

Chapter-IV
Works Expenditure
Section-A-Reviews
Irrigation and Flood Control Department

4.1 Performance of Irrigation Department

The department was responsible for planning, execution and maintenance of various irrigation schemes. The objective of providing assured irrigation to the cropped area in the State remained largely unrealised, despite expenditure of Rs 414.85 crore during the period 1997-2001, owing to defective planning/execution of works, high administrative costs and inadequate control.

Highlights

- **Administrative department belatedly released funds to the divisions which resulted in their underutilisation to the extent of 13 per cent.**
- **Loan assistance of Rs 29.39 crore obtained from NABARD and Central Government during 1996-2001 was inefficiently utilised.**
- **The divisional officers of 17 divisions created an unauthorised liability of about Rs 17 crore by executing un-approved works for which no funds were allotted.**
- **The basis for fixation of varying annual targets for creation of irrigation potential was not made available to Audit. As such percentage shortfall could not be commented upon. It was, however, seen that while establishment charges of the department increased by 77 per cent, expenditure on works declined by 14 per cent.**
- **Twelve irrigation schemes taken up for execution during the years 1972-84 and to be completed during 1976-94, were incomplete as of April 2001. The estimated cost of these works was revised to Rs 351.29 crore, an increase of 359 per cent.**
- **The Chief Engineer, Kashmir failed to finalise the terms of execution for construction of main pump house of Rafiabad Lift Irrigation Scheme which led to delay in its completion and escalation of cost by 161 per cent. The Chief Engineer, also failed to ensure installation of the pumping equipment purchased at a cost of Rs 2.30 crore which**

resulted in extra expenditure of Rs 31.96 lakh on account of cost escalation, besides delay in its commissioning.

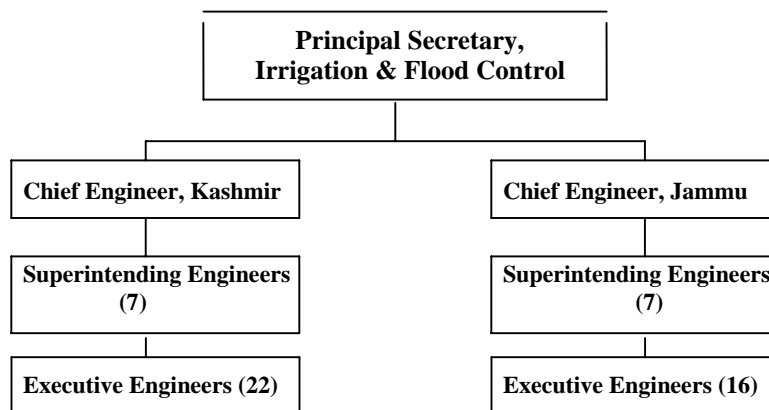
- 358 works were taken up for execution at an estimated cost of Rs 72.09 crore without obtaining administrative approval and technical sanction.
- Two irrigation works taken up during 1974-75 without proper survey/investigations led to their abandoning and resultant unfruitful/wasteful expenditure of Rs 4.09 crore thereon.
- Material costing more than Rs 55 lakh procured by two divisions during October 1996 to December 1998 was lying unutilised as of February 2001.
- Temporary advance of more than Rs 1 crore was outstanding against officials in 11 divisions as of March 2001 which included outstandings against those who had been transferred (Rs 67.04 lakh) and had retired/expired (Rs 18.25 lakh).

Introduction

4.1.1 Irrigation and Flood Control Department (I&FC) was created in the year 1959 with the objective of providing assured irrigation to cultivable/cultivated land in the State. Out of the total cropped area of 10.77 lakh hectare (Kashmir: 4.27 lakh ; Jammu: 6.50 lakh) in the State, an area of 4.44 lakh hectare (Kashmir: 61 *per cent*; Jammu: 39 *per cent*) only is irrigated by gravity and lift irrigation canals, tanks and tube wells.

Organisational set-up

4.1.2 The organisational structure of the department is given in the following chart:



Audit coverage

4.1.3 The working of the department for the period 1997-2001 was reviewed in audit (January 2001 to March 2001) by test-check of records of Chief Engineers and 17^ψ divisional officers (Kashmir: 11; Jammu: 6). The results of the review are brought out in the succeeding paragraphs.

Allocation and expenditure

4.1.4 The position of funds allotted by the Government and expenditure incurred thereagainst during the period from 1997-98 to 2000-01, as per departmental records, was as under:

(Table No. 4.1)

(Rupees in crore)

Year	Allotment	Expenditure	Savings (percent)
1997-98	86.00	83.40	2.60 (3)
1998-99	113.94	100.59	13.35 (12)
1999-2000	127.38	94.94	32.44 (25)
2000-01	117.53	108.96	8.57 (7)
Total	444.85	387.89	56.96 (13)

Poor management of funds

4.1.5 Out of Rs 19.65 crore released by the administrative department in Jammu Division during the last quarter of the years from 1997-98 to 2000-01, Rs 12.11 crore (62 *per cent*) were released to implementing agencies in the month of March each year. 45 *per cent* (Rs 8.92 crore) of these releases were made in the last week. Belated release of funds mainly contributed to their underutilisation. Besides, funds aggregating Rs 56.96 crore were not surrendered for utilisation by other needy departments during 1997-2001. Belated release of funds by the administrative department to implementing offices/divisions and non-surrender of anticipated savings indicated inefficient mechanism for transfer of resources from one level to another and poor management of funds in the department.

Inefficient and under-utilisation of loan assistance

4.1.6 The State Government obtained loan assistance of Rs 14.83* crore from Central Government under Accelerated Irrigation Benefit Programme and Rs 16.06 crore from National Bank for Agriculture and Rural Development (NABARD) for speedy completion of fresh/ongoing irrigation schemes. These loans carried interest of 12.5 and 12 *per cent* per annum respectively. Year-wise position of loans obtained, amount utilised and unspent balances is given in the table below:

^ψ Pulwama, Shopian, Anantnag, Ganderbal, Baramulla, Sopore, Tral, Ompura, Jammu I&II, Udampur, Kathua, Akhnoor, Mahore, Tube well Irrigation Division, Srinagar, Mechanical Irrigation Divisions: Srinagar and Baramulla

* Excludes Rs 1.50 crore obtained for Igo-Phey canal, Ladakh during 2000-01

(Table No. 4.2)

(Rs in crore)

Year	NABARD			Central Government		
	Loan assistance obtained	Expenditure	Unspent	Loan assistance obtained	Expenditure	Unspent
1996-97	0.62	0.62	Nil	-	-	-
1997-98	5.42	4.43	0.99	-	-	-
1998-99	1.15	1.35	(-) 0.20	-	-	-
1999-2000	6.00	3.90	2.10	4.68	3.69	0.99
2000-01	2.87	5.25	(-) 2.38	8.65	7.48	1.17
Total	16.06	15.55	0.51	13.33	11.17	2.16

4.1.7 Underutilisation of loan assistance from the Central Government was mainly in respect of the modernisation schemes of Ranbir, Pratap and Kathua canals. Following illustrative examples revealed inefficient management of loan resources.

(a) Out of Rs 4.26 crore obtained from NABARD for Koil Lift Irrigation Scheme, Rs 46.86 lakh were utilised during 1996-97 and 1997-98 on maintenance of mechanical equipment which was outside the approved action plan. In addition, material costing Rs 20.43 lakh purchased during 1997-98 and 1998-99 was lying in stores as of June 2001.

(b) Similarly, out of the loan assistance of Rs 1 crore each, obtained from Central Government during 2000-01 for Rajpura and Tral Lift Irrigation schemes, Rs 1.62 crore were advanced (March 2001) to Steel Authority of India Limited and Jammu and Kashmir Cements Limited for supply of material. The material had not been received from the concerned agencies as of June 2001. Further, Rs 0.81 lakh were spent on works outside the approved programme.

Liability on account of unauthorised works

4.1.8 Incurring expenditure in excess of grant authorised by the Legislature or on any new service without the specific vote of the Legislature is prohibited. Records of the Chief Engineer, I&FC, Kashmir revealed that Executive Engineers of 17 irrigation divisions in Kashmir Division had executed works without provision of funds and without obtaining administrative approval. Liability of Rs 16.95 crore created as a result, during the period from 1996 to 1999 had not been discharged as of April 2001.

Poor control over expenditure by Chief Engineers

4.1.9 The Chief Engineers did not maintain a register of grants and appropriations to record original grants and their distribution amongst subordinate officers. A separate register for recording transactions for each minor and sub-head of account and watching progress of expenditure on

monthly basis was also not maintained. The registers maintained for plan and non-plan expenditure also did not contain any details of grants sanctioned for the year and monthly releases thereagainst. Clearly there was poor control over expenditure owing to non-maintenance of the prescribed control records.

