



**Report of the  
Comptroller and Auditor General of India  
on Compliance Audit of  
Social, General and Economic Sectors  
for the year ended 31 March 2020**



लोकहितार्थ सत्यनिष्ठा  
Dedicated to Truth in Public Interest



**Government of Himachal Pradesh**  
*Report No. 6 of the year 2021*



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## Table of Contents

Description	Reference to	
	Paragraph	Page(s) No.
<i>Table of Contents</i>	<i>i-ii</i>	
<i>Preface</i>	<i>iii</i>	
<i>Overview</i>	<i>v-vii</i>	
<b>CHAPTER-I: INTRODUCTION</b>		
Budget and Application of Resources	1.1	1
Grants-in-aid from the Government of India	1.2	2
Persistent savings	1.3	2
Planning and conduct of Audit	1.4	3
Recoveries at the instance of Audit	1.5	3
Lack of responsiveness of the Government to Audit	1.6	3-4
Follow-up on Audit Reports	1.7	4-5
Non-submission of Accounts / Separate Audit Reports (SARs) of Autonomous Bodies and placement of SARs before the State Legislature	1.8	5-6
Year-wise details of Performance Audits and Compliance Audit paragraphs included in Audit Reports	1.9	6-7
<b>CHAPTER-II: SOCIAL, GENERAL AND ECONOMIC SECTORS (DEPARTMENTS)</b>		
<b>Education Department</b>		
Provision of Free School Uniform to Students	2.1	9-19
<b>Health and Family Welfare Department</b>		
Non-completion / non-functioning of trauma centres resulting in unfruitful expenditure and blocking of funds	2.2	19-21
<b>Himachal Pradesh Public Works Department</b>		
Infructuous expenditure on abandoned road work and undue favour to contractor	2.3	21- 26
<b>Jal Shakti Vibhag</b>		
Undue favour to firm in construction of Phina Singh Dam	2.4	26-36
<b>Language, Art and Culture Department</b>		
Management of Museums in Himachal Pradesh	2.5	36-51

<b>CHAPTER-III: SOCIAL, GENERAL AND ECONOMIC SECTORS (PUBLIC SECTOR UNDERTAKINGS)</b>		
<b>Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC)</b>		
Unfruitful expenditure on Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited - Process Automation Project, ₹ 7.82 crore	3.1	53-55
<b>Himachal Pradesh Power Transmission Corporation Limited (HPPTCL)</b>		
Contract Management in Himachal Pradesh Power Transmission Corporation Limited	3.2	55-61
<b>Himachal Pradesh State Electricity Board Limited (HPSEBL)</b>		
Material Procurement and Inventory Management in Himachal Pradesh State Electricity Board Limited	3.3	62-67
Avoidable payment of Transmission Charges	3.4	68-69
<b>Himachal Pradesh State Forest Development Corporation Limited (HPSFDC)</b>		
Loss of ₹ 80.84 lakh due to full payment to workers despite underutilization of their services	3.5	69-71
<b>APPENDICES</b>		<b>73-93</b>

## Preface

This Report of the Comptroller and Auditor General of India on Compliance Audit of Social, General and Economic Sectors for the year ended 31<sup>st</sup> March 2020 has been prepared for submission to the Governor of the State of Himachal Pradesh under Article 151 of the Constitution of India.

The Report contains significant results of Compliance Audit of the Departments/Autonomous Bodies and Public Sector Undertakings under the Social, General and Economic Sectors of the Government of Himachal Pradesh, conducted in terms of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Services) Act, 1971.

The instances mentioned in this Report are those which came to notice in the course of test audit done for the year 2019-20 as well as those which came to notice in earlier years but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to year 2019-20 have also been included, wherever necessary.

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



# Overview



# Overview

This Report comprises three chapters containing ten compliance audit observations pertaining to Social, General and Economic sectors involving money value of ₹ 302.90 crore.

**Chapter-I** is an introductory chapter, which contains financial profile of the State, planning and conduct of audit and follow-up on Audit Reports; **Chapter-II** contains audit findings on Compliance Audit of Departments/Autonomous Bodies pertaining to Social, General and Economic sectors comprising five paragraphs involving money value of ₹ 41.85 crore; and **Chapter-III** deals with audit findings on Compliance Audit in respect of Public Sector Undertakings of Social, General and Economic sectors comprising five paragraphs involving money value of ₹ 261.05 crore. Some of the significant audit findings are mentioned below:

## CHAPTER-II: SOCIAL, GENERAL AND ECONOMIC SECTORS (DEPARTMENTS)

### Education Department

#### Provision of Free School Uniform to Students

The State Government was unable to plan and deliver in line with its commitment of providing uniform cloth at the beginning of session every year. Due to delay in completion of formalities and issue of supply orders, uniform cloth was not provided to students during 2018-19 and the departmental authorities had taken more than one to 11 months in distribution of uniform cloth during 2016-18 and 2019-20. The departmental authorities had taken time of five to 164 days in disbursement of the stitching charges and in three test-checked blocks, 200 students were not paid stitching charges during 2016-20. Assigning testing of samples of uniform cloth to same laboratory without tenders resulted in irregular expenditure of ₹ 1.73 crore (2019-20).

*(Paragraph 2.1)*

### Health and Family Welfare Department

#### Non-completion / non-functioning of trauma centres resulting in unfruitful expenditure and blocking of funds

Department failed to establish envisaged trauma centres in five hospitals even after incurring expenditure of ₹ 10.61 crore. There was further idling of funds of ₹ 7.81 crore with these hospital authorities for 30 to 57 months.

*(Paragraph 2.2)*

### Himachal Pradesh Public Works Department

#### Infructuous expenditure on abandoned road work and undue favour to contractor

Failure in planning, delay in obtaining timely forest clearance and delay in providing blasting material led to infructuous expenditure of ₹ 2.15 crore on abandoned road work.

Unauthorized execution of high rate item led to undue favour of ₹ 0.53 crore to the contractor, besides depriving the people of the intended benefits.

*(Paragraph 2.3)*

### **Jal Shakti Vibhag**

#### **Undue favour to firm in construction of Phina Singh Dam**

Award of lump-sum contract with incorrect scope of work and unjustified item-rates resulted in undue favour of ₹ 19.52 crore to the firm, on account of payments for inadequate steel work, payment at higher rates for deviations, payment for investigations/ designs, adding eight *per cent* to the derived rates for already accounted for activities, besides payments for non-measured work.

*(Paragraph 2.4)*

### **Language, Art and Culture Department**

#### **Management of Museums in Himachal Pradesh**

The Department had neither framed policy/ guidelines for acquisition, documentation and conservation of objects nor prepared annual action plan for management of museums during 2016-20. Acquisition of art objects was arbitrary as out of 1,562 objects acquired by State Museum, Shimla through purchase (1,505) and excavation (57) during 2017-20, 1,494 (96 *per cent*) were acquired for State Museum, Shimla and 68 for Museum at Dharamshala and no objects were acquired for Museum at Chamba. Accession Registers were not maintained methodically as locations of objects (shelf/ case/ room) and photographs were not mentioned/ affixed in all test-checked entries and date/ period of objects had not been entered against 489 objects. Out of 21,755 objects, digitized documentation had been completed for 8,663 (40 *per cent*) objects. Major equipment including de-salinisation plants, ultrasonic/ laser cleaners, high resolution microscopes, conservation tables, etc., were not available in conservation laboratories of Museums. The security system at the museums was deficient and lacked effective surveillance/ tracking of visitors.

*(Paragraph 2.5)*

## **CHAPTER-III: SOCIAL, GENERAL AND ECONOMIC SECTORS (PUBLIC SECTOR UNDERTAKINGS)**

### **Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC)**

#### **Unfruitful expenditure on Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited - Process Automation Project, ₹ 7.82 crore**

Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC) expended ₹ 7.82 crore on Process Automation Project (Project) without utilizing it. Additional liability of ₹ 2.74 crore is yet to be paid.

*(Paragraph 3.1)*

## **Himachal Pradesh Power Transmission Corporation Limited (HPPTCL)**

### **Contract Management in Himachal Pradesh Power Transmission Corporation Limited**

The Company executed 41 projects during last three years out of which 14 projects were test checked. In six projects, works were awarded between 15 and 40 months after approval of DPRs. In one contract, contradictory provisions and insertion of price variation clause after award of work led to undue favour to the contractor of ₹ 12.25 crore. There was inadmissible payment of ₹ two crore on widening of road and avoidable payment of Goods and Services Tax of ₹ 24.57 crore.

*(Paragraph 3.2)*

## **Himachal Pradesh State Electricity Board Limited (HPSEBL)**

### **Material Procurement and Inventory Management in Himachal Pradesh State Electricity Board Limited**

The annual outgo by the Company on purchase of store items during 2017-18 to 2019-20 ranged between ₹ 100.26 crore and ₹ 259.27 crore. Excess stock of value ₹ 38.13 crore and ₹ 88.67 crore was held during 2018-19 and 2019-20 respectively. Due to holding excess stock at the end of 2018-19, Company sustained interest loss of ₹ 4.88 crore. Placement of Purchase Order at previous year's rates resulted in extra expenditure of ₹ 1.40 crore.

*(Paragraph 3.3)*

### **Avoidable payment of Transmission Charges**

Company had to bear transmission charges of ₹ 198.91 crore without actually utilizing the system due to non-completion of downstream system. The charges will increase further until the downstream system is completed.

*(Paragraph 3.4)*

## **Himachal Pradesh State Forest Development Corporation Limited (HPSFDC)**

### **Loss of ₹ 80.84 lakh due to full payment to workers despite underutilization of their services**

Despite lack of full time requirement, semi/un-skilled workers were paid in full for lesser quantity of work; their contracts were extended annually; and they were also given regular appointments. This led to avoidable payment and loss of ₹ 80.84 lakh to the Himachal Pradesh State Forest Development Corporation Limited (Corporation).

*(Paragraph 3.5)*



# **Chapter-I**

## **Introduction**



## CHAPTER-I INTRODUCTION

### 1.1 Budget and Application of Resources

There are 48 departments, 29 State Public Sector Enterprises<sup>1</sup> and 54 autonomous bodies in the State. The status of budget estimates and actual expenditure by the State Government, during 2015-20, is given in **Table-1.1**:

**Table-1.1: Budget and Expenditure of the State Government during 2015-20**

(₹ in crore)

Particulars	2015-16		2016-17		2017-18		2018-19		2019-20	
	Budget Estimates	Actuals								
<b>Revenue Expenditure</b>										
General Services	9,207	8,788	10,135	9,728	11,230	11,009	13,331	11,438	14,351	12,335
Social Services	9,676	7,980	11,388	9,610	11,884	10,337	13,488	11,482	13,895	12,047
Economic Services	6,407	5,525	7,314	5,996	7,734	5,697	9,082	6,512	7,832	6,338
Others	5	10	5	10	9	10	11	10	11	10
<b>Total (1)</b>	<b>25,295</b>	<b>22,303</b>	<b>28,842</b>	<b>25,344</b>	<b>30,857</b>	<b>27,053</b>	<b>35,912</b>	<b>29,442</b>	<b>36,089</b>	<b>30,730</b>
<b>Capital Expenditure</b>										
Capital Outlay	2,991	2,864	3,241	3,499	3,531	3,756	4,298	4,583	4,580	5,174
Loans and advances disbursed	397	463	428	3,290	448	503	448	468	457	458
Repayment of Public Debt	1,503	3,948	2,229	3,943	3,105	3,500	3,184	4,673	3,262	6,701
Public Accounts disbursements	2,978	10,577	3,103	12,351	3,303	13,043	3,303	14,493	3,303	20,111
Closing Cash balance	-	216	-	316	-	183	-	53	-	1,060
<b>Total (2)</b>	<b>7,869</b>	<b>18,068</b>	<b>9,001</b>	<b>23,399</b>	<b>10,387</b>	<b>20,985</b>	<b>11,233</b>	<b>24,270</b>	<b>11,602</b>	<b>33,504</b>
<b>Grand Total</b>	<b>33,164</b>	<b>40,371</b>	<b>37,843</b>	<b>48,743</b>	<b>41,244</b>	<b>48,038</b>	<b>47,145</b>	<b>53,712</b>	<b>47,691</b>	<b>64,234</b>

Source: Annual Financial Statements and Finance Accounts of State Government.

During 2015-20, the total expenditure<sup>2</sup> of the State excluding repayment of public debt and public account disbursements increased from ₹ 25,630 crore to ₹ 36,362 crore at compounded annual average growth rate of 9.14 per cent. Revenue expenditure increased by 38 per cent from ₹ 22,303 crore to ₹ 30,730 crore and capital expenditure increased by 81 per cent from ₹ 2,864 crore to ₹ 5,174 crore. During 2015-20, revenue expenditure constituted 84 to 87 per cent and capital expenditure 11 to 14 per cent of the total expenditure.

<sup>1</sup> The performance of the State Public Sector Enterprises have been discussed in the General Purpose Financial Report – Government of Himachal Pradesh for the year ended 31 March 2020.

<sup>2</sup> Total expenditure includes revenue expenditure, capital outlay and loans and advances disbursed.

## 1.2 Grants-in-aid from the Government of India

The Grants-in-aid (GIA) from the Government of India (GoI) increased from ₹ 11,296 crore in 2015-16 to ₹ 15,939 crore in 2019-20 and by ₹ 822 crore (5 per cent) in 2019-20 over the previous year, as shown in **Table-1.2**:

**Table-1.2: Grants-in-aid from Government of India**

(₹ in crore)

Particulars	2015-16	2016-17	2017-18	2018-19	2019-20
Non-Plan Grants	8,524	8,877	-	-	-
Grants for State Plan Schemes	756	1,188	-	-	-
Grants for Central Plan Schemes	38	44	-	-	-
Grants for Centrally Sponsored Schemes	1,978	3,055	-	-	-
Centrally Sponsored Schemes	-	-	3,590	4,010	4,915
Finance Commission Grant*	-	-	8,889	8,831	8,618
Other Transfer/ Grants to State/ Union Territories with Legislature	-	-	615	2,276	2,406
<b>Total</b>	<b>11,296</b>	<b>13,164</b>	<b>13,094</b>	<b>15,117</b>	<b>15,939</b>
Percentage of increase/ decrease over previous year	57.37	16.54	(-) 0.53	15.45	5.44

Source: Finance Accounts for the respective years.

\*Finance Commission Grants include post devolution revenue deficit grant, grants for local bodies and SDRF which were earlier depicted as Non-plan grants in State Accounts.

In addition, the GoI has been transferring substantial funds directly to the State implementing agencies for implementation of various schemes. The GoI decided to route these funds through State Budget from 2014-15 onwards. However, during 2019-20, the GoI transferred ₹ 1,372.69 crore directly to various implementing agencies/Non-Government Organisations of the State (**Appendix-1.1**).

## 1.3 Persistent savings

During the last five years in 22 grants, there were 28 cases (₹ one crore or more in each case) where persistent savings occurred (details given in **Appendix-1.2**), out of which four cases (₹ 100 crore or more in each case) are depicted below in the **Table-1.3**:

**Table-1.3: Details of persistent savings cases (₹ 100 crore or more in each case)**

(₹ in crore)

Sl. No.	Grant Number	Name of Grant/ Appropriation	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue - Voted</b>							
1	08	Education	1,076.22	864.96	665.02	955.16	1,110.61
2	09	Health and Family Welfare	366.81	295.90	211.66	330.83	377.72
3	20	Rural Development	208.74	121.61	402.93	383.93	351.17
4	31	Tribal Area Development Programme	123.39	177.85	242.34	325.72	371.39

Source: Appropriation Accounts.

#### 1.4 Planning and conduct of Audit

The audit process commences with a risk assessment of various Departments, Autonomous Bodies, schemes/ projects, considering the criticality/ complexity of activities, level of delegated financial powers, internal controls, concerns of stakeholders and previous audit findings. Based on this risk assessment, the scope of audit is decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Reports (IRs) containing audit findings are issued to the heads of the offices with request to furnish replies within four weeks. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations pointed out in Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India and these Audit Reports are submitted to the Governor of Himachal Pradesh under Article 151 of the Constitution of India.

During 2019-20, Compliance Audit of 28 departments was conducted by the Office of the Principal Accountant General (Audit), Himachal Pradesh under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

#### 1.5 Recoveries at the instance of Audit

Audit findings involving recoveries that came to notice in the course of test audit of accounts of the departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action, under intimation to audit.

Against recovery of ₹ 29.29 crore pointed out in 1,436 cases, the DDOs concerned had accepted recovery of ₹ 28.11 crore in 1,395 cases, however, recovery of ₹ 6.72 crore in 798 cases only was effected during 2019-20 as detailed in **Table-1.4** below:

**Table-1.4: Recoveries pointed out by Audit and accepted / effected by the departments**  
(₹ in crore)

Department	Particulars of recoveries noticed	Recoveries pointed out in audit during 2019-20		Recoveries accepted during 2019-20		Recoveries effected during 2019-20	
		Number of cases	Amount involved	Number of cases	Amount involved	Number of cases	Amount involved
Miscellaneous Departments	Overpayment of pay, medical reimbursement, wrong fixation of pay, overpayment of DA and undue favour to the contractor etc.	1,436	29.29	1,395	28.11	798	6.72

#### 1.6 Lack of responsiveness of the Government to Audit

The heads of offices and next higher authorities are required to report their compliance to the Principal Accountant General (Audit) within four weeks of receipt of inspection

Reports (IRs). However, 46,400 audit observations contained in 10,493 IRs were outstanding as on 31 March 2020 as given in **Table-1.5**.

**Table-1.5: Outstanding Inspection Reports/ Paragraphs**

Sl. No.	Name of Sector	Inspection Reports	Paragraphs
1.	AMG-I (Social Sector)	6,331	30,722
2.	AMG-III (General Sector)	1,526	6,820
3.	AMG-II (Economic Sector) <sup>3</sup>	2,636	8,858
<b>Total</b>		<b>10,493</b>	<b>46,400</b>

The departmental officers failed to take action on observations contained in IRs within the prescribed time frame, resulting in erosion of accountability. It is recommended that the Government should ensure prompt and proper response to audit observations.

### **1.7 Follow-up on Audit Reports**

According to the Rules and Procedure for the Public Accounts Committee, all administrative departments are to initiate *suo moto* action on all Compliance Audit paragraphs and Performance Audits featuring in the Audit Reports of the Comptroller and Auditor General of India, regardless of whether these are taken up for examination by the Public Accounts Committee or not. They are also to furnish detailed notes, duly vetted by audit, indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature.

The status regarding non-receipt of Action Taken Notes (ATNs) on the paragraphs included in the Audit Reports up to the period ended 31 March 2021 is given in **Table-1.6**:

**Table-1.6: Status regarding non-receipt of ATNs on the paras included in the Audit Reports**

Audit Report	Year	Department(s)	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 <sup>st</sup> March 2021
<b>C&amp;AG Report on Social, General and Economic Sectors (Non-PSUs)</b>	2012-13	Tribal Development	21.02.2014	20.05.2014	01
	2013-14	Health and Family Welfare	10.04.2015	09.07.2015	01
		Tribal Development			01
		Medical Education and Research			01
	2014-15	SC, OBC and Minority Affairs	07.04.2016	06.07.2016	01
	2015-16	Home	31.03.2017	30.06.2017	02
		IPH			03
		Fisheries			01
	2016-17	Information Technology	05.04.2018	04.07.2018	01
		Horticulture			01
		Home			01
	2017-18	Animal Husbandry	14.12.2019	13.03.2020	01
		Health and Family Welfare			01
Revenue		02			

<sup>3</sup> It also includes pendency of Inspection Reports pertaining to State Public Sector Enterprises.

Audit Report	Year	Department(s)	Date of presentation of Audit Report in the State Legislature	Due date for receipt of ATNs	ATNs pending as of 31 <sup>st</sup> March 2021
C&AG Report on PSUs	2014-15	Himachal Pradesh State Electricity Board Limited	07.04.2016	06.07.2016	09
	2016-17	Himachal Pradesh State Electricity Board Limited	05.04.2018	04.07.2018	07
	2017-18	Himachal Pradesh Power Corporation Limited	14.12.2019	13.03.2020	02
		Beas Valley Power Corporation Limited			01
		Himachal Pradesh State Electricity Board Limited			02
		Himachal Pradesh State Electronic Development Corporation Limited			01
		Himachal Pradesh Financial Corporation			01
		Himachal Pradesh General Industries Corporation Limited			01
		Himachal Pradesh Handicrafts and Handloom Corporation			01
		Himachal Pradesh Industrial Development Corporation			01
		Himachal Road Transport Corporation			01
		Himachal Pradesh Road & Other Infrastructure Development Corporation Limited			01

### 1.8 Non-submission of Accounts / Separate Audit Reports (SARs) of Autonomous Bodies and placement of SARs before the State Legislature

Several Autonomous Bodies have been set up by the State Government in the fields of Education, Welfare, Law and Justice, Health, etc. Out of which, audit of accounts in respect of 18 Autonomous Bodies in the State has been entrusted to the Comptroller and Auditor General of India. Audit of these 18 bodies is conducted under section 19(3) of the C&AG's DPC Act and Separate Audit Reports are prepared for the same. Detail of authorities whose accounts are in arrears is given in **Table-1.7**:

**Table-1.7: Arrears of accounts of Bodies or Authorities**

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2019-20
1	Himachal Pradesh Building and Other Construction Workers Welfare Board, Shimla	2019-20	01
2	HP Khadi and Village Industries Board	2013-14	07
3	Compensatory Afforestation Fund Management and Planning Authority (CAMPA)	2013-14	07
4	HP City Transport and Bus Stand Management and Development Authority	2018-19	02

Sl. No.	Name of Body or Authority	Accounts pending since	No. of Accounts pending up to 2019-20
5	HP State Regulatory Commission	2019-20	01
6	Himachal Pradesh State Veterinary Council, Shimla	2019-20	01
7	District Legal Services Authority, Hamirpur	2018-19	02
8	District Legal Services Authority, Bilaspur		02
9	District Legal Services Authority, Nahan		02
10	District Legal Services Authority, Una	2019-20	01
11	District Legal Services Authority, Shimla		01
12	District Legal Services Authority, Kinnaur at Rampur		01
13	District Legal Services Authority, Mandi		01

It can be seen from **Table-1.7** that the accounts are in arrears/pending ranging from one to seven years. Delay in finalizations of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to audit at the earliest.

### 1.9 Year-wise details of Performance Audits and Compliance Audit paragraphs included in Audit Reports

As per the Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, the departments are required to send their responses to Performance Audits/Compliance Audit paragraphs within six weeks.

Year-wise detail of Performance Audits and Compliance Audit paragraphs included in the Audit Reports for the last three years, along with their money value, is given in **Table-1.8**:

**Table-1.8: Performance Audits and Compliance Audit Paragraphs that appeared in Audit Reports 2016-19**

(₹ in crore)

Name of Audit Report	Year	Performance Audits		Compliance Audit Paragraphs		Replies received	
		Number	Money value	Number	Money value	Performance Audits	Compliance Audit Paragraphs
C&AG Report on Social, General and Economic Sectors (Non-PSUs)	2016-17	4	318.11	26	595.88	-	5
	2017-18	2	341.17	21	114.52	2	20
	2018-19	2	116.09	14	86.92	1	9
C&AG Report on PSUs	2016-17	1	203.54	13	34.10	1	5
	2017-18	1	643.04	11	20.08	1	2
	2018-19	-	-	10	437.17	-	5

The matter regarding furnishing of replies was taken up with the concerned Secretaries of the departments and also brought to the notice of the Chief Secretary in October 2020. The status of replies received in respect of Audit Reports 2016-19 is shown in the foregoing **Table-1.8**.

This Audit Report contains ten Compliance Audit paragraphs. The total financial implication of the audit findings in this Audit Report is ₹ 302.90 crore.



**Chapter-II**  
**Social, General and Economic Sectors**  
**(Departments)**



## CHAPTER-II SOCIAL, GENERAL AND ECONOMIC SECTORS (DEPARTMENTS)

### Education Department

#### 2.1 Provision of Free School Uniform to Students

The State Government was unable to plan and deliver in line with its commitment of providing quality uniform cloth at the beginning of session every year. Due to delay in completion of formalities and issue of supply orders, uniform cloth was not provided to students during 2018-19 and the departmental authorities had taken period of more than one to 11 months in distribution of uniform cloth during 2016-18 and 2019-20. The departmental authorities had taken time of five to 164 days in disbursement of the stitching charges and in three test-checked blocks, 200 students were not paid stitching charges during 2016-20. Assigning testing of samples of uniform cloth to same laboratory without tenders resulted in irregular expenditure of ₹ 1.73 crore (2019-20).

##### 2.1.1 Introduction

The State Government provides free-of-cost school uniform cloth to all students<sup>4</sup> of Government schools under Atal School Vardi Yojana<sup>5</sup> launched in January 2012. Every year, two sets of uniform cloth are to be provided to the students. The modalities/specifications of the school uniform cloth are fixed/ defined every year by an Empowered Committee under the chairmanship of Principal Secretary (Education) constituted by the State Government. The Director of Elementary Education (DEE) functions as nodal officer for procuring and providing the uniform cloth to the students in Government Schools. Uniform cloth<sup>6</sup> is procured by the Himachal Pradesh State Civil Supplies Corporation (HPSCSC).

Every year, requisition of uniform cloth is sent by the DEE to HPSCSC. The firm(s) are identified by the HPSCSC based upon advertised tender process, in which samples of the cloth as per pre-defined specifications, along with quality assurance certificates and test analysis reports from accredited<sup>7</sup> laboratories (pre-despatch testing) is to be submitted by

<sup>4</sup> Students of classes I to X from 2012-13, extended to classes XI and XII from 2016-17. As per UDISE data, the number of students ranged between 8.01 lakh to 8.90 lakh during 2016-20.

<sup>5</sup> Atal School Uniform Yojana for Classes I to X was launched from 2012 and was renamed as Mahatma Gandhi Vardi Yojana for Classes I to X vide H.P. Government notification dated 23-2-2013 and Mukhya Mantri Vardi Yojana for classes XI and XII was introduced from 2016-17 vide H.P. notification dated 14-7-2016. Both the above schemes were merged and renamed as Atal School Uniform Yojana for Classes I-XII from 2018-19 onwards.

<sup>6</sup> In four sets: Set No. 1 (for boys from classes I to V) - shirt and trouser; Set No. 2 (for boys from classes VI to X) - shirt and trouser; Set No. 3 (for girls from classes I to V) - kamiz and salwar; and Set No. 4 (for girls from classes from VI to X) - kamiz, salwar and dupatta.

<sup>7</sup> Accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL).

the bidders along with their technical bids. After finalization of tenders and obtaining approval of the Government, supply order(s) are issued by HPSCSC to the selected firm, and the supplies are directly made to the indenting officers<sup>8</sup>. An additional system of testing (post-despatch testing) of the cloth after receipt of supply is also prescribed in which samples<sup>9</sup> of the cloth, selected randomly from amongst the batches received by each indenting officer, are to be got tested independently by HPSCSC from an accredited laboratory. The DEE makes advance payment to the HPSCSC for onward payment to the supplier(s). The process of procurement and disbursement has been detailed in **Appendix-2.1**.

