

## CHAPTER-IV

## SECTION - B – AUDIT PARAGRAPHS

## Public Works Department

## 4.2 Outstanding claims for reimbursement of expenditure incurred on National Highways

Expenditure incurred on construction and maintenance of National Highways (NH) by the State Public Works department is initially met out of state funds and subsequently reimbursed by the Regional Pay and Accounts Officer (RPAO), Ministry of Road Transport and Highways (MORTH) on the basis of claims preferred by the State Accountant General. An amount of Rs 1.55 lakh was awaiting reimbursement at the end of March 1980 which increased to Rs 33.70 crore at the end of July 2001.

Test-check of records of five divisions<sup>1</sup> conducted during March 2002 and information collected from 13 other divisions<sup>2</sup> brought out the following points:

## 4.2.1 Position of outstanding claims

The position of claims preferred upto November 2001 and outstanding as of February 2002 in respect of five divisions test-checked was as follows:

Table: 4.8

(Rupees in lakh)

Period	Amount withheld	Amount disallowed
Upto 1996-97	593.42	65.80
1997-98	61.27	26.71
1998-99	81.24	6.81
1999-2000	164.61	11.53
2000-2001	456.09	8.57
2001-2002 (Upto February 2002)	552.25	2.28
<b>Total:</b>	<b>1908.88</b>	<b>121.70</b>

Source: Departmental figures

1 NH Divisions: Jogindernagar, Pandoh, Rampur, Solan and Shimla Division No 1.

2 B&R Divisions: Baijnath, Dharamsala, Fatehpur, Jassur, Jawali, Kangra, Kullu-II, Mandi-II, Nurpur, Palampur, Shimla-II, Sundernagar and Theog.

It was noticed in audit that the amounts were withheld mainly due to incurring of expenditure without sanction (Rs 7.18 crore), expenditure incurred beyond permissible limits (Rs 5.83 crore), non-furnishing of documents (Rs 4.23 crore), misclassification/wrong booking (Rs 1.58 crore) and other reasons (Rs 27.95 lakh). Similarly, claims were disallowed mainly because of misclassification/wrong booking (Rs 50.06 lakh), late adjustment of outturns of vehicles/machinery (Rs 23.92 lakh), purchase of diesel/petrol (Rs 16.73 lakh), agency charges on work charged establishment/material (Rs 15.09 lakh) and other reasons (Rs 15.90 lakh).

#### 4.2.2 Trend analysis

Trend analysis of outstanding claims during the last five years in the divisions test-checked was as follows:

**Table: 4.9**

(Rupees in lakh)

Year	Opening balance on 1st April		Addition during the year		Clearance during the year		Closing balance	
	Withheld claims	Disallowed claims	Withheld claims	Disallowed claims	Withheld claims	Disallowed claims	Withheld claims	Disallowed claims
1997-98	723.89	72.22	78.48	37.33	86.66	2.09	715.71	107.46
1998-99	715.71	107.46	168.36	8.34	108.16	0.58	775.91	115.22
1999-2000	775.91	115.22	498.68	13.28	312.90	17.65	961.69	110.85
2000-01	961.69	110.85	608.14	11.48	207.41	2.91	1362.42	119.42
2001-02 Upto February	1362.42	119.42	702.10	2.34	155.64	0.06	1908.88	121.70

Source: Departmental figures

It would be seen that the amount of withheld claims increased by 164 *per cent* between April 1997 and February 2002. The increase in the amount of disallowed claims during the same period was 69 *per cent*. This was indicative of the fact that the outstanding claims were not pursued vigorously to get them settled early and the money spent out of consolidated fund of the State remained unrecovered.

#### 4.2.3 Analysis of outstanding claims

##### (A) Withheld claims

##### (i) Claims withheld for want of sanction of MORTH

As per instructions of the Government of India (GOI), sanction of MORTH was necessary in respect of payments made in satisfaction of court decree/arbitration award, etc.

In National Highway Divisions, Pandoh and Solan, claims of Rs 4.07 crore on account of payments made on the basis of court decrees/ arbitration awards during September 1997 to July 2001 had been withheld for want of sanction of the MORTH. Delay in initiating cases by the divisions for obtaining requisite sanction in these cases ranged between two and 36 months.

**(ii) Claims withheld for want of sanction of estimates**

Claims amounting to Rs 2.98 crore on account of expenditure incurred on restoration of flood damages during 2001-2002 (upto November 2001) by four NH divisions<sup>3</sup> were withheld for want of sanction of estimates. The estimates submitted by the divisions during November and December 2001 were awaiting approval (February 2002).

**(iii) Claims withheld for incurring excess expenditure**

As per instructions, expenditure on original works in excess of the sanctioned estimates beyond 15 *per cent* was not permissible. In four NH divisions<sup>4</sup>, Rs 15.69 crore was spent on 14 works against the sanctioned amount of Rs 11.35 crore. Percentage of excess expenditure in these cases ranged between 18 and 139. Claims for Rs 1.70 crore for the period 1991-2002 had been withheld on this account. It was noticed in audit that estimates of only two works for Rs 18.96 lakh had been submitted for sanction and the estimates for the remaining 12 works for Rs 1.51 crore were yet to be prepared.

Similarly, expenditure on works was required to be restricted to the revised cost estimate. In NH Division, Rampur, Rs 2.65 crore was spent on three works against the revised sanctioned amount of Rs 2.11 crore. The percentage of expenditure incurred in excess of the revised cost estimate ranged between 22 and 32 and the claims for Rs 18.33 lakh pertaining to the period 1994-2002 had been withheld on this account. The Executive Engineer stated (March 2002) that second revision of estimates was under process.

**(iv)** The claims for Rs 55.06 lakh on account of expenditure incurred by three divisions<sup>5</sup> between June 1992 and January 1996 were withheld due to non-furnishing of actual payee's receipts (Rs 35.06 lakh) and extract of agreement (Rs 20.00 lakh).

**(v)** Rupees 36.49 lakh spent during March 2000 by NH Division, Jogindernagar was withheld as the names of works mentioned in schedule dockets did not tally with those indicated on the vouchers. The Executive Engineer intimated (December 2000) that Rs 16.36 lakh had been written back and debited to the correct work and the balance amount of Rs 20.13 lakh

<sup>3</sup> Jogindernagar, Pandoh, Rampur and Solan.

<sup>4</sup> Jogindernagar, Pandoh, Rampur and Solan.

<sup>5</sup> NH divisions: Rampur, Solan and B&R Division No. I Shimla.

related to supply of material required for annual surfacing of NH I (A) and had requested for release of claims. In the meantime, the RPAO (NH) informed (September 2000) that the accounts for 1999-2000 had been closed and reimbursement would not be made.

