



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
for the period ended March 2023**

**Government of Union Territory of Jammu and Kashmir
Report No. 07 of 2025
(Compliance Audit Report Civil-I)**

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PREFACE

This Report of Comptroller and Auditor General of India for the period ended March 2023 has been prepared for submission to Lieutenant Governor of Jammu and Kashmir under Section 72 of the Jammu and Kashmir Reorganisation Act, 2019 for laying in the Legislative Assembly.

This Report contains five Chapters. Chapter-I gives brief profile on receipts and expenditure of the Government of Union Territory of Jammu and Kashmir. Chapter-II to Chapter-V present significant audit findings noticed during compliance audit of various Government Departments.

The instances mentioned in this Report are those which came to the notice in the course of test audit of the period 2022-23 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2022-23 have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About the Report

This Report covers matters arising out of Compliance Audit of the Departments of the Union Territory (UT) Government. The primary purpose of this Report is to bring to the notice of the Legislature the important results of audit.

The Report has been organised in five Chapters as under:

Chapter-I: Introduction

This Chapter contains brief profile of the UT Government with receipts/ expenditure for the year 2022-23, the authority for audit, audit jurisdiction, planning and conduct of audit, response of the Government to various audit products namely Inspection Reports, audit observations/ paragraphs and follow-up action on the Audit Reports.

Chapter-II: Subject Specific Compliance Audit pertaining to Planning, Development and Monitoring Department

This chapter covers Subject Specific Compliance Audit on 'Restoration of essential services and strengthening of disaster risk management system under World Bank aided Jhelum Tawi Flood Recovery Project'.

The Jhelum Tawi Flood Recovery Project (JTFRP) had been taken up to support the recovery process in project areas affected by 2014 floods. The project was funded through assistance from the World Bank (WB). The project also aimed to increase infrastructure for disaster resilience and capacity of the Project Implementing Units (PIUs) to respond promptly and effectively to a crisis or emergency. Out of a total of 213 sub-projects under JTFRP, 174 were completed as of December 2023. Out of these 213 sub-projects, 82 sub-projects were selected for detailed check in audit.

It was observed that damage and loss assessment reports were not prepared for selected projects before their commencement. Delays in tendering and changing of experts etc. were observed leading to delays in completion of the projects. Infrastructure projects not proposed by the Line Departments were sanctioned while some of the projects proposed by them were not included.

Activities like retrofitting of critical buildings and Hydro Metrological Action Plan intended for managing disaster risks, enhancing preparedness and achieving resilient recovery, although identified in the Project Appraisal Document (PAD), had not been executed. Hospital projects were executed in flood prone areas though prohibited by National Disaster Management Authority. Irregular and idle expenditure was incurred on upgradation of dewatering stations by Srinagar Municipal Corporation.

Deficiencies in purchase/ installation of machinery and equipment included excess payment on procurement of rescue equipment, avoidable expenditure on procurement of Fire & Emergency machinery/ Modular monitor. Idle investment in the purchase of Search & Rescue kits/ Hospital machinery/ Automated Embedding Systems was also noticed.

Monitoring of projects was not done in accordance with the World Bank guidelines as the periodical meetings of the Project Steering Committee were not held regularly and Operational Manual for execution of projects under JTFRP was not prepared.

Recommendations:

The Government should:

- ***Ensure the projects are taken up as per the Project Appraisal Document and after approval from the Project Steering Committee,***
- ***Ensure completion of projects in a time bound manner, and***
- ***Update the Management Information System and strictly monitor the implementation of the sub-projects.***

Chapter-III: Subject Specific Compliance Audit pertaining to Mining Department

This chapter includes Subject Specific Compliance Audit on ‘Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)’. The Scheme was launched to ensure the welfare of people affected by mining related operations. In contravention to the PMKKKY guidelines, the areas and people affected due to mining were neither identified nor notified. Selection of projects under the Scheme was carried out at the discretion of the District Mineral Foundation Trusts (DMFTs) rather than based on the actual needs of mining-affected communities.

There was a delay of two years in framing of Jammu and Kashmir District Mineral Foundation Rules 2017 for Minor Minerals. These rules were not in consonance with the Mines and Minerals (Development and Regulation) Act 2015 (MMDR) and were subsequently amended (February 2023) after being pointed out by Audit in May 2022. Due to framing of these contradictory rules, the Department suffered revenue loss of ₹ 14.55 crore during 2017-18 to 2021-22. Due to not registering/ forming of the District Mineral Foundation Trusts in time, the contribution of ₹ 8.82 crore could not be demanded and collected.

The Department had not developed any mechanism for assessment, demand and collection of royalty along with DMF contributions. The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department at either Apex level or Divisional level. Out of 365 sanctioned projects in sampled eight Districts, 147 projects (40 per cent) were not taken up for execution primarily due to not according of Administrative Approval and

site disputes. The Governing body and Executive Committee had not been formed by the Trusts.

DMFT funds were advanced to various implementing agencies for execution of works without preparation of Annual Plans and Annual Budget. The available funds could not be spent and as against availability of ₹ 25.72 crore during 2017-18 to 2022-23, only ₹ 11.89 crore (46 per cent) was utilised. Unspent balances were not invested. Utilisation Certificates (UCs) were neither received nor demanded by some executing agencies of Kashmir Division. As 89 Mineral Check Posts were not completed and Mine Surveillance System was not installed despite creation of liability of ₹ 1.73 crore, the illegal mining, transportation and storage of minerals remained unmonitored/unchecked. Beneficiary survey showed unawareness about the Scheme in 96 per cent of the respondents and unawareness about DMFT activities in 100 per cent of respondents. There was violation of Scheme guidelines mandating electronic payment.

Recommendations:

The Government should:

- ***Identify and notify the areas and people affected due to mining,***
- ***Constitute the Governing Body and Executive Committee of the DMFTs and ensure execution of works are carried out after approval of Annual Plan and Annual Budget.***
- ***Strengthen the fund management system and monitoring mechanism.***

Chapter-IV: Subject Specific Compliance Audit pertaining to Rural Development Department

This chapter includes Subject Specific Compliance Audit on ‘National Rural Livelihood Mission’.

To promote sustainable livelihoods for the rural poor, the Ministry of Rural Development (MoRD), Government of India (GoI) launched National Rural Livelihood Mission (NRLM) in the year 2010 (renamed as Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) in March 2016). The Scheme aimed to reduce poverty by enabling poor households to access gainful self-employment and skilled wage opportunities. The State Mission Management Unit (SMMU) for J&K was registered (October 2011) as a society in the name of Jammu and Kashmir State Rural Livelihood Mission (JKRLM) for implementation of NRLM in J&K.

Audit observed that the overall coverage remained below the targets set by the Scheme and no well-defined approach in identification of beneficiaries was available. There were persistent shortfalls in the release of both Central and State shares against approved plans, mainly due to procedural delays. Financial management was deficient

as cases of unreconciled unspent funds, irregularities in loan repayments, and unauthorised deductions from community funds were observed.

The budgeting process lacked a bottom-up approach, processes such as registration of community organisations and approval of Annual Action Plans by the Executive Council, were not properly followed.

Human resource management was marked by critical staff shortage, absence of grievance redressal mechanism, and lack of insurance coverage for staff. Monitoring mechanism was weak due to infrequent meetings and vacant key monitoring positions.

Recommendations:

The Government should:

- ***Establish well defined criteria for identification of poor rural households and selection of beneficiaries under the Scheme.***
- ***Adopt bottom-up approach in preparation of Budget.***
- ***Ensure funds as per approved plans are released in time and are utilised for the implementation of Scheme during each year.***
- ***Strengthen the implementation of the Scheme through efficient monitoring.***

Chapter-V: Compliance Audit pertaining to Transport Department

The Government of Jammu and Kashmir (GoJ&K) launched (19 November 2019) the “Transport Subsidy Scheme” pursuant to the orders of High Court of Jammu and Kashmir (J&K) dated 18 May 2006 and National Green Tribunal (NGT), New Delhi, dated 08 October 2018, regarding control of air pollution, improvement of ambient air quality in non-attainment cities¹ as well as measures to control vehicular emissions.

The Transport Department failed to effectively implement the Scheme and could not ensure phasing out of old vehicles. Irregularities like purchase of new vehicles in different owner’s name, not preparing Compliance Reports, and crediting of subsidy to beneficiaries’ savings account instead of loan account were also observed.

¹ The cities which are exceeding the National Ambient Air Quality Standards (NAAQS) for five consecutive years. Jammu and Srinagar are the two non-attainment cities in J&K.

CHAPTER-I
INTRODUCTION

CHAPTER-I

INTRODUCTION

1.1 Budget Profile

There are 36 Departments and 111 Autonomous Bodies in the Union Territory (UT) of Jammu and Kashmir. The position of budget estimates, revised estimates and expenditure of the Union Territory of Jammu and Kashmir during 2022-23 is shown in **Table 1.1**.

Table 1.1: Budget and Expenditure of the UT of Jammu and Kashmir during the period 2022-23

(₹ in crore)

Particulars	2022-23		
	Budget Estimates	Revised Estimates	Actuals
Revenue expenditure			
General Services	31,696.94	36,771.77	31,162.12
Social Services	26,351.44	26,929.12	22,984.37
Economic Services	13,566.61	11,303.06	8,852.85
Grants-in-aid ¹ and contributions	0.00	0.00	0.00
Total (1)	71,614.99	75,003.95	62,999.34
Capital expenditure			
Capital Outlay	37,656.35	26,585.67	37,713.39
Loans and advances disbursed	108.90	118.00	59.53
Repayment of Public Debt ²	32,720.87	31,030.28	34,066.91
Contingency Fund	0.00	0.00	0.00
Public Accounts disbursements ³	6,583.86	6,451.35	34,656.37
Closing Cash balance	0.00	0.00	1,448.31
Total (2)	77,069.98	64,185.30	1,07,944.51
Grand Total (1+2)	1,48,684.97	1,39,189.25	1,70,943.85

(Source: Annual Financial Statements and Finance Accounts of the Government of UT of Jammu and Kashmir)

1.2 Application of resources of the UT Government

The total expenditure of Union Territory of Jammu and Kashmir, which included Revenue expenditure, Capital Outlay and Loans and Advances disbursed during 2022-23 was ₹ 1,00,772.26 crore. During this period, the Capital Outlay of ₹ 37,713.39 crore constituted 37 per cent of total expenditure.

¹ Grants-in-aid paid by the UT Government is included in the General, Social and Economic Services.

² Includes transactions under ways and means advances.

³ Actuals exclude transactions of investment of cash balance and departmental cash balance.

1.3 Funds transferred directly to Government Departments of UT

During the period 2022-23, various Ministries/ Departments of the Central Government released ₹ 786.95 crore directly to various Government departments of the Union Territory of Jammu and Kashmir without routing these through UT Budget. Consequently, these amounts remained outside the Budgetary and Accounting system of the UT Government during the year.

1.4 Grants-in-aid from Government of India

The grants-in-aid received from Government of India during 2022-23 is depicted in Table 1.2.

Table 1.2: Grants-in-aid from GoI

Particulars	2022-23 (UT of Jammu and Kashmir)
Grants for Centrally Sponsored Plan Schemes	6,029.68
Other transfers/ Grants to States/ Union Territories with Legislature	45,463.25
Total	51,492.93
Revenue Receipts	68,975.95
Percentage of total grants to Revenue Receipts	75

(Source: Finance Accounts of respective years)

During the period 2022-23, the Government of Union Territory of Jammu and Kashmir received ₹ 51,492.93 crore as Grants-in-aid from Government of India, which accounts for 75 per cent of Revenue receipts during the period.

1.5 Audit process

The audit process starts with the risk assessment of various Departments, Autonomous Bodies, Schemes/ Projects which takes into account the criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided, and an Annual Audit Plan is formulated.

After completion of audit, an Inspection Report containing the audit findings is issued to the Head of the Office with a request to furnish replies within one month. On receipt of replies, audit findings are either settled or further action for compliance is advised. Important audit observations pointed out in these Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India (C&AG). The audit findings incorporated in the Audit Report are based only on test-check of the transactions of the Government of Jammu and Kashmir.

During 2022-23, out of 11,778 Drawing and Disbursing Officers (DDOs) in the UT of J&K, compliance audit of 1,065 was planned and audit of 1,057 DDOs was conducted by the Office of the Principal Accountant General (Audit), Jammu & Kashmir. Out of 111 Autonomous Bodies (ABs), audit of 15 ABs was planned and conducted.

1.6 Response of Government to Audit Report Paragraphs

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

The Subject Specific Compliance Audit (SSCA) paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned drawing their attention to the audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the Departments/ Government as and where applicable is suitably incorporated in the Audit Report.

1.7 Response of Government to Compliance Audit Reports

The Handbook of instructions for speedy settlement of audit observations/ inspection reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Principal Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The heads of auditee offices and their controlling administrative Departments are required to comply with the observations contained in the IRs and rectify the defects and report their compliance to the Principal Accountant General (Audit).

Based on the results of test audit 38,138 audit observations contained in 9,700 IRs were outstanding for settlement as on 31 March 2023 as given in **Table 1.3**.

Table 1.3: Details showing the Audit observations outstanding as of 31 March 2023

Name of Sector	Opening Balance (01 April 2022)		Additions during the year 2022-23		Settled during the year 2022-23		Closing Balance (31 March 2023)	
	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs
Civil Departments	10,986	47,492	633	4,918	1,919	14,272	9,700	38,138

During 2022-23, 14 Audit Committee meetings were held in which 3,044 Audit paragraphs were settled.

1.8 Follow-up on Audit Reports

1.8.1 Non-submission of Action Taken Notes

To ensure accountability of the Executive to issues dealt with in various Audit Reports, the Government (Finance Department) issued instructions in June 1997 to the Administrative Departments to furnish Action Taken Notes (ATNs) to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) on all the audit paragraphs featuring in the Audit Reports, irrespective of whether these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Principal Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the Legislature.

It was, however, noticed that out of 836⁴ audit paragraphs featuring in the Audit Reports from 2000-01 to 2020-21, *suo-motu* ATNs in respect of 472⁵ audit paragraphs had not been received up to 31 May 2025.

1.8.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Principal Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 836 Audit paragraphs featuring in the Audit Reports for the years from 2000-01 to 2020-21, only 329⁶ audit paragraphs have been discussed by the PAC and COPU up to 31 May 2025. Recommendations in respect of 306⁷ audit paragraphs have been made by the PAC/ COPU. However, ATNs on the recommendations of the PAC/COPU are pending from the Government in respect of 228⁸ audit paragraphs.

⁴ Civil: 589; Revenue:143 PSUs: 104

⁵ Civil: 309; Revenue: 126; PSUs: 37

⁶ Civil: 245; Revenue: 17; PSUs: 67

⁷ Civil: 223; Revenue: 17; PSUs: 66

⁸ Civil: 165; Revenue: 13; PSUs: 50

CHAPTER-II
PLANNING DEVELOPMENT
AND
MONITORING DEPARTMENT

CHAPTER-II

PLANNING, DEVELOPMENT AND MONITORING DEPARTMENT

2. Restoration of essential services and strengthening of disaster risk management system under World Bank aided Jhelum Tawi Flood Recovery Project

2.1 Introduction

The erstwhile State of Jammu and Kashmir (J&K) was hit by devastating floods in September 2014, which caused damage to houses, livelihoods, roads and bridges. On the request (January 2015) of Government of India (GoI) a Rapid Damage and Needs Assessment (RDNA) Mission of the World Bank (WB) visited (February 2015) the flood affected Districts of J&K and accorded (August 2015) sanction to Relief and Rehabilitation Department (RRD) for availing WB assistance of ₹ 1,500 crore¹ (US \$ 250 Million) under Jhelum Tawi Flood Recovery Project (JTFRP). The project was aimed to support the recovery process in project areas and increase disaster resilience and capacity of the Project Implementing Units (PIUs) to respond promptly and effectively to a crisis or emergency. Subsequent to GoJ&K sanction for availing WB assistance of ₹ 1,500 crore, Ministry of Finance, GoI included (November 2015) JTFRP in the Prime Minister's Reconstruction Plan (PMRP) for the State of J&K. For availing the WB assistance, GoI and International Development Association (IDA) entered into a financing agreement in January 2016. A subsidiary agreement was also executed (January 2016) by Ministry of Finance, GoI with the GoJ&K.

As per the Project Appraisal Document (PAD²), the WB assistance was to be utilised on the following seven components.

- Component 1: Reconstruction and strengthening of critical infrastructure (₹ 360 crore)
- Component 2: Reconstruction of Roads and Bridges (₹ 480 crore)
- Component 3: Restoration of Urban flood management infrastructure (₹ 300 crore)
- Component 4: Restoration and strengthening of livelihoods (₹ 90 crore)
- Component 5: Strengthening disaster risk management capacity (₹ 150 crore)
- Component 6: Contingent Emergency Response (₹ 0)³ and
- Component 7: Implementation Support (₹ 120 crore).

The JTFRP was initially scheduled to close on 30 June 2020. However, WB extended

¹ World Bank assistance: ₹ 1350 crore and State Share: ₹ 150 crore

² A document (18 May 2015) of the World Bank on proposed credit of US\$250 Million (₹ 1,500 crore) to India for JTFRP in which activities to be carried out under JTFRP were identified.

³ In view of Covid 19, Contingent Emergency Response component was activated in May 2020.

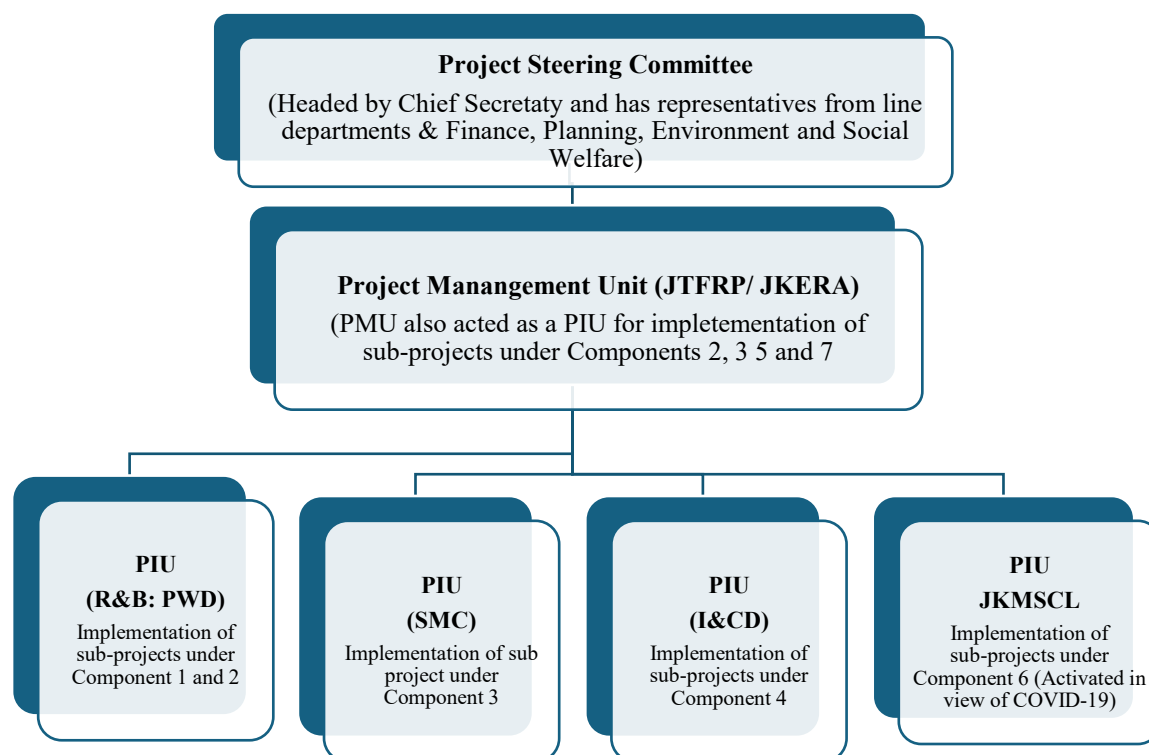
the project from time to time up to 31 December 2024 and finally extended up to August 2026.

2.2 Organisational Setup

Under RRD, office of JTFRP, was established in April 2016 as the Project Management Unit (PMU) for overall project management and coordination between PIUs and the WB. The PMU (including Jammu and Kashmir Economic Reconstruction Agency⁴) itself acted as the PIU for 71 sub projects⁵ under JTFRP. Other PIUs included Public Works Department (PWD) executing 45 sub-projects, Industries and Commerce Department (I&CD) executing 26 sub-projects, Srinagar Municipal Corporation (SMC) executing 03 sub-projects and Jammu and Kashmir Medical Supplies Corporation Limited (JKMSCL) executing 68 sub-projects. From October 2018, office of PMU, JTFRP was merged with Jammu and Kashmir Economic Reconstruction Agency (JKERA) under the Planning Development and Monitoring Department (PD&MD).

The arrangement for project implementation is depicted in **Chart 2.1**:

Chart 2.1: Project Implementation Arrangement



⁴ A society registered under the J&K Societies Act came into existence as a result of Cabinet decision (July 2004) to implement externally aided projects. Jhelum Tawi Flood Recover Project (JTFRP) was merged with JKERA in October 2018.

⁵ PMU/ JTFRP: 39 sub projects, PMU/ JKERA: 19 and 13 sub projects allotted by the PMU to JKPC under Force Account (When contractors/suppliers are unlikely to bid at reasonable prices because of location and risk involved, borrower may use their own Department for execution/ supply)

2.3 Audit Objectives

The objectives of the Audit were to examine whether:

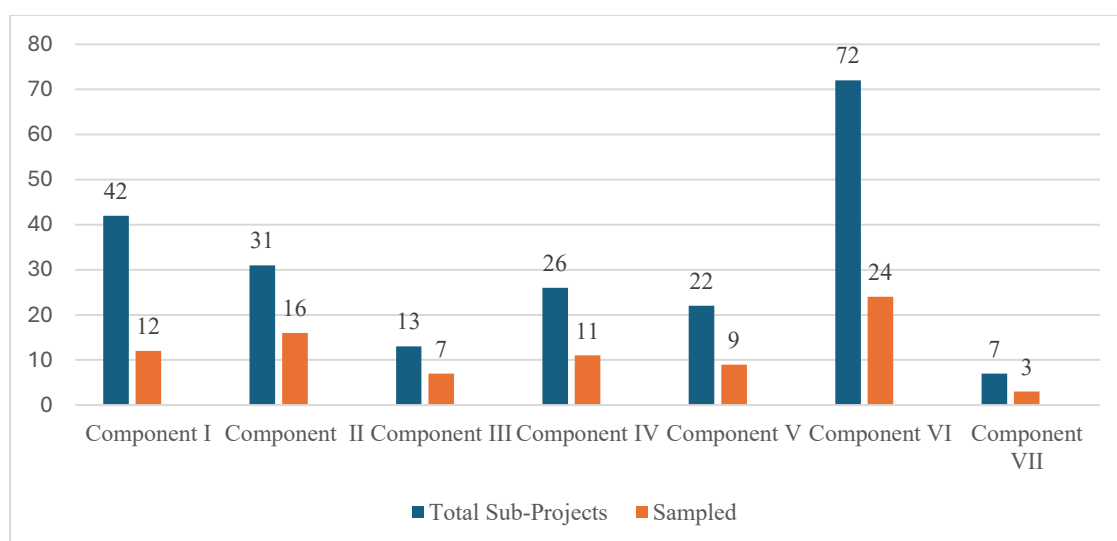
- The prescribed procedure for selection of projects for seeking approval of the WB was followed and funds received were utilised for the intended purpose;
- The projects were awarded and executed in accordance with the WB prescribed specifications or other guidelines notified by GoJ&K/ GoI in economical and efficient manner;
- The assets and infrastructure created under JTFRP were put to use and the intended benefits were derived; and
- The monitoring and quality control system were adequate and effective.

2.4 Audit Scope and Methodology

The Audit covered the period since inception of the project in 2016-17 to December 2023 and audit was conducted during July 2023 to February 2024. Entry conference was held on 30 August 2023 with Chief Executive Officer, JTFRP wherein audit objectives, audit criteria and audit methodology were discussed.

Audit Methodology entailed examination of records in the offices of Administrative Departments of PD&MD. Records were also test-checked in the offices of the PMU, Project Implementing Units (PIUs) viz. PMU (including JKERA), PWD, I&CD, SMC and JKMSCL. Out of a total of 213 sub-projects allotted at a cost of ₹ 1,737.44 crore under JTFRP, 82 sub-projects⁶ (Chart 2.2) with allotted cost of ₹ 1375.61 crore⁷ were selected for detailed check of records by judgmental sampling based on the awarded cost.

Chart 2.2: Component-wise details of sampled sub-projects against total sub-projects under JTFRP



⁶ PMU: 38, PWD: 12, J&KMSCL: 20, I&CD: 11 and SMC: 01

⁷ 57 completed with allotted cost of ₹ 603.34 crore and 25 ongoing with allotted cost of ₹ 772.27 crore

Further, the date-wise list of sub-projects sanctioned by the PSC and World Bank was not furnished to Audit by the PMU. Audit findings were discussed in the Exit Conference held on 13 June 2025 with the Secretary, Planning Development and Monitoring Department. During the Exit Conference (June 2025) it was assured that detailed replies to the audit observations contained in the draft report would be submitted, however no replies have been received (August 2025). However, the responses submitted during the Exit Conference have been incorporated in the report.

2.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- Financing agreement entered into by GoI with WB and the subsidiary agreement between GoI and GoJ&K;
- Guidelines of the WB regarding procurement of goods, works and non-consulting services and the Project Appraisal Document (PAD) of the WB;
- Manuals, rules and regulations notified by GoJ&K/ GoI for construction of roads, bridges and buildings; and
- J&K Financial Code, General Financial Rules and guidelines of Central Vigilance Commission.

2.6 Status of Projects

Out of 213 sub-projects awarded (discussed in *Paragraph 2.4*), 174 sub-projects⁸ had been completed as of December 2023 and 39 sub-projects⁹ were under progress after incurring an expenditure of ₹ 1,305.95 crore. Agency-wise and component-wise position of 213 sub-projects approved for funding under JTFRP as of December 2023 is indicated in *Appendix-2.1*.

Table 2.1: Snapshot of Status of Projects as of December 2023

(₹ in crore)

Region/Agency	Works Awarded		Works Completed		Works In Progress	
	No.	Allotted	No.	Allotted	No.	Allotted
Kashmir	101	1,050.75	70	308.2	31	742.22
Jammu	79	495.56	75	438.22	04	57.34
PWD/ JKERA	33	191.43	29	108.03	04	83.40
Total	213	737.74	174	854.45	39	882.96

Out of 82 sampled sub-projects with allotted cost of ₹ 1,375.61 crore (agency-wise details shown in *Appendix – 2.2*), 57 sub-projects with awarded cost of ₹ 603.34 crore were complete as of December 2023. 25 sub-projects with awarded cost of

⁸ Allotted cost: ₹ 854.46 crore

⁹ Allotted cost: ₹ 882.96 crore.

₹ 772.27 crore remained incomplete (with time overrun ranging between 10 months and 57 months). It was noticed that out of 57 completed sub-projects, only 20 sub-projects were completed within the scheduled date and there was delay in completion of 32 sub-projects with delays up to 44 months. The delayed works included installation of oxygen generation plants (delays ranging between 05 months and 22 months) awarded under Direct Contracting. The scheduled date of completion was not on record in respect of five sub-projects.

It was also noticed that 49 sub-projects were tendered with a delay ranging between 08 months and 57 months from the effective date of start (April 2016) of JTFRP. As a result, only 30 sub-projects could be taken up at a cost of ₹ 466.66 crore before the first closing date (June 2020) of the project. It was also found that seven sub-projects were put to tenders after initial closing date (June 2020) of the project. Four sub-projects (two schools and two roads) which were proposed for inclusion in JTFRP during February and September 2017, had not been tendered up to June 2020.

2.6.1 Delayed preparation of procurement plan

Section 1.18 of the WB “Guidelines for Procurement of Goods, Works, and non-Consulting Services” envisages GoJ&K (Borrower) to prepare a preliminary procurement plan. GoJ&K was also to prepare a detailed and comprehensive procurement plan including all contracts for which action was to be initiated in the first 18 months of start (April 2016) of project implementation i.e. by September 2017. Further, Ministry of Finance, GoI directed (April 2019) GoJ&K to finalise all the tenders by 30 September 2019.

Review of 49 sampled sub-projects¹⁰ which were tendered revealed that 11 sub-projects (estimated cost: ₹ 193.81 crore) were put to tenders after the deadline (September 2019) fixed by the GoI for invitation of tenders. Seven sub-projects were put to tenders after the initial closing date (June 2020) of the Project. These seven projects included the sub-project, “Construction of Central Control Building for Housing Emergency Operation Center and SCADA System” which was incomplete as of December 2023 despite being accorded in-principle approval (May 2015) by the WB. Delay in formulation of procurement plans led to non-adherence to the timeline fixed by GoI.

Chief Executive Officer (CEO), JTFRP stated (August 2025) that despite the Financing Agreement being signed in January 2016, the project actually kickstarted in September 2017. The pace of the implementation picked up after the merger of JTFRP with JKERA in October 2018.

The PMU had to formulate a detailed and comprehensive procurement plan by September 2017 which was not prepared.

¹⁰ Out of 82 sampled sub-projects, 49 sub-projects were awarded after tendering process and the remaining 33 sub-projects (JKMSCL: 20; JKERA: 4; I&CD: 1; PMU 1 and JKPCCL: 7) were awarded through direct procurement method.

