

CHAPTER-III

PERFORMANCE REVIEWS

Name of Department	Topic
Higher Education Department	3.1 Jammu University
Education Department	3.2 National Programme of Nutritional Support to Primary Education (Mid Day Meal Scheme)
Housing and Urban Development Department	3.3 Srinagar Development Authority
Irrigation and Flood Control Department	3.4 Lift Irrigation Schemes

Higher Education Department

3.1 Jammu University

The University of Jammu was incorporated with the objectives of imparting education, carrying out independent research, advancement and dissemination of knowledge, recognizing and affiliating colleges, holding examinations, conferring degrees, diplomas and other academic distinctions. This was the first University in the country to have its management systems certified under ISO 9001:2000. The teaching departments and centres of the University have also developed links/research collaborations with different National/International Academic/Research bodies.

Highlights

- **Research projects were not completed on time. 43 per cent of the PhD scholars had not submitted their thesis even after five years. Research thesis of 48 scholars received two months to five years back were pending acceptance due to non-availability of experts/scholars to evaluate them.**

(Paragraph: 3.1.9.2)

- **There was inordinate delay in declaration of results and issuance of degree certificates.**

(Paragraphs: 3.1.10.1 and 3.1.10.3)

- **There was high incidence of revision of results consequent on revaluations.**

(Paragraph: 3.1.10.2)

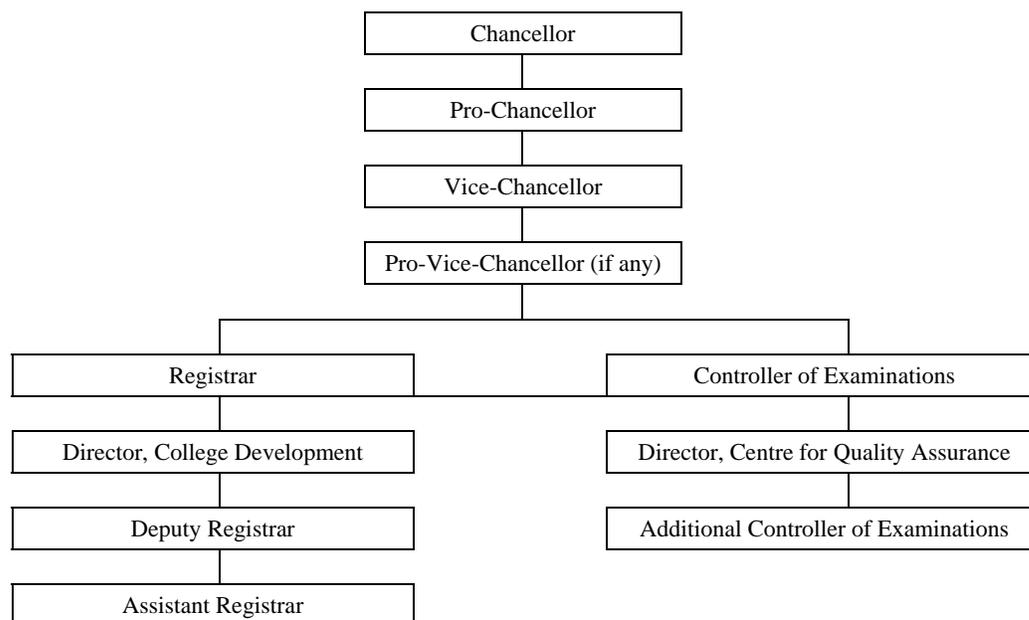
3.1.1 Introduction

The University of Jammu was incorporated in 1969 under the Jammu and Kashmir Universities Act, 1969. The main objectives of the University are to impart education in such branches of learning, as it may think fit, provide for and carry out independent research towards advancement and dissemination of knowledge, admit and maintain colleges, recognize and affiliate colleges not maintained by the University, hold examinations, confer degrees, diplomas and other academic distinctions. With a view to providing education at the doorsteps of the learners, the Directorate of Distance Education (DDE) was established by the University in 1976.

3.1.2 Organisational set up

The Organisational set up of the University is as indicated in Chart 3.1.1:

Chart-3.1.1



3.1.3 Scope of audit

The working of the University was last reviewed and commented upon in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002. The present performance review was conducted under section 14(1) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971. The review was carried out during September 2007 to March 2008 and covered the functioning of the University during 2003-08.

3.1.4 Audit objectives

The performance audit of the University was undertaken to assess:

- adherence to academic norms prescribed by the University Grants Commission (UGC), State/Central Government;
- efficiency in holding examinations, declaration of results, granting degrees/diplomas and distinctions;
- efficiency and economy in expenditure;
- adherence to Statutes in granting recognition and affiliation to colleges/institutions not maintained by the University and
- existence and effectiveness of internal control.

3.1.5 Audit criteria

Audit findings were benchmarked against the following criteria.

- UGC norms and Tenth Five Year Plan.
- Statutes/Rules and Regulations and decisions of the University Council.

- Development Plans and Proposals.
- Statutes relating to recognition and affiliation of private colleges.

3.1.6 Audit methodology

An entry conference was held in August 2007, with the Registrar, Jammu University wherein audit objectives, scope and criteria were discussed. The exit conference was held (September 2008) with the Commissioner-cum-Secretary, wherein audit findings were discussed. The records of 30 out of 89 sections/departments (Administrative Sections: 56; Teaching Departments: 33) were selected on a random sampling basis for detailed scrutiny. The review covered an expenditure of Rs. 100.80 crore (42 per cent) out of the total expenditure of Rs. 238.90 crore during 2003-08. The important audit findings are discussed below.

3.1.7 Planning

The University plans its activities for the ensuing year and submits its requirements to the State Government in advance for meeting its non-plan expenditure. For its infrastructural development, the University submits projects/plans, along with the research projects it intends to undertake, to the UGC for approval and funding.

3.1.8 Financial Management

The University receives funds from the State Government to meet its requirement and grants from the UGC and the Government of India for specific schemes/projects. Income in the form of fee, fines, rent of hostels and residential buildings also accrues to the University. The position of receipts and expenditure during the period under review was as under:

Table 3.1.1

(Rupees in crore)

Year	Opening balance	Grant in aid received from		Internal receipts	Others	Total	Expenditure	Closing balance	Percentage utilisation
		State Govt.	UGC/GOI						
2003-04	4.03	19.72	11.82	8.71	4.83	49.11	33.59	15.52	68
2004-05	15.52	19.90	11.56	10.51	4.24	61.73	40.08	21.65	65
2005-06	21.65	25.17	3.44	11.34	2.83	64.43	52.24	12.19	81
2006-07	12.19	37.46	1.08	14.52	4.33	69.58	52.62	16.96	76
2007-08	16.96	33.36	11.97	14.86	5.94	83.09	60.37	22.72	73
Total		135.61	39.87	59.94	22.17	327.94	238.90		

(Source: Information furnished by the University)

The main components of expenditure of the University during 2003-08 were administrative and establishment (Rs. 174.13 crore), academic/examination related (Rs. 18.02 crore), development and constructional activities (Rs. 33.67 crore), research/fellowship and other charges (Rs. 13.08 crore).

As is clear from the above table, the percentage utilisation of the available funds ranged between 65 and 81. Underutilization of funds was attributed (April 2008)

to late receipt of funds from the State Government and late approval of plans and estimates for developmental activities by the University. It was also stated (September 2008) that underutilization of funds had not hampered developmental works.

Scrutiny revealed that local funds amounting to Rs. 12.99 crore received by various departments had not been included in the internal receipts resulting in understatement of receipts and expenditure. Out of this amount, Rs. 1.91 crore was spent by the University on items which were not permissible to be spent from the local funds.

3.1.9 Performance of the University

The activities of the University can be categorised into Research, Academic and Administrative. The performance of the University with reference to each of these activities is discussed in the succeeding paragraphs.

3.1.9.1 Research

The research projects planned by the University are got approved from the UGC for funding. Besides, research projects of other agencies including those proposed by the UGC are also undertaken by the University. During 2002-08, the University undertook 33 research projects. Of the 17 projects due for completion as of March 2008, only three projects had been completed. There was a time overrun of one to three years in respect of 14 projects due for completion up to March 2008. Of the remaining 16 on-going projects, data in respect of 9 projects was not available. Audit scrutiny of 16 projects (cost: Rs. 1.26 crore) taken up during 2002 and 2003 revealed that the projects were not completed (December 2007) within the stipulated period despite Rs. 1.01 crore having been incurred on them. The annual progress reports, technical reports showing how far research objectives have been achieved, final utilisation certificates together with audited statements of accounts and evidence that research papers had been published in journals and national/internal conferences, had not been maintained/furnished to the agencies funding the research projects. Therefore, the extent of achievement of the objectives of the research could not be verified. Out of five research projects entrusted to the University, three projects had been left midway during 2003-08.

3.1.9.2 Monitoring of research programmes

The University statutes require the scholars joining PhD programmes to submit research thesis within five years (extendable to seven years). It was, however, seen that out of 554 scholars registered for pursuing PhD between April 1998 and October 2003, only 306 scholars had submitted their thesis upto January 2008. Out of the remaining 248 scholars, 241 had yet to submit their thesis, while registration of seven scholars had been cancelled. It was further seen that the thesis of only 258 scholars (out of 306) had been accepted whereas those of 48 scholars received two months to five years back had been pending approval. The Registrar attributed (April 2008) the delay in acceptance of thesis to non-availability of experts/scholars. It was further stated that the status of 241

scholars was being ascertained, which indicated laxity in monitoring the research programmes.

3.1.9.3 Research collaboration

In order to familiarize the students and the faculty in the field of Journalism and Mass Communication and also to explore collaboration arrangements covering students and faculty, an exchange tour was arranged to China by the India-China Alliance Centre. The tour to China was conducted in the month of October 2007 whereon, an expenditure of Rs. 8.70 lakh had been incurred. Audit scrutiny revealed that neither the members sent on tour to China were related to the subject nor was any student included in the tour, defeating the intended purpose.

3.1.9.4 Setting up of *Jyotir Vigyan* Department

To rejuvenate *Jyotir Vigyan (Astronomy)* in India, the UGC approved setting-up of an independent department on the subject in the Universities. The University, in anticipation of approval by the University Council, submitted (April 2001) a proposal to the UGC for setting up the department. UGC approved the proposal (July 2001) submitted by the University which included conducting courses leading to graduation/post graduation in Astronomy, Cosmology, Mathematics, etc. with *Jyotir Vigyan* as the main subject and required the University to devise syllabi for the courses. The period of the scheme was initially for five years. Audit scrutiny revealed that Rs. 15 lakh was released (July 2001) by UGC for setting up a library, an observatory, a computer laboratory and a horoscope bank for the purpose. The expenditure was to be incurred during 2001-02. As the University failed to set up the Department, UGC directed (April 2006) that the amount be refunded along with penal interest. It was stated (April 2008) by the Registrar that the University Council did not approve setting up of the department. The university should have obtained the approval of its council before approaching the UGC for permission to set up the Department.

3.1.10 Administrative functions

The administrative functions of the University are manifold. Apart from looking after the overall development of the University itself, it is entrusted with conducting examinations, declaration of results, conferring of degrees etc. to students appearing in examinations at graduate and post-graduate (PG) levels.

3.1.10.1 Declaration of results

The University had conducted all the examinations on scheduled dates during the review period. However, there were delays ranging from 23 to 64 days in declaration of results in respect of under-graduate examinations held during the period 2002-07. Similarly, there were delays of 11 to 274 days in declaration of results in respect of PG examinations. The results of examinations in respect of various PG courses (38 semesters) held between June 2004 and September 2007 had not been declared as of January 2008, even after 100 to 1,270 days of due date by which result should have been declared. The University Statutes provide for declaration of results not later than 6th week of respective dates of termination of examinations. Delayed/non declaration of results not only deprive the students

of planning and pursuing further studies towards employability but also reflects on the inefficiency in the functioning of the University.

The Registrar stated (April 2008) that the delay was on account of late receipt of answer scripts by evaluators, appointment of new evaluators against the ones who returned the answer scripts unevaluated and conducting of practical examinations after the theory examination. It was assured that every effort would be made to declare the results in time. The reply indicated that the University has been appointing evaluators in a casual manner and not supervising the functioning of evaluators, which is evident from the fact that answer scripts were received without evaluation by the University from a number of evaluators.

3.1.10.2 Valuation of answer scripts

Revaluation of answer scripts is done on the request of students who are not satisfied with the valuation of their answer scripts. Out of 8,631 applications received during 2002-2007 for revaluation in respect of post-graduate courses (Semester I to IV), 3,752 (43 *per cent*) candidates were declared successful and 949 (11 *per cent*) candidates already declared successful improved their percentage. Similarly 34,611 re-valuation cases were received during 2002-07 in respect of under-graduate courses, out of which, 9,105 (26 *per cent*) students were declared successful and 433 improved their percentage. In addition, the percentage of successful candidates after revaluation in respect of B.Ed candidates for annual and bi-annual examinations of 2006 was 32. This was indicative of lack of proper supervision of the University in valuation of answer scripts which was bound to cause mental agony to the students apart from contributing to a general lack of faith in the efficiency and neutrality of the examinations conducted by the University. The Registrar stated (April 2008) that necessary instructions would be issued to the evaluators in future.

3.1.10.3 Issuance of degrees

Degree certificates are required to be awarded to the students within one year from the date of declaration of results. Audit scrutiny revealed that out of 64,016 certificates to be issued, 40,570 certificates (63 *per cent*) in respect of graduates, post-graduates, BEd and Engineering courses pertaining to academic sessions 2002-03 to 2005-06 had not been issued as of February 2008. Besides, 13,468 certificates (21 *per cent*) in respect of similar courses were issued after delays of 11 to 28 months. The Assistant Registrar (Certificates) attributed (February 2008) the non-issuance and delayed issuance of certificates to inadequate staff. The reply should be viewed in the light of the fact that there was excess manpower in the University. The Registrar, however, assured (April 2008) that necessary steps would be taken in future to issue the degree certificates within the stipulated period.

3.1.10.4 Procurement and utilisation of examination forms/prospectus

The position relating to procurement and utilisation of examination forms during the period 2003-08 (December 2007) was as indicated in Table 3.1.2:

Table 3.1.2

Year	Opening balance	Printed	Total	Issued	Balance	Percentage utilisation to total available forms
2003-04	40,070	1,97,500	2,37,570	1,24,080	1,13,490	52
2004-05	1,13,490	95,000	2,08,490	1,29,610	78,880	62
2005-06	78,880	1,35,000	2,13,880	1,47,452	66,428	69
2006-07	66,428	1,40,000	2,06,428	1,66,017	40,411	80
2007-08	40,411	2,00,000	2,40,411	1,55,708	84,703	65

(Source: Information furnished by University)

As would be clear from the above table, the percentage utilisation of examination forms ranged between 52 and 80 which indicated printing and procurement of examination forms far in excess of requirements. The Registrar stated (April 2008) that special care in printing of forms would be taken.

