सत्यमेव जयते

Report of the Comptroller and Auditor General of India on Social, General, Economic (Non-PSUs) sectors for the year ended 31 March 2015

Government of Jammu and Kashmir

Report No. 1 of 2016

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Comptroller and Auditor General of India

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PREFACE

This Report for the year ended 31 March 2015 has been prepared for submission to the Governor of the State of Jammu and Kashmir under Article 151 (2) of the Constitution of India.

The Report contains significant results of the performance audit and compliance audit of the departments/ autonomous bodies of the Government of Jammu and Kashmir under the Social, General and Economic Sectors (Non-Public Sector Undertakings), conducted as per provisions of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2014-15 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Instances relating to the period subsequent to 2014-15 have also been included, wherever necessary.

The audit has been conducted in conformity with the Regulations on Audit & Accounts and Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains four Performance audits i.e. Supply of subsidised food grains and Kerosene Oil Under Targeted Public Distribution System, Mid Day Meal Scheme, Working of Estates Department and Procurement of Medicines and Medical Equipment and 25 paragraphs involving ₹1255.27 crore relating to excess/ wasteful/ unfruitful/ infructuous/ avoidable unproductive expenditure, fraudulent drawals, idle investment, blocking of funds, etc. Some of the major findings are mentioned below:

PERFORMANCE AUDIT

The total expenditure[1] of the State increased from ₹24603 crore to ₹34550 crore during 2010-15, the revenue expenditure of the State Government increased by 59 *per cent* from ₹18467 crore in 2010-11 to ₹29329 crore in 2014-15. Non-Plan revenue expenditure increased by 51 *per cent* from ₹17558 crore to ₹26457 crore and capital expenditure decreased by 15 *per cent* from ₹6064 crore to ₹5134 crore during the period 2010-15.

Major findings of **Supply of subsidised food grains and Kerosene Oil under Targeted Public Distribution System** are given below:

- The Department did not review the list of BPL families leading to issue of food grains valuing ₹17.89 crore to ineligible families while depriving eligible BPL families. Further 1.09 lakh MTs additional *adhoc* food grains allocated by GoI for 'not covered BPL families' had been distributed among existing BPL card holders during 2010-12.

(Paragraphs: 2.1.6 and 2.1.12.3)

- Proforma accounts were in arrears since 1973-74. ₹2932.64 crore was released to Food Corporation of India (FCI) and the Department had not carried out any reconciliation with the FCI to ascertain the extent of actual advance payments made and quantum of food grains lifted.

(Paragraphs: 2.1.9.2 and 2.1.9.4)

- Non-revision of sale rates of wheat bran for over seven years led to revenue loss of ₹15.45 crore. Further, lack of due diligence by the Department in benchmarking the price while procuring sugar led to loss of ₹31.14 crore.

(Paragraphs: 2.1.9.3 and 2.1.10)

- Distribution of Kerosene oil to LPG consumers resulted in an avoidable burden of subsidy of ₹459.24 crore on Government exchequer.

(Paragraph: 2.1.12.3 (d))

1 Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances

- Expenditure of ₹1.50 crore incurred on construction of laboratories turned unfruitful besides, ₹5.61 crore, released under end-to-end computerization of PDS scheme, remained un-utilized.

(Paragraphs: 2.1.13.3 and 2.1.14.2)

Major findings of **Mid Day Meal Scheme** are given below:

- Annual Work Plan & Budget was submitted to the Government of India without factoring in genuine requirements and basic data from schools/ zones.

(Paragraph: 2.2.6.1)

- Shortage of cook-cum-helpers in schools resulted in involvement of teaching staff in running the Mid Day Meal scheme.

(Paragraph: 2.2.6.5)

- Delay in release of funds to the implementing agencies resulted in non-providing of MDM to 1.31 lakh children during the year 2011. Further, the school authorities diverted ₹9.60 crore from local funds for running MDM scheme.

(Paragraph: 2.2.7.3)

- The annual plan approved for allocation of quantity of food grains was higher than the required quantity and the excess allocation ranged between 26 *per cent* and 55 *per cent* despite the fact that there was no increase in enrolment of school children.

(Paragraph: 2.2.8.1)

- Mid Day Meal to all eligible children for all days of attendance was not ensured and there was a shortfall of 29 *per cent* to 44 *per cent*.

(Paragraph: 2.2.9.1)

Major findings of **Working of Estates Department** are given below:

- The Department had not formulated any long term Perspective Plan for development of Government colonies.

(Paragraph: 2.3.6.1)

- Non-adherence to prescribed allotment norms/ policy for accommodation in private hired hotels resulted in avoidable/ extra expenditure of ₹19.02 crore during the period 2010-11 to 2014-15. Also, non-eviction of unauthorized occupants resulted in avoidable expenditure of ₹13.95 crore for hiring of private hotels/ houses.

(Paragraphs: 2.3.7.4, 2.3.7.5, 2.3.7.6, 2.3.13.2 and 2.3.8)

- Due to non-existence of a system to ensure recovery of license fee and rent of shops, ₹5.38 crore were outstanding.

(Paragraph: 2.3.9)

- 199 shops owned by the Department had been transferred by the original allottees and the Department had failed to take action against these allottees/ unauthorized occupants.

(Paragraph: 2.3.14.3)

- Lack of effective internal control mechanism and non-maintenance of records led to non-detection of shortage of stores (₹2.44 crore) and non-accountal of items purchased (₹3.79 crore).

(Paragraph: 2.3.15.3)

Major findings of **Procurement of Medicines and Medical Equipment** are given below:

- Purchase Manual had not been prepared by the Department. Even after lapse of about three years of adoption of Drug Policy, a drug formulary had not been prepared. No specific policy guidelines were put in place for testing of drugs before these are administered to patients.

(Paragraphs: 2.4.5 and 2.4.6)

- Expenditure on procurement of medicines and equipment ranged between five and seven *per cent* of the total allocation to the Department. 59 *per cent* of NRHM funds provided for procurement of medicine, machinery and equipment remained unspent.

(Paragraph: 2.4.7)

- Purchases Committees had repeatedly been restructured/ reconstituted affecting their working adversely, as no comprehensive Annual Rate Contracts had been finalised during 2010-15. Medical Supplies Corporation constituted in May 2013 had not been made functional.

(Paragraphs: 2.4.8.1 and 2.4.8.3)

- Rate Contracts finalized by the Purchase Committees showed cases of non-adherence to codal provisions, non-adoption of best practices and irregularities in finalization of individual Rate Contracts.

(Paragraphs: 2.4.9.1 and 2.4.9.2)

- Large scale procurements (Medicines: ₹44.28 crore; Equipment: ₹34.80 crore) were made on the basis of expired rate contracts/ outside health institutions and from the local market.

(Paragraphs: 2.4.10.2 and 2.4.13)

- 50.95 lakh tablets/ capsules/ injections, etc. (value: ₹82.74 lakh) declared 'Not of Standard Quality' had been issued for supply to patients.

(Paragraph: 2.4.12.3)

- Procurement of machinery/ equipment to the extent of ₹1.17 crore had been made on the basis of fake/ forged supply orders of the health institutions of other states.

(Paragraph: 2.4.13.2)

- Machinery/ equipment valuing ₹1.21 crore had not been installed due to non-availability of infrastructure, trained manpower etc.

(Paragraph: 2.4.14.1)

COMPLIANCE AUDIT

Unfruitful expenditure

Delayed completion of civil works of cold storage building at Chenani and failure to take up the works of installation of plant and machinery even after nine years rendered expenditure of ₹1.70 crore unfruitful thereby defeating its objective of improving economic condition of the poor farmers.

(Paragraph: 3.1)

Blockade of funds

The action of Chief Education Officers to withdraw funds without ascertaining existence, status of registration and willingness to receive financial assistance of the Madrasas under the 'Scheme for providing quality education in Madrasas' followed by subsequent credit of advanced amount to the Current Bank accounts resulted in blockade of funds to the extent of ₹1.09 crore for over three years.

(Paragraph: 3.2)

Short remittance of games fee

Failure of the departmental authorities to monitor realisation of games fee from students by the educational institutions and subsequent transfer of its due share resulted in short-remittance of games fee of ₹72.02 lakh to concerned District Youth Services and Sports Officers of Jammu and Kathua thereby defeating the purpose of promoting sports activities.

(Paragraph: 3.4)

Blockade of funds and avoidable expenditure

Failure of the departmental authorities to identify an agency for establishment of cold store at Tulip Garden Srinagar resulted in blockade of funds to the extent of ₹3.95 crore and avoidable expenditure of ₹1.63 crore on purchase of tulip bulbs.

(Paragraph: 3.5)

Suspected embezzlement

Lack of internal control mechanism facilitated suspected embezzlement of ₹one crore in Special Forest Division, Tangmarg.

(Paragraph: 3.7)

Implementation of Right to Public Services Legislation

There was delay in delivery of services provided by Government Departments and out of 1.73 lakh test-checked cases delay in providing services in six Departments ranged between one day and 1146 days. There was lack of awareness among the general public about the provisions of the Act.

(Paragraph: 3.8)

Blockade of funds due to failure to ensure possession of encumbrance free land

Injudicious action of the Government to release ₹6.24 crore before ensuring possession of encumbrance free land for construction of Government Degree College at Chatroo Kishtwar resulted in their blockade for over three years. The purpose of construction of the college to provide benefits of education to the local students also could not be achieved.

(Paragraph: 3.10)

Jammu Development Authority

The accounts of the Authority had not been presented to the State Legislature since establishment of the Authority. The Authority was not able to get the entire land transferred by the State Government in its name or take the physical possession thereof. Out of the demarcated land measuring over 17885 *kanals*, total of 2810 *kanals* (16 *per cent*) of land had been encroached upon and remained under illegal occupation. The arrears of rent outstanding in respect of commercial sites had increased from ₹5.92 crore in 2008-09 to ₹6.93 crore in 2013-14. The Authority had suffered revenue loss of ₹1.41 crore due to non-collection of *adda* fee/ parking fee and rent, short levy of building permission fee and non-levy of penalties.

(Paragraph: 3.12)

Inadmissible payment of arrears of pay and allowances

Failure of the Executive Engineer PHE Division Samba in adhering to the extant orders and rules resulted in inadmissible payment of arrears of ₹3.85 crore on account of pay and allowances to 105 employees.

(Paragraph: 3.21)

Management of Evacuee Property in the State

Audit noticed accumulation of arrears of ₹120.40 crore on account of outstanding premium and rent against 491 lessees/ allottees at the close of March 2015. The Department had neither established Evacuee Property Fund nor formulated any financial investment plan. Over 1,50,806 *kanals* of land out of total 14,70,434 *kanals* of evacuee land, was under illegal occupation. Irregular leasing out of evacuee properties and incorrect application of rates resulted in short levy of premium of ₹1.41 crore.

(Paragraph: 3.22)

Irregular and extra expenditure

Action of the departmental authorities to incur extra cost of ₹2.86 crore on 'water supply scheme', allotment of its operation and also award of work of 'Internal electrification' of the project for construction of mini township at Jagti Nagrota Jammu without invitation of tenders resulted in irregular expenditure of ₹6.51 crore.

(Paragraph: 3.23)

Undue favour to contractors

Award of contract for construction of transit accommodation at different sites in Kashmir valley to Small Scale Industries Development Corporation without bidding after cancellation of tendering process by the Relief Commissioner Migrants Jammu resulted in extra expenditure of ₹11.94 crore.

(Paragraph: 3.24)

Total Sanitation Campaign

The Rural Development Department had not conducted preliminary survey to assess the status of sanitation and hygiene practices. There was shortfall in utilization of funds ranging between 22 *per cent* and 68 *per cent* of available funds during the years 2010-11 to 2014-15. Non-release of central funds of ₹77.45 crore was due to non-submission of mid-term Utilisation Certificates and audited statements of accounts to the GoI. Shortfall in achievement of targets ranged between 31 and 95 *per cent* for construction of Individual Household Latrines for BPL/ APL households/ community, sanitary complexes/ school toilets/ Anganwadi toilets.

(Paragraph: 3.25)

Chapter - I

Introduction

CHAPTER - I

INTRODUCTION

1.1 Budget profile

There are 29 departments and 33 autonomous bodies in the State. The position of budget estimates and actuals thereagainst by the State Government during 2010-15 is given in **Table-1.1**.

Table-1.1

Budget and expenditure of the State Government during 2010-15

(₹ in crore)

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	4463	7777	11080	9725	11098	10626	12228	11403	12923	12039
Social services	5047	5214	5988	6293	6921	6908	7096	7896	9114	8501
Economic services	7943	5476	5369	6663	6572	7583	8293	7759	9466	8789
Grants-in-aid[1] and contributions	-	-	-	-	-	-	-	-	-	-
Total (1)	**17453**	**18467**	**22437**	**22681**	**24591**	**25117**	**27617**	**27058**	**31503**	**29329**
Capital expenditure										
Capital Outlay	7327	6064	7286	5899	8863	5224	7308	4507	10221	5134
Loans and advances disbursed	81	72	80	66	70	93	133	121	71	87
Repayment of Public Debt	959	3932	1174	1211	1317	1343	1231	1297	8412	1518
Contingency Fund	-	-	-	-	-	-	-	-	-	-
Public Accounts[2] disbursements	1896	54735*	2158	17106	2789	17722	3964	14169	3690	17796
Closing Cash balance	-	99	-	960	-	91	01	1063	-	1401
Total (2)	**10263**	**64902**	**10698**	**25242**	**13039**	**24473**	**12637**	**21157**	**22394**	**25936**
Grand Total (1+2)	**27716**	**83369**	**33135**	**47923**	**37630**	**49590**	**40254**	**48215**	**53897**	**55265**

Source: Annual Financial Statements and Finance Accounts of the State Government.

**Includes cash remittances between treasury and currency chest to the extent of ₹41,776 crore under Major Head of Account 8782. This practice stands dispensed with after switching over of banking operations of the State Government to RBI with effect from April 2011.*

1.2 Application of resources of the State Government

The total expenditure[3] of the State increased from ₹24603 crore to ₹34550 crore during 2010-15, the revenue expenditure of the State Government increased by 59 *per cent* from ₹18467 crore in 2010-11 to ₹29329 crore in 2014-15. Non-Plan revenue expenditure increased by 51 *per cent* from ₹17558 crore to ₹26457 crore and capital expenditure decreased by 15 *per cent* from ₹6064 crore to ₹5134 crore during the period 2010-15.

1 Grant-in-aid paid by the State Government is included in the above sectors
2 Actuals exclude transactions of investment of cash balance and departmental cash balance
3 Total expenditure includes revenue expenditure, capital outlay and disbursement of loans and advances

The revenue expenditure constituted 75 to 85 *per cent* of the total expenditure during the years 2010-15 and capital expenditure 14 to 25 *per cent*. During the period total expenditure increased at an annual average rate of 10 *per cent*, whereas revenue receipts grew at an annual average growth rate of 11 *per cent* during 2010-15.

1.3 Persistent savings

In seven cases, persistent savings by more than ₹one crore and also by ten *per cent* or more of the total grant were noticed during the last five years as per the details given in **Table-1.2.**

Table-1.2

List of grants with persistent savings during 2010-15

(₹ in crore)

Sl. No.	Grant number and name	Amount of Savings				
		2010-11	2011-12	2012-13	2013-14	2014-15
Revenue (Voted)						
1.	03-Planning and Development	38.88 (56)	20.48 (14)	89.06 (36)	683.73 (75)	816.81 (82)
2.	10-Law	22.31 (17)	77.17 (38)	62.01 (33)	65.28 (32)	97.04 (34)
3.	11-Industries and Commerce	20.06 (13)	36.84 (18)	32.34 (15)	42.17 (18)	89.05 (33)
Revenue charged						
4.	10-Law	2.18 (14)	6.51 (28)	12.54 (39)	3.81 (14)	6.47 (22)
Capital (Voted)						
5.	08-Finance	387.82 (74)	207.67 (92)	248.65 (93)	244.38 (96)	250.02 (98)
6.	19-Housing and Urban Development	156.78 (38)	262.38 (43)	235.05 (31)	672.87 (76)	568.44 (77)
7.	25-Labour, Stationery and Printing	140.44 (99)	71.84 (97)	78.16 (98)	102.52 (98)	76.70 (98)

Source: Appropriation Accounts

Note: Figures in paranthesis indicate percentage of savings to total grant.

Reasons for persistent savings under these heads were not intimated (October 2015) by the State Government. However, this indicated inadequate financial control.

1.4 Funds transferred directly to the State Implementing Agencies

The Government of India directly transferred ₹294 crore to various State implementing agencies without routing through the State Budget during the year 2014-15. Consequently, these amounts remained outside the scope of Annual Accounts (Finance Accounts and Appropriation Accounts) of the State Government during the year.

1.5 Grants-in-aid from Government of India

The Grants-in-aid received from the GoI during the years 2010-11 to 2014-15 have been given in **Table-1.3.**

Table-1.3

Grants-in-aid from GoI

(₹ in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	5966	4551	4080	4009	3342
Grants for State Plan Schemes	8625	9990	10274	9834	12807
Total	**14591**	**14541**	**14354**	**13843**	**16149**
Percentage of increase/decrease over the previous year	25	(-) 1	(-) 0.34	(-) 4	17
Percentage of Revenue Receipts	66	59	55	51	56

Total grants-in-aid from GoI increased from ₹14591 crore to ₹16149 crore during the period 2010-15. There was percentage increase which ranged between (-) 0.34 and 25 *per cent* during the period 2010-15 over the previous year whereas its percentage to revenue receipts ranged between 51 and 66 *per cent*.

1.6 Planning and conduct of audit

The Audit process starts with the risk assessment of various departments, autonomous bodies, schemes/ projects, etc., criticality/ complexity of activities, level of delegated financial powers, internal controls and concerns of stakeholders and previous audit findings. Based on this risk assessment, the frequency and extent of audit are decided and an Annual Audit Plan is formulated.

After completion of audit, Inspection Report containing audit findings is issued to the head of the office with request to furnish replies within one month. Whenever replies are received, audit findings are either settled/ or further action for compliance is advised. The important audit observations pointed out in these Inspection Reports are processed for inclusion in the Audit Reports of the Comptroller and Auditor General of India, which are submitted to the Governor of Jammu Kashmir under Article 151 of the Constitution of India.

During 2014-15, compliance audit of 1070 drawing and disbursing officers of the State and 12 autonomous bodies was conducted by the office of the Accountant General (Audit), Jammu Kashmir. Besides, four Performance Audits were also conducted.

1.7 Response of Government to Audit Report

In the last few years, Audit has reported on several significant deficiencies in implementation of various programmes/ activities as well as on the quality of internal controls in selected departments, which have negative impact on the success of programmes and functioning of the departments. The focus was on auditing the specific programmes/ schemes and to offer suitable recommendations to the executive for taking corrective action and improving service delivery to the citizens.

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Accountant General (Audit) to the Principal Secretaries/ Secretaries of the Department concerned, drawing their attention to audit findings and requesting them to send their response within six weeks. The fact of non-receipt of replies from the departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report. Four Performance Audits and 34 paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India on General/ Social and Economic (Non-PSUs) sectors for the year ended 31 March 2015 were sent to the Principal Secretaries/ Secretaries of the respective departments. Of these replies in respect of one Performance Audit and 23 paragraphs were not received (October 2015).

1.8 Recoveries at the instance of Audit

The audit findings involving recoveries that came to notice in the course of test audit of accounts of the Departments of the State Government were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.The details of recoveries pointed out by Audit during the year 2014-15, those accepted by the Departments and recoveries effected are given in **Table-1.4**.

Table-1.4

(₹ in crore)

Department	Recoveries pointed out in 2014-15			Recoveries Accepted during 2014-15			Recoveries effected during 2014-15		
	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Reports	Total	Audit Report*	Inspection Reports	Total
Government Departments	1298.06	67.49	1365.55	1298.06	67.49	1365.55	16.74	12.31	29.05
Total	**1298.06**	**67.49**	**1365.55**	**1298.06**	**67.49**	**1365.55**	**16.74**	**12.31**	**29.05**

*The recoveries relate to CAG's Audit Report for the year ended March 2015.

1.9 Response of Government to Audit

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs), etc., issued by the Government (Finance Department) provides for prompt response by the executive to the IRs issued by the Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures and accountability for the deficiencies, lapses, etc. brought out in the IRs. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects promptly and report their compliance to the Accountant General (Audit).

Based on the results of test audit, 34090 Audit observations contained in

8927 IRs pertaining to the period 1998-2015 and outstanding as on 31 March 2015 are given in **Table-1.5**:

Table-1.5

Name of sector	Opening Balance (01 April 2014)		Additions during the year 2014-15		Settled during the year 2014-15		Closing Balance (31 March 2015)	
	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs	No of Inspection Reports	No of Paragraphs
Social Sector (Non-PSUs)	3271	13993	605	3849	289	2257	3587	15585
General Sector (Non-PSUs)	1676	4994	115	603	107	849	1684	4748
Economic Sector (Non-PSUs)	3571	13638	230	1484	145	1365	3656	13757
Total	**8518**	**32625**	**950**	**5936**	**541**	**4471**	**8927**	**34090**

The pendency of large number of paragraphs of serious financial irregularities and loss to Government even after being pointed out in audit, indicated lack of response of the Government departments to Audit.

The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner.

1.10 Follow-up on Audit Reports

1.10.1 Non-submission of *suo-motu* Action Taken Notes

To ensure accountability of the executives to the issues dealt with in various Audit Reports, the State Government (Finance Department) issued instructions in June 1997 to the administrative departments to furnish to Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU), *suo-motu* Action Taken Notes (ATNs) on all the audit paragraphs featuring in the Audit Reports irrespective of the fact that these are taken up for discussion by these Committees or not. These ATNs are to be submitted to these Committees duly vetted by the Accountant General (Audit) within a period of three months from the date of presentation of Audit Reports in the State Legislature.

It was, however, noticed that out of 412 audit paragraphs featuring in the Civil Chapters of Audit Reports from 2000-01 to 2012-13, *suo-motu* ATNs in respect of 156 audit paragraphs had not been received upto 31 March 2015.

1.10.2 Action taken on recommendations of the PAC

Action Taken Notes, duly vetted by the Accountant General (Audit) on the observations/ recommendations made by the PAC/ COPU in respect of the audit paragraphs discussed by them are to be furnished to these Committees within six months from the date of such observations/ recommendations. Out of 393 audit paragraphs featuring in the Civil chapters of Audit Reports for the years from 2000-01 to 2012-13, only 152 audit paragraphs have been discussed by the

PAC up to 31 March 2015. Recommendations in respect of 140 audit paragraphs have been made by the PAC, however, ATNs on the recommendations of the Committees are pending from the State Government in respect of 114 paragraphs.

1.11 Non-submission/delay in submission of Annual accounts by Autonomous Bodies

A total of 384 annual accounts of 31 Bodies were awaited in Audit as on 31st March 2015. Seven Autonomous Bodies required to be audited by the Comptroller and Auditor General (C&AG) of India under Sections 19 (3) and 20(1) of the said Act had also not furnished the annual accounts as given in **Table-1.6**.

Table-1.6

Non-submission of accounts by Autonomous Bodies

Name of Body/Authority	Delay in number of years	No of accounts	Grants during 2014-15 (₹ in crore)
Ladakh Autonomous Hill Development Council, Leh	1-20	20	199.40
Ladakh Autonomous Hill Development Council, Kargil	1-11	11	204.82
Sher-i-Kashmir University of Agricultural Science and Technology, Srinagar	1-2	02	100.54
Sher-i-Kashmir University of Agricultural Science and Technology, Jammu	1-2	02	59.48
Jammu and Kashmir Legal Services Authority, Srinagar	1-3	03	Nil
EPF Board, Srinagar	1-12	12	Nil
Jammu and Kashmir State Housing Board	1-5	05	Nil
Total		**55**	**564.24**

The audit of Ladakh Autonomous Hill Development Council (LAHDC), Leh and LAHDC, Kargil has been entrusted to the C&AG of India. LAHDC, Leh has failed to submit accounts for audit since its inception i.e. 1995-96 although substantial sums are being released to the Council and unspent balances at the end of the year remain credited in a non-lapsable Fund in the Public Account of the State. Same is the position in respect of LAHDC, Kargil which came into existence in the year 2004-05 and the accounts are in arrears since inception.

Non-submission/ delay in submission of accounts by these Bodies receiving substantial funding from the State Budget is a serious financial irregularity persisting for years. In view of this non-compliance, the audited accounts of these Statutory Bodies have not so far been presented to the State Legislature as required under the Statutes under which these Bodies were created. This has deprived the State Legislature to get a feedback on their activities and financial performance.

1.12 Year-wise details of reviews and paragraphs appeared in Audit Report

The year-wise details of Performance reviews and Audit paragraphs that appeared in the Audit Report for the last two years alongwith their money value is given in **Table-1.7**.

Table-1.7

Details regarding Performance reviews and Audit paragraphs appeared in Audit Reports during 2012-14

Year	Performance Audit		Audit Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2012-13	5	2881.34	14	74.83	-	12
2013-14	5	730.10	23	64.73	4	14

Four Performance Audits and 34 Audit Paragraphs were issued to the State Government. However, reply in respect of three Performance Audits and 11 Audit Paragraphs was received from the Government/ Department.

Four performance audits involving money value of ₹846.15 crore and 25 Audit paragraphs involving ₹409.12 crore have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.

Chapter - II

Performance Audit

CHAPTER-II

PERFORMANCE AUDITS

Consumer Affairs and Public Distribution Department

2.1 Supply of subsidized food grains and kerosene oil under Targeted Public Distribution System (TPDS)

Public Distribution System (PDS), a Government of India (GoI) sponsored Scheme is a major instrument for ensuring timely availability and distribution of essential quantities of food grains to targeted consumers (card holders) of the State through Fair Price Shops (FPSs) at an affordable price. To strengthen the PDS, GoI introduced the 'Targeted Public Distribution System' (TPDS) in June 1997 for distribution of food grains for families classified as 'Above Poverty Line (APL)', 'Below Poverty Line (BPL)' and 'Antyodaya Anna Yojna (AAY)' and separate Ration Cards are issued to them to provide food grains at subsidized prices.

Highlights

- **The Department did not review the list of BPL families leading to issue of food grains valuing ₹17.89 crore to ineligible families while depriving eligible BPL families. Further 1.09 lakh MTs additional *adhoc* food grains allocated by GoI for 'not covered BPL families' had been distributed among existing BPL card holders during 2010-12.**

(Paragraphs: 2.1.6 and 2.1.12.3)

- **Proforma accounts were in arrears since 1973-74. ₹2932.64 crore was released to Food Corporation of India (FCI) and the Department had not carried out any reconciliation with the FCI to ascertain the extent of actual advance payments made and quantum of food grains lifted.**

(Paragraphs: 2.1.9.2 and 2.1.9.4)

- **Non-revision of sale rates of wheat bran for over seven years led to revenue loss of ₹15.45 crore. Further, lack of due diligence by the Department in benchmarking the price while procuring sugar led to loss of ₹31.14 crore.**

(Paragraphs: 2.1.9.3 and 2.1.10)

- **Distribution of Kerosene oil to LPG consumers resulted in an avoidable burden of subsidy of ₹459.24 crore on Government exchequer.**

(Paragraph: 2.1.12.3 (d))

- **Expenditure of ₹1.50 crore incurred on construction of laboratories turned unfruitful besides, ₹5.61 crore, released under end-to-end computerization of PDS scheme, remained un-utilized.**

(Paragraphs: 2.1.13.3 and 2.1.14.2)

2.1.1 Introduction

The Consumer Affairs and Public Distribution Department (CAPD) is responsible for implementation of Public Distribution System (PDS) in the State of Jammu and Kashmir. The Department is responsible for providing food security to the public in general and vulnerable sections of the society in particular by distributing essential commodities[1] to the targeted consumers. To strengthen the PDS, GoI introduced (June 1997) the 'Targeted Public Distribution System' (TPDS) for families classified as 'Above Poverty Line (APL)', 'Below Poverty Line (BPL)' and '*Antyodaya Anna Yojna* (AAY)' and separate Ration Cards are issued to them to provide food grains at subsidized prices. The functioning of the Department involves procurement, storage and distribution of food grains and other essential commodities to the Ration Card holders at affordable prices and is regulated under the provisions of 'Public Distribution System (Control) Order, 2001'. The State had 19.72 lakh card holders as of March 2015 under various categories who were catered through a network of 2,233 Government Sale Depots (GSDs), 3,559 private Fair Price Shops (FPSs) and 4,265 Kerosene Oil sale outlets.

2.1.2 Organizational Set-up

The administrative control of the Department vests with the Secretary to State Government. The Department has two Directorate Offices, each at Srinagar and Jammu which are looked after by the respective Directors. The Directors are assisted by the Deputy Directors (Administration, Supplies, Rationing) and Chief Accounts Officers at divisional level. Functioning of the Department at District level is carried out by the Assistant Directors (ADs) who are assisted by Tehsil Supply Officers (TSOs) at Tehsil level.

2.1.3 Audit Objectives

The objectives of the performance audit were to assess whether:

- identification of beneficiaries was effective and coverage under PDS was adequate;
- financial management was effective and economical to ensure that adequate food grains were lifted and only eligible beneficiaries were covered under PDS;
- the system of allocation, lifting, procurement, storage and distribution of food grains was adequate and effective; and
- quality control, monitoring mechanism and internal control system was in place and was effective.

2.1.4 Scope of Audit and Methodology

The performance of the Public Distribution System was last reviewed for a period of three years from 2007-08 to 2009-10 which was not discussed by the Committee on Public Accounts (August 2015). The present performance review

[1] Rice, wheat, wheat flour (atta), sugar and kerosene oil

covered a period of five years from 2010-11 to 2014-15 and was conducted between December 2014 and May 2015. The activities of the Department were mainly reviewed at Directorate office at Srinagar and Jammu including Trade & Store Wings and Assistant Directors of eight[2] (out of 22) Districts of the State. An entry conference was held with Secretary of the Department on 26 November 2014 wherein audit objectives, criteria and scope of Performance Audit were discussed. Audit methodology included scrutiny and analysis of the records relating to the implementation of PDS, issue of questionnaires, audit memoranda, examination of responses of various functionaries and joint physical inspection.

An exit conference was held with Secretary of the Department on 1 September 2015. The replies furnished by the Department have been incorporated at appropriate places.

2.1.5 Audit Criteria

The audit criteria used for assessing the performance of PDS were derived from the following sources:

- Guidelines prescribed by the GOI for identification of beneficiaries;
- Provisions of the PDS (Control) Order, 2001; and
- Orders/ instructions issued by the State Government.

Audit Findings

2.1.6 Identification of beneficiaries

As per the PDS (Control) Order, 2001, the list of BPL and AAY families was to be reviewed by the Department every year for the purpose of deletion of ineligible families and inclusion of new eligible families.

The State Government ordered (June 2009) determination of BPL population and rectification of the BPL lists prepared earlier, through committees[3] constituted to jointly scrutinize and reconcile the existing BPL lists. The re-verification reports were required to be submitted to the Planning and Development Department within three months, which in turn had to make recommendations to the Government.

Audit noticed that the Department had completed (between January 2010 and June 2011) the identification process in only ten (of 22) districts in which 27,238 families[4] had been identified for deletion and 43,179 left out eligible families[5] were recommended for inclusion. No action had been taken by the

[2] Ramban, Reasi, Doda and Kishtwar (Jammu Division) and Budgam, Baramulla, Kupwara and Leh (Kashmir Division)

[3] Committees comprises of officers of the Departments of Consumer Affairs & Public Distribution, Rural Development (in rural areas), Housing and Urban Development (in urban areas) and Department of Revenue

[4] Jammu (R): 439, Samba: 2494, Kathua: 6430, Udhampur: 2445, Reasi: 6168, Doda: 2771, Ramban: 1463, Kupwara: 1985, Budgam: 883 and Leh : 2,160

[5] Jammu (R): 14799; Samba: 4237; Udhampur: 14089; Reasi: 6627; Doda: 559; Kupwara: 1985 and Budgam: 883

Department which resulted in issue of food grains worth ₹17.89 crore to the ineligible families from the date of their identification to March 2015.

The Department stated (September 2015) that the Planning and Development Department, being nodal agency, had neither completed the process nor issued any orders to delete the ineligible families from BPL lists. The reply is not acceptable as due to inaction of the Department undue benefit had been extended to the ineligible families.

2.1.7 Beneficiary Coverage

Allocation of food grains by GoI to the State continued to be on the basis of projected population of 99.45 lakh souls (18.02 lakh families) as on March 2000, despite the fact that the population of the State as per Census of 2001 and 2011 stood at 1.01 crore and 1.25 crore (22.73 lakh families) respectively. The allocation made during 2010-11 to 2014-15 is depicted in the **Table-2.1.1** below:

Table-2.1.1

	2010-11 to 2014-15					
	Wheat			Rice		
	APL	BPL	AAY	APL	BPL	AAY
Requirement as per 2011 Census (Lakh MTs)	2.33	0.72	0.33	4.34	1.74	0.92
Allocation (Lakh MTs)	1.52	0.50	0.21	2.95	1.52	0.86
Shortfall (Lakh MTs)	0.81	0.22	0.12	1.39	0.22	0.06
Percentage shortfall	35	31	36	32	13	7

Thus, taking into consideration the census figures of 2011, 26 *per cent* of the population in the State remained out of the TPDS coverage and the shortfall in allocation *vis-a-vis* requirement ranged between 31 and 36 *per cent* in respect of wheat and seven and 32 *per cent* in respect of rice under various schemes.

The Department stated (September 2015) that the matter had been taken up with GoI to enhance monthly allocation of food grains as per the figures of Census 2011.

2.1.8 Non-implementation of National Food Security Act (NFSA), 2013

National Food Security Act (NFSA) 2013, came into force on 5 July 2013. Under the Act, every person identified under 'AAY' shall have a right to receive 35 kilograms of food grains per ration card per month and 'priority household' at five kilogram per person per month at subsidized price of rupees three per kilo rice and rupees two per kilo wheat. In case of non-supply of entitled quantities of food grains to entitled persons, the Act guarantees the entitled persons to receive food security allowance from the concerned State Government. The entitlement of the persons belonging to the eligible households shall extend up to 75 *per cent* of the rural population and up to 50 *per cent* of the urban population calculated on published census population.

Audit scrutiny showed the following:

- The State Government was required to identify, within one year after the commencement of the Act, the eligible households to be covered under the AAY and the remaining households as the 'priority households'. The identification started belatedly in March 2014 and had not been completed as of March 2015, despite the fact that the Department sought six months extension from GoI which lapsed in October, 2014. Audit scrutiny in test checked districts showed that the forms seeking details of the beneficiaries had been received back, but the re-verification thereof had not been done as of March 2015.
- The Act required the State Government to constitute a State Food Commission (SFC) for the purpose of monitoring and reviewing the implementation of the Act. This had, however, not been done (March 2015).
- The Department had not initiated any action on various issues (as provided in the Act) like publication in public domain the lists of eligible households, reforms like door step delivery, full transparency of records, end-to-end computerization, transparent recording of transactions at all levels through IT tools, leveraging biometric information of entitled beneficiaries, preference to public institutions or public bodies in licensing of fair price shops, introducing schemes of cash transfer and food coupons to the targeted beneficiaries etc.

The Secretary of the Department stated (September, 2015) that a committee had been constituted to monitor the implementation of NFSA and efforts were on to implement other requirements of the Act. The reply is not convincing as despite lapse of two years of enactment of the Act, the Department had failed to even meet the extended deadline of October 2014.

2.1.9 Financial Management

2.1.9.1 Allocation and utilization of funds

State Government releases funds to the Department for procurement and transportation of food grains/ sugar. Food grains are lifted by the Department from FCI after making full advance payments towards the cost of food grains. The position of funds allocated for procurement and transportation and expenditure incurred during 2010-11 to 2014-15 is depicted in **Table-2.1.2.**

Table-2.1.2

(₹ in crore)

Year	Food grains/ Sugar			Transportation			Total unspent
	Allocation	Expenditure	Unspent	Allocation	Expenditure	Unspent	
2010-11	636.27	636.27	0.00	153.73	145.21	8.52	8.52
2011-12	709.35	709.35	0.00	138.15	137.81	0.34	0.34
2012-13	626.70	580.54	46.16	151.85	151.53	0.32	46.48
2013-14	503.14	503.14	0.00	154.94	153.31	1.63	1.63
2014-15	512.84	503.34	9.50	183.92	172.33	11.59	21.09
Total	**2988.30[6]**	**2932.64**	**55.66**	**782.59**	**760.19**	**22.40**	**78.06**

(*Source:* Information furnished by the Director CAPD Kashmir and Director CAPD Jammu)

The Department had been able to utilize the allotted funds except for the years 2012-13 and 2014-15. The Department stated (September, 2015) that the unspent amount could not be utilized due to non-availability of funds at Government Treasury. Figures of allocation of funds for procurement and transportation of food grains/ sugar communicated by the Administrative Department vis-a-vis the figures furnished by the Directorate Offices Srinagar and Jammu were at variance ranging between ₹0.70 crore and ₹84.32 crore during the years 2010-11 to 2013-14.

2.1.9.2 Non-preparation of Proforma Accounts

The Department is to prepare Proforma Accounts immediately after the close of each financial year but not later than 1st June for certification by Audit before 30th September each year. Despite recommendations (November 2009) of the Public Accounts Committee, accounts continued to remain in arrears since 1973-74 and 1974-75 in respect of Jammu and Kashmir Divisions, respectively. Due to non-preparation of accounts, the financial position and working results of the Department could not be ascertained in Audit.

Non-preparation of the accounts meant that the objectives of using accounts as an instrument of financial control could not be effectively fulfilled by the Department, risks of fraud and embezzlement could not be ruled out with a reasonable degree of confidence, and legislative oversight of public expenditure could not be ensured.

The Department stated that the Accounts were in arrears since 1973-74 and it would be futile to prepare Proforma Accounts from any year in the middle without authentic opening balances available. It was further stated that the matter being policy decision, the directive in this regard from the Government was awaited.

2.1.9.3 Non-revision of sale rate of wheat bran

In the process of wheat grinding, a bye product called 'wheat bran' is obtained. The Department had fixed a norm of five *per cent* of wheat grinded in the mills to be allowed as wheat bran. The wheat bran is sold to the millers on 'as is where is' basis @ ₹750 per quintal fixed by the Department in August 2007 (revised to ₹800 per quintal in March 2010 in Kashmir division).

[6] Excluding cost of sugar with effect from September 2013 which is being procured by Administrative Department

Scrutiny of the records showed that the Department had not revised the rate of wheat bran during last seven years though market rates of wheat bran had increased threefold and reached to ₹2200 per quintal in May 2014. The rates were, however, revised by Director CAPD Kashmir in March 2013 to ₹1500 per quintal but the Mill owners obtained stay from the Court on the plea that rates had not been revised in Jammu.

Audit analysis showed that the Department had sold 2.06 lakh quintals[7] of wheat bran to the millers during the period from April, 2013 to March, 2015. Considering the fact that in Srinagar rates were fixed at ₹1500 per quintal in March 2013 (almost double increase), the Department sustained loss of ₹15.45 crore on sale of 2.06 lakh quintals of wheat bran at old rates (₹750). The Department had not taken adequate steps to consider revision of rates for the whole State and also to vacate the Court stay.

Thus, non-competitive administered pricing mechanism of sale rates and non-revision of sale rates of wheat bran for over seven years resulted in loss of ₹15.45 crore and consequent undue favour to the Mill owners of the State. The Department replied (September 2015) that revision of the sale rate of wheat bran was under active consideration of the Government.

2.1.9.4 Non-reconciliation of quantity lifted from FCI

- During 2010-15, the Department released ₹2932.64 crore[8] to FCI. However, the Department had not carried out any reconciliation with the FCI to ascertain the extent of actual advance payments made and quantum of food grains lifted. Continuation of advance payments in absence of periodic reconciliation to ascertain actual account balances is fraught with risk of fraud and embezzlement remaining undetected.
- Consolidated figures of lifting for the years 2010-13 furnished by Chief Accounts Office, Jammu to audit were at variance (23,575 MTs) with month-wise break up prepared by Audit from the records of the Department. The Department had also drawn a statement showing discrepancy (7,152 MTs) in the figures of lifting of food grains as appearing in departmental records and as shown in FCI records for the years 2010-11 and 2011-12.

The Department stated (September 2015) that process of reconciliation was being vigorously followed by the Department.

2.1.9.5 Locking up of funds with FCI

Under Hill Transport Subsidy Scheme (HTS) of GoI, the State is allowed reimbursement of the cost incurred on transportation of food grains/ sugar from FCI depots to the declared Principal Distribution Centers (PDCs). For this, claims were to be lodged by the Department with the FCI within 15 days following the month in which the food grains were transported.

[7] 1.48 lakh quintal in Jammu, 0.55 lakh quintal in Srinagar and 0.03 lakh quintal in Leh
[8] ₹1214.06 crore by Director CAPD Jammu and ₹1718.58 crore by Director CAPD Kashmir

Audit scrutiny showed the following:

- HTS reimbursement claims in respect of hilly districts of Jammu division for ₹22.78 crore (from 2008-09 to 2011-12) had been returned back (June 2014) by FCI Jammu to the Director, CAPD Jammu for want of requisite documents[9].The Director CAPD Jammu failed to submit the requisite documentation resulting in non-settlement of these claims as of March 2015 and blocking of funds to the tune of ₹22.78 crore. Audit noticed that the requisite records had not been maintained by the Department. Further, due to non-maintenance of basic records, veracity of payments made on account of carriage of food grains to PDCs and payments authorized on transportation of food grains could not be vouchsafed in audit.
- Despite a similar observations relating to Director CAPD Kashmir in the Report of the CAG for the year ended March 2013, the Department failed to submit the documentation in support of claims in respect of Bandipora and Kargil pertaining to the period from 2009-10 to 2012-13 to the tune of ₹10.97 crore as of March 2015. The reimbursement claim of transportation from the year 2013-14 onwards both for food grains and sugar had not been submitted to FCI till March 2015.

  The Department replied (September 2015) that a committee had been constituted in April 2015 to look into the matter and to arrange submission of left out documents to FCI in support of their claims.
- The transportation of food grains from FCI depots to PDCs is the responsibility of the Department for which the GoI provide Hill Transport Subsidy under HTS Scheme. For PDCs of Udhampur, Ramban, Doda and Kishtwar, food grains are lifted by the Department from base depots of FCI located at Khilani (Doda) and Udhampur. Audit noticed that, apart from lifting the food grains partially from the base depots of FCI at Udhampur and Khilani (Doda), the Department transported 85,813 MTs of food grains/ sugar[10] from stores of FCI located in Jammu to various stations of Doda, Kishtwar and Ramban Districts during the period from September 2010 to March 2014. This resulted in incurring of extra expenditure of ₹2.48 crore on transportation charges from Jammu to FCI depots of Udhampur and Khilani (Doda) which was avoidable.

The Department stated (September 2015) that due to non-availability of sufficient fleet of SRTC (carriage contractor) at Udhampur the food grains were lifted from Jammu. The reply of the Department is not acceptable as under given circumstances, the Department should have lifted food grains from base depots of FCI at Udhampur and Khilani (Doda) instead from Jammu.

[9] Copies of release orders of FCI, proof of payment made to transporters, copies of gate passes issued by FCI, copies of GRs of transporters, attested copies of approved transport rates and proof of receipt of food grains at PDCs along with their reimbursement claims to be enclosed with these claims

[10] Atta/ wheat: 21,685 MTs; Rice: 47,819 MTs and Sugar: 16,309 MTs

2.1.9.6 Irregularities noticed in test checked districts

Records of test-checked districts showed the following irregularities in authorizing payments on account of carriage/ loading/ un-loading and handling charges :

- AD Reasi, being DDO, had also not authenticated/ countersigned the Cash Books of TSOs under his jurisdiction for the years 2012-15 during which period payment to the tune of ₹22.94 crore was released by TSOs. This was in violation of Rule 2-10 (ii) of J&K Financial Code Vol I.
- AD Baramulla and AD Kupwara had not maintained any records viz., Muster Rolls etc., in support of disbursement of ₹1.68 crore made during 2012-13 to 2014-15 on account of loading/ un-loading/ handling charges to *'Hamals'*[11] of the Stores. The Director CAPD Kashmir stated that the muster rolls were prepared. The reply is not tenable as no such muster rolls had been prepared by the concerned ADs nor the same were produced to audit.

2.1.10 Allocation/ lifting and procurement of food grains

The position of allocation of food grains made by GoI under various categories viz., APL/ BPL/ AAY and lifting there-against during 2010-15 is depicted in **Table-2.1.3** below:

Table-2.1.3

(Figures in lakh MTs)

Year	Allocation/ Lifting					
	Wheat			Rice		
	APL	BPL	AAY	APL	BPL	AAY
2010-11	1.52/1.57	0.50/0.49	0.21/ 0.21	2.95/ 2.91	1.52/ 1.50	0.86/ 1.21
2011-12	1.52/1.46	0.50/0.52	0.21/ 0.22	2.95/ 2.84	1.52/ 1.47	0.86/ 1.21
2012-13	1.52/1.58	0.50/0.50	0.21/ 0.21	2.95/ 2.91	1.52/ 1.53	0.86/ 1.22
2013-14	1.52/1.48	0.50/0.48	0.21/ 0.21	2.95/ 2.90	1.52/ 1.50	0.86/ 1.22
2014-15	1.52/1.49	0.50/0.50	0.21/0.21	2.95/2.88	1.52/1.50	0.86/1.21
Total	**7.60/7.58**	**2.50/2.49**	**1.05/1.06**	**14.75/14.44**	**7.60/7.50**	**4.30/6.07**

Against total allocation of 37.80 lakh MTs of food grains during 2010-15, the Department had lifted 39.14 lakh MTs of food grain under all categories.

The Government of India (GoI) stopped allocation of levy sugar from sugar mills with effect from June 2013 and asked the States to devise a transparent system for procurement of sugar from the open market for which GoI agreed to provide subsidy @ ₹18.50 per kg. Accordingly, the Department concluded (July 2013) a contract for supply of 84,400 MT Grade (S-30/ 31 ISS) sugar with a supplier[12] at the negotiated rate of ₹38,400 per MT valid for one year (September 2013 to August 2014).

[11] Labourers engaged for handling food grains
[12] M/s Garden Court Distilleries Private Ltd. Andheri, Mumbai

Audit scrutiny brought out the following gaps and deficiencies having significant financial implications in awarding contracts for supply of sugar:

- The detailed Notice Inviting Tenders (NIT) contemplated sourcing procurement of sugar from “registered general suppliers/ reputed sugar manufacturers/ private or co-operative sugar mills/ Government undertakings within and outside the State”. However, in abbreviated NIT published (25 June 2013) in newspapers invited “registered sugar importers/ reputed sugar manufacturers/ private or co-operative sugar mills/ Government undertakings within and outside the State”, replacing unauthorisedly the ‘Registered general suppliers’ with ‘Registered sugar importers’. The variation in eligibility conditions between abbreviated NIT and detailed NIT implied that ‘registered general suppliers’ were kept out of the competitive bidding.
- The NIT originally included a clause that the tenderer should enclose with tender registration certificate for quality certification by *“Agmark”*. This eligibility clause was deleted (15 July 2013) unauthorisedly and the Director Information and Publicity was approached on 18 July 2013 to arrange publication of the corrigendum in “leading National and State newspapers” for three consecutive days when the tenders were due to be received by 21 July 2013. Belated dilution of eligibility condition in the detailed NIT on the eve of receiving of the tenders was unexplained. Since “*Agmark*” certification had direct bearance on the quality, removal of this condition tantamount to compromising the quality of sugar.
- As per Department of Consumer Affairs, GoI (Price Monitoring Cell) records, the daily wholesale price of sugar ranged between ₹35000 and ₹36500 per MT at Jammu during July 2013 and prevailing local retail market rate was ₹34.60 per kilogram at the time of finalizing the tender. The Department, however, contracted supply of sugar at rates (₹38400 per MT i.e., ₹38.40 per Kg), which was higher than the prevailing rates. Audit noticed that the average daily whole sale price of Sugar from September 2013 to August 2014 (currency of contract) was ₹34.71 per Kg. Procurement of sugar at ₹38.40 per Kg imply lack of due diligence by the Department in benchmarking the price, thus, leading to loss of ₹31.14 crore to the Government exchequer on procurement of 84,400 MTs of sugar between September 2013 to August 2014.
- Moreover, the existing Retail Issue Price (RIP) of sugar through PDS is ₹13.50 per Kg and GoI is providing a subsidy of ₹18.50 per Kg, therefore procurement of sugar on anything more than ₹32 per Kg would put on an extra burden on the State Government exchequer. Procurement of 84,400 MTs of Sugar during September 2013 to August 2014 by the Department @ ₹38.40 per Kg has put on an extra burden on the Government exchequer to the tune of ₹54.02 crore.

The FA & CAO stated (February 2015) that the Department was in constant touch with Price Monitoring Cell (PMC) of GoI and the PMC quoted the rates of

₹39 per Kg and ₹40 per Kg at Jammu and Srinagar respectively. The reply is not acceptable as the rates stated to be quoted were retail price and not the whole sale price. Since the quantity purchased was huge (84,400 MTs), finalizing rates on the basis of retail price of per kg sugar was not prudent and led not only to undue favour to the supplier but also to huge loss to Government exchequer.

2.1.11 Store Management

2.1.11.1 Shortages of food grains/ sugar

As per Manual of the procedures, the Department is to conduct physical verification (PV) of all the stocks of Central godowns, various sale and storage centers at the close of every financial year. The PV reports are to be furnished to the accounts section within one month for verification. The Manual also provides that the officer in charge of the stores will ensure that the grains stored in Godowns are properly kept, stacked and priority in distribution is given to earlier receipts.

Audit scrutiny showed the following:

- Though teams were constituted to conduct physical verification of closing stocks in all the Godowns and sale outlets, PV reports had not been consolidated in Accounts Sections at respective Directorate offices and Ledger balances, as prescribed in the Manual, had not been maintained to verify the balances shown in the PV reports.

  The Department stated (September 2015) that Physical verification had been done but did not respond to audit observation regarding consolidation of the same at Directorate level as prescribed in the Manual.

- Stock registers showing in-date and out-date of each lot of food grains had not been maintained by the store-keepers. As a result, stacking and unloading of food grains according to the date of receipt and first-in-first-out (FIFO) method adopted, if any, in main stores could not be ascertained in audit.

  The Director CAPD Jammu stated (September 2015) that the concerned had been directed to adhere to FIFO method of stacking whereas Director CAPD Kashmir stated that adopting FIFO method was not feasible as it needs extra amount.

- In response to orders (March 2013) of Hon'ble Minister, CAPD, entire stock of food grains was cleared, between May and November 2013, to achieve zero balance at two main stores (Gulab Bagh and Lethpora) of Srinagar. As a result of this exercise, the Department detected huge shortage of 4166 quintals sugar valuing ₹56.24 lakh and 508.91 quintal rice valuing ₹5.09 lakh (August 2013) in case of Gulab Bagh store and shortage of 9605 quintals of A-grade rice valuing ₹96.05 lakh (November 2013) in case of Lethpora store on account of difference between ground balance and book balance.

- 619.38 quintal sugar valuing ₹8.36 lakh was found deteriorated (November 2013) in Gulab Bagh godown.

Thus, despite regular annual physical verification of the stores, the shortages/ deterioration in stocks of sugar and rice remained un-noticed indicating that the physical verification had not been done properly over the years and the mechanism adopted in conducting physical verification of stocks in respect of these stores was faulty.

The Department stated (September 2015) that the matter was under investigation with Crime Branch Kashmir and the outcome was awaited. The reply is not convincing as no departmental action was taken against the defaulters.

- Despite having noticed the above irregularities, the Department had not applied zero balancing method in Jammu in any of its major stores at Chattha store, Main store and Central store. In Chattha store even annual/ periodical physical verification of stocks from 2013-14 and onwards had not been done despite the verification teams constituted by the Director, CAPD Jammu. The Director CAPD Jammu had not taken cognizance of non-conducting of physical verification of closing stocks of Chattha store. The Director, CAPD Jammu stated (September 2015) that the zero balancing would be done in future.
- Store records viz Receipt register, Issue register and Stock Registers at Jammu Stores (Chatha and New Store) were not produced to Audit despite repeated requests (March 2015). Further, during physical verification of 2012-13, shortage valuing ₹29.49 lakh was noticed by the Department at New store and *Chattha* store but despite lapse of two years the Department had not made recovery from the defaulters in accordance with the Government order *ibid*. The Director, CAPD Jammu stated (September 2015) that serious view had been taken about non-production of records to audit.

2.1.11.2 Deterioration of food grains

Records of AD Baramulla showed that 1463 MTs of food grains valued at ₹1.26 crore lying at Hygam Granary (787 MTs) and Krankshivan Sopore stores (676 MTs) in the district had deteriorated. Audit noticed that the deterioration of food grains was caused due to low off take of PDS food grains. Responsibility for the loss due to deterioration of food grains had not been fixed. Besides, no action for disposal of deteriorated stocks had been taken as of March 2015.

2.1.11.3 Non-disposal of empty gunny bags

As per the standing instructions (January 2003) empty gunny bags were to be sold at prescribed rates[13] on 'as is whereas basis'. At the end of March 2014, 41.79 lakh empty gunny bags had accumulated over past four years in main stores at Lethpora and Gulab Bagh Srinagar. In addition to this, 29.33 lakh empty bags were also dumped at various district stores of Kashmir Division totaling to 71.12 lakh bags.

[13] Sugar bag ₹21 per bag, Rice/ wheat/ Atta ₹13 per bag and Katta ₹7 per bag

The Department put to auction (June 2009) 29.33 lakh empty bags lying at various districts. Only one bid[14] (Rate quoted: ₹3.71 per bag) for this lot was received (November 2009) which was not considered, being single quotation and the bags remained un-disposed off. After a gap of one year, the Department again invited (June 2010) tenders for sale of 28.75 lakh empty bags (out of 41.79 lakh) lying at Gulab Bagh and Lethpora stores and only for 19.63 lakh bags (out of 29.33 lakh bags) lying at various districts and received quotations from two firms[15] quoting rate of ₹1.14 and ₹0.99 per bag. Reasons for putting lesser quantity to tendering had neither been found on record nor were assigned to Audit. In view of lesser rates, fresh tenders were invited in February 2011. In response, bid of ₹1.64 and ₹3.53 per bag was quoted by two firms[16]. However, bidders of previous tender viz., M/s Ladakh Road Lines and M/s I. A Enterprises obtained stay (February 2011) against re-tendering. The Departmental purchase-cum-contract committee, however, awarded (October 2013) contract for sale of only 28.75 lakh gunny bags to M/s I. A Enterprises, on the condition to withdraw court case, at negotiated rate of ₹1.95 per bag despite the fact that rate of ₹3.53 per bag had been quoted by one of the participating firms earlier (February 2011). This action of the Department resulted in loss of ₹45.43 lakh[17] to the Government exchequer on sale of 28.75 lakh bags.

Audit further noticed that the Department failed to dispose of remaining 42.37 lakh[18] bags for over last five years as of September 2014 resulting in loss of ₹1.50 crore[19] as the same had deteriorated due to prolonged storage. The un-disposed stock of 12.45 lakh bags (valuing ₹43.95 lakh[20]) lying at Gulab Bagh had reportedly got destroyed in floods of September 2014. Thus failure of the Department in timely disposal of empty bags led to loss of ₹1.95 crore which could have been avoided had the Department accepted the first tender received in June 2009 at ₹3.71 per bag.

The Department replied (September 2015) that the delay in disposal of empty gunny bags was caused due to Court case. The reply is not acceptable as the Court case was lodged in February 2011 and the bid (for rate of ₹3.71 per bag) was received in November 2009.

2.1.11.4 Non-recovery of outstanding shortages

In order to minimize the chances of shortages/ misappropriation of food grains, the Government ordered (April 2000) that the recovery be made from the defaulting store-keeper/ salesman at the rate of 150 *per cent,* from Tehsil Supply Officer (TSO) concerned at the rate of 20 *per cent* and from the Assistant Director concerned at the rate of 10 *per cent* of the total embezzled amount out of salary of the erring official at the rate of monthly installment of minimum 50 *per cent* of the salary.

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14 M/s Golden Valley
15 M/s I.A. Enterprises, (₹1.14) and M/s Ladakh Road Lines (₹0.99)
16 M/s Haji Goods Carriers (₹1.64), and M/s Ladakh Road Lines (₹3.53)
17 Calculated at differential rate of highest bid of ₹3.53 and negotiated rate of ₹1.95 which is ₹1.58
18 13.04 lakh bags at Gulab bagh and Lethpora stores and also 29.33 lakh bags at other district stores
19 Calculated at the highest bid rate of ₹3.53 per bag
20 Calculated at the highest bid rate of ₹3.53 per bag

Audit scrutiny showed the following:

- In Kashmir division, as against ₹12.86 crore recoverable, ₹1.34 crore (10.5 *per cent*) had been recovered and there was an outstanding amount of ₹11.52 crore, recoverable from 85 Store-keepers/ Salesman ending December 2014. The shortages pertained to the periods ranging between one and 18 years and the Department had not devised any effective mechanism for early detection and early recovery to stop its occurrence.

- In Jammu division, ₹1.18 crore was outstanding at the end of December 2014 against 29 store-keepers/ salesman on account of shortages/ misappropriation of food grains. As against ₹1.07 crore recoverable from 69 Store-keepers/ Salesman ending June 2013, ₹46.10 lakh (43 *per cent*) only had been recovered up to December 2014 whereas there was addition of shortages worth ₹57.02 lakh during July 2013 to December 2014. Analysis made in audit showed that ₹37.06 lakh was outstanding against eleven persons who had either retired or died and six cases involving ₹29.98 lakh were sub-judice for over 10 years.

Failure of the Department to recover outstanding amount of ₹12.70 crore from defaulting officials indicated lack of monitoring and weak internal controls. The Secretary to the Government assured (September 2015) that all necessary steps would be taken to affect the recoveries.

2.1.12 Distribution of food grains

2.1.12.1 Inequitable distribution of food grains

The allocation of food grains is made by GoI considering the number of card holders under APL/ BPL/ AAY categories. The Administrative Department further makes allocation to two Directorate Offices viz. Srinagar and Jammu. GoI releases 63,067 MTs food grains per month to State Government at the prescribed scale of 35 Kg per family per month for 18.02 lakh card holders (projected population as ending March 2000) of the State.

Audit scrutiny of records showed the following:

- Against a quota of 17.12 lakh MTs of food grains in respect of Jammu division, the Administrative Department allocated only 16.24 lakh MTs whereas against quota of 20.72 lakh MTs of food grains in respect of Kashmir Division, the Administrative Department allocated 21.60 lakh MTs during 2010-15. Thus 0.88 lakh MTs of food grains was less allocated to Jammu division thereby depriving card holders varying from 35,964 to 43,257 each month of the benefits of subsidized food grains.

- Despite less allocation of food grains as per prescribed scale, Director CAPD Jammu failed to ensure equitable distribution. Audit noticed that AD Reasi/ Kishtwar lifted/ issued 21,836 MTs of food grains[21] valuing ₹ 13.91 crore in excess of requirement (1,55604 MTs) as per quota during 2010-14. During

[21] Rice: 8,943 MTs and Wheat/ Atta: 12,893 MTs

2011-12 alone, AD Reasi had issued 8000 MTs food grains in excess of its annual requirement (38901 MTs) for which no specific justification was found on record. Since food grains are issued on subsidized rates under TPDS, issue of food grains in excess of fixed scale resulted in inequitable distribution of food grains.

The Director, CAPD Jammu admitted (September 2015) that short allocation was made by the Administrative Department. As regards excess issue of food grains in excess of requirement in Kishtwar and Reasi district, the Director stated that this would be rectified.

2.1.12.2 Grinding of Wheat

The Department engaged various Flour Mills of Srinagar and Jammu for grinding of wheat into whole meal Atta for distribution under PDS. Audit scrutiny of records showed that selection of mills for grinding of wheat was done during 2010-15 from among the mills empanelled in the year 2007. No empanelment by way of open tendering system had been carried out during 2008-15. This resulted in selection of mills in non-transparent manner as the scope of competition among the eligible millers was limited. The Secretary to Government informed (September 2015) that a committee had been constituted to review the possibility of tendering for grinding of wheat on annual basis and fix the rates of grinding charges.

Instructions were issued from time to time by Director, CAPD Jammu to AD Mills and AD Trade and Store Jammu to allocate PDS wheat to each Mill proportionate to their grinding capacity. Grinding charges payable by the Department are adjusted against the cost of wheat bran obtained as by-product during grinding of wheat. It was noticed that AD T&S and AD Mills had allocated PDS wheat to Mills disproportionate to their grinding capacity ranging between 10 *per cent* and 81 *per cent* of the grinding capacity of the Millers. Non-uniformity in allocation of wheat to Mills impacted payment of average monthly grinding charges as well as wheat bran cost which ranged between ₹1.19 lakh and ₹5.39 lakh and between ₹1.04 lakh and ₹4.70 lakh respectively during October 2013 to March 2015 as detailed in ***Appendix-2.1.*** The Director CAPD Jammu stated that some millers did not grind the wheat in prescribed time and hence were debarred and their quota was allotted to other Millers. The reply is not acceptable as there was nothing on record as regards issuance of notices debarring such Millers.

2.1.12.3 Irregular distribution of additional *adhoc* food grains

(a) GoI allocated (2010-13) 1.69 lakh MTs[22] of food grains as special *adhoc* additional allocation for distribution to left out BPL families of the State not covered under TPDS. For this, the Department was required to identify additional BPL families in all the districts of the State not covered under PDS. The Department was to give wide publicity so as to create awareness amongst the eligible TPDS beneficiaries, maintain separate records of the allocation/ lifting/ distribution and submit Utilisation Certificate (UCs) to GoI.

