CHAPTER-III

PERFORMANCE REVIEWS

Health and Family Welfare Department

3.1 Working of Health and Family Welfare Department

Highlights

The review, inter alia, highlights defective budgeting, irregular utilisation of available manpower and non-availment of award of Eleventh Finance Commission for upgradation of standards of administration thereby depriving a section of the population of the State of the benefits of healthcare services. Besides, the goal of "Health for all by the year 2000 AD" set in the National Health Policy-1993 could also not be achieved. Important points noticed as a result of test-check of records are as under:

- **The allocation of funds was not rational. The State Government allocated Rs 234.97 crore against the departmental demand of Rs 165.01 crore resulting in excess allocation of Rs 69.96 crore for the year 2003-04.**

(Paragraph 3.1.8)

- **Budget estimates for the year 2003-04 were not realistic. Against the diversion of Rs 28.15 crore proposed by the department the Government approved diversion of Rs 3.55 crore and the remaining amount of Rs 24.60 crore was surrendered.**

(Paragraph 3.1.9)

- **Investment of Rs five crore in the Himachal Pradesh Health System Corporation to improve infrastructure in Health Institutions could not achieve the intended purpose as no infrastructure was created.**

(Paragraph 3.1.12)

- **Of 3,276 vacant posts as of October 2003, all the posts under 19 categories remained vacant which affected the healthcare service in the State.**

(Paragraph 3.1.13)

- **Four doctors and 34 paramedics were deployed over and above the sanctioned strength and were paid Rs 1.02 crore as salary against vacant posts of other institutions.**

(Paragraph 3.1.15)

- **Pre-service training courses for nurses and multipurpose health workers were not conducted after 2001-02. Resultantly, Rs 78.13 lakh were paid as salary to the training staff for the idle period.**

The abbreviations used in this review have been listed in the Glossary in Appendix-XXXIX (Page 181-182).

(Paragraphs 3.1.19 and 3.1.20)

- **DDT in malaria prone pockets was not sprayed after the year 2001 due to non-according of sanction by the State Government for engaging *beldars*. Resultantly, potency of 53 MTs of DDT costing Rs 44 lakh expired.**

(Paragraph 3.1.27)

- **A 50 bed Mental Hospital constructed in Shimla at a cost of Rs 2.17 crore remained non-functional due to non-posting of psychiatrist and related staff.**

(Paragraph 3.1.36)

- **The State Government could not avail additional central assistance of Rs 8.96 crore provided by the Government of India under *Pradhan Mantri's Gramodaya Yojna* for strengthening rural health sector.**

(Paragraph 3.1.40)

Introduction

3.1.1 Health and Family Welfare Department (H&FWD) provides healthcare services to people of the State through various National and State programmes. The National Health Policy-1993 (NHP) aimed at "Health for all by the year 2000 AD", by providing healthcare services for which certain areas were identified and specific goals were set. The Department implemented various Centrally sponsored schemes and State plan schemes for healthcare through a network of hospitals, community health centres (CHCs), primary health centres (PHCs), civil dispensaries (CDs) and health sub-centres (HSCs).

Organisational set up

3.1.2 The Secretary (Health) is responsible for the activities of the Health and Family Welfare Department at State level. The Director of Health Services (DHS) is responsible for providing healthcare services and implementation of family welfare programmes. He is assisted by an Additional Director, one Joint Director and six Deputy Directors. At district level, the Chief Medical Officers (CMOs) and at block level, the Block Medical Officers (BMOs) were responsible for healthcare and family welfare services.

Audit coverage

3.1.3 Some aspects of the working of the department for the period 1999-2004 were reviewed by test-check (December 2003-April 2004) in offices of the DHS, CMOs of five districts[1] out of 12 and BMOs of sixteen blocks[2] out of 68 falling under these districts (except Bilsapur district) supplemented by a review of records of Medical Superintendent, Zonal Hospital, Mandi, four civil hospitals[3] and one referral hospital (Sarkaghat) and information supplied by the DHS. Twenty six *per cent* of expenditure

1 Bilaspur, Mandi, Sirmour, Kullu and Kinnaur.

2 Bagsaid, Janjheli, Karsog, Padhar, Rohanda and Sandhole (Mandi district), Anni, Banjar, Naggar and Nirmand (Kullu district), Rajpur, Sangrah and Sarahan (Sirmour district) and Nichar, Pooh and Sangla (Kinnaur district).

3 Paonta Sahib and Rajgarh (Sirmour district) and Karsog and Sundernagar (Mandi district).

incurred by the department during 1999-2004 was test-checked. Results of test-check are incorporated in the succeeding paragraphs.

Financial management

Budgetary procedure and control over expenditure

3.1.4 Funds were provided to the department through three grants[4]. The department had 102 Drawing and Disbursing Officers (DDOs) as of March 2004. The DHS was responsible for preparation and submission of the budget estimates to the Finance Department through the Administrative Department.

Budget provision and expenditure

3.1.5 Position with regard to budget allocation and actual expenditure thereagainst during the past five years was as under:

Table: 3.1

(Rupees in crore)

Sr. No.	Year	Budget		Actual expenditure	Variation (+) Excess (-) Saving
1	1999-2000	Revenue	161.05	170.98	(+) 9.93
		Capital	7.07	6.75	(-) 0.32
2	2000-2001	Revenue	183.86	182.85	(-) 1.01
		Capital	14.66	15.27	(+) 0.61
3	2001-2002	Revenue	173.46	180.06	(+) 6.60
		Capital	6.43	7.19	(+) 0.76
4	2002-2003	Revenue	186.41	187.01	(+) 0.60
		Capital	10.06	10.11	(+) 0.05
5	2003-2004	Revenue	219.61	198.01	(-) 21.60
		Capital	11.55	8.82	(-) 2.73

3.1.6 The DHS attributed (January 2004) excess expenditure during 1999-2000 and 2001-2002 due to payment of arrears to the doctors as a result of grant of four tier scale to them and payment of arrear of dearness allowance to the staff. The contention is not tenable as these aspects should have been taken into account while framing the budget estimates.

3.1.7 The following observations indicated lack of co-ordination between H&FWD and Finance Department, inadequate financial control over expenditure and failure to follow the basic cannons of budgetary system:

3.1.8 Against the demand of Rs 165.01 crore for the year 2003-04 under six detailed heads of Major Head '2210-Medical and Public Health', the Government allocated Rs 234.97 crore resulting in excess allocation of Rs 69.96 crore and against the demand of Rs 24.39 crore under other three detailed heads of the same Major Head, Government allocated Rs 5.62 crore resulting in less allocation of Rs 18.77 crore.

The DHS stated (January 2004) that the changes in the budget estimates were made by the Finance Department.

3.1.9 Against the diversion of anticipated saving of Rs 28.15 crore under 'Salary' below Major head '2210-Medical and Public Health' proposed by the department in December 2003, the Government approved diversion of

4 (i) Demand No.9-Health and Family Welfare (ii) Demand No.15-Planning and Backward Area Sub Plan and (iii) Demand No.31-Tribal Development under three major heads of accounts namely 2210-Medical and Public Health, 2211-Family Welfare and 4210-Capital outlay on Medical.

Rs 3.55 crore[5] and the remaining saving of Rs 24.60 crore was surrendered. The DHS admitted (April 2004) the above facts.

3.1.10 Supplementary grants/additionality of Rs 2.02 crore[6] during 2001-03 proved unnecessary as there was an overall saving/surrender of Rs 13.89 crore[7] under eight detailed heads of Major head '2210-Medical and Public Health' and '2211-Family Welfare'. Besides, re-appropriation of Rs 1.58 crore was injudicious in view of the overall excess of Rs 0.91 crore under Major head '2211-Family Welfare' during 2002-03.

3.1.11 Contrary to the Budget Manual provision of reconciling the departmental figures with the figures of the Accountant General every month, the figures of differences were adjusted by giving plus/minus effects within the detailed heads of the Major heads without corrections in the relevant accounts and registers of the DDOs.

The DHS, while admitting the above facts, stated (January 2004) that it was practically not possible to strictly adhere to the provisions of Budget Manual.

Investment in Himachal Pradesh Health System Corporation (HPHSC)

3.1.12 To improve infrastructure in health institutions in the State, the Government set up (October 1999) Himachal Pradesh Health System Corporation (HPHSC) for which Rs 27.50 lakh (Equity share: Rs 25 lakh and Registration charges: Rs 2.50 lakh) were sanctioned in August 1999. Besides, Rs 4.75 crore were sanctioned in October 2000 to the Corporation as additional Share Capital. The DHS submitted (October 2000) a list of 63 departmental capital works on which Rs 4.75 crore were to be spent by the HPHSC.

It was noticed that out of above amounts, Rs 2.50 lakh were spent (November 1999) on registration of the Corporation and the balance of Rs five crore remained in savings bank account upto March 2002, when the State Government decided to wind up the HPHSC and transfer its assets and liabilities to newly constituted (January 2002) Himachal Pradesh Infrastructure Development Board (HPIDB). It was further noticed that no departmental infrastructure had been created by the HPIDB as of April 2004. Resultantly, the investment of Rs five crore (Share Capital: Rs 4.75 crore and Equity Share: Rs 0.25 crore) could not achieve the intended goal of improving infrastructure in health institutions. Besides, expenditure of Rs 2.50 lakh on registration of HPHSC, also proved infructuous. The DHS confirmed (April 2004) the facts.

Human Resource Management

Sanctioned strength and men-in-position

3.1.13 Against 16,743 sanctioned posts of 113 different categories (i.e. administrative, medical/para medical, technical/non-technical and other ministerial staff) as of October 2003, department had 13,467 (80 *per cent*)

5 January 2004: Rs 1.56 crore and March 2004: Rs 1.99 crore.

6 2001-02: Rs 0.69 crore and 2002-03: Rs 1.33 crore.

7 2001-02: Rs 10.07 crore and 2002-03: Rs 3.82 crore.

officials-in-position in 94 categories. In the remaining 19 categories[8], all the posts were vacant. Category-wise detail of 3,276 vacant posts, which had direct bearing on implementation of healthcare services is shown in **Appendix-XIX**.

3.1.14 The percentage of shortage in essential categories of staff ranged between nine and 100 which had adverse impact on healthcare services.

Reasons for not filling up vacant posts were not intimated by the DHS (April 2004).

3.1.15 The State Government issued instructions (May 1999) to stop practice of over staffing and to draw the salary of employees from the offices where they actually worked against the sanctioned posts.

In three test-checked districts[9] and the Directorate, it was noticed that four doctors and 34 paramedics of different categories were deployed over and above the sanctioned strength of the institutions between April 1999 and March 2004. Salary of these categories of staff amounting to Rs 1.02 crore was drawn against vacant posts of other institutions. The Heads of concerned offices stated (January-April 2004) that the posting of surplus staff was mainly due to stay orders obtained by the individuals from the Administrative Tribunal against their transfer orders, while in other cases surplus posting of staff was done under the direction of the Government. The replies were not convincing as the Government had violated its own instructions and expenditure of Rs 1.02 crore on their salary proved infructuous.

Injudicious deployment of Joint Directors at Directorate

3.1.16 Three District Hospitals (Dharmasala, Mandi and Shimla) were upgraded (September 1994) as Zonal Hospitals (ZH). The State Government notified (February 1995) that each ZH would be under the administrative control of a Joint Director (JD) and headquarter of the Joint Director would be fixed at the zonal level. The JD was responsible for overseeing day to day functioning of hospitals in his zone and also for implementation and monitoring of Central/State Sponsored Programmes.

3.1.17 It was noticed that all the three JDs instead of being posted at respective ZHs remained at the Directorate without specific assignment. On this being pointed out (December 2003) by Audit, the DHS ordered (January 2004) job responsibilities of officers of the Directorate including the three JDs. Thus, since 1995 the healthcare programmes were not effectively monitored by the three JDs at Zonal Headquarter level.

3.1.18 The DHS attributed (April 2004) non-deployment of JDs at respective ZHs to lack of necessary infrastructure and manpower. The reply is not tenable, as there was nothing on record to substantiate his viewpoint.

Non-conducting of pre-service training courses

3.1.19 Training for general nursing and male and female multipurpose health workers (MHWs) is imparted in the schools of nursing at Bilaspur,

8 Deputy Director (IEC), Nursing Principal Officer, Public Analyst-cum-Chemical Examiner, Chief Technical Officer, Junior Scientist, Senior Analyst, Technical Officer, Store Officer, ECG Technician, Extension Educators, Social Science Instructor, Asstt. Editor/Editor-cum-Journalist, Assistant Publicity Officer, Sr.Sanitarian, Dressers, Public Health Nurse Instructor, Head Cook, *Jamadar* and Gestetnor Operator.

9 Kinnaur, Mandi and Sirmour.

Mandi, Sirmour and Kullu under the control of the respective CMOs. The candidates for training are sponsored by the State Government.

3.1.20 Records of CMOs, Bilaspur, Kullu, Mandi and Sirmour revealed that despite 1,203 vacant posts of nurses, MMHWs and FMHWs in the department for different spells, training courses had not been held between August 2001 and March 2004 and between July 2002 and March 2004 respectively. The staff of training schools remained idle as their services were not used even in the medical institutions and drew infructuous salary of Rs 78.13 lakh.

