



**Report of the
Comptroller and Auditor General of India**
on
Social, General and Economic Sectors
(Non-Public Sector Undertakings)
for the year ended 31 March 2015



Government of Himachal Pradesh
Report No. 3 of the year 2016

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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 Himachal Pradesh 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 Himachal Pradesh under the Social, General and Economic Sectors (Non-Public Sector Undertakings) conducted in terms of the provisions of the Comptroller and Auditor General of India (Duties, Powers and Conditions of Services) Act, 1971 and Regulations on Audit and Accounts, 2007 issued thereunder, by the Comptroller and Auditor General of India.

The instances mentioned in this Report are those, which came to notice in the course of test audit done during the year 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 Auditing Standards issued by the Comptroller and Auditor General of India.

Overview

OVERVIEW

This Report contains four Performance Audits on Procurement and Distribution of Agriculture Inputs, National Rural Health Mission, Rashtriya Madhyamik Shiksha Abhiyan and Pradhan Mantri Gram Sadak Yojana and 28 paragraphs including thematic paragraphs. Some of the major audit findings are mentioned below:

The total expenditure of the State increased from ₹ 15962 crore to ₹ 22734 crore during 2010-15, the revenue expenditure of the State Government increased by 42 *per cent* from ₹ 13946 crore in 2010-11 to ₹ 19787 crore in 2014-15 while capital expenditure increased by 38 *per cent* from ₹ 1789 crore to ₹ 2473 crore during the period 2010-15.

PERFORMANCE AUDIT

Major findings of **Procurement and distribution of agriculture inputs** are given below:

- During 2010-15, the test-checked districts had not carried out reconciliation of receipts of ₹ 264.29 crore with treasury and sale proceeds of inputs of ₹ 3.68 crore realised from the farmers in the State as a whole were not deposited in Government account.

(Paragraphs 2.1.3.3, 2.1.3.4 (i) and (iii) to (v))

- In test-checked districts, 33,011.10 quintals of seeds (wheat: 28,909.63 quintals and maize: 4,101.47 quintals) costing ₹ 9.39 crore were distributed to the farmers during 2010-15 after the sowing seasons.

(Paragraph 2.1.4.3)

- Against the requirement of 6.38 lakh metric tonnes (MTs) fertilisers during 2010-15, the procuring agencies had supplied 5.38 lakh MTs fertilisers to the farmers resulting in shortfall of one lakh MTs.

(Paragraph 2.1.5.1)

- The Agriculture Department had procured 30,623.50 quintals of potato seeds costing ₹ 7.88 crore during 2010-15 without following the competitive bidding procedure.

(Paragraph 2.1.6.1)

- Against targets of testing of 18,400 samples of inputs during 2010-15, the testing laboratories had analysed 11,998 samples resulting in shortfall of 6,402 samples (35 *per cent*).

(Paragraph 2.1.7.2)

- Internal control mechanism in the Department was ineffective as the control registers and complete database of the inputs required, procured and distributed had not been maintained.

(Paragraphs 2.1.8.2 and 2.1.9.1 to 2.1.9.4)

Major findings of **National Rural Health Mission** are given below:

- Programme Implementation Plans during 2010-15 were prepared by the Health and Family Welfare Department without considering the needs of the districts, blocks and villages. Identification of the healthcare needs was inadequate as the household survey was not conducted in the State as of March 2015.

(Paragraphs 2.2.2.1 and 2.2.2.2)

- Of the total available funds, 19 to 47 *per cent* remained unutilised with the Mission Director during 2010-15.
(Paragraph 2.2.4)
- Against Indian Public Health Standards norms for posting of 3390 doctors in the State, 1213 posts were sanctioned and 1059 (31 *per cent*) were in position as of March 2015. Similarly, as against requirement of 6195 health workers for Health Sub Centres in the State, only 3032 (49 *per cent*) were in position.
(Paragraph 2.2.6.1)
- During 2010-15, the percentage achievement of targets of primary and secondary immunisation of children for BCG, Measles, DPT, Hepatitis B and TT ranged between 42 and 114 and 66 and 95 respectively. Cold chain equipments were not available in 166 Public Health Centres (out of 500).
(Paragraphs 2.2.7.6 and 2.2.7.8)
- Mobile Medical Units were not operationalised and 10 vehicles procured in May 2014 for the purpose, were lying idle as of May 2015. Telemedicine project at 19 locations in the State was defunct since 2009.
(Paragraphs 2.2.7.13 and 2.2.7.14)
- Monitoring was weak, comprehensive call centre for mother child tracking system, adolescent health counselling and dedicated helpline was not established despite availability of sufficient funds.
(Paragraphs 2.2.7.15 and 2.2.12)

Major findings of **Rashtriya Madhyamik Shiksha Abhiyan** (RMSA) are given below:

- Annual Work Plans (AWPs) under RMSA were prepared by Higher Education Department at district level during 2013-15 without considering school level development plans.
(Paragraph 2.3.2.1)
- Out of total availability of funds of ₹ 348.47 crore under RMSA, the Department could spend only ₹ 218.67 crore on various components of the programme leaving ₹ 129.80 crore (37 *per cent*) unutilised as of March 2015.
(Paragraphs 2.3.3)
- Of ₹ 7.23 crore provided by the GOI and State Government for construction of five model schools in March 2010, ₹ 4.70 crore was lying unutilised with the executing agency due to slow pace of work (one) and non-availability of encumbrance free land (four).
(Paragraph 2.3.4.6)
- Implementation of Information and Communication Technology Project phase-II was delayed due to non-finalisation of tenders in time depriving the students in Government schools of the intended benefits of the project as of March 2015.
(Paragraph 2.3.6.1)
- There was shortage in cadre of teaching and teaching support staff in schools. The percentage of shortages of these staff in schools was 14 and 39 as of March 2015. The sanctioned strength of others/ non-teaching staff was as high as 80 *per cent* of the teaching staff.
(Paragraph 2.3.8)
- Examination results were poor as schools ranging between two and 16 had zero *per cent* results for class X during 2011-15 and schools ranging between 134 and 232 had results less than 25 *per cent*. Similarly, for class XII, 10 schools had zero *per cent* result and 48 schools had less than 25 *per cent* result during 2014-15.
(Paragraph 2.3.9)

- Internal audit arrangements as prescribed under the scheme had not been put in place by the Department as of March 2015.

(Paragraph 2.3.10)

Major findings of **Pradhan Mantri Gram Sadak Yojana** are given below:

- The long term master plan with clear milestones and timelines for providing all weather road connectivity to all eligible habitations was not prepared by Public Works Department and 1,093 eligible habitations under the programme had remained unconnected in the State as of March 2015.

(Paragraph 2.4.2.1 (i))

- Due to non following the 'transect walk' procedure for road alignment, detailed project reports of 117 roads approved by the GOI for ₹ 172.71 crore during 2001-10 had to be dropped (between January 2012 and September 2013) due to involvement of private/ forest land.

(Paragraph 2.4.2.6 (i))

- Against the availability, the programme funds ranging between ₹ 99.78 crore and ₹ 314.44 crore remained unutilised during 2010-14 which indicated lack of financial controls.

(Paragraph 2.4.3.1 (i))

- In 20 test-checked divisions, 252 works sanctioned (between January 2002 and July 2014) by the GOI for ₹ 358.28 crore were awarded to the contractors during 2012-15 with delays ranging between 81 and 2640 days resulting in further delay in execution of the works.

(Paragraph 2.4.4.1)

- In all test-checked divisions, of 275 works stipulated to be completed during 2010-15, 200 works were completed and 75 works on which an expenditure of ₹ 54.69 crore was incurred were incomplete for more than 48 months.

(Paragraph 2.4.5.1 (ii))

- Quality control mechanism was ineffective as the Executive Engineers of the test-checked divisions had not taken action for rectification of 485 works reported as unsatisfactory by the State Quality Monitors (441) and National Quality Monitors (44) during 2010-15.

(Paragraphs 2.4.8.3 (ii) and (iii))

COMPLIANCE AUDIT

Working of Himachal Pradesh Co-operative Milk Producers' Federation (Milkfed) Limited

Of grants of ₹ 16.03 crore received from the Government of India during 2012-15, the Milkfed had incurred expenditure of ₹ 11.54 crore and ₹ 4.49 crore were lying unutilised as of March 2015. Non-settlement of cash credit limit of ₹ 5.00 crore with the Himachal Pradesh State Co-operative Bank Limited since January 2004 resulted in outstanding liability of ₹ 22.72 crore (Principal: ₹ 2.69 crore and interest: ₹ 20.03 crore) as of March 2015. During 2012-15, against the target, there was shortfall in procurement of milk ranging between 09 and 18 *per cent* and shortfall in sale of milk ranging between 10 and 44 *per cent*. The Milkfed had not fixed product wise norms for utilisation of milk for

the various milk products. Capacity utilisation of nine milk chilling centres and three milk processing plants ranged between 03 and 48 *per cent*.

(Paragraph 3.1)

National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)

Funds of ₹ 42.61 lakh for cooking cost in 1248 cases were released late to schools by Elementary Education Department during 2012-15 with delays ranging between 20 and 175 days. Interest of ₹ 33.31 lakh earned on scheme funds had not been reported to the Centre as per the scheme guidelines. The construction of 507 kitchen sheds-cum-stores sanctioned during 2007-12 for ₹ 3.13 crore was still incomplete as of March 2015 after expending ₹ 2.03 crore and construction of 430 kitchen sheds costing ₹ 3.46 crore had not been started as of April 2015.

(Paragraph 3.3)

Preparedness for implementation of National Food Security Act, 2013

The State Government had not identified beneficiaries afresh under the National Food Security Act and there was shortfall in identification of 5.76 lakh beneficiaries in the State due to which the State was receiving 5.08 lakh tons of foodgrains at existing rates. Smart Cards in place of paper ration cards and ration (smart) cards in the name of eldest woman in household had also not been issued. End-to-end computerisation of targeted public distribution system had not been ensured as of April 2015 and unutilised funds of ₹ 6.74 crore were lying in a savings bank account. Vehicles tracking system was not being used by the Food, Civil Supplies and Consumer Affairs Department for transportation of foodgrains at different levels and computerisation of fair price shops had not been taken up as of April 2015. Vigilance Committees (VCs) at Block level had not been constituted and there was shortfall between six and 100 *per cent* in constitution of VCs at fair price shop level.

(Paragraph 3.4)

Undue benefit to temple trust

Decision of the Health and Family Welfare Department to exchange building of Community Health Centre Jawalamukhi with a building of Shree Jawalamukhi temple trust led to undue benefit of ₹ 6.27 crore to the trust.

(Paragraph 3.6)

Functioning of Flow Irrigation Schemes

In six test-checked divisions of Irrigation and Public Health Department, ₹ 18.27 crore were withdrawn from treasury at the end of financial year during 2010-15 and shown as final expenditure/ booking of material against flow irrigation schemes (FISs) without their actual utilisation. In nine divisions, 46 FISs (of 91) on which ₹ 42.25 crore had been spent were lying incomplete as of March 2015. In five test-checked divisions, the irrigation potential created under 21 FISs at a cost of ₹ 20.02 crore was not utilised optimally during 2012-15. Departmental officers had not monitored the execution of the FISs during 2012-15 and the prescribed inspections of the FISs were also not conducted.

(Paragraph 3.7)

Idle investment on augmentation of water supply schemes and loss of interest

Lack of planning and failure of the Irrigation and Public Health Department to initiate timely action for execution of the water supply schemes resulted in idle investment of ₹ 53.57 crore and loss of interest of ₹ 3.31 crore.

(Paragraph 3.10)

Unfruitful expenditure on execution of sewerage scheme

Lack of planning and inefficiency of the Irrigation and Public Health Department to expedite the execution of the sewerage scheme within stipulated time resulted in unfruitful expenditure of ₹ 6.80 crore.

(Paragraph 3.11)

Mismanagement of funds

Absence of proper planning for utilisation of grant received by State Nursing Council for strengthening the nursing services in the State had resulted in mismanagement of available funds amounting to ₹ 1.40 crore.

