

CHAPTER-IV AUDIT OF TRANSACTIONS

Excess/ overpayment/ wasteful/ unfruitful/ infructuous expenditure

Public Works Department

4.1 Unfruitful expenditure on execution of road and bridge

The failure of the Department in ensuring timely completion of road and bridge work that led to non-availability of road connectivity and unfruitful expenditure of ₹ 4.67 crore.

In order to provide road connectivity to two villages of Kullu district, construction of 1.945 km long link road alongwith a bridge of 100 metres span over river Satluj at km 0/475 was administratively approved (February 2007) under RIDF¹-XII scheme of NABARD² for ₹ 3.57 crore and was stipulated to be completed by 2009. An amount of ₹ 4.67 crore³ had been spent on these works upto May 2012.

Scrutiny of records (December 2011) of Nirmand division and further information collected (June-November 2012) revealed the following:

(i) The Department awarded (March 2007) the construction of road to a contractor for ₹ 66.74 lakh with a stipulation to complete it in 12 months i.e. by 29 March 2008. The contractor commenced the work in April 2007 and upto 5th running account bill paid in November 2010, only formation cutting of road for value of ₹ 41.50 lakh was done and he left the remaining work component such as cross drainage and soling unexecuted due to non-completion of bridge work. Thereafter the work has been lying in a suspended state as of May 2012.

(ii) The Department awarded (October 2007) construction of a 100 metre span bridge at km 0/ 475 to another contractor at a tendered cost of ₹ 4.65 crore to be completed in 18 months. The contractor took up execution in October 2007 but did not maintain the required pace of execution. He could execute the work for value of ₹ 2.89 crore upto 12th running account bill paid in March 2012.

The Executive Engineer levied compensation of ₹ 34.87 lakh in May 2009 (₹ 9.30 lakh) and November 2011 (₹ 25.57 lakh) upon the contractor of bridge work. However, the amount was not recovered from the running bills of the contractor paid in the intervening period. Audit also noticed that for due performance of the contract, performance bond/ Bank Guarantee of ₹ 23.25 lakh equal to five *per cent* of tendered cost was also not obtained as required under clause 13 of the contract agreement to safeguard the interest of Government.

¹ RIDF: Rural Infrastructure Development Fund.

² NABARD: National Bank for Agriculture and Rural Development.

³ Payment to contractors: ₹ 3.30 crore; Expenditure on material incurred by the Department: ₹ 1.37 crore.

On this being pointed out in audit, the Department granted (May 2012) extension of time to the contractor upto 28 February 2013, waived off recovery of compensation subject to completion of work within the extended period and also obtained (October 2012) Bank Guarantee of ₹ 23.25 lakh.

The Executive Engineer intimated (November 2012) that the contractor has done 65 per cent superstructure work of the bridge. The reply does not explain as to why the contractor could not maintain progress of work as stipulated in the contract agreement.

Thus, the inefficiency on the part of Department to enforce contractual provisions effectively had badly delayed the work and the intended facility of road and bridge to be made available by 2009 to the villagers still remained to be achieved despite incurring an expenditure of ₹ 4.67 crore.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

4.2 Unfruitful expenditure on construction of incomplete road

The failure of the Department in ensuring timely completion of road alongwith two bridges resulted in unfruitful expenditure of ₹ 1.04 crore on incomplete road.

To provide all weather road connectivity to 10 villages of Hamirpur district, improvement of existing 7.015 kms long Pansai, Ramnagar, Majheli, Tarkheri Bhumpal road was administratively approved (January 2005) under RIDF-X scheme of NABARD for ₹ 1.19 crore. The scope of work included widening from km 0/0 to 2/465 and 3/630 to 7/015, construction of cross/ side drains and construction of two bridges of 25 and 10.76 metres span at km 0/230 and 6/620 respectively and was stipulated to be completed by March 2007.

Scrutiny of records (December 2011) of Barsar division revealed that the Department took up (January 2006) the execution of road on the basis of working estimate approved (July 2005) by the Chief Engineer (Central Zone), Mandi, for ₹ 65.32 lakh. Technical sanction for the entire project including bridges was, however, not obtained. The Department had executed the road work except from km 0/0 to 0/495 in November 2010 by spending of ₹ 1.04 crore and construction of road from take off stretch i.e. km 0/0 to 0/495 and bridge at km 0/230 could not be taken up due to involvement of private land. Audit noticed that at the time of sending detailed project report, the Department had furnished the certificate of completion of process of land acquisition from the Forest Department and the individual. The road work was lying in a suspended state since November 2010.

The construction of second bridge at km 6/620 was awarded (January 2009) to a contractor for ₹ 33.22 lakh but he did not start the work and contract was terminated in February 2010. The work was re-awarded (October 2010) to another contractor for ₹ 35.25 lakh with a stipulation to complete it in one year i.e. by November 2011. The

contractor could not maintain the pace of execution of work as per approved working schedule and executed only five *per cent* work upto August 2011 which was still incomplete. The Department had levied compensation of ₹ 3.53 lakh in August 2011 but recovery from the defaulting contractor was not made as of March 2012.

In reply the Executive Engineer stated (December 2011) that the owner of the land was not ready to donate the land falling at the initial stretch of road i.e. km 0/495. The reply is not acceptable as in the DPR prepared by the Department, false certificate of acquisition of land was given, without securing encumbrance free land at the take off point.

Thus, the faulty planning of the Department to ensure encumbrance free land had not only rendered the expenditure of ₹ 1.04 crore on incomplete road unfruitful but also resulted in non-accrual of timely benefit of road facility to the people of the area.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

4.3 Non-achievement of objectives due to inefficient implementation of work

Due to inefficiency of the Department for the objectives for providing proper road connectivity to seven villages could not be achieved despite incurring expenditure of ₹ 2.05 crore on road and incomplete bridge.

The primary objective of *Pradhan Mantri Gram Sadak Yojana* (PMGSY) is to provide good and all weather road connectivity in rural areas. To provide road connectivity to seven⁴ villages of Kangra district, construction of 10 km long link road from Kangra Railway Station to Radh was completed in May 2006 under PMGSY after incurring an expenditure of ₹ 86.25 lakh. Also as per PMGSY guidelines, it shall be the responsibility of the State Government/ District Panchayat to ensure that lands are available for taking up the proposed road works. A certificate of land availability should also accompany each road work.

