REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

FOR THE YEAR ENDED 31 MARCH 2000

NO. 2

(CIVIL)

GOVERNMENT OF HIMACHAL PRADESH

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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 the matters arising from examination of Finance Accounts and Appropriation Accounts of the State Government for the year ended 31 March 2000.

3. The remaining chapters deal with the findings of performance audit and audit of transactions in the various departments including the Public Works and Irrigation and Public Health Departments, audit of Stores and Stock, audit of Autonomous Bodies and departmentally run commercial undertakings.

4. The Report containing the observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing such observations on Revenue Receipts are presented separately.

5. The cases mentioned in the Report are among those which came to notice in the course of test audit of accounts during the year 1999-2000 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 1999-2000 have also been included wherever necessary.

OVERVIEW

This Report includes two chapters on the Finance and Appropriation Accounts of the Government of Himachal Pradesh for the year 1999-2000 and four other chapters, comprising five reviews and 46 paragraphs, based on the test audit of certain selected programmes and activities and of the financial transactions of the Government. A synopsis of the important findings contained in the Report is presented in this overview.

1. Review of the State's finances

- The relative share of revenue receipts increased from 51 *per cent* in 1998-99 to 70 *per cent* in 1999-2000. The receipts from public debt also increased from 15 *per cent* to 23 *per cent*. The quantum jump in revenue receipts however does not reflect State's direct receipts through tax or non-tax measures. It is the result of credit of loan proceeds of Himachal Pradesh State Electricity Board and Himachal Pradesh State Forest Corporation who floated non-statutory liquidity ratio bonds during 1994-2000, to raise Rs 1359.50 crore. These were credited to Government account in March 2000 as revenue receipts (Rs 861.50 crore) and recovery of loans from HPSEB (Rs 498 crore). Both revenue receipts of Rs 861.50 crore and recovery of loans from HPSEB of Rs 498 crore were of fictitious nature as the State Government stood guarantee and also gave requisite funds for liquidating loans alongwith interest liability accruing thereon. Besides, it resulted in concealment of revenue deficit to the extent of Rs 861.50 crore and fiscal deficit to the extent of Rs 498 crore.

- The application of the funds (Rs 5285 crore) were mainly on revenue expenditure, whose share decreased marginally from 74 *per cent* in 1998-99 to 72 *per cent* in 1999-2000. This was still higher than the share of revenue receipts (70 *per cent)* in the total receipts of the Government.

- Revenue expenditure (Rs 3821 crore) exceeded the revenue receipts (Rs 3715 crore) by Rs 106 crore.

- Tax revenue constituted 17 *per cent* of revenue receipts whereas non-tax revenue constituted 28 *per cent*. The State share of Union taxes and duties and grants-in-aid from the Central Government was 55 *per cent* of revenue receipts.

The abbreviations used in this Report have been listed in the Glossary in Appendix-XXI (Page 257-262).

- Revenue expenditure accounted for 87 *per cent* of total expenditure of the State Government.

- The share of capital expenditure in total expenditure came down from 15 *per cent* in 1998-99 to 13 *per cent* in 1999-2000.

- Assistance to local bodies and others ranged between four and nine *per cent* of the Revenue Receipts and between four and eight *per cent* of the Revenue expenditure during 1995-2000.

- Revenue realised from one major and eight medium irrigation projects during 1999-2000 was only 0.046 *per cent* of capital outlay which was not sufficient to cover even the direct working expenses of Rs 4.09 crore.

- As of 31 March 2000 there were 25 incomplete projects in which Rs 35 crore were blocked.

- The arrears of revenue pending collection were Rs 189 crore as of 31 March 2000. These arrears decreased by 16 *per cent* as compared to 1998-99.

- The net addition to Public Debt as adjusted by the effect of remittance, suspense balance, etc., was Rs 1569.34 crore. This after meeting capital expenditure (Rs 553.88 crore) and lending for development and other purposes (Rs 60.26 crore) generated a surplus of Rs 955.20 crore. After meeting the revenue deficit Rs 106.25 crore there was a surplus of Rs 848.95 crore. After meeting the liability of overdraft (Rs 717.16 crore) during the year, the increase in cash balance was Rs 131.79 crore.

- The growth of internal debt of the State Government during 1995-2000 was 104 *per cent*, in loans and advances from Government of India 115 *per cent* and in other liabilities 133 *per cent*.

- The Government could not maintain minimum cash balance with the Reserve Bank of India on 298 days and obtained ways and means advances of Rs 651 crore on 81 days, overdraft of Rs 1508 crore on 172 days and re-discounted treasury bills of Rs 627 crore on 45 days.

- Rupees 7.97 crore sanctioned by Government of India during 1999-2000 for modernisation of Police Force and reimbursement of security related expenditure were deposited unauthorisedly by Deputy Inspector General of Police (Wireless) in Police Deposit Fund.

- Rupees 17.78 crore pertaining to land compensation and expansion of Gaggal and Bhuntar Airports and construction of Aero Sports Centre at Bir were deposited unauthorisedly by Director, Tourism in the Personal Ledger Account of Director of Youth Services and Sports.

(Chapter-I)

Indicators of financial performance of the State Government

- A negative BCR and negligible return on investments adversely affected the sustainability of the State's finances. Almost stagnant tax ratio made the situation worse. Resultantly, Government took recourse to increased borrowings, thereby raising its overall indebtedness. Similarly, revenue and fiscal deficits, falling assets to liability ratio and high amounts of guarantees have added considerably to the vulnerability of the State's finances. Further, the financial position including the liabilities of Government were actually worse than seen through the above indicators as explained in Paragraphs 1.11.1(a) and 1.11.1(b) of the Report. The Government decision of full budgetary support to the Himachal Pradesh State Electricity Board and the Himachal Pradesh State Forest Corporation to meet the liability of principal and interest amounts of the loans was nothing but directly funding the loans raised by these two organisations to bail out the Government. It has also stood guarantee for both the loans. These facts are hidden and, therefore, both accounts and budgetary process cannot be said to be transparent. The deficits also would have been much more but for the extra funds credited as revenue receipts and recovery of loans in irregular way. Substantial savings and excesses, instances of irregular provisions of funds for schemes awaiting approval, funds kept outside Government accounts and irregular diversion of funds are indicative of ineffective monitoring and control over expenditure. Overall, the financial position of Government can be termed precarious due to above facts.

(Paragraph 1.12)

2. Appropriation Audit and Control over expenditure

- Huge amounts of expenditure incurred by the Government in excess of the amounts sanctioned by the Legislature remained to be regularised in terms of Article 205 of the Constitution. As of August 2000, expenditure of

Rs 8106.74 crore incurred excess during 1996-2000 remained to be regularised.

- During 1999-2000, there were savings in 46 cases aggregating Rs 446.47 crore. Of these, savings of Rs 50 lakh and more in each case aggregating Rs 443.81 crore occurred in 28 cases involving 24 grants.

- Supplementary provisions totalling Rs 1.48 crore obtained in three cases during the year proved unnecessary as the expenditure in these cases was less than the original budget provisions.

- Persistent savings/excesses, ranging from five to 1723 *per cent*, occurred in 12 cases involving 10 grants and two appropriations during the period 1997-2000.

- In six grants the amount surrendered exceeded the overall savings by Rs 3.92 crore. Further in the case of five grants, Rs 21.87 crore were surrendered although expenditure exceeded the grant and no savings were available for surrender.

- In the case of 34 sub heads involving 12 grants/appropriations Rs 5.39 crore were injudiciously reappropriated as either the original grants were adequate or no savings were available for reappropriation.

- Of Rs 19.50 crore drawn for execution of various schemes/development works, payment of compensation, etc., during 1994-99 by six departments in advance of actual requirement, Rs 18.08 crore (93 *per cent*) were lying unutilised in banks/post offices.

- Contrary to the provisions of Budget Manual and the scheme for issue of LOC, Finance Department issued LOC of Rs 15.54 crore to Irrigation and Public Health Department (I&PH) in excess of the sanctioned budget.

- Rupees 8 crore sanctioned for "Rajiv Gandhi National Drinking Water Mission" in March 2000 were deposited by Shimla Division No. 1 (I&PH) with Himachal Pradesh Road and Bridges Construction Development Corporation without any specific purpose and thus, kept outside Government accounts (August 2000).

(Chapter-II)

3. Implementation of "Prevention of Food Adulteration Act"

To ensure quality food to consumers, to protect their interests from fraud or deception and to ensure fair trade practices, Government of India (GOI) enacted "Prevention of Food Adulteration (PFA) Act, 1954" (Act). The Review on implementation of the Act revealed that there were several shortcomings and deficiencies as a result of which the main objectives had remained largely unachieved. The State Food (Health) Authority did not ensure compliance of various provisions of the Prevention of Food Adulteration Act/Rules. Deficiencies like shortage of trained technical and non-technical manpower, non-coverage of all food vendors under licensing, shortfall in taking samples of food items, non-imparting of training and non-monitoring of PFA activities by the State Food (Health) Authority and other senior officers of the department in the field showed that very little attention had been paid for enforcement of PFA Act/Rules during 1995-2000. Important points noticed in audit were as under:

- Posts of Food Inspectors were sanctioned on *ad hoc* basis. Against the sanctioned strength of seven to 12 Food Inspectors in the State, only one to five regular Food Inspectors remained in position during 1995-99 resulting thereby in persistent shortage of Food Inspectors. Of the 24 Senior level posts of Public Analyst/Scientists in the Composite Testing Laboratory (CTL) at Kandaghat, 23 posts were lying vacant since April 1984. No action to fill up the vacant posts had been taken.

- Database of food manufacturers, wholesale dealers and retailers was neither maintained by the State Food (Health) Authority at the State level nor by any of the Licensing Authorities in the districts during 1995-2000.

- Although validity of each food licence expired on 31st day of March immediately succeeding the date of issue as per PFA Rules, yet not even a single licence was issued by any of the Licensing Authorities before its expiry. The delay in issuance of these licences was maximum upto 12 months in a year. No penalty for delayed issue of these licences was ever charged because no provision therefor was incorporated in the PFA Rules by the State Government.

- Inspection of premises by the Licensing Authorities to ensure cleanliness in eating places/shops as required under the PFA Rules was never carried out in any of the districts test-checked during 1995-2000.

- No food licences were issued to food vendors by the Block Medical Officers, Bagsaid and Ratti (Mandi district) during 1997-98 and 1995-96 respectively and Chief Medical Officers, Bilaspur and Mandi during fairs in 1999-2000 and 1995-98 respectively as envisaged in PFA Act/Rules.

- Shortfall in collection of samples ranged between 17 and 66 *per cent* due to persistent shortage of Food Inspectors during 1995-99. Each Food Inspector was given jurisdiction over two to four districts at a time.

- Food items found adulterated/misbranded, as a result of analysis reports of Laboratory, were allowed to be sold to the general public in between the period from the date of taking samples and receipt of analysis reports from the Laboratory during 1995-99. Action to ban sale of these items was not taken, as required.

- The services of staff and equipment and machinery at the CTL, Kandaghat were underutilised to the extent of 83 to 94 *per cent* of its installed capacity during 1995-99 due to less inflow of samples from the districts.

- Despite availability of all sophisticated equipment, machinery and chemical reagents, etc., analysis for pesticides residue and some bacteriological and toxicological tests were not conducted during 1995-2000 at CTL, Kandaghat due to shortage of qualified technical staff.

- Of the 206 cases of adulteration/misbranding found during 1995-2000 in three districts test-checked, prosecution proceedings were launched only in 157 cases.

- Neither any monitoring of the PFA activities was done at the State level nor any inspection by senior officers from the directorate was carried out in the field during 1995-2000.

(Paragraph 3.1)

4. National Family Welfare Programme

The main objective of the National Family Welfare Programme was to stablise population at a level consistent with the needs of national development (i) bringing down the birth and death rate through family planning measures and temporary methods of birth control, (ii) persuading people to adopt small family norms, (iii) providing medical services, medicines, incentives, etc., free of cost at the doorsteps of the acceptors of family planning measures. The review on implementation of the programme revealed that the achievements under the Programme declined during 1995-2000 due to non-adoption of community need assessment approach despite inflated reporting. Increase in Infant Mortality Rate and decrease in Effective Couple Protection Rate indicate providing of inadequate health services under Child Health Programme and lack of motivation of eligible couples for adopting family welfare measures. Post partum programme could not run satisfactorily mainly due to non-sanctioning of posts of doctors and other supporting staff by the Government. Casual approach was adopted by the department in implementation of the Reproductive and Child Health (RCH) Programme. Monitoring and evaluation to assess the impact of the programme was not done. Important points were as under:

- Of Rs 135.27 crore received from GOI, for the implementation of the programme during 1995-2000, Rs 107.33 crore were allotted and the remaining amount of Rs 27.94 crore was diverted by the State Government.

- Programme funds of Rs 83.75 lakh were diverted for meeting establishment expenditure of staff deployed for State schemes and running and maintenance of vehicles utilised for other activities.

- Due to non-adoption of community need assessment approach, achievements under Family Welfare Programme declined between 13 and 46 *per cent* during 1995-2000 despite inflated reporting. No satisfactory explanation was available with the Director of Health Services for inflated reporting of performance levels under various Family Welfare methods to the State Government/GOI. Because of declining trend on all the four important parameters, the programme suffered a set back.

- No separate demographic goals were fixed by the State. However, targets set for 2000 AD under National Health Policy had not been achieved except for Crude Death Rate.

- There was increasing trend in Infant Mortality Rate and decreasing trend in Effective Couple Protection Rate which was indicative of providing inadequate services under Family Welfare Programme.

- In three districts, 47 sub-centres were non-functional for want of health workers for the period ranging from six months to over five years which deprived population of 0.99 lakh of necessary health and family welfare services.

- 263 health institutions (28 Primary Health Centres and 235 sub-centres) in three districts were housed in private buildings having no indoor facilities.

- Under Post partum programme, against 70 posts of doctors only 12 posts were sanctioned and against 177 posts of para-medical staff and 71 posts of other staff, 67 and 43 posts were sanctioned respectively.

- Shortfall in sterilisation cases of direct acceptors was very high and ranged between 11 and 100 *per cent* and in other family welfare methods, it ranged between 89 and 100 *per cent* in five Post Partum Centres.

- Against 75 sterilisation cases per bed per annum to be performed in each Post Partum Centre actual sterilisation ranged between two and 26 cases.

- No Co-ordination Committee was constituted for monitoring and evaluation of Post Partum Centres.

- Out of Rs 6.72 crore received from Government of India under Reproductive and Child Health Programme, Rs 5 crore remained unspent and blocked with various executing agencies.

(Paragraph 3.2)

5. Working of Rural Development Department

The main objective of the Rural Development Department was to implement various rural development programmes for the overall development of rural areas and rural poor with the active participation of the community. Review on the working of the department revealed that financial and programme managements of the department were grossly deficient. Resources provided for implementation of various rural development and poverty alleviation programmes were not fully utilised even after cuts in plan ceilings by the State Government due to overall financial crunch. Survey for identification of families living below poverty line was not based on reliable data. Survey to judge the impact of the programme on number of families crossing the poverty line was not carried out under Integrated Rural Development Programme. Works executed under various programmes were not adequately inspected/test-checked at different Inspecting Officers levels as prescribed. In sum, the department did not efficiently discharge many of the functions entrusted to it. Important findings were as under:

- Even after incurring an expenditure of Rs 22.89 crore on IRDP during 1994-99, the incidence of poverty increased from 2.59 lakh to 2.86 lakh families in four districts test-checked during the same period. Survey of families crossing the poverty line was not conducted by the department in order to judge the impact of the programme.

- Of the total 3,275 youths trained during 1995-99 under TRYSEM, 2,182 youths trained at a cost of Rs 58.30 lakh were not settled.

- Construction of four Exclusive TRYSEM Training Centres (ETTCs), targeted to be completed by September 1997 at a projected cost of Rs 1.15 crore had not been completed as of May 2000. Consequently, sanction of eight more ETTCs for which projects of Rs 2.39 crore were sent by the State Government during 1998-99 was not accorded by GOI.

- Rs 53.68 lakh out of Rs 77.53 lakh released to 11 DRDAs during 1996-98 for implementation of Ganga Kalyan Yojna were lying unutilised. This was owing to unsuitable topography and other constraints in implementation of the scheme about which the State Government did not apprise GOI.

- Six Special and Innovative Projects under JRY, costing Rs 9.97 crore sanctioned by GOI during 1993-97 had not been completed as of May 2000, though stipulated period for completion had expired.

- Under Chief Minister's Gratuity Scheme, payment of Rs 1.68 crore to 1,704 bereaved families were delayed by 14 to 1,071 days as against stipulated 15 days from the date of receipt of applications from the bereaved families.

- Due to excess carryover of unutilised balances of various Centrally sponsored schemes against permissible percentage of 15 to 25 *per cent* and delay in submission of proposals for implementation of schemes, GOI/State Government imposed a cut of Rs 9.24 crore in release of grants-in-aid to DRDAs.

- Only four meetings were held against the required 24 meetings of State Level Co-ordination Committee during 1994-2000.

- Shortfall in inspection/test-check of various works at different Inspecting Officers levels ranged between 59 and 98 *per cent* resulting in non-following of the prescribed procedure.

(Paragraph 3.3)

6. Minor Irrigation Schemes

The State Government estimated the irrigation potential of the State at 3.35 lakh hectares of which 2.85 lakh hectares was available for minor irrigation schemes. As of March 2000, the Irrigation and Public Health Department had created irrigation potential of 0.89 lakh hectares through minor irrigation schemes. The Review on minor irrigation schemes revealed that the programme was pursued without a master plan and was not properly monitored. There were significant time and cost overruns. The schemes were executed without getting the estimates sanctioned and huge amounts were spent on repairs and maintenance of schemes without sanction of estimates. Utilisation of created irrigation potential was very low and some schemes did not provide any irrigation. Some important points noticed in audit were as under:

- ☞ In six divisions, Rs 1.08 crore had been shown utilised by fictitious booking of material and expenditure.
- ☞ Energy charges of Rs 5.40 crore in respect of minor irrigation schemes had been paid to Himachal Pradesh State Electricity Board (HPSEB) in advance without exhibiting scheme-wise details of payment.
- ☞ Rupees 17.75 crore were spent on operation and maintenance of schemes either without sanctioning the estimates or in excess of sanctioned estimates.
- ☞ In six divisions, creation of Culturable Command Area (CCA) of 428 hectares was reported in anticipation of actual commissioning of nine schemes.
- ☞ In respect of 15 completed/ongoing schemes there was cost overrun of Rs 3.20 crore and time overrun ranged between two and 18 years.
- ☞ On execution of 64 schemes, Rs 18.91 crore had been spent by nine divisions without obtaining technical sanctions.
- ☞ In nine divisions, Rs 2.12 crore had been spent in excess of the sanctioned estimates in respect of 22 schemes.
- ☞ Due to defective execution of six schemes, expenditure of Rs 4.12 crore remained largely unfruitful.
- ☞ In six divisions, an expenditure of Rs 1.36 crore incurred on nine schemes was injudicious because these had become defunct or had been abandoned.
- ☞ In 11 divisions, shortfall in utilisation of irrigation potential of 420 schemes ranged between 63 and 90 *per cent*.

- No irrigation was provided by seven schemes constructed during 1991-98 at a cost of Rs 1.29 crore.

- In 11 divisions, Rs 66.21 lakh were spent for the assessment of *abiana* charges of Rs 7.04 lakh. The water rates fixed in 1976 had, however, not been revised.

- Evaluation of the functioning of the minor irrigation schemes had not been conducted to assess their impact on the socio-economic uplift of the beneficiaries.

(Paragraph 4.1)

7. Audit of Environmental Acts and Rules relating to Water Pollution

The Himachal Pradesh State Pollution Control Board (Board) was constituted in December 1974 in pursuance of the provisions of Water (Prevention and Control of Pollution) Act, 1974. The main functions of the Board were to prevent, control or abatement of pollution of streams and wells, to advise the State Government on such matters and to lay down standards for treatment of sewage, etc. The legislative mandate for prevention, control or abatement of pollution had largely not been achieved and overall quality of water had remained poor. The activities of the Board were generally confined to selective industries and traditional organic wastes went on accumulating in the absence of any follow up, compliance mechanism with effective co-ordination and monitoring. A review of the activities of the Board revealed the following points:

- The unutilised balances ranged between Rs 1.08 crore and Rs 3.59 crore during 1994-99. Programme-wise details of unutilised funds lying in various bank accounts were not available with the Board.

- Detailed survey to plan comprehensive programmes for pollution control of streams and wells in the State had not been undertaken. The stated policies to provide technological upgradation and also to evolve codes of practice and guidelines for specific processes were not followed.

- On an average, 30.04 lakh tonnes of municipal garbage was dumped in 58 towns in the State during 1994-99 in various nallahs, rivers and hill slopes without taking any preventive measures and follow up for its segregation, disposal and utilisation. A grant of Rs 25 lakh received in 1995-96 for solid waste management had remained unutilised as of May 2000.

- There were 24.81 lakh cases of water borne diseases and 444 deaths reported during 1994-99. The Board had failed to discharge its statutory functions to minimise the incidence of death/water borne diseases.

- Due to lack of sewage treatment system and over flowing of septic tanks, more than 90 *per cent* effluent was being discharged into water courses affecting 80 *per cent* pollution of water sources.

- Bio-medical waste was being dumped in the vicinity of health institutions or thrown off locally and nothing was being done about its disposal. The Board had issued notices to Chief Medical Officers but had neither identified nor granted authorisation to the institutions/operators engaged in bio-medical facility to enforce safety measures as required under Rules.

- The Board had neither identified total number of polluting industries nor was aware about the number of units functioning without obtaining consent for discharging sewage or effluent etc. Ten polluting units and seven transport work shops were functioning without providing the required effluent treatment plants. No frequency for collection of samples was fixed and in 53 cases no samples were drawn during 1996-99.

- Statutory provision for the submission of annual environmental Audit Reports by the industrial units/local bodies was not being enforced by the Board thereby defeating the objectives of the environmental audit.

- Water cess of Rs 2.10 crore for 1987-99 had not been recovered as of May 2000. Rupees 42.44 lakh realised between January 1994 and January 1999 were not remitted to GOI, as required. Consent/renewal fee of Rs 14.60 lakh was outstanding since 1987-88 to 1998-99 for recovery.

- Water cess of Rs 138 crore from Hydel Projects could not be recovered because the cases instituted therefor were dismissed by the Court for want of compliance of statutory provisions by GOI.

- Monitoring and evaluation was lacking in the absence of any review of the water quality management by the State Government and internal or external agencies.

(Paragraph 6.1)

8. Urban Employment Generation Programme

Government of India launched various urban employment generation schemes for alleviation of poverty in urban areas. A review of the implementation of Urban Employment Generation Programme in the State revealed the following points:

- No survey had been conducted and no identification of urban poor was made by the Urban Local Bodies as required.
- Director, Urban Development showed entire amount of Rs 8.71 crore as utilised on implementation of schemes even though the percentage of unspent balance with the test-checked Urban Local Bodies ranged between 25 and 85.
- Thirteen Urban Local Bodies provided employment of 3.18 lakh mandays worth Rs 1.54 crore to the labour from outside their jurisdiction in contravention to the guidelines of the programme.
- The Urban Local Bodies test-checked did not maintain any records to watch the sustainability of the units and as to whether the beneficiaries had crossed the poverty line as a result of setting up of micro-enterprises. The objective of the programme encouraging the underemployed and unemployed urban youths to set up small enterprises thus remained unachieved.
- Director Urban Development did not monitor implementation of various schemes and their impact on the beneficiaries.

(Paragraph 3.18)

9. Utilisation of grants under Tenth Finance Commission

Of Rs 103.24 crore awarded by the Tenth Finance Commission to the State Government as grants for upgradation of district administration/primary education and also to tackle special problems in a responsive manner, Rs 87.08 crore were released by the Government of India during 1996-2000. Test-check of the utilisation of these grants in the State revealed the following points:

- Of Rs 88.23 crore released to various executing agencies by the State Government, Rs 62.29 crore only had been utilised and the balance Rs 25.94 crore was lying unspent as of March 2000.

- Against the target of 906 Type-I houses, only 168 houses had been completed. Of Rs 15.20 crore having been spent up to March 2000, Rs 11.82 crore had been spent on remaining 738 incomplete houses. In the progress report of December 1999, the State Government had reported these houses as complete.

- The percentage coverage of water facility in upper primary schools as on March 2000 *vis-à-vis* number of schools existing was 41 against the prescribed coverage of 80 *per cent* by the TFC.

- Non-observance of prescribed financial rules/procedure by the Chief Fire Officer, Shimla resulted in suspected embezzlement of Rs 25.37 lakh during 1998-2000.

(Paragraph 3.19)

10. Material management and inventory control (South zone)

A review of material management and inventory control in South Zone of the Public Works Department revealed the following salient points:

- Payment of Rs 92.84 lakh was made to HPAIC as handling charges at the rate of five *per cent* for the procurement of 22,193 tonnes of bitumen during 1997-2000 (upto December 1999). This could have been avoided had bitumen been procured by the department itself. Further, handling charges were paid to HPAIC for procurement of bitumen and to HPCSC for procurement of cement at varying rates without any justification resulting in avoidable extra expenditure of Rs 66.28 lakh.

- The department procured bitumen through HPAIC and had to pay General Sales Tax of Rs 77.98 lakh as it became second purchaser. This resulted in escalation of works expenditure and simultaneously creation of fictitious revenue to that extent.

- Open tenders for transportation of bitumen from Mathura refinery to various destinations in the State were not invited to derive the benefit of competitive rates which resulted in extra unjustified payment of Rs 1.12 crore.

- Department purchased 641 tonnes of bitumen emulsion between February 1997 and June 1999 without exercising due vigilance and enforcing strict economy which resulted in avoidable expenditure of Rs 10.22 lakh.

- Failure of the department and HPCSC in the implementation of the terms of rate contract for the supply of cement during 1999-2000 resulted in excess payment of Rs 56.30 lakh to the supplier.

- In Rampur division, material costing Rs 15.49 lakh procured in March 1997 for the construction of a bridge was lying unutilised as of March 2000.

(Paragraph 5.1)

11. Blocking of funds

- Injudicious decision of the Director of Industries to advance funds to the Himachal Pradesh State Electricity Board without ensuring the availability of encroachment free land and improper assessment of power requirement initially resulted in blocking of Rs 1.64 crore since 1994-95.

(Paragraph 3.12)

- Rupees 24.63 lakh were blocked and expenditure of Rs 1.70 lakh was rendered wasteful due to selection of unsuitable sites by the Director, Tourism and Civil Aviation for the installation of two musical fountains at Manali and Dharamshala.

(Paragraphs 3.17)

12. Diversion of funds

- Rupees 2.65 crore meant for Local District Planning, Sectoral Decentralised Planning and Calamity Relief works were diverted for construction of Combined Deputy Commissioner's Office Building by Deputy Commissioner, Sirmour and for fresh works by Deputy Commissioners, Kangra, Mandi, Sirmour and Solan contrary to guidelines.

(Paragraph 3.14)

13. Non-achievement of objectives

- Unsafe drinking water was supplied to the beneficiaries under Palampur Division for period ranging between 43 and 108 months through 92 hand pumps installed at a cost of Rs 55.85 lakh.

(Paragraph 4.7)

- Two bridges on Thana *khad* and Drang *nallah* on Baijnath-Lad Bharol-Kandapattan road (Mandi district) and Pathankot-Chakki-Mandi road (NH-20) completed by National Highway Division, Jogindernagar in April 1997 and March 1999 respectively at a cost of Rs 94.34 lakh could not be put to use as approaches were not constructed.

(Paragraph 4.9)

- Failure of the department to acquire private land falling in the alignment of jeepable road from Dunali to Brehi (Chamba district) resulted in non-utilisation of bridge constructed at a cost of Rs 20.49 lakh over Brehi *Nallah*.

(Paragraph 4.13)

14. Unfruitful/wasteful expenditure

- Acceptance of below specification work of steel truss bridge over Tabo Nallah on Rangrik Sumdo road (Lahaul and Spiti district) and overpayment made to the firm by the department resulted in unfruitful expenditure of Rs 48.01 lakh. Besides, intended benefit could not be achieved as the bridge remained incomplete for more than 13 years.

(Paragraph 4.8)

- Four Divisional Officers spent Rs 81.37 lakh on six incomplete road works without obtaining prior permission of GOI for use of forest land and without acquisition of private land and as such expenditure remained largely unfruitful.

(Paragraph 4.17)

- Himachal Pradesh State Cooperative Marketing and Consumers Federation had failed to implement the Project as per approved plan which resulted in wasteful expenditure of Rs 92.17 lakh.

(Paragraph 6.4)

15. Unutilised equipment

- Equipment valued at Rs 39 lakh were lying idle in Health and Family Welfare Department.

(Paragraph 3.10)

16. Other points of interest

- Due to no clear cut policy guidelines, barbed wire purchased/used between 1985-94 for new plantation was not retrieved by Kunihar, Rajgarh, Nahan, Nurpur, Dehra and Mandi Forest divisions thereby putting the Government to a loss of Rs 1.73 crore.

  (Paragraph 3.7)

- Non-implementation of the terms of the rate contract resulted in avoidable excess payment of Rs 1.53 crore and undue aid to a firm.

  (Paragraph 3.11)

- Cash assistance of Rs 48 lakh was made by Sub-Divisional Officer (Civil), Kangra to ineligible Jammu and Kashmir migrants during 1991-2000.

  (Paragraph 3.15)

- Double/excess payment of Rs 12.97 lakh on account of pensionary benefits was made by 31 DDOs in 12 departments during 1997-2000 by preparing duplicate bills for the same amount or preparing bills in excess of the authorised amount.

  (Paragraphs 3.20)

- Chief Engineer (Central Zone), Mandi placed orders for the purchase of eight items valued at Rs 1.04 crore during April-December 1999. Of this, purchase orders of stores valued at Rs 31.55 lakh were made without any requirement and orders of Rs 10.71 lakh were placed in excess of requirement received from the divisions.

  (Paragraph 5.2)

CHAPTER-I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

CHAPTER-I

AN OVERVIEW OF THE FINANCES OF THE STATE GOVERNMENT

1.1 Introduction

This Chapter discusses the financial position of the State Government, based on information contained in the Finance Accounts. The analysis is based on the trends in the receipts and expenditure, the quality of expenditure and the financial management of the State Government. In addition, the Chapter also contains a section on the analysis of financial performance of the Government, based on certain ratios and indices pertaining to some selected indicators developed on the basis of the information contained in the Finance Accounts and other information furnished by the State Government. Some of the terms used in this chapter are explained in Appendix-I.

1.2 Financial position of the State

The Government accounting system does not attempt a comprehensive accounting of fixed assets i.e. land and buildings, etc., owned by Government. However, Government accounts do capture the financial liabilities of the Government and the assets created out of the expenditure incurred by the Government. Exhibit-I (Page 3) presents an abstract of liabilities and the assets as on 31 March 2000, alongwith the corresponding position on 31 March 1999. While the liabilities in this statement consist mainly of monies owed by the State Government such as internal borrowings, loans and advances from the Government of India, receipts from the Public Account and Reserve Funds, the assets comprise mainly the capital outlay, loans and advances given by the State Government and the cash balances. Exhibit-I shows that while the liabilities grew by eight *per cent*, assets grew by nine *per cent* during 1999-2000.

1.3 Financial operations of the State Government

1.3.1 Exhibit-II (Page 4-5) gives the details of the receipts and disbursements made by the State Government. The revenue expenditure (Rs 3821 crore) during the year exceeded the revenue receipts (Rs 3715 crore) resulting in a revenue deficit of Rs 106 crore. However, this is to be seen in the light of comments made in Para 1.11.1 (a) and (b). The Revenue Receipts comprised tax revenue (Rs 620 crore), non-tax revenue (Rs 1056 crore), State's share of Union taxes and duties (Rs 921 crore) and grants-in-aid from the Central Government (Rs 1118 crore). The main sources of tax revenue were Taxes on Sales, Trade, etc., (38 *per cent*), State Excise (32 *per cent*) and Taxes on Goods and Passengers (17 *per cent*).

Non-tax revenue comprised mainly of Interest Receipts, Dividends and Profits (15 *per cent*) and Economic Services (77 *per cent*).

1.3.2 The net addition to Public Debt as adjusted by the effect of remittance, suspense balance, etc. was Rs 1569.34 crore. This, after meeting capital expenditure (Rs 553.88 crore), lending for development and other purposes (Rs 60.26 crore), generated a surplus of Rs 955.20 crore. After meeting the revenue deficit of Rs 106.25 crore there was a surplus of Rs 848.95 crore. After meeting the liability of overdraft amounting to Rs 717.16 crore during the year, the increase in cash balance was Rs 131.79 crore.

1.3.3 The financial operations of the State Government pertaining to its receipts and expenditure are discussed in the following paragraphs, with reference to the information contained in Exhibit-II and the time series data for the five year period from 1995-96 to 1999-2000, presented in Exhibit-IV (Page 7).

1.4 Sources and applications of funds

1.4.1 Exhibit-III (Page 6) gives the position of sources and applications of funds during the current and the preceding year. The main sources of funds included the revenue receipts of the Government, recoveries of the loans and advances, public debt and the receipts in the Public Account. These were applied mainly on revenue and capital expenditure and the lending for developmental purposes. It would be seen that the revenue receipts constituted the most significant source of fund for the State Government. Their relative share increased from 51 *per cent* in 1998-99 to 70 *per cent* during 1999-2000 and the share of recoveries of loans and advances increased from 0.06 *per cent* in 1998-99 to 10 *per cent* in 1999-2000. The net receipts from the Public Account, however, decreased significantly from Rs 686.32 crore in 1998-99 to minus Rs 159.45 crore in 1999-2000 mainly due to decrease in Reserve Funds, Suspense and Miscellaneous and Remittance transactions. The receipts from the public debt increased from 15 *per cent* to 23 *per cent*.

1.4.2 The funds were mainly applied for revenue expenditure, whose share, however, decreased from 74 *per cent* to 72 *per cent* of total available funds but remained higher than the share of the revenue receipts (70 *per cent*) in the total receipts of the State Government during 1999-2000. This inevitably resulted in Revenue deficit. A notable change during the year was that while the percentage of capital expenditure to total available funds went down from 13 to 10 *per cent*, lending for development purposes came down from two to one *per cent*.

EXHIBIT-I

SUMMARISED FINANCIAL POSITION OF THE GOVERNMENT OF HIMACHAL PRADESH AS ON 31 MARCH 2000

(Rupees in crore) Liabilities As on 31 March 1999		Liabilities	As on 31 March 2000		(Rupees in crore) Assets As on 31 March 1999		Assets	As on 31 March 2000	
889.58		**Internal Debt (excluding overdrafts from Reserve Bank of India)**		**1719.81**	**4240.34**		**Gross Capital Outlay**		**4794.22**
	482.21	Market Loans bearing interest	702.32			972.75	Investment in shares of Companies, Corporations, etc	1104 77	
	0.17	Market Loans not bearing interest	0.17			3267.59	Other capital expenditure	3689.45	
	88.61	Loans from the Life Insurance Corporation of India	402.37		**709.94**		**Loans and Advances**		**239.44**
	9.04	Loans from the General Insurance Corporation of India	8.74			557.22	Loans for Energy	61.65	
	81.55	Loans from the National Bank for Agriculture and Rural Development	124.69			81.12	Other Development Loans	86.79	
	39.72	Loans from the National Co-operative Development Corporation	50.64			71.60	Loans to Government Servants and Miscellaneous Loans	91.00	
	129.21	Loans from other institutions	371.88		**5.52**		**Suspense and Miscellaneous Balances**		**348.00**
	59.07	Ways and Means Advances from the Reserve Bank of India	59.00		**0.10**		**Advances**		**0.16**
2697.24		**Loans and Advances from the Central Government**		**3065.04**	**13.83**		**Cash**		**19.31**
	79.51	Pre 1984-85 Loans	72.26			13.45	Cash in Treasuries and Local Remittances	19.02	
	2128.65	Non-Plan Loans	2167.96			0.24	Departmental Cash Balance including Permanent Advances	0.24	
	424.92	Loans for State Plan Schemes	506.28			0.14	Cash Balance Investment Account	0.05	
	0.49	Loans for Central Plan Schemes	0.48		**1799.50**		**Deficit on the Government Account**		**1905.75***
	52.55	Loans for Centrally Sponsored Plan Schemes	51.36			763.10	Accumulated deficit upto 31 March 1999	1785.43	
	11.12	Ways and Means Advances	266.70				**Add**		
5.00		**Contingency Fund**		**5.00**		**1022.33**	(i) Current year's deficit	106.25	
1467.80		**Small Savings, Provident Funds, etc.**		**1746.13**		**4.50**	(ii) Net Amount adjusted under Contingency Fund	5.00	
373.58		**Deposits**		**404.27**		**9.57**	(iii) Adjustments	9.07	
793.56		**Overdrafts from the Reserve Bank of India**		**76.40**			(iv) Miscellaneous Government Accounts	⊗	
196.59		**Reserve Funds**		**92.47**					
212.13		**Deposits with the Reserve Bank of India**		**85.82**					
133.75		**Remittance Balances**		**111.94**					
6769.23		**Total :**		**7306.88**	**6769.23**		**Total :**		**7306.88**

* According to Statement No. 14 of the Finance Accounts 1999-2000, the revenue deficit on Government Account was Rs 1891.68 crore. The difference of Rs 14.07 crore is as detailed below:

	(Rupees in crore)
Progressive amount adjusted under head "7810-Inter State Settlement"	1.43
Progressive amount adjusted under head "8680-Miscellaneous Government Account"	0.14
Net amount adjusted pro forma	7.50
Net amount adjusted under Contingency Fund	5.00
Total:	14.07

⊗ Rs 1,649 only.

EXHIBIT-II

ABSTRACT OF RECEIPTS AND DISBURSEMENTS FOR THE YEAR 1999-2000

(Rupees in crore)

Receipts					Disbursement						
1998-99				1999-2000		1998-99				1999-2000	
						Plan	Non-Plan		Non-Plan	Plan	
		Section-A-Revenue						I-Revenue Expenditure			
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
2311.93		**I-Revenue Receipts**		**3715.29**	**1088.04**	25.09	1062.95	**(A) General Services**	1419.77	27.86	**1447.63**
	572.03	(i) Tax revenue	620.27		**1264.76**			**(B) Social Services**			**1376.35**
	205.49	(ii) Non-tax revenue	1056.24			241.38	442.24	Education, Sports, Art and Culture	464.53	356.53	
	727.33	(iii) State's share of Union Taxes and Duties	920.98			103.98	132.20	Health and Family Welfare	134.86	112.97	
	61.96	(iv) Non-Plan Grants	36.93			103.34	113.31	Water, Supply, Sanitation, Housing and Urban Development	93.49	70.87	
	642.78	(v) Grants for State Plan Schemes	950.26			2.90	3.97	Information and Broadcasting	4.28	4.13	
	102.34	(vi) Grants for Centrally and Centrally Sponsored Plan Schemes	130.61			8.40	2.44	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	2.59	6.28	
1022.33		**II-Revenue Deficit carried over to Section B**		**106.25**		3.82	8.68	Labour and Labour Welfare	8.80	2.89	
						40.91	54.09	Social Welfare and Nutrition	65.17	45.88	
						0.65	2.45	Others	2.36	0.72	
					966.68			**(C) Economic Services**			**978.46**
						213.19	177.32	Agriculture and Allied Activities	196.83	207.10	
						52.88	28.77	Rural Development	29.29	55.50	
						23.14	24.05	Irrigation and Flood Control	24.08	24.41	
						6.09	69.89	Energy	92.04	3.69	
						55.70	4.77	Industry and Minerals	4.99	64.53	
						15.49	193.89	Transport	194.22	12.61	
						1.56	---	Science Technology and Environment	---	0.90	
						92.45	7.49	General Economic Services	8.50	59.77	
					14.78	14.78	---	**(D) Grants-in-aid and Contributions**	2.85	16.25	**19.10**
								II-Revenue Surplus carried out to Section B			---
3334.26				**3821.54**	**3334.26**				**2748.65**	**1072.89**	**3821.54**
		Section-B-Others			---			**III-Opening Overdraft from RBI**			**793.56**
(-) 701.35		**III-Opening cash balance including Permanent Advance and Cash Balance Investment Account etc.**		**(-) 198.30**				**IV-Capital Outlay**			
—		**IV-Miscellaneous capital receipts**		—	**21.22**	21.22	---	**General Services**	---	33.78	**33.78**
					177.69		---	**Social Services**			**200.95**
						17.51	---	Education, Sports, Art and Culture	---	16.03	
						21.36	---	Health and Family Welfare	---	27.14	
						136.53	---	Water Supply, Sanitation, Housing and Urban Development	---	156.52	
						0.26	---	Information and Broadcasting	---	0.06	
						1.41	---	Welfare of Scheduled Castes, Scheduled Tribes and Other Backward Classes	---	0.83	
						0.50	---	Social Welfare and Nutrition	---	0.26	
						0.12	---	Others	---	0.11	

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

1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.
					384.62			Economic Services			319.15
						9.69	(-) 0.03	Agriculture and Allied Activities	(-) 3.44	15.66	
						0.05	---	Rural Development	---	0.02	
						42.72	---	Irrigation and Flood Control	---	48.72	
						135.40	---	Energy	---	2.75	
						0.81	---	Industry and Minerals	---	0.39	
						189.85	---	Transport	---	250.32	
						6.13	---	General Economic Services	---	4.73	
					583.53*			Total Capital Outlay	(-) 3.44	557.32	553.88*
29.29		V-Recoveries of Loans and Advances		530.76	84.93			V-Loans and Advances disbursed			60.26
	7.05	From Energy	498.00			48.98		For Energy		2.43	
	16.52	From Government Servants	18.32			20.08		To Government Servants		37.72	
	5.72	From Others	14.44			15.87		To others		20.11	
---		VI-Revenue surplus brought down		---	1022.33			VI-Revenue deficit brought down			106.25
1388.69		VII-Public Debt Receipts		2126.89	704.02			VII-Repayment of Public Debt			928.86
	357.47	Internal Debt other than Ways and Means Advances and Overdrafts	858.69			16.82		Internal debt other than Ways and Means Advances and Overdraft		28.39	
	564.91	Ways and Means Advances	650.58			539.51		Ways and Means Advances		650.65	
	466.31	Loans and Advances from the Central Government	617.62			147.69		Repayment of Loans and Advances to Central Government		249.82	
---		VIII-Appropriation to Contingency Fund		---	4.00	--		VIII-Appropriation to Contingency Fund			---
4.00		IX-Amount transferred to Contingency Fund		---	---	--		IX-Expenditure from Contingency Fund			---
4054.39		X-Public Account Receipt		4931.84	3368.07			X-Public Account Disbursement			5091.29
	516.51	Small Saving Provident Funds, etc.	610.54			246.38		Small Savings, Provident Funds, etc.		332.21	
	144.90	Reserve Funds	6.00			51.96		Reserve Funds		110.12	
	1763.33	Deposits and Advances	1906.42			134.62		Suspense and Miscellaneous		419.80	
	167.93	Suspense and Miscellaneous	77.32			1523.25		Deposit and Advances		1875.79	
	1461.72	Remittances	2331.56			1411.86		Remittances		2353.37	
793.56		XI-Closing Overdraft from RBI		76.40	(-) 198.30			XI-Cash Balance at end			(-) 66.51
						13.45		Cash in Treasuries and Local Remittances		19.02	
						0.24		Departmental Cash Balance including Permanent Advances		0.24	
						(-) 212.13		Deposits with Reserve Bank		(-) 85.82	
						0.14		Cash Balance investment		0.05	
5568.58				7467.59	5568.58						7467.59

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

EXHIBIT-III

SOURCES AND APPLICATION OF FUNDS

(Rupees in crore)

1998-99		Source	1999-2000	
2311.93		1. Revenue Receipts		3715.29
29.29		2. Recoveries of Loans and Advances		530.76
684.67		3. Increase in Public Debt* other than overdraft		1198.03
4.00		4. Increase in Contingency Fund		--
686.32		5. Net receipts from Public Account		(-) 159.45
	270.13	Increase in Small Savings, Provident Funds, etc.	278.33	
	240.08	Increase in Deposits and Advances	30.63	
	(+) 92.93	(-) Increase (+)/Decrease in Reserve Funds	(-) 104.12	
	33.32	Net effect of Suspense and Miscellaneous transactions	(-) 342.48	
	49.86	Net effect of Remittance transactions	(-) 21.81	
793.56		6. Increase in overdraft		
4509.77		Total		5284.63

1998-99	Application	1999-2000
3334.26	1. Revenue expenditure	3821.54
84.93	2. Lending for development and other purposes	60.26
583.53	3. Capital expenditure	553.88
--	4. Decrease in overdraft	717.16
4.00	5. Appropriation to Contingency Fund	--
503.05	6. Increase in closing cash balance	131.79
4509.77	Total	5284.63

Explanatory Notes for Exhibit-I, II and III:

1. The abridged accounts in the foregoing statements have to be read with comments and explanations in the Finance Accounts.

2. Government accounts being mainly on cash basis, the deficit on Government account, as shown in Exhibit-I, indicates the position on cash basis, as opposed to accrual basis in commercial accounting. Consequently, items payable or receivable or items like depreciation or variation in stock figures, etc. do not figure in the accounts.

3. Suspense and Miscellaneous balances include cheques issued but not paid, payments made on behalf of the State and other pending settlement etc. The balance under suspense and miscellaneous had increased from Rs 5.52 crore (debit) in 1998-99 to Rs 348 crore (debit) as on 31 March 2000.

4. There was an unreconciled difference of Rs 76.91 crore debit (net credit) between the figures reflected in the accounts and that intimated by the RBI under "Deposits with Reserve Bank". A net difference of Rs 76.60 crore (net debit) had been reconciled and Rs 0.31 crore were awaiting reconciliation (May 2000).

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

EXHIBIT-IV- TIME SERIES DATA ON STATE GOVERNMENT FINANCES

(Rupees in crore)					
	1995-96	1996-97	1997-98	1998-99	1999-2000
Part A. Receipts					
1. Revenue Receipts	1754	1992	2170	2312	3715
(a) Tax Revenue	342 (19)	412 (21)	476 (22)	572 (25)	620 (17)
Taxes on Sales, Trade etc.,	123 (36)	146 (35)	171 (36)	197 (34)	233 (38)
State Excise	105 (31)	133 (32)	159 (34)	185 (33)	199 (32)
Taxes on Vehicles	12 (4)	14 (4)	16 (3)	17 (3)	28 (4)
Stamps and Registration fee	14 (4)	15 (4)	19 (4)	22 (4)	25 (4)
Taxes and duties on Electricity	18 (5)	19 (5)	7 (2)	28 (5)	*
Land Revenue	1 (-)	6 (1)	2 (-)	1 (-)	6 (1)
Taxes on Goods and Passenger	46 (13)	65 (16)	97 (20)	115 (20)	105 (17)
Other Taxes and Duties on Commodities and Services	23 (7)	14 (3)	5 (1)	7 (1)	24 (4)
(b) Non Tax Revenue	117 (7)	147 (7)	222 (10)	206 (9)	1056 (28)
(c) State's share of Union Taxes and Duties	400 (23)	440 (22)	651 (30)	727 (31)	921 (25)
(d) Grants in aid from GOI	895 (51)	993 (50)	821 (38)	807 (35)	1118 (30)
II. Capital Receipts	348	477	892	937	1787
Miscellaneous capital receipts	--	--	--	--	--
Market Borrowings**	56 (16)	77 (16)	112 (13)	357 (38)	859 (48)
Loans and advances from GOI	186 (53)	336 (71)	716 (80)	366 (39)	179 (10)***
Other Receipts	106 (31)	64 (13)	64 (7)	214 (23)	749 (42)
Part B. Expenditure	2235	2499	3240	3918	4375
I. Revenue Expenditure	1904 (85)	2147 (86)	2699 (83)	3334 (85)	3821 (87)
Plan	560 (29)	651 (30)	842 (31)	1006 (30)	1073 (28)
Non Plan	1344 (71)	1496 (70)	1857 (69)	2328 (70)	2748 (72)
General Services	624 (33)	703 (33)	842 (31)	1088 (33)	1447 (38)
Economic Services	566 (30)	649 (30)	852 (32)	967 (29)	978 (26)
Social Services	710 (37)	790 (37)	994 (37)	1265 (38)	1376 (36)
Grants-in-aid and contributions	4	5	11	14	20
Interest Payments	285	313	372	498	597
Arrears of Revenue (percentage of Revenue Receipts)	137 (8)	155 (8)	170 (8)	224 (10)	189(5)
Financial Assistance to local bodies etc.	154	132	205	175	167
Loans and Advances disbursed	66	81	151	85	60
II. Capital Expenditure	331 (15)	352 (14)	541 (17)	584 (15)	554 (13)
Plan	329 (99)	353 (100)	544 (100)	584 (100)	557 (100)
Non Plan	2 (1)	(-) 1	(-) 3	--	(-) 3
General Services	16 (5)	18 (5)	20 (4)	21 (4)	34 (6)
Economic Services	219 (56)	218 (62)	377 (69)	385 (66)	319 (58)
Social Services	96 (29)	116 (33)	144 (22)	178 (30)	201 (36)
Part C. Deficits					
Revenue Deficit	150	155	529	1022	106
Fiscal Deficit	521	572	1202	1662	189
Overall Deficit (-)/ Surplus (+) (Actuals)	(+) 207	(-)121	(-) 557	(+) 503	(+) 132
Part D. Other data					
GSDP♣	6350	7256	8175	9258	10462
Outstanding Debt (year end)	3266	3700	4337	6418	7104
Outstanding guarantees including interest (year end)	798	989	1634	1869	1886
Amount of guarantees as at the end of	1464	1643	2357	2507	2897
Number of incomplete projects	NA	114	87	39	25
Capital blocked in incomplete projects	NA	108	58	42	35

Note: Figures in brackets represent percentages (rounded)

NA: Not Available

* Rs 21 lakh only.

** Excluding Ways and Means Advances and Overdraft taken from Reserve Bank of India.

*** Excluding Ways and Means Advances received from Government of India.

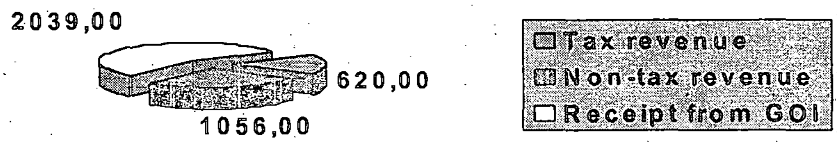
♣ Source for GSDP figures: Ministry of Statistics and Programme Implementation. Figures for 1999-2000 have been worked at an average increase of 13 *per cent*.

1.5 Revenue receipts

1.5.1 The revenue receipts consist mainly of tax and non-tax revenue and receipts from Government of India (GOI). Their relative shares are shown in Figure I. The increase in revenue receipts ranged between 7 and 61 *per cent* during four years period ending 1999-2000. During 1999-2000, the revenue receipts grew by 61 *per cent* over the level of 1998-99. However, increase in revenue receipts (non-tax revenue) to the extent of Rs 861.50 crore is to be viewed against the comments made in Paras 1.11.1 (a)and (b).

1.5.2 Tax revenue

Figure I
Revenue receipts 1999-2000
(Rupees in crore)



These constitute 17 *per cent* share of the revenue receipts. Their share decreased from 25 *per cent* in 1998-99 due to decrease in growth of tax revenue from 20 *per cent* in 1998-99 to 8 *per cent* in 1999-2000. Exhibit IV shows that the relative contribution of Taxes on Sales, Trade, etc. and State Excise has increased from 67 *per cent* in 1998-99 to 70 *per cent* in 1999-2000. However, the contribution from Taxes and Duties on Electricity and Taxes on Goods and Passenger had declined significantly during 1999-2000 in comparison to such receipts of 1998-99. It was noticed that HPSEB had not remitted electricity duty collected by them to the Government which was estimated at Rs 24 crore for the year 1999-2000.

1.5.3 Non-Tax Revenue

Due to an abnormal jump in the non-tax receipts on account of abnormal flow of funds through receipts from forest royalty in advance from HPSFC, increase in interest receipts, etc., these receipts constituted 28 *per cent* of the revenue receipts of the Government against 9 *per cent* in 1998-99. Audit comments on this may be referred to in Paras 1.11.1(a) and (b).

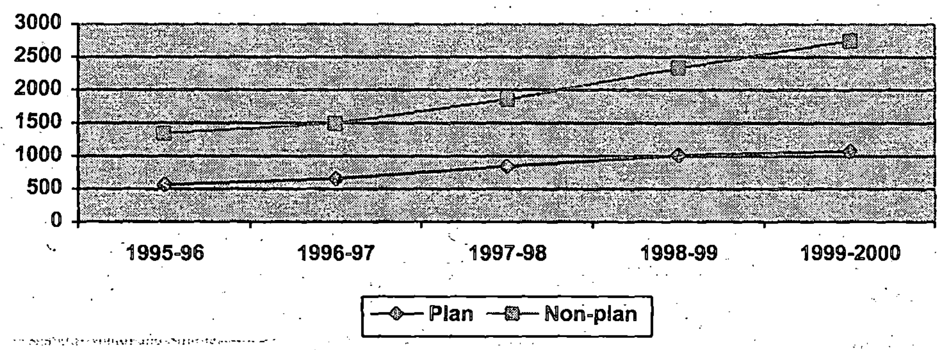
1.5.4 State's share of Union taxes and duties and grants-in-aid from the Central Government

The State's share of Union taxes and duties (excise duties and income and corporation taxes) increased by 27 *per cent* during the year. However, as a percentage of revenue receipts it decreased from 31 *per cent* in 1998-99 to 25 *per cent* during 1999-2000. During 1995-2000, on an average, 67 *per cent* of the Revenue receipts of the State Government were on account of State's Share of Union taxes and duties and grants-in-aid from the Central Government even though for the year 1999-2000, contribution on this account fell to 55 *per cent* despite increase of Rs 505 crore in such receipts.

1.6 Revenue expenditure

1.6.1 The revenue expenditure accounted for most (87 *per cent*) of the total expenditure* of the State Government and increased by 15 *per cent* during 1999-2000 over the previous year as detailed in Exhibit-IV. While the rate of growth in non-plan revenue expenditure was 104 *per cent*, the growth in Plan revenue expenditure was 92 *per cent* during 1995-2000 as can be seen in Figure 2. Increase in non-plan expenditure was attributed by the Government mainly to increase in interest payments (Rs 99.32 crore), payment of arrears due to revision of pension (Rs 222.76 crore) and dearness allowance, etc., (Rs 88.39 crore) to State Government employees.

Figure 2
Growth of Plan and Non-Plan revenue expenditure
(Rupees in crore)



(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Plan	560	651	842	1006	1073
Non-plan	1344	1496	1857	2328	2748

* Revenue expenditure + Capital expenditure.

1.6.2 Sector-wise analysis shows that while the expenditure on General Services increased by 132 *per cent*, from Rs 624 crore in 1995-96 to Rs 1447 crore in 1999-2000, the corresponding increases in expenditure on Social Services and Economic Services were 94 *per cent* and 73 *per cent* respectively. As a proportion of revenue expenditure, the share of General Services on an average remained 34 *per cent* during 1995-2000. The share of Social Services decreased from 37 *per cent* in 1995-96 to 36 *per cent* in 1999-2000 and that of Economic Services decreased from 30 *per cent* in 1995-96 to 26 *per cent* in 1999-2000.

1.6.3 Interest payments

Interest payments increased steadily by 109 *per cent* from Rs 285 crore in 1995-96 to Rs 597 crore in 1999-2000. This is further discussed in the section on financial indicators.

1.6.4 Financial assistance to local bodies and other institutions

The quantum of assistance provided to different local bodies, etc., during the period of five years ending 1999-2000 was as follows:

			(Rupees in crore)		
	1995-96	1996-97	1997-98	1998-99	1999-2000
Universities and other Educational Institutions	36.63	30.06	66.60	56.16	68.84
Municipal Corporations and Municipalities	11.20	12.06	31.75	23.52	16.77
Zila Parishads and *Panchayati Raj* Institutions	2.08	11.18	20.45	18.76	20.57
Development Agencies	9.76	24.98	48.68	49.30	21.94
Hospitals and Other Charitable Institutions	3.42	4.17	3.89	0.37	0.11
Other Institutions	91.01	49.75	33.40	26.61	39.20
Total	**154.10**	**132.20**	**204.77**	**174.72**	**167.43**
Percentage of increase (+)/ decrease (-) over previous year	**(+) 149**	**(-) 14**	**(+) 55**	**(-) 15**	**(-) 4**
Assistance as a percentage of revenue receipts	**9**	**7**	**9**	**8**	**4**
Percentage of assistance to Revenue expenditure	**8**	**6**	**8**	**5**	**4**

Compared to 1998-99, financial assistance to local bodies and others declined by 4 *per cent* during 1999-2000. The assistance to local bodies and others ranged between 4 and 9 *per cent* of the revenue receipts and between 4 and 8 *per cent* of the revenue expenditure during 1995-2000.

1.6.5(a) Loans and Advances by the State Government

The Government gives loans and advances to Government companies, corporations, local bodies, autonomous bodies, co-operatives, non-Government institutions, etc., for developmental and non-developmental activities. The position for the last five years given below shows that during 1999-2000 the closing balance is down by 48 *per cent* due to repayment of loans made under 'Power Projects' (energy) to the extent of Rs 498 crore during the year and may be read with comments in Para 1.11.1(a).

(Rupees in crore)					
	1995-96	1996-97	1997-98	1998-99	1999-2000
Opening balance	416.37	456.15	521.53	654.30	709.94
Amount advanced during the year	65.67	81.41	151.04	84.93	60.26
Amount repaid during the year	25.89	16.03	18.27	29.29	530.76
Closing balance	456.15	521.53	654.30	709.94	239.44
Net addition/ reduction (-)	39.78	65.38	132.77	55.64	(-) 470.50
Interest received	4.55	3.17	3.48	4.36	158.13

In respect of loans, the detailed accounts of which are maintained by the departmental officers, the total amount of overdue for recovery against loans advanced as on 31 March 2000, to the extent relevant information was received, was Rs 3.08 crore*, including Rs 1.94 crore on account of interest. This portion of the arrears related to "Loans to Co-operative Societies" under Co-operative Department.

1.6.5(b) Outstanding Loans and Advances

State Government advanced loans and advances to the beneficiaries under the provisions of State Aid to Industries Act, 1968 (Industrial loans) and Land Development Act, 1973 (Soil Conservation loans).

* Information in respect of 12 departments was awaited (August 2000).

Rules governing the grant of loans to beneficiaries require the loanee to mortgage property/land created/treated equal to the amount of loan and the loans were to be recovered within periods ranging between seven and 15 years by maintaining ledger account for each loanee. In case of default in repayment of overdue instalments of loan or interest, penal interest (2 *per cent*) was to be recovered and recoveries were to be made as arrear of land revenue. In the Directorates of three departments[1], it was noticed that year-wise details of outstanding loans and number of cases were not available with them, though loans of Rs 2.84 crore advanced during 1950-97 were outstanding and interest of Rs 3.03 crore had also accrued thereby accumulating the amount of outstanding loans including interest to Rs 5.87 crore as of 31 March 2000.

Test-check (February-May 2000) of records of these three departments in three districts[2] revealed the following points:

(a) (i) Rs 0.81 crore advanced during 1950-97 had been accumulated to Rs 1.82 crore and were outstanding[3] as on December 1999 as tabulated below:

Sr. No.	Name of Department	Number of cases	Category of loan	Amount outstanding as on 31 December 1999		Remarks
				Principal	Interest	
				(Rupees in Crore)		
1.	Industries	793	Industrial loan	0.12	0.35	(i) In respect of 4644 cases loans of Rs 0.53 crore advanced during 1957-94 not even single instalment was recovered as of December 1999. (ii) In respect of 3881 cases, the loans were partially recovered but the amount of Rs 0.28 crore was still outstanding.
		322	Margin money loan	0.18	0.21	
2.	Agriculture	6579	Soil conservation	0.43	0.40	
3.	Horticulture	831	Horticulture activities	0.08	0.05	
	Total	8525		0.81	1.01	

(ii) In respect of 195 cases loans of Rs 16.15 lakh advanced by the Industries Department during 1957-94 were not utilised for the purposes for which these were sanctioned. This resulted in misutilisation of loans.

1 Agriculture, Horticulture and Industries.

2 Kangra, Mandi and Shimla.

3

Periodicity	Number of cases	Amount (Rupees in crore)
More than 15 years	1,231	0.14
More than 10 years but less than 15 years	590	0.08
More than 5 years but less than 10 years	2,977	0.12
Less than 5 years	3,727	0.47
Total	**8,525**	**0.81**

(iii) In respect of 202 cases, land of the beneficiaries was not mortgaged with the Sub-Registrar which resulted in non-recovery of Rs 5.78 lakh (Principal: Rs 3.24 lakh; Interest: Rs 2.54 lakh). No specific reasons for non-executing the mortgage deeds were advanced.

(iv) In 1993, two blocks[4] were transferred from Sub-Divisional Soil Conservation Officer (SDSCO), Mandi to SDSCO, Sarkaghat but the relevant records such as ledgers and personal files of loanees were not transferred by the SDSCO, Mandi. Due to this, recovery of loans of Rs 12.60 lakh in addition to interest of Rs 10 lakh could not be effected from the loanees by SDSCO, Sarkaghat.

DDOs stated (February-May 2000) that slow pace/delay in recovery of loans was due to (i) poor economical conditions of the agriculturists, (ii) improper mortgaging of land of farmers, (iii) inadequate staff, (iv) demise of loanees and (v) non-obtaining of surety/guarantee in respect of such cases where loans were granted on the creditworthiness of *Pradhans*, MLAs and MPs. The plea was not tenable as loans and advances were to be recovered as per provision of the rules. These lapses had resulted in piling up of loans and interest and possibilities of their non-recovery.

(b) In addition to granting loans to the beneficiaries, the Director, Horticulture advanced loans of Rs 12.64 crore to two corporations[5] during 1979-99 for agriculture implements, tools factory, cold storage, liquidating bank liabilities and to defray payment of fruit growers, etc. These loans were to be recovered within the period ranging between one month and 12 years. Total amount of loans including interest of Rs 3.24 crore upto March 1996 accumulated to Rs 15.88 crore. Of this, Rs 2.18 crore[6] were recovered between March 1984 and March 1989. Of the remaining amount of Rs 13.70 crore (Principal: Rs 10.46 crore; Interest: Rs 3.24 crore), Rs 9.24 crore[7] (Principal: Rs 6 crore; Interest: Rs 3.24 crore) to be recovered between March 1985 and March 1997 were awaiting recoveries as of December 1999. The Managing Directors, HPAIC and HPMC sent (February-March 1995) proposals to the State Government for conversion of these loans into share capital/equity and waiving off interest thereon which were rejected in April 1995. The Director, Horticulture again took up (August 1997) the matter for conversion of these loans into equity with the Government which had not been decided as of August 2000.

The matter was referred to the Government in August 2000; reply had not been received (September 2000).

4 Chauntra and Sundernagar.

5 HPAIC: Rs 1.67 crore and HPMC: Rs 10.97 crore.

6 HPAIC: Rs 0.05 crore and HPMC: Rs 2.13 crore.

7 HPAIC (Principal: Rs 1.62 crore; interest: Rs 0.69 crore) and HPMC (Principal: Rs 4.38 crore; interest: Rs 2.55 crore).

1.7 Capital expenditure

Capital expenditure leads to asset creation. In addition, financial assets arise from moneys invested in institutions or undertakings outside Government i.e. public sector undertakings (PSUs), corporations, etc., and loans and advances. During 1998-99, the capital expenditure had grown by 8 *per cent*, it has however, decreased by 5 *per cent* during 1999-2000. In 1999-2000, share of Capital expenditure in total expenditure came down from 15 *per cent* in 1998-99 to 13 *per cent* in 1999-2000. Exhibit IV shows that most of the capital expenditure had been on economic and social services and on the Plan side.

1.8 Quality of expenditure

1.8.1 Government spends money for different activities ranging from maintenance of law and order and regulatory functions to various developmental activities. Government expenditure is broadly classified into Plan and Non-plan and Revenue and Capital. While the Plan and Capital expenditure are usually associated with asset creation, the non-plan and revenue expenditure are identified with expenditure on establishment, maintenance and services. By definition, therefore, in general, the Plan and Capital expenditure can be viewed as contributing to the quality of expenditure.

1.8.2 Wastage in public expenditure, diversions of funds and funds blocked in incomplete projects would also impinge significantly on the quality of expenditure. Similarly, funds transferred to Deposit heads in the Public Account, after booking them as expenditure, can also be considered in judging the quality of expenditure. As the expenditure was not actually incurred in the concerned year it should be excluded from the figures of expenditure for that year. Another possible indicator is the increase in the expenditure on General Services, to the detriment of Economic and Social Services.

1.8.3 The following table lists out the trend in these indicators:

		1995-96	1996-97	1997-98	1998-99	1999-2000
1.	Plan expenditure as a percentage of:					
	Revenue expenditure	29	30	31	30	28
	Capital expenditure	99	100	100	100	100
2.	Capital expenditure (Percentage of Total Expenditure)	15	14	17	15	13
3.	Expenditure on General Services					
	Capital expenditure (Percentage)	5	5	4	4	6
	Revenue expenditure (Percentage)	33	33	31	33	38
4.	Amount of wastages and diversion of funds detected during test audit (Rs in crore)	7	9	1	5	86
5.	Non-remunerative expenditure on incomplete projects (Rs in crore)	NA	108	58	42	35

It would be seen that the share of Plan expenditure on revenue side decreased from 30 *per cent* in 1998-99 to 28 *per cent* in 1999-2000. The share of capital expenditure decreased from 15 *per cent* in 1995-96 to 13 *per cent* in 1999-2000.

1.9 Financial management

The issue of financial management in the Government should relate to efficiency, economy and effectiveness of its revenue and expenditure operations. Subsequent chapters of this Report deal extensively with these issues especially as they relate to the expenditure management in the Government, based on the findings of the test audit. Some other parameters, which can be segregated from the accounts and other related financial information of the Government are discussed in this section.

1.9.1 Investments and returns

The sector-wise details of investments made and the number of concerns involved were as under:

Sector	Number of concerns	Amount invested	
		As on 31.03.1999	During 1999-2000
		(Rupees in crore)	
Statutory Corporations/Boards	6	437.92	14.34
Government Companies	20	478.62	107.20
Joint Stock Companies	14	0.10	--
Cooperative Institutions	22	56.02	10.57
Total	62	972.66	132.11

The details of investments and the returns realised during the last five years by way of dividend and interest were as follows:

Year	Investment at the end of the year	Return	Percentage of return	Rate of interest on Government borrowing
	(Rupees in crore)			
1995-96	644.89	0.11	0.017	14
1996-97	722.84	0.54	0.074	13.85
1997-98	858.38	0.24	0.028	13.75/13.05
1998-99	972.66	0.54	0.055	12.50
1999-2000	1104.77	0.59**	0.053	11/12.25

** As per Statement 13 of Finance Accounts the dividend declared were Rs 0.47 crore. The difference of Rs 0.12 crore was under reconciliation.

