

---

---

**CHAPTER-IV**

**AUDIT OF TRANSACTIONS**

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

**Housing and Urban Development Department**

**4.1 Unfruitful expenditure**

**Non-assessment of actual requirement of shopping complex for Kullu town by HIMUDA resulted in unfruitful expenditure of Rs 25.09 lakh on 6 unsold halls**

To develop Kullu town in a planned manner, a shopping complex was constructed (December 2002) by Himachal Pradesh Housing and Urban Development Authority (HIMUDA) at a cost of Rs 2.13 crore.

Test-check (February 2005) of the records of HIMUDA and further information obtained (February 2007) revealed that six out of seven commercial halls in the shopping complex (construction cost: Rs 25.09 lakh and reserve sale price: Rs 92.66 lakh) could not be sold as of June 2007.

The Chief Executive Officer-cum-Secretary (Secretary) HIMUDA stated (February 2005-June 2007) that the halls could not be sold as the shopping complex was much bigger than the actual requirement in a small town like Kullu and that there may not be adequate demand. HIMUDA has now proposed to convert these halls into shops and hold auction after completion of conversion work. Reply of the Secretary confirms that the construction of the commercial halls was done without assessing the actual requirement and without specified purpose, rendering the expenditure of Rs 25.09 lakh unfruitful.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

**4.2 Excess payment**

**Payment of energy charges for water pumping supply scheme at commercial rates by HIMUDA to HPSEB resulted in excess payment of Rs 27.52 lakh**

To provide potable water supply for domestic and commercial purposes, HIMUDA set up a water pumping supply scheme (WPSS) at Parwanoo.

Energy to WPSS is provided by Himachal Pradesh State Electricity Board (HPSEB), which had notified different and lower tariff for energy supplied to Government managed WPSS than that for other commercial consumers.

Test-check of the records of HIMUDA (March 2006) and further information obtained (February-May 2007) revealed that energy charges had been paid (December 2002 to December 2006) at commercial rates against four Water Pump Houses<sup>1</sup> instead of paying at concessional rates prescribed for Government establishments. This resulted in excess payment of Rs 27.52 lakh.

At the instance of audit, the Executive Engineer (EE), HIMUDA referred (September 2006) the case to HPSEB and the Commercial Officer, HPSEB issued instructions (October 2006) for charging rates applicable to Government establishments. Had HIMUDA been more vigilant, the overpayment of Rs 27.52 lakh to HPSEB could have been avoided. Adjustment or refund of the excess payment of Rs 27.52 lakh to HPSEB is still (June 2007) awaited.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

**Tourism and Civil Aviation and Forest Farming and Conservation Departments**

**4.3 Unfruitful expenditure on construction of boating lake**

**Inadequate planning by the Department for the construction of boating lake in Saurabh Kalia Van Vihar, Palampur in Kangra district resulted in unfruitful expenditure of Rs 29.31 lakh and blocking of Rs 27.34 lakh**

To promote youth welfare and eco-tourism activities, the GOI sanctioned (March 2002) a project “Creation of boating lake in Saurabh Kalia<sup>2</sup> Van Vihar, Palampur” at a cost of Rs 49.69 lakh<sup>3</sup>. The project was to be executed by the Forest Department through Divisional Forest Officer (DFO), Palampur and completed by October 2004. On completion it was to be managed by Eco-Tourism Society. Due to inclusion of new items of work in the project, its cost was revised by the DFO (May 2003) to Rs 89.69 lakh to be shared by the GOI (Rs 84.73 lakh) and the State Government (Rs 4.96 lakh).

---

<sup>1</sup> K<sup>4</sup> 1 Clear Water Pump House; K<sup>3</sup> 2 Raw Water Pump House Kamli; WSI Sector-5 Pump House Parwanoo; PL<sup>2</sup> 3 Sector-6 Pump House Parwanoo.

<sup>2</sup> A Kargil Martyr.

<sup>3</sup> Construction of boating lake, Chowkidar’s hut, rain shelter, Cafeteria, street lights, etc.

Test-check of records of the Commissioner-cum-Director, Tourism and Civil Aviation (Commissioner) revealed (November 2006) that an amount of Rs 52.41 lakh (GOI Rs 47.45 lakh and State Rs 4.96 lakh) was released (March 2002 to July 2003) to the DFO, Palampur. The DFO incurred an expenditure of Rs 29.31 lakh upto March 2007 on various components of the project.

Despite the Commissioner's direction (May 2005) to defer the construction of certain components like cafeteria, musical fountain, etc., due to non-receipt of approval from GOI, the DFO went ahead with the project. In fact, the DFO proposed (February 2006) another revised estimate for Rs 74.58 lakh exclusively for the construction of lake and walking trail for which administrative approval was accorded (February 2006) by the Commissioner without obtaining revised sanction of the project from the GOI.

In the meantime the Principal Secretary (Tourism) ordered (May 2006) that no funds be released for the construction of lake unless Eco-Tourism Society was constituted to take care of the project. Since then, further execution of the project was held up as of April 2007. Rupees 27.34 lakh (including interest of Rs 4.24 lakh) and material costing Rs 5.56 lakh were lying unutilised with the DFO. The implementation of the project by the Department of Tourism and Civil Aviation is indicative of adhocism and improper planning, which had rendered the entire expenditure of Rs 29.31 lakh as unfruitful.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

<b>Finance Department</b>
---------------------------

<b>4.4 Overpayment of pensionary benefits</b>
---

<b>Overpayment of pensionary benefits aggregating Rs 55.33 lakh was made by Treasury Officers/Sub-Treasury Officers/Banks</b>
---

Financial rules provide that the Treasury Officer should satisfy himself that the amount of pension paid is as per the authorisation in the pension payment order (PPO).

Test-check of records (2006-07) in 11 district treasuries and eight sub-treasuries revealed overpayment of pension and family pension to the extent of Rs 55.33 lakh in 326 cases pertaining to the period January 1998 to January 2007. The overpayment was due to non-observance of instructions such as reduction in family pension after the prescribed period, reducing commuted value of pension, etc., given on the PPO; (**Appendix-XX**).

On this being pointed (2004-05 to 2005-06) out, Rs 5.82 lakh was recovered (June 2006-March 2007). Non-adherence to the prescribed financial procedure by the Treasury Officers/Sub-Treasury Officers/Banks thus resulted in overpayment of Rs 55.33 lakh.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

## **Irrigation and Public Health Department**

### **4.5 Infructuous expenditure on Lift Irrigation Schemes**

#### **Lack of proper planning by the Department to revive the defunct LISs, Kiani, Rajnagar and Udaipur in Chamba district rendered an expenditure of Rs 78.37 lakh infructuous**

➤ Two<sup>4</sup> Lift Irrigation Schemes (LISs), designed to irrigate cultivable command area (CCA) of 155.89 hectares of land but submerged in the reservoir of Chamera Hydroelectric Project Stage-I in Chamba district, were rehabilitated in May-June 2005 at a cost of Rs 49.28 lakh<sup>5</sup>. Further, Rs 8.95 lakh was incurred on operation and maintenance of the schemes upto August 2007.

Test-check (March 2005) of records of Salooni division and further information collected from the division (August 2007) revealed that provision for remodelling of distribution systems of the defunct schemes was not made in the estimates for rehabilitation of both the schemes. Further the division commissioned (June 2005) the schemes and provided irrigation to 0.54 *per cent* CCA around the main distribution tank. No irrigation could be provided to remaining CCA for want of remodelling of the distribution system of the schemes. Failure of the Department to make provision for the remodelling of distribution system in the estimate resulted in non-provision of irrigation to 99.46 *per cent* CCA of both the schemes as of August 2007.

The EE admitted the facts and stated (December 2006) that the working estimates for remodelling of the defunct distribution systems were still under process of approval. The reply of the EE confirms the failure of the Department in proper planning of the recommissioning of the schemes, which resulted in infructuous expenditure of Rs 58.23 lakh, besides depriving the beneficiaries of the intended benefits.

➤ The LIS, Udaipur, designed to irrigate 29.45 hectares CCA became defunct due to change in the course of the river Ravi and reduction in water

<sup>4</sup> LIS, Kiani: 102.02 hectares and LIS, Rajnagar: 53.87 hectares.

<sup>5</sup> LIS, Kiani: Rs 23.46 lakh and LIS, Rajnagar: Rs 25.82 lakh.

level as a result of construction of a Hydroelectric Power project, on the upstream side of the river.

Test-check of records of Chamba division revealed (November 2006) that an expenditure of Rs 20.14 lakh had been incurred on the routine repair and maintenance<sup>6</sup> of LIS of scheme as of August 2007, though the scheme had become defunct and had not provided any irrigation after 1995. The infructuous expenditure still continued to be incurred on operation and maintenance, even though no benefits were accruing from the LIS as of August 2007.

The EE while confirming the facts stated (November 2006) that survey and investigation to rejuvenate the scheme was being conducted and proposal for restoration of the scheme was under consideration. The reply of the EE confirms that the scheme had not been restored despite lapse of a period of over ten years since it became non-functional. Thus, failure of the division to take timely action to restore the scheme has rendered the expenditure of Rs 20.14 lakh (August 2007) infructuous. Besides, the beneficiaries who had been requesting for the rejuvenation of the scheme, as intimated by the EE, were deprived of irrigation facilities on their land.

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

#### **4.6 Infructuous expenditure on Lift Water Supply Schemes**

##### **Expenditure of Rs 1.74 crore incurred on execution of two Lift Water Supply Schemes in Shimla district remained infructuous as pumping machinery was not installed**

To provide safe drinking water to the inhabitants of five villages in Shimla district, two<sup>7</sup> lift water supply schemes (LWSSs) were taken up in 2000-01 for completion by August 2003 and February 2004 respectively. While sanction was accorded for Rs 1.13 crore for the schemes, it was observed that detailed estimates were not prepared and technical sanction was not obtained for the works.

