Works	42.15	11.62
16.	23	Industries	14.19	13.05
17.	24	Transport	4.11	0.12
18.	26	Tourism	3.95	1.5
19.	28	Animal Husbandry	7.53	0.29
20.	30	Welfare of Scheduled Castes	37.02	31.27
21.	31	Welfare of Scheduled Tribes	12.04	5.84
Capital-Voted				
22.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	28.93	2.00
23.	10	Police & Jail	7.26	6.06
24.	11	Education, Sports, Youth Welfare & Culture	7.02	3.87
25.	15	Welfare	3.15	0.15
26.	23	Industries	78.97	42.00
27.	27	Forest	14.74	2.50
28.	30	Welfare of Scheduled Castes	42.14	21.72
29.	31	Welfare of Scheduled Tribes	11.97	1.81
Revenue-Charged				
30.	2	Governor	0.36	0.15
31.	7	Finance Tax, Planning, Secretariate & Miscellaneous Services	95.94	70.00
Total			1355.41	518.39

Appendix-2.6
(Reference: Paragraph 2.3.8; Page 28)
Details of persistent savings

(Percentage of savings)

Sl. No.	Grant Number	Description of the Grants	2002-03	2003-04	2004-05	2005-06
Revenue-Voted						
1.	4	Judicial Administration	49	33	32	20
2.	5	Election	52	36	43	43
3.	6	Revenue & General Administration	20	20	20	32
4.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	50	26	39	30
5.	12	Medical, Health & Family Welfare	28	33	23	23
6.	13	Water Supply, Housing & Urban Development	41	23	19	36
7.	15	Welfare	44	33	34	17
8.	16	Labour & Employment	39	30	34	20
9.	18	Co-operative	38	14	26	54
10.	19	Rural Development	29	53	19	19
11.	21	Energy	40	61	35	54
12.	22	Public Works	20	25	21	19
13.	23	Industries	23	30	17	21
14.	24	Transport	64	19	42	38
15.	26	Tourism	60	17	13	25
16.	28	Animal Husbandry	28	10	14	15
Capital-Voted						
17.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	87	71	43	42
18.	11	Education Sports, Youth Welfare & Culture	20	22	21	12
19.	15	Welfare	70	15	34	23
20.	23	Industries	36	55	28	31

Appendix-2.7
(Reference: Paragraph 2.3.9; Page 29)
Surrender of Funds

I. Details of major variations where savings were more than Rs. one crore and were either not fully surrendered or not surrendered at all

(Rupees in crore)

Sl. No.	Grant/ Appropriation Number	Description of Grant/ Appropriation	Total saving	Amount surrendered	Amount not surrendered
Revenue-Voted					
1.	4	Judicial Administration	5.99	-	5.99
2.	5	Election	1.78	-	1.78
3.	6	Revenue & General Administration	69.05	0.38	68.67
4.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	307.46	13.01	294.45
5.	9	Public Service Commission	1.40	1.32	0.08
6.	11	Education Sports, Youth Welfare & Culture	133.52	116.92	16.60
7.	12	Medical, Health & Family Welfare	81.31	20.60	60.71
8.	13	Water Supply, Housing & Urban Development	205.55	118.59	86.96
9.	15	Welfare	23.91	15.49	8.42
10.	16	Labour & Employment	6.22	3.22	3.00
11.	18	Co-operative	14.71	14.58	0.13
12.	19	Rural Development	52.16	44.98	7.18
13.	21	Energy	108.47	107.58	0.89
14.	22	Public Works	42.15	36.81	5.34
15.	23	Industries	14.19	11.74	2.45
16.	24	Transport	4.11	2.51	1.60
17.	25	Food	2.59	-	2.59
18.	27	Forest	16.72	7.29	9.43
19.	28	Animal Husbandry	7.53	4.64	2.89
20.	29	Horticulture Development	1.74	0.75	0.99
21.	30	Welfare of Scheduled Castes	37.02	22.05	14.97
22.	31	Welfare of Scheduled Tribes	12.04	4.05	7.99
Total			1149.62	546.51	603.11
Revenue-Charged					
23.	4	Judicial Administration	1.98	-	1.98
24.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	95.94	0.63	95.31
25.	22	Public Works	1.47	0.09	1.38
Total			99.39	0.72	98.67
Capital-Voted					
26.	4	Judicial Administration	5.31	-	5.31
27.	6	Revenue & General Administration	56.56	-	56.56

Sl.No	Grant/ Appropriation Number	Description of Grant/ Appropriation	Total saving	Amount surrendered	Amount surrendered not
28.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	28.93	5.91	23.02
29.	11	Education Sports, Youth Welfare & Culture	7.02	2.35	4.67
30.	15	Welfare	3.15	-	3.15
31.	16	Labour & Employment	2.07	-	2.07
32.	23	Industries	78.97	53.83	25.14
33.	27	Forest	14.74	1.08	13.66
34.	28	Animal Husbandry	1.24	0.24	1.00
35.	30	Welfare of Scheduled Castes	42.14	19.40	22.74
36.	31	Welfare of Scheduled Tribes	11.97	2.09	9.88
Total			252.10	84.90	167.20
Grand Total			1501.11	632.13	868.98

II. Details showing surrender of funds more than available savings

(Rupees in crore)

Sl. No.	Number and Name of grants/Appropriations	Amount of savings	Amount surrendered
Revenue-Voted			
1.	1. Legislature	0.55	0.60
2.	10. Police and Jail	38.55	38.68
3.	14. Information	1.90	1.92
4.	17. Agriculture Works & Research	29.54	29.82
5.	20. Irrigation & Flood	11.24	23.75
Total		81.78	94.77
Capital-Voted			
6.	10. Police and Jail	7.26	7.43
7.	12. Medical, Health, Family Welfare	1.50	2.42
8.	19. Rural Development	0.86	1.90
9.	21-Energy	34.22	36.50
Total		43.84	48.25
Grand Total		125.62	143.02

III. Details of surrender of funds inspite of overall excess expenditure

(Rupees in crore)

Sl. No.	Number and Name of grants/Appropriations	Amount of excess expenditure	Amount surrendered
Capital-Voted			
1.	17-Agriculture Work and Research	3.15	0.50
2.	20-Irrigation and Flood Control	80.55	2.60
3.	22-Public Works	52.52	13.42
Total		136.22	16.52

Appendix-2.8
(Reference: Paragraph 2.3.10; Page 29)
Expenditure without provision

(Rupees in crore)

Sl. No.	Grant No.	Name of Grant	Major Head/Minor Head	Amount
1.	6	Revenue & General Administration	2070/00/104/04	0.03
2.	7	Finance, Taxes, Planning, Secretariat & Miscellaneous Services	6003/0011/03	8.19
			6004/06/800/03	12.88
3.	17	Agricultural Works and Research	4401/00/103/03	2.50
			4401/00/107/03	1.50
4.	20	Irrigation and Flood Control	2701/80/799/03	9.65
			2701/80/799/05	4.27
			4700/11/799/02	33.78
			4700/11/799/04	9.93
			4702/00/800/91	36.98
			4711/01/796/03	0.57
5.	22	Public Works	2059/01/053/03	0.28
			2216/01/700/03	0.16
			3054/80/800/04	0.08
			5054/03/799/03,04	61.55
6.	25	Food	4408/01/101/03	397.39
			4408/01/800/03	88.59
7.	28	Animal Husbandry	2403/00/107/91	0.08
8.	29	Horticulture Development	4401/00/119/04	3.54
TOTAL				671.95