(vi) In Jogindernagar Division, Rs 16.75 lakh advanced (March 1997) to Steel Authority of India and State Civil Supplies Corporation for procurement of steel and cement respectively were charged to final head of account instead of keeping it under "Miscellaneous Works Advances" pending receipt of material. The claims were withheld due to misclassification for which reasons were not intimated.

(vii) In NH Division, Pandoh, claims for Rs 12.06 lakh for the period from May 1979 to October 1993 were withheld without any reasons. The Executive Engineer stated (March 2002) that the relevant records might have been misplaced and the information to update the records would be collected shortly. Inaction of the department thus resulted in keeping the claims unsettled for the last 8 to 23 years.

**(B) Disallowed claims**

**(a) Claims disallowed due to wrong booking of expenditure**

In NH division, Jogindernagar, claims for Rs 29.27 lakh on account of advance payments made to Steel Authority of India and State Civil Supplies Corporation during March 1996 for procurement of steel and cement, were disallowed due to wrong booking of expenditure, reasons for which were not intimated by the Executive Engineer.

(b) In NH Division, Rampur, claims for Rs 27.58 lakh pertaining to the period from February 1996 to March 1999 were disallowed without assigning any reasons (Rs 16.91 lakh), late adjustment of outturns of machinery (Rs 9.25 lakh) and damages paid (Rs 1.42 lakh) for illicit felling of trees.

**(C) Transfer of claims**

The work relating to construction and maintenance of NH was transferred from various Buildings and Roads (B&R) divisions to NH divisions during October 1998. Outstanding claims for Rs 5.20 crore were transferred (January 1999-October 2001) by six B&R divisions<sup>6</sup> to three NH divisions<sup>7</sup>. Similarly, outstanding claims for Rs 5.60 crore in respect of eight B&R divisions<sup>8</sup> were also transferred to the above NH divisions, but the exact date(s) of transfer/intimation was not available. The Executive Engineers of concerned NH divisions stated (March 2002) that no clearance was possible as the relevant records were not available with them.

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6 Baijnath, Dharamsala, Jawali, Kangra, Kullu-II and Shimla-I.

7 Jogindernagar, Pandoh and Solan.

8 Fatehpur, Jassur, Mandi-II, Nurpur, Palampur, Shimla-II, Sundernagar and Theog.

Lack of coordination between B&R and NH Divisions thus resulted in non-reimbursement of claims for Rs 10.80 crore pertaining to the period prior to October 1998.

#### **4.2.4 Reconciliation of outstanding claims**

(i) Reconciliation of outstanding claims with the RPAO and Sr. DAG (A&E) office from time to time was essential for taking effective steps to clear the outstanding claims. It was noticed that necessary reconciliation had not been done by any of the five divisions test-checked.

(ii) Consequent upon re-organisation of execution and maintenance of NHs in October 1998, works being looked after by eight B&R divisions<sup>9</sup> were transferred to NH Division, Jogindernagar. As per records of these divisions, claims for Rs 4.23 crore were outstanding whereas the RAPO's books showed outstanding claims of Rs 3.31 crore. The discrepancy of Rs 92.56 lakh had not been reconciled as of March 2002.

#### **4.2.5 Maintenance of records**

The register of outstanding claims had not been maintained properly in any of the five divisions test-checked in as much as year-wise break up of outstanding claims was not available. The registers had not been reviewed by the Divisional Officers/ Divisional Accounts officers or Divisional Accountants with a view to take effective steps for the clearance of old outstanding claims.

#### **4.2.6 Monitoring**

The Department had not prescribed any system of monitoring the progress of clearance of outstanding claims. In five divisions test-checked, it was noticed that no periodical progress returns relating to outstanding claims had been prescribed for submission by the Divisions to the concerned Superintending Engineers for onward submission to the Chief Engineers/ Engineer-in-Chief. Further, no attempt to analyse and conduct an in-depth study of old claims and to find out the constraints in their clearance had been made, as a result progress towards clearance of old items was negligible.

These points were referred to the Government in May 2002; reply had not been received (August 2002).

9 Bajjnath, Dharamsala, Fatehpur, Jassur, Jawali, Kangra, Nurpur and Palampur.

### 4.3 Idle investment on residential accommodation

#### **Purchase of 21 houses at Kandrori (Kangra district) by the Government without assessment of requirement resulted in idle investment of Rs 66.81 lakh.**

Government decided (November 1994) to purchase 142 houses of different types from the Himachal Pradesh Housing Board (Board) for residential purposes at five places<sup>1</sup>. Accordingly, Engineer-in-Chief was authorised to issue letter of credit (LOC) for Rs 4.11 crore. Payment of this amount was made (November 1994) by Executive Engineer, Shimla Division No. III to the Board. Possession of these houses was taken over by four divisions<sup>2</sup> between November 1994 and March 1996.

Test-check of records of Fatehpur division (September 2001) and information obtained from other three divisions<sup>3</sup> revealed (February-March 2002) that while 121 houses had been allotted to the employees at different places, 21 houses at Kandrori (Kangra district) costing Rs 66.81 lakh were lying vacant as of February 2002 since the date (February 1996) of taking over their possession. Sub-Divisional Officer (Civil), Nurpur had intimated (October 1999) the Executive Engineer, Fatehpur Division that almost all Government Offices were located at Indora (6 kilometres away from Kandrori) where joint pooled residential accommodation of 17 houses existed and had been allotted to the employees. He added that despite allotment of five houses at Kandrori in March 1997, possession was not taken over by the allottees concerned and no response was received to the call of applications in June 1999. After that there was nothing on record to show that any efforts were made for allotment of the aforesaid accommodation.

Thus, purchase of 21 houses at Kandrori without assessing the requirement has resulted in idle investment of Rs 66.81 lakh. The Executive Engineer confirmed (December 2001) the facts.

The matter was referred to the Government in May 2002; reply had not been received (August 2002).

1 Indora (Type III: 1 and Type II: 16); Kandrori (Type III: 15 and Type II: 6), Kangra (Type IV: 6 and Type II: 29), Paonta Sahib (Type III: 24, Type II: 31 and Type I: 8) and Sundernagar (Type IV: 5 and Type II: 1).

