

CHAPTER - III

PERFORMANCE REVIEWS

PEYA JAL DEPARTMENT

3.1 ACCELERATED RURAL WATER SUPPLY PROGRAMME

Highlights

Accelerated Rural Water Supply Programme (ARWSP) was launched by GOI to provide potable water from sustainable sources to all rural habitations in the country. A performance review of the programme revealed that faulty planning led the divisions to execute schemes without prioritisation. New schemes were taken up even as drying of water sources nudged the previously covered habitations out of coverage due to lack of focus on sustainability of sources. Physical verification showed that habitations shown as fully covered were not receiving water because the schemes were either defective or had become defunct. Pipes were not laid as per specifications, critical in hilly regions, resulting in frequent disruption in water supply. Despite availability of adequate funds, the programme implementation was tardy.

➤ *10302 habitations reported (1991) as fully covered slipped out of full coverage by 2003.*

(Paragraph 3.1.7.2)

➤ *Due to inadequate planning, 34 and 8 schemes were suspended and abandoned respectively in 2002-07 by the Nigam, during construction after spending Rs. 6.24 crore.*

(Paragraph 3.1.9.2)

➤ *Delay in completion of 65 schemes resulted in cost overrun of Rs. 3.99 crore.*

(Paragraph 3.1.9.5)

➤ *Despite an increasing trend of drying of sources, funds earmarked for sustainability of sources, were diverted to new drinking water schemes.*

(Paragraph 3.1.8.7)

➤ *Physical verification of eight schemes by Audit team revealed that four schemes were defunct/ defective and 19 habitations reported as fully covered, were not receiving drinking water.*

(Paragraph 3.1.9.6)

➤ *The Nigam has not been conducting water quality tests after commissioning of the schemes. Testing facilities are inadequate and under-equipped; field water testing kits were not distributed to local bodies.*

(Paragraph 3.1.9.8)

3.1.1 Introduction

ARWSP was introduced (1972) by GOI to assist the States and Union Territories with 100 *per cent* grants-in-aid to provide drinking water in problem villages (PVs)¹. This programme continued till 1973-74 but was withdrawn with the introduction of the Minimum Needs Programme (MNP)

¹ Problem Villages: Villages where potable water is scarce.

during the Fifth Five Year Plan (from 1974-75). The programme was re-introduced in 1977-78 to accelerate the pace of coverage of PVs. In 1986 the programme was given a mission approach with the introduction of National Drinking Water Mission (NDWM), which was renamed as the Rajiv Gandhi National Drinking Water Mission (RGNDWM) in 1991. The RGNDWM covered ARWSP, sector reforms programme, sub-mission projects and support services. The sector reforms programme, launched by GOI on a pilot basis during 1999-2000, was modified and launched as Swajaldhara in 2002.

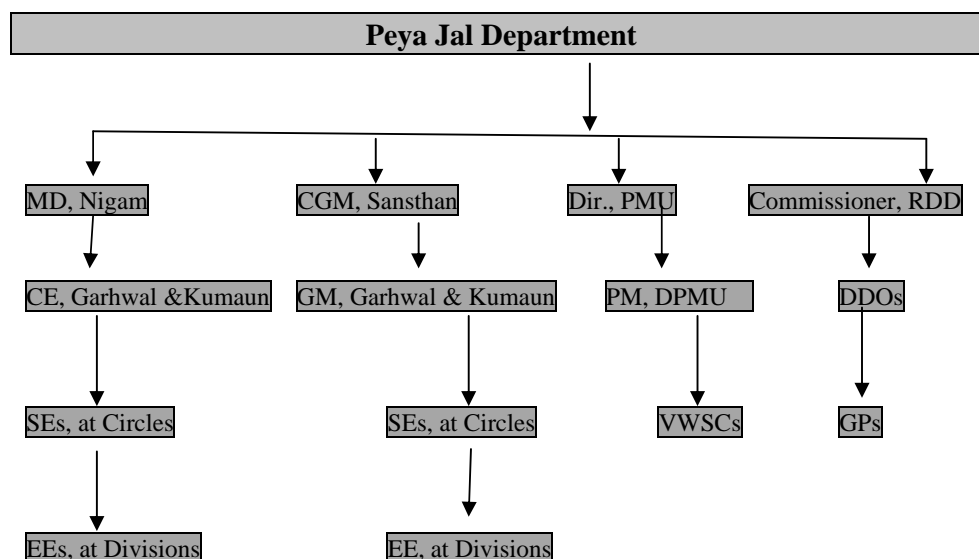
The objectives of the programme were to:

- cover all rural habitations with access to a minimum of 40 litres per capita per day (lpcd) of drinking water, with the source situated within 100 meters in hilly areas and 1.6 km in plains;
- provide one hand-pump or stand-post for every 250 persons;
- ensure sustainability of drinking water systems and sources;
- tackle the problem of water quality in affected habitations and;
- institutionalise the reform initiative in rural drinking water supply sector

To achieve the above objectives, a Comprehensive Action Plan (CAP) was prepared by GOI (1999) by identifying the Not Covered (NC)² and Partially Covered (PC)³ habitations. The target was to cover all uncovered rural habitations by the year 2011-12.

3.1.2 Organisational set up

At the State level, the programme was implemented mainly by Uttarakhand Peya Jal Sansadhan Vikas Avam Nirman Nigam (Nigam) under the Peya Jal Department (PJD) of Uttarakhand. Organisational structure of the Department is given below.



² NC: Habitations that did not have potable water facility at all.

³ PC: Habitations where potable water is available within 100 metres ranging between 10-40 lpcd

While the Nigam is responsible for execution of water supply schemes, the completed schemes are handed over for Operation & Maintenance (O&M) to Jal Sansthan, in case of multi village water supply schemes. O&M of single village water supply schemes is the responsibility of Village Water and Sanitation Committee (VWSC) of Gram Panchayats (GPs), under the monitoring control of Rural Development Department (RDD).

Under Swajaldhara, the GPs/ VWSCs are the implementing agencies under the State Water and Sanitation Mission (SWSM) through District Water and Sanitation Mission (DWSM).

3.1.3 Scope of Audit

Implementation of the programme during the period 2002-03 to 2006-07 was reviewed (June to September 2007) through a test-check of the records of the Nigam, Sansthan, RDD and Project Management Unit (PMU) (Swajal). At the district level, 9 divisions of Nigam, 8 divisions of Sansthan and 5 DDOs from 5 districts⁴ were covered. Districts were selected by simple random sampling without replacement (SRSWOR) method. Within the selected districts, divisions were also selected on the basis of SRSWOR. In each division, a minimum of two schemes per year was selected for detailed examination; in all, 140 schemes were selected in Audit. Information was also collected from 5 District Project Management Units (DPMU) under Swajaldhara from 5 districts⁵.

3.1.4 Audit Objectives

The main objectives of the performance review were to ascertain the effectiveness of the programme in relation to:

- Authenticity and reliability of data regarding survey of habitations;
- Planning and execution of water supply schemes;
- Sustainability and quality of water;
- Financial control and funds management;
- Operation and Maintenance of assets and
- Effective implementation of schemes under Swajaldhara.

3.1.5 Audit Criteria

Audit findings were benchmarked against the following criteria:

- GOI guidelines for implementation of the schemes
- Survey of Drinking Water Supply Status in Rural Habitations
- Quality assurance mechanism prescribed by GOI
- Compendium of Instructions for the Implementation of Rural Water Supply and Rural Sanitation Programme

3.1.6 Audit Methodology

Prior to commencement of Audit, an entry conference was held (18 June 2007) with the Secretary, PJD; Managing Director, Nigam; Chief General Manager, Sansthan; Director, PMU and representative of Commissioner, RDD, wherein audit objectives, criteria and scope were

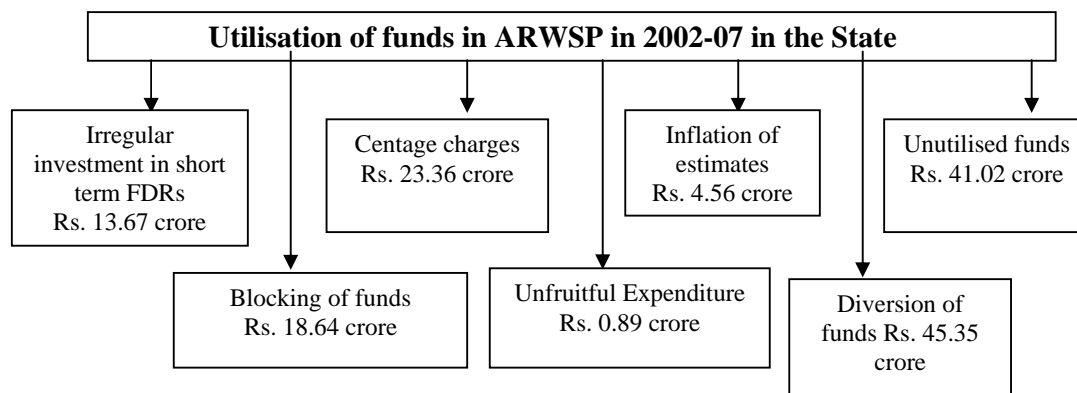
⁴ Champawat, Chamoli, Dehradun, Pauri & Tehri.

⁵ Almora, Champawat, Dehradun, Pithoragarh & Tehri.

discussed. Information was collected from the Peya Jal Department, sampled districts, blocks, GPs, Nigam, Sansthan and PMU. Audit also conducted on-site physical verification of eight schemes in the presence of Gram Pradhan along with villagers. Data was also collected from Peoples' Science Institute (PSI), Dehradun, a prominent NGO working in the field of watershed management, on areas of water quality and consumption of water- the two parameters on which Nigam had no information. Comments of the Nigam have been sought on data taken from PSI reports and incorporated in the review. Audit findings were discussed with MD of the Nigam in an exit conference (7 December 2007) and the replies of the Nigam have been incorporated in the review at appropriate places.

Audit findings

Out of an expenditure of Rs.213.98 crore on ARWSP in the State during 2002-07, the money value of audit findings included in the review is Rs. 147.49 crore as summarized in the inverse tree given below:



3.1.7 Planning

The guidelines of ARWSP envisage preparation of an Annual Action Plan (AAP) by the State Government six months before the commencement of the financial year, to provide a framework for execution of the schemes and for monthly/ quarterly monitoring of physical and financial progress. GOI guidelines on the scheme laid down that a State Advisory Board was to examine the AAP and identify the schemes to be undertaken by the Nigam. Schemes were to be taken up for implementation, after approval of the AAP by the GOI. However, the Board was not constituted in Uttarakhand. Source development of the schemes was to be taken up with the approval of the Source Finding Committee, but this Committee was not constituted in the State.

3.1.7.1 Survey and identification of target habitations

Till 2003, planning and execution of schemes was based on data collected from 1991 census. Guidelines were circulated (February 2003) by GOI for a fresh survey based on 2001 census in all the States. The main objective of the survey was to ascertain the status of drinking water supply in the rural habitations, rural schools and identification of habitations with water quality problems. The Nigam was nominated (February 2003) as the Nodal Agency by the State Government to conduct the survey.

The survey work was scheduled to be completed within a month by 31 March 2003 but was started in the month of June 2003. The first report of the survey was prepared in February 2004 and survey results submitted (June 2004) to the State Government after a delay of 13 months. The delay was attributed (February 2004) by the Nigam, mainly to Panchayat elections (in 1st week of April 2003), non-preparation of list of revenue/ census villages of newly created districts (Haridwar) and tehsils and to incomplete filling up of forms during the survey. The above reasons do not justify the delay and point to the failure of the Nigam in planning the survey work. In spite of deploying 6200 personnel on the job, nine months were taken to complete the job which otherwise was to be completed in one month.

The survey work suffered from several discrepancies. Only 39,760 sets of survey forms were printed against which, 47,947 rural habitations were surveyed. Forms were not filled correctly and completely. The prescribed checks on data validation, required to be conducted by the Departmental officers, were not exercised resulting in:

- 55 *per cent* increase in the total number of habitations (47,947) from the 1991 figures (31,008). District wise comparative analysis of habitations of 1991 & 2003 survey under each category showed marked variation ranging from 8 to 223 *per cent*. The totals under each category did not match the total number of habitations either;
- A large number of habitations had been reported with zero population.

To rectify these discrepancies, a re-survey was conducted (March-June 2007), further delaying the work.

An important objective of the survey was to categorise habitations into three types:

- **Fully covered:** those habitations which receive 40 litres of water per capita per day (lpcd) and are located within 1.6 km of water source or an elevation difference of 100 metres in mountain areas
- **Partially covered:** those habitations that have a safe source within the distance or elevation norms but whose water availability ranges from 10 lpcd to 40 lpcd
- **Not covered:** those habitations that do not have any domestic water source within the prescribed distance or elevation

In addition, the 2003 survey separately identified those habitations that were fully covered under earlier schemes which had now become defunct (FCD). It also identified habitations with less than 25 residents as “Not habitated” (NN), so that separate plans could be drawn up to cover them.

3.1.7.2 Slip back of habitations

The 1991 census identified 31,008 habitations in the State, of which 30,657 habitations (98.9 *per cent*) were FC. However, the 2003 survey showed that only 20,355 habitations were FC (50.9 *per cent*) and 10,302 habitations

(33.6 per cent) covered in earlier years had slipped back as shown in the table below.

Table-3.1.1

(in numbers)

Classification of Habitations	Status of Habitations (1991)	Status of Habitations (2003)
Fully Covered (FC)	30657	20355
Partially Covered (PC)	303	8701
Not Covered (NC)	48	4734
Not habitated (NN)	0	787
Fully Covered but Defunct (FCD)	0	5390
Total	31008	39967

It was found that 5390 habitations identified as FCD were later on merged with PC and the total habitations under PC rose to 14091. However, since the schemes that covered the habitations had gone defunct, these habitations should have been categorized as NC. If FCD were merged under NC, the percentage of habitations not covered by any drinking water source would be 25.3 per cent of the total habitations.

The status of habitations is further illustrated below in *Pie-charts*.

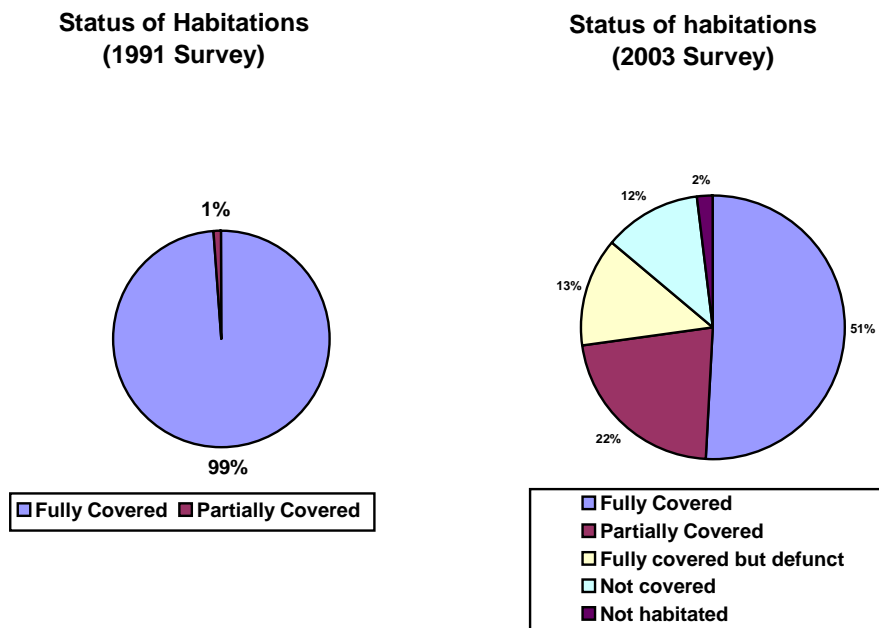


Figure 1

The Nigam did not conduct a detailed analysis of the reasons for slip-back of habitations from FC to PC/ NC. In the absence of a centralized database linking schemes with habitations, Audit was unable to analyse the reasons for slip-back of 33.6 per cent of habitations, which is substantial. The following findings indicate that the actual position of slip-back may exceed this number:

- In Champawat, verification (March 2007) of complaints received from GPs by DPMU revealed the following discrepancies in the data of survey 2003 relating to the district:

Table-3.1.2

Category	Number
1. Habitations not included in the survey and found to be :	
a) Not Covered (NC)	33
b) Partially Covered (PC)	19
2. Habitations that were categorised under FC, but found to be:	
a) Not Covered (NC)	07
b) Partially Covered (PC)	07
Total	66

Source: Verification report of DPMU, Champawat

Chief Development Officer (CDO), Champawat constituted (March 2007) a five-member fact finding committee in this regard, which is yet to submit its report (October 2007).

