

6 Economic Sector

6.1 Road connectivity

Road connectivity is an important sector of the economy of a place. Though efforts had been made to provide road connectivity to all areas of the District, yet a sizable number of villages/patties (80) out of 648 villages/ patties of the District were still to be connected. During 2005-11, ₹ 194.86 crore had been spent on the road sector, and road connectivity in the District as on 2006-07 was 2,058.54 km which after carving out the areas falling under newly created District of Bandipora was 1,829.27 km. The road length so worked out for the Baramulla District had, in fact, increased to 1,948.43 km ending March 2011 as detailed in the table.

Table 44

Nature of road	Road Length (In Km.)	
	2006-07	2010-11
Macadam.	65.50	76.00
Black topped	512.10	718.06
Metalled/remetalled	814.39	712.57
Shingled/ solling	202.84	175.85
Fair weather	182.83	181.31
Jeepable	4.25	10.00
Bridle	47.36	74.64
Total	1829.27	1948.43

(Source: Departmental figures)

Most of the areas in the District are semi-hilly and mountainous and experience heavy snow and require all-weather connectivity through black topping. It was, however, seen that black-topped roads constituted 41 *per cent* (794.06 km) of the total road length in the District.

The performance of the Department with regard to targets and achievements of road connectivity for the period 2005-11 was as under.

Table 45

Targets / achievements	Black topped	WBM-I to III Grade	Bridges and culverts	Pipe culverts	R/B walls	Drains	Earth work	Fair Weather	Laying of pipes
Target	416.13	780.37	420	631	24353	37401	224118	19.77	4131
Achievement	385.32	1077.08	451	367	23848	43055	225509	32.06	5345

(Source: Departmental figures)

Though the achievements in respect of various components of road connectivity for the period 2005-06 to 2010-11 were higher than the targets fixed, there was a considerable shortfall in the completion of works taken up for construction of new roads and up-gradation of existing roads under different schemes as detailed below.

Table 46

RIDF	Number of schemes taken up	Approved cost (₹ In crore)			Expenditure (₹ In crore)			Number of works completed
		State share	NABARD	Total	State share	NABARD	Total	
RIDF-IX	19	4.92	19.69	24.61	4.59	18.95	23.54	14
RIDF-XI	19	5.82	23.30	29.12	2.48	23.30	25.78	14
RIDF XII	22	9.08	36.30	45.38	1.69	28.68	30.37	6
Total	60	19.82	79.29	99.11	8.76	70.93	79.69	34
RIDF XIII	3	0.22	2.03	2.25	0.06	1.79	1.85	0
RIDF XIV	29	3.11	28.05	31.16	0.76	18.24	19.00	7
RIDF XV	12	2.76	24.90	27.66	0.001	11.06	11.06	0
RIDF XVI	22	6.07	54.61	60.68	0.00	2.62	2.62	0
RIDF XIII (state sector)	8	1.53	13.73	15.26	0.04	11.13	11.17	1
Total	134	33.51	202.61	236.12	9.63	115.77	125.39	42
District Sector schemes	108	57.90	-	57.90	20.49	-	20.49	29

(Source: Departmental figures)

During 2005-11, 134 works had been taken up for execution under NABARD assistance at an approved cost of ₹ 236.12 crore. Against this, ₹ 125.39 crore had been spent ending March 2011 and 42 works/schemes had been completed. Further, 60 works taken up for execution under RIDF-IX to XII during the period 2005-06 and 2006-07 at a cost of ₹ 99.11 crore were required to be completed within three years by the year 2009-10, but only 34 works had been completed so far at a cost of ₹ 79.69 crore. Non-completion of these works could be attributed to non-release of adequate State-share. Against the approved state share of ₹ 19.82 crore, ₹ 8.76 crore (44 per cent) had been released up to the year 2010-11.

Likewise under district sector, out of 108 roads taken up for execution during 2005-11 at an estimated cost of ₹ 57.90 crore, only 29 schemes (27 per cent) had been completed at a cost of ₹ 6.45 crore. On these schemes, ₹ 20.49 crore had been booked as expenditure up to the year 2010-11. This indicated that the thrust had been placed on inclusion of new schemes for up-gradation/construction of roads and not on completion of ongoing schemes which was indicative of poor planning. On being pointed out, the Superintending Engineer PWD (R&B), Baramulla stated (June 2011) that more works were taken up in hand on the basis of public demand with the result the schemes were not getting prioritized for their completion due to resource constraints.

Scrutiny of records of the Executive Engineer, PWD (R&B) Division, Baramulla revealed that 17 works had been taken up for up-gradation under NABARD up to the year 2006-07 at an estimated cost of ₹ 25.05 crore against which an amount of ₹ 22.29 crore had been released and spent up to the year 2010-11. Out of these 17 schemes, proposed to be completed in three years, only 12 had been completed by the end of year 2010-11. In addition, seven new roads were taken up during the period at an estimated

cost of ₹ 8.59 crore with targeted road length of 30.25 km out of which only two works covering a road length of 6.25 km had been completed despite spending ₹ 6.59 crore thereon up to 2010-11. It was seen in audit that though loan component under NABARD for these works had been released in full the state share had not been released in full. The Executive Engineer, R&B Division, Baramulla also attributed the non-completion of works to paucity of funds.