2 Fatehpur, Kangra, Paonta Sahib and Sundernagar.

3 Kangra, Paonta Sahib and Sundernagar.

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**Irrigation and Public Health Department**
**4.4 Infructuous expenditure on abandoned Flow Irrigation Scheme in Pangi Valley**
**Failure of the department to establish feasibility of the scheme before taking up the work resulted in infructuous expenditure of Rs 16.15 lakh.**

Superintending Engineer, Dalhousie, administratively approved (August 1984) construction of 10.5 kilometre long Flow Irrigation Scheme (FIS) to provide irrigation to 123 hectares of land of three villages<sup>1</sup> in Pangi valley (Chamba district) for Rs 4.40 lakh. The work, stipulated to be completed in two years was taken up for construction by Killar Division in February 1983 in anticipation of administrative approval and technical sanction and completed during 1995 at a cost of Rs 15.03 lakh. Expenditure of Rs 1.12 lakh was also incurred on the maintenance of the scheme.

Test-check of records of the division revealed (August-September 2001) that no irrigation had been provided by the scheme ever since its completion due to excessive seepage in the *kuhl*. It was also noticed that the initial stretch of the *kuhl* from km 0/0 to 1/400 fell in a hilly terrain prone to land slides due to rainfall/snow etc. An estimate of Rs 84.35 lakh for providing cement concrete lining in the *kuhl* to stop seepage of water was administratively approved (July 1998) by the Resident Commissioner, Pangi at Killar. The lining work of the *kuhl* was not executed subsequently as the local *Gram Panchayat* of the area submitted (April 1999) a resolution to the Resident Commissioner stating that no water was flowing in the *kuhl* and further work of the *kuhl* may not be taken up. Further, the Executive Engineer intimated (April 2000) the Superintending Engineer, I&PH Circle, Chamba that efforts were made to provide cement concrete lining to the *kuhl* during 1999-2000 but the source was not found safe due to continuous land slide and the scheme was not feasible at site.

The Executive Engineer confirmed (September 2001) the facts.

Thus, the department failed to conduct proper investigation and establish the feasibility of the scheme before its execution keeping in view topographical conditions of the area. Under the circumstances the expenditure of Rs 16.15 lakh incurred on the construction and maintenance of the scheme had been rendered infructuous and the beneficiaries deprived of the intended benefits.

The matter was referred to the Government in January 2002; reply had not been received (August 2002).

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<sup>1</sup> Anchh Chaloli, Dharwas and Luj.

*Kuhl*: A small open irrigation channel.

#### **4.5 Lackadaisical planning and execution resulting in infructuous expenditure on a sewerage project**

**Lackadaisical planning and execution resulted in inordinate delay in completion of a sewerage project in Reckong Peo and escalation of its cost by 229 per cent. The project has not been commissioned and connected to the houses even after two years of its completion rendering the investment of Rs 1.86 crore on it infructuous.**

In October 1988 the Resident Commissioner, Kinnaur accorded administrative approval and expenditure sanction for Rs 56.62 lakh for execution of a work by the IPH Division, Reckong Peo for providing sewerage system to Reckong Peo. The work which was to be completed in three years had been commenced (January 1988) in anticipation of technical sanction which is yet (February 2002) to be obtained. The work was reported (July 1999) by the Division as completed at a cost of Rs 1.86 crore. The Division has prepared (December 2000) revised estimate of Rs 1.91 crore, which is yet (February 2002) to be approved.

Test-check of the records of the Division revealed (June 2001) that the sewerage system had not been commissioned and no house connections provided. The investment of Rs 1.86 crore had thus not been able to secure its objective. Further, as per the history of the revised estimate of the project, the time and cost overrun involved in its completion was due to dispute in matters of land with the Forest Department and increase in the wages of labour and prices of materials.

The Executive Engineer attributed (June 2001) non-commissioning of the sewerage system and non-providing of house connections to non-availability of specialist staff (Laboratory Technician: One; Pump Operators: Two; Electrician: One and Sewer-men: Four). The Engineer-in-Chief intimated (February 2002) that the process of awarding the work of operation and maintenance of sewerage treatment plant and pipe network on contract basis would be finalised before extension of network for house connection is complete.

Thus, lackadaisical approach in planning and execution led to the sewerage project estimated to be completed in three years at a cost of Rs 56.62 lakh being actually completed in over 11 years at a cost of Rs 1.86 crore (cost overrun being 229 per cent). Even over two years after its completion, the system is yet to be commissioned (February 2002) and connected to the houses. The investment of Rs 1.86 crore has thus remained infructuous.

The matter was referred to the Government in November 2001; reply had not been received (August 2002).



#### 4.6 Wasteful expenditure on construction of tubewells due to selection of unsuitable sites

**Construction of three tubewells in Nachan, Mandi without the approval of site and design by Ground Water Organisation resulted in wasteful expenditure of Rs 26.51 lakh.**

To provide irrigation facilities in Nachan area of Mandi district by developing ground water resources, the department got conducted feasibility study of ten places<sup>1</sup> from the Ground Water Organisation (GWO), Una in October 1995. Senior Hydrogeologist of GWO, recommended construction of 10 tubewells after ensuring availability of land, so that pin-pointing of sites could be done before taking up the drilling work. Accordingly, Government administratively approved construction of 10 tubewells at these places in November 1999 for Rs 2.59 crore. As per technical note appended to the preliminary estimate, the site and design of the tubewell was required to be got approved from the Senior Hydrogeologist GWO, Una before taking up the execution of work.

Test-check of records of Sundernagar division revealed (November-December 2001) that the division undertook drilling work in respect of three tubewells<sup>2</sup> between January 1997 and July 1998 without getting the sites approved from the GWO, Una and without obtaining technical sanction of the competent authority. The drilling of these tubewells was completed between October 1997 and November 2000 by the Tubewell Division, Gagret at a cost of Rs 26.51 lakh. Against the required water discharge of 32.12 litres per second, discharge of water in two cases<sup>3</sup> was found between 2.5 and 6.5 litres per second and in the third case<sup>4</sup> no water was available. The tubewells had been lying abandoned after completion of drilling work.

The Executive Engineer admitted the facts.

Thus, taking up the execution of these tubewells on unsuitable sites in disregard of the recommendations of GWO as also not complying with the conditions of the technical note, *ibid*, by the Divisional Officer had rendered the expenditure of Rs 26.51 lakh on drilling of tubewells wasteful.

The matter was referred to the Government in March 2002; reply had not been received (August 2002).

1 Bhour, Chhattar (lower), Chhattar (Upper), Dhandras, Kandiah, Kohla, Rakar, Sai, Sangahan and Tarot.

2 Dhandras, Kandiah and Tarot.

3 Kandiah: 6.5 LPS; Tarot: 2.5 LPS.

4 Dhandras : Nil discharge.

#### **4.7 Lift Irrigation Scheme, Bari failed to provide irrigation since completion**

**Faulty investigation and designing of an irrigation scheme rendered the expenditure of Rs 22.46 lakh unfruitful besides damaging the pumping machinery.**

To provide irrigation to culturable command area (CCA<sup>\*</sup>) of 21.45 hectares of land, lift irrigation scheme, Bari (Mandi district) was completed by Mandi Division in March 1999 at a cost of Rs 21.74 lakh. As per sanctioned estimate of the scheme, water from river Beas was to be lifted with 50 HP submersible pump set upto main delivery tank at a length of 315 metres. No provision, however, existed for the construction of desilting tank and sump well in the sanctioned estimate. Rupees 0.72 lakh had also been spent on maintenance of the scheme during 1999-2002 (upto January 2002).