2.7 Planning

As per World Bank guidelines, construction and restoration of flood affected/ damaged infrastructure such as schools, roads, bridges and hospitals etc., were to be taken up under JTFRP. Proposals for such projects were to be obtained by the PMU, JTFRP from the Line Departments. Audit noticed that the projects which did not feature in the proposals submitted by the Line Departments were also sanctioned under JTFRP as illustrated under:

- The School Education Department (SED) of Jammu and Kashmir Division proposed (February 2017) restoration of 164 schools¹¹ (Jammu: 74 and Kashmir: 90) at an estimated cost of ₹ 52 crore¹². Out of the proposed 164 schools by the two Directors, restoration of only 34 schools¹³ (Jammu: 25 and Kashmir: 09) were sanctioned by the PMU from the WB. Audit noticed that 15 schools which did not feature in the list of 90 schools proposed (February 2017) by the Director School Education, Kashmir were also selected by the PMU for reconstruction under JTFRP. Reasons for getting these 15 schools sanctioned without any input from the Line Department were not on record. However, audit observed that no damage and loss assessment reports were prepared to verify the flood affected infrastructure for reconstruction under JTFRP.

During the Exit Conference, Secretary PDMD stated (June 2025) that the School Education Department submitted multiple lists for funding under the project and after a series of deliberations and discussions regarding the feasibility, site availability, DPR status etc., a preliminary list of schools was selected to start with. The list was not finalised in one go but in phases and all the projects were approved by the World Bank before being taken up for execution.

- The Joint Director (Planning), PWD submitted (September 2017) a proposal of 40 Road/ Bridge projects¹⁴ at an estimated cost of ₹ 460 crore to be re-constructed under JTFRP against which PMU considered only 23 projects¹⁵. Audit noticed that in respect of Kashmir Division 13 works (estimated cost: ₹ 266.49 crore) were sanctioned (proposed by PMU and subsequently approved by WB) neither featured in the list of 40 Road/ Bridge projects submitted by PWD nor in the list of 17 bridges identified (February 2015) by the Design Inspection and Quality Control Department (DIQCD) during survey conducted for rehabilitation/ redesigning of bridges damaged in the floods of September 2014. Reasons for inclusion/ exclusion of projects for funding were not on record.

During the Exit Conference, Secretary PDMD stated (June 2025) that the selection of projects was done in phases and all the projects were approved by the World Bank.

¹¹ With 632 damaged classrooms (Jammu: 186 and Kashmir: 446).

¹² Jammu: ₹ 15.01 crore and Kashmir ₹ 36.99 crore.

¹³ with damaged 91 classrooms (Jammu: 65 and Kashmir: 26).

¹⁴ Jammu: 21 projects (₹ 160 crore); Kashmir: 19 projects (₹ 300 crore).

¹⁵ Jammu: 10; Kashmir: 13.

The reply may be viewed in the light of the fact that neither the projects were proposed by the line Departments nor damage and loss assessment reports were prepared for these projects.

2.7.1 Projects included in the Project Appraisal Document not executed

Project Steering Committee (PSC) in its 1st meeting (July 2017) directed PMU/ PIUs to carry out those tasks which were already identified in the Project Appraisal Document (PAD) of the WB.

Records of PMU revealed that activities intended for managing disaster risks like enhancing preparedness and achieving resilient recovery, although identified in the PAD, had not been executed under JTFRP as discussed in the succeeding paragraphs.

2.7.1.1 Retrofitting of critical buildings

Detailed Project Description (Clause 3 to 6) of PAD provided that under Component I¹⁶, structural assessments and retrofitting/ reconstruction needs were required to be conducted of all hospital buildings that were impacted by the flood to make sure they are structurally safe against seismic risk. Similar assessments were to be carried out in relation to School Education Department buildings and Fire stations.

Further, a sub-project “**Consultancy services for upgrading design guidelines and building codes with material specification with respect to multiple disasters in J&K with specific reference to seismic zone IV and V**” in its report highlighted (June 2021) the need for retrofitting of essential facilities¹⁷ in Srinagar as they were not seismic resistant.

Audit noticed (October 2023) that the PMU had not carried out assessment of structural integrity and retrofitting needs of existing buildings before taking up works under JTFRP. Out of the total 213 sub-projects taken up under JTFRP, 42 sub-projects (estimated cost ₹ 320.70 crore) of Component 1 did not include any sub-project related to ‘assessment of need for retrofitting of damaged building’ as envisaged in the PAD. Although Home Department, GoJ&K had proposed (January 2017) restoration of five flood damaged buildings at an estimated cost of ₹ 7.57 crore¹⁸, PMU did not get these works sanctioned from the WB under JTFRP. As a result, the existing hospitals/ schools/ higher education institutions requiring retrofitting could not be identified or taken up. Buildings already identified by the Fire and Emergency Services remained prone to damage in the event of a disaster, leaving the patients and students at risk.

¹⁶ Reconstruction and Strengthening of Critical Infrastructure.

¹⁷ SMHS Hospital, Super specialty Hospital, Sri Pratap College and Fire and Emergency Station, Batmaloo

¹⁸ Fire and Emergency Services Headquarters, Batmaloo Srinagar (₹ 3.09 crore); Fire and Emergency Station, Gowkadal, Red Cross Road, Srinagar (₹ 1.66 crore); Fire and Emergency Station Baba Demb, Srinagar (₹ 1.12 crore); Fire and Emergency Station Syed Hamidpora (₹ 1.42 crore) and Fire and Emergency Station Veer Chattbal (₹ 0.28 crore).

During Exit Conference, Secretary PDMD stated (June 2025) that the process of retrofitting was taken up for Fire and Emergency buildings and Expression of Interest (EOI) for engagement of a consultancy firm was floated. However, due to poor response, the activity could not be finalised and in view of the limited time period of the project, it was decided that the new constructions taken up should incorporate the state of the art techniques for durability and disaster resilience which *inter-alia* included the Base Isolators in Lalla Ded (LD) hospital, Dampeners in Bone & Joint Hospital, rigid pavements instead of flexible pavements etc.

The reply is not tenable as the existing vulnerable structures are currently in use and carry the risk of damage in event of a calamity.

2.7.1.2 Hydro Metrological Action Plan

WB accorded (May 2015) in-principle approval to Hydro-meteorological Resilience Action Plan (HMAP). This sub-project was envisaged to finance the review of existing Early Warning Systems (EWS), identification of gaps and establishment of a robust, fail-safe EWS in the region.

In July 2019, the Irrigation and Flood Control Department (I&FCD) proposed setting up of real time hydro-meteorological database systems and assessment of surface water/ groundwater resources at an estimated cost of ₹ 51.67 crore. As per the proposal, 13 rain gauges and snow gauges each, 59 Automatic Water Level Radars (AWLR) and 04 Acoustic Doppler Current Profilers (ADCP)¹⁹ connected with V-SAT were to be installed. It was also proposed that 68 Water Velocity Radar Sensors (WVRS) which detect the flow velocity and flow direction shall be installed along with sediment analysis equipment and current meters on different locations on the Jhelum River Basin. The PMU forwarded the proposal to WB and received (October 2019) the 'No Objection Certificate' (NOC) to float the tenders. However, the tender could not be finalised. The WB shelved (July 2021) the project as the deadline for procurement had already passed.

Meanwhile, PMU developed (January 2022) a Decision Support System (DSS) which aimed to provide for remotely administering the ground situation in emergencies and help in allocation of resources and enhanced co-ordination between various line Departments during emergencies.

It was noticed that DSS relies upon the inputs from Digital Risk Database (DRDB)²⁰ and Integrated Operational Forecasting system (IOFS)²¹, developed under JTFRP, for

¹⁹ ADCP is used for recording cross sectional profile, water current (velocity), water depth (sounding), flow of water (discharge) and can also be used for monitoring dredging of various water bodies in Kashmir.

²⁰ DRDB (a Geographic Information System based application) is a centralized repository of hazard, exposure and risk information that can be used for mitigation and developmental planning as well as for risk communication

²¹ Designed as an automated tool, it uses weather and hydrological information of IMD and runs the model at predefined time to generate weather warnings and forecasts and disseminates this information in the form of SMS and bulletins.

hydro-meteorological hazards such as floods, flashfloods, avalanches and droughts. The level of accuracy of IOFS and Emergency Operation Centre (EOC)²², also developed under the JTFRP, is dependent upon the accuracy of the IMD forecasts and inputs from I&FC. However, I&FC has limited installed infrastructure comprising only 13 functional AWLR/ Automatic Rain Gauges (ARG), 66 functional manual gauges and discharge stations and no functional rain or snow gauges in the Jhelum Basin. Therefore, the full potential of these platforms in the absence of HMAP and the objective of enhancing the capabilities in managing disaster risks, enhancing preparedness, and achieving robust recovery remained unfulfilled.

During the Exit Conference, Secretary PDMD stated (June 2025) that the tenders for upgradation of instrumentation of rivers were issued twice but the bids were non-responsive. The funds for instrumentation component of HMAP were then reappropriated by Government of India to Component 6 (Contingent Emergency Response) which was activated during COVID-19 pandemic.

The reply does not address lack of timely action by PMU over a period of three years (2016-17 to 2018-19). The proposal of I&FC was received (July 2019) and had time only up to June 2020 to implement the HMAP, when Component 6 was activated in view of COVID-19.

2.7.2 Execution of projects in flood prone areas

Hospital safety guidelines issued (February 2016) by the National Disaster Management Authority (NDMA) provide that building a new hospital in a flood prone area is prohibited and when existing hospitals are in vulnerable locations²³, no future expansions shall be permitted in the hospital campuses.

Scrutiny of records of PMU revealed (November 2023) that 11 out of 213 sub-projects taken up for execution under JTFRP in J&K sanctioned at a cost of ₹ 307.82 crore were located in the flood prone areas. These 11 sub-projects included two Hospital buildings and nine other sub-projects which included Fire & Emergency buildings, school buildings, college and factory buildings constructed in flood prone areas. Details of major works are given in **Table 2.2**.

Table 2.2: Execution of sub-projects in flood prone areas in Srinagar

(₹ in crore)

Sl. No.	Name of the sub project	Sanctioned Cost	Expenditure as on December 2023
1	Construction of 120 Bedded Specialised Orthopedic Unit including 06 Bedded ICU in Bone and Joint Hospital, Barzulla, Srinagar)	107.50	59.36
2	Construction of Extension block at Lalla Ded hospital Srinagar for infertility /gynae/ oncology/ ward block	132.55	32.75

²² The command-and-control system for disaster management in J&K.

²³ Liquefiable ground, hill slopes, flood/ tsunami prone areas, adjoining unsafe buildings and poor accessibility in post-disaster situations.

Sl. No.	Name of the sub project	Sanctioned Cost	Expenditure as on December 2023
3	Administrative Block and Central Store building at Fire and Emergency Services at Headquarters, Batmaloo, Srinagar	9.89	9.58
4	Govt. Boys Higher Secondary School, Jawahar Nagar	4.17	2.82
5	Humanities block and Staff room at GDC, Bemina	9.45	7.06
6	Science Block at Amar Singh College, Srinagar	9.19	9.19
7	Additional classroom block at Government College for Women, M.A Road, Srinagar	14.65	14.16
8	Interior works for showroom cum interpretation centre for Government Woollen Mills, Bemina, Srinagar, J&K	2.25	2.18
9	Factory Building at Woollen Mills, Bemina, Srinagar	1.63	1.54
10	Construction of 2 classrooms at Middle School, Shivpora and 2 classrooms at Batwara, Srinagar	1.63	1.53
11	Silk factory building at Rajbagh, Srinagar	14.91	13.52
Total		307.82	153.69

As of December 2023, an expenditure of ₹ 153.69 crore was incurred on the construction of these projects. The PSC which was set up for overall strategy guidance and monitoring of the project had also failed to ensure compliance of NDMA guidelines (2016) regarding construction of buildings in flood prone areas.

During Exit Conference, Secretary PDMD stated (June 2025) that two hospital projects were intended for upgradation of the existing facilities of the Government of Jammu and Kashmir and the mandate of shifting the site was not in the scope of the project. Besides, no official categorisation of these areas as flood prone is available on records.

The reply is not acceptable as the Department had not considered the Hospital Safety guidelines issued by NDMA while planning these projects. Moreover, the areas have been categorised as flood prone areas in the District Disaster Management Plan (2020-21).

2.7.3 Execution of new projects while ignoring damaged projects in contravention of the World Bank Guidelines

Component 2 of Project Appraisal Document (PAD), World Bank (WB) was to finance the reconstruction of damaged roads, bridges and associated drainage and slope stabilisation works, retaining walls, protection walls. The PMU proposed funding of five new bridges²⁴ under Component 2 of JTFRP. In DPRs of these five bridges, it was mentioned that these bridges which connected vast areas were damaged due to washing away of causeway by flash floods of September 2014 and the locals especially school going children were facing severe hardships.

²⁴ 1. Bridge at Shrakwara Baramulla (Estimated cost: ₹ 6.69 crore) 2. Bridge at Wagila Wagoora Baramulla (Estimated cost: ₹ 8.66 crore) 3. Bridge over nallah Sheeshrie on Wahdina, Bandi payeen (Estimated cost: ₹ 5.33 crore) 4. Bridge at Waza Mohalla Kreeeri (Estimated cost: ₹ 7.40 crore) and 5. Bridge at Gogji Daji (Estimated cost: ₹ 6.27 crore)

Audit noticed that these five bridges did not feature in the list of damaged bridges prepared by DIQCD/ PWD. Further, no Damage and Loss Assessment (DaLA) of bridges was done by the PMU before sanctioning them.

During Joint Physical Inspection with JKPC authorities, it was noticed that three²⁵ out of five bridges had already existing alternative operational bridges and villages were found well connected through already existing bridges.

	
<p>Already existing bridge at Sharakwara</p>	<p>Under construction new bridge at Sharakwara</p>
	
<p>Already existing Bridge at Wagila Wagoora</p>	<p>Under construction new bridge Wagila Wagoora</p>
	
<p>Already existing bridge at Gogji Daji</p>	<p>Under construction new bridge at Gogji Daji</p>

²⁵ (1). Bridge at Shrakwara Baramulla (2). Bridge at Wagila Wagoora Baramulla (3). Bridge at Gogji Daji

It was also seen during Joint Physical Inspection that no bridge existed at other two²⁶ sub-project sites, as such the issue of reconstructing bridges damaged during the September 2014 floods did not arise.



(Bridge at Waz Mohalla, Kreeri over Frestahar Nallah to which approach roads were yet to be constructed)



(Bridge at Wahidina Bandi Payeen over Khrus Nallah to which approach roads were yet to be constructed)

Deputy General Manager JKPCC Baramulla admitted (October 2023) that these were new bridge projects and not repair/ reconstruction projects. During the Exit Conference, it was stated (June 2025) that the projects were taken up keeping in view the overall Project Development Objective which not only involves reconstruction but also allows for building resilient infrastructure for future. Further, the areas connected by these bridges did not have any prior connectivity.

²⁶ (1) Bridge over nallah Sheeshrie on Wahdina, Bandi payeen and (2) Bridge over nallah Sheeshrie at Waz Mohalla Kreeri.

The reply is not tenable as only 23 out of 40 Road/ Bridge Projects proposed for reconstruction by the Public Works Department were considered. Further, construction of bridges for areas already connected (as evident during the physical verification) while not repairing damaged bridges was not justified.

2.7.4 Award of projects without approval of Project Steering Committee

Project Steering Committee (PSC) in its fourth meeting (March 2019) directed that prior approval of PSC shall be sought for any award of work after 31 December 2019. Out of 82 sampled projects, 52 projects²⁷ were taken up (between January 2020 and October 2021) at a cost of ₹ 770.13 crore for execution without the approval of the PSC.

During the Exit Conference (June 2025) the observation was accepted and stated that due to the political situation post August 2019 and subsequent pandemic situation, the meetings of the Steering Committee were not held. It was further stated (August 2025) that the meeting of the PSC was held on 15 November 2023 and only 74 projects were awarded after activation of Component 6 (Contingency Emergency Response) by the WB.

The reply is not acceptable as it was noticed in audit that 11 sampled works which were not under Component 6 were awarded by PMU without seeking the prior approval of PSC.

2.8 Financial Management

2.8.1 Flow of funds

GoJ&K, Finance Department releases the funds to PMU through PD&MD. Funds from PMU then flow to the PIUs through their Administrative Departments. The position of funds received by the PMU for 213 projects sanctioned under JTFRP, expenditure incurred during 2016-17 to 2022-23 is given in **Table 2.3**.

Table 2.3: Year-wise funds received and expenditure incurred under JTFRP

(₹ in crore)

Year	Opening Balance	Funds released	Total funds available	Funds utilized	Funds lapsed	Closing balance
2016-17	0	3.75	3.75	1.60	2.15	0
2017-18	0	18.35	18.35	16.47	0.91	0.97
2018-19	0.97	56.47	57.44	46.39	4.15	6.90
2019-20	6.90	195.31	202.21	84.92	109.71	7.57
2020-21	7.57	475.68	483.25	338.21 ²⁸	28.01	119.68
2021-22	119.68	468.54	588.22	540.50	34.51	13.21
2022-23	13.21	299.27	312.48	237.09	74.98	0.41
Total		1,517.37		1,265.18	254.42	

(Source: Records of PMU)

²⁷ PMU: 22, JKMSCL; 20, I&CD:6 and PWD:4

²⁸ Includes ₹ 2.64 crore utilised by PIU PW(R&B) during 2019-20 out of lapsable budget and accounted for during 2020-21.

- As per the Draft Financial Manual of JTFRP, interest earned on deposits and other miscellaneous receipts shall be transferred to JTFRP. However, it was seen that the PMU/ JKERA had not transferred the encashed bid security of ₹ 0.37 crore withheld (October 2020) from a contractor in respect of test-checked sub-project “*Tutan Di Khuie to Khada Madana road*” to JTFRP (as discussed in **Paragraph 2.9.1**).
- JKMSCL working as a PIU under JTFRP, had received (June 2021 to March 2022) ₹ 289 crore for procurement of medical equipment under 68 sub-projects out of 213 sub-projects of JTFRP and earned an interest of ₹ 30.66 lakh in a separate bank account opened for these funds. However, the amount was not transferred to JTFRP.
- JKMSCL had recovered (April 2021 to April 2023) liquidated damages amounting to ₹ 1.15 crore in respect of 12 sampled sub-projects. However, the amount had not been adjusted while submitting reimbursement claim to the PMU, JTFRP.

CEO, JTFRP stated (August 2025) that an internal committee had conducted reconciliation with JKMSCL and an interest of ₹ 1.17 crore earned on JTFRP funds was adjusted towards the liabilities of JKMSCL. It was also stated that ₹ 1.14 crore available with JKMSCL on account of imposition of liquidated damages is adjusted towards eligible liabilities and asked to provide Utilisation Certificate.

2.8.2 Undue favour to the contractors

General Conditions of Contract (GCC) clause 49.1 of the Contract Agreements entered into under JTFRP envisaged that the Mobilisation Advance (MA) shall be recovered with percentage deductions from the interim payments. Deductions shall commence in the next Interim Payment Certificate (IPC) following that in which the total of all such payments to the contractor has reached not less than 15 *per cent* of the contract price or three months from the date of payment of first installment of advance, whichever period concludes earlier, and the advance shall be completely recovered prior to the expiry of the original time for completion of the sub-project. The CVC instructions also provide that MA should not be paid in less than two instalments except in special circumstances for the reasons to be recorded and the bank guarantee should be at least 110 *per cent* of the MA.

In respect of 16 sub-projects awarded by PMU, MA of ₹ 42.19 crore was paid to the contractors during February 2018 to August 2021 in a single instalment. Grant of interest free MA was not stipulated in the tender documents. It was noticed that in respect of 15 sub-projects, the first IPC was received with delays ranging between 04 days and 367 days after three months from the date of payment of first installment of MA. As such, the recovery of MA from the contractors' bills was delayed to that extent. MA of ₹ 28.33 crore remained with the contractors after the expiry of the stipulated date of completion of works.

MA of ₹ 9.43 crore was recoverable (July 2023) in respect of seven sub-projects which included ₹ 7.28 crore in respect of four sub-projects which were either halted or abandoned for over two years.

It was also noticed that Bank guarantees at 100 *per cent* of MA had been accepted against the prescribed norm of 110 *per cent*.

CEO, JTFRP stated (August 2025) that the contractors were eligible for payment of both the instalments of mobilisation advance, accordingly the mobilisation advance was paid. It was further stated that the mobilisation advance was fully recovered in June 2021.

The reply is factually incorrect as the mobilisation advance was paid to the contractors in single instalment and the mobilisation advance of ₹ 9.43 crore was still recoverable (July 2023) in respect of seven sub-projects.

2.9. Programme implementation

2.9.1 Award of contracts

(I) Contract awarded to a technically unqualified consultancy firm

To carry out the “supervision and monitoring of various drainage, road and bridge sub-projects” PMU/ JKERA invited (September 2020) Expression of Interest (EoI) and in response 18 firms participated. After evaluation, Request For Proposal (RFP) was issued (January 2021) to six shortlisted firms.

During technical/ financial evaluation (Quality and Cost Based Selection) of the shortlisted firms, two firms were given combined technical/ financial score of 89.20 and 83.17 at the bid amount of ₹ 9.32 crore²⁹ and ₹ 8.20 crore³⁰ respectively. The contract was finally awarded (September 2021) to the firm with technical/ financial score of 89.20 at the quoted rate of ₹ 9.32 crore.

Records of PMU revealed that at the time of opening of bids (02 March 2021) of six shortlisted firms, an ex-employee of JKERA was working as Sr. Drainage Engineer since December 2018 in a firm which was already providing Technical Assistance and Quality Audit Consultancy (TAQAC) services under JTFRP. However, the same official was projected as Team Leader by the two out of six shortlisted firms including the firm to whom the contract was awarded. Further, just one day after opening of bids, the already engaged consultancy firm (TAQAC) had proposed (03 March 2021) to replace the employee with another employee.

The action of the PMU to technically qualify and award contract to the firm was not in accordance with the provisions of section 2.28 of WB guidelines (Selection and

²⁹ Bid amount - ₹ 7.73 crore + GST@ 18% - ₹ 1.39 crore + Provisional Sum - ₹ 0.20 crore.

³⁰ Bid amount - ₹ 6.78 crore + GST@ 18% - ₹ 1.22 crore + Provisional Sum - ₹ 0.20 crore.

Employment of Consultant) which provides that if it is established that key experts were included in the proposal without confirming their availability, the firm may be disqualified, and the process continued with the next ranked firm. The next ranked firm had quoted ₹ 8.20 crore and it would have led to saving of ₹ 1.12 crore had the management initiated the process with him.

It was also noticed in audit that from the date of signing of the contract agreement, the consultancy was carried out without the team leader for six months when PMU accepted (16 March 2022) the replacement of the Team Leader. However, the technical/ financial score of the replaced expert was less than the original expert, which was also a deviation from the WB Guidelines.

CEO, JTFRP stated (August 2025) that it was not established that key expert was proposed without confirming his availability.

The reply is not acceptable as the key expert never joined the said consultancy firm and was eventually replaced in March 2022.

(II) Contract awarded at higher rates

Clause 37.4 (Qualification of the bidder) of the Standard Bid Document (SBD) envisages that a negative determination³¹ shall result in disqualification of the bid, in which event the employer shall proceed to the next lowest evaluated bid to make a similar determination of that Bidder's qualifications to perform satisfactorily.

PMU invited (September 2019) tenders for execution of sub-project "*Up-gradation of Tutan Di Khuie to Khada-Madana Road*". After evaluation of the four received bids, two bidders were found technically qualified. The Letter of Acceptance was issued (30 December 2019) to a contractor for execution of the sub-project at a cost of ₹ 13.75 crore. However, the selected contractor approached (10 January 2020) the PMU to cancel the Letter of Acceptance (LoA) citing that the rates of vented causeways were quoted mistakenly. The PMU cancelled the LoA and forfeited (March 2020) the bid security of ₹ 0.37 crore of the contractor.

As there was negative determination of selected contractor to execute the work, instead of approaching the second technically qualified bidder (L2) who had quoted a price of ₹ 23.45 crore, the PMU re-invited (June 2020) tenders after the expiry (April 2020)³² of bid validity period. The work was awarded at a higher cost of ₹ 26.12 crore to the same firm, which had featured as L2 in the initial tendering.

Thus, not finalising the tender within the bid validity period and award of work at a higher rate on re-tendering resulted in avoidable extra financial burden of ₹ 2.67 crore.

³¹ Any information that makes the bidder ineligible for the bid/ when a bidder shows inability to execute awarded work

³² 120 days after the bid submission deadline date.

CEO, JTFRP stated (August 2025) that the second and third lowest bidders were found technically non-responsive and the fourth lowest bidder had quoted 70 *per cent* higher rates than that of the first lowest bidder. It was then decided that it was administratively and financially prudent to retender the sub-project instead of going ahead with the fourth lowest bidder.

2.9.2 Sub-projects executed by Project Management Unit

The PMU including JKERA was PIU for execution of 71 sub-projects out of 213 sub-projects under JTFRP with the allotted cost of ₹ 903.34 crore. Out of these 71 sub-projects, 38 sampled³³ sub-projects were allotted at a cost of ₹ 800.68 crore.

As of December 2023, out of 38 sampled sub-projects implemented by PMU, five sub-projects were completed within time and 14 projects were completed with delays ranging between 05 months and 44 months. The completion date of one project³⁴ was not furnished. The balance 18 projects awarded at a cost of ₹ 560.93 crore were incomplete as of December 2023. Out of these 18 projects there was delay in respect of 17 projects³⁵ ranging from 14 months to 57 months from the stipulated date of completion.

2.9.2.1 Allotment of sub-projects of Consultancy Services

Consultancy services for Jhelum: PMU entered into (July 2018) an agreement with a consultancy firm for providing “Consultancy services to conduct feasibility studies and to prepare DPR for comprehensive flood mitigation in Jhelum River basin”, at the quoted price of ₹ 17.19 crore. The sub-project was to be completed in 24 months (June 2020). It was noticed that as against 10 tasks to be completed by June 2020, only two tasks had been completed (September 2023). There was a delay of 54 months in accomplishment of Task-1 of the project which led to delay in completion of subsequent tasks of the sub-project and eight deliverables (September 2023). The main reasons for delay were frequent replacement of key experts, as against permissible replacement up to 40 *per cent* of experts, the Department allowed the consultancy firm to replace 80 *per cent* of the experts which was against the decisions of Contract Negotiation committee.

CEO, JTFRP accepted (August 2025) that the project is delayed and is scheduled to be completed by 30 November 2025.

Consultancy services for Tawi: For “Preparing feasibility and DPR for flood mitigation and comprehensive river management measures for Tawi Basin”, the PMU entered into (June 2018) an agreement with the Disaster Management, Relief, Rehabilitation and Reconstruction Department, GoJ&K and a contractor (a Joint

³³ Only 38 sub-projects implemented by the PIU were part of total audit sample of 82 sub-projects.

³⁴ Const. of 165 M (3x55m) span bridge double lane bridge over Betarnallah at village Dhallan Poonch.

³⁵ Envisaged completion date of one project was May 2028.

Venture). The contractor had quoted lowest bid of ₹ 12.49 crore. The project was to be completed by 26 June 2020.

Audit noticed delay in execution of the consultancy project as against 10 tasks to be completed by June 2020, only seven had been completed (September 2023). There was a delay of 6 to 34 months in 5 tasks of the sub-project and three deliverables³⁶ were not accomplished (September 2023).

CEO, JTFRP accepted (August 2025) that the project was delayed and the final DPR was submitted by the consultant in April 2025.

2.9.2.2 Discharge of wastewater into Jhelum

Construction of Storm water Drainage Scheme, Nadroo, Hyderpora was taken up under Component 3 “Restoration of urban flood management infrastructure” of JTFRP. The report on Environmental Impact Assessment (EIA) conducted (October 2019) for the sub-project stated that no household connections should be linked with the proposed storm water drainage network and the Consent to Establish (CTE) and Consent to Operate (CTO) the dewatering station should be obtained from the Jammu and Kashmir Pollution Control Board (JKPCB).

The PMU awarded (October 2019) the contract to the successful bidder for construction of Storm Water Drainage Scheme Nadroo, Hyderpora at a cost of ₹ 12.80 crore. The scope of works of the project *inter-alia* included laying of 5.80 km of drains in the catchment area and construction of a dewatering station to pump out the water into flood spill channel. A consultant³⁷ was also engaged (July 2018) by the PMU to monitor the compliance of EIA report on the sub-project. The sub-project was completed in November 2021 and handed over to SMC in April 2023.

Audit noticed that dewatering station was established without obtaining the CTE and CTO from JKPCB. It was further found that the drain pipes that were laid in the catchment areas were designed (non-pressure NP3 class R.C.C) to handle both storm water and sewage water. Wastewater from households was continuously flowing into the sumps of the dewatering station in violation of the Water (prevention and control of pollution) Act, 1974 which was evident from the fact that during the period 20 October 2023 to 30 October 2023, the dewatering station had discharged 1.72 crore litre of waste into the flood channel despite no rainfall³⁸ in Srinagar city during the period. Urban Environment and Engineering Department, J&K also confirmed (November 2023) that Nadroo locality does not have separate sewage network.

During the Exit Conference, it was stated (June 2025) no households have been given access to the drainage network as the drainage network is strictly for stormwater.

³⁶ Tasks 8: Draft DPR; Task 9: Final DPR; Task-10: Tender document.

³⁷ Technical Assistant and Quality Audit Consultant (TAQAC)

³⁸ As per information obtained from Indian Meteorological Centre, Srinagar.

The reply is not correct as the dewatering station was pumping out wastewater for the period without any recorded rainfall.

CEO, JTFRP accepted (August 2025) that household drains have been connected with the storm water drainage network to cater only the rainfall water, however it is not possible to locate if any household allows sewage in the drain.

2.9.2.3 Extra financial burden due to transfer of sub-projects from PWD/ SMC to PMU/ JKERA

The PMU proposed (March 2019) to PSC that as JKERA had vast experience in implementing externally funded projects, the sub-projects being implemented by PWD and SMC may be handed over to JKERA for timely execution. The PSC approved (March 2019) shifting of sub-projects of Component II and III of JTFRP with estimated cost of ₹ 580.54 crore from PWD and SMC to JKERA.

Audit observed that without the approval of PSC, the PMU entered into (September 2021) agreement with the consultancy firm M/s Intercontinental Consultants and Technocrats Private Limited (ICT) for execution of one test checked sub project for supervision and monitoring of 23 Drainage, Road and Bridge sub-projects taken over from PWD and SMC, at a cost of ₹ 9.12 crore³⁹.

