

## CHAPTER-III

### AUDIT OF TRANSACTIONS

#### *Excess/overpayment/wasteful/unfruitful/infructuous expenditure*

#### **Agriculture Department**

#### **3.1 Unfruitful expenditure on establishment of Laboratory**

**Lack of Rain Water Harvesting Structures in the building for State Bio Control Laboratory rendered the expenditure of ₹45.40 lakh unfruitful due to non-clearance by Town and Country Planning Department**

To encourage the farming community to adopt bio-control measures and reduce consumption of chemical pesticides, GOI sanctioned (December 2004) ₹45 lakh for setting up of State Bio Control Laboratory (SBCL) at Mandi under the scheme “Strengthening and Modernisation of Pest Management Approach in India”. Equipment and vehicle worth ₹25 lakh for SBCL were to be provided by the GOI. The SBCL was to provide mass produced bio-agents to the farmers for use against seed and soil borne diseases of crops.

Audit scrutiny (September 2009) of records of the Deputy Director of Agriculture (DDA), Mandi and further information received (May-July 2010) revealed that the DDA released (March-September 2005) ₹45 lakh<sup>1</sup> to the Executing Agency<sup>2</sup> (EA) for construction of building of SBCL at Mandi. The EA took up the construction and handed over the completed building to DDA in December 2006. However, till July 2010 the building could not be utilised for the intended purpose due to non issuance of ‘No Objection Certificate’ (NOC) by the Town and Country Planning (TCP) Department as the Rain Water Harvesting Structure (RWHS); a statutory requirement for the building, was neither planned<sup>3</sup> nor set up by the Department. Further, ₹4.06 lakh was deposited by the DDA with Himachal Pradesh State Electricity Board (HPSEB) for installation of a transformer for power supply. But in the absence of NOC, the building

**Photograph-3.1.1**



Building constructed for setting up of State Bio Control Laboratory at Mandi

<sup>1</sup> March 2005: ₹15 lakh; September 2005: ₹30 lakh.

<sup>2</sup> Estate Officer, Chaudhary Sarwan Kumar HP Krishi Vishvavidyalaya, Palampur.

<sup>3</sup> Provision of RWHS was not even included in the estimates framed for the construction of the building.

was treated as unauthorised and power connection could not be obtained from HPSEB. Supply of machinery and equipment had not been completed by GOI as of July 2010; as against the sanctioned 43 items of equipment to be supplied by the GOI only 16 items had been supplied. Thus, envisaged benefits of bio-control measures expected to accrue from setting up of SBCL remained to be provided to the farming community.

The Director of Agriculture while confirming the facts stated (July 2010) that the building could not be put to use due to non-receipt of NOC from the TCP Department, non-installation of electricity transformer and non-receipt of the entire equipment for the laboratory. Further, the tank for water harvesting has now been completed at a cost of ₹0.40 lakh but is yet to be connected to the down pipes of the building.

Thus, due to non-provisioning of Rain Water Harvesting Structure in the initial estimates by the DDA, Mandi, the building was declared unauthorised which ultimately resulted in the non-commissioning of the SBCL at Mandi for the last more than three years. Besides, the machinery and equipment provided so far by GOI for the purpose has also remained idle. The expenditure of ₹45.40 lakh incurred on construction of SBCL has, thus, proved unfruitful so far.

The audit findings were referred to the Government in May 2010. Reply had not been received (September 2010).

### 3.2 Infructuous expenditure on idle staff

#### **Failure of the Department to adjust/transfer idle technical staff/helpers of Deep Tubewell Irrigation works/schemes resulted in infructuous expenditure of ₹1.12 crore on pay and allowances**

The Sub-Divisional Soil Conservation Officer (SDSCO), Nurpur at Jachh (Kangra district) with technical staff/helpers carried out the work of Deep Tubewell Irrigation works/schemes using three drilling machines in Nurpur area of Kangra district.

Scrutiny (February 2006) of records of the SDSCO, Nurpur and further information collected (February 2010) revealed that the technical staff/helpers<sup>4</sup> were rendered idle and surplus after the transfer of Deep Tubewell Irrigation works/schemes to Irrigation and Public Health (I&PH) Department in August 2002. An expenditure of ₹1.12 crore incurred by the Department on pay and allowances of idle staff from September 2002 to July 2009 remained infructuous as their services could not be gainfully utilised. Further scrutiny revealed that two out of three Rig machines were auctioned (December 2004) after approval of the Government in September 2004. The third Rig machine purchased in October 1996 for ₹24.51 lakh was declared to be in good condition during inspection in September 2009 by I&PH Department. However, the rig machine was neither auctioned nor transferred to any other unit or I&PH Department and remained idle since August 2002.

The SDSCO, Nurpur at Jachh stated (February-June 2006) that the matter had been taken up with the Director of Agriculture in July 2003 who informed (February-June 2010) that the Rig machine purchased in October 1996 was lying idle since August 2002 and at present (February 2010) there

<sup>4</sup> Cleaners: two; Compressor Operator: one; Driller: one; Mechanic: one; Helpers: 15 and Welder: two.

was only one cleaner working in that office and rest<sup>5</sup> of the staff have either retired or have been transferred to other offices. The reply is not convincing as timely action to transfer/adjust the staff could have avoided unnecessary expenditure of ₹1.12 crore on the pay and allowances of idle staff from September 2002 to July 2009. Hence the investment on the Rig machine (₹24.51 lakh) remained largely unfruitful and expenditure on idle staff (₹1.12 crore) had also been rendered infructuous without any accountability being established.

The audit findings were referred to the Government in May 2010. Reply had not been received (September 2010).

### 3.3 Unjustified expenditure on construction of Working Women Hostel

#### **Construction of Working Women Hostel at a cost of ₹1.33 crore by the University at Palampur without assessing requirement resulted in its non-usage for the intended purpose**

To provide affordable hostel facilities to working women living away from their homes for employment, the Government of India (GOI) started (1972-73) a scheme 'Assistance for the construction of Hostel Building for Working Women with a Day Care Centre'. The Scheme was adopted by the Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishva Vidyalaya, Palampur, Kangra district (University) in 1998-99. A proposal for construction of a Working Women Hostel (WWH) submitted (February 2000) by the University was approved by the GOI in March 2001 and its share of first instalment of ₹13.21 lakh and ₹5 lakh by the State Government, were sanctioned in March 2001 and November 2002 respectively. The construction of WWH which started in October 2001 was scheduled to be completed in 24 months from the date of release (March 2001) of first instalment by the GOI.

Mention regarding non-completion of WWH was also made in paragraph 6.2.22 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2003 (Civil)-Government of Himachal Pradesh. PAC in its recommendations (April 2007) had asked for the latest position on the efforts made.

A further scrutiny (December 2009) of records of the University revealed that the GOI and the State Government released subsequent instalments of ₹36.11 lakh<sup>6</sup> for the aforesaid work. After spending ₹54.32 lakh, the University on the directions of the Vice-Chancellor, increased (March 2006) the plinth area of the building by 319.77 sqm and revised the estimate of the work from ₹58.73 lakh to ₹1.37 crore without seeking approval from the GOI. By diverting ₹78.71 lakh<sup>7</sup> from other development funds, the University instead of completing the work within 24 months completed the WWH at a cost of ₹1.33 crore in March 2008 only. The University also deployed six employees at ₹0.36 lakh per month, for watch and ward of WWH from June 2008. Comptroller of the University stated (July 2010) that only a part of the funds received for routine renovation of hostels and strengthening of infrastructure were allotted for completion of hostel work and, as such, no adverse effect was caused to other work in the University. However, the fact remains that the routine renovation and strengthening of structure suffered to the extent of diversion.

<sup>5</sup> Out of 22 employees, nine had retired between February 2006 and March 2009; one died (July 2007), 11 promoted/transferred (March 2003-August 2008) to other offices and one still working in the same office (June 2010).

<sup>6</sup> GOI: ₹13.22 lakh in December 2003 and ₹13.21 lakh in January 2005; State Government: ₹9.68 lakh in March 2004.

<sup>7</sup> Centre Development Assistance-Strengthening and development of State Agriculture Universities (March 2006: ₹33.26 lakh and March 2008: ₹13.58 lakh); Revolving Fund-Institutional Charges (March 2006: ₹11 lakh) and ICAR-Under Prime Minister Fund (March 2007: ₹8 lakh and December 2007: ₹12.87 lakh).

Photograph-3.3.1



Unutilised building of working women hostel (Ganesh Bhawan)

Audit scrutiny further revealed that till June 2010 no working woman opted to stay at the WWH (Ganesh Bhawan) as their home towns were in nearby areas and good transport facilities were available. Also, the building was utilised (August 2007) by the University to accommodate participants of various trainings/seminars even before completion of work (March 2008) without seeking approval of GOI.

The Executive Engineer (EE), of the University stated (December 2009) that without pre-assessing the requirement, the proposal for construction of WWH was sent to the GOI keeping in view the non-availability of such facility in the nearby town. The Director, Agriculture stated (May 2010) that as no response from working women were received, the hostel could not be utilised for the intended purpose. The reply is not acceptable as a feasibility study should have been conducted to assess the requirement.

This has resulted in non-use of WWH for the intended purpose constructed at ₹1.33 crore for more than three years. This has further resulted in creating a liability of ₹0.36 lakh per month by way of staff deployed.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

## Cooperation Department

### 3.4 Wasteful expenditure on unviable project

**Inordinate delay by the Department in appointing a consultancy firm for preparation of detailed project report and to raise finances for setting up of Cold Storage resulted in wasteful expenditure of ₹16.18 lakh**

To facilitate the fruit growers of the State, Himachal Pradesh State Cooperative Marketing Consumers' Federation Limited (HIMFED) proposed to set up Controlled Atmosphere (CA) Cold Storage of 3,000 MT capacity at Rai, Sonapat District in Haryana. A plot<sup>8</sup> measuring 1,800 square metres was purchased by the HIMFED (January 2003) at a cost of ₹35.10 lakh from Haryana State

<sup>8</sup> Plot No. 508, Food Park, Rai Sonapat, Haryana.