### **Audit findings**

As the Directorate of Elementary Education was Nodal Department, Audit checked (July 2019 to March 2020) the records pertaining to procurement, supply of uniform cloth and release of stitching charges for the period 2016-17 to 2019-20 in the office of the DEE, Shimla, four<sup>10</sup> (out of 12) Deputy Directors of Elementary Education (DDEEs) and 18<sup>11</sup> (out of 47) Block Elementary Education Officers (BEEOs) under these four districts.

#### **2.1.2 Utilisation of funds**

The State Government provides funds for implementation of the scheme of procurement and distribution of uniform to all school students through the budget. In addition, funds are also provided by the GoI under Samagra Shiksha Abhiyan<sup>12</sup> (SSA) for providing school uniform cloth to all the girls, Scheduled Castes (SCs), Scheduled Tribes (STs) and Below Poverty Line (BPL) boys of Classes I-VIII.

##### **2.1.2.1 Availability of funds and utilisation**

Every year, funds under State budget are withdrawn from treasury and those received from State Project Director, SSA are initially kept in saving bank account and released for the quarter to concerned (HPSCSC, DDEEs/ BEEOs/ Schools) in due course. Details of total availability of funds and their utilisation during 2016-20 are given in **Table-2.1.1**:

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<sup>8</sup> Block Elementary Education Officer for Classes I-V/ Principal, Government Senior Secondary School for Classes VI-XII.

<sup>9</sup> A minimum of one set and a maximum of 0.05 *per cent* of the total supplied sets.

<sup>10</sup> Bilaspur, Kangra, Kinnaur and Mandi.

<sup>11</sup> Balh, Baijnath, Dadasiba, Dehra, Fatehpur, Gopalpur-I, Gopalpur-II, Ghumarwin-I, Ghumarwin-II, Sadar Mandi, Sundernagar-I, Kalpa, Sadar Bilaspur, Jhandutta, Rakkar, Jawali, Swarghat and Palampur.

<sup>12</sup> An integrated GoI scheme for school education earlier named as Sarv Shiksha Abhiyan/ Rashtriya Madhyamik Shiksha Abhiyan.

Table-2.1.1: Details of availability of funds and utilisation

(₹ in crore)

Year	State Budget	Funds not drawn from budget	Available funds in Bank Account					Funds utilised	Unutilised funds (percentage)
			State Funds withdrawn		Previous year balance	SSA funds	Total funds available during the year		
			Elementary	Higher					
2016-17	42.89	0.00	32.01	10.88	4.00	20.10	66.99	63.81	3.18 (05)
2017-18	49.09	0.00	36.52	12.57	3.18	19.27	71.54	64.72	6.82 (10)
2018-19	43.00	43.00	00*	00	6.82	27.59	34.41	4.70 <sup>#</sup>	29.71 (86)
2019-20	55.00	5.20	36.74	13.06	29.71	27.59	107.10	79.51	27.59 (26)
<b>Total</b>	-	-	<b>105.27</b>	<b>36.51</b>	-	<b>94.55</b>	-	<b>212.74</b>	-

Sources: Information supplied by Department.

\*Funds not withdrawn from treasury.

# Past liability of firm paid through HPSCSC on account of arbitration award.

- Against total available funds of ₹ 240.33 crore (balance from 2015-16: ₹ 4.00 crore, State funds withdrawn from treasury: ₹ 141.78 crore and SSA funds: ₹ 94.55 crore), ₹ 212.74 crore were utilised during 2016-20 leaving a balance of ₹ 27.59 crore lying deposited in saving bank account of DEE as of March 2020.
- The provision of ₹ 43.00 crore was not utilised due to non-procurement of uniform cloth during 2018-19 (paragraph 2.1.3.2) and the provision of ₹ 5.20 crore for 2019-20 was not utilised up to March 2020 and lapsed.
- The SSA funds of ₹ 27.59 crore received (July 2018) for year 2018-19 were not utilised (paragraph 2.1.3.2) during the year. The amount<sup>13</sup> was released to HPSCSC during June to August 2019 for supply of uniform cloth for 2019-20. The DEE, again received (December 2019) SSA funds of ₹ 27.59 crore for the year 2019-20 (from GoI) which remained unutilised.

The Government stated (August 2021) that provision for 2018-19 could not be utilized due to non-finalization of tenders but no reply was furnished for saving during 2019-20.

### 2.1.2.2 Non-adjustment of advances

As per decision (February 2012) of Empowered Committee, the payment of uniform cloth to suppliers and sample testing charges to accredited laboratory was to be made by HPSCSC. Commission at the rate of one *per cent* of the total cost of the uniform cloth was to be paid to the HPSCSC by the Government for completion of all formalities of the tendering process. For this purpose, the Education Department would release 90 *per cent* of total payments as advance and the balance after completion of the supplies on the basis of verification certificates from the indenting officers.

Audit noticed that during 2016-20, the Department had released ₹ 159.04 crore<sup>14</sup> as advance to HPSCSC. However, necessary adjustment of the advance payments was carried out by the HPSCSC during June 2021. As per the information provided (June 2021) by HPSCSC, accounts had been finalised till 2018-19 only and only an

<sup>13</sup> June 2019: ₹ 10.34 crore; July 2019: ₹ 9.18 crore; and August 2019: ₹ 8.07 crore.

<sup>14</sup> 2016-17: ₹ 47.89 crore; 2017-18: ₹ 50.75 crore; and 2019-20: ₹ 60.40 crore for the year 2018-19.

amount of ₹ 54.06 lakh<sup>15</sup> was still lying unadjusted. It further stated that this will be adjusted in the future supplies and the accounts will be submitted to Education Department as and when they are finalised. This indicated lack of any mechanism for timely submission of accounts/ details of expenditure incurred by HPSCSC out of the amount released to it by the Education Department.

Non-adjustment of advances for prolonged period indicated lack of accountability mechanism by the DEE towards utilisation of public money and there are also chances of non-utilisation of the amount for the intended purpose.

The Government in its reply had stated (August 2021) that final accounts for the year 2015-19 have been submitted by the HPSCSC but no reply was furnished for non-reconciliation of expenditure/ non-adjustment of advance.

### 2.1.3 Procurement and distribution of uniform cloth

Every year, the DEE sends requisition of uniform cloth to HPSCSC. The HPSCSC identifies firm(s) based upon advertised tender process in which samples of the cloth as per predefined specifications, along with quality assurance certificates and test analysis reports from accredited<sup>16</sup> laboratories (pre-despatch testing) is to be submitted by the bidders along with their technical bids. After finalisation of tenders and obtaining approval of the Government, the HPSCSC issues supply order(s) to the selected firm. An additional system of testing (post-despatch testing) of the cloth after receipt of supply is also prescribed in which samples<sup>17</sup> of the cloth, selected randomly from amongst the batches received by each indenting officer<sup>18</sup>, are to be got tested independently by HPSCSC from an accredited laboratory. The DEE makes advance payment to the HPSCSC for onward payment to the supplier(s). Details of total procurement during 2016-20 are given in **Table-2.1.2**.

**Table-2.1.2: Details of procurement of uniform cloth**

Year	Number of sets of uniform cloth procured	Value (₹ in crore)
2016-17	8,97,420	48.02
2017-18	8,75,008	48.99
2018-19	Uniform cloth not procured due to non-finalization of tenders	
2019-20	8,30,945	57.89
<b>Total</b>	<b>26,03,373</b>	<b>154.90</b>

Source: Information supplied by Department.

#### 2.1.3.1 Absence of specific timelines and delay in completion of procurement process

A committee was constituted as per State Government notification (January 2012). It was responsible for determination of quantity of cloth, specification, design, colour and

<sup>15</sup> Under Mukhya Mantri Vardi Yojna which was merged with Mahatma Gandhi Vardi Yojana and renamed as Atal School Uniform Yojana from 2018-19 onwards.

<sup>16</sup> Accredited by National Accreditation Board for Testing and Calibration Laboratories (NABL).

<sup>17</sup> A minimum of one set and a maximum of 0.05 per cent of the total supplied sets.

<sup>18</sup> Block Elementary Education Officer/ Principal, Government Senior Secondary School.

amount of handling charges to be given to HPSCSC. It would also authorise HPSCSC to execute the scheme. In supersession of all previous notifications, the State Government constituted (September 2014) an Empowered Committee (Committee) to operationalise and monitor the scheme. The Committee was required to finalise the specification, design, colour and fixing of handling charges etc. for implementation of the scheme and was to meet as frequently as may be required. The Committee was further required to take all necessary steps for ensuring the timely delivery of uniform material. However, no specific timelines were stipulated for completion of each stage of the procurement process to ensure timely distribution of uniform cloth to students. Ideally the procurement process has to be finalised before the start of the commencement of the academic session in April every year. However, in the absence of any prescribed timeline, it was noticed that there was delay in completion of the procurement process every year during 2016-19, ranging from one to 12 months (details in **Appendix-2.2**). Brief reasons for the delays in each year are stated below:

- **2016-17-** Although, the specification, design, colour etc. of the uniform cloth was finalised by mid-March 2016, the tenders for the two year period 2016-18 could be finalised by the start of June 2016. The supply orders were issued in June<sup>19</sup>/ August<sup>20</sup> 2016, after obtaining the Government approval, leading to a delay of two to four months from the start of the session in April 2016.
- **2017-18-** Although the tenders for this year had already been finalised in the previous year (June 2016), supply orders were issued after receipt of demand in May 2017, resulting in a delay of one month from start of session in April 2017.
- **2018-19-** During 2018-19, State Government accorded approval (May 2018) for design of dress only after start of session. After finalisation of tenders by HPSCSC for the two year period 2018-20, the case was sent (August 2018) to Government for approval. Tenders were cancelled without assigning any reasons in December 2018, and fresh tenders were invited for 2019-21. This resulted in non-procurement/ distribution of uniform cloth and deprived the students of free uniform cloth during the session 2018-19.

The Government in its reply (August 2021) while reiterating the facts stated that the delays occurred in the procurement process were not intentional but were due to various administrative reasons.

### **2.1.3.2 Delay in distribution of uniform cloth**

Due to non-completion of the procurement process in time, the uniform cloth was not procured and distributed to the students during 2018-19. Further, due to non-consideration of distribution time, the actual receipt of uniform cloth was further delayed. From the session start date of 01 April every year, the uniform cloth was distributed after delay of more than two to 12 months during 2016-18 and 2019-20 as detailed in **Table-2.1.3**:

<sup>19</sup> Classes I to X.

<sup>20</sup> Classes XI and XII.

**Table-2.1.3: Details of supply of uniform cloth**

(₹ in crore)

Year	Session start date	Period of supply	Time taken from the session start date	Number of sets procured	Value
2016-17	01 April 2016	12 July 2016 to 31 March 2017 (Classes I to X)	More than 03 to 11 months	7,17,696	37.06
		05 September 2016 to 05 April 2017 (Classes XI-XII)	More than 05 to 12 months	1,79,724	10.96
2017-18	01 April 2017	16 June 2017 to 03 November 2017 (Classes I to X)	More than 02 to 07 months	6,97,959	37.64
		16 August 2017 to 10 October 2017 (Classes XI- XII)	More than 04 to 06 months	1,77,049	11.35
2018-19	01 April 2018	Uniform cloth not provided to the students due to delay in finalisation of tenders			
2019-20	01 April 2019	26 August 2019 to 01 October 2019 (Classes I- XII)	More than 04 to 06 months	8,30,945	57.89

Source: Information supplied by Department.

Thus, supply of uniform cloth was not ensured in the beginning of April in any of the years during 2016-20, depriving the school children of new uniform cloth for a period ranging between one to 16 months, including the period of 12 months for 2018-19 when no uniform cloth was procured and distributed.

The Government stated (August 2021) that e-tenders could not be approved in time during 2018-19 due to administrative reasons. It was further stated that to ensure the quality of school uniform, it was decided that uniform will be distributed among the students after the receipt of post-despatch random sample tests which takes considerable time from the laboratory. The reply was not acceptable as post despatch testing was being done after distribution of uniform cloth prior to 2019-20.

### 2.1.3.3 Payment of stitching charges to students

As per State Government instructions (June 2012), stitching charges at the rate of ₹ 100 per unit of school uniform cloth are provided to the students of Classes I to X every year. During 2016-18, the DEE used to withdraw amount every year from treasury on account of stitching charges for all students in the State and thereafter release the same to all the DDEEs and Deputy Directors of Higher Education for further disbursement to the students through BEEOs/ Principals of Government Senior Secondary Schools. For the year 2019-20, the stitching charges were disbursed to the students by allocation of budget to the BEEOs/ Principals.

The Department had not prescribed any time schedule for releasing of stitching charges to the students during 2016-20. The departmental authorities had not ensured the disbursement of stitching charges to students in a timely manner as indicated in the following sub-paragraphs:

**(i) Time taken for disbursement of stitching charges**

(a) Stitching charges were not paid to the students during 2018-19 as no uniform cloth was procured and distributed during this year.

(b) During 2016-18 and 2019-20 –

- From the start of academic session (01 April), the DEE had taken time of three to four months in release/ allocation of funds to districts.
- In test-checked districts, the DDEEs further released the amount of stitching charges to the BEEOs by taking time of four to 156 days<sup>21</sup> from the date of receipt of funds from DEE during 2016-20. Similarly, in 14<sup>22</sup> (out of 18) test-checked Blocks<sup>23</sup>, the concerned BEEOs had further released the amount of stitching charges to the schools by taking time of six to 214 days from the date of receipt of funds from DDEEs. Details of time taken for release/ disbursement of stitching charges by these test-checked districts and blocks during 2016-18 and 2019-20 are given in **Appendix-2.3**.

**(ii) Non-disbursement of stitching charges to students**

Out of 18 test-checked Blocks, 47 students in two (out of four) Blocks (Balh: 24 and Gopalpur-II: 23) of Mandi district and 153 students in Sadar Block of Bilaspur district (out of four), were not provided stitching charges during 2016-17 and 2017-18 respectively.

Thus, during the period covered, the payment of stitching charges to students was not released in timely manner by the departmental authorities. Further, non-payment of stitching charges by three BEEOs deprived the concerned students of the intended benefits.

The Government stated (August 2021) that in order to ensure timely distribution of stitching charges to the students it was decided to release the budget directly to the concerned Drawing and Disbursing Officers. The reply was not acceptable as even after distribution of budget directly to the DDOs (2019-20), there was delay ranging between 40 to 214 days.

**2.1.4 Testing of samples of uniform cloth and redressal of grievances**

**2.1.4.1 Awarding work of testing without tendering**

State Financial Rules provide that every officer authorised for procuring goods shall be responsible for efficiency and economy in public procurement besides ensuring fairness,

<sup>21</sup> Bilaspur: 21 to 49 days; Kangra: 69 to 156 days and Kinnaur: four to 28 days.

<sup>22</sup> Four test-checked Blocks (Kalpa, Jhandutta, Rakkar and Sundarnagar-I) had not supplied the data of stitching charges for 2016-18 and 2019-20.

<sup>23</sup> Balh, Baijnath, Dadasiba, Dehra, Fatehpur, Gopalpur-I, Gopalpur-II, Ghumarwin-I, Ghumarwin-II, Sadar Mandi, Sadar Bilaspur, Jawali, Swarghat and Palampur.

transparency and competitiveness. Procurement of estimated value of ₹ 10.00 lakh or above shall be made through advertised tender system. Audit noticed that:

- The Empowered Committee had decided (March 2016) to directly award the work of both pre and post-despatch testing of samples to M/s Shriram Institute for Industrial Research, New Delhi without adopting any tendering process on the grounds that the laboratory had reputation and credibility for fair testing; the basis for arriving at such conclusion was not on record.
- The Empowered Committee also ignored the conflict of interest clearly evident in awarding the work of post-despatch testing (to be done by HPSCSC) to the same lab (M/s Shriram Institute for Industrial Research, New Delhi) undertaking pre-despatch testing (to be done by the uniform cloth supplying firm).

This point was also mentioned in Comptroller and Auditor General's Report (Paragraph No. 3.3 of Report No. 2 of 2021) of the Government of Himachal Pradesh for the year ended 31 March 2019 in which the irregular expenditure of ₹ 1.62 crore on account of tendering process for 2015-18 was pointed out. However, the same irregularity continued during 2019-20. Thus, assigning of work of testing of samples of uniform cloth to the same laboratory during 2019-20 (No expenditure incurred during 2018-19 due to non-supply of uniform cloth) without calling for tenders in violation of provision of State Financial Rules resulted in irregular expenditure of ₹ 1.73 crore, besides extension of undue favour to laboratory.

The Government stated (August 2021) that testing of school uniform from M/s Shriram Institute for Industrial Research, New Delhi was taken as per the decision of the Empowered Committee. The reply was not acceptable as it was against the provision of financial rules and no reason was on record for choosing this particular laboratory.

#### **2.1.4.2 Distribution of uniform cloth without testing of samples**

As per decisions (March 2016 and February 2018) of Empowered Committee of procurement, during 2016-18, after receipt of uniform cloth from the firms, each indenting officer (BEEOs/ Principals) was required to send two sets of uniform cloth for testing to the HPSCSC. The HPSCSC would get the sample analysed from accredited testing laboratory in order to ensure that quality uniform cloth is provided to the students. Further, as per instructions (between August 2018 and August 2019) of DEE, the uniform cloth was to be issued to the students after receipt of laboratory tests report from the approved firm through HPSCSC. The following deficiencies were noticed in Audit:

**(i) No time schedule for testing of samples of uniform cloth-** The Department had not prescribed any time schedule for sending samples of uniform cloth by the indenting officers for testing by the laboratory and receipts of analysis reports thereof during 2016-18. In 13<sup>24</sup> (out of 18) test-checked Blocks, the BEEOs had taken time ranging

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<sup>24</sup> Balh, Dadasiba, Dehra, Fatehpur, Gopalpur-I, Gopalpur-II, Ghumarwin-I, Ghumarwin-II, Sadar Bilaspur, Sundernagar-I, Jawali, Swarghat and Palampur.

between 30 and 270 days in sending samples of uniform cloth to HPSCSC for testing during 2016-18. Necessary reports of the samples analysed by the concerned laboratory were also not available in the records of the BEEOs. This indicated that the BEEOs had distributed the uniform cloth without any sample testing reports.

**(ii) Distribution of uniform cloth without waiting for sample analysis reports-** In Kinnaur district, uniform cloth was distributed to the students by the BEEOs during 2019-20 without sending any samples for laboratory testing. Similarly, in four test-checked Blocks of Mandi<sup>25</sup> and Kangra<sup>26</sup> districts, the BEEOs distributed uniform cloth to the students without waiting for the receipt of test reports during 2019-20.

The Government stated (August 2021) that time schedule has been fixed for sending samples of uniform cloth. Further, regarding delay in sending samples for testing it was stated that as some of the schools are located in the difficult and remote areas, hence delay occurred and for non-sending of samples during 2019-20 it was stated that show cause notices were issued to the concerned officials. The reply was not acceptable as time schedule for sending samples was fixed for the year 2019-20 and no time schedules were fixed for the year 2016-18.

Thus, in violation of Departmental instructions, the uniform cloth was being distributed to the students without testing of samples or without waiting for testing reports, defeating the purpose of post-despatch testing of samples. In this regard, it may be highlighted that the tender document *inter alia* provides that in the event of a sample being found to be below-specifications after testing, the cost of such supplies shall be recovered from the tenderer. Moreover, this makes the penalty clause redundant, as borne out by the following instance.

In 2013-15, HPSCSC had imposed penalty of ₹ 6.04 crore for supply of 150 number of batches of uniform cloth below-specifications during the years 2013-14 and 2014-15 on firms for supply of cloth below specified standards. However, the matter went into arbitration and the Arbitrator set aside (June 2017) the penalty on the ground that goods already consumed rendered the supplier no longer liable for penalty in terms of Section 16(2) of 'The Sale of Goods, Act 1930'. Evidently, due to distribution of uniform cloth without waiting of reports of sample analysis, the penalty clause was rendered legally unenforceable and HPSCSC failed to enforce the penalty on the supplier for failed samples.

#### **2.1.4.3 Redressal of complaints regarding poor quality of school uniform cloth**

The uniform cloth for the year 2018-19 was distributed to the students during 2019-20. The Supply order for purchase of uniform cloth was placed (March 2019) on selected firm<sup>27</sup> for ₹ 57.89 crore for supply of 8,30,945 sets of uniform cloth during 2019-20.

<sup>25</sup> Balh and Gopalpur-II.

<sup>26</sup> Dadasiba and Palampur.

<sup>27</sup> M/S Mafatlal Industries Limited Mumbai.

Audit noticed that complaints regarding supply of poor quality of school uniform cloth were received by office of DEE from Helpline/ BEEOs as detailed in **Appendix-2.4**.

Though the DEE had forwarded the complaints to the DDEEs of the districts concerned, action taken in the matter by the DDEEs was awaited at DEE level despite lapse of 13 to 15 months. Thus, the Department was not serious in redressal of complaints.

The Government stated (August 2021) that the matter was enquired by the concerned Deputy Directors and reports were forwarded to the HPSCSC. The reply was not acceptable as copies of the enquiry reports were not supplied and the Director, Elementary Education stated (12 August 2021) that enquiry reports of Deputy Directors were still awaited. Thus, the Department was not serious in redressal of complaints.

### **2.1.5 Monitoring of school uniform cloth**

For operationalising and monitoring the scheme, the State Government constituted (September 2014) an Empowered Committee consisting of Principal Secretary (Education) as its chairman, five other members and Director Elementary Education as its Member Secretary. The Committee was also required to take necessary steps for timely delivery of uniform cloth. Audit noticed that:

- Though 11 meetings of the Committee were held during 2016-20, measures for ensuring timely delivery of uniform cloth and stitching charges to students and quality checks were not discussed in any of the meetings. This indicated lack of monitoring by the Empowered Committee at Apex level.
- There was no mechanism for effective monitoring (periodical meetings, reporting, inspections, etc.) of the scheme at the Directorate/ District/ Block level.

Lack of monitoring at different level resulted in deficiencies/ lapses in implementation of the schemes, indicated in the preceding paragraphs.

### **2.1.6 Conclusion**

The Government was unable to plan and deliver in line with its commitment of providing quality uniform cloth at the beginning of session every year. The Department had not prescribed any timeline for completion of each stage of procurement process. There was delay in completion of the procurement process in each year resulting in delayed distribution of uniform cloth to students during 2016-18 and 2019-20, and non-procurement of uniform cloth during 2018-19. Stitching charges were not released to students in a timely manner, which further added to the delay in actual availability of stitched uniform cloth to students. Work relating to post-despatch testing of cloth was assigned without following any tendering process. Moreover, due to distribution of uniform cloth without waiting for reports of sample analysis, the penalty clause against suppliers for supply of below-specifications uniform cloth was rendered legally unenforceable.

### 2.1.7 Recommendations

*The Government may consider to:*

- *Prepare and notify schedule for every stage of the procurement process including the delivery and testing periods so as to ensure distribution of uniform cloth to students in the beginning of session every year.*
- *Ensure disbursement of stitching charges to students immediately after supply of uniform cloth so as to facilitate stitching of uniform cloth in time.*
- *Ensure testing of samples of uniform cloth in a time bound manner and distributing the uniform cloth to students after receipt of laboratory analysis reports, so as to ensure supply of quality uniform cloth.*
- *Devising suitable mechanism for monitoring the process of procurement and supply of uniform cloth, and redressal of complaints in a time bound manner.*

## Health and Family Welfare Department

### 2.2 Non-completion / non-functioning of trauma centres resulting in unfruitful expenditure and blocking of funds

**Department failed to establish envisaged trauma centres in five hospitals even after incurring expenditure of ₹ 10.61 crore. There was further idling of funds of ₹ 7.81 crore with these hospital authorities for 30 to 57 months.**

Under Centrally Sponsored Scheme (CSS) ‘Capacity Building for Developing Trauma Care Facilities in Government Hospitals located on National Highways’, Government of India (GoI) provides assistance to State Governments for construction of Trauma Centres for immediate emergency care to victims of accidents on national highways.

GoI sanctioned (October 2015) ₹ 30.04 crore (Central share: ₹ 27.04 crore and State share: ₹ 3.00 crore) for establishment and strengthening of trauma care facilities in five hospitals<sup>28</sup> of the State located at Tanda, Chamba, Hamirpur, Mandi and Rampur, and released (October 2015) its share of ₹ 17.09 crore<sup>29</sup> to the State Government as first instalment; further release of funds was to be made by GoI after (a) submission of documentary evidence of the State releasing its 10 *per cent* share, and (b) progress on construction and purchase of equipment. Construction of building was to be completed within one and half years and installation of equipment within two years of release of funds by GoI.

Scrutiny of records (October 2018 to January 2019) and information collected (between June 2019 and February 2021) from hospital authorities concerned revealed that work of

<sup>28</sup> Dr. Rajendra Prasad Government Medical College (RPGMC) Tanda: ₹ 10.27 crore; District Hospital Chamba; Regional Hospital Hamirpur; Zonal Hospital Mandi; and Mahatma Gandhi Medical Service Centre (MGMSC) Rampur: ₹ 4.942 crore each.

<sup>29</sup> Dr. RPGMC Tanda: ₹ 6.07 crore; and other four hospitals: ₹ 2.754 crore each.

establishment and strengthening of trauma care facilities was not completed as envisaged. Administrative approval and expenditure sanction of ₹ 17.09 crore was accorded by the State Government, inclusive of civil works (₹ 4.45 crore) and procurement and installation of equipment (₹ 12.64 crore) in four hospitals (Chamba, Hamirpur, Mandi and Rampur) in July 2016 and in one hospital (Tanda) in March 2017, i.e., after delay of eight and sixteen months respectively, from receipt of first instalment from GoI.

The State Government was required to release total State share of ₹ 1.90 crore (10 per cent matching share against GoI release of ₹ 17.09 crore) in respect of the five hospitals at Tanda, Chamba, Hamirpur, Mandi and Rampur. It was noted that although the State Government had released ₹ 1.33 crore for the hospitals at Tanda (March 2018: ₹ 0.67 crore) and Rampur (March 2019: ₹ 0.66 crore), the State share of ₹ 0.92 crore was not released in respect of hospitals at Chamba, Hamirpur and Mandi as of July 2020. Details of hospital-wise allocation and release are depicted in **Appendix-2.5**.

The authorities of the five hospitals at Chamba, Hamirpur, Mandi, Rampur and Tanda drew funds of ₹ 5.25 crore (between September 2016 and March 2019) from the treasury for civil work but were not able to start or to complete the civil work of construction of dedicated trauma centres as detailed below:

Site was not finalized in Chamba and Hamirpur, location was shifted in Mandi, delay due to removal of trees on site in Rampur and delay in execution of work in Tanda. An amount of ₹ 1.98 crore<sup>30</sup> remained blocked with the hospital authorities/ executing agencies for 30 to 57 months. Further, an amount of ₹ 2.78 crore<sup>31</sup> incurred on civil works in three hospitals remained blocked, owing to incomplete execution of works. Details of execution of civil work are depicted in **Appendix-2.6**.