Audit scrutiny (December 2007) of the records of the Directorate of Distance Education (DDE) revealed that the expenditure towards printing of study material for various correspondence courses had exceeded the budget provisions during the period 2003-04 to 2006-07 resulting in accumulation of a financial liability of Rs. 1.03 crore despite availability of funds ranging between Rs. 12.19 crore and Rs. 22.72 crore, with the University at the close of the financial years during the period (2003-08). The Registrar, however, replied (April 2008) that the liability would be cleared in the near future from internal resources.

3.1.10.5 Skill oriented courses

The Tenth Five Year Plan, *inter alia*, exhorted the Universities to adopt a new strategy for giving quality education at graduate and undergraduate levels and inculcate skills in the students by providing skill related courses, to enable them to launch into professional fields. The Universities were required to make the three year structure more flexible so as to allow students to pursue both degree and utility-oriented certificate/diploma programmes together. The students would thus have a passport to employment and a better life. Scrutiny revealed that the University had not adopted the approach to widen the knowledge base of students. The Registrar stated (April 2008) that the University had already laid emphasis on skill oriented education by opening new streams in post-graduate departments besides, courses in BCA/BPEd which also fetch employment to the students. Action to make education skill-oriented at college level had not been introduced as envisaged in the Tenth Plan Document, as it continued to provide traditional education. Providing of courses mentioned in the reply do not fulfill the conditions laid down in the Tenth Plan as the courses run by the University cannot be pursued by the students in addition to the normal subjects where the courses provided are of 2-3 years' duration.

3.1.10.6 Grant of affiliations to colleges

Jammu and Kashmir Private Colleges 'Regulations and Control Rules 2005' envisage assessment of area and availability of resources for establishment of new private BEd Colleges by the Government. Scrutiny of records (December 2007) revealed that 42 out of 64 colleges established in Jammu Division have been

running in Jammu district alone and only 22 had been functioning in five other districts. The Registrar stated (February/April 2008) that powers for grant of 'no objection certificate' for opening of colleges vested with the Government.

The grant of affiliation to the colleges is subject to evaluation by the University, of the available infrastructural facilities (separate plot of land measuring a minimum of 8 *kanals*, separate college complex, separate hostels for boys and girls, Library, etc. and quality of inputs) required for making the instructional process effective and meaningful. Audit scrutiny, however, revealed that out of 17 BEd colleges, nine colleges were granted affiliation despite not fulfilling the necessary preconditions, viz. more than one college was housed on the same plot of land, documentary evidence for title to land was not available or was disputed, etc., which indicated that affiliations were granted in a casual manner without ensuring availability of necessary infrastructure. Four¹ out of nine colleges, visited by the audit team, were found to be deficient in infrastructure, adequate facilities, library, etc. which underscores the audit observation.

The Registrar stated (April 2008) that affiliations have been accorded in a careful manner as no college had been granted permanent affiliation and infrastructure required to impart education was sufficient. However, status of improvement of infrastructure/upgradation on the cases pointed out was not furnished to audit. Further, the Act does not contain any provision whereunder, temporary affiliation could be granted.

3.1.11 Inventory management

The University offered courses on computers and a Computer Centre was set up with adequate number of programmers for development of software for teaching and other wings.

- Requirement/necessity for purchase of computers and allied equipment had not been assessed/ascertained realistically. Computers and allied equipment (33) costing Rs. 10.61 lakh were purchased during January 2004 to March 2006 without immediate requirement as the equipment were issued to users after periods of 15 to 37 months from the date of receipt. Further, 68 computers and laptops worth Rs. 32.72 lakh had been issued to 31 faculty members without assessing requirement as they were already in possession of more than one computer/laptop. It was also seen that seven faculty members had been provided two computers each and three faculty members had been provided three, four and eight computers each.
- Out of a total inventory of 540 computers in 32 PG departments, 395 (73 *per cent*) had been issued to faculty/office and only 145 (27 *per cent*) had been installed in laboratories of 19 departments, out of which only 35 systems had been connected with the internet facility for use by students. This indicated that infrastructure made available to students was grossly inadequate.

¹ JK college of Education Kujwani, Jammu; Tagore college of Education Akalpur; Sacred Heart college of Education, Manda College of Education Sanik Colony, Jammu

- Warranty of computers and allied equipment costing Rs. 89.35 lakh purchased during 2003-04 had since expired. No Annual Maintenance Contract was executed nor was any action taken to get the equipment repaired. As a result, equipment costing Rs. 27.15 lakh could not be repaired and was lying non-functional.

Thus, the equipment purchased had remained largely underutilized. The Registrar stated (April 2008) that the distribution of equipment would be reviewed and steps would be taken to repair the equipment.

- For up-gradation of the Computer Centre, a non-recurring grant of Rs. 12 lakh was approved (January 2007) by the UGC. An amount of Rs. 9.60 lakh was released (January 2007) for utilization during 2006-07 towards purchase and setting up of servers, line printer and network equipment/infrastructure. Audit scrutiny revealed that as the said grant was not utilized during the year, the University lost the opportunity of upgrading the Computer Centre because conditions attached to the release of grant did not provide for carryover of unspent grants to the next financial year. Inaction of the University had not only blocked the funds but also attracted interest of Rs. 0.67 lakh, (six *per cent*) per annum up to February 2008 as per stipulations of the release order.

The Director, Computer Centre stated (February 2008) that the Registrar of the University had been requested to forward the request to UGC for extension in time for placing supply orders for purchase of the equipment. The Registrar, however, stated (April 2008) that the funds would be utilised in 2008-09 in case the validity of the sanction was extended.

3.1.12 Non-preparation of accounts

Article 38 of the Jammu and Kashmir Universities Act 1969 requires the University to get annual accounts audited by an auditor appointed by the Government. Further, an Expert Committee constituted by the Union Government, Ministry of Finance, on the recommendations (1998) of a Parliament Committee on Papers also prescribed (November 2000) a common format of accounts² for all the autonomous bodies. The University had not, however, prepared its annual accounts since its inception; consequently, the true financial position of the University could not be ascertained. Despite having been pointed out in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2002, no action had been taken in this regard, indicating lack of commitment on the part of the University in preparing the accounts and ensuring transparency in its activities. The Registrar assured (April 2008) that the annual accounts would be maintained and audited as per the University Act.

Cash Books in respect of Corpus fund, Payment Seat Fund and Development Fund/Infrastructure-Auditorium Fund were not maintained in the prescribed form. Ledger accounts were not maintained in the prescribed form. Bank reconciliation had not been conducted and Asset Register had not been maintained. The

² Balance Sheet, Income and Expenditure Account, Receipt and Payment Account, Schedules to these financial statements, disclosure of accounting policies, etc.

University assured (April 2008) that cash books in respect of all funds, ledger accounts/asset register would be maintained and bank reconciliation would be conducted.

3.1.13 Physical verification

As per Rule 8.28 of the J&K Financial Code Vol-I, physical verification of stores is required to be conducted at least once a year to avoid loss due to fraud, theft or negligence. Similarly, as per Statutes of the University, physical verification of library has to be conducted every three years.

Audit scrutiny revealed that neither the periodical inspection nor annual physical verification had been conducted. Physical verification of Central Library (Dhanvantry Library), which had a collection of nearly 3.5 lakh books and 250 current periodicals had also not been conducted.

Scrutiny also revealed a delay of 11 to 4,699 days in returning 61 books which attracted overdue charges of Rs. 8,566 which had not been recovered from the concerned borrowers. In addition, 95 books costing Rs. 22,874 borrowed from the library, one to 18 years back, had not been returned to the Central Library (March 2008).

3.1.14 Internal audit

Internal audit is an important component of internal control mechanism. After finalizing audit plans annually, the internal audit wing was required to conduct audit in Post Graduate Departments and Administrative Sections to ensure economic, efficient and effective functioning. Audit was not conducted by internal audit wing of the University during 2002-05 and 2006-07 and only 30 *per cent* of the PG Departments were covered by the wing during 2005-06. The Registrar stated (April 2008) that steps would be taken to strengthen the internal audit wing so that the records of the University are subjected to check at regular intervals. The reply is not tenable as the wing had adequate strength, as sanctioned.

3.1.15 Conclusion

The University has distinguished itself by qualifying for ISO certification. However, there are significant weaknesses in the control environment relating to academic activities of the University as evidenced by non completion of research projects, delays in declaration of results, issuance of degrees and undervaluation of answer scripts. No emphasis was laid on linking of undergraduate courses to employment opportunities as detailed in the Tenth Plan. Granting of affiliations to a number of colleges contravened regulations. Accountability is affected as accounts have not been prepared since the inception of the University.

3.1.16 Recommendations

- The projects/research works undertaken by the students/scholars need to be monitored properly.

- Efforts should be made to fulfill the requirements of the Tenth Plan to inculcate skills in the students at graduate and undergraduate levels, to launch them into professional world on completion of their education.
- The process of evaluation of answer scripts, declaration of results and issuance of degrees needs to be improved with emphasis on standardisation and timeliness.
- Accounts should be prepared expeditiously and got audited by the auditors appointed by the Government, to ensure transparency in the activities of the University.

Education Department

3.2 National Programme of Nutritional Support to Primary Education (Mid Day Meal Scheme)

The Mid Day Meal scheme was launched by the Government of India in the State on 1st September 2004 with the objective of boosting primary education by increasing enrolment, retention and attendance of students in Government schools and EGS centres. While the implementation of the programme resulted in an increase in the rate of attendance of the students in the schools the actual enrolment has declined during 2004-08.

Highlights

- **The average utilisation of funds during 2004-08 was only 41 per cent.**
(Paragraph: 3.2.8.2)
- **Average consumption of food grains per child per school day during 2005-08 was only 77.90 gms, against 100 gms envisaged in the programme guidelines.**
(Paragraph: 3.2.9.2)
- **There was no mechanism to ascertain that food grains supplied conformed to the FAQ specification, so that it did not have any adverse impact on the children.**
(Paragraph 3.2.9.6)
- **Infrastructure was inadequate; Rs. 34.89 crore, released during 2006-08, for construction of kitchen-cum-store were not utilised; as a result meals were prepared in class rooms and open spaces.**
(Paragraph: 3.2.10.1)

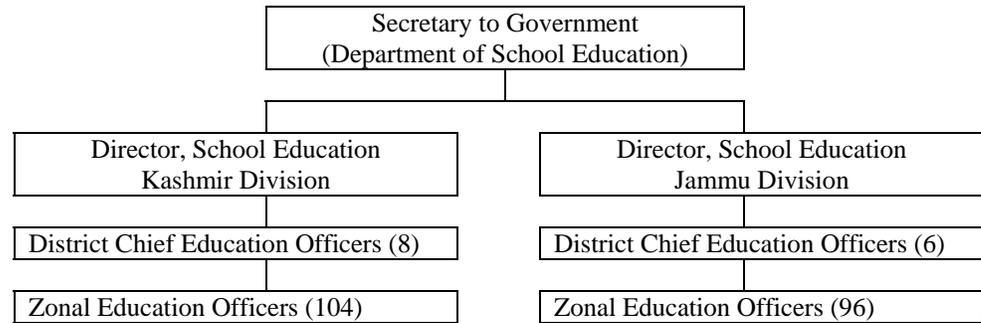
3.2.1 Introduction

The National Programme of Nutritional Support to Primary Education, popularly known as 'Mid Day Meal Scheme' (MDMS), was launched by the GOI in the State on 1st September 2004 with an initial coverage of about one lakh children. The objective of the scheme is to boost universalisation of primary education by increasing enrolment, retention and attendance and also to provide nutrition to children at primary level. The scope of the scheme was expanded to cover all the children up to Class V in Government Schools and Employment Guarantee Scheme (EGS) centers from 1st April 2005.

3.2.2 Organisational setup

The scheme is implemented through the Department of School Education which acts as the nodal agency. The implementation of the scheme is being overseen at the district level by the Deputy Commissioner and at the village level by the Village Education Committees (VEC). The organisational set up for implementation of the scheme is as indicated in Chart 3.2.1:

Chart-3.2.1



3.2.3 Scope of audit

The performance audit of the MDMS was conducted between May and July 2008 by a test-check of the records of the Administrative Department, both the Directors of School Education, 10 (out of 14) Chief Education Officers and 174 schools/EGS centres (out of 22,053 schools/EGS centres) selected on random sampling basis, covering the period 2004-08.

3.2.4 Audit objectives

Performance audit of the scheme was carried out to verify whether:

- the scheme achieved its principal objective of universalisation of primary education by improving enrolment, attendance and retention of children;
- the scheme achieved its secondary objective of improving the nutritional status of children in the primary classes;
- meals were provided to students as per norms;
- infrastructure as envisaged under the scheme was created and utilised properly;
- financial management was efficient and funds provided were utilised effectively to achieve the annual targets; and
- proper monitoring was carried out.

3.2.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- Guidelines of the scheme.
- Quality assurance norms of food.
- Financial rules of the State.
- Prescribed monitoring mechanism.

3.2.6 Audit methodology

Before taking up the review, an entry conference was held with the Secretary, Education Department in May 2008 wherein audit objectives, scope and criteria were discussed. The findings arising from the audit were also discussed with the

Secretary, Education Department in September 2008 in an exit conference and the views of the Department have been suitably incorporated in the review at appropriate places.

Audit findings

Significant audit findings are discussed below.

3.2.7 Planning

Guidelines of the programme require the State Government to prepare a comprehensive Annual Work Plan and Budget (AWP&B) based on the information maintained at school level and consolidated at Block, District and State level. The AWP&B should contain the details of management structure, implementation process, monitoring system, evaluation studies, assessment and requirement of foodgrains and funds for implementation of the programme. The nodal agency had not prepared AWP&B during 2005-07 and had been submitting the details only of enrolment to the GOI, for seeking assistance under the scheme.

Based on the enrolment figures furnished by the nodal agency, the GOI provides funds for various components of the scheme viz. conversion cost, construction of kitchen-cum-store (KS), kitchen devices and monitoring, management and evaluation. The GOI also allocates food grains and transportation cost thereon based on enrolment data and requirement projected by the State Government. The food grains are lifted from Food Corporation of India (FCI) godowns by the CAPD³ and supplied to the district depots for lifting by the schools on the basis of monthly indents issued by the Zonal Education Officers.