Thus, while the Government was raising high cost borrowings from the market, its investments in Government companies, etc., fetched insignificant returns.

1.9.2 Financial results of irrigation works

The financial results of one major and eight medium irrigation projects with a capital outlay of Rs 67.96 crore at the end of March 2000 showed that revenue realised from these during 1999-2000 (Rs 3.12 lakh) was only 0.046 *per cent* of the capital outlay which was not sufficient to cover even the direct working expenses (Rs 4.09 crore). After meeting the working and maintenance expenditure (Rs 4.09 crore), these schemes suffered a net loss of Rs 4.06 crore.

1.9.3 Incomplete Projects

As of 31 March 2000, there were 25 incomplete projects in which Rs 35 crore were blocked. The position had improved as compared to the position as on 31 March 1999 (Details in Exhibit IV).

1.9.4 Arrears of revenue

The arrears of revenue pending collection decreased by 16 *per cent* during the year when compared to the outstanding arrears of 1998-99. The outstanding arrears ranged between 5 and 10 *per cent* of the revenue receipts during 1995-2000 (Exhibit-IV). Of the arrears of Rs 189 crore as of March 2000, Rs 17.87 crore (9 *per cent*) were pending for more than five years, and pertained mainly to Taxes on Goods and Passengers (Rs 0.57 crore), Taxes on Sale, Trade, etc. (Rs 14.94 crore), Industries (Rs 0.59 crore) and Police (Rs 1.38 crore).

1.9.5 Deficit

1.9.5.1 Deficits in Government account represent gaps between the receipts and expenditure. The nature of deficit is an important indicator of the financial management process in the Government. Further, the ways of financing the deficit and the application of the funds raised in this manner are important pointers of the fiscal prudence of the Government. The discussion in this section relates to three concepts of deficit viz., Revenue Deficit, Fiscal Deficit and Primary Deficit.

1.9.5.2 The Revenue Deficit is the excess of revenue expenditure over revenue receipts. The fiscal deficit may be defined as the excess of revenue and capital expenditure (including net loans given) over the revenue receipts (including grants-in-aid received). Primary deficit is fiscal deficit less interest payments. The following exhibit gives a break-up of the deficit in Government account.

				(Rupees in crore)
CONSOLIDATED FUND (CF)				
Receipt	**Amount**		**Disbursement**	**Amount**
Revenue	3715	**Revenue deficit: 106**	Revenue	3821
Miscellaneous capital receipts	--		Capital	554
Recovery of loans and advances	531		Loans and advances disbursement	60
Sub Total	**4246**	**Gross fiscal deficit: 189**	**Sub Total**	**4435**
Public debt	3635		Public debt repayment	3154
Total	**7881**	**A: Surplus in CF: 292**		**7589**
PUBLIC ACCOUNT				
Small Savings, PF, etc.	610		Small Savings, PF etc.	332
Deposits and Advances	1906		Deposits and Advances	1876
Reserve Funds	6		Reserve Funds	110
Suspense and Miscellaneous	77		Suspense and Miscellaneous	420
Remittances	2332		Remittances	2353
Total Public Account	**4931**	**B: Deficit in Public Accounts financed by surplus in CF: 160**	**Total Public Account**	**5091**
Increase in cash balance (A-B) : 132				

The table shows that the Revenue Deficit of Rs 106 crore was met from net recovery of loans and advances. The Fiscal Deficit of Rs 189 crore was financed from net proceeds of the public debt.

Exhibit IV shows that there had been significant reduction in Revenue Deficit during 1999-2000 as compared to 1998-99. This was due to increase in Revenue Receipts by 61 *per cent* and against this there was only 15 *per cent* increase in Revenue Expenditure during the year. The increase in Revenue Receipts was mainly under Interest Receipts (Rs 150 crore), receipt of forest royalty in advance from HPSFC, etc., (Rs 656 crore) and share of Union Taxes and duties and grants-in-aid (Rs 505 crore). Significant reduction in Fiscal

Deficit during the year was mainly due to recoveries of loans amounting to Rs 498 crore under "Power Projects" (Energy). These realisations under Interest Receipts, forest royalty and recoveries of loans under Power Projects may be read with the comments in Para 1.11.1 (a) and (b).

Revenue Deficit constituted 56 *per cent* of the Fiscal Deficit during 1999-2000.

1.9.5.3 Application of the borrowed funds (Fiscal Deficit)

The fiscal deficit represents total net borrowings of the Government. These borrowings are applied for meeting the Revenue Deficit (RD), for making the Capital Expenditure (CE) and for giving loans to various bodies for developmental and other purposes. The relative proportions of these applications would indicate the financial prudence of the State Government and also the sustainability of its operations because continued borrowing for revenue expenditure would not be sustainable in the long run. The following table shows the position in respect of the Government of Himachal Pradesh for the last five years.

Ratio	1995-96	1996-97	1997-98	1998-99	1999-2000
RD/FD	0.29	0.27	0.44	0.62	0.56
CE/FD	0.64	0.62	0.45	0.35	2.93
Net loans/FD	0.07	0.11	0.11	0.03	(-) 2.49
Total	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**

It would be seen that more and more of the borrowed funds have been applied for meeting the revenue expenditure during 1997-2000. The ratios of 1999-2000 are not realistic in view of the comments made in Para 1.11.1 (a) and (b).

1.9.6 Guarantees given by the State Government

Guarantees are given by the State Government for due discharge of certain liabilities like repayment of loans, share capital, etc., raised by the statutory corporations, Government companies and cooperative institutions, etc., and payment of interest and minimum dividend by them. They constitute contingent liability of the State. No law under Article 293(1) of the Constitution had been passed by the State Legislature laying down the maximum limits within which Government may give guarantees on the security of the Consolidated Fund of the State. Exhibit-IV shows that the amounts of guarantees given by the Government increased from Rs 1464 crore to Rs 2897 crore (98 *per cent* increase) during 1996-2000. The amounts outstanding at the end of each year also increased. While Rs 19.20 lakh were received as guarantee commission during 1999-2000, Rs 18.84 lakh of guarantee commission were outstanding for recovery from four Government companies as of 31 March 2000.

1.10 Public debt

1.10.1 The Constitution of India provides that a State may borrow within the territory of India, upon the security of the Consolidated Fund of the State within such limits, if any, as may from time to time, be fixed by an Act of Legislature of the State. No law had been passed by the State Legislature laying down any such limits. The details of the total liabilities of the State Government as at the end of the last five years are given in the following table. During the five year period, the total liabilities of the Government had grown by 117 *per cent*. This was on account of 104 *per cent* growth in internal debt, 115 *per cent* growth in loans and advances from Government of India and 133 *per cent* growth in other liabilities. During 1999-2000, Government borrowed Rs 229.18 crore in the open market at interest rates of 11.00 *per cent* to 12.25 *per cent* per annum.

(Rupees in crore)

Year	Internal debt	Loans and advances from Central Government	Total public debt	Other* liabilities	Total liabilities (Debt)	Ratio of Debt to GSDP**
1995-96	880	1425	2305	961	3266	0.51
1996-97	842	1715	2557	1143	3700	0.51
1997-98	523	2379	2902	1435	4337	0.53
1998-99	1683	2697	4380	2038	6418	0.69
1999-2000	1796	3065	4861	2243	7104	0.68

* Other liabilities include small savings, provident fund, reserve funds and deposits etc.

** Differs from previous year due to change in GSDP figures.

1.10.2 The amount of funds raised through Public Debt, the amount of repayment and net funds available are given in the following table:

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
Internal Debt*					
- Receipt	56	77	112	357	859
- Repayment (principal + interest)	47	52	66	86	141
- Net funds available	9 (16)	25 (32)	46 (41)	271 (76)	718 (84)
Loans and advances from GOI**					
- Receipt during the year	186	336	716	366	179
- Repayment (Principal + interest)	199	225	273	380	429
- Net funds available	(-) 13 (-7)	111 (33)	443 (62)	(-) 14 (-4)	(-) 250 (-) 140
Other liabilities					
- Receipt during the year	1113	1446	2119	2298	2389
- Repayment + interest paid	1059	1342	1919	1798	2299
- Net funds available	54 (5)	104 (7)	200 (9)	500 (22)	90 (4)

(Figures in parenthesis represents the percentage)

* These represent borrowings from market and institutional borrowings excluding Ways and Means Advances and Overdraft from Reserve Bank of India.

** Excluding Ways and Means Advances from GOI.

It would be seen that in respect of borrowing from GOI and other liabilities very little of the borrowings are available for investment and other expenditure after meeting the repayment obligations. Considering that the outstanding debt has been increasing year after year the net availability of funds through public borrowings is going to reduce further.

1.11 Ways and Means Advances and Overdrafts

Under an agreement with the Reserve Bank of India, the State Government had to maintain with the Bank a minimum daily cash balance of Rs 55 lakh from 1 March 1999 on all the days. If the balance falls below the agreed minimum on any day, the deficiency had to be made good by taking ways and means advances (WMA)/overdrafts (OD) from the Bank. In addition, special ways and means advances are also made by the Bank whenever necessary. Recourse to WMA/OD means a mismatch between the receipts and expenditure of the Government. Government of India Treasury Bills are also rediscounted to make good the deficiencies in cash balance.

The extent to which the State Government maintained the minimum balance with the Bank during 1995-2000 was as under:

Year	Number of days on which minimum balance was maintained		Number of days on which Overdraft was taken	Number of days on which Government of India Treasury bills were rediscounted
	Without obtaining any advance	By obtaining Ways and Means Advances		
1995-96	130	23	14	199
1996-97	122	21	10	212
1997-98	135	34	9	187
1998-99	108	81	38	138
1999-2000	67	81	172	45

Details of the Ways and Means Advances and Overdrafts taken by the State Government and interest paid thereon during the period from 1995-96 to 1999-2000 were as tabulated below:

(Rupees in crore)

	1995-96	1996-97	1997-98	1998-99	1999-2000
(1) Ways and Means Advances					
(i) Advances taken during the year (Gross)	51.95	88.23	218.05	564.91	650.58
(ii) Advances outstanding at the end of the year	16.87	33.67	33.67	59.07	59.00
(iii) Interest paid	0.10	0.10	0.24	0.74	3.29
(2) Overdrafts					
(i) Overdrafts taken during the year (Gross)	807.67	435.48	1428.88	1724.76	1508.41
(ii) Overdrafts outstanding at the end of the year	546.25	420.94	--	793.56	76.40
(iii) Interest paid	0.71	1.04	0.73	1.49	3.40
(3) Re-discounting of Government of India Treasury Bills					
(i) Amount of Bills re-discounted during the year	1207.75	1417.80	2824.53	1532.18	627.28
(ii) Amount outstanding at the end of the year	--	--	--	--	--
(iii) Interest paid	9.48	9.30	2.06	2.26	0.92

1.11.1(a) Boosting of revenue receipts and recovery of loans through loans raised by Himachal Pradesh State Electricity Board

Crediting of loan amounts to receipt heads of account resulted in boosting of revenue receipts by Rs 205.46 crore and recovery of loans of Rs 498 crore.

Mention was made in paragraphs 1.9.4, 1.9.4, 1.10 (a), and 1.11.1 (a) of the Reports of the Comptroller and Auditor General of India for the years ended 31 March 1995, 31 March 1996, 31 March 1998 and 31 March 1999 – Government of Himachal Pradesh respectively regarding raising of loans through Himachal Pradesh State Electricity Board (HPSEB) to tide over the stringent financial position as well as to meet urgent needs of the State.

On the directions of the State Government HPSEB raised loans of Rs 899.83 crore during 1994-2000 by issue of non-Statutory Liquidity Ratio (SLR) bonds . The State Government stood guarantee and gave requisite funds for liquidating these loans alongwith interest liabilities accruing thereon. These loan amounts were kept in the Government account according to the requirement during 1994-2000 under the head "8448-Deposit of Local Funds – Deposits not bearing interest- 107 Himachal Pradesh State Electricity Board" to boost the ways and means position.

It was further noticed that out of the loan amounts deposited in the Government account (8448-Deposit of Local Fund) on the directions of the Government, Rs 703.46 crore were credited on 29 March 2000 by the Additional Secretary (Power) to the Government to "0801-Power-06-Free Power Royalty" (Rs 53.18 crore), "0049 Interest Receipts-190-06-Interest on loans to HPSEB" (Rs 152.28 crore) and "6801-Loans for Power Projects –01-Loans to Himachal Pradesh Electricity Board for General purposes" (Rs 498 crore).

Thus, the crediting of loan amounts of Rs 205.46 crore as revenue receipts under the heads "0801-Free Power Royalty" (Rs 53.18 crore) and "0049 Interest Receipts" (Rs 152.28 crore) for which budgetary support was being given by the State Government resulted in boosting the revenue receipts by making use of one of its Public Sector Undertaking for raising money and this being a future burden on the State also concealed revenue deficit to this extent during 1999-2000.

Further, crediting of Rs 498 crore out of the loan amount under the head "6801 Loans for Power Projects" resulted in boosting the recovery of loans from HPSEB since the State Government had committed budgetary support besides concealment of fiscal deficit of the State Government to the extent during 1999-2000.

The matter was referred to the Government in August 2000; reply had not been received (September 2000).

1.11.1(b) Boosting revenue receipts through loans raised by Himachal Pradesh State Forest Corporation

Mention was made in paragraphs 1.10.3, 1.10 (b) and 1.11.1 of the Reports of the Comptroller and Auditor General of India for the years ended 31 March 1997, 31 March 1998 and 31 March 1999 – Government of Himachal Pradesh respectively regarding raising of loans for payment of advance royalty through Himachal Pradesh State Forest Corporation (HPSFC).

At the instance of the Government, HPSFC raised loans of Rs 659.63 crore by issue of non-Statutory Liquidity Ratio (SLR) bonds during 1996-2000. As per bond prospectus the HPSFC was to mobilise the resources with the objective of scientific and effective management of forest wealth of the State and silvicultural felling and extraction of timber, etc. Instead HPSFC deposited this amount in the Government account under the head "8448 Deposit of Local Funds-120 Other Funds, Deposits of HPSFC" as per the direction of the State Government during 1996-2000. The Government of Himachal Pradesh directed HPSFC to deposit advance royalty though no such provision was contained in the standard agreement between the Government and HPSFC. Moreover, neither the details of extraction/ utilisation of forest produce on which advance royalty was to be paid were worked out nor the details on which the estimated amount of advance royalty has been worked were available. The State Government stood guarantee and gave budgetary support to the latter against the interest and other liabilities including repayment of principal. Thus the amount of Rs 1268.56 crore was payable by the State Government during 1996-2007 to HPSFC on account of liability of interest (Rs 608.93 crore) and repayment of principal (Rs 659.63 crore).

It was noticed that out of the loan amount of Rs 659.63 crore, Principal Chief Conservator of Forests deposited Rs 656.04 crore on 31 March 2000 under the receipt head of account "0406-Forestry and Wild Life-01-Forestry-101-Sale of Timber".

Since the bond was subscribed by the interested parties on the basis of objectives listed in the bond prospectus, by depositing the proceeds of the bond to the Government account, the HPSFC violated the terms and conditions on which the loan was raised and to this extent it misrepresented facts to the bond holders. Further, there was nothing on record to indicate in what manner the amount of advance royalty was worked out as pointed out above. In the circumstances, utilisation of the loan proceeds for the so called advance royalty was nothing but an unauthorised action on the part of the Government to boost its ways and means position.

Further, the State Government has given guarantees for the loan amount and budgetary support for meeting the principal and interest liability. By this action, the Government has cast a future burden on the State besides concealment of revenue deficit to the extent during 1999-2000.

The matter was referred to the Government in August 2000; reply had not been received (September 2000).

1.11.2 (i) Improper operation of Police Deposit Fund

Punjab Police Rules as applicable in Himachal Pradesh envisage that charges for clothing and equipment for existing establishment may be drawn in each year immediately after the publication of annual budget allotment statement of contingent expenditure for each district by separate contingent bills by showing the number of men for whom the charge is made and rate per man. The Treasury Officer to whom the bills would be presented shall credit the amounts to the Police Deposit Fund (PDF) Account of the department. No other funds were to be placed in PDF account.

Test-check (May 2000) of records of five units[1] of Police department revealed that funds of Rs 11.76 crore were sanctioned by the Government of India (GOI) during 1999-2000 for modernisation of State Police Forces (Rs 4.38 crore[2]) and security related expenditure (SRE) (Rs 7.38 crore[3]). The sanctions of SRE included reimbursement of expenditure (Rs 3.38 crore) incurred during 1998-99 (Rs 0.47 crore) and 1999-2000 (Rs 2.91 crore). Further Rs 4 crore were sanctioned in advance as non-plan assistance for meeting SRE during 1999-2000.

The following irregularities were noticed:

(i) GOI sanctioned (1999-2000) Rs 4.38 crore (Loan: Rs 2.19 crore and Grant: Rs 2.19 crore) to the State Government for modernisation of State Police Forces. Of this Rs 0.41 crore were spent during 1999-2000 and remaining Rs 3.97 crore were drawn on 31 March 2000 by the Director General of Police (DGP) and irregularly placed in PDF account of DIG (Wireless), Shimla.

Similarly, Rs 4 crore sanctioned by GOI in anticipation of receipt of reimbursement claims of SRE for the year 1999-2000 drawn in March 2000 by the DGP were not spent for the stipulated purpose and were placed in PDF account of DIG (Wireless) on 31 March 2000 which was contrary to the rules *ibid.*

The DIG (Police), Wireless, Shimla, while admitting the facts, stated (June 2000) that the funds received in the last week of March 2000 could not be spent in a week's time and as such were kept in PDF as a temporary measure. Reply was not tenable as sanctions for releasing the funds were conveyed during June 1999-March 2000 and relevant rules did not provide for placing of such funds in PDF accounts.

Thus, placing of fund of Rs 7.97 crore unauthorisedly in PDF account was irregular and its non-utilisation for the specified purpose within the stipulated period had also resulted in failure to modernise the State Police Forces.

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1 Commandant, Ist Battallion, Junga, DIG Shimla, SP Wireless Shimla, SP Sirmour, SP Solan.

2 Purchase of vehicles, police training equipment, forensic science laboratory, light weaponry and communication.

3 Deployment of special police officers, material and supply, hot and cold weather charges, carriage of constabulary, rent and air lifting, etc.

(ii) Government Accounting Rules provide that recoveries of the expenditure incurred during previous/current year should either be accounted for under receipt head of account or taken as reduction of expenditure under the appropriate expenditure head. It was noticed that DGP drew Rs 3.38 crore on 31 March 2000 on account of reimbursement of SRE for the year 1998-99 (Rs 0.47 crore) and 1999-2000 (Rs 2.91 crore) and placed/deposited in the PDF account of DIG (Wireless) Shimla in contravention of the codal provision.

The matter was referred to the Government in July 2000; reply had not been received (September 2000).

1.11.2(ii) Improper operation of Personal Ledger Account

Rupees 17.78 crore deposited unauthorisedly by Director, Tourism and Civil Aviation in the PLA of Director, YSS.

A Personal Ledger Account (PLA) with a monetary limit of Rs two lakh was opened (July 1998) by the Director, Youth Services and Sports (YSS), Shimla. A scrutiny of the PLA revealed (May 2000) that the Director, YSS failed to observe the authorised monetary limit and the balances in the PLA during May 1999 and April 2000 ranged between Rs 2.11 lakh and Rs 17.80 crore.

It was further noticed that Rs 17.78 crore pertaining to land compensation and expansion of Gaggal and Bhuntar Airports (Rs 1768.45 lakh) and construction of Aero Sports Centre at Bir (Rs 10 lakh) were deposited in March 2000 unauthorisedly in the PLA by the Director, Tourism and Civil Aviation.

Thus, Rs 17.78 crore were deposited unauthorisedly in the PLA of Director, YSS, besides, the authorised monetary limit of Rs two lakh had also not been observed.

The matter was referred to the Government in August 2000; reply had not been received (September 2000).

1.12 Indicators of the financial performance of the State Government

1.12.1 A Government may either wish to maintain its existing level of activity or increase its level of activity. For maintaining its current level of activity it would be necessary to know how far the means of financing are sustainable. Similarly, if Government wishes to increase its level of activity it would be pertinent to examine the flexibility of the means of financing. Finally, government's increased vulnerability in the process. All the State Governments continue to increase the level of their activity principally through Five-Year Plans which translate to Annual development plans and are provided for mostly in the State Budget. Broadly, it can be stated that non-plan expenditure represents Government maintaining the existing level of activity*, while plan expenditure entails expansion of activity. Both these activities require resource mobilisation increasing Government's vulnerability. In short, financial health of a government can be described in terms of sustainability, flexibility, vulnerability and transparency. These terms are defined as follows:

(i) Sustainability:

Sustainability is the degree to which a Government can maintain its existing programmes and meet existing creditor requirements without increasing the debt burden.

(ii) Flexibility:

Flexibility is the degree to which a Government can increase its financial resources to respond to rising commitments by either expanding its revenues or increasing its debt burden.

(iii) Vulnerability:

Vulnerability is the degree to which a Government becomes dependent on and therefore, vulnerable to sources of funding outside its control or influence, both domestic and international.

(iv) Transparency:

There is also the issue of financial information provided by the Government. This consists mainly of the annual Financial Statement (Budget) and the Accounts. As regards the budget, the important parameters are timely presentation indicating the efficiency of budgetary process and the accuracy of the estimates. As regards accounts, timeliness in submission, for which milestones exist, and completeness of accounts would be the principal criteria.

1.12.2 Information available in Finance Accounts can be used to flesh out Sustainability, Flexibility, and Vulnerability that can be expressed in terms of certain indices/ratios worked out from the Finance Accounts. The list of such indices/ratios is given in the Annexure. The following table indicates the behaviour of these indices/ratios over the period from 1995-96 to 1999-2000:

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* There are exceptions to this notably transfer of Plan to Non-plan at the end of Plan period.

Financial indicators for Government of Himachal Pradesh

	1995-96	1996-97	1997-98	1998-99	1999-2000
(1)	(2)	(3)	(4)	(5)	(6)
Sustainability					
BCR (Rs in crore)	(-) 125	(-) 155	(-) 330	(-) 761	(-) 105
Primary Deficit (PD) (Rs in crore)	236	259	830	1164	(-) 408
Interest Ratio	0.15	0.15	0.17	0.21	0.12
Capital outlay/Capital receipts	0.95	0.74	0.61	0.62	0.31
Total Tax receipts/GSDP	0.12	0.12	0.14	0.14	0.15
State tax receipts/GSDP	0.05	0.06	0.06	0.06	0.06
Return on Investment ratio	0.0002	0.0007	0.0003	0.0005	0.0005
Flexibility					
BCR (Rs in crore)	(-) 125	(-) 155	(-) 330	(-) 761	(-) 105
Capital repayment/Capital borrowings	0.20	0.13	0.07	0.10	0.09
State tax receipts/GSDP	0.05	0.06	0.06	0.06	0.06
Debt/GSDP	0.51	0.51	0.53	0.69	0.68
Vulnerability					
Revenue Deficit (RD) (Rs in crore)	150	155	529	1022	106
Fiscal Deficit(FD) (Rs in crore)	521	572	1202	1662	189
Primary Deficit (PD) (Rs in crore)	236	259	830	1164	(-) 408
PD/FD	0.45	0.45	0.69	0.70	(-) 2.16
RD/FD	0.29	0.27	0.44	0.62	0.56
Outstanding guarantees/revenue receipts	0.45	0.50	0.75	0.81	0.51
Assets/Liabilities	0.97	0.94	0.85	0.73	0.74

Note:

1. Fiscal deficit has been calculated as: Revenue expenditure + Capital expenditure + Net loans and advances – Revenue receipts –Non-loan capital receipts.
2. In the ratio Capital outlay vs. Capital receipts, the denominator has been taken as Internal Loans* + Loans and Advances from Government of India* + Net receipts from small savings, PF etc. + Repayments received for loans advanced by the State Government – Loans advanced by the State Government.
3. Since GSDP for 1999-2000 had not been worked out by Government, it has been adopted by increasing GSDP at an average rate of growth during the preceding five years.

1.12.3 The implications of these indices/ratios for the State of the financial health of the State Government are discussed in the following paragraphs.

* Excluding Ways and Means Advances/overdrafts.

Sustainability:

(i) Balance from current revenues (BCR)

BCR is defined as revenue receipts minus plan assistance grants minus non-plan revenue expenditure. A positive BCR shows that the State Government has surplus from its revenues for meeting plan expenditure. The table shows that the State Government had negative BCRs during 1995-2000 which shows State's inability to generate surplus from the current revenues. The position would be worse but for the increase in revenue receipts on account of forest royalty in advance, free power royalty and interest receipts (Refer paragraphs 1.11.1(a) and 1.11.1(b)).

(ii) Interest ratio

The higher the ratio the lesser the ability of the Government to service any fresh debt and meet its revenue expenditure from its revenue receipts.

In case of Himachal Pradesh, the ratio has steadily risen from 0.15 in 1995-96 to 0.21 in 1998-99 but decreased to 0.12 during 1999-2000. However, it should be considered along with the fact that the State Government had credited Rs 152.28 crore under interest receipts out of the loans raised through HPSEB as discusssed in Para 1.11.1 (a).

(iii) Capital outlay/capital receipts

This ratio would indicate to what extent the capital receipts are applied for capital formation. A ratio of less than one would not be sustainable in the long term inasmuch as it indicates that a part of the capital receipt is being diverted to unproductive revenue expenditure. On the contrary, a ratio of more than one would indicate that capital investments are being made from revenue surplus as well. The trend analysis of this ratio would throw light on the fiscal performance of the State Government. A rising trend would mean an improvement in the performance.

In the case of Himachal Pradesh, the ratio had come down from 0.95 in 1995-96 to 0.31 in 1999-2000. This shows that position has deteriorated significantly and had worsened during 1999-2000.

(iv) Tax receipts Vs Gross State Domestic Product (GSDP)

Tax receipts consist of state taxes and State's share of Central taxes. The latter can also be viewed as Central taxes paid by people living in the State. Tax receipts suggest sustainability. But the ratio of tax receipts to GSDP would have implications for the flexibility as well. While a low ratio would imply that the Government can tax more, and hence its flexibility, a high ratio may not only point to the limits of this source of finance but also its inflexibility.

Time series analysis shows that in case of Himachal Pradesh ratio of total tax receipts to GSDP has been in the range of 0.12-0.15. However, the ratio of State tax receipts compared to GSDP has ranged between 0.05 and 0.06. The ratio suggests that the contribution of State's own taxes to the total tax collections of the State was insignificant. Further, in view of low rate of State taxes, the State Government had to borrow heavily (which comes at a cost) for meeting its revenue expenditure.

(v) Return on investment (ROI)

The ROI is the ratio of the earnings to the capital employed. A high ROI suggest sustainability.

Paragraph 1.9.1 presents the returns on Government's investments in statutory corporations, Government companies, joint stock companies and co-operative institutions. It shows that the ROI in case of Government of Himachal Pradesh was almost nil and ranged between 0.02 *per cent* and 0.07 *per cent* during 1995-2000. Poor return on investments are not sustainable, especially when the investments are made from funds borrowed at higher costs.

Flexibility

(vi) Capital repayments Vs Capital borrowings

This ratio would indicate the extent to which the capital borrowings are available for investment, after repayments of capital. The lower the ratio, the higher is the availability of capital for investment and other expenditure.

In case of Himachal Pradesh, though this ratio has steadily decreased from 0.20 in 1995-96 to 0.09 in 1999-2000, it is to be viewed in the context of increased borrowings in the recent years and the liability of repayment falling due in near future. Consequently, pressure on the State revenues to meet high level of repayments will further increase in future.

(vii) Debt Vs Gross State Domestic Product (GSDP)

The GSDP is the total internal resource base of the State Government, which can be used to service the debt. An increasing ratio of Debt/GSDP would signify a reduction in the State's ability to meet its debt obligations and therefore increasing risk for the lender.

In case of Himachal Pradesh, this ratio increased from 0.51 in 1995-96 to 0.68 in 1999-2000 which shows a very significant increase in the indebtedness of the Government. Apart from the increased liability of interest payment, the fact that borrowed funds were increasingly applied to meet the revenue expenditure overburdened the fiscal system.

(viii) Revenue Deficit/Fiscal Deficit

The revenue deficit is the excess of revenue expenditure over revenue receipts and represents the revenue expenditure financed by borrowings etc. Evidently, the higher the revenue deficit, more vulnerable is the State. Since fiscal deficit represents the aggregate of all the borrowings, the revenue deficit as a percentage of fiscal deficit would indicate the extent to which the borrowings of the Government are being used to finance non productive revenue expenditure. Thus higher the ratio, the worse off the State because that would indicate that the debt burden is increasing without adding to the repayment capacity of the State.

During 1999-2000, 56 *per cent* of the borrowing were applied to revenue expenditure as compared to 27 *per cent* in 1996-97. This is an unfavourable trend as it left little amount of borrowed funds for Capital expenditure. Further, the ratio for this year is unrealistic in view of comments made in Paragraphs 1.11.1(a) and 1.11.1(b) and is worse than what is depicted here.

(ix) Primary deficit Vs Fiscal deficit

Primary deficit is the fiscal deficit minus interest payments. This means that the less the value of the ratio the less the availability of funds for capital investment.

In case of Himachal Pradesh, the ratio was less than one in all the preceding five years which was indicative of increased vulnerability since capital was being applied to meet revenue deficit rather than increasing the assets. This should be considered also with the fact that both the RD and FD are not realistic and are grossly understated in view of the comments contained in Paras 1.11.1 (a) and (b).

(x) Guarantees Vs Revenue receipts

Outstanding guarantees, including the letters of comfort issued by the Government, indicate the risk exposure of a State Government and should therefore be compared with the ability of the government to pay viz. its revenue receipts. Thus, the ratio of total outstanding guarantees to total revenue receipts of the Government would indicate the degree of vulnerability of the State Government.

In case of Himachal Pradesh, this ratio increased from 0.45 in 1995-96 to 0.81 in 1998-99. The ratio shows that the guarantees given by the State Government cover a substantial part of its revenue receipts. However, during 1999-2000 this ratio had decreased to 0.51 despite a marginal increase in outstanding guarantee amount. This may be attributed to substantial increase in revenue receipts. The significant increase in revenue receipts should, however, be considered alongwith the fact that the State Government was using funds raised through loans by Statutory Corporation and a Government Company (Para 1.11.1) for crediting in revenue receipts and thus increasing such receipts irregularly.

(xi) Assets Vs Liabilities

This ratio basically is related to financial assets and liabilities as indicated in Exhibit-I and points towards the solvency of the Government. A ratio of more than one would indicate that the State Government is solvent (assets are more than the liabilities) while a ratio of less than one would be a contra indicator.

In case of Himachal Pradesh, this ratio has declined sharply from 0.97 in 1995-96 to 0.74 in 1999-2000, indicating that the liabilities have grown at a much higher rate than the assets.

Transparency

(xii) Budget

There was no delay in submission of the budget proposals and their approval.

The details are given in the following table:

Preparation	Month of submission	Month of approval
Budget	9.3.1999	31.3.1999
Supplementary	3.3.2000	6.3.2000

Chapter II of this Report carries a detailed analysis of variations in the budget estimates and the actual expenditure as also of the quality of budgetary procedure and control over expenditure. It indicates deficit budgeting and inadequate control over expenditure, as evidenced by persistent resumptions (surrenders) of significant amounts every year *vis-a-vis* the final modified grant. Significant variations (excess/saving) between the final modified grant and actual expenditure were also persistent. Regularisation of excess expenditure is pending in case of several grants since 1996-97 as detailed in Para 2.3.2 (a) of the Report.

(xiii) Accounts

It was observed that out of 12 treasuries, accounts of one to two treasuries were delayed resulting in their exclusion from monthly accounts. Similarly out of 82 Forest Divisions, accounts of two to 10 divisions were delayed resulting in their exclusion from monthly cash accounts during 1999-2000.

1.12.4 Conclusion

A negative BCR and negligible return on investments adversely affected the sustainability of the State's finances. Almost stagnant tax ratio made the situation worse. Resultantly, Government took recourse to increased borrowings, thereby raising its overall indebtedness. Similarly, revenue and fiscal deficits, falling assets to liability ratio and high amounts of guarantees have added considerably to the vulnerability of the State's finances. Further, the financial position including the liabilities of Government were actually worse than seen through the above indicators as explained in Paragraphs 1.11.1(a) and 1.11.1(b) of the Report. The Government decision of full budgetary support to the Himachal Pradesh State Electricity Board and the Himachal Pradesh State Forest Corporation to meet the liability of principal and interest amounts of the loans was nothing but directly funding the loans raised by these two organisations to bail out the Government. It has also stood guarantee for both the loans. These facts are hidden and, therefore, both accounts and budgetary process cannot be said to be transparent. The deficits also would have been much more but for the extra funds credited as revenue receipts and recovery of loans in irregular way. Substantial savings and excesses, instances of irregular provisions of funds for schemes awaiting approval, funds kept outside Government accounts and irregular diversion of funds are indicative of ineffective monitoring and control over expenditure. Overall, the financial position of Government can be termed precarious due to above facts.

Annexure

(Refer paragraph 1.12.2; page 27)

List of Indices/ratios and basis for their calculation

Indices/ratios		Basis for calculation
Sustainability		
Balance from the current revenues	BCR	Revenue Receipts minus all Plan grants (under Major Head 1601-02,03,04) and Non-Plan revenue expenditure
Primary Deficit	PD	Fiscal Deficit minus interest payments.
Interest Ratio		Interest payments minus Interest receipts / Total revenue receipts minus interest receipts.
	Capital Outlay	Capital expenditure as per Statement No 2 of the Finance Accounts
Capital Outlay Vs Capital Receipts	Capital receipts	Miscellaneous Capital receipts (=) Internal Loans* + Loans and advances from Government of India* + Net receipt under Small Savings, Provident Fund, etc. + Repayment received of loans advanced by the State Government - Loans advanced by the State Government.
Total Tax receipt Vs GSDP	Total Tax Receipts	State Tax receipts plus State's share of Union taxes and duties
State Tax receipt Vs GSDP	State Tax Receipts	Statement 10 of Finance Accounts
Flexibility		
Balance from current revenues		As above.
Capital repayments Vs Capital borrowings	Capital Repayments	Disbursements under Major heads 6003 and 6004 minus repayments on account of Ways and Means Advances/Overdraft under both the major heads
	Capital Borrowings	Addition under Major Heads 6003 and 6004 minus addition on accounts of Ways and Means advances/overdraft under both the major heads
Incomplete Projects		Exhibit-IV
Total Tax Receipts Vs GSDP	Total Tax Receipts	State Tax receipts plus State's share of Union taxes and duties.
Debt Vs GSDP	Debt	Para 1.10.1 of Audit Report.
Vulnerability		
Revenue Deficit		Paragraph No 1.9.5.2 of the Audit Report
Fiscal Deficit		Paragraph No 1.9.5.2 of the Audit Report
Primary Deficit Vs Fiscal Deficit	Primary Deficit	Fiscal Deficit minus interest payments
Total outstanding guarantees including letters of comfort Vs Total revenue receipts of the Government	Outstanding guarantees Revenue Receipts	Exhibit IV Exhibit II
Assets Vs Liabilities	Assets and Liabilities	Exhibit I

* Excluding Ways and Means Advances and Overdraft.

CHAPTER-II

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

CHAPTER-II

SUMMARY OF APPROPRIATION ACCOUNTS 1999-2000

Total No. of grants : 31

Total provision and actual expenditure

		(Rupees in crore)	
Provision	**Amount**	**Expenditure**	**Amount**
Original	4720.65		
Supplementary	386.13		
Total gross provision	**5106.78**	**Total gross expenditure**	**7977.13**
Deduct-Estimated recoveries in reduction of expenditure	252.25	*Deduct*-Actual recoveries in reduction of expenditure	387.01
Total net provision	**4854.53**	**Total net expenditure**	**7590.12**

Voted and Charged provision and expenditure

		(Rupees in crore)		
	Provision		**Expenditure**	
	Voted	**Charged**	**Voted**	**Charged**
Revenue	3506.65	586.86	3542.54	606.72
Capital	837.68	175.59	670.87	3157.00
Total gross:	**4344.33**	**762.45**	**4213.41**	**3763.72**
Deduct-Recoveries in reduction of expenditure	252.25	--	387.01	--
Total net:	**4092.08**	**762.45**	**3826.40**	**3763.72**

APPROPRIATION AUDIT AND CONTROL OVER EXPENDITURE

2.1 Introduction

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

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

2.2 Summary of Appropriation Accounts

The summarised position of actual expenditure during 1999-2000 against 31 grants/appropriations was as follows:

		Original grant/ appropriation	Supplementary grant/ appropriation	Total	Actual expenditure*	Saving (-)/ Excess (+)
		(Rupees in crore)				
Voted	I Revenue	3247.21	259.44	3506.65	3542.54	(+) 35.89
	II Capital	675.78	78.78	754.56	610.61	(-) 143.95
	III Loans and Advances	53.34	29.78	83.12	60.26	(-) 22.86
Total Voted		**3976.33**	**368.00**	**4344.33**	**4213.41**	**(-) 130.92**
Charged	IV Revenue	585.49	1.37	586.86	606.72	(+) 19.86
	V Capital	--	2.56	2.56	2.56	--
	VI Public Debt	158.83	14.20	173.03	3154.44**	(+) 2981.41
Total Charged		**744.32**	**18.13**	**762.45**	**3763.72**	**(+)3001.27**
Appropriation to Contingency Fund		--	--	--	--	--
Grand Total		**4720.65**	**386.13**	**5106.78**	**7977.13♣**	**(+)2870.35**

** Includes Rs 2225.58 crore and Rs 650.65 crore on account of repayment of Overdrafts and Ways and Means Advances obtained from Reserve Bank of India.

* These are gross figures inclusive of recoveries adjusted in reduction of expenditure viz., Revenue expenditure: Rs 327.72 crore: Capital expenditure: Rs 59.29 crore.

♣ Includes Rs 3.45 crore (noticed as a result of test-check) drawn by Animal Husbandry and Industries departments on AC bills in respect of which DC bills were awaited.

2.3 Results of Appropriation Audit

2.3.1 Savings/excesses in grants/appropriations

The overall excess of Rs 2870.35 crore was the net result of savings in 46 cases and excesses in 18 cases as shown below:

	Savings		Excesses		Net Saving(-)/excess(+)	
	Revenue	Capital	Revenue	Capital	Revenue	Capital
	(Rupees in crore)					
Voted	226.84 (In 20 grants)	218.86 (In 21 grants)	262.73 (In 10 grants)	52.05 (In 6 grants)	(+) 35.89	(-) 166.81
Charged Appropriations	0.77 (In 5 appropriations)	--	20.63 (In 1 appropriation)	2981.41 (In 1 appropriations)	(+) 19.86	(+) 2981.41

2.3.2 (a) Excess over provision relating to previous years requiring regularisation

As per Article 205 of the Constitution of India, it is mandatory for a State Government to get the excess over a grant/appropriation regularised by the State Legislature. Excess expenditure amounting to Rs 4789.92 crore for the years 1996-97 to 1998-99 was yet to be regularised (August 2000) by the State Legislature. Moreover, explanations for the excess expenditure incurred during 1996-99 had not been furnished by the Government to the Public Accounts Committee (PAC) as of August 2000, as detailed below:

Year	No. of grants/ appropriations	Grant/Appropriation No(s)	Amount of excess	Amount for which explanations not furnished to PAC
			(Rupees in crore)	
1996-97	20	1, 2, 4, 5, 6, 7, 8, 9, 10, 11, 12, 15, 17, 18, 20, 23, 26, 28, 29 and 31	681.46	681.46
1997-98	19	2, 4, 5, 8, 9, 10, 11, 12, 13, 15, 17, 20, 21, 22, 23, 26, 28, 29 and 31	2275.36	2275.36
1998-99	20	1, 2, 4, 8, 9, 10, 11, 12, 13, 14, 17, 18, 20, 21, 23, 24, 25, 28, 29, 31	1833.10	1833.10
	Total:		4789.92	4789.92

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

(b) Excess over provision during 1999-2000 requiring regularisation

During 1999-2000, there was a total excess of Rs 262.73 crore in 10 grants in the revenue section and Rs 20.63 crore in one appropriation while the excesses in the capital section amounted to Rs 52.05 crore in 6 grants and Rs 2981.41* crore in one appropriation. These excesses (details given below) require regularisation under Article 205 of the Constitution of India.

S. No.	Grant	Total grant/ appropriation	Actual expenditure	Amount of excess
	Voted Grants		**(Rupees)**	
	Revenue			
1.	7- Police and Allied Organisation	1,58,32,95,000	1,61,88,53,116	3,55,58,116
2.	8-Education, Sports, Arts and Culture	6,92,61,88,958	7,75,96,25,526	83,34,36,568
3.	9-Health and Family Welfare	2,23,44,66,000	2,28,50,34,857	5,05,68,857
4.	10-Public Works	1,28,64,52,000	2,22,15,04,356	93,50,52,356
5.	12-Irrigation and Flood Control	72,14,93,000	80,36,31,262	8,21,38,262
6.	17-Roads and Bridges	1,63,76,42,000	1,70,21,47,898	6,45,05,898
7.	23-Water and Power Development	83,00,01,000	92,10,74,117	9,10,73,117
8.	28-Water Supply, Sanitation, Housing and Urban Development	2,25,17,80,000	2,52,34,56,519	27,16,76,519
9.	29-Finance	4,48,26,42,121	4,60,73,81,242	12,47,39,121
10.	31-Tribal Development	1,62,58,65,000	1,76,43,96,091	13,85,31,091
	Total:	**23,57,98,25,079**	**26,20,71,04,984**	**2,62,72,79,905**
	Capital			
11.	4-General Administration	24,01,000	35,79,37,858	35,55,36,858
12.	17-Roads and Bridges	1,70,92,46,386	1,81,52,99,295	10,60,52,909
13.	18-Supplies, Industries and Minerals	3,22,00,000	3,22,89,025	89,025
14.	20-Rural Development	4,00,000	5,16,649	1,16,649
15.	27-Labour and employment	47,00,000	47,81,256	81,256
16.	28-Water Supply, Sanitation, Housing and Urban Development	1,32,13,14,000	1,38,00,15,549	5,87,01,549
	Total:	**3,07,02,61,386**	**3,59,08,39,632**	**52,05,78,246**
	Charged Appropriation			
	Revenue			
17.	29-Finance	5,76,71,03,000	5,97,33,56,591	20,62,53,591
	Total:	**5,76,71,03,000**	**5,97,33,56,591**	**20,62,53,591**
	Capital			
18.	29-Finance	1,73,02,58,618	31,54,43,73,732*	29,81,41,15,114
	Total:	**1,73,02,58,618**	**31,54,43,73,732**	**29,81,41,15,114**

Reasons for the excesses had not been furnished as of August 2000.

* Includes Rs 2225.58 crore and Rs 650.65 crore on account of repayment of Overdrafts and Ways and Means Advances obtained from Reserve Bank of India.

2.3.3 Original Budget and Supplementary Provision

The overall supplementary grants and appropriations obtained during 1999-2000 constituted 8 *per cent* of the original grants and appropriations.

2.3.4 Unnecessary/ excessive/ inadequate Supplementary Provision

(a) Supplementary provision of Rs 1.48 crore in Revenue Section in three cases was wholly unnecessary as the expenditure in each case was even less than the original provision, the saving being more than 50 lakh in each case, as indicated in the Appendix-II.

(b) Against the actual requirement of Rs 36.38 crore in Revenue Section in 6 cases, supplementary provision of Rs 48.41 crore was obtained resulting in saving of Rs 12.03 crore. Relevant details are given in Appendix-III.

(c) Supplementary provision of Rs 181.20 crore (Revenue: Rs 141.12 crore; Capital: Rs 40.08 crore) obtained in 8 cases, as detailed in Appendix-IV, proved inadequate by more than Rs one crore in each case leaving an aggregate uncovered excess expenditure of Rs 189.64 crore.

2.3.5 Persistent savings/excesses

Expenditure was persistently less than the total provisions by 5 *per cent* and more in five cases during 1997-2000 while it exceeded the provision by more than 5 *per cent* persistently in seven other cases. Relevant details are indicated in Appendix-V.

2.3.6 Significant Savings

Of the final savings of Rs 445.70 crore under voted grants and of Rs 0.77 crore under charged appropriations, savings of not less than Rs 50 lakh in each case aggregating Rs 443.81 crore (28 cases) occurred in 24 grants, details of which along with the main reasons for savings, as furnished by the Government, are indicated in Appendix-VI.

2.3.7 Surrender of funds

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

It was, however, noticed that in nine grants (10 cases) savings exceeded Rs 1 crore and were not fully surrendered. In six grants (7 cases), the amount surrendered exceeded the overall savings by Rs 3.92 crore. Further, in the case of five grants, Rs 21.87 crore were surrendered although expenditure exceeded the grant and no savings were available for surrender. Relevant details are indicated in Appendix-VII.

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

2.3.8 Failure to furnish explanations for savings/excesses

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

Such explanations for variations in respect of the Appropriation Accounts for 1999-2000 were necessary in the case of 934 heads/sub-heads, but were not received in the case of 567 heads/sub-heads (61 *per cent*) as of September 2000.

2.3.9 Trend of recoveries

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

Scrutiny of the Accounts for 1999-2000 revealed that against the budget estimates of Rs 181.46 crore in the revenue section, actual recoveries were Rs 327.72 crore. In the capital section, against the budget estimates of Rs 70.79 crore, actual recoveries and adjustments were Rs 59.29 crore. Thus, in the revenue section, recoveries in reduction of expenditure were underestimated by Rs 146.26 crore in six grants. Similarly, in the capital section, the recoveries and adjustments were over-estimated to the extent of Rs 11.50 crore which was the net effect of overestimation in three grants and underestimation in five grants. Details of major variations involving 12 *per cent* and above of the original estimates and not less than Rs one crore in each case are given in Appendix-VIII.

2.3.10 Injudicious reappropriation

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

In 34 cases (sub-heads) involving 12 grants/appropriations, the reappropriation of Rs 5.39 crore proved to be injudicious as

(a) the original provisions under the sub-heads to which the funds were transferred by reappropriation (Rs 0.61 crore) were adequate and consequently, the amounts reappropriated remained unutilised and

(b) the heads from which the funds (Rs 4.78 crore) were transferred did not have any savings available under them for reappropriation.

Relevant details are contained in Appendix-IX.

2.4 Reconciliation of departmental figures

The reconciliation of departmental figures with the figures booked in the office of the Accountant General should be carried out every month by the Head of the Department to ensure that the departmental accounts are sufficiently accurate and to secure the accuracy of the accounts maintained in the Accounts Office from which the final published accounts are compiled.

Despite reporting the extent of delay in reconciliation to the Government periodically, one Head of the Department[1] had not reconciled the expenditure of Rs 7.64 crore in respect of three heads of accounts[2] for 1999-2000. Thus the expenditure to this extent remained unreconciled.

The matter was referred to the Government in August 2000; reply had not been received (September 2000).

2.5 Unjustified drawal and unauthorised parking of public funds outside Government accounts

Of Rs 19.50 crore drawn for execution of various schemes/developmental works, payment of land compensation, etc., Rs 18.08 crore were lying unutilised outside Government accounts.

Financial rules stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advance from the treasury for the execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly into the treasury. The DDOs were not authorised by any general or specific rules to deposit unutilised funds in banks/post offices.

Test-check of records of eight DDOs of Irrigation and Public Health, Revenue, Rural Development, Panchayati Raj, Public Works and Transport departments revealed that Rs 19.50 crore including Rs 30 lakh (DC, Lahaul and Spiti: Rs 15 lakh and DC, Bilaspur: Rs 15 lakh) pertaining to the funds received from Government of India were drawn between 1994-95 and 1998-99 for execution of various schemes/developmental works, payment of land compensation, etc. Due to inability of the departments to spend the amount, Rs 18.08 crore were lying unutilised in the banks (Rs 4.74 crore)/post offices (Rs 13.17 crore) and with executing agencies (Rs 0.17 crore) at the end of February 2000 as per details given in the Appendix-X.

It is noticeable that Rs 67.11 lakh pertain to Revenue Department offices alone. LAO, Kangra demanded the advance payments from the Shahnehar Project authorities without first assessing the probable land compensation payments to be made by him immediately. LAO, Kangra stated

1 Principal Advisor, Planning.

2 2702-Minor Irrigation (Rs 0.03 crore); 4215-Capital Outlay on Water Supply and Sanitation (Rs 6.09 crore) and 4702-Capital Outlay on Minor Irrigation (Rs 1.52 crore).

(November 1999) that no demand for deposit of compensation was raised by him on Shahnehar Project authorities. However, XEN, Shahnehar Project Division No.II intimated (May 2000) that the amount had been deposited with LAO, Kangra only on demand made by him. Hence, LAO's version that funds were made available without any demand from him was not tenable. Apparently, LAO demanded funds unnecessarily in anticipation of announcement of awards.

Such unauthorised deposit of Government scheme funds in banks/post offices apart from being highly irregular also resulted in non-execution/delay in execution of schemes. In absence of transparent criteria for selection of banks for depositing Government funds possibility of malpractices in these cases could not be ruled out. Hence, such unauthorised detention of Government funds outside the Government account needs to be investigated for issue of suitable direction by Government.

The matter was referred to the Government in April 2000; reply had not been received (September 2000).

2.6 Expenditure and budgetary control in the Irrigation and Public Health Department

2.6.1 Introduction

Funds for irrigation, flood control, water supply and sanitation in the State budget are provided under various Major Heads* through Grant Nos. 12-Irrigation and Flood Control, 28-Water Supply, Sanitation, Housing and Urban Development, and 31-Tribal Development. Superintending Engineers (SEs) being the Controlling Officers of the divisions under their control send the budget proposals through the respective zonal Chief Engineers (CEs) to the Engineer-in-Chief (E-in-C), who is responsible for preparation and submission of budget estimates to Finance Department (FD) through the Administrative Department. Budgetary procedure and system for expenditure control during 1997-2000 was reviewed in the office of E-in-C during April-August 2000 which was further supplemented by information collected from eight divisions[1]. Important points noticed are discussed in the succeeding paragraphs.

* "2701", "2702", "2705", "2711", "2215", "4215", "4701", "4702", "4705" and "4711".

1 Arki, Bilaspur, Mandi, Nahan, Shimla-I, Shimla-II, Solan and Sundernagar.

2.6.2 Budget and Expenditure

The overall position of funds allotted and expenditure incurred thereagainst during 1997-2000 under Grant Nos. 12 and 28 was as under:

Year	Total provision	Actual expenditure	Excess (+)/Savings (-)
		(Rupees in crore)	
Grant No. 12			
Plan			
1997-98	68.73	79.29	(+) 10.56
1998-99	81.44	84.20	(+) 2.76
1999-2000	90.78	83.02	(-) 7.76
Non-Plan			
1997-98	14.60	15.18	(+) 0.58
1998-99	15.76	21.87	(+) 6.11
1999-2000	18.28	21.87	(+) 3.59
Grant No. 28			
Plan			
1997-98	130.56	154.92	(+) 24.36
1998-99	166.64	199.80	(+) 33.16
1999-2000	196.25	237.24	(+) 40.99
Non-Plan			
1997-98	72.16	74.24	(+) 2.08
1998-99	85.50	107.08	(+) 21.58
1999-2000	80.14	86.93	(+) 6.79
Total:	**1020.84**	**1165.64**	**(+) 144.80**

It would be seen that persistent excesses occurred in both the grants during 1997-2000 except in 1999-2000 when there was a saving of Rs 7.76 crore in Grant No. 12. The budget estimates were thus not framed on realistic basis. The excess expenditure of Rs 152.56 crore (excluding savings of Rs 7.76 crore during 1999-2000) during 1997-2000 had also not been regularised from the Legislature as of August 2000 as required under Article 205 of the Constitution. E-in-C stated (June and July 2000) that reasons have been called for from field offices and excess expenditure will be got regularised in due course of time. The reply was evasive and shows lack of seriousness on the part of the HOD for such recurring excesses. He should have *ab initio* taken steps to see that such excess expenditure does not recur year after year and further such excess expenditure should have been got regularised within reasonable time.

2.6.3 Lack of control over expenditure

During 1998-99, against the total sanctioned budget of Rs 262.30 crore, in which letter of credit (LOC) was involved, LOC amounting to Rs 277.84 crore was authorised by FD resulting in excess issue of LOC of Rs 15.54 crore. The provisions of Budget Manual and the scheme for issue of LOC which provided for keeping the expenditure within the budget allotment were thus, not followed.

2.6.4 Irregular provision of funds for schemes awaiting approval/finalisation

According to the provisions of Budget Manual, diversion of funds from one sub-head of development to another can be made only with the prior approval of Planning Commission and from one scheme to another with the approval of the State Planning Department. It was noticed in audit that provisions of Rs 3.76 crore made continually for three schemes[2] in the budget estimates during 1997-2000 were subsequently re-appropriated to other sub-heads without approval of the Planning Department, as required. Assistant Controller (F&A) stated that re-appropriation was made with the approval of FD as the schemes for which provisions were made had not been approved/finalised. FD thus, failed to follow the provisions of Budget Manual.

2.6.5 Funds kept out side Government Accounts

FD sanctioned (31 March 2000) LOC of Rs 8 crore under Centrally sponsored scheme "Rajiv Gandhi National Drinking Water Mission". The amount was placed at the disposal of the Executive Engineer, Division No. 1, Shimla for purchase of GI pipes. The entire amount was deposited with the Himahcal Pradesh State Civil Supplies Corporation (HPCSC) on the same day. However, HPCSC, on the directions of the Government, deposited the amount on 31 March 2000 with the Himachal Pradesh Road and Bridges Construction Development Corporation, Shimla with the directions that the amount would be taken back as and when required. The HPCSC however, requested (May 2000) for the refund of the entire amount but the same had not been received back as of August 2000.

Thus, the whole purpose of issuing LOC of Rs 8 crore was defeated as the amount could not be utilised for the specified purpose and also remained outside the Government account.

2.6.6 Irregular diversion of funds

As per Budget Manual, re-appropriations are not permissible from one grant to another. During 1998-99, there was a budget provision of Rs 56.43 lakh in Grant No. 12 under the head '2701-Major and Medium Irrigation-04-Medium Irrigation-301-Giri Bata Project-01-Maintenance and Repairs (Non-Plan)'.

2 Drinking water supply scheme to rural habitat: Rs 2 crore; Seed money for setting up of ground water: Rs 0.26 crore and Construction of field channel project: Rs 1.50 crore.

Against this, Rs 103.63 lakh were spent resulting in excess expenditure of Rs 47.20 lakh.

It was noticed in audit that to regualrise the excess expenditure over the sanctioned budget, additional demand of Rs 43.57 lakh was 'placed by the department but it was not made available by FD during that year. In order to meet this excess expenditure in Grant No. 12, the Executive Engineer, Paonta reappropriated Rs 47.13 lakh through 7 transfer entries to Grant No. 28, Major Head '2215-Water Supply Scheme' where funds were available. This recourse was adopted by the department to avoid obtaining of reappropriation orders from the Government.

2.6.7 Non-submission of liability statements to Finance Department

Liability statements to exercise effective control over expenditure and preparation of correct budget estimates were not sent by E-in-C to FD during 1997-2000 as required under the Budget Manual.

CHAPTER-III

SECTION - A

REVIEWS

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CHAPTER-III

CIVIL DEPARTMENTS

SECTION - A - REVIEWS

Health and Family Welfare Department

3.1 Implementation of "Prevention of Food Adulteration Act"

Highlights

The State Food (Health) Authority did not ensure compliance of various provisions of the Prevention of Food Adulteration Act/Rules. Deficiencies like shortage of trained technical and non-technical manpower, non-coverage of all food vendors under licensing, shortfall in taking samples of food items, non-imparting of training and non-monitoring of PFA activities by the State Food (Health) Authority and other senior officers of the department in the field showed that very little attention had been paid for enforcement of PFA Act/Rules during 1995-2000. Thus, the main objectives viz to prevent manufacture, storing and sale of adulterated food stuffs; to ensure quality food to the consumers; prohibit misbranding; ensure protection from fraud and deception, etc., had remained largely unachieved. Important points noticed in audit were as under:

** *Posts of Food Inspectors were sanctioned on ad hoc basis. Against the sanctioned strength of seven to 12 Food Inspectors in the State, only one to five regular Food Inspectors remained in position during 1995-99 resulting thereby in persistent shortage of Food Inspectors. Of the 24 Senior level posts of Public Analyst/Scientists in the Composite Testing Laboratory (CTL) at Kandaghat, 23 posts were lying vacant since April 1984. No action to fill up the vacant posts had been taken.*

(Paragraph 3.1.6 (i) and (ii))

** *Database of food manufacturers, wholesale dealers and retailers was neither maintained by the State Food (Health) Authority at the State level nor by any of the Licensing Authorities in the districts during 1995-2000.*

(Paragraph 3.1.7.1 (a))

The abbreviations used in this review have been listed in the Glossary in Appendix-XXI (Page 257-262).

** *Although validity of each food licence expired on 31st day of March immediately succeeding the date of issue as per PFA Rules, yet not even a single licence was issued by any of the Licensing Authorities before its expiry. The delay in issuance of these licences was maximum upto 12 months in a year. No penalty for delayed issue of these licences was ever charged because no provision therefor was incorporated in the PFA Rules by the State Government.*

(Paragraph 3.1.7.1 (b) (ii))

** *Inspection of premises by the Licensing Authorities to ensure cleanliness in eating places/shops as required under the PFA Rules was not carried out in any of the districts test-checked during 1995-2000.*

(Paragraph 3.1.7.1 (b) (iii))

** *No food licences were issued to food vendors by the Block Medical Officers, Bagsaid and Ratti (Mandi district) during 1997-98 and 1995-96 respectively and Chief Medical Officers, Bilaspur and Mandi during fairs in 1999-2000 and 1995-98 respectively as envisaged in PFA Act/Rules.*

(Paragraph 3.1.7.1 (b) (v) and (vi))

** *Shortfall in collection of samples ranged between 17 and 66 per cent due to persistent shortage of Food Inspectors during 1995-99. Each Food Inspector was given jurisdiction over two to four districts at a time.*

(Paragraph 3.1.8.1 (i))

** *Food items found adulterated/misbranded, as a result of analysis reports of Laboratory, were allowed to be sold to the general public in between the period from the date of taking samples and receipt of analysis reports from the Laboratory during 1995-99. Action to ban sale of these items was not taken, as required.*

(Paragraph 3.1.8.1 (iii))

** *The services of staff and equipment and machinery at the CTL, Kandaghat were underutilised to the extent of 83 to 94 per cent of its installed capacity during 1995-99 due to less inflow of samples from the districts.*

(Paragraph 3.1.8.2 (i))

** *Despite availability of all sophisticated equipment, machinery and chemical reagents, etc., analysis for pesticides residue and some bacteriological and toxicological tests were not conducted during 1995-2000 at CTL, Kandaghat due to shortage of qualified technical staff.*

(Paragraph 3.1.8.2 (ii))

** *Of the 206 cases of adulteration/misbranding found during 1995-2000 in three districts test-checked, prosecution proceedings were launched only in 157 cases.*

(Paragraph 3.1.9)

** *Neither any monitoring of the PFA activities was done at the State level nor any inspection by senior officers from the directorate was carried out in the field during 1995-2000.*

(Paragraph 3.1.12)

3.1.1 Introduction

To ensure quality food to consumers, to protect their interests from fraud or deception and to ensure fair trade practices, Government of India (GOI) enacted "Prevention of Food Adulteration (PFA) Act, 1954". This was to serve as a uniform single legislation applicable to all states. Under the provisions of the Act, State Government framed PFA rules during 1958 which were further amended in 1984. These rules included duties and powers of the State Food (Health) Authority (SF(H)A), Local Health Authorities (LHAs), licensing conditions, etc. While GOI primarily played an advisory role in implementation of PFA Act, the responsibility for enforcement of the Act rested with the State Government.

3.1.2 Main objectives of the Act

The main objectives of PFA Act are to:

(i) prevent manufacture, storing and sale of adulterated foodstuffs for human consumption and to ensure quality food to the consumers;

(ii) prohibit misbranding of foodstuffs and to protect the consumers from fraud or deception;

(iii) ensure fair trade practices; and

(iv) ensure enforcement of law by the states to prevent the adulteration of foodstuffs which affect the people and their health.

3.1.3 Organisational set up

Director of Health Services (DHSs) was functioning as SF(H)A and was responsible for administration/ and enforcement of PFA Act/Rules assisted by one Deputy Director of Health Services at the State level. All the Chief

Medical Officers (CMOs) and Block Medical Officers (BMOs) were the Licensing Authorities for issue of food licences of food vendors in the respective districts and blocks. For implementation of other provisions of PFA Act/Rules, Medical Officer of Health (MOH) in each district functioned as LHA assisted by Food Inspector. For analysis of food samples drawn under PFA Act, a Composite Testing Laboratory (CTL) was functioning at Kandaghat (Solan district).

3.1.4 Audit coverage

Implementation of the PFA Act/Rules for the period 1995-2000 was reviewed in audit during February-April 2000 with a view to assess how effective was the implementation and compliance of the provisions of Act/Rules in the State. The records were checked in the offices of three CMOs (Bilaspur, Mandi and Solan), CTL Kandaghat and was supplemented by a test-check of records of SF(H)A. Licensing records of 13 BMOs[1] out of 18 in the districts test-checked were also reviewed. Points noticed during test-check are mentioned in the succeeding paragraphs.

3.1.5 Financial aspects

The following points were noticed:

(a) No separate budget provision was made for implementation of the Act and expenditure incurred on pay and allowances of the staff and office expenses were being met out of the general budget of the department. Consequently, separate accounts for implementation of the Act were not maintained by the department and could not be verified in audit. SF(H)A and CMOs admitted (March-April 2000) the facts.

(b) GOI released (March 1997) Rs 7 lakh for Centrally sponsored scheme (CSS) "Strengthening of Food Laboratory in the State". Audit scrutiny revealed that out of Rs 6.75 lakh utilised (March 1998) by the Deputy Public Analyst, CTL, Kandaghat, Rs 2.10 lakh were unauthorisedly spent on repairs of High Performance Liquid Chromotograph (purchased in 1989) without approval of GOI. The balance amount of Rs 0.25 lakh was neither refunded to GOI nor was it got revalidated.

Deputy Public Analyst, who had duly taken State Government's approval for this, stated (March 2000) that instruments/equipment under CSS were

1 Jhandutta and Ghumarwin (Bilaspur district): Baldwara, Bagsaid, Kotli, Karsog, Paddar, Ratti, Rohanda and Sandhol (Mandi district): Arki, Nalagarh and Sairi (Solan district).

purchased as per demand and High Performance Liquid Chromotograph was repaired out of Central funds as it had gone out of order. The State Government approval was not enough since diversion of funds required approval of GOI.

3.1.6 Manpower management

Adequate manpower at different stages was a prerequisite for effective implementation of the PFA Act/Rules. Test-check revealed the following:

(i) Norms for creation of posts of Food Inspectors in the State had not been fixed. The posts were sanctioned on *ad hoc* basis from time to time during 1995-2000. Even all the sanctioned posts were not filled in and the work of Food Inspectors was looked after by Male Health Supervisors in addition to their own duties as detailed below:

Year	Number of posts			Remarks
	Sanctioned	Men-in-position	Vacant posts of Food Inspectors	
1995	7	2+9*	5	*Male Health Supervisors were delegated powers under PFA Act.
1996	7	2+8*	5	
1997	7	1+7*	6	
1998	7	Nil +4*	7	
1999	12	5+3*	7	

Thus persistent shortage of Food Inspectors in the department and assignment of their duties to Male Health Supervisors in addition to their duties affected the smooth implementation of the Act.

SF(H)A stated (April 2000) that posts of Food Inspectors remained vacant at different occasions due to non-finalisation of recruitment and promotion (R&P) rules by the State Government and quitting service by some Food Inspectors. The reply was not tenable as SF(H)A should have taken steps to prescribe norms for creation of posts of Food Inspectors and fill up the same to ensure smooth functioning and implementation of the Act. It was also noticed that each Food Inspector was given wide ranging jurisdiction over two to four districts during 1998-2000 affecting the effective implementation of the PFA Act.

It was also noticed that there were two Food Inspectors in position in Mandi district during 1995 but no food samples were taken. Also no court case could be launched during that year because there was no notified CMO and LHA in that district. CMO, Mandi stated (March 2000) that no samples could be drawn due to non-notification of CMO/LHA during 1995. The reply was not acceptable as the SF(H)A should have notified CMO/LHA for the district to ensure implementation of PFA Act.

(ii) Various sanctioned posts in CTL, Kandaghat remained vacant since April 1984 as detailed below:

Out of 24 sanctioned posts of various categories for Composite Testing Laboratory, Kandaghat. 23 posts remained vacant since April 1984.

Name of the post	Number of posts		
	Sanctioned	In position	Vacant
Public Analyst-cum-Chemical Examiner	1	Nil	1
Deputy Public Analyst	2	1	1
Chief Technical Officer	1	Nil	1
Senior Scientist	5	Nil	5
Junior Scientist	5	Nil	5
Senior Analyst	10	Nil	10

Reasons for not filling up of vacant posts were not intimated by the Deputy Public Analyst. SF(H)A admitted (April 2000) that the shortage of staff had definitely affected the smooth implementation of PFA Act. He also stated that steps were being taken to fill up the vacancies. The reply was not to the point as R&P rules for these posts, except the post of Senior Scientist, had not been finalised by the State Government as of June 2000. Further, the R&P rules of feeder category of Junior Scientist for the posts of Senior Scientist in the Laboratory were also not finalised as of June 2000. Failure to finalise R&P rules resulted in non-filling up of posts and non-carrying out various tests such as pesticides residue, bacteriological and toxicological tests. Reasons for non-finalisation of R&P rules called for (June 2000) from the State Government had not been intimated.

3.1.7 *Efficiency aspects*

3.1.7.1 Licensing

PFA rules provide that no person shall manufacture, sell, stock, distribute or exhibit for sale any article of food, including prepared food or ready to serve food, irradiated food except under a licence.. Rules further provided inspection of the premises by the licensing authority before granting such licence to satisfy itself that the premises were free from sanitary defects and no person suffering from infectious, contagious or loathsome disease was employed by the licencee.

Scrutiny of records revealed that:

State Food (Health) Authority and the Licensing Authorities did not maintain database of food manufacturers, wholesalers and retailers during 1995-2000.

