

## CHAPTER -VI

### FINANCIAL ASSISTANCE TO LOCAL BODIES AND OTHERS

#### 6.1 General

(a) Autonomous bodies and authorities are set up, *inter alia*, to discharge non-commercial functions of public utility services. These bodies/authorities received substantial financial assistance from the Government. Other institutions such as those registered under the respective State Co-operative Societies Act, Companies Act, 1956, etc., also received substantial grants from the Government to implement programmes of the State Government.

During 2001-2002 financial assistance of Rs 169.09<sup>1</sup> crore paid to various autonomous bodies and others is broadly grouped as under:

**Table: 6.1**  
(Rupees in crore)

Sr. No.	Name of institutions	Amount of assistance paid
1.	University and Educational Institutions	88.47
2.	Municipal Corporations and Municipalities	18.66
3.	<i>Zila Parishads and Panchayati Raj</i> Institutions	36.25
4.	Development Agencies	9.84
5.	Other Institutions (including Statutory Bodies)	15.87
<b>Total</b>		<b>169.09</b>

#### (b) Delay in furnishing of utilisation certificates

Where grants are given by the Government for specific purposes, certificates of utilisation should be obtained by the departmental officers from the grantees and after verification, these should be forwarded to the Accountant General within one year from the date of sanction unless specified otherwise.

Out of 5,194 utilisation certificates (UCs) in respect of grants and loans aggregating Rs 498.94 crore, paid during the period 1987-88 to 2000-01, only 2,783 UCs for Rs 203.44 crore had been furnished by 31 May 2002 and

<sup>1</sup>.Source: A&E Office.

2,411 UCs for Rs 295.50 crore were in arrears. Department-wise break-up of outstanding UCs was as under:

**Table: 6.2**

(Rupees in crore)

Department	NUMBER OF CERTIFICATES NOT FURNISHED	Amount
Rural Development	816	82.50
Education	497	96.38
Urban Development/Local Self Government	87	6.30
Animal Husbandry	2	0.61
Co-operation	185	0.96
Sports and Youth Services	175	6.48
Tourism	19	5.50
Industries	161	12.45
Forest Farming and Environmental Conservation	63	51.12
Language, Art and Culture	303	1.22
Health and Family Welfare	21	1.20
Agriculture	48	16.91
Other Administrative Services	1	0.05
Horticulture	17	12.21
Fisheries	10	0.19
Science and Technology	6	1.42
<b>Total:</b>	<b>2411</b>	<b>295.50</b>

The following table shows extent of delay in furnishing UCs.

**Table: 6.3**

(Rupees in crore)

	Number of Certificates	Amount
Upto three years	1931	259.27
More than three years but upto five years	320	26.90
More than five years, but upto ten years	151	9.13
More than ten years	09	0.20
<b>Total:</b>	<b>2411</b>	<b>295.50</b>

Due to non-receipt of UCs, it was not possible to ascertain whether the recipients had utilised the grants for the purpose(s) for which these were intended.

**(c) Delay in submission of accounts**

To identify the institutions which attract audit under Section 14 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (CAG's (DPC) Act), the Government is required to furnish to Audit every year, detailed information about the financial assistance given to various institutions, the purpose for which assistance was sanctioned and the total expenditure of the institutions. On the basis of information available with Audit, 178 annual accounts of 71 bodies and authorities for 2001-2002 and earlier years had not been received as of July 2002 by the Accountant General as detailed in Appendix-XVII.

**(d) Audit arrangement**

Audit of local bodies (*Zila Parishads, Nagar Palikas, Town Area/Notified Area Committees*), educational institutions and others is conducted by the Examiner, Local Audit, Himachal Pradesh, Shimla. Audit of Cooperative Societies is conducted by the Registrar, Cooperative Societies, Himachal Pradesh, Shimla and the Audit of *Panchayati Raj* institutions is conducted by the Director, *Panchayati Raj*.

Of the 42 bodies/authorities, whose accounts were received upto July 2002, 28 bodies/authorities attracted audit under Section 14 of the CAG's (DPC), Act, 1971. Of this, audit of 27 bodies/authorities was completed by July 2002.

Interesting points arising out of audit are mentioned in the succeeding paragraphs.