Consequently, as civil work was either not started or not completed, equipment was not procured in Rampur; equipment worth ₹ 3.62 crore was transferred to other wards of the hospital in Hamirpur, Chamba, and Mandi and equipment worth ₹ 2.52 crore was not installed in Tanda. Funds amounting to ₹ 5.83 crore<sup>32</sup> remained blocked with three hospital authorities for 30 to 57 months. Details of procurement and installation of equipment are depicted in **Appendix-2.6**.

Thus, even after incurring expenditure of ₹ 10.61 crore on civil works and procurement of equipment and idling of funds amounting to ₹ 7.81 crore with the hospital authorities, dedicated trauma care facilities could not be made operational at any of the five hospitals at Chamba, Hamirpur, Mandi, Rampur and Tanda for more than six years from the date of sanction from GoI, due to delay in administrative approval and expenditure sanction; non-completion of civil work on account of reasons such as non-finalization of site, shifting of location and subsequent non-execution of civil work delay due to removal of

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<sup>30</sup> Chamba: ₹ 36.62 lakh; Hamirpur: ₹ 76.42 lakh; Rampur: ₹ 28.07 lakh; and Mandi: ₹ 57.29 lakh.

<sup>31</sup> Rampur: ₹ 118.93 lakh; Mandi: ₹ 23.71 lakh; and Tanda: ₹ 135.00 lakh.

<sup>32</sup> Hamirpur: ₹ 100.12 lakh; Rampur: ₹ 194.40 lakh; and Tanda: ₹ 288.32 lakh.

trees on site and delay in execution of work; non-procurement, transfer or non-installation of equipment.

In the case of Rampur, Director of Health Services stated (September 2021) that civil work was in progress and equipment would be procured after completion of civil work. In case of hospitals at Chamba and Mandi, the hospital in-charge stated (April/June 2021) that the equipment procured were installed in the already existing casualty/emergency wards, wherein medical facilities were being provided to the patients.

The audit findings were referred to the Government in February 2021. The Secretary (Health & Family Welfare) stated (September 2021) that in the case of Tanda, 95 per cent civil work had been completed and procurement of equipment was in progress. However, no replies were given in respect of the other trauma care centres.

***Recommendation: The Government may consider ensuring availability of encumbrance-free site and expediting the completion of civil work and procurement of equipment for the trauma centres on priority to ensure their utilization for the intended purpose.***

## Himachal Pradesh Public Works Department

### 2.3 Infructuous expenditure on abandoned road work and undue favour to contractor

**Failure in planning, delay in obtaining timely forest clearance and delay in providing blasting material led to infructuous expenditure of ₹ 2.15 crore on abandoned road work. Unauthorized execution of high rate item led to undue favour of ₹ 0.53 crore to the contractor, besides depriving the people of the intended benefits.**

In order to provide transport facilities in Nalagarh area of Solan district, "Construction of Swarghat Fakred Kohla Dungiplate Luttani Jhingri road <sup>33</sup> " was sanctioned (December 2011) for ₹ 5.97 crore under NABARD <sup>34</sup> loan and was planned for completion within one and a half years (i.e., June 2013). Working estimate for reduced quantity of work was approved (December 2015) by the department for ₹ 4.33 crore<sup>35</sup> and the work was finally awarded (May 2016) to a contractor for ₹ 3.68 crore (15.18 per cent below the amount put to tender) to be completed in two years (May 2018).

Scrutiny of records in November 2019 of HPPWD B&R Division, Nalagarh, revealed the following:

<sup>33</sup> Total length of 11.640 km from RD 0/0 to 11/640.

<sup>34</sup> National Bank for Agriculture and Rural Development; Rural Infrastructure Development Fund (RIDF-XVII).

<sup>35</sup> The amount of the Working estimate was less than the approval under NABARD loan because the department prepared Working estimate without escalation charges and contingency charges, and also reduced the scope of cross drainage works (RCC slab culvert and Hume pipe culvert).

**A. Delay in obtaining ‘final approval’ for diversion of forest land –**

HPPWD, Nalagarh Division obtained ‘in-principle’ approval in May 2010 from Ministry of Environment & Forests, Government of India, for diversion of forest land for road construction work under NABARD RIDF-XVII loan. However, use of forest land was not to be allowed till ‘final approval’ was accorded by the Ministry under Forest Conservation Act, 1980. This ‘final approval’ was subject to fulfilment of following conditions:

- a. deposit of cost of Compensatory Afforestation (CA) and the Net Present Value (NPV) of the forest land being diverted
- b. submission of a certificate signed by the Collector-cum-District Commissioner that ‘no claim under Forest Rights Act 2006 (FRA) exists in respect of the proposed land’
- c. an undertaking to agree to pay an additional amount of NPV, if the requirement arose

It was observed that the Division deposited the cost of CA and NPV in August 2011, and submitted the FRA certificate and the undertaking to pay additional NPV in May 2015. This delay of five years by the Division in turn delayed the obtaining of the ‘final approval’ (November 2015) for diversion of forest land under Forest Conservation Act, 1980 from Ministry of Environment & Forests, which in turn delayed the award of work.

Executive Engineer stated (March 2021) that the delay occurred due to queries raised by Revenue department for issuance of FRA certificate. The reply is not acceptable as the department deposited the CA and NPV amount after a delay of more than one year and made the request for issuing of FRA certificate to Revenue department in January 2013 i.e., after a delay of more than two and half years since ‘in-principle approval’.

**B. Abandonment of work due to delays caused by poor planning –**

**1. Award of work at uniform rate -** In the Detailed Project Report (DPR), the division made a threefold classification of soil/rocks for formation cutting with three different rates<sup>36</sup>. However, the above classification was missing in the tender document and only a single item of excavation work titled ‘Excavation in earth work in hilly areas in all heights and depths comprising all kind of soil, ordinary rock or hard rock including soil cutting by blasting’ for a quantity of 1,88,940.60 cubic meters was included. No separate estimate was provided in the tender for the quantity of rock requiring blasting in the course of formation cutting. The contractor quoted a uniform rate of ₹ 64 per cubic meter for the excavation work and was awarded the work at the same rate, without any classification of soils. Thus, the contractor was not given clear information on the quantity of hard rock that needed to be excavated, which carried the risk that executing the work at a uniform rate might not be feasible for the contractor.

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<sup>36</sup> ₹ 84.95 per cu.m. for excavation in soil (45,724.24 cu.m.); ₹ 134.45 per cu.m. for rock not requiring blasting (45,724.24 cu.m.); ₹ 212 per cu.m. for rock requiring blasting (81,724.63 cu.m.).

**2. Delay in providing blasting material** - For the purpose of blasting work, clause 10 of the contract agreement specified that blasting material<sup>37</sup>, would be supplied by Nalagarh Division from its PWD store at Nalagarh. However, the Division did not have the wherewithal to supply the blasting material as it did not have any magazine<sup>38</sup> for storing the blasting material. In a letter to all Chief Engineers (July 2016), the Engineer-in-Chief (E-in-C) reiterated previously issued directions<sup>39</sup> to make sure that all PWD Divisions were equipped with explosive magazine, licensed blast men/shot firers, and licensed explosive van, as mandated by Petroleum & Explosive Safety Organization (PESO), Ministry of Commerce and Industry, vide notification dated August 2015. It was further directed that the Divisions should take up the matter of obtaining the licenses for blast man/shot firer with Deputy Chief Controller of Explosives at the earliest. However, the instructions issued by the E-in-C were not complied with. The Nalagarh Division was forced to take up the matter with nearby Divisions throughout 2017-18, and was finally able to procure blasting material from neighbouring Bilaspur Division in May 2018. Thereafter, the contractor arranged for a skilled blast man in June 2018 and the blasting work was started only in July 2018.

**3. Abandonment of work due to difficulties encountered during blasting** - Once the explosives were issued and licensed blast man was arranged, blasting work could be carried out for a very short duration of time - up to October 2018 only. Executive Engineer in correspondence with Superintending Engineer stated (March 2020) that most of the road passed through very hard rock, which required huge quantity of blasting material and cost of carrying the material (hiring of van) was high. Faced with these hardships, the contractor stopped the cutting work and shifted machinery and labour from the work site in April 2019.

The contractor was paid a uniform rate for formation cutting in all types of soil/rock. He abandoned the work in April 2019 citing cost considerations in respect of formation cutting in hard rock and requested for closure of contract. The matter of closure of agreement was under consideration (September 2021) in the office of Chief Engineer (South Zone), Shimla.

Executive Engineer accepted (March 2021) that required licenses, magazine, blasting van, blast-man on the part of the division and contractor were not ensured before award of work which is acceptance of audit findings. It was also stated that only visual survey was conducted before preparing DPR and 'kinds of soils' was not ascertained and quantities of three different kinds of soils in the estimate submitted to NABARD was presumptive. The reply itself is indicative of the fact that no proper survey was undertaken to reliably ascertain the quantities of different kinds of soils. Further, awarding a uniform rate for different kinds of soils is also prone to the risk of contractor executing easy/soft rock portions and abandoning the hard rock portions.

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<sup>37</sup> i.e., gelatin, S.F.Coil and detonator.

<sup>38</sup> Facility for storing blasting material.

<sup>39</sup> vide letters dated September 2012, February 2013 and April 2016.

**C. Undue favour to contractor on account of unbalanced bid and unauthorized execution –**

**1. Acceptance of unbalanced bid -** Analysis of contract agreement revealed that, *inter alia*, six different types of concreting were to be done (*see column 1&2 of table below*). The estimate by the department showed a decreasing trend in the estimated rates corresponding to the decreasing strength of the concrete mixes (*column 4*). On the other hand, the rates offered by the bidder showed a similarly decreasing trend for all items but one, i.e., the M 5 concrete mix (*column 5*). The rate quoted for M 5 concrete mix by the bidder was higher than the rates for other concrete mixes of relatively superior strength like M 7.5 and M 10 (*column 5*). As per Clause 11<sup>40</sup> of tender document, in case the unit rate of any item appeared unrealistic in a tender, such a tender would be considered ‘unbalanced’ and the bidder should be able to provide satisfactory explanation for it, failing which the tender was liable to be rejected. However, despite this provision, the bid was accepted.

**Table-2.3.1: Unbalanced bid and un-authorized execution of higher rate item**

Items	Grade of concrete mix	Approximate strength of concrete mix (N/mm <sup>2</sup> )	Rate in tender (₹ per cu.m.) estimated by the department	Rates quoted by the selected bidder	Quantity (cu.m.) in tender / agreement (0/0 to 11/640)	Quantity (cu.m.) executed by the selected bidder (0/0 to 2/600)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
P/L concrete (1:1.5:3)	M 20	20	4,725.95	4,900	223.06	7.78
P/L concrete (1:2:4)	M 15	15	4,321.70	4,650	44.84	0.65
P/L concrete (1:3:6)	M 10	10	2,928.35	2,500	5,485.89	481.25
P/L concrete (1:4:8)	M 7.5	7.5	2,337.20	2,415	76.74	166.49
P/L concrete (1:5:10)	M 5	5	2,068.20	2,578	1,899.20	2,573.91
P/L concrete (1:6:12)	Base concrete	NA	1,933.60	2,116	171.82	204.62

**2. Unauthorized execution of higher rate item –** 1,899.20 cubic meter of M 5 concreting was to be executed in the entire road length of 11.640 km (*column 6 above*); and as per estimate, 507.50 cubic meter of M 5 concreting was to be executed in 2.600 km<sup>41</sup>. Instead, the contractor executed 2,573.91 cubic meter of M 5 concreting in 2.600 km (*column 7*). This was more than the estimated quantity of M 5 for the entire road length, and was approximately 407.17 *per cent* higher than the estimated quantity of M 5 for 2.600 km. On the other hand, 5,485.89 cubic meter of M 10 concreting was to be executed in entire road length of 11.640 km, and according to latest information furnished by the Division, 1,057.59 cubic meter of M 10 concreting was to be executed in 2.600 km. However only 481.25 cubic meter of M 10 concreting was executed in 2.600 km, which was 54.50 *per cent* lower than the estimated quantity of M 10 for

<sup>40</sup> General Rules and Directions.

<sup>41</sup> RD 0/0 to 2/600.

2.600 km. Thus, excess quantity of lower strength, high rate concreting, and deficit quantity of higher strength, lower rate concreting was executed by the contractor.

**3. Failure to obtain approval for deviations** - Government of Himachal Pradesh had clarified through notification no. PBW(B&R) (B) 17(6)1/2001 dated 27.10.2004 that if deviations in estimates are necessitated due to technical reasons, *force majeure*, site conditions et cetera, such deviations should be brought to the notice of the Zonal Chief Engineer and on his directions only the revised estimates should be prepared. Such revised estimates should also receive approval from competent authority i.e., in case of RIDF from NABARD through State Planning Department. The Division made payment for excess concreting of M 5 concrete mix without preparing any revised estimates or obtaining approval for the deviation from the competent authority.

Thus, acceptance of the unbalanced bid, allowing excess execution of lower strength, higher priced M 5 concreting, and the deficit execution of higher strength and more competitively priced items such as M 10 concreting without the sanction of a competent authority constituted undue favour to contractor of ₹ 0.53 crore<sup>42</sup>.

Executive Engineer accepted (March 2021) that the rate of low strength concrete (M 5) was higher than the higher strength concretes (M 7.5 and M 10). However, the rates had been accepted as they were individually below market rate, but *inter se* comparison of rates of different concrete strengths was not done. Excess quantity of low strength concrete (M 5) had been executed as per actual need during execution and no prior approval was obtained from competent authority for the same. Less quantity of M 10 was executed due to less execution of slab culvert. Reply is not acceptable as allowing higher rates for low strength concrete than higher strength concretes was against Clause 11 of the tender document and bid should have been rejected. Further, allowing un-authorized execution of item (M 5) for which high rate was paid amounts to undue favour to contractor.

#### **D. Closure of NABARD loan and incurrence of interest liability –**

The NABARD loan was closed in March 2018, and reimbursement under it was closed in June 2018. The department incurred an expenditure of ₹ 2.15 crore on partial execution of the abandoned road work, which remained infructuous. However, due to closure of NABARD loan reimbursement window, only an amount of ₹ 1.61 crore could be reimbursed by NABARD. The remaining infructuous expenditure, along with interest liability of approximately ₹ 0.32 crore<sup>43</sup> would have to be borne on state exchequer.

Thus, delay in obtaining ‘final approval’ for diversion of forest land, awarding of the work at uniform rate, and failure to ensure supply of explosive material to the contractor in time resulted in expiry of NABARD loan deadline and eventual abandonment of work (April 2019) by the contractor on grounds of cost consideration. The expenditure of

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<sup>42</sup> (2,573.91 - 507.50) cu.m. \* 2,578 ₹ / cu.m.

<sup>43</sup> Calculated at the rate of 5.0 per cent (Bank Rate of 6.50 per cent w.e.f. June 2018 - 1.5 per cent) on NABARD RIDF loans of ₹ 1.61 crore to be paid in 07 equal annual instalments.

₹ 2.15 crore incurred so far proved wasteful, and the people of the area were deprived of the intended benefits of the transport facility. Unauthorized execution of high rate item led to undue favour of ₹ 0.53 crore to the contractor.

The audit findings were referred to the Government in April 2021. The Government endorsed the E-in-C's reply, in which the E-in-C stated (September 2021) that the details of the action taken by the department at various stages has already been detailed in the Executive Engineer's reply.

***Recommendation: The department should ensure proper planning to avoid delays and formulate stringent regulations to check and restrict un-balanced bids and unauthorized execution of high rate items.***

## **Jal Shakti Vibhag**

### **2.4 Undue favour to firm in construction of Phina Singh Dam**

**Award of lump-sum contract with incorrect scope of work and unjustified item-rates resulted in undue favour of ₹ 19.52 crore to the firm, on account of payments for inadequate steel work, excess payment at higher rates for deviations, adding eight per cent to the derived rates for already accounted for activities, excess-payment for investigations/designs, besides payments for non-measured work.**

The State Government gave administrative approval to the Phina Singh Medium Irrigation Project (PSMIP) in March 2011, to provide irrigation facilities in Nurpur Tehsil, Kangra District. The Project included construction of a concrete gravity dam on Chakki River. The Engineer-in-Chief (Project) granted technical approval for construction of this dam in May 2015 for ₹ 61.993 crore. In February 2016, a lump-sum contract for construction of gravity dam was awarded to a firm<sup>44</sup> by Jal Shakti Vibhag (PSMIP division, Sadwan) for ₹ 59.87 crore, with the target of completing it within two years (February 2018). In the meantime, the scope and design of the dam construction work underwent changes<sup>45</sup>, due to which item rates for payment were approved by a committee in February 2020. The construction work is still going on (July 2021) and the dam is yet to be completed.

Scrutiny of the records of the PSMIP division Sadwan (August 2018) and additional information received thereafter revealed the following:

#### **(A) Failure in planning:**

Indian Standard 15662:2006<sup>46</sup> provide that a bankable DPR should be prepared with detailed survey and investigations which should leave no scope for further investigation and should be taken as final. Section 3.1.3 of CVC guidelines, (Major changes made

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<sup>44</sup> M/S GSCO Infrastructure Pvt. Ltd., Chandigarh.

<sup>45</sup> In May 2017, design flood discharge (350 cumecs) was changed (1,145 cumecs) by CWC along with suggesting further investigations.

<sup>46</sup> Geological Exploration for Gravity Dams and Overflow Structures- code of practice.

during execution) stipulates that changing the scope and specifications of the work drastically may give undue benefit to the contractor by allowing him to execute the items at higher rates. Apart from the high rates, the contractor may also get additional work without competition.

Audit observed that in contravention of *ibid* instructions, the department did not undertake adequate geological/geotechnical investigations<sup>47</sup> to prepare a bankable DPR<sup>48</sup>. The department had known in January 2014 that the cost of dam was likely to deviate to ₹ 115 crore against the provision of ₹ 59.89 crore, because the initial designs of the dam were based on inadequate investigations<sup>49</sup> and there was definite risk of deviations in quantities, post award of work. Despite that, the department went ahead to award a lump-sum contract in February 2016 for ₹ 59.87 crore, with incorrect scope based on inadequate investigation.

The contract awarded to the firm was inclusive of detailed engineering, investigations, preparation of drawings etc., and getting these vetted from Central Water Commission (CWC). However, the firm submitted initial design and drawings with inadequate investigations<sup>50</sup> and the detailed investigations were completed only by February 2019, which resulted in significant changes in the design/ drawings and scope of work leading to considerable delay in start of work.

The Engineer-in-Chief (E-in-C) stated (October 2021) that it is incorrect to say that the detailed geological/geotechnical investigations were not undertaken by the department before preparation of DPR. It was further stated that the department took more than 25 years to explore the feasibility of the project. The department had made all efforts from 1984 till 2011 and had incorporated all comments and suggestions of the CWC and other agencies. The CWC had approved (2011) the DPR after reviewing all necessary investigations. The final structure of dam cannot be fixed on preliminary investigations and the same is dynamic and keeps on changing during site explorations and detailed investigations. It was expected that the preliminary investigations would match with the detailed investigations. The DPR of the dam was prepared with design flood discharge of 350 cumecs, which changed drastically to 1,145 cumecs. The CWC also failed to notice this significant difference in flood discharge, and it was noticed during the detailed design phase. In order to attract more specialisation of work, lump-sum tender was floated.

The reply is not acceptable because with regard to CWC approval (2011) for the DPR, it was stated (June 2021) by the Director (Monitoring & Appraisal), CWC, Shimla that

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<sup>47</sup> Soil bearing capacity tests, silt load calculation, shear strength parameters, permeability/seepage analysis etc.

<sup>48</sup> DPR of the project was approved by CWC in March 2011.

<sup>49</sup> Work Slip by E-in-C to Addl. Chief Secretary, IPH.

<sup>50</sup> The CWC (June 2021) and Director GSI (April-May 2018) stated that designs were submitted by the firm with incorrect design flood value (350 cumecs instead of 1,145 cumecs), insufficient silt load consideration and incorrect assumption about availability of competent foundation and abutment rock without addressing the geo-technical issues.

CWC had scrutinised the broad technical and economic aspects of the project. Scrutiny was based on the data, assessment and certificates presented by the project authorities, assuming that data and information was collected reliably. The scrutiny by CWC did not cover the examination of detailed designs, working drawings of individual components in regard to structural, hydraulic and mechanical performance and safety, which had to be ensured by the project authorities. The issues arising out of changes made during construction stage, design and drawings, shall be taken care of by the project authorities. Further, as accepted by the Executive Engineer in his reply (June 2021) some essential data was inadvertently missed and only shortcuts/empirical formulae for evaluating hydraulic data was adopted. This resulted in incorrect design flood discharge. Further, the initial designs submitted by firm were incomplete and had deficiencies as noted by the department itself. Finally, after corrections the designs were submitted to CWC in February 2017 only, i.e., one year from date of award.

**(B) Undue favour to the firm:**

Tender-Evaluation Committee (TEC)<sup>51</sup> approved (February 2020) ‘Item-rates’ for payment after the scope of the contract changed significantly as per approved design and drawings from CWC for work to be executed within the overall award amount of ₹ 59.87 crore.

From the Working Estimate (WE)<sup>52</sup> of ₹ 61.993 crore, the TEC had considered 13 major items of work like excavation, concreting, form work etc. (**Appendix-2.7**), for awarding the item-rates. The quantities of items in the working estimate (WE) were taken as base quantities to be executed by the firm under the scope of the project. However, instead of taking the rates in the WE as base rates for execution of work, TEC approved different item rates for payment.

Audit observed that the TEC approved the ‘item rates’ for payment by using following three methods:

**a. ‘Clubbed rates’ for excavation and concreting:** The TEC derived new unit rates (**Appendix-2.8**) for seven items of work<sup>53</sup> (out of the 13 major items), by applying the following formula:

$$\frac{\text{Provision for the item in WE (Rs)}}{\text{Quantity of excavation and/or concreting in WE (cu.m)}}$$

The new unit rates so derived for these seven items (S. No. 5-11 of **Appendix-2.7**) were added to the item rates of *excavation* and/or *concreting* (S. No. 1-4 of **Appendix-2.7**), to arrive at ‘clubbed rates’ for the items of *excavation* and *concreting* (column 8 of

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<sup>51</sup> Tender Evaluation Committee (TEC) comprised of the then (27/02/2020) Engineer-in-Chief (JSV), Chief Engineer (DZ), Chief Engineer (D&M), Superintending Engineer (Circle- Nurpur), Superintending Engineer (P&I- II), Superintending Engineer (Design, Dharamshala Zone), Joint Controller (F&A), Executive Engineer (D, P&I – II), Member Secretary cum Executive Engineer JSV Division Sadwan.

<sup>52</sup> Approved by Engineer-in-Chief (Project) in May 2015.

<sup>53</sup> Dewatering; Diverting arrangement (coffer dam/dyke); Slope protection work Upstream and Downstream; Drilling holes for grouting; Form work; PVC stop seal; Steel.

**Table-2.4.1).** The ‘clubbed rates’ were further adjusted by a factor of 59.87/61.993 (column 9 of **Table-2.4.1**), since the working estimate was prepared for ₹ 61.993 crore, but the contract was awarded for reduced amount of ₹ 59.87 crore. Thereafter, eight per cent was added for batching, mixing, etc. (column 10 of **Table-2.4.1**) to arrive at final item rates (column 11 of **Table-2.4.1**), which were used to make payments to the firm. Consequently, payments for the seven items became dependent on the quantities of excavation and/or concreting and were rendered opaque, as the requirement of separately measuring their execution was automatically dispensed with.

**b. ‘Increased rate’ for Soil investigations, drawings etc.:** Cost of soil investigations, drawings etc. (S. No. 12 of **Appendix-2.7**) was ₹ 0.58 crore in the Working Estimate which was increased to ₹ 3.59 crore by the TEC without any justification.

**Table-2.4.1: Item rates devised by TEC**

(Amount in ₹)

Major Items	Cost (₹ per cu.m./ unit) as per Working Estimate	Add for dewatering	Add for diverting arrangement (coffer dam/ dyke)	Add for protection work	Add for drilling holes for grouting/ (form work + PVC stop seal) <sup>54</sup>	Add for Steel	Clubbed rate (Addition of Col 2 to 7)	Adjusted rate (Col 8*59.87/ 61.993)	Add 8 % on Col 9 for batching, mixing etc.	Final Item rate Approved by TEC (Col 9+ Col 10)
1	2	3	4	5	6	7	8	9	10	11
Excavation	407.45	49.27	26.78	84.62	34.57	-	602.69	582.05	-	582
Concreting Grade- M 25	4,189.10	49.27	26.78	84.62	41.87 (33.88+7.99)	2,080.87	6,472.51	6,250.85	500.07	6,750
Concreting Grade- M 20	3,655.85	49.27	26.78	84.62	41.87 (33.88+7.99)	2,080.87	5,939.26	5,735.86	458.87	5,660 <sup>55</sup> (6,194.73)
Concreting Grade- M 15	3,143.20	49.27	26.78	84.62	41.87 (33.88+7.99)	2,080.87	5,426.61	5,240.77	419.26	5,660
	4,196.98 <sup>56</sup>	49.27	26.78	84.62	41.87 (33.88+7.99)	2,080.87	6,480.39	6,258.46	500.67	6,759 Above DNIT
Soil investigations, drawings etc.	58,38,818	-	-	-	-	-	-	-	-	3,59,22,000
Curtain and consolidation grouting	826.85	-	-	-	-	-	826.85	798.53	-	798

**c. ‘Adjusted rate’ for Curtain and consolidation grouting:** As seen from the table above, rate of one item (Curtain and consolidation grouting) as given in WE (Sl. No. 13 of **Appendix-2.7**) was left unchanged, so payment for this item was not made dependent on the quantities of excavation/concreting and its rate (as given in WE) was simply reduced by a factor of 59.87/61.993 (**Table-2.4.1**).

<sup>54</sup> Cost of drilling holes for grouting: ₹ 34.57; Cost of Form Work: ₹ 33.88 + Cost of PVC Stop Seal: ₹ 7.99 per cu.m.

<sup>55</sup> Payment for M 20 has been made at the rate of M 15 in interim, while the rate for M 20 is being approved and is likely to increase to ₹ 6,194.73, if similar calculation is followed.

<sup>56</sup> Working estimate had provision of ₹ 3,143.20 per cu.m. for M 15 concreting and TEC arbitrarily increased the rate by ₹ 1,053.78 per cu.m. for quantities above DNIT/ WE.

Above method of adjusting item rate (as given in WE) by a factor of 59.87/61.993 could also have been followed for all other items (**Appendix-2.7**). No justification or reasoning for employing the methods of ‘clubbed rates’, or ‘increased rate’ was found in the records.