Scrutiny of records (March 2012) of Kangra division and further information collected (May-September 2012) revealed that at the initial stretch of road fell Baner *khad*, due to which proper connectivity to above villages was not available. In order to mitigate this problem, the State Government administratively approved (October 2007) construction of 68 metre pre-stressed box girder span bridge over Baner *khad* at km 0/300 along with Railway Over Bridge (ROB) at km 0/385 under RIDF-XIII scheme of NABARD for ₹ 3.16 crore. The State Government was to ensure clear title of the land before requesting the Railway authorities to take up the bridge work. The work was stipulated to be completed by March 2010.

⁴ Dehra, Arla, Bhatti, Tarsuh, Scout, Palwana and Mundla Dhar Lilly.

Audit scrutiny further revealed that construction of 68 metre span bridge was awarded (February 2009) to a contractor at a tendered cost of ₹ 1.25 crore with stipulation to complete it in one year i.e. by 14 March 2010. The contractor commenced the work in February 2009 but failed to complete it by the stipulated date. The Department did not take any action against the defaulter contractor for delay in completion of work. However, the Department served notice to the contractor and granted provisional time extension upto 30 June 2012 in March 2012 when the matter was pointed out in audit. An amount of ₹ 1.19 crore had been spent on the bridge upto August 2012. The construction of ROB at km 0/ 385 was also yet to be taken up as clear title of the land was not yet handed over to the railway authorities (August 2012).

The Executive Engineer (EE) stated (June 2012) that the work was delayed due to site specific problems during execution and dispute over boundary with railway authorities. He also stated that no action was taken against the contractor. The reply is not acceptable in view of the fact that no documentary proof of hindrances, if any encountered during execution of work was made available to audit. Further, while granting time extension, the contractor was held responsible for delay in completion of work. So far as dispute over boundary with railway authorities is concerned, the responsibility to ensure availability of land for each road work under PMGSY also lies with the State Government.

Thus, due to inefficient approach on the part of the Department in execution of the bridge with no progress of ROB, the desired objective of benefitting the people of the area with all weather road connectivity by March 2010 remained to be achieved despite incurring expenditure of ₹ 2.05 crore on road and incomplete bridge.

The audit findings were referred to the Government in June 2012. The reply had not been received (November 2012).

4.4 Wasteful expenditure on construction of road

Failure of the Department to ensure Technical viability of road alignment resulted in wasteful expenditure of ₹ 55.38 lakh on incomplete road. Also Government dues of ₹ 18.07 lakh remained unrecovered for more than three years from a contractor.

The Executive Engineer (EE), Solan division awarded (November 2005) construction of Kandaghat-Mahi-Karol road (km 0/0 to 5/0) under RIDF-XI scheme of NABARD to a Chopal (Shimla district) based contractor at tendered cost of ₹1.03 crore. The work was technically sanctioned (August 2005) by the Chief Engineer, South Zone and was stipulated to be completed within 15 months viz., by February 2007. The contractor took up execution of work in November 2005.

Scrutiny of records (January 2012) of the division revealed that the contractor did not maintain the pace of work as stipulated in the agreement which led to non-completion of work by the prescribed date. After executing work for value of ₹ 32.44 lakh, the

contractor stopped (June 2007) its execution without giving any reasons. The Department levied (May 2008), 20 per cent (₹ 20.63 lakh) compensation of the tendered cost under Clause 2 of the agreement. The contract was ultimately terminated (July 2008) under Clause 3(a) of the agreement due to non-resumption of the work by the contractor. The final bill of the contractor showed an amount of ₹ 18.07 lakh⁵ recoverable after adjustment of payment due to him.

The balance work, after splitting up in four jobs⁶, was awarded (August and December 2009) to three⁷ contractors for ₹ 1.31crore with the stipulation to complete them between August and December 2010. Records further revealed that in one case (Job No. 2), the contractor did not commence the work within the prescribed period and his tender was cancelled. In other three cases, the work also remained unexecuted. The main reasons for non-execution of works were involvement of hard rock at the initial stretch (km 0/0 to 1/0) where blasting was not allowed by the local residents and passing of Railway track (km 2/0 to 5/0). The EE ultimately sought (December 2011) permission of the competent authority to close these contracts. An expenditure of ₹ 55.38 lakh⁸ had been incurred on construction of road upto January 2012. This shows that proper survey and investigation of road alignment was not done by the Department before according technical sanction and award of works to the contractors.

In reply, the EE stated (January 2012) that survey and investigation was done at the initial stage but report thereof was not prepared. The reply is not acceptable as before preparation of detailed estimate, survey report of road alignment should have been kept on record to substantiate the fact of feasibility of road alignment.

Thus, Department's failure to ensure viability of road alignment rendered the expenditure of ₹ 55.38 lakh as wasteful on incomplete road and resulted in non-availability of road connectivity to beneficiary villages. Besides, Government dues of ₹ 18.07 lakh also

⁵	Gross amount of final bill	₹ 32.44 lakh	Recoveries from Contractor	
	Already paid upto 6 th RA bill	₹ 25.31 lakh	Compensation	₹ 20.63 lakh
	Recovery of stones	₹ 0.88 lakh	Security	₹ 2.71 lakh
	Recovery of material	₹ 0.29 lakh	Income tax, Sales tax, Royalty etc.	₹ 0.69 lakh
	Balance due to contractor	₹ 5.96 lakh	Total:	₹ 24.03 lakh
	Net amount recoverable (₹ 24.03 lakh minus ₹ 5.96 lakh) = ₹ 18.07 lakh.			

⁶ (1) Construction of road km 0/0 to 1/0 (2) Construction of road km 1/0 to 2/0 (3) Construction of road km 2/0 to 4/0 and (4) Construction of road km 4/0 to 5/0.