Flaws in manpower management

Non-fixation of norms

4.1.10 The department had an effective strength of 8761 persons against the sanctioned strength of 9116 in different cadres. Individual job profiles including work output per manday had not been analysed or reviewed for assessing manpower requirement. This was essential in view of transfer (January 1988) of the work relating to execution of civil works costing Rs 15 lakh or more by the Government to Jammu and Kashmir Projects Construction Corporation (JKPCC). The department had also not adopted any system for periodical monitoring of cadre-wise position of sanctioned and effective strength in various subordinate offices for proper control and utilisation of manpower resources. Illustrative audit observations which bring out various kinds of irregularities in manpower management are as follows:

Irregular appointments

(a) Out of 3455 daily rated workers in Kashmir Division, 2877 workers who had completed seven years service were regularised by the department in pursuance of Government orders of March 1994. For this, 2877 temporary posts were created, which were to be adjusted against future vacancies arising in regular/permanent Class IV cadre due to superannuation, etc. It was, however, noticed that 119 vacancies arising in regular/permanent Class IV cadre were not utilised towards reduction of posts and instead were irregularly filled up by fresh appointments by the Chief Engineer, Kashmir during the period May 1997 to June 1999. The prescribed procedure of advertisement of vacant posts and making appointments through a committee comprising Head of the Department and three additional members nominated by the administrative department was also not followed. Further, 148 daily wagers (Kashmir: 141; Jammu: 7) had been appointed in 5 test-checked divisions during the period May 1994 to March 2000 despite imposition (January 1994) of ban by the Government on such appointments.

Unproductive expenditure on idle staff

(b) Survey and Investigation Division, Srinagar was abolished in March 1999. Out of the manpower strength of 75, 43 employees were adjusted in Public Health Engineering Department/sister divisions. The remaining 32 employees had not been adjusted (February 2001). As a result,

unproductive/idle expenditure of Rs 37.03 lakh had been incurred on their salaries during the period from April 1999 to February 2001.

Non-observance of norms for transfers

(c) The Government, in supersession of all previous orders regarding transfers and postings, *inter alia*, directed (December 1991) that employees should ordinarily be transferred after completion of two years service at a place of posting. Test-check of records of 13 divisions (Kashmir: 10; Jammu: 3) revealed that 335 employees (Kashmir: 288; Jammu: 47) had not been transferred even after completion of 5 to 25 years of service at the same place of posting.

Training

(d) No training courses for the staff were held by the department during the period covered under the review.

Project planning and implementation

Survey and planning

4.1.11 The department had not conducted any survey to identify the problem districts/villages in the State requiring augmentation and creation of irrigation facilities. Perspective plans for achieving the objective of optimal utilisation of the water resources of the State had also not been prepared. A systematic procedure based on surveys, cropping pattern followed and irrigation potential available had not been adopted for identification of irrigation schemes, as a result of which most of the schemes had to be revised leading to delay in their completion and resultant additional financial burden on the State. Some of these cases are discussed in subsequent paragraphs:

Implementation

Shortfall in achievement of targets

4.1.12 The position of targets fixed for creation of irrigation potential in the State and achievements thereagainst during the period 1997-98 to 2000-01 as per the departmental records, was as under:

(Table No. 4.3)

(in hectare)

Year	Targets	Achievements	Shortfall (per cent)
1997-98	5500	3196	2304 (42)
1998-99	4650	1129	3521 (76)
1999-2000	2213	287	1926 (87)
2000-01	3300	990	2310 (70)

4.1.13 The basis of setting up of varying annual targets was not made available to Audit. Therefore, it was not possible to make comments on percentage shortfall. It was, however, seen in audit that there was increase of 77 per cent in expenditure on establishment from Rs 41.16 crore in 1997-98 to Rs 72.71 crore in 2000-01 and decline (14 per cent) in expenditure on works from Rs 42.24 crore to Rs 36.25 crore during the same period.

Time and cost overrun

4.1.14 Twelve major/medium irrigation schemes were taken up for execution by the department, during the period from 1972 to 1984, at an estimated cost of Rs 76.53 crore and expected to be completed between 1976 and 1994. No scheme had, however, been completed despite expenditure of Rs 66.45 crore as of March 2001. Due to delay in completion of these schemes, their estimated cost was revised to Rs 351.29 crore (increase: 359 per cent) between June 1996 and March 2000 and these were expected to be completed by 2001/2004. Execution of one of these schemes is discussed in the following paragraph:

Rafiabad lift irrigation scheme

4.1.15 The scheme (estimated cost: Rs 9.15 crore) envisaged lifting of water from river Jehlum for providing stabilised irrigation to 4803 acres of paddy land and additional coverage of 2527 acres including 2000 acres of orchard land. The work on the scheme was taken up in 1984-85 and expected to be completed in five years. The estimated cost of scheme was, however, revised (July 1985) to Rs 10.61 crore and again (during 2000) to Rs 35.60 crore. The scheme had not been completed and expenditure of Rs 19.90 crore had been incurred on it as of March 2001. Following points were noticed:

(a) Construction of main pump house of the scheme (estimated cost: Rs 1.05 crore) was allotted to JKPCC by the Chief Engineer, Kashmir in November 1985. The rates of various items of work and other terms and conditions were to be approved by the committee set up (May 1985) by the Government for this purpose. This was not done. Agreement spelling out terms and conditions for execution of the work was also not executed with JKPCC. The work started by JKPCC in 1986 for completion in 30 months,

had not been completed as of April 2001. Meanwhile, the cost of the work was revised (December 1992) by JKPC to Rs 2.74 crore (increase: 161 *per cent*). While payment of Rs 2.64 crore (96 *per cent*) had been made to JKPC, physical progress was 56 *per cent* only. Failure of the department to settle terms and conditions for execution of the work and bind JKPC for its timely completion, contributed to delay, besides escalation in the cost of the work.

(b) The work of design, manufacturing, delivery and commissioning of pumping and allied equipment for the scheme was allotted (December 1989) to a Pune based firm at a cost of Rs 2.39 crore for completion by April 1991. The firm on the direction of the Chief Engineer, Kashmir, however, delivered the equipment (amount paid: Rs 2.30 crore) at Ranjan Lift Irrigation Station, Akhnoor, Jammu during the period from December 1990 to January 1994 due to refusal of transporters to carry it to the site. The department, thereafter did not pursue the matter with the firm. In February 1997, the firm proposed rescinding of the contract and re-negotiation of the deal for transportation, servicing of the equipment stored at Jammu and its commissioning. Pursuant to re-negotiations, the department agreed (July 2000) to pay among others, the servicing charges (Rs 20 lakh) and actual price escalation beyond stipulated delivery period. As of April 2001, the firm had not taken up the balance work despite payment (November 2000/March 2001) of price escalation claim of Rs 31.96 lakh.

(c) Rupees 35.42 lakh earmarked for the scheme were diverted to other schemes/works during June 1996 to May 1998.

Execution of works without administrative approval/technical sanction

4.1.16 Except in cases covered by any special rules or orders of Government, no work is to be taken up until administrative approval and technical sanction from the appropriate authority has been obtained. Test-check of records of 7 divisions (Kashmir: 3; Jammu: 4) revealed that 358 works (Kashmir: 59; Jammu: 299) estimated to cost Rs 72.09 crore were taken up between December 1993 and December 2000 without administrative approval and technical sanction. Execution of works without fulfilling the requirements indicated poor control mechanism in the department.

Unfruitful/wasteful expenditure on irrigation schemes

4.1.17 The department took up execution of following schemes without proper survey/investigation which led to their abandoning and resultant unfruitful/wasteful expenditure of Rs 4.09 crore thereon.

(a) **Banimulla irrigation scheme**

The scheme envisaged construction of 10.315 Km canal for providing assured irrigation to 3872 acres of land in Banimulla valley. The work on the scheme was taken up in 1974-75 at an estimated cost of Rs 91 lakh, which was subsequently revised to Rs 1.74 crore. The scheme commissioned in 1983, after expenditure of Rs 2.27^s crore had been incurred, was able to irrigate 500 acres (13 per cent) only due to hill slope failures, pervious bed, deposition of debris, etc. This was indicative of improper survey and investigation of the scheme. The canal became defunct in 1996 and the District Development Board directed (October 1997) to abandon the work. The Board also directed that no further funds be spent on it. The Superintending Engineer, I&FC, Pulwama, however, engaged (May 1998) a Srinagar based consultancy firm for preparation of the project report for revival of the scheme. The project report prepared at a cost of Rs 7.75 lakh was received in May 1998. Further action for the revival of scheme (estimated cost: Rs 76 lakh) had not been taken as of April 2001.