An expenditure of Rs 1.74 crore was incurred upto March 2005 (first scheme: Rs 0.39 crore) and November 2006 (second scheme: Rs 1.35 crore) on the

<sup>6</sup> Repair and maintenance: Rs 10.50 lakh; energy charges: Rs 5.26 lakh and watch and ward charges: Rs 4.38 lakh

<sup>7</sup> (i) LWSS for left out hamlets of census villages Nohan and Lakhoti approved (September 1999) by the Chief Engineer (South Zone) for Rs 0.25 crore.  
(ii) LWSS for left out hamlets of census villages Nehra, Kamalhi, Thund, etc., approved (March 2001) by the Financial Commissioner-cum-Secretary (I&PH) for Rs 0.88 crore.

construction of the schemes. The excess expenditure of Rs 0.61 crore was incurred out of regular budget of the division. It was further noticed that supply orders for the pumping machinery were placed (November 2002) on two firms for Rs 8.41 lakh. The pumping machinery was received (March 2003) against payment of Rs 7.40 lakh (about 90 per cent) but the machinery was awaiting installation as of May 2007. The EE did not intimate any cogent reasons for delay in installation of the pumping machinery and stated (May 2007) that the erection of the pumping machinery was in progress. Thus, the purpose of purchase of the pumping machinery was defeated despite an expenditure of Rs 1.74 crore till November 2006. Due to passage of time the working condition of the pumping machinery not installed for four years, cannot be guaranteed.

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

**4.7 Infertuous expenditure on augmentation of Flow Irrigation Scheme**

**Expenditure of Rs 15.06 lakh incurred on augmentation of Flow Irrigation Scheme, Thangi (Kinnaur district) was rendered infertuous as the work had been held up due to ill planning of the scheme**

Test-check of records of Reckong Peo division revealed (June 2006) that to provide irrigation to CCA of 50 hectares (Phase-II) of Thangi village (Kinnaur, a tribal district), augmentation of the existing Flow Irrigation Scheme (FIS) by constructing 4,005 metres long new *kuhl*, was taken up in July 2001. It was noticed that contrary to the instructions (March 1995) of the PAC to commence execution of the drinking water supply and irrigation schemes only from the source side (issued by E-in-C in March 1995), the construction of the *kuhl* was taken up by the division from tail end side and cutting work in 1478 metres length of the FIS was executed upto December 2004. At this stage, the inhabitants of Moorang village filed (December 2004) a petition in the court of Senior Judge, Kinnaur against the proposed tapping of water from Rakholang *nallah*, the source of the *kuhl* (Phase-II), on the plea that it would result in shortage of water for their use. The work was held up (August 2007) pending settlement of the dispute.

Audit observed that:

- The Department had not been able to convince the inhabitants about the availability of sufficient water at the source inspite of the survey report.

- The work was not inspected by any higher authority above the level of the Assistant Engineer.
- Permission of the competent authority to start execution from tail end side was not taken by the EE.

The EE confirmed (June 2006) the facts.

Had the instructions of the PAC been followed and work started from source side, the objection from inhabitants of Moorang village would have come up at the initial stage and thus, the infructuous expenditure of Rs 15.06 lakh could have been avoided.

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

#### **4.8 Infructuous expenditure on construction of tubewell**

##### **Improper planning of execution of tubewell for irrigation resulted in infructuous expenditure of Rs 27.59 lakh**

To irrigate 36 hectares of land, construction of a tubewell at Thanger (Dhan-III), stipulated to be completed in one and a half years was taken up for execution by the EE, Jawali division against the approved working estimates of Rs 39.30 lakh. The work also envisaged acquiring of land for the laying of rising main of the scheme. The technical sanctions for mechanical works (Rs 12.57 lakh) and Civil works (Rs 26.73 lakh) were approved during 1999. The five sub works were awarded to various contractors at tendered cost of Rs 25.30 lakh between March 1999 and October 1999. Expenditure of Rs 27.59 lakh (70 per cent) was incurred by the division upto October 2000, after which the work was stopped (October 2000), as the land owners did not allow laying of rising main through their land.

Test-check of records of Jawali division revealed (December 2006) that the private land coming in the alignment of the rising main of the scheme had not been acquired despite provision in the approved estimate. Action to acquire the land by issue of notification under Section 4 of the Land Acquisition Act was initiated only in December 2005, but, acquisition was not finalised and the work could not be resumed as of June 2007. The pumping machinery was not installed even after a lapse of seven years. Meanwhile the warranty expired. The work of providing the power connection to the tubewell had also not been taken up (August 2007).

The EE stated (June 2007) that initially the land owners had agreed to provide their land free of cost for the execution of scheme but later on created dispute

and stopped the work. Evidently, failure of the EE to get the land transferred in the name of the department immediately after the landowners had agreed to provide land free of cost resulted in denial of the intended irrigation facility to the beneficiaries rendering the expenditure of Rs 27.59 lakh as infructuous. Besides, due to time overrun of seven years, the cost escalation of the irrigation scheme and possibility of deterioration of the machinery and the work done cannot be ruled out.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

#### **4.9 Underutilisation of irrigation potential**

##### **Irrigation potential of two lift irrigation schemes constructed and maintained at a cost of Rs 1.35 crore was grossly underutilised**

To augment agricultural production and income of farmers, construction of two lift irrigation schemes<sup>8</sup> to provide irrigation facility to CCA of 136.50 hectares of Sadar tehsil in Mandi district were completed (February and March 2004) at a cost of Rs 1.27 crore. Further Rs 0.08 crore had been incurred on the running and maintenance of the schemes during 2004-07.

Test-check of records of Baggi division (Mandi district) revealed that against the targeted provision of irrigating 136.50 hectares of CCA, an average area of 8.25 hectares (*Rabi* crop) and 13.56 hectares (*Kharif* crop) of land was actually irrigated during 2004-07. Utilisation of irrigation potential created in these schemes ranged between zero and 11.15 *per cent* per crop during 2004-07.

The EE attributed (February-June 2007) underutilisation of irrigation potential of the schemes mainly to less demand of water for irrigation from the beneficiaries as a result of adoption of old cropping pattern. The reply of the EE confirms that the schemes were taken up without sufficient justification.

Taking up the execution of these schemes without ascertaining the demand and failure to educate the farmers for making optimum use of available irrigation facility thus resulted in underutilisation of the schemes. Consequently, the expenditure of Rs 1.35 crore on construction and maintenance of these schemes had largely remained (upto March 2007) unfruitful.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

---

<sup>8</sup> LIS, Jallah and LIS, Kangroo-Padharoo.



---

---

**4.10 Infertuous expenditure on augmentation of Lift Water Supply Scheme**

**Failure of the Department to acquire land for laying rising main before starting execution of augmentation of lift water supply scheme, resulted in infertuous expenditure of Rs 30.34 lakh**

To provide drinking water facility to 1,941 persons of Barin, Lehra, Khalin and Daril (Darkoul) villages of Mandi district, augmentation of lift water supply scheme, Barin was taken up (March 2001) for completion by March 2004.

Test-check (January 2007) of the records of Sarkaghat division revealed that the work could not be completed due to objection from the landowners on laying of the rising main through their land. Meanwhile Rs 30.34 lakh was incurred upto May 2004. The landowners also filed (December 2003) a suit and further execution of the work was stayed (December 2003).

The EE stated (July 2007) that there was no objection from the land owners at the time of starting the execution of the scheme and that the landowners were already getting water from the existing scheme. The reply is not acceptable, as the Department should have ensured clear title of the land before taking up the scheme. No reasons were given for non-acquisition of land. The EE further stated that notification for the acquisition of the private land had been issued (June 2007) by the Government. The reply confirms the absence of proper planning for the execution of the scheme. As a result, the expenditure of Rs 30.34 lakh proved infertuous.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

---

---

**4.11 Wasteful expenditure on construction of Flow Irrigation Scheme**

**Poor planning of the Department in taking up Flow Irrigation Scheme, Kaurik (Lahaul and Spiti district) in danger zone of floods resulted in wasteful expenditure of Rs 65.43 lakh, as the scheme was washed away due to increase in discharge of Parchu lake**

Flow Irrigation Scheme, Kaurik, designed to irrigate 41 hectares of land and estimated to cost Rs 36.17 lakh was technically sanctioned (July 2002) for Rs 31.84 lakh. The scheme taken up for execution (December 2002) was in progress till July 2004, after incurring an expenditure of Rs 30.76 lakh (85 *per cent*) of the estimated cost.

Test-check of the records of Kaza division (Lahaul and Spiti district) revealed (October 2006) that during execution of the scheme, a flash flood occurred

(July 2004) in Parchu *nallah*<sup>9</sup> due to increase in the inflow of Parchu lake, which washed away the head-weir and a part of the channel. It was further observed that similar flash flood had occurred earlier in 2000 in the same *nallah* due to the same reason in which more than 200 people were killed and heavy loss of private and Government property was caused. The division, despite prior knowledge of floods and loss of lives, however, restored the damages and commissioned the scheme (June 2005) at a cost of Rs 34.67 lakh. However, another flash flood occurred (June 2005) and completely damaged the head works, the initial 1500 metres length of the channel and the entire CCA.

The EE stated (January 2007) that floods in Parchu *nallah* was a natural catastrophe, unpredictable and beyond human imagination. The reply is not tenable, as prior knowledge of flash floods and loss of lives in 2000 and July 2004 should have been an eye opener to the division. Even after the floods of July 2004, the perception of threat had continued. In view of the persisting threat of the floods, action of the division to design the scheme initially at the site which fell in danger zone and again to restore it after flash flood of July 2004 was not justified. Thus, ill planning of the Department put the State Government to loss of Rs 65.43 lakh.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

**4.12 Delay in execution of tubewell based irrigation scheme for Harijan Basti**

**Lack of proper planning by the Department for the execution of tubewell based irrigation scheme, delayed the delivery of intended benefits to the Harijan Basti, Gangath (Kangra district) besides resulting in infructuous expenditure of Rs 48.52 lakh**

To provide irrigation to CCA of 64 hectares land of Harijan Basti, Gangath (Kangra district), two tubewell based irrigation schemes were approved for completion by March 2002. However, due to paucity of funds, scheme could be taken up for execution (January 2003-January 2006) when the funds were arranged from NABARD.

Test-check (November 2006) of records of Indora division revealed that only the drilling and development works of both the schemes were completed

---

<sup>9</sup> A tributary of the Satluj river. Parchu is an artificial lake in Tibet. It is 60 metres deep and has a total area of 230 hectares with 114 million cubic metres of water capacity. Outbursting of this lake has been posing a serious threat since the year 2000 to lives and private/Government property located in the danger zone along Satluj river. The discharge of the lake has been increasing due to melting of the glaciers.

(July 2005 and April 2006) respectively after incurring an expenditure of Rs 25.25 lakh. It was noticed that the remaining key components (laying of rising main, distribution system and providing/execution of pumping machinery) of the works were still in progress and Rs 48.52 lakh<sup>10</sup> had been incurred as of May 2007.