- Survey 2003 also showed that out of 4719 sources of water supply schemes, the discharge of water flow of 805 sources had declined by more than 50 percent. By 2005, it was found⁶ that out of 5818 water supply schemes handed over to Sansthan for O&M, in 1981 schemes (34 per cent) there was decline in discharge of water from source. In 1290 schemes (22 per cent), the decline was 50 to 75 per cent; 507 schemes (9 per cent) were affected with 76 to 90 per cent decline in discharge and in 184 schemes (3 per cent) the decline exceeded 90 per cent. The number of habitations, earlier reported as fully covered by the above schemes and later affected by the decline in discharge, was not quantified.
- Specifications for pipe laying stipulate that in the plains, the pipes are to be laid one meter under the ground and in hilly regions, it should be 0.60 meters. Adherence to norms on pipe laying is especially critical in hilly regions since they are vulnerable to landslides. On the complaints of villagers to the Chief Minister the District Magistrates were directed (April 2007) to constitute a task force to survey the pipe lines laid, during the period 2006-07 under various programmes including ARWSP, in their respective districts. The task force verified 767 schemes in 33 divisions covering a pipeline length of 4051.95 kms and found that 842.57 km of pipes in 460 schemes were not laid as per specifications. Non-adherence to the specifications was particularly high in Chamba (41 per cent), Ghansali (40 per cent), Srinagar (30 per cent), Dehradun (63 per cent) and Gangolihat (31 per cent). It was not ascertained as to how many habitations were affected by disruption in water supply due to faulty laying of pipes.

3.1.7.3 Defective Annual Action Plans

Scrutiny revealed that AAPs prepared by the Nigam for the years 2002-03 to 2006-07 merely mentioned the expected number of habitations to be covered and the requirement of funds for the year, and did not comply with the directions of the GOI on the following counts:

- GOI guidelines required that priority should be accorded to identification and execution of coverage of “No Safe Sources”, habitations exclusively populated by SC/ STs, upgradation of source level to safe source,

⁶ Survey conducted by Jal Sansthan in June 2005

completion of incomplete works over taking up of new schemes, revival of non-functional/ defunct water supply sources over new schemes, habitations which get less than 40 lpcd and coverage of schools and Anganwadis where safe drinking water was not provided earlier. The AAPs did not identify these priority areas. The Nigam stated (December 2007) that NC/PC habitation is the main basis of according priority.

- The AAPs had been prepared *suo moto* at the State level, as the proposals from district, block and GP level had not been ascertained. Thus the AAPs were prepared without identifying the habitations and the number of schemes required to cover them. Once the funds are allocated, it was left to the discretion of the divisions to choose which scheme they wanted to execute without assigning any reasons or prioritisation. The divisions did not have a shelf of schemes prepared after a detailed survey of habitations to be covered. Thus, the possibilities of scheme not being implemented in genuine and needy habitations can not be ruled out.

The State Government was required to submit AAP by the beginning of October each year to GOI. Audit observed that the Nigam submitted the AAP to the State Government after 3 months of the stipulated time, during the years 2002-03 to 2004-05⁷. The dates of submission of AAP to the GOI by the State Government were not intimated to audit. Thus the actual delay in approval of AAP could not be ascertained in audit.

3.1.7.4 Ineffective planning

Divisions are required to prepare a Detailed Project Report (DPR) for every scheme, identifying the source of water, rate of discharge of water over three years and the capacity of the source to meet the drinking water needs of the expected population over the design period of 15 years. However, it was noticed that inadequate planning resulted in abandonment of eight schemes and suspension of 34 schemes after spending Rs. 8.23 lakh and Rs. 6.16 crore respectively (refer Paragraph 3.1.9.2). Of these, 13 schemes were abandoned/suspended due to drying of source during the time of construction itself. There was no record to indicate whether the Nigam had investigated the justification given by the Divisions for undertaking these schemes. No alternative plans were identified for providing water to the affected habitations (since the number of such habitations was not categorised by the Nigam) thereafter, which continue to be deprived of potable water.

3.1.8 Financial Management and Control

3.1.8.1 Funding Pattern

ARWSP is fully financed by the GOI. The State Government is required to match funds released by the GOI on 1:1 basis under Minimum Needs Programme (MNP). Under the programme 15 *per cent* of allocation is earmarked for O&M and 35 *per cent* is to be spent on the coverage of SC/ ST habitations. 20 *per cent* of the funds can be utilised (a) to take up projects to tackle water quality problems and (b) to ensure source sustainability.

⁷ 2002-03:- 29.12.2001, 2003-04:-30.12.2002 and 2004-05:-03.12.2003.

20 per cent of the annual outlay has been earmarked for implementation of Swajaldhara programme.

3.1.8.2 Non-maintenance of separate records and accounts

As per the guidelines issued by GOI, the records and accounts of ARWSP were to be maintained separately and the funds were to be kept in separate bank accounts.

Records of the Nigam, Sansthan, and PRIs revealed that the funds received under ARWSP scheme were being kept in common bank accounts along with the funds received for various Central as well as State Projects. No separate cashbook, inventory of stores and stock etc. were kept at any level under ARWSP.

Records of the Central Stores Division (CSD), of Nigam, which makes centralised purchase of materials for all Central as well as State sponsored schemes/ projects, revealed that no separate records were kept and no separate account was opened for ARWSP funds. Due to this, the following facts could not be ascertained: -

- the quantity of materials purchased from the funds received under ARWSP
- the quantity issued to different divisions from the funds received under ARWSP
- whether the purchases were in excess of or within requirements in any particular year for schemes executed under ARWSP
- whether the purchases were within 30 per cent of the total funds released
- the total Excise Duty exemption sought for pipes and machinery used between source and treatment plant and from there to the storage facility
- the amount of interest accrued on the funds received under ARWSP and
- the amount of Work Charged Establishment expenditure booked for materials purchased

In reply, the Executive Engineer stated (August 2007) that there were no clear instructions regarding maintaining separate accounts from Nigam Headquarters. The reply is not acceptable as separate accounts were to be maintained as per GOI guidelines.

3.1.8.3 Allocation and Utilisation of funds

Central assistance is allocated to the State under ARWSP on the basis of matching provision by the State under MNP. Releases under ARWSP are not supposed to exceed the provision made by the State under MNP. Details of allocations and utilisation of funds during the period 2002-07 is detailed below:

Table-3.1.3

(Rupees in crore)

Year	Opening balance	Funds allocated by GOI	Funds Released		Expenditure		Saving (-) and excess (+)	
			by State	by GOI	MNP	ARWSP	MNP	ARWSP
2002-03	Nil	36.83	39.86	36.83	39.86	25.61	-	-11.22
2003-04	11.22	26.35	49.31	23.72	49.66	22.45	+0.35	-12.49
2004-05	12.49	30.35	63.50	29.58	56.39	36.54	-7.11	-2.53
2005-06	2.53	65.59	65.99	65.59	76.63	55.94	+10.64	-12.18
2006-07	12.18	75.23	73.52	70.77	86.82	73.44	+13.30	-9.51
Total		234.35	292.18	226.49	309.36	213.98		

Source: Nigam records

Due to late submission of proposals and excess opening balance, the GOI short released the funds in the years 2003-04, 2004-05 and 2006-07. Since a single account was operated for all the water supply programmes, it is apparent that the excess expenditure under MNP was met through savings from ARWSP. Saving under ARWSP- normal ranged from 26-29 per cent in 2005-07 resulting in average annual unspent balances of Rs. 13 crore, and yet the targets for coverage under new schemes was kept low (Paragraph -3.1.9.1). Funds allocated for water quality and for schemes on sustainability of water sources, were not spent in all the years resulting in idling of Rs. 31.74 crore. Subsequent paragraphs highlight as to how unspent balances were parked in fixed deposits in banks and that actual expenditure incurred on the scheme is grossly inflated due to padding up of estimates. Component-wise analysis is given in *Appendix-3.1.1*.

3.1.8.4 Irregular Investment in FDRs

ARWSP guidelines prohibit parking of funds in fixed deposits. In violation of the guidelines, the divisions⁸ (with the approval of EEs) and the Nigam (with the approval of the MD) invested Rs. 4.99 crore and Rs. 8.68 crore respectively in short term Fixed Deposit Receipts (FDRs) in nationalised banks during the period 2002-06 out of the total receipt of Rs. 22.23 crore during this period. The amount of interest received on this investment was Rs. 29 lakh. This incidence was particularly high in Purodi division, where the amount so invested was Rs. 3.75 crore (*Appendix-3.1.2*). Apart from violating the programme guidelines, parking of funds in FDRs also deprived the people of the NC habitations of the required potable water.

3.1.8.5 Irregular charging of centage charges to ARWSP

GOI guidelines prescribe that expenditure on departmental centage charges (towards establishment costs incurred by the Nigam) are not to be met out of ARWSP funds and a certificate to that effect is to be furnished along with utilisation certificate to GOI. In contravention of the guidelines, the Nigam charged centage of Rs. 22.93 crore at the rate of 12.5 per cent on work outlay and charged to ARWSP.

⁸ Dehradun, Srinagar and Purodi

On this being pointed out, the Nigam stated (August 2007) that an additional demand of Rs. 25.69 crore had been raised (May 2007) with the State Government because the centage charges were to be borne by the State Government. The reply is not acceptable because the action of the Nigam to place this charge on ARWSP in the first place, is against the guidelines.

3.1.8.6 Preparation of inflated and faulty estimates

Test-check of the divisions showed that Rs. 4.99 crore on the following counts inflated the estimates of 126 schemes, during the period 2002-06:

- In addition to centage charges, three divisions⁹ charged Rs. 43.10 lakh towards establishment expenditure during 2002-03 to 2005-06 at the rate of 5.5 *per cent* of work outlay under ARWSP.
- An amount equal to 16 *per cent* of the estimated cost of each sub head was provisioned as charges for project preparation and supervision in the detailed estimates. This was in addition to the centage charges (calculated on the total cost of work), and in addition to the charges for project preparation and supervision included in the detailed estimates for cartage of materials. In 53 estimates test-checked in Audit, the inflation of estimates worked out to Rs. 2.20 crore.
- In test-check of 126 estimates of schemes taken up during 2002-06 in Pauri, Srinagar (both in Pauri Garhwal District), Ghansali (New Tehri District), Gopeshwar (Chamoli District) and Dehradun, total provision of Rs. 2.36 crore was made for cartage of materials under protection work subhead of schemes, even as cartage expenses of all materials and machinery required for the schemes were already charged in the detailed estimates under the subhead “cartage of materials”. Thus the divisions made excess provision in their estimates resulting in excess sanction and expenditure of Rs. 2.36 crore. On this being pointed out, the divisions stated (July-August 2007) that no objections were raised on these accounts by the sanctioning authorities (Chief Engineers) of Nigam. The reply is not tenable in view of the fact that non-objection to faulty provision by the higher officials of the same Department cannot make an irregular provision a regular one.

3.1.8.7 Diversion of Funds

- Despite a chronic problem of drying of sources, the allocation of Rs. 8.86 crore being 5 *percent* of the ARWSP funds earmarked for sustainability of water sources during the period 2002-07 was utilised on execution of water supply schemes thus defeating the objective of the programme. The projects for sustainability of water sources were being prepared by the Nigam for execution, for the first time, from 2007-08 onwards.
- Up to 15 *per cent* of the Central funds released annually under ARWSP, were to be utilised on O&M of assets created, with the State expected to contribute a matching share under MNP. It was also stipulated that the

⁹ Dehradun, Pauri and Gopeshwar

amount so released was not to be utilised for creation of capital assets. During the period 2003-07, Rs. 13.46 crore earmarked for O&M was diverted for revival of non-functional/ defunct schemes handed over to PRIs, duly sanctioned by District Development Officers (DDOs), resulting in creation of assets rather than maintenance of assets.

- Multi-village water supply schemes executed under ARWSP were required to be handed over to Jal Sansthan for O&M after completion of the scheme. Test-check of records of three divisions¹⁰ revealed that 26 schemes, completed between 2002-03 to 2006-07 had not been handed over to Sansthan, and Rs. 14.88 lakh spent on O&M on these schemes, was charged to ARWSP.
- Rs. 22.88 crore received during 2002-07 under Sub-mission for Water Quality was diverted for execution and maintenance of ongoing schemes (Paragraph 3.1.9.8).

Thus, Rs. 45.35 crore (21 *per cent*), out of the total expenditure of Rs. 213.98 crore, meant for various components of ARWSP was diverted leading to non-fulfillment of the objectives earmarked under ARWSP.

3.1.8.8 Non-utilisation of funds with line agencies resulting in blocking of funds

O&M work of single village water supply scheme was entrusted to the concerned GP/ VWSC, to whom funds are released for the purpose through DDOs by Commissioner, RDD. Out of Rs. 26.40 crore released by the Government during 2003-04 and 2006-07 under O&M, Rs. 12.32 crore (47 *per cent*) was lying unutilised with Commissioner, RDD due to non taking up of projects for O&M in proportion to availability of funds. Similarly Rs. 62 lakh was lying unutilised (March 2007) with the DDOs due to non release of fund to the GPs. In addition, accrued interest of Rs. 36 lakh was also lying unutilised in the accounts of RDD and DDO (Pauri) respectively.

3.1.8.9 Delay/ non-closing of accounts pertaining to schemes

Scrutiny revealed that the divisions kept the accounts of the following schemes open even after the completion/ handing over of schemes to the Sansthan/ PRIs and kept on adjusting various items of expenditure thereafter, thus leaving scope for irregular adjustment and possibility of misappropriation of funds.

Table-3.1.4 A

Period since commissioning	No. of schemes	Total Cost (Rs. in crore)
1 to 5 years	180	46.62
6 to 10 years	154	28.92
11 to 15 years	70	14.50
16 to 20 years	12	0.69
More than 20 years	06	0.50
	422	91.23

Source: Progress reports of the Nigam

¹⁰ Champawat, Purodi and Pauri

Similarly, accounts of 37 completed schemes were closed after 01 to 16 years after commissioning as summarised below:

Table-3.1.4 B

Period since commissioning	No. of schemes	Total cost (Rs. in crore)
1 to 5 years	17	4.37
6 to 10 years	15	1.20
More than 10 years	05	0.09
	37	5.66

Source: Progress reports of the Nigam

Test-check of records of Ghansali Division revealed that a sum of Rs. 0.51 lakh was charged (November 2006) on Matguni Water Supply Scheme by the Division, three and a half years after its completion (March 2003) and handing over to Sansthan. The work was completed at a cost of Rs. 39.49 lakh against a sanction of Rs. 33.19 lakh. But the Division sent (November 2005) revised estimates of Rs. 40 lakh and the difference of Rs. 0.51 lakh was adjusted in the work on receipt of approval from Superintending Engineer, against the actual cost of Rs. 39.49 lakh. This raises doubts on the genuineness of the expenditure. In their reply (December 2007), the Nigam stated that the matter would be investigated.

3.1.9 Programme Implementation

3.1.9.1 Physical Progress

Survey 2003 identified 19612 habitations that needed to be covered: 5521 habitations under Not Covered (NC), 5390 under “fully Covered but Defunct” and 8701 under “Partially Covered”. All the above rural habitations were required to be covered by 2011-12. In order to cover these habitations, the targets fixed by the Nigam and achievement there against is as under:-

Table-3.1.5

(in Numbers)

Year	FC	Habitations to be Covered		Target		Achievement		Short Fall (-)/ excess (+)	
		PC	NC	PC	NC	PC	NC	PC	NC
2002-03	30010	870	128	331	44	351	56	+20	+12
2003-04	30417	519	72	252	19	222	18	-30	-1
The total number of habitations increased to 39967 as on 1 st April 2004 in survey 2003									
2004-05	20355	14091*	5521	304	80	199	194	-104	+114
2005-06	20748	13892	5327	267	183	304	180	+37	-3
2006-07	21232	13588	5147	1167	673	1341	555	+174	-118
Balance as on 1-04-2007	23128	12247	4592						
Total (2004-07)	--	--	--	1738	936	1844	929	--	--

*: the Nigam added “fully covered but defunct” under “partially covered”
Source: The Nigam

The above table indicates that 85.9 per cent of the habitations remain to be covered as of March 2007. Only 1844 PC (13 per cent) and 929 NC (17 per cent) habitations were covered during 2004-05 to 2006-07.