Out of these 23 sub-projects, 14 sub-projects with awarded cost of ₹ 367.35 crore were included in the test-checked 82 sub-projects. By the time the consultancy firm (ICT) started (March 2022)⁴⁰ work, expenditure of ₹ 189.71 crore (52 per cent) had been incurred on these works by JKERA. It was further noticed that JKERA could not complete these 14 works in time. As of December 2023, six works were completed at a cost of ₹ 93.12 crore with a delay ranging between 7 months and 20 months from the scheduled date of completion and there was delay ranging between 15 months and 26 months in respect of 8 incomplete works with allotted cost of ₹ 270.49 crore.

Thus, the purpose of fast-tracking execution of works for which works were shifted to JKERA could not be achieved. Moreover, on account of delay in completion of these works, PMU was liable to also pay GST at the higher rate which would cause a burden of ₹ 9.71 crore on the WB assisted JTFRP.

CEO, JTFRP stated (August 2025) that the hiring of supervision consultant was approved by the WB after CERC component was activated and new projects including OGP were executed by JKERA. OGPs were located in remote areas in Jammu Division, which required additional supervision staff.

³⁹ Excluding provisional sum of ₹ 0.20 crore.

⁴⁰ When the Team Leader was appointed by the consultancy firm.

The reply is not acceptable as the supervision consultant was hired without the approval of PSC and the OGP's were also completed with delays ranging from 05 months to 22 months. The supervision consultants were paid ₹ 3.84 crore as of December 2023.

2.9.2.4 Purchase/ installation of Machinery and equipment

(a) Excess payment of ₹ 0.82 crore on procurement of rescue equipment

On the request of the Additional Director General of Police, J&K Srinagar the PMU approved (August 2017) procurement of 10 Fiber Motorboats (FMB) and 20 Inflatable Rubber Boat (IRB) in the first phase on emergency basis to M/s Gee Pee Reinforced Products Pvt. Limited (firm) at per unit rate of ₹ 20,21,600 and ₹ 9,20,000 for FMB and IRB respectively. As per Clause 5 of the agreement (September 2017), in case after e-tendering of balance 28 boats (FMB: 14 and IRB: 14) the approved tendered rates happen to be lower than the allotted rates, the firm was to refund the excess amount to the Department and if the tendered rates happen to be more than the allotted rates, the firm had to make supply on the already allotted rates as per supply order and no extra claim was to be entertained on this behalf.

The PMU invited (August 2018) tenders for supply of 28 boats (FMB: 14 and IRB: 14), the same firm qualified technically as the L1 among three bidders who had participated in the tendering process and the contract was awarded (December 2018) to the firm at a cost of ₹ 3.53 crore. Audit noticed that the rates offered by the firm in the e-bid were lower than the rates at which contract for procurement of boats was awarded to it in the first phase as detailed in **Table 2.4**.

Table 2.4: Excess payment on purchase of rescue equipment

(₹ in lakh)

Particulars	Purchase of boats in phase-I without inviting tenders as per contract of September 2017		Purchase of boats in phase-II after inviting tenders as per contract of December 2018		Difference in rates	Excess amount paid
	Quantity	Rate	Quantity	Rate		
FMBs	10	20.21	14	17.76	2.45	24.50
IRBs	20	9.20	14	6.32	2.88	57.60
Total	30		28			82.10

(Source: Records of PMU)

Accordingly, an amount of ₹ 82.10 lakh was to be recovered from the contractor which was not done. The reply was silent on the observation.

CEO, JTFRP stated (August 2025) that the contract conditions of the first contract remained valid during the currency of the contract and the earlier contract had expired at the time of signing of second contract. As such, the contract conditions of the two contracts could not be correlated.

The reply is not acceptable as contract conditions of the first contract did not stipulate the validity of the contract and the firm was to refund the excess amount, in case the approved tendered rates after e-tendering of balance items happened to be lower than the allotted rates.

(b) Idle investment of ₹ 2.35 crore on purchase of Search and Rescue kits

PSC decided (March 2019) to provide basic search and rescue equipment kit to Panchayati Raj Institutions (PRIs) in J&K under Component 5. Accordingly, the PMU entered into (November 2020) a contract with M/s Medihelp Healthcare Private Limited (supplier) for procurement of 4000 Search-and-Rescue kits at a cost of ₹ 18.61 crore (₹ 39,428 per kit plus GST of ₹ 2.84 crore) for 22 Districts⁴¹ of J&K.

Audit conducted joint physical inspection of supply of Search and Rescue kits received in six Districts and noticed that in two Districts (Kathua and Anantnag) 530 Search and Rescue kits (Kathua: 230 kits and Anantnag: 300 kits) valuing ₹ 2.47 crore (Kathua: ₹ 1.07 crore and Anantnag: ₹ 1.40 crore) were supplied (Kathua: October 2021 and Anantnag: June 2022) by the contractor to 592 Panchayats (Kathua: 257 and Anantnag: 335). Out of 530 kits, 505 kits (Kathua: 230 and Anantnag: 275) purchased for ₹ 2.35 crore (Kathua: ₹ 1.07 crore; Anantnag: ₹ 1.28 crore) were not distributed to the PRIs but were lying idle for over two years in the stores of Block Development Officers, Barnoti and Shangus respectively resulting in not-fulfilling of the objective for which these kits were purchased.

Records of the PMU further revealed that one item (Karabiner) each in the 230 kits supplied to Kathua District was required to be replaced by the contractor (due to it not having the required Major Axis Strength) but the item was not replaced as of January 2024. It was also seen that no provision was made in the contract for replenishment of perishable items in the kits, viz. safety helmet with torch, LED torch, solar lights etc.

Assistant Commissioner Development, Kathua stated (January 2024) that the equipment could not be distributed to the end users due to non-imparting of training by SDRF for handling of these equipment.

Director Finance, JTFRP stated (May 2024) that the matter had been taken up (March 2024) with the District Development Commissioner, Kathua to distribute the kits immediately. The reply was silent about idle kits in Shangus, Anantnag.

(c) Idle investment of ₹ 35.95 crore on Oxygen Generator Plants (OGPs)

To ensure that the UT of J&K has a sufficient oxygen generation facility available in hospitals in view of the surging cases of Covid-19 in the country, 30 Oxygen Generator Plants (OGPs) were proposed (April 2021) for installation in the State/ UT under Component 6. Accordingly, ₹ 47.87 crore (Jammu: ₹ 23.63 crore; Kashmir:

⁴¹ Including Leh and Kargil in the erstwhile State of Jammu and Kashmir.

₹ 24.24 crore) and ₹ 15.40 crore (Jammu: ₹ 9.19; Kashmir: ₹ 6.21 crore) were respectively paid for installation of OGPs/ MGPS and electric items/ construction of rooms by PMU/ JKERA. After commissioning, the OGPs during the Defect Liability Period (DLP), were under Operation and Maintenance (O&M) of the contractors up to February 2023. Departmental technicians/ helpers were to be trained by the contractors during O&M period of one year.

Audit conducted (January 2024) Joint Physical Inspection with departmental officers of 16 out of 30 constructed OGPs and found the following:

- The OGPs were non-functional since March 2023. The PMU had taken up (February 2022), the matter of providing manpower for operating the OGPs with the Director, Health Services and even Primary Health Centers (PHC)/ Community Health Centers (CHC) had taken up the matter with the concerned quarters, however, no manpower was provided by the Health Department for operating the OGPs.
- In CHC Akhnoor, the OGP was handed over to Hospital authorities in April 2023 after the DLP. However, the OGP could not be put to use as by that time the manpower had been withdrawn by the contractor and no manpower had been provided by the Health Department.
- In CHC Hiranagar, OGP had remained non-functional since April 2023 (just two months after the end of DLP) as MCCB of Air compressor and LV meter had got burnt, Solenoid Auto releasing valve was not working and there was leakage in the digital medical gas alarm box which had not been rectified as of January 2024.
- As of March 2024, the OGP plant could not be handed over to PHC Zakura as the complex in which it was installed, was under the occupation of security forces.

The Department had made no budgetary provision for periodic upkeep of these plants and there was likelihood that these plants might need repair and maintenance before making them functional.

CEO, JTFRP stated (August 2025) that the matter shall be taken up with the Health authorities to ensure that sufficient staff is deployed for optimum utilisation of OGPs.

2.9.2.5 Works allotted by the PMU to Jammu and Kashmir Projects Construction Corporation Limited (JKPCC)

To carry out civil works of roads, bridges and buildings, GoJ&K nominated Jammu and Kashmir Projects Construction Corporation Limited (JKPCC) for executing works under Force Account. JKPCC took up (between November 2017 and May 2019) 13 sub-projects in J&K under JTFRP for execution at a cost of ₹ 248.53 crore which was revised to ₹ 266.49 crore. These works were to be completed between March 2019 and May 2021.

As of December 2023, out of 13 sub-projects, three were completed with delays ranging between 12 months and 44 months. The remaining 10 works with physical progress ranging between 30 *per cent* and 69 *per cent* were incomplete, with delays of 31 months to 57 months. Out of the 10 incomplete works, 7 works were abandoned by the JKPC since 2020-21, resulting in unfruitful expenditure of ₹ 50.52 crore incurred on these abandoned works.

None of these sub-projects were completed within scheduled date of completion between March 2019 and May 2021. As of 18 July 2022, against the allotted cost of ₹ 248.53 crore (revised to ₹ 266.49 crore), only ₹ 79.27 crore was paid to JKPC.

(a) Construction of extension block at Lalla Ded Hospital, Srinagar

Lalla Ded hospital (Gynecology and Obstetrics), Srinagar suffered huge loss to infrastructure during the flood of 2014 as such a new building/ block was proposed to be constructed under WB aided JTFRP. The Construction of the extension block at Lalla Ded hospital Srinagar to be completed by May 2021 was entrusted (May 2019) to JKPC at an estimated cost of ₹ 132.55 crore. As of December 2023, the financial progress was only 25 *per cent* and the value of work done was only ₹ 32.75 crore despite lapse of over two and half years from the envisaged date of completion of the project.

Audit noted that for making the building earthquake resistant, the JKPC issued (January 2021) Letter of Intent (LoI) for installation of base isolator system to M/s Robinson Seismic Limited. However, due to change in design of isolator system, the cost of the work increased by 19 *per cent*⁴² which required approval of WB. However, PMU did not agree to the proposal of JKPC (December 2022) for seeking NOC from WB. The JKPC subsequently cancelled (May 2023) the LoI issued (January 2021) to M/s Robinson Seismic Limited and the project remained incomplete as of December 2023. Audit further noticed that the PMU, JTFRP had paid corporation overheads to JKPC at the rate of 15 *per cent* instead of 7.5 *per cent* applicable to projects of over ₹ 100 crore. Up to 4th bill submitted by the JKPC for ₹ 23.60 crore, company overheads of ₹ 3.54 crore was paid at the rate of 15 *per cent* resulting in excess payment of ₹ 1.77 crore.



Incomplete works of extension Block of Lalla Ded Hospital, Srinagar

⁴² By ₹ 0.84 crore from ₹ 4.46 crore to ₹ 5.30 crore

CEO JTFRP accepted (August 2025) the delay and stated that only piling work was completed. It was further stated that JKPCC has been subsumed with PW (R&B) Department in December 2023. The work was retendered by R&B in January 2025 and allotted in June 2025.

(b) Unfruitful expenditure on construction of three bridges

Test check of three sampled bridge projects allotted to JKPCC revealed that despite time over run of over four years as of December 2023, JKPCC had not completed these projects depriving the people of the concerned areas with road connectivity. The details are as given in **Table 2.5**.

Table 2.5: Time over run in completion of three bridge projects

Particulars	Allotted cost (₹ in crore)	Date of agreement	Scheduled completion date	Extended date	Status as of December 2023
Wagoora Wagila over Ningli Nallah	8.66	09.03.2018	March 2019	Five times up to June 2023	Financial progress: 48 per cent and the value of work done: ₹ 4.12 crore.
Trenz Sheikhpura over Rambiarra	34.50	24.10.2017	May 2019	Six times up to December 2023	Physical progress: 40 per cent, Value of work done: ₹ 12.07 crore (35 per cent)
Rohmoo Pulwama over Rumshi Nallah	21.25	24.10.2017	May 2019	Six times up to December 2023	Physical progress: 54 per cent, Value of work done: ₹ 9.17 crore (43 per cent)

(Source: Records of PMU)

In its requests for extension of time to execute the projects, JKPCC attributed delay in completion of works to COVID-19/ abrogation of Article 370, harsh winter etc. However, these reasons were not valid after December 2021. Audit analysis revealed the following:

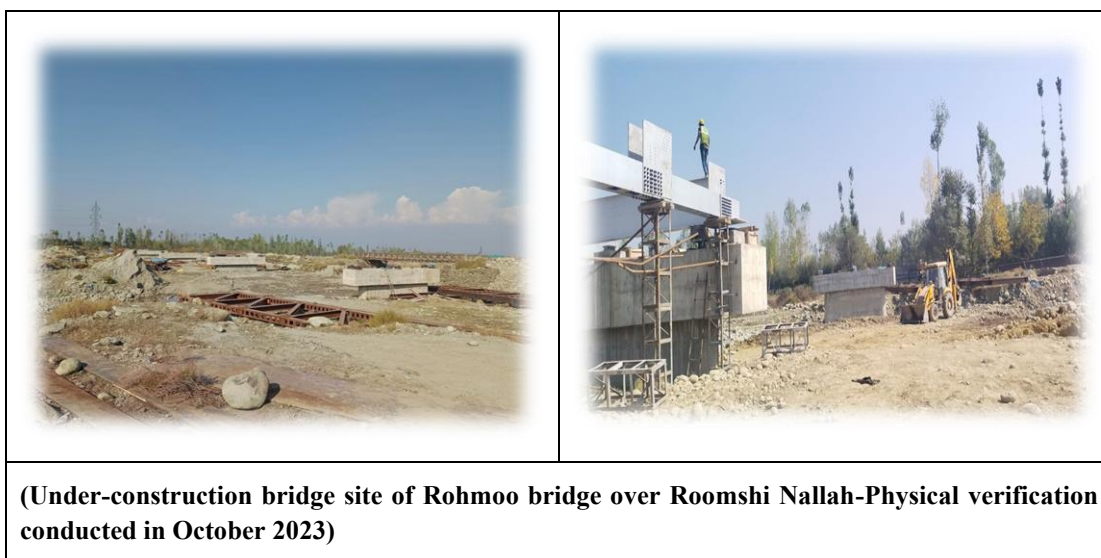
(i) Sub-project Wagoora Wagila bridge over Ningli Nallah: JKPCC awarded the work thrice between March 2019 and May 2021, however the work remained incomplete due to:

Work awarded/ allotted (March 2019): Contractor did not execute the work citing item of work to be executed not provided in NIT followed by lockdown due to Covid-19. JKPCC cancelled (July 2020) the allotment order.

Work awarded/ allotted (August 2020): Contractor refused to work due to unavailability of basic amenities at the work site and requested for material at factory site of the contractor which was acceded by JKPCC. However, the work was not executed and the contract was cancelled (September 2020).

Work awarded/ allotted (May 2021): Contractor could not commence the work initially as JKPCC did not provide technically vetted approved drawings. Further, the contractor did not procure required quantity of steel for the work and stopped the work demanding cost escalation. Further, the work had to be withheld (September 2021) due to not using the grade of steel approved by WB for the project (E-250 used instead of E-350 approved). However, the PMU got the use of E-250 grade steel approved (July 2022) by the WB.

(ii) Sub-project Trenz Sheikhpora bridge over Rambiarā Nallah and Rohmoo Pulwama bridge over Romshi Nallah: JKPCC sub-contracted (July 2023) the projects at a cost of ₹ 34.06 crore⁴³ which was 61 per cent of the project cost of ₹ 55.75 crore⁴⁴ in contravention of contract agreement which envisaged a ceiling of 25 per cent for sub-contracting the specialised works. Further, the approved/ vetted drawings were submitted (November 2021) by JKPCC after a lapse of 33 months from the envisaged date of completion of the two bridges.



CEO, JTFRP stated (August 2025) that the JKPCC has been merged with PW (R&B) Department and these sub-projects have been taken over by PW (R&B) Department.

2.9.3 Procurement of machinery and equipment by JKMSCL

To respond to the COVID-19 pandemic, MoF, GoI requested (May 2020), WB for activation of “Contingency Emergency Response Component (CERC)” in Disaster Risk Management Projects. In response, the WB allocated (June 2020), \$50 million for implementation of Component 6: CERC under JTFRP. Accordingly, GoJ&K, Health and Medical Education Department (H&ME) accorded (October 2020) sanction for strengthening of Health Care Institutions under JTFRP. Against the approved outlay of

⁴³ Trenz Sheikhpora bridge over Rambiarā Nallah: ₹ 20.73 crore and Rohmoo Pulwama bridge over Romshi Nallah: ₹ 13.33 crore

⁴⁴ Trenz Sheikhpora bridge over Rambiarā Nallah: ₹ 34.50 crore and Rohmoo Pulwama bridge over Romshi Nallah: ₹ 21.25 crore

₹ 367.48 crore for total 72 sub-projects in J&K under the component, JKMSCL received (2020-21 to 2021-22), ₹ 289 crore for 68⁴⁵ sub-projects against which it incurred an expenditure of ₹ 288.59 crore as of December 2023. Procurement of 65 types of machineries/ equipment was made (January 2021 to September 2021) and distributed to 36 health institutions in J&K under the component.

Out of 82 sampled sub-projects, CERC comprised 20 sub-projects with allotted cost of ₹ 236.36 crore executed by JKMSCL and 4 sub-projects of Oxygen Generation Plants with allotted cost of ₹ 67.61 crore implemented by PMU/ JKERA.

2.9.3.1 Avoidable expenditure on procurement of Modular Monitors

For finalisation of rate contract for supply of Modular Monitors, JKMSCL invited (November 2017) bids from suppliers. To arrive at the total cost of equipment, the cost of main item, accessories, and Comprehensive Maintenance Contract (CMC) were to be added. On financial evaluation of the bids, a firm (M/s SR Technomed) was arrived as L1 at with quoted rates of ₹ 4,52,111 (Main item ₹ 3,90,642; Taxes: ₹ 53,269 and CMC for five years: ₹ 8,200) and rate contract was finalised (December 2018) with the supplier. The rates offered by the L2 firm (M/s L.M Agencies) were 4,96,434 (Main item ₹ 3,84,999; Taxes: ₹ 46,200 and CMC for five years: ₹ 65,235). Without CMC the quotation of L2 was less than that of L1.

For procurement of 500 Modular Monitors under JTFRP, JKMSCL entered into a contract (November 2020) with the supplier already identified⁴⁶ as L1 (December 2018) by it at a unit cost of ₹ 4,37,519 amounting to ₹ 21.88 crore without CMC. Audit noticed that by excluding the CMC, per unit rate of Modular Monitor procured by JKMSCL from the L1 bidder was ₹ 4,43,911 as compared to ₹ 4,31,199 quoted by L2 i.e. higher by ₹ 12,712.

Thus, action of the JKMSCL to procure Modular Monitors under JTFRP from a higher placed bidder at per unit price of ₹ 4,37,519 (inclusive of taxes) instead of the actual L1 who had quoted per unit rates of ₹ 4,31,199 (inclusive of taxes) resulted in extra avoidable expenditure of ₹ 31.60 lakh⁴⁷.

CEO, JTFRP stated (August 2025) that the procurement of Modular Monitors was made as per the valid rate contract of JKMSCL which was finalised after observing all codal formalities.

The reply is not acceptable as the rate contract had been made by JKMSCL by including the CMC in the rates for the equipment whereas the Contract for Modular Monitors under JTFRP did not include CMC.

⁴⁵ Excluding 4 sub-projects of Oxygen Generation Plants with allotted cost of ₹ 67.61 crore implemented by PMU/ JKERA.

⁴⁶ Under Direct Contracting.

⁴⁷ ₹ 4,37,519 – ₹ 4,31,199 = ₹ 6,320; For 500 modular monitors : ₹ 6,320 x 500 = ₹ 31,60,000.

2.9.3.2 Idle machinery/ equipment valuing ₹ 5.39 crore

Test check of records of JKMSCL revealed that 5,868 items of 65 types of machinery/ equipment were purchased under JTFRP and supplied to various hospitals in 20 Districts of Jammu and Kashmir. Audit conducted (January 2024) physical inspection of the machinery/ equipment in five districts (Poonch, Samba, Srinagar, Baramulla and Anantnag) where 1,611 items⁴⁸ were supplied to various hospitals. It was noticed that machinery valuing ₹ 5.39 crore was lying idle as detailed in **Table 2.6**.

Table 2.6: Idle machinery/ equipment lying in hospitals

Sl. No.	Name of the Hospital	No. of machinery/ equipment lying idle	Date of receipt	Value (₹ in crore)
1	District Hospital, Samba	29	January 2021 to May 2022	2.44
2	District Hospital, Poonch	24	February 2021 to January 2022	0.59
3	District Hospital, Baramulla	38	February 2021 to September 2021	0.21
4	Government Medical College and Associated Hospital, Anantnag	06	September 2021 to December 2021	0.54
5	Jawahar Lal Nehru Memorial Hospital, Srinagar	22	February 2021 to February 2022	0.82
6	Trauma Hospital, Bijbehara	33	February 2021 to April 2022	0.79
	Total	152		5.39

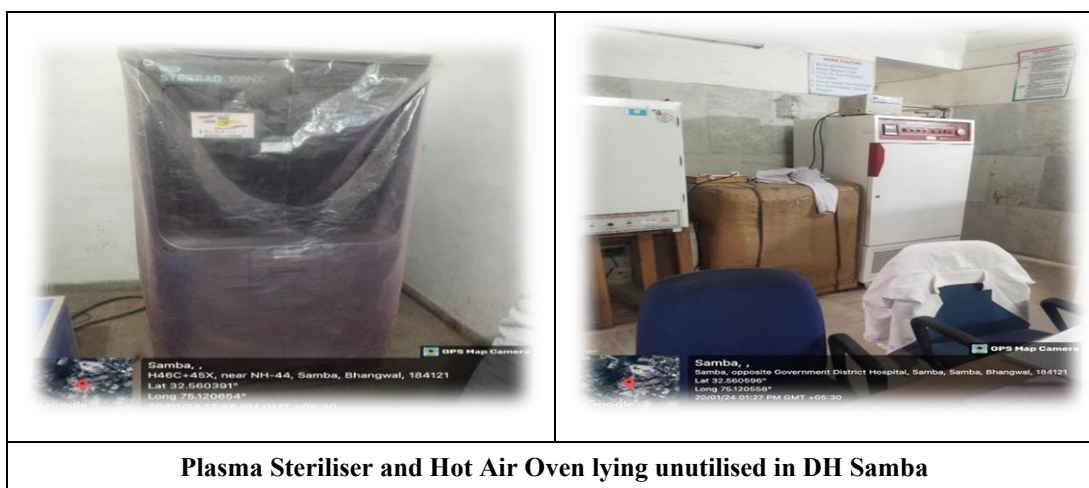
(Source: Physical Inspection of machinery/ equipment conducted by Audit)

Audit noticed that requisitions for machinery/ equipment required by these hospitals were not obtained by JKMSCL before supplying the machinery/ equipment to these hospitals. The blood bank equipment viz. refrigerators/ deep freezer, platelet thawing machine and platelet agitators valuing ₹ 0.55 crore were supplied (February 2020 to July 2021) to District Hospital (DH) Samba and DH Poonch despite the fact that there was no blood testing laboratory in these hospitals.



⁴⁸

Poonch- 268, Samba- 232, Srinagar - 470, Baramulla- 322 and Anantnag- 319.



During Exit Conference, Secretary PDMD stated (June 2025) JKMSCL and Health Department would be directed to furnish the latest status report on utilisation of the machinery procured under JTFRP. Further CEO, JTFRP stated (August 2025) that JKMSCL has released the payment only after receipt of successful installation report from the concerned healthcare institutions stating that the equipment is functional.

The reply is factually incorrect as the equipment valuing ₹ 5.39 crore were lying idle and uninstalled in various healthcare institutions of the UT as noticed during the physical verification.

2.9.3.3 Idle investment on purchase of Automated Embedding Systems

JKMSCL purchased five type of equipment required for Surgical Pathology Report⁴⁹. To generate the report, five interdependent equipment viz. Automated Tissue Processor, Automated Embedding System, Rotary Microtome, Automated Rotary Microtome and Automated Slide Stainer are required. As, these equipment were interdependent, these were to be purchased and supplied in combination to each hospital.

Audit noticed that although JKMSCL purchased 40 Automated Tissue Processors (2 each for 20 Districts), the other allied equipment viz Automated Tissue processors, rotary microtomes, and automated slide stainers were not purchased for 10 District hospitals⁵⁰. As a result, the Automated Tissue Processors valuing ₹ 1.13 crore⁵¹ supplied in these 10 District Hospitals were lying idle.

On Joint Physical Inspection (January and March 2024) of four District Hospitals in Samba, Poonch, Ganderbal and Budgam it was found that all the embedding systems valuing ₹ 0.45 crore supplied to these District Hospitals were lying idle since January

⁴⁹ A medical report that describes the characteristics of a tissue specimen that is taken from a patient.

⁵⁰ Samba, Reasi, Poonch, Kishtwar, Ramban, Pulwama, Budgam, Ganderbal, Kulgam and Bandipora

⁵¹ Cost of automated embedding system for one district (11.32 lakh) * 10 number of districts wherein these systems were supplied.

2022 as the allied machinery/ equipment to Automated Embedding System were not supplied.



(Auto embedding system lying unutilized in DH Poonch and DH Samba)



(Auto embedding stations lying unutilized in DH Budgam and DH Ganderbal)

During Exit Conference, Secretary PDMD stated (June 2025) JKMSCL and Health Department would be directed to furnish the latest status report on utilisation of the machinery procured under JTFRP. CEO, JTFRP stated (August 2025) that due to paucity of funds, the number of equipment was reduced from 20 to 10 which resulted in non-providing of equipment to various District Hospitals of J&K.

The reply is not acceptable, as the Department could not ensure supply of one complete set of equipment of Surgical Pathology Report for each District instead it had procured/ supplied two Automated embedded system without allied equipment.

2.9.4 Works executed by Srinagar Municipal Corporation (SMC)

Irregular expenditure on upgradation of dewatering stations under JTFRP

Eighty dewatering stations of SMC were designed prior to floods of 2014. These dewatering stations were submerged during the floods. Hence, it was planned to install submersible pumping units one meter above established highest flood level of 2014

instead of horizontal shaft pumping units to make the flood infrastructure more resilient. 28 of these dewatering stations were upgraded by JKERA under Asian Development Bank (ADB) funding and three stations were upgraded by Drainage Circle of SMC under Atal Mission for Rejuvenation and Urban Transformation (AMRUT). The remaining 49 dewatering stations were taken up for upgradation by SMC under the sub-project “up-gradation of 49 dewatering stations in and around Srinagar City” under Component 3: Restoration of urban flood management infrastructure of JTFRP at a cost of ₹ 102.89 crore.

Scrutiny of records of Superintending Engineer, Drainage Circle, SMC revealed that there were no separate networks for drainage and sewage flow in Srinagar city. Further, WB mission during their visit (May/ June 2016) to Srinagar had directed that in cases where the dewatering stations were pumping mixed sewage and drainage water, the dewatering stations may not be upgraded/ restored.

However, SMC took up (January 2019) upgradation of 49 dewatering stations which were pumping mixed sewage and drainage water in and around Srinagar City. Records of three dewatering stations⁵² revealed that the stations had discharged 7.47 crore litres⁵³ of water during the period from 20 October 2023 to 30 October 2023 though there had been no rainfall as per information obtained from Indian Meteorological Department, Srinagar during the same period. This indicates that the water discharged by the dewatering stations was household wastewater. Further, the Urban Environment and Engineering Department, Jammu and Kashmir had confirmed (November 2023) that the localities of Lal Mandi and Bulbul Bagh did not have separate sewage network. Thus, the dewatering stations being operated by SMC had been discharging sewage water into the Jhelum and Dhoodh Ganga rivers.

It is also pertinent to mention that GoJK was penalised (October 2022) by National Green Tribunal (NGT) for an amount of ₹ 35 crore for discharge of untreated sewage into river Dhoodh Ganga and Mamath Kull and for inability to process solid waste in violation of provisions of Water (Prevention and Control of Pollution) Act, 1974.



(Untreated sewage water from dewatering station Lal Mandi and dewatering station Bulbul Bagh being drained to River Jhelum and Dhood Ganga respectively)

⁵² Lal Mandi, Bulbul Bagh, Shaheen colony

⁵³ Lal Mandi: 4.39 crore litres, Bulbul Bagh: 0.27 crore litres, Shaheen colony: 2.81 crore litres



(Untreated sewage water from dewatering station Channapora being drained to Dhoodh Ganga)

In reply, the Executive Engineer, City Drainage Division, SMC stated (January 2024) that upgradations were carried out after obtaining clearance from the WB and necessary precautions were taken to ensure that the dewatering stations align with international standards. The reply is not acceptable as nothing on record suggested that SMC had obtained CTO and CTE from JKPCB for operating mix dewatering stations.

CEO, JTFRP accepted (August 2025) that the storm water system is currently handling mixed discharge. It was also stated that the proposals have been submitted to connect existing dewatering stations with the sewage treatment plant along Doodh Ganga Nallah with similar initiatives planned at other key discharge point.

2.9.5 Projects executed by the Industries and Commerce Department (I&CD)

Out of a total of 213 sub-projects of J&K sanctioned under JTFRP, 26 projects valuing ₹ 50.22 crore were executed by I&CD under Component 4: Restoration and Strengthening of Livelihoods. Out of 11 sampled sub-projects with estimated cost of ₹ 36.56 crore, only one sub-project was completed in time, seven projects were completed with a delay ranging between 5 months and 21 months and two projects were incomplete as of December 2023. In respect of two incomplete sub-projects there was delay of 17 months and 19 months. One sub-project, “Consultancy services for adaptive reuse of Solina Filatures as Arts, Culture and Crafts Centre” was shelved by the WB.