The EE stated (May 2007) that the execution of work was delayed due to time taken in designing and seeking approval and resolving the objections of the farmers.

The reply indicates lack of proper planning in timely arrangement of funds and execution of key components of the two schemes.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

#### **Multipurpose Projects and Power Department**

#### **4.13 Non-reimbursement of expenditure**

#### **Expenditure beyond the norms resulted in extra burden of Rs 1.30 crore on the State**

The Union Ministry of Non-Conventional Energy Sources (Ministry) and the State Government took up execution of Hilly Hydro Electric Demonstration Projects. Himachal Pradesh Energy Development Agency (HIMURJA) was the executing agency for this project, which was to be shared on a 50:50 cost basis by the Ministry and the State Government.

Test-check of records (July 2005) revealed that against the admissible expenditure of Rs 18.32 crore as per the norms of the Ministry, HIMURJA incurred Rs 20.93 crore on the project. Thus, the Ministry reimbursed only Rs 9.16 crore. This resulted in extra burden of Rs 1.30 crore on the State Government.

The Director, HIMURJA stated (December 2006) that the excess expenditure over the estimates was due to site conditions, which could not be apprehended and that the balance amount above the norms of the Ministry, had been met out of State Government budget. The reply is not tenable, as Rs 77.41 lakh was incurred in excess on 'Miscellaneous expenditure' (Salary, POL, Insurance, etc.) of the project which has nothing to do with the site conditions. This expenditure was to be kept at the minimum as per the directions of the Ministry. Further, the site conditions aspect should have been taken into

<sup>10</sup> Expenditure on drilling and development: Rs 25.25 lakh and other components, such as, rising main, distribution system and providing and erection of pumping machinery: Rs 23.27 lakh.

account when technical sanction was obtained and Ministry approval taken. As a result the State had to bear extra burden of Rs 1.30 crore.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **Planning Department**

#### **4.14 Mismanagement of funds**

#### **Absence of planning for execution of works and their non-monitoring by the DC had resulted in mismanagement of available funds amounting to Rs 68 lakhs**

The State Government sanctioned (June 1999) Rs one crore out of Sectoral Decentralised Planning (SDP) funds to the Deputy Commissioner (DC), Kullu for construction of parking place, flood protection works and land reclamation on 1.9643 hectares of land near the slaughter house in Manali-III forest.

Test-check (January-February 2007) of records of DC Kullu revealed that out of Rs One crore, the DC released (June 1999) Rs 20.50 lakh and Rs 30 lakh to the Secretary, Nagar Panchayat (NP), Manali for construction of parkings at 'Octroi check post No. I' and at 'Fire Station' respectively. No design and detailed estimates were prepared for these works for obtaining technical sanction from competent authority.

Audit noticed that, out of Rs 20.50 lakh meant for construction of parking at Octroi check post, the Secretary, NP Manali spent only Rs five lakh on levelling of land when the Forest Department stopped the work (January 2003). Further, Rs 4.61 lakh was diverted (2001-02) for construction of parking at Hidimba temple without approval of the DC and Rs 10.89 lakh for metalling and tarring of roads in Manali town without any provision.

The construction of the parking at the fire station was completed out of Rs 30 lakh released for the purpose.

An amount of Rs 5 lakh was released (February-June 2002) to Sub-Divisional Officer (Civil), Manali for site levelling for parking at Manali, without specifying the location. Balance amount of Rs 44.50 lakh was released (December 2002) to EE, (I&PH) Division No. I, Kullu for providing flood protection works, land reclamation and development of parking at slaughter house, Manali. The SDO (Civil), Manali spent (2002-03) Rs five lakh released to him on levelling of land for parking at slaughter house in Manali-III forest without verifying the title of the land. The work was stopped (January 2003) by the Forest Department as the land was part of Manali-III forest.

Out of the funds of Rs 44.50 lakh released to the EE, I&PH Division No. I, Kullu, Rs two lakh were spent on payment for consultancy work to Senior Research Officer, Central Water and Power Research Station, Pune and the unutilised amount of Rs 42.50 lakh was refunded (January 2004) to DC Kullu after retaining it for two years. Thereafter, DC Kullu further released (September 2005) this amount to Secretary, NP Manali for providing flood protection work and development of parking at Manali. The entire amount of Rs 42.50 lakh also was lying unutilised (February 2007) with the Secretary, NP Manali.

The District Planning Officer stated (February 2007) that the issues relating to acquisition of land and grant of technical sanction related to the State Government. The Secretary, NP Manali stated (February 2007) that the funds were diverted due to dispute of site as the land belonged to Forest Department and the Forest Department had stopped the work.

The replies confirm the audit contention that the DC Kullu had not ensured acquisition of land and obtaining of proper design and detailed estimates before release of funds. Thereafter, neither the State Government nor the DC had monitored the utilisation of funds.

Thus, absence of planning for execution of works and their non-monitoring by the DC had resulted in mismanagement of available funds which included wasteful expenditure of Rs 10 lakh on levelling of land belonging to Forest Department, Rs 15.50 lakh on diversion of funds, retention and non-utilisation of funds amounting to Rs 42.50 lakh for almost five years.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **Public Works Department**

#### **4.15 Infertuous expenditure on construction of roads**

#### **Expenditure of Rs 3.98 crore incurred on construction of two roads in Spiti Valley remained infertuous as the roads could not be opened for vehicular traffic due to loose strata and glacier points in the way**

To provide motorable road to the tribals of Spiti Valley, two roads-one from Komic to Demul (18 kms) and another from Tenzit to Hikkam (13 kms) (Lahaul and Spiti district) were constructed (September 2000 and September 2001) at a cost of Rs 2.96 crore against the estimated cost of Rs 2.06 crore. An additional expenditure of Rs 1.02 crore was also incurred on these roads on improvement (Rs 0.81 crore) and repair and maintenance (Rs 0.21 crore) between September 2000 and October 2006.

Test-check of the records of Kaza division revealed (October 2006) that both the roads were constructed without obtaining technical sanction and had not

been opened for vehicular traffic (August 2007) due to loose strata and glacier points in the way. While Komic-Demul road was damaged at various reaches as a result of loose strata of soil and glacier points in the alignment of the road, the width of Tenzit-Hikkam road had been reduced from the standard width of 5-7 metres to 3-4 metres between km 5/215 and 5/420 km due to land slides.

The EE, Kaza while admitting the facts, stated (October 2006) that the detailed estimate for restoration of the work would be prepared in near future and technical sanction obtained. The reply confirms that the road work was taken up without conducting adequate survey and investigation of the strata and obtaining prior technical sanction to the detailed estimates. Besides, no provision for survey existed in the estimate and suitable protective measures to strengthen the unstable strata had also not been provided for. Failure to do so, rendered the entire expenditure of Rs 3.98 crore incurred on the roads infructuous.

The audit findings were referred to the Government in February 2007. Reply had not been received (August 2007).

#### **4.16 Infructuous expenditure on incomplete road works**

##### **Failure of the Department to acquire private/forest land before taking up construction of five roads resulted in infructuous expenditure of Rs 1.70 crore**

Test-check of five divisions<sup>11</sup> revealed (June-December 2006) that five<sup>12</sup> road works were taken up for construction without obtaining technical sanctions and acquiring the private/forest land falling in the alignment of the roads at different patches. During execution of these roads, the land owners objected to the construction of roads through their private land. Consequently, these works were held up since March 2005 and August 2006 after incurring an expenditure of Rs 1.70 crore. These roads were to provide link road facility to the residents of villages to carry their agriculture/horticulture produce to the market. Delay in individual cases from the stipulated date of completion upto March 2007 ranged between 24 and 120 months. These works included two works<sup>13</sup> relating to Pradhan Mantri Gram Sadak Yojna (PMGSY) under which land free from encumbrances was to be ensured by the Department.

---

<sup>11</sup> Arki (Solan district); Bharmour and Salooni (Chamba district); Kullu II (Kullu district) and Kumarsain (Shimla district).

<sup>12</sup> (i) Shallaghat-Khair-ki-Ghatti-Jalana road in Arki division (1995-1996); (ii) Sathli-Chobia road in Bharmour division (July 1999); (iii) Ramshilla-Lurikot via Neoli Tharman road in Kullu-II division (1995-1996); (iv) Link road to village Bargal in Kumarsain division (November 2004) and (v) Pukhri to Bhumni road in Salooni division (November 2002).

<sup>13</sup> Link road to village Bargal (Kumarsain) and link road from Pukhri to Bhumni (Salooni)

The concerned EEs stated (June-July 2007) that the land owners did not object to the construction of the roads at the time of starting the execution but raised objections when the works were in progress. It was further stated that though notification to acquire the land in respect of three roads<sup>14</sup> had been issued (October 2003 to June 2006), awards were yet to be finalised. Action to issue notification for acquisition of land in respect of remaining two roads had not been taken as of July 2007. Replies of the EEs indicate that the land acquisition proceedings were not initiated before taking up execution of the roads as required under the provision of the Land Acquisition Act and PMGSY. It was further noticed that provision for land acquisition was also not made in the estimates of three<sup>15</sup> works.

Thus, failure of the EEs to comply with the pre-requisite formalities before taking up the works resulted in an expenditure of Rs 1.70 crore remaining infructuous as the villagers remained deprived of the intended benefits.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

#### **4.17 Infructuous expenditure on construction of road and bridges**

##### **Lack of proper planning by the Department resulted in infructuous expenditure of Rs 5.61 crore on construction of Marhi-Kamlah-Tihra-Sandhole motorable road**

Based on a re-estimate survey the estimate for the construction of 45.5 kms Marhi-Kamlah-Tihra-Sandhole motorable road including a 55 metre span bridge (Mandi district) was approved by the Commissioner-cum-Secretary (PWD) for Rs 7.15 crore and completion by March 2001.

Test-check (August 2006) of records of Dharampur division revealed that an expenditure of Rs 8.54 crore<sup>16</sup> had been incurred on the construction of 46.655 kms road in patches and two bridges upto March 2005. The two bridges (other than one provisioned in the estimate) were constructed without any provision therefor in the approved estimate. It was also noticed, that, only 20.230 kms road in two<sup>17</sup> patches had been opened for traffic as of August 2007. Remaining 26.425 kms road (costing Rs 3.83 crore) and two bridges (costing Rs 1.78 crore) could not be opened for traffic mainly due to non-construction of the road in continuous reach, non-construction of culverts

<sup>14</sup> (i) Sathli-Chobia motorable road (Bharmour division); (ii) Ramshilla to Lurikot via Neoli Tharman road (Kullu-II division) and (iii) Link road to village Bargal (Kumarsain division).