Industrial Development Corporation (HSIDC). The possession of plot was taken from the HSIDC in November 2004; and the construction on the plot was to be started within one year viz. before November 2005 as per agreement, and the commercial activities were to be started within three years from the date of possession of the plot.

Audit scrutiny of records of the HIMFED revealed (February-April 2010) that a consultancy firm M/s Mariental India Pvt. Limited, New Delhi (firm) was appointed (2 August 2004) by HIMFED after a delay of 19 months from the purchase of plot for preparation of Techno Economic Feasibility Report (Report). The Report was stipulated to be submitted by 31 August 2004 for a latest technology CA Cold Storage<sup>9</sup> at ₹2.18 lakh. The firm, however, submitted the Report in December 2004 after a delay of more than three months. Extension to start the construction work was obtained twice<sup>10</sup> by HIMFED due to non-availability of funds and it could not start the construction work till 2008. HIMFED to tide over the shortage of funds got ₹11.49 crore sanctioned (February 2007) from National Cooperative Development Corporation (NCDC). The firm was again appointed (May 2007) by HIMFED for providing detailed engineering report (DER) including that for taking up of civil works, at a cost of ₹14 lakh but the firm as per DER (October 2007) revised the cost of project to ₹19.97 crore as against the original project cost of ₹12.77 crore; while the projected construction of infrastructure was reduced from four to two storied structure.

The Board of Directors in its meeting (October 2007) decided not to go ahead with the project due to its escalated revised cost and paucity of funds. The HSIDC also rejected the proposal of HIMFED for sale of plot and informed that the vacant plot can be surrendered to HSIDC only and in that event, the principle cost of the plot after deduction of 10 per cent shall be refunded to HIMFED as per terms of allotment.

An expenditure of ₹47.77 lakh representing cost of plot including interest and other expenses like extension fees, proceeding fee, consultancy fee for preparation of Report/DER, etc., had already been incurred by HIMFED.

The plot was handed over to the HSIDC in January 2009 and it refunded ₹31.59 lakh to HIMFED. The consultancy firm submitted (February 2008) a detailed claim of various outstanding dues under the contract alongwith interest, besides, the loss and damages suffered by them due to wrongful termination of contract for ₹19.06 lakh. This liability remained to be set off (March 2010).

HIMFED sustained a loss of ₹16.18 lakh (total expenditure including price of plot: ₹47.77 lakh minus amount received from HSIDC: ₹31.59 lakh) due to shelving of the Project.

The Managing Director, HIMFED stated (February 2010) that after the preparation of DER for construction of latest technology CA Cold Store by the consultancy firm; the HIMFED found it unfeasible to invest such a huge amount and its viability was found uncertain and, therefore, dropped the idea to execute the project. However, the fact remains that these factors should have been kept in mind before initiating the proposal. Thus, due to faulty planning and inordinate delay in appointing the consultancy firm, the Department had incurred wasteful expenditure of ₹16.18 lakh besides further committing a liability of ₹19.06 lakh, being the consultation fee of the consultancy firm.

The audit findings were referred to the Government in June 2010. Reply had not been received (September 2010).

<sup>9</sup> Estimated to be constructed at a cost of ₹12.77 crore as per feasibility report submitted by HIMCON in the year 2003

<sup>10</sup> First till November 2007 and then upto May 2008.

## Horticulture Department

### 3.5 Irregularities in import of improved planting material and blocking of funds

**Failure of the Department in timely import of planting material has not only resulted in loss of ₹16.74 lakh but also led to blocking of ₹2.79 crore in a bank account for more than two years**

To provide improved varieties of imported fruit plants like apple, cherry, peach, plum, strawberry, etc., to the orchardists of the State, the Director of Horticulture (DH) submitted (September 2007) a proposal<sup>11</sup> to the State Government to import 68,050 plants of different varieties from a firm 'Van Well Nursery, USA' at a cost of ₹five crore. These plants were to be supplied to the orchardists at the subsidised rate between ₹150 and ₹750 per plant. The State Government sanctioned (January 2008) ₹5.00 crore for the import of 68,050 plants. Of these, 80 *per cent* of the plants were to be supplied to the orchardists after one year Post Entry Quarantine (PEQ) in departmental Progeny cum Demonstration Orchards (PCDOs)/Nurseries and balance 20 *per cent* were to be kept in PCDOs for multiplication purpose.

Audit scrutiny (December 2008) of records of the DH and further information collected (May 2009-March 2010) revealed the following:

- (i) The DH, in anticipation (July 2007) of the Government sanction (January 2008) placed supply orders (July 2007) on the firm, for supply of 43,353 plants of different varieties, to be supplied before February/March 2008 and that of 1,36,200 plants before March 2009. Against the supply order, the Department received 39,100 plants at ₹2.11 crore in March 2008 and further supply was not received as of March 2010. The Department, however, took no action to get the supply of remaining plants.
- (ii) The DH imported (March 2008) 39,100 plants for ₹2.11 crore from the firm without adopting the prescribed system of open competitive tender in violation of Financial Rules.
- (iii) The DH drew (March 2008) ₹5 crore from treasury, of which only a sum of ₹2.21 crore (Cost of 39,100 plants: ₹2.11 crore and maintenance cost: ₹0.10 crore) could be utilised and the remaining amount of ₹2.79 crore was lying unutilised in bank as of March 2010. Evidently, the amount drawn in anticipation of receipt of supply of material or even before finalisation of tender was in contravention of Financial Rules.
- (iv) Of the plants received, 2,962 plants perished (March 2008) during PEQ, due to different climatic conditions prevailing in India, causing a loss of ₹16.74 lakh<sup>12</sup> to the State exchequer as the supply of the plants stipulated to be received before February 2008 (January was considered the most appropriate month) was received in March 2008 when the temperature was considerably high.

<sup>11</sup> Cost of fruit plants: ₹3.30 crore; Custom duty, quarantine fees and transportation: ₹0.32 crore; Maintenance and upkeep of the plants: ₹1.38 crore.

<sup>12</sup> Cost of one plant =  $\frac{2,21,00,000}{39,100} = ₹565.22$

Loss = ₹565.22 x 2,962 (plants perished) = ₹16.74 lakh

- (v) As against the required distribution of 31,280 plants (80 *per cent*) to orchardists, the DH distributed 16,792 plants (43 *per cent*) and the balance plants were allotted to PCDOs and University of Horticulture and Forestry (UHF), Solan. This has resulted in less realisation of revenue to the extent of ₹20.47 lakh (14,488 x ₹141.31<sup>13</sup>) from the orchardists.

The DH stated (February-March 2010) that the decision to import the plants without competitive global tenders was taken by the High Level Committee. He further stated that 2,962 plants perished during PEQ due to adverse weather conditions, transportation, handling and belated arrival from the firm.

The reply is not acceptable (i) as the supplies were ordered without inviting global bids thereby denying the best competitive prices for the plants and (ii) without inserting a clause in the supply order for freight on receipt supplies to avoid transit losses.

On this being pointed out in audit (December 2008-May 2010) the Department deposited (May 2010) the remaining amount of ₹2.79 crore alongwith interest of ₹14.97 lakh in the treasury.

Thus, failure of the Department in timely import of planting material has not only resulted in loss of ₹16.74 lakh but also led to blocking of ₹2.79 crore in a bank account for more than two years. Besides, revenue of ₹20.47 lakh was less realised by the distribution of fewer plants to the beneficiaries.

The audit findings were referred to the Government in May 2010. Reply had not been received (September 2010).

## Irrigation and Public Health Department

### 3.6 Unfruitful expenditure on Lift Water Supply Scheme

#### Failure of the Department to get the work of gravity main completed in time resulted in unfruitful expenditure of ₹4.48 crore on a Lift Water Supply Scheme

The State Government accorded (March 2006) administrative approval and expenditure sanction for the construction of Lift Water Supply Scheme from Behna *Khad* to Baragaon (Shimla district) for ₹2.84 crore. The scheme was designed to augment the existing 12 Water Supply Schemes of 17 villages having 82 habitations. The source of the scheme (Behna *Khad*) is situated on the right bank of river *Satluj* in Kullu district and villages to be served are situated on its left bank in Shimla district. It was proposed to lift water from the source by creating suitable infrastructure including gravity main in a length of 490 metres. The scheme was targeted for completion in March 2009. An expenditure of ₹4.48 crore had been incurred on the execution of the scheme as of October 2009.

Scrutiny of the records (January 2010) of Sunni division revealed that all the components of the scheme except laying of gravity main were completed upto March 2009. The gravity main included 116 metre length for laying of which a suspension foot bridge across *Satluj* river was

<sup>13</sup> Twenty five *per cent* (beneficiary share) of the average cost of one plant.

necessary. The work of suspension bridge was awarded (September 2007) to a contractor for ₹73.60 lakh for completion latest by March 2008. As the contractor had failed to complete the work within the stipulated time, the time of its completion was extended (July 2008) by the Department upto January 2009. Despite according an extension, the contractor failed to complete the work. Resultantly, the Department levied (March 2009) liquidated damages of ₹5.15 lakh and rescinded (April 2009) the contract by forfeiting the earnest money/security deposits to the Government. Thus, an amount of ₹9.50 lakh on account of advance payment made for deployment of manpower, infrastructure, machinery, excess payment and levy of liquidated damages was recoverable from the contractor. However, action to award the bridge work to another contractor and to recover the amount from the defaulting contractor by initiating legal proceedings had not been taken as of August 2010.

The Executive Engineer stated (August 2010) that without construction of suspension foot bridge, laying of gravity main is not possible and that tenders were under process to award the balance work. The reply is not acceptable as the Department had failed to monitor the work effectively.