(Paragraph 3.12)

Implementation of Renewable Energy Programmes

Against the target of generation of 2,473 MW hydro power through small hydro power (SHP) projects, the achievement was only 476 MW (19 *per cent*) through 97 SHP projects commissioned upto March 2015. Upfront premium for capacity addition of ₹ 7.80 crore from four independent power producers and local area development fund of ₹ 7.12 crore for environment management plan, etc., from six small hydro power projects had not been recovered by Department of Energy. Free power royalty payment of ₹ 27.17 crore from independent power producers for the year 2014-15 had not been remitted by the Himachal Pradesh State Electricity Board Limited to the State Government. Against estimated solar power potential of 33,000 MW, only 3.29 MW had been installed in the State as of March 2015.

(Paragraph 3.13)

Non-recovery of capacity addition charges and undue favour to power developer

Failure of the Multipurpose Projects and Power Department to detect capacity addition of hydropower project in time and non-levy of ₹ 209.28 crore on account of capacity addition charges, additional free power royalty and local area development fund led to extension of undue favour to the power developer.

(Paragraph 3.14)

Excess contribution towards Employees' Provident Fund

Failure to limit employer's contribution toward Employees' Provident Fund by the Himachal Pradesh Energy Development Agency and Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation as prescribed in the Employees' Provident Funds Scheme, 1952 resulted in excess contribution of ₹ 2.66 crore.

(Paragraph 3.15)

Backward Regions Grant Fund

Panchayati Raj Department had not conducted baseline survey to identify missing infrastructure gaps in backward districts. Out of total available funds of ₹ 40.75 crore during 2012-15, the Zila Parishad, Sirmour utilised ₹ 38.94 crore and funds of

₹ 1.81 crore remained unutilised as of March 2015. Utilisation Certificates of ₹ 20.91 crore for execution of 2281 works were submitted to GOI without ensuring their actual utilisation by the implementing agencies. Works were not taken up as per the priority list and ₹ 22.72 crore (61 per cent) out of total expenditure of ₹ 37.41 crore incurred in the Sirmour district during 2012-15 was on low priority works. The State Government had not instituted Quality Monitoring System for ensuring the quality of execution of the works as of May 2015.

(Paragraph 3.16)

Implementation and Administration of Members of Parliament Local Area Development Scheme

Against release of ₹ 57.12 crore by the Deputy Commissioners (DCs) of Nodal districts to the implementing agencies during 2012-15, the details of expenditure actually incurred were not available. ₹ 54.00 lakh were spent on construction of 24 works which were beyond the scope of the scheme. Against ₹ 12.39 crore required to be spent for infrastructural development of areas inhabited by the SC and ST population, only ₹ 5.44 crore (44 per cent) was released by the DCs of Nodal districts during 2012-15. Out of 3710 works sanctioned during 2012-14, execution of 3359 works (approved for ₹ 52.21 crore) was under progress resulting in blocking of Government funds besides, non-accrual of timely benefits to the beneficiaries.

(Paragraph 3.17)

Unfruitful expenditure on construction of road

Failure of the Public Works Department to secure necessary permission for the construction of railway over bridge, the expenditure of ₹ 2.83 crore on construction of road remained largely unfruitful.

(Paragraph 3.19)

Undue financial benefit to a firm and suspected misappropriation of funds

Failure of the Public Works Department to initiate timely action against a firm for breach of contractual obligations resulted in extension of undue financial benefit of ₹ 2.64 crore to the firm and suspected misappropriation of ₹ 35.97 lakh besides unfruitful expenditure of ₹ 2.39 crore and cost overrun of ₹ 2.58 crore.

(Paragraph 3.25)

Implementation of Social Security Pension Schemes

Time schedule had not been fixed for finalisation of pension cases by the Scheduled Castes, Other Backward Classes and Minority Affairs Department due to which there was delay in finalisation of pension cases ranging between 12 and more than 60 months during 2012-15. Mechanism for reporting death, persons becoming ineligible for pension and sanction of pension from other schemes was not in existence. There were instances of delay in disbursement of pension, non-obtaining of requisite certificates, sanction and disbursement of pension to ineligible persons and non-verification of pension disbursed in the test-checked districts. Social security pension was not granted for newly created category of individuals of more than 80 years of age. Pension disbursement through biometric system in Una district was not working properly. In Mandi district e-kalyan system for implementation of pension was not web-based.

(Paragraph 3.27)

Chapter-I

Introduction

CHAPTER-I INTRODUCTION

1.1 Budget profile

There are 53 departments and 60 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**

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
(₹ in crore)										
Revenue expenditure										
General services	5340	5279	5971	5690	6651	6618	7196	7046	8344	7604
Social services	4929	4979	5669	5147	6635	6131	7117	6706	7913	7451
Economic services	3393	3682	3819	3049	4517	3418	4873	3591	5413	4723
Grants-in-aid and contributions	6	6	12	12	7	7	3	9	3	9
Total (1)	13668	13946	15471	13898	17810	16174	19189	17352	21673	19787
Capital expenditure										
Capital Outlay	1814	1789	1899	1810	2059	1955	2104	1856	1993	2473
Loans and advances disbursed	225	227	390	493	379	469	342	531	367	474
Repayment of Public Debt	879	870	1099	1128	1930	2117	1714	1704	1511	8260
Contingency Fund	---	---	---	--	---	--	--	--	--	--
Public Accounts disbursements	1987	7162	1987	8526	2288	8285	2828	9227	2978	8844
Closing Cash balance	---	635	---	569	---	(-) 295	--	(-) 887	--	(-) 739
Total (2)	4905	10683	5375	12526	6656	12531	6988	12431	6849	19312
Grand Total (1+2)	18573	24629	20846	26424	24466	28705	26177	29783	28522	39099

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

1.2 Application of resources of the State Government

The total expenditure¹ of the state increased from ₹ 15962 crore to ₹ 22734 crore during 2010-15, the revenue expenditure of the State Government increased by 42 per cent from ₹ 13946 crore in 2010-11 to ₹ 19787 crore in 2014-15. Non-Plan revenue expenditure increased by 35 per cent from ₹ 12294 crore to ₹ 16583 crore and capital expenditure increased by 38 per cent from ₹ 1789 crore to ₹ 2473 crore during the period 2010-15.

The revenue expenditure constituted 86 to 88 per cent of the total expenditure during the years 2010-15 and capital expenditure nine to 11 per cent. During this period, total expenditure increased at an annual average rate of 12 per cent, whereas revenue receipts grew at an annual average growth rate of 12 per cent during 2010-15.

¹ Total expenditure includes revenue expenditure, capital outlay and loans and advances.

1.3 Funds transferred directly to the State implementing agencies

During 2014-15, Government of India (GOI) directly transferred ₹ 278.55 crore to various State implementing agencies without routing through the State budget. Consequently, these amounts remained outside the scope of Annual Accounts (Finance Accounts and Appropriation Accounts).

1.4 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-1.2**.

Table-1.2
Grants-in-aid from GOI

Particulars	₹ in crore)				
	2010-11	2011-12	2012-13	2013-14	2014-15
Non-Plan Grants	2634	2647	2526	2025	1199
Grants for State Plan Schemes	2680	3342	4179	3765	4333
Grants for Central Plan Schemes	1	27	28	17	31
Grants for Centrally Sponsored Schemes	343	505	580	507	1615
Total	5658	6521	7313	6314	7178
Percentage of increase over previous year	10.36	15.25	12.15	(-) 13.66	13.68
Percentage of Revenue Receipts	45	45	47	40	40

Total grants-in-aid from GOI increased from ₹ 5658 crore to ₹ 7313 crore during the period 2010-13, but it decreased by ₹ 999 crore from ₹ 7313 crore to ₹ 6314 crore during the year 2013-14 mainly due to decrease of ₹ 554 crore in Thirteenth Finance Commission (ThFC) grants and ₹ 414 crore in grants for State Plan scheme and during 2014-15 it increased by ₹ 864 crore from ₹ 6314 crore to ₹ 7178 crore. Its percentage to revenue receipts ranged between 40 and 47 *per cent* during the period 2010-15.

1.5 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 Himachal Pradesh under Article 151 of the Constitution of India.

During 2014-15, compliance audit of 654 drawing and disbursing officers of the State and 60 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Himachal Pradesh. Besides, four Performance Audits were also conducted.

1.6 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.

As per the provision of Comptroller and Auditor General of India's Regulations on Audit and Accounts, 2007, the departments are required to send their responses to draft performance audit reports/ draft paragraphs proposed for inclusion in the Comptroller and Auditor General of India's Audit Reports within six weeks. It was brought to their personal attention that in view of likely inclusion of such paragraphs in the Reports of the Comptroller and Auditor General of India, to be placed before the Himachal Pradesh Legislature, it would be desirable to include their comments in the matter. They were also advised to have meeting with the Principal Accountant General to discuss the draft reports of Performance Audits and draft audit paragraphs. These draft reports and paragraphs proposed for inclusion in the Report were also forwarded to the Additional Chief Secretaries/ Principal Secretaries/ Secretaries concerned for seeking their replies. For the present Audit Report, draft reports on four Performance Audits and 28 draft paragraphs were forwarded to the concerned Administrative Secretaries. But replies of the Government were received in three cases only. The matter was also brought to the notice of the State Chief Secretary in October 2015.

1.7 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 during central audit/ local audit were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 4.83 crore pointed out in 2337 cases, the DDOs concerned had effected recovery of ₹ 1.69 crore in 795 cases during 2014-15 as per the details given in **Table-1.3**.

Table-1.3
Details of recoveries pointed out by audit and accepted / recovered by the Departments during 2014-15

Department	Particulars of recoveries noticed	(₹ in crore)			
		Recoveries pointed out in Audit and accepted by the Departments during 2014-15		Recoveries effected during 2014-15	
		Number of cases	Amount involved	Number of cases	Amount involved
Miscellaneous Departments	Overpayment on account of excess payment of medical re-imburement, pay, etc.	2337	4.83	795	1.69

1.8 Responsiveness of Government to Audit

The Principal Accountant General (Audit), Himachal Pradesh (HP) conducts periodical inspection of Government Departments by test-check of transactions and verify the maintenance of important accounting and other records as per the prescribed rules and procedures. These inspections are followed by issue of Audit Inspection Reports (IRs). When important irregularities, etc., detected during audit inspection are not settled on the spot, these IRs are issued to the heads of offices inspected, with a copy to the next higher authorities.

The heads of offices and next higher authorities are required to report their compliance to the Principal Accountant General (Audit) within four weeks of receipt of IRs. Serious irregularities are also brought to the notice of the Heads of the departments by the office of the Principal Accountant General (Audit), HP through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

Based on the results of test audit, 31154 audit observations contained in 8288 IRs outstanding as on 31st March 2015 are given in **Table-1.4**.

Table-1.4
Outstanding Inspection Reports / Paragraphs

(₹ in crore)				
Sr. No.	Name of Sector	Inspection Reports	Paragraphs	Amount involved
1.	Social Sector	5972	24338	11694.84
2.	General Sector	1155	3675	9505.99
3.	Economic Sector (Non-PSUs)	1161	3141	2055.53
Total:		8288	31154	23256.36

A detailed review of the IRs issued to 250 Drawing and Disbursing Officers² (DDOs) up-to September 2014 pertaining to Technical Education Department and Elementary Education Department showed that 707 paragraphs having financial implications of about ₹ 349.71 crore relating to 333 IRs remained outstanding at the end of 31 March 2015. Of these, oldest items pertain to IRs issued during the year 1972-73 and 342 paragraphs having financial implication of ₹ 51.13 crore had not been settled for more than 10 years. The year-wise position of these outstanding 333 IRs and 707 paragraphs is detailed in **Appendix-1.1** and types of irregularities in **Appendix-1.2**.

The departmental officers failed to take action on observations contained in IRs within the prescribed time frame resulting in erosion of accountability.

It is recommended that the Government may look into the matter to ensure prompt and proper response to audit observations.

1.9 Follow-up on Audit Reports

According to the Rules of procedure for the internal working of the Committee on Public Accounts, the Administrative Departments were to initiate, *suo motu* action on all Audit Paragraphs and Performance Audits featuring in the Audit Reports of the Comptroller and Auditor General of India regardless of whether these are taken up for examination by the Public Accounts Committee or not. They were also to furnish detailed notes, duly vetted by audit indicating the remedial action taken or proposed to be taken by them within three months of the presentation of the Audit Reports to the State Legislature.