(b) **Manulzoura irrigation scheme**

The scheme envisaging irrigation of 570.21 hectares of land in Tehsil Shopian was taken up for execution in 1975 and commissioned in 1983 at a cost of Rs 1.69 crore. The canal irrigated 161.88 hectares (28 per cent) only due to same reasons as indicated in sub-para (a) above. The canal became defunct and was abandoned in 1997. For revival of scheme, the Superintending Engineer, Hydraulic Circle, Pulwama engaged (May 1998) a Srinagar based consultancy firm for preparation of project report at a cost of Rs 4.74 lakh. The project report for the work (estimated cost: Rs 97 lakh) was prepared by the consultancy firm in July 2000. No further action for revival of scheme had been taken (April 2001).

Increase in arrears of abiana

4.1.18 The department collects water charges (*abiana*) at the rates fixed by the Government. The position of assessment, realisation and arrears of *abiana* during the period from 1997-98 to 2000-01 was as under:

(Table No. 4.4)

(Rs in crore)

Year	Opening balance	Assessment	Total amount to be realised	Amount realised	Amount outstanding	Percentage of amount realised
1997-98	2.39	0.34	2.73	0.15	2.58	5
1998-99	2.58	0.32	2.91	0.31	2.60	11
1999-00	2.60	0.25	2.85	0.27	2.58	9
2000-01	2.58	0.88	3.46	0.39	3.07	11

^s Including expenditure on its maintenance upto March 1998

4.1.19 The department had failed to recover the outstanding amount resulting in increase in arrears from Rs 2.39 crore at the end of March 1997 to Rs 3.07 crore in March 2001. Further Rs 13.60 lakh collected by *Nambardars* upto 1997-98 in Jammu Division had not been remitted by them into treasury.

Defects in management of stores

Excess over stock reserve limit

4.1.20 To avoid locking up of funds and to ensure maintenance of adequate inventory, Stock Reserve Limit (SRL) is prescribed by the Government. The position of sanctioned SRL and value of stocks held by various divisions was as under:

(Table No. 4.5)

Year	No. of divisions	Sanctioned Stock Reserve Limit	Value of stock held at the end of year	(Rs in lakh)
				Excess over SRL (per cent)
1997-98	14	96.00	219.12	123.12 (128)
1998-99	13	97.00	216.09	119.09 (123)
1999-2000	12	91.00	203.13	112.13 (123)
2000-01	11	81.00	165.42	84.42 (104)

4.1.21 Out of material costing Rs 63.96 lakh procured between October 1996 and December 1998 in two divisions of Kashmir Division, material costing Rs 55.23 lakh was lying unutilised as of February 2001, which indicated purchases in excess of requirements, resulting in locking up of Government money. Cost of locked up funds was Rs 18.64 lakh.

Non-adjustment of cost of material

4.1.22 Stocks worth Rs 49 lakh issued by 5 divisions to different works during the period from 1992-93 to 2000-01 had not been debited to the concerned work/head of account by corresponding credit to stock suspense. Non-adjustment of cost of material in the year of issue resulted in carry forward of liabilities to subsequent years, besides understatement of expenditure on works during the relevant years.

Outstanding material at site

4.1.23 Material worth Rs 22.67 lakh issued to subordinates for execution of works during 1997-98 to 1999-2000 in four divisions was outstanding against them. Of this, material worth Rs 9.55 lakh was outstanding against 8 officials who had already been transferred to other divisions. No action had been taken for effecting recovery/adjustment of cost of the outstanding material.

Value accounts not reconciled

4.1.24 The value of closing stock in divisional monthly stock account is required to be reconciled annually with corresponding value of stock articles as worked out with reference to the relevant Priced Store Ledger (PSL). None of the test-checked divisions had conducted the said reconciliation due to non-maintenance of value account in the PSL.

Shortage of stores

4.1.25 Shortage of stores costing Rs 10.89 lakh detected in 3 divisions of Kashmir Division during physical verification for the years 1997-98 to 1999-2000 had not been investigated/made good as of August 2001. Physical verification of stock had not been conducted for the years 1997-98 to 1999-2000 in 3 divisions and for 1999-2000 in one division.

Cash and personal security not realised

4.1.26 Cash and personal security of Rs 2000 each is to be obtained from the person entrusted with the custody and handling of stores. It was, however, observed that security was either not, or partly realised from storekeepers during 1997-98 to 2000-01 as indicated below:

(Table No. 4.6)

Security not realised		No of divisions	No of storekeepers
(a)	Cash	6	11
(b)	Personal	11	19
Security realised partly			
(a)	Cash	5	7

Outstanding miscellaneous public works advance

4.1.27 The sub-head is debited with the value of stores sold on credit, expenditure incurred on deposit works in excess of deposit received, loss of cash/store and sums recoverable from Government servants. The transactions are to be ultimately settled either by recovery in cash or by adjustment. In 15 test-checked divisions, during the period 1997-2001, Rs 83 thousand only were recovered/adjusted out of the outstanding amount of Rs 79.88 lakh as on 31 March 1997.

Outstanding temporary advance

4.1.28 Records in 11[‡] divisions revealed that temporary advances of Rs 1.16 crore were outstanding against subordinate officials as of March 2001. Some

[‡] Tubewell Irrigation Division, Srinagar, Irrigation Divisions: Ompora, Tral, Sopre, Ganderbal, Anantnag, Shopian, Pulwama, Baramulla; Mechanical Irrigation Divisions, Srinagar and Baramulla

of these officials had either retired (Rs 17.81 lakh), expired (Rs 0.44 lakh) or were transferred (Rs 67.04 lakh). No action was taken to recover the outstandings from retiring officials or mention the outstandings in Last Pay Certificates of the transferred officials.

4.1.29 The above points were referred to the Government/department in June 2001; reply had not been received (September 2001).

Public Health Engineering Department

4.2 Drinking Water Programmes

Accelerated Water Supply programmes aimed at covering all urban towns/rural habitations especially those without access to drinking water and providing safe, adequate drinking water in a fixed time frame. The programmes largely failed to achieve the desired results as achievements ranged between 23 and 75 per cent in respect of rural areas and only 1 out of 4 schemes taken up in urban areas was completed. This was mainly due to poor planning, failure to ensure sustainability of water sources, lack of effective control mechanism for execution of works and diversion of programme funds.

Highlights

- Earmarked Central assistance of Rs 119 crore was not released to the State due to failure of the Government to utilise the funds fully, late submission of proposals and reporting of wrong expenditure figures. The percentage utilisation of funds ranged between 23 and 59 under Accelerated Rural Water Supply Programme (ARWSP).
- Programme funds aggregating Rs 3 crore, noticed in test-check, were diverted for activities/items outside the purview of ARWSP.
- Two hundred ninty-eight out of 420 water supply schemes (71 per cent) and 195 Mohras/Pattis schemes were taken up for execution without administrative approval and technical sanction. There was cost overrun of Rs 1.72 crore in execution of 16 schemes.
- The department failed to ensure sustainability of water sources on long-term basis which resulted in avoidable expenditure (Rs 3.60 crore) on revival of 17 schemes and unfruitful expenditure (Rs 1.06 crore) on 4 other schemes.
- Inadequate store management resulted in locking up of Rs 3.96 crore by way of purchase of material in excess of requirements.
- Water testing laboratories were established only in 8 out of 14 districts. Of these, laboratories functioned partially in 3 districts which resulted in supply of untested/untreated water to rural habitations.
- The implementing agencies failed to utilise the funds under Accelerated Urban Water Supply Programme (AUWSP) in full and their percentage utilisation declined from 84 (1996-97) to 31 (2000-01).
- The programmes were neither monitored nor evaluated. Management Information System for planning and effective monitoring was also not evolved.