3.2.8 Financial management

3.2.8.1 Funding Pattern

Funds required for implementation of the programme are released by the GOI in two equal instalments in April/May and September/October each year. Release of second instalment is based on the progress of expenditure incurred out of the first released instalment. Various components of the scheme to be financed by the Central and State Governments and changes over the years are summarised in the Table 3.2.1:

³ Consumer Affairs and Public Distribution Department

Table 3.2.1

Components of the scheme to be financed	September 2004 to June 2006		July 2006 onwards		October 2007 for Upper Primary in Educationally Backward Blocks (EBB)	
	Central	State	Central	State	Central	State
Food grains	Cost of 100 grams of food grains per child per school day reimbursed to FCI	Nil	Cost of 100 grams of food grains per child per school day reimbursed to FCI	Nil	Cost of 150 grams of food grains per child per school day reimbursed to FCI	Nil
Transportation	From 1.10.2004 Subsidy at the rate of Rs. 100 per quintal	Remaining cost of transportation	Subsidy at the rate of Rs 100 per quintal	Remaining cost of transportation	Subsidy at the rate of Rs. 125 per quintal	
Cost of cooking	Re.1 per child per school day	Remaining cost of cooking	Rs. 1.50 per child per school day	State to contribute a minimum of Rs. 0.50 per child	Rs. 2 per child per school day	State to contribute a minimum of Rs. 0.50 per child
Infrastructure	Construction of Kitchen: Funds available under SGRY, NSDP, SJSRY ⁴	Remaining cost	Cost of kitchen: Maximum of Rs. 60,000 per unit per school and funds available under other development programme			
	Drinking water: Funds available under SSA, ARWSP ⁵ and Swajaldhara programme		Kitchen Devices: Over all average of Rs. 5,000 per school for the State on actual expenditure basis and funds available under other development programmes.			
	Utensils: Funds available under SSA from annual school grant of Rs. 2,000 per school					
Monitoring Management and Evaluation	Not less than 0.9 per cent of the total assistance on food grain, transport and cooking cost for 2004-05	Nil	Not less than 1.8 per cent of the total assistance on food grains, transport and cooking from 2005-06			

⁴ SGRY (Sampoorna Grameen Rozgar Yojana), NSDP (National Slum Development Programme) SJSRY (Swarna Jayanti Shehri Rozgar Yojana)

⁵ SSA (Sarva Shiksha Abhiyan), ARWSP (Accelerated Rural Water Supply Programme)

3.2.8.2 Allocation and expenditure

The details of year-wise budget allocation and expenditure incurred thereagainst are given below:

Table 3.2.2

(Rupees in crore)

Year	Opening balance	Allocation			Expenditure			Closing balance ⁶	Percentage utilisation
		GOI	State share	Total	GOI	State share	Total		
2004-05	-	2.47	2.10	4.57	-	1.46	1.46	2.47	32
2005-06	2.47	14.70	5.00	22.17	4.34	4.84	9.18	12.83	41
2006-07	12.83	48.23	6.95	55.18	19.32	6.95	26.27	41.74	48
2007-08	41.74	39.16	11.86	92.76	30.46	10.86	41.32	50.44	45
Total		104.56	25.91	174.68	54.12	24.11	78.23		

(Source: Planning Department)

As is evident from the above, the average utilisation of funds was only 41 per cent during 2004-08. The short utilisation of funds was attributed (August 2008) by the Joint Director (Planning) to late receipt of the concurrence of Finance Department for utilisation of Central assistance by the implementing agencies. Audit scrutiny revealed that Rs. 57.23 crore, released by the GOI during 2004-08, were released to the implementing agencies by the State Government after delays ranging between two and 12 months, averaging four months, as tabulated below:

Table 3.2.3

Year	Date of release of funds by the Government of India	Amount (Rs in crore)	Released to Directorate Jammu and Kashmir	Period of delay
2004-05	22.03.2005	2.47	08 July 2005	3 Months
2005-06	30.05.2005	1.87	08 September 2005	3 Months
	22.02.2006	12.82	27 June 2006	4 Months
			14 February 2007	12 months
2006-07	22.12.2006	11.47	22 March 2007	3 Months
2007-08	30.05.2007	8.73	09 August 2007	2 Months
	23.11.2007	13.71	20 February 2008	3 Months
	3.10.2007	6.16	03 January 2008	3 Months

The delay in the release of funds resulted in issuance of uncooked food grains to the students in Leh and Kargil districts. The cooking cost in other districts, due to delayed release, was either met by the teachers from their own pockets or the expenditure had been met out of the local funds otherwise meant for improvement of the schools. It was also seen that the amount of Rs. 12.82 crore released in

⁶ State share not included in closing balance as it lapses at the close of the financial year. GOI funds are revalidated.

2006-07 was shown to have been fully spent during 2005-06 by the Assistant Director Planning, resulting in overstatement of expenditure during the year.

3.2.8.3 Component-wise allocation and utilisation

Various components of the scheme on which expenditure was incurred were cooking⁷ cost (Rs. 72.65 crore), kitchen infrastructure (Rs. 5.57 crore) and monitoring (Rs. 1.30 lakh) as detailed below.

Table 3.2.4

(Rupees in crore)

Year		2004-05		2005-06		2006-07		2007-08		Total	
		State	Centre	State	Centre	State	Centre	State	Centre	State	Centre
Cooking	A	2.10	2.47	5.00	14.69	6.95	11.47	11.86	33.59	25.91	62.22
	E	1.46	-	4.84	4.33	6.95	19.32	10.86	24.89	24.11	48.54
Construction of kitchen-cum-store	A	-	-	-	-	-	30.52	-	4.37	-	34.89
	E	-	-	-	-	-	-	-	-	-	-
Kitchen	A	-	-	-	-	-	5.60	-	0.36	-	5.96
	E	-	-	-	-	-	-	-	5.57	-	5.57
Monitoring	A	-	-	-	0.01	-	0.64	-	0.84	-	1.49
	E	-	-	-	0.01	-	-	-	-	-	0.01

Source: Figures supplied by the State Government (Planning Department) (A: Allocation; E: Expenditure)

As can be seen above, the Department had utilised only Rs. 72.65 crore as cooking cost during 2004-08 against the allotment of Rs. 88.13 crore. An amount of Rs. 34.89 crore allotted for construction of KS in schools during 2006-08, had not been utilised and food grains were stored and meals were prepared in classrooms as brought out in paragraph 3.2.10.1. Rupees 36.40 lakh received during 2007-08 for purchase of kitchen devices for 728 Educationally Backward Blocks (EBB) had not been released by the State Government to the implementing agencies. Out of Rs. 1.48 crore provided (2005-08) for Monitoring, Management and Evaluation (MME), Rs. 1.47 crore remained un-utilised as of August 2008 as brought out in paragraph 3.2.13.

3.2.8.4 Utilisation certificates

The State Government is required to submit utilisation certificates (UCs) for the amount released by the GOI to ensure release of subsequent instalments. Any balance remaining unspent is deducted from subsequent releases. Against an amount of Rs. 70.51 crore⁸ due on account of cooking cost payable in two instalments during 2004-08, the State Government received only Rs. 51.07 crore (in respect of primary stage) as the first instalment, after deducting the unspent balance of Rs. 6.89 crore for the years 2004-07. As the State Government failed to submit UCs, the second instalment for the years 2005-06 and 2006-07 were not released, entailing loss of financial assistance of Rs. 19.44 crore which had been met partly by the State Government from its own resources.

⁷ Conversion cost and honorarium for cooking provided under State share

⁸ Based on the sanctions issued by the Government of India

The Assistant Director, Planning stated that due to late receipt of information from the field functionaries, UCs could not be submitted in time. The reply is indicative of failure of the Department to evolve a mechanism to gather the required information from its field functionaries even after three years of operationalisation of the programme.

3.2.8.5 Allocation and expenditure of cooking cost

Based on the enrolment figures of the State Government, the cost of cooking to be released by the GOI was Rs. 72.53 crore during 2004-08. However despite short release of funds relating to cost of cooking by GOI/State Government, the Department was not able to utilise the available funds, as tabulated below:

Table 3.2.5

(Rupees in crore)

Year	Cost of cooking due ⁹			Funds Released			Expenditure		
	GOI	State	Total	GOI	State	Total	GOI	State	Total
2004-05	NA	NA	NA	2.47 ¹⁰	2.10 ⁷	4.57 ⁷	Nil	1.46 ⁷	1.46 ⁷
2005-06	18.02	9.00	27.02	14.69	5.00	19.69	17.16 ¹¹	4.84	22.00
2006-07	27.08	6.77	33.85	11.47	6.95	18.42	6.49	6.95	13.44
2007-08	27.43	6.85	34.28	33.59	11.86	45.45	24.89	10.86	35.75
Total	72.53	22.62	95.15	62.22	25.91	88.13	48.54	24.11	72.65

(Source: Statement furnished by the Nodal agency.)

As can be seen from the above table, against the due amount of Rs. 95.15 crore as cooking cost covering both primary and upper primary students, an amount of Rs. 88.13 crore was released as cooking cost by the GOI/State Government during 2005-08. The Department could utilise only Rs. 72.65 crore (82 per cent) of the released amount for the purpose. The cooking cost as such was allocated in excess of requirement due to incorrect data relating to enrolment and resulted in non-utilisation of Rs. 4.53 crore, despite short release of Rs. six crore during 2006-08 in the test checked districts. On the other hand, despite availability of funds for cooking, 47 schools in three districts short-received cooking cost amounting to Rs. 4.45 lakh. Consequently, meals were not served in these schools for the prescribed number of days.

As per the guidelines, honorarium for cooking of meals was to be borne by the State Government. However, against Rs. 25.91 crore released by the State Government between 2004-05 and 2007-08 for the purpose, the Department utilized Rs. 24.11 crore and expended Rs. 9.72 lakh from Central Assistance, in contravention of the programme guidelines. The CEO Jammu stated (June 2008) that since State funds was not provided for payment of honorarium to cooks in Employment Guarantee Scheme (EGS) centres, the amount was met from the Central Assistance.

⁹ Calculated for 180 days, 185 days and 196 days for the years 2005-06, 2006-07, 2007-08 respectively

¹⁰ Not included in the totals

¹¹ Including Rs. 2.47 crore released during 2004-05

3.2.9 Programme Implementation

Food grains required for implementation of the scheme were provided free of cost by the GOI through the FCI based on the requirement projected by the State Government, as worked out from the enrolment figures.

3.2.9.1 Enrolment

A system of reliable and consistent data capture with regard to enrolment figures was crucial for successful implementation of the programme, as it provided the starting point and formed the basis for assessment of the requirement and allocation of foodgrains by the GOI. The State Government did not establish a reliable and consistent data capture system with regard to enrolment figures. The enrolment figures communicated to GOI were far in excess of the actual enrolment during 2004-07 as depicted in the table below.

Table 3.2.6

Year	Enrolment figures communicated to GOI (covered)	Allocation of food grains (in quintals)	Actual ¹² enrolment	Due allocation ¹³ (in quintals)	Excess allocation (in quintals)
2004-05	NA	221633	NA	NA	NA
2005-06	1028425	187579	1001081	180195	(+) 7384
2006-07	1093613	195515	975954	180551	(+) 14964
2007-08	932972	182862 ¹⁴	932972	182862	Nil
Total					22,348

(Source: GOI releases; NA: Not available)

The details of actual number of children covered and foodgrains lifted/consumed during 2004-05 under the programme launched (September 2004) with an initial coverage of one lakh children were not available with the Department. In respect of the years for which data was made available to audit, it was seen that due to projection of inflated figures, an excess allocation of 2,234.80 MTs of food grains was made by the GOI. The Joint Director (Planning) stated that discrepancies in figures would be looked into and got clarified from the Directors, which indicated non-existence of a reliable database at the apex level.

3.2.9.2 Lifting of foodgrains

The main objective of the scheme, besides providing nutritional support, was to increase enrolment of students at primary level. However, despite increase in the attendance rate in schools, the enrolment of students decreased from 10,01,081 students in 2005-06 to 9,75,954 students in 2006-07 (decline of 2.5 per cent) and further declined to 9,32,972 students in 2007-08 (decline of 4.5 per cent). Reasons for decrease in enrolment of the students were yet to be furnished by the Department. Audit scrutiny in seven test-checked districts revealed that the

¹² As per State budget

¹³ Calculated at a rate of 100 gms per child per school day for 180 days during 2005-06 and 185 days for 2006-07

¹⁴ Including unspent balance of 16,498 quintals of food grain as on 31.3.2007

decrease in enrolment ranged between 6 and 32 *per cent* (average 18 *per cent*) as indicated in Table 3.2.7.

Table 3.2.7

Name of the District	No. of schools covered	Enrolment as of April 2005	No. of dropouts as of March 2008	Percentage
Kathua	20	811	128	16
Kupwara	20	1040	328	32
Udhampur	20	705	54	8
Pulwama	20	1781	439	25
Rajouri	20	873	54	6
Srinagar	10	280	32	11
Jammu	10	413	52	13
Total	120	5,903	1,087	

(Source: Departmental records)

Projection of excess enrolment resulted in allocation of excess foodgrains by the GOI. The State Government could not however, lift the entire quantity allocated nor could it use the quantity actually lifted from the FCI depots. The details are given below:

Table 3.2.8

(in Quintals)

Year	Opening balance	Allocation	Lifting	Utilisation	Closing balance
2004-05*	NA	2,21,633.00	NA	NA	NA
2005-06	NA	1,87,579.30	1,44,386.38	1,37,801.44	6,584.94
2006-07	6,584.94	1,95,514.74	1,38,085.71	1,28,551.81	16,118.84
2007-08	16,118.84	1,66,363.80	1,64,400.70	1,57,323.70	23,195.84
Total		5,49,457.84	4,46,872.79	4,23,676.95	-

Source: Utilisation certificates submitted by Secretary Department of Education

* Figures for 2004-05 are not available with the Department, hence not included in the total figure

As can be seen from the above, against the allocation of 5,49,458 MTs, the Department lifted only 4,46,873 MTs (81 *per cent*) of food grains during 2005-08. The quantity lifted was not utilized in full and the shortfall ranged between four and seven *per cent* during the corresponding years.

The programme guidelines provided for serving of cooked meal on all working days at the rate of 100 gms per child per school day. It was however, seen that the average quantity of meals served was lower than the prescribed norms and ranged between 71 and 86 gms per child per school day during 2005-08 as detailed below:

Table 3.2.9

Year	Actual coverage	Utilisation of food grains (in quintals) ¹⁵	Consumption (per child per school day) (in gms)
2004-05*	NA	NA	NA
2005-06	10,01,081	1,37,801.44	76.47
2006-07	9,75,954	1,28,551.81	71.19
2007-08	9,32,972	1,57,323.70	86.03

Source: Utilisation certificates submitted by Department of Education

*Figures for 2004-05 are not available with the Department.

Non serving of prescribed quantity of food was bound to affect the nutritional level of children thereby defeating the objective of the programme. Audit scrutiny of 30 schools (Jammu and Kathua) revealed that 4,171 children were provided less (totalling to 54.44 quintals) quantity of food during 2005-08, which was way below the prescribed norms. Scrutiny of records also revealed that the school days during which meals were not served, ranged between 12 and 21 *per cent* during 2005-06 and 2007-08 as tabulated below:

Table 3.2.10

Year	No. of schools (out of 49 ¹⁶)	Enrolment	No. of days when meals were not served	Percentage with total number of schools
2005-06	45	1924	1863	20.59
2006-07	46	2027	1841	19.02
2007-08	39	2039	1191	11.67

Source: School records

It was seen in audit that mid day meals were mostly not served during the months of September and October in Jammu district and in the month of March in Baramulla district due to stock outs.