Under the District sector, 31 road works were taken up for upgradation up to the year 2006-07 at an estimated cost of ₹ 18.69 crore on which ₹ 7.82 crore had been spent up to the year 2010-11 and only nine works had been completed and closed at a cost of ₹ 1.36 crore. Besides, out of 10 new road works taken up for construction at an estimated cost of ₹ 3.17 crore under district sector up to 2006-07, ₹ 1.01 crore had been expended but only five works had been completed up to 2010-11 after incurring an expenditure of ₹ 0.57 crore.

It was seen in audit that most of the schemes started up to the year 2006-07 had not been completed up to 2010-11. The Executive Engineer (EE), R&B Division, Baramulla, stated (June 2011) that funds allotted for district sector schemes were too meagre to complete the works and led to the lingering of the schemes instead of their completion.

To ensure smooth execution of construction works and completion of road to the targeted lengths in all respects, proper survey is a pre-requisite and it is also to be ascertained that the land coming under the proposed roads is free from all encumbrances. Audit observed that five works had been taken up for execution without adhering to basics and had been held up due to land disputes and for want of clearance by the Forest Department as per the details given in the table below:

Table 47

(₹ In lakh)

Name of the work	Road length	Year	Estimated cost	Expenditure	Status of work/Remarks
Shrakwari zig – khaitengan	4.00	06-07	121.36	21.76	Abandoned as land was not available.
Hudpora Veernar road	1.50	06-07	61.74	49.40	Land dispute beyond 0.70 km
Zandifar to Guriwan road	8.00	06-07	243.52	194.82	U/p beyond 4 km. dense forests
Malpora to wanseeran	3.00	08-09	99.89	16.50	Deferred due to forest dispute
Inner links at heevan	4.00	-do-	115.36	33.96	Deferred due to forest dispute
Total			641.87	316.44	

(Source: Departmental figures)

Taking up of works before acquisition of land from the land-owners/Forest Department had rendered the amount of ₹ 3.16 crore spent thereon unfruitful.

It was seen in audit that work on the construction of two⁶ roads was taken up during 2006-07 at an estimated cost of ₹ 1.83 crore. However, works could not be completed due to land disputes at sites as the land owners whose land was coming under the road alignment did not allow construction of the said roads. After having executed some WBM grade work and drainage work up to Km 1st, no further work could be executed at site and as such the expenditure of ₹ 71.16 lakh incurred on these works proved unproductive. Likewise, three works taken up during the period 2006-09 at an estimated cost of ₹ 4.59 crore could also not be completed due to forest disputes though an expenditure of ₹ 2.45 crore had been spent on these schemes up to the end of 2009-10.

On being pointed out, the EE, R&B Division, Baramulla stated that the schemes had to be deferred due to objections by land owners, however, local representatives/MLA's were being approached to settle the disputes. Regarding works held up for forest disputes, it was stated that the matter had been taken up with the Forest Department for settlement of the issue and efforts were on to restart the works.

Pradhan Mantri Gram Sadak Yojna

Pradhan Mantri Gram Sadak Yojna (PMGSY) was introduced by Government of India for providing road connectivity to rural areas. The *Yojna* emphasized provision of all-weather roads for socio-economic uplift of the rural habitations. As per the Core Network new connectivity priority list, 181 roads were identified in the District under the *yojna* which would connect about 246 unconnected habitations. Audit scrutiny of the records revealed that 56 works/schemes under different phases (phase 3 to 6) had been taken up for execution in the District for providing new connectivity of 193.85 km of road length. An amount of ₹ 130.29 crore had been allotted for these works against which ₹ 48.84 crore had been spent up to the end 2010-11. The financial and physical status of the works executed during different phases was under.

Table 48

(Length in Kms and amount in crore)

Phase	Road-works taken up		Allotted cost	Works completed			On-going works			Cumulative achievements	
	No.	Length		No.	Length	Expd.	No.	Length	Expd.	Length	Expd.
Phase 3 rd	11	67.45	21.73	5	26.80	6.78	6	30.80	7.52	57.60	14.30
Phase 4 th	7	19.50	3.58	6	15.00	1.21	1	3.95	1.71	18.95	2.92
Phase 5 th	3	4.00	2.40	-	-	-	3	3.60	0.73	3.60	0.73
Phase 6 th	33	92.20	96.71	10	19.55	5.88	23	48.20	22.52	67.75	28.40
-do- (Upgradation)	2	10.70	5.87	-	-	--	2	-	2.49	-	2.49
Total	56	193.85	130.29	21	61.35	13.87	35	86.55	34.97	147.90	48.84
Phase 7 th	4	-	4.58	-	-	-	-	-	-	-	-
Total	60	193.85	134.87	21	61.35	13.87	35	86.55	34.97	147.90	48.84

(Source: Departmental figures)

