

Chapter-IV

AUDIT OF TRANSACTIONS

4.1 Excess payments

Public Health Engineering Department

4.1.1 Inadmissible payment of HRA and CCA

Failure of the Department to adhere to rules resulted in excess payment of HRA and CCA amounting to Rs. 45.17 lakh.

As per rules, a Government servant whose place of posting falls within the qualifying limits of a city shall be eligible for both House Rent Allowance (HRA) and City Compensatory Allowance (CCA) at the prescribed rates, whereas in rest of the cases the Government servant shall be eligible to HRA only as per admissible rates.

Test check of the records of Executive Engineers (EEs), PHE, (Mechanical) Rural and PHE, Rural Divisions, Jammu revealed that HRA and CCA aggregating Rs. 56.80 lakh¹ was irregularly drawn and paid (April 1999 to October/November 2004) to 358 employees² posted outside the qualifying limits of Jammu city. The EE, PHE (Mechanical) Rural Division, Jammu recovered an amount of Rs. 11.63 lakh ending August 2007 whereas no such recovery was effected by the PHE Rural Division, Jammu (August 2007), though payment on account of HRA/CCA to the employees of the Division had been stopped from June 2007. The Department intimated (August 2007) that the extra payment on account of HRA and CCA in respect of PHE Rural Division, Jammu was being worked out.

Thus, failure of the Department to adhere to the extant rules resulted in excess payment of HRA and CCA amounting to Rs. 45.17 lakh (August 2007).

The Chief Engineer, Public Health Engineering Department, Jammu endorsed the replies of both the Divisions (August 2007). However, a conclusive reply from the Government was awaited (September 2007).

¹ PHE (Mechanical) Rural Division Jammu: Rs. 31.17 lakh (HRA: Rs. 28.26 lakh; CCA: Rs. 2.91 lakh) and PHE Rural Division Jammu: Rs. 25.63 lakh (HRA: Rs. 23.21 lakh; CCA: Rs. 2.42 lakh)

² PHE (Mechanical) Rural Division Jammu: 168 employees and PHE Rural Division Jammu: 190 employees

4.2 *Idle investment/blocking of funds/unfruitful expenditure/misutilisation of funds, etc.*

Forest Department

4.2.1 Locking of funds

Inordinate delay by the Department in finalising the specifications for purchase of hydraulic excavators led to blocking of Rs. 40 lakh for two years.

A sanction for advance drawal of Rs. 40 lakh was accorded (March 2005) and released by the Principal Secretary, Forest Department in favour of the Chief Wild Life Warden, Jammu and Kashmir for purchase of hydraulic excavators through Chief Engineer, Mechanical Engineering Department (MED), Jammu. The excavators were required for deweeding and desilting in various wetlands. The purpose of purchase of excavators was to avoid their hiring from the MED.

Scrutiny of the records of Wild Life Warden, Wetland Division Kashmir, revealed that without taking into consideration the site conditions and finalising the specifications of the excavators, advance payment was released to the MED. Tenders invited (December 2005) for purchase of the machine, however, could not be finalised in the absence of specifications. After the Department finalised (March 2006) specifications of the hydraulic excavators, the MED invited (March 2006) fresh tenders. Against the fresh Notice Inviting Tender (NIT), a single offer was received (May 2006). Procurement action on a single tender basis being beyond the competence of the Chief Engineer, MED, the matter was referred (May 2006) to the Forest Department for approval. The purchase could not be effected (March 2007) due to non-receipt of approval from the Government and in the meanwhile, the validity period of the offer furnished by the tenderer expired. The Department had incurred an expenditure of Rs. 8.79 lakh, between May 2005 and October 2006, on manual deweeding/desilting undertaken in various wetland reserves by engaging labour on muster rolls.

Thus, lack of planning and inordinate delay by the Department in finalising the specifications for purchase of hydraulic excavators led to blocking of Rs. 40 lakh for over two years.

The Chief Wild Life Warden, Srinagar stated (May 2007) that MED had to approach its Administrative (Works) Department for sanction of the tendered rate and there is no deliberate delay on part of the Department in procuring the machine. The reply is not tenable as the Department has advanced money without finalising the specifications of the machine required by it.

Health and Medical Education Department

4.2.2 Idle Investment

Issue of medical equipment to health institutions without ascertaining the availability of requisite infrastructure resulted in idle investment of Rs. 37.01 lakh.

The Reports of the Comptroller and Auditor General of India for the years ended 1997-98, 1998-99 and 2003-04 mentioned about non-utilisation of machinery and equipment procured by the Director Health Services Jammu/Srinagar. The issue was also discussed in the meetings of Public Accounts Committee (PAC) during the years 2000-01 and 2005-06, which recommended fixing of responsibility on the officers responsible for idling of the machinery and equipment.

Test check of records (May 2006-February 2007) of Chief Medical Officer (CMO) Kathua and four Block Medical Officers (BMOs)³ in Jammu Division revealed that the Department purchased and issued medical equipment (ME) costing Rs. 49.53 lakh to various health institutions during the period 1998-2006 without ensuring availability of infrastructure facilities in these institutions for their proper utilisation. Test check further revealed, that, ME were lying idle in these institutions due to non-availability of trained staff, proper accommodation, required power supply, etc. BMOs Hiranagar and R.S.Pura stated (May-June 2006) that the matter had been taken up with the higher authorities.

The Government admitted (August 2007) that the material (Rs. 11.13 lakh) issued to BMO Ramban was lying idle and that provision of trained staff to BMO was under active consideration of the Department. However, for the balance ME it was stated that the ME was operational. The reply is not tenable, as further information collected (September 2007) revealed that the ME valued at Rs. 25.88 lakh had not been put to use by CMO Kathua and three BMOs⁴ and ME valued at Rs. 12.52 lakh (6 out of 9 items) issued to CMO Kathua had been installed (February 2004 to September 2007) and put to use after a delay of 1-4 years.

Purchase and supply of ME without ascertaining availability of infrastructure and trained manpower, thus, resulted in idling of ME for a period ranging from seven months to nine years with consequent blocking of investment of Rs. 37.01 lakh, besides delay in instalation of machinery valued at Rs. 12.52 lakh for a period ranging between one and four years. This also deprived the patients of intended diagnostic and surgical facilities.

³ BMO Hiranagar, BMO Nowshera, BMO Ramban and BMO RS Pura

⁴ Hiranagar, Nowshera and R.S.Pura

Housing and Urban Development Department

4.2.3 Unfruitful expenditure

Faulty planning by the Corporation in taking up construction works without ensuring site free from encumbrances and failure to provide drawings in time, etc. resulted in unfruitful expenditure of Rs. 2.92 crore.