3.2.9.3 Serving of un-cooked food

Cooked meal was not served to the students in Leh district during 2005-06 and 2006-07 and in Kargil district during 2005-06. The CEO, however, provided dry foodgrains alongwith the cooking cost in cash in Leh, whereas only dry foodgrains were issued in Kargil district. In Paddar zone (Doda District), no mid day meal was served due to non-availability of food grains.

The CEOs Leh and Kargil stated that due to late sanction of food grains and cooking cost, uncooked food grains were distributed to the students. The scheme was not implemented in EGS centre Leh as the actual figure of enrolment was not submitted in time.

3.2.9.4 Transportation of food grains

As per the programme guidelines, transportation cost of food grains paid by the State Government was to be subsidized by the GOI to the extent of Rs. 100 per quintal. Quarterly claims, after verification by nodal agencies, were to be

¹⁵ Calculated for 180 days, 185 days and 196 days for the years 2005-06, 2006-07, 2007-08 respectively

¹⁶ Jammu: 11; Kathua: 19; Baramulla: 19

submitted to the GOI by the 15th of the month following the quarter. Audit scrutiny revealed that for lifting of 43,824 MTs of food grains during 2005-08, the State Government had not prepared the claim of Rs. 4.38 crore. The Assistant Director, Planning stated that the claims for transport subsidy were awaited from CAPD. The overall position of expenditure incurred/liabilities created on carriage of food grains from ration depots to schools could also not be assessed in audit as the necessary records had not been maintained by the ZEOs. The reimbursement charges incurred by the Department on carriage of food grains from ration depots to schools were met either by the teachers out of their pockets or out of the local funds of the school, This, besides contravening the guidelines, also obviously affected the activities in the schools for which the funds were meant.

In respect of four¹⁷ CEOs, 1,226.07 MTs of rice contained in 2,45,215 lakh gunny bags were utilised by the Department during 2004-08. The stock of empty bags had not been maintained either at the District or at the Zonal level. Failure to maintain the account of stock or disposal thereof by way of sale resulted in foregoing of the revenue of Rs. 17.06 lakh¹⁸.

The CEOs stated that necessary instructions would be issued to ZEOs/schools to maintain stock account of empty gunny bags.

3.2.9.5 Reconciliation of food grains

Scrutiny revealed differences between the quantity of food grains shown to have been supplied by the CAPD and that actually lifted by the State agencies between 2004-08 as tabulated below:

Table 3.2.11

(in quintals)

Name of district ¹⁹	2004-05		2005-06		2006-07		2007-08	
	Food grains lifted by Chief Education officers	Food grains shown issued by CAPD	Food grains lifted by Chief Education officers	Food grains shown issued by CAPD	Food grains lifted by Chief Education officers	Food grains shown issued by CAPD	Food grains lifted by Chief Education officers	Food grains shown issued by CAPD
Jammu	1361.67	1481.20	7701.95	7859.50	5913.38	10107.90	10517.30	10576.40
Kathua	1033.98	932.90	7008.06	6264.80	6966.96	6371.30	8982.46	9173.50
Udhampur	775.95	505.70	10558.99	9766.90	17344.39	15399.10	19118.00	18471.40
Doda	2321.06	405.10	10825.64	11808.20	15181.16	15575.80	15924.40	18229.00
Rajouri	937.27	546.00	10049.03	10768.30	11069.13	10737.50	11705.80	13880.70
Poonch	278.98	666.30	11164.52	11157.20	10317.45	11139.50	15377.70	12297.00
Srinagar	Not provided	Not provided	6869.07	7130.00	6973.80	7124.00	6961.40	7895.00
Budgam			9414.00	9170.00	8630.50	8151.00	9076.20	8990.00
Anantnag			17591.00	17560.00	13247.00	13102.00	17918.70	18528.00
Pulwama			9365.00	9360.00	7523.10	7495.00	10883.30	10967.00
Baramulla			23555.00	23600.00	15516.00	16550.00	20310.90	18717.00
Kupwara			11778.00	11780.00	14301.20	29982.00	15189.70	14157.00
Total			6708.91	4537.20	135880.26	136224.90	132984.07	151735.10

Source: Departmental records of Directorate of Food and Supplies and Directorate of Education Jammu

¹⁷ Jammu, Udhampur, Kathua, Rajouri

¹⁸ At an average rate of Rs. 7 per bag

¹⁹ Includes three CEOs: Budgam, Doda and Poonch on the basis of information furnished by Directorate of School Education/CAPD

While the figures relating to the Kashmir division were not furnished by the Department, the details relating to Jammu division showed that against 4,54,379.20 quintals of food grains shown to have been supplied by CAPD during 2004-05 and 2007-08, the quantity actually lifted by the State agencies was 4,37,539.10 quintals, showing a difference of 16,840.10 quintals, between the two sets of figures. The possibility of pilferage due to non-reconciliation of figures cannot be ruled out. The Director School Education, Jammu stated that the figures would be reconciled.

3.2.9.6 Quality of food grains lifted

As per the scheme, FCI is to issue food grains of the best available quality which should be of at least Fair Average Quality (FAQ). The Chief Education Officers were expected to ensure that FAQ food grains are issued. A joint inspection by the representatives of the FCI and the Department was to be conducted before lifting foodgrains. Test check of records revealed that no such inspection was ever conducted, to ensure that food grains conformed to the specifications.

The CEO Jammu, stated (September 2008) that no such mechanism existed in the Department to check and ensure that the quality of food grains lifted were of FAQ.

The CEO, Pulwama, stated (September 2007) that some times food grains supplied were not of FAQ. It was also stated that when objections were raised by the schools, the Department expressed its helplessness due to the fact that the food grains were being provided by the FCI. The Department had failed to develop a mechanism by which the ration consignments could be checked to ascertain that food grains supplied conformed to the FAQ specification so that it did not have any adverse impact on the children.

3.2.10 Infrastructural facilities

The programme guidelines envisaged creation of a *pucca* KS, providing of kitchen devices and clean drinking water for serving cooked food to the students. It was seen that the required infrastructure had not been created despite release of funds for various components to be covered under the scheme as detailed in the subsequent paragraphs.

3.2.10.1 Construction of kitchen-cum-store

The GOI released Rs. 34.89 crore for construction of 5,815 KS during 2006-08. It was, however, seen that KS had not been constructed in any school and meals were prepared in class rooms and open spaces, exposing the children to health hazards, besides disrupting the regular classes. The class rooms were also being used for storage of food grains, thereby reducing the space for classes to be held.

The Government stated (May 2008) that the cost of construction of a KS had been estimated at Rs. 0.85 lakh and it was not possible to construct the infrastructure within the amount of Rs. 0.60 lakh per KS fixed and provided by the GOI. The differential amount of Rs. 0.25 lakh was an obstacle in the construction of KS.

Four²⁰ CEOs, however, stated that the funds were received at the fag end of the financial year (March 2008). No steps had been taken by the Department to get the enhanced cost approved by the Government. The Department could have utilized the funds for creation of the infrastructure in some schools, pending clearance from the Government, to avoid further escalation in cost.

3.2.10.2 Drinking water facility

Drinking water facilities at schools/centres were to be provided to students under the ARWSP²¹. Audit scrutiny revealed that drinking water facility was not available in 8,654 out of 22,053 schools, thereby defeating the objective of the scheme.

3.2.11 Health interventions

The guidelines of the scheme envisaged that the scheme should be complemented with appropriate interventions relating to micro nutrient supplements and through administration of six monthly doses of de-worming and vitamin supplements, and weekly iron, folic acid, zinc and other appropriate supplements depending on the common deficiencies found in the local area. The Department had not addressed this issue. On this being pointed out, it was stated that the Health and Medical Education Department had been requested for implementation of the programme under National Rural Health Mission.

3.2.12 Impact of the Programme

3.2.12.1 Impact on teaching

As per the guidelines, teachers should not be assigned the responsibility for organising mid-day meals to the students, as that would interfere with the teaching and learning activities. However, test-check of records of 140 (out of 174) schools revealed that teachers were involved in non-teaching jobs like purchase of vegetables and other ingredients for the meals and for procurement of food grains which cut their teaching hours from half an hour to 15 hours a week. Thus, the scheme affected imparting primary education to children. Cognizance of this aspect was taken in the meeting held (April 2007) by the Secretary, Department of School Education (GOI) with the State functionaries. No action had been taken by the Department to prevent interference of the programme on teaching activities, as the cut in teaching hours persisted during the year 2007-08 also.

3.2.12.2 Nutritional status

As per the guidelines of the scheme it was the responsibility of the State Government to ensure that wholesome cooked mid day meal of satisfactory quality and nutritious value was served. However, the State Government had not fixed the quality and quantities of affordable food items within the prescribed amount (Rs. two), to provide the desired level of nutrition. Therefore, it was not possible to assess the nutritional value of meals actually provided to the children.

²⁰ Jammu, Udhampur, Kathua, Rajouri

²¹ Accelerated Rural Water Supply Programme

3.2.13 Monitoring and evaluation

The scheme provides for grant of Central assistance for management, monitoring and evaluation (MME) at the rate of not less than 2 *per cent* of the total assistance on supply of food grains, actual cost on transportation of food grains and cooking cost. The allocation under this component is contingent upon submission of detailed and separate annual work plans for approval by the National Steering-cum-Monitoring Committee (NSMC). The assistance is to be used for (a) School level expenses, (b) Management supervision, training and internal monitoring and (c) external monitoring and evaluation. Under the guidelines, the responsibility of monitoring and evaluation was to be entrusted to the Universities of Kashmir and Jammu.

Detailed and separate action plans were not sent by the State for approval by the NSMC. However, the GOI had sanctioned Rs. 1.48 crore during 2005-08 as Central assistance for MME out of which, Rs. 1.47 crore remained unutilised as of March 2008. As a result, neither important items such as weighing machines and height recorders were purchased, nor the funds for replacement/repair/maintenance of cooking devices, etc. were provided. The Department had also not entrusted the job of monitoring and evaluation to the Universities as envisaged. The Assistant Director (Planning) stated that Rs. 63.20 lakh sanctioned in 2006-07 were not released by the GOI and the GOI had been requested to revalidate Rs. 83.97 lakh released in 2007-08. It was further stated that the Director, Economics and Statistics, J&K had been entrusted with the job of evaluation.

The State Government is required to fix monthly targets for inspection of meals served in schools/EGS centres by the designated officers of Rural Development Department, Urban Administration, School Education, Women and Child Administration, Health and Family Welfare, Food and Supplies Department, etc. at district, sub-district and block levels. On an average, 25 *per cent* of the primary schools and EGS centres were to be visited at least in a quarter so that all schools are covered during a year. No such inspection had been carried out to ensure that the programme was being implemented satisfactorily.

The Department stated that instructions had been issued for carrying out inspection as per guidelines of the scheme.

3.2.14 Conclusion

The scheme was implemented without ensuring accurate data relating to enrolment of students in primary classes. As a result, there was projection of excess requirement and excess allocation of foodgrains with consequent short lifting and short utilisation. Implementation of the scheme was impeded due to lack of supporting infrastructure, as funds released for construction of KS were not utilised and basic facilities like drinking water were not provided to the students. Quality and quantum of food supplied to the students were not as per norms. Nutritional status of the students was not addressed and there was no system for measuring the relationship between the nutritional support programme and the status of the enrolment, attendance and dropout ratio. Monitoring system

was deficient, as the Department had not carried out inspections at specified intervals and the funds allocated in this regard remained unutilised.

3.2.15 Recommendations

- The State Government should set up a centralised and reliable database relating to the enrolment, attendance and dropout details.
- Requirement of foodgrains should be assessed on an annual basis with reliable inputs from the school level and the allotted quantity should be lifted and utilised on a timely basis.
- Regular health check ups should be introduced in the schools and micro-nutrient supplements and de-worming medicines should be provided to the children.
- Monitoring mechanism should be strengthened and enforced effectively, so as to secure accountability at various levels of programme implementation.

Housing and Urban Development Department

3.3 Srinagar Development Authority

The Srinagar Development Authority was established with the objective of promoting and securing the development of the local area of Srinagar city in accordance with the approved Master Plans. To achieve the objectives, the Authority is vested with powers to acquire, hold, manage and dispose of land and other property and carryout building and engineering operations. A review of the functioning of the Authority during 2003-08 revealed that although it succeeded in generating substantial internal resources, the main objectives were not achieved fully due to non-implementation of Master Plans. Although the Authority pulled up the arrears in its accounts to a large extent, it is yet to appoint auditors to certify these accounts for submission to the State Legislature.

Highlights

- **Failure to implement Master Plan of Srinagar City resulted in its unplanned development.**
(Paragraph: 3.3.7)
- **While there was a significant increase in revenue generation from internal resources during 2003-08, utilisation of available resources ranged between 34 and 48 per cent only.**
(Paragraph: 3.3.8.1)
- **Works costing Rs. 1.22 crore were got executed by the Authority during 2004-08 without invitation of tenders, in violation of rules.**
(Paragraph: 3.3.9.3)
- **National Slum Development Project (NSDP) funds (Rs. 2.43 crore) were spent in contravention of scheme guidelines. Subsidy for construction of dwelling units under VAMBAY was allowed to non-deserving beneficiaries.**
(Paragraphs: 3.3.9.4 and 3.3.9.5)
- **Lack of internal control and monitoring mechanism resulted in non-realisation of Rs. 7.48 crore on account of premia and rent of built-up assets.**
(Paragraphs: 3.3.13)

3.3.1 Introduction

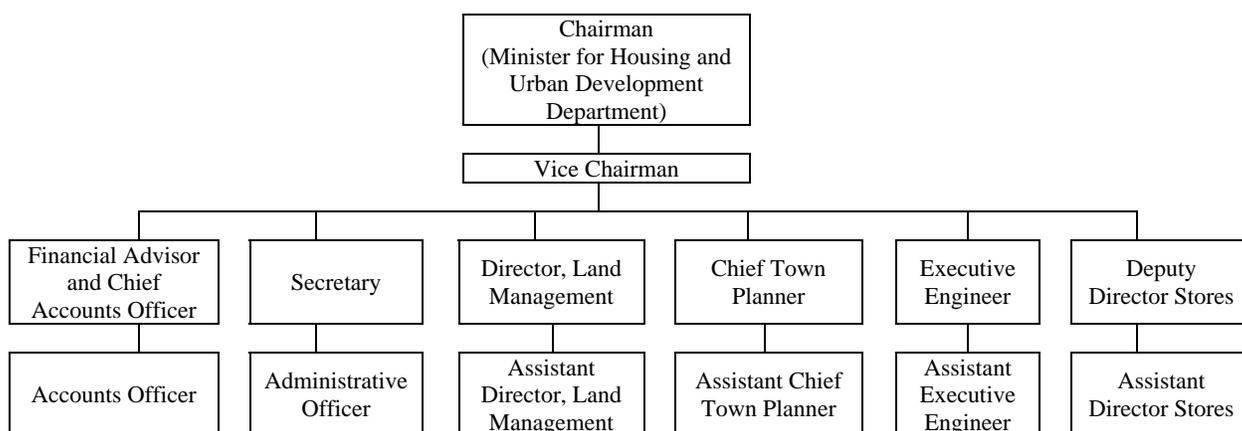
The Srinagar Development Authority (Authority) was constituted in February, 1971 in pursuance of Section 3(1) of the Jammu and Kashmir Development Act

1970 to promote and secure development of the local area²² of Srinagar city according to the approved Master Plans. The Authority is vested with the powers to acquire, hold, manage and dispose off land and other property, and carryout building and engineering operations and execute allied works. The first Master Plan (1971-91), with a twenty year perspective, was approved in the year 1976. The second Master Plan (2000-2021), prepared in 1999, was approved for implementation by the Government in January 2003. The boundaries of the local area were increased from 236 to 416 square kilometers for planning under the second Master Plan, covering a population of 23.50 lakh by 2021.