Appendix-2.9
(Reference: Paragraph 2.3.11; Page 29)

Grant wise details of estimates and actual in respect of recoveries adjusted in the accounts in reduction of expenditure

(Rupees in crore)

Sl.No.	Grant No.	Description	Estimated Recoveries		Recoveries made		Total
			Revenue	Capital	Revenue	Capital	
1.	15	Welfare	-	-	-	-	-
2.	17	Agricultural Works & Research	-	4.00	-	7.57	7.57
3.	18	Co-operative	-	-	-	0.58	0.58
4.	20	Irrigation & Flood Control	-	-	14.34	80.28	94.62
5.	22	Public Works	-	-	-	61.30	61.30
6.	25	Food	-	770.00	-	496.66	496.66
7.	29	Horticulture Development	-	3.53	-	-	-
Total			-	777.53	14.34	646.39	660.73

Appendix -3.1
(Reference: Paragraph 3.2.8.7; Page 58)
Details of delay in release of funds

A – Delay by the Governments to SIS

(Rupees in crore)

Year	Release of Central Share			State Share		
	Amount	Date Month	Delay in Months	Amount	Date Month	Delay in Months
2001-02	10.00	20 February	9	01.76	23 March	Timely
2002-03	10.22	01 August	3	03.56	29 January	5
	00.85	13 Sept.	Timely	08.48	26 March	6
	10.45	31 March	6			
2003-04	10.35	30 April	Timely	03.45	24 June	1
	09.71	07 August	3	03.24	23 December	3
	15.00	30 January	4	05.00	15 March	1
2004-05	16.00	31 May	1	05.33	30 June	Timely
	15.00	28 July	3	08.57	18 September	1
	10.72	09 August	3	10.00	21 December	4
	45.02	25 January	4	05.01	18 March	1
2005-06	31.00	7 June	1	10.33	12 July	Timely
	17.81	19 July	2	05.94	5 September	1
	48.82	31 October	1	16.27	29 December	2
Total	250.95			86.94		

B – SIS to Districts

(Rupees in crore)

Year District	2002-03		2003-04		2004-05		2005-06		Total	
	In Ist 3 qtr.	In last qtr. (IVth)	In Ist 3 qtr.	In last qtr. (IVth)	In Ist 3 qtr.	In last qtr. (IVth)	In Ist 3 qtr.	In last qtr. (IVth)	In Ist 3 qtr.	In last qtr. (IVth)
Almora	2.87	2.42	3.64	2.64	6.80	4.25	17.04	1.98	30.35	11.29
Bageshwar	0.35	0.46	0.67	0.60	2.95	1.50	4.26	0.59	8.23	3.15
Dehradun	2.48	0.90	4.04	4.88	8.10	7.50	9.60	1.72	24.22	15.00
Haridwar	0.68	0.44	1.75	2.00	2.00	1.25	6.92	0.96	11.35	4.65
Nainital	1.79	1.18	2.86	2.00	5.00	1.50	9.79	1.22	19.44	5.90
Pauri	2.48	1.71	3.82	2.30	7.50	4.75	13.77	1.75	27.57	10.51
Total	10.65	7.11	16.78	14.42	32.35	20.75	61.38	8.22	121.16	50.50

Appendix – 3.2

(Reference: Paragraph 3.2.8.14; Page 62)

Year-wise details of population, enrollment & out of schoolchildren

District	Year	Child population (Age group 6-14)			Enrollment (Age group 6-14)			Out of school (Age Group 6-14)			% of girls(*) higher than boys(+)
		Boys	Girls	SC/ST	Boys	Girls	SC/ST	Boys+	Girls*	SC/ST	
Almora	2003-04	69355	69782	34590	64304	67870	34435	5051	1912	155	-
	2004-05	NA	NA	NA	NA	NA	NA	-	-	-	-
	2005-06	68022	66223	35869	67890	65864	35488	132	359	381	172
Bageshwar	2003-04	28718	27989	17088	28663	27790	16975	55	199	113	262
	2004-05	29502	28777	16234	29459	28630	16164	53	147	70	177
	2005-06	27557	26621	17122	27526	26518	16968	31	103	154	232
Dehradun	2002-03	102379	91142	70870	96851	85844	66251	5528	5298	4619	-
	2003-04	103648	96109	71308	99821	92032	67215	3827	4077	4093	6.5
	2004-05	105490	98203	71133	102956	95699	68293	2534	2504	2840	-
	2005-06	106309	100566	71554	104468	98337	69085	1841	2229	2469	21
Haridwar	2002-03	151551	128865	78028	142298	118461	71695	9253	10404	6333	12
	2003-04	161249	136876	82012	154333	130366	78881	6916	6510	3131	-
	2004-05	165163	138674	80680	163892	137275	80166	1271	1399	514	10
	2005-06	170417	143177	81645	170009	142606	81422	408	571	223	40
Nainital	2002-03	80375	72511	NA	78948	70767	NA	1427	1744	-	22
	2003-04	78720	71063	NA	77434	69586	35299	1286	1477	-	15
	2004-05	79103	72570	41721	79066	72471	34999	37	99	-	168
	2005-06	79951	74016	40762	79906	73974	40739	45	42	23	-
Pauri Garhwal	2002-03	66968	66435	29287	66788	66167	29287	180	268	Nil	49
	2003-04	66304	66400	29225	66262	66196	29225	42	233	Nil	455
	2004-05	64410	65169	28920	64377	65160	28917	33	9	3	-
	2005-06	64032	63127	27360	63986	63011	27327	46	116	33	152
Total	2005-06	516288	473730	274312	513785	470310	271029	2503	3420	3283	36.63
								5923			

Source: Information collected from the DPOs concerned.

Appendix – 3.3

(Reference: Paragraph 3.2.8.15; Page 63)

Position of year wise drop out children

District		Year 2003-04			Year 2004-05			Year 2005-06		
		Enrol- ment	Drop out	%	Enrol- ment	Drop out	%	Enrol- ment	Drop out	%
Almora	PS	82255	1577	1.92	82255	1557	1.89	84229	1793	1.13
	UPS	49919	819	1.64	49298	962	1.95	49525	591	1.19
Bageshwar	PS	38251	337	0.88	39031	332	0.85	35448	442	1.24
	UPS	18202	583	3.20	19058	381	2.00	18596	46	0.25
Dehradun	PS	129071	1802	1.40	134388	1876	1.40	138152	1422	1.03
	UPS	62782	1735	2.76	64267	1084	1.69	64653	584	0.90
Haridwar	PS	192154	5114	2.66	198995	4191	2.11	201687	2704	1.34
	UPS	92545	1593	1.72	102172	1435	1.40	110928	574	0.52
Nainital	PS	96246	465	0.48	96274	501	0.52	99416	457	0.46
	UPS	50774	1406	2.77	55263	382	0.69	54464	436	0.80
Pauri	PS	85202	4616	5.42	79425	4500	5.67	80003	2469	3.09
	UPS	57225	1448	2.53	50045	1365	2.73	47004	132	0.28
State as a whole	PS	1048022	27458	2.62	1099673	23863	2.17	1119030	10071	0.90
	UPS	551618	15225	2.76	555170	11659	2.10	504304	4387	0.87

Source: Information obtained from the DPOs & SPO.