Test-check of records of the division revealed (January-February 2002) that a sump well was constructed on the bank of river Beas and a submersible pumping set of 45 HP was installed (October 1998) by the Divisional Officer. The pumping machinery was damaged (June 2000) due to accumulation of silt in the sump well. Thus, the scheme remained totally non-functional and no irrigation was provided to the CCA ever since its completion.

Audit scrutiny of records further revealed that samples of raw water were not taken from the source of the scheme to determine silt/turbidity factor before designing the pumping machinery. Instead, reliance was placed on the test reports of raw water being lifted for a lift water supply scheme<sup>1</sup> from river Beas which was located about 4 kms up stream. The river water upto this point contained the silt/turbidity flushed out of Pandoh dam only. Incidentally, the confluence of a tributary (Suketi *khad*) of river Beas is located in between the intake points of the two schemes. This tributary carries heavy silt load dredged out of Sundernagar reservoir and Baggi Hydrel Channel. Raw water sample taken from the source of the LIS could have clearly indicated the actual silt content in the river water. Failure of the department to visualise this position before designing the scheme thus resulted in damage to the pumping machinery and non-provision of irrigation to the CCA.

The Executive Engineer while confirming the facts stated (January 2002) that pumping machinery installed was not designed to bear huge silt load and an estimate of Rs 4.40 lakh for providing desilting tank had been submitted to the Deputy Commissioner, Mandi in January 2002 which was awaiting approval. The reply was not tenable as Sundernagar reservoir and Pandoh dam had been constructed well before sanctioning and designing of the scheme in

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\* CCA: Area of land where agricultural operations are performed.

1 Lift Water Supply Scheme, Motipur.

December 1994 and the actual silt factor had not been taken into consideration by the department. The expenditure of Rs 22.46 lakh incurred on the construction and maintenance of the scheme had thus, remained unfruitful.

The matter was referred to the Government in March 2002; reply had not been received (August 2002).

#### **4.8 Unfruitful expenditure on sprinkler irrigation scheme in Kuleth, Chamba owing to inadequate investigations**

##### **Failure of the department in not taking into account the existence of glacier points in the alignment of the pipe line and inadequate investigations resulted in unfruitful expenditure of Rs 21.32 lakh.**

Superintending Engineer, Chamba, administratively approved (February 1990) construction of 3,124 metres long sprinkler irrigation scheme to irrigate 56.68 hectares of land of three villages<sup>1</sup> in *Gram Panchayat* Kuleth (Chamba district) for Rs 14.25 lakh. The estimate provided for laying of galvanised iron (GI) pipe line in a length of 3,124 metres. The work, stipulated to be completed in one year, was taken up for execution by Chamba division in May 1991 without technical sanction and Rs 21.32 lakh had been spent on the construction (Rs 15.54 lakh) and maintenance (Rs 5.78 lakh) of the scheme during 1991-2001.

Test-check of records of Chamba Division revealed (November-December 2001) that laying of GI pipe line of a length of 2000 metres (RD 0/0 to 2000) and construction of weir/intake was completed upto March 1995 and thereafter the work remained suspended owing to damages caused to the pipe line between RD 0/0 and 0/400 due to rain/snow. Further laying of pipe line between RD 2000 and 2200 was completed in June 1997.

It was also noticed in audit that weir/intake alongwith pipe line in a length of 300 metres (RD 0/0 to 0/300) at the initial stretch of the scheme was totally washed away in July 1997 and had not been restored as of December 2001. The balance work of laying of pipe line beyond RD 2200 was left unexecuted reportedly due to existence of glacier point between RD 2375 and 2425 and the terrain being steep and prone to damages by glacier. Scrutiny of *abiana*\*\* charges records as well as reports submitted to the Superintending Engineer, Chamba Circle, in August 1999 and February 2000 revealed that no irrigation had been provided from the scheme.

<sup>1</sup> Guwad, Guwala and Kuleth.

weir: A small dam on a river/*nallah* to divert the flow of water into the channel.

\*\* *Abiana*: Charges levied on cultivators for supply of water for irrigation.

Government stated (May 2002) that the area was not prone to glacier at the time of undertaking the work but glacier point developed after completion of work upto RD 2200. The reply is not tenable because the Executive Engineer had already admitted (December 2001) that the work beyond RD 2200 was not executed because the area was steep and sliding and prone to damage by glacier.

Thus, the scheme was taken up for execution without conducting thorough investigations, and taking into account the geographical conditions prevailing in the area and existence of glacier points. The expenditure of Rs 21.32 lakh had thus remained unfruitful and beneficiaries deprived of the intended benefits.

#### **4.9 Unfruitful expenditure on Flow Irrigation Scheme, Gosuma, Horrning Papa *kuhl***

**Failure of the department to establish feasibility of Flow Irrigation Scheme, Gosuma, Horrning Papa after detailed investigations has resulted in the investment of Rs 58.46 lakh remaining infructuous and denial of irrigation facilities to the beneficiaries.**

To provide irrigation to culturable command area (CCA) of 36 hectares of Nesang village (Kinnaur district), Superintending Engineer, Tribal Circle No. II, Kalpa administratively approved (February 1984) construction of 6,100 metre long Flow Irrigation Scheme, Gosuma, Horrning Papa *kuhl* for Rs 4.96 lakh. The scheme was technically sanctioned (December 1984) for Rs 4.68 lakh. The work, stipulated to be completed in two years, was taken up by Reckong Peo Division in June 1984 by tapping water of Nesang *nallah*. Rupees 36.55 lakh had been spent on it as of March 1999. Revised estimate justifying the excess expenditure had not been prepared as of June 2001. Rupees 9.99 lakh has also been spent on annual repairs and maintenance (Rs 3.78 lakh), restoration of rain damages (Rs 4.50 lakh) and special repairs (Rs 1.71 lakh) of the scheme during 1994-2000. The division reported coverage of entire CCA of 36 hectares to the Superintending Engineer between November 1996 and January 1998.