3.3.2 Organisational set up

The Authority functions under the administrative control of the Housing and Urban Development Department. The organizational set up of the Authority is indicated in the following chart.

Chart-3.3.1



3.3.3 Scope of audit

The performance of the Authority was last reviewed under Section 14 of the Comptroller and Auditor General’s (Duties, Powers and Conditions of Service) Act 1971 in 1998 and observations included in the Audit Report of the Government of Jammu and Kashmir for the year ended 31 March 1999. The review was discussed (July/December 2000) in the Public Accounts Committee (PAC) and recommendations (42nd Report/March 2001) were communicated to the Authority, wherein the Authority was directed to submit a comprehensive report on steps taken to avoid the lapses highlighted in the Audit Report, besides furnishing the particulars of the officers responsible for the lapses. However, the Action Taken Note (ATN) was awaited (September 2008) even after seven years. In the absence of the ATN, the action taken by the Authority on the recommendations of the Committee could not be ascertained. The present review, conducted during July to December 2007, covers the period 2003-08. The review has taken into account past developments also, wherever necessary. The audit was

²² Local area is the area declared as such by the Government for development by the Authority.

conducted through a scrutiny of records of the offices of Vice-Chairman, Financial Advisor and Chief Accounts Officer, Director Land Management, Executive Engineer and Deputy Director Stores.

3.3.4 Audit objectives

The performance audit of the Authority was undertaken to assess whether:

- the objectives of setting up the Authority were achieved;
- financial management was efficient and effective;
- short and long term plans were formulated and implemented for planned development of the city;
- the benefit of projects/schemes accrued to the intended sections of the society and
- monitoring and internal control system was effective for timely redressal of public grievances.

3.3.5 Audit criteria

The performance of the Authority was assessed against the following criteria:

- Jammu and Kashmir Development Act 1970 and rules framed thereunder.
- Master/Divisional/Zonal and Annual Plans.
- Jammu and Kashmir Financial Rules.
- Decisions of the Board of Directors.

3.3.6 Audit methodology

Audit objectives and the criteria were discussed in an entry conference held with the Vice-Chairman of the Authority on 17th July 2007. The projects and transactions were selected on simple random sampling basis and findings were supported by interviews wherever necessary. An exit conference was held on 10 September 2008 with the Commissioner-cum-Secretary, Housing and Urban Development Department and the replies of the Department/Authority have been incorporated in the report at appropriate places.

Audit findings

Important points emerging from the performance review are brought out in the succeeding paragraphs.

3.3.7 Planning

The Authority is mandated to prepare Master Plans defining the zones into which the local area is to be divided and indicating the phased approach for development of all the zones.

After a tardy implementation of the First Master Plan (1971-91) (commented upon in the CAG's Report 1998-99), the second Master Plan (2000-21) was approved by the Government in January 2003. The Plan envisaged development

of Srinagar city in 15 planning divisions²³ (divided further into 232 zones) over 41625 hectares²⁴, covering a population of 23.50 lakh by the year 2021. However, the implementation of the Plan is yet to start in full swing due to the inability of the Authority to prepare Divisional/Zonal Plans. Despite the lapse of five years (2003-08), the Authority had not prepared a single Divisional/Zonal Plan and the developmental activities continued to be executed in an *ad hoc* manner. Failure to implement the Master Plan contributed to unplanned development of the city, resulting in increase in unplanned/illegal/unauthorised constructions, environmental degradation with pollution of water bodies, traffic and parking impediments, encroachment upon Government land, etc. Thus, the purpose of having a Master Plan for planned development of Srinagar got defeated.

The Authority stated (June 2008) that the Zonal plans had not been prepared due to non-preparation of base maps. While the Authority has been pursuing the matter for preparation of base maps with various agencies/Departments²⁵ since 2005-06, it has not yet succeeded in its initiatives, which eventually delayed the implementation of Master Plan proposals.

3.3.8 Financial management

3.3.8.1 Allocation and expenditure

The Authority receives funds from the State and also from the Central Government for Centrally Sponsored Schemes (CSS). In addition, revenue is generated by the Authority through internal resources like premia and rent of shops and other built-up assets etc. The availability of funds and expenditure incurred by the Authority during 2003-08 was as under:

Table 3.3.1

(Rupees in crore)

Year	Opening balance ²⁶	Funds Received from		Internal receipts ²⁷	Total funds available	Total expenditure	Unspent balance	Funds Un-utilised (per cent)
		State Government	Central Government ²⁸					
2003-04	23.43	0.99	2.24	11.32	37.98	14.65	23.33	61
2004-05	23.33	2.30	1.20	15.69	42.52	20.55	21.97	52
2005-06	21.97	4.34	1.66	11.72	39.69	16.39	23.30	59
2006-07	23.30	0.16	2.70	20.41	46.57	18.17	28.40	61
2007-08	28.40	1.28	-	26.91	56.59	19.23	37.36	66
Total	120.43	9.07	7.80	86.05	223.35	88.99	134.36	

(Source: Figures provided by the Authority)

²³ Divisions 'A' to 'P' (except 'O')

²⁴ Developed use: 23854 hectares and un-developed use: 17771 hectares

²⁵ National Remote Sensing Agency (NRSA), Remote Sensing Department, Economic and Reconstruction Agency and Ecology and Environment Department

²⁶ Includes Plan works, Revenue/Capital receipts, D.C. Works, Stock Suspense, Debt & Deposit.

²⁷ Includes Revenue/Capital receipts, D.C. Works

²⁸ Includes assistance for centrally sponsored schemes like Valmiky Ambedkar Awas Yojana (VAMBAY), National Slum Development Project (NSDP) & Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)

As can be seen from the above table, there has been a significant increase in revenue generation from internal resources during the five year period 2003-08. However, the utilisation of available funds during 2003-08 ranged between 34 and 48 *per cent* only, indicating poor financial management. The Authority had, obviously not been able to utilise the available funds either due to non-implementation of projects or delayed/non-execution of city projects/works as brought out in the review.

The reason for poor utilisation of resources was attributed (April 2008) by the FA&CAO to release of funds at the fag end of the year and non-feasibility of projects. This is not acceptable as the unspent balances/opening balance far exceeded the actual releases by the GOI/State during 2003-08.

3.3.8.2 Non-preparation of accounts

The Authority, in terms of the J&K Development Act, is required to prepare its annual accounts and have them certified by an auditor appointed by the Government. The certified accounts, along with the Report thereon, are to be presented to the State Legislature. Mention was made in the CAG's Report of 1998-99 about non-preparation of accounts and non-submission thereof to the Government. The Authority succeeded in pulling up the arrears in accounts from 1981-82 to 1998-99 during 1998-2007. As of June 2008, the accounts for the years 1999-2000 to 2005-06 have been compiled but are pending certification. The accounts for the years 2006-07 and 2007-08 are yet to be prepared. As a result, the correctness of accounts prepared upto 2005-06 could not be vouchsafed in audit. The FA&CAO stated (June 2008) that the matter regarding appointment of an auditor has been taken up with the Government.

3.3.8.3 Amounts remaining outside accounts

Earnest Money Deposit (EMD) of Rs. 5.63 crore received by the Authority for allotment of plots etc., up to March 2007, was invested (May 2006 to March 2007) in Fixed Deposit Receipts (FDR). Audit observed that the amounts were not reflected in the cash book from the date of their realisation to their investments and had, therefore, remained outside the accounts of the Authority. Money remaining outside the cash book is susceptible to misuse with the possibility of fraud/embezzlement. In reply, it was stated (May 2008) that it was not possible to open a separate account for the amount so received and that the interest received from the FDR had been entered in the cash book. This indicated incorrect maintenance of accounts by the Authority as these did not reflect a true and fair picture of the receipts/investments of the Authority.

3.3.8.4 Advances

- Temporary advances should not be left unadjusted at the close of the financial year. It was observed that Rs. 15.35 lakh²⁹ paid to 76 officers/officials as temporary advance was awaiting adjustment as of March 2008. Of these, 41 employees (advance amount: Rs. 3.50 lakh) had retired/expired/were transferred/ migrated (March 2008). The Authority

²⁹ Rs. 11.35 lakh paid prior to 2003-04 and balance Rs. four lakh paid during 2003-08

had not maintained any records to keep a watch over the un-adjusted advances. This carries the risk of the balances becoming unrecoverable with the passage of time. The FA&CAO assured (April 2008) that necessary steps would be taken to adjust/reduce the advances.

- Scrutiny of records revealed that the Authority had issued material worth Rs. 1.45 crore to various contractors during 2003-06. However, the Authority had not maintained records like Contractor's Register, Priced Stores Ledger and other important records in proper formats. As a result, the amounts actually recovered and recoverable from the contractors could not be worked out. Scrutiny of records further revealed that another sum of Rs. 1.12 crore was outstanding against 30 contractors on account of material issued to them prior to 1999. The Authority had not maintained records indicating the date of issue of material, name of the work for which the material was issued and cost thereof etc. and had not initiated any action to recover the outstanding amounts, except for publishing notices in the local dailies (1999). The FA&CAO stated (April 2008) that 30 contractors (amount outstanding: Rs. 1.12 crore) are not allowed to participate in tendering of further works of the Authority, while in case of others (outstanding amount: Rs. 1.45 crore), it was stated that the reconciliation was under process. However, action contemplated to recover the outstanding amounts from 30 contractors was not intimated.

3.3.9 Execution of development works

The Authority executes works for development of housing colonies, built-up assets such as flats, commercial/institutional buildings, shops, halls, complexes and parking lots. Scrutiny of records revealed cases of unplanned/unauthorised execution of development works as discussed below.

3.3.9.1 Execution of works without administrative approval and technical sanction

Financial Rules prohibit execution of works or incurring of expenditure, without obtaining Administrative Approval (AA) and Technical Sanction (TS) of the competent authority. The Authority took up nine projects/works estimated to cost Rs. 44.69 crore, for execution during 2003-08 without AA and TS (details in *Appendix 3.3.1*) and an expenditure of Rs. 12.63 crore had been incurred thereon as of March 2008. Taking up of works without obtaining AA and TS is violation of rules and tantamount to irregular execution of works.

The Authority stated (August 2008) that the works were taken up for execution after receipt of funds from the Government and the matter regarding accord of AA/TS was being taken up with the Administrative Department. However, mere allotment of funds did not bestow the Authority with permission to execute the works in anticipation of accord of AA/TS.

3.3.9.2 Cost overrun

Scrutiny of works taken up by the Authority during 2003-08 revealed that 17 works (details in *Appendix 3.3.2*) taken up at an estimated cost of Rs. 4.04

crore, were completed at a cost of Rs. 4.91 crore due to inclusion of additional items/quantities. The excess over allotted cost on these works ranged between 12 and 90 *per cent*. Apart from being irregular, this was also in violation of the orders of the Authority stipulating that all factors were to be taken into account while formulating the estimates to avoid revision of costs at a later stage. The EE stated (June 2008) that costs had to be revised, as additional items of work/quantities increased the cost/work estimates. The midway revision of works indicates that initial estimates had not been prepared on a realistic basis.

3.3.9.3 Tendering

Financial rules provide execution/allotment of works at competitive rates and in a transparent manner by resorting to open tender system. Despite a comment on execution of works without invitation of tenders included in the CAG's Report 1998-99, 62 works³⁰ costing Rs. 1.22 crore had been allotted (2004-2006) to contractors without inviting tenders and assessing the reasonability/competitiveness of rates. A perusal of the records, however, did not show that the works taken up on emergency grounds were emergent in nature which could not be tendered. The EE stated (July 2008) that the matter would be looked into.

3.3.9.4 Diversion of scheme funds

- National Slum Development Programme (NSDP), a Centrally Sponsored Scheme, envisages development of slum areas by providing basic amenities like shelter, water supply, health care, sanitation and roads. The Authority received Rs. 3.60 crore during 1999-2007 for implementation of the scheme. In contravention of the scheme guidelines, the Authority spent (2002-07) Rs. 2.43 crore, out of the scheme funds, on creation of infrastructure like roads, surface drains etc., in two³¹ colonies developed for general public, depriving the slum area dwellers of the benefit of the scheme to that extent. The Director, Land Management, stated (May 2008) that NSDP funds were utilised to upgrade the infrastructure, which was within the ambit of the scheme. While it is true that infrastructure development was within the ambit of the scheme, it was to be developed in slum areas and not in general areas.
- The Authority had incurred an expenditure of Rs 58.66 lakh out of the funds provided under the scheme meant for Economically Weaker Sections (EWS), on development of land selected for construction of Dwelling Units under VAMBAY. However, the site was subsequently used for development of HIG/MIG/LIG housing colony for raising internal revenue resources of the Authority and the plots developed were auctioned to the general public. This resulted in irregular diversion of EWS funds to the extent of Rs. 58.66 lakh, besides denial of socio-economic benefits to the intended beneficiaries. The FA&CAO, accepted (April 2008) the audit contention but did not offer any reasons for the

³⁰ 2004: (21 works, Cost: Rs.32.52 lakh), 2005: (34 works: Cost: Rs 81.32 lakh) and 2006: (7 works; Cost: Rs 7.86 lakh)

³¹ Bemina Barthana Colony and Nund Rishi Colony (Sector A&B)

diversion.

3.3.9.5 Irregular payment of subsidy under VAMBAY

With a view to achieving the goal of shelter for all, the GOI introduced the 'Valmiki Ambedkar Awas Yojana' (VAMBAY) to provide shelter/upgrade the existing shelter for people living below poverty line (BPL) in urban slums and members of EWS, who did not possess adequate shelter. Cost of the scheme was to be shared between the GOI and the State Government in equal proportion.