(a) SF(H)A was not aware of the year-wise and district-wise total number of food manufacturers, wholesale dealers and retailers in the State during 1995-2000 as no database in this regard had been maintained. SF(H)A stated (April 2000) that no survey to identify the number of manufacturers, wholesale dealers and retailers had been conducted and no statistical data had been compiled at the State level. These details were also not kept by any of the 16 licensing authorities (CMOs: 3 and BMOs: 13) test-checked in Bilaspur, Mandi and Solan districts. In the absence of this basic data with the licensing authorities, possibility of food trade going on without valid licences in many cases could not be ruled out.

SF(H)A did not maintain records of licences issued in the State.

(b) Year-wise and district-wise details of food licences issued in the State during 1995-2000 were also not maintained by SF(H)A. However, details of food licences issued by the licensing authorities in three districts test-checked during 1995-2000 were as under:

Year	Bilaspur				Mandi				Solan			
	Manufacturers	Stockists	Retailers	Total	Manufacturers	Stockists	Retailers	Total	Manufacturers	Stockists	Retailers	Total
1995-96	43	15	429	487	15	85	3,100	3,200	223	354	1,108	1,685
1996-97	39	227	745	1,011	17	106	3,815	3,938	101	330	1,025	1,456
1997-98	55	263	939	1,257	17	105	3,559	3,681	175	350	1,017	1,542
1998-99	51	320	912	1,283	20	107	3,700	3,827	218	367	1,006	1,591
1999-2000	61	478	848	1,387	13	90	3,743	3,846	199	357	992	1,548

Scrutiny of records revealed the following points:

(i) The number of licences issued decreased in Mandi (1997-2000) and Solan (1996-2000) districts. The licensing authorities in the three districts test-checked had neither evolved nor followed any system to ensure that either all food vendors were issued licences each year or those who failed to do so, were prosecuted in accordance with the PFA Act. CMOs, Mandi and Solan stated (March-April 2000) that there was possibility of non-issue of licences to some of the food vendors due to shortage of staff. CMO, Bilaspur stated (April 2000) that this would be done in future. The reply was not tenable as the CMOs should have developed a database of all food vendors in their districts to keep a watch on issue of licences each year. Failure of CMOs to ensure issue of licences to food vendors prevented achievements of basic objectives of the Act.

Mostly unlicensed food trade was going on in the State.

(ii) According to PFA Rules, the validity of every licence shall expire on the 31st day of March immediately succeeding the date of issue. Contrary to this, not even a single licence was issued by any of the 16 licensing authorities in three districts test-checked or renewed before its expiry during 1995-2000. The delay in issuance of such licences was maximum upto 12 months during 1995-96 and 1998-2000 and upto 11 months in 1996-98. It was noticed in audit that there was no provision for imposition of penalty in the rules for delay in getting the licences issued. Thus, unlicenced food trade was going on in the State for most part of the year and no effective steps for enforcement of the PFA Act had been taken. The licensing authorities as also SF(H)A stated (April 2000) that licences were not renewed within the prescribed period because there was no penalty provision in the Act against the defaulters and that the food vendors who run the shops without valid licence were challaned by the Food Inspectors as and when they visited the areas. This contention was not tenable because penal provisions for delayed renewal/issue of licences were to be incorporated in the rules by the State Government which was not done and secondly the frequency of visits by Food Inspectors was very low in the districts due to shortage of incumbents as also their excessive engagements in court cases in the field. Thus, the licensing authorities and SF(H)A failed to enforce the law to prevent adulteration of foodstuffs which affected the people and their health.

Cleaniness of eating places was suspect because Licensing Authorities did not inspect premises of food vendors during 1995-2000 as required.

(iii) Inspection of premises by the licensing authorities to ensure cleanliness in eating places/shops was never carried out before issue of licences during 1995-2000 as no inspection notes were kept on records. CMO, Mandi stated (March 2000) that it was not practicable for him to inspect individual premises of licencees due to multifarious duties. Reasons for not conducting inspections by CMOs, Bilaspur and Solan were not intimated (April 2000).

Medical fitness of licencees not ensured.

(iv) Employment of persons suffering from any disease, by the licensees was not checked by any of the licensing authorities in Mandi district during 1995-2000. CMO, Mandi stated (March 2000) that it was not practicable to get every vendor medically examined. He also stated that every vendor shall be got medically examined in future. Thus, the CMO failed to follow the prescribed procedure.

(v) No food licences were issued to food vendors by BMOs, Bagsaid and Ratti (Mandi district) during 1997-98 and 1995-96 respectively. CMO, Mandi stated (March 2000) that instructions would be given to issue licences year-wise to the vendors as required under PFA Act. The reply was not tenable as the BMOs/CMOs should have ensured implementation of the PFA Act.

(vi) PFA Rules required that a licence in Form "B" should be issued for short duration (for a period less than one month including fairs). Test-check of records revealed that temporary licences were not issued by CMOs, Bilaspur and Mandi to food vendors in "*Nalwar*" fair (Bilaspur district) during 1999-2000 and "*Shivratri*" fair (Mandi town) during 1995-98. Reasons for not issuing licences called for (March 2000) from CMOs, Bilaspur and Mandi had not been intimated. This resulted in non-enforcement of the PFA Act as also loss of Government revenue as prescribed under the rules.

3.1.7.2 Fees for licence

PFA Rules, as amended in 1984, provided that application for obtaining a licence to manufacture, sell, stock, distribute or exhibit for sale foodstuffs, should be accompanied by fee of Rs 25 (wholesalers and manufacturers) and Rs 10 (retailers) per annum.

Following points were noticed:

Licensing authorities did not issue proper receipts to food vendors during 1995-2000 which resulted in malpractices by overcharging licence fee in Mandi district.

(i) The quantum of fee was prescribed by the Government in 1984 but no revision for its enhancement had been made even after a lapse of 16 years.

(ii) No receipts were issued by any of the licensing authorities to the licensees for realisation of prescribed licence fee during 1995-2000 in Mandi district. Its accounting in Government accounts could thus not be verified in audit. On a complaint lodged (September 1999) by local people of Kotli block (Mandi district), CMO, Mandi found (October 1999) after inquiry that excessive licence fee ranging between Rs 35 and Rs 50 per licence was charged from the shopkeepers in Kotli and Rewalsar area by BMO, Kotli, out of which only Rs 10 per licence were deposited in Government accounts. Since the exact number of licences issued and fee charged therefor had not been indicated in the findings of enquiry committee, financial involvement on this account could not be worked out. Action against the officers/officials responsible therefor had also not been taken as of April 2000. CMO, Mandi stated (March 2000) that receipts were not issued to the individual food vendors as per past practice. The reply was not tenable as proper receipts should have been issued to the vendors and the realisation deposited in

Government accounts. Possibility of embezzlement of Government money in these cases could thus not be ruled out.

(iii) It was noticed in audit that licence fee was charged at varying rates during 1995-2000 by various BMOs in the three districts test-checked as detailed below:

District	Name of Licensing Authority		Year	Categorisation of Food Vendor	Licence fee required to be charged	Actually charged
					(In rupees)	
Bilaspur		BMO, Jhandutta	1995-96 to 1999-2000	Temporary licence for fairs	5	10 to 25
Mandi		BMO, Sandhol	1999-2000	Manufacturers	25	10
Solan	(i)	BMO, Arki	1995-2000	Manufacturers	25	4*
				Stockists, Retailers	10	4*
	(ii)	BMO, Nalagarh	1998-2000	Manufacturers	25	10
	(iii)	BMO, Sairi	1995-96	Manufacturers	25	50
			1996-99	Retailers	10	25

This resulted in undercharging of Rs 0.24 lakh (Mandi: Rs 45; Solan: Rs 24,219) and overcharging of Rs 0.17 lakh (Bilaspur: Rs 5,870; Solan: Rs 11,130) of licence fee in districts test-checked during 1995-2000. BMOs stated (March-April 2000) that no instructions in this regard had been given to them by the higher authorities.

(iv) State financial rules provide that money realised on account of licence fee was required to be deposited in the Government accounts at the earliest. Test-check revealed that there was delay ranging between one and 12 months in depositing licence fee realised by BMOs, Kotli, Paddar and Rohanda (Mandi district) and by BMO, Ghumarwin (Bilaspur district) during 1995-2000. Government money was thus kept outside Government accounts in contravention of the financial rules.

* Uniform rate of Rs 20 per licence including Rs 16 as medical examination fee was charged. Thus Rs 4 per licence was charged.

3.1.8 Effectiveness aspects

3.1.8.1 Food sampling by Food Inspectors

As per instructions (May 1988) of SF(H)A, each Food Inspector was to take eight to 10 samples of food articles every month. The details of samples drawn during 1995-99 in the State were as under:

Year	Number of Food Inspectors in position	Number of samples to be taken as per norms at the minimum	Number of samples actually taken	Shortfall (percentage)
1995	2+9*	1,056	782	274 (26)
1996	2+8*	960	718	242 (25)
1997	1+7*	768	448	320 (42)
1998	Nil + 4*	384	317	67 (17)
1999	5+3*	768	264	504 (66)

It would be seen from these details that:

Shortfall in lifting of samples by Food Inspectors during 1995-99 ranged between 17 and 66 *per cent*.

(i) Shortfall in collection of samples steeply increased from 26 *per cent* in 1995 to 66 *per cent* in 1999. LHAs of districts test-checked stated (March-April 2000) that shortfall in collection of samples was due to shortage of manpower and each Food Inspector was given two to four districts and they remained busy in pursuing the court cases in different courts. The reply goes to support the Audit contention that shortages in the cadre created by non-finalisation of R&P rules of various categories of posts by the State Government affected smooth implementation of PFA Act and the Government should address this issue urgently.

(ii) No samples of food articles were taken by Food Inspectors in Lahaul and Spiti district (1995-99), Kinnaur district (1995, 1997, 1998 and 1999) and in Kullu and Mandi districts (1995). LHA, Mandi stated (March 2000) that the samples could not be drawn due to non-posting of LHA during the relevant year. Possibility of supplying adulterated food to the public during 1995 could thus not be ruled out.

(iii) Of 2,529 samples of various items taken during 1995-99, 631 samples (25 *per cent*) were found to be adulterated/misbranded after laboratory analysis. Under PFA Act, Food Inspectors have powers to seize and carry

* Male Health Supervisors delegated with food powers under PFA act.

away or keep in the safe custody if any article intended for food appears to be adulterated or misbranded. No action in this regard was taken in respect of any of the 631 samples which were subsequently found adulterated/misbranded till the receipt of analysis reports from CTL even though most of the foodstuffs were of daily requirement. The Food Inspectors thus, failed to comply with the provisions of the Act and adulterated/misbranded items continued to be sold to the public to the detriment of their health during the intervening period. CMOs, Bilaspur, Mandi and Solan stated (March-April 2000) that there was no provision to ban sale of the sampled items in PFA Rules. It would thus appear that CMOs were ignorant of the provisions of PFA Rules which provided for seizure, carrying away or keeping in safe custody if any article appeared to be adulterated or misbranded.

In case of food items detailed below, no samples were taken in the districts test-checked:

District		Item	Period
Bilaspur	(i)	Fruit products	1995-96 to 1999-2000
	(ii)	Mineral Water	1995-96 to 1999-2000
	(iii)	Non-Alcoholic Beverages	1995-96 to 1998-99
	(iv)	Iodised Salt	1995-96 to 1997-98
Mandi	(i)	Pulses	1996,1998 and 1999
	(ii)	Infant Food	1996 to 1999
	(iii)	Mineral Water	1996 to 1999
	(iv)	Non-Alcoholic Beverages	1996 to 1998
	(v)	Other Food Products	1996,1997 and 1999
Solan		Mineral Water	1995 to 1997 and 1999

CMOs stated (March-April 2000) that the Food Inspectors were over busy in court cases. The reply was not tenable as arrangements to carry out check of some samples despite shortages in staff was always possible. The omission to do this for these important items definitely resulted in failure to enforce the quality control on various food items as required under PFA Act by the CMOs/LHAs.

3.1.8.2 Food testing laboratory

One CTL was established (April 1984) at Kandaghat for testing of food samples under different Acts/Rules. Test-check of records of the laboratory revealed the following points:

Shortfall in utilisation of services of staff and equipment and machinery at CTL ranged between 83 and 94 *per cent* during 1995-99.

(i) Against the annual capacity of testing of 4,500 food samples, the actual receipt and testing of samples in CTL during 1995 was 782 samples which gradually came down to 264 during 1999. The services of laboratory staff and equipment and machinery were thus underutilised between 83 and 94 *per cent* of its installed capacity during 1995-99. Public Analyst stated (March 2000) that full capacity of CTL could be utilised only if all vacant posts were filled up.

(ii) Analysis for pesticide residue and some bacteriological and toxicological tests were not done during 1995-2000 even though CTL had all the sophisticated equipment and machinery and chemical reagents. SF(H)A stated (April 2000) that the tests could not be conducted due to shortage of qualified technical staff. However, no steps to fill up the vacant posts were taken.

(iii) One Atomic Absorption Spectophotometer purchased (February 1990) for Rs 6.56 lakh was lying out of order in CTL since February 1997 for want of repairs. Deputy Public Analyst stated (March 2000) that the matter was under correspondence with the supplier and the equipment would be put in use after its repairs. The reply was not tenable as immediate steps to get the equipment repaired were not taken.

3.1.9 Court cases

The position of court cases in districts test-checked was as given in Appendix-XI. The following points were noticed:

(i) As per PFA Act/Rules, prosecution in all cases of adulteration/misbranding of food articles was to be launched in the designated courts. Test-check revealed that of the 206 cases of adulteration/misbranding found during 1995-2000, prosecution proceedings were launched only in 157 cases while in 49 cases no prosecution was launched and the parties concerned were left after issuing a warning. CMOs stated (March-April 2000) that this was done due to minor nature of offences for which instructions were issued (November 1995) by SF(H)A. This contention was not tenable because it was contrary to the provisions of PFA Act/Rules. Thus, LHAs/SF(H)A failed to institute court cases in all cases of adulteration/misbranding and the instructions for letting off the defaulters after issuing a warning were violative of PFA Act/Rules. Meanwhile, during 1995-99, there were 98 cases* of convictions in three districts test-checked.

* Bilaspur: 61; Mandi: 14 and Solan: 23.

(ii) Of the 114 court cases (Bilaspur: 28; Mandi: 19 and Solan: 67) pending at the end of December 1999, eight cases were less than one year old, 94 cases were one to three years old whereas 12 cases were more than three years old.

3.1.10 Consumer awareness and publicity

Test-check of records revealed that neither any funds for providing consumer awareness about the PFA Act/Rules among the general public were provided during 1996-2000 nor any activity in this behalf was taken up by the department. SF(H)A stated (April 2000) that no separate budget provision for implementation of PFA Act had been provided by the Government and, as such, awareness activities could not be organised.. The reply was not acceptable as SF(H)A should have taken up the case for provision of funds with the Government and ensured the consumer awareness and publicity of the provisions of PFA Act through the existing extension staff. Thus, the SF(H)A failed to ensure consumer awareness and publicity of the PFA Act.

3.1.11 Training

No training of technical and non-technical staff for upgradation of skills was organised during 1995-2000. SF(H)A intimated (April 2000) that no training was required to be imparted under PFA Act. This contention was not tenable because due to rapid development in the information technology, upgradation of skills could be helpful in the implementation of PFA Act/Rules.

3.1.12 Monitoring

For achievement of various objectives, close monitoring of PFA activities at the senior level was essential. It was, however, noticed that:

(i) Neither there was any monitoring cell at the Directorate level nor any inspection in the field was carried out by any of the senior officers during 1995-2000. SF(H)A stated (April 2000) that such a cell could not be created due to shortage of staff.

(ii) Annual reports of PFA activities were required to be sent to GOI by SF(H)A by 30th April each year while monthly returns were to be submitted to SF(H)A by the CMOs before 7th of following month.

Test-check revealed that delay in submission of annual reports for 1996 to 1998 by SF(H)A to GOI ranged between six and 19 months. The annual report for 1999 had not been sent as of April 2000. Similarly, delay in submission of monthly reports by the CMO, Mandi to SF(H)A from August 1996 to December 1999 ranged between five to 53 days. SF(H)A attributed (April 2000) the delay in submission of reports to shortage of staff.

(iii) Test-check revealed that there were huge differences in the number of samples taken and analysed, as reported by SF(H)A to GOI through annual reports *vis-a-vis* those intimated by the Deputy Public Analyst, CTL, Kandaghat as given below:

Year	Figures as reported by SF(H)A	Figures as per records of CTL, Kandaghat	Difference Excess (+)/ Less (-)
	(In numbers)		
1995	660	782	(+) 122
1996	764	718	(-) 46
1997	579	448	(-) 131
1998	750	317	(-) 433

Since no proper records were maintained at the Directorate level, inflated figures were reported to GOI. The reasons for excess/less reporting of number of samples to GOI called for (May 2000) from the SF(H)A had not been intimated.

3.1.13 Evaluation

Although PFA Act was being implemented in the State since 1958 yet no evaluation to judge the impact of its implementation had been conducted as of April 2000.

3.1.14 Conclusion

The State Food (Health) Authority had not prepared database of food vendors to ensure that licences are issued to all of them. There was persistent shortage of Food Inspectors in the department and of various categories of staff in the CTL at Kandaghat as a result of which compliance of various provisions of PFA Act could not be ensured. Further, food adulteration is a public health issue and the extent to which its prevention can be addressed by Medical Officers of the Health Department, who are entirely engaged in curative treatment, has to be seen in the larger public interest due to the fact that severe time constraints prevents effective supervision and overlooking of the functions and duties assigned to them under PFA Act. The assignment of the duties of Male Health Supervisors as Food Inspectors in addition to their duties is another aberration and it affected the smooth implementation of Act. Instances of delay in issue of licences, failure to inspect premises to ensure cleanliness in eating places/shops, shortfall in collection of samples and failure to monitor the PFA activities are indicative of the fact that the objectives of the Act remained largely unachieved.

These points were referred to the Government in June 2000; reply had not been received (July 2000).

3.2 National Family Welfare Programme

Highlights

Rupees 28.78 crore out of funds received from GOI for implementation of programme were diverted by State Government during 1995-2000. Increase in Infant Mortality Rate and decrease in Effective Couple Protection Rate indicate inadequate health services under Child Health Programme and lack of motivation of eligible couples for adopting family welfare measures. The achievements under Family Welfare Programme declined during 1995-2000 due to non-adoption of community need assessment approach despite inflated reporting. Health institutions were opened in disregard of norms which resulted in thinly spreading of available resources. Deployment of staff in sub-centres was not rational as many sub-centres remained non-functional for want of health workers whereas others were overstaffed. Health institutions were upgraded without providing additional infrastructure and indoor facilities. Post partum programme could not run satisfactorily mainly due to non-sanctioning of posts of doctors and other supporting staff by the Government. Shortfall in performance level in Post Partum Centres ranged between 11 and 100 per cent. Casual approach was adopted by the department in implementation of the Reproductive and Child Health (RCH) Programme. Monitoring and evaluation to assess the impact of the programme was not done. Important points were as under:

** *Of Rs 135.27 crore received from GOI, for the implementation of the programme during 1995-2000, Rs 107.33 crore were allotted and the remaining amount of Rs 27.94 crore was diverted by the State Government.*

(Paragraph 3.2.4 (i))

** *Programme funds of Rs 83.75 lakh were diverted for meeting establishment expenditure of staff deployed for State schemes and running and maintenance of vehicles utilised for other activities.*

(Paragraph 3.2.4 (ii) and (iii))

** *Due to non-adoption of community need assessment approach, achievements under Family Welfare Programme declined between 13 and 46 per cent during 1995-2000 despite inflated reporting. No satisfactory explanation was available with the Director of Health Services for inflated reporting of performance levels under various Family Welfare methods to the State Government/GOI. Because of*

The abbreviations used in this review have been listed in the Glossary in Appendix-XXI (Page 257-262).

declining trend on all the four important parameter, the programme suffered a set back.

(Paragraph 3.2.5(a))

** *No separate demographic goals were fixed by the State. However, targets set for 2000 AD under National Health Policy had not been achieved except for Crude Death Rate.*

(Paragraph 3.2.5 (c)(i))

** *There was increasing trend in Infant Mortality Rate and decreasing trend in Effective Couple Protection Rate which was indicative of providing inadequate services under Family Welfare Programme.*

(Paragraph 3.2.5 (c)(iii) and (iv))

** *In three districts, 47 sub-centres were non-functional for want of health workers for the period ranging from six months to over five years which deprived population of 0.99 lakh of necessary health and family welfare services.*

(Paragraph 3.2.6(b))

** *263 health institutions (28 Primary Health Centres and 235 sub-centres) in three districts were housed in private buildings having no indoor facilities.*

(Paragraph 3.2.6(c)(iii))

** *Under Post partum programme, against 70 posts of doctors only 12 posts were sanctioned and against 177 posts of para-medical staff and 71 posts of other staff, 67 and 43 posts were sanctioned respectively.*

(Paragraph 3.2.8.1 (a) (i))

** *Shortfall in sterilisation cases of direct acceptors was very high and ranged between 11 and 100 per cent and in other family welfare methods, it ranged between 89 and 100 per cent in five Post Partum Centres.*

(Paragraph 3.2.8.5)

** *Against 75 sterilisation cases per bed per annum to be performed in each Post Partum Centre actual sterilisation ranged between two and 26 cases.*

(Paragraph 3.2.8.6)

** *No Co-ordination Committee was constituted for monitoring and evaluation of Post Partum Centres.*

(Paragraph 3.2.8.7)

** *Out of Rs 6.72 crore received from Government of India under Reproductive and Child Health Programme, Rs 5 crore remained unspent and blocked with various executing agencies.*

(Paragraph 3.2.9 (i))

3.2.1 Introduction

The Government of India (GOI) started the National Family Planning Programme during 1951 as a purely demographic programme. The Family Welfare Programme (FWP) was introduced in 1952. However, the National Health Policy (NHP) was approved by the Parliament in 1983 which aimed at twin goals of "Health for all" and "Net Reproductive Rate of Unity (NRR-I)" by the year 2000 AD. The main objective of the programme was to stabilise population at a level consistent with the needs of national development by (i) bringing down the birth and death rate through various family planning measures and temporary methods of birth control, (ii) persuading people to adopt small family norms by popularising the use of conventional contraceptive devices or oral pills, etc., and (iii) providing medical services, medicines, incentives, etc., free of cost at the doorsteps of the acceptors of family planning measures. The State had 2,642 health institutions with 8,747 beds as of March 2000 for providing health and family welfare services.

3.2.2 Organisational set up

The programme was implemented under the overall supervision of Director Health Services (DHS) and Chief Medical Officers (CMOs) were responsible for the implementation of the programme through the network of District Hospitals, Community Health Centres (CHCs), Primary Health Centres (PHCs) and Sub-Centres (SCs), etc. At the Secretariat level Financial Commissioner-cum-Secretary, Health and Family Welfare was in overall charge of policy and implementation of the programme.

3.2.3 Audit coverage

The implementation of the programme during 1995-2000 was reviewed in audit during December 1999-April 2000. Records of three CMOs[1], 18 Sub-district units[2] headed by Block Medical Officers (BMOs) and Principal, Health and Family Welfare Training Centre, Primahal, Shimla were test-checked. This was supplemented by a review of records of the DHS and Secretariat. Main points noticed are given in the succeeding paragraphs.

3.2.4 Financial outlay and expenditure

The programme is a 100 *per cent* Centrally sponsored scheme except the recurring grant for orientation training of medical and para-medical personnel

1 Hamirpur, Sirmour and Una.

2 Barsar, Bhoranj, Galore, Nadaun, Sujanpur and Tauni Devi (Hamirpur district); Dhagera, Paonta Sahib, Rajpur, Sangrah, Sarahan and Shillai (Sirmour district); Amlehar, Bangana, Daulatpur, Gagret, Haroli and Thana Kalan (Una district).

which is admissible on 50:50 sharing basis between GOI and the State Government. Year-wise position of funds released by GOI, budget allotment and expenditure thereagainst during 1995-2000 was as under:

Year	Funds received from GOI	Funds allotted		Actual expenditure		Excess (+) Savings (-)	
		Central	State	Central	State	Central	State
		(Rupees in crore)					
1995-96	29.11	17.39	1.80	16.41	2.00	(-) 0.98	(+) 0.20
1996-97	30.46	19.57	2.21	20.75	2.01	(+) 1.18	(-) 0.20
1997-98	24.27	21.59	2.03	19.83	2.17	(-) 1.76	(+) 0.14
1998-99	27.76	22.80	2.41	26.62	2.65	(+) 3.82	(+) 0.24
1999-2000	23.67	25.98	3.10	26.67	2.43	(+) 0.69	(-) 0.67
Total:	135.27	107.33	11.55	110.28	11.26	(+) 2.95	(-) 0.29

The following points were noticed:

Rs 27.94 crore received from GOI during 1995-2000 were diverted by the Government.

(i) Of Rs 135.27 crore received during 1995-2000 from GOI for the implementation of the programme, Rs 107.33 crore were allotted for the programme and the remaining Rs 27.94 crore were diverted by the State Government. The DHS stated (April 2000) that diversion of funds from the scheme was not made at his level and was being done at Government level. Government could also not give the information about the schemes, etc, to which this amount had been diverted and, however, stated (July 2000) that the matter was under examination.

(ii) Rupees 67.83 lakh were diverted for meeting establishment expenditure of 38 posts manned under State schemes by seven BMOs[3] during 1995-2000. Concerned BMOs stated (February-March 2000) that due to paucity of funds under State sector, salary was charged to Centrally sponsored scheme.

(iii) In three districts test-checked, Rs 15.92 lakh on account of running and maintenance of 16 vehicles which covered 6.46 lakh kilometers for activities not connected with the programme was irregularly charged. Concerned CMOs stated (January-March 2000) that the vehicles were used for other national programmes as no vehicles were available for those programmes. The plea was not tenable as the proportionate cost of running and maintenance should have been charged to the respective programmes.

3 Barsar, Bhoranj, Dhagera, Rajpur, Sangrah, Sarahan and Shillai.

(iv) Whatever amount utilised did not yield any positive benefits as evidenced by deterioration in key indicators of goals viz., increase in Infant Mortality Rate (IMR), sharp decrease in effective Couple Protection Rate (CPR), depressing sterilisation figures and non-achievement of target in respect of Crude Birth Rate (CBR), as discussed in the succeeding paragraphs.

3.2.5 Targets and achievements under Family Welfare Programme

(a) GOI decided (April 1996) to introduce Target Free Approach (TFA) from 1996-97 which was renamed in 1997 as Community Need Assessment Approach (CNA) in the implementation of different family welfare methods. According to CNA, the department was required to prepare action plans in February/March each year after consulting families, *Mahila Swasthya Sangh*, *Panchayats*, etc., of the area through field health workers for adopting targets for the next year.

It was noticed that such plans were not prepared by the department upto 1998-99. Thus, targets were not determined as required. However, the achievements under different family welfare methods during 1995-2000 was as under:

The decline in achievements under different family welfare methods during 1995-2000 ranged between 13 and 46 *per cent*.

Year	Target	Achievement	Audit observations
	(Number of cases)		
(A) Sterilisation			
1995-96	44,000	35,856	Against the target of 44,000 cases during 1995-96 achievement was 35,856 which further declined to 31,783 cases in 1999-2000. The targets were also reduced by 17 *per cent* in 1999-2000 over 1995-96. The shortfall in achievements during 1995-99 as compared to targets for 1995-96 ranged between 19 and 30 *per cent*. During 1999-2000, the shortfall was 13 *per cent* as compared to target fixed.
1996-97	Not fixed	31,609	
1997-98	Not fixed	32,474	
1998-99	Not fixed	30,760	
1999-2000	36,457	31,783	
(B) Intra Uterine Device (IUD)			
1995-96	66,000	47,562	Achievement was persistently decreasing from 47,562 cases in 1995-96 to 34,752 during 1999-2000. The shortfall in achievements in 1995-99 as compared to targets for 1995-96 ranged between 28 and 46 *per cent*. Even after reducing the target by 25 *per cent* in 1999-2000, the shortfall in achievement was 29 *per cent*.
1996-97	Not fixed	37,797	
1997-98	Not fixed	36,658	
1998-99	Not fixed	35,897	
1999-2000	49,230	34,752	
(C) Conventional Contraceptive Users (CC Users)			
1995-96	Not fixed	78,769	Number of CC Users declined from 78,769 in 1995-96 to 65,917 during 1999-2000. The shortfall in achievements during 1995-2000 as compared to achievements for 1995-96 ranged between 14 and 18 *per cent*.
1996-97	Not fixed	67,962	
1997-98	Not fixed	65,886	
1998-99	Not fixed	64,565	
1999-2000	Not fixed	65,917	
(D) Oral Pill Users (OP Users)			
1995-96	35,000	23,308	Against a target of 35,000 OP Users fixed, there were 23,308 users during 1995-96 and these increased marginally to 24,593 in 1999-2000. The shortfall in achievements during 1995-2000 as compared to targets for 1995-96 ranged between 30 and 37 *per cent*.
1996-97	Not fixed	21,944	
1997-98	Not fixed	23,264	
1998-99	Not fixed	23,494	
1999-2000	Not fixed	24,593	

It would be clear from above that there has been in a real sense a set back to the programme since on all the four important parameters, there was a declining trend. Read with the comments below ((i) to (iv)) regarding excess reporting of achievements, the set back is even more pronounced.

DHS stated (April 2000) that due to misunderstanding on the part of field staff about target free approach in 1996-97, there was a decline in the achievement. The reply was not tenable as the DHS failed to determine targets to the field staff as prescribed.

Following further points were noticed:

Performance level under FWP was over stated by 2.05 lakh users/cases during 1995-2000.

(i) The number of tubectomy operations reported by sub-centres (1.47 lakhs) was 50 *per cent* higher than tubal rings/fallopian rings used during 1995-2000.

(ii) Achievement figures of IUD inserted were 0.36 lakh higher than IUD issued during 1995-2000.

(iii) As per norms laid down by GOI, number of CC Users is calculated by adopting consumption of 72 pieces per user per year. Against the distribution of 187.60 lakh pieces of CCs which could cover 2.61 lakh CC users, achievement of 3.43 lakh CC users was reported to GOI during 1995-2000, thus overstating CC users by 0.82 lakh.

(iv) Number of OP Users is calculated by adopting consumption of 13 cycles per user per year. Achievement of OP Users was inflated by 0.31 lakh with reference to OP cycles actually distributed during 1995-2000.

Reasons for excess reporting called for (April 2000) from the DHS had not been intimated (July 2000). In sum, therefore, figures reported by the DHS to the State Government/GOI about the performance levels under various family welfare methods were suspect. No satisfactory explanation for inflated reporting was available.

(b) Targets and achievements under child survival and safe motherhood (CSSM) programme

CSSM programme envisages immunisation for infants, children and mothers against vaccine preventable diseases and prophylaxis against nutritional anemia among mothers and children and prophylaxis against blindness due to deficiency of vitamin "A" among children. Year-wise targets and achievements of vaccine preventable diseases and prophylaxis during 1995-2000 was as under:

Description		1995-96*	1996-97*	1997-98*	1998-99*	1999-2000*
		(Number in lakhs)				
Tetanus Toxide Pregnant women (TT) PW	Target	1.58	1.58	1.56	1.56	1.48
	Achievement	1.25	1.46	1.40	1.37	1.37
Diphtheria Pertusis Tetanus (DPT)	Target	1.44	1.44	1.41	1.42	1.35
	Achievement	1.29	1.39	1.36	1.34	1.33
Oral Polio Vaccine (OPV)	Target	1.44	1.44	1.41	1.42	1.35
	Achievement	1.26	1.39	1.36	1.33	1.32
Bacillus Calmett Guerine (BCG)	Target	1.44	1.44	1.41	1.42	1.35
	Achievement	1.35	1.44	1.44	1.38	1.39
Measles	Target	1.44	1.44	1.41	1.42	1.35
	Achievement	1.21	1.36	1.29	1.28	1.26
Diphtheria Tetanus (DT)	Target	1.19	1.21	Not fixed	Not fixed	Not fixed
	Achievement	1.21	1.29	1.39	1.13	1.13
TT (10 Years)	Target	1.21	1.23	Not fixed	Not fixed	Not fixed
	Achievement	1.14	1.10	1.14	1.05	0.97
TT (16 Years)	Target	1.10	1.12	Not fixed	Not fixed	Not fixed
	Achievement	0.92	0.83	0.75	0.84	0.69
Vitamin A to Children	Target	1.44	1.44	1.44	1.41	1.42
	Achievement	1.19	1.14	1.12	1.21	1.23
Iron Folic Acid (IFA)	Target	1.58	1.58	1.56	1.56	1.48
	Achievement	2.25	1.91	1.46	1.01	1.43

Following points were noticed:

(i) Targets under TT to pregnant women were reduced by GOI from 1.58 lakh (1996-97) to 1.48 lakh (1999-2000) against which achievement was 1.25 lakh and 1.37 lakh respectively.

(ii) In vaccinations (DPT, OPV, BCG and Measles), targets were reduced by GOI from 1.44 lakh (1995-96) to 1.35 lakh (1999-2000) but achievement

* Source: Year Book and Annual Reports of the Department.

ranged between 1.21 lakh and 1.35 lakh during 1995-96 and 1.26 lakh and 1.39 lakh in 1999-2000.

(c) Achievement of demographic targets

The demographic goals laid down in NHP-1983 for 2000 AD *vis-à-vis* achievement made as of March 1999 was as under:

Description of demographic goals	Targets for 2000 AD	Achievements 1995-96	1996-97	1997-98	1998-99
Crude Birth Rate (CBR) (per 1000 population)	21	25.20	23.00	22.60	22.50
Crude Death Rate (CDR) (per 1000 population)	9	8.70	8.00	8.10	7.70
Annual Natural Growth Rate (per 1000 population)	12	16.50	15.00	14.50	14.80
Infant Mortality Rate (IMR) (per 1000 population)	60	61.00	62.01	63.00	64.00
Effective Couple Protection Rate (CPR) (per 100 population)	60	57.73	55.67	54.00	52.69

Following points were noticed:

Increasing trend in IMR reflects providing of inadequate health services to children.

(i) No separate demographic goals were fixed by the State Government. However, targets set for 2000 AD under NHP had not been achieved except for CDR by the end of 1998-99.

(ii) CBR was 22.5 during 1998-99 against laid down target of 21.

(iii) IMR increased from 61 in 1995-96 to 64 in 1998-99 against the target of 60 for 2000 AD. Increasing trend in IMR was indicative of providing inadequate services under Child Health Programme. No reasons for increasing trend in IMR were advanced by the DHS/Government.

Decreasing trend in CPR showed lack of motivation of acceptors of family welfare methods.

(iv) Effective CPR decreased from 57.73 *per cent* in 1995-96 to 52.69 *per cent* in 1998-99 against national goal of 60 *per cent*. It was noticed in audit that out of 1,30,699 sterilisation cases performed during 1995-99, 67,590 cases (52 *per cent*) were those who had three and above living children. This was indicative of the fact that acceptors of family welfare methods were decreasing due to lack of motivation.

In order to achieve the desired demographic goals laid down in NHP-1983, the department of Family Welfare introduced six* programmes/schemes as discussed below:

3.2.6 Minimum needs programme

Family Welfare Services are provided to the community through a network of SCs, PHCs and CHCs in the rural areas and hospitals and dispensaries, etc., in the urban areas. This network being set up under the Minimum Needs Programme (MNP), is also supported by an expanding number of post partum centres at district and sub-district levels.

Following points were noticed:

(a) Opening of health institutions without observing norms

Under the MNP, one SC for every 3000 population, one PHC for 20,000 population and one CHC for 80,000 population in tribal and hilly areas was required to be set up by 2000 AD in a phased manner. District-wise position of these institutions required to be opened and actually opened as of March 2000 was as under:

District	Projected population as of March 2000*	CHCs		PHCs		SCs	
		Required	Actual	Required	Actual	Required	Actual
		(In numbers)					
Bilaspur	3,40,433	4	5	17	17	143	118
Chamba	4,74,354	6	7	24	28	158	169
Hamirpur	4,16,149	5	5	21	17	139	153
Kangra	13,44,858	17	12	67	47	448	434
Kinnaur	82,288	1	3	4	17	27	32
Kullu	3,65,426	4	5	18	12	122	100
Lahaul and Spiti	30,664	1	3	1	9	10	35
Mandi	9,00,682	11	9	45	44	300	312
Shimla	7,18,347	9	6	36	55	239	259
Sirmour	4,50,118	6	3	23	24	150	148
Solan	4,60,031	6	3	23	20	153	178
Una	4,35,203	5	4	22	12	145	131
Total	**60,18,553**	**75**	**65**	**301**	**302**	**2004**	**2069**

* Minimum needs programme, sterilisation bed scheme, post partum PAP smear test facility programme, All India hospital post partum programme, population research centres scheme and Reproductive and Child Health (RCH) Programme.

* Source: Directory of Medical/Public Health Institutions in Himachal Pradesh.

Following points were noticed:

(i) In five districts[4], 23 CHCs were opened against the requirement of 16 CHCs, whereas in other six districts[5] against the requirement of 54 CHCs, 37 CHCs were opened as of March 2000.

(ii) 45 PHCs were opened in excess of norms in five districts[6] whereas 44 PHCs were opened short of norms in six districts[7].

(iii) Against the requirement of 1,139 SCs, 1,256 SCs were opened in eight districts[8] whereas 813 SCs were opened against 865 SCs required in four districts[9], as of March 2000.

152 SCs were opened for population less than 2,000 and 47 for population exceeding 4,000 against the norm of 3,000 population.

(iv) In three districts test-checked, 152 SCs were opened for population less than 2,000 against the required norm of 3,000 population as of March 2000. Apparently, opening of these SCs was not justified. 47 SCs were opened for population exceeding 4,000 against the required norm of 3,000 population as of March 2000. Apparently, the staff posted in these SCs could not render adequate services to the allotted population as provided in the scheme due to non-availability of critical staff (as brought out in paragraphs below) critical posts also were vacant in SCs in districts where lesser number were opened *vis-à-vis* norms.

These are indicative of the fact that health institutions were opened without observing the prescribed norms. DHS stated (April 2000) that the matter regarding opening/upgradation of health institutions was decided at Government level without consulting the directorate. Excess opening of institutions did not serve any purpose as the required infrastructure for these institutions was not provided. Thus, disproportionate opening of health institutions deprived the public at large of adequate health and family welfare services.

47 SCs remained non-functional for want of health workers.

(b) Non-functional SCs

It was noticed that 47 SCs (Hamirpur: 7, Sirmour: 35 and Una: 5) were not functioning for want of health workers for the period ranging from six months to over five years as of March 2000. CMOs stated (January-March 2000) that

4 Bilaspur, Chamba, Kinnaur, Kullu and Lahaul and Spiti.

5 Kangra, Mandi, Shimla, Sirmour, Solan and Una.

6 Chamba, Kinnaur, Lahaul and Spiti, Shimla and Sirmour.

7 Hamirpur, Kangra, Kullu, Mandi, Solan and Una.

8 Bilaspur, Chamba, Hamirpur, Kinnaur, Lahaul and Spiti, Mandi, Shimla and Solan.

9 Kangra, Kullu, Sirmour and Una.

due to non-availability of trained staff only immunisation services were provided by the staff of nearby SCs and these centres would be made functional as and when the staff is provided by the DHS. Thus, population of 99,242 falling in these SCs remained deprived of necessary health and family welfare services.

(c) Infrastructure

(i) As per norms, four to six beds were required in each PHC and 30 beds in each CHC. Test-check revealed that notwithstanding these norms, institutions had been functioning without beds or less number of beds as of March 2000 as detailed below:

District	Number of CHCs	Beds required	In position (percentage)	Number of PHCs	Beds required	In position (percentage)	Number of PHCs without beds
Hamirpur	5	150	104 (69)	17	102	22 (22)	13
Sirmour	3	90	39 (43)	24	144	21 (15)	14
Una	4	120	47 (39)	12	72	37 (51)	1
Total:	**12**	**360**	**190 (53)**	**53**	**318**	**80 (25)**	**28**

BMOs stated (January-March 2000) that these institutions were upgraded from PHCs/Civil dispensaries but no additional accommodation for beds was provided by the Government. Thus, the upgradation remained a paper preposition since the intended purpose for which these were upgraded remained unachieved.

(ii) Similarly, two CHCs (Haroli and Chintpurni in Una district) though upgraded in 1987 and 1997 respectively were operating with six beds each against the requirement of 30 beds each. BMOs stated (March 2000) that no additional infrastructural facilities were provided since their upgradation by the Government.

(iii) In three districts test-checked, 263 health institutions (PHCs: 28 and SCs: 235) were functioning in private buildings having no indoor facilities in the PHCs. No steps were, however, taken by the department for providing infrastructural facilities to these institutions as of March 2000. Thus, the public covered through 28 PHCs had been deprived of the indoor facilities.

In summary, adequate infrastructure was lacking on a large scale and in the absence of the same the intended purpose of upgradation/opening of health institutions was thus, defeated.

(d) Staff sanctioned in excess of norms

In three districts test-checked, against the staff requirement of 1,564 posts (Medical Officers (MOs): 154; para-medical: 1,143 and others: 267) for 497 health institutions (CHCs: 12; PHCs: 53 and SCs: 432), 1,979 posts (MOs: 158; para-medical: 1,487 and others: 334) were sanctioned as of March 2000. Thus, 415 posts (MOs: 4; para-medical: 344 and others: 67) were sanctioned in excess of the norms as of March 2000. It was further noticed that there was shortage of 44 doctors and 370 para-medical staff against sanctioned strength as of March 2000. Thus, due to shortage of staff, people at large remained deprived of health and family welfare services.

3.2.7 Post Partum PAP smear test facility programme

The PAP Smear Test Facility Programme for early detection of cervical cancer among women was introduced (1977) by GOI in Kamla Nehru Hospital, Shimla. It was noticed that one Cyto-technician required to be provided under the scheme had not been provided for want of sanction of the post by the State Government as of March 2000. However, the smear tests were being conducted at Indira Gandhi Medical College after preparing the slides in the Kamla Nehru Hospital.

4,786 patients were deprived of the results of smear tests due to non-availability of reports.

Out of 12,830 slides prepared for 6,415 women patients during 1995-2000, results of only 3,258 slides (25 *per cent*) were available and results of 9,572 slides were not made available to 4,786 women patients (75 *per cent*). Medical Superintendent (MS), Kamla Nehru Hospital, Shimla stated (April 2000) that smear was collected in the hospital and tests were got conducted at Indira Gandhi Medical College, Shimla. Reply was not tenable as no follow-up was done. Besides, patients were deprived of the results of test conducted during 1995-2000.

3.2.8 All India Hospital Post Partum Programme

Post delivery (Post Partum) period was considered the best time when women are most amenable to accept advice on family welfare. The All India Hospital Post Partum Programme was implemented through 33 post partum centres (PPCs) which were required to motivate women in the reproductive age group (15-44 years) and their husbands for adopting small family norms through education and motivation during pre-natal, natal and post-natal period and after medical termination of pregnancy (MTP).

Following points were noticed:

3.2.8.1 Staff position

(a) Government of India instructions (September 1994) provided that all vacant posts in Post Partum Centres and Rural and Urban Family Welfare Centres be filled with trained and qualified staff to provide quality family welfare and maternal and child health services. As per prescribed staffing pattern for PPC, 18 posts for A-Type teaching PPC, eight posts for district level PPC and 10 posts for sub-district level PPC were required to be sanctioned by the Government. Government, however, neither sanctioned nor filled up any post during 1995-2000 under the programme. The position of staff required and sanctioned (May 1994) was as under:

Description of PPCs	Number of PPCs	Mos		Para-medical staff		Other staff	
		Required	Sanctioned	Required	Sanctioned	Required	Sanctioned
A-Type teaching	1	6	7	5	3	7	9
District level	10	20	--	40	52	20	32
Sub-district level	22	44	5	132	12	44	2
Total	33	70	12	177	67	71	43

There was a serious gap in the required staff vis-à-vis sanctioned staff as discussed below:

Against 64 posts of doctors required as per norms in district and sub-district level PPCs only five posts of doctors were sanctioned.

(i) The State Government sanctioned only 12 posts of doctors against the requirement of 70 posts, 67 posts of para-medical staff against the requirement of 177 and 43 posts of other categories of staff against the requirement of 71. Thus, 58 posts of doctors, 110 posts of para-medical staff and 28 posts of other categories of staff were not created as of March 2000.

(ii) No post of doctors was sanctioned at district level PPCs against requirement of 20 posts. In sub district level PPCs, against the requirement of 44 posts of doctors, 132 posts of para-medical staff and 44 posts of other staff, only five posts of doctors, 12 posts of para-medical staff and two posts of other categories of staff had been sanctioned respectively as of March 2000.

(iii) In one A-Type teaching centre (Kamla Nehru Hospital, Shimla), three posts (MO: 1 and others: 2) and in 10 district level PPCs, 24 posts (para-medical: 12 and others: 12) were sanctioned in excess of norms fixed by GOI.

DHS stated (April 2000) that the staff for PPCs was sanctioned by the Government. The Government, however, stated (July 2000) that the matter regarding non-creation/filling up of vacant posts was under examination. Thus, due to inadequate staff the quality services under the programme were not ensured.

(b) In three districts test-checked, salary of Rs 30.47 lakh to nine officials posted in district level PPCs had been charged irregularly to the programme during 1995-2000 even though these officials remained deployed on other schemes.

CMOs stated (January-March 2000) that the excess staff charged to PPCs were actually deployed on other National Programmes. The contention was not correct as the salary of the staff actually deployed should have been charged to the programme.

Test-check of records of five PPCs[10] revealed the following points in the implementation of the various components of All India Hospital Post Partum Programme.

3.2.8.2 Maternal and child health services

Against 11,493 expectant mothers to be registered for ante-natal check ups within 12-16 weeks of pregnancy, only 817 (7 *per cent*) were registered in five PPCs test-checked during 1995-2000.

(a) Intervention for mothers

(i) The programme provided for early registration of expectant mothers with PPCs within 12 to 16 weeks of pregnancy so that three ante-natal check ups could be ensured. It was noticed in five PPCs test-checked that out of 11,493 expectant mothers required to be registered within 12 to 16 weeks, only 817 (7 *per cent*) were registered within the prescribed period during 1995-2000. 10,676 expectant mothers were registered after 16 weeks of pregnancy. MS, Sirmour and Senior Medical Officer (SMO), Una stated (February-March 2000) that expectant mothers did not visit PPCs due to lack of knowledge and illiteracy among women. The reply bases the fact that the staff of PPCs did not motivate and educate the women for adopting small family norms. It is an internal failure of the system for which only MS, Sirmour and SMO, Una were responsible.

10 Amlehar, Hamirpur, Nahan, Paonta Sahib and Una.

Further, in order to protect pregnant women against TT, two doses were required to be administered to all the expectant mothers. Of 11,493 expectant mothers registered with these PPCs, 4,450 (39 *per cent*) were not administered TT doses during 1995-2000. Incharge, PPCs stated (March 2000) that non-administration of TT doses was due to non-reporting by mothers for 2nd and 3rd check ups and also shortage of staff for motivation. Lack of motivation and adequate information and education to expectant mothers for administration of TT doses as per guidelines was the apparent cause here too. For these PPCs the area of motivation and eduction was a weak area.

(ii) All expectant mothers were required to be given 100 tablets of Iron Folic Acid (IFA) to protect them from anaemia. It was noticed that against 11,49,300 IFA tablets required to be given to 11,493 expectant mothers, only 7,02,565 tablets were distributed during 1995-2000. Less distribution of IFA to expectant mothers was attributed by the incharge PPCs (March 2000) to late registration of expectant mothers, insufficient stock of IFA in 1997-98 at PPC, Nahan and non-reporting by expectant mothers for 2nd and 3rd check ups.

(iii) In order to protect the expectant mothers and early detection of complications, six tests (HB, STS, TLC, Urine for M/E and Aluminum and RH factors) were required to be conducted after registration with the PPCs. It was noticed that only four tests were conducted at sub-district level PPCs. Director stated (April 2000) that test facilities for STS/RH factor did not exist in 22 sub-district level PPCs. Thus, expectant mothers registered with these centres were not provided with the facility of required tests during 1995-2000.

(b) Child health intervention

(i) GOI instructions (November 1993) provided for care to infants born in hospitals, treatment of high risk infants referred from peripheral centres, immunisation of all children born in the hospital and visiting out door patient department and all children in allotted areas.

Of the 15,295 infants during 1995-2000, only 5,675 (37 *per cent*) were administered BCG and doses of OPV.

It was noticed that out of 15,295 children born in district hospitals at Hamirpur, Nahan and Una and Civil hospital, Paonta Sahib during 1995-2000, only 5,675 (37 *per cent*) children were administered BCG and zero OPV at the time of birth. MOs stated (January-March 2000) that these are given once in a week and the children born and discharged by following week could not be administered the same. Reply was not tenable since all infants born in the hospital were to be immunised. Thus, MOs of these hospitals had failed to immunise 9,620 children during 1995-2000.

Shortfall in immunisation of children ranged between 73 and 75.

(ii) Against 15,295 children required to be immunised each for BCG, DPT, OPV and Measles during 1995-2000, only 4,119, 4,198, 4,198 and

3,881 respectively were immunised at four PPCs[11]. Percentage shortfall ranged between 73 and 75 which was attributed by Incharge PPCs (January-March 2000) to immunisation in adjoining areas and shortage of staff in PPCs.

3.2.8.3 Family planning

Objective of persuading people to adopt small family norms remained unachieved.

In three districts test-checked, out of 51,767 eligible couples, only 16,618 (32 *per cent*) couples were motivated for adopting small family norms during 1995-2000. Further, of 16,618 motivated couples only 3,697 adopted the permanent methods (viz. sterilisation) which constituted 22 *per cent* of the motivated eligible couples and only 7 *per cent* of the total eligible couples. Non-adoption of any of the methods was attributed by Incharge PPCs, Hamirpur and Una (January-March 2000) to shortage of staff for motivation and non-preference of family welfare measures by couples having female child or one child. The reply was not tenable as the incharges of PPCs had failed to motivate and educate eligible couples for adoption of small family norms. Thus, the objective of persuading people to adopt small family norms under the programme remained unachieved.

3.2.8.4 Shortfall in providing outreach services

As per GOI instructions, Auxiliary Nurse Midwife (ANMs) and Lady Health Visitors (LHVs) should visit field areas attached to PPCs under the supervision of the MO to maintain and update the eligible couple registers and to provide full range of information, education and communication (IEC) activities.

It was noticed that against 12,480 visits (district level: 8,640 and sub-district level: 3,840) required to be made during 1995-2000 by ANMs/LHVs, only 4,023 visits (district level: 3,024 and sub-district level: 999) were made in five PPCs test-checked. Thus, there was a shortfall of 68 *per cent* in providing outreach services and no supervision was done by MOs during 1995-2000 as required. CMOs, Hamirpur, Sirmour and Una attributed (January-March 2000) the shortfall in outreach services to shortage of ANMs and LHVs as also non-sanctioning of MOs for PPCs.

3.2.8.5 Performance Indicators

According to GOI instructions the performance of the individual institution was to be assessed based on the annual work load of Obstretic (OB) and

11 Hamirpur, Nahan, Paonta Sahib and Una.

Abortion (AB) cases, direct acceptors achieved by institutions and tubectomies performed per bed per annum. The acceptors have been grouped as direct acceptors who accept any family welfare method before discharge from the hospital out of all OB and AB cases attending the hospital, and indirect acceptors who accept family welfare methods after discharge from hospital out of all OB and AB cases including other acceptors attending OPD/PPC. Performance will, however, be evaluated on the following methodology:

A-Direct Acceptors

(i)	Sterilisation	75 *per cent* OB and AB cases with three or more children
(ii)	Other methods	100 *per cent* of OB and AB cases with less than two children

B-Indirect Acceptors equal to direct acceptors

(i)	Sterilisation	25 *per cent* of indirect acceptors
(ii)	Other methods	75 *per cent* of indirect acceptors

Shortfall in sterilistion cases of direct acceptors ranged between 11 and 100 *per cent* and in other methods, it was 89 to 100 *per cent*.

It was noticed that shortfall in sterilisation cases of direct acceptors during 1995-2000 ranged between 11 *per cent* (Hamirpur) and 100 *per cent* (Paonta Sahib). In other methods of direct acceptors, the shortfall ranged between 89 *per cent* (Hamirpur) and 100 *per cent* (Amlehar, Paonta and Una).

The shortfall in respect of other methods of indirect acceptors during 1995-2000 ranged between 32 *per cent* (Una) and 100 *per cent* (Amlehar).

The shortfall indicated that neither direct acceptors were motivated for undergoing sterilistion nor were indirect acceptors motivated for adopting any of the family welfare methods. Incharge, PPCs attributed (January-March 2000) the reasons of shortfall to tendency among women not to go in for sterilisation immediately after delivery due to ignorance and shortage of staff for motivation. The reply was not tenable as the inchrage PPCs were required to motivate and educate the people for adopting small family norms and they failed in this objective by their own admission. Resultantly, a major contributory factor in achieving objective of the programme to stabilise the population at a level consistent with the needs of national development could not succeed.

3.2.8.6 Underutilisation of beds for sterilisation

As per GOI instructions alteast 75 sterilisation cases per bed per annum in each PPC were required to be conducted. Position of sterilisation cases performed by the PPCs in the State during 1995-2000 was as under:

Year	Number of PPCs	Beds in position	Sterilisation cases		Per bed sterilisation cases conducted
			Required	Actual	
A. District level PPCs					
1995-96	11	110	8,250	2,568	23
1996-97	11	110	8,250	2,100	19
1997-98	11	110	8,250	2,225	20
1998-99	11	110	8,250	2,319	21
1999-2000	11	110	8,250	2,876	26
B. Sub-district level PPCs					
1995-96	22	132	9,900	285	2
1996-97	22	132	9,900	365	3
1997-98	22	132	9,900	564	4
1998-99	22	132	9,900	679	5
1999-2000	22	132	9,900	842	6

It would be seen that actual occupancy ranged between 19 and 26 in respect of district level PPCs and 2 to 6 in sub-district level PPCs against requirement of 75 per bed. DHS stated (July 2000) that low occupancy of beds for sterilisation was due to non-filling up of vacant posts of doctors and other staff and also launching of non-scalpel vasectomy and laproscopic techniques for performing sterilisation operations without hospitalisation, acceptors usually prefer to avail these services at their door steps during the course of family planning camps. The reply was not tenable as the department had neither reviewed the cases of non-performing PPCs and nor shifted such PPCs to better performing centres as envisaged in the guidelines.

3.2.8.7 Monitoring and evaluation

The functioning of PPCs was required to be monitored and evaluated monthly at institutional/district level and annually at State level by the Co-ordination Committee. Annual State level seminars were also required to be held to discuss general problems and to review the performance for taking corrective measures. However, neither any Co-ordination Committee was constituted at Institutional/District/State level nor State level seminars were held to review the performance of the programme for taking corrective measures during

1995-2000. It was further noticed that quarterly reports received from the PPCs were not reviewed by DHS but were forwarded in original to GOI.

DHS stated (April 2000) that Co-ordination Committees could not be constituted and monitoring and evaluation was also not done as no such directions were received from GOI. Also due to shortage of staff and expansion of various other health programmes in the State, this programme could not be run satisfactorily. The reply was factually incorrect as the guidelines of the programme provided for monitoring and evaluation of the programme. The fact is that the programme was run by DHS in a lacklustre manner without realising the responsibility cast on them in properly monitoring the implementation of the programme. No wonder in such a suitation any timely remedical action for various deficiencies (pointed out earlier) was not forthcoming.

3.2.9 Reproductive and Child Health (RCH) Programme

The RCH programme was introduced by GOI during Ninth Plan (1997-2000) in which CSSM programme was also integrated to ensure relevant services, reproductive and child health to all citizens for obtaining the objectives of stable population in the medium and long term for the country. Under the programme, all the districts were categorised as A, B and C on the basis of CBR and female literacy rate. For the implementation of the programme, State RCH Society was formed (September 1997) at State level under the Chairmanship of Secretary (Health) with one Deputy Director as Member Secretary and nine other members. District level RCH societies were also constituted under the Chairmanship of respective CMOs to accelerate the implementation of the programme. Test-check of records revealed following points:

Of Rs 6.72 crore received from GOI for implementation of RCH programme, Rs 5 crore (74 *per cent*) remained unutilised with State RCH Society and executing agencies.

(i) Of Rs 6.72 crore received from GOI during 1998-2000 (1998-99: Rs 4.42 crore and 1999-2000: Rs 2.30 crore), Rs 5.76 crore were advanced to CMOs (Rs 5.30 crore), Deputy Commissioners (Rs 0.41 crore) and University at Shimla (Rs 0.05 crore) for implementation of various activities of the programme. It was, however, noticed that State RCH Society and executing agencies incurred an expenditure of Rs 1.72 crore (26 *per cent*) and remaining amount of Rs 5 crore was lying unspent in banks with them as of March 2000. DHS stated (April 2000) that executing agencies would be directed to accelerate the implementation. This was indicative of the casual approach adopted by the department in implementation of the programme.

(ii) In three districts test-checked, Rs 35.85 lakh (19 minor civil works: Rs 20.93 lakh and 2 major civil works: Rs 14.92 lakh) remitted to PWD by CMOs had not been utilised as of March 2000. CMOs stated that PWD would be requested to take up the work expeditiously.

(iii) In three districts test-checked, against Rs 14.30 lakh remitted to Deputy Commissioners for implementation of IEC activities through *Zila Saksharta Samitis* (ZSSs), only Rs 4.87 lakh (34 *per cent*) were spent for the purpose during 1999-2000. Secretaries ZSSs, Hamirpur, Sirmour and Una stated (January-March 2000) that the programme could not be implemented due to shortage of staff for arranging cultural shows as also due to non-finalisation of designs of posters, etc. Thus, the programme was not given wide publicity.

(iv) Against receipt of Rs 41.42 lakh from GOI for awareness general training, Rs 30.78 lakh were remitted to all the district level RCH Societies. It was noticed that in three districts test-checked, Rs 1.50 lakh were spent against Rs 12.34 lakh remitted to them during 1999-2000. The CMOs stated (March 2000) that funds could not be utilised for want of action plans for imparting training. The replies were not tenable as the CMOs should have prepared the action plans and imparted training as envisaged in the programme.

It is apparent from the forgoing that the approach to give the function of administering the programme to an autonomous body did not achieve the objective of better and more efficient utilisation of resources vis-à-vis that of a Government department. It would be pertinent for Government to assess what improvements are needed to tone up the functioning of these societies.

3.2.10 Conclusion

Out of Rs 135.27 crore of Central funds given for the Programme, Rs 28.78 crore (21 *per cent*) were diverted by the State Government and whatever funds were utilised failed to achieve the desired goal or even accelerate the progress on key goals. Thus, there was increase in the IMR, sharp decrease in effective CPR, depressing sterilisation figures and non-achievement of the target in respect of CBR. Norms prescribed for opening and upgradation of health institutions were not observed. Deployment of staff had not been reviewed resultantly there were cases of overstaffing as well as understaffing. The objective of educating and motivating the eligible couples suffered enormously. Performance of PPCs was not closely reviewed and non performing PPCs were also not shifted to better performing centres as required under the guidelines. Monitoring of implementation of the programme at the district and directorate level was a key element that was totally ignored by DHS and the Government. In sum, the programme was run in a lacklustre manner.

These points were referred to the Government in May 2000; reply had not been received (July 2000).

Rural Development Department

3.3 Working of Rural Development Department

Highlights

Financial and programme managements of the department were grossly deficient. Resources provided for implementation of various rural development and poverty alleviation programmes were not fully utilised even after cuts in plan ceilings by the State Government due to overall financial crunch. Survey for identification of families living below poverty line was not based on reliable data. Survey to judge the impact of the programme on number of families crossing the poverty line was not carried out under Integrated Rural Development Programme. Works executed under various programmes were not adequately inspected/test-checked at different Inspecting Officers levels as prescribed. No internal or external evaluation of schemes was conducted to ascertain the achievement of desired benefits under each scheme/programme. Meetings of State Level Co-ordination Committee for monitoring the progress of schemes were not arranged regularly as envisaged in the guidelines. In sum, the department did not efficiently discharge many of the functions entrusted to it. Important findings were as under:

** *Even after incurring an expenditure of Rs 22.89 crore on IRDP during 1994-99, the incidence of poverty increased from 2.59 lakh to 2.86 lakh families in four districts test-checked during the same period. Survey of families crossing the poverty line was not conducted by the department in order to judge the impact of the programme.*

(Paragraph 3.3.4.1 (ii) and (v))

** *Of the total 3,275 youths trained during 1995-99 under TRYSEM, 2,182 youths trained at a cost of Rs 58.30 lakh were not settled.*

(Paragraph 3.3.4.2(i))

** *Construction of four Exclusive TRYSEM Training Centres (ETTCs), targeted to be completed by September 1997 at a projected cost of Rs 1.15 crore had not been completed as of May 2000. Consequently, sanction of eight more ETTCs for which projects of*

The abbreviations used in this review have been listed in the Glossary in Appendix-XXI (Page 257-262).

Rs 2.39 crore were sent by the State Government during 1998-99 was not accorded by GOI.

(Paragraph 3.3.4.2 (ii))

** *Rs 53.68 lakh out of Rs 77.53 lakh released to 11 DRDAs during 1996-98 for implementation of Ganga Kalyan Yojna were lying unutilised. This was owing to unsuitable topography and other constraints in implementation of the scheme about which the State Government did not apprise GOI.*

(Paragraph 3.3.4.3)

** *Six Special and Innovative Projects under JRY, costing Rs 9.97 crore sanctioned by GOI during 1993-97 had not been completed as of May 2000, though stipulated period for completion had expired.*

(Paragraph 3.3.4.4)

** *Under Chief Minister's Gratuity Scheme, payment of Rs 1.68 crore to 1,704 bereaved families were delayed by 14 to 1,071 days as against stipulated 15 days from the date of receipt of applications from the bereaved families.*

(Paragraph 3.3.4.5)

** *Due to excess carryover of unutilised balances of various Centrally sponsored schemes against permissible percentage of 15 to 25 per cent and delay in submission of proposals for implementation of schemes, GOI/State Government imposed a cut of Rs 9.24 crore in release of grants-in-aid to DRDAs.*

(Paragraph 3.3.6.5)

** *Only four meetings were held against the required 24 meetings of State Level Co-ordination Committee during 1994-2000.*

(Paragagarph 3.3.7)

** *Shortfall in inspection/test-check of various works at different Inspecting Officers levels ranged between 59 and 98 per cent resulting in non-following of the prescribed procedure.*

(Paragraph 3.3.8)

3.3.1 Introduction

The main objective of the Rural Development Department (RDD) was to implement various rural development programmes for the overall development of rural areas and rural poor with the active participation of the community. The integrated rural development approach through various beneficiary oriented Centrally sponsored and State Plan schemes launched for the welfare of the families living below the poverty line (BPL) was adopted by laying stress on poverty alleviation and providing self employment to rural poor. These included (i) resource and economic development programmes for the rural poor like Integrated Rural Development Programme (IRDP), Training of Rural Youth for Self Employment (TRYSEM), etc., (ii) works oriented programmes for creation of supplementary employment opportunities like *Jawahar Rozgar Yojna* (JRY), Employment Assurance Scheme (EAS) and (iii) Special Area Development Programmes like Drought Prone Areas Programme (DPAP) and Desert Development Programme (DDP).

Grants-in-aid (GIA) for the implementation of Centrally sponsored (CSS) and State Plan schemes were released to 72 blocks in the State through 12 District Rural Development Agencies (DRDAs).

3.3.2 *Organisational set up*

Overall responsibility for the implementation of rural development programmes rested with the Commissioner-cum-Secretary (Rural Development) assisted by the Director-cum-Special Secretary (Director) at the State level. At district level, the Deputy Commissioner-cum-Chief Executive Officers (CEOs) of the DRDAs were assisted by the Project Officers (POs) in the execution of programmes. The Block Development Officers (BDOs) were the main catalyst at block levels. A State Level Coordination Committee (SLCC) under the Chairmanship of Chief Minister had been constituted (February 1994) for review and monitoring of the programmes.

3.3.3 *Audit coverage*

Some aspects of the working of RDD were reviewed for the period 1997-2000 during February-May 2000 in the offices of the Director, four DRDAs[1] and 18 blocks[2] falling under these DRDAs. Important points noticed in test-check of records were as under:

3.3.4 *Programme management*

Of the 15 schemes[3] being implemented by the department, seven[4] were test-schecked in audit. Following points were noticed:

1 Hamirpur, Kangra, Kullu and Una.

2 Amb, Ani, Baijnath, Banjar, Bhawarna, Bhoranj, Bijhari, Dehra, Gagret, Hamirpur, Kangra, Kullu, Nagrota Bagwan, Nirmand, Nurpur, Panchrukhi, Rait and Una.

3 Community development programme (CDP), IRDP, TRYSEM, Development of Women and Children in Rural Areas (DWCRA), JRY, EAS, DPAP, Rural Sanitation Programme, Rural Housing (Gandhi Kuteer Yojna and Indira Awas Yojna), National Social Assistance Programme, National Programme on Improved Chullahs, DDP, Wastelands development Projects in HP, Chief Minister's Gratuity Scheme and Ganga Kalyan Yojna.

4 CDP, IRDP, TRYSEM, DWCRA, JRY, Chief Minster's Gratuity Scheme and Ganga Kalyan Yojna.

3.3.4.1 Integrated Rural Development Programme

IRDP, a major poverty eradication programme, was launched in all the blocks of the State during 1980 to identify the families living below poverty line, to assist them under various sectoral income generating activities, to improve their socio-economic conditions and to enable them to cross the poverty line once for ever.

In the implementation of this scheme by the department following points were noticed in audit:

(i) Lack of reliable data about BPL families

Data about BPL families not reliable.

The State Government was receiving allocation of funds from the Government of India (GOI) on the basis of the incidence of poverty assessed by the National Sample Survey Organisation (NSSO), which was 28 *per cent* (1977-78), 14 *per cent* (1983-84) and 10 *per cent* (1987-88). However, as per survey conducted by the State Government during 1981-82, 1994-95 and 1998-99, the percentage was 42, 27 and 28 respectively.

The Director stated (May 2000) that the NSSO had ignored the State's specific variations in consumption patterns and cost of living. However, it was seen that the State Government was not even able to utilise, year after year, the funds received from GOI on the basis of poverty percentage rate of 10 fixed by NSSO.

(ii) Increased trend of incidence of poverty

Test-check revealed that even after incurring an expenditure of Rs 22.89 crore on IRDP between 1994-95 and 1998-99, the number of BPL families increased from 2.59 lakh to 2.86 lakh in four districts test-checked.