Appendix-3.4
(Reference Paragraph: 3.3.8.10; Page 82)
Excess payment of wages

District	Year	Mandays generated (in lakh)	Wages per Mandays (in Rs.)	Wages to be paid (Rs. in lakh) (B)	Wages paid (Rs. in lakh)			Excess Payment (A-B) (RS. in lakh)
					Cash component	Value of food grains	Total(A)	
Almora	2002-03	13.09	58	759.22	666.60	460.64	1127.24	368.02
	2003-04	18.16	58	1053.28	640.48	636.19	1276.67	223.39
	2004-05	21.96	58	1273.68	617.03	837.76	1454.79	181.11
	2005-06 (up to 01/06)	12.78	58	741.24	322.25	499.10	1252.60	282.14
	(02/06 to 03/06)	3.14	73	229.22	431.25			
	Total	65.99 3.14	58 73	3827.42 229.22	2677.61	2433.69	5111.30	1054.66
Haridwar	2003-04	7.79	58	451.82	417.31	300.14	717.45	265.63
	2005-06 (up to 01/06)	5.40	58	313.20	478.75	220.55	699.30	213.09
	(02/06 to 03/06)	2.37	73	173.01				
	Total	13.19 2.37	58 73	765.02 173.01	896.06	520.69	1416.75	478.72
Tehri	2002-03	7.91	58	458.78	152.34	381.17	533.51	74.73
	2003-04	11.47	58	665.26	197.85	494.10	691.95	26.69
	2004-05	9.14	58	530.12	158.56	395.16	553.72	23.60
	2005-06 (up to 01/06)	9.42	58	546.36	507.50	552.98	1060.48	233.80
	(02/06 to 03/06)	3.84	73	280.32				
	Total	37.94 3.84	58 73	2200.52 280.32	1016.25	1823.41	2839.66	358.82
Pauri	2003-04	9.03	58	523.74	144.51	574.28	718.79	195.05
	2004-05	9.32	58	540.56	303.21	534.61	837.82	297.26
	2005-06 (up to 01/06)	7.98	58	462.84	207.92	461.44	879.44	93.21
	(02/06 to 03/06)	4.43	73	323.39	210.08			
	Total	26.33 4.43	58 73	1527.14 323.39	865.72	1570.33	2436.05	585.52
Dehradun	2003-04	7.93	58	459.94	270.75	376.29	647.04	187.10
	2004-05	8.48	58	491.84	357.90	442.23	800.13	308.29
	2005-06 (up to 01/06)	5.27	58	305.66	219.23	292.52	691.86	99.31
	(02/06 to 03/06)	3.93	73	286.89	180.11			
	Total	21.68 3.93	58 73	1257.44 286.89	1027.99	1111.04	2139.03	594.70
G.Total		165.13 17.71	58 73	9577.54 1292.83	6483.63	7459.16	13942.79	3072.42

Source: Information collected from DRDAs

Appendix-5.1
(Reference: Paragraph 5.9.1; Page 119)

CMO Dehradun
Detail of excess expenditure over budget provision

(in Rupees)

Head of Account	Budget Allotted	Total expenditure upto March 2006	Excess expenditure
2210-03-800-03-00 To prevent in the state PHC	157080	158231	1151
2210-03-800-01-02 Up-gradation of community Health Centre 100% Centrally Sponsored Plan	339976	346270	6294
2210-03-110-08-00 Establishment of Community Health Centre Plan	3249000	3299255	43255
2210-06-101-05-00 Maternity & Child Welfare	4083900	4155812	71912
	7829956		Rs. 1.23 lakh 1.5%

Appendix-5.2
(Reference: Paragraph 5.12.2; Page 123)
Position of Para Medical (Group C) Staff

Name of Officer	Name of Post	Sanctioned Post	Actual Strength	Vacant Post	Excess
1. CMO Almora	Lab Technician	22	10	12	-
	X-ray Technician	8	5	3	-
	ECG Technician	6	2	4	-
	Occupational Therapist	1	-	1	-
	Physiotherapist	2	-	2	-
	Senior Lab Technician	1	-	1	-
	Health Education (Leprosy)	1	-	1	-
	O.T. Technician	1	-	1	-
2. CMO Chamoli	Sub District Health, Education & Information Officer	2	-	2	-
	Health Education Officer	7	-	7	-
	District Public Health Nurse	1	-	1	-
	Public Health Nurse	2	-	2	-
	Assistant Malaria Officer	1	-	1	-
	Senior Lab Technician	1	-	1	-
	Lab Technician	18	1	17	-
	Health Worker Male	56	4	52	-
	Health Worker Female	126	115	11	-
	District Immunization Officer	1	-	1	-
	Eye Assistant	12	10	2	-
	Health Education	1	-	1	-
	Non Medical Supervision	16	3	13	-
	Pharmacist	54	50	4	-
	Pharmacist Sub Centre	44	32	12	-
	Dental Hygienist	5	-	5	-
3. CMO Haridwar	Health Education Officer	5	-	5	-
	Drug Assistant	1	-	1	-
	Dental Hygienist	2	-	2	-
	Lab Technician	11	5	6	-
	Pharmacist	33	31	2	-
	Health Worker Male	73	33	40	-
	Health Worker Female	167	154	13	-
	Lab Assistant	10	-	10	-
	Auxiliary Nursing Midwife (ANM)	60	5	55	-
	Health Educator	1	-	1	-
4. CMO Pithoragarh	Dark Room Assistant	2	-	2	-
	Chief Pharmacist	4	9	-	5
	Pharmacist	72	46	26	-
	Lab Technician	16	6	10	-
	X-ray technician	7	4	3	-
	Dark Room Assistant	5	1	4	-
	ECG Technician	6	1	5	-

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5. CMO Dehradun	Vaccinator	24	6	18	-
	Lab Assistant Rural	6	-	6	-
	Pharmacist (Sub centre)	73	61	12	-
	Pharmacist	115	110	5	-
	Lab Technician	27	13	14	-
	X-ray technician	12	9	3	-
	Non Medical Supervisor (NMS)	38	22	16	-
	Health Educator	1	-	1	-
	Dental Hygienist	9	4	5	-
	ECG Technician	1	-	1	-
	Lab Assistant Rural	10	2	8	-
	District Health, Education & Information Officer	1	-	1	-
	Sub District Health, Education & Information Officer	2	-	2	-
	Health Education Officer	4	1	3	-
	Auxiliary Nursing Midwife (ANM)	185	180	5	-
	O.T. Technician	1	-	1	-
	Assistant Malaria Officer	2	-	2	-
	Health Supervisor	34	27	7	-
	Health Worker Male	64	54	10	-
6. CMS Doon Hospital Dehradun	Lab Technician	7	4	3	-
	Senior Lab Technician	1	-	1	-
7. CMS District Hospital Haridwar	Matron	1	-	1	-
	ECG Technician	1	-	1	-
	Dark Room Assistant	1	-	1	-
	Lab Technician	2	1	1	-
	Physiotherapist	1	-	1	-