3.1.21 The CMOs stated (February-April 2004) that candidates were not sponsored for training by the Government.

Programme management

Health infrastructure

3.1.22 As of March 2000, healthcare in the State was being provided through a network of 50 hospitals, 66 community health centres (CHCs), 441 primary health centres (PHCs), 21 civil dispensaries (CDs) and 2,067 health sub centres (HSCs).

3.1.23 While 51 PHCs/CDs as per **Appendix-XX**, functioned (June 2003) without doctors, 182 HSCs as shown in **Appendix-XXI**, and four PHCs[10] remained non-functional upto July 2003. Position regarding functioning of above institutions after July 2003 was not intimated by the DHS.

Bed occupancy of hospitals

3.1.24 In respect of the following test-checked hospitals, the actual bed occupancy during 1999-2004 was far less than the sanctioned capacity:

Table: 3.2

Sr. No.	Name of hospital	Sanctioned bed capacity	Actual beds available	Average bed occupancy during 1999-2004	Reasons for low occupancy as per the department's reply
1.	DH, Rekong Peo	100	84	41-48	Lack of specialised services
2	RH, Sarkaghat	100	81	40-49	Lack of specialised services and shortage of space.
3	CH, Jogindernagar	100	38	22-24	Shortage of building
4	CH, Sarahan	50	50	10-23	Lack of specialised services
5	CH, Chango	10	10	Nil	Non-functional
6	CHC, Nirmand	30	14	1-3	Shortage of accommodation
7	CHC, Sangla	30	15	1	Lack of infrastructure facilities
8	CHC, Dalash	6	6	1	Lack of infrastructure facilities
9	CHC, Nichar	6	4	1	Lack of infrastructure facilities
10	CHC, Rajpur	6	6	1-3	Patients preferred private practitioners for better treatment
11	CHC, Sangrah	6	6	1	Lack of infrastructure facilities

3.1.25 The low occupancy of beds in the above hospitals was mainly attributable to lack of infrastructure and specialised services which indicated

10 Lambul and Kadhota (Hamirpur district) and Kurgal and Bhumti (Solan district).

that satisfactory healthcare services were not being provided to the public by these institutions.

3.1.26 Six beds for Intensive Care Unit (ICU) costing Rs 1.21 lakh, purchased and supplied by the DHS to the CMO, Nahan in June 1999 were lying in the store, as ICU ward did not exist in the district hospital Nahan. These beds could have been transferred to hospitals where facilities existed.

Implementation of Centrally sponsored scheme

National anti-malaria programme

3.1.27 National Anti Malaria Programme (NAMP) a hundred *per cent* Centrally sponsored scheme was funded by the Government of India in kind through supply of DDT and drugs every year. Materials worth Rs 2.30 crore[11] was received between 1999-2000 and 2002-03. No material was received during 2003-04.

Under the programme two rounds of DDT spray in malaria prone pockets were to be carried out every year. It was, however, noticed that the spray operations was carried out partially between 1999 and 2001 but operations during 2002 and 2003 was not carrried out due to non-according of sanction by the State Government for engaging *beldars*. Resultantly, 1,061 bags (53 MTs) of DDT costing Rs 44 lakh received from Government of India had expired between November 2001 and October 2002.

The DHS confirmed (January-Feburary 2004) the above facts.

National mental health programme

3.1.28 Mention was made in paragraph 3.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002 (Civil) Government of Himachal Pradesh regarding non-utilisation of Rs 40.25 lakh by the CMO, Bilaspur out of Rs 50 lakh provided by the Government of India during 1998-2002 for implementation of mental health programme. Further scrutiny revealed that after taking up the programme on pilot basis in September 1999, Rs 56.94 lakh out of proposed outlay of Rs 1.16 crore were

11 1999-2000: Rs 92.45 lakh; 2000-01: Rs 89.06 lakh; 2001-02: Rs 36.78 lakh and 2002-03: Rs 11.89 lakh.

received upto March 2003 as shown below:

Table: 3.3

(Rupees in lakh)

Sr. No.	**Name of component**	**Funds received**	**Funds utilised upto March 2004**	**Unutilised funds**
1	Staff salary	14.00	13.41	0.59
2	Medicines, stationery and other contingencies	19.56	9.38	10.18
3	Equipments, vehicles, etc.	9.00	8.96	0.04
4	Training	8.52	3.27	5.25
5	Information, education and communication (IEC)/workshops	5.86	4.57	1.29
	Total:	**56.94**	**39.59**	**17.35**

Test-check (February 2004) revealed the following points:

3.1.29 The State Government was required to post suitable personnel for manning the District Mental Health Team (DMHT) from among the in-service incumbents willing to serve this pilot project. The team was expected to provide daily out-patient service, a ten bed facility, referral service, liaison with PHC, follow up service and community survey. Besides, the team was also required to create awareness in the community to remove stigma of mental illness.

3.1.30 It was noticed that no regular DMHT was constituted. One regular pharmacist and one Group "D" (on contract basis) were deployed to work for the programme. However, a psychiatrist of adjoining district hospital (Hamirpur) was deployed to attend the referred cases from wards of the local hospital only once in a week on every Saturday. Thus, the programme was not fully implemented.

3.1.31 The State Mental Health Authority, under the Chairmanship of the Commissioner-cum-Secretary (Health) decided (July 2001) to meet the expenditure on salary of psychiatrist, driver, nursing orderly, sweeper, clerk (one each) and staff nurses (four) out of the funds received from the Government of India under the project. Accordingly, Rs 13.41 lakh had been shown spent on the above staff upto February 2004, whereas the mentally ill patients were treated for roughly four days a month by one psychiatrist from other district hospital. Thus, the funds received from the Government of India were diverted to meet expenditure on salary of above staff without actually performing the assigned duties.

3.1.32 Since there was no regular psychiatrist in DH, Bilaspur, purchase (2002-03) of one vehicle, costing Rs 4.36 lakh for a psychiatrist of other district, who merely attended to patients once a week was not justified.

3.1.33 There was no provision for the purchase of computer under the pilot project. One computer was purchased for Rs 0.49 lakh (1999-2000) by the Nodal Officer whereas Electro Convulsive Therapy (ECT) machine with resuscitation equipment which was essential for revival of patients was not purchased inspite of provision in the guidelines.

3.1.34 Since the Ninth Five Year Plan ended in March 2002, the balance grant of Rs 58.76 lakh out of total outlay of Rs 1.16 crore was not released by the Government of India. Moreover, Rs 17.35 lakh out of Rs 56.94 lakh were still (February 2004) lying unutilised with the Nodal Officer.

3.1.35 Thus, the overall objective of the pilot project was not achieved due to laxity on the part of the State Mental Health Authority inspite of an expenditure of Rs 39.59 lakh incurred on the pilot study and funds of Rs 58.76 lakh lapsed.

Non-functional mental hospital

3.1.36 A 50 bed Mental Hospital was constructed in Shimla at a cost of Rs 2.17 crore and inaugurated in November 2002. The Mental Hospital named as the Himachal Institute of Mental Health and Neurology Sciences (HIMHANS) was being looked after by a General Duty Officer (doctor) alongwith five officials (pharmacist, ward sister, clerk, ward boy and sweeper), transferred (August 2002) from Zonal Hospital, Shimla. Material, machinery and other hospital equipment, etc., worth Rs 7.60 lakh was purchased (March 2002) for this hospital by the DHS by diverting the budget from *Pradhan Mantri's Gramodaya Yojna* (PMGY). The entire staff was idle due to non-posting of psychiatrist and other related staff as of March 2004. The idle staff was paid Rs 12.72 lakh as salary upto March 2004 by the CMO Shimla. Thus, the whole expenditure of Rs 2.38 crore (hospital building: Rs 2.17 crore; material and equipment: Rs 0.08 crore and salary of staff: Rs 0.13 crore) has been rendered unfruitful.

The DHS stated (March 2004) that the hospital could not be made functional due to non-availability of psychiatrist, psychiatric nurses, clinical psychologist and psychiatric social worker. Creating facilities without ensuring the availability of essential personnel shows indifference towards the persons suffering from mental ailments.

Award of Eleventh Finance Commission (EFC) for upgradation of standards of administration

3.1.37 For establishment of three Regional Diagnostic Centres (RDCs) in the State, Rs nine crore (Rs three crore per RDC) were allocated out of upgradation and special problems grant awarded by the EFC for the years 2000-2004. These RDCs (one each for four districts) were proposed to be set up in Bilaspur, Hamirpur and Solan districts. As per guidelines issued (September 2000) by the Government of India, Rs 2.53 crore were to be spent for the purchase of equipment and Rs 0.47 crore for building works.

Test-check (April 2004) of records of DHS revealed that (i) against allocation of Rs three crore for each RDC, expenditure of Rs 1.91 crore for all the three centres was shown to have been incurred as of March 2004 which included Rs 1.41 crore released to the executing agencies during 2000-2004 for construction of buildings (civil works) for these centres and Rs 0.49 crore as cost of acquisition of equipment. The execution of building/civil works was not started (May 2004). (ii) Rupees 3.57 crore had been diverted by the State Planning Department during 2003-04 to other departments as given below leaving unutilised funds of Rs 3.52 crore.

Table: 3.4

(Rupees in crore)

Sr. No.	Name of department to which funds diverted	Amount	Purpose for which diverted
1	Tourism and Civil Aviation	0.04	To defray cost of land compensation award pronounced by the Court.
2	Youth Services and Sports	0.02	To organize 20th National Basket Ball Championship at Kangra.
3	Deputy Commissioner, Kullu	0.10	Construction of Building/Examination Hall for Government Senior Secondary School, Sultanpur.
4	Language, Art and Culture	0.09	To meet the liability on the presentation of Tableaux on Republic Day in New Delhi.
5	Deputy Commissioner, Una	0.45	Construction of roads and installation of tube wells in Una district.
6	Home	2.87	To finance the project "*Rashtriya Sam Vikas Yojna*", Chamba district.
	Total:	**3.57**	

3.1.38 Thus only 21 *per cent* of available funds could be utilised as the department failed to prepare proper action plan for timely setting up of these RDCs during 2001-04 and the funds provided under the award of EFC would lapse in March 2005.

The DHS admitted (April-May 2004) the facts.

Pradhan Mantri's Gramodaya Yojna

3.1.39 Additional Central Assistance (ACA) of Rs 19 crore was received from the Government of India under PMGY during 2002-04 (2002-03: Rs 13 crore and 2003-04: Rs six crore) to supplement the resources of the State Government under Rural Health Sector. The ACA was to be utilised for strengthening the functioning of the existing primary healthcare facilities including repair and maintenance of infrastructure in HSCs, PHCs, CHCs and staff quarters.

The following points were noticed:

3.1.40 Out of total allocation of Rs 19 crore under PMGY, Rs 10.04 crore[12] only were stated to be utilised by the department and remaining funds of Rs 8.96 crore lapsed due to non-utilisation.

3.1.41 The DHS attributed (April 2004) non-utilisation of ACA to non-finalisation of tender policy for the purchase of machinery and equipment and slow pace of execution of works by the executing agencies. Reply of the DHS is not tenable, as effective and timely monitoring at each stage of the project was not done.

3.1.42 Contrary to PMGY guidelines, Rs 7.60 lakh were unauthorisedly diverted for the purchase of material and equipment for non-functional Mental Hospital, Shimla.

3.1.43 The DHS stated (January 2004) that the diversion was sanctioned by the Government in view of the exigency of inauguration of Mental Health

12 2002-03: Rs 7.18 crore and 2003-04: Rs 2.86 crore.

Hospital in November 2002. The reply is not tenable as the guidelines did not permit utilisation of funds on institutions in urban areas.

Achievement of health and family welfare goals

3.1.44 National Health Policy (NHP) provided for certain standard goals, which were to be achieved by the year 2000 AD. Position with regard to achievement of these goals as of March 2004 was as per **Appendix-XXII**. Following points were noticed:

3.1.45 Targets set for 2000 AD had not been achieved in respect of pre-natal mortality rate and child mortality rate. There was shortfall of 17 to 22 and three per thousand respectively. Similarly, shortfall in effective couple protection[13] (10 *per cent*), pregnant mothers receiving ante-natal services (28 *per cent*) and delivery by trained attendants (49 *per cent*) also pointed to inadequate management of these health services.

3.1.46 Data regarding achievement of goals for maternal mortality rate, for babies with birth weight below 2500 grams and family size had not been maintained by the DHS. Thus, the level of achievement against the goals set for these groups in NHP could not be ascertained.

3.1.47 Under immunisation status, shortfall of five and 15 *per cent* was noticed in two groups i.e. Tetanus Toxide (TT) for pregnant women and TT for school children of 16 year age group. This showed that adequate arrangements were not made for immunisation of these groups.

Status of medical equipment and machinery

Idle/unutilised/surplus machinery and equipment

3.1.48 Test-check (December 2003-April 2004) of records of two Zonal Hospitals[14], one District Hospital[15], one Referral Hospital[16], five Civil Hospitals[17], four CHCs[18] and five PHCs[19] revealed that machinery and equipment costing Rs 1.10 crore purchased between May 1983 and January 2003 as detailed in **Appendix-XXIII** was lying idle for the period ranging between 11 and 185 months.