The Director attributed (May 2000) the increase in incidence of poverty to change in the methodology of conducting the BPL survey by GOI from per capita income of IRDP family to per capita ~~investment~~ consumption. The reply was not tenable as even on the basis of the State Government data the percentage of BPL families had gone up from 27 (1994-95) to 28 (1998-99).

(iii) Delay in conducting BPL survey

Government of India requested (April 1997) the State Government to initiate the process of fresh survey for identification of BPL families for the Ninth Five Year Plan (1997-2002) in such a manner that final list was ready by

March 1998. The State Government completed the task in March 1999 i.e. one year after the target date and decided to provide benefits under various schemes to identified BPL families with effect from April 1999. Resultantly, newly identified BPL families were deprived of the benefits of the IRDP for one year as the assistance continued to be provided to the beneficiaries according to old survey. The number of new addition of families as a result of latest survey was also not available with the Director.

(iv) Non-inclusion of 335 BPL families in final list

To give coverage to 335 BPL families left out at the time of survey conducted during 1998-99 in Sirmour district, the State Government revised and approved (November 1999) the number of identified BPL families in the district from 13,418 to 13,753. It was noticed that the revised number of BPL families with an addition of 335 families had not been conveyed to GOI as of May 2000 for adoption in the final list of BPL families. The Director stated (May 2000) that the department had issued instructions in March 2000 to all the DCs to intimate any addition/deletion in the number of BPL families and thereafter the consolidated position of BPL families would be intimated to GOI. Reply was not tenable as target date for final survey was March 1998 and no additional survey was to be done till next five year plan. Thus, 335 BPL families of Sirmour district were deprived of the benefits under the programme.

(v) Non-conducting of annual survey to find out the number of families crossing the poverty line

As per guidelines, the BDOs were required to conduct an annual survey to find out the number of families which had crossed the poverty line after benefits under IRDP were provided to them.

No such annual survey had been conducted by the BDOs in 18 blocks test-checked. The fact was ignored by the department also. Thus, it was not possible to assess the impact of the programme and there was no assurance that ineligible families were not getting the benefits. Reasons for non-conducting of survey by the BDOs called for (May 2000) from the Director had not been intimated.

(vi) Infrastructure development

(a) Guidelines provided that 20 *per cent* of IRDP allocation be earmarked in Annual Plan of the block/DRDA for infrastructure development such as construction of shops, drip irrigation system, soil testing equipment, construction of work sheds/godowns, etc., for providing forward and backward linkage to IRDP beneficiaries.

In 18 blocks test-checked, it was noticed that 16 BDOs[5] during 1997-98, 17 BDOs[6] during 1998-99 and 14 BDOs[7] during 1999-2000 did not earmark any funds for infrastructure development against total IRDP allocation of Rs 79.66 lakh, Rs 135.33 lakh and Rs 71.18 lakh respectively. The omission was apparently not taken note of by the concerned Deputy Commissioners too.

The BDOs attributed (February-May 2000) it to lack of knowledge of provisions of the scheme, non-availability of land for raising infrastructure and lack of provision for the same in Annual Action Plan prepared by the POs of the DRDAs. The reply was unacceptable since BDOs were required to be familiar with the guidelines of the scheme as the scheme was in operation since 1980 and 20 *per cent* funds remained unutilised year after year.

(b) In 12 blocks[8] test-checked, 211 shops for IRDP beneficiaries were constructed between 1986-87 and 1994-95 at a cost of Rs 26.79 lakh. Of these, 27 shops constructed at a cost of Rs 3.14 lakh had not been allotted as of February-May 2000 reportedly due to lack of interest in the beneficiaries. The remaining 184 shops were allotted but 117 beneficiaries were not paying even the nominal rent fixed for the shops leading to accumulation of arrears of rent of Rs 5.10 lakh for July 1988 to March 2000. This showed that many shops were constructed without first ensuring requirement of prospective beneficiaries.

(vii) Inadmissible expenditure on administrative infrastructure

Inadmissible expenditure of Rs 12.20 lakh in excess of prescribed norms incurred by DRDA, Shimla.

As per norms prescribed by GOI for IRDP, not more than 10 *per cent* of total IRDP allocation of a particular year could be utilised towards administrative infrastructure in case of DRDAs. However, DRDA, Shimla spent Rs 13.98 lakh (79 *per cent*) of Rs 17.78 lakh allocated by GOI during 1996-97.

The Project Officer, DRDA stated (September 1997) that expenditure had to be incurred as there was no other source of income of the Agency and that GOI had been requested to regularise the expenditure. The reply was not

5 Except Baijnath and Bhoranj.

6 Except Bhoranj.

7 Except Bhoranj, Bijhari, Kangra and Nurpur.

8 Ani, Baijnath, Bhawarna, Bhoranj, Bijhari, Dehra, Kangra, Nagrota Bagwan, Nirmand, Nurpur, Panchrukhi and Rait.

tenable as the DRDA was not authorised to divert the funds at the expense of the IRDP beneficiaries.

3.3.4.2 Training of Rural Youth for Self Employment

(i) The basic objective of TRYSEM was to equip the rural youth in the age group of 18-35 years belonging to IRDP families with necessary skills and technologies to establish them in self employment ventures to improve their economic status. After completion of training, DRDAs were to ensure the infrastructural support by recognising cooperative bodies and such type of bodies were to be identified in each district as nodal agency for providing backward and forward linkages to a majority of self employed beneficiaries.

2,182 youth trained during 1995-99 at a cost of Rs 58.30 lakh had not been settled.

The State Government had identified 2.86 lakh families under IRDP. As against this, only 3,275 youth were identified and imparted training. Rupees 87.50 lakh were spent on them during 1995-99. Of these, 1,093 (33 *per cent*) were settled as self employed, 1534 (47 *per cent*) as wage employed and 648 (20 *per cent*) were unsettled as of May 2000. The department did not provide the required 20 *per cent* of IRDP allocation for infrastructure development in order to provide backward and forward linkage.

Failure to settle 2,182 youth (including 1,534 wage employed) trained under TRYSEM rendered the proportionate expenditure of Rs 58.30 lakh incurred on their training as largely unfruitful. Reasons for non-settlement of these youths called for (May 2000) from the Director had not been intimated.

(ii) Setting up of Exclusive TRYSEM Training Centres

To bridge the gap in the training infrastructure requirements under TRYSEM, GOI decided (October 1995) to set up ETTCs in a phased manner in blocks, where no non-government organisation/government run Industrial Training Institutions (ITIs) were available, on 50:50 sharing basis between Central and State Governments. In first phase, four ETTCs at Garnota, Salooni and Tissa in Chamba district and Barsar in Hamirpur district were approved by GOI during 1996-97. GOI released (March 1997) Rs 57.58 lakh to the State Government as Central share, while similar matching share was released by the State Government in June 1997 (Rs 53.83 lakh) and January 1998 (Rs 3.75 lakh) for setting up these ETTCs. The financial and physical progress of construction of buildings for ETTCs as of March 2000 was as under:

Name of ETTC	Projected cost of ETTC building	Amount of award of contract	Month of award	Latest progress	
				Financial	Physical
	(Rupees in lakh)				
Garnota	21.91	16.07	December 1999	1.89	RCC work upto ground level completed
Salooni	23.31	21.89	May 1999	1.20	Site development and foundation of eight columns laid.
Tissa	23.31	22.63	March 1999	2.47	Shuttering of beam of first floor done
Barsar	10.50	25.50	July 1999	20.04	Slab laid in ground floor and RCC column raised upto first floor roof level

Following points were noticed in audit:

Sanction for construction of eight more ETTCs at a cost of Rs 2.39 crore had not been granted by GOI as the State Government could not utilise the grants given by GOI for construction of four ETTCs.

(a) The construction of ETTCs, which was targeted for completion in September 1997 was taken up by DRDAs between April 1999 and May 2000. Delay in construction of ETTCs had deprived the trainees of the intended benefits for over two years as of May 2000.

(b) Due to poor progress of utilisation of funds on setting up of these ETTCs, GOI did not sanction eight more projects[9] (cost: Rs 2.39 crore) submitted by the State Government in second phase during 1998-99. Thus, due to failure of POs, DRDAs, Chamba and Hamirpur in timely utilisation of funds and non-monitoring of implementation of the scheme by the Director, State Government was deprived of 50 *per cent* Central assistance of Rs 1.20 crore till the completion of these ETTCs.

(c) Guidelines strictly debarred engagement of contractors. Though the department had its own Engineering cell at State level and the three Zonal Executive Engineers (XENs) had been vested with full technical powers, DRDAs, Chamba and Hamirpur awarded the construction of ETTCs to contractors. It was further noticed that against the projected provision of Rs 10.50 lakh, work of construction of ETTC, Barsar was awarded to the contractor for Rs 25.50 lakh against an estimate of Rs 27.28 lakh prepared by XEN, PWD division, Barsar due to deviation in projected design of building. The Director failed to monitor this condition in the periodical meetings held with the CEOs.

9 Chauntra, Dharampur, Gohar and Karsog in Mandi district, Nahan, Rajgarh and Shillai in Sirmour district and Tauni Devi in Hamirpur district.

3.3.4.3 *Ganga Kalyan Yojna*

Out of Rs 77.53 lakh released to 11 DRDAs during 1996-98, Rs 53.68 lakh were lying unutilised.

To provide irrigation through exploitation of ground water i.e. bore wells and tube wells, GOI launched (February 1997) *Ganga Kalyan Yojna* (GKY) in all the districts of the country on the basis of cost sharing formula of 80:20 between the Central and State Governments.

During 1996-98, Rs 77.53 lakh (Central share: Rs 66.71 lakh and State share: Rs 10.82 lakh) were released to all the DRDAs except Kinnaur for implementation of this scheme. However, before launching the scheme GOI should have consulted the State Government with regard to feasibility and suitability of topography for implementation of the scheme.

Test-check revealed that in four DRDAs[10] entire amount of Rs 28.03 lakh released to them during 1996-98 (1996-97: Rs 13.61 lakh and 1997-98: Rs 14.42 lakh) remained unutilised. Out of the remaining amount of Rs 49.50 lakh, released to seven[11] other DRDAs, Rs 23.85 lakh had been utilised and Rs 25.65 lakh were lying unutilised as of March 2000. The manner of utilisation of Rs 23.85 lakh by these seven DRDAs called for (June 2000) from the Director had not been intimated. Audit check further revealed that no details regarding utilisation of Rs 23.85 lakh had been given in the utilisation certificates sent to GOI.

The Director informed (December 1998) the SLCC that in view of the topography of the State, this scheme could not be implemented properly and the matter had already been taken up (November 1997) with GOI for relaxation in parameters for implementation. Reply was not tenable as the State Government should not have accepted the funds in view of the constraints in the implementation of the scheme in the first place. Thus, Rs 53.68 lakh released by GOI/State Government under this scheme remained unutilised as the State Government failed to apprise GOI regarding constraints in implementation of the scheme before its launch by GOI.

3.3.4.4 Special and Innovative Projects under JRY

Under the scheme "Special and Innovative Projects under JRY" five *per cent* of JRY allocations were earmarked for Special and Innovative Projects subject to a maximum of Rs 75 crore per annum. The main objectives of these projects were rural employment generation, poverty alleviation and self reliance. These projects were meant to benefit special group of people and

10 Hamirpur, Kangra, Kullu and Una.

11 Bilaspur, Chamba, Lahaul and Spiti, Mandi, Shimla, Sirmour and Solan.

areas which usually get bypassed by ongoing rural development programmes. Emphasis was laid on development of core infrastructure to provide long term employment opportunities, model planning, integration of ongoing development schemes and application of appropriate technology in the field of agriculture, etc. The scheme was to be funded in the ratio of 80:20 by GOI and State Government. Quarterly/annual progress reports were to be furnished to GOI.

GOI sanctioned six projects, costing Rs 9.97 crore between 1993-94 and 1996-97 for six districts. The projects were to be completed within two to three years. The position with regard to utilisation of grants-in-aid (GIA) as of March 2000 was as under:

Name of project	Year of start of project	Sanctioned cost of project	Target date of complet-ion	Amount of GIA received by DRDAs	Amount utilised	Unutilised amount with DRDAs	Un-claimed amount of GIA	Components of programme
		(Rupees in crore)			(Rupees in crore)			
Towards Self Reliance by 2000 AD in Kangra district	1993-94	2.00	1996-97	2.00	1.60	0.40	--	To generate awareness, providing latest germ, virus and mutation free quality plant material, agro-technology, post-harvest processing and marketing outlays for diversification from low yielding traditional wheat and paddy crops to high yielding floriculture, herbal and medicinal crops.
Integrated Dairy Development in Solan district	1994-95	2.20	1997-98	2.20	2.13	0.07	--	Induce high production germ plasm into the coming generation of milch live stock, improve fodder production, inculcate the habit of scientific management of milch live stock and conservation and conversion of agricultural byproducts into nutritive biomass.
Project for diversification in Shimla district	1995-96	3.07	1998-99	1.49	0.65	0.84	1.58	To introduce off seasonal vegetable cultivation by using high quality seeds and improved technologies of vegetable growing.
Off season vegetable production in Sirmour District	1995-96	1.00	1998-99	0.68	0.68	--	0.32	
Development of *ban** Industry in Una district	1995-96	0.70	1998-99	0.42	0.40	0.02	0.28	To establish *ban* making units for making finer quality of the rope, mats and other consumer items.
Mandi District on Green Gold Track	1996-97	1.00	1999-2000	1.00	1.00	--	--	To provide quality seeds, plant material and technical know how to flower growers.
Total:		**9.97**		**7.79**	**6.46**	**1.33**	**2.18**	

* *ban*: Jute rope.

Following points were noticed in audit:

(i) Though the target date of completion of all the six projects had already been over during 1997-2000 yet none of the projects had been completed as of May 2000. Thus the main objectives of rural employment generation, poverty alleviation and self reliance had remained largely unachieved.

(ii) In the SLCC meeting (December 1998) the CEOs, DRDAs, Sirmour and Solan had assured that the projects relating to these districts would be completed by March 1999. Test-check revealed that both the projects were lying incomplete as of May 2000. The PO, DRDA, Sirmour stated (May 2000) that due to non-receipt of last instalment of GIA from GOI/State Government some activities like construction of irrigation tanks and green houses could not be completed.

(iii) The prescribed quarterly/annual progress reports were not furnished regularly by the DRDAs to GOI. GOI while expressing concern over the sorry state of these projects, pointed out (August 1999) that the State Government had failed in properly monitoring the implementation of these projects and that improper monitoring had resulted in improper utilisation of scarce resources with Rs 7.79 crore being tied up in these projects without any tangible benefit being accrued to the target people.

(iv) Of Rs 1.49 crore of first instalment of GIA released (1995-96) to DRDA, Shimla, Rs 0.65 crore were utilised as of January 2000 and Rs 0.84 crore were lying unutilised. Due to non-utilisation of 75 *per cent* of available balance of the Ist instalment which was a pre-requisite for claiming second instalment, DRDA could not claim second instalment of Rs 1.58 crore from GOI.

PO stated (May 2000) that the project could not be implemented effectively due to absence of technical staff due to which funds remained unutilised with the DRDA. Reply was not tenable as staff for implementation was to be identified and positioned well before the start of the project. The Director stated (May 2000) that proposal for second instalments in respect of DRDAs Sirmour and Una had been sent to GOI. Reasons for non-completion called for (April 2000) from the POs, DRDAs, Kangra, Mandi, Solan and Una had not been intimated.

The following further points were noticed:

(a) PO, DRDA, purchased two Maruti gypsy vehicles during 1997-98 at a cost of Rs 6.49 lakh against the provision of truck and AC Van from the marketing point of view. The gypsy vehicles were being used by the DRDA for activities not connected with innovative project.

PO stated (September 1999) that expenditure incurred for the purchase of Maruti gypsy was less than the provision. He also stated that vehicles were utilised for the activities of the agency. The reply was not tenable as purchase of truck and AC Van only was authorised by GOI and the vehicles were to be used for the project activities.

(b) Against the provision of construction of 16 poly houses, DRDA constructed (1997-99) seven poly houses in five blocks for Rs 12.37 lakh. Of these, four poly houses were not provided with cooling system without which the required temperature could not be maintained. Thus, expenditure of Rs 4.51 lakh largely remained unfruitful.

(c) PO, DRDA incurred Rs 3.20 lakh on activities like Chopal *Utsav*, Shimla Summer Festival, conference of *Pradhans*, etc., not connected with the project. PO stated (October 1999) that efforts were being made to recoup the funds. The reply was not tenable as expenditure on inadmissible items should not have been incurred.

(d) Contrary to the provisions of the project, DRDA paid (March 1998) Rs 2 lakh to a NGO named "Serve Himachal, Saraswati-Nagar" through SDM, Rohru. The amount was to be utilised for cutting/bulbs/ plants (Rs 1 lakh) and training programmes (Rs 1 lakh). The NGO had neither submitted accounts nor progress reports. The DRDA had also not taken any action to recover the amount from the NGO.

The PO stated (July 2000) that the NGO was being reminded to furnish accounts and progress reports.

3.3.4.5 Chief Minister's Gratuity Scheme

To provide immediate succour, a gratuity of Rs 0.10 lakh, to an IRDP family in the event of death of any member of the family in the age group of 18-60 years, Chief Minister's Gratuity Scheme, a State scheme was launched in June 1996. Rupees 8.22 crore were spent during 1997-2000 (1997-98: Rs 2.31 crore; 1998-99: Rs 3.31 crore and 1999-2000: Rs 2.60 crore) on this scheme.

Following points were noticed in the blocks test-checked:

Payments of Rs 1.68 crore were delayed to 1704 beneficiaries by 14 to 1071 days.

(i) As per guidelines, disbursement of gratuity to the applicants of bereaved family was to be made immediately but in no case later than 15 days of the receipt of the application. Test-check revealed that the delay in disbursement of gratuity of Rs 1.68 crore to 1704 bereaved IRDP families ranged between 14 and 1071 days. The BDOs attributed (February-May 2000) the delay to late receipt of funds from the DRDAs. Thus, the basic objective of the scheme to provide immediate succour to the bereaved families had not been achieved.

(ii) In 13 blocks, 236 applications for gratuity of Rs 23.60 lakh were pending as of March 2000. These applications were received between 16 days to 365 days prior to March 2000. The BDOs attributed (February-May 2000) the pendency to non-availability of funds.

(iii) Irregular payment of Rs 11.05 lakh was made to 112 applicants, as 'passed for payment' orders were not recorded on the applications (Rs 7.50 lakh) by the DDOs and application forms alongwith relevant documents like death certificates, age certificates of the deceased and IRDP certificates, etc., (Rs 3.55 lakh) were not on record. The BDOs stated (February-May 2000) that the wanting documents would be obtained in due course. The replies were not tenable as payments should not have been released without first obtaining these vital documents. Thus, in the absence of adequate evidences misappropriation of Government funds could not be ruled out.

3.3.5 Human resource management

(i) Sanctioned strength and men-in-position

Against 3,349 sanctioned posts of 42 different categories of staff as on 31 March 2000, department had 2,905 (87 *per cent*) men-in-position, in 39 categories. All the posts were vacant in three categories[12]. The remaining 444 vacant posts (13 *per cent*) mainly included four posts of BDOs, 10 posts of Lady Social Education Organisers, 219 posts of *Gram Panchayat* and *Vikas Adhikaries* and 26 posts of *Gram Sevikas* which had direct relation in implementation of rural development and poverty alleviation programmes. Reasons for not filling up the vacant posts were not intimated.

(ii) Opening of new blocks without creation of posts on the prescribed staffing pattern

The approved staffing pattern for a development block comprised BDO: one; Superintendent Grade-II: one; Senior Assistant (Progress): one; Senior

12 Administrative Officer: one; *Mukhya Sevika*: one and machanic-cum-driver: one.

Assistant (Accounts): one; Junior Engineer: two; Social Education and Block Planning Officer (SEBPO): one; *Mukhya Sevika*: one; Lady Village Development Coordinator: two; Clerks: two; Steno typist: one; Peon: three; *Chowkidar*: one; *Gram Panchayat Vikas Adhikari*: one and Driver: one. Three new blocks (Basantpur, Fatehpur and Rajgarh) were opened by the State Government in August 1995 without creating posts as per the required pattern. Of 57 posts required, only 39 posts had been created and 18 posts in five categories[13], had not been created as of May 2000.

The Director stated (May 2000) that the Finance Department did not agree to the department's proposal for the creation of three posts each of Superintendent and SEBPO and that the case for creation of these posts was again under process. No reasons for non-creation of remaining 12 posts of three categories were intimated.

(iii) Diversion of staff

The Audit cell was headed by the Deputy Controller (Finance and Accounts), at the directorate, assisted by six Section Officers (SAS) drawn from the State Finance Department. Besides, four Senior Assistants and one peon were provided by the RDD.

The prescribed duties and responsibilities of Section Officers were to assist in framing of budget estimates, to ensure expenditure control, to assist in the disposal of PAC paragraphs, to help in the expeditious issue of financial sanctions and to conduct physical verification of stocks during internal audit and inspection.

It was noticed that the entire strength of the Audit cell was deployed in dealing with PAC matters/Audit paragraphs and other routine duties of vetting of pay fixation cases, leave encashment cases, sanction of leave, etc. No work relating to providing assistance in framing of budget estimates, expenditure control, and issue of financial sanctions was allotted to the wing. No internal audit and inspections were carried out during 1997-98, while 47 and 13 blocks only were inspected during 1998-2000. Quality of Inspection Notes could not be ascertained as these were not produced for audit verification.

13
1. Superintendent Grade-II: One each in three blocks.
2. SEBPO: One each in three blocks.
3. Senior Assistants: Two each in three blocks.
4. Steno Typist: One each in three blocks.
5. Chowkidar: One each in three blocks.

Reasons for underutilisation of the personnel posted in the Audit cell called for (May 2000) from the Director had not been intimated. Thus, the main functions of conducting internal audit, inspections of blocks/DRDAs and conducting physical verification of stock had not been ensured by the Director.

3.3.6 Financial management

3.3.6.1 Budgetary and expenditure control

Funds were provided for the department through Grant Nos. 20 - Rural Development and 31-Tribal Development under six Major Heads[14] of accounts. The department had 128 Drawing and Disbursing Officers (DDOs) as of March 2000 under the control of the Director, who was Head of the Department and who submitted the Budget Estimates to the Finance Department.

The budget provisions and actual expenditure under revenue head during 1997-2000 were as under:

Year	Budget provision	Expenditure	Variation Excess (+) Savings (-)	Percentage of variation
	(Rupees in crore)			
1997-98	69.28	70.48	(+) 1.20	2
1998-99	85.96	78.92	(-) 7.04	8
1999-2000	65.87	51.83	(-) 14.04	21

No budget provision was made and expenditure incurred under Capital section during 1997-2000.

The Director attributed (May 2000) savings during 1998-2000 mainly to reduction in plan ceilings by the State Government due to overall financial crunch in the State and to vacant posts. Reply was not tenable as the Budget Manual provided that no provisions against vacant posts were to be demanded.

14 2216-Housing; 2230-Labour and Employment; 2501-Special Programme for Rural Development; 2505-Rural Employment; 2515-Other Rural Development Programmes and 2810-Non-Conventional Sources of Energy.

3.3.6.2 Delay in submission of budget estimates and final statement of excesses and surrenders

Budget estimates (BEs) and final statement of excesses and surrenders were to be sent to the Administrative Department/Finance Department by the Head of the Department by 10 October and 15 January each year respectively. Test-check revealed that the BEs were sent late by 19 to 141 days and the final statement of excesses and surrenders were sent late by 75 to 98 days during 1997-2000 as shown in the Appendix-XII.

Submission of final statement of excesses and surrenders after the close of financial year (24 April 2000) was a futile exercise. The Director attributed (May 2000) the delay in submission of plan BEs to lengthy process involved in its preparation and fixation of Plan ceilings by the Planning Department in the month of February every year. As regards delay in sending final statements of excesses and surrenders, the Director stated that these statements were required to be sent on 31 March. Reply of the Director was not tenable as provisions of the Budget Manual had not been adhered to. Further, the services of Audit cell staff were not utilised for framing of budget estimates as prescribed by the State Government.

3.3.6.3 Lack of expenditure control mechanism

The Director, who was Controlling Officer of the department, was required to maintain a register in prescribed form to record monthly total of expenditure as received from the DDOs and that of the Directorate. Apart from this, a liability register to record the details of liability was also to be maintained. On receipt of monthly statements of expenditure and liabilities from the DDOs, the Director was to examine each statement and satisfy himself that the new liabilities had occurred under proper authority and that the expenditure plus the liabilities upto date were within the appropriation.

Test-check revealed that out of 4,608 monthly expenditure statements received during 1997-2000 from DDOs, 368 statements only had been posted in the monthly expenditure registers. The liability register had not been maintained. The Director attributed (May 2000) non-posting of all the statements in the expenditure control register to shortage of staff. He further stated that correctness of expenditure was ensured from the verification of monthly expenditure statements received from the DDOs. Reply was not tenable as there was no shortage of ministerial staff against the sanctioned strength during 1997-2000 and correctness of expenditure could not be ensured unless the expenditure was consolidated in the prescribed register.

3.3.6.4 Trend of unutilised balances of rural development programmes

The position with regard to utilisation of GIA (Central as well as State share) for implementation of 13[15] CSS/State Plan schemes/sub-schemes during 1997-2000 and unutilised balances at the close of each year was as under:

Year	Opening balance	Receipt during the year	Total GIA available for the year	GIA utilised during the year	Unutilised GIA at the close of the year	Percentage of unutilised GIA w.r.t total funds available
	(Rupees in crore)					
1997-98	34.40	80.01	114.41	78.10	36.31	32
1998-99	36.31	92.36	128.67	90.32	38.35	30
1999-2000	38.35	49.51	87.86	56.44	31.42	36

32 *per cent* of the available balance during 1997-98 remained unutilised in banks which increased to 36 *per cent* during 1999-2000. The scheme-wise details of unutilised balances during 1996-2000 were as given in Appendix-XIII. Reasons for heavy unutilised balances called for (May 2000) from the Director had not been intimated.

The percentage of unutilised balances of GIA for 1997-2000 in respect of four DRDAs test-checked ranged between 21 and 35 and in 18 blocks the percentage ranged between 24 and 30.

The ADC-cum-Project Director/POs and BDOs attributed (February-May 2000) non-utilisation of GIA to receipt of GIA generally in the months of February and March every year.

3.3.6.5 Cut in Central/State share of assistance

(i) Guidelines on CSS provided that the aggregate of opening balance of each scheme with DRDA should not exceed 15 to 25 *per cent* of allocation of the district during the previous year. In case the opening balance exceeded the

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15 (a) CSSs: EAS; Indira Awas Yojna (IAY); JRY; IRDP; TRYSEM; SITRA; DWCRA; RSP-Central; MWS; National Programme on Improved chullah (NPIC) and National Social Assistance Programme (NSAP).

(b) State Plan Scheme: Gandhi Kuteer Yojna (GKY) and RSP- State.

prescribed limit, the excess was to be deducted at the time of release of second instalment.

Cut of Rs 9.24 crore was imposed by GOI/State Government during 1997-2000 due to non-utilisation of grants/late submission of proposals by DRDAs.

Test-check revealed that Rs 7.67 crore (Central share: Rs 5.66 crore and State share: Rs 2.01 crore) were deducted during 1997-2000 while releasing second instalment of four schemes[16] to all the twelve DRDAs of the State by GOI and State Government.

(ii) Another cut of Rs 1.57 crore (Central share: Rs 1.06 crore and State share: Rs 0.51 crore) was imposed by GOI/State Government during 1997-99 in respect of three schemes[17] due to late submission of proposals for GIA by eight DRDAs[18].

As a result of the cuts, there was shortfall in achievement of targets of construction of tenements for the houseless families under IAY. In four DRDAs test-checked, the shortfall in achievement ranged between five and 56 *per cent* (1997-98: 5 and 37 *per cent;* 1998-99: 22 and 56 *per cent* and 1999-2000: 9 and 51 *per cent*). No targets in respect of MWS and IRDP were fixed. As such, the impact could not be analysed.

3.3.6.6 Delay in release of GIA to the DRDAs

State financial rules provide that no money be drawn from the treasury unless required for immediate disbursement.

Test-check revealed that the Director drew Rs 3.06 crore during 1990-99[19] and deposited the entire amount in various bank accounts. Of this, Rs 2.81 crore were released to various DRDAs/BDOs after a delay of 42 to 992 days. The remaining Rs 24.59 lakh were lying in banks as of May 2000.

The Director stated (May 2000) that unspent balances could not be utilised due to non-approval of projects for setting up ETTCs; receipt of separate GIA from GOI for carrying out BPL survey; pending payment for printing posters for publicity of NSAP; sufficient funds under GKY being already available

16 1 MWS: (1997-98: Rs 0.29 crore), (2) IRDP: (1997-98: Rs 0.12 crore and 1998-99: Rs 0.98 crore), (3) IAY: (1997-98: Rs 0.37 crore; 1998-99: Rs 0.85 crore and 1999-2000: Rs 1.37 crore), (4) JRY/JGSY: (1997-98: Rs 1.29 crore; 1998-99: Rs 0.95 crore and 1999-2000: Rs 1.45 crore).

17 (1) IAY (1998-99: Rs 0.44 crore); (2) IRDP (1998-99: Rs 0.65 crore); (3) JRY/JGSY (1997-98: Rs 0.18 crore and 1998-99: Rs 0.30 crore).

18 Bilaspur, Chamba, Hamirpur, Kangra, Lahaul and Spiti, Mandi, Shimla and Una.

19 1990-91: Rs 5.29 lakh; 1995-96: Rs 36.70 lakh; 1996-97: Rs 88.62 lakh; 1997-98: Rs 44.64 lakh and 1998-99: Rs 130.43 lakh.

with the DRDAs and amount being kept reserved for maintenance of the building.

The reply was not tenable as all codal requirements should have been ensured before drawal of GIA/funds from the treasury. Thus, the Director failed to follow the prescribed financial procedure.

3.3.7 Delay in holding State level co-ordination committee meetings

Against the prescribed 24 meetings only four meetings were held of the State Level Co-ordination Committee.

To review the progress of various rural development and poverty alleviation programmes of RDD, SLCC under the Chairmanship of the Chief Minister was constituted (February 1994) by the Government. Meetings of the SLCC were to be convened once in a quarter. It was noticed that against the target of 24 meetings, only four meetings (July 1994, May 1996, December 1998 and February 2000) were held during 1994-2000. No "Action Taken Report" (ATR) on the decisions of the earlier SLCC meeting held in December 1998 was presented in the meeting held in February 2000. As such, monitoring of deficiencies in implementation of various programmes pointed out in the earlier meeting had not been done. Thus, monitoring of various rural development and poverty alleviation programmes at Government level was not efficient and effective.

3.3.8 Inspection and test-check of works

(i) The guidelines provided for conducting of inspection and test-check of works by the different technical and administrative officers.

In 18 blocks test-checked, 12,191 works relating to various rural development and local district planning programmes were executed during 1997-2000. The percentage of shortfall in inspection and test-check at each Inspecting Officer level was very high as indicated in Table as Appendix-XIV.

Reasons for shortfall in inspection and test-check were not on record.

(ii) The site order book required to be maintained by the executing agency for each work to record comments/instructions of the Inspecting Officers, had not been maintained by any of the BDOs of blocks test-checked. The BDOs stated (February-May 2000) that there were no instructions from the higher authorities to maintain the site order book. At Directorate level, there existed no mechanism to monitor the working of engineering cell. Thus, the Director had failed to ensure compliance of Government instructions.

3.3.9 Monitoring and evaluation

As per guidelines, the State Government was required to monitor the physical and financial progress of the schemes. Test-check revealed that no monitoring cell had been set up exclusively for monitoring physical achievements and proper implementation of various rural development and poverty alleviation programmes regularly at Government level. Heavy unutilised balances of various programmes at the close of each year, non-conducting of survey regarding IRDP families crossing the poverty line, delay in setting up of ETTCs, non-completion of innovative projects resulting in blocking of Rs 7.79 crore besides denial of tangible benefits to the target people and non-holding of regular meetings of SLCC indicated weak monitoring at Government level. At DRDA level also there was no monitoring cell in four DRDAs test-checked. No internal or external evaluation of rural development and poverty alleviation programmes had been conducted by the Department/Government to analyse the impact of these programmes.

The Director stated (May 2000) that progress of various programmes was reviewed in periodical meetings with the executing agencies at Directorate as per guidelines of GOI/State Government. He further stated that no specific internal rules and procedures had been framed in respect of programme formulations, setting up of targets and monitoring the achievements of targets. The reply was not tenable as audit check carried out revealed that no system of monitoring existed and had also not been enforced by the Government.

3.3.10 Conclusion

The utilisation of grants-in-aid by DRDAs/blocks for the implementation of rural development and poverty alleviation programmes was poor resulting in imposition of cuts by the GOI/State Government. The cutting edge of the IRDP was to bring up the beneficiaries above poverty line. A survey to ascertain the number of families who had crossed the poverty line after they had been provided benefits under IRDP had not been conducted. Pace of execution of ETTCs and Innovative Projects under JRY had not been accelerated. Inspection and test-check of various works had not been monitored closely to ensure quality of work. Rural development and poverty alleviation programmes were not evaluated to ascertain the results of huge spending on these programmes. Programmes/schemes were not monitored by the SLCC through regular meetings as required.

These points were referred to the Government in July 2000; reply had not been received (July 2000).

CHAPTER-III

SECTION - B

AUDIT PARAGRAPHS

SECTION - B- AUDIT PARAGRAPHS

Agriculture Department

3.4 Injudicious purchase and installation of machinery

Wasteful expenditure of Rs 11.16 lakh incurred on installation of bio-fertiliser laboratory.

To increase crop production by using bio-fertiliser, a Bio-Fertiliser Production Unit having installed capacity of four to five MT per annum was set up by the Agriculture Department at Shimla in March 1977. Annual demand and production of the bio-fetiliser in the laboratory during 1978 to 1995 ranged between 0.046 MT and 1.23 MT. In February 1997, new machinery to boost the existing capacity of the unit by 50 MT was also purchased and installed at a cost of Rs 11.16 lakh.

Test-check (April 1998) of records of Senior Analytical Chemist (SAC), Shimla and information obtained in January 2000 from SAC revealed that due to low demand of bio-fertiliser from the field units, its annual production even after installation of new machinery remained almost at the same level (1997-98: 0.107 MT; 1998-99: nil and 1999-2000: 2.38 MT). Further, bio-fertiliser could not be produced in excess of demand because of its limited shelf life of six months. SAC stated (January 2000) that machinery was installed as the funds were provided to strengthen the laboratory.

Looking to the fact that at no point of time the demand for the product was more than 1.107 MT which was considerably less than the capacity of the old unit viz. 5 MT, there was no justification for the purchase of second unit. The investment was, therefore, not based on any evaluation of demand and hence highly injudicious. In this process the entire expenditure was wasteful.

The matter was referred to the Government in April 2000; reply had not been received (July 2000).

Animal Husbandry Department

3.5 Utility of Government livestock farms

3.5.1 Introduction

Animal Husbandry (AH) Department has established 12 livestock farms[1] in the State which include five sheep breeding farms (SBF) and seven cattle breeding farms (CBF).

These farms are mostly stocked with animals of exotic breeds with the main objectives of demonstration, development and study of animal husbandry, breeding and disease problems connected with introduction of exotic breeds. The exotic breeds are also kept in the farms to meet the requirements of private breeders. Bulls, if required, for breeding purpose by *panchayats* could also be supplied free of cost under different schemes. These farms were functioning under State Plan. Director, Animal Husbandry (DAH) was the administrative and technical head of the department and was responsible for controlling and co-ordinating the activities of the farms at State level. He was assisted by three regional Deputy Directors[2] and other functionaries in the discharge of his duties.

Functioning of five farms for the period 1997-2000 was test-checked (February-May 2000) in three SBFs[3], one wool laboratory[4] and two CBFs[5] supplemented by a scrutiny of records of DAH.

The following points were noticed:

3.5.2 Financial performance

Total expenditure of Rs 10.05 crore was incurred by the department on the livestock farms during 1997-2000.

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1 Bhangrotu (Mandi), Chamba (two), Jeori (Shimla), Kamand (Mandi), Karchham (Kinnaur), Kothipura (Bilaspur), Nagwain (Kullu), Palampur (two), Solan and Tal (Hamirpur).

2 Mandi, Palampur and Shimla.

3 Jeori, Chamba and Karchham.

4 Wool Analysis Laboratory at Jeori attached with Sheep Breeding Farm (SBF), Jeori.

5 Bhangrotu and Kothipura.

Rupees 4.30 crore were spent on five livestock farms*, during 1997-2000, the records of which were test-checked. Of this, 72 *per cent* were spent on establishment and the remaining 28 *per cent* on other activities like feed, fodder, medicines, etc.

Details of the average annual maintenance expenditure on the livestock of five farms test-checked and income earned during 1997-2000 were as follows:

Name of Farm	Average number of livestock	Average expenditure incurred in a year	Average expenditure per animal	Average income in a year	Average income per animal
			(In rupees)		
CBF, Bhangrotu	56	40,58,000	72,464	3,12,000	5,571
CBF, Kothipura	89	23,82,000	26,764	5,36,000	6,022
SBF, Chamba	460	24,32,000	5,287	2,00,000	435
SBF, Jeori	598	36,16,000	6,047	1,94,000	324
SBF, Karchham	718	18,50,000	2,577	1,50,000	209

Excess of average expenditure per animal as compared to average income per animal was attributed to the questionable ground of high incidence of establishment charges (70 to 79 *per cent).*

3.5.3 Sheep breeding farms

3.5.3.1 Inbreeding and mortality of sheep

(a) The main objective of SBFs was to maintain pure bred flocks of sheep of exotic origin and to supply pure bred and cross bred rams/lambs to the private sheep breeders for upgrading their indigenous sheep. The breedable life span of imported rams is seven to eight years.

Abnormal delay in replenishing exotic breed resulted in multiplication of progeny of the breed.

In SBF, Karchham, the stock of Russian Merino was replenished (1992-93) with five rams after 21 years. The replenished stock, however, died within two to three years. The Director stated (July 2000) that the stock of exotic breeds could not be replenished due to non-availability of the rams with concerned foreign countries and other departmental farms at Nagwain and Chamba. Evidently, the progeny of Russian Merino farm had been multiplying in this farm since 1971-72 resulting in inbreeding which was noticeable by way of stunted growth, decreased body weight of lambs and

* It also included expenditure on Wool Analysis Laboratory.

drop in wool yield. The Assistant Director (AD), SBF admitted (April 2000) the facts.

Similarly, in Jeori Farm, the stock of exotic breed Polworth replenished with two rams in 1993 also died/sold (1996-99). Presently the progeny of this breed was also multiplying as no ram of exotic breed was left. The Veterinary Officer of the farm stated (March 2000) that DAH was being requested to replenish this breed.

The main objective of establishing SBFs was thus defeated.

(b) As per laid down norms, the mortality rate of sheep in the farms should not exceed seven and 12 *per cent* among adult and young respectively. Though actual mortality percentage in Chamba and Karchham farms was within the prescribed norms, position in Jeori farm during 1995-2000 was as follows:

Name of breed	Average number of livestock		Mortality		Percentage	
	Adult	Young				
			Adult	Young	Adult	Young
Polworth	140	81	14	13	10	16
Rambuillet	393	220	29	32	7	15

AD, Jeori attributed (March-July 2000) the high mortality rate to different geo-climatic conditions in the region not suitable to the exotic breed, non-availability of quality pastures, and outbreak of Brucellosis disease during the last four years. The reply was not tenable as the department was expected to have made adequate arrangements to tackle these problems and also taken steps to change the breed if it was susceptible to Pneumonia and Enteritis as the farm had been facing this problem since 1956 when the farm was established.

3.5.3.2 Wool yield

Sheep Breeding Farms were mainly stocked with exotic breeds to improve wool yield of sheep reared by private breeders by providing farm progeny.

While no norms of wool yield from sheep reared in farms were prescribed, comparative annual yield of wool from the exotic breeds and their progeny during 1997-2000 was as follows:

Name of Farm	Breed	Average wool yield from exotic breed		Average wool yield from progeny	
		Rams	Ewes	Rams	Ewes
		(In kilograms)			
Chamba	Rambuillet	3.85	2.43	3.00	1.9
Jeori	Rambuillet	4.00	3.00	3.66	2.15
	Polworth	3.75	2.75	2.80	2.18
Karchham	Russian Merino	4.7	3.3	3.6	2.7

ADs of the concerned SBFs attributed (March-May 2000) low wool yield from the progeny of exotic breeds to geo-climatic conditions of the area and non-availability of the quality pastures for grazing. Department had, however, not taken any steps to investigate the low yield, change the exotic breed and to shift the farms to suitable locations.

3.5.3.3 Distribution of Lambs and Sheep to private breeders

Sheep breeding farms failed to supply pure bred and cross bred rams to private breeders.

One of the objectives of the SBFs was to supply pure bred and cross bred rams to private cross breeders. It was noticed in audit that the farms were unable to meet full demand of breeders during 1997-2000 as detailed below:

Name of Farm	Demand	Supply	Shortfall (*Per cent*)
	(In numbers)		
SBF, Chamba	190	148	22
SBF, Jeori	365	141	61
SBF, Karchham	80	63	21

The concerned ADs stated (March-April 2000) that the shortfall was due to limited rearing capacity of the farms. The department had not taken steps to increase rearing capacity of the farms and thus failed to achieve the objective to a large extent.

No project document relating to functioning of livestock farms was prepared by the department and no monitoring was ever conducted to ascertain the breed increase in private farms or with private breeders. The Director stated (July 2000) that no private farms existed in the State and exotic breeds reared in Government farms were supplied to nomadic breeders (*Gaddis*). He also stated that no conclusion regarding increase/decrease in the breed could be drawn on the basis of random survey conducted by the department every year. The department thus, failed to gauge the impact of supply of exotic breed to private breeders.

3.5.3.4 Wool Analysis Laboratory, Jeori

Wool Analysis Laboratory under overall control and supervision of AD, SBF, Jeori was established in 1960 for the analysis of wool samples collected from the SBFs and the sheep reared by private breeders. Expenditure of Rs 6.19 lakh was incurred on this laboratory during 1997-2000. However, scrutiny of records revealed that no wool samples from private breeders were collected for analysis. As regards the samples collected from SBF, Jeori, it was noticed that no sensitive tests except determining the staple length and fibre diameter of wool were conducted in the laboratory. There was nothing on record to indicate that the case for imparting training to the incharge was ever taken up with the appropriate authorities. The very purpose of setting up the laboratory had thus been defeated.

3.5.3.5 Rearing capacity of Sheep Breeding Farm, Chamba

Livestock was required to be maintained within the rearing capacity prescribed by the department on the basis of infrastructural facilities available in the farm.

Overcrowding of sheep in Sheep Breeding Farm, Chamba affected the health and breeding of animals.

It was noticed that against the rearing capacity of 250 sheep, SBF, Chamba maintained an average number of 460 sheep during 1997-2000 even though the infrastructural facilities remained the same. Overcrowding beyond the prescribed rearing capacity of the farm had an inevitable effect on the health and breeding of animals.

While admitting the facts, AD stated (May 2000) that excess livestock had to be maintained in the farm owing to inordinate delay in culling unserviceable surplus livestock. Action to cull surplus livestock had, however, not been taken as of May 2000.

3.5.3.6 Irregular maintenance of cows in Sheep Breeding Farm, Chamba

In SBF, Chamba, Rs 1.86 lakh were spent during 1997-2000 on maintenance of average number of nine cows without any specific budget provision. Funds allotted for sheep breeding were thus, irregularly utilised for this purpose.

AD stated (May 2000) that the cows were maintained to provide milk to such new born lambs whose mothers were weak and were unable to provide sufficient milk to them. The reply was untenable because the sheep milk, Chamba farm was yielding should have been available in enough quantity to feed the newly born lambs if at all necessary. In any case, the programme did not envisage any such arrangement. Besides, the number of new born lambs did not justify retention of nine cows.

3.5.4 Cattle breeding farms

Test-check of records of two cattle breeding farms at Bhangrotu (Mandi district) and Kothipura (Bilaspur district) revealed the following points:

(i) The departmental manual envisage that the cows whose average milk production in three consecutive lactations was less than 2000 (Jersy) and 3000 litres (Holstein Friesian) should be culled and disposed of. In two farms[6], yield of milk of 61 cows remained below the standard during 1997-2000. Retention of such cows resulted in less production of 28,110 litres[7] of milk valued at Rs 2.81 lakh. Expenditure of Rs 8.12 lakh (excluding establishment charges) was incurred on their maintenance.

Due to their non-culling, 36 cows were also in excess of the carrying capacity (122) of these farms[8].

Non-culling and disposal of the cows were attributed (April-May 2000) to non-finalisation of cases at Directorate level.

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6 Bhangrotu: five (Rs 1.64 lakh); Kothipura: 56 (Rs 6.48 lakh).

7 Bhangrotu: 2,480 litres and Kothipura: 25,630 litres.

8 Bhangrotu: seven; Kothipura: 29.

Demonstration Programmes were not organised nor any studies conducted on breeding and disease problems.

(ii) Test-check of records further revealed that neither any demonstration programmes were organised nor studies relating to breeding and disease problems, as provided in the manual, were conducted since inception of the farms. AD, CBFs stated (April-May 2000) that demonstration programmes were not arranged due to non-provision of funds. Reasons for not conducting research study in the field of breeding and disease problems were, however, not intimated. The purpose of establishing the farms had, thus been defeated.

Percentage shortfall in artificial inseminations in Bhangrotu and Kothipura farms ranged between 22 and 31.

(iii) Exotic breeds maintained in the CBFs test-checked were being reproduced by artificial insemination done through frozen semen straws supplied by Semen Bank, Bhangrotu. It was noticed that while no norms for successful percentage of the inseminations were fixed by the department, shortfall in achievement during 1997-2000 was to the extent of 22 *per cent* (CBF, Bhangrotu) and 31 *per cent* (CBF, Kothipura) as per details given below:

Name of Farm	Number of cows fit for artificial insemination	Number of attempts made	Number of successful cases	Percentage of shortfall
Bhangrotu	41	92	32	22
Kothipura	166	373	115	31

The ADs attributed (April-May 2000) the shortfall in conception to feeble health of the animals, imbalance of hormones, reproductive problems, improper heat period, frozen straws and non-availability of microscope in the farms. The contention was not tenable as the farms were equipped with all infrastructural facilities and no action to make arrangement for testing of semen through mortality tests was ever taken.

(iv) The two farms test-checked supplied (1997-2000) 67 bulls (Holstien: 12 and Jersy: 55) to the private breeders (55) and *panchayats* (12) free of cost for breeding purpose. No records to ascertain the impact of supply of bulls were, however, maintained. The ADs stated (April-May 2000) that there was no system to maintain any records since the inception of farms.

Liquid Nitrogen Plant at Semen Bank, Bhangrotu was not fully utilised and liquid nitrogen gas had to be purchased from the market to meet the demand.

(v) To provide facility of frozen semen for artificial inseminations, a Liquid Nitrogen Plant costing Rs 48.25 lakh was installed (May 1997) in Semen Bank, Bhangrotu and was being operated by engaging the staff in three shifts. Against the available 25,560 operating hours from May 1997 to March 2000, the plant was utilised for 11,365 hours during the same period resulting in underutilisation to the extent of 56 *per cent.* Further, against the prescribed norm of production of 10 litres of liquid nitrogen gas per hour, the actual production was 99,203 litres as against the expected production of 1,13,650 litres. The average cost of gas produced in the plant worked out to Rs 61 per litre. At the same time 26,650 litres gas had to be purchased from the market during 1997-2000 at the average rate of Rs 13 per litre. The performance of the plant was thus, uneconomical and also failed to meet the requirement of the department.

AD stated (May 2000) that the plant could not be utilised to its optimum due to frequent breakdowns and failures of the old 50 KV generator to withstand the load. No action to ensure smooth functioning of the machine had, however, been taken. He also stated that less output was due to non-maintenance of prescribed temperature or humidity in the room where it was housed. The department thus, failed to obtain optimum utilisation of the plant and had to incur extra avoidable expenditure of Rs 3.46 lakh on account of purchase of liquid nitrogen gas from the market.

3.5.5 Evaluation

No evaluation of the functioning of the livestock farms had been made by the department since their inception. Reasons for not doing so were not furnished.

3.5.6 Conclusion

The livestock farms set up in the State did not achieve the stated objectives for which these were started. Neither any demonstrations were arranged nor was any research work carried out on the breeding problems and animal diseases. Expenditure on establishment was very high and for maintenance and development of livestock hardly any funds were left. No assessment to indicate the impact of the supply of exotic stock of sheep and cows to private parties and how far this helped in increasing the yield of wool and milk was conducted. Sample survey conducted by the department during 1994-99 showed marginal increase of wool and milk from which no conclusion regarding achievements of the farms could be drawn. There was an urgent need to carry out comprehensive evaluation of the contribution made by these farms so as to assess whether these farms have functioned effectively and achieved the objectives for which they were established and whether they need to be continued or not.

These points were referred to the Government in June 2000; reply had not been received (July 2000).

Education Department

3.6 Unauthorised payment of Leave Travel Concession claims

Leave Travel Concession claims of Rs 12.99 lakh were paid for availing concession by the buses of unauthorised agency.

The State Government introduced a scheme of Leave Travel Concession (LTC) in 1974 under which each Government servant and his family are entitled to reimbursement of the cost of journeys from their place of duty to any place in India and back once in a block period of four years. LTC facility is not authorised by the State Government in respect of journeys performed in the buses of *Kumaon Mandal Vikas Nigam* Limited. The controlling authorities are required to exercise necessary checks to satisfy themselves about the genuineness of the claims with reference to the evidence of journey produced by the Government servants.

It was observed in audit that 56 employees working under the control of six Drawing and Disbursing Officers (DDOs) in two districts* were paid Rs 12.99 lakh as LTC charges for journeys performed by them by *Kumaon Mandal Vikas Nigam* Limited buses. Apart from this, there were flagrant discrepancies in claims such as tickets and dependency certificates not enclosed with the bills: Rs 1.73 lakh; dates of journeys performed by the officials not shown correctly: Rs 0.66 lakh; names of declared places of visits not shown correctly: Rs 0.76 lakh; photocopies of receipts were enclosed instead of original: Rs 5.18 lakh and other irregularities: Rs 4.66 lakh. The claims were passed by the DDOs without checking their admissibility.

On the matter being pointed out (August 1998) to Government/Department, the Government (Finance Department) had admitted that LTC journey by *Kumaon Mandal Vikas Nigam* Limited buses was not authorised and advised the Director (Primary Education) to investigate the irregularities and intimate the outcome.

Further information regarding outcome of investigation, recovery of the amount from the defaulting officials and action taken against the DDOs had not been intimated (January 2000).

The matter was referred to the Government in January 2000; reply had not been received (July 2000).

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* Chamba: (five DDOs) and Mandi: (one DDO).

Forest Farming and Conservation Department

3.7 Avoidable loss to Government

Barbed wire valuing Rs 1.73 crore purchased/used between 1985-94 for fencing new plantation was not retrieved after prescribed five years maintenance period.

The areas of the new plantations are fenced with barbed wire and timber fence posts for protection purposes. The maintenance of the plantation area is carried out for five years. No funds for the maintenance of plantations are being provided beyond five years. The barbed wire so used is thus required to be retrieved after five years and used in other new plantation areas. However, no norms had been fixed by the department for shelf life of the barbed wire or for its retrieval for re-use. However, barbed wire is a product of galvanised iron wire. Government of India had fixed (March 1994) 15 years fair life for galvanised iron wire.

Test-check of records of the six Divisional Forest Officers* (DFOs) revealed (November 1999–February 2000) that barbed wire used for fencing of new plantation areas had not been retrieved after the maintenance period. As the fencing was done with the help of timber fence posts which would ultimately rot with the passage of time and fencing could not have served any useful purpose. The barbed wire used for the fencing was thus required to be retrieved. It was noticed that in six forest divisions barbed wire valuing Rs 2.60 crore was purchased/used between 1985-86 and 1993-94 for fencing new plantation areas. After reducing the element of utilistion for full five years barbed wire of Rs 1.73 crore had not been retrieved and re-used.

The department had not been able to supply complete details of barbed wire retrieved and re-used.

Thus even at a conservative estimate due to no clear cut policy guidelines on retrieval of barbed wire, the Government was put to a loss of Rs 1.73 crore.

The matter was referred to the Government in June 2000; reply had not been received (July 2000)

* Kunihar, Rajgarh, Nahan, Nurpur, Dehra and Mandi.

General Administration Department

3.8 Procurement and utilisation of Government vehicles

3.8.1 Introduction

The Government framed (September 1975) rules to ensure the proper use and maintenance of departmental vehicles including conditions of services of drivers of such vehicles.

Procurement and utilisation of Government vehicles in General Administration Department (GAD) during 1995-2000 were reviewed between January and February 2000. The department was having 81 vehicles as of December 1999.

Results of test-check are mentioned in the succeeding paragraphs:

3.8.2 Procurement

(i) The Controller of Stores (COS) emphasized (September 1998) that supply for the rate contract items should be obtained from the rate contract firms for their products and not from other sources. Contrary to these instructions, the GAD purchased tyres, tubes and batteries valued at Rs 12.92 lakh during 1995-99 at higher rates from a Shimla based non-rate contract firm, which resulted in extra payment of Rs 2.78 lakh. While confirming the facts, the Additional Secretary (GAD) stated (February 2000) that the extra payment of Rs 2.78 lakh would be recovered from the firm.

(ii) Government imposed (August 1985) complete ban on purchase of items like air conditioners, tape recorders, foam rubber seat coverings and woollen or nylon floor coverings for vehicles. Contrary to this, the Joint Secretary (GAD) unauthorisedly got installed (October 1995 and April 1998) the banned items valued at Rs 0.98 lakh in two vehicles for use of the Chief Secretary.

Similarly, the Government had decided (September 1994) that not more than Rs 0.12 lakh should be spent on accessories for new vehicles of the Ministers and Secretaries to the Government. It was noticed that the department spent Rs 13.22 lakh for providing accessories to 55 new vehicles during 1995-99 as against the entitlement of Rs 6.60 lakh.

Additional Secretary (GAD) stated (February 2000) that *ex-post-facto* sanction of the competent authority would be obtained to regularise the expenditure. The reply does not address the main issue as the expenditure had been incurred in excess of the prescribed limit. *Ex-post-facto* sanction of the competent authority had not been obtained as of June 2000.

3.8.3 Misutilisation of vehicles

Misutilisation of vehicles during elections.

(i) As per instructions issued (January 1996) by the Election Commission of India (ECI), no Minister either of the Central or the State Government shall undertake official visit of any constituency from the date of announcement of elections till the completion. The Ministers were entitled to use their official vehicles in headquarters from residence to office for official work only. Between 1996 and 1999, the elections for the Lok Sabha and State Legislative Assembly were held as under:

Particulars of elections	Date of announcement	Date of polls
11th Lok Sabha	19 March 1996	27 April 1996
Bye-election Nurpur Constituency	2 September 1996	11 October 1996
12th Lok Sabha and general elections of 9th Legislative Assembly	1 January 1998	28 February 1998
13th Lok Sabha	11 July 1999	25 September 1999

Scrutiny of log books of vehicles maintained in GAD of State Secretariat revealed that 36 Ministers and their personal staff used 56 Government vehicles for visiting the constituencies after the announcement of elections. These vehicles covered 61,471 kms (Ministers: 40,098 kms and personal staff: 21,373 kms) on this account. However, log books of five attached vehicles and 19 covering vehicles were not produced to audit and utilisation of these vehicles during election period could not be checked in audit.

While confirming the facts the Additional Secretary (GAD) stated (February 2000) that reasons for violation of election code of conduct were being ascertained from the concerned Ministers and their personal staff. The reasons for violation of election code of conduct called for (February-March 2000) by the Additional Secretary (GAD) from the concerned Ministers and their personal staff had not been intimated as of June 2000.

(ii) As per Government instructions (May 1997), the Ministers would be allowed to use one GAD vehicle and one departmental vehicle for tour as well as local journeys at Shimla. Second vehicle would always follow the first vehicle except under exceptional circumstances the reasons for which were required to be recorded in the log book.

It was noticed that covering vehicles were used by the personal staff of the Ministers to cover 39,986 kms between June 1997 and December 1999 when the Ministers were at headquarters or on tour outside the headquarters. These journeys did not coincide with the tours/journeys performed by the Ministers and the specific purposes and details of the personal staff were not indicated in the log books. Additional Secretary (GAD) stated (February 2000) that the reasons for non-compliance of Government instructions were being ascertained and action would be initiated against them if the replies were not found satisfactory.

(iii) Rules provide that while using official vehicles, the concerned officer must clearly mention the nature of business and merely indicating the purpose of journeys "Official" would not be sufficient. Otherwise, the journey would be treated as private.

Nature of business against journey performed not recorded.

Scrutiny of the log books of 50 vehicles disclosed that contrary to the above provisions, the nature of business was not recorded against journeys for 7.72 lakh kms during 1995-99. An expenditure of Rs 15.18 lakh was incurred on such journeys.

Additional Secretary (GAD) stated (February 2000) that the cases will be reviewed and if the journeys were found private the charges would be recovered from the concerned officers/officials.

3.8.4 Inventory control

Accounts of used parts including tyres, tubes, etc., not maintained.

Though Rs 93.03 lakh were spent on repairs of 94 vehicles during 1995-99, no register for the accounting of used parts, including tyres and tubes as required under the rules was maintained by the department. The Additional Secretary (GAD) stated (February 2000) that the scrap was kept in the store. Audit scrutiny, however, revealed that proper accounts of used parts, tyres and tubes as required were not maintained and, therefore, theft and other irregularities can not be ruled out.

3.8.5 Accident of vehicle

Driving of vehicle at speed or in such manner which is dangerous to public was an offence under Motor vehicles Act.

It was noticed that Personal Secretary to the Revenue Minister deployed (April 1997) vehicle No. HP-07-0068 to Himachal Pradesh Vidhan Sabha. The vehicle hit a school boy at main bus stand, Shimla, which resulted in 40 *per cent* permanent disability to the boy. The Motor Accident Claim Tribunal, Shimla held (February 1999) that the accident occurred due to rash and negligent driving of vehicle and awarded compensation of Rs 1.90 lakh (including interest payment of Rs 0.40 lakh) to be paid jointly and severally by the driver and the State Government. The Additional Secretary (GAD) however, not only paid (November 1999) entire compensation to the petitioner but also did not take any action against the driver.

The matter was referred to the Government in April 2000; reply had not been received (July 2000).

Health and Family Welfare Department

3.9 Purchase of vehicles

Five vehicles valued at Rs 18.83 lakh were purchased against the requirement of one.

State Government issued instructions (November 1982) that the prior approval of the Council of Ministers was necessary for purchase of new vehicle by Government department. Government instructions (May 1983) also prohibited purchase of air conditioned cars. State Government reiterated (June 1998) that the vehicles/ambulances for health institutions be purchased only after obtaining prior approval of the department.

Reproductive and Child Health (RCH) Project for Kinnaur district provided for purchase of one vehicle (Gypsy) and for creation of a post of driver. Test-check of the records of Chief Medical Officer (CMO), Kinnaur revealed (October 1999) that five new vehicles valued at Rs 18.83 lakh including one air conditioned car were purchased out of the RCH Project funds in February and March 1999 without approval of Council of Ministers. It was further noticed that no driver had been recruited for the newly purchased vehicles. All the five vehicles purchased unauthorisedly including the air conditioned car were plied for 1,15,640 kms during 30 March 1999 to 5 July 2000. Of this, 1,08,427 kms were covered for purposes other than for the RCH project. Further, the air conditioned car remained idle for 246 days during 2 June 1999 to 5 June 2000.

CMO, Kinnaur stated (October 1999) that vehicles were purchased with the approval of RCH Project members. The reply was not tenable as prior approval of the Council of Ministers was not obtained before the purchase of vehicles as required.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

3.10 Idle equipment

Equipment valued at Rs 39 lakh lying idle in Health and Family Welfare Department.

Different equipment purchased by the Health and Family Welfare Department between September 1994 and December 1998 at a cost of Rs 39 lakh had not been gainfully utilised as trained personnel were not posted to operate these equipment as indicated below:

Name of Office	Particulars of equipment	Date of purchase/receipt	Cost (Rupees in lakh)	Since when idle	Reasons for non-utilisation
CMO, Kinnaur	Three X-ray plants	February and June 1998	12.15	February and June 1998	Non-posting of Radiographers. CMO stated (May 2000) that the post had been created (March 2000) by Government, the regular incumbents were yet to be posted by the Director of Health Services.
CMO, Kangra	Anaesthesia System and Surgical Equipment	March 1998	7.95	March 1998	CMO stated (October 1999) that the equipment could not be put to use due to non-posting of Anaesthetist and Orthopaedic Surgeon, etc. He further stated (July 2000) that the equipment were purchased by the Director of Health Services without any requisition.
	X-ray plant	September 1994	6.35	December 1997	CMO stated (October 1999) that the plant was lying unused due to non-posting of Radiographer.
BMO, Kaza	Ultra Sound equipment	December 1998	5.15	December 1998	Non-posting of Medical Officers/ Technician.
	X-ray plant	December 1998	2.00	December 1998	Non-posting of Medical Officers/ Technician.
	Dental Chair Unit	December 1998	2.16	December 1998	Non-posting of Dental Surgeon/ Technician.
	Endoscope/ Fiberoptics equipment	December 1998	3.25	December 1998	Non-posting of Dental Surgeon/ Technician. BMO Kaza stated (October 1999) that the matter regarding filling up of the posts of Medical Officers and Technicians had been taken up with the Government.
		Total	**39.01**		

Apart from depriving the public of the benefits for which the equipment was purchased, non-utilisation of equipment also resulted in blocking of Government funds.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

Industries Department

3.11 Avoidable excess payment to a firm

Non-implementation of the terms of the rate contract resulted in avoidable excess payment of Rs 1.53 crore and undue aid to the firm.

The Controller of Stores (COS), approved (July 1998) a rate contract in favour of a firm based at Darlaghat in Solan district for the supply of cement to the Government departments at the ex-factory rate of Rs 2,100 per MT. To maintain continuity in the supply of cement, the rate contract was made operative retrospectively from 1 April 1998 to 31 March 1999 as the firm had agreed to supply cement at last year's rates.

As per terms of the rate contract, the price to be charged for the cement under contract was in no event to exceed the lowest price at which the firm was to sell cement of identical description to any person/organisation/ department/undertaking of the Central or State Government, as the case may be, during the period till performance of all supply orders placed during the currency of the rate contract. If during the said period the contractor sold cement to any person/organisation, etc., at a price lower than chargeable under the contract, he was to notify such sales to the COS and to correspondingly reduce the price payable under the contract. The firm was also required to furnish to the COS quarterly statements of supply orders received alongwith a certificate that nowhere the goods had been sold at price lower than the prices mentioned in rate contract failing which the amount of security was to be forfeited and the firm debarred from Government business for future.

The Himachal Pradesh Civil Supplies Corporation (CSC) was the nodal agency for carrying out procurement of cement for Government departments under the rate contract. After securing advance payments from the indenting departments, CSC further placed the demand alongwith the advance payments with the firm for procurement of cement under the rate contract. For handling this business, the CSC were getting margin of Rs 0.50 per kg. As such, CSC was aware of the terms of the rate contract. Besides, the CSC was also a dealer with the firm for procurement and sale of cement to the public as well as to other purchasers on the rates applicable from time to time.

Test-check of records of the COS revealed (November-December 1999) that during the currency of the rate contract the firm had supplied cement to the CSC under Public Distribution System (PDS) at the lowest ex-factory rate of Rs 1,801 per MT. Neither the firm notified the sales at the reduced rates to the COS and correspondingly reduced the contracted rate of Rs 2,100 per MT by Rs 299 per MT as per the terms of rate contract nor the CSC which was the implementing agency for the rate contract had brought this fact to the notice of the department immediately after the supply of cement was procured by them from the firm at the lowest rate of Rs 1,801 per MT. It was also noticed that neither the firm had furnished the quarterly statements of supply orders received alongwith the requisite certificate to the COS nor any efforts were made by the COS either to obtain these statements or to take action against the firm as per the terms of the agreement. However, it was only on 31 March 1999 that the Managing Director, CSC brought this fact to the notice of the department. The firm had sold 51,141 MT cement through CSC to various Government departments during 1998-99 at the original contracted ex-factory rate of Rs 2,100 per MT. This had resulted in avoidable excess payment of Rs 1.53 crore to the firm. No action had been taken to recover the excess payment from the firm as of December 1999. Thus, failure of the CSC to bring to the notice of COS immediately the fact of having procured the cement under PDS at the lowest rate of Rs 1,801 per MT and inaction of the COS to enforce the conditions of the rate contract resulted in avoidable excess payment and undue financial aid to the firm.

The Additional Controller of Stores stated (July 2000) that the firm was requested in April 1999 to submit sale returns failing which the security deposit would be forfeited and it would be debarred from Government business. He further stated that a show cause notice was served (May 2000) on the firm for the recovery of excess payment of Rs 1.53 crore, reply to which was awaited. While further developments were awaited from the Government, the reply does not address the issue of the failure of COS to enforce the terms of the rate contract and why no action had been taken either to obtain the quarterly returns on due dates or to forfeit the security deposit of the firm in terms of the provisions of the rate contract during the currency of the rate contract.

The matter was referred to Government July 2000; reply had not been received (July 2000).

3.12 Blocking of funds

Setting up of spinning mill at Sansarpur Terrace in Kangra district by a firm was approved by the Industrial Project Approval and Review Authority (IPARA) in November 1994. The firm deposited Rs 12.30 lakh being 10 *per cent* cost of 77 acres of land provisionally allotted (December 1994) for the purpose by the department. To make power available to the firm as per the approved Project, the Director of Industries advanced Rs 1.64 crore to the Himachal Pradesh State Electricity Board (HPSEB) during 1993-94 (Rs 74 lakh) and 1994-95 (Rs 90 lakh) for installation of 220/66 KV, 20 MVA sub-station at Pong. HPSEB further released Rs 1.64 crore between February 1994 and December 1994 to the *Bhakra Beas* Management Board (BBMB) for the procurement and installation of 220 KV equipment and requested (December 1994) them to start work expeditiously.

Test-check of records in the office of the District Industries Centre (DIC), Kangra revealed (September 1999) that the firm had dropped the idea of setting up a spinning mill as the department had not been able to hand over encroachment free land and requested (March 1998) for refund of Rs 12.30 lakh alongwith interest. The refund of Rs 12.30 lakh was approved (April 1999) by the Government.