In order to enhance the financial resources of Srinagar Municipal Corporation (Corporation) and to make it financially viable and self-sufficient, the Corporation proposed⁵ construction of shops in seven blocks at two sites (Hazuri Bagh: 2; Exhibition crossing: 5) at an estimated cost of Rs. 8.50 crore⁶. As per the proposal, 432 shops and office accommodation⁷ were to be constructed on self financing basis for allotment to displaced hawkers on rent and balance shops, etc. through open auction.

Construction works (estimated cost: Rs. 4.33 crore) were taken up without administrative approval (AA)/technical sanction (TS) and awarded (April 2000 to October 2003) to contractors for completion within six months. An expenditure of Rs. 2.92 crore had been incurred on the work as of March 2007. The construction work for blocks at Hazuri Bagh (C and E) and that at Exhibition Crossing (A to E Blocks) were stopped (August 2005, June 2006, October 2006) due to following reasons.

Name of the Block	Particulars	Expenditure (up to date)	Reasons for non-completion	Present status
Block 'C' (Hazuri Bagh)	170 shops (Two storeyed building)	Rs. 92.28 lakh (June 2006)	HT lines coming partly in the alignment were not removed up to December 2006	Roofing work not completed
Block 'E' (Hazuri Bagh)	90 shops 2 nd and 3 rd floor for office accommodation	Rs. 73.57 lakh (October 2006)	Besides above the site was not free from encumbrances	Only ground floor completed
Blocks A to E (Exhibition crossing)	172 shops (Ground and first floor) 2 nd and 3 rd floor for office accommodation	Rs. 126.11 lakh (August 2005)	Besides above two, drawings were not furnished to contractors timely. Due to cost escalation the work was abandoned by contractors	60 per cent work of A,B and 90 per cent of C, D blocks completed
Total	432 shops	Rs. 291.96 lakh		

As is obvious from the above, the works had not been completed on account of various reasons. Against the projected premium of Rs. 9.06 crore⁸, the Corporation received only Rs. 2.82 crore⁹ from 268 beneficiaries (Hazuri Bagh: 130; Exhibition crossing block A to E: 138).

The number of beneficiaries and the premium collected from them for Block E (Hazuri Bagh) was not made available as the relevant records relating thereto were stated (February 2007) by Chief Revenue Officer of the Corporation to have been misplaced. The EE, Left River Works Division, Municipal Corporation replied (July 2007) that balance work for blocks at Exhibition Crossing would be

⁵ Hazuri Bagh Complex: 1990; Exhibition Complex: 1999-2000

⁶ Hazuri Bagh Block C: Rs. 0.84 crore, Block E: Rs. 2.27 crore; Exhibition crossing Blocks A to E: Rs. 5.39 crore

⁷ 2nd and 3rd floor for blocks at Exhibition Crossing and E block for Hazuri Bagh

⁸ 262 shops x Rs. 1.35 lakh; 85 shops x Rs. 3.5 lakh and 85 shops x Rs. 3 lakh

⁹ Block at Exhibition: Rs. 197.75 lakh; Blocks at Hazuri Bagh: Rs. 84.00 lakh

completed by fresh contracts whereas the decision regarding completion of balance works at Hazuri Bagh was yet to be taken.

Thus, taking up the works without AA/TS, improper planning in ensuring a site free from encumbrances, lack of coordination with other Departments and non-providing of drawing, etc. in time resulted in unfruitful expenditure of Rs. 2.92 crore besides delay in allotment of shops to the beneficiaries.

The matter was referred to Government/Department in August 2007; reply had not been received (September 2007).

Labour, Stationery and Printing Department

4.2.4 Idling of expenditure

Departmental failure to get the equipment rectified during the guarantee period and invoke the penal provisions of agreement, resulted in idling of the equipment.

Based on the rates approved by the Central Purchase Committee, General Manager Government Press, Srinagar placed (January 2001) orders with a UP-based firm for supply of colour copier alongwith computer connectivity and other accessories at a cost of Rs. 26.92 lakh. According to the terms of the supply order, 90 *per cent* of the cost was to be released on installation and the balance 10 *per cent* after 90 days of installation and satisfactory working of the equipment. The supplier was also required to furnish a minimum guarantee for a period of one year against all defects, besides bank guarantee of Rupees two lakh valid for three years. The Department released Rs. 24.23 lakh to the supplier as 90 *per cent* cost of the equipment in March 2001. After installation (March 2001) it developed defects (December 2001) within the guarantee period of one year.

Scrutiny of the records revealed (July 2007), that after the equipment developed defects, its performance remained erratic. The Engineers of the firm, failed (December 2001) to rectify the defects because of their inexperience and negligence. Though the machine was grounded (July 2003) and the bank guarantee was valid, the Department failed to invoke it.

The Assistant Manager stated (July 2007) that Rs. 2.69 lakh, forming 10 *per cent* of the cost of the equipment payable to the supplier, had been withheld. The reply is not tenable as neither did the Department invoke the bank guarantee within the validity period nor did it refer the matter to an arbitrator as provided in the agreement executed with the supplier.

Departmental failure to get the equipment rectified during the guarantee period and invoke the penal provisions of agreement, resulted in idling of the equipment for more than four years. The equipment continues to be non-functional as of July 2007.

The matter was referred to Government in August 2007; reply had not been received (September 2007).

Power Development Department

4.2.5 Unfruitful expenditure on System Improvement Schemes

Failure of the Department to complete the System Improvement Schemes in time and ensuring sufficient funds/equipment resulted in unfruitful expenditure of Rs. 4.49 crore.

As per the terms and conditions of loans sanctioned by the Rural Electrification Corporation (REC) for System Improvement Schemes (SIS), the schemes were to be completed within the targeted period and 20 *per cent* of the loan was to be released on completion of loan documents with the remaining amount released on reimbursement basis. The State Government was required to incur expenditure initially and thereafter claim reimbursement from the REC. Scrutiny of records revealed that work on the following five SISs were abandoned by four divisions due to non-provision of adequate funds, non-procurement of equipment, incurring expenditure in excess of estimates and non-completion of schemes within the stipulated period.

➤ The EE, Sub Transmission Division-III, Kathua incurred (up to December 2001) Rs. 1.44 crore, on construction of 66/11 KV sub-station (estimated cost: Rs. 1.84 crore) under SIS. The scheme was aimed at improving voltage regulation, accommodation of future load growth and reducing energy losses. It was observed that only 12 (34 *per cent*) out of 35 components of work had been completed (December 2001). The work on balance components (physical progress ranged between zero and 70 *per cent*) was pending as of March 2007. In respect of works executed (estimated cost: Rs. 94 lakh), the department had incurred an expenditure of Rs. 50.27 lakh on 12 components in excess of the estimates. Due to incurring of excess expenditure, the Department obtained less re-imburement from REC and could not complete the work. This also resulted in non-submission of further reimbursement claims. The EE attributed (January 2006) the delay in completion of the scheme to non-procurement of the 66 KV system by the central stores and non-provision of balance funds. The reply is not acceptable, as the Department should have planned and prioritised the purchase of equipment well in time and also ensured completion of the scheme within approved time frame and cost. Further, the EE should have also ensured timely reimbursement from REC without attracting extra interest liability. The EE stated (March 2007) that closure proposal of the incomplete work is being submitted shortly and a fresh scheme shall be framed to carry out the balance work.