Thus, due to failure of the Department to ensure timely completion of gravity main by re-awarding the bridge work to another contractor, the scheme remained incomplete and expenditure of ₹4.48 crore incurred on it largely remained unfruitful though the scheme was targeted for completion in March 2009. Besides, this also resulted in non-achievement of the objective of providing sufficient potable water to 82 habitations of Shimla district and by not effecting recovery of ₹9.50 lakh an undue favour was extended to the contractor.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

## Public Works Department

### 3.7 Unfruitful expenditure on construction of road and undue benefit to a contractor

**Failure of the Department to initiate action according to the various clauses of the contract agreement resulted in unfruitful expenditure of ₹69.49 lakh on a road and extension of undue benefit of ₹71.37 lakh to a contractor**

In order to provide transport facility to 921 persons of Panvi village of Kinnaur district, the State Technical Agency approved (March 2005) the construction of 12.080 kilometres (kms) long motorable road from Wangtoo to Panvi for ₹6.02 crore under *Pradhan Mantri Gram Sadak Yojna* (PMGSY). The Chief Engineer (South) awarded (April 2006) the construction of a portion of the road for a length of 5.525 kms to a contractor for ₹2.16 crore with a stipulation to complete it in one year.

Scrutiny of the records (December 2009) of Karchham division revealed that the contractor commenced the work in May 2006 and upto November 2007 executed formation cutting of the road for a length of 2.515 kms, in 11 patches. Thereafter, the contractor did not execute any work and left construction of road in the remaining stretches (length: 3.010 kms) on the plea that clearance for felling of trees from the Forest Department was involved in the



alignment of road. However, as per records of the Division, encumbrance free land for road alignment of 4.965 kms was available before November 2007 and clearance of the Forest Department for felling of trees falling in the remaining stretch of 0.560 kms was also obtained in December 2008. In the meantime the contractor was paid ₹69.49 lakh for the work done upto 3<sup>rd</sup> running account bill passed in March 2008. This showed that the contractor had stopped the work deliberately and made himself liable for liquidated damages and termination of contract as per the agreement.

Audit scrutiny further revealed that despite the fact that the contractor had stopped execution of the work, only one *per cent* liquidated damages amounting to ₹2.16 lakh were levied (July 2007) instead of 10 *per cent* (₹21.60 lakh) of the tendered amount of ₹2.16 crore. Even the levied liquidated damages had not been recovered. However, in accordance with the provisions of Standard Bidding Document for PMGSY, advance payment of ₹32.40 lakh (Mobilisation advance: ₹10.80 lakh and Machinery advance: ₹21.60 lakh) had been made to contractor during May 2006 against Bank Guarantee (BG) of an equal amount issued by the Branch Manager, Himachal Pradesh State Co-operative Bank (HPSCB) Ltd., Taklech which was cancelled (March 2008) by the General Manager, HPSCB Ltd., Shimla on the ground that the then Branch Manager was not authorised to issue such Guarantee. Of the recoverable amount of ₹32.40 lakh, the recovery of ₹20.47 lakh was still outstanding against the contractor. The contractor also failed to furnish fresh BG despite repeated references made by the Executive Engineer (EE). Thus, the payment made to the contractor through 3<sup>rd</sup> running account bill in March 2008 without affecting recovery of the outstanding advance and securing appropriate BG was irregular.

Since the contractor had committed fundamental breach of contract due to non-resumption of the balance work, the contract should have been terminated in terms of clause 53.1 of the agreement by applying penalty of 20 *per cent* on the value of incomplete work which worked out to ₹29.30 lakh<sup>14</sup>. However, action to terminate the contract and levy the penalty had not been initiated.

The EE confirmed (December 2009) the facts and stated that action to levy liquidated damages at the rate of 10 *per cent* was being taken and action to terminate the contract and levy additional cost would be taken with the approval of the higher authorities. The reply is not acceptable as the Chief Engineer (South) had already issued (August 2007) instructions to initiate action against the defaulting contractor.

Thus, failure on the part of the Department had not only resulted in unfruitful expenditure of ₹69.49 lakh but also extended undue financial favour of ₹71.37 lakh<sup>15</sup> besides denying benefits of transport facility to the villagers.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

<sup>14</sup> Total tendered cost	= ₹215.97 lakh
Value of work executed	= ₹69.49 lakh
Value of incomplete work	= ₹146.48 lakh
Penalty	= 20 <i>per cent</i> of ₹146.48 lakh = ₹29.30 lakh

<sup>15</sup> Advances ₹20.47 lakh + Liquidated Damages ₹21.60 lakh + Penalty ₹29.30 lakh.

## Rural Development Department

### 3.8 Unfruitful expenditure on Mushroom Cultivation Project

**Setting up of Mushroom Cultivation Project at Chamba without proper planning and implementation by the Department rendered expenditure of ₹1.24 crore as largely unfruitful besides blocking of ₹1.05 crore**

With the objective of generating self employment and improving the economic status of those below the poverty line, the Deputy Commissioner (DC) Chamba on a proposal from Project Officer (PO) District Rural Development Agency (DRDA) approved (January 2006) a 'Mushroom Cultivation Project' for ₹1.87 crore under Rashtriya Sam Vikas Yojna<sup>16</sup>. As per proposal the activities of the project, *inter alia*, involved setting up of 60 ton per month capacity Mushroom Compost Unit (Unit) at Udaipur in Chamba district for providing compost<sup>17</sup> and spawn<sup>18</sup>, required for Mushroom cultivation to the farmers of six blocks of the district; training and demonstration for farmers, human resource development and training/refresher courses of project implementing staff, motor vehicle on contract for supply of compost, market surveys, publicity, etc. The unit was to be managed by an apex Self Help Group (SHG) comprising of elected members from 40 different SHGs with technical assistance from Horticulture Department.

Scrutiny (February 2010) of records of the PO, DRDA revealed that the DC released<sup>19</sup> ₹1.87 crore to PO DRDA, Chamba for setting up of the project. The DRDA completed the work in September 2008 at a cost of ₹1.24 crore and refunded (June 2008) ₹0.34 crore to DC Chamba while retaining ₹0.29 crore as unspent balance. Audit scrutiny revealed the following:

- The Department did not conduct any feasibility study on account of demand and supply which is a pre-requisite in such projects. The PO DRDA stated (July 2010) that on the basis of experience of trial production by procuring compost from outside the district, a large interest was shown by the beneficiaries by raising demand for compost and, as such, the need for conducting the feasibility study was not felt. The reply is not acceptable in view of requirement of such proposals.
- The progress of the project was not satisfactory as shortfalls in financial achievements under its major implementation components<sup>20</sup> ranged between 84 and 100 *per cent* even though achievement under the component 'publicity' was 100 *per cent*.
- The PO in disregard to the project guidelines invited tenders twice (September 2008 and May 2009) from Registered Societies/NGOs/SHGs/reputed firms, for operations of the Unit on lease for five years but none applied. Government stated (July 2010) that the DRDA

<sup>16</sup> Rashtriya Sam Vikas Yojna was launched in 2003-04 with a view to reducing regional imbalances and speed up development in the identified backward areas.

<sup>17</sup> Compost is resultant product formed through the process of decomposition of raw medium by adding essential nutrients for growing a special edible fungus i.e. White Button Mushroom.

<sup>18</sup> Spawn: Pasteurised straw filled in polythene bags (8-10 kg capacity) in layers and spawned at the rate of 20 *per cent* by weight of substrate.

<sup>19</sup> January 2006: ₹0.28 crore; June 2006: ₹0.39 crore; November 2006: ₹0.17 crore and March 2007: ₹1.03 crore.

<sup>20</sup> Training and demonstration for farmers (84 *per cent*), professional services (95 *per cent*), training/refresher courses of project implementing staff (100 *per cent*), motor vehicle on contract for supply of compost (100 *per cent*) and market surveys (100 *per cent*).

has started exercise for the organisation of an apex SHG to whom the Unit was ultimately to be handed over. The fact remains that non-imparting of training and demonstration to farmers/project implementation staff, non-setting up of apex SHG, non-providing of technical advice by Horticulture Department/University of Horticulture and Forestry, Solan/Indo-Dutch Project, Palampur as envisaged in the project proposal were the factors responsible for its failure which were not addressed by the PO DRDA in time.

- To have a trial run, the PO, purchased (December 2008 and March 2009) raw material worth ₹1.76 lakh from a firm<sup>21</sup> and issued it to the same firm for trial production for one month. The firm produced 2106 bags (50 kg each) of compost, which during testing was found to be infected with disease. However, infected substandard compost was sold to the farmers (21 SHGs) at ₹0.64 lakh. The compost prepared in the unit was, thus, of sub-standard quality. Facing technical incapability, PO DRDA took up (June-December 2009) the matter with other Departments/Universities to acquire the Unit in public interest. However, due to non-availability of trained staff the Departments/Universities expressed their inability to take over the Unit.
- Under the Green Gold Project<sup>22</sup>, ₹0.53 crore were provided (November 2002) by Government of India (GOI) for giving subsidy on purchase of mushroom compost to farmers through SHGs of Chamba and Bhattiyat blocks. Of this, ₹0.42 crore, were lying unutilised with DRDA due to non-functioning of the Mushroom Cultivation Project.

The PO, DRDA stated (February 2010) that the apex SHG to whom the project was to be handed over, was not in a position to acquire this unit in the absence of technical assistance due to which the funds received for providing subsidy could not be utilised. The reply is not acceptable as the PO failed to tie up with University/Horticulture Department for technical assistance. Further, the Government attributed (May 2010) non-availability of technical expertise for non-operation of the compost unit. This also shows inadequate action by PO DRDA in providing training and arranging technical know how to the SHGs.