The department requested (January 1996) the HPSEB to send a revised estimate for the installation of 40 MVA transformer instead of 20 MVA. The HPSEB informed (June 2000) that the BBMB authorities were requested for installation of 40 MVA 220/66 KV transformer who declined owing to non-availability of space in their switch yard. The matter regarding submission of revised estimate, providing of terminal equipment at both ends for availing this load at Sansarpur Terrace and getting the money back from the BBMB is pending decision with the HPSEB (June 2000).

GM, DIC, Kangra stated (September 1999) that the proposal for installation of transformer had been decided on the basis of approved project of the firm which was later on dropped by them. He further stated (July 2000) that the transformer is still required to meet future requirement of power.

Thus, injudicious decision to advance funds to the HPSEB without first ensuring the availability of encroachment free land and improper assessment of power requirement initially, resulted in locking up of Rs 1.64 crore since 1994-95.

The matter was referred to the Government in January 2000; reply had not been received (July 2000).

Revenue Department

3.13 Members of Parliament Local Area Development Scheme

3.13.1 Introduction

A review of the Members of Parliament Local Area Development Scheme (Scheme) was included in the Report of the Comptroller and Auditor General of India (Civil) for the year ended 31 March 1997 – Government of Himachal Pradesh. The scheme was reviewed again in audit during June-July 2000 in eight districts[1] and 12 executing agencies[2] covering the period 1997-2000 of two constituencies[3]. Total amount of funds available and spent for implementation of the scheme during the period 1997-2000 were Rs 23.17 crore[4] and Rs 20.16 crore respectively. Amount of expenditure covered in the two constituencies in the current audit was Rs 11.30 crore.

3.13.2 Audit Findings

Previous review covering the period 1993-97 revealed mainly the following deficiencies and irregularities in the implementation of the scheme:

(i) Funds not spent in full resulting in denial of full benefits envisaged under the scheme.

(ii) Works recommended by Members of Parliament (MP) not completed within the scheduled period.

(iii) Scheme funds spent on inadmissible works/items by the implementing agencies.

(iv) DCs sanctioned execution of works from the scheme funds without recommendations of MPs.

(v) Asset register not maintained by the implementing agencies.

(vi) Non-furnishing of expenditure statement to the Accountant General.

1 Bilaspur, Hamirpur, Kangra, Mandi, Shimla, Solan, Sirmour and Una.

2 BDOs Amb, Bilaspur, Hamirpur, Mashobra, Nahan, Pachhad, Solan, Theog and Una; PWD Divisions, Kausauli and Theog; I&PH Division, Nahan.

3 Hamirpur and Shimla.

4 Includes opening balance of Rs 2.43 crore and the interest of Rs 0.51 crore earned during 1997-2000.

(vii) Utilisation Certificates not furnished to Department of Programme Implementation (DPI) - GOI.

(viii) Non-inspection of works by the District Collectors and other concerned officers.

The current review indicated that these audit findings were not fully addressed and the irregularities/deficiencies continued as noticed from the following:

Serial Number	Irregularity/ Deficiency	Brief gist of the irregularity
1.	2.	3.
1.	**Funds released remaining unutilised resulting in non-accrual of desired benefits**	Of Rs 23.17 crore available for implementation of the scheme only Rs 20.16 crore (87 *per cent*) were spent. In two sample constituencies (Hamirpur and Shimla), out of Rs 12.75 crore available for the implementation of the scheme, Rs 11.30 crore (89 *per cent*) were spent during the period. This resulted in denial of full benefits envisaged under the scheme. The expenditure reported as incurred, was overstated as it included unspent balances lying with executing agencies. In six of the eight districts test-checked alone such unspent balances amounted to Rs 9.02 crore.
2.	**Works recommended by Members of Parliament not completed within the scheduled periods**	Out of 918 works recommended by Members of Parliament in two constituencies during 1997-2000, 841 works were sanctioned for execution as of March 2000. Of these, only 171 (20 *per cent*) were completed. The shortfall in completion of works was mainly due to non-finalisation of agreements, land disputes and insufficient funds, etc.
3.	**Execution of in-admissible works**	In contravention of scheme guidelines, 457 works like construction of community centres, purchase of sports equipment, repairs and renovation of school buildings, works relating to religious and worship places, etc. costing Rs 4.21 crore were sanctioned by eight DCs during 1997-2000 on the recommendations of MPs.
4.	**Sharing of funds with other schemes**	Guidelines prohibited sharing of scheme funds with other schemes. Four DCs (Hamirpur, Sirmour, Shimla and Solan) sanctioned Rs 28.70 lakh during 1997-2000 for execution of 31 ongoing works such as roads, buildings and water supply scheme even though these works were being financed from State budget/Central Government funds. Rupees 9.28 lakh had been spent on these works as of June 2000.
5.	**Non-maintenance of Asset Registers**	As per guidelines, the DCs or his authorised officers were required to maintain a Register of Assets created under the scheme. However, no such registers were found maintained by the DCs/executing agencies in any of the districts test-checked.
6.	**Monitoring**	Guidelines provided that Heads of Districts shall visit and inspect at least 10 *per cent* of the works every year. The senior officers of implementing agencies were required to inspect these works through regular visits of the work spots to ensure that the works were progressing satisfactorily as per the prescribed procedure and specifications. No records of inspection were maintained by any of the Collectors of districts test-checked.
7.	**Non-furnishing of expenditure Statements to the Accountant General**	According to the provisions of scheme, DCs were required to send expenditure statements to the Accountant General (AG) by end of May. It was noticed that no such statements were sent to the AG ever since the implementation of the scheme by any of the DCs for which no reasons were on record.

3.13.3 Conclusion

No department was designated as a nodal department by the State Government for physical monitoring of the scheme and co-ordination. Also specific norms, periodicity or schedule of inspections were not prescribed. There was no evidence to show that DCs ever inspected the works undertaken under the scheme. Funds meant for achieving the intended objectives were not fully utilised and funds were spent on items not envisaged in this scheme. Assets registers were not maintained, as required under the provisions of the scheme.

These points were referred to Government in July 2000; reply had not been received (September 2000).

3.14 Diversion and misuse of developmental/relief funds

Rupees 2.65 crore meant for Local District Planning, Sectoral Decentralised Planning and Calamity Relief Works were diverted for construction of combined Deputy Commissioner office building and fresh works contrary to guidelines.

(a) Guidelines for the implementation of Local District Planning (LDP) and Sectoral Decentralised Planning (SDP) provide that works sanctioned under these schemes should lead to community benefit and should benefit at least five households by taking up repairs/renovation of Government owned public assets like schools, Health Institutions, Veterinary Institutions, water supply, Irrigation *kuhls*, village link road, etc.

Test-check (March 1999) of the records of Deputy Commissioner (DC), Sirmour revealed that Rs 30.23 lakh were diverted during 1997-99 out of the funds of LDP (Rs 14.98 lakh) and SDP (Rs 15.25 lakh) for the construction of combined DC office building at Nahan.

District Planning Officer, Sirmour admitted that no permission was obtained from Government for the construction of the aforesaid building and the DC had apprised the authorities telephonically. He further stated that the building was constructed in public interest. The reply was not tenable as the scheme funds were unauthorisedly diverted and beneficiaries were deprived of the intended benefits of the schemes.

(b) Instructions (May 1987) of the Government of India provide that calamity relief funds should not be utilised on fresh works. These funds should be utilised for the old works damaged during the calamity.

(i) Test-check (March 1999) of the records of DC, Sirmour revealed that calamity relief funds of Rs 18.80 lakh were diverted during 1997-99 by the DC for the construction of combined DC office building.

DC stated (March 1999) that there was necessity of the building, therefore, money was sanctioned for the construction of said building. The reply was not acceptable as the funds meant for restoration of damages were spent on fresh work. Thus, the DC misused the funds meant for restoration of calamity relief works.

(ii) Test-check of records of four DCs* revealed (November 1998-January 2000) that calamity relief funds of Rs 2.16 crore were diverted during 1996-97 to 1999-2000 by DCs for the construction of new works like school, Tehsil, *Mahila Mandal* buildings, roads, bridges paths, playgrounds, *patwarkhanas*, etc., which were not related to calamity relief works.

DCs stated (November 1998-99) that funds were sanctioned for these works keeping in view the necessity for construction of various buildings and public interest at large and also to generate employment among people. The replies were not tenable as the funds meant for restoration of damaged works as calamity relief were spent on new works in contravention to GOI instructions.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

Social and Women Welfare Department

3.15 Payment of cash assistance to ineligible Jammu and Kashmir migrants

Cash assistance of Rs 48 lakh was made by SDO(C), Kangra to ineligible Jammu and Kashmir migrants.

To rehabilitate displaced families of Jammu and Kashmir due to insurgency since 1991, the State Government sanctioned cash assistance at the rate of Rs 460 per month for four or more than four member families and Rs 860 per family at the time of rehabilitation (only once) to purchase bed sheets and utensils, etc. These rates were further revised (December 1992) from Rs 460 to Rs 15 per day per member subject to Rs 2,000 per family and Rs 860 was revised to Rs 2,000. As per scheme, this relief was admissible to the family

* Kangra, Mandi, Sirmour and Solan.

whose annual income from all sources was less than Rs 10,000 and the family was staying in camp. The condition of staying in camp was deleted in November 1991. The cash assistance was to be provided to the families which were properly identified and legally registered with the concerned Sub-Divisional Officer (Civil) (SDO(C)) within whose jurisdiction the family was staying temporarily. From April 1991, the Deputy Commissioners (DCs) were authorised by the State Government to complete all the formalities of identification and registration of migrants. For proper identification, the migrant was to give written certificate regarding his migration, or an affidavit in support of his migration and an undertaking to the effect that no member of his family was working in Government/Semi-Government or private job and his annual income was less than Rs 10,000 which was to be taken from the head of the family who applied for cash assistance.

The funds relating to relief to the migrants were being allocated by the Director, Social and Women Welfare to the respective DCs for distribution amongst the eligible migrants. The scheme was operative in Kangra and Mandi districts in four sub-divisions*. Records of four sub-divisions alongwith the records of the Director, Social and Women Welfare were test-checked during June 2000.

The funds provided and expenditure incurred on refugee families residing in Kangra and Mandi districts during 1994-2000 were as detailed below:

Year	Budget provisions			Expenditure		
	Kangra	Mandi	Total	Kangra	Mandi	Total
			(Rs in lakh)			
Upto 1994-95	16.81	0.23	17.04	16.74	0.23	16.97
1995-96	12.00	0.16	12.16	11.74	0.16	11.90
1996-97	8.88	0.17	9.05	9.04	0.17	9.21
1997-98	18.05	0.16	18.21	18.23	0.16	18.39
1998-99	15.63	0.17	15.80	15.41	0.17	15.58
1999-2000	6.08	0.16	6.24	5.16	0.11	5.27
Total	**77.45**	**1.05**	**78.50**	**76.32**	**1.00**	**77.32**

Following points were noticed:

(i) Cash assistance of Rs 36.05 lakh was paid upto July 1999 by the SDO(C), Kangra in 30 cases to ineligible migrants whose annual income as per records was more than Rs 10,000. The SDO(C) stated (June 2000) that the payments to these migrants were made on verification of income by Tehsil agencies and that these cases were being reinvestigated through the field

* Dharamshala, Kangra, Mandi and Palampur.

agencies. The reply was not tenable as the assistance should have been paid after verification as prescribed. Thus, due to non-observance of prescribed verification procedure by the SDO(C), Kangra, inadmissible payment of Rs 36.05 lakh had been made by him to ineligible families.

(ii) As per instructions, cash assistance was to be given to the Jammu and Kashmir migrants and not to the local residents of Himachal Pradesh. It was noticed in audit that cash assistance of Rs 6.44 lakh was paid to five ineligible families during 1991-2000. These families were owning land in Himachal Pradesh as per revenue records and went to Jammu and Kashmir for business purpose and on their return from Jammu and Kashmir, they were registered as Kashmiri migrants. On being pointed out in audit, the SDO(C), Kangra stated (June 2000) that entire matter and individual cases were being re-verified. The reply was not tenable as the investigation should have been done at the time of registration and before payment of assistance. Thus, due to failure of the SDO(C), Kangra to verify the antecedents of migrants before making payments, assistance of Rs 6.44 lakh was provided to ineligible families.

Test-check of records of the SDO(C), Kangra further revealed that five migrants were stated to be employed in Himachal Pradesh/outside states as per records and cash assistance of Rs 5.51 lakh was paid to them during 1994-2000 without ascertaining their annual income from their employers. The SDO(C), Kangra stated (June 2000) that the income would be verified from their employers. The reply was not tenable as verification of annual income should have been done before payment of cash assistance. Thus, due to non-observance of the prescribed verification procedure by the SDO(C), Kangra, cash assistance of Rs 5.51 lakh had been paid by him to ineligible persons.

The matter was referred to the Government in July 2000; reply had not been received (July 2000).

Tourism and Civil Aviation Department

3.16 Installation of lift from lakkar bazar to ridge at Shimla

Construction of lift without ascertaining the safe bearing capacity of soil at site resulted in wasteful expenditure of Rs 5.39 lakh and unauthorised expenditure of Rs 14.51 lakh.

Government accorded an administrative approval for Rs 1.02 crore for installation of a lift in three stages from Lakkar Bazar to Ridge at Shimla. Against this, the Director, Tourism and Civil Aviation (Director) advanced Rs 40 lakh to Municipal Corporation (MC), Shimla in May 1996 (Rs 20 lakh) and April 1997 (Rs 20 lakh) for this purpose. The MC started the work in

March 1997 without any investigation regarding safe bearing capacity of the soil. After spending Rs 5.39 lakh the construction work was stopped in June 1997 as water had come out at the site making it unsafe for construction. The safe bearing capacity of soil was inquired from the State Geologist in April 1997. Based on the data of State Geologist, experts of Roorkee Engineering University and the Chief Engineer, Himachal Pradesh Housing Board disapproved the construction of lift at the proposed site. Accordingly, MC decided (September 1999) to abandon the construction work of the lift.

Of the balance amount MC, Shimla unauthorisedly utilised Rs 14.51 lakh on the construction of a toilet block and remaining amount of Rs 20.10 lakh was lying with them as of December 1999. No efforts were made by the Director to get the unspent balance of Rs 20.10 lakh refunded from the MC. On being pointed out in audit (April 1999), Director stated (December 1999) that survey and investigation for the construction of lift had been got conducted by the MC and the matter regarding toilet block and unspent amount had been taken up with the Government.

Failure of the Commissioner, MC, Shimla to ascertain safe bearing capacity of the soil before taking up construction of the lift resulted in unfruitful expenditure of Rs 5.39 lakh besides, unauthorised utilisation of Rs 14.51 lakh and blocking of Rs 20.10 lakh.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

3.17 Selection of unsuitable sites for installation of musical fountains

Rs 24.63 lakh were blocked and expenditure of Rs 1.70 lakh was rendered wasteful due to unsuitable sites for the installation of two musical fountains.

Financial rules prohibit drawal of money from the treasury for making payment in advance in respect of supplies which might not be received for months or even a year.

State Government sanctioned Rs 26.33 lakh for installation of two musical fountains at Manali (Kullu district) and Dharamshala (Kangra district) between March 1995 and March 1997. The amount was drawn by the Director, Tourism and Civil Aviation (Director) during the same period. The cost of design, fabrication, supply, installation, testing and commissioning of each programmable musical dancing fountains were settled for Rs 20 lakh each with a Public Sector Undertaking (PSU) of Karnataka. The PSU was a sick unit and had been referred to Board for Industrial and Financial Reconstruction in December 1996. Rupees 20 lakh being 50 *per cent* installation cost of two fountains were paid (August 1995) to the PSU without signing any agreement. Meanwhile, Rs 6.33 lakh were paid (June 1997) to Divisional Forest Officer (DFO), Wild Life Division, Kullu for the construction of civil works at Manali. The civil works had not been technically sanctioned by the Forest Department. After spending Rs 1.70 lakh on civil works the Principal Chief Conservator of Forests, Shimla objected to the installation of the fountain at Manali on the ground that it was not ancillary to the development of forests. Therefore, DFO, Wild Life Division, Kullu stopped the work and returned (January 2000) Rs 4.63 lakh to District Tourism Development Officer, Kullu. The Government decided (August 1999) to shift the installation of fountain from Manali to Kullu and finally approved (March 2000) the site of fountain at Dharamshala. The fountains had not been supplied by the PSU as of January 2000.

Thus, indecision regarding suitable sites for the installation of musical fountains resulted in blocking of Rs 24.63 lakh and wasteful expenditure of Rs 1.70 lakh on civil works at Manali. Besides, the Director did not confirm the financial status of the PSU before making advance payments which was a sick unit.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

Urban Development Department

3.18 Urban Employment Generation Programme

3.18.1 Introduction

Government of India (GOI) launched various urban employment generation schemes for alleviation of poverty in urban areas. *Nehru Rojgar Yojana* (NRY) was launched in October 1989 with three sub-schemes viz., (i) Urban Micro Enterprises, (ii) Urban Wage Employment and (iii) Housing and Shelter Upgradation particularly for generation of employment to urban poor. From December 1997, GOI launched *Swaran Jayanti Shahri Rojgar Yojna* (SJSRY) as replacement of NRY consisting of two special schemes namely Urban Self Employment Programme (USEP) and Urban Wage Employment Programme (UWEP). To provide self employment opportunities to one million educated unemployed youth by setting up micro enterprises, GOI launched Prime Minister *Rojgar Yojna* (PMRY) from 2 October 1993.

NRY/SJSRY were to be implemented by Director, Urban Development through Urban Local Bodies (ULBs) and PMRY by Director Industries through District Industries Centres (DICs).

Implementation of various schemes for the period 1995-2000 was reviewed during December 1999-March 2000 in 13 out of 49 ULBs* and three out of 12 DICs** supplemented by information collected from three District Lead Bank Managers*** and 30 branches of the banks as also test-check of records of Director, Urban Development and Director of Industries. Points noticed during test-check were as under:

3.18.2 Planning

No survey had been conducted and no identification of urban poor was made by ULBs.

(i) As per guidelines, ULBs were to identify the beneficiaries below poverty line under NRY by conducting household surveys, where required. For this purpose, they were to seek the assistance of neighbourhood committees, urban basic services units, where existing, and non-governmental organisations. Adequate publicity was to be given by the ULBs to the lists prepared. Identification of beneficiaries under SJSRY was to be done by the State agency through any identified body at the ULB or community level. A house to house survey for identification of genuine beneficiaries was to be done under SJSRY. Non-economic parameters were also to be applied to identify the urban poor in addition to the economic criteria of the urban poverty line.

Test-check revealed that no survey was conducted under NRY. Audit verification revealed that the loan applications of beneficiaries for setting up micro-enterprises during 1995-98 were accepted after recommendations by the respective ward members and getting the economic status of the beneficiary verified from the concerned *patwari*. Under SJSRY, one survey was conducted in September-October 1998 even though the scheme was launched in December 1997.

The Director, Urban Development stated (March 2000) that no survey was conducted before launching of SJSRY as there were no guidelines from GOI. Reply was not tenable as the survey was mandatory as per guidelines. Further, the process of verification adopted by the department was flawed as prescribed identification process under NRY was not followed.

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* Municipal Corporation Shimla: Municipal Councils Dharamshala, Kangra, Mandi, Rampur, Sundernagar and Theog: Nagar Panchayats Chopal, Jawalamukhi, Kotkhai, Nagrota Bagwan, Rajgarh and Rewalsar.

** Dharamshala, Mandi and Shimla.

*** Dharamshala, Mandi and Shimla.

(ii) As per guidelines, Community Development Societies (CDSs) were to survey and draw up a list of available basic minimum services in their areas. Missing basic minimum services were to be first identified and thereafter other requirements of physical infrastructure were to be listed. This prioritisation was to be final and not subject to change and modification by any other agency. These lists alongwith the remarks of the CDSs with respect to where such services were to be located, etc., were to be forwarded to the Town Poverty Eradication Cell at the beginning of the year.

It was noticed in audit that neither the CDSs had been set up nor lists of missing basic minimum services identified and forwarded to the Town Poverty Eradication Cell at the beginning of the year, as required. The Director stated (March 2000) that no perspective ULB-wise plan was prepared due to the fact that initially no BPL survey was conducted and also due to shortage of staff in the ULBs.

3.18.3 Financial outlay and expenditure

Director, Urban Development showed cent *per cent* utilisation of funds on implementation of schemes even though large amounts remained unspent with ULBs.

The expenditure under NRY and SJSRY was to be shared between Central and State Governments on 60:40 and 75:25 basis respectively while PMRY was funded 100 *per cent* by GOI. Against the funds of Rs 8.71 crore released under NRY/SJSRY by GOI/State Government during 1995-2000, entire amount had been shown as spent by the Director, Urban Development on the implementation of the schemes and entire amount of Rs 47.90 lakh released by GOI under PMRY during 1995-2000 had been spent by the Director of Industries.

Test-check of records of 13 ULBs, however, revealed that funds placed at their disposal under NRY/SJSRY remained largely unutilised each year for the five year period as detailed below and large unspent balances were kept in savings bank accounts:

Year	Opening balance	Funds released by the Director	Total	Expenditure	Unspent balance	Percentage of unspent balances with reference to total funds available
	(Rupees in lakh)					
1995-96	32.46	14.20	46.66	6.91	39.75	85
1996-97	39.75	69.19	108.94	21.80	87.14	80
1997-98	87.14	24.06	111.20	25.80	85.40	77
1998-99	85.40	83.80	169.20	99.72	69.48	41
1999-2000	69.48	133.26	202.74	151.14	51.60	25

It would thus, be seen that cent *per cent* utilisation of funds shown by the Director did not reflect true picture of implementation of various schemes.

The Commissioner/EOs/Secretaries ULBs attributed December 1999-March 2000) non-utilisation of funds to late receipt of funds and late/non-receipt of applications from the beneficiaries. The reply was an after thought and yet not tenable as the funds could not be utilised due to non-setting up of CDSs and non-preparation of lists of missing basic minimum services. Further, late receipt of funds could not be a reason for there was huge opening balance available every year.

Following further points were noticed:

(i) The programme was to provide employment to beneficiaries for construction of socially and economically useful public assets. The Commissioner, MC, Shimla however, unauthorisedly spent Rs 14.65 lakh pertaining to SJSRY during 1998-99 on removal of snow and slips, etc., on various roads and drains in the town on 32 works.

Utilisation Certificates issued for getting the additional funds from GOI/State Government were not genuine.

(ii) Test-check of records revealed that utilisation certificates (UCs) for Rs 55 lakh (MC, Shimla: Rs 43.42 lakh and MC, Mandi: Rs 11.58 lakh) were sent to the Director, Urban Development in March 1999 for the expenditure already incurred by MC, Shimla from its own budget and by MC, Mandi from the grant received from the Chief Minister. Commissioner, MC, Shimla gave the UC to get the additional funds from GOI and the State Government whereas EO, MC, Mandi stated (February 2000) that the UC was sent as the Director, Urban Development was pressing hard for its early submission. The UCs thus, furnished were not genuine. The facts focus on the methods adopted to get the additional funds even as year after year these were not being utilised to a large extent.

Similarly, Rs 6.98 lakh were diverted from SJSRY funds and spent on disbursement of salary of staff and wages of labour on 1 July 1999 and recouped on 7 September 1999 by EO, MC, Mandi. The EO stated (February 2000) that the funds were diverted since no amount was received from the Director, Urban Development nor the permission was received to draw the amount from other funds.

The replies were not tenable as the schemes did not provide for diversion of funds to activities not related to the schemes and these show the scant regard given to the proper utilisation of the funds.

(iii) Rupees 26.70 lakh paid to the Himachal Pradesh State Electricity Board (HPSEB) (MC, Shimla: Rs 19.73 lakh between April 1989 and December 1998; MC, Sundernagar: Rs 5.16 lakh between May 1999 and July 1999 and MC, Mandi: Rs 1.81 lakh in April 1999) for providing street light were treated as final expenditure by the concerned ULBs and UCs sent to the Director even though there was nothing on record to indicate that the street lights had been provided by HPSEB.

(iv) Interest of Rs 31.11 lakh earned on the scheme funds deposited in the savings bank accounts by Director, Urban Development during 1995-99 (upto December 1999) had neither been utilised on schemes nor credited to Government accounts. The Director also stated (April 2000) that the interest was to be utilised for the implementation of the concerned scheme as per guidelines of GOI but was silent as to why then the interest amount was not credited to Government accounts nor used on the scheme.

3.18.4 Generation of employment

A-Wage employment

As per guidelines, the programme was to provide wage employment to beneficiaries living below the poverty line within the jurisdiction of ULBs by utilising their labour for construction of socially and economically useful public assets.

Following points were noticed:

Employment given to the labour from outside the jurisdiction of each ULB in contravention of the provisions of the scheme.

(i) The beneficiaries living below the poverty line within the jurisdiction of the ULBs were not provided wage employment and the works were got executed through labour not residing within the ULBs. In 13 ULBs test-checked, 3.18 lakh mandays worth Rs 1.54 crore were generated during 1995-2000 through labour from outside the jurisdiction of each ULB.

The Commissioner /EOs/Secretaries stated (March 2000) that the identified beneficiaries living below poverty line did not come forward for seeking employment on community works. The reply was not relevant as employment under the programme was to be provided to beneficiaries living below poverty line within the jurisdiction of the ULBs. Thus, the objective of programme had not been fulfilled.

(ii) As per guidelines, the works were to be executed departmentally. Contrary to these guidelines, ninety nine works costing Rs 54.20 lakh were got executed in eight ULBs through contractors during 1995-2000. The reply of the Director (March 2000) that the works were got executed through contractors as there was shortage of staff, non-availability of labour and urgency of the works was not at all tenable since expenditure from these funds were to be incurred on departmentally executed works to provide wages to unemployed. Thus, the objective of the scheme was not achieved.

(iii) The figures of mandays generated were worked out by ULBs by dividing the expenditure on wage component with minimum wage rate after apportioning the total expenditure in the ratio of 40 (wages): 60 (material) whereas actual mandays generated as per muster rolls should have been reported. Audit scrutiny further revealed in 13 ULBs that there was huge variation between the mandays actually generated and those reported to the Government as indicated below:

Year	Actual number of mandays generated	Mandays reported	Excess/ less reporting
		(In lakh)	
1995-96	0.07	0.60	0.53
1996-97	0.13	0.55	0.42
1997-98	0.09	Nil	(-) 0.09
1998-99	0.47	1.38	0.91
1999-2000	0.70	0.65	(-) 0.05

The reporting was thus, incorrect and inflated.

(iv) The material and labour ratio for works under the programme was to be maintained at 60:40. It was noticed that the required ratio was not maintained in respect of 32 works executed during 1995-2000 in eight ULBs at a cost of Rs 21.56 lakh. The ratio ranged between 63:37 and 100:00. The Commissioner/EOs/Secretaries stated (December 1999-March 2000) that due to *pucca* nature of work and higher rates of material it was not possible to maintain the prescribed ratio. But the fact remains that the prescribed norms were not followed and wage employment was not generated in certain cases.

B Self employment

(a) NRY/SJSRY

The programme was to encourage underemployed and unemployed urban youths to set up small enterprises relating to servicing, petty business and manufacturing, etc. Local skills and local crafts were to be encouraged for this purpose. Each town was to develop a compendium of such projects/activities keeping in view cost, marketability, economic viability, etc.

Test-check of records revealed the following points:

(i) Year-wise details of cumulative projects/loan applications received, recommended and sent to the bank, sanctioned and disbursed by the bank was not available with the Director. The ULBs test-checked did not maintain any record to watch the sustainability of the units and as to whether the beneficiaries had crossed the poverty line as a result of setting up of the micro-enterprises. The objective of the programme for encouraging the underemployed and unemployed urban youths to set up small enterprises thus remained unachieved.

Special attention to vulnerable sections of society not given under the scheme.

(ii) According to the guidelines, special attention was to be given to women beneficiaries and beneficiaries belonging to scheduled castes/scheduled tribes (SCs/STs). Thirty *per cent* of beneficiaries under the scheme of micro enterprises were to be women.

The position of total beneficiaries *vis-a-vis* the beneficiaries belonging to SCs/STs and women in the ULBs test-checked was as under:

Year	Scheme	Total identified families			Number of beneficiaries covered		
		Total	SCs/STs	Women	Total	SCs/STs	Women
		(Percentage in bracket)					
1995-96	NRY~	Not available as no survey was conducted			12	1 (8)	4 (33)
1996-97	NRY~				101	9 (9)	10 (10)
1997-98	NRY				111	13 (12)	16 (14)
1998-99	SJSRY				1	1 (100)	1 (100)
1999-2000	SJSRY	2226	993 (38)	592 (23)	94	15 (16)	16 (17)

The coverage of SC/ST beneficiaries was thus, far below the prescribed percentage during 1995-98 and 1999-2000.

The Director stated (March 2000) that the SCs/STs beneficiaries who were identified as BPL families as per norms of GOI were also covered under the scheme. Reply was not tenable as special attention was not given to the beneficiaries belonging to these categories and the objective of giving special attention to vulnerable sections of society under the programme remained unachieved.

(b) PMRY

(i) Operational guidelines of the scheme provided that immediately on receipt of target from GOI, State Government would convey district-wise targets to each district. Targets fixed for the State *vis-a-vis* achievements thereagainst were as under:

Year	Target	Achievements		
		Number of loan cases sanctioned	Number of loan cases disbursed	Shortfall
1995-96	2,100	2,578	2,315	263
1996-97	2,100	2,405	2,201	204
1997-98	2,300	2,315	1,946	369
1998-99	2,400	2,405	1,916	489
1999-2000	2,500	2,472	1,969	503

The shortfall in number of loan cases disbursed to number of loan cases sanctioned increased from 263 in 1995-96 to 503 in 1999-2000. Director, Industries stated (March 2000) that the variation between the loan cases sanctioned and disbursements made was due to the reason that sometimes beneficiaries were not interested to avail of loan facilities and in some cases the applicants did not turn up for completing the formalities. The reply is silent as to the steps Task Force Committee constituted under the Chairmanship of Deputy Commissioner took for motivating the entrepreneurs.

(ii) Guidelines provided for reservation of 22.5 *per cent* for SCs/STs and 27 *per cent* for other classes (OBCs) under PMRY. Test-check revealed that no such data showing category-wise coverage of beneficiaries had been maintained and, as such, it could not be verified in audit.

3.18.5 Monitoring

Schemes not monitored by the Director, Urban Development.

Guidelines for the NRY provided for provision of suitable administrative arrangements both at the State and field levels for effective implementation and monitoring of the programme. Similarly, the guidelines for SJSRY provided for setting up of Urban Poverty Eradication Cell at town level, District Urban Development Agency at District level and State Urban Development Authority at State level to coordinate and monitor the programme at town, district and State levels.

It was noticed that though the State Government had notified the constitution of the Cell/Authority at Town/District/State levels in February 1998, in none of the ULBs test-checked the Cell had become functional. At the State level, the meetings were held every quarter wherein the progress of the scheme was reviewed. It was noticed that no minutes of the meetings were drawn up and circulated to assess the impact of the deliberations of such meetings and the follow up action.

Director, Urban Development stated (March 2000) that the minutes of meetings would be drawn up in future. Thus, the Director, Urban Development could not monitor the implementation of various schemes and their impact on the beneficiaries.

3.18.6 Evaluation

No evaluation had been done in respect of NRY and SJSRY. As regards PMRY, the Director, Industries stated (March 2000) that concurrent evaluation study was conducted during 1997 by Himachal Productivity Council on the recommendations of the Institute of Applied Manpower Research. The study suggested that the Branch Managers of the banks at block level should involve themselves from the stage of allocation of targets particularly in those branches which had field officers and could play an important role with regard to identification of prospective entrepreneurs with viable projects which would help achieving the target and benefiting the genuine youth under the *yojana*. He further stated that follow-up action was being taken by the General Managers, DICs to implement the suggestions made by the evaluation team. However, no such records were furnished by the Director for audit scrutiny.

3.18.7 Conclusion

The implementation of the scheme left a lot to be desired. There were heavy slippages in the programme spending and large savings occurred year after year. However, Director, Urban Deveopment showed cent *per cent* utilsiation of funds even though large unspent balance remained. Misreporting of expenditure figures was a practice followed to obtain the additional funds from GOI. The real beneficiaries of the programme were left out while people from outside the jurisdications of ULB given the employment. Self employment goal of the programme was neglected badly since special attention to vulnerable sections of society not given. Works were got executed through contractors. The programme was not monitored or evaluated to judge its impact on the beneficiaries.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

Miscellaneous Departments

3.19 Utilisation of grants under Tenth Finance Commission

3.19.1 Introduction

Tenth Finance Commission (TFC) awarded a grant of Rs 103.24 crore to the State Government for upgradation of district administration/primary education, etc. and also to tackle special problems in a responsive manner.

The Commissioner-cum-Secretary (Finance Commission) was the nodal authority for watching the progress of utilisation of the grants and liaising with the Government of India (GOI) for approval of action plans and release of funds.

A State Level Empowered Committee (SLEC) under the chairmanship of the Chief Secretary was to monitor the programme implementation.

Records of various implementing departments and those relating to approval of action plans, receipt of the grants from GOI and monitoring the utilisation of grants in nodal departments covering the period 1996-2000 were test-checked during February-April 2000. The results of audit are incorporated in the succeeding paragraphs.

3.19.2 Financial performance

(a) The department-wise details of the amount provided by TFC and released by GOI/State Government to implementing agencies and expenditure incurred during 1996-2000 were as under:

Sr. No.	Name of the department	Amount			
		Awarded by TFC	Released by GOI	Released by State Government	Expenditure
		(Rupees in crore)			
1.	Education	8.62	7.76	8.52	3.70
2.	Police	15.47	13.88	20.41	16.11
3.	Fire Services	3.00	2.70	3.00	1.98
4.	Land Records	0.72	0.65	0.72	0.63
5.	Treasuries and accounts	0.20	0.20	0.32	0.32
6.	Jails	0.23	0.20	0.23	0.23
7.	Public Works	5.00	5.19	5.00	NA*
8.	Irrigation and Public Health	40.00	41.50	32.63	NA
9.	Tourism and Civil Aviation	30.00	15.00	17.40	NA
	Total	103.24	87.08	88.23	62.29

* NA Not available.

It would be seen that in all Rs 16.16 crore were yet to be released by GOI. Of the funds released by the State Government, Rs 25.94 crore were lying unspent as of March 2000. Component-wise details including audit findings are given in the following table:

Name of Grants/ Scheme	Amount released by GOI	Amount released by State Government	Expenditure	Audit findings
		(Rupees in crore)		
1.	2.	3.	4.	5.
A Upgradation grants				
(i) Police Department				
a. Construction of buildings/outposts	0.23	0.50	0.58	Against the target of five police stations/outposts to be constructed during 1996-2000, no police station/out post was completed as of March 2000 despite having spent Rs 57.55 lakh during the period.
b. Housing facility for police staff	13.25	19.47	15.20	Against the target of 906 Type-I houses, only 168 houses had been completed. Of Rs 15.20 crore having been spent up to March 2000, Rs 11.82 crore had been spent on remaining 738 incomplete houses. In the progress report of December 1999, the State Government had reported these houses as complete.
c. Training for police staff	0.40	0.44	0.33	Against the target of 3303 police personnel to be trained during 1996-2000 only 2237 personnel were trained during the period.
(ii) Fire Services				
Development of fire services	2.70	3.00	1.98	Rs 17.53 lakh were sanctioned for installation of fire hydrants at Hamirpur and Rohru during 1996-97. Against this, only Rs 5 lakh were released by the Government to the EE, I&PH Division, Rohru who spent it for procurement of material. The work of pipe laying and installation of fire hydrants had not been carried out as of April 2000.
(iii) Revenue				
Construction of record rooms	0.65	0.72	0.63	Rs 3.25 lakh[#] provided for construction of record room at Kullu were spent on lying a slab of the proposed record room-cum-Tehsil building to be completed at an estimated cost of Rs 10 lakh. However, owing to non-provision of further funds construction work had been stopped (September 1999). Similarly, Rs 3.25 lakh provided for construction of record room at Jawali were diverted by the Deputy Commissioner (DC), Kangra for construction of record room at Kangra without the approval of GOI.

[#] For construction of record room including electrification: Rs 2.42 lakh; for purchase of racks: Rs 0.75 lakh; and for vinyal flooring: Rs 0.08 lakh.

1.	2.	3.	4.	5.
(iv) Jails				
Improvement in jails	0.20	0.23	0.23	(i) Rs 11.20 lakh meant for repair/renovation of Sub-Jail, Kaithu were diverted for construction of a new Jail building at Kaithu not provided in the scheme. (ii) Rs 1.20 lakh were provided to Executive Engineer, (B&R) Division No. I, Kullu for construction of boundary wall and providing a gate for Kullu Jail. Though the Executive Engineer had sent the utilisation certificate of this amount to the Superintendent, Sub-Jail, Kullu, no record in support of the expenditure was produced to audit for verification. The Executive Engineer stated (April 2000) that the matter was under investigation. (iii) Equipment worth Rs 5.62 lakh purchased for four Jails[1] during 1996-2000 were lying unutilised in the Central Store at Kanda. ADGP stated (May 2000) that the equipment could not be shifted owing to lack of space, minor OT being under construction and the jails remaining overcrowded. This resulted in blocking of funds of Rs 5.62 lakh besides depriving the beneficiaries of the intended benefits.
(v) Treasuries and Accounts				
Computerisation of treasuries	0.20	0.32	0.32	
(vi) Education				
Promotioon of girls education and providing drinking water and toilet facilities in primary and upper primary schools.	7.76	8.52	3.70	**(i) Shortfall in achievement of physical and financial targets ranged between 35 and 100 per cent and 32 and 100 per cent respectively thereby depriving the school children of the intended benefits.** (ii) The percentage coverage in providing water facility as on March 2000 *vis-à-vis* number of schools existing was 41 against the approved coverage of 80 *per cent* by TFC. It was noticed that 861 schools were without having water facility out of 1469 schools as of 1 April 1999. (ii) The actual enrolment of eligible girls during 1996-2000 was 1,02,214 against the eligible 1,12, 470 girls resulting in shortfall in enrolment of 10,256 girls. Thus, the objective of solving the problem of children dropping out of schools and ensuring their continuance in schools had not been fully achieved as envisaged in the National Policy on Education. (iii) GI sheets valuing Rs 68.32 lakh (Rs 56.97 lakh for primary schools and Rs 11.35 lakh for upper primary schools) were purchased between July 1998 and February 2000 by five[2] Principals of Government polytechnic colleges for fabrication of drinking water tanks/toilets for girls. The material purchased was, however, lying unused in the stores as of March 2000.Non-utilisation resulted in idle investment of Rs 68.32 lakh apart from non-achievement of the objective of providing drinking water/toilet facilities to students for which these were purchased. (iv) There was a wide variation in the yearly financial achievements during 1997-99 intimated to GOI by the State Government and the achievements as per the records of DE(P)/DE(S) and executing agencies.

1 Bilaspur, Dharamsala, Kanda and Nahan.

2 Hamirpur, Kandaghat, Kangra, Sundernagar and Rohru.

1.	2.	3.	4.	5.
		B-Special problem grants		
(i) Public Works Construction of MLA Hostel and library	5.19	5.00	NA	Out of grant of Rs one crore provided for augmentation of library facilities in the State Assembly, Rs 40 lakh were utilised for execution of central heating works for the Vidhan Sabha main building (Council Chamber) between October 1997 and October 1999. This resulted in unauthorised diversion of TFC grant.
(ii) Irrigation and Public Health (I&PH)				
Water Supply and Sewerage Scheme in Shimla town	41.50	32.63	NA	(i) Six sub-works[3] of water supply and sewerage schemes of Shimla town were administratively approved (between October 1994 and September 1999) for Rs 69.16 crore. The works, stipulated to be completed between one year and five years, were taken up for execution between March 1997 and January 2000. It was noticed that action plan for Rs 34.74 crore approved by IMEC for the aforesaid works and on which Rs 8.47 crore had been spent out of TFC grant as of December 1999, were yet to be completed. (ii) Six sub-works[4] of water supply scheme of Shimla town administratively approved (between December 1994 and August 1997) for Rs 10.43 crore, were taken up for execution between January 1996 and March 1998 without preparation and approval of the detailed estimates. Expenditure of Rs 8.62 crore had been incurred thereon as of December 1999 and four of these works costing Rs 4.22 crore had since been completed.
(iii) Tourism and Civil Aviation				
Expanision of three existing airstrips and construction of four helipads	15.00	17.40	NA	(i) In October 1998, it was decided by the Government to extend the existing three airports at Jubberhatti (Shimla), Bhunter (Kullu) and Gaggal (Kangra) and to construct four helipads in Chamba district. This action plan was approved by IMEC in April 1999. Accordingly, the works of expansion of Jubberhatti airport and improvement of approach road were taken up for execution in May 1999 and November 1999 respectively and expenditure of Rs 80.59 lakh had been incurred as of December 1999 against the estimated cost of Rs nine crore. No funds were made available to executing agencies for the remaining works of the two airports and four helipads. (ii) Interest earned on Rs 4.50 crore during March 1998 to March 1999 kept by the DC, Chamba in saving bank account had not been remitted to Government accounts. (iii) Similarly, Rs 5.40 crore drawn in March 1999 by Director, Tourism and Civil Aviation were kept in the form of bank drafts upto July 1999 to avoid lapsing of fund.
Total:	**82.70**	**88.23**	**62.29**	

3 New Sewerage net work. Replacement of old rising main from Gumma to Craignano. Relaying of distribution system of three zones. Relaying of distribution system of ten zones. Sewage treatment plant and Strengthening of power supply system.

4 Replacement of third old pump sets at Gumma. Replacement of four pump sets at Gumma and Darabla. Replacement of rotating parts of pumps at Gumma and Darabla. Replacement of rotating parts of old pumps at Jagroti, strengthening of power supply system for pumping stations and construction of treatment plant at Chair.

(b) Suspected embezzlement of Rs 25.37 lakh

Test-check of the records of Chief Fire Officer (CFO), Shimla revealed (April 2000) the following points:

Non-observance of prescribed financial rules by Chief Fire Officer, Shimla resulted in embezzlement of Rs 25.37 lakh.

(i) Rupees 4,98,866 drawn vide bill No. 174 and Rs 13,145 drawn vide bill No. 208 on 31 March 1999 were shown paid in the cash book on the same date to a Chennai based firm through a fictitious Bank Draft (BD) No. 944170 dated 31 March 1999 whereas this BD was actually got prepared for a Chandigarh based firm for Rs 5,38,670 as verified from the bank. Rs 5,12,012 were again drawn through treasury voucher No. 313 dated 31 December 1999 by tampering original sanction for the year 1998-99 and altering the same as to be valid for 1999-2000. The Treasury Officer (TO) while passing the bill for payment failed to detect that the amount was being drawn on a photostat copy of a tampered sanction. Rupees 5,12,012 were paid to the Chennai based firm vide BD No. 039 dated 31 December 1999. Rupees 5,12,011 drawn in March 1999 were thus suspected to have been embezzled.

(ii) Rupees 2,49,600 and Rs 5,80,320 drawn on 31 March 1999 and 7 July 1999 and converted into BD Nos. 658240 dated 31 March 1999 and 487356 dated 7 July 1999 respectively were shown in the cash book as paid to a Ambala based firm on the same dates but the payment was actually not made and the same amounts were again drawn through treasury voucher number 4 dated 5 January 2000. The payment was released to the firm through fresh BD Nos. 039261 and 039262 dated 5 January 2000. Rupees 8,29,920 drawn in March 1999 and July 1999 were thus suspected to have been embezzled.

(iii) Rupees 2,97,764 drawn vide bill No. 96 dated 22 October 1999 for payment to a Chandigarh based firm for purchase of wireless system was shown paid through BD in the cash book on 25 October 1999 whereas no such BD was actually prepared on that date. The BD was in fact got prepared on 10 January 2000 by again drawing Rs 2,97,764 vide voucher No. 32 dated 10 January 2000 but the date of BD was altered as 25 October 1999 by erasing the original date. This tampered BD was lying in cash chest as of April 2000 as the firm was yet to supply the material. Thus Rs 2,97,764 drawn on 25 October 1999 is suspected to have been embezzled. Again, Rs 1,51,387 were drawn vide voucher No. 174 on 16 February 2000 for making payment to the same firm. The amount was not taken in the cash book and was thus suspected to have been embezzled.

(iv) Rupees 5,48,289 were drawn vide bill No. 95 dated 12 November 1999 from the treasury and were shown paid in the cash book to firm 'T' vide BD No. 039345 dated 10 January 2000. This BD was got prepared by fraudulently drawing another bill for the same amount vide treasury voucher No. 31 dated 10 January 2000 which was not accounted for in the cash book.

The amount already drawn on 12 November 1999 was thus suspected to have been embezzled.

(v) Rupees 1,38,524 were drawn vide bill No. 97 dated 12 November 1999 for payment to a Chennai based firm. This amount was temporarily misappropriated upto 12 January 2000 as the payment was made to the firm on 13 January 2000. It was further noticed that Rs 1,38,524 were again drawn vide voucher No. 191 dated 24 January 2000 by preparing another bill which was not accounted for in the cash book and was suspected to have been embezzled.

(vi) Rupees 59,580 under non-plan were drawn vide bill No. 103 of November 1999 and payment released to a firm. Same amount was again drawn by preparing another bill vide voucher No. 130 of February 2000. This was not entered in the cash book and was thus suspected to have been embezzled.

The following irregularities relating to misutilisation of cash and tampering of record were also noticed:

(i) Rupees 5,84,480 drawn on 31 March 1999 were shown paid to a firm through BD Nos. 087356 dated 31 March 1999 whereas actual payment was made to the firm through fresh BDs bearing Nos. 037511 and 037513 dated 22 November 1999. As the original BD was not got revalidated it was suspected to have been encashed by the cashier in between and amount misutilised for about seven months.

(ii) Two tampered BDs bearing Nos. 339362 and 339363 for Rs 45,760 drawn on 31 March 1998 were lying in cash chest as the firm failed to supply the material. However, the amount for which the original drafts were prepared was not clear as the name of the firm, original amounts of BDs and name of banks, etc., had been altered by erasing original description. The CFO asked (April 2000) to ascertain the position had not intimated the exact position as of May 2000.

The CFO while confirming the facts stated (April 2000) that an FIR for embezzlement of Rs 8.61 lakh had been lodged against the cashier on 5 April 2000 and the embezzled amount would be made good from the defaulter as per decision of the court. On audit investigation total suspected embezzlement of Rs 25.37 lakh was pointed out to the department on 16 April 2000 and a supplementary FIR for embezzlement of Rs 16,75,973 was lodged by the CFO on 5 May 2000. CFO further stated that the treasury schedules were procured regularly but were not handed over by the cashier and attestation in cash book was done with reference to actual records but the record was tampered by the cashier later on. The reply was not tenable as the fraudulent entry of payment of Rs 5,12,011 to the Chennai based firm could be detected by the CFO at the time of the attestation of the payment in the cash book as the same draft Nos. were shown against payments to two different firms on the same date. Further, the plea of the CFO regarding non-handing over of the treasury schedules by the cashier which was required to be received by the Drawing and Disbursing Officer by the 15th of every month in respect of the amounts drawn in previous month cannot be admitted in audit as there was nothing on record to show that the entries in the cash book relating to this period were verified with the treasury schedules. The CFO could have also taken an administrative action against the cashier for non-handing over of such an important record as a result of which the fraudulent drawal could not be detected from the first transaction done by the cashier. Thus, the CFO failed to observe the financial rules regarding withdrawal of money from the treasury and exercising check in handling cash and attestation of cash book which facilitiated such embezzlements.

As a result of embezzlement of these funds provided under TFC the protective equipment proposed to be procured by the end of March 2000 could not be purchased. The CFO stated (April 2000) that the State Government would be requested to provide additional funds under TFC for procurement of the left out equipment. The Director General, Police, Home Guards/Civil Defence and Fire Services stated (June 2000) that the matter was under investigation by police and six* officers/officials were in judicial custody and the challan was yet to be presented in the court.

3.19.3 Monitoring and evaluation

To review the various activities under the TFC award, a State Level Empowered Committee (SLEC) was constituted in 1996 and was required to meet once in every two months.

Test-check of records revealed that only six meetings were held during 1996-2000 against the requirement of 24 meetings. Government stated (May 2000) that SLEC had met six times as and when the necessity of the same was felt. The reply was not tenable as the meetings of the SLEC should have been held as prescribed.

These points were referred to the Government in June 2000; reply had not been received (July 2000).

* Two CFOs; one office Superintendent; one Cashier; one Storekeeper and one leading Fireman.

3.20 Double/excess payment of pensionary benefits

Double/excess payment of Rs 12.97 lakh on account of pensionary benefits was made by 31 DDOs in 12 departments during 1997-2000.

Financial rules provide that the responsibility for an overcharge shall rest primarily with the drawer of the bill. A drawer of bill for pay, allowances, contingent and other expenses will be held responsible for any overcharges, frauds and misappropriations. He should, therefore, thoroughly acquaint himself with the meaning of the various financial checks which he is expected to exercise so that he can be in a position to detect immediately any attempt at defalcation and should pay special attention to those points where leakage is likely to occur. To enable the head of office to see that all amounts drawn from the treasury have been entered in the cash book, he should obtain from the Treasury Officer (TO) by the 15th of every month a list of all bills drawn by him during the previous month and trace the amounts in the cash book.

During posting, in the office of the Senior Deputy Accountant General (Accounts and Entitlement) (Sr. DAG (A&E)), of vouchers of Death-cum-Retirement Gratuity, commutation of pensions and regular pension it was noticed (December 1997-March 2000) that Rs 12.97 lakh on account of pensionary benefits had been drawn in excess of the amount authorised in the Pensions Payment Orders (PPOs) by 31 Drawing and Disbursing Officers (DDOs) in 12 departments as per details given in Appendix-XV. The amount was drawn by preparing duplicate bills for the same amount or preparing bills in excess of the authorised amount.

On being pointed out in audit, Rs 4.58 lakh were recovered by the departments.

Non-following of the prescribed financial procedure by the DDOs had resulted in double drawal/excess payment of Rs 12.97 lakh to the retirees/family pensioners.

The matter was referred to the Government in July 2000; reply had not been received (July 2000).

3.21 Failure of senior officials to enforce accountability and protect the interests of Government

Non-responsiveness to Audit findings and observations resulting in erosion of accountability.

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

A review of the Inspection Reports issued to 160 DDOs during 1971-72 to June 2000 pertaining to 160 offices of Health and Family Welfare (114 DDOs) and Horticulture (46 DDOs) departments disclosed that 2,461 paragraphs relating to 609 IRs remained outstanding at the end of June 2000. Of these, 161 IRs containing 519 paragraphs had not been settled for more than 10 years. Year-wise position of the outstanding IRs and paragraphs is detailed in the Appendix-XVI.

Though initial replies were required to be received from the heads of offices within six weeks from the date of issue, such replies were not received in respect of 52 offices (Health and Family Welfare: 45 and Horticulture: 7) for 52 IRs issued between 1993 and 2000. As a result, action taken on the following serious irregularities commented upon in these IRs is not known in audit:

Nature of irregularities	Health and Family Welfare		Horticulture		Grand total	
	Paragraphs	Amount (Rupees in crore)	Paragraphs	Amount (Rupees in crore)	Total paragraphs	Total Amount (Rupees in crore)
1.	2.	3.	4.	5.	6.	7.
Drawal of funds in advance of requirement	86	5.75	62	30.93	148	36.68
Non-adjustment of contingent advances	70	34.83	12	0.04	82	34.87
Excess/irregular expenditure for want of sanctions	493	27.75	71	3.12	564	30.87
Wasteful/infructuous/unfruitful expenditure	67	11.39	27	2.12	94	13.51
Diversion of funds	7	4.86	3	0.01	10	4.87
Overpayments, non-recovery of rent, advances/ miscellaneous recoveries	589	3.64	105	0.30	694	3.94
Non-production of actual payees' receipts	61	2.40	13	0.46	74	2.86
Outstanding loans	1	0.01	16	2.92	17	2.93
Idle machinery/equipment including vehicles off the road	48	1.85	15	0.64	63	2.49
Non-accounting/short accounting of stores/cash, etc.	107	1.09	28	0.32	135	1.41
Non-recoupment of expenditure	--	--	10	1.73	10	1.73
Misappropriation of stores/cash/funds	69	1.07	13	0.35	82	1.42
Incomplete/abandoned works	4	0.36	1	0.06	5	0.42
Loss/theft/embezzlement/ defalcation, etc.	55	0.33	24	0.24	79	0.57
Non-production of utilisation certificates	4	0.50	--	--	4	0.50
Non-disposal of unserviceable articles of stores	93	0.27	22	0.07	115	0.34
Non-reconciliation with treasury/banks	20	0.09	4	0.03	24	0.12
Non-utilisation of grants-in-aid	1	0.01	3	0.05	4	0.06
Non-deposit of interest into treasury	3	0.02	--	--	3	0.02
Miscellaneous irregularities	214	8.14	40	0.50	254	8.64
Total:	**1,992**	**104.36**	**469**	**43.89**	**2,461**	**148.25**

A review of the pending IRs in respect of Health and Family Welfare and Horticulture departments revealed that the concerned heads of the offices and the Heads of the Department viz. Director, Health and Family Welfare and Director, Horticulture did not send reply to large number of IRs/Paragraphs indicating their failure to initiate action in regard to the defects, omissions and irregularities pointed out in the IRs of the AG and thus failed to discharge their due responsibilities.

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

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

The matter was referred to Government in May 2000; reply had not been received (July 2000).

3.22 Misappropriations, defalcations, etc.

The position of cases of misappropriations, defalcations, etc., of Government money reported to Audit upto the end of March 2000, final action on which was pending as of June 2000, was as under:

Particulars	Number of cases	Amount (Rupees in lakh)
Cases reported upto 31 March 1999 and outstanding on 30 June 1999	77	58.32
Cases reported during 1999-2000	05	7.55
Cases disposed of upto June 2000	10	3.81
Cases outstanding on 30 June 2000	72	62.06

Of these, 11 cases (amount involved: Rs 3.90 lakh) relating to shortage of material, accident during excavation, washing away of *kuhl* / bridge, theft of cash, machinery, bitumen, detonators, MS Plates, etc., were outstanding for more than 20 years. Thirty two cases involving Rs 16 lakh pertained to the Public Works Department, 18 cases involving Rs 28.78 lakh to the Irrigation and Public Health Department and five cases involving Rs 1.35 lakh to the Forest Farming and Conservation Department. Of the 55 cases outstanding in these three departments, 36 cases involving Rs 13.70 lakh were awaiting completion of departmental investigations (upto three years: six cases: amount involved: Rs 0.77 lakh; more than three years but upto five years: three cases: amount involved: Rs 0.25 lakh; more than five years but upto 10 years: 10 cases: amount involved: Rs 7.57 lakh; more than 10 years but upto 15 years: 10 cases: amount involved: Rs 2.61 lakh; more than 15 years but upto 20 years: one case: amount involved: Rs 0.82 lakh and more than 20 years: six cases: amount involved: Rs 1.68 lakh).

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

CHAPTER-IV

SECTION - A

REVIEW

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CHAPTER-IV

WORKS EXPENDITURE

SECTION - A - REVIEW

Irrigation and Public Health Department

4.1 Minor Irrigation Schemes

Highlights

The programme was pursued without a master plan and was not properly monitored. There were significant time and cost overruns. The schemes were executed without getting the estimates sanctioned and huge amounts were spent on repairs and maintenance of schemes without sanction of estimates. Utilisation of created irrigation potential was very low and some schemes had not provided any irrigation. Collection of abiana charges was insignificant as compared to the expenditure incurred on wages of the staff employed for the purpose. Evaluation of the schemes to assess their impact on socio-economic uplift of the beneficiaries had not been done. Some important points noticed in audit were as under:

** *In six divisions, Rs 1.08 crore had been shown utilised by fictitious booking of material and expenditure.*

(Paragraph 4.1.4 (a))

** *Energy charges of Rs 5.40 crore in respect of minor irrigation schemes had been paid to Himachal Pradesh State Electricity Board (HPSEB) without exhibiting scheme-wise details of payment.*

(Paragraph 4.1.4 (b))

** *Rupees 17.75 crore were spent on operation and maintenance of schemes either without sanctioning the estimates or in excess of sanctioned estimates.*

(Paragraph 4.1.4 (f))

The abbreviations used in this review have been listed in the Glossary in Appendix-XXI (Page 257-262).

** *In six divisions, creation of Culturable Command Area (CCA) of 428 hectares was reported in anticipation of actual commissioning of nine schemes.*

(Paragraph 4.1.5)

** *In respect of 15 completed/ongoing schemes there was cost overrun of Rs 3.20 crore and time overrun ranged between two and 18 years.*

(Paragraph 4.1.6.1 (a))

** *On execution of 64 schemes, Rs 18.91 crore had been spent by nine divisions without obtaining technical sanctions.*

** *In nine divisions, Rs 2.12 crore had been spent in excess of the sanctioned estimates in respect of 22 schemes.*

(Paragraph 4.1.6.2)

** *Due to defective execution of six schemes, expenditure of Rs 4.12 crore remained largely unfruitful.*

(Paragraph 4.1.6.3)

** *In six divisions, an expenditure of Rs 1.36 crore incurred on nine schemes was injudicious because these had become defunct or had been abandoned.*

(Paragraph 4.1.6.4)

** *In 11 divisions, shortfall in utilisation of irrigation potential of 420 schemes ranged between 63 and 90 per cent.*

** *No irrigation was provided by seven schemes constructed during 1991-98 at a cost of Rs 1.29 crore.*

(Paragraph 4.1.7.1)

** *In 11 divisions, Rs 66.21 lakh were spent for the assessment of abiana charges of Rs 7.04 lakh. The water rates fixed in 1976 had, however, not been revised.*

(Paragraph 4.1.8)

** *Evaluation of the functioning of the minor irrigation schemes had not been conducted to assess their impact on the socio-economic uplift of the beneficiaries.*

(Paragraph 4.1.10 (c) (ii))

4.1.1 Introduction

Out of the total geographical area 55.67 lakh hectares of the State, 10.14 lakh hectares was cultivable and 5.83 lakh hectares was the sown area. The State Government has estimated the irrigation potential of the State at 3.35 lakh hectares of which 2.85 lakh hectares was available for minor irrigation schemes. Irrigation potential of 1.82 lakh hectares had been created through minor irrigation schemes as of March 2000 of which 0.89 lakh hectares was created by the Irrigation and Public Health (I&PH) Department through 1,669 schemes and the remaining (0.93 lakh hectares) by other departments.

The I&PH Department had not prepared any project report or master plan for utilisation of the full estimated irrigation potential of the State. However, annual plans were being prepared for creation of irrigation potential.

4.1.2 Organisational set up

Engineer-in-Chief (E-in-C) of I&PH Department was responsible for construction and maintenance of the schemes. The department had three zones[1], each headed by a Chief Engineer (CE). The overall control of the department rested with the Financial Commissioner-cum-Secretary (I&PH) to the State Government. A Centrally sponsored scheme "Rationalisation of Minor Irrigation Statistics" was also in operation since 1987-88 under the Director, Land Records. Funds for execution of irrigation schemes in tribal areas of the State were being routed through the concerned Deputy Commissioners (DCs).

4.1.3 Audit coverage

Construction and maintenance of minor irrigation schemes was reviewed by test-check (October 1999-March 2000) of the records of E-in-C, 11 divisions[2], three I&PH Circles[3], three DC Offices[4] and Director of Land Records for the period 1995-2000. This was supplemented by points noticed during periodical inspection of various other divisions. Important points noticed are discussed in the succeeding paragraphs.

4.1.4 Financial outlay and expenditure

Rupees 1.08 crore fictitiously shown utilised on minor irrigation schemes.

(a) Against the budget allotment of Rs 245.21 crore (Capital: Rs 103.84 crore and Revenue: Rs 141.37 crore) during 1995-2000, Rs 290.78 crore (Capital: Rs 120.53 crore and Revenue: Rs 170.25 crore) were spent on the construction and maintenance of minor irrigation schemes. Audit

1 North Zone at Dharamshala, Central Zone at Mandi and South Zone at Shimla.

2 Arki, Dehra, Ghumarwin, Hamirpur, Jawali, Nurpur, Pooh, Sarkaghat, Shimla-I, Sundernagar and Una-II.

3 Hamirpur, Sundernagar and Una.

4 Hamirpur, Shimla and Una.

showed that the divisions were indulging in the practice of booking the unspent amounts at the year end to the irrigation works and reversing the entry in the subsequent year to spend the amount later on. Thus, the figures of expenditure booked in accounts did not give a correct picture of the progress of the works. Test-check of records revealed than an amount of Rs 1.08 crore was involved in such fictitious bookings carried out.

The fictitious booking of materials in the aforesaid cases was confirmed by all the concerned Executive Engineers (EEs).

Rupees 5.40 crore charged to minor irrigation schemes without exhibiting scheme-wise details.

(b) The EE, Shimla Division No. 1 paid on 31 March 1999 Rs 20 crore (Water Supply Scheme: Rs 17 crore: Minor Irrigation Schemes: Rs 3 crore) to HPSEB for clearing outstanding energy charges of various schemes in the State. Similarly, Rs 15 crore (Water Supply Schemes: Rs 12.60 crore; Minor Irrigation Scheme: Rs 2.40 crore) were paid by the division to HPSEB in January 2000. Instead of charging the payments to the "Miscellaneous Works Advances (MWA)" pending adjustment the payments in both the cases were charged to final head of account as a result of which scheme-wise expenditure on operation and maintenance could not be exhibited by the divisions. Scheme-wise details of adjustments carried out by HPSEB were, however, awaited (July 2000).

Executive Engineer (EE) admitted (March 2000) the facts.

(c) Further, in nine divisions[5], Rs 3.95 crore were paid to HPSEB during 1995-2000 for supply of power to 96 schemes and were debited to the final head of account instead of placing the amounts under "MWA" pending their adjustments on receipt of accounts from the Board. While 58 schemes (amount: Rs 2.13 crore) had been commissioned as of March 2000, 38 schemes (amount: Rs 1.82 crore) were yet to be commissioned. Detailed accounts of utilisation of advances made had not been furnished by HPSEB as of May 2000.

(d) In three divisions[6], out of Rs 68.38 lakh received during 1996-99[7] for construction of schemes under Backward Area Sub-Plan (BASP), Rs 27.29 lakh only were utilised and the balance Rs 41.09 lakh were lying unutilised (February 2000) in Public Works Deposits. Even the unspent balances of Rs 13.35 lakh and Rs 27.74 lakh at the end of March 1998 and March 1999 respectively required to be surrendered at the end of each financial year were not surrendered and instead carried forward for utilisation

5 Arki, Dehra, Ghumarwin, Hamirpur, Jawali, Nurpur, Sarkaghat, Sundernagar and Una-II.

6 Arki, Chopal at Nerwa and Sundernagar.

7 1996-97: Rs 23.53 lakh; 1997-98: Rs 27.19 lakh and 1998-99: Rs 17.66 lakh.

during next financial years which was contrary to the orders of the Planning Department.

(e) Rupees 27.09 lakh meant for execution of minor irrigation schemes under BASP were diverted during 1996-2000 for execution of water supply schemes, roads and bridges, etc., by the DCs, Una and Hamirpur without getting the reappropriations approved from the District Planning Development and 20 Point Programme Review Committee.

While DC, Una stated (March 2000) that meeting of the said committee had not been held since 1996-97 and no committee constituted for the year 1999-2000, DC, Hamirpur stated (February 2000) that approval to regularise reappropriation of diverted amount of Rs 16.97 lakh would be obtained shortly.

Rupees 17.75 crore spent on operation and maintenance of schemes without estimates or in excess of estimates.

(f) In 11 divisions test-checked, Rs 17.75 crore were irregularly spent (1995-2000) on Operation and Maintenance (O&M) of the schemes either without preparation of estimates (Rs 10.60 crore) or in excess of the sanctioned estimates (Rs 7.15 crore). Incurring huge expenditure without sanctions and in excess of sanctions was, thus irregular.

4.1.5 Targets and achievements

As per physical targets fixed by the department from time to time irrigation potential of 9,120 hectares* was to be created during 1995-2000, against which potential of 9,342 hectares* had been created as of March 2000.

Scrutiny of records revealed the following points:

As per instructions of the CE (Design and Monitoring), I&PH issued in November 1995, an irrigation scheme would be considered complete only after the beneficiaries started getting irrigation and after utilisation of created potential by them. The completion report of Lift Irrigation Scheme (LIS), Soldha (Kangra district), designed to irrigate 192 hectares of land was sent (January 1998) by the Divisional Officer to the Superintending Engineer (SE). Rupees 1.16 crore were spent on its construction. In addition, Rs 3.69 lakh were spent on repairs and maintenance from 1997-98 to November 1999. It was noticed that 16,792 metres field channels, provided in the sanctioned scope of work, had not been constructed as of July 2000.

* Departmental figures.

Unfruitful expenditure of Rs 1.20 crore on a scheme owing to incorrect reporting.

EE stated (December 1999-July 2000) that the scheme was time bound and as such its completion was reported after testing the pumping machinery and rising main and funds of Rs 18 lakh were required for completion of field channels. Area of about three hectares could only be irrigated during *Rabi* 2000. Consequently non-receipt of adequate funds for completion of field channels rendered the expenditure of Rs 1.20 crore largely unfruitful. Besides, liability of energy charges of Rs 9.85 lakh due to energisation of the scheme without its completion, was avoidable.

Similarly, in five divisions[8], creation of CCA of 236 hectares was reported in respect of seven irrigation schemes and one tubewell during 1997-2000. Of these, four schemes and one tubewell (CCA: 159 hectares) were, however, commissioned subsequently. Reporting of creation of CCA in anticipation of actual commissioning/regular functioning of the schemes was thus contrary to the instructions of the Chief Engineer.

4.1.6 Execution of schemes

The I&PH Department had constructed 1,669 minor irrigation schemes in the State upto March 2000. Of this, 1,440 schemes had been constructed upto March 1995 and the remaining 229 schemes during 1995-2000. In 11 divisions test-checked, 539 minor irrigation schemes (CCA: 25,574 hectares) had been completed at a cost of Rs 44.17 crore (excluding the cost of 84 schemes which was not available). Further, 130 schemes (CCA of 4,828 hectares) were in progress in these divisions and expenditure of Rs 16.83 crore had been incurred on them.

4.1.6.1 Delay in completion of schemes

Time overrun of two to 14 years and cost overrun of Rs 1.78 crore in completion of 12 schemes.