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- (i) Shri Lekh Ram Sharma, Shankar House, Totu, Shimla-11 (Job No.1 & Job No.2-Tendered cost ₹ 80.31 lakh).
 - (ii) Shri Ranjeet Singh Pal , V & PO Dumehar, Tehsil Arki, District Solan (Job No.3-Tendered cost ₹ 29.52 lakh).
 - (iii) Shri Jarnail Singh Pannu, Tehsil & District Solan (Job No.4-Tendered cost ₹ 21.62 lakh).

⁸ Amount paid to contractors: ₹ 32.44 lakh (including adjustment of ₹ 5.96 lakh for work done); ₹ 4.85 lakh for Job No. 1; ₹ 9.76 lakh for Job No. 3 and ₹ 8.33 lakh for Job No. 4.

remained unrecovered from the first contractor for more than three years after termination of the contract.

The audit findings were referred to the Government in May 2012. The reply had not been received (November 2012).

Undue favour to contractor/ avoidable expenditure

Irrigation and Public Health Department

4.5 Parking of funds under Deposit head, undue aid to Corporation and loss of interest

Drawal of funds in anticipation of requirements and their retention in Public Works Deposits and deposits with Corporation during February 2008 and March 2011 led to falsification of accounts, undue aid to the Corporation and loss of interest of ₹ 1.26 crore to the Government.

According to Rule 5.120 (i) of the Himachal Pradesh Treasury Rules, 2007, an Executive Engineer (EE) of Public Works and Irrigation and Public Health Department, in whose favour Letter of Credit (LOC) is issued, is not permitted to draw the whole amount and keep it in any separate drawing account whether at the Treasury or at the Bank and nor is he permitted to draw money and retain it in any other manner. In respect of the following cases, the amounts drawn were neither fully spent for the specific purposes nor refunded into Treasury before closure of financial year 2011-12. Further, Rule 5.71 (C) (5) of the Himachal Pradesh Treasury Rules, 2007 provides that unspent fund at the end of the year should be deposited into Government accounts immediately.

(i) Scrutiny of the records (September 2011 and March 2012) of Jawali and Shimla-I divisions revealed that Superintending Engineers (SEs) of Nurpur and Shimla issued (31st March 2011) LOC for ₹ 7.25 crore (SE, Nurpur: ₹ 2.65 crore and SE, Shimla: ₹ 4.60 crore) leaving no time for utilisation of funds before the closure of financial year. Of this, the EEs utilised ₹ 2.10 crore⁹ to clear pending liabilities of 2010-11 and drew ₹ 5.15 crore on the same day and simultaneously paid it to the Himachal Pradesh State Civil Supplies Corporation (Corporation), Shimla for procurement of cement and other material except galvanised iron pipes. Audit noticed that instead of charging the whole amount of advance payments to suspense head “Miscellaneous Works Advances” (MWA) pending receipt of material, only ₹ 1.29 crore was kept under MWA and the remaining amount of ₹ 3.86 crore was charged to construction of water supply and irrigation schemes. Audit scrutiny further discovered that neither was the requirement of material worked out before making the payment nor were supply orders issued. However, in the subsequent financial year 2011-12 between June and October 2011, the whole amount of ₹ 5.15 crore was received back from the Corporation and kept in Public Works Deposit head. An expenditure of ₹ 0.13 crore only

⁹ EE Jawali: ₹ 0.98 crore and EE Shimla-I: ₹ 1.12 crore.

was incurred during the year 2011-12 on installation of hand pump and the balance amount of ₹ 5.02 crore remained unutilised as of April 2012.

(ii) In a similar case, scrutiny of records (September 2011) in the office of EE, Shah Nehar Project division, Ghandran, revealed that an advance payment of ₹ 7.86 crore was made to the Corporation during 2007-08¹⁰ for the procurement of cement. However, it was noticed in audit that instead of charging it to MWA, it was shown as expenditure under the Shah Nehar Project, pending receipt of material. As of March 2012, cement valued at ₹ 4.84 crore had been received in the Division and the balance amount of ₹ 3.02 crore was still lying with the Corporation.

The above action of the SEs and EEs to show expenditure without its actual utilisation on works and further parking of funds under 'Public Works Deposits' resulted in depiction of incorrect picture of accounts. Besides, the Corporation was extended undue financial aid of ₹ 8.17 crore from 84 days to four years for which State exchequer sustained loss of interest of ₹ 1.26 crore (worked out on average rate of interest of 9.09 and 7.78 per cent on Government borrowings during 2007-08 and 2010-11).

In reply, the EE of Jawali division stated (September 2011) that budget allocation was received at the fag end of the year and there was no alternative but to charge it to the work. The EE, Shimla-I Division stated (April 2012) that LOC was received at the fag end of the year and in the interest of work, the same was not surrendered. The EE of Ghandran Division also stated (September 2011) that Shah Nehar Project is being financed under AIBP¹¹ and allocation of funds made was charged to the Project. These replies are not acceptable as funds were drawn in contravention of Rules 5.120 (i) of Himachal Pradesh Treasury Rules and without working out requirement of material for execution of works.

The audit findings were referred to the Government in May 2012. The reply had not been received (November 2012).

Unproductive expenditure/ idle investment/ blocking of funds/ diversion of funds

Education Department

4.6 Unproductive expenditure on construction of hostel

Expenditure of ₹ 1.81 crore incurred on the construction of hostel proved unproductive, as the hostel remained largely unutilised for want of electricity connection.

To provide hostel facilities to the Scheduled Castes (SC) students of the area, the State Directorate of Scheduled Castes, Other Backward Classes and Minority Affairs released

¹⁰ February 2008: ₹ five crore and March 2008: ₹ 2.86 crore.

¹¹ AIBP: Accelerated Irrigation Benefit Programme

(2006-07) ₹ 1.65 crore¹² to the Himachal Pradesh Housing and Urban Development Agency (HIMUDA) for the construction of hostel at Netaji Subhash Chandra Bose Memorial Government College (NSCBMGC), Hamirpur under a Centrally Sponsored Scheme of Hostels for Scheduled Castes Girls and Boys.

Scrutiny (November 2011) of records of the Director, Higher Education and further information collected (February-November 2012) revealed that a hostel for SC boys was constructed at a cost of ₹ 1.81 crore in August 2008 with intake capacity of 100 students. Though the Department had deposited (November 2011) ₹ 12.96 lakh with the Himachal Pradesh State Electricity Board (HPSEB) Limited, the requisite electricity connection remained to be provided as of November 2012.