2.9.5.1 Non-achievement of targets by Silk Factory, Rajbagh

For construction of Composite market centre building for whole chain of silk activity at Government Silk Factory (GSF) Rajbagh, Jammu & Kashmir Industries Limited (JKIL) entered into (March 2018) contract with M/s M. M. Shawl Engineering & Contractors Pvt. Ltd., Srinagar at a cost of ₹ 14.91 crore.

The contractor completed (May 2022) the construction of the building and as of March 2024, payment of ₹ 13.52 crore had been made to the contractor. Further, ₹ 8.94 crore was also spent under JTFRP on purchase of machinery. After construction of the

new building and installation of machinery, annual production and sales of silk were estimated at five lakh meter and ₹ 34.08 crore respectively. Details of production and sale of silk at the GSF, Rajbagh during 2019-24 are given in **Table 2.7**.

Table 2.7: Production and sale of silk at Government Silk Factory, Rajbagh, Srinagar during 2019-24

Year	Production		Sales	
	Quantity (Mtrs)	Value (₹ in crore)	Quantity (Mtrs)	Value (₹ in crore)
2019-20	19,824.85	0.99	10,900.00	0.43
2020-21	17,030.00	0.85	7,256.00	0.50
2021-22	20,898.35	1.15	21,077.70	1.38
2022-23	16,841.30	0.70	23,426.95	2.14
2023-24	9,865.10	0.49	23,024.60	2.16
Total	84,459.60		85,685.25	

(Source: Records of PIU I&CD)

It may be seen from the above table that despite incurring expenditure of ₹ 22.46 crore, JKIL could not achieve the envisaged production and sales of silk in the GSF. Although the sales increased from ₹ 1.38 crore in 2021-22 to ₹ 2.16 crore in 2023-24, the production of the factory decreased from 17,030 m in 2020-21 to 9,865 m in 2023-24.

On being pointed out, Chief Accounts Officer, JKIL stated (January 2024) that production of GSF Jammu was transferred to GSF, Rajbagh Srinagar for sale due to market potential of the latter. It was further stated that due to transfer of produce, the stock of silk at GSF Rajbagh amassed as such it was decided to limit the production to only newer varieties of silk.

Instead of utilising the increased capacity of the GSF, Rajbagh, GoJK decided to reduce its generation rendering the decision to upgrade the facility and incurring expenditure of ₹ 22.06 crore on construction of new building and purchase of machinery questionable.

Further, for the existing facility, the work of “Consultancy Services for preparation of conservation/ restoration and adaptive reuse plan for Government Silk Factory, Rajbagh Srinagar” JKIL entered into (June 2020) contract with Joint Venture of CRCI (India) Pvt. Ltd and Black Design Studio at a cost of ₹ 87.32 lakh. The work was to be completed in six months.

Though the Consultant submitted (December 2021) all its deliverables along with structural drawings and payment of ₹ 81.11 lakh was made to the consultant, JKIL had not taken up the conservation/ restoration work of the factory as of December 2023.

CEO, JTFRP stated (August 2025) that in respect of Silk Factory, Rajbagh, primary focus is on producing fabric of different varieties as from the initial eight varieties of silk fabric, the factory is now able to manufacture 24 varieties of silk with blends. Resultantly, the sales have improved significantly from ₹ 0.43 crores in 2019 to ₹ 2.14 crores in 2023. It was further stated that under JTFRP only the funding of the

consultancy was covered and the implementation of the various activities suggested by the consultant was to be taken by the various stakeholders.

2.9.5.2 Consultancy services for branding and communication Campaign

For “consultancy services to develop and launch branding and communication Campaign for J&K products”, I&CD entered into (July 2020) contract (with a contract period of 24 months) with M/s Price Waterhouse Coopers Pvt. Ltd (PwC) at a cost of ₹ 2.29 crore. Under the contract, the consultancy work involved submission of:

- comprehensive branding strategy and roadmap
- final comprehensive branding strategy and roadmap based on feedback from client and
- deliverables based on agreed comprehensive branding strategy.

Test-check of the records of I&CD revealed that a payment of ₹ 1.33 crore was made to the consultant for submission of “comprehensive branding strategy and roadmap” and “final comprehensive branding strategy and roadmap based on feedback from client”. After finalisation of brand strategy document, the consultant submitted communication plan, media plan and content bank as per the implementation plan laid down in the finalised brand strategy. Two payment claims⁵⁴ submitted by the consultant were not paid. As of December 2023, the work in respect of implementation plan had not commenced resulting in unfruitful expenditure of ₹ 1.33 crore. Further, the intended benefits of branding the products of J&K could not be achieved.

CEO, JTFRP stated (August 2025) that the funds for running the promotional campaigns was to be provided by the WB, which was not released by the WB. However, Industries and Commerce Department had been directed to explore the possibility of running the campaign from the resources of J&K Government.

2.10 Monitoring

WB guidelines prescribe monitoring and evaluation mechanism for projects funded by it. Audit examination of monitoring/ evaluation mechanism in place for WB funded JTFRP disclosed the following deficiencies.

2.10.1 Monitoring by the Project Steering Committee

PAD (Sl. No. 38: Institutional and Implementation Arrangements) of JTFRP envisaged that a Project Steering Committee (PSC) shall be set up for the overall strategy guidance and monitoring of the project. Accordingly, GoJ&K set up PSC in August 2015. The PSC was to formally approve the project investments and help in coordinating the activities of various Departments and in obtaining required approvals/ clearances for the project. This was to be done through semi-annual review meetings,

⁵⁴ ₹ 21.65 lakh (December 2021) and ₹ 20.72 lakh (March 2022)

where the PSC was to review the budgets, progress against the defined milestones, critical findings of the audit and evaluation reports, and provide such guidelines, as it may deem necessary for the project.

Records of the PMU revealed that against the prescribed 16 meetings to be held during 2016-17 to 2023-24, only four meetings were held (one in 2017-18 and three meetings in 2018-19) indicating shortfall of 12 meetings. As of December 2023, no meeting of the PSC was conducted since March 2019.

In absence of PSC meetings proper selection and monitoring of the sub-projects could not be ascertained in audit.

During Exit Conference, Secretary PDMD stated (June 2025) that due to the political situation post August 2019 and subsequent pandemic situation post COVID-19, the meetings of the Steering Committee were not held. It was further stated (August 2025) that the Project Steering Committee meeting was held on November 15, 2023 and thereafter the Chief Secretary UT of J&K has periodically reviewed the Project with the last review meeting held on 27 June 2025.

The reply is not acceptable as the Project was implemented during April 2019 to October 2023 without the guidance and monitoring of Project Steering Committee which also included the respective line Departments.

2.10.2 Operational Manual not prepared

As per Schedule 4, Section II (B) of the Financing Agreement entered into (January 2016) by GoI with the International Development Association, the GoJ&K was to prepare and adopt, and thereafter carry out the Project in accordance with, an Operations Manual (OM) for the Project. The OM was to set forth the plan for implementation, institutional arrangement, monitoring and supervision of Project activities, including all technical, environmental and social aspects in relation hereto.

Audit noticed that the PMU had not prepared the OM. Resultantly, discrepancies were observed in planning and execution of projects as discussed in the Report (**Paragraphs 2.7.1.1, 2.7.1.2, 2.7.2, 2.7.3, 2.9.1, 2.9.2 and 2.9.4**).

During Exit Conference, Secretary PDMD stated (June 2025) that though OM as per the agreement was not prepared, however, all the projects have been executed by following due procedures and protocols.

CEO, JTFRP stated (August 2025) that the draft version of the Operation Manual was compiled in 2020, however due to Covid-19, the finalisation could not be done and all the project activities were carried out following due codal formalities with strict adherence to the World Bank guidelines.

The reply is not acceptable as the JTFRP was effective from April 2016 and Covid-19 lockdown was imposed in March 2020. The Department did not take action on operational manual for four years.

2.10.3 Creation of District Level Grievance Redressal Mechanism (GRM)

Section 3.12 of subsidiary agreement (January 2016) between MoF, GoI and GoJ&K envisages that the PMU shall strengthen, maintain and operate a District level Grievance Redressal Mechanism (GRM) throughout the period of the project implementation for handling any stakeholder complaints arising out of the implementation of the projects under JTFRP.

Records of the PMU revealed that PMU had not established GRM at the District level with the result no mechanism was in place to handle any stakeholder complaints regarding project implementation under JTFRP.

CEO, JTFRP stated (August 2025) that grievance redressal mechanism of the UT of J&K has been adopted which is a unified portal for all grievances pertaining to the UT of J&K. The reply is not acceptable as in absence of District level grievance redressal mechanism the grievances/ feedback of stakeholders can not be effectively addressed.

2.10.4 Management Information System

Audit scrutiny of the Management Information System (MIS) portal of JTFRP revealed that the MIS was not being used efficiently for regular reporting/ internal monitoring of the project as updated information regarding progress of sub-projects was not available on the MIS.

- Test check of six sub-projects revealed that although they were shown completed in the MIS, dates of their completion and handing over were not mentioned. Joint Physical Inspection (February 2024) of one of the sub-projects viz. Construction of Government Middle School, Jarain Wali Gali in Poonch District revealed that the school was not handed over to the SED but in the MIS, only fact of its completion in March 2022 was depicted.
- Although some works⁵⁵ were at halt, reasons for halt and the dates from which they were at halt were not mentioned in the MIS.
- MIS portal did not show the date of sanction of each sub-project by the WB.
- Although there were delays ranging from 08 days to 570 days in supply of equipment by the vendors under Component 6 CER, MIS portal did not depict any such delay.

⁵⁵ 1. Construction of gynae block at LD Hospital, Srinagar; 2. Construction of bridges at Wagila Wagoora, 3. Construction of bridge at Gogji Daji 4. Construction of bridge at Trenz Shopian and 5. Construction of road from Tutian di Khui to Khada Madana

CEO, JTFRP stated (August 2025) that in many cases the sub-projects were located in remote areas and the concerned engineering teams had no access to internet due to which there was delay in update of progress of these sub-projects on MIS.

The reply is not acceptable as the discrepancies in reporting of projects mostly included projects situated near capital cities of Jammu and Srinagar.

2.10.5 Internal Control Mechanism

(a) Preparation of Accounts

As per the Draft Financial Manual, PMU has to prepare Income and Expenditure Account, Receipt and Payment Account and Balance Sheet. However, PMU had prepared only Statement of Expenditure (SOE) in the name of Project Financial Statement. Income and Expenditure Account, Receipt and Payment Account and Balance Sheet were not prepared during the period.

(b) Improper maintenance of Cash book

Test-check of records revealed that Bank Reconciliation Statements were not prepared for tallying the entries in the Cash Book/ Bank Book. Entries reflected in the Bank Statement were not recorded in the Cash Book. Reasons for not recording all the transactions were not produced to audit.

Further, the PMU had neither maintained a Fixed Assets Register (FAR) nor carried out Physical Verification of fixed assets created by PIUs.

Thus, PMU could not ensure transparent and accurate accounting system and standard internal control mechanism.

CEO, JTFRP stated (August 2025) that though the draft financial manual prepared could not be approved by the Project Steering Committee (due to not holding of meetings). However, the record of fund flow for the project funds is being maintained by each PIU and PMU. Besides, the WB had graded the financial management of project from moderately unsatisfactory to moderately satisfactory in the aide-memoire during November 2024. It was also stated that the internal auditor appointed for the project has been instructed to prepare the income and expenditure account, receipt and payment account and balance sheet.

2.11 Conclusion

To support the recovery process in areas affected by 2014 floods and increase disaster resilience and capacity, Jhelum Tawi Flood Recovery Project (JTFRP) was taken up in year 2015 for the erstwhile State of J&K. Under the seven components of the Project, 213 sub-projects were awarded of which 174 were completed as of December 2023. Delays in completion of works due to delays in tendering, changing of experts, change in material etc. were observed. Damage and loss assessment reports were not prepared

for the selected projects. Infrastructure projects not proposed by the Line Departments were sanctioned under JTFRP while some which were proposed by them were not included. Activities like retrofitting of critical buildings and Hydro Metrological Action Plan intended for managing disaster risks, enhancing preparedness and achieving resilient recovery, although identified in the Project Appraisal Document (PAD), had not been executed under JTFRP. Hospital projects were executed in flood prone areas. Projects were taken up for execution without the approval of the Project Steering Committee (PSC). Instances of Irregular expenditure on construction of storm water drainage system by JKERA and dewatering stations by SMC were also observed.

Deficiencies in Purchase/ installation of Machinery and equipment included excess payment on procurement of rescue equipment, idle investment on purchase of Search & Rescue kits/ Hospital machinery/ Automated Embedding Systems and procurement of Modular monitors without tendering.

Monitoring of projects was not done in accordance with the WB guidelines as the periodic meetings of the Project Steering Committee were not held regularly. Operational Manual for execution of projects under JTFRP was not prepared. The District Level Grievance Redressal Mechanism was not set up and Management Information System was not updated.

2.12 Recommendations

The Government should:

- *Ensure that the projects for managing disaster risks, enhancing preparedness and achieving resilient recovery are executed as per Project Appraisal Document (PAD) and approval of Project Steering Committee;*
- *Ensure sound contract management by adhering to prescribed guidelines;*
- *Take necessary steps for completion of all the incomplete projects in a time bound manner. Further, the infrastructure created should be utilised for intended purposes for which it was created; and*
- *Update the Management Information System and strictly monitor the implementation of sub-projects so as to avoid idle, unfruitful and irregular expenditure.*

CHAPTER-III
MINING DEPARTMENT

CHAPTER-III

MINING DEPARTMENT

3.1 Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY)

The Central Government launched Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) Scheme in September 2015 to ensure the welfare of areas and people affected by mining related operations by implementing various developmental and welfare projects/ programs in mining-affected areas. The Scheme also intends to minimise/ mitigate the adverse impacts during and after mining on the environment, health and socio-economic conditions of people in mining Districts, and ensure long term sustainable livelihoods for the affected people.

The District Mineral Foundations (DMFs) established (September 2015) in each district are responsible for implementation of PMKKKY using the funds accruing to the DMF.

The PMKKKY Scheme is implemented in Jammu and Kashmir by the Mining Department headed by Commissioner Secretary, who is assisted by the Director Geology and Mining. At District Level, the respective District Mineral Officers (DMOs) are responsible for implementation of the Scheme.

3.1.1 Audit Objectives

The SSCA was carried out to assess (i) whether proper system of assessment, demand and collection of funds under District Mineral Foundation Trusts (DMFTs) in place (ii) whether the Scheme was implemented in the mining affected areas and (iii) whether monitoring and evaluation of the implementation of the Scheme was as per prescribed guidelines.

3.1.2 Audit Criteria

The Audit objectives were benchmarked against the following sources of criteria:

- Mines and Minerals (Development and Regulation) Act, 1957.
- Mines and Minerals (Development and Regulation) Amendment Act, 2015.
- Scheme guidelines of PMKKKY, 2015.
- J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016.
- Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016.
- J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding and Trust) Rules 2017.
- Mineral Conservation Development Rules 2017 and Mineral Conservation and Development (Amendment) Rules, 2021.
- J&K Financial Code, 2006 and General Financial Rules, 2017.

3.1.3 Audit scope and methodology

The SSCA covered the period from launch of the PMKKKY Scheme in 2015 up to March 2023. The Audit Methodology entailed examination of records at Directorate of Mines, Joint Director of Mines (JDMs) and Mining Officer (MOs). Further, audit of records at selected District Mineral Foundation Trusts (DMFTs) were also carried out. The audit methodology also included joint inspection along with Departmental authorities of the projects executed out of the DMFT funds. A beneficiary survey to assess the outcome of Scheme's implementation was also carried out. Entry conference was held with the Secretary of Mining Department on 31 August 2023, where audit objectives, scope, criteria and methodology of audit were discussed. Exit conference was held on 24 February 2025 during which the audit findings were discussed. The Department's responses to the draft report, as well as those provided during the exit conference, have been suitably incorporated into the report.

3.1.4 Audit Sampling

Audit sampling included multi-stage sampling at District, Block and Gram panchayat levels. Eight Districts including four each from Jammu Division (Kathua, Poonch, Jammu, Reasi) and Kashmir Division (Anantnag, Budgam, Pulwama, Kupwara) were selected based on weightage of DMFT Fund collection (40 *per cent*), DMFT Expenditure (40 *per cent*), and Tribal Population (20 *per cent*). From the weighted scores, four Districts were selected from high scoring, one from medium scoring and three from low scoring. Further, minimum three Blocks/ Municipalities in each District were selected (two from having largest number of projects and one from random sampling) thereby 23 Blocks were selected. Three to five Gram Panchayats from each block totalling 50 Gram Panchayats were selected through random sampling.

Part A: Audit Findings related to Legal framework

3.1.5 Legal framework in the State/ UT to implement PMKKKY

The Central Government issued directions (16 September 2015) to all the States to lay down guidelines for implementation of Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) and to incorporate these guidelines in the rules framed by them for the District Mineral Foundations. The rates of contribution to DMFs on account of mining of major minerals¹ were notified by Central Government on 17 September 2015. The rates notified were as follows:

- a) 10 *per cent* of royalty for mining leases granted on or after 12 January 2015.
- b) 30 *per cent* of royalty for mining leases granted before 12 January 2015.

Audit noticed that although the contribution towards DMFT fund for mining of minor minerals was to be collected from 17 September 2015², the GoJ&K framed J&K

¹ Major minerals include Coal, Limestone, Lignite, Limestone Kankar, Bauxite, Copper ore, Iron ore and Gold etc.

² Ministry of Mines, Government of India notified rates of contribution payable by miners to DMFs

District Mineral Foundation (Composition, Contribution, Functioning and Trust) Rules 2017 (JKDMF Rules) in January 2017 i.e. after a delay of 17 months. In the JKDMF rules, the rate of DMF contribution was prescribed as 10 *per cent* of royalty on account of mining of minor minerals. Further there was no distinction between DMF contributions for lease granted through auction and lease granted without auction, as prescribed in the Section 9B (5&6) of MMDR Act, 2015 for major minerals. Therefore, the JKDMF Rules notified (January 2017) were not in consonance with the MMDR Act, 2015. After audit highlighted this discrepancy in May 2022, the GoJ&K amended the DMFT rules, 2017 and notified (08 February 2023)³ the rates of contribution towards DMFT as per GoI directions.

It was further noticed that the GoJ&K has not fully implemented all the provisions of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017, which are discussed in the succeeding **Paragraphs No. 3.1.5.1, 3.1.5.2, 3.1.5.3, 3.1.5.4 and 3.1.5.5.**

3.1.5.1 Delay in formation of District Mineral Foundation Trusts

Section 9B (1) of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, which came into effect on 12 January 2015, mandates that the State Government, by notification, establish a District Mineral Foundation Trust (DMFT) in each District affected by mining related operations.

Audit, however, observed a significant time lapse in this process. The notification for establishment of the District Mineral Foundation Trusts (DMFTs) in J&K was issued in February 2017, two years after the Act came into effect. Further, the registrations (formations) of DMFTs were made between October 2018 and December 2019 in eight selected Districts. These delays in registration of the Trusts, ranged from around four to five years from the date the MM (D&R) Act, 2015 came into effect, as detailed in **Table 3.1.1.**

Table 3.1.1: Delay in registration (formation) of DMFTs

District	Prescribed date of establishment of DMFT	Date of registration (establishment) of Trust Deed	Date of opening of DMF ACCOUNT	Period during which DMFT amount was not recovered	Amount of loss to DMFT (from January 2015)
Kathua	12.01.2015	07.12.2019	23.05.2017	01/2015 to 04/2017	2.37
Poonch	12.01.2015	01.02.2019	29.05.2017	01/2015 to 04/2017	0.13
Jammu	12.01.2015	08.12.2018	26.05.2017	01/2015 to 05/2017	2.08
Reasi	12.01.2015	04.10.2018	18.05.2017	01/2015 to 05/2017	0.57
Kupwara	12.01.2015	15.07.2019	06.11.2017	01/2015 to 06/2017	0.24
Anantnag	12.01.2015	11.02.2020	28.07.2017	01/2015 to 03/2017	2.30
Budgam	12.01.2015	18.12.2018	09.06.2017	01/2015 to 05/2017	0.63
Pulwama	12.01.2015	19.11.2018			0.50
Total					8.82

(Source: Bank statements and trust deeds provided by the concerned District Mineral Officers)

³ Vide S.O. 69 dated 08.02.2023.

Due to not framing DMFTs in time, DMF contributions amounting to ₹ 8.82 crore could not be claimed and realised during January 2015 to December 2019.

In reply, Director Finance, Mining Department stated (November 2024) that the GoJ&K framed and notified the DMFT rules within 09 months from the notification of J&K Minor Mineral Concession, Storage, Transportation, and Prevention of Illegal Mining Rules 2016, notified vide SRO-105, dated 31 March 2016. It was further stated the said rules had been implemented retrospectively with effect from October 2015 in accordance with Hon'ble Supreme Court order in case of major mineral leases and all arrears accrued afterwards have been recovered. In case of minor mineral leases, it was stated that the delay for formation of DMFT was due to not forming of trust deeds involving 11 different stake holders and its subsequent registrations at the District Administration Level.

The reply should be seen in view of the fact that arrears in respect of Minor Minerals were not recovered as of March 2024.

3.1.5.2 Composition of District Mineral Foundation

Rule 3(k) of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 prescribes that two representatives of the mineral concession holders be included in the Trust for a term not exceeding two years at a time, but not more than twice.

Audit, however, noted that in the eight selected Districts as of March 2023, DMFTs Trusts had not been framed according to the aforesaid rules, as representatives of the mineral concession holders were not incorporated in the list of the trustees. Although, in District Anantnag, two representatives of mineral concession holders were shown as present in the formation of Works Plan under the Scheme for the years 2019-20, 2020-21 and 2022-23, their particulars were not recorded in the Works Plan. As such, neither their term periods nor their genuineness could be verified in audit. Not including representatives from the mineral concession holders in DMF Trusts led to non-involvement of the stakeholders in the decision making of the trust.

In reply, Director Finance, Mining Department stated (November 2024) that directions would be given to the Chairman of the Trust to incorporate two representatives of Mineral Concessioner holder by name while formulating the Works Plan for respective Districts.

3.1.5.3 Receipt and Expenditure of DMFT

Assessment, Demand and Collection of DMF contribution

Rule 71 of J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016 stipulates that the assessment and determination of royalty due from an assessee for a given assessment year shall be

conducted by an assessing authority authorised by the Government. However, it was noticed that the Department had not developed any mechanism for assessment, demand and collection of royalty and DMF contributions as of February 2025.

Framing of Rules not in conformity with the Act

Section 9 (B) (5) of the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act, 1957) Act provides that holder of a mining lease or a prospecting licence-cum-mining lease granted on or after the date of commencement of the M&M (D&R) Amendment Act, 2015, shall, in addition to the royalty payable to the government, pay to the DMF of the District in which the mining operations are carried out, an amount which is equivalent to such percentage of the royalty paid in terms of the Second Schedule, not exceeding one-third of such royalty, as may be prescribed by the Central Government.

Audit examination disclosed that Rule 11 of JKDMF Rules 2017 prescribed that 10 *per cent* of royalty collected from lease holders was to be credited to the DMFT. As such, Mining Department had formulated JKDMF Rules, 2017 in contravention to MMDR Act 1957 and Jammu and Kashmir Minor Mineral Concession, Storage, Transportation of minerals and Prevention of Illegal Mining Rules 2016, as the said Act and Rules stipulated contribution of ten *per cent* of royalty to DMF by lease holders in addition to the prescribed royalty whereas DMF rules prescribed contribution of 10 *per cent* out of royalty to DMF, in respect of minor minerals.

As a result, Department suffered a revenue loss of royalty of ₹ 14.55 crore⁴ during 2017-18 to 2021-22 and consequent undue benefit to the respective mining lease holders.

After this was pointed out by audit, Director, Geology and Mining Department stated (March 2023) that the said rules have been amended (8 February 2023) to make it compatible with MMDR Act.

3.1.5.4 Accounting Treatment in DMFTs

(I) Form, Mode and Manner of maintenance of DMFT Accounts

Rule 25 of Jammu and Kashmir District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 stipulates that the accounts of the Trust shall be maintained in the form, mode and manner as may be decided by the State Government. Further, Rule 25 (2) of the same rules stipulates that the accounts of the Trust shall be audited in such manner as may be decided by the Government.

Audit examination revealed that no guidelines or instructions relating to form, mode and manner of maintenance of DMFT Accounts had been issued by the GoJ&K as of

⁴ Against the prescribed collection of ₹ 110 (including ₹ 10 DMF) for every ₹ 100 of royalty, the Department collected only ₹ 100, resulting in a revenue loss of ₹ 10 per ₹ 100 during 2017-18 to 2021-22.

February 2025. In absence of these guidelines, the consolidated position of the receipt and utilisation of DMFT funds was not available at both Apex and Division levels.

Also, audit of accounts of the DMFTs had not been conducted since formation of Trusts. Due to not conducting of Audit of DMFT accounts, the financial position of DMFTs in the shape of Annual Reports could not be submitted to the Governing Body for its approval.

The manner of audit of accounts of the DMF Trust was not decided by the GoJ&K as of February 2025, however four⁵ of the DMOs had got the accounts of the Trust audited by CAs.

In reply, the Director Geology and Mining J&K UT Government stated (September 2023) that guidelines for maintenance of accounts shall be circulated to the DMFs in consultation with the Finance Department.

Director Finance, Mining Department stated (November 2024) that the subject matter has been duly noted, and amendment has been proposed in Rule-25 of SRO-03, dated 11 January 2017, thereby providing sub-rule of auditing of accounts by Comptroller and Auditor General of India.

3.1.5.5 Accountability and Transparency Mechanism

(I) Status of formation of Governing body, Executive Committee and Sub-Committees

The provisions of the Jammu and Kashmir District Mineral Foundation Rules (JKDMF), 2017 provide for framing of the Governing Body and Committees/ Sub-committees to lay down the broad policies of the trust, manage, administer and supervise the trust.

As per Rule 4 of JKDMF Rules 2017, a Governing Body was to be constituted as per the composition given in the rules for laying down the broad policy framework for the functioning of the Trust and shall review its working. The Governing Body was to approve the annual plan and annual budget of the trust upon the recommendations of the Executive Committee and meet at least twice in a year.

Further, Rule 14 of the JKDMF rules 2017 stipulates that the Executive Committee shall constitute committees or sub-committees to undertake such tasks that may be assigned or delegated by the Executive Committee to such committee or sub-committee.

⁵ The audit of accounts of DMOs Jammu, Pulwama, Budgam and Kupwara had been audited by the Chartered accountants. The audit of accounts of DMO Reasi and DMO Poonch was conducted by the committee constituted by Divisional Commissioner. The audit of accounts of DMO Kathua and Anantnag had not been conducted since inception.

Audit examination disclosed that no Governing Body (GB) had been constituted and approved by the State/ UT Government as of February 2025. Besides disregard of the aforesaid rule, this reflected the lack of a broad policy framework for the Trust's functioning and review. Since GB was to approve the annual plan and annual budget of the Trusts based on the recommendations of the Executive Committee, the absence of GB resulted in no annual plans and annual budgets being prepared and approved. No Executive Committee and sub-committee had been formed as of March 2023, further impeding the Trust's operations.

In absence of the aforesaid committees, the crucial aspects related to the implementation of PMKKKY including the budget preparation, selection of projects, its approval and utilisation of funds were not smoothly carried out, as discussed in **Part B** of the Report. Further, in absence of GB, the implementation targets could not be set and no monitoring thereof was undertaken.

In response to the Agenda Points of Entry Conference held with the Department on 31 August 2023, the Department accepted (September 2023) that no Governing Body and Executive Committee has been constituted so far.

In reply, Director Finance, Mining Department stated (November 2024) that the Government of Jammu and Kashmir has made an amendment⁶ in Rule 4 and 5 of J&K DMFT Rules, 2017 by incorporating the members in the composition in Governing Council and Managing Committee.

The reply was, however, silent regarding absence of annual plans and budget and not forming of Executive Committee or sub-committee.

Part B: Audit Findings related to Project Management

3.1.6 Execution of Projects

3.1.6.1 Physical Progress of Projects

The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department either at Apex level or at Division level.

Hence, audit collected and compiled the data from all the selected eight DMOs. The details of sanctioned, taken up, completed and incomplete projects in the eight-selected Districts as on 31 March 2023 are given in **Table 3.1.2**:

⁶ Vide Notification No. S.O. 06 dated 03 January 2024.

Table 3.1.2: Physical progress of the projects in selected Districts

Year	Opening balance of Incomplete Projects	Projects sanctioned during the year by DMFT	Projects not taken up for execution	Projects taken up for execution during the year	Projects completed during the year	Closing balance of Incomplete Projects
	A	B	C	D= A+B-C	E	F=D-E
2017-18	0	0	0	0	0	0
2018-19	0	16	4	12	11	1
2019-20	01	136	37	100	71	29
2020-21	29	69	0	115 ⁷	88	27
2021-22	27	36	15	48	38	10
2022-23	10	108	91	27	13	14
Total		365	147		221	

(Source: Physical progress statements furnished by the eight selected DMOs)

It can be seen from the above table that during 2017-18 to 2022-23, out of total 365 sanctioned projects, 147 projects constituting 40 per cent of the total sanctioned projects were not taken up for execution primarily due to not according of Administrative Approval by Administrative Departments and site disputes as of March 2023. Besides, during the year 2020-21, although 17 projects were not sanctioned by DMFT, these were irregularly taken up for execution.

Audit analysis of a sample of 106 projects (Completed: 99 and Incomplete: 7) in the selected eight Districts disclosed delay in commissioning of projects due to delay in procurement, non-installation, land dispute at site, disregard of tender rules etc. as detailed in *Appendix-3.1*.