<sup>15</sup> (i) Sathli-Chobia motorable road (Bharmour division); (ii) Link road to village Bargal (Kumarsain division) and (iii) Link road from Pukhri to Bhumni (Salooni division).

<sup>16</sup> Construction of 46.655 kms road in patches: Rs 6.76 crore and two bridges at km 43/2 and km 52/6: Rs 1.78 crore.

<sup>17</sup> From km 0/0 to 10/0 and 21/0 to 31/230.

and a 16.75 metre span bridge at km 35/400. The 55 metre span bridge initially proposed in the estimate was not required as per revised estimate. Revised estimate for Rs 3 crore for the execution of remaining components and proposal to extend the road upto km 54/400, sent to the SE in March 2006 is yet to be approved (August 2007).

Thus, non-construction of the road in a continuous reach, non-provision of the culverts and bridge at km 35/400 in the original estimate and execution of work without a detailed survey and technical sanction indicated absence of proper planning which resulted in infructuous expenditure of Rs 5.61 crore incurred on unutilised road and the two bridges. There was also time overrun of 77 months as of August 2007. Besides, Rs 1.39 crore<sup>18</sup> was irregularly incurred in excess of the approved estimated cost without specific budget provision and approval of competent authority.

The EE stated (August 2007) that the work was taken up in intermittent reaches due to land dispute and paucity of funds. Reply is not tenable, as there was no paucity of funds because Rs 1.78 crore was incurred by the division on the construction of two bridges, which were not provided for in the estimates. As regards non-provision for the construction of two bridges in the original estimate, the EE stated that provision could not be made due to an oversight.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **4.18 Infructuous expenditure on construction of roads**

##### **Expenditure of Rs 3.89 crore incurred on construction of Gurukund-Talli road in Solan district and Luna-Ohra road in Chamba district proved infructuous due to non-construction of bridges at take off point**

➤ A 12.2 kilometres long road from Gurukund to Talli road was approved (March 2004) by the GOI under Pradhan Mantri Gram Sadak Yojna (PMGSY) for Rs 1.65 crore. The road was taken up for construction (January 2005) and was completed (December 2005) at a cost of Rs 1.55 crore.

Test-check of the records of Nalagarh division revealed (February 2007) that due to non-construction of a 30 metre span bridge at the take off point, the road could not be opened for vehicular traffic. The E-in-C observed (February 2006) that the road could not be put to use unless a pre-stressed concrete bridge at take off point is constructed over Chikni *khad* at RD '0/080'. It was however, noticed that this issue was not addressed, when the proposal of the road under PMGSY was got approved (March 2004) from the

---

<sup>18</sup> Actual expenditure (Rs 8.54 crore) minus estimated cost (Rs 7.15 crore) =Rs 1.39 crore.



GOI. Fact is that there was no provision for construction of bridges above 25 metre span under PMGSY. The construction of bridge had, however, not been taken up as of February 2007.

The EE stated (July 2007) that detailed project report had been sent (April 2007) to the Chief Engineer for according necessary administrative approval and expenditure sanction and the bridge would be taken up for execution on receipt of funds. Thus, lack of proper planning by the Department rendered the expenditure of Rs 1.55 crore incurred on the construction of the unutilised road, infructuous.

➤ Conversion of existing 2.75 metres Luna-Ohra jeepable road to 5-7 metres motorable standard road in the initial five kilometres length (km 0/0 to 5/0) was approved (September 2000) by the Resident Commissioner, Bharmour for Rs 51.62 lakh. The conversion work, stipulated to be completed in three years, was taken up for execution in May 2001. The motorable road in a total length of 5.326 kms had been constructed upto November 2006 after incurring an expenditure of Rs 1.58 crore.

Test-check of records of Bharmour division revealed (December 2006) that:

- the work was taken up without technical sanction,
- expenditure of Rs 1.06 crore was incurred over and above the estimated cost,
- the road could not be opened for traffic as bridge at take off point had not been provided for in the project,
- no census of traffic density on the motorable road was conducted to justify the need for conversion of jeepable road to motorable road.

Delay in execution of work and excess expenditure of Rs 1.06 crore over the estimated costs were attributed (August 2007) by the EE to paucity of funds. The EE also stated that the revised estimate would be prepared after completion of the work. The contention is not acceptable, as no detailed estimate or technical sanction was obtained. Further action to revise the estimate should have been initiated soon after the necessity was noticed. The fact remains even after an expenditure of Rs 1.58 crore, the road could not be made operational due to non-construction of bridge at the take off point, rendering the expenditure infructuous. Earlier, the existing jeepable road, which was completed (November 1999) at a cost of Rs 76.03 lakh could also not be put to use for the same reason.

Thus, failure of Department to obtain technical sanction and synchronise the construction of the road and the bridge and also non-preparation of revised estimate of the road is indicative of defective planning of works which has rendered the expenditure on construction of the road largely infructuous.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

#### **4.19 Infructuous expenditure on incomplete foot bridges**

##### **Defective planning in the construction of foot bridges on Kunah and Salashi khads (Hamirpur district) resulted in infructuous expenditure of Rs 38.43 lakh**

The Deputy Commissioner, Hamirpur sanctioned and released Rs 25 lakh (December 2000) and Rs 6 lakh<sup>19</sup> (April 2002) to the EE, Hamirpur division for the construction of foot bridges over Kunah *khad* and Salashi *khad* respectively under the head 'Sectoral Decentralised Planning' (SDP). As per SDP guidelines, the works were required to be completed within one year. Technical sanctions for sub-structures of the two bridges were accorded<sup>20</sup> (September 2002 and December 2002). Whereas construction of sub-structure of Salashi bridge was completed (July 2004) for Rs 13.53 lakh, that of Kunah bridge was completed (June 2005) for Rs 24.90 lakh.

Test-check (September 2006) of records of Hamirpur division revealed:

- After completion of the sub-structures, (June 2005) execution of super-structures and approaches was yet to be taken up as of July 2007.
- Detailed estimates for super-structures of the two bridges were sent by the EE, Hamirpur to the SE for approval (July 2005 and May 2006). Approval of the SE has not been received as of March 2007.
- Due to non-construction of super-structure, the expenditure of Rs 38.43 lakh had been rendered infructuous.

The EE stated (February 2007) that estimate amounting to Rs 31.18 lakh for the construction of super-structure of Kunah *khad* bridge had been sent to the DC, Hamirpur in July 2005 for arranging funds. As regards construction of super-structure of Salashi *khad* bridge, the EE stated that the administrative approval and expenditure sanction of Rs 27.29 lakh had been received (February 2007) and that tenders were being invited to execute the work shortly.

---

<sup>19</sup> Actual amount released: Rs 5.96 lakh.

<sup>20</sup> Kunah bridge: Rs 17.05 lakh and Salashi bridge: Rs 9.81 lakh.

Reply of the EE confirms defective planning as adequate funds were not ensured before taking up the works and designing the complete structure of the bridge. The splitting of the work will also result in time overrun and consequently, cost overrun. Thus, the purpose for which the work was sanctioned was defeated.

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

#### **4.20 Infertuous expenditure on incomplete building of Kala Kendra**

##### **Failure of the Department to obtain complete drawings before start of work delayed the construction of Kala Kendra building at Kaza in Lahaul and Spiti for more than 30 months**

To promote cultural activities and to facilitate celebration of the State level Ladercha fair, construction of a Kala Kendra (cultural centre) building at Kaza in Lahaul and Spiti (Tribal District) was approved (October 2001) for Rs 44.77 lakh by the Additional Deputy Commissioner, Kaza. The work was stipulated to be completed by October 2004.

Test-check of the records of Spiti division at Kaza (October 2006) revealed that execution of the structure was taken up in August 1999 in anticipation of administrative approval, expenditure sanction and technical sanction. The building was constructed upto the roof-beam level as of September 2004 after spending Rs 13.40 lakh (30 per cent). In addition, Rs 11.57 lakh relating to this work were diverted to other works<sup>21</sup>. Further execution was suspended due to non-availability of the structural drawings from the CE (South Zone) for the roof, beams and trusses. It was further noticed that technical sanction had not been obtained as of August 2007.

The EE while admitting the facts, stated (March 2007) that the drawings for the remaining work of the building called for (July 2004) from the CE were still awaited. Thus, the failure of the Department to obtain complete drawings before start of work rendered the expenditure of Rs 13.40 lakh unfruitful. Besides, the diversion of Rs 11.57 lakh to other works has resulted in incorrect depiction of utilisation of funds allotted for the work of Kala Kendra. Thus, despite a lapse of 30 months, the purpose for which Kala Kendra was sanctioned was not achieved.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

<sup>21</sup> Outdoor stadium, Kaza (Rs 7.77 lakh) and other general repair and maintenance (Rs 3.80 lakh).

---

---

**4.21 Infertuous expenditure on construction of a helipad**

**Non-handing over of the completed helipad at Satrundi in Chamba district to the Tourism and Civil Aviation Department led to infertuous expenditure of Rs 30.09 lakh on its construction**

The State Tourism Department, without any request from the Union Home Ministry or Defence Ministry, constructed (June 2003) a helipad at Satrundi (Chamba district) at a cost of Rs 30.09 lakh to provide unhindered and quick access to the army and police authorities to the bordering areas of Tissa, Bairagarh and Sanwal of Chamba district through helicopter service. Funds amounting to Rs 39.80 lakh were routed through the Deputy Commissioner (DC), Chamba for release to Chamba division as deposit for the construction of the helipad. The work was completed (June 2003) at a cost of Rs 30.09 lakh through five contractors after splitting the work into 19 agreements. Works of providing fencing and construction of toilets though included in the scope of work, were not executed, as the helipad was situated at a high altitude where these structures would not withstand heavy snow fall as intimated by the EE. Detailed estimates to obtain technical sanction were not prepared.

Test-check (December 2006) of records of Chamba division revealed that the sanction letter did not mention the final custodian of the helipad on its completion. It was further noticed that neither the Tourism Department had bothered to monitor the completion and taking over of the helipad, nor had the division taken any steps to hand it over for four years.

On this being pointed out (December 2006) by audit, the EE requested (January 2007) the Director, Tourism and Civil Aviation to take over the possession of the helipad who in turn requested (February 2007) DC Chamba to take over its possession.