Thus, failure of the Department to procure the 66 KV level system timely and delay in initiating fresh proposal for completion of balance work resulted in idle investment of Rs. 1.44 crore for over five years, besides non-achievement of intended objectives of improvement in voltage regulation and reduction in energy losses (estimated energy loss due to non-completion as of April 2007: 45.42 lakh units, valuing Rs. 54 lakh).

➤ In order to improve voltage regulation, accommodate future load growth and reduce energy losses in Devsar, Kelam Akhran and Larnoo areas of Anantnag district, the EE, Sub-transmission Division (STD) Bijbehara, incurred (upto 2003-04) an expenditure¹⁰ of Rs. 79.70 lakh¹¹ on part¹² execution of two SISs (Devsar and Dandipora). It was observed that the execution of the schemes was abandoned (April 2004) by the EE for want of funds as reimbursement was stopped (April 2004) by the REC owing to non-completion of the schemes within the extended validity period of five years (March 2002) from the start of execution. The EE proposed (May 2006) for closure of the schemes and a fresh proposal was initiated to complete the schemes under a composite project at an estimated cost of Rs. 3.98 crore. The composite project had not been cleared by the Techno Economic Committee of the Department as of April 2007.

The EE stated (April 2007) that the schemes could not be completed due to turmoil in the valley, non-extension of the validity period of schemes beyond five years and non-reimbursement of balance funds by the REC. Thus, inability of the Department to complete the schemes within the stipulated period and comply with REC conditions for reimbursement, resulted in an unfruitful expenditure of Rs. 79.70 lakh, besides non-achievement of the objective of improvement in voltage and arresting line losses.

➤ To improve infrastructure at the sub-transmission and distribution levels for providing dependable and quality power to consumers, the EE, Sub-Transmission Division, Srinagar incurred Rs. 50.20 lakh¹³ (upto March 2005) on construction of 33/11 KV Sub-station Bemina-III, under REC (SIS) Scheme Budgam-II. It was observed, that only 16 out of a total of 34 items of work of the sub-station were completed and the work on the remaining 18 items¹⁴ had not been completed (February 2007). As the Department was unable to complete the scheme within the validity period of two years, reimbursement claims submitted to REC were not entertained. The Department failed to arrange the funds from its own resources for completion of the balance items of the work. The EE stated (September 2007) that the matter of extending the completion date of the scheme and release of balance funds for its completion has been submitted (September 2005 and April 2007) to the higher authorities.

Thus, delay in completion of the construction works by the Department and inadequate funding by the State Government for timely completion of the project resulted in unfruitful expenditure of Rs. 50.20 lakh. Besides, the objective of improvement in voltage, providing dependable and stable supply and arresting line losses was not achieved.

¹⁰ 1997-98: Rs. 16.02 lakh; 1998-99: Rs. 7.88 lakh; 1999-2000: Rs. 13.75 lakh; 2000-01: Rs. 12.99 lakh; 2001-02: Rs. 13.29 lakh; 2002-03: Rs. 3.47 lakh; 2003-04: Rs. 12.30 lakh

¹¹ SIS Devsar: Rs. 42.68 lakh; SIS Dandipora: Rs. 37.02 lakh

¹² SIS Devsar: 7 items of work; SIS Dandipora: 8 items of work

¹³ 1998-99: Rs. 3.73 lakh; 1999-2000: Rs. 4.18 lakh; 2000-01: Rs. 4.89 lakh; 2001-02: Rs. 1.87 lakh; 2002-03: Rs. 15.57 lakh; 2003-05: Rs. 8.04 lakh and liability of Rs. 12.02 lakh

¹⁴ 10 items of work not taken up in hand, while as the work on 8 items was in progress with physical progress ranging between 35 to 80 per cent.

➤ The EE, Sub-Transmission Division, Udhampur incurred Rs. 1.52 crore (up to March 2005) on part works of two Receiving Stations (3.15 KVA, 33/11 KV) at Johnu and Sangaldhan under SIS of REC. Besides construction of Receiving Stations the scheme envisaged erection of 24 kms 33 KV line and 22 kms 11 KV line and was aimed at providing a dependable power supply, improve voltage and minimise line losses. The estimated cost of the scheme was Rs. 2.87 crore to be provided by REC as loan on reimbursement basis.

It was observed that due to meagre allocation of funds by the Administrative Department, only 24 out of 92 items of the scheme were completed (March 2005) and completion of the remaining 68 items ranged between 0 and 80 *per cent* only. The Department could obtain re-imbursement of Rs. 1.17 crore only up to June, 2004 when owing to delay in completion of the scheme within the approved time frame, the REC refused further reimbursement and declared closure (June 2004) of the scheme for its becoming time barred. Fresh proposal for completion of balance work was submitted (November 2006) to the CE, Planning and Development Wing, Jammu at a revised cost of Rs. 2.12 crore for accord of TS, approval of which was awaited (July 2007).

Thus, non-allocation of sufficient funds by the Administrative Department for the scheme rendered the expenditure of Rs. 1.52 crore incurred on the scheme idle besides, non-achievement of intended savings in line losses.

➤ To improve voltage regulations, save energy losses and accommodate future load growth, REC approved (March 1997) a “Composite SIS for Tehsil Billawar, Kathua” at an estimated cost of Rs. 2.41 crore. The scheme envisaged erection of 33 KV line from Phinter station to village Mechhedi, erection, testing and commissioning of one 3.15 KV 33/11 sub-station at village Gura Kalyal and another 1.6 MVA 33/11 KV sub-station at village Mechhadi, and erection of 16.7 Kms of 11 KV lines for inter connection/bifurcation of feeders. The scheme was to be completed within a period of 24 months.

The records of the EE, STD-III, Kathua revealed that out of Rs. 190.26 lakh spent (March 2002) on the scheme, an amount of Rs. 90.96 lakh was incurred on construction of sub-station at Guru Kalyal which was commissioned in April 2001. In addition to this, an amount of Rs. 99.30 lakh was incurred on part completion of sub-station at Mechhedi (Rs. 23.04 lakh) and laying of 33 KV line (Rs. 76.26 lakh) which stands charged on 11 KV line. Further execution remained suspended due to non-provision of balance funds (Rs. 50.90 lakh) which due to cost escalation, had increased to Rs. 68 lakh as of March 2007. Non-completion of sub-station at Mechhadi was attributed (March 2007) by the EE to poor flow of funds and non-construction of approach road to the sub-station.

