

CHAPTER-III

PERFORMANCE REVIEWS

Education, Social Justice and Empowerment and Tribal Development Departments

3.1 Educational Development of Scheduled Castes and Scheduled Tribes

Highlights

Scheduled Castes (SCs) and Scheduled Tribes (STs) constitute 25 and 4 per cent respectively of the State's population as per the 2001 census. The literacy rate of the SCs and STs was 70 and 66 per cent respectively, as against the State literacy rate of 77 per cent. The performance of the departments engaged in implementation of various Central/State schemes for the educational development of the SCs/STs, like Pre-matric scholarship scheme for the children of those engaged in unclean occupation, Post-matric scholarship scheme, construction of hostels for SCs/STs community students, etc., was deficient. The implementation of these schemes was affected by deficiencies such as short contribution of funds by the State, short coverage of eligible beneficiaries, delay in payment of scholarship, non-payment of scholarship at enhanced rates, unsatisfactory system of selection of beneficiaries, delay in completion of hostel building, poor performance of pre-examination coaching centre, etc. Some significant audit findings are as under:

- *Survey was not conducted for ascertaining the targeted population under each educational development scheme to assess the requirement of funds.*

(Paragraph 3.1.8.1)

- *The overall shortfall in coverage of beneficiaries under Pre-matric scholarship scheme in the State during 2002-2007 was 66 per cent. In test-checked districts, the percentage of uncovered beneficiaries was 59.*

(Paragraph 3.1.10.1)

- *In educational institutions of test-checked districts, shortfall in coverage of eligible SC students under PMS scheme during*

2002-2007 ranged between nine and 76 per cent whereas for ST students, it ranged between four and 76 per cent.

(Paragraph 3.1.11.1)

➤ *For construction of hostels for SC and ST students, against the required 50 per cent share of Rs 22.52 crore, the State Government released only Rs 13.57 crore (60 per cent).*

(Paragraph 3.1.12)

➤ *Five hostels constructed for housing 280 SC and ST (SC boys and girls: 120; ST boys and girls: 160) students at a cost of Rs 4.21 crore remained unutilised rendering the expenditure infructuous.*

(Paragraph 3.1.12.3)

➤ *The performance of pre-examination coaching centre run by Himachal Pradesh University was quite unsatisfactory, as against the minimum prescribed success rate of 33 per cent, it ranged between zero and nine per cent.*

(Paragraph 3.1.13.1)

3.1.1 Introduction

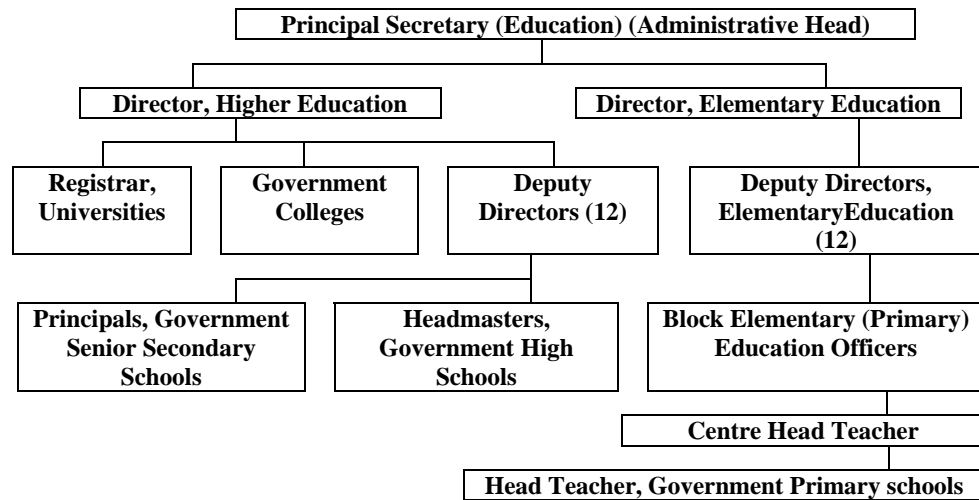
Education is public good which benefits society and the most effective instrument of social empowerment of the Scheduled Castes (SCs) and Scheduled Tribes (STs) population. As per 2001 census, the total population of the State was 60.78 lakh, of which, the SC and ST population comprised 15.02 lakh (25 per cent) and 2.45 lakh (4 per cent) respectively. In the State, eight¹ Centrally sponsored/Central Sector schemes and three² State Sector schemes for educational development of SCs and STs were being implemented since 1944-45 to 2000-2001. The main objective of these schemes was to increase enrolment and retention of SC and ST students in educational institutions, reduce drop out rates and increase their representation in jobs and higher educational and professional institutions.

¹ Pre-matric Scholarship Scheme; Post-matric Scholarship Scheme; Scheme for construction of hostels for SC and ST students; Coaching and allied schemes for weaker sections including SCs and STs; Grant-in-aid to voluntary organisations working for the welfare of SCs and STs; Educational Complex in Low-Literacy pockets; Upgradation of merit of SC and ST students and Scheme for the establishment of Ashram schools in tribal sub-plan areas.

² Dr. Ambedkar Medhavi Chhatravriti Yojna, Thakur Sen Negi Utkrisht Chhatravriti Yojna and Maharishi Balmiki Chhatravriti Yojna.

3.1.2 Organisational set up

The organisational set up for implementation of these schemes is as under:



The Education Department coordinates all the schemes for educational development of SCs and STs. The proposals for release of funds for schemes for the welfare of SCs are sent by the Education Department to Director, Social Justice and Empowerment and for schemes pertaining to the welfare of STs, to the Tribal Development Department.

3.1.3 Scope of Audit

A performance audit covering the period from 2002-2003 to 2006-2007 was conducted in June-September 2006 and February-May 2007 through a sample check of records in the offices of the Commissioner, Tribal Development, Director, Social Justice and Empowerment, Director, Higher Education (DHE), Director, Elementary Education (DEE) and 120³ implementing agencies/institutions of eight districts⁴ selected for test-check, out of 15,078 institutions in the State covering 84 *per cent* of the total expenditure of Rs 48.94 crore.

3.1.4 Audit objectives

The objectives of the performance audit were to verify, whether:

- planning for implementation of various schemes launched for the educational development of SCs and STs was efficacious and based on reliable and acceptable data;

³ Universities: 4; Colleges: 34 (Boys: 29, Girls: five); Primary Schools: 16; Middle Schools: 16; High Schools: 16; Senior Secondary Schools: 16; Hostels: 14 and NGOs: 4.

⁴ Bilaspur, Chamba, Hamirpur, Kangra, Lahaul and Spiti, Shimla, Sirmour and Solan.

- the allocation, release and utilisation of funds earmarked for various schemes were judicious, adequate and efficacious;
- the efforts of the Union Government/State Government resulted in improving the educational indicators i.e. literacy rate, gross enrolment ratio, gross drop out rate and gender parity index;
- the implementation of various programmes through NGOs was effective; and
- the monitoring system at various levels was functioning properly/effectively.

3.1.5 Audit criteria

The audit criteria used for assessing the performance of various schemes were:

- policy and guidelines of GOI and the State Government relating to educational development of SC and ST students;
- criteria fixed for selection of beneficiaries;
- guidelines and instructions of GOI and the State Government relating to financing of the schemes; and
- prescribed monitoring mechanism.

3.1.6 Audit Methodology

Before commencing audit, the audit objectives, criteria and scope were discussed (July 2006) with the Principal Secretary (Education) in an entry conference. Capital district and seven out of the remaining eleven districts were selected using random sampling method based on probability proportionate to size with replacement.

Records, data and information for the period 2002-2007 relating to schemes for educational development were examined in the departments of Social Justice and Empowerment, Tribal Development, Higher Education and Elementary Education apart from the records of the district level implementing agencies, educational institutions and NGOs. Information collected from the records, final replies furnished by the above units to questionnaires and audit memoranda were analysed to arrive at audit conclusions. The audit findings were discussed in June 2007 with the Principal Secretary, Education, in an exit conference and the views of the Government/departments were suitably included against the relevant paragraphs where found appropriate.

3.1.7 Audit Findings

Educational Indicators

Literacy rate, gross enrolment ratio, gross drop out rate and gender parity index are the important indicators of educational development. These rates indicate the extent of progress achieved in educational development by various sections of the community.

3.1.7.1 Literacy Rate

Literacy rate is an important educational indicator. Literacy rate of SC and ST communities in the State as per 2001 census was as under:

Table: 3.1.1

(In per cent)

State Literacy rate			Scheduled Castes literacy rate			Scheduled Tribes Literacy rate		
Male	Female	Overall	Male	Female	Overall	Male	Female	Overall
85	67	77	80	60	70	78	53	66

Source: 2001 census.

Against the overall State literacy rate of 77 per cent as per 2001 census, the literacy rate of SCs and STs in the State was 70 and 66 per cent, indicating a gap of seven per cent for SCs and 11 per cent for STs. Against the State's male and female literacy rate of 85 and 67 per cent, the literacy rate of SCs male and SCs female was 80 and 60 per cent and that of STs male and STs female was 78 and 53 per cent indicating a gap of seven per cent for SCs female and 14 per cent for STs female; five per cent for SCs male and seven per cent for STs male.

In the selected districts, the literacy rate of SCs ranged between 57 and 79 per cent and that of STs ranged between 52 and 82 per cent as given below:

Table: 3.1.2

(In percentage)

Name of district	Overall literacy rate	SC literacy rate		ST literacy rate	
		Male	Female	Male	Female
Bilaspur	79	70	56	67	48
Chamba	64	57	41	60	36
Hamirpur	73	74	63	54	20
Kangra	81	71	57	58	47
Lahaul and Spiti	73	77	56	75	55
Shimla	80	68	49	80	68
Sirmour	71	60	44	53	33
Solan	77	68	51	68	47

Source: 2001 census.

As census after 2001 is yet to be conducted, the impact at the end of 2007 could not be verified in audit.

3.1.7.2 Gross Enrolment Ratio

As per guidelines, the gross enrolment ratio (GER) is the percentage of the enrolment in classes I-V and VI-VIII and/or I-VIII to the estimated child population in the age groups 6 to 11 years and 11 to 14 years and/or 6 to 14 years respectively.

The total number of children enrolled in the State during 2003-2007 and the number of SC/ST children enrolled was as given below:

Table: 3.1.3

Total number of children enrolled

(In lakh)

Year	General			Scheduled Caste			Scheduled Tribe			Overall		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Classes I-V												
2003-2004	1.85	1.77	3.62	0.99	0.95	1.94	0.17	0.17	0.34	3.01	2.89	5.90
2004-2005	1.76	1.68	3.44	0.97	0.93	1.90	0.17	0.17	0.34	2.89	2.79	5.68
2005-2006	1.66	1.61	3.27	0.93	0.91	1.84	0.17	0.16	0.33	2.76	2.68	5.44
2006-2007	1.58	1.54	3.12	0.91	0.88	1.79	0.17	0.16	0.33	2.65	2.58	5.24
Classes VI-VIII												
2003-2004	1.30	1.26	2.56	0.55	0.52	1.07	0.10	0.09	0.19	1.95	1.86	3.82
2004-2005	1.22	1.18	2.40	0.55	0.51	1.06	0.11	0.09	0.20	1.88	1.78	3.66
2005-2006	1.17	1.12	2.29	0.54	0.51	1.05	0.10	0.10	0.20	1.82	1.72	3.54
2006-2007	1.09	1.05	2.14	0.52	0.49	1.01	0.11	0.10	0.21	1.72	1.64	3.36

Source: Figures supplied by DEE.

Note: Data relating to 2002-03 was not maintained by the DEE.

The enrolment of SC students decreased from 1.94 lakh in 2003-2004 to 1.79 lakh in 2006-2007; enrolment of ST students decreased from 0.34 lakh in 2003-2004 to 0.33 lakh in 2006-2007 in primary classes.

In upper primary classes (VI to VIII), the enrolment decreased from 1.07 lakh in 2003-2004 to 1.01 lakh in 2006-2007 for SC students. There was slight increase in the enrolment of ST students.

The enrolment of SC students (I to VIII classes) decreased from 3.01 lakh in 2003-2004 to 2.80 lakh in 2006-2007 whereas the enrolment of ST students in I to VIII classes remained static during 2003-2004 to 2006-2007.

The overall enrolment of elementary classes (I to VIII) also decreased from 9.72 lakh in 2003-2004 to 8.60 lakh in 2006-2007. Thus, instead of effecting increase in enrolment from year to year, there was a declining trend, indicating that the schemes for educational development of SC and ST students had failed to boost enrolment. Reasons for the decreasing trend in enrolment called for (September 2007) from the Director, Elementary Education had not been intimated.

The position of gross enrolment ratio of SC and ST students in primary and upper primary classes in the State to the estimated child population as of March 2007 was as below:

Table: 3.1.4

(In percentage)

Year	Primary I to V (6-11 age group)			Upper Primary VI to VIII (11-14 age group)			Elementary I to VIII (6-14 age group)		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
Scheduled Caste Students									
2003-2004	99	100	99	115	122	118	104	106	105
2004-2005	105	106	105	116	116	116	109	109	109
2005-2006	105	105	105	109	107	108	106	106	106
2006-2007	124	125	125	133	131	132	127	127	127
Scheduled Tribe Students									
2003-2004	96	98	97	127	119	123	106	104	105
2004-2005	106	107	106	111	113	112	108	109	108
2005-2006	108	110	109	110	106	108	109	108	108
2006-2007	121	120	121	128	120	124	124	120	122

Source: Figures supplied by DEE.

Note: Enrolment figures for 2002-2003 not maintained by DEE.

The enrolment figures for 2003-2007 appear abnormal as these have exceeded 100 *per cent* in most of the years. This was due to non-maintenance of data of repeaters, underaged/overaged children in each class. The enrolment for primary classes increased from 99 *per cent* in 2003-2004 to 125 *per cent* in 2006-2007 and in respect of upper primary classes from 118 *per cent* in 2003-2004 to 132 *per cent* in 2006-2007 for SC students. Similarly, in respect of ST students, the enrolment for primary classes increased from 97 *per cent* in 2003-2004 to 121 *per cent* in 2006-2007 and for upper primary classes from 123 *per cent* in 2003-2004 to 124 *per cent* in 2006-2007. The GER had exceeded 100 *per cent* during 2003-2004 to 2006-2007 for children of elementary classes (I to VIII). In the absence of data of repeater students and underaged/overaged children, the correctness of GER for the above period could not be vouchsafed in audit. The DEE admitted (August 2007) the fact, but advanced no reasons for non-maintenance of such data.

3.1.7.3 Gross Dropout Rate

As per guidelines, the gross dropout rate (GDR) represents the percentage of students who drop out from a given grade or cycle or level of education in a given cycle/school year.

GDR for SC and ST students had not been maintained separately at the State and district levels. In the absence of any appropriate data, Audit was unable to verify GDR for SC and ST students in the State as well as impact of the Central/State schemes and remedial action, if any, taken by the department.

The DEE admitted (August 2007) the omission.

3.1.7.4 Gender Parity Index

As per guidelines, the gender parity index (GPI) is calculated by dividing girls's GER by boy's GER of a given level of education. When the GPI shows a value equal to one at any level of education it indicates that there is no gender disparity and learning opportunities available for girls are equal to those for boys.

The data for GPI had not been maintained by the DEE at State level and the Deputy Directors Education (DDE) at the district level during 2002-03 to 2006-07. Hence the impact of the Central/State schemes on ensuring gender equality in education and remedial action, if any, taken by the department could not be verified in audit. The DEE stated (July 2007) that various types of data in respect of Elementary Education was being collected on District Information System for Education (DISE) format prescribed by GOI but the parameters of GDR and GPI had not been included in the said format and the

matter would be taken up with the GOI for inclusion of these parameters. The reply is not tenable as DISE format had been implemented from 1997-98 for I to V classes and from 2002-03 for VI to VIII classes and the matter regarding changes in format should have been taken up by the department with the GOI in the beginning of the programme.

Thus, the department failed to include educational indicators like dropout rates, GPI, the data of repeaters and underaged/overaged children in the DISE format, which will impact the evaluation of the implementation of the GOI and State sponsored schemes for development of education of SC and ST students.

3.1.8 Planning

3.1.8.1 Planning for implementation of various schemes

As per guidelines, the requirement of funds for implementation of various schemes was to be assessed and projected each year on the basis of the number of beneficiaries to be covered under various schemes. The year-wise and gender-wise disaggregated data of SC and ST children in the age group of 6-11 (Primary classes), 11-14 (Middle classes) and those in High school (upto 10th class) was to be collected and documented. A survey for ascertaining the targeted population under each scheme for implementation was to be conducted and the data documented/published.

It was noticed that

- survey for ascertaining the targeted population under each scheme had not been conducted;
- there was no system for assessment of requirement of funds and number of beneficiaries to be covered under each scheme; and
- the disaggregated data regarding GDR and GPI was not collected/documented and maintained age-group/year-wise for 2002-03 to 2006-07 for those SC and ST students who had been studying in classes I to X as required.

Hence audit was unable to ascertain whether the Education Department was able to get optimum benefit of the Central/State schemes for the SC/ST population of the State.

Further, in the absence of the complete information, the impact of the Central/State schemes on the targeted SC/ST population and remedial action, if any, taken by the department could not be verified.

DHE stated (June 2007) that the Department had issued (June 2007) necessary directions to all the DDEs/concerned institutions for maintaining the records properly.

3.1.8.2 Publicity of schemes for public awareness

As per guidelines, sufficient publicity was to be given to all the schemes by the DEE and the DHE for maximising enrolment of SC and ST students and for generating public awareness through print/electronic media/issue of circulars, initiating special drives in schools, blocks, colleges and other educational institutions, etc.

The Department informed that it had incurred an expenditure of Rs 1.15 lakh during 2005-06 and 2006-07 on publicity through newspapers. It was, however, noticed that sufficient publicity had not been given to the above schemes among the target groups, as there was no evidence of special drives awareness camps or use of electronic media for giving publicity.

It was observed, that 2,775 students (SCs: 2,023 and STs: 752) have been deprived of the intended benefits of the post-matric scholarship scheme in 10⁵ educational institutions in the test-checked districts as admitted by the Principals/Headmasters of the concerned institutions.

3.1.9 Allocation, Release and Utilisation of Funds for implementation of various schemes

In the beginning of each year the DEE and DHE should collect data of eligible beneficiaries under each scheme from all the educational institutions in the State through the respective DDE of each district.

⁵ Baba Balak Nath PG College, Chakmoh (Hamirpur district); Baba Kripal Dass Degree College (Girls), Paonta Sahib (Sirmour district); BTC DAV College, Banikhet (Chamba district); Gautam Girls College, Hamirpur; Goswami Ganesh Dutt Sanatan Dharam College, Subathu (Solan district); Goswami Ganesh Dutt Sanatan Dharam College, Rajpur (Kangra district); Kunj Biharilal Butail DAV College (Girls), Palampur (Kangra district), Sanatan Dharam College, Baroh (Kangra district); Sri Naina Devi Ji College; Naina Devi (Bilaspur district) and St. Bedes College (Girls), Shimla.

The scheme-wise position of allocation and grants released by the GOI and State Government *vis-a-vis* expenditure incurred thereagainst during 2002-07 is given below.

Table: 3.1.5

(Rupees in lakh)

	Grant released			Expenditure	Savings
	Central share	State share	Total		
Centrally sponsored schemes					
Pre-matric scholarship scheme	9.74	57.10	66.84	66.84	--
Post-matric scholarship scheme	214.42	427.50	641.92	641.92	--
Hostels for SC and ST students	2,251.72	1,356.59	3,608.31	3,608.31	--
Coaching and Allied schemes for weaker sections	2.90	13.00	15.90	15.90	--
Upgradation of merit of SC and ST students	--	--	--	--	--
Educational Complex in low literacy pockets	11.43	--	11.43	11.43	--
Total (A)	2,490.21	1,854.19	4,344.40	4,344.40	
State sponsored schemes					
Dr. Ambedkar Medhavi Chhatravriti Yojna	--	580	580	347.00	(-) 233.00
Maharishi Balmiki Chhatravriti Yojna	--	64	64	37.71	(-) 26.29
Thakur Sen Negi Utkrishata Chhatravriti Yojna	--	100	100	57.20	(-) 42.80
Total (B)	--	744	744	441.91	
Grand Total (A+B)	2,490.21	2,598.19	5,088.40	4,786.31	

Source: Departmental figures.

The grants from GOI were made available to the State Government through the budgetary process and grants to the non-Government Organisations (NGOs) were released directly to them by GOI.

Audit scrutiny revealed the following:

The assessment of requirement of funds for implementation of various scholarship schemes for SC/ST students was done by the DEE and DHE on tentative basis keeping in view the actual expenditure incurred during the previous year. There was no linkage between the eligible beneficiaries and allocation made/amount released due to non-availability of the exact number of beneficiaries as mentioned later in the review in paragraphs 3.1.10, 3.1.10.1 and 3.1.11.1 at the time of making budget provisions.

The Department did not maintain separate accounts of expenditure incurred out of State and Central share of grants released for CSS. Savings of Rs 3.03 crore occurred under State schemes as assessment of requirement of funds was done by the DEE and DHE on tentative basis.

The GOI released Rs 9.74 lakh as Central share under pre-matric scholarship scheme to State Government in March 2003 which was not utilised during 2003. The Directorate of Social Justice and Empowerment (DSJE), however, got the sanction revalidated from GOI in December 2005 and released to the DEE (Rs 6 lakh) and DHE (Rs 3.74 lakh) in March 2006 to clear the past liabilities of scholarship for the years 2002-03 and 2003-04. The DSJE thus failed to extend timely benefits to the students.

3.1.9.1 Non-provision of funds out of Special Component Plan for development of educational infrastructure

Under the Central sector scheme of Special Central Assistance (SCA) to special component plan, 10 *per cent* of the Central funds released in a year were to be utilised for infrastructure development programmes, like establishment and running of residential schools in areas that have low literacy levels and for repairs and proper upkeep of existing schools/hostels meant for SCs in the villages which have 50 *per cent* or more of SC population.

The year-wise release of SCA to special component plan during 2002-07 was as under:

Table: 3.1.6

(Rupees in crore)

Year	Central assistance as special component plan	10 <i>per cent</i> amount required for allocation and utilisation on infrastructure development programmes
2002-2003	3.75	0.37
2003-2004	4.00	0.40
2004-2005	4.70	0.47
2005-2006	6.00	0.60
2006-2007	6.00	0.60
Total	24.45	2.44

Source: Scheduled Caste Sub-Plan for 2006-07.

Scrutiny of records of the DSJE revealed (April 2007) that 10 *per cent* of funds which worked out to Rs 2.44 crore of the total central assistance of Rs 24.45 crore released to special component plan during 2002-07 were not provided for any educational infrastructure development activities. These funds were utilised on Agriculture, Horticulture, Animal Husbandry, Fisheries, Cooperation, Industries, etc. The DSJE stated (August 2007) that Education Department had no scheme under SCA. The reply is not tenable as Education sector was also included by GOI for funding out of SCA.

Implementation of Centrally Sponsored Schemes

3.1.10 Pre-matric scholarship to the children of those engaged in unclean occupation

As per the Centrally sponsored scheme (CSS) “Pre-matric scholarship to the children of those engaged in unclean occupation” introduced in 1992-93, financial assistance is provided to the parents, traditionally engaged in unclean occupations like scavenging, flaying, and tanning to enable their children to pursue education upto matric level. The assistance includes payment of scholarship at rates varying between Rs 25 and Rs 75 per month for 10 months of an academic year and annual *ad hoc* grant of Rs 500 (revised to Rs 550 from 2003-04). The expenditure under the scheme is shared on 50:50 basis between the GOI and the State Government. Applications of beneficiary students for grant of scholarship are received in the Directorate through the Head of the Institution alongwith occupation certificate in respect of parents. The scheme was being implemented by DSJE upto 2005-06 and was transferred for implementation to DEE during 2006-07. The scheme was not being implemented in the two tribal districts of Kinnaur and Lahaul and Spiti.

The year-wise position of budget allocation, amount released by the Central and State Governments and expenditure incurred thereagainst during 2002-07 was as under:

Table: 3.1.7

(Rupees in lakh)

Year	Budget allocation			Amount released			Expenditure incurred		
	Central share	State share	Total	Central share	State share	Total	Central share	State share	Total
2002-2003	-	-	-	-	-	-	-	-	-
2003-2004	-	9.93	9.93	-	9.93	9.93	-	9.93	9.93
2004-2005	-	-	-	-	-	-	-	-	-
2005-2006	9.74	47.17	56.91	9.74	47.17	56.91	9.74	47.17	56.91
2006-2007	-	-	-	-	-	-	-	-	-
Total	9.74	57.10	66.84	9.74	57.10	66.84	9.74	57.10	66.84

Source: Figures for 2003-04 supplied by the DSJE and for 2005-06 by the DHE.

Audit observed that during the years 2002-05, GOI did not release any assistance. The State Government also neither made budget provision nor released any assistance during 2002-03, 2004-05 and 2006-07 for implementation of the scheme though 13,309⁶ applications were received from the beneficiary students during these years. It was, further, noticed that Rs 56.91 lakh provided by DSJE during 2005-2006 remained unutilised. The amount was drawn (March 2006) and remitted (May 2006) to the Deputy Directors, Primary and Secondary Education (now Deputy Directors, Elementary Education and Higher Education) of 10 districts (excluding two

⁶ 2004-05: 4,867; 2005-06: 3,575 and 2006-07: 4,867.

tribal districts) of the State for disbursement amongst 7,401 beneficiaries for the academic years 2002-03 (4,066 beneficiaries) and 2003-04 (3,335 beneficiaries). Such delays not only negate the objectives of the scheme but also have an adverse effect on increasing enrolment.

The DHE stated (May 2007) that the budget for the years 2004-06 was to be released by the DSJE as he was implementing the scheme upto 2005-06 whereas, budget for the year 2006-07 proposed by DHE had not been received. The reply indicates that coordination between the two departments was lacking, which resulted in non-payment of scholarships to students in the respective academic years.

Further, records of the DD's of seven⁷ test-checked districts revealed that out of Rs 41.85 lakh remitted (May 2006) to them for making disbursement amongst 5,284 beneficiaries as scholarship for academic years 2002-03 and 2003-04, Rs 2.86 lakh remained undisbursed to 284 beneficiaries since their whereabouts were not known. The DD, EE stated (May 2007) that the whereabouts of the students were being ascertained for disbursement. This is indicative of lackadaisical approach of the DD, EE and DD, HE in extending the benefits of the scheme to the needy students inspite of availability of funds. The possibility of students having left the concerned institutions as well as misappropriation of scholarship funds in these cases cannot be ruled out.

3.1.10.1 Coverage of beneficiaries

The year-wise position of eligible beneficiaries from whom applications were received for assistance under the scheme, beneficiaries actually covered and those remained uncovered in the State during 2002-07 was as under:

Table: 3.1.8

(In numbers)

Year	Total number of eligible students from whom applications were received (Class-I to X)	Total number of students covered (Class-I to X)	Number of students left uncovered
2002-2003	4,066	3,949	117
2003-2004	3,335	3,168	167
2004-2005	4,867	Nil	4,867
2005-2006	3,575	Nil	3,575
2006-2007	4,867	Nil	4,867
Total	20,710	7,117	13,593

Source: Figures supplied by DE and HE.

⁷ Bilaspur, Chamba, Hamirpur, Kangra, Shimla, Sirmour and Solan. The scheme was not implemented in Lahaul and Spiti district.

From the above details it would be seen that during 2002-07, out of 20,710 eligible students in the State, 13,593 (66 per cent) students remained uncovered. Similarly, in test-checked districts, out of 12,340 eligible students, 7,340 (59 per cent) students were left uncovered. Audit scrutiny revealed that the scholarships were not paid to the beneficiary students in the respective academic year in which they were studying and in the year for which the scholarships were sanctioned. The DHE attributed (August 2007) non-coverage of eligible students to non-availability of whereabouts of students after they left the institutions. The reply is not acceptable, because funds were not released in time although addresses of the beneficiaries were available both in the scholarship application forms as well as admission records.

This indicated lack of adequate efforts and concern on the part of the State Government to implement the scheme in an effective manner.

3.1.10.2 Non-payment of scholarships at enhanced rates

GOI revised (April 2003) the rates of monthly scholarship from Rs 40 to Rs 60 and from Rs 50 to Rs 75 in respect of classes 6th to 8th and 9th to 10th respectively. The rates of annual *ad hoc* grant were also revised (April 2003) to Rs 550 from Rs 500. The total amount on the basis of revised rates of scholarship and *ad hoc* grant worked out to Rs 1,150 and Rs 1,300 from April 2003 for students of classes 6th to 8th and 9th to 10th respectively.

Audit scrutiny of records in the office of the DHE revealed that in five⁸ districts out of 10 districts in the State where the scheme was being implemented, against Rs 17.32 lakh due for 1,447⁹ identified beneficiaries of classes 6th to 10th on the basis of revised rates, for 2003-04 only Rs 14.81 lakh were released (May 2006) resulting in short release of Rs 2.51 lakh. While admitting the facts (August 2007) the DHE stated that the rates were applied by the DSJE. The reply is not tenable as being the implementing agency of the Government, the matter for release of funds at enhanced rates should have been taken up with the DSJE to ensure payment of scholarship at enhanced rates.

3.1.11 Post-matric scholarship (PMS) scheme

PMS scheme was in operation since 1944-45 to provide financial assistance to SC and ST students studying at post-matriculation level to enable them to complete their education without economic constraints. The scheme is open to all SC and ST students whose parental income is less than Rs one lakh per annum and who are bonafide residents of the State. From September 2004 the assistance of Rs 90 and Rs 120 per month was revised to Rs 140 and

⁸ Bilaspur, Mandi, Shimla, Sirmour and Una.

⁹ 6th to 8th: 995 and 9th to 10th: 452.

Rs 185 per month for under graduate classes for day scholars and Rs 150 and Rs 230 per month were revised to Rs 235 and Rs 355 per month for hostellers for academic year 2004-05 to be paid for 10 months. For postgraduate classes, the assistance of Rs 190 per month for day scholars revised to Rs 330 per month from September 2004 and Rs 290 to Rs 510 per month for bachelor courses and Rs 425 to Rs 740 for PG courses was to be paid to hostellers. Under the scheme, the State Government was entitled to receive cent *per cent* assistance from the GOI over and above the committed liability which is the actual expenditure incurred in the terminal year (2001-02) of Ninth Five Year Plan period (1997-02).

The committed liability of the State as per terminal year (2001-02) of Ninth Five Year Plan was Rs 81.10 lakh per year. The grant received from GOI and expenditure incurred by the State Government under the scheme during 2002-07 was as given below:

Table: 3.1.9

(Rupees in lakh)

Year	Committed liability of the State	Total expenditure incurred on the scheme	Grant due from GOI	Grant received from GOI	Remarks
1.	2.	3.	4.	5.	7.
2002-2003	81.10	78.50	Nil	Nil	Expenditure less than committed liability hence no assistance from GOI was received.
2003-2004	81.10	103.37	22.27	13.13	
2004-2005	81.10	118.44	37.34	35.52	
2005-2006	81.10	149.40	68.30	66.48	
2006-2007	81.10	192.21	111.11	99.29	
Total	405.50	641.92	239.02	214.42	

Source: Figures supplied by the DHE.

During 2003-04 to 2006-07 amount aggregating Rs 24.60 lakh spent by the Department over and above the committed liability had not been claimed by the DHE from the GOI as required.

Audit scrutiny revealed that the budgetary demands were sent without assessing the total number of beneficiaries under the scheme. The DHE stated (August 2007) that proposals of demand for funds for various scholarships are sent to GOI during July-August every year and due to non-availability of exact number of students by this period, the actual demand of budget could not be ascertained. The reply is not tenable as it is the Department's responsibility to collect data from the field functionaries before sending the proposals for funds to GOI.

3.1.11.1 Coverage of beneficiaries

State level data regarding total number of students enrolled in the post-matric classes/courses and number of applications received for scholarships from eligible students was not available with DHE. In the absence of State level data, audit could not ascertain the number of students who remained uncovered in the State and the overall impact of the scheme. The DHE had, however, not monitored the actual disbursement of scholarships to the beneficiaries. The funds were released without assessing the actual coverage by the heads of institutions.

In the educational institutions of eight selected districts¹⁰, the position of SC and ST students actually covered under the scheme during 2002-2007 was as under:

Table: 3.1.10**(In numbers)**

Year	Number of eligible students from whom applications were received			Number of students covered/awarded scholarship			Shortfall		
	SC	ST	Total	SC	ST	Total	SC	ST	Total
2002-2003	775	179	954	520	59	579	255 (33)	120 (67)	375
2003-2004	998	221	1,219	751	190	941	247 (25)	31 (14)	278
2004-2005	979	123	1,102	892	118	1,010	87 (9)	5 (4)	92
2005-2006	1,449	174	1,623	1,247	158	1,405	202 (14)	16 (9)	218
2006-2007	1,121	334	1,455	270	81	351	851 (76)	253 (76)	1,104
Total	5,322	1,031	6,353	3,680	606	4,286	1,642	425	2,067

Source: Figures supplied by test-checked units. Figures in parenthesis indicate percentage.

Shortfall in coverage of eligible SC and ST students during 2002-2007 ranged between nine and 76 per cent in respect of SC students and four and 76 per cent in respect of ST students. The DHE admitted (August 2007) the facts and stated that the whereabouts of students who had left the institutions, could not be ascertained inspite of best efforts.

The reply is evasive as neither any returns calling for details of disbursement of scholarship amount had been prescribed nor any such reports were being submitted by the DDs, HE/heads of institutions to the DHE indicating inadequacy of monitoring.

¹⁰ Bilaspur, Chamba, Hamirpur, Kangra, Lahaul and Spiti, Shimla, Sirmour and Solan.

3.1.11.2 Non-payment of scholarship at enhanced rates

The rates of maintenance allowance for post matric SC and ST students were revised (September 2004) from Rs 90 and Rs 120 to Rs 140 and Rs 185 per month for 10+1, 10+2 and undergraduate classes respectively from the academic year 2004-2005. It was noticed that against Rs 5.68 lakh payable on the basis of revised rates for the academic years 2004-2005, 2005-2006 and 2006-2007, only Rs 4.03 lakh was paid by seven¹¹ educational institutions to 316 beneficiaries in Kangra, Sirmour and Shimla districts resulting in short payment of Rs 1.65 lakh to them. The heads of these institutions stated (February-April 2007) that the amount was paid as per budget allocation. The reply is not acceptable as the fact is that revised demands were not prepared and sent. As a result, the beneficiaries were deprived of the enhanced amount.

3.1.12 Hostels for SC and ST students

To enable the SC and ST students studying in middle, high, senior secondary schools, colleges and universities to pursue their studies, GOI provided Central assistance to the State Government on 50:50 basis for providing hostel facilities to SC and ST girls and boys.

The details of hostels sanctioned, budget allocated and funds released during the period 2002-2007 are as under:

Table: 3.1.11

(Rupees in crore)

Year	Number of hostels sanctioned			Housing capacity	Estimated cost	Budget allocation	Amount released		Total
	SC	ST	Total				Central Share	State Share	
2002-2003	-	-	-	-	-	-	-	-	-
2003-2004	5	-	5	295	5.80	5.80	2.90	2.90	5.80
2004-2005	-	-	-	-	-	-	-	-	-
2005-2006	27	-	27	2,601	39.53	39.53	19.62	10.67	30.29
2006-2007	-	-	-	-	-	-	-	-	-
Total	32	-	32	2,896	45.33	45.33	22.52	13.57	36.09

Source: Figures supplied by the DSJE and Commissioner, Tribal Development Departments.

Against the required share of Rs 22.52 crore, the State Government released only Rs 13.57 crore. Out of 32 hostels sanctioned for SC students by DSJE, five hostels were lying incomplete and the status of 27 hostels was not

¹¹ Government Degree Colleges, Chaura Maidan, Sanjauli, Nahan, Palampur, Paonta Sahib, RKMV Shimla and Government Senior Secondary School, Bogdhar.

available with the DSJE as intimated (August 2007) to audit. This shows that though required to do so the Department is not monitoring the physical and financial progress of these hostels to ensure timely availability of hostel facilities to the beneficiaries.

3.1.12.1 Non-commencement of construction of hostel buildings

GOI sanctioned (March 2004/September 2005) two hostel buildings for 160 SC boys of Government Degree Colleges at Paonta Sahib and Nahan (both in Sirmour district) for Rs 2.75 crore (Nahan: Rs 1.65 crore and Paonta Sahib: Rs 1.10 crore) for completion within two years. The DSJE released (March 2005/March 2006) Rs 1.92 crore (Central Share: Rs 1.37 crore and State Share: Rs 0.55 crore) to Chief Executive Officer, Himachal Pradesh Urban Development Authority (HIMUDA). It was observed that construction work of these buildings had not been taken up as of April 2007 due to non-transfer of land. Thus, the entire amount of Rs 1.92 crore remained unspent with the executing agency as of April 2007. This indicated lack of urgency on the part of the State Government to ensure adequate action for timely construction of hostels for the beneficiaries.

3.1.12.2 Delay in completion of hostel buildings

As per guidelines, the construction of hostel buildings was required to be completed within a period of two years. It was, however, noticed that five hostel buildings¹² with capacity for housing 300 students sanctioned by GOI during 2003-2004 at an estimated cost of Rs 5.57 crore (Central share: Rs 2.79 crore and State share: Rs 2.78 crore) and required to be completed by March 2006 had not been completed as of April 2007 though the entire amount had been released to the concerned executing agencies¹³ in the respective years. The completion of these buildings had been delayed by 13 months. The physical and financial progress of construction of hostels, had not been monitored by the DSJE. As such, the status of building works could not be verified. The DSJE attributed (August 2007) non-completion of these hostels in time due to delay in transfer of land. The reply is not tenable as the process of transfer of land for hostels should have been initiated at the time of processing of proposal and before release of funds.