(a) Designed to irrigate 658 hectares of land, 12 schemes sanctioned during 1980-94 were taken up for execution in six divisions[9] during 1981-94 at an estimated cost of Rs 1.22 crore with stipulation to complete the schemes within one to three years. These schemes were, however, completed during 1996-99 at a cost of Rs 3 crore. Delay in completion of these schemes ranged between two and 14 years involving cost overrun of Rs 1.78 crore. Similarly, designed to irrigate 1,122 hectares of land, the execution of three schemes estimated to cost Rs 1.25 crore was taken up between 1978-79 and 1994-95. These schemes scheduled to be completed within three to four years from the dates of their commencement were in progress as of March 2000, involving delay between two to 18 years and cost overrun of Rs 1.42 crore which was avoidable. Delay had also resulted in non-providing of irrigation facilities to

8 Dehra, Ghumarwin, Nurpur, Shimla-I and Una-II.

9 Arki, Dehra, Ghumarwin, Hamirpur, Pooh and Shimla-I.

the beneficiaries in time. The EEs concerned attributed the delay mainly to inaccessible alignment of the schemes, insufficient funds and limited working seasons. The reply was not tenable because these aspects had been kept in view while mentioning time schedule for the completion of these schemes in the estimates.

(b) To provide irrigation to 254 hectares of land, four schemes as detailed in Appendix-XVII, estimated to cost Rs 1.28 crore and taken up for execution by four divisions during April 1982-May 1997 were lying incomplete after spending Rs 66.58 lakh on them. These schemes, scheduled to be completed within two to four years (except in one case where period of completion not indicated), were held up due to involvement of private land (three cases) and for want of permission of Government of India (GOI) for the use of forest land for non-forest purposes (one case).

Failure of the department to acquire the private land and to obtain permission of GOI for use of forest land for non-forest purposes in terms of Forest Conservation Act before the commencement of work resulted in denial of intended benefits to the public and unfruitful expenditure of Rs 66.58 lakh.

4.1.6.2 Irregular expenditure on works

According to financial rules, works were not to be taken up without obtaining administrative approval and expenditure sanction (A/A and E/S) and technical sanction.

Rupees 18.91 crore spent on construction of 64 schemes without technical sanction.

Contrary to these rules, 64 schemes (estimated cost: Rs 36.10 crore) were taken up during 1982-2000 in nine divisions[10] and Rs 18.91 crore were spent on their execution as of November 1999-March 2000 without obtaining technical sanction.

Rupees 2.12 crore spent on 22 schemes in excess of approved estimates.

Further, in nine divisions[11], Rs 2.12 crore were spent on 22 schemes (estimated cost: Rs 2.03 crore) in excess of the approved estimates. The percentage of excess expenditure on these schemes ranged between 17 and 676. Revised estimates had not been prepared.

4.1.6.3 Defective execution of schemes

Audit scrutiny revealed that Rs 4.12 crore spent on construction/maintenance of six schemes (CCA: 720 hectares) remained largely unfruitful as discussed below:

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10 Arki, Dehra, Ghumarwin, Jawali, Nurpur, Sarkaghat, Shimla-I, Sundernagar and Una-II.

11 Arki, Ghumarwin, Hamirpur, Jawali, Pooh, Sarkaghat, Shimla-I, Sundernagar and Una-II.

(a) Lift Irrigation Schemes of Gahar Swar Padhyan and Ghar Jerot - Laying of unsuitable pipes

Rupees 2.39 crore spent on two schemes remained largely unfruitful due to their underutilisation owing to unsuitable pipes.

Lift Irrigation Scheme (LIS), Gahar Swar Padhyan (Bilaspur district) designed to irrigate 220 hectares of land was commissioned (March 1992) at a cost of Rs 76.76 lakh and Rs 22.49 lakh were spent on its maintenance during 1992-99.

It was noticed in audit that the scheme remained non-functional in 147 hectares of CCA, as RCC pipes provided in syphonic portions failed to withstand the water pressure. To make the scheme functional, in 15 hectares of land, 350 metre RCC pipes laid at a cost of Rs 0.92 lakh were replaced (1995-98) with AC pressure pipes at a cost of Rs 10.33 lakh. Another estimate of Rs 5.35 lakh for replacement of 435 metre RCC pipes in 125 hectares of land sent to DC, Bilaspur in January 2000 had not been approved as of February 2000.

EE stated (February- July 2000) that RCC pipes were provided from economy point of view. He also stated that these pipes were tested in manufacturers premises and were provided because these were capable of withstanding the working pressure. However, the pipes were not found suitable in the field and failed in syphonic portions. Further, the pipes were not tested in the field as it was stated to be a lengthy process. Evidently, provision of these pipes in syphonic portions without field tests and establishing their suitability to withstand the pressure was indicative of the fact that the pipes were of sub-standard quality. This resulted in non-functioning of the scheme and expenditure of Rs 1.10 crore remained largely unfruitful.

Similarly, LIS, Ghar Jarot (Kangra district) was commissioned in November 1991 at a cost of Rs 72.66 lakh for proposed CCA of 173 hectares. Rupees 24.81 lakh were also spent on its maintenance during 1991-November 1999. An estimate of Rs 23.52 lakh for improvement of the scheme was sanctioned in November 1995. The estimate included Rs 19.30 lakh for providing 1970 metre MSERW/AC pressure pipes by replacing RCC pipes provided in syphonic portions of the distribution system in 59 hectares of land where the scheme remained non-functional ever since its commissioning. The RCC pipes laid at a cost of Rs 3.22 lakh were to be dismantled at a cost of Rs 0.61 lakh. The improvement work was completed (August 1999) at a cost of Rs 31.98 lakh except dismantling of 1,125 metres RCC pipes and replacement of 20 metres pipes as the Railway authorities did not allow their replacement under the bridge for which Rs 0.58 lakh were required to be deposited.

EE stated (July 2000) that there was no necessity to carry out tests as the pipes were of ISI standard and had already been tested in the factory. The sub-standard quality of pipes could thus not be ruled out irrespective of their ISI marking.

Expenditure of Rs 1.29 crore incurred on the scheme thus remained largely unfruitful.

(b) Lift Irrigation Scheme, Nagan Bhagan

Rupees 1.73 crore spent on construction, maintenance, etc., of four schemes remained largely unfruitful as negligible CCA was covered due to various reasons.

LIS, Nagan Bhagan (Mandi district) was completed (1991-92) at a cost of Rs 42.19 lakh to irrigate CCA of 100 hectares. The source of the scheme was Suketi *khad*. Rupees 11.54 lakh were also spent on the construction of field channels and maintenance of the scheme during 1991-99. The sanctioned estimate of the scheme contained a provision for the construction of desilting tank which was, however, not constructed.

It was noticed (September 1999) that irrigation was provided to 2 to 9 *per cent* of the CCA during 1991-96 and thereafter no area was irrigated due to huge quantity of silt in the water of Suketi *khad*.

EE stated (September 1999-May 2000) that quality of water of Suketi *khad* gradually changed due to throwing of silt in the *khad* by Bhakra Beas Management Board and construction of desilting tank proposed in the estimate was not thought to be a technical solution. The reply was not tenable as the aspect of silt was already in the notice of the department and no action had been taken to construct the desilting tank. Further, no alternative solution to the problem had been found by the department.

Thus the expenditure of Rs 53.73 lakh incurred on the construction and maintenance of the scheme remained largely unfruitful.

(c) Flow Irrigation Scheme, Leo

To irrigate 41 hectares of land, FIS, Leo (Kinnaur district) was commissioned (March 1984) at a cost of Rs 12.14 lakh. Its augmentation for covering additional CCA of 42 hectares was taken up (September 1995) and completed (August 1997) at a cost of Rs 44.94 lakh.

Audit scrutiny of the records of Pooh division revealed (November 1999) that 2,937 metre High Density Polythene pipes were required to be laid at a depth of 0.90 metre as per approved estimate. The pipes were actually laid (January-August 1996) by the contractor in open (310 metre) and in trenches at a depth ranging between 0.30 and 0.90 metre (2,627 metre). Failure to execute the work valued at Rs 36.80 lakh as per provisions of the estimate was thus sub-standard and prone to damages. It was also noticed that no additional area could be irrigated, even after augmentation of the scheme. EE stated (November 1999) that irrigation could not be provided due to non-development of land by the beneficiaries. The reply was not tenable as aspect of development of land by the beneficiaries should have been foreseen before taking up augmentation of the scheme. The expenditure of Rs 44.94 lakh on the augmentation of the scheme thus remained unfruitful.

(d) Lift Irrigation Scheme, Shakra

The scheme with a CCA of 71 hectares was completed in 1981 at a cost of Rs 6.42 lakh. Audit had pointed out its underutilisation way back in 1986[12] and when the Audit Report was discussed by the PAC, the department informed the PAC that the underutilisation was due to meagre demand from the farmers and non-construction of field channels.

Subsequently, field channels in a length of 1,155 metres were also constructed at a cost of Rs 2.17 lakh. Rupees 16.42 lakh had also been spent on repairs and maintenance of the scheme during 1983-99. However, insignificant area (nil to 7 *per cent*) was irrigated between 1981 and 1997. On further enquiry by Audit, Executive Engineer informed that the scheme remained underutilised due to fluctuations in the water level of river Sutlej and high silt content of the water leading to siltation. He also stated that this aspect may not have been taken into account while designing the scheme originally.

Failure of the department to take these vital factors into consideration while designing the scheme rendered the expenditure of Rs 25.01 lakh largely unfruitful.

(e) Lift Irrigation Scheme, Sarol

Designed to irrigate 115 hectares of land, LIS, Sarol (Chamba district) was commissioned during 1988 at a cost of Rs 41.78 lakh and Rs 7.49 lakh were spent on its repairs during 1988-July 1999. The source of the scheme was river Ravi.

It was noticed (August 1999) during audit of records of Salooni Division that of 21 cropping seasons between *Rabi*: 1989 and *Rabi*: 1999 no irrigation was provided (16 seasons) and irrigation ranging between 0.08 and 0.94 hectare

12 Para 4.18 of the Report of CAG of India – (Civil) – 1985-86 – Government of Himachal Pradesh.

was provided in remaining five seasons. The pumping machinery had not been operated after September 1998.

EE stated (August 1999) that the farmers had not availed the irrigation facility due to the fear that the land might become unfertile as the raw water contained silt and sand. It was further noticed that no desilting chamber for separating the silt was constructed even though the sanctioned estimate provided for the same and the silt also damaged the cultivable area. EE further stated (July 2000) that reasons for its non-construction were being ascertained.

Thus, due to non-construction of desilting chamber as per sanctioned estimate, the scheme could not be fully utilised and expenditure of Rs 49.27 lakh remained largely unfruitful.

4.1.6.4 Defunct Schemes

Rupees 1.36 crore spent on construction and maintenance of nine schemes rendered wasteful due to various reasons.

In five divisions, 8 irrigation schemes, as detailed in Appendix-XVIII, were designed to irrigate 400 hectares of land and were completed/commissioned between July 1985 and April 1997 at a cost of Rs 1.03 crore. Rupees 3.61 lakh were also spent on their maintenance. It was noticed that all these schemes had become defunct between 1992 and August 1998 mainly due to defective construction, non-conducting of detailed investigations regarding selection of sites, occurrence of damages and submergence in the artificial lake of Chamera Project. No irrigation had been provided by these schemes since their completion/commissioning. The schemes had also not been restored.

Non-functioning of Tandi Sumnam *kuhl* (Lahaul and Spiti district) was pointed out in the Report of the Comptroller and Auditor General of India for the year 1984-85 – Civil - Government of Himachal Pradesh (Paragraph 4.20). Expenditure of Rs 13.89 lakh had been incurred on the scheme by that time. It was also pointed out that the scheme was a misconceived project because it was prone to extensive damages by heavy snowfall in the winter season thereby necessitating special repairs in May-June every year for restoration of the *kuhl*. The PAC in their 105th Report of Seventh Vidhan Sabha (presented on 16 December 1993) had recommended that special repairs should be made to complete the scheme within the limited resources available with the department.

Test-check of records further revealed (July 1999) that total expenditure of Rs 29.21 lakh had been incurred on the scheme upto 1991-92 to make the scheme functional but even then it remained non-functional. CE (North Zone) who inspected the scheme during August 1990 suggested that the work should be stopped due to site conditions. CE (Central Zone) further stated that decision to stop the work was based on the long experience of the problem observed in the *kuhl*.

Incurring of further expenditure of Rs 15.32 lakh on the scheme which was a misconceived project *ab initio* was thus unjustified.

4.1.7 Utilisation of irrigation potential

Shortfall in utilisation of irrigation potential of 420 schemes ranged between 63 and 90 *per cent*.

4.1.7.1 Mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March 1989 - Civil – Government of Himachal Pradesh (Paragraph 4.9.8.1) regarding underutilisation of various irrigation schemes. The PAC vide 72nd Report of Ninth Vidhan Sabha presented to the Assembly in August 1999 had recommended that appropriate steps should be taken to ensure proper functioning of the schemes and long term solution should also be found to solve the problem of underutilisation. However, no steps had been taken by the department as of March 2000. Utilisation of irrigation potential in respect of 420 minor irrigation schemes in 11 divisions test-checked for which records were maintained, was as under:

Year	Area to be irrigated		Area irrigated		Percentage shortfall	
	Rabi	*Kharif*	*Rabi*	*Kharif*	*Rabi*	*Kharif*
	Area in hectares					
1995-96	19,732	19,732	7,091	3,338	64	83
1996-97	20,173	20,173	7,558	3,536	63	82
1997-98	20,723	20,723	5,431	2,756	74	87
1998-99	21,545	21,641	4,449	2,125	79	90
1999-2000	21,708	21,829	NA	NA	NA	NA

It would be seen that the percentage of shortfall in utilisation of irrigation potential ranged between 63 and 79 (*Rabi*) and 82 and 90 (*Kharif*) during 1995-99. While the CCA increased by 9.19 *per cent* (*Rabi*: 1995-99) and 9.67 *per cent* (*Kharif*: 1995-99), the percentage of area irrigated decreased from 36 to 21 (*Rabi*) and 17 to 10 (*Kharif*) respectively.

In five divisions[13], seven irrigation schemes designed to irrigate 296 hectares of land were commissioned during 1991-98 at a cost of Rs 1.29 crore. Rupees 8.28 lakh were also spent on their maintenance but no irrigation was

13 Chamba, Ghumarwin, Hamirpur, Padhar and Sarkaghat.

provided under these schemes since their commissioning as detailed in Appendix-XIX, due to the reasons as indicated against each scheme.

In eight divisions[14], 76 schemes (CCA: 2,670 hectares) constructed at a cost of Rs 7.59 crore, no irrigation was provided during 1995-2000. Similarly, in three divisions[15], 43 schemes (CCA:1,076 hectares) constructed at a cost of Rs 2.57 crore (excluding the cost of five schemes which was not available), details of irrigation provided were not available.

Concerned EEs attributed (October 1999-March 2000) underutilisation of irrigation potential mainly to less demand of water for irrigation, non-adoption of desired cropping pattern by the beneficiaries, absence of distribution system and field drainage, non-development of land by the beneficiaries and lack of extension services, etc. It was noticed in audit that non-restoration of damaged/defunct schemes for a considerable period (eight schemes), silt problem (three schemes), unsuitable laying of pipes in the distribution system (two schemes) and non-allotment of land (two schemes) as brought out in various paragraphs were also the factors responsible for underutilisation of irrigation potential.

4.1.7.2 A few typical cases of underutilisation of irrigation potential noticed during test-check of records are mentioned below:

(a) Flow Irrigation Scheme, Challa Banzar Rishling

FIS, Challa Banzar Rishling (Kinnaur district) was completed (December 1997) by Pooh division at a cost of Rs 22.41 lakh to irrigate 61 hectares of land. Rupees 2.75 lakh were spent on maintenance of the scheme.

Test-check of records of the division revealed (November 1999) that only four hectares of land was irrigated during each cropping season during 1998 and 1999. No irrigation was provided to the remaining area of 57 hectares because the land which belonged to the Government, had not been allotted to the inhabitants by the Revenue Department.

Similarly, FIS, Kota (Kunnu) in Kinnaur district was commissioned by Reckong Peo division during 1995-96 at a cost of Rs 11.34 lakh to irrigate CCA of 119 hectares. Rupees 1.17 lakh had also been spent on its maintenance upto March 1999.

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14 Dehra, Ghumarwin, Hamirpur, Jawali, Pooh, Sarkaghat, Shimla-I and Una-II.

15 Arki, Hamirpur and Nurpur.

It was noticed (June-July 1999) during audit that no irrigation had been provided since the commissioning of the scheme. EE stated (July 1999) that 72 hectares of land belonged to the beneficiaries and the balance CCA of 47 hectares which belonged to Government had not been allotted to the villagers. Further the private land was located below the Government land and the same could not be irrigated in the absence of transfer of Government land. The reply was not tenable as there was no problem to channelise the water from the Government land.

Construction of the schemes in anticipation of allotment of Government land to the beneficiaries thus resulted in underutilisation of the created irrigation potential.

(b) Flow Irrigation Scheme, Jond Bhajanu

FIS, Jond Bhajanu (Shimla district) was completed (June 1992) by Jubbal division under USAID project at a cost of Rs 31.51 lakh to irrigate CCA of 100 hectares. The scheme, however, irrigated 2 hectares (2 *per cent*) of CCA during 1992-95. Expenditure of Rs 3.20 lakh was also incurred on its maintenance during 1992-95.

EE stated (May 1998) that the residents had switched over to more beneficial apple crops. The reply was not tenable as this area was already horticulture area and the department was aware of this fact when the scheme was conceived. Failure of the department to take stock of ground realities before construction of the scheme thus resulted in its underutilisation.

4.1.8 Water rates

Water rates were being regulated in accordance with the provisions contained in Himachal Pradesh Minor Canals Act, 1976. The Act also provided that the water rates would be determined keeping due regard to the maintenance and operational charges for the system and the cost of collection of water rates.

Rupees 66.21 lakh spent on assessment of *abiana* charges of Rs 7.04 lakh.

In 11 divisions test-checked, Rs 30.31 crore had been spent on O&M of the schemes during 1995-2000 which included Rs 66.21 lakh on account of wages of staff deployed for the assessment of *abiana* charges. It was noticed that *abiana* charges of Rs 7.04 lakh only were assessed. It was also noticed that against the total *abiana* charges of Rs 13.06 lakh, which included Rs 6.02 lakh outstanding on 31 March 1995, Rs 3.70 lakh were realised during 1995-2000, thereby leaving outstanding arrears of Rs 9.36 lakh as of March 2000 effective steps for the recovery of which had not been taken. Besides, assessment and collection of *abiana* charges was not commensurate with the expenditure incurred on the wages of the staff employed for the purpose as the water rates fixed in 1976 had not been revised.

4.1.9 Other topic of interest

For *patra* cutting of FIS, Anu Balh Bhallan (Mandi district), Sundernagar division hired an air compressor from Baggi division from August 1997 to June 1998. It was noticed that the compressor remained idle throughout this period and Rs 1.74 lakh were paid (March 1999) as hire charges.

EE stated (December 1999) that the air compressor could not be carted to the site of work due to a land slide. The reply was not tenable as the machinery should have been hired only during the period when it was possible to cart it to the site of work. Unnecessary retention of machinery for 11 months, without any work, thus resulted in avoidable payment of hire charges of Rs 1.74 lakh and unnecessarily inflated the expenditure on the scheme.

4.1.10 Monitoring and Evaluation

(a) A Centrally sponsored scheme "Rationalisation of Minor Irrigation Statistics" was being implemented in the State through the Director, Land Records from 1987-88 for conducting Minor Irrigation Census on a quinquennial basis, collection of quarterly and annual progress reports on Minor Irrigation Projects, to conduct sample survey to estimate increase in productivity due to setting up of new irrigation projects, etc.

Scrutiny of records revealed that the work of second census of minor irrigation schemes (1993-94) was taken up during June 1995 and Rs 22.27 lakh were spent during 1995-98. The census approved by the State Government in June 1999 was under print. Director, Land Records attributed (November 1999) the delay in completion of census to late receipt of directions/funds from the Government of India, late printing of forms, etc. The census for 1993-94 started about five years back was thus still incomplete.

(b) It is evident from the various lapses brought out in the different paragraphs that overall monitoring of the schemes had not been done at the level of E-in-C/Director of Land Records.

(c) The main purpose of construction of minor irrigation schemes in the State was to increase the agricultural production and average yield of various crops.

Though the exact impact on production due to execution of such schemes had not been assessed, a scrutiny of information regarding agricultural production as supplied by the Director of Land Records revealed the following points:

(i) The total production of five major crops (paddy, maize, wheat, potato and barley) in the State during 1989-92 was 1,578, 1,512 and 1,472 thousand tonnes respectively. There was, however, no increase in production of these crops during 1992-98 as would be seen from the following details:

Year	Production of major crops (In thousand tonnes)
1992-93	1,432
1993-94	1,369
1994-95	1,492
1995-96	1,458
1996-97	1,442
1997-98	1,548

(ii) Evaluation of the functioning of the minor irrigation schemes in the State had not been done to assess their impact on socio-economic uplift of the beneficiaries and taking remedial measures for future.

4.1.11 Conclusion

The department had not prepared a master plan to cover the entire identified irrigation potential and monitored the completion of schemes in a time bound manner. Execution of various schemes was not supervised in an effective manner to avoid technical deficiencies and unfruitful expenditure. Optimum utilisation of created irrigation potential was not made. Huge expenditure was incurred on repairs and maintenance of schemes without getting the estimates sanctioned or in excess of the sanctioned estimates. Schemes were executed without obtaining technical sanction. There has been no appreciable increase in the production of five major crops in the State during 1992-98 as compared to 1988-92.

These points were referred to the Government in May 2000; reply had not been received (July 2000).

CHAPTER-IV

SECTION - B

AUDIT PARAGRAPHS

SECTION - B - AUDIT PARAGRAPHS

Irrigation and Public Health Department

4.2 Avoidable extra liability owing to injudicious processing of tenders

Incorrect preparation of justification of rates and injudicious processing of tenders by the department resulted in avoidable liability of Rs 29.07 lakh.

A working estimate for augmentation of Lift Water Supply Scheme, Hamirpur was technically approved (March 1999) by Chief Engineer (Central Zone). Mandi for Rs 6.98 crore. The estimate, *inter alia,* provided for laying of 15,495 metres MS seamless pipes of 355.6 mm outer dia with wall thickness ranging between 6.40 and 9.50 mm and test pressure of 45 kg/cm square to 66 kg/cm square in three stages of the rising main.

Test-check of records of Hamirpur Division revealed (January-February 2000) that tenders for the work were invited (February 1999) by the Executive Engineer before approval of estimate and Draft Notice Inviting Tenders (DNIT) by the Chief Engineer, in gross violation of codal provisions as DNIT was approved in March 1999. The tenderers were given an option to quote for pipes of alternative specification to meet requirement of maximum designed test pressure equivalent to MS seamless pipes of the size and thickness specified in the schedule of quantities. It was noticed that the tenderers quoted their rate for American Petroleum Institute (API) pipe of API-5L-x-42 grade with wall thickness of 5.60mm and outer dia of 355.6mm capable of withstanding test pressure of 77 kg/cm square except in one case of providing and laying of rising main in a length of 2,415 running metres (RD 7,560 to 9,975 of 3rd stage) for which rates were quoted for MSERW pipes equivalent to specification of seamless pipes. The tender committee, however, recommended approval of lowest rate of API pipes in place of MS seamless pipes provided in the approved DNIT without any recorded reasons.

Accordingly, the work of 15,195 metres long rising main of second and third stages by providing API-5L-x-42 grade pipes having outer dia of 355.6mm and uniform wall thickness of 5.6mm to withstand test pressure of 77 kg/cm square was awarded (June-July 1999) to three contractors for Rs 4.78 crore.

Moreover, as per Hand Book of Public Health Engineering API-5L-x-42 grade pipes of 4.8 mm thickness with 355.6 mm outer dia is capable of withstanding test pressure of 66 kg/cm square. Since the maximum designed pressure of pipes to be provided and laid was 66 kg/cm square, there was no justification for awarding the work with uniform wall thickness meant for withstanding the test pressure of 77 kgs/cm square as the same had a direct bearing on the cost of pipes. Deviation from the approved design requirements thus involved extra liability of Rs 29.07 lakh which was avoidable.

It was further noticed that while preparing justification of rates quoted by contractors average cost of 6.40 mm to 9.5 mm thick pipes was taken into account without ascertaining the exact rate of 5.6 mm thick pipes, work for which was awarded to the contractors. The justification was thus not based on facts and was exaggerated since the rates of 5.6 mm thick pipes would have definitely been lower than the actual rate of 6.4 mm thick pipe.

The Chief Engineer, Central Zone, Mandi stated (July 2000) that the work for providing pipes of uniform wall thickness of 5.6 mm was awarded to contractors as pipes of uniform thickness would be more suitable both for water pressure requirement and damage resistance owing to mountainous difficult terrain. The reply was not tenable as such technicalities were not foreseen before designing the scheme and call of tenders. Moreover, the reply was an after thought to justify the deviation from the approved design and estimate without any documentary evidence.

The matter was referred to the Government in April 2000; reply had not been received (July 2000).

4.3 Extra expenditure due to premature failure of water supply pipe line

Use of sub-standard pipes resulted in premature failure of water supply scheme besides extra expenditure of Rs 10.98 lakh.

Gravity Water Supply Scheme, Mooldhar Kathanda (Kullu district) was designed to provide water for 30 years to an ultimate population of 2,332 persons and was commissioned by Anni Division during 1987-88 at a cost of Rs 8.62 lakh. Rupees 14.86 lakh were spent on annual repairs and maintenance of the scheme during 1987-99.

Test-check of records of the division revealed (September 1999) that within six years of its commissioning defects developed in the functioning of the scheme viz. gravity main pipe of 32 mm dia was not carrying the required discharge of water from source to storage tank due to rusted layers of iron oxide, etc., and the inner dia of the pipe was reduced to the extent of 50 to 60 *per cent*. Consequently, 3,100 metres rusted main pipe line of 32 mm dia

GI pipe was replaced in March 1994 by 40 mm dia GI pipes at a cost of Rs 6.47 lakh. Similar problem in the distribution system was rectified in March 1999 through special repairs at a cost of Rs 4.51 lakh.

Thus the scheme designed for 30 years could supply required quantity of water to the beneficiaries for a period of about six years only and had to be made functional after spending Rs 10.98 lakh through special repairs. This indicated that the pipes initially laid were sub-standard. This was corroborated by the fact that water sample drawn from the source of the scheme and tested in June 1999 showed that chemical contents were within permissible limits.

While confirming the facts, the Executive Engineer stated (September 1999) that specific reasons for rusting of pipes would be identified in due course. The reply was not tenable because the department should have investigated the reasons for rusting of pipes when the problem was faced in 1994 in the first instance.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

4.4 Incomplete Lift Water Supply Scheme owing to lack of departmental supervision

Failure of the department to enforce contractual provisions resulted in non-completion of Lift Water Supply Scheme besides blocking of funds to the tune of Rs 23.58 lakh.

To provide potable water to ultimate population of 1,312 persons and 238 students of schools existing in four villages[1] in *gram panchayat* Janed (Mandi district), construction of Lift Water Supply Scheme was administratively approved (October 1988) for Rs 11.98 lakh. The scheme, stipulated to be completed in four years, was taken up for execution during 1988-89 without obtaining technical sanction and Rs 23.58 lakh had been spent on it (as of July 1999) against budget provision of Rs 25.41 lakh.

Test-check of records of Baggi Division revealed (September 1999) that all components of the scheme except installation and erection of pumping machinery, part construction of pump house, laying of rising main and release of electricity connection had been completed during 1988-96.

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1 Chaid, Ganehar, Majher and Dhar.

It was noticed in audit that the work of 1,140 metres long rising main of the scheme entrusted (March 1994) to a contractor was not executed as per scope of work and was below specification. The matter was under investigation with the Vigilance Department since August 1994. In the meantime, departmental inquiry instituted (October 1994) to investigate the matter also revealed (September 1998) complete lapse of supervision from Junior Engineer to Executive Engineer level. In addition, the Superintending Engineer while submitting the inquiry report to the Chief Engineer in February 1999, had also pointed out failure of the Engineer-in-Charge to proceed against the contractor under the contractual provisions in the event of execution of sub-standard work. It has further been mentioned in the report that the assets worth Rs 23.58 lakh presently lying unutilised were expected to be depleted and could cause further loss to the Government.

The Executive Engineer, while confirming the facts, stated (September 1999) that Vigilance Department did not allow the division to execute the work of rising main on the plea that evidence would be destroyed. He also stated that a proposal to provide temporary rising main at a cost of Rs 2.60 lakh parallel to the disputed rising main was sent to the Chief Engineer in July 1998, decision on which had not been taken.

Thus, lack of supervision of the work by the department and failure to take action against the contractor and defaulting officials as also timely decision to provide temporary rising main resulted in denial of intended benefits to the beneficiaries. Besides, expenditure of Rs 23.58 lakh incurred on the scheme has remained unfruitful so far.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

4.5 Undue aid to contractor

Abnormal deviation of 266 *per cent* for the construction of Circle office building resulted in extra avoidable expenditure of Rs 16.54 lakh and undue aid to the contractor.

Construction of Circle office building (plinth area: 2417.14 square metres) at Kasumpti (Shimla district) was administratively approved (February 1987) for Rs 36.97 lakh. The work for construction of the building (plinth area: 390.29 square metres) was entrusted to a contractor in April 1993 for Rs 14.06 lakh with stipulation to complete it by November 1993. The work was commenced in May 1993 and building comprising plinth area of 1,200 square metres was completed in June 1999. Total payment of Rs 51.45 lakh had been made to the contractor upto 23rd running account bill paid in November 1997.

Test-check (March 2000) of records of Shimla Division No. I and further information collected in July 2000 revealed the following points:

(i) Tenders for the work were invited during July 1992 whereas the working estimate for Rs 16.50 lakh was approved in September 1992 by the Superintending Engineer. Invitation of tenders in anticipation of approval of working estimate was in gross violation of codal provisions.

(ii) The scope of work was increased from 390.29 square metres to 1,200 square metres plinth area without approval of the competent authority. Payment of Rs 51.45 lakh had been made to the contractor against the awarded amount of Rs 14.06 lakh. Abnormal deviation of 266 *per cent* and payment of Rs 40.13 lakh at part market rates had not been approved by the competent authority. The department thus failed to derive the benefit of competitive rates.

(iii) The payment for 17 items of work included in the contract was made to the contractor at market rates involving extra expenditure of Rs 10.85 lakh because the quantities of these items exceeded the deviation limit given in the contract. This could have been avoided had the tenders been invited for the complete scope of work at the initial stage.

(iv) For four items of work executed upto October 1997, payment of Rs 3.25 lakh was made to the contractor upto November 1997 at market rates which were in excess of the rates contained in HPSR 1999 (applicable from May 1999). The rates paid were thus not properly analysed.

The Executive Engineer stated (July 2000) that the rates will be analysed before finalisation of the bill and market rates would be got approved from the competent authority and payment regulated accordingly. The reply was not tenable as the payment should have been made after proper analysis of rates and after obtaining approval of the competent authority before releasing the payment.

(v) As per provision of the agreement, the contractor was required to execute all items of work upto a maximum deviation limit of 25 *per cent* at the rates quoted in the tenders and the rates for deviated quantities of different items of work beyond 25 *per cent* were to be determined in accordance with the provision contained in standard clause 12-A of the contract agreement.

Payment of Rs 1.82 lakh was made for nine items of work at market rates without taking into account the deviation limit of 25 *per cent*. Further, payment of Rs 0.62 lakh was made for seven items at the rates other than those stipulated in the agreement. This resulted in undue aid to the contractor to the extent of Rs 2.44 lakh.

The Executive Engineer stated (July 2000) that detailed scrutiny of the running account bills was not made. The EE thus, failed to regulate the payments in accordance with the provisions of the contract agreement and exercise financial control enshrined in the financial rules of the Government.

Failure of the department to award complete work at the initial stage thus resulted in extra expenditure of Rs 10.85 lakh besides avoidable payment of Rs 5.69 lakh to the contractor.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

4.6 Augmentation of Lift Water Supply Scheme, Panjehra

Failure to initiate timely action to acquire private land at the source of the scheme resulted in unfruitful expenditure of Rs 35.16 lakh.

To provide potable water to population of 4,525 persons and 425 students of 9 villages, Lift Water Supply Scheme, Panjehra (Solan district) was designed for 15 years and was completed during 1980-81 at a cost of Rs 9.98 lakh. However, due to increase in population and decrease of water at source of the scheme, during 1989, adequate water was not available to the beneficiaries and augmentation of the scheme covering an ultimate population of 5,844 persons and 1,033 students was administratively approved (January 1996) for Rs 34.84 lakh. The work, stipulated to be completed in four years was taken up for execution in March 1996.

Test-check of the records of Nalagarh Division revealed (November 1999) that all the major components of the scheme, except installation and erection of pumping machinery and laying of Galvanised Mild Steel (GMS) tubes in distribution system, had been completed by March 1998 at a cost of Rs 35.16 lakh. Scrutiny revealed that the scheme had not been commissioned as of November 1999 as the pumping machinery could not be installed because of dispute over the site of water source falling in private land. The warranty period of machinery received in February 1998 had also expired.

The failure of the Executive Engineer to send the land acquisition papers to competent authority for approval in time was the main cause of delay. He sent these papers only in February 2000, though the provision for this existed in the estimate sanctioned in January 1996. A period of two years is required for completion of land acquisition proceedings from the date of issue of notification and there is no likelihood of commissioning the scheme for at least another two years. This resulted in denial of intended benefits to the beneficiaries even though Rs 35.16 lakh had been spent on the scheme.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

4.7 Supply of unsafe drinking water to beneficiaries

Unsafe drinking water was supplied to the beneficiaries for 43 to 108 months through 92 hand pumps.

As per Manual on Water Supply and Treatment, the department should ensure that water supplied to the beneficiaries is free from pathogenic organism and is clear, palatable, free from undesirable taste and odour, of reasonable temperature, neither corrosive nor scale forming and also free from minerals which could produce undesirable physiological effects.

Test-check of records of Palampur Division revealed (January 2000) that 306 hand pumps were installed between 1991-92 and 1996-97 at a cost of Rs 2.38 crore. Of these, water of 92 hand pumps installed at a cost of Rs 55.85 lakh was beyond acceptable standards. Water tests conducted in the departmental laboratory between January 1992 and July 1996 revealed presence of excessive turbidity and iron contents much beyond acceptable standards/limits. Unsafe drinking water was thus, supplied to the beneficiaries for period ranging between 43 and 108 months.

Executive Engineer stated (January 2000) that the fact of presence of excessive iron in the water of 23 pumps was based on its physical appearance which could not be termed as firm opinion to determine that water was unsafe for drinking. In respect of 69 hand pumps, it was stated that on receipt of complaints from public, flushing of hand pumps was carried out at regular intervals to ensure iron free water to the beneficiaries. The reply was not tenable as presence of excessive iron and turbidity was not based on physical appearance but was confirmed by laboratory tests of water samples. Further, flushing of hand pumps at regular intervals, as contended, was only a temporary solution to the problem and no permanent solution had been found out by the department.

The matter was referred to the Government in April 2000; reply had not been received (July 2000).

Public Works Department

4.8 Unfruitful expenditure owing to acceptance of below specification work

Failure of the department to get the work executed according to specifications and giving undue aid to the contractor resulted in unfruitful expenditure of Rs 48.01 lakh.

Construction of 75 metres effective span steel truss bridge over Tabo *Nallah* on Rangrik Sumdo road (Lahaul and Spiti district) was administratively approved (October 1983) for Rs 41.34 lakh. The work relating to sub structure of the bridge was completed by Kaza Division in December 1986 at a cost of Rs 13.14 lakh. Superstructure work of the bridge was awarded (June 1984) to a Jammu based firm on lump sum bid of Rs 30 lakh with stipulated period of completion of two years. The firm started the work in July 1984 and after part erection of the bridge by October 1988 left the work incomplete. Total expenditure of Rs 48.01 lakh had been incurred on both the components of the bridge upto March 1999 which included payment of Rs 29.16 lakh made to the firm.

Test-check of records of the division revealed (October 1999) that partly erected super structure collapsed in November 1989. The firm admitted that the bridge collapsed due to less anchorage from the top chord and took the responsibility to rectify the damaged structure by October 1990 without extra cost. The firm, however, did not carry out the requisite rectification and failed to complete the structure even as of February 2000. It was also noticed that the division besides accepting the less anchorage had overpaid Rs 3.02 lakh to the firm on account of unexecuted items (Rs 1.80 lakh), adoption of wrong formulae for the payment of escalation charges (Rs 0.33 lakh) and excise duty (Rs 0.89 lakh). The department, however, granted unilateral extension in time upto May 1995. The contract was ultimately rescinded (May 1995) under various clauses at the risk and cost of the contractor.

A team of Engineers of the department after conducting joint inspection in May 1996 and November 1996 pointed out that rectification of structure in the present form was fraught with danger to human life. No concrete steps were taken by the department to get the work completed from some other expert agency at the risk and cost of the firm. Instead, the department went in for

Arbitration in November 1997. Meanwhile, sixth and final bill of the firm was passed for minus amount of Rs 32.45 lakh which comprised value of fabrication work left incomplete (Rs 26.96 lakh), balance of secured advance (Rs 1.00 lakh), recovery of material (Rs 0.74 lakh) and compensation levied (Rs 3.75 lakh). The Arbitrator in the fifth hearing conducted in June 1999 directed the firm to resume the work within a fortnight but the firm failed to comply with the directions of the Arbitrator. While final decision of the Arbitrator was awaited as of March 2000 the bridge had further collapsed in July 1999 due to heavy flood in the *Nallah*.

Acceptance of below specification work and overpayment made to the firm by the department resulted in unfruitful expenditure of Rs 48.01 lakh besides intended benefits could not be achieved for more than 13 years.

The matter was referred to the Government in April 2000; reply had not been received (July 2000).

4.9 Bridges not put to use due to non-construction of approach roads

Two bridges completed at a cost of Rs 94.34 lakh in April 1997 and March 1999 could not be opened to vehicular traffic due to non-construction of approach roads.

Construction of two bridges on Thana *khad* and Drang *nallah* on Baijnath-Lad Bharol-Kandapattan road (Mandi district) and Pathankot-Chakki-Mandi road (NH-20) was completed by National Highway Division, Jogindernagar in April 1997 and March 1999 respectively at a cost of Rs 94.34 lakh as detailed below:

Sr. No.	Name of road at which bridge was constructed	Type of bridge and *khad/nallah* on which constructed	Particulars of A/A & E/S			Month and year of completion	Expenditure incurred (Rupees in lakh)
				Month and year	Amount (Rupees in lakh)		
1.	Baijnath-Lad Bharol-Kandapattan road at km 25/900	RCC T-beam bridge over Thana *khad*		July 1987	6.13	April 1997	14.91
2.	Pathankot-Chakki-Mandi Road (NH-20) at km 190/577	RCC Box Girder bridge over Drang *nallah*	(i)	March 1995	48.56	March 1999	79.43
			(ii)	March 1998 (Revised)	83.25		

Test-check of records of the division revealed (July 1999) that these bridges could not be put to use as approaches were not constructed due to non-acquisition of private land and houses (Drang *nallah* bridge) and paucity of funds (Thana *khad* bridge). A separate estimate of Rs 13.96 lakh for construction of approaches for Thana *khad* bridge prepared in August 1997 was lying unapproved as of June 2000. As regards Drang *nallah* bridge, an estimate of Rs 15.26 lakh for the acquisition of private land and houses falling in the alignment was sent (April 1999) by the Executive Engineer which had not been approved by the Government as of June 2000.

The Executive Engineer stated (June 2000) that the work of approaches of Thana *khad* bridge was in progress and would be completed by December 2000.

Thus, faulty planning and failure to initiate timely action regarding the acquisition of private land and houses falling in the alignment of approach road rendered the expenditure of Rs 94.34 lakh unfruitful.

The matter was referred to the Government in January 2000; reply had not been received (July 2000).

4.10 Unfruitful expenditure on a road owing to non-construction of bridge

Faulty estimates led to delay in the construction of bridge and in the use of the road in two stretches.

Construction of 5.500 kilometres (km 0/0 to 5/500) long link road from Langoo to Jamrella (Kangra district) was approved (January 1989) for Rs 14.62 lakh to enable the inhabitants of these villages to carry their agriculture produce to tehsil/district headquarters. The work, scheduled for completion in five years was taken up for execution by Baijnath division in April 1991 without obtaining technical sanction and motorable road in a length of 3.165 kms (km 0/0 to 2/935 and 3/033 to 3/263) had been constructed upto March 2000 at a cost of Rs 18.79 lakh.

Test-check of records of the division, however, revealed (June 1999) that no provision for the construction of 98 metres span bridge over Chalot *nallah* falling at km 2/935 of the road was made in the estimate. Proposal for obtaining Administrative approval and expenditure sanction (A/A and E/S) for the construction of bridge was sent (May 2000) to Superintending Engineer but the same had not been approved as of June 2000.

The Executive Engineer stated (June 1999 and January 2000) that construction of bridge could not be taken in hand earlier due to non-availability of funds and for want of separate administrative approval. The reply was not tenable as the division did not include the construction of the bridge in the estimate and took no action to collect the basic data to frame the estimate of the bridge for about ten years after the approval of the road work.

Meanwhile, the road even in the stretches of km 0/0 to 2/935 and 3/033 to 3/263, had not been declared fit for public use so far. Thus, faulty preparation of estimates by the Executive Engineer, that omitted construction of bridge resulted in denial of intended benefits to the public and unfruitful expenditure of Rs 18.79 lakh so far.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

4.11 Avoidable expenditure on surface dressing and renewal coat on roads

Failure to follow approved specifications by Theog division resulted in avoidable expenditure of Rs 10.61 lakh on roads.

The Ministry of Surface Transport (MOST) instructions of May 1987 envisaged that either surface dressing (SD) or premix carpet (PC) is to be laid on water bound macadum (WBM) as both SD and PC are bituminous bearing courses. The specifications also provided for application of tack coat at the rate of 5 kgs of bitumen over 10 sqm of area of an already existing black top.

Contrary to these specifications, in Theog Division, SD was also laid at a cost of Rs 7.22 lakh in addition to PC during 1996-97 and 1997-98 on two roads*. Scrutiny of records also revealed that the original contract agreements provided for laying of PC only and SD was got laid as an extra item without approval of the competent authority. It was also noticed that while carrying out work of renewal coat on National Highway-22 between kms 163/0 and 196/0 tack coat had been applied on existing black top over an area of 46,203 square metres during May 1996 and May 1998 at the rate of 10 kgs/10 sqm instead of 5 kgs/10 sqm which resulted in extra expenditure of Rs 3.39 lakh (including cost of fuel wood).

While confirming the facts, the Executive Engineer stated (May 1999) that SD was applied to resist the abrasion and wear and tear due to traffic as the roads mostly pass through height of 2000 to 3000 metres besides movement of heavy machinery of Nathpa Jhakhri Project. The reply was not relevant as SD

* National Highway-22 and Chhaila Mohri road.

only stop the percolation of water and improve the non-skiding properties of the road and the MOST specifications were clear on the subject.

Thus, failure to follow the approved specifications without adequate justification resulted in total extra avoidable expenditure of Rs 10.61 lakh.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

4.12 Avoidable expenditure on providing of renewal coat to roads

Non-adoption of economical specifications for providing renewal coat to roads resulted in avoidable expenditure of Rs 13.83 lakh.

A Study Group appointed (May 1988) by the Ministry of Surface Transport (MOST) for updating norms for maintenance of roads opined that the layer of seal coat (SC) provided on premix carpet (PC) is pealed off and number of pot holes develop in course of time particularly during rainy season because there was no effective inter-locking or bond between the two black top layers viz. PC and SC. Keeping this in view, the MOST adopted the suggestion of the Study Group for renewal treatment of roads by mix seal surface (MSS) or PC treatment of one time laid one layer in place of PC and SC executed separately. The adopted specifications being economical, were made effective from April 1990 and were to be followed for State Highways and district roads in addition to National Highways. Himachal Pradesh Public Works Department specifications, 1990 also contained a provision for MSS.

Test-check of records of Palampur Division, however, revealed (September 1999) violation of these specifications. It was noticed that renewal coat over an area of 91,277 sqm of road surface was executed in 15 cases between 1996-97 and 1999-2000 with PC and SC at a cost of Rs 54.95 lakh. The resultant extra expenditure on account of failure to adopt proper specifications was Rs 13.83 lakh.

No reasons were on record for not adopting correct specifications. The Superintending Engineer stated (January 2000) that PC and SC was found to be more suitable than MSS due to hilly terrain and heavy rainfall. The contention was not tenable as application of seal coat does not help in achieving the strength of the road. In fact, seal coat is applied on the road surface to close the voids in the surface with the object of rendering the surface as water proof.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

4.13 Idle investment on construction of bridge due to improper planning

Failure of the department to acquire private land falling in the alignment of jeepable road resulted in non-utilisation of bridge constructed at a cost of Rs 20.49 lakh.

Construction of 60 metres span aerial rope way bridge over Brehi *Nallah* at km 6/785 of 12 kilometers (km 0/0 to 12/0) long jeepable road from Dunali to Brehi (Chamba district) was administratively approved (July 1979) for Rs 3.91 lakh. The work stipulated to be completed in two years was taken up in December 1979 and was completed in March 1998 at a cost of Rs 20.49 lakh. In the meanwhile, estimate was revised to Rs 24.53 lakh in December 1996 due to enhancement of wages of labour, cost of materials and change of wooden structure of the bridge to steel structure. Abnormal delay in completion of work was attributed (April 2000) by the Executive Engineer to paucity of funds. The contention was not tenable because out of Rs 4.23 lakh made available to the division during 1979-92 only Rs 0.83 lakh were spent on the work. There was also nothing on record to indicate that the division had demanded adequate funds keeping in view the stipulated period of completion of work.

Test-check of records of Chamba Division revealed (October 1999) that due to failure on the part of the Division, the bridge could not be utilised for vehicular traffic as road portion between kms 4/720 to 5/0, 5/073 to 5/390 and 5/520 to 7/0 was not taken up for construction as private agricultural land was falling in the alignment of the road. The estimates were deficient since acquisition of private land was not provided in the sanctioned estimate. Further no action to acquire the same was initiated.

Executive Engineer stated (October 1999) that the case for acquisition of land was yet to be moved and provision for land acquisition was being made in the revised estimate. He further stated that the bridge had provided the missing link between village Brehi and Dunali. The contention was not tenable as linkage between two villages was not possible without ensuring construction of road. Moreover, action for acquisition of private land required for public purpose was not initiated in terms of instructions contained in Public Works Department Code before taking up the construction of road.

Failure of the department bordering on negligence to initiate proceedings to acquire private land thus resulted in unproductive expenditure of Rs 20.49 lakh on the bridge and deprived the beneficiaries of the intended benefits. This calls for investigation by Government to fix responsibility for the delay resulting in non-utilisation of project.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

4.14 Extra avoidable liability owing to improper planning of a bridge

Improper planning and failure of the department in deciding the type of construction of a bridge resulted in extra avoidable liability of Rs 12.26 lakh.

On the basis of feasibility study (July 1995) at site, Chief Engineer (North) approved (March 1996) the construction of 44 metre effective span plate girder bridge supported on RCC box cantilevers on river Ravi at Dhakog on Dhakog Badgram road (Chamba district), at an estimated cost of Rs 23.76 lakh.

Tenders for the construction of the proposed bridge were invited by Bharmour Division in March 1996 and the lowest negotiated offer of contractor 'A' for Rs 88.95 lakh was not accepted by CE (North) on the ground that the cost of the proposed bridge was not comparable with usual type of bridges being constructed in the area and construction of a steel truss bridge would be economical. Further, plate girder bridge was not found sound enough due to typical site condition, limited working space at the site of work and cleavages along the bank at site.

Test-check of records of the division revealed (October 1999) that construction of sub-structure of a steel truss bridge of 48.77 metre span was awarded (April 1997) to contractor 'B' for Rs 62.79 lakh on the basis of tenders invited in February 1997 with stipulation to complete it in six months. The sub-structure had been completed as of March 2000 and payment of Rs 60.51 lakh was made to the contractor upto third running account bill. The superstructure work of the bridge was also awarded (March 1998) on the basis of tenders to the same contractor for Rs 47.98 lakh with the stipulation to complete it in six months. Seventy *per cent* fabrication work of the superstructure had also been completed as of June 2000 and Rs 14.09 lakh paid to the contractor as secured advance. The total cost of the steel truss bridge at award stage thus worked out to Rs 110.77 lakh which was costlier by Rs 21.82 lakh than the earlier proposed bridge. There was nothing on record to indicate as to why tenders were not invited for the whole work in one go to get competitive rates.

The Executive Engineer stated (October 1999) that tenders of earlier contractor were rejected on the ground that 44 metre span plate girder bridge was not workable as site conditions were typical and rock was also not found sound and finally design for 48.77 metre span steel truss bridge was approved by CE (North). The reply was not tenable as decision to invite tenders for the construction of 44 metre span plate girder bridge in March 1996 was taken after conducting detailed survey and feasibility studies at site. Subsequent decision to construct steel truss bridge in place of plate girder bridge which had earlier been found technically feasible thus lacked justification. After taking into consideration the increased span of the bridge, the department incurred an extra avoidable liability of Rs 12.26 lakh.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

4.15 Construction of State Guest House at New Mumbai - Idle outlay and excess payment

Indecision of the Government regarding construction of State Guest House at New Mumbai on a plot acquired in May 1996 resulted in idle investment of Rs 95.67 lakh.

To construct State Guest House at New Mumbai, Shimla Division No. II paid (February 1995) a premium of Rs 87.57 lakh to the City and Industries Development Corporation of Maharashtra (CIDCO), New Mumbai for acquiring a plot on the directive of the State Government. In addition, earnest money of Rs 8.10 lakh was also paid in April 1994 which was adjustable against full payment of premium.

Test-check of records of the division revealed (December 1999) that CIDCO allotted a plot measuring 2159.800 square metres on 90 years lease basis at Vashi (New Mumbai) in November 1995 and after execution of lease agreement in May 1996 physical possession of plot was taken over by the division in August 1996. As per terms and conditions of lease agreement, the State Government was required to submit the building plan to New Mumbai Municipal Corporation (NMMC) for approval within six months and complete the construction of building within a period of five years of execution of lease agreement, failing which licence given to the lessee to enter upon the land was revokable without notice. It was noticed that on the basis of directions given by the State Government in December 1996 and January 1997 the Chief Architect submitted final drawings for construction of State Guest House at Vashi to the Government in October 1997 which were awaiting approval as of December 1999. In the meantime extension of time limit granted by CIDCO upto February 1997 for submission of building plan to NMMC had also expired.

While confirming the facts the Executive Engineer stated (December 1999) that construction plan could not be submitted to NMMC due to indecision regarding selection of executing agency at Government level and legal opinion for leasing out the plot to other parties was being obtained. He further stated that the overpayment of Rs 8.10 lakh could not be adjusted earlier due to oversight and action to obtain refund would be taken. The reply was not tenable as transfer or assignment of rights and interest in respect of the allotted plot to other parties was not permissible under the conditions of allotment order of CIDCO.

Evidently, indecision regarding construction of State Guest House was indicative of the fact that the proposal was mooted without carefully weighing the relevant factor of financial viability and utility. Even if the plot is surrendered to CIDCO now 25 *per cent* cost amounting to Rs 21.89 lakh would have to be surrendered. Besides, Rs 8.10 lakh paid as earnest money was also left unadjusted at the time of making full payment of premium and had not been recovered as of now.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

4.16 Infructuous expenditure on consultancy services

Expenditure of Rs 13.78 lakh on consultancy services after construction of airstrip at Rangrik Khurik was not found feasible, was rendered infructuous.

Mention was made in paragraph 4.13 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 1993 (Civil) - Government of Himachal Pradesh regarding infructuous expenditure of Rs 7.47 lakh on the construction of airstrip at Rangrik (Lahaul and Spiti district). The Public Accounts Committee (PAC) recommended (December 1999) that in case the department intend to take up construction of airstrip at Rangrik, prior approval of the Civil Aviation Department of the Government of India (GOI) should be obtained before start of work to avoid the possibility of ultimately abandoning the work. A team of the National Airport Authority of India (NAAI) after conducting feasibility study in June 1994 did not find the site suitable for construction of airstrip at Rangrik. However, on the request of State Government, another team of NAAI visited the Spiti Valley in August 1994 to carry out feasibility study of sites for construction of airstrip. Of the five sites visited by the team, the site at Khurik between Rangrik and Khurik villages near Kaza was considered appropriate. The team also suggested to get aeronautical survey carried out before taking up the construction of airstrip. However, aeronautical survey was not got conducted. The State Government accorded (October 1995) administrative approval for providing consultancy services and preparation of detailed project report for construction of airstrip at Rangrik Khurik for Rs 11.50 lakh instead of getting the aeronautical survey conducted as advised by NAAI team. The work was awarded (November 1995) to a firm for Rs 11.50 lakh to be completed in three months and Rs 9.08 lakh had been paid to the firm in November 1996. Final bill Rs 3.12 lakh had not been paid (September 1999) due to paucity of funds. Besides, Rs 1.58 lakh were spent on the work departmentally.

Test-check of records of Lahaul and Spiti Division at Kaza revealed (September 1999) that the firm started work in November 1995 and submitted its report in April 1996. On the basis of this project report, a preliminary estimate for taking up construction of first phase of airstrip was prepared and administratively approved in June 1996 for Rs 33.29 crore. In August 1998, the State Government decided not to take up construction of the airstrip on technical and economic considerations.

The Executive Engineer stated (September 1999) that the work was to be started in view of announcement (October 1997) made by the then Chief Minister in a public meeting at Kaza. The reply was not tenable in view of the technicalities involved, non-conducting of the aeronautical survey suggested by NAAI, and non-obtaining of approval of the Civil Aviation Department of GOI as recommended by the PAC. The expenditure of Rs 13.78 lakh (including liability of Rs 3.12 lakh) incurred on consultancy services was rendered infructuous.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

4.17 Unfruitful expenditure on construction of roads

Rupees 81.37 lakh spent on six roads remained largely unfruitful as road works were held up for non-acquisition of forest/private land.

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

In three divisions, four road works were taken up between 1981 and 1994 without obtaining prior approval of GOI where use of forest land falling at various points along the alignment of these roads was necessary. The road works, on which expenditure of Rs 59.11 lakh had been incurred, were lying incomplete for want of permission of GOI for the use of forest land for non-forest purposes as per details given below:

Sr. No.	Name of division	Name of road	Particulars of administrative approval and expenditure sanction Month	Amount (Rupees in lakh)	Stipulated period of completion (In Years)	Year of commencement	To date expenditure (Rupees in lakh)	Month/Year since the work held up
1	Bharmour	Machhetar-Chanonta road (5kms)	May 1984	3.60	Not given	1985	32.58	April 1997
		Garola-Ullansa road (8 kms)	August 1988	28.26	Not given	1994	5.45	April 1999
2.	Fatehpur	Mohtli-Sirat Malot road (10 kms)	December 1980	22.32	3	July 1981	12.84	1992-93
3	Nirmand	Ranabag-Lagoti road (15kms)	October 1983	10.95	3	Prior to November 1989	8.24	March 1995
			Total	**65.13**			**59.11**	

Thus, the road works had been lying held up for a period ranging from three to seven years and cases for getting the approval from GOI were still under process. Failure of the department to obtain approval of GOI for use of forest land for non-forestry purpose before taking up the construction of these roads thus resulted in unfruitful expenditure of Rs 59.11 lakh on their part construction.

(b) Construction of 2.250 km long link road from Chacholi to Kharola (Shimla district) was administratively approved (November 1992) for Rs 10.32 lakh. The work, stipulated to be completed in one year, was taken up for execution by Kumarsain division during February 1992 without obtaining technical sanction and expenditure of Rs 11.47 lakh was incurred on part execution of the work which was suspended in June 1998 owing to non-acquisition of private land from km 1/250 onwards as the owners of land were not allowing construction of road and were demanding change in the alignment of road. The case for acquisition of land had, however, not been initiated by the division as of June 2000. This was indicative of departmental failure to ensure acquisition of private land before commencement of work.

Similarly, construction of Jameri to Palsar road (km 0/0 to 1/500) to link village Palsar (Shimla district) was administratively approved (October 1996) for Rs 16 lakh. The work, stipulated to be completed within one year was taken up for execution during January 1995 without obtaining technical sanction and expenditure of Rs 10.79 lakh was incurred on part execution of the work which was, however, held up since February 1998 due to non-acquisition of private land coming in the alignment of the road between km 0/350 and km 0/555. The Superintending Engineer stated (July 2000) that the land acquisition papers under Section-4 were under process.

Thus, Rs 22.26 lakh spent on these works had remained unfruitful and the beneficiaries deprived of the intended benefits.

The matter was referred to the Government in April 2000; reply had not been received (July 2000).

CHAPTER-V

STORES AND STOCK

AUDIT PARAGRAPHS

CHAPTER-V

STORES AND STOCK

Public Works Department

5.1 Material management and inventory control (South Zone)

5.1.1 Introduction

The Public Works Department (PWD) is responsible for the construction and maintenance of roads, bridges and buildings for which various types of materials are required. The materials are procured through the Stores Purchase Organisation, Himachal Pradesh State Civil Supplies Corporation (HPCSC), Himachal Pradesh Agro-Industries Corporation (HPAIC) or directly by the various officers of the department. Out of the total expenditure of Rs 1073.16 crore incurred on various works by the department during 1997-2000, Rs 389.12 crore (36 *per cent*) were spent on procurement of stores.

In 10 divisions[1] and two circle offices[2] of South Zone of the department, headed by a Chief Engineer, records pertaining to procurement, custody and disposal of stores for the period 1997-2000 were test-checked (December 1999-March 2000). This was supplemented by information obtained from HPAIC and HPCSC. Main points noticed in audit are contained in the succeeding paragraphs.

5.1.2 Procurement of stores

(i) Irregularities in procurement of bitumen through Himachal Pradesh Agro-Industries Corporation

Procurement of bitumen from oil refineries was made by the department upto June 1997. On receipt of a request from the Commissioner-cum-Secretary (Horticulture) in July 1997, the job was entrusted to HPAIC. During 1997-2000 (upto December 1999), the department procured 22,193 tonnes of

1 Arki, Kalpa, Kasauli, Kumarsain, Nahan, Rampur, Rajgarh, Rohru, Shimla Division No. II and Theog.

2 Rampur and Solan.

bitumen valued at Rs 18.57 crore through HPAIC. In addition, payment of Rs 4.50 crore was made to HPAIC on account of five *per cent* handling charges (Rs 92.84 lakh), General Sales Tax (Rs 77.98 lakh) and transportation charges (Rs 2.79 crore). Scrutiny of records of the department and of HPAIC revealed the following points:

Rupees 66.28 lakh were paid as handling charges to HPAIC for procurement of bitumen without justification.

(a) The element of handling charges at the rate of five *per cent* was arrived at without factual basis. It was based on the demand of HPAIC and was accepted by the department after negotiations. There was nothing on record to indicate as to how the department satisfied itself about the reasonableness of the rate without proper analysis.

It was noticed in audit that the department had been paying handling charges to HPCSC at the rate of Rs 1.50 per bag for procurement of cement. Based on the rate (Rs 105) of one bag of cement for which rate contract was finalised during July 1998, percentage of handling charges works out to 1.43. The payment of handling charges to HPAIC for procurement of bitumen at the rate of five *per cent* thus appeared to be on the higher side and involved unjustified payment of Rs 66.28 lakh (approximately). Further, entire payment of Rs 92.84 lakh made on this account could have been avoided had procurement of bitumen been made by the department itself as was being done prior to July 1997.

(b) Owing to the involvement of HPAIC for the procurement of bitumen, department became second purchaser and had to pay General Sales Tax of Rs 77.98 lakh in addition to Central Sales Tax. Had the department purchased bitumen directly from the refineries, payment of General Sales Tax could have been avoided.

(c) Based on a proposal of January 2000 of HPCSC, Government decided (March 2000) to entrust procurement of bitumen and bitumen emulsion required by the department to HPCSC (for Central Zone and North Zone) and HPAIC (for South Zone and National Highway Wing). According to the aforesaid decision, HPCSC and HPAIC would not charge any commercial/service charges from the Government departments. Further, the concept of sale in transit was to be introduced to avoid double taxation.

Having regard to the fact that the department had paid handling charges and General Sales Tax during the period 1997-2000, rationale behind this decision was not clear particularly when both the corporations would have to deploy their manpower for procurement of bitumen from the refineries and supply the same to the department.

It was further noticed that the Engineer-in-Chief, while conveying acceptance to the proposal of HPCSC regarding handling charges on procurement of bitumen/bitumen emulsion, requested (January 2000) the Government to review the payment of handling charges on procurement of cement (@ Rs 30 per tonne) also on the analogy of procurement of bitumen/bitumen emulsion. The Government, while conveying its decision in March 2000 had, however, not taken any decision on payment of handling charges on the procurement of cement as of June 2000. In the meantime, the department procured 9,627 tonnes of cement between April 2000 and June 2000 through HPCSC and had paid handling charges of Rs 2.89 lakh. Failure of the Government to take timely decision on payment of handling charges to HPCSC on procurement of cement thus resulted in avoidable extra payment of Rs 2.89 lakh.

Failure of HPAIC to invite open tenders and derive benefit of competitive rates resulted in extra unjustified payment of Rs 1.12 crore on account of transportation of bitumen.

(d) Department paid Rs 2.79 crore to HPAIC on account of transportation charges of bitumen during 1997-2000. Store Purchase Officer stated (May 2000) that the rates of transportation of bitumen from refinery to various stations in the State were not finalised by HPAIC in consultation with the department. General Manager, HPAIC stated (May 2000) that a high level purchase committee consisting of Chief Finance Officer, Chief Purchase Officer and Marketing Officer of HPAIC had been constituted to look after the fixation of freight rate. He further stated that the committee collected quotation from the approved transporter of Indian Oil Corporation based at Mathura in August 1997 and finalised the rates after negotiations. It would thus be seen that keeping in view the huge volume of work involved open tenders to derive the benefit of competitive rates were not invited.

Scrutiny of records revealed that minimum transportation charges paid by the department through HPAIC for carriage of bitumen packed in drums from Mathura to various destinations in the State from September 1997 onwards worked out to approximately Rs 2 per tonne per km. Average rate paid by the department for transportation of bitumen emulsion also packed in drums during the same period on the basis of rate contract of DGS&D, however, worked out to Rs 1.20 per tonne per km. Calculated on this basis, extra unjustified payment of Rs 1.12 crore (approximately) had been made on this account.

Procurement of bitumen through HPAIC resulted in escalation of works expenditure to the extent of Rs 2.56 crore which included generation of fictitious revenue of Rs 77.98 lakh.

While the payment of handling charges, General Sales Tax and unjustified payment of transportation charges because of the involvement of HPAIC in the aforesaid cases escalated the cost of material to the extent of Rs 2.56 crore (11 *per cent*) and consequent inflated expenditure on works, additional fictitious revenue from Sales Tax was inflated to the extent of Rs 77.98 lakh during 1997-2000. Besides, failure of the department to verify the reasonableness of handling charges resulted in unjustified payment of Rs 66.28 lakh and undue financial benefit to HPAIC to that extent.

(ii) Extra avoidable expenditure on procurement of bitumen emulsion

Failure of the department to exercise due vigilance and enforce strict economy in the purchase of bitumen emulsion resulted in extra avoidable expenditure of Rs 10.22 lakh.

Department purchased 641 tonnes of bitumen emulsion (cationic type in 200 kgs new drums packing) with shelf life of one year valued at Rs 65.21 lakh from Delhi and Solan based firms (on rate contract with DGS&D) and the State Controller of Stores (COS) respectively at different rates between February 1997 and June 1999. The rates of Delhi based firm ranged between Rs 8,800 and Rs 9,592 per tonne and that of Solan based firm was Rs 10,452 per tonne. It was noticed that bitumen emulsion of the same specifications and of the same shelf life was also available with the aforesaid Delhi based firm at rates ranging between Rs 7,675 and Rs 7,770 per tonne (in 200 kgs MS barrels packing which were suitable to withstand hazards of rail/road transit) plus excise duty applicable from time to time. Reasons for purchase of bitumen emulsion packed in drums instead of that packed in MS barrels had not been intimated (May 2000).

Evidently, the department failed to exercise due vigilance and enforce strict economy in the purchase of bitumen emulsion. This resulted in avoidable expenditure of Rs 10.22 lakh (calculated on the basis of difference in rates of two types of packing from time to time).

(iii) Excess payment to a firm for the procurement of cement

Non-implementation of the terms of the rate contract resulted in excess payment of Rs 56.30 lakh to the firm.

COS entered into (July 1998) rate contract with a Daralaghat (Solan district) based firm for the supply of cement to the Government departments at the ex-factory rate of Rs 2,100 per tonne. The contract was valid upto March 2000. As per terms of the rate contract, the price to be charged for cement was not to exceed the lowest price at which the firm was to sell cement of identical description to any person/organisation/department/undertaking of the Central or State Government, as the case may be, during the period till performance of all supply orders placed during the currency of the rate contract was completed. Further, the firm was required to furnish a certificate to the concerned purchasing department alongwith each bill that it had not sold any identical store items under the contract to any Central or State Government department/organisation at a price lower than the price charged from the Government under the contract during the currency of the rate contract. HPCSC was the nodal agency for procurement of cement for various Government departments. Thus, HPCSC and the purchasing department could give right kind of feed back to the COS/Government regarding violation of terms and conditions of rate contract by the suppliers.

Scrutiny of records of test-checked divisions and information obtained from HPCSC revealed (April 2000) that the firm supplied cement to the HPCSC under public distribution system at the lowest ex-factory rate of Rs 1,801 per tonne with effect from 21 September 1998 when the aforesaid rate contract was also valid. The firm neither reduced the rate from Rs 2,100 per tonne to Rs 1,801 per tonne nor furnished the requisite certificate as required under the provisions of the rate contract. Out of 18,830 tonnes of cement valued at Rs 3.95 crore procured by HPCSC for the department during 1999-2000 at the rate of Rs 2,100 per tonne, 7,616 tonnes of cement was procured by the test-checked divisions. Failure of the department and HPCSC to bring the matter to the notice of COS/Government to enforce the relevant clause of the rate contract and also to insist upon the production of requisite certificate by the firm resulted in excess payment of Rs 56.30 lakh.

No action against the firm in terms of the relevant clauses of the rate contract and to recover the excess payment had been taken as of May 2000.

(iv) Avoidable extra expenditure on transportation

In five divisions[3], 1,052 tonnes of cement was procured during 1997-2000 from two firms borne on rate contract with COS and located at Barmana (Bilaspur district) and Rajban (Sirmour district). It was noticed that transportation of cement from another firm on rate contract with COS and located at Daralaghat (Solan district) was cheaper as the distance from Daralaghat to the destinations of divisional stores was much less as compared to the distance of firms located at Barmana and Rajban. The difference in transportation charges, which ranged between Rs 69 and Rs 278 per tonne, resulted in avoidable extra expenditure of Rs 1.57 lakh.