Test-check in audit of the records of the division, however, revealed (June 2001) that no irrigation was provided to the CCA and an improvement estimate of Rs 25.54 lakh was considered necessary and was approved (June 2000) by the DC, Kinnaur for providing cement concrete lining, HDPE pipes and crate work in sliding and *Katcha dhank* portion of the *kuhl*. The work was taken up in April 2001 and an expenditure of Rs 11.92 lakh had been incurred as of June 2001.

The Executive Engineer stated (June 2001) that out of the total CCA of 36 hectares, only eight hectares located at km four (five hectares) and at tail end of the *kuhl* (three hectares) belonged to the farmers and could not be

irrigated due to seepage of water in the *katcha* channel. He also stated that the remaining CCA of 28 hectares belonged to the Government and had not been allotted by Deputy Commissioner (DC), Kinnaur to the farmers for which matter would be taken up with the DC. Even after allotment of this land to the farmers, it would also remain unirrigated as no water would be available in the *kuhl* till the completion of improvement works.

Thus, the department failed to conduct detailed investigations and examine the feasibility of the scheme. This has resulted in the investment of Rs 58.46 lakh (Rs 46.54 lakh on the construction and maintenance of the flow irrigation scheme and Rs 11.92 lakh till June 2001 on improvement works) remaining infructuous and the beneficiaries being denied of the benefits of irrigation. The lack of proper planning and investigation coupled with abnormal delay in completion of the scheme has not only increased the cost of construction of the scheme but has also resulted in additional investment on improvement works. Non-allotment of Government land to farmers has resulted in the entire investment benefiting only 8 hectares out of the intended 36 hectares. The cost of construction of the scheme including the approved estimate for the improvement works add up to Rs 68.30 lakh (Rs 36.55 lakh + Rs 6.21 lakh + Rs 25.54 lakh) for 8 hectares i.e. Rs 8.54 lakh per hectare against the intended cost of Rs 1.19 lakh per hectare (Rs 42.76 lakh ÷ 36 hectares).

The matter was referred to the Government in November 2001; reply had not been received (August 2002).

#### **4.10 Unfruitful expenditure on Flow Irrigation Scheme, Charling Maidan**

**Non-fencing of fields, delay in the execution of *Chak* development works and special repairs have rendered the Flow Irrigation Scheme, Charling Maidan in Pin Valley (Lahaul and Spiti district) non-functional, leading to unfruitful expenditure of Rs 46.25 lakh.**

Additional Deputy Commissioner (ADC), Kaza administratively approved (June 1994) construction of a Flow Irrigation Scheme, intended to provide irrigation facilities to a culturable command area (CCA) of 68 hectares in Charling Maidan of *Bhar* village in Pin Valley of Lahaul and Spiti district for Rs 35.14 lakh under the Desert Development Programme (DDP). The work was started (August 1994) by Kaza division and was completed (October 1996) at an expenditure of Rs 35.28 lakh. Expenditure of Rs 4.02 lakh was also incurred on special repairs and maintenance of the scheme during 1997-99.

Administrative approval and technical sanction of Rs 13.85 lakh was accorded (July and November 1996) for *Chak* development<sup>□</sup> of the CCA. Test-check of records of the division revealed (September 2001) that Rs 6.95 lakh was spent on *Chak* development during 1996-98. The Executive Engineer stated

□ *Chak* development: Command area development.

(September 2001) that due to non-allotment of adequate funds by ADC, Kaza under DDP, only 30 *per cent* of the work of *Chak* development could be executed. However, for remaining work, the Divisional Officer did not obtain funds under regular head of account. He further stated that efforts would be made to obtain the funds under Tribal Area Sub-Plan. It was also noticed in audit that the scheme has been non-functional since its completion in October 1996.

The Executive Engineer stated (September 2001) that the scheme was not being utilised as the allottees of the land were not coming forth to cultivate it as they feared damage to the crops by wild animals due to non-fencing of the fields. It was however, noticed in audit that there was no provision for fencing of the fields in the approved estimate of the scheme.

Faulty planning without anticipating the need for fencing the fields and delay in the execution of *Chak* development works have thus rendered the scheme non-functional even after a period of over five years of its completion. The expenditure of Rs 46.25 lakh has thus remained unfruitful.

The matter was referred to the Government in February 2002; reply had not been received (August 2002).

#### **4.11 Unfruitful and nugatory expenditure owing to non-utilisation of irrigation schemes in Lahaul Spiti**

##### **Lack of coordinated planning resulted in irrigation schemes constructed at an investment of Rs 51.35 lakh remaining unutilised years after their completion as well as nugatory expenditure of Rs 15.89 lakh.**

A flow irrigation scheme (FIS) with 2,790 metres long *kuhl* was constructed between 1961 and 1994 to irrigate 81 hectares of *nautor* land of Maked Maidan (Lahaul and Spiti district) allotted to landless villagers for cultivation. Total expenditure of Rs 22.62 lakh was incurred, on construction (Rs 1.75 lakh), remodelling (Rs 19.90 lakh), restoration (Rs 0.72 lakh) and maintenance (Rs 0.25 lakh) of the FIS. However, no irrigation was provided to the culturable command area (CCA) as the beneficiaries had not started cultivating the fields.

Test-check of records of Kaza Division revealed (September 2001) that a new irrigation scheme (Rongtong Maidan, Maked Maidan Phase Ist and Phase 2nd) to irrigate CCA of 187 hectares which included CCA of 81 hectares of Maked Maidan was constructed between 1997 and 2000 at a cost of Rs 31.83 lakh. Expenditure of Rs 12.79 lakh was also incurred on special repairs (Rs 11.37 lakh) and maintenance (Rs 1.41 lakh) between 1998-2000. The scheme, however, remained unutilised as of September 2001 since the land

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*Nautor*: Government land allotted to villagers for cultivation.

allotted to the beneficiaries was located far away from their villages and fencing had not been provided to the fields.

It was also noticed in audit that out of the total length of 2,790 metres of the channel constructed in the FIS, Maked Maidan implemented earlier, only 830 metres could be used in the new scheme. This resulted in nugatory expenditure of Rs 15.89 lakh on the abandoned portion of 1960 metres of the channel on a proportionate basis. Also, the total investment of Rs 51.35 lakh on both the schemes has remained unfruitful even years after their completion.

The Executive Engineer stated (September 2001) that beneficiaries were not coming forward to cultivate the fields for want of fencing. The reply is indicative of lack of coordinated planning as the department should have coordinated fencing of the fields with the completion of the scheme so as to utilise the created irrigation potential.

The matter was referred to the Government in May 2002; reply had not been received (August 2002).