3.1.49 The CMOs/Medical Officer of the hospitals confirmed (December 2003-April 2004) that due to non-functioning of the above machinery and equipment, the desired benefits could not be delivered to the patients.

Utilisation of vehicles

3.1.50 Of the total 597 vehicles held by the Department (April 2004), 130 vehicles were off road and awaiting condemnation. In some cases vehicles remained off the roads for 15 to 20 years. The DHS stated (April 2004) that off road vehicles were parked at different health institutions

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13 Couple Protection connotes eligible couples covered under different methods of family programme.

14 Mandi and Nahan.

15 Reckong Peo.

16 Sarkaghat.

17 Paonta Sahib, Rajgarh, Sandhole, Sarahan and Sundernagar.

18 Gohar, Pooh, Rajpur and Sangla.

19 Balichowki, Haripurdhar, Ribba, Sangrah and Spillow.

in the State and detailed information regarding these vehicles was not readily available. Delay in disposal of these vehicles was attributed to a lot of codal formalities involved in the process. Reply was not tenable as timely action for disposal of these vehicles could have fetched a good sum from auction money.

3.1.51 Of the remaining 467 on road vehicles, the DHS stated (April 2004) that 47 vehicles were surplus and these had been placed at the disposal of Secretary GAD to the Government of Himachal Pradesh for further allocation to other departments. He further stated (September 2004) that 12 vehicles had so far been taken over by the General Administration Department.

Other points of interest

Levy, collection and utilisation of user charges

3.1.52 Article 266 of the Constitution of India lays down that all revenues received by the Government of a State shall be credited to Consolidated Fund of the State and that no moneys out of said fund shall be appropriated except in accordance with law and in the manner provided under the Constitution. Article 204 (3) of the Constitution further lays down that no money shall be withdrawn from the Consolidated Fund except under appropriation made by law passed in accordance with the provisions of the Constitution.

3.1.53 In violation of the above provisions, Hospital Management and Welfare Societies (HMWSs) were set up in all the Zonal/District hospitals and registered under the Societies Registration Act 1860 vide State Government notification of June 2001. Such societies were also formed (November 2001) in all sub-divisional level hospitals. The HMWSs were headed by the respective Deputy Commissioners/Sub Divisional Magistrates. According to the notification *ibid*, (i) all hospital receipts in the shape of user charges, registration fee, etc., were to be fixed and received by the concerned society and (ii) the societies could utilise the funds raised for purchase/maintenance of materials/consumables/machinery and equipment without taking prior permission of the Government. The HMWSs were renamed as *Rogi Kalyan Samities* (RKSs) in November 2001 and again renamed (May 2003) as *Asptal Kalyan Samities (AKSs)*.

The following points were noticed:

3.1.54 Bye-laws of Societies had not been approved by the Government as of April 2004. User charges varied from hospital to hospital and there was no uniformity as these had been fixed by the concerned societies. There was also no uniformity for the rates of similar types of tests. Thus, no norms were followed.

3.1.55 As of March 2003, thirty five RKSs/AKSs, established between June 2001 and September 2002 were functioning in different hospitals. The latest financial status of AKSs, called (December 2003) from the DHS was not supplied as of April 2004. Scrutiny of records revealed that the DHS had informed (May 2003) the Government that the RKSs had generated an income of Rs 5.23 crore from user charges of which Rs 4.10 crore were utilised on purchase of machinery, equipment and repair, etc., leaving unutilised funds of Rs 1.13 crore.

3.1.56 Prior to formation/registration of above HMWSs/RKSs/AKSs, the user charges used to be the revenue receipts of the Government. With the formation of these societies, the revenue receipts and the expenditure thereon was kept outside the Consolidated Fund of the State.

3.1.57 On being pointed out in audit, the Additional Secretary (Health) assured (January 2004) to amend the rules.

Non-monitoring of financial and physical progress of capital works

3.1.58 During 1999-2004, Rs 32.25 crore[20] were released by the DHS to the State Public Works Department (PWD) for the construction of 1,082 health institutions. It was noticed that no records to watch financial and physical progress of works executed by the PWD had been maintained by the DHS. Thus, the status of various capital works was not known as of April 2004.

Lack of internal audit and inspection mechanism

3.1.59 The State Finance Department had posted Sub-ordinate Accounts Services (SAS) qualified personnel in the department (Directorate: one Deputy Controller and one Assistant Controller and in each CMOs office: one Assistant Controller). Internal Audit of the department was one of the main duties of these SAS personnel. It was, however, noticed that there existed no Internal Audit system in the department. The DHS stated (December 2003) that due to shortage of SAS personnel internal audit could not be conducted. Reply of the DHS was not tenable, as services of the existing SAS personnel were not being utilised strictly as per their prescribed duties.

3.1.60 The department had not prescribed any norms for the general inspection of the hospitals and other healthcare institutions. Records of occasional inspection carried out, if any, had not been maintained.

Monitoring and Evaluation

3.1.61 The NHP provided for an effective health Management Information System (MIS). The programme was to ensure planning and decision making in health related fields. It emphasised monitoring and periodical review of the efforts made and the results achieved. It was noticed that no system for monitoring and implementation of various programmes was devised by the department. Neither the MIS nor departmental Manual was framed to regulate the functioning of the healthcare institutions in the department. In the absence of the MIS, the department did not have uptodate data on manpower, infrastructure facilities, status of machinery and equipment in hospitals and financial/physical progress of works executed by the PWD.

3.1.62 The DHS stated (April 2004) that the progress of various activities of health related programme were reviewed and evaluated in the monthly/quarterly meetings at different levels. It was further stated that evaluation of various national health programmes was done by the Government of India, non-Government organisations and other independent agencies. The reply is not tenable as no evaluation reports, guidelines issued and follow up action taken were produced for audit scrutiny.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

20 1999-2000: Rs 6.50 crore; 2000-01: Rs 6.35 crore; 2001-02: Rs 3.07 crore; 2002-03: Rs 7.04 crore and 2003-04: Rs 9.29 crore.

Public Works Department

3.2 *Pradhan Mantri Gram Sadak Yojna* (PMGSY)

Highlights

There was significant shortfall in achievement of targets fixed for completion of roads under phase I and II of PMGSY. Substantial amounts of funds remained unutilised. PMGSY guidelines were not followed while executing the works. Instances of sub-standard execution of works, undue financial aid to contractors and debiting of expenditure to the scheme incurred prior to its inception were noticed. Some significant audit findings were as under:

☛ **Against 229 villages with a population of over one thousand to be connected through 215 roads by 2003, only 41 could be linked through 37 roads by March 2004.**

(Paragraph 3.2.7)

☛ **Only 149 roads covering 213 villages could be completed by March 2004 as against 245 roads covering 359 villages with a population of over 250 approved for completion by June 2003 under PMGSY 2001-02 (Phase-II).**

(Paragraph 3.2.9)

☛ **Funds of Rs 62.30 crore and interest of Rs 5.72 crore remained unutilised with seven Project Implementation Units and two District Rural Development Agencies.**

(Paragraphs 3.2.11 and 3.2.12)

☛ **Thirteen roads costing Rs 5.12 crore were incorrectly reported as having been completed during June 2002-December 2003 though only 11 roads were actually completed by September 2003-March 2004 and two roads were still incomplete in April 2004.**

(Paragraph 3.2.16)

☛ **In 15 divisions, performance security of Rs 1.91 crore was not obtained from 35 contractors and their earnest money of Rs 50 lakh was not forfeited to the Government, as required. Further against the leviable liquidated damages of Rs 3.21 crore on 38 contractors in 13 divisions, liquidated damages of Rs 58 lakh alone were levied out of which Rs three lakh only were recovered.**

(Paragraphs 3.2.21 and 3.2.24)

☛ **Expenditure of Rs 2.52 crore incurred on annual repairs, etc., was unauthorisedly incurred from PMGSY funds.**

(Paragraphs 3.2.29 to 3.2.31)

☛ **Improper designing of pavements of 13 roads under five divisions resulted in sub-standard/below specification execution to the**

The abbreviations used in this review have been listed in the Glossary in Appendix-XXXIX (Page 181-182).

extent of Rs 5.18 crore. Adoption of uneconomical specifications for the execution of 90 roads under 15 divisions resulted in extra avoidable expenditure of Rs 1.09 crore and failure to ensure quality control had resulted in sub-standard execution of a road costing Rs 88 lakh.

(Paragraphs 3.2.37, 3.2.44 and 3.2.46 to 3.2.47)

☛ **In five divisions, 10 road works constructed at a cost of Rs 5.42 crore could not be termed all weather roads (AWRs) for want of bridges/railway crossings. Expenditure of Rs 2.91 crore incurred on the execution of six roads under five divisions was unfruitful as the works were held up due to involvement of railway activities, private land, etc.**

(Paragraphs 3.2.50 and 3.2.52)

Introduction

3.2.1 Keeping in view the socio-economic benefits accruing from providing road connectivity to the villages, the Prime Minister announced (15 August 2000) a Centrally Sponsored Scheme called the PMGSY. The scheme aimed at connecting every village having population of more than 1,000 through good all weather roads (AWRs) within next three years. Similarly villages having more than 500 persons were to be connected by 2007 (end of Tenth Plan period). In case of hilly/desert tracts, the population was not to be less than 250. Accordingly, Government of India launched the scheme in December 2000. For 2000-2001, funds for rural roads were provided to the concerned District Rural Development Agencies (DRDAs) as additional Central assistance and from 2001-2002 onwards it commenced as a 100 *per cent* Centrally Sponsored Scheme.

Organisational set up

3.2.2 The Himachal Pradesh Public Works Department (HPPWD) was to act as the nodal department for the implementation of the scheme.
Organisational set up of the department is as under:

Financial Commissioner-cum-Secretary (PWD)

↓

Engineer-in-Chief (E-in-C)

↓

Chief Engineer (CE) (National Highways)	Chief Engineer (Central Zone)	Chief Engineer (North Zone)	Chief Engineer (South Zone)

↓

Superintending Engineers (SEs)

↓

Executive Engineers (EEs)

3.2.3 The State Government nominated (April-July 2001) all the SEs and four Executive Engineers[1] in the tribal areas of the State as head of Project Implementation Units (PIUs) for PMGSY.

1 Kalpa, Kaza, Killar and Udaipur.

Audit coverage

3.2.4 Records pertaining to the selection and execution of the road works under PMGSY from 2000-01 to 2003-04 were test-checked in 14 out of 55 divisions[2] and three out of 14 circles[3] involved in the implementation of the scheme between January 2004 and May 2004. This was supplemented by information, furnished by the E-in-C, DRDAs, SEs and points already noticed during audit of various divisions. Important points noticed in audit are discussed in the succeeding paragraphs.

Financial and physical targets and achievements

3.2.5 The PMGSY guidelines provide for execution and completion of the relevant projects within a period of nine months (to be extended to 12 months in exceptional cases) from the date of approval of the project proposals. Government of India further extended (January 2003) this period to 18 months. Year-wise and phase-wise details of the roads and funds approved by Government of India are given in **Appendix-XXIV**.

3.2.6 During 2000-2001, Rs 60 crore were provided as additional Central assistance for the execution of 127 road works already identified under the erstwhile Basic Minimum Services Programme (BMSP) to provide connectivity to the villages, having population of 250 and above. During 2001-02, 3,055 villages having population of 250 and above were identified for providing connectivity upto 2007 (end of 10th Plan period) by constructing 2,334 AWRs at an approximate cost of Rs 2804.82 crore as detailed in **Appendix-XXV**.

The following points were noticed in audit:

Non-achievement of targets

3.2.7 There were 229 habitations having population of 1,000 and above which were to be provided connectivity by the end of 2003 through AWRs by constructing 215 roads as detailed in **Appendix-XXVI**. However, connectivity to 18 *per cent* habitations (41 out of 229) only could be provided within the targeted time. The targets were thus not achieved.

3.2.8 The EEs concerned stated that the road works were taken up for execution according to the approval accorded by Government of India. The plea is not tenable as connectivity to all the habitations having population of 1,000 and above each was to be provided latest by the year 2003.

3.2.9 Under PMGSY 2001-02 (Phase-II), 245 road works to cover 359 habitations (including the habitations which were to be covered incidentally) having population of 2,62,660 persons were approved for execution at sanctioned amount of Rs 128.93 crore. All the road works were required to be completed within 18 months (i.e. latest by 30 June 2003) from the date of approval by the Government of India. However, 149 road works only could be completed at an expenditure of Rs 62.19 crore as of March 2004 which covered 213 habitations (population: 1,60,702) and 96 road works on which expenditure of Rs 41.83 crore had been incurred and which were to

2 Baijnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Shimla-II, Solan and Una.

3 Shimla, Solan and Una.

cover 146 habitations (population: 1,01,958) were still incomplete. There was, thus, time overrun of nine months in the completion of 96 road works and shortfall of 39 *per cent* in achievement of targets of the roads approved for the year 2001-02 (Phase-II).

3.2.10 District-wise details of roads approved during 2001-02, taken up for execution and expenditure incurred thereagainst are detailed in **Appendix-XXVII**.