⁶ Shrakwari zig to Khaitengan and Hudpora Veernar

The works taken up for execution under PMGSY were to be completed between eight and eighteen months. Audit scrutiny of the records revealed that 56 works/schemes aimed at providing road connectivity to sixty unconnected habitations with a cumulative length of 193.85 km, were taken up for execution during April 2006 to October 2010. It was however seen that of these, only 21 works with a total road length of 61.35 km had been completed up to fair-weather level ending March 2011 after spending ₹ 13.87 crore thereon. These works had been completed with delays of more than nine months. It was further observed by Audit that while 21 works had been completed at a cost of ₹ 13.87 crore, five works taken up for execution during August 2007 to March 2010 had not been completed due to forest disputes at site, settlement of disputes relating to land compensation or contractors renegeing on their contracts. The expenditure incurred on these works amounting to ₹ 3.27 crore could not therefore prove productive. Besides, work on 28 schemes taken up at an allotted cost of ₹ 85.32 crore and started between July 2005 and March 2010 and stipulated to be completed by December 2010 were still incomplete with time overrun of five months to five years with an expenditure of ₹ 21.72 crore.

To facilitate smooth execution of works/schemes and their completion on due dates, the contractors were provided with machinery and mobilization advances. An amount of ₹ seven crore had been paid as advance to the contractors in respect of twenty works, out of which ₹ 3.24 crore had been recovered so far and only five works had been completed. Besides, delay in completion of the works resulted in cost overrun of ₹ 1.15 crore in respect of three schemes. In addition, another four works were allotted during the year 2010-11, under phase 7th of the *yojna*. This indicates that stress had been laid on taking up of more and more schemes instead of ensuring completion of already existing schemes. Out of targeted 60 habitations to be covered, only 50 habitations had been connected so far. In all, out of 260 unconnected habitations as identified under the programme, only 50 habitations had been connected so far. The Executive Engineer, PMGSY Division, Baramulla attributed the delay in completion of works to involvement of forest and private land coming under various road alignments.

To provide compensation of land to the lawful owners whose land came under the identified roads, the Executive Engineer had advanced ₹ 16.08 crore to different Land Acquisition Officers (LAOs) during 2007-11 as detailed in the following table.

Table 49

(₹ in lakh)

Year	Addl. Deputy commissioner Baramulla	Sub-Divisional Magistrate Uri	Sub-Divisional Magistrate Sopore	Sub-Divisional Magistrate Bandipora	Total
2007-08	69.50	213.50	0.00	17.00	300.00
2008-09	500.00	0.00	0.00	0.00	500.00
2009-10	0.00	300.00	0.00	8.00	308.00
2010-11	0.00	500.00	0.00	0.00	500.00
Total	569.50	1013.50	0.00	25.00	1608.00

(Source: Departmental figures)

Out of the advanced amount, the LAOs had furnished red account for payment of compensation of private land for ₹ 2.36 crore only so far. Records revealed that these LAOs had not completed the acquisition proceedings in full and only a part payment had been made in respect of some of the cases with the result the land-owners were reluctant to part with their land and did not allow to execute the works on the schemes. This was proving to be a big hurdle in completion of most of the works which were held up for want of payment of compensation on account of land to lawful owners. The Executive Engineer stated in reply that the issue was under active consideration and effective steps were underway to get the revenue documents mutated.

Recommendations:

- ✦ *Better planning in terms of prioritization of works; mobilisation of resources and early land settlements and clearances are required to prevent wastages and expedite extension of intended benefits of all-weather road connectivity of all villages. This should include appropriate policy interventions with a view to streamlining various processes.*
- ✦ *Stringent efforts need to be made by PIU/PMGSY Authorities to settle all pending issues for speedy completion of works within the stipulated time.*
- ✦ *Outstanding land acquisition proceedings need to be completed by collectorates on priority so that works taken up for execution are not held up.*

6.2 Power sector

The main aim and objective of the Power Development Department is to electrify all urban and rural areas of the State, especially those which are un-electrified. All the 515 villages of the District had been electrified except for 136 hamlets/patties/extended colonies which had remained un-electrified as of 31 March 2011. However, due to transmission and distribution losses, uninterrupted power supply could not be provided to the consumers in the District. To bring about commercial viability in the Power Sector and increase consumer satisfaction, a multi-ended centrally sponsored power reforms

oriented scheme, 'Accelerated Power Development Reforms Programme' (APDRP) - a flagship programme of the GOI, was launched in the State including District Baramulla. The main aim of the scheme was to reduce transmission and distribution losses so that uninterrupted power is supplied to the consumers. The project required modernization of the system through strengthening and up-gradation of sub-transmission and distribution system. The project was undertaken with the project proposal of ₹ 401.55 crore. Due to financial constraints, the scheme was to be executed in two phases, with Phase 1st costing ₹ 240.08 crore as per the details given in the table.