The position regarding receipt of Action taken Notes (ATNs) on the paragraphs included in the Audit Reports up-to the period ended 31 March 2014 as on 31 August 2015 is given in **Table-1.5**.

² Technical Education: 88 and Elementary Education: 162.

Table-1.5
Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Department(s)	ATNs pending as of 31 August 2015	Date of presentation in the State Legislature	Due date for receipt of ATNs
Social, General and Economic Sectors (Non-PSUs)	2011-12	MPP and Power	01	9.4.2013	08.07.2013
		Women and Child Development	01		
		Revenue	01		
	2012-13	Public Works	08	21.2.2014	20.05.2014
		Education	02		
		Transport	01		
		Tribal Development	01		
2013-14	Miscellaneous departments	26	10.04.2015	09.07.2015	
State Finances	2013-14	Finance and Misc. departments	All Chapters	10.04.2015	09.07.2015

1.10 Delay in submission of Accounts/ Audit Reports of Autonomous Bodies and placement of Audit Reports before the State Legislature

Several Autonomous Bodies have been set up by the State government. The audit of accounts of 14 autonomous bodies in the State has been entrusted to the Comptroller and Auditor General of India. The status of entrustment of audit, rendering of accounts to audit, issuance of Separate Audit Report and its placement in the Legislature is indicated in **Appendix-1.3**.

The accounts of HP Building and other Construction Workers Welfare Board, Shimla were late by 12 months for the year 2013-14 whereas the delay in respect of other bodies ranged between half month and three months. The accounts for the year 2014-15 in respect of all the 13 bodies (except State Veterinary Council, Shimla) had not been furnished as of August 2015. Delay in finalisation of accounts carries the risk of financial irregularities going undetected and, therefore, the accounts need to be finalised and submitted to Audit at the earliest.

Separate Audit Reports (SARs) for 2012-13 and 2013-14 of State Veterinary Council have been issued and placed before the State Legislature. SAR on the State Veterinary Council for the year 2014-15 has also been issued but the same is yet to be placed before the Legislature. SARs of the remaining 13 Autonomous Bodies issued for the year 2012-13 are yet to be placed before the State Legislature. SARs for 13 bodies for 2014-15 are pending due to non-furnishing of accounts for the year 2014-15.

1.11 Year-wise details of Performance Audits and paragraphs appeared in Audit Report

The year-wise details of reviews and paragraphs that appeared in the Audit Reports for the last two years alongwith their money value is given in **Table-1.6**.

Table-1.6
Details regarding reviews and paragraphs appeared in Audit Report during 2012-14

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2012-13	3	579.78	22	679.17	1	7
2013-14	4	1879.92	23	169.85	-	2

During 2014-15, four Performance Audits and 28 Audit paragraphs were issued to the State Government. However, reply in respect of only three paragraphs was received from the Government.

Four Performance Audits and 28 Audit paragraphs involving money value of ₹ 2043.22 crore³ have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.

³ Performance Audit: ₹ 1389.83 crore and Audit paragraphs: ₹ 653.39 crore.

Chapter-II

Performance Audit

CHAPTER-II PERFORMANCE AUDIT

Agriculture Department

2.1 Procurement and distribution of agriculture inputs

Supplying of agriculture inputs viz. seeds, fertilisers, implements, plant protection materials, etc. to the farmers with an aim to increase the agriculture production in the State, is one of the main objectives of the Agriculture Department. The significant audit findings are as under:

Highlights:

- *During 2010-15, the test-checked districts had not carried out reconciliation of receipts of ₹ 264.29 crore with treasury and sale proceeds of inputs of ₹ 3.68 crore realised from the farmers in the State as a whole were not deposited in Government account.*

(Paragraphs 2.1.3.3, 2.1.3.4 (i) and (iii) to (v))

- *In test-checked districts, 33,011.10 quintals of seeds (wheat: 28,909.63 quintals and maize: 4,101.47 quintals) costing ₹ 9.39 crore were distributed to the farmers during 2010-15 after the sowing seasons.*

(Paragraph 2.1.4.3)

- *Against the requirement of 6.38 lakh metric tonnes (MTs) fertilisers during 2010-15, the procuring agencies had supplied 5.38 lakh MTs fertilisers to the farmers resulting in shortfall of one lakh MTs.*

(Paragraph 2.1.5.1)

- *The Department had procured 30,623.50 quintals of potato seeds costing ₹ 7.88 crore during 2010-15 without following the competitive bidding procedure.*

(Paragraph 2.1.6.1)

- *Against targets of testing of 18,400 samples of inputs during 2010-15, the testing laboratories had analysed 11,998 samples resulting in shortfall of 6,402 samples (35 per cent).*

(Paragraph 2.1.7.2)

- *Internal control mechanism in the Department was ineffective as the control registers and complete database of the inputs required, procured and distributed had not been maintained.*

(Paragraphs 2.1.8.2 and 2.1.9.1 to 2.1.9.4)

2.1.1 Introduction

Himachal Pradesh is predominately an agricultural State where agriculture provides direct employment to about 69 per cent of the total population. Providing logistic support to the farmers in the form of supply of inputs viz. seeds, fertilisers, plant protection materials (PPMs), implements etc., for increasing the agriculture production in the State is one of the main objectives of the Agriculture Department. For this purpose, an effective procurement and distribution system plays a vital role. The procurement and distribution of agriculture inputs in the Department are carried out under different GOI/ State schemes.

Organisational set up

The Additional Chief Secretary (Agriculture) is the Administrative Head of the Department and the Director of Agriculture as Head of the Department is assisted by Additional Director/ Joint Directors at State level, Deputy Directors of Agriculture (DDAs)/ District Agriculture Officers (DAOs) at district level, Subject Matter Specialists (SMSs) at block level, Agriculture Development Officers (ADOs)/ Agriculture Extension Officers (AEOs) at circle level. The procurement and distribution of agriculture inputs are carried out by the Agriculture Department and that of fertilisers by Himachal Pradesh State Co-operative Marketing and Consumers, Federation Limited (HIMFED).

Audit Objectives

The objectives of the audit were to see whether:

- Procedure and planning for procurement and distribution of agriculture inputs were adequate;
- Sufficient funds were allocated and utilised efficiently;
- Procurement of agriculture inputs and other equipment was economical, efficient and effective; and
- Internal control mechanism was in place.

Audit Scope and Methodology

The performance audit of procurement and distribution of inputs for the period 2010-15 was conducted (March-July 2015) through test-check of the records in the office of Director of Agriculture and three¹ (out of 12) DDAs/ DAOs, eight² (out of 25) SMSs in the selected districts on the basis of simple random sampling without replacement method of sampling. Besides, the records of the Managing Director (MD), HIMFED were also test-checked. Audit objectives, criteria and scope were discussed with the Additional Chief Secretary (ACS) in an entry conference held in April 2015. Audit findings were discussed with the ACS in an exit conference held in October 2015 and the views of the State Government have been appropriately incorporated in the report.

Audit Criteria

The audit criteria used for the conduct of performance audit was derived from the following sources:

- Himachal Pradesh Financial Rules, Himachal Pradesh Treasury Rules and Himachal Pradesh Store Purchase Rules;
- Notifications and instructions issued by the Government from time to time for procurement of agricultural inputs; and
- Procedure prescribed for monitoring, etc.

Audit findings

2.1.2 Planning

Planning is critical for implementation of various activities of the Department. Deficiencies noticed in the planning for procurement and distribution of agriculture inputs are discussed in the succeeding paragraphs.

¹ Kangra, Solan and Una.

² Amb, Baijnath, Bangana, Dharampur, Indora, Nalagarh, Nurpur and Pragpur.

2.1.2.1 Preparation of Annual Action Plan

The Office Manual of the State Government requires the Directorate to prepare Annual Action Plan (AAP) for departmental programmes/ schemes in advance in January every year with periodical break-up of targets in respect of each activity including procurement and distribution of agriculture inputs.

Audit noticed that the Annual Action Plan (AAP) for the year 2014-15 was not prepared and the AAPs for 2010-11 to 2013-14 were finalised after a delay of four to five months³. However, the planning for procurement of the agriculture inputs was not included in the AAPs. Resultantly, there was delay in distribution of seeds to the farmers as indicated under **Paragraphs 2.1.4.3**. Besides, there was mismatch between the requirement assessed by the Department and the targets of distribution of the seeds, PPMs and implements included in the AAPs as indicated in the succeeding paragraph.

2.1.2.2 Mismatch between demand assessed and targets of distribution

The Directorate had not consolidated the data of assessment of requirement of the agriculture inputs including seeds, PPMs and implements during 2010-15. The details of requirement of the inputs (as received from the field units and compiled by Audit) and targets of distribution included in the AAPs, etc. during 2010-15 are given in **Table-2.1.1**.

Table-2.1.1
Details of demand and targets of distribution of inputs during 2010-15

Year	Seeds (MTs ⁴)		PPMs (MTs)		Implements (Numbers)	
	Demand	Targets	Demand	Targets	Demand	Targets
2010-11	13662	9500 (70)	149	140 (94)	79913	100000 (125)
2011-12	9272	9500 (102)	88	140 (159)	78413	100000 (128)
2012-13	9404	9600 (102)	124	100 (81)	77002	100000 (130)
2013-14	10500	9700 (92)	184	140 (76)	130447	100000 (77)
2014-15	12877	10210 (79)	164	135 (82)	121674	105000 (86)

Source: Departmental figures.

Note: Figures in parenthesis indicate percentage of target against demand.

It would be seen from **Table-2.1.1** that the targets of distribution of seeds against demand were fixed excess to the extent of two *per cent* during 2011-13 and less to the extent of eight to 30 *per cent* during 2010-11 and 2013-15 and the targets of distribution of PPMs against demand were fixed excess to the extent of 59 *per cent* during 2011-12 and less to the extent of six to 24 *per cent* during 2010-11 and 2012-15. Similarly, the targets of distribution of implements against demand were fixed excess to the extent of 25 to 30 *per cent* during 2010-13 and less to the extent of 14 to 23 *per cent* during 2013-15. This indicated that the targets for distribution of the inputs during 2010-15 were not fixed as per requirements assessed by the field units. In the exit conference, the ACS attributed the mismatch to budget constraints. The fact, however, remains that the Department had not fixed the targets as per demands.

2.1.3 Financial Management

2.1.3.1 Allocation and utilisation of funds

Position of budget and expenditure on procurement and distribution of agriculture inputs in State as a whole as well as the test-checked districts during 2010-15 is given in **Table-2.1.2**.

³ 2010-11: 04 June 2010, 2011-12: 11 June 2011, 2012-13: 13 July 2012 and 2013-14: 03 July 2013.

⁴ MT: Metric tonnes.

Table-2.1.2

Position of budget and expenditure on procurement and distribution of agriculture inputs in State as a whole, as well as test-checked districts during 2010-15

(₹ in crore)

Year	State as a whole			Test-checked districts		
	Budget	Expenditure	Excess (+) Saving (-)	Budget	Expenditure	Excess(+) Saving (-)
2010-11	47.71	46.70	(-) 1.01	16.32	16.00	(-) 0.32
2011-12	59.23	59.88	(+) 0.65	17.40	17.32	(-) 0.08
2012-13	61.99	60.85	(-) 1.14	21.87	21.69	(-) 0.18
2013-14	58.55	57.47	(-) 1.08	19.94	19.74	(-) 0.20
2014-15	64.64	64.09	(-) 0.55	25.21	25.17	(-) 0.04
Total	292.12	288.99	(-) 3.13	100.74	99.92	(-) 0.82

Source: Departmental figures.

It would be seen from **Table-2.1.2** that actual expenditure on procurement and distribution of agriculture inputs was by and large in line with the provisions.

2.1.3.2 Utilisation of subsidy

Audit noticed that against the overall budget of ₹ 184.53 crore for providing subsidy on agriculture inputs during 2010-15, the Department had incurred expenditure of ₹ 178.67 crore resulting in savings of ₹ 5.86 crore which was attributable mainly to savings of ₹ 4.45 crore during 2014-15 against demand No. 31-Tribal Development. Though the Department had incurred an expenditure of ₹ 38.92 crore under Scheduled Caste Sub-Plan (₹ 37.57 crore) and Backward Area Sub-Plan (₹ 1.35 crore) on subsidy for agriculture inputs during above period, there was nothing on record to show the amount actually having been spent on payment of subsidy to the particular weaker sections or backward areas.