Thus the targets set by Nigam during the period 2004-07 were obviously low (targeted to cover only 13.6 per cent of the total to be covered) and disproportionate to the coverage period of eight years (all the habitations are to be covered by 2012 under CAP-99).

3.1.9.2 Abandoned/ Suspended Water Supply Schemes

Seven schemes planned for execution in 2005-07 were abandoned by the Nigam as of March 2007, at various stages of execution, because of low discharge of water or drying up of source.

Table-3.1.6

(Rupees in lakh)

Division	Scheme	Year of Sanction	Sanctioned cost	Released Amount
P.D. Pauri	Gwalthi	2005-06	9.05	9.05
	Falsawadi	2005-06	10.00	10.00
C.D. Kotdwar	Jhawada	2006-07	25.00	0.00
C.D, Dehradun	Mandoli Tok	2005-06	20.00	20.00
	Dudaria	2004-05	3.85	3.85
C.D. Didihat	Khela	2005-06	35.00	0.00
	Jumma	2005-06	35.00	0.00
Total			137.90	42.90

Source: Progress Report of the Nigam

Out of Rs 42.90 lakh released (2004-07) to the above divisions, a sum of Rs. 8.23 lakh had already been spent on the works at the time of abandonment. The divisions adjusted the remaining amount of Rs. 34.67 lakh on other ongoing schemes of ARWSP with the approval of the Chief Engineer.

- The Nigam suspended (2002-07) 34 water supply schemes sanctioned (2002-07) at an estimated cost of Rs. 14.39 crore due to various reasons as detailed in Table-3.1.7 below. Rs. 11.82 crore (82 per cent) had been released to the concerned divisions on the works, against which Rs. 6.16 crore (52 per cent) had been spent. Rs. 5.66 crore was lying unspent with the divisions as of March 2007.

Table-3.1.7

Year	Water supply schemes suspended due to					Total
	Source dispute	Drying up of sources	Dispute Local/ Court	For want of approval*	Damaged in natural calamities	
2002-03	4	4	9	1	1	19
2003-04	1	0	3	2	0	6
2004-05	1	1	1	2	0	5
2005-06	0	0	1	2	0	3
2006-07	1	0	0	0	0	1
Total	7	5	14	7	1	34

* from Forest and other departments
Source: Progress Report of the Nigam

- Further, in four of the above water supply schemes¹¹, Rs. 20.95 lakh was incurred in excess of sanctioned estimates without approval of the competent authority.
- In addition to the above seven schemes suspended for want of approvals, detailed examination of records of the XVth Division, Gopeshwar, Chamoli revealed that work on seven other schemes was suspended for want of approval from GOI for use of forest land for non-forest works. The schemes were sanctioned (2005-07) at a total estimated cost of Rs. 4.69 crore, against which, Rs. 2.13 crore (45 per cent) was released to the Division. The work was stopped (December 2006) after the Division had already spent Rs. 54 lakh (25 per cent) and Rs. 1.59 crore was lying unutilised with the division since December 2006.
- Similarly, records of Purodi Division, Dehradun revealed that against the estimated cost of Rs. 2.85 crore the Division spent (January 2005) Rs. 1.69 crore (59 per cent) on laying 29 km pipeline (Chutau Group of Hamlets Water Supply Scheme), without obtaining prior clearance of the Cantonment Board, to whom the land belonged. The work was stopped (December 2006) for want of requisite permission and an amount of Rs. 0.93 crore remained in fixed deposit and saving bank account with the Division. The Nigam further sanctioned (October 2007) Rs. 22.96 lakh for this scheme despite not getting clearance from the Cantonment Board. In reply (December 2007), the Nigam stated that it is pursuing the matter with the Cantonment Board, Lucknow for permission and the funds released in October 2007 would be transferred to other ongoing schemes.

Thus faulty planning, whereby schemes were taken up without a proper survey and requisite approvals, resulted in suspension of 34 schemes thus depriving the targeted habitations of water, unfruitful expenditure of Rs. 47.57 lakh (on schemes where the source has dried up) and blocking of funds of Rs. 5.45 crore.

3.1.9.3 Cancelled single village water supply schemes

The DDO sanctioned (2003-04) proposal of revival of 73 single village water supply schemes in six districts¹² and released Rs. 1.17 crore to GPs/ VWSCs from O&M fund. On ground, these schemes had already been completed from other sources. Accordingly, the sanctions of these schemes were cancelled (2003-07) and Rs. 1.07 crore was adjusted in the releases of subsequent years. The funds remained blocked with the GPs/VWSC for periods ranging from one to four years. In addition, Rs. 10 lakh remained short adjusted from the GPs. Non maintenance of records pertaining to number of schemes under O&M of GPs at RDD level resulted in cancellation of these schemes.

¹¹ Jiman Gaon scheme (C.D. Muni ki Reti); Katoola (P.D.,Chamba); Pachnoi (C.D, Champawat); Khadki (P.D. Gangolihat)

¹² Pithoragarh, Dehradun, Tehri, Chamoli, Rudraprayag and Pauri

3.1.9.4 Drinking Water Facility in Rural schools



Picture: 3.1.1 Students of PS Bunga fetching water

ARWSP guidelines laid down that all rural schools, Anganwadi kendras and sub-centers (under Health Department), were to be covered with drinking water facility by the end of Ninth plan (31 March 2002). However, the Nigam initiated no action for coverage of 2260 uncovered rural schools till 2006-07. Requirement of funds on this component of ARWSP, was included in AAP 2006-07 against which, GOI released Rs. 7.03 crore (October 2006). But the amount remained

unutilised with the Nigam and the schools continued to be deprived of drinking water facility. As can be seen from the photograph given alongside, due to non provision of drinking water to the schools, the students had to fetch water from elsewhere. No plans had been initiated to cover Anganwadi kendras or sub-centers either as of March 2007.

Thus, students of 2260 schools remained deprived of potable water even as Rs. 7.03 crore was lying blocked with the Nigam.

3.1.9.5 Time and Cost Overrun

In the test checked divisions¹³, there was a delay in completion of schemes in 200 water supply schemes (39 per cent) out of 511 schemes taken up by the Divisions as of March 2007 as shown below.

Table-3.1.8

(Rupees in crore)

Period of delay	No. of schemes	Cost overrun	
		No. of schemes	Amount
Up to 1 year	36	04	0.36
1-5 years	81	19	1.19
6-10 years	52	17	0.72
Above 10 years	31	25	1.72
Total	200	65	3.99

Source: Progress reports of the Nigam

The delays clearly indicated ineffective monitoring and implementation of the schemes, needing corrective measures by the Nigam. One of the main reasons for delay in execution of the schemes was late release of funds by Nigam to

¹³ Dehradun, Pauri, Srinagar, Gopeshwar, Chamba, Ghanshali, Lohaghat, Champawat and Purodi

the executing divisions inspite of availability of funds. This resulted in cost over-run of Rs. 3.99 crore in 65 schemes. The Nigam stated (December 2007) that the matter would be investigated.

3.1.9.6 Physical verification of schemes

In an attempt to ascertain the operational position of schemes on ground, the performance audit team physically verified (October 2007) eight water supply schemes in two districts of Pauri and Champawat completed during February 1997 to December 2006. Out of five schemes verified in Pauri district, two were lying defunct since commissioning and one was defective (September 2007) where as in Champawat, one out of three schemes verified, was defective. As a result, 19 habitations reported as fully covered, were not receiving potable water as of October 2007. In all the four defunct/ defective schemes, the pipes were laid on the surface or left hanging leading to breakage during minor landslips and consequent disruption in water supply. Scheme-wise details are discussed below:

- **Gadpar water supply scheme (Pauri)**

Gadpar water supply scheme was commissioned (February 1998) at a cost of Rs. 12.81 lakh. The scheme was to cover four habitations¹⁴ with a population of 120 including SC/ST population of 27 (1991 Census) and a High School, Gwalkhoda, with enrolment of 74. The Gram Pradhan reported (October 2007) to Audit that not



Picture: 3.1.2 Water Intake Tank



Picture: 3.1.3 Supply Tank



Picture: 3.1.4 Tank covered with bushes

a single drop of water was supplied since the commissioning of the scheme. It is interesting to note that at the time of take-over of scheme (March 2003), the Sansthan as well as the Nigam in their joint verification report found the scheme to be fully operational and upto required specification. Audit found that this scheme was also not listed in the schemes for O&M by the Sansthan. Audit found that

¹⁴ Gadpar, Ghamtapa, Kurkutkhal, Choriyo

pipes of source intake, Clear Water Reservoir (CWR), water supply tank and supply lines were broken at several places and the CWR and supply tank were filled with stones and heavy plant growth as can be seen from the photographs.

• **Dhaur Barsudi water supply scheme (Pauri)**

Dhaur Barsudi water supply scheme was commissioned (February 1997) at a cost of Rs. 19.98 lakh covering five habitations¹⁵ with a population of 652 (1991 Census) and High School, Chipalghat, with enrolment of 62. The Gram Pradhan reported (October 2007) to Audit that when water was filled in the supply tank, the support wall (Pushta) gave



Picture: 3.1.5 Stand Post



Picture: 3.1.6 Cracked Pushta



Picture: 3.1.7 Supply Tank

way within a week of commissioning and that the tank developed cracks rendering it useless. Here again at the time of take-over of the scheme (March 2003), the Sansthan as well as the Nigam in their joint verification report (March 2003) found the scheme fully operational.

The scheme was not listed for O&M of the Sansthan either. Audit found that pipes of source intake, CWR, water supply tank and supply lines were broken at several places and the cracked supply tank was filled with stone and mud and totally covered with plant growth as can be seen from the photographs.



Picture: 3.1.8 Broken Intake Pipeline

¹⁵ Dhaur, Barsudi, Milai, Chipalghat, Ghandiyal dhar

• **Bunga Jawari water supply scheme (Pauri)**

Bunga Jawari water supply scheme was commissioned (December 2006) at a cost of Rs. 64.95 lakh covering four habitations¹⁶ with a population of 543 (including SC population of 21) and two Primary Schools (Bunga and Jawari, with enrolment of 19).



Picture: 3.1.9 Broken Intake Pipeline



Picture: 3.1.10 Broken Intake Pipeline

The scheme was handed over to the Sansthan in March 2007.



Picture: 3.1.11 Hanging line prone to falling boulders

The Gram Pradhan reported (October 2007) to Audit that the supply main pipelines, placed on makeshift boulder pillars, were vulnerable to slipping stones. The pipeline had been damaged 7-8 times since commissioning and was repaired by the villagers with their own contribution. They also informed that due to tapping of water at a lower level and lack of proper filtration system, muddy water, sometimes with worms, was being supplied. At the time of Audit verification, water supply was found disrupted due to breaking of a portion of supply main in a land slip as can be seen from the photographs.

• **Shaktipur Group of Hamlets water supply scheme (Champawat)**

Shaktipur Group of hamlets water supply scheme was commissioned (September 2004) at a cost of Rs. 23.22 lakh to provide coverage to 15 habitations with a population of



Picture: 3.1.12 Tap without Stand post

¹⁶ Bunga, Jawari, Mulana and Dhikwali

814. The scheme was handed over to the Sansthan (March 2005). Originally two sources, 3 reservoirs and 13 km pipeline work was to be laid against which, only one source was tapped and 11.5 km. of pipeline were laid at a cost of Rs. 23.10 lakh. During physical



Pic: 3.1.13 Broken Stand Post without pipe



Picture: 3.1.14 Open pipeline

verification by Audit team (October 2007) it was found that there was no water supply in six habitations of Shaktipur village. In these six habitations, some stand posts were left broken in the middle and some others were rooted out. The pipeline had also not been laid as per prescribed norms as can be seen from the photographs.

Thus, the verification clearly indicated the failure of the Nigam in execution of the schemes as well as wrong reporting on the part of the Nigam and Sansthan.

The Nigam assured (December 2007) that the matter would be investigated.

3.1.9.7 Provision of normative quantities of water

The scheme also envisaged minimum of 40 litres of safe drinking water per capita per day (40 lpcd) for human consumption. In fact, the Nigam designed most drinking water schemes with 40 lpcd as the maximum expected output. Given that depletion and drying of water sources is an acute problem in Uttarakhand, keeping the bare minimum as the expected output, is bound to affect the consumption levels. No survey was carried out by the Nigam to ascertain if the habitations covered were actually getting safe drinking water up to expected quantity.

In a household survey conducted (March-April 2003) by Peoples' Science Institute (PSI), in 40 villages in six districts of Chamoli, Dehradun, Pauri, Rudraprayag, Bageshwar and Pithoragarh, 81 *per cent* of 791 households reported that they had access to Government pipelines but that, this source provided only 66.66 *per cent* of the summer requirement and 75 *per cent* of winter demand. Water consumption in these districts ranged from 36 lpcd in summer to just 24 lpcd in winter. The survey further revealed that SC/ST households were placed at a disadvantage with regard to availability of water as compared to other categories, as very few received more than the minimum norm of 40 lpcd and a higher fraction received only 11 to 20 lpcd. The difference was especially large in four out of the six districts covered in the

study i.e., Almora, Chamoli, Nainital and Pithoragarh districts but negligible in others.

3.1.9.8 Water quality

• Problem areas not identified

Guidelines required that the survey should identify those habitations where the quality of water was not as per norms. The Nigam was required to test water sources for quality for identification of water quality problems. However, the Nigam did not conduct the tests or identify the problem areas.

• Quality tests not conducted

Up to 15 per cent of the ARWSP funds are earmarked for tackling water quality problems. Water quality standards are broadly classified into microbiological, chemical, physical and radiological characteristics, which are to be examined with reference to BIS¹⁷ standards. The surveillance requires a continuous and systematic programme of sanitary inspection and water quality testing, carried out at different points of the water distribution system. The sampling frequency is generally determined by the population served, size and type of water supply system. In streams and rivers where the flow is low in summer, chances of contamination are high and in rainy season, there is a higher likelihood of pollution due to surface run off.

Audit scrutiny revealed that, contrary to the above provisions, testing for water quality was done only at the time of commissioning of the scheme. Further, this testing was limited to only physical and chemical characteristics. A sum of Rs. 22.88 crore received during 2003-07 under sub-mission (water quality) was diverted for execution and maintenance of ongoing schemes.

On this being pointed out, the Nigam stated (August 2007) that there is no water quality related problem in Uttarakhand except discharge of red water in some areas, which was also negligible. But reports of PSI, based on quality tests collected (2003-05) from six districts, identified problem areas particularly in the districts of Pithoragarh, Almora and Nainital. Against the norm of nil presence of faecal coli and less than 10 MPN/100 ml of total coliform, the samples showed a much higher bacteriological presence as tabulated below:

Table-3.1.9

District	Total number of samples examined	Range of bacteriological presence (MPN/100 ml)	Number of samples with impurities	
			Faecal Coli (permissible limit 0 MPN/100 ml)	Total Coliform (Permissible limit 10 MPN/100 ml)
Pithoragarh	6	1-10	5	--
		10-20	1	--
Almora	17	1-10	6	--
		10-20	4	--
		>20	7	11
Nainital	7	10-20	3	1
		>20	3	5

Source: Peoples' Science Institute, Dehradun

¹⁷ BIS: Bureau of Indian Standards

• Water testing facility under-equipped

The Nigam had only one water testing laboratory at Srinagar (Pauri district) which was not fully equipped both in terms of equipment as well manpower. The laboratory was equipped only for chemical testing of water and as mentioned above, conducted water quality tests only at the time of commissioning of the project. The Nigam stated (July 2007) that no separate staff had been sanctioned for the laboratory. The whole laboratory is manned by only one person who conducts tests as well as works as Clerk and Accountant. No steps had been initiated as of August 2007 to strengthen the existing laboratory or to set up new labs.