Thus, due to non-conducting of feasibility survey, non providing of adequate training to farmers/SHGs/ implementation staff, non-forming of apex SHG and non-providing of technical assistance to SHGs, the Mushroom Cultivation Plant set up at a cost of ₹1.24 crore could not be put to use besides blocking ₹1.05 crore<sup>23</sup>. Thus, the intended benefit of economic upliftment of farmers of six blocks of Chamba, could not be achieved.

### 3.9 Unfruitful expenditure on setting up of Gramin Himachal Bhandars

**Construction of Gramin Himachal Bhandars in other than typical hill architecture as required at tourist places and on the sides of roads leading to tourist places and inability of the Department to motivate Self Help Groups/people of the area for marketing their products through them has rendered expenditure of ₹2.92 crore as largely unfruitful**

Under the scheme Swarnajayanti Gramin Swarozgar Yojana (SGSY), Government of India (GOI) approved (May 2001) a special project titled 'Marketing of Rural Goods' for ₹7.70 crore for setting up a network of 50 mini markets named 'Gramin Himachal Bhandar' (GHB) in various tourist places and

<sup>21</sup> M/S BBN Foods Private Limited, Bilaspur.

<sup>22</sup> Swarnajayanti Gramin Swarozgar Yojana (SGSY) Special Projects Component on cultivation of Mushroom, etc.

<sup>23</sup> ₹0.29 crore with DRDA, ₹0.34 crore with DC and ₹0.42 crore received under Green Gold Project for providing subsidy.

on the sides of roads leading to tourist places with one Central GHB in the State. The cost of the project was to be shared between Centre and State Governments in the ratio of 75:25. It was aimed at providing market for rural goods, eliminating middle men and providing a forum to rural producers for marketing their own products. GHBs were to be managed and maintained by Self Help Groups (SHGs), local bodies like Gram Panchayats and Panchayat Samitis. The local bodies/SHGs requirement/willingness was to be taken into consideration before finalising the site for GHBs.

The project was to be implemented by the Project Officers (POs), District Rural Development Agencies (DRDAs) in the State and PO, DRDA Shimla was declared as the Nodal Agency for construction of all GHBs retaining the ownership of the GHB with respective DRDAs. The project was to be completed within two years from the date of sanction.

Scrutiny of records of 12 DRDAs<sup>24</sup> and information collected (November 2008-August 2010) revealed the following:

- DRDA Shimla being the nodal agency released ₹4.03 crore during August 2001 to January 2010, out of the funds received (₹3.85 crore plus interest earned ₹0.35 crore) to ten DRDAs for construction of 39 GHBs leaving an unspent balance of ₹0.17 crore with the nodal agency as of August 2010.
- As per GOI instructions the 2<sup>nd</sup> installment for the project was to be released by GOI after the receipt of utilisation of 60 *per cent* of the funds already released. The DRDA Shimla did not send the utilisation certificate (UC) due to which the 2<sup>nd</sup> installment was not released by GOI putting the completion of remaining GHBs in doldrums.
- The project was sanctioned in May 2001 and was required to be completed within two years (May 2003) but even after lapse of over seven years, UC for 60 *per cent* of the funds, already, released, was not sent to GOI.
- Twenty eight GHBs were completed by 10 DRDAs<sup>25</sup> (February 2003-May 2009) of which six<sup>26</sup> were allotted to SHGs/Swarojgaris and the remaining 22 GHBs on which ₹2.92 crore was incurred, could not be put to use because none of the SHGs/Swarojgaris came up for selling their products due to poor marketing viability as the GHBs were constructed far from roadside.
- Five GHBs<sup>27</sup> for which ₹0.45 crore were released (May 2003-February 2009), remained incomplete due to incurring of entire funds on leveling of site (one case), delayed availability of land (one case), non-availability of NOC from forest Department (two cases) and late receipt of funds (one case) resulting in blocking the funds with respective DRDAs.
- The work on six<sup>28</sup> GHBs could not be started due to non-availability of land/site (four cases) where GHBs were to be constructed and non-providing of funds (two cases).

<sup>24</sup> Bilaspur, Chamba, Hamirpur, Kangra at Dharamshala, Kinnaur at Reekong Peo, Kullu, Lahaul and Spiti at Keylong, Mandi, Shimla, Sirmaur at Nahan and Una.

<sup>25</sup> Bilaspur: three; Hamirpur: three; Kangra: seven; Kinnaur: one; Kullu: two; Mandi: three (+) one (Central GHB); Shimla: two; Sirmaur: two; Solan: two and Una: two.

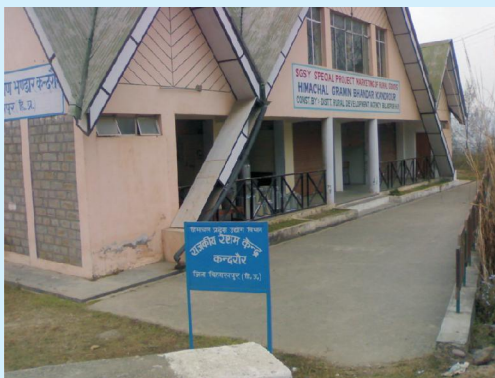
<sup>26</sup> Kangra: one; Kinnaur: one; Kullu: two and Shimla: two.

<sup>27</sup> Kullu: two; Shimla: two and Solan one.

<sup>28</sup> Mandi: three; Hamirpur: two and Sirmaur: one.

- The places where the 12 GHBs<sup>29</sup> were to be constructed were changed (March 2004) by the Director-cum-Special Secretary (RD). The sites for construction of 12 GHBs had not been finalised as of July 2010 and funds for these GHBs were also not released.

Photograph: 3.9.1



Portion of GHB at Kandraur rented out to General Manager, District Industries Centre

Photograph: 3.9.2



Partially completed GHB at Swarghat, Bilaspur District

The concerned Project Officers attributed (November 2008- August 2010) the non-use of the GHBs to poor interest shown by SHGs, improper location and poor marketing feasibility of the GHBs. Government stated (May 2010) that the highly centralised system followed for construction of GHBs has delayed the operationalisation of these GHBs.

Thus, due to non-construction of GHBs in typical Himachali style on the sides of roads leading to tourist places and inability of the Department to motivate SHGs/people of the area to market their products through these GHBs resulted in non-running of GHBs, thus, rendering the expenditure of ₹2.92 crore as unfruitful. The intended purpose of the scheme was, thus, defeated and benefit of the scheme could not reach to the people of the area.

### *Undue favour to contractors/avoidable expenditure*

## **Irrigation and Public Health Department**

### **3.10 Avoidable extra liability due to non-finalisation of tender within validity period**

**Failure to finalise the lowest tender within validity period of first call resulted in award of work to the same contractor on the second call for an additional value of ₹29.85 lakh**

Government accorded (November 2005) administrative approval and expenditure sanction for providing sewerage scheme to Nadaun town (Hamirpur district) at a cost of ₹6.50 crore. Working estimate for construction of a sewerage treatment plant (STP) of 1.69 MLD capacity and two septic tanks of 0.051 and 0.076 MLD capacity respectively alongwith soak pits was technically approved (July 2007) for ₹91.27 lakh by the Chief Engineer (CE). The Department invited tenders for the construction of above components of scheme on 1 January 2008 and were opened on 31 January 2008

<sup>29</sup> Chamba: four; Kangra: two; Kinnaur: one; Lahaul and Spiti: two; Shimla: two and Una: one.

with a validity period of 120 days. The Department held discussion on technical bids in May 2008. Accordingly, the bid of lowest tenderer amounting to ₹80 lakh was sent (November 2008) for approval of the CE by the Superintending Engineer (SE), Hamirpur after a delay of six months, by which time the validity period of tender had expired.

Scrutiny of the records (March 2010) of Hamirpur division revealed that instead of taking any action by the CE to consider the lowest bid, the departmental tender committee decided (January 2009) to cancel the tender on the plea that procedural lapse of not rejecting the tenders of those bidders who had not submitted the desired documents had occurred. It was also held that in the intervening period of one year, rates of labour and material had undergone considerable change. This decision was merely an excuse to hide departmental failure to finalise the tender within validity period. When the tenders were re-invited (May 2009) and opened (June 2009), the same contractor emerged as the lowest bidder for ₹109.85 lakh. Accordingly, the work was entrusted (December 2009) to him at an escalated cost of ₹29.85 lakh.

The Executive Engineer (EE) while confirming the facts (March 2010) stated that the case remained under process with the SE/CE due to which delay had occurred and validity expired. The reply is not acceptable as he himself took, about two and half month's time to forward the case to SE after discussion on technical bids. Thus, responsibility for delay in finalisation of tender within validity period of 120 days lay at all levels viz. EE, SE and CE which deprived the Department of the benefit of competitive rates. Further, there was no need of re-tendering had the case been processed at all levels in time.

Thus, non-finalisation of tenders in the first call within the validity period resulted in extra liability of ₹29.85 lakh to the State exchequer.

The audit findings were referred to the Government in August 2010. Reply had not been received (September 2010).

## **Public Works Department**

### **3.11 Undue financial benefits to contractors**

**The Executive Engineer, Nirmand Division extended undue financial benefit of ₹1.05 crore to two contractors by way of non-recovery of Government dues**

The Chief Engineer (South) awarded (January 2006 and September 2006) the construction of roads from (i) Anni to Basta via Jaban (Km 0/0 to 20/210) and (ii) Mangta to Kushwa (Km 0/0 to 9/270) in Kullu district to two Shimla based contractors at tendered cost of ₹2.81 crore and ₹3.15 crore respectively with the stipulation to complete the works by 16 January 2007 and 9 October 2007 respectively. Accordingly, the contractors took up the construction of roads in January and October 2006.