Unutilised funds and interest

3.2.11 Seven PIUs[4] received Rs 146.89 crore during 2001-2004 either from the DRDAs or from Government of India for the implementation of the project proposals approved for the years 2000-2001 to 2003-04 (Phase-I to Phase-III). Of this, Rs 84.59 crore were released during 2001 to December 2003 to the concerned divisions and remaining amount of Rs 62.30 crore was still lying unutilised with the PIUs. Besides, interest of Rs 5.51 crore earned on these funds was also lying unutilised in the banks as no guidelines for their utilisation had been obtained from the Government of India.

3.2.12 Rupees 158.97 crore received during 2000-2003 by 11 DRDAs[5] were transferred to the PIUs of the concerned districts. Of the interest of Rs 64 lakh earned before the transfer of funds, interest of Rs 43 lakh had been transferred but the balance amount of Rs 21 lakh was still (February-March 2004) lying with two DRDAs[6].

Unauthorised upgradation/wrong selection of the roads

3.2.13 The primary focus of the PMGSY was on construction of new roads. The guidelines provided for the use of 20 *per cent* of the allocated money of the State for upgradation works if unconnected habitations were still left over in the State.

3.2.14 In 14 test-checked divisions, Rs 41.76 crore were approved (2001-2002) for the construction/upgradation of 86 roads under Phase-II of the scheme. Of these, 59 roads (estimated cost: Rs 25.29 crore) were to be upgraded and 27 roads (estimated cost: Rs 16.47 crore) were to provide new connectivity. The prescribed percentage was thus not adhered to.

3.2.15 The Executive Engineers of the concerned divisions stated (January-May 2004) that roads were recommended by the *Zila Parishad*/Member of Legislative Assembly/Member of Parliament and were approved by the Govenrment of India. The reply is not tenable as guidelines were not followed.

Incorrect reporting of achievements

3.2.16 In three divisions[7], 13 road works approved during 2000-01 for Rs 5.78 crore were reported to Government of India as completed during June 2002-December 2003. It was noticed in audit that two roads under Baijnath and Kullu-I divisions were still (April 2004) incomplete and 11 roads under Dehra division were actually completed during

4 Hamirpur, Kalpa, Kullu, Nurpur, Shimla, Solan and Una.

5 Bilaspur, Hamirpur, Kalpa, Kangra, Kullu, Lahaul & Spiti, Mandi, Sirmour, Solan , Shimla and Una.

6 Kangra at Dharamsala and Shimla.

7 Baijnath, Dehra and Kullu-I.

September 2003-March 2004. Expenditure of Rs 5.12 crore had been incurred on these roads as of March 2004.

3.2.17 While the EE, Dehra Division stated (April 2004) that 97 *per cent* progress of the roads was only shown upto November 2003 but completion of the roads in earlier months might have been shown at the higher level; the EE, Baijnath division admitted incorrect reporting. The EE, Kullu Division No. I stated that the road was complete except for side drains and parapets to the extent of 60 *per cent*. In this case too the reporting was incorrect.

Receipt and issue of stores

3.2.18 Materials costing Rs 2.12 crore were fictitiously booked in nine divisions[8] against 31 road works between August 2001 and March 2003 without immediate requirement on works. Rupees 1.84 crore were subsequently written back to stock/transferred to other works. However, it was noticed in audit that adjustment of Rs 46 lakh had not been carried out in accounts as of April 2004 resulting in unjustified debit against PMGSY works. The EEs of the concerned divisions admitted the facts.

3.2.19 During 2001-2004, 12 divisions[9] procured 1643.029 MTs bitumen for PMGSY works from Himachal Pradesh Agro Industries Corporation at a cost of Rs 2.38 crore and paid handling charges of Rs 11 lakh even though no commercial/service charges were to be paid as per Government decision of March 2000. The Executive Engineers stated that handling charges were paid as per practice in the department. The Government was thus put to a loss of Rs 11 lakh because of ignorance of departmental officers about the Government decision.

Undue favour to the contractors

Non-realisation of performance securities

3.2.20 The PMGSY guidelines provide that the roads constructed under the programme should be of very high standard requiring no major repairs for at least five years after completion. For this purpose a performance security of five *per cent* of the contract price was to be obtained from the contractors within 10 days after receipt of letter of acceptance for a period of five years to be reckoned after the completion of works. Failing to do so, the awards were to be cancelled, earnest money forfeited and the contractor debarred from participating in bids under PMGSY for one year.

3.2.21 In 15 divisions[10], 38 agreements were finalised during 2002-03 with 35 contractors for execution of 89 road works at tendered amount of Rs 39.23 crore. However, against the performance security of Rs 1.96 crore, performance security of Rs five lakh only was obtained by one division Palampur. The earnest money of Rs 50 lakh was also not forfeited, as required. Action of the department was thus contrary to the provisions of the guidelines of the scheme. This also extended undue financial benefit to the contractors.

8 Baijnath, Barsar, Dehra, Ghumarwin, Kullu-II, Palampur, Rohroo, Sarkaghat and Una.

9 Baijnath, Ghumarwin, Killar, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Solan and Una.

10 Baijnath, Barsar, Dehra, Ghumarwin, Killar, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Shimla-II, Solan and Una.

3.2.22 The EEs stated (January-May 2004) that at the time of drawing agreements, no PMGSY norms/guidelines/standard bidding documents were received. The replies are not tenable in view of the guidelines of the scheme.

Non-levy/recovery of liquidated damages for time overrun

3.2.23 The guidelines of the PMGSY provide for execution and completion of the relevant projects within the stipulated period failing which liquidated damages at the rate of 10 *per cent* of the initial contract price were to be recovered from the contractors.

3.2.24 In the test-checked divisions except Shimla-II, 46 agreements for execution of 83 road works were entered into during October 2001-February 2003 with 38 contractors for tendered amount of Rs 32.08 crore. Time period for completion of works was between two and nine months. The works were either still (March 2004) incomplete or there was substantial delay ranging between two to 25 months in their completion. Compensation/liquidated damages of Rs 3.21 crore were required to be levied on the contractors. It was noticed in audit that compensation of Rs 58 lakh was levied and only Rs three lakh were recovered by one division (Palampur).

3.2.25 Cogent reasons for non-compliance of PMGSY guidelines were not furnished by the EEs concerned.

Non/less deduction of securities

3.2.26 The Standard Bidding Documents for PMGSY require recovery of security deposit equivalent to five *per cent* of the amount from each payment due to the contractor until completion of the whole of the works. The security deposit is to be released after the expiry of defect liability period (five years from the date of completion) and issue of certificate by the Engineer that defects, if any, had been corrected before the end of this period.

3.2.27 In 13 divisions[11], total security of Rs 1.44 crore was required to be deducted from the running payments made to contractors against which only Rs 83 lakh were deducted. No reasons for less deduction of security of Rs 61 lakh were advanced by the concerned EEs. This amounted to undue financial benefit to the contractors.

False achievements by unauthorised debiting of expenditure

3.2.28 Repairs of existing roads or diversion of funds to other heads of accounts/works are not allowed under the PMGSY.

3.2.29 In six divisions[12], expenditure of Rs 88 lakh incurred on various roads prior to the introduction of PMGSY was debited to PMGSY during March 2001-June 2002 without approval from the Government of India.

3.2.30 In five divisions[13], expenditure of Rs 1.42 crore incurred on annual repairs and maintenance, etc., of roads was debited to PMGSY during October 2001-June 2002. Of this, expenditure of Rs 1.03 crore was written back during April 2002-October 2003 to the concerned heads of account and

11 Baijnath, Barsar, Dehra, Ghumarwin, Killar, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Solan and Una.

12 Baijnath, Barsar, Dehra, Kullu-1, Palampur and Sarkaghat.

13 Baijnath, Barsar, Ghumarwin, Kullu-I and Kullu-II.

the remaining expenditure of Rs 39 lakh, incurred by four divisions[14] remained unauthorisedly debited to PMGSY.

3.2.31 In Una division, renewal coat for an area of 32,374.33 sqms of 11 roads was provided at a cost of Rs 22 lakh during October 2001-January 2003 and debited to the PMGSY in contravention of the guidelines.

Thus, expenditure of Rs 2.52 crore was unauthorisedly debited to show exaggerated financial achievements under PMGSY.

Cost overrun

3.2.32 As per guidelines, the roads taken up for execution/upgradation under PMGSY were to be executed as per scope and within the cost finally cleared by the State Technical Agency/Government of India.

3.2.33 It was noticed in audit that expenditure of Rs 8.37 crore was incurred on completion of 18 road works by five divisions[15] during December 2001-November 2003 against the approved amount of Rs 7.32 crore. There was thus cost overrun of Rs 1.05 crore which was mainly attributed to change in scope of work, site conditions etc.

Execution of roads

Avoidable expenditure due to failure to follow prescribed norms

3.2.34 The Rural Roads Manual, followed for execution of roads under PMGSY, provides for carriageway width of three metres for rural roads constructed under PMGSY where traffic intensity is less than 100 motorised vehicles per day (MVPD) and the traffic is not likely to increase due to situations like dead end, low habitation and difficult terrain condition.

3.2.35 In 14 divisions[16], carriageway width of 109 (395.79 kms) roads constructed/under construction under PMGSY where traffic intensity was less than 100 MVPD was kept as 3.05 metres instead of 3 metres. Resultantly, carriageway of 12,07,161 sqms was provided against the requirement of 11,87,370 sqms. This resulted in providing of extra carriageway in an area of 19,791 sqms costing Rs 54 lakh, which was avoidable.

3.2.36 While admitting the facts, the Executive Engineers stated (January-May 2004) that carriageway width of 3.05 metres was provided as per practice prevalent in the case of rural roads of the State. The replies are not tenable as the Rural Roads Manual of IRC provided for the carriageway of three metres which was to be followed to effect economy.

Failure to follow the prescribed norms thus resulted in extra avoidable expenditure of Rs 54 lakh.

Sub-standard execution of roads due to improper designing of pavements

3.2.37 The roads constructed under PMGSY are expected to be of very high standard. For this purpose, Rural Roads Manual provides for the base course

14 Baijnath, Barsar, Kullu-I and Kullu-II.

15 Baijnath, Barsar, Dehra, Palampur and Una.

16 Baijnath, Barsar, Dehra, Ghumarwin, Killar, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Solan, Sarkaghat and Una.

in two layers of WBM[17] grade 2 and WBM grade 3 of 75 mm thickness each to obtain total compacted thickness of 150 mm before laying surface course of the road.

It was noticed in audit that the above specifications were not followed while designing the pavements in the case of 13 roads under five divisions[18] built at a cost of Rs 5.18 crore. The actual compacted thickness achieved was only 75 mm.

The Executive Engineers concerned stated (February-April 2004) that the second layer of base course was not provided as the same was not required as per California Bearing Ratio (CBR) test-reports. The contentions are not tenable as the provisions of the manual had not been followed.

The works costing Rs 5.18 crore were thus sub-standard.

3.2.38 It was further noticed that the base course of 10 road works (length: 28.77 kms) under Baijnath division was designed by providing two layers of WBM grade-2 instead of WBM grade-2 and grade-3 and the work was got executed from three contractors at a cost of Rs One crore.

3.2.39 The EE, while admitting the facts stated (April 2004) that the base course of WBM grade-2 was divided into two layers for obtaining better consolidation as per practice being followed in the rural roads of the State where CBR tests were not conducted. The reply is not tenable as the provisions of rural roads manual were not followed.

3.2.40 The carriageway width of the road where traffic intensity is more than 100 MVPD is to be kept at 3.75 metres as provided in the Rural Roads Manual.

3.2.41 In Shimla Division-II, on the road from Jathia Devi to Rampuri (length: 6.290 kms) where traffic intensity was 150-450 HVPD, carriageway width of 3.05 metres was provided instead of 3.75 metres at a cost of Rs 26 lakh. The EE admitted (June 2004) the facts and stated that carriageway width of 3.05 metres was kept as per prevailing practice.

3.2.42 The construction of pavement of the road at a cost of Rs 26 lakh was thus not as per norms of Rural Roads Manual.

Avoidable expenditure due to adoption of uneconomical specification

3.2.43 Mention was made in paragraph 4.12 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2000 regarding avoidable expenditure due to non-adoption of economical specifications. The Report has not yet been discussed by the PAC.

3.2.44 Test-check of records of 15 divisions further revealed (June 2003 and January-May 2004) that the suggestions of the Study Group adopted by the Ministry of Surface Transport (MOST) for one time laid one layer of Premix Carpet (PC) were not effected by the Divisional Officers and PC with a Seal Coat (SC) over an area of 8,30,300 sqms of road surface in 90 cases was laid during 2001-04 at a cost of Rs 5.96 crore. Had the divisions adopted the specifications suggested by the Study Group, the cost could have come down to Rs 4.87 crore.

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17 WBM: Water bound macadam.

18 Nalagarh, Palampur, Sarkaghat, Shimla and Una.

EEs of the concerned divisions tried to justify the deviation from the laid down specification on various grounds which had already been taken into account while fixing the norms. Failure to adopt economical specifications, thus, resulted in extra avoidable expenditure of Rs 1.09 crore.

Grading of the roads

3.2.45 According to the guidelines of PMGSY, the overall grading of a work during construction and on its completion should be “good” and “very good” respectively. The following points were noticed:

3.2.46 To provide communication facilities to five villages (population: 1,200) of Solan Block (Solan district), construction of six kms long Kheel-ka-Mor, Sabathu road was approved (2000-01) under Phase-I of PMGSY at an estimated cost of Rs 88 lakh. The work, stipulated to be completed by June 2002 was started (December 2001) by Kasauli Division and was still (March 2004) incomplete even after incurring expenditure of Rs 88 lakh.