The EE, Chamba division intimated (June 2007) that inspite of pursuance of the matter regarding handing over of helipad with the DC, Chamba/State Tourism Department, nothing concrete had come out.

**Thus, construction of the helipad without ascertaining the requirement of any of the concerned departments led to the investment of Rs 30.09 lakh remaining idle for about four years besides proving infertuous. Further, in the absence of technical sanction, for which detailed estimates had not been prepared, the possibility of the helipad not being to the desired standards and specifications cannot be ruled out. The likelihood of using the helipad is therefore remote, as it was constructed (June 2003) without ascertaining actual demand for it.**

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

---

---

**Undue favour to contractors/avoidable expenditure****Multipurpose Projects and Power Department****4.22 Undue favour to Non-Government Organisation****Undue favour to Non-Government Organisation in the construction and maintenance of micro-hydel project at Bara Bhangal in Kangra district**

Mention was made in paragraph 3.4.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2004 regarding delay in commissioning of micro-hydel project at Bara Bhangal in Kangra district. A further check (December 2006) of records revealed that a Shimla based Non-Government Organisation<sup>22</sup> (NGO) had offered to HIMURJA to construct a micro hydel project to electrify the area of Bara Bhangal at a cost of Rs 49 lakh. The NGO later on (July 2000) agreed to execute this project with their own funds without any financial assistance from HIMURJA/Himachal Pradesh Government. They further stated that helicopter, if available, may be provided for lifting of electro-mechanical equipment and penstock. The project was to be operated and maintained by a cooperative society of the beneficiaries to be trained by HIMURJA. The work was started by the NGO in July 2000 and was completed in August 2004.

Contrary to the commitment made by the NGO to execute the project free of cost, HIMURJA not only provided helicopter service free of cost to the NGO but also constructed helipad for exclusive use on the project for which an expenditure of Rs 25.72 lakh was incurred by it.

It was further seen that instead of forming a cooperative society of the beneficiaries and imparting training to them to operate and maintain the project, HIMURJA assigned the work of operation and maintenance of the project to a sister concern of the NGO and paid (September 2004 to February 2006) Rs 4.86 lakh to the firm. Neither records of energy generation and power supplied to the consumers had been maintained by HIMURJA nor any energy charges were recovered from the consumers.

Thus, HIMURJA extended undue favour of Rs 25.72 lakh to the NGO, though the project was free of cost. Further, assigning of the operation and maintenance of project to a sister concern of the NGO was also not as per the provisions of the approved project. Further, electricity was being provided free to the consumers without any authority by the NGO. No action was taken by HIMURJA to recover its cost. HIMURJA admitted the facts (November 2006).

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

---

<sup>22</sup> Sai Engineering Foundation, New Shimla-9.

## **Idle investment/blocking of funds/diversion of funds**

### **Planning Department**

#### **4.23 Diversion of MPLADS funds**

**Funds amounting to Rs 38.30 lakh under Member of Parliament Local Area Development Scheme were diverted by the Deputy Commissioner, Shimla in contravention of the provisions of the scheme**

The Members of Parliament Local Area Development Scheme (MPLADS) provides that the works to be undertaken shall be developmental in nature, based on locally felt needs. Construction of office, residential and other buildings relating to the Central or State Government departments, agencies or organisations, works within places of worship and memorials were not permissible under the scheme.

Test-check of records (March 2006) of DC, Shimla revealed that on the recommendations (January 2004-December 2005) of three MPs<sup>23</sup>, the DC sanctioned (July 2004 and January 2006) Rs 38.30 lakh for the construction of 11 Sarai Bhawans at religious places, renovation of one Kissan Bhawan, construction of two memorials named after individuals and five<sup>24</sup> other non-permissible works under the scheme. The action of the DC in authorising funds for construction of works not permissible under MPLADS was irregular and resulted in diversion of MPLADS funds of Rs 38.30 lakh.

The DC while admitting the facts, stated (February 2006) that MPLADS guidelines authorised the MPs to recommend works of their choice as per the demands of the area. The reply is not tenable, as the works sanctioned are not covered under the guidelines of the scheme.

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

#### **4.24 Injudicious release of funds**

**Failure of the DC, Mandi to adhere to the financial provisions and guidelines of MPLADS resulted in injudicious drawal and blocking of Rs 50 lakh for the construction of Bus Stand at Mandi**

The State financial rules provide that before taking up any work for execution, a properly detailed design and estimate should be prepared and administrative approval and technical sanction of the competent authority obtained. The

<sup>23</sup> One Lok Sabha and two Rajya Sabha MPs.

<sup>24</sup> Construction of Administrative Block and purchase of implements for a private Eye Hospital; Completion of Old Age Home, Salana; Repair of Rain shelter at Longwood; Construction of *Parisar*, Purana Jubbal Bhawan and Construction of office Block for Giri Vidya Gyan Jyoti Anathalya Trust, Kotkhai (Shimla District).

MPLADS guidelines further provide that the time limit for completion of works under the scheme should generally not exceed one year.

Test-check of records of the DC Mandi revealed (December 2006) that on the recommendations of a MP, the DC sanctioned (November 2003) Rs 50 lakh in contravention of the provisions of the scheme, for the construction of bus stand at Mandi without any estimate, administrative approval and expenditure sanction under MPLADS. The amount after its withdrawal was remitted (November 2003) through cheque to the Bus Stand Management and Development Authority (Authority). No work had been started as of June 2007 and the whole amount was lying unutilised in fixed deposits with the Authority.

The DC stated (May 2007) that the amount sanctioned for construction of Bus stand was diverted by the Board of Directors of Authority for the construction of Passenger Information Centre, to be part of new Bus Stand and that, an estimate for Rs 62 lakh had been prepared (December 2006) by the Authority for this purpose. The DC further stated that funds were required to be sanctioned within 45 days from the date of receipt of recommendations of the MP and that it was not practically possible to obtain approval of estimates in a short period. The reply is not tenable, as the DC neither prepared a proper detailed design and estimate nor the administrative approval and technical sanction of the competent authority was obtained before sanction of funds. This had resulted in injudicious drawal and blocking of Rs 50 lakh. Funds were sanctioned by the DC for a work not permissible under the MPLADS guidelines as it was not permissible to sanction funds for a commercial organisation. Moreover, change in the work from construction of bus stand for which, funds were initially sanctioned, to construction of Passenger Information Centre indicated that funds were drawn without any specific plan. Completion of the work within one year from the date of sanction had also not been ensured by the DC as envisaged in the MPLADS guidelines. The unutilised funds had also not been refunded by the Authority as of August 2007.

The audit findings were referred to the Government in March 2007. Reply had not been received (August 2007).

#### **Public Works and Irrigation and Public Health Departments**

#### **4.25 Blocking of funds owing to non-execution of deposit works**

**Deposits of Rs 3.07 crore received from various departments remained unutilised in five divisions due to non-execution of works for want of completion of requisite formalities**

The amounts received by the Divisional Officers from various departments/agencies for the execution of works on their behalf are

temporarily kept under the transitory head “Public Works Deposits”. Such funds should not be allowed to remain unutilised for an indefinite period as their prolonged retention results in keeping the money outside the normal budgetary process and in blocking of Government funds.

It was noticed (October 2006-March 2007) in audit of five divisions<sup>25</sup> (Public Works: 3 divisions and Irrigation and Public Health: 2 divisions) that Rs 3.07 crore received (March 1997 to November 2005) from various departments/agencies for execution of 33 deposit works remained unutilised under ‘Public Works Deposits’. The works had not been taken up for execution due to non-preparation of contour site plans, drawings and working estimates (five cases), non-availability of sites (seven cases), land disputes (three cases), non-finalisation of proposal (one case), dispute at source (one case) and non-completion of feasibility investigation (sixteen cases).

The concerned EEs admitted (October 2006-March 2007) the facts. Evidently, funds under deposit head were acknowledged by the respective divisions from different departments/agencies without ensuring the pre-requisite formalities, availability of land for the construction of sanctioned infrastructure and feasibility of the schemes.

Thus, the deposits amounting to Rs 3.07 crore remained unutilised with the departments for periods ranging between 12 and 121 months upto the dates of test-check besides non-achievement of the purpose for which these were sanctioned. Further, these amounts were kept outside the budgetary process for prolonged periods in contravention of rules, while on the other hand the State Government had been bearing the burden of interest on its borrowings at an average rate ranging between 8.83 and 11.06 *per cent* during 1998-1999 to 2006-07. In this case, the deemed amount of interest upto March 2007 works out to Rs 1.08 crore.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

#### **4.26 Diversion of funds**

**Rupees 43.63 lakh meant for operation and maintenance of works were diverted by the Public Works and Irrigation and Public Health divisions to meet office contingencies**

Funds for the purchase of stationery articles, furniture, payments of telephone, electricity and photostat bills, etc., are provided under sub head ‘Office Contingencies’ and expenditure incurred on these items is required to be restricted to the allocation made thereunder. Funds provided for the operation

---

<sup>25</sup> Kalpa, Mandi-II and Chenab Valley Udaipur (Public Works Divisions); Dalhousie and Sundernagar (Irrigation and Public Health Divisions).



and maintenance (O&M) of works and schemes, if diverted unauthorisedly to office contingencies, result in concealment of expenditure. Besides, the O&M of the works and schemes is adversely affected due to the diversion of funds provided for the purpose.

➤ Test-check of records of nine divisions<sup>26</sup> (Public Works: 4 and Irrigation and Public Health: 5) revealed (August 2006-February 2007) that Rs 37.48 lakh (Public Works Divisions<sup>27</sup>: Rs 14.55 lakh and Irrigation and Public Health Divisions<sup>28</sup>: Rs 22.93 lakh) out of the funds meant for O&M of various road and building works and water supply and irrigation schemes were irregularly utilised (April 2005 to January 2007) by the divisions on office contingencies. It was further noticed (June 2007) that against the budget allotment of Rs 16.68 lakh (2005-06: Rs 7.11 lakh and 2006-07: Rs 9.57 lakh) under 'office contingencies', Rs 24.54 lakh (2005-06 and 2006-07: Rs 12.27 lakh each) were spent by these divisions. Thus, in addition to irregular utilisation of Rs 37.48 lakh for office contingencies out of O&M funds, Rs 7.86 lakh (Rs 24.54 lakh-Rs 16.68 lakh) were also spent in excess of the funds budgeted for office contingencies.

