Chapter-III- Civil Departments

Section-A-Reviews

Agriculture Production Department

3.1 Sericulture Development Programme

The programme in operation in the State prior to Independence, covered activities like mulberry culture, seed production, worm rearing leading to production of cocoons and silk reeling in the State for which facilities/incentives were provided by the Government to rearers/reelers. The objective of the programme was largely not realised as only 12 lakh kgs of cocoon (dry) were transacted in the State during the period 1998-2003, of which four lakh kgs were utilised by the reeling units in the State. The average income of the rearer increased by Rs 2,277 only.

Highlights

- **The Department utilised only 58 *per cent* Central funds meant for various catalytic development schemes during the period 1998-2003, leaving Rs 1.51 crore unspent at the end of March 2003.**

(Paragraph: 3.1.4)

- **The utilisation of total cultivable area for raising saplings in 57 test-checked nurseries ranged between 38 *per cent* and 48 *per cent* only during the period 1998-2003. The survival rate of mulberry roots/cuttings and plants was 44 *per cent* and 41 *per cent* respectively, during the period 1998-2003.**

(Paragraphs: 3.1.5 and 3.1.6)

- **Contribution of Rs 50.40 lakh in respect of rearing kits was not recovered from the beneficiaries.**

(Paragraph: 3.1.10)

- **The shortfall in production of cocoon ranged between 0.68 lakh kgs and 2.41 lakh kgs during the period 1998-2003. The average yield of cocoon was only 28 kgs per ounce of seed against the norm of 40 kgs per ounce. Expenditure of Rs 2.86 crore incurred on improving rearing activities in the State therefore did not yield the desired results.**

(Paragraph: 3.1.13)

- **Against recoverable amount of Rs 94.44 lakh on account of cost of silkworm seed and market fee during the period 1998-2003, the Department realised only Rs 73.57 lakh from the rearers leaving Rs 20.87 lakh unrealised as of March 2003.**

(Paragraph: 3.1.14)

- **The growth centres at Government Filatures, Srinagar and Jammu processed only 41.36 tonnes of cocoon during the period 2001-03 against the norm of 180 tonnes per annum indicating their underutilisation to the extent of 77 *per cent* rendering the expenditure of Rs 56 lakh largely unproductive.**

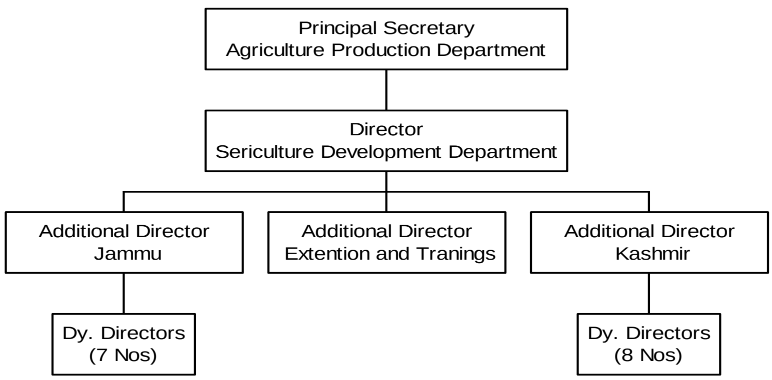
(Paragraph: 3.1.15)

Introduction

3.1.1 The State Government has been promoting sericulture activities in the State prior to Independence. The activities comprise mulberry culture, seed production, worm rearing and related functions. The reeling and marketing of raw silk was done exclusively by the Jammu and Kashmir Industries Limited (a Government company) up to September 1988. After demonopolisation of the industry in September 1988, the activity was opened to private sector also. The objective of the sericulture development programme is mainly to ensure availability of mulberry leaf and good quality seed in sufficient quantity, provision of facilities/incentives to rearers and other supportive measures for enhancing cocoon production and resultant upliftment of rural economy of the State.

Organisational set up

3.1.2 The organisational structure for implementation of sericulture development programme is indicated in the following chart:



The number of employees involved in the implementation of the programme was 2248 (March 2003).

Audit coverage

3.1.3 The implementation of the programme for the period 1998-2003 was reviewed in audit from November 2002 to March 2003 by test-check of records of the Administrative Department, Directorate of Sericulture, Additional Directors Jammu and Kashmir, Additional Director (Extension and Trainings) and four[&] Deputy Directors covering 21 *per cent* of the total expenditure of Rs 109.52 crore. The results thereof are brought out in the succeeding paragraphs.

Allocation and expenditure

3.1.4 The Department in addition to allocations by the State Government, received funds from the Central Government for various catalytic development schemes. The position of funds received by the Department and expenditure incurred thereagainst during the period 1998-2003 was as under.

Table No: 3.1 Allocation and expenditure (Rs in crore)

	Funds allocated/received				Expenditure			
Year	**Opening balance**	**Allocation**	**Central Govern-ment**	**Total funds available**	**State Funds**	**Central Funds**	**Total Expendi-ture**	**Closing Balance (Central funds)**
1998-99	-	20.89	0.27	21.16	18.38	0.18	18.56	0.09
1999-2000	0.09	23.11	0.15	23.35	22.23	0.08	22.31	0.16
2000-01	0.16	22.52	0.19	22.87	21.72	0.34	22.06	0.01
2001-02	0.01	23.11	0.74	23.86	22.44	0.65	23.09	0.10
2002-03	0.10	23.30	2.26	25.66	22.65	0.85	23.50	1.51
Total		**112.93**	**3.61**		**107.42**	**2.10**	**109.52**	

(Source: Departmental records)

Central funds to the extent of 58 *per cent* only were utilised during the period 1998-2003 leaving an unspent balance of Rs 1.51 crore at the end of March 2003.

Mulberry plantation

Augmentation of mulberry plantation

3.1.5 The first component of the programme is to ensure availability of sufficient mulberry leaf by increasing the area under mulberry plantation. The Department seeks to achieve this by growing saplings in its nurseries for raising mulberry plantations. Expenditure of Rs 6.47 crore was incurred for the purpose in 155 nurseries during the period from 1998-99 to 2002-03. The position of utilisation of the cultivable area for raising saplings in 57 test-checked nurseries during the period 1998-2003 is given below:

[&] Jammu, Udhampur, Rajouri and Srinagar.