• Field Water Testing Kits not provided

GOI released (July 2006) Rs. 48 lakh for procurement of field water testing kits for distribution to GPs/ PRIs to facilitate periodical testing of water quality but the Sansthan did not initiate the procurement process as of August 2007.

Thus due to ill-equipped laboratory and non-conduct of tests by the Nigam to identify water quality a large chunk of the population of the State is forced to drink contaminated water risking their health thereby defeating the objective of the sub mission water quality.

3.1.10 Swajaldhara

Up to 20 per cent of the funds under ARWSP had been earmarked for demand driven reform sector Swajaldhara project. Single village water supply schemes were implemented under this project, through VWSC of the PRIs headed by Gram Pradhan. The minimum share of community contribution of GP/ VWSC was 10 per cent of the estimated cost of the project, which could be either in the form of cash/ kind/ labour/ land or combination of these. There was a provision to collect water tariff from the users, fixed by the Government, with a view to make the projects self-sustainable and lessen the burden on the Government for O&M activities. The target for completion of the projects was fixed between 12 to 18 months.

3.1.10.1 Memorandum of Understanding (MOU) not signed

Under Swajaldhara the State had to enter into a MOU with GOI, but the MOU had not been signed as of June 2007.

3.1.10.2 Utilisation of funds

The records of the DPMUs of sampled districts revealed that no water tariff was realised by the GPs in completed water supply schemes (40 since 2003-04 to 2005-06). The financial progress of the schemes against the fund released to respective GP/ VWSC during 2003-06 was as follows:

Table-3.1.10

(Rupees in crore)

Year	Financial Progress					Physical Progress		
	Total Allocation	Total Amount Released	Amount of Community Contribution	Total funds available	Expenditure incurred on schemes	No. of schemes sanctioned	No. of schemes completed	Yet to be completed
2003-04	3.64	2.65	0.16	2.81	1.92(68%)	31	23	8 (26%)
2004-05	No fund was released							
2005-06	8.34	6.26	0.29	6.55	2.59(40%)	65	17	48 (75%)
	11.98	8.91	0.45	9.36	4.51(48%)	96	40	56(58%)

Source: Financial and Physical progress report of PMU, Dehradun

As can be seen from the above table, 58 per cent of the total sanctioned schemes (2003-06) remained incomplete despite the fact that Rs. 4.84 crore was lying unutilised with GPs/ VWSC as of June 2007. This was mainly due to ineffective monitoring mechanism by the DPMU.

Further, an amount of Rs. 1.50 crore, being additional demand for water supply schemes for 2005-06, released in September 2006 by GOI, was lying with the State Government as of June 2007. Besides, an amount of Rs. 57 lakh and Rs. 37 lakh released by GOI during 2006-07, meant for schemes in Pauri and Udham Singh Nagar districts respectively, was not released by the State Government as of June 2007.

Thus, due to non-release of above funds to the tune of Rs. 2.44 crore by the State Government, a large chunk of population had been deprived of the facility of potable water, which otherwise would have benefited with the timely release of these funds.

3.1.10.3 Ineffective HRD and IEC activities

States were required to set up State Level Human Resource Development Cell (HRD Cell) aimed at empowerment of Local bodies and also for capacity building of local communities by giving requisite Grass Root Level Training (GRLT). In addition, awareness programmes were to be undertaken on water borne diseases through Information Education and Communication (IEC) activities. No training under GRLT was imparted under HRD in the State. During the period 2003-04 to 2006-07, Rs. 4.45 crore was received for HRD and IEC activities, of which only Rs. 0.64 crore was spent. Out of total unspent amount of Rs. 3.81 crore, Rs. 3.14 crore was lying with the State Government and Rs. 1.20 crore (Principal amount of Rs. 0.67 crore and interest accrued thereon Rs. 0.53 crore) with PMU, Dehradun.

3.1.11 Monitoring

For effective monitoring and implementation of various schemes, a special monitoring cell and investigation unit/ Appraisal Cell (Cell) was established at the Nigam headquarters. Though the information regarding physical and financial progress was collected by the Cell from the executing agencies and submitted to GOI, there was no evidence that the reports received from different divisions of the Nigam/Sansthan were ever analysed and used as an input for initiating remedial measures.

State planning department and twenty point directorate entrusted with the responsibility of monitoring time schedule and expenditure during execution of work was not effective as in most of the cases, the time schedules prescribed for completion of the water supply schemes were not adhered to.

3.1.12 Evaluation

The State Government was required to take up evaluation studies on implementation of rural water supply programme. No evaluation of the impact of implementation under ARWSP had ever been carried out by the Nigam or any other Government agency since the beginning of the programme.

3.1.13 Conclusion

The implementation of the programme in the State suffered from inherent flaws in planning. The Annual plans did not have inputs from grass root levels and the Nigam did not prioritise the habitations or identify the schemes to be executed to cover them. Ineffective planning led to schemes being abandoned or suspended during execution due to low discharge or drying up of sources. 10302 habitations fully covered in earlier years slipped back out of full coverage by 2003. Physical verification of eight schemes by Audit team revealed that four schemes were defunct/ defective and 19 habitations reported as fully covered, were not receiving drinking water. 34 *per cent* of the schemes taken over from the Nigam for operation & maintenance suffered from depletion of discharge from source. Yet the funds allocated for sustainability of schemes were diverted to execution of works. The increasing trend of drying of sources in the State will lead to increased number of habitations without drinking water facility.

The pipes were not laid as per specification causing disruption in water supply. Water quality tests were not conducted after commissioning of the schemes and the laboratories are under-equipped. There was large-scale diversion of funds distorting the priorities assigned under programme guidelines. Estimates were inflated and the extra charges cut into the funds employed on the works. Internal controls were so poor that the accounts of the schemes were not closed in the year of completion and in some cases, were open for 10-20 years after completion of works.

3.1.14. Recommendations

- The State Government should draw up a comprehensive Plan to cover all rural habitations with drinking water facility within a specified time frame.
- Special attention should be given for water conservation and sustainability of sources in view of the increasing trend of drying of sources.
- Efforts should be made to allocate funds in accordance with the components of ARWSP and diversion and blocking of funds should be monitored for prompt remedial action.
- Schemes should be completed within the stipulated time frame and handed over to Sansthan without delay. The O&M funds should be utilised for O&M activities of the created assets.
- Water testing facilities should be strengthened; problem areas should be identified and efforts should be made to test the water quality of operational schemes regularly.
- Monitoring mechanism needs to be strengthened and accountability should be fixed for effective implementation of the schemes in a time bound manner.

EDUCATION DEPARTMENT

3.2 NATIONAL PROGRAMME OF NUTRITIONAL SUPPORT TO PRIMARY EDUCATION (NP-NSPE)

Highlights

GOI launched (1995) National Programme of Nutritional Support to Primary Education (NP-NSPE) popularly known as the Mid-day-meal (MDM) scheme, to provide meals during school hours to every child of age group 6-11 years enrolled in primary schools. A performance review of the programme revealed that planning suffered due to absence of reliable data on enrolment and the Department could not meet its obligations relating to provision of normative quantities of food grains. In the absence of well defined parameters, the Department could not measure performance against the defined outcomes of the programme.

➤ *In the six test-checked districts, 13 per cent of the EGS/AIE centers with enrolment of 5387 students were not covered under the programme.*

[Paragraph 3.2.9.5]

➤ *Mid-day-meal was not provided to children in all 10 drought affected areas in summer vacation.*

[Paragraph 3.2.9.6]

➤ *State Government could not provide reconciled data on lifting of food grains, as a result of which, transportation claims amounting to Rs 5.04 crore were not reimbursed by GOI.*

[Paragraph 3.2.8.6]

➤ *Only 40 gm-90 gm per student per day food grain was provided to the students during the period 2004-07, which was about half the normative quantity (100 gm) prescribed under the programme.*

[Paragraph 3.2.9.2]

➤ *Infrastructure for the programme was inadequate as 14 per cent of the schools were without kitchen facilities, 22 per cent did not have drinking water facility and 27 per cent were without gas based chulha.*

[Paragraph 3.2.9.7]

3.2.1 Introduction

National Programme of Nutritional Support to Primary Education (NP-NSPE), popularly known as the 'Midday Meal Programme (MDM)' was launched by GOI as a Centrally Sponsored Programme in August 1995 with the following objectives:

- Universalisation of elementary education by improving enrolment, retention and regularity of attendance of children in the primary schools/EGS/AIE¹ centres;
- Encourage poor children belonging to disadvantaged sections, to attend school more regularly and help enhance their learning levels;
- Improve the nutritional status of targeted children; and

¹ EGS/AIE = Education Guarantee Scheme/Alternative Innovative Education Centre

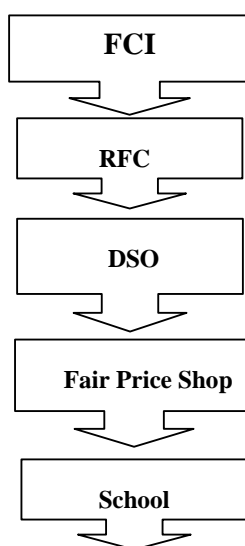
- Enhance the learning levels of the targeted children.

The scope of the programme was changed intermittently as detailed below:

- The programme was extended (October 2002) to cover students of Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) centres. The norm of providing every child in primary school with cooked meal during the school hours with a minimum content of 300 calories and 8-12 gms of protein each day of school, was also laid down.
- An additional objective was included (September 2004) to provide mid day meal in drought affected areas during summer vacation also.
- The cooking cost was enhanced (January 2006) from Rs. 1 to Rs. 2 per child per school day. Central support was provided by way of supply of free food grains through the Food Corporation of India (FCI) @ 100 gms per child per school day, where cooked meal was served.
- GOI further increased (September 2006) the calorific value from 300 to 450 calories and protein content from 8-12 gms to 12 gms, while simultaneously providing essential micro-nutrients and de-worming medicines.

On the basis of yearly data on enrolment provided by the State Government, the Union Ministry of Human Resources & Development makes provisional allocation of food grains. FCI is responsible for supply of food grains at its godowns, from where the Regional Food Controllers (RFC) collects the food grains and make them available to the District Supply Officers (DSO) under the State Department of Supply. The DSO is responsible for providing food grains (including transportation) to various schools through the Fair Price Shops (FPS). The movement of food grains is depicted below:

Chain of movement of food grains



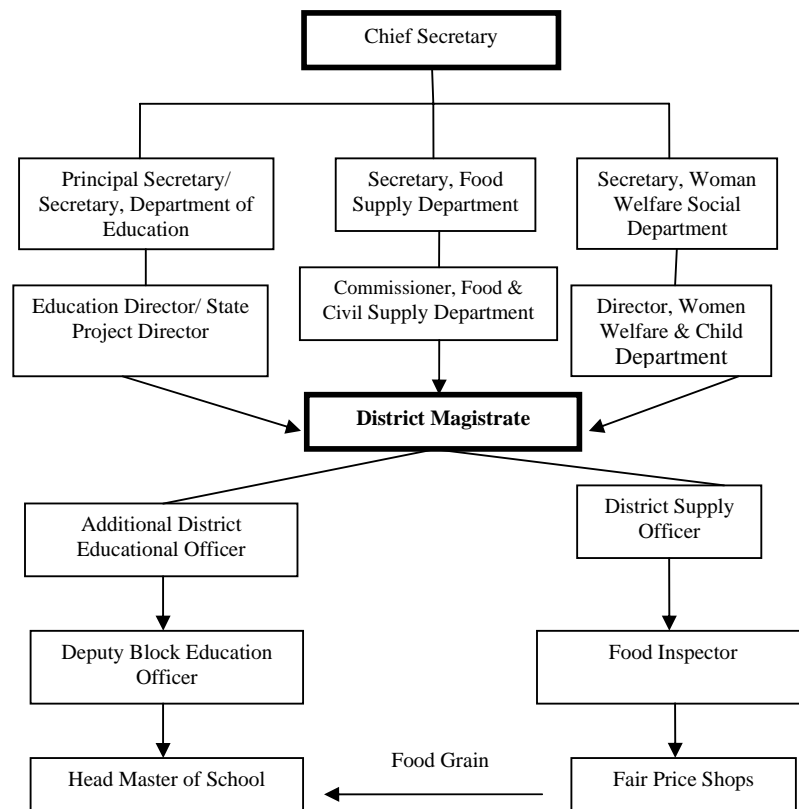
The schools are responsible for providing cooked food to the students. The conversion cost at the rate Rs. 1 per student till 2005 and thereafter at the rate Rs. 2 per student, is paid by the SPO to the schools through Additional District Education Officer (ADEO). These sums are kept in a joint account between the Gram Pradhan and the Principal, being the President and Secretary of the Village Education Committee (VEC). “Bhojan Matas” are employed on honorarium basis by the VEC for cooking the food.

MDM was implemented in the State in a phased manner from May 2002, to cover (July 2003) all the primary schools of the State.

3.2.2 Organisational set up

The State Project Officer of “Uttarakhand - Education for All”² is responsible for overall management of the programme under the Education Department with effect from December 2005. Prior to that, Directorate of School Education was the nodal agency. At the District level, District Magistrate (DM) is the nodal officer, assisted by Additional District Education Officer (ADEO) and District Supply Officer (DSO). Deputy Block Education Officer acts as nodal officer at the Block level. Head Master and School Management Committees are responsible for implementation of the programme in their respective schools.

The organizational structure for implementation of the programme in Uttarakhand is as under:



² “Uttarakhand –Education for all” is a Society that implements ‘Sarva Shiksha Abhiyan’ in the State.

3.2.3 Scope of Audit

Performance review of NP-NSPE was carried out during August 2007 to October 2007 and covered the period 2002-07. Out of 13 districts in the State, 7 were selected for test check by CSSM (circular systematic sampling method) under four strata as under:

Stratum I- Capital District (Dehradun)

Stratum II- Drought affected Districts (Rudraprayag & Nainital)

Stratum III- Districts with less than State Literacy Level (Tehri & Uttarkashi)

Stratum IV- Districts with more than/equal to State Literacy Level (Pauri & Chamoli)

In each selected district, 4 EGS/AIE centers and 10 primary schools in rural areas, 2 EGS/AIE centers and 4 primary schools in urban areas were selected using SRSWOR (simple random sampling without replacement) method.

Audit was not provided with any documents at the district level in Tehri district despite several requests and hence the programme implementation in this district could not be reviewed. Only 8 schools from the district (out of 20 selected in audit) provided the required information and they have been included in the data analysis at school level.

3.2.4 Audit objectives

The main objectives of the performance review were to assess;

- trends in enrolment, retention and attendance of children of primary schools;
- improvement in nutritional status of children of primary schools ;
- adequacy of quantity and quality of food grains supplied;
- effectiveness of implementation mechanism; and
- whether internal controls for monitoring at various levels were efficient.

3.2.5 Audit criteria

The audit criteria used for assessing the performance of various components of the scheme were as follows:

- Scheme guidelines
- Standards of inputs and bench marks of performance fixed for each objective;
- norms prescribed for nutritional status, attendance and retention of enrolled children;
- norms prescribed for nutritional contents and calorific values and teaching learning process; and
- monitoring mechanism and evaluation/ follow up prescribed at various levels.

3.2.6 Audit Methodology

Before commencing audit, the audit objectives, criteria and scope were discussed (July 2007) with the SPO in an entry conference. Audit conclusions were drawn after the scrutiny of the records maintained at various levels, analysis of available data and replies to questionnaires and audit memoranda. The audit findings were discussed (December 2007) with the Joint Director in an exit conference and the views of the Department were suitably included against the relevant paragraphs where found appropriate.

Audit Findings

A review of the programme revealed the following:

3.2.7 Planning

3.2.7.1 Annual Work Plan

Guidelines of NP-NSPE lay down that the State Government will prepare Annual Work Plan and Budget (AWP&B) based on information maintained at school level and aggregated at block, district and State level. AWP&B was required to comprehensively assess the requirement of food grains and funds and provide a framework for implementation of the programme each year.

It was noticed in Audit that AWP&B was prepared only in 2006-07 and in previous years, the programme was being implemented without a comprehensive plan.

3.2.7.2 Delay in identification of the eligible children

The data on enrolment of students is collected through a household survey conducted by school teachers before the start of academic session every year. It was only from 2004-05 that the data on eligibility of children (i.e., children of 6-11 years' age) was collated by the Department.