[22] 56,440 MTs, 56,440 MTs, 56,440 MTs, during 2010-11, 2011-12 and 2012-13 respectively

Audit scrutiny showed the following:

- The Department completed identification of left out BPL families (1,32,658)[23] between December 2012 and February 2013, till then additional allocation of 1.09 lakh MTs (65 *per cent*) lifted during 2010-12 continued to be distributed to existing BPL card holders.
- During 2012-13, the Department against allocation of 56,440 MTs lifted only 52,391 MTs of food grains, leading to short-lifting of 4,049 MTs which led to denying benefit of additional allocation to 9,640 families during 2012-13. Reasons of shortfall in lifting the entire allocated quantity during 2012-13 were not furnished to Audit.
- In test-checked districts, audit observed that the Department distributed 9,527 MTs[24] (Rice 7,225 MTs and wheat/ atta 2,302 MTs) of additional quota valuing ₹5.72 crore during 2011-12 and 2012-13 to already existing BPL/ AAY families.
- The Department had neither given any publicity nor had maintained separate records and UCs had not been submitted to GoI as required.

Thus, the food grain meant for 1,32,658 uncovered households was distributed to already covered households over their entitlement, thereby defeating the purpose of making additional allocations by GoI. Resultantly, the left out BPL families continued to be deprived of the benefits of subsidized food grains.

The Director CAPD Jammu admitted (April 2014) that due to paucity of time for identification of new families, the additional *adhoc* food grains were distributed among existing families by enhancing the scale. However in September 2015 the Director CAPD Jammu stated that no such irregularity was noticed. The reply furnished was contrary to the earlier admission of April 2014.

(b) The Hon'ble Supreme Court directed (May 2011) Union of India (UoI) to reserve adequate food grains for distribution to the extremely poor and vulnerable section of the society. Accordingly, 174 poorest and backward districts from 27 States were identified which included three districts viz. erstwhile Doda district (comprising Ramban, Doda and Kishtwar districts), Poonch and Kupwara districts from the State. The Department was to identify left out BPL/ AAY families in these poorest districts and provide 35 Kgs food grains at BPL/ AAY rates per family per month for which GoI had allocated 12857 MTs food grains (7362 MTs in 2011-12 and 5495 MTs in 2012-13).

Audit scrutiny showed that against quantity of 12,857 MTs food grains allocated by GoI, the Department lifted 12,015 MTs[25] during 2011-13 resulting in short lifting of 842 MTs. It was further noticed that during July/ August 2012, after one year of Court directive, 50,277 families[26] were identified as poorest families

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[23] Jammu Division: 41,280; Kashmir Division including Ladakh: 91,378

[24] Reasi: 494 MTs; Ramban: 1,448 MTs; Budgam: 2,000 MTs, Baramulla: 2,400 MTs,; Doda: 1,812 MTs and Kishtwar: 1373 MTs

[25] 6520 MTs in 2011-12 and 5495 MTs in 2012-13

[26] 7800, 11114, 12020, 4900 and 14443 families were identified in Ramban, Poonch, Doda, Kishtwar and Kupwara Districts respectively

and 5599 MTs[27] were distributed to these families during 2012-13 whereas 3798 MTs were distributed to already existing BPL/ AAY families on the pretext that identification process was time consuming and the food grains so allocated had to be lifted within the validity period. Further, distribution of remaining 2618 MTs of food grains could not be ascertained in audit. Thus, 6416 MTs food grains were diverted which was in contravention to UoI instructions.

The Department admitted (September 2015) that pending identification, additional quota of food grains for poorest districts was distributed to the existing families and UCs were submitted to the Administrative Department for onward submission to GoI.

(c) The State Government accorded sanction (September 2014) for providing free ration for six months (35 Kg per month) to families affected by floods/ heavy rains of September 2014. The scale of ration was fixed @ 50 Kg for September 2014 and 32 Kg per month for remaining five months.

The GoI allotted (24 October 2014), 1,99,215 MTs of additional Rice and 10,137 MTS of wheat to the State, for lifting within 30 days i.e., by 23 November 2014. For the purpose, ₹172 crore[28] were provided by the State Government to the Department.

Audit noticed that against allotted quantity, the Department lifted only 51,713 MTs[29] (25 *per cent*) upto March 2015.

Following irregularities in distribution of free ration to flood affected people were noticed in test checked districts:

- In Budgam district, 91,414 families were identified as flood affected and were entitled to free ration for six months. Audit noticed that AD Budgam had issued 21,073 MTs rice from September 2014 to January 2015 (five months) as against requirement of 16,272 MTs food grains thereby issuing 4,801 MTs rice valuing ₹9.64 crore (worked out at MSP rate) in excess of requirement. Circle-wise lists of flood sufferers was also not available with the Department in absence of which correctness of issue of free ration amongst genuine flood sufferers could not be vouchsafed in audit. Further, in the month of September 2014, 1,146 quintals of Rice valued ₹22.93 lakh was issued to various agencies without orders and acknowledgements/ receipts of such despatches and utilization certificates had not been obtained from the recipients.

The AD Budgam stated (March 2015) that before receiving the order from Revenue authorities, relief had been distributed to households of the District. It was also stated that Rice was issued to various agencies on the verbal orders of District Administration as emergency prevailed and in some cases acknowledgement was received. The reply is not acceptable as the orders of Revenue Authorities were received by the AD in the month of September 2014

[27] Ramban: 1422 MTs; Poonch: 1100 MTs; Doda: 1134 MTs; Kishtwar: 834 MTs and Kupwara: 1109 MTs
[28] Kashmir: ₹108.72 crore and Jammu: ₹63.28 crore
[29] 26,223 MTs during September 2014 and November 2014 and 25,490 MTs in February 2015

in which 91,414 families had been declared as flood affected. Post-facto sanction for release of food grains to various agencies and UCs/ acknowledgement from the recipients could have been obtained later on.

- In test-checked districts, Kupwara 80 *per cent*, Baramulla 60 *per cent*, Ramban 87 *per cent* and Reasi 24 *per cent* affected families had been provided relief ration during September 2014 to February 2015. In Kishtwar and Doda districts the coverage was 89 and 81 *per cent* respectively during October 2014 to March 2015 (six months). The remaining families were deprived of relief ration due to failure of the Government to lift the allocated quantity in time.

The Secretary to Government stated (September 2015) that shortcomings pointed out by the audit would be looked into and action taken would be intimated to audit in due course.

(d) GoI allocates quota of Subsidized Kerosene Oil (SKO) to the State on the basis of population of 1991 Census (20 years back). The position of allocation made by GoI and quantity lifted during 2010-15 is depicted in **Table-2.1.4** below:

Table-2.1.4

(In Kilo-Litres)

Division	Allocation made (2010-15)	Lifting (2010-15)	Shortfall in lifting vis-a-vis allocation (2010-15)
Kashmir	2,24,682	2,24,562	(-) 120
Ladakh	24,343	24,080	(-) 263
Jammu	1,88,902	1,78,464	(-) 10,438
Total	**4,37,927**	**4,27,106**	**(-) 10,821**

Under the extant arrangement made by the Department, each card holder is entitled to five litres of SKO per month in Jammu division, five litres (summer)/ seven litres (winter) per months in Kashmir division, and ten litres quota per month for whole year in Ladakh division, irrespective of holding LPG connection. There were 19.72 lakh Ration Card holders in the State and number of LPG connection holders was 15.46 lakh[30] as of March 2015.

Audit noticed the following:

- Considering the short allocation of SKO by GoI, it was necessary for the Department to fix the scale taking into account the population not having LPG connections and also the number of LPG connection holders, who avail subsidy on purchase of one cylinder per month, so as to regulate distribution of available quota on need basis to deserving non-LPG families. This was not done by the Department. Besides, the scale fixed, by no means, could meet the cooking requirement of a non-LPG family for complete one month which also uses the same for lightening purposes in non-electrified far flung and snow bound hilly areas. This led to inequitable distribution of available quota of SKO.

[30] 7.03 lakh in Jammu division, 7.68 lakh in Kashmir division and 0.75 lakh in Ladakh division

- Against annual requirement of 29,578 KLs[31] (except Ladakh division[32]) in respect of non-LPG consumers as per the prescribed scale, the Department issued 4,03,026 KLs (84,929 KLs; 86,670 KLs; 88,220 KLs, 89,183 KLs and 54,024 KLs during 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 respectively) to the consumers indicating that 2,55,136 KLs[33] SKO had been issued to LPG consumers. Issuing SKO to LPG consumers not only put an additional burden of subsidy on Government exchequer to the tune of ₹459.24 crore[34] during 2010-15 but also led to depriving the genuine non-LPG households of benefit of subsidy to that extent. Besides, pilferage of SKO shown issued to LPG consumers could also not be ruled out.

The Director CAPD Jammu stated (February 2015) that the Department had no instructions either from Administrative Department or from Oil Companies to distribute SKO only, to non-LPG consumers. The reply is not convincing as fixing uniform quota both for LPG and non-LPG consumers deprived non-LPG consumers of the benefit of subsidy on SKO.

(e) GoI introduced (October 2009) Open Market Sale Scheme (OMSS) under which States were required to lift wheat and rice from FCI @ ₹11000 and ₹16000 per MT, respectively which was to be sold to consumers by adding transportation cost @ ₹200 per quintal. The objective of the scheme was to make available food grains to consumers on competitive rates to check the inflationary trends of food items.

In test-checked districts[35], it was noticed that 2,112 MTs rice and 632 MTs wheat was sold during 2010-11 at cheaper rates (APL rates[36]) or free of cost as relief leading to loss of ₹1.50 crore[37] to Government exchequer. The State had, however, discontinued lifting of food grains under the scheme.

Director CAPD Jammu stated (September 2015) that the food grains of OMSS were distributed as per the directions of Administrative Department.

(f) Annapurna Scheme (APS) aims at providing food security to senior citizens (above 65 years of age) not covered under National Old Age Pension Scheme/ State Pension Scheme and other destitute having no regular means of subsistence. 10 Kg of food grains (Rice) per month per head is to be provided free of cost to the identified persons under the Scheme.

Audit scrutiny showed the following:

- The Department failed to provide food security under the Scheme to all the identified persons of the State during the period 2010-14 as is evident from

[31] Number of Ration Card holders minus number of LPG connection holders x quota of SKO per month x 12 months

[32] In respect of Ladakh division, it was seen that number of LPG connections exceeded the number of Ration Cards issued by the Department, reasons for which remained unexplained to Audit

[33] SKO issued 4,03,026 KLs during 2010-15 minus requirement of four years 1,47,890 (29578x5)

[34] 2,55,136 KLs x ₹18000 per KL (Subsidy)

[35] Ramban Rice 198 qtls & wheat/ atta 648 qtls, Budgam Rice 14783 qtls, Reasi Rice 1593 qtls & wheat/ atta 2536 qtls and Kishtwar Rice 4551 qtls & wheat/ atta 3138 qtls

[36] Rice: ₹10000 per MT and Wheat: ₹7250 per MT

[37] Rice 2112 MTs x ₹6000 per MT (differential) and Wheat 632 MTs x ₹3750 per MT (differential)

the data tabulated in **Table-2.1.5** below:

Table-2.1.5

(Qty in MTs)

Year	No of souls identified	Quantity required for full year	Quantity allocated by GoI	Un-utilized opening balance available	Total quantity available	Quantity issued	Quantity remained un-utilized	Souls covered (No.)	Souls not-covered (percentage)
2010-11	10220	1226.40	306.00	Nil	306.00	183.00	123.00	1525	8695 (85)
2011-12	10220	1226.40	1100.97	123.00	1223.97	946.97	277.00	7891	2329 (23)
2012-13	10220	1226.40	947.00	277.0	1224.00	923.79	300.21	7698	2522 (25)
2013-14	10220	1226.40	923.79	300.21	1224.00	722.56	501.44	6021	4199 (41)
2014-15	No allocation of food grains during 2014-15 has been made by the GoI under the scheme								

- As may be seen, quantity ranging between 123 MTs and 501.44 MTs remained un-utilized during 2010-14 leading to cut in the allocations by GoI to the extent the quantity of food grains (Rice) remained un-utilized. Thus, identified beneficiaries ranging between 23 and 85 *per cent* were deprived of the benefit of free ration under the Scheme. Percentage of identified souls not covered in test checked districts ranged between 40 and 94 in Baramulla, 25 and 81 in Budgam, 15 and 90 in Ramban, 47 and 92 in Reasi, 5 and 88 in Kupwara, 8 and 100 in Kishtwar, 23 and 100 in Doda and 12 and 37 in Leh districts during 2010-15.
- The Department had also not constituted Committee to oversee the implementation of the Scheme at District level.
- Due to failure of the Department to submit timely UC for 2006-07 to 2008-09, 100 *per cent* souls during 2009-10 and for nine months during 2010-11 were deprived of the benefits of the APS scheme.
- As against ₹143.47 lakh available with Director CAPD Kashmir during 2010-14 for procurement of Rice for APS, the Department lifted only 1846.70 MTs rice valuing ₹104.34 lakh. The remaining amount (₹39.13 lakh) had been diverted for procurement of Rice under other Schemes. Similarly, Director CAPD Jammu, out of available ₹99.25 lakh under the Scheme, utilized ₹48.92 lakh for lifting 866 MTs rice.

The Secretary to Government admitted (September 2015) the shortfall and assured that the Government was contemplating to upgrade the list of deserving souls and all possible steps would be taken to cover the deserving under the Scheme in near future.

2.1.13 Quality Control

2.1.13.1 Lack of Quality control

PDS (Control) Order, 2001 envisages that the representatives of the Department and FCI should conduct joint inspection of stocks intended for PDS to ensure that quality of food grains conformed to the prescribed quality specifications.

Audit noticed that there was no testing laboratory or trained manpower available with the Department for conducting quality inspection of food grains supplied through PDS. Neither had any joint inspections been held nor any stack/ lot-wise samples lifted. The Department had, however, collected some samples of PDS *Atta* and got quality check conducted by the Public Analyst, Jammu during 2012-13 and 2013-14. Non-adherence to the quality checks prescribed in the PDS (Control) Order 2001 indicated non-seriousness of the Department to supply quality food-grains to the consumers through PDS. As a result, risk of supplying contaminated/sub-standard food-grains to the public cannot be ruled out.

The Department replied (September 2015) that the quality control was maintained by the FCI as the Department had no earmarked professional manpower/laboratory facility and that only visual inspections were carried out.

2.1.13.2 Non-testing of quality of sugar procured

The agreement for supply of sugar provides for quality checks by the Quality control team at the destination point. Audit scrutiny showed that the eligibility clause of "*Agmark*" certification which had direct bearance on the quality of sugar was removed during the process of finalization of rate contract for supply of sugar. Further, the Administrative Department constituted sugar cells headed by Directors CAPD Srinagar/ Jammu and comprising officers like Dy. Director (Supplies), CAO, Dy. Director (P&S) and Assistant Director (Trade & Stores) from Jammu/ Kashmir Directorates. However, the Director(s), in turn constituted a sugar cell with Head Assistant, a senior assistant and Assistant Director (Trade & Stores) as members to receive the supplies of sugar as per specifications. The sugar cells so constituted had neither technical background nor the requisite infrastructure to carry out the requisite quality control checks. The teams, thus, accepted sugar consignments without testing each lot at receiving point and the Department released the payments to the supplier.

The agreement also provide that specifications of sugar to be supplied by the suppliers *inter-alia*, had to indicate certified phyto-sanitary, no radiation components and crop years. Audit noticed that test certificates issued by the Food Analyst of respective Municipal Corporations did not indicate these parameters of the specification of sugar. Thus the quality of sugar procured was not ensured properly.

The Department stated (September 2015) that payments had been authorized on receipt of test certificate issued by the Food Analyst of respective Municipal Corporations. The reply is not convincing as quality of sugar procured was not ensured as per the prescribed parameters of the specifications.

2.1.13.3 Delay in construction of Laboratories

GoI released (December 2009) ₹1.50 crore for setting up of six working standard laboratories @ ₹25 lakh each under Centrally Sponsored Scheme "Strengthening of infrastructure of Weights and Measures in States/ UTs" for the benefit of consumers, for completion by 2011-2012.

Audit scrutiny showed the following:

- The Scheme was time bound and the expenditure was to be incurred by the end of 2011-12. The Department belatedly acquired land (2011-12) for setting up of two laboratory buildings. Till then funds amounting to ₹1.50 crore remained parked with Finance Department.
- Instead of constructing laboratories at six district headquarters, the Department decided to set up two laboratory buildings, one each at Srinagar and Jammu, without seeking the concurrence of the GoI.
- Work was allotted (March 2012) to Jammu and Kashmir Housing Board at an estimated cost of ₹102 lakh (Srinagar) and ₹95 lakh (Jammu). The Project was to be completed within the approved cost for which ₹1.50 crore were released to the Board. Thereafter the Department had not monitored the progress of execution of the Project and had not released the balance amount of ₹47 lakh. As a result, the Project had not been completed. As per the status report filed by the construction agency (June 2014), ground floor of Srinagar laboratory was completed and sanitary work was in progress whereas RCC slab had been laid for ground floor for laboratory at Jammu for which the value of work done was shown as ₹2.10 crore. The construction agency stopped the work stating that ₹1.50 crore had been exhausted and had demanded further funds of ₹1.54 crore for completion of remaining work of the Project. However, the Department had not taken any action to get the Project completed (August 2015).

Thus, due to lack of proper planning and monitoring, the project could not be completed despite lapse of almost five years. Besides, construction of two office-cum-laboratories instead of six Laboratories resulted in violation of GoI instructions and denial of testing facilities.

2.1.14 Monitoring mechanism and Internal control

2.1.14.1 Non-maintenance of records to monitor the movement of food grains

The Department had not maintained proper records at Directorate level (Srinagar and Jammu). Inter-department reconciliation of dispatches made to each district was also not done. Non existence of internal control to record transactions related to lifting, dispatches and distribution of food grains is fraught with the risk of misappropriation and frauds remaining undetected. The Department had also not put in place any system at Directorate Office level to monitor the remittances being made into the Treasuries. Non-availability of this system is fraught with the risk of embezzlement/ short-remittance of sale proceeds and pilferage of stocks remaining un-noticed. Besides, transportation of food grains by GPS enabled vehicles, as contracted with the carriage contractor, had not been ensured by the Department.

2.1.14.2 Failure to implement Computerization project

Pursuant to the direction of the Hon'ble Supreme Court of India regarding end-to-end computerization of PDS in all the States/ UTs, GoI issued (September 2011) guidelines in regard to the computerization of TPDS as a Mission Mode Project (MMP) to be implemented by end of March 2015. For achieving end-to-end computerization of TPDS, four key components[38] were identified for implementation.

Audit scrutiny showed the following:

- The State was to put in place an institutional mechanism by establishing two-tier Government structure, one as State Apex Committee with Chief Secretary as Chairman and second as State Project e-Mission Team (SPeMT) with Secretary of the Department as Mission leader. A dedicated nodal officer was to be appointed to monitor the project.
- Whereas State Apex Committee was constituted (November 2011), neither State Project e-Mission Team (SPeMT) had been framed nor a Nodal officer was appointed. Small Cells in the two Directorates as well as in the Administrative Department had also not been constituted for monitoring the progress as a result of which the Project had fallen far behind the timeline.
- As per Administrative Approval, the funds were to be shared between Centre and State Government on 50:50 basis. GoI approved the project cost at ₹20.38 crore. Of Centre's share of ₹10.19 crore (50 *per cent*), GoI released (June 2013) ₹6.11 crore (60 *per cent*). The State Government had, however, not sanctioned an equal matching grant. The Department transferred ₹2 crore[39] to Secretary Commissioner of IT Department of State Government between December 2012 and March 2014 as mobilization advance. GoI had not released the remaining (40 *per cent*) share as the Department failed to utilize ₹5.61 crore out of already released funds.
- The compilation and digitization of FP shops, Food Stores and rationees data was incomplete (March 2015) and was running behind schedule.
- Procurement/ installation of hardware, to be completed by April 2012, had not seen any progress and was delayed.
- Computerization of supply chain management scheduled for completion by May 2012 had not been initiated.
- The Department had not approached NIC for supply of these software applications like Smart Card Application Software, Supply-chain

[38] (a) Creation and Management of digitized beneficiary Database, (b) Supply-chain Management of food grains from FCI godowns to FPSs, (c) Sale of food grains at FPSs including identification and authentication of beneficiaries and recording transactions and (d) Transparency and Grievance Redressal Mechanism

[39] ₹1.50 crore as State Share and ₹50 lakh out of Centre Share

Computerisation and Food Coupon & Bar coded Ration Cards as was advised by the GoI.

The Secretary to Government admitted (September 2015) the delay in implementation of the Project and stated that the Project was taken up afresh on the basis of requirements suitable to window compatibility mode as the existing mode of implementation did not yield the desirable results.

2.1.14.3 Non-functioning of Consumer Redressal Forum

The State Government was authorized by Jammu and Kashmir Consumer Protection (Amendment) Act, 2002 to establish Consumer Redressal Forum at the District headquarter to seek speedy redressal of consumer grievances. Accordingly, State Government issued notification (December 2011) for establishment of Consumer Redressal Forum in each district of the State.

Audit observed that out of 22 districts, the Department had constituted District Consumer Redressal Forums in eight districts only up to June 2014. Even these forums had not started functioning as of March 2015 because of non-availability of proper building/ space for offices etc. Despite the fact that GoI had assured placement of sufficient funds (May 2011) at the disposal of the Department for construction of offices and meeting salary and other office expenditure, the Department had failed to submit the DPR as of March 2015.

The Department stated (September 2015) that toll free numbers stood installed to register complaints of the consumers for redressal in all the subordinate offices.

2.1.14.4 Non-functioning of Vigilance Committees

Under the PDS (Control) Order, 2001, the Department was required to constitute Vigilance Committees at all levels for monitoring receipt of food grains at Food stores/ Sale Depots and fair distribution to beneficiaries. These committees were also required to hold meetings on regular basis.

In test-checked districts, audit noticed that though constituted, Vigilance Committees had not been functional and had not held meetings[40].

The Department replied (September 2015) that meetings of these committees were regularly held at district level. The reply is not tenable as no record/minutes of such meetings were available at test checked districts.

2.1.14.5 Shortage of manpower

The Department was facing shortages of staff as nearly twenty four *per cent* posts were vacant **(Table-2.1.6)**, affecting the working of the Department.

[40] Not less than one meeting in a quarter at all levels

Table-2.1.6

S.No	Post	Sanctioned Strength	Men-in-Position	Shortage
1.	Administrative staff & others	2360	1783	577
2.	Storekeepers	559	431	128
3.	Asstt. Storekeepers/ dealing assistants	1514	1152	362
4.	Kanda man	442	357	85
	Total	**4875**	**3723**	**1152 (24%)**

As on 31st March 2015, against the sanctioned strength of 2073 storekeepers/ salesmen, only 1583 officials were in place to man 2233 Government sale depots.

Rule 2-1(b) and 2-10(viii) of J&K Financial Code Vol-I strictly prohibit engagement of Group 'D' employees to hold charge of stores and to handle Government money. Audit noticed in test checked districts that Government sale depots were manned by Group 'D' employees and also by daily wagers. Audit check also showed cases where a single Group 'D' official/ daily wager held charge of multiple sale depots and retained Government money on account of sale proceeds for complete one month instead of remitting the same in Government Treasury immediately. The Department had not taken measures to avoid violation of provisions of the Financial Rules.

No trainings had been prescribed by the Department for its officers/ staff and lack of technical manpower had impacted the testing mechanism as already commented in Paragraph 2.1.13.2.

The Department replied (September 2015) that due to shortage of staff, Group D employees were managing the activities of Store/ Sale depots. The reply was not acceptable as the Financial Rules had been violated by the Department.

2.1.15 Conclusion and Recommendations

Identification of BPL families was faulty to the extent that many eligible families were deprived of the benefits of TPDS. National Food Security Act (NFSA) 2013 was not implemented.

The Government/ Department may consider reviewing lists of BPL beneficiaries under TPDS every year to weed out ineligible beneficiaries and to ensure that left out genuine beneficiaries are included. The Government may take necessary steps for implementation of National Food Security Act (NFSA) 2013.

Accounts were in arrears since 1973-74 and huge payments were released to FCI without reconciliation. Financial Management was lacking desirable execution leading to huge losses to Government exchequer and blockade of funds. Government money was spent injudiciously while making procurement of sugar.

The Government/ Department may consider updating Accounts and making efforts to spend public money judiciously to avoid losses. The Government may take effective steps to recover shortages/ pilferage of food grains.

Distribution of food grains was not managed efficiently and a large number of targeted beneficiaries were deprived of the benefits of TPDS.

The Government/ Department may consider strengthening Distribution system for extending intended benefits of TPDS to targeted population.

No testing laboratory or trained manpower was available with the Department for conducting quality inspection of food grains supplied through PDS. The quality of sugar procured was not ensured properly.

The Government/ Department may consider strengthening quality control mechanism for ensuring supply of quality food grains/ sugar to consumers.

The Scheme of end-to-end computerization was lagging behind and vital records were not maintained to monitor movement of food grains. Monitoring was weak due to non-constitution/ non-functioning of vigilance committees and consumers redressal forum.

The Government/ Department may consider speeding up implementation of end-to-end computerization, establishing strong internal control mechanism and non-issuance of SKO to LPG consumers to avoid its pilferage.

Education Department

2.2 Mid Day Meal Scheme

The Government of India launched Mid Day Meal scheme with the objective of boosting primary education by increasing enrolment, retention and attendance of students in Government schools and Education Guarantee Scheme (EGS) centres.

Highlights

- **AWP&B was submitted to the Government of India without factoring in genuine requirements and basic data from schools/ zones.**

  (Paragraph: 2.2.6.1)

- **Shortage of cook-cum-helpers in schools resulted in involvement of teaching staff in running the Mid Day Meal scheme.**

  (Paragraph: 2.2.6.5)

- **Delay in release of funds to the implementing agencies resulted in non-providing of MDM to 1.31 lakh children during the year 2011. Further, the school authorities diverted ₹9.60 crore from local funds for running MDM scheme.**

  (Paragraph: 2.2.7.3)

- **The annual plan approved for allocation of quantity of food grains was higher than the required quantity and the excess allocation ranged between 26 *per cent* and 55 *per cent* despite the fact that there was no increase in enrolment of school children.**

  (Paragraph: 2.2.8.1)

- **Mid Day Meal to all eligible children for all days of attendance was not ensured and there was a shortfall of 29 *per cent* to 44 *per cent.***

  (Paragraph: 2.2.9.1)

2.2.1 Introduction

The Mid Day Meal Scheme (MDMS), a Centrally Sponsored Scheme (CSS)[41], was launched (August 1995) by the Government of India as a national programme of nutritional support to primary education. The Scheme aims to enhance enrolment, retention, attendance and simultaneously improve nutritional levels among children studying in classes I to V in a Government, Government aided or local body schools. The Scheme is also applicable for children studying in centres run under the Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE) Scheme.

[41] CSS Components: (i) Food Grains (100 *per cent*), (ii) Cooking Cost (75:25), (iii) Honorarium to Cooks (75:25), (iv) Kitchen Sheds/ Kitchen Devices (100 *per cent*), (v) Management, Monitoring and Evaluation (MME) (100 *per cent*)

In Jammu and Kashmir State, till 2007-08, cooked Mid Day Meal was provided to primary students of classes I to V. However, from 2008-09, the scheme was also extended to Upper Primary Stage (upto class VIII).

The MDMS envisages providing cooked meals of food grains @ 100 grams per child up to Primary stage and 150 grams per child for the Upper Primary Stage with minimum nutrition value of 450 calories and 12 gram of protein content to primary level children and 700 calories and 20 gram of protein content to Upper primary level children respectively. Besides, adequate quantities of essential micronutrients and de-worming medicines should also be provided to all the children availing Mid Day Meal.

2.2.2 Organizational set-up

The Ministry of Human Resource Development (MHRD), GoI acts as the nodal ministry for overall implementation of the scheme and the Programme Approval Board (PAB) of the MHRD reviews the status and progress of the scheme in all the States. The Secretary, School Education, Government of J&K oversees implementation of scheme in the State. The Secretary is assisted by the respective Directors, School Education (for Jammu and for Kashmir), Chief Education Officers (CEOs) at district level and Zonal Education Officers (ZEOs) at block level. Head of a school and in-charge, MDM in the school, looks after the implementation of the scheme at the school level in the State. The Joint Director (Planning) in the Administrative Department is the Nodal Officer for preparation of Annual Work Plan and Budget (AWP&B) and coordination with the GoI.

2.2.3 Audit Objectives

The objectives of the performance audit of the scheme were to assess whether:

- the scheme was being implemented in a planned manner to cover all the eligible primary and upper primary level school children;
- financial management was efficient and funds allocated were utilized effectively and efficiently;
- the procurement and utilization of food grains was done in an efficient manner;
- the scheme achieved its objective of universalization of primary education by enhancing enrolment, retention and attendance, besides improving the nutritional status of children in the primary and upper primary classes; and
- implementation of the scheme was being effectively monitored.

2.2.4 Scope of Audit and Methodology

The performance audit of the scheme covering the period 2010-11 to 2014-15 was conducted by examination of records of the Administrative Department, two Directorates of School Education (Jammu and Kashmir), six[42] Chief Education Offices (out of 22 CEOs), 24 Zonal Education Offices and 180 schools/ EGS

[42] Baramulla, Kupwara, Anantnag, Rajouri, Kathua and Poonch

centres (out of 3205 selected schools/ EGS centres in 24 selected zones) between November-December 2014 and March-June 2015 selected on the basis of SRSWOR[43] method. Audit methodology included scrutiny and analysis of the records relating to the implementation of MDMS, issue of questionnaires, audit memoranda and examination of responses of various functionaries.

An entry conference was held (December 2014) with the Secretary, School Education wherein the audit objectives, audit criteria and scope of audit and methodology were discussed. The exit conference was held with Commissioner/ Secretary, Education Department on 29 September 2015 wherein Audit findings were discussed.

The audit was conducted as per the auditing standards/ guidelines issued by the Comptroller & Auditor General of India for performance audit.

2.2.5 Audit criteria

The audit criteria used for assessing the performance of MDMS were derived from the following sources:

- Guidelines of the MDM Scheme;
- Quality assurance norms of food grains and ingredients;
- Financial rules of the State Government; and
- Prescribed norms for monitoring mechanism of the Scheme.

2.2.6 Planning

2.2.6.1 Unrealistic Annual work plan and Budget

As per MDM guidelines, the State Government was to prepare a comprehensive Annual Work Plan and Budget (AWP&B) based on data furnished by the Schools, and aggregated at Zones, Districts and State level (Nodal Agency).

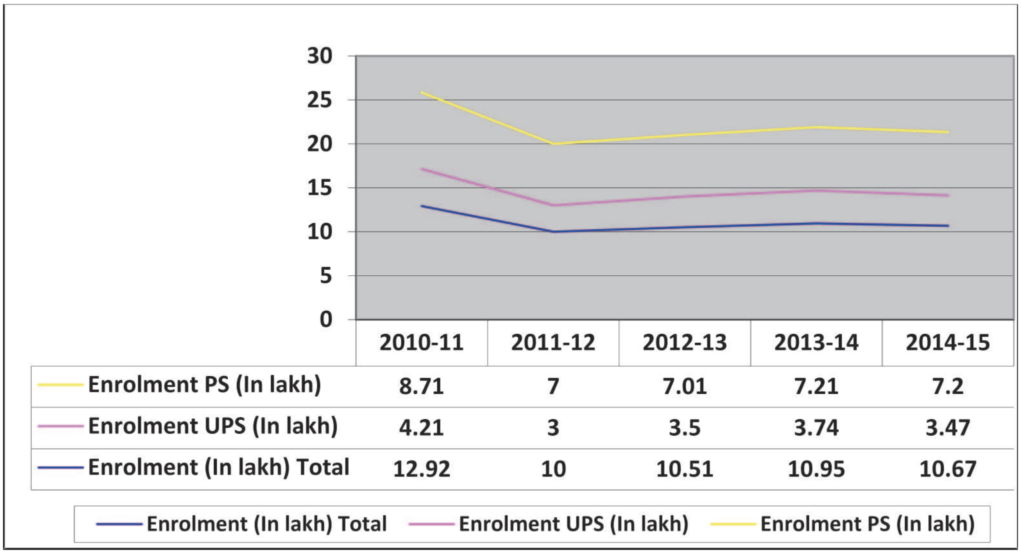
Audit noticed that the Nodal Agency prepared AWP&B on the basis of enrolment of school children as on 30 September of the preceding year and submitted to the Government of India (GoI) without factoring in genuine requirements and basic data from schools/ zones. As such, the AWP&B was not based on realistic data and could not take into account any future requirements. This impacted the provision of funds adversely for the components such as kitchen-cum-store shed, kitchen devices and engagement of cooks to the concerned schools.

2.2.6.2 Decline in enrolment of school children and drop out from schools

The position of enrolment of school children at the State level at the end of each year during 2010-11 to 2014-15 is given in **Chart-I**.

[43] Simple Random Sampling without Replacement (sampling that selects any records once from a finite number of records)

Chart-I



From the figure and graph above, it can be seen that there was decline in the number of enrolment of school children from 12.92 lakh in 2010-11 to about 10 lakh in 2011-12, a decline of about 23 *per cent.* Though there was increase in the enrolment to 10.95 lakh in 2013-14, about four *per cent*, it again decreased to 10.67 lakh in 2014-15.

Further, in the 180 test-checked schools, audit observed a decrease in the enrolment from 13,643 in 2010-11 to 12,920 in 2014-15, a decline of five *per cent.*

The position of drop out of children from school at State level during the years 2010-11 to 2014-15 was not available with the Department. However, in 50-61 test-checked schools, audit observed that the drop out of children ranged between six *per cent* and seven *per cent* during 2010-11 to 2014-15, as indicated in **Table-2.2.1** below:

Table-2.2.1

Year	No. of test-checked schools	Enrolment of children	Drop out of children (Percentage)
2010-11	59	5878	324 (6)
2011-12	58	6171	387 (6)
2012-13	61	5376	365 (7)
2013-14	60	4838	351 (7)
2014-15	50	4408	274 (6)

(*Source:* School records)

The decline in the number of school children due to decline in enrolment on the one side and dropping out on the other goes against the primary objective of the scheme of enhancing enrolment of school children and their retention. These objectives had not been fully achieved. In reply schools attributed decline in enrolment to preferring of admission by children in private schools and migration of nomadic children to hilly areas.

2.2.6.3 Average daily attendance of children

Despite implementation of MDMS, cent *per cent* attendance could not be maintained in all the selected schools during 2010-11 to 2014-15. The average daily attendance of children in the 180 test-checked schools ranged between 30 *per cent* and 99 *per cent,* as indicated in **Table-2.2.2** below:

Table-2.2.2

Year	Region	Test checked schools	Enrolment of school children	Percentage of average daily attendance
2010-11	Jammu	90	8240	37 to 96
	Kashmir	90	5252	30 to 99
2011-12	Jammu	90	8189	41 to 96
	Kashmir	90	5248	30 to 99
2012-13	Jammu	90	8064	38 to 95
	Kashmir	90	5232	40 to 99
2013-14	Jammu	90	7851	30 to 99
	Kashmir	90	5117	26 to 99
2014-15	Jammu	90	7954	28 to 99
	Kashmir	90	4808	41 to 99

(*Source:* School records)

Audit noticed that in 5 schools of Jammu region, there was cent *per cent* attendance during the years 2010-11 to 2012-13 and in 14 schools of Kashmir region cent *per cent* attendance was observed during the years 2010-11 to 2014-15.

2.2.6.4 Involvement of teachers in running the scheme

As per MDM guidelines (Quality and Safety Aspects) the teachers under no circumstances were to be assigned responsibilities that would impede or interfere with learning. Audit noticed that in 180 test-checked schools, 226 teachers were involved in running MDM scheme by devoting time ranging between one to full office hours towards it. This is affecting the teaching/ learning side of the education system adversely. The school In-charge confirmed that involvement of teachers in running MDM scheme had affected teaching in schools.

2.2.6.5 Shortage of cook-cum-helpers

The MDM guidelines of November 2009 provide for one cook-cum-helper for schools with children up to 25; two for schools having 26 to 100 children; and one additional cook-cum-helper for every school up to 100 additional students. Audit observed that 170 cook-cum-helpers were required for 4791 enrolled children in 90 test-checked schools in Kashmir Division. Against this there were only 108 cooks (March 2015). Further, in 90 test-checked schools of Jammu region, the position of cook-cum-helpers during the years 2010-11 to 2014-15 is indicated in **Table-2.2.3**.

Table-2.2.3

Year	No. of schools	Enrolment	No. of cook-cum-helpers required	No. of cook-cum-helpers engaged	Shortage of cook-cum-helpers
2010-11	90	8391	210	92	118
2011-12	90	8331	209	90	119
2012-13	90	8152	210	96	114
2013-14	90	8001	207	111	96
2014-15	90	8112	212	129	83

(*Source:* Departmental records)

The shortage of cook-cum-helpers ranged between 83 and 119 as against requirement of 207 and 212 during the period 2010-15 in Jammu region.

Due to shortage of cook-cum-helpers the services of existing teaching staff were utilized for running MDM scheme in these schools. The concerned schools admitted shortage of cook-cum-helpers.

2.2.7 Financial assistance and management

The scheme is mainly financed by the MHRD, GoI and central assistance is provided to the States by way of: (i) supply of free food grains (wheat/ rice) @ 100 grams or 150 grams per child per school day in primary or upper primary school respectively from the nearest FCI godown, (ii) reimbursement of actual cost incurred in transportation of food grains from nearest FCI godown to the School subject to the ceiling of ₹125 per quintal, (iii) assistance for cooking cost per child per school day at the prescribed rates, (iv) cooking cost, assistance of ₹1000 per month, honorarium to cook-cum-helper (to be shared between the Centre and State on 75:25 basis etc.).

The position of funds released by MHRD (GoI) and the State Government under the scheme and the expenditure incurred there against during the period 2010-11 to 2014-15 was as shown in **Table-2.2.4** below:

Table-2.2.4

(₹ in crore)

Year	Allocation	Opening balance (GoI)	Funds released		Total funds available	Expenditure incurred			Unspent balance at the close of year (GoI)	State share	Total	Excess allocation over expenditure (percentage)
			Central share (CS)	State share (SS) (State Government)		GoI	State Share	Total				
1		3	4	5	6	7	8	9	10	11	12	13
2010-11	108.16	13.04	40.47	17.37	70.88	42.91	16.05	58.96	10.60	1.32	11.92	49.20 (45)
2011-12	120.73	10.60	99.22	21.52	131.34	73.29	17.68	90.97	36.53	3.84	40.37	29.76 (25)
2012-13	122.74	36.53	116.54	22.56	175.63	88.68	20.38	109.06	64.39[44]	2.18	66.57	13.68 (11)
2013-14	127.99	-	84.55	20.17	104.72	78.70	20.29	98.99	5.85	-0.12	5.73	29.00 (23)
2014-15	123.74	5.85	58.67	18.72	83.24	40.46	12.29	52.75	24.06	6.43	30.49	70.99 (57)

(*Source:* AWP&B)

44 The unspent balance of ₹64.39 crore at the close of year 2012-13 had not been revalidated as such no opening balance had been taken in 2013-14

As is evident from the table above, the non-utilization of funds had ranged between ₹5.85 crore and ₹64.39 crore during the years from 2010-11 to 2014-15.

Audit observed that due to retention of funds, the unreleased balances remained blocked with the CEOs and ZEOs. The unreleased balance ranged between ₹2.93 crore and ₹9.44 crore during 2010-11 to 2014-15 in selected CEOs. Similarly, the unreleased balances in 7 ZEOs ranged between ₹6.76 lakh and ₹50.26 lakh during 2010-11 to 2014-15.

The PAB, MHRD (GoI) approved excess allocation and fund release was increased during all these years, though the requirement remained less. The excess allocation over expenditure ranged from ₹13.68 crore (11 *per cent*) and ₹70.99 crore (57 *per cent*) despite decrease in the enrolment of children during all these years. This resulted in non-utilization and consequent blockade of funds. The reasons thereof were not intimated (June 2015).

2.2.7.1 Un-utilized funds not revalidated

An amount of ₹64.39 crore (Central Share) at the close of 2012-13 had not been revalidated (March 2015). Against the unutilized amount of ₹64.39 crore, ₹28.06 crore only were referred to Finance Department for revalidation from MHRD. The MHRD erroneously revalidated an amount of ₹28.51 crore in July 2013 as a result of which the State Finance Department retained the amount and could not be revalidated as of date. Reasons for non-revalidation though sought (April 2015) from the Government were awaited.

2.2.7.2 State share not released in full

The annual allocation of State Share (SS) was not released in full by the State Government and even the funds, which were released, were not spent in full by the Department as shown in **Table-2.2.5** below:

Table-2.2.5

(₹ in crore)

Year	Approved allocation		State Share released by the State Government	Expenditure (SS)	State Share lapsed at the end of the year	State share not released by the State Government
	Central Share (CS)	State Share (SS)				
2010-11	84.14	24.02	17.37	16.05	1.32	6.65
2011-12	95.45	25.28	21.52	17.68	3.84	3.76
2012-13	94.74	28.00	22.56	20.38	2.18	5.44
2013-14	100.06	27.93	20.17	20.29	-0.12	7.76
2014-15	92.80	30.94	18.72	12.29	6.43	12.22
Total						**35.83**

(*Source:* AWP&B)

As apparent from the table, the State Government did not release its share of ₹35.83 crore during 2010-11 to 2014-15. Even the funds released against approved allocation were also not utilized in full due to delayed release resulting in lapse of the funds at the close of each financial year. During 2013-14, excess expenditure of ₹11.84 lakh was met by diversion from school local funds. No reasons were assigned by the Department for not releasing the full share of the State.

2.2.7.3 Fund unavailability resulting in expenditure from unauthorized sources

For successful implementation of the scheme, it is imperative that the funds are made available to the implementing agency in time and released within one month from the apex level to the implementing agency as per the guidelines of the scheme. Audit noticed that at various levels, ₹331.82 crore were retained beyond periods ranging from one month to 13 months during the years 2010-11 to 2014-15 as indicated in **Table-2.2.6** below:

Table-2.2.6

From whom funds received	To whom funds released	Amount involved (₹ in crore)	Range of delay (Months)
State Finance Department	Administrative Department	100.48	01 to 13
Administrative Department	Directorates of School Education	105.18	01 to 08
Directorates of School Education.	Selected Chief Education officers	80.62 (J= 38.37 K=42.25)	01 to 05
Chief Education officers	Selected Zones	31.57 (J=12.44 K=19.13)	01 to 09
Selected Zones (Jammu)	Selected Schools (Jammu)	13.97	01 to 08
Total		**331.82**	

(*Source:* Records of Administrative Department, Directorate school Education)

Audit observed that delay in release of funds resulted in MDM being not available to 1.31 lakh children in Kathua and Poonch districts during April 2011 to August 2011. This happened due to CA&PD refusing to allow lifting of food grains as per allocation because of non-payment of their pending Handling and Transportation bills of ₹1.17 crore for 2010-11.

The Chief Education Officer, Kathua admitted that the treasury could not clear certain bills due to non-receipt of funds by them.

In 90 selected schools each of Kashmir and Jammu Divisions, ₹1.02 crore and ₹62.90 lakh respectively were spent by raising loan from local funds, from own pocket by teachers and on credit from shopkeepers during 2010-11 to 2014-15. Despite this, the meals could not be provided to children of such schools on all school days during 2010-11 to 2014-15.

The test-check also showed that the school authorities diverted local funds of the schools towards running of MDMS as instanced in the following cases:

- In Srinagar, Kupwara, Leh and Kargil districts of Kashmir region, ₹1.76 crore was diverted from School local funds to cooking cost component of the MDM scheme during 2010-11. Similarly, in Jammu region, funds to the extent of ₹7.84 crore were spent out of the school local funds on cooking cost component during 2010-11 despite sufficient fund balances of ₹11.91 crore available with the Department at the close of year 2010-11.

- An expenditure of ₹3.61 crore towards honorarium to cook-cum-helpers in Jammu region was met out of the school local funds during 2010-11.

The diversion of school local funds towards MDMS was irregular and deprived children of various activities for which the amount was received by the school authorities. In reply, the schools stated that for keeping the scheme alive they were constrained to divert school funds.

2.2.7.4 Irregular expenditure

MHRD guidelines (September 2007 and July 2013) on MDMS provide for two types of cooking costs; one, for Primary school children and another, for Upper Primary school children per day with different quantities/ scales of ingredients. The position of cooking cost due and cooking cost paid during the years 2010-11 to 2014-15 in 180 test checked schools was as shown in **Table-2.2.7** below:

Table-2.2.7

Excess/ less payment on account of cooking cost

(₹ in lakh)

Year	No. of schools		No. of meals provided	Cooking cost due as per norms	Cooking cost spent	Excess payment	No. of schools		No. of meals provided	Cooking cost due as per norms	Cooking cost spent	Less payment
2010-11	Primary	57	399093	10.71	13.07	2.36	Primary	90	582258	15.65	13.29	2.36
	Upper Primary	20	242825	9.79	11.67	1.88	Upper Primary	31	328216	13.23	9.97	3.26
2011-12	Primary	80	450721	12.96	16.59	3.63	Primary	76	492520	14.21	12.83	1.38
	Upper Primary	20	213496	9.24	10.87	1.63	Upper Primary	29	248886	10.78	9.30	1.48
2012-13	Primary	122	806360	24.72	26.52	1.80	Primary	48	370829	12.52	11.19	1.33
	Upper Primary	34	371797	16.66	18.25	1.59	Upper Primary	21	255759	12.14	10.02	2.12
2013-14	Primary	82	535162	16.27	19.48	3.21	Primary	84	625951	21.27	18.27	3.00
	Upper Primary	28	279490	12.95	14.18	1.23	Upper Primary	27	332699	17.19	13.98	3.21
2014-15	Primary	85	462176	15.34	19.00	3.66	Primary	74	520831	18.08	16.52	1.56
	Upper Primary	25	186390	9.11	11.43	2.32	Upper Primary	29	361319	19.05	16.90	2.15
Total			**3947510**	**137.75**	**161.06**	**23.31**			**4119268**	**154.12**	**132.27**	**21.85**

(*Source:* School proforma)

An excess payment of ₹23.31 lakh on cooking cost was noticed in 77 (2010-11) to 156 (2012-13) schools (out of 180 selected schools) during 2010-11 to 2014-15. Further, less payment of ₹21.85 lakh on cooking cost was noticed in 69 (2012-13) to 121 (2010-11) schools during 2010-11 to 2014-15.

2.2.7.5 Blockade of funds, unpaid and excess payment with regard to Transportation charges

The Director, School Education, Jammu released ₹15.86 lakh during July 2010 and February 2011 in favour of CEO, Poonch for transport charges. The amount was drawn (March 2011) and kept in current Bank account without utilization, resulting in blockade of Government funds since March 2011.

During 2010-15, against an availability of ₹12.07 crore for transportation charges under the scheme, an amount of ₹9.19 crore (76 *per cent*) was spent. Audit noticed that despite availability of funds with the Department, transportation charges of ₹27.13 lakh for the carriage of food grains in four districts (Kathua, Poonch, Baramulla and Kupwara) remained unpaid as of March 2015.

MHRD guidelines (September 2007) fixed a rate of ₹75 per quintal as transport charges for carriage of food grains. Test-check of records, however, showed that an excess payment of ₹3.99 lakh was made on transportation charges for carriage of rice from FCI/ CAPD depot to Baramulla and Kupwara of Kashmir Division during 2010-11 to 2014-15, as the payment was made beyond the prescribed limit of ₹75 per quintal.

2.2.8 Allocation, lifting and utilization of food grains

As approved by the PAB, the MHRD conveys to the State Nodal Department and the Food Corporation of India (FCI) the district-wise allocation of food grains, cooking costs, construction of kitchen-cum-store, cooking cum kitchen devices and MME allocations. Food grains are to be provided by the FCI which is responsible for continuous availability of food grains. The State Government is required to make arrangements to ensure supply of food grains to each school in a timely manner.

2.2.8.1 Excess allocation of food grains

As per the scheme guidelines, the State Government is required to prepare a comprehensive Annual Works Plan and Budget (AWP&B) after obtaining district-wise information on the average number of children who have availed of MDM in the previous year based on school level attendance and aggregated for the zone, district and State level. Audit noticed that AWP&B had been prepared on the basis of enrolment of school children as of 30 September of previous year.

The allocations of food grains (rice) demanded by the State Government and approved by the Programme Approval Board (PAB) was much higher than the actual consumption in the State. As a result, the full quantity of rice could not be lifted from the Food Corporation of India (FCI), leaving a huge quantity of food grains with the FCI during the period from 2010-11 to 2014-15 (even beyond provision of buffer stock for one month) as per details indicated in **Table-2.2.8**.

Table-2.2.8

(Quantity in MTs)

Year	Opening Balance	Allocation of rice by MHRD (GOI)	Quantity of rice lifted from FCI	Quantity of rice consumed	Closing balance of rice	Excess allocation approved over required/ consumed quantity	Percentage of excess allocation over and above the quantity allocated	Enrolment in numbers primary school and upper primary school
1	2	3	4	5	6	7	8	9
2010-11	2142.66	26730.00	16290.35	17078.77	1354.24	9651.23	36	1291758
2011-12	1480.30	25307.68	17422.25	16600.89	2301.66	8706.79	34	1000246
2012-13	2301.66	25602.31	22288.23	18974.36	5615.53	6627.95	26	1050915
2013-14	4902.35	28211.99	17638.18	19892.46	2648.07	8319.53	29	1094641
2014-15	2648.07	24115.88	15395.14	15599.53	2443.68	8516.35	55	1066648

(*Source:* UCs)

It was noticed that the Opening Balance of rice shown in the UCs for 2011-12 and 2013-14 did not match with the Closing Balance of 2010-11 and 2012-13 respectively. Reasons were called for from the Department. Response thereof was awaited.

The annual plan approved for allocation of quantity of food grains was higher than the required quantity though there was no increase in enrolment of school children. The excess allocation ranged between 26 *per cent* and 55 *per cent* during 2010-11 to 2014-15. Further, even the quantity of rice lifted by the Department during 2012-13 was abnormally high as compared with the quantity of rice consumed.

2.2.8.2 Excess stocking/ buffering of food grains

As per scheme guidelines, a provision of one month's buffer stock of food grains is to be kept at the end of the financial year. Audit observed that unutilized quantity or buffer was always higher than one month's buffer at the close of each financial year. The un-utilized stock of rice at the close of a year in excess of the buffer stock ranged between 37 *per cent* and 72 *per cent* during 2011-12 to 2014-15. The excess quantity lifted and lying in the stores of schools has the risk of damage and spoilage, pilferage, and even contamination.

Photograph showing rotten/ pilferaged rice (March 2015) at MS Kalibari, Kathua

2.2.8.3 Unbalanced supply of food grains

As per the guidelines of the Scheme, 100 gms and 150 grams of rice is to be provided to each student per day in Primary School and Upper Primary respectively. The MHRD approves allocation of rice on the basis of this criterion. Audit scrutiny of records of 180 schools showed that rice was provided as per the prescribed scale in 6 to 25 schools. However, in 155 to 174 schools, rice provided was either in excess or in deficit of the prescribed scale during 2010-11 to 2014-15 as detailed in **Table-2.2.9** below:

Table-2.2.9

(Quantity in quintals)

Year	No. of schools test-checked	No. of meals served by schools	Quantity of Rice due as per scale	Rice shown consumed	Excess quantity shown consumed	No. of schools test-checked	No. of meals served by schools	Quantity of rice due as per scale	Rice shown consumed	Quantity of rice short served
2010-11	48	375992	430.436	491.758	61.322	108	854480	1037.685	820.531	217.154
2011-12	52	314368	350.461	395.356	44.895	103	797577	967.106	766.740	200.366
2012-13	50	412745	487.353	550.210	62.857	115	932999	1115.301	918.496	196.805
2013-14	48	375542	431.265	481.317	50.052	118	930264	1084.226	906.794	177.432
2014-15	50	385098	448.028	520.555	72.527	124	803998	941.241	748.092	193.149
Total			**2147.543**	**2439.196**	**291.653**			**5145.559**	**4160.653**	**984.906**

(*Source:* Proforma)

As is evident, in 48 to 52 schools, rice was consumed in excess of the prescribed quantity of 100/ 150 grams per child while in 108 to 124 schools rice was consumed less than the scale. In 52 schools, 291.65 quintals of rice (value: ₹1.65 lakh) was consumed in excess of the prescribed scale; in 124 schools, 984.90 quintals of rice was short supplied to the children. Short supply of food grains deprived the children of the minimum nutrition value of 450 / 700 calories and 12 / 20 grams of protein content.

2.2.8.4 Absence of control mechanism, including quality control

Audit noticed that in all 180 test-checked schools, 9744.56 quintals of rice was lifted from CAPD Sale depots without weighment and also 9046.91 quintals of rice was issued for cooking without weighment. The concerned In-charge schools stated that the rice was issued to cooks by Jugs/ buckets/ bowls for cooking by presuming that the size of the jug/ bucket/ bowl carries a particular quantity in kilograms.

As per scheme guidelines, the CEO was supposed to ensure that food grains issued by FCI are at least of Fair Average Quality (FAQ). Audit, noticed that the inspection of food grains had not been carried out in any of the selected schools. In one[45] of the test-checked schools, the records showed that 4.50 quintals of rice found below FAQ in July 2012 was destroyed. In reply it was stated that the matter would be looked into and factual position would be intimated.

[45] Government Boys Middle School, Channipora Payeen (Kupwara)

2.2.9 Supply of cooked meals in schools

2.2.9.1 Interruption/ stoppage in supply of cooked meals

The performance in supply of cooked meals to the school children during the period from 2010-11 to 2014-15 was low, as the meals were not served on all school days as shown in **Table-2.2.10** below:

Table-2.2.10

Year	School category	No. of schools in the State	No. of children as per approved plan	No. of meals to be served as per plan	No. of meals actually served	Shortfall in meals served (percentage)	No. of days meals provided
2010-11	PS	13834	750000	165000000	92075202	72924798 (44)	171
	UPS	7669	310000	68200000	43222955	24977045 (37)	168
2011-12	PS	13681	700246	154054120	95590109	58464011 (38)	180
	UPS	8737	300000	66000000	46935581	19064419 (29)	183
2012-13	PS	13409	700615	154135300	109834182	44301118 (29)	179
	UPS	9408	350000	77000000	53277261	23722739 (31)	180
2013-14	PS	13221	720000	158400000	111953071	46446929 (29)	195
	UPS	9479	374195	82322900	58102195	24220705 (29)	195
2014-15	PS	13448	615299	135365780	93731042	41634738 (31)	180
	UPS	9717	319714	70337080	46456581	23880499 (34)	180

(*Source:* AWP&B)

Against the provision of cooked meals to be provided for 220 days (on the basis of which the annual plans and number of meals to be served are determined), the Department had provided meals to the children for 168 days to 195 days, during the years 2010-11 to 2014-15. There was a shortfall of 29 *per cent* to 44 *per cent* in the number of meals served during the period. The low coverage indicated that implementation of the scheme in the State was not satisfactory despite availability of sufficient funds and food grains with the Department.

Test-check of records of selected 180 schools showed that the cooked meals had not been served on all school days and the gap ranged between six days and 183 days during 2010-11 to 2014-15, as shown in **Table-2.2.11** below:

Table-2.2.11

Year	No. of test-checked schools	Total en-rolment in test-checked schools	School open days	No. of days MDM not served (In days)	No. of schools where non-serving days were 151 and above	No. of schools where non-serving days were between 150 and 101	No. of schools where non-serving days were 51 and 100	No. of schools where non-serving days were 1 and 50
2010-11	180	13643	231	6 to 183	20	39	26	85
2011-12	180	13579	238	3 to 170	03	43	59	67
2012-13	180	13393	220	2 to 127	00	06	59	114
2013-14	180	13118	219	3 to 119	00	03	30	146
2014-15	180	12920	207	3 to 121	00	11	63	105

(*Source:* School Proforma)

The concerned In-charge Schools attributed the gap in providing of meals to inadequate funding and non-receipt of food grains in time from CAPD. The delay by the Department in releasing funds in time to the end users and failure in ensuring availability of food grains affected smooth implementation of the scheme.

2.2.9.2 Non-assurance of quality and wholesomeness of the meal

The Scheme guidelines of July 2013 provide that in order to ensure quality, safety and hygiene under the MDMS, the State Government was supposed to engage CSIR institutes/ National Accreditation Board for Laboratories, recognized labs for carrying out sample checking of meals. Audit noticed that no such exercise was carried out by the Department and as a result there was no assurance of the quality food provided to the school children.

The scheme guidelines stipulate that teachers and mothers of the children should be involved to ensure (a) good quality, wholesome food was served to children, (b) actual serving and eating was undertaken in a spirit of togetherness under hygienic conditions and in an orderly manner, and (c) food prepared was tasted by two to three adults, including at least one teacher, before it was served to children. Audit noticed that in none of the test-checked schools mothers of the enrolled children were involved in the activities of MDM.

2.2.10 Issues relating to nutritional level, micronutrients and health check ups

One of the objectives of the scheme was to improve the nutritional status of the primary and upper primary school children. It is required to provide necessary intervention such as regular health check-ups, supplementation of micro-nutrients, de-worming medicines, etc.

Audit noticed that no basic indicators or specific norms to monitor the incremental improvement in health levels in the children (height and weight etc.) for requirement of nutritional status of the children were set by the Department to serve as a benchmark. No action was taken to ascertain the improvement in nutritional status.

As against the requirements under the MDM guidelines regarding services out of MME funds for procurement of weighing machines and height recorders, in 90 test-checked schools of Jammu Division, weighing machines and height recorders were not provided. However, weighing machines were available in eight schools in Kashmir Division but had not been put to use.

The concerned ZEOs/ In-charge schools stated that the nutritional levels of children had not been ascertained. The Joint Director (Planning) of Administrative Department stated that no parameters/ modalities to ascertain improvement in children's nutritional status had been fixed by the Department.

The programme was required to be implemented in close convergence with several other developmental programmes which included convergence with the National Rural Health Mission (NRHM) for providing necessary intervention for improvement in nutritional status and health, etc.

Audit noticed that no such convergence with NRHM has been established. There was no regular health check-ups and micro-nutrients/ de-worming medicines etc. provided to the children.

The scheme guidelines provide for appropriate intervention for micro-nutrient supplementation and de-worming through administration of (a) six monthly dose for de-worming and vitamin-A supplementation (b) weekly supplement of iron Folic Acid and Zinc and (c) other appropriate supplementation depending on common deficiencies.

Audit noticed that no health-care facility had been provided to the children in the selected schools. Only during September-October 2014, two tablets viz. Folic acid and Albandazole numbering 18560 and 768 respectively were provided to the students in two schools out of 180 test-checked schools. Reasons for non-provision thereof were not intimated by the Department.

The MDM guidelines (July 2013), provides for an emergency medical plan to afford medical treatment to school children in case of any untoward incident in the school.

Audit observed that in none of the test checked schools such emergency medical plan was in existence which was accepted by the schools in their reply.

2.2.11 Issues relating to cooking infrastructure

2.2.11.1 Inadequate facilities of kitchen sheds and drinking water

The MDM guidelines envisage construction of kitchen-cum-store for safe storage of food grains and ingredients and for cooking of meals in a hygienic environment. The Department has not maintained any information on position and availability of kitchen sheds in 23,165 Primary as well as Upper Primary Schools in the State. An amount of ₹49.05 crore was released (February 2012) as central assistance by the MHRD for construction of 6,000 kitchen sheds. Against this, 1,605 kitchen sheds were constructed during 2012-13 after which no construction was taken up by the Department. Moreover, 107 kitchen sheds, which were under construction during 2012-13 had not been completed as of March 2015 despite availability of funds of ₹36.04 crore. The Department had incurred expenditure of ₹13.01 crore on construction of kitchen sheds during 2012-13 leaving a balance of ₹36.04 crore un-utilized since then.

Audit also noticed that 2422[46] schools in the State were without drinking water facility.

The position in the 180 selected schools showed that 85 schools (47 *per cent*) were without kitchen sheds and 77 schools (43 *per cent*) were without the facilities of drinking water. Further, in Jammu Division, out of 90 test checked schools, in 22 schools, the meals were cooked under open sky and even in class rooms in eight schools.

[46] Jammu-2265 and Kashmir-157

2.2.11.2 Inadequate facilities of kitchen devices and wares

The scheme guidelines provide for assistance in a phased manner for provisioning and replacement of kitchen devices which include cooking devices (stove, *chullah* etc.), containers for storage of food grains/ ingredients and utensils for cooking and serving. During 2010-15, a total of 3593 kitchen devices (units) were sanctioned (2012-13: 1839 units and 2014-15: 1754 units). Against this, 1529 units (2012-13: 1252 units and 2014-15: 277 units) were procured by the Department. As such, there was a shortfall of 2064 units (2012-13: 587 units and 2014-15: 1477 units (57 *per cent*).

In 180 test-checked schools audit observed that in 65 schools, no cooking gas facilities were provided due to which the schools used firewood for cooking. This was in contravention of the scheme guidelines, which provide that firewood should not be used in the interest of environment protection to the extent possible.

Further, against an enrolment of 8,112 children in 90 schools (Jammu province), only 4203 serving plates and 2983 tumblers were available.

During a visit (May 2015) to Government Middle School Draba, Bufliaz, audit found two children sharing their meal in a single plate due to shortage of serving plates.

(Photograph showing two children taking meals in a single plate in GMS Draba, Bafliaz

Out of 90 selected schools in Jammu region, audit found that in 62 schools there were no containers for safe storage of food grains and ingredients. In reply, the schools admitted non-availability of containers.