Introduction

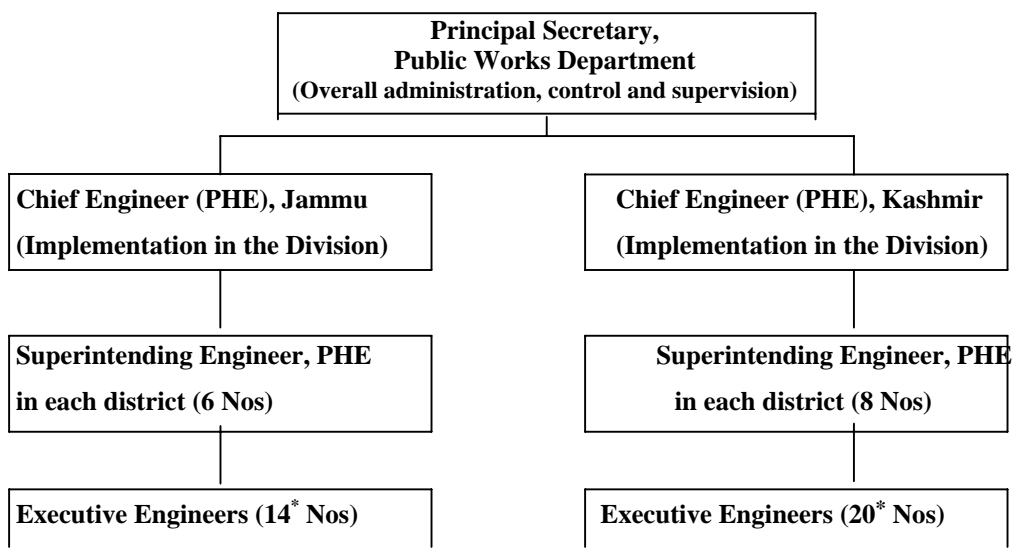
4.2.1 Government of India launched separate programmes for providing/improving water supply, in rural and urban areas of the country. Accelerated Rural Water Supply Programme (ARWSP) was started in 1972-73. The programme was discontinued (1974-75) on introduction of State's Minimum Needs Programme (MNP). It was, however, reintroduced from 1977-78. In 1986, the programme was given mission approach and renamed as Rajiv Gandhi Drinking Water Mission. The programme continued till 1998-99 when it was revamped with the envisaged objective of ensuring:

- (i) coverage of all rural habitations especially those without access to safe drinking water;
- (ii) sustainability of systems and sources; and
- (iii) preserving quality of water by institutionalising water quality, monitoring and surveillance through catchment area approach.

Accelerated Urban Water Supply Programme (AUWSP) was launched by Central Government (March 1994) to provide safe and adequate drinking water to towns with a population of less than 20000 by the end of year 2000, improve socio-economic conditions, environment and quality of life of the people.

Organisational structure

4.2.2 The following chart shows the organisational structure for implementation of ARWSP and AUWSP schemes:-



* Includes Ground Water Drilling Divisions and Mechanical Procurement Divisions

Audit coverage

4.2.3 Implementation of Rajiv Gandhi Drinking Water Mission for the period 1992-93 to 1996-97 was reviewed in audit and comments thereon included at Paragraph 4.4 of the Audit Report for the year ended March 1997. Implementation of ARWSP (1997-98 to 2000-01) and AUWSP (1993-94 to 2000-2001) was reviewed in audit during January 2001 to May 2001 by test-check of records of Chief Engineers[♦], Executive Engineers, Ground Water Drilling Divisions (Jammu/Kashmir), Mechanical Procurement Divisions (Kashmir/Jammu) and 9^{*} divisions covering 5 out of 14 districts. The expenditure covered in audit was Rs 41.29 crore (28 *per cent*) out of Rs 146.19 crore incurred on ARWSP and Rs 2.62 crore (59 *per cent*) out of Rs 4.45 crore on AUWSP. Important points noticed in test-check of two programmes are brought out in the succeeding paragraphs:

Accelerated Rural Water Supply Programme

Funding pattern

4.2.4 Central Government provides cent *per cent* assistance for ARWSP, subject to matching contribution by the State Government under Minimum Needs Programme. Assistance for Research and Development, Management Information System, Human Resources Development, Information Education and Communication (IEC), Water Quality Monitoring is exclusively provided by Central Government. In addition, funds for purchase of rigs, water supply to rural schools and for monitoring and evaluation are shared by the Central and State Governments on 50:50 basis and for sub-missions including water harvesting structures/water conservation on 75:25 basis. State Government was required to earmark 25 *per cent* of ARWSP funds for SCs and 10 *per cent* for STs for taking up rural water supply schemes.

Funds released and expenditure

4.2.5 The year-wise position of funds released by the Central Government and funds released in turn by State Government to implementing agencies and expenditure thereagainst, as per departmental records, during 1997-98 to 2000-2001 was as follows:

♦ Jammu, Srinagar
* Samba, Udhampur, Nowshera, Rajouri, Akhnoor, Kathua, Rural Srinagar, Rural Jammu and City Division, Srinagar

(Table No. 4.7)

(Rs in crore)

Year	OB	Funds released by Central Government	Total funds available	Funds released by State Government to implementing agencies	Expenditure	Closing balance	Percentage utilisation of available funds
1997-98	14.36	49.19	63.55	35.60	28.11	35.44	44
1998-99	35.44	46.61	82.05	24.78	26.35 [#]	55.70	32
1999-2000	55.70	45.70	101.40	23.83	23.37	78.03	23
2000-2001	78.03	36.94	114.97	107.36	68.36	46.61	59
Total		178.44		191.57	146.19		

4.2.6 The percentage utilisation of available funds ranged between 23 and 59 only which resulted in more than three-fold increase in the unspent balance over a period of 4 years, ending March 2001. Though the assistance was to be released to the implementing agencies by the State Government within 15 days of its receipt, Rs 70.42 crore (ARWSP: Rs 53.53 crore; other activities: Rs 16.89 crore) pertaining to the period 1997-2000 were released (2000-01) to implementing agencies after delays ranging between 8 and 57 months. Belated release of funds to implementing agencies resulted in their non-utilisation and consequent non-implementation of schemes for establishment of water testing laboratories at Baramulla, Kupwara, Kargil and for Information, Education and Communication.

Transfer of incomplete schemes to ARWSP

4.2.7 Forty-four incomplete water supply schemes taken up by 6[♥] divisions of Jammu Division under the State sponsored MNP were transferred to ARWSP for availing Central assistance of Rs 13.40 crore during the period 1997-98 to 2000-01. Of these, 4 water supply schemes (Samba: 3; Akhnoor: 1) were taken up (2000-01) as new schemes, without taking into account the expenditure (Rs 93.72 lakh) already incurred out of State funds.

Short release of Central assistance

4.2.8 Carry forward of unutilised funds to the extent of 20 and 15 per cent of the total allocations for the year was permissible from April 1999 and April 2000 respectively. Audit scrutiny revealed that due to underutilisation of Central assistance during 1999-2000 and 2000-01, earmarked assistance of Rs 75.84 crore (1999-2000: Rs 31.90 crore; 2000-01: Rs 43.94 crore) was not released to the State. Besides, Rs 42.97 crore were deducted by the Central Government for late submission of proposals for 1997-98 (Rs 4.40 crore), time and cost overruns (Rs 9.65 crore), non-clearance of amounts held under objections (Rs 7 crore) by the Accountant General and for incorrect reporting of expenditure figures (1997-99: Rs 21.92 crore).

[#] Source from which the excess was met was reported to be under investigation (April 2001)
[♥] Jammu Rural, Akhnoor, Samba, Kathua, Udhampur and Rajouri

Diversion of funds

4.2.9 Funds aggregating Rs 3 crore were diverted to activities/items outside the scope of the programme as detailed below:

(Table No. 4.8)

(Rs in lakh)

Agency	Period	Amount	Remarks
CE, PHE, Jammu	1997-98 1999-2000	5.50 13.00	Diverted to 3 unapproved schemes (2 in Udhampur and 1 in Akhnoor)
CE, PHE, Jammu	1998-99	12.00	For unapproved 2 water supply schemes
CE, PHE, Kashmir	1998-99 2000-01	55.46	Payment of wages, expenditure on Amarnath Yatra and creation of assets out of operation and maintenance grants
CE, PHE, Kashmir/ Jammu and PHE Divisions	1997-98	57.29	Funds provided for restoration works of ARWSP schemes damaged in floods of 1992 were diverted for other works
PHE, Divisions ^β	1998-99 2000-01	38.10	Utilised on purchase of coal, tyres, tubes, wages, etc.
Water Works Division, Srinagar	1999-2001	118.68	Funds meant for ARWSP were spent on AUWSP (5 areas of Srinagar city)
Total		300.03	

Rush of expenditure

4.2.10 Out of 7[€] test-checked divisions, 5^ψ divisions had incurred 51 to 100 per cent of the expenditure during the last quarter in each year during 1997-01. The expenditure in March, each year during the period also ranged between 41 and 70 per cent. In addition, Rs 3.73[▼] crore were advanced in March to sister divisions for procurement of stores/execution of works to avoid their lapsing. Similarly, Chief Engineer, PHE, Jammu transferred Rs 56.41 lakh and Rs 1.80 crore from civil components of various works at the very end of the years 1999-2000 and 2000-01 respectively to the Executive Engineer, Mechanical Procurement Division, Jammu for supply of material. Audit analysis revealed that the withdrawals from the civil components of the works were made only to avoid lapsing of budget grants as the civil divisions had expressed their inability to execute the works due to allotment of funds at the very end of the financial years.