The Director stated (October 2015) that the utilisation of subsidy depended upon timely rains and it was not possible to maintain the records of subsidy to weaker sections/backward areas as the beneficiaries runs in lakh. The reply is not convincing as proper records should have been maintained; otherwise, the very purpose of providing separate grant to the weaker sections/ backward areas would be defeated.

2.1.3.3 Unutilised funds and non-accountal of receipts in cash book

Himachal Pradesh Treasury Rules (HPTRs), 2007 provide that no money should be drawn from treasury unless it is required for immediate disbursement. Further, Himachal Pradesh Financial Rules (HPFRs), 2009 stipulate that all moneys received by or on behalf of the Government should be brought into account immediately by maintaining a cash book or other records showing the day to day receipts of revenue collected and revenue paid into the treasury and every month, a consolidated schedule of receipts for all remittances made during the previous month should be obtained from the treasury and compared with the entries of daily collection register/ cash book. Audit noticed that:

- In contravention of above provisions, funds of ₹ 12.27 crore withdrawn by the test-checked DDAs for agriculture inputs under different schemes during 2010-15 were lying unutilised in banks for three to 54 months due to non-completion of codal formalities⁵. Non-utilisation of the funds resulted in non-completion of the activities under the schemes depriving the public of the intended benefits.
- In the test-checked DDAs, the SMSs/ ADOs had not maintained daily collection registers/ cash book for the amount received by them from the farmers on account

⁵ Non-finalisation of tenders, preparation of estimates, etc.

of sale of inputs during 2010-15. Resultantly, actual amount of revenue realised could not be verified in audit.

- In test-checked districts Kangra and Solan, the DDAs had not done the reconciliation of the amount of ₹ 264.29 crore⁶ deposited in treasury during 2010-15.

While admitting the facts (June 2015), the DDAs Kangra and Solan had not furnished reasons for non-maintenance of registers, etc. for revenues collected and non-reconciliation with treasury. The DDA, Una stated (May 2015) that the necessary register could not be maintained due to shortage of staff, etc. The replies are not acceptable as non-maintenance of the control records and non-reconciliation with treasury may lead to misappropriation as indicated in the succeeding paragraphs.

2.1.3.4 Non-deposit of sale proceeds of inputs in Government account

Rule 3 of HPFRs provides that all moneys received by a Government servant on behalf of the Government are brought into Government account immediately. Audit noticed that:

(i) As per annual accounts of inputs, an amount of ₹ 3.10 crore collected by the departmental officers/ officials of 10 districts on account sale of agriculture inputs to the farmers prior to March 2014, was not deposited and accounted for in the Government account which tantamount to misappropriation (**Appendix-2.1**). The Department had not taken effective steps for recoveries from the Government officials. Besides, complete details of the amount of inputs due to be deposited was also not supplied by the Department.

(ii) In the test-checked districts, ₹ 1.02 crore pertaining to the period 1985-86 to 2013-14 was outstanding for recovery from 19 parties (Government officials) as of March 2015 and the DDAs had not taken effective steps for recovery/ deposit of the amount in Government account (**Table-2.1.3**).

Table-2.1.3
Details of recovery of sale proceeds of inputs due from the departmental officers as of March 2015

DDA	Year	Number of parties	Amount outstanding for recovery after taking into consideration amount recovered/ adjusted as of March 2015			Total
			Seeds	Implements	PPM	
			₹ in lakh			
Kangra	2013-14	2	0	0	0.02	0.02
Solan	1987-88	11	1.50	2.39	0.73	4.62
	2012-13		0.68	0.71	0.08	1.47
	2013-14		2.72	0.09	0.76	3.57
Una	1985-86	6	6.18	0	0	6.18
	1987-88		33.75	36.54	15.34	85.63
	2011-12		0.04	0	0.03	0.07
Grand total		19	44.87	39.73	16.96	101.56

Source: Department figures.

The DDA, Kangra had not furnished reasons for the lapse. The DDAs, Solan and Una stated (May 2015) that recovery could not be effected due to very old cases and efforts would be made for early recovery/ settlement of the cases. The replies are not convincing as the DDAs had not taken effective steps for realisation of Government money from the defaulting Government officials promptly.

(iii) In Indora and Rait blocks of Kangra district and Kandaghat block of Solan district, sale proceeds of inputs of ₹ 32.15 lakh⁷ realised from the farmers during 2014-15

⁶ Kangra: ₹ 190.04 crore and Solan: ₹ 74.25 crore.

⁷ Indora: ₹ 31.65 lakh, Rait: ₹ 0.11 lakh and Kandaghat: ₹ 0.39 lakh.

had not been deposited in the treasury as of June 2015 which amounts to misappropriation. The DDA Kangra stated (June 2015) that the matter would be investigated. The DDA, Solan had not furnished the reply.

(iv) In Kandaghat block, inputs costing ₹ 2.60 lakh issued by the SMS to the AEO Kandaghat between August 2014 and March 2015 had neither been entered in the store register nor sale proceeds thereof deposited in treasury as of July 2015. Thus, pilferage of the stores and misappropriation of Government money are not ruled out.

(v) In the test-checked districts, of the farmer share of ₹ 1.55 crore to be realised on inputs during 2012-15, ₹ 22.50 lakh⁸ had not been realised (July 2015) which indicated lack of monitoring over the distribution of inputs on the part of the Department. The DDA Kangra and Solan attributed the non-realisation of the farmers' share to defective and unsold materials. DDA Una did not furnish the reasons.

The Director stated (October 2015) that necessary instructions had been issued to the defaulters. In the exit conference, the ACS stated that necessary directions for proper maintenance of records and timely deposit of sale proceeds would be issued to the field staff.

2.1.3.5 Utilisation of State disaster response funds for procurement of inputs

The State Disaster Response Funds (SDRF) are to be used only for meeting the expenditure for providing immediate relief to the victims of cyclone, drought, earthquake, fire, flood, tsunami, hailstorm, landslide, avalanche, cloud burst and pest attack.

(i) Audit noticed that:

- Of ₹ 21.20 crore received by the Agriculture Department under SDRF through Divisional Commissioner, Shimla during 2010-15 for providing immediate assistance/ subsidy for procurement of agriculture inputs to the farmers, the Director had released ₹ 21.12 crore to the field offices (DDAs, etc.) after a delay ranging between 11 and 642 days (**Appendix-2.2**) and ₹ 0.08 crore were lying unspent since September 2014. Besides, ₹ 0.70 crore received back (September 2014) from the field offices were also lying unutilised with the Director as of July 2015. The delay in releasing/ utilisation of the SDRFs defeated the purpose of providing immediate relief/ assistance to the concerned beneficiaries.
 - During 2013-15, funds of ₹ 3.73 crore⁹ were diverted towards execution of land protection works instead of providing assistance/ subsidy for procurement of inputs to the farmers.
 - The Department had not maintained any separate account/ cash book for receipt, allocation and utilisation of funds under SDRF and the amount received back from the field units was not entered in the general cash book of the Department.
- (ii) Of ₹ 7.68 crore available for agriculture inputs under SDRFs with the test-checked districts¹⁰ during 2010-15, the DDAs had utilised ₹ 6.58 crore leaving an unutilised amount of ₹ 1.10 crore¹¹ in banks as of June 2015. Thus, the test-checked DDAs had also not utilised the funds expeditiously. Besides, the records of assessment of crop damages were not available with the field units without which the utilisation of the SDRFs for actual beneficiaries could not be verified in audit.

⁸ Kangra: ₹ 1.48 lakh; Solan: ₹ 13.81 lakh and Una: ₹ 7.21 lakh.

⁹ 2013-14: ₹ 2.84 crore and 2014-15: ₹ 0.89 crore.

¹⁰ Kangra: ₹ 3.06 crore, Solan: ₹ 2.48 crore and Una: ₹ 2.14 crore.

¹¹ Kangra: ₹ 0.34 crore, Solan: ₹ 0.06 crore and Una: ₹ 0.70 crore.

The Director stated that (October 2015) the funds could not be put to use immediately for want of completion of procedure for procurement of additional inputs. The reply is not in conformity with the provisions of the SDRFs guidelines as the expeditious utilisation of the funds for the intended purpose should have been ensured.

2.1.4 Procurement and distribution of agriculture inputs

The procurement and distribution of fertilisers in the State is made by Himachal Pradesh State Cooperative Marketing and Consumers' Federation Limited (HIMFED)/ Indian Farmers Fertilisers Cooperatives Limited (IFFCO) and the other inputs *viz.* seeds, implements and PPMs are procured and distributed by the Agriculture Department.

2.1.4.1 Procurement of seeds, plant protection materials and implements

The Directorate issues supply orders for procurement of the inputs to various agencies periodically as and when demanded by the DDAs. The certified seeds are procured from the Government agencies/ corporations¹² and hybrid seeds are procured from private companies on the basis of tenders finalised by a High Level Purchase Committee (HLPC) in the Department. The PPMs and implements are procured at rate contract finalised by Himachal Pradesh Agro Industries Corporation Limited (HPAICL) and Controller of Stores respectively.

Audit noticed that the Directorate had not consolidated the data of the inputs actually procured in the State as a whole during 2010-15. In the absence of which, the actual procurement of inputs could not be ascertained. This indicated lack of control on procurement process on the part of the Department. The Director admitted the facts and stated (August 2015) that the total procurement of inputs was being consolidated.

2.1.4.2 Distribution of seeds, plant protection materials and implements

The inputs procured are kept in the central stores in the districts from where the supply is arranged to the blocks/ circles for further distribution to the farmers.

- (i) The details of targets and achievements of distribution of seeds, PPMs and implements during 2010-15 in the State as a whole are given in **Table-2.1.4**.

Table-2.1.4
Details of targets and achievements of distribution of seeds, PPMs and implements during 2010-15

Year	Seeds(MTs)			PPM (MTs)			Implements (numbers)		
	Target	Ach.	Var.	Target	Ach.	Var.	Target	Ach.	Var.
2010-11	9500	9540	40	140.00	141.00	1.00	100000	92750	-7250
2011-12	9500	9350	-150	140.00	152.90	12.90	100000	112850	12850
2012-13	9600	10544	944	100.00	161.20	61.20	100000	115700	15700
2013-14	9700	9812	112	140.00	210.90	70.90	100000	120350	20350
2014-15	10210	11600	1390	135.00	190.10	55.10	105000	132240	27240
Total	48510	50846	2336	655.00	856.10	201.10	505000	573890	68890

Source: Departmental figures.

It would be seen from **Table-2.1.4** that the Department had achieved targets of distribution of inputs during 2010-15 except shortfall of 7250 implements (2010-11) and 150 MTs seeds (2011-12). However, there was delay in distribution of the seeds as indicated in **Paragraph-2.1.4.3**.

- (ii) In Kangra and Una districts, the achievements had exceeded the targets of distribution of seeds by 2941.57 MTs (Kangra: 448.52 MTs and Una: 2493.05 MTs) and there was shortfall of 678.72 MTs in Solan district during 2010-15. In

¹² IFFCO, Krishak Bharti Co-operative Limited, National Agriculture Cooperative Marketing Federation of India, National Co-operative Consumers' Federation of India Limited and National Seeds Corporation.

distribution of PPMs, the achievements had exceeded the targets to the extent of 63.18 MTs (Kangra: 49.59 MTs and Una: 13.59 MTs) and there was shortfall in achievement of targets by 3.45 MTs in Solan district during above period. In distribution of implements, there was shortfall of 27400 number of implements (Kangra: 11872 and Una: 15528) and the achievement had exceeded the targets by 15687 in Solan district (**Appendix-2.3**). The shortfall in distribution of the implements deprived the farmers of the intended benefits.

Seeds

2.1.4.3 Delay in distribution of seeds

The Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishwavidyalaya (CSKHPKV), Palampur had recommended the normal sowing season of wheat from October to 15 November and that of maize from 15 May to first week of June. The seeds for each crop were to be arranged for distribution to the farmers before the start of the sowing season.