2.2.12 Monitoring and Evaluation

2.2.12.1 Steering-cum-Monitoring Committee not regular/ grievance redressal mechanism not put in place

The scheme guidelines provide for regular monitoring of programme implementation and its impact. For this purpose, the modalities were to be developed by the State Government/ State level Steering-cum-Monitoring Committee (SMC). Audit noticed that SMC had not held any meeting during

2010-11, 2011-12 and 2014-15; only two meetings were held in 2012-13 and 2013-14. This indicated weak monitoring of implementation of the scheme in the State.

Further, as against the mandatory provision of the scheme guidelines, no grievance redressal mechanism was found to have been established by the Department (March 2015). In reply, the Department admitted that no such redressal mechanism was put in place.

2.2.12.2 No Inspections or evaluation of the Scheme

As per Scheme guidelines, the scheme is required to be monitored to assess: (a) that all children are getting a meal of satisfactory quality regularly; and (b) effect of meal on improving children's nutritional status, regularity of attendance, and retention in schools.

The guidelines also required evaluation of the scheme by an independent agency at the State level in addition to the evaluation for drop-out of school children to be conducted by the Department.

Audit noticed that in none of the selected 180 schools, any inspections were conducted to monitor the implementation of the scheme for assessing the required parameters. Further, no evaluation was carried out by the Department or any third party / independent agency during 2010-11 to 2014-15. In reply, it was admitted by the State Government that no action had been taken in this regard.

2.2.12.3 Management Monitoring and Evaluation (MME) grant not released to schools

The MDM guidelines of 2006 (with subsequent modifications of June 2010) envisage central assistance to States/ UTs for MME at the rate of 1.8 *per cent* of the total assistance. The MME grant is not meant for: (a) cost of food grains, (b) transport cost, (c) cooking cost, and (d) honorarium to cook-cum-helper. Further, as per guidelines of the scheme, 50 *per cent* of the funds were required to be spent by the implementing agencies (schools). Against ₹6.68 crore available under this component during 2010-11 to 2014-15, expenditure of ₹5.48 crore was incurred by the Department. Test-check of records showed that in none of the selected schools, the funds were allotted by the funds releasing agencies and the whole expenditure had been incurred at Directorate, District and Zonal levels depriving the schools in taking measures on MME component of the scheme.

2.2.13 Conclusion and Recommendations

The AWP&B was not based on realistic data and could not take into account any future requirements which impacted the provision of funds adversely for the components such as kitchen-cum-store shed, kitchen devices and engagement of cooks to the concerned schools.

The Government may consider ensuring preparation and submission of APW&B to the GoI on the basis of actual requirements of the schools under

various components of the scheme including identification of disadvantaged children.

The scheme was implemented without ensuring accurate data relating to enrolment of students in the primary and upper primary classes. As a result, there was projection of excess requirement and excess allocation of food grains with consequent short lifting and short utilization.

The Government may consider conducting yearly review of status of enrolment, dropout and retention of school children.

Quality of food supplied to the students was not assured and no action was taken to ascertain improvement in nutritional status.

The Government may consider ensuring conformity of food grains with the prescribed standards of nutritive value.

The monitoring system of the scheme was inadequate and funds were not released timely to the implementing agency. Food grains were stocked in excess of the prescribed limit resulting in accumulation of food grains in the stores of schools.

The Government may consider ensuring timely release of funds at all levels and strengthening monitoring, inspection and evaluation mechanisms to facilitate smooth implementation of the scheme.

Convergence with other Social sector schemes was non-existent for overcoming deficiencies in the infrastructural facilities such as provision of kitchen sheds and drinking water facility and also to ensure prescribed regular health checks.

The Government may consider taking up convergence activities with other Departments/ schemes.

The matter was referred to the Government/ Department in July 2015; reply thereof was not received (November 2015).

Estates Department

2.3 Working of Estates Department

The Estates Department came into existence in the year 1968. The main functions of Estates Department are to allot accommodation in different Estates colonies to move and non-move employees, revenue realization from Government quarters, other commercial properties and regular repair/ renovation of Government buildings by engineering wing of the Department.

Highlights

- **The Department had not formulated any long term Perspective Plan for development of Government colonies.**

(Paragraph: 2.3.6.1)

- **Non-adherence to prescribed allotment norms/ policy for accommodation in private hired hotels resulted in avoidable/ extra expenditure of ₹19.02 crore during the period 2010-11 to 2014-15. Also, non-eviction of unauthorized occupants resulted in avoidable expenditure of ₹13.95 crore for hiring of private hotels/ houses.**

(Paragraphs: 2.3.7.4, 2.3.7.5, 2.3.7.6, 2.3.13.2 and 2.3.8)

- **Due to non-existence of a system to ensure recovery of license fee and rent of shops, ₹5.38 crore were outstanding.**

(Paragraph: 2.3.9)

- **199 shops owned by the Department had been transferred by the original allottees and the Department had failed to take action against these allottees/ unauthorized occupants.**

(Paragraph: 2.3.14.3)

- **Lack of effective internal control mechanism and non-maintenance of records led to non-detection of shortage of stores (₹2.44 crore) and non-accountal of items purchased (₹3.79 crore).**

(Paragraph: 2.3.15.3)

2.3.1 Introduction

The Estates Department is mandated to carry out functions of construction and maintenance of Government residential quarters/bungalows for allotment to Government functionaries and others categories of persons. Besides, construction of commercial establishment and allotment thereof and revenue realization from Government quarters/ commercial properties is also carried out by the Department. The above activities are, however, restricted to two capital cities viz., Srinagar and Jammu. The position of allotment of funds and expenditure incurred there against under Security Related Expenditure (SRE), Plan and Non-Plan during 2010-11 to 2014-15 by the Department is tabulated in **Table-2.3.1.**

Table-2.3.1

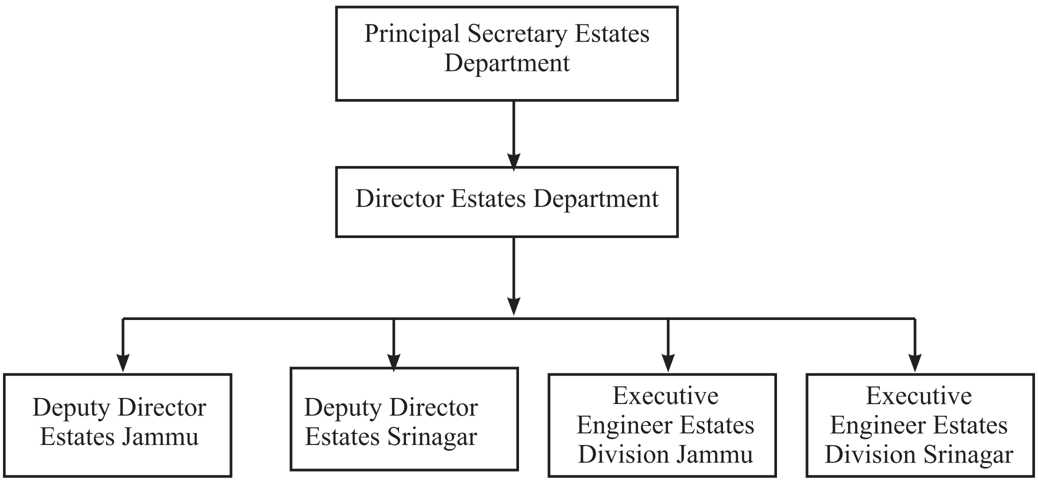
(₹ in crore)

Year	SRE		Plan		Non-Plan	
	Allotment	Expenditure	Allotment	Expenditure	Allotment	Expenditure
2010-11	47.00	47.00	50.63	49.90	39.37	37.28
2011-12	50.00	50.00	44.80	44.77	46.07	42.85
2012-13	62.72	62.71	40.19	40.11	53.03	50.09
2013-14	82.50	76.17	40.60	40.58	65.07	55.21
2014-15	82.73	60.07	23.80	23.77	59.50	53.18
Total	**324.95**	**295.95**	**200.02**	**199.13**	**263.04**	**238.61**

2.3.2 Organizational Structure

The organizational set-up of the Department is as under:

Chart-I



2.3.3 Audit objectives

The Performance audit of working of Estates Department was conducted to assess whether:-

- the Department has formulated any perspective and long term planning for creation of infrastructure for accommodation of Government functionaries;
- the Department had prescribed and followed any norm for allotment of residential accommodation to Government employees;
- the Department had recovered prescribed license fee and rent of furniture of residential quarters/ shops; and
- reasonability of rates by way of invitation of tenders was ascertained with regard to hiring of private hotels/ houses and procurement of furniture and furnishing items.

2.3.4 Scope of Audit and Methodology

The performance audit was conducted between December 2014 and May 2015 by test-check of records of the Director Estates, Deputy Director Estates Jammu and Srinagar[47], Executive Engineer Estates Divisions Jammu and Srinagar[48] covering period from April 2010 to March 2015. An entry conference was held with the Principal Secretary, Estates Department on 19 December 2014 wherein audit scope and methodology was discussed. Audit methodology included scrutiny and analysis of the records of the Department, issue of questionnaires, audit memoranda, examination of responses of various functionaries.

An exit conference was held by the Accountant General (Audit) with the Principal Secretary and other departmental authorities on 29 July 2015. The replies and responses of the Department have been incorporated at appropriate places in the report.

2.3.5 Audit criteria

The audit criteria applied for assessing the performance of working of Estates Department was derived from the following sources:-

(i) The Jammu and Kashmir Estates Department (Allotment of Government Accommodation) Regulation 2004;

(ii) Public Premises (Eviction of unauthorized occupants) Act, 1988; and

(iii) State Financial Rules.

Audit Findings

2.3.6 Planning

2.3.6.1 Perspective planning for creation of Government infrastructure

In order to provide suitable accommodation to Government functionaries like Hon'ble Ministers, Hon'ble Judges of High Court, Legislators, different categories of move/ non-move employees, and others like ex-Legislators, political persons, freedom fighters, journalists etc., and also to reduce huge expenditure on hiring of private hotels/ private houses, long term Perspective Plan indicating actual requirement of accommodation and modalities for development of colonies was needed to be formulated by the Department. It was, however, seen that the Department had not formulated any long term Perspective Plan for development of colonies at Srinagar and Jammu.

The Government constituted (October 2011) a Committee of group of officers under the Chairmanship of Principal Secretary Estates Department for framing a Comprehensive Accommodation Policy for Secretariat employees. The Committee was to examine all aspects of housing requirements/ developing

[47] The records of stores could not be audited as the records were reportedly destroyed in floods

[48] The records (2010-11 to September 2014) of the Executive Engineer, Estates Division Srinagar were reportedly destroyed in floods

of colonies for move/ non-move employees and other aspects including land acquisition. It was seen that the Committee had not formulated any such policy as of March 2015. The Principal Secretary stated in the exit conference that long term perspective plan would be taken up urgently for implementation.

Audit scrutiny further showed cases of non-utilisation of available land, delay in acquisition of additional land and non-completion of colonies within targeted time frame as discussed below:

(i) Government quarters constructed on 18 *kanals* and nine *marlas* of land at Khazir Manzil and Dalgate Srinagar were gutted during 1989-90. However, no plan was formulated for re-development of these colonies during last 25 years. The Director Estates stated (July 2015) that construction of Khazir Manzil had been delayed due to objections raised by the Lakes and Waterways Development Authority (LAWDA) and private hotels. The reply furnished by the Department was, however, not accompanied by any documentary evidence of objections raised by the LAWDA and private hotels.

(ii) Land measuring 99.13 *kanals* identified (January 2012) at Sidhra, Jammu for construction of 400 flats had not been taken over from the Jammu Development Authority (JDA) due to non-payment of cost of land (₹16.95 crore), despite lapse of three years.

(iii) The work on construction of 400 residential flats (approved in June 2012) for move/ non-move employees at Pampore taken up (June 2012) at an estimated cost of ₹85.92 crore for completion within three working seasons, had not been completed as of March 2015 due to insufficient funding. Audit scrutiny showed that the Government had released ₹5.30 crore (six *per cent*) during 2012-15 and against the targeted construction of 25 blocks (400 flats), work in three blocks had been completed to the extent of only 40 to 95 *per cent* whereas work on remaining 22 blocks (352 flats) was not started as of March 2015. The Director Estates stated (July 2015) that 48 flats were expected to be completed by August 2015 and construction of pending flats could not be taken up due to non-release of funds by the Planning and Development Department. Further progress in the matter was awaited (November 2015).

2.3.7 Government residential accommodation

The Department is to ensure provision of quality accommodation in an efficient and transparent manner through rationalization of allotment procedure, maintenance of IT enabled database of assets, augmentation of residential as well as office accommodation, asset mapping and to minimize unauthorized occupation/ subletting.

Audit scrutiny showed that an efficient and transparent procedure for allotment of residential accommodation had not been adopted and IT enabled database of assets had not been maintained.

2.3.7.1 Non-maintenance of Asset Register

For efficient maintenance of housing stock, the Department needs to maintain asset register indicating location of quarters and numbers of quarters.

Audit check showed that asset register had not been maintained by the Department. As a result, the actual number of quarters available with the Department could not be ascertained. As per information provided by the Department, availability of Government accommodation in Jammu and Srinagar was as depicted in **Table-2.3.2** below:

Table-2.3.2: Category-wise Government Accommodation

Jammu								
Type-I 1 room	**Type-II 2 room**	**Type-III 3 room**	**Type-IV 3 room**	**Type-V 4 room**	**Type-VI (Ind.)**	**Type-VII (Ind.)**	**Sheds**	**Total**
1356	1177	351	106	46	56	64	56	3212
Srinagar								
Type-I 1 room	**Type-II 2 room**	**Type-III 3 room**	**Type-IV 3 room**	**Type-V 4 room**	**Type-VI (Ind.)**	**Type-VII (Ind.)**	**Sheds**	**Total**
237	579	260	36	75	56	56	Nil	1299

(*Source:* Data furnished by the Department)

A cross-check of above data with the list of categorization carried out (October 2002) by the Government and allotment list/ ledgers of assessment of license fee/ furniture rent maintained by the Department showed that the following assets were not appearing in the records of the Department as shown in **Table-2.3.3** below:

Table-2.3.3

Location	Type	Number
Jammu		
VIP Bungalows	VII	08
Poonch House Talab Tillo	VII	01
Ahata Farman Ali	I	08
City Sector	I	42
Mohalla Naraian	II	Number not indicated
Srinagar		
Nehru Helipad	VII	Staff Quarter 3
Nehru Helipad	VII	Commissioner building
Nehru Helipad	VI	Staff Quarter 1 & 4
Nehru Helipad	IV	Qtr. No. 4 & 5

The Dy. Director Estates Srinagar accepted (March 2015) that these quarters had never been on records of the office. The reply indicated that the Department was not aware of exact number and location of its assets.

2.3.7.2 Allotment process of Government residential quarters

The Department is to adhere to the provisions of the Jammu and Kashmir Estates Department (Allotment of Government Accommodation) Regulation 2004 while making allotment of Government residential quarters. Audit, however, observed the following deficiencies in the allotment process.

- On-line waiting list of applicants for each category of residential accommodation according to entitlement and allotment thereof to the applicants on the pattern of Directorate of Estates, Government of India as envisaged in the allotment regulations had not been maintained, even after lapse of more than 11 years. No efforts to adopt *e-Awas* application software, developed by the NIC for the Directorate of Estates (GoI), which had received National e-Governance award 2011-12, had been made so far.
- Manual waiting list and allotment status for Government quarters were also not maintained either for quarters at Srinagar or Jammu as of March 2015 except for a brief period between April 2013 and December 2013.

The Director Estates stated (July 2015) that the Department was taking steps to provide accommodation in an efficient and transparent manner.

Audit analysis showed cases of allotments in violation of prescribed criteria/ norms, in relaxation of allotment rules, irregular retention of accommodation, etc. as discussed below:

2.3.7.3 Allotment of accommodation in violation of prescribed criteria

(i) As per practice, the allotment of Government residential quarters during *Darbar* move either at Jammu or Srinagar is done on repeat orders of allotment of previous years, as the occupants of these quarters do not surrender their quarters during *Darbar* move. Fresh allotment of Government residential quarters is made only in respect of quarters vacated due to transfer, retirement of employees or other reasons. For this purpose, repeat/ fresh allotment approval of the Competent Authority (Hon'ble Chief Minister) is obtained.

Audit scrutiny of the repeat order approvals sought for the years 2013-14 and 2014-15 showed that instead of only repeating the names of last year's occupants in these lists, 456 fresh allotments had been inserted. The approval of fresh allotments of Government accommodations had not been obtained separately.

The Director Estates stated (July 2015) that repeat order was to be issued after every six months and the allotment/change made during the course of six months was to be included in the order. It was further stated that such order was issued after fulfilling the required formalities and obtaining approval of the Competent Authority. The reply was not convincing as the Department had not furnished allotment orders of fresh allotments inserted in the repeat order list.

(ii) Audit analysis further showed the following:

- none of the 267 applicants appearing in the wait list prepared during April 2013 to December 2013 had been provided residential accommodation during 2013-14 and 2014-15.

- allotment of Government residential quarters was not done as per entitlement of officers/ officials. Non-adherence to the provisions of allotment rules led to allotment of residential quarters to 181 officers/ officials who were not entitled for such residential quarters, while 182 officers had been provided residential accommodation in quarters below their entitlements.

The Chief Accounts Officer, Estates Department stated (February 2015) that accommodation had been provided strictly in accordance with entitlement of concerned employee. The Director Estates also stated (July 2015) many employees out of 267 had been provided accommodation according to waiting list. The reply was not acceptable as no Government accommodation had been allotted in favour of these wait list applicants.

(iii) SRO 599 prohibits dual allotment of accommodation to Member of Legislature either at Srinagar or at Jammu or at both places.

Audit scrutiny showed that 55 Members of Legislature including Ministers/ Chairman of various boards/ Chairman Legislative Council and other legislators who have been allotted Government accommodation by the Estates at Jammu and Srinagar cities were occupying accommodation at MLAs hostels at Jammu and Srinagar provided by the Legislative Assembly Secretariat. This had resulted in dual occupation of Government accommodation. It was also seen that two legislators had been provided accommodation by the Custodian Department apart from accommodation by the Estates Department and Legislative Assembly Secretariat.

2.3.7.4 Imbalance allotment of accommodation to employees

The Departmental Regulation 2004 envisages 84 *per cent* reservation of allotment of residential accommodation available with the Estates Department for move employees (60 *per cent* for Secretariat employees and 40 *per cent* for non-Secretariat move employees). Audit analysis showed that criteria of reservation of 84 *per cent* of the total residential accommodation for move employees had not been followed as indicated in **Table-2.3.4** below:

Table-2.3.4

Division	Quarters Type	Quarters available	To be reserved as per regulation for Move Employees	Actually Allotted to Move employees (percentage)				
				2010-11	2011-12	2012-13	2013-14	2014-15
Srinagar	IV,V,VI	167	140	31 (19)	24 (14)	27 (16)	27 (16)	27 (16)
Srinagar	I, II & III	1068[49]	897	559 (52)	572 (54)	593 (56)	614 (57)	576 (54)
Jammu	IV,V,VI	208	175	86 (41)	93 (45)	97 (47)	87 (42)	80 (38)
Jammu	I, II & III	2940[50]	2470	1835 (62)	1904 (65)	1941 (66)	1952 (66)	1935 (66)

[49] In addition there were 8 Type-II quarters (Dalgate Srinagar) which had been gutted in fire
[50] Includes 56 sheds

As can be seen the actual allotment to move employees ranged between 14 and 66 *per cent* only. The Director Estates stated (July 2015) that reservation of 84 *per cent* of total residential accommodation for move employees could not be maintained due to litigations, unauthorized occupations and threat perception to political persons in the prevailing security scenario.

The Departmental Regulation 2004 further envisages allotment of seven *per cent* of the available accommodation to non-move Government employees. Audit analysis showed that at Srinagar, against admissibility of 91 quarters, the Department had allotted 383 quarters to non-move employees thereby exceeding the allotment by 321 *per cent.* The excess allotment of 292 residential quarters to non-move employees led to hiring of hotels for as many move employees resulting in avoidable expenditure of ₹6.73 crore during 2010-11 to 2014-15. The Director Estates stated (July 2015) that allotment in favour of non-move employees exceeded due to prevailing security scenario and that the Department was in the process to restore the quota to its original form and a special drive had been initiated against illegal occupants.

2.3.7.5 Discretionary quota

The Departmental Regulation 2004 envisages placement of five *per cent* discretionary quota at the discretion of the Minister Estates for persons other than Government employees which will include freedom fighters, ex. Legislators and media persons. The allotment to media persons is subject to recommendation of the Information Department. However, there is no defined scale/ type of accommodation to be provided to these categories of persons.

Records showed that the ceiling of discretionary allotment of five *per cent* had not been maintained and remained in the range of 191 to 617 *per cent* as tabulated in **Table-2.3.5** below:

Table-2.3.5

Type	VII	VI	V	IV
Quarters	120	112	121	660[51]
Available for discretionary Quota (5 *per cent*)	06	06	06	33
MLAs/ MLCs	11	Nil	Nil	Nil
Ex. Legislatures	06	12	11	11
MPs	02	Nil	Nil	Nil
Ex. MPs	Nil	06	02	02
Media persons	01	18	18	47
Political persons/ political offices/other offices	08	07	05	36
Total allotment (*per cent*)	**28 (*367*)**	**43 (*617*)**	**36 (*500*)**	**96 (*191*)**

Non-adherence to norms of discretionary allotment led to non-allotment of Government residential accommodation to 152 officers and other dignitaries of the Government. Detailed audit scrutiny showed that the Department had incurred

[51] 518 Type-III quarters (Jammu: 306 and Srinagar: 212) were categorised as Type-IV quarters by the State Government in October 2002

avoidable expenditure of ₹4.66 crore on hiring of 152 private houses/ rooms in hotels of Tourism Department during 2014-15. Further, there was nothing on record to suggest that requisite recommendation from the State Information Department had been obtained for allotment of accommodation to the media persons. The Director Estates stated (July 2015) that due to security scenario in the State many political persons under threat perception and media persons were accommodated by the Estates Department.

2.3.7.6 Non-allotment of vacant quarters

(i) The position of vacant quarters had not been updated by the Department every month and as a result, action to allot these vacated quarters could not be taken by the Department. It was seen from the allotment/rent register of the year 2014-15 that 49 quarters at Jammu and five quarters at Srinagar had remained vacant since April 2014. The possibility of vacancy position of these quarters prior to March 2014 could not be ruled out as the exact date of vacation of these quarters was neither indicated in the records nor were the registers prior to 2014-15 produced to audit. Non-allotment of vacant quarters resulted in avoidable expenditure of ₹35.94 lakh on hiring of 54 rooms (Jammu: 49; Srinagar: 05) in private hotels during the year 2014-15 for six monthly period and loss of revenue of ₹0.40 lakh in the shape of license fee. The Dy. Director Estates Srinagar stated (March 2014) that the position of vacant quarters had been maintained and submitted to the Director Estates J&K for allotment. The Director Estates stated (July 2015) that physical verification report had been prepared on yearly basis and some quarters might have been shown vacant in the report. The reply is not based on facts as according to the allotment/rent register, these quarters had remained vacant, a fact also accepted by the Dy. Director, Estates.

(ii) The Department had hired 30 flats on Evacuee Property land at Meen Sarkar at Bari Brahmna from the Custodian Department during 2010-11 for proposed allotment of 29 flats in favour of seven gazetted and 43 non-gazetted/ class-IV employees by keeping one flat reserved for staff of Estates Department.

Records showed that possession of five to eight flats was taken by six to 13 employees during the period 2011-15 against the proposal of accommodating 50 officers/ employees. As a result of non-utilisation of these flats, the Government had to suffer a loss of ₹1.65 crore[52]. The Chief Accounts Officer, Estates Department stated (February 2015) that the employees did not possess these quarters on the plea that quarters were far away from Civil Secretariat and the Department had taken a decision to de-hire these flats.

Thus, allotment of residential quarters in violation of norms had resulted in avoidable expenditure of ₹11.75 crore incurred on hiring of private hotels and houses for accommodation of the employees and other entitled Government functionaries.

[52] ₹97.42 lakh on account of hiring of rooms in private hotels, ₹65.37 lakh on account of payment of rent charges payable to Custodian Department and ₹1.85 lakh on account of non-realization of license fee and rent of furniture in respect of these 30 flats

2.3.8 Non-eviction of unauthorized occupants and subletting of residential accommodation

Audit scrutiny showed the following:

- 146 Government residential quarters of various categories had remained under the occupation of retired persons, family of allottees in case of death of allottees, ex-MLAs/ MLCs and had not been vacated even after a lapse of prescribed permissible retention period as per details given in **Table-2.3.6** below:

Table-2.3.6

Particulars	Permissible limit	Quarters under unauthorized occupation							
		I	II	III	IV	V	VI	VII	Total
Retired allottee	One month	22	54	Nil	30	04	Nil	Nil	110
Death of allottee	Two month	Nil	05	Nil	06	Nil	Nil	Nil	11
Allottee other than Government employee i.e. MLAs/ MLCs/ MPs	One month after relinquishing office	Nil	Nil	Nil	07	09	04	05	25

Age-wise analysis of retention beyond permissible limits could not be ascertained as the details like date of retirement/ death/ relinquishment of office of the allottees other than Government employees were not maintained. Failure of the Department to evict the unauthorized occupants led to hiring of private hotel rooms and consequently led to incurring of an avoidable expenditure of ₹2.91 crore during 2014-15. The Director Estates stated (July 2015) that eviction drive had been started and notices issued to the unauthorized occupants.

- The Department had not implemented the order (November 2009) of Hon'ble Supreme Court to evict 375 Government quarters occupied by the migrants in Jammu in an unauthorized manner. Even eviction notices under Section 4 of the Public Premises (Eviction of Unauthorized Occupants) Act, 1988 had not been issued despite a lapse of more than five years of the judgment. Non-eviction of quarters led to incurring of expenditure of ₹11.04 crore on hiring of 375 private hotel rooms during 2010-11 to 2014-15. Further, it led to revenue loss of ₹38.73 lakh on account of license fee and rent of furniture during the period 2010-15. Further, out of these quarters, 74 quarters were sublet to other families by the occupants. It was seen in audit that the Department had not taken any action against these defaulters under Rule 19 (3) of the Jammu and Kashmir Estates Department (Allotment of Government Accommodation) Regulation 2004 and had not levied rent at a rate of 10 times the normal rent thereby leading to non-levy of ₹86.58 lakh during the period 2010-15. The Chief Accounts Officer, Estates Department stated (February 2015) that instructions had been issued to the Dy. Director Estates Jammu to implement the judgment of Hon'ble Supreme Court in letter and spirit for eviction of accommodation.

Thus, non-eviction of unauthorised occupants had resulted in avoidable expenditure of ₹13.95 crore incurred on hiring of private hotel rooms and houses for accommodation of the employees and other entitled Government functionaries. It was further seen that there was no defined provisions in the Jammu and Kashmir Estates Department (Allotment of Government Accommodation) Regulation 2004 to discourage retention beyond permissible limits.

The Departmental Regulation 2004 prohibit sharing and subletting of residential accommodation. It was seen in audit that the Department had not devised any mechanism such as constitution of squads for on spot verification of residences to ensure non-subletting of residential accommodation.

2.3.9 Non-recovery of license fee and rent of furniture/ shops

Records showed that the allottees had not paid license fee and rent of furniture of residential accommodation and rent of shops as applicable on monthly/ yearly basis and the Department had not devised a proper mechanism to ensure regular recovery from the occupants. It was seen that ₹5.38 crore[53] were outstanding as of December 2014 against the allottees. Records further showed that:

- License fee of ₹2.63 crore was outstanding against 984 allottees of Government accommodation and private houses for more than one year.
- Rent of ₹0.99 crore was outstanding against 222 allottees of commercial shops for more than one year.
- 837 employees/ legislators/ other persons had vacated the accommodation owing to retirement/ transfer/ relinquishment of office without payment of license fee and rent of furniture amounting to ₹0.80 crore. Non-recovery of dues exposed the loopholes in the system of issue of NOCs by the Department in favour of occupants at the time of surrender of accommodation. In the absence of any specific rules, the chances of recovery of the amount were bleak.

The Department had not initiated any action to recover the license fee, rent of furniture/ shops from the allottees resulting in continuation of undue benefits to allottees. The Director Estates stated (July 2015) that a drive had been started by the Department for recovery of outstanding rent.

2.3.10 Incorrect assessment of license fee and rent of furniture

As per the rules, license fee and furniture rent for Type VI accommodation was to be recovered @ ₹850 per month for Government employee and @ ₹1700 per month for persons of other categories including legislators and at the revised rates (Government servants: ₹1200, Legislators: ₹2200 and persons of other category: ₹4400) from January 2012. Further, the Department categorized the hired private houses as Type VI and had levied license fee of ₹750 per month and furniture rent of ₹100 per month applicable to Type-VI Government residential accommodation.

Audit scrutiny showed that the Department had assessed and recovered license fee and furniture rent at lesser and pre-revised rate of ₹850 per month in respect

[53] Government Quarters: ₹3.76 crore, Private houses: ₹0.52 crore, Shops: ₹1.10 crore

of 205 occupants[54] of Government accommodations resulting in short recovery of ₹32.33 lakh during 2010-15. The Director Estates stated (July 2015) that license fee and rent of furniture was being charged according to Government orders. The reply was not convincing as instead of charging license fee and furniture rent at revised rates, pre-revised and lesser rates were applied by the Department.

2.3.11 Renovation/ up-gradation works of Government accommodation

The Government Order (November 2009) envisages upper limit of cumulative expenditure on new works/ renovation/ up gradation to be taken up in phases over a period of six years on the basis of need in the houses occupied by the Hon'ble Ministers and other officers. The Order further envisages that no new work/ renovation/ up-gradation will be taken up for execution without the prior approval of the competent authority and the expenditure during the year will be restricted within the approved budgetary limits.

It was, however, seen that bungalow-wise/ house-wise records showing expenditure incurred on renovation/ up-gradation works had not been maintained by the Executive Engineer, Estates Division Jammu. Audit analysis of 42 cases of renovation/ up-gradation works showed that the Department had executed works in Type V to VII quarters during 2010-11 to 2014-15 (December 2014) in excess of upper limit to the extent of ₹14.68 crore without approval of the competent authority. The execution of such works in excess of upper limit in individual cases was in the range of ₹2.96 lakh to ₹4.30 crore. Further, upgradation/ renovation works amounting to ₹1.86 crore were executed on quarters of seven Ex. MLAs/ Ex. MLCs, Ex. MPs and journalists without any approval of the competent authority.

Audit also noticed that no work plans had been formulated for renovation/ re-construction of 135 quarters which had been declared unsafe and Government employees had been residing in these houses. The Director Estates stated (July 2015) that instructions stand issued for maintenance of bungalow-wise records of expenditure on renovation. The matter of construction of new residential accommodations/ re-construction of 135 quarters which had been declared unsafe was under examination. The Director further stated that the Government Order of 2009 envisaged that expenditure in excess of upper limit needed administrative approval of the Competent Authority which had been done as Estates Divisions had sought administrative approval of all such works. The reply was not convincing as neither there was any such provision in the aforementioned Government order nor the administrative approval was obtained in respect of these works.

2.3.12 Hiring of private houses for accommodation of officers

2.3.12.1 Allotment of private houses to ineligible persons

Owing to shortage of adequate accommodation, the Department hires private houses for accommodating officers. These houses are considered as Type-

[54] 60 private persons, 119 Government employees and 26 Legislators

VI accommodation[55] by the Department. However, the Department had not formulated any rules for admissibility of allotment of private houses. In absence of these rules, it was seen that hired private houses were allotted to as many as 37 officers who were not eligible for Type VI accommodation. Records showed that 37 private houses were allotted to inadmissible officers/ officials as tabulated in **Table-2.3.7** below:

Table-2.3.7

Sl. No.	Details of officers/officials	Entitlement of accommodation	Number of cases	Details of Accommodation provided
1.	Director Finance, Assistant Development Commissioner, Installation Officer	Type- III	04	Independent private houses
2.	Director, Joint Director, Superintendent of Police, Addl. Chief Executive officers	Type III to Type IV	20	Independent private houses
3.	Ex. Legislatures, journalists, political workers	Not entitled for private houses	13	Independent private houses

The Department had not fixed maximum covered area, number of rooms, area of land, and maximum rent of private houses to be hired by the Government. The Director Estates stated (July 2015) that allotment of private houses to officers based on their entitlement was being made after obtaining approval from the Competent Authority. The reply was not acceptable in the light of allotment of private houses to ineligible persons as indicated in the table above.

2.3.12.2 Disparity in scale of hiring of private houses

In absence of any ceiling, test check of 65 cases showed that private houses with area of land ranging from five *marlas* to 4.50 *kanals*, covered area ranging from 1316 sft to 8242 sft and rent ranging from ₹13300 to ₹70000 per month were hired by the Department without any justification on record. The Director Estates stated (July 2015) that assessment of rent in respect of private houses was entrusted to the committee constituted for the purpose. The reply was silent on the issue of disparity in scale of hiring of private houses and absence of ceiling with regard to area of land and rent of such houses.

2.3.12.3 Procedure of hiring of private houses

The Department had not formulated any procedure for hiring of these private houses. Tenders were not invited by the Department from interested private house owners to ensure transparent hiring and to benefit from competitiveness in rent rates. The Department had only invited offers from the interested private owners and rent of private houses was fixed by the Rent Assessment Committee of the Department. The Dy. Director Estates Srinagar is inviting offers from the interested private house owners every year for Srinagar while the Dy. Director Estates Jammu had for the first time invited offers during 2014-15.

[55] Based on rate of recovery of license fee

Audit analysis showed that of the 176 private houses hired by the Department in Srinagar and Jammu during 2014-15, only 21 houses were hired on the basis of offers received from various private owners and the remaining 155 were hired without receipt of any offers. In test checked cases, Audit found that the houses were selected by the officers of the Department themselves before hiring. The process adopted thus was indicative of lack of transparency in hiring of private houses. The Director Estates stated (July 2015) that offers for hiring of private houses were evaluated and considered as per requirement and that the houses were hired on the recommendations of Deputy Director Estates and after obtaining approval from the Competent Authority. The reply was, however, silent on hiring of 155 private houses without receipt of any offers.

2.3.12.4 Assessment of rent of private houses

Review of records of assessments of rent of 64 private houses (selected on the basis of availability of complete papers of land, covered area and assessments of the Rent Assessment Committee) hired by the Department for providing accommodation to the officers, MLAs/ MLCs, offices etc. showed discrepancy in assessment of rent by the Rent Assessment Committee of the Department as indicated below:

- Rent on cost of land had been calculated at a rate of two *per cent* of the total cost of land in respect of private houses hired at Srinagar whereas it had been calculated at a rate of 6.5 *per cent* of the total cost of land in respect of private houses hired at Jammu.
- Area of land was also not worked out on the basis of revenue records as noticed in 23 test-checked cases.
- Items of common utilities in the houses such as area of land, pacca pavement, compound wall, house gate, water tank, sump tank, septic tank & soakage pit were not worked out proportionally between the tenant and the owner in 12 test-checked cases.
- It was seen that depreciation cost of the building had not been assessed as per recognized principles of valuation. The depreciation cost was calculated at an annual rate of one *per cent* in 41 cases and half *per cent* in 13 cases and as such uniform rate of depreciation was not applied.
- Inadmissible item of lawn development was taken into account in 18 test-checked cases.

The discrepancy in assessment of rent in respect of 64 test checked cases led to sanction of incorrect rent of private houses which consequently resulted in extra expenditure of ₹1.14 crore on account of rent during January 2012 to August 2014**.** The Director Estates stated (July 2015) that assessment of rent of private house was being done by the State Level Rent Assessment Committee. The reply was silent on the discrepancies noticed in assessment of rent in 64 cases which had resulted in extra expenditure of ₹1.14 crore.

2.3.13 Hiring and allotment of hotels

The Estates Department had hired private hotels to accommodate move/ non-move employees at Srinagar and Jammu. The details of hotels and rooms hired during 2010-11 to 2014-15 are tabulated in **Table-2.3.8** below:

Table-2.3.8

Year	Jammu		Srinagar	
	Hotels hired	Rooms hired	Hotels hired	Rooms hired
2010-11	18	295	104	3042
2011-12	18	318	110	3052
2012-13	17	355	116	3264
2013-14	23	473	122	3344
2014-15	25	569	135	2887

2.3.13.1 Procedure of hiring of hotels

The Department invites offers from private hoteliers which are registered with the Tourism Department and are willing to rent out their hotels/ guest houses. On receipt of offers from hoteliers, a Committee inspects hotels/ guest houses and prepares a list of selected hotels in order of merit based on terms and conditions of Notice Inviting Offers and suitability of the hotels/ rooms with reference to availability of basic facilities.

Audit noticed shortcomings in the process adopted for hiring of hotels as discussed below:

(i) The Department had not invited tenders for rates of room rent and catering charges to ascertain the reasonability of rates on the basis of minimum facilities required for the employees and approved menu of food for employees. It was seen that uniform rates of room rent and catering charges were fixed for all categories of hotels on the recommendation of the Constituent Committee without adopting the bidding process.

(ii) It was seen that though the selection of hotels in Srinagar was being done through a committee on the basis of 'Notice Inviting Offers', no such practice was in vogue in selection of hotels in Jammu.

(iii) The committee had to select the hotels after benchmarking the facilities available in the hotels with that of the criteria prescribed by the Department. However, it was seen that the benchmark[56] against which the Constituent Committee needed to inspect suitability of hotels prior to their recommendation had not been specified by the Department. The Constituent Committee had not elaborated upon scale and quantum of each of the facilities available in the inspected hotels. As a result, the minimum basic facilities available in these hotels could not be ascertained. Besides, providing of fire fighting systems in

[56] Size of rooms, details of furniture and furnishing to be provided in a room, availability of TV in rooms, details of quality/ standard of building, drinking water facility with installation of water purifiers, minimum size of attached lawn/ garden, parking areas, type of power backup facility and other services

every hired hotel was not ensured despite being recommended (April 2010) by the Committee constituted for security clearance of these hotels.

(iv) Audit analysis of records showed that majority of the hotels hired by the Department had not fulfilled the terms and conditions specified in the Notice Inviting Offers as tabulated in **Table-2.3.9** below:

Table-2.3.9

Year	Hotels hired	Terms and conditions not fulfilled						
		Lawn	Parking	Food license	NOC from PDD	VAT registration	VAT clearance certificate from Commercial Taxes	Rooms with attached bathrooms
2010-11	104	N.A	N.A	N.A	N.A	21	N.A	N.A
2011-12	110	92	91	14	94	01	96	02
2012-13	116	Details of facilities/ deficiencies available/found in hotels not maintained						
2013-14	122	65	65	16	Deleted from scrutiny	11	14	Nil
2014-15	135	All terms and conditions were shown as fulfilled in respect of all hotels. The scrutiny of offers was doubtful as Parking and lawn/ garden facilities could not be constructed all of sudden.						

NA: Data not available

From the above, it was clear that majority of the hotels hired by the Department did not fulfill terms and conditions of the Notice Inviting Offers. Audit analysis further showed the following:

- The requirement of lawn and parking facilities were not ensured by the Department as these facilities were not available in 183 hotels (Lawn: 92; parking: 91) during 2011-12 and 130 hotels (Lawn: 65; parking: 65) during 2013-14. Further, scrutiny of offers by the constituent Committee was doubtful in the light of availability of lawn and parking facilities shown in all the hotels during 2014-15 despite the fact that these facilities were not available in the hotels in the previous years.
- Physical verification carried out by Audit in 17 Hotels showed that lawn/ garden facilities were not available in 10 hotels and parking facility was not available in 15 hotels.
- Hiring of 33 hotels in absence of VAT registration with the Commercial Taxes J&K was violation of Notice Inviting Offers.
- Hiring of hotels (2011: 14; 2013: 16/ housing: 1193 persons) in absence of food licence certificate was clearly indicative of undue benefits to the hoteliers and was in violation of Food Safety and Standard (licensing and registration of food business) Regulation 2011.
- 'No Demand Certificate' from the PDD to ensure nil outstanding electricity charges had neither been obtained from the hoteliers nor had been scrutinized by the Committee since 2011-12 in violation of Notice Inviting Offers.

(v) The main purpose to make arrangements of lodging and boarding for the move/ non-move employees was security concerns at Srinagar. It was, however, seen that the security of 390 employees was put to risk by hiring 10 private hotels which had been rejected on the basis of security concerns by the Committee for Security.

- The Department had hired three hotels (Fiza Guest House: 18 rooms; Libnan Guest House: 18 rooms; Hotel National: 25 rooms) during May 2013 despite the fact that these hotels had not submitted offers in response to Notice Inviting Offer of the Department. Besides, security clearance had not been obtained by these hotels. Similarly, four hotels (Happy Home: 32 rooms; Raj Guest House: 15 rooms; Darul Iqbal: 14 rooms and Degal Guest House: 16 rooms) were hired during May 2012 in spite of the fact that they had submitted offers after expiry of the last date for their submission. This was indicative that undue benefit had been given to these hoteliers.
- Hotels Shamas, Almond (2010-11), Al-Hamara (2011-12), New River View, Libnan Guest House (2013-14), Top Notch, Mountain View Residency, New River View, New Ahmad (2014-15) were hired in violation of the Government Policy as these hotels were not registered with the Tourism Department.
- Hotel Wazir Palace (17 rooms) was hired during 2013 despite being not recommended by the Constituent Committee.

From the above, it can be concluded that the constituent Committee had not done due diligence in recommending hiring of hotels. The Department had selected hotels in a non-transparent and arbitrary manner thereby provided undue benefits to hotel owners.

The Director Estates stated (July 2015) that private hotels were being hired by the Department after completing all codal formalities such as wide publicity given through print media and rates fixed by the Government and that the Government had constituted a committee for selecting hotels at Jammu/ Srinagar from time to time. The reply furnished did not address the issues raised by Audit in the above cited cases.

2.3.13.2 Extra payment on account of extra hiring of rooms

(i) As per the Department policy, one full room is to be allotted to Gazetted officers/ female employees and one room is to be provided to two non-gazetted male officials.

The Department had provided one full room to non-gazetted officials in private hired hotels at Jammu leading to hiring of extra 1124 rooms which resulted in extra expenditure of ₹6.75 crore during the period 2010-11 to 2014-15.

The Chief Accounts Officer Estates Department stated (February 2015) that single room accommodation had been provided enabling employees to prepare their meals in allotted rooms. The reply is not convincing as allotment of one full room to non-Gazetted officials was in violation of the laid down norms.

(ii) Audit noticed that 122 to 172 rooms were hired in private hotels at Srinagar during 2011-2014[57] in excess of requirements and had remained vacant resulting in extra payment of rent of ₹51.59 lakh[58]. The Director Estates stated (July 2015) that the vacancy was due to transfer/ retirement/ death of any allottee or cancellation of allotment due to one or the other reasons. It was also stated that no excess payment was made for vacant rooms. The reply was not acceptable as these rooms remained vacant for the entire hired period of six months during the particular year. The Dy Director Estates Kashmir after re-verification of the facts stated (September 2015) that some of the Non-Gazetted officials got transferred outside Srinagar city due to which the rooms remained deficient by one occupant and the Department had to pay room rent for full room even occupied by single official. The reply is not convincing as non-Gazetted officials were not entitled for single room in private hotels and the staff lodged in hotels were to be adjusted as per the prescribed norms.

2.3.13.3 Excess payment of unregistered rooms

The Government Order (October 2012) restricted rent of rooms not registered with the Tourism Department at 80 *per cent* of the normal rent of registered rooms fixed by the Department. While the rent of unregistered rooms had been paid at 80 *per cent* of the normal rent of registered rooms in respect of hotels hired at Srinagar, the order had not been implemented in respect of unregistered rooms of hotels hired at Jammu.

Records showed that the Department had hired 219 unregistered rooms (2012-13: 42 rooms; 2013-14: 52 rooms and 2014-15: 125 rooms) in eight hotels and paid room rent at normal rate (₹356 per day) against the admissible of ₹285 per day resulting in excess payment of ₹27.99 lakh on account of rent of 219 unregistered rooms hired during 2012-13 to 2014-15. The Director Estates stated (July 2014) that there was no such Government order for making less payment in respect of unregistered rooms. The reply was not based on facts as the Government order of October 2012 envisaged payment of rent for unregistered rooms to the extent of 80 *per cent* of the approved rates in vogue in the Department.

2.3.13.4 Extra payment of catering charges

As per the Department Policy, one full room is to be allotted to Gazetted officers/ female employees and one room is to be provided for two non-gazetted male officials. In addition the occupants are provided catering services on daily basis. Since the rooms are shared by two individuals, the catering days during a particular month should not be more than double the room days.

Audit scrutiny showed that hoteliers had billed catering charges in excess of double the room days and this fact had been overlooked while making payments. It was seen that 151 hotels[59] had claimed excess catering charges with excess ranging between 20 and 2926 catering days during 2010-11 to 2013-14 resulting

[57] 2011:43 to 63; 2013: 38 to 62; and 2014: 41 to 47

[58] 2011: ₹17.09 lakh; 2013: ₹22.40 lakh; and 2014: ₹12.10 lakh

[59] 2010-11:26, 2011-12: 25, 2012-13:49, 2013-14: 24, 2014-15: 27

in an extra expenditure of ₹3.40 crore. It was clearly indicative of undue benefits to hoteliers. The Director Estates stated (July 2015) that extra catering charges pointed out by the audit held true in case of hotels allotted to Police Headquarters (PHQ) and that the Police Department provided boarding facilities only in respect of static Guard/ Escort personnel with Senior Police officers.

2.3.13.5 Hiring of halls in private hotels

The Department had hired 57 halls in 57 hotels of Srinagar during the year 2010 and incurred an expenditure of ₹44.07 lakh on payment of rent of these halls. The verification report (March 2012) of hotels of Srinagar furnished by the Tourism Department showed that no hall was available in 50 out of 57 hotels in which halls were hired by the Department. Thus, the expenditure of ₹44.07 lakh shown on hiring of halls was doubtful. The Director Estates stated (July 2015) that no such halls in private hotels had been hired by the Estates Department. The reply is not acceptable as the Department had hired halls in these hotels and made payment on account of rent.

2.3.13.6 Deduction of catering charges

The Government order (February 2001) envisaged that Darbar Move Employees who are staying in Security zones and are provided food by the Department would be charged catering charges at prescribed rates. Further, the Government order (August 2001) envisaged that all Jammu based employees who are posted in Srinagar in non-move offices and are lodged together in hotels by the Estates Department will only be provided lodging facilities. The meal charges shall be settled directly between the employees and the concerned hotel management. However, where such non-move employees are lodged in such hotels hired for move employees, the prescribed catering charges shall be recovered from time to time. These catering charges were required to be deducted by the Drawing and Disbursing Officers (DDOs) from their salaries.

Audit observed that copies of allotment orders of hotel accommodations in favour of officers/ employees were not issued to their DDOs with instructions to deduct the catering charges at the prescribed rates from their salaries. Audit check of records of seven Departments showed that catering charges to the extent of ₹11.51 crore (move employees: ₹4.68 crore; Non-move employees: ₹6.83 crore) had not been recovered from such officers/ officials during the period 2010-11 to 2014-15. The Director Estates stated (July 2015) that onus of deduction of catering charges lay on the DDOs and not the Estates Department. The reply is not convincing as the Estates Department was responsible for ensuring deduction of catering charges from the salaries of the concerned employees by their DDOs.

2.3.13.7 Short remittance of VAT

The Department paid VAT at a rate of 13.5 *per cent* on payments made to private hoteliers on account of catering charges during the period 2010-11 to 2012-13. The rate of VAT was reduced to five *per cent* with effect from April 2013.

Audit analysis showed that the Department had not obtained quarterly return of VAT from the hoteliers to ensure remittance of entire amount of VAT paid on catering charges. Comparison of quarterly returns of VAT filed by 70 test-checked hoteliers with the amounts of VAT received from the Department showed that 42 hoteliers had not remitted an amount of ₹1.01 crore representing VAT (range between ₹0.17 lakh and ₹7.60 lakh) during 2010-15. The Director Estates (July 2015) stated that the matter was being sorted out with Taxation Department and less remittance of VAT, if any, would be recovered from the concerned hoteliers.

2.3.14 Shops and commercial properties

2.3.14.1 Maintenance of asset registers

It was seen in audit asset registers of shops and other commercial spaces had not been maintained. As a result, the actual number of shops and other spaces belonging to the Department could not be ascertained and possibility of encroachment/ unauthorized occupation could not be ruled out. Further, dimensions of these commercial properties had not been worked out by the Department since inception.

2.3.14.2 Illegal construction

Section 6 (1) and 6 (2) of the Public Premises (Eviction of Unauthorized Occupants) Act 1988 prohibits erecting or placing or raising any building or any movable or immovable structure or fixture on any public premises. Test check of records in respect of 180 shops showed that allottees of 17 shops had made illegal constructions in their shops such as construction of basement, erection of walls, partition/ merger of two shops etc. Audit found that the Department, instead of taking action in these cases under the provisions of Section 6 of the Act, had regularized (September 2009 and July 2012) these unauthorized constructions by imposing penalty and fixing rent of these basements. While as ₹10 lakh had been recovered from three allottees the penalty of ₹23 lakh had not been recovered from 14 allottees even after lapse of more than five years (August 2015). Further, the Department had not recovered rent of basements constructed illegally by the allottees in their shops due to non-working out of dimensions of these shops though the Shops Allotment Committee had fixed rates for each sft of area. This indicated casual approach of the Department to take action against defaulters and was indicative of undue benefits to allottees. The Director Estates attributed (July 2015) non-charging of rent to non-submission of dimension/ measurement by the engineering wing of the Estates Department. It was also stated that the rent would be charged as and when measurements were received. The reply is not acceptable as the engineering wing of the Department was directly under supervision of the Director Estates.

2.3.14.3 Illegal transfer of shops

According to Sections 4 and 5 of the Jammu and Kashmir Public Premises (Eviction of Unauthorized Occupants) Act, 1988 action was to be taken by the

Department against unauthorized occupants. Records showed that 199 shops owned by the Department had been transferred by the original allottees and the Department had failed to take action against these allottees/ unauthorized occupants. The modus operandi adopted by the original allottees in selling shops included (i) execution of Partnership Deed with negligible (5 to 30 *per cent*) share of the original allottees and (ii) dissolution of Partnership Deed after few months with original allottee surrendering rights, title and interest in the business including premises in favour of other partner.

It was seen that the Department had failed to detect this modus operandi adopted by the allottees and instead of taking action for eviction of these shops regularized the transfer of these shops with meager transfer fee of ₹0.50 lakh to ₹5 lakh**.** The action of the Department to regularize the unauthorized occupants of these shops had the potential of encouraging illegal transfer of Government properties by allottees. In respect of 83 shops transferred in Srinagar, the change of tenancy was pending as the unauthorized occupants had not submitted necessary formalities and deposited premium (₹1.99 crore) as prescribed by the Department. It was seen that the Department had not initiated any action against these unauthorized occupants despite the fact that these occupants had not deposited premium prescribed by the Department and was indicative of undue benefits to unauthorized occupants.

The Director Estates stated (July 2015) that Shops Allotment committee had prescribed transfer fee of approximately 10 *per cent* of the value of the property. The reply was not convincing as there was no provision of transfer of shops/ commercial property in the Rules. Besides, the value of property was not assessed by the Department while levying the transfer fee.

2.3.15 Store Management

2.3.15.1 Provision of furniture and fixtures

The Departmental Regulation 2004 envisaged items of furniture and fixtures to be provided to different category of officers for use at their allotted residential accommodation as per entitlement depicted in Annexure-II of the regulations.

Due to non-availability of Annexure-II of the Regulations *ibid* with the Department, the entitlement of officers for furniture and fixtures could not be ascertained in Audit. However, it was seen that the Department had issued furniture and fixtures of ₹20 crore (Jammu: ₹11.15 crore; Srinagar: ₹8.85 crore) to officers without ascertaining their entitlement during the period 2010-11 to 2014-15.

2.3.15.2 Procurement of furniture items

(i) Records showed that that the Department had procured furniture items such as beds, sofa sets, wooden showcases, dining tables etc worth ₹78.85 lakh (Dy. Director Estates Jammu: ₹65.53 lakh; Director Estates: ₹13.32 lakh) during the period 2010-11 to 2014-15 from open market without ascertaining the reasonability of rates by way of invitation of tenders etc.

(ii) Test-check of supply orders and other documents such as letters of the suppliers indicated that these items were purchased by the occupants of the Government quarters at their own level and bills thereof had been submitted to the Department for payments. In two test-checked cases furniture items valuing ₹1.20 lakh were supplied on 2 December 2012 and 5 April 2013 whereas supply orders were placed with the firm on 18 December 2012 and 5 June 2013 respectively. It was seen that the Department had made payments in such cases without ensuring/ verifying actual purchase and existence of the purchased items at Government quarters.

2.3.15.3 Suspected misappropriation of furniture items

According to Rule 8.28 of J&K State Financial code Volume-1, physical verification of all stores must be made by a responsible Government Servant at least once every year. All discrepancies noticed must be properly investigated and brought to account immediately. Loss caused to the Government through a deficiency due to misconduct or culpable negligence on the part of any Government servant, loss should be made good from the defaulter. Further Rule 8.26 (i) of the aforementioned code provides that a copy of handing over/ taken over report should be submitted to next higher authority.

Audit scrutiny showed that the physical verification of furniture stores and electrical item stores at Jammu had never been conducted by the Department. As a result, the actual ground balance of store items had never been reconciled with the book balance of store items. Further, the store records had never been authenticated by the Dy. Director Estates or Assistant Accounts Officer.

Audit came across instances of non-detection of shortages, non-accountal of items purchased etc., as discussed below:

(i) In the course of detailed audit scrutiny of store records, it was noticed that during transfer of the charge by the store-keeper (December 2012), the new incumbent had found that large number of furniture and furnishing items were not physically present and thus a note to this effect was recorded in the Stock Register and shown under the category ‘shortages’. Audit scrutiny further showed that as required, the matter had not been brought to the notice of the higher-authorities. Non-reporting of the shortages of large magnitude was in violation of the financial rules.

Detailed Audit check of major items of stores (40 items) showed that there was a huge shortage of stores valuing ₹2.44 crore (worked out on the basis of rates of 2010-11). Similarly, the closing balance of furniture items of ₹33.49 lakh (2012-13: ₹10.95 lakh; 2013-14: ₹22.54 lakh) were not carried forward and adopted as opening balance in the next years. The Director Estates stated (July 2015) that a Committee headed by the Executive Engineer Estates Division Jammu had been constituted to ascertain the factual position and that the verification of stores by the Committee was under process.

(ii) It was seen in audit that maintenance of stores records relating to electric items had been stopped since July 2013 as detailed below:

- Electrical items (value: ₹36.62 lakh) procured during 2011-12 and 2012-13 were not accounted for in the store ledgers of the Division.
- The status of huge quantities of electrical items (value: ₹41.81 lakh) lying in the stores at the end of June 2013 could not be ascertained.
- Electrical items (value: ₹29.15 lakh) procured during 2013-14 and 2014-15 had not been accounted for.
- Records of electrical items received back from Government quarters and as such position of these items could not be ascertained in audit.

(iii) It was further seen that various items of furniture such as modular furniture/ fittings, storage cabinets/ work stations, vertical blinds etc. valuing ₹2.80 crore (Jammu: ₹0.79 crore; Srinagar: ₹2.01 crore) procured for Civil Secretariat Jammu and Srinagar during 2010-15 had not been accounted for in the store records.

2.3.15.4 Issue of furniture items in excess of norms

The Department issues furniture items for use by the allottees of Government accommodation as per entitlements. The annual maintenance of furniture issued is also the responsibility of the Department.

Records showed that the Department had not adhered to upper limit of annual expenditure on issue of furniture/ furnishings and furniture items were issued in excess of norms laid down by the Government without obtaining approval of the Principal Secretary to the Government, Estates Department. Out of 156 cases of issuance of furniture to Type IV, V, VI and VII quarters test checked by audit, it was found that the Department had issued furniture of ₹One crore during 2010-15 in excess of fixed upper limit in 78 cases and the excess issuance of furniture was in the range of ₹6656 and ₹9,19,797. The Director Estates attributed (July 2015) issuance of furniture exceeding the prescribed norms to non-revision of the limit thereof since 2009. The reply was not convincing as the prescribed norms were required to be revised periodically and till then the existing norms were to be adhered.

2.3.15.5 Issue of furniture to personal residences

(i) Due to non-availability of Government accommodation eight Ex-Ministers etc. were paid monthly House Compensatory Allowance of ₹15000 for residing in their own houses and were not therefore entitled for any furniture items from the Government. Records showed that the Department had issued furniture and furnishing items of ₹19.66 lakh to these dignitaries during April 2010 to December 2014.

(ii) Records further showed that the Department had issued furniture valuing ₹3.34 lakh to personal residences of 14 officers/ officials during 2010-11 to 2012-13.

(iii) The Department had issued furniture items (cost: ₹2.19 lakh) in the name of Sh. Mubark Gul (Former Hon'ble Speaker Legislative Assembly) for his residence during November 2011 to June 2013. In addition to this, furniture items (cost: ₹2.09 lakh) were issued in the name of the House at Arora Abad Sidhra Jammu belonging to Sh. Mubark Gul during April 2013. The said house was converted into Mount View Guest House which was hired by the Department for providing accommodation to the Darbar Move employees during 2013-14 and 2014-15 and these furniture items were not taken back by the Department. This indicated that furniture items had been issued for furnishing of rooms of the Guest House.

The Director Estates stated (July 2015) that the Ex-Ministers would be intimated for return of furniture items or in the alternative their NDC would be stopped.

2.3.15.6 Issue of furniture to defaulters of license fee

Records of 66 test-checked licensees (outstanding rent ranged between ₹13120 and ₹258150) selected randomly on the basis of rent outstanding exceeding ₹10,000 showed that large number of furniture were issued to these licensees. It was seen that the Department instead of taking action to recover huge outstanding rent of ₹43.84 lakh from these licensees had issued furniture items (cost: ₹61.02 lakh) to these licensees during the period 2013-14 to 2014-15. The Director Estates stated (July 2015) that no furniture was being issued to defaulters of license fee and that the Department had initiated steps to recover license fee from the defaulters and in this regard notices had already been issued.

2.3.16 Conclusion and Recommendations

The Department had not formulated any long term Perspective Plan for development of colonies at Jammu and Srinagar to meet requirement of accommodation for Government functionaries and to reduce huge expenditure on hiring of private hotels/ private houses.

The Government may consider preparing perspective plan for development of colonies to meet housing needs of the employees and other State functionaries.

The provisions of the allotment rules were not adhered to by the Department thereby leading to imbalanced allotment of accommodation to move as well as non-move employees, allotment in excess of discretionary quota and non-allotment of vacant quarters. The Department had not initiated any action to evict occupants from residential quarters beyond permissible period.

The Government may consider to put in place transparent system for allotment of accommodation and ensure adherence to Allotment norms and to carry out thorough analysis of the requirement for hiring hotels and private houses to avoid excessive and irregular expenditure thereon.

Mechanism to ensure regular recovery of license fee was not devised. Transparent and competitive procedure for hiring of private houses was not adopted. Store management was poor and instances of non-detection of stores shortages, non-accountal of items purchased and non-maintenance of proper stores accounting records were noticed.

The Government may consider putting in place an efficient license fee/ rent recovery mechanism and effective tendering system for hiring of property besides ensuring efficient management of stores.

Health and Medical Education Department

2.4 Procurement of Medicines and Medical Equipment

Availability of adequate medicines and equipment in the health institutions is a pre-requisite for the betterment of health care facilities in the State. The Health and Medical Education (H&ME) Department of the State Government is entrusted with the responsibility of extending health care facilities in the State.

Highlights

- **Purchase Manual had not been prepared by the Department. Even after lapse of about three years of adoption of Drug Policy, a drug formulary had not been prepared. No specific policy guidelines were put in place for testing of drugs before these are administered to patients.**

  (Paragraphs: 2.4.5 and 2.4.6)

- **Expenditure on procurement of medicines and equipment ranged between five and seven *per cent* of the total allocation to the Department. 59 *per cent* of NRHM funds provided for procurement of medicine, machinery and equipment remained unspent.**

  (Paragraph: 2.4.7)

- **Purchases Committees had repeatedly been restructured/ reconstituted affecting their working adversely, as no comprehensive Annual Rate Contracts had been finalised during 2010-15. Medical Supplies Corporation constituted in May 2013 had not been made functional.**

  (Paragraphs: 2.4.8.1 and 2.4.8.3)

- **Rate Contracts finalized by the Purchase Committees showed cases of non-adherence to codal provisions, non-adoption of best practices and irregularities in finalization of individual Rate Contracts.**

  (Paragraphs: 2.4.9.1 and 2.4.9.2)

- **Large scale procurements (Medicines: ₹44.28 crore; Equipment: ₹34.80 crore) were made on the basis of expired rate contracts/ outside health institutions and from the local market.**

  (Paragraphs: 2.4.10.2 and 2.4.13)

- **50.95 lakh tablets/ capsules/ injections, etc. (value: ₹82.74 lakh) declared 'Not of Standard Quality' had been issued for supply to patients.**

  (Paragraph: 2.4.12.3)

- **Procurement of machinery/ equipment to the extent of ₹1.17 crore had been made on the basis of fake/ forged supply orders of the Outside Health Institutions.**

  (Paragraph: 2.4.13.2)

- **Machinery/ equipment valuing ₹1.21 crore had not been installed due to non-availability of infrastructure, trained manpower etc.**

(Paragraph: 2.4.14.1)

2.4.1 Introduction

Availability of adequate medicines and equipment in the health institutions is a pre-requisite for the betterment of health care facilities in the State. The State Government is to provide necessary policy frame work, institutions and resources in the shape of finances, personnel, drugs and equipment for the delivery of public health care services in the State. The Health and Medical Education Department of the State Government is entrusted with the responsibility of extending health care facilities in the State.