Timely remedial steps for closure of the scheme and framing of fresh proposal after incorporating cost hike for balance work had not been taken (March 2007) by the EE, thus resulting in unfruitful expenditure of Rs. 23.04 lakh on sub-station Mechhedi and consequent underutilisation of investment of Rs. 76.26 lakh on 33 KV line. The EE stated (March 2007) that the closure proposal of the scheme would be submitted shortly.

The matter was referred to Government/Department in April-August 2007; reply had not been received (September 2007).

**Public Works Department
(Roads and Buildings)**

4.2.6 Idle expenditure on construction of a bridge

Construction of a bridge without provision for approach roads resulted in idle expenditure of Rs. 30.97 lakh.

EE, PWD (R&B) Division, Udhampur constructed (October 2002) a motorable bridge over *Neeli Nallah* at a cost of Rs. 30.97 lakh. The bridge was to provide road connectivity to the 5,000 scattered population of four villages¹⁵ situated on both sides of *Neeli Nallah*. It was observed (November 2005) that the bridge could not be put to use by motorists as provision for acquisition of land for approach roads from either side of the bridge was not made in the original estimates. In order to make the bridge usable, a revised proposal of Rs. 43.67 lakh¹⁶ for construction of approach roads was submitted (October 2003) which is yet (July 2007) to be approved by the CE. The process for acquisition of land was initiated belatedly (July 2006) and the approach roads had not been constructed (July 2007) with the result entire investment remained idle for about five years.

The EE stated (March/July 2007) that the land coming under the alignment of approach roads is at the final stage of acquisition and that the approach roads would be constructed as and when the land is made available.

Thus, improper planning of EE, in executing the construction works without taking into consideration the construction of approach roads resulted in idle expenditure of Rs. 30.97 lakh for about five years, besides, time overrun and consequent cost overrun in completion of the project and depriving the people of the area of the intended benefits.

The matter was referred to Government in April 2007; reply had not been received (September 2007).

4.2.7 Idle investment

Failure of the Department to arrange funds for completion of work resulted in idle investment of Rs. 15.88 lakh.

The EE, PWD (R&B) Division, Chadoora incurred an expenditure of Rs 15.88 lakh up to March 2003, on construction of a motorable bridge (Rs 37.50 lakh). The bridge was to restore link between two villages¹⁷ owing to washing away of a foot bridge over *Doodganga Nallah* (District Budgam). It was observed (October 2006) that after completion of 90 *per cent* of the foundation as well as piling work

¹⁵ Jib, Mannails, Numble and Kuper of Udhampur district

¹⁶ Including Rs. 30.97 lakh incurred on construction of bridge

¹⁷ Wathora and Dangerpora

of the sub-structure, the work was abandoned (March 2003) for want of funds and due to local problems regarding selection of site of the bridge.

The CE stated (August 2007) that the work could not be completed for want of further funds and due to local dispute on location of the bridge. The reply is not acceptable because the Department should have provided for adequate funds and ensured clear title of land before commencing work. Failure to do so resulted in idle investment of Rs. 15.88 lakh for about four years and the purpose for which the work was undertaken was defeated.

The matter was referred to the Government in June 2007; reply had not been received (September 2007).

4.2.8 Unfruitful expenditure

Failure of the Executive Engineer (EE), R&B Division Udhampur to re-allot balance work of a bridge resulted in unfruitful expenditure of Rs. 37.80 lakh besides underutilisation of road on which Rs. 1.30 crore had been incurred.

In order to provide better road connectivity for economic upliftment of people living in seven villages of Ram Nagar (District Udhampur), the EE, R&B, Udhampur proposed (2000-01) construction of a bridge (estimated cost; Rs. 37.87 lakh) in KM 11 of Marta Dheeran to Chountra Mata Thial Road under NABARD loan assistance (Loan: Rs 34.09 lakh; State Share: Rs. 3.78 lakh). The project was approved (October 2000), in anticipation of AA by NABARD and it was, *inter alia*, emphasised upon the Department to accord TS before taking up the project to ensure its technical soundness and economic viability.

Test check of the records revealed that the construction of the abutments of the bridge was allotted (July 2001) by the Chief Engineer (CE), to a contractor for Rs. 16.64 lakh on tender basis. As the said contractor did not start the work, it was re-allotted (December 2001) to another contractor at a cost of Rs. 20.83 lakh for completion by July 2002 after inviting fresh tenders. The contractor was, however, allowed to start (April 2002) the work without AA/TS and approval to the design of the bridge.

Scrutiny of records revealed that the site where the left abutment was to be raised was subjected (May 2002) to Plate Load Testing which called for change in design and specifications of the abutments. The work could not be completed in the allotted time due to delay in supply of design by CE, PWD (R&B), Jammu and non-availability of material. The contractor, however, abandoned (January 2005) the work unilaterally. The Department also released Rs. 11.62 lakh (February 2005) to the contractor as the total value of work done including cost of material for construction of right abutment. Thereafter, in response to the final notice (June 2006) to resume the work, the contractor denied (June 2006) having been allotted the work, making the whole payment process questionable. The EE informed (July 2007) audit that the matter was under investigation to ascertain the identity of the contractor who had actually executed the work and received the payments. The Division, besides, making payment to the contractor also incurred

an expenditure of Rs. 26.18 lakh on procurement (2000-06) of material, etc., out of which, material costing Rs. 22.58 lakh was lying unutilised (March 2007). The Department also incurred an amount of Rs. 1.30 crore up to March 2007 on part completion of 5 km road, on which the above bridge was being constructed.

After the matter was brought to the notice (May 2007) of Government/Department, the EE in his reply (July 2007) intimated that the work for the completion of the bridge has been re-allotted (March 2007) to another contractor.

Thus, taking up of work by the EE and CE without AA/TS and approval of the bridge design, resulted in unfruitful expenditure of Rs. 37.80 lakh, besides underutilisation of road on which Rs. 1.30 crore had been incurred by the Department.

Social Welfare Department

4.2.9 Blocking of funds

Advancing funds for construction of Tribal Bhawan without framing a project report and identifying a proper site resulted in blocking of Rs. 50 lakh.

In order to facilitate display of the products made by the tribals from remote areas and also to provide for their stay, a proposal for construction of Tribal Bhawan/shopping complexes at various places of tourist attraction was initiated by the Managing Director, J&K Scheduled Caste/Scheduled Tribe & Backward Classes Development Corporation (Corporation) in 2003. The proposal was approved by the Director, Union Ministry of Tribal Affairs (MTA), subject to provision of land free of cost by the State Government.