Scrutiny of the records (November 2009) of Nirmand division revealed that the contractors did not achieve the pace of the works as prescribed in contract agreements and failed to complete them by the stipulated dates of completion. After executing works for total value of ₹1.42 crore, they suspended the execution in May 2008 and September 2008 respectively without intimating any reasons. For committing breach of terms and conditions of the contracts the Department levied (₹5.96 lakh) liquidated damages

equal to one *per cent* of the tendered cost under clause 44.1 instead of maximum of 10 *per cent* which worked out to ₹59.60 lakh. The Department ultimately terminated the contracts under clause 52.1 in November 2008.

It was further noticed that before terminating the contracts the Department did not levy the balance nine *per cent* (₹0.54 crore) liquidated damages on the contractors and finalised their bills in December 2008 and January 2009 respectively.

The final bills of the contractors showed an amount of ₹1.62 crore recoverable from them, on account of cost of material, mobilisation advance, machinery advances, levied liquidated damages, penalty for balance works and other miscellaneous taxes. Against the recoverable amount of ₹1.62 crore, ₹1.11 crore was available in shape of Fixed Deposits Receipts for effecting the recoveries but the same were not encashed and credited into Government account as of November 2009. This shows that even after finalising the bills the Department had not taken any concrete steps to ensure recoveries of balance dues of ₹0.51 crore from the defaulter contractors for more than one year and extended undue financial benefit of ₹1.05 crore including liquidated damages of ₹0.54 crore levied less.

The Executive Engineer admitted the facts (November 2009) and stated that initially one *per cent* of liquidated damages were imposed and the case was moved for obtaining approval of Chief Engineer (South), Shimla to terminate both the contracts due to which the balance nine *per cent* liquidated damages could not be levied. He further intimated (August 2010) that the final bills of the contractors have been passed and an Arbitrator has also been appointed to decide the issue of recovery of Government dues. The reply is not acceptable as the Department failed to conduct any investigation/enquiry prior to it to fix responsibility on the defaulter for non-realisation of Government dues. This was necessary to ensure that with the passage of time it may not become irrecoverable.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010)

### 3.12 Undue financial benefit to a firm

#### **Failure to ensure compliance of contractual provisions by the Executive Engineer, Sundernagar Division led to extension of undue financial benefit of ₹4.37 crore to a firm**

The State Government accorded (November 2006) administrative approval and expenditure sanction for construction of Government Engineering College (GEC) at Sundernagar (Mandi district) for ₹37.15 crore. The construction of Phase-I of GEC comprising Buildings, Water Supply, Sanitary and Electrical Installation works was awarded (December 2006) to a Delhi based firm<sup>30</sup> at tendered cost of ₹22.42 crore. The firm commenced the work on 4 January 2007 and was required to complete it by 3<sup>rd</sup> January 2008. As per the contract agreement, the firm was required to achieve different milestones at prescribed intervals. In case of failure to achieve the progress, compensation limited to maximum 10 *per cent* of the tendered cost was leviable on the firm.

Scrutiny of records (January 2010) of Sundernagar division and further information collected (May 2010) revealed that the firm failed to ensure progress of the work as stipulated in the contract agreement and could not complete the work by the stipulated date viz. 3 January 2008. The Executive Engineer (EE) issued repeated notices to the firm to accelerate the pace of work and also granted

<sup>30</sup> M/S VYOM Infrastructure Pvt. Ltd., New Delhi.

unilateral time extension upto June 2008. The firm, however, again failed to perform well and executed work for value of ₹5.08 crore (23 per cent) only upto July 2008. The firm left the work in September 2008 and did not resume it thereafter. Therefore, the EE levied (December 2007) 10 per cent compensation of ₹2.24 crore on tendered cost and ultimately rescinded (February 2009) the contract by forfeiting security deposits of ₹14.13 lakh recovered from the firm's running bills. Audit also noticed that the Department did not ensure compliance of contract clauses and committed following omissions in regulating the payments:

(i) The agreement envisaged grant of Mobilisation Advance (MA) upto five per cent of the contract value against Bank Guarantee (BG) which was recoverable fully on prorata basis till completion of 75 per cent work. The Department, however, paid (December 2006) ₹1.12 crore as MA to the firm without obtaining the requisite BG. The firm later on furnished three BGs of ₹0.90 crore (₹30 lakh each) in November 2007 which also expired between March 2008 and November 2008. In the intervening period MA amounting to ₹0.34 crore was recovered from the firm till September 2008 and the balance amount of ₹0.78 crore remained unrecovered as of May 2010. In addition, secured advance amounting to ₹23.08 lakh was also paid to the firm in February-May 2008 against material such as tor steel (₹8.99 lakh), aggregate (₹6.81 lakh) and sand (₹7.28 lakh) brought to the site of work. Payment of secured advance of ₹14.09 lakh for aggregate and sand being items of perishable nature was not permissible. The whole amount of advance remained to be recovered from the firm as of May 2010. This clearly shows that the Department made payment of MA and secured advance by flouting contractual provisions as BG was not obtained before release of full amount of MA and secured advance was also paid for perishable items, jeopardizing the public interest against loss. Moreover, the Department also failed to encash the available BG within the validity period to recover the Government dues.

(ii) Records also revealed that performance security in form of BG for ₹1.12 crore (equal to five per cent of the contract price) was obtained in December 2006 which was valid upto 17 May 2008. While the Department granted unilateral time extension upto June 2008, BG was not got revalidated for due performance of the contract.

Thus, providing mobilisation advance by flouting provisions of contract, non-obtaining appropriate bank guarantee of ₹1.12 crore for due performance of contract, non-recovery of secured advance and compensation on the firm resulted in extension of undue financial benefit of ₹4.37 crore<sup>31</sup>. Besides, due to non-completion of building the facility of modern Engineering College could not be provided timely to the students.

The EE confirmed the facts and stated (January-May 2010) that recoveries on account of compensation and MA could not be made due to non-finalisation of the bill. He further stated that the amount payable to the contractor cannot be worked out at this stage as approval of rates for deviated/extra items was yet to be cleared by the competent authority. The reply does not explain why the department failed to finalise the claim for such a long time and initiate appropriate action to recover the Government dues. Also forfeited amount of security deposits was not credited into Government account and remained

<sup>31</sup> Mobilisation advance =	₹0.78 crore
Secured advance=	₹0.23 crore
Performance Security (against BG)=	₹1.12 crore
Compensation=	₹2.24 crore
<b>Total=</b>	<b>₹4.37 crore</b>



with the Department as of May 2010. Besides, the responsibility for inaction in the Department had also not been fixed.

The audit findings were referred to the Government in May 2010. Reply had not been received (September 2010).

### 3.13 Incorrect computation and non-recovery of Government dues

**The Department did not compute correctly Government dues of ₹17.76 lakh and failed to recover them for about two years after finalisation of contractor's bill in May 2008**

In order to provide road connectivity to five villages of Una district, construction of Makrer to Bohru road (length: 7 kms) was approved during 2004-05 under *Pradhan Mantri Gram Sadak Yojna* for ₹1.22 crore. The work was awarded (May 2006) to a Mohali based contractor for ₹1.03 crore with a stipulation to complete it within a period of nine months viz. by February 2007.

Scrutiny of records (February 2010) of Bangana division revealed that the contractor started the work in May 2006 but could not achieve progress of work to the extent of 30 *per cent* of the value of work after half of the completion period as required under the agreement. The contractor executed work for value of ₹5.24 lakh (five *per cent*) upto March 2007 and thereafter stopped further execution without intimating any reason. Despite grant of provisional extension of time upto 15 September 2007, the contractor failed to resume the work. The contract was ultimately terminated in October 2007 by imposing penalty of ₹15.45 lakh<sup>32</sup>.

Contractor's 2<sup>nd</sup> and final bill showed an amount of ₹8.51 lakh recoverable from him after adjustment of payment due to him.

In terms of the contract, compensation for additional cost should have not been less than 20 *per cent* of the balance work left as unexecuted. The Department, however, computed compensation of ₹10.30 lakh against the required amount of ₹19.55 lakh<sup>33</sup> resulting in loss of ₹9.25 lakh to the Government.

The Executive Engineer stated (February 2010) that less compensation for balance work was levied inadvertently for which action will be taken. The reply is not acceptable as notice for recoverable amount to the contractor was issued (February 2010) only for ₹8.51 lakh without blacklisting him and ensuring computation of compensation as per contract agreement. Besides, the Department did not take any appropriate legal action for timely realisation of Government dues from the defaulter contractor even after finalisation of the bill in May 2008.

Thus, laxity on the part of the Department to assess the Government dues of ₹17.76 lakh<sup>34</sup> correctly and timely led to non-recovery thereof for about two years after finalisation of the contractor's account which resulted in deliberate undue favour to him.

The audit findings were referred to the Government in June 2010. Reply had not been received (September 2010).

<sup>32</sup> Liquidated damages for delay in completion of work  
(five *per cent* of the tendered cost under Clause 44.1) : ₹5.15 lakh  
Compensation for additional cost under Clause 53.1  
(10 *per cent* of the tendered cost) : ₹10.30 lakh  
**Total** : **₹15.45 lakh**

<sup>33</sup> 20 *per cent* of unexecuted work (₹1,02,97,509 – ₹5,23,749 = ₹97,73,760)  
i.e. ₹19,54,752 or say ₹19.55 lakh.

<sup>34</sup> i) Dues payable after adjustment of liquidated damages and compensation levied = ₹8.51 lakh  
ii) Dues on account of compensation less levied = ₹9.25 lakh  
**Total (i)&(ii) = ₹17.76 lakh**

*Idle investment/blocking of funds/diversion of funds***Education Department****3.14 Underutilisation of funds under Prime Minister Special Package**

**Tardy execution of works by the University had resulted in underutilisation of grant of ₹5 crore received by it from UGC for upgradation of infrastructure in the University and non-release of subsequent installments of ₹4 crore**

The Government of India (GOI) sanctioned ₹nine crore and released ₹five crore in December 2005 through the University Grants Commission (UGC) as first installment for upgradation of infrastructure in Himachal Pradesh University (University) under Prime Minister's Special Package (PMSP) for 10<sup>th</sup> Plan period (2002-07). The plan and estimates submitted (October 2006) by the University in respect of five works<sup>35</sup> to the UGC having an estimated cost of ₹4.70 crore, were approved in January 2007.

