

This Report includes two chapters containing the observations of Audit on the Finance and Appropriation Accounts of the State for the year 1999-2000 and six other chapters with 10 audit reviews and 32 paragraphs dealing with the results of the audit of selected schemes, programmes and of the financial transactions of the Government and its commercial and trading activities. A synopsis of the major findings is set out in this overview.

1. An overview of the Finances of the State Government

- As against revenue surplus of Rs 451 crore in 1997-98, the succeeding two years ended with revenue deficits. The accounts of the State Government for the year 1999-2000 closed with a revenue deficit of Rs 541 crore, up by 35 *per cent* over the deficit in 1998-99. This indicated deterioration in the financial condition of the State Government.
- During 1999-2000, total revenue receipts and expenditure of the State Government were Rs 5514 crore and Rs 6055 crore respectively. The revenue receipts of the State Government increased (22 *per cent*) from Rs 4509 crore in 1998-99 to Rs 5514 crore in 1999-2000. However, the relative share of revenue receipts in total receipts decreased from 80.11 *per cent* in 1998-99 to 79.82 *per cent* in 1999-2000.
- While revenue raised by the State Government from its own resources viz. tax and non-tax revenue constituted only 18 *per cent* of the total revenue receipts of the State, State's share of union taxes and duties and grants-in-aid from the Central Government formed 82 *per cent* of the total revenue receipts of the State Government.
- Tax revenue receipts increased by 98 *per cent* from Rs 292 crore to Rs 578 crore during the period 1995-2000. Non-tax revenue also increased by 99 *per cent* from Rs 204 crore to Rs 405 crore during the corresponding period.
- Revenue expenditure of Rs 6055 crore during 1999-2000 accounted for 89 *per cent* of the total expenditure of the State Government and increased by 23 *per cent* during 1999-2000 over the level of 1998-99.
- Capital expenditure decreased from Rs 1000 crore in 1996-97 to Rs 711 crore in 1999-2000 and represented only 11 *per cent* of the total expenditure during 1999-2000 against 24 *per cent* in 1996-97. The capital expenditure was incurred mainly on Economic and Social Services.
- The quality of expenditure incurred by the State Government was not satisfactory as share of Plan expenditure in Revenue and Capital expenditure out of total expenditure during 1999-2000 was low (12 and 11 *per cent* respectively). Besides, non-remunerative expenditure on

incomplete projects and amount of wastages, diversion of funds and unspent balances under deposits amounted to Rs 221 crore and Rs 51.08 crore respectively.

- The State Government was increasingly resorting to borrowings to bridge the resource gap. The total liabilities of the State Government including public debt, small savings and provident funds, reserve funds and deposits increased from Rs 4829 crore at the end of 1995-96 to Rs 8182 crore at the end of 1999-2000 -an increase of 69 *per cent*. This was on account of 75 *per cent* growth in internal debt, 61 *per cent* growth in loans and advances from the Central Government and 83 *per cent* growth in other liabilities.
- Fiscal Deficit, representing net borrowings of the State Government, increased by 401 *per cent* from Rs 267 crore in 1995-96 to Rs 1338 crore in 1999-2000. During 1999-2000, 41 *per cent* of these borrowed funds were applied for meeting Revenue Deficit and 59 *per cent* for meeting capital expenditure and for giving loans for developmental and other purposes.
- Interest payments of Rs 845 crore during 1999-2000 constituted 14 *per cent* of the revenue expenditure.
- Out of loans advanced to various bodies like Municipalities, Corporations and Government servants, etc., the details of which are kept by the Accountant General, recovery of Rs 34.49 crore was in arrears as on 31 March 2000.
- While the Government was raising high cost borrowings from the market, its investment in the Statutory Corporations, Government companies, etc. was unremunerative and fetched insignificant returns. 15 Government companies, in which Government had invested Rs 136 crore as on March 2000, were running under loss and their accumulated loss aggregated Rs 126 crore up to the periods of finalisation of their accounts.
- Arrears of revenue amounting to Rs 886 crore in respect of sales tax, passenger tax, forestry and state excise were pending collection at the end of March 2000. Arrears outstanding for more than five years constituted 55 *per cent* of total arrears. The arrears of revenue had registered increase of 18 *per cent* during 1999-2000 over the level of 1998-99.
- Temporary loans/overdrafts obtained by the Government from the Jammu and Kashmir Bank for meeting its ways and means requirements had increased by 93 *per cent* from Rs 2738 crore to Rs 5275 crore during 1995-2000 indicating that the State was increasingly dependent on overdrafts/temporary loans and consequently was paying considerable amounts towards interest. During 1995-2000 interest paid on overdrafts amounted to Rs 529 crore. At the end of March 2000, temporary loan of

Rs 1024 crore was outstanding against Rs 1108 crore at the end of March 1999.