Programme implementation

Non-preparation of shelf of schemes

4.2.11 The State Government was required to formulate shelf of schemes based on identification of problem villages/ habitations with no/inadequate safe source of drinking water. Based on the shelf of schemes and availability

^β Jammu Rural, Srinagar Rural, Kathua, Akhnoor, Ground Water Drilling Division, Jammu (1998-99: Rs 5.40 lakh; 1999-2000: Rs 29.57 lakh; 2000-01: Rs 3.13 lakh)

[€] Jammu Rural, Kathua, Samba, Akhnoor, Rajouri, Udhampur, Nowshera.

^ψ Udhampur, Kathua, Jammu Rural, Samba, Nowshera

[▼] March 1998: Rs 2.18 crore; March 1999: Rs 1.23 crore; March 2000: Rs 0.19 crore and March 2001: Rs 0.13 crore

of funds, annual action plans indicating spillover schemes and new schemes to be taken up, during the particular year, were to be drawn. The department had, however, not prepared shelf of schemes. Action plans prepared did not indicate the basis/criteria followed in selection of schemes.

Non-achievement of targets

4.2.12 Out of a total of 6506 (NC)* ‘main habitations’ (problems villages) as per 1981 census, 1952 habitations had been fully covered and 4542 habitations were covered partially by March 1997. Similarly, out of 4678^Φ ‘other habitations’ (Mohras/Pattis)^Ψ, 1627 habitations had been covered leaving 7605 habitations (NC: 3063; PC^Ω: 4542) uncovered. The position of targets for coverage of NC/PC habitations and achievement thereagainst as per the progress reports of the department submitted to the Central Government during the period 1997-98 to 2000-01 was as under:

(Table No. 4.9)

Year	Targets			Achievements			Percentage shortfall	
	NC	PC	Total	NC	PC	Total	NC	PC
1997-98	630	1037	1667	445	55	500	29	95
1998-99	600	400	1000	188	497	685	69	Nil
1999-2000	110	330	440	82	341	423	25	Nil
2000-01	1200	800	2000	274	238	512	77	70

4.2.13 Out of 3063 NC habitations (main: 12; other: 3051) and 4542 PC habitations, targets were fixed only for 83 and 57 *per cent* respectively during the period 1997-2001. There were wide unexplained variations between targets and achievements. The audit could not get the rationale of fixing targets from the department. The shortfall in achievements in respect of NC habitations ranged between 25 and 77 *per cent* despite fixing of low targets. In respect of PC habitations also the shortfall was 70 *per cent* during 2000-01. Further, in 9 divisions 73^Ω habitations which were declared as fully covered re-emerged as partial/not covered reportedly due to depletion of water sources and growth of population.

Unauthorised execution of works

4.2.14 The divisional officers undertook unauthorised execution of works year after year without prescribed administrative approval/technical sanctions. Out of 420 water supply schemes, 298 schemes (Kashmir: 167; Jammu: 113; Leh and Kargil: 18) and 195 Mohras/Pattis were taken up at a cost of Rs 32.12 crore during 1997-98 to 1999-2000 (December 2000) for execution without these sanctions. Of these, 102 schemes and 188 Mohras/Pattis had been completed at a cost of Rs 28.88 crore (March 2001). Approval of the Planning Department in respect of 12 schemes costing Rs 1 crore or more

* Not covered
^Φ Ground verification survey of 1994
^Ψ Local names for habitations
^Ω Partially covered
[∂] Partially covered: 56; Not covered: 17

(estimated cost: Rs 15.22 crore) was also not obtained. Persistent unauthorised execution of works indicated laxity of supervision in the department. Most of the irregularities noticed in execution of works and stated in the following paragraphs are ascribable to this basic flaw.

Cost overrun

4.2.15 The programme guidelines provided that water supply schemes taken up for execution should be completed within a period of two to three years and funds released under ARWSP were not to be utilised/adjusted towards cost escalation of schemes or excess expenditure over the approved cost of the schemes. Thirty-five water supply schemes (Kashmir: 27; Jammu: 8) taken up for execution in 1997-98 at an estimated cost of Rs 10.71 crore were not completed despite providing funds in full. Their estimates were revised to Rs 15.80 crore and additional funds of Rs 2.02 crore released (2000-01) for completion of 16 schemes (Kashmir: 10; Jammu: 6). Expenditure of Rs 1.72 crore (Kashmir: Rs 1.18 crore; Jammu: Rs 0.54 crore) was incurred (March 2001) on completion of these 16 schemes. The cost overrun of Rs 1.72 crore was mainly due to increase in the scope of work not provided for in original estimates, inclusion of new habitations not approved in the project and non-providing of funds in time. No funds were released for completion of remaining 19 schemes (Kashmir: 17; Jammu: 2).

4.2.16 Audit scrutiny revealed that in 3 PHE divisions of Jammu Division (Udhampur, Akhnoor and Rajouri), 3 water supply schemes taken up under the programme from 1986-87 had not been completed within their estimated cost due to unauthorised change in their scope. These works were, however, taken up again (January 2001) for completion under the programme (estimated cost: Rs 59.02 lakh) and expenditure of Rs 35.96 lakh was incurred on these schemes upto March 2001.

Defective selection of water sources

4.2.17 Due to faulty selection of water sources, 13 water supply schemes (expenditure: Rs 4 crore) completed during the period from 1985-86 to 1999-2000 were rendered defunct prematurely within a few months to 10 years due to drying up/depletion of their water sources. Further, sources of 5 schemes (expenditure: Rs 2.24 crore) were washed away by floods during 1992-97. The department took up revival of 17 of these schemes at a cost of Rs 5.48 crore during the period 1997-98 to 2000-01 under the programme. Of these, 5 schemes (expenditure: Rs 1.22 crore) had been completed and 12 schemes (expenditure: Rs 2.38 crore) were under execution (May 2001). The expenditure of Rs 3.60 crore on revival of these 17 schemes could have been avoided, had the department ensured sustainability of water sources before taking up these schemes. Expenditure of Rs 21 lakh incurred on the remaining scheme not taken up for revival, was rendered unfruitful.

Disputed water sources

4.2.18 The department took up execution of 3 water supply schemes (Kashmir: 2; Jammu: 1) at an estimated cost of Rs 1.01 crore during the year 1999-2000, without ensuring that the sources of these schemes were free of encumbrances. The work on these schemes was stopped/abandoned (March 2001) as the people of the area objected to the utilisation of the water sources for the schemes. The expenditure of Rs 85 lakh incurred on these schemes was rendered unfruitful, besides denying supply of potable water to 12143 inhabitants of the villages concerned.

Sub-standard execution of schemes

4.2.19 Government directed (November 1998) conducting of surprise inspections of works taken up for execution under various programmes. An inspection committee was framed (April 1998) for on spot verification and monitoring the status of the schemes by random check. Of the 25 schemes selected, only 11 schemes were physically verified and report thereon submitted (May 1998) to CE, PHE, Kashmir. The report was, however, not produced to Audit by the CE, PHE, Kashmir. Physical verification of 10 schemes (Kashmir) conducted by the department subsequently (April-May 1999) revealed sub-standard execution of 8 schemes as detailed in *Appendix-11*. No follow up action on the physical verification report was taken (July 2001). Such inspections were not conducted in Jammu Division.

Locking up of funds under deposits

4.2.20 Procurement of store items for the works was made by Mechanical Procurement Divisions (Jammu/Kashmir) on the basis of annual requirements of the user divisions who advanced amounts to these divisions. Amounts received were credited to deposits and purchases effected by the procurement divisions by debit to these deposits for issue to user divisions. The Government, however, stopped (September 1999) operation of the deposit head for procurement of store items by the Mechanical Procurement Divisions (Kashmir/Jammu) and froze the available balance of Rs 2.11 crore (Kashmir Rs 0.86 crore; Jammu Rs 1.25 crore) in the deposit head. As a result, nine water supply schemes taken up (1998-99) for execution in 4⁺ divisions for completion by March 1999 were left half-way as the key material, viz. pipes, machinery/equipment and other ancillary items could not be supplied by the Mechanical Procurement Division, Jammu due to freezing of deposits. This rendered the expenditure of Rs 1.93 crore on these schemes unfruitful, besides depriving 6917 inhabitants of safe drinking water. Cost of the investment made in the non-performing assets was Rs 43.42 lakh.

⁺ Rajouri, Nowshera, Kathua, Akhnoor

Purchase of material in excess of requirement

4.2.21 Records of 6[♥] divisions revealed that Rs 11.94 crore were advanced/allocated to procurement divisions/Store Procurement Department during the period 1997-98 to 1999-2000 for procurement of store items. Store items for Rs 11.59 crore only were lifted from the procurement agencies. Out of this, material for Rs 9.44 crore only was issued to works resulting in locking up of Rs 2.50 crore in the shape of stocks lying with the procurement divisions/at the divisional stores indicating purchases in excess of requirements. Cost of the blocked funds was Rs 52.72 lakh.