The EEs admitted (August 2006-February 2007) the facts and attributed the diversion of O&M funds to office contingencies to meagre budget allotment under the latter head. This was, however, contrary to the rules and obviously, had an adverse impact on operation and maintenance of the roads, buildings and water supply/irrigation schemes.

➤ Similarly, test-check (July 2007) of vouchers for the month of March 2007 in central audit further revealed that another amount of Rs 6.15 lakh was diverted out of O&M allocation to office contingencies by 14 divisions<sup>29</sup> (seven each of PWD and I&PH).

The audit findings relating to first sub-para above were referred to the Government in June 2007. Reply had not been received (August 2007).

---

<sup>26</sup> Bilaspur, Fatehpur, Palampur and Shillai (Public Works Divisions) and Kullu-I, Nalagarh, Paonta Sahib, Una-I and Una-II (Irrigation and Public Health Divisions).

<sup>27</sup> Bilaspur: Rs 3.59 lakh; Fatehpur: Rs 3.01 lakh; Palampur: Rs 5.71 lakh and Shillai: Rs 2.24 lakh.

<sup>28</sup> Kullu-I: Rs 7.15 lakh; Nalagarh: Rs 3.32 lakh; Paonta Sahib: Rs 4.86 lakh; Una-I: Rs 3.46 lakh and Una-II: Rs 4.14 lakh.

<sup>29</sup> I&PH: Anni (Rs 0.97 lakh); Arki (Rs 0.46 lakh); Bilaspur (Rs 0.46 lakh); Ghumarwin (Rs 0.21 lakh); Jawali (Rs 0.18 lakh); Kullu-II (Rs 0.10 lakh) and Shahnehar (Rs 0.28 lakh).

PWD: Arki (Rs 0.91 lakh); Killar (Rs 0.18 lakh); Kullu-I (Rs 0.15 lakh); Mandi-I (Rs 1.92 lakh); Nalagarh (Rs 0.15 lakh); Sunder Nagar (Rs 0.09 lakh) and Una (Rs 0.09 lakh).

---

---

**Revenue Department**

**4.27 Diversion of calamity relief funds**

**Rupees 1.92 crore were irregularly diverted from calamity relief funds by Deputy Commissioners for works not related to natural calamities**

GOI instructions (May 1987) provide that Calamity Relief Fund (CRF) should be utilised on works damaged during natural calamities and not on fresh works. The State Government impressed upon (January 1998) all the Deputy Commissioners (DCs) that diversion of CRF was injudicious. It was further clarified (March 2002) that it was obligatory for the field staff of the Revenue Department to make quick spot inspections and assess losses and report the same to the higher authorities in accordance with the provisions of the Relief Manual.

Test-check (April 2006-January 2007) of the records of the DCs Chamba, Kinnaur, Shimla and Solan revealed that against the sanctioned (2005-07) amount of Rs 51.42 crore, an expenditure of Rs 38.71 crore was incurred under CRF by the concerned DCs. Of this, Rs 1.92 crore<sup>30</sup> were diverted out of CRF for execution of 162 works during 2005-2007, though these works were not related to natural calamities. It was noticed that funds amounting to Rs 44.73 lakh<sup>31</sup> were spent on fresh works like construction of path, link roads, retaining walls, panchayat Bhawans, school buildings, etc., by DCs Shimla and Solan. DCs Chamba, Kinnaur and Solan utilised Rs 35.34 lakh<sup>32</sup> on repairs of residential buildings of district level officers/officials, Rs 58 lakh<sup>33</sup> on repairs of Government office buildings although funds are provided for repair of Government buildings under separate head of account. It was further noticed that Rs 53.83 lakh<sup>34</sup> were spent by DCs Chamba, Kinnaur, Shimla and Solan on repairs of playgrounds, paths, boundary walls, stores, etc., which in the absence of damage reports from the Revenue Department, were not covered under relief works.

The DC, Chamba stated (February 2007) that most of the buildings for which funds were sanctioned were important and life-line buildings. Diversion of funds was attributed (February 2007) by the DC, Shimla to generation of employment. The DC, Solan stated (March 2007) that the matter was being examined. The DC, Kinnaur attributed the diversion to inadequacy of funds.

---

<sup>30</sup> Chamba: Rs 56.57 lakh; Kinnaur: Rs 40.53 lakh; Shimla: Rs 57.58 lakh and Solan: Rs 37.22 lakh.

<sup>31</sup> Shimla: Rs 21 lakh and Solan: Rs 23.73 lakh.

<sup>32</sup> Chamba: Rs 17.56 lakh on 13 works; Kinnaur: Rs 11.74 lakh on 15 works and Solan: Rs 6.04 lakh on 8 works.

<sup>33</sup> Chamba: Rs 27.23 lakh on 16 works; Kinnaur: Rs 28.39 lakh on 31 works and Solan: Rs 2.38 lakh on 5 works.

<sup>34</sup> Chamba: Rs 11.78 lakh on three works; Kinnaur: Rs 0.40 lakh on one works; Shimla: Rs 36.58 lakh on 35 works and Solan: Rs 5.07 lakh on four works.

The contentions are not tenable, as the works cited above are not covered under the provisions of the CRF as stipulated by GOI and were carried out without obtaining damage assessment reports from the Revenue authorities.

Thus, the DCs misutilised funds of Rs 1.92 crore, meant for restoration and relief works by diverting the funds to the works not related to natural calamity, without approval of the Government.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

## **Regulatory issues and other points**

### **Public Works and Irrigation and Public Health Departments**

#### **4.28 Irregular drawal of funds to avoid lapse of budget**

#### **Rupees 19.28 crore were irregularly drawn/booked to final head without award/execution of work**

State Financial Rules stipulate that money should not be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take considerable time.

Test-check of records of 10 divisions (Public Works (PW): seven divisions<sup>35</sup> and Irrigation and Public Health (I&PH): three divisions<sup>36</sup>) revealed (May 2006-March 2007) that Rs 19.28 crore (PW: Rs 13.47 crore and I&PH: Rs 5.81 crore) were released through Letter of Credit by the concerned SEs at the fag end of the financial year 2005-2006 with the directions that the amounts be drawn and kept under the transitory head "Public Works Deposits" to avoid lapse of funds at the close of the year. These funds were sanctioned (March 2006) for the construction of various roads, buildings, water supply, irrigation and sewerage schemes. Accordingly, the EEs drew the amounts at the fag end of March 2006 by debiting to final heads of account without actual award or execution of the works. The divisions kept an amount of Rs 10.47 crore (PW<sup>37</sup>: Rs 4.66 crore and I&PH<sup>38</sup>: Rs 5.81 crore) under deposit head and three divisions<sup>39</sup> transferred the remaining amount of Rs 8.81 crore to six other divisions<sup>40</sup> simultaneously, which also kept the same under deposit

<sup>35</sup> Bangana, Bilaspur-I, Dalhousie, Kangra, Kullu-II, Mandi-II and Shimla-I.

<sup>36</sup> Arki, Sunni and Sewerage Treatment Plant Division, Shimla.

<sup>37</sup> Bangana (Rs 1.70 crore), Bilaspur-I (Rs 1.38 crore), Dalhousie (Rs 0.47 crore) and Kangra (Rs 1.11 crore).

<sup>38</sup> Sunni (Rs 3.33 crore), Arki (Rs 2.03 crore) and Sewerage Treatment Plant Construction Division, Shimla (Rs 0.45 crore).

<sup>39</sup> Kullu-II (Rs 0.81 crore), Mandi-II (Rs 7.61 crore) and Shimla-I (Rs 0.39 crore).

<sup>40</sup> Karsog (Rs 0.99 crore), Kullu-I (Rs 0.81 crore), Mandi-I (Rs 2.94 crore), Sarkaghat (Rs 2.02 crore), Shimla-II (Rs 0.39 crore) and Sundernagar (Rs 1.66 crore).

head. This resulted in irregular drawal/booking of budget allocation on the one hand and incorrect depiction of works expenditure in accounts for the year on the other hand. Besides, this also resulted in keeping the money outside the normal budgetary process in contravention of the rules.

The concerned EEs admitted the facts (May 2006-March 2007).

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

<b>Animal Husbandry Department</b>
------------------------------------

<b>4.29 Loss in sale of milk</b>
----------------------------------

<b>Sale of milk below the cost price resulted in loss of Rs 75.27 lakh</b>
--

➤ The Himachal Pradesh Cooperative Milk Producers Federation Limited (MILKFED) entered (December 2002) into an agreement with Mother Dairy, Delhi (MDD) to sell surplus milk at the rates fixed by the MDD for other milk Federations from time to time depending upon the type and quality of milk; date of delivery; the fat and SNF<sup>41</sup> contents and temperature of milk.

The procurement price of the milk collected from milk producers is fixed by the State Government whereas selling price of milk to MDD by MILKFED depends upon the rates fixed by MDD.

Test-check of the records (January 2007) revealed that MILKFED procured milk from the producers at varied rates ranging between Rs 9.22 and Rs 12.86 per litre and sold it to MDD at rates lower than the purchase rates ranging between Rs 8.97 and Rs 12.20 per litre, except during 2006-07 when the sale rate of milk was higher than the purchase rate. This had resulted in loss of Rs 75.27 lakh to MILKFED during 2002-06 and April-May 2007.

The Managing Director MILKFED stated (May 2007) that their basic objective is to provide remunerative market to all the milk producers for their surplus milk at their door step irrespective of the fact that entire quantity of milk procured is sold locally in the State or not.

The reply is not tenable, as MILKFED should have first considered processing of the surplus milk into milk products like ghee, butter, etc., conducive for the promotion of dairy industry in the State, as envisaged in the objectives of MILKFED, before selling the same to MDD at lower rates.

---

<sup>41</sup> Solid not fat.

➤ Mention was made in paragraph 3.5 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2005 (Civil and Commercial) regarding underutilisation of the installed capacity of the milk plants and non-achievement of targets for production of milk products.

As per information supplied (September 2007) by MILKFED for 2005-07, it was observed that the targets in respect of ghee were reduced from 1,00,000 kgs in 2003-04 to 37,890 kgs in 2005-06 and increased marginally to 43,740 kgs in 2006-07. The targets for making butter were reduced from 11,000 kgs in 2003-04 to 8,410 kgs in 2005-07. No targets were fixed for making ice cream and sweetened flavoured milk during 2005-07. The basis for the fixation/non-fixation of annual targets were not forthcoming from the records.