Table No: 3.2 Area under cultivation in nurseries (Area in *Kanals*)

District	Number of nurseries	Total area	Cultiva-ble area	Area under cultivation				
				1998-99	1999-2000	2000-01	2001-02	2002-03
Udham-pur	32	929.04	667.74	261.30 (39)	200.40 (30)	181.90 (27)	186.70 (28)	281 (42)
Rajouri	15	509.14	395.03	176.48 (45)	146.62 (37)	163.44 (41)	132.14 (33)	114.44 (29)
Jammu	3	74.00	67.50	67.50 (100)	67.50 (100)	67.50 (100)	67.50 (100)	67.50 (100)
Srinagar	7	405.00	119.00	89.00 (75)	89.00 (75)	89.00 (75)	89.00 (75)	89.00 (75)
Total	**57**	**1917.18**	**1249.27**	**594.28 (48)**	**503.52 (40)**	**501.84 (40)**	**475.34 (38)**	**551.94 (44)**

(Source: Departmental records)

It will be seen that overall utilisation of the cultivable area for raising saplings ranged between 38 *per cent* and 48 *per cent* during the period 1998-2003. The position was worse in the nurseries at Udhampur and Rajouri where area utilisation never exceeded 45 *per cent.*

Mortality of the plants

3.1.6 The Department had plans of augmenting the available mulberry plantation in the State by producing additional 25 lakh-30 lakh saplings annually during the ninth Plan period. The position of roots/cuttings raised in nurseries and their survival rate during the period 1998-2003 was as under:

Table No: 3.3 (Numbers in lakh)

	Nursery plantation		
Year	**Roots and cuttings raised**	**Survival**	**Percentage survival**
1998-99	86.85	33.89	39
1999-2000	91.67	36.90	40
2000-01	90.75	39.20	43
2001-02	100.51	45.31	45
2002-03	98.57	52.28	53
Total	**468.35**	**207.58**	**44**

(Source: Departmental records)

The survival rate of the roots and cuttings during the period 1998-2003 was 44 *per cent* only.

The Department provided incentive of Rs 88.82 lakh for increasing plantation in the field through farmers during 1998-2003. The position of saplings planted in the field and the survival rate during the period 1998-2003 was as follows:

Table No.3.4 (Number in lakh)

Field Plantation			
Year	**Plants**	**Survival**	**Percentage survival**
1998-99	13.72	5.69	41
1999-2000	14.06	5.75	41
2000-01	12.92	4.06	31
2001-02	13.58	5.19	38
2002-03	14.48	7.52	52
Total:	**68.76**	**28.21**	**41**

(Source: Departmental records)

The survival rate of the plantations in the field during the period 1998-2003 was also low 41 *per cent* only.

The objective of raising 25 lakh-30 lakh saplings annually was also not achieved. Besides, field units[♥] had not maintained nursery journals which would indicate details of plants and cost of their cultivation.

On being pointed out, it was stated[≠] that high mortality was due to unfavourable weather conditions, lack of irrigation facilities and drought. The reply was not tenable as mortality had been consistently high year after year.

Seed production

3.1.7 The second component of the programme is to ensure availability of good quality seed in adequate quantities. Department seeks to achieve this, firstly by rearing the parent races (P2 and P3) to produce P1 seed. The P1 seed, after its multiplication is supplied to selected rearers for rearing cocoons. Reared cocoons are purchased to produce industrial seed (F1) in required quantities, which leads to cocoon crop.

Low yield of industrial seed

3.1.8 P1 seed cocoons purchased from rearers are sorted by the Department to identify and collect Disease Free Laying (DFL) mother moths. The quantity of P1 seed cocoons procured, sorted, rejected, isolated, expected yield and actual yield are given in the following table.

♥ Deputy Directors Rajouri and Udhampur.

≠ Additional Director Sericulture Jammu, Deputy Directors Udhampur, Jammu and Rajouri.

Table No: 3.5 Yield of silkworm seed

Year	P1 seed cocoons procured (green) (kgs)	Sorted P1 seed cocoons (green) taken up for production of F1 seed (kgs)	Cocoons rejected (kgs)	Percentage of rejected cocoons to P1 cocoons procured
(1)	(2)	(3)	(4)	(5)
1998-99	23884	20648	2262	9
1999-2000	26159	23474	1045	4
2000-01	24682	21462	2242	9
2001-02	18249	16665	756	4
2002-03	18493	16887	933	5
Total	**111467**	**99136**	**7238**	**6**

Female moths isolated	Female moths declared disease free	Laying expected at the rate of 85 layings from 100 female moths	Expected seed yield at the rate of one ounce from 100 laying as per norm	F1 seed actually produced	Seed yield per kg of seed cocoon s (Column 10/2)
(Number in lakh)			(Ounces)		
(6)	(7)	(8)	(9)	(10)	(11)
37.63	29.81	25.34	25340	20840	1.01
47.66	38.86	33.03	33030	25295	1.08
43.64	39.71	33.75	33750	23741	1.11
33.00	30.47	25.90	25900	19438	1.17
33.02	31.50	26.78	26780	19665	1.16
194.95	**170.35**	**144.80**	**144800**	**108979**	**1.10**

(Source: Departmental records)

It would be seen from the table that, percentage of rejected cocoons ranged between 4 *per cent* and 9 *per cent* for which norms had not been fixed. From 669[&] lakh cocoons, the Department was expected to isolate 334 lakh female moths (50 *per cent*). The actual isolation was 1.95 crore (29 *per cent)* only resulting in shortfall in F1 production. The seed yield of P1 cocoon ranged from 1.01 to 1.17 ounces against the prescribed norm of 1.41 to 1.59 ounces.