#### **4.12 Unfruitful expenditure on Lift Irrigation Scheme, Kundlihar**

**Failure of the department to select suitable site for the pump house of Lift Irrigation Scheme, Kundlihar resulted in expenditure of Rs 1.16 crore remaining largely unfruitful beside wasteful expenditure of Rs 3.80 lakh.**

Mention was made in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 (Civil) - Government of Himachal Pradesh vide Paragraph 4.1.7.1 of the underutilisation of irrigation potential of 420 lift irrigation schemes. These schemes also included Lift Irrigation Scheme (LIS), Kundlihar (Kangra district). This case in which an investment of Rs 1.16 crore has remained infructuous, is discussed below in detail. The matter has not been discussed by the Public Accounts Committee as of March 2002.

LIS, Kundlihar designed to irrigate 133 hectares of culturable command area was taken up in May 1989 and commissioned by Dehra Division in May 1992 at a cost of Rs 69.83 lakh. Further, Rs 46.04 lakh were spent on maintenance of the scheme during 1992-2002 (upto January 2002). The source of the scheme was river Beas. Test-check of records of the division revealed (February 2002) that out of 19 cropping seasons between 1992-93 and 2001-2002, the scheme did not provide irrigation in five seasons<sup>1</sup>. In the remaining 14 cropping seasons the irrigation provided ranged between one and six *per cent* only. The scheme became partially dysfunctional from September 1997 onwards as pumping machinery of the first stage was damaged due to floods in the river Beas and pump house also developed cracks reportedly due to sinking of land. Failure of the department to select

<sup>1</sup> 1992-93 (Kharif and Rabi), 1997-98 (Rabi), 1999-2000 (Kharif) and 2001-02 (Kharif).

suitable site for pump house of the first stage after proper investigation thus resulted in shifting of intake point and construction of new pump house at another site. An estimate of Rs 8.46 lakh for the construction of pump house-cum-*chowkidar* quarter, providing and laying of RCC pipes over a length of 680 running metres, construction of 1,500 metre long *pucca* channels, 120 running metres rising main for first stage and providing and installation of two centrifugal pump sets of 30 HP each for the first stage was sanctioned (February 1999) by the Superintending Engineer, Nurpur circle. The improvement work was taken up during April 1999 and expenditure of Rs 1.69 lakh had been incurred on the procurement of pumping machinery as of January 2002. The remaining work was expected to be completed by April 2004.

The Executive Engineer stated (February 2002) that construction of pump house, laying of rising main, etc., was done after proper survey/investigation and land settlement took place later which could not be anticipated. He also stated that the river changed course which made it necessary to relay the rising main and Rs 3.80 lakh (approximately) would go waste as a result of damages to the scheme adding further that demand of water was quite less. The reply is not tenable as the pump house appears to have been constructed without establishing the suitability of site after thorough investigations and without obtaining the opinion of Geological Department. Settlement of land cannot take place abruptly and the department should have taken adequate and timely measures to protect the pump house. There was also no indication of change of course of river in the records and the history sheet of the improvement estimate of Rs 8.46 lakh sanctioned in January 1994. Further, the demand for water should be the primary consideration for deciding on an irrigation scheme.

Thus, failure of the department to conduct proper investigation in the selection of suitable site for the intake point and pump house for the first stage which subsequently developed cracks and proved unsafe for running of the pumping machinery resulted in providing negligible irrigation facilities to the culturable command area. The expenditure of Rs 1.16 crore incurred on construction (Rs 70 lakh) and maintenance (Rs 46 lakh) of the scheme has consequently remained largely unfruitful beside wasteful expenditure of Rs 3.80 lakh.

The matter was referred to the Government in May 2002; reply had not been received (August 2002).



**4.13 Faulty planning leads to non-availability of benefits from Flow Irrigation Scheme in Kinnaur****Incomplete *Chak* development works resulted in denial of benefits of irrigation to farmers despite investment of Rs 18.19 lakh.**

A Flow Irrigation Scheme (FIS) to provide irrigation to 271 hectares of cultivable command area (CCA) of villages Khawangi and Tellangi (Kinnaur District), was completed (March 1984) by Reckong Peo Division at a cost of Rs 7.06 lakh. However, the agriculturists who had their land on the lower side of the CCA were not getting sufficient water for irrigation in the absence of a distribution system which had neither been provided in the estimate for construction of the FIS nor executed subsequently. *Chak* development of the irrigation scheme was, therefore, approved (March 1990) for Rs 15.85 lakh. Expenditure of Rs 2.89 lakh had been incurred on part execution of the work till March 1999. Further, the channel of the scheme was largely *katcha* leading to excessive seepage of water and resulted in availability of insufficient water for irrigation. It was, therefore, decided (May 1993) to provide polyfilm lining with dry masonry at an estimated cost of Rs 9.07 lakh for stopping the seepage. Where the main channel passed through loose strata of earth, cement concrete lining was required to be provided. The remodelling works were stipulated to be completed in a length of about 4 km out of the total length of 5.73 km of the channel over a period of three years. The work was commenced in May 1993 and completed in December 2000 at a cost of Rs 15.30 lakh. Revised estimate to regularise the excess expenditure had not been prepared as of June 2001.

Test-check of the records of the division revealed (June 2001) that the scheme provided irrigation to CCA ranging between only 7 and 181 hectares during 1984-93. Since 1994 the area irrigated has remained static at 123 hectares every year. Thus there had been no improvement in the area irrigated during 1994-2000 despite investment of Rs 18.19 lakh on remodelling of the channel (Rs 15.30 lakh) and *Chak* development (Rs 2.89 lakh).

The Divisional Officer while confirming the facts stated (June 2001) that the farmers whose lands were located on the upper contours of the CCA were not allowing execution of *Chak* development works for the CCA at the lower contours due to which the irrigated area could not be increased despite execution of remodelling works.

Thus, because of faulty planning in not providing for a proper distribution system and resolving the problems associated with it while planning and implementing the flow irrigation scheme resulted in the benefits of irrigation not being made available to the beneficiaries despite further investment of Rs 18.19 lakh on remodelling of the channel and *Chak* development works. The investment of Rs 18.19 lakh has thus remained infructuous.

The matter was referred to the Government in November 2001; reply had not been received (August 2002).

#### **4.14 Undue aid to a corporation and loss of interest due to retention of funds outside Government account**

**Of Rs 3.46 crore drawn on the last two days of March 2001, Rs 3.36 crore were lying unutilised outside the Government account with a corporation resulting in undue financial aid to them and loss of interest of Rs 22 lakh to Government.**

Rule 2.10 of the Himachal Pradesh Financial Rules, 1971 stipulates that money should not be drawn from the treasury unless it is required for immediate disbursement or for the recoupment of funds disbursed out of any permanent advance. It is also not permissible to draw advances from the treasury for execution of works, the completion of which is likely to take considerable time. Any unspent balance is required to be refunded promptly into the treasury.