Table 50

Name of the work	Project Proposal	Earmarked 1 st phase
	(₹ in crore)	
Renovation and modernization works	19.95	19.95
Strengthening and up-gradation of sub transmission and distribution system	350.10	190.91
Consumer metering	23.91	23.91
Reactive compensation	4.01	1.77
Modernization works	3.54	3.54
Total cost of the scheme	401.51	240.08

(Source: Departmental figures)

The project was sanctioned in 2004-05 for completion in three years. Funds were released during 2005-06 after one year of sanction of the project. Against ₹ 240.08 crore required for execution of the 1st phase, ₹ 125.17 crore were released by the GOI during 2005-11 for execution of the works in the District. Out of the released amount, ₹ 122.99 crore were spent in the District ending March 2011. The scheme was short-closed in 2008-09 due to non-release of funds by the GOI. Despite spending the amount, the scheme had failed to create any impact in the power scenario in the District for the following reasons:

- The funds were not spent to the extent released by the GOI due to slow progress of work.
- The work on the project during the subsequent years was executed through revalidation of the unspent amount during the previous years.
- Laying more emphasis on augmentation of the existing sub-stations, where the achievements were in the range of 111 and 133 *per cent* and which had consumed more funds at the cost of other works like renovation and modernization of existing sub-stations, creation of new sub-centres, reconductoring/laying of new lines, metering etc. The aspect of skewed execution had also been highlighted (November 2008) by the Chief Engineer, EM&RE Wing, Kashmir.
- Non-reduction of AT&C losses which continued to be in the range of 71 and 81 *per cent* during 2005-11.

- Only 42 *per cent* (36004) installations of the targeted 85126 installations had been metered (March 2011).

The reasons for stoppage of further funds by the GOI and action initiated to complete the project, though called for, were not assigned.

It was observed in audit that against the supply of 164 MW of power, the department had a registered consumer load of 102.53 MW which meant that the power drawn for the District was much in excess of the registered load. Despite drawing more power and spending the amount of ₹ 122.99 crore for reduction of AT&C losses, the curtailment programme continued to be in operation in the District. As per the power curtailment programme for Kashmir valley, issued by the State Power Development Department, a curtailment programme of 54 hours a week and an uninterrupted electricity supply for 114 hours in a week were to be ensured in the District under various curtailment patterns. As the programme failed due to the above factors, the power curtailment of 103 and 151 hours a week to the metered and un-metered consumers, respectively of the District continued to remain in vogue. The investment had proved unproductive so far.

A sample check of 31 villages revealed that electricity was being provided uninterruptedly to these villages for an average of five hours a day, i.e. 35 hours a week. Thus the programme objectives of reducing aggregate commercial and technical losses, bringing about commercial viability in the power sector, reducing outages and ensuring consumer satisfaction had not been achieved yet and AT&C losses had persisted at around 71 to 81 *per cent* during 2010-11 which was far in excess of the permissible limit of 35 *per cent*.

Revenue realization

It was noticed in audit that the revenue on account of electricity charges amounting to ₹ 181.31 crore was outstanding as of 31 March 2011 and that the shortfalls in revenue realization had ranged between 31 and 69 *per cent*, averaging 55 *per cent*, during 2006-07 to 2010-11, as shown in the table.

Table 51

(₹ in lakh)

Year	Revenue Target	Revenue realized	Shortfall	Percentage shortfall
2006-07	2434.65	1702.86	731.79	31
2007-08	5254.6	1700.86	3553.74	68
2008-09	8074.10	2526.83	5547.27	69
2009-10	9009.77	3011.00	5998.77	67
2010-11	7718.14	3436.85	4281.29	55
<i>Total</i>	<i>32491.26</i>	<i>12378.40</i>	<i>20112.86</i>	<i>62</i>

(Source: Departmental figures)

Recommendations

- ✚ *Feeder metering, consumer metering and establishment of computerized billing centres should be completed on priority basis so as to ensure proper accounting of energy and reduction of transmission and distribution losses.*
- ✚ *Stringent action should be taken to recovery of outstanding dues in full.*

6.3 Forest Department

The State Forest Department is guided by the National Forest Policy, which aims at preserving natural forests to maintain environmental stability and increase forest cover through massive afforestation programmes particularly on denuded, degraded and non-productive lands. Besides, compensatory afforestation programmes are to be carried out in place where forest lands are diverted for non-forest purposes. Preventive measures are also to be taken to stop encroachment of forest lands and damages to forests.

Out of the total area of 4,190 sq.km, Baramulla District has the forest area of 2,292 sq. km which constitutes about 55 *per cent* of the total area of the District and had degraded forests spread over 162.88 sq.km (16,288 hectares). Against the total degraded area of 16,288 hectares, only 774 (5 *per cent*) hectares of the area had been tackled during 2005-11 at a cost of ₹ 1.84 crore. There was tardy implementation of afforestation schemes for rehabilitation of degraded forests as the targets fixed and achievements made thereagainst were insignificant as compared to the availability of degraded forests as detailed below.

Table 52

Year	Extent of degraded forests (in hectares)	Area tackled (in hectares)	Percentage coverage	Expenditure incurred (₹ In lakh)
2005-06	16288	140	0.85	55.62
2006-07	16148	106	0.65	18.58
2007-08	16042	105	0.65	17.63
2008-09	15937	124	0.77	23.94
2009-10	15813	188	1.18	47.92
2010-11	15625	111	0.71	19.83
Total		774		183.52

(Source: Departmental figures)

The progress of rehabilitation of degraded forests in the District was very low at just over four *per cent* during the five-year period. The Divisional Forest Officer, Baramulla stated that rehabilitation of degraded forests could not be carried out to full extent due to financial constraints and sanctions. However, the Principal Chief Conservator of Forests was being approached for providing funds so that more and more area could be tackled.