Appendix-5.3
(Reference: Paragraph 5.12.8; Page 125)

Details of Food samples taken by Food Inspector

Unit	Year	No. of Food Inspector	Target	Food Samples taken	Percentage
CMO Almora	2003-04	2	120	106	88
	2004-05	2	120	74	69
	2005-06	2	120	39	33
CMO Chamoli	2003-04	1	60	06	10
	2004-05	1	60	04	7
	2005-06	1	60	10	16
CMO Haridwar	2003-04	4	240	138	58
	2004-05	4	240	88	37
	2005-06	1	60	43	72
CMO Pithoragarh	2003-04	2	120	26	22
	2004-05	2	120	17	14
	2005-06	2	120	14	12
CMO Dehradun	2003	2+1	156	89	57
	2004	2+1	156	77	49
	2005	2+1	156	146	94

Appendix-7.1

(Reference: Paragraphs 7.1.3, 7.1.4, 7.1.5, 7.1.9, 7.1.12 and 7.1.13; Page No. 144, 147 & 148)

Statement showing particulars of up-to-date paid-up capital, budgetary outgo, loans given out of budget and loans outstanding as on 31 March 2006 in respect of Government companies and Statutory corporations

(Figures in column 3(a) to 4(f) are Rupees in lakh)

Sl. No.	Sector & name of the company/corporation	Paid-up capital as at the end of the current year (Figures in bracket indicate share application money)					Equity/loans received out of Budget during the year		Other loans received during the year ¹	Loans ² outstanding at the close of 2005-06			Debt equity ratio for 2005-06 (Previous year) 4 (f)/3(e)
		State Government	Central Government	Holding Companies	Others	Total	Equity	Loans		Government	Others	Total	
(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
A. Working Government Companies													
	Industry												
1.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	-	-	162.80	0.44	163.24	-	-	-	-	275.00	275.00	1.68:1 (1.68:1)
2.	Uttar Pradesh Digitals Limited (Subsidiary of Kuamon Mandal Vikas Nigam Limited)	-	-	35.20	-	35.20	-	427.56	358.56	707.56	806.72	1514.28	43.02:1 (20.68:1)
3.	Uttaranchal Chay Vikas Nigam Limited Formerly Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)			0.07	-	0.07	-	-	-	-	-	-	- (-)
	Sector wise total	-	-	198.07	0.44	198.51	-	427.56	358.56	707.56	1081.72	1789.28	9.01:1 (5.06:1)
	Electronics												
4.	Uttar Pradesh Hill Electronics Corporation Limited	894.53	-	-	-	894.53	-	-	-	-	-	-	- (-)
	Sector wise total	894.53	-	-	-	894.53							- (-)
	Area Development												
5.	Kumaon Mandal Vikas Nigam limited	1466.88	-	-	-	1466.88	-	-	428.82	1199.74	428.82	1628.56	1.11:1 (0.82:1)
6.	Garhwal Mandal Vikas Nigam Limited	679.50		-		679.50	-		-	1256.22	-	1256.22	1.85:1 (1.85:1)
	Sector wise total	2146.38	-	-	-	2146.38	-	-	428.82	2455.96	428.82	2884.78	1.34:1 (1.14:1)

¹ Includes bonds, debentures, inter-corporate deposits etc.² Loans outstanding at the close of 2005-06 represents long terms loans only.

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
	Development of Economically Weaker Section												
7.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	20.00	-	30.00	-	50.00	-	-	-	127.31	-	127.31	2.55:1 (2.54:1)
8.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	22.00	-	28.00	-	50.00	-	-	-	-	-	-	- (-)
9.	Uttaranchal Bahuudeshia Vitta Evam Vikas Nigam Limited	640.50	339.14	-	-	979.64	76.10	-	206.94	-	751.77	751.77	0.77:1 (0.76:1)
	Sector wise total	682.50	339.14	58.00	-	1079.64	76.10	-	206.94	127.31	751.77	879.08	0.81:1 (0.81:1)
	Sugar												
10.	Kichha Sugar Company Limited	1753.58	-	-	45.06	1798.64	-	-	-	1597.00	175.00	1772.00	0.96:1 (1.01:1)
11.	Doiwala Sugar Company Limited	600.00	-	-	-	600.00	-	-	-	3059.01	375.00	3434.01	5.72:1 (5.77:1)
	Sector wise total	2353.58	-	-	45.06	2398.64	-	-	-	4656.01	550.00	5206.01	2.17:1 (2.20:1)
	Power												
12.	Uttaranchal Power Corporation Limited	500.00	-	-	-	500.00	-	4125.74	623.00	19497.65	28174.21	47671.86	95.34:1 (101.51:1)
13.	Uttaranchal Jal Vidyut Nigam Limited	25189.00 (11820.00)	-	-	-	25189.00 (11820.00)	22778.00	-	18891.00	894.00	81770.12	82664.12	3.28:1 (131.57:1)
14.	Power Transmission Corporation of Uttaranchal Limited	3180.00 (1136.00)	-	-	-	3180.00 (1136.00)	4286.70	7043.12	13681.67	7043.12	13782.27	20825.39	6.55:1 (3.43:1)
	Sector wise total	28869.00 (12956.00)	-	-	-	28869.00 (12956.00)	27064.70	11168.86	33195.67	27434.77	123726.60	151161.37	5.24:1 (113.32:1)
	Financing												
15.	State Industrial Development Corporation of Uttaranchal Limited	2600.00 (150.00)	-	-	-	2600.00 (150.00)	-	-	1000.00	600.00	1000.00	1600.00	0.62:1 (0.23:1)
	Sector wise total	2600.00 (150.00)	-	-	-	2600.00 (150.00)	-	-	1000.00	600.00	1000.00	1600.00	0.62:1 (0.23:1)
	Miscellaneous												
16.	Uttaranchal Purv Sainik Kalyan Udham Limited	5.00 (95.00)	-	-	-	5.00 (95.00)	-	-	-	-	-	-	-
	Sector wise total	5.00 (95.00)	-	-	-	5.00 (95.00)	-	-	-	-	-	-	-
	Total - A (All sector wise Working Government companies)	37550.99 (13201.00)	339.14	256.07	45.50	38191.70 (13201.00)	27140.80	11596.42	35189.99	35981.61	127538.91	163520.52	4.28:1 (12.34:1)