- The Balance from Current Revenue (BCR) of the State Government was negative throughout the period 1995-2000 indicating its dependency on Central assistance for meeting Plan expenditure. Increasing fiscal deficit with reduction in capital expenditure and other adverse financial indicators point to decline in growth inducing planned expenditure. The Government had opted for easier choice of borrowing than to expand its tax resource base, thereby increasing the liability of interest payments substantially.

(Paragraphs: 1.1 to 1.11)

2. Appropriation Audit and Control over expenditure

- Against the provision of Rs 8339 crore during 1999-2000, the expenditure aggregated Rs 12884 crore which resulted in excess expenditure of Rs 4545 crore. The excess was as a result of savings of Rs 1306 crore in 25 grants and 6 appropriations and excess of Rs 5851 crore in 10 grants and 2 appropriations. The excess expenditure was mainly due to clearance of overdrafts obtained by the State Government from Jammu and Kashmir Bank for meeting its ways and means requirements and for purchase of power. The excess expenditure requires regularisation by the State Legislature. Besides, excess expenditure of Rs 22767 crore incurred up to 1998-99 was not regularised by the State Legislature.
- In 10 grants, there was an excess expenditure of Rs 475 crore despite obtaining supplementary grants of Rs 177 crore, reflecting not only failure of the departments to assess realistically the requirement of additional funds even at the end of the year, but also indicates inadequacy of the system for monitoring the trend of expenditure under each head of account.
- In 16 cases relating to 14 grants and one appropriation, supplementary provision of Rs 150 crore remained wholly unutilised as the final expenditure of Rs 1701 crore was even less than the original grant of Rs 1876 crore. In 8 other cases relating to 6 grants and 2 appropriations, supplementary grant of Rs 281 crore exceeded the requirement of Rs 138 crore resulting in saving of Rs 143 crore. Large scale savings indicated over-estimation of required funds.
- Persistent excesses of more than 10 *per cent* over the budget provision were noticed in case of 3 Departments viz. Public Health Engineering and Fisheries Departments (under capital-voted) and Finance Department (under capital-charged).

- There were persistent savings during the last 3 years which were substantial in the departments of Education, Food Supplies and Transport, Planning and Development, Agriculture, Rural Development and Co-operative Department.
- During 1999-2000, expenditure of Rs 452 crore was incurred under 45 major heads of account without provision for such expenditure having been made in the budget. Expenditure without provision reflected financial indiscipline and lax monitoring system of the concerned departments.

(Paragraphs: 2.1 to 2.7)

3. Performance review of schemes/departments/companies/corporations

3.1 Utilisation of grants recommended by Tenth Finance Commission

The Tenth Finance Commission constituted in June 1992 recommended grants to the State for upgradation of District Administration (Police, Fire Services, Jails, Record Rooms, Accounts and Treasuries), promoting primary education and for tackling certain special problems. The envisaged objectives were not, however, achieved in full due to underutilisation of funds.

- Underutilisation of funds deprived the State Government of the Central assistance of Rs 11.60 crore. The State had also not claimed reimbursement of Rs 8.84 crore utilised up to March 2000.
- Rupees 13.33 crore retained in deposits/PLA/bank accounts or advanced to Government departments, etc. were booked as final expenditure.
- Funds aggregating Rs 7.65 crore were diverted for meeting expenditure on plan/non-plan activities which were outside the purview of the approved Action Plan.
- Percentage shortfall in construction of residential quarters, outposts/police stations and for police training was 77, 20 and 73 respectively.
- The objective of strengthening and upgrading fire fighting capabilities was not achieved due to delay in completion of civil works and non-purchase of rescue equipment and fire call communication system etc. despite expenditure of Rs 2.99 crore incurred during 1997-98 to 1999-2000.
- Though Rs 1.13 crore were released by the State Government during 1998-2000 for construction/renovation of 12 record rooms, only two new

record rooms were constructed (expenditure: Rs 19.45 lakh) and one record room was renovated (expenditure: Rs 5.40 lakh) up to March 2000.