Audit scrutiny revealed that using the methods of ‘clubbed rates’ and ‘increased rate’ (point a & b) instead of simply ‘adjusted rate’ (point c) extended undue favour to the contractor in the following ways:

**1. Irregular payment of ₹ 6.05 crore for unmeasured work on account of clubbing of rates:** Public Works Accounts Code<sup>57</sup> as well as Manual of Procurement of Works 2019<sup>58</sup> prescribe that detailed measurements are required to be recorded if additions and omissions are carried out in Lump-sum contracts. However, as can be seen in **Table-2.4.1** above, the clubbed rates for excavation and concreting items (devised when the scope was changed) included rates for other items (dewatering, diverting arrangement / coffer dam / dyke, protection work / drilling holes for grouting/ form work/ PVC stop seal, steel etc). Because the rates of other items were clubbed with excavation and concreting, the actual execution of other items was not ascertained. Payments were released to the contractor in proportion to execution of quantities of excavation and concreting, with no record of actual execution of other items.

Further, with every unit of extra quantity of excavation executed, there is possibility of overpayments being made for other items (Diverting arrangement, Slope Protection, Dewatering, Drilling Holes for grouting) on account of clubbing of rates, even though the scope/quantity of other items might not have increased proportionately.

The irregular payment for work which was not measured on account of clubbing of rates has been shown in the table below:

**Table-2.4.2: Irregular Payment for unmeasured work**

Sl. No.	Item of Work	Actual Payment made to Firm (up to 17 <sup>th</sup> RA bill)			Maximum provision as per WE) (₹ crore)
		Quantity of excavation and/or concreting (cu.m.)	Rate of item paid (Ref. Table-2.4.1) (in ₹)	Payment made for the item to firm (₹ crore) #	
1	Diverting arrangement	3,19,046.53 <sup>59</sup> (excavation and concreting)	26.78	0.85	0.38
2	Slope Protection Work U/s and D/s	3,19,046.53 (excavation and concreting)	84.62	2.70	1.21
3	Dewatering	3,19,046.53 (excavation and concreting)	49.27	1.57	0.68

<sup>57</sup> Central Public Works Accounts Code (Clauses 11.2.3 and 11.2.4 of Chapter 11) and Punjab Accounts Code (Departmental Financial Rules *inter alia* in clauses 7.100, 7.104, 7.105 of Chapter VII) followed by the department.

<sup>58</sup> By Ministry of Finance, Government of India in clause 3.2.1 (vii).

<sup>59</sup> 3,19,046.53 = 2,56,168 (excavation) + 62,878.53 (concreting).

Sl. No.	Item of Work	Actual Payment made to Firm (up to 17 <sup>th</sup> RA bill)			Maximum provision as per WE) (₹ crore)
		Quantity of excavation and/or concreting (cu.m.)	Rate of item paid (Ref. Table-2.4.1) (in ₹)	Payment made for the item to firm (₹ crore) #	
4	Drilling Holes for grouting	2,56,168 (excavation)	34.57	0.89	0.21
5	Form Work + PVC Water Stop Seal	62,878.53 (concreting)	41.87 (33.88 + 7.99)	0.26	0.32
<b>Total</b>				<b>6.27 (6.05)<sup>60</sup></b>	<b>2.80</b>

# Amounts have been adjusted by a factor of 59.87/61.993 to arrive at final payment made.

Thus, against the total provision of ₹ 2.80 crore in WE for the above items, total payment of ₹ 6.05 crore was made to the firm up to 17<sup>th</sup> RA Bill, without recording the separate measurements of these items.

The E-in-C stated (October 2021) that items such as diverting arrangement, dewatering were not recorded because these were not part of payment schedule. The entries for major items of work like concreting, steel etc. were recorded even though they were also not part of payment schedule and clubbing of other items with concreting, excavation etc. was carried out owing to changes in design and exigencies of work.

The reply is unacceptable, as in case of change in design/scope, detailed measurements for all the items should have been carried out, instead of clubbing and consequent non-measurement, to reliably ascertain that the quantum of work actually executed is commensurate with the payments made.

**2. Payment for inadequate works in the item of steel, ₹ 10.97 crore:** Section 6 (e) of Himachal Pradesh Prevention of Specific Corrupt Practice Act, 1983 provides for punitive action for making payment for inadequate/fictitious/bogus work.

As a result of the clubbed rates approved by the TEC, in execution of each cubic meter of concreting, an average rate of ₹ 2,080.87 was being paid to the contractor for steel work. However, steel work is not executed uniformly across dam construction work. Some sections of dam may require less steel than other sections. So when average rate for steel is paid for every unit of concreting, regardless of how much steel work is being done in that section of concreting, it results in overpayments made for the component of steel, as shown below:

*Rate awarded for steel work = ₹ 2,080.87 per cu.m. of concreting*

*Quantity of concreting done till 17th Running Account (RA) bill<sup>61</sup> = 62,878 cu.m.*

*So, Payment made for steel till 17th RA bill = ₹ 2,080.87 × 62,878 = ₹ 13.08 crore*

*But, the rate for steel work in WE = ₹ 62,152 per MT*

<sup>60</sup> Total payment made: ₹ 6.27 crore \* 59.87/61.993 = ₹ 6.05 crore.

<sup>61</sup> 17<sup>th</sup> Running Account (RA) Bill dated 24/03/2021.

Quantity of steel actually consumed till 17th RA bill as per material consumption statements (since steel was issued by the department) = 277.15 MT

So, Payment due for steel actually consumed till 17th RA bill = ₹ 62,152 × 277.15 = ₹1.72 crore

Thus, overpayment for steel till 17th RA bill =  $(13.08 - 1.72) \times \frac{59.87}{61.993} = ₹10.97 \text{ crore}$

Payment for steel work was made to the firm for every unit of concreting without verifying the actual quantity of steel consumed, which was a serious irregularity and amounted to undue favour.

E-in-C replied (October 2021) that complete drawings of reinforcement (Steel) were not available at the time of approval of rates by TEC, therefore, it was not possible to ascertain the exact quantities of steel at that time. Therefore, quantities of steel as taken in working estimate were clubbed with rates of concrete as an interim measure. It was observed that consumption of steel in the section under construction was not commensurate with the average quantities of steel in the whole dam. However, the TEC can revise the interim rates as approved by it.

Although the Department accepts the fact that exact quantity of steel was not ascertainable at the time of approval of rates by TEC, it is pertinent to note that instead of a uniform rate, the payment for steel should have been made on actual consumption basis.

**3. Undue favour for payment of unjustified rates for deviation in M 15 grade of concreting, ₹ 3.36 crore:** HPFR 2009 provides that every officer authorised for procurement shall be responsible for efficiency, economy, fairness, transparency, and competitiveness. Section 3.1.3 of CVC guidelines states that changing the scope and specifications of the work drastically may give undue benefit to the contractor by allowing him to execute the items at higher rates.

Audit observed that against the provision of 11,594.37 cu.m. of M 15 concrete as per WE, a quantity of 44,600.439 cu.m. (285 per cent deviation) had been executed and paid up to 17<sup>th</sup> RA bill, as shown in table below:

**Table-2.4.3: Execution of Concreting Work**

Sl. No.	Type/grade of concrete	Strength of Concrete grade (N/mm <sup>2</sup> )	Approved rate by TEC ₹ per cu.m.	Quantity (Cubic meter) as per Working Estimate	Actual execution by the firm up to 17 <sup>th</sup> RA Bill
1	M 35	35	-	4,214.800	0.000
2	M 25	25	6,750	69,344.630	9,317.999
3	M 20	20	5,660 (tentative)	270.740	8,960.095
4	M 15	15	5,660 (till WE) and 6,759 (beyond WE)	11,594.370	44,600.439 (11,594.370 + 33,006.069)
<b>Total</b>				<b>85,424.540</b>	<b>62,878.533</b>

While devising clubbed item rates, the TEC had approved two rates for M 15 concreting (**Table-2.4.1** above) - ₹ 5,660 per cu.m. for quantities within WE scope (by taking base rate of ₹ 3,143.20 per cu.m. as per WE) and ₹ 6,759 per cu.m. for additional quantity (by arbitrarily taking base rate of ₹ 4,196.98 for deviation). Thus, TEC granted an increase of ₹ 1,053.78 per cu.m. (4,196.98 – 3,143.20) for execution of M 15 quantities beyond WE. Granting additional rate of ₹ 1,053.78 for 33,006.069 cu.m. of deviation in M 15 concrete without justification resulted in undue benefit of ₹ 3.36 crore<sup>62</sup> to the firm.

Granting additional rate of ₹ 1,053.78 was also unjustified, because cement and steel were being issued to the firm by the department at the rates agreed in the original agreement and separate price escalation payments (for rise in material, labour and fuel) were also being granted over and above the payments of running account bills.

Moreover, the rate of ₹ 6,759 per cu.m. for deviation was even higher than the rate for stronger concrete grades (rate for M 25 concreting, having 66.66 *per cent* more strength than M 15, was ₹ 6,750 per cu.m.). The department granted higher rates for deviation without justification and without specifying a ceiling/upper limit for additional execution at these higher rates, which allowed the contractor to receive payments at much higher rates for additional work executed.

E-in-C replied (October 2021) that the rates of concrete at the time of working estimate were derived considering lead of 1 km for cement & steel and within 5 km for aggregate and other material. But in actual, this lead is 20 km for Cement and Steel and 44 km for aggregate and other material. Therefore, rates for quantities within DNIT have been approved by taking the same lead and beyond NIT have been approved by taking the actual lead.

As per clause 35 (along with Annexure VI) of the tender document/ contract agreement, cement and steel were to be supplied by the Department from its Madanpur Divisional Store and other materials were to be arranged by the contractor. So, the bidders were already aware about the destination site and the place of issue of cement and steel, and the responsibility to arrange other materials was their own. Thus, the price was quoted by the firm (₹ 59.87 crore by the successful bidder) by taking into account the place of issue/availability of required materials. Therefore, the factor of difference in lead should not have been considered.

**4. Undue favour by granting additional eight per cent for batching, transit etc., ₹ 2.97 crore:** While awarding item rates to the contractor, additional eight *per cent* was added for batching, transit etc. in the clubbed rate of concreting (*column 10* of **Table-2.4.1**). This was irregular because in the WE, cost of batching was already included in the item rates of concreting and no justification was found for award of additional eight *per cent* for batching, transit etc. Moreover, the eight *per cent* for batching was not levied on unit rates of concreting (*column 2* of **Table-2.4.1**) but on the

<sup>62</sup> ₹ 3.36 crore = ₹ (1,053.78 \* 33,006.069) \* Award amount (₹ 59.87 crore)/ Cost of working estimate (₹ 61.993 crore).

clubbed rates of concreting (*column 10*), which made the additional amount granted for batching even more sizeable and unreasonable.

The firm was paid ₹ 40.08 crore<sup>63</sup> for concreting up to 17<sup>th</sup> RA bill, whereas the amount actually due for concreting was only ₹ 37.11 crore. Thus, the balance payment ₹ 2.97 crore<sup>64</sup> for batching (at the rate of eight *per cent*) was undue favour to the contractor.

E-in-C stated (October 2021) that provision of batching plant was not taken in the original working estimate. Reference of batching plant was given in the nomenclature, but cost of batching plant was not added. But TEC, while awarding the rates have considered the provision of batching plant. Further, the rates approved by TEC are interim rates subject to review at the final stage.

Reply is unacceptable, as the firm was required to lay the concrete with weight batching of desired specification (1:3:6) and desired strength (M 15 with strength of 15 N/mm<sup>2</sup>) for which the original working estimate/analysis of rate had the provision of mechanical mixture, vibrator and labours/masons etc. to achieve the same. If the contractor uses batching plant, transit mixer etc., to deliver the same output (i.e., M 15 grade of concrete) for his own convenience, the department should not grant additional eight *per cent* rate for the same.

**5. Undue favour by granting excess payment for soil investigations, design/drawings etc., ₹ 2.22 crore:** Originally, the WE of ₹ 61.993 crore for dam construction included the provision of ₹ 0.58 crore for soil investigations and design/drawings. However, the contract was awarded for ₹ 59.87 crore which meant that the work of soil investigation, design/drawings should have been completed by the firm at ₹ 0.56 crore<sup>65</sup>. However, the TEC approved ₹ 3.59 crore for completion of this work.

Out of this, payment of ₹ 2.63 crore (73.26 *per cent* work completed till 17<sup>th</sup> RA bill) has been made to the firm for actual execution of soil investigation etc. In fact, payment of only ₹ 0.41 crore (73.26 *per cent* of ₹ 0.56 crore) should have been made for this quantum of work executed. Thus, undue favour in terms of excess payment of ₹ 2.22 crore (₹ 2.63 - ₹ 0.41 crore) was granted to the contractor.

E-in-C stated (October 2021) that as per payment schedule of original lump-sum work, 6 *per cent* of contract amount (₹ 3.59 crore) was to be paid to the contractor. It was also stated that in lump-sum work, the payment schedule is not directly related to the quantum of work but is a facilitation for making part payments.

The reply is not acceptable because the lump-sum payment schedule is not directly related to the quantum of work, as also accepted by the department. The original working estimate had provision of only ₹ 0.58 crore for soil investigations, design/drawings etc.

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<sup>63</sup> ₹ 40,07,94,585 (M 25: 6,28,96,493 + M 20: 4,91,85,938 + M 15: 6,56,24,134 + M 15: 22,30,88,020).

<sup>64</sup> (₹ 40.08 crore - ₹ 37.11 crore); eight *per cent* of ₹ 37.11 crore amounts to ₹ 2.97 crore.

<sup>65</sup> ₹ 0.58 crore reduced by a factor of 59.87/61.993 for adjusting the difference in value of award amount and working estimate.

However, as is clear from **Table-2.4.1**, the TEC had instead approved ₹ 3.59 crore as payment for the same work of soil investigation and design/drawings, which was not justified.

**6. Undue favour on account of granting price escalation for material, labour and fuel over and above the irregular payments:** The department had released payment of ₹ 2.18 crore<sup>66</sup> as price escalation to the firm over and above the amount of bills passed up to 14<sup>th</sup> Running Account Bill. It may be noted that the construction work of dam was awarded (February 2016) to the firm with stipulation to be completed within two years. The work was inclusive of detailed engineering investigations, planning, design and preparation of detailed working drawings and approval from competent authority after getting it vetted from Central Water Commission (CWC). However, the detailed investigations were completed only by February 2019, results of which had changed the design/drawings and scope of the dam significantly. It was further noted that the CWC (June 2021) and Director GSI (April-May 2018) stated that designs were submitted by the firm with incorrect design flood value, insufficient silt load consideration and incorrect assumption about availability of suitable foundation and abutment rock without addressing the geo-technical issues. Thus, to a large extent, the delay upto February 2019 occurred because the firm had submitted initial design and drawings with inadequate investigations. However, the department had granted escalation payment for the whole period of delay, without ascertaining the period of delay actually attributable to the firm's deficiency in finalising the design/drawings.

Consequently, price escalation is unjustified for delay on part of the contractor (as elaborated above). Further, price escalation had been granted on the basis of clubbed rates, which resulted in overpayment, due to inclusion of unjustified rates for the certain constituent items as detailed earlier in the para.

E-in-C while accepting stated (October 2021) that though some instances of delay might be there, but it is not true that the whole of delay was solely on the part of the firm. It was further stated that rates paid are tentative and any excess payments/overpayments made to the firm would be adjusted accordingly. At present, these payments might be the consequential effects, because of differences in rates approved by the TEC and the audit observations.

It is evident from the above that the department failed in planning and safeguarding interests of the Government. The manner in which TEC devised and awarded the clubbed item rates and increased rate for soil investigations/drawings etc., has led to extension of undue favour of ₹ 19.52 crore<sup>67</sup> to the firm up to 17<sup>th</sup> RA bill apart from making irregular payments of ₹ 6.05 crore for unmeasured work.

<sup>66</sup> ₹ 2.18 crore = ₹ {0.71 (1<sup>st</sup>) + 58.95 (2<sup>nd</sup> to 6<sup>th</sup>) + 70.38 (7<sup>th</sup> to 10<sup>th</sup>) + 38.36 (11<sup>th</sup> to 12<sup>th</sup>) + 49.49 (13<sup>th</sup> to 14<sup>th</sup>) Running Account Bill} lakh.

<sup>67</sup> Payment for inadequate steel work (₹ 10.97 crore) + granting unjustified rates for deviation in M 15 grade of concreting above DNIT/WE (₹ 3.36 crore) + granting eight *per cent* increase for batching/mixing (₹ 2.97 crore) + excess payment for soil investigations and drawings (₹ 2.22 crore).

It may be further noted that overpayments can only be recovered from the amount due to the firm or from the performance security deposit as per clause 63.1 of the contract agreement. But, the Performance Bank Guarantee of 5 per cent of contract amount (₹ 2.99 crore) and security withheld at 2.5 per cent of RA bill payments (₹ 1.38 crore up to 17<sup>th</sup> RA bill), were not sufficient to recover such a huge amount of undue/irregular overpayment from the firm, so corrective action is required on part of the department.

The audit findings were referred to the State Government (August 2021). The State Government in its response (November 2021) reiterated reply of the Engineer-in-Chief (October 2021).

**Recommendations:**

- *Bankable DPR should be prepared with adequate survey and investigations and Lump-sum/EPC contract should be awarded only after ascertaining correct parameters/output specifications and realistic scope/financial value of work.*
- *Department may carry out thorough investigation to fix accountability of officials and recover/regularize amounts paid to the firm on account of undue favour, irregular payment, or consequential undue favour.*
- *The payments made to the firm may be reviewed in view of audit observations and recoveries, if any, may be adjusted against the future payments to be made to the firm.*

## Language, Art and Culture Department

### 2.5 Management of Museums in Himachal Pradesh

The Department had neither framed policy / guidelines for acquisition, documentation and conservation of objects nor prepared annual action plan for management of museums during 2016-20. Acquisition of art objects was arbitrary as out of 1,562 objects acquired by State Museum, Shimla through purchase (1,505) and excavation (57) during 2017-20, 1,494 (96 per cent) were acquired for State Museum, Shimla and 68 for Museum at Dharamshala and no objects were acquired for Museum at Chamba. Accession Registers were not maintained methodically as locations of objects (shelf/ case/ room) and photographs were not mentioned/ affixed in all test-checked entries and date/ period of objects had not been entered against 489 objects. Out of 21,755 objects, digitized documentation had been completed for 8,663 (40 per cent) objects. Major equipment including de-salinization plants, ultrasonic/ laser cleaners, high resolution microscopes, conservation tables, etc., were not available in conservation laboratories of Museums. The security system at the museums was deficient and lacked effective surveillance/ tracking of visitors.

#### 2.5.1 Introduction

Management of Museums is one of the main functions of the Department of Language, Art and Culture, which is responsible for propagation, promotion and development of

languages, literature, art and culture of the State. There are four Museums in the State as listed below:

1. Bhuri Singh Museum, Chamba
2. Himachal State Museum, Shimla
3. Museum of Kangra Art, Dharamshala
4. Tribal Museum Lahaul-Spiti, Keylong

In order to assess the management of museums in the State, Audit conducted (July-August 2019 and February-March 2021) test-check of records of the Directorate of Language, Art and Culture and three Museums (Bhuri Singh Museum, Chamba; Himachal State Museum, Shimla; and Museum of Kangra Art, Dharamshala) covering the period 2016-20. Joint physical verification of the test-checked Museums was also carried out. The Audit covered aspects of planning, acquisition, documentation and display of antiquities/ artefacts/ objects in museums, conservation, security and safety of museum collections and manpower management including capacity building in museums. The audit criteria for the thematic audit were derived from Government of India Guidelines for Museum Security (August 2005), State Government decision (April 2008), Guidelines for ASI Museums (2013), National Disaster Management Guidelines for Museums (May 2017), etc.

## **Audit findings**

### **2.5.2 Planning**

#### **2.5.2.1 Formulation of Policy Guidelines, Standards and Annual Action Plan**

As per paragraph 14.10.1 of Himachal Pradesh Government Office Manual, for proper and systematic implementation of programmes and tasks, each Department is required to prepare an Annual Action Plan for all departmental programmes/ schemes/ projects/ activity to be performed during the ensuing financial year. Plan should *inter alia* include goals and objectives, policy initiatives and major programmes and schemes with targets, achievements, budget, expenditure and main activities.

Audit noticed that:

- The Department did not have a comprehensive policy/ guidelines for management of antiquities/ artefacts/ objects in the museums. Besides, there were no standards and benchmarks for acquisition, preservation, documentation and custody of objects of the Museums. There are several international standards available for managing antiquities in a museum issued by International Council of Museums (ICOM) and UNESCO.
- Department had not prepared Annual Action Plans indicating therein activity-wise plans/ targets for management of Museums in the State during 2016-20.

This indicated that the different activities for management of Museums were carried out without any planning. The absence of policy/ guidelines and benchmarks/ standards led to lacunae in management of museums as delineated in the succeeding paragraphs.

The Additional Chief Secretary, Language, Art and Culture (LAC) stated (September 2021) that they had no standards or benchmarks for acquisition, preservation, documentation and custody of objects. It was also stated that ‘the museum possesses the collection of National treasure for which GoI, Ministry of Culture frame standard policies for its custody, criteria and security which is mandatory for every State to implement’. The fact, however, remains that the Department had not provided copies of GoI policies/ guidelines/ criteria/ benchmarks for acquisition, preservation, documentation and custody of objects of the Museums.

### **2.5.3 Financial Management**

Expenditure on aspects like security and fire management, upkeep of objects in display and storage, digital documentation of museum collection, preservation and conservation of antiquities/ artefacts in the museums, manpower management and capacity building, etc. is incurred through regular budget.

Besides, expenditure on activities of the Museums is also incurred through Himachal Pradesh Society for State Museums constituted (August 2005) under the Societies Registration Act, 1860. The Society is functioning with existing staff of the Museums. Income of the Society through entry fees, sale of souvenirs and publications, annual subscriptions from members, etc. is utilised for upkeep, repairing and maintenance of museums. However, the Museum authorities had neither provided the details of income and expenditure of the Society, for the period 2016-20, nor produced any records thereof to audit with a plea that the Government had not provided any grant to the Society. However, the plea of Museum authorities is not in conformity with the rules as the income of the society is mainly due to infrastructure created and staff paid from Consolidated Fund of State. Due to non-availability of details of income and expenditure and other records, Audit could not verify the authenticity of income accrued and expenditure incurred by the Society.

#### **2.5.3.1 Budget and Expenditure**

Position of budget and expenditure of test-checked Museums during 2016-20 is given in **Table-2.5.1:**

**Table-2.5.1: Details of budget and expenditure of test-checked Museums during 2016-20**

(₹ in crore)

Year	HP State Museum, Shimla		Bhuri Singh Museum, Chamba		Museum of Kangra Art, Dharamshala	
	Budget	Expenditure	Budget	Expenditure	Budget	Expenditure
2016-17	1.49	1.13	0.74	0.49	0.59	0.39
2017-18	1.44	1.23	0.59	0.53	0.56	0.52
2018-19	1.79	1.43	0.77	0.57	0.63	0.48
2019-20	1.86	1.53	0.66	0.60	0.58	0.52
<b>Total</b>	<b>6.58</b>	<b>5.32</b>	<b>2.76</b>	<b>2.19</b>	<b>2.36</b>	<b>1.91</b>

Source: Information supplied by Department.

Against budget of ₹ 11.70 crore for 2016-20, there was saving of ₹ 2.28 crore (Shimla: ₹ 1.26 crore; Chamba: ₹ 0.57 crore and Dharamshala: ₹ 0.45 crore) which included

saving of ₹ 1.93 crore (85 per cent) under salaries head. The saving under salaries head was mainly due to vacant posts in the museums. This was one of the factors which led to deficiencies in various aspects of management of museums as discussed in subsequent paragraphs.

Further, as per Standard Object of Expenditure (SOE)-wise details of expenditure in respect of the three Museums for the period 2016-20 (**Appendix-2.9**), out of total expenditure of ₹ 9.42 crore of the Museums, ₹ 8.25 crore (88 per cent) was incurred on salaries and other administrative expenses<sup>68</sup>, ₹ 1.14 crore<sup>69</sup> (12 per cent) on other charges and ₹ 0.03 crore on material and supply.

The Additional Chief Secretary (LAC) stated (September 2021) that savings were under salary head due to vacant posts which could not be utilised in other SOE as re-appropriation was not allowed against the salary head.

#### **2.5.4 Acquisition, documentation and display of antiquities/ artefacts and objects**

Acquisition means acquiring the title of objects to Museums. The Museums acquire art objects mainly by way of purchases, gifts, exploration, etc. Museum documentation is concerned with the development and use of information about the objects within a museum collection. This information should be recorded in written or digital form in a museum documentation system and should be accessible to staff, researchers and the public.

##### **2.5.4.1 Acquisition of Art Objects by Museums**

The State Museum, Shimla acquires the objects for all the museums in the State. For purchase of various antiquities, murals, sculptures and other such items for all museums in the State, there is an Art Purchase Committee with Secretary of the Department of Language, Art and Culture as Chairperson, 13 Members and Curator of State Museum as Member Secretary.

Audit noticed that:

- There are several international standards available for managing antiquities in a museum issued by International Council of Museums (ICOM) and UNESCO. However, it was noted that no benchmarks or standards have been prescribed for acquisition of artefacts. The Museums had not evolved a policy and plan for acquisition and valuation of artefacts.

The Department had not devised any policy/ plan and benchmarks/ standards for acquisition and valuation of artefacts/ objects for the Museums. The purchase of artefacts/ objects for the museums, as stated (August 2021) by the Department, is carried out by Art Purchase Committee (APC) headed by Administrative Secretary (Language, Art and Culture). The Curator of State Museum, Shimla, submits proposal to the

<sup>68</sup> Wages: ₹ 0.34 crore; Travel Expenses: ₹ 0.02 crore; Office Expenses: ₹ 0.43 crore; Medical Reimbursement: ₹ 0.08 crore; and Motor Vehicles: ₹ 0.02 crore.

<sup>69</sup> Shimla: ₹ 1.08 crore; Chamba: ₹ 0.02 crore; and Dharamshala: ₹ 0.04 crore.

Department/ Administrative Secretary. The State Museum uploads advertisement on its website, for publication to electronic and print media and sends notification to all dealers. On a designated day, all Art dealers present their art objects before the committee and quote their price. After discussion on various aspects of the objects like, genuine title, size, price offered, etc., the APC finalises the objects for acquisition. After acquisition of the objects by the museums, the acquired objects are entered in accession register depicting source, price, title of objects, etc.

Audit observed that the Curator, State Museum had not furnished details of artefacts/ objects required to be procured while sending proposal to the Administrative Secretary (Language, Art and Culture). The Curator had not provided any details/ list of objects to be purchased in the call letters to Art dealers. Thus, it can be seen that the purchase process is only vendor driven and the Department purchases the artefacts/ objects as showcased/ offered by the vendors.

The Museum Authority had not made any advertisement in print/ electronic media, as no records thereof was made available to Audit. The Art Purchase Committee had not given any justification for items selected for purchase and fixing of price thereof. The Financial Rules of procurement including transparency and fairness were not observed which indicated that acquisition of the artefacts/ objects was being carried out in arbitrary/ adhoc manner.