The Authority submitted (January 2003) a scheme to the GOI proposing construction of 442 dwelling units (DUs) at an estimated cost of Rs. 5.08 crore for the boatmen dislocated from the banks of river channels³² in Srinagar city. These boatmen were already provided plots in the Boatman Colony free of cost under other rehabilitation schemes. The total cost of each unit was worked out as Rs. 1.15 lakh, of which, the beneficiaries were to contribute Rs. 70,000 each with a subsidy component of Rs. 45,000 per unit. While the GOI released (September 2003) Rs. 99.45 lakh, the State Government also released its matching share to that extent. The Authority disbursed a subsidy of Rs. 1.99 crore to the beneficiaries upto March 2008.

Out of 442 beneficiaries (boatmen) identified for subsidy under VAMBAY, 188 had sold their plots alongwith the structures constructed thereon through power of attorney to people not forming part of the target group (boatmen). The Authority subsequently transferred (2007) the lease hold rights to the purchasers of plots of boatmen and brought them under the purview of the scheme and disbursed the subsidy, which was irregular. Test check of records revealed 80 cases of such sales/purchases wherein an amount of Rs. 18 lakh had been disbursed. Since the subsidy under the scheme had been sanctioned for plot holders dislocated from river banks and in the event of their having sold the plots they had lost the claim, the undisbursed amount could have been refunded back or utilised for payment of subsidy to such other persons after proper sanction. The payment of subsidy to the purchasers, apart from being irregular, resulted in passing of benefits to people outside the target group. The possibility of more such ineligible persons having been paid the subsidy cannot be ruled out.

The Secretary stated (July 2008) that the disbursement of subsidy to purchasers had been made on the recommendations of the State Level Monitoring Committee (SLMC) of VAMBAY. The decision of SLMC was in contravention of the scheme guidelines and was beyond its mandate.

3.3.9.6 Construction of residential flats

The Authority proposed to construct, on self-financing basis, 84 residential flats comprising six blocks at Bemina Barthana Housing Colony at an estimated cost of Rs. 6.30 crore for allotment on first-come-first-served basis or by draw of lots. Tenders were invited (May 2004) for construction of two four-storied blocks comprising 16 flats each and the work was approved (August 2004) for allotment at a cost of Rs. 2.08 crore to two contractors (one block each at Rs. 1.04 crore) for

³²

Tributaries of the River Jhelum flowing through the city

completion within six months. Allotment orders were issued to the contractors belatedly in February 2005. Further, there was a delay in issuance of layout plans and structural designs to the contractors, resulting in cost escalation by Rs. 22.87 lakh. The blocks were completed (March 2008) at an expenditure of Rs. 3.25 crore. Thus there was a cost overrun of Rs. 1.16 crore and time overrun of about 31 months on the project. The Authority attributed (June 2008) the delay in allotment of contract and issuance of the layout plans to errors in the site plan prepared by the works wing of the Authority. The Authority should have a quality assurance mechanism to ensure that such errors do not creep into its site plans as these are a very important component of its functions.

3.3.10 Project implementation

The Authority had failed to implement some of the crucial city projects sanctioned by the GOI/State for overall planned development of the Srinagar City. Failure to implement the projects had, in addition to defeating the purpose, resulted in non-utilisation/idling of funds received in respect of three test-checked projects as detailed below.

- The GOI had proposed (2005) providing assistance for integrated development of infrastructure of selected cities under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). Srinagar was one of the cities selected for such assistance. Under the project, eligible cities had to formulate a mid-term City Development Plan (CDP) and draw up a timetable for implementing the urban sector reforms. The GOI released (March 2006) Rs. 66.36 lakh to the Authority for preparation of CDP and a Detailed Project Report (DPR). The Authority, invited offers (May 2006) from 14 consultants for preparation of CDP and DPR and incurred Rs. 1.29 lakh on survey work etc. out of the allotted funds. The balance Rs. 65.07 lakh remained unutilised and the Authority took no further action on the project. Inability of the Authority to pursue the project deprived the city of comprehensive development. The Director, Land Management (DLM) stated (May 2008) that funds were provided by the GOI under the project without specifying the details for their utilisation. The reply is factually incorrect, as the funds had been provided for preparation of the CDP and DPR of the Srinagar city.
- A project for inland water transport on River Jhelum from Pampore to Parimpora, envisaging operation of boats for carrying passengers through four terminals from Zero Bridge to Safakadal, was entrusted (1997) to the Authority. The project cost of Rs 8.05 crore was sanctioned (1996) by the National Bank for Agriculture and Rural Development (NABARD) (Under RIDF-II) and an amount of Rs. 57.41 lakh was released (1997) to the Authority for its implementation. The Authority entrusted consultancy for project formulation to a GOI undertaking (M/S RITES, India) at a cost of Rs. 12.10 lakh. The project was, however, abandoned (August 1998) as it was not found economically viable. Audit observed that the balance amount of Rs. 45.31 lakh, lying unspent with the Authority, had not been surrendered (May 2008) even after 10 years, resulting in locking up of

funds, leading to loss of Rs. 31.50 lakh³³ in the form of interest payable on the NABARD loan. In reply, it was stated (April 2008) that the amount lying with the Authority would be returned as soon as requisitioned by the sanctioning authority. However, the Authority had not taken up the issue with the Government for refund of the money in view of abandonment of the scheme.

- Government had ordered (August 2000) transfer of land belonging to Rakhs³⁴ and Farms (RF) Department, measuring 4,200 *kanals* falling in village Rakh Gund Aksha³⁵ to the Authority for development of a housing colony. The proposed land was under occupation of *Kamas*³⁶ and was to be acquired after payment of a compensation of Rs. 40,000 per *kanal* as improvement charges. The land was to be handed over to the Authority by December 2001. However, during the last about seven years the Authority had acquired only 447 *kanals* and 12 *marlas* of land at a cost of Rs. 1.79 crore out of Rs. 1.90 crore advanced (October 2003 to January 2004) by the Authority to RF Department. Further, the Authority had incurred an expenditure of Rs. 4.83 lakh on the preparation of layout plan of the proposed housing colony. The Authority attributed (May 2008) the non-acquisition of land to the *Kamas* resorting to litigation. Thus the project remained a non-starter and the Authority could not utilize even the 447 *kanals* acquired by it leading to idle investment of Rs. 1.95 crore³⁷ and denial of envisaged benefits to the people.

3.3.11 Protection of assets

- Under the second Master Plan, 856 *kanals* of State land stood transferred to the Authority for development purposes. However, due to non-maintenance of basic land records, the details regarding land under encroachment were not available with the Authority (May 2008). As per the information provided (January 2007) by the Authority to the State Legislature, a comprehensive survey had been undertaken during 2007 to assess the land under illegal occupation and for taking steps for removal of encroachments. However, the survey had not been completed as of May 2008, thereby hampering the process of getting the land under encroachment vacated.
- The terminal building of the General Bus Stand at Batmalloo had been encroached upon by squatters, converting the area into a dumping site for their shops, leading to inconvenience to the passengers and creating health hazard within the premises. The encroachment had taken place despite posting of an Estates Officer at the site. The accommodation constructed by the Authority at the bus stand had been under the control of various private transport associations and no policy or practice was in place for

³³ Calculated at the rate of 7 per cent per annum for 10 years

³⁴ Reserved Forest Land

³⁵ Falling within the local area

³⁶ Illegal occupants

³⁷ Rs 1.90 crore paid to Rakhs and farm Department and Rs 4.83 lakh incurred on layout plans.

collection of premium/rent from them. In addition, premises allotted to a private person on lease basis for running a restaurant had been converted by him illegally into a commercial complex, consisting of seven shops in the ground floor, of which six had been rented out by the occupant. The Authority admitted (May 2008) occupation of the terminal building by squatters and stated that a proposal had been drawn up for their relocation on self sustaining basis. Regarding conversion of a restaurant into a commercial complex, it was stated that the person had been allowed to construct the first floor. This indicated weak control exercised by the Authority over its property, as the private agency had illegally constructed shops and also earned revenue by renting them out without any intervention from the Authority.

3.3.12 Disposal of assets

As per the norms fixed by the Government, all the commercial plots, complexes and other built-up area are to be disposed off by public auction at a minimum reserve price arrived at after addition of 100 *per cent* to the base cost. The following instances of non-compliance with these norms were noticed.

- The Fruit Mandi at Parimpora developed by the Authority consists of quadrangles carved out for facilitation of the wholesale fruit and vegetable trade. The original layout plan of Quadrangle 'C' provided for construction of 80 shops. The Authority invited (February 1999) tenders for auctioning the shop sites³⁸ with a minimum reserve premium of Rs. 2.32 lakh/Rs.2.50 lakh per site. In response, offers of premium ranging from Rs. 2.41 lakh to Rs. 3.50 lakh were received. However, the Authority refunded (May 1999) the bid amounts, released Cash Deposit Receipts (CDRs) to the bidders and allotted (October 1999) the land of the quadrangle (47 *kanals* 15 *marlas*) to a private Fruit Association at a cost of Rs.70 lakh for construction of sheds. The decision to allot land at a lower rate compared to the offers received in response to the auction notice resulted in a minimum revenue loss of Rs. 1.23 crore³⁹ to the Authority. The Authority stated (May 2008) that it was not a commercial entity but intended to secure development of the area. The Authority, to sustain itself, is expected to generate resources and the allotment was in contradiction of the Government order of September 1991, stipulating disposal of commercial assets by open auction.
- The Authority, in contravention of Government instructions, allotted (May 2002) two *kanals* (10,882 sft) of land at Fruit Mandi, Parimpora to a private party on lease basis for establishment of a petrol pump at a premium of Rs. 6.50 lakh per *kanal* against the prevailing base rate of Rs. 20 lakh per *kanal*. This resulted in loss of Rs. 27 lakh to the Authority.

³⁸ Size 16X45 sft and 17.6X45 sft

³⁹ Calculated at a minimum rate of Rs 2.41 lakh per site for 88 sites= Rs 2.12 crore less Rs 70 lakh received from Fruit Association

The Authority stated (May 2008) that the allotment was made on compassionate grounds, as the allottee was a victim of militancy. However, the allotment was neither covered under standing rules/regulations nor any specific instruction of Government in this regard.

- 36 plots under HIG/MIG/ EWS/LIG categories and 89 shops/flats (Details in *Appendix 3.3.3*) developed/constructed by the Authority between 1991 and 2006 had remained unallotted as of March 2008 either due to non-advertisement of these built up assets or due to construction thereof in non-viable areas. This has resulted in non-realisation of a minimum premium of Rs. 5.88 crore and consequential loss of rentals. It was stated (April 2008) that the allotment was being advertised, shortly. Further developments in the matter were awaited (July 2008).
- A Lime kiln plant at Pulwama, was closed in the year 1990. The BOD had directed (January 2004) disposal of the plant by way of auction. The total cost including land, structures and plant/machinery was assessed (October 2004) by a valuer at Rs. 1.36 crore. The Authority had not taken any further steps to dispose of the plant, resulting in locking up of Rs. 1.36 crore, which could otherwise be invested gainfully.

3.3.13 Non-recovery of outstanding amounts

The Authority, despite having a full-fledged recovery wing meant for raising bills against allottees of commercial sites and collection of revenue, had failed to effect recovery of premia and rent of commercial sites viz., buildings, shops and plots etc. due to non-raising of bills/claims timely, serving notices individually or through public media and also due to inaction in invoking the eviction clause in respect of the defaulters as detailed below.

- An amount of Rs. 7.48 crore⁴⁰ pertaining to the period 1990-2008 was pending recovery (March 2008) against the allottees. On this being pointed out in audit, the Authority issued (April 2008) notices for recovery of the amounts due.
- The Authority decided (September 2002) to charge Rs. 1,000 each per day as entry fee from two Transport Associations⁴¹ for operating from General Bus Stand, Batmalloo. The revenue so generated was proposed to be utilised for development of the bus stand. The two Associations paid Rs. 3.15 lakh to the Authority till November 2003 and thereafter stopped the payment. Inaction on the part of the Authority to enforce the entry fee agreement resulted in non-recovery of Rs. 36.11 lakh⁴² as of March 2008. The Authority stated (May 2008) that the Associations had stopped payment since the bus stand needed to be developed/upgraded. The Associations continued to operate from the stand and the Authority had spent Rs. 1.44 crore on improvement/upgradation works of the bus stand upto March 2008.

⁴⁰ Rent: Rs. 4.34 crore; Premium of Shops and plots: Rs. 3.14 crore

⁴¹ Kashmir Motor Drivers Association (KMDA) and Western Bus Stand Union (WBSU)

⁴² Calculated with effect from 16.11.2002 at the rate of Rs. 1000 per day for two Associations

3.3.14 Physical verification

Financial Rules provide that physical verification of stores be conducted at least once a year and discrepancies, if any, noticed be adjusted in accordance with these rules. Audit observed that no physical verification of store had been conducted. This is fraught with the risk of pilferage remaining undetected. The Authority stated (May 2008) that arrangements for physical verification were being made.

3.3.15 Non-holding of Board Meetings

As against the prescribed frequency of two Board meetings a year, no Board meeting was held by the Authority since May 2005. Consequently, the activities/programmes of the Authority after May 2005 could not be approved by the Board of Directors (BOD). This was against the tenets of healthy corporate governance and is liable to adversely affect the decision making ability of the Authority and its accountability. The Authority assured (May 2008) that the frequency of Board meetings would be increased.

3.3.16 Internal audit and non-preparation of manual

No internal audit arrangement exists in the Authority. Further, despite inclusion of a comment on non-preparation of accounting manual and manual of financial powers in the CAG's Audit Report 1998-99, the Authority had not taken any steps in this direction. In reply, the Authority stated (May 2008) that the matter was being looked into and necessary steps would be taken.

3.3.17 Conclusion

The Authority has largely failed to achieve its objective of promoting and securing planned development of the Srinagar City due to non-implementation of the Second Master Plan. Works were executed without ascertaining the reasonability of rates and obtaining AA/TS indicating improper control mechanism and lack of transparency. While the revenue generated from its internal resources has improved over the years, the Authority could not dispose off its assets to its advantage.

3.3.18 Recommendations

- The Authority should take immediate steps to prepare divisional/zonal plans for execution of projects as outlined in the approved Master Plan (2000-21).
- The Authority should finalise its accounts up to date and appoint Statutory Auditors for certification within a specified time frame.
- Financial management needs to be strengthened and available funds should be utilised for the intended purpose.
- Execution of works/schemes should be taken up after obtaining the requisite approvals and ensuring acquisition of land free from encumbrance.
- Effective internal control and monitoring mechanism should be put in place to enforce financial discipline and to ensure accountability in the execution of developmental activities.