- None of the 21 identified district/additional treasuries had been computerised up to March 2000 despite release of Rs 1.50 crore by the State Government during 1998-2000. While hardware had been purchased for 13 treasuries, infrastructural facilities for installation of computers had been provided in 4 treasuries only as of August 2000.
- Drinking water/toilet facilities were not provided in the identified primary schools and funds aggregating Rs 5.44 crore were locked up in procurement of material viz, G.I. Pipes, tanks etc.

(Paragraph: 3.1)

3.2 National Family Welfare Programme

The National Family Welfare Programme was introduced in the First Five Year Plan in 1952 for stabilising population level by bringing down birth and death rates through various family planning measures. Subsequently, Maternal and Child Health Services were integrated with it during Fourth Five Year Plan period. The implementation of the programme, however, suffered adversely due to inadequate family control equipment/devices, medicines and absence of training to health workers. The scheme had degenerated into wage programme as expenditure on salaries during 1995-99 ranged between 70 and 100 *per cent* of the total expenditure.

- PAP smear tests were not conducted at PP centres Srinagar and Jammu and a cyto-technician posted at Srinagar centre was paid idle wages of Rs 3.66 lakh.
- Family planning activities at Post Partum Centres suffered adversely as no funds for meeting recurring expenditure on contingency, maintenance of operation theatres, replacement of surgical equipments, POL for vehicles were provided to any PP Centre. Survey conducted by ORG-MARG revealed that Post-Partum care in the State was inadequate and PPCs were poorly equipped.
- Sterilisations conducted under the Programme declined from 15714 in 1995-96 to 11040 in 1999-2000.
- No training was imparted to health workers in all the eleven training schools which resulted in payment of idle wages of Rs 2.55 crore during 1995-96 to 1999-2000.
- Inadequate manpower, non-availability of laparoscopes, family control devices and medicines affected adversely the working of family welfare centres.

(Paragraph: 3.2)

3.3 Urban Employment Generation Programme

With a view to combating under-employment and unemployment in urban areas, a number of Urban Employment Generation programmes were under implementation in the State since October 1989. The programmes aimed at alleviating urban poverty through setting up of self employment ventures, providing wage employment and training, etc. to identified urban poor with special emphasis on SC/ST beneficiaries, women and physically disabled persons. These programmes, however, failed to achieve the desired results and had little impact on improving the quality of life of urban poor due to lack of proper planning, poor utilisation of funds and inadequate mechanism for identification of beneficiaries.

- Utilisation of funds under the programme during 1995-96 to 1999-2000 was poor and ranged between 11 and 43 *per cent*. This resulted in increase of 110 *per cent* in unspent balances at the end of March 2000 over that of March 1995.
- Rupees 1.09 crore were diverted and utilised for activities outside the purview of the programme.
- No household survey for identifying beneficiaries except in Jammu Municipal area and Town Area Committee, Udhampur had been conducted. A proper system for ensuring that only people living Below Poverty Line /registered persons are assisted under the Programme had not been devised. Test check revealed that 114 Above Poverty Line ration card holders and 419 other ineligible beneficiaries were sponsored for assistance.
- The physical achievement of setting up of self-employment units was poor (29 and 33 *per cent* of the targets for NRY/PMIUPEP/SJSRY and PMRY) and percentage of sponsored cases rejected by bank was high which ranged between 39 and 69 *per cent*.
- Coverage of women, SCs, STs and OBCs ranged between nil and 12 *per cent* against the prescribed percentage of 22.5 to 30.
- Physical verification of units set up had not been conducted except by DIC, Udhampur which revealed that 43 *per cent* of the units were closed, non-traceable, non-functional or had not been established at all.
- Training for skill upgradation was imparted at a cost of Rs 1.56 crore through private institutions which were not fully equipped and suitable for imparting training.

- Fifty seven Community Organisers/Recovery Assistants were appointed (salary paid: Rs 17.59 lakh) without observing the prescribed norms of appointment.