- During 2016-20, the State Museum, Shimla had acquired 1,562 objects by way of purchase (1,505) and excavation (57) as per details given in **Table-2.5.2**:

**Table-2.5.2: Details of objects acquired and distributed by State Museum, Shimla (2016-20)**

(Object in numbers and cost ₹ in lakh)

Year	Antiquities/ artefacts/ objects acquired				Antiquities/ artefacts/ objects distributed		
	Purchase	Cost	Excavation	Value	State Museum, Shimla	Bhuri Singh Museum, Chamba	Museum of Kangra Art, Dharamshala
2016-17	Nil	Nil	10	Nil	10	Nil	Nil
2017-18	392	4.24	12	Nil	404	Nil	Nil
2018-19	351	3.86	25	Nil	370	Nil	06
2019-20	762	17.44	10	Nil	710	Nil	62
<b>Total</b>	<b>1,505</b>	<b>25.54</b>	<b>57</b>	<b>Nil</b>	<b>1,494</b>	<b>Nil</b>	<b>68</b>

Source: Information supplied by Department.

It can be seen from the above table that:

- Antiquities/ artefacts had not been acquired by the Museums by purchase or gift during 2016-17. Ten numbers of antiquities were acquired through excavation during 2016-17.
- The State Museum had not carried out valuation of the objects acquired through excavation during 2016-20.

- Out of 1,505 number of objects acquired by the State Museum through purchase during 2017-20, 68 (five *per cent*) were distributed to the Museum of Kangra Art, Dharamshala whereas nothing was provided to Bhuri Singh Museum, Chamba. All the remaining objects were allocated to State Museum, Shimla.

The Curator, State Museum, Shimla stated (February 2021) that the antiquities and art objects were acquired by means of purchase, exploration and gifts under Antiquities and Art Treasures Act, 1972 and valuation of objects was being done by expert members of the related field. The fact, however, remains that the Department had not devised any policy/ plan and benchmarks/ standards for acquisition and valuation of artefacts/ objects for the Museums, and no documentary evidence had been provided in support of the claim that valuation was being done by experts.

#### 2.5.4.2 Maintenance of Accession Registers of Museum Collections

All antiquities in Museums should be properly accounted for as soon as received. Proper and regular maintenance of the Accession Register is essential for the safety and security of the Museum objects. As per GoI Guidelines for Museum Security (August 2005), columns of Accession Register should be completed methodically with specific descriptions of objects, especially coins and photographs appropriately affixed.

Audit noticed that out of 719 entries of Accession Registers of Museums at Chamba (135), Dharamshala (80) and Shimla (504) test-checked, the descriptions of objects (date or period, locality, remarks and references and location- room/ case/ shelf) were not reflected appropriately in the Registers as shown in **Table-2.5.3**.

**Table-2.5.3: Details of description of objects not mentioned in the Accession Registers of test-checked Museums**

(Objects entries in numbers)				
Sl. No.	Description of details not mentioned	Bhuri Singh Museum, Chamba	Museum of Kangra Art, Dharamshala	State Museum, Shimla
1.	Date of acquisition	102	58	208
2.	Date/ period	94	47	348
3.	Locality/ origin	123	40	233
4.	Location in museum (shelf/ case/ room)	135	80	504
5.	Photographs (affixed)	135	80	504
6.	Remarks or references	91	25	39

Source: Information supplied by Department.

From the above table it can be seen that the Accession Registers of the Museums were not maintained methodically, which points towards inadequacies in the documentation of the collections in the Museums.

The Curators concerned stated (July 2019) that Museum antiquities were being maintained as per Museum norms and only the available details were entered in the register. The reply is not acceptable as the Accession Registers were not filled in completely as per GoI instructions (August 2005) *ibid* and the Museum authorities did not provide/ produce norms which they were following. Further, lack of details like

location, photograph, date, about the objects, indicated that the same had been acquired without ensuring authenticity of the collection.

### 2.5.4.3 Digital documentation of antiquities/ museum collections

Digitized documentation aims at having an online database of museum collections readily available on its website for online viewing by general public. As per State Government decision (April 2008) all the artefacts available in the Museum would be catalogued and computerised in time bound manner. Further, the ASI Museum Guidelines (2013) stipulate that every Museum should produce digitized documentation of museum collections for preservation, conservation, interpretation, design, publication and outreach programmes.

Details regarding digitization of collections of the test-checked Museums are given in **Table-2.5.4:**

**Table-2.5.4: Digitization of collections of Museums**

(in number)

Sl. No.	Museum	Total Collections	Collection digitized (Percentage of Total)	Shortfall
1.	Bhuri Singh Museum, Chamba	5,097	997 (20)	4,100
2.	Museum of Kangra Art, Dharamshala	5,054	0	5,054
3.	State Museum, Shimla	11,604	7,666 (66)	3,938
<b>Total</b>		<b>21,755</b>	<b>8,663 (40)</b>	<b>13,092</b>

Source: Information supplied by Department.

Note: Figures in parenthesis indicate percentage.

The Curator, Museum of Kangra Art, Dharamshala did not furnish reasons for non-digitization of the documented collections. The Curators, Bhuri Singh Museum, Chamba and State Museum, Shimla stated (July 2019) that the digitization work could not be completed due to lack of infrastructure and non-availability of manpower. The Additional Chief Secretary (LAC) stated (September 2021) that the digital documentation of museum collections could not be completed to shortage of technical staff and non-creation of new posts in the museums.

### 2.5.4.4 Absence of audio-visual and interactive technology of display

As per State Government decision (April 2008), all the Museums were to be provided with facilities for Audio Video Presentation and Touch Screen. Further, the ASI Guidelines (2013) stipulate the use of multi-media display and interactive technologies to communicate the museum's vision and narrative to all visitors.

Audit noticed (July, 2019) that:

- Multi-media display and interactive technologies to communicate the museum's vision and narrative to all visitors were not in use in any of the Museums as of March 2021.
- Necessary Audio Video Presentation and Touch Screen facilities in the shape of three Touch Screen kiosks were provided (2010) to each of the Museums at

Chamba, Kangra and Shimla at a cost of ₹ 2.83 lakh<sup>70</sup>. However, the systems were not in-operation since 2010 for want of software. The Department had not taken any steps for the same in the last 10 years. This was also noticed during joint physical inspections conducted (February- March 2021) by audit as indicated in the following photographs.



Non-functional Touch Screen  
KIOSK at State Museum,  
Shimla (02 March 2021)

Non-functional Touch Screen  
KIOSK at Bhuri Singh  
Museum, Chamba  
(23 February 2021)

Non-functional Touch Screen  
KIOSK at Museum of Kangra  
Art, Dharamshala  
(26 February 2021)

Thus, the Department failed to provide multi-media display and interactive technologies at the Museums.

The Curator, Himachal State Museum stated (July 2019) that only kiosk and no software was provided. Funds had been demanded from Government to purchase software (2018). Bar-coding work was under progress to provide the information.

The reply of the Department was not acceptable as the Museums did not initiate for utilization of the kiosk up to 2018 which has resulted in non-implementation of multimedia display and interactive technologies at the museums.

#### 2.5.4.5 Display of objects in museums

In joint physical inspection conducted (July 2019 and February 2021) by Audit with the representatives of the museums, following deficiencies were observed:

##### (i) Description of objects on display

The display of objects was not according to specific themes in Bhuri Singh Museum, Chamba and Museum of Kangra Art, Dharamshala. Detailed description was not inscribed/ listed on some of the objects for the information of visitors as shown in the following photographs:

<sup>70</sup> Bhuri Singh Museum, Chamba: ₹ 1.01 lakh; Museum of Kangra Art Dharamshala: ₹ 1.01 lakh and Himachal State Museum, Shimla: ₹ 0.81 lakh.



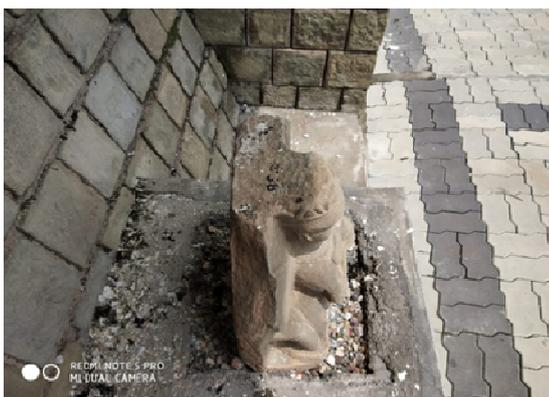
No description listed on some objects in Bhuri Singh Museum, Chamba (23 February 2021)



No description listed on some objects in Museum of Kangra Art, Dharamshala (26 February 2021)

**(ii) Stone sculptures in open near the main gate of museum**

In Museum of Kangra Art, Dharamshala, stone sculptures entered in the Accession Register as objects of museum collections (antiquities) were displayed in open on sides of pavement near the main gate of the Museum (**Photograph**). This exposed these objects to theft and damage by outsiders/ miscreants. Further, these collections were prone to deterioration as a result of rain/ sunlight/ weather conditions prevailing in the area.



Antique Sculptures placed in open at Museum of Kangra Art, Dharamshala (26 February 2021)

Thus, the Museum authorities had not ensured preservation/ protection of objects in a secure manner.

The Curator, Museum of Kangra Art stated (July 2019) that the stone sculptures were installed along the side of approach road to attract public and the protection would be provided to them. However, the reply does not explain how these objects kept in the open would be protected from various risks.

The Additional Chief Secretary (LAC) stated (September 2021) that as per museum norms description has been provided in digital and virtual format in every museum and shortcomings in regional museums would be addressed soon. However, the Department had not provided any norms to Audit.

#### **2.5.4.6 Non-Accessibility of Museum Galleries for differently-abled persons**

With a view to ensure easy access to the Museums, within galleries and visitor facilities, the ASI Museum Guidelines (2013) stipulate for making provisions for the differently-abled.

Audit noticed that none of the Museums had made any provision for easy access of the differently-abled persons to the Galleries on first and second floors of the Museums. There was no provision of lifts, and the description of artefacts in display was not in Braille for visually impaired persons. Further, Museums had no provision of wheel chairs for physically challenged visitors. The Museum authorities had not taken any steps in the matter as of March 2021.

The Curators of the Museums stated (July 2019) that efforts would be made to make necessary modifications so as to ensure easy access for all. The Additional Chief Secretary (LAC) stated (September 2021) that the matter had been raised with Himachal Pradesh Public Works Department to explore the possibility of providing access to the differently-abled persons in the museums.

#### **2.5.5 Conservation of objects in Museums**

##### **2.5.5.1 Regular Upkeep of Objects in Display and Storage**

The ASI Guidelines (2013) on Museums stipulate best practices to conserve the site and museum collection and those in store to ensure long-term preservation and protection. The Museums were to create a Collection Care Plan including preventive measures, conservation and constant monitoring to assess the impact of climatic conditions, light, microbial growth, etc., on objects particularly if they are fragile and vulnerable, both on display and in the reserve collections. Museums should prepare and provide standard Manuals and training to ensure regular and appropriate cleaning of the collection in display and stores. The following deficiencies were noticed in audit:

##### **(i) Non-preparation of collection care plan for conservation**

None of the Museums had prepared any Collection Care Plan for conservation of objects in the absence of which there was no identification of fragile objects, assessment of deterioration, etc.

##### **(ii) Humidity and temperature control**

Equipment and instruments for controlling Relative Humidity (RH) in showcases were not available in all three Museums.

##### **(iii) Non-installation of light emitting diode**

In Bhuri Singh Museum, Chamba, no light emitting diode (LED) was installed in the Museum as well as showcases, as the existing tube lights having high luminous intensity (LUX) which would damage colour of sensitive miniature paintings.

**(iv) Cleaning of objects**

In Bhuri Singh Museum, Chamba, the only one vacuum cleaner (purchased in October, 1988) available with the Museum was non-functional since July 2019.

The Curator, HP State Museum, Shimla (July 2019) stated that Museum Conservation team works regularly on Museum objects. The matter of shortage of staff had been taken up with Government. The Additional Chief Secretary (LAC) stated (September 2021) that due to shortage of staff the process of conservation is proportionately slow. Museums in Himachal Pradesh are under the process of renovation and extension and installation of LED light in Bhuri Singh Museum, Chamba was in progress.

The fact, however, remains that the Museums had neither prepared Collection Care Plan for conservation of objects collected/ discovered nor arranged/ managed the objects properly in display as well as storage which would result in their deterioration/ defacing with passage of time. Further, the Department had not furnished reasons for non-preparation of Collection Care Plan.

**2.5.5.2 Strengthening of conservation laboratory**

The ASI Guidelines on Museum (2013) provide for creation of well-equipped science laboratories for analysis and *in-situ* conservation of objects and to ensure training in the latest techniques of conservation for Museum personnel.

Details of major equipment required and actually available for conservation of objects in laboratories of test-checked Museums are given in **Table-2.5.5**.

**Table-2.5.5: Details of non-availability of equipment**

Sl. No.	Conservation Equipment	Conservation work for which required	Detail of Availability		
			State Museum, Shimla	Bhuri Singh Museum, Chamba	Museum of Kangra Art, Dharamshala
1.	Desalinisation Plant	Desalinisation of Stone Artefacts	Not available	Not available	Not available
2.	Ultrasonic/Laser Cleaner	Cleaning of outer sedimentation on stone/Metal Artefacts	Not available	Not available	Not available
3.	Organic Colours	For Conservation of Paintings	Not available	Not available	Not available
4.	High Resolution Microscope		Not available	Not available	Not available
5.	Wood Fillers	Used .for filling of wooden artefacts	Not available	Not available	Not available
6.	Conservation Table	Manuscripts restoration/treatment	Not available	Not available	Not available
7.	Oil for leather sheets	Conservation of leather works	Not available	Not available	Not available
8.	De-acidification Chamber	De-acidification of Manuscripts	Available	Not available	Not available
9.	UV/IR Lamp	Preservation of Manuscripts	Available	Not available	Not available
10.	Stain Removal/ Cleaning Agents	Wooden Artefacts	Available	Not available	Not available

Source: Information supplied by Department.

Audit observed that the conservation laboratories of all the Museums did not have important equipment. Absence of these equipment may have an adverse impact on conservation of artefacts in the Museums. Further, none of the Museums had skilled/trained staff for running the conservation laboratories. No post of Chemist and Conservator was existing in any of the Museums. The Department had also not planned and arranged training for conservation to the existing staff adequately as indicated in paragraph 2.5.7.2.

The Curator, State Museum, Shimla stated (July 2019) that conservation equipment were costly and required skilled manpower for operation. The Curators of Museums at Chamba and Kangra did not furnish reasons for non-establishment/ strengthening of well-equipped laboratories for conservations. The Additional Chief Secretary (LAC) stated (September 2021) that the Department was taking initiative to establish a central well-equipped laboratory at the State Museum, Shimla for curative conservation of artefacts of all the museums instead of providing equipment to museums where the conservation staff was not available.

## 2.5.6 Security and Fire Management in Museums

Safety and security of art objects was one of the important functions of the museums.

### 2.5.6.1 Deficiencies in security management

As per guidelines of GoI scheme ‘Promotion and Strengthening of Regional and Local Museums’ every Museum should have its own Security Plan in terms of the various requirements<sup>71</sup> to meet various eventualities of loss/ damage/ theft of antiquities/ art objects.

Status of different security parameters in test-checked museums are given in **Table-2.5.6**.

**Table-2.5.6: Details of the deficiencies in security parameters**

Sl. No.	Security Parameters	State Museum, Shimla	Bhuri Singh Museum, Chamba	Museum of Kangra Art, Dharamshala
1.	Contingency plan against fire/smoke, robbery, power failure, spotting suspicious activity on closed circuit television (CCTV), etc.	Not prepared	Not prepared	Not prepared
2.	Infrared Alarm System against Burglary	Not installed	Not installed	Not installed
3.	Intercom Networking	Installed only in Army Gallery of the Museum	Non-existent	Non-existent
4.	Security Drill	Records not maintained	Records not maintained	Records not maintained

<sup>71</sup> Four-Layer coverage for external and internal security, effective access control system, security technology, visitor flow check for security, intelligence networking, spatial planning for security, etc.

Sl. No.	Security Parameters	State Museum, Shimla	Bhuri Singh Museum, Chamba	Museum of Kangra Art, Dharamshala
5.	Door Framed Metal Detector (DFMD)/ Hand Held Metal Detector (HHMD)/ X-ray scanner.	Non-existent	Door Frame Metal Detectors available	Non-existent
6.	CCTV Surveillance System	CCTV not installed in Strong Room	CCTV Monitoring System non-functional	CCTV monitors not installed
7.	Power Back-up System	Yes	Yes	No
8.	Electronic locks in Showcases and Storage	No	No	No

Source: Information supplied by Department.

Thus, security concerns of the museums had not been addressed adequately. Non-compliance with different security parameters in the museums rendered them vulnerable to theft/ damage/ loss of antiquities/ art objects. None of the Museums authorities furnished reasons for the deficiencies.

The Additional Chief Secretary (LAC) stated (September 2021) that the Department had started strengthening of security management in museums under its control.

#### 2.5.6.2 Deficiencies in fire management

As per GoI guidelines of 'Promotion and Strengthening of Regional and Local Museums', all museums must have a complete Fire Alarm System with Fire Signage (Auto Glow) and Fire Proof Wiring (Silicon). There should be necessary provision of firefighting<sup>72</sup> and regular fire drill once in every month. The Department should form Standing Committee for regular inspection of firefighting and electrical systems.

Audit noticed that fire management parameters were deficient in the test-checked museums as detailed in **Table-2.5.7**.

**Table-2.5.7: Details of deficiencies in Fire Management Parameters**

Sl. No.	Fire safety-preventive and firefighting measures	State Museum, Shimla	Bhuri Singh Museum, Chamba	Museum of Kangra Art, Dharamshala
1.	Fire Alarm System with Fire Signage (Auto Glow) and Fire Proof Wiring (Silicon)	Available	Not installed	Not installed
2.	Fire control room to be manned for 24 hours	Not available	Not available	Not available
3.	Fire extinguishers for firefighting	Available	Available	Available
4.	Fire hydrants	Not available	Not available	Not available
5.	Regular fire drills	Not conducted	Not conducted	Not conducted
	Register of regular fire drill	Not maintained	Not maintained	Not maintained

<sup>72</sup> Fire extinguishers, fire hydrants and firefighting equipment, fire control room to be manned for 24 hours.

6.	Departmental Standing Committee for inspection of firefighting and electric systems	Officials designated as fire officer	Officials designated as fire officer	Officials not designated as fire officer
7.	Time scheduled for inspection of firefighting and electric systems by fire officers	Not prescribed	Not prescribed	Not prescribed
8.	Inspection of firefighting and electric systems by fire officers once in every month	Records not maintained	Records not maintained	Records not maintained

Source: Information supplied by Department.

The Curator, State Museum, Shimla stated (March 2021) that fire control was being managed by switching off the electricity of the Museum after office hours. The Curators of the other two Museums did not furnish reasons for the deficiencies.

The reply of the department was not acceptable as electric short circuit may not be the lone cause of fire accident. Fire may break out due to other reasons and for its emergency response Fire Control Room is mandatory as per the guidelines.

### 2.5.6.3 Non-compliance of National Disaster Management Guidelines on Museums

As per National Disaster Management Guidelines for Museums (May 2017), for museum safety and collections management, the Department/ Museum authorities were required to prioritise/ undertake certain actions<sup>73</sup> immediately.

Audit noticed that the Department/ Museum authority had not prioritised and undertaken the actions as per the *ibid* guidelines as of March 2021. The Museums had neither developed Disaster Risk Management Plan (natural and man-made) nor made appropriate provisions for the same. The Museums had also not got the staff trained in Disaster Management Response and there was no Emergency Plan/ Evacuation Plan in case of natural disaster.

The Curators of the Museums stated (March 2021) that Disaster Management System was being developed by the State Disaster Management Authority. The reply should be seen in the light of the fact that as per National Disaster Management Guidelines for Museums, the action in this matter was required to be taken by the Department/ Museums.

## 2.5.7 Manpower Management and capacity building in Museums

### 2.5.7.1 Vacancies in Museums

Audit noticed that there was shortage of technical staff dealing with Museum related activities as per details given in **Table-2.5.8**.

<sup>73</sup> Ensure database of trained professionals who can be mobilised during an emergency; devise coordinated strategies for museums and streamline museums within State Disaster Management Plan; develop disaster risk management plans and link it to larger disaster risk frame works operating at district/ state; digitisation, prioritisation and streamlining collections into common databases; maintain roster of training activities and drills (capacity building) at institutional level and audits and maintenance activities at regular intervals.

**Table-2.5.8: Details of vacancy position of staff of test-checked Museums**

Sl. No. Name of post	Sanctioned strength	Person-in-position	Vacancy	Period of vacancy
<b>1. Himachal State Museum, Shimla</b>				
Curator-I	1	1	Nil	-
Preservation Officer	1	1	Nil	-
Preservation Assistant	1	1	Nil	-
Junior Technical Assistant	2	2	Nil	-
Gallery attendant	15	7	8	Since 2007
<b>2. Bhuri Singh Museum, Chamba</b>				
Curator-II	1	Nil	1	Since 2017
Preservation Assistant	1	Nil	1	Since 2003
Instructor	1	Nil	1	Since 2017
Technical assistant	1	Nil	1	Since 2015
Junior Technical Assistant	1	1	Nil	-
Gallery Attendant	9	3	6	Since 2006
<b>3. Museum of Kangra Art, Dharamshala</b>				
Curator-II	1	1	Nil	-
Preservation Assistant	1	1	Nil	-
Technical Assistant	1	Nil	1	Since 2002
Junior Technical Assistant	1	1	Nil	-
Gallery Attendant	2	2	Nil	-

Source: Information supplied by Department.

The shortage of key functionaries in the Museums, particularly in Bhuri Singh Museum, Chamba had adversely affected the management of Museums as indicated in the preceding paragraphs.

The Curators of the Museums stated that the matter of filling of posts was taken up with Directorate. The Additional Chief Secretary, Language, Art and Culture (LAC) stated (September 2021) that the Department had filled some vacant posts in the last few years and proposal for filling up of vacant essential and security post would be submitted to the Government soon.

#### **2.5.7.2 Training of Technical and preservation Staff**

As per State Government instructions (April 2008), the Department was required to impart training to the Museum staff through reputed institutions.

Audit noticed (February 2021) that these Museums had neither prepared plan for training of Museum staff at National Research Laboratory for Conservation (NRLC), Lucknow, nor had they provided training to conservation staff, curators, librarian and gallery

attendants during 2008-20 except four short-term training courses<sup>74</sup>. The staff was not provided any long-term training.

The Curators attributed the non-providing of training to shortage of staff. The reply is not acceptable as with change of time and conservation techniques, the staff has to be oriented towards modern technology.

### 2.5.8 Conclusion

Audit observed significant shortcomings in the functioning of the museums. The Department had neither framed policy/ guidelines for acquisition, documentation and conservation of antiquities/ artefacts/ objects nor prepared annual action plan indicating activity-wise periodical targets for management of museums. There was no mechanism to assess the genuineness of artefacts. Systematic maintenance of the Accession Register was largely absent in the museums. Due to poor documentation of the acquired artefacts and non-completion of digital technology for documentation, the artefacts were vulnerable to damage/ loss. The Museums had not made provision for easy access of the differently-abled persons to the Galleries. The conservation laboratories were not well equipped as these lacked major conservation equipment and skilled staff required for conservation. The security system at the museums was deficient and lacked effective surveillance/ track of visitors. Shortages of manpower (key functionaries) in the Museums would adversely affect the management of Museums.

Deficiencies in every aspect of management of museums including planning, acquisition, documentation and display of antiquities/ objects, conservation of objects, security and fire management, manpower management, etc. reflected lackadaisical approach of the Department in management of museums.

### 2.5.9 Recommendations

*The Government may consider:*

- *Devising a comprehensive policy / guideline and preparing of action plan for management of activities of the museums and fixing benchmarks/ standards for acquisition, conservation or documentation of the art objects.*
- *Developing appropriate mechanisms to identify art objects requiring restoration/ conservation and preparation of plan for their restoration.*
- *Expediting digitized documentation of all antiquities/ artefacts and maintenance of centralized digitized database of all the museums in the State.*
- *Adopting appropriate security measures to provide protection to antiquities/ artefacts/ objects in the museums against theft, damage and losses.*

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<sup>74</sup> Two conservation of wall painting training courses, at Regional Conservation Laboratory, Mysore (State Museum, Shimla: one Preservation Assistant in 2008; Museum of Kangra Art, Dharamshala: one Preservation Assistant in 2008); General Conservation of art objects training course at NRLC, Lucknow in 2010 and Advance Training on Curative Conservation of Manuscript at National Mission for Manuscript, Indira Gandhi National Centre for the Arts (IGNCA), New Delhi in 2017.



**Chapter-III**  
**Social, General and Economic Sectors**  
**(Public Sector Undertakings)**



**CHAPTER-III**  
**SOCIAL, GENERAL AND ECONOMIC SECTORS**  
**(PUBLIC SECTOR UNDERTAKINGS)**

**Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC)**

**3.1 Unfruitful expenditure on Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited - Process Automation Project, ₹ 7.82 crore**

**Himachal Pradesh Horticultural Produce Marketing and Processing Corporation Limited (HPMC) expended ₹ 7.82 crore on Process Automation Project (Project) without utilizing it. Additional liability of ₹ 2.74 crore is still pending.**

Government of India<sup>75</sup> approved (March 2015) an Automation Project to improve internal business process of HPMC offices through a centralized application. The duration of the Project was three years (June 2015 to June 2018) with a total outlay of ₹ 8.83 crore as Grant-in-Aid<sup>76</sup>. The objective was to integrate all regional offices (14), fruit processing units (3), cold storages (2) and head office to bring the whole process online to increase operational efficiency and facilitate availability of critical information on real time basis. Better Human Resource (HR) management; reduction in supply and manufacturing bottlenecks; reduction in transportation, warehousing and distribution costs and better customer management were the envisaged benefits.

There was no separate Project Management Unit (PMU) in place. HPMC itself was acting as the PMU. It was responsible for activities like coordinating between the stakeholders, ensuring the infrastructure created as per specifications, monitoring the timelines and Service Level Agreements (SLAs), conducting User Acceptance Tests (UATs) of the applications, creating internal capacity and meeting any other administrative requirements.

Apart from HPMC, there were both private and public agencies engaged in implementing the project. Their roles were as follows:

- The Department of Information Technology (DIT), Government of Himachal Pradesh was to provide technical assistance to HPMC for the preparation of DPR and drafting of tenders.
- HPMC appointed Price water house Coopers Private Limited (PwC) as System Integrator (SI) for the implementation of the automation project. They would customise SAP as per the HPMC requirement. Besides, the work of SI mainly

<sup>75</sup> Department of Electronics and Information and Technology (DeitY) under the Ministry of Communications and Information Technology, New Delhi.