3.2.47 Test-check of records of 3rd Circle, Solan revealed (February 2004) that the road crust was damaged and pavement/shoulders settled/failed at various places due to execution of sub-standard work, use of below specification material, non-providing of cross drainage works at proper places and departure from the standard design by reducing the diameter of hume pipes. The National Quality Monitor (NQM) during inspection of the road graded (July 2002) it “Average” and the Departmental Joint Inspection Committee assessed (August 2003) the overall grading of the road as “Poor” and held the field units responsible for its sub-standard construction. An amount of Rs 11 lakh was required for improvement of the sub-standard work. Neither action to set right the sub-standard work nor any action against the contractor had been taken (February 2004) as desired by the Government.

3.2.48 The Superintending Engineer, 3rd Circle, Solan while admitting the facts, stated (February 2004) that charge sheets had been served on the concerned officials and action would be taken against the contractors. The reply is not tenable as the formalities required to be completed immediately had not been completed even after a lapse of more than six months after inspection of the road by the Departmental Joint Inspection Committee.

Non-utilisation of roads for want of bridges/railway crossings

3.2.49 The main objective of PMGSY was to provide connectivity to the village habitations through AWRs. Roads requiring construction of major bridges with a span of more than 15 metres and which could not be executed simultaneously were not to be selected under PMGSY.

3.2.50 It was noticed in audit that in five divisions[19], 10 road works approved for execution under Phase-I (five roads) and Phase-II (five roads) for Rs 6.11 crore were completed during May 2002-November 2003 at a cost of Rs 5.42 crore. These roads could not be put to use for want of construction of 10 bridges on nine roads and providing of railway crossing on one road.

3.2.51 The Superintending Engineer, Una in respect of the road under Bangana division and the Executive Engineers of Baijnath, Palampur and Sarkaghat divisions stated (February-April 2004) that earlier there was possibility of constructing the bridges and providing railway crossings but due

19 Baijnath, Bangana, Dharamsala, Palampur and Sarkaghat.

to financial constraints, needful could not be done. The Executive Engineer, Dharamsala division stated (October 2003) that hydraulic data for the construction of bridge over Jogal *khad* was under preparation. They also stated that the roads were being utilised in fair weather. The main objective of PMGSY to provide all weather connectivity had not been achieved and expenditure of Rs 5.42 crore remained largely unfruitful.

Unfruitful expenditure

3.2.52 PMGSY guidelines provide that it would be the responsibility of the State Level Standing Committee to oversee that land is available for taking up the proposed road works. A certificate to this effect was to accompany all the proposals.

Contrary to these provisions, construction of six road (estimated cost: Rs 3.51 crore), stipulated to be completed within a period of 18 months after approval of the Government of India were taken up by five divisions[20] during 2001-03 without ensuring availability of hindrance free land as detailed in **Appendix-XXVIII**. These works, on which Rs 2.91 crore had been spent, were held up since various periods between June 2002-August 2003 due to involvement of railway activities (two roads) and dispute over private land (four roads).

The expenditure of Rs 2.91 crore thus remained largely unfruitful.

Unauthorised splitting up of projects

3.2.53 According to PMGSY guidelines, a well established procedure for tendering through competitive bidding was to be followed for all projects. The projects would be tendered in packages of appropriate size between Rs one crore and Rs five crore (minimum limit revised to Rs 50 lakh in September 2002) without compromising with the quality of works.

3.2.54 In 11 divisions[21], 40 road works (estimated cost: Rs 4.58 crore) were awarded (2001-2004) to various contractors for Rs 5.22 crore by splitting them up into 692 agreements ranging between Rs 0.09 lakh and Rs 27.39 lakh. The value of work done against these agreements was Rs 5.69 crore. Failure to give wide publicity through press deprived the department of the benefits of competitive rates.

3.2.55 The EEs, of all the divisions stated (January-May 2004) that the works were split up because of urgency, to complete them within the prescribed time and to facilitate their execution. The pleas are not tenable as PMGSY guidelines were not followed.

Non-finalisation of contracts of the completed works

3.2.56 The works in respect of 48 roads awarded by 10 divisions[22] at tendered amount of Rs 14.67 crore between February 2001 and December 2002 on 49 contracts were completed between March 2001 and March 2004 at gross amount of Rs 12.72 crore. The contracts were, however, still (February-May 2004) to be finalised. Cogent reasons for non-finalisation of agreements were not furnished.

20 Bharwain, Chopal, Kullu-I, Kullu-II and Una.

21 Baijnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Palampur, Rampur, Rohroo, Sarkaghat and Una.

22 Baijnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Rohroo, Solan and Una.

Miscellaneous

Non-plantation of trees

3.2.57 PMGSY guidelines provide for planting of fruit bearing and other suitable trees on both sides of the roads. A suitable condition to this effect was to be inserted in the contracts.

3.2.58 In 13 divisions[23], 97 road works approved (2001-02) under PMGSY Phase-II for execution at sanctioned amount of Rs 46.44 crore were awarded (2002-03) to various contractors at tendered amount of Rs 39.92 crore. It was noticed in audit that the requisite condition was incorporated in the contracts in four divisions[24] but no plantation was got done. The concerned Executive Engineers thus failed to enforce the contract conditions. In the remaining nine divisions[25] no condition was incorporated in the contracts. The Executive Engineers thus did not follow the PMGSY guidelines and extended undue benefit to the contractors.

Irregular payments

3.2.59 In Shimla division No. II, two road works were completed during June 2002-September 2003. Gross payment of Rs 70 lakh was made to the contractors which included Rs 20 lakh on account of deviated/substituted items. Approval of the competent authority for the deviated/substituted items had not been obtained.

EE admitted the facts and stated (June 2004) that necessary approval was being expedited.

Non-establishing of field laboratories by the contractors

3.2.60 According to the guidelines on quality monitoring and control mechanism for PMGSY issued (February 2003) by the National Rural Roads Development Agency, the contractors were to establish field laboratories.

Engineer-in-Chief had also issued (July 2002) instructions that the contractors should have their own testing laboratories/arrangements.

3.2.61 Records of the test-checked divisions revealed that condition regarding establishment of field laboratories was not included in the agreements. The contractors had also not made arrangements for conducting tests at site for ensuring quality control. The Executive Engineers stated (February-May 2004) that requisite tests were being conducted at various laboratories at the cost of the contractors. The replies are not tenable as the purpose of establishing laboratories at site of works for conducting spot tests for ensuring quality control was forfeited.

Non-submission of utilisation certificates (UCs)

3.2.62 The Government of India had made available Rs 60 crore and Rs 128.93 crore under PMGSY 2000-01 and 2001-02 respectively to the PIUs for execution of various road works in the State. The Ministry asked

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23 Baijnath, Barsar, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Palampur, Rampur, Rohroo, Sarkaghat, Solan and Una.

24 Baijnath, Dehra, Nalagarh and Palampur.

25 Barsar, Ghumarwin, Kullu-I, Kullu-II, Rampur, Rohroo, Sarkaghat, Solan and Una.

(January 2004) to make UCs available in respect of the amount utilised till 31 December 2003.

3.2.63 In 11 test-checked divisions[26], funds of Rs 13.77 crore and Rs 31.52 crore for the execution of 32 and 61 roads for the years 2000-01 and 2001-02 respectively were sanctioned by the Government of India. However, UCs for Rs 6.99 crore for the year 2000-01 and for Rs 31.52 crore for the year 2001-02 were still (April 2004) to be furnished by these divisions.

3.2.64 The EEs attributed non-submission of UCs mainly to non-finalisation of contracts, non-completion of packages, etc. The replies are not tenable as UCs for the amount of Rs 38.51 crore utilised till 31 December 2003 should have been submitted to the Government of India.

Recommendations

The whole planning and execution process requires a fresh look. To achieve the target of providing connectivity to the villages by the end of 10th Plan period, it is imperative to complete the incomplete road works on priority basis. Sanctions to identified works awaiting approval need to be expedited.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

26 Baijnath, Dehra, Ghumarwin, Kullu-I, Kullu-II, Nalagarh, Rampur, Rohroo, Sarkaghat, Solan and Una.

Planning Department

3.3 Sectoral Decentralised Planning Programme

Introduction

3.3.1 Sectoral Decentralised Planning (SDP) Programme was launched in the State during 1993-94 except in tribal areas[1]. Under this programme, five *per cent* funds are taken from the approved plan outlays in respect of 14 selected heads[2] of development and are placed at the disposal of the Deputy Commissioners (DCs) of the concerned districts as "Untied Funds" to be utilised on works of small nature which do not find place in the budget and to ensure that requirements of people for these works are instantly met through public grievances redressal machinery.

Aims and objectives of the programme are: (i) decentralise planning and decision making process at district level for faster flow of benefit of developmental schemes to the people; (ii) execution of small developmental works which could cater to the urgent needs of local people by way of creating community assets and employment opportunities viz. *Panchayat Bhavans*, rain shelters, town halls and foot bridges, etc. (iii) provision of basic infrastructural facilities by the Government for sustainable development in rural as well as urban areas viz. link roads, primary health centre buildings and school buildings, etc.

At the State level, Principal Advisor-cum-Secretary (Planning) is the Head of the Department/Nodal officer for the implementation of this programme. At the District level, the DCs are the Controlling Officers. The scheme was to be implemented through Block Development Officers (BDOs) and Executive Engineers (EEs) of Public Works/Irrigation and Public Health (PW/I&PH) departments.

Implementation of the programme for the period 1999-2004 was reviewed from January-April 2004, based on the test-check of records of three[3] out of 10 DCs, 18[4] out of 67 BDOs, 16[5] out of 100 EEs (PWD/I&PH) supplemented by a review of records and information supplied by the Principal Advisor-cum-Secretary (Planning). The results of the test-check are discussed in the succeeding paragraphs.

Financial outlay and expenditure

3.3.2 Year-wise financial outlay and expenditure incurred on the programme for the State (except tribal areas) during 1999-2004 was as under:

Table: 3.5

(Rupees in crore)

Year	Funds allocated	Expenditure	Variation Excess (+) Saving (-)

1 Kinnaur and Lahaul and Spiti Districts, Pangi and Bharmour, Sub-Divisions of Chamba District.

2 Soil and Water conservation, Integrated Rural Energy Programme, Community Development, Minor Irrigation, Flood Control, Village and Small Scale Industries, Roads and Bridges, Primary Education, General Education, Allopathy, Ayurveda, Rural Water Supply, Welfare of Schedule Caste/Tribes/OBCs and Social Welfare.

3 Hamirpur, Kangra and Mandi.

4 Balh, Baijnath, Bhawarna, Bhoranj, Chauntra, Dharampur, Drang, Gopalpur, Hamirpur, Kangra, Lambagaon, Nadaun, Nagrota Bagwan, Panchrukhi, Pragpur, Rait, Sujanpur and Sundernagar.

5 B&R Baijnath, Dharampur, Hamirpur, Jogindernagar (NH), Kangra, Mandi-I, Mandi-II, Palampur, Sundernagar, Sarkaghat; I&PH: Hamirpur, Mandi, Palampur, Sundernagar, Shahpur amd Sarkaghat.

1999-2000	27.77	27.77	-
2000-2001	17.95	17.25	(-) 0.70
2001-2002	35.20	34.89	(-) 0.31
2002-2003	20.36	19.55	(-) 0.81
2003-2004	7.47	7.47	--

Source: Departmental figures.

3.3.3 The allocation of funds and expenditure incurred as per records of the DCs during 1999-2004 in three districts test-checked was as under:

Table: 3.6

(Rupees in crore)

Year	Opening balance	Funds allocated by Planning Department	Total funds available for utilisation with DCs	Funds distributed by DCs to executing agencies	Balance unspent with DCs
1999-2000	18.23	13.39	31.62	22.99	8.63
2000-2001	8.63	8.92	17.55	11.57	5.98
2001-2002	5.98	20.63	26.61	7.01	19.60
2002-2003	19.60	9.43	29.03	23.10	5.93
2003-2004	5.93	2.70	8.63	3.75	4.88
Total:	**58.37**	**55.07**	**113.44**	**68.42**	

Source: Departmental figures.

Unspent funds not surrendered

3.3.4 Under the SDP, the funds were to be utilised during the respective financial year and the unspent balance was not to be carried forward to the subsequent year and the savings, if any, were to be deposited in Government account. It was noticed that during 1999-2004, funds ranging from Rs 4.88 crore to Rs 19.60 crore remained unutilised in the banks and were not deposited in Government account. These were released to the executing agencies during subsequent years. The DCs attributed (January-April 2004) non-utilisation of funds to late receipt of funds from the Government and non-finalisation of estimates of the works by the executing agencies in time. The replies are not tenable as the guidelines were not followed and unspent funds meant for development works of urgent nature were kept outside Government account. This also affected the ways and means position of the State Government during the respective years. The Principal Advisor-cum-Secretary (Planning) admitted the fact (January 2004).