Further, as per the PMKKKY guidelines, the DMF funds were to be utilised to complement the existing ongoing Schemes or projects of the State/ UT or Central Government. Audit noticed that only six ongoing projects amounting to ₹ 0.96 crore (constituting eight per cent of released funds of ₹ 11.30 crore) in three (Reasi, Anantnag and Pulwama) out of eight selected Districts had been complemented with the existing Schemes as of March 2023. Thus, 216 projects for which ₹ 10.36 crore of DMF funds were released were taken up as individual projects without complimenting with the ongoing State/ UT or Central Schemes or Programmes.

In reply, Director Finance, Mining Department stated (November 2024) that funds were utilised after approval of the competent authority both in the directly and indirectly affected areas. It was added that project executing Departments had been asked to complete the work in time bound manner to achieve the objectives of the Scheme in the targeted area.

⁷ 115 projects included 17 projects which were not sanctioned during 2020-21, but were irregularly taken up for execution during the year.

3.1.7 Financial Management

3.1.7.1 Fund Position

The year-wise fund position viz. receipt of DMF contributions, advances to project implementing agencies and administrative expenses of DMFTs in the selected eight Districts as of 31 March 2023 is given in **Table 3.1.3**.

Table 3.1.3: Year-wise fund position of DMFTs in selected DMOs

(₹ in crore)

Year	Opening balance (A)	Receipts (B)	Interest earned (C)	Total Availability (D)= (A) + (B) + (C)	Expenditure			Unspent Amount (H) = (D)-(G)	Percentage of unspent to the availability (I)
					Amount Advance (E)	Administrative expenses (F)	Total (G) = (E) + (F)		
2017-18	0.00	2.06	0.02	2.08	0.00	0.02	0.02	2.06	99
2018-19	2.06	5.73	0.10	7.89	0.39	0.08	0.47	7.42	94
2019-20	7.42	3.73	0.21	11.36	5.36	0.12	5.48	5.88	52
2020-21	5.88	2.21	0.07	8.16	2.52	0.12	2.64	5.52	68
2021-22	5.52	5.11	0.09	10.72	2.15	0.17	2.32	8.40	78
2022-23	8.40	6.23	0.16	14.79	0.90	0.06	0.96	13.83	94
Total		25.07	0.65		11.32	0.57	11.89		

(Source: Information furnished DMFTs in selected districts)

It may be seen from **Table 3.1.3** that out of total available funds of ₹ 25.72 crore (₹ 25.07 crore + ₹ 0.65 crore) during 2017-18 to 2022-23, the DMFs could spend only ₹ 11.89 crore (46 per cent) as of 31 March 2023. The primary reason for low utilisation of funds can be attributed to non-constitution of the Governing Body and the Executive Committee for laying down the broad policy framework for functioning of the Trust.

Audit examination further disclosed the following deficiencies regarding financial management of DMFT:

- **Non-reconciliation of DMF contribution with banks:** For mining of major minerals⁸, the DMF contributions were being credited directly into the DMF Trust bank accounts by the mining lease holders at their own level without routing through the Trusts and notifying the DMOs.

This entailed that regular bank reconciliation was essential for monitoring the actual DMF receipts and to ascertain the actual financial position of the Trusts. However, it was observed that DMOs had never conducted such reconciliation with the concerned banks as of November 2024 to ascertain the actual financial position of the Trusts. In absence of such reconciliation, the possibility of Non/ short recovery of DMFT contributions cannot be ruled out.

⁸ Limestone

- **Non-requisition of UCs/ Detailed accounts:** A total amount of ₹ 11.33 crore was advanced (2018-19 to 2022-23) by eight selected DMOs to various executing agencies for execution of the DMF projects. In accordance with the General Financial Rule no. 87 (6), 2017, the executing agencies were required to furnish the Detailed Accounts or Utilisation Certificates (UCs) to the concerned DMOs in support of the expenditure incurred on execution of these projects.

However, the UCs amounting to ₹ 9.46 crore were neither demanded by nor furnished to DMOs of four selected Districts⁹ of Kashmir Division. While the UCs by the various executing agencies were submitted to DMOs of four selected Districts of Jammu Province¹⁰. The status of advances, their utilisation and UCs in the selected eight Districts, as of 31 March 2023, is given in **Table 3.1.4:**

Table 3.1.4: Details of advances, their utilisation and UCs

(₹ in crore)

District	Amount advanced	Expenditure incurred	Utilisation Certificate received	Amount of pending UCs	Amount of inflated UC's
	A	B	C	D=A-C	E
Kathua	0.66	0.58	0.66	0.005	0.08
Poonch	0.14	0.07	0.14	0	0.07
Reasi	0.28	0.22	0.23	0.05	0
Jammu	0.80	0.71	0.71	0.09	0
Kupwara	0.15	0.15	0	0.15	0
Anantnag	3.22	3.22	0	3.22	0
Pulwama	5.76	5.76	0	5.76	0
Budgam	0.29	0.29	0	0.29	0
Total	11.30	11	1.74	9.56	0.15

(Source: - Information provided by DMOs of the concerned Districts)

It may be seen from the **Table 3.1.4** that against the advance of ₹ 11.30 crore, the expenditure incurred by the executing agencies was ₹ 11 crore. However, the UCs of only ₹ 1.74 crore were furnished by the implementing agencies. The UCs for an amount of ₹ 9.56 crore was pending as of 31 March 2023. The actual expenditure incurred in two Districts (Kathua and Poonch) was less than the amount shown in UCs submitted, as such the UCs were inflated by an amount ₹ 0.15 crore.

In reply, Director Finance, Mining Department assured (November 2024) that concerned DMF districts will ensure receipt of Utilisation Certificates.

3.1.7.2 Investment of DMF in Fixed Deposits

Rule 10 (3) of J&K DMFT Rules, 2017 stipulates that the amount not required for immediate disbursement were to be deposited in Fixed Deposits (FDs) or flexi-deposits,

⁹ Anantnag, Budgam, Pulwama and Kupwara.

¹⁰ Kathua, Poonch, Reasi and Jammu.

following a transparent and competitive invitation of offers from eligible scheduled banks.

Audit observed that no such steps were taken by seven out of eight selected DMFTs and the unspent balances ranging from ₹ 2.05 crore to ₹ 13.68 crore¹¹ were lying in the bank accounts of the Trusts at the close of each financial years during 2017-18 to 2022-23 as shown in **Table 3.1.5** and **Chart 3.1.1**.

Table 3.1.5: Unspent balances in seven out of eight sampled DMFTS at the end of each financial year

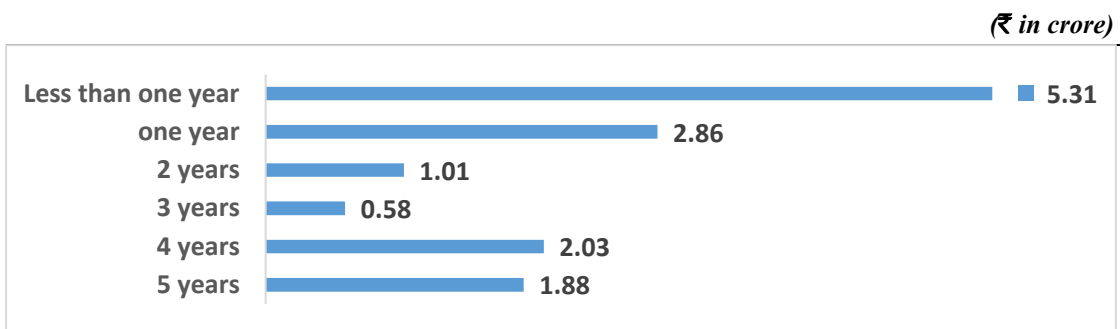
(₹ in crore)

District	Unspent Amount at the end of Financial Year					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Kathua	0.68	1.25	1.25	1.67	1.69	2.23
Poonch	0.06	0.09	0.09	0.05	0.07	0.13
Jammu	0.27	0.50	0.50	0.91	0.99	1.85
Reasi	0.16	0.41	0.41	0.62	0.66	0.98
Anantnag	0.39	2.57	2.57	1.22	2.34	2.46
Budgam	0.09	0.26	0.26	0.24	0.76	1.69
Pulwama	0.4	2.31	2.31	0.8	1.86	4.33
Total	2.05	7.39	7.39	5.51	8.37	13.67

(Source: financial statements furnished by DMOs)

The age-wise analysis of the unspent balances in DMFT accounts in selected eight districts as of 31 March 2023 is illustrated in **Chart 3.1.1**:

Chart 3.1.1: Age-wise analysis of the unspent balances in DMFT accounts



As these significant unspent balances were not invested in FDs, the Trusts were deprived of interest on these balances.

The Director Finance, Mining Department stated (November 2024) that DMOs had been advised to take up the matter with Chairman of the DMFT.

¹¹ The unspent amount of DMO Kupwara is not included in this figure as he had kept its unspent amount in Flexi-Deposits.

3.1.7.3 Loss of Interest on DMFT Funds

Rule 10 of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 provides that the bank account(s) of the Trust shall be opened in its own name at Jammu and Kashmir Bank and operated jointly by the chairperson and the member Secretary or any other member of the Executive Committee or any Officer as may be authorised by the Executive Committee.

Audit examination disclosed that the eight selected DMOs had initially opened savings bank accounts for DMF Trusts, the savings accounts of four DMOs of Jammu Division¹² were subsequently converted (March 2018) into current accounts. The reason for such conversion as attributed by the Department was the unilateral action by the Bank. The interest accrued for 2017-18 was also debited by the bank after the conversion. Despite this, the DMOs had not taken up this matter with bank authorities for five years, as of March 2023. As a result, the Trusts suffered loss of interest of ₹ 0.43 crore from April 2018 to March 2023,

In reply, Director Finance, Mining Department stated (November 2024) that the matter had been taken up with the bank authorities.

3.1.7.4 Deposition of DMF funds

As per Rule-9 (4&5) of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding, and Trust) Rules, 2017 the State/ UT Government shall deposit the amount of DMF collected from royalty into the bank accounts of the Trust as soon as possible but, not later than 20th day of succeeding month in respect of the amount collected in any particular month. It was noticed that DMO Anantnag deposited DMF funds of ₹ 1.30 lakh to the Government account¹³, instead of the bank account of Trust. Further, no collection of DMF funds from the arrear claims of royalty for the period August 2018 to September 2022 was carried out. This resulted in non-realisation of DMF contribution of ₹ 60.88 lakh. The audit observations were accepted by DMO, Anantnag with an assurance to do the needful.

The Director Finance, Mining Department in its reply stated (November 2024) that with effect from 24 August 2022, the royalty claims and DMF claims are deposited in online mode by Mineral concessioner, leaving no scope for such irregularities in future.

3.1.7.5 Not realising DMF contribution and penalty on illegal mining

Rule 66 of J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016 provides that wherever a carrier/ machine is found to be transporting/ excavating any mineral in any form, without a proper challan as required under the rules, the said mineral may be seized along with the vehicle and will be released only upon realisation of payment for price of material and applicable royalty for the mineral being transported and a fine not less than ₹ 10,000.

¹² Kathua, Poonch, Jammu and Reasi districts.

¹³ Major Head: 0853, (Receipt Head of the UT). April 2017: ₹ 33,562; April 2017: ₹ 32,118; May 2017: ₹ 64,603.

Audit examination revealed the following:

The DMOs of five¹⁴ out of eight selected Districts collected (May 2017 to March 2023) penalties totalling ₹ 4.66 crore on illegal mining. However, these penalties were collected as lumpsum without recording their component-wise details such as price of the illegally excavated minerals, the royalty due and the fines imposed. In absence of such details, audit could not determine whether the actual royalties and DMF contributions due on illegally extracted minerals were collected by DMOs.

On the other hand, the DMOs of four Districts¹⁵ in Kashmir province, had maintained the component-wise details of penalties. DMO Pulwama started maintaining the component-wise details of penalty from April 2021 onwards. These four DMOs collected (June 2016 to March 2023) royalties amounting to ₹ 3.47 crore from illegal miners. Consequently, ₹ 1.04 crore¹⁶ was also to be collected as DMF charges from illegal miners. However, as of March 2023, no such DMF contributions were collected by these four DMOs resulting in non-recovery of ₹ 1.04 crore of DMF contribution, as per details given in **Table 3.1.6**:

Table 3.1.6: Non-realisation of DMF funds on penalties

(₹ in crore)

District	Period	Royalty amount collected from illegal Minors	DMF amount due
Kupwara	June 2016 to March 2023	0.19	0.06
Anantnag	June 2017 to March 2023	2.81	0.84
Budgam	August 2018 to July 2020	0.35	0.11
Pulwama	April 2021 to February 2023	0.12	0.03
Total		3.47	1.04

(Source: Revenue statements of DMOs)

In reply, the DMOs stated (August 2023 to December 2023) that the matter would be looked into and action as warranted under rules would be taken under intimation to audit.

3.1.7.6 Outstanding amount of DMF from Major Minerals

The sub-rule 10 of Rule 12 of the Minerals (Other than Atomic and Hydrocarbons Energy Minerals) Concession Rules, 2016 provides that if a lessee defaults in the payment of royalty, dead rent, or any other required payments, or breaches specified conditions, the State Government shall issue a notice to the lessee. The lessee is required to remedy the default within 60 days from the receipt of the notice. Failure to comply may result in the termination of the lease and forfeiture of the performance security.

¹⁴ Jammu, Poonch, Reasi, Kathua and Pulwama.

¹⁵ Kupwara, Anantnag, Budgam and Pulwama.

¹⁶ DMF contribution at the rate of 30 per cent of royalty of ₹ 3.47 crore

Audit observed that ₹ 5.20 crore¹⁷ of DMFT contributions were lying outstanding against 21 Major mineral miners as of March 2023. However, no action according to the aforesaid provisions was taken to terminate the mining lease of the Miners and forfeit their performance security.

In reply the DMOs stated (December 2023) that the matter has already been taken up with the concerned miners and action as warranted under rules would be taken.

In reply, Director Finance, Mining Department stated (November 2024) that in the recent meeting the Administrative Department had been instructed to give final notice to miners before declaring them as lapses or defaulters.

3.1.7.7 Evasion of royalty and DMFT Contribution

Rule 45(1) of Mineral Conservation Development Rules, 2017 prescribes that the holder of a mining lease, or any person or company engaged in trading or storage or end-use or export of minerals mined in the country, shall cause himself to be registered online with the Indian Bureau of Mines. The holder of a mining lease shall submit online returns in respect of each mine to the Regional Controller or any other authorised official of the Indian Bureau of Mines (IBM).

Although the figures of mineral extraction in monthly returns submitted by the lessees to IBM and to the Department should not vary, there were significant mismatches between the data of mineral extraction submitted to IBM and to DMOs of Anantnag and Pulwama. The instance of significant variation between the data submitted to IBM and to DMOs during 2019-20 to 2021-22 are shown in the **Table 3.1.7**:

Table 3.1.7: Instance of significant variation between the data submitted to IBM and DMOs

District	Quantity as per IBM (Mts)	Quantity as per DMO (Mts)	Difference in quantity (Mts)	Short realisation (₹ in lakh)	
				Royalty ¹⁸	DMF (30 per cent of royalty)
Anantnag	7,000	0	7,000	5.60	1.68
Pulwama	11,90,145	11,41,907	48,238	38.59	11.58
Total	11,97,145	11,41,907	55,238	44.19	13.26

(Source: records of DMFTs and records of IBM)

It may be seen from the **Table 3.1.7** that excess quantities of 55,238 tons of excavated minerals was intimated to IBM, while short quantities to that extent were reported to DMOs. This entailed the possibility of evasion of royalty of ₹ 44.19 lakh and DMFT contribution of ₹ 13.26 lakh.

In reply, the DMOs stated (December 2023) the matter will be looked into and action will be taken as per audit instructions. Director Finance, Mining Department stated (November 2024) that matter would be looked into and appropriate action would be taken.

¹⁷ DMFT Anantnag: ₹ 1.29 crore and DMFT Pulwama: ₹ 3.91 crore.

¹⁸ Royalty ₹ 80 (Rate of per metric tonne of extraction of limestone)

3.1.8 Planning

3.1.8.1 Formation of Governing body and Executive Committee

The Governing body and Executive Committee had not been formed by the Trusts as of 31 March 2023, as discussed in previous **Paragraph 3.1.5.5 (I)**. As a result, the DMFTs could not devise their procedures for implementation of Scheme and due deliberations on the projects to be implemented could not be made. This resulted in sanction of projects at the discretion of DMFTs instead of by Governing body and Executive Committee in the selected Districts. Further, no Annual Plan and Annual Budget of DMFTs were prepared.

In reply, Director Finance, Mining Department stated (November 2024) that the UT administration¹⁹ had constituted (January 2024) Governing Council and Managing Committee by amending the Rule 4 and 5 of SRO 03 of 2017 and before that District Development Commissioners of respective Districts were vested powers to exercise administrative and financial powers of the projects.

3.1.8.2 Identification of affected areas and people to be covered under PMKKKY

As per PMKKKY guidelines, identification of affected areas and people both directly and indirectly due to mining was to be done by the District Mineral Foundation Trust (DMFT).

Audit noticed that the eight selected DMFTs had not identified or notified the mining-affected areas or the people in their respective Districts as of November 2024. In absence of formally identified mining-affected areas or people, the project selection was carried out at the discretion of the DMFT rather than being based on actual needs of the mining-affected communities.

Director Finance, Mining Department stated (November 2024) that subject matter pertains to Deputy Commissioner, being Chairman of DMFT.

3.1.8.3 Expenditure on high priority and other priority areas

As per PMKKKY guidelines, at least 60 *per cent* of PMKKKY funds were to be utilised under **High Priority areas**²⁰ and 40 *per cent* of the expenditure was to be incurred in **Other Priority activities**²¹.

¹⁹ Vide S.O. 06 dated 6th January 2024.

²⁰ For Drinking water Supply, Environment preservation and pollution control measure, health care, education, welfare of woman and children, Welfare of aged and disabled people, Special program for welfare of aged and disabled people, Skill development, sanitation.

²¹ Physical Infrastructure (road, bridges, railways and waterways projects), Irrigation, Energy and Watershed Development (alternate source of energy (including micro-hydel) and rainwater harvesting system, development of orchards, integrated farming and economic forestry and restoration of catchments, afforestation and any other measures for enhancing environmental quality in mining district where mining operations are carried on

Audit noticed that out of the eight selected DMOs, the DMOs of only five Districts²² had adhered to the prescribed criteria of at least 60 *per cent* PMKKKY funds utilisation under High Priority areas. While the DMOs of remaining three Districts of Pulwama, Anantnag and Budgam had utilised only 57, 44 and 53 *per cent* of funds of PMKKKY under High Priority areas. On the other hand, no expenditure was incurred by DMOs of three Districts of Kathua, Poonch and Reasi on other priority areas. Details of utilisation of DMF funds on high priority and other priority areas are given in **Table 3.1.8**:

Table 3.1.8: Allotment of DMF on high priority and other priority areas

	Allocation	DMFT (Amount ₹ in crore)							
		Kathua	Poonch	Jammu	Reasi	Kupwara	Anantnag	Pulwama	Budgam
High Priority	Amount	0.66	0.14	0.73	0.24	0.15	1.66	3.38	0.21
	Percentage of total	(100)	(100)	(91)	(100)	(81)	(44)	(57)	(53)
Other priority areas	Amount	0	0	0.07	0	0.03	2.13	2.55	0.19
	Percentage of total	(0)	(0)	(9)	(0)	(19)	(56)	(43)	(47)
	Total	0.66	0.14	0.80	0.24	0.18	3.79	5.93	0.40

(Source: - Allotment of funds for execution of works by DMFT's of selected districts)

In reply, Director Finance, Mining Department stated (November 2024) that subject matter pertains to Deputy Commissioner, being Chairman of DMFT.

Chairman of DMFT does not absolve key officials of Mining Department of their duties. The DMOs of concerned Districts as well as Director Geology and Mining, both of whom are members of Governing Council and Managing Committee of DMFT, were equally responsible for ensuring compliance with these guidelines.

3.1.8.4 Allotment of funds without preparation of Annual Plan and Annual Budget

Paragraphs 21 and 22 of J&K District Mineral Foundation (Composition, Contribution, Functioning, Funding and Trust) Rules 2017 provide that the Member Secretary of the Executive Committee shall, at the beginning of each financial year, cause preparation of plans for short-term projects and long-term projects proposed to be undertaken by the Trust in the relevant financial year, to be referred as the Annual Plan, together with details of the activities to be undertaken or completed by the Trust during such time and the expected time for completion of the projects and cost for such projects.

The Annual Plan shall contain all projects, programs, and activities proposed to be undertaken by the Trust for achieving its objective and shall have clearly demarcated milestones. The Member Secretary of the Executive Committee shall at the beginning of each financial year, cause preparation of an Annual Budget containing the details of the proposed income and expenditure on activities covered in the Annual Plan for that

²² Kathua, Poonch, Jammu, Reasi and Kupwara.

particular financial year, including the legal, administrative and other costs and expenditure proposed to be incurred by the Trust together with details of the funding requirements in this regard, to be referred as the Annual Budget.

Records of the eight-selected DMFTs revealed that neither the Annual Budget nor the Annual Action Plans were prepared from the launch of the Scheme to the end of March 2023 in all selected DMFTs. An amount of ₹ 11.45 crore was allocated during 2017-18 to 2022-23 to the various implementing agencies such as Roads and Buildings, Jal Shakti Department, Youth Services and Sports etc. for execution of the works without preparation of Annual Plans and Annual Budget in disregard to the aforesaid provisions.

In reply, the DMOs stated (June 2023 to April 2024) that the audit instructions had been noted for future and matter will be taken up with Chairman of the Trust and higher authorities of the Department. The Director Finance, Mining Department stated (November 2024) that subject matter pertains to Deputy Commissioner, being Chairman of DMFT.

The reply is not acceptable as shifting the entire responsibility for the irregularity to the Chairman of DMFT does not absolve key officials of Mining Department including Director Geology and Mining Department for ensuring compliance with these guidelines.

3.1.8.5 Savings not surrendered to DMF

The implementing agencies were required to surrender the savings after completion of the project to the respective DMFTs accounts. However, the implementing agencies in three (Jammu, Kathua and Pulwama) out of eight selected Districts did not return the unspent funds of ₹ 9.94 lakh²³ pertaining to 18 projects to the DMF accounts as of March 2023. This resulted in parking of ₹ 9.94 lakh outside the DMF account.

While accepting the audit observation, Director Finance, Mining Department stated (November 2024) that the matter would be taken up with concerned Departments and the unspent amount would be recovered.

3.1.8.6 Mineral check posts

To check illegal mining in J&K, the Director Geology and Mining Department J&K had entrusted (2017-18) construction of 111 Mineral Check Posts (MCPs) to Jammu and Kashmir Small Industries Development Corporation (J&K SIDCO) at a cost of ₹ 10.88 crore. While an amount of ₹ 1.52 crore was released under CAPEX budget for the purpose, the remaining amount of ₹ 9.36 crore was to be released under the Scheme for Languishing Projects. However, no funds were released under this Scheme. The project was scheduled for completion by 31 March 2020.

²³ Jammu (12): ₹ 5.36 lakh; Kathua (1): ₹ 1.86 lakh and Pulwama (5): ₹ 2.72 lakh.

Audit examination revealed the following shortcomings:

- Only 22 out of 111 MCPs were completed as of 31 June 2023, leaving 89 MCPs (80 per cent) incomplete, despite a delay of over three years beyond the target date.
- Reason for non-completion of 89 MCPs can be attributed to:
 - Unavailability of land in respect of 29 MCPs.
 - 26 MCPs: Although land was available, no construction was undertaken by SIDCO due to not completing of technical formalities and not according of Administrative Approval by Mining Department. Since, accord of AA was a pre-requisite for release of funds under Languishing projects Scheme, non-accord of AA led to not releasing of funds as of March 2023.
 - Not completing of remaining 34 MCPs was attributed to budget constraints by the Department.
 - As of March 2024, out of the 22 completed MCPs, only 16 MCPs had been handed over to the Department, while six MCPs although completed had not been handed over.

In reply, Director Finance, Mining Department stated (November 2024) that the proposal for construction of MCPs would be revisited considering the manpower available with the Districts for manning the check posts.

The fact remained that Mineral Check Posts meant for checking illegal mining in J&K could not be completed as of November 2024 despite a delay of over four years since the target date of completion in March 2020.

3.1.8.7 Mining Surveillance system

Rule 9.3 of the J&K Financial Code stipulates that no work should be commenced, or any liability incurred until Administrative Approval (AA) and Technical Sanction (TS) is accorded by the competent authority.

To monitor illegal Mining through Satellite Imagery System, the Geology and Mining Department proposed installation of Mine Surveillance System. The work of preparation of Detailed Project Report (DPR) for the project was entrusted (2018) to J&K Small Scale Industries Development Corporation (SICOP). SICOP prepared (2018) the DPR at an estimated cost of ₹ 3.46 crore and submitted (2018) it to the Administrative Department of Geology and Mining for accord of Administrative Approval (AA). The work was to be completed by January 2019.

Audit examination disclosed the following deficiencies:

- Funds of ₹ 0.57 crore released under CAPEX budget during 2018-19 for the project could not be utilised and got lapsed due to not according of Administrative Approval and not selecting of the contractor.

- In October 2018, the project was included under the Scheme for Languishing Projects to be funded by Jammu Kashmir Infrastructure Development Finance Corporation (JKIDFC) at a balance cost of ₹ 2.89 crore.
- Accordingly, SICOP allotted (January 2020) the work to M/s Sakura Pvt. Solutions. However, without accord of AA and TS, the work was started by the contractor and work done claim bills of ₹ 1.73 crore were submitted to JKIDFC for payment. However, no payments were made by JKIDFC due to not according of AA.
- The contractor after completion of 80 *per cent* of the project stopped (December 2020) the work for want of requisite funds for the project. To make the project functional, SICOP demanded (December 2021) a minimum of ₹ 0.20 crore for purchase of required Satellite Imagery System but no funds were released by the Department.

Thus, even after lapse of over five years since the stipulated date of completion of project and creation of liability of ₹ 1.73 crore, the Mine Surveillance System has not been installed as of November 2024 and illegal mining, transportation and storage of minerals remains un-monitored.

In reply, Director Finance, Mining Department stated (November 2024) that the contract with SICOP was terminated (14 August 2024) due to not commissioning of project by the vendor and presently the matter has been taken up with Bhaskaracharya National Institute for Space Applications and Geo-Informatics for providing solution for mining surveillance.

The fact remained that even lapse of about five years from the stipulated completion date of Mine Surveillance System in January 2019, the work remains incomplete as of November 2024.

3.1.9 Beneficiary Survey

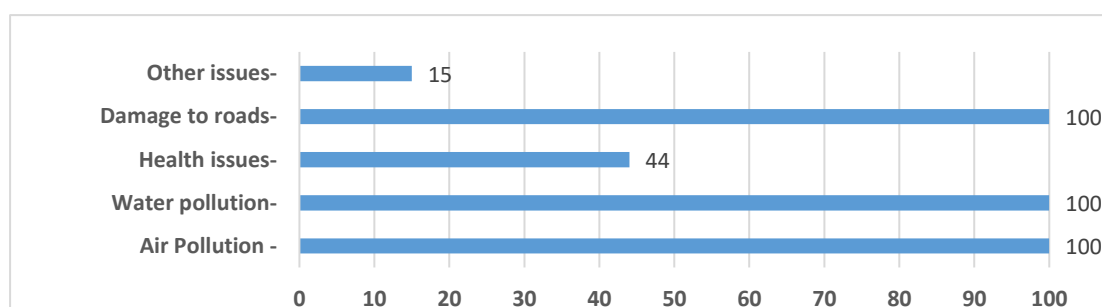
Out of the 221 completed projects during 2017-18 to 2022-23, asset verification was carried out in 106 sampled projects. However, out of these 106 projects the beneficiary survey for 80 projects could not be conducted as the project implementing agencies in their DPRs/ estimates had not identified the intended beneficiaries. Hence, beneficiary survey was conducted in remaining 26 projects. Further, during a beneficiary survey of 12 (out of remaining 26) projects involving 192 beneficiaries, it was noted that these 12 projects were executed at places which were not affected by mining. Consequently, audit team conducted survey along with Departmental officials in respect of remaining 14 projects involving 98 beneficiaries which were executed in the mining affected areas. The results of the survey are illustrated below:

3.1.9.1 Outcome of beneficiary survey in project implemented areas

A. Adverse effects due to mining

All the respondents (100 per cent) opined that mining led to damages to roads, water and air pollution. The respondents opined that mining also led to health issues (44 per cent) and other issues²⁴ (15 per cent) as depicted in **Chart 3.1.2:**

Chart 3.1.2: Adverse effects due to mining



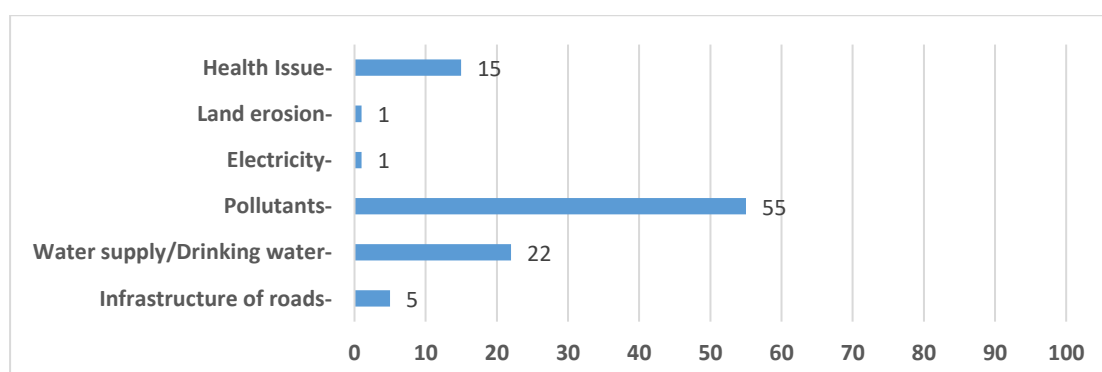
B. Awareness about the Scheme and DMFT activities:

Only four per cent of the respondents were aware of the Scheme and all respondents (100 per cent) stated that they were unaware of the DMFT activities.