Cocoon rearing

3.1.9 One of the main objectives of the programme is to ensure that adequate facilities are available to the rearers. This is sought to be achieved by creating necessary infrastructure, providing equipment and imparting training in techniques of rearing at both the stages of rearing parent and industrial seed. Several of these activities fall under Catalytic Development Schemes which are partly financed by Central Silk Board (CSB) Ministry of Textiles, Government of India. An amount of Rs 2.86 crore was spent on these schemes during the period from 1998-99 to 2002-03. Audit observations on effectiveness of implementation of these schemes are as follows.

[&] One Kg of seed cocoon comprises 600 cocoons approximately (1,11,467 x 600 = 669 lakh).

Supply of incomplete rearing kits

3.1.10 Central Silk Board (CSB) approved (May 1998) the proposal of supplying rearing kits to beneficiaries, the cost (Rs 5000) of which was to be shared by the State and CSB at Rs 1500 each and the balance (40 *per cent*) by the beneficiary. The Department purchased rearing kit items for Rs 1.26 crore and issued these to 5500 beneficiaries during the period from 1998-99 to 2002-03. Audit scrutiny of records revealed that complete[ψ] kits were neither purchased nor provided to beneficiaries. Besides, contribution of Rs 50.40 lakh recoverable from the beneficiaries in respect of items supplied to them was also not recovered. Supply of incomplete rearing kits to rearers had an adverse impact on the cocoon yield. The records also did not indicate that the stipulated 30 *per cent* SC/ST and 30 *per cent* women beneficiaries were covered under the scheme.

Construction of rearing houses

3.1.11 The Department proposed to construct 1,000 rearing houses at a cost of Rs 20,000 each which was to be shared by the beneficiary to the extent of Rs 15,000 and the balance of Rs 5,000 by the CSB and the State Government in equal proportion. The design/drawings (December 2001) of the CSB for construction of rearing houses provided for thatched roofing for proper maintenance of temperature and humidity. Contrary to this, the Department decided that the beneficiary would construct the shed up to the roof level and roofing material in the shape of CGI sheets for temperate zone and asbestos for sub-tropical zone to the extent of Rs 5,000 would be provided to each beneficiary free of cost. CGI sheets costing Rs 25 lakh were purchased by the Department and issued to 500 beneficiaries in both temperate and sub-tropical zones. The adverse impact of use of CGI sheets on production/yield of cocoons was not intimated.

The Department also purchased 1.20 lakh metres of black cloth during 1998-99 to 2001-02 for supply to rearers for sun drying of cocoons to prevent cocoon quality from deterioration. An expenditure of Rs 39 lakh was incurred on the purchase. It was seen in audit that cloth was issued in excess of prescribed scale of 5.50 metres per rearer, resulting in excess issue of 9,917 metres (cost: Rs 3.39 lakh) to 19,999 rearers. The impact of sun drying of cocoons under black cloth was not discernible as production of A grade cocoon declined from 73 *per cent* to 51 *per cent* during the period 1998-2003 as indicated in table 3.7 below.

Financial support to rearers

3.1.12 The Department decided (September 2002) to compensate rearers by paying an incentive to the extent of Rs 5 per kg on green cocoons and Rs 15 on dry cocoons, in case there was shortfall in price by more than Rs 30 per kg with reference to floor price fixed by the Government. The expenditure was to be

ψ Each comprising rearing stand, trays (20), mountages (20) and *Sigries* (2).

shared between Centre and State Governments on 90:10 basis. Rupees 35 lakh and Rs 3.78 lakh were released by the Central and State Government respectively during 2002-03 for the purpose. Disbursement accounts and acquittances of the beneficiaries for subsidy payment of Rs 22.88 lakh placed at the disposal of four DDOs[β] were not made available for verification in audit.

Cocoon yield

3.1.13 The statistical data on number of cocoon rearers, quantity of seed distributed, cocoon crop harvested and average yield of cocoon for the period 1998-2003 indicated that there was little growth in the production of cocoon.

Table No: 3.6 Cocoon yield

Year	No of rearers	Seed distributed (Ounces)	Cocoon produced green (kgs)	Average cocoon yield (kg/ounce of seed)	Target fixed	Actual yield	Shortfall
					(lakh kgs)		
1998-99	23370	31479	827567	26.29	10.00	8.28	1.72
1999-2000	23014	28207	815029	28.89	9.50	8.15	1.35
2000-01	22789	29233	882384	30.18	9.50	8.82	0.68
2001-02	20437	28729	708860	24.67	9.50	7.09	2.41
2002-03	21677	26157	848408	32.44	9.50	8.48	1.02
Total	**111287**	**143805**	**4082248**	**28.39**			

(Source: Departmental records)

The Department had projected annual production of 15 lakh kgs of cocoon. The target was, however, reduced to 10 lakh kgs and further scaled down to 9.5 lakh kgs from 1999-2000. Even the reduced target could not be achieved and the actual yield was about 8 lakh kgs per annum. The average yield of cocoon was 28 kgs per ounce of seed against the norm of 40 kgs per ounce.

Department's inability to achieve the target of cocoon production, even against reduced targets and improve the cocoon yield indicated that Rs 2.86 crore spent on improving rearing activities did not achieve the desired results.

Marketing of cocoon

3.1.14 Cocoons for reeling are sold in departmentally managed cocoon markets. For organising these markets, the Department realises market fee at the rate of one *per cent* of the value of the cocoons transacted (0.5 *per cent* from buyers and 0.5 *per cent* from sellers). It also recovers the cost of the seed. The position of silkworm seed distributed, cocoons harvested/transacted, market fee and cost of silkworm seed recoverable/recovered from the rearers during the period from 1998-99 to 2002-03 is given below:

[β] Deputy Directors Udhampur, Jammu, Rajouri and Srinagar.