3.3.5 Test-check of records further revealed that out of Rs 68.42 crore distributed by the DCs of the three test-checked districts to the executing agencies during 1999-2004, Rs 27.29 crore were released to 18 BDOs and 16 Executive Engineers during the aforesaid period. Of this, only Rs 21.73 crore were utilised by them leaving an unspent balance of Rs 5.56 crore as of March 2004. Non-utilisation of programme funds within the specified period was indicative of tardy implementation of the programme by the executing agencies and resulted in denial of intended benefits to the beneficiaries. In these cases too, the unspent balances were kept in commercial banks thereby keeping the public money outside Government account and adversely affecting the ways and means position of the Government.

Convincing reasons for non-utilisation of funds were not given by the executing agencies.

3.3.6 Interest of Rs 11.64 lakh earned on bank deposits by two DCs[6] and 15 BDOs[7] during 1999-2004 had not been deposited in the Government treasuries as required. The concerned DCs and BDOs admitted the facts and stated (January-April 2004) that it would be credited into Government account.

Diversion of funds

3.3.7 According to the guidelines, re-appropriation/diversion of plan funds in respect of rural water supply head was not permissible. However, the DCs had diverted Rs 88.16 lakh (Hamirpur: Rs 12.87 lakh; Kangra: Rs 61.16 lakh and Mandi: Rs 14.13 lakh) from the aforesaid head to other heads of accounts. The DCs stated (January-April 2004) that the works for which funds were diverted were the basic requirements of the people. The replies are not tenable in view of the provisions of guidelines.

Parking of development funds

3.3.8 Eighty eight works such as construction of buildings, road, bridges, water supply schemes, etc., for which Rs 3.38 crore were released by the DCs of Hamirpur, Kangra and Mandi districts to 13 EEs[8] (PWD/I&PH) and seven BDOs[9] during 1999-2004 had not been taken up for execution as of March 2004. The executing agencies stated (January-April 2004) that these works had not been taken up for execution due to non-availability of site (six works: cost Rs 11.40 lakh); inadequate provisions of funds (eight works: cost Rs 15.56 lakh); dispute on sites (15 works: cost Rs 10.30 lakh); non-finalisation of estimates/tenders: (56 works: cost Rs 2.98 crore) and non-availability of material: (three works: cost Rs 2.38 lakh). The contentions of the executing agencies cannot be held correct as the phasing of works for more than one financial year is not permissible and failure to execute works within the fixed time frame deprived the beneficiaries of the intended benefits and funds of Rs 3.38 crore were unnecessarily parked with the executing agencies.

Sanction of works without approval

3.3.9 According to the guidelines, the works/schemes were to be approved by the District Planning, Development and Twenty Point Programme Review Committee (Committee) and the DCs were to bring out this fact in the

6 Hamirpur and Kangra.

7 Balh, Bhoranj, Baijnath, Bhawarna, Drang, Gopalpur, Hamirpur, Kangra, Lambagaon, Nagrota Bagwan, Pragpur, Panchrukhi, Sundernagar, Sujanpur and Rait.

8 Baijnath, Dharampur, I&PH Hamirpur, Jogindernagar (NH), Kangra, Mandi (I&PH), Mandi-II, Palampur, Palampur (I&PH), Sarkaghat, Sarkaghat (I&PH), Sundernagar and Shahpur (I&PH).

9 Balh, Chamba, Kangra, Nahan, Pragpur, Padhar and Rait.

sanction order while according administrative approval and expenditure sanction for each work/scheme.

In the test-checked districts, it was noticed that the DCs sanctioned 3,849 works costing Rs 54.54 crore during 1999-2004. Of these 2,169 works estimated to cost Rs 36.27 crore had not been approved by the Committee as of March 2004.

The DCs stated (January-April 2004) that the works were sanctioned as the meetings of the Committee could not be held regularly due to non-availability of the Chairman during the above years. The replies are not tenable as non-availability of Chairmen in all the test-checked districts during a period of five years does not appear to be a convincing reason for not holding the meeting for obtaining the approval of the Committee. The provisions of the guidelines had thus not been followed.

Sanction of works not admissible under the programme

3.3.10 According to the SDP programme, the developmental works should lead to community benefit (consisting of at least five families) and no works benefitting individual/single families were to be taken up for execution. Contrary to this, DCs had diverted Rs 3.45 crore (Hamirpur: Rs 0.70 crore; Kangra: Rs 2.73 crore and Mandi: Rs 0.02 crore) during 1999-2004 for the construction of office buildings and Government residential buildings, etc. The DCs stated (January 2004) that these works pertained to Government departments and the expenditure was incurred in the public interest. The replies are not tenable as execution of such works was not covered under the programme.

Wasteful expenditure on construction of temporary sheds, etc., for a Degree College due to change of site

3.3.11 The Commissioner-cum-Secretary (Education) administratively approved (April 2002) the construction of building for Shahid Captain Vikram Batra Government College at Ballah (Praur) near Palampur in Kangra district for Rs 4.39 crore. The DC, Kangra also accorded financial sanction for Rs 60 lakh (November 2002: Rs 40 lakh and December 2002: Rs 20 lakh) out of SDP allocation without obtaining approval of District Planning Committee and released the funds to the EE (PWD), Palampur during the above months. The work was stipulated to be completed in one year. The work was taken up for execution by the EE Palampur through a contractor in November 2002 and an expenditure of Rs 64.90 lakh had been incurred on construction of nine temporary sheds, etc. Execution of work was subsequently abandoned/stopped due to change of the site to Palampur (Tikka Nihag) by the Government on public demand. Estimate for Rs 8.38 crore was submitted to Superintending Engineer, Palampur in January 2004 for construction of college building at Palampur which had been sanctioned (February 2004) for Rs 7.71 crore by the State Government. The execution of the work is yet to be started. The expenditure of Rs 64.90 lakh on construction of sheds, etc., had thus been rendered wasteful.

Blocking of funds due to non-selection of site for fish farm

3.3.12 Principal Advisor-cum-Secretary (Planning) allocated (March 2001) Rs 1.01 crore to DC Mandi for the construction of fish farm at Sidhpur in Mandi district in anticipation of administrative approval. DC Mandi drew Rs One crore in March 2001 and deposited it in a savings bank account.

3.3.13 Test-check of the records of DC Mandi revealed (December 2003) that Rs One crore were paid (between March 2002 and January 2003) to the Himachal Pradesh Agro-Industries Corporation, Himachal Pradesh, Shimla (Rs 30.25 lakh), the Advisor-cum-Chief Executive Officer, Himachal Pradesh Agriculture Fishing and Marketing Society, Bilaspur (Rs 68.25 lakh) and the EE, I&PH Sarkaghat (Rs 1.50 lakh). EE, I&PH, Sarkaghat conducted the preliminary survey of the proposed site of fish farm at Sidhpur through Central Water and Power Research Station, Khadakwasla, Pune in August 2002 and spent Rs 1.18 lakh on their site visit. As per the technical report (March 2003), the proposed site was not found satisfactory from the river engineering point of view and another project site at the opposite bank of river Beas was recommended. The construction of fish farm had not been started due to non-acquisition of land and the amount of Rs 98.82 lakh was lying unutilised with the executing agencies as of April 2004.

Monitoring

3.3.14 For effective implementation of the programme, a schedule of inspection was prescribed for each supervisory level functionary by the Planning Department. The Principal Advisor-cum-Secretary (Planning)/Officers of the Planning Department were also required to conduct inspection of two *per cent* sanctioned works.

3.3.15 Test-check revealed that no records of inspections carried out were maintained by the departments. The efficacy of inspections conducted could thus not be verified in audit.

3.3.16 The DCs were required to submit quarterly physical/financial progress reports of works to the Principal Secretary-cum-Advisor (Planning) by 10th of the succeeding month every quarter. The progress reports were to indicate the details of works taken up, expenditure incurred during the quarter and cumulative expenditure at the end of the quarter, the position of works completed, works nearing completion and works not yet started, under the programme in their districts.

3.3.17 Test-check of records revealed that the DCs had neither submitted such reports to the Principal Secretary-cum-Advisor (Planning), Shimla nor were such reports called for by him (April 2004) during 1999-2004. The DCs stated (January-April 2004) that the reports could not be submitted due to non-furnishing of reports by the executing agencies. The details of works sanctioned under the programme, taken up for execution, completed and remaining incomplete were not available with the Principal Advisor-cum-Secretary (Planning) as admitted (July 2004) by him. Being nodal officer, he thus failed to monitor the programme. These instances are indicative of the fact that implementation of the programme was not monitored at any level.

Evaluation

3.3.18 Though the programme was being implemented in the State from 1993-94 onwards, no evaluation of the programme had been conducted till April 2004. On this being pointed out in Audit, the State Government decided (April 2004) to conduct an evaluation study to assess the impact of SDP Programme and to evaluate the achievement of the objectives of this programme towards meeting the missing links in the process of development planning in the State. Further developments were awaited (August 2004).

These points were referred to the Government in May 2004; their reply had not been received (September 2004).

Multipurpose Projects and Power Department

3.4 Himachal Pradesh Energy Development Agency (*Himurja*)

Introduction

3.4.1 The Himachal Pradesh Energy Development Agency (*Himurja*) was established in February 1989 and registered as a society under 'Societies Registration Act, 1860'. The main objectives of *Himurja* are to promote the research, development of non-conventional and renewable sources of energy, preparation of Master Plan for development of small hydro resources in hilly areas, harnessing of Micro Hydel Projects (MHPs) up to five MW through private investors, popularising the technology of Hydrams, exploitation of wind energy for power generation and other mechanical use and to take up demonstration programme in order to create awareness and popularise the utility of non-conventional energy sources among the people.

3.4.2 An Executive Committee (EC) supervises and controls both the financial and administrative activities of *Himurja*. Secretary (Multi Purpose Projects and Power) is the Chairman of the EC besides six members. Chief Executive Officer/Director *Himurja* is Member Secretary of the EC. The Chief Executive Officer (CEO)/Director is the administrative head of *Himurja* and is responsible for management, implementation and monitoring of various activities through a Director, a Joint Director, two Executive Engineers (EEs), three Senior Project Officers and 12 Project Officers (POs)[1].

3.4.3 Records of *Himurja* for the period 1998-2003 were test-checked during January-April 2004. Points noticed during audit are discussed in the succeeding paragraphs.

Financial outlay and its management

3.4.4 Main source of income of *Himurja* is grants-in-aid from Central and State Governments and other miscellaneous receipts.

1 Bilaspur, Hamirpur, Kangra, Kinnaur, Kullu, Mandi, Shimla, Solan, Sirmour and Una (one PO for each District), Chamba (three POs), Lahaul and Spiti (two POs).

The position of receipts and expenditure during 1998-2003 was as under:

Table: 3.7

(Rupees in crore)

Particulars	**1998-99**	**1999-2000**	**2000-2001**	**2001-2002**	**2002-2003**
Opening balance	**4.19**	**8.31**	**7.11**	**7.24**	**3.29**
Grants received from					
(i) State Government	6.41	3.55	4.11	2.43	3.12
(ii) Central Government	3.73	4.40	4.50	1.13	2.05
Other sources	0.08	1.28	1.92	0.21	1.25
Total	**14.41**	**17.54**	**17.64**	**11.01**	**9.71**
Expenditure					
(i) State Government	2.76	7.59	6.26	2.92	4.89
(ii) Central Government	3.34	2.84	2.46	4.04	2.33
Other sources	-	-	1.68	0.76	1.31
Total expenditure	**6.10**	**10.43**	**10.40**	**7.72**	**8.53**
Closing balance	**8.31**	**7.11**	**7.24**	**3.29**	**1.18**
Percentage of less utilisation of funds	**58**	**41**	**41**	**30**	**12**

The following points were noticed:

3.4.5 According to sanctions, the grants received were required to be utilised during the respective financial year and utilisation certificates (UCs) were to be sent to the sanctioning authority at the close of the year. Unspent grants at the end of the year were to be returned to the Government immediately. It was noticed that grants ranging between Rs 1.18 crore and Rs 8.31 crore remained unspent during 1998-2003 which were not refunded to the Government, as required. Overall less utilisation of grants (including unspent balances of previous years) under State and Central sectors during 1998-2003 ranged between 12 and 58 *per cent*. The unspent amounts were deposited in various banks. The Director, *Himurja* stated (April 2004) that the funds were carried forward to the next years to clear the past liabilities. The reply is not tenable as condition governing the release of grants was not complied with.

Unauthorised creation of capital fund

3.4.6 There was no provision for the creation of capital fund in the Memorandum of Association and the rules framed thereunder. However, *Himurja* created a capital fund during 1991-92 by transferring Rs 9.60 lakh to the fund being excess of income over expenditure. There was an opening balance of Rs 1.38 crore in the fund in the beginning of 1998-99 and Rs 4.18 crore were credited to it during 1998-2003. The manner in which the balances available in the fund were to be utilised had not been intimated as of June 2004. Further, sanction for creation and operation of the fund was not made available to audit. Scrutiny of records revealed that Rs 59.89 lakh[2] were spent by the *Himurja* on purchase of new vehicles, computers, fax machines, photostat machine, wireless communication system, purchase of land and furniture, etc., during 1998-2003.

While admitting the fact, the Director *Himurja* stated (April 2004) that the policy was being followed since 1991-92.