Test-check of records of Reckong Peo Division revealed (June 2001) that the Engineer-in-Chief (I&PH) issued letter of credit (LOC) for Rs 2.83 crore to the Executive Engineer through the Deputy Commissioner (DC), Kinnaur in the last week of March 2001 for utilisation during 2000-01. The Executive Engineer drew this amount on 31 March 2001 and immediately deposited the money with the Himachal Pradesh State Civil Supplies Corporation Limited, Shimla (Corporation) for procurement of construction material. A day earlier he had drawn Rs 63 lakh and taken similar action. It was noticed in audit that instead of charging the advance payments to "Miscellaneous Works Advances", pending receipt of material, these were charged to annual repairs and maintenance and construction of various water supply schemes. Audit scrutiny of records further revealed that neither was the requirement of material worked out before making the payment nor were supply orders issued, except two in April and September 2001. As of October 2001, 330 tonnes of cement valued at Rs 10 lakh had been received in the division. The balance amount of Rs 3.36 crore was lying unutilised with the Corporation.

The above action of the E-in-C and Executive Engineer shows that the LOC was issued and funds drawn at the fag end of the financial year with the objective of avoiding the lapse of funds. The advance payments without ascertaining requirement of material resulted in extending undue financial aid of Rs 3.36 crore to the corporation and loss of interest of Rs 22 lakh (worked out on average rate of interest of 10.50 to 12 *per cent* on Government borrowings during 2000-2001).

Chief Engineer (South), Shimla stated (October 2001) that Rs 2.83 crore were deposited with the Corporation for procurement of materials meant for bonafide use during 2001-2002 and the amount deposited would be adjusted on receipt of sanctions of estimates which were under check. In respect of advance payment of Rs 63 lakh he intimated that works were in progress and the amount would be recouped by procurement of materials. The reply is not tenable as it is contrary to the provisions of financial rules.

The matter was referred to the Government in May 2002; reply had not been received (August 2002).

## Public Works and Irrigation and Public Health Departments

### 4.15 Review of balances under 'Public Works Deposits'

Deposit transactions of Public Works (PW) and Irrigation and Public Health (I&PH) Departments are of two kinds, viz., deposits which pass through the regular accounts of the departments and interest bearing securities deposited by the subordinates and contractors which do not pass through the regular accounts of the division. The deposits of first kind comprise transactions relating to (a) cash deposits of subordinates as security, (b) cash deposits of contractors as security, (c) deposits for works to be executed on behalf of other departments/bodies, (d) sums due to contractors on closed accounts and (e) miscellaneous deposits.

The deposit head is a transitory head which is credited with the amounts received as deposits and cleared, subsequently, by debiting the same with the amounts refunded or adjusted towards recovery of Government dues and by crediting the lapsed deposits to revenue head of account. The balance under the head at the end of March 1996 was Rs 64.74 crore which increased to Rs 177.07 crore by the end of March 2002 showing an increase of 174 per cent.

Check of the records of 14 divisions<sup>1</sup> of PW Department and seven divisions<sup>2</sup> of I&PH Department during March 2002 revealed the following points:

#### 4.15.1 Irregular operation of deposit head for utilisation of budget grant

(a) Expenditure of Rs 2.05 crore was incurred on the work "Augmentation of Water Supply Scheme to Shimla town from Gumma near Nauti *Khad*" during 2000-2001 by the Water Supply and Sewerage Division, Shimla. Scrutiny of records revealed Rs 1.12 crore spent during March 2001 on another work viz., "Augmentation and Reorganisation of Water Supply Scheme Shimla, sub-head: Relaying of distribution system in Sanjauli Zone" being executed from deposit head were mis-classified under the former work. Misclassification of Rs 17.50 lakh was rectified in December 2001 and January 2002 and the balance amount of Rs 94.50 lakh was remitted (February 2002) to Shimla Division-II, for execution of the former work transferred to that division in September 2001. It was further noticed that the entire amount of Rs 94.50 lakh was kept under deposit head by Shimla Division-II and remained unutilised as of March 2002. Action of the

1 Baijnath; Chamba; Hamirpur; Kullu-I; Kullu-II; Mandi-I; Mandi-II; Outer Seraj, Nirmand; Medical College, Shimla; Rohroo; Shimla-I; Shimla-II; Shimla-III and Touni Devi.

2 Anni; Dehra; Hamirpur; Sewerage Network, Shimla; Shimla-I; Shimla-II and Water Supply and Sewerage, Shimla.

department thus resulted in irregular operation of deposit head designed only to show utilisation of budget grant and depiction of incorrect balances under deposits at the close of March 2001.

(b) Against the budget allotment of Rs 1.35 crore during 1997-2002 for providing drinking water supply scheme to the Housing Board Colony at Shoghi and left out hamlets of census villages Shoghi, Pawad, etc., expenditure of Rs 1.33 crore had been incurred (upto February 2002) by Shimla Division No. I.

Test-check of records of the division revealed (March 2002) that the Housing Board had also deposited Rs 75 lakh between March 1997 and March 2000 for execution of the aforesaid scheme and the amount was credited to deposit head by the division. Expenditure of Rs 77.39 lakh already incurred by the division on the scheme out of deposit funds during 1999-2001 (1999-2000: Rs 52.25 lakh and 2000-2001: Rs 25.14 lakh) was, however, written back from the deposit head during the last months of the respective financial years and was debited to the budget head to show full utilisation of the allotments.

The Executive Engineer stated (March 2002) that deposit funds could not be utilised as sufficient funds were available under the budget. The contention is not tenable as the expenditure of Rs 77.39 lakh was written back from the deposit head at the end of respective years. Thus, utilisation of budget allotment by operating deposit head had inflated the balances under deposit head to the extent of Rs 75 lakh.

#### **4.15.2 Irregular drawal and retention of unspent funds in deposit head**

Sewerage Network Construction Division, Shimla advanced Rs 1.61 crore to the Himachal Pradesh State Civil Supplies Corporation (Corporation) on the last day of March 1999 by debiting the amount to the final head of account of the work of providing and laying of sewerage network for Shimla town. Scrutiny of records revealed that ductile iron pipes, for which advance payment was made, were not required for immediate utilisation on the work because the detailed project report was under finalisation. In January 2000 Rs 1.50 crore was received back from the Corporation and credited to 'Public Works Deposits' by the division. Of this, Rs 0.07 crore were utilised in March 2001 for procurement of 1000 metres of 150mm dia pipes leaving an unspent amount of Rs 1.43 crore as of February 2002. The balance advance of Rs 0.11 crore with the Corporation was, however, adjusted in March 2001 towards transportation of pipes procured by them on earlier occasions.