Table No: 3.7 Marketing of cocoons

Year	Seed distributed (thousand ounces)	Cocoon yield (lakh kgs)	Grade-wise cocoons transacted (Dry) (Lakh kgs)				Total cocoons transac-ted in auction market	Value of cocoons transac-ted	Cost of silkworm seed recovera-ble ♦	Market fee recoverable (Rs in lakh)		Total
										Buyers	Sellers	
			A	B	C	D	(lakh Kgs) (dry)	(Rs in lakh)				
1998-99	31	8.23	1.83 (73)	0.33	0.25	0.11	2.52	493.43	10.29	2.47	2.47	15.23
1999-2000	28	8.12	1.50 (68)	0.39	0.26	0.05	2.20	480.15	10.15	2.40	2.40	14.95
2000-01	29	8.80	2.11 (83)	0.23	0.11	0.10	2.55	566.49	17.60	2.83	2.83	23.26
2001-02	29	7.06	1.71 (81)	0.18	0.10	0.10	2.09	571.37	14.12	2.86	2.86	19.84
2002-03	26	8.46	1.35 (51)	0.67	0.42	0.20	2.64	423.20	16.92	2.12	2.12	21.16
Total	**143**	**40.67**					**12.00**	**2534.64**	**69.08**	**12.68**	**12.68**	**94.44**

(Source: Departmental records)

It was observed that against the recoverable amount of Rs 94.44 lakh, Additional Directors, Jammu and Kashmir had incorrectly worked out the amount at Rs 81.23 lakh and realised Rs 73.57 lakh only. Department could not explain the short realisation of Rs 20.87 lakh.

Out of 12 lakh kgs of cocoons transacted in the market, only 4.12 lakh kgs were purchased by the buyers from the State. The average income of the rearer from the programme worked out to Rs 2,277 only during the period 1998-2003.

Establishment of growth centres

3.1.15 The CSB envisaged creation of growth centres in the states with the objective of ensuring production of quality silk on multiend reeling machines by providing common facilities to the entrepreneurs under one roof. Under the scheme, the space and building alongwith basic amenities were to be provided by each participating state and CSB was to provide equipment and machinery costing around Rs 28 lakh per centre. Two growth centres were set up under the scheme at Government Filatures, one each at Srinagar and Jammu with the expectation that these units would process 180 tonnes of cocoons annually in addition to their normal requirement. Machinery and equipment costing Rs 55.76 lakh were supplied by the CSB and the centres commissioned in September 2001.

It was observed in audit that during 2001-02 and 2002-03 these units purchased 65.72 tonnes of cocoons and consumed 41.36 tonnes (March 2003) only, indicating that the growth centres remained underutilised to the extent of 77 *per cent.* This rendered the expenditure of Rs 56 lakh on establishing these centres largely unproductive.

♦ Worked out at the rate of Rs 1.25 per kg of cocoon up to 1999-2000 and at the rate of Rs two per kg thereafter.

Conclusion

3.1.16 The Department has been investing more than Rs 20 crore per year to produce about 7 lakh to 9 lakh kgs cocoon of which only 2.40 lakh kgs is actually transactable. The final outcome of the programme for five years between 1998-99 and 2002-03 has been 12 lakh kgs of transactable dry cocoon on which the Department incurred an expenditure of Rs 109.52 crore. The cost of production[♣] of cocoons worked out to Rs 73.50 crore against which Rs 25.35 crore only were realised on their sale. This resulted in implicit subsidy of Rs 48.15 crore to buyers of which Rs 31.61 crore were indirectly passed on to the buyers of other states who purchased 7.88 lakh kgs of cocoon.

Recommendations

3.1.17 Uptake of dry cocoons within the State of Jammu and Kashmir works out to less than one lakh kgs per year. Decision to continue the existing volume of activities with 2248 staff with annual expenditure of more than Rs 20 crore has to be arrived after a review of actual demand within the State. Simultaneously issues of high mortality of plants, quality and productivity of seed have to be addressed.

The above points were referred to the Government/Department in July 2003; reply had not been received (October 2003).

♣ Cost of production of cocoon worked out after deducting expenditure on plantations, establishment of reeling units and administrative expenses (assumed at 25 *per cent)* from the total expenditure.

Section-B-Audit Paragraphs

Agriculture Production Department

3.2 Unfruitful expenditure on dewatering pump sets

Director Agriculture, Kashmir identified defective sites for installation of pump sets at Agriculture Farm, Padgampora (Pulwama) and subsequently failed to relocate them which resulted in unfruitful expenditure of Rs 24.94 lakh.

Director Agriculture, Kashmir accorded (June 1991) administrative approval for work of procurement and installation of five diesel pump sets (cost: Rs 9.95 lakh) for dewatering of the Agriculture Farm, Padgampora (Pulwama). The amount was released[♣] by the Director to the Executive Engineer, Mechanical Irrigation Division (South), Srinagar/Awantipora for the purpose. The Division did not take up the work due to delay in finalisation of the contract with the suppliers. The Division revised (July1992) the cost of the work to Rs 20.95 lakh as a result of which the Director decided (September 1992) to install only 3 pump sets (cost: Rs 13.01 lakh). An additional amount of Rs three lakh was released (March 1993) to the Division. The work could not be started due to non-identification of the site by the Director leading to further revision (February 1994) of the cost of work to Rs 16.45 lakh. Rupees 1.80 lakh were released to the executing agency in March 1994, which installed two pump sets, of which only one was commissioned in June 1997. The third one was lying in the stores of the Division. Expenditure of Rs 22.24 lakh was incurred on the work by the Division.

Audit scrutiny (April 2001) of the records revealed that, of the two installed pump sets only one functioned for 13 days during the period 1997-2003 as the pump sets had been installed at a height lower than the average flood level due to which these remained submerged during floods and water pumped out re-entered the farm defeating the very objective of their installation. Despite non-functioning of the pump sets, the Director further released Rs 6.13[♦] lakh to the Division. In addition, Rs 2.70 lakh were spent on watch and ward of the pump sets from November 1997 to February 2003.

Thus, identification of defective sites for installation of pump sets and subsequent failure to relocate them for their smooth functioning resulted in unfruitful expenditure of Rs 24.94 lakh including unpaid liability of Rs 1.36 lakh.

The matter was referred to the Government/Department in May 2003; reply had not been received (October 2003).

♣ March 1991: Rs 2.50 lakh; June 1991: Rs 3.45 lakh; September 1991: Rs four lakh.