Position of degraded forest 77 C Baramulla



Position of degraded forest 68 C Baramulla

Compensatory Afforestation

Under the compensatory afforestation programme as stipulated in the Forest Conservation Act, 1997, forests are to be raised over degraded area equal to double the area diverted for non-forest purposes for which cost of compensatory afforestation for

double of the diverted area is to be recovered from the agency using such area. Besides, compensation for the cost of land and cost of trees involved, if any, is also to be recovered from the user agency.

Scrutiny of records revealed that 85.48 hectares of forest land were diverted for non-forest purposes and transferred to different user agencies. As per the Act, ₹ 9.81 crore was recoverable from the user agencies on account of cost of land, trees and cost of compensatory afforestation etc. The details of cost of compensations received from user agencies on that account outstanding against these agencies were not available with the division. The cost of compensation realized from user agencies included ₹ 2.56 crore on account of compensation which was to be utilized for conducting compensatory afforestation. However, in none of the diversion cases had the programmes been formulated and executed so far. During 2009-11, ₹ 37.70 lakh had been received under compensatory afforestation and management plan, out of which ₹ 32.95 lakh had been spent as of 2010-11. The allotted funds had been utilized for development of nursery at Baramulla with the result no plantation could be raised in lieu of forest area diverted for non-forest uses thereby defeating the afforestation programmes for increasing the forest cover in the District. On being pointed out, the Divisional Forest Officer, Baramulla stated that projects/schemes under CAMPA and FDA had been submitted to higher authorities and would be implemented as and when approved.

Also, in anticipation of formal orders and approval of the cabinet required under the Forest Conservation Act for diversion of forest land, 73 acres (29.2 hectares) of forest land was transferred to Army in March, 1991. Neither had the post-facto approval been obtained nor had the compensation cost of ₹ 2.65 crore been recovered. On being pointed out, it was stated that necessary steps were being taken and the matter had been taken up with higher authorities.

Forest encroachment

The position of forest encroachment cases during the period 2005-11 is as under.

Table 53

(In hectares)

Year	Area under Encroachment	Area encroached during the year	Area evicted during the year	Net area under Encroachment.
2005-06	225.14	Nil	17.5	207.64
2006-07	207.64	213	Nil	410.64
2007-08	410.64	Nil	Nil	410.64
2008-09	410.64	Nil	Nil	410.64
2009-10	410.64	Nil	Nil	410.64
2010-11	410.64	Nil	Nil	410.64

(Source: Departmental figures)

As can be seen, the encroached forest area had increased from 225.14 hectares to 410.64 hectares during 2005-11. An area of 17.5 hectares had been got evicted during 2005-06 but the area had still increased due to fresh encroachment of 213 hectares of forest land during 2006-07. It was stated that field staff had been geared up to stop further encroachment and to recover forest land from encroachers.

Catchment Area Treatment

For prevention of catchment degradation, eco-restoration plan for degraded catchments of North Jehlum basin was launched in the District during 2003-04. The project, spread over two catchments, was formulated for 160 watersheds out of which 30 watersheds were taken up for execution during the period 2003-10 with the following profile.

Table 54

Name of the Catchment	Total number of water sheds	Water sheds taken up	Targets for watershed		Achievement	
			Area (ha.)	Structure (No.)	Area (ha.)	Structure (No.)
Lower Jehlum	151	22	9455	5858	9338	5465
Vijay Dakhil	9	8	4604	2105	4389	1968
Total	160	30	14059	7963	13727	7433

(Source: Departmental figures)

Out of the identified 160 micro watersheds, 30 micro watersheds (Lower Jehlum: 22; Vijay Dekhil: 08) were taken up for execution during 2003-04 and were completed by the end of year 2010. As per the guidelines of the scheme, the treatment of watersheds was to be done in a planned manner on project basis for a maximum period of five years and treatment measures were to be planned in such a manner as to complete them in all respects within the planned period. However, these 30 watersheds taken up during the year 2003-04 targeted to be completed by the year 2007-08 as per the guidelines were completed by the end of year 2009-10 with a delay of two years.

The cumulative component-wise details of physical targets fixed as per the approved annual plans and achievements made thereagainst during 2003-10 were as under:

Table 55

(Area in hectares)

Activity	Targets		Achievement		Shortfall	
	Area	Structure	Area	Structure.	Area	Structure
Agriculture	5961	4397	6130	4136	-	-
Forest land	7219	2621	6695	2383	524	238
Waste land	879	945	902	914	-	31
Total	14059	7963	13727	7433	524	269

(Source: Departmental figures)

Though all the 30 watersheds had been completed, it was seen that areas and structures targeted under forestland had not been covered in full.