The Principal, NSCBMGC, Hamirpur admitted the facts and stated (November 2012) that the building is not being used due to non-availability of electricity connection.

Thus, due to delay in arranging electricity connection for about four years, expenditure of ₹ 1.81 crore incurred on hostel proved unproductive besides denial of proper hostel facilities to the students.

The audit findings were referred to the Government in May 2012. The reply had not been received (November 2012).

Health and Family Welfare Department

4.7 Non-setting up of special new born care units, stabilisation units and corners

Failure of the Department in floating tenders for setting up of special new born care units, stabilisation units and new born corners resulted in locking up of ₹ 1.50 crore and denial of intended medical facilities in the health institutions.

To ensure new born care and child health services, the Mission Director, National Rural Health Mission, Himachal Pradesh sanctioned and released (March 2010) ₹ 1.50 crore to the Director of Health Services (DHS) for setting up of special New Born Care Units, Newborn Stabilisation Units and New Born Care Corners in various health institutions across the State.

Scrutiny (November 2011) of records of the DHS and further information collected (March-August 2012) revealed that although the requirement of 3408 equipment from the Chief Medical Officers was finalised in October 2010, the equipment required in the health institutions for setting up of special new born care units, new born stabilisation units and new born corners had not been procured due to non-floating of tenders and the entire amount remained deposited in a bank account as of August 2012.

¹² Central Assistance: ₹ 82.69 lakh and State Share: ₹ 82.69 lakh.

In response to audit, DHS stated (March 2012) that the equipment would be purchased on finalisation of tenders by the Himachal Pradesh State Electronics Development Corporation and General Industries Corporation. The Department's reply is evasive with regard to initiation of the tender process which led to a delayed positioning of the intended services to the beneficiaries.

Thus, non-finalisation of tenders resulted in locking up of Government money to the extent of ₹ 1.50 crore besides depriving the patients of the intended medical facilities in the health institutions.

The audit findings were referred to the Government in May 2012. The reply had not been received (November 2012).

4.8 Non-acquisition of Trauma Vans and Accessories

Failure of the Department in timely finalisation of tender for procurement of Trauma Vans resulted in denial of initial trauma aid to accident victims and locking of ₹ 1.75 crore in the bank for four years.

Rule 2.10 (a) of Himachal Pradesh Financial Rules (HPFRs) provides that every Government servant incurring or sanctioning expenditure from the revenues of the State should be guided by high standards of financial propriety and that each head of Department is responsible for enforcing financial order of strict economy at every step. Rule 2.10 (b) (5) (13) of HPFRs further stipulates that money should not be drawn from the treasury unless it is required for immediate disbursement. Like-wise, no funds should be drawn from treasuries for making payments in advance in respect of supplies which may not be received for months or even a year.

Scrutiny (November 2011) of records of the Director of Health and Family Welfare (DHFV), revealed that to provide trauma facilities to road-side accident victims, the State Government sanctioned (October 2007) ₹ 1.75 crore for purchase of seven ambulances (Trauma Vans) alongwith required accessories for seven health institutions¹³ and purchase of accessories for the Trauma Van of Indira Gandhi Medical College, Shimla. The DHFV drew (March 2008) the entire amount from treasury and deposited it in a bank in the shape of fixed deposit receipts. The trauma vans and required accessories had not been purchased as of March 2012 due to non-finalisation of tender process and the amount remained unutilised in the bank since March 2008.

While admitting the facts DHFV stated (February 2012) that the matter could not materialise because purchase committee had not finalised the tenders. Besides, due to launching (December 2010) of '108 Atal Swasthya Sewa', the Department was planning to utilise these funds on purchase of machinery, equipment, tools and plants (METP). The

¹³ **Regional Hospitals:** Chamba, Hamirpur, Kullu and Nahan; **Zonal Hospital:** Mandi; Dr. Rajendra Prasad Government Medical College and Hospital, Tanda (Kangra) and Mahatma Gandhi Medical Service Complex, Khaneri (Rampur).

reply is not acceptable as '108 Atal Swasthya Sewa', is meant for providing emergency treatment on the way and admitting the patient at the nearest hospital whereas trauma vans were to provide immediate spot facilities to the road-side accident victims. The scope and purpose of the two services is thus quite different.

Thus, the Department's failure to equip the Regional Hospitals with trauma vans to cope with the occurrence of sudden road accidents on the National Highways/ other roads is a matter of serious concern and likely to result in denial of immediate trauma aid to the accident victims.

The audit findings were referred to the Government in March 2012. The reply had not been received (November 2012).

4.9 Blocking of funds

An amount of ₹ 2.90 crore drawn from the treasury for construction of a Community Health Centre at Shri Naina Devi Ji and Administrative Block at Indira Gandhi Medical College, Shimla remained unutilised for want of encumbrance free sites.

Rules 5.71 (c) of Himachal Pradesh Treasury Rules, stipulate that no money should be drawn from the treasury unless it is required for immediate disbursement and that the advances cannot be drawn from the treasury for the execution of works, the completion of which is likely to take considerable time.

(a) Scrutiny of records (August 2010) of the Chief Medical Officer (CMO), Bilaspur and further information received (February 2012) revealed that the State Government had accorded (March-May 2010) expenditure sanction of ₹ 1.95 crore¹⁴ for the construction of a Community Health Centre (CHC) at Shri Naina Devi Ji (Bilaspur district), a thickly populated temple town to cater to the health needs of local population. The CMO, Bilaspur without ensuring suitable encumbrance free site drew ₹ 1.95 crore and deposited¹⁵ (March-May 2010) the entire amount with the executive agency, the Executive Engineer, Himachal Pradesh Public Works Department (HPPWD), Bilaspur. The work was, however, administratively approved for ₹ 1.34 crore in May 2011. The construction work of CHC could neither be started as of February 2012 for want of encumbrance free site nor the funds were refunded to the treasury.