Irrigation and Flood Control Department

3.4 Lift Irrigation Schemes

The construction and maintenance of lift irrigation schemes is vested with the State Irrigation and Flood Control Department. The lift irrigation schemes irrigate 22.83 thousand hectares (7 per cent) of cultivable land. Performance review of the lift irrigation schemes in the State revealed that the schemes had been executed in an unplanned manner and were incomplete for more than 20 years in some cases. Even the irrigation potential created was not fully utilised which adversely affected the contribution of lift irrigation scheme.

Highlights

- **Delay in release of GOI funds by the Planning/Administrative department ranged between 30 and 252 days.**
(Paragraph: 3.4.9.1)
- **Four schemes completed at a cost of Rs. 3.86 crore cultivated only 19 per cent of the envisaged area.**
(Paragraph: 3.4.10.1)
- **Unplanned execution of works resulted in unfruitful expenditure of Rs. 4.27 crore.**
(Paragraph: 3.4.10.2)
- **Time overrun on execution of schemes ranged between 1 and 31 years while cost overrun ranged up to Rs. 33.86 crore.**
(Paragraph: 3.4.10.3)
- **Internal control mechanism of the Department was weak and resulted in irregular payments, irregular execution of works, etc.**
(Paragraph: 3.4.11)

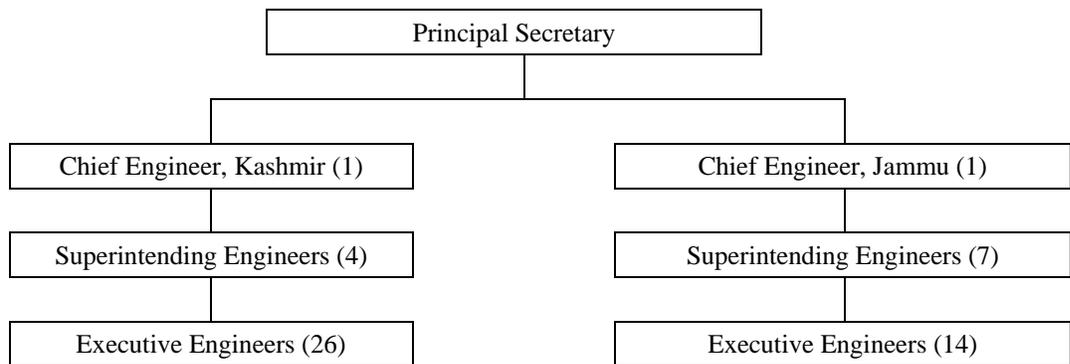
3.4.1 Introduction

Irrigation and Flood control Department was created (1959) with the objective of providing assured irrigation facilities to cultivable/cultivated land in the State by renovation/modernisation of the existing canals and construction of new canals. The Department is also responsible for construction of lift irrigation schemes besides their maintenance, up gradation and modernisation.

3.4.2 Organisational structure

The organisational set up of the Department is as indicated in Chart 3.4.1.

Chart-3.4.1



3.4.3 Scope of Audit

The review covered the performance of the Department relating to the construction and maintenance of lift irrigation schemes during the period 2003-08 and was conducted during the period from August 2007 to March 2008. The records of two Chief Engineers (Jammu and Kashmir), Superintending Engineer (Mechanical) and 21 (out of 40) divisions were test checked in audit.

3.4.4 Audit objectives

The audit objectives were to assess whether:

- schemes completed were providing the optimum benefits as envisaged;
- schemes were planned and executed in an effective, efficient and economical manner;
- funds provided for the schemes were adequate and were utilised prudently on approved works;
- monitoring of the schemes was done properly; and
- internal control was in place.

3.4.5 Audit criteria

Audit findings were benchmarked against the following criteria:

- Project Reports of Lift Irrigation Schemes
- Guidelines of Central Water Commission
- Guidelines for Centrally Sponsored Schemes
- Financial Rules and Public Works Account Code

3.4.6 Audit methodology

The performance audit of the lift irrigation schemes was conducted by an examination of the records maintained at the Divisional and Sub-Divisional levels selected for audit on a random sampling basis. Out of 141 lift irrigation schemes in the State, 27 schemes were selected for detailed scrutiny. An entry conference was held with the Chief Engineers in July 2007 wherein the audit objectives,

scope and criteria were discussed. An exit conference was held with the departmental officers in September 2008 wherein the audit findings were discussed. The replies of the Department have been incorporated in the report at appropriate places.

Audit Findings

Significant audit findings are discussed in the succeeding paragraphs.

3.4.7 Planning

The lift irrigation schemes (LIS) cater only to seven *per cent* of the cultivable land in the State. Scrutiny revealed that no perspective plan was framed by the Department separately with regard to construction of lift irrigation schemes. The complete data pertaining to lift irrigation schemes *viz.*, details of schemes taken up, completed, envisaged /created and utilised area, investment made and return therefrom was not maintained by the two Chief Engineers. Schemes were taken up without prioritisation and as a result, a number of schemes remained incomplete despite being under construction for the last 20-26 years.

3.4.8 Detailed Project Report

Scrutiny of records revealed that detailed project reports were framed in all the schemes analysed in audit except in one case as detailed below.

For providing irrigation facilities to 32 villages with a CCA of 12000 acres, the EE, ID, Akhnoor had incurred (March 2004) an expenditure of Rs. 44.17 lakh on survey work for construction of LIS at Ambran which included an amount of Rs. 38 lakh paid (June 2003) to a firm (WAPCOS) for preparation of Detailed Project Report (DPR). The DPR was sent, after a lapse of six months, to the Central Power Research Station (CPRS), Khadakwasla, Pune, (GOI) to have a model study of the scheme. Scrutiny of records revealed that no follow up action was taken by the Department (January 2007) to get the model study conducted. In February 2007 the Joint Director, CPRS sought a copy of the DPR for offering expert opinion on the subject as the original one sent to the agency was not traceable. The copy of DPR as called for had not been sent to CPRS (September 2008). Non- finalisation of the DPR thus resulted in the investment of Rs. 44.17 lakh remaining unfruitful for more than four years. The reply of the EE that the scheme could not be taken up for non-receipt of funds is not tenable as the work was not as a result of non-allotment of funds but due to non-conducting of model study which was held up due to non- submission of DPR to CPRS.

3.4.9 Financial Management

3.4.9.1 Allocation and expenditure

LIS are funded by the State Government, GOI under Centrally Sponsored Schemes (CSS) and from NABARD. The position of funds allotted and expenditure incurred thereagainst during 2003-08, is indicated in Table 3.4.1.

Table 3.4.1

(Rupees in crore)

Year	Opening balance	Releases		Total funds available	Expenditure		Total	Closing balance
		State Sector ⁴³	AIBP ⁴⁴ /NABARD		State Sector	AIBP/NABARD		
2003-04	1.55	6.57	26.52	34.64	6.51	25.77	32.28	2.30
2004-05	2.30	8.85	10.80	21.95	8.75	11.22	19.97	1.88
2005-06	1.88	6.31	22.32	30.51	6.26	20.91	27.17	3.29
2006-07	3.29	7.36	16.46	27.11	7.33	18.88	26.21	0.87
2007-08	0.87	2.54	16.75	20.16	2.53	16.74	19.27	0.88
Total		31.63	92.85	134.37	31.38	93.52	124.90	

(Source: Records of Chief Engineers: Jammu, Kashmir)

As can be seen from the above details, the percentage utilisation of funds ranged between 89 and 97. Scrutiny of records revealed that the funds were released by the planning/administrative department to the executing divisions after delays ranging between 30 and 252 days. Also the GOI funds were released to the executing agencies after delays ranging between 32 and 209 days. The delay in release of funds not only resulted in non-completion of schemes on time but also resulted in their cost overrun. Seven⁴⁵ EEs had incurred Rs. 4.03 crore in excess of the budget allotment during 1997-2007. The excess had not been regularised (December 2007). The EE, Irrigation Division (ID), Anantnag attributed this liability to lack of adequate funding by the Government. The CE Jammu stated (December 2007) that the matter had already been taken up with the Government for release of funds to clear the claims for work done.

The Chief Engineer (CE), Kashmir stated that the Department had to monitor the execution of works before release of funds to the executing agencies and there was no delay in release of funds on his part. The CE Jammu replied that the funds were released to executing agencies in a phased manner so that complete physical/financial check could be kept on the development works. The reply is to be viewed in the light of the fact that the Department failed to monitor all the LIS properly as brought out in the subsequent paragraphs.

3.4.10 Programme implementation

The status of LIS in the State is given below:

Table 3.4.2

Total no. of schemes	Completed prior to April 2003	Taken up during 2003-08	Completed during 2003-08	Incomplete (March 2008)
141*	93	42	12	30

*Details of 48 schemes was not available with the Department

⁴³ Funds released by State Government lapse at the end of the financial year.

⁴⁴ Central Loan assistance (CLA) under Accelerated Irrigation Benefit Programme 'a centrally sponsored scheme'

⁴⁵ EE: Mechanical Division Jammu: Rs. 22.60 lakh; ID Dharmari: Rs. 81.75 lakh; ID-Jammu-I: Rs. 6.88 lakh; ID Jammu-II: Rs. 21.56 lakh; Mechanical ID, Anantnag: Rs. 71.09 lakh; ID Tral: Rs. 85.26 lakh; Mechanical ID Srinagar: Rs. 113.80 lakh

The performance of the Department in execution of works and creation of irrigation potential was not satisfactory, despite incurring huge expenditure. The performance was affected by frequent change in designs and consequent revisions resulting in non-completion of schemes, with time and cost- overruns as discussed below:

3.4.10.1 Utilisation of irrigation potential

Scrutiny revealed that 51 out of 93 (Jammu: 34; Kashmir 17) LIS completed up to 2002-03, envisaged creation of a Cultivable Command Area (CCA) of 30,318 acres. The Department was, however, able to create an irrigation potential of only 21,548 acres against which, only 14,619 acres (68 per cent), was being utilised. 100 per cent irrigation potential created was being utilised in six schemes. In 11 schemes, it was less than 25 per cent, in 18 schemes the utilisation ranged between 25 per cent and 50 per cent and in the remaining 16 it was above 50 per cent. The EE, ID, Kathua attributed the shortfall in utilisation of irrigation potential to low voltage of electricity and shortage of revenue staff. No remedial measures for improving the voltage had been taken. The linking of shortage of revenue staff to short-utilisation of irrigation potential remained unexplained. The CE, Kashmir however, attributed (April 2008) the shortfall to rapid urbanisation.

Out of 12 schemes completed during 2003-08, eight schemes were completed only in 2007-08. Therefore utilisation of the potential created in respect of these schemes could not be assessed in audit. However, in respect of the remaining four schemes, against the creation of irrigation potential of 3174 hectares, only 612 hectares (19 per cent) had been utilised as tabulated below:

Table 3.4.3

Name of Lift Irrigation Scheme	Year of start/ due date of completion	Date of completion	Irrigation potential created (Hectares)	Actual area utilised by farmers ⁴⁶ (Hectares)	Estimated cost (Expenditure incurred) (Rs. in crore)
Lethpora	1973-74/1977	2006-07	2946	439	2.77 (9.88)
Palpora*	2001-02/ 2005-06	Closed in 2005-06	7	7	0.25 (0.10)
Manda-II	2003-04/2005-06	2007	35	6	0.45 (0.45)
Ismailpur	2003-04/2004-05	2005-06	186	160	0.39 (0.39)
Total			3174	612	3.86 (10.82)

*Clubbed with LIS Martand

Although LIS Lethpora was stated to have been completed, it could not cater to the envisaged area due to non-completion of the main/subsidiary canals. The EE concerned attributed under utilisation of lift irrigation scheme Manda-II to the fact that the scheme was in its initial stage of functioning. The reasons for underutilisation in respect of the other two schemes were not stated.

3.4.10.2 Unplanned execution

Out of 30 schemes under execution, seven schemes due for completion between 2000-01 and 2006-07 had not been completed due to dispute over land/ link alignment (three), insufficient water source, non-completion of civil works, non-

⁴⁶ As per the records of Ziladar

procurement/installation of machinery and inadequate funds (one each) as tabulated below:

Table 3.4.4

Name of the scheme	Intended area for benefit (in acres)	Date of start	Due Date of completion	Estimated cost (revised cost) Rs. in lakh	Expenditure (Rs in lakh)	Reasons for non-completion
Awneera	300	2003-04	2004-05	50.32	25.10 (March 2005)	Dispute on source of water with villagers.
Lalyal	275	2003-04	2006-07	64.04 (73.64)	63.74 (March 2007)	Dispute on land and land owners demanded Government jobs.
Saidgarh	655	2003-04	2006-07	66.20 (199)	40.19 (March 2007)	Water source not found sufficient and work incomplete
Sohanjana	265	2003-04	2006-07	105.45	96.69	Dispute of alignment of link channel and delay in procurement of machinery
Kothey Saini	232	2003-04	2005-06	55.11 (75.11)	56.11	Non- completion of civil works
Jathana	53	2003-04	2005-06	52.50 (80.69)	47.54	Due to non-procurement and non-installation of machinery
Gurah Pattan	348	1998-99	2000-01	74.58 (110)	98.03	Non availability of funds
Total	2,128			468.20	427.40	

The Department's failure in resolving the key issues relating to these schemes resulted in unfruitful expenditure of Rs. 4.27 crore besides non- provision of the irrigation facilities to 2,128 acres of land.