C. Major Problems:

The respondents (55 per cent) opined that mining led pollutants resulted in water problem (22 per cent), health issues (15 per cent). Insignificant respondents opined that major issues are relating to Infrastructure of roads (05 per cent), Electricity (01 per cent) and Land erosion (01 per cent) as depicted in **Chart 3.1.3:**

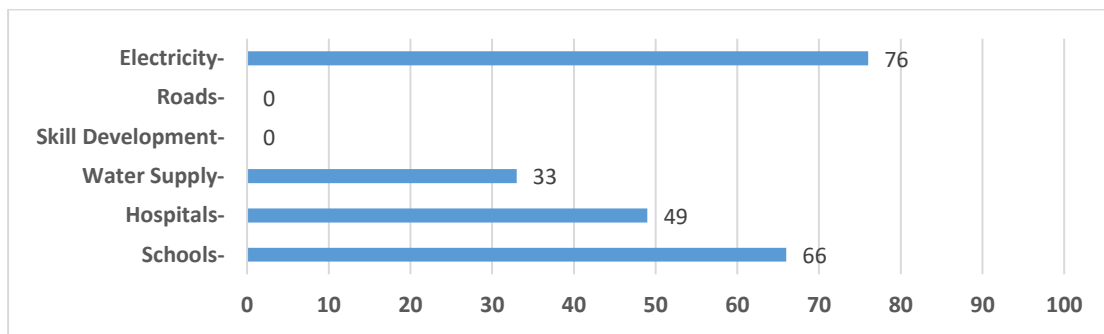
Chart 3.1.3: Major Problems



D. Satisfaction about Infrastructure availability in the area

The respondents opined that they were satisfied with availability of water supply (33 per cent), hospitals (49 per cent), Schools (66 per cent) and electricity (76 per cent) as depicted in **Chart 3.1.4:**

²⁴ Other issues include land erosion, depletion of ground water table, damage to agriculture land etc.

Chart 3.1.4: Satisfaction about Infrastructure availability in the area**E. Awareness about PMKKKY Scheme (Project implementation)**

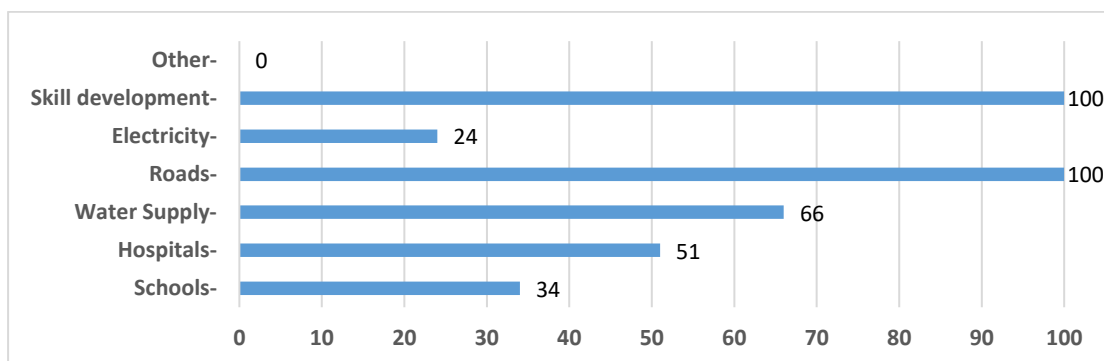
Only two *per cent* respondents stated that they were aware about the project implementation in the area.

F. Benefits from assets of Scheme

Respondents in 54 *per cent* cases mentioned that the assets created were not fruitful while 46 *per cent* respondents opined that the assets created were fruitful to people.

G. Projects needed to be taken up

All respondents (100 *per cent*) opined that projects relating to construction of roads and skill development needed to be taken in the mining area. Significant percentage of respondents opined that infrastructure relating to water supply (66 *per cent*), hospital (51 *per cent*), schools (34 *per cent*) and electricity (24 *per cent*) needed to be taken in the area, as depicted in **Chart 3.1.5**:

Chart 3.1.5: Projects needed to be taken up**H. Approval of projects and beneficiaries from Palli Sabha/ Gram Sabha:**

All the respondents (100 *per cent*) opined that the Palli Sabha/ Gram Sabha were not consulted before execution of the project and selection of the beneficiaries under the Scheme.

I. Consultation of Sarpanch in assessment of basic needs of area to be taken up under Scheme.

All the Sarpanchs (100 per cent) opined that they were not consulted in assessment of the basic needs to be taken up under the Scheme.

Director Finance, Mining Department stated (November 2024) that Chairman of DMFT would look into survey report and fill up the gaps as pointed out by Audit.

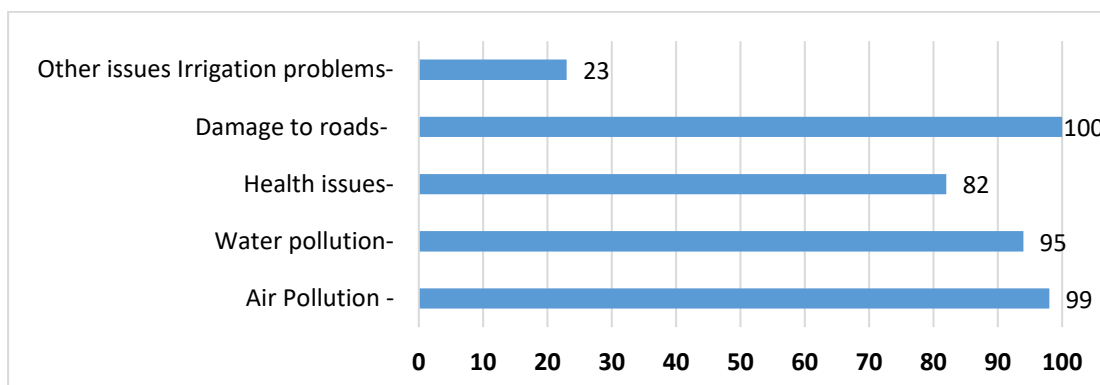
3.1.9.2 Outcome of beneficiary survey in the mining areas where no projects were executed

Audit had conducted a beneficiary survey along with Department official covering 422 people involving 27 Gram Panchayats (GPs) of 19 Blocks in eight selected Districts. These 27 GPs were located within a two km radial distance from the mining sites, however, no PMKKKY projects were executed in these areas. The survey findings based on the responses of 422 people are summarised as under:

A. Adverse effects due to mining:

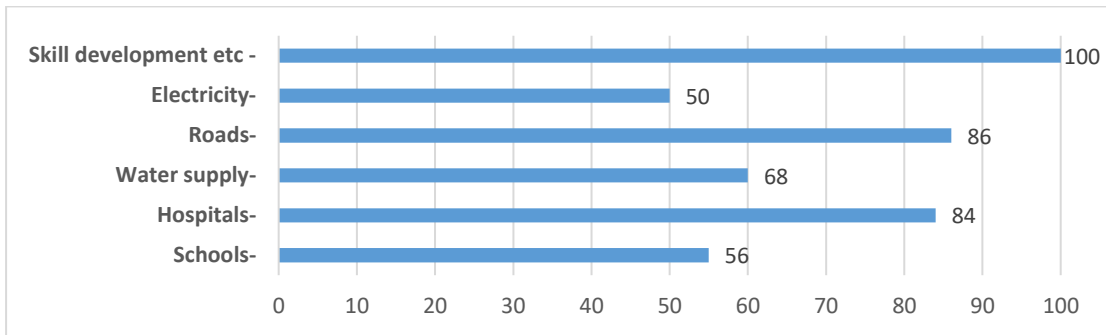
All respondents (100 per cent) opined that mining led to damages to roads. Significant respondents opined effects of the mining resulted in air pollution (99 per cent), water pollution (95 per cent), health issues (82 per cent). 23 per cent respondents attributed effects of mining to other issues as shown in **Chart 3.1.6**:

Chart 3.1.6: Adverse effects due to mining



B. Projects needed to be taken up

All respondents (100 per cent) opined that projects relating to Skill development were needed to be taken in the mining area. Significant respondents opined that infrastructure relating to roads (86 per cent), hospital (84 per cent), water supply (68 per cent), schools (56 per cent) and electricity (50 per cent) needed to be taken in the area as depicted in **Chart 3.1.7**:

Chart 3.1.7: Projects needed to be taken up

3.1.10 Other Miscellaneous Issues

3.1.10.1 Annual Report

Paragraph 24 of J&K DMF Rules 2017 provided that the Member Secretary of the Executive Committee shall, within 90 days of the end of each financial year, submit an Annual Report. The Annual Report shall be approved by the Executive Committee and shall contain details, *inter-alia*, of the activities completed by the District Mineral Foundation during the financial year-Income, Expenditure statement, Audited Accounts, Vision document etc. A copy of the Annual Report shall be sent to the Government within a period of 30 days from the date of its approval by the Executive Committee.

Review of the records of eight-selected DMOs revealed that no Executive Committees had been constituted in any of Districts as of March 2023. Consequently, no Annual Reports were prepared and submitted to the Government.

In reply, Director Finance, Mining Department stated (November 2024) that Managing committee had been constituted as per the rules and Annual Report would be submitted.

3.1.10.2 Not maintaining issue and accountal of Challan (Form A) Books

As per J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016, the lessee shall not remove or dispatch the minor mineral from the lease hold without proper challan in Form-A.

Audit noted the following irregularities:

- Before August 2022, six out of eight selected DMOs (Anantnag, Kupwara, Budgam, Pulwama, Kathua and Poonch) had not maintained proper record of the Challan Books (Form-A) issued to lessees for transportation of minor minerals.
- Further, after switching over (August 2022) from manual Forms A to e-passes system, the lessees were required to surrender the Form-A books to the

concerned DMOs. However, it was observed that these Form-A books were partially surrendered by the lessees. The block-wise position of outstanding Form A books against the DMOs is shown in **Table 3.1.9**.

- In respect of Anantnag, Kupwara, Budgam and Pulwama Districts, no stock account of Form-A was found to be maintained by respective DMOs. As such, the position of outstanding Forms could not be verified in audit.

Table-3.1.9: Block-wise position of outstanding Form-A Books

District	No. of Challan books issued	No. of challan books returned	Pending challan books with Lessees	No. of outstanding form-A
Kathua	218	148	70	6,950
Poonch	143	17	126	15,700
Total	361	165	196	22,650

(Source: Stock register of challan books)

Due to not surrendering of Form-A books, the possibility of misutilisation of these forms for transporting minerals without reflecting in the monthly returns before September 2022 by the lease holders cannot be ruled out.

In reply the DMO Poonch and Kathua stated (February 2024 and April 2024) that the matter regarding surrender of pending Challan books would be taken up with the lessees and crusher unit holders.

In reply, Director Finance, Mining Department stated (November 2024) that all the DMOs have been instructed to look into the matter of non-maintenance and issuance of Challan Books. It was further stated that all the Form-A had been submitted by the lessee of Kathua District. It was added that DMO, Poonch had initiated (17 October 2024) penalty proceeding against the lessees who had not returned the Challan books.

3.1.10.3 Suspected embezzlement in procurement

As per Rule 10 (2) of J&K DMF (Composition, Contribution, Functioning, Funding and Trust) Rules, 2017, all payments of the Trust, except contingent expenditure not exceeding ₹ 50,000 and such statutory dues or utility charges for which e-payment facility is not available, shall only be made electronically to the bank account of the recipient.

Scrutiny of records of DMO Anantnag revealed the following irregularities:

- DMO office had released payment of ₹ 6.00 lakh via cheque dated 26 September 2020 in favour of a sports item supplier (Khan International Sports) for procurement of sports items in violation of Scheme guidelines that mandate electronic payments over ₹ 50,000.
- Further, no records relating to bidding in accordance with the General Financial Rules 2017, placement of a supply order to the supplier, bills/ vouchers and relevant entries in Stock register were available on record.

Thus, release of payment of ₹ six lakh to a sports agency without procurement records, supply order and proof of receipt of material raises doubt of embezzlement of released funds.

In reply the DMO Anantnag stated (December 2023) that the matter would be looked into and action would be taken according to the prescribed rules.

Director Finance, Mining Department stated (November 2024) that Joint Director, Kashmir had been directed to look into the matter and submit report to initiate recovery proceedings in case of establishment of embezzlement in procurement. Further, the disciplinary action as warranted against the rules would be initiated against the erring officer.

3.1.10.4 Not furnishing of monthly returns by minor-mineral lease holders

As per the J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016, if a lessee fails to submit monthly and annual returns within the specified timeframe and there are reasons to suspect royalty evasion, the assessing authority can assess the royalty owed after providing a reasonable opportunity for the lessee to be heard, with a notice period not exceeding 30 days. Following an inquiry, the assessed amount must be paid promptly, and failure to do so will result in recovery as arrears of Land Revenue under the Jammu and Kashmir Land Revenue Act and its related rules.

Scrutiny of records of eight selected DMO offices revealed that 16 minor mineral lease holders had not submitted monthly returns to four DMO offices for varying periods, as per details given in **Table 3.1.10**.

Table-3.1.10: District wise outstanding mineral extraction returns by lessees

District	No of Lessees	No of Lease block	Period for which returns not submitted
Kathua	05	04	01/2022 to 06/2022
Poonch	05	05	4/2022, 5/2022 & 7/2022 to 3/2023 for one Block, 7/2022 to 3/2023 for four blocks
Budgam	03	03	10/2021 onwards
Anantnag	03	03	10/2022 onwards
Total:	16	15	

(Source: Monthly returns files)

Due to non-submission of these returns, the royalty collected during the specified periods could not be verified during audit. Further, despite the statutory provisions, no action was taken by the concerned DMOs against the defaulting lessees as per relevant provisions of J&K Minor Mineral Concession, Storage, Transportation of Minerals and Prevention of Illegal Mining Rules, 2016 and J&K Land Revenue Act, 1966.

In reply, the DMOs stated (December 2023 to April 2024) that the matter regarding furnishing of pending monthly returns would be taken up with the lessees.

Director Finance, Mining Department stated (November 2024) that the pending monthly return had been submitted (18 September 2024) by the lessee.

The reply should be seen in light of the fact that monthly returns in respect of lessees were provided to audit only for DMO Kathua.

3.1.10.5 Non-maintenance of Records

Rule 208 of General Financial Rules, 2017 prescribes that while receiving goods from a supplier, the officer-in-charge of stores should refer to the relevant contract terms for receiving the materials and all materials should be counted, measured, and entered in the stock register.

It was observed that DMFT Jammu had sanctioned (2020-21) projects for drilling 12 hand pumps at a cost of ₹ 30.02 lakh from DMFT funds. Accordingly, funds amounting to ₹ 30.02 lakh were released to the implementing agency [Mechanical Ground Water Drilling Division Jammu (MGWDDJ)] between March 2021 and July 2021 for execution of these projects. Out of the released amount, ₹ 6.25 lakh were utilised for purchase of stores such as MS casing pipes, hand pipes, riser pipes and connecting rods by the MGWDDJ.

However, since the store/ stock accounts of the purchased materials were not maintained, as such the actual receipt and utilisation of stock could not be verified in audit.

Director Finance, Mining Department stated (November 2024) that the matter had been looked into and all the DMOs had been sensitised about maintaining the records.

3.1.10.6 Preparation and Maintenance of website

Paragraph No 5 of PMKKKY guidelines provides for maintaining website and the information like Composition of DMFT/ Bodies, details of contribution received, list of area and people affected by mining, meeting agendas, minutes and action taken reports, Annual Plans and budget, Annual Reports, status of ongoing works with details of beneficiaries under welfare programmes was to be hosted.

Audit noted that although the J&K Mining Department has created its website, none of the details as above, were displayed by the Department on its website till March 2023, resulting in non-display of activities of DMFT in public domain.

Director Finance, Mining Department stated (November 2024) that Government of India had launched DMFT portal to upload the data related to DMF and PMKKKY.

The reply was not acceptable as the Department had not uploaded details such as contribution received, list of area and people affected by mining, meeting agendas, minutes and Action Taken Reports, Annual Plans and budget, Annual Reports, status of

ongoing works with details of beneficiaries under welfare programmes in the website maintained by Government of India.

3.1.11 Conclusion

The PMKKKY Scheme was launched to ensure the welfare of areas and people affected by mining related operations. In contravention to the PMKKKY guidelines, the areas and people affected due to mining were neither identified nor notified. As a result, the selection of projects under the Scheme was carried out at the discretion of the DMFTs rather than based on the actual needs of mining-affected communities. There was a delay of two years in framing of J&K District Mineral Foundation Rules 2017 for Minor Minerals. These rules were not in consonance with the MMDR Act 2015 and were subsequently amended (February 2023) after being pointed out in audit in May 2022. Due to framing of these contradictory rules, the Department suffered revenue loss of ₹ 14.55 crore during 2017-18 to 2021-22. Due to not registering/ forming of the District Mineral Foundation Trusts in time, the contribution of ₹ 8.82 crore could not be demanded and collected. Consequently, the funds to that extent were not available for implementation of the PMKKKY Scheme. The Department had not developed any mechanism for assessment, demand and collection of royalty and DMF contributions. The consolidated position of physical progress of sanctioned, taken-up, completed and incomplete projects was not available with the Department at either Apex level or Divisional level. Out of 365 sanctioned projects in sampled eight Districts, 147 projects (40 *per cent*) were not taken up for execution primarily due to not according of administrative approval and site disputes. DMFT Funds were advanced to various implementing agencies for execution of works without preparation of Annual Plans and Annual Budget. Projects were found executed in areas not affected by mining. The Governing Body and Executive Committee had not been formed by the Trusts, as a result, the DMFTs could not devise their procedure for implementation of Scheme. Besides, the available funds could not be spent and as against the DMFT fund availability of ₹ 25.72 crore during 2017-18 to 2022-23, only ₹ 11.89 crore (46 *per cent*) was utilised. Unspent balances were not found invested. Reconciliation of DMF contributions was not done with Banks. UCs were neither received nor demanded by some executing agencies of Kashmir Division. As 89 Mineral Check Posts were not completed and Mine Surveillance System was not installed despite creation of liability of ₹ 1.73 crore, the illegal mining, transportation and storage of minerals remained unmonitored. Beneficiary survey showed unawareness about the Scheme in 96 *per cent* of the respondents and unawareness about DMFT activities in 100 *per cent* of respondents. Suspected embezzlement could not be ruled out due to non-maintenance of records as was shown in a test-checked case. There was violation of Scheme guidelines mandating electronic payment. Monthly returns for varying periods were found not submitted and were unchecked.

3.1.12 Recommendations

In light of the audit findings, the Government should:

- *Identify and notify the areas and people affected due to mining and ensuring that the selection of projects under the Scheme is based on the actual needs of mining affected communities;*
- *Constitute the Governing Body and Executive Committee of the DMFTs and ensure that the execution of works under the Scheme is carried out only after preparation and approval of Annual Plans and Annual Budget;*
- *Strengthen the fund management system ensuring prompt investment of unspent balances and periodic reconciliation with Banks; and*
- *Strengthen the monitoring mechanism by expediting the completion of pending Mineral Check posts, among other measures, to prevent illegal mining and to ensure timely completion of projects undertaken under the Scheme.*

CHAPTER-IV
RURAL DEVELOPMENT
DEPARTMENT

CHAPTER-IV

RURAL DEVELOPMENT DEPARTMENT

4. National Rural Livelihood Mission

4.1 Introduction

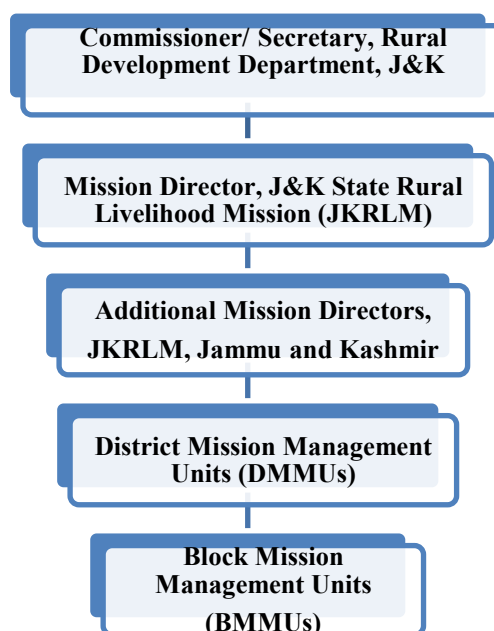
To promote sustainable livelihoods for the rural poor, the Ministry of Rural Development (MoRD), Government of India (GoI) launched National Rural Livelihood Mission (NRLM) in the year 2010 which was renamed as Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) in March 2016. The Scheme aimed to reduce poverty by enabling poor household to access gainful self-employment and skilled wage opportunities. It envisaged building strong grassroot institutions of the poor such as Self Help Groups (SHGs) and facilitating access to financial, technical and marketing services.

It is a Centrally Sponsored Scheme i.e. the Central and the State Governments jointly fund the projects. The Joint Secretary/ Additional Secretary, DAY-NRLM, GoI leads as Mission Director and head of its National Mission Management Unit (NMMU). The State Mission Management Unit (SMMU) implements the DAY-NRLM activities in the State/ UT headed by Mission Director. The SMMU for J&K was registered (October 2011) as a society in the name of Jammu and Kashmir State Rural Livelihood Mission (JKRLM) for implementation of NRLM in J&K. In J&K, NRLM Scheme is popularly known as “**UMEED**”.

4.1.1 Organisational Setup

The Organisational setup for implementation of DAY-NRLM in J&K is given in **Chart 4.1:**

Chart 4.1: Organisational setup of DAY-NRLM



4.2 Audit Objectives

The objectives of audit of DAY-NRLM were to assess whether:

- The planning process was carried out as per the Scheme guidelines.
- The allotment of funds was adequate and funds were spent and human resources provided as per the Scheme guidelines.
- Programme implementation was in accordance with Scheme guidelines.
- Monitoring Mechanism was effective.

4.3 Audit criteria

The Audit was benchmarked against the following sources of criteria:

- Guidelines for implementation of National Rural Livelihood mission
- State Perspective and Implementation Plan
- Annual action plans prepared by the Department/ society
- Notices, circulars issued by GoI and Government of J&K (GoJ&K) for implementation of this programme.

4.4 Audit Scope, Sampling and Methodology

As audit of the Scheme had not been conducted since its launch in 2011-12, audit scope included the implementation of NRLM component of DAY-NRLM Scheme from 2011-12 to 2022-23, with special focus on the last five-year period from 2018-19 to 2022-23.

Six¹ District Mission Management Units (DMMUs) were selected for audit using random sampling method and 18² out of 20 blocks under their jurisdictional control were selected for detailed check using random sampling method. The remaining two³ blocks, which came under the control of another DMMU were selected for audit. The audit methodology entailed test-check of records during May 2023 to January 2024 in the offices of Mission Director (MD) JKRLM, J&K; Additional Mission Directors (AMDs), JKRLM, Kashmir and Jammu; six out of 20 DMMUs, and 20 out of 125 BMMUs. Joint Physical Verification (JPV) and Beneficiary Survey was carried out with staff of JKRLM to assess the outcome of the implementation of the Scheme.

An Entry Conference was conducted with Mission Director, JKRLM on 29 May 2023 during which audit objectives, criteria, scope and methodology were discussed. This was followed by an Exit Conference on 04 April 2025 during which the audit findings were discussed. The replies from the Department have been suitably incorporated in the report.

¹ Jammu Division: Jammu, Rajouri and Kathua and Kashmir Division: Anantnag, Ganderbal and Kupwara.

² Jammu Province: Marh, Khour, R. S. Pura, Sunderbani, Nowshera, Kalakot, Barnoti, Kathua, Basohli and Kashmir Province: Kupwara, Sogam, Kalaroose, Lar, Kangan, Ganderbal, Dooru/ Shahabad, Achabal and Qazigund.

³ Ghagwal and Khansahib.

Audit Findings

4.5 Planning for NRLM

4.5.1 Not collecting data of actual rural poor households

The Scheme guidelines of NRLM envisage that at least one member from each identified rural poor household, preferably a woman, is brought under the Self-Help Group (SHG) network in a time-bound manner. This necessitated identification and collection of data of all rural poor households of the State/ UT. Further, in the first Annual Action Plan (AAP) of the NRLM, it was emphasised that the Scheme will not succeed in its objectives if at least two-thirds (*67 per cent*) of rural families of J&K are not covered under this Scheme. It was also stipulated that as part of implementation strategy, the identification of the poor families and Households (HHs) had to be undertaken by taking up participatory identification⁴ of the poor (PIP).

However, it was noted that no criteria such as income, condition of house, livelihood, basic amenities etc. was fixed by JKRLM for participatory identification of poor. In absence of such criteria, new HHs were mobilised/ brought under the Scheme merely on the recommendations of internal mobilisation teams (Cluster Coordinators, Community Mobilisers, Community Trainers etc.) from the blocks. As a result, it could not be determined whether *100 per cent* of rural poor HHs were identified for coverage under the Scheme. It was also noticed that JKRLM had not collected Division-wise, District-wise and Block-wise data in respect of such vulnerable sections of society for inclusion under the Scheme.

In the Exit Conference, it was stated (April 2025) that DAY-NRLM Scheme for J&K has been de-linked from the poverty ratio in J&K. It was further stated that JKRLM has to federate *67 per cent* of the rural households or cover nine lakh rural households of J&K and the benchmark for coverage of rural households is the Census 2011. It was added that as on date, the Mission does not have any other authentic reference other than the Census 2011, on the basis of which targets are set and rural women from willing households are organised into Self-Help Groups (SHGs). Additionally, households identified under the Socio-Economic Caste Census (SECC) are given priority when federating rural households into SHGs.

The reply should be seen in view of the fact that even if the programme was delinked from the poverty ratio in the State/ UT, the JKRLM should have covered all the rural poor households within the *67 per cent* of rural households as the basic aim of the programme is poverty alleviation. Further, the reply is silent regarding the criteria adopted for enrolling *67 per cent* HHs and leaving out *33 per cent* HHs.

⁴ It is a process where community assesses the status of poverty and vulnerability indicators of the households.

4.6 Implementation of the Scheme

4.6.1 Coverage under NRLM (UMEED)

The Government of India (GoI) sanctioned the Scheme initially during 2013-14 to 2018-19 which was further extended for another five years (2019-20 to 2023-24). As per the guidelines, a phased implementation approach was to be followed for covering all 143 blocks by March 2019.

Audit noted that during the first five years of implementation i.e. until 2018-19, JKRLM could cover only 100 out of 143 blocks⁵. After the bifurcation (October 2019) of erstwhile State of J&K into UTs of J&K and Ladakh, the UT of J&K consisted of 125 blocks. Out of these 125 blocks, only 96 were covered as of March 2020. All the blocks were stated to be covered by 2025.

JKRLM in its first Annual Action Plan prepared for the period 2013-15 decided to cover two-thirds of the rural women population in J&K to achieve scheme objectives. The MoRD, GoI (February 2023) revised the target of covering 9,50,000 HHs (from previous target of 9,00,000 HHs) in J&K by 2023-24.

It was found that to meet the targets, instead of increasing coverage in areas with shortfalls, JKRLM decided (February 2023) to cover more beneficiaries in those blocks where the target of covering two-thirds of rural women had already been achieved or exceeded as of March 2023. The blocks⁶ which were lagging behind were not prioritised. As a result, the uniformity in coverage of 67 per cent rural women in all the blocks could not be achieved as detailed in *Appendix 4.1*.

In reply, it was stated (April 2025) that JKRLM will issue circular for equitable coverage of rural households in the blocks.

4.6.2 Achievement of targets

(I) Coverage of beneficiaries under the programme

The Capitalisation Support (loans) from the Mission is provided to SHGs in the shape of Revolving Fund (RF) and Community Investment Fund (CIF). This support is given as loans to SHG members to enhance their livelihoods. The repayments are re-invested by the community among members to further improve members' livelihoods.

Targets and Achievements Overview (2018-23):

Against the target of covering 9,00,000 rural HHs, forming 90,000 SHGs, the position of achievements during 2018-23 is given in **Table 4.1**.

⁵ UT of J&K: 125, UT of Ladakh: 18

⁶ Sundebari, R S Pura, Nowshera, Khour, Kathua, Kalroosa, Sogam, Ganderbal and Kangan

Table 4.1: Cumulative coverage of rural households at the end of years 2018-23

Sl. No.	Particulars	Achievement ending					Target to be covered ending March 2023	Percentage of shortfall in achievement
		March 2019	March 2020	March 2021	March 2022	March 2023		
1	Total HHs covered	3,45,535	3,97,923	4,22,183	5,34,256	6,95,488	9,00,000	23
2	No. of SHGs formed	38,013	43,831	47,589	61,397	80,649	90,000	10
3	No. of SHGs provided startup cost	24,795	25,598	25,688	26,972	31,912	80,649	60
4	No. of SHGs provided books of accounts	20,159	36,384	38,524	49,610	65,510	80,649	19
5	No. of SHGs provided capacity building training	20,159	39,274	42,371	53,278	66,999	80,649	17
6	Total no. of SHG members	3,43,714	3,92,366	4,23,096	5,22,634	6,66,184	No targets were fixed	Not Applicable
7	Individual SHG members bank accounts opened	2,21,845	2,91,838	3,04,935	4,26,004	5,51,543	6,66,184	17
8	No. of SHGs eligible for Revolving fund	28,404	36,624	40,632	51,332	64,920	No targets were fixed	Not Applicable
9	No. of SHGs availed RF	26,772	34,039	38,640	46,823	59,817	64,920	8
10	No. of SHGs eligible for CIF-I	22,976	27,978	34,382	41,836	50,561	No targets were fixed	Not Applicable
11	No. of SHGs availed CIF-I	21,107	21,273	27,366	36,169	47,266	50,561	7
12	No. of SHGs eligible for CIF-II	10,678	13,176	13,304	31,726	35,510	No targets were fixed	Not Applicable
13	No. of SHGs availed CIF-II	5,587	6,286	6,310	24,197	24,345	35,510	31
14	No. of defunct SHGs	1,414	2,112	2,476	3,636	3,862	No targets were fixed	Not Applicable

(Source: Information provided by AMDs Kashmir and Jammu)

It may be seen from **Table 4.1** that despite the Scheme being in implementation for over 12 years in J&K, there were significant shortfalls in Scheme coverage. One of the reasons for short coverage of 23 *per cent* households was due to completely leaving out 29 blocks from coverage under the Scheme till March 2020. Further, shortfall in receipt of funds against approved plan (**Paragraph 4.7**) and lack of adequate monitoring (**Paragraph 4.10**) also contributed to shortfall in achieving targets.