The CMO stated (August 2010) that funds were drawn and deposited with executing agency on receipt of expenditure sanctions from the State Government. He further stated (February 2012) that the construction work of CHC could not be started due to non-transfer of encumbrance free land to the Health Department. The reply of the Department is not convincing as funds should have been drawn and deposited with the executing agency only after ensuring encumbrance free land.

¹⁴ March 2010: ₹ 1.72 crore and May 2010: ₹ 0.23 crore.

¹⁵ March 2010: ₹ 0.50 crore; April 2010: ₹ 1.22 crore and May 2010: ₹ 0.23 crore.

(b) In a similar case of the Principal, Indira Gandhi Medical College (IGMC), Shimla it was noticed that the State Government accorded (March 2009) expenditure sanction of ₹ 95 lakh for the construction of Administrative Block. The funds were drawn and deposited (March 2009) with the Executive Engineer (EE), HPPWD, Shimla Division-II. Although a period of over three years had elapsed since the expenditure sanction, the work could not be started as of date (March 2012) due to non-availability of suitable land.

The Principal, IGMC stated (March and June 2012) that the work could not be started due to non-receipt of No Objection Certificate from the Secretary, Red Cross Society to whom the proposed site for construction of Administrative Block belonged. The reply is not in consonance with the provisions of the financial rules as the funds should have been drawn only after availability of encumbrance free land.

Thus, in both these cases, the indenting departments viz., CMO Bilaspur and Principal IGMC failed to exercise the requisite prudence in handling scarce Government cash which resulted in blocking of ₹ 2.90 crore for two to three years and depriving the beneficiaries of the intended benefits. Besides, no efforts were made to ensure utilisation of funds elsewhere in the needy areas.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

Indian Systems of Medicines and Homeopathy Department

4.10 Non-construction of Girls Hostel

Poor planning by the Department for construction of Girls Hostel resulted in blocking of ₹ 1.67 crore and denial of intended benefits to the girl students.

Government of India (GOI), Ministry of Health and Family Welfare (MHFW) released (February 2008) Central Financial Assistance (CFA) for ₹ 1.18 crore under centrally sponsored scheme for development of AYUSH¹⁶ institutions in Himachal Pradesh. Accordingly, the State Government accorded (September 2008) Administrative Approval and Expenditure Sanction (AA&ES) for ₹ 1.18 crore for construction of Nivedita Ayurveda Girls Hostel at Rajiv Gandhi Government Post Graduate Ayurvedic College (RGGPGAC), Paprola (Kangra District) with an intake capacity of 40 students. Mention regarding non-construction of the Girls Hostel Building at RGGPGAC, Paprola, etc., and non-utilisation of the CFA under the "Development of Ayush Institutions" scheme thereof was also made in paragraph 4.1.10 of the Report of the Comptroller and Auditor General of India for the year ended 31st March 2010 (Civil)-Government of Himachal Pradesh. PAC has not yet (November 2012) taken up this paragraph for discussion.

¹⁶ Ayurveda, Yoga, Unani, Sidha and Homeopathy.

A further scrutiny of records (April 2012) in the office of the Director, Ayurveda and information collected (November 2012) revealed that the land for the hostel was acquired by the Department in September 2010 and the State Government accorded (November 2010) revised AA&ES for ₹ 2.02 crore against which the Director released ₹ 1.67 crore¹⁷ (January 2011-November 2012) to the Himachal Pradesh Housing and Urban Development Authority (HIMUDA), being the executing agency.

During his visit (July 2011) Advisor (Ayurveda), GOI, MHFW, Department of AYUSH, pointed out that the existing drawings of the hostel building be revised from two to four storeys so as to house 80 students instead of 40. Consequently, the State Government accorded (March 2012) revised AA for ₹ 3.61 crore. Resultantly, even after a delay of more than four years the work had not been taken up as of August 2012.

While confirming the facts the Director stated (November 2012) that the work could not be started due to paucity of funds and procedural formalities. He further stated that no additional funds are required from the GOI and more funds will be provided by the State as and when required subject to availability. The reply does not provide an assurance as to how it can accomplish the task as the Department had not taken any initiative to go ahead with the construction of hostel building.

Thus, indecisiveness on the part of the GOI and the State Ayurveda Department resulted in non-construction of hostel and blocking of funds of ₹ 1.67 crore thereby depriving the girl students of the intended facilities.

The audit findings were referred to the Government in June 2012. The reply had not been received (November 2012).

Public Works Department

4.11 Idle investment on incomplete road

The Department did not ensure availability of land before taking up construction of a road resulting in idle investment of ₹ 1.61 crore.

In order to provide transport facility to five villages of Solan district, construction of 9.750 kms long Chanda-Sehal-Kishanpura-Kurmala-Ukhoo via Sai road was administratively approved (June 2008) under RIDF-XIII scheme of NABARD for ₹ 1.65 crore. The work was awarded (January 2008) to a contractor in anticipation of administrative approval at a tendered cost of ₹ 1.63 crore with a stipulation to complete it by January 2009. An expenditure of ₹ 1.61 crore (payment to contractor: ₹ 1.53 crore and departmental expenses: ₹ 0.08 crore) was incurred on the work upto February 2011.

Scrutiny of the records (February 2011) of Arki division and further information collected (March 2012) revealed that due to involvement of forest land in the alignment

¹⁷ January 2011: ₹ 0.40 crore; March 2011: ₹ 1.18 crore; September 2011: ₹ 0.04 crore and November 2012: ₹ 0.05 crore.

of road, the contractor executed the work in patches from km 0/0 to 1/960 and 3/930 to 6/670 and left the construction between km 1/960 to 3/930 and 6/670 to 6/690. It was noticed that the survey and investigation was not done before preparation of Detailed Project Report for the project. It was further noticed that before award of the work, for use of forest land, prior approval of Government of India (GOI) under the Forest Conservation Act, 1980 was also not obtained. The Department, however, sent the case for diversion of forest land in July 2008 but approval for the same was still awaited. The work had been lying held up since July 2010. An amount of ₹ 1.53 crore was paid to the contractor against his 11th and final bill passed in February 2011. The Chief Engineer (South Zone) had, however, ordered (February 2011) closure of work due to pending forest clearance.