Audit noticed that during 2010-15, 33,011.10 quintals of wheat (28,909.63 quintals) and maize (4,101.47 quintals) seeds costing ₹ 9.39 crore were distributed to the farmers in test-checked districts after the sowing seasons entailing a delay ranging between one and 135 days. Similarly, in seven (out of eight) test-checked blocks, 10,671.35 quintals of wheat (8,709.46 quintals) and maize (1,961.89 quintals) seeds costing ₹ 2.99 crore were distributed to the farmers during the above period after a delay ranging between one and 135 days. The delays in distribution of seeds attributable to non-preparation AAPs for procurement of inputs and delay in preparation of the AAPs for distribution (**Paragraph 2.1.2.1**) resulted in late sowing of crops which would have adverse effect on production and productivity of the crops.

The Director stated (October 2015) that nearly 80 *per cent* area of the districts is rain-fed and sometimes the deficient rainfalls resulted in delay in sowing the crops. The reply is not acceptable as the seed should have been made available to the farmers before the start of the sowing seasons.

2.1.4.4 Procurement of potato breeder seeds

The use of quality seeds of improved varieties is one of the means for increasing production and productivity of crops. For this purpose, the breeder seeds were required to be procured for producing the foundation seeds. The details of targets and achievement of procurement of potato breeder seeds and production of potato foundation seeds thereof during 2010-15 are given in **Table-2.1.5**.

Table-2.1.5
Details of targets and achievement of procurement of potato breeder seeds and production of potato foundation seeds thereof during 2010-15

Crop season	Year	Breeder seed procured from GOI			Production of foundation seed in Government Farms			
		Demanded	Allocated	Lifted	Breeder seed utilised	Production targets	Actual production	Shortfall (<i>per cent</i>)
Kharif	2010-11	1220	966	966	110	440	140	300 (68)
	2011-12	1500	1070	1070	0	0	0	0
	2012-13	1500	1173	610	110	440	34	406 (92)
	2013-14	1500	773	773	100	400	310	90 (23)
	2014-15	1100	565	565	100	400	314	86 (22)
	Total	6820	4547	3984	420	1680	798	
Rabi	2010-11	600	88	88	88	352	232	120 (34)
	2011-12	700	115	95	95	380	310	70 (18)
	2012-13	700	90	90	90	360	196	164(46)
	2013-14	700	101	91	91	364	307	57(16)
	2014-15	500	105	105	105	420	NA*	-
	Total	3200	499	469	469	1876	1045	

Source: Departmental figures.

Note: * NA: Not available as the crop was to be harvested.

It would be seen from **Table-2.1.5** that:

- Against the requirement of 10,020 quintals potato breeder seed for *Kharif* (6,820) and *Rabi* (3200) for 2010-15, the GOI had allocated 5,046 (*Kharif*: 4,547 and *Rabi*: 499) quintals potato breeder seed. Against which, the Department had procured 4,453 quintals (*Kharif*: 3,984 and *Rabi*: 469) which indicated that the procurement was not made as per requirement/ allocation.
- Only 889 quintals (*Kharif*: 420 and *Rabi*: 469) breeder seed was utilised for multiplication in the Government Farms and 3,564 quintals unutilised seed was sold directly to the growers. Thus, even the seed procured was not utilised optimally during 2010-15.
- The shortfall in production of foundation seed against the projected yield during above period ranged between 22 and 92 *per cent* for *Kharif* and 16 and 46 *per cent* for *Rabi*.

The Director had not furnished reasons for short lifting of potato breeder seed. Regarding low yield, the Director stated (May 2015) that the low yield in *Kharif* season was due to established common scab disease and non-availability of farmyard manure and the low yield in *Rabi* season was due to poor germination in draught, rotting of potato seed in heavy rains, attack of wild animals, shortage of skilled labour, etc. The fact, however, remained that the Department had not ensured the minimum expected yield of foundation seed during 2010-15.

2.1.4.5 Procurement of wheat breeder seed

The breeder seed is procured by the Department as per allocation made by the Government of India and supplied to the Government farms for producing foundation seeds.

Audit noticed that the Director had not consolidated/ updated the data of wheat breeder seeds procured/ utilised by the Department in the State as a whole during 2010-15. However, the details of procurement and utilisation of wheat breeder seeds in the test-checked districts during 2010-15 are given in **Table-2.1.6**.

Table-2.1.6
Details of wheat breeder seeds procured and utilised by the test-checked districts during 2010-15

District	Quantity procured	Cost	Quantity. required/ utilised in Government farms	(Quantity in quintals and cost ₹ in lakh)	
				Quantity supplied to private agencies	Cost
Kangra	632.74	26.10	238.55	394.19	16.39
Solan	246.72	10.15	68.90	177.82	7.36
Una	442.40	19.78	84.80	357.60	16.02
Total	1321.86	56.03	392.25	929.61	39.77

Source: Departmental figures.

It would be seen from **Table-2.1.6** that against the requirement of 392.25 quintal wheat breeder seed in Government farms, the DDAs of the test-checked districts procured 1321.86 quintals seed at a cost of ₹ 56.03 lakh resulting in excess procurement of seed of 929.61 quintals costing ₹ 39.77 lakh which had to be supplied to the registered growers. However, the DDAs of the test-checked districts had not maintained the data of production and distribution of foundation seeds by the registered growers. Besides, there was nothing on record (agreements, etc.) to show the proper utilisation of wheat breeder seeds by the registered growers. In the absence of agreements, the performance of providing of the breeder seeds to the registered growers remained unmonitored.

The Director stated (October 2015) that due to transfer of large number of farms from the Department, the breeder seed had to be supplied to the registered growers. The reply is not acceptable as there should have been agreements with the registered growers to enforce the proper utilisation/ production/ supply of the breeder/ foundation seeds, etc.

2.1.4.6 Infertuous expenditure on procurement of wheat breeder seed

As per recommendations (August 2014) of CSKHPKV Palampur, for control of yellow rust of wheat in the State, the Department had deleted (October 2014) certain wheat breeder varieties¹³ from the seed chain.

Audit noticed that:

- (i) Contrary to the guidelines *ibid*, 182.40 quintals wheat breeder seed of four varieties (WH-1021, PBW-644, HS-375 and HD-2967) susceptible to yellow rust were procured by the DDAs for *Rabi* crop season 2014-15 and distributed to farmers for demonstrations defeating the very purpose of the procurement of the seed. Resultantly, the expenditure of ₹ 7.66 lakh (182.40 quintals at the rate of ₹ 4,200 per quintal) proved infertuous. In the exit conference, the Director stated (October 2015) that HD-2967 variety of wheat covered a larger area in cultivation and would be dropped in a phased manner.
- (ii) In test-checked district Solan, the DDA had procured and distributed 600 quintals yellow rust susceptible/ phased out variety of wheat seed HD-2967 valuing ₹ 17.25 lakh to the farmers alongwith other agricultural inputs while giving wheat cluster demonstration defeating the objective of the field demonstrations. The DDA Solan stated (May 2015) that the resistant variety for yellow rust would also be procured in future. The reply is not acceptable as the yellow rust susceptible variety had been deleted (October 2014) by the Department.

Implements

2.1.4.7 Excess procurement of implements

The agriculture implements are procured from the designated sources on the basis of requirements of the field for onward sale/ distribution to the farmers at subsidised rates.

Audit noticed that in the test-checked districts, implements costing ₹ 41.30 lakh¹⁴ procured between April 2011 and May 2013 were lying unsold in the stores of the blocks for the last 25 to 50 months. The procurement of implements without requirement resulted in idle investment of ₹ 41.30 lakh. Besides occupying unnecessary space, their condition would also deteriorate with passage of time.

The DDA, Una stated (May 2015) that implements were designed by CSKHPKV Palampur from different sources which neither supplied literature nor conducted any demonstrations for creating awareness amongst farmers in the district. The reply is not acceptable as the Department had purchased these implements without taking into consideration the requirements/ needs of farmers. The DDAs, Kangra and Solan had not furnished any reply.

2.1.4.8 Non-distribution of implements

Audit noticed that in Una district, 746 number of implements procured during 1990 were lying undistributed in Behdala store of Una block. The implements were neither carried over to the new store registers nor distributed to the farmers. Besides, deteriorating condition of the implements with passage of time, the implements had occupied space unnecessarily which resulted in heavy inventory cost to the Government.

¹³ HPW 89, HPW42, WH 1021, HD 3043, HS 375, PBW 644, VL 616 and HD 2967.

¹⁴ Kangra: ₹ 17.64 lakh (March 2012), Solan: ₹ 4.95 lakh (April 2012 to March 2013) and Una: ₹ 18.71 lakh (April 2011 to May 2013).

The DDA, Una stated (May 2015) that after sudden demise (1990) of the ADO-in-charge of the stores, the inventory of the implements was carried out and handed over to different officers from time to time who had not taken any action for their distribution/ disposal. The reply does not explain the reasons for non-distribution/ disposal of the implements.

2.1.4.9 Procurement of defective electric motors

Audit noticed that on the basis of rate contract finalised (February 2013) by the Additional Controller of Stores, the Department had procured (2012-14) 140 numbers 3-Horse Power (hp) electric motors from a firm¹⁵ at a cost of ₹ 10.01 lakh for distribution to the farmers of Mandi (115) and Chamba (25) districts. Of this, 38 motors were supplied (November 2013) in damaged condition and 65 motors received during August 2013 and January 2014 were not taking the load of the chaff cutter. In spite of pre-dispatch inspection conducted before taking delivery of the material, defective electric motors were procured and provided to the farmers. The Department had not got the defective motors replaced from the firm as of May 2015.

The DDA (Headquarters) stated (May 2015) that necessary directions to replace these motors were given to the supplier. The reply does not explain the reasons for taking possession of the defective/ damaged motors. Besides, the Department had also not ensured their replacement from the firm.

2.1.4.10 Irregular expenditure on distribution of electric motors

Audit noticed that contrary to the guidelines of National Food Security Mission, in Solan district, against a target of distribution of 70 pump sets, the DDA had procured and distributed (December 2014 and March 2015) 364 number of 3-hp electric motors to the farmers at ₹ 4,452 per electric motor instead of complete pump sets under the intervention efficient water application tools. Without pump sets, the farmer would not be able to utilise the electric motors for the intended purpose. Resultantly, the expenditure of ₹ 16.21 lakh was irregular.

The DDA Solan stated (May 2015) that the electric motors were supplied for lifting of water for irrigation of agriculture land of the farmers and formal sanction in this regard would be obtained from the Director of Agriculture. The reply is not acceptable as under NFSM, the assistance was approved for distribution of complete pump sets instead of electric motors only.

Plant Protection materials

2.1.4.11 Irregular fixation of sale rate

As per Departmental instructions (October 2002), in order to meet out the handling charges, the procurement rates of inputs were to be increased upto five *per cent*. Of this, 2.5 *per cent* was to be paid to HPAICL as service charges and 2.5 *per cent* remained with the Department.

Audit noticed that in two test-checked districts¹⁶, while working out the sale rate of PPM procured from suppliers during 2010-15, the procurement rates were increased by the DDAs with 'unforeseen charges' in addition to five *per cent* handling charges. Resultantly, in addition to the handling charges of 2.5 *per cent* already levied, unforeseen charges of ₹ 18.80 lakh were recovered from the farmers irregularly.

The DDAs stated (May and June 2015) that it was very old practice to fix the sale rates of PPM after inclusion of five *per cent* handling charges and loading/ unloading/

¹⁵ M/s SS Enterprises, Jalandhar.

¹⁶ Kangra: ₹ 10.64 lakh and Una: ₹ 8.16 lakh.

unforeseen charges. The reply is not acceptable as there are no Government orders for recovery of loading/ unloading/ unforeseen charges in addition to five *per cent* handling charges, etc. Though asked for (August 2015) the Director had not furnished the reasons for the same.

Fertilisers

2.1.5 Procurement and distribution of fertilisers

2.1.5.1 Assessment of demand, allocation, procurement and sale of fertilisers

The requirement of fertilisers is assessed by the Agriculture Department through IFFCO and HIMFED and the allocation thereof is made by the GOI on the basis of the demand finalised jointly by the GOI, Ministry of Agriculture and Ministry of Chemicals and Fertilisers. After allotment of fertilisers and issue of supply plan on monthly basis, HIMFED places indents with the suppliers for supply of the fertilisers. Besides, certain type of fertilisers viz. Calcium Ammonium Nitrate (CAN), Ammonium Sulphate (AS), Calcium Nitrate (CN), single super phosphate, etc., are procured without GOI supply plan.