2.4.2 Audit Objectives

The performance audit was taken up with the objective of assessing whether:

- Adequate policy and institutional framework including financial management was in place for procurement of medicines and medical equipment;
- Functioning of the Purchase Committees was sound to ensure transparency, efficiency and economy in the procurement process;
- Rules, procedures and Best Practices were adopted for assessment of requirements, placement of supply orders and ensuring quality medicines/ medical equipment and optimal utilization thereof; and
- An efficient internal control mechanism to ensure proper accounting of medicines/ equipment existed.

2.4.3 Scope of Audit and Methodology

Management of Stores including Machinery and Equipment in Associated Hospitals under Health and Medical Education Department was last reviewed and commented upon in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2001. However neither any Action Taken Note was received from the Department nor the Public Accounts Committee had discussed the Performance Review. The performance audit covering period from 2010-11 to 2014-15 was conducted during November 2014 to May 2015 by test-check of records of the Administrative Department, two Purchase committees, Five Associated Hospitals, One Dental College Hospital and two Directors of Health Services, Kashmir/ Jammu, responsible for finalisation of Rate Contracts and undertaking the procurement. Besides, records of 40 end-user health institutions viz., six out of 22 Chief Medical Officers, six out of 22 District Hospitals and 28 CHCs/ PHCs, selected on Simple Random Sample basis, were also checked in Audit. Information/ data relating to testing of drugs was collected from the Controller Drug and Food Organisation J&K. Audit evidence was collected through cross verification of supply orders and examination of related documents besides conducting beneficiary survey. Audit of two Purchase Committees, Government Medical College Srinagar and its Associated Hospitals and Government Dental College, Srinagar, could not be conducted as the records of these institutions had reportedly got destroyed in floods.

Entry/ Exit Conference

The Scope and Objectives of the Performance Audit was discussed in an entry conference held on 26 November 2014 with the Commissioner Secretary, Health and Medical Education Department. The findings of the performance audit were discussed with the Commissioner Secretary, Health in an Exit conference held on 31 August 2015. Replies thereof have been incorporated at appropriate places.

2.4.4 Audit criteria

The Audit criteria relating to the activities of the Department with regard to procurement were derived from the following sources:

- Provisions of the Jammu and Kashmir Financial Code and J&K Book of Financial Powers;
- Instructions/ orders issued by the Government from time to time;
- State Drug Policy; and
- Best practices prescribed by the GoI/ CVC guidelines.

Audit Findings

2.4.5 Lack of a sound Regulatory Framework

2.4.5.1 Non-existence of Departmental Regulations/ Procurement Manual

An efficient procurement system requires that the organization has a uniform and well documented Regulatory framework in the shape of rules, regulations and guidelines so that procurement of the Government stores is done in a fair and just manner and at most competitive rates while meeting the parameters of efficiency, economy and accountability.

Scrutiny of records of the Administrative Department showed that codified Purchase Manual had not been prepared by the Department. Audit noticed that neither any Standards have been put in place nor instructions issued by the Government from time to time were readily available or compiled in the form of a compendium in the Administrative Department and no Best Practices had either been laid down or adopted by the Department. Audit further observed that due to absence of a Procurement Manual, a uniform procedure while undertaking the purchases had not been followed, resulting in lapses which are highlighted in the subsequent paragraphs.

The Director Finance, H&ME Department stated (September 2015) that purchase of stores was being made in accordance with the provisions of Financial Code of the State and as per delegation of powers prescribed in the Book of Financial Powers.

The matter regarding existence of approved Purchase Manual in the State was also taken up by the Audit with the Finance Department, J&K Government. The Director (Codes) Finance Department, while confirming that no procurement manual had been prepared in the State informed that efforts would be made to prepare a manual for the guidance of the State Departments in near future.

2.4.6 Policy Frame work

2.4.6.1 Non-implementation of drug policy

The State adopted a Drug Policy in February 2012. The policy, *inter-alia* provided for completion of certain formalities for preparation of a drug formulary.

Audit scrutiny (November 2014) of records in the Administrative Department showed that procurement of medicines/ drugs was being made without having any formulary of common generic drugs. The Government had, however, constituted (November 2013) a State Drugs Formulary Committee for preparation of formulary of common generic drugs and medicines. The committee had endorsed (August 2014) a copy of the National formulary of GoI and without taking into consideration effects of local diseases, food habits, sensitivity, climate etc., as required under the Drug Policy.

The Director Finance stated (September 2015) that the drug policy had been adopted by the Department in the year 2012 and that the drug formulary was in the final stage of consideration of the Government and would be notified soon.

In absence of a drug formulary, the State Government instructions (May 2000) envisaged finalization of Rate Contracts for drugs/ medicines by the Purchase Committees *inter-alia* on the basis of National Essential drugs List issued by the GoI on the pattern of World Health Organization guidelines.

Analysis of the Rate Contracts of drugs finalized by Purchase Committees (1) and (2) showed that out of 306 drugs finalized during 2010-11 to 2014-15, 165 drugs were outside the National Essential Drug List of the GoI. Reasons for non-adherence to instructions of the Administrative Department were awaited.

2.4.6.2 Non-existence of a policy for Testing of drugs/ medicines

Health institutions procure drugs/ medicines in bulk through approved Rate Contracts and from the local market. A policy mechanism of testing is required to be put in place to ensure quality of the supplies before these are administered to patients.

Audit noticed (November 2014) that no policy guidelines were put in place for testing of drugs before these are administered to patients. Though the Rate Contracts finalized by various Purchase Committees for procurement of drugs provide for furnishing of the Analytical Reports by the suppliers, however, audit observed that there was no mechanism in place for referral of samples by the health institutions for testing to the Drug Controller or to third party accredited laboratories. Audit came across instances where large scale drugs procured by the Department had been issued for supply to patients before they were lifted for testing by Drug and Food Control Organisation (DFO) and declared as 'Not of Standard Quality' as brought out in Paragraph 2.4.12.3.

The Director Finance, stated (December 2014) that the role of the DFO was purely regulatory in nature and was restricted to lifting of samples on random basis by means of regular surveillance and of late, steps had been taken to enhance the testing capacity by roping labs in the Public sector. The Director Finance further stated (September 2015) that the Controller, DFO had been made vibrant and proactive to ensure optimal testing of drugs/ medicines to the best of its capacity. The reply was not convincing as lack of policy guidelines for ensuring third party testing of drugs/ medicines procured was an area of concern which had resulted in issuance of sub-standard drugs/ medicines for supply to patients as brought out in Paragraph 2.4.12.3.

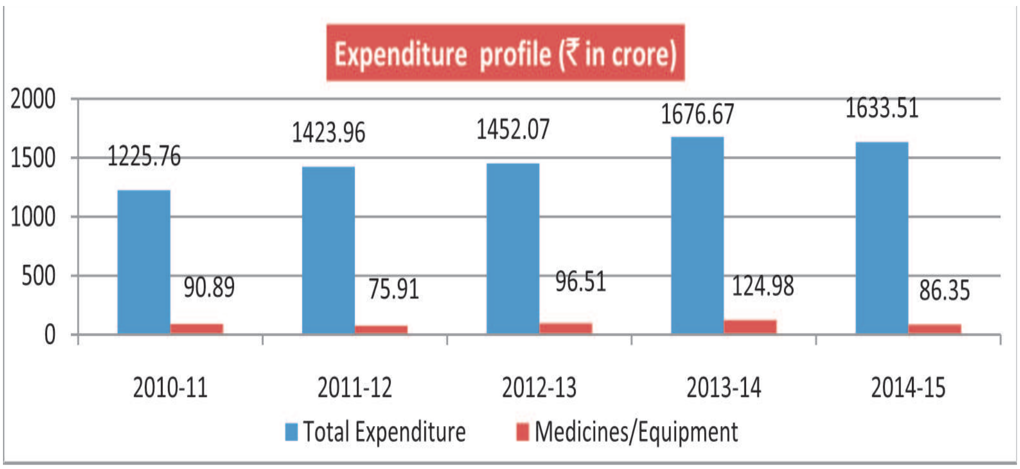
2.4.7 Financial Management

The position of funds allocated and expenditure incurred by Health and Medical Education Department on procurement of medicines, machinery and equipment during the period from 2010-11 to 2014-15 is given in **Table-2.4.1** below:

Table-2.4.1

(₹ in crore)

Year	Total Allocation (A) and Expenditure (E)		Allocation (A)/ Expenditure (E) on Medicines/equipment							
			Plan		Non-Plan		NRHM (CSS)		Total	
	A	E	A	E	A	E	A	E	A	E
2010-11	1369.49	1225.76	33.55	32.69	52.17	51.89	12.30	6.31 (51)	98.02	90.89
2011-12	1630.83	1423.96	23.02	18.17	55.60	55.36	11.70	2.38 (20)	90.32	75.91
2012-13	1659.90	1452.07	37.79	19.74	61.35	60.14	30.71	16.63 (54)	129.85	96.51
2013-14	1895.68	1676.67	32.31	27.58	71.17	60.52	71.07	36.88 (52)	174.55	124.98
2014-15	1874.17	1633.51	24.77	14.30	72.64	66.01	41.51	6.04 (15)	138.92	86.35
Total							**167.29**	**68.24**	**631.66**	**474.64**



Audit scrutiny showed the following:

- Expenditure on procurement of medicines and equipment ranged between five and seven *per cent* of the total allocation to the Department.
- The overall utilization of funds allocated for procurement of medicines, and equipment ranged between 62 and 93 *per cent*.

Against total allocation of ₹167.29 crore for procurement of medicine, machinery and equipment under NRHM (CSS), ₹99.05 crore (59 *per cent*) remained unspent resulting in non-extension of intended benefits to the patients. Of the unutilized amount, ₹20.82 crore remained blocked for a period ranging from two to five years. The Director Health Services, Jammu stated (July 2015) that the funds could not be utilized in full due to non-approval of rate contracts in time and release of funds at the fag end of the financial year. The Director Finance stated (September 2015) that the Department takes all efforts to ensure full utilization of funds and the Purchase Committees sometimes take recourse to the RCs of other organizations like All India Institute of Medical Sciences (AIIMS) and Sher-i-Kashmir Institute of Medical Sciences (SKIMS) to ensure timely utilization of funds.

2.4.8 Institutional mechanism

The Health Department procures medicines/ drugs for use in the health institutions through Purchase Committee mode, which are entrusted with the responsibility of finalization of rate contracts. In the existing institutional set-up there are two types of Purchase Committees operative in the State as detailed below:

(i) Provincial level purchase committees

The procurement of medicines, machinery and equipment is made centrally by Directorate of Health Services, Kashmir/ Jammu for Health institutions located at provincial, district and block levels, the procurement for Medical Colleges and Associated Hospitals is done by respective Principal/ Medical Superintendents, after finalization of rate contracts by respective Purchase Committees.

(ii) District level purchase committee

District level purchase committees are being constituted for implementation of various interventions of the National Health Mission (NHM) and these are being administered by the *Rogi Kalyan Samitis* (RKS). The Purchase committees formed under RKS are mandated to approve the drugs/ medicine and machinery/ equipment to be procured for a particular health institution (District Hospitals/ CHCs/ PHCs) of a particular district. Local Purchase Committees are constituted at the level of Chief Medical Officers for the drugs/ medicines to meet the local needs and by the District Hospitals for purchase of Machinery/ Equipment, whenever, Centralized Rate Contracts at the Provincial Level are not available.

2.4.8.1 Frequent changes in structure of Provincial level Purchase Committees

(i) The Purchase Committees are supposed to finalise annual Rate Contracts for medicines and machinery/ equipment well in time so as to ensure procurement by the field health institutions in a timely manner to avoid shortages in the user institutions.

Scrutiny of records showed that the Department had repeatedly restructured/ reconstituted the Purchase Committees by shifting from decentralized to centralized and back to decentralized forms during the period 2000-01 to 2014-15 as depicted in the **Table-2.4.2** below:

Table-2.4.2: The structure of the Purchase Committees during the period from 2000-01 to 2014-15

Sl. No	Year	Number of Committees	Purchase Committee for finalization of NIT	Group items
1.	2001	Six (06)	Purchase Committee for Government Medical College, Jammu	All items
			Purchase Committee for Directorate of Health Services, Jammu	
			Purchase Committee for Government Medical College, Srinagar	
			Purchase Committee for Government Dental College, Srinagar	
			Purchase Committee for Directorate of Health Services, Kashmir	
			Purchase Committee for Directorate of Indian System of Medicines	
2.	2003	One (01)	Central Purchase Committee, headed by Commissioner Secretary H&ME	All Items
3.	2007-08	One (01)	Central Purchase Committee with Sub Committees: 02 (Kashmir: 1 Jammu : 1) and Expert groups: 04 (A[60], B[61], C[62], D[63])	Groups A, B, C and D
4.	2008-09 to 2012-13	Four (04)	Purchase Committee –1: (Medical College Srinagar)	Groups A
			Purchase Committee –2: (Medical College Jammu)	Group B
			Purchase Committee –3: (Dental College Srinagar)	Group C
			Purchase Committee –4 : (Director Indian System of Medicines, J&K)	Group D
5.	2013-14 to 2014-15	Seven (07)	Purchase Committee for Government Medical College, Jammu	All Items
			Purchase Committee for Government Medical College, Srinagar	All items
			Purchase Committee for Government Dental College, Jammu	All Items
			Purchase Committee for Government Dental College, Srinagar	All Items
			Purchase Committee for Directorate of Health Services, Kashmir	Group B
			Purchase Committee for Directorate of Health Services, Jammu)	Group A
			Purchase Committee for Directorate of Indian System of Medicines	Group D

With an aim of dispensing with the system of PCs, the Government had envisioned (June 2003) formation of a Medical Supplies Corporation. However, till the time the Corporation was formed, a Central Purchase Committee was constituted (June 2003) as a temporary measure. Since no progress was made in establishing the proposed Corporation till May 2013, the system of PCs continued and it was seen that the number and mandate of PCs had been repeatedly changed in the years 2003, 2007, 2008 and finally in March 2013. The Director Finance of the Department stated (September 2015) that the Purchase Committees of the Health

[60] Group A Items: 1. Surgical Instruments and implants, 2. Hospital General items, 3. Drugs and Instruments, 4. Hospital Security/ Sanitation/ Diet/ Uniforms (Kashmir Province only), 5. X-Ray films and Chemicals, 6. Carriage of LDO, 7. Radio-diagnosis equipment

[61] Group B Items: 1. Machinery and Equipment 2. Laboratory, chemicals, reagents, glassware, blood bank items 3. Miscellaneous and Disposable 4. Hospital Security/ sanitation/ diet (Jammu province) 5. Dressing and sutures 6. Hospital furniture 7. Electric appliances and Air conditioner 8. Linen and Bedding

[62] Group C Items: 1. Dental Equipment 2. Dental Material

[63] Group D Items: 1. Ayurvedic and Unani Medicines 2. Ayurvedic and Unani Machinery Equipment

as well as Medical Education Department had been constituted after a gap of almost five years in March and February 2013 respectively and as such it could be inferred that the Department had not effected frequent changes in the structure of Purchase Committees. The reply was not convincing as the Department had carried out frequent change in the mandate of PCs as depicted in the **Table-2.4.2**.

(ii) Audit scrutiny of the working of the Purchase Committees showed that frequent changes in the mandate had made the PCs virtually defunct as no comprehensive Annual Rate Contracts had been finalized by any of these committees during the last five years. The position of NITs issued and Contracts finalized for Drugs/ Medicines/ disposables and Machinery/ Equipment, by various Purchase Committees operational during 2010-15 is indicated in **Table-2.4.3** below :

Table-2.4.3: Rate Contracts for Drugs/Medicines/ disposables and Machinery/ Equipment finalized during 2010-15

Sl. No	Purchase Committee	Year	Tenders issued	Rate Contracts finalized[64]
1.	PC No 1 (Medical College Srinagar)	2010-11 to 2014-15	23	16
2.	PC No 2 (Medical College Jammu)	2010-11 to 2014-15	34	17
3.	PC No 3 (Dental College Srinagar)	2010-11 to 2014-15	4	4*
4.	PC for Government Dental College, Jammu	2013-14 to 2014-15	1	0
5.	PC for DHS, Kashmir	2013-14 to 2014-15	33	7
6.	PC for DHS, Jammu	2013-14 to 2014-15	4	0
	Grand Total		**99**	**44 (44%)**

*: *Two RCs finalised partially*

Audit scrutiny showed the following:

- The Purchase Committees had invited 99 NITs for procurement of medicines, machinery/ equipment during the period 2010-11 to 2014-15, out of which 44 Rate Contracts (44 *per cent*) only had been finalized.
- The finalization of rate contract had decreased during the years 2013-14 and 2014-15, after reconstitution of purchase committees, as against 68 tenders, the Purchase Committees had been able to finalize 21 (31 *per cent*) Rate contracts only.
- Two purchase committees could not finalize any rate contract of medicine, machinery/ equipment during the period from 2013-14 to 2014-15.

Due to non-finalization of rate contracts, the PCs had been resorting to issue of periodic permissions for procurement of medicines/ machinery on the basis of expired Rate Contracts or on the basis of RCs finalized by outside health institutions like AIIMS New Delhi/ PGI Chandigarh/ SKIMS etc.

[64] Only Item specific Rate Contracts were finalised

2.4.8.2 Abnormal delay in finalization of Rate Contracts

Audit analysis showed abnormal time of more than four months taken in finalization of the Rate Contracts by the PCs as depicted in **Table-2.4.4** below:

Table-2.4.4: Time taken in finalization of Rate Contracts

Sl. No	Particulars of NIT	Date of issue of NIT	Date of finalization of Rate Contract	Time taken in finalisation (Days)
1.	High power electronic oscillator system	19.02.2010	20.08.2010	183
2.	Medical Mobile unit	13.10.2011	27.02.2012	138
3.	Anesthesia equipment	19.07.2013	18.01.2014	184
4.	Machinery and equipment (5 of 2010)	12.07.2010	28.07.2011 15.10.2011 15.12.2011	382 430 491
5.	Machinery and equipment (additional items) NIT 12 of 2010	19.11.2010	28.07.2011 15.10.2011	252 331
6.	Machinery and equipment (Phase II) 18 of 2014	17.09.2014	28.02.2015	165
7.	Oxygen concentrator 03.03.2014		31.10.2014	243
8.	Surgical dressing items	16.11.2013	24.05.2014	190

The time taken in finalization, thus, ranged between 138 and 491 days, resulting in non-provision of the requisitioned Equipment in time. The Principal, Government Medical College stated (August 2015) that measures would be adopted to finalize the tenders in a time bound manner.

2.4.8.3 Delay in operationalisation of Procurement Corporation

Despite the fact that the Government had envisioned (June 2003) formation of a Medical Supplies Corporation, Audit noticed that the Government, belatedly, accorded (May 2013) sanction to the Constitution of the J&K Medical Supplies Corporation Limited. After a gap of more than one year, the Government accorded (August 2014) sanction to the constitution of State Level Purchase Committee for the Corporation and directed all the Heads of Department to transfer 75 *per cent* of their budgetary allocation under 'Drugs and Instruments and Equipment' for the financial year 2014-15 to the Corporation so that procurement of medicines/ drugs, machinery and equipment is made by the Corporation. Audit, however, noticed that no funds had been transferred to the Corporation as of December 2014 and applicability of the Government order of August 2014 had been extended to August 2015.

Despite there being no activity in the Corporation, the Department had incurred an amount of ₹1.38 crore on administrative expenses of the Corporation during the period May 2013 to December 2014.

The Director Finance stated (September 2015) that the Corporation would be made fully operational in due course and it was expected that it would start procurement of medicine/ equipment from January 2016.

2.4.9 Working of the Purchase Committees

Of the six PCs functional during 2010-11 to 2014-15, records of two PCs were reportedly destroyed in the floods and two PCs had not finalized any Rate Contracts. Records of remaining two PCs (PC- 2 Medical College Jammu and PC Directorate of Health Services, Kashmir) which had finalized 24 Rate Contracts were test-checked in audit.

2.4.9.1 Deficiencies in finalization of Rate Contracts

Audit scrutiny of various stages of tendering process, contract clauses and terms and conditions of 15 out of 24 RCs finalized by the PCs during 2010-15 showed as under:

- No periodical/ annual requirement had been received by the PCs during 2010-11 to 2014-15. Records showed that no directions for furnishing the requirement were ever sent from the PCs. The requirements for medicines/ equipment were received on *adhoc* and need basis from the individual units without any annual assessment.
- 15 test-checked NITs issued by the purchase committee neither depicted the anticipated quantities to be procured nor the anticipated overall drawal against the proposed rate contract.
- As per the Compulsory Enlistment Scheme of the GoI and DGS&D Manual, it is compulsory for Indian agents who desire to quote directly on behalf of their foreign manufacturers/ principals, to get themselves enlisted with the Department of Expenditure, through the Central Purchase Organization (e.g. DGS&D). Requirement of such enlistment had never been asked for by the PCs nor had this been prescribed as a requirement for submission of bids by traders/ agents on behalf of their foreign principals.
- In respect of imported goods, the tenderers shall specify separately the total amount of custom duty included in the quoted price. Further, the GoI has allowed exemption from payment of customs duty in respect of certain types of goods which *inter-alia* include hospital equipment imported by Government Hospitals. It was seen that actual amount of custom duty payable was neither specified in monetary terms nor any custom tariff number was indicated in the bids. Also, no attempt to avail such exemption had ever been made with the result the benefit of Custom duty exemption had been denied to the State.
- No performance security clause was included in respect of six of the 15 medicine/ equipment contracts. Further, in two Rate Contracts only five *per cent* of the performance security as against a 10 *per cent* in all other cases had been specified.

- Rate contracts finalized for procurement of drugs/ medicines did not contain any clause on necessary production of analytical reports from the manufacturers even though a condition to this effect was included in NIT. Depiction of condition in rate contract is necessary for the guidance of the purchasing officers.
- The PCs had not carried out any rate analysis on the basis of prevailing market rate, last purchase prices or by comparison of rates *vis-a-vis* other health institutions procuring similar commodities through exchange of information before issue of NITs or finalization of the rate contracts.
- The suppliers registered with the PC were mostly the traders acting on behalf of their principal manufacturers. In the test check contracts, it was seen that almost all the contracts have been finalized in favour of traders even for the imported equipment. However, a certificate from the principal manufacturer to the effect that rates would have been same had the principal manufacturer participated in the tender directly, had not been obtained.
- A scrutiny of the Ernest Money Deposits (EMDs) held by the PCs during 2010-15 showed that the validity of 31 out of 83 EMDs had expired well before the contract validity period and no effort to have the EMDs renewed by the bidders had ever been made**.**
- No details of inspection and tests to be carried had been included in any of the NITs issued for machinery and equipment, even though a large number of these NITs included procurement of highly sophisticated machinery to be imported.

The Principal (GMC) Jammu replied that in future tenders would be floated by indicating the approximate requirement of items.

2.4.9.2 Irregularities in finalization of Rate Contracts

The instructions issued by the Government for finalization of rate contracts provide that Purchase Committees shall *inter-alia* ensure possession of minimum annual turnover of ₹15 crore and Authority letter of the Principal/ Original manufacture of the machinery/ equipment. Detailed Audit scrutiny of 11 out of 24 Rate contracts finalized by the two purchase Committees during the period from 2010-11 to 2014-15 showed cases of uncompetitive and non-transparent contract finalization as elaborated in ***Appendix-2.2.***

(i) Irregularities in finalization of RC for Mobile Medical Units

Based on a request (July 2011) from the State Health Society (NRHM), the Administrative Department constituted (October 2011) a committee for finalization of technical specifications of Mobile Medical Units (MMU). The rate contract was finalized (February 2012) by the Purchase Committee-II in favour of a firm at a cost of ₹27.24 lakh per unit. Supply order for purchase of 11 MMUs was placed (July 2012) by the Director Health Services, Jammu and entire fleet of MMUs was received during 2013-14 at a cost of ₹2.45 crore. Audit scrutiny of records of Purchase Committee-II and the DHS, Jammu showed following irregularities in the tendering and procurement process.

- The technical committee was constituted on 12.10.2011 and without finalization of technical specifications of MMU, the NIT was floated on the very next day of the constitution of technical specification committee viz., 13 October 2011.
- The approved Programme Implementation Plan PIP (2011-12) for the State specifically mentioned that 11 MMUs were to be procured for as many districts at a cost of ₹5.02 crore (capital and recurring). However, despite knowing the scope of the contract to be allotted, quantity to be procured was not mentioned in the NIT.
- There was nothing on record (except for receipt in the form of GR issued by Information Department) to suggest that adequate publicity had been given to the NIT.
- The PC met on 19.11.2011 wherein after opening of tenders two out of five bidders were rejected. However, despite a pre-bid meeting (31.10.2011) and three (17.12.2011/ 22.12.2011/ 05.01.2012) post bid meetings/ power point presentations (all attended by three bidders also), the Committee had not been able to finalise the specifications of the MMU and due to non-clarity about various issues, the committee in its meeting of 05.01.2012 had to conclude that the actual compliance vis-à-vis tender notice could be ascertained only after obtaining a sample supply to be produced by the successful tenderer before executing the whole order quantity.

The conclusion on part of the committee could be attributed to deficiencies in the overall requirement details of the NIT, which had been issued one day after constitution of the technical committee and without consultation.

- All the three bidders were again called on 22/ 23.02.2012 and based on a power point presentation, two firms were rejected on technical specifications and tender of M/S Esteem Industries, Baddi was accepted, financial bid of the bidder was opened and declared successful with following conditions:

(a) The firm had to submit an undertaking that they have not supplied same type of MMU anywhere in the country on rates lesser than quoted ones, and

(b) The firm shall fabricate one vehicle as a sample which shall be displayed before the committee and on the successful checking and verification of sample MMU, by the committee, the firm shall become entitled/ competent to execute the supply of MMUs as per approved sample.

It was however, seen that:

- Against the requirement of annual turnover of ₹15 crore, a perusal of the tender documents submitted by the successful bidder showed that there was variation in the figures of annual turnover of the firm as per the certificates of registration issued by different bodies and that issued by the Chartered Accountants of the firm with the tender.
- The rejection of two bidders on the basis of power point presentation

thereby leaving only one bidder for the financial evaluation, resulted in non-assessment of reasonability of rates quoted by the bidder both for fabrication and the equipment of the MMU.

- Despite insisting on Re-locatable Box in the NIT and throughout the bidding process, which even was declared as one of the ineligibility factors, the technical specification in the Rate Contract issued was for 'Complete fixed Box container'.
- At no stage of the whole process of Contract finalization, had the PC disclosed the exact number of MMUs. However, it was seen that the financial bid of the successful tenderer had indicated the rates for 11 MMUs. It was not clear how the successful bidder quoted for the required number in its financial bid.
- In contravention to terms and conditions of the contract, it was seen that the DHS, Jammu placed supply order for all the eleven (11) MMUs in one go and there was nothing on record to suggest that the condition of fabrication of only one vehicle in the first instance and execution of remaining MMUs only after approval of the sample MMU by the Purchase Committee had been adhered to.
- Comparison of supply order with the Rate Contract showed that of the 58 items of equipment/ accessories approved for the MMU, only 14 items had been included in the supply order and remaining 44 items had been excluded, defeating whole purpose of having a MMU.

The Principal (GMC) Jammu stated (August 2015) that the matter was being looked into and outcome would be communicated to audit and that the instructions of audit had been noted for future compliance. The Director Health Services Jammu however stated (July 2015) that due to scarcity of funds some accessories were not ordered.

2.4.10 Procurement Process in Health Institutions

2.4.10.1 Lack of mechanism for assessment of Annual requirements

Audit scrutiny of records showed that a mechanism for annual assessment of drugs/ medicines and Machinery equipment for the province and the State as a whole for projection to the Purchase Committees and for guidance of the purchasing officers was not in place in the Department. Audit examination of records of the test checked Associated Hospitals/ CMOs/ Directorates/ District Hospitals/ CHCs/ PHCs showed the following:

- The test-checked health institutions did not have a system of annual assessment of Medicines and Equipment. Entire procurement of Medicines was being done on need basis with the result that the institutions had to place multiple small value supply orders throughout the year. Procurement of Machinery/ equipment too had been made in *adhoc* and unplanned manner.
- The Director Health Jammu had projected requirement for 249 drugs/

medicines annually during the years from 2010-11 to 2014-15 without feedback from field units. It was seen that the quantities projected against each drug had been kept at a uniform level during all the five years except for the year 2011-12 in which quantities of 35 medicines/ drugs had been enhanced by 100 *per cent*, 12 medicines/ drugs by 500 *per cent* and seven medicines by 1000 *per cent* over previous year 2010-11. Against the assessed requirement of 249 medicines/ drugs for 2012-13 and 2013-14, only 48 and 41 medicines had been purchased respectively.

- Similarly, data in Provincial Medical Stores, Kashmir for the years 2010-11 to 2014-15, showed that an annual requirement of 173 drugs/ medicines had been kept almost same during the period from 2010-11 to 2014-15 excepting for the year 2012-13 where quantity of 51 medicines/ drugs projected had been enhanced by 100 *per cent* to 500 *per cent*.

  The Director Health services Jammu stated (July 2015) that all the items projected by the CMO's were either not quoted by the tenderers or not approved by the rate contract committees.

- Audit in the course of scrutiny of records in the field health institutions came across instances where the Machinery/ Equipment purchased by the Directorates of Health Kashmir/ Jammu had been supplied to the Health Institutions without any requisitions with the result that large scale Machinery/ Equipment had been lying idle across the sampled health institutions as brought out in Paragraph 2.4.14.1

2.4.10.2 Purchase of Drugs/ Medicines/ Consumables

The summarized position of medicines/ drugs purchased by the test-checked health institutions during the period from 2010-11 to 2014-15 is depicted in ***Appendix-2.3.***

Audit analysis showed the following:

- Of the 9782 supply orders (Value: ₹108.52 crore) placed by the test-checked health institutions, 1898 supply order (19 *per cent*) (Value: ₹64.25 crore) had been placed on the basis of Rate Contracts finalized by the Purchase Committees.
- 797 supply orders (value ₹27.14 crore) were placed on the basis of Rate Contracts the validity of which had expired, resulting in purchase on repeat order basis and extension of undue benefits to the suppliers.
- 168 supply orders (value ₹3.62 crore) had been placed with Jan Aushudi Stores/ Red Cross/ Super Bazar/ Outside Health Institutions.
- 6919 supply orders (71 *per cent*) out of a total of 9782 supply orders (value: ₹13.52 crore) had been issued for procurement from the local open market during 2010-11 to 2014-15 without inviting tenders.

Large scale procurements (₹44.28 crore) on the basis of expired rate contracts and from the local market was due to the fact that Purchase Committees had not been able to finalize Annual Rate Contracts. The Principal (GMC) Jammu stated (August 2015) that due to non-finalization of rate contracts the hospital had got no option else to explore other sources to avoid any loss of precious lives.

Further implications of the existing system of drugs/ medicines procurement as analysed in Audit are elaborated below:

2.4.11 Local Purchase of medicines

2.4.11.1 Expenditure in excess of delegation

Delegation of financial powers provide for local purchase of medicines/ disposable in certain conditions including emergent circumstances. In contravention of existing delegation, it was seen that the annual ceiling had been exceeded by all the test checked health institutions by placing 71 *per cent* (6919 out of 9782 supply orders) as detailed in **Table-2.4.5** below:

Table-2.4.5

Institution	Expenditure Incurred on Local Purchases				
	2010-11	2011-12	2012-13	2013-14	2014-15
Permissible Annual Limit as per delegation of Financial Powers (₹ in lakh)	0.50	0.50	0.50	1.00	1.00
Medical College Hospital Jammu	27.91	21.45	21.09	46.13	47.17
Dental College Hospital Jammu	4.33	3.60	6.73	11.00	3.79
SMGS Hospital Jammu	31.12	18.86	23.32	55.26	90.44
Chest Disease Hospital Jammu	2.64	4.35	6.71	10.14	12.96
Bone and Joint Hospital Srinagar	19.75	11.26	5.53	3.27	7.19
Chest Disease Hospital Srinagar	76.56	34.21	47.37	6.69	5.56

Incurring of expenditure in excess of the delegation is irregular and action taken by the Medical Superintendents to have the excess over the delegations regularized from the Competent Authority was neither on record nor intimated to Audit. The department attributed reasons for excess delegation of powers to absence of approved rate contract, attending to the patients of road accident, border firing etc.

2.4.11.2 Purchase of a single medicine at different rates

Audit analysis showed that as a result of local purchases same medicines had been purchased by different health units at significantly varying rates. A graphical representation of huge variation in the case of four drugs/ medicines analysed by the Audit in test checked units is depicted in ***Appendix-2.4***. The cases are illustrative and large scale variation in the purchases across the health institutions in the State with huge financial implications cannot be ruled out.

2.4.12 Sample Check of Supply orders of medicines/ drugs

In order to ascertain the extent to which the purchasing officers are adhering to the codal procedures as set out in the financial rules and terms and conditions of the Rate Contracts, through various procurement stages from placement of orders, receipt of supplies, accounting of stores up to release of payments to the suppliers, Audit carried out a test check of 426 sample supply orders (Rate contracts/ DGS&D and Local Purchases) valuing ₹36.48 crore, selected on Random Sample basis, placed by the sampled health institutions. Audit scrutiny showed as below:

2.4.12.1 Purchase of Propriety Medicines

It was seen that in the absence of RCs the purchasing Officers of test-checked units had been placing supply orders directly on the dealers/ manufacturers. It was seen that the requisitions for such purchases were being received by the purchasing officers from the Heads of Departments (HODs) in piece-meals throughout the year which had resulted in frequent small procurements throughout the year. The institutions in order to avoid large scale purchases had restricted the supply orders below the permissible limits as provided in the Delegation of Financial Powers for purchases in unforeseen/ emergent situations. The Principal (GMC) Jammu stated (August 2015) that propriety name was being mentioned on supply orders so that supplies were accepted in stores in accordance with quality/ manufacturer.

2.4.12.2 Non-submission of Analytical Reports

The department is required to ensure that Analytical Reports of drugs/ disposables are received with each lot/ batch of drugs/ medicines/ disposable at the time of receipt of supplies so that medicine/ drug of standard quality is received.

It was, however, seen that though the medicines/ disposable received against Rate Contracts had been received with Analytical Reports in the test checked units, no such reports had been insisted upon in the case of local purchases. Test check showed that no analytical reports had been obtained in respect of 160 (38 *per cent*; Value: ₹1.87 crore) out of 426 sampled supply orders. Non-receipt of Analytical Reports is fraught with the risk of providing sub-standard/ spurious drugs/ medicines to the patients. The Principal (GMC) stated (August 2015) that the receipt of analytical reports would be ensured in respect of laboratory kits also.

2.4.12.3 Issuance of sub-standard drugs for supply to patients

The health institutes are required to send the samples of the drugs/ disposables for testing to the Drug Controller or an accredited laboratory on regular basis for ensuring independent quality check of the drugs.

It was, however, seen that none of the test checked health institutions had a mechanism of regular referral of drugs/ medicines/ disposables for testing.

Data collected from the State Drug and Food Controller Organisation, Srinagar/ Jammu showed that the Organisation had lifted 1833 samples from health institutions during 2010-15, out of which 43 samples were declared as 'Not of Standard Quality'.

However, cross check of data in the sampled health institutions showed that 50.95 lakh tablets/ capsules/ injections etc.(value: ₹82.74 lakh) declared 'Not of Standard Quality' by the testing organisation had been issued for supply to patients ***Appendix-2.5*** This was due to absence of a proper mechanism for monitoring of Reports once the samples were lifted by the Drug and Food Controller organisation as by the time test reports had been received by the hospitals entire quantity of drugs/ medicines of the sampled drugs/ medicines had been administered either fully or partly to the patients. The Principal (GMC) Jammu stated (August 2015) that the test reports of the samples lifted by Drug controller authorities were not received by the department by the time the hospital consumes medicines/ drugs and that the matter for delivering test reports immediately would be taken up with the concerned authority.

2.4.12.4 Non-depiction of Batch Number and Manufacturing/ Expiry dates in the stores records

Supplies ordered by the purchase section are received in the Central Stores of the hospitals and are entered in the consignment register and subsequently in the stock registers and sub-stocks of the stores for further issue to end-users.

Test-check of store records of the sampled health institutions showed that no such details had been recorded in main stock register at the Central Stores, indents and sub-stores. In absence of these details, Audit could not analyse the system of issue of stocks of medicines from the stores in any of the test checked units as the system to be adopted should follow the FIFO (First-in First-out) pattern of issue to ensure that the drugs/ medicines with shorter shelf life are consumed first. This also ensures identification of the drug/ medicines in the event of any drug/ medicine being declared sub-standard. The Principal GMC and DHS, Jammu replied that instruction of audit had been noted and would be forwarded to Medical Officer Stores for immediate compliance.

2.4.12.5 Non-maintenance of end user records

Records to identity end-user patient to whom the medicines were issued had not been maintained in any test-checked health institution. In absence of which it could not be ascertained as to whether the medicines/ drugs had actually been received by the patients visiting these Health institutions.

In view of the fact that none of the test checked health institutions from the level of Medical College Hospital down upto PHCs levels had maintained any verifiable end-user medicine distribution and consumption records, distribution of drugs/ medicines and other consumables worth ₹108.53 crore purchased by these units during the period 2010-11 to 2014-15 to the patients, could not be vouchsafed in Audit.

In reply the Medical Superintendents/ Block Medical Officers, while admitting that no verifiable end-user records were being maintained, attributed same to lack of adequate manpower in IPD/ OPD wings of the hospitals. The Principal (GMC) Jammu and DHS, Jammu replied that the instruction had been noted and measures would be adopted to formulate a policy for making proper records of end-users.

Beneficiary Survey

In order to assess the extent of availability of drugs/ medicines in the Health institutions, Audit carried out a beneficiary survey of a random sample of 75 patients in two test-checked health institutions.

The survey data showed that, of the 562 medicines prescribed for the patients, only 323 (57 *per cent*) drugs/ medicines were provided free by these health institutions and 43 *per cent* medicines had to be procured by patients from the market.

Further, 11 out of 75 patients felt that the drugs/ medicines being provided by the hospitals were not adequate. The Principal (GMC) Jammu stated that due to financial constraints all the drugs could not be supplied to each patient.

2.4.13 Purchase of machinery/ Equipment

The summarized position of machinery/ equipment purchased by the test checked units during 2010-11 to 2014-15 is depicted in ***Appendix-2.6***.

Audit analysis showed the following:

- Out of 1014 supply orders (value: ₹81.57crore) issued by the test check health institutions for the procurement of machinery/ equipment during the period from 2010-11 to 2014-15, 93 supply orders (value: ₹11.41 crore) had been placed against Rate contracts the validity of which had expired. Placement of supply orders on expired Rate Contracts resulted in placement of repeat orders and extension of undue benefit to suppliers.
- 581 supply order (Value: ₹19.17 crore) had been placed on the basis of Rate Contracts finalized by the outside health institutions and on the DGSD rate contracts.
- Out of 236 supply orders (₹5.81 crore) placed by the District Hospitals, supplies worth ₹4.22 crore involving 193 supply orders had been procured from the open market.

The Principal (GMC) Jammu stated (August 2015) that due to non-finalization of rate contracts, the department had made procurement of equipment on the basis of previous rate contracts or rate contracts of other reputed Health institutions.

Large scale procurements (₹34.80 crore) done on the basis of expired rate contracts/ RC of outside health institutions/ DGSD rate contracts was due to the fact that Purchase Committees had not been able to finalise Annual Rate Contracts. Audit examination of records showed deficiencies in the whole procurement process as elaborated below.

2.4.13.1 Purchase on the basis of RCs/ Supply orders of other health institutions

Due to non-finalisation of Rate Contracts for Machinery/ Equipment, the Purchase Committees permitted procurement of Machinery/ Equipment by the Medical Superintendents/ Directors on the basis of RCs/ Supply Orders finalized/ placed by the other health institutions like SKIMS/ AIIMS/ PGI Chandigarh.

Audit check of the records in the sampled health institutions showed the following:

- The orders were placed on the basis of photocopy of supply orders/ rate contract placed by the outside health institutions. However, neither any cross checking/ confirmation of genuineness of the supply orders nor efforts to obtain full details of the Contract from the respective institutions had ever been made.
- The Purchase Committee approval was with the condition that the purchases should be undertaken on the lowest approved rates of AIIMS/ SKIMS/ PGI. However, no enquiry of rates from any of these institutions for the item to be purchased had ever been made.
- An undertaking or agreement to bind the original manufacturer/ supplier for after sale Guarantee/ warranty, Uptime Guarantee, Maintenance of equipment, availability of spares, Comprehensive Maintenance Contract (CMC), etc., had not been obtained by the health institutions, thus exposing the institutions to the risk of lack of after sale service. Due to this, in most of purchases, the original manufacturer/ authorized distributor was not involved in the transaction.

The Principal (GMC) Jammu stated (August 2015) that instruction of audit would be taken into consideration while placing such orders.

2.4.13.2 Suspected Fraud by Procurement based on Fake/ Tampered Supply Orders

Since the health institutions had placed supply orders on the basis of photocopies of the outside health institutions, Audit carried out cross verification of a sample of 24 supply orders issued by the AIIMS, New Delhi and PGI Chandigarh, which had been used by the test checked Health institutions for procurement of different types of Machinery/ Equipment, to ascertain the genuineness of the supply orders.

The cross verification showed that six supply orders (25 *per cent*) claimed to have been issued by the AIIMS New Delhi, had either not been issued by AIIMS or had been tampered with resulting in procurement of machinery/ equipment to the extent of ₹1.17 crore on the basis of fake/ forged supply orders by the institutions as detailed in ***Appendix-2.7.***

Since the above exercise has been conducted by the Audit in a test check manner, possibility of such procurement on large scale and by the other health institutions cannot be ruled out.

The matter was referred (April 2015) to Commissioner-Secretary of the

Department. Further progress in the matter was awaited. The Director Health services Jammu stated (July 2015) that the concerned firm had been asked to explain position in this regard. The Director Finance of the Department stated (September 2015) that the Department had knowledge about the fake supply order before it was observed by the audit and had asked (November 2013) the Principal Government Medical College Srinagar to take appropriate action in the matter. The Director Finance further quoted the information furnished by the Director Health Services Kashmir wherein it was stated that no payment had been released except ₹14.17 lakh in favour of the supplier during 2012-13 and that all the subordinate offices had been directed not to release any payment in favour of the supplier for the items procured during 2012-13. It was also stated that Police action had been initiated into the matter and lifetime ban had been imposed on the supplier against participating in the tendering process. The reply was not convincing as the fraud had occurred due to non-finalisation of Rate Contracts for Machinery/ Equipment and procurement thereof on the basis of RCs/ Supply Orders finalized/ placed by the other health institutions.

2.4.13.3 Sample Check of Supply orders of Machinery/ Equipment

The procurement of machinery/ equipment is made by Medical Superintendents and Directors of Health Services Jammu/ Kashmir by issuance of supply order. During the period from 2010-11 to 2014-15, 754 supply orders have been issued by the Purchasing authorities for procurement of machinery/ equipment, of which audit conducted test check of 189 supply orders (Rate Contract/ DGS&D and Local purchase) valuing ₹26.25 crore, selected on simple random sample basis. Following was observed in audit.

(i) Purchase without execution of agreements and obtaining Performance Security

The J&K Financial code and terms of the rate contract/ supply orders stipulate that successful bidders will have to execute an agreement in the prescribed form and deposit performance security in the form of Bank guarantees for the due performance of the contract.

Test-checked supply orders showed the following:

- No agreements stipulating terms and conditions therein to safeguard Government interest were entered into with the suppliers/ manufacturers against 150 supply orders (₹15.36 crore) issued by seventeen Purchasing officers. Reasons for non-execution of agreement with the suppliers though called for were not assigned.
- The purchasing officers had not obtained performance security in the shape of bank guarantee from the suppliers while effecting purchase of machinery/ equipment worth ₹13.76 crore (132 Supply orders) thereby keeping no safeguards for after sale services of these machinery/ equipment.

The Principal (GMC) Jammu stated (August 2015) that most of the agreements were available and that instructions stood issued not to release payment till execution of agreements/ obtaining bank guarantee as per supply orders.

(ii) Non-depiction of Make, Model and Serial Number on the body of Supplier Invoice/ Bill

Full specification of the equipment purchased should be recorded on the body of the bill by the supplier so as to enable the verification committee to verify the supplies and enforce post-contract terms and conditions.

It was, however, seen that no details of the Make, Model and Serial Number on the body of Supplier Invoice/ Bill had been depicted by the suppliers in supply order/ bills in test checked cases. The department replied that instructions had been noted and would be adhered in future.

(iii) Procurement without ensuring submission of adequate documents

Audit scrutiny showed that majority of the suppliers who had supplied Machinery/ equipment to the test checked health institutions were traders/ local authorized agents acting on behalf of the Principal manufacturers or their subsidiaries operating in India. In order to safeguard the interest of the Government and to ensure purchase of genuine and quality item, submission of documents/ certificates to establish genuineness of the equipment was to be ensured before release of payments.

The test-checked units had made purchase of machinery/ equipment worth ₹54.45 crore during the period from 2010-11 to 2014-15. However, it was seen that neither any of above conditions were included in the Rate Contracts finalized by the Purchase Committees nor had these been included in the supply order and none of the above certificates had been obtained before releasing the payment to the suppliers. Due to lack of adequate documentation/ certificates as above, genuineness of the source and quality of machinery/ equipment purchased by the health institutions could not be vouchsafed in Audit. The department replied that instructions of the audit would be taken care of and incorporated in the future tenders.

(iv) Non-adherence to DGS&D rates contracts terms and conditions

Test-check of records of five Purchasing officers showed that supply orders for procurement of equipment worth ₹3.77 crore had been placed directly with the suppliers during 2010-11 to 2014-15 on the basis of Rate Contracts approved by the DGS&D.

It was seen that:

- the terms and conditions as attached with the DGS&D rate contracts for placing supply orders, intimation thereof to the DGS&D, confirmation of payment of requisite departmental charges by the firms before making payments had not been adhered to before undertaking the purchases.
- since the orders have been placed directly on the suppliers without adhering to DGS&D terms and conditions, agreement to bind the suppliers for after

sale service and post contract liabilities had not been entered into.

The Principal GMC Jammu stated (August 2015) that the directions of the audit had been noted and presently departmental charges were being deposited by the supplier firm.

2.4.14 Post Procurement issues

2.4.14.1 Idle Machinery/ equipment

Audit noticed that purchase of machinery/ equipment had been made by both the Directorates without obtaining requirements, ensuring availability of trained manpower, infrastructure facilities etc in the health institutions. It was also noticed that equipment purchased had been sent to these health institutions just to avoid their retention in the Provincial stores after procurement. Audit scrutiny of records showed that machinery/ equipment valuing ₹1.21 crore (***Appendix-2.8)*** had not been installed or put to use by the end-user Health institutions due to non-availability of infrastructure, trained manpower or other accessories in the health institutions. The Director Health Services Jammu stated (July 2015) that efforts were being made to get the equipment installed.

2.4.14.2 Non-maintenance of log books and lack of AMC

It was seen that log books of the Machinery/ equipment had not been maintained in any of the test checked institutions with the result no details pertaining to individual items of machinery/ equipment from the point of purchase of machinery to track its use, downtime, repairs etc., were being maintained. Further, it was seen that no system of ensuring CMC/ AMC of the equipment beyond warranty period, was in place in any of the test checked health institutions. The department replied that instructions had been given to all the incharges to maintain a log book of all the equipment installed in their respective institutes.

2.4.15 Monitoring and evaluation

2.4.15.1 Lack of Monitoring by Administrative Department

Audit scrutiny showed that a monitoring mechanism to oversee the procurement by the Purchases Committees and in the health institutions from the level of Administrative Department was absent. No periodic data relating to procurement was being compiled at the Administrative Department level.

2.4.16 Conclusion/ Recommendations

Purchase Manual had not been prepared by the Department.

The Government may consider ensuring preparation of Procurement Manual for adoption of a uniform procedure for making purchases of medicines and equipment.

Even after lapse of about three years of adoption of Drug Policy, the Department had not been able to put in place a drug formulary for the guidance of health institutions.

The Government may consider ensuring Implementation of the Drug Policy for preparation of drug formulary of common generic medicines.

No specific policy guidelines were put in place for testing of drugs before these are administered to patients.

The Department needed a robust mechanism for regular testing of drugs before they are administered to the patients.

Expenditure on procurement of Medicines and Equipment ranged between five and seven *per cent* of the total allocation to the Department. 59 *per cent* of NRHM funds provided for procurement of medicine, machinery and equipment remained unspent.

The Government may consider ensuring rationalisation of expenditure to be incurred on procurement of medicines and equipment.

The Department had repeatedly restructured/ reconstituted the Purchase Committees by shifting from decentralized to centralized and back to decentralized forms affecting the working of the Committees as no comprehensive Annual Rate Contracts had been finalised during 2010-15. Medical Supplies Corporation had not been made functional despite lapse of 10 years.

The Government may consider operationalisation of Procurement Corporation.

Due to non-finalization of comprehensive Annual Rate Contracts of Medicines/ Equipment, Health institutions had resorted to large scale procurements (Medicines: ₹44.28 crore; Equipment: ₹34.23 crore) on the basis of expired rate contracts/ outside health institutions and from the local market. Audit analysis showed that as a result of local purchases same medicines had been purchased by different health units at significantly varying rates. ₹50.95 lakh tablets/ capsules/ injections etc. (value: ₹82.74 lakh) declared 'Not of Standard Quality' by the testing organisation had been issued for supply to the patients.

Procurement of machinery/ equipment to the extent of ₹1.17 crore had been made on the basis of fake/ forged supply orders of the Outside Health Institutions. Machinery/ equipment valuing ₹1.21 crore had not been installed or put to use by the end-user Health institutions due to non-availability of infrastructure, trained manpower or other accessories in the test checked health institution.

The Department should consider ensuring proper accounting and optimum utilization of Medicines/ Equipment.

Chapter-III

Compliance Audit

CHAPTER-III: COMPLIANCE AUDIT

Agriculture Production Department

3.1 Unfruitful expenditure

Delayed completion of civil works of Cold Storage building at Chenani and failure to take up the works of installation of plant and machinery even after nine years rendered expenditure of ₹1.70 crore unfruitful thereby defeating its objective of improving economic condition of the poor farmers.

For improving economic condition of the poor farmers through stabilising the prices by regulating the market period and supplies of vegetables/ fruits, the construction of cold storage unit at Champari, Chenani was approved under District plan scheme by the District Development Board Udhampur during the year 2004-05. For this purpose, the Executive Engineer (EE) (R&B) Division Udhampur on the authority (March 2006) of Chief Agriculture Officer Udhampur submitted (June 2006) application for accord of administrative approval for construction of cold storage unit to the Superintending Engineer PWD (R&B) Circle Udhampur at a cost of ₹1.10 crore (Civil works: ₹76.82 lakh; Plant and Machinery: ₹30 lakh and Contingencies etc: ₹3.20 lakh). The project was to be completed in one year. The cost of the project was however revised (July 2009) to ₹1.93 crore (Civil works: ₹1.49 crore; Plant and Machinery: ₹34 lakh and Contingencies etc: ₹9.56 lakh) and to ₹3.24 crore in June 2011.

Audit check (February 2014) of records of EE, PWD (R&B) Division Udhampur showed that the construction of civil works of the project was taken up in May 2007 and completed in March 2012 after incurring an expenditure of ₹1.70 crore. The cold storage building was handed over by the Division to the Jammu and Kashmir State Agro Industries Development Corporation in October 2013 which could not be put to use due to non-installation of plant and Machinery. The Executive Engineer Mechanical Division Udhampur had submitted (February 2011) estimate of ₹1.56 crore for installation of plant and machinery after approached by the EE, R&B, Division Udhampur in November 2010.

The delay in completion of civil works of the Cold Storage Building and failure to take up the works of installation of plant and machinery rendered the building idle and consequent expenditure of ₹1.70 crore as unfruitful. The Director Finance Jammu and Kashmir Agro Industries Development Corporation Limited admitted (April 2015) that the building could not be put to use in absence of cold storage machinery due to inadequate funding. Audit observed that the Director Agriculture Jammu and Chief Agriculture Officer Udhampur had not monitored the execution of project for its timely and purposeful completion.

On being pointed out in audit, EE, R&B Division Udhampur stated (February 2014) that the installation of mechanical components were in progress, whereas the EE, Mechanical Division Udhampur stated (April 2015) that matter with regard to installation of machinery had not been taken up with it earlier. The reply was not convincing as the agency for installation of plant and machinery was not identified prior to start of work.

Thus, delayed completion of civil works of Cold Storage building at Chenani and failure to take up the works of installation of plant and machinery rendered expenditure of ₹1.70 crore unfruitful. The project had not been completed after over nine years of its conception thereby defeating its objective of improving economic condition of the poor farmers.

The matter was referred to the Government in May 2015. The reply was not received as of September 2015. However Chief Agriculture Officer stated (August 2015) that the work of construction got delayed/ cost escalated due to inadequate funding and that the building was taken over by the Agro Industries Development Corporation Limited whose prerogative was to complete the installation of the machinery to make the unit functional.

Education Department

3.2 Blockade of funds

The action of Chief Education Officers to withdraw funds without ascertaining existence, status of registration and willingness to receive financial assistance of the Madrasas under the 'Scheme for providing quality education in Madrasas' followed by subsequent credit of advanced amount to the Current Bank accounts resulted in blockade of funds to the extent of ₹1.09 crore for over three years.

The Centrally Sponsored 'Scheme for providing quality education in Madrasas' (SPQEM) aimed at encouraging traditional institutions like Madrasas and Maktabs by giving financial assistance[1] for introducing science, mathematics, social studies, Hindi and English in their curriculum so that academic proficiency for classes I-XII was to be attainable for children studying in these institutions. The process of modernisation of traditional Madrasas and Maktabs was to be voluntary. The Madrasas which were in existence at least for three years and registered under Central or State Government Acts or Madrasa Boards or with Waqf Boards or National Institute of Open Schooling were eligible for assistance under the programme. Under the Scheme, the Government releases funds in favour of the Directors of School Education Jammu/ Kashmir for further release to Madrasas through concerned Chief Education Officers of various districts of the State.

Audit check (March 2013 and June 2013) of records of Chief Education Officers (CEOs) Jammu, Doda and Ramban showed that despite the fact that the CEOs had knowledge that majority of the Madrasas were either non-existent, had refused to accept the assistance or were not recognized they withdrew (January 2012 and

[1] Payment of salary to teachers appointed under the Scheme, strengthening libraries/ book banks, providing teaching learning materials, purchase of kits for science, Mathematics and establishment of science/ computer labs etc.

March 2012) ₹1.25 crore from the treasuries for payment to 65 Madrasas. The funds were released by the Government and Director Education Jammu in favour of these CEOs. Out of the amount so withdrawn, only ₹15.94 lakh was disbursed to 15 Madrasas[2] while as 42 Madrasas[3] had refused to take the financial assistance and seven[4] Madrasas were found to be non-existent. The balance ₹1.09 crore was credited to Current Bank accounts by the CEOs resulting in their blockade for over three years (March 2015).

After being pointed out by Audit, the CEOs stated (January 2015) that the Madrasas had refused to receive the assistance and the matter relating to the amounts lying in the Bank accounts had been taken up with the higher authorities. The reply was not acceptable as the CEOs were required to ascertain the existence and willingness to receive the financial assistance of Madrasas before withdrawing the funds from the Government account.

Thus, the action of CEOs to withdraw funds without ascertaining existence, status of registration and willingness to receive financial assistance of the Madrasas under the scheme followed by subsequent credit of advanced amount to the Current Bank accounts resulted in blockade of funds to the extent of ₹1.09 crore for over three years.

The matter was referred to the Government in May 2015. Director Finance of the Department stated (August 2015) that out of ₹8.86 crore released by Government of India for 372 Madrasas only ₹1.49 crore was disbursed among 103 Madrasas and that ₹7.37 crore was lying unutilised. The reply was however silent about audit contention that the financial assistance was not paid to 48 Madrasas by three CEOs who had credited ₹1.09 crore to current bank accounts resulting in their blockade for over three years.

3.3 Inadmissible payment of pay and allowances

Incorrect application of provisions of Revised Pay Rules, 1992 alongwith the Higher Standard Pay Scale Scheme Rules, 1996 by Zonal Education officer Kargil resulted in inadmissible payment of pay and allowances of ₹1.33 crore to 38 teachers.

According to Rule 9(e) of Jammu and Kashmir Civil Services (Revised pay) Rules 1992 effective from 1 April 1990, all the teachers carrying existing pay scale of ₹900-1830 were to be placed in the revised pay scale of ₹1200-2040. Further for future recruitment the pay scale of ₹1200-2040 was to be available for Graduate teachers and the under-Graduate teachers were initially to be recruited in the pay scale of ₹950-1500 and were to be placed in pay scale of ₹1200-2040 after completing eight years of service in the pay scale of ₹950-1500. The State Government introduced Jammu and Kashmir Civil Services (Higher Standard Pay Scale Scheme) Rules 1996 effective from 1 January 1995 and these rules were

[2] One Madrasa in Jammu district (₹1.83 lakh), 13 in Doda district (₹10.58 lakh) and one in Ramban district (₹3.53 lakh)

[3] 10 madrasas in Jammu district, 12 in Doda and 20 in Ramban

[4] In district Doda (Status of one Madrasa was not furnished to audit)

inter alia not to be applied to such of the categories of posts/ employees for which special treatment was expressly provided. However where there was provision of only one time bound promotion and the same was allowable and granted after putting in less than nine years service on the entry post, the next higher standard pay scale in such cases were to be granted from the first of the month following the month in which such employees completed 18 years of regular satisfactory service with reference to entry post without getting any promotion.

Audit check (August 2014) of records of Zonal Education officer (ZEO) Kargil showed that 38 under-Graduate teachers appointed during April 1992 (24) and October 1993 (14) in the pay scale of ₹950-1500 were placed in the pay scale of ₹1200-2040 after completion of eight years of regular service as per the provisions of Revised Pay Rules 1992. These teachers were eligible for grant of next higher standard pay scale (₹4500-7000) from the first of the month following the month in which these employees were to complete 18 years of service from the date of initial appointment as per provisions of Higher Standard Pay Scale Scheme Rules 1996. However in contravention of these Rules, the concerned teachers were placed in the next higher pay scale of ₹4500-7000 in May 2001 and November 2002 after completion of only nine years of regular service from the date of their appointment. This resulted in inadmissible payment of pay and allowances of ₹1.33 crore to these ineligible teachers with effect from January 2006 to December 2014.

After being pointed out in audit the ZEO, Kargil stated (August 2014) that the matter would be examined and recovery effected and admitted (February 2015) that excess payment of pay and allowances had been made to the concerned teachers.

Thus, incorrect application of provisions of Revised Pay Rules, 1992 alongwith the Higher Standard Pay Scale Scheme Rules, 1996 by ZEO Kargil resulted in inadmissible payment of pay and allowances of ₹1.33 crore to 38 teachers.

The matter was referred to the Government in May 2015; reply thereof was not received (November 2015).

3.4 Short remittance of games fee

Failure of the departmental authorities to monitor realisation of games fee from students by the educational institutions and subsequent transfer of its due share resulted in short-remittance of games fee of ₹72.02 lakh to concerned District Youth Services and Sports Officers Jammu and Kathua thereby defeating the purpose of promoting sports activities.

The State Government accorded (January 1993) sanction to the realisation of games fee from students in schools/ colleges at the prescribed rates[5] and the funds so realised were to be utilised for promotion of games/ sports. Further, 50 *per cent* of the funds so realised were to be placed at the disposal of concerned District

[5] 1st to 5th Primary: ₹1 per month; 6th to 8th class: ₹2 per month; 9th to 10th class: ₹3 per month; TDC-I, II, III, B. Com-I, II, III and professional colleges: ₹5 per month

Youth Services and Sports officers (DYSSOs) for purchase of sports material and uniforms for students participating in games/ sports held at district and inter district level. Audit noticed that games fee of ₹72.02 lakh had not been remitted by the educational institutions to the concerned DYSSOs during three years from 2011-12 to 2013-14 in only two districts viz. Jammu and Kathua as discussed in the succeeding paragraphs.

During the course of test-check of records of Chief Education Officers and District Youth Services and Sports Officers Jammu and Kathua, it was noticed that games fee of ₹133.92 lakh (Jammu: ₹83.14 lakh; Kathua: ₹50.78 lakh) was realised from 5.20 lakh students (Jammu: 2.99 lakh; Kathua: 2.21 lakh) of classes I to XII enrolled in various Government institutions during the years 2011-12 to 2013-14. Against 50 *per cent* of the realised games fee (₹66.96 lakh), only ₹55.90 lakh (Jammu: ₹33.50 lakh; Kathua: ₹22.40 lakh) were transferred to concerned DYSSOs by these institutions leaving ₹11.06 lakh with them. Further considering the prescribed rates for Government institutions, an amount of ₹162.25 lakh (Jammu: ₹129.26 lakh; Kathua: ₹32.99 lakh) due for realisation from 7.28 lakh students (Jammu: 5.81 lakh; Kathua: 1.47 lakh) enrolled in various private institutions during the years 2011-12 to 2013-14, only ₹20.16 lakh was kept at the disposal of concerned DYSSOs (Jammu: ₹11.53 lakh; Kathua: ₹8.63 lakh) against half of the games fee of ₹81.12 lakh, leaving ₹60.96 lakh with the concerned private institutions. Thus games fee of ₹72.02 lakh had not been remitted to DYSSOs Jammu and Kathua by both Government (₹11.06 lakh) and Private (₹60.96 lakh) educational institutions during the years 2011-12 to 2013-14.