The MILKFED thus failed to process the surplus milk into milk products to fulfill its objectives and preferred to sell the surplus milk at rates lower than the procurement rates to MDD. This not only resulted in loss of Rs 75.27 lakh, but also in non-achievement of the objectives of MILKFED.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **Education Department**

#### **4.30 Injudicious expenditure**

#### **Injudicious retention of staff without any work resulted in irregular payment of Rs 20.35 lakh on pay and allowances**

The Total Literacy Campaign (TLC) was started in Solan district in 1993. The staff of Project Officer (PO), Adult Education, Solan was attached with Zilla Saksharta Samiti, Solan and placed under the control of Deputy Commissioner (DC) Solan. After completion of TLC, Post Literacy Campaign (PLC) was launched in the State in March 1995. The programme was to be funded by the Central Government.

Test-check of records (January 2006) of PO, Adult Education, Solan revealed that PLC, stipulated to be completed in March 1998, was continued upto March 2003. Even after winding up the activities of PLC, the staff (Superintendent, Clerk and the Peon) were allowed to continue without any work. On this being pointed out (January 2006), the staff was transferred to other offices (July-September 2006). Continuation of activities of the project beyond the period of sanction and then retention of staff without any work resulted in irregular/injudicious expenditure of Rs 26.50 lakh (upto 2006) on their pay and allowances. The GOI reimbursed the expenditure of the project upto March 2003 except the extra expenditure of Rs 20.35 lakh irregularly spent by the State Government on the salary of the staff from April 2003 to September 2006.

The DC-cum-Chairman, Zilla Saksharta Samiti, Solan stated (May 2006) that after closure of the activities of the project, the staff had been deployed for the settlement of accounts, organising Saksharta Divas, World Literacy Day, pulse polio and Vishva Paryavaran Divas Programmes. The reply is not tenable, as the deployment of staff on activities not connected with PLC, beyond March 2003 had resulted in injudicious retention of staff without any work involving irregular payment of Rs 20.35 lakh on pay and allowances.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

### **Forest Farming and Conservation Department**

#### **4.31 Execution of below specification wire crate works**

#### **Non-adherence to the approved norms for wire crate works resulted in execution of below specification wire works costing Rs 87.08 lakh**

The State Technical Advisory Committee<sup>42</sup> (STAC) decided, (June 2000) that, 5 mm galvanized iron (GI) wire crate, corresponding to grade Standard Wire Gauge-6, of 15 cm x 15 cm mesh be used in all wire crate works whether it is embankment or apron. Further, as per Himachal Pradesh Schedule of Rates (HPSR), 3.35 kg 5 mm thick GI wire is consumed on preparation of one square metre crate of mesh size 15 cm x 15 cm.

➤ Test-check (June 2006) of records of the Divisional Watershed Development Officer (DWDO) Solan, who held the charge of Integrated Watershed Development Project (Kandi Project), Parwanoo revealed that 8,832.69 cubic metre crate work was executed departmentally in the watershed area during 2002-03 and 2004-05 by using 37.75 MT of GI wire of 4 to 4.06 mm thickness valuing Rs 8.83 lakh against the approved thickness of 5 mm. Thus, the whole crate work, executed at a cost of Rs 61.93 lakh was below specification and had adverse impact on the durability of the wire crate structures.

The DWDO, Solan while confirming the facts (June 2006) stated (May 2007) that keeping in view the site condition and inspection by the technical staff of the Department, the strength of the wire of lesser thickness was found sufficient. The contention is not tenable, as it was contrary to the decision of the STAC which had recommended the use of only GI wire crate with 5 mm thickness for execution of all wire crate works.

---

<sup>42</sup> Headed by the Engineer-in-Chief, Irrigation and Public Health Department.

➤ Test-check of records of four divisions<sup>43</sup> of Himachal Pradesh Mid Himalayan Watershed Development Project revealed (June 2006-August 2006), that 32 wire crate works measuring 8512.74 M<sup>2</sup> were executed (March 2006) at a cost of Rs 25.15 lakh. This cost included Rs 6.82 lakh as cost of 18.134 MTs, 5 mm GI wire of 20 cm x 20 cm mesh used for gripping boulders. As per prescribed norms, 28.518 MTs<sup>44</sup> of 5 mm GI wire was required for 8512.74 M<sup>2</sup> crate work. The divisions, however, short utilised 10.384 MTs of GI wire which was attributable to wider sized mesh of 20 cm x 20 cm than the required size of 15 cm x 15 cm. This resulted in execution of below specification work valuing Rs 25.15 lakh.

The DWDOs admitted (June 2006-August 2006) the facts and attributed the use of wider sized mesh to availability of boulders of bigger size. The reply of the DWDOs is not tenable, as this was in contravention of the instructions of STAC. Moreover, boulders of bigger size needed more strength in the shape of 15 cm x 15 cm sized mesh to hold them strongly.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **Health and Family Welfare Department**

#### **4.32 Unauthorised occupation of General Pool Accommodation by doctors**

#### **Non-adherence to the allotment of Government residences (General Pool) Rules by the Department resulted in unauthorised occupation of quarters by the doctors and accumulation of damage charges of Rs 21.19 lakh**

As per rules, unauthorised occupants of general pool accommodation are to be charged damages at the rate of Rs 12 per sq foot per month.

Test-check of the records in the office of the Principal, Indira Gandhi Medical College (IGMC), Shimla revealed (April 2007) that eight doctors of IGMC Shimla were transferred (February 2004 to June 2006) to Dr. Rajendra Prasad Government Medical College, Tanda (District Kangra). The transfer of these doctors was governed under the existing transfer policy of the State Government which was effective from 7<sup>th</sup> August 2004 in their case. Accordingly, these doctors were required to vacate the general pool accommodation within two months from the date of their transfer or by the effective date of transfer policy, whichever was later. The doctors, however, neither vacated the allotted accommodation at Shimla nor paid damage charges for unauthorised occupation, as required. The doctors retained the

<sup>43</sup> Bhattiyat at Chowari (Chamba district), Dehar at Nurpur (Kangra district), Mandi (Mandi district) and Nahan (Sirmour district).

<sup>44</sup> 8512.74 M<sup>2</sup> x 3.35 kg=28.518 MTs

accommodation unauthorisedly for periods ranging between eight and 29 months as of March 2007 without paying damages of Rs 21.19 lakh (excluding the amount recovered on account of licence fee of the accommodation retained by them at Shimla), as required under the provisions of the HPAGRR.

The Principal, IGMC Shimla stated (April 2007) that the factual position was being ascertained from the records. The reply is not tenable, as the Principal Secretary (Health) had already directed (October 2006) the Principal-cum-Chairman House Allotment Committee of the IGMC to get the damage charges recovered from the unauthorised occupants but no action had been taken to recover the same.

The audit findings were referred to the Government in May 2007. Reply had not been received (August 2007).

#### **Home Department**

#### **4.33 Non-recovery of leave salary and pension contributions**

#### **Inaction of the Department in pursuing leave salary and pension contributions from commercial organisations resulted in non-recovery of Rs 14.63 crore**

A test-check of the records of the Director General of Police, Himachal Pradesh revealed (December 2006) that leave salary and pension contributions of Rs 9.03 crore from April 1996 to June 2007 had accumulated against Bhakra Beas Management Board (BBMB) on account of police force provided by the Department to them. The Department filed (2000-2001) applications with the concerned District Magistrates under Police Act, 1861 for recovery of the amount as arrears of land revenue. The proceedings were, however, stayed (2002) by the Himachal Pradesh High Court with the condition that 50 per cent of the amount involved would be deposited by the BBMB by 31 March 2002. It was also ordered by the High Court that the respondents (State of Himachal Pradesh, etc.) were at liberty to file an application for the withdrawal of this deposited amount. A retired High Court judge was appointed (May 2003) as Conciliator by the High Court to sort out the matter. The Conciliator terminated (October 2004) the conciliation proceedings on the grounds that the State Government was not interested in conciliation. The Department had no information (December 2006) whether any amount had been deposited by the BBMB in the court. Further developments in this regard are awaited and Rs 9.03 crore is yet to be recovered (June 2007).



Similarly, an amount of Rs 5.60 crore was outstanding against other departments/Public Sector Undertakings<sup>45</sup> on account of leave salary and pension contributions of the police force provided to these organisations during 1990-1991 to 2006-2007. No action had been taken by the Department to recover the amount from the Tourism and Civil Aviation department, Railways, Nathpa Jhakri Power Corporation (NJPC), etc.

Thus, due to lackadaisical approach of the State Government in pursuing the matter effectively, an amount of Rs 14.63 crore had not been recovered from the commercial organisations.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

### **Housing and Urban Development Department**

#### **4.34 Loss in supply of water**

#### **Failure of Himachal Pradesh Housing and Urban Development Authority to fix water charges based on cost of services resulted in loss of Rs 1.73 crore**

To provide water supply to its 1,886 domestic and 416 commercial consumers, the Himachal Pradesh Housing and Urban Development Authority (HIMUDA), maintains water supply scheme at Parwanoo township. Water consumption rates are charged from the consumers on actual meter reading basis at variable rates for domestic and commercial consumers. Water is supplied at the rates fixed by HIMUDA in July 2001.

Test-check (March 2006) of records of HIMUDA revealed that during the period from 2001-07, an expenditure of Rs 6.72 crore was incurred by HIMUDA on supply of water to the residents and commercial units within its jurisdiction against which, an amount of Rs 4.99 crore was realised.

The expenditure on water supply increased year after year, but realisation of revenue had not increased to that extent. It was further noticed that the loss was due to non-revision of water rates by HIMUDA since July 2001 keeping in view the trend of expenditure. Non-revision of water rates periodically based on actual cost escalation in provision of services, resulted in loss of Rs 1.73 crore to HIMUDA.

<sup>45</sup> State Tourism and Civil Aviation: (1990-91 to June 2007: Rs 1.01 crore); Railways: (1992 to June 2007: Rs 1.23 crore); Yamuna Hydel Project: (1997 to June 2007 Rs 0.65 crore); NJPC (SJVN): (1999 to June 2007: Rs 1.62 crore); PSEB: (2000-2001: Rs 0.60 crore); AIR, Shimla and Dharamshala: (2006-2007: Rs 0.10 crore); Banks: (2006-2007: Rs 0.35 crore) and IB: (2006-2007: Rs 0.04 crore).