- (i) The details of assessment and finalisation of requirement of fertilisers (Urea, NPK and MOP) supply plan approved by GOI and actually procured in the State (IFFCO and HIMFED) during 2010-15 are given in **Table-2.1.7**.

Table-2.1.7
Details of assessment and finalisation of demand of fertilisers, supply plan approved by GOI and actually procured during 2010-15

Year	Demand assessed by IFFCO and HIMFED	Demand submitted to GOI	Supply Plan approved	(Quantity in lakh MTs)	
				Actual supply received	Shortfalls against demand
2010-11	1.21	1.21	1.40	1.04	0.17 (14)
2011-12	1.25	1.16	1.37	1.00	0.25 (20)
2012-13	1.19	1.19	1.03	0.89	0.30 (25)
2013-14	1.04	1.04	1.46	0.95	0.09 (09)
2014-15	1.09	1.10	1.43	0.98	0.11 (10)
Total	5.78	5.70	6.69	4.86	0.92 (16)

Source: Information supplied by Department and HIMFED/ IFFCO. Figures in parenthesis indicate percentage.

It would be seen from **Table-2.1.7** that against demand of 5.78 lakh MTs of fertilisers assessed by the IFFCO/ HIMFED during 2010-15, the procurement agencies (IFFCO and HIMFED) had procured/ lifted fertilisers to the extent of 4.86 lakh MTs resulting in shortfall of 0.92 lakh MTs (16 *per cent*).

- (ii) Against the requirement of 60,380 MTs fertilisers (other than GOI supply plan) during 2010-15, the HIMFED had procured 51,009 MTs fertilisers resulting in shortfall of 9,371 MTs (16 *per cent*) of fertilisers which indicated that adequate procurement of the fertilisers was not ensured for the farmers during above period.

Thus, against the overall requirement of 6.38 lakh MTs fertilisers¹⁷ during 2010-15, the procuring agencies had supplied 5.38 lakh MTs fertilisers¹⁸ to farmers resulting in shortfall of one lakh MTs (16 *per cent*) fertilisers. The percentage shortfall in distribution against requirement during above period ranged between seven and 22. Thus, the farmers were not supplied fertilisers as per their requirement.

¹⁷ 2010-11: 1.33 lakh MTs, 2011-12: 1.36 lakh MTs, 2012-13: 1.28 lakh MTs, 2013-14: 1.21 lakh MTs and 2014-15: 1.20 lakh MTs.

¹⁸ 2010-11: 1.12 lakh MTs, 2011-12: 1.06 lakh MTs, 2012-13: 1.03 lakh MTs, 2013-14: 1.05 lakh MTs and 2014-15: 1.12 lakh MTs.

While admitting the facts, the Director stated (July 2015) that due to variations in climatic conditions it was not possible to assess the requirements accurately. The MD HIMFED stated (November 2015) that demand, allocation and procurement of fertilisers are based on last year's consumption and the consumption in the State depended on rainfall. Besides, the HIMFED had to bear the inventory carrying cost by borrowings from the commercial banks at the interest rate of 13.75 *per cent* on monthly rent basis attracting very high liability of interest (₹ 15.74 crore) paid to the bankers during 2010-15. The replies should be seen in the light of the fact that the adequate supply of fertilisers was not ensured to the farmers.

2.1.5.2 Short supply of complex fertilisers

Complex fertiliser includes NPK 12:32:16, 10:26:26 and 15:15:15 which are the main fertilisers for increasing the crop production. Audit noticed that against the requirement of 2.12 lakh MTs¹⁹ NPK, the procurement agencies had distributed 1.35 lakh MTs²⁰ during 2010-15 resulting in shortfall of 0.77 lakh MTs (36 *per cent*). Thus, the farmers were deprived of the supply of the complex fertilisers during above period. The Director had not furnished reasons for the short supply.

2.1.5.3 Avoidable expenditure on the procurement of CAN fertiliser

The HIMFED is an apex State co-operative institution for procurement and distribution of fertiliser to the farmers through its own area offices and co-operative societies.

Audit noticed that during 2011-14, HIMFED had procured 18584.50 MTs of CAN costing ₹ 27.97 crore (4940 MTs at the rate of ₹ 14500 per MT during April 2011 to June 2012: ₹ 7.16 crore and 13644.50 MTs at the rate of ₹ 15250 per MT during July 2012 to March 2014: ₹ 20.81 crore) from the Gujarat Narmada Valley Fertilisers and Chemicals (GNVFC) at rake point Rajpura. However, the same firm had sold the CAN to the State of Punjab and Haryana at the rate of ₹ 11,500 per MT and ₹ 13,700 per MT respectively at the same rake point Rajpura. Thus, in spite of bulk purchase of the CAN, the HIMFED failed to get the rates of the CAN neutralised which resulted in extra payment of ₹ 3.60 crore to the GNVFC thereby putting extra financial burden on the farmers.

The MD stated (January 2015) that M/s GNVFC is a Public Sector company supplying CAN fertiliser to the State to meet the urgent demand of farmers. Reply is not convincing as the HIMFED should have pursued the case vigorously.

2.1.5.4 Non-installation of tetra beds

With a view to develop organic farming in the State, the Director had allocated funds of ₹ 3.18 crore to DDA Kangra for installation of 5983 tetra beds and 545 vermi compost pits during the year 2010-15. The work was to be executed within the same financial year.

Audit noticed that only 3092 tetra beds had been installed in the district during 2013-15 and expenditure of ₹ 1.55 crore had been incurred. The remaining 2891 tetra beds and 545 vermi compost pits had not been installed as of June 2015. Non-installation of the tetra beds and vermi compost pits deprived the concerned beneficiaries of the intended benefits besides blocking of ₹ 1.63 crore with the DDA.

¹⁹ 2010-11: 0.50 lakh MT, 2011-12: 0.53 lakh MTs, 2012-13: 0.48 lakh MTs, 2013-14: 0.30 lakh MTs and 2014-15: 0.31 lakh MTs.

²⁰ 2010-11: 0.40 lakh MT, 2011-12: 0.30 lakh MTs, 2012-13: 0.19 lakh MTs, 2013-14: 0.23 lakh MTs and 2014-15: 0.23 lakh MTs.

The DDA Kangra stated (June 2015) that the work of installation of tetra beds was entrusted to HPAICL which had not submitted the installation report to concerned SMSs. The reply is not convincing as the tetra beds had not been installed as of June 2015.

2.1.6 Tendering process

2.1.6.1 Irregular procurement of seed potato

Rules 102 and 103 of HPFRs provide for procurement of goods of estimated value of ₹ one lakh and upto ₹ 10 lakh through Limited Tender System and above ₹ 10 lakh through Advertised Tender System respectively. Audit noticed that:

- During 2010-15, the Department had finalised the procurement rates²¹ of certified seed potato variety KJ on the basis of negotiation with The Lahaul Potato Growers Cooperative Marketing-cum-Processing Society Limited (LPS), Manali without following the bidding procedure inspite of the fact that there were other licensed firms²² at Manali for the supply of the certified seed potato. During 2010-15, the Department had incurred expenditure of ₹ 7.16 crore²³ on procurement of 28628.50 quintals of certified seed potato which was irregular.
- During 2014-15 procurement of 1,995 quintal of seed potato costing ₹ 0.72 crore was made from M/s Bhagwan Singh and Company, Manali without following the bidding procedure method/ negotiations, etc.
- The Department had finalised (November 2011) the procurement rate (₹ 1400 per quintal) of certified seed potato variety KJ on the basis of negotiation with LPS for the year 2011-12 and procured 3,150 quintal of seed potato costing ₹ 0.44 crore during above period. However, due to reduction of rates, the LPS sold the same variety of seed potato to the cooperative societies in Kangra district at lesser rate of ₹ 1000-1,150 per quintal. As agreement by inserting a price fall clause and other terms and conditions was not entered into with the LPS, the Department had paid the extra avoidable cost of ₹ 0.13 crore²⁴ which ultimately had to be borne by the farmers.

The Director stated (May 2015) that the negotiation committee was constituted with the approval of the State Government and M/s Bhagwan Singh and Company, Manali offered to supply the certified seed potato to the Department as per rate and terms and conditions finalised by the committee with LPS. Further, during 2011-12, due to bumper production, the rates got reduced and the LPS did not agree to the proposal. The reply is not acceptable as the certified seed potato was not procured in a transparent, competitive and fair manner as prescribed in the HPFRs. In the exit conference, the ACS assured that possibility of introducing bid system instead of negotiations would be explored.

2.1.6.2 Avoidable expenditure on hybrid seeds

Audit noticed that the Department had invited (December 2013) tenders for supply of hybrid seeds viz. maize, *bajra*, *sorghum*, tomato, cabbage, capsicum, cauliflower, chillies, cucumber, brinjal, radish, lady's finger, etc. for *Kharif* crop-2014 and opened the same on 16 December 2013. After negotiation with the tendering firms, the HLPC had

²¹ Rates per quintal: 2010-11: ₹ 1,800 (November 2010), 2011-12: ₹ 1,400 (November 2011), 2012-13: ₹ 1,700 (November 2012), 2013-14: ₹ 2,600 (November 2013) and 2014-15: ₹ 3,600 (October 2014).

²² M/s Bhagwan Singh and Company, M/s Hari Singh and Company and M/s Susheel Kumar and Company.

²³ 2010-11: ₹ 1.07 crore (5964 quintals), 2011-12: ₹ 0.44 crore (3150 quintals), 2012-13: ₹ 0.67 crore (3962.50 quintals), 2013-14: ₹ 1.60 crore (6152.50 quintals) and 2014-15: ₹ 3.38 crore (9399.50 quintals).

²⁴ 3150 quintals x (₹ 1400 - ₹ 1000).

finalised (December 2013) the rates of all hybrid seeds and all varieties of maize hybrid at ₹ 6,000 per quintal. None of the firms was ready for the same. Later on, the HLPC had approved (February 2014) the rate for single cross maize hybrids as ₹ 7,500 per quintal. However, the HLPC had not taken into account the minimum rate of ₹ 7,000 per quintal for modified single cross maize hybrid earlier quoted (December 2013) by a firm²⁵. Resultantly, the Department had incurred extra avoidable expenditure of ₹ 11.93 lakh for procurement of 2385 quintal hybrid maize seed.

The Director stated (October 2015) that there was a difference between the modified single cross and single cross. The reply is not acceptable as the single cross and modified single cross maize hybrid had already been categorised by the CSKHPKV Palampur as single cross.

2.1.6.3 Procurement of mobile soil testing laboratories

The GOI had released (between September 2014 and January 2015) funds of ₹ 1.51 crore to State for setting up of three number of fully equipped mobile soil testing laboratories (MSTLs) during 2014-15 under National Mission for Sustainable Agriculture-Soil Health Management (NMSA-SHM) at an approved cost of ₹ 2.01 crore²⁶ and the State Government had also released (December 2014 and March 2015) ₹ 0.50 crore as State share.

Audit noticed that the Director of Agriculture issued supply orders (between December 2014 and January 2015) to the Electronics Corporation of India Limited (Hyderabad) for procurement of the MSTLs at an estimated cost of ₹ 1.93 crore (inclusive of value added tax and entry tax), without following the prescribed competitive bidding process. However, the MSTLs had not been supplied within the stipulated period of two months. Besides, interim stay had also been granted (June 2015) by the High Court on CWP as the Department had not followed the advertised tender system in the matter. Resultantly, ₹ 2.01 crore were lying unutilised with the DDAs, Mandi, Solan and Senior Analytical Chemist, Shimla. The Director stated (October 2015) that there was no other Government organisation in the State who could supply the MSTLs.