One of the primary objectives of the scheme was to take measures for improving biological resources. This would include afforestation, promotion of agro-forestry, establishment of composite nurseries, pasture development, and fodder development. As per the approved works programme, 2,936 hectares of forest land was to be brought under the composite nurseries at a cost of ₹ 66.42 lakh against which 2,122 hectares of forest land had been covered at a cost of ₹ 53.67 lakh ending 2009-10 and as such there was a shortfall of 814 hectares. These nurseries were to be established near the site of plantations so as to bring down the cost of saplings and of transportation to plantation site and train the farmers in raising plantations. Water harvesting structures (form ponds) were to be set up (forest and community lands) for conservation of water in the micro-watersheds for the overall development of the area. 358 farm ponds were approved (2003-04) to be taken up at a cost of ₹ 65.30 lakh out of which 256 ponds at a cost of ₹ 43.08 lakh had been completed up to the year 2009-10 with a shortfall of 28 *per cent* against the targets fixed. However, against the targeted area of 571 hectares of waste land for pasture development estimated to cost ₹ 13.13 lakh, 574 hectares of waste land had been covered under pasture development at a cost of ₹ 13.13 lakh which was very encouraging. The Project Officer stated that less achievement under forestland and biological measures were due to change in requirements at site and less release of funds.

Land resource degradation is a dynamic process and the impact of the natural forces contributing to degradation were to be continuously checked and minimized even after the watershed is treated through various measures. Structures and biological regeneration of the watershed had to be continuously protected and sustained. Project guidelines envisaged a definite mechanism for maintaining and repairing of structures and regeneration of biological resources. For this purpose, a corpus fund was to be established for each watershed for the maintenance of community assets created in the watershed. This fund was to be created for an amount up to two *per cent* of the total investment in the watershed with one *per cent* contribution to be borne by GOI and remaining one *per cent* contribution to be made by state Government. This corpus fund was to be utilized by the beneficiary organizations for maintaining watershed assets in community lands and in the watershed.

It was seen in audit that a corpus fund of ₹ 11.40 lakh had been created under the project on the basis of central and State assistance received during 2005-10. For maintenance of the watersheds, watershed development committees had been formulated but the Corpus fund created under the project had not been transferred to these watershed development committees so that the latter could not utilize these funds nor could get involved with project activities. This situation led to non-utilization of corpus fund created under the project, non-maintenance of assets created in the watersheds and non-involvement of watershed committees created for the purpose. The Project Officer, North Jhelum stated that saturated watersheds were being transferred to Forest Department/Agriculture Department along with unspent corpus fund.

Recommendations

- ✚ *Steps need to be taken to tackle degradation of forests on a large scale and recover forest land from encroachers in right earnest. Besides, projects for compensatory afforestation in lieu of forest lands diverted for non-forest purposes need to be formulated and executed on priority.*
- ✚ *For maintenance and sustaining the assets created in the saturated watersheds, watershed development committees need to be involved and provided with corpus fund so that the benefits of the investment may accrue to the common man for a longer period of time.*

6.4 Industries

Industrial development aims at generating employment opportunities in rural and urban areas of the District by setting up new self-employment ventures/projects/micro enterprises, bringing together widely dispersed traditional artisans/rural and urban youth and giving them self-employment opportunities to the extent possible at their place with the help of financial support from public, rural, cooperative and private sector banks and other financial institutions. To achieve it, various GOI/ State sponsored schemes had been introduced. A new credit linked subsidy programme “Prime Minister’s Employment Generation Programme (PMEGP)” was launched in the District level replacing “Prime Ministers Rozgar Yojna (PMRY)” that was in operation till March 2008. The District Industries centre identifies the beneficiaries, obtains applications and places them before the District task force committee for approval and selection. Details of cases provided benefits through the employment generation programmes during the period 2005-11 are given in the table.

Table 56

(₹ In lakh)

Year	Target	Cases sponsored		Cases sanctioned		Cases disbursed		Percentage Shortfall
		No.	Amount	No.	Amount	No.	Amount	
2005-06 (PMRY)	344	529	573.49	217	223.55	178 (18%)	148.00	66
2006-07-do-	344	554	783.22	270	367.48	210 (23%)	243.34	62
2007-08-do-	268	410	788.44	200	313.00	145 (28%)	178.16	64
Total		1493	2145.15	687	904.03	533	569.50	64
2008-09 (PMEGP)	24	234	857.59	91	315.11	71	182.03	70
2009-10-do-	20	-	-	13 Backlog	38.00	33 Backlog	98.00	-
2010-11-do-	28	140	1106.08	31	168.55	29	95.35	79

(Source: Departmental figures)