♦ November 1997: Rs one lakh; December 1997: Rs 5.13 lakh.

Civil Aviation Department

3.3 Idle investment and locking up of funds

Injudicious action of Commissioner, Civil Aviation Department to release funds in excess of demand of the Collector Land Acquisition, Jammu to avoid their lapse and part acquisition of land resulted in locking up of Rs 41.29 lakh for about five years. Besides, investment of Rs 55.35 lakh was rendered idle due to non-utilisation of the acquired land.

Commissioner, Civil Aviation Department advanced (30 March 1998) Rs 96.64 lakh to the Collector, Land Acquisition Jammu against his tentative demand of Rs 77.68 lakh for acquisition of land measuring 53 *kanals* 19 *marlas* for developing a hangar complex at Satwari, Jammu. The amount was deposited by the Collector in his current bank account. Audit scrutiny (March 2002) revealed that the Department took over the possession of 44 *kanals* 10 *marlas* of land (5 *kanals*: June 1999; 39 *kanals* 10 *marlas*: March 2000) against which Collector released Rs 55.35[ψ] lakh only to the land owners, leaving Rs 41.29 lakh in his bank account (August 2003). Neither was the remaining land (9 *kanals* 9 *marlas*) acquired nor was construction work on the acquired land taken up by the Department (August 2003).

Injudicious action of the Commissioner to release funds in excess of demand of the Collector to avoid lapse of funds and non-acquisition of the remaining land resulted in locking up of Rs 41.29 lakh for about five years. Besides, investment of Rs 55.33 lakh on the acquired land was lying idle. The cost of idle/locked up funds to Government worked out to Rs 57.98[ϕ] lakh.

The matter was referred to Government/Department in May 2003; reply had not been received (October 2003).

3.4 Injudicious heli-skiing operations and loss

Commissioner, Civil Aviation Department started heli-skiing operations injudiciously without obtaining the permission of Director General of Civil Aviation. Non-insurance of the helicopter by the Department resulted in loss of Rs 3.54 crore to Government.

The Department without obtaining the necessary permission of the Director General of Civil Aviation (DGCA), Government of India, started (February 1999) heli-skiing operations for promoting winter sports in the State. The activity involved flying tour parties by helicopters to suitable ridges or mountain tops for skiing.

[ψ] Rs 4.42 lakh: June 1999; Rs 47.02 lakh: June 2000; Rs 3.91 lakh (date of payment awaited).

[ϕ] Calculated at the minimum borrowing rate of Rs 12 *per cent* per annum.

Audit-check (February 2002) of the records of the Department revealed that one Cheetah helicopter (VT-EUT; cost: Rs 3.54 crore) on heli-skiing mission was badly damaged when it crashed (March 1999) in Gund valley, Srinagar. An enquiry by the Inspector of Accidents, DGCA found (September 1999) that lack of training of the pilot for undertaking this operation, selection of unsuitable landing site and non-framing of procedures for heli-skiing were contributory factors for the crash. The Department had also not insured the helicopter. Non-insurance of the helicopter was attributed (January 2003) by the Commissioner, Civil Aviation Department to the absence of State policy and financial crunch for payment of insurance premium. The reasons put forth were self contradictory and not tenable.

The decision of the Commissioner to start the heli-skiing activity without the permission of the DGCA and framing procedures therefor was injudicious. Besides, non-insurance of the helicopter resulted in loss of Rs 3.54 crore to Government.

The matter was referred to Government/Department in April 2003; reply had not been received (October 2003).

Education Department

3.5 Unauthorised retention of Government money by Principal DIET, Poonch

Principal, DIET Poonch unauthorisedly withheld Rs 18.39 lakh outside Government account which, apart from non-completion of the office complex, resulted in locking up of the amount for over five years. The cost of locked up funds amounted to Rs 11.25 lakh.

Commissioner/Secretary, Education Department released Rs 63[♣] lakh to the Principal, District Institute of Education and Trainings (DIET), Poonch for construction of the office complex (estimated cost: Rs 1.01 crore) under Centrally sponsored scheme "Restructuring and Reorganisation of Teacher Education". The Principal advanced the amount to Jammu and Kashmir Project Construction Corporation Limited (a Government Company) which after executing works up to Rs 64.98 lakh suspended (April 1996) it due to reported occupation of the structure by the security forces. In January 1998, the Commissioner/Secretary further released Rs 38.39 lakh to the Principal for the work, of which Rs 20 lakh only were released (March 1998) by the latter to the Company and balance of Rs 18.39 lakh kept in current bank account. The Company restarted (April 1998) the work and after incurring further expenditure of Rs 18.02 lakh up to December 2002, left the work incomplete due to non-availability of funds. The

♣ Up to December 1995: Rs 48 lakh; January 1996: Rs 15 lakh.

Principal did not release the balance amount for completing the work. Meanwhile, the amount continued to be locked in the bank account (March 2003).

Thus, unauthorised retention of Rs 18.39 lakh by the Principal, DIET Poonch, apart from non-completion of the office complex resulted in locking up of Rs 18.39 lakh for over five years. The cost of locked up funds amounted to Rs 11.25[♥] lakh.

The matter was referred to the Government/Department in June 2003; reply had not been received (October 2003).

Health and Medical Education Department

3.6 Idle investment on purchase of laparoscopic surgical units

Director Health Services, Jammu purchased laparoscopic surgical units without ensuring availability of required infrastructure including trained medical staff which resulted in their non-utilisation and consequent idle investment of Rs 75.34 lakh for about 3 to 4 years.

Director Health Services, Jammu purchased (December 1998/ March 2000) six laparoscopic surgical units from a Delhi based firm at a cost of Rs 1.13 crore (including cost of accessories and carriage) for use in the six district hospitals of Jammu Division. The equipment received[♣] in the Provincial Medical Store Jammu, were issued to the district hospitals Kathua, Jammu and Doda (March 2000), Udhampur (November 2000), Rajouri and Poonch (April 2001) after periods ranging between 7 and 11 months. Three of these units issued to district hospitals of Doda, Poonch and Rajouri were lying idle due to non-availability of operation theatre and trained medical staff. The fourth unit lying idle in the district hospital Kathua, was transferred (February 2002) to Government Hospital Gandhinagar, Jammu for demonstration/workshop purposes. This unit had also not been put to any use as of December 2002.