Scrutiny (August 2006) of the records of the Director, Social Welfare, Jammu and Secretary to the Government, Social Welfare Department revealed that without framing a project report and identifying proper site, an amount of Rs. 50 lakh was advanced (March 2005) to the Corporation for construction of Tribal Bhawan at Jammu. The Corporation placed the amount in a Bank. Meanwhile, the construction work could not be taken up as the land required for the purpose was not identified (August 2006). The concerned Administrative Department directed (October 2006) the Corporation to divert the amount for construction of a tribal museum at Srinagar on the ground that a Tribal Research Institute and library had already been constructed at Jammu. The work on the tribal museum was, however, not taken up and the amount continued to be retained by the Corporation (March 2007).

Thus, lack of planning, advancing of funds for construction of Tribal Bhawan without framing a project report, non-identifying of a proper site and subsequent non-implementation of the revised proposal for construction of tribal museum resulted in blocking of Rs. 50 lakh for about two years, besides depriving the tribal population of the intended benefits.

The matter was referred to the Government/Department in May 2007; reply had not been received (September 2007).

4.2.10 Misutilisation of funds

Over-drawal and non-accountal of funds by District Social Welfare Officer, Srinagar from treasury for disbursement to beneficiaries under National Old Age Pension Scheme resulted in misutilisation of Rs. 10.22 lakh.

Financial Rules provide that no money should be withdrawn from treasury unless required for immediate disbursement and the expenditure should not be prima facie more than the occasion demands. The authority responsible for incurring the expenditure should also see that the sanction of the competent authority for the expenditure and necessary funds to cover the charge exists.

Audit scrutiny (November 2006) of the records of District Social Welfare Officer, Srinagar (DSWO) revealed that without assessing the requirement of funds DSWO, drew Rs. 66.44 lakh¹⁸ (February and March 2005) from treasury for providing financial assistance/pension to 8,167 beneficiaries of Srinagar, Kangan and Ganderbal Tehsils under the National Old Age Pension (NOAP) and Integrated Social Security (ISS) Schemes. However, DSWO, advanced only Rs. 62.32 lakh to three¹⁹ Tehsil Social Welfare Officers (TSWO), for disbursement and irregularly retained Rs. 4.12 lakh. Besides, the three TSWOs returned (August/September 2005) the un-disbursed amount of Rs. 6.87 lakh²⁰ to DSWO which, was neither remitted into treasury nor accounted for in the books by the DSWO. On this being pointed out (November 2006) in audit, Rs. 1.13 lakh only were remitted (December 2006) into the treasury by the Ex-DSWO and the Ex-Cashier, who had since been transferred and Rs. 9.86 lakh was stated to have been diverted irregularly for printing of forms, computerisation of schemes and POL etc.

Audit scrutiny (November 2006) also revealed that out of Rs. 28.48 lakh received (March 2005) by TSWO Ganderbal for disbursement to beneficiaries, Rs. 1.48 lakh had been charged off (June 2005) as payment on various accounts and as aid to a Social Organisation²¹ without supporting documents. On this being pointed out in audit, Rs. 1.12 lakh was remitted (December 2006) by the Ex-Cashier into treasury and the balance was shown to have been expended on computerisation of lists.

The DSWO, Srinagar stated (May 2007) that without the formal sanction of competent authority Rs. 9.86 lakh were misappropriated/utilised on other incidental charges, but Rs. 2.25 lakh have been refunded into the treasury and Rs. 0.36 lakh were in the shape of unpaid vouchers.

Thus, drawal of funds in excess of actual requirement and non-accountal/non-remittance of un-disbursed amount into treasury resulted in misutilisation of Rs. 10.22 lakh.

¹⁸ Kangan: Rs. 25.08 lakh; Ganderbal: Rs. 29.61 lakh; Srinagar: Rs. 11.75 lakh

¹⁹ TSWO Kangan: Rs. 23.85 lakh; TSWO Ganderbal: Rs. 28.48 lakh; TSWO Srinagar: Rs. 9.99 lakh

²⁰ TSWO Kangan: Rs. 1.64 lakh; TSWO Ganderbal: Rs. 1.57 lakh; TSWO Srinagar: Rs. 3.66 lakh

²¹ Markeze Falahi Itfal, Shalimar, Srinagar

The matter was referred to the Government/Department in August 2007. Secretary to the Government, Social Welfare Department stated that a committee has been formed (August 2007) to conduct an enquiry into the matter and propose disciplinary action to be taken against the officers/officials responsible for the irregularities. Further progress was awaited (September 2007).

Tourism Department

4.2.11 Idle investment

Injudicious purchase of material by Chief Executive Officer, Sonamarg Development Authority for fencing a proposed Golf Course at Sonamarg before acquisition of the land resulted in idle investment of Rs. 23.45 lakh and blocking of Rs. 10.05 lakh.

For laying a Golf Course at Sonamarg, the Tourism Department released (July 2004) Rs 33.50 lakh in favour of the Chief Executive Officer, Sonamarg Development Agency (CEO, SDA). The CEO, SDA sought (December 2004) orders of the Tourism Department to start the project and utilise the funds for procurement of fencing material.

Test check (June 2007) of the records revealed that in anticipation of formal approval and without acquisition of land, the Department advanced (March 2005) Rs. 33.50 lakh to J&K Small Scale Industries Development Corporation, Srinagar (SICOP) for providing and fixing of angles, strips and chainlinks fencing of the proposed Golf Course. Though material costing Rs. 23.45 lakh had been received (May 2005), it was not utilised (August 2007).

The CEO, SDA stated (July 2007 and August 2007) that, the supply order was placed on the basis of the detailed plan of the consultant and that the demarcation work of the land was in progress. The reply is not tenable, as acquisition of land for such a project was a pre-requisite before taking any action for procurement of material.

Thus, injudicious and advance purchase of fencing material by the CEO, SDA for the proposed Golf Course without acquisition of required land, resulted in idle investment of Rs. 23.45 lakh and blocking of Rs. 10.05 lakh.

The matter was referred to Government/department in August 2007; reply had not been received (September 2007).

4.3 Regularity and other issues

Animal Husbandry Department

4.3.1 Payment of idle wages

Failure of the Chief Animal Husbandry Officer, Udhampur to transfer idle staff from non-functional centres and utilise their services elsewhere resulted in payment of idle wages of Rs. 33.55 lakh.

Scrutiny (March 2007) of the records of Poultry Development Officer (PDO), Udhampur revealed that out of six Poultry Extension/Demonstration centres in

Udhampur district, two centres at Gool and Arnas were non-functional, where no poultry activity was carried out after the centres were occupied by Security Forces in 1991. These were not made functional even after the Security Forces vacated them (2006). However, seven officials (Attendants: 4; Senior Poultry Assistants: 3) continued to be posted at these two non-functional centres and were paid idle wages of Rs. 33.55 lakh during April 2000 to April 2007. The PDO requested (May 2005) the Chief Animal Husbandry Officer, Udhampur to withdraw the idle staff from these centres, but no action was taken (March 2007) for gainful utilisation of the services of the staff elsewhere. The PDO stated (May 2007) that the poultry activities at these centres could not be started due to non-availability of building, but, the services of idle staff has been utilised for other animal husbandry activities like treatment of ailing animals/dosing and vaccination work. It was further stated that a proposal for transfer of these posts to other units is under process with the higher authorities. The reply is not tenable, as sufficient staff was provided to the Department to undertake such activities.