Programme implementation

Delay in commissioning of Micro Hydel Projects (MHPs)

3.4.7 Contracts for execution of seven[3] MHPs (installed capacity: 1040 KW) in four districts[4] were awarded (November 1997 and July 2000) to three firms on turnkey basis at an estimated cost of Rs 19.66 crore (revised to Rs 24 crore). Time allowed for completion of the projects was twelve working months from the date of award of work. Six projects were commissioned between January 2001 and October 2003. Delay involved in completion of these projects ranged between one and 43 months. The seventh project (Bara Bhangal) scheduled to be completed in July 2002 was in progress as of April 2004. Expenditure of Rs 18.94 crore, had been incurred on them. It was noticed in audit that the completed projects were under defect liability period and final bills of the contractors had not been paid as of June 2004. Liabilities remaining to be discharged had also not been assessed. Delay in commissioning the projects also resulted in non-generation of 91,10,400 units of energy entailing revenue loss of Rs 2.28 crore.

Director, *Himurja* stated (April 2004) that execution of these projects was delayed due to snow bound areas, limited working season, closure of roads, etc. The contention is not tenable as all these factors had already been taken into account while awarding the works to the contractors.

Running of projects at less capacity

3.4.8 Five projects[5] (installed capacity: 900 KW) commissioned between January 2001 and July 2003 were running at seven to 56 *per cent* of their installed capacity. The projects generated 24,19,110 units of power against expected units of 72,70,800. This resulted in loss of revenue of Rs 1.21 crore. Reasons for underutilisation of the installed capacity, called for in December 2003, had not been furnished as of June 2004.

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2 1998-99: Rs 17.43 lakh; 1999-2000: Rs 6.27 lakh; 2000-01: Rs 2.01 lakh; 2001-02: Rs 4.20 lakh and 2002-03: Rs 29.98 lakh.

3 Bara Bhangal, Gharola, Juthed, Kothi, Lingti, Purthi and Sural.

4 Chamba, Kangra, Kullu and Lahaul and Spiti.

5 Gharola, Juthed, Kothi, Lingti and Sural.

Irregular payment of Operation and Maintenance (O&M) charges

3.4.9 O&M contract for the aforesaid five projects was executed with a firm at a total cost of Rs 1.75 lakh per month from the dates of their commissioning. Payment of Rs 40.41 lakh was made to the firm during 2001-2003. The projects were still under defect liability period and had not been handed over by the contractors. The payment of O&M charges to the firm was thus unjustified.

Non-realisation of revenue

3.4.10 The five MHPs generated 24,19,110 units of energy upto December 2003 from the date of their commissioning which was supplied to grid through Himachal Pradesh State Electricity Board (HPSEB). Due to non-finalisation of Power Purchase Agreement till April 2004, Rs 60.48 lakh on account of cost of energy supplied to HPSEB grid had not been recovered. The Director stated (April 2004) that HPSEB was requested to release the payment. The reply is not acceptable as the agreement should have been finalised before supply of power to HPSEB.

Small Micro Hydel Power Development

Setting up of MHPs through private investors

3.4.11 The State has potential of 750 MW in Small Hydro Power Sector (SHPS) and to give a boost to energy sector as well as to provide focused and undivided attention to SHPS, the work relating to MHPs with capacity upto five MW was transferred to *Himurja* in November 1994.

Himurja identified 469 sites (estimated capacity: 720 MW) between 1996-2002 of which MOUs for 222 projects was signed with private investors. The Independent Power Producers (IPPs) were required to submit Detailed Project Reports (DPRs) within 18 months from the date of signing of MOUs, failing which Security Deposit was liable to be forfeited. 44 projects were found unviable at Detailed Project Report stage and MOUs for 178 projects (estimated capacity: 377 MW) were in operation. However, work on all the 178 projects (except Chandni and Mannal in Sirmour district) allotted between February 1996 and September 2002 had not been started (April 2004).

After having found the projects viable, Implementation Agreements (IA) were to be executed for starting the projects within six months after getting clearance from Forest/Irrigation and Public Health departments. However, to keep a proper check over IPPs, security deposit in the form of bank guarantee at the rate of Rs two lakh per MW is required to be deposited at both the stages i.e. MOU and IA separately.

3.4.12 Scrutiny of records in audit however, revealed the following position:

Table: 3.8

(Rupees in crore)

Sr. No.	Particulars	Number of projects involved	Delay in months	Security deposits not forfeited	Remarks
1	DPRs not submitted	46	13 to 61	1.51	MOUs signed between 1999-2000 and 2002-03.
2	Delayed submission of DPRs	38	4 to 31	1.79	MOUs signed between February 1998 and April 1999.
3	Work not started within stipulated period	38	19 to 49	1.73	IAs signed between March 2000 and September 2002.
4	Cases where IAs not signed	9	40 to 51	-	DPRs submitted between January and December 2000.

Reasons for the above lapses called for in May 2004, were not intimated. *Himurja* thus failed to exercise proper control over the private investors to harness the potential to boost energy sector.

Loss in running of portable hydro generator sets

3.4.13 To cater to the need of un-electrified villages, 15 portable hydro based Generator Sets (Capacity: 200 KW), received free of cost from Government of India, were installed at seven places[6] in Chamba and Shimla districts between April 1997 and November 2000. The O&M work of all these Generator Sets was assigned to a contractor from the dates of their operation. *Himurja* spent Rs 76.46 lakh on their O&M between 1998-2003 and generated 24,60,878 units of power valued at Rs 61.52 lakh (at the rate of Rs 2.50 per unit) through the contractor. Electricity generated through these generators was supplied at the rate of Rs 20 per household per month as decided by the Executive Committee (EC). It was noticed in audit that no justification for fixing the rate of Rs 20 per household per month was available on record. Rupees 4.10 lakh were actually collected on account of supply of energy to the consumers. Since no meters were installed at the premises of the consumers, actual power consumed by them could not be ascertained. *Himurja* thus sustained a loss of Rs 72.36 lakh during 1998-2003 which indicated implied subsidy to the consumers. The Director stated (April 2004) that the O&M cost was on the higher side due to snowbound and inaccessible areas. The reply is not tenable as these factors should have been foreseen while considering the proposal for installation of such generator sets and fixing the rates for recovery of power supplied to consumers.

6 Chamba district: Hillour (2), Hillu-Tawan (2), Sahali (2) and Saichu (6).
Shimla district: Pandara (1), Pujarli (1) and Sarahan (1).

3.4.14 One portable hydel power generating unit of 15 KW installed at Sarahan (Shimla district) was reported to have been washed away due to flash flood during 2003 which was insured for Rs 13.24 lakh and premium of Rs 0.03 lakh per annum was paid between 2000-2003. *Himurja* did not lodge the claim with the insurance company and thus sustained the loss to that extent.

Purchase and installation of hydrams

3.4.15 To popularise the hydram[7] technology for harnessing irrigation potential of fast flowing perennial streams, the work of procurement and installation of hydrams at various places in all the districts of the State (except Kinnaur and Lahaul and Spiti districts) under two schemes of Rural Development Department (RDD) was entrusted (1999-2000) to *Himurja*. Under these schemes 600 hydrams (cost: Rs 5.71 crore) were required to be installed at various sites during 1999-2003. Rupees 4.48 crore were released by the RDD between February 2000 and April 2002 to *Himurja* against which Rs 3.47 crore were spent during 2001-03 on procurement and installation of 365 hydrams. Of these, 159 hydrams valued at Rs 1.51 crore were lying with various POs and had not been installed (April 2004). This resulted in blocking of programme funds of Rs 2.52 crore (including unutilised amount of Rs 1.01 crore). Reasons for non-installation of hydrams, called for in April 2004, had not been intimated (June 2004).

Undue financial favour to firms

3.4.16 Orders for the supply of 270 hydrams with pipes were placed on a firm between February 2000 and August 2002. The supplies were to be completed by the firm by December 2002. The firm however, supplied 205 hydrams upto December 2002. There was no penal clause in the agreements for delayed/non-supply of hydrams to secure the interests of *Himurja*. Further, according to the terms and conditions of the agreements entered into with the firm in June 2000 and January 2001 no advance payment was to be made. It was however, noticed in audit that advance payments aggregating Rs 41.22 lakh were made between April 2001 and October 2002 to the firm of which Rs 13.52 lakh had been recovered between March-October 2002 leaving a balance of Rs 27.70 lakh as of April 2004. This resulted in undue financial aid to the firm and loss of Rs 3.81 lakh to *Himurja* on account of interest which could have been earned on the amount of advance.

Non-accounting of devices

3.4.17 During 1998-2003, 1,531 devices such as domestic light, street light, solar lantern and solar cookers were issued to five Project Officers[8] by the Director. Of these, 492 devices valued at Rs 40.55 lakh had not been accounted for by the concerned POs. The Director stated (May 2004) that the POs had been directed to reconcile the stocks.

7 Hydram: Mechanical device designed to lift water to elevated areas by its own force.

8 Bilaspur: 25; Chamba: 254; Kullu: 610; Mandi: 467 and Reckong Peo: 175.

Other topics of interest

Operation of posts without sanction

3.4.18 Posts of four Executive Engineers and one Section Officer (upgraded as Accounts Officer in September 1994) were operated by *Himurja* on different dates between September 1994 and April 2004 without obtaining the approval of EC. Pay and allowances amounting to Rs 56.84 lakh were paid to the incumbents of these posts. Operation of these posts without approval of EC was thus irregular.

Deployment of staff on daily wages

3.4.19 As per instructions of the State Government issued in September 1995, as applicable to *Himurja*, no new posts on daily wage/part time were to be created/filled up without concurrence of Finance Department (FD). Contrary to these instructions, *Himurja* engaged 27 personnel (JEs: five; Motivators: nine; Drivers: two; Peons: three; part time *Chowkidars*: five; Sales girl, Electrician and Mechanic: one each) during 1995-2003, without obtaining the approval of FD and spent Rs 43.69 lakh on their wages till March 2004.

Director stated (April 2004) that recruitment was made by the respective POs as per prevailing policy at that time. The reply is not tenable in view of specific Government instructions.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).

3.5 Exploitation of State's potential in Hydel Power to make it self-sustaining

Non-exploitation of State's potential in Hydel Power in full due to shortage of funds for survey and investigation resulted in delay to make it self-sustaining.

3.5.1 Electricity forms one of the most crucial inputs for development of the economy. Himachal Pradesh is endowed with massive hydel power potential and this is the only source which is considered to make the State's economy self-reliant. Himachal Pradesh State Electricity Board (HPSEB) is the main agency for development of power sector in the State and overall control of the department is vested with the Principal Secretary, Multipurpose Projects and Power (MPP&Power).

3.5.2 Analysis of information relating to hydel power potential supplied (March-April 2004) by the State Government is given in the succeeding paragraphs:

Total identified potential and power potential exploited

3.5.3 The State has an identified potential of 20,796 Mega Watt (MW) in its five major river basins and power potential of 5,542 MW had been harnessed upto 31 March 2004 by various agencies including 326.50 MW in State sector by HPSEB.

Planning for un-exploited power potential

On going projects

3.5.4 Of the 15,254 MW un-exploited power potential, 47 projects having capacity of 8,394.50 MW were under execution through various agencies and eight projects with installed capacity of 821.50 MW (State Sector: seven projects-321.50 MW and Central/Joint sector: one project-500 MW) had been planned for commissioning during 10thFive Year Plan. Construction cost of seven projects under execution in the State had been estimated at Rs 1715.72 crore. Construction cost of one project being executed in Central/Joint sector was not made available.

Projects proposed to be executed in Central Sector

3.5.5 For exploitation of 3,082 MW power potential, five projects were entrusted to two central public sector undertakings between November 1998 and July 2001. For three Projects (Parbati Stage-II, III and Kol Dam) cost had been estimated at Rs 12,006.65 crore whereas estimated cost of two projects (Parbati Stage-I and Chamera-III) was not available with the department. These projects had been targeted for commissioning during 11th Five Year Plan.

Projects proposed to be executed in Private Sector

3.5.6 For harnessing of 651 MW power potential of 15 projects, the State Government had signed Memorandum of Understandings (MOUs) with various companies between June 2000 and July 2002. MOUs of 8 projects with installed capacity of 361 MW were, however, cancelled subsequently reportedly due to non-compliance of the conditions by the respective companies. In the remaining six projects having 190 MW power potential, investment involved was estimated at Rs 1,083.47 crore whereas in one project with 100 MW power potential, estimated cost/investment involved was not available as DPRs in this case had not been finalised.

3.5.7 For execution of seven projects[1] with capacity of 302.50 MW on Build Own, Operate and Maintain basis with an investment of approximately Rs 2,000 crore in private sector, bid documents were under sale.

Potential yet to be harnessed

3.5.8 Potential of 6,109.50 MW involving 37 projects had been lying un-exploited and the State Government attributed (April 2004) it to the shortage of funds for survey and investigation.

Expected revenue receipts

3.5.9 Assessment of expected revenue receipts from un-exploited potential had not been done as these projects were still under investigation. However, from 12 projects which had been proposed for exploitation in private sector, revenue receipts of Rs 65.36 crore per annum by way of royalty had been estimated.