3.1.12.3 Unfruitful expenditure on unutilised hostel buildings

Five hostel buildings¹⁴ (two for SC students and three for ST students) for providing housing facilities to 120 SC boys and girls and 160 ST boys and girls were sanctioned by the State Government between 1998-99 and 2001-02

¹² SC Boys Hostel: Nurpur; SC Boys Hostel: Government Senior Secondary School, Tissa; SC Boys Hostel: Government Senior Secondary School, Ani; SC Boys Hostel: Government Degree College, Basa (Gohar) and ST Boys Hostel: Government Degree College, Dharamshala.

¹³ CEO HIMUDA: four hostels; EE, HPPWD Dharamshala: one hostel.

¹⁴ ST Boys hostel, Dharamshala; ST Boys hostel, Kukumseri; ST Girls hostel, Kukumseri; SC Boys hostel, Solan and SC Girls hostel Government Senior Secondary School, Karsog.

at an estimated cost of Rs 4.19 crore for completion within two years. These hostels were completed between August 2001 and March 2006 by incurring an expenditure of Rs 4.21 crore.

It was noticed that though these buildings were handed over (August 2001 and March 2006), the same had not been utilised as of April 2007. The DSJE and the Principals of the concerned institutions attributed (February-May 2007) non-utilisation of hostels to non-availability of electricity supply, non-provision of residential accommodation for warden and non-provision of basic amenities like utensils, furniture, etc. This resulted in idling of assets amounting to Rs 4.21 crore, besides, depriving 280 SC and ST students of the intended benefits. Fact is that DSJE had sufficient time to provide all facilities.

3.1.13 Coaching and allied schemes for weaker sections including SC and ST, OBC and Minorities

Coaching and allied scheme for weaker sections including SC and ST, OBC and Minorities was in operation since 4th Five Year Plan period (1969-74). The objective of the scheme was to provide pre-examination coaching to the students of SC/ST/OBC/Minority communities for improving their representation and performance in competitive examinations held by the Union Public Service Commission and other Recruitment Boards. The scheme was open only for such SC students whose family income was less than Rs one lakh per annum and for those ST students whose family income was less than Rs 44,500 per annum. The funding pattern was 50:50 between the Central and the State Governments. Assistance to universities was also admissible for running the coaching centres and 90 *per cent* expenditure incurred was to be borne by the Central Government whereas remaining 10 *per cent* by the State Government.

The scheme was being implemented in the State through the Himachal Pradesh University (University). The year-wise details of assistance received from the GOI and State Government under the scheme are as under:

Table: 3.1.12

(Rupees in lakh)

Year	Assistance released			Expenditure incurred		
	Central share	State share	Total	Coaching fee and stipend	Salary of staff and other office expenses	Total
2002-2003	2.90	-	2.90	1.75	1.15	2.90
2003-2004	-	13.00	13.00	2.63	10.37	13.00
2004-2005	-	-	-	--	--	--
2005-2006	-	-	-	--	--	--
2006-2007	-	-	-	--	--	--
Total	2.90	13.00	15.90	4.38	11.52	15.90

Source: Figures supplied by the University.

Following points were noticed:

- The GOI had not released any assistance to the Pre-examination coaching Centre (PECC) during 2003-2007. However, in 2003-2004 the State Government had provided Rs 13 lakh from its own resources. 90 per cent of this grant (Rs 11.70 lakh) being Central share, had not been claimed by the State Government from the GOI.
- Neither the GOI nor the State Government had released any funds during 2004-2007.
- As per instructions of the GOI, the expenditure was required to be incurred for payment of coaching fee and stipend to the students. It was, however, noticed that of the expenditure of Rs 15.90 lakh incurred by the University during 2002-2004, only Rs 4.38 lakh was spent on payment of coaching fee and stipend. The balance amount of Rs 11.52 lakh was diverted for meeting expenditure on salary of staff engaged in the coaching centre and other office expenses such as electricity, water, telephone, stationery, advertisements, etc.

The Honorary Director, PECC while admitting (June 2007) the facts stated that the expenditure incurred on other than coaching fee and stipend was inevitable for smooth functioning of the centre. The reply is not tenable as the guidelines for incurring expenditure out of the scheme had not been adhered to.

3.1.13.1 Unsatisfactory performance of PECC

The year-wise performance of the coaching centre is as under:

Table: 3.1.13

Year	Number of courses	Name of course (s)	Number of SC and ST students coached	Number of students who cleared the entrance examination	Percentage of success
2002-2003	6	PMT, PET, HAS, IAS, NET and SET	144	5	3
2003-2004	6		91	8	9
2004-2005	6		115	Nil	Nil
2005-2006	6		98	7	7
2006-2007	6		99	Nil	Nil
Total				547	20

Source: Data supplied by the University.

As per guidelines, the institution was to achieve a minimum success rate of 33 *per cent*.

It was noticed that the success rate of students during 2002-2007 in different courses ranged between zero and nine *per cent*. The Honorary Director, PECC stated (April 2007) that the best coaching was imparted to the students and the success rate depended on their performance in respective examinations. The reply is not acceptable as had the coaching been good the results would have spoken for themselves.

3.1.14 *Scheme for upgradation of merit of SC and ST students*

To upgrade the merit of SC and ST students by providing them remedial and special coaching in classes IX to XII, the GOI started the scheme for upgradation of merit of SC and ST students. The scheme provided for 100 *per cent* Central assistance to the State and a package grant of Rs 15,000 per student per year. Under the scheme, 1,045 awards (scholarships) each for classes IX to XII had been sanctioned by the GOI. The State Government had identified Government Senior Secondary School, Sarahan (Sirmour district) for providing special coaching to SC and ST beneficiaries under this scheme. Six SC and One ST student were to be provided coaching each year.

It was noticed that the DHE had not implemented this scheme during 2002-2007. This had resulted in loss of grant-in-aid of Rs 21 lakh¹⁵ besides depriving 35 students (SCs: 30 and STs: five) of the intended benefits. The DHE stated (May 2007) that no student had opted for the scheme from 2002-2003 onwards because the parents of the concerned selected students were not willing to send their wards for admission to Government Senior Secondary School, Sarahan which is located at a far off distance from other SC and ST dominated areas. The reply is not acceptable, as the State Government had itself identified the school which was not accessible and the accessibility factor should have been looked into before selection. Thus, the Department failed to implement the scheme depriving 35 students of the intended benefits during 2002-2007.

3.1.15 *Educational complexes in low literacy pockets*

3.1.15.1 Unfruitful release of assistance to a Non-Government Organisation

As per guidelines, the State Government was to introduce a scheme titled, educational complexes in low-literacy pockets, to promote education among

¹⁵ Rs 15,000 x 7 students x 4 classes x 5 years = Rs 21 lakh.

tribal girls in the identified districts with less than 10 *per cent* literacy rate. The GOI is funding the scheme on *per cent* basis.

For running an educational complex at Salogra (Solan district), the GOI released grant-in-aid of Rs 11.43 lakh during 2002-2006 (2002-2003: Rs 1.89 lakh; and 2003-2004 to 2005-2006: Rs 3.18 lakh each) to a Delhi based NGO¹⁶ directly.

Audit scrutiny of records of the NGO revealed that during 2002-2007, 156 ST girls were enrolled. Of these, 27 girl students belonged to other States (Jharkhand: 14, Uttar Pradesh: 11 and Manipur: 2) and 22 girl students belonged to other than ST category. As such, during 2002-2006, expenditure of Rs 3.77 lakh (2002-2003: Rs 1.00 lakh; 2003-2004: Rs 0.21 lakh; 2004-2005: Rs 0.21 lakh and 2005-2006: Rs 2.35 lakh) incurred on their boarding/lodging, uniform and books lacked justification. For the year 2006-2007 the GOI had not released grant-in-aid to the above NGO.

Opening of this NGO in Solan district lacked justification because as per 2001 census, female literacy rate in Solan district was 67 *per cent* and female tribal population in the district was 1,590 persons i.e. one *per cent* only. On the other hand, tribal population dominated districts, *viz.* Chamba, Kinnaur and Lahaul and Spiti, where the literacy rate among females was below that of Solan district (i.e. between 49 and 64 *per cent*) had not been identified and covered. Thus, the objective of improving the socio-economic status of the poor and illiterate tribal girls had not been achieved. The organiser of the NGO admitted the facts and stated (May 2007) that in future, girls from tribal areas of the State would be enrolled in the complex.

Implementation of State sponsored scholarship schemes for educational development of SC and ST students

3.1.16 Dr. Ambedkar Medhavi Chhatravriti Yojna

The State Government started Dr. Ambedkar Medhavi Chhatravriti Yojna from the academic session 1998-99 for brilliant students of SC category who secured 50 *per cent* or above marks in matriculation examination. From the academic year 2002-03, the percentage of marks secured was enhanced to 72 for matriculation and 10+1 examinations to become eligible for award of scholarship in 10+1 and 10+2 classes respectively. Under the scheme, scholarship of Rs 10,000 per annum was payable to 1,000 eligible SC students who attended 10+1 and 10+2 classes in Government/Government recognised senior secondary schools of the State for full academic year.

¹⁶ Bhartiya Adimjati Sevak Sangh, Thakkar Bapa Samark Sadan, New Delhi.

The position of budget provision and expenditure incurred thereagainst during 2002-07 was as under:

Table: 3.1.14

(Rupees in crore)

Year	Budget provision	Expenditure	Percentage of utilisation	Number of beneficiaries awarded scholarships		
				10+1 Class	10+2 Class	Total
2002-2003	2.00	1.47	73	Not maintained	Not maintained	1,467
2003-2004	1.00	0.30	30			301
2004-2005	1.00	0.40	40			399
2005-2006	0.90	0.56	62			559
2006-2007	0.90	0.74	Scholarships for 2006-2007 to be awarded after stipulated date of 30 th September 2007.			
Total	5.80	3.47				2,726

Source: Figures supplied by the DHE.

As per the scheme guidelines, all the DDs HE were required to collect the information alongwith full details of SC students from the Principals/heads of the Institutions within their district and applications of such students in the prescribed proforma were to be submitted by 30th September each year to the DHE.

In eight test-checked districts, the DD's HE did not obtain a copy of merit list of SC students securing 72 per cent or more marks in 10th and 10+1 classes from the State Board of School Education (Board) during 2002-2006. Instead, the applications received from High/Senior Secondary schools were forwarded to the DHE for grant of scholarships. In the absence of complete data of all SC students securing 72 per cent or more marks in matriculation and 10+1 classes not being obtained from the Board each year, the possibility of some students left uncovered cannot be ruled out. The DHE intimated (August 2007) that it was not practically possible to obtain the data from the Board and compile the same at Directorate level. The reply is not acceptable, as maintenance of such data is necessary to ensure effective implementation of the scheme.

3.1.17 Thakur Sen Negi Utkrisht Chhatravriti Yojna

Thakur Sen Negi Utkrisht Chhatravriti Yojna was meant for 100 meritorious boys and 100 girls belonging to the ST community of the State. The State Government had started this scheme from the academic year 2000-2001. Under the scheme, those ST students who obtained 72 *per cent* or more marks in matriculation and 10+1 examinations of the Board held in March/April each year and who were studying in Government/Government recognised private schools in the State were eligible for grant of scholarship. The scholarship award per year per student was Rs 11,000.

The position of budget provision and expenditure thereagainst during 2002-07 was as under:

Table: 3.1.15**(Rupees in lakh)**

Year	Budget provision provided by State Government	Expenditure	Number of beneficiaries covered (boys/girls)
2002-2003	30.00	29.70	270
2003-2004	10.00	6.93	63
2004-2005	20.00	10.01	91
2005-2006	20.00	10.56	96
2006-2007	20.00	Yet to be finalised after 30 th September 2007	
Total	100.00	57.20	520

Source: Figures supplied by DHE.

It would be seen from the above table that in the year 2002-2003, 70 students were granted scholarship over and above the prescribed ceiling. On this being pointed out (May 2007) DHE stated that there was no ceiling on number of students upto 2002-2003. The reply could not be confirmed as no documentary proof was furnished to audit.

In eight test-checked districts, the DD's HE did not obtain a complete list of all ST students (boys and girls) securing 72 *per cent* or more marks in matriculation and 10+1 classes from the Board each year. Instead, the applications received from High/Senior Secondary schools were forwarded to the DHE for grant of scholarships. In the absence of complete data the possibility of some students being left uncovered cannot be ruled out. The DHE intimated (August 2007) similar reasons as mentioned in para 3.1.16

supra which showed laxity on the part of the Department in proper implementation of the scheme.

3.1.18 Maharishi Balmiki Chhatravriti Yojna

The State Government started Maharishi Balmiki Chhatravriti Yojna from the academic year 2000-01. Under the scheme, all girl students belonging to Balmiki community whose parents were engaged in unclean occupations and who were bonafide domiciles of the State studying in Government/Government recognised schools after 10th class upto college level were eligible for grant of scholarship at the rate of Rs 9,000 per annum.

The position of budget provision and expenditure thereagainst during 2002-07 was as under:

Table: 3.1.16

(Rupees in lakh)

Year	Budget provision provided by the State Government	Expenditure incurred	Percentage utilisation of budget	Number of beneficiaries covered
2002-2003	10	8.73	87	97
2003-2004	10	8.10	81	90
2004-2005	10	6.66	67	74
2005-2006	17	7.20	42	80
2006-2007	17	7.02	41	78
Total	64	37.71		419

Source: Figures supplied by DHE.

The percentage utilisation of budget provided declined from 87 during 2002-2003 to 41 per cent during 2006-2007. The reasons for decline in utilisation of budget were not furnished (June 2007).

It was noticed that year-wise list of identified beneficiaries who fulfilled eligibility conditions had not been prepared at the Directorate or district levels and the scholarships had been granted to the beneficiaries whose applications were received complete with certificates in the Directorate. In the absence of complete data at district or State level, the possibility of some of the eligible girl students being left uncovered cannot be ruled out.

3.1.19 Internal control mechanism

3.1.19.1 Monitoring and evaluation

Audit scrutiny revealed that Management Information System (MIS) was not in place as neither any returns had been prescribed by the concerned departments for ascertaining the financial and physical progress and impact of various schemes nor were such returns sent by the implementing agencies to district or State authorities.

As per the guidelines for Centrally sponsored schemes, evaluation study was to be got conducted through an independent agency to rectify the shortcomings. It was noticed in audit that no such evaluation had been conducted either in respect of Centrally sponsored schemes or State schemes to gauge their impact.

The Director, Higher Education admitted (August 2007) the facts and also stated that for monitoring, evaluation and internal audit of scholarship schemes, a committee had been constituted.

3.1.20 Conclusion

Planning for implementation of schemes was not based on any reliable data as the basic indicators like gross enrolment ratio, gross drop out rate and gender parity index, etc., had not been maintained at district/State level for all classes. Scholarships were not drawn and disbursed in the same academic year to which these pertained. Sufficient publicity was not given to the schemes among the target groups for generating public awareness. Coaching to SC and ST students was not effective as the success rate of students during 2002-07 in different courses ranged between zero and nine *per cent*. No monitoring system was established to ensure proper implementation of the schemes and follow-up action. Consequently, there were inordinate delays in payment of scholarships to the target groups, construction of hostels had been delayed and no remedial action was taken to improve the success rate of coaching centre. The benefits envisaged in the schemes had, therefore, not reached the targeted beneficiaries.

3.1.21 Recommendations

- **The State Government should formulate an efficient and accurate system for identification of beneficiaries for success of the scheme.**
- **A time schedule should be prescribed and enforced strictly for sending proposals, processing the cases for approval, sanction of budget and remittance of amount to every educational institution for timely disbursement of scholarships.**
- **Effective campaign should be carried out throughout the state so that the targeted groups benefit fully from these schemes.**
- **An MIS should be developed and prescribed by all the departments executing the schemes for educational development of SCs and STs at the State/district levels for keeping effective watch on the progress in implementation of schemes and proper utilisation of funds.**

The findings were intimated to the Government in June 2007; reply had not been received (August 2007).

Irrigation and Public Health Department

3.2 Accelerated Rural Water Supply Programme

Highlights

The objectives of Accelerated Rural Water Supply Programme (ARWSP) were to accelerate the coverage of uncovered habitations in rural areas to promote sustainability of potable drinking water systems besides revival of traditional water sources. The survey to identify and ascertain the status of habitations regarding availability of safe drinking water in rural areas required to be completed by March 2003 was completed only in December 2005. As per this survey, out of total targeted rural habitations, 50 per cent were fully covered with drinking water facilities and 37 per cent partially covered while 13 per cent were yet to be covered. The performance audit of ARWSP revealed cases of financial mismanagement, irregular stock adjustments, lapses in internal control, monitoring and evaluation. Some of the audit findings are as under:

- *In five divisions, funds of Rs 3.50 crore allocated under ARWSP were spent on the execution of 68 water supply schemes which were not approved under ARWSP resulting in diversion of funds.*

(Paragraph 3.2.7.3(i))

- *Rs 87.86 lakh earmarked for SC/ST sectors were diverted by two divisions to other sectors in contravention of the ARWSP guidelines.*

(Paragraph 3.2.7.3(ii))

- *In three divisions material worth Rs 1.88 crore was booked to seven water supply schemes in March 2007 without any requirement/provision in the approved estimates where the same was lying unutilised.*

(Paragraph 3.2.7.4(ii))

- *1,407 partially covered habitations though identified during 1993-94 were awaiting full coverage as of March 2007.*

(Paragraph 3.2.8.2)

- *34 schemes for 255 habitations, approved (August 1999 to October 2004) and estimated to cost Rs 13.92 crore, were completed (April 2002 to April 2007) at a cost of Rs 21.46 crore after a delay of six to 52 months involving cost overrun of Rs 7.54 crore.*

(Paragraph 3.2.9.5(i))

➤ **Water supply scheme for Deotsidh started in July 2001 and required to be completed by July 2005 was lying incomplete after incurring Rs 3.98 crore due to poor planning by the Department.**

(Paragraph 3.2.9.6)

3.2.1 Introduction

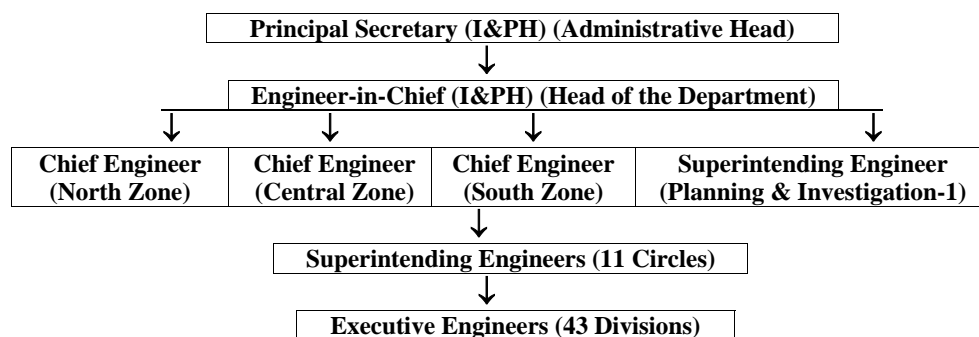
The GOI introduced (1977-78) the Accelerated Rural Water Supply Programme (ARWSP) with the following objectives:

- to ensure coverage of all rural habitations with access to safe drinking water;
- to ensure sustainability of drinking water system and sources;
- to tackle the problem of water quality in affected habitations and
- to institutionalise the reforms initiative in the rural drinking water supply sector.

To achieve these objectives, the GOI prepared (1999) a Comprehensive Action Plan by identifying the Not Covered (NC) and Partially Covered (PC) habitations. In Himachal Pradesh, the State Government had identified 45,367 habitations during 1993-94 of which 43,960 had been fully covered as of March 2007 and only 1,407 habitations were left partially covered. However, the latest survey to identify the status of coverage of habitations, which was required to be sent to the GOI by March 2003 had not been finalised as of August 2007.

3.2.2 Organisational set up

The Irrigation and Public Health (I&PH) Department is responsible for implementation of the programme. The organisational set up of the Department is as under:



3.2.3 Scope of Audit

The performance audit covered the activities taken up under ARWSP between 2002-03 and 2006-07. Records of 12¹ out of 43 divisions implementing the programme were test-checked in six districts² (out of 12 districts) covering an expenditure of Rs 138.62 crore. The sample check in terms of divisions was 28 per cent covering 29 per cent of the total expenditure (Rs 480.46 crore).

3.2.4 Audit objectives

The audit objective was to assess the implementation of the ARWSP to ascertain whether;

- all the rural habitations were provided safe drinking water;
- survey of habitations was conducted effectively for authentic and reliable data;
- process of planning for ARWSP was effective;
- financial control was adequate and effective;
- execution of schemes was done economically, efficiently and effectively and
- mechanism for monitoring and evaluation was adequate and effective.

3.2.5 Audit criteria

The main criteria used for the performance audit were:

- Guidelines for Implementation of Rural Water Supply Programme (August 2000).
- Guidelines on survey of Drinking Water Supply Status in Rural Habitations (February 2003).
- Guidelines for implementation of Schemes and Projects on sustainability under ARWSP.
- Project Implementation Plans.

¹ Barsar, Bilaspur, Dehra, Ghumarwin, Hamirpur, Nahan, Nurpur, Paonta Sahib, Rampur, Rohru, Shimla-I and Solan.

² Bilaspur, Hamirpur, Kangra, Shimla, Sirmour and Solan.

3.2.6 Audit methodology

Before taking up the performance audit, an apex level entry conference was organised (June 2007) in which the Principal Secretary (I&PH) was apprised of the audit objectives, criteria and scope concerning the review of ARWSP. Selection of units for audit examination was done by following simple random sampling without replacement methodology. The audit findings were discussed with the Principal Secretary (I&PH) in an exit conference held in September 2007. The replies of the Department have been incorporated in the review at appropriate places.

3.2.7 Audit findings

3.2.7.1 Financial outlay and expenditure

ARWSP is fully financed by the GOI. The State Government is required to match funds released by the GOI on 1:1 basis under Minimum Needs Programme (MNP).

The year-wise position of availability of funds during 2002-07 and expenditure thereagainst is as under:

Table: 3.2.1

(Rupees in crore)

Year	Central funds released under ARWSP					State funds released under MNP	
	Opening balance	Released during the year	Total funds available	Expenditure	Unspent balance	Provision	Expenditure
2002-2003	0.89	82.31	83.20	77.72	5.48	87.95	98.02
2003-2004	5.48	55.90	61.38	60.52	0.86	100.78	102.09
2004-2005	0.86	60.62	61.48	59.17	2.31	100.27	113.66
2005-2006	2.31	122.24	124.55	121.00	3.55	122.80	126.09
2006-2007	3.55	158.75	162.30	162.05	0.25	112.39	159.60
Total		479.82	492.91	480.46		524.19	599.46

Source: Departmental figures.

The ARWSP guidelines envisage that State Government shall release the entire amount of Central assistance received to the executing agencies without any delay and in any case not later than 15 days after receipt. It was noticed that Rs 4.52 crore released (July 2003) by GOI was passed on to the Engineer-in-Chief (E-in-C) after a delay of about 2 months. Similarly,

Rs 0.43 crore released (February 2006) was passed on after a delay of over 12 months.

It was further noticed that in four cases E-in-C took 27 days to 138 days to release Rs 84.98 crore to the executing agencies during 2002-03 (Rs 11.52 crore), 2003-04 (Rs 24.59 crore) and 2006-07 (Rs 48.87 crore). The E-in-C stated (August 2007) that the delays were on account of delay in finalisation of targets by his Department due to late receipt of details about schools where drinking water was to be supplied. The reply is not acceptable as proper planning and coordination in finalising the annual targets could have eliminated delays.

3.2.7.2 Irregular drawal of funds

As per rules no money should be drawn unless it is required for immediate disbursement. It is also not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time.

(i) It was noticed in seven divisions³ that Rs 13.27 crore⁴ were drawn (March 2006 and March 2007) by the concerned Executive Engineers (EE) and advanced to the I&PH Division Shimla-I, which was the Nodal Agency (Rs 12.09 crore⁵) and Himachal Pradesh State Civil Supplies Corporation (HPSCSC), Shimla (Rs 1.18 crore⁶) for procurement of galvanised iron (GI) pipes and cement. The advance payments were irregularly charged as expenditure to functional capital head (Rs 13.06 crore) and revenue head (Rs 0.21 crore) instead of debiting the same to the suspense head "Misc. Works Advances" pending receipt of material.

It was further noticed that the material valuing Rs 8.98 crore had only been received upto June 2007 and the balance material for Rs 4.28 crore was still (July 2007) to be received.

The concerned EEs, while confirming the facts stated (June-July 2007) that the funds were received at the fag end of the concerned years and advance payments were made accordingly. Reasons for charging the advance payments as final expenditure were not furnished. The action of the EEs was irregular and against the canons of financial rules.

³ Barsar, Bilaspur, Dehra, Ghumarwin, Hamirpur, Paonta Sahib and Solan.

⁴ March 2006: Rs 2.44 crore (I&PH division, Shimla-I: Rs 2.26 crore and HPSCSC: Rs 0.18 crore) and March 2007: Rs 10.83 crore (I&PH division, Shimla-I: Rs 9.83 crore and HPSCSC: Rs one crore).

⁵ March 2006: Rs 2.26 crore and March 2007: Rs 9.83 crore.

⁶ March 2006: Rs 0.18 crore and March 2007: Rs one crore.

(ii) Similarly, Shimla-I division, withdrew (March 2007) and advanced Rs 1.17 crore to HPSCSC for the procurement of GI pipes. The entire amount was withdrawn (April 2007) from HPSCSC and deposited under the “Public Works Deposit Head”. Though the expenditure was initially charged to the final head of account under ARWSP, it was not credited to ARWSP account after getting the refund subsequently. The EE stated (June 2007) that the amount was debited to final head to utilise the funds received in March 2007. It was further stated that the poor State of Himachal Pradesh could not afford to surrender the funds allocated under ARWSP. The reply is not tenable, as the action of the division violates the provisions of Financial Rules and resulted in misrepresentation of expenditure under ARWSP.

3.2.7.3 Diversion of funds

(i) In five divisions⁷, Rs 2.06 crore incurred on works other than ARWSP during 2002-07 were accounted for (March 2003 to March 2007) under ARWSP. In five other divisions⁸, Rs 3.50 crore allocated under ARWSP were diverted and spent (2005-07) on 68 works of other water supply schemes, which were not part of ARWSP.

The EEs while confirming the facts stated (June-August 2007) that expenditure was debited to other works to utilise the available funds under ARWSP.

(ii) As per ARWSP guidelines, diversion of funds earmarked for SC/ST sectors to other sectors is not permitted. It was noticed that Rs 87.86 lakh allocated (March 2001 to July 2005) under SC/ST sector were diverted (February 2004 to March 2006) by two divisions⁹ to other sectors of the programme. No cogent reasons for diversion of funds were advanced by the concerned EEs.

(iii) As per State Government instructions (October 2003) regarding distribution of funds under “Rajiv Gandhi National Drinking Water Mission, ARWSP-Prime Minister’s announcement-Release of grants-in-aid to State Government for revival of traditional sources of water”, the programme was to be implemented by the Deputy Commissioner (DCs) and proposals in this regard were to be finalised in co-ordination with the concerned EEs.

Test-check (June-August 2007) of records of seven divisions¹⁰ revealed that Rs 79.33 lakh were released through letter of credit (January 2004 to March 2005) to these divisions for the revival of traditional resources. Of

⁷ Ghumarwin, Hamirpur, Paonta Sahib, Rampur and Rohru.

⁸ Barsar, Paonta Sahib, Rampur, Rohru and Solan.

⁹ Ghumarwin and Hamirpur.

¹⁰ Barsar, Bilaspur, Ghumarwin, Hamirpur, Rampur, Rohru and Solan.

these, Rs 45 lakh were further transferred (January 2004 to March 2005) to four DCs¹¹ by four divisions¹² without finalising any proposal, as required. Against this amount utilisation certificates (UCs) for only Rs 10.15 lakh had been received from DC Solan and UCs for Rs 34.85 lakh were awaited. The remaining funds amounting to Rs 34.33 lakh were utilised on various other ARWSP works not covered under the sector 'Revival of Traditional Sources'.

3.2.7.4 Irregular stock adjustments

Financial rules prohibit fictitious stock adjustments such as debiting to a work the cost of material not required or purchased in excess of actual requirements, to avoid excess outlay over appropriation.

(i) In five divisions¹³, GI pipes and steel valuing Rs 2.69 crore was fictitiously booked against 48 works between June 2003 and March 2007. The entire material was written back to stock in the succeeding financial year as the same was not required for consumption on these works. The stock adjustments were carried out merely to avoid surrender of funds at the end of the financial year, which is irregular.

(ii) In three divisions¹⁴ GI pipes costing Rs 1.88 crore were booked (March 2007) to seven water supply schemes. It was noticed that GI pipes worth Rs 92.98 lakh were booked by the EE, Solan division against two completed schemes, while the remaining pipes were booked to the works without any requirement, as there existed no provision for the same in the sanctioned estimates of those works. The entire material, was lying in the relevant 'material at site account' registers of the works as of August 2007.

The EEs stated (June-August 2007) that the material was fictitiously booked to utilise the funds received at the fag end of the year. The action of the EE was in contravention of the financial rules and resulted in misrepresentation of utilisation of stocks.

3.2.8 Planning and physical performance

3.2.8.1 Annual Action Plans

The State Government was required to prepare Annual Action Plans (AAPs), based on CAP-99 of GOI six months before the commencement of the financial year and submit to GOI. While AAPs for 2002-05 were not sent, the AAPs for 2005-06 and 2006-07 were sent only in May 2005 and

¹¹ Bilaspur (Rs 10.50 lakh), Hamirpur (Rs 13.15 lakh), Shimla (Rs three lakh) and Solan (Rs 18.35 lakh).

¹² Bilaspur, Hamirpur, Rohru and Solan.

¹³ Dehra, Ghumarwin, Hamirpur, Nahan and Rohru.

¹⁴ Nahan, Rohru and Solan.

May 2006 respectively, instead of in October of the preceding year. The demand for funds relating to these years were sent on an *ad hoc* and unplanned basis in complete disregard of the guidelines.

3.2.8.2 Coverage of habitations

All 16,807 villages in the State as per 1981 census were provided drinking water facilities by March 1994. Thereafter, Department shifted its focus from villages to habitations. 45,367 habitations were identified during 1993-94, which were to be provided drinking water facilities. Out of these, 34,041 habitations were fully covered (FC) upto March 2002. Out of the remaining 11,326 habitations (Partially Covered (PC): 10,252 and Not Covered (NC): 1,074), 10,046 habitations (PC: 8,972 and NC: 1,074) were targeted for coverage during 2002-07, while the remaining 1,280 habitations were not targeted. Of the total targeted 10,046 habitations, 9,919 habitations were covered as of March 2007, while 127 habitations still remained to be covered. Thus, in all 1,407 PC (1,280 plus 127) habitations out of 11,326 habitations left at the end of March 2002 were still (March 2007) to be covered. Year-wise break up of targets and achievements in this regard is given below:

Table: 3.2.2

(Number of habitations)

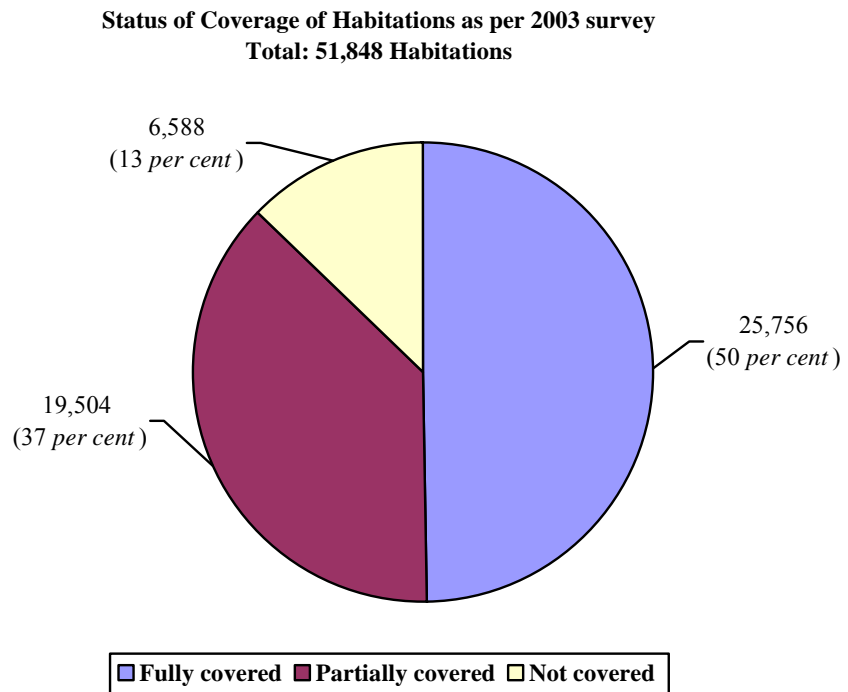
Year	Target			Achievement			(-) Shortfall/ (+) Excess
	Partially Covered	Not Covered	Total	Partially Covered	Not covered	Total	
1.	2.	3.	4.	5.	6.	7.	8.
2002-2003	1,350	500	1,850	1,375	500	1,875	(+) 25
2003-2004	926	574	1,500	1,077	574	1,651	(+) 151
2004-2005	1,760	-	1,760	1,770	-	1,770	(+) 10
2005-2006	1,936	-	1,936	1,950	-	1,950	(+) 14
2006-2007	3,000	-	3,000	2,673	-	2,673	(-) 327
Total	8,972	1,074	10,046	8,845	1,074	9,919	(-) 127

Source: Departmental figures.

3.2.8.3 Coverage of habitations as per 2003 survey

To ascertain the exact position of rural habitations with regard to the availability of safe drinking water, the GOI decided (October 2001) to conduct a fresh survey in all the States. The results of survey were to be submitted to the GOI in March 2003. In the guidelines, it was stressed that timely submission of the survey data would be prerequisite for future funding under ARWSP from 2003-04 onwards and that utmost care was to be taken while conducting survey to avoid discrepancies as the survey results were to be checked by the independent evaluators of the GOI.

It was noticed that the survey work in the State was started only in August 2003 and completed in December 2005 and submitted (January 2006) to the GOI after a delay of 34 months. As per this survey there are 51,848 habitations in the State under the categories FC: 25,756; PC: 19,504 and NC: 6,588. Further action plan based on the latest survey results was yet to be framed by the Department (September 2007).



The details of habitations that have slipped back over the years could not be ascertained, since the details are not maintained by the Department.

3.2.9 Execution of works

3.2.9.1 Status of execution of schemes

During 2002-2007, 834 rural water supply schemes (WSS) for 3,953 habitations (PC: 3822, NC: 131) were approved by the State Water and Sanitation Mission (SWSM) under ARWSP for Rs 238.33 crore with the stipulation to complete in one to four years. Information relating to the status of these schemes was not available with the E-in-C. In the 12 test-checked divisions, out of 372 schemes covering 3,647 habitations¹⁵ estimated to cost Rs 156.82 crore and taken up for execution during 2002-2007, 178 schemes covering 1,006 habitations¹⁵ had been completed upto March 2007 at a cost of Rs 48.55 crore. The remaining 194 schemes for 2,641 habitations¹⁵ were in progress as of August 2007 after incurring an expenditure of Rs 90.07 crore.

3.2.9.2 Irregular expenditure on works

It was observed during test-check of divisions that numerous works were taken up without obtaining technical sanctions (detailed estimates). Some of these are detailed below:

(i) In nine test-checked divisions¹⁶, Rs 83.46 crore was spent during 2002 to 2007 on the execution of 237 WSS without preparing the detailed estimates and getting them technically sanctioned from the competent authority. The expenditure incurred on these works without obtaining requisite technical sanction was, thus, irregular.

(ii) In eleven divisions¹⁷ in respect of 106 WSS, estimated to cost Rs 40.41 crore, an expenditure of Rs 59.60 crore was incurred during 2002-07 but the revised estimates were not prepared and got sanctioned as of August 2007. This has resulted in irregular expenditure of Rs 19.19 crore incurred over and above the approved provisions.

(iii) In 10 test-checked divisions¹⁸, proforma approvals for the execution of 58 WSS were accorded (March 1999 to March 2004) by the SWSM for Rs 16 crore. All the schemes had been completed (March 2003 to June 2007) at a cost of Rs 24.35 crore resulting in excess expenditure of Rs 8.35 crore.

¹⁵ Information supplied by the divisions.

¹⁶ Barsar, Bilaspur, Ghumarwin, Hamirpur, Nahan, Rampur, Rohru, Shimla and Solan.

¹⁷ Barsar, Bilaspur, Dehra, Ghumarwin, Hamirpur, Nahan, Paonta Sahib, Rampur, Rohru, Shimla and Solan.

¹⁸ Barsar, Bilaspur, Ghumarwin, Hamirpur, Nahan, Paonta Sahib, Rampur, Rohru, Shimla and Solan.

The excess expenditure was met out of the ARWSP funds which was in contravention of the programme guidelines.

The EEs while confirming the facts stated (June-August 2007) that irregular expenditure in above cases would be regularized by obtaining sanctions of the competent authorities. Reply of the EEs indicates lack of proper planning before taking up the schemes.

3.2.9.3 Infertuous expenditure on held up works

In four divisions¹⁹, execution of six WSS were administratively approved (March 2002 to December 2003) for Rs 1.75 crore. These schemes, stipulated to be completed between two to four years were taken up for execution (April 2002 to March 2004) without obtaining technical sanction. An expenditure of Rs 1.81 crore had been incurred on them as of April 2007. It was observed that execution of schemes had been stopped (July 2003 to April 2007) due to disputes over sources of water and the private land required for construction of pump-house, sump-well, main storage tank and laying of the rising main.