It was also noticed that despite the availability of funds with JKRLM during the years 2018-19 to 2022-23, as detailed in **Table 4.3**, the Mission failed to provide start-up cost to 60 *per cent* of total SHGs and RF, CIF to all eligible SHGs.

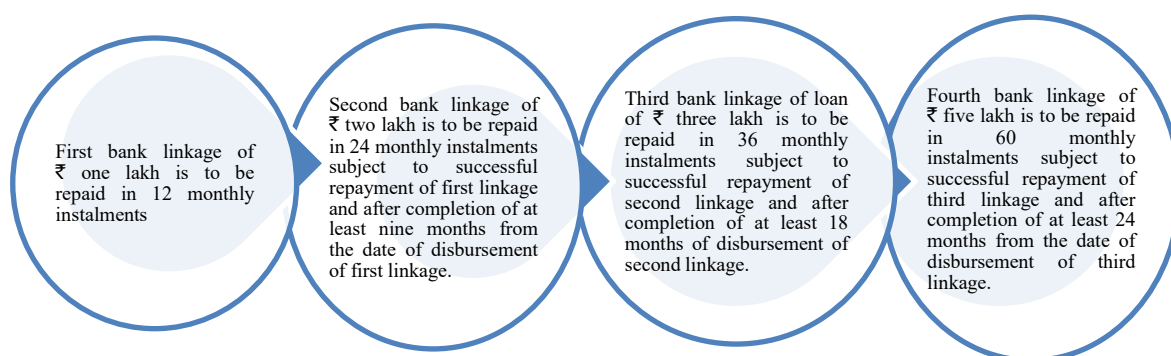
In the Exit Conference, it was stated (April 2025) that in view of curtailment of budget, the actual required funds under capitalisation could not be disbursed, as allotted funds have to be equitably allotted for other activities. It was added that the current status⁷ of various parameters has changed.

(II) Bank-linkage of Self-Help Groups

As per Handbook on SHG-Bank Linkage notified (September 2017) by GoI, the Mission funds in the form of RF and CIF to the SHGs are intended to provide initial capitalisation support required by them. Further, Mission aim was to ensure that each SHG mobilises ₹ 10 lakh in repeat doses over a period of 5-8 years, as detailed in **Appendix-4.2** so that the members undertake sustainable livelihoods. The SHGs which have which have fulfilled criteria (1) to (7) were eligible for loan through first bank linkage. Those SHGs which have repaid the loan for first linkage and have completed nine months from disbursement of first linkage were eligible for loan under second linkage.

To ensure that SHGs receive hassle-free loans and repeat loans from banks with zero Non-Performing Assets (NPAs), the JKRLM issued circular (September 2019) prescribing the following as depicted in **Chart 4.2**:

Chart 4.2: Conditions for Bank-linkage



⁷ SHGs formed till 31st March 2025: 93,716; Households Covered: 7,51,910; Revolving Fund disbursed to SHGs: 76,292; Community Investment Fund Disbursed to SHGs: 60,340.

As of March 2023, JKRLM had formed 80,649 SHGs and position of their bank linkage is given in **Table 4.2**.

Table 4.2: Position of bank linkage of Self-Help Groups as of March 2023

Sl. No.	Particulars	Achievement ending				
		March 2019	March 2020	March 2021	March 2022	March 2023
1.	No. of SHGs formed	38,013	43,831	47,589	61,397	80,649
2.	No. of SHG eligible for bank linkage I	13,447	19,092	27,330	35,859	44,251
3.	No. of SHGs disbursed bank linkage I	12,739	16,627	23,506	31,789	41,007
4.	No. of SHG eligible for bank linkage II	8,080	10,588	14,668	18,395	23,811
5.	No. of SHGs disbursed bank linkage II	7,664	9,728	11,858	17,008	22,440
6.	No. of SHG eligible for bank linkage III	3,437	4,725	5,923	7,835	10,532
7.	No. of SHGs disbursed bank linkage III	3,267	4,573	5,692	7,489	9,956
8.	No. of SHG eligible for bank linkage IV	305	971	1,604	2,535	3,813
9.	No. of SHGs disbursed bank linkage IV	270	937	1,563	2,430	3,673
10.	No. of SHG eligible for bank linkage V	0	1	33	217	565
11.	No. of SHGs disbursed bank linkage V	0	1	33	217	555

(Source: Information provided by AMDs Kashmir and Jammu)

It may be seen from **Table 4.2** that out of the 80,649 SHGs formed as of March 2023, only 44,251 SHGs (55 *per cent*) were eligible for bank-linkage I. This indicates inadequacy of JKRLM in awareness and capacity building among SHG members to avail bank credit and start meaningful livelihood. Further, out of 38,013 SHGs formed up to March 2019, only 555 SHGs (less than one *per cent*) could avail bank-linkage V as of March 2023 indicating non-achievement of the JKRLM in facilitating SHGs to avail more bank loans and enhance their livelihoods.

In the Exit Conference, it was stated (April 2025) that members of SHG cannot be forced to avail the higher doses since the banks have the autonomy to determine interest rate for loans exceeding ₹ five lakh with no prescribed rebates or concessional rates for SHGs. Therefore, SHGs are reluctant to avail the higher doses from the banks and they prefer to avail the loan from the funds available with Community Based Organisations (CBOs). Besides, the Mission has to keep in check the NPA which should be less than one *per cent*.

The reply should be viewed in context of the fact that JKRLM has to facilitate the SHG members to avail bank credit to start meaningful livelihood through capacity building and financial literacy programmes. Further, the Mission was to ensure that each SHG mobilises ₹ 10 lakh in repeat doses over a period of 5-8 years, so that the members undertake sustainable livelihoods. Besides, RBI in its latest circular (April 2025) emphasized that in order to facilitate women SHG members to become entrepreneurs, banks may consider extending loans up to ₹ 10 lakh to individual members of select matured well performing SHGs as per their lending policy.

4.6.3 Marketing support to Self-Help Group Members

(I) Remote location of District Rural *Haats* and low footfall

NRLM guidelines recognised that SHG members usually need the support from line Departments to enhance their livelihoods, market their products and to reduce their dependence on the intermediaries for greater benefits. To achieve the same, District Rural Haats/ DR *Haats* (DRHs) were encouraged to be created to directly link producer groups (SHGs) and individual producers with urban and peri-urban markets through a well-developed system of continuous identification and rotation of beneficiaries. The Hon'ble Lieutenant Governor of UT of J&K e-inaugurated the DR *Haats* on 29th of June 2022 from Srinagar.

During Joint Physical Verification (October 2023) of four (Jammu, Rajouri, Kupwara and Ganderbal) out of 22 DRHs created by JKRLM as of March 2023, it was observed that these were located in remote areas with very low footfall.

In the Exit Conference, it was stated (April 2025) that JKRLM is dependent on the District Administration for getting space/ vacant building etc., which can be converted in Rural Haats. It was added that the spaces allotted under DRH are at off-route place because of which there is low footfall of potential customers. It was further stated that an effort was made through the office of Commissioner Secretary, who instructed (October 2022) all the Deputy Commissioners to coordinate with major line Departments of their respective Districts to run the DRH effectively.

(II) Minimal enrolment of Self Help Groups on GeM portal

To provide SHGs/ small businesses with an opportunity to sell to Government buyers, GoI launched (May 2020) "Saras Gallery", an exclusive marketplace for SHG products in the Government e-Marketplace (GeM) portal. The SHGs were to register on GeM portal using a simplified process, allowing JKRLM to on-board sellers with minimum documentation.

The SHGs were given special exemptions from various compliances like GST and caution money while registering on GeM. JKRLM on-boarded 17 SHGs on the GeM portal. However, it was stated that the SHGs were unable to upload the products manufactured by them as Ministry of Commerce, GoI later made compliances to earlier exemptions mandatory. No further progress was made in this regard as of December 2024. As a result, the SHG members were not able to leverage the GeM portal to expand their market reach for their economic empowerment.

In reply, it was stated (April 2025) that Mission cannot force the SHGs for online sale where GST registration is mandatory.

The JKRLM should have taken up the matter with GoI to ensure certain exemptions to the SHGs so that they could increase their outreach to Government buyers.

4.6.4 Poor Performance in achievement of *Lakhpati* initiative

As per MoRD, GoI circular (October 2021), one of the key milestones in household livelihood development is when a woman reaches the aspirational goal of earning ₹ one lakh as annual income. In the same circular, the “Promotion of Sustainable Livelihood” of SHG members was advised so that they could become ‘*Lakhpati*’ in a three-year period. Accordingly, JKRLM was advised to prepare three-year plan so that all the SHG members aspire to become ‘*Lakhpati*.’

Audit noted that JKRLM did not formulate any such plans as of March 2023. Consequently, out of the 3,43,714 SHG members enrolled under the Scheme by March 2019, only 46,881 members (14 *per cent*) could achieve an annual income of ₹ one lakh or more by March 2023.

In the Exit Conference, it was stated (April 2025) that the initial target of 2.33 lakh potential ‘*Lakhpati Didis*’ was fixed for a period of two years and the process involved the identification of Potential *Lakhpati Didis* which have been completed. It was added that till date, 42,000 Potential *Lakhpati Didis* have been transformed into *Lakhpati Didi*.

4.6.5 Issues relating to financial inclusion of SHG members

As per Scheme guidelines, NRLM works towards achieving universal financial inclusion of all the poor HHs which are organised into SHGs. NRLM works on both demand and supply sides of financial inclusion. On the demand side, it promotes financial literacy among the poor and provides catalytic capital to the SHGs and their federations. On the supply side, NRLM coordinates with the financial sector to deliver credit and related services to SHGs. It also works towards universal coverage of rural poor against loss of life, health and assets.

Audit observed following issues relating to financial inclusion of SHG members:

➤ **State Annual Financial Inclusion Plan (SAFIP) and Perspective Plan (PP) for SHG-Bank Linkage not formulated:**

As per financial inclusion guidelines of NRLM, the primary role of SMMU is to facilitate, enhance, monitor and evaluate the SHG credit (bank loan) linkage in the State. For this purpose, it should prepare State Annual Financial Inclusion Plan (SAFIP) and Perspective Plan (PP) for SHG-Bank Linkage. However, as of January 2024, the JKRLM had not formulated any SAFIP and PP for bank linkage of the SHGs. As a result, there were inadequacies in bank linkages as discussed in **Paragraph 4.6.2**.

In reply, it was stated (April 2025) that the SAFIP, also referred as Annual Action Plan, is drafted for each financial year and submitted to National Mission Management Unit for review. Following review, detailed discussions are being conducted with MoRD, GoI to finalise the plan. Subsequently, MoRD assigns the final target for the financial year.

The reply is to be viewed in context of the fact that SAFIP and AAP are separate plans as SAFIP is exclusively related to SHG-Bank linkage for financial inclusion under the Scheme and AAP is the complete Action Plan of the Scheme. Further, as per Scheme

guidelines, a separate SAFIP and PP for SHG-Bank linkage is required to be formulated for smooth facilitation of credit to SHG members.

➤ **DAY-NLRM Cells not constituted:**

As per Master circular issued (July 2017) by RBI, Banks may set up DAY-NRLM cells at Regional and Zonal offices. These cells should periodically monitor and review the flow of credit to the SHGs, ensure the implementation of the guidelines of the Scheme, collect data from the branches and make available consolidated data to the Head office and the DAY-NRLM units at the Districts and Blocks.

Audit, however, noted that no such cells had been constituted in J&K as of January 2024. Without dedicated DAY-NRLM cells, the monitoring and review of credit flow to SHGs were ineffective as discussed in **Paragraph 4.6.2**.

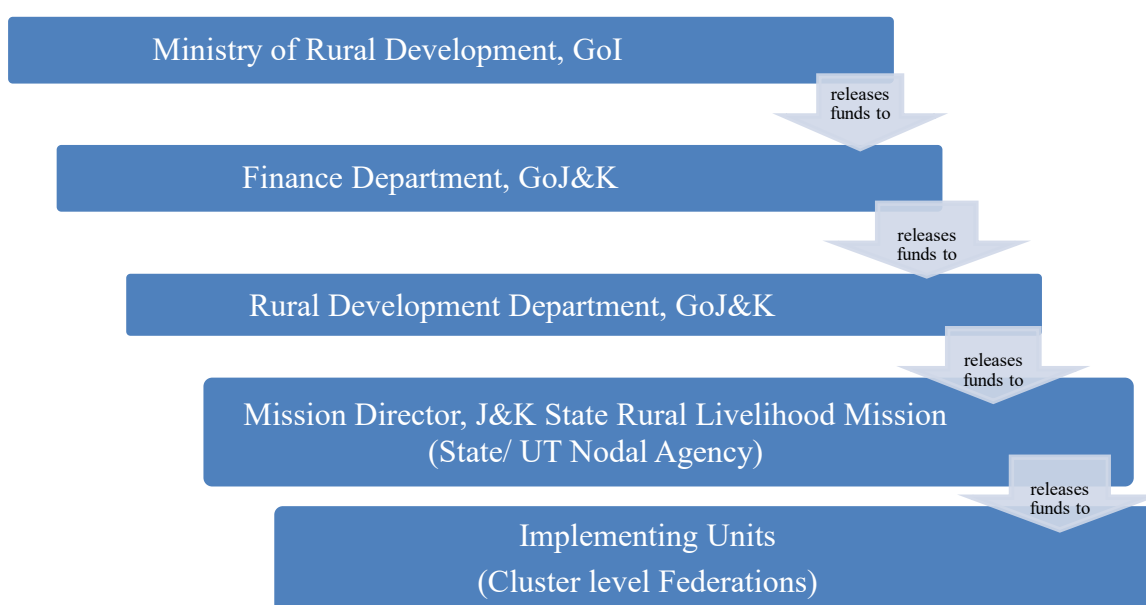
In the Exit Conference, it was accepted (April 2025) that there are no exclusive dedicated DAY-NRLM Cells set up by the banks at Block or District level. However, the progress at Block level is being discussed at Block Level Bankers Committee (BLBC) meetings and at District level the progress is being discussed at District Level Review Committee (DLRC) meetings.

The above deficiencies indicate that comprehensive financial inclusion of SHGs could not be achieved thereby limiting the success of the Scheme.

4.7 Financial Management

The funds for implementation of NRLM are transferred by MoRD, GoI to the Finance Department of Government of J&K (GoJ&K). The Finance Department then transfers these funds to J&KRDD for onward transfer to the Mission Director, JKRLM which has been designated (November 2021) as UT Nodal Agency. The fund flow mechanism for implementation of NRLM is depicted in the **Chart 4.3**:

Chart 4.3: Fund flow mechanism for implementation of NRLM



The details of funds received and utilised during 2018-19 to 2022-23 by JKRLM are given in **Table 4.3**.

Table 4.3: Funds received and utilised by JKRLM during 2018-23

(₹ in crore)

Year	Opening Balance	Funds Received		Other Receipts	Total Availability	Expenditure (per cent)	Amount refunded to MoRD, GoI	Amount pertaining to UT of Ladakh	Balance
		Central Share	State Share						
	(A)	(B)	(C)	(D)	(E)=[A+B+C+D]	(F)	(G)	(H)	(I) = [E-F-G-H]
2018-19	20.43	58.55	6.66	0.64	86.28	79.10 (92)	-	-	7.18
2019-20	7.18	22.99	4.46	0.27	34.90	32.76 (94)	-	-	2.14
2020-21	2.14	67.61	4.68	0.31	74.74	67.57 (90)	-	-	7.17
2021-22	7.17	121.00	16.86	0.64	145.67	136.95 (94)	0.28	0.13	8.31
2022-23	8.31	126.76	14.08	0.58	149.73	140.80 (94)	0.73	-	8.20
Total		396.91	46.74	2.44	--	457.18	1.01	0.13	--

(Source: information furnished by JKRLM)

It can be seen from **Table 4.3** that out of total available funds of ₹ 466.52 crore during 2018-19 to 2022-23, JKRLM utilised ₹ 457.18 crore. The expenditure of funds was significant and ranged between 90 to 94 per cent during 2018-19 to 2022-23.

The funds received by GoJ&K against approved plan during 2018-19 to 2022-23 are detailed in **Table 4.4**.

Table 4.4: Funds received by JKRLM against approved plan

(₹ in crore)

Year	Approved Plan		Funds Received		Shortfall		Percentage Shortfall	
	CS	SS	CS	SS	CS	SS	CS	SS
2018-19	128.73	14.30	58.55	6.66	70.18	7.64	55	53
2019-20	35.39	3.93	22.99	4.46	12.40	-0.53	35	-
2020-21	115.27	12.81	67.61	4.68	47.66	8.13	41	63
2021-22	146.68	16.30	121.00	16.86	25.68	-0.56	18	-
2022-23	180.17	20.02	126.76	14.08	53.41	5.94	30	30

(Source: information furnished by JKRLM) CS – Central Share, SS – State Share

It may be seen from the **Table 4.4** that there was a shortfall in receipt of Central Share (CS) of funds ranging from 18 per cent to 55 per cent of the approved plan during 2018-19 to 2022-23. As regards the State/ UT Share (SS), the shortfall in three out of five years covered in audit ranged between 30 per cent to 63 per cent of the approved plan. In the remaining two years, there was no shortfall.

In the Exit Conference, the Department attributed (April 2025) the shortfall in receipt of funds to procedural delays in release of matching State/ UT share by the GoJ&K, due to which the subsequent Central Share was not released. It was added that in some

instances, though third or fourth instalments were disbursed by GoI in the same financial year but they were released by UT Government in next financial year.

The following observations were further noted regarding financial management:

(A) After termination of *Swarnjayanti Gram Swarozgar Yojana* (SGSY) in December 2013, the unspent balances under SGSY were to be transferred from District Rural Development Agencies (DRDAs) to SRLM bank accounts. An order was issued (February 2014) by GoJ&K to all the DRDAs for transfer and deposition of unspent balance under SGSY in the official account of MD, JKRLM.

Audit examination of records of MD, JKRLM disclosed the following deficiencies:

- During the years 2013-14 to 2014-15, ₹ 12.93 crore of unspent SGSY funds were transferred to the account of MD, JKRLM.
- However, it was observed that the Department had neither conducted reconciliation regarding unspent SGSY funds lying with all the DRDAs of the State/ UT nor received latest audit reports of the SGSY Scheme implemented by the DRDAs to ascertain the actual quantum of balance funds available with them. As a result, SGSY closure report was not submitted to MoRD, GoI as of January 2024.
- It was also noted that an amount of ₹ 47.98 lakh of SGSY funds were transferred in January 2022 by one of the DRDAs, which was indicative of the fact that unspent funds were still lying with DRDAs.
- Further, DRDAs were discontinued and closed in April 2022, as such the amount lying with the DRDAs can neither be evacuated nor reconciled.

In reply, MD JKRLM stated (July 2023) that the matter was taken up with the J&KRDD/ DRDAs for transfer of unutilised funds of SGSY but due to closure of DRDAs in April 2022, the reconciliation could not be done. In the Exit Conference, it was stated (April 2025) that the matter has already been taken up with the Administrative Department.

The fact remained that due to inaction of the Department from December 2013 to April 2022 to reconcile and deposit SGSY funds into JKRLM bank account, the amount lying with the DRDAs can neither be evacuated nor reconciled.

(B) Records of Block Basohli revealed that in one of the clusters (Cluster F⁸), 93 members of SHGs and Village Organizations (VOs) deposited ₹ 0.23 crore of loan repayments in cash through a Banking Correspondence Agent in J&K Grameen Bank, Bhoond. The said agent recorded the entries in the pass books of the members but did not deposit the loan amount in the Bank, resulting in embezzlement of ₹ 0.23 crore. Consequently, this amount was shown outstanding by the Bank against the loan

⁸ A, B, C, D, E, F etc. are the names of the clusters assigned by JKRLM

accounts of members and the bank demanded to pay the loan amount again till the matter was resolved. A First Information Report in this case was lodged (January 2021) and charge-sheet was filed in July 2023. Pending a final decision in this regard, the SHG members continue to suffer as of January 2024.

(C) In accordance with the decision of the Empowered Committee, GoI, to strengthen the Community Based Organisations (CBOs), the JKRLM directed (July 2019) the CBOs to charge a service fee at the rate of 0.25 *per cent* while making disbursement of bank loans to the members of SHGs. The service fee was to be deducted at source and remitted to the CBO's account immediately.

Records of 20 test-checked Blocks revealed that instead of deducting the service charges at source, they were collected in cash from the SHG members. It was also observed that the service charges were not properly accounted for, making it impossible to ascertain whether the due amounts were received and deposited in the banks. For instance, in Cluster A of block Ghagwal, against due bank linkage service charges of ₹ 73,200 collected during 2022-23, only ₹ 41,000 were remitted to the bank. Similarly, in Cluster-E of block Kalakote, against the due amount of ₹ 40,000 collected during 2021-22 and 2022-23, only ₹ 12,250 was deposited into the bank account of the cluster.

In the Exit Conference, it was stated (April 2025) that all BMMUs will be instructed to work out the service charges collected and deposit in the banks. It was added that in future the matter will be taken up with the banks to collect the service charges at source and transfer them into the accounts of CLF⁹s.

(D) One of the objectives of the Scheme is to facilitate hassle free loans and repeat loans to SHGs from the banks with zero Non-Performing Assets (NPAs). Audit, however, noted that 640 accounts of SHG members with outstanding amount of ₹ 5.31 crore had turned into NPAs as of March 2023.

In reply, it was stated (April 2025) that the NPA figure is subject to fluctuations, and all necessary measures are being taken to maintain it below the mandated two *per cent* threshold set by banks and MoRD, GoI. It was added that the proactive involvement of Community Based Repayment Mechanism (CBRM) committees has contributed significantly to reducing the NPA percentage and as of January 31, 2025, the NPA stands at an impressive 0.77 *per cent*. It was further stated that JKRLM ranks among the top States/ UTs in India with the lowest NPA percentage and continuous support is being extended to banks to achieve the goal of zero NPA.

The reply should be seen in light of the fact that low percentage of NPAs is primarily attributable to unauthorised deduction of Capitalization funds (Revolving Fund/ Community Investment Fund) by banks towards repayment of instalments in NPA accounts as discussed in the subsequent paragraph.

⁹ Cluster Level Federation

(E) In 15 (out of 20) test-checked blocks¹⁰, Capitalisation funds (RF/ CIF)¹¹ amounting to ₹ 0.78 crore were debited from 114 bank accounts of CLFs/ Village Organisations (VOs) by the bank authorities without obtaining their consent, for liquidation of bank credits of NPAs of SHG members during 2018-19 to 2022-23. It was observed that JKRLM did not take up the matter with the bank authorities regarding the unauthorised debit of Capitalisation funds (RF/ CIF) amounting to ₹ 0.78 crore as of March 2024.

In reply, the JKRLM stated (April 2025) that the matter has been discussed during the Steering Sub-Committee meeting of JK UT Level Bankers Committee (JKUTLBC) on SHGs held on 3 August 2024 wherein instructions were issued to all banks to desist from practice of deducting money the capitalisation funds from CBO accounts.

(F) In five¹² out of 20 test-checked blocks, 94 VOs having 873 SHGs had closed their activities after receipt of Start-Up Cost, RF and CIF amounting to ₹ 4.67 crore as of March 2023. Besides, 48 SHGs of 14 VOs of three¹³ test-checked blocks were also found to have closed their activities after receipt of RF and CIF amounting to ₹ 0.08 crore.

In reply, JKRLM stated (March 2024) that RF and CIF were released to SHGs after fulfilling all eligibility criteria but due to various issues, the SHGs could not pay the RF and CIF and became non-functional. It was further stated that attempts are being made out to revive the defunct SHGs/ VOs. The Mission Director, JKRLM stated (February 2025) that if CBO remains inactive or fails to serve its intended purpose, the concerned Block Programme Manager can take corrective action such as reorganising the group, providing additional capacity building support or dissolving the CBO, if necessary. It was added that CLFs play a key role in managing funds related to CBOs and if there are inactive CBOs that are not utilising or managing the allocated funds properly, the CLFs have the authority and mandate to retrieve the funds.

The reply did not mention the exact reasons for the SHGs and VOs becoming non-functional. Further, adequate corrective measures to revive the defunct CBOs were not found to be taken by JKRLM as of February 2025.

4.7.1 Preparation of budget without following bottom-up approach

According to Paragraph 5.3.1 of the JKRLM Financial Manual, the Block Mission Management Units (BMMUs) and District Mission Management Units (DMMUs) were required to prepare the Annual budget by 1st of December and 1st of January every previous financial year respectively. Additionally, the DMMUs/ State Mission

¹⁰ Drugmulla, Kalaroose, Sogam, Dooru, Qazigund, Ganderbal, Kangan, Lar, Khansahib, Marh, Kalakot, Barnoti, Basohli, Ghagwal and Khour.

¹¹ Revolving Fund (RF): ₹ 15,000; Community Investment Fund (CIF): ₹ 65,000

¹² Lar, Khansahib, Kupwara, Dooru and Qazigund.

¹³ Sogam, Kalaroose and Kangan.

Management Unit (SMMU) were required to consolidate the annual budget at District level by 31st of January every previous year.

Audit noted that bottom-up approach was not adopted in preparation of the budget during 2018-9 to 2022-23. The budgets were prepared by SMMU without considering the requirements at Block and District levels and were finalised without obtaining budget requirements from all the DMMUs. Instead, an indicative figure of budget was being communicated by GoI, based on which the Annual Action Plan (AAP) of the Scheme was finalised. Thus, the AAPs were formulated without taking into consideration the grassroots level requirements because of which exclusion of priority areas and genuine beneficiaries at grassroots level cannot be ruled out defeating the programme's objective of poverty alleviation through community participation.

In reply, MD JKRLM stated (January 2024) that decentralisation was attempted by preparation of budget at the Division level but it caused exceptional delays. As such, preparation of budget at the State Mission Management Unit level was continued.

In the Exit Conference, it was stated (April 2025) that the programme is being implemented uniformly across all blocks, with no specific grassroots level requirements mandated under the general DAY-NRLM framework. However, inputs received from the blocks are duly incorporated into the Annual Action Plans.

The reply should be viewed in light of the fact that no inputs/ Action Plan from BMMU/ DMMUs were found in records.

4.7.2 Non-registration of community-based organisations

As per the NRLM's Scheme guidelines, SHGs are to be federated in Community Based Organisations (CBOs) like Village Organizations (VOs) and Cluster Level Federations (CLFs). These CBOs receive funds from JKRLM and they further distribute them to the SHGs. As per NRLM guidelines, the CBOs are required to be registered under Cooperative Societies Act to transform the existing non-formal institutions into registered societies with established norms and bye-laws, thereby acquiring legal status. Also, as per Capitalisation Management Guidelines framed by JKRLM, funds cannot be released to CBOs unless they have established bye-laws and norms.

Audit examination disclosed that as of January 2024, none of the 509 CLFs and CBOs were registered under Cooperative Societies Act even after lapse of 13 years since launch of the Scheme. Despite their non-registration under Cooperative Societies Act, funds continue to be released by JKRLM to CLFs/ CBOs for implementation of Scheme, in violation of Capitalisation Management Guidelines of JKRLM.

It was also noticed that the Mission Director, JKRLM had taken up the matter with Cooperative Department, J&K in August 2022, for simplification and relaxation of legal compliances for registration of CBOs. However, no follow-up action was taken as of January 2024.

In reply, MD, JKRLM stated (February 2025) that efforts are being made to ensure the registration of CLFs under Cooperative Act 1989.

4.7.3 Finalisation of Annual Action Plans without approval of Executive Council

As per Paragraph 6 of Chapter 5 of JKRLM Financial Manual, AAPs prepared by the Mission were to be approved by Executive Council headed by Chief Secretary of State/ UT.

Audit, however, observed that no Executive Council¹⁴ (EC) meeting was held after September 2020. As such, AAPs from 2021-2023 were finalised without the approval of EC.

In the Exit Conference (April 2025), JKRLM accepted the audit observation.

4.8 Procurement of materials

(A) Procurement of Books:

As per UMEED's Financial & Procurement Manual adopted by JKRLM in March 2014, there shall be a State Procurement Committee¹⁵ for smooth financial procurement. The State Level Procurement Committee (SLPC) is responsible for examining the procurement plans at Block, District and State levels.

Audit examination of procurement records during 2021-22 to 2022-23 revealed that the SLPC had not been constituted as of October 2023. In absence of the SLPC, the purchase (printing and supply) of identical books of accounts during 2021-22 to 2022-23, were made separately through GeM portal by AMDs, JKRLM Jammu and Kashmir at different rates. This resulted in AMD, JKRLM Jammu paying ₹ 1.24 crore more than AMD, JKRLM Kashmir for procuring the same set of books of accounts.

After being pointed out by Audit in July 2023, the SLPC was constituted in November 2023. In reply, it was stated (April 2025) that the Additional Mission Directors did the procurement in the absence of constitution of the SLPC. However, with the formation of SLPC the issue of rate variation etc., stands resolved.

4.9 Human Resource management

The position of staff posted in different offices of the JKRLM as of March 2023 and post fresh recruitments in December 2023 by the Mission is given in **Appendix 4.3**.

- **Shortage of staff:** Audit noticed that despite fresh recruitments made in 2023-24, there was a shortage of staff across all levels ranging from 02 *per cent* to

¹⁴ Chief Secretary is the chairman of EC and there are 13 members including Administrative secretaries of various Departments.

¹⁵ State Mission Director, JKRLM as Chairman, State Project Manager (Financial Management and Procurement), JKRLM as Member Secretary, Additional Mission Director, JKRLM and Concerned Sector Specialist or any expert from the outside organisation as approved by the Chairman.