**Cooperation Department****6.2 Deficiencies in monitoring of grants and loans given by the department****6.2.1 Grants**

The Cooperation Department released during 1997-2002 grants and loans of Rs 6.87 crore and Rs 35.38 crore respectively to the cooperative institutions/societies.

Test-check of records of the Registrar, Cooperative Societies (RCS) and Assistant Registrars, Cooperative Societies (ARCS), Kinnaur and Shimla revealed (March-April 2002) the following deficiencies:

(i) UCs for Rs 2.35 crore in respect of grants sanctioned during 1997-2001 due from the grantee institutions between April 1998 and March 2002 were awaited (March 2002). Further, assets register of permanent and semi-permanent assets acquired out of the Government grants were neither maintained nor copies thereof were ever furnished annually to the sanctioning authority for permanent record.

(ii) Once grants-in-aid is sanctioned, the grantee institution should prepare and submit the bill to the countersigning authority for signature and the Treasury Officer for payment. The sanctioning authority was not to do this work on behalf of the grantee. Contrary to this, all the grants-in-aid bills were being prepared and the amount drawn from the treasury by the department itself and thereafter released to the grantee institutions.

## 6.2.2 Loans

The table below shows the year-wise break-up of amount of loans, recovery of which was over due at the end of March each year during 1997-2001:

**Table: 6.4**

(Rupees in lakh)

Sr. No.	YEAR ENDING 31 MARCH	Number of Societies	Overdue amount		
			Principal	Interest	Total
1.	1998	110	77.28	198.26	275.54
2.	1999	119	86.12	143.46	229.58
3.	2000	121	113.41	194.11	307.52
4.	2001	118	137.06	234.41	371.47

(i) The number of defaulting societies ranged between 110 and 121 during the period ending March 1998 to March 2001 and the recoverable amount had risen from Rs 2.76 crore to Rs 3.71 crore. Of this, Rs 45.20 lakh were outstanding against 26 societies under liquidation in seven districts\*. The RCS attributed (May 2002) non-recovery of overdue amount to weak financial position of some of the Societies.

(ii) In 37 cases penal interest of Rs 29.77 lakh was recoverable from the societies. Of this, Rs 9.65 lakh had been recovered upto November 2001. The balance of Rs 20.12 lakh was still recoverable.

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

\* Chamba:2; Kangra: 1; Kinnaur: 1; Kullu: 7; Mandi: 3; Shimla: 11 and Solan:1.

**Education Department (Himachal Pradesh University)****6.3 Blocking of Government funds**

**Inordinate delay in making a hindrance-free site available for the construction of boys hostel for Scheduled Tribe students of the Himachal Pradesh University resulted in blocking of Government funds of Rs 1.41 crore.**

To accommodate 200 Scheduled Tribe students of Himachal Pradesh University (HPU) and to help them avoid paying higher rent in the open market, construction of boys hostel at an estimated cost of Rs 4.16 crore in Silver Wood Cottage situated in village Chaili Kalan (Shimla district) was approved (August 1999) by the HPU. The State Government released (March 1999) Rs 1.41 crore (Central share: Rs one crore; State share: Rs 40.96 lakh) for the construction of the hostel building and transferred property at Silver Wood Estate alongwith 32.18 *bighas* of land (July 1999) to the HPU. In addition, some part of the adjoining forest land was also to be transferred to the HPU.

Test-check of records of the HPU revealed (February 2002) that construction of the hostel building could not be taken up as there were six *Ban* trees growing on the selected site. For felling of these trees and use of forest land for non-forest purposes, prior permission of the Municipal Corporation, Shimla and the Ministry of Forest and Environment was necessary in terms of the provisions of Forest Conservation Act, 1982. No such permission had, however, been granted as of May 2002. Further, the Silver Wood Cottage was in the possession of unauthorised occupants. Action to get the property vacated had also not been taken.

The Executive Engineer (C) of the University stated (February 2002) that negotiations for the vacation of possession of Silver Wood Cottage were going on. Further, the Pro-Vice Chancellor stated (May 2002) that permission for felling the trees sought (September 2001) from the Forest Department was awaited.

Failure of the HPU authorities to make a hindrance-free site available thus, resulted in delay of 37 months in starting construction of the hostel building and blocking of funds of Rs 1.41 crore. Besides, the students were deprived of the intended benefits. The work had not been started till July 2002.