The EE, HIMUDA while confirming the facts, (May-July 2007), stated that water supply scheme was being maintained by HIMUDA in public interest and the loss was due to non-revision of water rates since 2001 and that the competent authority of HIMUDA revises the rates on the expenditure/receipt basis when it is desired by the authority. The reply of the EE, HIMUDA confirmed that HIMUDA failed to take timely action to revise water rates and avoid loss to the organisation.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **Planning Department**

#### **4.35 Irregular expenditure**

#### **Release of Rs 3.10 crore to Sri Sathya Sai Trust by Deputy Commissioner, Shimla was in contravention of Government Policy and guidelines for implementation of Vikas Main Jan Sehyog Scheme and MPLADS**

The State Government decided (August 2003) that financial assistance would not be provided to non-Government educational institutions in view of the limited financial resources of the State.

Test-check of records (March 2007) of DC, Shimla revealed that the State Government sanctioned Rs 3 crore (Rs 1.5 crore each in March 2005 and September 2006) to Shimla based Sri Sathya Sai Trust (SSST) for the construction of playground, hostel building, link roads, etc., for the school without any design and estimates. The sanction is irregular on account of the following:

- Rupees 3 crore were released even though no financial assistance was to be provided to non-Government educational institutions as per the instructions of August 2003.
- The institution is not affiliated to any Education Board/University as required under Vikas Main Jan Sehyog.
- The title of the land on which the construction was being made had not been transferred in the name of the Government, again as required under the scheme.
- The SSST had already received financial assistance of Rs 10 lakh during September 2002 (Rs five lakh) and July 2003 (Rs five lakh) under MPLAD scheme. Therefore, the release of additional funds of Rs 3 crore is

not permissible. According to guidelines for the implementation of MPLADS, unaided but recognised institutions can be provided funds under this scheme provided the institution was in existence for not less than two years. Funds amounting to Rs 10 lakh were sanctioned to the SSST for the construction of rooms and library building although the institution was not in existence for the last two years as required under MPLADS.

The DC stated (February 2007) that the funds were sanctioned at Government level and the SSST had assured fulfilment of the conditions after completion of construction. The reply of the DC confirmed that Rs 3.10 crore had been released to the SSST in total disregard of the provisions of the VMJS and MPLAD schemes.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **Rural Development Department**

#### **4.36 Irregular expenditure on inadmissible works**

#### **Non-adherence to the provisions of Sampoorna Gramin Rojgar Yojna guidelines resulted in diversion and misuse of Rs 54.28 lakh**

Guidelines for implementation of Sampoorna Gramin Rojgar Yojna (SGRY) provide that while formulating Annual Action Plan, priority shall be given to works of soil and moisture conservation, minor irrigation, rejuvenation of drinking water sources, etc., which are necessary for watershed development. Other priority works under the first stream of SGRY include construction of rural link roads, farm roads linking agriculture fields, drainage works and afforestation that result in creation of durable socio-economic assets. Construction of paths was not covered under the scheme.

Fifty *per cent* of the total resources under SGRY are to be utilised by the DRDA/Zilla Parishad for above purposes. The remaining 50 *per cent* are earmarked for the second stream and are to be distributed among the Gram Panchayats directly by the DRDA/Zilla Parishad which could be used for infrastructure required for supporting agriculture activities in the village Panchayats and other socio-economic community assets.

Test-check (March 2007) of records of the Project Officer (PO), DRDA, Una revealed that during 2005-06 the PO, DRDA, Una sanctioned an amount of Rs 54.28 lakh irregularly for execution of 168 village path works through Zilla Parishad and Panchayat Samities. Of these, 144 works were completed at a cost of Rs 47.33 lakh. The remaining 24 works were in progress as of May 2007.

The PO, DRDA, Una stated (March 2007) that localities in rural areas were scattered and it was difficult to construct rural link or farm roads and these works were taken up to generate rural employment. The reply is not tenable, as this tantamounts to diversion and misuse of funds. Further, the work relating to village paths could be taken up out of the 50 *per cent* funds earmarked to Gram Panchayats directly by DRDA/Zilla Parishad under the scheme. Audit scrutiny in 11 Gram Panchayats revealed that 22 village paths had been constructed under second stream during 2005-2006 by the village panchayats. Execution of village path works under the first stream of SGRY had thus resulted in irregular expenditure of Rs 54.28 lakh on inadmissible works.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

#### **4.37 Irregular implementation of project**

##### **Irregular creation of corpus fund of Rs 35.71 lakh and improper transfer of project to a Society**

The GOI sanctioned (November 2001) Milch Livestock Improvement Project (MLIP) for Solan district for Rs 7.15 crore to be completed in four years. The project was to be funded by the Union and State Governments in the ratio of 75:25 through DRDA, Solan. Besides, Rs 1.72 crore were to be contributed by the beneficiaries of the project for a corpus fund and interest received was to be used for future sustenance of the project. The activities of the project included extension and training, breeding efficiency and improvement, genetic improvement, fodder production improvement, milch livestock management, young stock rearing and marketing, etc. The GOI released (November 2001) Rs 2.15 crore and the State Government also released (April 2002) Rs 71.51 lakh directly to DRDA, Solan.

Test-check of records (November 2006) and further information received (September 2007) revealed that:

➤ The progress of the project was not found satisfactory (September 2004) by the State Government as there had been a delay of one year in commencing the work and only 40 *per cent* funds could be released by GOI/State Government for the project upto September 2004.

➤ The project was transferred (March 2005) to the Milch Livestock Improvement Society (Society) without approval of the GOI. The State Government authorised the society to implement the project further, as well as, to ensure its post sustenance.

➤ The monitoring of the project was, however, assigned to the DRDA, Solan whose work of implementation of the project had not been found satisfactory. The Society spent Rs 122.91 lakh on the project from April 2005 to June 2007.

It was also seen that even after the transfer of the project to the society the project could not be completed and balance funds could not be obtained from the GOI/State Government although more than two years had already elapsed after the transfer of the project to the society.

The financial and physical targets and achievements thereagainst both when it was under the DRDA upto March 2005 and thereafter upto June 2007 when it was being implemented by the society are discussed below:

➤ The shortfall in financial achievements under extension and training component upto March 2005 was 64 *per cent* and 47 *per cent* as of June 2007.

➤ The shortfall in financial achievements under the component 'Young stock rearing management' upto March 2005 was 85 *per cent* and 83 *per cent* as of June 2007.

➤ The shortfall in financial achievement under the component 'Marketing' was 90 *per cent* upto March 2005 and 67 *per cent* as of June 2007.

➤ The shortfall in physical achievements under the component 'Extension and Training' upto March 2005 was 96 *per cent* and it was 95 *per cent* as of June 2007.

➤ The shortfall under the component 'Young stock rearing and improvement' was 87 *per cent* upto March 2005 and it was 76 *per cent* as of June 2007.

➤ The shortfall in physical achievements under the component 'Genetic improvement' upto March 2005 was 69 *per cent* and it was 68 *per cent* as of June 2007.

Thus, there was not much improvement in the implementation of the project even after it was transferred to the society.

In the following cases there was also no co-relation between the financial and physical achievements:

*Table: 4.1*

*(In per cent)*

Component	Achievement	
	Physical	Financial
Extension and training	5	53
Improvement in fodder production	136	45
Milch livestock management	91	48

Test-check further revealed that corpus fund was being created irregularly out of the subsidised cost being realised from the beneficiaries on account of sale of feed, fodder, seeds, nutrient, mineral licks, etc., to them by the DRDA. Infact, this amount should have been deposited in the project account instead of corpus fund. As separate contribution for creation of corpus fund was not realised from the beneficiaries, the corpus fund was actually created out of project funds. An amount of Rs 35.71 lakh was lying in the corpus fund (November 2006) in bank.

The Project Officer, DRDA, Solan stated (November 2006) that Rs 1.72 crore was to be the indirect contribution of the beneficiaries in the shape of labour and materials to supplement the project activities. The reply is not tenable as the GOI, while releasing (November 2001) the first instalment of the project funds has clearly stated that Rs 1.72 crore would be the beneficiaries' contribution to the corpus fund for future sustenance of the project and would not form part of the financial implementation of the project.

Improper implementation of the project by DRDA, Solan and poor monitoring by the State Government resulted in irregular transfer of the project to the society, diversion of Rs 35.71 lakh irregularly to the corpus fund and non-release of further instalment of Rs 1.61 crore by the GOI.

The audit findings were referred to the Government in June 2007. Reply had not been received (August 2007).

---

---

**General****Miscellaneous Departments****4.38 Erosion of accountability****Inadequate response to Audit findings and observations resulted in erosion of accountability**

Accountant General (Audit) arranges to conduct periodical inspection of Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Inspection Reports (IRs). When important irregularities, etc., detected during inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions within six weeks and report their compliance to the AG. Serious irregularities are also brought to the notice of the heads of departments by the office of the AG through a half yearly report of pending IRs sent to the Additional Chief Secretary (Finance).

A review of the IRs issued to 202 Drawing and Disbursing Officers (DDOs) during 1969-70 to December 2006 pertaining to Animal Husbandry (47 DDOs), Rural Development (107 DDOs), Tourism (06 DDOs) Food and Civil Supplies (31 DDOs) and Sainik Welfare (11 DDOs) departments, revealed that 1,252 paragraphs relating to 502 IRs remained outstanding at the end of June 2007. Of these, 170 IRs containing 235 paragraphs had not been settled for more than 10 years. The year-wise position of the outstanding IRs and paragraphs is detailed in **Appendix-XXI**.

Though initial replies were required to be received from the heads of offices within six weeks from the date of issue, such replies were not received in respect of one office of the Animal Husbandry Department for one IR; five offices of Rural Development Department for five IRs; three offices of Tourism Department for three IRs; Four offices of Food and Civil Supplies Department for four IRs and three offices of Sainik Welfare for three IRs issued upto December 2006. Action taken on the serious irregularities commented upon in the outstanding IRs of these departments as detailed in **Appendix-XXII**, has not been intimated to Audit.

A review of the pending IRs in respect of the Animal Husbandry, Rural Development, Tourism, Food and Civil Supplies, Sainik Welfare departments revealed that the concerned heads of the offices and heads of the departments did not send complete replies to a large number of IRs/Paragraphs.

It is recommended that the Government look into the matter and ensure that (a) action is taken against the officials who fail to send replies to IRs/Paragraphs as per the prescribed time schedule, (b) action to recover losses/outstanding advances/overpayments is taken in a time bound manner and (c) the system is streamlined to ensure proper response to audit observations.

The position was intimated to Government in June 2007. Reply had not been received (August 2007).