Department thus failed to direct HPCSC to arrange cement from the nearest firm on rate contract with COS.

(v) Unjustified procurement of materials

(a) In Rampur division, material costing Rs 15.49 lakh procured (March 1997) for the construction of a bridge over Dalog *Nallah* was lying unutilised as of March 2000 for want of administrative approval and expenditure sanction of the bridge.

(b) Materials like hume pipes, GI pipes, road metal, CGI sheets, bricks, etc., valued at Rs 1.03 crore were lying unutilised either in stores or at the site of various works of the divisions test-checked since procurement (between April 1990 and May 1999).

Procurement of material without immediate requirement in the above cases resulted in blocking of Rs 1.19 crore.

5.1.3 Receipt and issue of stores

(a) Bin cards in which receipt and issue of stores are recorded are required to be issued by the Executive Engineers. The closed bin cards are also required to be returned by the sub-divisions to the divisional office.

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3 Kumarsain, Rampur, Rohru, Shimla Division No. II and Shimla Division No. III.

It was noticed that out of 10,589 bin cards issued by the divisions test-checked 7,104 closed bin cards were lying in the sub-divisions and had not been returned to the divisional office as of March 2000.

Priced Stores Ledgers were lying incomplete in all the 10 divisions test-checked and the bin card balances had not been reconciled with the Priced Stores Ledgers, as required under the rules.

Materials costing Rs 2.43 crore were booked against 73 works though the same were not required on these works.

(b) Contrary to the provisions of financial rules which prohibit fictitious stock adjustments, materials costing Rs 2.43 crore were booked by 11 divisions[4] against 73 works between March 1997 and March 1999.

It was observed in audit that there was either no provision for these materials in the sanctioned estimates of the works or the works had been completed or the materials were not required for immediate consumption and as such the same were written back to stock or transferred to other works in the succeeding financial years between April 1997 and December 1999.

The adjustments were thus, carried out with the objective of fictitious utilisation of budget grant.

5.1.4 Other irregularities

(i) Splitting up of purchase orders

Purchases of store materials valued at Rs 97.83 lakh were made by the divisions test-checked during 1997-2000 by splitting up the supply orders to avoid sanction of the higher authorities. This deprived the Government of the benefit of competitive rates.

(ii) Purchases at higher rates

Stores items borne on rate contract were purchased by the 10 divisions test-checked from suppliers not borne on rate contract during 1997-2000 which resulted in extra expenditure of Rs 9.80 lakh.

(iii) Non-disposal of unserviceable material

Materials valued at Rs 60.34 lakh were declared unserviceable by the 10 divisions test-checked between April 1990 and February 2000 and had not been disposed of as of March 2000.

(iv) Shortage of stores

A Junior Engineer of Rampur Division was relieved (August 1998) of his duties on transfer without handing over the charge of stores valued at

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[4] Arki, Kasauli, Kaza, Kumarsain, Nahan, Rampur, Rajgarh, Rohru, Shimla Division No. II, Shimla Division No. III and Theog.

Rs 6 lakh. Action to recover the shortages had not been taken as of March 2000.

These points were referred to the Government in May 2000; reply had not been received (July 2000).

5.2 Mismanaged and unjustified purchase of stores by the Chief Engineer

Chief Engineer, Central Zone, Mandi purchased stores in excess of requirements/without requirements and incurred avoidable expenditure on purchase of bitumen emulsion.

A Stores Purchase Organisation (SPO) was functioning in the PWD to deal with cases of purchase of stores. The activities of SPO were, however, confined to the needs of South Zone only and purchase of stores of other two Zones were being looked after by the concerned Chief Engineers. No reasons for deviation from the stipulated purpose of SPO were on record.

Test-check of records relating to purchases made during April-December 1999 by the Chief Engineer (CE) (Central Zone), Mandi revealed (December 1999) the following points:

(i) Unnecessary purchase of stores

(a) Financial Rules stipulate that stores should not be purchased without/in excess of definite requirement of works. CE placed orders for the purchase of eight items valued at Rs 103.76 lakh[1] during April-December 1999. Of this, purchase orders of stores valued at Rs 31.55 lakh were made without any requirement from the divisions and orders of Rs 10.71 lakh were placed in excess of requirement received from the divisions.

(b) Superintending Engineer (SE), Una Circle sent (September 1999) indent of 1,000 tonnes of bitumen in respect of three divisions[2]. CE, however, placed orders for the supply of 1,400 tonnes of bitumen on Indian Oil Corporation. In the same month, 400 tonnes of bitumen was supplied to the divisions of Una Circle and the remaining quantity of 1,000 tonnes of bitumen was diverted to other five divisions[3] of the Zone though they did not place any indent for this item. Thus, while Una Circle was not supplied the material as per their requirement, other divisions were issued bitumen of Rs 86.86 lakh without requirement and unnecessary purchase of 400 tonnes of bitumen costing Rs 34.74 lakh was made.

1 Principal manufacturers (one item: Rs 5.59 lakh) and firms borne on rate contract of State Controller of Stores (COS) (seven items: Rs 98.17 lakh).

2 Bangana (100 MT); Bharwain (700 MT) and Una (200 MT).

3 Bilaspur (200 MT); Dharampur (200 MT); Jogindernagar (200 MT); Kullu (200 MT) and Sundernagar (200 MT).

(c) 996 drums of bitumen 80/100 costing Rs 16.93 lakh and 110 drums of bitumen emulsion costing Rs 2.48 lakh were issued/transferred from the stock of Mandi division-I to other divisions of the Zone during April-December 1999. Evidently, the bitumen and emulsion costing Rs 19.41 lakh in the first instance was diverted without requirement of the division and the contention of the CE that material was allotted as per needs of the divisions was not tenable.

Similarly, requirements of bitumen emulsion, gelatine and safety fuse coils of two divisions[4] were 250 tonnes, 1,475 kgs and 1,200 pieces respectively. However, SE Ist Circle, Mandi sent (April 1999) inflated requirements of 550 tonnes, 4,425 kgs and 3,600 pieces respectively to the CE. This resulted in unjustified procurement of stores valued at Rs 33.12 lakh[5].

CE stated (December 1999) that being Head of the Zone, he was entirely responsible to arrange and to provide material to the needy Circles/Divisions even without receiving requirement which could be worked out from the record available in his office and on the basis of inspection of the works from time to time. Regarding inflated requirement of bitumen emulsion, SE, Mandi Circle stated (December 1999) that requirement was sent to CE in consultation with the concerned Executive Engineer. The replies were not tenable as requirements of material assessed by the divisions were inflated without adequate justification. Moreover, the CE resorted to an unusual practice which was not covered by purchase procedure prescribed by the Government. Government may investigate and fix responsibility for excess purchase by CE/SE.

(ii) Extra expenditure on procurement of bitumen emulsion

General principles and restrictions relating to expenditure as contained in financial rules stipulate that every Government servant while sanctioning expenditure from the revenues of the State should be guided by high standard of financial propriety and every Head of the department is responsible for enforcing financial order of strict economy at every step as well as exercise due vigilance in respect of expenditure out of public money.

CE procured (April-December 1999) 1,643 tonnes of bitumen emulsion (cationic type) conforming to IS-8887/95 specification (rapid setting) with shelf life of six months from a Solan based firm borne on rate contract with the State COS. The rate paid to the firm was Rs 10,452 per tonne including excise duty and sales tax. The contract was valid upto 31 December 1999. It was noticed that bitumen emulsion of the same specification with shelf life of one year was also available with a Delhi based firm borne on the rate contract of DGS&D at the rate of Rs 7,770 per tonne upto 2 August 1999 and at Rs 7,170 per tonne thereafter in 200 kgs MS barrels packing suitable to

4 Mandi-I and Mandi-II.

5 Bitumen emulsion (Rs 31.36 lakh); Gelatine (Rs 1.33 lakh) and Safety fuse coils (Rs 0.43 lakh).

withstand rail/road transit as per terms of rate contract plus 15 *per cent* excise duty. In both the cases transportation charges from factories of supplier to destination of consignee were payable extra. After taking the element of freight for average distance of 600 kms from factory of Delhi based firm to different places in Mandi, the difference in rate per tonne worked out to Rs 1222.50 and Rs 1912.50 respectively. Failure to procure bitumen emulsion from Delhi based firm thus resulted in extra avoidable payment of Rs 21.47 lakh to Solan based firm for material with lesser shelf life. Evidently, the CE failed to purchase stores economically and observe the principles of vigilance in the matter of public expenditure. Responsibility for this lapse needs to be fixed.

It was also noticed that sales tax of Rs 6.60 lakh paid to the Solan based firm on the cost of 1,643 tonnes of bitumen had also not been deposited by the firm in Government account as of January 2000.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

Irrigation and Public Health Department

5.3 Fictitious issue of materials

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

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

Contrary to these rules, materials costing Rs 2.29 crore were fictitiously booked by Divisional Officers of seven divisions* against 41 works between March 1996 and March 1999 without requirement of materials for these works. In 32 cases (Rs 1.52 crore) the cost of materials was either written back to stock (Rs 151.75 lakh) or transferred to other works (Rs 0.25 lakh) during the succeeding financial years between January 1997 and May 1999. In Rohru division, advance payment of Rs 76.16 lakh made (March 1999) to Himachal Pradesh State Civil Supplies Corporation for supply of cement, was directly charged to nine works instead of placing the same under Suspense Head "Miscellaneous Works Advances" pending receipt of material. No reasons for charging the cost of material to the works were advanced by the Executive Engineer.

* Ghumarwin, Nalagarh, Nurpur, Paonta Sahib, Reckong Peo, Rohru and Thural.

The booking of materials thus, carried out with the objective of utilising the available funds was irregular. The fictitious booking of material to works also resulted in overstatement of actual expenditure of works.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

Health and Family Welfare Department

5.4 Shortage of stores

Stores valued at Rs 25.14 lakh were not handed over by a Pharmacist.

Test-check of records of the Chief Medical Officer (CMO), Kangra at Dharamshala revealed (October 1999) that the Pharmacist incharge of District Medicines store did not hand over the charge of stores on his transfer (March 1999) to Zonal Hospital, Dharamshala. His successor physically counted (March 1999) stores in the presence of the Deputy Chief Medical Officer and accounted for in the new stock registers. While audit scrutiny (August-October 1999) of the closing balances of the stores in the old stock registers and opening balances of the new stock registers revealed that medicines and other stores valued at Rs 25.14 lakh had been less accounted for in the new stock registers, there was nothing on record to indicate that the new stores incharge had brought these to the notice of authorities and no action on these shortages was taken by the CMO. This resulted in shortages of stores to this extent.

At the instance of audit, however, the CMO issued (November 1999) a memorandum to the Pharmacist to explain the shortages and subsequently, in May 2000, the official was placed under suspension by the Director of Health Services.

Scrutiny further revealed that these shortages were facilitated due to absence of annual physical verification of stores by the CMO. The CMO also relieved the official without ensuring the verification of stores independently.

Thus, the relieving of the Pharmacist without ensuring proper handing over of charge and verification of stores caused shortage of stores valued at Rs 25.14 lakh which needs investigation.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

CHAPTER-VI

SECTION - A

REVIEW

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CHAPTER-VI

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

SECTION - A - REVIEWS

Science, Technology and Environment Department

Himachal Pradesh State Pollution Control Board

6.1 Audit of Environmental Acts and Rules relating to Water Pollution

Highlights

The legislative mandate for prevention, control or abatement of pollution had largely not been achieved and overall quality of water had remained poor even after 25 years of the enactment of legislation. The activities of State Pollution Control Board (Board) were generally confined to selective industries and traditional organic wastes went on accumulating in the absence of any follow up and compliance mechanism with effective coordination. The review of performance of the Board by the State Government and monitoring of stated policies was also not upto the required level. Some important points are as follows.

** *The unutilised balances ranged between Rs 1.08 crore and Rs 3.59 crore during 1994-99. Programme-wise details of unutilised funds lying in various bank accounts were not available with the Board.*

(Paragraph 6.1.4)

** *Detailed survey to plan comprehensive programmes for pollution control of streams and wells in the State had not been undertaken. The stated policies to provide technological upgradation and also to evolve codes of practice and guidelines for specific processes were not followed.*

(Paragraphs 6.1.5 and 6.1.6)

The abbreviations used in this review have been listed in the Glossary in Appendix-XXI (Page 257-262).

** ***On an average, 30.04 lakh tonnes of municipal garbage was dumped in 58 towns in the State during 1994-99 in various nallahs, rivers and hill slopes without taking any preventive measures and follow up for its segregation, disposal and utilisation. A grant of Rs 25 lakh received in 1995-96 for solid waste management had remained unutilised as of May 2000.***

(Paragraph 6.1.7(i)

** ***There were 24.81 lakh cases of water borne diseases and 444 deaths reported during 1994-99. The Board had failed to discharge its statutory functions to minimise the incidence of death/water borne diseases.***

(Paragraph 6.1.7 (iii))

** ***Due to lack of sewage treatment system and over flowing of septic tanks, more than 90 per cent effluent was being discharged into water courses affecting 80 per cent pollution of water sources.***

(Paragraph 6.1.7 (iv))

** ***Bio-medical waste was being dumped in the vicinity of health institutions or thrown off locally and nothing was being done about its disposal. The Board had issued notices to Chief Medical Officers but had neither identified nor granted authorisation to the institutions/operators engaged in bio-medical facility to enforce safety measures as required under Rules.***

(Paragraph 6.1.8)

** ***The Board had neither identified total number of polluting industries nor was aware about the number of units functioning without obtaining consent for discharging sewage or effluent etc. Ten polluting units and seven transport work shops were functioning without providing the required effluent treatment plants. No frequency for collection of samples was fixed and in 53 cases no samples were drawn during 1996-99.***

(Paragraph 6.1.9)

** ***Statutory provision for the submission of annual environmental Audit Reports by the industrial units/local bodies was not being enforced by the Board thereby defeating the objectives of the environmental audit.***

(Paragraph 6.1.11)

** ***Water cess of Rs 2.10 crore for 1987-99 had not been recovered as of May 2000. Rupees 42.44 lakh realised between January 1994 and January 1999 were not remitted to GOI, as required. Consent/renewal fee of Rs 14.60 lakh was outstanding since 1987-88 to 1998-99 for recovery.***

(Paragraphs 6.1.12 and 6.1.13)

** *Water cess of Rs 138 crore from Hydel Projects could not be recovered because the cases instituted therefor were dismissed by the Court for want of compliance of statutory provisions by GOI.*

(Paragraph 6.1.14)

** *Monitoring and evaluation was lacking in the absence of any review of the water quality management by the State Government and internal or external agencies.*

(Paragraph 6.1.16)

6.1.1 Introduction

Pollution is mainly of three types viz. Water pollution, atmospheric pollution and soil pollution. Water is polluted by four kinds of substances *viz.* traditional organic waste, waste generated from industrial processes, chemical agents for fertilisers, and pesticides for crop protection and silt from the degraded catchments. Atmospheric pollution is caused by emissions and smoke from vehicles and factories and noise from pressure horns and industries. Soil is polluted by hazardous chemical wastes which are not so visible but are toxic in nature. In fact, the contributing factors to pollution are so closely related to each other that they cause not only one type of pollution but result in a chain reaction and it becomes difficult to attribute a single factor to a specific type of pollution.

While it is estimated that three fourths by volume of the waste water generated is from municipal sources, industrial waste, though small in volume, contributes over one half of the total pollutant load and the major portion of this is coming from large and medium industries. No scientific studies to assess over all level of different types of pollution have been carried out in the State.

Studies in certain selected river basins, however, showed that 80 *per cent* pollution of the water sources is caused due to municipal sewage and the industrial sources contribute to the remaining 20 *per cent.* Similarly, Ambient Air Quality monitored at four stations during 1998-99 showed the level of suspended particulate matter (SPM) more than the prescribed standards. No effective steps to keep air quality within the prescribed standards have been taken. The level of soil pollution had also not been assessed.

To check the degradation of environment and pollution of natural resources "The Water (Prevention and Control of Pollution) Act, 1974" was enacted by Parliament. Under this Act, regulatory agencies for controlling water pollution were institutionalised. Another related legislation "The Water (Prevention and Control of Pollution) Cess Act, 1977" was enacted in order to conserve the vital natural resources and to augment the finances of regulatory agencies. Besides, a comprehensive legislation for environment "The Environment (Protection) Act, 1986" in its entirety was also enacted. The State Pollution Control Board (Board) was constituted (December 1974) in pursuance of Section 4 of the Water (Prevention and Control of Pollution) Act, 1974 for the implementation of these legislations. The main functions of the Board were:

to plan a comprehensive programme for the prevention, control or abatement of pollution of streams and wells in the State;

to advise the State Government on any matter concerning prevention, control and abatement of water pollution;

to collect and disseminate information relating to water pollution and prevention, control or abatement thereof;

to give consent for the establishment of industry/treatment plant and to inspect sewage or trade effluent works and plants;

to lay down standards for treatment of sewage and trade effluents and to evolve economical and reliable methods of treatment/reuse of sewage and trade effluents and to classify the waters of the State;

to perform such other functions as may be prescribed by the State Government or Central Pollution Control Board (CPCB); and

to levy and collect cess on water consumption from certain industries/local authorities.

Government of India (GOI) in its endeavour to bring about environmental consciousness had also come out with National Conservation Strategy and Policy Statement on Environment and Abatement of Pollution in 1992 providing some specific needs for initiating pollution control measures.

6.1.2 Organisational set up

Financial Commissioner-cum-Secretary, Science, Technology and Environment was the Ex-officio Chairman of the Board. The Board consisted of a full time Member Secretary, five nominees of the State Government, four nominated members representing local bodies, two officers from State Corporations/Boards and four non-official members. The Board had ten regional offices[1], a Central laboratory at Parwanoo and three regional laboratories[2].

6.1.3 Audit coverage

Activities of the Board concerning the implementation of Environmental Acts and Rules relating to water pollution for the period 1994-99 were reviewed during March-May 2000. These were supplemented by test-check of records in four regional offices[3] and two laboratories[4]. Important points noticed are mentioned in the succeeding paragraphs.

6.1.4 Financial arrangements

The main sources of income of the Board were contributions made in the form of grants-in-aid by the State/Central Governments including the CPCB, water cess, fees received for granting consent, sample testing, etc. Annual accounts of the Board upto March 1996 had only been prepared as of May 2000. Member Secretary stated (May 2000) that the annual accounts from 1996-97 onwards could not be finalised since the records for 1996-98 were with the Enforcement Department since December 1997 for which an enquiry relating to financial irregularities was stated to be in progress. No separate accounts pertaining to control and prevention of water pollution were maintained. The receipts and expenditure of the Board during 1994-96 were as under:

Year	Opening balance	Grants received			Receipts		Total	Expenditure	Closing balance
		Central Government	State Government	CPCB	Other sources	Cess			
	(Rupees in lakh)								
1994-95	107.89	19.60	69.00	3.00	71.12	3.81	274.42	69.57	204.85
1995-96	204.85	39.58	62.00	10.48	82.55	0.68	400.14	122.35	277.79

1 Baddi, Bilaspur, Chamba, Jassur, Kullu, Paonta Sahib, Parwanoo, Rampur, Shimla and Una.

2 Jassur, Paonta Sahib and Sundernagar.

3 Baddi, Jassur, Parwanoo and Una.

4 Jassur and Parwanoo.

The following points were noticed in audit:

Programme-wise details of unspent balance of Rs 3.59 crore not available with the Board.

(i) As against the closing balance of Rs 1.08 crore on 31 March 1994, there was a closing balance of Rs 3.59 crore as on 31 March 1999 which was lying in the shape of FDRs or saving bank accounts in different banks. Programme-wise details of unutilised funds lying in various bank accounts were not available with the Board. In the absence of these details, the Board could not implement effectively the schemes to which these funds belonged.

(ii) As per instructions of GOI, water cess was required to be utilised towards pollution control measures and to assist the industrial units in this behalf. The Board had, however, not decided to earmark/utilise the amount of water cess for these activities. Member Secretary stated (May 2000) that utilisation of water cess for aforesaid purposes was not practicable in view of meagre cess amount. The reply was not tenable as the water cess amount not collected was around Rs 2.10 crore besides Rs 42.44 lakh collected by the Board had not been remitted to GOI and should have been utilised by the Board as prescribed under GOI instructions.

6.1.5 Survey and categorisation of industrial units

(a) Under the provisions of pollution control Acts, the Board was required to conduct a survey of industrial units and cities/towns in the State for planning a comprehensive programme for pollution control of streams and wells for enforcing various provisions of the Acts. The Board was also to determine environmental assets targeted for protection from pollution/improvement in a phased manner. Test-check revealed that no such survey had been conducted by the Board. Also no comprehensive strategy was prepared for water quality management and environmental assets to be protected/determined.

Member Secretary admitted (May 2000) that no specific survey of industrial units had been conducted and no environmental assets were assessed, though a few area specific surveys were conducted.

(b) As per guidelines issued (September 1988) by GOI, industrial units were required to be categorised as Red (High Pollution Potential), Orange (Medium Pollution Potential) and Green (Low/insignificant Pollution Potential) according to their pollution status for the purpose of surveillance/inspection for implementation of the provisions of various statutes regarding control of pollution.

For comprehensive and realistic categorisation of units, the Board was required to maintain data for existing units, units covered under consent mechanism and actually established after receiving consent and units responsible for water pollution. It was noticed in audit that the Board had categorised 496 units (Red: 82; Orange: 124 and Green: 290) as of March 1994 for inspection but details of total industrial units established and responsible for water pollution were not made available. Subsequently, the Board categorised 193 units (Red: 57; Orange: 54 and Green: 82) against 1,401 industrial units for which consent had been granted as of March 1999. No reasons for decrease in the number of units under all the three categories were on record. Besides, there was neither any indication of the remaining 1,208 units nor the Board had the details of the total existing units in the State. Member Secretary stated (May 2000) that the classification suggested by GOI in 1988 was broad and generic in nature and the Board had adopted its own classification specific to the State. The contention was not acceptable in audit as the possibility of affecting the surveillance particularly in respect of Red category by following its own classification could not be ruled out in regard to pollution control and environmental safeguards.

Details of industrial units established and responsible for water pollution were not available with the Board.

Audit scrutiny revealed that based on the units presently identified and frequency for inspections fixed, 5,450 inspections were required to be done against which only 3,735 inspections were carried out by the Board during 1994-99. Member Secretary attributed (June 2000) the shortfall to shortage of manpower and infrastructural facilities. He, however, further stated that at the present level of operation there was no shortfall. The reasons attributed were contradictory and as such were not tenable. From the details given above and in the absence of any survey having been conducted it would be gathered that the objectives to bring all the units responsible for pollution under strict surveillance still remained to be achieved.

6.1.6 Standards

Water is polluted by substances like traditional organic waste, waste generated from industrial processes and chemical agents for fertilisers and pesticides used for crop protection. According to National Conservation Strategy and Policy Statement on Environment and Development, 1992, it is estimated that three fourths by volume of the waste water generated is from municipal sources, and industrial waste contributes over one-half of the total pollutant load.

The present standards for sewage and trade effluents are based on the concentration of pollutants in effluents and in emissions. GOI in its aforesaid policy statement had emphasised revision of norms to lay down mass-based standards to promote technological upgradation, which would set specific limits to encourage the minimisation of waste, provide recycling and reuse, as well as conservation of natural resources, particularly water. Further, codes of practice and guidelines were to be evolved for specific processes which were to act as a mechanism to promote technological upgradation to prevent pollution, conserve resources and regulate waste.

Test-check of records revealed that no study under identified sectors had been undertaken by the Board for setting revised standards. It was also noticed that the Board had not laid down or modified the standards of effluents/treatment of sewage and trade effluents after taking into account the minimum fair weather dilution available and tolerance limit of pollution permissible after discharge of such effluents as required under Water Acts. No guidelines and codes of practice for specific processes had been evolved as laid down in the policy statement *ibid*.

Member Secretary while admitting the facts stated (April 2000) that the standards notified in the Environment (Protection) Act, 1986 and rules made thereunder were being followed. Thus, the Board failed to prescribe standards as per the local needs and conditions with reference to the prevailing characteristics of water as provided under Water Act, 1974 and Environment (Protection) Rules, 1986 and the stated policies to provide technological upgradation by adopting mass-based standards remained neglected due to inaction.

Codes of practice and guidelines for specific processes not evolved and stated policies remained neglected.

As regards evolving of codes of practice and guidelines for specific processes, the Member Secretary stated (July 2000) that the setting of the standards was a dynamic process and necessary upgradation of the same was being done under the Rules framed in the Environment (Protection) Act, 1986. The contention was not tenable as the issues raised in the policy statement had not been addressed. Also there was no future assurance to tackle the problems.

6.1.7 *Water Quality Management*

Under the Water Pollution Acts, the Board was responsible to ensure that the water quality was not harmed due to poor solid waste management. National Conservation Strategy and Policy on Environment and Development, 1992 also emphasised prevention of pollution and control over future deterioration of quality of water. It was noticed in audit that:

(i) There were 58 municipalities/notified area committees in the State. No survey on garbage flow status had been conducted in various towns of the State.

Water quality deteriorated due to direct flow of sewage, trade effluents, garbage, etc.

However, studies in three stretches located on the bank of Beas river at Mandi, Kullu and Manali after having been identified (March 1993) by GOI as polluted stretches were undertaken by the Board in June 1994. According to the study report, the quality of water of the river at polluted stretches had deteriorated in respect of all the parameters i.e. Total Coliform, Fecal Coliform and Bio-chemical Oxygen demand. Direct flow of sewage, trade effluents, garbage, etc., in the river were responsible for deterioration in the water quality. Member Secretary stated (May 2000) that proposal for funding of the project was sent (September 1995) to GOI but the approval was still awaited. The reply was not tenable as the proposal should have been followed up for speedy approval and there was nothing on record to indicate whether the matter was ever pursued.

Thus due to non-follow up of the scheme by the Board the quality of water continued to remain polluted. On further enquiry, the Member Secretary stated (July 2000) that in the conference of State Environment and Forest Ministers held recently in New Delhi, GOI had committed for chalking out separate scheme for Himalayan states including Himachal Pradesh. However, Commissioner-cum-Secretary intimated (July 2000) that these schemes were not forwarded through the State Government.

The results of studies further revealed that the aforesaid towns were producing around 63 tonnes (Mandi: 17; Manali: 24 and Kullu: 22) of garbage per day which was being dumped on the banks of rivers/*khads*. It was noticed in audit that none of the towns had any proper facility for treatment of garbage/sewage. Further, according to status of urban municipal solid waste management conducted during 1995-96 and 1997-98 by the Board, in five towns[5] an average of 164 tonnes of garbage per day was being generated. The committees were, however, able to dispose of only 58 tonnes of garbage leading to imbalance in clearance. Moreover, the disposed solid waste was also being dumped without taking any preventive measures thereby causing water/environmental pollution.

30.04 lakh tonnes of garbage dumped in 58 towns during last five years in various *nallahs*, rivers, hill slopes, etc.

Municipal waste of 227 tonnes per day or 82,855 tonnes[6] a year went on accumulating in the aforesaid eight towns alone or an average of 30,03,530 tonnes of garbage in 58 towns was dumped during last five years in various *nallahs*, rivers, hill slopes, etc., thereby polluting water. No follow up action for waste segregation, waste minimisation and waste utilisation had been initiated by the Board. Member Secretary stated (May 2000) that these reports had already been sent to GOI and they had sanctioned (1995-96) a grant of Rs 25 lakh for solid waste management in Shimla on 50:50 sharing basis but the Project had not been executed and the amount was lying unutilised as of

5 Chamba, Dharamshala, Nalagarh, Shimla and Solan.

6 Per day 227 tonnesx365 days=82,855 tonnes 82,855÷8 tonnes=10,357 tonnes 10,357x58 local bodies=6,00,706 in a year 6,00,706x5 years=30,03,530 tonnes.

May 2000. He also stated that the Project could not be taken in hand for want of funds to be shared by the Board. Initially the Demo Project was for Shimla town but due to non-feasibility of identified technology (because of temperature constraints), GOI approved (August 1998) its shifting to Nahan. It was further observed that the Director, Urban Development, being ultimate user, had agreed (November 1998) to execute the Project and bear 50 *per cent* cost on the advice of the Advisor, Planning but the amount had not yet been transferred.

(ii) According to the summary statement of a public interest litigation case received (September 1998) from CPCB, the Board did not consider the pollution problems caused directly or indirectly by the mismanagement of municipal solid waste and appropriate directions under Section 5 of the Environment (Protection) Act, 1986 were not issued. Taking note of the observations, the Board prepared and presented (November 1998) an Action Plan in the joint meeting of CPCB, State Board and Urban Local Bodies for management and disposal of wastes in a sanitary manner but the actual work on the classified action points had not been initiated (May 2000) by the executing agencies i.e. Local Bodies. Member Secretary stated (May 2000) that the action plan had been sent to the concerned departments but implementation had been stalled for want of funds. However, check of records of Municipal Corporation, Shimla and Municipal Committee, Solan revealed that the action plan had not been received by them as of June 2000 and as such question of action thereon did not arise. This reflected lack of co-ordination among the Board, local bodies and concerned Government departments.

Compliance of the State Government directions issued (September 1997) to all the municipal/notified area committees for making provisions of sanitary land fill for disposal of municipal garbage was also not ensured. Member Secretary stated (May 2000) that out of 58 local bodies only one local body had reported the compliance.

Board did not disseminate information relating to prevention, control or abatement of water pollution causing deaths and water borne diseases.

(iii) According to the information collected from the Director, Health and Family Welfare, 444 deaths and 24,80,549 cases of water borne diseases occurred during 1994-99. One of the main functions of the Board was to advise the State Government and disseminate information relating to prevention, control or abatement of water pollution. There was nothing on record to indicate that the Board had performed these functions to minimise the incidence of death/water borne diseases.

(iv) According to Action Plan drawn by the Board, it was estimated that under the existing sanitation system in the State, more than 90 *per cent* of the sewage generated from municipal areas was being discharged into water without any treatment affecting estimated 80 *per cent* pollution of water sources and industrial sources contributing to the remaining 20 *per cent*.

The Board had granted (September 1980) consent to Municipal Corporation, Shimla with the stipulation to provide and execute the proposed treatment of their effluent within 12 months from the date of consent. Scrutiny of records revealed that the work for providing treatment plants had not been completed even as of May 2000.

The existing sewerage system of Shimla town was laid in 1880 for a population of 25,000 persons and with the present load of sewage the excess effluent was being discharged into the natural water courses without any treatment. The existing disposal works were simply detention tanks where only sedimentation process took place. The work for construction of sewerage system in Shimla was taken up (March 1998) by the Irrigation and Public Health (I&PH) Department but no physical progress had been achieved as of May 2000. Executive Engineer, Sewerage Network Construction Division and Sewerage Treatment Plant Construction Division intimated (May 2000) that Rs 16.06 crore had been spent during 1997-2000 on payment of advances to various firms/agencies for procurement of material, acquisition of land, etc. The construction work of the project was yet to be taken up.

Effluent discharged directly into drains and natural water courses due to lack of sewage treatment/ overflow of existing septic tanks in Shimla.

Test-check of the urban municipal solid waste status reports in seven towns[7] revealed that the effluent was being discharged directly into drains and natural water courses due to lack of sewage treatment system/overflow of existing septic tanks. No survey/study had been undertaken in other towns as of May 2000. Possibility of pollution of natural water courses could thus not be ruled out. Member Secretary while admitting the fact of disposal of untreated sewage stated (June 2000) that notices to all the municipal bodies were issued and in view of the non-compliance, the matter was also taken up with the Government.

(v) With a view to monitor the quality of water, CPCB had started the scheme "Monitoring of Indian National Acquatic Resources Systems" in mid 1980 to check the water pollution all over the country and sanctioned 23 water quality monitoring stations.

The Board had been monitoring water quality by drawing water samples from major rivers on quarterly basis at 23 stations and spent Rs 6.70 lakh between December 1995 and December 1999. The analysis reports of samples tested indicated that the parameters for Fecal Coliform and Total Coliform were not upto the prescribed norms at down stream locations of habitations such as Aut,

7 Chamba, Dharamshala, Kullu, Manali, Mandi, Nalagarh and Solan.

Bhakra, Bilaspur, Dehra, Kullu, Mandi, Rampur, and Slapper due to municipal sewage and solid waste. Follow up action taken on the recommendations of the Board contained in their annual report for 1997-98 was not known (May 2000).

Poor solid waste management thus polluted the water.

6.1.8 Bio-medical waste

Planning Commission in a report on "Urban Solid Waste Management in India" had estimated that the hospitals were generating 1-2 kgs of waste per person per day of which 85 *per cent* was non-hazardous and the remaining was infectious and hazardous. The standards for disposing medical waste were notified as Bio-medical Waste (Management and Handling) Rules, 1998 for which the assigned regulatory authority was the Board. Every occupier generating bio-medical waste and any operator engaged in bio-medical facility is required to obtain authorisation and to ensure that such waste is handled without any adverse effect to human health and environment.

Bio-medical waste dumped in the vicinity of health institutions and not properly disposed of.

(i) There were 3,734 health institutions (hospitals: 67; community health centres: 55; primary health centres: 312; dispensaries: 1,231 and sub-centres: 2,069) in the State. The main source of solid waste in hospitals was from pathology and microbiology laboratories and operation theaters besides discarded dressing material such as bandages, cloth and cotton, rubber gloves and disposable syringe sets, etc. Due to lack of facilities like autoclave/microwave/incinerator available in the hospitals/clinics, the waste had been posing a serious threat to the environment and water bodies which got contaminated.

No survey to ascertain the status of bio-medical waste and to monitor its segregation and disposal had been undertaken by the Board. However, a random study conducted by the Board in 1995-96 of city hospitals in Shimla and Mandi had highlighted the lack of awareness and apathy at all levels in management of hospital waste. The waste was being dumped in the vicinity or thrown off locally and nothing was being done about its disposal.

Member Secretary stated (April 2000) that directions had been issued (May and August 1999) under Section 5 of Environment (Protection) Act, 1986 to all the Chief Medical Officers for the compliance of Bio-Medical Waste (Management and Handling) Rules, 1998. Further developments were awaited.

(ii) Test-check of records revealed that the Board had neither identified the institutions generating bio-medical waste and operators engaged in bio-medical facility nor any authorisation was granted as stipulated under rules *ibid*. The Board was also not aware of the details of private nursing homes/clinics, veterinary institutions, animal houses or operators operative in the State and where these units were dumping the waste. Thus, it could not be ensured as to what extent human health and environment were effected. While admitting that no authorisation had been granted, Member Secretary stated (April-June 2000) that the Board was preparing inventory of nursing homes. He further stated that majority of such facilities were in the Government sector which were being identified to make them seek authorisation.

Considering the fact that the bio-medical waste had been identified as responsible for water pollution the Board had taken no action to enforce anti-pollution measures in consultation with the concerned Government departments/local bodies.

6.1.9 Industrial pollution

(i) Under the provisions of Water Act, 1974, no person should without prior consent of the Board establish any industry which was likely to discharge sewage or trade effluent. To control and prevent water pollution, such industries were, *inter alia*, required to set up Effluent Treatment Plants (ETPs).

Ten industrial units did not provide Effluent Treatment Plants.

Test-check revealed that the Board had not identified total number of polluting industries, which required ETPs but had granted consent to 1,401 industrial units as of March 1999. The Board was also not aware of the number of units functioning without obtaining consent. It was also noticed that 10 units[8] had not provided ETPs since their inception between 1968 and 1992. Member Secretary stated (May 2000) that notices had been issued to the defaulting units but reasons for abnormal delay in installation of ETPs were not on record. Thus, the Board failed to take timely action for identification of polluting units in the State and trade effluents continued to be discharged into drains/natural water courses thereby causing water pollution.

(ii)(a) Test-check of records in the Regional Offices Baddi, Jassur, Parwanoo and Una revealed that ETPs provided in four large scale units in Solan district were not working satisfactorily thereby polluting the water bodies. It was also noticed that no ETP had been provided by the Himachal Pradesh Road Transport Corporation in its seven workshops falling under the jurisdiction of

8 Fruit Processing Units: Eight and Milk Federation Units: Two.

Jassur and Una Regional Offices besides two industrial units in Kangra district were operating for the last 10 and 16 years respectively without obtaining any consent from the Board. No penal action contemplated in the Acts had been taken against the defaulting units so far. Environmental Engineers, Regional Offices stated (April-May 2000) that reduction in pollution level was being ensured through inspections and notices were being issued.

(b) CPCB issued instructions (November 1995) to the Board to ensure that arrangement for interlocking the production system with pollution control devices had been made in the industries which had installed pollution control devices. The Board had issued notices only during August-September 1999 but compliance was not watched. Member Secretary stated (May 2000) that although major cement plants had interlocking facilities, the matter of extending this system to other 'Red' category units was under process.

(c) To assess the efficiency of pollution control measures adopted by the industrial units, the Board was required to collect samples of effluent for detailed analysis.

Test-check of records of Regional Offices revealed that no frequency for collection of samples had been fixed. The maximum samples collected and analysed in respect of an industrial unit by the Regional Offices in one year ranged between one and 12 during 1994-99. Records of Central Laboratory and Regional Offices, Jassur, Parwanoo and Una further revealed that in 53[9] cases no samples were drawn by the Board during 1994-99.

Thus due to failure to collect samples, standard of trade effluent could not be ascertained and remedial measures for upgradation of treatment methods could not be taken. Member Secretary stated (May 2000) that the frequency of sampling was being fixed. Reply was not tenable as the Board should have developed long back a self sustained system of sampling in industrial units in the State.

Untreated sewage and garbage dumped in the open space without treatment.

(d) Baddi-Brotiwala industrial area (Solan district) was situated on the bank of river Sirsa, which was the main source of drinking water for the people residing along the course. Test-check of records of Regional Office,

9 Details of 53 cases:

	1994-95	1995-96	1996-97	1997-98	1998-99	Total
Parwanoo	6	5	6	7	6	30
Una	3	--	4	5	4	16
Jassur	--	--	--	3	4	7
Total:	**9**	**5**	**10**	**15**	**14**	**53**

Baddi revealed that while developing the industrial township, no attention to increase the civil amenities to cater to the needs of increasing population was paid. Sewage and garbage was being dumped in the open space without treatment. This resulted in degradation of water quality in the catchment area of the river.

While admitting the facts, Assistant Environmental Engineer, Baddi stated (April 2000) that the Regional Office was monitoring the progress on installation and commissioning of pollution control systems before coming into production of major polluting units. He further stated that initiatives in reduction of pollution load from industrial units were in progress. However, no effective steps to check disposal of sewage and dumping of garbage had been taken by the concerned agencies though the Board was required under the statutory provisions to advise the State Government to provide necessary facilities for disposal of sewage and garbage and ensure that river water was not polluted.

6.1.10 Pollution from other sources

The pollution from run-off of agriculture inputs such as pesticides, insecticides, fertilisers, etc., was gaining increasing proportions, which was polluting not only water bodies but even sub-soil water resources. It was noticed that the Board had not undertaken any study to encourage, develop and apply the best available technical solutions though the problem was reflected in the National Policy Statement for Abatement of Pollution, 1992.

Member Secretary admitted (April 2000) that no specific action had been taken with regard to such pollution since no adverse impact was visible. The contention was not based on facts since the Board in its Annual Report for 1997-98 had concluded that extensive use of insecticides and pesticides in horticulture activities was affecting the water quality of Pandoh reservoir. The reply of Member Secretary was thus indicative of slackness in dealing with probable contingencies.

6.1.11 Environmental Audit Reports

With a view that industrial units and local bodies should feel that they have the responsibility for abatement of pollution, every person carrying on an industry, operation or process requiring consent under Section 26 of Water Act, 1974 shall submit an Environmental Audit Report (EAR) containing information on water and raw material consumption, pollution generated, solid waste and impact of pollution control measures, etc., for each financial year to the Board on or before the 15th day of May every year under the provisions of Environment (Protection) Rules, 1986.

It was noticed that no proper record was being maintained by the Board due to which actual position of EARs submitted by industrial units/local bodies could not be assessed in audit. The statutory provisions were not being enforced and only a few industrial units were submitting routine reports which were not even verified by any environmental auditor and nothing had been done to evaluate the effect of their policies, operations and activities on the environment thereby defeating the objectives of environmental audit.

While admitting the fact of non-maintenance of records, Member Secretary stated (May 2000) that action under the provisions of Water Act, 1974 was being taken against the defaulters.

6.1.12 Assessment and collection of water cess

Water Cess Act, 1977 empowered the Board to assess, levy and collect water cess from every consumer carrying on any specified industry and also every local authority at the rates prescribed by Government from time to time. Water Act, 1977 and Water Rules further provided that proceeds of water cess so collected by the Board were to be credited to GOI through Pay and Accounts Office before 10th day of the calendar month succeeding the month in which it was collected from the consumer. Thereafter by retaining 25 *per cent* amount, the remaining 75 *per cent* was to be reimbursed to the Board. Test-check revealed that year-wise list of assessees was not being maintained. However, 228 assessees (industrial: 180 and local bodies: 48) had been identified by the Board as of March 1999.

Following points were noticed:

(i) Water cess of Rs 41.84 lakh for the period from December 1987 to February 1999 was recoverable from 82 units. Besides, cess of Rs 9.70 lakh was outstanding against 27 local bodies for the period from January 1995 to March 1999 and no demand had been raised against four local bodies reportedly due to non-receipt of water cess returns. No action to recover the outstanding amount alongwith interest thereon had been taken by the Board as of May 2000.

(ii) (a) Water cess of Rs 20.44 lakh collected by the Board during 1994-97 had not been remitted to GOI in contravention of statutory provisions.

Water cess of Rs 2.10 crore not recovered.

(b) Water cess of Rs 1.80 crore was assessed for the period from April 1993 to October 1993 as recoverable from HPSEB against which cess of Rs 22 lakh only was recovered between January 1994 and January 1999. The balance cess of Rs 1.58 crore had not been recovered as of May 2000. Besides, the amount of Rs 22 lakh had not been remitted to GOI, as required.

(iii) Water cess returns, required to be furnished by the consumers to the assessing authority before the 5th of every calendar month, were not being furnished regularly. Delay ranging between two months to 12 years in 101 units was noticed against which no action for imposing penalties had been taken by the Board as of April 2000.

The Board stated (May 2000) that correct position would emerge only when the ledger entries of all claims are completed after verification on case to case basis from individual records as the ledgering was incomplete due to shortage of manpower and non-finalisation of accounts. The reply was indicative of inadequate financial control.

6.1.13 Levy and recovery of consent fee

According to Himachal Pradesh Water (Pollution and Control) Consent Rules, 1979, the industries, local bodies and hospitals while applying for grant of consent to discharge sewage or effluent into streams, wells and sewer on land, etc., are required to pay consent fee at the rates prescribed by the State Government from time to time. The fee was also payable at prescribed rates at the time of yearly renewal of consent.

Following points were noticed:

(i) Consent/renewal fee of Rs 14.60 lakh was not realised in the case of 350 units for 1987-99. It was also noticed that details of consent/renewal fee realised from 950 units were not found entered in the unit-wise ledgers maintained by the Board for the purpose. In the absence of these details the correctness of consent/renewal fee realised could not be verified in audit.

Member Secretary stated (May 2000) that in most of the cases though consent fee had been realised but requisite entries could not be made in the ledger for want of manpower. The reply was indicative of departmental failure to maintain authenticated records of recovery of consent fee.

(ii) Of the 58 municipal committees/notified area committees, consent had been granted to only one municipal committee. Member Secretary stated (June 2000) that matter in respect of remaining committees was being taken up with the Local Self Government Department. Also, there were 122 Government hospitals and public health centres but in none of the cases, the consent was applied/granted. This resulted in non-compliance of the provision of the Acts and Rules as also loss of Rs 5.25 lakh on account of consent fee and annual renewal fee during 1994-99, as worked out on the basis of the minimum rate of consent fee.

6.1.14 Launching of prosecutions

The Board initiates legal action against defaulting industries/local bodies, etc., responsible for water pollution and for recovery of dues. It was reported (July 2000) by the Member Secretary that 42 cases were pending in different courts, at the close of 1998-99. Year-wise details of pending cases were as under:

Year	Supreme Court	High Court	Lower Courts
1994-95	2	6	1
1995-96	3	5	1
1996-97	-	4	3
1997-98	-	9	4
1998-99	-	3	1
Total	**5**	**27**	**10**

It was noticed that Hydel Projects (Power Generating) were covered under Water Cess Act vide notification issued by GOI on 16 April 1993 in exercise of the power conferred by sub-section -I of section 16 of the Water (Prevention and Control of Pollution) Cess Act, 1977. Accordingly, water cess for the period from April 1993 to October 1993 was assessed to the extent of Rs 160.26 crore recoverable from various Boards/Corporations. Though the HPSEB started (January 1994) paying cess, the Board served (February 1995) notices on the remaining Boards/Corporations for recovery of cess from them.

Aggrieved at the decision for levy of water cess, the respective parties approached the court during 1997-99 through 10 writ petitions involving cess amount of Rs 138.02 crore. The High Court had, however, quashed the notification dated 16 April 1993 vide judgement dated 11 October 1999 and held that the second requirement (sub-section 2) of moving of resolution and seeking approval of the Pari ament to the notification within the prescribed period had not been complied with and thus the impugned notification dated 16 April 1993 stood lapsed and was rendered inoperative on the expiry of 15 days beginning with the day on which notification was laid before the

Parliament. However, the Advocate General proposed (January 2000) that for resolving the issue finally GOI should prefer an SLP before the Supreme Court. Further developments in the case were awaited (May 2000).

6.1.15 Dissemination of information

As per statutory provisions, the Board was required to collect and disseminate information relating to water pollution in order to educate the public about environmental risks.

Effective implementation of the legislation required public awareness of the nature of problem and their partnership and access to information would supplement the regulatory system. Test-check revealed that follow up in these directions was lacking and camps/meetings were held to raise public awareness on environmental activities only on selective occasions.

Member Secretary stated (March 2000) that the programme of mass awareness and dissemination of environment quality data had severely suffered for want of requisite manpower, which could not be provided in the absence of financial support from the State Government. Reply was not tenable as effective strategy should have been worked out for dissemination of information. On further enquiry by audit, the Financial Commissioner-cum-Secretary stated (July 2000) that no such proposal had been received from the Board in this regard.

6.1.16 Monitoring and evaluation

(i) According to section 8 of the Water Act, the Board was to meet at least once in three months. Test-check revealed that no meetings were held during 1995-96 and as against the requirement of minimum four meetings in a year only one to two meetings were held annually during 1994-95 to 1998-99. Effective monitoring through meetings was thus not done.

(ii) No internal or external agency was set up to review the water quality management and related matters. Thus the efficiency and effectiveness of the impact of implementation of programme and activities of the Board could not be evaluated in the absence of any performance review since inception. Government stated (May 2000) that no such review had been conducted by the State Government or any other agency/body in the Board.

(iii) Under the statutory provisions, State Government could issue directions to the Board with a view to monitor its activities/functions to ensure prevention and control on water pollution.

Test-check revealed that no specific directives had been issued by the Government to monitor the functions of the Board in the implementation of policies and programmes since inception.

(iv) No cell or committee had been constituted by the Board to advise the State Government on matters concerning prevention, control or abatement of water pollution.

6.1.17 Conclusion

A detailed survey to identify the industries in the State and to classify the waters of the State for formation of strategy for upgradation of water quality had not been undertaken. Municipal solid waste accumulated in various *nallahs*, rivers and hill slopes thereby polluting surface water and no preventive action had been taken.

There was lack of effective co-ordination among various Government departments, identified agencies and the Board as a result of which legislative mandate for prevention, control or abatement of system, pollution largely remained unachieved overflowing of septic tanks and dumping of bio-medical waste in vicinity of health institutions led to pollution of water and no concrete steps were taken in this regard.

These points were referred to the Government in June 2000; reply had not been received (July 2000).

CHAPTER-VI

SECTION - B

FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

AUDIT PARAGRAPHS

SECTION - B - PARAGRAPHS

6.2 General

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

During 1999-2000, financial assistance of Rs 167.43 crore was paid[1] to various autonomous bodies and others broadly grouped as under:

Serial number	Name of institutions	Amount of assistance paid (Rupees in crore)
1.	Universities and Educational Institutions	68.84
2.	Municipal Corporations and Municipalities	16.77
3.	*Zila Parishads* and *Panchayati Raj* Institutions	20.57
4.	Development Agencies	21.94
5.	Hospitals and other Charitable Institutions	0.11
6.	Other Institutions (including Statutory Bodies)	39.20
	Total:	**167.43**

(b) Delay in furnishing utilisation certificates

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

Out of 4,513 utilisation certificates (UCs) due in respect of grants and loans aggregating Rs 358.02 crore, paid during the period 1982-83 to 1998-99, only 1,260 UCs for Rs 132.39 crore had been furnished by 30 June 2000 and 3,253

1 Source: A&E office.

UCs for Rs 225.63 crore were in arrears. Department-wise break-up of outstanding UCs was as under:

Department	Number of certificates not furnished	Amount (Rupees in crore)
Rural Development	661	55.45
Education	726	78.42
Local Self Government/Urban Development	713	20.92
Administration of Justice	7	0.09
Animal Husbandry	7	1.09
Cooperation	281	3.28
Sports and Youth Services	124	5.09
Tourism	20	6.33
Industries	170	9.13
Forest Farming and Conservation	18	38.94
Language, Art and Culture	468	2.67
Health and Family Welfare	20	1.17
Agriculture	36	2.98
Other Administrative Services	2	0.07
Total:	**3,253**	**225.63**

The following table shows extent of delay in furnishing UCs:

	Number of certificates	Amount (Rupees in crore)
Upto three years	2,491	198.82
More than three years, but upto five years	433	23.28
More than five years, but upto ten years	231	3.18
More than ten years	98	0.35
Total:	**3,253**	**225.63**

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

(c) Delay in submission of accounts

To identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's (DPC) Act), the Government is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. On the basis of information available with Audit, 131 annual accounts of 61 bodies and authorities for 1999-2000 and earlier years had not been received as of July 2000 by the Accountant General as detailed in Appendix-XX.

Of the 61 bodies/authorities, grants of Rs 108.16 crore, loan of Rs 12.47 crore and subsidy of Rs 0.09 crore were released to 58 bodies and authorities during 1999-2000. Details of amounts released to the remaining three bodies and authorities were not furnished to audit by the concerned departments (July 2000).

(d) Audit arrangement

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

Of the 34 bodies/authorities, whose accounts were received upto July 2000, 21 bodies/authorities attracted audit under Section 14 of CAG's (DPC) Act, 1971. Of this, audit of 16 bodies/authorities was completed by July 2000.

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

Co-operation Department

6.3 Avoidable extra expenditure due to transportation of apples at higher rates

Award of transportation of apples to a transporter without inviting competitive tenders resulted in avoidable extra expenditure of Rs 11.13 lakh.

Financial Rules of the State Government provide that the system of open competitive tender should be adopted for awarding the work and the work should be awarded to the lowest tenderer unless there are recorded reasons to the contrary. The Himachal Pradesh State Cooperative Marketing and Consumer Federation (HIMFED) made (August 1998) an agreement without inviting tenders with the Transport Company 'A' (Transporter) of Shimla for transportation of apples procured under Market Intervention Scheme (MIS), 1998 at Rs 65 per quintal from any collection centre of Shimla and Outer Seraj area of Kullu districts to Parwanoo.

Test-check of records of the HIMFED revealed (December 1999) that the transporter 'A' did not have any fleet registered in its name and supplied the list of numbers of trucks being plied by a Cooperative Transport Society of Nangal. As the Transporter 'A' could arrange only 1,331 truck loads between August 1998 and November 1998, HIMFED had to make alternative arrangements to transport the apples to avoid their spoilage at the collection centres at the rates between Rs 30 per quintal (in Dhalli, Theog and Sandhu areas) and Rs 70 per quintal (in Tikkar, Nandpur and Dhamwari areas). It was noticed that of 1,331 truck loads transported by the transporter 'A', 1,192 truck loads involving 1,17,931 quintals of apples were plied from such areas where transportation charges were paid by the HIMFED between Rs 30 and Rs 65 per quintal to other transporters. The payment of transportation charges at the flat rate of Rs 65 per quintal to transporter 'A' without inviting tenders thus resulted in avoidable extra payment of Rs 11.13 lakh.

The Managing Director of the HIMFED intimated (January 2000) that the work to the transporter 'A' was awarded at the same rate and on the same terms and conditions at which the Himachal Pradesh Horticultural Produce Marketing and Processing Corporation (HPMC) finalised the rate with the same transporter. Further, the collection centres allotted to the HIMFED were located at remote and difficult areas in comparison to the centres allotted to the HPMC.

The plea was not tenable as the rates allowed to other transporters arranged by the district administration were far less than those finalised with the transporter 'A' without inviting competitive tenders.

The matter was referred to the Government in March 2000; reply had not been received (July 2000).

6.4 Wasteful expenditure on abandoned fruit and vegetable Project

Rs 92.17 lakh had been rendered wasteful due to failure to implement the Project as per approved plan.

A Project to facilitate marketing of fruits and vegetables (F&V) in six districts[1] of Himachal Pradesh, was sanctioned by the Government of India (GOI) in March 1992. The Project, which was to be implemented by the Himachal Pradesh State Cooperative Marketing and Consumer Federation Limited (HIMFED) was to be completed in three phases spread over a period of five years at an estimated cost of Rs 4.57 crore to be shared by GOI (60 *per cent*), State Government (20 *per cent*) and share capital by members of co-operatives (20 *per cent*) other than the State Government.

1 Chamba, Kinnaur, Mandi, Sirmour, Solan and Una.

In the first phase, two districts[2] were to be covered at a Project cost of Rs 1.16 crore. GOI sanctioned (March 1992) Rs 92.80 lakh to the State Government for the implementation of the first phase of the Project and the State Government released Rs 101.84 lakh to the HIMFED during 1992-93 (Rs 34.80 lakh) and 1993-94 (Rs 67.04 lakh). Subsequent releases were to be made by GOI according to the progress of expenditure of the Project. Financial and physical targets and achievements thereagainst after incurring an expenditure of Rs 92.17 lakh as of August 1997 were as under:

Name of component	Targets		Achievements		Remarks
	Physical (In numbers)	Financial (Rupees in lakh)	Physical (In numbers)	Financial (Rupees in lakh)	
Collection centres	38	22.80	16	16.05	(i) Seven centres constructed at a cost of Rs 6.95 lakh were not used as easy transportation facilities and various markets were available to the farmers in adjoining states. (ii) Nine centres shown as constructed for Rs 9.10 lakh were not physically constructed at site. In fact space was provided in the fertiliser godown-cum-chowkidar residences constructed under World Bank Scheme prior to the implementation of the Project and proportionate cost was charged to the Project by showing false execution of nine centres.
Grading and packing house	1	10.00	--	9.20	Instead of constructing a separate house in production areas, HIMFED earmarked a big room in the building constructed on the hill top (cost: Rs 24 lakh) for the office of Area Manager at Solan and charged Rs 9.20 lakh to the Project. The room was never used for grading and packing of fruits and vegetables.
Margin money	--	35.00	--	35.00	Margin money was utilised in stepping up overall business activities of HIMFED and no marketing of fruits and vegetables was done during 1996-2000 under F&V project.
Transport vehicles	5	11.85	Motor cycle: 1 Gypsy: 1 Trucks: 2	17.74	The vehicles were being utilised for such activities of the HIMFED which were not related to the F&V Project.

Further, Rs 14.18 lakh were spent on rigid plastic crates (Rs 11.94 lakh), training and extension (Rs 1.06 lakh) and contingencies (Rs 1.18 lakh).

No expenditure was incurred on the execution of Project after August 1997. As the Project could not be implemented according to approved plan, the State Government submitted (March 1997), the recast Project proposal to GOI, which was rejected (December 1997) because of unsatisfactory progress of the Project. The Managing Director of HIMFED has now requested (June 2000) the National Cooperative Development Corporation for the closure of the Project, approval for which was awaited.

2 Mandi and Solan.

Thus, failure to implement the Project as per approved plan had resulted in wasteful expenditure of Rs 92.17 lakh.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

6.5 Idle investment on four godowns

Four godowns constructed at a cost of Rs 18.45 lakh during March 1987 and March 1992 were not put to use.

To provide safe storage of fertiliser, Himachal Pradesh State Cooperative Marketing and Consumers Federation (HIMFED) constructed four godowns in four districts[1] at a cost of Rs 18.45 lakh between March 1987 and March 1992 on the recommendations of State Level Co-ordination Committee on storage.

Test-check of records of HIMFED revealed (January 2000) that the godowns were constructed without considering feasibility report and viability for the selection of site. These could thus not be put to use ever since their construction because of their location at isolated places, not linked to approach roads (one case), meeting of the demand of the areas from nearby stores (two cases), and non-receipt of demand of fertiliser from the inhabitants (one case).

Failure to select suitable sites for the construction of godowns thus resulted in idle investment of Rs 18.45 lakh.

Managing Director (HIMFED) stated (July 2000) that godown at Jamta was not utilised as demand of the area was being met from a godown at Nahan. Shillaroo store had never been utilised for storing fertiliser as demand of the area was being met from Theog. HIMFED was proposing to utilise Kaza store for storing fertiliser and other items. Store at Kuthera had been linked to road and would be utilised for storage of fertilisers. The reply was not tenable as feasibility and viability aspects for the construction of godowns should have been considered before selection of sites.

The matter was referred to the Government in February 2000; reply had not been received (July 2000).

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1 Jamta (Sirmour: Rs 4.30 lakh); Kaza (Lahaul and Spiti: Rs 4.84 lakh); Kuthera (Bilaspur: Rs 4.76 lakh) and Shillaroo (Shimla: Rs 4.55 lakh).

Education Department

6.6 District Primary Education Programme

To revitalise the primary education system and to achieve the objective of universalisation of primary education by adopting an area specific approach with district as the unit of planning, Government of India (GOI) launched the District Primary Education Programme (DPEP) in 1994. The programme was introduced in the State in 1996-97 under phase-II in four[1] educationally backward districts. At the State level, the Himachal Pradesh Primary Education Society (HPPES), an autonomous body with Commissioner-cum-Secretary Education as its Chairman was responsible for laying down the parameters and implementation of the programme. The State Project Director (SPD) was to execute the programme in the State through the Deputy Project Officers (DPOs). Test-check of the records of DPOs, Chamba and Sirmour and records of SPD relating to implementation of DPEP for the period 1996-2000 revealed (January-April 2000) the following points:

(i) As per guidelines, 85 *per cent* of the project cost was to be met by GOI and the remaining 15 *per cent* by the State Government.

State Government did not release its share of Rs 1.85 crore during 1995-2000.

However, from details given in the table below it would be seen that State Government released its share short by Rs 1.85 crore during 1995-2000. Further, heavy unspent balances ranging from Rs 0.45 crore to Rs 13.75 crore were lying in savings bank accounts during 1996-2000. As of March 2000, the unspent balance was Rs 4.96 crore.

Year	Funds released by GOI	Funds released by State Government	Total	Actual expenditure	Balance unutilised
	(Rupees in crore)				
1995-96	0.50	--	0.50	0.05	0.45
1996-97	7.29	--	7.29	1.56	6.18
1997-98	18.74	3.75	22.49	14.92	13.75
1998-99	9.76	0.85	10.61	17.36	7.00
1999-2000	15.00	2.60	17.60	19.64	4.96
Total:	**51.29**	**7.20**	**58.49**	**53.53**	**4.96**

1 Chamba, Kullu, Lahaul and Spiti and Sirmour.

(ii) Unauthorised expenditure on management cost

Expenditure of Rs 1.30 crore in excess of the prescribed six *per cent* norm was incurred on management during 1996-2000.

As per guidelines, management cost/administrative overheads of the programme including staff, accommodation, equipment, vehicles, other office expenses and maintenance and operation costs would be bare minimum to be limited to six *per cent* of project cost.

It was noticed that the management cost was not limited to six *per cent* of project cost and exceeded the norm by Rs 1.30 crore during 1996-2000. Reasons for excess expenditure on management cost called for (May 2000) from the SPD had not been intimated.

(iii) Shortfall in achievement of targets in construction of school buildings

As per guidelines, civil works like construction of new primary schools, new class rooms, major repairs and rehabilitation of schools, etc., were to be taken up under DPEP.

The position of construction of new school buildings during 1996-2000 was as under:

Deputy Project Officers Chamba and Sirmour constructed only 114 (29 *per cent*) school buildings against the target of 391 during 1996-2000.

Item	Chamba	Sirmour
Total number of schools to be constructed upto March 2000	191	200
Constructed upto March 2000	38	76
Incomplete works	153	124

Of the 391 new school buildings targeted to be constructed in Chamba and Sirmour districts by March 1999, 114 were completed upto March 2000 resulting in a shortfall in construction of 277 (71 *per cent*) school buildings. DPOs stated (February-March 2000) that the school buildings could not be constructed due to site development difficulties and administrative problems. The reply was not tenable as the site development and administrative problems, etc., should have been sorted out by the DPOs before sanctioning of funds for these buildings.

(iv) Inadmissible payment of salaries out of programme funds

Inadmissible payment of salaries of Rs 2.30 crore was made out of programme funds.

(a) As per guidelines, the salary of the teachers in new schools was to be financed by DPEP on a declining basis beginning with 90 *per cent* in first two years, declining to 80 *per cent* for the 3rd to 5th years and 65 *per cent* in the 6th and 7th year of project. It was noticed that 100 *per cent* salaries of teachers, calculated on the basis of sanctioned strength of teachers instead of posts actually filled in, were debited to the DPEP funds by DPOs, Chamba and Sirmour which resulted in inadmissible payment of Rs 1.44 crore out of the programme funds.

DPOs stated that they were not aware of the number of posts of teachers actually filled in DPEP schools and salaries paid to them from time to time and that salaries were debited to DPEP funds on the basis of sanctioned strength of teachers under DPEP. The reply was not tenable as the information regarding actual filled up posts of teachers should have been obtained by DPOs and the expenditure debited to DPEP funds as per norms prescribed.

Thus, due to non-adherence to guidelines inadmissible expenditure of Rs 1.44 crore was debited in excess of the norms by DPOs, Chamba and Sirmour to DPEP funds.

(b) Test-check revealed that DPO, Kullu paid salaries of Rs 42 lakh to 250 water carriers during 1997-99 alongwith the salaries of teachers. Similarly, DPO, Sirmour paid salaries of Rs 44 lakh to 300 *Kahars** during 1997-99. Debiting of salaries of Rs 86 lakh of water carriers and *Kahars* to the DPEP funds was not covered under the guidelines. DPO, Sirmour stated (February 2000) that the payment was made on receipt of orders from the Mission Director. Reasons for bypassing the guidelines called for (May 2000) from the Mission Director had not been intimated.

(v) Irregular release of IG and TLM grants

Guidelines provided for an improvement grant (IG) at the rate of Rs 2,000 per school per annum and Teacher Learning Material (TLM) grant at the rate of Rs 500 per teacher to improve the school facilities. Grants to the schools not covered under DPEP were prohibited. Test-check revealed the following:

Grants of Rs 1.99 crore were given to schools not covered under DPEP.

(a) During 1996-2000, grants of Rs 198.91 lakh (IG: Rs 107.26 lakh and TLM: Rs 91.65 lakh) were given to the schools not covered under DPEP by the DPOs, Chamba and Sirmour. This resulted in an extra financial burden on the programme. Reasons for disbursement of grants in non-DPEP schools called for (February-March 2000) from the DPOs had not been intimated.

(b) During 1997-98, grants of Rs 61.78 lakh (IG: Rs 35.46 lakh and TLM: Rs 26.32 lakh) were disbursed by the DPO, Chamba through the blocks amongst the schools. This included the grants for the year 1996-97 for Rs 28.52 lakh (IG: Rs 15.74 lakh and TLM: Rs 12.78 lakh) alongwith the grants of Rs 33.26 lakh for the year 1997-98. DPO stated (March 2000) that

* *Kahars*: Water carriers.

the grants for 1996-97 were received at the fag end of the year and these disbursements were not objected to by SPD. The contention of the department does not hold good as payment of grant twice for the same purpose in one year had resulted in an irregular/excess disbursement of grants of Rs 28.52 lakh.

(vi) One of the objectives of the programme was to raise average achievement levels by at least 25 *per cent* over measured baseline levels by ensuring achievement of basic literacy and numeracy competencies and minimum 40 *per cent* achievement levels in other competencies by all primary school children. However, no separate information with regard to gender-wise and social group-wise learning achievement was available with the DPOs. Thus, it could not be ascertained as to what extent this objective had been achieved.

Free learning material to 2,800 girls was not distributed.

(vii) As per guidelines, free learning material was to be distributed among girls in project districts. Test-check revealed that in Sirmour district out of 18,086 girls, 2,800 girls were not supplied books during 1997-98. The DPO stated that one of the BRC did not lift the books from the text books sales depot. Reply was not tenable as guidelines of the programme provided distribution of free learning material among girls in the project district. Thus, failure of the DPO in monitoring the distribution of books deprived 2,800 girls of free learning material.

(viii) Appointments

As per guidelines, DPEP planning was to include a marked gender focus to provide improvement in teacher training/recruitment.

The position of appointment of teachers planned, posts filled up and posts lying vacant as on 31 March 2000 in two districts test-checked was as detailed below:

Serial number	Name of the post	Chamba			Sirmour		
		Planned	Filled	Vacant	Planned	Filled	Vacant
1.	Primary School Teachers	470	470	--	600	600	--
2.	Cluster Teachers	133	109	24	126	72	54
3.	DIET Training Staff	4	4	--	4	4	--
4.	ECCEC Instructors	416	--	416	25	--	25
	Total:	**1023**	**583**	**440**	**755**	**676**	**79**

Following points were noticed:

(a) Test-check revealed that no norms were fixed for the appointment of female teachers in the DPEP schools. The appointment of female primary school teachers, cluster teachers, etc., ranged between 2 and 42 *per cent*. Thus the gender focus to provide improvement in teacher training and recruitment as stipulated in the guidelines had not been maintained by the SPD.

(b) In Chamba district, out of 1,023 posts of teachers planned, 440 posts remained vacant whereas in Sirmour district out of 755 posts of teachers planned, 79 posts were vacant. Reasons for not filling up the vacant posts and its impact on implementation of the scheme called for (April 2000) from the SPD had not been intimated.

(c) Minimum qualification for appointment of a teacher was matriculation with Junior Basic Training. It was noticed that in Chamba district 14 (Matriculate: 12 and Middle: 2) teachers were appointed who did not possess the minimum prescribed qualifications. No reasons for appointment of teachers not having requisite qualifications called for (March 2000) were advanced by the DPO.