Thus, purchase of the laparoscopic surgical units by the Director Health Services, Jammu without ensuring availability of required infrastructure including trained medical staff for their operation resulted in idle investment of Rs 75.34[♥] lakh for about 3 to 4 years, besides denial of advanced surgical facilities to needy patients. The cost of idle funds to the Government worked out to Rs 27.12[#] lakh.

♥ Worked out at the minimum borrowing rate of 12 *per cent* per annum.

♣ 3 each in March 1999 and March 2000.

♥ Based on proportionate cost of the equipment.

\# Worked out at the borrowing rate of 12 *per cent* per annum.

The matter was referred to the Government/Department in March 2003; reply had not been received (October 2003).

3.7 Idle investment, loss and extra expenditure on purchase of hospital equipment

Principal, Government Medical College, Jammu failed to obtain custom duty exemption certificates for imported equipment which resulted in loss of Rs 5 lakh and extra expenditure of Rs 8.18 lakh. Further, non-fabrication of the van for installing the X-Ray camera resulted in idle investment of Rs 19.89 lakh.

Principal, Government Medical College Jammu placed (March 1997) an order with the Indian agent of two foreign suppliers for supply of a close circuit medical video system (cost: Rs 1.50 lakh) and a cryo-unit (cost: Rs 3.50 lakh) for cataract and other eye operations. The consignments reached Indira Gandhi International Airport, New Delhi in May 1997 and September 1997 and payments were released to the firms in July 1997 and September 1997 respectively. The Principal could not arrange the custom duty exemption certificate (CDEC) from Director General Health Services (DGHS), New Delhi as a result of which the equipment was auctioned by the custom authorities in March 1999. Audit check further revealed that the Principal approached DGHS for issue of CDEC only in August 1999 after the consignment had been auctioned by the custom authorities resulting in loss of equipment costing Rs five lakh.

The Principal also placed (July 1998) an order with another Indian agent of a Hong Kong based firm for supply of Odelca X-ray camera with Phototimer at a cost of Rs 19.89 lakh. The college advanced (November 1999) Rs 22.36 lakh for opening of letter of credit (LOC) at the Jammu and Kashmir Bank Limited, Jammu which in turn released Rs 19.89 lakh (November 2000) to the firm. The documents for issue of the CDEC were, however, sent by the college to DGHS only in May 2000. The equipment received at the New Delhi airport (November 2000) could not be released as the college failed to obtain the CDE Certificate. Apprehending auction of equipment by the custom authorities, the college got it released (October 2001) after paying Rs 8.18[ψ] lakh as custom duty, demurrage charges and penal interest. The equipment had not been made functional as the van on which it was to be installed had not been fabricated (April 2003). Besides, Rs 2.47 lakh out of the LOC amount continued to be locked in the bank (April 2003).

Thus, failure of the Principal to obtain CDE certificates well in advance for custom clearance of the imported equipment resulted in loss of Rs five lakh and extra avoidable expenditure of Rs 8.18 lakh. Further,

[ψ] Demurrage: Rs 2.24 lakh; Custom duty: Rs 4.88 lakh and interest: Rs 1.06 lakh.

non-fabrication of van for installing the X-ray camera resulted in idling of the equipment costing Rs 19.89 lakh.

The matter was referred to the Government in March 2003; reply had not been received (October 2003).

Home Department

3.8 Fraudulent drawal

Non-observance of codal provisions by the DDO and the Treasury Officer facilitated fraudulent drawal of Rs 17.75 lakh.

During the course of checking of list of payments of the Civil Secretariat treasury with supporting vouchers for the month of July 2001, one voucher for an amount of Rs 17.75 lakh was found missing. The matter was pointed out (January 2002) to the Director General, Home Guards and the Treasury Officer concerned. While the former stated (February 2002) that no such drawal had been made by his office, the latter stated (March 2002) that the amount had been refunded by the ex-cashier in March 2002. Further scrutiny in audit revealed that the bill in question had not been entered either in the cash book or in the Drawal Register. The certificate of drawals recorded in the Drawal Register had been interpolated by increasing the amount (by Rs 17.75 lakh) and the total number of drawals without recording the individual transaction. The ex-cashier of the Department was, however, placed under suspension and an FIR lodged (February 2002) with the police. The fraudulent drawal had been facilitated by non-observance of codal provisions as discussed below:

The DDO (Staff Officer to Additional Director General) had not obtained list of bills drawn by him during the previous month from the treasury and traced these in his cash book.

The Treasury Officer had authorised the drawal without sufficient budget provision to cover the transaction.

While recording the drawal certificate, the Treasury Officer had not checked individual drawals and totals thereof.

The voucher supporting the transaction had not been submitted to Accountant General by the Treasury Officer.

The matter was referred to Government/Department in October 2003;reply had not been received (December 2003).

Tourism Department

3.9 Promotion of Tourism

A review of the promotional activities of the Department *viz.* grant of incentives, publicity measures and development of infrastructure, revealed irregular payment of subsidy to two cinema hall owners, loan payments to registered boat owners without assessing the quantum of loan and non-recovery of principal and interest from tourism-based units. The Department engaged a firm for printing of publicity material without assessing reasonability of its rates. Norms for expenditure on boarding, lodging and transportation for organising promotional meets outside the State had not been fixed. Infrastructure development works were taken up in piece meal rather than in an integrated manner for development of a particular site or spot.

Introduction

3.9.1 Tourism Department established for promotion of tourism in the State is headed by Director General who is assisted by two Directors at the Divisional level (Jammu and Srinagar). The overall administrative control of the Department vests with the Secretary Tourism. During late 1980s and early 1990s, tourism in the State was badly hit by the disturbed conditions in the Valley. In 1995, the Government declared Tourism as industry and framed Tourism Incentive Rules, 1995. Units directly related to tourism like houseboats, *shikaras*, etc. became eligible for various incentives.