Revenue generated but not deposited into Government account

3.5.10 Free power share of the State and share of State at generation cost valued at Rs 77.13 crore received by HPSEB from five projects during 1992-2003 had not been deposited into Government account. Also revenue receipts worth Rs 37.59 crore on account of undrawn share of power of the State Government from Yamuna basin project upto 2002-03 were not realised and credited into Government account. Had this been done, the ways and means position of the State Government could have improved and revenue deficit to this extent could have also been reduced in the relevant year.

Conclusion

3.5.11 The hydro electric potential harnessed so far is about 26.65 *per cent* of the total identified potential. Since it will form a major source of revenue, it is expedient if the identified potential is tapped in a time bound manner to give a boost to the State economy.

These points were referred to the Government in (May 2004); their reply had not been received (September 2004).

Planning and Rural Development Departments

3.6 Failure of schemes/programme to deliver results

3.6.1 The Ninth Five Year Plan envisaged the objectives of ensuring environmental sustainability of the development process through social mobilisation and participation of people at all levels. It also aimed at promoting and developing people's participation through institutions like *Panchayati Raj Institutions* (PRIs), cooperatives and self help groups (SHGs). To achieve these objectives, the State Government launched schemes like *Vikas Mein Jan Sahyog* (VMJS) in 1993 and *Sarswati Bal Vidya Sankalp Yojna* (SBVSY) in April 1999. Besides, Centrally sponsored schemes (CSS)

1 Sal-I, Suil, Shalvi, Chirgaon, Majhgaon, Budhil, Sorang and Tidong.

like *Swaranjayanti Gram Swarojgar Yojna* (SGSY) and Integrated Watershed Development Programme (IWDP) were also implemented.

3.6.2 VMJS and SBVSY were to be implemented by the Deputy Commissioners (DCs) through Block Development Officers (BDOs) and SGSY and IWDP by the District Rural Development Agencies (DRDAs) through BDOs and Watershed Committees.

3.6.3 Test-check of records in the offices of DCs and DRDAs of five districts[1] and 15 BDOs[2] relating to implementation of the above schemes/programmes revealed (October-December 2003-April 2004) the following points:

Vikas Main Jan Sahyog

Non-completion of works

3.6.4 To ensure effective participation of people towards fulfilling their developmental needs in terms of infrastructure, the programme, "*Gaun Bhi Apna Kam Bhi Apna*" was started in 1991-92. It was restructured (January 1993) and renamed as *Vikas Main Jan Sahyog* (VMJS). According to the guidelines of the programme, community was to play an important role in selection of implementing agency for execution of the works/schemes.

1 Chamba, Kangra, Hamirpur, Mandi and Shimla.

2 Balh at Nerchowk, Basantpur, Chamba, Chauntra, Chopal, Hamirpur, Karsog, Mandi, Sadar, Mashobra, Rampur, Salooni, Sundernagar, Theog, Nadaun and Nurpur.

Funds sharing ratio between community and State Government was as under:

Table: 3.9

(Percentage of total cost)

Sr. No.	Nature of assets	Government share	Public share
	Urban Area		
1.	Community assets	50	50
2.	Government Assets	75	25
	Rural Area		
3.	Creation of assets in tribal/backward/SCs/STs and OBC inhabited areas	85	15
4.	Creation of assets in other area	75	25

3.6.5 The works/schemes sanctioned under the above programme were required to be completed within one year from the date of sanction.

3.6.6 The DCs were empowered to sanction works/schemes upto monetary limit of Rs one lakh and works/schemes costing more than Rs one lakh required sanction of State Planning Department on the recommendation of DC. Further, works undertaken were subject to close monitoring through local committee to be constituted by the DCs.

3.6.7 Test-check of records of four DCs[3] for the period 2000-03 revealed that 1,314 works estimated to cost Rs 18.47 crore were sanctioned under the above programme and the whole amount was remitted to the BDOs concerned for execution of works through PRIs. Of these, 709 works (54 *per cent*) were completed at a cost of Rs 9.36 crore and the remaining 605 works remained incomplete (March 2004) as detailed in **Appendix-XXIX**. The balance amount of Rs 9.11 crore also remained unutilised.

3.6.8 Concerned DCs stated (March-April 2004) that the works could not be completed due to lack of interest shown by the concerned PRIs. Reply is not tenable as the *Panchayats* being grass root level institutions, should have been persuaded properly by the DCs to utilise the funds.

Non-maintenance of assets created under the programme

3.6.9 For proper upkeep and maintenance of assets created under the programme, the Community and the Government were liable to contribute 10 *per cent* of the cost of works additionally.

3.6.10 From 1993-94 onwards funds for maintenance purposes contributed by the community and the State Government accumulated to Rs 5.50 crore with the five DCs[4] as of 31 March 2004. In Mandi and Shimla districts, however, Rs 15 lakh only had been utilised for maintenance and the balance amount of Rs 5.35 crore (97 *per cent*) still remained unutlised with the respective DCs in savings bank accounts opened in commercial banks.

3.6.11 The DCs involved stated (March-April 2004) that the beneficiaries/executing agencies had not approached them to release the maintenance funds. The contention is not acceptable as the DCs had not ensured maintenance of such assets through local committees to be formed by them.

3 Chamba, Hamirpur, Mandi and Shimla.

4 Chamba: Rs 0.60 crore; Hamirpur: Rs 0.99 crore; Kangra: Rs 0.88 crore; Mandi: Rs 1.05 crore and Shimla: Rs 1.99 crore.

Sarswati Bal Vidya Sankalp Yojna

3.6.12 The scheme was launched (April 1999) with the objective of solving the accommodation problem in primary schools of the State. Under the scheme, a minimum of three rooms were to be provided to each of the primary schools, within a period of three years. The construction of the buildings was to be ensured through local community participation. Village Education Committee (VEC) with the *Gram Panchayat Pradhan* as its patron and the President of the parent teacher association as Chairman was to be formed for this purpose. The implementation of the scheme was to be ensured within three years from the date of its starting. For the construction of 1,232 rooms in primary schools, Rs 12.36 crore were provided to DCs, Chamba and Shimla during 1999-2002.

3.6.13 It was noticed in audit that even after cessation of operation of the scheme in March 2002, construction of 597 rooms remained incomplete and funds amounting to Rs 5.22 crore remained unutilised with the DCs concerned in savings bank accounts as of April 2004. Shortfall in physical achievements was 28 (Chamba) and 57 (Shimla) *per cent* whereas financial performance fell short by 31 (Chamba) and 47 (Shimla) *per cent* respectively.

3.6.14 Failure to ensure timely completion of school rooms defeated the very purpose of providing adequate accommodation in the needy schools. The concerned DCs stated (April 2004) that the works could not be completed due to lack of interest shown by the VECs/people of the area. Replies are not tenable as participatory institutions should have been persuaded properly to ensure timely completion of accommodation in the schools.

Swarnjayanti Gram Swarozgar Yojana

3.6.15 *Swarnjayanti Gram Swarozgar Yojna* (SGSY) is a holistic programme and aimed at establishing a large number of micro enterprises in the rural areas building upon the potential of rural poor. The objective was to bring the assisted families (*Swarozgaris*) above the poverty line in three years by ensuring that the family had a monthly net income of at least Rs 2000/- excluding repayment by providing income generating assets through a mix of bank credit and Government subsidy. Subject to availability of funds it was required to cover 30 *per cent* of poor families in each block in five years after commencement of this scheme.

3.6.16 Test-check of records of 11 BDOs revealed that there were 46,642 families identified below poverty line (BPL) in the beginning of April 1999 and during 1999-2004, 13,993 BPL families were required to be covered to achieve the goal of bringing the rural poor above the poverty line. Audit scrutiny of records of the aforesaid BDOs revealed that during the last five years period ending March 2004, only 4,469 BPL families were covered under the programme. The overall percentage shortfall in coverage of such families in the above blocks was 68 whereas block-wise percentage of shortfall ranged between 48 and 98 as tabulated below:

Table: 3.10

Sr. No.	Name of the block	Total BPL families	Target fixed (30% of BPL)	Actual coverage	Shortfall	Percentage of shortfall
1.	BDO Nurpur	3470	1041	412	629	60
2.	BDO Theog	4408	1322	453	869	66

3.	BDO Rampur	6062	1818	674	1144	63
4.	BDO Chopal	5375	1613	308	1305	81
5.	BDO Sundernagar	4462	1339	694	645	48
6.	BDO Chauntra	2888	866	426	440	51
7.	BDO Balh	4713	1414	659	755	53
8.	BDO Sadar Mandi	5636	1690	363	1327	79
9.	BDO Mashobra	2783	835	213	622	94
10.	BDO Karsog	4736	1421	30	391	98
11.	BDO Basantpur	2109	633	237	396	63
	Total:	**46642**	**13993**	**4469**	**9523**	**68**

3.6.17 The physical achievements in the above cases were indicative of failure of implementing agencies to ensure required flow of desired benefits to the beneficiaries concerned. The BDOs of Theog (Shimla district) and Mandi Sadar block (Mandi district) stated (June 2004) that the beneficiaries were not coming forward to get the benefits despite holding of publicity/awareness campaigns by them. They further stated that the fact of poor response from beneficiaries was not reported to the State Government as there was no mechanism for such reporting. The other BDOs attributed (March-April 2004) the shortfall in coverage of families to lack of awareness of people and their not coming forward to get the benefit under this scheme.

3.6.18 The contentions of the BDOs are not acceptable as they should have ensured proper implementation of the programme.

Integrated Watershed Development Programme

Unfruitful expenditure on watershed development works

3.6.19 For carrying out watershed development in an area of 3,992 hectares, six watershed areas in Chauntra and Sadar development blocks (Mandi district) were approved by Government of India in 1998 at an estimated cost of Rs 1.58 crore. The stipulated period of implementation was five years which was to be reckoned from 1998-99 and the works were to be completed by March 2003. The execution of works in the above areas was entrusted by the Project Officer, DRDA, Mandi to Sarweda Foundation a Delhi based Non-Governmental Organisation (NGO) which started the execution in July 1998 without securing close involvement of the User Communities.

3.6.20 Test-check of records of PO, DRDA, Mandi supplemented by information obtained from the BDOs concerned revealed (April 2004) that the development works in the above watersheds were left incomplete by the above NGO in September 2001 after incurring an expenditure of Rs 37.94 lakh. Thereafter concerned BDOs of the area as Project Implementing Agencies (PIA) took up further execution of these works and spent Rs 35.49 lakh between October 2001 and March 2004. Though the project implementation period prescribed by the Government of India had expired in March 2003, the works remained incomplete as March 2004. Thus expenditure of Rs 73.43 lakh incurred on works in these areas had largely remained unfruitful as the works were not completed within the project period. The facts were confirmed (April 2004) by the PO, DRDA, Mandi.

Misutilisation of programme funds

3.6.21 According to the guidelines of Watershed Development Programme, some community benefiting entry point activities such as renovation of village level schools, *Panchayat* buildings, community house, common places, developing water sources/wells, bathing *ghats*, approach road to water tanks, village roads, village sanitation improvement works, etc., were permitted to be undertaken out of the grant available for community organisation. This was to ensure extensive involvement and organisation of self help groups/user groups before selection of watersheds. The construction of new buildings, religious activities and activities for individual benefits were, however, not permissible under the programme.

3.6.22 Test-check of records of eight BDOs of Chamba and Shimla districts revealed (December 2003 and April 2004) that 48 new buildings (Chetna bhawan: 45 and temples: 3) were constructed at a cost of Rs 46.79 lakh between 1997-98 and 2002-03 in contravention of the guidelines/instructions of the programme. Evidently, the programme funds were misutilised by the BDOs for activities not related to the programme. The concerned BDOs stated that the construction of above buildings was carried out on the directions of DRDA.

3.6.23 Replies are not acceptable as DRDAs were not competent to sanction construction of such buildings at their own level.

Non/less deduction of contribution towards watershed development fund

3.6.24 Under the programme it was mandatory that the farmers contributed towards watershed development fund at least at the rate of 10 *per cent* of cost of works done on individual lands and five *per cent* of the works on community lands and for works on all lands of Scheduled Castes/Scheduled Tribes (SC/ST)/persons identified below poverty line. Test-check (December 2003-April 2004) of records of 10 PIAs revealed that in respect of 29 watershed projects, of recoverable amount of Rs 20.21 lakh, only Rs 10.56 lakh were recovered, resulting in short realisation of Rs 9.65 lakh. The concerned PIAs stated (March-June 2004) that the beneficiaries had not contributed their due share in full despite repeated requests.

Failure of plantation

3.6.25 Scrutiny of records revealed (June 2004) that only 3,640 plants (23 *per cent*) survived after plantation in Theog block (Shimla district), out of 16,000 fuel and fodder plants planted during 2003-04 in an area of 26.5 hectares at a cost of Rs 0.86 lakh. Thus there was abnormal mortality of 12,360 (77 *per cent*) plants which indicated failure on the part of user community to maintain the plantation.

Conclusion

3.6.26 The above schemes/programmes were introduced by the Government with the objective of community development with the initiative and participation of the community itself. The programme implementing agencies were, thus, required to ensure close association of user groups for timely and successful implementation of such schemes/programmes to obtain the desired results. Failure to do so resulted in non-achievement of the desired results.

These points were referred to the Government in July 2004; their reply had not been received (September 2004).