Scrutiny (December 2009) of records of the University and further information collected (July 2010) revealed that for meeting the expenditure of ₹2.02 crore<sup>36</sup> incurred on the works, the University released (May 2007 and May 2009) ₹1.75 crore to its own construction division from the grant and a sum of ₹26.74 lakh was irregularly diverted from the funds meant for deposit works under other schemes. The diversion of ₹26.74 lakh was done despite the fact that sufficient funds<sup>37</sup> were available with it from the grant itself. Out of five approved works, four works taken up for execution during November 2006 to March 2008 and required to be completed between May 2008 and August 2008, had not been completed as of December 2009. Further, the work of setting up of Steel Gate, Emblem, Statue, etc., could not be taken up (July 2010) for execution due to objections by the nearby villagers and the students.

As the University had failed to utilise the funds of ₹five crore, the UGC while granting extension of two years upto 31<sup>st</sup> March 2009 refused further extension on the ground that the 10<sup>th</sup> Plan period (2002-07) was already over. Thus, due to non-utilisation of the funds for approved works within the stipulated period, the University could not receive the remaining funds of ₹4 crore sanctioned under PMSP.

The UGC while sanctioning the funds had imposed a condition that the simple interest of 6 *per cent* per annum, on unutilised amount from the date of drawal to the date of refund would be charged. The University could release ₹1.75 crore upto 31 March 2009 for the works approved by UGC under PMSP and ₹3.25 crore remained unspent as of 31 March 2009, the date upto which the extension was granted. Thus, by not utilising the amount, the University has become liable to pay interest of ₹0.92 crore upto 31 March 2010 to the UGC.

<sup>35</sup> (i) Multi Faculty Building, Phase-II (ii) Gate and Roads, (Pedestrian Path) (iii) Examination Block Building, Phase-II (iv) UIIT Block and (v) Set up of Steel Gate, Emblem, Statue, etc.

<sup>36</sup> (i) Multi Faculty Building, Phase-II: Approved Estimate (AE): ₹195.39 lakh and Expenditure Incurred (EI): ₹51.68 lakh; (ii) Gate and Roads, (Pedestrian Path): AE: ₹38.37 lakh and EI: ₹9.59 lakh; (iii) Examination Block Building, Phase-II: AE: ₹92.90 lakh and EI: ₹58.43 lakh; (iv) University Institute of Information Technology Block: AE: ₹139.42 lakh and EI ₹82.03 lakh and (v) Setting up of Steel Gate, Emblem, Statue, etc., AE: ₹3.62 lakh and EI: Nil as the work was yet to be awarded.

<sup>37</sup> ₹5.00 crore (-) ₹1.75 crore = ₹3.25 crore.

The Finance Officer of the University stated (July 2010) that the delay in execution of the works was caused by existing infrastructure, stores of examinations and trees at the site of COE wing besides weather conditions i.e. heavy rains in monsoon season and snow in winter season which left the working season very short for execution purpose. The reply is not acceptable as these factors existed even before the proposals for execution of these works were made by the University.

Thus, non-utilisation of the grant (₹5 crore) under PMSP even within the extended period had not only resulted in depriving the University of the remaining grant of ₹four crore but also in creating a liability of ₹0.92 crore towards interest. Besides, intended benefits of the proposed infrastructure could not be made available to the students. Also, ₹26.74 lakh was irregularly diverted by the University from other deposit works to the works undertaken under PMSP.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

## Agriculture Department

### 3.15 Blocking of funds

**Absence of planning for execution of works by the Department had resulted in blocking of ₹54.70 lakh drawn from the treasury in anticipation of utilisation**

The State financial rules provide that no money should be drawn from the treasury unless it is required for immediate disbursement and that it is not permissible to draw advances from the treasury for the execution of works the completion of which is likely to take a considerable time.

Audit scrutiny (March 2009) of records of the District Agriculture Officer (DAO), Kinnaur at Reckong Peo and further information received (June 2010) revealed that the DAO without ensuring suitable site for construction of office cum residential building and kisan Bhawan at Reckong Peo drew ₹24.50 lakh (May 1995-January 2003) to provide latest farming techniques to the farmers in the proposed Bhawan through seminars/workshop/camps. He transferred (June-November 2003) the funds to the Sub-Divisional Soil Conservation Officer (SDSCO), Kinnaur for execution of works.

The funds were taken back (December 2003) by DAO and deposited (January 2004) with the Executive Engineer (EE), HPPWD Reckong Peo. However, sufficient land for the construction of the complex was made available in February 2005 only.

Despite this being pointed out (September 2002; November 2004) in audit, the DAO again drew ₹30.20 lakh (May 2005-June 2008) from the treasury and deposited with EE, HPPWD Reckong Peo and requested (September 2008), Secretary, Special Area Development Authority (SADA), Reckong Peo for grant of permission for construction of the complex. Permission from SADA was, however, still awaited (June 2010).

The DAO Kinnaur stated (March 2009) that Kisan Bhawan was to be built on the land allotted by the DC in September 1996. Accordingly, on receipt of budget allotment the funds were drawn but the land was not found suitable. The Director Agriculture stated (July 2009) that the required permission from the Forest Department was still awaited due to existence of Neoza trees and seedlings on the re-allotted (November 2003) land. The replies confirm that the preparatory items of works had not been taken care of by the Department prior to drawal and transfer of funds to the executing agency.

Thus, absence of planning for execution of work and casual approach in handling of Government funds by the Department had resulted in blocking of ₹54.70 lakh as well as failure to start the work even after a lapse of several years since drawal of funds and in idling of Government money. Drawal of funds without a proper proposal by the officers had resulted in blocking of funds. Besides, the farmers of the area also remained deprived of the agriculture facilities and latest farming techniques through seminars/workshops planned to be held in the proposed Kisan Bhawan.

The audit findings were referred to the Government in May 2010. Reply had not been received (September 2010).

## Health and Family Welfare Department

### 3.16 Blocking of funds received for upgradation of emergency facilities at Regional Hospital, Kullu

**Delays in planning for setting up of trauma centre at Regional Hospital, Kullu for upgradation of emergency facilities resulted in blocking of ₹1.50 crore for the last four years besides denial of timely medical services to the accident victims**

For providing immediate emergency care to victims of accident on National Highways, the Government of India (GOI) sanctioned (March 2006) financial assistance of ₹1.50 crore for upgradation of emergency facilities and setting up of trauma centre in Regional Hospital (RH), Kullu. The plan involved construction of civil works (₹63 lakh), purchase of two ambulances (₹20 lakh), equipment (₹66 lakh) and setting up of communication system (₹1 lakh). Civil works for the project were to be executed by the HPPWD.

Scrutiny (January 2009) of records of the Chief Medical Officer (CMO), Kullu and further information received (February-July 2010) revealed that the funds were received by CMO Kullu for implementation of the project during April 2006. As the Department failed to find a suitable site, it was decided to establish trauma centre in the ground floor of the old hospital building. However, the space selected could not be vacated for three years as the new building of Regional Hospital was under construction and the earmarked place housed OPDs of the hospital.

Therefore, start of work was delayed and upto June 2010 a sum of ₹0.25 crore only could be utilised by CMO, Kullu under the component 'Civil Works' without any progress on other components of the plan. The balance amount of ₹1.25 crore and interest of Rs 0.19 crore (upto December 2009) on funds kept in savings bank account had, thus, remained unutilised. Resultantly, the intended upgradation of emergency facilities at RH Kullu could not be established for four years.

The CMO Kullu stated (February-July 2010) that the civil works of the project were in progress. The reply is indicative of the fact that the project implementation was slow which resulted in depriving the intended benefits for more than four years since the release (March 2006) of the funds by the GOI. Besides, due to delay in planning/implementation of the project, Government fund of ₹1.50 crore has remained blocked and immediate emergency medical services to the victims of accidents denied.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

## Irrigation and Public Health Department

### 3.17 Unproductive investment on construction of a flow irrigation scheme

**Poor planning and lackadaisical approach of the Department for construction of a flow irrigation scheme resulted in unproductive investment of ₹35.82 lakh**

To provide irrigation facility to culturable command area (CCA) of 68.66 hectares in 11 villages, construction of a flow irrigation scheme (FIS) in *Gram Panchayat* Deothi (Shimla district) was, administratively approved (January 2004) for ₹59.77 lakh. The scheme, stipulated to be completed in three years, was proposed to be constructed in three phases, each having separate *Nallah* source for water.

Scrutiny of the records (December 2009) of Rampur division revealed that the work in all the phases was taken up for execution in March 2004 but subsequently had to be suspended in March 2007 after incurring an expenditure of ₹35.82 lakh due to land dispute at the sites of Phases-I and III and damages in Phase-II owing to construction of a road by the Public Works Department in that area. Scrutiny further revealed that the constructed portion of the scheme had created irrigation potential to CCA of 20 hectares (29 per cent) but no irrigation facilities were provided to the beneficiaries due to extensive damages caused to the FIS owing to heavy rains during 2005-08. An estimate for ₹11.85 lakh for restoration of rain damages and damages caused due to construction of a road was submitted (March 2008) to the Superintending Engineer, Reckong Peo for approval but returned by him in the same month as un-approved without recording any reason. Thereafter, the division had neither taken up the matter with the Superintending Engineer for repair of the damages caused in Phase-II of FIS nor were any efforts made to resolve the dispute at sites of Phases-I and III as of December 2009.