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

#### **6.4 Lapse of special grant due to non-construction of men's hostel in time**

##### **Due to non-construction of men's hostel in time the University allowed the special grant of Rs 31.50 lakh to lapse.**

To accommodate 40 students of the Himachal Pradesh University (University), the University Grants Commission (UGC) approved (March 1998), a special grant of Rs. 63 lakh for the construction of men's hostel in the University campus. The special grant was in addition to the development grant of Rs 2.60 crore allocated to the University for IX Five Year Plan. First instalment of Rs 31.50 lakh of the special grant was released in March 1998. The estimate on the basis of which special grant was sanctioned provided for the construction of double storey RCC structure having plinth area of 946 sqms. Construction of the building was to be completed latest by 4 November 1999 failing which second instalment of grant was not to be released and special grant released earlier was to be treated as part of IX Plan allocation. University decided (August 1998) to construct five storeyed hostel building of which three storeys (Ist phase) were to be constructed to accommodate 40 students.

Test-check of records of the University revealed (June 2002) that due to hindrances in the proposed area, the plinth area was reduced to about 700 sqms. As the University had failed to construct the building within the stipulated time, the UGC restricted (December 1999) the amount of special grant to Rs 31.50 lakh and the expenditure over and above this amount, till the completion of the building was to be adjusted against the IX Plan allocation. The building was still (June 2002) incomplete and thus, there was time overrun of 32 months.

Expenditure of Rs 33.10 lakh had been incurred upto March 2002 for the completion of Ist phase of the building and Rs 12.75 lakh were required to provide internal electric installations (Rs 2.25 lakh), installation of transformer (Rs 9.20 lakh) and miscellaneous (Rs 1.30 lakh). The Executive Engineer (C) of the University stated (June 2002) that plinth area of the building was reduced at the time of execution of work as there were hindrances in the area on which building was to be constructed. The reply is not tenable as the decision to construct five storeyed building was taken in August 1998, of which three storeys to accommodate proposed 40 students were to be constructed latest by 4 November 1999 to avail second instalment of special grant of Rs 31.50 lakh.

Thus, due to non-construction of the hostel building within the stipulated period prescribed by the UGC, the University allowed the special grant of Rs 31.50 lakh to lapse. Besides, the developmental activities of the University

were affected to this extent as the lapsed grant was to be adjusted against the IX Plan allocation.

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

## **Horticulture Department**

### **6.5 Working of Dr. Y S Parmar University of Horticulture and Forestry, Nauni (Solan)**

#### **6.5.1 Introduction**

Dr. Y.S. Parmar University of Horticulture and Forestry (UHF), Nauni (Solan) was established after delinking Solan campus from Himachal Pradesh *Krishi Vishva Vidyalaya*, Palampur under Himachal Pradesh University of Agriculture, Horticulture and Forestry Act, 1986, on 1 December 1985 for teaching, research and extension education in horticulture, forestry and allied branches of learning.

The overall working of UHF is managed by a Board of Management (BOM), the Academic Council, the faculties and such other bodies, as may be declared for the purpose under the statutes of the University. The Vice Chancellor (VC), is the principal executive and academic officer of the University and *ex-officio* Chairman of the BOM and various councils\*. In discharge of his duties, he is assisted by the Deans of two colleges, Directors of Research and Extension Education, Students Welfare Officer, Registrar, Comptroller of Accounts, Estate Officer, etc.

The accounts and other relevant records for the period 1997-2001 including records for 2001-02 of the UHF were test-checked during January-April 2002. The main findings of audit are discussed in the succeeding paragraphs.

#### **6.5.2 Financial outlay and its management**

The UHF receives grants from various sources. The position of receipts and

\* Academic Council, Extension Council and Research Council.

expenditure incurred during 1997-2001 are shown in the following table:

**Table: 6.5**

(Rupees in crore)