The table below gives the details of students enrolled year-wise along with the number of eligible children.

The scheme provides cooked meals to 7.8 lakh eligible students in the State as shown below:

Table 3.2.1

Year	Total number of enrolled children	No. of eligible children for MDM	Percentage of eligible children
2002-03	10,47,798	8,21,507	78.40
2003-04	10,56,760	7,87,193	74.49
2004-05	11,49,792	8,11,204	70.55
2005-06	11,88,835	7,79,596	65.57
2006-07	11,63,152	7,79,826	67.04

Source: Information provided by SPO and SSA figures.

As can be seen from the table above, the coverage of children under the MDM scheme in the State showed a decline from 78.40 per cent in 2002-03 to 67.04 per cent in 2006-07. The decline was indicative of a general preference

by the wards of the children for private/public schools over the Government schools.

3.2.8 Financial Management

3.2.8.1 Funding Pattern

The Central and the State Governments provided financial assistance for MDM programme. The norms of Central assistance under each of the component of the programme were as under:

From 2002-03 to August 2004: Only subsidy for transportation of food grains up to Rs. 50 per quintal was provided.

From September 2004 to August 2006: GOI increased the scope of assistance to include:

- Cooking cost @ Re. 1 per child per school day.
- Transport subsidy was raised from Rs. 50 per quintal to Rs. 100 per quintal.
- Management, Monitoring & Evaluation cost @ 2% of the cost of food grains, transport subsidy and cooking assistance.

From September 2006, the norms were further modified as detailed below:

- The limit of reimbursement of transportation cost was revised to Rs. 100 per quintal or the actual cost incurred in transportation of food grains from the nearest FCI godown to the primary school, whichever is less.
- Assistance for cooking cost was raised to Rs 1.80 per child per school day, provided, the State Government contributes a minimum of 20 paisa.
- Additional assistance of Rs 60000 per unit for construction of kitchen cum store. In addition, assistance for provisioning and replacement of kitchen devices at a cost of Rs. 5000 per school, was to be provided.
- Norms for funding on Management, Monitoring & Evaluation (MME) was changed to 1.8% of total assistance.

The GOI releases funds directly to the Secretary, Department of School Education. The Department is responsible for making budget provision and releasing the State share to the State Project Officer.

3.2.8.2 Total allocation and utilisation of funds

Table below shows allocation and utilization of funds under NP-NSPE during the years 2002-07:

Table-3.2.2

(Rupees in crore)

Year	Opening Balance	Amount Received		Total Amount (2+3+4)	Expenditure		Total Expenditure (per cent)	Amount Surrendered	Closing Balance (5-8-9)
		Centre	State		Centre	State			
1	2	3	4	5	6	7	8	9	10
2002-03	Nil	Nil	4.22	4.22	Nil	2.96	2.96 (70)	0.41	0.85
2003-04	0.85	Nil	24.26	25.11	Nil	23.88	23.88 (95)	0.94	0.29
2004-05	0.29	12.34	11.64	24.27	12.34	11.64	23.98 (99)	Nil	0.29
2005-06	0.29	15.69	29.90	45.88	15.53	29.69	45.22 (99)	Nil	0.66
2006-07	0.66	47.64	39.28	87.58	17.23	17.30	34.53 (39)	22.48	30.57

Source: Information provided by the SPO

The expenditure of the Department on the scheme ranged between 39 per cent to 99 per cent during 2002-07. However in 2006-07, there was a saving of Rs. 30.57 crore mainly because Rs.28.91 crore received from the GOI for creation of physical assets i.e. kitchen-cum-stores remained unutilized. Besides, Rs. 1.65 crore as revised conversion cost (from Rs.1 to Rs 2 per child per day) also remained to be released to schools during 2006-07.

The Department stated (August 2007) that the unutilized amount would be released to the districts for construction of kitchen-cum-stores for which the drawings and estimates were under preparation. No reasons were given for the delay and inability to expend the increased provision under conversion cost.

Thus the Department failed to provide much needed infrastructure despite availability of adequate funds.

Component-wise allocation and utilisation

3.2.8.3 Allotment and Expenditure for transportation of food grains

Table-3.2.3

(Rupees in crore)

Year	Allocation			Expenditure			Excess(+) Saving(-)
	Centre	State	Total	Centre	State	Total	
2002-03	-	3.10	3.10	-	2.09	2.09	-1.01
2003-04	-	1.18	1.18	-	1.74	1.74	+0.56
2004-05	-	0.81	0.81	-	0.81	0.81	Nil
2005-06	-	1.73	1.73	-	2.02	2.02	+0.29
2006-07	-	1.11	1.11	-	0.98	0.98	-0.13

Source: Information provided by the SPO

Transportation bills were required to be settled with the transporters on a monthly basis. It was noticed that the transportation bills were not being settled with the transporters in time resulting in wide fluctuations in expenditure under transportation during the period 2002-07. This in turn resulted in non-settlement of claims relating to transportation subsidy from GOI during various years as detailed in Paragraph 3.2.8.6.

3.2.8.4 Allotment and Expenditure for conversion cost

Table-3.2.4

(Rupees in crore)

Year	Allocation			Expenditure			Excess(+) Saving(-)
	Centre	State	Total	Centre	State	Total	
2002-03	-	1.12	1.12	-	0.87	0.87	-0.25
2003-04	-	23.08	23.08	-	22.14	22.14	-0.94
2004-05	12.34	10.83	23.17	12.34	10.83	23.17	Nil
2005-06	15.53	28.17	43.70	15.53	27.67	43.20	-0.50
2006-07	17.97	38.17	56.14	16.32	16.32	32.64	-23.50

Source: Information provided by the SPO

The sizeable savings under the programme were due to savings in conversion cost. During 2006, the norm for conversion cost was increased from Rs. one to two per student per day as mentioned in Paragraph 3.2.8.1 in order to provide the increased calorific value from 300 to 450 calories, in accordance with the revised guidelines. However the utilization fell far short of the increased allocation resulting in 42 per cent savings. No reasons were given for the inability to expend the increased provision under conversion cost.

3.2.8.5 Allotment and expenditure for Infrastructure and MME

Table-3.2.5

(Rupees in crore)

Year	Allocation for Infrastructure	Expenditure for Infrastructure	Excess(+) Saving(-)	Allocation for MME	Expenditure for MME	Excess (+) Saving(-)
2005-06	-	-	-	0.16	-	-0.16
2006-07	29.20	0.29	-28.91	0.47	0.62	+0.15

Source: Information provided by the SPO

Despite inadequate infrastructure (refer Paragraph 3.2.9.7) funds allocated for the purpose under NP-NSPE were not utilized. Out of Rs 29.20 crore allocated as Central assistance for physical assets in 2006-07, an expenditure of only 0.29 crore was incurred and 28.91 crore was left un-utilised. On this being pointed out, the Department replied (August 2007) that as the estimates and drawings for kitchen- cum- stores were under preparation, the amount was not released to schools.

3.2.8.6 Non- reimbursement of transportation charges

The programme envisaged that the cost of transportation of food grains from the nearest FCI Depot to the schools will be reimbursed by the GOI at the rate Rs. 100 per quintal w.e.f October 2004 and at the rate Rs. 50 per quintal prior to that.

Scrutiny of records revealed that the subsidy amounting to Rs. 5.04 crore on transportation of food grains was not reimbursed by the GOI since 1995. The reimbursement claims were not accepted (July 2004) by the GOI as these were not in the prescribed format and did not indicate year-wise/month-wise quantity of food grains transported and expenditure incurred thereon during each month.

The Department confirmed (August 2007) that transportation cost could not be reimbursed due to inconsistency in data furnished by it to GOI. It further stated (December 2007) that a fresh claim for transport subsidy reimbursement has been sent to GOI in September 2007 and reimbursement is awaited.

The reply is indicative of slackness on the part of the Department in maintaining and submitting reconciled figures relating to transport subsidy in the prescribed format to the GOI. Thus the State remained deprived of Rs. 5.04 crore, which could have been utilized in making the programme more effective.

3.2.8.7 Non- disposal of empty gunny bags

Guidelines prescribed by the State Government state that empty gunny bags shall be kept in safe custody and its accounts will be prepared and amount received on disposal of empty gunny bags shall be utilized in upgrading the programme.

Audit scrutiny revealed that empty unserviceable bags which were due for disposal were lying in schools. Non disposal of bags involved blocking of Rs. 46.06 lakh worked out at the rate Rs.3/- per bag at which these were disposed off (June 2000) by RFC Haldwani. The details are as under:

Table-3.2.6

Year	Food grains received (in kgs)	No. of empty gunny bags*	Sale price of empty gunny bags (in Rs.)
2002-03	1,48,38,732	2,96,775	8,90,325
2003-04	2,00,30,987	4,00,620	12,01,860
2004-05	1,52,49,666	3,04,993	9,14,979
2005-06	1,37,39,557	2,74,791	8,24,373
2006-07	1,29,08,573	2,58,171	7,74,513
Total	7,67,67,515	15,35,350	46,06,050

Source: Information provided by SPO

* @ 50 kgs of food grains are packed in one gunny bag

Thus the Department was deprived of Rs. 46.06 lakh, which could have been ploughed back into the programme. Further due to delay in disposal the possibility of deterioration damage by rodents and pilferage cannot be ruled out.

The Department agreed (December 2007) to take action for disposal of the empty gunny bags.

3.2.9 Implementation of the Programme

3.2.9.1 Allocation of food grains

The allocation and distribution of food grains under the NP-NSPE programme in the State during the years 2002-07 was as under:

Table-3.2.7

(Quantity in MT)

	2002-03	2003-04	2004-05	2005-06	2006-07
Total enrolment in the State	8,21,507	7,87,193	8,11,204	7,79,596	7,79,826
Requirement of food grains	19,798.32	18,420.32	19,631.14	17,930.71	18,559.86
Quantity issued by FCI	15,255.63	19,781.88	14,181.56	13,622.47	14,444.26
Quantity lifted by DSO	12,702.06	20,161.69	14,084.72	13,984.84	13,944.43
Quantity lifted by schools	14,838.73	20,030.99	15,249.67	13,739.56	12,908.57
Food grains provided per student per day (in gm)* on the basis of					
a) 100% attendance	75	109	78	77	70
b) 90% attendance	83	121	86	85	77

Source: FCI and SPO

*Calculation : Qty. lifted by schools/Enrolment X Schooldays in a year

The above table shows that in some years, the off-take by schools was higher than the DSO's figures; in some years, the DSO had lifted more food grains than issued by FCI. These discrepancies/inconsistencies were due to non-reconciliation of variation in data at various levels of the food chain by the Department. Possibility of pilferage of food grains due to non-reconciliation cannot be ruled out. Further, the quantity of food grains being provided to students during 2002-07 was much less (except in 2003-04) than the prescribed quantity of 100 gms. per child per day, resulting in non-achievement of the objective of improving nutritional standards of the targeted children.

The findings at the school level in test checked districts also revealed that the availability of food grains per student per day was much lower than the prescribed quantity as tabulated below:

Table-3.2.8

	2002-03	2003-04	2004-05	2005-06	2006-07
Enrolled students of test checked schools (128)	7793	7592	9072	8935	8477
Food grains lifted by schools (in quintals)	1458.77	1489.82	1712.69	1616.38	1023.35
Food grain per student per day (in gm) on the basis of					
a) 100% attendance	78	84	78	79	51
b) 90% attendance	86	93	87	87	56

Source: Information provided by schools.

The details are given in *Paragraphs 3.2.9.2 and 3.2.9.3.*

3.2.9.2 Short provision of food grains

Year-wise distribution of food grains in 128 schools test-checked across seven³ districts revealed that in 42 schools (PS/EGS) as given below, students were provided with less quantity of food grains ranging from 40 gms to 90 gms per student per day for a total of 6176 days during the three years 2004-07 (school-wise details given in *Appendix 3.2.1*). The total quantity of foodgrains short provided in the 42 schools during 2004-07 was 8194.42 kgs. as given below:

³ Chamoli, Uttarkashi, Rudraprayag, Tehri, Pauri, Dehradun, Nainital

Table-3.2.9

Year	No. of PS/EGS	No. of students enrolled	No. of days when less than prescribed quantity of meals were served	Total quantity of foodgrains short provided (in kgs.)*
2004-05	04	169	466	437.81
2005-06	10	369	1482	1008.67
2006-07	28	1350	4228	6747.94
Total	42	1888	6176	8194.42

* Enrolled students in each school X Qty. short provided X No. of days on which short provided

Source: Departmental figures

In Chamoli and Dehradun, the incidence of short-provision in 2006-07 was higher. In thirteen schools (out of 20 test-checked) in Chamoli, per student per day provision of food grains was only 61-62 gm on 2055 days (representing 66 per cent of the school days). In fact, DSO, Chamoli fixed the distribution norms at 61 gm in 2005-06 and 62 gm in 2006-07 per student per day, on grounds of short allocation from the State Government. Similarly, in one school in Dehradun, 40 gm per student per day was given for 116 days (48.7 per cent of school days); it was 50 gm per student per day on 333 days (46.6 per cent of school days) in three schools.

The Department assured (September 2007) that necessary action would be taken after investigation.

3.2.9.3 Stock-out in schools

Receipt of food grains for two selected months (March and September) of each year in the schools was checked in audit. In 19.06 per cent of the school months test-checked, the shortfall in receipt of food grains was in excess of 14.2 per cent of the requirement. The delays in receipt ranged from 15-90 days and resulted in stock-out situations. During the period 2003-04 to 2006-07, 13713 enrolled students were deprived of 498457 mid day meal as shown in the table below. Further details of stock-outs are given in *Appendix-3.2.2 (A&B)*.

Table-3.2.10

Year	No. of schools	Enrolment	No. of days when meal was not served	% of (4) to total no. of school days for all schools	No of meals not provided to students*
(1)	(2)	(3)	(4)	(5)	(6)
2003-04	26	1,648	1,337	21.9	45,141
2004-05	68	3,701	4,430	26.9	1,56,298
2005-06	70	4,344	3,983	24.7	1,68,462
2006-07	69	4,020	3,329	20.3	1,28,556
Total	233	13,713	13,079		4,98,457

Source: Information provided by schools

* No. of enrolled students of each PS/EGS x No of days when meal was not served

It can be seen from the above that meals were not provided in 20.3 per cent to 26.9 per cent of the school days in the year in 233 schools, reflecting the failure of the Department in meeting the primary goal of the programme to that extent.

The Department assured (December 2007) that necessary action would be taken after investigation.

3.2.9.4 Food grains not transported to schools

The guidelines of NP-NSPE lay down that the DSO should transport the food grains to the schools and the District Magistrate is the overall nodal agency for the programme.

In 157 out of 327 schools (from where information was made available) in test-checked districts⁴, the DSO transported food grains only till the Fair Price Shops and the schools were making their own arrangements at their cost, sometimes deputing students to collect the grains. The problem was particularly acute in remote areas. In three districts⁵ 292 schools (out of 327 where data was collected) were situated more than 5 km away from the Block and walking distance to reach 182 schools, was in excess of 1 km.

Thus failure of DSO and DM on this account had resulted in needless wastage of school time of teachers and students for cooking operations and extra financial burden on the schools.

The Department replied (December 2007) that efforts would be made at the Government level to ensure adequacy of transportation charges to deliver the foodgrains upto the schools.

3.2.9.5 Non- coverage of EGS/AIE centres

Although the GOI guidelines envisaged coverage of NP-NSPE in EGS/AIE centres w.e.f 2002, the State Government extended the coverage to these schools only in March 2006. Scrutiny of records in six test checked districts revealed that 13 *per cent* of the EGS/ AIE centers in three districts were not covered under NP-NSPE (as of March 2007) thus depriving 19.5 *per cent* of the students of MDM as shown below:

Table-3.2.11

District	Total no. of centres	Total enrolment	Mid-day meal not provided in		% of students not covered
			No. of centres	Enrolment	
Nainital	234	17390	54	4581	26.3
Dehradun	278	7317	18	438	6.0
Uttarkashi	149	2947	15	368	12.5
Total	661	27654	87	5387	19.5

Source: Information provided by schools.

The Department replied (December 2007) that necessary steps would be taken to cover all EGS/AIE centres.