2.1.6.4 Short determination/ obtaining of earnest money

As per Rule 106 of the HPFRs, earnest money deposit (EMD) at the rate of two to five *per cent* of the estimated value of the goods was to be obtained from the tenderer(s) alongwith the tenders in the shape of Accounts Payees Bank Drafts (BDs) or duly pledged Fixed Deposit Receipts (FDRs) in order to establish the earnestness of the bidders and eliminate frivolous/ speculative bidding. Audit noticed that:

- (i) During 2010-15, against the EMD of ₹ 86.93 lakh²⁷ required to be obtained from each bidder, for tendering of hybrid seeds of estimated value of ₹ 43.47 crore²⁸, the Department had obtained EMD of ₹ 7.20 lakh²⁹ only which was contrary to the provisions of the HPFRs *ibid*.

The Director stated (October 2015) that the Department procures only those hybrid seeds which are tested and recommended by the State Agriculture/ Horticulture

²⁵ M/s Kanchan Ganga Seed Company Private Limited, Delhi.

²⁶ DDA, Mandi (₹ 0.67 crore) and DDA, Solan (₹ 0.67 crore) and Senior Analytical Chemist, Shimla (₹ 0.67 crore).

²⁷ 2010-11: ₹ 12.24 lakh, 2011-12: ₹ 11.89 lakh, 2012-13: ₹ 16.44 lakh, 2013-14: ₹ 20.31 lakh and 2014-15: ₹ 26.05 lakh.

²⁸ 2010-11: ₹ 6.12 crore, 2011-12: ₹ 5.94 crore, 2012-13: ₹ 8.22 crore, 2013-14: ₹ 10.16 crore and 2014-15: ₹ 13.03 crore.

²⁹ 2010-11: ₹ 1.20 lakh, 2011-12: ₹ 1.20 lakh, 2012-13: ₹ 1.60 lakh, 2013-14: ₹ 1.60 lakh and 2014-15: ₹ 1.60 lakh.

Universities and it was not feasible to assess actual quantity of the variety of the crop to be procured from a particular firm and if more EMD is charged, the firm would not come forward. The reply is not in conformity with the provisions of the HPFRs. In the exit conference, the ACS stated that the EMD was being deposited on flat rate system which would be got approved from the Finance Department.

- (ii) Against the EMD of ₹ 22.70 lakh³⁰ required to be obtained from each bidder, for tendering of Single Super Phosphate fertiliser of estimated value of ₹ 11.35 crore³¹ during 2011-15, the HIMFED had obtained EMD of ₹ 2.00 lakh (at the rate of ₹ 0.50 lakh) only. The earnest money obtained by the HIMFED was below the prescribed percentage. The MD HIMFED stated (July 2015) that the matter would be taken care of in future.

2.1.6.5 Non-obtaining of performance security

Rule 107 of the HPFRs provides that performance security at the rate five to 10 per cent of the value of the contract was to be obtained from the successful bidder in the form of an account payee bank draft or duly pledged FDR or bank guarantee from a commercial bank with a view to safeguard the interest of procuring Department. Audit noticed that:

- (i) The Department had not obtained performance security of ₹ 1.52 crore on procurement of hybrid seeds of estimated value of ₹ 30.44 crore³² from successful bidders during 2011-15. Thus, the necessary safeguards were not ensured and the public funds were put to high risk. The Officer-in-charge (Technical) admitted the fact and stated (June 2015) that the question of performance security did not arise as not even a single case of bad performance was noticed. The reply is not in conformity with the provisions of the HPFRs *ibid*. In the exit conference, the ACS stated that the performance security was being deposited on flat rate system which would be got approved from the Finance Department.
- (ii) The HIMFED had not obtained performance security of ₹ 91.74 lakh on procurement of Single Super Phosphate of ₹ 18.35 crore³³ from nine successful suppliers/ firms during 2011-15. Thus, the necessary safeguards were not ensured and the public funds were put to high risk. Though asked for (July 2015) the MD had not furnished reasons for the lapse.

2.1.7 Quality Control

Since huge quantities of agriculture inputs including seeds, fertilisers, and pesticides are sourced every year from different suppliers/ producers, it is imperative to ensure good quality seeds, fertilisers, pesticides, etc. to the farmers by testing their samples regularly. The quality of agriculture inputs was to be ensured under various regulations³⁴.

2.1.7.1 Establishment of inputs testing laboratories

To ensure the availability of good quality inputs, there existed three fertilizer testing laboratories (Hamirpur, Shimla and Sundernagar), three seed testing laboratories (Mandi, Palampur and Solan) and one State pesticides testing laboratory at Shimla. It was noticed that the staff for seed testing laboratory at Mandi had not been sanctioned. However, only one technical person was deputed from other office. In the other inputs testing laboratories against the SS of technical staff of 28 posts, only 19 persons were in position

³⁰ 2011-12: ₹ 1.54 lakh, 2012-13: ₹ 5.18 lakh, 2013-14: ₹ 6.58 lakh and 2014-15: ₹ 9.40 lakh.

³¹ 2011-12: ₹ 0.77 crore, 2012-13: ₹ 2.59 crore, 2013-14: ₹ 3.29 crore and 2014-15: ₹ 4.70 crore.

³² 2011-12: ₹ 6.12 crore, 2012-13: ₹ 5.94 crore, 2013-14: ₹ 8.22 crore and 2014-15: ₹ 10.16 crore.

³³ 2011-12: ₹ 1.86 crore, 2012-13: ₹ 4.81 crore, 2013-14: ₹ 5.19 crore and 2014-15: ₹ 6.49 crore.

³⁴ Fertilisers Control Orders, 1985, Seeds Act, 1966, Insecticides Act, 1968, etc.

as of March 2015. The shortage of technical staff would have adversely affected the testing of samples of inputs as indicated in the succeeding paragraphs.

2.1.7.2 Targets and achievements for collection and analysis of samples

For ensuring quality of inputs viz. seeds, fertilisers and pesticides to the farming community, the Department had delegated powers to the field officers to check the quality of agriculture inputs. However, the Department had not specified any norms for fixation of targets for testing of inputs in the different inputs testing laboratories. Every year, the Department conveys the targets of quality control of agriculture inputs to the field officers. Audit noticed that:

- (i) Against the targets of collection and analysis of 18,400 samples³⁵ of agriculture inputs during 2010-15 in the State as a whole, the testing laboratories had analysed 11,998 samples³⁶ resulting in shortfall of 6,402 samples (35 per cent). Percentage shortfall in analysis of samples of fertilizers, pesticides and seeds was 15, 47 and 63 respectively. Thus, the Department had not ensured the quality of inputs to farmers.
- (ii) The details of targets and achievements of collection and analysis samples of inputs in test-checked district during 2010-15 are given in **Table-2.1.8**.

Table-2.1.8
Details of targets and achievements of collection and analysis samples of inputs by test-checked districts during 2010-15

(In numbers)				
District	Type of Inputs	Targets	Achievements	Shortfall
Kangra	Fertilisers	1500	1198	302 (20)
	Pesticides	220	107	113 (51)
	Seeds	1390	25	1365 (98)
Solan	Fertilisers	1000	762	238 (24)
	Pesticides	220	63	157 (71)
	Seeds	345	183	162 (47)
Una	Fertilisers	950	697	253 (27)
	Pesticides	120	115	5 (04)
	Seeds	450	257	193 (43)
Total		6195	3407	2788 (45)

Source: Departmental figures.

It would be seen from **Table-2.1.8** that the percentage shortfall in achievements of targets of testing of samples of seeds during above period ranged between 43 and 98 and that of pesticides ranged between four and 71. The shortfall in testing of samples of fertilisers was to the extent of 20 per cent in Kangra, 24 per cent in Solan and 27 per cent in Una. This indicated that the test-checked DDAs had also not ensured the quality of inputs to the farmers. Besides, it was also noticed that the samples of inputs were drawn towards the end of the year just to achieve the targets.

While admitting the facts, the Director stated that the shortfall in achievements against targets was due to large number of technical posts lying vacant in the Department.

2.1.7.3 Distribution of sub-standard seeds and pesticides to farmers

As per provisions of Act/ Rules, sample of pesticides/ seeds are drawn by the Inspectors/ ADOs and sent to laboratory for analysis. In cases, where samples were found sub-standard, DDA had the power to seize the stock and suspend/ cancel the certificate of the dealer.

³⁵ Fertilisers: 10,000, pesticides: 2,500 and seeds; 5,900.

³⁶ Fertilisers: 8,503, pesticides: 1,337 and seeds; 2,158.

Audit noticed that in Una district, of 257 samples of seed tested in the laboratory during 2010-15, nine samples involving 3.71 quintals of seed were found sub-standard. Similarly, out of 115 samples of pesticides drawn, one sample involving five kg pesticides was found sub-standard. However, the whole quantity of seeds and insecticides had been distributed to the farmers. Thus due to supply and distribution of substandard seed and pesticides, the basic purpose of collection and analysis of samples for ensuring distribution of quality inputs to the farmers was defeated.

The DDA stated (May 2015) that the licensees were holding very small quantity of seeds and pesticides so the stop sale order was not issued after taking the pesticide and seed sample and the licenses of dealers were suspended. However, no records in support of suspension of licenses of the dealers were produced.

2.1.7.4 Misbranded pesticide sample

Audit noticed that while monitoring of Insect Pests and Diseases during *Kharif* season 2013, the office of the Directorate of Plant Protection, Quarantine and Storage, Faridabad, (Haryana) had directly drawn a pesticide sample of Mancozeb 75 *per cent* WP (Dithane M-45) batch No. ZJ08XXXXAO³⁷ from a firm³⁸ in March 2013 for testing at central testing laboratory, Faridabad. As per test report, the sample did not conform to the relevant IS specifications in the active ingredient test conducted and the pesticide was declared (June 2013) misbranded. However, the entire four quintals pesticide of this batch valued at ₹ 1.09 lakh purchased by the firm in August 2012 had been sold to the farmers. The Department had not drawn any pesticide samples in Solan during 2012-15.

The DDA Solan stated (May 2015) that no complaint was directly received from the farmers relating to loss suffered by them due to purchase of this misbranded pesticide. The reply is not acceptable as the impact of this misbranded pesticide was neither evaluated by the firm nor by the Department.

2.1.8 Inventory management

A sound store management system involves proper receipt, issue, accounting, safe custody, etc. of the goods/ materials procured.

2.1.8.1 Formulation of detailed procedure

Rule 134 of HPFRs provides that every Department should specify/ formulate a detailed procedure relating to inventory management for receipts, issue, safe custody, disposals, etc., of the goods procured for public use with the prior approval of the Finance Department. Audit noticed that the Agriculture Department had not framed/ specified the detailed inventory management procedure as of October 2015. The Director stated (October 2015) that the inventory was being maintained on annual basis. The reply is not convincing as the detailed procedures for inventory management had not been formulated as of October 2015.

2.1.8.2 Maintenance of store registers

Rule 137 of HPFRs provides for proper maintenance of the records/ accounts of the receipt and issue of each item by the officer-in-charge of the stores. Audit noticed that:

- In the store books of divisional centre stores of the test-checked DDAs for 2010-15, for the materials issued to the different blocks, cross references of entries made thereof by the blocks/ circles were not recorded so as to ensure proper accounting of the materials. Besides, the entries made in central store registers were also not attested by the officer-in-charge of the centre store.

³⁷ Date of manufacturing 08 October 2011 and date of expiry 7 October 2013.

³⁸ M/s Kavita Seeds and Pesticides, Solan.

- In the test-checked districts/ blocks/ circles, dated acknowledgements/ dated signatures of farmers were not obtained on the sale registers/ distribution lists at the time of distribution of the materials in token of receipt of materials.
- In Nalagarh block, the Subject Matter Specialist (SMS) had not produced the store registers of three circles (Nalagarh, Joghon, and Manpura) for April 2010 to June 2013. Though a combined store register for all the circles in the block had been maintained after June 2013 onwards, the separate (circle-wise) entries of materials issued to the farmers were not made in the register, which indicated that the SMS had not ensured circle-wise distribution of inputs to the farmers properly.

In the absence of cross entries and non-authentication of the receipt and issue entries, etc., it could not be ascertained in audit as to whether the material issued from the central store was actually accounted for by the respective blocks or not. In the exit conference, the ACS stated that necessary training for proper maintenance of records would be imparted to the concerned staff. The fact however, remains that improper maintenance of records is fraught with the risk of pilferage of the stores at any stage/ level.