Particulars	1997-98	1998-99	1999-2000	2000-01
Opening balance	3.69	8.17	6.44	5.14
<b>Grants received</b>				
State Government	14.31	12.89	14.41	16.88
Central Government	1.00	1.22	0.88	0.89
Indian council of Agricultural Research	2.95	3.48	7.57	6.13
Indian Council of Forestry Research and Education	1.02	0.28	0.31	0.31
Miscellaneous	0.90	0.16	0.42	0.26
<b>Miscellaneous receipts</b>				
Domestic	1.19	1.24	1.38	1.39
Others	0.28	0.78	0.68	0.81
<b>Total receipts</b>	<b>25.34</b>	<b>28.22</b>	<b>32.09</b>	<b>31.81</b>
<b>Expenditure out of</b>				
<b>(a) State grants</b>	<b>12.75</b>	<b>16.54</b>	<b>18.47</b>	<b>21.87</b>
<b>(b) Other grants</b>	<b>4.42</b>	<b>5.24</b>	<b>8.48</b>	<b>7.39</b>
<b>Total expenditure</b>	<b>17.17</b>	<b>21.78</b>	<b>26.95</b>	<b>29.26</b>
<b>Closing balance</b>	<b>8.17</b>	<b>6.44</b>	<b>5.14</b>	<b>2.55</b>

Source: Annual accounts of the UHF.

Analysis of the data revealed:

(a) The receipts of the University from the State Government including domestic receipts during 1998-99 to 2000-01 were Rs 48.19 crore whereas the expenditure incurred was Rs 56.88 crore. Extra expenditure of Rs 8.69 crore was met by diverting funds from General Fund of the University without the approval of the other funding agencies.

(b) The overall increase in the receipts (including grants-in-aid) to the University was 26 per cent during 1997-2001 whereas the expenditure increased by 70 per cent during this period.

(c) It was noticed that the expenditure on "Salaries" component of the employees under State Funded Schemes had gone up from 73 per cent during 1997-98 to 81 per cent in 2000-2001 of the expenditure out of State grants.

(d) The University accounts had depicted minus balances<sup>2</sup> during 1997-2001 against various State/Central schemes under the head "Unspent balances" which was indicative of the fact that diverted amounts could not be

1 1997-98: Rs 925.63 lakh; 1998-99: Rs 1303.17 lakh; 1999-2000: Rs 1412.05 lakh and 2000-01: Rs 1777.52 lakh.

2 1997-98: Rs 65.70 lakh; 1998-99: Rs 60.20 lakh; 1999-2000: Rs 26.89 lakh and 2000-2001: Rs 178.12 lakh.



recouped due to non-receipt of adequate grants in time. Minus balances at the end of March 2001 were Rs 1.78 crore.

The Deputy Comptroller stated (April 2002) that the grants received from the State Government were not even sufficient to meet the minimum requirements of the University and amounts spent in excess from project funds could not be recouped so far due to inadequate grants-in-aid from the State Government.

The following points of overpayment/inadmissible payment of allowances, irregular expenditure, etc., were noticed during test-check.

**(i) Overpayment of house rent allowance - Rs 17.66 lakh**

The statute of UHF, provided that the rates of local allowances shall be as admissible to the State Government servants at the concerned station of posting. The Finance Department had also clarified (March 2000) that employees posted at Nauni (University Headquarters) could be entitled to House Rent Allowance (HRA) as prescribed by the State Government for other areas/places and not as specified for district headquarters, Solan. Despite this, the HRA to 708 to 772 employees stationed at Nauni was paid from September 1999 at higher rates which resulted in over payment of Rs 17.66 lakh during September 1999-March 2002. The Comptroller stated (March 2002) that payment of HRA at higher rate had the approval of the BOM and the Finance Department. The contention is not tenable as the approval of the BOM was contrary to the provisions of the statutes and the Finance Department had never allowed the grant of this allowance.

**(ii) Inadmissible payment of Secretariat Allowance – Rs 21.11 lakh**

Secretariat allowance was admissible to the State Government employees working in the Himachal Pradesh Secretariat, Shimla or its equivalent offices. It was, however, noticed that UHF paid during February 1997- February 2002, Rs 13.94 lakh as secretariat allowance to the *beldars*, medical attendants and workshop helpers which was not admissible to any of these categories in the Himachal Pradesh Secretariat. Further, instead of granting this allowance to the staff posted in the administrative office only, the UHF also paid during September 1997-March 2002, Rs 7.17 lakh as secretariat allowance to its all other employees posted either in the directorates or field offices. The injudicious payment of this allowance had resulted in outflow of Rs 21.11 lakh during 1996-2002. The UHF advanced no reasons for the grant of this allowance.

**(iii) Irregular engagement of daily wage workers – Rs 1.24 crore**

The instructions (July 1995) of the State Government provided that no fresh recruitment of daily wage/muster roll workers shall be made without the approval of the Government through the Finance Department. The UHF engaged during 1996-2000, 135 such workers without the requisite approval.