⁴ Chamoli, Uttarkashi, Rudraprayag, Tehri, Pauri, Dehradun, Nainital

⁵ Chamoli, Rudraprayag & Nainital

3.2.9.6 Drought affected areas not provided meals in summer vacations

In the revised (September 2004) guidelines of GOI, supply of MDM during summer vacations in drought affected areas was introduced as one of the components of the programme. The State Government declared 10 districts of the State as drought affected in 2005-06. Test check of the records in six of these districts⁶ revealed that despite clear guidelines, midday meal was not provided to 1.58 lakh students in the schools located in drought affected areas during summer vacations. The details are given below:

Table-3.2.12

Name of District	No. of Tehsils	No. of schools	Enrolment
Chamoli	6	735	29292
Uttarkashi	2	245	12962
Rudraprayag	3	580	25111
Dehradun	3	467	17888
Nainital	4	233	8371
Pauri	9	1651	64187
Total	27	3911	157811

Source: Information provided by Districts.

On this being pointed out, the SPO stated (August 2007) that they had no intimation regarding declaration of drought affected areas by the Government and therefore, the additional benefit was not provided. The reply is untenable since it was the responsibility of the SPO to ensure that the benefits of the programme reach the targeted students in areas declared drought affected by the State Government.

The Joint Director (MDM) while accepting the Audit contention stated (December 2007) that Government policy in this regard would be framed and implemented after taking assistance from the Disaster Management Department.

3.2.9.7 Infrastructural facilities

One of the main requirements of the programme include creation of infrastructure i.e. construction of *pucca* kitchen cum store, cooking utensils, containers etc. The programme guidelines emphasized that expenditure towards such infrastructural needs, should be met in close convergence with other developmental programmes. A sum of Rs 21.76 crore provided under Pradhan Mantri Gramodaya Yojana (PMGY) during 2003-06 was spent by the Department for this purpose.

Information collected in Audit at district level revealed that infrastructural facilities required for running the programme successfully were not available in many schools. In 4714 schools in the test-checked districts, 14 *per cent* schools were without kitchen facilities, 22 *per cent* schools without drinking water facilities and 27 *per cent* schools were without gas based chulha as shown below.

⁶ Dehradun, Uttarkashi, Pauri, Rudraprayag, Chamoli and Nainital.

Table-3.2.13

District	Total No. of schools	No. of Schools with inadequate infrastructure			
		No pucca kitchen	No clean drinking water	Inadequate kitchen devices	No gas based chulha
Nainital	1147	128	128	128	128
Dehradun	1124	240	08	08	08
Rudraprayag	588	63	66	05	05
Uttarkashi	852	164	164	164	164
Chamoli	1003	71	664	03	945
Total	4714	666	1030	308	1250

Source: Information provided by districts

In response to the questionnaire issued by Audit, schools complained that arrangement of fuel was a problem. In case of gas-based chulhas, transportation problems hindered the re-fuelling of cylinders. On the other hand, other chulhas require wood, collection of which is once again a problem. Thus, even after a lapse of five years of implementation of the programme in the State, basic infrastructure for implementing it is inadequate.

The Department replied (December 2007) that efforts are underway to provide necessary infrastructure in the schools.

3.2.10 Impact of the Programme

3.2.10.1 Non-availability of data on impact parameters

The State Government was required to monitor the programme on impact parameters viz., nutritional status, attendance and retention through Village Education Committees (VECs), Parent Teacher Association (PTA) and Steering-cum-Monitoring Committees at various levels in State, district and block. Scrutiny revealed that the data required for monitoring the above parameters was not being maintained at any level in the Department. The only data being collected and maintained was on enrolment of students. Thus critical inputs for planning and evaluating the performance of the programme were absent.

3.2.10.2 Impact on enrolment

Test check of records of SPO showed that while 98.9 per cent of eligible children were enrolled in the primary schools/EGS/AIE centres, 12782 children remained out of school, despite NP-NSPE being run in the State. Details are given below:

Table-3.2.14

Year	No. of eligible children in 6-11 age group	Total enrolment*	Children out of school
2002-03	N.A	8,10,722	N.A
2003-04	N.A	7,84,911	N.A.
2004-05	11,44,567	11,36,493	8,074
2005-06	11,47,111	11,44,478	2,633
2006-07	11,75,960	11,63,178	12,782

* Enrolment in Government, parishadiya, Government-aided, recognized and unrecognized schools
Source: Information taken from Sarva Shiksha Abhiyan figures

The data for enrolment maintained at different levels by the State Government and that collected in Audit in test-check of 120 schools across six districts showed variation in the figures of enrolment (details at *Appendix-3.2.3*). However, all three sources show that the enrolment in the schools covered under the NP-NSPE decreased over the period 2002-03 to 2006-07 as indicated in the table below:

Table-3.2.15

District	Percentage of enrolment during 2002-07 as reflected in the records of		
	SPO	Districts	Schools
Chamoli	(-) 0.81	(-)8.44	(-)0.92
Uttarkashi	(-) 13.32	(-)15.69	(-)4.15
Rudraprayag	(-) 9.59	(-)6.58	(-)13.00
Nainital	3.78	27.03	7.27
Pauri	(-) 20.62	(-)11.72	9.89
Dehradun	10.61	13.34	2.16

Source: Records of SPO, districts and schools

The Department replied (December 2007) that it had started capturing information on a DISE⁷ format only in 2004-05 and all the schools, Government and otherwise have been asked to submit detailed information on enrolment.

3.2.10.3 Impact on retention

Analysis of enrolment figures would indicate that 25.4 per cent of the students either dropped out or failed in the examinations from Class-I to Class-V, without any tangible improvement in the situation over the years despite NP-NSPE, as shown in the table below:

Table-3.2.16

Year	Class I	Class II	Class III	Class IV	Class V
2002-03	2,66,724	2,20,543	2,01,560	1,83,429	1,62,651
2003-04	2,78,142	2,31,219	2,17,787	1,94,625	1,77,900
2004-05	2,74,872	2,18,045	2,03,256	1,84,876	1,66,973
2005-06	2,69,496	2,36,571	2,22,179	2,04,426	1,86,358
2006-07	2,74,978	2,39,973	2,31,208	2,15,117	1,99,097

Source: Information provided by Department

In 75 out of the 120 schools test-checked, 1941 students dropped out of the school at various levels in 2002-07, with district-wise drop-out ratio ranging from 4.1 per cent to 11.3 per cent as shown in the table below:

Table-3.2.17

District	No. of schools	Enrolment	No. of drop-outs	Percentage
Rudraprayag	13	2,709	127	4.7
Chamoli	8	1,928	110	5.7
Uttarkashi	19	6,362	724	11.3
Dehradun	11	4,874	271	5.6
Nainital	16	7,164	580	8.1
Pauri	8	3,189	129	4.0
Total	75	26,226	1,941	7.4

Source: Information provided by schools

The Department replied (December 2007) that remedial measures would be taken to improve retention of students through SSA.

⁷ DISE= District Information System of Education

3.2.10.4 Improvement of nutritional status

GOI chose weight and height as basic indicators to monitor incremental improvement in health level. Weighing machines were to be supplied to all the schools covered under the NP-NSPE programme and norms were to be laid down by the State Government for periodical measurements to record weight and age.

Scrutiny of records in SPO revealed that despite savings in funds received from GOI under "Management, Monitoring & Evaluation(MME)", the SPO released funds (at the rate of Rs 700 per school) for purchase of weighing machines only in January 2007 to 3685 schools (30.72 per cent) out of 11995 schools. It was further noticed that no school had weighing machine as of March 2007 and hence no weight records were maintained. The State Government had not established a system for periodical health check to assess the improvement in health and nutritional status of children under NP-NSPE. This has inhibited the assessment of the programme on this parameter. Moreover, only periodical health checks can provide critical inputs regarding specific interventions based on local conditions.

Teams from State Director General, Medical Health & Family welfare, visit schools periodically under "School Health programme". However, there was no institutionalized mechanism to dovetail the programme with reports under School Health Programme, at the level of the SPO or at the district/ block levels.

Reports of "School Health Programme" showed instances of anaemia, Vitamin 'A' deficiency and iodine deficiency (particularly in Chamoli and Pithoragarh). District wise figures as of (March 2007) are tabulated below:

Table-3.2.18

District	Progressive number of		No. of students with deficiencies	Percentage
	schools examined	students examined		
Chamoli	2,170	74,363	22,552	30.3
Rudraprayag	768	25,218	6,024	23.9
Pauri	686	28,921	14,542	50.3
Tehri	283	15,282	4,396	28.8
Uttarkashi	273	7,920	5,576	70.4
Dehradun	3,039	37,032	6,045	16.3
Haridwar	38	4,651	1,103	23.7
Bageshwar	937	23,160	15,573	67.2
Champawat	1,221	17,875	9,223	51.6
Pithoragarh	2,585	78,997	27,984	35.4
Almora	957	31,583	9,191	29.1
Nainital	435	14,647	11,282	77.0
U.S. Nagar	106	9,226	2,194	23.8

Source: Information provided by department

GOI guidelines laid down that NP-NSPE should be complemented with appropriate interventions relating to micronutrient supplements and de-worming through administration of:

- six-monthly doses for de-worming and Vitamin-A supplements;
- weekly Iron, Zinc and Folic-Acid supplements and;
- Other appropriate supplements depending on local and common deficiencies

Scrutiny revealed that the State Government neither issued any guidelines for providing micro nutrient supplements and de worming medicines nor allocated any funds for this purpose. On this being pointed, the SPO replied (August 2007) that this component was not yet taken up under the programme and that this work was carried out in schools by Health Department. The reply is not acceptable since this component was to be included under NP-NSPE. It was further observed that School Health Programme was unable to intervene effectively. Out of 128 schools test checked, doses of de-worming and other supplements were given only in 30 schools (23 *per cent*). Absence of monitoring on nutritional status and inadequate interventions to alleviate micronutrient deficiencies in students would impair the effectiveness of the programme.

The Department replied (December 2007) that in 2007-08 a pilot project for providing micronutrients has been started in Tehri district with the assistance of United Nations World Food Programme and on successful implementation it would be expanded to cover the entire State.

3.2.10.5 Involvement of teachers

Programme guidelines lay down that teachers should, under no circumstances, be assigned responsibilities for supervising the cooking operations for more than 30-40 minutes per day. During the course of audit, it was noticed that the involvement of teaching staff in the programme ranged between six to nine teaching hours in a week, with their involvement being at every stage- receipt and weighing of food grains, maintenance of records, purchase of vegetables and other ingredients and supervising or cooking and serving of meals. Given that most schools had only 1-2 teachers for the five classes (Class I–V), the programme has significantly eroded into teaching time available and consequently, on quality of instruction in the schools.

The Department stated (December 2007) that efforts would be made to reduce the involvement of the teachers in supervising cooking operations.

3.2.10.6 Classrooms used for storage

In all the 128 schools selected for test check, classrooms or offices were being used for storage of food grains or for preparation of meals, adversely affecting the space available for imparting education.

The Department replied (December 2007) that provision for constructing *pucca* kitchen-cum-stores in all schools is being made in a phased manner.

3.2.11 Monitoring & Evaluation

3.2.11.1 Evaluation

As per the revised guidelines issued in September 2004, the Steering cum Monitoring Committees (SMC) were to be set up at four levels viz. State, district and block with the responsibilities of overall guidance, monitoring, coordination and action on reports of independent monitoring agencies. State level SMCs were expected to meet at least once every six months and district and block level SMCs at least once a quarter.

Scrutiny revealed that no meeting at block/district level was held in three districts (Chamoli, Nainital and Pauri). In the remaining three districts, the number of meetings held was much lower than the prescribed number. The year wise details of meetings held in districts and block level in the test checked districts are as per *Appendix-3.2.4*. Moreover, neither agencies have been notified for monitoring the specified parameters of the programme nor any inspections of schools under NP-NSPE were conducted by the officers of Education Department.

Thus, there is no active feed-back system to evaluate the programme and to plug the loopholes noticed during the course of implementation of the programme at the ground level.

3.2.12 Conclusion

The programme had high degree of acceptability in the State where enrolment and attendance in primary schools was high. But at no level was data on impact parameters viz., retention, attendance, improvement of nutrition levels and improvement of learning levels, was collected or collated in order to help the department to evaluate the success of the programme in meeting its objectives. Meals were not being provided to students during summer vacations in drought affected areas in some districts. There was lack of coordination between Education and Health Departments regarding health check-up of children.

Quantity of food grains provided to students was almost half the normative quantity prescribed in the guidelines. Stock-out situations resulted in non-provision of meals in schools. The understaffed schools are currently bearing the burden of serving and implementation of the scheme, thus sharing their resources and instruction time. Primary schools lacked basic infrastructure required for storage, cooking and serving of meals. Absence of data validation and independent feed-back also deprived the Department of inputs for mid-course corrections.

3.2.13 Recommendations

- A reliable system for collecting data on enrolment, attendance and retention figures and its independent validation should be established at the earliest.

- Objective and verifiable criteria for measuring all impact parameters should be fixed.
- Clear guidelines along with basic equipment to monitor nutritional status of children should be given to schools. Co-ordination between Education and Health Departments should be institutionalized to help provide inputs for favouring local conditions in the nutrients required for improving students' health.
- To minimize the involvement of teachers in MDM, it should be ensured that the participation of Village Education Committees is more active.
- Urgent steps should be taken for better coordination between nodal agencies to ensure adequate timely flow of food grains to minimise stock-out situations and ensure that normative quantity of food grains are indeed provided.

The Department accepted (December 2007) the audit findings and assured appropriate action on the recommendations.

RURAL DEVELOPMENT DEPARTMENT

3.3 MEMBER OF LEGISLATIVE ASSEMBLY LOCAL AREA DEVELOPMENT SCHEME (MLALADS)

Highlights

The review highlights major shortcomings in the implementation of the programme which include idling of funds, expenditure on inadmissible works, delays at each level of planning and execution of works, absence of clear criteria on selection of executing agencies and their monitoring and near-absence of quality control checks.

- *Huge amount of funds were lying unutilized with District Rural Development Agency (Rs 20.52 crore) and executing agencies (Rs 39.11 crore) as of March 2007.*

[Paragraph: 3.3.8.2 & 3.3.8.3]

- *Of 13,676 works sanctioned during 2002-07 in four test checked districts, 1,717 works were not started and 4,735 works were in progress as of March 2007.*

[Paragraph: 3.3.9.2]

- *Programme implementing agencies (PIAs) were not selected on the basis of their capability or past performance; rather works were awarded to PIAs on recommendation of the respective MLA.*

[Paragraph: 3.3.9.6]

- *A sum of Rs.5.09 crore was spent by 4 DRDAs on inadmissible works.*

[Paragraph: 3.3.9.8]

- *The scheme suffered due to lack of quality control mechanism and effective monitoring.*

[Paragraph: 3.3.11 & 3.3.12]

3.3.1 Introduction

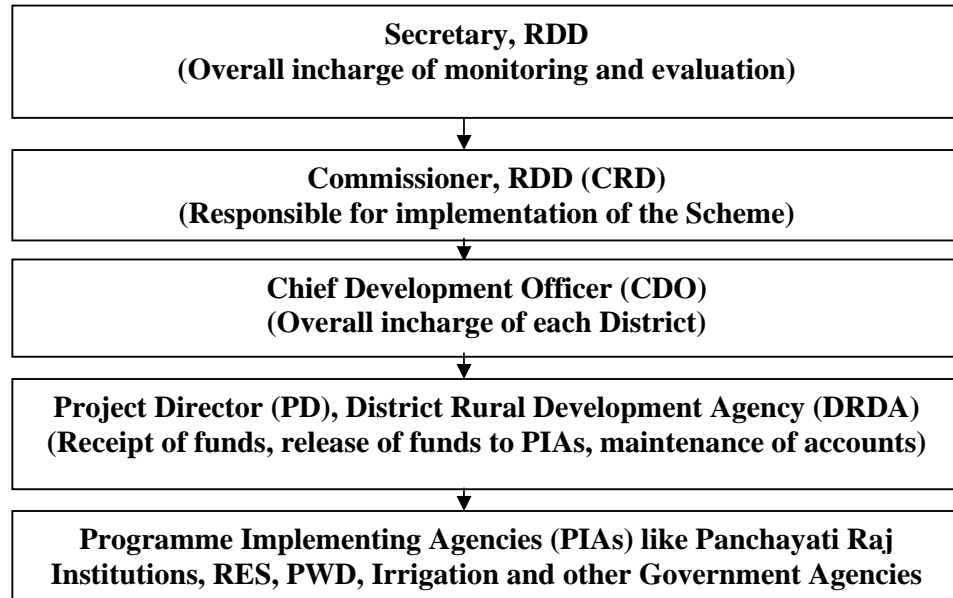
Member of Legislative Assembly Local Area Development Scheme (MLALADS) was introduced in the State in 1998-99¹ to enable the MLAs to suggest works of developmental nature based on locally felt needs in their respective constituencies, with emphasis on creation of durable assets² which would be available for public use and whose ownership would vest with the Government.