(Paragraph:3.3)

3.4 Members of Parliament Local Area Development Scheme and Constituency Development Scheme

Members of Parliament Local Area Development and Constituency Development Schemes were implemented in the State from 1996-97 and 1997-98 respectively. Under the schemes, the legislators have the choice of suggesting execution of works in their respective constituencies based on locally felt needs. The objectives of the Programme were not, however, largely achieved due to non-utilisation of funds by the District Development Commissioners (DDCs), delay in finalisation of cost estimates of individual works and their execution and unauthorised diversion of funds, etc.

- Funds to the extent of 64 *per cent* under MPLADS and 42 *per cent* under CDS remained unutilised ending March 2000. Besides, adjustment accounts for Rs 16.10 crore advanced during 1997-98 to 1999-2000 for execution of works under CDS in four test-checked districts had not been obtained from the implementing agencies.
- Rupees 48.85 lakh (MPLADS: Rs 30.16 lakh; CDS: Rs 18.69 lakh) were diverted on purchase of inventory, execution of soil conservation works for individual beneficiaries, etc. in contravention of the guidelines of the schemes.
- Out of 1954 works (MPLADS: 281; CDS: 1673) sanctioned during 1996-99, 143 works had not been taken up despite availability of funds.
- Four works having estimated cost of Rs 25.03 lakh were abandoned after incurring an expenditure of Rs 7.73 lakh.
- Record of assets created under the MPLADS and CDS had not been maintained by DDCs in any of the test-checked districts nor was the implementation of the scheme monitored properly.

(Paragraph: 3.4)

3.5 Assistance to migrants

A Relief Organisation was created in March 1990 for providing relief to the families which migrated from Kashmir valley due to out-break of militancy. Six migrant camps had been established in Jammu and Udhampur districts and 31913 families were registered in the State up to March 2000. Of these 15329 families were provided cash relief and free rations which was reimbursed by the Central Government. Test-check revealed fake and fictitious registration of a large number of families for receiving cash relief etc., high administrative costs and poor delivery of relief services to the migrants.

- Expenditure on cash assistance was overstated by Rs 4.26 crore during 1997-98 to 1999-2000. Detailed adjustment accounts for Rs 2.58 crore advanced to various departments, zonal offices, etc. and utilisation certificates for Rs 4.37 crore advanced during 1995-2000 to various line departments and an NGO were awaited.
- Norms for administrative expenses had not been fixed in absence of which the expenditure on payment of relief to migrant families increased from Rs 726 per family during 1995-96 to Rs 1247 during 1999-2000.
- Due to non-adherence to the prescribed procedures for registration, 26000 families registered were found to be fake up to March 1998. Against irregular assistance of Rs 40.88 crore provided to them, only Rs 3.62 crore had been recovered.
- Cash assistance of Rs 7.24 crore was paid to 779 migrants whose antecedents had not been verified properly.
- The quantity of free rations authorised by the Relief Organisation to the migrants during 1995-2000 was less by 50230 quintals than the quantity of such rations for which bills were raised by the Food and Supplies Department against the Organisation. This involved excess billing of Rs. 3.98 crore by the Food and Supplies Department. The discrepancy has not been set right as of December 2000.
- Out of 4588 one room tenements constructed for migrant families, 2131 tenements constructed during 1991 to 1994 at a cost of Rs 7.30 crore were defective and developed cracks soon after occupation.

(Paragraph: 3.5)

3.6 Integrated Audit of Social Welfare Department

The objective of the Social Welfare Department is to promote welfare activities among weaker sections of the society especially Scheduled Castes, Scheduled Tribes and other underprivileged like destitutes, handicapped persons, widows, etc. The achievements were not, however, satisfactory due to poor planning and faulty implementation of various programmes. Non-adherence to control mechanisms/systems facilitated irregular appointments, misappropriations, diversion of funds and incidence of avoidable expenditure.