This resulted in irregular expenditure of Rs 1.24 crore during 1997-2002 besides creating the liability for regularisation of these workers.

**(iv) Loss due to uneconomical running of buses – Rs 70 lakh**

Although good transport facilities existed between Solan and Nauni, the UHF plied its own buses needlessly for transporting its employees on concessional pass basis. The UHF did not even recover the running costs of buses. Resultantly the UHF incurred during 1997-February 2002, a loss of Rs 70 lakh on running of six to nine buses. The loss included Rs 25.95 lakh on account of pay and allowances of the 12 to 18 drivers/conductors for idle time. The UHF did not review during 1997-2002 its policy of subsidised transportation and its consequent impact on the finances of the UHF.

The Executive Engineer, (C) of the UHF stated (April 2002) that the buses were being plied as per administrative orders and bus facility for new entrants had been stopped since June 1992. The reply is not tenable as plying of buses resulting in recurring loss was injudicious in view of good governance and private transport facilities available between Solan and Nauni.

**6.5.3 Running of MBA course without recognition**

The UHF started MBA (Agriculture business) programme from the academic session 1997-98 without obtaining necessary permission till March 2002 from the Himachal Pradesh Council of Agricultural, Horticultural and Forestry Education and Research as required under the University Act. Recognition from the All India Council of Technical Education and National Board of Accreditation was also not obtained. The degrees of MBA awarded to 56 students during 1999-2002 had thus, remained unrecognised impacting the career prospects of the students.

The Registrar stated (March 2002) that the course was started with the approval of the BOM. The reply is not tenable because powers to grant permission for starting new course lies with the Council.

**6.5.4 Programme implementation**

**(i) Non-utilisation of machinery and equipment**

The ICAR provided during 1995-96, Rs 45 lakh under National Agricultural Research Project (NARP-II) to the UHF for installation and commissioning of cold storage walk-in-chambers at Regional Horticulture Research Station (RHRS), Mashobra. The work was to be completed before termination of the project period on 30 June 1996. It was noticed in audit that the amount was drawn (June 1995) by the Director of Research without any planning for execution of the project and was kept in the bank. The amount was sent to RHRS, Mashobra for utilisation on the project in March 1996.

It was further noticed that the work of supply, installation and commissioning of five pre fabricated cold storage walk-in-chambers awarded (February 1996) to a Chandigarh based firm was completed in December 1996 except for installation of humidifiers due to non-availability of adequate and regular water supply. Rs 3.64 lakh were deposited (August 1996) with the Executive Engineer, Irrigation and Public Health (I&PH), department, Shimla for two submersible hand pumps for regular water supply. The pumps had not been provided till March 2002. Failure to ensure adequate and regular water supply at the RHRS had thus, resulted in rendering the expenditure of Rs 44.28 lakh unfruitful so far.

The Associate Director, RHRS, Mashobra stated (April 2002) that these chambers could not be made functional as the I&PH Department demanded (March 2002) additional Rs 2.70 lakh for completion of the job. The reply is not tenable as the balance funds of Rs 7 lakh including interest of Rs 6.28 lakh earned on Rs 45 lakh were available with the UHF. Further, adequate and regular water supply should have been ensured before installation of chambers.

#### **(ii) Under-utilisation of equipment**

To popularise the latest technology amongst the farmers/orchardists by speeding up the marketing operations, to increase the storage life of the highly perishable stone fruits and to arrange teaching/research work for the students, the National Horticulture Board sanctioned (April 1995) a project titled "Post Harvest Management of Temperate Fruits". Accordingly, Rs 20 lakh were provided (April 1995) for purchase of a pre-cooling unit and a grading and packing line.

A mobile pre-cooling unit was purchased (August 1997) by UHF at a cost of Rs 8.62 lakh while grading and packing line was purchased (July 1996) for Rs 8.53 lakh. Both the equipment remained idle till June 1998. The UHF fixed target of demonstrations and training to the orchardists of these equipments five to six times during each fruit season.

It was noticed in audit that the grading and packing line was utilised for 6½ hours for arranging two demonstrations during July 1998 and January 2001 and for six hours for teaching/research work upto March 2002. Similarly, the mobile pre-cooling unit was utilised for six hours for two demonstrations during June 1998-January 2001 and was used for 15½ hours for teaching/research work on seven occasions.