The Director General Youth Services and Sports emphasised (December 1998 and February 1999) upon the Directors of School Education Jammu as well as Kashmir for taking effective measures for contribution of due share of games fee by the Public/ Private schools to the Department. The Directors of School Education instructed (January 1999 and July 2004) all the educational institutions to remit games fee failing which the cases of defaulting institutions would not be considered for grant of extension of their recognition. However the Department had not monitored the realisation of games fee from students and subsequent remittance to the concerned DYSSOs and no action had been taken against the defaulting institutions.

Thus, failure of the departmental authorities to monitor transfer of its due share of games fee collected from the students resulted in short-remittance of ₹72.02 lakh to DYSSOs Jammu and Kathua thereby defeating the purpose of promoting sports activities.

The matter was referred to the Government in May 2015; reply thereof was not received (November 2015).

Floriculture Department

3.5 Blockade of funds and avoidable expenditure

Failure of the departmental authorities to identify an agency for establishment of cold store at Tulip Garden Srinagar resulted in blockade of funds to the extent of ₹3.95 crore and avoidable expenditure of ₹1.63 crore on purchase of tulip bulbs.

For propagation and storage of tulip and other bulbs in scientific manner, the Director Floriculture Kashmir proposed (September 2009) establishment of cold store at Tulip Garden Srinagar at a cost of ₹4 crore to the State Government. The project was targeted to be completed by March 2010.

Audit scrutiny (June 2014) of records of Director Floriculture Kashmir showed that the tendering process for the cold store was initiated in October 2009 and then again in April 2010 in consultation with Mechanical Engineering Department Kashmir but due to lack of specific technology for establishment of such store in India there was poor response of the bidders. The Department thereafter approached (August 2011) State Trading Corporation (STC) of India, New Delhi for establishment of cold store. The STC furnished copy of agreement of terms and conditions with the end-user Department for import/ supply for acceptance which was submitted to the Government by the Director and the matter was referred to the Committee already constituted (April 2011) for the purpose. The Committee opined to entrust the job of establishment of cold store to Chief Engineer Mechanical Engineering Department Kashmir. However no headway was made in establishment of cold store (March 2015).

Audit further noticed that administrative approval of the project was accorded (February 2010) and ₹3.95 crore was advanced (March 2010) by the Government to Director Floriculture Kashmir for establishment of the cold store unit. The Director withdrew and deposited ₹3.95 crore in his Current Bank account and the amount was subsequently transferred (March 2013) to the Deposit head of account. The structural storage facilities for preserving tulip bulbs could not be put in place. As a result, the Department had to incur an expenditure of ₹1.63 crore during the period from 2010-11 to 2013-14 on purchase/ import of tulip bulbs. Lack of planning by the Director Floriculture Kashmir in establishment of cold store by withdrawing funds in advance resulted in blockade of ₹3.95 crore for over five years. The Accounts Officer of Directorate of Floriculture Kashmir stated (June 2014), that funds were released in March 2010 and were withdrawn from the treasury to avoid lapsing of funds.

Thus, failure of the departmental authorities to identify an agency for establishment of cold store at Tulip Garden Srinagar resulted in blockade of funds to the extent of ₹3.95 crore for over five years and avoidable expenditure of ₹1.63 crore on purchase of tulip bulbs.

The matter was referred to the Government in May 2015. Director Floriculture, Kashmir stated (July 2015) that to ensure good quality of bloom at tulip garden fresh tulip bulbs were procured every year and that Mechanical Department had furnished DPR for construction of 37.5 MT capacity Tulip Bulb Cold Store at a cost of ₹1.91 crore. The reply was not convincing as despite lapse of over five years the cold storage was not established and funds amounting to ₹3.98 crore continued to remain in the Civil Deposit Head.

Forest Department

3.6 Audit on Human Resources Management in the Forest Department

3.6.1 Introduction

The functions and responsibilities of the Forest Department are broadly classified into management of forest resources, development of degraded forest area, protection of forest estate, conservation of soil and preservation of water bodies, wildlife protection, fulfilling social obligations (e.g., meeting the bonafide requirements of the people for timber, firewood and fodder). The Forest Department with its nine wings[6] besides Territorial Forest Department[7] is responsible for management of forests in the State.

During December 2014 - June 2015, audit reviewed records of human resources of Territorial Forest Department and Forest Protection Force covering the period from April 2010 to March 2015. Audit was conducted by test-check of records of the Principal Chief Conservator of Forests (PCCF) of the State, Chief Conservator of Forests (CCFs) Jammu and Srinagar, Director Forest Protection Force (DFPF) and 30 Divisions.

The position of funds allocated by the State Government and expenditure incurred there against by the Territorial Forest Department and the Forest Protection Force for the period 2010-15 is given in **Table-3.6.1** below:

Table-3.6.1

(₹ in crore)

Year	Allotment of funds	Expenditure incurred	Expenditure incurred on salary	Salary as percentage of total expenditure
2010-11	309.97	242.04	189.97	78
2011-12	366.78	303.20	244.55	81
2012-13	357.44	320.51	261.94	82
2013-14	402.29	342.67	278.26	81
2014-15	441.74	354.84	294.49	83

As is evident from the table, expenditure on salary ranged between 78 *per cent* and 83 *per cent* of total expenditure during 2010-15 which signifies the importance of the human resources in the selected wings.

6 Social Forestry; Forest Protection Force; Soil Conservation; Wild Life Protection; Ecology, Environment and Remote Sensing; State Pollution Control Board; State Forest Corporation; State Forest Research Institute and Integrated Watershed Development Project (Kashmir)

7 An independent Department under the Department of Forests

3.6.2 Territorial Forest

3.6.2.1 Human Resource Planning

(i) Non-Revision of the Recruitment Rules, 1991 aggravating the Human Resource Planning

The J&K Forest Non-Gazetted Subordinate Service Recruitment Rules were framed in 1991. Even with the introduction (April 2004) of the Centrally Sponsored Scheme (CSS), the Compensatory Afforestation Fund Management and Planning Authority (CAMPA), which envisage increase in forest cover and the requirements of digitization of records in the Forest Department, no corresponding change had been made in the said Recruitment Rules. The Department submitted (2007) revised Recruitment Rules to the State Government; its approval was still awaited. Further, the J&K Forest Gazetted (Service) Recruitment Rules framed in 1970 (as amended in 1981) had not been considered for revision by the Government.

Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that revised Recruitment Rules for Gazetted as well as non-gazetted cadre were submitted to the Government in the year 2007 but were pending for consideration of the Government.

(ii) Non-formulation of seniority lists and adverse impact on human resource planning

According to J&K State Civil Services Decentralization Act, 2010 and Rules there under and Government notification (SRO 459 of 1987), each Department is required to categorize its posts into District, Divisional and State cadres and accordingly prepare seniority lists.

Audit noticed that the Department had not categorized its posts as envisaged in the Act and had prepared seniority lists only for Divisional and State Cadre posts and not for the District posts. The following deficiencies were noticed by the audit:

- The seniority list of Class-IV employees was prepared (2005) by Conservator of Forests, Rajouri and thereafter the list was not revised or updated. The Department issued (June 2010) tentative seniority list which was objected to by some employees. Without taking into account the representations of the employees and without revising the seniority list the Department promoted (February 2011) 35 class IV employees of district cadre Rajouri as Forest guards ignoring the seniors depicted in the seniority list of 2005. The aggrieved employees got the promotions stayed by the Honb'le High Court with the result no promotions to the rank of Forest guards could be made affecting the work of Divisions as there was shortage of 38 Forest guards in Forest Division, Rajouri alone.
- Though an attempt was made (year 2005) to finalize the seniority list of

Foresters, it could not be finalized due to promotion of some Foresters with retrospective effect of ten to twelve years and their placement above their seniors; even one Forester was allowed to supersede 151 senior Foresters. The Department issued (January 2010) final seniority list by restoring the 151 superseded Foresters their seniority. However, the Foresters who were senior according to the seniority list of 2005 (those above the 151 Foresters but had been superseded) got the Seniority list of 2010 stayed by the Honb'le High Court. Due to non-finalization of seniority list of Foresters, the promotions to Range officers (ROs) and other higher posts had been affected with the result that the Department had to make *adhoc* arrangements for higher posts.

- The seniority lists of class-IV employees of CF, Kashmir North Circle, CF, Kashmir South Circle and Srinagar Circle did not indicate date of engagement of the employees as daily wagers. In absence of verification of Date of Birth (DoB) and daily wagers service, authenticity of the seniority list is doubtful. Even in the cases where in the seniority list of class IV officials in the CF Kashmir North Circle the DoB had been mentioned provisional and subject to verification with reference to original DoB certificate/ Service book, no verification had been carried out despite a delay of 2 to 21 years.
- As per the Service records, there were some designated Deputy Foresters working in the Divisions without their name in the seniority list.

Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the forest divisions were not always co-terminus with the districts and some divisions fell in two to three districts. It was also stated that in Jammu province the seniority list could not be streamlined due to intervention of the Hon'ble High Court. It was further stated that regularized helpers (DRWs) who wanted to be considered for promotion as Forest Guards obtained Court directions to stay the formulation of the seniority list of Class IV employees and that the Government had decided to re-designate the helpers as Class IV employees in order to initiate the process of notifying the said seniority list.

3.6.2.2 Staff Strength, Appointments, Promotions, Postings, Deployment, etc.

(i) Irregularities in Appointments and Irregular Expenditure

Audit check of records showed that recruitments/ appointments were made by the Department without following procedure and availability of posts as discussed in succeeding paragraphs:

- Selection to the State Forest Service Cadre (SFSC) was made in 1984 and most of the appointees stood inducted to IFS cadre. Subsequently, the selection to SFSC was made in 2011, after a gap of 26 years. Further, direct recruitment to the posts of RO Grade-I, which is the feeding cadre for the posts of ACFs (SFSC), was made in 1984 and after a gap of 20 years 42 ROs were directly recruited by the Department in the year 2004. Delayed recruitment of officers under SFSC and RO Grade I and non-promotion of staff to these posts at the time of vacancies had resulted in shortage of staff under SFSC. Audit observed that against 23 posts of DCFs (SFSC), only two eligible DCFs were in position and the remaining 21 were ACFs, ROs and Foresters (as on January 2015). Further, out of the 82 posts of the ACFs, 41 were to be filled by direct recruitment and 41 through promotions. Audit noticed that 40 ACFs were appointed through direct recruitment during the year 2011 but 34 posts under the promotion category were vacant (January 2015). Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the situation had changed due to recruitment of 40 ACFs in the year 2011 and in future there was a need for regular appointment of ACFs as per requirement of the Department.

- Recruitment to Gazetted posts is made by the State Public Service Commission (SPSC). 49 ROs (Grade-I Gazetted rank) were appointed in October 1995[8] for a period of six months on *adhoc* basis or till selection made by the SPSC, whichever was earlier. Audit observed that neither any effort was made by the Department to get selection process of these ROs (Grade-I) done by the SPSC within timeline nor were they disengaged. This indicated violation of Recruitment Rules. Further, out of 49 candidates of such category, 42 were finally selected by the SPSC in 2004 as ROs (Grade-I Gazetted rank). Audit observed that in addition an Empowered Committee appointed by the Government regularized another five cases (2012-13), which were not selected by the SPSC. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that ROs who were initially appointed on *adhoc* basis in the year 1995 on the request of SPSC had passed selection process of the SPSC and got selected in the year 2004. The reply was silent about non-adherence to the timeline for regularisation within six months and regularisation of five ROs without being cleared by the SPSC.
- 73 DDR[9] trained/ B.Sc Forestry candidates were appointed[10] (September 2000) as *adhoc* Foresters for a period of six months or till the posts were filled by the Services Selection Board (SSB), whichever was earlier. Audit noticed that neither the posts were referred to the SSB nor were they disengaged. In fact, *adhoc* Foresters were regularized[11] (December 2012) departmentally after 12 years in contravention of Recruitment Rules. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that 73 DDR trained candidates were appointed as Foresters by the

[8] Government Order No. 303/ FST of 1995 dated 12.10.1995
[9] Dehradun Returned (DDR)
[10] Government order No. 247 of 2000 dated 04.09.2000
[11] Government Order No. 514-FST of 2012 dated 31.12.2012

Cabinet decision (June 2000) on the basis of training received by these candidates in colleges recognized by GoI (Environment Ministry) and before the said Ministry issued (2004) new entrance rules for Forest Rangers. It was also stated that they continued in the Department on the basis of Court order (February 2001) and Government order (August 2004). It was further stated that 72 DDR trained appointees had been regularized retrospectively under J&K Civil Service (Special Provision Act) 2010. The reply was not convincing as the appointments had not been made through SSB as per Recruitment Rules.

- Government imposed a blanket ban on the engagement of Daily Rated Wagers (DRWs) since 1 April 1994[12]. In the test checked cases, audit observed that despite blanket ban, 2850 casual labourers were engaged by the Department during January 2002 to December 2014. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that no DRW had been engaged in the Department since 1994 and that some casual labourers who were being paid from works component were engaged in respect of development works whereas some had been engaged for watch and ward of the plantation/ nursery units. The reply is not acceptable as only departments of Agriculture Production, Public Works (R&B), PHE, Irrigation and Flood Control and Power Development were authorized to engage seasonal/ casual labourers as per standing Government instructions (November 2005).
- Government had created temporary posts of Helpers to adjust DRWs who were engaged by the Departments prior to March 1994. These posts were to be abolished by way of adjustment against Class-IV vacancies becoming available in the event of retirement, death of employees over a period of time. Thus, no fresh recruitment was to be made in Class-IV category. Audit noticed that 256 appointments (149 regular Class-IV by the CCF Kashmir and 107 *adhoc* Class-IV by the CCF Jammu) were made (1998 and 1999) under Class-IV category and service benefits such as annual increments, time bound promotions etc. were also released in favour of eight *adhoc* Class-IV employees and their service books were maintained in test-checked cases in Jammu region. Despite non-availability of posts in Class-IV category and without any authorization of the Government, the Department had made 256 irregular appointments. Consequently payment of ₹8.97 crore [13] made to these employees was un-authorized and irregular. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the Government had Constituted (November 1997) a Committee headed by CCFs for appointment of Class IV officials in the Forest Department. The reply was not convincing as these appointments were not made through these committees but by the CCFs.

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[12] The Departments of Agriculture Production, Public Works (R&B), PHE Irrigation and Flood Control and Power Development Department were however permitted (November 2005) to engage casual/ need based workers

[13] Calculated on minimum of basic pay and grade pay for the period April 2010 to March 2015

(ii) Deployment of Staff against norms

Audit check of records showed that human resource was not deployed according to the prescribed norms as discussed in succeeding paragraphs:

- Government of India notified[14] (September 2006) that only IFS officers shall hold the charge of 30 identified territorial divisions including two working plan divisions. Audit noticed that IFS officers were holding charge of only 11 of identified territorial divisions[15] and remaining 19 territorial divisions were manned by ACFs, ROs and DDR Foresters. Audit also noticed that IFS officers were posted in 11 other Divisions/ offices in respect of which there was no requirement for IFS officers according to the GoI notification.
- It was further observed that without any formal promotion/ placement and holding Departmental Promotion Committee, out of 19 posts of Dy. CF, eight posts were manned by ACFs and 11 posts by DDR Foresters who were not authorised to hold such post as they were not in the gazetted cadre. The PCCF stated (March 2015) that promotions to IFS cadre were held up due to non-acquisition of length of service by the aspirants for such posts and that the arrangement was temporary and did not confer the right on the employees to claim the benefits of promotions and other monetary benefits. The reply was not acceptable as the Department had not made timely recruitment due to which promotion to the posts of DCFs/ IFS cadre could not be made.

(iii) Staff not deployed and wages paid to idle staff

With the closure (September 2005) of four Projects under the Integrated Watershed Development Programme[16], all the assets created under the project were handed over to Territorial Forest Department. Audit noticed that 294 officers/ officials of Forest Department who were assigned the job of implementation of the projects were not repatriated and continued in the project even after the closure of the projects despite shortage of staff in the Department. This had resulted in payment of idle wages of ₹33.07[17] crore to these employees during the period from April 2006 to February 2015. The Chief Executive Officers of these projects stated (April 2015) that matter had been taken up with the Administrative Department for adjustment of the idle staff in the Department.

(iv) Vacancies in posts and irregular promotions

Promotion process in an organization needs to be fair, transparent and non-arbitrary to ensure effective and proper human resource management. Promotions are generally based on seniority. Audit noticed cases of non-promotion of staff due to shortcomings in the promotion process as discussed below:-

- According to the Government notification (1992) out of 225 sanctioned

[14] Notification issued by the Government of India under No-16016/ 01/2006-AIS II–A dated 15.09.2006
[15] Eight in Jammu province and three in Kashmir province
[16] Launched In J&K State during 1990 with the financial assistance of World Bank
[17] Minimum salary

posts of ROs Grade-I, 68 posts (30 *per cent*) were earmarked for direct recruitment, 112 posts (50 *per cent*) posts were earmarked for promotion from RO Grade II and remaining 45 posts (20 *per cent*) were to be filled up by promotion of DDR Foresters. Audit noticed that all posts falling under the direct recruitment quota were filled up (up to year 2013) but 154 posts under promotion quota were vacant. In respect of RO Grade II, against the sanctioned strength of 65, the Department had the effective strength of only 34 officers. Promotions to the rank of ROs could not be made due to non-finalization of seniority lists of Foresters. Vacant 185 posts of ROs Grade I and II were manned by Foresters as stop gap arrangement. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that as some Foresters had obtained stay order of the Court against the earlier list (prepared in the year 2010) fresh seniority list of the Foresters had been prepared and that posts would be filled accordingly as per the recruitment rules and eligibility.

- One Forest Guard was promoted (November 2001) as Deputy Forester in the CCF Kashmir and another Deputy Forester was promoted (November 2010) as Forester in DFO Anantnag without rendering minimum service of seven and two years respectively as was required under the Rules. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the report from Anantnag Forest Division was being sought and action as per rules would be taken accordingly.

(v) Inadmissible training linked incentives

To improve skill development of manpower resources, imparting of training is one of the imperative. Jammu and Kashmir Forest Service (Gazetted) Recruitment Rules, 1970 envisage that ACFs recruited direct or by promotion shall not be entitled to draw their next increment before they pass the prescribed Accounts examination. Audit observed that in five test-checked divisions, five ACFs were paid increments with effect from July 2011 without qualifying the Accounts examination. This had resulted in irregular payment of ₹3.65 lakh on account of inadmissible increments. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that all but one newly recruited ACFs had completed the training course and that the irregularity if any pointed out by audit would be rectified as per provisions of the rules.

(vi) Irregular payment of pay and allowances

Audit noticed the following irregularities in the payment of allowances:

- Government instructions stipulate that *adhoc* employees are entitled only to a minimum of pay scale and DA as applicable to regular employees from time to time. In three test-checked Divisions (Lidder, Langate and Anantnag) audit found that house rent allowance/ (HRA), Medical allowance and increments amounting to ₹25.60 lakh was paid to 30 *adhoc* employees. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the report had been sought from the concerned DDOs and after examining the issue, orders for recovery of the amounts would be passed. It was also stated that the DDO of Langate Division had already initiated the recovery process.

- In four test-checked Divisions (Kulgam, Langate, Leh and Kamraj), HRA of ₹6.15 lakh was paid to 12 officers/ officials who were availing Government accommodation.
- In three test-checked Divisions (Lidder, Kulgam and Kamraj), ₹1.07 crore was paid to employees on account of 6^{th} pay commission arrears in four installments in March 2011, March 2012, March 2013 and March 2014. However, the amounts were neither depicted in the Income tax returns of the employees nor were income tax of ₹13.46 lakh deducted in respect of these arrears. Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the concerned DDOs had been asked to examine the cases and effect the recovery of income tax for credit into government account.

3.6.3 Forest Protection Force

3.6.3.1 Position of staff strength

The Forest Protection Force (FPF) was established in December 1996 and in 2001 was constituted as a Statutory Armed Force responsible to detect, register and take up investigation of offences under the Jammu and Kashmir Forest Protection Force Act, 2001 and the Rules made (2012) there under. The position of staff strength as of March 2015 in the organization was as shown in **Table-3.6.2** below:

Table-3.6.2

Sl. No	Category of staff	Sanctioned strength	Posted strength	Shortage
1.	Gazetted	99	34	65
2.	Non-Gazetted	1654	1085	569
3.	Watchers	682	680	2
4.	Total	2435	1799	636

Audit noticed that there was shortage of staff ranging between 25 *per cent* and 26 *per cent* during the period 2010-15 as detailed in the ***Appendix–3.1***. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that revised draft recruitment rules along with restructuring proposal stood submitted to the Government. It was further stated that once the recruitment rules were notified the recruitment and promotions would be carried out to address the issue of shortage of staff.

3.6.3.2 Non-finalization of Recruitment rules and irregular appointments

According to the Jammu and Kashmir Forest Protection Force Rules 2012, appointment of Assistant Directors, Inspectors, Guards, etc., was to be made through direct recruitment. Audit noticed that Recruitment Rules specifying qualification, age, and other conditions of service, besides promotion of staff from Guard to Inspector and from Inspector to Assistant Director and other higher posts had not been formulated by the Government despite the fact that the FPF was in existence for over 18 years. The Director, Forest Protection Force stated (January 2015) that the Recruitment Rules was yet to be notified and that recruitment made earlier was in accordance with provisions of J&K Forest Subordinate Service Rules. The reply was not acceptable as posts of Assistant Directors, Inspectors, Guards, etc., were not in existence in the J&K Forest Subordinate Service Rules.

Audit also noticed the following deficiencies:-

- The State Government constituted (1997) two departmental Committees for recruitment of Class-IV staff such as orderlies, chowkidars, safaiwalas, etc. The Committees were allowed by the Government to appoint Watchers against 500[18] posts of Forest Protection Guards (FPGs). Audit noticed that there were no sanctioned posts of watchers in FPF and that against 500 posts approved by the Government, the Committees appointed 682 watchers irregularly. It was after a lapse of over 15 years that the Government constituted (May 2012) a Committee to conduct enquiry and fix responsibility for appointment of 182 excess Watchers. The findings of the enquiry Committee and action taken thereon, if any were not furnished to Audit. As there were no posts of watchers in the FPF, 512 posts of FPGs were downgraded (2012) and 170 supernumerary posts were created to accommodate them. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that a committee constituted by the Government in the wake of judgement of Hon'ble High Court recommended absorbing all Class IV employees who were appointed in absence of sanctioned posts and that the Government accordingly issued orders in September 2012 and March 2013.
- The Forest Protection Force had appointed 43 posts of orderlies and chowkidars in excess of the sanctioned strength of the posts. This had resulted in irregular expenditure of ₹1.70 crore[19] during the period 2009-10 to 2014-15 (December 2014). The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that the appointments had been made keeping in view the requirement of personnel and conditions during establishment of the organization and that their regularization had been taken up with the Government.
- The Government Rules prescribe that the appointment of Junior Assistant

[18] Out of total 1500 posts of FPGs

[19] Calculated on minimum of Basic pay plus Grade pay

should be referred to the J&K SSRB. Audit noticed that one Junior Assistant was appointed (April 1999) by the Director, Forest Protection Force and was posted in Territorial Wing of the Department without referring the post for appointment to the SSRB. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that the Junior Assistants working in the FPF were drawing salary against the sanctioned posts and the Department had no knowledge of any such Junior Assistant. The reply was not acceptable as one Junior Assistant[20] was appointed (April 1999) by the Director, Forest Protection Force and posted in Territorial Wing of the Department without referring the post for appointment to the SSRB.

3.6.3.3 Irrational deployment of staff

According to the provisions of the FPF Act, the Assistant Directors are vested with powers *inter alia* to investigate and search premises and are also responsible for ensuring effective and result oriented deployment of force placed under their command, carry out patrolling in vulnerable areas identified with the help of territorial staff and to detect and bring the offenders to justice. Audit noticed that FPF had not made any recruitment to the posts of Assistant Directors and due to non-formulation of Recruitment Rules had also not made any promotions to the posts of Assistant Directors. Thus, the FPF was carrying out field work like patrolling etc., without the designated officers. The Director FPF stated that the Department was performing to the best of its ability utilizing all the available resources and manpower. Further, according to the creation order of the Forest Protection Force, the Deputy Director of any Gama Unit must not be below the rank of Dy. CF. Audit noticed that in 10 test-checked units (Billawar, Kathua, Natusa, Bandipora, Kehmil, Srinagar, Ganderbal, Jammu, Poonch and Baramulla) the ROs had been posted to Gama Units as In-charge Deputy Directors. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that due to non-notification of recruitment rules the recruitment and promotion as Assistant Directors could not be effected and that due to non-availability of DCF selection grade officers lower cadre officers were made Deputy Directors.

3.6.3.4 Non-preparation of seniority lists and irregular promotion

The seniority lists of FPGs had not been revised/ updated since 2008 in respect of Kashmir Division and since 2009 in respect of Jammu Division. No seniority lists had been prepared in respect of Watchers and other class IV employees as of January 2015. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that working rules (year 2012) for fixing the seniority of FPGs and Inspectors had remained sub-judice and the Department had redrawn the seniority in compliance of Hon'ble High Court judgement. It was also stated that the process for redrawing the seniority of other cadres was under progress.

[20] Muzzamil Hussain Shah, posted in DFO Special Forest Division Kulgam appointed vide FPF Order No:17 of 1999 dated:10.04.1999

- Audit observed that one Inspector was promoted out of turn as Assistant Director (2002) in relaxation of Rules by the State Government subject to clearance by DPC. The Inspector was further promoted (2010) as Dy. Director but no clearance of DPC in respect of his promotion as Assistant Director had been obtained (January 2015). State Police Department on the lines of which the FPG was created has intermediary posts of Head-Constable, Havildar and Assistant Sub Inspectors for regular promotion of constables to Inspectors. Audit noticed that in the sanctioned strength of FPF there was no intermediary post between Guards and Inspectors which was acting to the detriment of granting promotions to the staff. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that the Inspector had stood first in the basic weapon training course in Punjab Police Academy (PPA) and was given promotion in pursuance of commitment made by the Hon'ble Chief Minister. It was also stated that due to non-notification of recruitment rules the DPC could not be convened to confirm the promotion. It was further stated that the issue of intermediary posts stood addressed in the proposal for restructuring of the Department.

- One watcher was appointed (28 August 1997) in the pay scale of (₹2550-55-3200) in the Directorate, FPF and was posted in one of the Territorial Division. Though all watchers of Forest Protection Force were repatriated (April 2005), the official continued to be posted in Territorial wings of the Forest Department. The official was promoted (January 2003) as Junior Assistant in the Territorial wing of the Forest Department. This resulted in irregular promotion to the official. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that no Watcher had been promoted as Junior Assistant by the Department. The reply was not acceptable as the watcher[21] was promoted as Junior Assistant.

3.6.3.5 Inadequate trainings

The following deficiencies were noticed:-

- According to FPF Rules, every person on entering service in the Forest Protection Force as direct recruit in any rank shall undergo an initial training course for efficient performance of the duties. The enrolled members of Force on being selected for promotion are also required to undergo a special course at any training institute for a duration that may be fixed by the Government. Passing out such courses are essential for regular promotion and for joining duty. Audit noticed that the standards, syllabus and duration of training courses had not been formulated by the State Government (January 2015). The Director FPF stated (January 2015) that none of the enrolled members except Drivers stood promoted in the absence of recruitment rules and that the syllabus for promotion linked

[21] Sh. Fida Hussain posted at DFO, Peer Panchal Forest Division Budgam

training courses would be devised. Audit noticed that 107 Guards appointed (2007) in Doda District had not been provided basic training and were posted in Gamma units for field duty for the last more than seven years. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that directly recruited FPF Guards and Inspectors were deputed for initial training course in different Training schools of the State and PPA and that syllabus of promotion linked training courses would be taken up after Recruitment Rules were notified by the Government. It was further stated that 107 FPG Guards were reappointed after their earlier selection had been scrapped by the Government in compliance of Court directions and as the matter continued to remain sub judice the training of FPF Guards of Doda district would be taken up after the matter was decided by the Hon'ble Court.

- No recruitment or promotion as Assistant Directors was made by the Department and promotion as Deputy Directors had not been made from the cadre of the Department (except in one case). However, 22 Deputy Directors were engaged through deputation of Forest officers from Territorial Forest Department who were not trained to command a Force like FPF. Audit noticed that the Deputy Directors had not been imparted any training during the period 2010-15 indicating that untrained officers were running the affairs of FPF. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that due to absence of Recruitment Rules recruitments/ promotions as Assistant Directors could not be made in the Department and the Deputy Directors had to be deputed from the Forest Department. It was further stated that the officers of the Forest Department undergo rigorous training in various Institutes in the country and were well conversant to handle those assignments.

3.6.3.6 Excess payment of pay and allowances

The following deficiencies were noticed:

- In five test-checked units of FPF, audit noticed that 224 employees who had reached maximum stage in the pay band of ₹4440-7440 with a Grade pay of ₹1400 were placed in the pay band of ₹5200-20200 and were also allowed to draw the higher Grade pay of ₹1800 in violation of Rule 10 of J&K Revision of Pay Scale Rules 2009 (SRO 93) which did not prescribe change in Grade pay. This had resulted in excess payment of ₹30 lakh to such employees during April 2011 to March 2015. The concerned Dy. Directors of the units stated that action would be taken under rules. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that recoveries had been made in certain cases and the remaining cases would also be dealt with accordingly.

- Audit observed that HRA/ Medical allowance and increments amounting to ₹3.79 lakh was paid to three *adhoc* employees who were not entitled to the same. In three test-checked units audit noticed that HRA amounting to ₹7.29 lakh was paid to 13 officers/ officials who were availing Government accommodation. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that the matter regarding recoveries to be effected from those employees was sub-judice.

- Audit check of service records of employees in three units showed that 74 FPGs were appointed (1998-99) in the pay scale of ₹3050-4590. On completion of nine years of service, officials were entitled to first time bound promotion in the pay scale of ₹4200-75-5325. The time bound promotion was given to the officials on completion of nine years of service but were placed in the higher pay scale of ₹4000-100-6000. The grant of higher grade was referred (January 2014) to Administrative Department by the Directorate of FPF with the plea that the grade of FPGs as per creation order was ₹950-1500 (pre revised). Audit noticed that neither the concurrence of the Administrative Department nor sanction for release of higher grade was obtained from the Finance Department. The wrong fixation of pay had resulted in excess payment of ₹34.93 lakh to the officials. The Director Forest Protection Force endorsed (September 2015) a copy of the reply sent to the Principal Secretary of the Department wherein it was stated that the pay scale of ₹3050-4590 was upgraded to ₹3050-4910 vide Government Order of December 1998 and that the release of pay scale of ₹4000-100-6000 was correct. It was also stated that pay scale of ₹4200-5325 was wrongly given to some officials. The reply was not convincing as clarification of the Finance/ Administrative Department was not obtained in this regard.

3.6.4 Welfare measures for staff

Audit noticed the following cases of unattended welfare cases:-

- The next of kin of 18 employees in CCF Jammu, who had died while in service, had not been employed in the Department under the Jammu and Kashmir (Compassionate Appointment) Rules, 1994 despite a lapse of four months to 14 years. The CCF Jammu stated that the cases were pending either for want of Class-IV vacancies or relaxation of norms (related to age/ qualification) by the State Government.

- The Government ordered regularization of DRWs who were engaged before January 1994 after completion of their seven years of continuous service. Audit check of records of eight Divisions[22] showed that 132 DRWs who were engaged before January 1994 had not been regularized despite completing 22 to 27 years of continuous service. Out of these, six DRWs in three divisions (Kathua, Ramban, and Jammu) had already expired with the result their families could not avail the pensionary and compassionate

[22] TDs: Udhampur; Kathua; Billawar; Batote; Ramban; Jammu; Rajouri and Poonch

appointment benefits. The concerned DFO's of the Division stated that cases for regularization of such employees had been submitted to the higher authorities. The Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that the cases though submitted for regularization of those DRWs were pending with the Administrative Department.

- Due to non-completion of service books, the pension cases of three employees in two Divisions (Bhaderwah and Batote) who had retired on attaining age of superannuation between November 2009 to March 2014 had not been settled despite lapse of one year to over five years. The DFOs stated that pension cases of retired employees could not be submitted due to non-submission of documents by the concerned employees. The reply is not tenable as completion of formalities had to be ensured by the DDO prior to retirement/ superannuation of the employee. The Director Finance of the Department forwarded a copy of the reply addressed by PCCF to the Principal Secretary of the Department wherein it was stated (September 2015) that instructions were being given to the Divisions to complete the pension cases timely as per Government directives.

3.6.5 Conclusion and Recommendations

The J&K Forest Gazetted (Service) Recruitment Rules had not been considered for revision by the Government and the Department had not made any change in the Forest Non-Gazetted Subordinate Service Recruitment Rules. Territorial Forest Department had not categorized its posts as envisaged in the Act and had not prepared seniority lists for the District cadre posts.

The Government may consider suitable revision/ change in the Rules and also categorisation of posts in accordance with the Act besides preparation of seniority lists for the District cadre posts.

Recruitments/ appointments were made by the Department without following prescribed procedure.

The Government may consider following prescribed procedure for recruitment/ appointment of staff.

There was shortage of staff in the Forest Protection Force ranging between 26 *per cent* and 27 *per cent* during the period 2010-15. Recruitment Rules specifying qualification, age, and other conditions of service, besides promotion of staff had not been formulated by the Government despite the fact that the FPF was in existence for over 18 years.

The Government may consider formulation of Recruitment rules for FPF.

The seniority lists of FPGs had not been revised/ updated since 2008 in Kashmir Division and since 2009 in Jammu Division. The standards, syllabus and duration of training courses had not been formulated by the State Government.

The Government may consider revision/ updation of seniority lists of FPGs and formulation of standard, syllabus and duration of training courses.

3.7 Suspected embezzlement

Lack of internal control mechanism facilitated suspected embezzlement of ₹one crore in Special Forest Division, Tangmarg.

The Divisional Forest Officer (DFO), Special Forest Division Tangmarg was carved out (March 2010) from Pirpanjal Forest Division Budgam and JV Forest Division Baramulla. The Division has four different Bank accounts with J&K Bank Limited Tangmarg, each meant for separate purpose[23]. Drawal of salary by the Division from the Treasury is made on the basis of Establishment Bill/ Acquitance Roll (Form-39) and amounts drawn are credited to the official Salary Bank Account maintained with the J&K Bank Limited Tangmarg. Subsequently, salary advices are issued to the Bank for credit of salary in personal accounts of the staff by debit to the official Bank Account. Details depicted in Form 39 should match with corresponding entries in Form 36 (Schedule of cheques drawn) to the extent of cheques drawn on account of salary.

In the course of Central Audit of monthly divisional accounts for the months of September 2013, November 2013, March 2014, June 2014, July 2014, August 2014 and October 2014 of the Division, Audit came across instances of (i) mismatch of salary drawn through Form-39 with that of Form-36, (ii) drawal of salary arrears through Form 39 without due and drawn statements and, (iii) absence of statement of summary of expenditure in the Divisional Accounts.

Audit conducted (November 2014) test-check of the establishment records, Form-46 (Advance Register), Form 39, Form 36 and service records of few employees of the Division, (made available to Audit) and cross verified same with the Bank advices (sent by the Division to the J&K Bank Limited Branch, Tangmarg) and also the Bank Statements of the official Bank Accounts of the Division which showed as under:

- As per the Bank Statement of official Account[24] of the Division, ₹49.77 lakh were withdrawn by the Junior Assistant of the Division in his name through cheques during 01 June 2010 to 24 October 2014. Of these, ₹15.64 lakh was drawn in cash on self cheques and ₹34.12 lakh was transferred to his personal Bank Account. Apart from this, Temporary/ Forest advance of ₹3.46 lakh was paid (June 2012 to June 2014) to the Junior Assistant. This too was drawn in cash/ transferred to his personal Account. However, Audit noticed that this amount was reflected in the books of accounts.
- Against ₹13.43 lakh due on account of salary to the Junior Assistant for

[23] (1) Account No. CD-0139010200001007: Receipt and disbursement of Salary and day to day expenses, (2) Account No. CD-0139010200001008: Credit of Amount received on account of sale of timber for Sarva Shiksha Abhiyan (SSA), (3) Account No. SB-1021: Crediting Revenue Receipts for transfer to Government Account and (4) Account No. SB-13302: For CAMPA funds

[24] Account No. CD-0139010200001007)

the period from March 2010 to October 2014, an amount of ₹47.19 lakh was credited to his personal account through salary advices issued by the Division resulting in excess credit of ₹33.76 lakh made between June 2011 and October 2014.

- Out of an inadmissible pay arrear claim of ₹1.17 lakh drawn (June 2014) in favour of one of the Deputy Forester in June 2014, ₹0.37 lakh were credited to the personal account of the Deputy Forester and balance ₹0.80 lakh[25] was credited to the personal bank account of the Junior Assistant.
- The Division opened a current bank account[26] from 22 March 2010 for Revenue receipts on account of sale of timber to *Sarva Shiksha Abhiyan* (SSA) schools. An amount of ₹54.54 lakh was credited in this account from date of operation of account upto 5 November 2014. Audit scrutiny showed that ₹11 lakh were paid to three officials through cash/ bank transfer which included ₹9.56 lakh paid to the Junior Assistant.
- Test-check of salary drawn and paid into personal accounts of the employees of the Division for six months (September 2013, November 2013, June 2014, July 2014, August 2014 and October 2014) showed credit of ₹5.58 lakh to 25 employees of the Division in excess of salary due.

Thus, ₹100.48 lakh was drawn from the official salary Account of the Division through bank advices/ cheques and credited to the Bank Accounts of the Junior Assistant or the individual employees. This was facilitated due to absence of some of the vital internal controls as indicated below:

(i) The Junior Assistant held multiple charges like cashier, head clerk and was also maintaining accounts, holding cheque books, passing of vouchers etc. from inception of the Division.

(ii) There were names of some officials appearing in the Form 39 submitted with monthly accounts which were not forthcoming from the Form 39 maintained in the Division. This indicated that either these officials were non-existing or were transferred or had retired from the services etc. However, salary continued to be drawn against them and credited unauthorisedly to the bank account of some of the employees of the Division.

(iii) Government revenue of ₹5.64 lakh was transferred to salary account instead of remitting the same into the treasury.

(iv) The amount drawn from the treasury against the pay bill was either not paid or less paid to the officials against whom it was drawn and the accumulated balance thereof was paid in excess of the salary to some employees of the Division and to persons whose names were not figuring in Form 39.

(v) The Division had prepared fictitious arrear claim in respect of employees and amount thereof was less credited to the salary account of such employees. Savings on this count were credited to the personal account of Junior Assistant.

[25] Amount forms part of excess amount of ₹33.76 lakh drawn by Junior Assistant

[26] Account Number: 0139010200001008

(vi) Huge amounts were retained in the salary account of the Division at the end of financial years 2010-11 to 2013-14.

The statement of facts and figures of audit observations was brought to the notice of the Government/ Department and the Division in January 2015 for reply within three weeks' time. The response from the Government/ Department was awaited (May 2015). However, in reply (April 2015) the DFO Special Forest Division, Tangmarg reported/ admitted as follows:

(a) The Accountant had not been posted by the Director Accounts and Treasuries and that Form 39 was not properly maintained. Also Form 39 and Form 36 were at variance and required re-verification.

(b) That transfer (October 2011) of ₹5.64 lakh from SSA Revenue Account to Salary Account of the Division, had been carried out to correct the wrong credit representing salary afforded (October 2011) to SSA Revenue Account. The reply was not based on facts as no such amount was credited to the Revenue Account in October 2011 as cross verified by Audit from the Bank Statement of SSA Revenue Accounts.

(c) While accepting drawal of ₹49.77 lakh and ₹3.46 lakh by the Junior Assistant and credit thereof to personal account, claimed that the money was used for official payments on account of fare/ carriage, wages of labourers, office expenses, fuel etc. during 2010-11 to 2014-15. The reply is not acceptable as no sub-disburser account was maintained by the Division against drawal of ₹49.77 lakh and that crediting of Government money into personal account was irregular.

(d) All cheques issued from salary account above ₹one lakh were credited to personal account of the Junior Assistant.

(e) That ₹13.43 lakh was payable to Junior Assistant on account of salary from March 2010 to October 2014 and that excess amount credited to his account alongwith credit of ₹5.58 lakh made to 25 employees and arrear claim of ₹1.17 lakh would be got verified by the committee constituted for the purpose.

Thus, lack of internal control mechanism facilitated suspected embezzlement of ₹one crore in Special Forest Division, Tangmarg.

The matter was referred to Government/ Department in June 2015; reply thereof was not received (November 2015).

General Administration Department

3.8 Implementation of Right to Public Services Legislation

3.8.1 Introduction

The State Government has enacted the Jammu and Kashmir Public Services Guarantee Act 2011, which came into force from 10th August 2011. The Act provides for delivery of public services to the people of the State within the specified time limit and relate to the matters connected therewith and incidental thereto. For carrying out provisions of the Act, the Government notified (July 2011) the Jammu and Kashmir Public Services Guarantee Rules 2011. Subsequently, the Government notified, between July 2011 and September 2013 a total of 80 public services spread across 13 Government Departments and the designated officers/ appellate authorities besides specified time limit for providing such services to the eligible persons.

3.8.2 Audit Review

Audit reviewed related records of 40 offices of six Departments in five districts[27] for the period August 2011 to December 2014 where 18 notified services provided by 131 Designated Officers (DOs) (Jammu Division: 88; Kashmir Division: 43) were test-checked between February and June 2015. In total 1.73 lakh cases (69 *per cent*) out of 2.52 lakh cases where services were provided by the DOs were test-checked by Audit as indicated in **Table-3.8.1** below:

Table-3.8.1 (Details of Test-Check by Audit)

Sl. No.	Name of the Department	No of offices test-checked	No of Designated Officers test-checked	No of cases where services provided	No of cases reviewed in Audit
1.	Revenue and Rehabilitation	14	23	79219	27335
2.	Industries & Commerce	5	10	2977	1040
3.	Transport	5	5	84040	73925
4.	Public Health Engineering	6	12	12783	3425
5.	Power Development	7	66	13066	11241
6.	Housing & Urban Development	3	15	59590	56137
	Total	**40**	**131**	**251675**	**173103**

3.8.3 Implementation of the Act and the Rules and shortcomings

3.8.3.1 Non-maintenance of Register by Designated officers

Rule 16 provide that every DO is required to maintain a register in a prescribed form (Form 3) wherein necessary details such as Name and address of the applicant, Service for which application is given, last date of the stipulated time limit, application allowed or disallowed and date/ details of order passed are to be recorded. Audit noticed that prescribed register was not maintained by 82 (Jammu: 61; Kashmir: 21) out of 131 test-checked DOs. As a result of non-maintenance of the prescribed register, DOs could not keep a watch on timely delivery of services.

The DOs attributed non-maintenance of registers to shortage of staff and also stated that requisite registers would be maintained as per the provisions of the Act. 27 DOs including nine of Revenue and Rehabilitation Department Jammu did not reply.

[27] Jammu Division: Jammu, Rajouri, Doda: Kashmir Division: Baramulla and Anantnag

3.8.3.2 Non-issue of acknowledgement to applicants

According to Rule 4, the DO or any official authorised by him is required to give an acknowledgement to the applicant in the prescribed form (Form-I) and in case, the necessary documents have not been annexed with the application, the same are to be mentioned in the acknowledgement without recording the stipulated time limit. In case, all the necessary documents are annexed with the application and the application is complete in all respects then the stipulated time limit is necessarily to be recorded in the acknowledgement.

Audit noticed that the system of issuing acknowledgements to the applicants was not in place in 116 DOs[28] out of test-checked 131 DOs of six Departments thereby not complying with the provisions of the Act/ Rules.

The DOs stated that acknowledgements would be issued in future. One DO[29] stated that issue of acknowledgements was not possible due to heavy rush of applicants and scarcity of staff. Two DOs[30] stated that acknowledgements were not issued to applicants as Building Permission cases for no objection certificate (NOC) were received online from various departments and not directly from applicants. 23 DOs including 9 of Revenue and Rehabilitation Department (Jammu) did not reply.

3.8.3.3 Display of information on Notice Board

Rule 6 provides that the DO, for the convenience of general public, is required to display all relevant information related to the services provided on the notice board installed at a conspicuous/ prominent place of the office for public knowledge and also in the public domain. The necessary documents to be attached with an application for obtaining notified services are also to be displayed. Further, in the event of non display of such information in the public domain appropriate action is to be initiated against the DO by the competent authority.

Audit noticed that out of 131 test-checked DOs, notice board was installed in the premises of 109 DOs (Jammu: 70, Kashmir: 39) only. No notice board existed in the premises of 22 (Jammu: 18, Kashmir: 4) DOs. Out of the displayed notice boards, incomplete notice boards or notice boards showing incorrect information were installed in the premises of 42 (Jammu: 19; Kashmir 23) DOs. No action was taken against the DOs who had not installed the notice board or had displayed incomplete/ incorrect information on the notice boards.

The DOs stated that necessary action would be initiated to display the updated and corrected information on the notice boards. Three DOs[31] stated that notice board have been installed now. As such, this critical action was still to be completed. 27 DOs including nine of Revenue and Rehabilitation Department Jammu did not reply.

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[28] It does not include 15 DOs where no applications were received

[29] Regional Transport Officer Jammu

[30] Executive Engineer (EE) Inspection Division Power Development Department Jammu and Executive Engineer EM&RE Division Anantnag

[31] District Industries Centre Jammu, District Industries Centre Doda and EE PHE-2nd Jammu

3.8.3.4 Non-communication of delay in delivery of services to the applicant

Rule 4 provides that in the event any service is denied or delayed, the DO is required to communicate to the person eligible and/ or applying for the service: (i) the reasons for such denial or delay, (ii) the period within which an appeal against such denial be preferred, and (iii) the particulars, including all available contact information of the competent appellate authority under the provisions of the Act. Though 1.73 lakh applicants were provided services by 116 DOs in test-checked offices after a delay ranging between one day and 1146 days, Audit did not find any evidence of having communicated reasons for such delay by any DO to the applicant concerned showing non-compliance with the provisions of the Act except Assistant Regional Transport Officer Baramulla. The DOs stated that provisions of the Act would be followed in future. 40 DOs did not reply.

3.8.4 Delay in delivery of services by the Departments covered under Audit

Delays in providing services by 131 selected DOs of six Departments noticed by Audit are discussed in the succeeding paragraphs:-

3.8.4.1 Revenue and Rehabilitation Department

The Government notified 16 public services (July 2011: 14 services and July 2012: two services) under the Act for the Revenue and Rehabilitation Department, out of which, Audit reviewed three public services provided by 23 DOs during the period from August 2011 to December 2014, as indicated in **Table-3.8.2** below:

Table-3.8.2

Name of Service	Stipulated time frame for providing services (Days)	No of DOs involved			Services Reviewed in Audit											
					No. of cases where services provided			No of Cases test-checked			No of Cases delayed			Range of Delay (Days)		
		J[32]	K[33]	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Average J&K
Reserved Category Certificate	15	6	3	9	19214	5878	25092	5047	1555	6602	2959	1325	4284	1-849	1-811	1-849
Copy of Mutation	10	6	3	9	8181	4161	12342	8181	1120	9301	40	100	140	1-46	1-353	1-353
Permanent Resident Certificate	30	3	2	5	17621	24164	41785	5080	6345	11425	2796	2524	5320	1-872	1-807	1-872
Total		**15**	**8**	**23**	**45016**	**34203**	**79219**	**18308**	**9020**	**27328**	**5795**	**3949**	**9744**	**1-872**	**1-811**	**1-872**

As is evident from the table, out of 27328 test-checked cases (Jammu: 18308; Kashmir: 9020) of services by 23 DOs, delay ranging between one and 872 days in providing services was noticed in 9744 cases (36 *per cent*) against the prescribed time limit. The delay in Jammu Division ranged between one to five days in 559 cases, six to 30 days in 1813 cases, 31 to 60 days in 1111 cases and 61 to 872 days in 2312 cases. The delay in Kashmir Division ranged between one to five days in 422 cases, six to 30 days in 1385 cases, 31 to 60 days in 812 cases and 61 to 811 days in 1330 cases.

[32] Jammu Division (J): (Jammu, Rajouri and Doda)
[33] Kashmir Division (K): Anantnag & Baramulla

In reply 16 DOs stated that delay was due to incomplete documents appended with the applications, time taken in submission of reports by subordinate officers and also due to shortage of staff. They further stated that efforts would be made to deliver the services on time. Seven DOs did not reply.

3.8.4.2 Industries and Commerce Department

The Government notified three public services (July 2012) under the Act for the Industries and Commerce Department, out of which, Audit reviewed two services provided by 10 DOs during July 2012 to December 2014 in 5 District Industries Centres and the results thereof are indicated in **Table-3.8.3** below:

Table-3.8.3

Name of Service	Stipulated time frame for providing service (Days)				Services Reviewed in Audit											
		No of DOs involved			No. of cases where services provided			No of Cases test-checked			No of Cases delayed			Range of Delay (Days)		
		J[34]	K[35]	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Average J&K
Registration of New Industrial units (Provisional/ EM Part-1)	5	3	2	5	867	1368	2235	332	346	678	155	225	380	1-360	1-361	1-361
Registration of New Industrial units (Formal/ EM Part (II)	15	3	2	5	316	426	742	211	151	362	80	104	184	1-186	1-195	1-195
Total		**6**	**4**	**10**	**1183**	**1794**	**2977**	**543**	**497**	**1040**	**235**	**329**	**564**	**1-360**	**1-361**	**1-361**

As is evident from the table above, out of 1040 test-checked registration certificates issued to industrial units by 10 DOs, delay in providing services was noticed in 564 cases (54 *per cent*) ranging between one day and 361 days against the prescribed time limit. Analysis further showed that delay in Jammu division was between one to five days in 62 cases, six to 30 days in 125 cases, 31 to 60 days in 28 cases and between 61 to 360 days in 20 cases while as in Kashmir division the delay ranged between one to five days in 88 cases, six to 30 days in 179 cases, 31 to 60 days in 41 cases and between 61 to 361 days in 21 cases.

The DOs stated that delay was due to non-completion of pre-requisite formalities by the applicants and late receipt of NOC from various agencies. The DOs further stated that measures would be taken to provide timely services.

3.8.4.3 Transport Department

The Government notified three public services (July 2011) and subsequently two more public services (October 2012) under the Act. Audit reviewed one service 'Driving license' issued by Regional Transport officer/ Assistant Regional Transport officer concerned in five DOs[36], which showed that 84040 Driving

[34] Jammu Division (J): General Manager District Industries Centre Jammu, Rajouri & Doda
[35] Kashmir Division (K): General Manager District Industries Centre Anantnag & Baramulla
[36] Regional Transport Officer Jammu; ARTOs: Rajouri, Doda, Anantnag and Baramulla

Licenses (DLs) had been issued by DOs during September 2011 to December 2014, as indicated in **Table-3.8.4** below:

Table-3.8.4

Name of Service	Stipulated time frame for providing services (Days)	No of DOs involved			Services Reviewed in Audit											
					No. of cases where services provided			No of Cases test-checked			No of Cases delayed			Range of Delay (Days)		
		J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Average J&K
Driving License	30	3	2	5	52474	31566	84040	51861	22064	73925	10329	540	10869	1-1146	1-653	1-1146
Total		**3**	**2**	**5**	**52474**	**31566**	**84040**	**51861**	**22064**	**73925**	**10329**	**540**	**10869**	**1-1146**	**1-653**	**1-1146**

As is evident from the table above out of 73925 test-checked DLs, 10869 (15 *per cent*) were issued after a delay ranging between one to 1146 days from the date of successful test trial against the stipulated time frame of 30 days. Analysis further showed that delay in Jammu division was between one to five days in 1541 cases, six to 30 days in 5089 cases, 31 to 60 days in 2902 cases and between 61 to 1146 days in 797 cases. The delay in Kashmir division was between one to five days in 55 cases, six to 30 days in 292 cases, 31 to 60 days in 72 cases and between 61 to 653 days in 121 cases.

The DOs stated that delay was due to non-availability of printing material and other technical faults. Two DOs did not reply.

3.8.4.4 Public Health Engineering Department

The Government had notified (July 2011) two services (sanction for domestic water connection and actual domestic water connection supply) under the Act. Audit reviewed both the services sanctioned by the Executive Engineers concerned during September 2011 to December 2014 involving 12 DOs as indicated in **Table-3.8.5** below:

Table-3.8.5

					Services Reviewed in Audit											
Name of Service	Stipulated time frame for providing services (Days)	No of DOs involved			No. of cases where services provided			No of Cases test-checked			No of Cases delayed			Range of Delay (Days)		
		J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Average J&K
Sanction for domestic water connection;	15	4	2	6	8195	2294	10489	3425	-	3425	631	-	631	1-275	-	1-275
Actual domestic water connection supply	30	4	2	6	-	2294	2294	-	-	-	-	-	-	-	-	-
Total		**8**	**4**	**12**	**8195**	**4588**	**12783**	**3425**	**-**	**3425**	**631**	**-**	**631**	**1-275**	**-**	**1-275**

Audit noticed delay in providing services by two DOs of Jammu Division wherein 631 cases out of 3425 test-checked cases the delay ranged between one day to 275 days in respect of the service “Sanction of Domestic Water Connection” against the prescribed limit of 15 days. The DOs stated that delay in providing services under "Sanction for domestic water connection" was due to incomplete documents appended with applications.

The records in respect of the other notified service, viz, 'Actual domestic water connection supply' in test-check offices of Jammu Division (4 DOs) and in respect of both notified services in test-checked offices of Kashmir Division (4 DOs) were not maintained. As a result, the performance of implementation of these services under the Act could not be reviewed in Audit.

All the DOs stated that records under the services "Actual domestic water connection supply" shall be maintained as per the Act. The reply was not convincing as the Department had not implemented the provisions of the Act.

3.8.4.5 Housing and Urban Development Department

The Government notified (July 2011) 10 public services under the Act for the Housing and Urban Development Department (HUDD). Audit reviewed four services provided by 15 DOs during the period from August 2011 to December 2014 and the results thereof are indicated in **Table-3.8.6** below:-

Table-3.8.6

Name of Service	Stipulated time frame for providing service (Days)				Services Reviewed in Audit											
		No of DOs involved			No. of cases where services provided			No of Cases test-checked			No of Cases delayed			Range of Delay (Days)		
		J[37]	K[38]	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Total J&K	J	K	Average J&K
Building Permission for construction of house from Jammu Municipal Corporation	30	1	-	1	3910	0	3910	930	Nil	930	847	0	847	1-826	-	1-826
NOC for construction of house by Power Development Department	30	3	2	5	2383	237	2620	2358	205	2563	782	79	861	1-341	1-414	1-414
NOC for construction of house by Public Health Engineering Department	30	4	2	6	2638	282	2920	2354	150	2504	997	49	1046	1-484	1-700	1-700
Death/ Birth Certificate	30	3	-	3	50140	0	50140	50140	0	50140	0	0	0	-	-	-
Total		**11**	**4**	**15**	**59071**	**519**	**59590**	**55782**	**355**	**56137**	**2626**	**128**	**2754**	**1-826**	**1-700**	**1-826**

The issue of Building permission (BP) for construction of house under the Act by the Joint Commissioner (Admn)/ Planning, Jammu Municipal Corporation designated as DO is dependent on receipt of "No Objection Certificates" (NOCs) from seven line Departments[39] of the State Government. The stipulated time frame for providing this notified service by the DO is 30 days from the date of receipt of application.

[37] Joint Commissioner (Admn) Jammu Municipal Corporation Jammu; Registrars Jammu Municipal Corporation Jammu, Municipal Committee Rajouri, Doda, EE PHE Division City-I, City-II Jammu, Rajouri, EE Investigation Division Jammu, EE EM&RE Divisions, Rajouri and Doda

[38] EE, Public Health Engineering Divisions: Anantnag and Baramulla; Executive Engineer, Electric Maintenance and Rural Electrification Divisions: Anantnag and Baramulla

[39] Power Development Department, Public Health Engineering, Revenue and Rehabilitation Department (two), Sewerage and Drainage Department, Jammu Development Authority, Town Planning Organisation.

Out of 3910 BPs issued during the period from August 2011 to December 2014 by the Jammu Municipal Corporation, 930 cases were test-checked in audit. The delay ranging between one day to 826 days in providing the service was noticed in 847 (91 *per cent*) cases and delay ranged between one and five days in 26 cases, six and 30 days in 163 cases, 31 and 60 days in 193 cases and between 61 and 796 days in 465 cases. No reply was furnished by the DO.

(i) Delay due to inadequate coverage under the Act

After receipt of application for BP by the DO, the same is uploaded for obtaining NOC from seven line departments out of which DOs of five notified departments[40] are bound to issue NOC within the specified time limit of 30 days fixed separately for them under the Act for this service. The other two Departments (Revenue and Rehabilitation Department (one), Sewerage and Drainage) who also are to issue NOC have not been notified under the Act. Thus, specified time frame of 30 days for the DO to issue BPs being dependent on issue of NOC by line Departments wherein a period of 30 days stand fixed under the Act was not reasonably justified.

Test-check of 2062 cases of NOCs issued by five notified line departments showed that instead of issuing NOC within 30 days, there was delay which ranged between one day and 382 days in 617 cases. Thus, there was delay in issue of NOCs as well as of BPs at all stages and the purpose of bringing the service under the Act had not been achieved.

(ii) Delay in providing services for issue of NOC for construction of house

The Government had notified (July 2011) that NOC for construction of house to be obtained from PDD for availing the service under the Act in the HUDD to be provided by the Executive Engineer (PDD) concerned (Designated Officer) within stipulated time of 30 days. Audit noticed that out of 2620 NOCs issued by 5 DOs of the PDD, delay in providing of services was in the range of one day to 414 days in 861 (34 *per cent*) cases (out of 2563 NOCs test-checked). The DO of Inspection Division Power Development Department (PDD), Jammu stated that delay in issue of NOC was due to non-location of construction sites. The DO of Electric Division Baramulla stated that cases are received from Municipal Committee through the applicant who submits documents as per his wish which resulted in delay.

The Government had notified (July 2011) the service of 'NOC' for construction of house from Public Health Engineering Department under the Act in the HUDD to be provided by the Executive Engineer concerned (Designated Officer) within stipulated time of 30 days. Audit noticed that out of 2920 NOCs issued by 6 DOs of PHE Department, the delay in providing service of issue of NOC in 1046 cases (42 *per cent*) ranged between one day and 700 days. The delay in Jammu division ranged between one and five days in 161 cases, six and 30 days in 584 cases, 31 and 60 days in 187 cases and between 61 and 484 days in 65 cases. In Kashmir division the delay ranged between one and five days in 5 cases, six and 30 days

[40] Power Development Department, Public Health Engineering, Revenue and Rehabilitation Department (one), Jammu Development Authority, Town Planning Organisation

in 14 cases, 31 and 60 days in 10 cases and between 61 and 700 days in 20 cases. The DO of EE, PHE Division 1st Jammu stated that time is consumed in obtaining feasibility reports from Sub-Divisions. EE, PHE Division Baramulla attributed delay to incomplete documentation. Four DOs did not reply.

The position with regard to issue of Birth and Death certificates by HUDD in test-checked cases was satisfactory as there was no delay noticed in audit.

3.8.4.6 Power Development Department

The Government notified (July 2011) 12 public services under the Act in the Power Development Department. Audit reviewed 6 services provided by 66 DOs in six[41] offices of the Department and the position in this regard is indicated in **Table-3.8.7** below:

Table-3.8.7

Name of Service	Stipulated time frame for providing service (Days)	Services Reviewed in Audit															
		No of DOs involved			No. of cases where services provided by DOs			No of Cases test-checked			No of Cases delayed			Range of Delay (Days)		
		J	K	Total J& K	J	K	Total J& K	J	K	Total J& K	J	K	Total J& K	J	K	Average J&K
Electric Connection Commercial - 05 KW	30	11	5	16	1269	942	2211	1269	298	1567	2	64	66	32-52	1-266	1-266
Electric Connection with Domestic load 10 KW	30	11	5	16	8809	1579	10388	8809	416	9225	1	95	96	15	4-872	4-872
Electric Connection with Industrial Load 10 KVA	30	11	5	16	134	31	165	134	26	160	5	13	18	3-60	3-321	3-321
Electric Connection with Commercial Load 20KW	35	4	2	6	146	15	161	143	15	158	50	10	60	1-375	9-116	1-375
Electric Connection with Domestic Load 20 KW	35	4	2	6	0	0	0	0	0	0	0	0	0	-	-	-
Electric Connection with Industrial Load 30 KVA	35	4	2	6	111	30	141	106	25	131	49	15	64	3-430	5-368	3-430
Total		**45**	**21**	**66**	**10469**	**2597**	**13066**	**10461**	**780**	**11241**	**107**	**197**	**304**	**1-430**	**1-872**	**1-872**

As is evident from table above, out of 11241 test-checked cases, delay in 304 cases (three *per cent*) ranged between one to 872 days. There was delay of one to 430 days in 107 (one *per cent*) cases only in Jammu Division. The position in Kashmir Division was adverse and the delay in 197 cases (25 *per cent*) out of 780 cases ranged between one day and 872 days and was between one to five days in 18 cases, six to 30 days in 70 cases, 31 to 60 days in 62 cases and between 61 to 872 days in 47 cases.

The DOs stated that delay was due to incomplete documents appended with applications and late submission of feasibility reports by the subordinate officers.