The concerned EEs confirmed the facts and stated (June-July 2007) that efforts were being made either to resolve the disputes at sources or to acquire the disputed land.

Thus, faulty planning and failure of the Department to ensure dispute free sources of water and acquisition of land before starting the execution resulted in infertuous expenditure of Rs 1.81 crore on these incomplete works, besides denial of intended benefits to the beneficiaries.

3.2.9.4 Schemes not commissioned due to non-supply of power

In two divisions²⁰, execution of three WSS was approved (March 2001 to March 2002) for Rs 1.07 crore. These schemes, required to be completed within four years period were taken up for execution between March 2002 and November 2003.

It was noticed that all the three schemes had been completed between July 2005 and March 2007 after incurring an expenditure of Rs 1.63 crore (including Rs 9.30 lakh paid to HPSEB during March 2002 to August 2005 for

¹⁹ Bilaspur, Ghumarwin, Rohru and Shimla.

²⁰ Barsar and Bilaspur.

supply of power), but these schemes could not be commissioned (July 2007) due to non-supply of power.

The concerned EEs while confirming the facts stated (July 2007) that efforts were being made to get the provision of power expedited from HPSEB.

Thus, due to non-supply of power, the completed schemes remained un-commissioned and the beneficiaries deprived of the drinking water facility.

3.2.9.5 Time and cost overrun

(i) In all the test-checked divisions, 64 WSS for 630 habitations, estimated to cost Rs 29.69 crore and scheduled to be completed within two to five years, were taken up for execution between April 2000 to March 2007. Of these, 34 schemes for 255 habitations, approved (August 1999 to October 2004) and estimated to cost Rs 13.92 crore, were completed (April 2002 to April 2007) at a cost of Rs 21.46 crore after a delay of six to 52 months involving cost overrun of Rs 7.54 crore. The remaining 30 schemes for 375 habitations, approved (March 2000 to February 2007) and estimated to cost Rs 15.77 crore and stipulated to be completed within two to four years were in progress after incurring an expenditure of Rs 21.94 crore. There was cost overrun of Rs 6.18 crore and time overrun of five to 30 months.

(ii) In two divisions²¹ construction of three WSS were approved (March 2001 to October 2002) for Rs 1.19 crore with stipulated period of one to four years for completion. These works were not taken up for execution as of August 2007 due to disputes of sources whereas the material worth Rs 26.78 lakh had been booked to these works between March 2001 and February 2005 in anticipation of commencement of their execution which was still lying unutilised (August 2007).

The concerned EEs attributed (July-August 2007) the time overruns to the land disputes, hindrances by the local people etc. and cost overruns to increase in the rates of material and labour. The reply of the EEs indicates failure of the Department in proper planning and delay in acquisition of land before execution of the schemes.

²¹ Bilaspur and Rohru.

3.2.9.6 Infructuous expenditure on water supply scheme, Deotsidh

I&PH Department sanctioned (June 2001) Lift Water Supply Scheme to PC habitations of Deotsidh (District Hamirpur) for Rs 5.04 crore. The scheme was designed to provide water facilities to 66 villages having 124 PC habitations, as per 1991 census and was to be completed in four years. It was proposed to lift water from a source named Saryali *khad* by creating suitable infrastructure.

Test-check of records of Barsar division revealed (July 2007) that the work taken up for execution (July 2001) without obtaining technical sanction was lying incomplete (August 2007) after a lapse of over six years. An expenditure of Rs 3.98 crore had been incurred on execution of the scheme as of August 2007.

It was further seen that the work of construction of water treatment plant was awarded (February 2005) to a contractor for Rs 49.47 lakh with a stipulation to complete the work in 12 months. The design and drawings of the treatment plant were awaiting (August 2007) approval from higher authorities. As a result, the work had not been started by the contractor. Similarly, the work of providing/laying and jointing/testing of rising main was reawarded (February 2007) to a contractor after rescinding the earlier contract (November 2002) due to delays. Another key component of the scheme viz. construction of main storage tank, was reportedly not possible due to land dispute. The work for the supply of power (SOP) had also not been started by the HPSEB.

Thus, lackadaisical approach in planning and execution delayed the completion of the project. The expenditure of Rs 3.98 crore incurred on partial execution had not served the intended purpose and remained unfruitful.

The EE confirmed the facts and stated (July 2007) that component wise technical approval was obtained and that technical sanction for the whole work would be obtained after preparation of detailed estimates. The reply is not acceptable as technical sanction is required before commencement of the work. Further despite time overrun the work is incomplete. It is also still not known whether work will be completed within the required sanction.

3.2.10 Operation and maintenance

As per the guidelines, upto 15 *per cent* of the total funds allocated under ARWSP were to be spent on operation and maintenance (O&M) of the

existing water supply schemes. The funds earmarked for O&M were not permitted for use in creation of capital assets.

It was noticed that out of total Central release of Rs 479.82 crore under ARWSP during 2002-07, Rs 71.97 crore were required to be spent on O&M of the completed schemes. However, the Department had incurred an expenditure of only Rs 58.14 crore ranging between 10 to 13 *per cent* of the total allocation between 2002-07 instead of 15 *per cent*. Evidently, the funds required for O&M of existing water supply schemes were spent for taking up of new WSS in contravention of the guidelines.

3.2.11 Other deficiencies

3.2.11.1 Undue financial aid to contractor

As per contract agreement, the work awarded to a contractor is required to be completed within the stipulated period, failing which the contractor is liable to pay compensation at the rate of one *per cent*, per day, of delay subject to a maximum of 10 *per cent* of the tendered amount.

It was noticed in seven divisions²² that 76 works (completed: 30 works and in progress: 46 works) were awarded to various contractors between December 2002 and March 2007 at tendered cost of Rs 5.35 crore. The contractors were required to complete the works within 15 days to 6 months. However, the contractors neither completed the respective works within the stipulated period nor applied for extension of time. The EEs had also not taken any action to levy compensation, as required. This resulted in undue financial aid of Rs 53.53 lakh to the contractors.

The EEs confirmed the facts (June-August 2007) but did not furnish any cogent reasons for the lapse.

3.2.11.2 Awaited utilisation certificates

In nine divisions²³ Rs 7.32 crore were advanced (March 2002 to March 2007) to HPSEB for supply of power to 106 lift WSS for 1,717 habitations. The expenditure was charged as final expenditure by debiting to the final head of account of the schemes instead of keeping the same under the suspense head "Miscellaneous Works Advances", pending execution of works. Of the total

²² Barsar, Dehra, Ghumarwin, Hamirpur, Rohru, Shimla and Solan.

²³ Barsar, Bilaspur, Dehra, Ghumarwin, Hamirpur, Nahan, Rohru, Shimla and Solan.

106 schemes, power had been supplied by the HPSEB to 18 completed schemes for 348 habitations. The remaining 88 schemes for 1,369 habitations were still in progress. The utilisation certificates (UCs) in respect of advance payments had not been obtained as of July 2007.

The EEs stated (June-August 2007) that the advance payments were charged to the final head of account to exhibit utilisation of available budget allotment and efforts to obtain the UCs were underway. The contention is not tenable because action of the divisions was not in accordance with the provisions of Financial Rules and programme guidelines.

3.2.12 *Quality Control*

3.2.12.1 **Shortfall in testing quality of water**

As per departmental instructions, fortnightly testing of water samples of rural WSS to ensure safe drinking water during the rainy season and monthly testing thereafter is required to be conducted, in the State laboratories. The Public Accounts Committee in its 167th Report (Ninth Vidhan Sabha) had observed (March 2000) that the position regarding testing of drinking water was not satisfactory in the State and recommended that effective steps should be taken to avoid any serious disease.

Test-check of records of nine divisions²⁴ revealed that in respect of 130 schemes, against the required 3,930 water tests to be conducted during 2002-07, only 478 tests were actually done resulting in shortfall of 88 *per cent*.

It was further noticed in three other test-checked divisions²⁵ that 1,539 tests were required to be conducted in respect of 43 water supply schemes completed during 2002-07. Though the concerned EEs stated that water tests were being conducted as per norms, documentary evidence to this effect was not made available.

Thus, due to inadequate testing of water, the quality of water supplied to the beneficiaries could not be vouched.

²⁴ Bilaspur, Ghumarwin, Nahan, Nurpur, Paonta Sahib, Rampur, Rohru, Shimla and Solan.

²⁵ Barsar, Dehra and Hamirpur.

3.2.12.2 Undue financial benefit to the Himachal Pradesh State Civil Supplies Corporation

An amount of Rs 19.35 lakh was allocated (December 2005) to EE, Solan division for the improvement/upgradation of testing equipment of Water Testing Laboratory, Kandaghat under ARWSP. Scrutiny of records revealed (June 2007) that Rs 19.35 lakh were paid (March 2006) to the Managing Director, HPSCSC Shimla for the procurement of the laboratory equipment. However, neither the material was supplied nor the amount refunded by the Corporation as of June 2007.

The EE stated (October 2007) that Rs 19.35 lakh deposited with the HPSCSC would be got refunded, as fresh supply orders were being placed on other firms shortly. It was further stated that though water testing equipment were about to outlive their utility, water tests were being conducted as usual. Reply of the EE indicates that funds for the procurement of the equipment were advanced to the HPSCSC without adequate justification.

Failure of the division to procure the requisite equipments despite availability of funds during 2005-06 has resulted in non-improvement/upgradation of the water testing laboratory besides, undue financial benefit to the HPSCSC and blocking of Government funds.

3.2.13 Inventory of assets

As per guidelines, each village *panchayat*, block and district is required to maintain a complete inventory of drinking water sources created under ARWSP, indicating date of start and completion of the Project, cost of completion, depth in case of the spot sources, agency responsible for operation and maintenance and other relevant details. The inventory of assets created is also required to be available with the field functionaries of the implementing department. It was, however, noticed in test-checked divisions that no records of assets created had been maintained.

The SE, (Planning and Investigation-I) stated (September 2007) that the work of preparation of inventory was in progress.

3.2.14 Monitoring and Evaluation

(i) To ensure timely completion of ongoing works as per approved specification, the E-in-C issued instructions in June 1994 and April 2000 for

the inspection of works. As per these instructions, the EE was required to visit the construction site once a month and record the inspection note for onward transmission to the E-in-C and the Secretary of the department.

It was, however, noticed in 12 test-checked divisions that against the stipulated 4,116 inspections to be carried out by the EEs in respect of 343 ongoing works under ARWSP during 2002 to 07, only 502 inspections were conducted, resulting in shortfall of 88 *per cent*. Evidently, works were not inspected adequately.

(ii) The execution/completion of works was required to be monitored effectively by the E-in-C to ensure that for each work, targets relating to time, cost, services, etc., were achieved.

It was noticed that a State Monitoring and Investigation Unit (MIU), headed by the SE had been set up at State headquarters to collect information regarding implementation of water supply schemes. However, the MIU did not have the details of inspection of works and progress reports/returns regarding implementation of the programme.

(iii) As per ARWSP guidelines (August 2000), the State Government was to conduct the evaluation studies on the implementation of the rural water supply programme. It was, however, noticed that no such studies had been carried out so far (August 2007) with a view to assess the impact of the programme with regard to supply of safe and adequate drinking water to the left out habitations in the rural areas.

3.2.15 Conclusion

The survey of rural habitations, started in August 2003 was still (September 2007) awaiting approval from GOI. Further action plan based on the latest survey results is yet to be framed by the Department (September 2007). Some of the funds released by the GOI for implementation of the programme were either irregularly utilised or diverted to other schemes not approved under ARWSP. Irregular stock adjustments were carried out just to utilise the available funds. There were time and cost overruns in the execution of the schemes. Despite spending crores of rupees on the programme during the earlier years, no evaluation studies had been carried out to ascertain the extent of achievement of the objectives. Monitoring was ineffective and inadequate.

3.2.16 Recommendations

- **A strategic Action Plan to cover all the NC and PC habitations as per the latest survey of 2003 should be framed and implemented forthwith to provide drinking water to them within a fixed time frame.**
- **Proper utilisation of funds provided by the GOI under ARWSP should be ensured to achieve the intended objectives.**
- **Internal control mechanism should be strengthened for efficacious and efficient implementation of the programme.**
- **Water quality testing system should be improved/upgraded to ensure supply of safe drinking water.**
- **Evaluation studies should be conducted periodically to ascertain the extent of achievement and impact of the programme.**

The Principal Secretary accepted (September 2007) the audit findings and assured that compliance would be reported soon.

Public Works Department
3.3 National Highways
Highlights

National Highways are important roads conforming to the latest road safety norms between the State capitals, industrial towns, places of tourist attraction and other places of historical and religious importance. Performance audit of National Highways revealed that central funds were underutilised by the State Government, while various claims of reimbursement were either withheld or disallowed by the GOI for violation of prescribed norms. Labour was deployed for maintenance of national highways in excess of the norms. Lack of proper survey and estimation resulted in time and cost overruns, non-completion of works and delay in award of works. Monitoring of programmes of the national highways was not adequate. Significant audit findings are given below:

- *Against the allocation of Rs 45 crore for original works during 2004-05, Department could utilise Rs 39.56 crore only. Resultantly, allocation for the year 2005-2006 was reduced by the GOI to Rs 39 crore.*

(Paragraph 3.3.7.3)

- *The GOI withheld Rs 16.08 crore, while Rs 9.73 crore were disallowed on account of expenditure on non-permissible items. The State Government had to suffer a loss of Rs 1.45 crore on account of nine per cent agency charges on withheld claim of Rs 16.08 crore.*

(Paragraph 3.3.7.4)

- *The State Government deployed labour for maintenance of national highways during 2002-07 in excess of the norms prescribed by the GOI, which resulted in unauthorised expenditure of Rs 17.97 crore. Further, labour deployed by the State Government was in excess of its own norms, which resulted in avoidable expenditure of Rs 7.26 crore.*

(Paragraph 3.3.9.1)

- *There was time overrun of 75 months and cost overrun of Rs 1.02 crore in construction of bridge across Solding khad. The excess expenditure was irregularly met out of Calamity Relief Fund.*

(Paragraph 3.3.8.1)

➤ *A bye pass to Kullu town completed (September 2004) at a cost of Rs 25.26 crore could not be put to use due to non-completion of a bridge at Jia, which was to be completed by September 2004. A sum of Rs 14.06 crore had been spent on the latter bridge upto March 2007.*

(Paragraph 3.3.8.2)

3.3.1 Introduction

The National Highways (NHs) Act, 1956 empowers the GOI to declare certain highways as NHs. National highways are important roads conforming to the latest road safety norms between the State capitals, industrial towns, places of tourist attraction and other places of historical and religious importance. The Ministry of Shipping, Road Transport and Highways (MOSRT&H) is primarily responsible for development and maintenance of NHs and is entrusted with the overall planning, sanctioning of projects and the provisioning of funds from the central budget outlays on NHs. The activities of NHs in HP are monitored by the regional office of MOSRT&H, headed by a Superintending Engineer at Chandigarh. The actual work of construction and maintenance of NHs is entrusted to the State Governments on agency basis under the provisions of Article 258 of the Constitution for which nine *per cent* agency charges are claimed by the State Government from the MOSRT&H. There are currently seven NHs in the State with a total length of 1,226.781 kms. Besides, two bye passes¹ with a total length of 15.065 kms are also under construction in the State. The role of the State Government is mainly to maintain, upgrade and improve the riding quality of existing NHs and carry out ordinary annual repairs. The seven NHs are:

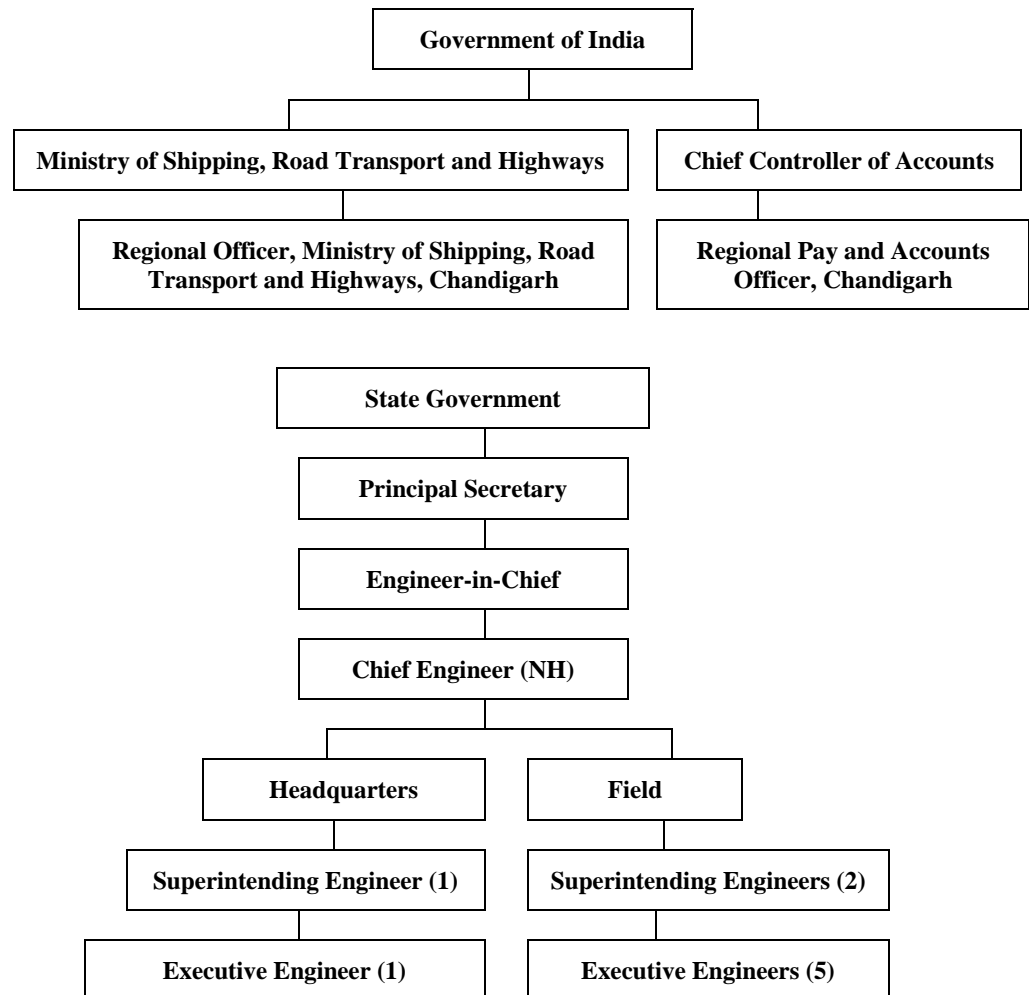
- (i) NH-20-Pathankot-Chakki-Mandi road (196.8 kms.)
- (ii) NH-21-Chandigarh-Mandi-Manali road (228 kms.)
- (iii) NH-21A-Pinjore-Nalagarh-Swarghat road (48.875 kms.)
- (iv) NH-22-Ambala-Kalka-Shimla-Wangtoo-Kaurik road (293.276 kms.)
- (v) NH-70-Jalandhar-Hoshiarpur-Gagret-Mubarakpur-Amb-Nadaun-Hamirpur-Tauni Devi-Awahdevi-Tihra-Dharampur-Kotli-Mandi road (205.130 kms.)
- (vi) NH-72- Ambala- Naraingarh-Kala Amb-Paonta –Dehradun -Rishikesh - Haridwar road (57 kms.)
- (vii) NH-88-Shimla-Brahmpukhar-Ghagas-Hamirpur-Nadaun-Ranital-Matour road (197.7 kms.)

¹ Kullu Bye pass (12.835 kms) and Realignment of NH-22 between Wangtoo and Kaksthal (2.230 kms).

3.3.2 Organisational set up

The Regional Officer at Chandigarh acts as the local representative of MOSRT&H in order to render effective help to the State Public Works Department (PWD) in the areas of planning, field investigations, preparation of detailed project estimates and execution of NH works. He also acts as Drawing and Disbursing Officer for the purpose of making payments under the Direct Payment Procedure (DPP) to contractors through the divisions executing NH works, except for the works executed under Flood Damage Repairs (FDRs) and Ordinary Repairs (ORs) for which reimbursement of expenditure is claimed by the State Government.

The organisational set up of the State PWD in relation to NHs is as under:



3.3.3 Scope of Audit

Records of the Chief Engineer (CE), both the Superintending Engineers (SEs)² in the field and Executive Engineers (EEs) of all the five NH divisions³ covering the period from 2002-03 to 2006-07 were reviewed in audit during the period October 2006 to February 2007 to scrutinise the execution of works pertaining to development, maintenance and improvement of riding quality of NHs.

3.3.4 Audit objectives

The audit objectives were mainly to assess whether the:

- funds received from the GOI were utilised for the purpose in an economic, efficient and effective manner;
- claims were preferred on time with the GOI and reimbursement thereof received;
- labour norms were followed for maintenance of roads;
- planning to optimise the use of available resources was adequate;
- works were awarded and executed as per norms;
- internal control system, monitoring system for implementation including quality control of various works existed.

3.3.5 Audit criteria

The audit criteria used for assessing the performance of NHs programme were:

- Guidelines, instructions and orders of the GOI/State Government.
- Provisions of the NHs Act.
- Annual plans.
- Action plans for execution of jobs.
- Norms for deployment of labour for maintenance of NHs.
- Guidelines for quality control and monitoring of works.

² Shahpur and Shimla.

³ Hamirpur, Jogindernagar, Pandoh, Rampur and Solan.

3.3.6 Audit Methodology

Before commencing audit, the audit scope, objectives and criteria were discussed (November 2006) with the Principal Secretary of the Department in an entry conference. Both the circles and five divisions of the State PWD, responsible for development and maintenance of NHs were selected for test-check. Audit conclusions were drawn after scrutiny of records, analysis of available data by issuing audit memos and questionnaires and obtaining the response of departmental functionaries at various levels. The audit findings were discussed with the Principal Secretary in an exit conference (June 2007), and the views of the Government were incorporated at appropriate places in the review.

3.3.7 Audit Findings

3.3.7.1 Funding Pattern

Upto 31 March 2004, the State Government was to initially incur expenditure on construction and maintenance of NHs and then get it reimbursed from MOSRT&H. With effect from 1st April 2004, the system was changed to DPP by the MOSRT&H for NHs works on special repairs, periodical renewals, construction of new works and improvement of riding quality programme (IRQP) under major head 5054-Original Works and 3054-Maintenance and Repair. The transactions under DPP therefore, do not involve the State Government budgetary system. For ORs and FDRs, the previous system of reimbursement is continuing.

3.3.7.2 Financial Outlay and Expenditure

As per the procedure prescribed, the State Government is to prepare an Annual Action Plan (AAP) indicating its annual requirement of funds for any original work or maintenance of NH during any financial year. The AAP is scrutinised and approved by the MOSRT&H, after which, funds are allocated. The size of AAP is limited to 3.5 times the allocated funds minus the spilled over bank of sanctions⁴ from the preceding year. However, as a matter of fact allocation of funds depends on availability of funds with the MOSRT&H and performance of the State Government during the previous year. Based on approved AAP the estimates for obtaining administrative, financial and technical approvals are submitted separately by the State Government to the MOSRT&H for approval throughout the year. No unspent balances are allowed to be utilised in the succeeding year.

⁴ Available sanctions of the GOI at the start of the financial year.

The details of funds allocated by the GOI and those utilised by the State Government during 2002-07 were as follow:

Table: 3.3.1

(Rupees in crore)

Year	Funds allocated by GOI	Funds utilised by the Department	Variation in utilisation (+) Excess (-) Shortfall	Percentage of excess/less utilisation
Original Works				
2002-03	30.00	29.81	(-) 0.19	(-) 0.63
2003-04	32.00	25.87	(-) 6.13	(-) 19.16
2004-05	45.00	39.56	(-) 5.44	(-) 12.09
2005-06	39.00	38.99	(-) 0.01	(-) 0.03
2006-07	39.50	39.91	(+) 0.41	(+) 1.04
Total	185.50	174.14		
Maintenance Works				
2002-03	12.51	14.30	(+) 1.79	(+) 14.31
2003-04	13.45	13.49	(+) 0.04	(+) 0.30
2004-05	17.75	13.97	(-) 3.78	(-) 21.30
2005-06	23.27	18.18	(-) 5.09	(-) 21.87
2006-07	18.90	18.24	(-) 0.66	(-) 3.49
Total	85.88	78.18		
Grand Total	271.38	252.32		

Source: Departmental figures.

The following points were noticed:

- The State Government failed to utilise Central allocations (original and maintenance) to the extent of Rs 19.06 crore during 2002-07. The short utilisation was attributed by the Department to late receipt of sanctions from the GOI, limited working season, difficult terrain and shortage of professional contractors for specialised jobs. The contention of the Department regarding

late receipt of sanctions is not tenable as sufficient bank of sanctions⁵ was available.

➤ Against original works of the NHs there were major savings during 2003-04 (Rs 6.13 crore) and 2004-05 (Rs 5.44 crore). Similarly under maintenance works there were major savings during 2004-05 (Rs 3.78 crore) and 2005-06 (Rs 5.09 crore) indicating non-execution of original works/maintenance works to that extent.

➤ Physical targets for the execution of NH works had not been fixed. The CE attributed (June 2007) non-fixation of targets to involvement of a number of components in the scope of work. The contention is not tenable as due to several components it is all the more necessary to have a target oriented plan for physical progress and timely implementation of the programme. In the absence of any mechanism to monitor the physical progress of works at the State level, the possibilities of misappropriation, diversion and irregular execution of works cannot be ruled out.

3.3.7.3 Reduction in allocation due to poor performance

➤ The States with poor performance were to get proportionately lower allocation. It was decided (March 2005) by the GOI that the next year's allocation of funds to individual States would depend on their actual performance during the current year. During 2004-05, against the allocated funds of Rs 45 crore, the Department could spend Rs 39.56 crore (87.91 per cent) resulting thereby in shortfall in its financial performance by 12.09 per cent. As a result, the State's allocation for the year 2005-06 was reduced to Rs 39 crore which was 13.33 per cent less than 2004-05.

➤ Similarly, due to failure of the Department to finalise contract for "construction of a Bridge over Chakki *khad* on NH-20" the allocation for 2006-2007 was reduced (March 2007) from Rs 45 crore to Rs 39.50 crore.

The Principal Secretary attributed (June 2007) the poor financial performance to low bank of sanctions, limited working season and poor capacity of the contractors in the State. The reply is not tenable, considering the bank of sanctions available and the Department's knowledge regarding limited working season, topography of the State and working capacity of the contractors.

⁵ 2003-04: Rs 57.60 crore; 2004-05: Rs 57.90 crore; 2005-06: Rs 68.14 crore and 2006-07: Rs 84.71 crore.

Thus, lack of effective planning and management for better performance resulted in lesser allocation during 2005-07 besides depriving the public of quality communication facilities.

3.3.7.4 Non-reimbursement of expenditure

As mentioned in paragraph 3.3.7.1, until 31 March 2004, the State Government incurred expenditure on the construction and maintenance works of NHs upfront and claimed reimbursement from the GOI later.

As of 1st April 2004, the claim of the State Government outstanding with the GOI was Rs 16.06 crore in respect of five NH divisions.

A reference regarding outstanding claims for reimbursement was made in paragraph 4.2 of the Report of the Comptroller and Auditor General of India (Civil) for the year 2001-02. The Public Accounts Committee (PAC) in its meeting in October 2006 desired the latest position of withheld and disallowed claims along with steps taken towards immediate settlement of the same. The Principal Secretary in response informed the PAC that the orders for regularisation of expenditure would be issued immediately. However, no such orders had been issued as of February 2007.

The details of outstanding, withheld and disallowed claims for the period from 1979-80 to March 2007 in respect of all the 5 NH divisions is as shown in the following table:

Table: 3.3.2

(Rupees in crore)

Year	Withheld amount		Disallowed amount		Total	
	Original works	Maintenance and repair	Original works	Maintenance and repair	Withheld	Disallowed
1979-2002	7.87	6.46	0.56	0.37	14.33	0.93
2002-2003	4.69	1.12	0.02	1.38	5.81	1.40
2003-2004	(-) 4.88	0.80	1.00	7.20	(-) 4.08	8.20
2004-2005	--	--	--	0.05	--	0.05
2005-2006	--	0.02	--	0.06	0.02	0.06
2006-2007	--	--	--	0.02	--	0.02
Total	7.68	8.40	1.58	9.08	16.08	10.66

Source: Departmental figures.

Due to introduction of direct payment procedure with effect from 1st April 2004, withheld/disallowed claims during 2004-07 mainly pertained to maintenance and repair works only.

During the period from 2002-03 to March 2007, the MOSRT&H withheld Rs 1.75 crore in respect of existing five NH divisions on account of expenditure which was either in excess of sanctioned estimates or was not supported by proper documents etc. Besides, the State Government had suffered a loss of Rs 1.45 crore on account of agency charges (9 *per cent*) on withheld claims of Rs 16.08 crore. Rupees 9.73 crore were disallowed during 2002-07 on account of expenditure on non-permissible items such as stationery, storage charges, expenditure incurred on unsanctioned works, outturns/vouchers of the previous years, etc.

The Principal Secretary admitted (June 2007) the facts and stated that efforts were being made for getting the withheld/disallowed claims released from the GOI.

3.3.7.5 Financial indiscipline and impropriety

The MOSRT&H clarified (October 2001) that expenditure on NHs sanctioned prior to January 2000, should not exceed 15 *per cent* of the original sanctioned cost of the project or Rupees one crore, whichever was less. If the total expenditure was beyond these limits, fresh approval on revised cost estimate was required to be taken from the Ministry.

➤ In Jogindernagar division, 34 jobs of original works sanctioned (April 1991 to January 2000) at an estimated cost of Rs 17.36 crore were completed (July 1997 to May 2003) after incurring an expenditure of Rs 21.67 crore. The total expenditure had exceeded the permissible limit of Rs 19.96 crore (original sanctioned cost: Rs 17.36 crore plus 15 *per cent* of original sanctioned cost: Rs 2.60 crore), resulting thereby in unauthorised expenditure of Rs 1.71 crore, which was withheld by the MOSRT&H. The SE, NH, circle, Shahpur attributed (January 2005) the excess expenditure to engagement of labour in excess of the norms of the MOSRT&H. Taking a serious view of the financial indiscipline and impropriety, the EE responsible was charge sheeted (January 2005).

The Principal Secretary stated (June 2007) that the inquiry was still in progress with the Commissioner (Departmental Enquiries).

Transferring of any expenditure from original works to repair and maintenance and vice versa without any cogent reasons tantamounts to concealment of correct picture of pending claims.

➤ In Jogindernagar division, 13 original works sanctioned (March 1992 to March 2001) for Rs 17.21 crore were completed (June 1999 to March 2005) by incurring an expenditure of Rs 23.25 crore. Instead of preparing the revised estimates, the EE transferred (March 2004) expenditure of Rs 6.20 crore from aforesaid jobs to annual repairs and maintenance works which was not accepted by the MOSRT&H. The amount was withheld till the revised estimates were prepared and got approved. The irregular action of the division resulted in reduction of the withheld claims by Rs 6.20 crore besides forfeiting the agency charges of Rs 55.80 lakh during 2003-04. As the excess expenditure over allocation under M&R had already been incurred by the Division during 2003-04, the MOSRT&H did not allow charging of this expenditure to M&R.

The Principal Secretary stated (June 2007) that efforts were being made to get the amount regularised.

3.3.7.6 Pending reimbursement claims for want of funds

Reimbursement claims of Rs 9.54 crore on account of expenditure incurred (April 1998 to February 2003) by the State Government for development/up gradation and maintenance of NHs though cleared by the MOSRT&H had not been reimbursed by the GOI for want of funds as of June 2007. The State Government did not pursue the matter regarding reimbursement of claims effectively with the Regional Office. The delay in obtaining the reimbursement had resulted in unnecessary burden on the State Government, besides delaying receipt of Rs 85.86 lakh on account of agency charges.

The Principal Secretary stated (June 2007) that the matter was being taken up with the Ministry for allocation of additional funds.

3.3.7.7 Non-acknowledgement of payments and non-reconciliation of expenditure

As per DPP for execution of NH works, the EE on receipt of cheque from the RPAO is required to enter the same in the "cheque delivered register" and ensure proper acknowledgement of payment released to the contractors/parties/individuals. Further, the EE is required to send a monthly statement of bills and payments received from the RPAO to the State

Accountant General so as to enable him to calculate the amount of agency charges payable to the State. The EE is also required to reconcile the details of expenditure booked in his office with those in the Regional Office on a monthly basis. The reconciliation should not be postponed and in case of discrepancy between the two sets of figures, the Division is to depute an official to personally reconcile the same with the RPAO.

In three Divisions⁶, cheques amounting to Rs 63.03 crore were delivered (April 2004 to December 2006) to various parties, but neither 'cheques delivered register' had been maintained nor acknowledgements obtained. The other two Divisions⁷ did not supply the information. Similarly, neither monthly statements of bills and payments received from the RPAO were being prepared and submitted to the State Accountant General by any of five Divisions nor necessary reconciliation with the records of the Regional Office was being carried out every month. Thus, the correctness of the expenditure, agency charges and delivery of cheques to the concerned parties could not be authenticated and the possibility of fraud and misappropriation cannot be ruled out.

The Principal Secretary stated (June 2007) that the register of cheques is now being maintained and instructions were being issued to prepare monthly statements of bills and payments as required and carry out reconciliation with the records of the Regional Officer regularly.

3.3.8 Planning and Physical Performance

Planning mainly covers survey and estimation with reference to time and cost, prioritisation, convergence with other agencies working on NHs, proper allotment and utilisation of funds, etc., so as to complete the work within the stipulated time and estimated cost. As per the policy of the MOSRT&H, the existing NHs were to be widened and strengthened to double lane in a phased manner depending on availability of funds. However, there was no master plan for the upgradation and maintenance of NHs. The following points were noticed in this regard.

3.3.8.1 Time and cost overrun in construction of Solding bridge

MOSRT&H accorded financial sanction and technical approval for Rs 4.53 crore for the construction of a bridge over Solding *khad* at km 322 of NH-22 in Kinnaur district. Due to provision of an innovative steel arch bridge alongwith curved viaduct, the award of work was delayed and was finally awarded (July 1997) to a contractor on lump sum contract basis. However,

⁶ Jogindernagar, Rampur and Solan.

⁷ Hamirpur and Pandoh.

due to increase in the cost of material, labour, etc., the estimate was revised (January 1998) by the MOSRT&H to Rs 8.62 crore for completion by March 2000.

Test-check of records of Rampur Division revealed that the work was completed (July 2006) at a cost of Rs 9.64 crore despite the fact that the division knew that MOSRT&H does not allow cost overrun. Thus, the bridge was completed with time overrun of 75 months and cost overrun of Rs 1.02 crore. Since the MOSRT&H disallows cost overrun, the extra expenditure was irregularly met from the deposits received by the State Government under Calamity Relief Fund (CRF). Thus, the State Government had been put to an extra burden of Rs 1.02 crore and loss of agency charges of Rs 9.18 lakh. Besides, escalation charges of Rs 51.54 lakh paid to the firm after August 2000 were avoidable.

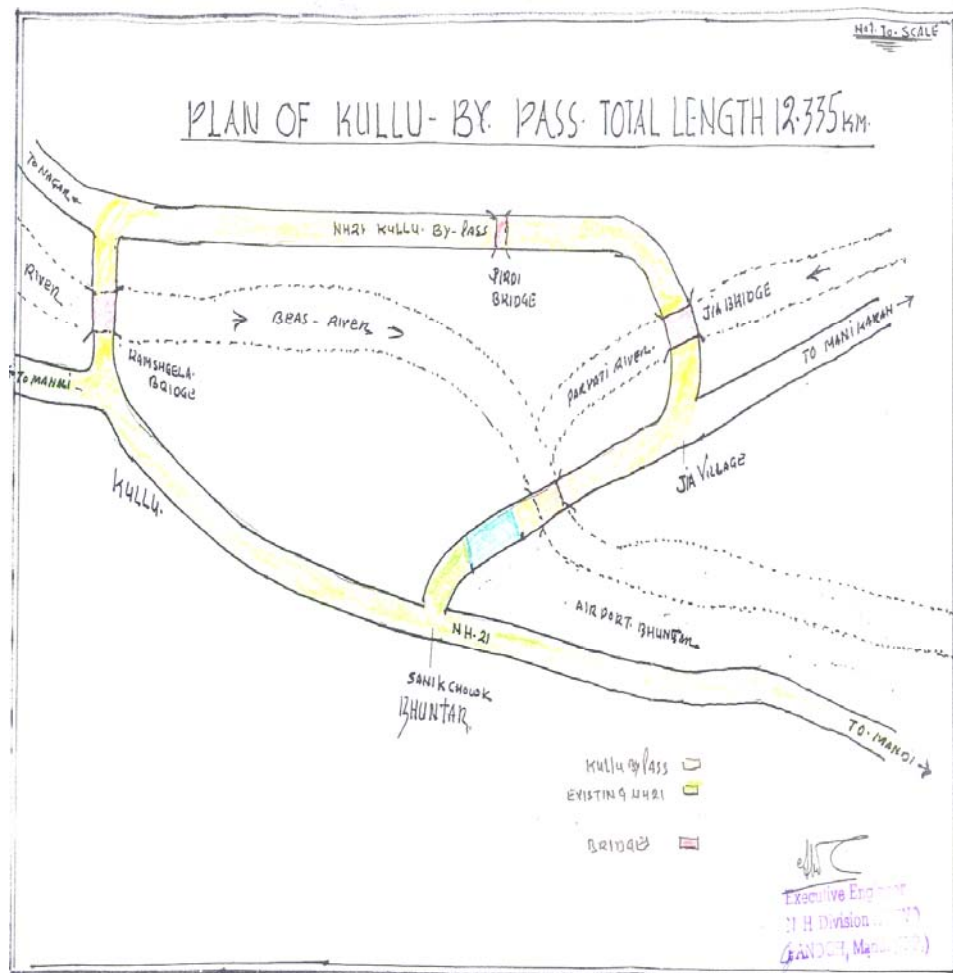
The Principal Secretary attributed (June 2007) time overrun and resultant cost overrun to (i) delay in appointment of consultant and finalisation of design/drawings (ii) flash floods in Solding *khad* (iii) tough topography and limited working season. He further stated that second revised estimate was not prepared as MOSRT&H does not allow cost overrun and without payment of escalation charges, the firm was not willing to continue with the work, completion of which had been considerably delayed. The reply is not tenable as all the reasons mentioned by the Government were known as far back as December 1990 and MOSRT&H should have been kept informed so that burden of extra cost is not borne by the State Government.