¹ When Uttarakhand was a part of undivided Uttar Pradesh.

² Roads, minor bridges, school buildings, public libraries, drinking water facilities, drains, cultural and sports activities etc.

3.3.2 Organisational set up

The Department of Rural Development (RDD) is entrusted with the responsibility of implementation of the MLALADS. The organisational setup of the Department with regard to the implementation of the scheme is given below:



3.3.3 Scope of Audit

Performance review of the scheme was carried out during April to August 2007 and covered the period from 2002-03 to 2006-07. Records of the Rural Development Commissioner, Pauri, four DRDAs³ out of 13 DRDAs in the State and 172 PIAs were test checked during the Audit.

The test-check covered an expenditure of Rs.87.11 crore representing 35.46 *per cent* of total expenditure (Rs.245.68 crore) on the scheme during 2002-07.

3.3.4 Audit Objectives

The main objectives of Audit were to examine and evaluate:

- Whether the scheme was planned and implemented in consonance with the stated policy objectives;
- Whether the financial management resulted in economic, efficient and effective utilization of resources and creation of durable assets;
- Whether the estimates of works selected were technically sound and execution was in conformity with the norms and financial rules;
- Whether the internal control and monitoring was effective.

³ Almora, Chamoli, Dehradun and Tehri Garhwal.

3.3.5 Criteria

Audit findings were benchmarked against the following criteria:

- Guidelines of the scheme;
- Financial Handbook.

3.3.6 Audit Methodology

Following a pilot study in one DRDA (Dehradun), an entry conference was held (June 2007) with Additional Secretary and other officers of the RDD wherein the Audit objectives, criteria and scope of Audit were discussed.

The records of the Commissioner, RDD, DRDAs, and PIAs were scrutinised and analysed using data/information made available by these agencies in reply to Audit memos and questionnaires.

Selection of DRDAs for test check was done on the basis of statistical sampling method of probability proportionate to size with replacement (PPSWR). Audit findings were discussed with Additional Secretary and other officers of RDD in the exit conference (October 2007). The replies of the Department have been incorporated in the review at appropriate places.

Audit Findings

The Audit findings of the performance review are enumerated below.

3.3.7 Planning

The State Government budgets for the scheme on the basis of annual allocation per MLA. The annual allocation for each MLA was initially Rs.50 lakh (2002-03) which was enhanced to Rs.75 lakh (2003-04), Rs.100 lakh (2004-05 and 2005-06) and Rs.125 lakh (2006-07). There are 71 MLAs in Uttarakhand.

The entire fund (to meet the requirement of all MLAs in the district) is placed by the Government at the disposal of the CDOs in two installments in a financial year. Each MLA is required to identify the schemes and submit the proposals to CDOs, who would sanction/reject with reasons the proposals within 45 days. The MLALADS identifies the admissible schemes and those disallowed under the scheme which serve as the criteria for CDOs while considering the proposals. The sanctioned works are allotted to PIAs and financial sanction to these works is accorded by CDOs after the approval of estimates submitted by the PIAs.

Funds under the scheme are kept in the Personal Ledger Account⁴ (PLA) of the CDOs who release it to PIAs after financial sanction is accorded. The fund in the PLA is to be ordinarily utilized in the same financial year except in few cases where the work continues in the succeeding financial year. The PIAs

⁴ Funds in PLA are kept in the Treasury and the Treasury also maintains a pass-book for each Account holder.

submit utilization certificates on the basis of which, the CDOs book expenditure under the scheme.

The DRDAs furnish monthly financial and physical progress report to the CRD who compiles the State level figures for submission to the Government. DRDAs are required to submit the certified account of the scheme to the Government for each financial year.

3.3.8 Fund Management

3.3.8.1 Resource allocation and utilisation

Year-wise details of funds released by the State Government⁵ to CDOs during 2002-07 and expenditure as of March 2007 as reported by DRDAs to CRD was as under:

Table-3.3.1

(Rupees in crore)

Year →	2002-03	2003-04	2004-05	2005-06	2006-07
Amount to be allocated as per norms	35.50	53.25	71.00	71.00	88.75
Amount released by the Govt.	37.07 ⁶	53.25	63.90 ⁷	71.00	88.75
Expenditure (as of March 2007)	36.43	51.41	57.87	56.60	43.37
Unspent balances	0.64	1.84	6.03	14.40	45.38

Source: CRD, Pauri

Year-wise and district-wise details are given in *Appendix-3.1.1*.

The financial progress reported by DRDAs to the CRD was not based on facts. The reported expenditure was inflated as brought out in the following paragraphs.

The CRD did not have information regarding unspent balances with DRDAs under the scheme and hence had inaccurate information on total availability of funds. This resulted in substantial mismatch between the figures of CRD and the actual position in the DRDAs. While the above table shows that 78.25 per cent of the allocated funds were utilized in the scheme by the DRDAs, Audit scrutiny in four test-checked districts⁸ showed that out of Rs. 121.35 crore allotted under the scheme during 2002-07, only Rs. 61.72 crore was actually utilized and Rs. 59.63 crore, representing 49.14 per cent of the allocation was lying unutilized with the CDOs and PIAs as shown in *Chart No.-1*. Large sums of money lying idle with DRDAs and PIAs undermine the very objective of the scheme and denial of intended benefits to the public despite the enhancement of funds allocated by the Government under the scheme each year. Delay in submission of proposals by MLAs, delay in sanction and execution of works by PIAs (refer *Paragraph-3.3.9*) resulted in non-utilisation of funds under the scheme. On this being pointed out, the Department admitted (October 2007) that non-utilization of funds was due to delays in submission of proposals by MLAs and ineffective monitoring. Subsequent paragraphs further analyse the release of funds by CDOs and utilization of funds by PIAs.

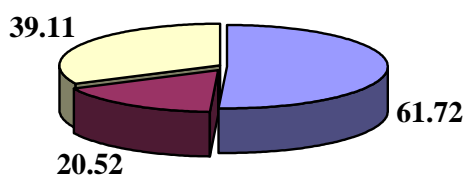
⁵ The funds are released in two installments to CDOs on the basis of number of MLAs in the district.

⁶ Balance, Rs.1.57 crore pertaining to previous year was released in 2002-03.

⁷ A sum of Rs.7.10 crore was paid to Prime Minister's Relief Fund for help of Tsunami victims (2004-05).

⁸ Almora, Chamoli, Dehradun and Tehri Garhwal.

Chart-1
Position of unutilised fund with DRDAs and PIAs
(Rupees in crore)



■ Actual utilised on scheme
 ■ Unutilised with DRDAs
 ■ Unutilised with PIAs

3.3.8.2 Release of funds by CDOs

The table below analyses the allocation and release of funds during 2002-07 in the four test-checked districts:

Table-3.3.2

(Rupees in crore)

Year	Opening Balance	Yearly release	Total funds available	Released to PIAs	Short release of funds to PIAs
2002-03	2.34	14.07	16.41	9.01	7.40
2003-04	7.40	20.25	27.65	16.31	11.34
2004-05	11.34	23.94	35.28	21.09	14.19
2005-06	14.19	27.00	41.19	22.03	19.16
2006-07	19.16	33.76	52.92	32.40	20.52

Source: Information collected from CRD, Pauri & DRDAs

- While the Government released funds in accordance with the norms of per MLA allocation, the utilization of funds by the DRDAs each year was only around 50-60 per cent of the total available funds. The allocation per MLA increased from Rs. 50 lakhs to Rs. 125 lakhs (increase of 150 per cent) during the period 2002-07 thus increasing the annual availability of funds under the scheme, but the pace of utilization was not commensurate with the increased allocation. As a result, the balances in PLA steadily increased from Rs. 8.79 crore in 2003 to Rs. 19.56 crore in 2007 as can be seen from **Table 3.3.3** given below.
- The DRDAs did not reconcile the balances reflected in PLA pass book maintained by the treasuries with that of the ledger balances of DRDAs. The difference between the balances shown in ledgers of the test checked districts and PLAs at the end of each financial year was as shown in the table below:

Table -3.3.3

(Rupees in crore)

Year	2002-03	2003-04	2004-05	2005-06	2006-07
Closing balance as per ledger (31 March)	5.76	9.14	11.36	17.23	16.34
Closing balance as per PLA (31 March)	8.79	9.12	12.41	17.74	19.56

Source: Information collected from CRD, Pauri & DRDAs

- In DRDA, Dehradun, the PLA account differed from the ledger figures by Rs 2.17 crore and Rs 2.97 crore in March 2003 and March 2007 respectively. Non reconciliation of ledger balances with balances shown in treasury PLA is fraught with the risk of fraud and misappropriation of funds. In reply to Audit, the Department stated (October 2007) that CDOs would now be instructed to prepare reconciliation statement to tally the ledger figures with reference to PLA pass book.
- **The mismatch between the data on utilization of funds maintained by CRD and CDOs was so extensive that the opening balance in 2002-03 in all the 13 districts as per the CRD's figures, was Rs. 1.52 crore whereas opening balances on 1 April 2002 in the four test-checked districts alone was Rs. 2.34 crore as shown in the table below:**

Table-3.3.4

(Rupees in crore)

District	Almora	Chamoli	Dehradun	Tehri	Total
Opening Balance as of 1 April 2002	0.34	0.93	0.86	0.21	2.34

Source: Information collected from DRDAs

On this being pointed out in Audit, the Department attributed (October 2007) the misreporting of opening balance to lack of reporting system, which was introduced only in 2003-04.

3.3.8.3 Utilization of funds by PIAs

DRDAs did not maintain any records to monitor the PIA-wise and work-wise expenditure incurred by PIAs. Based on the progress report furnished by the DRDAs, the position of expenditure by PIAs against the fund released was as under:

Table-3.3.5

(Rupees in crore)

Year	2002-03	2003-04	2004-05	2005-06	2006-07
Opening balance	Nil*	5.40	7.13	8.85	10.73
Funds released to PIAs during the year	9.01	16.30	21.09	22.03	32.40
Total Funds available with PIAs	9.01	21.70	28.22	30.88	43.13
Utilised by PIAs during the year (Percentage)	3.61 (40)	14.57 (67)	19.37 (69)	20.15 (65)	26.58 (62)
Closing balance	5.40	7.13	8.85	10.73	16.55

Source: DRDAs

* Opening balance with PIAs has not been taken into account in this year.

- The pace of utilization of funds by the PIAs was very slow and large amount of funds remained unutilised with the PIAs. This was despite the fact that most of the works sanctioned under the scheme were petty works (cost ranging between 0.50 lakh to 3 lakh) and the guidelines laid down that the works should be generally completed within the financial year. The percentage utilisation of funds by the PIAs in the four districts test-checked in Audit ranged from 40 per cent to 69 per cent during the period 2002-07. The period upto which funds released during 2002-06 were lying idle with PIAs was as under:

Table-3.3.6

(Rupees in crore)

For a period of 4 years	For a period of 3 years	For a period of 2 years	For a period of 1 year	Total
0.55	1.21	4.09	11.77	17.62

Source: DRDAs and PIAs

- The expenditure reported as incurred by PIAs (as of 31 March 2007 and against the funds released during 2002-07) was inflated and did not match the amount given in utilization certificates. The position of reported unspent balance with PIAs at the end of 2006-07 was Rs 16.55 crore whereas, according to utilisation certificates⁹ available in the DRDAs and records of the PIAs, a sum of Rs. 39.11 crore was lying unspent with the PIAs. District-wise breakup of unspent balances during 2002-07, ranged 18.6 per cent to 60 per cent as per utilization certificate. There was a difference of Rs. 22.56 crore between reported unspent balance and actual unspent balance as per UCs.

Table-3.3.7

(Rupees in crore)

Districts	Almora	Chamoli	Dehradun	Tehri	Total
Funds available with DRDAs	41.11	27.84	68.81	35.63	173.39
Released to PIAs	25.02	16.14	37.26	22.42	100.84
Expenditure by PIAs reported to CRD	22.07	13.31	29.50	19.41	84.29
Reported unspent balance (<i>Per cent</i>)	2.95 (11.8)	2.83 (17.5)	7.76 (20.8)	3.01 (13.4)	16.55
Actual unspent amount lying with PIAs as per UCs (<i>Per cent</i>)	4.66 (18.6)	4.47 (27.7)	22.34 (60)	7.64 (34)	39.11

Source: DRDAs and PIAs

3.3.9 Execution of works

3.3.9.1 Works under the scheme

Physical progress of the works sanctioned during 2002-07 under the scheme in the State and their status as of March 2007 was as under:

Table-3.3.8

Number of works sanctioned	37695
Number of works completed	23896 (63.3%)
Number of works in progress	11819 (31.4%)
Number of works not started	1980 (5.3%)

Source: CRD, Pauri

From the above table it will be seen that though funds were not a constraint, progress of work was slow.

3.3.9.2 Progress of works in districts

Table below provides the district-wise breakup of physical progress of works taken up during 2002-07, in the four test-checked districts:

⁹ PIAs are required to submit utilization certificate for the funds spent by them against the first instalment, following which the second instalments is released by DRDA.

Table-3.3.9

District	Total works sanctioned	Number of works Completed (Per cent)	Number of works in Progress (Per cent)	Number of Works Not started (Per cent)
Almora	3971	2064(52)	1578(39.7)	329(8.3)
Chamoli	1997	1372(68.7)	575(28.8)	50(2.5)
Dehradun	4074	1866(45.8)	1485(36.5)	723(17.7)
Tehri	3634	1922(52.9)	1097(30.2)	615(16.9)
Total	13676	7224(52.8)	4735(34.6)	1717(12.6)

Source: DRDAs

The *percentage* of works completed ranged between 45.8 to 68.7 *per cent*. Further 28.8 *per cent* to 39.7 *per cent* works were in progress. 2.5 *per cent* to 17.7 *per cent* works had not been started.

The slow progress of the works depicted in the table above shows that progress of works suffered due to lack of monitoring by MLAs, nodal offices and PIAs.

The reasons for slow pace of utilization of funds was analysed in Audit as follows:

3.3.9.3 Delays in submission of proposals

There was delay on the part of MLAs with regard to identification, recommendation and approval of works to be executed during the financial year to consume the allocation for each year. This resulted in non utilization and accumulation of unspent balances in respect of most MLAs. In fact, the CDOs received proposals and sanctioned works against funds allotted to the MLA in the financial year, even after the close of the financial year and thereafter. Analysis of submission of proposals in three districts viz Almora, Dehradun and Tehri Garhwal during 2002-03 revealed the following:

- 36 *per cent* of the proposals submitted within the financial year were submitted in the last quarter i.e., January to March 2003. In Dehradun, the figure was as high as 52.3 *per cent* ;
- 139 proposals (representing 10.6 *per cent* of the total) against the funds allotted in 2002-03 were submitted and sanctioned after the lapse of the financial year.

The table below gives district-wise details in this regard:

Table-3.3.10: Delays in submission of proposals

	Almora	Dehradun	Tehri	Total
Total number of works against which, funds were allotted in 2002-03	399	463	442	1304
Number of proposals in the same FY				
a. Total number of works submitted in 2002-03	393	384	388	1165
b. Number of works submitted in the fourth quarter (January-March)	84	201	133	418
Number of works submitted in 2004	06	60	39	105
Number of works submitted during 2005-07	-	19	15	34

Source: DRDAs

The non submission of work proposals in a phased manner with in the same financial year has not only resulted in non utilisation and accumulation of funds but also in delay in intended benefits to the public.