[41] EE, EM&RE Division 2nd Jammu, 3rd –Jammu, Rajouri, Doda, Anantnag & Baramulla

3.8.5 Impact assessment by Audit

To assess the public opinion and impact of implementation of Public Services Legislation, Audit interacted with 226 persons in the office premises of seven DOs[42] of Revenue and Rehabilitation Department (156 persons) and three DOs[43] of Transport Department (70 persons). Some of the important responses of the people relating to awareness about the Act/ Rules, official guidance, issue of acknowledgement, specific time limit, awareness camps etc. derived are brought out in **Table-3.8.8** below:

Table-3.8.8

Sl. No	Questionnaire	No of persons questioned	Response		Percentage	
			Yes	No	Yes	No
1.	Awareness about Acts and Rules	226	38	188	17	83
2.	Guidance provided for the documents required to be appended with application	198	5	193	3	97
3.	Receipt of acknowledgement against the application submitted	226	2	224	1	99
4.	Insist on issue of acknowledgement as it was necessary under the Act.	198	0	198	0	100
5.	Notice board seen anywhere in the office premises	226	85	141	38	62
6.	Instructions displayed on the notice board gone through	226	84	142	37	63
7.	Awareness about filing of an appeal before Appellate Authority (AA) for non-providing service within the specified time period.	198[44]	35	159	18	80
8.	File an appeal with the AA who has power to penalize the DO and provide compensation	198[44]	35	159	18	80
9.	Witnessed any awareness camps organized by any agency in your area	196	0	196	0	100

As evident from the table above, on the nine questionnaires Audit sought response from the public, majority of respondents had expressed their negative view or unawareness.

3.8.6 Monitoring and inspection

A Public Service Management Cell (PSMC) was established (March 2012) by the Government to monitor implementation of the Act and Rules and to coordinate with the departments in the matter of inclusion of different services, to arrange capacity building programmes for the DOs/ Appellate Authorities (AAs) independently or through Jammu and Kashmir Institute of Management, Public Administration and Rural Development, to evolve mechanism for third party monitoring of implementation of the Act and to conduct public awareness camps etc. Audit noticed that the PSMC had undertaken 20 field monitoring visits in 13 districts[45] (Jammu: 3; Kashmir: 10) during the period 2012-13 to 2013-14 and

[42] Tehsildar Jammu, Tehsildar Bishnah, Tehsildar Rajouri, Tehsildar Nowshera, Tehsildar Doda, Tehsildar Baderwah and Tehsildar Baramulla

[43] Regional Transport officer Jammu, Assistant Regional Transport officer Rajouri and Assistant Transport officer Doda

[44] Four persons did not respond

[45] Samba, Kathua, Udhampur, Srinagar, Budgam, Shopian, Anantnag, Ganderbal, Pulwama, Kulgam, Bandipora, Kupwara and Baramulla

conveyed findings to respective District level Nodal Officers for taking remedial measures against deficiencies noticed.

Audit observed that no action was taken by the Nodal Officers (NOs) at District or at the State level against the findings. One NO[46] in reply to audit query stated that the officer had visited seven Block Development offices (BDOs) where general public was made aware of their rights under the Act. The fact, however, is that services provided by BDOs are not covered under the Act. This shows non-seriousness of the Government towards implementation of the provisions of the Act. Further, 13 tour notes of PSMC showed that out of 65 DOs visited by the PSMC, non-maintenance of register was noticed in 53 DOs and non-issue of acknowledgement by 57 DOs. Also incorrect notice boards were displayed in the premises of 6 DOs and incomplete notice boards were found in 40 DOs. The PSMC had also observed non-compliance of the Act by DOs of various Departments in the State.

The findings of the PSMC being an effective tool should be seriously recognized by the service providers and should be implemented.

No mechanism was evolved for third party monitoring of implementation of the Act preferably by a non-Government organization. The Government stated that this shall be undertaken in the times to come.

3.8.6.1 Lack of Awareness about the Act

In order to sensitize the DOs and AAs about the issues for proper implementation of the provisions of the Act, the PSMC conducted 16 capacity building measure programmes in 12 districts and had also held seven public awareness camps in seven districts. However, the impact of conducting such awareness camps was not observed as audit interaction with persons conducted in the office premises of 10 DOs (Tehsildars: 7; Regional/ Assistant Transport Officers: 3) showed unawareness of provisions of the Act among the general public to the extent of 99 *per cent*.

3.8.7 Conclusion and Recommendations

82 out of 131 test checked Designated officers had not maintained prescribed register to keep a record of applications received from individuals for delivery of public services as required under the Jammu and Kashmir Public Services Guarantee Rules 2011.

The Government may consider maintenance of prescribed register to keep record of applications received from individuals for delivery of public services.

System of issuing acknowledgements to the applicants was not in place in 116 designated offices. Notice board was not installed in the premises of 109 designated offices.

[46] Additional District Development Commissioner Doda

The Government may consider putting in place a system for issuing acknowledgements to the applicants and installation of Notice Boards in the premises of designated offices.

There was delay in delivery of services provided by Government Departments and out of 1.73 lakh test checked cases, delay in providing services in six Departments ranged between one day and 1146 days. There was lack of Awareness among the general public about the provisions of the Act.

The Government may consider initiatives for avoiding delay in delivery of services provided by the Government Departments and take measures to spread awareness among the general public about the provisions of the Act.

The matter was referred to the Government/ Department in July 2015; reply thereof was not received (November 2015).

Health and Medical Education Department

3.9 Unfruitful expenditure on BMW incinerators

Indifferent approach of the authorities to install BMW incinerators at the Government SMGS Hospital and CD Hospital Jammu without obtaining approval of the SPCB and their subsequent inaction to operate the incinerators resulted in unfruitful expenditure of ₹54.21 lakh incurred thereon.

According to the guidelines issued by the Central Pollution Control Board the installation of Bio-Medical Waste (BMW) incinerator should be allowed only after the approval is granted by the concerned State Pollution Control Board (SPCB). The Medical Superintendents of Government Sri Maharaja Gulabh Singh (SMGS) Hospital, Jammu and Government Chest Diseases (CD) Hospital Jammu had approached (December 2012) the Regional Director SPCB, Jammu for grant of approval and issuance of 'No objection certificate' for replacement of old incinerators with new ones.

Audit check (June 2014) of records of Executive Engineer (EE), Mechanical, Hospital and Central Heating Division, Government Medical College and Hospital (GMC&H) Jammu showed that without approval of the SPCB the contract for supply, installation, testing and commissioning of 50 kg/ hour capacity incinerator at SMGS Hospital Jammu and 25 kg/ hour capacity incinerator at CD Hospital Jammu was finalised in January 2013 by the Chief Engineer, Mechanical Engineering Department Jammu at a cost of ₹53.65 lakh[47] and in March 2013 by the EE at a cost of ₹4.90 lakh[48]. The suppliers installed the equipment in March 2013 and payment of ₹51.71 lakh was released[49] in their favour. Further, an

[47] ₹34.60 lakh for SMGS Hospital Jammu and ₹19.05 lakh for CD Hospital Jammu

[48] Supply, installation, testing and commissioning of waste shredder equipment to be installed at CD Hospital Jammu

[49] March 2013: ₹32.77 lakh; August 2013: ₹12.64 lakh; February 2014: ₹4.90 lakh and June 2014: ₹1.40 lakh

expenditure of ₹0.90 lakh and ₹1.60 lakh was incurred on allied works[50] at SMGS Hospital and CD Hospital, Jammu respectively. Though the incinerators had been installed (March 2013) but these could not be put to use for over two years for want of approval of the SPCB. The SPCB repeatedly informed (between January and October 2013) the hospital authorities to apply with the requisite documents for grant of mandatory clearance to operate the incinerators. The hospital authorities belatedly applied (July 2014 and September 2014) with the requisite documents for grant of permission to operate the incinerators. However both the cases were found deficient by the SPCB in treatment and final disposal of scrubbed water generated from air pollution control device of the incinerator. The SPCB had also observed that no proposals for installation of Effluent Treatment Plant for treatment of liquid waste generated from the hospitals had been furnished by the hospital authorities. As a result, the SPCB had not granted permission to operate the incinerators.

Audit further noticed that completion certificate for successful installation and operation of the equipment had not been issued in favour of the supplier and both the incinerators had not been handed over to the hospital authorities for their further operation. The incinerators as such continued to remain inoperative for disposal of biomedical waste generated from the hospitals thereby resulting in unfruitful expenditure of ₹54.21 lakh incurred thereon. After being pointed out in audit, the EE, Mechanical Hospital and Central Heating Division GMC&H Jammu stated (June 2014 and January 2015) that SPCB had pointed out some deficiencies which stood communicated (December 2014) to the Principal Government Medical College Jammu. The Chief Engineer Mechanical Engineering Department Jammu stated (August 2015) that for rectifying deficiencies pointed out by the SPCB requisite funds had been demanded from the Department.

Thus, indifferent approach of the authorities to install BMW incinerators at the Government SMGS Hospital and CD Hospital Jammu without obtaining approval of the SPCB and their subsequent inaction to operate the incinerators resulted in unfruitful expenditure of ₹54.21 lakh incurred thereon.

The matter was referred to the Government/ Department in April 2015; reply thereof was not received (November 2015).

[50] Replacement of CGI sheets, painting/ white washing and Desktop with Printer

Higher Education Department

3.10 Blockade of funds due to failure to ensure possession of encumbrance free land

Injudicious action of the Government to release ₹6.24 crore before ensuring possession of encumbrance free land for construction of Government Degree College at Chatroo Kishtwar resulted in their blockade for over three years. The purpose of construction of the college to provide benefits of education to the local students could also not be achieved.

The State Government accorded (December 2007) sanction for setting up of a new Government Degree College (GDC) under the Prime Minister's Reconstruction Plan at Chatroo in district Kishtwar. For this purpose the Collector, Land Acquisition (CLA) (Dy. Commissioner Kishtwar) issued (April 2008) notification under the Jammu and Kashmir State Land Acquisition Act and final award for acquisition of land measuring 73 *kanals* and 01 *marla*[51] at villages Chatroo and Udil Gujran was issued (February 2011) for ₹1.32 crore. Funds to the tune of ₹1.34 crore[52] were released (November 2008: ₹15 lakh; March 2010: ₹40.82 lakh; August 2010: ₹61.18 lakh and February 2012: ₹17.23 lakh) by the Government and placed at the disposal of CLA Kishtwar. After possession of land was taken over (December 2012) by the Principal GDC Chatroo, the Managing Director Jammu and Kashmir Projects Construction Corporation Limited (Company), who had been entrusted (August 2010) with preparation of detailed project report for the purpose was requested (February 2013) by the Department to start construction of the college. The concerned land owners not satisfied with the final award and compensation amount sought judicial intervention and the Hon'ble High Court directed (December 2012) for not dispossessing the land owners from the land in their occupation. The CLA Kishtwar deposited (June 2012) ₹1.32 crore in official Bank account of Principal District and Sessions Judge Kishtwar. The administrative approval for construction of the college at a cost of ₹13 crore was accorded (January 2012) by the Government. However, construction work could not be started by the Company due to court stay order obtained by the land owners.

Audit check (August 2014) of records of the Principal GDC Chatroo showed that without first taking possession of the identified encumbrance free land, the Commissioner Secretary, Higher Education Department released ₹6.24 crore in favour of Financial Advisor and Chief Accounts Officer (FA&CAO) of the Department (March 2011: ₹4.90 crore) and Principal, GDC Chatroo (February 2012: ₹1.34 crore) for further placement at the disposal of the Company. Audit observed that ₹4.90 crore parked in civil deposits by the FA&CAO of the Department was transferred (March 2012) into current Bank account of the College and kept outside the Government account. Further ₹1.34 crore was released (March 2012) by the Principal GDC Chatroo to the Company for construction of

[51] Land notified in April 2008: 66 *kanal* 01 *marla* minus land denotified in August 2009: 51 *kanal* 05 *marla* plus and notified in August 2009: 58 *kanal* 05 *marla*

[52] Includes compensation on account of value of trees/ structures not included earlier

the College. As the construction work could not be taken up due to non-resolving of the issue of land, the amount of ₹6.24 crore continued to remain blocked.

Thus, injudicious action of the Government to release ₹6.24 crore before ensuring possession of encumbrance free land for construction of Government Degree College at Chatroo Kishtwar resulted in their blockade for over three years. The purpose of construction of the college to provide benefits of education to the local students could also not be achieved.

The matter was referred to the Government in March 2015. Director Finance of the Department stated (May 2015) that after taking over possession of land and assigning construction work to the executing agency, the work could not be taken up as the land owners being reluctant to part with their land approached the Hon'ble High Court to obtain stay order against construction of the building. The reply was not convincing as funds for construction of the College were released before ensuring possession of encumbrance free land by the Department.

3.11 Blockade of funds due to non-establishment of satellite centres

Injudicious action of the State Government to release funds before acquisition of land for the satellite centres at Billawar and Surankote resulted in blockade of funds to the extent of ₹1.70 crore.

For taking higher education to less privileged population living in far flung areas of Jammu division, the University of Jammu submitted proposal for establishing campuses at Bhaderwah (satellite centres at Doda and Kishtwar); Kathua (satellite centre at Billawar); Udhampur (satellite centre at Ramnagar and Reasi) and Poonch (satellite centre at Surankote) to the State Government during the year 2008-09 which in turn released ₹3.70 crore for five[53] satellite centres during the period 2009-12[54].

Audit scrutiny (September 2013) of records of the Registrar, University of Jammu showed that three satellite centres at Kishtwar, Ramnagar and Reasi were made functional but the two satellite centres at Billawar and Surankote for which ₹1.70 crore were released had not been made functional due to non-availability of land. These funds had been kept in the Bank account/ fixed deposit. Though the land for the functional satellite centres at Kishtwar, Ramnagar and Reasi was provided by the State Government, but no land was transferred/ acquired by the State Government in respect of satellite centres Billawar and Surnakote, as of December 2014. As a result, these satellite centres could not be established. Audit further noticed that despite identification (October 2012) of land by the Sub-Divisional Magistrate Billawar and further follow up by DC, Kathua (January 2013) with Registrar, Jammu University no follow up action had been taken by the authorities of the University of Jammu to acquire land for the satellite centre Billawar.

[53] Reasi (₹70 lakh); Ramnagar (₹80 lakh); Surankote (₹70 lakh); Billawar (₹One crore) and Kishtwar (₹50 lakh)

[54] 2009-10: ₹1.40 crore; 2011-12: ₹1.85 crore and 2011-12: ₹45 lakh

On being pointed out in audit, the Coordinator (Campuses), University of Jammu stated (October 2013) that satellite centres at Surankote and Billawar could not be made functional for want of land and resources to begin any academic activities and the State Government had been requested time and again for providing sufficient funds to make these centres functional. The Registrar, University of Jammu stated (December 2014) that process of land acquisition for the satellite centre Billawar had been initiated and that in respect of satellite centre Surankote, the authorities decided to strengthen the already established campuses at Poonch first and then initiate the process for establishment of new satellite centre.

Thus, injudicious action of the Government to release funds before acquisition/ transfer of land for the satellite centres followed by subsequent inaction to provide land for the satellite centre Billawar and decision of the University of Jammu to delay the process for establishment of satellite centre Surankote resulted in blockade of funds to the extent of ₹1.70 crore for the period ranging between three to five years besides depriving the less privileged population living in far flung areas, of the envisaged benefits of satellite centres.

The matter was reported to the Government in January 2015; reply thereof was not received (November 2015).

Housing and Urban Development Department

3.12 Working of Jammu Development Authority

3.12.1 Introduction

With a view to promoting and securing development of the local area of Jammu city, the Jammu Development Authority (JDA) was constituted in February 1971 in pursuance of Section 3(1) of the Jammu and Kashmir Development Act, 1970. The Authority headed by Vice chairperson functions under the administrative control of the Commissioner/ Secretary, Housing and Urban Development Department (HUUD)

Audit reviewed working of the JDA for the period from 2009-10 to 2014-15 by test-check of records conducted between October 2014 and January 2015 in the offices of Vice Chairperson, Secretary, Financial Adviser and Chief Accounts Officer, Director Land Management, Superintending Engineer, Collector Land Acquisition and Chief Town Planner. The results of audit are discussed in the succeeding paragraphs:

3.12.2 Non-implementation and Non-revision of Master Plan

3.12.2.1 The Master Plan-2021 of Jammu local areas notified by the Government in 2004 envisaged development of Jammu city in three phases[55] in 10 planning

[55] Divisions K and E in Phase-I, Divisions A, B and C in Phase-II, and Divisions F, G, H, J and D in Phase-III

divisions[56] for covering over 38792 hectares of land and 19.29 lakh souls by the year 2021. These planning Divisions were further divided into 236 zones for which zonal developmental plans incorporating site plans, land use plans etc. were to be prepared.

Audit observed that divisional, zonal and annual action plans had not been prepared. Due to non-preparation of zonal plans, none of the objectives[57] of the Master Plan could be achieved. The Report of the CAG of India for the year ended 31 March 2007 had brought out that implementation of the First Master Plan (1974-94) suffered to a large extent due to non-preparation of Zonal Plans as only 10-15 *per cent* of proposals were implemented.

After being pointed out (October 2014) the Chief Town Planner (CTP) stated (January 2015) that the Zonal Development Plans could not be formulated due to non-availability of qualified manpower. This indicated that the Authority had not assessed/ addressed its manpower requirement despite being in existence for more than 44 years.

Audit further observed that the plan for development of residential areas for catering to the housing needs of the people and checking unauthorized growth in Phase-I had not been prepared (January 2015) in spite of the fact that survey and contouring of areas was got done (July 2008) through an agency[58] at a cost of ₹21 lakh.

In reply (July 2015), non formulation of plan for development of residential areas was attributed to lack of technical manpower. However, it was stated that the site plan framed would be utilized for local plans of the area after incorporating ground changes.

3.12.2.2 Rule 13 of J&K Development Rules 1976 read with Master Plan require a periodic review of the Master Plan to be conducted every five years. Audit noticed that the Authority initiated the process of revision of the Master Plan belatedly in July 2010 and engaged (March 2011) the services of Centre for Environmental Planning and Technology University, Ahmedabad for revision of the Master Plan and preparation of Master Plan-2031 with a ten year perspective. The revision of the Plan was to be completed within eleven months. Though a payment of ₹27.25 lakh had been made (March 2013) to the consultant, the draft Master Plan had not been submitted (January 2015). Further, consent for preparation of Zonal plans sought belatedly (May 2014) from the consultant was awaited (December 2014).

After being pointed out by audit the Government stated (June 2015) that cancellation order had been issued to the consultant and revision of Master Plan had been taken up in house.

[56] A ,B,C,D,E,F,G,.H,J,K,

[57] Development of commercial centres, shifting of major wholesale/ retail trade activities from old city to new divisions, expansion/ shifting of Industrial areas, development of open areas , modernization of existing Bus stand; development of a sub-urban rail link, development of power infrastructure, sewerage systems, landfill sites, water supply and treatment plants, development of hospitals, university campuses, Government offices, defence establishments etc.

[58] Chadha Project services

3.12.3 Financial Management

The developmental activities of the JDA were financed by revenue generated through internal resources[59] and funds provided by the State Government. Against availability of funds of ₹480.76 crore during 2010-11 to 2014-15 the Authority incurred expenditure of ₹140.49 crore (29 *per cent*) only leaving unspent balance of ₹340.27 crore at the close of March 2015 (**Table-3.12.1**). Audit noticed that the Authority had incurred expenditure without approval of annual budgets by the Board of Directors since 2007. The FA&CAO stated (December 2014) that the yearly Budgets were formulated and discussed with the Administrative Department. The reply was not convincing as the Authority had irregularly spent funds without getting approval of annual Budgets from the Board.

Table-3.12.1

(₹ in crore)

Year	Opening Balance	Funds Received			Other Capital receipt	Internal Receipts	Total Availability	Expenditure		Unspent Balance	
		State Plan	DC Works	Debt receipt				Amount	Percentage	Amount	Percentage
2010-11	133.05	5.84	0.30	0.27	0.80	37.08	177.34	22.50	12.68	154.84	87.32
2011-12	154.84	5.68	4.93	0.56	1.13	37.57	204.71	25.74	12.57	178.97	87.43
2012-13	178.97	2.01	7.02	0.14	-	36.63	224.77	28.05	12.47	196.72	87.53
2013-14	196.72	2.86	1.92	0.29	-	33.79	235.58	28.59	12.13	206.99	87.87
2014-15	206.99	-	2.25	0.17	-	166.48	375.89	35.62	9.47	340.27	90.53

As can be seen from above, the percentage of expenditure *vis-a-vis* availability of funds was very poor and ranged between 9 and 13 during the years 2010-11 to 2014-15. The expenditure on development works ranged between 19 *per cent* and 45 *per cent* of the total expenditure incurred by the JDA during the period from 2010-11 to 2014-15.

This indicated that the Authority had not taken up developmental activities commensurate with the availability of funds.

After it was pointed out, the Superintending Engineer JDA stated (January 2015) that deposit works were pending due to court cases and other hurdles in execution and that works of State Plan were on-going in nature resulting in accumulation of unspent balances. The reply was not convincing as the JDA had failed to overcome the constraints before taking up execution of works.

3.12.3.1 Unadjusted Advances

As per provisions of para 2.33 of J&K financial code volume I, all advances are required to be got adjusted immediately. Audit observed that advances to the extent of ₹7.06 crore[60] granted by the Authority during 1994-95 to 2013-14 were pending adjustment as of March 2014. The officers/ officials of the JDA against whom the advances were outstanding had either been transferred or had retired from service. The outstanding advances had not been adjusted before issue of

[59] Premia, rent of plots and other built up assets

[60] Collector Land Acquisition: ₹3.01 crore; 33 officials (temporary travelling allowance and Miscellaneous advances): ₹4.05 crore

No demand certificate or reflected in the last pay certificates in respect of such employees.

While admitting the audit contention, it was stated by the Government (June 2015) that notices had been issued to concerned authorities for effecting recoveries.

3.12.3.2 Non-submission of accounts to the State legislature

Under Section 21 of the Jammu and Kashmir Development Act 1970, the Authority is required to prepare its annual accounts and present the report thereof after being certified by the Auditor to the State Legislature. The accounts of the Authority had not presented to the State Legislature since establishment of the Authority. The Government while admitting the audit contention (June 2015) stated that the instructions had been noted for future compliance.

3.12.4 Non-holding of meetings of the Board

According to the J&K Development Act, the Authority was required to make regulations for carrying out purposes of the Act which *inter alia* included summoning and holding meetings of Board of Directors. Audit observed that such regulations had not been framed by the Authority even after 45 years of the enactment of the Act. Further, no meetings had been held since April 2012 and the activities/ programmes undertaken by the Authority after April 2012 had not been approved by the Board of Directors.

On being pointed out, the FA&CAO stated (November 2014) that the Board meeting scheduled for July 2014 could not be held. However as per the latest reply of the Government, Board meeting has now been held on 11 June 2015.

3.12.5 Management of land assets

3.12.5.1 The JDA is vested with the power to acquire, hold, manage and dispose of land and other property, to carry out building, engineering and other allied infrastructure works. The State Government transferred over 75833 *kanals* of land during years 1974 and 2003 to the JDA for all-round development of Jammu city. Audit observed that land measuring 57948 *kanals* had not been demarcated (December 2014). The Authority was not able to get the entire land transferred in its name or take the physical possession thereof. Out of the demarcated land measuring over 17885 *kanals*, total of 2810 *kanals* (16 *per cent*) of land had been encroached upon and remained under illegal occupation. The Director Land Management (DLM) stated (December 2014) that while 2810 *kanals* of land remained under unauthorized occupation; over 1882 *kanals* of encroached land had been retrieved. The DLM stated (January 2015) that the Authority had been in active correspondence with the Deputy Commissioners Jammu and Samba for demarcation of the land.

3.12.5.2 The land acquisition proceedings at 13 places involving 9704 *kanals* of land were stalled due to faulty land acquisition process as indicated in

Appendix-3.2. The Collector Land Acquisition (CLA) attributed (December 2014) this to litigations, non-availability of funds and non-finalization of acquisition cases by the higher authorities. The reply was not convincing as no land could be acquired by the JDA during five year period 2009-14 as a result actual development could not take place as conceived in the Master Plan.

3.12.6 Dismal performance in execution of developmental projects

3.12.6.1 Sidhra-Majeen-Ragoora Township

The Master Plan (1974-94) envisaged development of Sidhra-Majeen-Ragoora township on 19,154 *kanals* of land, which included private, State and Forest land. In absence of clear title to land and non-finalization of rates in consultation with Revenue Department, 8279 *kanals* of land could not be acquired despite initiation of acquisition process by the CLA in the year 1999. This resulted in lapse of awards, re-occupation of land by erstwhile owners on grounds of inadequate compensation etc. Audit noticed that of the 6432 *kanals* of land acquired after payment of compensation of ₹7.86 crore, 4879 *kanals* were re-occupied by the former owners. The project area also included 623 *kanals*, 10 *marlas* of Forest land which was transferred (June 1998) to the JDA for construction of satellite township. Though a payment of ₹11.34 lakh on account of cost of trees/ compensatory afforestation had been made (March 2002 and November 2003) to the Forest Department, the physical possession of land had not been taken over (December 2014).

On being pointed out, the Secretary and the CLA of JDA stated (December 2014) that land acquisition process in respect of Sidhra Township was in progress for which new rates of compensation had been proposed and forwarded to the Deputy Commissioner Jammu for approval. Further progress in the matter was awaited (May 2015).

3.12.6.2 Other development Projects

Table-3.12.2

Sl. No	Name of project	Remarks	Reply of Authority/ Government
1.	New Jammu township	Proposal for development of a full fledged[61] township over an area of 2052 Ha, approved in 2007 remained a non-starter though extensive physical surveys were carried out.	The Government in reply (June 2015) stated that though detailed site plan was framed, acquisition of land could not take off. It was further stated that the same would be taken up as part of new JMP 2032 presently under approval with Government.
2.	Housing colonies and residential flats	Out of 12 proposed housing colonies approved by the Board during 2007-12, applications for allotment of residential plots at three sites[62] was initiated belatedly (July 2014) by the Authority which were pending as of January 2015.	On being pointed out in audit, it was stated (December 2014, June 15) that plans for establishment of various projects were being formulated and that transferred land would be utilized in the interest of public.
3.	River Tawi front park	Project for development of river tawi front park over 43 *kanals* transferred to the Authority and approved in February 2012 had to be abandoned (September 2015) due to objections raised by the Irrigation and Flood Control Division after ₹73.86 lakh had been incurred on the project.	In reply it was stated (June 2015) that JDA has initiated the process of development of park and would be completed in due course. But the reply is evasive and silent about non-obtaining of NOC from I&FC Department.
4.	Development of muti-tier parking lots in Jammu city	For development of multi-tier parking lots at three sites[63] in Jammu city on Public Private Partnership (PPP) basis, the Authority (October 2010) hired the services of a transaction advisor[64] at a cost of ₹9.15 lakh. Bid documents in respect of one site[65] for the development of which Government had released (March 2013) ₹2.53 crore, could not be processed further as the Administrative Department opined (June 2012) that the rights could not be leased out to a non-state subject and advised to explore other options. Thereafter, no further progress was made in the matter resulting in unfruitful payment to the consultant and blockade of Government funds (January 2015). For the second site[66] the JDA had ownership issues with Jammu Municipal Corporation and the construction of multitier parking at the third site[67] was shelved as the site had been taken over by the Legislative Assembly.	After being pointed out the CTP (Chief Town Planner) stated (November 2014) that the project was being taken up in Engineering Procurement and Construction (EPC) mode for which approval of Administrative Department for inviting Request for Qualification (RFQ) cum Request for Proposal (RFP) was awaited. Further the Government (June 2015) stated that further decision would be taken in the next board meeting.
5.	Bus stand at Gurah Brahmana	In order to decongest traffic in Jammu city the JDA proposed (December 2007) to construct Bus stand at Chamb, Gurah Brahmana. Audit noticed that even after final award for acquisition of 204 *kanals* of land was issued (January 2013) the Authority did not provide funds to the extent of ₹6.98 crore for acquisition of land as of January 2015 despite availability of huge unspent balance of ₹340.27 crore (March 2015).	Latest reply of the Government (July 2015) indicates that no progress had been achieved so far.

[61] Construction of Ware house, Transport Nagar, University Campus, Social and Cultural Complex, Police lines, District center etc;
[62] Birpur, Gole Gujral and Kot Balwal
[63] General Bus stand, Panjtirthi Matador stand and City Chowk
[64] Abacus Legal Group
[65] General Bus stand
[66] Panjtirthi Matador Stand
[67] Doctors lane (city chowk)

3.12.7 Discrepancies in allotment of plots of land

3.12.7.1 Irregular allotment of plots of land

(i) The enquiry committee, appointed (January 2005) by the JDA for verification of genuineness of the allottees of plots of land in different housing colonies reported (March 2006) 148 cases of allotments in violation of norms. The committee recommended cancellation of these allotments. Instead of taking any action thereon, the BOD decided (April 2012) to constitute another committee under the chairmanship of Principal Secretary of the Department to put up a proposal for resolving the issue. However, no action was taken in the matter (January 2015).

After being pointed out by audit, the Secretary, JDA stated (December 2014) that matter was being pursued with the Administrative Department and the BOD. The latest reply of Government indicates that all irregular allotments have been cancelled by the BOD.

(ii) Audit noticed instances of faulty allotment of plots of land to non-state subjects in violation of J&K Land Grants Act, handing over possession to allottees without execution of lease deeds and delayed action in cancellation of allotments for default in payment of premium etc, resulting in litigations and consequent blockade of properties at prime locations valuing ₹146.96 crore as indicated in the ***Appendix-3.3*.**

On being pointed out, the Government stated (June 2015) that land would be disposed of after settlement of court cases. The reply was not acceptable as adhocism and delayed action by the JDA had invited such litigations and further the Authority had not taken sufficient steps towards legal remedy for retrieval of plots of land.

3.12.7.2 Allotment of land on insufficient bids

(i) To ensure transparency and adequate competition, a uniform procedure was required to be followed in allotment of commercial sites. Audit check of records showed that the JDA had not followed a uniform procedure for allotment of commercial sites. Out of five allotments made during the period 2009-14, three commercial plots of land measuring 9.26 *kanals* and valuing ₹3.18 crore were allotted (December 2010 and February 2011) on the basis of single bid (one case)/ two bids (two cases).

On being pointed out (November 2014), the Secretary JDA stated (December 2014) that bids were accepted as the bid amount was more than minimum reserve price. The reply was not acceptable as minimum reserve price was only indicative and that finalization of allotment process in absence of minimum prescribed bidders defeats the purpose of competitive bidding. The reply also contradicted the action of the Authority in August 2007 for withdrawal of an allotment (July 2007) of land measuring 7.29 *kanals*[68] on the plea that allotment was decided on the basis of insufficient two bids.

[68] Located near Director, School Education, Jammu

(ii) A parking lot[69] constructed at a cost of ₹13.83 lakh had been allotted[70] at a fixed rate of ₹0.25 lakh per month since 2011 without going through the open auction process. The Government stated (June 2015) that efforts would be made to enhance the rates. The reply was however silent about deviation from prescribed procedures.

3.12.7.3 Injudicious allotment of land to trusts/ societies

The Authority had not framed any policy in respect of leasing out of land at concessional rates to social, religious, charitable trusts or institutions with reference to conditions for allotments and quantum of land. In absence of any policy, allotment of plots of land was made randomly on the basis of applications received.

(i) The JDA had allotted 867.90 *kanals* of land to seven societies/ trusts[71] between September 2002 and December 2010 at varying concessional rates. Information whether or not the lessees utilized the land for the purpose it had been leased out was not available with the Authority. Audit noticed that no mechanism for ensuring fulfillment of post allotment conditions of lease deeds existed. No follow-up action was taken (January 2015) against the lessees to rectify the lapses noticed in four cases as detailed in **Table-3.12.3** below:

Table-3.12.3

Name of the Trust/ Society	Objectives of the trust	Land allotted/ location	Premium	Ground rent payable	Date of allotment/ lease period	Whether lease deed executed	Lapses noticed
Late Bhagat Chajju Ram Memorial Trust	Education Institute for poor	7.9 *kanals* at Gadigarh	₹5 lakh per *kanal* (base rate) no concession	₹5000 per *kanal* per annum	27.12.2010	Yes	Land allotted on the recommendation of Dy. CM Land yet to be utilised. Site inspection carried out by party.
Sant Shri Asa Ram Bapu trust	Religious purposes	283 *kanal* Gole	₹0.50 lakh/ location	₹20 per *kanal* per annum	28.05.2005	Yes	Illegal construction of 30 flats. Possession of excess land. No. formal approval from Government.
Bhartiya Yog Sansthan	Setting up of Yoga center	15 *kanals* Gole Allotment of Addition at 10 *kanal*	₹0.50 lakh/ *kanal* 4 lakh/ *kanal*		10.02.2005 (40 years) 09.08.2007	Yes No	Allotment made on the recommendation of Minister. Construction of compound wall and other construction carried out without taking over formal possession.
Jammu Dental Charitable Trust	Chritable Dental Hospital	100 *kanals* at Sidhra	Token amount of ₹5 lakh		14.09.2002	No	Possession handed over on supurdnama without execution of lease deed. LOI issued was subsequently withdrawn as the allotment was rejected by the Board. The rejection was challenged in the Court which granted protection in favour of the lessee. Status quo in force since 04.11.2004.

[69] Ware House Jammu

[70] Chamber of Ware House Jammu

[71] Late Bhagat Chajju Ram Memorial Trust; Vitasta Health Care Trust; Sant Shri Asa Ram Bapu Trust; Bhartiya Yog Sansthan; Samaj Kaliyan Kendra; Jammu Dental Charitable Trust and Shree Chander Chinar Bada Akhara Udaisin Trust

In reply (July 2015) it was stated that these allotments were made after proper verification. The reply was not convincing as the Authority was yet to come up with a policy for leasing out land to trusts.

Audit also noticed that without ascertaining legal status of the society and without ensuring fulfilment of mandatory conditions for setting up medical charitable trust/ college, the Authority allotted (December 1994) land measuring 250 *kanals* located at Nagrota to a society[72] for establishment of hospital-cum-medical college for a period of 40 years at a concessional premium of ₹0.25 lakh per *kanal*. The land was allotted on the basis of Letter of Intent without execution of lease deed in anticipation of clearance from Medical Council of India (MCI). Audit noticed that the allottee had failed to obtain mandatory clearance from the Medical Council of India for setting up medical college for the last twenty years. Though the Department had directed (October 1999) the JDA to cancel the allotment for delay in payment of outstanding premium, rent and interest in respect of allotted land but no action was taken by the JDA for retrieval of land. The outstanding premium and interest of ₹62.11 lakh was paid (February & March 2013) by the allottee after lapse of over 20 years. Further the allottee being a Society changed (October 2013) its status to a Trust through execution of trust deed with additional aims and objectives without prior permission from the Authority.

After it was pointed out, the Secretary JDA admitted (December 2014) that possession of land had been handed over without execution of lease deed and stated that the matter was being pursued in the Hon'ble Court.

(ii) Irregular allotment of land to media institution

The guidelines for allotment of plots/ flats to different categories of people issued by the Government in September 1991 did not provide for allotment of land at concessional rate to media institutions. Audit noticed that 4.65 *kanals* of land was allotted (May 2004) to the editor of a local daily[73] at the rate of ₹15 lakh per *kanal* (50 *per cent* of market price) for establishment of office and printing press. Further no lease deed was executed by the Authority with the allottee who also failed to deposit the outstanding premium/ interest of ₹22.65 lakh (December 2014). Audit observed that the allottee did not utilize the land for the intended purpose and the Authority took no action to cancel the allotment in view of default by the allottee.

After being pointed out in audit, the Government stated (June 2015) that concessional rate had been allowed by the Board. The reply is not acceptable as the standing Government instructions disallowed allotment of land at concessional rate to media institutions.

3.12.8 Change of land use by the Authority irregularly

According to Section 12 of J&K Development Act 1970, the Authority can make such modifications to the Master Plan, which do not relate to the land use.

[72] Krishan Hira Nand Memorial Society
[73] Sh. Prabodh Jamwal editor of Kashmir Times

The modifications relating to land use could be permitted only after obtaining sanction of the Government after observing formalities like publishing of notice in newspapers and inviting objections and suggestions from stakeholders. Test-check of records showed that change of land use from residential to commercial purpose was allowed without sanction of the Government and without observing due process in four cases as discussed in the following paragraphs:

3.12.8.1 A plot[74] of land measuring 6000 sft was allotted (2002-03) by the Authority on the basis of open auction to a Society[75] for construction of a Guest house. The lessee did not carry out any construction within the validity period prescribed (September 2003) in approved building plan. The lessee sought (November 2008) permission from the Jammu Municipal Corporation for construction of an office complex and restaurant in addition to Guest house which was not granted due to the reason that the land was meant for residential purpose and there were parking constraints also. The Society sought no objection certificate (NOC) from the Authority for change of land use which was allowed after relaxation of conditions of auction notice and lease deed. The change of land use was illegal as there was no Government approval. Further, no conversion charges were levied against the Society resulting in loss of ₹49.23 lakh to the Authority.

3.12.8.2 The Authority allotted (September 2004) a plot of land[76] measuring 5400 sft (against prescribed minimum area of 10880 sft for nursing homes as per Master Plan 2021) to an individual for construction of Nursing Home. The lessee sold (2007) the leasehold rights to another individual who applied to the Authority for grant of permission to utilize the site for commercial purposes. Without Government approval the conversion was allowed by the Authority subject to payment of conversion charges of ₹one crore.

3.12.8.3 Under a Government package for rehabilitation of dislocated families who were in possession of State land, three plots[77] measuring 10 *marlas* each were allotted (1984) at Rail head complex, Jammu to as many individuals for residential purposes. One of the allottees[78] who had subsequently acquired (2003) possession of all the three plots applied (July 2006) for change of land use for construction of a hotel. Without following the prescribed procedure as per Development Act including publishing of notice, inviting suggestions and objections from the stakeholders etc. the matter was belatedly referred (October 2013) by the Authority to the Administrative Department which allowed the conversion subject to payment of conversion charges by the allottee. Accordingly, a fee of ₹1.05 crore was charged from the lessee in April 2014.

The reply of Government (June 2015) that the case was approved by the BOD by charging commercial rate of plots prevailing at the time does not hold ground as the conversion was against the basic intent of the rehabilitation package. Besides prescribed procedure was not followed for the said conversion.

[74] Gandhi Nagar Extension opposite Bahu Plaza Complex (Plot No.5)
[75] JK Educational Society
[76] Rail head complex (site No. 2)
[77] Plot Nos 6,8 and 9
[78] Mr. Baldev Raj Mahajan

3.12.8.4 Two plots[79] of land measuring 13077 sft were allotted (1998) and approved (March 1999) by the Authority through open auction to an individual for construction of a Guest house. Without following due process and without obtaining Government approval, the Authority allowed (April 2000) change in land use to raise a hotel, bar, restaurant and banquet hall on the site. This resulted in revenue loss of ₹1.67 crore on account of unpaid conversion charges.

After being pointed out, the Secretary JDA stated (June 2015) that the conversion of two plots from residential to commercial was allowed by the Authority on the basis of feasibility of site. The reply was not acceptable as Government approval had not been obtained for conversion of land.

3.12.9 Excess land in possession of allottees

The JDA had not carried out measurement of plots of land at the time of allotment in favour of the allottees. For regularization of excess land in possession of lessees, the Authority proposed (June 2011) to conduct a survey to assess the quantum of excess land and to give the allottees two months' time to deposit the cost at a concessional rate failing which the allottees were to deposit the cost at the prevalent market rate. Audit noticed that no survey had however been conducted as of January 2015. Test-check of records showed that six lessees to whom the leasehold rights were transferred between January 2014 and November 2014 were in possession of excess land. Accordingly recovery of cost of excess land and execution of fresh lease deed were effected in respect of these lessees by the JDA.

The Government stated (June 2015) that recovery of cost of excess land within the plots at prevalent notified rates had been initiated.

3.12.10 Non-issue of occupancy certificate

The JDA was required to obtain completion certificate of a qualified architect and to issue occupancy certificate to the allottees in respect of constructed buildings. Audit observed that neither the completion certificates of qualified architects were obtained nor occupancy certificates issued to the allottees in respect of constructed buildings. The Authority had not maintained records of approval of plans, stipulated date/ actual date of completion and date of occupancy of buildings by the allottees.

In reply it was stated (June 2015) that no applicant had approached JDA for obtaining occupancy certificate. The reply was not convincing as the Authority had failed to ensure that the applicants comply to the statutory requirement despite being equipped with a full fledged Enforcement wing.

3.12.11 Short realization of regularization charges

Government introduced (May 1974) land regularization scheme to regularize illegally occupied colonies with unauthorized layouts and plots of land. Audit observed that out of 51 illegal/ un-authorized colonies[80] under jurisdiction of the

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[79] 6137 sqft and 6940 sqft

[80] Area of 5467 *kanals* 4 *marlas* and 59 sft

JDA, 31 colonies[81] stood regularized by the Government subject to payment of regularization charges by the occupants. Out of total regularization charges of ₹6.61 crore recoverable in respect of the regularized colonies, only ₹3.98 crore had been realized (September 2014) resulting in short realization of regularization charges of ₹2.63 crore. The remaining 20 colonies were reported to be under process of regularization.

In reply (July 2015) it was stated that the recoverable amount was yet to be recovered because of litigation whereunder Court has stayed regularization of illegal buildings.

3.12.12 Outstanding revenue

3.12.12.1 The arrears of rent outstanding in respect of commercial sites[82] had increased from ₹5.92 crore in 2008-09 to ₹6.93 crore in 2013-14. Though rent remained in arrears in respect of 249 properties during 2011-12 to 2013-14, no action had been taken by the Authority for revocation of such lease deeds.

3.12.12.2 The Authority had not renewed lease deeds of 486 properties at 17 sites and had enhanced (June 2009) rate of rent of let out properties at eleven locations by 150 *per cent*. However, the enhanced rates could not be applied in respect of locations/ properties where lease deeds had expired resulting in loss of revenue to the extent of ₹58.97 lakh.

After this was pointed out, the Secretary JDA stated (December 2014) that the rent could not be enhanced as in most cases rent deeds had expired and there was no clause in the agreements requiring enhancement after every three years. The reply is not convincing as the JDA had not renewed the expired lease deeds.

3.12.12.3 Audit noticed that the JDA had suffered revenue loss of ₹1.41 crore due to non-collection of *adda* fee/ parking fee and rent, short levy of building permission fee and non-levy of penalties during the period from 2011-12 to 2013-14. No action had been taken by the Authority to initiate action for recovery of revenue. In reply it was stated (July 2015), that sincere efforts were being made for making recoveries.

3.12.13 Conclusion and Recommendations

The objectives of the Master Plan could not be achieved due to non-preparation of Divisional, zonal and annual action plans.

The Government may consider preparation of Divisional, zonal and annual action plans by the Authority.

The Authority had incurred expenditure without approval of annual budgets by the Board of Directors since 2007.

The Government may ensure that expenditure by the Authority is incurred after approval of annual budgets by the Board of Directors.

The accounts of the Authority had not been presented to the State Legislature

[81] 4454 *kanals* 8 *marlas* 125 sft

[82] Buildings, shops, institutions, halls, shopping centers and transport yards

since establishment of the Authority.

The Government may consider presentation of the accounts of the Authority to the State Legislature.

The Authority was not able to get the entire land transferred by the State Government registered in its name or take the physical possession thereof.

The Government may consider that the Authority gets the entire land registered in its name and take the physical possession thereof.

Out of the demarcated land measuring over 17885 *kanals*, total of 2810 *kanals* (16 *per cent*) of land had been encroached upon and remained under illegal occupation.

The Government may consider that the Authority gets the encroached land vacated.

Change of land use from residential to commercial purpose was allowed without sanction of the Government and without observing due process in four cases.

The Government may ensure that the Government sanction is obtained and due process observed by the Authority in respect of change of land use from residential to commercial purpose.

Out of total regularization charges of ₹6.61 crore recoverable in respect of the regularized colonies, only ₹3.98 crore had been realized. The arrears of rent outstanding in respect of commercial sites had increased from ₹5.92 crore in 2008-09 to ₹6.93 crore in 2013-14. The Authority had suffered revenue loss of ₹1.41 crore due to non-collection of *adda* fee/ parking fee and rent, short levy of building permission fee and non-levy of penalties during the period from 2011-12 to 2013-14.

The Government may consider that the Authority recovers the outstanding regularisation charges and arrears of rent of commercial sites and ensure that the Authority collects/ levies *adda* fee/ parking fee and rent, building permission fee and penalties.

Irrigation and Flood Control Department

3.13 Unauthorised expenditure and unproductive investment

Injudicious action of the Executive Engineer Irrigation and Flood Control Division Nowshera to utilise funds unauthorisedly sanctioned for 'Construction/ extension of *Thumba Nehoti* Gravity Canal' (extension scheme) on the original irrigation scheme 'Construction of *Thumba Nehoti* Gravity Canal' resulted in irregular expenditure of ₹75.50 lakh. The unplanned execution of these schemes rendered investment of ₹2.85 crore unproductive besides depriving the local population of the intended benefits of these schemes.

The scheme 'Construction of *Thumba Nehoti* Gravity Canal' (existing scheme) with the proposed length of 5270 Mts of irrigation canal was taken up for execution by the Department during the year 2003-04 under 'Accelerated Irrigation Benefits Programme' (AIBP) at an estimated cost of ₹2.10 crore. The scheme was to provide organised and scientific system of irrigation to the population of *Thumba, Nehoti* and *Barnara* villages of tehsil Sunderbani in district Rajouri and was to be completed by the year 2005-06.

Audit check (November 2014) of records of the Executive Engineer (EE) Irrigation and Flood Control Division Nowshera showed that the scheme could not be completed even after incurring an expenditure of ₹2.10 crore during the period 2003-11 due to change of alignment and abandonment of work of the irrigation canal by the contractors. A mention about taking up of construction work of this irrigation scheme without preliminary survey and geological investigation was made in the Report of C&AG of India (Government of Jammu and Kashmir) for the year ended 31 March 2009. It was reported therein that the work of the scheme was abandoned since March 2008 due to non-approval of changed design and for want of funds after incurring an expenditure of ₹1.86 crore thereon. However further expenditure of ₹24.25 lakh was reported on this scheme by the Department during 2010-11. Out of proposed length of 5270 Mts of irrigation canal, the construction work was restricted to various stretches of the irrigation canal upto RD 4910 Mts and further no work was executed beyond this point.

Notwithstanding the fact that existing scheme could not be completed, another scheme 'Construction/ extension of *Thumba Nehoti* Gravity Canal' (extension scheme) an extension to the existing scheme was approved under AIBP at a cost of ₹75.30 lakh during the year 2008-09. The extension scheme was aimed at construction of tail part of irrigation canal beyond RD 5270 Mts up to RD 5900 Mts and was to be completed by March 2010. Instead of incurring expenditure on approved items of work of the extension scheme of irrigation canal, the expenditure of ₹75.50 lakh was incurred[83] on the existing scheme during the period 2009-10 to 2013-14. Thus the funds sanctioned for the extension scheme were irregularly spent on the existing scheme resulting in unauthorised expenditure of ₹75.50 lakh and diversion of funds to that extent. Audit observed that despite diverting the funds towards the existing scheme, the irrigation canal could not be made functional rendering entire investment of ₹2.85 crore unproductive. Moreover, the EE had wrongly reported the expenditure against the extension scheme in the Monthly Progress Reports.

After being pointed out in audit, EE stated (November 2014) that funds had been utilised on the existing scheme as per decision taken in the meeting conducted (December 2009) by the Hon'ble Minister for PHE, Irrigation and Flood Control Department for commissioning of the existing scheme upto 5200 Mts by the end of March 2010.

Thus, injudicious action of the Executive Engineer Irrigation and Flood Control Division Nowshera to utilise funds unauthorisedly sanctioned for 'Construction/ extension of *Thumba Nehoti* Gravity Canal' (extension scheme) on the original

[83] Carriage charges of material; wages of casual labours; construction work of several spots between RD 2625 Mts and RD 4910 Mts; jungle/ slip clearance on existing scheme etc;

irrigation scheme 'Construction of *Thumba Nehoti* Gravity Canal' resulted in irregular expenditure of ₹75.50 lakh. The unplanned execution of these schemes rendered investment of ₹2.85 crore unproductive besides depriving the local population of the intended benefits of these schemes.

The matter was referred to the Government in March 2015. Director Finance of the Department endorsed (April 2015) the reply furnished by the Chief Engineer Irrigation and Flood Control Department to the Commissioner/ Secretary of the Department wherein it was stated that due to shortfall of funds for completion of original scheme the funds allocated for *Thumba Nehoti* Extension Gravity Canal were used in respect of main canal. The reply was not acceptable as existing scheme had not been completed despite unauthorised utilisation of entire funds thereon meant for the extension scheme leading to unfruitful expenditure of ₹2.85 crore.

3.14 Unfruitful expenditure due to improper selection of sources of water

Injudicious action of the Department to take up execution of an irrigation scheme, 'Augmentation of *Rajwar* Storage tanks' without identifying sources of water after proper surveys and ascertaining their hindrance free working afterwards resulted in unfruitful expenditure of ₹2.65 crore besides depriving the people of area of the intended benefits of the scheme.

The detailed project report for an Irrigation Scheme 'Augmentation of *Rajwar* Storage tanks' was submitted (May 2005) by the Executive Engineer (EE) Irrigation and Flood Control Division Handwara at an estimated cost of ₹3.37 crore under the Rashtriya Shram Vikas Yojana (RSVY[84]). The scheme was aimed at providing sufficient irrigation supplies to *Rajwar* area in south west of Handwara town comprising of about 16 villages and was targeted to be completed within two years. With the completion of the scheme its cultivable command area (CCA) was to be enhanced by 363 hectares in addition to an existing CCA of 161 hectares. Under the schemes, the water was to be carried under gravity from *Mawar Nallah* (source) in village Patwari through ductile pipes for a length of 10 kms up to an underground reservoir at village Lach. The water from this reservoir was to be carried to various storage tanks[85] of block *Rajwar*. Apprehending shortage of water to the area falling under *Marwar* area, the concerned people did not allow (April 2006) the execution of work on the scheme. Accordingly the scheme was revised (November 2006) at a cost of ₹three crore by the EE, I&FC Division, Handwara and the source was changed from *Mawar Nallah* to *Poshdhari Nallah*. From this new identified source, the water was to be carried for a length of 10 kms upto RCC reservoir at *Yalma*r wherefrom it was to be distributed to the existing storage tanks[86]. The scheme was targeted to be completed by March 2008.

[84] The scheme was later renamed as 'Backward Region Grant Fund' (BRGF)
[85] Machipora, Kakernar, Gujjarnar, Nowdoger, Khatinar and Yalmar
[86] Machipora, Kakernar, Nowdgam, Katinar, Nagrad-Nar and Yalmar

Audit scrutiny (September 2014) of records of EE, Irrigation and Flood Control Division, Handwara showed that an expenditure of ₹2.65 crore was incurred during the period 2005-12 on procurement/ laying of ductile pipes, earthwork excavation, construction of RCC reservoir/ intake chamber/ spill ways etc. The scheme could not be made functional as people of the area did not allow (April 2012) the Department to utilise water from the changed source of *Poshdari Nallah* thereby rendering expenditure of ₹2.65 crore unfruitful. This indicated that the sources of water were not identified by the EE after proper surveys and after ascertaining their hindrance free working for smooth functioning of the scheme.

After this was pointed out in audit, the EE, Irrigation and Flood Control Division Handwara stated (October 2014) that the efforts were on for an amicable settlement with villagers residing in vicinity of *Poshdari Nallah*. The reply was not convincing since the Department should have ensured hindrance-free sources of water before taking up work on the irrigation scheme.

Thus, injudicious action of the Department to take up execution of an irrigation scheme without identifying sources of water after proper surveys and ascertaining their hindrance free working afterwards resulted in unfruitful expenditure of ₹2.65 crore besides depriving the people of the area of the intended benefits of the scheme.

The matter was referred to the Government in April 2015; reply thereof was not received (November 2015).

3.15 Unfruitful expenditure due to non-completion of scheme

Improper survey and failure to provide alignment free from encumbrances for execution of works of the Lift Irrigation Scheme *Hari-tar* by the Department resulted in unfruitful expenditure of ₹6.99 crore. The purpose of the scheme to provide irrigation facilities to the intended population was not achieved.

With a view to provide irrigation facilities to the Cultivable Command Area of 736 hectares[87] of agriculture land in five villages[88] of district Baramulla, construction of 'Lift Irrigation scheme *Hari-tar* with augmentation of existing *Tarzoo* weir scheme' was approved (2006) for funding under Accelerated Irrigation Benefits programme (AIBP). The scheme which was to be completed within three working seasons at a cost of ₹7.30 crore (Civil component: ₹1.83 crore; Mechanical component: ₹5.47 crore) envisaged construction of a sump and pump house at the bank of Nallah Hari-tar (Khanjoor) and laying of rising mains of 3265 meters on *Tarzoo* side upto *Tarzoo* weir and of 502 meters on *Hari-tar* side upto delivery sump from where water was to be supplied through existing network of *canals*.

Audit check (October/ November 2014) of records of the Executive Engineer (EE) Irrigation and Flood Control (I&FC) Division, Sopore and EE, Mechanical Irrigation Division (MID), Baramulla showed that the Department had released

[87] For stabilisation of area of 570 hectares and for irrigation of new 166 hectares of land
[88] Tarzoo, Amberpora, Hygam, Hari-tar and Dharamal

₹6.94 crore[89] during the period from 2006-07 to 2012-13 in favour of both these Divisions[90] for execution of the scheme. The execution of works of laying of rising main of 502 meters on *Hari-tar* side was completed at a cost of ₹69.37 lakh and this part of the scheme was made functional. However, on the *Tarzoo* side of the scheme, the local population objected to laying of rising main as it was passing through a playground. Besides, the Wild Life and Social Forestry Departments objected to execution of work as the alignment was passing through Hygam[91] wet land and as a result the work on the rising main had to be stopped. The prior permission/ clearance from these Departments for laying of the rising main was not obtained. This necessitated change in the alignment of the rising main thereby resulting in increase in its length by 433 meters from 3265 meters to 3698 meters indicating improper survey for identification of alignment of the rising main. The Department had incurred an expenditure of ₹7.68 crore[92] on the scheme during the period from 2006-07 to 2012-13 including liability of ₹1.25 crore. The scheme which was scheduled for completion in 2008-09 could not be fully completed resulting in unfruitful expenditure to the extent of ₹6.99 crore[93]. To meet the increased cost a revised project report of the scheme was submitted (January 2013) by EE, I&FC Division Sopore at a cost of ₹8.53 crore (Civil component: ₹2.42 crore and Mechanical component: ₹6.11 crore). The Chief Engineer I&FC Department Kashmir asked (February 2013) the EE, I&FC Division Sopore that as the revision of cost of the scheme under AIBP was not permissible, the proposal for financing its revised cost be intimated. Further, no action was taken to make the scheme functional (March 2015).

After this was pointed out in audit, the EE, I&FC Sopore Division stated (October 2014) that the scheme had got delayed due to objections raised by the local populace and Wild Life and Social Forestry Departments. The EE, MID, Baramulla stated (November 2014) that due to cost escalation and increase in length of rising mains due to change in alignment, the scheme could not be completed. The reply was not convincing as encumbrance free alignment of rising mains was not ensured before taking up execution of works of the scheme.

Thus, improper survey and failure to provide alignment free from encumbrances for execution of works of the scheme by the Department resulted in unfruitful expenditure of ₹6.99 crore including work done liability of ₹1.25 crore. The purpose of the scheme to provide irrigation facilities to the intended population was not achieved.

The matter was referred to the Government in June 2015; reply thereof was not received (November 2015).

[89] Central share: ₹6.82 crore and State share: ₹12.83 lakh

[90] I&FC Division Sopore: ₹2.28 crore and Mechanical Irrigation Division Baramulla: ₹4.66 crore

[91] Wetland of Hygam is located some 50 kms from Srinagar on the fringes of the Wular Lake

[92] I&FC Division Sopore: ₹1.88 crore on civil components ; MID Baramulla: ₹5.80 crore on electrical and mechanical components including work done liabilities of eight allotted works of the scheme

[93] ₹768.32 lakh-₹69.37 lakh=₹698.95 lakh

Power Development Department

3.16 Loss of revenue

Wrong interpretation of the Government Order relating to charging of electricity tariff from occupants of Government accommodation resulted in revenue loss of ₹1.47 crore.

Allotment of Government accommodation to the State employees including move employees is made at Srinagar and Jammu by the Estates Department. At the time of allotment, a license deed called 'License for occupation of residential accommodation' is drawn between the grantor (Estates Department) and the licensee (the occupant Government employee). The deed *inter-alia* includes a clause for payment of electricity charges by the licensee.

Government Order (February 2013) envisaged that non-gazetted move employees occupying one, two and three room tenements shall be charged at a flat rate of ₹250, ₹400 and ₹700 respectively for consumption of electricity. The order, however, did not apply to gazetted move employees and other tenant consumers, who were to pay electricity tariff on actual consumption and metered rates.

Audit check (April 2015) of records of Executive Engineer, Electric Maintenance and Rural Electrification (EM&RE) Division-III, Jammu relating to revenue collected from the occupants of Government quarters situated at Janipur, Tophsherkhania, and Roop Nagar, Jammu showed that the Divisional authorities had raised bills against the tenants of these quarters upto year 2011-12 only and thereafter had stopped raising of bills against all category of consumers. Even maintenance of records like electricity charges due, electricity charges collected and outstanding thereof had also been dispensed with by the Division. It was further noticed that even though, the Division had stopped maintenance of records and raising of electricity bills, a large number of occupants (including Gazetted, non-move, migrants and others) had deposited electricity dues on their own at flat rates, indicating that consumers were willing to pay electricity charges.

Audit analysis of the impact of non-raising of bills, showed that the State had suffered a minimum revenue loss of ₹1.47 crore[94] on this account during the period 2012-15.

On being pointed out in Audit, the EE while attributing non-raising of electricity bills to wrong interpretation of the Government order by the Divisional authorities, stated that instruction would be issued for maintenance of ledgers in future. The reply is not acceptable as wrong interpretation of the order had resulted in revenue loss to the State, and steps should have been taken to recover the same from the occupants.

The matter was referred to the Government in May 2015. Chief Engineer, EM&RE Wing Jammu endorsed (July 2015) a copy of letter addressed to

[94] Calculated at flat rates for all types of consumers occupying these flats less amounts deposited by the individual consumers

Principal Secretary of the Department wherein it was stated that due to non-payment of electricity charges by some of the earlier allottees of quarters, the arrears had accumulated and new/ present allottees had refused to pay the dues. It was also stated that despite being asked to submit their allotment orders issued by the Estates Department, the allottees had not produced the same and that the power supply to Government quarters at various places had been got disconnected for non-payment of pending dues but had to be restored on the instructions of the higher authorities. It was further stated that necessary action would be taken to recover the arrears of electric charges from the Estates Department as well as from the Government employees.

3.17 Unfruitful expenditure and diversion of funds

Indifferent approach of the departmental authorities to execute the scheme of replacement of LT lines by Aerial Bunching Cables in Watergam village in absence of surveys/ detailed project report and without proper planning resulted in unfruitful expenditure of ₹32.92 lakh and diversion of ₹42.08 lakh. The purpose of the scheme to facilitate checking of power theft could as such not be achieved.

The Departmental Committee[95], constituted for clearing work done claims and completion cost of schemes/ projects sanctioned under Accelerated Power Development and Reforms Programme (APDRP) (Xth Plan) under short closure decided (March 2011) to replace the LT Lines by Aerial Bunching Cable (ABC) instead of their stabilization by way of procurement/ erection of bare conductor in order to facilitate checking of power theft. The Committee recommended two areas, Gulmarg and Watergam to be covered under ABC. For this purpose, the Chief Engineer (CE), Electric Maintenance and Rural Electrification (EM&RE) Wing, Srinagar released (November 2011) ₹1.50 crore in favour of Executive Engineer (EE) Electric Division Baramulla (₹75 lakh for Watergam) and Assistant Executive Engineer, Special Sub Division Tangmarg (₹75 lakh for Gulmarg) under APDRP. Both the executing Divisions were required to take up works relating to replacement of LT lines by ABC in these identified areas on the basis of proper surveys and after formulations and approval of required detailed project report in this regard.

Audit scrutiny (January 2014) of records of EE, Electric Division Baramulla showed that the Division without any survey and also without framing the detailed project report thereof placed ₹75 lakh[96] at the disposal of EE, Electric Central Stores Division, Pampore, Srinagar for purchase of electric poles. After receipt of electric poles by the Division from the Central Stores Division Pampore, 170[97] electric poles (cost: ₹14.11 lakh) were erected in Watergam village and 120[98] electric poles (cost: ₹9.24 lakh) were diverted and erected in an un-approved village *Ladoora*. An expenditure of ₹9.57 lakh had been incurred

[95] Under the chairmanship of Development Commissioner (Power)

[96] ₹15.40 lakh in December 2011 and ₹59.60 lakh in March 2012

[97] 8 metre long Steel tabular electric poles (135) and 9 metre long Steel tabular electric Poles (35)

[98] 8 metre long Steel tabular electric Poles (120)

(between July-August 2012) on the erection and allied works of these electric poles. The material received against the balance amount of ₹42.08 lakh had been diverted and utilised for other works executed by the Division. Audit noticed that the ABC had not been procured and the electric poles erected remained idle as a result the scheme which was targeted to be completed during 2011-12 had not been completed (February 2015) thereby rendering expenditure of ₹32.92 lakh unfruitful. Further ₹75 lakh released in favour of Assistant Executive Engineer, Electric Special Sub-Division Tangmarg were surrendered (March 2012) and no expenditure had been incurred by the Division.

On being pointed out in audit, the EE, Electric Division Baramulla stated (April 2014) that after receipt of the material from the Central Stores Division, the work was taken up in hand and ST electric poles were erected at sites in Watergam and *Ladoora* villages. It was further stated that various cable manufacturing and accessories suppliers were contacted through email for getting their specification but due to poor response, the work could not be taken up. The EE, further stated (February 2015) that due to non-availability of ABC in the Central Stores Division Pampore, only ST electric poles were purchased for full amount with the intention to make adjustments in the subsequent year. The reply was not convincing as in absence of any proper planning and without a detailed project report for the scheme, its execution suffered as the funds were specifically allotted for replacement of LT lines by ABC to prevent power thefts in the Gulmarg and Watergam villages.