3.3.8.2 Delay in completion of Kullu bye pass

In view of heavy traffic on NH-21, a proposal to provide a 12.335 kms bye pass to Kullu town was approved (March 2001) by the MOSRT&H for Rs 46.40 crore for completion by March 2002. The estimate included provision for the construction of road and three bridges. The bye pass including one major bridge at Ramshilla over river Beas and one minor bridge over Pirdhi *nallah* was completed (September 2004) after a delay of 29 months at a cost of Rs 25.26 crore. However, this huge investment could not be made fruitful due to non-completion of the third major bridge over river Parvati at Jia. The bridge at Jia was initially targeted for completion by August 2001 but due to frequent revision in schedule the target date for completion was revised to September 2004. The contractor however, failed to complete the bridge work (December 2006). The MOSRT&H issued instructions (July 2006) that in case of failure of the contractor to complete the work by February 2007, the Department may propose penal action against the contractor. It was, however, noticed that no penal action had been proposed even though clause 64 of the contract provides for 5 per cent penalty in case of

delay. An expenditure of Rs 14.06 crore had been incurred on construction of 252 Rmt viaduct and 35 Rmt deck slab upto March 2007, whereas 85 Rmt deck slab, 120 x 2 Rmt foot path, crash barrier for deck slab and furnishing, etc., were yet to be constructed.

Map-1



Thus, the bye pass including two bridges (Ramshilla and Pirdhi) completed (September 2004) at a cost of Rs 25.26 crore could not be opened for public use due to an abnormal delay in completion of the bridge at Jia by more than five years. The purpose of construction of bye pass to allow uninterrupted traffic and diversion of heavy traffic to ease out congestion in Kullu town was also not achieved. Besides, escalation charges of Rs 60.04 lakh paid to the firms⁸ due to non-completion of major bridges within the stipulated time were avoidable and undue benefit of Rs 61.36 lakh extended to the contractor due to non-levy of compensation.

⁸ M/s Gamon India Ltd., Mumbai and M/s V.K. Sood, Chandigarh.

The Principal Secretary stated (June 2007) that for the construction of Jia bridge, the technology and methodology was adopted for the first time in India by importing the same from Switzerland. It was further stated that the Department as well as the executing agency did not have any prior experience of time span involved in the execution of such altogether new technology. The reply is not acceptable as the contractor had prior experience of constructing similar arch type bridge in Anandpur Hydel Channel and had agreed to complete the bridge by August 2001. The technology and methodology of the bridge was in the knowledge of the contractor at the time of tendering. Further, the contractor had assured (July 2003) the completion of the bridge by May 2004. The bridge is now targeted for completion by September 2007. Evidently, undue benefit is being given to the contractor.

3.3.8.3 Delay in award of works resulted in loss of agency charges and lapse of sanctions

To ensure expeditious tendering of the sanctioned works and also to avoid time and cost overruns, the MOSRT&H decided (July 2001) that the works costing less than Rs 5 crore be awarded within a period of five months. However, the MOSRT&H could condone the delay on justified grounds.

The following points were noticed in this regard:

- In three divisions⁹, four¹⁰ original works, each estimated to cost less than Rs 5 crore (sanctioned between November 2002 and September 2003) were not awarded within five months, resulting in withholding of agency charges of Rs 24.76 lakh. The delay in award of work was attributed (January 2007) by the EEs to time consumed in finalisation of tenders. The reply is not tenable as awarding of works estimated to cost less than Rs five crore should have been ensured within five months as required.

- The MOSRT&H accorded (March 2005) sanction for Rs 49.33 lakh including agency charges of Rs 3.98 lakh for providing boundary pillars, hactometer stones, signage, etc., on NHs falling under five NHs divisions. The sanction was valid upto March 2006. As five divisions were involved, split up sanction was required to be obtained from the MOSRT&H immediately. However, the CE applied for split up sanction as late as in October 2005, which was received in November 2005. The Divisions, however, failed to take up the works within the currency (March 2006) of the sanction. Consequently, its validity lapsed and the State Government was deprived of the Central assistance of Rs 49.33 lakh.

⁹ Jogindernagar, Pandoh and Rampur.

¹⁰ Improvement of riding quality of NHs: three works and stabilisation of Hill slope: one work.

The Principal Secretary stated (June 2007) that the delay in one out of four cases referred in sub-para above had been condoned (September 2005) by the Ministry and that the matter to get the agency charges in this case and condonation of delay in the remaining three cases was being taken up. As regards lapsing of validity of Rs 49.33 lakh, the Principal Secretary stated that the work could not be executed due to some technical flaw. The reply is not tenable as the Department had sufficient time to obtain split up sanction and to remove technical flaw before lapse of sanction.

3.3.8.4 Avoidable application of tack coat

Under the MOSRT&H specification, bituminous macadam (BM) shall be provided with final surfacing without any delay or shall be covered by a seal coat¹¹ before allowing traffic over it. The seal coat in such cases shall be considered incidental and shall not be paid for separately. The objective of covering the BM with seal coat is to save it from damages by traffic and contamination from dust. Further, tack coat¹² is not needed on a freshly laid black top layer if it is immediately followed by another black top layer within two days. The contractor shall provide and maintain during execution of work, a passage for traffic either along a part of the existing carriageway under improvement or along a temporary diversion constructed close to the highway.

In three¹³ NH divisions bituminous works for improvement of riding quality were done (February 2001 to October 2006) at an expenditure of Rs 28.26 crore. These works included an item of BM laid over an area of 10,20,400 sqm double laned NHs at a cost of Rs.13.51 crore which was opened to traffic before providing final surface or seal coat. The total expenditure of Rs 13.51 crore included Rs 0.37 crore on account of cost of tack coat, necessitated due to non-providing of final surfacing simultaneously. Non-provision of final surface immediately after BM led to application of tack coat costing Rs 0.37 crore, which was avoidable.

The Principal Secretary stated (June 2007) that it was practically not possible to detain and divert traffic during execution of work on a single lane or even on double lane in view of the high intensity of traffic. The reply is not tenable as the Department had not provided in the agreements for regulation/diversion of traffic by the contractors even in the double laned NHs as required under MOSRT&H specifications.

3.3.8.5 Avoidable expenditure due to delay in cancellation of awarded job

The EE, Pandoh division invited (January 2003) tenders for execution of original work "Improvement of Riding Quality of NH-21 from kms 156/750 to

¹¹ Seal coat: Mixture of sand and bitumen.

¹² Tack coat: Bitumen only.

¹³ Jogindernagar, Pandoh and Solan.

163/0”. The work was awarded (June 2003) to the lowest firm for Rs 1.06 crore and was stipulated for completion by December 2003. Since the contractor failed to commence the work, the contract was rescinded (November 2003) after forfeiting the earnest money. The EE attributed (February 2006) rescission of the contract to low rates quoted by the contractor which were reportedly not workable. Instead of inviting the second lowest contractor for negotiation, tenders were re-invited (November 2003) and the work was awarded (March 2004) to another contractor for Rs 1.07 crore for completion latest by September 2004. The second contractor also failed to start execution of the awarded job. Consequently, this contract was also cancelled (June 2004). Tenders were invited for a third time (June 2004) and the job was awarded (October 2004) for Rs 1.25 crore. The third contractor completed the work in April 2006.

Scrutiny of records of the division revealed (February 2006 and January 2007) that the contractor who completed the job was the second lowest for Rs 1.08 crore at the first call. Had the division acted prudently for timely award and cancellation of first contract and awarded the work to the second lowest contractor at risk and cost of first contractor by holding negotiation within the validity of the tender, an extra expenditure of Rs 17.68 lakh besides time overrun of 12 months in awarding the work could have been avoided.

The Principal Secretary stated (June 2007) that point had been noted for future and that instructions were being issued to the staff.

3.3.8.6 Change in design and scope after awarding of work

Designing should be based on adequate field data to avoid subsequent changes in work causing cost overrun.

The original work “Improvement of riding quality on NH-20 (Pathankot-Chakki-Mandi road)” kms 106/0 to 115/0 approved (May 2003) by MOSRT&H was awarded (September 2003) to a contractor for Rs 1.01 crore for completion by March 2006. As per condition of technical note, no work beyond the scope of sanctioned estimate should have been undertaken without obtaining prior written approval of the MOSRT&H.

However, during execution, the EE Jogindernagar division allowed (December 2003) change in specification of bituminous items and also increase in scope of work of certain items without the approval of the MOSRT&H which resulted in extra financial implication of Rs 23.50 lakh. Consequently, MOSRT&H withheld (March 2004) Rs 23.87 lakh including agency charges of Rs 1.97 lakh.

The Principal Secretary confirmed (June 2007) the facts and stated that the matter would be taken up with the MOSRT&H to get the amount released soon. Recovery appears remote as there was a delay of over three years in claim.

3.3.9 Other deficiencies

3.3.9.1 Deployment of labour for maintenance of National Highways in excess of norms

As per norms fixed by the MOSRT&H for deployment of labour for maintenance of NHs, 0.3 labour per km was to be deployed. Any expenditure incurred on the wages of labour in excess of the norm was an extra burden on the State Government because such unauthorised expenditure was not being reimbursed by the MOSRT&H. The following points were noticed:

➤ The State Government decided (June 2004) to fix labour norms for maintenance of NHs @ one person per km in general and @ 1.3 persons per km in particular for NH-22 beyond Shimla upto Wangtoo (Kinnaur district). The decision was taken without approval from the GOI to relax the existing norms.

Test-check of records of all the five divisions revealed that for the maintenance of seven roads (length ranging between 666 kms and 1243 kms), against the prescribed norms of 200 to 374 labour, 1,245 to 1,656 people were deployed between April 2002 and September 2006, which resulted in unauthorised expenditure of Rs 17.97 crore on the excess deployment of labour.

➤ It was also decided (June 2004) that surplus labour over and above the revised norms (fixed by the State Government) be transferred from the concerned NH divisions to other non-NH divisions of the Department.

However, labour ranging between 111 and 823 remained deployed even in excess of norms/policy of the State Government for the maintenance of four NHs under four divisions¹⁴, thereby, resulting in avoidable expenditure of Rs 7.26 crore between April 2002 and September 2006.

The Principal Secretary stated (June 2007) that the details of extra labour was being worked out and that the extra labour would be transferred to the needy civil divisions. The reply of the Principal Secretary is indicative of the fact that the Government has yet to implement its own decision even after three years.

¹⁴ Jogindernagar, Pandoh, Rampur and Solan.

3.3.9.2 Overpayment to firms due to allowing payment of inadmissible item

In Rampur and Solan divisions, improvement of riding quality works awarded (October 2002) to two firms at tendered amount of Rs 7.31 crore were completed between March 2003 and November 2003. Total payments of Rs 7.40 crore were made to the firms.

Test-check of records of these divisions revealed (November-December 2006) that an item "Laying of Bituminous Macadam" included the component of profile correction course also. Thus, this item was not to be measured and paid for separately. However, profile correction course in an area of 20,920 square metres was measured and paid extra, which resulted in overpayment of Rs 27.70 lakh (Solan: Rs 24.77 lakh and Rampur: Rs 2.93 lakh) to the firms.

The Principal Secretary stated (June 2007) that in respect of Solan division, recovery of extra item had been shown in the final bill, which was in minus and the case of which was under arbitration. As regards Rampur division, it was stated that due to heavy rains a number of pot holes had developed and it was necessary to fill them. The reply is not tenable as the item of profile correction had already been taken into account and added in the item of BM while finalising the estimates and entering into agreements. Hence there has been extra payment of Rs 27.70 lakh to the contractors.

3.3.9.3 Non-renewal of licence deed

As per MOSRT&H instructions (July 1999 and August 2000) the licence deed for use of NHs land for approach road to the retail outlet of oil companies is valid for three years and is to be renewed thereafter. EEs were required to maintain a record of retail outlets in a prescribed format so as to take up the case four months before the lapse of the licence deed. Further, as per instructions (October 2003) of the MOSRT&H, the oil companies or the owners installing fuel stations from the above date were required to enter into an agreement with the MOSRT&H according to which there would be a one time fee of Rs one lakh in consideration of the agreement with a validity period of 15 years.

The scrutiny of records of NH divisions in respect of 134 fuel stations/petrol pumps (67 each installed prior to and after October 2003) installed along seven NHs in the State, disclosed the following:

- No record of outlets either in the prescribed format or in any other form had been maintained by any of the divisions.

- Out of 67 outlets installed before October 2003, the EEs did not know the date of expiry of the last licence deed in respect of 65 outlets. Only two owners who had installed their outlets along NH-22 under Rampur division had been depositing licence fee of Rs 1,500 each per annum.
- Of the 67 pumps/outlets installed between 2003 and 2007, the owners of 24 outlets only had entered into agreements with the MOSRT&H and deposited one time fee of Rs one lakh each. The requisite fee aggregating to Rs 43 lakh in respect of remaining 43 cases had not been deposited.

The Principal Secretary stated (June 2007) that dates of expiry of licence deeds in respect of petrol pumps installed before October 2003 were being worked out. As regards 43 cases sanctioned after October 2003, it was stated that the cases were under process. Reply indicates that the instructions of the MOSRT&H were not adhered to by the Department.

3.3.9.4 Non-recovery of compensation from contractors

As per penal clause of the agreement, if a contractor fails to complete the work within the stipulated time for reasons not attributable to the Department, compensation at the prescribed rate for delay in completion of awarded work is levied and recovered from him.

In three divisions,¹⁵ four sanctioned jobs of special repairs and improvement of riding quality (IRQ) on three NHs were awarded to four contractors between July 2001 and June 2005 at tendered amount aggregating Rs 4.09 crore for completion between three and six months. Since the contractors had failed to complete the jobs within the stipulated time, compensation of Rs 27.19 lakh was levied on them between April 2003 and March 2006. Department has not taken adequate steps to recover the dues.

The Principal Secretary stated (June 2007) that in one case (Solan division) the contractor had filed a suit (March 2005) against levy of compensation and forfeiture of security in the court, while efforts were afoot to recover the amount of compensation from the remaining three contractors.

3.3.9.5 Concealment of receipts

Due to flash floods (August 2003) a 6.50 metre span RCC slab culvert over Barooni *nallah* (district Shimla) at km 284/660 of NH-22 was washed away. Both side approaches in a length of 400 metres and portion of the same road in a length of 220 metres were also washed away. Resultantly, the link to the tribal areas and to the international border with China was disrupted. To restore the damages, Rs 0.82 crore were spent (August 2003) by the Rampur

¹⁵ Jogindernagar, Rampur and Solan.

division which was reimbursed (March 2005) by MOSRT&H. On receipt of funds from the MOSRT&H, the EE remitted the amount into the treasury under deposit head of account. Of this, an expenditure of Rs 60.01 lakh had been incurred for clearance of old liabilities relating to NH and the balance of Rs 22.13 lakh was lying unutilised as of June 2007.

Similarly, the EE, Karchham division had incurred (2001-2005) an expenditure of Rs 1.76 crore for the construction of bridges over Panvi *khad* and Satluj river at Kaksthal including approaches and realignment of NH-22 across Wangtooo to Kaksthal out of State funds. The MOSRT&H released (December 2004) Rs 1.76 crore to the division which was kept under deposit head of account. Of this, an amount of Rs 75.96 lakh was spent for clearance of old liabilities of the bridges. The balance amount of Rs one crore which was required to be credited to the Government account, had been lying unutilised in deposits as of June 2007.

The Principal Secretary while confirming the facts stated (June 2007) that the amount was kept in deposit to clear the liabilities of State funds. The reply is not tenable as even after clearance of old liabilities Rs 1.22 crore is still lying unutilised for more than two years in deposit head.

Thus, due to non-crediting of Rs 1.22 crore into public exchequer, the Government receipt was concealed to that extent.

3.3.9.6 Delay in utilisation of Calamity Relief Fund

It was noticed (November 2006-January 2007) that the State Government had provided (2004-07) Rs 13.56 crore (2004-05: Rs 3.85 crore; 2005-06: Rs 6.71 crore and 2006-07: Rs 3.00 crore) under Calamity Relief Fund (CRF) to four NH divisions¹⁶ for restoration of damaged roads due to natural calamities. Of this, only Rs 7.77 crore had been utilised (December 2006) and the balance of Rs 5.79 crore remained unutilised (December 2006).

The EEs while admitting the facts stated (November 2006-January 2007) that the works on which unutilised funds of Rs 5.79 crore were to be spent were under progress. Replies of the EEs were not tenable as these funds were required to be utilised immediately on their receipt to restore the damages caused due to natural calamities.

¹⁶ Jogindernagar, Pandoh, Rampur and Solan.

3.3.9.7 Non-finalisation of contracts of completed works

In four divisions¹⁷, 26 works/jobs undertaken for execution between 1997-98 and 2005-2006 at tendered amount of Rs 38.11 crore were completed between March 2004 and December 2006. Gross payment of Rs 39.63 crore had been released to the contractors but completion report of roads had not been prepared as required under rules. The divisions were, thus, not aware of the unadjusted liabilities of completed jobs. This is fraught with the risk of accommodating fraudulent accounting adjustments.

The Principal Secretary stated (June 2007) that all the EEs had been directed to finalise the pending bills on priority basis and to submit the deviations to the competent authority immediately.

3.3.10 Lack of internal control and quality assurance

Guidelines of the MOSRT&H provide for three levels of supervision viz. (i) an independent test by the concerned Engineer-in-Charge (E-in-C), (ii) 10 per cent of such tests in the presence of the concerned EE and (iii) quarterly visit by the concerned SE to ensure quality of road works.

It was noticed that no independent tests were conducted by the E-in-C. 10 per cent of required tests in the presence of EE had not been ensured. The concerned SEs were required to issue at least 87 inspection notes between April 2002 and December 2006 but these were issued in only exceptional cases. These deficiencies were also pointed out (November 2006) by the State Quality Monitor during inspection of two divisions¹⁸.

The Principal Secretary stated (June 2007) that all out efforts were being made to improve quality in the execution of NH works.

3.3.11 Monitoring and evaluation

As per guidelines, the contractors are required to furnish a programme of execution of every contract work to the division for monitoring and necessary action for removal of bottlenecks, slippages, etc., if any by the EE/SE. A consolidated statement in this regard is further required to be sent to the Regional Officer by the respective SE of the Department. No consolidated statements with regard to action taken for removal of bottlenecks, slippage etc., were submitted to the RO. Besides, failure to take roughness measurements and photographs as an aid to more effective monitoring of road construction and maintenance operations and to remove encroachments and

¹⁷ Hamirpur, Jogindernagar, Pandoh and Rampur.

¹⁸ Hamirpur and Jogindernagar.

unauthorised constructions along NHs were other indicators of inadequate monitoring system.

The Principal Secretary stated (June 2007) that the monitoring system was being strengthened and that the progress of all the works would be monitored closely to ensure timely completion of works.

3.3.12 Conclusion

As discussed in the foregoing paragraphs, the State Government failed in the area of effective planning, financial management, coordination and monitoring of works compounded by shortcomings of the Department in execution of construction and maintenance works.

The State Government could not ensure full utilisation of the funds released by the GOI resulting in curtailment in subsequent allocations. Inadequate supervision, financial indiscipline and impropriety led to withholding of claims and increase in disallowed claims. Inadequate monitoring to ensure completion of works within fixed time schedule resulted in time and cost overrun. Failure to award works within prescribed time frame resulted in lapse of sanctions and withholding of agency charges by GOI.

3.3.13 Recommendations

- **Effective planning and better financial management need to be ensured to utilise the allocated funds economically and effectively by close monitoring of works approved for execution.**
- **The areas of estimation needs to be given more attention to avoid changes in scope of work at later stage.**
- **Contractual clauses and instructions issued by MOSRT&H need to be followed in letter and spirit to manage the execution of works effectively in an economical and efficient manner.**
- **Quality of works should be checked during execution so as to avoid defective and sub-standard works.**

The Principal Secretary accepted (June 2007) the recommendations and assured that compliance would be reported soon.

3.4 Rural Roads in South Zone

Highlights

A core network forming part of a long term Master Plan to identify and provide connectivity to all census villages in a time bound manner had not been formulated. Roads were constructed without obtaining technical sanctions and there were huge excesses over the administratively approved funds. A large number of road works remained incomplete due to various reasons resulting in idle investment. Despite limited resources, physical achievement of construction of roads in terms of Kms was abnormally on higher side, whereas about 75 per cent rural roads were awaiting completion. Annual repair and maintenance estimates had not been prepared. Adequate monitoring of execution of road works had not been done. The main points noticed in audit were as under:

- *Annual targets for construction of rural roads had not been fixed on realistic basis. Physical and financial progress did not match, as there was huge gap between the two during 2002-07.*

(Paragraph 3.4.7.2)

- *Department had not formulated long term plan for providing a phase-wise connectivity through rural roads to all census villages in the State.*

(Paragraph 3.4.8)

- *Out of 770 road works taken up for execution by 14 divisions, only 189 works had been completed as of March 2007. Of these 28 works costing Rs 26.11 crore were completed after delays ranging between 10 months and 18 years.*

(Paragraph 3.4.8.1)

- *In 10 divisions 36 road works costing Rs 21.11 crore were taken up for construction between 2002-03 and 2006-07 without obtaining technical sanction.*

(Paragraph 3.4.8.3)

- *Expenditure of Rs 93.23 lakh incurred on construction of a bridge remained unfruitful as it could not be put to use due to non-construction of road.*

(Paragraph 3.4.8.4)

- *Deviation from the approved specification resulted in sub-standard execution of road work costing Rs 2.14 crore.*

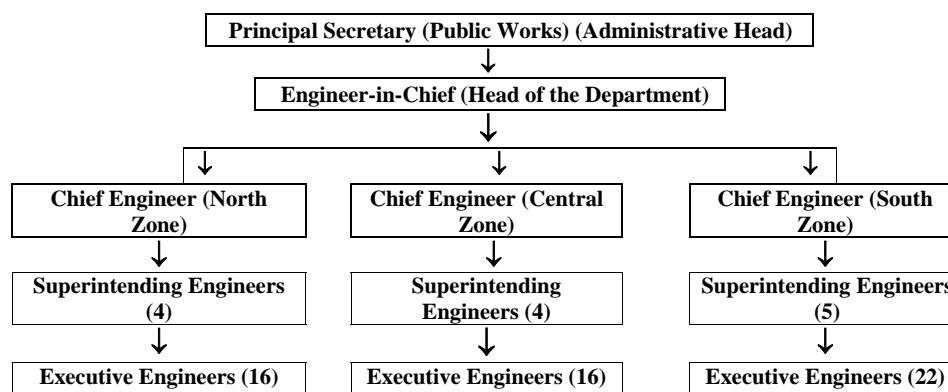
(Paragraph 3.4.8.7)

3.4.1 Introduction

Rural roads are the main means of connectivity in the predominantly hilly State of Himachal Pradesh, where 90.19 per cent of the total population resides in rural areas. The villages are scattered on hill slopes and in order to cater to the socio-economic and cultural needs of rural population, the State Government laid emphasis on the development of good and efficient all weather road network. Physical targets are fixed for construction of roads in terms of kilometres and not in number of roads to be completed. At the end of the 9th Five Year Plan period (March 2002), there were 17,433 kms rural roads in the State which increased to 22,033 kms at the end of 10th Plan period (upto March 2007). The Public Works Department (Department) is responsible for construction and maintenance of roads in the State. Of the total 17,495 villages in the State, 8,531 villages have been covered through rural roads as of March 2007.

3.4.2 Organisational set up

The organisational set up of the Public Works Department is as under:



3.4.3 Scope of audit

The activities of the South Zone (SZ) of the Department in the sphere of construction and maintenance of rural roads under State Plan for the period 2002-03 to 2006-07 were reviewed during November 2006-April 2007. The SZ of the Department accounted for 4,504 kms rural roads in March 2002 and 6,694 kms at the end of March 2007. This Zone has five circles and 22 divisions under its control to handle the construction and maintenance of rural roads. Records of 14 divisions¹ constituting 71.31 per cent of roads constructed and 67.14 per cent of total expenditure (Rs 312.56 crore) incurred on rural roads in this period were test-checked. This was supplemented by the

¹ Arki, Chopal, Jubbal, Karchham at Bhawanagar, Kasauli, Nalagarh, Nirmand, Paonta Sahib, Rajgarh, Rampur, Rohru, Shimla-I, Solan and Theog.

information obtained from the respective circles and office of the Engineer-in-Chief (E-in-C).

3.4.4 Audit objectives

The performance audit was conducted with a view to assessing:

- whether the objective of establishing connectivity to rural areas was achieved;
- efficiency, effectiveness and economy in execution of rural roads;
- adequacy of planning in identifying the locations and prioritizing them for optimal use of resources;
- adequacy of financial arrangements with reference to annual targets fixed for construction and maintenance of rural roads;
- adherence to prescribed norms and rules by the executing agencies;
- internal control and quality control mechanism in the Department.

3.4.5 Audit criteria

The audit criteria used for assessing the performance of PWD, SZ in the execution of rural road works were:

- Guidelines and departmental instructions for planning, identification and prioritising the execution of rural roads.
- Terms and conditions of contracts.
- System prescribed for internal control, quality control and monitoring of works.

3.4.6 Audit Methodology

Before commencing audit, the audit scope, objectives and criteria were discussed (November 2006) with the Principal Secretary and E-in-C in an entry conference. The selection of divisions for test-check was based on multistage stratified sampling methodology. Audit conclusions were drawn after scrutiny of records, analysis of available data by issuing audit memos and questionnaire and obtaining the response of Departmental functionaries at various levels. The audit findings were discussed with the Principal Secretary in an exit conference (June 2007), and the views of the Government have been incorporated at appropriate places in the report.

3.4.7 Audit Findings

3.4.7.1 Financial Outlay and Expenditure

Funding for the construction and maintenance of rural roads is made through Departmental budgetary system which includes loans from NABARD. The position of funds allotted for the construction and maintenance of rural roads and expenditure incurred thereagainst for all the three PWD Zones in the State during 2002-07 is as under:

Table: 3.4.1

(Rupees in crore)

Year	Construction			Maintenance		
	Budget Allotment	Expenditure	Variation (+) Excess/ (-) Savings	Budget Allotment	Expenditure	Variation (+) Excess/ (-) Savings
2002-03	115.80	121.69	(+) 5.89	159.62	160.49	(+) 0.87
2003-04	183.75	187.84	(+) 4.09	191.94	192.60	(+) 0.66
2004-05	144.52	142.95	(-) 1.57	200.53	206.23	(+) 5.70
2005-06	192.96	202.00	(+) 9.04	192.66	184.39	(-) 8.27
2006-07	173.39	173.95	(+) 0.56	253.55	320.96	(+) 67.41
Total	810.42	828.43		998.30	1,064.67	

Source: Departmental figures

3.4.7.2 Achievement of physical and financial targets

The physical and financial targets set for the construction of rural roads in the SZ and achievement thereagainst during 2002-07 was as under:

Table: 3.4.2

(Rupees in crore)

Period	Physical targets (In kms)	Total length of rural roads constructed (In kms)	Budget provision	Expenditure	Variations (+) Excess/ (-) Savings
2002-03	99	192	35.94	37.55	(+) 1.61
2003-04	186	226	75.52	75.47	(-) 0.05
2004-05	172	241	53.53	53.86	(+) 0.33
2005-06	185	324	70.70	75.06	(+) 4.36
2006-07	170	322	72.07	70.62	(-) 1.45
Total	812	1,305	307.76	312.56	

Source: Departmental figures

Status of budget provision for repair and maintenance of rural roads and actual expenditure thereagainst during 2002-07 in the SZ was as below:

Table: 3.4.3

(Rupees in crore)

Period	Budget	Expenditure	Variations (+) Excess/ (-) Savings
2002-2003	49.01	53.35	(+) 4.34
2003-2004	57.40	64.54	(+) 7.14
2004-2005	61.71	65.77	(+) 4.06
2005-2006	69.10	66.04	(-) 3.06
2006-2007	82.30	90.02	(+) 7.72
Total	319.52	339.72	

Source: Departmental figures

From the above details, it would be seen that physical achievements were substantially higher than the targets fixed and did not match the financial achievements for 2002-07, which indicates that low physical targets were fixed against higher financial provisions. The annual targets, thus, do not appear to have been fixed on a realistic basis.

The Principal Secretary stated (June 2007) that abnormal variation in achievement of physical and financial targets was due to different type of topography of SZ. Reply of the Principal Secretary is not tenable as physical achievement ranging between 122 *per cent* and 194 *per cent* against the actual expenditure ranging between 98 and 106 *per cent* indicates over budgeting by the Department.

The expenditure on account of repairs and maintenance continued to exceed the budget provision during 2002-07 except for the year 2005-06. Table-3.4.3 indicates that there was excess expenditure in all the years except 2005-06 over and above the budget provision, which indicated unrealistic estimation and lack of financial control.

The E-in-C attributed (August 2007) the excess expenditure to inadequacy of budget and savings during 2005-06 to transfer of work charged establishment to regular service head.

Test-check of records in the selected divisions revealed the following:

3.4.7.3 Irregular drawal of funds and fictitious booking

➤ State Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement. Nevertheless, the State Finance Department, directed (March 2006) the E-in-C to draw Rs 76.27 crore at the fag end of March 2006 and keep them under “Public Works Deposits” to avoid lapse of funds. Consequently, the concerned SEs released (March 2006) Rs 4.68 crore through letter of credit to six divisions² for the construction of rural roads with the direction to keep the amount under “Public Works Deposits” to avoid lapse of funds. The concerned EEs drew the amounts in March 2006 and fictitiously booked these to 54 rural road works without any physical execution. All the six divisions further transferred (30 and 31 March 2006) the amount to six other divisions simultaneously, who kept the funds under deposit head. It was further noticed that five divisions refunded (July 2006 and October 2006) Rs 4.43 crore to the former divisions while Rs 0.25 crore were still (March 2007) lying with EE, Mechanical Division, Rohru. Out of Rs 4.68 crore, Rs 2.81 crore was utilised as of August 2007 and the remaining Rs 1.87 crore was lying un-utilised with the concerned divisions.

Parking of the regular budgetary funds of the Department in Public Works Deposits and fictitious booking to the works was irregular. Moreover, drawal of funds at the fag end of the year to avoid its lapse and utilise the same in the next financial year is against financial canons. The Principal Secretary admitted (June 2007) that the funds were kept in deposit head in accordance with the instructions (March 2006) of the State Finance Department.

➤ Similarly, Rs 50.99 lakh received (May 2002 to March 2006) from DC Kullu during 2002-06 for execution of five rural roads under ‘Backward Area Sub-Plan’ scheme by the Nirmand division were irregularly kept in ‘Public Work Deposits’ for periods ranging between eight and 55 months. As of November 2006, neither these works had been taken up for execution nor unutilised funds surrendered by the EE, as required. The EEs stated (March 2007) that these works could not be taken up for execution due to involvement of forest/private land in alignment of roads and local disputes.

The Principal Secretary stated (June 2007) that 3 works³ had been started between December 2006 and June 2007 after the disputes were settled and that, out of Rs 50.99 lakh, Rs 12.94 lakh had been utilised after November 2006 and Rs 38.05 lakh were yet to be utilised. The reply confirms

² Arki, Chopal, Kasauli, Nalagarh, Paonta Sahib and Rohru.

³ (i) Road from Pigenda Kainchi to Shalat Shamani (ii) Motorable road from Soidhar to Beungal (iii) Link road to village Gungi.

the audit observation that financial propriety had been completely disregarded by the Department.

3.4.8 Planning and physical performance

As per the PMGSY guidelines relating to rural roads a core network plan is to be prepared before taking up rural road works. This network is to connect all the unconnected habitations to the existing road network and form the basis for formulating Master Plan for rural roads sector. Out of this plan, a core network connecting some of the existing roads as well as roads proposed for new connectivity under rural roads, in order to provide atleast single access to all eligible habitations is also required to be framed. The core network is the basis for formulating a long term Master Plan for planning in the rural roads sector. Annual proposals for the construction of rural roads are to be finalised in accordance with the funds allocated by the State Government.

Test-check however, revealed that the Department had not formulated any long term plan or Master Plan for providing connectivity to all villages through rural roads. In the absence of a network plan/Master Plan the target and achievement of the Department could not be verified. The E-in-C stated (April 2007) that a core network is currently being finalised for the purpose. The Department had assessed the requirement of motorable roads to connect all the 17,495 census villages of the State on the basis of a detailed survey conducted in 1999-2000. In the SZ, out of 6,228 villages, 3,183 (51 *per cent*) villages were yet to be connected by roads as of March 2007.

Annual plans of the State Government for the years 2002-07 provided for the construction of 2,575 kms new rural roads, linking 190 census villages with motorable roads. As per the details supplied by the Department, it actually constructed 2,749 kms (107 *per cent*) rural roads linking 349 census villages (184 *per cent*) during 2002-07. In respect of SZ, against the proposal of linking 88 census villages by constructing 812 kms roads, the Department linked 184 (209 *per cent*) census villages by constructing 1,305 kms (161 *per cent*) roads. Despite the over achievement reported by the Department against the targets, in the absence of a long term plan, 8,964 (51 *per cent*) villages in the State and 3,183 villages in the SZ remained to be connected by motorable roads as of March 2007. Similarly, about 75 *per cent* road works were lying incomplete in the test-checked divisions.

3.4.8.1 Status of rural road works

Zone-wise consolidated records of road works taken up for execution, completed and those remaining incomplete during 2002-07 had not been maintained by the Department. However, the status of works taken up for execution, actually completed between April 2002 and March 2007 and those

remaining incomplete as of March 2007 in the 14 test-checked divisions is given in the table below:

Table: 3.4.4

(Rupees in crore)

Period	Number of works taken up	Estimated cost	Works completed		Works yet to be completed as of 31 March 2007	
			Number	Expenditure	Number	Expenditure
Upto 2001-2002	539	154.20	121	40.81	418	88.12
2002-2003	38	35.64	12	13.52	26	7.90
2003-2004	32	31.64	13	14.16	19	12.73
2004-2005	35	20.90	17	5.91	18	7.24
2005-2006	59	44.41	16	2.98	43	12.76
2006-2007	67	50.38	10	4.24	57	9.26
Total	770	337.17	189	81.62	581	138.01

Source: Departmental figures

Audit scrutiny revealed the following points:

(a) Of the 189 works completed as of March 2007, 28 works were taken up (January 1981 to January 2005) at an estimated cost of Rs 19.23 crore and completed at a cost of Rs 26.11 crore. The delay in completion of these works ranged between 10 months and 18 years which was attributed to delay in acquisition of land, involvement of forest lands along the proposed alignments of the roads and paucity of funds. The excess expenditure over the estimated cost had not been regularised as of March 2007.

(b) In respect of 581 incomplete works, taken up (March 1985 to October 2004) for execution at a cost of Rs 138.01 crore the stipulated period of completion ranging between one and five years, had expired in respect of 216 works. The time overrun in these 216 works ranged from one year to 19 years. The delay was mainly attributed to paucity of funds, land disputes and lengthy process involved in transfer of forest land.

The Principal Secretary confirmed (June 2007) the facts and stated that time overrun was due to lengthy procedure for seeking approvals. The reply is not tenable as the analysis of physical achievement *vis-a-vis* the actual expenditure reveals that while the Government has been showing increased performance in

terms of kilometres of rural roads laid, in actual terms, the road works are not being completed within the stipulated time and cost upto the entire approved length.

Taking up road works for execution without ensuring encumbrance free land and adequacy of funds indicated poor planning by the Department.

(c) Forest (Conservation) Act, 1980 provides for prior approval of GOI for the use of forest land for non-forestry purposes. The Department has to ensure encumbrance free land before starting execution of work.

Test-check of records of six divisions⁴ revealed that nine road works were sanctioned (July 1987 to July 2000) for Rs 4.27 crore for completion by July 1990 and July 2003. These works on which Rs 0.83 crore had been spent, were held up for about four to 16 years (upto March 2007) for want of permission of GOI for the use of forest land (6 works: Rs 0.63 crore) and dispute over private land (3 works: Rs 0.20 crore).

The Principal Secretary stated (June 2007) that cases had been submitted (December 2003 and August 2006) to the GOI and in some cases, the work had been started after receiving clearance from the GOI. As regards works held up due to dispute over private land, the Principal Secretary stated that as per policy for construction of rural roads, the people of the area had to give their land free of cost. The reply is not tenable, since the Department had not initiated action for obtaining GOI's approval on a timely basis for transfer of forest land.

Thus, failure of the Department to ensure encumbrance free land before starting the works resulted in an idle investment of Rs 0.83 crore besides depriving the beneficiaries of the intended benefits. There is also a possibility of this investment proving infructuous since these incomplete roads could be damaged due to passage of time.