The Executive Engineer (EE) stated (August 2011) that the balance work will be carried out immediately after approval. The reply is not acceptable as the construction of road was unviable due to involvement of forest land which led to closure of work by the Department.

Thus, failure of the Department to fulfill pre-requisite formality of forest clearance to ensure encumbrance free land resulted in idle investment of ₹ 1.61 crore on partial execution of road besides depriving the people of the area of road facilities.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

4.12 Unproductive expenditure on construction of roads and undue benefit to a contractor

Failure of the Department to ensure timely completion of road works lying in a suspended state for more than four years resulted in unproductive expenditure of ₹ 1.92 crore and extension of undue financial benefit of ₹ 1.44 crore to a contractor.

In order to provide road connectivity to two villages of Kinnaur district, construction of (i) Nigulsari to Tranda road (length seven kms) and (ii) Tapri (Chholtu) to Punag road (length eight kms) were approved during 2005-07 under *Pradhan Mantri Gram Sadak Yojana* (PMGSY) for ₹ 2.79 crore and ₹ 1.85 crore respectively. Both the works were awarded (April 2006 and January 2007) to a Rampur based contractor at tendered cost of ₹ 2.83 crore and ₹ 2.15 crore with the stipulation to complete them by 18 April 2007 and 4 February 2008 respectively.

Scrutiny of records (December 2011) of Karchham division and further information collected (April 2012) revealed that the contractor took up execution of works in April 2006 and February 2007 but did not achieve the pace of works as stipulated in the contract agreement. The contractor in the meantime died on 18 January 2008. He had, however, executed work for value of ₹ 1.54 crore (54 *per cent*) in respect of road at Sr. No. (i) after lapse of more than eight months from the target date of completion and in respect of road at Sr. No. (ii) work for value of ₹ 29 lakh (13 *per cent*) only was executed.

As per Clause 32.1 of Standard Bidding Document (SBD) of PMGSY, the contractor was required to furnish performance security equal to five *per cent* of contract price in the shape of Bank Guarantee (BGs) or Fixed Deposit Receipts from a scheduled commercial bank for five years plus additional security for unbalanced Bid in accordance with Clauses 27.3, 27.4 and 46 of SBD. Audit, however, noticed that the Department had obtained BGs for ₹ 28.94 lakh (₹ 17.17 lakh for work at Sl. No. (i) and ₹ 11.77 lakh for work at Sl. No. (ii)) which were valid upto 20 February 2007 and December 2007 respectively. The Department did not obtain appropriate BGs and even failed to revalidate them in time to secure the interest of Government.

The Department instead of closing the contracts after the death of contractor enlisted (May 2008) his daughter as Class 'A' contractor and allowed the execution of balance works despite her failure in possessing the requisite qualification as specified in Clause 4 of SBD. As a result, the daughter of the deceased contractor did not execute any work in respect of road at Sl. No. (i) and in respect of other road she executed extra item of work for value of ₹ nine lakh upto 2009-10 and thereafter abandoned it. In fact, both the works remained stopped after the death of the contractor. The Department, however, levied 10 *per cent* (₹ 49.88 lakh) liquidated damages of the tendered cost of both the works under Clause 44.1 of the contract in January 2011 and ultimately terminated (May 2011) the contract under Clause 52.1 of the contract agreements. Payments aggregating ₹ 1.92 crore¹⁸ were made to the contractor and his legal heir against running account bill after withholding an amount of ₹ 18.21 lakh. From the contractor, an amount of ₹ 1.44 crore was recoverable on account of liquidated damages, penalty for work left unexecuted, performance security and other miscellaneous dues which remained outstanding till date.

In reply, the Executive Engineer stated (December 2011) that works were awarded to the daughter of deceased contractor on compassionate grounds after enlisting her as 'A' Class contractor and recovery of Government dues will be made from the final bill. The reply is not acceptable as in the event of death of a contractor no provision existed in the SBD of PMGSY to entrust work to legal heirs on compassionate grounds and, therefore, imprudent decision of the Department to entrust balance works to an inexperienced legal heir of the contractor led to abandonment of works.

Thus, Department's failure to ensure timely completion of roads rendered the expenditure of ₹ 1.92 crore on incomplete works unproductive for the last more than four years. Also, undue financial benefits of ₹ 1.44 crore were extended to the contractor by way of non-recovery of Government dues.

The audit findings were referred to the Government in May 2012. The reply had not been received (November 2012).

¹⁸ Includes withheld amount charged as expenditure but not released to the contractor.

4.13 Unproductive expenditure**Imprudent decision of the Department in awarding bridge work to a firm without ensuring techno-feasibility led to unproductive expenditure of ₹ 21.31 crore.**

The Government of Himachal Pradesh accorded (May 2004) Administrative Approval and Expenditure Sanction (A/A & E/S) of ₹ 20.15 crore, for construction of 290 metres span pre-stressed Spandrel Arch type bridge over Govind Sagar reservoir at Bagchhal (Bilaspur district) under RIDF-IX scheme of NABARD. The bridge was required to be constructed on a wide gap created by the Govind Sagar reservoir due to construction of Bhakra Dam over river Satluj and was to connect Talai area with Chandigarh and Kiratpur. With the construction of the bridge, the distance between Chandigarh and Shah-Talai village would be reduced by 32 kms and Barsar village by 8 (eight) kms. The work proposed to be completed by three years would benefit 14,000 souls of 14 villages (left bank of Swarghat side) and 20,000 souls of 19 villages (right bank of Shah-Talai).

The Department after considering the lowest bid and proposal of M/s Gammon India Private Limited (firm) Mumbai, awarded (June 2005) the construction of 310 metre span pre-stressed concrete balanced cantilever bridge to the firm at a tendered cost of ₹ 22.84 crore with the stipulation to complete it in 36 months viz., by 4 July 2008. Technical Sanction (TS) was, however, not accorded before award of the work to the firm. As of March 2012 an expenditure of ₹ 21.31 crore had been incurred on the work with a physical progress of 61 *per cent*.