- Budgetary control was poor which resulted in unauthorised excess expenditure of Rs 2.23 crore over budget allocations under 24 schemes/sub-heads and savings of Rs 1.64 crore under 6 schemes. Detailed accounts for Rs 28.80 crore advanced to various Tehsil Officers for disbursement of stipend, scholarship, pension and other payments had not been obtained.
- Non-adherence to financial rules and inadequate control mechanism resulted in embezzlement of cash (Rs 1.38 lakh) in the office of the Tehsil Social Welfare Officer, Budhal and non-accountal of Rs 19.62 lakh in the cash books of Tehsil Social Welfare Officers, Rajouri and Poonch.
- Rupees 16.64 lakh meant for National Old Age Pension and Integrated Social Security Schemes were diverted during 1995-2000 for purchase of computers, fax machine, etc.
- Improper manpower management facilitated irregular/unauthorised appointments of 169 persons during 1989-1999.
- Incorrect projection of parameters and indicators under 4 Centrally Sponsored Schemes deprived the State Government of central assistance of Rs 27.16 crore.
- Irregular pension/relief payment of Rs 66.52 lakh was made during 1995-98 under Integrated Social Security Scheme to ineligible beneficiaries.
- Rupees 30.38 lakh were paid as idle wages to staff in 3 Cottage Industries Centres during 1995-2000.
- Extra expenditure of Rs 55.73 lakh was incurred on purchase of various store items at negotiated rates instead of lowest tendered rates.

(Paragraph: 3.6)

3.7 Jammu and Kashmir Sports Society

Jammu and Kashmir Sports Society was registered in 1961 under the Societies Registration Act VI 1998 (Svt) for planning all round development of sports and games in the State. The Society, however, largely failed to achieve the desired objectives due to inadequate supervision, planning and monitoring of various schemes and infrastructural deficiencies.

- The society had not prepared its accounts including balance sheet since its inception with the result its financial position was not ascertainable.
- While percentage of expenditure on sports activities decreased from 72 in 1996-97 to 39 in 1999-2000, the percentage of administrative expenses increased from 28 to 61 during the same period which indicated decreased focus on development of sports activities.
- Due to poor system for watching adjustment of advances to various officials for executing developmental works, Rs 86.49 lakh paid during 1985-86 to 1999-2000 were lying unadjusted as of July 2000.
- Grants aggregating Rs 91.92 lakh were disbursed to various sports associations during the period 1995-96 to 1999-2000 even though their recognition had not been renewed as required under rules.
- Construction/development of 24 stadia and play fields taken up by the Society at a cost of Rs 3.20 crore between 1997 and 1999 were lying incomplete as of March 2000. In addition, 20 works of Director Youth Services and Sports involving expenditure of Rs 1.67 crore, taken up for execution by the Society during 1987-88 to 1999-2000, were also lying incomplete.
- Rupees 70.05 lakh released by the Government/Director Youth Services and Sports for completion of on-going works like construction of stadia, youth hostel, school play fields, etc. were diverted for meeting administrative expenses.

(Paragraph: 8.4)

3.8 State Pollution Control Board

The Jammu and Kashmir State Pollution Control Board was constituted in the year 1976 with the objective of preventing and controlling pollution of water bodies in accordance with the provisions of the Water (Prevention and Control of Pollution) Act^φ, 1974. The objective was not, however, achieved mainly due to failure of the Board to regulate and control discharge of industrial

^φ Central Act

effluents into the water bodies and to ensure installation of pollution control devices by industrial units.

- Finalisation of accounts of the Board from 1994-95 and onwards was in arrears.
- The administrative expenses during 1995-2000 constituted 65 *per cent* of the total expenditure of the Board.
- The Board had failed to ascertain the number of industrial units which were functioning without its consent.
- Laboratories for carrying out tests of water had not been made functional. This resulted in non-performance of the mandatory function of testing samples under the Water (Preventive and Control of Pollution) Act, 1974.

(Paragraph: 8.5)

3.9 Jammu and Kashmir Cements Limited

The Jammu and Kashmir Cements Limited was incorporated as a wholly owned Government Company in December 1974 with the main objectives of manufacturing, procuring, selling and dealing in cement. The Company, however, suffered losses due to underutilisation of installed capacity, idle labour and poor inventory material management.