Scrutiny of the data of employment generation programmes revealed that, against 1493 cases sponsored under PMRY to the banks/financial institutions during 2005-08, 687 (46 *per cent*) cases were sanctioned out of which financial assistance was provided to 533 cases. This indicated that cases were being sponsored to the financial institutions without giving proper guidance to upcoming entrepreneurs which had resulted in the mortality of sponsored cases. There was a shortfall of about 64 *per cent* in finalization and approval of cases by financial institutions during the period 2005-08. Furthermore, there was a shortfall of 18 *per cent* in disbursement of sanctioned cases during the year 2005-06 which had risen to 28 *per cent* during 2007-08. Under the PMEGP started in the year 2008-09, 234 cases were sponsored during the year 2008-09, against which 91 cases had been sanctioned and assistance actually disbursed in only 71 cases. There was a shortfall of 22 *per cent* in disbursement of sanctioned cases during the year 2008-09. No fresh case had been sponsored during the year 2009-10 as only 33 backlog cases had been disbursed during the year 2009-10. During the year 2010-11, 140 cases had been sponsored out of which 29 cases were disbursed financial assistance with a shortfall of 79 *per cent*. It was also observed that monitoring mechanism for ensuring loan disbursement in all the sponsored cases did not exist. Under PMEGP, 133 cases had been disbursed up to the year 2010-11, out of which only 41 units had been established by the beneficiaries and the margin money of these cases had been released by the nodal agencies.

The achievements in respect of SSI cases aimed at creating employment generation through establishment of small scale units were also not satisfactory. Out of 762 cases sponsored for loan disbursement during 2005-11, 76 cases were sanctioned (10 *per cent*) and out of that only 66 cases had been disbursed during the period. This was indicative of the fact that the cases recommended had not been properly examined and evaluated by the Department before forwarding them to banks. Details of cases sponsored and cases disbursed in the District during 2005-11 are given in the table.

Table 57

Year	Cases sponsored		Cases sanctioned		Cases disbursed	
	No.	Amount	No.	Amount	No.	Amount
2005-06	165	1048.74	11	80.41	6	30.21
2006-07	88	668.50	9	34.82	6	17.72
2007-08	205	1339.59	34	91.89	34	91.89
2008-09	102	1137.82	2	172.60	2	34.00
2009-10	107	783.91	5	21.94	3	4.94
2010-11	95	931.43	15	138.58	15	126.90
Total	762	5909.99	76	540.24	66	305.66

(Source: Departmental figures)

The cases recommended had thus not been properly examined and evaluated by the Department before forwarding them to banks for grant of financial assistance to the

prospective entrepreneurs. The General Manager DIC stated that low achievement was due to fact that the bankers were putting hurdles during sanction and disbursement of cases despite the matter having been discussed at all top forums.

Training of entrepreneurs

In order to create a trained and skilled class for absorption through self employment, identification of the entrepreneurs by the General Manager, District Industries Centre was to be done taking into consideration that persons selected for training should be prepared to take up their trade after completion of the training. There were three training courses for which training were being imparted to trainers in the training centres through technical staff of the Department. Machine Knitting, Calico printing and Leather goods training were the training courses to be imparted. Following were the details of trainings imparted during 2005-11 under various trades.

Table 58

(₹ in lakh)

Year	Name of the trade	No. of centres	Periodicity of courses	No. of trainees	No. Of units established	Expenditure on training courses
2005-06	Machine Knitting	9	6 monthly	240	NA	2.42
	Calico printing	1	Yearly	18	-do-	
2006-07	Machine Knitting	9	6 monthly	172	-do-	2.65
	Calico printing	1	Yearly	18	-do-	
2007-08	Machine Knitting	9	6 monthly	196	-do-	2.35
	Calico printing	1	Yearly	-	-do-	
2008-09	Machine Knitting	9	6 monthly	216	-do-	1.88
	Calico printing	1	Yearly	18	-do-	
2009-10	Machine Knitting	9	6 monthly	297	-do-	1.81
	Calico printing	1	Yearly	17	-do-	
2010-11	Machine Knitting	9	6 monthly	173	-do-	1.88
	Calico printing	1	Yearly	17	-do-	
Total				1382		12.99

(Source: Departmental figures; NA: Data not available)

Training to the entrepreneurs had been provided in two trades viz. Machine Knitting having nine centres and Calico printing having one centre. Trainings in leather goods were not being imparted due to non-availability of craft instructor. During the period 2005-11, 1,382 entrepreneurs had been imparted training in the two trades on which ₹ 12.99 lakh had been spent as stipend, raw material and rent of the centres. Also, ₹ 59.66 lakh had been paid as salary to Knitting Instructor during the above period. It was, however, observed that after completion of the courses, the number of trainees setting up trade/unit was not on record. Thus usefulness of the expenditure incurred on conducting of such training courses including salaries paid to knitting instructors could not be ascertained in audit.

The GM, DIC stated that the trainees could not establish units either for want of incentives or financial assistance or because most of them being women folk got married and were unable to establish the trades thereafter. This indicated lacuna in the selection of entrepreneurs.

It was further observed that training of leather goods was not imparted for the past five years mainly due to non-availability of craft instructor for the centre. The craft instructor appointed for the purpose had been relieved (May 2005) to join Regional Research Laboratory Srinagar, thereby leaving the craft centre non-functional. Even after relieving the official to the Government of India agency, the pay of the official had been continuously paid by DIC Baramulla. The official had been paid ₹ 9.61 lakh from May 2005 to March 2011 and did not prove to be productive. The matter had been taken up with higher authorities (November 2009/January 2011) by the DIC but in vain. However, the GM, DIC stated that Directorate would be requested to make the services of leather technician available to restore the training centre.