100 per cent. This shortage was particularly acute in the DMMUs and BMMUs, which are primarily responsible for programme implementation and are required to have adequate staff in-position. Specifically, in DMMUs and BMMUs, 41 posts of District Programme Managers¹⁶ and 97 posts of Coordinators respectively were lying vacant as of December 2023. The shortage of critical staff at grassroots level was also commented upon by the Empowered Committee during its meeting to finalise AAP 2020-21.

- **Lack of Grievance Redressal Mechanism:** As per the Scheme guidelines, a 3 to 5 member committee at SMMU, DMMU and BMMU levels for redressal of grievances of staff, had not been constituted (December 2024). This has also been emphasised in the Empowered committee meetings held for finalisation of AAP.
- **Absence of Insurance Cover:** No insurance cover for life, accident and health risks was provided to the staff of JKRLM contrary to Scheme guidelines.

In reply, the MD, JKRLM stated (January 2024) that audit observations have been noted and would be duly addressed.

4.10 Monitoring

The following observations regarding monitoring of programme implementation were noted:

- As per the JKRLM bye-laws, the General Body (GB) was required to meet at least once every year and Executive Council (EC) meetings were to be held at least once every quarter. Audit observed that only one General Body meeting was held in December 2016 and only seven Executive council meetings (latest in September 2020) were held since start (2011-12) of the programme in J&K as of January 2024 resulting in shortfall of 08 GB meetings and 29 EC meetings.
- The post of State Project Manager (Monitoring) had not been filled as of January 2024. Consequently, there was no dedicated setup for monitoring of the programme.
- There was no system in place to facilitate social audits as part of self-monitoring systems.

4.11 Conclusion

The audit of the JKRLM programme revealed several key issues affecting its effective implementation. While there was progress in forming Self-Help Groups (SHGs) and covering households (HHs), the overall coverage remained below the targets set by the Scheme. This limited the reach and impact of the programme in empowering rural communities. There was no well-defined approach in identification of beneficiaries.

Despite the Scheme being in implementation for over 12 years in J&K, there were significant shortfalls in Scheme coverage. One of the reasons for short coverage of

¹⁶ District Programme Managers (Institute Building and Capacity Building): 10 posts; District Programme Managers (Financial Inclusion): 14 posts; District Programme Managers (Livelihood): 17 posts

23 per cent households was due to completely leaving out 29 blocks from coverage under the Scheme till March 2020. Further, shortfall in receipt of funds against approved plan and lack of adequate monitoring also contributed to shortfall in achieving targets.

Despite significant funds being received and largely utilised, there were persistent shortfalls in the release of both Central and State shares against approved plans, mainly due to procedural delays. Financial management showed gaps, including unreconciled unspent funds, irregularities in loan repayments, and unauthorised deductions from community funds. Out of 80,649 SHGs, 74 per cent availed RF, 59 per cent availed CIF-I and 30 per cent availed CIF-II. Similarly, only 51 per cent availed bank linkage- I, 28 per cent bank linkage II, 12 per cent bank linkage III, 4 per cent bank linkage IV and 0.69 per cent bank linkage V respectively.

The budgeting process lacked a bottom-up approach, resulting in plans that did not reflect grassroots needs. Important governance processes, such as registration of community organisations and approval of Annual Action Plans by the Executive Council, were not properly followed. Procurement procedures were weakened by the absence of a State Level Procurement Committee for an extended period, causing unnecessary extra expenditure.

Human resource management was marked by critical staff shortages, absence of grievance redressal mechanisms, and lack of insurance coverage for staff. Monitoring mechanisms were weak due to infrequent meetings and vacant key monitoring positions, leading to insufficient oversight.

4.12 Recommendations

In light of the audit findings, GoJ&K should:

- *Establish well defined criteria for identification of poor rural households and selection of beneficiaries under the Scheme;*
- *Adopt bottom-up approach in preparation of Budget to better reflect grassroots level requirements in implementation of the Scheme;*
- *Ensure funds as per approved plans are released in time and are utilised for the implementation of Scheme during each year;*
- *Increase coverage of beneficiaries in the Blocks that were left out in the initial five year of implementation of Scheme;*
- *Strengthen and revamp the District Rural Haats to enhance their accessibility and utility for general public;*
- *Conduct awareness programmes among rural poor for availing the benefits of the Scheme along with capacity building initiatives for SHG members to maximise access to available credit facilities under the Scheme; and*
- *Strengthen the implementation of the Scheme through efficient monitoring.*

CHAPTER-V
TRANSPORT DEPARTMENT

CHAPTER-V

TRANSPORT DEPARTMENT

5 Jammu and Kashmir Transport Subsidy Scheme

The Government of Jammu and Kashmir (GoJ&K) launched (19 November 2019) the “Transport Subsidy Scheme” pursuant to the orders of High Court of Jammu and Kashmir (J&K) dated 18 May 2006 and National Green Tribunal (NGT), New Delhi, dated 08 October 2018, regarding control of air pollution, improvement of ambient air quality in non-attainment cities as well as measures to control vehicular emissions.

The Scheme aimed to replace old buses, matadors and mini-buses aged between 15 and 20 years in J&K. The Scheme guidelines *inter-alia* stipulated that all public service vehicles (passenger), operated by private transporters, above 15-year-old would be eligible for availing subsidy of ₹ five lakh per vehicle in case of replacement, subject to fulfilment of certain terms and conditions. The Scheme was re-notified on 05 December 2022 with some additional conditions including the requirement of non-transfer of newly purchased (subsidised) vehicles under the Scheme for five years.

The objective of the Scheme is thus, to provide impetus to the public transport by providing subsidy to the transporters for adopting new eco-friendly and fuel-efficient buses compliant to BS-IV and above norms. The Scheme also aims to ensure optimum usage of available road space by transporting maximum number of people per unit of road space which would obviate the problem of congestion, traffic jams and pollution.

To assess the effectiveness of “J&K Transport Subsidy Scheme”, records of all the 22 offices of the Transport Department of GoJ&K were checked in audit. Transport subsidy cases/ applications were reviewed in Regional Transport Office (RTO), Jammu and RTO Kathua offices, as these were the only two offices in Jammu Division designated to receive such cases. RTO Srinagar was designated to receive the cases pertaining to Kashmir Division. However, no vehicle owner from Kashmir Division applied for Transport Subsidy Scheme as of February 2025.

Audit findings

5.1 Limited outreach of Scheme

The Department published advertisement notices on 23 November 2019 and 29 June 2022, inviting eligible vehicle owners to avail the benefit of the Scheme.

Audit examination revealed that despite the poor response (0.56 *per cent*) from bus owners, the Department did not expand the scope of the Scheme to include mini-buses and matadors, missing an opportunity to enhance participation. The reasons for excluding mini-buses and matadors were neither on record nor provided to audit despite persistent requests.

While accepting the audit observation, the Department stated (December 2023) that the progress of the Scheme was not up to the mark owing to the fact that the transporters having such buses are not interested to purchase fresh buses in view of huge financial implications involved in the purchase of new buses. However, Department did not furnish any specific reply regarding its failure to expand the scope of the Scheme to mini-buses and matadors.

5.2 Not complying with the terms and conditions of the Scheme

The Technical Committee (Sub-committee), while approving the application of beneficiary, had to ensure that the following conditions, among others, were fulfilled: (a) An affidavit duly attested by the First-Class Magistrate to the effect that he has scrapped/ sold the vehicle to the scrapper, (b) The vehicle operators availing the benefits of the Scheme must ply these vehicles on identified route for five years and the concerned RTO has to file a six-monthly compliance report regarding plying of vehicles on identified routes for five years and (c) The concerned RTO/ ARTO has certified that Registration of Certificate of the vehicle has been cancelled on the recommendation of the Board of Inspection (BOI) and receipt from the registered scrap dealer about payment made by him to the owner of the vehicle. BOI shall certify that the chassis number of the proposed scrapped vehicles has been cut in their presence and will be retained in RTO/ ARTO office. Subsequently, the concerned RTO/ ARTO shall issue the condemnation certificate regarding the vehicle to be replaced along-with the Letter of Authority in favour of eligible applicant/s for availing the benefit under the Scheme.

Audit examination of records of RTO Jammu disclosed the following:

➤ ***Improper attestation of Affidavits:***

In respect of all the 45 beneficiaries, the affidavits placed in the beneficiaries' files were got attested by the notaries instead of a First-Class Magistrate, in disregard of condition stipulated by the Sub-Committee prior to recommending the cases for approval.

➤ ***Absence of Compliance Reports:***

The RTO Jammu had scrapped/ replaced 45 vehicles and released subsidies of ₹ 2.25 crore as of March 2023. However, no six-monthly compliance report regarding plying of vehicles on identified routes for five years was prepared by RTO Jammu.

➤ ***Absence of Board of Inspection Certificate:***

Board of Inspection (BoI) is to ensure that the chassis number of the proposed scrapped vehicles is destroyed (cut into pieces) in their presence. Only after completing this process is the vehicle considered scrapped, to ensure that these vehicles do not ply on road.

However, in case of seven vehicles, the certificate/ inspection report of BoI was not available in the respective files. Despite this, payments of transport subsidy of ₹ 35.00 lakh (₹ five lakh each) were released in favour of these vehicle owners.

➤ **Irregular purchase in the name of person other than the beneficiary:**

Three beneficiaries had irregularly purchased the new vehicles in the name of person other than the designated beneficiary, as detailed in **Table 5.1**.

Table 5.1: Details of irregular purchase of new vehicles in the name of the person other than the designated beneficiary

Sl. No	Name of the beneficiary	Old registration number of the vehicle	New registration number	Purchased in the name of
01	P***i Gupta W/O P***p Gupta	JK02R-8943	JK02CV-4995	M/s P*****p Transport Company
02	V***y K***r S/o D**a N**h	JK02K-3157	JK02CN-8477	P***n K***r S/o A**r S***h K***a
03	J****h C*****r V**d S/o C***i L*1 V**d	JK02U-1141	JK02CN-7849	H****1 S/o B**i R*m R.S Pura

The Department should take steps to monitor and address cases of non-compliance.

5.3 Crediting of subsidy amount of ₹ 40.00 lakh to the saving accounts of the beneficiaries instead of loan accounts

As per the terms and conditions of the Transport Subsidy Scheme order, the applicant after approval of the case under the Scheme shall be allowed a three months' time to purchase the new vehicle after entering into loan agreement with the concerned bank. The subsidy component shall be transferred to the bank on capital investment for subsequent payment to Original Equipment Manufacturers (OEM).

Audit observed that in respect of eight out of 45 beneficiaries, the subsidy amount of ₹ five lakh each was credited to their savings bank accounts instead of their loan accounts. This was in contravention of the Scheme guidelines and entailed the risk of mis-utilisation of funds to that extent.

In reply, RTO Jammu stated (May 2024) that verifying this information from the bank branches would have taken a long time, potentially leading to surrender of funds. It was further stated that there was significant pressure from transporters for the immediate release of the subsidy. Due to these constraints, the department was unable to ensure that all beneficiaries' accounts were loan accounts, as required by the subsidy Scheme guidelines.

However, the fact remains that the Department did not exercise due diligence before releasing the subsidy amounts.

5.4 Monitoring

(A) A **Policy Review Committee**¹ comprising the following members was to periodically review the working of the Scheme and direct the corrective steps wherever necessary.

Audit noted the following shortcomings:

- Neither any specific date was prescribed in the Scheme guidelines for constitution of the Policy Review Committee, nor had the Committee been constituted as of March 2023. As a result, the implementation of the Scheme was never monitored and mid-course corrections for deficiencies, as discussed in **previous Paragraphs** could not be recommended.
- Further, the Scheme guidelines did not specify the frequency of committee meetings, preventing periodic reviews of the Scheme.

(B) The **Technical Committee**² was responsible for identifying and finalising beneficiaries for the subsidy scheme. The Technical committee was also to ensure that existing 15 plus years public service vehicles (passengers) are not used and allowed plying in the UT of J&K and are scrapped by the transporter as per the provisions of Motor Vehicles Act, 1988 and Central Motor Vehicles Rules, 1989 within stipulated time.

Audit noted the following:

- Although four³ Technical committee meetings were held from launch of the Scheme on 19 November 2019 to March 2023, the frequency for convening these meetings was not prescribed in the Scheme guidelines.
- The Technical Committee could not pro-actively enforce the phasing out of vehicles older than 15 years despite:
 - State Pollution Control Board recommendations (January 2019).
 - Department's own proposal (March 2019) to ban vehicles older than 15 years in J&K, formulated in compliance with NGT's directives.
 - Instead, the Department issued a contradictory order (February 2022) allowing registration of 15 to 20 years old vehicles, further undermining the Scheme's objectives.
- The Department relied solely on applicants to voluntarily avail the Scheme's benefits.

¹ Comprising the Principal Secretary (Administrative Secretary) of the Transport Department, GoJ&K, as Chairman, the Transport Commissioner, J&K, as a Member and the Regional Transport Officers of Jammu and Kashmir as Member Secretaries for their respective divisions.


² Comprising the Transport Commissioner, J&K, as Chairman, the Director of Motor Garages, J&K, the General Manager Mechanical, Jammu/ Srinagar/ JKSRTC and All Regional Transport Officers as Members, the RTO of the concerned division as Member Secretary and an Automobile Engineer as a Co-opted Member.

³ 18 January 2020, 09 December 2021, 24 January 2023 and 13 February 2023.

5.5 Conclusion

The Transport Department could not efficiently implement the Scheme and ensure phasing out of old vehicles. Irregularities like purchase of new vehicles in different owner's name, not preparing Compliance Reports, and crediting of subsidy to beneficiaries' savings account instead of loan account were also observed.

Srinagar/ Jammu
Dated: 24 December 2025



(Tsewang Tharchin)
Accountant General (Audit),
Jammu and Kashmir

Countersigned

New Delhi
Dated: 01 January 2026



(K. Sanjay Murthy)
Comptroller and Auditor General of India

APPENDICES

Appendix: 2.1

(Reference Paragraph No. 2.6)

Position of approved JTFRP projects in J&K as of December 2023

(₹ in crore)

Region	Implementing Agency		Works Awarded		Works Completed		Works In Progress	
			No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost
Kashmir	PWD		21	231.34	18	130.81	3	100.52
	JKPCC		13	248.53	03	12.51	10	236.01
	SMC		03	103.64	02	0.75	01	102.89
	I&CD		26	50.22	19	35.02	07	15.20
	PMU, JTFRP		32	325.81	25	103.86	07	221.94
	JKERA		06	90.91	03	25.25	03	65.66
	Sub-total		101	1050.75	70	308.2	31	742.22
Jammu	PWD		24	20.96	23	19.19	01	1.77
	JKERA		09	170.47	06	88.84	03	81.63
	Sub-total		33	191.43	29	108.03	04	83.40
	Activities under Component 6	JKMSCL	68	357.18	68	357.18	00	00
		PMU/JKERA	04		4			
	Consultancies under Component 7		07	27.32	03	7.35	04	19.97
	Implementation support			111.06		73.69		37.37
Sub-total		79	495.56	75	438.22	04	57.34	
GRAND TOTAL		213	1737.74	174	854.45	39	882.96	

Component wise status of JTFRP works in J&K as of December 2023

(₹ in crore)

Component	Works Awarded		Works Completed		Works In Progress		Expenditure as on December 2023
	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	
Component 1	42	320.70	36	85.92	06	234.78	184.27
Component 2	31	441.48	17	190.68	14	250.80	287.79
Component 3	13	275.16	08	19.28	05	255.88	261.30
Component 4	26	50.22	19	35.02	07	15.20	41.93
Component 5	22	154.29	19	85.32	03	68.97	96.87
Component 6	72	357.18	72	357.18	00	0.00	334.94
Component 7	07	138.38	03	81.06	04	57.34	98.85
Total	213	1,737.41	174	854.46	39	882.97	1,305.95

Appendix 2.2

(Reference Paragraph No. 2.6)

Position of Sampled JTFRP Projects as of December 2023

₹ in crore)

Region	Implementing Agency	Works Awarded		Works Completed		Works In Progress		
		No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	No. of Sub-projects	Allotted Cost	
Kashmir	PWD	10	197.16	07	96.65	03	100.51	
	JKPCC	07	214.44	02	9.15	05	205.29	
	SMC	01	102.89	00	00	01	102.89	
	I&CD	11	36.56	08	28.62	03	7.94	
	PMU, JTFRP	15	299.32	08	77.38	07	221.94	
	JKERA	03	58.83	01	9.67	02	49.16	
	Sub-total	47	909.2	26	221.47	21	687.73	
Jammu	PWD	02	1.96	02	1.96	-	-	
	JKERA	06	139.99	04	74.39	02	65.60	
	Sub-total	08	141.95	06	76.35	02	65.60	
	Activities under Component 6	JKMSCL	20	236.36	20	236.36	0	0
		PMU/JKERA	04	67.61	04	67.61	0	0
	Consultancies under Component 7		03	20.49	01	1.55	02	18.94
	Sub-total	27	324.46	25	305.52	02	18.94	
GRAND TOTAL		82	1375.61	57	603.34	25	772.27	

Appendix-3.1

(Reference Paragraph No. 3.1.6.1)

Delay in commissioning of projects due to delay in procurement, non-installation, land dispute at site, disregard of tender rules etc

- In contravention of the conditions stipulated by J&K Environment Impact Assessment Authority, Ministry of Environment, Forest and Climate Change while granting environmental clearance for mining lease, 71 works at an estimated cost of ₹ 3.84 crore were executed in non-mining areas (beyond 2 kms of radial distance from the mining site). An expenditure of ₹ 3.33 crore was incurred for execution of these projects ending March 2023. As a result, the actual mining affected people were deprived of project benefits to the extent of ₹ 3.33 crore.

In reply, the DMOs stated (June 2023 to April 2024) that these Schemes were taken up and the funds were utilised as per approval of the Chairman of the Trust.

The fact remained that these 71 works amounting to ₹ 3.33 crore were executed in non-mining areas defeating the objective of Scheme.

- In Pulwama District, two works were sanctioned (2019-20) for individual families to set up florist shops and a Lavender Growers Society on which an expenditure of ₹ 4.50 lakh was incurred. These projects were of an individual nature and were executed for the benefit of non-mining affected people in violation of Scheme guidelines.

In reply, the DMOs stated (December 2023) that these Schemes were taken up and the funds were utilised as per approval of the Chairman of the Trust.

- In Anantnag district, ₹ nine lakh was incurred (September 2021) on training provided to the trainees for Kani-shawl weaving and after training, a cooperative society was to be formed by the trainees.

However, as of August 2023, no cooperative society had been formed by the trainees resulting in non-achievement of intended objective despite incurring expenditure of ₹ nine lakh.

In reply, the DMO stated (December 2023) that the Scheme was taken up and funds utilised as per approval of the Chairman of DMFT, but due to shortage of staff, Scheme could not be monitored.

The fact remained that despite incurring expenditure of ₹ nine lakh, the Cooperative society could not be formed as of December 2023.

- Five works were sanctioned (2018-22) at an estimated cost of ₹ 85.12 lakh in five¹ out of eight selected Districts for providing drinking water, erection of electric poles and allied infrastructure, bottle crusher machine and freezers etc.

¹ Anantnag, Jammu, Kathua, Poonch and Pulwama

However, an amount of only ₹ 26.62 lakh was utilised on these components. These Schemes could not provide the intended benefits to the population/ areas due to non-commissioning of Schemes, excess purchase of material, non-laying of rising main pipeline under the Scheme and non-installation of bottle crusher machines and freezers. As a result, expenditure of ₹ 26.62 lakh was rendered unfruitful.

In reply, DMO Kathua stated (April 2024) that the matter would be taken up with the concerned executing agency for laying of rising main in the bore wells and audit will be intimated accordingly. The DMO Anantnag stated (December 2023) that the Schemes were taken up and funds were utilised as per approval of the Chairman of DMFT, but due to shortage of staff, Scheme could not be monitored. The DMO Pulwama stated (December 2023) that the matter would be taken up with the concerned Department and action as warranted under rules would be taken.

- An amount of ₹ 1.23 lakh was incurred on providing Petrol Oil and Lubricants (POL), flexi banners and constructing paths in two selected Districts (Reasi and Poonch). These components were not included in the approved estimates, resulting in irregular expenditure of ₹ 1.23 lakh.
- Two projects were sanctioned (2019-22) in two Districts (Jammu and Reasi) at an estimated cost of ₹ 12.68 lakh for which an amount of ₹ 8.90 lakh was released by the DMFTs. However, the projects could not be taken up due to non-transfer of funds to the implementing agencies by the DMOs.

DMO Reasi did not provide a reply to the audit observation. However, DMO Jammu stated (January 2024) that the concerned executing agency had been instructed to execute the pending work.

- One project on construction of Foot Bridge in Reasi District was sanctioned (2020-21) at an estimated cost of ₹ five lakh for which an amount of ₹ five lakh was released in July 2021. However, the work could not be commenced as of March 2023 due to a land dispute at site and the amount of ₹ five lakh was surrendered in September 2022.
- An amount of ₹ nine lakh was approved (2019-20) for repair and renovation of Nari Niketan building in Poonch. The Chairman DMFT Poonch released (February 2020) a payment of ₹ 6 lakh out of which ₹ 0.85 lakh was utilised for purchase of material. The executing agency (BDO Poonch) carried out this work Departmentally without following tendering procedure. Further, no muster rolls were maintained by the implementing agency for labour payment. In absence of muster rolls, expenditure of ₹ 3.52 lakh paid to Departmental Labour could not be verified in audit. Furthermore, the unutilised amount of ₹ 1.62 lakh remained blocked with the executing agency.

In reply, DMO Poonch stated (February 2024) that matter has been taken up with the BDO Poonch to furnish the reasons in the next meeting of DMFT.

- In Pulwama District, five projects at an estimate cost of ₹ 22.21 lakh were sanctioned (2019-23) for purchase of accessories for the Fisheries Department, a drone for aerial monitoring of Mineral Blocks, providing vegetation cover in mining area, providing apple (high density) plants and providing training and equipment for mushroom cultivation. An amount of ₹ 22.20 lakh was released and utilised by the executing agencies. As per the terms and conditions of the supply orders, the suppliers were responsible for supplying the fish tank without any breakages or shortages, supply goods in working conditions and specifications ordered by the concerned Department.

Audit, however, during physical verification of assets noted the following deficiencies:

- A damaged Fish Tank was supplied.
- The drone supplied was defective and the High-Density Apple plants were substandard.
- Further, the vegetation in the mining area was damaged due to absence of watch and ward and
- The mushroom beneficiaries failed to adopt the trade for earning livelihood.

Thus, the amount of ₹ 22.20 lakh was rendered wasteful and the beneficiaries were deprived of the intended benefits.

In reply, the DMO stated (December 2023) that the matter would be taken up with the concerned Departments and action as warranted under rules would be taken.

- As per the PMKKKY guidelines, the DMF funds were to be utilised to complement the existing ongoing Schemes or projects of the State/ UT or Central Government.

Audit noted that in the selected eight districts, 235 projects for which a total of ₹ 11.30 crore DMF funds were released were taken up for execution during 2017-18 to 2022-23.

Audit, however, noted that only six ongoing projects amounting to ₹ 0.96 crore (constituting 8 *per cent* of released funds of ₹ 11.30 crore) in three (Reasi, Anantnag and Pulwama) out of eight selected Districts had been complemented with the existing Schemes as of March 2023. Thus, 216 projects for which ₹ 10.36 crore of DMF funds were released were taken up as individual projects without complimenting with the ongoing State/ UT or Central Schemes or Programmes.

In reply, Director Finance, Mining Department stated (November 2024) that funds were utilised after approval of the competent authority both in the directly and indirectly affected areas. It was added that project executing Departments had been asked to complete the work in time bound manner to achieve the objectives of the Scheme in the targeted area.

Appendix-4.1

(Reference Paragraph No: 4.6.1)

Coverage under DAY-NRLM

Sl. No.	Block	Total HHs	67 per cent HHs	HHs covered up to March 2023	New Target	Total Coverage (HHs covered up to March 2023 + New targets)	Excess/ Shortage after achievement of total coverage
1	Basohli	9,506	6,369	7,664	2,015	9,679	(+) 3,310
2	Marh	12,180	8,160	9,105	727	9,832	(+) 1,672
3	Sundebani	13,049	8,743	2,408	4,031	6,439	(-) 2,303
4	R S Pura	22,255	14,910	7,090	3,038	10,128	(-) 4,782
5	Ghagwal	8,882	5,950	7,153	818	7,971	(+) 2,021
6	Kalakote	15,066	10,094	7,973	2,748	10,721	(+) 627
7	Nowshera	15,659	10,492	4,181	5,686	9,867	(-) 625
8	Khour	22,400	15,008	10,269	1,249	11,518	(-) 3,490
9	Kathua	15,215	10,194	3,063	4,813	7,876	(-) 2,318
10	Barnoti	20,820	13,949	10,500	5,076	15,576	(+) 1,627
11	Kupwara	11,847	7,937	9,103	1,937	11,040	(+) 3,103
12	Dooru	10,258	6,873	7,840	1,865	9,705	(+) 2,832
13	Lar	5,195	3,481	4,065	484	4,549	(+) 1,068
14	Kalaroos	10,168	6,813	4,611	1,319	5,930	(-) 883
15	Sogam	11,040	7,397	6,228	975	7,203	(-) 194
16	Qazigund	10,534	7,058	6,151	2,696	8,847	(+) 1,789
17	Achabal	9,895	6,630	5,699	2,660	8,359	(+) 1,729
18	Ganderbal	14,593	9,777	4,835	932	5,767	(-) 4,010
19	Kangan	16,132	10,808	6,901	2,194	9,095	(-)1,713
20	Khansahib	16,630	11,142	10,146	1,346	11,492	(+) 350

(Source: Monthly Progress reports of Blocks and JKRLM records)

Appendix 4.2

(Reference Paragraph No: 4.6.2(II))

SHG- Credits linkage in respect of 1st, 2nd, 3rd and 4th doses for smooth implementation of the programme

1. SHG should be in active existence at least since the last 6 months as per the books of accounts of SHGs.
2. SHG should be practicing "*Panchasutras*" i.e. regular meetings regular savings; regular inter-lending: timely repayment and up-to- date books of accounts;
3. SHG should be 'A' grade as per grading report.
4. Audit of the SHG should have been done on quarterly basis and it should be up to the mark.
5. Proper Micro Credit Plan (MCP) has been drawn for creating livelihoods by the members of the SHGs.
6. SHG should have availed Revolving Fund of ₹ 15,000/-and due instalments have been repaid on regular basis.
7. Members of the SHGs should have paid due instalments regularly in respect of loans availed out of internal savings.
8. 1st dose of loan to the tune of ₹ 1,00,000/- (Rupees One Lakh only) to be repaid in 12 equal monthly instalments.
9. 2nd dose of loan @₹ 2,00,000/- (Rupees two Lakhs only) to be repaid in 24 equal monthly instalments subject to successful repayment of 1st dose only and after completion of at least 9 months from the date of disbursement of 1st dose
10. 3rd dose of loan @₹ 3,00,000/- (Rupees three Lakhs only) to be repaid in 36 equal monthly instalments subject to successful repayment of 2nd dose only and after completion of at least 18 months from the date of disbursement of 2nd dose.
11. 4th dose of loan @₹ 5,00,000/- (Rupees Five Lakhs only) to be repaid in 60 equal monthly instalments subject to successful repayment of 3rd dose only and after completion of at least 24 months from the date of disbursement of 3rd dose.
12. While linking SHGs for 1st and 2nd dose VO shall be sponsoring authority and for 3rd dose and above CLF shall be the sponsoring authority.
13. SHGs shall ensure disbursement of first dose of loan to at least two members, 2nd dose of loan is to minimum three members, 3rd dose of loan to minimum four members and 4th dose of loan to minimum five members of the SHGs.
14. While disbursing 3rd and 4th dose of loan, SHGs shall ensure coverage of all members with Bank Loan.
15. Loan from VO/ CLF should not be given to any member in case she is defaulter in bank or any other loan.

Appendix 4.3

(Reference Paragraph No: 4.9)

Position of staff in JKRLM

Sl. No.	Positions	Approved positions	As on March 2023			As on December 2023		
			Positions filled	Vacant positions	Percentage of the vacant positions	Positions filled	Vacant positions	Percentage of the vacant positions
SMMU								
1	Mission Director	1	1	0	0	1	0	0
2	Additional Mission Director	2	2	0	0	2	0	0
3	SPM IB and CB	1	1	0	0	1	0	0
4	SPM Farm Livelihoods	1	1	0	0	1	0	0
5	SPM Non-Farm Livelihood	1	1	0	0	1	0	0
6	SPM Financial Inclusion	1	1	0	0	1	0	0
7	SPM Financial Management and Procurement	1	0	1	100	1	0	0
8	SPM Monitoring and Evaluation	1	0	1	100	0	1	100
9	SPM Administration	1	1	0	0	1	0	0
10	Assistant Director (P and S)	1	0	1	100	0	1	100
11	Project Manager FNHW	1	1	0	0	1	0	0
12	Project Manager SISD and Gender	2	1	1	50	1	1	50
13	MIS Officer	1	1	0	0	1	0	0
14	MIS Assistant Divisional Level	2	0	2	100	0	2	100
15	Accountant	3	0	3	100	3	0	0
16	Data Entry Operator	3	0	3	100	0	3	100
17	Office Assistant	4	0	4	100	0	4	100
18	Office Subordinate	4	0	4	100	0	4	100
Sub Total		31	11	20	65	15	16	52
DMMU								
1	Distt Programme Manager IB and CB	20	10	10	50	10	10	50
2	District Programme Manager Financial Inclusion	20	06	14	70	06	14	70
3	District Programme Manager Livelihoods	20	04	16	80	03	17	85
Sub Total		60	20	40	67	19	41	68
BMMU								
1	Block Programme Manager	125	95	30	24	122	03	02
2	Coordinator Farm	62	06	56	90	14	48	77
3	Coordinator non-farm	63	06	57	90	14	49	78
4	MIS Assistant/Accountant cum Admin Assistant	125	86	39	31	116	09	7
Sub Total		375	193	182	49	266	109	29
Grand Total		466	224	242	52	300	166	36

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