Thus, failure of Chief Animal Husbandry Officer, Udhampur to take timely action to transfer idle staff from non-functional centres and utilise their services elsewhere resulted in payment of idle wages of Rs. 33.55 lakh during April 2000 to April 2007.

The matter was referred to Government in August 2007; reply had not been received (September 2007).

Health and Medical Education Department

4.3.2 Administration of sub-standard drugs

Issuing drugs before receipt of their analytical reports from Drug and Food Control Organisation resulted in administration of sub-standard drugs costing Rs. 14.14 lakh to the patients in the Health Institutions.

Drugs are procured by the Director, Health Services (DHS), Jammu on the basis of rates approved by the Central Purchase Committee (CPC), Health and Medical Education Department, on yearly basis. As per the terms of supply order and the agreement drawn with suppliers, drugs supplied should conform to the specifications laid down in the Drugs and Cosmetics Act. Payment to the suppliers is released after verification of the supplies. However, for those drugs where samples are lifted by the Drug and Food Control Organisation (DFCO) for conducting analysis, payment is to be released after receipt of their successful test-reports.

Scrutiny of records of the Controller of Stores (Health), Provincial Medical Store, Jammu (November/December 2006) revealed that drugs and dressing material costing Rs. 17.64 lakh purchased (March 2003 to August 2005) from six suppliers²², were selected by the DFCO for sample testing by random selection method. As per the standard terms and conditions of supply, items selected for

²² M/S National Surgico Jammu; M/S Cecil Pharmaceuticals Gandhi Nagar Jammu; M/S JK Pharmaceuticals; M/S Kwality Pharmaceuticals Private Limited Amritsar; M/S Samrat Surgicals Private Limited; M/S Halcyon Pharmaceuticals Hissar

testing were not to be paid for. It was observed that, contrary to the terms and conditions, these medicines/dressing material were not only paid for, but were also issued to hospitals before receipt of the test reports. The test reports, received after a delay ranging between three and twenty months, declared the drugs to be substandard. By the time the test reports were received, items amounting to Rs. 14.14 lakh had already been issued/administered to the patients.

The matter was referred (February/March 2007) to the Controller, DFCO, Jammu and the DHS, Jammu. The Drug Controller intimated (March 2007) that in three cases, prosecution had been launched in the court of law, in one case, permission to manufacture the drug found sub-standard had been withdrawn for certain periods and in yet another case, the matter had been referred to Controller, Drugs and Food Authority, Bhopal. In a similar case, which appeared at Paragraph 3.7 of the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002, the Public Accounts Committee (PAC) in its deliberations (June 2004 and December 2004) had recommended that the Department should effect purchase of drugs direct from reputed and standard companies in order to avoid delay, unfruitful analysis and also guarantee safety of human life. DHS, stated (March 2007) that the recommendations of the PAC were given due consideration. This is however, not borne out by facts, as the CPC had again in 2004-05 finalised rate contract with two²³ of the six firms that had supplied sub-standard drugs earlier.

The Government stated (June 2007) that out of eight items costing Rs. 17.64 lakh, two items costing Rs. 5.08 lakh were of external use and two items costing Rs. 2.36 lakh failed in the standard of uniformity of weight and will have no adverse effect but may require a higher dose. The reply is not acceptable, as the items purchased were found to be substandard by the Controller, DFCO.

Thus, issuing drugs before receipt of analytical reports from DFCO and disregarding the recommendations of PAC resulted in administration of sub-standard drugs costing Rs. 14.14 lakh to patients in the health institutions of Jammu Division, thereby jeopardising their health.

4.3.3 Non-implementation of District Mental Health Programme

Delay in initiating action by the Department resulted in blocking of Rs. 1.48 crore for periods ranging between one and three years besides denying intended benefits to the targeted population.

Under the National Mental Health Act 1987, the GOI launched (1996-97) District Mental Health Programme (DMHP) to protect patients suffering from mental illness, human rights abuse, stigmatization and discrimination. The programme, *inter alia*, provided for early detection of problem and rehabilitation of discharged patients besides, reducing pressure on mental hospitals in the State.

²³

M/S Cecil Pharmaceuticals, M/S Kwalita Pharmaceuticals

To implement the programme in four districts²⁴ of Jammu region, the Principal Medical College (PMC), Jammu, as nodal officer, received (October 2004 to April 2006) Rs. 1.48 crore²⁵ from GOI, out of which, Rs. 1.05 crore²⁶ were advanced (March and May 2005) to Director Health Services, Jammu (DHSJ) as the District/Sub-district hospitals, etc. are under his administrative control. The balance amount of Rs. 43 lakh was retained by the PMC in the Student Fund bank account of the State Bank of India.

It was observed (December 2006) that the DHSJ deposited the amount in the official bank account with the J&K Bank and had not initiated any action for implementation of the programme upto July 2006, when proposals for training of in service doctors in psychiatry, creation of posts of psychiatrists and allied staff required for implementation of the programme was sent to State Government. No action on any of the proposals had been taken (December 2006) by the Government. The delay in initiating action resulted in non-utilisation of the entire amount of Rs 1.48 crore from October 2004 to July 2007. Contrary to instructions of GOI for immediate refund of the amount in the event of the State not being in a position to execute or complete the assignment, the DHSJ and the PMC continued to retain the amounts of Rs. 1.05 crore and Rs. 43 lakh respectively (July 2007).

The DHSJ and the Joint Director, P&S Health and Medical Education Department stated (March/July 2007) that the scheme could not be implemented due to shortage of psychiatrists in Jammu Division. The reply is not tenable, as the Government/Department had not taken any effective steps to overcome the staff shortage being faced by them.

Thus, the lack of foresight, inaction and slackness of the Department resulted in non-utilisation of Rs. 1.48 crore for periods ranging between one and three years, besides, denial of benefits to the people of the State.

The matter was referred to Government in August 2007; reply had not been received (September 2007).

4.3.4 Non-utilisation of funds

Indecision of the Department in purchase of equipment resulted in non-utilisation of Rs. 85 lakh for more than two years besides depriving Lal-Ded Hospital of a Waste Management System.