3.4.8.2 Cost overrun

Delay in completion of works has an inevitable impact on costs. The Public Accounts Committee (PAC) in its 76th Report (Ninth Vidhan Sabha) had recommended (August 1999) action to regularise the cases where expenditure had been incurred in excess of the estimated cost. It was noticed that 17 rural road works (estimated cost: Rs 1.90 crore) taken up for execution by nine

⁴ Arki, Jubbal, Kasauli, Rajgarh, Rohru and Solan.

divisions⁵ between July 1990 and December 1998 were still (March 2007) in progress. The stipulated period of completion ranging between two and six years had already expired in respect of all the 17 cases, and an expenditure of Rs 5.70 crore had been incurred on these works resulting in cost overrun of Rs 3.80 crore. The cost overrun in individual cases ranged between 30 and 870 *per cent* in 16 cases, while in one case (approved in May 1991 for Rs 0.95 lakh) the actual expenditure upto March 2007 was Rs 21.27 lakh (cost overrun 2,139 *per cent*). The estimate had not been revised as of March 2007.

The Principal Secretary attributed (June 2007) delay in execution of work to paucity of funds due to limited resources of the State Government. The reply is not tenable as sufficient funds were not provided for ongoing works. Instead, new works were taken up for execution simultaneously. Further, there was no shortage of funds for the construction of rural roads, as evidenced from the surrender of Rs 119.97 crore⁶ (net) during 2002-2007. The reply is also an admission by the Government that works were undertaken without ensuring availability of funds. Thus, the intended purpose of providing connectivity to the villages also remained unachieved.

3.4.8.3 Expenditure without Technical Sanction

As per rules, no work should be taken up for execution unless detailed estimate for the same are prepared and technically sanctioned. Test-check revealed that as of March 2007, in 10 divisions⁷, 36 road works were taken up for execution during 2002-07 without preparing detailed estimates for obtaining technical sanction. An expenditure of Rs 21.11 crore had been incurred on these works as of February 2007.

The Principal Secretary stated (June 2007) that the working estimates were technically approved in different parts as per availability of funds during the relevant financial year. The reply is an admission by the Government that works were executed in an *ad hoc* manner with part technical sanctions which is not only against codal provisions, but also dilutes control over time and cost overrun and is indicative of poor planning.

3.4.8.4 Unfruitful expenditure on bridge due to non-construction of road

To provide connectivity to inhabitants of Ramni and Jani villages (Kinnaur district) with main National Highway, construction of 92 metres span jeepable suspension bridge over river Satluj near Ramni Jhulla including 300 metres

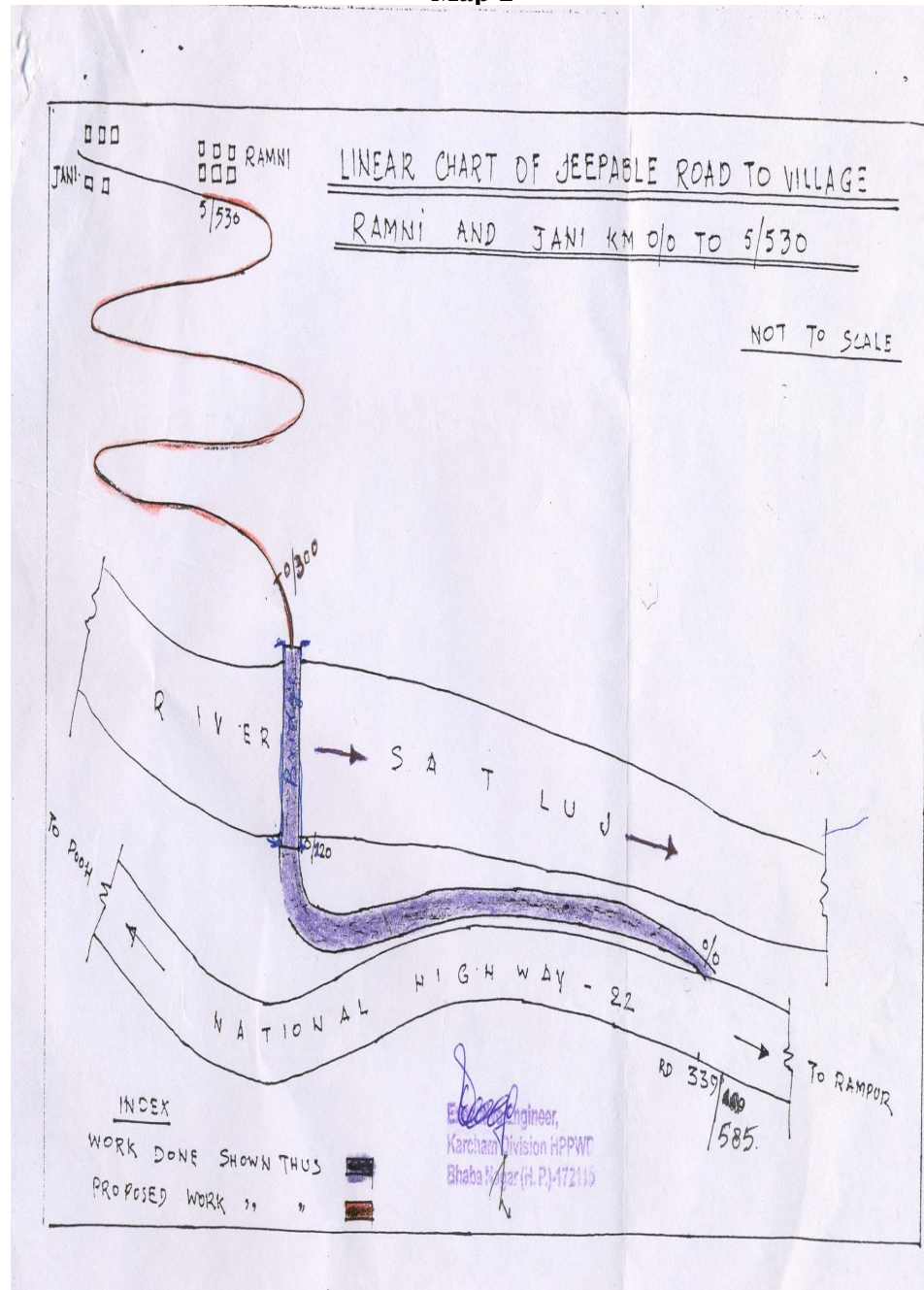
⁵ Arki, Chopal, Jubbal, Kasauli, Nalagarh, Rajgarh, Rohru, Shimla-I and Theog.

⁶ 2002-03: Rs 77.68 Crore; 2003-04: Rs 18.34 crore; 2005-06: Rs 20.94 crore and 2006-07: Rs 3.01 crore. Source: Appropriation Accounts of the respective years.

⁷ Chopal, Kasauli, Nalagarh, Nirmand, Paonta Sahib, Rajgarh, Rampur, Rohru, Shimla-I and Theog.

approach road was approved (September 2001) for Rs 88 lakh. The work stipulated to be completed in one year and taken up for execution in March 2002, was completed in August 2005 at a cost of Rs 93.23 lakh. No action was taken to revise the estimate and get the excess expenditure of Rs 5.23 lakh regularised.

Map-2



Test-check of the records of Karchham division revealed (November 2006) that an estimate for Rs 27.15 lakh for the construction of jeepable road beyond km 0/300 to 5/530 to connect village Ramni was approved (April 2006) but,

the execution had not been taken up as of November 2006. Consequently, the bridge and 300 metres approach road could not be utilised and the targeted beneficiaries were deprived of the intended benefits of connectivity with National highways and transportation of their horticulture and agriculture produce to the market. Thus, the expenditure of Rs 93.23 lakh remained unfruitful.

The Principal Secretary stated (June 2007) that work upto km 2/300 had been awarded (December 2006) and tenders for the remaining works had been invited. Thus, *ad hoc* planning of the Department lead to overall delay in achievement of intended benefits to the people of the area.

3.4.8.5 Idle expenditure due to non-construction of bridge

Administrative approval and expenditure sanction for the construction of 4.225 kms long Kiartoo-Nal-Sabhyal road (Shimla district) was accorded (May 2004) for Rs 1.21 crore. The estimate included construction of 20 metres span steel truss bridge over Dargula *nallah* at km 0/975. The road was envisaged to benefit 2000 persons. The work of road component was taken up for execution (January 2005) and completed (December 2005) at a cost of Rs 67.16 lakh.

Test-check of records of Theog division revealed (April 2007) that while according technical sanction for the estimates, provision for construction of the bridge at km 0/975 was not included due to non-finalisation of drawings. However, the working estimate for the construction of 22 metres span RCC-T-Beam bridge was technically approved for Rs 36.39 lakh in July 2006 and the work was awarded (September 2006) to a contractor at a tendered cost of Rs 55.64 lakh. The construction of sub-structure of the bridge was taken up only in January 2007 and an expenditure of Rs 82.46 lakh (Road: Rs 67.16 lakh and Bridge: Rs 15.30 lakh) had been incurred as of August 2007.

Thus, lack of proper planning for simultaneous provision for the technical approval of the bridge resulted in idle expenditure of Rs 82.46 lakh on the construction of road including bridge, besides depriving the public of the intended benefits till such time the bridge is built. The date of completion of the bridge had not been fixed.

The Principal Secretary stated (June 2007) that the construction of bridge could not be taken up simultaneously as the design of bridge was approved (July 2006) after technical investigation. The reply of the Principal Secretary is not tenable, as adequate steps should have been taken to carry out technical

investigations so that the intended objectives of taking up the work are achieved without time and cost overrun.

3.4.8.6 Wasteful expenditure on a bridge

Construction of a road to Dodra Kwar (a backward area of Shimla district) was administratively approved (April 1997) by the Financial Commissioner-cum-Secretary, PWD for Rs 5.82 crore. The estimate of the road included provision for construction of 33.53 metres span bailey bridge at Kimwali over Rupin *khad* at km 1/600 by providing *pucca* sub-structure of reinforced cement concrete (RCC) abutments.

Test-check of records of Dodra Kwar division and Rohroo Circle revealed (March 2007) that instead of constructing sub-structure of RCC abutment as per approved drawing, the division on the approval of the Superintending Engineer constructed (April 2004) wire crate abutments. It was further noticed that against the designed 33.53 meters span, bailey bridge of 30.50 meters span was launched (June 2004) on wire crate abutments at a cost of Rs 30 lakh. The bailey bridge was washed away in the flash floods in July 2005.

The Principal Secretary stated (June 2007) that the Tribal Development Committee⁸ (Committee) had decided (November 2003) to construct the bailey bridge on wire crate abutments as a temporary arrangement to provide road connectivity to the area, as construction of RCC abutments was not techno-economically feasible. The reply is not tenable, as the Committee had neither recommended construction of wire crates abutments nor was it technically competent to do so. Moreover, Hill Road Manual envisages that care is required in locating firm foundation for the construction of temporary bridges to avoid damages during floods. Thus, the unauthorised deviation by the Department from the approved estimate and Hill Road Manual resulted in wasteful expenditure of Rs 30 lakh.

3.4.8.7 Execution of below specification work

The State Government accorded (December 1997) administrative approval for Rs 4.71 crore under NABARD for the balance work (33 kms) out of total 47 kms long Tikkar-Jarol-Gahan-Nankhari-Khamadi road in Shimla district. The sanctioned estimate included providing of crust of 253 mm on 33 kms length of the road. The work stipulated to be completed in two years was actually completed in June 2003 after a delay of 3 years and six months.

⁸ A committee headed by the Principal Secretary (Tribal Development) to review the physical and financial progress of ongoing work in the tribal areas.

Test-check of the records of Rampur division revealed (December 2006) that in a length of 28 kms of road, the division provided crust of 195 mm thickness instead of the approved thickness of 253 mm at a cost of Rs 2.14 crore. Subsequently, (September 2002) the NABARD team observed that the road surface had settled at many locations and crust thickness was found to be less than the prescribed thickness. The team observed that additional 75 mm thick layer of water borne macadam (WBM) with grade-III metal was necessary to improve riding quality of the road and recommended to carry out California bearing ratio (CBR) test to fix the crust thickness for the remaining length of five kms to lay pavement accordingly. It was noticed that the second layer of wearing coat of 75 mm thickness was provided and laid by the division during November 2002-July 2003, in the remaining length of 5 kms but no treatment was given to 28 kms of road on which first layer of 195 mm had already been laid. The departure from the approved specification (by the Chief Engineer, South Zone) for laying the crust of approved thickness in 28 kms length of the road, thus, resulted in execution of below specification work costing Rs 2.14 crore and non-providing of safe and quality communication facility.

The Principal Secretary stated (June 2007) that reduction in thickness of crust was made in view of the prevailing practice for providing one layer each of soling and wearing in respect of rural roads. It was further stated that the settlement of road surface was due to high altitude and shady portion of road which mostly remained snow bound. The reply is not tenable as road on high altitude and shady portions actually needed to be provided with thicker crust to avoid its settlement. This had also been observed by the representative of NABARD during the monitoring visit.

3.4.8.8 Avoidable expenditure due to adoption of uneconomical specification

Mention was made in paragraph 4.12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001 (Civil) Government of Himachal Pradesh regarding avoidable expenditure on providing of renewal coat to roads owing to adoption of conventional method of premix carpet (PC) and seal coat (SC) separately instead of mixed seal surface (MSS) or PC treatment of one time laid one layer.

Test-check of records of eight divisions⁹ revealed (November 2006-April 2007) that renewal coat over an area of 2,62,850 sqm of road surface was executed in 29 cases between June 2002 and November 2006 with the conventional method of PC and SC at a cost of Rs 2.68 crore. Had the renewal coat executed with MSS, the same would have

⁹ Arki, Kasauli, Nalagarh, Nirmand, Rajgarh, Rampur, Rohru and Solan.

costed Rs 1.99 crore¹⁰. Failure to adopt proper specifications in these cases resulted in extra expenditure of Rs 0.69 crore (Rs 2.68 crore minus Rs 1.99 crore).

The Principal Secretary admitted (June 2007) that provision of MSS existed in the specifications of the department but could not be applied in the entire State due to varied topography. Reply is not tenable unless specifications are modified as per topography of different places in the State.

3.4.8.9 Government dues not recovered from the contractors

As per the contract, the time allowed for carrying out the work shall be strictly observed by the contractor. In case of delay in completion of work, compensation of amount equal to one *per cent* per day subject to maximum not exceeding 10 *per cent* of the tendered cost of the work shall be levied.

In seven divisions¹¹, 11 road works were awarded to 13 contractors between February 2001 and December 2005 at a total tendered cost of Rs 4.18 crore and were stipulated to be completed between 3 and 18 months. As the contractors failed to complete the work within the stipulated time, the concerned divisions levied (May 2003-October 2006) compensation of Rs 27.88 lakh for delay in completion of works. It was, however, noticed that none of the seven divisions had recovered the amount of compensation from the contractors as of March 2007.

The Principal Secretary stated (June 2007) that the compensation levied on various contractors has not been recovered, as the bills of the contractors were yet to be finalised. The recovery should have been effected from the running account bills of the contractors instead of keeping the same pending till finalisation of bills.

3.4.8.10 Uneconomical execution of works

According to the State Financial Rules, the power delegated to accept tender/technical sanction was Rupees six lakh for selected EEs with 12 years experience as EEs and Rupees three lakh for EEs with three years experience as EEs.

¹⁰ Based on schedule of rates plus premium of the contractors which varied from work to work in respect of 29 different works.

¹¹ Arki, Kasauli, Nirmand, Paonta Sahib, Rajgarh, Rampur and Shimla-I.

Test-check of seven divisions¹² revealed (November 2006 to March 2007) that the EEs had awarded (April 2002 to March 2006) major portion of 25 works (Estimated cost: Rs 4.11 crore) by splitting them up in 362 parts/agreements, to 144 contractors at a cost of Rs 4.49 crore. The tendered rates quoted by the contractors ranged between 58 *per cent* below to 144.90 *per cent* above the amount put to tender. Benefit of competitive rates was thus not derived by floating single tender for each work. Approval of the competent authority to split the works had also not been obtained.

The Principal Secretary stated (June 2007) that works under south zone fell in remote localities where contractors of appropriate class were not willing to work and that works had to be split to achieve progress. The contention is not tenable as sanction should have been obtained from the competent authority before splitting and awarding the works to contractors.

3.4.9 Non-existing quality control test for material used on road works

As per departmental specifications the material used for construction of roads was required to be tested to assure quality control. It was noticed in audit that testing of materials used in construction of rural roads under State plan had not been done in any of the test-checked divisions.

The Principal Secretary admitted (June 2007) the facts and stated that efforts were being made to improve the level of quality in execution of rural roads.

3.4.10 Internal control

There is no internal audit wing in the Department. Norms for periodicity of inspection of works by the CEs, SEs and EEs to ensure quality of the works, adherence to the specifications and schedules, etc., had not been prescribed for rural roads. Out of 14 test-checked divisions, only four divisions¹³ were inspected on eight and 42 occasions by the CE and SEs respectively during 2002-2007. In the case of EEs, the number of inspections of works conducted by them was not intimated. It was stated (November 2006 to April 2007) that inspections had been conducted frequently but the inspection notes were not recorded due to rush of work. Without inspection notes, instances of non-compliance with instructions, rules, etc., will not be adequately addressed.

¹² Chopal, Nirmand, Paonta Sahib, Rajgarh, Rampur, Rohru and Shimla-I.

¹³ Arki, Jubbal, Karchham and Paonta Sahib.

The Principal Secretary accepted (June 2007) the audit view and stated that inspection notes would be issued in order to have a proper record.

3.4.11 Monitoring

A monitoring cell was created in the office of the E-in-C to monitor the periodical reports on physical and financial achievements received from the SEs. It was, however, noticed that periodical progress reports received from the field officers were not scrutinised for suitable direction and necessary follow up action. The reports did not even indicate the time frame fixed for completion of road works, despite 418 road works taken up for construction more than five years back remained incomplete.

The Principal Secretary accepted (June 2007) the audit finding and stated that the monitoring cell would be advised to monitor the schemes adequately.

3.4.12 Conclusion

The State Government had not formulated core network to identify and provide connectivity to all census villages in a time bound manner. Financial and physical targets showed a mis-match and were not realistic. Funds allocated were shown utilised fictitiously without actual execution of road works. A number of road works remained incomplete resulting in idle investment. There were cost and time overruns in several road works. Norms fixed for repair and maintenance of roads had not been revised. There were instances of deviation from approved specifications of works resulting in execution of sub-standard works and wasteful expenditure. Internal control and monitoring of the execution of rural road works was weak.

3.4.13 Recommendations

- ***The Government should formulate a Master Plan expeditiously indicating time schedule to be followed and milestones to be achieved for providing connectivity to all census villages in the State.***
- ***Financial and physical targets for road construction should be fixed on a realistic basis with the prime objective of providing road connectivity to villages rather than in terms of road lengths.***
- ***Adequate funds need to be provided to accelerate connectivity of census villages and also to complete the pending works.***

- *A system needs to be evolved to ensure adequate inspection and monitoring of ongoing road works with reference to approved guidelines and specifications.*

- *A quality control mechanism to ensure quality of the construction of roads needs to be evolved and implemented.*

The Principal Secretary accepted (June 2007) the recommendations and assured that compliance would be reported soon.

Rural Development Department

3.5 Implementation of Watershed Development Programmes

Highlights

The main objectives of all the three programmes viz Desert Development Programme, Drought Prone Area Programme and Integrated Wasteland Development Programme are development of waste/degraded lands, restoration of ecological balance by harnessing, conserving natural resources such as land, water and vegetative cover and promoting overall economic development and improving the socio-economic conditions of resource poor and disadvantaged sections of the people inhabiting the project areas.

A performance review of implementation of above programmes revealed that funds provided for these programmes were not fully utilised, evidence of area treated had not been maintained in some cases, Watershed Development Teams were not formed to the prescribed extent and did not have qualified members. No Self Help Groups were formed in nine selected Project Implementing Agencies (PIAs) comprising 165 watersheds. Funds provided for capacity building and training were not fully utilised. No mechanism for proper exit protocol had been evolved. Some significant audit findings are as under:

- *The State Government had not prepared a long term perspective plan for treatment of waste/degraded lands, drought prone and desert areas.*

(Paragraph 3.5.8.1)

- *Shortfall in achievement of treatment of area during 2002-07 in the State under Drought Prone Area Programme, Desert Development Programme and Integrated Wasteland Development Programme ranged between 31 and 52; 50 and 85 and 16 and 53 per cent respectively.*

(Paragraph 3.5.10.1)

- *Due to non-adherence to cost norms for watersheds, District Rural Development Agency, Kinnaur and Una spent Rs 9.97 crore under Desert Development Programme and Drought Prone Area Programme in excess of the permissible limit.*

(Paragraph 3.5.10.4)

- *Against an area of 2,24,064 hectares to be developed during 2004-07 only 98,127 hectares of area (44 per cent) was actually treated as of March 2007 after incurring an expenditure of Rs 73.71 crore (53 per cent) resulting in shortfall in physical achievement of 1,25,937 hectares.*

(Paragraph 3.5.11.1)

- *Four selected Project Implementing Agencies spent Rs 6.06 crore on treatment of waste/degraded lands under Drought Prone Area Programme (Rs 1.69 crore) and Integrated Wasteland Development Programme (Rs 4.37 crore) during 2002-07 but no evidence of area actually developed/treated was kept in Measurement Books/Muster Rolls. The expenditure of Rs 6.06 crore was, thus doubtful.*

(Paragraph 3.5.12.1)

- *Four selected Project Implementing Agencies paid wages aggregating Rs 1.04 crore for 1,22,189 mandays (Desert Development Programme: 1,06,050; Integrated Wasteland Development Programme: 16,139) during 2002-07 to outside labourers resulting in non-providing of employment opportunities to resource poor and disadvantaged sections inhabiting the programme areas.*

(Paragraph 3.5.12.5)

3.5.1 Introduction

The GOI launched three Centrally sponsored programmes viz. Drought Prone Area Programme (DPAP), Desert Development Programme (DDP) and Integrated Wasteland Development Programme (IWDP) between 1973-74 and 1989-90 for sustainable development of natural resources through watershed development and community empowerment. The main activities involved in watershed development plan are land development including *in-situ* soil and moisture conservation measures within watershed approach¹ like:

- afforestation including block plantation, agro-forestry and horticulture development;

¹ A watershed is a geo-hydrological unit which drains into common point and watershed approach is ridge to valley approach for development of land and water, afforestation, etc.

- development of small water harvesting structures such as low cost farm ponds, check dams and *nallah* bunds, etc.;
- pasture development, renovation and augmentation of water resources;
- crop demonstration for popularising new crops; and
- promotion and propagation of non-conventional energy saving devices.

The benefits to be derived from watershed development works include increase in water table, yield of crops and milk besides mitigating the adverse effects of extreme climatic conditions such as drought, desertification, etc.

The three programmes were brought under a common set of guidelines for watershed development with effect from 1st April 1995 which was subsequently revised in 2001 to ensure improved role for Panchayati Raj Institutions (PRIs). To further simplify procedures and involve PRIs more meaningfully in planning, implementation and management of economic development activities, GOI brought out (April 2003) new guidelines called “Hariyali”. The projects sanctioned prior to this date were, however, allowed to be continued as per guidelines of 2001.

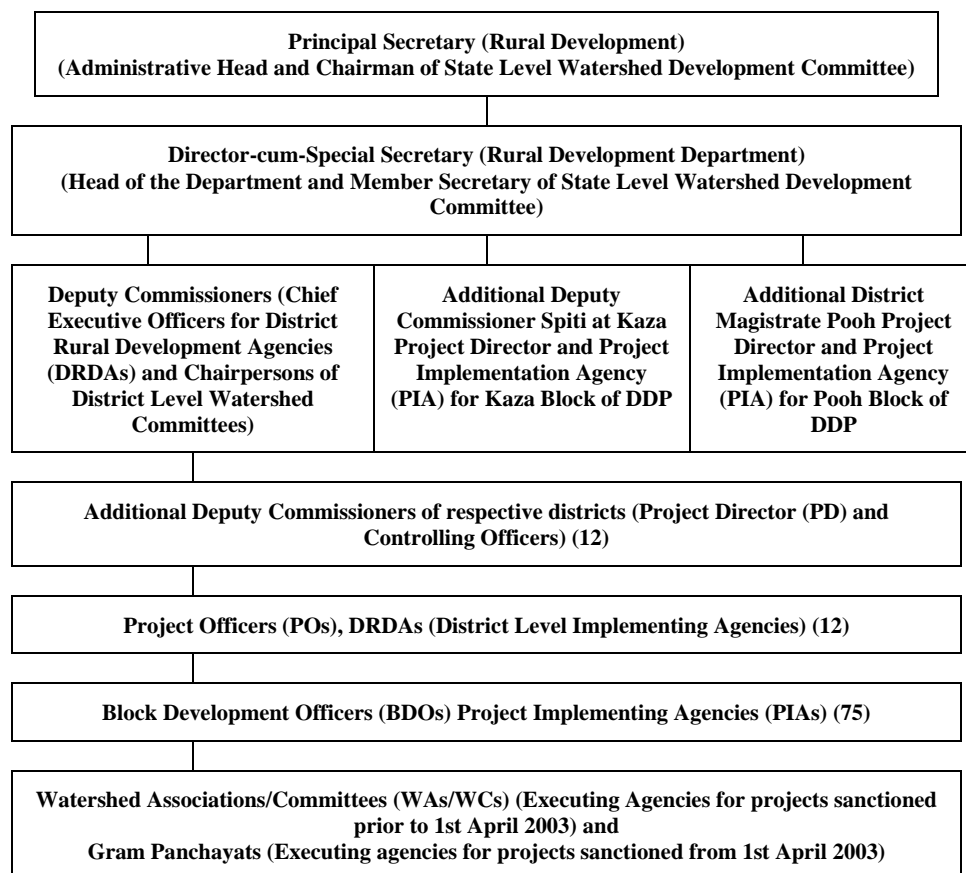
3.5.2 Implementation in Himachal Pradesh

In Himachal Pradesh, DDP has been in operation from 1977-78 in three Development Blocks of Kinnaur and Lahaul and Spiti districts and IWDP has been in operation from 1992-93 in 62 Blocks of nine districts², whereas DPAP has been in operation from 1994-95 in 10 Development Blocks of Bilaspur, Solan and Una districts in a phased manner. DPAP was launched in those areas which were constantly affected by severe droughts and DDP in cold desert areas. IWDP was launched for the development of waste/degraded lands in those areas which were not covered under DDP and DPAP.

² Chamba: Seven; Hamirpur: Six; Kangra: 14; Kinnaur: Two; Kullu: Five; Mandi: 10; Shimla: Nine; Sirmour: Six and Solan: Three.

3.5.3 Organisational set up

The organisational set up for implementation of all the three programmes in the State is as under:



3.5.4 Scope of audit

The performance review covered the period from 2002-07 and was carried out during September 2006-January 2007 through a sample check of the records in the Directorate of Rural Development, offices of seven³ out of 12 Project Officers (POs), District Rural Development Agencies (DRDAs), 23 Project Implementing Agencies (PIAs)⁴ and 65 Watershed Committees/panchayats under the selected PIAs. Out of the total expenditure of Rs 154.05 crore incurred on three programmes during 2002-07, expenditure of Rs 84.68 crore

³ Bilaspur, Hamirpur, Kangra, Kinnaur, Lahaul and Spiti, Solan and Una.

⁴ BDOs of Amb, Bamsan, Bangana, Bilaspur, Bijhari, Bhoranj, Dehra, Dharampur (Solan), Gagret, Ghumarwin, Haroli, Jhandutta, Kalpa, Keylong, Kuniyar, Nagrota Bagwan, Nadaun, Nichar, Nurpur, Pragpur and Una Blocks and Project Directors of Kaza and Pooh (Sub-DRDA Blocks).

(55 per cent) was audited. Audit findings as discussed in the succeeding paragraphs are based on analysis of records, data, information and replies furnished to questionnaire/audit memoranda by the aforementioned units.

3.5.5 Audit objectives

The audit objectives of the review were to verify whether:

- planning for implementation of various watershed development programmes was adequate and identification procedure under all the three programmes was appropriate with regard to benchmarks;
- allocation, release and utilisation of funds provided for various programmes was judicious, adequate and effective;
- criteria for selection of watersheds and norms prescribed in the guidelines for execution of works were followed;
- role of Panchayati Raj Institutions (PRIs) in the implementation of watershed development programmes was adequate and effective;
- the monitoring system at various levels was functioning effectively.

3.5.6 Audit criteria

The audit criteria applied for assessing the performance of all the three programmes were:

- benchmarks for identification of area;
- the GOI guidelines, supplementary guidelines issued by State Government and instructions issued by the Central and State Governments from time to time;
- guidelines for watershed projects; and
- mechanism laid down for monitoring and evaluation.

3.5.7 Audit Methodology

An entry conference was held (December 2006) with the Secretary and Director Rural Development Department (RDD) wherein the audit objectives, audit criteria and scope of audit were explained and suggestions/perceptions of the Department relating to implementation of the programmes were discussed. Five POs (Project Officers) and 13 Project Implementation Agencies (PIAs)

(DPAP: 10⁵ and DDP: three⁶) were selected cent *per cent* whereas for IWDP: three⁷, districts were selected on the basis of PPSWR⁸ method and 10 PIAs on the basis of SRSWOR⁹. The audit findings were discussed (May 2007) with the Secretary (RDD) in an exit conference and the views of the Government wherever offered, have been incorporated at appropriate places in the report.

3.5.8 Audit Findings

3.5.8.1 Planning for implementation of the programmes

The guidelines (2001) for implementation of all the three programmes provided for preparation of a long term perspective plan by the State Government for treatment of waste/degraded lands, drought prone and desert areas over a period of 15 years, keeping in view the availability of funds under DPAP, DDP and IWDP and other such programmes being implemented through national and international cooperation in a phased manner. It was noticed (January 2007) that the Department had not prepared requisite perspective plan for proper and effective implementation of these programmes.

The Secretary (RDD) contended (May 2007) that preparation of a long term perspective plan was not possible due to topography of the area but informed (August 2007) that the Department has already taken initiative in this regard.

3.5.8.2 Identification of Areas

The Department informed (September 2007) that under DDP and DPAP, the GOI sanctioned projects to the districts/blocks declared to be covered under respective programmes on the basis of available data of waste/degraded lands identified by the High Level Technical Committee of GOI and National Remote Sensing Agency (NRSA). After receipt of funds from GOI, the area is identified by the district authorities with community participation and local needs of the public. Under IWDP, the concerned districts prepare the project proposal on the basis of remote sensing data available with the State Council for Science, Technology and Environment and wasteland Atlas of GOI after conducting proper survey.

As per GOI Atlas, the area of waste/degraded lands in the State was 31,659 square kilometres (31,65,900 hectares) against the total area of

⁵ Amb, Bangana, Bilaspur, Dharampur, Gagret, Ghumarwin, Haroli, Jhandutta, Kunihar and Una.

⁶ BDO Lahaul at Keylong, PD DDP, Kaza and PD DDP, Pooh.

⁷ Hamirpur, Kangra and Kinnaur.

⁸ Probability Proportionate to Size With Replacement.

⁹ Simple Random Sampling Without Replacement.

55,673 square kms (55,67,300 hectares) of the State. The State Government identified 8,52,975 hectares¹⁰ area (DDP: 1,93,831 hectares; DPAP: 2,05,833 hectares and IWDP: 4,53,311 hectares) for treatment upto March 2007 since inception of the programmes.

As of March 2006, 59 out of 62 blocks of IWDP were included for treatment of waste/degraded lands. The remaining three blocks of Chamba (Chamba district), Seraj (Mandi district) and Narkanda (Shimla district) were also included under the programme between March 2006 and July 2006.

DDP is being implemented in arid blocks, including cold desert blocks of the State and DPAP in semiarid and dry subhumid blocks based on the Moisture Index.

3.5.8.3 Status of Projects

After bringing all the three programmes for implementation under a common set of guidelines from 1st April 1995, the GOI sanctioned 109 Watershed Development Projects for the State, of which, 60 projects were sanctioned during 2002-07. The status of area to be treated under the three programmes and area actually treated upto March 2007 is indicated in **Appendix-XVII**.

As can be seen from **Appendix-XVII**, out of 109 projects, 49 projects were due for completion during 2002-07, of which only 11 projects¹¹ had been completed during the aforesaid period covering 62,640 hectares area against the targeted area of 68,000 hectares. In the remaining 38 projects only 2,45,438 hectares (61 *per cent*) area was treated against the targeted area of 4,05,635 hectares as of March 2007. Thus, there was delay in completion of these 38 projects ranging between five and 24 months as of August 2007. Therefore, only 65 *per cent* land was treated.

3.5.9 Financial Management

3.5.9.1 Funding Pattern

Funding pattern for implementing the three programmes was as under:

DDP	Prior to April 1999	100 <i>per cent</i> by the Central Government
	From April 1999 onwards	75:25 basis by Central and State Governments
DPAP	Prior to April 1999	50:50 basis by Central and State Governments
	From April 1999 onwards	75:25 basis by Central and State Governments
IWDP	Prior to April 2000	100 <i>per cent</i> by the Central Government
	From April 2000 onwards	11:1 basis by Central and State Governments

¹⁰ Prior to April 2002: 4,75,335 hectares and during 2002-2007: 3,77,640 hectares.

¹¹ 10 projects in seven test-checked districts and one project in non-test-checked district.

GOI sanctioned the projects to be implemented over a period of five years and released Central share direct to DRDAs in seven instalments in case of projects sanctioned prior to April 2003 and in five instalments for projects sanctioned after April 2003 under *Hariyali* guidelines. Funds so received are kept in savings bank accounts. The cost norm per hectare was Rs 4,000 for the projects sanctioned prior to April 2000 and Rs 6,000 for those sanctioned thereafter under all the three programmes.

3.5.9.2 Financial Outlay and Expenditure

The details of funds provided for implementation of DPAP, DDP and IWDP in the State and expenditure incurred thereagainst during 2002-07 was as under:

Table: 3.5.1

(Rupees in crore)

Name of the programme	Year	Opening balance	Funds received			Total availability of funds	Expenditure incurred	Shortfall in utilisation
			Central share	State share	Interest			
DPAP	2002-2003	4.96	3.65	0.82	0.07	9.50	4.75 (50)	4.75 (50)
	2003-2004	4.75	5.30	2.21	0.07	12.33	4.51 (37)	7.82 (63)
	2004-2005	7.82	4.25	1.41	0.22	13.70	5.73 (42)	7.97 (58)
	2005-2006	7.97	6.60	1.01	0.39	15.97	6.67 (42)	9.30 (58)
	2006-2007	9.30	3.69	1.98	0.28	15.25	6.61 (43)	8.64 (57)
	Total			23.49	7.43	1.03	66.75	28.27
DDP	2002-2003	4.90	7.08	1.62	0.81	14.41	7.21 (50)	7.20 (50)
	2003-2004	7.20	7.01	1.68	0.42	16.31	5.01 (31)	11.30 (69)
	2004-2005	11.30	3.35	2.27	0.52	17.44	7.58 (43)	9.86 (57)
	2005-2006	9.86	3.88	1.51	1.07	16.32	8.56 (52)	7.76 (48)
	2006-2007	7.76	10.41	2.58	1.06	21.81	10.57 (48)	11.24 (52)
	Total			31.73	9.66	3.88	86.29	38.93
IWDP	2002-2003	13.65	15.22	0.88	0.47	30.22	13.22 (44)	17.00 (56)
	2003-2004	17.00	13.50	0.96	0.75	32.21	15.69 (49)	16.52 (51)
	2004-2005	16.52	13.45	0.75	1.37	32.09	16.66 (52)	15.43 (48)
	2005-2006	15.43	26.62	1.91	0.74	44.70	18.49 (41)	26.21 (59)
	2006-2007	26.21	18.23	1.82	0.61	46.87	22.79 (49)	24.08 (51)
	Total			87.02	6.32	3.94	186.09	86.85

Source: Figures supplied by the Director, RDD. Figures in parenthesis indicate percentage.

Funds ranging between Rs 4.75 crore and Rs 26.21 crore were not utilised during 2002-07. The percentage of shortfall in utilisation of available funds during the period ranged between 48 to 69 *per cent*. Moreover, the Department had failed to adhere to the prescribed schedule of incurring 15 *per cent* expenditure in the first year; 30 *per cent* in the second year; 30 *per cent* in the third year; 15 *per cent* in the fourth year and 10 *per cent* in the last year of the project period.

It was noticed that there was difference of Rs 20.61 crore¹² between the total expenditure intimated by the Department and the expenditure shown against the financial achievements during 2002-2007 under the three programmes. The Deputy Director intimated (September 2007) that only the expenditure incurred on work component had been given in the statement of financial targets and achievements whereas in the other statement total expenditure of the programme i.e. expenditure on work activities, community organisation/entry point activities, training and administrative overheads was included. The contention is not tenable, as the targets fixed and achievements made thereagainst should include the expenditure incurred on all the components because per hectare cost norm of Rs 6,000 fixed by the GOI for treatment of waste/degraded land includes all these components.

The Director-cum-Special Secretary (RDD) attributed (March 2007) carry forward of unspent amount from year to year and shortfall in financial achievements to preparatory works done in first year, training of PRIs, topography of the State and limited working season in the snow bound areas. The contention lacked justification as out of 75 blocks, only seven blocks¹³ under all the three programmes were snow bound. Moreover, planning for execution of development works in the watershed areas and utilisation of financial resources should have been made keeping in view all such factors. The lackadaisical approach of the Department to take appropriate steps for timely utilisation of funds had, thus, adversely affected the implementation of the programmes.

3.5.9.3 Non-refund of unspent balances of completed projects

Three projects (DDP-one and DPAP-two) taken up (March 1995 to March 1997) against provision of Rs 14.60 crore were completed between 2002-03 and 2003-04, but the unspent balance of Rs 68.54 lakh was not refunded to the GOI by PO, DRDA, Lahaul and Spiti (Rs 63.79 lakh) and Solan (Rs 4.75 lakh) as of March 2007 as required. The PO, DRDA, Lahaul and Spiti stated (September 2006) that due to non-receipt of utilisation certificate from PIA Kaza the unspent amount could not be refunded. The

¹² Rupees 154.05 crore (as per expenditure column of Table-3.5.1) - Rs 133.44 crore.