<sup>76</sup> Central Share: ₹ 7.90 crore (first instalment of ₹ 3.94 crore released in March 2015) and State Share: ₹ 0.93 crore.

comprised project planning, design, system development and data digitization/migration.

- In order to acquire the license of Enterprise Resource Planning (ERP), HPMC entered into agreement with SAP India Private Limited for which it was required to pay SAP Enterprise support fees for the renewal of software license.
- The company appointed Wipro Limited to provide consultancy services for the execution of the Project.

Scrutiny of records (September 2019) revealed that during the course of implementation, the following discrepancies were observed:

- i. While assessing software developed by PwC for acceptance on 16<sup>th</sup> November 2017, the Department of Information Technology (DIT), had observed that the developed application was not web based, the graphical user interface was very complicated and modules were not designed as per HPMC requirements. DIT recommended to HPMC that every process needs to be discussed with the people actually dealing with particular domain.
- ii. The project was made live in February 2018. The system was not much used by the field offices. For instance, even nine months after go-live, only three entries were made in the apple collection center at Jakri under Gumma Branch. No concrete action was taken by HPMC to assess why the system was not being used.

Despite the above, MD, HPMC without conducting proper user acceptance testing certified (January 2019) that PwC had successfully completed the project.

HPMC made payment of ₹ 7.82 crore to various agencies for implementation of the project as depicted in **Appendix-3.1**. However, no module has been used since February 2019. Further, the project is now non-functional as SAP enterprise which provides license for ERP had also terminated its services (December 2019) due to non-payment of its license fee.

The GoI asked HPMC in a meeting held (13 August 2019) at Delhi to submit the project closure report, consolidated final utilization certificate and a short video film regarding the functioning of HPMC and its benefits accruing to farmers and end users as proof of the successful implementation of the project to release the second instalment of the Grants-in-Aid. There is no record of any such report being prepared or submitted. The MD, HPMC, informed Director (Ministry of Electronics and Information and Technology) on 15 January 2020 that “The Process Automation Project at HPMC is at its final stages”. GoI released the second instalment (₹ 3.91 crore) in June 2020.

The State Government in its reply (September 2021) attributed the failure to lack of IT trained staff and non-availability of services of consultants. The reply is not tenable as the issues of manpower should have been accounted for at the project planning stage. Further, the consultants were available for the project implementation as well as during

the maintenance period but the company could not operationalize the project during the entire period.

The HPMC has incurred a total expenditure of ₹ 11.57 crore against the grants-in-aid of ₹ 8.83 crore and, thus, created an additional liability of ₹ 2.74 crore without gaining any benefit from the project.

**Recommendation:** *The Government may consider taking concrete steps to revive the project, ensure better coordination between agencies and availability of trained personnel to attain the intended objectives.*

### Himachal Pradesh Power Transmission Corporation Limited (HPPTCL)

#### 3.2 Contract Management in Himachal Pradesh Power Transmission Corporation Limited

**The Company executed 41 projects during the period 2017-18 to 2019-20. There was delay in award and subsequent completion of works. Instances of unjustified price variation, inadmissible payment and non-enforcement of financial safeguards including non-levy of liquidated damages were observed.**

##### 3.2.1 Introduction

Himachal Pradesh Power Transmission Corporation Ltd. (Company) was formed (August 2008) to strengthen the Transmission Network in the State and to facilitate evacuation of power from upcoming power generation plants. It was conferred the status of State Transmission Utility in the year 2010. It has been entrusted with execution of all new works relating to transmission lines and sub-stations of 66 KV and above. Organization structure of the Company relating to contracts is given in **Appendix-3.2.**

Audit was conducted between October 2020 and December 2020 to examine the planning, award and execution of contracts in three years, from April 2017 to March 2020. Out of 41 projects executed during 2017-20, 14 projects were selected by using Probability Proportional to Size without replacement method as detailed in **Appendix-3.3.**

**Table-3.2.1: Status of Projects**

Period/Year	Awarded	Award Value (₹ in crore)	In-progress	Completed
	A	B	C (of A)	D (of A)
Up to 2017-18	26	1,728.46	11	15
2018-19	08	449.65	08	0
2019-20	07	315.78	07	0

The audit objective was to assess whether:

- due tendering procedure was followed for awarding the works;
- works were executed as per the terms of the contract; and

- deviations and extension of time were justified and approved by competent authority.

### **Audit findings**

Of the 14 projects selected for test check, issues like delay in award of work, contradictory provisions in supply agreement, inadmissible payment, avoidable payment of tax, irregular grant of time extension and short deposit of performance guarantee were observed. These issues are discussed in detail in the succeeding paragraphs:

#### **3.2.2 Delay in Award**

In six projects, works were awarded between 15 and 40 months after approval of DPRs. These works were completed with a delay ranging between 28 and 66 months as detailed in **Table-3.2.2**:

**Table-3.2.2: Delay in award and completion of projects**

Sl. No.	Name of work	Date of approval of DPR	Date of award	Scheduled date of commissioning as per award	Actual date of commissioning	Delay in award (Months)	Delay in completion (Months)
1.	33/132 kV, Sub-Station at Chambhi	05.06.2012	01.10.2015	April 2017	20.08.2019	40	28
2.	220 KV line from Lahal to Budhil HEP	05.06.2012	11.03.2015	March 2016	29.06.2020	33	51
3.	33/220/400 kV Lahal Sub-Station	24.06.2013	20.09.2014	September 2017	30.06.2020	15	34
4.	220/400 kV, Sub-Station at Pragati Nagar	06.04.2011	25.10.2013	April 2015	02.11.2020	30	66
5.	66 kV Switching Station at Urni	05.06.2012	07.06.2014	September 2015	30.09.2020	24	61
6.	66/220/400kV sub-station at Wangtoo with LILO of both circuits of 400 kV Karcham-Kala Amb Transmission Line	14.03.2012	24.07.2013	May 2015	29.09.2021	16	52

#### **3.2.3 Deficient Contract agreement**

Audit observed in one project, irregularities in the contract allowed for unjustified payment for price variation. For construction of Lahal sub-station<sup>77</sup>, a supply-cum-service contract was awarded to a contractor in September 2014. The supply contract was for ₹ 185.55 crore and 1,11,900 USD. The service contract was for ₹ 46.90 crore. The unjustified price variation was given in the following instances:

<sup>77</sup> 33/220/400 KV GIS Sub-station.

**(i) Contradictory provisions within supply contract**

As per Instructions to Bidders (ITB)<sup>78</sup>, no price variation was admissible, except for Low Tension (LT)/Power transformers, Civil works and associated Erection component for transmission project<sup>79</sup>. Terms of the contract also did not provide for price variation on bought-out items<sup>80</sup>.

These two provisions are contradictory because in this contract, power transformer was a bought-out item. Audit observed that the Contractor claimed (05 February 2019) price variation (PV) in respect of supply of power transformers, for which the Company paid (May 2019) ₹ 6.33 crore. Since the power transformer<sup>81</sup> was a bought-out item, payment of PV of ₹ 6.33 crore was not admissible as per terms of contract agreement. The Company should have resolved the inconsistencies before making the payment of ₹ 6.33 crore to the contractor.

**(ii) Insertion of price variation clause in service contract**

According to ITB for service contract, price variation was not admissible in service contracts and the bids were placed and accepted accordingly. In the service contract for construction of Lahal sub-station, the price variation clause was inserted in the agreement after award of work and the contractor was made eligible for price variation. This resulted in unjustified payment of price variation amounting to ₹ 5.92 crore.

Thus, Company extended undue favour by releasing payment of price variation of ₹ 12.25 crore (₹ 5.92 crore + ₹ 6.33 crore) in contravention to the terms and conditions of bid/contract.

The Management stated (January 2021) that as per tender document/pre bid clarification price variation is exclusively applicable for major equipment i.e., LT transformers, power transformers and civil works. The reply was silent about power transformer being a bought-out item, on which no price variation was admissible.

### 3.2.4 Implementation of contracts

#### 3.2.4.1 Violation of terms of Agreement

Instances of non-compliance with conditions of the contracts were as under:

**(i) Inadmissible payment for widening of road**

In one project (sub-station at Lahal), the Company bore the financial burden of road strengthening/widening work which was clearly within the bidder's scope of work.

In a pre-bid query on the clause "Bridges and roads strengthening in the bidder's scope" for construction of Lahal sub-station, a bidder wanted to know whether road

<sup>78</sup> Clause 18.6 of section-2 (BDS) and Clause 11.2 of Section 8 (Special Conditions of Contract) of contract agreement.

<sup>79</sup> Concreting; Reinforced and other steel works; and Erection.

<sup>80</sup> Items purchased by the contractor from other manufacturers.

<sup>81</sup> (Make M/s Toshiba Transmission & Distribution system (India) Pvt. Ltd).

and bridges between Chamba and Lahal were to be strengthened by the successful bidders. The Company replied (30 January 2014) that wherever required, temporary strengthening of bridges and widening of roads would be in the bidder's scope of work. As per tender, contractor was to transport material up to destination for execution of work. The road strengthening required for this was the contractor's responsibility.

After award of contract, a joint survey was done by the Company, the contractor and HPPWD (6 August 2015) of Chamba - Bharmour road to identify potential hindrances. During the survey it was noticed that widening of road and dredging of overhanging rock was required at various locations to maintain requisite clearance for smooth movement of heavy vehicles. An estimate of ₹ 2.00 crore was prepared (September 2017) by the Superintending Engineer, HPPWD, Shahpur for this work. The Company deposited (December 2017) this amount with HPPWD.

In pre-bid clarification Company had already made it clear that widening of roads, wherever required, was in bidder's scope. Therefore, deposit of the cost of widening of road by the Company against the contractual provision led to additional financial burden of ₹ 2.00 crore.

**(ii) Approval of extra / additional items**

In two projects, the Company separately approved and made extra payments for additional items, which were deemed to be included in the scope of work of the contractor.

In the contract for construction of sub-stations at Wangtoo and Lahal, as per Clause 3.6 of Section-1 (Project), the contractors were fully responsible for providing equipment, material, system and services, specified or otherwise, required for successful construction, commissioning, operation and maintenance of the sub-stations in all respects. These would be deemed to be included in the scope of work of the contractors and would be provided at no extra cost to the Company.

Audit found that the contractors had submitted additional claims for supply and installation of Poly vinyl chloride (PVC) pipes for the weep holes, for providing and laying of filter media, and for expansion joints, Filler Boards in retaining/protection walls as additional item, for which the Company paid ₹ 0.99 crore as detailed in **Table-3.2.3:**

**Table-3.2.3: Detail of extra payment to contractor**

(Amount ₹ in crore)

Sl. No.	Name of work	Month of claim	Amount claimed	Amount paid
1.	400/220/66KV GIS, Wangtoo	October 2016	2.66	0.92
2.	33/220/400 KV, GIS, Lahal	January 2020	0.07	0.07
<b>Total</b>				<b>0.99</b>

Thus, non-compliance with the conditions of the contracts and treating the above-mentioned items as extra items, led to extra payment of ₹ 0.99 crore.

The Management stated (January 2021) that PVC pipes etc., required for completion of protection wall were not included in the BOQ, and as such were paid as an extra item. The reply was not justified as these items were essential items to be supplied free of cost as per provisions already incorporated in the contract as discussed in the para above.

**(iii) Avoidable payment of Goods and Service Tax**

In four projects, the Company made avoidable payment of GST on bought-out items, which was not required as per the contracts.

Clause 14.9 of Section-8 of the contract agreements for construction of sub-station/Transmission Line (TL) at Lahal, Chambi, Sunda-Hatkoti, Urni and Lahal-Budhil, (awarded between June 2014 and October 2015) provided that the contract price and terms of payment<sup>82</sup> would be based on the taxes, duties, levies and charges that were prevailing 28 days prior to the last date of bid submission. It further provided that if any alteration in taxes occurred in the course of the contract, an equitable adjustment in contract price would be made accordingly. However, these adjustments were restricted to direct transactions between the employer and the contractor and were not applicable on bought-out items.

After the introduction of Goods and Service Tax (1 July 2017), the Company revised the contract price of these four contracts and adjusted the price of bought out items on account of GST. This was in contravention of the provisions of the contract and led to overpayment of ₹ 24.57 crore by the Company on account of adjusting GST on bought-out items in the contract, as detailed in **Table-3.2.4**:

**Table-3.2.4: Details of avoidable payment on account of GST**

Sl. No.	Name of projects	Value of bought out items supplied in post-GST era (₹)	Amount of excess GST paid after adjusting payable CST (₹)
1.	GIS Lahal	1,33,57,16,768	22,01,78,766
2.	GIS Chambi	8,13,28,031	1,30,12,485
3.	Sunda-Hatkoti T/L	7,57,36,875	1,21,17,900
4.	Urni sub-station	24,59,240	3,93,480
<b>Total</b>			<b>24,57,02,631</b>

**3.2.4.2 Non-enforcement of financial safeguards**

**(i) Release of retention money in contravention to the provisions of contract**

In one project (Lahal sub-station), the Company released retention money to the contractor prematurely, instead of retaining it till the successful completion of the contract, which led to loss of interest revenue.

The contractor for construction of Lahal sub-station, intimated the Company in May 2019 that he was under tremendous pressure due to bad cash flow for the contract and requested for release of interest free retention money against bank guarantee. Although the payments were being released to the contractor on time, the Company

<sup>82</sup> as specified in Article-2 of the contracts.

invoked clause no. 25.5.2(b) of GCC, and released retention money of ₹ 18 crore against bank guarantee in 20 June 2019, and ₹ 3.13 crore again on 27 December 2019.

As per clause no. 25.5.2(b) of GCC, the contractor was eligible for release of retention money against the bank guarantee for reasons attributable to the Employer, and not due to bad cash flow to the contractor. Therefore, release of 10 *per cent* retention money was in contravention to the provisions of the contract and the Company had to bear avoidable interest loss of ₹ 2.01 crore<sup>83</sup> on the amount released before it became due.

**(ii) Irregular grant of extension of time resulting into non-levy of liquidated damages**

In one project, the Company did not recover liquidated damages from the contractor and allowed unjustified extension of time for delays.

The contract for construction of Chambi sub-station<sup>84</sup> was awarded for ₹ 39.18 crore and USD 9,59,950. The work was required to be completed within 18 months from the effective date (15 June 2016) of the contract i.e., by 15 December 2017. In case the contractor failed to complete the work within the scheduled time, Clause 26.2 of Section 7 under GCC provided for levy of liquidated damages @ 0.5 *per cent* per week of the contract value subject to maximum limit of 10 *per cent* at the end of 20 weeks.

On 19 March 2019, the Contractor applied for extension of time from 8 December 2017 to 30 June 2019 (569 days) on account of delay in making payments, delay in approval of construction drawings, vendor and Guaranteed Technical Parameters (GTP).

However, as per contract<sup>85</sup>, the contractor was supposed to prepare these documents and submit the same to the project manager/employer. Unless the project manager/employer notified the contractor in writing of their disapproval or modification, these were deemed to be approved within fourteen days of submission.

On 26 March 2019, against the extension of 569 days claimed by the contractor, the Company granted extension of 477 days, up to 31 March 2019. The company failed to deduct 212 days claimed for delay in approval of GTP and construction drawings. As per terms of contract, in the absence of written communication of disapproval or modification, the GTP and drawing were deemed to be approved. Thus, the Company was not responsible for this delay and, therefore, the extension of time was not admissible to the contractor.

Thus, extension should have been given for only 265 days (477-212 days). Irregular grant of extra extension of time of 212 days without levy of liquidated damages resulted in non-levy/recovery of liquidated damages of ₹ 4.58 crore<sup>86</sup> at 10 *per cent* of contract value.

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<sup>83</sup> ₹ 18.00 crore x 10 *per cent* x 376 days + ₹ 3.13 crore x 10 *per cent* x 186 days = ₹ 2.01 crore.

<sup>84</sup> 33/132 KV GIS sub-station.

<sup>85</sup> clause (20.1.1, 20.3.1, 20.3.2).

<sup>86</sup> 10 *per cent* of ₹ 39.18 crore+ ₹0.66 crore (10 *per cent* of 9,59,950 USD).

**(iii) Short – deposit of Performance Guarantee**

In two projects, the Company obtained performance guarantee of less than 10 *per cent* of contract value from the contractors. As per standard terms of contract agreement, contractor is required to deposit performance security @ 10 *per cent* of value of contract so as to safeguard the interest of the Company in case of any deficiency in the execution of work.

In the contract for construction of 220 KV Transmission line from Snail to Hatkoti, the contract amount was revised from ₹ 18.00 crore to ₹ 25.44 crore. The company should have received deposit of ₹ 2.54 crore as performance guarantee from the contractor, instead, it obtained only ₹ 1.89 crore (on initial awarded amount of ₹ 18.00 crore). Thus, there was shortfall in recovery of security amount to the extent of ₹ 0.65 crore.

Similarly, in the contract for construction of 220 KV Lahal-Budhil Transmission Line, the contract amount was revised from ₹ 4.81 crore to ₹ 5.87 crore. The Company should have received deposit ₹ 0.59 crore as performance guarantee from the contractor, instead, it obtained only ₹ 0.48 crore (on initial awarded amount of ₹ 4.81 crore). Thus, there was short receipt of ₹ 0.11 crore.

Overall shortfall in performance security in above two cases was ₹ 0.76 crore (₹ 0.65 + ₹ 0.11).

The Management stated (January 2021) that the performance security needs to be given for the 10 *per cent* of contract price only. The reply was not tenable as the additions made pursuant to the contract forms the part of contract price. Hence, the PBG was required to be obtained on the revised cost pursuant to additions.

The audit findings were referred to the Government in April 2021. Reply had not been received (October 2021).

**3.2.5 Conclusion**

There was delay in award and subsequent completion of works. Company did not adhere to terms and conditions of contract which resulted in payment of price variations, avoidable payment of taxes, non-levy of liquidated damages resulting in undue favour to the contractors. This also placed additional financial burden on the Company.

**3.2.6 Recommendation**

*Company may consider ensuring strict compliance of conditions of bids and contracts; and timely completion of the projects.*

## Himachal Pradesh State Electricity Board Limited (HPSEBL)

### 3.3 Material Procurement and Inventory Management in Himachal Pradesh State Electricity Board Limited

**Records of four (out of 12) Operation Circles were examined. Company sustained interest loss of ₹ 4.88 crore due to holding of excess stock. Placement of Purchase Order by the Company without tendering or analysis of market rates resulted in extra expenditure of ₹ 1.40 crore. Company issued purchase orders for procurement of stores but could not ensure their utilization even after period ranging from one year to three years. In the absence of physical verification, surplus / obsolete material was not being disposed-off timely.**

#### 3.3.1 Introduction

The Himachal Pradesh State Electricity Board Limited (Company) is engaged in generation, transmission and distribution of power in the State. The Chief Engineer (CE) Material Management (MM) under the overall control of Director (Operation) of the Company is responsible for central procurement of electrical items and general items of stores in accordance with the annual requirement received from the field units. The annual outgo on purchase of store items during 2017-18 to 2019-20 ranged between ₹ 100.26 crore and ₹ 259.27 crore (average ₹ 183.66 crore annually).

Material / Inventory Management is an integrated approach to the planning, procurement and utilization of material with a view to control material cost and ensuring availability of materials at the right time, with minimum storage cost. This Audit was undertaken to assess whether purchase orders were issued timely with due care for economy and in accordance with the requirement and rules of the Company; Inventory management system of the Company was efficient and effective; System for physical verification of inventory was adequate; and Disposal of obsolete / scrap items was done promptly.

The period covered for the audit was 2017-18 to 2019-20. The records maintained at the Head office and four<sup>87</sup> (out of 12) Operation Circles<sup>88</sup> were examined between November 2020 and January 2021. The selected circle offices had 38.77 *per cent* of total stock as on 31 March 2020.

There was no system in the Company to prepare Material Budget for the purchases to be made during the year. The detail of purchases / consumption and closing stock at the end of year and excess stock during last three years ended 31 March 2020 is given in **Appendix-3.4**. Stock at the year end during 2018-19 and 2019-20 represented four to five months' consumption. Considering three<sup>89</sup> months' limit, there was excess stock of value ₹ 38.13 crore and ₹ 88.67 crore during 2018-19 and 2019-20

<sup>87</sup> Superintending Engineer (Operation) i.e., SE (OP) Bilaspur, Mandi, Solan and Una.

<sup>88</sup> selected, based on closing stock as of March 2020, by using random sampling method through IDEA software.

<sup>89</sup> Three months limit was fixed by the purchase wing of the Company vide corrigendum no. HPSEB CPO-M 32/86-26213-388 dated 20-9-86.

respectively, on excess stock at the end of 2018-19 Company sustained interest loss of ₹ 4.88 crore<sup>90</sup>.

### Audit findings

Audit findings on the system of assessment and finalization of demand; procurement process; and inventory management have been discussed in the succeeding paragraphs.

### 3.3.2 Delay in finalization of yearly requirement resulting in delayed procurement

Purchases are required<sup>91</sup> to be planned and made in the most economical manner and in accordance with the definite requirements of the Company. As per instructions, the field offices are expected to submit next year's requirement/indents in advance during May and November every year to CE (MM). In the indents submitted, the quantities available in stock, quantities on order, consumption during the preceding 12 months as per stock issue registers should be furnished.

In all the four test checked circles, working plans for 2017-18 to 2019-20 were finalised between April and July whereas, the same should have been finalised well before the start of the financial year. The delay in submission of requirement is detailed in **Table-3.3.1**:

**Table-3.3.1: Delay in finalization of purchase requirements**

Year	2017-18			2018-19			2019-20		
Circle	Target month	Requirement submitted	Delay (in months)	Target month	Requirement submitted	Delay (in months)	Target month	Requirement submitted	Delay (in months)
Solan	11/2016	4/2017	4	11/2017	6/2018	7	11/2018	3/2019	4
Una	11/2016	4/2017	4	11/2017	5/2018	6	11/2018	6/2019	7
Bilaspur	11/2016	6/2017	7	11/2017	7/2018	8	11/2018	3/2019	4
Mandi	11/2016	5/2017	6	11/2017	6/2018	7	11/2018	4/2019	5

Approval for quantity of items for 2017-18, 2018-19 and 2019-20 was provided by the Company in December 2017, November 2018 and October 2019 respectively. As a result, Purchase Orders (PO) were placed at the end of the year, defeating the objective of timely provision of material to field units.

It is pertinent to mention here that although the Company had started using SAP-ERP (September 2014) the application was not being utilized to the optimum. Under the MM modules there is a key function of Consumption based material requirement and planning, but it was not made operational resulting in huge amount of material lying unutilized in different stores. Resultantly, the unnecessary piling up of the stores could not be controlled as discussed in para 3.3.4.1.

Government in their reply (October 2021) had accepted the observation.

<sup>90</sup> ₹ 38.13 crore x 12.79 per cent (rate of interest approved by HPERC in June 2019 for capital) = ₹ 4.88 crore.

<sup>91</sup> As laid down in Para 1 (3) of Chapter-III of Purchase Manual of the Company.

### 3.3.3 Placement of purchase order without finalizing tender

Company floated tender enquiry (April 2017) based on the tentative requirement received from its field units for 2,58,188 energy meters for the period 2017-18. Eight firms participated in the bidding process. Scrutiny of records revealed that one firm i.e., M/s Himachal Energy Meter Pvt. Ltd. (who had not participated in the tender) requested (25.04.2017) the Company for placing the Purchase Order (PO) of single phase meter on the same rates, terms and conditions as of previous PO dated 26.02.2016.

The bid evaluation process was slow and before finalizing the bid, Company placed (July 2017) PO for one lakh meters with M/s Himachal Energy Pvt. Ltd. on previous rates, without verifying the pricing trend of meters in the market.

The price bid was opened on 5 March 2018 and rates quoted by the L-1 bidder<sup>92</sup> were found to be lower than the rates of previous year. Thus, placement of PO with supplier of previous year without finalizing the tenders had resulted in extra expenditure of ₹ 1.40 crore as detailed in **Table-3.3.2**:

**Table-3.3.2: Extra expenditure on purchase without tender**

Items	New Rate	Old Rate on which PO placed (Amount in ₹)	Difference	Quantity	Extra expenditure
				Number	(₹ in lakh)
Single phase meter, 5-30 AMP	496	638	142	50,000	71.00
Single phase meter, 10-60 AMP	517.25	656	138.75	50,000	69.37
<b>Total</b>					<b>140.37</b>

Further, as the material was to be supplied in post GST regime, while placing PO the rates were revised by adding GST. Company, while revising the rates, did not deduct Excise duty (ED) from the ex-work price resulting in determination of rates on higher side and had extended undue benefit to the firm. Resultantly, the Company had to bear avoidable payment of ₹ 49.88 lakh<sup>93</sup>.

Government stated (October 2021) that at the time of issuing the purchase order at previous year rates, the current rates were not available. The reply was not acceptable because had the Company conducted a market rate analysis before awarding, the rates could have been negotiated.

### 3.3.4 Inventory Management

#### 3.3.4.1 Surplus stores leading to blockade of funds of ₹ 3.60 crore

As per instructions issued by the Chief Engineer (MM) dated 22.12.2000 and further instructions issued by the Secretary HPSEB dated 11.07.2005, material purchased should be consumed within six months of procurement.

<sup>92</sup> M/s Link well Telesystems Pvt. Ltd.

<sup>93</sup>  $50,000 \times ₹ 49.23 + 50,000 \times ₹ 50.53 = ₹ 49.88 \text{ lakh}$ .

Company issued purchase orders for procurement of different quantities of materials during the period 2017-2020 but could not ensure their utilisation despite lapse of period ranging one year to three years (December 2020), indicating unrealistic assessment of requirement resulting in blockade of funds and interest loss.

(i) **Cable:** 77.705 Kms of Cable<sup>94</sup> valuing ₹ 2.78 crore was lying unutilized for more than one to three years in three test units (test checked circles) as detailed in the **Table-3.3.3:**

**Table-3.3.3: Detail of unutilized cable**

Name of store	Idle from	Particulars	Quantity (in meter)	Amount (₹ in lakh)
Una	2017-18	XLPE-3 Core 120 MM *	6,011	36.31
	2017-18	XLPE 3 Core 185 MM	1,010	7.55
	2019-20	XLPE 3 Core 185 MM	7,186	49.53
	2019-20	AB cable LT 3Cx95+70 mm	22,550	12.89
	2019-20	LT AB cable 3 x95+70 mm	31,033	82.95
Parwanoo	August 2017	XLPE 3 Core 120 MM	6,009	36.84
Parwanoo	June 2017	XLPE 3 Core 185 MM	2,701	20.40
Barotiwala, Baddi	June 2019	AB cable LT 3 x 120+1x95	8,391	31.75
<b>Total</b>			<b>77,705</b>	<b>278.22</b>

\*Allotted to Electrical Division Kangra, which did not lift it despite requests, indicating that the cable was procured without requirement.



Cable lying in haphazard conditions at Barotiwala and at Parwanoo stores

Although in the test checked two<sup>95</sup> circles 3.7 km XLPE 3 Core 185 MM cable was lying unutilized year ending 2017-18 the Company again placed purchase order of the same cable for 6.70 km valuing ₹ 80.61 lakh during May 2018.