The Joint Director, Health and Medical Education, projected (August 2001) a requirement of Rs. 85 lakh for setting up a Hospital Bio Waste Management System (BWMS) for Lal-Ded (LD) Hospital, Srinagar to address waste hazards. The GOI released (March 2005) Rs. 85 lakh to the Principal, Medical College (PMC) Srinagar under a Centrally Sponsored Scheme 'Hospital Waste Management'. The grant was provided for purchase of incinerator, microwave, autoclave, shredder and other equipments. The PMC approached (May 2005) the

²⁴ Jammu, Udhampur, Kathua and Rajouri

²⁵ October 2004: Rs. 52.40 lakh; March 2005: Rs. 52.40 lakh; April 2006: Rs. 43 lakh

²⁶ March 2005: Rs. 52.40 lakh; May 2005: Rs. 52.40 lakh

Administrative Department to accord sanction for placement of funds with Hospital Supplies Services Construction Corporation (HSCC)²⁷ for setting up a BWMS in the LD Hospital.

The Department advised (September 2005) the PMC to depute a representative to other institutions to assess the performance of the utilities installed by HSCC and report on the matter. No report had been furnished by the PMC as of July 2007. The PMC, on the instructions of Central Purchase Committee, advanced Rs. 92.20 lakh (including interest) to HSCC (May 2007). PMC stated (June 2007) that delay in purchase process was due to non-availability of expertise on the subject and administrative problems in identification of agencies and site for disposal of waste. The argument is not tenable, as the Department had already submitted (August 2001) a detailed proposal (including LDH) costing Rs. 22.44 crore to the State Planning Department, which implies that there was no dearth of expertise. The Joint Director (P&S), Health and Medical Education Department however, stated (July 2007) that a plan for setting up of a centralised waste management facility for Srinagar city is under examination in the Department.

Thus, lack of focus and inconsistency of approach resulted in non-implementation of the BWMS. In addition, funds of Rs. 85 lakh remained unutilised for more than two years depriving the hospital of the intended benefits besides keeping the environmental issues un-addressed.

The matter was referred to Government in August 2007; reply had not been received (September 2007).

4.3.5 Payment of idle wages

Posting of cooks and *dhobies* in various hospitals where diet and washing services were either outsourced or where Department was not serving diet to patients resulted in payment of idle wages of Rs. 48.23 lakh.

Services for providing diet to indoor patients and washing linen/hospital clothing at Government Medical College, Jammu and Shri Maharaja Gulab Singh (SMGS) Hospital, Jammu, were outsourced with effect from May 2001.

Scrutiny (November 2006) of records of Medical Superintendent, SMGS Hospital, Jammu revealed that three cooks and three *dhobies* rendered surplus after outsourcing, continued to be on the rolls of SMGS Hospital during April 2001 to September 2006 and an amount of Rs. 23.33 lakh was paid as wages to them. Medical Superintendent SMGS Hospital Jammu, stated (November 2006) that the matter regarding payment of idle wages has been taken up with Principal Medical College (PMC), Jammu for conversion of posts to Class-IV. However, PMC, Jammu stated (February 2007) that services of cooks are being utilised to supervise the quality of food supplied by private contractors in associated hospitals and services of *dhobies* are utilised in laundry section for checking the quality of washed linen articles. Further, it was stated that their services are required to face emergency in case kitchen fails and laundry becomes inoperative.

²⁷

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The reply is not tenable, as the food inspectors and their subordinate staff available in the Department were responsible for checking the quality of food and washed linen supplied by contractors. Further, the retention of cooks and *dhobies* for emergencies was injudicious as the Government interests were to be safeguarded and all the emergent situations were to be taken care of while executing the contracts.

Scrutiny of the records of Block Medical Officers (BMOs) Akhnoor, Bani, Mahore and Superintendent District Hospital, Rajouri revealed, that, no diet was being provided to indoor patients in these hospitals by the Department, but six cooks were posted in these institutions and were paid idle wages of Rs. 24.90 lakh²⁸ during April 1999 and September 2006. While BMOs Akhnoor and Mahore stated (May/October 2006) that the matter regarding adjustment of cooks would be taken up with the higher authorities, BMO Bani stated that the cook has been adjusted as nursing orderly. Superintendent District Hospital, Rajouri stated (June 2006) that services of cooks are being utilised elsewhere and that the Director Health Services Jammu would be approached for transfer/abolition of the posts of cooks in Rajouri.

Thus, injudicious action of continuing the posts of cooks and *dhobies* in various hospitals where diet and washing services were either outsourced or where Department was not serving diet to patients, resulted in payment of idle wages of Rs. 48.23 lakh.

The matter was referred to Government/Department in August 2007. Reply had not been received (September 2007).

Housing and Urban Development Department

4.3.6 Lack of financial discipline

Lack of financial discipline resulted not only in parking of funds amounting to Rs. 10.88 crore in the Deposit Head from March 2006 but also inflated expenditure.

Test check (March 2007) of the records of Financial Advisor and Chief Accounts Officer, (FA&CAO) Housing and Urban Development Department revealed that in disregard of the State Financial Code, the Department accorded sanction and released Rs. 20.38 crore (March 2005: Rs. 3.50 crore; March 2006: Rs. 16.88 crore) to the Vice Chairperson, Lakes and Waterways Development Authority (VC, LAWDA) for utilisation for conservation of Dal Programme in subsequent years. Although no specific plan was indicated in the sanction order, the LAWDA was directed to incur the expenditure against the approved Action plan by Board of Directors (BOD). In violation of the financial rules, the sanction order also provided for debiting the funds from the service head with corresponding credit thereof to the Deposit head. Accordingly, the aforesaid amounts were drawn by

²⁸ BMO Akhnoor: Rs. 6.11 lakh to 2 cooks during May 2001 to April 2006; BMO Mahore: Rs. 3.40 lakh to 1 cook during November 2003 to September 2006; BMO Bani: Rs. 5.98 lakh to 1 cook during January 2001 to July 2006; Superintendent District Hospital Rajouri: Rs. 9.41 lakh to 2 cooks during April 1999 to May 2006

FA & CAO on 31st March 2005 (Rs. 3.50 crore) and 31st March 2006 (Rs. 16.88 crore) by debiting Major Head 4217-Urban Development (Plan) with corresponding credit to 8443-Civil Deposit.

Audit observed (March 2007) that Rs. 9.50 crore were released to LAWDA between May 2005 and May 2007 and the balance amount of Rs. 10.88 crore continued to be parked in Civil Deposit. The FA&CAO Housing and Urban Development Department stated (March/May 2007) that the amounts were kept in Civil Deposit with the concurrence of the Finance Department and that the idea behind doing that was to obtain and verify utilisation certificate/cash flow statement so that the excess cash was not parked with the LAWDA unnecessarily. The reply is not tenable, as before the issuance of sanction order, the Department should have obtained necessary details from the Authority concerned and in case it failed to do so, the funds should have been surrendered well in time for their utilisation on other schemes.

Thus, lack of financial discipline resulted not only in the parking of funds worth Rs. 10.88 crore in the Deposit Head from March 2006 but also inflated expenditure in the relevant years.