¹³ Bharmour, Kalpa, Lahaul at Keylong, Nichar, Pangi, Pooh (Kinnaur district) and Spiti at Kaza.

Joint Secretary (RDD) intimated (May 2007) that the matter was being taken up with the DRDAs concerned for taking necessary steps to refund the balance amount as per guidelines.

3.5.9.4 Diversion of funds

As per guidelines, even temporary diversion of funds from one project to another under the three programmes is not permissible. Records of PO, DRDA, Bilaspur and PD-cum-PIA Pooh (Kinnaur district) revealed that out of Rs 9.98 crore received for implementation of six projects (DDP: two and DPAP: four), Rs 81.86 lakh¹⁴ were diverted between 2002-07 from one project to another for execution of other watershed works in contravention of guidelines and the amount had also not been got refunded subsequently. The PO, DRDA, Bilaspur stated (February 2007) that diversion of funds was made to complete the ongoing works and necessary refund would be made on receipt of funds from GOI and the State Government. The PD-cum-PIA, DDP, Pooh stated (September 2006) that keeping in view the working season in the tribal areas, funds were diverted for ongoing works. The replies are not tenable as funds for these projects were provided keeping in view the working season in tribal areas from April to October. Further, despite diversion of funds, five projects¹⁵ stipulated to be completed by March 2007 were still in progress as of August 2007.

3.5.9.5 Inadmissible expenditure

As per guidelines, the DRDAs/PIAs were not authorised to incur expenditure on items like furniture, vehicles, computers or any other kind of machinery items. It was noticed that PO, DRDA, Una and five PIAs¹⁶ spent Rs 29.15 lakh¹⁷ during 2002-07 irregularly for the purchase of computers, cameras, LCD projectors, furniture, utensils and gas connection. The PDs DDP Pooh and Kaza stated (September 2006) that these purchases were made to run the project activities smoothly. PO, DRDA, Una stated (February 2007) that these purchases were made from administration part of the scheme. The contention is not tenable as the purchase of these items is not permissible under the guidelines.

¹⁴ PO, DRDA Bilaspur: Rs 11.36 lakh; PD-cum-PIA Pooh: Rs 70.50 lakh.

¹⁵ DDP: two projects (VI and VII) and DPAP: three projects (V, VI and VII).

¹⁶ BDOs of Bamsan, Bhoranj, Nichar Blocks, PD-cum-PIA, DDP Pooh and Kaza.

¹⁷ PO, DRDA Una: Rs 4.55 lakh; Five PIAs: Rs 24.60 lakh.

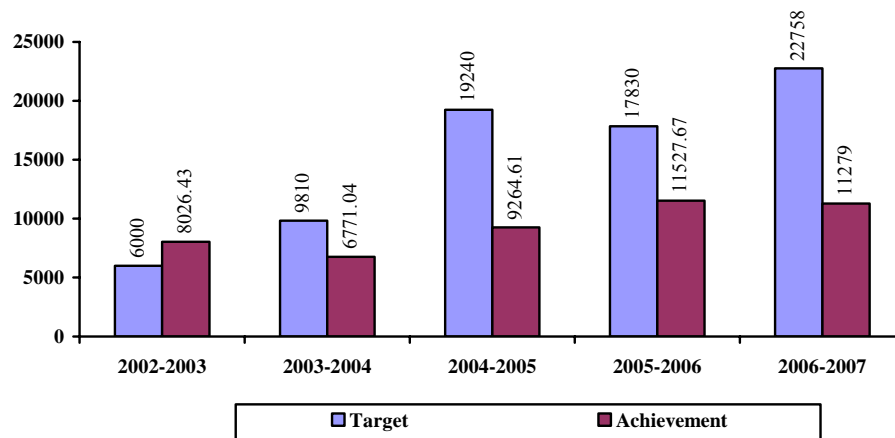
Implementation of programme

3.5.10 Planning

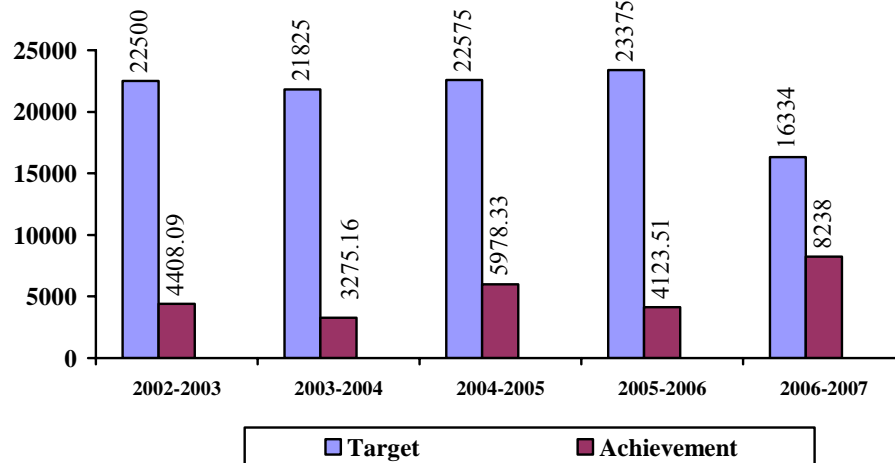
3.5.10.1 Targets and achievements

During 2002-07, 3,94,012 hectares¹⁸ were targeted to be treated through 60 projects under the three programmes, against which, only 2,17,372 hectares¹⁹ were treated resulting in shortfall of 1,76,640 hectares (45 per cent). The shortfall in achievement of treatment of area during 2002-07 ranged between 31 and 52 per cent under DPAP, 50 and 85 per cent under DDP and between 16 and 53 per cent under IWDP as can be seen below.

Targets and achievements for DPAP (In hectares)



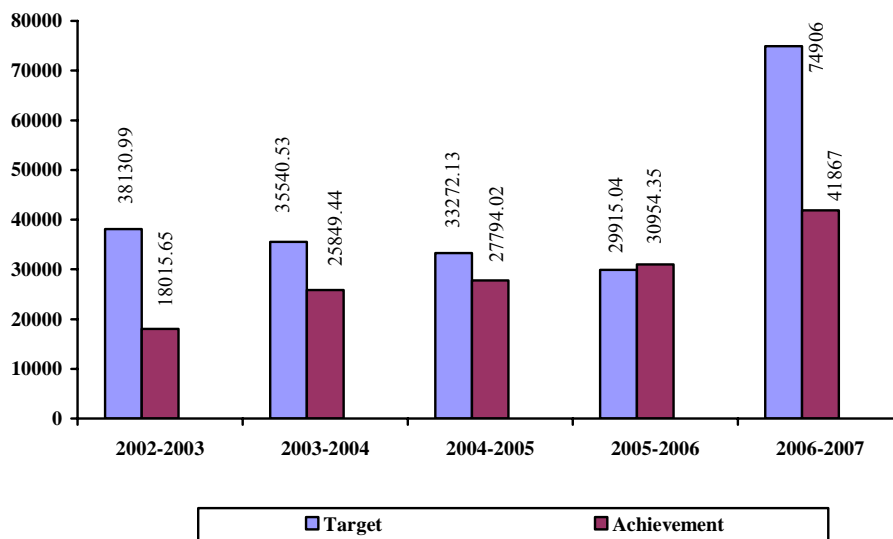
Targets and achievements for DDP (In hectares)



¹⁸ DPAP: 75,638 hectares; DDP: 1,06,609 hectares and IWDP: 2,11,765 hectares.

¹⁹ DPAP: 46,869 hectares; DDP: 26,023 hectares and IWDP: 1,44,480 hectares.

Targets and achievements for IWDP (In hectares)



The Director-cum-Special Secretary, (RDD) attributed (March 2007) shortfall in achievement of targets to initiation of preparatory work such as imparting training to PRIs, awareness camps, identification of watershed area and time taken for obtaining approval for the annual action plan from the respective Gram Sabhas in the Ist year. He further stated that the topography of the State is tough, mountainous and snow bound, with limited working season. The contention of the Director is not acceptable, as the above constraints should have been taken into account at the time of initial planning. Also, out of 75 blocks, only seven blocks are snow bound.

In respect of seven DRDAs²⁰, the year-wise position of area targeted to be treated and achievement thereagainst under DPAP, DDP and IWDP during 2002-03 to 2006-07 is given in **Appendix-XVIII**. It will be observed that shortfall in achievement of treatment of area during the above period ranged between 31 and 52 per cent under DPAP, 50 and 85 per cent under DDP and three and 62 per cent under IWDP respectively. The PO, DRDA, Solan intimated no reasons for shortfall in achievements. The POs of remaining six DRDAs²¹ attributed (September 2006-January 2007) shortfall in achievement to slow pace of work on the part of executing agencies, receipt of funds at fag end of year, late conducting of mid-term evaluation and lack of interest by the public.

²⁰ Bilaspur, Hamirpur, Kangra, Kinnaur, Lahaul and Spiti, Solan and Una.

²¹ Bilaspur, Hamirpur, Kangra, Kinnaur, Lahaul and Spiti and Una.

3.5.10.2 Execution of works without preparation of detailed action plan

As per guidelines, a detailed action plan (DAPs) in the form of an integrated project was to be prepared by the WDT in consultation with watershed community and got approved from the DRDA/ZP.

Test-check of the records of PO, DRDA, Lahaul and Spiti at Keylong and PD-cum-PIA, DDP, Pooh revealed that during 2002-07 against allocation of Rs 118.80 crore for treatment of 1,64,423 hectares, Rs 41.26 crore (DRDA, Keylong: Rs 33.50 crore as of June 2006 and DDP Pooh: Rs 7.76 crore as of March 2005) were spent on carrying out watershed development activities such as soil and moisture conservation, water harvesting structures, afforestation, agriculture and horticulture plantation, etc., in an area of 49,655 hectares but the requisite action plan setting forth the aforementioned goals was not prepared so as to ensure timely delivery of benefits to the beneficiaries concerned. The PO, DRDA, Lahaul and Spiti had not prepared any such action plans for 2002-07. The PD-cum-PIA DDP, Pooh had, however, started preparing action plans since 2005-06. This indicated implementation of programme without proper planning. The PO, DRDA, Lahaul and Spiti at Keylong admitted the fact and stated (August 2006) that the DAPs were not prepared due to shortage of staff and expert personnel. The PD-cum-PIA DDP, Pooh also admitted the facts (September 2006). Thus, at Directorate level monitoring of implementation of the programme was also poor as due to non-preparation of the requisite detailed action plan three projects sanctioned during 1999-02 in Lahaul and Spiti district and stipulated to be completed between 2004-05 and 2006-07 remained incomplete as of March 2007.

3.5.10.3 Non-adherence to criteria for selection of watersheds

As per the guidelines of 2001 (revised and renamed as *Hariyali* from 1st April 2003), area of a selected watershed was to be about 500 hectares. The cost norm for treatment of area had been fixed at Rs 6,000 per hectare from 1st April 2000. During 2002-07 GOI sanctioned five projects for development of 99 watersheds in Pooh block (Kinnaur district) under DDP at a cost of Rs 29.70 crore. In addition, two projects for 70 watersheds sanctioned during 2000-02 at a cost of Rs 21 crore were also being implemented in the aforesaid block. Accordingly, for 169 watersheds 84,500 hectares (500 hectares per watershed) of area was required to be identified and included in the treatment plan of respective watersheds.

It was noticed that in respect of three projects of 54 watersheds sanctioned between 2004-05 and 2006-07, the required area of 27,000 hectares was not identified and in the remaining four projects, against 57,500²² hectares area

²² 115 watersheds x 500 hectares = 57,500 hectares.

required to be identified for 115 watersheds, only 27,903 hectares area was identified. Thus, identification of area fell short by 56,597 hectares.

The Joint Secretary (RDD) intimated (December 2006) that due to sandy loam soil, water carrying capacity is considerably low and in view of the available resources, the target area is comparatively less as compared to hot desert of the DPAP area. The reply is not acceptable as the Department should have obtained relaxation in this regard from GOI before undertaking the works.

3.5.10.4 Excess expenditure on watershed projects

For treatment of degraded/wastelands, cost norm per hectare was Rs 4,000 for watershed projects sanctioned prior to April 2000. For treatment of an area of 11,501 hectares under DPAP in Una district, GOI sanctioned two projects comprising 23 watersheds during 1995-96 (16 watersheds for 8,001 hectares) and 1996-97 (seven watersheds for 3,500 hectares) at a cost of Rs 4.60 crore (11,501 hectares at the rate of Rs 4,000). These projects were required to be completed over a period of five years reckoned from the date of sanction i.e. by 1999-00 and 2000-01 respectively.

It was noticed that against watershed area of 11,501 hectares, only 10,882 hectares were treated and projects were shown as completed (October 2002).

According to the approved cost norm, expenditure on treatment of 10,882 hectares should have been restricted to Rs 4.35 crore. As against this, Rs 4.79 crore had been spent. This resulted in excess expenditure of Rs 0.44 crore over and above the approved cost norms which was met from interest accrued on savings bank account and less area treated.

Similarly, the PD-cum-PIA Pooh block under DDP had incurred an expenditure of Rs 12.53 crore on treatment of only 5,004 hectares of land as of June 2006 against the permissible limit of Rs 3 crore as per the prescribed cost norm resulting in excess expenditure of Rs 9.53 crore.

The PO, DRDA, Una stated (December 2006) that excess expenditure was incurred due to hike in price of raw material whereas Joint Secretary (RDD) in case of DDP intimated (December 2006) that the topography of the area under cold desert is tough due to which the treatment area is less and treatment expenses were more. The replies confirm that there is a need for better coordination and financial management and wherever necessary, relaxation for incurring expenditure over and above the cost norms need to be obtained from GOI.

3.5.11 Physical and Financial performance

3.5.11.1 Spill over of projects

GOI sanctioned (1999-2000 and 2001-02) 19 projects in selected DRDAs for the development of 475 watersheds at a cost of Rs 138.91 crore for the treatment of an area of 2,24,064 hectares to be completed²³ during 2004-07. Against this, only 98,127 hectares of area (44 per cent) was actually treated as of March 2007 after incurring an expenditure of Rs 73.71 crore (53 per cent) resulting in shortfall in physical achievement of 1,25,937 hectares. The shortfall in physical progress of these projects ranged between eight and 95 per cent. Additional Director-cum-Joint Secretary (RDD) stated (March 2007) that the targets could not be achieved due to the project preparatory works done in the first year and tough topography of the State. The reply is not acceptable as project preparatory works should have been done before commencement of projects and the factor of topography was already in the notice of the Department. Thus, the Department failed to complete the projects in time.

3.5.11.2 Non-commencement of special project

As per guidelines, the GOI may sanction special projects for treatment of wastelands in special problem areas such as high altitude regions, land sliding areas, slopes having more than 30 degree gradient or for any other specified technical reasons.

Test-check of records of PO, DRDA, Lahaul and Spiti revealed (September 2006) that special project “Tandi Sumnam *kuhl*²⁴” for treatment of 5,500 hectares (11 watersheds) was sanctioned under DDP by the GOI during 2003-04 for Rs 3.30 crore for completion in five years. Rs 37.13 lakh were released (February 2004) by the GOI and Rs 12.38 lakh by the State Government (March 2004). The project had not started so far (March 2007) and the entire amount remained unutilised. Rs 3.07 lakh was earned as interest on this amount. Perusal of records revealed that the inhabitants did not agree to flow irrigation scheme due to fears that it would lead to soil erosion. The Joint Secretary (RDD) stated (May 2007) that as the inhabitants of the area did not agree for flow irrigation, a revised proposal for lift irrigation scheme had been sent (May 2007) to GOI.

Action of the Department to initially build a flow irrigation scheme indicates that the aspect of land erosion at the proposed site was not taken into account and also participatory rural appraisal was not done before preparation of action

²³ 2004-2005: four projects; 2005-2006: seven projects and 2006-2007: eight projects.

²⁴ *Kuhl*: Irrigation channel in hilly areas.

plan and the scheme was framed without keeping in mind the whole objective of land preservation.

3.5.12 Execution of watershed development works

3.5.12.1 Doubtful expenditure on watershed development works

For post evaluation of watersheds completed (October 2002) in Una block, the State Government appointed (September 2004) an evaluator²⁵. The evaluator in his report pointed out that there was no supporting record/ground measurement done and no revenue papers collected in support of watershed development works executed.

Audit also noticed that six watershed projects (Kangra: two and Una: four) were sanctioned (December 1999 to July 2003) by the GOI at a cost of Rs 38.81 crore to be implemented by four PIAs²⁶. The works were started between December 1999 and July 2003 and stipulated to be completed between December 2004 and July 2008. An expenditure of Rs 6.06 crore was incurred during 2002-07 on treatment of waste/degraded lands under DPAP (Rs 1.69 crore) and IWDP (Rs 4.37 crore) but there was no evidence of area of land actually developed/treated in the basic records such as measurement books and muster rolls in support of the expenditure.

It was further seen that while sending periodical reports on physical progress of watershed development works to the POs, DRDAs (Kangra and Una), PIAs worked out the area developed under various activities of watershed by dividing the whole expenditure as per the prescribed cost norms of Rs 4,000/6,000 per hectare. In the absence of any record of measurement, the authenticity of expenditure could not be verified and the possibility of misappropriation and expenditure proving doubtful cannot be ruled out.

The PIAs concerned admitted the facts and assured (December 2006-March 2007) that in future watershed committees (WCs) would be instructed to maintain the records properly as per guidelines.

The reply is not acceptable, as it is not just a matter of non-maintenance of records but depiction of expenditure without any proof of its occurrence, which tantamounts to fraud and needs investigation.

²⁵ Shri Prakash Mehta, Retd. Professor.

²⁶ Dehra, Nagrota Bagwan, Pragpur and Una.

3.5.12.2 Non-commencement of watershed development works

Six²⁷ PIAs entrusted (May 2002-June 2006) execution of soil and moisture conservation and water harvesting structure works in 14 watershed areas to the respective WCs and released (March 2002-June 2006) Rs 8.42 lakh to them in piecemeal against the sanctioned (2002-07) cost of Rs 17.13 lakh. It was noticed that the WCs concerned had not commenced (March 2007) the execution of such works and the whole amount remained deposited in bank accounts of WCs and PIAs.

The PIAs concerned stated (November 2006-January 2007) that efforts were being made to get the amount refunded from the concerned WCs. The replies of the PIAs are not acceptable as timely execution of works should have been ensured for providing intended benefits to the beneficiaries of the respective areas. The Joint Secretary (RDD) stated (May 2007) that the instructions were being issued to all the DRDAs to start development activities as pointed out in audit.

3.5.12.3 Misuse of funds under Integrated Wastelands Development Programme

Expenditure on installation of pumping machinery for lift irrigation schemes is not a permissible activity for watershed development. Records of the PO, DRDA, Kangra revealed that the BDO, Fatehpur undertook execution of two pump houses for lift irrigation schemes in villages Charuri-Tohud and Ganoh in Kangra district (not covered under watershed development) unauthorisedly and spent Rs 12.15 lakh received from DRDA Kangra for the implementation of IWDP-III project between February-June 2002 out of IWDP allocations on construction (Rs 6.41 lakh) and purchase of pumping machinery and GI pipe fittings (Rs 5.74 lakh) respectively. The Deputy Commissioner-cum-CEO, DRDA, Kangra also objected (March 2002) to the execution of above pump houses as the PIA had not submitted the annual action plan and incurred expenditure without approval of the CEO. The works were lying incomplete as of March 2007. This resulted in wastage of programme funds. The Joint Secretary (RDD) intimated (May 2007) that the matter was still under investigation.

3.5.12.4 Excessive failure of plantation and failure to establish own nurseries

For the achievement of long term objective of checking land degradation and fulfilling the broad objectives of sustainability, equity and environmental conservation, good survival rate of plantation was a crucial parameter.

²⁷ Bamsan, Bhoranj, Bijhari, Dehra, Nurpur and Pragpur.

Test-check of records revealed that seven²⁸ out of 23 PIAs, incurred an expenditure of Rs 56.62 lakh out of IWDP during 2002-07 for horticulture (Rs 38.69 lakh) and forestry plantation²⁹ (Rs 17.93 lakh) in an area of 1,573 and 185 hectares respectively. It was noticed that survival of plantation in case of horticulture was between five and 32 *per cent* whereas in respect of forest plantation, it ranged between 40 and 47 *per cent*. The PIAs concerned attributed (December 2006-January 2007) the failure of plantation to scarcity of water and climatic factor, etc., and nurseries were not raised due to non-availability of skilled/technical personnel and lack of interest on the part of beneficiaries. The replies are not tenable as these factors should have been taken into consideration before selection of site for plantation work. The mortality of horticulture (68 to 95 *per cent*) and forestry (53 to 60 *per cent*) plantation being so high, the State Government should have devised a system/method to improve survival percentage of plantation to achieve the objective of environmental conservation.

As per guidelines, activities for watershed development included nursery raising for fodder, timber and fuel wood, etc. It was noticed that instead of raising their own nurseries, 17 PIAs purchased plants for plantation valuing Rs 1.75 crore during 2002-07. The very purpose of providing short term benefits of employment to the people of watershed area by raising of such nurseries was thus defeated.

3.5.12.5 Non-deployment of local labourers

The guidelines envisaged creation of wage employment opportunities to poor and disadvantaged sections inhabiting the programme areas to promote their overall socio-economic development. It was noticed that four selected PIAs³⁰ had paid Rs 1.04 crore under DDP (Rs 0.92 crore and IWDP: Rs 0.12 crore) as wages for 1,22,189 mandays (DDP: 1,06,050; IWDP: 16,139) to labourers from other States engaged on works during 2002-07.

The PD-cum-PIA, Pooh intimated (September 2006) that due to non-availability of local labour in the area, outside labourers were engaged. The contention is not tenable as according to 2001 census 47,811 workers were available in Kinnaur district. While confirming the facts the PO, DRDA, Hamirpur stated (April 2007) that in respect of three PIAs (Bamsan, Bhoranj and Nadaun) under its jurisdiction labourers from other States were engaged as the local labourers were busy in agriculture activities.

Reply of the PO is not tenable as wage employment was to be provided only to resource poor and disadvantaged sections inhabiting the programme areas.

²⁸ Bamsan, Bijhari, Dehra, Nadaun, Nagrota Bagwan, Nurpur and Pragpur.

²⁹ Khair, Kinoo, Mango, Orange, Pine, etc.

³⁰ BDOs of Bamsan, Bhoranj, Nadaun Blocks and PD-cum-PIA, Pooh.

The objectives of providing employment opportunities to target groups of beneficiaries in the respective watershed area for improving their overall economic conditions, thus, remained unachieved and the provision of guidelines were not followed. Further, for smooth implementation of the projects within stipulated period, the works are to be taken up during off season by local labour so that they are engaged in some activity.

3.5.12.6 Irregular execution of works through machinery

As per guidelines, emphasis should be on vegetative measures in watershed development works and costly masonry/cement works, use of machinery should be discouraged.

It was noticed that contrary to the provisions of the guidelines 43 works (DPAP-16 and IWDP-27) sanctioned at a cost of Rs 53.28 lakh were executed (April 2002 to December 2005) by three PIAs³¹ through machinery (JCB³²) at a cost of Rs 20.54 lakh resulting in non-providing of wage employment for 31,593 mandays. The PIAs, stated (January 2007) that the works were executed through JCB where the execution was difficult manually. The replies are not tenable as works were executed in similar reaches of adjacent areas by the people of the watershed area. Thus, the local people of the area had been deprived of the intended benefits of employment.

3.5.13 Role of Panchayati Raj Institutions

3.5.13.1 Non-involvement of user community

As per guidelines, watersheds were to be selected after due participatory rural appraisal (PRA) and the watersheds with greater participatory response were to be preferred.

Under DPAP, the GOI sanctioned (July 2000 to June 2002) two watershed development projects (DPAP: VI and VIII) comprising 65 watersheds at a cost of Rs 19.50 crore. Of 65 watersheds, treatment of 2,000 hectares of area in four watersheds of Una block was entrusted (January 2002 to November 2004) to WCs. The sanctioned cost of these four watersheds was Rs 1.20 crore and the PIA Una released Rs 40.90 lakh to WCs concerned against the availability of Rs 57.76 lakh. These watersheds were stipulated to be completed in July 2005 (three) and June 2007 (one).

Test-check of the records (December 2006) and further information obtained (September 2007) from the BDO concerned revealed that the development activities in these watersheds were taken up without the active involvement of

³¹ BDO Fatehpur, Gagret and Pragpur.

³² Heavy earth cutting machine.

the user community of the area. As a result, activities in the respective watersheds were suspended after incurring an expenditure (June 2004 to May 2006) of Rs 38.16 lakh due to lack of coordination and personal disputes amongst WC members. Watershed development activities for balance sanctioned cost of Rs 81.84 lakh had not been taken up as of March 2007. Besides, out of unspent funds of Rs 19.60 lakh, Rs 14.61 lakh were transferred to other watersheds of the same projects for utilisation and Rs 4.99 lakh remained unspent with the PIA in a savings bank account as of September 2007. The BDO concerned admitted (December 2006) the facts. The Joint Secretary (RDD) stated (May 2007) that the PO, DRDA, Una was being directed to settle the dispute.

Thus, due to non-involvement/participation of local user community, the desired benefits of watershed development to the people of the respective watershed area could not be achieved.

3.5.14 Formation of watershed development teams

3.5.14.1 Inadequate formation of watershed development teams

The guidelines envisaged that each PIA shall carryout its duties through a multi disciplinary team designated as watershed development teams (WDTs), consisting of at least four members, one each from the disciplines of forestry/plant science, animal science, civil/agriculture engineering and social sciences and should include one woman member. These teams may handle developmental activities relating to agriculture, horticulture, afforestation, etc., in 10-12 watersheds.

Test-check of records revealed the following points:

- 646 watersheds were carried out through 26 WDTs³³ against the required 54 WDTs³⁴. Thus, handling of 646 watersheds with shortage of 28 (51 per cent) WDTs had affected the implementation of watershed development as 475 watershed³⁵ works due for completion during 2004-07 out of 646 had not been completed as of March 2007;
- these teams had only 85 members against the required 104 members resulting in under representation of 19 members;
- these teams had only 10 women members against the required number of 26, resulting in non-provision of required representation to the women;

³³ DRDA, Bilaspur: three; Hamirpur: four; Kangra: four; Kinnaur: five; Lahaul and Spiti: three; Solan: two and Una: five.

³⁴ DPAP: 25 WDTs; DDP: 18 WDTs and IWDP: 11 WDTs.

³⁵ 2004-2005: 98; 2005-2006: 203 and 2006-2007: 174.

➤ seven PIAs³⁶ had appointed (December 2000-September 2006) 26 WDT members (IWDP: 11 and DDP: 15) without having requisite qualifications and were paid honorarium of Rs 20.36 lakh³⁷. Thus, the concerned PIAs had not ensured execution and supervision of watershed development activities through qualified multi-disciplinary teams envisaged in the guidelines. The expenditure incurred on engagement of unqualified WDT personnel was, thus, injudicious and resulted in delayed completion of projects.

The PIAs concerned stated (September 2006-January 2007) that qualified personnel did not join WDTs due to low rate of honorarium. The contention of these PIAs is not acceptable as the other PIAs had engaged full strength of WDT members as prescribed in the guidelines. This was indicative of lack of efforts on the part of PIAs, to engage requisite strength with requisite qualifications.

3.5.14.2 Non-constitution of Self Help Groups

As per guidelines of 2001 and Hariyali guidelines of 2003, PIAs (in respect of projects sanctioned upto March 2003) and gram panchayats (in respect of projects sanctioned from April 2003 onwards) respectively were to constitute Self Help Groups (SHGs) and User Groups (UGs) in the watershed area with the help of WDTs from amongst landless/assetless poor, agricultural labourers, women, shepherds and scheduled castes/scheduled tribes persons. Around 50 *per cent* of villagers, who are directly or indirectly dependent on the watershed should generally be enrolled as members of at least one SHG. Besides, formation of separate SHGs for women, SHGs for scheduled castes/scheduled tribes were also required to be formed for undertaking the watershed development activities.

It was noticed that during 2002-07 nine selected PIAs³⁸ took up execution of 19 projects comprising 165 watersheds under DPAP (134 watersheds), DDP (18 watersheds) and IWDP (13 watersheds) respectively at a cost of Rs 116.50 crore but no SHGs were formed (March 2007) to ensure delivery of benefits to the above categories of beneficiaries. Of these, nine projects stipulated to be completed between 2004-07 remained incomplete as of March 2007. As of March 2007, the physical achievement against these projects in term of area treated was 52,224 hectares (47 *per cent*) against the target of 1,10,964 hectares whereas expenditure incurred was Rs 36.46 crore against the sanctioned cost of Rs 64.90 crore. User Groups were also not formed during 2002-07.

³⁶ Bamsan, Bhoranj, Bijhari, Dehra, Kaza, Pragpur and Nurpur.

³⁷ At the rate of Rs 2,500 per month with gradual annual increase of upto Rs 250 per year subject to maximum of Rs 3,500 per month.

³⁸ Bangana, Dharampur (Solan district), Ghumarwin, Haroli, Jhandutta, Keylong, Kunihar, Nadaun and Una.

Seven PIAs attributed (September 2006-January 2007) non-formation of SHGs/UGs to shortage/non-availability of staff/WDTs and lack of interest of local people whereas two PIAs (Kunihar and Nadaun) attributed non-formation of SHGs to formation of SHGs under other programmes such as Sampooran Grameen Rozgar Yojna (SGRY). The contention of these PIAs is not tenable as the SHGs of other programmes participated in watershed development activities. This was indicative of lack of efforts on the part of PIAs to motivate the people in the watershed area concerned.

3.5.15 Capacity Building and Training

3.5.15.1 Short utilisation of earmarked financial resources

For successful implementation of watershed development programmes, the DRDAs/ZPs were required to ensure that relevant training programmes were organised for all the functionaries involved in watershed development. For this purpose, five *per cent* of the grant sanctioned for a watershed development project was to be utilised.

Records of seven selected DRDAs revealed that during 2002-07, 19 watershed development projects having 472 watersheds sanctioned for Rs 136 crore were in operation, but expenditure incurred on training was only Rs 2.65 crore i.e. two *per cent* of total sanctioned cost, against the required limit of Rs 6.80 crore. PIAs concerned stated (September 2006-January 2007) that due to shortage of staff, expenditure on training could not be incurred as required in the guidelines. The contention of PIAs is not acceptable, as most of the personnel concerned with the planning, execution and maintenance of watershed projects remained untrained inspite of provision of adequate funds.

3.5.16 Exit protocol

3.5.16.1 Non-evolving of exit protocol for completed works

The DRDAs/ZPs are to evolve proper exit protocol for the watershed development projects by motivating panchayats to takeover the assets created in the completed watershed projects for the purpose of operation and maintenance. In exit protocol, a locally acceptable, proper mechanism for equity and sustainability of the benefits of the assets created should be clearly spelt out by PIA before its exit from the area. Besides, the protocol should also specify utilisation of watershed development funds for post project maintenance and its regular augmentation.

In five DRDAs³⁹ out of the seven test-checked⁴⁰ it was noticed that no such mechanisms of exit protocol had been evolved for the purpose of operation

³⁹ Bilaspur, Kinnaur, Lahaul and Spiti, Solan and Una.

⁴⁰ In Kangra and Hamirpur no projects completed during 2002-2003 to 2006-2007.

and maintenance of seven projects containing 123 watersheds under DDP (two projects: 80 watersheds) and DPAP (five projects: 43 watersheds) completed at a cost of Rs 28.89 crore during 2002-2004. The POs concerned had thus not taken any effective steps to persuade the PIAs to hand over the completed assets to the concerned panchayats for proper operation and maintenance as of March 2007⁴¹.

While admitting the facts, the POs of DRDAs, Solan and Una stated (January 2007) that steps were being taken to hand over the assets to the panchayats. The POs of remaining three DRDAs intimated no reasons for non-handing over of completed watersheds through exit protocol. Hence audit was unable to verify whether panchayats were satisfied with the workmanship of watersheds.

Thus, in the absence of any exit protocol for handing over of completed assets proper upkeep and operation of assets is likely to be affected and might result in non-delivery of intended benefits to the people of the area.

3.5.17 Monitoring and supervision

3.5.17.1 Non-holding of meetings of State Watershed Development Committee

To oversee the implementation of watershed development programmes and to ensure co-ordination among various Government departments/institutions and voluntary agencies, the State Government constituted a State Watershed Development Committee (SWDC) consisting of 27 members. The SWDC however, does not have representation from all the groups specified in the guidelines. The SWDC was required to meet twice a year.

It was noticed that SWDC had not convened any meeting during 2002-07 to monitor and evaluate the progress of watershed projects. As a result of non-constitution of SWDC according to the revised guidelines and non-holding of its meetings, the execution of works under all the three programmes could not be monitored effectively.

It was noticed in seven⁴² selected districts that only 39 meetings (28 per cent) were held during 2002-07 against the required number of 140 meetings of the district level watershed development committees.

The mechanism of State/district level Vigilance and monitoring committee as required under the guidelines had not been created as of September 2007. Although all the three programmes were being implemented on watershed approach under a common set of guidelines since April 1995 and an

⁴¹ No projects completed during 2004-2007.

⁴² Bilaspur, Hamirpur, Kangra, Kinnaur, Lahaul and Spiti, Solan and Una.

expenditure of Rs 224.12 crore⁴³ had been incurred on the implementation of these programmes as of June 2007 yet the department had not conducted any overall assessment studies of implementation of these programmes to ascertain the impact by way of benchmarks like increase in water table, yield of crops and milk, etc., *vis-à-vis* the decrease in desertification, drought prone and waste/degraded lands.

The Director (RDD) stated (September 2007) that a meeting of the SWDC was held in July 2001 and no meeting was held thereafter as there was no provision of SWDC in Hariyali guidelines. The reply is not acceptable as the projects sanctioned prior to issue of Hariyali guidelines in April 2003, were required to be implemented according to guidelines issued in 2001 and required monitoring by SWDC.

3.5.17.2 Non-submission/delayed submission of quarterly progress reports (QPR)

The guidelines provided that gram panchayat/watershed association/committee should submit a QPR to PIA after its scrutiny and approval by WDT. The PIAs were also required to submit the QPR to ZP/DRDA for further submission to the GOI through the State Government. The guidelines were silent regarding due date of submission of QPR by State Government to GOI.

Following points were noticed:

➤ The State Government furnished these reports during 2002-07 to GOI, 37 to 199 days after the end of relevant quarter. The Additional Director, RDD intimated (April 2007) that the QPRs could not be submitted in scheduled time due to non-receipt of the same from field functionaries.

➤ Audit scrutiny of QPRs furnished by the PIAs to DRDAs revealed that while submitting QPRs, ending September 2006 POs, DRDAs, Hamirpur and Kangra had reported (October 2006) achievement of 30,611.88 hectares treated (September 2006) under IWDP against actual achievements of 29,116.41 hectares. An area of 1,495.47 hectares treated (September 2006) was shown as achievement under Entry Point Activities (EPAs) without any details and expenditure on works executed under EPAs.

➤ The Director-cum-Special Secretary (RDD) (September 2001) prescribed regular submission of QPRs by PIAs to DRDAs by 5th and DRDAs to Director (RDD) by 10th of a month succeeding the relevant quarter. It was

⁴³ IWDP: Rs 116.42 crore; DDP: Rs 65.92 crore and DPAP: Rs 41.78 crore.

noticed in audit that there was a delay of 10 to 150 days in submission of such reports at DRDA level. The PO DRDAs, attributed the delay to late receipt of reports from PIAs.

➤ Further, out of 23 selected PIAs, two PIAs (Dharampur and Kunihar) had not prepared or submitted any QPR to DRDA concerned during 2002-07 in respect of watershed projects sanctioned under DPAP. In case of remaining 21 PIAs, 13 PIAs⁴⁴ ensured timely submission of these reports whereas eight PIAs⁴⁵ had delayed submission of such reports by 10 to 123 days.

The BDOs, Dharampur and Kunihar admitted the facts and attributed (January 2007) non-preparation of reports to non-posting/shortage of staff. In respect of delayed submission of reports, the BDOs concerned intimated (September 2006-January 2007) that due to late receipt of report from watershed committees, the same were not sent on the prescribed date. The contention is not acceptable as the BDOs should have ensured timely receipt of reports from the watershed committees. Thus, at State level monitoring mechanism was in fact non-existent.

3.5.17.3 Inspection of works

For effective implementation of the programme, the Director-cum-Special Secretary (RDD) prescribed (September 2001) the following yearly inspection schedule:

Table: 3.5.2

Level of Inspection	Percentage of works to be inspected
WDT Members	100
PIA	50
PO	25
PD	15
CEO	10

It was noticed that no record of inspections had been maintained either at DRDA or at PIA level.

3.5.18 Conclusion

The State Government had not prepared a long term perspective plan for treatment of waste/degraded lands, drought prone and desert areas. Implementation of programmes was not satisfactory as out of 49 watershed

⁴⁴ Amb, Bamsan, Bangana, Bijhari, Bilaspur, Dehra, Ghumarwin, Haroli, Jhandutta, Kalpa, Keylong, Nadaun and Nagrota Bagwan.

⁴⁵ Bhoranj, Gagret, Kaza, Nichar, Nurpur, Pooh, Pragpur and Una.

projects due for completion during 2002-2007, only 11 projects were completed as of August 2007. 38 projects were still lying incomplete though stipulated time for completion had already expired.

Evidence of area treated had not been maintained in some cases, norms/system to reduce the high mortality of plants had not been devised and there was inadequate employment generation. WDTs were not formed to the prescribed extent and did not comprise qualified personnel to ensure proper technical supervision and timely completion of watershed works. Funds provided for capacity building and training were not fully utilised. Mechanism for proper exit protocol had not been evolved so as to ensure operation and maintenance of watershed projects by beneficiaries. Monitoring mechanism to oversee the implementation of the programmes was also inadequate and ineffective. In the absence of proper benchmarks, the impact of the programme in terms of increase in water table, yield of crops and milk, etc., *vis-a-vis* the decrease in desertification, drought prone area and waste/degraded lands could not be assessed by the State Government.