4.2.22 Rupees 2 crore were allotted by the department to the Drilling Division, Jammu for drilling of 200 hand pumps during the last quarter of 2000-01 against its annual drilling capacity of 50 hand pumps. The division in view of its low capacity, proposed (December 2000) drilling of wells through private contractors, Government decision on which was awaited (May 2001). Meanwhile, the division purchased 40 hand pumps (Rs 4.26 lakh) and 10,000 metres of black-ended pipe (Rs 41.73 lakh) in January 2001 against the requirement of 1800 metres (45 metres per hand pump). This resulted in purchase of 8200 metres of pipe (cost: Rs 34.20 lakh) in excess of actual requirement. As of March 2001, the division had drilled only seven wells and the equipment/material purchased was lying in the Mechanical Procurement Division (April 2001).

Non-maintenance of material at site accounts

4.2.23 Material-at-site accounts were not maintained in 5 divisions from 1997-98 to 1999-2000 and maintained partially in 2 test-checked divisions. Material for Rs 12.34 lakh (Rajouri: Rs 4.43 lakh; Jammu Rural: Rs 7.91 lakh) was outstanding against concerned JEs since June 1998 onwards in Rajouri/Jammu Rural divisions. No efforts were made to retrieve the material or cost thereof (May 2001) from the JEs concerned. Annual physical verification of such material was also not conducted in any of the seven test-checked divisions.

Supply of unsafe drinking water

4.2.24 Water testing facilities had been established in 8 out of 14 districts in the State. Of these, laboratories in 3 districts (Srinagar, Rajouri, Udhampur) functioned partially for want of trained staff, equipment and reagents, etc. Rupees 6 lakh released for setting up of laboratories in 3^β districts by Central Government were released to the implementing agencies belatedly in March 2001 which were surrendered.

♥ Jammu rural, Samba, Kathua, Udhampur, Nowshera, Rajouri
β Baramulla, Kargil and Kupwara

4.2.25 Though presence of iron and fluoride in excess of permissible limits was noticed in Srinagar, Budgam, Chadoora, (Kashmir) and Doda (Jammu), yet iron removal/de-fluoridation plants were not set up. Records of PHE Division, Rajouri revealed that water samples at Rajouri contained bacteria and was unfit for drinking. In Udhampur and Doda districts drinking water was supplied without testing which resulted in spread of water-borne diseases and death (December 1997) of 21 people (6 in Doda, 15 in Udhampur). Out of 8 water samples collected by Estimates Committee of the State Legislature in Jammu, 5 samples were found (December 1998) unsafe for drinking. Similarly, of the 21 samples collected by Jammu Municipality, results of 16 tests (July 1999) revealed that the water was not safe for drinking.

Un-satisfactory rig management

4.2.26 Drilling Divisions, (Jammu/Srinagar) were in possession of 31 rigs (Jammu: 21; Srinagar 10), of which 16 rigs (Jammu: 10; Srinagar: 6) had outlived their life. The performance of remaining 15 rigs (Jammu: 11; Kashmir: 4) revealed that 11 (Jammu: 8; Srinagar: 3) were used for drilling of tube wells and 4 (Jammu: 3; Kashmir: 1) for hand pumps. The shortfall in drilling ranged between 82 and 86 *per cent* (tube wells) and 73 and 83 *per cent* (hand pumps) vis-à-vis the norms, during the period from 1997-98 to 2000-01 (December 2000). The shortfall was mainly due to failure of the department to shift the rigs swiftly from the problem areas due to land disputes/law and order problems. Drilling Division, Srinagar also incurred an expenditure of Rs 96 lakh during 1996-97 to 2000-01 (December 2000) on day to day repairs of old rigs without technical survey, approval of the estimates and invitation of tenders. Though the Central Government had released (January 1996) Rs 62 lakh for purchase of a mud rotary rig, the same had not been purchased and the amount was lying in the deposit head (May 2001). Cost of the blocked funds was Rs 48.05 lakh.

Inadequate maintenance of assets

4.2.27 The guidelines provided that 15 *per cent* of funds released under ARWSP be utilised for operation and maintenance (O&M) of assets subject to matching share by the State under MNP. Further, funds earmarked for O&M were not to be utilised for creation of assets. It was seen in audit that the State Government released only Rs 7.71 crore (4 *per cent*) under O&M during the period 1998-99 to 2000-01 under MNP. Further, the funds were provided in lump without identifying the schemes on which the amount was to be spent.

Non-implementation of sectoral reforms programme

4.2.28 With a view to gradually replacing the Government oriented and centralised programme by a people oriented, decentralised and community based water supply programme, Central Government launched sectoral

reforms programme under ARWSP from 1999-2000. In the State, 2 districts (Srinagar and Udhampur) were proposed to be taken up under the programme in the first instance during 1999-2000. Rupees 13.79 crore (Srinagar: Rs 7.04 crore; Udhampur: Rs 6.75 crore) were released by the Central Government in March 2000. Audit scrutiny in PHE Division, Udhampur revealed that the amount released was deposited in a saving bank account. Out of this, Rs 9.34 lakh were spent (March 2001) on purchase of vehicles/installation of the computers/data machine without approval of the action plan for the year 2000-01.

Wasteful expenditure

4.2.29 Seven water supply schemes (estimated cost: Rs 1.58 crore) designed to provide drinking water to 14015 persons in Rajouri district were taken up for execution during the period 1981-82 to 1994-95. Of these, cost of 6 schemes was revised to Rs 3.26 crore against which an expenditure of Rs 3.73 crore was incurred (March 1995). These schemes, however, could not be completed within the approved cost/time schedule due to defective planning/non-availability of water sources. A committee constituted (September 1995) to examine the reasons for partial functioning of the schemes, recommended (November 1995) revival of 6 schemes at a cost of Rs 4.37 crore. However, only 3 schemes (estimated cost: Rs 85.74 lakh) were taken up for completion/upgradation during the period 1999-2001 and expenditure of Rs 31.02 lakh was incurred (March 2001) thereon. The remaining 4 water supply schemes had not been taken up for completion/upgradation rendering the expenditure of Rs 1.97 crore thereon wasteful.

Accelerated Urban Water Supply Programme (AUWSP)

4.2.30 The Centrally sponsored scheme is funded on cost sharing basis with 50 *per cent* of the cost provided by the State Government including 5 *per cent* contribution of the beneficiaries. Four schemes, 2 each in Kashmir Division (Qazigund, Bijbehara) and Jammu Division (Samba, Billawar) had been approved for implementation in the State. Following points were noticed:

Underutilisation of funds

4.2.31 Funds released by the Central and State Governments and expenditure incurred thereagainst, as per departmental records, during the period 1993-94 to 2000-01 was as under: -

(Table No. 4.10)

(Rs in lakh)

Year	Opening balance	Funds released by Central Govt.	Funds released by Administrative Department to implementing agencies			Total funds available	Expenditure	Closing balance	Percentage of expenditure to total funds available
			State share	Central share	Total				
1993-94	-	5.32	-	-	-	5.32	-	5.32	0
1994-95	5.32	20.00	5.79	5.32	1.11	31.11	11.57	19.54	37
1995-96	19.54	28.45	15.47	22.94	38.41	63.46	37.95	25.51	60
1996-97	25.51	10.20	52.00	21.45	73.45	87.46	73.45	14.26	84
1997-98	14.26	41.61	90.92	10.20	101.12	146.79	101.12	45.67	69
1998-99	45.67	20.75	37.00	-	37.00	103.42	37.00	66.42	36
1999-00	66.42	183.90	30.00	153.93	183.93	280.32	96.51	183.81	34
2000-01	183.81	-	100.33	-	100.33	284.14	87.52	183.81 [€]	31
Total		310.23	331.51	213.84	545.35		445.12		

4.2.32 Out of Rs 3.10 crore released by Central Government, the Finance Department released Rs 2.14 crore only to the implementing agencies resulting in retention of Rs 96.39 lakh by the department. The percentage utilisation of available funds by the implementing agencies steadily decreased from 84 (1996-97) to 31 (2000-01). Following further points were noticed:

(a) Central share of funds aggregating Rs 2.60 crore (84 *per cent*) for the period 1993-2001 were released to the State in last quarter of the respective years. The State Government also released belatedly funds to the implementing agencies with delay ranging between 2 and 11 months.

(b) Though the Central Government had allocated Rs 40.53 lakh for the year 2000-01, no funds were released due to non-furnishing of utilisation certificates (Rs 2.89 crore) by the State Government (March 2001).