The equipment of Rs 17.65 lakh was thus, under-utilised during 1996-2002 to the extent of 83 per cent to 100 per cent. The UHF furnished no satisfactory reply for under-utilisation of the equipment.

### 6.5.5 Unauthorised expenditure

#### (i) Staff deployed in excess of norms

As per instructions (September 1997) of ICAR, the University was not to fill up any vacant posts exceeding the revised sanctioned strength of 16 employees in each Krishi Vigyan Kendra (KVK) without the prior approval of the ICAR. Contrary to these instructions, the UHF appointed 16 employees during November 1997-March 2000 in three KVKs<sup>3</sup> without approval of ICAR. Expenditure of Rs 13.26 lakh was incurred on their pay and allowances during November 1997-2001 which was not a legitimate charge on the ICAR grants. The Director of Extension Education, UHF stated (April 2002) that the matter for release of additional funds had been taken up with the ICAR. The reply is not tenable as the ICAR instructions were not followed. Further, the matter for the deployment of excess staff was taken up with the ICAR in December 2001.

(ii) The ICAR guidelines (January 1998), *inter alia* provided that salary of those officers/officials only may be drawn from the ICAR grants who were actually working in the KVKs. Contrary to these guidelines, the UHF incurred expenditure of Rs 6.55 lakh during December 1998-February 2002, out of ICAR grants on pay and allowances of 19 employees who were not working in KVKs. The Director of Extension Education, UHF stated (April 2002) that it was imperative on the part of the University to make arrangements for the smooth functioning by deputing employees from time to time to the KVKs for fulfilling its mandate. The reply is not tenable as it is contrary to the ICAR guidelines.

### 6.5.6 Other points of interest

#### (i) Unfruitful expenditure on incomplete works

Five works<sup>4</sup>, at four places estimated to cost Rs 27.83 lakh, were awarded to four contractors during January 1990-September 1991 with the stipulation of completion within one year of award. It was noticed that after partial execution the contractors left the works during November 1998-March 1999, rendering the expenditure of Rs 27.26 lakh unfruitful so far.

The Executive Engineer (C) stated (April 2002) that most of the works were completed except finishing work, for the completion of which efforts were being made. The reply is not tenable as the UHF had neither taken any action against the defaulting contractors nor made any efforts to complete the works.

#### (ii) Non-preparation of balance sheet

Mention was made in paragraph 6.2.2.5 of the Report of the Comptroller and Auditor General of India for the year ended March 1994 (Civil) – Government of Himachal Pradesh about non-preparation of balance sheet by the University

3 Chamba: 10; Reckong Peo: 3 and Rohroo: 3.

4 Scientist residences: 3 at Mashobra, Sharboo and Taboo; Green House and Mist Chamber: one each at Sharboo.

since its inception. The Public Accounts Committee (PAC) had in 192<sup>nd</sup> Report-8<sup>th</sup> Vidhan Sabha recommended that the preparation of balance sheet by the University is necessary. It was noticed during test-check that inspite of the recommendations of the PAC the balance sheet was not prepared and submitted to the Government as required under Section 45(3) of the Act.

**(iii) Non-adjustment of contingent advances - Rs 2.14 crore**

The rules require that all advances should be got adjusted within a month of their drawal and as far as possible no advances should remain unsettled after the end of a financial year. It was noticed that temporary advances of Rs 2.14 crore granted during 1995-2001 to various officials for meeting contingent expenditure were outstanding as of March 2002. The Superintendent (Accounts) stated (April 2002) that about 95 *per cent* of the accounts of advances had been rendered and were awaiting clearance. The reply is not tenable as temporary advances were required to be adjusted within one month of drawal.

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

**Rural Development Department**

**6.6 Unfruitful expenditure and blocking of funds**

**Failure of the department to release the assistance of Rs 15.12 lakh to the beneficiaries and to monitor execution/completion of houses under Gandhi Kutir Yojana (GKY) in time resulted in unfruitful expenditure of Rs 30.14 lakh.**

Gandhi *Kutir Yojana* (GKY), a Government of Himachal Pradesh scheme launched in 1994, aimed at providing financial assistance of Rs 15,800 to each person not having own house, for the construction of a house. The assistance was enhanced to Rs 16,300 to each beneficiary from 1996-97. The beneficiaries were to be identified under Integrated Rural Development Programme (IRDP) and the assistance was to be released in three installments of Rs 4,500 (before commencement), Rs 8,500 (on completion upto plinth level) and Rs 3,300 (on completion). A report showing physical and financial progress was to be submitted to the District Rural Development Agency (DRDA) by the Block Development Officers (BDOs) in the first week of every month.