3.5.19 Recommendations

- **The State Government should consider preparation of long term Master plan for treatment of waste/degraded land, drought prone and desert area in a time bound manner.**
- **Strict adherence to the time schedule prescribed by the GOI for completion of projects will ensure speedy implementation of the programme and optimum utilisation of funds and timely benefits to the people.**
- **Greater participation of beneficiaries should be ensured in the programmes to avoid disputes over work sites and transfer of assets to the community.**
- **Capacity building and training need to be strengthened and State Government should ensure full utilisation of grants.**
- **Internal control mechanism needs to be strengthened by setting up Vigilance Committees at State and district levels on priority basis.**
- **Proper system needs to be evolved for exit protocol so that completed projects are transferred to the beneficiaries.**
- **Benchmark for gauging impact of the programme activities need to be devised by the State Government.**

The Secretary accepted (June 2007) the recommendations and assured that compliance would be reported soon.

Social Justice and Empowerment Department

3.6 Integrated Child Development Services

Highlights

A performance review of the implementation of Integrated Child Development Services revealed that substantial funds remained unutilised year after year. The programme coverage of identified beneficiaries under health check up and referral services, nutrition and health education and Kishori Shakti Yojna was deficient. The State Government did not provide adequate funds from its own resources for assisting identified beneficiaries under supplementary nutrition component of the scheme and the beneficiaries covered were not provided supplementary nutrition as per norms. Large number of Anganwadi Centres were running in unhygienic conditions. The training and orientation of personnel was deficient. At State level, monitoring of the programme was not done as prescribed. Some significant audit findings are as under:

- *While the staff costs and administrative expenses increased from 57 to 70 per cent of the total expenditure, the expenditure on programme implementation correspondingly decreased during 2002-05.*

(Paragraph 3.6.7.2)

- *During 2002-07 coverage of identified beneficiaries under supplementary nutrition in five selected districts fell short by 20 to 30 per cent for children and 22 to 30 per cent for expectant and nursing mothers whereas at the State level overall shortfall ranged between 41 to 46 per cent and 26 to 42 per cent respectively during the same period.*

(Paragraph 3.6.9.2)

- *To dovetail the activity of Early Childhood Care and Education, Rs 1.44 crore provided out of Sarva Shiksha Abhiyan during 2003-06 remained unutilised as of March 2007.*

(Paragraph 3.6.10.2)

- *The intervention of Kishori Shakti Yojna was not effectively implemented as 33 to 90 per cent identified adolescent girls (11-18 years of age) were not covered during 2002-07.*

(Paragraph 3.6.15.1)

- *The programme was not effectively monitored at State level as follow-up of implementations was not noticeable at higher level. As against holding of 20 meetings of State level coordination committee during five years, only one meeting was held.*

(Paragraph 3.6.18.1)

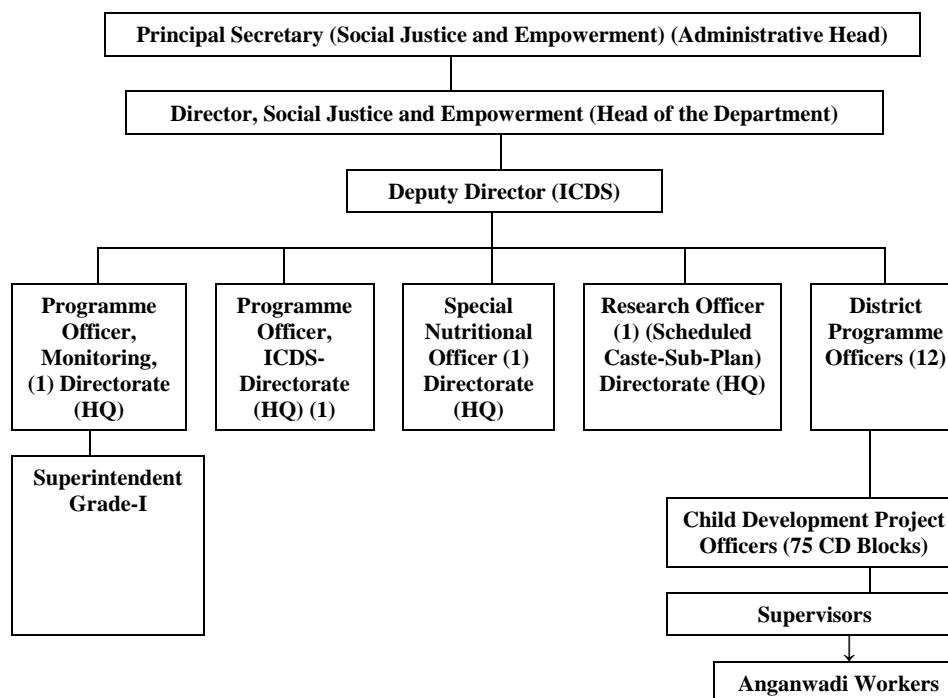
3.6.1 Introduction

The Integrated Child Development Services (ICDS) programme is a centrally sponsored scheme and has been in operation in the State since 1975-76. The programme aimed at the holistic development of children in the age group of 0-6 years, expectant and nursing mothers belonging to most deprived sections of the society. Under the programme, a package of services consisting of supplementary nutrition, immunisation, health check up, referral services, non-formal pre-school education to children (in the age group of 3-6 years) is delivered.

In Himachal Pradesh, the above programme is in operation in all the 12 districts and is being implemented through 76 Child Development Project offices (75 ICDS Projects run by Child Development Project Officers of State Government and one ICDS Project run through an NGO¹) and 7,354 Anganwadi Centres falling under the jurisdiction of these projects.

3.6.2 Organisational set up

The ICDS programme is handled by the Department of Social Justice and Empowerment (DSJE) in the State. The organisational set up of the Department is as under:



¹ Ankur Welfare Association, ICDS Gagret.

3.6.3 Scope of Audit

Implementation of the programme for the period 2002-07 was reviewed (December 2006-April 2007) by a test-check of records in the offices of Director, Social Justice and Empowerment (Director), five² out of 12 District Programme Officers (DPOs), five out of 12 Chief Medical Officers (CMOs), 17³ out of 76 Child Development Project Officers (CDPOs) and 170 Anganwadi centres (AWCs) falling in the jurisdiction of selected CDPOs. This was supplemented by information obtained from the Director of Health Services (DHS). Out of the total expenditure of Rs 201.55 crore incurred on the scheme during 2002-2007, an expenditure of Rs 111.97 crore constituting 56 per cent of the total expenditure was scrutinised in audit.

3.6.4 Audit objectives

The audit objectives were to assess whether:

- budgeting, release and utilisation of funds for each intervention/component of the scheme was adequate and timely;
- an effective system for identification of beneficiaries has been put in place;
- the ICDS programme was implemented effectively and efficiently and monitored as per guidelines;
- the efforts of the State/Union Government for reducing malnutrition amongst children (0-6 years of age group) and nursing mothers were effective;
- convergence with other ongoing schemes of Early Child Development, adolescent girls and Reproductive Child Health (RCH) was considered;
- community mobilisation activities under Information Education and Communication strengthened;
- training/orientation to various functionaries of the programme was arranged for effective delivery of packages of services under the programme.

² DPOs and CMOs: Kangra, Kullu, Mandi, Shimla and Sirmour.

³ Ani, Baijnath, Banjar, Bhawarna, Chauntra, Fatehpur, Gagret, Jubbal, Mashobra, Nagrota Surian, Neethar, Pachhad, Paonta Sahib, Rewalsar, Rohru, Sangrah and Sundernagar.

3.6.5 Audit criteria

The criteria used for assessing the performance of various interventions of the programme were:

- manual on ICDS issued by the GOI.
- instructions issued by the GOI from time to time.
- ICDS compendium of Guidelines-2000 issued by the GOI.

3.6.6 Audit Methodology

An entry conference was held with the Principal Secretary, DSJE in March 2007 wherein the audit objectives, criteria and scope of audit were discussed. Capital district and four other districts were selected based on statistical sampling method of Probability Proportionate to Size With Replacement (PPSWR). CDPOs and AWCs were selected by Simple Random Sampling Without Replacement (SRSWOR) method. Audit conclusions were drawn after scrutiny of the records relating to the implementation of various interventions of the programme for the period 2002-07, analysis of available data, issue of questionnaire and audit memoranda and examination of the replies received from various functionaries. The audit findings were discussed with the Principal Secretary (Social Justice and Empowerment) in an exit conference (June 2007) and the views of the Government/Department were suitably included in the review where appropriate.

3.6.7 Audit Findings

3.6.7.1 Financial Outlay and Expenditure

The scheme is fully financed by the GOI (since 1975-76) excluding supplementary nutrition, which the State Government has to provide out of its own resources. Further, the Pradhan Mantri Gramodaya Yojna (PMGY) was introduced during 2000-01 to achieve the objective of sustainable human development at the village level. The PMGY envisages allocation of Additional Central Assistance (ACA) by GOI for the supplementary nutrition component of the ICDS programme for children upto six years of age and for expectant and nursing mothers. The allocation under PMGY is meant to bridge the under provisioning of funds for supplementary nutrition by the State Government.

The budget allotment for implementation of all the interventions of the ICDS programme and expenditure incurred thereagainst during 2002-07 was as under:

Table: 3.6.1

(Rupees in crore)

Year	Opening Balance		Budget Allocation		Total funds available	Expenditure		Funds not utilised and surrendered	Unspent Balance kept in Savings Bank Account	
	Centre	State	Centre	State		Centre	State		Centre	State
2002-2003	11.89	--	35.90	--	47.79	30.00	--	6.89	10.90	--
2003-2004	10.90	--	39.84	--	50.74	39.77	--	0.21	10.76	--
2004-2005	10.76	--	38.57	--	49.33	34.97	--	0.78	13.58	--
2005-2006	13.58	--	39.27	4.72	57.57	43.64	4.32	2.61	6.60	0.40
2006-2007	6.60	0.40	67.89	8.28	83.17	52.06	5.91	22.43	--	2.77
Total	53.73	0.40	221.47	13.00	288.60	200.44	10.23	32.92	41.84	3.17

Source: Departmental figures (Budget allotments under Grant Numbers 19 and 31).

Funds surrendered during the above period ranged between Rs 0.21 crore (0.41 per cent) and Rs 22.43 crore (27 per cent). The Director attributed (June 2007) the savings in 2006-07 to non-operationalisation of AWCs and stay orders granted by the State Administrative Tribunal on recruitment of Anganwadi workers/helpers against newly sanctioned (2005-06) 10,894 AWCs and some posts remaining vacant. The reply is not tenable as the additional AWCs were sanctioned by the GOI during 2005-06 and the Department should have drawn funds only after the AWCs were made fully functional. As regards the savings due to vacant posts, the action of Department to make budget provision against vacant posts was against the canons of the Himachal Pradesh budget manual. The savings of Rs 6.89 crore during 2002-03 were due to non-payment of honorarium to Anganwadi workers/helpers which was paid during 2003-04.

3.6.7.2 Establishment and Other Administrative Costs

It was noticed that the staff costs and other administrative expenses continued to be on the higher side during 2002-07 resulting in diluting of resources for implementation of various interventions/activities of the programme. The

ratio of staff costs⁴ as compared to other costs on delivery of services during 2002-07 was as under:

Table: 3.6.2

(Rupees in crore)

Year	Total expenditure on ICDS	Expenditure on salary, wages and other administrative expenses	Expenditure on programme implementation	Percentage of establishment and administrative expenses
2002-2003	29.01	16.56	12.45	57
2003-2004	39.63	27.57	12.06	70
2004-2005	37.79	26.16	11.63	69
2005-2006	41.38	27.86	13.52	67
2006-2007	53.74	36.49	17.25	68

Source: Departmental figures.

While staff costs and administrative expenses increased from 57 to 70 per cent of the total expenditure, the expenditure on programme implementation correspondingly decreased during 2002-05. Hence to that extent the programme was not extended to all the beneficiaries. The Director stated (June 2007) that the expenditure on wages, salaries, etc., was essentially part and parcel of the programme. Fact is that more funds are required for the programme hence, the Department must cut down its staff and administrative costs.

3.6.7.3 Identification of Beneficiaries

ICDS guidelines envisages a quick and simple census survey of all families especially mothers and children by the Anganwadi workers at grass root level. For providing integrated delivery of services, the Department is getting the survey conducted through Anganwadi workers. The beneficiaries are identified for different components of ICDS schemes on the basis of age group of children and detection of pregnancy in women and lactating mothers whose children are less than six months of age. In areas which are not covered through AWCs due to long distance from the AWCs, package of services of supplementary nutrition is provided to these beneficiaries through mobile

⁴ The Directorate staff; District Programme Officers staff; Child Development Project Officers staff; Supervisors, anganwadi workers and helpers.

concept. The number of beneficiaries identified for various components of ICDS during 2002-07 was as under:

Table: 3.6.3

(Numbers in lakh)

ICDS Components		Beneficiaries identified					Total
		2002-03	2003-04	2004-05	2005-06	2006-07	
Supplementary Nutritional Health and Referral Check up.	Expectant and Nursing mothers.	0.92	1.18	0.99	1.04	1.00	5.13
	Children below the age of 6 years.	5.11	5.35	5.51	5.89	5.76	27.62
Non-formal pre-school Education.	Children in the age group of 3-6 years.	2.15	2.23	2.33	2.58	2.54	11.83
Nutritional and Health Education.	Women in the age group of 15-44 years.	6.61	6.92	7.24	7.51	7.29	35.57
Kishori Shakti Yojna.	Adolescent Girls (11-18 years of age).	0.46	0.46	0.56	3.57	3.57	8.62

Source: Departmental figures.

The intervention wise performance is discussed in the succeeding paragraphs.

3.6.8 Establishment of Anganwadi Centres

3.6.8.1 Non-opening of Additional Anganwadi Centres (AWCs)

As per guidelines, AWCs were to be opened in hilly areas where the population is 300 or more. The Department had, however, determined (2004-05) requirement of 18,248 AWCs for the State. It was noticed that the State Government sanctioned 10,894 additional AWCs during 2005-06 in addition to 7,354 AWCs functioning in 76 projects, which are yet to be set up (March 2007). Non-opening of AWCs resulted in programme savings as mentioned in paragraph 3.6.7.1.

The Director stated (June 2007) that the process of establishment of additional AWCs was underway.

3.6.8.2 Inadequate facilities in Anganwadi Centres

Under ICDS programme, AWCs were to be established in buildings with proper facilities for safe drinking water and sanitary conditions. It was noticed that out of 7,354 AWCs operating in the State, 1,783 AWCs (24 per cent) had

no facilities of safe drinking water and 6,885 (94 *per cent*) had no toilet facility.

These basic facilities should have been provided for ensuring hygienic conditions in AWCs especially when the AWCs were catering to children below six years. While confirming the facts, the Director stated (June 2007) that this issue was on the agenda of the Department and it was expected that there would be positive progress in this regard.

3.6.8.3 Non-Establishment of model Anganwadi Centres

According to GOI sanction (April 2005) 253 AWCs were to be developed as Model AWCs during 2005-06 where all type of facilities required for overall development of a child were to be made available. The expenditure on construction of these buildings at the rate of Rs 1.25 lakh per unit was to be borne by the Central and State Governments in the ratio of 75:25. Funds aggregating Rs 2.53 crore (GOI: Rs 1.90 crore; State: Rs 0.63 crore) were released during 2005-06 to the Department for construction of these buildings.

It was noticed that against 253 sanctioned (April 2005) model AWCs, the Department took up execution of 209 centres during 2005-06 and had completed construction of 106 buildings leaving 103 buildings incomplete as of March 2007. The execution of 44 AWCs was not taken up by the Department. The funds provided were to be utilised during 2005-06 as per terms and conditions laid down by the GOI at the time of release. The Department failed to ensure construction of 147 buildings by the end of March 2007 though 80 *per cent* amount of Rs 2.53 crore stood released to the executing agencies. As a result of non-completion of AWCs in time and non-utilisation of funds provided by the GOI (Rs 1.90 crore), second instalment of Rs 47.44 lakh (20 *per cent*) was also not released. Thus due to lack of effective steps by the Department, intended infrastructure facilities could not be created for delivery of intended benefits to the beneficiaries concerned.

The Director stated (June 2007) that the buildings could not be completed due to severe winter season and shortage of water. The contention is not acceptable as all these facts were known when proposals were sent to the GOI. Further, no extension was sought from GOI for complying with the requirement.

3.6.9 Supplementary nutrition

3.6.9.1 Planning for implementation of the scheme

As per an interim order (November 2001) passed by the Apex Court, every child upto the age of 6 years was to be provided nutrition of 300 calories and

8-10 grams of proteins per day. The Department had not prepared any Annual Action Plan in this regard, nor worked out the requirement of funds for supplementary nutrition as discussed in the succeeding paragraphs.

3.6.9.2 Coverage of beneficiaries

The year-wise position of coverage of beneficiaries against the identified numbers during 2002-07 in the State was as under:

Table: 3.6.4

(Numbers in lakh)

Year	Expectant and nursing mothers			Total population of children below 6 years		
	Identified	Assisted	Percentage of shortfall	Identified	Assisted	Shortfall
2002-2003	0.92	0.60	35	5.11	2.75	2.36 (46)
2003-2004	1.18	0.69	42	5.35	3.10	2.25 (42)
2004-2005	0.99	0.71	28	5.51	3.20	2.31 (42)
2005-2006	1.04	0.77	26	5.89	3.50	2.39 (41)
2006-2007	1.00	0.73	27	5.76	3.33	2.43 (42)
Total	5.13	3.50		27.62	15.88	

Source: Departmental figures. Figures in the parenthesis indicate percentage.

Thus, 26 to 42 *per cent* expectant and nursing mothers and 41 to 46 *per cent* children were denied benefits of supplementary nutrition.

As per 2001 census, the children below 6 years in the State were 7.93 lakh. There was short identification of children by the Department which ranged between 2.04 lakh and 2.82 lakh during 2002-03 to 2006-07. Differences between the census figures and departmental figures are yet to be reconciled by the Department (April 2007).

In the five selected districts, 22 to 30 *per cent* expectant and nursing mothers and 20 to 30 *per cent* children respectively were deprived of the nutritional support during 2002-07. Thus, large number of beneficiaries remained deprived of the benefits of the programme mainly due to inadequate number of required AWCs. The Director stated (June 2007) that actual number of children below 6 years in the localities which have AWCs was determined through half yearly family surveys got conducted through the AW workers of ICDS. The fact remains that it is the responsibility of the Department to ensure that the identified target group is provided assistance under the scheme.

3.6.9.3 Inadequate budget provision for assisting identified beneficiaries

As per the ICDS guidelines, supplementary nutrition was required to be provided to the children in the age group of 6 months to 6 years of age and expectant and nursing mothers for 300 days in a year. The table below indicates the status of identification of beneficiaries and the extent of physical and financial coverage under the programme during 2002-07.

Table: 3.6.5

(Numbers in lakh and Rupees in crore)

Year	Number of identified beneficiaries for daily coverage	Funds required for identified beneficiaries	Total funds available	Actual expenditure	Shortfall in expenditure
2002-2003	6.03	25.44	22.79	11.89	13.55
2003-2004	6.53	27.95	21.66	10.90	17.05
2004-2005	6.50	27.41	21.26	7.68	19.73
2005-2006	6.93	35.08	24.90	17.90	17.18
2006-2007	6.76	45.99	21.58	18.81	27.18
Total	32.75	161.87	112.19	67.18	94.69

Source: Data supplied by the Directorate of Social Justice and Empowerment.

It was observed that:

- Against the requirement of Rs 161.87 crore for providing supplementary nutrition to 32.75 lakh beneficiaries, funds amounting to Rs 112.19 crore were made available resulting in short provisioning of funds of Rs 49.68 crore. The Department however, failed to utilise even these funds.
- During 2002-07, supplementary nutrition to 19.38 lakh beneficiaries (children: 15.88 lakh; mothers: 3.50 lakh) was also not provided according to the prescribed norms⁵ as the Department spent only

⁵

Norms per day	Upto 30-11-2005	(In rupees)	After 1-12-2005
Children below six years	0.90		1.60
Pregnant Mothers	1.35	Calculated on average basis at the	2.70
Nursing Mothers	1.85	rate of Rs 1.60 upto 30-11-2005	2.70

Rs 67.18 crore against the required expenditure of Rs 72.36 crore during the above period as per details given below:

Table: 3.6.6

Year	Total number of beneficiaries covered under supplementary nutrition		Expenditure required to be incurred as per norms			Actual expenditure on supplementary nutrition	Excess (+) Less (-)
	Children	Mothers	Children	Mothers	Total		
	(Number in lakh)		(Rupees in crore)				
2002-2003	2.75	0.60	7.42	2.88	10.30	11.89	(+) 1.59
2003-2004	3.10	0.69	8.37	3.31	11.68	10.90	(-) 0.78
2004-2005	3.20	0.71	8.64	3.41	12.05	7.68	(-) 4.37
2005-2006	3.50	0.77	11.90	4.54	16.44	17.90	(+) 1.46
2006-2007	3.33	0.73	15.98	5.91	21.89	18.81	(-) 3.08
Total	15.88	3.50	52.31	20.05	72.36	67.18	

Source: Departmental figures.

As can be seen from the table above, the beneficiaries had not been provided supplementary nutrition as per norms.

3.6.9.4 Non-provision of funds for Supplementary Nutrition and Non-Utilisation of Available Funds

As per guidelines, the State Government was required to provide funds for the supplementary nutrition on cent *per cent* basis. For the years 2002-05, State Government did not provide any funds for supplementary nutrition. However, it allocated funds for 2005-07 from its own resources and also allocated funds received from GOI under PMGY. The year-wise position of funds allocated under State and Central Sectors and expenditure incurred thereagainst during 2002-07 was as given in **Appendix-XIX**.

The Department failed to utilise the Central assistance and State funds fully and carried forward unspent amount ranging between Rs 6.60 crore and Rs 13.58 crore (28 to 64 *per cent*) during 2002-07. The funds remained unutilised due to non-operationalisation of additional Anganwadis and non-following of norms of supplementary nutrition to the beneficiaries. The State Government furnished no justification for non-allocation of funds for SNP during 2002-05.

3.6.9.5 Delay in Supply of Supplementary Nutrition

Supply order was placed (1st March 2005) on HPSCSC for the purchase of supplementary nutrition⁶ for the first four months of 2005-06 by the Directorate for supplies within one week to the concerned CDPOs from the date of placing supply order. No penal clause was incorporated in the supply order for delay in supply.

The records of DPO, Mandi revealed that the supply of the above nutritional items was made to the ICDS projects of the district after a delay ranging between two weeks to two months. As a result, the requirement of anganwadis was met from the old balances of nutrition items in the centres. The Department, however, took up the matter for delayed supply of nutrition items only in February-March 2007 with the HPSCSC which, in turn intimated that liquidity charges of Rs 18.27 lakh were realised from the firm engaged by HPSCSC during 2002-07 for delayed supply of nutrition items to the concerned ICDS projects. On this being pointed out (February 2007) in audit, the Director took up (March 2007) the matter with the HPSCSC to recover the above amount. However, final outcome was awaited (August 2007).

3.6.9.6 Distribution of Nutrition under ‘take home food’ system without Acknowledgement of Beneficiaries

As per guidelines, there is an urgent need to evolve a delivery system for reaching the inaccessible, hut-bound children below three years of age and tradition and superstition bound pregnant women on the basis of “take home food” system for wider coverage of the target groups. The State Government instructions further provided (May 2005) that signatures of beneficiaries be taken in the presence of 2-3 village Level Coordination Committee (VLCC) members.

It was noticed that three CDPOs⁷ supplied nutrition items valued at Rs 36.81 lakh to 20,668 beneficiaries (children: 17,456 and expectant mothers: 3,212) of inaccessible areas during 2003-07 through mobile AWCs as “take home food” but acknowledgement of the recipients or their representatives was not obtained. In the absence of any acknowledgement, the authenticity of food items having been supplied could not be vouchsafed in audit. The concerned CDPOs stated (February-March 2007) that there was no such directions from higher authorities. The Director stated (June 2007) that clear

⁶

(Material in quintals)								
Pea	Rice	Moong	Channa	Milk	Sugar	Ghee	Salt	Dalia
242	1303	226	1022	70	142	220	34	796

⁷

Ani, Neethar, Pachhad.

instructions had been issued (July 2005) to all the officers in the field to observe all formalities as required under the financial rules. The replies of the CDPOs indicate that there was inadequate coordination and monitoring of the implementation of the scheme.

3.6.9.7 Non-provision of Special Nutrition to Malnourished Children

As per guidelines, severely malnourished children should be given therapeutic nutrition (special nutritious food or double the amount of supplementary food). Children whose weight fell below curves IV (Grade-IV malnutrition) should be immediately referred for medical attention. For children falling in curve I and II, supplementary feeding was recommended in anganwadis.

It was noticed that 389 children in the State fall in grade-III and 25 in grade-IV category in ICDS areas and 2,177 children in grade-III and 227 in grade-IV in non-ICDS areas and were severely malnourished. These children were not provided any therapeutic nutrition as envisaged in the ICDS guidelines. While confirming the facts, the Director stated (June 2007) that prevalence of severely malnourished children (Grade-III and IV) is far less as compared to areas not so far covered under ICDS. The Director further stated that the operationalisation of additional AWCs had been proposed and with the coordination of all the agencies, best results will be achieved.

3.6.10 Non formal pre-school education

3.6.10.1 Non-coverage of Identified Children

The children of 3-6 years of age in ICDS were to be provided non-formal pre-school education through AWCs. Test-check of the records in the Directorate revealed that while 11,82,979 children in the age group of 3-6 were identified during 2002-07, only 7,88,653 children were targeted for providing pre-school education during the above period. It was, however, noticed that only 5,59,575 children were actually covered and 2,29,078 children (29 per cent) were deprived of the intended benefits of pre-school education under AWCs.

The Director stated (June 2007) that the shortfall in coverage under this component was due to children attending private schools in anganwadi areas, but no records in support of this contention were furnished to audit.

3.6.10.2 Non-utilisation of funds received from Sarva Shiksha Abhiyan for pre-school education

For dovetailing the activities of Early Childhood Care and Education (ECCE) with the existing components of ICDS, the State Project Director (SPD) of SSA advanced Rs. 5.14 crore to the Department during 2003-2006 for opening

of ECCE centres for covering children in the age group of 3-6 years in left out areas where AWCs were not functioning, for providing non-formal pre-school education.

Scrutiny of records in the Directorate revealed that 2,906 additional ECCE centers were opened in the State during 2004-06 for a period of only 10 months and Rs 3.70 crore⁸ were spent (April 2006 to February 2007) leaving an amount of Rs 1.44 crore unspent as of March 2007. Incurring of expenditure after close of ECCE centres was injudicious. While confirming the facts, the Director stated (April 2007) that ECCE centres were ordered to be closed with effect from 1st April 2006 due to sanction (2005-06) of 10,894 additional AWCs by GOI to the State but due to unavoidable administrative reasons, these AWCs could not be made operational in stipulated time. The action of closing ECCE centres without waiting for operationalisation of additional AWCs was not prudent as it resulted in depriving 6,23,404 children of non-formal pre-school education out of total population of 11,82,979 children.

3.6.11 Procurement of Pre-school Education Kits for Anganwadi Centres

3.6.11.1 Non-adherence to the norms for supply of pre-school kits in Anganwadi Centres

The pre-school education in AWCs is provided through non-formal and play way method to children in the age group of 3-6 years. GOI, through a new initiative from 2000-01 made a regular provision of pre-school material to the eligible children under this component of ICDS and approved the norms for each kit for each anganwadi at Rs 500 per year. As per guidelines experts of Early Childhood Education/State Council of Education, Research and Training were to be consulted for finalisation of items in the pre-school kits.

Test-check of records in the Directorate revealed that for 7,354 AWCs in the State, pre-school kits comprising picture charts, education and play materials were procured every year during 2002-05 at varying rates of Rs 225 to Rs 411 without consulting these experts. The purchase of kits at rates lower than the approved rate of Rs 500 per kit indicated that either complete items were not provided or the items were not as per approved specification.

Kits were purchased at the rate of Rs 504 per kit during 2005-06 and no kits had been purchased during 2006-07 as the tenders were yet (June 2007) to be finalised.

⁸ Payment of honorarium to workers: Rs 1.51 crore; purchase/publication of books: Rs 0.32 crore; training of Anganwadi Workers: Rs 0.12 crore, furniture: Rs 1.04 crore; pre-school education kits: Rs 0.66 crore and other miscellaneous expenditure: Rs 0.05 crore.

While confirming the facts, the Director stated (June 2007) that the rates became known only after the process of tendering was completed. The reply is not tenable, as the Department should have consulted experts of Early Childhood Education, State Council of Education, Research and Training (SCERTs), etc., for finalisation of items for the pre-school kit as prescribed in the guidelines relating to rates/items of kits.

3.6.12 Health check-up and Referral services

3.6.12.1 Non-coverage of identified population for health check-up and referral services

Health check up and referral services component of programme provided for ante-natal care of expectant mother, post-natal care of nursing mother, care of new born babies and care of all children under six year's of age.

Scrutiny of records revealed that the population of children and mothers for health check-up identified on the basis of surveys conducted through anganwadi workers was not fully covered in the State during 2002-07. Shortfall in coverage during the above period ranged between 41 and 46 *per cent* for children and 23 and 42 *per cent* in respect of expectant and nursing mothers as under:

Table: 3.6.7

(In numbers)

Year	Identified		Covered		Shortfall in coverage/percentage	
	Children	Mothers (expectant and nursing)	Children	Mothers (expectant and nursing)	Children	Mothers (expectant and nursing)
2002-2003	5,10,866	92,061	2,74,905	60,337	2,35,961 (46)	31,724 (34)
2003-2004	5,35,116	1,18,071	3,09,590	68,898	2,25,526 (42)	49,173 (42)
2004-2005	5,51,348	98,611	3,19,945	71,183	2,31,403 (42)	27,428 (28)
2005-2006	5,89,178	1,04,202	3,49,545	77,827	2,39,633 (41)	26,375 (25)
2006-2007	5,75,889	1,00,534	3,40,250	77,170	2,35,639 (41)	23,364 (23)

Source: Figures supplied by the Directorate and figures in parenthesis indicate percentage.

Out of 17 selected ICDS projects, the coverage of identified beneficiaries in six⁹ projects was complete. In remaining 11 projects¹⁰ the shortfall in coverage of children during 2002-07 ranged between 36 and 40 *per cent*

⁹ Ani, Banjar, Gagret, Jubbal, Neethar and Rohru.

¹⁰ Baijnath, Bhawarna, Chauntra, Fatehpur, Mashobra, Nagrota Surian, Paonta Sahib, Pachhad, Rewalsar, Sangrah and Sundernagar.

whereas in respect of mothers it ranged between 29 and 33 *per cent* as given below:

Table: 3.6.8

Year	Identified		Covered		Shortfall in coverage	
	Children	Mothers (expectant and nursing)	Children	Mothers (expectant and nursing)	Children	Mothers (expectant and nursing)
2002-2003	68,206	14,595	40,891	10,347	27,315 (40)	4,248 (29)
2003-2004	71,188	16,090	45,215	11,071	25,973 (36)	5,019 (31)
2004-2005	81,564	16,145	49,728	11,385	31,836 (39)	4,760 (29)
2005-2006	78,379	15,420	49,550	10,468	28,829 (37)	4,952 (32)
2006-2007	76,994	15,138	48,167	10,195	28,827 (37)	4,943 (33)
Total	3,76,331	77,388	2,33,551	53,466	1,42,780	23,922

Source: Figures supplied by the CDPOs and figures in parenthesis indicate percentage.

Six CDPOs¹¹ attributed (January-March 2007) shortfall in coverage of beneficiaries to shortage of staff and remoteness of areas. No reasons were, however, intimated by remaining five CDPOs¹² test-checked. The Director stated (June 2007) that once the additional AWCs become operational health check up of all children and mothers will be ensured. The reply is not tenable as the identified beneficiaries in the existing AWCs of the projects were not covered for health check up as can be seen from the above table. This was indicative of inadequate efforts by the Department to ensure full coverage of identified beneficiaries.

3.6.12.2 Procurement and supply of medicine kits

As a vital input to provide the essential services of health check up and referral services, each anganwadi centre is required to be provided every year, a medicine kit at a cost of Rs 600, consisting of easy to use and dispensable medicines for common ailments like cough, common cold and skin infection, etc.

Scrutiny of records revealed that for 7,354 anganwadis, expenditure for procurement of medicine kits for the period 2003-06 was made at the prescribed cost norms and for 2006-07 the tenders were yet (June 2007) to be finalised. During 2002-03 procurement and supply of medicine kits to 7,354 anganwadis was not done in accordance with the prescribed cost norms as against the required expenditure of Rs 44.12 lakh, only Rs 33.70 lakh were spent on medicine kits. This resulted in under replenishment of kits to the

¹¹ Chauntra, Pachhad, Paonta Sahib, Rewalsar, Sangrah and Sundernagar.

¹² Bajinath, Bhawarna, Fatehpur, Mashobra and Nagrota Surian.

extent of Rs 10.42 lakh. The Director stated (June 2007) that the procurement of medicines for medicine kits as prescribed by the GOI is done keeping in view the actual demand in the field. The reply is not tenable as out of 5,725 AWCs in the 11 projects¹³ (out of 17 test-checked) only 3,930 AWCs were provided medicine kits and no medicine kits were provided to 1,795 AWCs.

3.6.12.3 Convergence of Integrated Child Development Services with Reproductive Child Health Programme

To improve the infant and maternal status, the Reproductive Child Health (RCH) services (a scheme of the Health and Family Welfare Department under the National Rural Health Mission launched by GOI on 12 April 2005) envisaged providing of referral transport, 24 hours delivery services, Janani Suraksha Yojna, Pulse Polio Programme (PPP) and the tribal RCH services in tribal areas.

Health Department was to provide Reproductive Child Health care services through the network of anganwadi workers with active support from Accredited Social Health Activists (ASHAs), Auxilliary Nurse-cum-Midwives (ANMs) and Self Help Groups, by facilitating preparation and implementation of Village Health Plan under the leadership of the Village Health Committees of the Panchayats.

Scrutiny, however, revealed that though a sum of Rs 3.42 crore was spent by the Director, Health and Family Welfare during 2005-06 to 2007-08 (upto June 2007) (2005-06: Rs 0.61 crore; 2006-07: Rs 2.19 crore and 2007-08 (upto June 2007): Rs 0.62 crore) on RCH yet no convergence could be established between the Social Justice and Empowerment Department and Health and Family Welfare Department in providing healthcare services to the target groups which were common to both the programmes.

3.6.13 Nutrition and health education

3.6.13.1 Less coverage of identified women

Under ICDS programme, nutrition and health education were required to be given to all women in the age group of 15-44 years with priority to expectant and nursing mothers.

Scrutiny of records revealed that identified women beneficiaries in the State (except Chamba and Sirmour districts) ranged between 6.61 lakh and 7.51 lakh during 2002-07 for coverage under this component of the

¹³ Baijnath, Bhawarna, Fatehpur, Jubbal, Nagrota Surian, Neethar, Pachhad, Paonta Sahib, Rewalsar, Rohru and Sundernager.

programme whereas the requisite nutrition and health education was provided only to 4.90 lakh and 6.13 lakh beneficiaries during the above period. The shortfall in providing health education during the above period ranged between 18 and 33 *per cent* as given below:

Table: 3.6.9

(In lakh)

Year	Number of identified women beneficiaries	Actual coverage	Shortfall in coverage	Percentage of shortfall
2002-2003	6.61	5.16	1.45	22
2003-2004	6.92	5.42	1.50	22
2004-2005	7.24	5.87	1.37	19
2005-2006	7.51	6.13	1.38	18
2006-2007	7.29	4.90	2.39	33

Source: Figures supplied by the department.

In nine¹⁴ out of 17 selected ICDS projects, all identified women beneficiaries were provided nutrition and health education. In the remaining eight projects¹⁵ out of 8.30 lakh identified women 7.02 lakh were covered leaving 1.28 lakh (15 *per cent*) women uncovered during 2002-07 in five years.

The Director while confirming the facts stated (June 2007) that the reason for less coverage was that some of the women do not turn up during special camps organised for such purposes. The reply is not tenable as the field functionaries of the department needed to spread awareness and motivate all the women in the age group of 15-44 as envisaged in the ICDS Manual.

3.6.14 Coverage of beneficiaries under immunisation

Out of 17 selected ICDS projects the coverage for immunisation of children and pregnant mothers for BCG, DPT, Polio, Measles and Tetanus was fully achieved in four projects¹⁶ whereas in remaining 13 projects¹⁷ overall shortfall in achievement of immunisation was around five *per cent*.

¹⁴ Ani, Baijnath, Banjar, Bhawarna, Fatehpur, Gagret, Jubbal, Pachhad and Rohru.

¹⁵ Chauntra, Mashobra, Nagrota Surian, Neethar, Paonta Sahib, Rewalsar, Sangrah and Sundernagar.

¹⁶ Ani, Gagret, Jubbal and Rohru.

¹⁷ Baijnath, Bhawarna, Banjar, Chauntra, Fatehpur, Mashobra, Nagrota Surian, Neethar, Pachhad, Paonta Sahib, Rewalsar, Sangrah and Sundernagar.