Thus, indifferent approach of the departmental authorities to execute the scheme of replacement of LT lines by Aerial Bunching Cables in Watergam village in absence of surveys/ detailed project report and without any proper planning resulted in unfruitful expenditure of ₹32.92 lakh besides, diversion of ₹42.08 lakh. The purpose of the scheme to facilitate checking of power theft could as such not be achieved.

The matter was referred to the Government in March 2015; reply thereof was not received (November2015).

Public Works Department (Roads and Buildings)

3.18 Short deduction of service tax

Injudicious action of the Executive Engineer, R&B Division-II Kargil to deduct service tax on net value of bills of execution of works of contractors resulted in short deduction of service tax of ₹92.51 lakh.

The services provided in the shape of works contract is taxable in the State under the Jammu and Kashmir General Sales Tax (GST) Act. The Commercial Taxes Department clarified (February 2000) that service tax has to be charged on whole of the contract irrespective of the source of procurement of material for execution of works contract. The Commissioner Commercial Taxes had also clarified

(May 2005 and January 2014) that service tax has to be recovered from the contractor on the gross value of the contract and that incidence of service tax has to be on the aggregate of the amounts of services and goods consumed in the contract.

Audit check (August 2013) of records of Executive Engineer (EE), Roads and Buildings (R&B) Division-II, Kargil showed that instead of deducting service tax on the gross value of bills of the contractors including cost of material, the service tax was deducted from net value of the bills without taking into account cost of the material. Against ₹1.54 crore recoverable on account of service tax from the bills of execution of works of the contractors valuing ₹14.63 crore during March 2011, March 2012 and March 2013, only ₹61.13 lakh had been deducted by the EE, resulting in short deduction of ₹92.51 lakh.

After being pointed out in audit, the EE, R&B Division-II Kargil stated (August 2013) that instructions from higher authorities regarding recovery of service tax in respect of material component had been received belatedly due to which the full service tax could not be recovered. The reply was not acceptable as EE was required to deduct service tax in compliance with the provisions of the Act and relevant instructions of the Government/ Department.

Thus, injudicious action of the EE, R&B Division-II Kargil to deduct service tax on net value of bills of execution of works of the contractors instead on gross value including cost of material resulted in short deduction of service tax of ₹92.51 lakh.

The matter was referred to the Government in May 2015. EE R&B Division-II Kargil endorsed (June 2015) a copy of letter addressed to District Superintending Engineer, PWD wherein it was stated that ₹36.55 lakh were recovered (June 2015) from various contractors out of available deposits and that balance amount of less deducted Service tax would also be recovered from the contractors out of payments due to them when funds would be made available by the authorities.

3.19 Unfruitful Expenditure

Failure of the Departmental Authorities to ensure clearance from the Forest Department before preparation of the DPR and sanction of the project for construction of a bridge over *Anji Nallah* resulted in non-completion of the project for five years besides resulting in unfruitful expenditure of ₹2.54 crore.

To provide road connectivity to the populace of villages Anji, Suketar and Kayala (Reasi district), the Chief Engineer, Public Works Department (R&B) Jammu (Project Authority) allotted (March 2010) work for construction of 110 M span single lane deck type steel plate girder bridge over *Anji Nallah*, to the Jammu and Kashmir Projects Construction Corporation (JKPCC) at a cost of ₹4.36 crore for completion by March 2012. The project was sanctioned (March 2010) under NABARD RIDF-XV and an amount of ₹2.18 crore were placed (2009-10/ 2010-11) at the disposal of JKPCC by the Indenting Department.

Scrutiny (February 2012) of the records of the EE, PWD (R&B) Reasi showed that the project was approved on the basis of a Detailed Project Report (DPR) submitted (June 2008) by the EE, PWD (R&B) Reasi, which *inter-alia* included proposed alignment of the bridge and approach roads. After allotment of the work, the JKPCC proposed (February 2011) construction of the bridge 250 m down stream on the ground that the proposed site had no direct approach road and the only available approach was a fair weather track along the *Anji Nallah* which remained blocked during rainy season. Besides, access to the existing approach passed through the forest area and involved private land. However, despite a joint inspection (February 2011) of the site by the officers of the Department and the JKPCC, the proposal was rejected by the Department. The JKPCC submitted (September 2011) a cost offer of ₹4.73 crore and started (December 2011) the work on the project. Having realised that the completion of the project required clearance of the forest land, the Department belatedly approached (February 2012) the Forest Department for the clearance, which was pending as of December 2014. Apart from delays due to non-availability of the approach road to the site, the work on the project was held up due to awaited forest clearance. As per the data provided by the JKPCC/ Department, out of an amount of ₹3.93 crore released to the JKPCC, an amount of ₹2.54 crore had been expended on the project as of December 2014.

Thus, failure of the Department to take into account the aspect of non-availability of approach roads, involvement of the forest and private land at the time of preparation of the DPR of the project, resulted in unfruitful expenditure of ₹2.54 crore, besides non-completion of the project during the last five years. The action of the project authority defeated the objective of raising loans for the scheme and taking up the work was contrary to the NABARD guidelines which stipulate for project formulation only after proper survey.

After being pointed out in Audit, the EE stated (July 2013) that the process of obtaining Forest clearance was in pipeline. The reply was not acceptable as the requisite clearance was awaited as of December 2014, indicating non-seriousness of the Department in completion of the already delayed project.

The matter was referred (June 2015) to the Government; reply thereof was not received (November 2015).

3.20 Unplanned execution of road project

Wrong reporting by the EE about availability of land and also failure to ensure encumbrance free land before execution of work resulted in unplanned execution of road project at a cost of ₹1.36 crore.

To provide assured road connectivity to five villages[99] of district Udhampur, a project for construction of three Km. long road from M.I.Room to Megani was proposed (September 2005) by the Executive Engineer (EE), Public Works (R&B) Division Udhampur under loan assistance from NABARD at an approved cost of

[99] Kotli, Megani, Tali, Doda and Mangoite

₹1.36 crore[100]. The project was targetted to be completed by March 2008. While submitting the project report to the Superintending Engineer PWD (R&B) Circle Udhampur, the Executive Engineer of the Division had recorded that the people would provide land voluntarily for construction of road and that the earthwork had already been executed for construction of half of the proposed road.

Audit scrutiny (February 2013) of records of EE Public Works (R&B) Division Udhampur showed that the EE executed work on 2.5 Kms of the road at a cost of ₹1.36 crore during 2006-07 to 2011-12. However, the work on 500 meters road length at the take off point of the road project could not be taken up for want of clearance of stretch of land by the Army authorities as the area was under their Occupation. This indicated that the EE of the Division had furnished wrong information about availability of land to the Department and had also failed to ensure acquisition of encumbrance free land before execution of work on the road project.

On this being pointed out in audit, the EE stated (September/ December 2014) that the road connectivity to the general public of the area had not been provided due to non-settlement of the land issue falling under the alignment of road with the Army authorities. The reply was not convincing as the land was to be acquired before taking up execution of the road project.

Thus, wrong reporting by the EE about availability of land and also failure to ensure encumbrance free land before execution of work resulted in unplanned execution of road project at a cost of ₹1.36 crore. Further non-construction of portion of 500 Mts road length at the take off point of the road project had adversely affected free flow of traffic and had failed to establish connectivity of the concerned villages with the National Highway.

The matter was reported to the Government in January 2015; reply thereof was not received (November 2015).

Public Health Engineering Department

3.21 Inadmissible payment of arrears of pay and allowances

Failure of the Executive Engineer PHE Division Samba in adhering to the extant orders and rules resulted in inadmissible payment of arrears of ₹3.85 crore on account of pay and allowances to 105 employees.

Rule 2.43 of the Jammu and Kashmir Financial Code envisages that the re-opening of old cases should be deprecated as a fundamental principle and where, however, such cases are opened as a special case as for instance in relation to the re-fixation of initial pay in time scale, the arrears should not be allowed. Further, Government instructions under the *ibid* Rule stipulates that a case which has been under correspondence throughout and in which the question of payment arises only when it is decided and final orders passed thereon, will not attract the provisions of Rule 2.43. In such cases the payment of arrears if

[100] NABARD loan: ₹1.09 crore; State share: ₹27.25 lakh

any due, may be paid retrospectively provided that the competent authority who has issued final orders on the disposal of the case specifically mentions the date from which the arrears due as a result of retrospective sanction are to be paid and also records briefly the reasons for payment of such arrears. Such sanction should not be issued by the competent authority without the previous consent of the Finance Department and in case of disagreement by the Finance Department with approval of the Cabinet.

According to the office order (11 June 1993) issued by the Chief Engineer, (CE), Public Health Engineering Department Jammu, all those officials who had notionally completed at least three years in the lower grade and had physically worked against the post for at least one year were eligible for promotion of next higher grade. The office order further stipulated that this was to be only notional promotion in the next higher grade and such a promotee was not entitled to any arrears. In pursuance of this office order, the Executive Engineer (EE), PHE Rural Division Jammu placed (October 1993) 47 field staff[101] in the next higher grade with effect from 18 September 1993.

Audit scrutiny (February 2013) of records of EE, PHE Division Samba showed that similarly placed employees of the EE, PHE Division Samba filed writ petitions during the years 2010 and 2011 in the Hon'ble High Court Jammu and Kashmir for getting the benefit of the order and the Court directed the Department to consider the cases of the petitioners for their placement in the higher grade in terms of office order of October 1993 of the EE, PHE Rural Division Jammu by taking cognizance of any other rules/ instructions/ orders issued in this behalf. Accordingly, CE, PHE Department Jammu and EE, PHE Division Samba issued (between March 2010 and December 2011) orders for re-fixation of pay of 105 employees in the next higher grade notionally with effect from 18 September 1993 making it clear that though pay was to be re-fixed notionally but the arrears on account of pay and allowances were not to be drawn. However, the EE, PHE Division Samba made payment of arrears to the extent of ₹3.85 crore to 105 employees during the period from March 2010 to March 2012. The arrears were not admissible and were drawn unauthorisedly without sanction of the Administrative Department and consent of the Finance Department.

After this was point out (February 2013) in audit, the EE PHE Division Samba stated (February 2013) that 105 officials were upgraded and paid arrears as per directives of the Hon'ble High Court and in pursuance of orders (June 1993 and October 1993) issued by the CE, PHE Department Jammu and EE, PHE Rural Division Jammu. The reply is not acceptable as the Court directions explicitly identified the order of the EE, PHE Rural Division Jammu, which had been issued on the basis of order of the CE, PHE Department Jammu, as the main instrument for application to the petitioners for regulating payment which clearly provided that the promotees were not entitled to any arrears.

Thus, failure of the EE, PHE Division Samba in adhering to the extant orders and rules resulted in inadmissible payment of arrears of ₹3.85 crore on account of pay and allowances to 105 employees.

[101] Fitter, Turn cock, Pump Driver, Line Man, Sr. Operator, Assistant Inspector etc.

The matter has been referred to the Government/ Department in January 2015; reply thereof was not received (November 2015).

Revenue Department

3.22 Management of Evacuee Property in the State

3.22.1 Introduction

The Jammu and Kashmir State Evacuees (Administration of Property) Act, Svt. 2006 (1949 A.D) provides for administration of evacuees property in the State. The Jammu and Kashmir State Evacuees (Administration of Property) Rules, Svt.2008 (1951 A.D) for carrying out the provisions of the Act were made by the Government in January 1952. As per the Act, an evacuee means any person who on account of setting of Dominions of India and Pakistan or on account of civil disturbances or the fear of such disturbances leaves or has on or after the 1st day of March 1947 left, any place in the State for any place outside the territories now forming part of India or forming part of Pakistan or in any part of the territory as is under the operational control of Pakistan armed forces. Audit carried out test-check of records of the Custodian General and two Custodians Evacuees Property (EP) Jammu as well as Kashmir covering the period from 2010-11 to 2014-15.

Audit findings relating to administration and management of the evacuee properties and assets are discussed in the following paragraphs:

3.22.2 Human resources policy and management of Act/ Rules and Property

3.22.2.1 Human resources policy

Section 4-A of the Act empowers the Custodian General to appoint officers and employees with the approval of the Minister Incharge on prescribed conditions of service. The method of recruitment and conditions of service of the officers and employees appointed are to be such as prescribed.

The Act vests the powers of administration of the evacuees property in the State with the Custodian General. The latter functions under the overall administrative control of the Commissioner Secretary, Revenue Department and is assisted by two Custodians Evacuee Property (EP), one each, at Jammu and at Kashmir. The EP Department had staff strength of 236 as of March 2015 and 87 employees (39 *per cent*) out of 220 non-gazetted employees were Orderlies (53) and Gardeners (34). The Department had not prescribed any mechanism for recruitment and conditions of services of the officers and employees despite a lapse of over 65 years since promulgation of the Act in 1949.

The Dy. Custodian (Central) stated (April 2015) that approval to Draft Recruitment Rules (DRRs) had not been accorded by the Administrative Department.

3.22.2.2 Inconsistencies of guidelines with the rules

The Minister for Revenue, Relief and Rehabilitation observed that there was absence of uniform policy with regard to the principles and method for fixation of amount of premium, rent and grant of permissions for repairs/ improvements etc; in the EP Department. The Minister in the meeting held (June 2010) with Secretary Revenue Department, Custodian General, and two Custodians EP Jammu and Kashmir *inter alia* took series of decisions which were adopted as guidelines by the Department. Audit noticed inconsistencies of these guidelines with the Rules in respect of following cases, as the required amendments to the Rules to give effect to the guidelines had not been carried out.

Table-3.22.1

Rule	Rule Provision	Decision as per Guidelines
13	Prescribed period of lease or allotment of residential property for a period of one year and two or three years in case of commercial and industrial undertakings.	The allottees of the evacuee property were allowed an option for long lease of 40 years for residential and commercial purposes, subject to a maximum period of 99 years.
14 (3) (vi)	Prohibits the allottees of subletting or permitting any other person to occupy the property allotted or leased out to him.	Allowed regularization of sublet/ illegal occupation on payment of 70 *per cent* and 50 *per cent* of the auctionable value of the structure as premium for commercial and residential purposes respectively.

The Custodians admitted (April-May 2015) the fact regarding inconsistencies of guidelines with the Rules and stated that guidelines were issued by the Administrative Department. After adoption of guidelines, the Custodian General regularized 50 cases of land, residential and commercial structures (Jammu: 21 cases and Kashmir: 29 cases) between January 2011 and February 2015 with period of lease ranging between one year and 40 years at a premium of ₹2.59 crore (Jammu: ₹0.89 crore; Kashmir: ₹1.70 crore) thereby increasing revenue of the EP Department. However, no amendment to the Rules had been carried out.

3.22.2.3 Position of Evacuee Property

The details of the evacuee property in the State as of March 2015 was as shown in **Table-3.22.2** below:

Table-3.22.2

Particulars of evacuee property	Jammu	Kashmir	Total evacuee property in the State
Houses/ Flats/ Hutments (Number)	4201	288	4489
Shops/ Halls/ Garages/ Godowns (Number)	1150	354	1504
Kholas/ Cow sheds/ Orchards/ Convention Centres (Number)	589	28	617

(Source: Departmental records)

Audit observed that the complete profile of the evacuee property leased/ rented out by the Department indicating period of lease and area of the individual property leased/ rented out was not maintained by the Department. The Custodians EP

Kashmir and Custodian EP Jammu stated (April-May 2015) that such record was being computerized.

3.22.2.4 Illegal occupation of land

The position of total evacuee land and land under illegal occupation/ encroachment by private individuals in the State as of March 2015 was as indicated in **Table-3.22.3** below:

Table-3.22.3

Name of the Division	Total land (*kanals*)	Land under illegal occupation of private individuals (in *kanals*)
Jammu	1412006	142776
Kashmir	58428	8030
Total	**1470434**	**150806**

(Source: Departmental records)

As apparent from the above, over 1,50,806 *kanals* of land out of the total of 14,70,434 *kanals* of land, was under illegal occupation, as of March 2015. The Deputy Custodian Central stated (June 2015) that major portion of land under illegal occupation was locked in litigation and that field staff had been directed to get remaining land retrieved from illegal occupants.

3.22.2.5 No transparent and uniform system for leasing out of the evacuee property

Section 9 (2) (l) of the Act empowers the Custodian to allot or transfer any evacuee property with the previous approval of the Custodian General. The allotment or transfer of any such property is required to be made in a transparent manner.

Audit noticed that the Department had not followed any uniform system of allotment of residential properties such as draw of lots, first come first serve or through auction notice. Instead, the properties had been allotted in an arbitrary manner on pick and choose basis. The Custodians, Kashmir and Jammu stated (May 2015 and August 2014) that the properties were allotted on the instructions of the higher authorities.

During the period 2010-15 a total of 291 *kanals* of land and 112 residential (67)/ commercial (36)/ residential-cum-commercial (9) evacuee properties were leased out by the EP Department. Audit noticed instances of irregular leasing out of evacuee properties resulting in short levy of premium and incorrect application of rates. A snap shot of such cases are listed in **Table-3.22.4**.

Table-3.22.4

(₹ in lakh)

Sl. No.	Name of the allottee (S/Sh./Smt.)	Description of property (land/ structure)	Location	Assessment made (potential value)	Premium/ Rent		Short realization	Remarks
					Due	Paid		
(i)	Rabia Wali	19 *marlas*	Sanat Nagar, Srinagar	71.25	49.88	17.10	32.78	Plot of land of higher potential value allotted in exchange of previously allotted land.
(ii)	Imtiyaz Ismail Parray and Showkat Ahmad Shah	30 *marlas*	Bagat-e-Barzulla, Srinagar	97.50	97.50	48.75	48.75	Plot of land was allotted at lesser premium than determined by the Department.
(iii)	Inder Krishan Raina and Shiban Krishan Raina	Standard Hotel (EP-1186)	Residency Road, Jammu	226.00	33.85	7.50	26.35	Furnishing of incorrect information to the higher authorities and incorrect determination of premium.
(iv)	Insha Mir	EP-258 (New)	Wazarat Road, Jammu	10.00	22.00	5.00	17.00	Flat allotted at low premium arbitrarily without any auction.
(v)	Tanveer Ahmad Kitchloo	EP-257	Mohalla Dalpatian, Jammu	₹6000 per month	₹6000 per month	₹2000 and ₹3000 per month	4.56	Fixation of rent of property arbitrarily in disregard of Court orders and assessment of the EP Department.
(vi)	Kifayat Hussain Rizvi	BC-239(P)	Panjbakhtar Road, Jammu	17.30	8.65	6.00	2.65	Furnishing of wrong information of premium payable by the allottee to the higher authorities.
(vii)	Mudassar Ahmad Khan	BC-85	Baba Jiwan Shah Mohalla, Jammu	16.30	8.15	1.00	7.15	Execution of agreement with the allottee without realization of full premium.
(viii)	Sehar Iqbal	Flat no. 4-B	Sanat Nagar, Srinagar	₹3000 per month	₹3000 per month	0.09	1.45	Flat allotted arbitrarily without any auction and without realization of premium.

(i) According to guidelines of June 2010, Ms. Rabia Wali D/o Late Wali Mohd. Itoo was required to pay premium of ₹49.88 lakh (70 *per cent* of potential value) for plot of land at Sanat Nagar, Srinagar which was transferred in her favour in December 2012. The lessee was however allowed to pay a premium of ₹17.10 lakh on the basis of a plot of land located at Majeed Bagh which had been earlier allotted (December 2009) in favour of the lessee who requested for allotment of other piece of land due to dispute. On this being pointed out, the Custodian EP Kashmir stated (May 2015) that the matter would be taken up with the higher authorities for review of lease order.

(ii) 30 *marlas* of evacuee land at Bagat-e-Barzulla Srinagar was leased out (May 2013) in favour of Shri Imtiyaz Ismail Parray and Shri Showkat Ahmad Shah (15 *marlas* each) for residential purposes for a period of 40 years without putting it to open auction as was required under Rule 13 C. The case was re-examined (May 2014) by the Custodian General in the light of price of ₹97.50 lakh determined by a committee and notices were served (December 2014) to the lessees to deposit the balance premium of ₹48.75 lakh. Further progress in the matter was awaited (June 2015).

(iii) The allottee of the Standard Hotel, Residency Road, Jammu (EP No. 1186) requested (December 2012) for extension of lease period upto 99 years from existing 40 years. Accordingly, potential value of the property was assessed (April 2013) at ₹2.26 crore by the EP Department on the recommendation of an assessment committee. On the contrary, the Custodian, EP, Jammu, while forwarding the case to the Custodian General for sanction, mentioned the potential value of ₹3 lakh only which had been assessed on 31 March 1973 and recommended a meagre premium of ₹5 lakh for the property, instead of the potential value of ₹2.26 crore. However, the premium amount was increased (May 2013) to ₹7.50 lakh by the Custodian General, which was deposited by the allottee in May 2013.

Audit noticed that no provision about charging of premium on commercial properties from lessees opting for long lease existed in the Rules and the Act. The Department had not issued any instructions in this regard. In the absence of Rules, as per the guidelines (June 2010), the premium in case of residential BC[102] houses was to be charged at rate of 15 *per cent* of the potential value. Had the premium on commercial properties been charged even at this rate, ₹33.85 lakh was payable by the allottee against ₹7.50 lakh charged by the Custodian General. Arbitrary action by the departmental authorities resulted in a loss of ₹26.35 lakh. The Custodian EP Jammu stated (April 2015) that the Custodian General was being requested to review the case in exercise of powers vested in him and that the matter regarding non-charging of premium of commercial properties from the lessees who opted for long lease was taken up (April 2015) with the Custodian General. Further progress in the matter was awaited (June 2015).

(iv) Audit noticed that no open auction of the flat (New EP No. 258 1st floor) constructed at a cost of ₹13.18 lakh at Wazarat Road Jammu was carried out before leasing it out. During the year 2012-13, the EP Department had determined premium for 2 bedroom flats adjacent to this property at ₹22 lakh per flat. The said property was leased out (February 2013) by the Custodian General to Miss Insha Mir on lease for a period of 40 years on a premium of ₹5 lakh on the basis of potential value of ₹10 lakh assessed (February 2013) for the property by a Committee of the EP Department. Thus, irregular allotment of property resulted in a loss of ₹17 lakh to the Department. On being pointed out, the Custodian EP Jammu admitted the facts of the case and stated (April 2015) that the Custodian General was being requested to review the case. Further progress of the case was awaited (June 2015).

(v) The Evacuee Property (No. 257) situated at Mohalla Dalpatian, Jammu was transferred (April 2005) to Sh. Tanveer Ahmad Kitchloo after the death of his father subject to condition that rent was to be assessed by the Public Works (R&B) Department (PWD) on the basis of approval of Hon'ble Revenue Minister. The existing rent of the property was ₹1331 per month. The rent of the property

[102] Brick Cottage

was assessed (September 2006) on the norms of the PWD at ₹6000 per month. Aggrieved over the fixation of revised rent of ₹6000 per month, the allottee filed application for grant of stay and the Court ordered (May 2007) for maintenance of status quo. Thereafter the allottee again filed (August 2007) revision petition before the Court of Law (J&K Special Tribunal Jammu) who rejected (December 2010) the revision petition and upheld the order for payment of rent at revised rate of ₹6000 per month. The allottee did not make payment of rent on revised rates and instead submitted (February 2013) an application before Custodian, Evacuee Property Jammu for reconsideration of the order fixing the rent of ₹6000 per month. The Custodian forwarded the case to the Executive Engineer of the Department who justified the assessment of rent for the property at ₹6000 per month. Thereafter, the Custodian, Evacuee Property Jammu arbitrarily fixed (March 2013) rent of ₹2000 from May 2005 and ₹3000 from January 2013 in disregard to the Court orders and by ignoring the assessment of rent of property made by the Engineering wing of the EP Department. The allottee made the payment of rent as per the fixed rates[103] in May 2013 on the basis of these rates fixed by the Custodian in March 2013.

Arbitrary action on the part of the Custodian Jammu to reverse the orders of the higher authorities and also disobeying Court orders resulted in a loss of ₹4.56 lakh to the EP Department. On being pointed out, the Custodian EP Jammu admitted (April 2015) the facts of the case and stated that the Custodian General was being requested to review the case.

(vi) Sanction for allotment of ground floor of evacuee property (BC House No. 239 P) situated at Panjbakhtar Road, Jammu was accorded (August 2006) by the Custodian EP Jammu in favour of Sh. Kifayat Hussain Rizvi at a monthly rent of ₹500. On receipt of request (January 2013) for grant of long lease by the allottee, the potential value of the property was assessed (February 2013) at ₹17.30 lakh by the assessment committee of the EP Department. While forwarding the case to the Custodian General for sanction of the long lease, the amount of premium payable by the allottee was shown at ₹6 lakh by the Custodian EP Jammu instead of ₹8.65 lakh (50 *per cent* of ₹17.30 lakh) which was deposited (September 2013) by the allottee. Furnishing of wrong information resulted in short realization of ₹2.65 lakh by the EP Department thereby providing undue benefit to the allottee. On being pointed out, the Custodian EP Jammu admitted facts of the case and stated (April 2015) that the Custodian General was being requested to review the case.

(vii) Sanction for transfer of Evacuee Property (No. BC-85) situated at Baba Jiwan Shah Mohalla, Jammu in favour of Sh. Mudassar Ahmad Khan was accorded (February 2008) by the Custodian General after death of his father Sh. Haji Buland Khan. Further, sanction for conversion of said property from residential to commercial was accorded (April 2013) against premium of ₹7.50 lakh. Audit noticed that potential value of the property was determined at ₹16.30 lakh by the assessment Committee of the EP Department and accordingly allottee was liable to pay ₹8.15 lakh (50 *per cent* of potential value). The

[103] May 2005 to December 2012 at the rate of ₹2000 per month and from January 2013 onwards at the rate of ₹3000 per month

allottee deposited (August 2013) only ₹one lakh as premium and executed (August 2013) agreement with the EP Department. The balance amount was ordered to be made in three equal instalments by the Custodian EP Jammu. The allottee had not made the balance payment of ₹7.15 lakh payable on account of premium. The EP Department executed the agreement with the allottee which was irregular. After this was pointed out, the Custodian EP Jammu stated (June 2015) that the premium would be charged by modifying the orders of the Custodian General and that balance premium would be recovered.

(viii) Evacuee Property (Flat No. 4-B) located at Sanat Nagar, Srinagar after dehiring (December 2010) from the Estates Department was allotted (December 2010) by the Custodian EP Kashmir in favour of Ms. Sehar Iqbal for a period of one year on monthly rent of ₹3000/- per month. The flat was allotted arbitrarily without following the due auction process. As per guidelines (June 2010) of the Department, the allottee was required to pay 70 *per cent* of the potential value of the property as premium. However, the property was allotted on rent basis without assessing the potential value of the property. Audit noticed that allotment of flat beyond one year in favour of allottee was not renewed. In a similar case (Flat No.4-A) adjacent to this property, the Department had assessed (June 2013) potential value of the property at ₹35.79 lakh. The allottee had not paid any rent during the period from April 2011 to March 2015 amounting to ₹1.45 lakh. Thus, irregular allotment of flat resulted in non-realisation of premium from the potential value of property besides rent arrears of ₹1.45 lakh. The Custodian, EP, Kashmir stated (May 2015) that matter would be taken up with the higher authorities and that notices for recovery of rental arrears would be served to the lessee.

The Custodian General/ Custodians EP should take appropriate action to recover/ realize the outstanding amounts and avoid such cases in future.

3.22.3 Financial Management

The establishment Budget of the Custodian General is sanctioned by the State Government and funds for this purpose are allotted by the Commissioner Secretary, Revenue Department under Major Head 2070-Other Administrative Services. The Custodian, EP, Jammu and the Custodian EP, Kashmir are meeting the expenses out of the income received by way of rent, premium on account of transfer of evacuee properties, conversion of residential properties for commercial purposes, etc. The position of funds allotted by the Government, income received by the Custodians (EP) and expenditure incurred thereagainst during the period 2010-11 to 2014-15 are as given in **Table-3.22.5**.

Table-3.22.5

(₹in crore)

Sl. No.	Year	Funds allotted by the Government	Expenditure incurred against funds allotted	Income received	Expenditure incurred against income received
1.	2010-11	NA	NA	13.38	9.13
2.	2011-12	0.61	0.57	16.61	9.68
3.	2012-13	0.74	0.73	26.10	14.91
4.	2013-14	0.77	0.71	32.22	16.82
5.	2014-15	1.01	0.71	28.78	12.47

(Source: Departmental Records)

3.22.3.1 Excess administrative expenditure by Custodian (EP) Jammu

As per Rule 22, the Custodian is authorized to incur administrative expenditure to the extent of 30 *per cent* of the total income and 10 *per cent* of the interest accruing thereon and on other evacuee property deposits during the year. The administrative expenditure incurred by the Custodian EP Kashmir was within the permissible limits whereas the administrative expenditure of ₹18.04 crore was incurred by the Custodian EP Jammu during 2010-11 to 2013-14 against admissible expenditure of ₹10.44 crore. This resulted in incurring of excess administrative expenditure of ₹7.60 crore.

The Custodian EP Jammu attributed (May 2014) this to hike in salaries and pension on account of 6th Pay Commission. However, in Custodian EP, Kashmir no such compulsion arose due to their higher revenue.

3.22.3.2 Shortfall in achievement of revenue targets and inefficient recovery mechanism

(i) The shortfall in realization of revenue against targets fixed ranged between 72 *per cent* and 89 *per cent* in Jammu Division and 28 *per cent* and 55 *per cent* in Kashmir Division during the years 2010-11 to 2014-15. The Custodians stated (April-May 2015) that shortfall was mainly due to non-payment of rent by the Government Departments.

(ii) The position of recovery of premium, rent on account of leasing out of evacuee properties by the EP Department was not satisfactory and huge arrears of ₹120.40 crore on account of outstanding premium and rent had accumulated against 491 lessees/ allottees at the close of March 2015, as indicated in **Table-3.22.6**.

Table-3.22.6

Sl. No.	Description of Properties	Amount outstanding (₹ in crore)	No. of lessees	Reasons
1.	Land	2.89	111	Non/short depositing of premium by the allottees.
2.	Rented	117.09	49	Non/short depositing of rent by the allottees.
3.	Residential	0.32	139	Non execution of fresh lease deeds and non revision of rent.
4.	Commercial	0.10	192	Non execution of fresh lease deeds and non revision of rent.
Total		**120.40**	**491**	

Premium of ₹2.89 crore was outstanding against 111 allottees on account of transfer charges of land, shops/ houses etc. ending March 2015 in Jammu Division. Huge outstanding was due to non or short depositing of premium by the allottees. The less premium was accepted by the Custodian EP Jammu despite the fact that there was no provision for depositing the premium in installments.

The Custodian EP Jammu stated (June 2015) that allotment would be cancelled in case of failure of allottees to deposit balance premium.

An amount of ₹117.09 crore (Jammu: ₹112.92 crore; Kashmir: ₹4.17 crore) was outstanding as rent against 49 Government offices. No action was taken by the Department to recover huge arrears of rent. The position of rent outstanding as of 31 March 2015 against private individuals was not available with the Department, as the rent ledgers were not updated, in absence of which rent outstanding against individuals could not be ascertained.

The Custodians stated (May and June 2015) that the matter would be taken up with the concerned Administrative Departments before taking further course of action. The Custodian EP Jammu had not devised any mechanism to collect/ recover outstanding premium.

Rule 13-A envisages revision of rent of all evacuee property buildings whether constructed by the Department or by the evacuee himself on the basis of principles applied by the Engineering Department in assessment of rent of private buildings. The fresh lease deeds were also to contain provision of revision of rent after a gap of three years and such increase was to be in no case less than 15 *per cent* over and above the original rent. Audit scrutiny showed that out of 1200 test-checked cases (Jammu: 900; Kashmir: 300), fresh lease deeds in respect of 622 cases (Residential: 387; Commercial: 235) (Jammu: 555; Kashmir: 67) had not been executed with the allottees as of March 2015 for the period ranging between one year and 56 years. Non-execution of fresh lease deeds and consequent non-revision of rent in 331 cases (Residential: 139; Commercial: 192) (Jammu: 264; Kashmir; 67) out of 622 test-checked cases resulted in short realization of revenue to the extent of ₹42.31 lakh (Residential: ₹32.48 lakh; Commercial: ₹9.83 lakh) (Jammu: ₹39.32 lakh; Kashmir: ₹2.99 lakh). On being pointed out, the Custodians stated (May and June 2015) that notices had been issued to the allottees.

Rule 13-B provides for revision of rent in respect of buildings used for commercial purposes after taking into consideration the location and value of the property, which was not to be less than the prevailing market rates provided that the rent was to be enhanced by 10 *per cent* of rent fixed after every three years. The Department had not adopted any mechanism for revision/ fixation of rent of Commercial properties in accordance with the provisions of Rule 13-B. Instead meagre monthly rent in respect of properties located at posh/ commercial areas ranging from ₹63 to ₹500 per shop in Jammu Division and from ₹250 to ₹700 per shop in Kashmir Division had been charged. This resulted in under assessment of rent.

The Custodians stated (May and June 2015) that the Department was making every effort to revise the rent as per the policy in vogue.

3.22.3.3 Non-formulation of financial investment plan

Rule 23 provides that the income realized by the Department by way of rent, lease, sale proceeds or any other source was required to be deposited in the Evacuee Property Fund and invested in purchase of land or other immovable property. For this purpose, a financial investment plan was to be prepared for investment of surplus funds for high yield/ return.

Audit observed that the Department neither established Evacuee Property Fund nor formulated any financial investment plan during the period 2010-15 in spite of the fact that ₹100 crore were invested in FDRs as of March 2015 by the Custodian Jammu (₹45 crore) and Custodian Kashmir (₹55 crore).

The Custodian Kashmir stated (May 2015) that the matter would be discussed with the higher authorities to boost income generation. The Custodian Jammu stated (April 2015) that expenditure had been incurred on ongoing projects and on creation of assets. The reply should be viewed in light of the fact that financial investment Plan was to be prepared for investment of surplus funds.

3.22.3.4 Non-realisation of rent

Thirty residential flats at Meen Sarkar, Bari Brahmana, Jammu were constructed (2008) on evacuee land by the Department at a cost of ₹two crore. The flats remained idle for about three years and were handed over in January 2011 on monthly rent of ₹4585 per flat to Estates Department.

Audit noticed that neither any lease agreement was executed nor any rent was realized from the Estates Department. As a result, the expenditure of ₹two crore incurred on construction of flats remained unproductive.

The Custodian EP Jammu stated (April 2015) that action would be taken by the Department under relevant provisions for recovery of rental arrears.

3.22.4 Unproductive and extra expenditure

3.22.4.1 The Custodians spent ₹25.21 lakh (Jammu: ₹14.71 lakh; Kashmir: ₹10.50 lakh) for purchasing two vehicles (January and June 2013). Audit found that the expenditure was not authorized by the Government and the vehicles after their purchase remained attached with the Administrative Department. This indicated that the vehicles were purchased in absence of any requirement. After the matter was pointed out, the Administrative Department accorded (March 2015) post facto sanction for authorization of expenses incurred on purchase of vehicles.

3.22.4.2 Tender notices for construction of 24 flats at Rawalpora Srinagar comprising four blocks, six flats in each block at an advertised cost of ₹2.50 crore[104] were called for three times during the period November 2011 to August 2012. Tenders of November 2011 could not be finalized due to limited number of tenderers. On the basis of the second tender invited on 30 January 2012, the contractor, M/s Hafizullah Beigh was declared (February 2012) L-1 with a bid offer of ₹2.05 crore followed by another contractor M/s Manzoor Ahmad Gilkar (₹2.17 crore) against the advertised cost of ₹2.50 crore. The L-1 contractor however, opted out (June 2012) due to delay in allotment of contract and escalation of cost of building materials. However, no efforts were made by the Department to negotiate with the 2nd lowest tenderer and instead tenders were again called for. In response to the third tender notice dated 08 August 2012, the work was awarded (December 2012) to M/s Manzoor Constructions, being the lowest tenderer at a bid of ₹2.50 crore. Thus due to delay in allotment of contract and inaction to negotiate with the second contractor in February 2012, the Department had to allot the contract at extra cost of ₹44.77 lakh. Even compared to the second contractor there was a gap of ₹33 lakh. The Custodian EP Kashmir admitted (May 2015) that the work order could not materialize in time and as such could not be issued.

3.22.5 Conclusion and Recommendations

There was accumulation of huge arrears of ₹120.40 crore on account of outstanding premium and rent against 491 lessees/ allottees at the close of March 2015.

The Government may ensure recovery of outstanding premium and rent against lessees/ allottees.

The Department had neither established Evacuee Property Fund nor formulated any financial investment plan.

The Government may consider establishing Evacuee Property Fund and formulation of financial investment plan.

There were inconsistencies of guidelines adopted by the Department with the Rules.

The Government may consider rationalising the guidelines adopted by the Department to make them compatible with the Rules.

Over 1,50,806 *kanals* of land out of total 14,70,434 *kanals* of evacuee land, was under illegal occupation.

[104] Cost estimates as per quantity schedule

The Government may consider taking measures for getting the evacuee land under illegal occupation vacated.

Irregular leasing out of evacuee properties and incorrect application of rates resulted in short levy of premium of ₹1.41 crore.

The Government may consider taking measures for proper leasing out of evacuee properties and correct application of rates.

Expenditure of ₹two crore incurred on construction of 30 flats remained unproductive due to non-execution of lease agreement with the Estates Department.

The Government may consider ensuring execution of lease agreement with the Estates Department before starting construction works.

The matter was referred to the Government/ Department in July 2015; reply thereof was not received (November 2015).

Revenue Department

(Relief and Rehabilitation Commissioner (Migrants)

3.23 Irregular and extra expenditure

Action of the departmental authorities to incur extra cost of ₹2.86 crore on 'water supply scheme', allotment of its operation and also award of work of 'Internal electrification' of the project for construction of mini township at Jagti Nagrota Jammu without invitation of tenders resulted in irregular expenditure of ₹6.51 crore.

The detailed project report (DPR) for construction of mini township at Jagti Nagrota Jammu for rehabilitation of Kashmiri migrants approved (April 2007 at a cost of ₹270 crore) by the Planning Commission of India *inter alia* included components like electrification (₹6.50 crore) and water supply (₹12.40 crore) of the township. As per the DPR, these works were to be executed by the line Departments viz Power Development Department (PDD) and Public Health Engineering (PHE) Department.

Audit check (March 2015) of records of the Relief and Rehabilitation Commissioner (Migrants) Jammu showed that works relating to 'providing of internal electrification' and 'execution of water supply scheme' of the project were allotted (May 2008) to the contractor[105] by the Relief Commissioner Jammu at a cost of ₹18.90 crore on the basis of sanction accorded (March 2008 and May 2008) by the Secretary Revenue Department. The contractor was also executing main project of the township. The cost offer of ₹12.33 crore for execution of water supply scheme of the contractor was found lowest amongst cost offers of three agencies[106]. The work was to be executed by the contractor under strict supervision of the Executive Engineer PHE of the concerned area. The execution

[105] M/s Maytas Rithvik J.V

[106] JKPCC (₹22 crore); PHE (₹15.95 crore) and the contractor M/s Maytas Rithvik J.V (₹12.33 crore)

of water supply scheme was completed (March 2011) at a cost of ₹15.19 crore by the contractor in excess of the allotted cost by ₹2.86 crore. The work of 'providing of internal electrification' of the project was allotted to the same contractor on the basis of estimates of the PDD without ascertaining reasonability of rates through the process of tendering. The internal electrification was partly completed[107] (March 2011) by the contractor at a cost of ₹4.45 crore.

For regulating and operating the water supply scheme it was decided in the meeting held (April 2011) under the chairmanship of Hon'ble Minister for Revenue, Relief and Rehabilitation that the PHE Department would take over the scheme and in case PHE Department faced problems the contractor (executing agency) would be authorised to operate the scheme for three to six months. However operation of the scheme was handed over to another firm[108] without tendering at ₹2.50 lakh per month from 1 May 2011 and *post facto* sanction thereof was accorded by the Relief and Rehabilitation Commissioner (M) Jammu in September 2011. After joint inspection of the scheme by the authorities of both PHE and Revenue Departments, the Chief Engineer PHE Department Jammu informed (July 2013) the Relief and Rehabilitation Commissioner (M) Jammu that in view of defective design and execution of water supply scheme, it was not advisable to take over the scheme unless shortcomings were rectified. The Hon'ble Chief Minister of the State in the meeting of Apex Advisory Committee directed (September 2013) the PHE Department to take over the scheme and carry out required design changes. However no further action was taken in the matter and the scheme continued to be operated and maintained by the same firm for which ₹2.06 crore was paid from May 2011 to December 2014.

Thus action of the departmental authorities to incur extra cost of ₹2.86 crore on the 'water supply scheme', allotment of its operation and also award of work of 'Internal electrification' of the project for construction of mini township at Jagti Nagrota Jammu without invitation of tenders resulted in irregular expenditure of ₹6.51 crore.

The matter was referred to the Government/ Department in June 2015. The Relief and Rehabilitation Commissioner (Migrants), Jammu endorsed (July 2015) reply of the Executive Engineer Relief Organisation Jammu wherein it was stated that the Development Commissioner Town Planning Jammu who had designed the Colony suggested that to ensure minimum interference of multiple agencies at site the allied works such as water and power supply to the township be entrusted to the firm which was executing construction work of main project and that the decision had resulted in no loss to the Government as the cost offer of the agency was less than that of PHE Department Jammu and PDD Jammu. The reply was not acceptable as the works which were to be executed through line departments were executed without invitation of tenders.

[107] Electric Transformer proposed for the Hospital not commissioned due to non-completion of Hospital building

[108] M/s Sai Constructions, Engineers and contractors Jammu

3.24 Undue favour to contractors

Award of contract for construction of transit accommodation at different sites in Kashmir valley to SICOP without bidding after cancellation of tendering process by the Relief Commissioner Migrants Jammu resulted in extra expenditure of ₹11.94 crore.

Government of India (GoI) sanctioned (April 2008) a package of ₹1618.40 crore for return and rehabilitation of Kashmiri Migrants to Kashmir valley. For this purpose, Government order was issued (October 2009) and one of the seven components of the scheme was construction of transit accommodation at three sites in Kashmir valley at a cost of ₹60 crore (@ ₹20 crore each).

Audit check (March 2015) of records showed that the Relief organisation Migrants decided to construct pre-fabricated structures for transit accommodation at two locations viz Vessu (Qazigund) and Khanpora (Baramulla) in Kashmir valley. Accordingly, tenders were invited (23 October 2009) and on the next day, a corrigendum was issued wherein annual turnover of firms/ agencies being one of the eligibility condition was increased. On 11 November 2009, few days before the last date of bidding, Minister for Industries and Commerce demi officially requested Minister for Revenue for placement of orders of prefabricated structures with the Jammu and Kashmir Small Scale Industries Development Corporation Limited (SICOP). During the tendering process the SICOP was found ineligible as it had not executed even a single work of such nature during the last five years, which was a mandatory requirement. Three firms for location at Vessu and five firms for location at Khanpur were found eligible. M/s Sintex Industries which had quoted a rate of ₹960 per square feet (for a unit of 480 square feet area) was found to be the lowest for the works at both locations and was accordingly requested to furnish the design of the proposed structure. After the tendering process was completed, a contract committee was constituted which decided to cancel the current bid and invite fresh NIT on the ground that a corrigendum issued one day after issuing NIT would invite criticism.

Thereafter a fresh process of bidding was initiated (18 December 2009). Again the process was terminated (30 December 2009) on the advice of Relief Commissioner on the ground that the organisation shall not be able to supervise the works in the valley with skeleton staff. The advice for cancellation of tendering was injudicious as the Relief Commissioner had authorised the first bidding process and was a member of the contract committee that had initiated the second bidding process. The Department took up (January 2010) the matter with Jammu and Kashmir Projects Construction Corporation Limited (JKPCC) who though willing to execute the work expressed inability to complete it by 15 March 2010. The matter was taken up (February 2010) with SICOP for furnishing cost offer and willingness to execute work within the stipulated time frame (15 March 2010) and the SICOP proposal was approved (02 March 2010) by the Minister for Revenue. The SICOP was authorised to take up construction of transit accommodation for Kashmiri migrants at a revised negotiated cost of

₹1309[109] per square feet (for per unit of 525 square feet area). Audit had noticed that the SICOP in turn allotted the work to two contractors without any bidding as brought out at Audit Paragraph 4.1.9.3(ii) in the Report of the C&AG on Revenue sector and PSU for the year ended 31 March 2014. As of March 2015 the project was incomplete. Thus, after terminating the tendering process on two occasions, the work was finally allotted arbitrarily by the Department.

Audit scrutiny further showed that against the cost of ₹6.87 lakh per unit payable to the SICOP ₹7.50 lakh per unit was paid by the Relief commissioner at his own level without obtaining approval from the State Government.

The Department in reply (March 2015) stated that the SICOP had not for the first time executed any project for the Relief organisation and that many State Government departments had been getting works executed through SICOP. The reply was not acceptable as arbitrary decision making of the Department to cancel tendering process twice without valid reasons and subsequent award of contract without ascertaining reasonability of rates resulted in extra expenditure of ₹11.94 crore[110].

Thus, award of contract for construction of transit accommodation at different sites in Kashmir valley to SICOP without bidding after cancellation of tendering process by the Relief Commissioner Migrants Jammu resulted in extra expenditure of ₹11.94 crore.

The matter was referred to the Government/ Department in June 2015; reply thereof was not received (November 2015).

Rural Development Department

3.25 Total Sanitation Campaign

3.25.1 Introduction

The Central Rural Sanitation Programme (CRSP) was launched by the Government of India (GoI) in the year 1986 with the objective to provide sanitation facilities in rural areas and also to provide privacy and dignity to women. The Government of India (GoI) improved CRSP and revised (1999) approach in the programme 'Total Sanitation Campaign (TSC)' renamed (2012) as 'Nirmal Bharat Abhiyan' for sustainable reforms in the rural sector. The scheme envisaged payment of incentives to the households living Below Poverty Line (BPL) on construction of individual household latrine units.

The campaign is being implemented through seven identified components (i) Start-up activities and Information, Education and Communication (IECs); (ii) alternate delivery mechanism; (iii) individual latrines for BPL families, households having disabled persons and community sanitary complexes; (iv) individual household latrines for Above Poverty Line (APL) families; (v) institutional toilets including

[109] Cost of ₹6.87 lakh for each unit of 525 sq. ft. area
[110] Payment made to SICOP (₹35.03 crore)- Payment due to M/s Syntex for same area (₹23.09 crore)

Schools and *Anganwadi* sanitation; (vi) administrative charges including training, staff supports, services, monitoring and evaluation etc.; and (vii) solid and liquid waste management. In Jammu and Kashmir, TSC was implemented in 21 project districts. The programme is implemented in the State through State Water Sanitation Mission (SWSM) at the State level and at block/ Gram Panchayat level through the Block Development Officers. The funds are released through District Development Commissioners/ District Panchayat Officers.

The Audit reviewed implementation of the programme by test-check of records of Chairman SWSM, Director Rural sanitation, two Deputy Directors Rural sanitation, five DWSMs, five District Panchayat Officers, 10 out of 143[111] BDO's and 77 *Panchayats* out of 4143 *Panchayats* during the period from July 2014 to October 2014. Audit also surveyed 667 beneficiaries jointly with the departmental authorities. The following are the Audit findings:

3.25.2 Institutional mechanism

According to the programme guidelines, State Water Sanitation Mission (SWSM) was to be constituted to supervise implementation of the programme in the project districts in the State, ensure convergence between line departments, prepare the Annual Implementation Plan for each district, receive Grant-in-aid from Centre earmarked for specific project districts and release funds to the District Water and Sanitation Mission (DWSM). The mission was to meet at least once in six months. The States were required to set up Water and Sanitation Support Organisation (WSSO) under SWSM to deal with activities like Information, Education and Communication (IEC), Human Resources Development (HRD) and monitoring and evaluation of the programme. DWSM was to implement the District Projects through DPOs and was to ensure fund flow to the Gram *Panchayats* (GPs) for attaining the objectives/ implement the District projects through DPOs leading to sustainable *Nirmal Gram Panchayats*.

Audit noticed that though SWSM was constituted (December 2003) there was shortfall of 50 *per cent* in holding meetings. WSSO had not been set up under SWSM at the State level. Though DWSMs had been constituted in the five selected Project Districts[112], there was shortfall ranging between 75 *per cent* and 100 *per cent* in holding of meetings during the period 2010-15. The DWSMs of the project Districts implement the District TSC/ NBA Project through District Panchayat Officers (DPOs). The DPOs instead of releasing funds to Gram *Panchayats* for attaining objectives of the Programme released funds in favour of the Block Development Officers (BDOs).

3.25.3 Planning

The planning was to begin with start-up activities which included baseline surveys (BLSs) and preparation of the project Implementation Plan (PIP). The preliminary survey to assess the status of sanitation and hygiene practices, people's attitude and

[111] During 2014-15 further 177 BDOs were created in the State

[112] Ramban, Poonch, Kupwara, Leh and Budgam

demand for improved sanitation etc, under which Project Implementation and Annual Implementation Plans were to be prepared had not been conducted. The Project Implementation Plan (PIP) was not prepared for the project objectives viz. IHHLs, CSC/ WSC, *Anganwadi*, school toilets, etc. The BLS though started belatedly in 2012-13 had not been completed as of March 2014. The DPOs/ Director Rural Sanitation stated that base line data would be consolidated in 2014-15 and would be used for implementation of programme in future.

The State Annual Implementation Plans (AIPs) were not prepared after compiling the District Implementation Plans. Though, the Department reported that the project AIPs had been prepared at the State level, it was noticed in five selected districts that out of 20 AIPs due for submission to the State Government authorities during the period 2010-14, only 11 AIPs were produced to audit by DPOs. Audit also noticed that AIPs had not been prepared in 77 selected *Panchayats* of the 10 test-checked blocks[113].

The GPs had not been identified for the purpose of achieving saturation[114] as envisaged in the guidelines and implementation of the programme had not been undertaken from the saturation point of view in any of the selected districts except district Budgam where 89 and 96 *Panchayats* had been identified for saturation during 2012-13 and 2013-14 respectively. As a result none of the GPs have been made *Nirmal*. The DPOs stated that the aspect of the selection of GPs for achieving full saturation would be taken care of while preparing AIPs.

3.25.4 Financial Management

The position of funds released by GoI and State Government for implementation of the programme during the years 2010-11 to 2014-15 was as given in **Table-3.25.1** below:

Table-3.25.1

(₹ in crore)

Year	Approved Allocation		Opening balance	Receipt of funds				Total availability of funds	Expenditure incurred	Closing balance/ percentage
	Central share	State share		GoI share	State share	Interest on Bank Deposits	Total			
2010-11	26.55	5.57	10.43	13.28	5.36	0.48	19.12	29.55	15.99	13.56 (46)
2011-12	47.03	6.07	13.56	22.96	5.68	1.40	30.04	43.60	30.38	13.22 (30)
2012-13	70.22	6.07	13.22	35.11	6.89	1.11	43.11	56.33	43.73	12.60 (22)
2013-14	44.57	17.60	12.60	39.57	16.50	0.72	56.79	69.39	51.90	17.49 (25)
2014-15	103.25	13.05	17.49	103.25	7.94	0.20	111.39	128.88	40.99	87.89 (68)
Total	**291.62**			**214.17**	**42.37**	**3.91**	**260.45**		**182.99**	

There was shortfall in utilization of funds *vis-a-vis* total availability of funds which ranged between 22 *per cent* and 68 *per cent* during the years 2010-11

[113] Ramban, Banihal, Mandi, Surankote, Beerwah, Nagam, Ramhall, Trehgam, Khalsi, Nyoma

[114] According to the 'concept of saturation' the rural community has to be comprehensively covered through renewed strategies to bring about a movement in the community to achieve Nirmal status

to 2014-15. The funds were not earmarked for various components viz. Start-up activities, IEC, IHHL, Community-centre complexes, Institutional latrines, administrative charges etc; though stipulated in the guidelines of the Programme. The Director, Rural Sanitation stated that the allotment of funds made by the GoI was not component-wise. The reply was not convincing as the funds were earmarked for each component in the plans.

The shortfall in release of funds by GoI ranged between 11 *per cent* and 51 *per cent* during the period 2010-14 and the short release of State share ranged between four *per cent* and 39 *per cent* during the years 2010-11 to 2014-15. Audit noticed that non-release of central funds to the tune of ₹77.45 crore during the period 2010-15 was due to non-submission of mid-term utilization certificates and audited statements of accounts to the GoI.

The Director Rural Sanitation stated that component-wise allotment of funds was not made by the higher authorities and State share was utilized on the basis of availability of funds.

3.25.4.1 Deficient account maintenance

The J&K Financial Code provides that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check. Audit noticed that the SWSM had not prepared cash book for the amounts received under the programme during the period 2010-15. Audit noticed that in deviation from Programme guidelines two[115] blocks and the District Development Commissioner Ramban had deposited the programme funds in the current Deposit (CD) bank account. As a result of this, the Department had to suffer loss of ₹5.87 lakh on account of interest. The Department stated that in future the CD accounts maintained for TSC/ NBA funds would be converted into Saving Bank accounts.

According to programme guidelines, the interest accrued on NBA funds are to be treated as part of the NBA resources. The District implementing agency has to submit certificate of utilization of interest accrued on NBA funds along with claims for subsequent instalments. Audit observed that ₹82.05 lakh earned as interest by SWSM (₹69.82 lakh) and DWSM Poonch (₹12.23 lakh) had not been accounted for in the accounts. The non-accountal of interest by DWSM Poonch facilitated irregular expenditure of ₹7.25 lakh[116] from the interest amount. The Chief Planning Officer Poonch stated that unspent interest would be released to the DPO for programme implementation and that due care would be taken in accountal of interest in future.

3.25.4.2 Beneficiary contribution

For all the hardware activities executed under the programme, the corresponding beneficiary share/ community contribution are to be taken and reflected appropriately in the progress reports. Audit noticed short/ excess accountal of

[115] Ramhall and Trehgam
[116] Expenditure was incurred by the DWSM Poonch on POL and repair of vehicle

beneficiary and community contribution in five selected districts as detailed in **Table-3.25.2** below:

Table-3.25.2

(Amount in lakh)

Name of District	Individual household latrines (IHHL)		Community sanitary complexes (CSC)		Short (+)/ Excess (-) accountal	
	Beneficiary share due	Beneficiary share accounted for	Community contribution due	Community contribution accounted for	Beneficiary share	Community contribution
Ramban	37.58	36.72	3.37	1.17	0.86	2.20
Poonch	100.35	102.25	14.53	5.40	-1.90	9.13
Budgam	110.30	115.06	6.67	4.40	-4.76	2.27
Kupwara	106.71	-	13.02	-	106.71	13.02
Leh	17.31	9.57	15.38	8.16	7.74	7.22
Total	**372.25**	**263.60**	**52.97**	**19.13**	**108.65**	**33.84**

Against ₹3.72 crore and ₹52.97 lakh due as beneficiary share and community contribution only ₹2.64 crore (71 *per cent*) and ₹19.13 lakh (36 *per cent*) respectively had been accounted for in the accounts in five test-checked districts.

3.25.4.3 Submission of Utilisation Certificates/ completion reports

According to programme guidelines, completion reports alongwith audit certificate/ utilization certificate are required to be sent to the GoI on completion of the project. It was, however, seen that out of 21 projects taken up, none of the projects had been completed as of March 2015 despite time overrun ranging between six and nine years.

Audit observed that accounts were not audited by Chartered Accountant at the State level and in two selected districts[117] as required under Programme guidelines the UCs submitted to the GoI by SWSM were at variance with the actual expenditure as detailed in ***Appendix-3.4***.

3.25.5 Programme implementation

The position of physical targets and achievements under different components of the programme during the years 2010-11 to 2014-15 was as shown in **Table-3.25.3** below:

Table-3.25.3

Year	Construction of IHHLs for BPL		Construction of IHHLs for APL		Construction of Community Sanitary Complexes		Construction of School toilets		Construction of Anganwadi toilets		Construction of Rural Sanitary marts (RSM) and production centres	
	Tar.	Ach.	Tar.	Ach.	Tar.	Ach.	Tar.	Ach.	Tar.	Ach.	Tar.	Ach.
2010-11	212581	35880	-	-	209	145	9182	1545	868	40	42	4
2011-12	80000	51352	-	-	245	166	6000	2671	250	79	-	-
2012-13	151039	50125	114907	18194	111	126	5549	1728	359	78	-	-
2013-14	144471	62730	94844	27312	138	92	3313	454	222	52	-	-
2014-15	149094	42499	150906	21906	476	150	874	128	325	21	-	-

117 Ramban and Poonch

The percentage shortfall in achievement of targets ranged between 36 and 83 for construction of IHHLs for BPL households, between 71 and 85 for construction of IHHLs for APL, between 31 and 68 for construction of community sanitary complexes, between 55 and 86 for school toilets and between 68 and 95 for *Anganwadi* toilets during the years 2010-11 to 2014-15. The Director Rural Sanitation attributed shortfall to lack of awareness among the people and shortage of manpower with implementing agencies.

Audit noticed that shortfall in achievement of targets of construction of household toilets in the five selected districts ranged between 50 and 60 *per cent* for BPL households and between 61 to 97 *per cent* for APL households during the years 2010-11 to 2014-15. Joint inspection (by Audit and departmental authorities) in 77 selected *Panchayats* covering 667 (BPL: 630; APL: 37) beneficiaries showed that 10 *per cent* of the households were without IHHLs and 13 *per cent* of the households were not using IHHLs. The concerned DPOs of these districts attributed shortfall to paucity of funds and staff.

Records showed that the BPL and eligible APL households were not identified by the GPs for construction of IHHLs as no preliminary survey had been conducted by the Department during the period 2009-14. No separate provision of IHHLs for SC/ ST/ other minorities was targeted in the State and no survey had been conducted to identify the households with bucket latrines. In the absence of such provision audit could not verify whether ₹18.57 crore (SC: ₹9.79 crore; ST: ₹8.78 crore) released by the GoI during the period 2010-15 for construction of IHHLs for the vulnerable sections of the society had been utilized for the intended purposes.

The base-line survey conducted by the Department as uploaded (October 2014) on the web-site showed number of constructed IHHL units as 4.11 lakh in the State out of which 0.40 lakh (10 *per cent)* were shown to be non-functional. The percentage of non-functional IHHLs in five selected districts ranged between two and 17 *per cent*.

Audit further noticed in five selected districts instances where expenditure incurred did not match with the physical achievements as detailed in **Table-3.25.4** below:

Table-3.25.4

(₹ in lakh)

Year	Physical achievements reported (No. of IHHLs)	Rate of incentive	Expenditure involved for execution of works	Expenditure actually incurred	Excess/ Less expenditure
2010-11	5886	₹2700	158.92	224.52	65.60
2011-12	7229	₹3700	267.47	242.86	(-) 24.61
2012-13	12261	₹5100	625.31	605.63	(-) 19.68
2013-14	18351	₹5100	935.90	941.59	5.69
Total	**43727**		**1987.60**	**2014.60**	**27.00**

It would be seen that excess expenditure of ₹27 lakh was incurred on construction of 43727 IHHLs during 2009-14 taking the rate of incentive into consideration. The DPOs stated that the matter would be investigated. Joint inspection (by

Audit and departmental authorities) showed that 38 IHHLs (6 *per cent*) were constructed without receiving full incentives out of 667 beneficiaries surveyed.

3.25.5.1 Construction of Community Sanitary Complexes

Under the Programme the Community Sanitary Complexes (CSC) were to be constructed at public places; markets etc. where large scale congregation of people took place. The responsibility for the upkeep and maintenance was to be given to the respective GPs. Audit noticed that in five selected districts only 237 (57 *per cent*) CSCs had been constructed against the target of 413 CSCs during the period 2010-15. The concerned BDOs/ DPOs attributed shortfall to shortage of staff and paucity of funds.

Audit noticed that CSCs assets created at a cost of ₹19.58 lakh in Bathni panchayat (Ramban), Badipora, Hayatpora, Bonzanigam, Gundipora, Sonpah, Rutsum and Darsan Gram *Panchayats* (Budgam) during 2010-11 to 2012-13 were non-functional (August 2014) for the last over one to three years. The BDOs stated that the CSCs were non-functional due to non-formation of maintenance committees.

3.25.5.2 Construction of School toilets

The Programme guidelines envisage that toilets are to be constructed in all types of Government schools. Against target of construction of 24918 school toilets during the period 2010-15 only 6526 school toilets were constructed resulting in shortfall of 74 *per cent*. Out of the targeted 5050 toilets fixed for construction in the selected districts during 2010-15, the achievement stood at 2067 (41 *per cent*). The non-achievement of targets ranged between 53 and 74 *per cent* during the period. The Department attributed shortfall to shortage of staff and paucity of funds.

The percentage of co-educational schools without separate girl toilets ranged between 40 and 81 during the years 2010-11 to 2013-14. The DPOs attributed the shortfall in construction of toilets for girl child to shortage of funds. The reply is not acceptable as funds under the programme were not utilized in full and percentage of unspent balances ranged between 22 and 68 during the years 2010-11 to 2014-15.

3.25.5.3 Construction of *Anganwadi* toilets

The progress in construction of toilets in *Anganwadi* centres against the targets fixed at the State level was dismal, as against a target of 2024 toilets only 270 (13 *per cent*) toilets had been constructed in the State during the period 2010-15. In five selected districts 191 *Anganwadi* toilets had been constructed against 998 toilets targeted during the period 2010-15 resulting in shortfall of 807 (81 *per cent*) toilets. Audit noticed that baby friendly toilets, required to be provided in each *Anganwadi* centre to encourage practice of using a toilet in children from a very early stage, had not been constructed in the selected districts.