- The Company had finalised its accounts only up to 1994-95. As per provisional accounts, the Company had sustained an accumulated loss of Rs 9.30 crore as on March 1999 which had eroded its paid up capital of Rs 15 crore by 62 *per cent*.
- There was shortfall in achieving even the budgeted targets which were fixed 25 to 58 *per cent* lower than the installed capacity. The percentage shortfall ranged between 25 and 38 in respect of clinker and 14 and 61 in respect of cement.
- The percentage of working hours lost due to voltage fluctuations, mechanical break-down, etc. ranged between 3 and 43 during 1994-95 to 1999-2000 resulting in payment of idle wages of Rs 5.32 crore during this period.
- Materials valuing Rs 9.56 crore was consumed in excess of the norms during 1994-95 to 1999-2000.

- The Company suffered a production loss amounting to Rs 2.48 crore during 1999-2000 due to malfunctioning of pollution control equipment. This also resulted in environmental pollution.

(Paragraph: 7.11)

3.10 Operational performance of Jammu and Kashmir State Road Transport Corporation

The Jammu and Kashmir State Road Transport Corporation was established in September 1976 for providing an adequate, efficient, economical and co-ordinated system of road transport services in the State. The Corporation, however, failed to achieve the objective in full due to poor vehicle productivity, failure to contain average operating expenses and its inability to generate more business, etc.

- The corporation sustained losses continuously since its inception and the accumulated losses stood at Rs 310 crore at the end of March 1999 which completely wiped out its paid-up capital of Rs 97.01 crore.
- The vehicle productivity of the Corporation during 1995-2000 ranged between 100 and 130 kms per day which was lower than the productivity of the adjoining states viz. Haryana, Himachal Pradesh, Punjab, etc.
- The percentage utilisation of the fleet of the Corporation varied between 53 and 58 during 1995-2000 against the norm of 85 which resulted in loss of Rs 75 crore.
- The Corporation suffered revenue loss of Rs 13.88 crore due to loss of 1.16 lakh vehicle days on account of belated delivery of vehicles after fabrication by body builders, delay in allotment of buses to depots and detention of vehicles in workshops.
- For every kilometre run by its vehicular fleet, the Corporation suffered a loss of Rs 13.83 to Rs 16.86 during 1995-99 due to high operational expenses. The aggregate loss on this account worked out to Rs 157 crore during the period.
- The Corporation failed to generate business from private parties/agencies which resulted in empty running of 31 lakh kilometres by its load carriers during 1995-96 to 1999-2000 leading to loss of Rs 62.96 lakh on account of consumption of 6.42 lakh litres of HSD.

(Paragraph: 7.12)

4.	Audit paragraphs
4.1	Unfruitful/idle investment

- Investment of Rs 34 lakh made on semi-constructed structure was rendered idle for more than 4 years due to the failure of the Stationery and Office Supplies Department to monitor and co-ordinate the construction work.

(Paragraph: 3.14)

- Inadequate survey and improper planning and failure to take into account the proximity of command area to Jammu city rendered an expenditure of Rs 23.68 lakh incurred on a lift irrigation scheme at Sidhra largely unfruitful.

(Paragraph: 4.1)

- Failure of the Irrigation and Flood Control Department to take up construction of an Irrigation *Khul* without proper geological investigation and to get the damages to the *Khul* restored since November 1991 resulted in unfruitful expenditure of Rs 20.40 lakh. The objective of providing assured irrigation facility to a backward area under the minor irrigation scheme despite inherent advantages of smaller capital outlay, short-gestation period, etc. was not achieved even after 22 years of taking up of the work.

(Paragraph: 4.2)

- Injudicious purchase of a hydraulic excavator, two trucks, hot mix plant and asphalt paver finisher by Mechanical Engineering Department and consequent non/under utilisation resulted in idle investment of Rs 96.35 lakh besides wasteful expenditure of Rs 4.43 lakh.

(Paragraph: 4.4)

- Taking up of work on lift water supply scheme, Rajouri without ensuring the right to use the source of water resulted in unfruitful expenditure of Rs 35.10 lakh besides, depriving the beneficiaries of the intended benefits for over 14 years.

(Paragraph: 4.8)

- Purchase of sewing machines and barber's/cobbler's tool kits by Project Officer, District Rural Development Agency Pulwama without identifying the beneficiaries and assessing their requirement resulted in unfruitful expenditure of Rs 14.22 lakh besides, depriving the beneficiaries of the intended benefits.