(ix) Unauthorised payment

Guidelines provide that after the World Bank and the borrower have agreed on the key objective and the general scope of the assignment, terms of reference (TOR) and cost estimates for the research work were to be prepared by the borrower and got approved by the World Bank. Thereafter, a consultant was to be identified and asked to submit a proposal for evaluation by the Research Advisory Committee (RAC). Finally, the name of the consultant and draft contract was to be sent to the Bank for approval.

Test-check revealed that without adopting the prescribed procedure, SPD approached (March 1999) a Professor for conducting Mid Term Assessment Survey. He submitted (June 1999) his proposal valuing Rs 15.21 lakh subsequently reduced by him to Rs 13.90 lakh. Instead of preparing the cost estimates, the value of the project was finally decided (July 1999) by the SPD for Rs 13.90 lakh on the basis of the proposal submitted by the consultant and payment was made accordingly. In this case neither the TOR/cost estimates were prepared nor the proposal of the consultant was got evaluated by the RAC. The name of the consultant and contract was also not got approved from the World Bank. Further no contract was entered into with the consultant and he was assigned the job by issuing (August 1999) a simple letter. This resulted in an unauthorised payment of Rs 13.90 lakh to the consultant besides deviating from the prescribed procedure. Reasons for deviating from the prescribed procedure called for (June 2000) from the SPD had not been intimated.

(x) Undue aid to the consultants

As per provisions of TOR and contract entered into with consultants, their research works were to be submitted by them within time bound period and in case of any default in carrying out the work they were liable to refund the grant received by them.

Test-check revealed that different research works were assigned to nine consultants. The research works were to be completed by the consultants between November 1998 and May 1999. Of these, only three had submitted their works after a delay ranging between four and 12 months. Remaining six consultants did not submit any research work as of May 2000 even though it had become overdue by more than 12 months. The department was not aware of the reasons involving delay in research work.

Thus, the payment of Rs 3.92 lakh made to six consultants was violative of the TOR and required to be got refunded. Reasons for undue aid to the consultants called for (June 2000) from the SPD had not been intimated.

(xi). Training

Training was one of the strategies for universalisation of elementary education and was also essential for toning up of teacher competence and learning competence through improved teaching.

Shortfall in imparting training to teachers by DPOs, Chamba and Sirmour was 59 *per cent* during 1996-2000.

Test-check of records of DPOs Chamba and Sirmour revealed that of 53,300 personnel targeted for training during 1996-2000, only 21,866 (41 *per cent*) were imparted training in these two districts.

The DPOs stated (March 2000) that it was due to pre-engagement of teachers in other activities and that the training would be carried out in next years. The reply was not tenable as the training of teachers should have been carried out as targeted.

Thus, DPOs failed to achieve the targets fixed for training of teachers.

These points were referred to the Government in May 2000; reply had not been received (July 2000).

Industries Department

6.7 Grants

The Industries Department sanctioned during 1995-2000 grants of Rs 22.95 crore to Himachal Pradesh Handicrafts and Handloom Corporation (HPHHC) (Rs 7.28 crore), Himachal Pradesh *Khadi* and Village Industries Board (HPKVIB) (Rs 6.76 crore) and individual beneficiaries under Sericulture, Industrial Development schemes and Centrally sponsored scheme (Rs 8.91 crore).

Test-check of records of the sanctioning authority revealed (April-May 2000) the following:

(i) Financial rules require that the departmental officer on whose signature or countersignature the bill was drawn should furnish an utilisation certificate (UC) in the prescribed form. Nine UCs for Rs 2.06 crore in respect of the grants sanctioned during 1997-99 awaited from the grantee institutions had not been furnished (March 2000). While confirming the facts the Joint Director of Industries stated (April-May 2000) that necessary steps to expedite the UCs were being taken. The reply was not tenable as UCs should have been furnished within one year after the date of payment.

(ii) Rules regulating the payment of grants-in-aid to the HPKVIB and HPHHC, provide that the amount remaining unutilised for the purpose for which it was sanctioned be refunded to the Government within three months from the expiry of utilisation period. Rs 42.20 lakh sanctioned during 1995-99 and lying unutilised as of April 2000 were not surrendered to the Government as required. The Joint Director stated that HPHHC and HPKVIB were being asked to intimate the reasons for unspent balance. The reply was not tenable as unspent amount was to be refunded within three months from the expiry of utilisation period.

(iii) Financial rules provide that once grants-in-aid is sanctioned, the grantee institution should prepare and submit the bill to the countersigning authority for signatures and the Treasury Officer for payment. In no case was the office of the sanctioning authority to do this work on behalf of the grantee. However, all the grants-in-aid bills were being prepared and the amount drawn from the treasury by the department itself and thereafter released to the grantee institution which was contrary to the prescribed procedure. The Joint Director stated that the practice had been in vogue for long. The contention of the Joint Director was contrary to the prescribed financial rules.

(iv) Standard form of UC stipulates to exercise and record checks for ensuring that the money had been utilised for the purpose for which it was sanctioned. The department was, however, issuing the UCs in a routine manner without exercising/recording the necessary checks. The Joint Director stated that the Secretaries (Industries and Finance) exercised necessary checks in the meetings of Board of Governors. The reply was not tenable as checks exercised were to be recorded on the UCs as required.

(v)(a) The register of grants were not maintained in the prescribed form and these did not contain complete information in regard to purpose of grants, conditions attached to the grant, date of receipt of the bill from the grantee, acceptance of the conditions, dated initial of the countersigning authority, date of submission of statement of accounts, date by which UC was to be submitted, reasons for delay in submission of UCs and unspent balances, etc. The Joint Director stated that the columns of grants-in-aid register left blank would be filled in after obtaining information from the concerned Board/Corporation. Evidently, prescribed procedure for the maintenance of registers was not followed.

(b) Assets registers of permanent and semi-permanent assets acquired out of Government grants were neither maintained nor copies thereof were ever furnished annually to the sanctioning authority for permanent record as required under financial rules. The department had also not devised any system to see as to what assets were created by the grantee institutions and whether the assets so created out of grants-in-aid were being utilised for the intended purpose. The Joint Director stated (May 2000) that the registers had been maintained by the grantee institutions and instructions were being issued to furnish copies thereof annually as required under rules. The reply was not tenable as permanent record of assets was required to be maintained by the sanctioning authority.

(vi) Financial rules provide that only so much of the grant should be paid during any financial year as is likely to be expended during that year.

In March 1996, grant of Rs 30 lakh was sanctioned to HPHHC for running seven weaving training centres. The grant required to be utilised within one year was utilised to the extent of Rs 19.86 lakh leaving unspent balance of Rs 10.14 lakh as of March 1997. No further grant was thus, to be sanctioned for the same purpose during 1997-98. It was noticed that further grant of Rs 35.10 lakh was sanctioned in March 1998 for running weaving training centres. The available grant with the HPHHC during 1997-98 was thus, Rs 45.24 lakh. Of this, the HPHHC could utilise Rs 27.50 lakh leaving unutilised grant of Rs 17.74 lakh as of March 1999 which was required to be surrendered to the Government as per rules. The HPHHC, instead of surrendering it, submitted a provisional UC for Rs 10.14 lakh leaving an unspent balance of Rs 7.60 lakh. Thus, the HPHHC had failed to ensure utilisation of sanctioned grants for the intended purpose within prescribed time.

The Under Secretary (Industries) admitted (May 2000) that duration of each scheme was for one year and stated that instructions to the HPHHC were being issued to ensure utilisation of sanctioned funds in a time bound manner.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

Youth Services and Sports Department

6.8 Grants

The Department of Youth Services and Sports (YSS) sanctioned during 1995-2000 grants of Rs 8.95 crore to State Youth Board (SYB) (Rs 2.33 crore), State Sports Council (SSC) (Rs 4.19 crore) and for National Service Scheme (NSS) being implemented through the Director of Education, Himachal Pradesh University and Dr. Y.S. Parmar University of Horticulture and Forestry (Rs 2.43 crore).

Test-check (April-May 2000) of records of sanctioning authority revealed the following:

(i) The registers of grants were not maintained in the prescribed form and these did not contain complete information in regard to the purpose of grant, conditions attached to the grant, date of receipt of the bill from the grantee, acceptance of the conditions, dated initials of the countersigning authority, date of submission of statement of accounts, date by which utilisation certificate (UC) is to be submitted, reasons for delay in submission of UCs and unspent balances, etc. The Deputy Director, YSS stated (April 2000) that left out columns of the registers would be maintained in future. Non-maintenance of grants-in-aid registers as per requirement resulted in non-observance of prescribed procedure.

(ii)(a) Grants-in-aid rules of the SYB provide for utilising the grant for the purpose it was sanctioned. During 1998-99, the SYB purchased an Ambassador car for Rs 3.30 lakh out of the grant sanctioned for carrying out the regular all round youth activities without obtaining sanction of the Government. The Deputy Director (YSS) stated (April 2000) that the car was purchased with prior approval of the President, SYB who had the power to relax the requirement of any of the provisions. The reply was not tenable as the President had the power to authorise expenditure upto a maximum limit of Rs 0.50 lakh in emergent cases subject to the condition of placing all such cases before the SYB for its information.

(b) Of Rs 12.69 lakh sanctioned during 1995-96 in favour of SSC for its regular activities, Rs 2.45 lakh were paid (February 1996) by the Council to the President, Winter Games Federation of India to meet expenses of air fare of nine skiers for participation in winter sports in Japan and Iran. This payment was not covered under regular activities of the Council. The Federation spent Rs 0.55 lakh on the air fare of two skiers and had not refunded balance Rs 1.90 lakh. Deputy Director (YSS) stated (April 2000) that the matter would be decided on receipt of reply from the President, Winter Games Federation of India. Diversion of Rs 2.45 lakh to other than the regular activities of the SSC was thus irregular.

(iii) Financial rules provide that unutilised amount of grants should either be surrendered to Government or got adjusted towards the grants-in-aid payable during the next year. It was noticed that during 1995-2000 unspent grants of Rs 12.75 lakh received back by SSC and SYB from various Sports Associations and District Youth Services and Sports Officers were neither surrendered to Government nor got adjusted towards the grants-in-aid payable during next years.

Similarly, of Rs 58.72 lakh received during 1996-98 for construction activities, Rs 9.60 lakh were lying unutilised and had not been surrendered to the Government as of April 2000. Deputy Director (YSS) stated (May 2000) that the amount would be utilised for the purposes for which sanctions were granted. The reply was not tenable as the amount was to be refunded as provided in the rules.

(iv) The Government of India (GOI) sanctioned (September 1995) Central financial assistance of Rs 30 lakh against the estimated cost of Rs 50.28 lakh for the construction of swimming pool in Mandi district. The assistance was to be claimed and utilised by the Government of Himachal Pradesh latest by January 2000 and no further extension in time was to be allowed. Of this, Rs 15 lakh sanctioned (January 1998) by GOI were released (March 1998) by the State Government to the department. The balance of Rs 15 lakh was to be released after issuance of UC and progress report/completion certificate to GOI. However, no UC had been submitted as of April 2000. This had resulted in depriving the State Government of balance grant of Rs 15 lakh from GOI.

The Deputy Director stated (April 2000) that UC would be submitted on its receipt from the Himachal Pradesh Public Works Department who was executing agency. The reply was not tenable as the whole grant was required to be claimed and utilised latest by January 2000.

(v) Financial rules require that the departmental officer on whose signature or countersignature the bill was drawn should furnish UCs in the prescribed form. It was noticed that instead of issuing the UCs in the prescribed form, the department was issuing them in a routine manner without recording on them the checks exercised. Deputy Director (YSS) stated (April 2000) that the UCs furnished were almost similar to those prescribed by the Finance Department. The plea was not tenable as the UCs were not furnished in the prescribed form after recording the checks exercised.

(vi) Assets register of permanent and semi-permanent assets acquired out of Government grants were neither maintained nor copies thereof were ever furnished annually to the sanctioning authority for permanent record as required under financial rules. The department had also not devised any system to see as to what assets were created by the grantee institution and whether the assets so created out of grants-in-aid were being utilised for the same purpose. Deputy Director (YSS) stated (April 2000) that assets register would be maintained in future.

(vii) Financial rules require the sanctioning authority to obtain an audited statement of the account of the body or institution in order to see that the grants-in-aid is justified by the financial position of the grantee and to ensure that the previous grant was spent for the intended purpose. During 1995-2000, Rs 1.25 crore (except 1997-98 to which figures not available) were released to the Education Department under NSS without obtaining the statement of accounts, which were stated to be not finalised due to paucity of staff.

(viii) Financial rules require that the departmental officer on whose signature or countersignature the bill was drawn should furnish UCs in the prescribed form. 16 UCs for Rs 1.19 crore in respect of the grants sanctioned during 1995-99 awaited from the grantee institutions between February 1997 and March 2000 were not furnished. No reasons for delay in their submission were intimated by the department.

The matter was referred to the Government in May 2000; reply had not been received (July 2000).

Revathi Bedi

Shimla
The 18 JAN 2001

(REVATHI BEDI)
Accountant General (Audit)
Himachal Pradesh

Countersigned

V. K. Shunglu

New Delhi
The 25 JAN 2001

(V.K.SHUNGLU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

(Refer paragraph 1.1; page 1)

A. Government Accounts

I. Structure

The accounts of the State Government are kept in three parts (i) Consolidated Fund, (ii) Contingency Fund and (iii) Public Account.

Part-I Consolidated Fund

All receipts of the State Government from revenues, loans and recoveries of loans go into the Consolidated Fund of the State, constituted under Article 266(1) of the Constitution of India. All expenditure of the Government is incurred from this Fund and no amount can be withdrawn from the Fund without authorisation from the State Legislature. It consists of two main divisions, namely, Revenue Account (Revenue Receipts and Revenue Expenditure) and Capital Account (Capital Receipts, Capital Expenditure, Public Debt and Loans, etc.).

Part-IIContingency Fund

The Contingency Fund created under Article 267(2) of the Constitution of India is in the nature of an imprest placed at the disposal of the Governor of the State to meet urgent unforeseen expenditure pending authorisation from the State Legislature. Approval of the State Legislature is subsequently obtained for such expenditure and for transfer of an equivalent amount from the Consolidated Fund to the Contingency Fund. The corpus of this Fund authorised by the Legislature during the year was Rs five crore.

Part-III Public Account

Receipts and disbursements in respect of Small Savings, Provident Funds, Deposits, Reserve Funds, Suspense, Remittances, etc, which do not form part of the Consolidated Fund, are accounted for in Public Account and are not subject to vote by the State Legislature.

II. Form of Annual Accounts

The accounts of the State Government are prepared in two volumes viz., the Finance Accounts and the Appropriation Accounts. The Finance Accounts present the details of all transactions pertaining to both receipts and expenditure under appropriate classifications in the Government accounts. The Appropriation Accounts on the other hand, present the details of expenditure incurred by the State Government *vis-a-vis* the amounts authorised by the State Legislature in the budget grants. Any expenditure in excess of the grants requires regularisation by the Legislature.

APPENDIX-II

(Refer paragraph 2.3.4 (a); Page 39)

Statement showing cases of unnecessary supplementary grants

Serial number	Grant	Original grant	Supplementary grant	Expenditure	Saving
	Revenue – voted	(Rupees in crore)			
1.	3-Administration of Justice	21.04	0.83	20.11	1.76
2.	19-Social Security and Welfare (including Nutrition)	84.82	0.40	75.10	10.12
3.	26-Tourism and Hospitality Organisation	5.84	0.25	5.26	0.83
	Total	**111.70**	**1.48**	**100.47**	**12.71**

APPENDIX-III

(Refer paragraph 2.3.4 (b); Page 39)

Statement showing cases where supplementary provisions was made in excess of actual requirement

Serial number	Grant	Original provision	Expenditure	Additional requirement	Supplementary provision	Saving
		(Rupees in crore)				
	Revenue – voted					
1.	1-Vidhan Sabha and Election	6.98	11.02	4.04	4.84	0.80
2.	2-Governor and Council of Ministers	3.80	4.94	1.14	1.58	0.44
3.	5-Land Revenue	77.55	78.46	0.91	1.99	1.08
4.	13-Soil and Water Conservation	21.19	21.98	0.79	2.93	2.14
5.	14-Animal Husbandry and Dairy Development	47.79	49.61	1.82	6.89	5.07
6.	18-Supplies, Industries and Minerals	39.54	67.22	27.68	30.18	2.50
	Total	**196.85**	**233.23**	**36.38**	**48.41**	**12.03**

APPENDIX-IV

(Refer paragraph 2.3.4 (c); Page 39)

Statement showing cases where supplementary provision was inadequate

Serial number	Grant/ Appropriation	Original provision	Supplementary provision	Expenditure	Excess over total provision
		(Rupees in crore)			
	Revenue - voted				
1.	8-Education, Sports, Arts and Culture	613.27	79.35	775.96	83.34
2.	9- Health and Family Welfare	215.84	7.61	228.50	5.05
3.	12-Irrigation and Flood Control	67.81	4.34	80.36	8.21
4.	28-Water Supply, Sanitation, Housing and Urban Development	185.73	39.44	252.34	27.17
5.	31-Tribal Development	152.21	10.38	176.44	13.85
	Total	**1234.86**	**141.12**	**1513.60**	**137.62**
	Capital – voted				
6.	4-General Administration	0.24	*	35.79	35.55
7.	17-Roads and Bridges	165.79	5.14	181.53	10.60
8.	28-Water Supply, Sanitation, Housing and Urban Development	97.19	34.94	138.00	5.87
	Total	**263.22**	**40.08**	**355.32**	**52.02**
	Grand Total	**1498.08**	**181.20**	**1868.92**	**189.64**

* Rs 1000 only.

APPENDIX-V

(Refer paragraph 2.3.5; Page 39)

Details of persistent savings/excesses

Serial number	Grants	1997-98	1998-99	1999-2000
		(Percentage of saving/excess)		
	I-Savings			
	A-Revenue-Voted			
1.	4-General Administration	17	18	42
2.	19-Social security and Welfare (including Nutrition)	6	7	12
3.	21-Co-operation	11	11	12
	B-Capital-voted			
4.	5-Land Revenue	28	44	36
	C-Revenue-Charged			
5.	3-Administration of Justice	5	10	8
	II-Excesses			
	D-Revenue-Voted			
6.	8-Education, Sports, Art and Culture	17	8	12
7.	10-Public Works	67	82	73
8.	12-Irrigation and Flood Control	13	11	11
9.	28-Water Supply, Sanitation, Housing and Urban Development	15	22	12
10.	31-Tribal Development	8	6	9
	E-Capital-Voted			
11.	17-Roads and Bridges	23	10	6
	Capital charged			
12.	29-Finance	1395*	969*	1723*

* Includes repayments on account of overdrafts and Ways and Means Advances.

APPENDIX-VI

(Refer paragraph 2.3.6 ; Page 39)

Details of significant savings alongwith main reasons

Serial number	Grant	Amount of saving (Percentage of savings) (Rupees in crore)	Main reasons
	Revenue – Voted		
1.	2.	3.	4.
1.	1-Vidhan Sabha and Election	0.80 (7)	Due to less expenditure on furnishing, non-filling up of vacant posts and less purchase of office material, less receipt of travelling allowance claims, etc.
2.	3-Administration of Justice	1.76 (8)	Due to non-filling up of vacant posts and less expenditure on petrol, oil, lubricants and repair of vehicles.
3.	4-General Administration	107.25 (42)	Due to non-filling up of vacant posts and non-engagement of professional persons, non-engagement of daily waged staff, less expenditure on repairs and maintenance of vehicles, non-purchase of spare parts of machinery, less expenses on oil, petrol and lubricants, less expenditure on freight charges, non-receipt of tele-printer bills.
4.	5-Land Revenue	1.08 (1)	Due to non-filling up of vacant posts, less expenditure on telephone bills, non-payment of additional dearness allowance.
5.	6-Excise and Taxation	0.71 (3)	Due to non-filling up of vacant posts and non-engagement of professional during the year, less expenditure on petrol, oil and lubricants and less receipt of medical claims from the staff.
6.	11-Agriculture	4.70 (4)	Due to vacant posts, less engagement of daily paid workers and less purchase of machinery, less conducting of seminars/training camps, less purchase of raw-material, etc.
7.	13-Soil and Water Conservation	2.14 (9)	Due to non-filling up of vacant posts, less touring by the staff and less purchase of material, organising of less seminars, less demand from beneficiaries for grant in aid and less repair of vehicles, less purchase of office articles and less touring by the staff, etc.

1.	2.	3.	4.
8.	14-Animal Husbandry and Dairy Development	5.07 (9)	Less engagement of daily waged staff, economy cut, less receipt of medical reimbursement bills and non-filling up of vacant posts, less receipt of rent, rate and taxes, etc.
9.	16-Forest and Wild Life	60.23 (25)	Due to non-filling up of vacant posts, no expenditure on preparation of maps, cut imposed by the Government, non-release of Dearness Allowance, less purchase of material and execution of less works, less expenditure of livery items, etc.
10.	18-Supply, Industries and Minerals	2.49 (4)	Due to vacant posts, economy measure and less receipt of medical claims, closing of industrial centre (Rural), less receipt of claims of subsidies from small scale industrial units, less purchase of livery articles, engagement of less casual workers, organisation of less exhibitions, etc.
11.	19-Social Security and Welfare (including Nutrition)	10.12 (12)	Due to non-filling up of vacant posts, engagement of less daily waged staff, holding of less number of meetings and less purchase of liveries, less receipt of proposal from voluntary organisations for Grant-in-aid, less claims of rent, rates and taxes.
12.	20-Rural Development	16.10 (19)	Due to non-filling up of vacant posts, less receipt of medical re-imbursement bills, economy cut and non-engagement of professional services, due to reduced payment of honorarium.
13.	21-Co-operation	1.44 (12)	Due to less receipt of subsidy cases from consumer co-operatives, non-filling up of vacant posts, less expenditure on travelling and less engagement of daily workers.
14.	22-Food and Ware housing	8.26 (48)	Due to vacant posts, less expenditure on travelling, repair, petrol, oil and lubricants, non-submission of up-to-date claims by Himachal Pradesh State Civil supplies Corporation, engagement of less daily paid workers, non-opening of Additional District Forum, etc.
15.	24-Stationery and Printing	0.50 (5)	Due to less purchase of stationery and office articles, non-receipt of Municipal Corporation Tax bills, less engagement of daily paid staff and non-filling up of vacant posts, etc.
16.	26-Tourism and Hospitality Organisation	0.82 (13)	Due to economy cut imposed by Government, engagement of less daily workers and purchase of less livery articles, less cases of subsidy.

1.	2.	3.	4.
17.	27-Labour and Employment	2.38 (19)	Due to vacant posts, less receipt of medical claims, less expenditure on livery articles, non-finalisation of grant-in-aid cases, less execution of works and less engagement of daily workers, less hiring of private buildings.
	Capital – Voted		
18.	8-Education, Sports, Art and Culture	1.97 (18)	Due to non-finalisation of codal formalities for execution of major works and reduction of plan ceiling.
19.	9-Health and Family Welfare	1.65 (7)	Reasons for savings have not been intimated (August 2000).
20.	10-Public Works	1.43 (8)	Reasons for savings have not been intimated (August 2000).
21.	11-Agriculture	1.43 (6)	Due to less investment and less purchase of machinery.
22.	12-Irrigation and Flood Control	4.58 (11)	Due to less execution of works than anticipated, economy cut, late sanction of schemes.
23.	19-Social Security and Welfare (including nutrition)	2.28 (75)	Due to withholding of sanction fir investment in Schedules Castes Development Corporation by the Government, execution of less works.
24.	21-Co-operation	2.24 (12)	Due to less investment in fisherman co-operatives, Public Sectors and other Undertakings.
25.	22-Food and ware-housing	16.87 (50)	Due to less demand and less procurement of wheat, non-submission of rent bills in time of few godowns and non-regularisation of daily wage godown *chowkidars* and execution of less works.
26.	23-Water and Power Development	177.94 (98)	Reasons for saving of Rs 124.25 crore had not been intimated. The remaining savings were because of withholding of sanction by the Government for investment in various power projects.
27.	30-Loan to Government Servants	2.29 (6)	Due to receipt of less cases of Motor car/scooter advance.
28.	31-Tribal Development	5.28 (7)	Due to less execution of minor works. Due to non-receipt of sanction from the Government of India for implementation of Centrally sponsored schemes, non-implementation of schemes, receipt of less cases of housing loans.
	Total:	**443.81**	

APPENDIX-VII

(Refer paragraph 2.3.7; Page 40)

Surrender of Funds

I. *Details of major variations where savings were more than Rs 1 crore and were not fully surrendered*

Serial number	Grant	Total Savings	Amount Surrendered	Amount not surrendered	Percentage
		(Rupees in crore)			
	Revenue-Voted				
1.	4-General Administration	107.25	38.79	68.46	64
2.	19-Social Security and Welfare (including Nutrition)	10.12	9.68	0.44	4
3.	20-Rural Development	16.10	15.74	0.36	2
	Total:	**133.47**	**64.21**	**69.26**	
	Capital-Voted				
4.	9-Health and Family Welfare	1.65	--	1.65	100
5.	10-Public Works	1.43	--	1.43	100
6.	11-Agricutlrue	1.43	0.73	0.70	49
7.	19-Social Security and Welfare (including Nutrition)	2.28	1.33	0.95	42
8.	23-Water and Power Development	177.94	53.69	124.25	70
9.	30-Loans to Government Servants	2.29	1.19	1.10	48
10.	31-Tribal Development	5.28	0.48	4.80	91
	Total:	**192.30**	**57.42**	**134.88**	
	Grand total	**325.77**	**121.63**	**204.14**	

II. Details showing surrender of funds more than available savings

Serial number	Grant	Amount of savings	Amount surrendered
		(Rupees in crore)	
	Revenue-Voted		
1.	3-Administration of Justice	1.76	1.82
2.	11-Agriculture	4.70	6.51
3.	13-Soil and Water Conservation	2.14	2.91
4.	18-Supplies, Industries and Minerals	2.49	2.72
5.	21-Co-operation	1.44	1.68
	Total:	**12.53**	**15.64**
	Capital-Voted		
6.	12-Irrigation and Flood Control	4.58	5.37
7.	21-Co-opertion	2.24	2.26
	Total	**6.82**	**7.63**

III. Details of surrender of funds in spite of overall excess expenditure

Serial number	Grant	Amount of excess expenditure	Amount surrendered
		(Rupees in crore)	
	Revenue Voted		
1.	9-Health and Family Welfare	5.06	0.25
2.	10-Public Works	93.51	0.12
3.	12-Irrigation and Flood Control	8.21	0.06
4.	28-Water Supply, Sanitation Housing and Urban Development	27.17	14.89
5.	31-Tribal Development	13.85	6.55
	Total	**147.80**	**21.87**

APPENDIX-VIII

(Refer paragraph 2.3.9; Page 41)

Major Variation in recoveries

Details of major variations in recoveries and actual adjusted in reduction of expenditure

Serial number	Grant	Budget estimates	Actual recoveries	Variation	
	Excess recoveries against budget estimates			Amount	Percentage
	Revenue	(Rupees in crore)			
1.	10-Public Works	94.45	187.03	(+) 92.58	98
2.	12-Irrigation and Flood Control	31.79	35.75	(+) 3.96	12
3.	28-Water Supply, Sanitation, Housing and Urban Development	43.00	79.05	(+) 36.05	84
4.	31-Tribal Development	12.22	25.88	(+) 13.66	112
	Less recoveries against budget estimates				
	Capital				
5.	22-Food and Warehousing	30.18	19.55	(-) 10.63	35

APPENDIX-IX

(Refer paragraph 2.3.10; Page 41)

Cases of injudicious re-appropriation

I. Cases of major re-appropriations which turned out injudicious on account of non-utilisation

Serial number	Grant	Major/ minor/ sub-head of account etc.	Amount of reappropriation to the sub-head	Amount of final saving under the sub-head after reappropriation
			(Rupees in lakh)	
1.	8-Education, Sports, Art and Culture	2204-800-02	9.08	9.09
2.	10-Public Works	4059-01-04 4059-01-05 4059-01-07	2.05 5.60 23.10	22.53 39.38 73.06
3.	11-Agriculture	2401-108-01 2401-109-02 2401-109-07 2401-800-09	0.19 0.34 0.07 0.12	5.39 1.13 5.25 8.89
4.	13-Soil and Water Conservation	2402-102-01	11.23	49.89
5.	17-Roads and Bridges	5054-80-001-01	6.38	7.25
6.	28-Water, Sanitation, Housing and Urban and Development	4216-01-106-01	3.00	117.59
		Total:	**61.16**	

II. Cases of major re-appropriations to other heads which led to final excesses under the following sub-heads

Serial number	Grant	Major/ minor/ sub-head of account etc.	Amount of reappropriation from the sub-head	Amount of final excess under the sub-head after reappropriation
			(Rupees in lakh)	
1.	4-General Administration	2052-091-01	1.61	4.41
2.	5-Land Revenue	3454-02-110-01 2029-102-01	4.45 36.06	4.89 76.75
3.	7-Police and Allied Organisation	2055-108-01	16.71	313.38
4.	8-Education, Sports, Art and Culture	2202-01-101-01	197.50	1834.07
5.	11-Agriculture	2401-105-02 2401-111-04 2401-113-04 2401-113-05 2401-119-26 2435-01-101-01	47.00 2.52 1.01 2.33 10.96 1.36	77.53 29.92 4.19 34.43 11.99 2.49
6.	13-Soil and Water Conservation	2402-102-15	0.15	1.99
7.	21-Co-operation	2425-003-01	1.96	2.02
8.	28-Water, Sanitation, Housing and Urban Development	2217-80-001-04	1.79	2.16
9.	29-Finance	2047-103-02	2.66	96.04
10.	31-Tribal Development	2029-796-03 2202-01-796-03 2210-04-796-04 2401-796-02 2406-01-796-06 2505-01-796-03 4215-01-796-01 5054-03--796-01	2.27 92.39 1.50 0.21 7.88 30.00 6.29 9.00	6.10 219.69 28.18 5.92 15.73 57.19 22.88 9.98
		Total:	**477.61**	

APPENDIX-X

(Refer paragraph 2.5; Page 42)

Statement showing unauthorised parking of public funds outside Government accounts

Serial number	Department/Office	Amount drawn (Rupees in lakh)	Purpose	Year of drawal	Unutilised amount (Rupees in lakh)	Reasons furnished by the departments
	Revenue Department					
1.	DC Lahaul and Spiti, Keylong	15.00	Computerisation of land records	1996-97	14.85	The amount could not be utilised due to non-posting of staff. The money was lying in bank.
		60.00	Repair/restoration of damaged works	1998-99	38.96	The amount could not be utilised due to limited working season. The money was kept in bank.
2.	DC Bilaspur	15.00	Computerisation of land records	1996-97	13.30	The amount could not be utilised due to non-receipt of detailed instructions from Director, Land Records, Shimla. The amount was kept in post office.
	Rural Development Department					
3.	BDO, Bharmour	9.55	For various developmental works	1997-98 1998-99	9.55	The amount could not be utilised due to limited working season and shortage of skilled labour. The amount was kept in bank.
4.	BDO, Pooh	16.85	For various developmental works	1995-96 1997-98 1998-99	16.85	Rs 3.65 lakh could not be utilised due to non-availability of land. No reasons for delay in utilisation of remaining amount were supplied. The money was kept in bank.
	Panchayati Raj Department					
5.	District Panchayat Officer, Mandi	10.00	Construction of *Zila Parishad* Building	1998-99	10.00	The amount could not be utilised due to non-finalisation of site. The money was lying in bank.
	Transport Department					
6.	Director, Transport, Shimla	4.93	Construction of Bus stand at Arki	1996-97	4.93	The amount could not be utilised due to non-selection of site. The amount was lying with Chief Engineer, State Housing Board, Shimla.
		13.00	Construction of Bus stand at Theog	1994-95	11.50	The amount could not be utilised due to non-vacation of site by the Animal Husbandry Department. The money was lying with Chief Engineer (Projects), HPSEB, Shimla.
	Irrigation and Public Health Department					
7.	Executive Engineer (XEN) Division No. I, Kullu	1420.00	Execution of sewerage schemes in Bhunter and Kullu towns	1998-99	1304.00	The XEN drew the entire amount on 31 March 1999 and deposited in post office savings account by debiting it to final head of account.
	Public Works Department					
8.	Land Acquisition Officer, Kangra	386.00	Land compensation	1997-99	384.04	Of Rs 386 lakh paid to the Land Acquisition Officer (LAO) Kangra, Rs 1.96 lakh only had been paid as compensation by LAO and the balance amount of Rs 384.04 lakh was lying unutilised in various banks as of November 1999.
	Total:	**1950.33**			**1807.98**	

APPENDIX-XI

(Refer Paragraph 3.1.9; Page 59)

Statement showing the details of court cases

Year	Name of districts	Number of samples taken	Number of samples found adulterated/ misbranded	Number of cases for which prosecution instituted	Number of cases decided by court	Number of cases of conviction (percentage)	Number of cases of acquittal (percentage)	Number of cases pending at the end of year	Extent of pendency		
									Less than one year	Between one to three years	More than three years
1995	Bilaspur	12	6	4	22	9 (41)	13 (59)	52	4	45	3
	Mandi	--	--	--	11	3 (27)	8 (73)	19	--	17	2
	Solan	229	37	28	16	3 (19)	13 (81)	106	28	76	2
	Total:	**241**	**43**	**32**	**49**	**15**	**34**	**177**	**32**	**138**	**7**
1996	Bilaspur	11	6	11	24	15 (63)	9 (37)	39	10	27	2
	Mandi	78	30	10	11	2 (18)	9 (82)	18	10	6	2
	Solan	149	28	28	18	6 (33)	12 (67)	116	28	64	24
	Total:	**238**	**64**	**49**	**53**	**23**	**30**	**173**	**48**	**97**	**28**
1997	Bilaspur	18	8	16	31	21 (68)	10 (32)	24	10	11	3
	Mandi	106	31	10	3	1 (33)	2 (67)	25	10	13	2
	Solan	79	7	6	26	9 (35)	17 (65)	96	5	63	28
	Total:	**203**	**46**	**32**	**60**	**31**	**29**	**145**	**25**	**87**	**33**
1998	Bilaspur	17	9	24	17	15 (88)	2 (12)	31	24	4	3
	Mandi	66	13	7	7	2 (29)	5 (71)	25	7	16	2
	Solan	56	6	5	19	2 (11)	17 (89)	79	5	44	30
	Total:	**139**	**28**	**36**	**43**	**19**	**24**	**135**	**36**	**64**	**35**
1999	Bilaspur	8	1	--	3	1 (34)	2 (66)	28	--	24	4
	Mandi	58	14	4	10	6 (60)	4 (40)	19	4	13	2
	Solan	47	10	4	22	3 (14)	19 (86)	67	4	57	6
	Total:	**113**	**25**	**8**	**35**	**10**	**25**	**114**	**8**	**94**	**12**

APPENDIX-XII

(Refer Paragraph 3.3.6.2; Page 97)

Statement indicating the date(s) of submission of Budget Estimates to Administrative Department and final statement of excess/surrender to Finance Department

Particulars	Due date of submission	Actual date of submission		
		1997-98	1998-99	1999-2000
Budget estimates to Administrative Department	10 October	In batches between 18 November 1996 and 20 February 1997	In batches between 12 November 1997 and 28 February 1998	In batches between 29 October 1998 and 9 February 1999
		(39 to 133 days)	(33 to 141 days)	(19 to 120 days)
Final statement of excesses and surrenders to Finance Department	15 January	31 March 1998	31 March 1999	24 April 2000
		(75 days)	(75 days)	(98 days)

APPENDIX-XIII

(Refer Paragraph 3.3.6.4; Page 98)

Details of unutilised Grant-in-aid at the end of financial year under various Central/State Plan Schemes of Rural Development implemented through DRDAs during 1996-2000.

Serial number	Name of the scheme/sub-scheme	Unutilised grants-in-aid at the end of each financial year			
		1996-97	1997-98	1998-99	1999-2000
		(Rupees in crore)			
1.	Rural Sanitation Programme (State)	2.22	3.03	2.55	1.82
2.	Rural Sanitation Programme (Central)	3.04	2.40	2.11	1.21
3.	Employment Assurance Scheme	13.72	17.50	13.14	7.87
4.(i)	*Indira Awas Yojna* (New construction of houses)	0.91	2.40	3.56	0.09
(ii)	*Indira Awas Yojna* (upgradation of *Kutcha* houses into semi *pucca* houses)	Nil	Nil	Nil	0.20
5.	*Gandhi Kuteer Yojna*	5.28	5.46	10.01	13.37
6.	Integrated Rural Development Programme/*Swaran Jayanti Gramin Swarojgar Yojna*	1.83	0.39	0.26	0.87
7.	Development of Women and Children in Rural Areas	0.50	0.58	0.42	0.42
8.	Million Wells Scheme	0.92	0.44	0.33	0.33
9.	TRYSEM	0.07	(-) 0.02	0.15	0.15
10.	*Jawahar Rojgar Yojna/Jawahar Gram Samridhi Yojna*	4.78	2.88	4.51	4.06
11.	National Programme on Improved *Chullahs*	0.21	0.31	0.35	0.35
12.	Supply of Improved tools kits to Rural Artisans	0.13	0.05	0.01	0.01
13.	National Social Assistance Programme	0.79	0.89	0.95	0.67
	Total:	**34.40**	**36.31**	**38.35**	**31.42**

APPENDIX-XIV

(Refer Paragraph 3.3.8; Page 100)

Statement showing shortfall in inspections

Serial number	Designation of Inspecting Officer	Percentage of shortfall in	
		Inspection	Test-check
1.	Executive Engineer	93 to 96	95 to 98
2.	Assistant Engineer	59 to 63	74 to 79
3.	Deputy Commissioner	77 to 92	Not applicable
4.	Sub-Divisional Officer (Civil)	70 to 85	Not applicable
5.	Project Officer	81 to 92	Not applicable

APPENDIX-XV

(Refer Paragraph 3.20; Page 144)

Statement showing double/excess payment of pensionary benefits

(i) Double drawal of Death-cum-Retirement gratuity

Serial number	Department/DDO	Nature of payment	Voucher and month of drawal	Amount authorised by the office of the DAG	Amount paid by the DDO	Excess payment	Amount recovered	Balance
				(In rupees)				
	Education							
1.	Block Primary Education Officer, Bhawarna (Kangra district)	Death-cum-Retirement gratuity (DCRG)	1385 &1388 of March 1998 and 1090&1091 of June 1998	77,682	1,55,364	77,682	77,682	--
2.	Block Primary Education Officer, Dada Siba (Kangra district)	DCRG	1607&1612 of December 1997 and 1451&1458 of June 1998	45,375	90,750	45,375	45,375	--
	Finance							
3.	Joint Secretary-cum-Director (Finance), Treasury and Accounts, Shimla	DCRG		56,925	1,13,850	56,925	56,925	--
	Public Works							
4.	Executive Engineer (PWD), Rohroo (Shimla district)	DCRG	329 of February 1998 and 280 of June 1998	7,489	14,978	7,489	--	7,489
		DCRG	181 of May 1998 and 252 of August 1998	13,356	26,712	13,356	--	13,356
		DCRG	647 of December 1998 and 662 of March 1999	69,037	1,38,074	69,037	--	69,037
5.	Executive Engineer, B&R Division, Ghumarwin	DCRG	170 & 290 of May 1999	94,611	1,89,222	94,611	94,611	--
	Secretariat Administration							
6.	Deputy Secretary (SA)	DCRG	55 of March 1999 & 816 of May 1999	29,884	59,768	29,884	29,884	--
					Total:	**3,94,359**	**3,04,477**	**89,882**

(ii) Double drawal of commutation of pension

	Agriculture							
1.	Deputy Director (Agriculture), Sirmour	Commutation	669 of March 1998 and 675 of February 1998	29,247	58,494	29,247	--	29,247
	Animal Husbandry							
2.	Director Animal Husbandry HP Shimla	Commutation	185 of August 1999 and 139 of November 1999	3,69,029	7,38,058	3,69,029	--	3,69,029
	Education							
3.	Block Primary Education Officer Shimla	Commutation	496 of July 1999 and 588 of August 1999	63,498	1,26,996	63,498	--	63,498
4.	District Education Officer, Shimla	Commutation	192 of June 1999 & 500 of July 1999	1,87,789	3,75,578	1,87,789	--	1,87,789
5.	Block Primary Education Officer, Hamirpur	Revised Commutation	23,24,16 and 21 of September 1998	2,385	4,770	2,385	2,385	--
	Food and Supplies							
6.	Controller, Food and Supplies Shimla	Commutation	230 of October 1998	54,110	1,08,220	54,110	--	54,110
					Total:	**7,06,058**	**2,385**	**7,03,673**

(iii) Excess payment of commutation of pension

	Education							
1.	Deputy District Education Officer, Jogindernagar	Commutation	1728 of June 1999	2,35,099	2,52,241	17,142	--	17,142
2.	Headmaster Government High School, Jamna District Sirmour	Commutation	719 of February 1999	99,945	1,04,910	4,965	4,965	--
3.	Block Primary Education Officer(BPEO), Nadaun	Commutation	9 of February 1999	1,92,297	1,99,988	7,691	--	7,691
4.	BPEO, Gagret-II, Una	Commutation	453 & 464 of April 1999	2,28,823	2,37,907	9,084	9,084	
5.	BPEO, Bilaspur	Commutation	98 of February 1999	52,970	1,59,965	1,06,995	1,06,995	--
	Indian System of Medicine and Homeopathy							
6	District Ayurveda Officer, Sirmour	Commutation	719 of February 1999	1,03,594	1,07,018	3,424	3,424	
	Home							
7	Commandant Home Guards 11th Battalion, Solan	Commutation	188 of February 1999	9,664	9,964	300	--	300
	Personnel							
8.	Controller (F&A) Personnel Department	Commutation	199 of December 1998	86,430	98,815	12,385	--	12,385
	Public Works							
9.	Executive Engineer (PWD) Division Jubbal, Shimla	Commutation	235 of February 1999	26,252	26,352	100	--	100
10.	Superintending Engineer 11th Circle, PWD, Rampur	Commutation	777 of February 1999	1,06,773	1,09,404	2,631	--	2,631
	Secretariat Administration							
11	Under Secretary (SA)	Commutation	199 of December 1998	2,53,049	2,58,896	5,847	--	5,847
	Technical Education							
12.	Principal, ITI, Shamshi, Kullu	Commutation	176 & 177 of October 1998	54,602	59,864	5,262	5,262	--
13.	Principal, ITI, Bilaspur	Commutation	172 of June 1999	1,95,561	2,09,820	14,259	14,259	--
					Total:	**1,90,085**	**1,43,989**	**46,096**

(iv) Excess payments (miscellaneous)

	Agriculture							
1.	Additional secretary, (Agriculture)	DCRG	73 of May 1999	1,79,669	1,79,699	30	--	30
	Education							
2.	BEO, Gagret-II, Una	Commutation	616 of July 1998	3,138	3,168	30	30	--
	Public Works							
3.	Executive Engineer (PWD), Division No. II Bilaspur	Gratuity	7 of April 1998	20,493	20,943	450	450	--
4.	Engineer-in-Chief, US Club, Shimla	Commutation	1464 of September 1998	58,869	63,200	4,331	4,331	--
	Secretariat Administration							
5	Joint Secretary (SA)	Commutation	148 of February 1998	29,121	29,129	8	8	--
	Transport							
6.	Director (Transport), Shimla	Commutation	498 of April 1998	26,252	28,270	2,018	2,018	--
					Total:	**6,867**	**6,837**	**30**
					Grand Total:	**12,97,369**	**4,57,688**	**8,39,681**

APPENDIX-XVI

(Refer Paragraph 3.21; Page 145)

Year-wise breakup of outstanding IRs/paragraphs upto June 2000

Serial number	Period	Health and Family Welfare		Horticulture	
		Inspection Reports	Paragraphs	Inspection Reports	Paragraphs
1.	Upto March 1993	271	1,170	61	66
2.	1993-94	54	227	17	48
3.	1994-95	25	169	19	25
4.	1995-96	29	57	19	101
5.	1996-97	23	87	12	13
6.	1997-98	5	23	16	85
7.	1998-99	16	102	9	27
8.	1999-2000	20	157	13	104
	Total	**443**	**1,992**	**166**	**469**

APPENDIX-XVII

(Refer Paragraph 4.1.6.1(b); Page 155)

Statement showing the details of incomplete/held up schemes

Serial number	Name of Division	Name of Scheme	Month/ Year in which A/A & E/S was accorded	Estimated cost (Rs in lakh)	Date of commencement	Stipulated period of completion	Culturable command area (In hectare)	Expenditure (Rs in lakh)	Remarks
1.	Jawali	Lift Irrigation Scheme, Spail	March 1997	43.30	December 1996	Four years	48.28	26.02	The expenditure was incurred mainly on supply of power, execution of civil works/rising main and procurement of pumping machinery. The construction of pump house was taken up during March 1999 and had to be suspended during June 1999 due to involvement of private land. DO stated (December 1999) that the land acquisition papers have been prepared and got approved from the DC. These were being sent to the Government for issuing notification under Section 4.
2.	Reckong Peo	Flow Irrigation Scheme, Bara Khamba	June 1981 January 1985 March 1993	30.64	April 1982	Two years	135.00	23.62	Out of total length of 6.600 km, *patra* cutting for the channel had partly been executed in a length of 4.510 km in 50 patches and channel cutting in a length of 120 running metre (R/D 3/60 km to 3/150 km) was done upto October 1997. The work in the remaining length of 2.090 km was lying in a suspended condition since November 1997 due to non-receipt of permission for utilisation of forest land for non-forest purposes.
3.	Arki	Lift Irrigation Scheme, Kuthar	March 1997	44.17	May 1997	Two years	30.00	9.42	The pump house was completed and rising main was also partly laid. Further work was stopped during June 1998 as the residents did not allow lifting of water from the Kuthar *nadi*. The case was pending with the Senior Sub Judge, Solan.
4.	Sundernagar	Flow Irrigation Scheme, Cholu Thach Dhim	February 1996 February 1996	4.97 phase-I 5.08 phase-II	January 1997	Not specified	26.94 14.03	7.52	After execution of part lining work, the work was stopped during October 1997 due to land dispute. Out of funds of Rs 21.78 lakh received from the DC during 1996-98 under backward area sub-plan, funds of Rs 7.52 lakh were utilised and the balance amount of Rs 14.26 lakh was lying unutilised under PW Deposits.
	Total:			**128.16**			**254.25**	**66.58**	

Note: **The scheme at Sr. No. 2 was originally sanctioned in June 1981 for Rs 3.84 lakh. Its revised estimate was sanctioned in January 1985 for Rs 5.03 lakh and re-revised in March 1993.**

APPENDIX-XVIII

(Refer Paragraph 4.1.6.4; Page159)
Statement showing defunct irrigation schemes

Serial number	Name of Division	Name of Scheme	Month/ Year in which A/A & E/S was accorded	Estimated cost (Rs in lakh)	Culturable command area (in hectare)	Date of commissioning	Expenditure incurred on construction (Rs in lakh)	Expenditure on repairs and maintenance (Rs in lakh)	Month/year since when lying defunct	Remarks
1.	Chopal	Flow Irrigation Scheme, Sheila Bhoot	March 1991	14.65	46.30	September 1991	17.23	0.02	1992	The source of the scheme was damaged in 1992 and the scheme became non-functional. The EE stated (June 1999) that the estimate for restoration of damages was under preparation and the scheme would be repaired as soon as the estimate was sanctioned. The concerned AE has been asked to investigate the feasibility of construction of a lift irrigation scheme.
2.	Paonta Sahib	(i) Flow Irrigation Scheme, Jorden Kiari	February 1993	4.45	23.76	October 1994	5.95	--	December 1995	No area was irrigated since commissioning of these schemes which were subsequently got damaged in December 1995 and August 1998 due to rains and slides. The EE stated (August 1999) that the irrigation could not be provided in the absence of any demand and the schemes had not been made functional as there was no demand of water.
		(ii) Flow Irrigation Scheme, Udyana	January 1993	4.63	20.18	December 1995	4.08	--	August 1998	
3.	Rampur	Flow Irrigation Scheme, Maghara Koshgarh	March 1990	4.91	94.00	September 1996	18.56	1.04	September 1996	The scheme became non-functional due to occurrence of rain damages at various R/Ds of the *Kuhl* which were yet to be restored. The EE stated (December 1999) that estimate for restoration of rain damages was under preparation and the *Kuhl* would be restored after sanction of the estimate and allotment of funds.
4.	Salooni	(i) Lift Irrigation Scheme, Kiani	July 1990 (Technically approved)	18.69	53.87	March 1992	15.76	1.07	July 1993	No record regarding utilisation of irrigation potential of these schemes upto June 1993 was available. Further with the construction of artificial lake of Chamera Project (Stage-1st) both the schemes became defunct during July 1993 as their pumping machinery was not capable of functioning due to fluctuation of water in the lake. The DO stated (August 1999) that before July 1993 the farmers did not avail the irrigation facility under these schemes. Further for obtaining funds for rehabilitation of these schemes the matter was under correspondence with Project authorities.
		(ii) Lift Irrigation Scheme, Rajnagar	March 1979	6.26	102.02	July 1985	14.23	1.48		
5.	Una-II	(i) Tubewell at Amlehar	February 1991 March 1994	22.01 (4 Tubewells) 12.03 (2 Tubewells)	30.00	November 1995	15.38	--	November 1995	The tubewell started sinking from January 1997. No irrigation was provided since its commissioning and the tubewell was lying in a defunct condition. A committee constituted by the SE (January 1998) to suggest remedial measures had not submitted the report. The matter had also been taken up (August 1998) with the Central Ground Water Board, Kangra but no remedial measures had been suggested.
		(ii) Tubewell at Amboa	February 1991 (Drilling) March 1994 (Civil works)	5.50 29.39 (for 3 Tubewells)	30.00	April 1997	11.94	--	April 1997	The tubewell did not function after commissioning as sand and muddy particles started coming into it and column assembly also started sinking. No area was irrigated since the date of commissioning. A committee was also constituted (January 1998) by the SE to suggest remedial measures but report thereof was still awaited. The matter had also been taken up (August 1998) with the Central Ground Water Board, Kangra but no remedial measures have been suggested so far (February 2000). Technical sanction for the work was not obtained.
			Total:	-	400.13		103.13	3.61		

Appendix-XIX

(Refer Paragraph 4.1.7.1; Page 161)

Statement showing non-utilisation of irrigation potential

Serial number	Name of Division	Name of Scheme	Month/ Year in which A/A & E/S was accorded	Estimated cost (Rs in lakh)	Date of commencement	Culturable command area (In hectare)	Date of commissioning	Expenditure incurred on construction (Rs in lakh)	Expenditure on repair and maintenance (Rs in lakh)	Remarks
1.	Chamba	(i) Sprinkler Irrigation Scheme for Village Lammu	December 1988	14.32	May 1989	37.95	March 1993	22.85	0.02	No irrigation has been provided since its commissioning. DO stated (August 1999) that there was no demand of water from the beneficiaries and hence no irrigation was provided.
		(ii) Flow Irrigation Scheme to Village Siur	October 1988	18.92	1988-89	65.18	1991-92	21.84	0.39	
		(iii) Sprinkler Irrigation Scheme, Chhannouta	February 1988 July 1989	-- 12.36 (revised)	March 1988	29.95	March 1992	19.35	1.10	
2.	Ghumarwin	Lift Irrigation Scheme, Bard Upperla Har	March 1980	3.29	1986-87	44.00	March 1998	24.06	4.01	It was noticed that the scheme was commissioned during March 1998 but no area was irrigated. Non-utilisation was attributed by the DO (July 1999) to (i) non-changing of cropping pattern by the farmers (ii) non-construction of *pacca* field channels and non-completion of distribution system.
3.	Hamirpur	Flow Irrigation Scheme, Bathu	January 1996	4.45	April 1995	18.40	March 1997	5.38	--	No irrigation had been provided since the scheme was commissioned. EE stated (February 2000) that irrigation could not be provided because the beneficiaries did not develop the land for irrigation.
4.	Padhar	Lift Irrigation Scheme, Balh Binjal Dhar	August 1990	3.26	November 1990	8.38	January 1995	10.00	1.50	The scheme was hardly utilised for providing irrigation as pumping machinery installed on it was operated for 132 hours between January 1995 and May 1997 for irrigation purpose against the required 13,872 operational hours which was quite negligible being less than one *per cent* of total operational hours. The operation of the scheme after May 1997 had been suspended by the division for want of adequate demand of water.
5.	Sarkaghat	Lift Irrigation Scheme, Hari Mohin Behna	January 1980	4.96	--	91.90	June 1995	25.96	1.26	DO stated (February 2000) that utilisation of irrigation potential could not be ensured as the farmers are not switching over to modern cropping pattern.
			Total:			**295.76**		**129.44**	**8.28**	

Note: Administrative approval for the scheme at Sr. No. 1 (iii) accorded in February 1988 for Rs 9.64 lakh was revised to Rs 12.36 lakh in July 1989.

APPENDIX-XX

(Refer Paragraph 6.2(c); Page 215)

Statement showing names of the bodies and authorities, the accounts of which had not been received

Serial number	Department and Body/Authority	Year for which accounts were awaited	Amount of grant during 1999-2000
1.	2.	3.	4.
			(Rupees in crore)
	Rural Development		
1.	District Rural Development Agency, Shimla	1999-2000	2.45
2.	District Rural Development Agency, Solan	1999-2000	1.70
3.	District Rural Development Agency, Nahan	1999-2000	1.39
4.	District Rural Development Agency, Bilaspur	1999-2000	1.31
5.	District Rural Development Agency, Mandi	1999-2000	2.29
6.	District Rural Development Agency, Hamirpur	1999-2000	1.17
7.	District Rural Development Agency, Kangra	1998-99 to 1999-2000	3.13
8.	District Rural Development Agency, Kullu	1999-2000	1.05
9.	District Rural Development Agency, Una	1998-99 to 1999-2000	1.51
10.	District Rural Development Agency, Chamba	1999-2000	2.45
11.	District Rural Development Agency, Keylong	1999-2000	0.22
12.	District Rural Development Agency, Kinnaur	1998-99 to 1999-2000	0.48
	Language, Art and Culture		
13.	Academy of Language, Art and Culture, Shimla	1998-99 to 1999-2000	0.55
	Social and Women's Welfare		
14.	Himachal Pradesh State Council for Child Welfare, Shimla	1998-99 to 1999-2000	1.38
15.	Himachal Pradesh State Welfare Advisory Board, Shimla	1997-98 to 1999-2000	1.59
16.	Himachal Pradesh Scheduled Caste/Scheduled Tribe Corporation, Solan	1998-99 to 1999-2000	1.80
	Agriculture		
17.	Himachal Pradesh Krishi Vishva Vidyalaya, Palampur	1996-97 to 1999-2000	18.43
18.	Himachal Pradesh Seed Certification Agency, Shimla	1998-99 to 1999-2000	0.28
	Forest Farming and Conservation		
19.	Indo German Changar Project, Palampur	1999-2000	NA
	Hoticulture		
20.	Dr. Y.S. Parmar University of Horticulture and Forestry, Solan	1998-99 to 1999-2000	14.70
	Co-operative		
21.	Himachal Pradesh State Co-operative Marketing and Consumers Federation, Shimla	1998-99 to 1999-2000	12.42* 0.09**
22.	Himachal Pradesh Co-operative Union, Shimla	1998-99 to 1999-2000	1.84
	Science, Technology and Environment		
23.	HIMURJA	1997-98 to 1999-2000	3.54
24.	Himachal Pradesh State Board for Prevention and Control of Water Pollution, Shimla	1995-96 to 1999-2000	NA
25.	State Council for Science, Technology and Environment, Shimla	1999-2000	0.88

NA Not available.
* Loan.
** Subsidy.

1.	2.	3.	4.
	Town and Country Planning		
26.	Himachal Pradesh *Nagar Vikas Pradhikaran*, Shimla	1997-98 to 1999-2000	0.59
	Housing		
27.	Himachal Pradesh Housing Board, Shimla	1998-99 to 1999-2000	NA
	Animal Husbandry		
28.	Himachal Pradesh Co-operative Milk Federation, Shimla	1997-98 to 1999-2000	4.77
	Director Youth Services and Sports		
29.	Himachal Pradesh Sports Council, Shimla	1997-98 to 1999-2000	0.55
30	National Service Scheme, Shimla	1998-99 to 1999-2000	0.26
31	Himachal Pradesh State Youth Board, Shimla	1999-2000	0.65
	Education		
32	Himachal Pradesh Technical Shiksha Board Dharamshala	1999-2000	0.26
33.	Himachal Pradesh University, Shimla	1997-98 to 1999-2000	17.04
34.	St. Bede's College, Shimla	1998-99 to 1999-2000	0.84
35.	SVS College, Bhatoli	1998-99 to 1999-2000	1.01
36.	DAV College, Kangra	1998-99 to 1999-2000	0.95
37.	MLSM College, Sundernagar	1997-98 to 1999-2000	0.90
38.	GGDSD College, Baijnath	1997-98 to 1999-2000	1.05
39.	Himachal Pradesh Board of School Education, Dharamshala	1999-2000	0.27 0.05*
40.	State Council of Education Research and Training, Solan	1999-2000	0.52
41.	DAV College, Daulatpur Chowk	1999-2000	0.28
42.	MSCM College, Thural	1999-2000	0.28
43.	DAV College, Kotkhai	1999-2000	0.27
	Urban Development		
44.	Municipal Corporation, Shimla	1998-99 to 1999-2000	4.38
45.	Municipal Committee, Dharamshala	1996-97 to 1999-2000	0.69
46.	Municipal Committee, Solan	1996-97 to 1999-2000	0.86
47.	Municipal Committee, Chamba	1996-97 to 1999-2000	0.68
48.	Municipal Committee, Kullu	1996-97 to 1999-2000	0.57
49.	Municipal Committee, Mandi	1996-97 to 1999-2000	0.92
50.	Municipal Committee, Sundernagar	1996-97 to 1999-2000	0.80
51.	Municipal Committee, Nahan	1996-97 to 1999-2000	0.87
52.	Municipal Committee, Nalagarh	1998-99 to 1999-2000	0.30
53.	Municipal Committee, Paonta Sahib	1998-99 to 1999-2000	0.52
54.	Municipal Committee, Bilaspur	1998-99 to 1999-2000	0.42
55.	Municipal Committee, Una	1998-99 to 1999-2000	0.48
56.	Municipal Committee, Hamirpur	1998-99 to 1999-2000	0.50
57.	Municipal Committee, Kangra	1998-99 to 1999-2000	0.36
58.	Municipal Committee, Nurpur	1998-99 to 1999-2000	0.32
59.	Municipal Committee, Dalhousie	1998-99 to 1999-2000	0.34
60.	*Nagar Panchayat* Mehatpur	1998-99 to 1999-2000	25
61.	*Nagar Panchayat* Santokhgarh	1998-99 to 1999-2000	0.27
	Total:		**120.72**

* Loan.

APPENDIX-XXI

Glossary of abbreviation

Abbreviations	Expanded form
A/A & E/S	Administrative Approval and Expenditure Sanction
AB	Abortion
ABs	Autonomous Bodies
AC	Air Conditioned
AC	Asbestos Cement
AD	Assistant Director
ADGP	Additional Director General of Police
AG	Accountant General
ANM	Auxiliary Nurse Midwife
API	American Petroleum Institute
APRs	Actual Payees Receipts
ATR	Action Taken Report
BASP	Backward Area Sub-Plan
BBMB	Bhakra Beas Management Board
BCG	Bacillus Calmett Guerine
BD	Bank Draft
BDO	Block Development Officer
BEs	Budget Estimates
BMOs	Block Medical Officers
BPEOs	Block Primary Education Officers
BPL	Below Poverty Line
BRCs	Block Resource Centres
CBF	Cattle Breeding Farms
CBR	Crude Birth Rate
CC	Conventional Contraceptives
CCA	Culturable Command Area
CDR	Crude Death Rate
CDSs	Community Development Societies
CE	Chief Engineer
CEOs	Chief Executive Officers
CFO	Chief Fire Officer
CGI	Corrugated Galvanised Iron
CHCs	Community Health Centres
CIDCO	City and Industries Development Corporation
CMOs	Chief Medical Officers

CNA	Community Need Assessment
COS	Controller of Stores
CPCB	Central Pollution Control Board
CPR	Couple Protection Rate
CSC	Civil Supplies Corporation
CSS	Centrally Sponsored Scheme
CSSM	Child Survival and Safe Motherhood
CTL	Composite Testing Laboratory
DAH	Director Animal Husbandry
DCs	Deputy Commissioners
DDOs	Drawing and Disbursing Officers
DDP	Desert Development Programme
DE(P)	Director of Primary Education
DE(S)	Director of Secondary Education
DFOs	Divisional Forest Officers
DGP	Director General of Police
DGS&D	Director General Supplies and Disposal
DHSs	Director of Health Services
DNIT	Draft Notice Inviting Tenders
DO	Divisional Officer
DPAP	Drought Prone Areas Programme
DPCs	District Project Co-ordinators
DPCs	Duties Powers and Conditions
DPEOs	District Primary Education Officers
DPEP	District Primary Education Programme
DPI	Department of Programme Implementation
DPOs	Deputy Project Officers
DPT	Diphtheria Pertusis Tetanus
DRDAs	District Rural Development Agencies
DT	Diphtheria Tetanus
EAR	Environmental Audit Report
EAS	Employment Assurance Scheme
ECCECs	Early Childhood Care and Education Centres
ECI	Election Commission of India
EE	Executive Engineer
E-in-C	Engineer-in-Chief
EO	Executive Officer
ETPs	Effluent Treatment Plants
ETTC	Exclusive TRYSEM Training Centres

FDRs	Fixed Deposits Receipts
FIS	Flow Irrigation Scheme
FWP	Family Welfare Programme
GAD	General Administration Department
GI	Galvanised Iron
GIA	Grants-in-Aid
GKY	*Ganga Kalyan Yojna*
GM DIC	General Manager District Industries Centre
GOI	Government of India
HIMFED	Himachal Pradesh State Co-operative Marketing and Consumer Federation
HOD	Head of the Department
HPAIC	Himachal Pradesh Agro Industries Corporation
HPCSC	Himachal Pradesh State Civil Supplies Corporation
HPHB	Himachal Pradesh Housing Board
HPHHC	Himachal Pradesh Handicrafts and Handloom Corporation
HPKVIB	Himachal Pradesh *Khadi* and Village Industries Board
HPMB	Himachal Pradesh Marketing Board
HPMC	Himachal Pradesh Produce Marketing and Processing Corporation
HPPES	Himachal Pradesh Primary Education Society
HPSEB	Himachal Pradesh State Electricity Board
IAY	*Indira Awas Yojna*
IEC	Information Education and Communication
IFA	Iron Folic Acid
IG	Improvement Grant
IGP (APT)	Inspector General of Police (Armed Police and Training)
IMR	Infant Mortality Rate
IPARA	Industrial Project Approval and Review Authority
I&PH	Irrigation and Public Health
IRDP	Integrated Rural Development Programme
IRs	Inspection Reports
ITIs	Industrial Training Institutes
IUD	Intra Uterine Device
JRY	*Jawahar Rojgar Yojna*
LAO	Land Acquisition Officer
LDP	Local District Planning

LHAs	Local Health Authorities
LHV	Lady Health Visitor
LIS	Lift Irrigation Scheme
LTC	Leave Travel Concession
MC	Municipal Corporation
MD HPSCSC	Managing Director, Himachal Pradesh State Civil Supplies Corporation
MD HPTDC	Managing Director, Himachal Pradesh Tourism Development Corporation
MIS	Market Intervention Scheme
MLA	Member Legislative Assembly
MNP	Minimum Needs Programme
MOH	Medical Officer of Health
MOST	Ministry of Surface Transport
MPs	Members of Parliament
MPLADs	Members of Parliament Local Area Development Scheme
MS	Medical Superintendent
MS	Mild Steel
MSERW	Mild Steel Electrically Resistance Welded
MSS	Mix Seal Surfacing
MTP	Medical Termination of Pregnancy
MTs	Metric Tonnes
MWA	Miscellaneous Works Advances
NAAI	National Airport Authority of India
NFECs	Non-formal Education Centres
NGO	Non-Governmental Organisation
NH	National Highway
NIDDCP	National Iodine Deficiency Disorders Control Programme
NMMC	New Mumbai Municipal Corporation
NRY	*Nehru Rojgar Yojna*
NSS	National Service Scheme
NSSO	National Sample Survey Organisation
OB	Obstretic

OP	Oral Pills
OPD	Outside Patient Department
OPV	Oral Polio Vaccine
PAC	Public Accounts Committee
PC	Premix Carpet
PCB	Pollution Control Board
PFA	Prevention of Food Adulteration
PHCs	Primary Health Centres
PLA	Personal Ledger Account
PMRY	Prime Minister's *Rojgar Yojna*
POs	Project Officers
PPCs	Post Partum Centres
PSU	Public Sector Undertaking
PTC	Police Training College
PWD	Public Works Department
R&P	Recruitment and Promotion
RAC	Research Advisory Committee
RCC	Reinforced Cement Concrete
RCH	Reproductive and Child Health
RD	Reduced Distance
RDD	Rural Development Department
SAC	Senior Analytical Chemist
SAS	Sub-ordinate Accounts Service
SBF	Sheep Breeding Farms
SCs	Scheduled Castes
SCs	Sub-centres
SD	Surface Dressing
SDM	Sub-Divisional Magistrate
SDO(C)	Sub-Divisional Officer (Civil)
SDP	Sectoral Decentralised Planning
SE	Superintending Engineer
SEBPO	Social Education and Block Planning Officer
SF(H)A	State Food (Health) Authority
SJSRY	*Swaran Jayanti Shahri Rojgar Yojna*

SLCC	State Level Co-ordination Committee
SLEC	State Level Empowered Committee
SLP	Special Leave Petition
SMO	Senior Medical Officer
SPD	State Project Director
SPO	Stores Purchase Organisation
Sr. DAG(A&E)	Senior Deputy Accountant General (Accounts and Entitlement)
SSC	State Sports Council
STs	Scheduled Tribes
SYB	State Youth Board
TFC	Tenth Finance Commission
TLM	Teacher Learning Material
TOR	Terms of Reference
TRYSEM	Training of Rural Youth for Self employment
TT	Tetanus Toxide
UC	Utilisation Certificate
ULBs	Urban Local Bodies
USAID	United States Agency for International Development
USEP	Urban Self Employment Programme
UWEP	Urban Wage Employment Programme
VOs	Veterinary Officers
WBM	Water Bound Macadum
XEN	Executive Engineer
YSS	Youth Services and Sports
ZSSs	*Zila Saksharta Samitis*