The matter was referred to Government/Department in April 2007; reply had not been received (September 2007).

Irrigation and Flood Control Department

4.3.7 Defective planning

Lack of planning by Irrigation Division, Akhnoor for reclamation of land led to premature drawal of Rs. 57.40 lakh and diversion of Rs. 40.46 lakh, besides not achieving the intended objective of rehabilitating displaced persons.

With a view to rehabilitating 6,072 border migrant families from Akhnoor due to disturbances, the State Government placed (March 2006) Rs. 57.40 lakh at the disposal of the EE, Irrigation Division, Akhnoor. The funds were required to be spent on reclamation of 239.5 acres of agricultural land in Khour block of Akhnoor by construction/clearance of six anti water logging channels (AWLC), involving 57,430 cum of earthwork (17,300 RM). The sanction governing release of funds prohibited utilisation of the funds for any other purpose.

Test-check of the records revealed that the EE, in contravention of sanction orders, advanced (March 2006), Rs. 40.46 lakh to Stores Procurement Department for purchase of cement and Rs. 16.94 lakh to Mechanical Division, Jammu for hire charges of machinery, etc. As only earthwork was involved in reclamation, no cement was required at any stage of execution. The Department had executed only 835 RM of earthwork up to June 2006, which formed less than 5 per cent of the total earthwork. Further, out of Rs. 16.94 lakh advanced to the Mechanical Division, only Rs. 5.31 lakh had been adjusted on account of hiring charges of machines required for earthwork as of August 2007.

The EE stated (June 2006) that the credit of the amount booked for purchase of cement would be utilised for meeting the expenditure on POL/Labour, wages etc, and (March 2007) that the construction works could not be executed beyond June 2006, as the site of works had been inundated by the adjoining Lohaki *Nallah* and that the construction works required permission of the Army. The EE further stated (September 2007) that the plugging of the breach of the *Nallah*, which caused the inundation had been taken up by the Flood Control Department. The reply is not convincing as diversion of funds for purchase of cement was clearly in violation of Government sanction.

Rural Development Department

4.3.8 Framing of defective Project Report

Framing of defective Project Report resulted in non utilisation of Rs. 42.45 lakh besides rendering Rs. 14.45 lakh unfruitful.

Based on a proposal sent (2001-02) by Project Officer (PO), District Rural Development Agency (DRDA), Budgam, the Union Ministry of Rural Development, (MRD) approved (January 2004) implementation of 'Swaranjayanti Gram Swarozgar Yojna' (SGSY) for promoting handloom in Budgam District at a cost of Rs. 2.79 crore, within three years. The project, envisaged to cover 1,300 beneficiaries, was to be financed by the Centre, State and the target group on 30:10:60 basis respectively. The funds to be provided by the target group were to be utilised as working capital. The project, *inter alia*, aimed at increasing productivity and wage earning capacity of the weavers so as to bring them above poverty line, preserving/upgrading traditional designs, development of new designs and regulate supply of raw material for providing uninterrupted work to weavers.

The MRD released (January 2004) Rs. 33 lakh to the DRDA as first instalment towards Central share, while the State Government released (February 2004 to March 2007) Rs. 27.50 lakh²⁹. Release of subsequent instalments by the MRD was subject to utilisation of 60 *per cent* of the previous instalment and submission of utilisation certificate thereof. Out of Rs. 60.50 lakh thus received, the DRDA spent (2004-05 to 2006-07) Rs. 17.20 lakh on construction of a building, purchase of raw material, imparting training, payment of stipend and rent for rooms and purchase of jute matting.

It was observed that despite expiry of the completion period (January 2007), the project had not come up as intended, as the DRDA had failed to recover contribution from the target group i.e., the third partner. Despite passage of three years, the modalities for effecting recovery of contribution from the target group had not been worked out without any recorded reasons. The Director, Rural Development Department, Kashmir, who was directed by the Secretary, Rural Development to conduct review of the Project, pointed out (November 2006) that

²⁹ Rs. 5.56 lakh in February 2004, Rs. 5.44 lakh in February 2005, Rs. 2 lakh in March 2006 and Rs. 14.50 lakh in March 2007.

the scheme had suffered as the Project Report did not contain the procedure by which the beneficiary contribution of Rs. 1.69 crore could be recovered from the target group, which comprised people living below the poverty line (BPL).

The PO intimated (July 2007) that the project was not viable as it was not possible to collect such large amount from the target group who were from BPL category. The reply is not acceptable, as the Project Officer who framed the proposal did not mention about BPL families and any apprehensions in getting contribution from the beneficiaries in the Project Report. Even during three years of the execution of the work the Project Officer did not apprise Government of any apprehensions. This resulted in unfruitful expenditure Rs. 14.45 lakh incurred (April 2004 to February 2007) on construction of a building, training, purchase of Jute matting, etc. besides blocking of funds of Rs. 42.45 lakh³⁰ as of July 2007.

The matter was reported to the Government (June 2007); reply had not been received (September 2007).

Social Welfare Department

4.3.9 Denial of hostel facilities to working women

Belated release of funds and non-finalisation of rules required for regulating the functioning of working women hostel resulted in cost and time overrun besides denial of hostel facilities to working women.

To provide hostel facilities to working women with day care centre for their children, the Union Department of Women and Child Development, (DWCD) approved construction of a hostel at Jammu under a Centrally Sponsored Scheme at an estimated cost of Rs. 71.44 lakh, with Central share of Rs. 53.58 lakh (balance amount to be funded by the State Government).

Scrutiny of the records of Director Social Welfare, Jammu (DSWJ) revealed that the work was completed (March 2004) by Jammu Development Authority at a cost of Rs. 92.70 lakh after a delay of about five years. There was further delay of 12 months in taking over the building (April 2005) from the Authority, as the Department failed to release (up to March 2005) the balance amount of Rs. 46.62 lakh incurred by the Authority. Further, after taking over the building (April 2005), the Department utilised it to accommodate various offices of the Social Welfare Department, instead of using it as a working women hostel. The rules for regulating the functioning of the hostel were also awaited from the Government as also the funds to the tune of Rs. 8.35 lakh required for purchase of furniture and fixture for the hostel.

The FA&CAO attributed (April 2007) delay to resource crunch and stated that since the building was not used as a working women's hostel, the required furniture was not purchased. The Government endorsed (August 2007) the reply

³⁰ Rs. 60.50 lakh, less by an amount of Rs. 18.05 lakh (Rs. 17.20 lakh spent on construction of building etc. and Rs. 0.85 lakh on preparation of fresh project report).

of FA&CAO. The fact, however, remains that the Department had failed to utilise the building for the intended purpose.

Thus belated release of funds and non-finalisation of the rules required for regulating the functioning of the hostel resulted in denial of hostel facilities to working women and day care facilities to children apart from cost (Rs. 21.26 lakh) and time overrun (seven years).