(c) Separate accounts had not been maintained by the implementing agencies for funds released by the State and Central Governments.

Selection of towns/schemes on random basis

4.2.33 Selection of towns for implementation of programme was done on random basis without adhering to the prescribed norms, reasons for which were not on record. Detailed Project Reports (DPRs) of the two test-checked schemes, viz WSS Samba and Billawar, revealed that provision for sustainable operation and maintenance mechanism, recovery of 5 *per cent* beneficiary contribution had not been made. Justification for higher *per capita* cost (Rs 2586.95) in respect of WSS, Samba was also not given in its DPR.

Physical/financial achievements

4.2.34 The position of funds released/spent on the schemes and their physical status as per departmental records at the end of March 2001 was as under:

[€] Out of the funds allotted by the State Government, Rs 12.81 lakh lapsed during the year

(Table No. 4.11)

(Rs in lakh)

Scheme	Estimated cost	Funds released	Expenditure	Year of start	Year of completion	Present status
Qazigund	41.40	42.52	42.52	1994-95	1995-96	Completed in March 1996
Billawar	113.70	113.65	105.66	1995-96	1998-99	In progress
Samba	305.70	213.12	156.46	1995-96	1999-2000	In progress
Bijbehara	312.51	176.06	40.48	1996-97	2003-04	In progress
Total	773.31	545.35	445.12			

4.2.35 Out of 4 schemes taken up at an estimated cost of Rs 7.73 crore under the programme, only one scheme (cost: Rs 42.52 lakh) had been completed within the stipulated time.

Diversion of funds

4.2.36 Records of water supply schemes, Billawar and Samba revealed that out of Rs 2.62 crore incurred on these schemes, Rs 28.95 lakh had been diverted[⊗]. Material at site accounts for the material costing Rs 72.95 lakh (Samba: Rs 47.70 lakh; Billawar: Rs 25.25 lakh) issued to works during the period 1994-95 to 2000-01 had not been maintained to watch its utilisation.

Non-maintenance of records of assets

4.2.37 The implementing agencies had not maintained the records of assets created under the programmes, in any of the test-checked divisions.

Non-monitoring/evaluation of programmes

4.2.38 The programmes were neither monitored nor evaluated at any level by any external or internal agency. Management Information System for planning and effective monitoring of various components of the programmes was also not evolved.

4.2.39 The above points were referred to Government/department in July 2001; reply had not been received (September 2001).

[⊗] Other water supply schemes: Rs 13.85 lakh, unapproved works: Rs 10 lakh, POL, office expenses and repair of rigs: Rs 5.10 lakh

Section-B Transaction Audit Findings

Power Development Department

4.3 Unfruitful expenditure on purchase of shunt capacitors

The Chief Engineer, Systems and Operations incurred unfruitful expenditure of Rs 3.35 crore during 1996-97 to 1998-99 on purchase of shunt capacitors by not making prior funding arrangements for their installation. The objective of saving estimated energy losses of Rs 8.17 crore was also not achieved. The cost of idle funds to Government was Rs 1.13 crore.

4.3.1 The Chief Engineer, Systems and Operations, PDD^ψ ordered (September 1995) purchase of 12 shunt capacitors (33 KVA) from BHEL^φ, Bhopal for installation at specified grid stations for reducing transmission losses and improving power supply in the State. The capacitors (cost: Rs 3.35 crore) were received between April 1997 and February 1999 due to delay in clearance of layout drawings by the department. These were, however, not installed and were lying in the stores as of June 2001, due to non-availability of funds (Rs 1.49 crore) required for their installation and commissioning. Clearly, inadequate spade work by the Chief Engineer in not arranging timely clearance of drawings and funds for commissioning of these capacitors rendered the expenditure of Rs 3.35 crore unfruitful. Besides, the objective of saving electric energy losses (Rs 8.17[#] crore) during the period from April 1999 to March 2001 was also not achieved. The cost of idle funds to Government was Rs 1.13 crore.

4.3.2 The matter was referred to the Government/department in June 2001; reply had not been received (September 2001).

^ψ Power Development Department

^φ Bharat Heavy Electricals Limited

[#] Calculated for expected annual energy saving of 27.224 million units at the rate of Rs 1.50 per unit as per Project Report

4.4 Wasteful expenditure on construction of towers

Approval of the Chief Engineer, Systems and Operations to realignment of the Chenani-Srinagar Transmission Line without necessary geo-technical survey resulted in wasteful expenditure of Rs 26.75 lakh, besides idle investment of Rs 5.70 lakh on construction of towers. The cost of funds applied to the non-performing assets to Government was Rs 26.72 lakh.

4.4.1 The Chief Engineer, Systems and Operations, without necessary geo-technical survey, approved (January 1995) realignment of the transmission line 132 KV DCCSTL[‡] between tower locations J-67 and J-72 to avoid recurring expenditure on protection works at these locations. The proposed realignment involved elimination of existing towers at locations J-68 to J-71, construction of four new towers and re-routing of the transmission line.

4.4.2 The Executive Engineer, Transmission Line Maintenance Division III, Udhampur accordingly constructed two towers at locations J-69A and J-70A during the period January 1995 to October 1995 at a cost of Rs 25.13[~] lakh. The Geologist of the department, who was requested belatedly (August 1995 and September 1996) to undertake geo-technical assessment of the newly constructed towers, observed (September 1996) that the site of these towers was prone to severe soil erosion and suggested various short and long-term remedial measures. Based on his report, a further expenditure of Rs 7.32 lakh was incurred (February 1997) on protection works and restoration of damages caused to the tower at location J-69A due to rains in August 1996. Construction of the remaining towers was not taken up pending clearance by the newly created Techno Economic Committee (TEC). The Committee directed (October 1998) survey of the new alignment by the Chief Engineers, Planning & Designs and Systems & Operations who, after joint inspection (February 1999) of the site, opined that the realigned route would entail massive protection works for stabilisation. The department accordingly prepared (June 1999) a composite scheme for stabilisation of vulnerable sections of the transmission line including the 'J-67 to J-72 sector' which was pending approval of the TEC (March 2001). Meanwhile, power continued to be transmitted on the original alignment of CSTL and the two towers constructed remained unutilised. This rendered the expenditure of Rs 26.75 lakh wasteful, besides idling of Rs 5.70 lakh on the utilised tower material. The cost of funds applied to non-performing assets to Government was Rs 26.72 lakh.

4.4.3 The matter was referred to the Government/department in May 2001; reply had not been received (September 2001).

[‡] Double Circuit Chenani-Srinagar Transmission Line

[~] Includes cost of tower material (Rs 5.70 lakh)

Public Health Engineering Department

4.5 Idle investment on construction of service reservoir

The Executive Engineer, Water Supply Master Plan Division, Jammu constructed a service reservoir without ensuring availability of adequate water at the source, which rendered the investment of Rs 7.40 lakh thereon idle. The interest cost to the Government on idle investment was Rs 4.44 lakh.

4.5.1 The Executive Engineer, Water Supply Master Plan Division, Jammu allotted (February 1990) construction of a two lakh gallon capacity ground service reservoir (estimated cost: Rs 6.26 lakh) to a contractor for completion in four months. The reservoir was to be inter-connected with the existing Central Pumping Station (CPS) at Muthi through a rising main with the objective of providing piped drinking water to water scarcity area of Chinore.

The contractor, however, executed the work only upto ring beam level till February 1994 at a cost of Rs 4.60 lakh and abandoned it thereafter. While no action was taken against the contractor, the balance work was allotted (May 1996) to another contractor and construction of the reservoir was completed (total cost: Rs 7.40 lakh) in 1996-97 after delay of six years. The service reservoir was not connected to the water source at Muthi reportedly due to its insufficient discharge. This rendered the investment of Rs 7.40 lakh idle, besides non-realisation of the intended objective. The cost of funds lying idle to Government was Rs 4.44 lakh.

4.5.2 The matter was referred to the Government/department in May 2001; reply had not been received (September 2001).

4.6 Infertuous expenditure and locking up of funds

Irregular and unauthorised advance payment by the Executive Engineer, Public Health Engineering, Mechanical Division, Srinagar to Power Development Department for construction of a receiving station rendered the expenditure of Rs 21.41 lakh infertuous, besides idling of Rs 23.59 lakh in civil deposits. The cost of funds lying unproductive and outside the Government account for over 4 years was Rs 28.69 lakh.