3.6.15 Kishori Shakti Yojna

3.6.15.1 Non-coverage of beneficiaries

Kishori Shakti Yojna (KSY) component of ICDS aimed at empowering the nutritional and health status of all adolescent girls (11-18 years) and promoting self development, awareness of health, hygiene, nutrition, family welfare and management and decision making capability of women. The State Government was required to implement the KSY as per guidelines of GOI issued in 2000. The objectives of the scheme were to organise training programmes for skill development, awareness camps, legal literacy camps and health education camps, etc., for adolescent girls. The intervention for this purpose was to be limited to the approved amount of Rs 1.10 lakh per block/ICDS project and expenditure was required to be met from grant released by GOI to the State Government through funds released for implementation of ICDS scheme.

During 2002-05 KSY was implemented in 15 out of 76 blocks/ICDS projects of the State. From 2005-06, its implementation has been extended to all the 76 blocks. It was observed that the scheme was implemented without any approved Annual Action Plan (AAP) during 2002-06. The annual action plan for 2006-07 was circulated in December 2006 when only one quarter of the year remained for implementation. Also, against the availability of Rs 2.17 crore, only Rs 1.13 crore were spent on its implementation during 2002-07 resulting in unspent funds of Rs 1.04 crore on this component.

The position of identified number of beneficiaries and coverage thereagainst during 2002-07 was as under:

Table: 3.6.10

(In numbers)

Year	Number of Girls identified	Number of Projects	Beneficiaries covered					Total	Shortfall	Percentage of shortfall
			Trg ¹⁸	SNP ¹⁹	IFA ²⁰	NHE ²¹	Haemoglobin testing kits			
2002-2003	45,707	15	1,458	5,324	4,705	12,104	--	23,591	22,116	48
2003-2004	45,707	15	1,409	4,520	9,627	5,547	--	21,103	24,604	54
2004-2005	55,650	15	1,914	4,502	6,638	16,839	--	29,893	25,757	46
2005-2006	3,56,656	76	1,483	5,657	8,264	20,967	--	36,371	3,20,285	90
2006-2007	3,56,656	76	-	51,297	32,150	43,371	1,11,233	2,38,051	1,18,605	33

Source: Figures supplied by the Department.

¹⁸ Training.

¹⁹ Supplementary Nutrition Programme.

²⁰ Iron and Folic Acid Tablets.

²¹ Nutrition and Health Education.

From the above details it would be seen that 33 to 90 per cent of the adolescent girls (11-18 years) identified could not be covered under this component of ICDS.

The Director stated (June 2007) that the coverage for training, SNP, IFA and NHE was based on the AAPs which never stipulate coverage of all adolescent girls. The contention is not tenable as the available funds of Rs 2.17 crore for this component were not utilised fully and identified beneficiaries under the component remained uncovered. Further, action plan to cover all identified beneficiaries was not prepared as envisaged in the scheme guidelines. Moreover, against the prescribed limit of Rs 1.10 lakh per block to give benefit to adolescent girls, the average expenditure during 2005-07 was Rs 0.17 lakh²² per block in 14²³ out of 17 blocks selected for test-check as given below:

Table: 3.6.11

(Rupees in lakh)

Year	Financial targets	Achievements	Shortfall	Percentage of shortfall
2005-2006	3.30	0.36	2.94	89
2006-2007	15.73	4.42	11.31	72
Total	19.03	4.78	14.25	

Source: Figures supplied by the Department.

3.6.15.2 Non-procurement and supply of Haemoglobin Testing Kits and Iron Folic Acid Tablets

Scrutiny of records revealed that no provision was kept for purchase of Haemoglobin Testing kits during 2002-06. As per AAP, for 2006-07 circulated in December 2006, Rs 27.93 lakh of the total amount of Rs 83.60 lakh (at the rate of Rs 1.10 lakh per ICDS project per annum for 76 projects) was kept for the purchase of Haemoglobin Testing kits and Iron Folic Acid Tablets.

It was observed that the above mentioned inputs meant for healthcare of girls had not been procured as of March 2007. Therefore, the KSY was not implemented as per action plan approved for 2006-07 and the adolescent girls were deprived of these benefits in all project areas. The Director stated (June 2007) that out of 3,56,650 adolescent girls 1,11,233 were covered during 2006-07 for Haemoglobin testing by managing convergence with the local

²² Rs 4.78 lakh ÷ 14 blocks ÷ 2 years = Rs 0.17 lakh.

²³ Baijnath, Bhawarna, Banjar, Chauntra, Fatehpur, Jubbal, Mashobra, Nagrota Surian, Pachhad, Paonta Sahib, Rewalsar, Rohru, Sangarh and Sundernagar.

authorities and NGOs. However, the fact remained that department prepared and circulated the AAP when only the last quarter remained for achievement and thus failed to ensure availability of the requisite inputs for effective implementation of the scheme as per action plan for 2006-07. While during 2002-06 no expenditure was incurred for this component of the scheme.

3.6.16 Training and orientation of ICDS personnel

The achievement of the programme goals depends on the effectiveness of frontline workers for improved delivery of packages of ICDS and training was the most crucial element under the ICDS programme.

Targets were not fixed for imparting training to the ICDS field functionaries during 2002-07. The position of training imparted was as given below:

Table: 3.6.12

Year	Category of ICDS functionary	Total number of filled up posts	Number of functionaries to whom job training was imparted	Specialised training in Pre-School education and early childhood care
2002-2003	CDPO/ACDPO	78	--	--
	Supervisors	94	--	--
	Anganwadi workers	7,289	760 (10)	--
2003-2004	CDPO/ACDPO	81	-	--
	Supervisors	94	-	--
	Anganwadi workers	7,316	453 (6)	--
2004-2005	CDPO/ACDPO	77	8 (10)	--
	Supervisors	92	-	--
	Anganwadi workers	7,325	58 (1)	--
2005-2006	CDPO/ACDPO	85	19 (22)	--
	Supervisors	324	236 (73)	--
	Anganwadi workers	7,092	77 (1)	--
2006-2007	CDPO/ACDPO	86	2 (2)	76 CDPOs
	Supervisors	222	-	222
	Anganwadi workers	7,084	27 (0)	7,084

Source: Figures supplied by the Department. Figures in parenthesis indicates percentage.

From the above table, it would be seen that no job training to CDPOs during 2002-04 and to supervisors during 2002-05 were imparted. For Anganwadi workers job training imparted during 2002-07 also ranged between zero and 10 per cent. Similarly, specialised training in pre-school education was also provided only in 2006-07. The training and orientation of ICDS personnel was, thus, deficient.

3.6.17 Vacancies of ICDS field functionaries

There were large number of vacancies of supervisors and anganwadi workers as of March 2007 as shown below:

Table: 3.6.13

(In numbers)

Category of ICDS functionary	Sanctioned strength	In position	Vacant	Percentage of vacant posts
Supervisors	808	222	586	73
Anganwadi workers	18,248	7,084	11,164	61

Source: Departmental figures.

Against the prescribed ratio of 1:25 of supervisor and anganwadi workers, the actual ratio in respect of staff in position was 1:32.

The Director stated (June 2007) that the process of filling up the posts of anganwadi workers was likely to be completed soon and the supervisors would be recruited thereafter.

3.6.18. Monitoring and evaluation

3.6.18.1 Inadequate meetings of State Level Coordination Committee

For proper assessment, evaluation and monitoring of the programme, Coordination Committees at the block/project, district and State levels were required to be constituted. The meetings of Coordination Committees were required to be held monthly at block/project level and quarterly at district and State levels.

It was noticed that against 20 meetings of State level Coordination Committee required to be held in five years, only one meeting was held in April 2005. This indicated inadequate high level monitoring, evaluation and follow up in

implementation of the programme. Of 89 auditable units, internal audit of only 21 units (24 per cent) was done during 2002-07. The details of meetings of district and block level Coordination Committees at the prescribed intervals were not furnished by the test-checked units or by the Director.

As envisaged in the guidelines, community based monitoring mechanism in the form of village level coordination committees had also not been established in each AWC as of March 2007.

3.6.19 Conclusion

The persistent savings year after year showed that the ICDS programme funds were not utilised for maximum coverage of identified beneficiaries. Administrative costs were comparatively higher than the cost of implementation of the programme during 2002-07 resulting in thinning of resources for implementation of various components of the programme. The State Government failed to provide sufficient budget provision under nutrition during 2002-07 for feeding 300 days in a year. Under supplementary nutrition, non-formal pre-school Education, Health checkup and Referral Services, Nutrition and Health Education and KSY components of the programme, the coverage of identified beneficiaries was deficient. Establishment of anganwadi centres were not ensured as per prescribed criteria and 10,894 anganwadi centres had not been opened to meet the requirements. Out of 7,354 AWCs, 1,783 AWCs (24 per cent) had no facilities of safe drinking water and 6,885 (94 per cent) had no toilet facility. Model Anganwadi Centres were also not established in time and construction of only 106 anganwadi centres had been completed as of March 2007. There was inadequate monitoring of the programme by State Level Co-ordination Committee. Internal audit arrangement was also inadequate as only 24 per cent of the units were audited during 2002-07.

3.6.20 Recommendations

- **Full and proper utilisation of budget provision and other resources need to be ensured if the State has to benefit from full impact of the programme.**
- **Expenditure on staff and administration should be brought down so that maximum funds are available for the programme.**
- **Anganwadi centres should be opened according to prescribed criteria and the staff should be regularly trained and motivated.**

- **The State Government needs to strengthen the focus on results and accountability and ensure convergence of similar programmes to optimise the results.**

 - **Monitoring of the programme by State Level Coordination Committee at regular intervals needs to be ensured for proper implementation and follow up of the programme.**

 - **SLCC meetings should be held as per guidelines so that programme is regularly monitored.**
-

Finance Department
3.7 Information Technology Audit of On Line Treasury Information System and e_Pension software
Highlights

Online Treasuries Information System (OLTIS) aims at exercising control over expenditure as per budget allocation, prevention of diversion of funds and wrong booking of expenditure, etc. The e_pension system aims for computerised pension disbursement System. Audit observed that there was absence of documentation and user manuals to ensure trouble free operation of the systems. Besides, the absence of input controls has resulted in wrong booking of expenditure and allowing of inadmissible payments. The following main points were noticed in Information Technology Audit of Treasuries:

- *The User Manuals, Operational Manuals and System Manuals were not available in all the test checked treasuries.*

(Paragraph 3.7.9.1)

- *Department had not formulated and documented any Disaster Recovery Plan. There were no documented procedures indicating frequency for taking back up of data, its storage and restoration. The Treasury Officers were taking back ups on an adhoc basis.*

(Paragraph 3.7.9.2)

- *Due to absence of input controls, possibility of double drawal of bills in OLTIS and overpayment/ incorrect payment of pension existed.*

(Paragraphs 3.7.10.1, 3.7.10.3 and 3.7.11.1)

- *No checks were exercised to monitor expenditure vis-à-vis budget provisions by the Treasury Officer at the time of passing the bills.*

(Paragraph 3.7.10.2)

- *Allocation of payment of DA arrears to Punjab Government was not made in e-Pension software.*

(Paragraph 3.7.11.2)

- *There was no provision of revalidation of bills after expiry of the currency period in OLTIS module.*

(Paragraph 3.7.11.4)

- *Absence of validation checks resulted in DDOs operating head of accounts for which they are not authorised.*

(Paragraph 3.7.11.5)

3.7.1 Introduction

The Himachal Pradesh Finance Department is responsible for fostering fiscal discipline through the Director, Treasuries and Accounts Department. There are 15 district treasuries and 85 sub-treasuries in the State which are responsible for receipts and payment of money on behalf of Government and maintenance of accounts relating to these transactions. The treasuries maintain records of financial transactions and are required to exercise necessary checks on the flow of funds. In February 1989, the State Government decided to computerise the accounts in district treasuries and a software 'DISNIC-TREASURY' developed by the National Informatics Centre (NIC) using FOXBASE in XENIX/UNIX environment was implemented in 12 out of 15 district treasuries (except Keylong, Kaza and Pangri) in a phased manner by April 1991.

The present software 'Online Treasury Information System' (OLTIS) was designed by NIC as a web enabled application with Windows 2000 as operating system, MS SQL server at the back end and MS Visual Basic at the front end. The first version was developed and implemented in a phased manner from June 2003 onwards in all the district treasuries. The computerisation of sub-treasuries is still in process.

The e_pension software developed by NIC with Windows as operating system, MS SQL server at back end and MS Visual Basic at the front end was implemented in all the district treasuries (July 2006) to generate monthly bank-wise scrolls for payment of pension to the State pensioners through the designated banks.

Both the databases of OLTIS and e_pension applications are residing on the same server in all the treasuries.

The Department spent Rs 263.45 lakh (as of July 2007) on the purchase of hardware and software and site development for both the systems during the period between 1996-97 to 2006-07 which included Rs 20.00 lakh and Rs 50.00 lakh awarded by 10th and 11th Finance Commissions respectively for computerisation of treasuries.

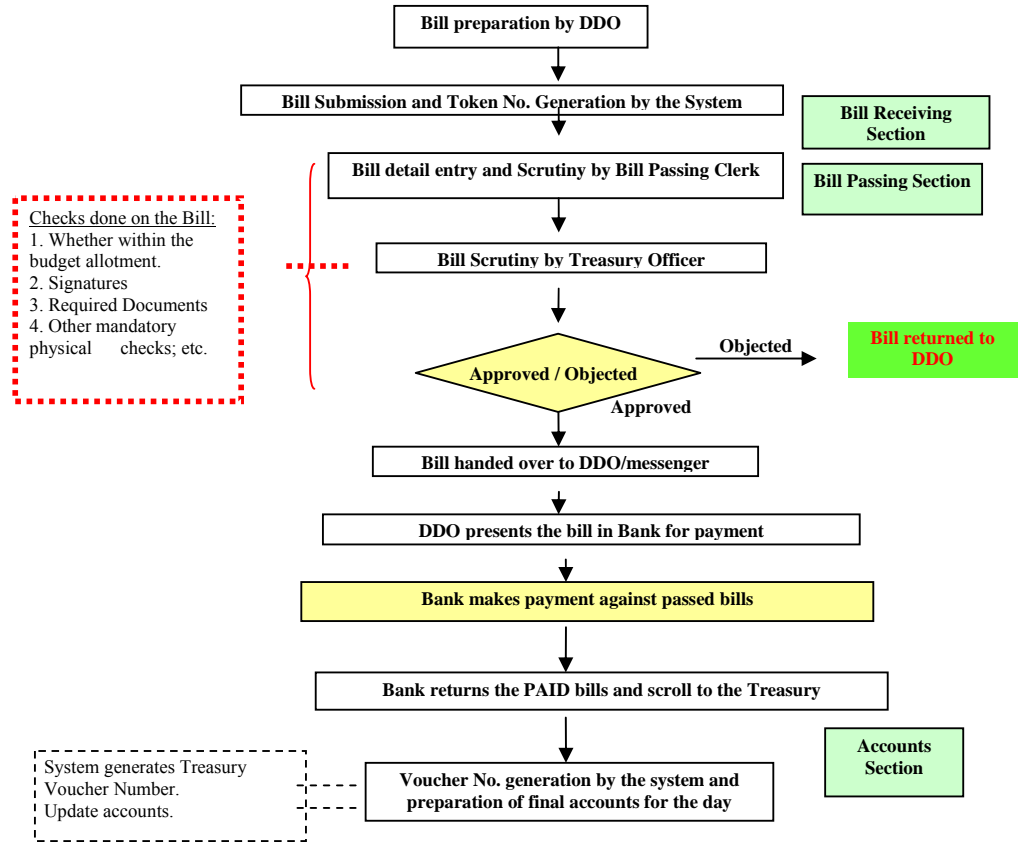
3.7.2 Organisational set up

The Department of Treasury, Accounts and Lotteries is headed by a Director under overall administrative control of Principal Secretary, Finance Department. The Director, Treasury, Accounts and Lotteries department is assisted by a Joint Director (Treasuries), Joint Controller (Accounts) and Deputy Directors. The Joint Director (Treasuries) is over all responsible for computerisation in the treasuries.

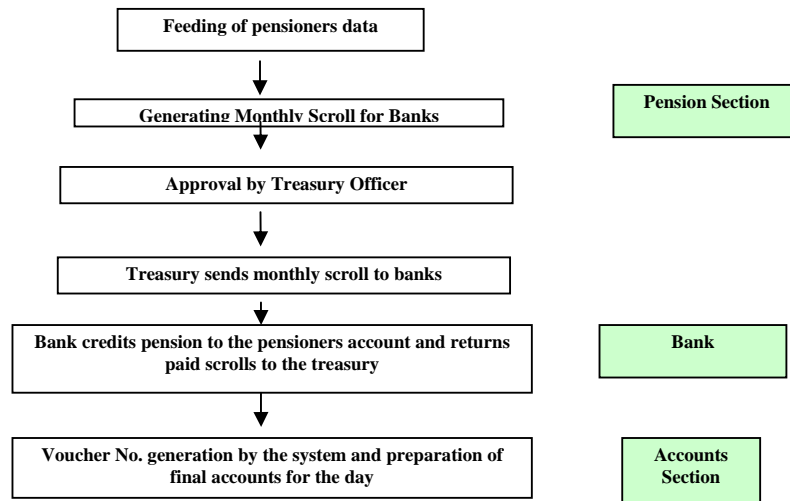
3.7.3 Workflow

The process flow diagram of the processing of bills in the treasury and its accounting is shown below:

WORKFLOW OF BILL PROCESSING AND ACCOUNTING



WORKFLOW OF PENSION PAYMENT



3.7.4 Objective of computerisation

The major objectives of the OLTIS and e_pension softwares inter alia include:

- Facilitating controls to be exercised by the Department to monitor financial transactions by rational allocation of budget to Drawing and Disbursing Officers (DDO), thereby enabling treasury officers to have a strict control over expenditure as per the budget allocation.
- To make flow of information up-to-date, authentic and consistent, and leaving no scope for excess or unauthorised drawals, diversion of funds, wrong booking, etc.
- Payment of monthly pension to State Government pensioners and political pensioners and to maintain database of pensioners at district level.

3.7.5 Scope of Audit

Out of 15 district treasuries, six district treasuries were covered in Audit. The sample comprised two big treasuries (Shimla and Dharamsala) and four small treasuries (Bilaspur, Nahan and Solan and Reckong Peo). The scope of audit included test check of data maintained in the treasuries for the year 2006-07.

3.7.6 Objectives of the Information Technology (IT) Audit

The objectives of the IT Audit were to evaluate:

- the adequacy and effectiveness of various controls in the developed system;
- reliability, integrity and authenticity of the data;
- the aspects relating to availability of the data and information security;
- extent of incorporation of treasury rules in the developed applications; and
- extent of availability of documentation necessary for smooth operation of the system.

3.7.7 Audit criteria

Application packages developed and implemented for the treasuries were evaluated with respect to Treasury Rules, planning of computerisation programme, methodology of development of application packages, data management and monitoring mechanism.

3.7.8 Audit Methodology

The data pertaining to six treasuries was analysed using IDEA, a Computer Assisted Auditing Tool. Before commencing audit, the audit objectives, criteria and scope were discussed (June 2007) with the Joint Director (Treasuries) in an entry conference. The audit findings were discussed in (September 2007) with the Joint Director (Treasuries) in an exit conference and the replies of the Department have been incorporated in the report where appropriate.

Audit Findings

3.7.9 Inadequate General Controls

3.7.9.1 Project proposal, planning and documentation

➤ IT Steering Committee comprising of the users and the top management is essential for overseeing development and implementation of any IT system. It was seen that an IT steering committee or any such organisational structure was not in place to guide the whole process of computerisation from the top management level.

➤ The Department had not conducted any feasibility study before taking up computerisation. Documentation with regard to User's requirements, specifications, testing etc. was not made available to audit. Documentation relating to various stages in the System Development Life Cycle (SDLC) was also not available. Thus, the system development methodology adopted could not be reviewed in audit.

➤ Proper documentation helps in trouble free operation and maintenance of the system. The user manuals, operation manual and system manual were not available in respect of both the softwares (OLTIS and e_pension) in all the test checked treasuries.

3.7.9.2 Lack of disaster recovery and business continuity plan

It was observed in audit that the Department had not formulated and documented any Disaster Recovery Plan. There were no documented

procedures indicating frequency for taking back up of data, its storage and frequency of testing/checking. Test-check of records of six treasuries revealed that the Treasury Officers were taking back up as per their convenience in an adhoc manner. The back up is not stored in fireproof cabinets/off site and is not tested for restoration. It was further observed that backup data was stored on the same server (Dharamsala Treasury) and the backup of data on Compact Disk (CD) was also stored at the same location where the server was located in other test checked treasuries.

3.7.9.3 Change Management procedures were not framed

Though the present OLTIS and e_pension softwares had been implemented since June 2003 and July 2006 respectively, the Department had not framed procedures to control changes in the software; record keeping of changes during entire project life cycle and impact analysis of changes incorporated till August 2007. Audit observed that the changes in the software are incorporated by the NIC at the request of users without proper approvals. It was also seen that at Dharamsala treasury different versions of e_pension software (Version Numbers 2.3 and 2.4) were running on different machines.

Thus, in the absence of a written policy/procedure, the Management is unable to ensure that the latest version of the software is being used simultaneously at all levels thereby increasing the risk of non-recovery and difficulty in data reconstruction in the event of data loss.

3.7.9.4 Important functions like Deposits, Letter of Credit (LOC), Personal Ledger Account (PLA) and Treasurer Section have not been covered under computerisation.

3.7.10 System design deficiencies

3.7.10.1 Analysis of the OLTIS system through data entry screens at test-checked treasuries revealed the following shortcomings:

- the system accepts duplicate bill number due to which the possibility of double drawal of a bill cannot be ruled out;
- the bill date in some cases was found to be later than token date, passing date was earlier than token date, voucher date was earlier than token date, etc. Thus, validations of data was absent and the input controls were inadequate; and
- the net amount does not tally with the gross amount minus deductions (Short withdrawal, Treasury deductions, AG deductions). For example, in one case of November 2006 of Shimla treasury (voucher number 13 of Major

Head 3054), the gross amount of the bill was Rs 3,02,231, treasury deductions Rs 8,372, AG deductions Rs 91,566 and net amount Rs 2,04,793. This was incorrect as there was a difference of Rs 2,500 (the net amount should have been Rs 2,02,293 after deductions).

3.7.10.2 Lack of expenditure control by Treasury Officer

One of the objectives of the OLTIS was to make flow of information up to date, authentic and consistent, leaving no scope for excess or unauthorised drawals, diversion of funds, wrong bookings, etc. The DDO-wise, Head wise [up to Standard Object of Expenditure (SOE)] allocation of budget is maintained in one of the database tables¹. Similarly cumulative expenditure thereagainst is also maintained in the same table to facilitate the treasury officers to have a tight control over expenditure as per the budget allocation. However, audit observed the following:

- in the OLTIS application, immediately after the Bill Passing, expenditure is booked against the budget provision without waiting for clearance by the Treasury Officer;
- when a revised bill is received from a DDO after corrections, it is given a new token number and passed by the bill passing Clerk and Treasury Officer as a fresh bill. As a result of this procedure, the bill is counted twice. This is because the software has no provision to accept a revised bill; and
- The software provides passing of bills in excess of budget/ without budget allotment. Audit Scrutiny in test-checked treasuries revealed that bills had been passed in excess of the budget allocation or without allotment in respect of Object Head other than 'Salary' and 'Wages' defeating the very purpose of the software.

The system design deficiencies mentioned above leads to booking of excess expenditure and expenditure without budget provision under a Chief Controlling Officer (CCO) by the treasury officer. When the monthly civil accounts received from the treasury officers are compiled by the office of the Senior Deputy Accountant General (A&E) – Himachal Pradesh, the A&E office on noticing the excess expenditure or expenditure without budget provision sends 'Warning Slips' to the CCOs informing them about the excess expenditure/expenditure without budget provision. However, the situation itself would not occur if the software does not allow passing of bills in excess of budget provision or where there is no budget provision, except for salary and wages heads. Therefore, the expenditure of Rs 2.63 crore incurred on the system is neither helping in achieving the objectives of expenditure control nor are any reports being generated for MIS purpose by the State Government.

¹ The 'annual budget master' table of the database.

3.7.10.3 Wrong booking of expenditure under Object Head code '00' in OLTIS database

As per classification of Major Heads, the expenditure under Revenue and Capital expenditure heads cannot be booked without SOE. The classification of Debt, Deposit and Remittance (DDR) heads is up to sub-head level. The master table of SOE heads contains '00' code without any nomenclature. It was noticed that in 2015 records under Revenue Expenditure heads and Capital Expenditure heads Rs 28.79 crore² has been booked under '00' code. However, proper SOE code was found recorded manually on these bills when checked in the A&E office. The treasury officers stated that the software is accepting booking under SOE '00' and the deficiency in the software would be got removed.

3.7.11 Non-mapping of business rules

Audit noticed that the OLTIS and e_pension softwares did not take care of the checks prescribed under Himachal Pradesh Treasury Rules and Pension Rules which are still being carried out manually at the treasuries. Few such cases are discussed below:

3.7.11.1 Inadmissible payment to re-employed pensioners—Rs 4.02 lakh

As per State Government orders, the employed/re-employed family pensioners who have been given appointment on compassionate grounds are not entitled to draw dearness pension /dearness relief on pension. Payment of dearness relief in these cases shall become admissible only from the date they cease to be re-employed. The pension disbursing authority shall require such a pensioner to produce a certificate of cessation of re-employment from the office in which he had been re-employed.

Audit scrutiny revealed that the software provides for entry of the date of re-employment but there is no provision in the software to record the type of re-employment as to whether the family pensioner has been appointed on compassionate grounds or not and date of receipt of prescribed certificates regarding cessation of re-employment.

Test check of e_pension database revealed that the system allowed payment of dearness pension/ dearness relief on family pension to the pensioners

² Bilaspur: 90 cases (Rs 0.38 crore), Dharamsala: 361 cases (Rs 0.44 crore), Nahan: 109 cases (Rs 0.28 crore), Reckong Peo: 30 cases (Rs 0.11 crore), Shimla: 1170 cases (Rs 27.25 crore) and Solan: 255 cases (Rs 0.33 crore).

re-employed on compassionate grounds resulting in in-admissible payment to the tune of Rs 4.02³ lakh during July 2006 to August 2007.

3.7.11.2 Non-allocation of DA arrears to Punjab Government–Rs 30.06 lakh

The allocation of pension and other retirement benefits are made separately for the period of service rendered before 1st November 1966 and after 1st November 1966 to Punjab and Himachal Pradesh Government respectively.

It was noticed that in the arrear bills prepared on account of increase in DA from 1st July 2006 and 1st January 2007 the allocation of the increased DA to the tune of Rs 30.06 lakh in 5,950 cases in five test-checked treasuries had not been made to the Punjab Government as detailed below:

Table: 3.7.1

Sl. No.	Name of Treasury	Number of cases	Amount
1	Bilaspur	126	30,086
2	Dharamsala	5,002	25,41,087
3	Nahan	107	24,051
4	Reckong Peo	3	1,148
4	Shimla	173	1,16,294
5	Solan	539	2,93,831
	Total	5,950	30,06,497

The District Treasury Officer, Dharamsala stated that due to non availability of procedure for calculation of arrears for pre 1966 period in the software, the figures could not be worked out.

3.7.11.3 As per State Government orders, on retirement prior to 1st January 1996, the restoration of commuted value of pension in the case of Group ‘D’ employee was 130 months or attaining the age of 70 years which ever was later and for other Group employees it was 138 months or attaining the age of 70 years which ever was later. After 1st January 1996 restoration of commuted value of pension is to be done after 15 years from the date of

³ Bilaspur (11 cases: Rs 0.86 lakh), Dharamsala (69 Cases: Rs 2.94 lakh) and Shimla (10 cases: Rs 0.22 lakh).

payment of commuted value of pension in respect of all the groups of employees. In the e_pension software there is no provision to capture the Group of an employee. In the absence of this provision, the actual date of restoration of commuted value of pension of those employees who retired before 1st January 1996 cannot be vouchsafed.

3.7.11.4 No provision in the OLTIS for revalidation of bills after expiry of the currency period

As per Treasury Rule relating to currency of payment orders the payment orders are valid only for a time not exceeding ten days. In case bills are not presented for payment within the currency period of the pay orders, these are to be revalidated by the Treasury Officer.

It was noticed that the system does not provide revalidation module and the bills were being revalidated manually. The system shows 6,292 cases (Bilaspur: 376, Dharamsala: 2,900, Nahan: 540, Reckong Peo: 88, Shimla: 2000 and Solan: 388) where payment was made by the banks after the initial period of more than 10 days of their passing to the tune of Rs 50.31 crore for which no audit trail existed in the OLTIS database.

Even if the bills are revalidated manually the picture as depicted in the database appears as if unauthorised payments have been made after lapse of the currency period. Thus non incorporation of the revalidation facility in the software restricts the usefulness of the software for controlling and monitoring of the expenditure.

The District Treasury Officers of test-checked districts stated that module for revalidation of bills is not available in the software and the bills are being revalidated manually. This shows that the Department has accepted and put into operation the software even though major user requirements were not incorporated in it.

3.7.11.5 Absence of validation check resulted in DDOs operating unauthorised Heads of Account

As per treasury rules, the DDOs are authorised to draw payments by presenting bills in a treasury only in respect of those Heads of Account which they are authorised to operate.

It was noticed in audit that validation checks did not exist in the application to prevent DDOs from operating heads which they are not authorised to operate.

Consequently, some DDOs operated those heads of accounts which they were not authorised to operate. Few illustrations are given as below:

Table: 3.7.2

Name of Treasury	Name of DDO	Unauthorised Major Heads operated
Bilaspur	Deputy Director of Fisheries, Bilaspur SE Xth Circle, Bilaspur	2014-Administration of Justice 2515-Other Rural Development
Solan	Chief Medical Officer, Solan	2058- Stationery and Printing
Dharamsala	Principal, GSSS Jasai Cattle Development Officer	2014-Administration of Justice 2014-Administration of Justice

3.7.12 Information System Security

➤ The Department had not framed any IT Security policy regarding the security of IT assets, software and data security even after four years of implementation of OLTIS.

➤ Audit scrutiny revealed that there was no documented password policy for OLTIS and e_pension softwares. Normal password control procedures like restriction on unsuccessful login attempts by the users or automatic lapse of password after a predefined period and enforcement by the system for periodical change of passwords after a certain period were not in existence. Moreover, the system did not generate any logs to record the number of failed login attempts. The test check of e_pension data revealed that the data was entered by non existent users⁴ as these users were not available in the master table of authorised users. Since no change logs are available the audit was unable to analyse the cases further.

➤ The OLTIS application provides for different roles for the users as per the functioning of the Treasury Office viz. token entry, bill passing by the bill passing clerk, bill passing by Treasury Officer, payment verification of bill and challan verification for receipt for which users have been created. However, it was observed in audit that the personnel of the treasuries were

⁴ Reckong Peo Treasury: User No. 99 entered 355 records and Nahan Treasury: User Kamlesh and Pension Clerk entered 2 and 23 records respectively.

performing the duties interchangeably mainly due to shortage of staff or when staff is on leave. This leads to non segregation of incompatible duties and dilutes the accountability for actions performed using the software. The instances noticed during test check were as follows:

- The Token clerk was found performing duties of Bill Passing Clerk and Treasury Officer at all the test-checked treasuries.
- The Bill Passing Clerks were found performing duties of Token Clerk, Bill Passing Clerk and Treasury Officer at all the test-checked treasuries.
- The Treasury Officer was performing duties of Token Clerk, Bill Passing Clerk in addition to his own duties at Shimla Treasury.
- Two officials at Shimla Treasury were using two users' codes each and were performing duties of Token Clerk, Bill Passing Clerk.

3.7.13 Failure to monitor Audit Trail

In district treasuries the first stage of processing a bill is to issue a token number and the last stage is assigning of voucher number for each bill paid by the treasury branch of designated bank(s). The OLTIS application allots token numbers and voucher numbers serially.

It was noticed in Shimla and Dharamsala treasuries that there were 22 and 70 gaps respectively in voucher numbers under Major Head 2202 during March 2007. These voucher numbers were missing in the data captured from the treasury accounts received in the Office of the Senior Deputy Accountant General (A&E) as well. Similar gaps were also noticed under other Major Heads in other test-checked treasuries.

The DTO Shimla stated that the gaps in voucher numbers were due to wrong entry of token numbers, and that transaction date and that the system does not retain the previous number and auto generates the next number.

As no trail for these missing voucher numbers is available, no further analysis was possible in audit.

3.7.14 Analytical Review of Data

Analysis of master data and transaction data for all treasuries for the period 2006-07 revealed the following inconsistencies:

3.7.14.1 Master data

(a) In all the test-checked treasuries, the DDO master table of OLTIS contains list of all the DDOs in the State instead of DDOs of that particular district only. Audit scrutiny revealed that in the DDO list of Shimla treasury Superintendent, Open Air Jail, Bilaspur, Superintendent, Sub Jail, Kullu, President, MC, Dalhousie, E.O. Panchayat Samiti, Nadaun are listed besides several others. Similar overlapping was found in the DDO list of other test checked District Treasury and its Sub-Treasuries. Thus, there was no clarity on the definition of master data and this substantially limited the usefulness of data for MIS purposes.

(b) In respect of e_pension, the system accepts erroneous values⁵ in master data. Some of the important fields like PPO No., Bank Account No., live certificate, commuted value of pension, last pay drawn, average emoluments etc., contains blank values in the designated fields. There were duplicate and dummy data in the master tables which lead to overpayment/incorrect payment of pension as commented in paragraph 3.7.15.

3.7.15 Other points of interest

3.7.15.1 Difference in booking of Treasury Deductions in OLTIS database

The total amount of deductions made on account of Group Insurance Scheme (GIS) through bills and received through challans are recorded in 'bt_entry' table whereas the cadre wise details viz. number of employees and recovery on account of Insurance and Saving Fund are kept in 'gisdiy' table. Thus, the amount in the two tables of the database should be equal over a period of time.

Scrutiny of OLTIS data revealed that there was difference in the figures of both the tables due to which actual receipt under GIS could not be verified in audit. It was further noticed that there was no attempt at treasury level for reconciliation or analysing these differences.

⁵ For example PPO No. 13073-A though PPO No. are only in numeric value, PPO No. 000 though PPO No. can not be zero.

3.7.15.2 Overpayment of pension – Rs 2.43 lakh

(i) The e_pension system accepts erroneous values in transaction data viz duplicate PPO numbers, alphanumeric values instead of numeric values for PPO numbers, etc. Audit scrutiny revealed that:

➤ Family Pension PPO Number 8904 was issued and paid in favour of one person but payment of family pension against PPO 8904-A was also made to Shri Abhinav Singh during the period from 1st July 2006 to 31st July 2007 resulting in over payment of Rs 36,119 (Dharamsala Treasury).

➤ Family Pension (PPO Number 13073) was issued and paid in favour of one person. Simultaneously, payment of family pension against PPO Number 13073-C and 13073-D was also made to two other persons resulting in overpayment of Rs 56,718 (Dharamsala Treasury).

➤ Superannuation PPO Numbers 76729 and 77807 were issued in favour of two retired employees. In addition to these PPOs, pension against PPO Number 73729 and 78707 was also drawn/paid to these pensioners during the period January 2007 to August 2007 which resulted in overpayment of Rs 44,346 (Rs 33,617+ Rs 10,729) at Solan Treasury.

It was further noticed that though the system provides for the verification of data in the master table by the next higher official, it had not been done in all the test checked treasuries.

The District Treasury Officers, Dharamsala and Solan stated that the payment has been made inadvertently and the pension has now been stopped from August 2007 and that the excess amount paid would be recovered from the concerned pensioner.

(ii) As per Pension Rules and orders issued by the Himachal Pradesh Government from time to time, if a pensioner who has retired after 1st January 1996 and before the implementation of the revised pay scale on the recommendation of the 5th Pay Commission and does not opt for commutation of pension in the revised pay scale, the commuted portion of pension already received in the pre-revised scale would be restored after 138 months or attaining the age of 70 years, whichever is later. For the pensioners who opt for revision of commutation of pension as per revised pay scale, the commuted portion would be restored after 15 years from the date of receipt of commutation value of pension including pension already commuted in the pre-revised scale. The e_pension software provides field for recording the date of

receipt of commuted value of pension on the basis of which, the system should calculate the actual date of restoration of commuted portion. It was noticed in three⁶ test-checked treasuries that the restoration date of commuted portion of pension had not been entered correctly, which resulted in difference of 2 to 22 months as compared to the actual date of restoration date as entered in the database. This has resulted in overpayment of Rs 1.06 lakh⁷ as of July 2007.

The DTOs stated that the position would be ascertained and recovery if any, would be made from the pensioners. Thus, the purpose of ensuring correct payments to pensioners through computerisation was not being achieved in all cases.

3.7.16 Post implementation review

It was noticed in audit that no post implementation review was conducted on the working of the OLTIS and the e_pension software to evaluate whether the system meets requirements and is fulfilling intended objectives.

3.7.17 Conclusion

The Department took up computerisation of the Treasury accounts and disbursement of pension but the systems were deficient in inbuilt application controls resulting in non exercise of control over expenditure resulting in overpayments. The data generated by the application has limitations to be useful for MIS purposes. The lack of audit trails makes it extremely difficult to ensure accountability and responsibility for actions performed using the software.

3.7.18 Recommendations

- **The software/applications need to be improved by incorporating necessary input/processing controls which will facilitate validation of data input into the system and revalidation of bills so that only authorised DDOs can operate the respective heads of accounts for payment of bills. The software also needs to be compliant with all the relevant rules governing the treasury transactions.**

⁶ Bilaspur, Dharamsala and Reckong Peo.

⁷ Bilaspur: 15 cases (Rs 0.23 lakh), Dharamsala: 68 cases (Rs 0.74 lakh) and Reckong Peo: 5 cases (Rs 0.09 lakh).

- **The Department may also formulate a system for checking correctness of data being received from its treasuries in the field so that it may be utilised for management information system and decision-making.**

- **The Department should formulate a well defined password policy, data back-up policy and a disaster recovery plan.**