The Executive Engineer confirmed (December 2009) the facts and stated that no objection certificates (NOC) for use of private land were obtained from the *Panchayat Pradhans* before taking up the scheme for execution. The reply does not explain as to why the private land owners were not taken into confidence and written commitments obtained from them to obviate the chances of dispute at the later stage.

Thus, due to poor planning of the Department to ensure encumbrance free land and lackadaisical approach to restore damaged scheme, the investment of ₹35.82 lakh on the FIS had remained unproductive.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

### 3.18 Unjustified procurement of materials resulting in blocking of funds

**Non-utilisation of procured materials for two sewerage schemes for a period ranging from one to seven years resulted in blocking of funds of ₹2.30 crore**

State Financial Rules stipulate that stores should be purchased in accordance with definite requirements of public service taking care not to purchase them much in advance of actual requirements.

Scrutiny of the records (September 2009) of Dalhousie division revealed that the State Government administratively approved (March 1996) the construction of sewerage systems in Dalhousie and Chowari towns of Chamba district for ₹11.19 crore with a stipulation to complete them in four years. The execution of these schemes, however, could not be taken up as of April 2010 as the detailed estimates for according technical sanctions were submitted (October 2009) to the Chief Engineer (Dharamshala Zone) after a period of more than 13 years. The Chief Engineer, however, accorded technical sanctions to these estimates in February and March 2010 respectively. It was further noticed that procurement of material such as Cast Iron (CI), Ductile Iron (DI) and Galvanised Iron (GI) pipes and tor steel costing ₹2.55 crore<sup>38</sup> was done between March 2003 and March 2009 when there was no technical sanction. Also depiction of cost of material as final expenditure on these schemes without any physical progress during the aforesaid period was against the canons of financial propriety. Of the materials so procured, materials valued at ₹0.25 crore<sup>39</sup> were transferred between February 2006 and December 2008 to other works and the balance materials costing ₹2.30 crore remained unutilised at sites of these schemes as of April 2010.

The Chief Engineer (Dharamshala Zone) confirmed (January 2010) the facts and stated that material procured was required for bonafide use on the schemes as per the budget availability during respective years. The reply is not acceptable as Department went for purchase of material in a hasty manner without ensuring technical approval to estimates and detailed/time bound plan for implementation of the sewerage schemes, the actual execution of which is still to be taken up.

Procurement of materials in advance of actual requirements and keeping them unutilised for a period ranging from one to seven years at the sites of works had thus, resulted in blocking of funds of ₹2.30 crore. More importantly, the inhabitants of the above towns who had been sanctioned sewerage schemes way back in March 1996, continue to be deprived of the sewerage facility even after 14 years.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

### 3.19 Idle investment on Lift Water Supply Scheme

**The Department did not ensure electricity connection for the Lift Water Supply Scheme Haraboi, resulting in idle investment of ₹79.80 lakh**

After the completion of Koldam Hydro-electric Project (Bilaspur district) by the National Thermal Power Corporation (NTPC) Ltd., the source and pump house of the existing Lift Water Supply Scheme, Haraboi providing drinking water facilities to the inhabitants of Boi and Chalog villages of Mandi district would be submerged in water. Keeping in view the need of potable water for the inhabitants of above villages, the Project Manager NTPC Ltd., Barmana (Bilaspur district) sanctioned (July 2006) ₹79.44 lakh for the construction of this scheme from an alternate source. The NTPC Ltd., entrusted construction of the scheme to the Executive Engineer (EE) I&PH Division, Sundernagar and deposited the whole amount viz. ₹79.44 lakh in August 2006 with a stipulation to complete it within a period of two years.

<sup>38</sup> 2002-03: ₹0.06 crore; 2005-06: ₹0.28 crore; 2006-07: ₹0.94 crore and 2008-09: ₹1.27 crore.

<sup>39</sup> Chowari town: ₹0.09 crore and Dalhousie town: ₹0.16 crore.

Scrutiny of the records (January 2010) of the division revealed that the execution of scheme was taken up in November 2007 and civil works and electric power supply work were completed in May 2008 and September 2009 respectively at a cost of ₹79.80 lakh. Audit also noticed that the Department did not synchronise the work of electric power supply to the civil works of scheme properly and took a considerable period of 16 months to secure electricity supply connection for the scheme after the completion of civil works.

Even after getting the electric connection from the Himachal Pradesh State Electricity Board (HPSEB) the scheme could not be made functional due to the reasons that applied load for electric power supply was for 20 HP and 25 HP pumping machinery to be installed at two stages of the scheme whereas the Department had actually installed pumping sets of 40 HP and 70 HP respectively. The Department installed pumping machinery of higher specifications without intimating the facts to the HPSEB. Thus, excessive increase in load against the load actually obtained for operating the pumping machinery resulted in the scheme lying non-functional since the date of its completion viz. September 2009.

The EE confirmed (January 2010) the facts and stated that tenders for pumping sets were called as per designed specifications but due to their non-availability in the market, the firm had offered for the pumping sets of higher specifications, which were approved by the Superintending Engineer I&PH Circle, Sundernagar in October 2007. The reply does not explain why the electricity connection could not be obtained keeping in view the increased load requirement of the pumping sets by taking up the matter well in time with the HPSEB.

Failure of the Department to pursue the matter effectively for getting electricity connection for the installed pumping machinery to make the scheme operational not only resulted in an idle investment of ₹79.80 lakh but also deprived the beneficiaries of the intended benefits of drinking water facility even though execution of the scheme was taken up in 2007.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

## Planning Department

### 3.20 Diversion of Sectoral Decentralised Planning funds

**₹two crore meant for works under SDP were irregularly diverted by the Advisor Planning as Grant-in-aid to Dr. Yashwant Singh Parmar University of Horticulture and Forestry, of which, ₹1.40 crore remained parked in bank accounts in disregard of the programme guidelines**

Under the scheme of Sectoral Decentralised Planning (SDP), five per cent funds are taken out of the approved plan outlays and placed at the disposal of districts for redressal of public grievances involving small financial implications. The aims and objectives of SDP funds are to (i) faster flow of benefits of developmental schemes to the people; (ii) execution of small developmental works viz. construction of Panchayat Bhawans, rain shelters, town halls and foot bridges, etc.; (iii) provision of basic infrastructural facilities viz. link roads, primary health centre buildings and school buildings, etc.

No funds under SDP are to be utilised as Grants-in-aid and it does not contain the element of 'discretion' and the utilisation of funds for any project/scheme out of SDP requires approval of District Planning, Development and Twenty Point Programme Review Committee (DPDTPPRC). The phasing of work and financial sanction for more than one financial year is not permissible.

Scrutiny (November 2009) of records of the Deputy Commissioner (DC) Solan revealed that the Advisor, Planning, sanctioned (March 2007) ₹two crore under SDP for construction of Auditorium<sup>40</sup> at Dr. Yashwant Singh Parmar University of Horticulture and Forestry (University), Nauni. The funds were sanctioned without any proposal from DC Solan and without obtaining approval of the DPDTPPRC Solan District. Besides, ₹two crore provided by the Advisor was the first installment released for the Project which tantamounts to phasing of the financial sanction. This further amounted to providing of undue Grant-in-aid (GIA) to the University as the same being an autonomous body was financed by the Government by way of GIA. The DC Solan drew (March 2007) the aforesaid amount and released (April 2007) to the Vice Chancellor (VC) of the University and thereafter the VC initiated the preparatory<sup>41</sup> work for construction of Auditorium. As a result, out of ₹two crore, the University could utilise only ₹0.60 crore as of June 2010 and remaining amount of ₹1.40 crore remained unutilised in bank accounts.

The DC while admitting the facts stated (November 2009) that the Advisor provided the funds at the fag end of the financial year and also without any proposal. He further stated that the amount was drawn from treasury (March 2007) to avoid lapse of the grant. The contention of the DC Solan is not acceptable as the sanction, release and utilisation of funds beyond one year under SDP was against the provisions of guidelines of the programme.

Thus, providing of ₹two crore earmarked for works under SDP as GIA to the University was irregular. The amount of ₹1.40 crore had also remained blocked with University for the last three years. This reflected irregular release of funds under SDP by the Planning Department meant for execution of small developmental works involving repair/renovation of public assets.

The audit findings were referred to the Government in March 2010. Reply had not been received (September 2010).

### 3.21 Diversion of Rashtriya Sam Vikas Yojna funds

**Funds amounting to ₹1.48 crore under Rashtriya Sam Vikas Yojna were diverted in contravention of the provisions of the scheme**

Rashtriya Sam Vikas Yojna (RSVY) was launched by GOI in 2003-04 for introducing programmes focusing on development of backward areas, which would help to reduce regional imbalances and speed up development. RSVY was introduced in Chamba district in September 2003. The Deputy Commissioner (DC), Chamba received grants of ₹ 45 crore from the GOI during 2004-07. The main objectives of the scheme were to address the problems of low agricultural productivity, unemployment and to fill up critical gaps in physical, health, education infrastructure, etc. The GOI added (February 2004) other services like technology based support including rural

<sup>40</sup> Administratively approved for ₹9.47 crore with stipulated date of completion of two years.

<sup>41</sup> Architectural and structural consultancy, preparation and approval of estimates, obtaining of technical sanction, etc.



technology and information technology as legitimate works under the scheme. However, the RSVY guidelines provided that the additionality should not be used for expenditure on construction/maintenance of administrative buildings and establishment costs.