Scrutiny of records (January 2012) of Bilaspur division No.II and further information collected (November 2012) revealed that though the commencement of work by the contractor was shown in the records as 5 July 2005, the site was actually handed over to the contractor in January-February 2006 and executed (January 2010) work for value of ₹ 18.89 crore. During June 2009, the design Engineer of the firm visited the site and stopped decking work on the ground that strata around the pier was not the same as envisaged during designing of foundation. However, launching of deck slab continued upto January 2010 and thereafter the firm stopped the work. The firm got (June 2011) geological investigation of the bridge site conducted from Indian Institute of Technology (IIT), Roorkee. IIT, Roorkee in its evaluation report opined that considering the setting of geology of bridge site, it would be advisable to look for an alternate location for the bridge. However, considering the quantum of work executed, time involved and expenditure incurred till date, technical solution in the form of deep seated foundation on a firm strata at a depth of more than 20 metre was also suggested. The firm, however, again got geotechnical investigation and bathymetric (under water) survey conducted (September 2011) from another agency and based on its investigations submitted

(November 2011) a revised proposal for foundation of Piers 1 and 2 (P1 and P2) of the bridge for approval which has not been approved as yet (May 2012). The Department has granted (December 2011) extension of time upto March 2012 to keep the contract agreement alive. In the meantime, the Department levied (April 2011) seven *per cent* compensation of ₹ 1.60 crore for delay in completion of work which was also not recovered as of August 2012.

Thus, the Department's failure to accord Technical Sanction for the construction of bridge and ensuring adequate geological investigation of bridge site before award of work contributed to delay in completion of work for more than three years. Expenditure of ₹ 21.31 crore incurred so far on the work also proved unproductive and the intention of the Government to provide better road connectivity to beneficiary villages remained unachieved.

The Government stated (August 2012) that for execution of such type of long span major bridge, the Department had neither the expertise nor the requisite machinery and equipment. Hence, had the Department considered to get the geotechnical investigation and bathymetric survey which was essential for the bridge from some expert agency before award of work, the construction of bridge would have been carried out smoothly for providing timely road connectivity to the people of the area.

Revenue Department

4.14 Diversion of Calamity Relief Funds

An amount of ₹ 2.49 crore were irregularly diverted from Calamity Relief Fund by three Deputy Commissioners for works not related to natural calamities.

As per instructions (May 1987) of Government of India (GOI), calamity relief fund (CRF) should be utilised on works damaged during natural calamities and not on fresh works. The State Government directed (January 1998 and May 2002) all the Commissioners/ Deputy Commissioners (DCs) that diversion of CRF was injudicious and advised that the construction of *Mahila Mandals*, *Yuvak Mandals* and Community centres should not be undertaken. The GOI further reiterated (November 2000) that assistance under CRF should be provided on the basis of assessment of requirement made by the State Level Committee (SLC). The State Government had also clarified (March 2002) that it was obligatory for the field staff of the Revenue Department to make quick spot inspections and assess losses and report the same to the higher authorities in accordance with the provisions of the Relief Manual.

Scrutiny of the records (November 2011-February 2012) in the offices of DCs of three districts¹⁹ revealed that during 2009-11 ₹ 2.49 crore meant for restoration of damaged works/ relief measures was diverted for execution of works not damaged due to

¹⁹ Chamba, Kangra and Kullu.

natural calamities. Of these, ₹ 1.32 crore were spent on 106 fresh works like construction of Government building, Panchayat Ghar, link roads, school buildings, Mahila Mandal Bhawan, protection walls, etc., and ₹ 1.17 crore on 88 works of repairs of residential buildings of district level officers/ officials, Government offices buildings and Panchayat Ghar, etc. These works were taken up without any reports on damage from the Revenue Department in violation of Relief Manual.

The DC, Chamba while admitting the facts assured (February 2012) that funds will not be allotted for inadmissible works in future. The DCs of Kangra and Kullu districts attributed (December 2011) diversion of funds in public interest to works damaged due to heavy rains. The replies of DCs of Kangra and Kullu districts are not acceptable as funds were diverted in violation of instructions, *ibid*, as well as in the absence of reports on damage from the field staff of the Revenue Department.

The audit findings were referred to the Government in August 2012. The reply had not been received (November 2012).

Urban Development Department

4.15 Non-implementation of Integrated Housing and Slum Development Programme (IHSDP)

The Department did not ensure encumbrance free sites for implementation of IHSDP resulting in locking up of ₹ 13.87 crore with HIMUDA.

To ameliorate the conditions of the urban slum dwellers living without adequate shelter, the Government of India (GOI) sanctioned (between March 2008 and July 2009) Additional Central Assistance (ACA) of ₹ 21.68 crore²⁰ against the total project cost of ₹ 33.76 crore²¹ for implementation of 'Integrated Housing and Slum Development Programme' (IHSDP) in three towns (Baddi, Dharamsala and Solan) under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Under the above programme 1144²² dwelling units were to be constructed in these towns and GOI released (between March 2008 and July 2009) ₹ 10.84 crore²³ against its committed share. The State Government also contributed ₹ 3.03 crore.

Scrutiny of records (November 2011) of the Director, Urban Development (UD) and further information collected (February and November 2012) revealed that the Director, UD, on receipt of sanctions (between July 2008 and January 2010) from the State Government released (between October 2008 and February 2010) ₹ 13.87 crore (Central share: ₹ 10.84 crore and State share ₹ 3.03 crore) to the Chief Executive

²⁰ Baddi: ₹ 8.91 crore; Dharamsala: ₹ 6.61 crore and Solan: ₹ 6.16 crore.

²¹ Baddi: ₹ 14.76 crore; Dharamsala: ₹ 9.42 crore and Solan: ₹ 9.58 crore.

²² Baddi: 480; Dharamsala: 328 and Solan: 336.

²³ March 2008: ₹ 1.35 crore (Dharamsala: ₹ 0.70 crore and Solan: ₹ 0.65 crore); April 2008: ₹ 5.04 crore (Dharamsala: ₹ 2.61 crore and Solan: ₹ 2.43 crore) and July 2009: ₹ 4.45 crore (Baddi).