4.6.1 The Executive Engineer, Public Health Engineering Mechanical Division, Srinagar without administrative approval and identifying the site, released Rs 45* lakh to the Power Development Department (PDD) for

* July 1996: Rs 5 lakh; December 1996: Rs 40 lakh

construction of 2.5 MVA 33/11 KV receiving station for providing independent and reliable power supply to lift water supply scheme, Dal-bund, besides economising its running and maintenance costs. The construction of the receiving station was taken up (October 1996) by the Executive Engineer, Sub-Transmission Division I, Srinagar at a site adjoining the lake area. Following objection (March 1997) by Urban Environmental Engineering Department that the work was unauthorisedly undertaken in the lake area, its execution was abandoned. Expenditure of Rs 21.41 lakh (Electric material/equipment: Rs 17 lakh, labour: Rs 4.41 lakh) had been incurred on part construction of the station upto December 1997. The balance amount of Rs 23.59 lakh was lying in the deposit account of PDD. Irregular and unauthorised execution of the work resulted in locking up of Rs 45 lakh for more than four years and non-realisation of intended objectives. The cost of funds lying unproductive and outside the Government account for over 4 years was Rs 28.69 lakh.

4.6.2 The matter was referred to the Government/department in May 2001; reply had not been received (September 2001).

4.7 Unfruitful expenditure on drinking water supply augmentation scheme

The Executive Engineer, Public Health Engineering Division, Akhnoor took up augmentation of Drinking Water Supply Scheme, Akhnoor irregularly and in unplanned manner. This resulted in unproductive investment of Rs 1.25 crore, besides non-realisation of the envisaged objective. Cost of unfruitful investment to the Government was Rs 56.25 lakh.

4.7.1 The Executive Engineer, Public Health Engineering Division, Akhnoor without administrative approval and technical sanction, took up (1990) augmentation[™] of Water Supply Scheme, Akhnoor at an estimated cost of Rs 1.39 crore (revised to Rs 2.91 crore in 1995-96) for completion in 2 years. Expenditure of Rs 1.25 crore was incurred on construction of tube well (Rs 12 lakh), sump reservoir/rising main (Rs 10.10 lakh), OHT[▲] (Rs 8 lakh) and distribution system (Rs 94.78 lakh) upto March 1998. The remaining items of work viz., purchase of pumping machinery and transformers and balance civil works were, however, not taken up due to reported non-allotment of funds by the Chief Engineer, Public Health Engineering, Jammu. The Executive Engineer stated (November 2000) that the OHT and the distribution system had been connected to the old source of water and the remaining items (cost: Rs 22.10 lakh) constructed, would be utilised on completion of the scheme.

[™] From 3 lakh gallons/day to 5 lakh gallons/day

[▲] Over Head Tank

The contention of the Executive Engineer was not tenable as connecting of the OHT and distribution system to old source of water in no way augmented the water supply. This rendered the entire expenditure on the scheme unfruitful. Cost of investment made in the non-performing asset to the Government was Rs 56.25 lakh.

4.7.2 The matter was referred to the Government/department in June 2001; reply had not been received (September 2001).

Roads and Buildings Department

4.8 Diversion of funds due to inadequate control mechanism

The Executive Engineer, Roads and Buildings Division, Kathua diverted Rs 12.87 lakh out of Rs 15.45 lakh provided for specified building works and balance was lying locked up for over 2 years.

4.8.1 Funds are to be drawn from the treasury only when these are immediately required. Rules also prohibit purchase of stores in advance, with the aim of avoiding lapsing of funds.

4.8.2 Funds aggregating Rs 15.45 lakh were allotted^Δ (1997-99) to the Executive Engineer, Roads and Buildings Division, Kathua for execution of specified building works. These funds were advanced (March 1998: Rs 5.45 lakh; March 1999: Rs 10 lakh) by the Executive Engineer to the Stores Procurement Department (SPD) for supply of steel and cement to avoid their lapsing. Audit found (March 2000) that specified works were not taken up for execution (June 2001). The Executive Engineer, instead lifted tor steel (value: Rs 1.40 lakh) and asphalt (value: Rs 11.47 lakh) against the indented material during the period from June 1998 to March 2001 and utilised it on road construction works. The balance amount (Rs 2.58 lakh) was locked up with the SPD (June 2001). Inadequate control mechanism in the department facilitated diversion of Rs 12.87 lakh, besides locking up of Rs 2.58 lakh for over 2 years.

4.8.3 The matter was referred to the Government/department in June 2001; reply had not been received (September 2001).

^Δ District Development Commissioner, Kathua (Rs 4.95 lakh), Dy. Director (P&S), Animal Husbandry Department (Rs 0.50 lakh), Excise Commissioner, Jammu (Rs 10 lakh)

4.9 Wasteful expenditure due to unauthorised change in alignment of a carriage way

Unauthorised construction of a two-lane slip road by the Chief Engineer, Roads and Buildings, Jammu rendered the expenditure of Rs 59.93 lakh wasteful, besides idling of Rs 12 lakh. Cost of wasteful and idle funds to Government worked out to Rs 32.37 lakh.

4.9.1 Arterial Expressway Corridor (AEC) in Jammu city was under execution through UP State Bridge Corporation on turnkey basis, since July 1994. It included a four-lane carriage way (I-J loop) which was an integral part of its conceptual and general agreement drawing.

4.9.2 The work of construction of the loop was, however, stopped (February 1998) by the Chief Engineer, Roads and Buildings, Jammu after Rs 20 lakh* had already been spent on it. In its place, the Chief Engineer without the approval of the Government to revise the alignment, allotted (February 1998) construction of a two-lane slip road (estimated cost: Rs 1.25 crore) to Jammu and Kashmir Projects Construction Corporation (JKPCC). The work on the slip road was also stopped (April 1999) by the Chief Engineer (successor) after Rs 51.93 lakh had been spent on it, on the ground that it would give rise to more accidents and undermine the functional utility and efficiency of the AEC. In October 1999, on the directions of the administrative department, the consultants of the Project (Consulting Engineers Service India Ltd., New Delhi) were approached for preparing fresh drawings conforming to the original concept. The drawings prepared by the consultants were approved (November 2000) by the Chief Engineer and work was in progress (March 2001).

4.9.3 Unauthorised change in the alignment of the loop and construction of an unsuitable slip road in its place by the Chief Engineer, resulted in wasteful expenditure of Rs 59.93 lakh, besides idling of assets (cost: Rs 12 lakh) for over 3 years. The cost of wasteful and idle funds to Government worked out to Rs 32.37 lakh.

4.9.4 The matter was referred to the Government/department in June 2001; reply had not been received (September 2001).

* Cost of pre-cast girders:Rs 12 lakh; compensation of structures, shifting of electric lines and earth work: Rs 8 lakh

4.10 Infructuous expenditure due to poor feasibility study

Improper and inadequate assessment of the feasibility of proposed construction of a highway bridge near Basohli, resulted in the expenditure of Rs 78.27 lakh proving infructuous, besides idling of Rs 3.82 lakh for over 4 years. Interest cost to the Government on this account worked out to Rs 49.25 lakh.

4.10.1 Following construction of Thein Dam, 14 kms from Basohli town in Kathua district, the existing Kathua-Basohli road and the rope-way link connecting the town to Punjab and Himachal Pradesh got submerged. The alternative alignment resulted in increase of 35 kms in distance from District Headquarters to Basohli. For providing a link between Basohli and Punjab/Himachal Pradesh and remove its isolation, M/s RITES^f was commissioned (June 1992) by the Department for undertaking feasibility study for constructing a highway bridge over river Ravi near Basohli. The techno-economic study report while recommending (February 1994) construction of bridge, brought out that the link, besides restoring the close social, cultural and economic ties between the people of Basohli and Punjab/Himachal Pradesh, would open up the backward area for tourism development, commercial mining and provide a third all weather road to Kashmir.

4.10.2 Based on the project profile including design and estimate parameters, prepared by M/s CES^z (India) Ltd., New Delhi, decision to construct a cable-stayed bridge (estimated cost: Rs 61 crore) was taken (December 1995) in a meeting held under the chairmanship of the Governor. An expenditure of Rs 82.09* lakh was incurred on the project during the period 1994-97. No further work was executed on the project up to December 1999 after which the Government decided to abandon the project in view of its exorbitant cost in relation to the benefits flowing from it.

4.10.3 Improper planning and inadequate assessment of the benefits vis-à-vis proposed investment resulted in infructuous expenditure of Rs 78.27 lakh, besides idling of Rs 3.82 lakh for over 4 years. Interest cost to the Government on this account worked out to Rs 49.25 lakh.

4.10.4 The matter was referred to the Government/department in May 2001; reply had not been received (September 2001).

^f Rail India Technical and Economic Services

^z Consulting Engineers Service

* Conducting techno-economic study and investigation: Rs 40.03 lakh; preparation of project report: Rs 22.65 lakh; dynamic and seismic analysis: Rs 4 lakh; construction of approach road: Rs 11.59 lakh and purchase of survey equipment: Rs 3.82 lakh