(Paragraph: 8.6)

4.2 Infertuous/wasteful/irregular expenditure, etc.

- Expenditure of Rs 1.39 crore incurred by 220 KV Transmission Line Division Udhampur without any valid budget allotment and assignment of departmental receipts of Rs 0.16 crore towards departmental expenditure was irregular and indicated poor financial discipline/control. Further Rs 72.48 lakh were retained under Public Works Deposit for over 2 years in violation of financial rules.

(Paragraph: 4.5)

- Unplanned execution of construction of flyover between left bank of Budshah Bridge and New Secretariat and abandoning it later resulted in infertuous expenditure of Rs 31.23 lakh.

(Paragraph: 4.10)

- Drawal of funds in violation of financial rules and purchase of stores in excess of actual requirements resulted in wasteful expenditure of Rs 7.11 lakh and locking up of Rs 2.95 lakh for over 7 years.

(Paragraph: 4.11)

- Avoidable expenditure of Rs 12.34 lakh was incurred by Jammu and Kashmir Projects Construction Corporation Limited on construction of a 51 metre span bridge over Lohai *Nallah* due to deficiencies in the design of the bridge and other shortcomings.

(Paragraph: 7.15)

4.3 Locking up of funds

- Failure of the Animal Husbandry Department to ensure suitability of site, selected for setting up of a milk chilling plant, resulted in locking up of funds aggregating Rs 10.05 lakh for periods of over 5 to 8 years and denial of envisaged facilities to milk producers.

(Paragraph: 3.7)

- Construction of a public health centre at a protected archaeological site at Burzahama despite objections raised by the Archaeology Department and a labour *Sarai* at an unsuitable site resulted in infertuous expenditure of Rs 5.45 lakh and locking up of Rs 7.96 lakh for over two to five years respectively.

(Paragraph: 3.10)

- Failure of the Sericulture Department to properly plan the construction of a cold store resulted in avoidable expenditure of Rs 12.97 lakh on procurement of ice for storage of silkworm seeds and locking up of Rs 12 lakh for 3 to 15 years besides, cost escalation of Rs 13.50 lakh.

(Paragraph: 3.13)

- Unplanned and injudicious purchase of three pump sets during 1998 by Mechanical Engineering Department Kargil without taking into cognizance the availability of pump sets already in store resulted in the idling of equipment and consequent locking up of funds aggregating Rs 15.98 lakh.

(Paragraph: 4.3)

- Non-finalisation of drawings/designs resulted in locking up of investment of Rs 80.85 lakh on a semi-constructed structure up to raft level in old secretariat premises Srinagar for a period of more than 7 years. Mobilisation advance of Rs 20 lakh was also paid to a contractor even after the execution of work was suspended by him.

(Paragraph: 4.9)

- Failure of the Power Development Department to exercise adequate control and conduct periodical reconciliation of supplies received by it against advances made to various suppliers, resulted in locking up of funds aggregating Rs 3.02 crore for periods varying from 4 to 14 years.

(Paragraph: 5.2)

4.4 Irregular payment of pay and allowances

- Excess payment of honorarium aggregating Rs 72.03 lakh made by seventeen Drawing and Disbursing Officers of Police Department to employees deployed for the conduct of Parliamentary and State Assembly elections of 1996 had not been recovered.

(Paragraph: 3.11)

- Irregular fixation of pay of 160 store keepers by Food and Supplies Department resulted in excess payment of pay (excluding allowances) aggregating Rs 80.45 lakh for the period January 1995 to September 1999.

(Paragraph: 7.13)

4.5 Idle wages

- Failure of the Education and Industries and Commerce Departments to adjust the surplus staff of a non-functional hostel and drivers, who were without work, resulted in payment of idle wages of Rs 16.62 lakh to the staff during September 1993 to March 2000.

(Paragraphs: 3.8 and 3.12)

4.6 Cost and time over-run

- Defective survey and improper planning in execution of 220 KV double circuit 174 Km Transmission Line from Kishenpur to Pampore resulted in time over-run of 28 months and cost over-run of Rs 92.25 crore.

(Paragraph: 4.6)

4.7 Other points on Autonomous Bodies and Authorities

- Utilisation certificates in respect of grants aggregating Rs 733.35 crore paid ending March 1999 in 7647 cases were awaited as of 30 September 2000.