Establishment of Industrial estates

Development of industrial estates for allotment of plots/sheds/shops to the prospective entrepreneurs on lease/rent basis is one of the basic requirements of industrialization. The primary objective of establishing the industrial estates was to attract the youth of the District to set up industrial units under SSI and tiny artisan sector. The details of industrial estates established in the District are given in the table below.

Table 59

Name of the estate	Year of establishment	plots developed	Plots allotted	Units functional	Units closed	Sheds developed	Sheds Allotted	Units functional	Units closed
Baramulla	1980-81	18	18	13	5	9	9	6	3
Sopore	1962	60	18	14	4	9	9	0	9
Sumbal	NA	48	28	1	27	9	9	1	8

(Source: Departmental figures; NA: Not available)

For setting up of industrial estate at Baramulla, 58 *kanals* of land adjoining DIC office had been developed into 18 plots for allotments in 1980-81. Out of these allotted plots, five industrial units set up during 1983 to 2003 spread over five *kanals* of land were closed which had not been evicted as of 31 March 2011. In addition nine sheds had also been allotted, out of which three shed were not functional and had been closed. Eviction proceedings made not been initiated against the defaulters. On being pointed out, GM DIC stated that three cases were *sub-judice* as the holders of these units had approached Court of Law and in case of other two units, the department had started issuing notices to entrepreneurs.

As per the records, ₹ 50 lakh had been advanced (March 2004) to the Collector Land Acquisition (LAO) Baramulla for acquisition of land admeasuring 74 *kanals* 18 *marlas* at Utkoo, 192 *kanals* at Johama and 37.05 *kanals* at *Watergam*. The land had not been

acquired so far despite a lapse of more than six years and despite having been pointed out in the CAG's Audit Report for the year 2007-08. It was stated that the possession of land could not be taken as the concerned landowners filed a suit in the Hon'ble High Court twice (latest in August 2008) and effort were on to identify suitable land at other places. It implies that the money had been advanced to LAO without any survey of the area and without ensuring availability of appropriate land free from all encumbrances resulting in non-acquisition of land and blocking of ₹ 50 lakh.

Industrial Estate Sopore

The estate had been established over 82 *kanals* of land wherein 60 plots had been established during the year 1962. Scrutiny of the records revealed that only 18 plots had been allotted so far out of the developed 60 plots and as such 42 plots developed had not been put to any use since their development. Out of the allotted 18 plots, only 14 units were functional and four units stood closed. In addition, nine sheds constructed in the estate premises were all non-functional as the same had been occupied by security forces. On being pointed out, GM DIC Baramulla stated that industrial area could not be utilized due to occupation by security forces and holders of the closed units were being motivated to start their units.

Industrial Estate Sumbal

At the Industrial Estate Sumbal 48 plots had been established out of which only 28 plots had been allotted. In 11 out of 28 cases, the allottees had not executed any lease deed till date. In rest of the 17 cases only one unit viz M/s Star Chemicals was functional and was making plaster of paris at the Industrial Estate, Sumbal. No steps had been taken to take up the matter with the allottees that had not executed the lease deeds with the department or not started their bona-fide trades. Out of the nine sheds allotted at the Industrial Estate only one shed M/s Bharat Chemicals was functional making poultry feed, two sheds were occupied by security forces and the remaining six sheds had been demolished during turmoil. General Manager DIC stated that notices had been issued to unit-holders asking them to take up their trades.

Outstanding rent in estates

For the plots, sheds and shops allotted to entrepreneurs on rent/lease basis in the Industrial Estates, the position of outstanding rent from the allottees in the three industrial estates at Baramulla, Sopore and Sumbal was as under.

Table 60

Name of the Industrial Estate	Rent due upto date upto March-2011	Rent realised ending March-2011	Rent outstanding ending March-2011	Percentage realisation of revenue
Baramulla	4,79,458.46	1,64,693.00	3,14,765.46	34
Sumbal	1,28,316.00	11,008.00	1,17,308.00	9
Sopore	4,36,284.00	38,815.00	3,97,469.00	9
Total	10,44,058.46	2,14,516.00	8,29,542.46	21

(Source: Departmental figures)

Against the total rent of ₹ 10.44 lakh up to the year 2010-11, ₹ 2.15 lakh had been realized ending March 2011 and an amount of ₹ 8.30 lakh was still outstanding ending March 2011 i.e., only 21 *per cent* of the rent due had been realized ending March 2011. It was further observed that there had been a very low percentage of realisation of rent in the two Industrial Estates Sumbal and Sopore (nine *per cent* each). The department had not maintained estate-wise details of allotments and other necessary details of plots, area, trade etc. The General Manager, DIC stated that steps would be taken to recover the outstanding rent and also records would be maintained accordingly. The non-recovery of the amount which had accumulated over the years was indicative of poor recovery mechanism in the department.

Recommendations

- To facilitate disbursement of loan to entrepreneurs, periodical interaction needs to be held with financial institutions to solve the problems.***
- Industrial units established need to be revived and allottees encouraged for taking up their bonafide trades.***
- Upcoming and interested entrepreneurs need to be provided training courses under different trades and encouraged to take up their bonafide trade.***