Government stated (October 2021) that certain material remains unutilized due to adverse site conditions it further stated that efforts are made to consume the material in succeeding year. The reply was not acceptable as the Company should purchase material keeping in view the site conditions.

(ii) **Compact Florescent Lamps (CFLs):** Company purchased (2008-09) 64 lakh (16 lakh packs) CFLs at a cost of ₹ 63.08 crore for distribution under Atal Bijli Bachat

<sup>94</sup> XLPE and AB.

<sup>95</sup> Una and Solan.

Yojana. Out of these CFLs, 4,85,905 valuing ₹ 18.80 crore were lying unutilized (March 2015) in the field stores even after more than six years. To utilize the same, Management of the Company decided (March 2015) to use these CFLs for day to day requirement in field offices, power houses and rest houses in place of fused incandescent bulbs.

Government stated (October 2021) that field units have already been asked to use the CFLs for the day to day requirement in field offices / sub-stations / power houses.

However, even after five years from the decision of the Company, 64,736 CFLs valuing ₹ 1.06 crore were lying idle out of which 32,812 CFLs valuing ₹ 53.57 lakh were lying in selected four circles for the last 12 years and the warranty period of 18 months from the date of receipt of material had already expired.

#### **3.3.4.2 Non-utilization/Disposal of stock**

Stock represents cash and any dead stock is unproductive capital on which there is loss of interest until the same is disposed-off. Regular weeding out and disposal of stock is necessary to avoid unnecessary holding of material leading to blockade of funds, higher inventory carrying cost and space constraints. The value of inventory of the Company was ₹ 58.40 crore as on 31 March 2018 which increased to ₹ 193.51 crore (by 331 *per cent*) at the end of March 2020.

**(i) Non-moving store:** Test check of records relating to four circle offices showed that stock mainly comprising cables, energy meters, steel and conductors valuing ₹ 1.51 crore was lying in stores for more than five years which was indicative of the fact that the store items were purchased in excess of the actual requirement. On these excess purchases, the Company had suffered interest loss of ₹ 96.84 lakh<sup>96</sup> up to March 2020.

Government stated (October 2021) that certain material remains unutilized due to adverse site conditions such as right of way issues. It further stated that efforts are made to consume the material in succeeding year. The reply was not tenable as the Company should purchase material keeping in view the site conditions. Moreover, the material was lying unutilized for more than five years.

**(ii) Obsolete store:** Company is required to review twice in a year all items declared surplus/obsolete and dispose of items found surplus. Stock verifiers of the Company are required to indicate, in their physical verification reports (PVR), duration for which each item is kept in store. The Executive Engineers in charge of the store are required to supplement the PVRs by classifying the disposable material as surplus, obsolete, unserviceable and scrap. The same is also required to be got condemned by the circle level condemnation committee within 45 days of finalization of above classification by the Executive Engineer.

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<sup>96</sup> ₹ 151.43 lakh x 12.79 *per cent* x 5 years = ₹ 96.84 lakh.

Scrap and unserviceable store comprising mainly old and used machinery valued at ₹ 4.31 crore (31 March 2020) was pending for final disposal. Further in two circles<sup>97</sup>, in spite of continuous increase in non-moving inventory, obsolete and condemned material was not disposed-off during the period, 2017-18 to 2019-20.

Government stated (October 2021) that the field units have repeatedly been requested to reduce the obsolete store. Reply of the Management may be seen in the light of the fact that even after issuing instructions the same were not effectively implemented.

### 3.3.4.3 Insufficient coverage of physical verification of stores

Continuous stock taking by stock verifier is prescribed<sup>98</sup> so that all the material items are covered at least once in a year. Random checks by the Sub-divisional officer/officer in-charge of the store are also prescribed. During the period under audit, no official was deployed against the sanctioned post of one Stock Verification Officer and seven Stock Verifiers. PV for the period 2017-18 to 2019-20 was carried out as given in **Table-3.3.4**:

**Table-3.3.4: Details of physical verification of stores**

Particulars	2017-18	2018-19	2019-20
Total no. of Divisional Store	81	81	81
PV of stores conducted for the year	30	40	2
Percentage of PV conducted	37.03	49.38	2.47

Management admitted (December 2020) the observation and stated that due to non-filling up of the post of Stock Verification Officer and Stock Verifier, the stock verification could not be carried out properly as per laid down procedures and this may also be the main cause for non-implementation of various provisions for maintenance of stores resulting in piling up of surplus/unutilised stores.

### 3.3.5 Conclusion

The entire process of assessment of material requirement and purchase suffered from delays. Assessment of requirement was improper and there were surpluses unutilized in a circle while fresh procurements were made for other circles as evidenced by the surplus inventories of various items. The Company also did not manage its stores with regards to disposal and weeding out leading to blocked funds and unrealised value. In the absence of physical verification, surplus and obsolete material was not being disposed-off timely.

### 3.3.6 Recommendations

*Company may consider:*

- *Timely finalisation of next year's requirement based on proper assessment of requirements;*
- *Placing the purchase orders for immediate use only; and*
- *Timely disposal of surplus and obsolete material.*

<sup>97</sup> Solan & Mandi.

<sup>98</sup> Instructions 26.2 (b) (vi) of Manual.

### 3.4 Avoidable payment of Transmission Charges

**HPSEBL had to bear transmission charges of ₹ 198.91 crore without actually utilizing the system due to non-completion of downstream system. The charges will increase further until the downstream system is completed.**

To meet the power demand in industrial area of Himachal Pradesh, Standing committee on the Power System Planning of Northern Region proposed (2 January 2013) construction of 400/220 KV sub-station at Kala Amb. This upstream sub-station was to be constructed by Power Grid Corporation of India Limited (PGCIL) to strengthen the Northern Regional inter-state transmission network. Subsequently, the Coordination Committee of State Transmission Utility (STU), of which HPSEBL was also a member, decided (06 September 2014) that a downstream system (220KV sub-station) for drawal of power is to be constructed by Himachal Pradesh State Electricity Board Limited (Company). For this purpose, scheme for ₹ 83.14 crore was approved (28 September 2015) by the Company.

Scrutiny of records (July 2019) revealed that the progress of setting up the downstream system (220 KV sub-station) was slow as given in **Table-3.4.1**:

**Table-3.4.1: Sequence of events**

Sl. No.	Date	Description
1.	27 October 2014	Committee was constituted to select the site for the sub-station.
2.	24 December 2015	Site visit by committee (reasons for visit of site after a delay of one year were not found on records).
3.	15 July 2016	Site was approved by the Management.
4.	19 November 2016	CE (Planning & Monitoring) raised observation that no expression of interest was invited for the acquisition of land.
5.	22 January 2017	Another committee for negotiation of rates of land was formed.
6.	31 January 2017	Rates were negotiated by the Committee. However, no record related to action taken on the negotiated rates was available on record.
7.	30 November 2017- January 2018	BoD accorded sanction for purchase of another identified land. Tendering process initiated for sub-station.

The Company could not synchronize the work of downstream system with the upstream one as PGCIL awarded (9<sup>th</sup> December 2015) the upstream system's construction work and completed the same during July 2017. The Company was unable to finance the project and it was decided (February 2018) to hand over the downstream system to Himachal Pradesh Power Transmission Corporation Limited (HPPTCL). HPPTCL acquired land only during March 2021 and execution of work had not started until March 2021.

After completion of work by PGCIL, according to tariff petition decided (18 September 2018) by the Central Electricity Regulatory Commission (CERC), 84.5 per cent of the approved monthly transmission charges for Kala Amb sub-station of the PGCIL were to be paid by the Company until the completion of downstream system. After completion of downstream system by the Company unit based transmission tariff would be payable based on actual drawal of power through that system. According to tariff fixed by the CERC, the PGCIL raised monthly bills of

transmission charges relating to its 400/220 KV Kala Amb sub-station, and due to non-completion of the downstream system, the Company had to pay the same without actually utilizing the system of the PGCIL. Until February 2021, Company had paid monthly transmission charges amounting to ₹ 198.91 crore. It is pertinent to mention here that these charges have also been approved by the Himachal Pradesh Electricity Regulatory Commission in the distribution tariff of the Company and, thus, factored into the bills of consumers. Thus, the consumers were unnecessarily burdened due to failure of the Company to complete downstream system. Thus, due to non-completion of downstream system by the Company, it had to bear transmission charges of ₹ 198.91 crore without actually utilizing the system. These transmission charges will increase further until the downstream system is completed.

The Government stated (October 2021) that the creation of the downstream system was delayed for reasons beyond its control primarily on issues concerning the acquisition of land. As regards payments of transmission charges Management further stated that the Company had filed appeal before Hon'ble Appellate Tribunal for Electricity (APTEL) against the orders of CERC taking the plea that the issue of sharing of transmission charges by all constituents of Northern Region was not adequately addressed. The reply was not acceptable as the Company failed to acquire the land for five years due to which the downstream system could not be created. Appeal before Hon'ble APTEL was filed by the Company on the grounds which had already been rejected by the CERC, when it fixed the tariff after considering all the aspects. Moreover, the Company had already factored these charges into the bills of the consumers, who were burdened due to the company's failure.

***Recommendation:*** *The Company should ensure that all works are synchronized and completed timely to prevent avoidable payment of charges. Issues of land acquisition should be settled before starting projects.*

### **Himachal Pradesh State Forest Development Corporation Limited (HPSFDC)**

#### **3.5 Loss of ₹ 80.84 lakh due to full payment to workers despite underutilization of their services**

**Despite lack of full-time requirement, semi/un-skilled workers were paid in full for lesser quantity of work; their contracts were extended annually; and they were also given regular appointments. This led to avoidable payment and loss of ₹ 80.84 lakh to the Himachal Pradesh State Forest Development Corporation Limited (Corporation).**

The Corporation is responsible for the felling of trees, subsequent conversion into timber, and for stacking and transportation in the state. The Corporation engages Contractors (Labour Supply Mates) who further engage labourers for this work.

The Joint Secretary (Forests) to the Government of Himachal Pradesh conveyed (October 2014) the approval of the Government to the Managing Director (MD) of the Corporation for engagement of 100 semi-skilled (Girani & Chirani) and un-skilled (Dhulani) workers on contract basis for the work of felling, conversion, stacking,

manual carriage of converted timber from the forest and timber loading and unloading. The MD directed (January 2015) the Directors (North and South) to engage 42<sup>99</sup> Girani & Chirani and 18<sup>100</sup> Dhulani workers.

The terms and conditions, *inter alia*, prescribed that a minimum quantity of work would be required of the workers each month. Only on satisfactory completion of this assigned work, they would be paid ₹ 6,300/- (semi-skilled) and ₹ 6,200/- (un-skilled) per month.

Nineteen workers (13 Girani & Chirani and six Dhulani) were engaged for Chamba division, initially for one year. Scrutiny of the records of Chamba Division revealed that 863.51 cum and 468.5 cum of work was completed by Chirani/Girani (semi-skilled) and Dhulani (un-skilled) respectively during the period 2016-17 to 2019-20 (October 2019) for which an amount of ₹ 5,69,452/- was to be paid as wages as given in **Table-3.5.1**. However, against this amount, wages at the maximum applicable rates amounting to ₹ 86,53,736/- was paid which resulted in excess payment of ₹ 80,84,284/- to these workers.

**Table-3.5.1: Detail of work done by Chirani/Girani and Dhulani**

(Amount in ₹)

Year	Work done by Chirani/ Girani (Semi-skilled) (in cum)	Work done by Dhulani (Un-skilled) (in cum)	Value of work done by Chirani / Girani (Semi-skilled)	Value of work done by Dhulani (Un-skilled)	Total work done by the workers (in cum)	Total payment which was to be made to these workers
(A)	(B)	(C)	(D)	(E)	[(B)+(C)]	[(D)+(E)]
2016-17	155.243	0	76,019	0	155.243	76,019
2017-18	81.759	246.933	93,621	37,538	328.692	1,31,159
2018-19	403.13	221.57	2,05,886	10,376	624.7	2,16,262
2019-20	223.381	0	1,46,012	0	223.381	1,46,012
<b>Total</b>	<b>863.513</b>	<b>468.503</b>	<b>5,21,538</b>	<b>47,014</b>	<b>1,332.016</b>	<b>5,69,452</b>

Source: Compiled based on information received from Department.

Ignoring the lack of work, the unit also engaged 16 additional workers (November 2016 and February 2017), taking the total number of workers to 35<sup>101</sup>.

It was also observed that despite indications regarding lesser quantity of work *vis-a-vis* number of workers, the management persisted in keeping them engaged through extensions of contracts.

The Divisional Manager, Chamba informed (August 2017) the Director (North) to take necessary action as the maximum work availability was only for four to five months during the year. Despite this, the State Government extended (December 2017, February 2018 and March 2019) the contracts of these workers.

The MD also observed (July 2018) that these workers were not being fully utilized for the purpose they were engaged and directed the field officers to utilize their services

<sup>99</sup> Semi-skilled workers: Directorate (North): 20 and Directorate (South): 22.

<sup>100</sup> Un-skilled workers: Directorate (North): Nine and Directorate (South): Nine.

<sup>101</sup> 33 remained in July 2017.

by deploying them with Labour Supply Mates (Contractors). They were also directed to suggest alternative modes for their utilization. However, the Chamba unit did not respond to these instructions. Ignoring all of the above, 17 out of 19 workers (semi-skilled: 6 and un-skilled:11) were also given permanent appointments (October 2019).

Extension of contracts year after year was not in the financial interest of the Corporation and wholly unjustified, as this work is ordinarily executed through Labour Supply Mates who are paid according to actual work done. Further, the Corporation was well aware that the services of these workers were not fully utilized and still continued to engage them, leading to avoidable payment and loss of ₹ 80.84 lakh to the Corporation in Chamba unit. The other units of the Corporation also reported that these workers were not fully utilized, yet no concrete action was taken by the Corporation.

The Audit findings were referred to the State Government in April 2021. Reply has not been received (September 2021).

***Recommendation: The Corporation should do a cost-benefit analysis of getting the work of felling and conversion of timber etc. done through contractors or contractual staff based on the quantum of work available and accordingly rationalize contractual staff.***

**Shimla**  
**Dated: 31 January 2022**

  
**(Ritu Dhillon)**  
**Principal Accountant General (Audit)**  
**Himachal Pradesh**

*Countersigned*

**New Delhi**  
**Dated: 16 February 2022**

  
**(Girish Chandra Murmu)**  
**Comptroller and Auditor General of India**



# **Appendices**



## APPENDICES

### Appendix-1.1

(Refer para: 1.2; page: 2)

**Statement showing funds transferred by Government of India directly to State implementing agencies during 2019-20**

(₹ in crore)

Sl. No.	Name of the Implementing Agencies	Name of the Schemes of Government of India	GoI releases during 2019-20
1	Department of Revenue, Himachal Pradesh	Pradhan Mantri Kisan Sampada Yojana-FPI	572.05
2	Himachal Pradesh Rural Development and Employment Guarantee Society	National Rural Employment Guarantee Scheme	441.60
3	Directorate of Women and Child Development	Pradhan Mantri Matru Vandana Yojna	32.97
4	Himachal Pradesh State Industrial Development Corporation Ltd.	Package for Special Category States for J&K, Himachal Pradesh and UK	31.01
5	Himachal Pradesh State Civil Supplies Corporation Ltd.	Assistance to State Agencies for intra-state	29.18
6	H.P. State Industrial Development Corporation Ltd.	Transport Subsidy Scheme	20.49
7	HP Tourism Development Board	Swadesh Darshan	19.93
8	HP Road Transport Corporation	Road Transport	18.58
9	Himachal Pradesh Transport Corporation	Scheme for Faster Adoption and Manufacturing	18.58
10	HP AIDS Control Society Shimla-9	National AIDS & STD Control Programme	12.29
11	Himachal Pradesh State AIDS Control Society Shimla	National AIDS and STD Control Programme	12.29
12	Deputy Commissioner, Kangra	MPs Local Area Development	10.00
13	Others	--	153.72
<b>Total</b>			<b>1,372.69</b>

**Appendix-1.2**

(Refer para: 1.3; page: 2)

**Statement of various grants where persistent savings was ₹ one crore or more in each case occurred during 2015-20**

(₹ crore)

Sl. No.	Grant Number	Name of Grant/ Appropriation	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Revenue - Voted</b>							
1	03	Administration of Justice	12.53	9.82	10.14	25.20	34.57
2	04	General Administration	17.03	11.62	13.13	18.83	54.07
3	06	Excise and Taxation	3.78	1.84	7.65	13.79	14.32
4	07	Police and Allied Organizations	73.42	37.08	81.89	143.83	212.47
5	08	Education	1,076.22	864.96	665.02	955.16	1,110.61
6	09	Health and Family Welfare	366.81	295.90	211.66	330.83	377.72
7	11	Agriculture	38.47	27.04	11.3	72.67	33.44
8	14	Animal Husbandry, Dairy Development and Fisheries	35.36	35.18	43.67	68.34	69.81
9	15	Planning and Backward Area Development Programme	31.40	28.40	16.81	30.57	22.69
10	16	Forest and Wildlife	33.23	57.50	85.36	130.31	145.25
11	18	Industries, Minerals, Supplies and Information Technology	12.23	8.46	11.45	96.03	100.52
12	19	Social Justice and Empowerment	47.43	20.78	55.55	28.84	99.25
13	20	Rural Development	208.74	121.61	402.93	383.93	351.17
14	21	Co-operation	8.45	10.23	3.54	3.61	4.79
15	23	Power Development	1.49	146.35	131.18	53.45	128.76
16	24	Printing and Stationery	2.21	6.02	2.81	1.19	2.14
17	25	Road and Water Transport	1.43	1.06	2.1	2.25	12.92
18	27	Labour, Employment and Training	63.72	71.98	199.27	39.93	39.28
19	29	Finance	228.94	97.70	266.88	939.93	1,212.96
20	30	Miscellaneous General Services	13.99	13.00	7.38	8.97	11.32
21	31	Tribal Area Development Programme	123.39	177.85	242.34	325.72	371.39
22	32	Scheduled Castes Development Programme	31.81	321.14	405.83	390.87	231.62
<b>Revenue - Charged</b>							
23	3	Administration of Justice	6.87	5.95	1.73	7.94	11.36
<b>Capital - Voted</b>							
24	09	Health and Family Welfare	6.01	2.93	4.77	8.94	25.30
25	15	Planning and Backward Area Development Programme	32.44	18.95	12.84	1.33	115.34
26	29	Finance	5.2	1.51	7.98	6.27	6.35
27	31	Tribal Area Development Programme	17.38	20.88	58.21	82.25	94.04
28	32	Scheduled Castes Development Programme	108.71	99.31	132.87	154.08	231.62

### Appendix-2.1

(Refer para: 2.1.1; page: 10)

#### Process for supply of free school uniform to students

Sl. No.	Process	Responsibility Level
1.	Finalization of modalities	DEE → Empowered Committee
2.	Sending demand of uniform cloth to HPSCSC	DEE
3.	Identification of destination of supply of uniform at Education block level	DEE → Indenting Officers at Education Blocks level
4.	Arrange finances	DEE
5.	Finalisation of Tenders	HPSCSC → DEE → Empowered Committee
6.	Obtaining approval of Government for issue of supply order	DEE
7.	Issue of Supply orders	HPSCSC → Supplier(s)
8.	Pre-dispatch sample testing	Supplier → Approved laboratory → Indenting Officers
9.	Receipt of uniform cloth	Indenting Officers
10.	Post-dispatch sample testing	Indenting Officers → HPSCSC Approved Laboratory
11.	Distribution of Uniform cloth	Indenting Officers → Schools
12.	Disbursement of stitching charges	DEE → DDEE → BEEOs → GSSS Schools
13.	Verification of uniform cloth bills	Indenting officer → HPSCSC
14.	Payment to the supplier	DEE → HPSCSC → Supplier(s)
15.	Payment to testing lab	DEE → HPSCSC → Lab
16.	Submission of final adjustment bills	HPSCSC → DEE

Source: Information supplied by Department.

**Appendix-2.2**

(Refer para: 2.1.3.1; page: 13)

**Details of procurement process of uniform cloth**

Sl. No.	Stage of process	2016-17	2017-18	2018-19	2019-20
1.	Finalisation of modalities (specification, design, colour, etc.)	22 December 2015 (Classes I to X) 17 March 2016 (Classes XI-XII)	22 December 2015 (Classes I to X) 17 March 2016 (Classes XI-XII)	03 May 2018	03 May 2018
2.	Identification of destinations for FOR supply of uniform cloth	26 May 2016	02 May 2017	10 August 2018	10 August 2018
3.	Sending demand of uniform cloth to HPSCSC	26 May 2016	02 May 2017	10 August 2018	10 August 2018
4.	Finalisation of Tenders by HPSCSC	03 May 2016 (Classes I to X) 02 June 2016 (Classes XI- XII)	03 May 2016 (Classes I-X) 02 June 2016 (Classes XI-XII)	Initial tenders sent (August 2018) to Government were cancelled (December 2018) and fresh tenders invited for 2019-20	25 February 2019
5.	Obtaining approval of Government for issue of supply order to selected firm	20 May 2016 (Classes I to X) 14 July 2016 (Classes XI- XII)	20 May 2016 (Classes I to X) 14 July 2016 (Classes XI- XII)		07 March 2019
6.	Issue of supply order(s)	09 June 2016 (Classes I to X) 04 August 2016 (Classes XI- XII)	05 May 2017 (Classes I to X) 30 May 2017 (Classes XI- XII)	--	08 March 2019
	Delay in issue of supply order(s) from 01 April every year	Two to four months	One to two months		--

Source: Information supplied by Department.

## Appendix-2.3

(Refer para: 2.1.3.3; page: 15)

## Details of time taken for release of stitching charges

(Time in days)

Sl. No.	District	Time taken for release of stitching charges by test-checked districts								
		2016-17			2017-18			2019-20		
		Receipt from DEE	Release to Blocks	Time	Receipt from DEE	Release to Blocks	Time	Receipt from DEE	Release to Blocks	Time
1.	Bilaspur	11 Aug. 2016	02 Sept. 2016	21	05 July 2017	24 Aug. 2017	49	01 Aug. 2019	02 Aug. 2019	--
2.	Kangra	09 Aug. 2016	13 Jan. 2017	156	05 July 2017	13 Sept. 2017	69	01 Aug. 2019	22 Oct. 2019	81
3.	Kinnaur	06 Aug. 2016	11 Aug. 2016	04	05 July 2017	03 Aug. 2017	28	02 Aug. 2019	02 Aug. 2019	NA
4.	Mandi	09 Aug. 2016	09 Nov. 2016	91	05 July 2017	17 July 2017	11	01 Aug. 2019	01 Aug. 2019	--
Sl. No.	Block	Time taken for release of stitching charges by test-checked Blocks								
1.	Ghumarwin -I	15 Sept. 2016	04 Nov. 2016	49	01 Sept. 2017	06 Sept. 2017	05	02 Aug. 2019	07 Jan. 2020	157
2.	Ghumarwin -II	12 Sept. 2016	08 Dec. 2016	86	31 Aug. 2017	18 Nov. 2017	78	02 Aug. 2019	19 Dec. 2019	139
3.	Sadar Bilaspur	30 Sept. 2016	04 Nov. 2016	34	31 Aug. 2017	07 Sept. 2017	06	02 Aug. 2019	02 Dec. 2019	121
4.	Swarghat	09 Sept. 2016	04 Nov. 2016	55	28 Aug. 2017	14 Nov. 2017	77	02 Aug. 2019	31 Oct. 2019	89
5.	Baijnath	13 Jan. 2017	23 Jan. 2017	09	13 Sept. 2017	13 Oct. 2017	29	22 Oct. 2019	02 Dec. 2019	40
6.	Dadasiba	13 Jan. 2017	23 Jan. 2017	09	13 Sept. 2017	27 Sept. 2017	13	02 Aug. 2019	21 Sept. 2019	49
7.	Dehra	13 Jan. 2017	27 Jan. 2017	13	12 Sept. 2017	09 Oct. 2017	26	02 Aug. 2019	14 Jan. 2020	164
8.	Fatehpur	03 Jan. 2017	09 Feb. 2017	36	02 Sept. 2017	23 Oct. 2017	50	02 Aug. 2019 and 02 Nov. 2019	16 Nov. 2019	105
9.	Jawali	13 Jan. 2017	22 Feb. 2017	39	12 Sept. 2017	25 Sept. 2017	12	02 Aug. 2019	04 March 2020	214
10.	Palampur	24 Jan. 2017	04 Feb. 2017	10	13 Sept. 2017	04 October 2017	20	02 Aug. 2019	15 Oct. 2019	73
11.	Balh	10 Nov. 2016	29 Nov. 2016	18	04 Aug. 2017	16 Aug. 2017	11	02 Aug. 2019	21 Feb. 2020	202
12.	Gopalpur-I	09 Nov. 2016	03 Dec. 2016	23	17 July 2017	12 Sept. 2017	56	02 Aug. 2019	04 Oct. 2019	62
13.	Gopalpur-II	09 Nov. 2016	22 Nov. 2016	12	17 July 2017	19 Dec. 2017	154	01 Aug. 2019	15 Jan. 2020	166
14.	Sadar Mandi	09 Nov. 2016	24 Nov. 2016	14	17 July 2017	06 Dec. 2017	141	02 Aug. 2019	05 Oct. 2019	63

Source: Information supplied by Department.

Note: NA= Not available.

**Appendix-2.4**

(Refer para: 2.1.4.3; page: 18)

**Details of complaints of uniform cloth**

Name of the office to whom complaint lodged	Name of the complainant and District to which belongs	Brief particulars of the complaints	Name of office to whom the enquiry report was entrusted	Status of the complaint as of February 2021
CM Seva Sankalp Helpline 1100 complaint no. 113992 dated 02 December 2019	Sh. Rajender Pal (Una)	Colour fading and pilling in school uniform cloth supplied during 2019-20	DDEE Una (December 2019)	Enquiry report awaited from DDEE Una
-Do- complaint no. 118015 dated 15 December 2019	Sh. Rajender Pal (Una)	Poor quality of school uniform cloth	DDEE Una (December 2019)	Enquiry report awaited from DDEE Una
-Do- complaint no. 111150 dated 23 November 2019	Sh. Chavinder (Mandi)	Colour fading and pilling in school uniform cloth supplied during 2019-20 GSSS Chail-Chowk	DDEE Mandi (December 2019)	Enquiry report awaited from DDEE Mandi
BEEO Sundernagar-II 19 October 2019	BEEO Sundernagar-II (Mandi)	Non-matching of sets of uniform cloth with the Master samples	HPSCSC (October 2019)	HPSCSC requested (November 2019) the DEE not to reject the uniform cloth on the basis of visual variation in colour shade but asked to send samples for lab tests. Further, report regarding change of uniform cloth was not found on record.
CM Seva Sankalp Helpline 1100 complaint no. 116822 dated 11 December 2019	Sh. Ishwar Dutt (Solan)	Colour fading and pilling in school uniform after first wash and tearing of school bags	DDEE Solan (27 December 2019)	The report awaited from DDEE Solan

Source: Information supplied by Department.