(Paragraph: 8.1)

- Accounts of 34 bodies were in arrears for periods ranging between one year and 28 years as on 30 September 2000. The main defaulters were Srinagar/Jammu Development Authorities, Board of Secondary Education, Srinagar, District Rural Development Agency, Doda, Jammu and Kashmir State Council for Science and Technology, Sher-i-Kashmir Medical Institute Trust Soura, Institute of Management and Public Administration, Jammu and Kashmir Co-operative Supply and Marketing Federation Limited, etc.

(Paragraph: 8.1(b))

- Grants aggregating Rs 7.05 crore meant for developmental and educational purposes and for beneficiary-oriented schemes remained unutilised with 7 bodies/authorities whose accounts were audited during 1999-2000. Further, amounts aggregating Rs 1.46 crore advanced by 4 bodies/agencies to contractors/suppliers during 1997-99 were outstanding as of March 2000.

(Paragraph: 8.3.1 (i and ii))

4.8 Revenue receipts

(a) Underassessments/suppression of turnover

- Test-check of records of Sales Tax, State Excise, Stamps and Registration Fees, Forest and other departments conducted during 1999-2000 revealed underassessments, short levy, loss of revenue, etc. of Rs 16.80 crore in 134 cases. The concerned departments accepted underassessment, etc. of Rs 1.19 crore in 7 cases.

(Paragraph: 6.2)

- Failure of the Assessing Authority to follow prescribed internal controls resulted in suppression of turnover of Rs 25.15 lakh with consequential short levy of tax, interest and penalty of Rs 9.05 lakh

(Paragraph: 6.3)

- Failure of the Assessing Authority to detect inter-state purchases made by a dealer, which were not covered under certificate of registration, resulted in non-levy of tax, penalty and interest of Rs 3.11 lakh.

(Paragraph: 6.4)

(b) Shortfall/loss due to non-levy of tax/penalty, etc.

- Incorrect computation of tax by the Assessing Authority resulted in short levy of tax and interest of Rs 3 lakh.

(Paragraph: 6.5)

- The State exchequer suffered revenue loss of Rs 2.08 crore due to non-realisation of penalty and loss of revenue on account of short extraction of resin, illicit tapping of blazes and failure of the State Forest Department to make adequate arrangements for storage/safety of the extracted resin.

(Paragraph: 6.6)

- Failure of the Forest Department to raise bills of timber against the State Forest Corporation and short charging of volume of timber handed over to it, resulted in non-recovery of Rs 1.02 crore and Rs 3.38 lakh respectively.

(Paragraph: 6.7)

- Failure of the Forest Department to raise bills for damages to forests caused by the contractors and to impose penalty for illegal felling of trees resulted in loss of revenue of Rs 2.10 lakh.

(Paragraph: 6.8)

- Recovery of licence/renewal licence fee from 159 brick kiln owners at pre-revised rates resulted in short-realisation of revenue of Rs 3.25 lakh.

(Paragraph: 6.9)

4.9 Commercial activities

The State had 19 Government companies (including 1 subsidiary) and 4 Statutory Corporations under its control as on 31 March 2000.

- The total Government investment in 23 Public Sector Undertakings by way of equity and long term loans was Rs 1444 crore as on 31 March 2000 against Rs 1559 crore as on 31 March 1999.
- In the total investment of Government companies at the end of March 2000, 30 *per cent* comprised equity capital and 70 *per cent* long-term loans.
- The total investment in the two Statutory Corporations at the end of March 2000 was Rs 698 crore against Rs 711 crore in the previous year.

(Paragraph: 7.2)

- Out of 19 Government companies and 2 Statutory corporations, only one company had finalised its accounts for the year 1999-2000. The accounts of 18 companies and the 2 Statutory corporations were in arrears for periods ranging between 2 and 16 years.

(Paragraph: 7.5)

- As per their latest finalised accounts, only three companies had earned a profit of Rs 120.24 crore while 13 companies suffered an aggregate loss of Rs 25.44 crore. Remaining three companies had not finalised their accounts as of September 2000. The two Statutory corporations had also incurred losses which aggregated Rs 46.40 crore as per their latest accounts.

(Paragraph: 7.6 and Appendix-20)