(1)	(2)	3(a)	3(b)	3(c)	3(d)	3(e)	4(a)	4(b)	4(c)	4(d)	4(e)	4(f)	5
B. Working Statutory Corporation													
Transport													
1.	Uttaranchal State Road Transport Corporation	4800.00	-	-	-	4800.00	2000.00	-	108.03	425.00	459.55	884.55	0.18:1 (0.28:1)
Forest													
2.	Uttaranchal Forest Development Corporation	-	-	-	-	-	-	-	-	-	-	-	-
Peya Jal													
3.	Uttaranchal Peya Jal Sansadhan Vikas Evam Nirman Nigam	-	-	-	-	-	-	-	-	-	-	-	-
	Total -B (Working Statutory Corporation)	4800.00	-	-	-	4800.00	2000.00	-	108.03	425.00	459.55	884.55	0.18:1 (0.28:1)
	Grand Total - (A+ B)	42350.99 (13201.00)	339.14	256.07	45.50	42991.70 (13201.00)	29140.80	11596.42	35298.02	36406.61	127998.46	164405.07	3.82:1 (9.76:1)
C. Non Working Government Companies													
Industry													
I.	UPAI Limited	15.00	-	-	2.01	17.01	-	-	-	-	-	-	-
	Sector wise total	15.00	-	-	2.01	17.01	-	-	-	-	-	-	(-)
Electronics													
2.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	-	-	9.34	8.97	18.31	-	-	-	-	-	-	(-)
3.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	-	-	1.67	1.60	3.27	-	-	-	-	-	-	(-)
4.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation limited)	-	-	0.79	-	0.79	-	-	-	-	-	-	(-)
	Sector wise total	-	-	11.80	10.57	22.37	-	-	-	-	-	-	(-)
	Grand total (C)	15.00	-	11.80	12.58	39.38	-	-	-	-	-	-	(-)
	Grand Total (A+B+C)	42365.99 (13201.00)	339.14	267.87	58.08	43031.08 (13201.00)	29140.80	11596.42	35298.02	36406.61	127998.46	164405.07	3.82:1 (9.41:1)

Note: No Company/Corporation has finalised its Accounts for 2005-06. Figures are provisional and as given by the Companies/Corporations.

Appendix-7.2

(Reference: Paragraphs 7.1.6, 7.1.7, 7.1.8, 7.1.9, 7.1.10, 7.1.14 and 7.1.15; Page No. 145, 146, 147 & 148)

Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised

(Figures in column 7 to 12 and 15 are Rupees in lakh)

Sl. No	Sector and name of company/ corporation	Name of Department	Date of Incorporation	Period of accounts	Year in which accounts finalised	Net Profit/ loss(-)	Net impact of comments	Paid-up capital	Accumulated profit /loss(-)	Capital employed (A)	Total Return on capital-employed	Percentage of total return on capital employed	Arrears of accounts in terms of years	Turnover	Manpower (Numbers of employees)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
A. Working Government Companies															
	Industry														
1.	Trans Cables Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	29.11.1973	1999-2000	2002-03	(-) 84.27	-	163.24	(-) 579.65	289.65	(-) 38.32	-	6	279.52	23
2.	Uttar Pradesh Digitals Limited (Subsidiary of Kuamon Mandal Vikas Nigam Limited)	Hill Development	08.03.1978	1996-97	1997-98	(-) 118.69	-	35.20	(-) 694.54	35.26	(-) 57.60	-	9	28.55	27
3.	Uttaranchal Chay Vikas Nigam Limited Formerly Northern Electrical Equipment Industries Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	29.01.1974	1997-98	2005-06	-	-	0.07	-	(-) 4.07	-	-	8	-	
	Sector wise total					(-) 202.96	-	198.51	(-) 1274.19	320.84	(-) 95.92	-	-	308.07	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Electronics														
4.	Uttar Pradesh Hill Electronics Corporation Limited	Hill Development	26.06.1985	1993-94	1997-98	(-)21.41	-	794.03	(-)68.10	447.27	(-)21.41		12	175.01	121
	Sector wise total					(-)21.41	-	794.03	(-)68.10	447.27	(-)21.41			175.01	
	Area Development														
5.	Kumaon Mandal Vikas Nigam Limited	Hill Development	30.03.1971	1999-2000	2005-06	(+) 48.30	(+) 53.75	1341.87	(-) 125.11	1735.75	119.97	6.91	6	3949.67	651
6.	Garhwal Mandal Vikas Nigam Limited	Hill Development	01.03.1976	1997-98	2006-07	(+) 68.23	(+) 14.62	511.50	(-) 566.94	1849.44	235.44	12.73	8	4394.49	821
	Sector wise total					(+) 116.53		1853.37	(-) 692.05	3585.19	355.41	9.91		8344.16	
	Development Of Economically Weaker Section														
7.	Garhwal Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Garhwal Mandal Vikas Nigam Limited)	Hill Development	30.06.1975	1989-90	2001-02	(-)13.24	4.26	50.00	(-)58.81	32.53	(-)13.24	-	16	27.74	27
8.	Kumaon Anusuchit Janjati Vikas Nigam Limited (Subsidiary of Kumaon Mandal Vikas Nigam Limited)	Hill Development	30.06.1975	1986-87	2002-03	(-)1.64	-	49.00	(-)4.48	45.93	(-)1.64	-	19	9.95	32
9.	Uttaranchal Bahuudeshia Vitta Evam Vikas Nigam Limited	Social Welfare	25.10.2001	2001-02	2006-07	(+)139.87	(+)25.41	5.00	139.87	2201.08	140.88	6.40	4	-	35
	Sector wise total					124.99		104.00	76.58	2279.54	126.00	5.53		37.69	
	Sugar														
10.	Kichha Sugar Company Limited	Sugar and Cane Development	17.02.1972	2004-05	2006-07	(+)481.24	(+)7.74	1798.64	(-)2203.02	6302.67	1319.36	20.93	1	7896.10	796

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
11.	Doiwala Sugar Company Limited	Sugar and Cane Development	19.12.2001	2002-03	2006-07	(-)1832.49		600.00	(-)2117.89	4402.29	(-)795.92	-	3	4107.24	839
	Sector wise total					(-)1351.25		2398.64	(-)4320.91	10704.96	523.44	4.89		12003.34	
	Power														
12.	Uttaranchal Power Corporation Limited	Urja	12.02.2001	2003-04	2006-07	(-)4945.42	(+)393.31	500.00	(-)9021.84	91950.40	11305.29	12.29	2	96666.26	5694
13.	Uttaranchal Jal Viyut Nigam Limited	Urja	12.02.2001	2001-02	2004-05	(-)364.86	-	500.00	(-)364.86	77156.22	(-)64.17	-	4	5547.26	2784
14.	Power Transmission Corporation of Uttaranchal Ltd. *	Urja	31.05.2004	-	-	-	-	-	-	-	-	-	2	-	706
	Sector wise total					(-)5310.28		1000.00	(-)9386.70	169106.62	11241.12	6.65		102213.52	
	Financing														
15.	State Industrial Development Corporation of Uttaranchal Limited		18.07.2002	2003-04	2005-06	81.32	67.65	2600.00	8.32	3939.73	81.42	2.07	2	185.00	-
	Sector wise total					81.32		2600.00	8.32	3939.73	81.42	2.07		185.00	
	Miscellaneous														
16.	Uttaranchal Purv Sainik Kalyan Udham Limited		01-03-2004	2004-05	2006-07	29.55		5.00	29.55	127.42	29.78	23.37	1	930.46	-
	Sector wise total					29.55		5.00	29.55	127.42	29.78	23.37		930.46	
	Total (A-Working Government companies)					(-)6533.51		8953.55	15627.50	190511.57	12239.84	2.24		124197.25	-