3.3.9.4 Delays in sanction of works

The proposals received from MLAs are required to be processed and sanctioned by the CDOs within 45 days and if not found acceptable, the CDOs are to inform the MLAs with reasons thereof within this period. In three test checked districts¹⁰ out of 8211 works sanctioned (2002-06), 28.23 per cent (2318) of works were sanctioned after the lapse of the financial year and out of 11679 works sanctioned (2002-07) 19 per cent (2241) works were sanctioned beyond the stipulated period of 45 days. This resulted in non utilization and carry forward of funds.

3.3.9.5 Delays in completion

The progress of execution of works in the four test-checked districts during 2002-07 is summarised in the table given below:

Table-3.3.11: Status of works in the test-checked districts

	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Number of works sanctioned	1573	2215	2661	3164	4063	13676
Number of works completed (Per cent)	1479 (94)	2000 (90.3)	2074 (78)	1354 (42.8)	317 (7.8)	7224
Number of works in progress (Per cent)	73 (4.6)	185 (8.4)	475 (17.9)	1504 (47.5)	2498 (61.5)	4735
Number of works not started over a period of						
(a) 1 to 3 years (Per cent)	----	-----	112 (4.2)	306 (9.7)	1248 (30.7)	1666
(b) 3 to 5 years (Per cent)	21 (1.3)	30 (1.4)	-----	-----	-----	51

Source: Progress report of DRDAs and the records of the PIAs

As can be seen from the above table, out of 13676 works sanctioned, during 2002-03 only 7.8 per cent to 94 per cent works were completed. Further 4.6 per cent to 61.5 per cent sanctioned works were in progress.

It was also noticed that in 4.2 per cent to 30.7 per cent sanctioned works, there was delay of 1 to 3 years in starting work. And in 1.3 per cent to 1.4 per cent sanctioned works there was delay of 3 to 5 years in starting works.

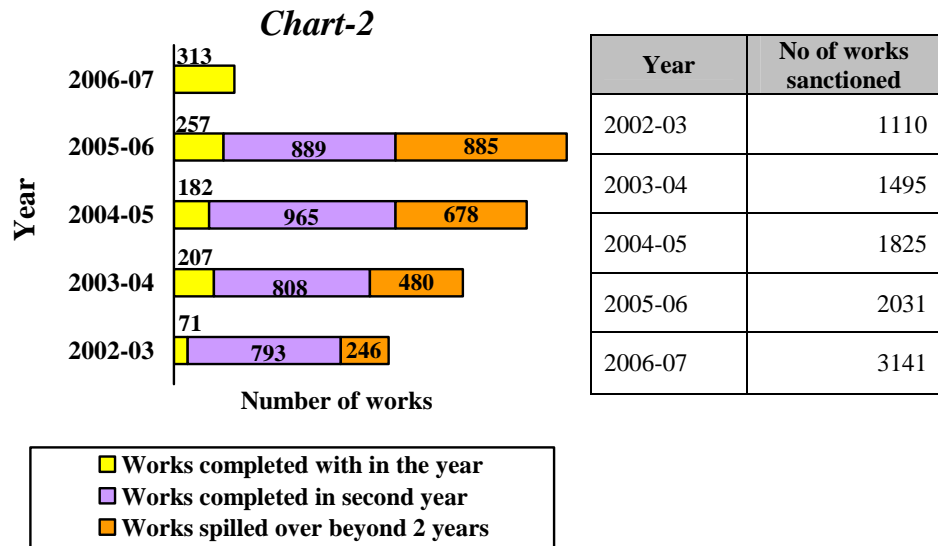
Audit scrutiny further revealed:

- The figures relating to total number of sanctioned projects in the State under the Scheme, on which work did not start, appear inaccurate. A total of 1980 projects were shown under this category for the whole State, while in the four test-checked districts alone, the figure was 1717.

¹⁰ Almora, Dehradun and Tehri

- 1717 works sanctioned during 2002-07 to the PIAs did not take off. The reasons for non commencement of works despite lapse of more than four years were not available in the records of the PIAs, DRDAs and the CRD, indicating ineffective monitoring.
- Although the works were required to be completed within the year of sanction, these often spilled over. In three DRDAs¹¹, only 10.73 per cent of the sanctioned works could be completed in the year of sanction, 53.47 per cent were completed in the second year while 35.43 per cent works spilled over beyond two years as depicted in the chart given below :

Table-3.3.12



Note: The year-wise break-up of figures of DRDA, Dehradun during the years 2002-06 were not available; in 2006-07, only four out of 922 works were completed in the district within the same financial year.

The progress of work in Dehradun was particularly slow. Out of total works sanctioned over the five years (4074), only 46 per cent (1866) were completed, 36 per cent works (1485) were in progress and 18 per cent works (723) were not started as of March 2007 despite availability of funds.

Delays at each stage i.e. submission of proposals by MLA, the sanction of works by CDOs and delays in completion of work by PIAs resulted from inadequate monitoring and impeded the timely creation of developmental assets meant to meet felt needs of the people.

The Department stated (October 2007) that the MLAs can not be compelled for timely submission of proposals and that delay in sanction was due to delay in preparation of estimates of the works. The Department admitted that PIAs could not adhere to time schedules because of a large number of works- in-hand.

¹¹ Almora, Chamoli and Tehri Garhwal

3.3.9.6 Selection of PIAs

As per the guidelines, PIAs were to be selected by the CDOs on recommendation of the MLAs with due consideration to the past performance of the PIAs. It was observed that the CDOs allotted the works to PIAs only on the recommendations of the MLAs and as such, there was no PIA-wise database available with the CDOs regarding past performance of PIAs. Test-check showed that the following PIAs continued to receive funds despite the fact that they had not submitted estimates of the works or utilization certificate against past releases.

Table-3.3.13

(Rupees in lakh)

Name of District	Name of the PIAs	Amount released	Year	Number of works	Nature of work
Almora	Panchayat	40.50	2004-05	27	Supply of furniture to schools
	Udyog,	35.45	2005-06	32	
	Hawalbagh	23.85	2006-07	19	
Tehri Garhwal	Peya Jal Nigam, Devprayag	11.63	2004-05	15	Construction works ¹²
		64.57	2005-06	79	
	Uttaranchal Vipanan Sangh, Dehradun	39.45	2002-03	49	Construction works ¹²
		76.26	2003-04	93	
		88.30	2004-05	113	
	20.30	2005-06	46		

Source: DRDAs and records of PIAs

Other irregularities in this regard noticed in Audit, are listed below:

- DRDA, Tehri Garhwal sanctioned Rs. 76.20 lakh (2004-06) to the PIA, Executive Engineer (EE), Design Division, Uttarakhand Peya Jal Nigam, Devprayag. Out of this amount, the EE made advance payment Rs.43.78 lakh (57.5 per cent) to Toli Nayaks for 94 works¹². These Toli Nayaks were in fact few select village men who were not chosen representatives and there were no records on the criteria on which they were chosen for execution of works. No work was executed by the PIA out of the entire amount of Rs. 76.20 as of June 2007 and the amount was lying unutilized with the PIA and Toli Nayaks. The possibility of this amount being diverted or misused cannot be ruled out. In addition, the PIA irregularly charged Rs. 1 lakh as centage charge although centage charge was not leviable on works under the scheme.
- Guidelines prescribe that NGOs were not to be selected as PIAs. However, Rs. three lakh was paid for two works to NGOs by DRDAs Dehradun. In addition, a sum of Rs. 1.56 lakh was paid (2002-07) to a NGO by the DRDA, Almora in lieu of the beneficiaries' contribution to be used for maintenance of the hand pumps being installed by the NGO. Beneficiaries' contribution was not to be funded under this scheme. The NGO had submitted utilization of Rs.0.38 lakh only as of June 2007.

The Department stated (October 2007) that the works are entrusted to the PIAs selected by the MLAs so that the respective MLAs could monitor the works carried out in their constituencies. However, Audit findings above showed that

¹² Construction of roads, buildings, play-ground, boundary walls and drinking water facilities etc.

the faulty selection procedure which was not benchmarked on past performance resulted in laxity in execution of works and consequent delays.

3.3.9.7 Release of funds to PIA

Funds are to be released to the PIAs only after they submit the estimates of work. However, it was observed that the CDOs were granting financial sanction without preliminary estimate of work. In two test-checked districts¹³ it was noticed that in all the cases, the first installment (75 per cent of the sanction cost) was released to the PIAs immediately after the financial sanction was accorded for the works without submission of estimates.

Guidelines are not specific as regards the number of installments in which funds are to be released to PIAs for individual works. Among the test-checked DRDAs, one at Dehradun did not adopt any specific norm while in other three districts funds were released to PIAs in two installments, with 75 per cent of the cost of the works released in the first installment and the balance 25 per cent released on receipt of the utilization certificate against first installment.

The Department assured (October 2007) that the CDOs would be directed to follow the guidelines and procedures.

3.3.9.8 Expenditure on inadmissible works

The guidelines list the works on which funds under MLALADS are not to be used. These include works on office buildings, residential buildings and buildings relating to Central or State Government Department; memorials or places of religious worship; assets for individual benefits; commercial establishments; purchase of inventory or stock of any type and repair works and such other revenue expenses.

Audit scrutiny of the sanctioned works in the test checked districts revealed that the following works which did not qualify for being funded under this scheme, were proposed by the MLAs and sanctioned (2002-07) by the CDOs in violation of the guidelines.

Table-3.3.14: Execution of inadmissible works

<i>(Rupees in lakh)</i>		
Nature of work	No of works	Expenditure
Places of worship and memorials	355	240.00
Inadmissible buildings*	19	35.50
Repairs and maintenance work	239	190.13
Works related to personal assets	78	24.24
Consumable items	19	18.75
Total	710	508.62

Source: DRDAs and records of PIAs

*Government buildings, buildings of Press club, bar association and other institutions etc.

Tehri Garhwal accounted for the highest number of inadmissible works, with 437 works on which Rs. 2.94 crore were spent. This included 315 works (Rs. 2.04 crore) on construction of places of worship and memorials.

¹³ Almora and Tehri Garhwal.

On this being pointed out, the Department replied (October 2007) that such inadmissible works were proposed by the MLAs, hence sanctions were accorded. The reply is not acceptable since the CDOs are supposed to approve the works for execution only in accordance with the scheme guidelines.

3.3.10 Diversion of funds

According to the guidelines, the funds released for a particular constituency should be utilized for developmental works in that particular constituency. Audit scrutiny of records of DRDA, Dehradun revealed that a sum of Rs. 32.30 lakh was released (2002-07) to other districts¹⁴ in violation of the guidelines. Besides, the recipient DRDAs had not furnished (April 2007) the details of expenditure/utilization certificate against this amount.

The Department replied (October 2007) that the fund was allocated for nominated MLA and on his direction part of the allocation was released to other districts. The reply is not tenable since the scheme guidelines were not adhered to.

3.3.11 Quality control

DRDAs had no assured system of quality control in regard to works executed under the scheme. One Assistant Engineer (AE) is required to be posted in each DRDA to supervise the works executed under different schemes through DRDAs, including MLALADS. With such large number of works sanctioned by the DRDAs (on an average, 684 works under MLALADS alone in a year), exercise of quality control by one AE is not feasible. In district Chamoli, no AE was posted in the DRDA since 2002.

Two Junior Engineers are required to be posted in each Block Office to supervise the works where PIA is Block Development Officer (BDO), Gram Pradhans and also schools to whom the funds are released under this scheme as well as under other schemes. As the number of such works is very high, quality control by two JEs is clearly inadequate.

Audit scrutiny of 81 muster rolls in district Chamoli and 5 muster rolls in district Tehri Garhwal, of completed works prepared by PIAs revealed that in all the works,

- summary of executed works i.e., quantity executed against which wages were paid, was not prepared by JEs.
- measurement of each stage i.e., from earth work to laying of cement concrete on road works and from earth work in foundation to laying of slab in case of building works, was recorded on a single day, instead of as and when the work is executed.

Insufficient supervision by key functionaries affected the quality of works which was corroborated in an enquiry report of Lok Ayukta (May 2006) in regard to works under MLALADs in district Rudraprayag. All the ten works

¹⁴ DRDA, Pauri-Rs. 10 lakh (2002-03); DRDA, Nainital-Rs. 6 lakh (2005-06) DRDA, Nainital-Rs. 3.80 lakh (2006-07); DRDA, Almora-Rs.4.50 lakh (2006-07); DRDA, Pithoragarh-Rs.2.50 lakh(2006-07);DRDA, Rudra prayag Rs.2.00lakh(2006-07); DRDA, Uttarkashi-Rs. 3.50 lakh (2006-07).

inspected by the team constituted by the Lok Ayukta were found defective and not according to the approved specifications. As a follow-up action on the report, the Government instructed (July 2007) the District Magistrates and CDOs to ensure that final payment is made only after checking the quality of the work by a team to be constituted for the purpose.

The Department expressed its inability (October 2007) to comply with quality control parameters in view of shortage of technical staff.

3.3.12 Monitoring and evaluation

According to the guidelines, the CDOs are required to inspect 10 *per cent* of the works sanctioned under the scheme during a year. The actual number of inspections in the test checked districts (2002-07) was far below the requisite number as shown below:

Table-3.3.15: Details of district-wise inspections during 2002-07

District	Total sanctioned works	Number of works inspected by		
		CDO	Other district level officers	Total (percentage inspected)
Almora	3971	31	246	277(7%)
Chamoli	1997	08	19	27(1.35%)
Dehradun	4074	Nil	13	13(0.32%)
Tehri	3634	Nil	37	37(1.02%)

Source: Information collected from DRDAs

There was no feed back system in DRDAs to monitor the rectification of defective works noticed during the inspection. Defective construction works like cement concrete roads, buildings, irrigation-tanks and school buildings were noticed against 17¹⁵ works by inspecting officers but no records were made available to Audit to show corrective or punitive action taken on the basis of the findings.

In addition, the State level monitoring committee was not constituted and evaluation of the scheme was not done since it was launched.

The Department stated (October 2007) that due to excessive work load, the district authorities could not achieve the target of inspection of works under the scheme.

3.3.13 Internal Control

Internal Control system was ineffective as is evident from the following:

- Financial reporting was inaccurate and not sufficient. The State Government did not have information on availability of unutilised funds with DRDA;
- Balances in the ledger at the close of financial years were not reconciled with the PLA pass book maintained by the Treasuries;
- Reason for unspent balances with PIAs, non-start of the works and delays in completion by PIAs, was not available with the DRDAs;

¹⁵ 11 in Almora, 02 in Dehradun and 04 in Tehri Garhwal.

- DRDAs did not have a comprehensive database on PIAs covering their performance on each work sanctioned to them;
- DRDA/PIAs did not maintain the register of assets;
- Balance Sheet was not prepared by the DRDAs and therefore not audited by the Chartered Accountants.

The Department assured that these shortcomings will be rectified.

3.3.14 Conclusion

Funds were released every year in strict adherence to the MLA-wise allocation under the scheme and placed in PLA to ensure that paucity of funds do not impede MLAs in meeting the needs of their constituencies. However, an open-ended fund management without fixing milestones to ensure timely utilization led to delays in each stage of planning and execution of works and idling of substantial funds with the DRDAs and PIAs. Works prohibited in the guidelines were proposed by the MLAs and sanctioned by the CDOs. CDOs did not apply clear criteria of capability or past performance of the PIAs while allotting the works to them and works were allotted to those PIAs that were recommended by the MLAs. The flawed selection procedure coupled with inadequate technical supervision by officials at DRDA and at block levels, do not provide assurance on quality of the works executed under the scheme.

3.3.15 Recommendations

- MLAs should send proposals for works to the CDOs at the start of the financial year to ensure timely release of funds and timely completion of the works.
- Maintenance of a database of infrastructure (available and required) at the block levels will help MLAs to prioritise their proposals and ensure equitable allocation as well as help DRDAs to monitor that there is no overlap across schemes.
- DRDAs must maintain comprehensive PIA-wise information on the number of works sanctioned to each PIA, progress on each work including submission of utilization certificates and any adverse findings during quality control checks or district level monitoring. Sanction of new works must be linked to past performance of PIAs.
- Proposals must be sanctioned after preparation of estimates and norms should be fixed milestone wise for release of funds.
- The State Government should ensure that qualified staffs are recruited and deployed to ensure quality control of works executed. In the absence of qualified staff, independent teams may be constituted to conduct the mandatory checks prior to settlement of bills.

The Department accepted (October 2007) the Audit findings and assured appropriate action on the recommendations.