Officer-cum-Secretary, Himachal Pradesh Housing and Urban Development Authority (HIMUDA), being the executing agency for construction of dwelling units. The construction activities of the project had not been started as of November 2012 due to non-selection of suitable encumbrance free site, change of site and non-transfer of land. Resultantly, ₹ 13.87 crore were lying unutilised with HIMUDA and the balance amount of ACA amounting to ₹ 10.84 crore from GOI was also not received.

In response to audit, the Director, UD, while admitting the facts stated (July 2012) that the commencement of work of IHSDP project at Baddi, Dharamsala and Solan got delayed due to non-availability of suitable encumbrance free sites at these places. He further intimated (November 2012) that in respect of Baddi project the land has not been transferred, for Dharamsala project the matter is pending with the High Court and for Solan project technical sanction has been accorded and tenders will be invited soon. This is an unjustified stand as the Department should have ensured the availability of suitable encumbrance free sites before securing the funds.

Thus, release of funds to HIMUDA without ensuring availability of suitable encumbrance free sites is indicative of poor planning and lack of vision on the part of the Department. This not only resulted in parking of funds of ₹ 13.87 crore for a period ranging between three and more than four years in a bank account of the executing agency but also deprived the beneficiaries of the intended housing facilities. Besides, the State Government could not also avail the benefit of balance share of ACA for the IHSDP Project amounting to ₹ 10.84 crore.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

Regularity issues and other points

Planning Department

4.16 Irregular release of Member of Parliament Local Area Development scheme funds

Failure of the Department in enforcing the provisions of the scheme guidelines resulted in less release of scheme funds to the areas inhabited by Scheduled Castes population to the extent of ₹ 3.10 crore during 2005-12.

According to revised guidelines (November 2005) of Member of Parliament Local Area Development (MPLAD) scheme, Members of Parliament (MPs) are required to recommend at least 15 per cent and 7.5 per cent MPLAD scheme funds for the areas inhabited by Scheduled Castes (SCs) and Scheduled Tribes (STs) population respectively and in case, a constituency does not have ST inhabited area, such funds may be utilised in SC inhabited areas.

Scrutiny (February 2012) of records of the Deputy Commissioner, Shimla revealed that out of ₹ 16.10 crore sanctioned during 2005-12 under MPLAD scheme, ₹ 14.18 crore

were released to the executing agencies²⁴ for execution of various developmental works such as construction of community centres, *sarai bhawans*, *anathalayas*, *panchayat bhawans*, *mahila mandal bhawans*, etc. Scrutiny further revealed that Shimla district had no ST inhabited area and thus, 22.5 per cent (₹ 3.19 crore) out of ₹ 14.18 crore was to be utilised in the SCs inhabited areas. It was, however, noticed in audit that out of ₹ 3.19 crore, only an amount of ₹ 0.09 crore (three per cent) was released for execution of developmental works in SC inhabited areas due to lack of understanding of scheme guidelines by the district authorities and the balance amount of ₹ 3.10 crore was utilised in other areas. Thus, non-adherence to the provisions of the scheme guidelines resulted in less release of scheme funds to the areas inhabited by SCs during 2005-12.

While confirming the facts, the District Planning Officer (DPO) stated (February 2012) that efforts were being made to enforce the provisions of the guidelines and MPs had also been requested to ensure appropriate recommendations for the areas inhabited by SC/ ST population. The reply of the Department is not acceptable as the funds should have been released to the areas inhabited by SC population as per prescribed percentage as laid down in the guidelines.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

Women and Child Development Department

4.17 Non-realisation of user charges

Non-realisation of user charges amounting to ₹ 2.21 crore under Rajiv Gandhi National Crèche Scheme for the children of working mothers defeated the purpose of ensuring community participation and providing envisaged facilities at the crèches as per scheme guidelines.

To provide improved quality and reach of child day care services for working women of all socio-economic groups, the Government of India (GOI) launched (December 2005) “Rajiv Gandhi National Crèche Scheme for the Children of working Mothers” through Non-Government Organisations (NGOs). These crèches were meant for the children of the age group of 0-6 (six) years ensuring 50 per cent enrolment for children of BPL families. The NGOs running crèches were to be provided 90 per cent central assistance and the remaining expenditure was to be borne by them. To ensure community participation and also to augment resources of the centres for provision of better facilities, monthly user charges were to be collected from the Below Poverty Line (BPL) and other families at the rate of ₹ 20 and ₹ 60 per child per month respectively.

Scrutiny of records (January-June 2012) of the Secretary, State Social Welfare Board (SSWB) revealed that GOI sanctioned a grant of ₹ 4.49 crore during 2006-12, against

²⁴ Block Development Officers; District Forest Officers; Chief Medical Officers; Municipal Corporation, Shimla; Executive Engineers; etc.

which expenditure of ₹ 4.40 crore was incurred on running of 1791 creches²⁵ through 22 NGOs between April 2006 and June 2012. Scrutiny further revealed that 45859 children²⁶ (BPL families: 21308 and other families: 24551) were registered in crèches and user charges of ₹ 2.28 crore as envisaged in the scheme were to be collected from the parents of these children. As against this, only one NGO had collected ₹ 0.07 crore²⁷ resulting in non-realisation of user charges of ₹ 2.21 crore.

On this being pointed out in audit, the Director, Women and Child Development Department stated (September 2012) that only one NGO is collecting the user charges as per scheme guidelines while in other cases the user charges could not be collected due to non-realisation of such charges under other GOI welfare schemes. The reply is not convincing as the matter should have been brought to the notice of the GOI to bring uniformity in implementation of the scheme and waiver of user charges should also have been sought.

The audit findings were referred to the Government in April 2012. The reply had not been received (November 2012).

²⁵ 2006-07: 292; 2007-08: 317; 2008-09: 302; 2009-10: 302; 2010-11: 289 and 2011-12: 289.

²⁶ **BPL families** 2006-07: 3490; 2007-08: 3505; 2008-09: 3496; 2009-10: 3405; 2010-11: 3771 and 2011-12: 3641 **Other families** 2006-07: 4005; 2007-08: 4430; 2008-09: 4228; 2009-10: 4183; 2010-11: 3832 and 2011-12: 3873.

²⁷ Mahila Kalyan Seva Samiti, Chopal (Shimla District): ₹ 0.07 crore (2006-12).