* First account not received

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
B. Working Statutory Corporation															
1.	Uttaranchal State Road Transport Corporation	Transport	27.10.2003										3		5747
2.	Uttaranchal Forest Development Corporation*	Forest	17.05.2001										5		3296
3.	Uttaranchal Peysa Jal Sansthan Vikas Evam Nirman Nigam*	Peysa Jal	07.11.2002										4		
Sector wise total				-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)						(-)6533.51		8953.55	15627.50	190511.57	12239.84	2.24	-	124197.25	-
C. Non Working companies															
Industry															
1.	UPAI Limited**	Agriculture	20.04.1977	1988-89	1999-00	(-)0.48	-	17.01	(-) 5.25	10.30	(-)0.48	-	*	Nil	-
Sector wise total						(-) 0.48		17.01	(-) 5.25	10.30	(-) 0.48	-			
Electronics															
2.	Kumtron Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)	Hill Development	27.04.1987	1989-90	1990-91	(-)1.61	-	18.31	(-)1.61	12.35	(-)1.61	-	16	0.07	14
3.	Uttar Pradesh Hill Phones Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)*	Hill Development	10.08.1987										19		-
4.	Uttar Pradesh Hill Quartz Limited (Subsidiary of Uttar Pradesh Hill Electronics Corporation Limited)*	Hill Development	18.07.1989										17		-
Sector wise total						(-) 1.61		18.31	(-)1.61	12.35	(-) 1.61			0.07	-
Grand total C						(-) 2.09		35.32	(-)6.86	22.65	(-) 2.09			0.07	-
Grand total (A+B+C)						(-) 6535.60		8988.87	15620.64	190534.22	12237.75	2.24		124197.32	

Note: Capital employed represents net fixed assets (including capital work-in-progress) plus working capital.

** The company at Sl. No. C 1 is under liquidation since 31-03-1991.

* First account not received

Appendix -7.3

(Reference: Paragraph 7.1.5 and 7.1.13; Page No. 144 & 148)

Statement showing subsidy received, guarantees received, waiver of dues, loans on which moratorium allowed and loans converted into equity during the year and subsidy receivable and guarantees outstanding at the end of March 2006

(Figures in columns 3(a) to 7 are in Rupees in lakh)

Sl No.	Name of the Public Sector Undertaking	Subsidy received during the year ¹				Guarantees received during the year and outstanding at the end of the year ²					Waiver of dues during the year				Loans on which moratorium allowed	Loans converted into equity during the year
		Central Government	State Governments	Others	Total	Cash credit from banks	Loans from other sources	Letters of credit opened by banks in respect of imports	Payment obligation under agreement with foreign consultants or contractor	Total	Loans repayment written off	Interest waived	Penal interest waived	Total		
(1)	(2)	3(a)	3(b)	3(c)	3(d)	4(a)	4(b)	4(c)	4(d)	4(e)	5(a)	5(b)	5(c)	5(d)	(6)	(7)
A. Working Government Companies																
1	Uttaranchal Chay Vikas Nigam Limited	91.64 (91.64)	435.18 ³	-	526.82 (91.64)	-	-	-	-	-	-	-	-	-	-	-
2	Uttaranchal Bahuudeshia Vitta Evam Vikas Nigam Limited	868.37	1222.39	-	2090.76	-	(748.23)	-	-	(748.23)	-	-	-	-	-	-
3	Kichha Sugar Company Limited	-	-	-	-	4600.00 (4600.00)	-	-	-	4600.00 (4600.00)	-	-	-	-	1772.00	-
4	Doiwala Sugar Company Limited	-	20.00	-	20.00	-	-	-	-	-	-	-	-	-	-	-
5	Uttaranchal Power Corporation Ltd.	-	4547.00 ³	-	4547.00	-	(412.42)	-	-	(412.42)	-	-	-	-	-	-
6	Uttaranchal Jal Vidyut Nigam Limited	-	40.00 ³	-	40.00	-	120000.00 (120000.00)	-	-	120000.00 (120000.00)	-	-	-	-	-	-
7	State Industrial Development Corporation of Uttaranchal Ltd.	700.00	-	-	700.00	-	-	-	-	-	-	-	-	-	-	-
	Total (A)	1660.01 (91.64)	6264.57	-	7924.58 (91.64)	4600.00 (4600.00)	120000.00 (121160.65)	-	-	124600.00 (125760.65)	-	-	-	-	1772.00	-
B. Working Statutory Corporation																
1.	Uttaranchal State Road Transport Corporation Ltd.*	-	-	-	-	-	(1717.00)	-	-	(1717.00)	-	-	-	-	-	-
	Total (B)	-	-	-	-	-	(1717.00)	-	-	-(1717.00)	-	-	-	-	-	-
	Grant Total (A+B)	1660.01 (91.64)	6264.57	-	7924.58 (91.64)	4600.00 (4600.00)	120000.00 (122877.65)	-	-	124600.00 (127477.65)	-	-	-	-	1772.00	-

¹ Subsidy includes subsidy receivable at the end of year which is shown in brackets

² Figures in bracket indicate guarantees outstanding at the end of the year

³ Grants

* Figures in bracket indicate guarantees outstanding at the end of year

Appendix -7.4

(Reference: paragraph 7.1.20; Page No. 150)

Statement showing the companies whose turnover has been less than Rupees five crore during the last five years for which accounts have been certified

(Rupees in lakh)

Sl No.	Name of the company	Latest finalised account (Year)	Turnover				
			Latest year	Second Year	Third Year	Fourth Year	Fifth Year
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Trans Cables Limited	1999-2000	279.52	260.76	130.11	40.93	4.79
2.	U. P. Hill Electronics Corporation Limited	1993-94	175.01	124.40	63.60	30.20	10.66
3.	Garhwal Anusuchit Janjati Vikas Nigam Limited	1989-90	27.74	19.09	28.63	60.66	52.68
4.	Kumaon Anusuchit Janjati Vikas Nigam Limited	1986-87	9.85	11.74	7.05	6.16	2.77
5.	Uttar Pradesh Digitals Limited	1996-97	28.55	19.78	19.87	19.69	35.58

Appendix-7.5

(Reference: paragraph 7.1.20; Page No. 150)

Statement showing companies incurring losses for five consecutive years leading to negative net worth

(Rupees in lakh)

Sl. No.	Name of PSUs	Date of Incorporation	Losses for five consecutive years leading to negative net worth					
			Year	1999-2000	1998-99	1997-98	1996-97	1995-96
1.	Trans Cables Limited	29.11.1973	Net worth	(-) 418.21	(-) 358.94	(-) 367.45	(-) 319.79	(-) 251.32
			Loss for year	(-) 84.27	(-) 66.48	(-) 47.68	(-) 58.46	(-) 56.29
			Year	1989-90	1988-89	1987-88	1986-87	1985-86
2.	Garhwal Anusuchit Janjati Vikas Nigam Limited	30.06.1975	Net worth	(-) 0.85	(+) 16.34	(+) 19.96	(+) 13.48	(+) 27.19
			Loss for year	(-) 13.24	(-) 3.62	(-) 9.20	(-) 13.17	(-) 4.48
			Year	1996-97	1995-96	1994-95	1993-94	1992-93
3.	Uttar Pradesh Digitals Limited	08.03.1978	Net worth	(-) 659.34	(-) 540.67	(-) 433.27	(-) 324.61	(-) 223.67
			Loss for year	(-) 118.66	(-) 107.40	(-) 107.43	(-) 91.03	(-) 66.34
			Year	1996-97	1995-96	1994-95	1993-94	1992-93