Test-check (November 2001) of records of the DRDA, Kullu and further information collected (June 2002) from BDOs, Ani and Kullu revealed that during 1994-2000 DRDA released Rs 45.26 lakh to three BDOs<sup>1</sup> of Kullu

<sup>1</sup> Anni: 22 houses (Rs 3.57 lakh); Kullu: 54 houses (Rs 8.80 lakh); Nirmand: 203 houses (Rs 32.89 lakh)

district for the construction of 279 houses (44 houses @Rs 15,800 and 235 houses @ Rs 16,300). The houses to be constructed by the beneficiaries were to be completed during 1994-2000. It was noticed in audit that all the houses were incomplete for which the BDOs had released Rs 30.14 lakh<sup>2</sup> to the beneficiaries. Rupees 15.12 lakh<sup>3</sup> had been lying unutilised with them as of May 2002 and had not been released to the beneficiaries for completion of houses.

While BDOs Ani and Nirmand stated (June 2002) that beneficiaries were themselves responsible for delay in completion of houses, BDO, Kullu stated (November 2001) that the houses could not be completed for want of receipt of full grant from the DRDA. The Project Officer, DRDA stated (May 2002) that BDOs had been requested to complete the houses under GKY. The replies are not tenable as the DRDA had released the sanctioned amount of Rs 45.26 lakh in time to the concerned BDOs but the latter failed to release the balance amount of Rs 15.12 lakh to the beneficiaries for completion of houses. Further, the DRDA and BDOs had failed to monitor the physical progress and completion of the houses within the stipulated time.

Thus, failure to release financial assistance of Rs 15.12 lakh by the BDOs to the beneficiaries resulted in unfruitful expenditure of Rs 30.14 lakh.

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

## **Urban Development Department**

### **6.7 Unfruitful expenditure on construction of rest house building**

**Due to inaction on the part of the Municipal Corporation, Shimla to arrange funds and to finalise the rates, expenditure of Rs 23.71 lakh had remained unfruitful.**

The work for the construction of a Rest House near Ever Sunny building along Ellysium Devi Dhar Road (estimated cost: Rs 10.58 lakh) was awarded (January 1994) to a contractor for Rs 16.28 lakh by the Municipal Corporation (MC), Shimla. The work was to be completed in one year. Due to change in design and scope of work, the Finance, Contract and Planning Committee of the MC, Shimla approved (January 1997) the revised estimate for Rs 24.50 lakh.

Test-check of records of the MC revealed (October 2001) that during 1996, the contractor stopped construction activities after executing the work to the extent of Rs 18.25 lakh as the MC failed to finalise the rates of extra/substituted items executed by him. Payment of Rs 16.90 lakh was

2 Ani: Rs 2.71 lakh; Kullu: Rs 2.44 lakh and Nirmand: Rs 24.99 lakh.

3 Ani: Rs 0.86 lakh; Kullu: Rs 6.36 lakh and Nirmand: Rs 7.90 lakh.

released upto August 1997 (6<sup>th</sup> running account bill). Besides, expenditure of Rs 6.81 lakh had also been incurred during August 1996-June 1997 for providing tiles, sanitary fittings and breast walls, etc.

The MC requested (October 2000) the Urban Development Department (UDD) for arranging grant of Rs 8 lakh for completing the remaining work. The UDD turned down (November 2000) the request and advised the MC to meet the expenditure out of Municipal funds and Octroi grant. The MC, however, allowed part rates for extra/substituted items and took no action to finalise the rates, to arrange funds and to complete the work though the contractor was willing (September 1997) to execute the remaining work at prevailing market rates.

Thus, due to inaction on the part of the MC, expenditure of Rs 23.71 lakh had remained unfruitful.

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

Shimla  
The

**(J.N. GUPTA)**  
Accountant General (Audit)  
Himachal Pradesh

*Countersigned*

New Delhi  
The

**(Vijayendra N. Kaul)**  
Comptroller and Auditor General of India