Audit scrutiny of records of the DC, Chamba revealed (February-March 2010) that the DC released ₹97 lakh (March 2005) out of RSVY funds for setting up of Information Technology (IT) Society in Chamba district which included purchase of computer accessories (₹51.40 lakh), furniture (₹10.99 lakh), PVC flooring (₹2 lakh) for DC office, payment to contractor for upgradation of branches/office (₹19.81 lakh) and purchase of IT equipment (₹12.80 lakh) for Sub-Divisional Magistrate/Tehsildars in Chamba District. However, the release of funds for setting up of IT infrastructure for administrative office was not in conformity with the RSVY guidelines. The DC, Chamba also released (February-November 2009) ₹51.01 lakh for construction of second floor over District Revenue Office Building in the DC office and Electrification works (₹16.73 lakh) and construction of Red Cross Building in the DC office (₹34.28 lakh). Since the funds under RSVY were not admissible to be used for construction of administrative buildings and such other projects, release of ₹1.48 crore for inadmissible works was in contravention of guidelines of the scheme. Further, these works also did not find place in the approved proposals.

The DC, Chamba stated (March 2010) that this was done for smooth running of Government offices and that the empowered committee on RSVY in its meeting held in February 2004 had observed that the technology based support could be included in the scheme. The reply is not acceptable as the funds under RSVY were to be spent only to address the problems of low agriculture productivity, unemployment and to fill critical gaps in physical and social infrastructure, rural specific information technology and not on construction/maintenance of administrative buildings, purchase of furniture, computers and accessories for office purposes, etc., which should have been met out of the State budget.

Thus, the release of ₹1.48 crore towards inadmissible works under RSVY tantamounts to irregular diversion of funds depriving the general public of the benefits of developmental works as envisaged in the scheme.

The audit findings were referred to the Government in August 2010. Reply had not been received (September 2010).

## Urban Development Department

### 3.22 Locking up of funds meant for a housing scheme for urban poor

**The Department did not arrange suitable site for 'Ashiana' a housing scheme for Urban Poor resulting in locking up of funds of ₹1.98 crore with the HIMUDA**

To ensure integrated development of Urban Poor, Government of India (GOI) introduced (December 2005) a scheme 'Basic Services to the Urban Poor (BSUP)'<sup>42</sup> for Shimla Town under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), with funding in the ratio of 80:10:10 between the GOI, State Government and the local municipality.

<sup>42</sup> Includes security of tenure at affordable prices, improved housing, water supply, sanitation and ensuring delivery through convergence of other already existing universal services of the Government for education, health and social security, securing effective linkages between asset creation and asset management, ensuring adequate investment of the funds to fulfill deficiencies in the BSUP and scaling up delivery of civic amenities and provision of utilities with emphasis on universal access to urban poor.

Scrutiny (October 2009) of records of the Director, Urban Development (UD) revealed that the Mission Director, JNNURM, GOI, sanctioned (March 2007) a project 'Ashiana', a housing scheme for the urban poor of Shimla town for ₹9.99 crore for establishing 252 number of dwelling units on 4387 sq. mtrs forest land identified by the Municipal Corporation (MC) at Totu, Shimla. The MC did not conduct any survey to identify encumbrance free land in Shimla. The Director, UD, on receipt of sanction (July 2007) released (August 2007) ₹1.98 crore<sup>43</sup> to the Chief Executive Officer-cum Secretary, Himachal Pradesh, Housing and Urban Development Authority (HIMUDA), Shimla, being the executing agency, towards the first installment under the project for construction of dwelling units without ensuring encumbrance free land for such units.

The work relating to the project could not be started as of January 2010 due to non-availability of suitable encumbrance free land as the site identified by the MC Shimla was forest land and was not approved by the Ministry of Environment and Forest, GOI. Resultantly, ₹1.98 crore released were lying unutilised with the HIMUDA since August 2007 and consequently the Department could also not receive next installments amounting to ₹8.01 crore (Central share: ₹5.29 crore and State share: ₹2.72 crore) under the project from the GOI/State Government. Besides, the release of funds to the executing agency without providing suitable site for construction of dwelling units has also resulted in loss of interest of ₹50.69 lakh<sup>44</sup> on the funds of ₹1.98 crore lying unutilised since August 2007.

The Government stated (July 2010) that the work could not start due to non-conversion of land use under Forest Conservation Act and the MC Shimla has now identified (January 2010) land at Dhalli near Shimla which is suitable for construction of DUs under the Project. It was further stated that for cost variations, the MC Shimla has requested HIMUDA to prepare a fresh Detailed Project Report (DPR) for approval from the GOI. The reply is not acceptable as before release of funds to the executing agency, the availability of suitable encumbrance free site should have been ensured to avoid blocking of funds and consequential loss of interest thereon.

Thus, the release of funds for the 'Ashiana' a housing scheme for urban poor by the Department without ensuring availability of suitable encumbrance free land had resulted not only in blocking of ₹1.98 crore with the executing agency since August 2007 alongwith loss of interest thereon of ₹50.69 lakh but the urban poor had also remained deprived of the intended benefits of the scheme. Also the State Government had been deprived of central grants of ₹5.29 crore for the scheme.

## Regularity issues and other points

### Education Department

#### 3.23 Irregular charging of tuition fee from girl students

**₹65.92 lakh charged by the Principal, St. Bede's College, Shimla as tuition fee from girl students during 1996-97 to 2009-10 was in contravention of the instructions of the State Government and deprived the beneficiary girl students of the intended benefits**

Instructions (July 1996) of the State Government provide for exemption of tuition fee for the State domicile girl students at all levels of education who pursue their education through formal education.

<sup>43</sup> Central share: ₹1.76 crore and State share: ₹0.22 crore.

<sup>44</sup> Calculated at the rate of 9.09 per cent for the year 2007-08 and 9.19 per cent for the year 2008-10, being the rate of interest on Government borrowings.

Scrutiny (August 2009) of records of Principal, St. Bede's College (College), a Government aided College, financed by the State Government by way of Grant-in-Aid (GIA) to the extent of 95 per cent of the deficit of the estimated income<sup>45</sup> and expenditure<sup>46</sup>, revealed that the college had charged tuition fee amounting to ₹65.92 lakh<sup>47</sup> from 9768 girl students during 1996-97 to 2009-10 in contravention of the instructions of the State Government.

On this being pointed out (February 2009) in audit the Principal of the College stated (February 2009) that the copy of the instructions was not endorsed to it by the Education Department and the tuition fee being a part of income for calculation of 95 per cent deficit in the GIA Rules, the benefits thereof had accrued to the Government instead of the College. While the Director, Higher Education (Director) stated (March 2010) that the College had contravened the provisions of the instructions/policy of the Government and the matter had come to the notice of the Department through audit, the Principal of the college intimated (July 2010) that for the academic year 2010-11 tuition fee is not being charged from girl students belonging to Himachal Pradesh. The acceptance by the Director and the Principal indicates the Department's failure in monitoring the implementation of State Government orders.

Thus, charging of tuition fee of ₹65.92 lakh by the College in contravention to the instructions of the State Government and the Education Department's failure to enforce the Government orders deprived the beneficiary girl students of the intended benefits.

The audit findings were referred to the Government in April 2010. Reply had not been received (September 2010).

## Planning Department

### 3.24 Irregular sanction of funds

#### **Release of ₹36.53 lakh to Kamdhenu Hitkari Manch, Namhol by Deputy Commissioner Bilaspur was in disregard to guidelines for implementation of Vikas Mein Jan Sahyog scheme**

The scheme 'Vikas Mein Jan Sahyog' (VMJS) is intended to provide financial assistance to individuals or self help institutions, etc., engaged in local developmental works/activities. The guidelines provide that where individuals or self help institutions have already been provided financial assistance from the Government funds under any other scheme, such individuals/self help institutions shall not be eligible for financial assistance under VMJS.

Scrutiny (November 2009) of records of the Deputy Commissioner (DC), Bilaspur revealed that notwithstanding the guidelines of VMJS scheme, financial assistance of ₹36.53 lakh was sanctioned (December 2008) by the State Government and released (January 2009) by the DC to M/S Kamdhenu Hitkari Manch (Manch), Namhol (Bilaspur district) a cooperative society registered under Societies Registration Act, 1860 under VMJS for construction of a building of the Manch. It was, however, noticed in audit that the Manch had already received financial assistance of ₹eight lakh in March 2007 from the Project Officer (PO), DRDA Bilaspur for purchase of infrastructure i.e. instant milk cooling system under 'Sampoorna Gramin Swarojgar Yojana' and was, thus, not eligible for further financial

<sup>45</sup> Tuition fee, admission fee and late admission fee.

<sup>46</sup> Basic Pay, Dearness Pay, Dearness Allowance, CA, HRA, IR, GPF, Arrears, if any and Gratuity.

<sup>47</sup> 1996-97 to 2006-07: ₹55.72 lakh from 8054 students; 2007-08: ₹4.04 lakh from 706 students; 2008-09: ₹3.36 lakh from 571 students and 2009-10: ₹2.80 lakh from 437 students.

assistance under VMJS. The BDO, Sadar (Bilaspur) stated (June 2010) that 65 *per cent* work was completed and the remaining work was at completion stage. An expenditure of ₹25 lakh had been incurred so far. Sanctioning of ₹36.53 lakh to the Manch under VMJS was in contravention to the guidelines of the scheme.

The DC, Bilaspur stated (November 2009) that under VMJS, the executing agency was Block Development Officer (BDO) Sadar and on the basis of certificate furnished by the BDO to the effect that no funds had been sanctioned to the Manch under any other programme, necessary sanction was issued. It was further stated that his office had no knowledge and record about funds provided under any other programme to the Manch. The reply is not justified as the DC, Bilaspur who is also the Chief Executive Officer of DRDA, Bilaspur should have verified the facts from the Project Officer, DRDA, Bilaspur who had sanctioned ₹eight lakh to the Manch under above programme.

Government stated (June 2010) that the financial assistance of ₹eight lakh would have remained unutilised if proper building to install equipment was not provided to the Manch.

The fact remains that the sanction of financial assistance of ₹36.53 lakh to the Manch under VMJS by the Government was in disregard to guidelines for implementation of Vikas Mein Jan Sehyog scheme.