A test-check of records of Director General Tourism for the period from 1998-99 to 2002-03 was conducted during June-July 2003 and performance of the Department reviewed in the areas of (a) incentives to units and people engaged in tourism affected by disturbances (b) publicity measures taken by the Department (c) activities related to promotion of tourism and (d) schemes taken up for augmentation of infrastructure. Break-up of expenditure during the period was as follows:

Table No: 3.8 (Rs in crore)

	1998-99	1999-2000	2000-01	2001-02	2002-03
Revenue Expenditure					
Publicity / Information	1.22	1.66	1.70	1.59	2.20
Other expenditure including non Plan	6.73	7.85	7.91	8.44	8.98
Capital Expenditure					
Incentives/ Loans	3.17	7.70	6.08	6.01	3.01
Infrastructure development	6.98	4.26	5.09	10.06	10.61
Other expenditure	0.11	0.05	0.03	0.26	0.14
Total	**18.21**	**21.52**	**20.81**	**26.36**	**24.94**

Expenditure of Rs 3.97 crore was also incurred out of Central Assistance of Rs 4.32 crore released by Government of India during the period from November 1992 to March 2001.

Incentives to units and people engaged in tourism

3.9.2 Government introduced (March 1998) tourism package of incentives to help units and people engaged in tourism trade to overcome their financial difficulties that arose because of disturbances. These measures were meant to help revive the tourism.

Under the scheme, six types of tourism-based units were to be granted soft loans at the interest rate of five *per cent* for a period of three years after which it was chargeable at prevailing bank rates. The loan was to be liquidated in five years in half yearly instalments after moratorium of two years and the interest after a moratorium of one year. During the period from 1998-99 to 2000-01, loan assistance of Rs 6.47 crore was paid to 4307 units as detailed below.

Table No: 3.9

Category	No of cases	Amount (Rs in crore)
Shikarawallas	1725	4.31
Ponywallas	1979	1.58
Coolies	77	0.05
Dandiwallas	40	0.04
Photographers/ hawkers	27	0.03
Sledgewallas	459	0.46
Total	**4307**	**6.47**

As of July 2003, neither the principal nor the interest due was recovered from any of the unit holders. On being pointed out in audit, the Department stated (July 2003) that this was done under verbal orders of the then Minister of State for Tourism.

Under the incentive scheme the Department sponsored registered boat owners to financial institutions/banks for grant of loans. Department subsidised interest to the extent of 11 *per cent* for first three years from the date of disbursement of loan. The loanee had to bear full interest thereafter. During the period from June 1998 to December 1999, the Department sponsored 1027 cases to the Jammu and Kashmir Bank. The Bank granted loans aggregating Rs 17.09 crore in 908 cases. Subsequently, the Department ordered rescheduling of loan by allowing a moratorium of three years, treating the loans as completely interest free. An amount of Rs 12.18 crore was paid to the Bank as interest on these loans up to March 2003.

Among the beneficiaries of these loans, 185 persons kept part of loans (Rs 4.35 crore) in fixed deposits with the same bank. The Department in January 2003 informed the Government that the Bank had retained the amounts in the shape of FDR. The Chairman of the Bank, however, informed the Department that loanees had deposited the amount on their own. Either way Government continued to bear interest burden on Rs 4.35 crore, which was utilised neither by loanees nor the Government. This indicated that cases sponsored by the Department were without proper identification of persons and assessing the quantum of assistance needed.

In August 1999, the Department sanctioned and disbursed Rs 62.50 lakh as outright subsidy to two cinema hall owners for renovation of cinema halls partly damaged during militancy. Cinema halls did not fall under the ambit of Tourism Incentive Rules, 1995 and could not be categorised as tourist units entitled for incentive. This appeared to be a case of favouritism.

Tourism publicity

3.9.3 For revival of tourism the Department undertook advertisement campaign by way of printing posters, brochures and tourist literature etc. during the years from 1998-99 to 2002-03. The Department had a Tourism Publicity Committee (TPC), but never framed any annual plan for this activity.

In September 1997, the Department invited offers from 25 advertising agencies enlisted in the Advertisement and Marketing Magazine. It received 14 offers. A subcommittee of TPC met in December 1997 and short-listed six agencies. TPC met in February 1999 and took a decision to engage the same firm with which Department had been working since 1994. TPC recommended the firm for a period of three years up to March 2002. During this meeting, two out of the six members *viz.* the Financial Advisor and Chief Accounts Officer and the Additional Secretary to the Tourism Department were absent. The other four members of the TPC who took the decision were Commissioner/Secretary, Director General, Deputy Director (Publicity) Tourism Department and Managing Director, Jammu and Kashmir Tourism Development Corporation (JKTDC). Though this firm was one of the six short-listed firms, the subcommittee report to TPC indicated that another firm also had similar features but was not given equal opportunity to present its credentials. TPC justified its selection stating that the firm had superior profile and its rates for larger number of items were lower. The fact is that financial implications with reference to volume of work were not worked out in the comparative statement to assess the most reasonable offer. The Department continued engagement of the same firm even after the expiry of its agreement in March 2002. During the period from April 1997 to June 2003 the Department paid Rs 2.77 crore to the firm for various works.

The above firm was liable to pay a service tax of two *per cent* from July 1997 and four *per cent* from April 1999 of the value of the work done which was to be deducted at source. Department did not deduct it while making payments. This resulted in loss of Rs 11.63 lakh to Government exchequer.

As per the agreement executed with the firm no service tax/sales tax was payable by the Department. However, an amount of Rs 6.82 lakh was released to the firm during the period from April 1997 to February 2003 on account of service tax/sales tax resulting in loss to Government exchequer and an undue favour to the same firm.

Though the above firm was engaged for executing printing and advertising works, similar works valued at Rs 32.60 lakh were got executed during the period from October 1998 to July 2002 through other agencies without assessing the reasonability of rates and ignoring the tendering procedures.