The DPOs stated that the shortfall was due to shortage of staff and inadequate funding and that best efforts would be made to achieve targets in future.

3.25.5.4 Construction of Rural Sanitary Marts & production centres

Audit observed that Rural Sanitary Mart (RSM) which had to provide material, hardware and designs required for the construction of sanitary latrines, soakage and composite pits, vermin-composting, washing platforms, certified domestic water filters and other sanitation and hygiene accessories, had been established one each in four[118] of the 21 project districts in the State. The DPOs stated that the RSMs of the programme had not been established due to non-receipt of instruction and funds for the purpose. Audit further observed that at State level no specific design was approved for constructions of IHHL toilets. Joint Director (Rural Development, Panchayat) stated (July 2014) that the matter would be taken up with the district implementing agencies.

3.25.5.5 Construction/ upgradation of solid and liquid waste management

In deviation from Programme guidelines, the Department had not taken up the component 'SLWM' of the programme in the State during the period 2010-15 thus depriving the households from intended benefits. The Director, Rural Sanitation stated (January 2015) that audit observations had been noted for future compliance.

3.25.6 Information Education and Communication

The Director, Rural Sanitation, did not allocate budget separately for Information Education and Communication (IEC) activities intended to trigger the demand for sanitary facilities in the rural areas for households, schools, *Anganwadis* and CSCs through behavioural change. As a result, it could not be ascertained whether the ratio of share 80:20 between Centre and State as prescribed in the guidelines was ensured and limited to 15 *per cent* of the total project cost. Similarly the funds were not provided to the DWSMs, Blocks and GPs separately for carrying out various activities under IEC component. The selected DWSMs had not prepared the annual plans for carrying out IEC activities. Audit noticed that ₹1.41 crore comprising 3.27 *per cent* of total expenditure had been spent on carrying out the IEC activities during the period 2009-14 in the selected districts. The IEC personnel (key motivators) had not been appointed in all the 10 selected blocks. Regular staff had not been imparted training to create awareness about preventive and curative aspects of health among the masses besides, IEC activities like inter-personal communication and door to door contact had also not been carried out.

3.25.7 Nirmal Gram Puraskar

The Government of India (GoI) launched (October 2003) an award-based incentive programme for fully sanitized and open defecation free GPs, blocks, districts and State called *"Nirmal Gram Puraskar"* (NGP). Audit observed that

[118] Jammu, Kathua, Rajouri and Samba

no targets for securing *Nirmal Gram Puraskar* for GPs were set in the annual implementation plans during the period 2010-15. 17 applications received by the SWSM from *Nirmal Gram Panchayats* during 2012-13 for award of NGP had not been decided as of March 2015. The Director, Rural Sanitation received (June 2009) award money of ₹11 lakh from the GoI for 12 GPs. The first instalment of prize money of ₹six lakh was released (March-April 2012) after delay of 32 months and the balance ₹five lakh continued to remain in the current bank account as of March 2015. The utilization certificate of the prize money had also not been submitted to the GoI.

3.25.8 Convergence with other departments

SWSM had not ensured effective coordination between the Rural Development Department and the PHE Department so that sanitation programme could be dove-tailed with *Indira Awas Yojana* (IAY) and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) respectively as envisaged in the Programme guidelines. The selected DWSMs had not devised any convergence mechanism for effective planning and implementation of district project. In five selected districts (1045 GPs), the convergence was seen to be poor as out of 17378 dwellings, only 305 dwellings (two *per cent*) constructed under IAY had been brought under the ambit of sanitation. The DPOs and BDOs stated that due care would be taken to provide sanitation facilities to IAY beneficiaries. Further in the selected districts against 38810 IHHLs constructed during the period 2011-14, only 12754 (33 *per cent*) IHHLs had been constructed under convergence with MGNREGS. The DPOs stated that the programme would be monitored at district level.

3.25.9 Non-taking up of programme activities

(i) Establishment of Block Resource Centres (BRCs)

Audit observed that the Block Resource Centers required to monitor water supply and sanitation status in GPs were not set up in 10 selected blocks of five selected districts. The Director Rural Sanitation stated that only four activities were taken up under the programme as they were directly linked with health and hygiene.

(ii) Formulation of Village Water and Sanitation Committee

Audit observed that in 77 selected *Gram Panchayats* (GPs), of 10 selected blocks the Village Water and Sanitation Committees (VWSC) were not formulated, as envisaged in the guidelines, as a sub-committee of GP.

(iii) Revolving Fund

Audit observed that Revolving fund required to be created under the programme guidelines to the extent of ₹50 lakh for alternative delivery mechanism in respect of each TSC project had not been created in any of the selected project districts. The DPOs attributed this to non-receipt of instructions from the higher authorities. The Director, Rural Sanitation stated (January 2015) that funds had not been made available by the higher authorities.

(iv) Social Audit

As part of Social Audit neither Gram *Swachata Sabhas* nor the *Swachata Divas* had been observed in the selected districts for comprehensive and continuous public vigilance. The DPOs stated that no instructions were received from the higher authorities for conduct of social audit.

(v) Research

SWSM had not engaged any research agency for study of latest technology of human excreta and waste disposal systems in the rural areas as required under the programme guidelines. The Director Rural Sanitation stated (January 2015) that separate funds for research purpose had not been provided by the higher authorities.

(vi) Involvement of Non Government Organisations

Contrary to Programme guidelines, Audit did not see any role of the Non-Government Organisations (NGOs) in programme implementation at the District or Block level except in district Budgam where NGOs were involved to conduct awareness camps only. The District authorities stated that no directions about involvement of NGOs had been received from the higher authorities.

3.25.10 Monitoring and Evaluation of the programme

The project authorities were required to review implementation of the programme through a team of experts at least once in a quarter. Against 20 such reviews to be conducted by DWSM in each district during the period 2010-15, no such reviews had been carried out in any of the selected districts. The State Review Mission required to ascertain as to whether the Districts qualified for release of the second instalment by the GoI, had not been constituted. No review had been undertaken by the project authorities at the block and DPO level except in the selected blocks of Budgam, Kupwara and Leh districts. The DPOs stated that in future such reviews would be conducted.

3.25.11 Management Information System (MIS)

Under the programme guidelines, physical and financial progress of execution of the programme was to be uploaded on the web-site on monthly basis. Audit, observed variations between the figures of the Monthly Progress Reports and those uploaded on the web-site (Management Information System) as detailed in ***Appendix-3.5***. After being pointed out in audit, Director Rural Sanitation stated (December 2014) that sometimes wrong figures got uploaded and no corresponding corrections were made resulting in variation in two sets of figures and that care would be taken in future.

3.25.12 Beneficiary survey

Joint inspection (by Audit and departmental authorities) of households in 77 selected *Panchayats* covering 667 (BPL: 630; APL: 37) beneficiaries under the programme brought out the following facts as detailed in **Table-3.25.5** below:

Table-3.25.5

Sl. No.	Nomenclature	Status	Percentage
	Households (667) :		
1.	Not having IHHL	66	10
2.	Having bucket latrines	52	8
3.	Having IHHL but not using it	89	13
4.	Not disposing child faeces safely	493	74
5.	Not having piped water supply	250	37
6.	Not having knowledge of hand washing after defecation	8	1
7.	Not having knowledge of hand washing after handling child faeces	43	6
8.	Constructed toilet without receiving full incentive	38	6

The details were indicative of the fact that the programme had not been implemented in the State properly as envisaged in the programme guidelines.

3.25.13 Conclusion and Recommendations

The Department had not conducted preliminary survey to assess the status of sanitation and hygiene practices.

The Government may consider conducting preliminary survey to assess the status of sanitation and hygiene practices.

There was shortfall in utilization of funds ranging between 22 *per cent* and 68 *per cent* of available funds during the years 2010-11 to 2014-15. Non-release of central funds of ₹77.45 crore was due to non-submission of mid-term UCs and audited statements of accounts to the GoI.

The Government may ensure rationalising the utilisation of funds and submission of UCs and audited statements of accounts to the GoI.

Shortfall in achievement of targets ranged between 31 and 95 *per cent* for construction of IHHLs for BPL/ APL households/ community, sanitary complexes/ school toilets/ *Anganwadi* toilets.

The Government may consider ensuring that the targets for construction of IHHLs/ Community Sanitary Complexes/ school toilets/ *Anganwadi* toilets are achieved.

CSCs assets created at a cost of ₹19.58 lakh in eight Gram *Panchayats* during the years 2010-11 and 2012-13 were non-functional for the last over one to three years.

The Government may consider making the CSCs assets functional.

SWSM had not devised any convergence mechanism with the PHE Department for integrated implementation of the sanitation programme with

Indira Awas Yojana (IAY) and Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

The Government may consider devising a convergence mechanism for integrated implementation of the sanitation programme with IAY and MGNREGS.

The matter was referred to the Government/ Department in December 2014; reply thereof was not received (November 2015).

Srinagar/Jammu	**(Hoveyda Abbas)**
The 29th March 2016	**Accountant General (Audit)**
	Jammu and Kashmir

Countersigned

New Delhi	**(Shashi Kant Sharma)**
The 4th April 2016	**Comptroller and Auditor General of India**

APPENDICES

Appendix-2.1

(Refer Paragraph: 2.1.12.2; Page: 23)

Statement showing percentage of wheat issued on an average each month (October 2013 to March 2015) to Flour Mills *vis-a-vis* their monthly grinding capacity

Sl. No	Name of the Miller	Monthly grinding capacity (Qtls.)	Average monthly wheat issued (Qtls.)	Bran sold (₹in lakh)	Grinding charges paid (₹in lakh)	Percentage to capacity
1.	National Flour Mill	37500	7467	2.80	3.21	20
2.	Bhagwati Flour Mill	30000	8131	3.05	3.50	27
3.	Janata Flour Mill	24200	5236	1.96	2.25	22
4.	New Kissan Flour Mill	27000	2766	1.04	1.19	10
5.	Upkar Flour Mill	30000	5163	1.94	2.22	17
6.	Mahajan Floor Mill	36000	12541	4.70	5.39	35
7.	New Nav Bharat Flour Mill	30000	3712	1.39	1.60	12
8.	Kissan Agro Flour Mill	18000	2959	1.11	1.27	16
9.	Jammu Flour Mill	36000	4245	1.59	1.83	12
10.	Om Flour Mill	18000	6390	2.40	2.75	36
11.	Durga Flour Mill	18000	4543	1.70	1.95	25
12.	Ambika Flour Mill	18000	3939	1.48	1.69	22
13.	New Jammu Flour Mill	30000	7492	2.81	3.22	25
14.	Ganpati Flour Mill	5630	4536	1.70	1.95	81
15.	Vaishno Flour Mill	13500	8182	3.07	3.52	61
16.	KK Flour Mill	30000	5788	2.17	2.49	19
17.	JK Flour Mill	30000	8253	3.09	3.55	28

Appendix-2.2

(Refer Paragraph: 2.4.9.2; Page: 88)

Irregularities in finalization of rate contract

1. Commissioning of High Power Electronic Oscillator System 5 KVA to 100 KVA	
Technical Evaluation of tender documents had been got conducted by a single Expert instead of a committee of Experts. Out of the three firms[1] declared qualified bid of one firm was rejected (February 2010) on the ground of non-submission of documents including CE/ UL[2] certificates (even though none had submitted the same) and the other two firms had furnished authorization and turnover documents of single manufacturer (SU-KAM) Power System Limited. The Purchase Contract had been finalized on single tender basis. Equipment worth ₹1.75 crore were procured by test-checked Health Institutions on the basis of this rate contract.	
2. Rate Contract for Machinery/ Equipment (Tender No. 5 of 2010)	
PC-2 invited tenders under NIT 5 of 2010 for the finalization of Rate contracts of 163 Machinery/ equipment items, out of which Rate contracts of 37 machinery/ equipment (23 *per cent*) only had been finalized. 11 cases were declared qualified by a single Expert instead of a committee of Experts. 12 items were finalized out of two qualified bidders and there was only one qualified bidder for 10 items. The Principal (GMC) Jammu accepted (August 2015) that in some of the specialties the department had only one qualified doctor so the tenders were evaluated by single expert.	
A. Finalisation of Rate Contracts on Single tender basis/ splitting of contracts	
(i)	**Nephlometer (Item No 132)** Out of four bidders, two firms[3] had been rejected by the experts without justification. Though the remaining two firms[4] were possessing equipment of the same manufacturer and had quoted the same price of ₹26.52 lakh the PC issued rate contract in favour of both firms. No competition had been ensured in financial evaluation by Purchase Committee as single original manufacturer (Siemens) had qualified in the technical evaluation. Splitting of the contract in absence of stipulation in the NIT was in violation of the CVC guidelines. The Principal (GMC) Jammu accepted (August 2015) that the rate contract was issued in favour of two[5] firms of the single manufacturer.
(ii)	**High through Put 38 parameters Haematology Analyser (Item No 102)** Out of five bidders, two were technically rejected without justification. Out of remaining three[6], two were possessing equipment of the same manufacturer, were not complying with one of the technical specifications and had quoted the same price of ₹20,40,000. The PC issued rate contract in favour of both firms. This indicates that there had not only been limited competition but also incorrect evaluation of technical bids. Splitting of the contract among the two firms, without any stipulation in the NIT, was in violation of the CVC guidelines. The Principal (GMC) Jammu accepted (August 2015) that the rate contract was issued in favour of two[7] firms of the single manufacturer.

[1] 1. M/s Aditya Technologies 2. M/s Access Traders 3. M/s Apex Power Control
[2] Certificate of European standards (CE), Underwriters Laboratories (UL)
[3] 1. M/s AASTHA Medical Devices Rohtak 2. M/s Esteem Surgical Pvt. Limited.
[4] 1. M/s K Medicals Jammu (Siemens) 2. M/s Kay Associates, Jammu (Siemens).
[5] 1. M/s K Medicals Jammu (Siemens) 2. M/s Kay Associates, Jammu (Siemens).
[6] 1. M/s J&K Scientific Jammu (Transia Biomedicals) 2. M/s K Medical Jammu (Siemens) 3. M/s Kay Associates Jammu (Siemens)
[7] 1. M/s K Medicals Jammu (Siemens) 2. M/s Kay Associates, Jammu (Siemens)

(iii)	**Needle guided ultrasound scanner for vascular Access (item No 52)** Out of three[8] firms who had participated in the tender two were technically rejected without justification. The PC did not explore option of re-tendering and issued the RC on single tender basis in favour of the firm for ₹11,15,000. Audit noticed that equipment worth ₹35.12 lakh had been procured by the test checked health institutions on the basis of this Rate Contract. The Principal (GMC) Jammu stated (August 2015) that the contract had been approved with the condition that supplier shall undertake that rates charged were the lowest applicable to all Government/Private institutions.
(iv)	**Ultrasound cutting and Coagulating Device (Item No 55)** Out of five[9] firms only one firm[10], the authorized dealer of M/s Johnson and Johnson Limited was declared qualified by the technical experts. The PC did not explore option of re-tendering and issued the RC on single tender basis in favour of the firm at the rate of ₹19.51 lakh. Audit however noticed that another firm though meeting tendered specification had been rejected by the technical experts for not providing catalogue. Equipment worth ₹1.80 crore had been procured by the test checked health institutions on the basis of the Rate Contract. The Principal (GMC), Jammu stated (August 2015) that item was approved in favour of the firm as it was technically qualified and had patented technology.
B.	**Allotment of Rate Contracts despite Backing out of L1 bidders**
(i)	**Slide Stainer Automatic (Item No 105)** Out of four firms which had participated in the tender one was rejected without justification. Out of the remaining three the L1 M/s Aadish Enterprises Jammu which had quoted a price ₹5,02,000 was ignored in favour of the firm (M/s Towa Options Delhi) which had quoted a higher price of ₹8,07,639. It was reported that the L1 had withdrawn from the tender but audit noticed that the firm had withdrawn on 21st March 2011 while as the bids had been opened on 8th March 2011. Issuance of rate contract at ₹8,07,639 to the firm on single tender basis resulted in an extra cost of ₹3,05,639. The Principal (GMC) Jammu replied that due to under performance of the approved tenderer, the rate contract was issued in favour of the next firm with the condition that lowest rates as applicable to Government/ private institutions would be charged for equipment.
(ii)	**Video Bronchoscope (Adult) (Item No 140)** Out of the three firms which had participated in the tender, two (M/s L.M. Agencies and M/s SISCO Delhi) were declared technically qualified. No action was taken against the L1 which had quoted a price of ₹26,42,644 but had refused (September 2011) to supply the equipment at the tendered rate. The PC did not explore option of re-tendering and issued the RC in favour of the other firm (M/s L.M. Agencies) at the rate of ₹38.29 lakh with the resultant extra cost of ₹11.86 lakh. The Principal (GMC) Jammu stated that in the interest of patient care the rate contract was allotted to the next highest bidder.

[8] 1. M/s Nigam K.G. Associates Jammu 2. M/s Saver's and Server's Jammu 3.M/s Hans Raj & Sons Jammu.

[9] 1. M/s Caulson & Co Jammu 2. M/s Amit Overseas Delhi 3. M/s N.W. Overseas Panipat 4. M/s Nigam K.G. Associates Jammu 5. M/s Healthware Electronic, Jammu

[10] M/s Caulson and Co Jammu

(iii)	**Dialysis Machine (Item No 53)** Out of four firms which had participated in the tender, two were technically disqualified without justification. Out of the other two[11] firms the L1 had quoted a price of ₹6,79,000 but had subsequently intimated that ₹56,000 would be charged extra for the accessories. The PC did not explore option of re-tendering and issued the RC in favour of the other firm (M/s Kay Associates) at the rate of ₹7,20,000. Equipment worth ₹96.48 lakh had been procured by the test checked health institutions on the basis of this Rate Contract. The Principal (GMC) Jammu stated that rate contract was issued in favour of next bidder as the L1 had subsequently intimated charging of consumables costs.
C.	**Finalization of RC despite Wide variation in the quoted rates**
(i)	**Impedance Meter (Item No 82)** Despite rate difference of ₹16,90,204 between price quoted by two firms (M/s Elkon Pvt. Limited Delhi and Rohit Surgical Pvt Limited) in respect of the same equipment, the PC approved the rate contract in favour of M/s Elkon Private Limited at the lower rate of ₹4,37,220. The RC was approved without analyzing the reasons for huge different in rate.
(ii)	**Operating Table with Remote Control (92)** Out of 14 firms which participated in the tender, eight were rejected by the PC without justification. Despite the price quoted by other six firms ranged between ₹3.87 lakh and ₹42.32 lakh, the lowest bid (₹3.87 lakh) of M/s Confident Bangalore was accepted without analyzing the reasons for huge different in rate. Equipment worth ₹73.23 lakh had been procured by the test checked health institutions on the basis of this Rate Contract. The department stated that rate contract was allotted to the lowest bidder and stated that variation in rates would be taken care of in future contracts.
D.	**Finalisation of RC despite not meeting the specifications**
(i)	**Pulse Oximeter Neonatal (item No 88)** Out of three[12] technically qualified firms, the PC issued RC at the rate of ₹69,900 in favour of a firm (M/s Global New Delhi) which was not complying fully with the tendered specification. Equipment worth ₹21.40 lakh had been procured by the test checked health institutions on the basis of this Rate Contract. The department stated that although the specifications offered by the selected bidder were not compliant with plus rate range, the experts had not placed the said model under rejected category.
(ii)	**IRC for Albumin System (Point of care instrument test) (POCT)** The RC was awarded (March 2014) by the PC, DHS, Kashmir for supply of Albumin System POCT at the rate of ₹1.17 lakh each in favour of a firm[13] and another RC was awarded for POCT Hemoglobin meter, POCT Glucometer and WBC Count Analyser in favour of another firm[14] respectively at the rate of ₹0.29 lakh, ₹0.39 lakh and ₹2.10 lakh each. Audit noticed that specifications of instruments were not mentioned in the Indent/ requirement list and no Technical Evaluation Report had been prepared in respect of the financial bids of the tenderers. POCT Hemoglobin meter valuing ₹14.50 lakh had been procured on the basis of this RC. DHS (Kashmir) accepted (March 2015) that specification of POCT instrument was not mentioned in the indent of requirement but was prepared by Standing Technical Committee of the department.

[11] 1. M/s Sundas Enterprises Srinagar. 2 .M/s Kay Associates

[12] M/s Global New Delhi (₹69,900), M/s Aadish enterprises Jammu (₹76,000) and M/s Allenger Chandigarh (₹1,00,225)

[13] M/s Arogya International

[14] M/s SSR Technomed

Appendix-2.3

(Refer Paragraph: 2.4.10.2; Page: 91)

Procurement of Medicines by test-checked health institutions during 2010-11 to 2014-15

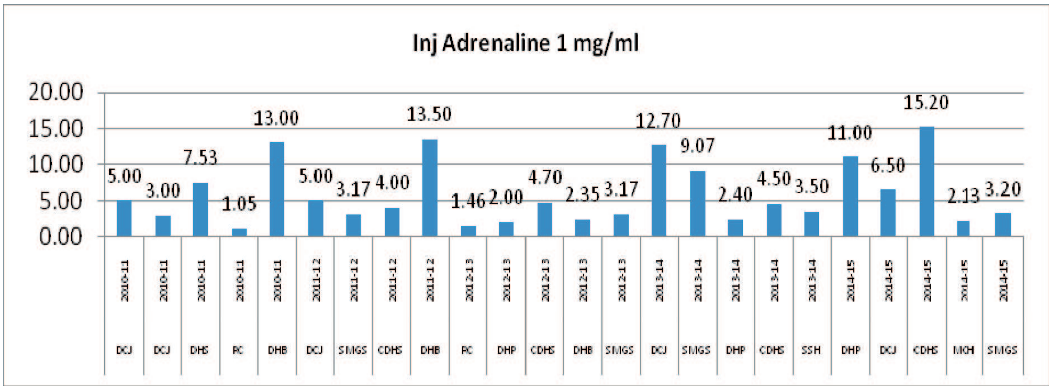
(₹ in lakh)

Name of the Health institution	Total SOs issued		Approved RCs		Approved RC Beyond validity		Jan Aushudi Stores/ Red cross / Super Bazar/ OHI		Local Purchases	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Medical College Hospital Jammu	2003	1606.42	354	852.93	253	431.86	41	157.88	1355	163.75
SMGS Jammu	2675	1379.06	246	301.09	375	858.97	0	0.00	2054	219.00
Chest Disease Hospital Jammu	580	109.33	103	52.53	13	8.22	8	11.78	456	36.80
Dental college Hospital Jammu	335	39.90	18	6.86	0	0.00	26	3.57	291	29.47
Director Health Services Jammu	316	3528.39	238	2790.16	42	658.24	10	75.12	26	4.87
Bone and Joint Srinagar	190	183.10	60	58.43	12	27.46	71	50.21	47	47.00
Chest Disease Hospital Srinagar.	139	342.17	38	109.09	5	14.98	11	47.71	85	170.39
Director Health Services Kashmir	359	2806.89	270	2086.33	88	705.10	1	15.46	0	0.00
Total (A)	**6597**	**9995.26**	**1327**	**6257.42**	**788**	**2704.83**	**168**	**361.73**	**4314**	**671.28**
District Hospitals/CMOs										
GNagar, Hospital Jammu	1256	197.56	186	61.47	0	0.00	0	0.00	1070	136.09
DH Udhampur	728	34.46	267	30.59	0	0.00	0	0.00	461	3.87
DH Doda	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
DH Baramulla	320	324.16	0	0.00	0	0.00	0	0.00	320	324.16
DH Bandipora	50	63.67	0	0.00	0	0.00	0	0.00	50	63.67
DH Pulwama	138	61.51	106	43.46	0	0.00	0	0.00	32	18.05
CMO Jammu	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
CMO Udhampur	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
CMO Doda	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
CMO Baramulla	30	7.74	0	0.00	0	0.00	0	0.00	30	7.74
CMO Bandipora	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
CMO Pulwama	21	41.10	12	32.04	9	9.06	0	0.00	0	0.00
Total DHs (B)	**2543**	**730.20**	**571**	**167.56**	**9**	**9.06**	**0**	**0.00**	**1963**	**553.58**
CHCs/PHCs										
Jammu - 05	133	18.42	0	0.00	0	0.00	0	0.00	133	18.42
Udhampur -05	80	17.06	0	0.00	0	0.00	0	0.00	80	17.06
Doda -05	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Baramulla-05	162	25.27	0	0.00	0	0.00	0	0.00	162	25.27
Bandipora-05	72	41.16	0	0.00	0	0.00	0	0.00	72	41.16
Pulwama-05	195	25.55	0	0.00	0	0.00	0	0.00	195	25.55
Total CHCs/ PHCs (C)	**642**	**127.46**	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**	**642**	**127.46**
Grand Total (A+B+C)	**9782**	**10852.92**	**1898**	**6424.98**	**797**	**2713.89**	**168**	**361.73**	**6919**	**1352.32**

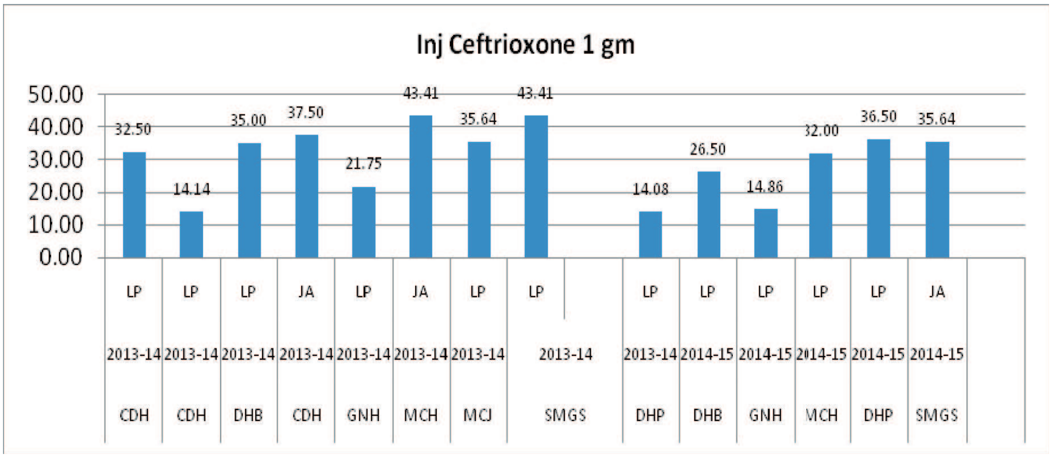
Appendix-2.4

(Refer Paragraph: 2.4.11.2; Page: 92)

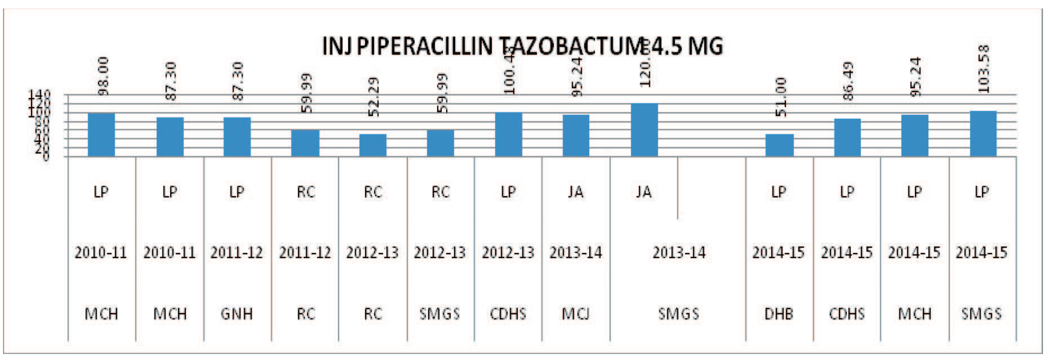
Statement showing purchases of a single medicine at different rates



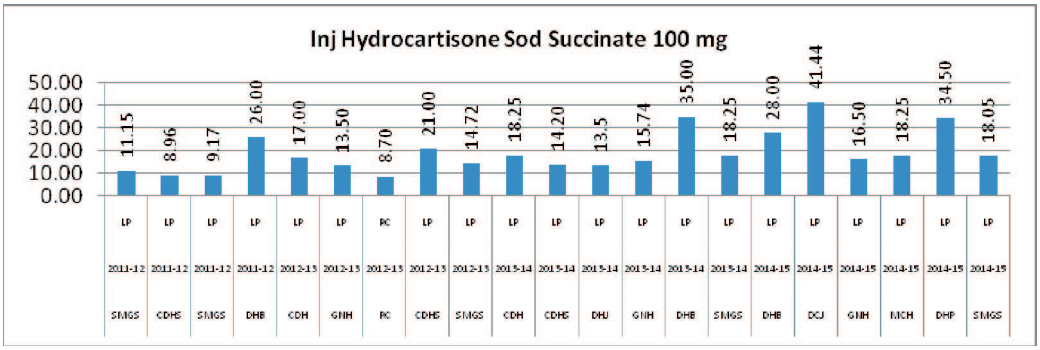
Inj Adrenaline 1 mg/ml: 2010-11: @ ₹1.05 to ₹13, **2011-12**: @ ₹3.17 to ₹13.50, **2012-13**: @ ₹1.46 to ₹4.70, **2013-14**: @ ₹2.40 to ₹12.70 and **2014-15**: @ ₹2.13 to ₹15.20



Inj Ceftrioxone 1 gm : 2010-11 to **2013-14**: @ ₹14.08 to ₹43.41 and **2014-15**: @ ₹14.86 to ₹36.50



INJ PIPERACILLIN TAZOBACTUM 4.5 MG: : 2010-11: @ ₹87.30 to ₹98.00, **2011-12**: @ ₹59.99 to ₹87.30, **2012-13**: @ ₹ 52.99 to ₹100.48, **2013-14**: @ ₹95.24 to ₹120 and **2014-15**: @ ₹51 to ₹103.58



Inj Hydrocartisone Sod Succinate 100 mg: 2011-12: @ ₹8.96 to ₹26, **2012-13**: @ ₹8.70 to ₹21, **2013-14**: @ ₹13.50 to ₹35 and **2014-15**: @ ₹16.50 to ₹41.44

Appendix-2.5

(Refer Paragraph: 2.4.12.3; Page: 94)

Details of medicine declared as 'Not of standard quality' by Dy. Controller Drug & Food Jammu which had been administered to patients

Sl. No.	Name of sub- standard medicine	Batch no.	Qty. purchased	Date of purchase	Date of lifting samples	Qty. consumed	Date of receipt of test report from Dy. controller Drug	Medicine seized by Dy. Drug Controller	Value of Sub-Std. medicine (₹)
Director Health Services Jammu									
1	Paracetmol Syp IP 60 ml	PCM-6001	9900	7-8-2013	-	9900	9-5-2014	-	49401.00
2	Cyno Irom Tab	C I L01	2459000	2-5-2012	-	2433350	27-4-2013	25650	147540.00
3	Metonorm Inj IP 2ml	EL 120913	49900	21-3-2013	-	49900	9-5-2013	-	59880.00
4	Curecef-1000 inj	RHI 04/06	50400	30-5-2011	-	42180	23-7-2013	8220	651168.00
5	Cefotaxime Sodium inj IP 500ml	CTIJ 12004	28000	21-6-2012	-	28000	29-7-2013	-	203560.00
6	Delin Inj	DBLN 161	91700	19-7-2012	-	88400	31-8-2013	3300	86198.00
7	P Min 10% sol	1056	1400	31-5-2013	-	586	27-8-2013	814	142800.00
8	Vovidic-50 tab	DFT 4905	178500	2-7-2013	-	128700	21-9-2013	49800	14280.00
9	Zelith Tab	2T 8843	50000	14-9-2012	-	42180	24-9-2013	7820	13000.00
10	Velze 200 tab	2T 9152	100000	14-9-2012	-	66500	27-9-2013	33500	55000.00
11	Cefriaxone inj IP (Jan Audhadi)	4402813	No information provided		-			-	
12	Cetrizine HCL Tab	T 818	499800	1-7-2012	-	499800	14-6-2013	-	84966.00
13	Mary Cat 500	HMI 664	198000	16-7-2012	-	198000	18-7-2013	-	23760.00
14	Curecef-100	RHI 11-05	No information provided		-		27-4-2013	-	
15	Pheneramine Maleate inj	JPG 001	100000	15-9-2012	-	39750	14-6-2013	60250	123000.00
16	Citrizine HCL	T-780	499700	20-3-11	-	499700	18-2-2013	-	84949.00
17	Cefotaxime Sodium IP 1000mg	CTJ 12002	28800	7-6-2012	-	28800	20-7-2013	-	372096.00
18	Curecef 1000 inj	RH 11/06	34600	8-1-2012	-	34600	30-7-2013	-	447032.00
	Total		**4379700**						**2558630**
Government Hospital Gandhi Nagar Jammu									
1	Inj Zone 1gm	RH103/61	9500	-	7-9-2012	9500	14-2-2013	-	108726
2	Inj Metachlorpramide	EL130303	10000	-	10-6-2013	10000	23-7-2013	-	12000
3	Tab Maximizine 625	PB1583	10000	-	4-4-2013	10000	-	-	42840
	Total		**29500**		**-**				**163566**
Government Chest Disease Hospital Jammu									
1	Inj Piperacilline tazpbactum	3600313	5000	3-8-2013	**-**	2844	6-1-2014	2156	600000
2	Inj hexone (amzone)	MLI386	2800	6,7-1-2014	16-1-2014	Nil	12-2-2014	2800	39592
	Total		**7800**						**639592**

Sl. No	Name of sub- standard medicine	Batch no.	Qty. purchased	Date of purchase	Date of lifting samples	Qty. consumed	Date of receipt of test report from Dy. controller Drug	Medicine seized by Dy. Drug Controller	Value of Sub-Std. medicine (₹)
Government SMGS Hospital Jammu									
1	Inj Bupicane Heavy	-	500	23-4-2014	24-4-2014	500	10-10-2014	Nil	7655
2	Inj Dexamethasone	JDG-001	15000	7-8-2012	22-4-2013	15000	N.A	Ni	34050
3	Inj Vancomycine serum	Bc 1712001	5125	29-10-2012	16-4-2013	5125	N.A	Nil	219197
4	Inj Cefotaxime 500mg	CTIJ2005	4000	23-10-2012	16-4-2013	4000	N.A	Nil	25040
5	Inj Ampicilline 500mg	-	12612	7-12-2012	3-4-2013	12612	N.A	Nil	49945
6	Inj Gentamycine	JGK003	2000	16-4-2013	N.R	2000	N.A	Nil	28800
7	Inj ceftriaxone IP	4402813	5000	9-12-2013	24-12-2013	5000	15-2-2014	Nil	187500
8	Cap Maxamizine 625 mg	-	50000	19-11-2012	Nil	50000	Nil	Nil	214200
9	Inj Pipracilline+ Tazbactum 4.5gm	DB383600613	2000	30-4-2013 & 21-3-2014	N.R	2000	Nil	Nil	104580
	Total		**96237**						**870967**
Government Medical College Hospital Jammu									
1	Inj Pipracilline+ Tazbactum 4.5gm	3600313	2000	14-9-2013	17-9-2013	554	29-11-2013	1446	240000
2	Inj ceftriaxone Ig	4402813	8000	21-11-2013	6-12-2013	3972	22-1-2014	4028	300000
	Total		**10000**						**540000**
Director Health Services Kashmir									
1	Cap Cefadroxial 500mg	CDCJ12001	95400	-	15-5-2012	-	17-7-2012	-	190800
2	Inj ceftriaxone Ig	CFIJ13002	100000	-	30-4-2013	-	22-7-2013	-	1071003
3	Absorbant cotton	84	1200 packets	-	18-11-2013	-	16-01-2015	-	115140
4	Ointment vidin	8099,8100,8101	20000	-	22-4-2013	-	22-7-2013	-	773399
5	Inj ampllicine 500mg	ASIJ-12011	19612	-	30-4-2013	-	22-7-2013	-	77664
6	Inj Oxytocare	EL130301	120000	-	6-6-2013	-	15-1-2015	-	270000
7	Inj Oxytocare	EL130109	15300	-	6-6-2013	-	15-1-2015	-	144000
8	Tab Ampllicilline	PBT1583	200000	-	7-2-2013	-	25-2-2013	-	856800
9	Inj Bupavacane	MNP3004	135	-	21-1-2014	-	21-3-2014	-	2430
	Total		**571647**						**3501236**
	Grand Total		**5094884**						**8273991**

Appendix-2.6

(Refer Paragraph: 2.4.13; Page: 95)

Procurement of Medical Equipment by test-checked health institutions during 2010-11 to 2014-15

(₹ in lakh)

Year	Total SOs issued		Approved RCs		Approved RC Beyond validity		RCs/ SOs of Outside Health & other Institutions/ Local purchase		DGS&D rate Contracts	
	No	Amount	No	Amount	No	Amount	No	Amount	No	Amount
Medical College Hospital Jammu	32	525.49	31	518.98	1	6.51	0	0.00	0	0.00
Dental College Hospital Jammu	45	280.81	26	155.19	6	4.45	2	44.51	11	77.05
Chest Disease Hospital Jammu	21	241.29	14	231.08	3	7.75	3	0.57	1	1.89
SMGS Hospital Jammu	26	475.19	20	371.11	3	18.07	3	86.01	0	0.00
Director Health Services Jammu	234	3951.13	92	2167.12	57	871.94	53	716.05	32	196.02
Director Health Services Srinagar	87	1645.90	35	1022.84	15	157.99	30	385.74	7	79.33
Chest Disease Hospital Srinagar	43	135.54	16	107.83	0	0.00	27	27.71	0	0.00
Bone and Joint Hospital, Srinagar	30	248.34	3	23.59	6	59.85	21	164.90	0	0.00
Total (A)	**518**	**7503.69**	**237**	**4597.74**	**91**	**1126.56**	**139**	**1425.49**	**51**	**354.29**
District Hospitals/CMOs										
G.Nagar Hospital Jammu	19	27.26	6	8.14	0	0.00	10	15.66	3	3.46
DH Udhampur	59	134.21	20	86.83	0	0.00	37	45.68	2	1.70
DH Doda	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
DH Baramulla	78	185.01	1	12.22	1	13.58	76	159.21	0	0.00
DH Bandipora	19	31.28	0	0.00	0	0.00	19	31.28	0	0.00
DH Pulwama	17	33.74	8	30.46	1	0.47	7	1.14	1	1.67
CMO Jammu	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
CMO Udhampur	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
CMO Doda	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
CMO Baramulla	10	20.84	0	0.00	0	0.00	10	20.84	0	0.00
CMO Bandipora	34	148.21	0	0.00	0	0.00	34	148.21	0	0.00
CMO Pulwama	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Total DHs (B)	**236**	**580.55**	**35**	**137.65**	**2**	**14.05**	**193**	**422.02**	**6**	**6.83**
CHCs/PHCs										
Jammu – 05	11	3.42	0	0.00	0	0.00	0	0.00	11	3.42
Udhampur -05	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Doda -05	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Baramulla-05	123	36.15	0	0.00	0	0.00	123	36.15	0	0.00
Bandipora-03	29	10.39	0	0.00	0	0.00	29	10.39	0	0.00
Pulwama-05	97	22.48	0	0.00	0	0.00	97	22.48	0	0.00
Total CHCs/PHCs (C)	**260**	**72.44**	**0**	**0.00**	**0**	**0.00**	**249**	**69.02**	**11**	**3.42**
Grand Total (A+B+C)	**1014**	**8156.68**	**272**	**4735.39**	**93**	**1140.61**	**581**	**1916.53**	**68**	**364.54**

Appendix-2.7

(Refer Paragraph: 2.4.13.2; Page: 96)

Orders placed on the basis of Fake/ Tampered Supply Orders

Sl. No.	Equipment	Supply Order/RC No	Response from AIIMS	Supply Order No	Rate per unit	Quantity procured	Amount involved	Supplier with Inv. No and Date
Director Health Services, Jammu								
1	Electro-surgical Unit – DIVLABS	AIIMS New Delhi No. 828/TC/Surg/ M&E//11-12 30-03-2012	Not Issued by the Institute.	1. DHS/J/1960-67 dated 11/10/2013	₹ 1,87,500	Three (3)	₹5,90,625	M/s Divlabs (India), New Delhi through M/s Healthware Electronics, Jammu Inv No. 47 dated 10.11.2013
				2. DHS/J/2311-18 dated 06/03/2013		Ten (10)	₹19,68,750	M/s Divlabs (India), New Delhi through M/s Healthware Electronics, Jammu Inv No. 56 dated 26.03.2013
Medical Superintendent Government Dental College Hospital Jammu								
2	Electro-surgical Unit – DIVLABS	AIIMS New Delhi No 828/TC/surg/ M&E/11-12 dated 30.3.12	Not issued by the Institute	DHJ/APP/3220-24 dated 3.3.2014 on basis of supply order of DHS/ J No DHS/J/2311-18 dated 6.3.2013	₹1,87,000	1	₹1,96,875	M/s Jammu Healthware Electronics invoice No 111 dated 14.3.2014
Medical Superintendent Government Hospital Gandhi Nagar Jammu								
3	Electro-surgical Unit – DIVLABS	AIIMS New Delhi No 828/TC/surg/ M&E/11-12 dated 30.3.12	Not issued by the Institute	GNHJ /2585-86 dated 14.1.2015	₹1,87,000	1	₹1,96,785	M/s Green Power Solutions Bakshi Nagar Jammu invoice No 134 dated 07.02.2015
Director Health Services, Kashmir								
4	Emergency Ventilator OSIRIS 2	AIIMS New Delhi No :30-205/ FSC/TC/11-12 dated 09.02.2012	Tampered Supply Order	DHSK/PUR/X-Ray Plant/2012-13/1344-49 dated 05/11/2012	₹ 10,53,500	One (1)	₹12,64,228	M/s Air Liquid Medical System, France through M/s G Ahmed Pharmaceuticals, Srinagar. Inv No. 129/ GA/2012-13 dated 07.01.2013.
Medical Superintendent Bone and Joint Hospital Srinagar								
5	Emergency Ventillator OSIRIS-21	AIIMS New Delhi No:-30-205/ FST/TC/11-12 dated 9.2.2012	Tampered Supply Order	PS/Acctt/12-13/1601-04 dated 13.8.2012	₹10,53,500	01	₹3,59,193[15]	M/s Air Liquid Medical system, 5-Rouge Georage Bess CE-80 92182 Antony Codex France through M/s G. Ahmad Pharmaceuticals, 2-Rajbagh Extension Srinagar Invoice No 128/ GA/2012-13 dated 07.01.2013.

Audit Observation:

- Supply order No. 30-205/CWG/TC/10-11/FSC fabricated by change of dates and Rate.
- Supply order No. 30-205/CWG/TC/10-11/FSC for Emergency Ventilator OSIRIS 2 issued by AIIMS on 09.06.2010 instead of 09.02.2012.
- The rates have been inflated as against a rate of EURO 23,800 placed for five number ventilators by AIIMS in 2010, the amount has been depicted as EURO 75, 250 in the forged order.

[15] Against the claim of ₹10,53,500, Medical superintendent had made payment of ₹3,59,193 after making reduction in payments.

Sl. No.	Equipment	Supply Order/RC No	Response from AIIMS	Supply Order No	Rate per unit	Quantity procured	Amount involved	Supplier with Inv. No and Date
Director Health Services, Kashmir								
6	Multi Para Monitor	AIIMS New Delhi No 7656/H/ SSK/ 2012-13 dated : 06.05.2012	Not Issued by the Institute	DHSK/PUR/SO/ M&E/2012-13/1781-86 dated 31/12/2012	₹ 4,45,000	Two (2)	₹9,34,500	M/s Nihon Kohden Corporation, Japan through M/s G Ahmed Pharmaceuticals, Srinagar. Inv No. 139/ GA/2012-13 dated 24.01.2013.
7	Defibrillator	AIIMS New Delhi No : 50-01/Hosp./ 11-12/ FSC dated 19.01.2012	Not Issued by the Institute.	DHSK/PUR/ NRHM/2011-12/2520-25 dated 13/03/2012	₹ 2,40,000	Four (4)	₹10,08,000	M/s Zoll Medical Corporation, USA, through M/s G Ahmed Pharmaceuticals, Srinagar. Inv No. 76/Hosp/ 2011-12 dated 26.03.2012.
Audit Observation: • Supply order No 50-01/Hosp./11-12/FSC dated 16 August Issued by AIIMS for procurement of Reagents and consumables for RADIOMETER. • Same order has been manipulated to include purchase of defibrillators.								
8	Anesthesia Machine	AIIMS New Delhi No 517/IRCH/ SSK/ 11-12 dated 7/9/2011	Fabricated Order	(1) DHSK/PUR/ NRHM/2011-12/2625-30 dated 29/03/2012.	₹ 4,50,000	One (1)	₹5,54,163	M/s Meditech Engineers Pvt Ltd, Delhi through M/s G Ahmed Pharmaceuticals, Srinagar. Inv No. 90/Hosp/ 2012-13 dated 04.04.2012.
				(2) DHSK/PUR/ BADP/2011-12/2651-55 dated 30/03/2012.	₹ 4,50,000	Three (3)	₹14,17,500	Inv No. 105/ Hosp/2012-13 dated 05.06.2012
				(3) DHSK/PUR/ NRHM/2011-12/2480-85 dated 07/03/2012.	₹ 4,50,000	Two (2)	₹11,08,327	Inv No. 89/Hosp/ 2012-13 dated 02.04.2012
Audit Observation: • AIIMS has issued order No 517/IRCH/SSK/11-12 dated 7.9.2011 for purchased of VENTED BOUGIE. • The order No matches the order used by the DHS Kashmir, however, the item mentioned is ANESTHESIA MACHINE.								
9	Anesthesia Machine	AIIMS New Delhi No 2567/IRCH/ SSK/11-12 dated 05.03.2012	Not issued by AIIMS	1. DHSK/PUR/ M&E/2012-13/1082-87 dated 23/08/2012.	₹ 4,90,000	Four (4)	₹20,58,000	M/s Meditech Engineers, Delhi vide . Bill No, 133/GA/ 2012-13 dated 15.01.2013
Total Implication in test checked cases:							**₹1,16,56,946 Say ₹1.17 crore**	

Appendix–2.8

(Refer Paragraph: 2.4.14.1; Page: 99)

Details of Idle equipment in test-checked Health Institutions

S.No	Name of equipment (No)	Date of receipt in the Health institution	Cost of equipment		Reasons for non-installation
District Hospital Doda					
1.	Lepchole Machine (Stryker)	20.11.2013	₹5,15,843		Not Installed
2.	High definition 3 chip camera system model 1288 HD camera control unit with all accessories	20.11.2013	₹15,45,119		Laproscopic surgen not available from 2013
3.	Autoclave horizontal	19.8.2013 and 5.1.2014	₹7,80,182		Not Installed
4.	Ultra sound scanner with accessories	24.10.2013	₹85,000		Radiologist not available
Jammu District					
5.	Ultrasonic scalar with five tips	6.10.2010 7.10.2010	NA	CHC Sohanjana	Non functional
6.	ECG Machine	22.06.2010 1.07.2010	₹31820	CHC Sohanjana	Non functional
7.	OT lights	N.A	₹160000	CHC Sohanjana	Non functional
8.	Boyles apparatus	N.A	₹517000	CHC Sohanjana	Non functional
9.	Hydraulic Operation Table	28.02.2012	₹49500	CHC Sohanjana	Non functional
10.	Sterilizer Portable vertical Pressure type	10.11.2014	NA	CHC Sohanjana	Lying in CHC store.
11.	The POCT Hemoglobinometer	17.05.2014	₹29000	CHC Sohanjana	Not Installed
12.	Episotomy Set S.S	25.05-2012	NA	CHC Sohanjana	Not Installed
13.	LSC set S.S superior quality	10.11.2014	N.A	CHC Sohanjana	Not Installed
14.	Mobile O.T. light	19.08.2012	₹45000	CHC Sohanjana	Not Installed
15.	Pulse Oximeter Polomake Riransa	17.05.2014	₹34,500	CHC Sohanjana	Not Installed
16.	15 No Electric Needle Destroyer	13.08.2013 to 10.11.2014	N.A	CHC Sohanjana	Not Installed
17.	Research Binocular Microscope IS5204	17.05.2014	₹37,989	CHC Sohanjana	Not Installed
18.	Oxygen Concentrator	20.10.2014	₹69,101	CHC Sohanjana	Not Installed
19.	Table Top Centrifuge / laby Model	17.05.2014	₹ 19,900	CHC Sohanjana	Not Installed
20.	Ultrasound Machine	N.A	₹950000	PHC Dansal	Not Installed
21.	Hot air oven	21.05.2013	₹28,365	PHC Keri	Non-functional due to shortage of space.
22.	Incubator	21.05.2013	₹21951	PHC Keri	Non-functional due to shortage of space.
23.	Binocular microscope	21.05.2013	₹38,324	PHC Keri	Non-functional due to shortage of space.
24.	Pulse oximeter	21.05.2013	₹75,600	PHC Keri	Non-functional due to shortage of space.
25.	Sterlized Portable Vertical	21.05.2013	₹15,600	PHC Keri	Non-functional due to shortage of space.

S.No	Name of equipment (No)	Date of receipt in the Health institution	Cost of equipment		Reasons for non-installation
District Udhampur (CHCs/PHCs)					
26.	ECG Machine (2)	25.04.2011 25.02.2012	₹66,693 ₹66,693	CHC Chenani	Non-functional
27.	X ray machine 300 MA	18.03.2013	₹4,95,000	CHC Chenani	Non-functional
28.	X-ray	25.08.2006		PHC Thial	Non-functional
29.	Ultrasound Machine with accessories	20.04.2011	₹9,50,000	District Hospital Udhampur	Non- functional
30.	Oxygen Concentrator	-	₹54,000 x 6=₹324000	District Hospital Udhampur	6 out of 16 non-functional
31.	Phototherapy double head	01.03.2011	₹22,500	District Hospital Udhampur	Non-functional
32.	Electrically operated dental chair and compressor Noise less	04.07.2011 02.01.2012	₹1,60,000 x 2=₹320000	District Hospital Udhampur	2 out of four non-functional
33.	O.T light (Confident)	29.11.2011	₹45,000	District Hospital Udhampur	1 out of 2 non-functional
34.	X. ray Machine 300 MA	10.12.2012	₹4,95,000	District Hospital Udhampur	Non-functional
35.	Baby warmer	26.02.2014	₹42000	District Hospital Udhampur	Non-functional
36.	Ultrasound Mach HD 3	26.03.2013	₹950000	Gangyal Hospital Jammu	Non-functional
37.	POCT Haemoglobin meter	10.9.2014 14.11.2014	₹56000	Gangyal Hospital Jammu	Non-functional
District Hospital Bandipora					
38.	Bio-chemistry analyser	10.11.2011	₹219200	DH Bandipora	Idle due to non-creation of SNC unit
39.	Radiant Baby warmer	25.03.2014	₹10,24,798	DH Bandipora	Idle due to non-creation of SNC unit
40.	Noise less suction unit	25.03.2014	₹285000	DH Bandipora	Idle due to non-creation of SNC unit
41.	Mobile X ray unit 100 MA	25.03.2014	₹462000	DH Bandipora	Idle due to non-creation of SNC unit
42.	AIR Vo2 of Fisher and Paykal	26.03.2014	₹240000	DH Bandipora	Idle due to non-creation of SNC unit
43.	Low flow suction machine	26.3.2014	₹31820	DH Bandipora	Idle due to non-creation of SNC unit
Sub District Hospital Sumbal					
44.	Pressure Steriliser	28.6.2011	₹343000	SDH Sumbal	No availability of space.
CD Hospital Srinagar					
45.	Non invasive ventilator	23.10.2013	₹660000	CD hospital	No Technical staff
	Total (45 items)		**₹12063498**		

Appendix-3.1

(Refer Paragraph: 3.6.3.1; Page: 114)

Statement showing Sanctioned strength *vis-à-vis* Posted strength in Forest Protection Force

Sl. No.	Post	Sanctioned Strength	Posted strength				
			2010-11	2011-12	2-12-13	2013-14	2014-15
1.	Director	1	1	1	1	1	1
2.	Jt. Director	2	2	2	3	3	3
3.	Dy. Director	30	22	25	23	24	24
4.	Admn. Officer	1	1	0	1	0	1
5.	Accounts Officer	1	1	1	1	1	1
6.	Law Officer	3	3	3	3	3	3
7.	Asstt. Director (Plg.)	1	0	0	1	1	1
8.	Asstt. Directors (FPF)	60	0	0	0	0	0
9.	Stenographer	3	2	1	0	0	0
10.	Statistical Officer	2	2	2	2	2	2
11.	Accountant	1	1	1	0	0	0
12.	Computer Operator	50	45	45	45	45	44
13.	Inspector	150	62	62	62	62	62
14.	Guards	988	631	621	612	607	604
15.	Driver	127	49	48	49	49	47
16.	Sr. Asstt	35	27	27	29	29	29
17.	Jr. Asstt.	106	63	71	68	66	70
18.	Orderlies	114	149	141	143	144	141
19.	Chowkidars	37	54	54	53	53	53
20.	Safaiwala	33	23	25	25	26	29
21.	A.E.E.	2	3	3	3	2	2
22.	J.E.	4	1	1	1	1	1
23.	Draftsman	2	2	1	1	1	1
24.	watcher	682	680	681	677	678	680
Total		**2435**	**1824 (75 *per cent*)**	**1816 (75 *per cent*)**	**1803 (74 *per cent*)**	**1798 (74 *per cent*)**	**1799 (74 *per cent*)**

Appendix-3.2

(Refer Paragraph: 3.12.5.2; Page: 142)

Land acquisitions initiated by Collector Land Acquisition

Sl. No	Name of acquisition	Area	Remarks
1.	Sidra-III	994 *kanals* (K)-17 *marla*s (M)	Final award issued, some owners not coming forward to receive compensation, 639 *kanals* of land has been reoccupied
2.	Majeen-I	1965K-10M	The case is pending for approval of rate from Revenue Secretariat
3.	Majeen Part-II	2487K-03M	The case is pending for approval of rate from Revenue Secretariat
4.	Rangoora-I	2183K-07M	The case is pending for approval of the rate from Revenue Secretariat
5.	Rangoora-II	698K-12M	The final award issued. The owners are demanding enhancement of rate. 408 *kanals* re-occupied by the ex-owners
6.	Channi Rama	03M-181 Sft.	The amount stands deposited in the district court due to reference u/s 31 of Land Acquisition Act
7.	Channi Rama	1K-02M-69 Sft.	Stay order issued by Hon'ble court
8.	Chak Changrwan	27K-10M	Amount is lying in treasury and processing are going on with the treasury officer for refund of amount
9.	Muthi (Akalpur)	10K	Possession are being handed over shortly
10.	Nagrota	4K-06M	Stay order issued by Hon'ble Court
11.	Gurha Brahman Raipur Domana Thather	204K-09M	Final award issued, award amount awaited
12.	Kot (Purkhoo)	1109K-15M	Case submitted to the Financial Commissioner Revenue
13.	Rakh Bahu	17K-09M	Stay order issued by Hon'ble Court
	Total	**9704K-250 Sft.**	

Appendix-3.3

(Refer Paragraph: 3.12.7.1 (ii); Page: 144)

Statement showing details of irregular allotment of plots of land

S. No	Name of allotee	Size of plots of land and location	Purpose	Value (₹ in crore)[16]	Year of allotment	Status of possession	Remarks
1.	Shree Yog Vedanta Samiti	283 *kanals* at Bhagwati Nagar	Trust	116	2005	With Allottee	Allotment made to non-state subject trustees. No action taken by the Authority for construction of residential flats raised by the allottees and encroachment of excess land in violations of clauses of trust deed. The notice of cancellation which had been issued (August 2014) belatedly by the Authority was challenged in the Hon'ble Court which ordered to maintain status quo.
2.	M/s International Amusement limited	28 *kanals* at Bahu Fort	Amusement park	11.48	1995	With Allottee	Possession of land handed over without execution of lease deed. The premium which was payable @ ₹3 lakh per annum had not been paid since 2003. Against show cause notice issued belatedly (February 2007) the allotee approached the Hon'ble Court which ordered to maintain status quo (December 2007). Rent of ₹31.58 lakh was outstanding as of March 2014.
3.	Bestech India	24 *kanals* at Bahu Plaza	Mall-cum-multiplex	9.84	2005	With Authority	Bids invited in 2005 for leasing out land under PPP mode were cancelled by the Authority as the highest bidder was a non-state subject. The highest bidder approached the Hon'ble Court and obtained orders therefrom to maintain status-quo.
4.	Sudesh Kumar	10.39 *kanals* near BSF Hqrs. Muthi	Development of Housing colony	3.14	2007	With Allottee	The Authority did not cancel LOI for default on the part of allottee to make payment within stipulated period. Before the Authority could issue letter of withdrawal, the allottee obtained Court orders for maintaining status-quo.
5.	Dev Aanad	7.29 *kanals* near Director School Education Muthi, Jammu	Commercial purpose	2.21	2007	With Authority	Allotment (July 2007) initially made on the basis of two bids had to be withdrawn (August 2007) by the Authority because of insufficient bids. The allottee obtained Court orders for maintaining status-quo.
6.	Jammu Dental Charitable Trust	100 *kanals* at Sidhra	Charitable Dental Hospital	3.55	2002	With Allottee	Possession handed over (2002) at a token amount of ₹5 lakh on *supurdnama* without execution of lease deed. Subsequent withdrawal (August 2004) of allotment by the Board invited litigation. Status-quo in force since 2004.
7.	Kamran Ali	1 *kanal* 16 *marlas* & 206 sft	Commercial (Petrol Pump)	0.74	2007	With Allottee	Allotment made (2007) without following procedures of open auction was subsequently withdrawn (2011). The allottee obtained Court orders for maintaining status quo.

[16] Calculated on the basis of stamp duty rates of 2014-15

Appendix-3.4

(Refer Paragraph: 3.25.4.3; Page: 180)

Statement showing Submission of Utilisation Certificates/ completion reports

(₹ in lakh)

Year	Figures as per	Opening Balance	Central Share receipts	Interest	Central Share expenditure	Closing Balance
2009-10	Actual	1577.82	696.12	45.295	1290.305	1028.931
	UC	1577.82	363.22	44.325	1290.305	695.061
	Difference	**0.00**	**332.90**	**0.97**	**0.00**	**333.870**
2010-11	Actual	1028.931	1327.58	48.153	1047.982	1356.682
	UC	695.061	1307.322	36.603	1046.982	992.004
	Difference	**333.870**	**20.258**	**11.55**	**1.00**	**364.678**
2011-12	Actual	1356.682	2295.53	140.267	2470.232	1322.247
	UC	992.004	2477.805	111.307	2469.012	1112.104
	Difference	**364.678**	**(-) 182.275**	**28.96**	**1.22**	**210.143**
2012-13	Actual	1322.247	3511.01	110.699	3683.647	1260.309
	UC	1112.104	3510.800	106.569	3677.057	1052.416
	Difference	**210.143**	**0.21**	**4.13**	**6.59**	**207.893**

Appendix-3.5

(Refer Paragraph: 3.25.11; Page: 185)

Statement showing variations between the figures of monthly progress reports and MIS uploaded on web-site

Financial

(₹ in lakh)

Year		Opening Balance	Receipts		Miscellaneous receipts	Expenditure incurred	Closing Balance
			GoI Share	State Share			
2009-10	MPR	1592.3	696.12	531.699	45.295	1822.004	1043.411
	MIS	2247.53	332.9	559.73	-	2086.33	1053.83
	Difference	**-655.23**	**363.22**	**-28.031**	**45.295**	**-264.326**	**-10.419**
2010-11	MPR	1043.411	1327.58	536.499	48.153	1598.961	1356.682
	MIS	1053.83	2792.51	637.88	-	1663.64	2820.57
	Difference	**-10.419**	**-1464.93**	**-101.381**	**48.153**	**-64.679**	**-1463.888**
2011-12	MPR	1356.682	2295.53	568.026	140.267	3038.258	1322.247
	MIS	2820.57	967.95	461.13	-	3043.89	1205.77
	Difference	**-1463.888**	**1327.58**	**106.896**	**140.267**	**-5.632**	**116.477**
2012-13	MPR	1322.247	3511.01	688.966	110.699	4372.613	1260.309
	MIS	1205.77	3511.01	1380.03	-	5002.44	1094.37
	Difference	**116.477**	**0**	**-691.064**	**110.699**	**-629.827**	**165.939**
2013-14	MPR	1260.309	3957.22	1649.54	71.64	5189.54	1749.169
	MIS	1247.2	3950.44	1193.6	-	4283.81	2107.47
	Difference	**13.109**	**6.78**	**455.94**	**71.64**	**905.73**	**-358.301**

Physical

Year		Construction of IHHLs		Community sanitary complex	School toilet	Anganwari toilet	Solid and liquid waste	RSM & PC
		BPL	APL					
200t9-10	MPR	49636	0	139	3499	24	0	0
	MIS	48672	6718	143	3540	29	0	0
	Difference	**964**	**-6718**	**-4**	**-41**	**-5**	**0**	**0**
2010-11	MPR	35880	0	145	1545	40	0	4
	MIS	30038	95190	130	1480	42	0	0
	Difference	**5842**	**-95190**	**15**	**65**	**-2**	**0**	**4**
2011-12	MPR	51352	0	166	2671	120	0	0
	MIS	60639	9987	166	2682	97	0	0
	Difference	**-9287**	**-9987**	**0**	**-11**	**23**	**0**	**0**
2012-13	MPR	50125	18194	126	1728	78	0	0
	MIS	50589	21311	127	2011	76	0	0
	Difference	**-464**	**-3117**	**-1**	**-283**	**2**	**0**	**0**
2013-14	MPR	62730	27312	92	454	52	0	0
	MIS	50493	20391	39	363	4	0	0
	Difference	**12237**	**6921**	**53**	**91**	**48**	**0**	**0**