Appendix -7.6

(Reference: paragraph 7.1.21; Page No. 150)

Statement showing the department-wise outstanding Inspection Reports (IRs)

Sl.No.	Name of Department	No. of PSUs	No. of outstanding IRs.	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Sugar & Cane Development	2	17	52	1992-93
2.	Industries & Industrial Development	2	9	18	1991-92
3.	Electronics	1	7	34	1998-99
4.	Development of Economically Weaker Section	2	15	52	1985-86
5.	Area Development	2	18	94	1984-85
6.	Forest	1	34	91	1997-98
7.	Power	2	448	1602	1987-88
8.	Finance	1	1	7	2005-06
9.	Transport	1	1	7	2005-06
	Total	14	550	1957	

Appendix -7.7

(Reference: paragraph 7.1.21; Page No. 151)

Statement showing department wise draft paragraphs/reviews replies to which are awaited

Sl. No.	Name of Department	No. of draft paragraphs	No. of reviews	Period of issue
1.	Energy	2	-	July & November-2006
2.	Tourism	1	1	July & September -2006
	Total	3	1	-

Appendix- 7.8

(Reference: paragraph 7.1.24; Page No. 152)

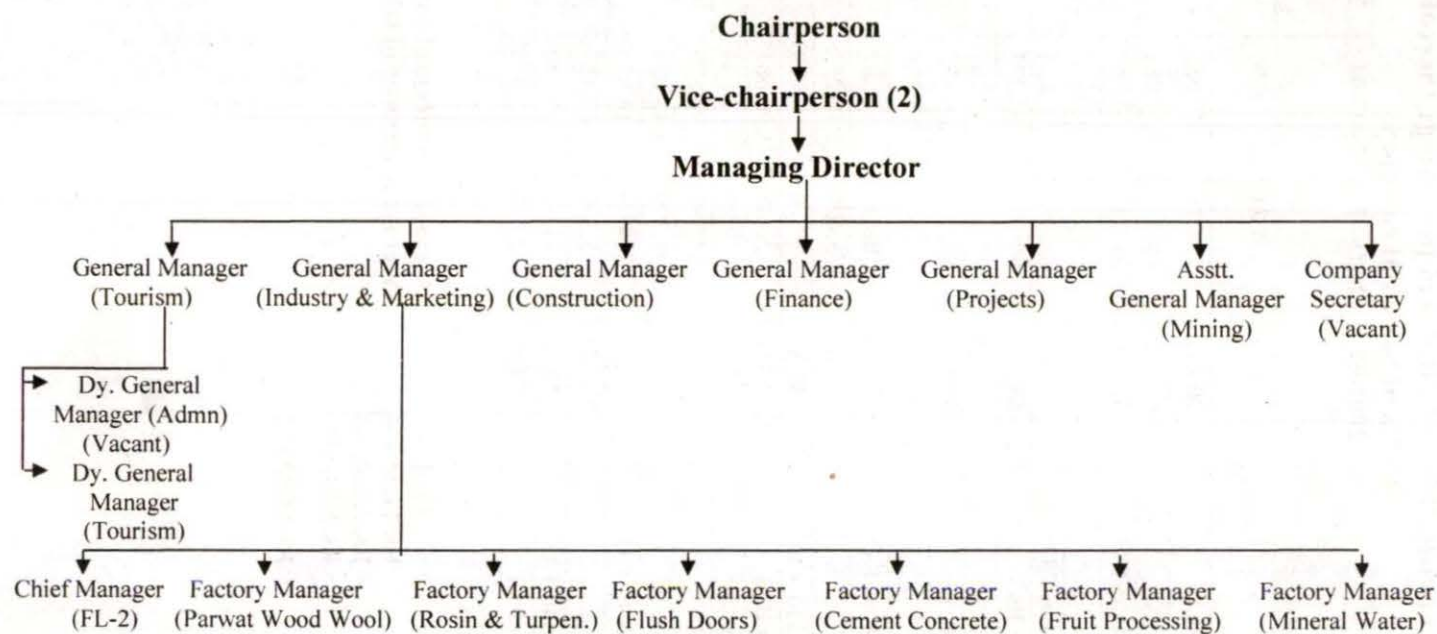
Statement showing paid- up capital, investment and summarised working results of 619-B Company as per their latest finalised accounts

(Rupees in lakh)

Sl. No.	Name of Company	Status (working/ Non working)	Year of account	Paid-up capital	Equity by				Loans by			Grants by			Total investment by way of equity, loans and grants				Profit (+)/ Loss (-)	Accumulated profit (+)/accumulated loss (-)
					State Government	State Government companies	Central Government and their companies	Others	State Government	State Government companies	Central Government and their companies	State Government	State Government companies	Central Government and their companies	State Government	State Government companies	Central Government and their companies	Others		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)
1.	Uttaranchal Seeds & Tarai Development Corporation Limited.	Working	2005-06	408.33	170.00 (41.63)	60.00 (14.70)	84.00 (20.57)	94.33 (23.10)	145.00	-	-	58.48	-	1035.66	373.48	60.00	1119.66	94.33	(+) 226.85	(+) 991.34

Note: (Figure in bracket indicates percentage to paid up capital).

Appendix-7.9
(Reference: paragraph 7.2.1; Page No. 154)
Garhwal Mandal Vikas Nigam Limited
Organisational setup



Appendix- 7.10
(Reference: Paragraphs 7.2.9; Page No. 158)

Statement showing occupancy, TO, SW, RM and percentage thereof along with loss in three TRHs of Seasonal category

Name of TRHs	Particulars	2001-02	2002-03	2003-04	2004-05	2005-06	Total
1. Lanka	(i)Occupancy %	4.55	5.84	9.90	21.91	11.00	20.26
	(ii) T/O (in Rs.)	20,170	22,228	43,630	96,563	49,215	2,31,806
	(iii) S/W (in Rs.)	66,118	69,429	1,45,981	1,82,379	3,13,006	7,76,913
	(iv) % of S/W to T/O	327.80	312.35	334.59	188.87	635.99	335.15
	(v) R/M	--	--	1452	1,49,460	3,67,538	5,18,450
	(vi) % of RM to T/O	Nil	Nil	3.33	154.78	746.80	223.65
	(vii) Loss (in Rs.)	65,785	69,595	1,63,273	2,97,545	6,69,010	12,65,208
2. Rambara	(i)Occupancy %	38	17.50	20.87	22.60	24.60	24.71
	(ii) T/O (in Rs.)	85,807	83,236	1,39,972	1,43,929	1,61,350	6,16,294
	(iii) S/W (in Rs.)	1,06,320	90,145	1,55,959	2,23,779	1,65,786	7,41,989
	(iv) % of S/W to T/O	123.90	108.30	111.42	155.48	102.75	120.39
	(v) R/M	39,361	5,909	1,19,252	18,535	2,669	1,85,726
	(vi) % of RM to T/O	45.87	7.10	85.20	12.88	1.65	30.13
	(vii) Loss (in Rs.)	1,23,411	72,945	1,96,681	1,64,596	43,742	6,01,375
3. Yamunotri	(i)Occupancy %	7.47	9.90	20.44	15.08	13.25	13.23
	(ii) T/O (in Rs.)	60,705	47,357	96,570	67,762	63,960	336,354
	(iii) S/W (in Rs.)	1,22,004	1,01,799	1,13,087	1,61,695	2,46,761	7,45,346
	(iv) % of S/W to T/O	200.99	214.96	117.10	238.62	385.80	221.59
	(v) R/M	13,723	5,350	67,987	16,244	76,959	1,80,263
	(vi) % of RM to T/O	22.60	11.30	70.40	23.97	120.32	53.59
	(vii) Loss (in Rs.)	1,17,840	1,12,634	1,32,054	1,74,092	2,89,409	8,26,029