## Appendix-2.5

(Refer para: 2.2; page: 20)

## Details of funds sanctioned and released for trauma centres by GoI/ State Government

(₹ in lakh)

Hospital	Total funds sanctioned		First instalment of Central Share	State share (10 per cent) required to be released	State Share actually released		Excess (+) Short (-) release of State share	Balance Central share not released due to non-compliance of conditions
	Central	State			Month	Amount		
Chamba	444.80	49.40	275.40	30.60	-	-	(-)30.60	169.40
Hamirpur	444.80	49.40	275.40	30.60	-	-	(-)30.60	169.40
Mandi	444.80	49.40	275.40	30.60	-	-	(-)30.60	169.40
Rampur	444.80	49.40	275.40	30.60	March 2019	66.00	(+) 35.40	169.40
Tanda	924.50	102.7	607.50	67.50	March 2018	67.50	00	317.00
<b>Total</b>	<b>2,703.70</b>	<b>300.30</b>	<b>1,709.10</b>	<b>189.90</b>	<b>-</b>	<b>133.50</b>	<b>(-) 91.80</b> <b>(+) 35.40</b>	<b>994.60</b>

Appendix-2.6

(Refer para: 2.2; page: 20)

Details of non-construction/ establishment of trauma centres

(₹ in lakh)

Hospital/ Institution	Component (GoI or State share)	Amount withdrawn from treasury		Exp. up to June 2021	Unspent amount lying in bank as of June 2021		Remarks
		Month	Amount		Interest	Principal	
Regional Hospital Chamba associated with Pt. Jawahar Lal Nehru Government Medical College	Civil work (GoI)	March 2017	81.00	44.38	0.00	36.62	<ul style="list-style-type: none"> <li>• Civil work not executed due to non-availability of site. Delay of more than three years due to non-identification of site.</li> <li>• Trauma centre is now (July 2021) proposed to be established in new medical college building under construction at Sarol, Chamba. However, the same has not been included in the plan/ estimates of the new medical college building.</li> <li>• ₹ 44.38 lakh diverted (2017-18) from civil work towards procurement of equipment for the hospital.</li> <li>• ₹ 36.62 lakh lying idle in savings bank account as of July 2021.</li> <li>• Trauma Centre not established as of September 2021 as envisaged.</li> </ul>
	Equipment (GoI)	March 2017	194.40	194.40	0.00	0.00	<ul style="list-style-type: none"> <li>• Equipment of ₹ 238.78 lakh (equipment funds: ₹ 194.40 lakh and funds diverted from civil work: ₹ 44.38 lakh) procured (November 2017 to April 2018).</li> <li>• Equipment not installed for the Trauma Centre and instead transferred (between February 2017 and March 2020) to different wards of the hospital (casualty department: ₹ 17.21 lakh; other departments: ₹ 153.52 lakh; Zonal Hospital, Dharamshala: ₹ 68.05 lakh).</li> </ul>

Hospital/ Institution	Component (GoI or State share)	Amount withdrawn from treasury		Exp. up to June 2021	Unspent amount lying in bank as of June 2021		Remarks
		Month	Amount		Interest	Principal	
Regional Hospital Hamirpur associated with Dr. Radhakrishna -nan Government Medical College (RKGMC) Hamirpur	Civil work (GoI)	September 2016	81.00	4.58	0.00	76.42	<ul style="list-style-type: none"> <li>• ₹ 81.00 lakh released (September 2016) to Bharat Sanchar Nigam Limited (BSNL) for construction of trauma centre building. Work not executed by BSNL due to non-availability of clear site as the originally identified location could not be finalised by the Department.</li> <li>• Out of ₹ 81.00 lakh, BSNL returned (January 2021) ₹ 76.42 lakh to RKGMC after deducting service tax of ₹ 4.58 lakh.</li> <li>• Ground floor of the proposed medical college was identified (May 2020) for Trauma Centre after a delay of nearly four years; work to be executed by CPWD.</li> <li>• However, no provision of Trauma Centre was kept in the ongoing construction of medical college project and the work not started as of June 2021.</li> <li>• ₹ 76.42 lakh was lying in saving bank account of RKGMC Hamirpur as of June 2021.</li> </ul>
	Equipment (GoI)	March 2017	194.40	94.28	22.73	100.12	<ul style="list-style-type: none"> <li>• Equipment worth ₹ 94.28 lakh procured for the regional hospital</li> <li>• Unspent amount of ₹ 122.85 lakh (Principal: ₹ 100.12 lakh and interest: ₹ 22.73 lakh) lying in saving bank account of RKGMC as of June 2021.</li> </ul>

Hospital/ Institution	Component (GoI or State share)	Amount withdrawn from treasury		Exp. up to June 2021	Unspent amount lying in bank as of June 2021		Remarks
		Month	Amount		Interest	Principal	
Zonal Hospital Mandi/Sh. Lal Bahadur Shastri Government Medical College (SLBSGMC) Nerchowk	Civil work (GoI)	March 2017	81.00	23.71	14.72	57.29	<ul style="list-style-type: none"> <li>• Zonal Hospital kept ₹ 81.00 lakh in the shape of bankers' cheque in the name of the Executive Engineer (EE), HPPWD, Mandi upto January 2019 instead of depositing the amount in saving bank account which was irregular. This resulted in interest loss of ₹ 4.25 lakh besides extension of undue advantage to the Bank (March 2017 to January 2019).</li> <li>• Zonal Hospital released (January 2019) ₹ 81.00 lakh to SLBSGMC, Nerchowk after decision of the Department to construct Trauma Centre at Nerchowk instead of Mandi.</li> <li>• Civil work not executed - SLBSGMC released (June 2019) ₹ 30.39 lakh to EE, PWD, Nerchowk for construction of toilets and other addition/ alteration in existing emergency ward of the hospital. Expenditure of ₹ 23.71 lakh had been incurred by PWD and the work was in progress as of June 2021.</li> <li>• Out of ₹ 72.01 lakh, ₹ 6.68 lakh was lying unspent with PWD and ₹ 65.33 lakh was lying in saving bank account of SLBSGMC (Principal: ₹ 50.61 lakh and interest: ₹ 14.72 lakh) as of June 2021.</li> </ul>
	Equipment (GoI)	March 2017	194.40	194.40		0.00	<ul style="list-style-type: none"> <li>• Equipment worth ₹ 28.50 lakh procured for Zonal Hospital Mandi (irregular diversion).</li> <li>• ₹ 165.90 lakh transferred (February 2018) to LBSGMC Nerchowk.</li> <li>• LBSGMC procured equipment of ₹ 165.90 lakh and installed in the existing emergency ward. Besides, interest of ₹ 14.72 lakh was lying in bank account of SLBSGMC as of June 2021.</li> </ul>

Hospital/ Institution	Component (GoI or State share)	Amount withdrawn from treasury		Exp. up to June 2021	Unspent amount lying in bank as of June 2021		Remarks	
		Month	Amount		Interest	Principal		
MGMSC Rampur	Civil work (GoI)	December 2016	81.00	118.93	0.00	28.07	<ul style="list-style-type: none"> <li>• Work was delayed due to time taken (30 months) for removal (August 2019) of trees.</li> <li>• State Government accorded (February 2017) administrative approval of ₹ 5.08 crore. However, funds of ₹ 66.00 lakh have been provided (April 2019) by the Department.</li> <li>• 70 per cent of work had been completed as of September 2021.</li> </ul>	
	Civil work (State)	March 2019	66.00					
	Equipment (GoI)	December 2016	194.40	0.00	0.00	194.40		<ul style="list-style-type: none"> <li>• Due to non-availability of building, equipment not procured.</li> <li>• ₹ 194.40 lakh lying in current account as of June 2021 resulting in interest loss of ₹ 26.24 lakh (@3.5 per cent bank interest rate).</li> </ul>
Dr. Rajendra Prasad Government Medical College (RPGMC) Tanda	Civil work (GoI)	March 2017	121.50	135.00	0.00	0.00	<ul style="list-style-type: none"> <li>• All works except ramp have been completed.</li> <li>• Construction work of ramp was in progress as of September 2021.</li> </ul>	
	Civil work (State)	March 2018	13.50					
	Equipment (GoI)	March 2017	486.00	251.68	99.90	288.32	<ul style="list-style-type: none"> <li>• Procurement process for equipment started and tender for execution of medical gas pipeline system was under process.</li> <li>• Expenditure of ₹ 251.68 lakh has been incurred on equipment (including ₹ 100.00 lakh on medical gas manifold system in progress as of September 2021). Balance ₹ 388.22 lakh (principal: ₹ 288.32 and interest: ₹ 99.90 lakh) lying unutilised in saving bank account of Dr RPGMC as of September 2021.</li> <li>• Trauma Centre to be made operational on completion of civil work, procurement of equipment and availability of manpower.</li> </ul>	
	Equipment (State)	March 2018	54.00					
<b>Total</b>	-	-	<b>1,842.60</b>	<b>1,061.36</b>	<b>137.35</b>	<b>781.24</b>		-

Source: Information supplied by the Department.

## Appendix-2.7

(Refer para: 2.4; page: 28)

### Major Items from the Working Estimate

Sl. No.	Item name (as per Working Estimate)	Quantity (as per Working Estimate)	Rate in Working Estimate	Total Provision in Working Estimate, ₹
1	Excavation	60,065.66 cu.m.	407.45	2,44,73,753
2	Concreting Grade- M 35	4,214.80 cu.m.	4,954.60	2,08,82,648
3	Concreting Grade- M 25	67,541.74 cu.m.	4,189.10	28,29,39,103
4	Concreting Grade- M 15	10,210.17 +13,27.50 cu.m.	3,143.20	3,20,92,606 + 41,72,598
5	Dewatering	-	-	67,90,109
6	Diverting arrangement (coffer dam/dyke)	8,250 cu.m.	465.35	38,39,138
7	Slope protection work U/s and D/s	77,959.68 units (different sub items)	155.60 (Weighted average rate per unit)	1,21,30,826
8	Drilling holes for grouting	1,508 Rmt	1,376.95	20,76,440
9	Form work	9,959.34 Sq.m.	283.1	28,22,320
10	PVC stop seal	600.85 Rmt	1,034.40	6,21,519
11	Steel	27,886.91 Qt	6,215.25	17,33,24,117
12	Soil investigation, design and drawings	-	-	58,38,818
13	Curtain and consolidation grouting	6,627 bags	826.85	54,79,535

### Appendix-2.8

(Refer para: 2.4; page: 28)

#### New Unit Rates derived by TEC

Sl. No.	Item name	Provision as per WE (in ₹)	'New Unit Rates' derived (₹ per cu.m.) by TEC linked to quantities of excavation and/or concreting		
			Excavation (Provision of the item in WE/ quantity of excavation in WE)	Concreting (Provision of the item in WE/ quantity of concreting in WE)	Excavation & Concreting (Provision of the item in WE/ quantity of excavation and concreting in WE)
1	Dewatering	67,90,109	-	-	49.27 {₹ 67,90,109 / (60,065 + 10,210 + 67,541) cu.m.}
2	Diverting arrangement	38,391,38	-	-	26.78 {₹ 38,391,38 / (60,065 + 4,214 + 10,210 + 1,327 + 67,541) cu.m.}
3	Slope protection work U/s and D/s	1,21,30,826	-	-	84.62 {₹ 1,21,30,826 / (60,065 + 4,214 + 10,210 + 1,327 + 67,541) cu.m.}
4	Drilling holes for grouting	20,76,440	34.57 {₹ 20,76,440 / 60,065 cu.m.}	-	-
5	Form work	28,22,320	-	33.88 {₹ 28,22,320 / (4,214 + 10,210 + 1,327 + 67,541) cu.m.}	-
6	PVC stop seal	6,21,519	-	7.99 {₹ 6,21,519 / (10,210 + 67,541) cu.m.}	-
7	Steel	17,33,24,117	-	2080.87 {₹ 17,33,24,117 / (4,214 + 10,210 + 1,327 + 67,541) cu.m.}	-

## Appendix-2.9

(Refer para: 2.5.3.1; page: 39)

## SOE-wise details of expenditure of test-checked Museums during 2016-20

(₹ in lakh)

Sl. No.	SOE	2016-17	2017-18	2018-19	2019-20	Total
<b>1. Himachal State Museum, Shimla</b>						
1.	01-Salaries	86.72	99.76	87.85	91.09	365.42
2.	02-Wages	0	1.14	16.36	13.91	31.41
3.	03-Travel Expenses	0.20	0.29	0.14	0.14	0.77
4.	05-Office Expenses	5.45	4.94	4.86	4.66	19.91
5.	06-Medical Reimbursement	0.79	0.36	0.40	0.77	2.32
6.	20-Other Charges	19.67	16.21	32.16	40.16	108.20
7.	30-Motor Vehicle	0	0.64	0.43	1.29	2.36
8.	33-Material and supply	0.35	0	0.57	0.80	1.72
<b>Total:</b>		<b>113.18</b>	<b>123.34</b>	<b>142.77</b>	<b>152.82</b>	<b>532.11</b>
<b>2. Bhuri Singh Museum, Chamba</b>						
1.	01-Salaries	43.62	47.13	50.81	53.05	194.61
2.	02-Wages	0	0	0	0	0
3.	03-Travel Expenses	0.14	0.22	0.14	0.10	0.60
4.	05-Office Expenses	3.40	3.10	3.40	4.10	14.00
5.	06-Medical Reimbursement	0.69	1.22	1.28	1.85	5.04
6.	20-Other Charges	0.22	0.50	0.50	0.50	1.72
7.	30-Motor Vehicle	0	0	0	0	0
8.	33-Material and Supply	0.77	0.48	0.38	0	1.63
<b>Total:</b>		<b>48.84</b>	<b>52.65</b>	<b>56.51</b>	<b>59.60</b>	<b>217.60</b>
<b>3. Museum of Kangra Art, Dharamshala</b>						
1.	01-Salaries	36.21	47.07	44.24	48.35	175.87
2.	02-Wages	0.72	0.83	0.82	0.03	2.40
3.	03-Travel Expenses	0.05	0.23	0.07	0.07	0.42
4.	05-Office Expenses	2.25	2.50	2.43	2.09	9.27
5.	06-Medical Reimbursement	0.12	0.05	0.23	0.13	0.53
6.	20-Other Charges	0.07	1.50	0.48	1.71	3.76
7.	30-Motor Vehicle	0	0	0	0	0
8.	33-Material and Supply	0	0	0	0	0
9.	64-Travel Expenses	0	0	0	0.02	0.02
<b>Total:</b>		<b>39.42</b>	<b>52.18</b>	<b>48.27</b>	<b>52.40</b>	<b>192.27</b>

### Appendix-3.1

(Refer para: 3.1; page: 54)

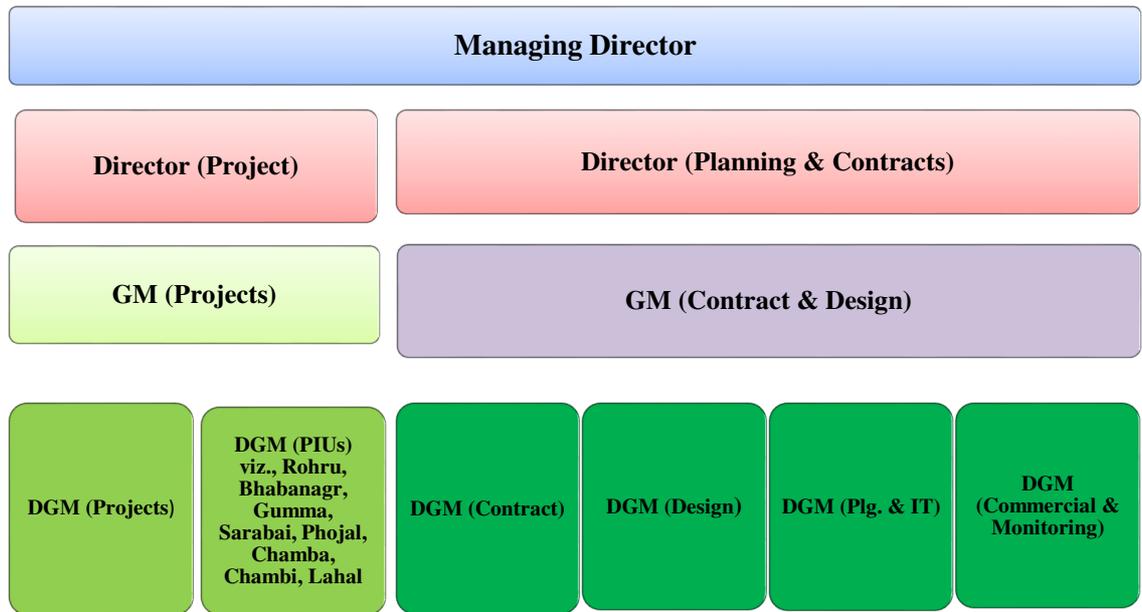
#### Statement showing detail of payments made to various agencies

Sl. No.	Name of agency	Nature of work	Awarded amount (in ₹)	Amount paid (in ₹)
1.	M/s Wipro	Consultancy	84,89,723	85,43,422
2.	M/s PWC	Consultancy & Hardware supply	7,07,32,000	4,38,74,402
3.	M/s SAP	Consultancy charges and License Fee	1,92,15,099	1,66,99,941
4.	M/s Janartha Advertising	Advertisement	1,39,365	1,50,521
5.	M/s Himswan BSNL / NICSI	Services	78,64,542	26,75,204
6.	M/s Excel Mkt	Services	77,812	77,812
7.	M/s SITEG	Services	92,03,152	61,90,376
8.	M/s Z Net Live	Services	27,122	27,121
<b>Total</b>			<b>11,57,48,815</b>	<b>7,82,38,799</b>

### Appendix-3.2

(Refer para: 3.2.1; page: 55)

#### Organization Structure of Himachal Pradesh Power Transmission Corporation Limited



### Appendix-3.3

(Refer para: 3.2.1; page: 55)

#### Detail of projects

Sl. No.	Name of work	Date of award	Value of contract (₹ in crore)	Scheduled date of commissioning	Actual / revised anticipated date of commissioning	Selection	Status of project at the end of September 2021
1	33/132 kV, 2x25/31.5 MVA Sub Station at Chambhi (Shahpur Kangra)	01.10.2015	44.07	30.11.2018	30.09.2019	Selected	Commissioned on 28.08.2019
2	33/132 kV sub Station at Pandoh + LILO of one circuit of 132 kV Bajaura Kangoo D/C Line (Mandi)	20.08.2015	31.27	Dec.2017	August 2019		Commissioned on 24.08.2019
3	220 kV D/C (Twin MOOSE) line from Hatkoti to 220/400 kV Pragati Nagar Sub Station (Shimla) + Abdullapur D/C Line (Shimla)	28.09.2012	102.06	15.10.2019	Completed in December 2018 and ready for charging		Commissioned on 02.11.2020
4	220/400 kV, 1x315 MVA Sub Station at Pragati Nagar (Shimla)	25.10.2013	162.09	30.03.2019	Sub Station is complete and ready for charging	Selected	Commissioned on 02.11.2020
5	66/220/400kV (66/220kV, 2x80/100 MVA + 220/400kV, 2x315 MVA) sub station at Wangtoo with LILO of both circuits of 400 kV Karcham-Kala Amb Transmission Line	24.07.2013	365.53	31.12.2018	Successfully commissioned in September 2019, LILO portion commissioned in October 2019	Selected	Commissioned on 29.09.2021
6	33/220/400 kV Lahal Sub Station (Chamba)	20.09.2014	263.11	01.01.2018	07.07.2020	Selected	Commissioned on 30.06.2020
7	220 kV D/C line (Twin MOOSE) from Charor to 400/220 kV Banala Sub Station of PGCIL (Kullu)	22.01.2015	56.97	July 2017	July 2019		Commissioned on 24.07.2019
8	66 kV Switching Station at Urni (Kinnaur)	07.06.2014	26.50	20.06.2018	Construction complete and Sub station is ready for charging	Selected	Commissioned during September 2020
9	220 kV D/C (Twin MOOSE) Transmission Line from Sunda to Hatkoti (Shimla)	28.05.2015	56.42	September 2019	December 2020	Selected	In progress

Sl. No.	Name of work	Date of award	Value of contract (₹ in crore)	Scheduled date of commissioning	Actual / revised anticipated date of commissioning	Selection	Status of project at the end of September 2021
10	66kV D/C Line from 66 kV switching station at Urni to Wangtoo Sub Station (Kinnaur)	17.01.2015	21.72	31.12.2019	In progress		In progress
11	132/220kV, 2x100 MVA Pooling Station at Sunda (Shimla)	5.4.2018	62.91	December 2020	June 2021		In progress
12	132/220 kV Sub Station at Charor (Kullu)	19.03.2018	68.36	01.05.2020	June 2021		In progress
13	LILO of 132 kV Kangra-Dehra Line at Chamba 132 kV D/C 54 Nos Tower (Line length 15.38 km Kangra)	26.12.2015	20.93	September 2019	July 2020		Commissioned on 06.08.2020
14	220 kV Switching Station at Hatkoti (Shimla)	6.3.2018	46.72	31.12.2019	June 2021		In progress
15	33/132 kV Sub Station at Barsaini Kullu	2.2.2018	49.84	29.06.2020	June 2021		In progress
16	400 kV D/C line (Twin MOOSE) from 400/220 kV, 2x315 MVA Lahal GISS to 400/220 kV Chamera Pooling Station of PGCIL (Chamba)	18.02.2018	115.46	March 2020	September 2021	Selected	In progress
17	132 kV D/C line from Barsaini Sub station to Charor Sub station (Kullu)	11.1.2018	43.67	23.05.2020	June 2021		In progress
18	220 kV D/C line (Twin MOOSE) from Bajoli Holi HEP to 400/220 kV Lahal GISS (Lahal)	18.12.2018	69.43	30.06.2019	December 2020	Selected	In progress
19	132/33 kV, 2x100 MVA GIS Sub Station at Mazra Chamba	19.06.2019	68.96	16.08.2021	September 2021		In progress
20	66/22 kV, 2x10 MVA GIS Sub station at Nirmand (Baghipur, Kullu)	11.02.2019	39.79	28.06.2021	In progress		In progress
21	220 kV D/C transmission line from Mazra to Karian (Chamba)	20.12.2019	38.44	17.01.2021	June 2021		In progress

Sl. No.	Name of work	Date of award	Value of contract (₹ in crore)	Scheduled date of commissioning	Actual / revised anticipated date of commissioning	Selection	Status of project at the end of September 2021
22	66 kV D/C transmission line from Nirmand to Kotla (Kullu-Shimla)	20.12.2018	23.09	28.02.2021	In progress	Selected	In progress
23	Additional 400/220 kV Transformer at Gumma Substation (Shimla)	30.12.2016	43.74	10.10.2018	Completed		Commissioned on 05.02.2021
24	220 kV Snail-Hatkoti line (Shimla)	28.11.2016	25.44	10.10.2018	Completed	Selected	Commissioned on 02.11.2020
25	220kV D/C TL from Dehan SS to Hamirpur SS (Hamirpur)	05.04.2018	119.58	10.08.2020	June 2021	Selected	In progress
26	132/220 kV Sub Station at Dehan (Hamirpur)	19.02.2018	75.52		June 2021		In progress
27	Providing additional 33/220 kV, 31.5 MVA Transformer at Pandoh Sub Station (Mandi)	22.02.2018	19.62	01.12.2019	June 2020	Selected	Commissioned on 08.10.2020
28	33 kV Palchan-Prini Line (Kullu)	4.12.2017	8.13	15.04.2020	June 2021		In progress
29	132 kV D/C Line from Tangnu Romai to 132 /220 kV Sunda P.S (Shimla)	23.05.2017	16.90	14.03.2020	June 2021		In progress
30	220/66 kV,80/100 MVA GIS Sub Station at Heling and LILO of 220 kV Bajoli Holi-Lahal D/C line Chamba	30.08.2019	88.29	18.11.2020	June 2022		In progress
31	220/66 kV, 80/100 MVA Additional Sunda Sub station (Shimla)	08.03.2019	24.87	22.11.2020	June 2021		In progress
32	Providing additional 220/33 kV, 80/100 MVA trf At Charor Substation (Kullu)	08.03.2019	35.96	11.12.2020	June 2021		In progress
33	33 kV GIS Switching Station at Palchan (Kullu)	20.11.2019	13.78 & 3.72 (17.30)	02.09.2020 & 06.01.2022	August 2021		In progress
34	220/32 kV sub station at Kalaamb and 220kV D/C Transmission Line from PGCIL Sub station	2.3.2019	74.02	02.09.2020	December 2022		In progress
35	220/33kV Sub station at Prini (Kullu)	24.01.2018	6.54	07.10.2020	December 2020	Selected	In progress

Sl. No.	Name of work	Date of award	Value of contract (₹ in crore)	Scheduled date of commissioning	Actual / revised anticipated date of commissioning	Selection	Status of project at the end of September 2021
36	Providing 220/66 kV, 80/100 MVA transformer in the yard of 400/220 kV Gumma Sub Station in Distt Shimla	22.2.2020	45.11	30.07.2021	In progress		In progress
37	Augmentation of existing 220/132 kV Kangoo substation and stringing of 2nd circuit of 220 kV S/C line on D/C towers from Dehar Power House of BBMB to Kangoo sub station	26.2.2020	52.00	25.07.2021	In progress		In progress
38	LILo of 2nd circuit of 220 kV Kuniyar-Panchkula transmission line at 220 kV substation Baddi. Along with associated bays	22.2.2020	5.68	30.03.2021	In progress		In progress
39	33/220 kV GIS Karian	22.12.2010	41.70	30.06.2013	5.04.2018		Commissioned on 05.04.2018
40	220 kV S/C Transmission Line Karian to Chamera	6.09.2011	10.17	12.05.2018	12.05.2018		Commissioned on 12.05.2018
41	220 KV line from Lahal to Budhil HEP	11.03.2015	5.98	April 2017	7.07.2020	Selected	Commissioned on 29.06.2020

### Appendix-3.4

(Refer para: 3.3.1; page: 62)

#### Detail of purchase / consumption of store during the three years ended 31 March 2020

(₹ in crore)

Particulars	2017-18	2018-19	2019-20
Opening balance	58.40	56.48	139.14
Purchase during the year	293.90	470.85	463.16
<b>Total</b>	<b>352.30</b>	<b>527.33</b>	<b>602.30</b>
Issued for consumption / utilisation	316.32	402.61	417.90
Issued to contractors	1.45	1.44	1.46
Balance	34.53	123.28	182.94
Transfers (Inter unit)	-11.37	-29.70	-42.47
Adjustments	33.32	45.58	53.04
Closing stock	56.48	139.14	193.51
Closing stock in terms of months	2	4	5
Total utilisation during the year	317.77	404.05	419.36
Stock required for three months' consumption	79.44	101.01	104.84
<b>Excess stock over and above the three months' requirement</b>	<b>-22.96</b>	<b>38.13</b>	<b>88.67</b>





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