During the period (March and October 2000), Rs 10.10 lakh were diverted from 'Transport, Tourist Information and Publicity' (TTIP) grant for providing accommodation to *Darbar* move staff, which was otherwise to be borne by the Estates Department.

Promotion

3.9.4 As part of promotional drive, the Department conducted a number of familiarisation (FAM) tours for travel agents, journalists, film personalities and others connected with tourist trade apart from organising promotional meets outside the State. During the period from September 1998 to March 2003, expenditure of Rs 38.68 lakh was incurred on this activity.

Audit scrutiny revealed that no norms had been fixed/approved for incurring expenditure on boarding, lodging and transportation of guests invited for such events. Even details of participants such as their number, profession of individuals, etc. were not kept on record in absence of which the correctness of expenditure booked on this account could not be ascertained/vouchsafed.

Augmentation of infrastructure

3.9.5 Audit examined records pertaining to twenty seven schemes/works (Central Sector: 26; State Sector: one) for augmenting the existing infrastructure approved with an outlay of Rs 8.24 crore during the period 1992-93 to 2000-01. Expenditure incurred on these schemes till March 2003 was Rs 6.30 crore (Central: Rs 3.97 crore; State: Rs 2.33 crore). Department took up infrastructure works in isolated manner without any integrated approach for development of particular site or spot. Deficiencies in execution of schemes were as follows.

Only two[&] works were completed within the cost ceiling of Rs 52.61 lakh though with delay of five years and seven years. Seven works[ψ] (estimated cost: Rs 2.10 crore) approved by Government of India during the period from January 1994 to March 1996 and slated for completion within one year, were completed after delay of five years to seven years at a cost of Rs 2.76 crore. Cost overrun of Rs 66 lakh and time overrun were due to delay in

& Tourist Bungalow, Karsha and Refurbishment of Pathab Monastry, Leh

ψ Tourist complexes Pangong, Leh, Rajouri, Nobra; Tourist Bungalow Charisharief in Budgam; Yatrika at Kheerbhawani in Srinagar and Renovation of Hemis Gompa, Leh.

selection and finalisation of sites, allotment of contracts and release of funds to implementing units.

Twelve[ϕ] works estimated to cost Rs 3.54 crore were approved by Government of India (GOI) during the period from November 1992 to March 2001 with a Central share of Rs 2.49 crore. Nine works to be completed within one year from the date of their approval were yet to be completed despite incurring expenditure of Rs 1.46 crore and delay ranging up to nine years. Other three works (estimated cost: Rs 1.13 crore) to be completed within two years and two and a half years were also incomplete after incurring an expenditure of Rs 87.70 lakh. The Department attributed the delays to militancy. The reply was not tenable as five out of 12 works were in Leh District, which was not affected by militancy.

Rupees 25.50 lakh were released by GOI during the period from February 1999 to March 2001 as first instalment of Central Assistance for four schemes estimated to cost Rs 1.42 crore. These were artist camp at Gulmarg, sanitation facilities at Amaranth, TRC Shivkhori, Signages in J&K. The works to be completed within one year from the date of their sanction had not been taken up for execution as of March 2003. The State Government had not released its share of Rs 59.40 lakh and the amount released by GOI was locked in current account with a bank.

The Department took up (1999) construction of a tourist hut at Lamayuru at an estimated cost of Rs 20.72 lakh (Central share: Rs 17.12 lakh; State share: Rs 3.60 lakh) through Public Works Department, Leh. After incurring an expenditure of Rs 17.24 lakh the work was stopped at lintel level, on the ground that it was far away from the main resort and thus not suitable from tourist point of view. After being abandoned, the constructed portion of the hut got damaged and all building material was stolen from the site rendering the expenditure of Rs 17.24 lakh on the hut wasteful.

Development work of Ziarat Shah Wali Sahib, a pilgrim spot in Kupwara district, administratively approved at a cost of Rs 44.20 lakh, was taken up in 1995. The construction was abandoned halfway after incurring expenditure of Rs 50.73 lakh up to 1998. DG Tourism in his reply stated (July 2003) that the work could not be completed as maximum thrust was subsequently given to traditional tourism thereby rendering the expenditure wasteful.

To provide facilities to trekkers, the Department imported trekking equipment at a cost of Rs 36.78 lakh during 1988-89 out of which equipment (cost: Rs 16.63 lakh) was issued to subordinate units during the period 1989-1992. Remaining equipment (cost: Rs 20.15 lakh) was lying in the Central

[ϕ] Tourist complex Achinathang (Leh) ,Public convenience at Gompas, refurbishment of Sonathlong Gompa, Meditation Centre Choglamsar and Tourist Bungalow Tsmoriri (Leh); beautification of Srinagar city, Purmandal and Utterbani (Jammu); Yatrika at Babarishi and Budha Amarnath; Works at Baitulzareen, Kishtwar, Computerisation and networking.

stores. Despite availability of the equipment on one hand and poor tourist traffic on the other, the Department again procured equipment worth Rs 2.23 lakh in 1998. The entire stores costing Rs 22.38 lakh continued to remain unutilised in the stores as of March 2003, locking funds to that extent.

The Department rented out (June 1985) two shops at Tourist Reception Centre, Srinagar to a local party at a royalty of Rs 14,722 per month for a period of one year, after which these were to be vacated failing which penalty of Rs 200 per day was payable as per terms of the agreement. The lessee continued to occupy (July 2003) the shops without extension of his lease by the Department. No royalty was realised from the lessee for the period from June 1986 to July 2003 nor any action was initiated to evict him. Inaction of the Department in recovering the royalty and penalty from the lessee resulted in non-recovery of revenue of Rs 27.47 lakh.

Financial rules provide for submission of detailed accounts to Accountant General in support of/for adjustment of advance drawals made from treasury. The Department had not submitted any detailed accounts for various advance drawals aggregating Rs 2.28 crore made from treasury during the period between October 1996 and March 2003. In reply the Director General Tourism stated (July 2003) that the detailed accounts had not been received from the concerned.

The matter was referred to Government in August 2003; reply had not been received (October 2003).