Average occupancy of 3 TRHs = 19.4 %
 Total T/O of 3 TRHs = Rs. 11,84,454
 Total cost of man-power = Rs. 22,64,248
 Total cost of R/M = Rs. 8,84,439
 Total loss = Rs. 26,92,612

Average percentage of SW to TO = 191.22
 Average percentage of RM to TO = 74.66

Appendix- 7.11
(Reference: Paragraphs 7.2.10 ; Page No. 158)

**Statement showing no. of tourist input in few prominent places v/s input in TRHs
ended 31 March 2006**

S.No	Place	Year	No. of Tourist as per Government	No. of Tourist as per GMVNL	Percentage of Nigam input to Government input
1.	Haridwar (2 TRHs)	2001-02	5508549	6442	0.11
		2002-03	5524200	7827	0.14
		2003-04	5531964	6755	0.12
		2004-05	6294738	6319	0.10
		2005-06	7540644	6658	0.09
			30400095	34001	0.11
2.	Rishikesh (3 TRHs)	2001-02	231326	25722	11.12
		2002-03	273466	23242	8.50
		2003-04	226144	28032	12.39
		2004-05	329652	29074	8.82
		2005-06	375111	32329	8.62
			1435699	173278	9.89
3.	Mussoorie (1 TRH)	2001-02	891838	5928	0.66
		2002-03	991344	5931	0.60
		2003-04	1027738	5820	0.56
		2004-05	1027668	6528	0.63
		2005-06	1047792	6340	0.60
			4983480	30547	0.61
4.	Pauri (1 TRH)	2001-02	125139	2179	1.74
		2002-03	72820	2179	2.99
		2003-04	73862	2512	3.40
		2004-05	74199	2966	4.00
		2005-06	80341	2408	3.00
			426361	12244	3.02
5.	Srinagar (1 TRH)	2001-02	113840	17268	3.00
		2002-03	110750	19547	17.65
		2003-04	208088	17438	8.38
		2004-05	174581	18639	10.67
		2005-06	188474	17865	9.48
			795733	90757	9.83
6.	Kotdwar (1 TRH)	2001-02	99115	2025	2.04
		2002-03	232426	2033	0.87
		2003-04	236075	1688	0.71
		2004-05	283235	1473	0.52
		2005-06	266240	1741	0.66
			1117091	8970	0.96

S.No	Place	Year	No. of Tourist as per Government	No. of Tourist as per GMVNL	Percentage of Nigam input to Government input
7.	Rudraprayag (1 TRH)	2001-02	305025	6978	2.29
		2002-03	360018	6998	1.94
		2003-04	416480	7612	1.83
		2004-05	494916	9696	1.96
		2005-06	441008	7662	1.74
			2017447	38946	1.95
8.	Joshimath (2 TRHs)	2001-02	215645	10713	4.97
		2002-03	337818	10014	2.96
		2003-04	673654	10176	1.51
		2004-05	453796	10819	2.38
		2005-06	935652	8942	0.95
			2616565	50664	2.55
9.	Dehradun (2 TRHs)	2001-02	455495	1574	0.34
		2002-03	710190	1164	0.16
		2003-04	928992	1469	0.16
		2004-05	1024507	1136	0.11
		2005-06	1025971	1447	0.14
			4145155	6790	0.18

Appendix- 7.12

(Reference: Paragraphs 7.2.11; Page No. 160)

Statement showing the occupancy percentage of few TRHs of non-prominent category
ended 31 March 2006

S.No.	Name of TRH	2001-02	2002-03	2003-04	2004-05	2005-06
1.	Gangi	2.73	4.26	1.20	1.90	2.0
2.	Ginauti	--	Nil	3.30	1.50	0.80
3.	Karnwashram	3.50	6.47	4.50	1.07	1.10
4.	Mandoli	6.96	4.78	6.92	4.50	9.60
5.	Nauti	Nil	1.38	3.15	5.30	0.60
6.	Taluka	2.15	4.00	4.50	4.90	7.55
7.	Wan	2.00	5.02	5.30	1.74	Nil
8.	Reeh	1.75	1.84	2.00	1.50	1.64

Appendix- 7.13

(Reference: Paragraphs 7.2.23 ; Page No. 164)

Statement showing Capacity Utilisation of Industrial units of the Nigam for five years ended 31 March 2006

	Installed capacity	Utilisation (in percentage)				
		2001-02	2002-03	2003-04	2004-05	2005-06
Rosin & Turpentine, Tilwara	1850 MT	30	52	0.3	--	--
Flush Door Factory, Kotdwar	1.76 lakh sqm	7	6	3	2	3
Fruit Processing Unit, Tilwara	300 MT	23	2	4	10	25
Cement Concrete Block, Srinagar	9000 CM	42	41	46	44	52
Parwat Wood Wool, Muni-ki-reti	2400 CM	55	52	53	55	43
Bhagirathi Mineral Water, Uttarkashi	6 lakh bottle per year	2	2	7	2	8

Appendix- 7.14

(Reference: Paragraphs 7.2.23 ; Page No. 164)

Statement showing Turnover / Profit & Loss of Industrial units of the Nigam for five years ended 31 March 2006

Name of the unit	2001-02		2002-03		2003-04		2004-05		2005-06		Total	
	T/O	P&L	T/O	P&L	T/O	P&L	T/O	P&L	T/O	P&L	T/O	P&L
PWW, Tilwar	225.38	10.09	220.21	9.96	256.86	25.78	313.73	16.53	312.00	10.00	1338.18	72.36
RTF, Tilwara	173.09	6.94	288.35	6.66	34.69	(-) 8.08	--	(-) 6.67	--	(-) 11.50	496.13	(-) 1265
FDF, Kotdwar	93.18	(-) 25.22	40.70	(-) 9.09	13.86	(-) 17.09	10.88	(-) 10.35	21.76	(-) 28.96	180.40	(-) 90.71
CCB unit, Srinagar	18.89	2.37	19.62	4.44	32.12	11.90	44.19	16.75	45.28	12.98	160.10	48.44
FPU, Tilwara	28.06	(-) 1.86	10.19	(-) 1.68	8.76	(-) 2.18	6.96	(-) 6.70	9.44	(-) 0.39	63.41	(-) 12.81
BGMW, Uttarkashi	4.49	(-) 4.47	1.63	(-) 3.42	2.33	(-) 2.55	9.95	(-) 0.45	4.67	(-) 1.63	23.07	(-) 12.52
											2261.29	(-) 7.89