3.4.10.3 Time and cost overrun

There were 42 schemes under execution during 2003-08 out of which, only 12 were completed during the period. Of the balance 30 schemes, 19 schemes suffered on account of frequent change of design and alignment, execution of works at a slow pace, incorporation of additional items of work not envisaged in the original estimates, non-provision of funds, etc. which resulted in time and cost overrun as detailed below:

Table 3.4.5

(Rupees in crore)

Name of Lift Irrigation Scheme	Date of start/ due date of completion	Actual date of completion	Estimated cost (Rs. in crore)	Expenditure (Rs. in crore)	Cost overrun (Rs. in crore)	Time overrun (In years)
Lethpora	1973-74/ 1977	2006-07	2.77	9.88	7.11 (March 2006)	31
Palpora*	2001-02/ 2005-06	Closed 2005-06	0.25	0.10	-	1
Chung	2003-04/ 2004-05	2007-08	0.34	0.35	0.01 (March 2008)	3

Name of Lift Irrigation Scheme	Date of start/ due date of completion	Actual date of completion	Estimated cost (Rs. in crore)	Expenditure (Rs. in crore)	Cost overrun (Rs. in crore)	Time overrun (In years)
Manda-II	2003-04/ 2005-06	2007-08	0.45	0.45	-	2
Ismailpur	2003-04/ 2004-05	2005-06	0.39	0.39	-	1
Akalpur	2003-04/ 2005-06	2007-08	0.38	0.07	-	2
Seri palai	1999-2000/ 2001-02	2007-08	0.68	0.68	-	6
Awneera	2003-04/ 2004-05	Incomplete	0.50	0.25	-	3
Lalyal	2003-04/ 2005-06	-Do-	0.64	0.64	-	2
Saidgarh	2003-04/ 2005-06	-Do-	0.66	0.40	-	2
Sohanjana	2003-04/ 2005-06	-Do-	1.05	0.97	-	2
Kothey Saini	2003-04/ 2005-06	-Do-	0.55	0.56	0.01 (March 2008)	2
Jathana	2003-04/ 2005-06	-Do-	0.53	0.52	-	2
Gurah Pattan	1998-99/ 2000-01	-Do-	0.75	0.98	0.23 (March 2008)	7
Tral	1979/ 2004-05	-Do-	6.13	39.99	33.86 (July 2007)	26
Rafiabad	1984-85/ 2007-08 ⁴⁷	-Do-	10.60	41.99	31.39 (July 2007)	20
Rajpora	1979/ 2006-07	-Do-	2.13	29.32	27.19 (January 2008)	26
Rakhi Momin	2003-04/ 2004-05	-Do-	0.74	0.84	0.10 (March 2007)	3
Nikowal	1995-96/ 1999-2000	-Do-	1.14	1.43	0.29 (March 2008)	12

* Clubbed with LIS Martand

As is clear from the above, time overrun ranged between 1 and 31 years (19 schemes) while cost overrun ranged up to Rs. 33.86 crore. Scrutiny of records revealed that cost overrun in respect of three medium (Tral, Rafiabad, Rajpora) schemes was Rs. 92.44 crore and the schemes were under execution for the last 20-26 years.

Detailed check also revealed that the schemes had not been planned so as to derive optimum benefits out of the funds spent thereon as illustrated in the subsequent paragraphs:

⁴⁷ Revised projects

➤ The LIS Tral, estimated to cost Rs. 6.13 crore was taken up (1979) with an envisaged CCA of 4,000 hectares. The project was brought (2001) under AIBP at a revised cost of Rs. 70.35 crore to create a potential of 6,000 hectares for completion in three stages. Audit scrutiny revealed that the Department had not prioritised the works stage-wise to derive benefits under each stage, and embarked upon the execution work in all the stages simultaneously. As a result none of the stages could be completed, thereby denying the benefit, which could have otherwise been derived out of the investment of Rs. 39.82 crore spent on the scheme as of March 2008. The EE ID, Tral stated that as the project was huge, the works had been taken up simultaneously

➤ The CE Kashmir approved (2001-02) a scheme “Replacement of Worn Out Pumps” at an estimated cost of Rs. 13.48 crore to be met out of the loan assistance from NABARD and State Government in the ratio of 90:10. The scheme envisaged installation of 143 pumping units in replacement of worn out pumps/rotating assemblies of Pumping units in respect of major/ medium LIS. The scheme also envisaged reducing the expenditure on maintenance and repairs and increasing the existing CCA by 68 *per cent*. The scheme was to be completed within 3 years commencing from 2002-03. The Department, however, failed to augment the irrigation potential even after installation of new pumps as discussed below:

In three Mechanical Irrigation Divisions (MIDs) 59 pumps had to be replaced under the programme for 33 schemes. Out of these, only 54 pumps were replaced at a cost of Rs. 3.42 crore as detailed below:

Table 3.4.6

Name of Lift irrigation Division	No. of schemes	No. of pumps		Expenditure incurred (Rs. In lakh)	Area irrigated in		Decrease in irrigated area. (Acres)
		to be replaced	replaced during 2005-07		2004-05 before replacement (Acres)	2007-08 after replacement (Acres)	
MID Anantnag	9	18	14	97.29	4446	3989	457
MID Baramulla	16	26	25	134.00	1198	1065	133
MID South Srinagar	8	15	15	110.40	2383	2315	68
Total	33	59	54	341.69	8027	7369	658

The irrigation potential actually decreased by 658 acres during 2007-08. On this being pointed out, the EE MID Anantnag, ID Pulwama stated that the matter will be looked into with their counter parts in civil/mechanical wings which indicated lack of coordination within various wings of the Department.

Also instead of replacing the worn out pumps, estimated to cost Rs. one crore the EE, MID, Akhnoor spent Rs. 3.51 crore on maintenance of these pumps during 2003-08 on LIS Ranjan. In spite of this, the irrigation potential decreased from 2,000 hectares to 1,600 hectares in this scheme during the period.

- LIS Siot Nowshera (construction cost: Rs. 42.01 lakh) was converted into a gravity scheme after incurring an expenditure of Rs. 80.22 lakh. The gravity scheme made functional in 2003 could not provide dependable irrigation to the farmers due to leakages in the canal due to which, potential of only 438 hectares was created against envisaged CCA of 1,163 acres. The Department had not incorporated the degraded components in the project report of the scheme formulated for conversion. It was further seen that when the work of conversion of the scheme was in hand, the pumping unit of the scheme was replaced (February 2003) at a cost of Rs. 25.29 lakh, which functioned only for 8 months (September 2003) and thereafter remained idle due to the said conversion. The pumping machinery had not been dismantled as of February 2008. In reply, it was stated (February 2008) that the idle pumping machinery could not be retrieved as the same could be utilised in case of failure of the gravity scheme and also to avoid hue and cry of public regarding shifting of the machinery. However, the lift scheme was converted to gravity for providing dependable and assured irrigation to the farmers and there was no need for pumping machinery which could have been gainfully utilised elsewhere.
- LIS, Bardoh was taken up (1999-2000) at an estimated cost of Rs. 2.53 crore to provide irrigation to 1,055 acres of land by March 2003. The scheme envisaged an increase of 25,112 quintals in agricultural produce. Scrutiny of the records of the EE, ID, Akhnoor revealed that after incurring (December 2007) Rs. 2.38 crore on procurement of machinery and part construction of civil work, the contractor to whom the work had been allotted abandoned the work. No action was taken by the EE to re-allot the balance work. Consequently the machinery purchased for the scheme could also not be installed (January 2008).
- LIS Aijpur Trewa (estimated cost: Rs. 2.55 crore) was taken up (2003-04) by the MICD Jammu under AIBP to create 1,400 acres of irrigation potential with an envisaged increase in agricultural produce by 47,345 quintals. Scrutiny of the records revealed that out of the release of Rs. 54 lakh (December 2006), an expenditure of Rs. 24.08 lakh had been incurred on purchase of machinery, POL, hire charges, etc. whereas the balance amount of Rs. 29.92 lakh had been kept in civil deposit. The machinery could not be installed due to dispute with the contractor regarding the standard of civil work carried out by him. The EE, stated (January 2008) that the work to install the machinery would be taken up as and when the dispute with the contractor was resolved.

3.4.10.4. Outstanding water charges

The position of *abaina* (water charges), assessed and realised from 2003-07 is tabulated below:

Table 3.4.7

(Rupees in lakh)

Year	Opening balance	Assessment	Total	Realisation	Closing balance	Percentage shortfall
2003-04	48.73	16.68	65.41	20.82	44.59	68
2004-05	44.59	18.11	62.70	18.82	43.88	70
2005-06	43.88	25.23	69.11	20.25	48.86	71
2006-07	48.86	18.23	67.09	15.79	51.30	76

*Data relating to the year 2007-08 was yet to be compiled by the department.

As can be seen from the above table, the shortfall in realisation of *abaina* was very high and ranged between 68 and 76 per cent. The increasing trend in outstanding *abaina* indicated lack of establishment of a viable recovery mechanism in the Department. The Chief Engineers stated that efforts would be made to recover the outstanding *abaina* through pursuance at the divisional level. The EEs however, attributed it to shortage of revenue staff.

3.4.10.5 Irregular execution of works

Financial rules provide that no work should be taken up without administrative approval (AA) and technical sanction (TS). Scrutiny of the records of four⁴⁸ Divisions and that of the Chief Engineer, Jammu revealed that 55 schemes were taken up for execution without AA/TS on which expenditure of Rs. 23.75 crore had been incurred. The concerned EEs stated that works were taken up since funds had been provided and the matter would be taken up with competent authorities. Mere allotment of funds does not authorise the EEs to incur expenditure in anticipation of accord of AA/TS. The CE (I&FC) Jammu stated (December 2007) that the matter would be taken up with higher authorities for providing the details of schemes for which administrative approval had been granted.

3.4.11 Internal control

Internal control mechanism in a Government Department is meant to ensure that its activities are carried out according to the prescribed rules and regulations and in an economical, efficient and effective manner. An effective internal control system minimises the risk of errors and irregularities and helps in protecting resources against loss due to wastage, abuse and mismanagement. The internal control of the Department is mostly governed by Financial rules, Public Works Code, etc. Scrutiny of records revealed that the financial rules were not adhered to while implementing the schemes which not only resulted in underutilisation of irrigation potential, non-completion of schemes in time, cost and time overrun of schemes, etc. but also incurring of irregular expenditure, creation of outstanding liabilities, etc. indicating ineffectiveness of internal control mechanism. Apart from the cases of taking up of works without approval and provision of funds the following cases illustrate the weakness of the internal control.

- Two⁴⁹ Divisions executed works through mates and paid Rs. 1.58 crore on hand receipt/causal labour roll during 2003-07 in contravention of financial rules. It was also seen that Rs. 14.59 lakh were paid by the EE, Irrigation and Flood Control Division, Tral in excess of the rates approved by the Government. In reply the EE, Irrigation and Flood Control Division, Sopore stated that the practice would not be repeated in future.
- Eight original works (estimated cost Rs. 45.47 lakh) for lift irrigation scheme Tral were approved (June 2004) by the Superintending Engineer,

⁴⁸ EE, Mechanical ID, Anantnag: Rs. 5.11 crore (October 2007); Srinagar: Rs.7.45 crore (March 2008); Shopian: Rs. 2.91 crore (March 2007); Pulwama: Rs. 1.90 crore (November 2007); Chief Engineer, Irrigation and Flood Control Division, Jammu: Rs. 6.38 crore

⁴⁹ EE, Irrigation and Flood Control Division Sopore: Rs. 58.95 lakh; EE, Irrigation and Flood Control Division Tral: Rs. 99.49 lakh.

Hydraulic Division, Shopian within two days of its submission for its execution departmentally, being of urgent nature. Payment of Rs. 18.22 lakh was made to the contractors between January 2007 and March 2007. Seeking approval and taking up of works for execution departmentally on the ground that the works were of emergent nature was prima-facie irregular, in view of the fact that the scheme was still incomplete (August 2008).

- As per rules, the Chief Engineers/Superintending Engineers are empowered to sanction excess over estimates to the extent of 5 per cent.
- Scrutiny of the records of the EE, Irrigation and Flood Control Division, Tral revealed that execution of 77 works were allowed to be executed in excess of the estimate of Rs. 2.94 crore and the excess (Rs. 3.62 crore) over the estimates of individual works ranged between 11 and 751 per cent. It was also seen that the excess works were carried out by the original contractors and no tendering for the additional works was carried out.
- Scrutiny of records of two Divisions revealed that Miscellaneous Public Works Advances amounting to Rs. 6.25⁵⁰ lakh were outstanding against various officers who had either retired or been transferred or migrated. Similarly, in five divisions an amount of Rs. 39.82 lakh was outstanding on account of temporary advance against 69 officers for more than ten years.
- Financial rules empower the EE to incur expenditure up to a maximum of Rs. 2.50 lakh on maintenance and repairs during a financial year, provided an Annual Repairs Distribution Statement (ARD) is approved by the Chief Engineer. Alternatively, each work is required to be approved by the Chief Engineer prior to incurring of expenditure. Scrutiny of records revealed that seven⁵¹ EEs of Jammu Division had expended Rs. 5.71 crore during the period 2003-07 without obtaining prior approval of the ARD.
- Test-check of three⁵² Divisions revealed that PSL in respect of stores valued at Rs. 15.12 crore⁵³ was not maintained. In reply, the EEs, MICD, Anantnag and Srinagar stated that PSLs would be maintained henceforth.
- Financial rules stipulate that physical verification of stores should be conducted at least once a year and discrepancies, if any, noticed should be adjusted according to the rules. Scrutiny of records revealed that no physical verification was conducted during the period 2003-08 in respect of MICD Srinagar and ID Anantnag. No physical verification in ID, Tral and Pampore had been conducted since August 2002 and March 2006, respectively.

⁵⁰ EE, ID, Pampore: Rs. 6.18 lakh; EE, MID, Srinagar: Rs. 0.07 lakh

⁵¹ EEs: ID Akhnoor: Rs. 79.47 lakh; MID, Jammu: Rs. 54.21 lakh; ID Jammu-I: Rs. 20.50 lakh; ID, Jammu-II: Rs. 25.99 lakh; MID, Akhnoor (Nowshera): Rs. 232.83 lakh; ID Kathau: Rs. 23.47 lakh; ID, Nowshera: Rs. 134.70 lakh

⁵² EE, Mechanical, ID, Baramulla: Rs. 7.44 crore; Anantnag: Rs. 0.92 crore; Srinagar: Rs. 6.76 crore

⁵³ Worked out as per stock issue rates of 2007-08

- Administrative inspection of a subordinate office is required to be conducted periodically by the next higher authority so as to exercise necessary checks and control over the resources and functioning of Office/Divisions. Scrutiny of records of six Divisions revealed that no record of any administrative inspection have been conducted by any higher authority in the divisions during the review period.

3.4.12 Monitoring and evaluation

The Department was required to set up a project level Monitoring Committee for major/medium schemes funded by AIBP/NABARD. The Committee was required to meet every month and to send monthly progress reports to the State Level and National Level Technical Committee. Scrutiny of records revealed that no such committee was set up to monitor the execution of the schemes. The Chief Engineer stated (July 2007) that the project level committee already existed and reports were being sent to Central Water Commission. It was also stated that there was a continuous process for monitoring of these projects. The reply is not acceptable as the minutes of meetings held were not furnished to audit. It was also noticed that minor lift irrigation schemes were not monitored by any other agency. The CE, Jammu stated (December 2007) that Government had directed Additional District Development Commissioner to monitor evaluation works in each district but no such report had been received.

3.4.13 Conclusion

The Department failed to generate additional potential despite huge investment on lift irrigation schemes. Even the potential created has not been fully utilised. The schemes were not completed on time resulting in cost overrun. Works were executed in an unplanned manner resulting in unfruitful expenditure and wastage of resources. Apart from non-adherence to financial rules, the Department also failed to monitor the schemes during execution. As a result, the desired objectives of the schemes could not be achieved.

3.4.14 Recommendations

- Immediate action should be taken to utilise the created irrigation potential
- Steps should be taken to complete all the ongoing lift irrigation schemes in a time bound manner.
- Works should be executed in a planned manner to avoid wastage of resources.
- Monitoring and internal control mechanism should be strengthened for effective implementation of the scheme and accountability should be fixed at various levels for timely completion of schemes.