Thus, drawal of the amount in anticipation of procurement of pipes not required for immediate use on the work resulted in irregular utilisation of

budget allotment for 1998-99 and inflated the balances under deposit head to the extent of Rs 1.43 crore. Besides, Rs 1.50 crore remained with the Corporation for nine months (April 1999 to December 1999) which resulted in undue financial aid to the Corporation and loss of interest of Rs 12.94 lakh to the Government.

#### **4.15.3 Lapsed deposits not credited to Government account**

In five PW Divisions<sup>3</sup> (Rs 60.20 lakh) and three I&PH Divisions<sup>4</sup> (Rs 10.02 lakh), Rs 70.22 lakh representing 2963 items of deposits had lapsed as of March 2002 in terms of the codal provisions. Action to credit the lapsed amounts to revenue head of account, had not been taken by these divisions as required. No reasons were intimated by the concerned Executive Engineers for non-compliance with codal provisions which resulted in unnecessary retention of the items under the deposit head and concealment of revenue.

#### **4.15.4 Non-commencement of deposit works**

Six Public Works Divisions<sup>5</sup> and two I&PH divisions<sup>6</sup> received Rs 1.81 crore between March 1990 and February 2002 from various departments for execution of deposit works. It was noticed that the works had not been taken up for execution due to non-providing of suitable sites, funds being inadequate for the works, non-according of administrative approval and expenditure sanction, etc. This resulted in keeping the money outside the normal budgetary process and accumulation of balances to the extent of Rs 1.81 crore under the deposit head.

#### **4.15.5 Unutilised deposits on works in progress**

Check of records of three PW divisions<sup>7</sup> and two I&PH divisions<sup>8</sup> revealed that against deposits of Rs 5.14 crore (PW: Rs 4.69 crore and I&PH: Rs 0.45 crore) received between May 1993 and December 2000, Rs 2.16 crore (PW: Rs 1.88 crore and I&PH: Rs 0.28 crore) were lying unutilised despite lapse of periods ranging between one and eight years resulting in accumulation of balances under deposit head of account.

3 Chamba, Hamirpur, Kullu-I, Kullu-II and Nirmand.

4 Hamirpur, Dehra and Shimla-II.

5 Chamba, Hamirpur, Medical College Shimla, Shimla-I, Rohroo and Touni Devi (Rs 1.64 crore).

6 Hamirpur and Shimla-I (Rs 0.17 crore).

7 Shimla-I, Shimla-II and Shimla-III.

8 Hamirpur and Shimla-I.

The Executive Engineers, Shimla divisions-I and II of PWD and Hamirpur division of I&PH attributed non-utilisation of the balance amounts to non-clearance of liabilities against completed works. The Executive Engineer, Shimla division-I of I&PH attributed the same to dispute of land which arose during execution of the works. The Executive Engineer, Shimla division No. III (PW) did not, furnish any reasons for the unutilised deposit of Rs 30.14 lakh received for execution of seven works.

#### **4.15.6 Deposit funds of Backward Area Sub Plan (BASP) works not surrendered**

According to the directions of the Principal Adviser (Planning Department) issued in August 1999, allocation under BASP remaining unspent was to be formally surrendered before the close of the financial year.

Test-check of records of I&PH division, Anni revealed (August 2001) that Rs 3.75 crore received by the division from Deputy Commissioner, Kullu during 1999-2001 (1999-2000: Rs 1.83 crore and 2000-2001: Rs 1.92 crore) for execution of 130 water supply and irrigation works under BASP were credited to deposited head. The division did not utilise the funds in the respective years and Rs 1.48 crore remained unutilised (1999-2000: Rs 0.73 crore and 2000-2001: Rs 0.75 crore). The unspent balances were however, not surrendered by the division and were irregularly carried over for utilisation during subsequent years as deposits for works.

It was, further, noticed that Rs 43.95 lakh received by the division for execution of specific BASP works were spent on execution of 13 works other than BASP works during 1998-2002 (1998-99: Rs 3.09 lakh; 1999-2000: Rs 24.52 lakh and 2000-2001: Rs 16.34 lakh) instead of surrendering the same before close of the respective years. No sanction of the competent authority for diversion of funds to works was obtained.

The Engineer-in-Chief stated (February 2002) that the funds remained unspent as the same were received in the division at the close of respective financial years and there was no practice of surrendering the funds kept in deposit for execution of works. It was further stated that funds of Rs 43.95 lakh were diverted for execution of such other works as had been accorded administrative approval and were already under execution and were in progress. The reply is not tenable as action of the department violated the instructions of the Planning Department.

#### **4.15.7 Non-deposit of sales tax**

Check of records of Medical College Division, Shimla revealed (March 2002) that sales tax amounting to Rs 15.66 lakh deducted from the bills of various contractors during 1996-2000 was credited to deposit head instead of remitting the same to the State Excise and Taxation Department for credit to Government account. This resulted in concealment of revenue and accumulation of balances under deposit head.

The Executive Engineer stated (March 2002) that requisite funds were demanded in May 2000 for remittance of the tax to Excise and Taxation Department and the same were awaited. The contention is not tenable as the sales tax deducted by the division should have been deposited with the Excise and Taxation Department during the respective years.

#### **4.15.8 Expenditure incurred in excess of deposits received**

Expenditure incurred on deposit works is required to be limited to the amounts of deposits received. Expenditure in excess of the amounts deposited is chargeable to the head "Miscellaneous Works Advances" (MWA) pending recovery.

It was noticed in four PW Divisions<sup>9</sup> (88 items-Rs 1.47 crore) and two I&PH Divisions<sup>10</sup> (32 items-Rs 35.06 lakh) that Rs 1.82 crore were incurred on 120 works in excess of deposits received for which no reasons were furnished. The excess amounts had neither been kept under "MWA" pending recovery nor additional deposits obtained to adjust the minus balances under deposits. Besides, the minus balances also resulted in understatement of the balances under deposit head in the accounts of the concerned divisions.

#### **4.15.9 Un-identified deposit balances**

In Shimla I&PH Division No. II, balances of deposits for works amounting to Rs 1.54 crore were lying unutilised at the end of February 2002. This included an amount of Rs 53 lakh for which necessary details, viz., name of party from whom received, work for which received and date of receipt were not furnished by the division.

<sup>9</sup> Bajnath, Chamba, Mandi-I and Shimla-III.

<sup>10</sup> Dehra and Hamirpur.

The Executive Engineer stated that the details would be supplied after consulting old records. Improper maintenance of records of deposits received for works thus resulted in accumulation of balances under deposit head of account.

These points were referred to the Government in May 2002; reply had not been received (August 2002).