2.1.8.3 Physical verification of stores

Rule 140 of HPFRs provides that physical verification of all stores should be conducted at least once in a year.

Audit noticed that:

- Physical verification of the stores of all the blocks/ circles falling under the jurisdiction of Solan and Una districts was not conducted during 2014-15
- Physical verification of centre store Una had also not been conducted since 2011-12.
- Out of 28 stores in Kangra district, the physical verification of the 15 stores in 2010-11, 11 in 2011-12, seven in 2012-13 and eight in 2013-14 had not been conducted.

The Director stated (October 2015) that directions would be issued to the field functionaries to ensure physical verification of the stores annually.

2.1.9 Internal control system

2.1.9.1 Database for agriculture inputs

To ensure timeliness and greater reliability of assessment of demands, tendering, procurement and distribution of agriculture inputs, it requires strengthening of database by the Department and making it available on-line for the benefits of the farmers and other stakeholders.

Audit noticed that during 2010-15, the Department had not maintained a comprehensive database for agriculture inputs containing *inter alia* the input/ year-wise details of demands assessed, tenders processed, supply orders/ indents issued, procurements made, distribution carried out, etc. Thus, the Department had not ensured the transparency in procurement and distribution of agriculture inputs for the benefit of the stakeholders during above period. While admitting the facts, the Director stated (October 2015) that the matter to create database for agriculture inputs would be examined.

2.1.9.2 Lack of transparency in distribution of agriculture inputs

Rule 3.2 of HPTRs provides that the Government servant receiving money on behalf of the Government should issue receipt in TR-5 to the payer in lieu of the money deposited giving details of receipts.

Audit noticed that in eight test-checked blocks, receipts in TR-5 were not issued to the 3.39 lakh farmers for the moneys received from them at the time of actual distribution of inputs of ₹ 24.37 crore during 2010-15 (Table-2.1.9).

Table-2.1.9
Details of inputs distributed to farmers of eight test-checked blocks during 2010-15
(Farmers in number and cost ₹ in lakh)

District	Block	Seeds		PPM		Implements	
		Farmers	Cost	Farmers	Cost	Farmers	Cost
Kangra	Bajjnath	30316	151.57	15908	43.92	7993	27.75
	Indora	3500	93.07	1500	23.33	2800	11.54
	Nurpur	16358	55.08	3579	9.36	596	2.77
	Pragpur	35437	208.22	9252	27.23	3250	26.23
Solani	Dharampur	42460	218.34	32472	82.81	5215	57.67
	Nalagarh	20435	547.88	14919	117.97	12191	61.35
Una	Amb	12800	291.36	10400	39.62	8880	8.62
	Bangana	27498	271.77	13668	41.61	7136	17.70
Total		188804	1837.29	101698	385.85	48061	213.63

Source: Departmental figures.

In order to fulfil the formality of issue of TR-5, only combined receipts in TR-5 were drawn indicating “amount received from different farmers” on the counterfoils of the receipts just before deposit of the moneys in the treasury. Besides, the sales centres had not maintained daily collection registers for recording of daily receipts, date-wise consolidated records of distribution of materials to the farmers, deposits in the treasury, etc. Resultantly, the actual date of issue and cost of inputs realised could not be ascertained. Non-issue of receipts and non-maintenance of proper records of receipts may lead to misappropriation/ pilferages. In the exit conference, the ACS assured to devise a system to issue the receipts to the farmers.

2.1.9.3 Regulation of distribution of inputs by private sector

As per Seeds (Control) Order 1983, Insecticides (Price, Stock Display and Submission of Reports) Order 1986 and Fertilisers Control Order 1985 certain quantity of inputs are also provided to the farmers by the private sector on the basis of licenses issued periodically by the Department.

Audit noticed that during 2010-15, 1471 number of seed licenses³⁹ were issued/ renewed whereas the data of private firms/ parties doing the business of providing pesticides and fertilisers was not maintained/ consolidated. The Director had not maintained the data of inputs made available to the farmers by the private sector in the State during the above period. Besides, as required under the different Control Orders *ibid*, the Department had not obtained the monthly returns of inputs made available to the farmers from the licensees which indicated that the Department had not regulated the supply of inputs to the farmers by the private sector properly.

While admitting the facts, the Director stated (August 2015) that the Department ensured the quality of seeds, PPMs and fertilisers by drawing samples regularly. The reply is not convincing as the Department had not monitored the supply of inputs to the farmers by the private sector and testing of samples was also much below the targets. Besides, the Director had not stated the basis of fixation of the targets of testing of samples. In the exit conference, the ACS stated (October 2015) that though the Department had not exercised any control over private sector, timely submission of returns as per terms and conditions of licenses issued would be ensured.

2.1.9.4 Pre-dispatch inspections

Audit noticed that as per terms and conditions of the supply orders for inputs, the records relating to the officers deputed for the pre-dispatch inspection, copies of inspection notes and sample analysis reports, etc. were not maintained properly at the Directorate as well

³⁹ 2010-11: 271, 2011-12: 289, 2012-13: 191, 2013-14: 279 and 2014-15: 441.

as field levels. The test-checked DDAs had also not maintained the records relating to the pre-dispatch inspections during 2010-15. In the absence of the control records, the authenticity of the pre-dispatch inspections of the inputs, etc. actually carried out during 2010-15 could not be linked/ verified in audit. The Director stated (October 2015) that the field functionaries were being instructed to maintain proper control records of pre-dispatch inspections.

2.1.9.5 Area under crop cultivation and food grains production

The targets for area to be brought annually for *Kharif*⁴⁰ and *Rabi*⁴¹ crops under cultivation and food grains production had been fixed as 7.98 lakh hectares and 17 lakh tonnes during the eleventh Plan (2007-12) and 7.95 lakh hectares and 16 lakh tonnes during the twelfth Plan (2012-17) respectively.

The details of annual targets and achievements during 2010-11 to 2014-15 are given in **Table-2.1.10**.

Table-2.1.10
Details of annual targets and achievements of area and food grains production during 2010-15
(Area in lakh hectares and production in lakh tonnes)

Year	Kharif Crops				Rabi Crops				Total			
	Area under crops		Food grains production		Area under crops		Food grains production		Area under crops		Food grains production	
	T	A	T	A	T	A	T	A	T	A	T	A
2010-11	4.06	4.01	9.38	8.18	3.89	3.94	7.33	6.76	7.95	7.95	16.71	14.94(89)
2011-12	4.09	4.00	9.59	8.65	3.89	3.88	7.41	6.79	7.98	7.88	17.00	15.44(91)
2012-13	4.05	4.00	8.87	8.04	3.93	3.86	6.73	7.37	7.98	7.86	15.60	15.41(99)
2013-14	4.04	3.91	8.97	8.21	3.93	3.84	6.83	7.64	7.97	7.75	15.80	15.85(100)
2014-15*	4.04	3.98	8.91	8.96	3.92	4.35	7.12	7.78	7.96	8.33	16.03	16.74(104)

Source: Departmental figures. Note: T: Targets and A: Achievement.

Figure in parenthesis indicate percentage. * Achievement figures are tentative.

It would be seen from **Table-2.1.10** that:

- Against the five year plans, the annual targets of area were reduced during 2010-11 and increased during 2012-15 and that of production reduced during 2010-11 and 2012-14 which indicated that the annual targets during above period did not flow from the five year plans. Besides, as the total cultivable area remained more or less the same the Department had reduced the food grains production targets during above period significantly and even the reduced targets were not achieved.
- There was shortfall in achievement of targets of area during 2011-12 (10,000 hectare), 2012-13 (12,000 hectare) and 2013-14 (22,000 hectare) and shortfall in achievement of production targets during 2010-11 (11 *per cent*) and 2011-12 (nine *per cent*).

The Director stated (October 2015) that 80 *per cent* cultivated area is rainfed and reduction in production was due to adverse climatic conditions.

2.1.10 Beneficiary survey

Proper monitoring mechanism did not exist in the Department. However, audit conducted beneficiary survey of 400 beneficiaries (50 beneficiaries from each of eight selected blocks) in conjunction with departmental officials regarding their satisfaction level on different parameters on procurement and distribution of agriculture inputs. As per their responses given in **Table-2.1.11**, the satisfaction level of certain parameters was low.

⁴⁰ *Kharif* crops include Maize, Paddy, Ragi, Millets and *Kharif* pulses.

⁴¹ *Rabi* crops include Wheat, Barley, Gram and *Rabi* pulses.

Table-2.1.11
Details of responses of beneficiary survey

Sl. No.	Parameters	Response (per cent)	
		Yes	No
1.	Contacting the beneficiaries/farmers before procurement of inputs by the Department	20	80
2.	Adequacy in the availability of inputs	79	21
3.	Timely availability of agriculture inputs	77	23
4.	Availability of good quality Seeds	74	26
5.	Availability of good quality PPM	61	39
6.	Any defect in the quality of inputs brought to the notice of the Department	8	92
7.	Action taken by the Department to remove or repair defects in the quality of inputs	8	92
8.	Soil samples were taken and tested by the Department	29	71
9.	Organisation of farmer training camps	79	21

2.1.11 Conclusion and recommendations

There were instances of withdrawal of huge funds from treasury in advance of requirements, non-accountal/ non-reconciliation of receipts with treasury, non-deposits of sale proceeds of inputs, etc.

The Government may consider realising the sale proceeds of inputs from the defaulters in a time bound manner and crediting all revenue receipts promptly in the Government account besides ensuring regular periodical reconciliation of receipts with treasury.

There were instances of excess/ short procurement of seeds and short procurement of fertilisers against the requirements and the distribution of seeds was carried out after sowing seasons entailing a delay upto 135 days.

The Government may consider devising a proper system to ensure the procurement of agriculture inputs and their distribution to the farmers as per requirements in a timely manner.

There were instances of non-adherence of the prescribed tendering process.

The Government may consider effecting the purchases in a transparent, competitive and fair manner.

Quality control aspect was inefficient as the required samples of inputs were not collected/ analysed and shortfall during the period covered under audit ranged between four and 98 per cent.

The Government may consider strengthening the existing laboratories for the testing of sample of inputs to ensure good quality seeds, fertilisers, pesticides, etc., to the farmers.

Inventory and internal control systems for satisfactory delivery of services in the Department were weak as the control registers and complete database of the inputs required, procured and distributed had not been maintained.

The Government may consider maintaining complete records and reliable database of inputs required, procured, and distributed to the farmers and making it online.

The audit findings were referred to the Government in August 2015. Reply had not been received (November 2015).

Health and Family Welfare Department

2.2 National Rural Health Mission

The National Rural Health Mission (NRHM), a Government of India (GOI) scheme, was launched in the State in April 2005. The Mission aimed to improve access of rural people to equitable, affordable, accountable and effective primary health care services. The significant audit findings are as under:

Highlights:

- *Programme Implementation Plans during 2010-15 were prepared without considering the needs of the districts, blocks and villages. Identification of the healthcare needs was inadequate as the household survey was not conducted in the State as of March 2015.*
(Paragraphs 2.2.2.1 and 2.2.2.2)
- *Of the total available funds, 19 to 47 per cent remained unutilised with the Mission Director during 2010-15.*
(Paragraph 2.2.4)
- *Against Indian Public Health Standards norms for posting of 3390 doctors in the State, 1213 were sanctioned and 1059 (31 per cent) were in position as of March 2015. Similarly, as against requirement of 6195 health workers for Health Sub Centres in the State, only 3032 (49 per cent) were in position.*
(Paragraph 2.2.6.1)
- *During 2010-15, the percentage achievement of targets of primary and secondary immunisation of children for BCG, Measles, DPT, Hepatitis B and TT ranged between 42 and 114 and 66 and 95 respectively. Cold chain equipments were not available in 166 PHCs (out of 500).*
(Paragraphs 2.2.7.6 and 2.2.7.8)
- *Mobile Medical Units were not operationalised and 10 vehicles procured in May 2014 for the purpose, were lying idle as of May 2015. Telemedicine project at 19 locations in the State was lying in defunct position since 2009.*
(Paragraphs 2.2.7.13 and 2.2.7.14)
- *Monitoring was weak, comprehensive call centre for mother child tracking system, adolescent health counselling and dedicated helpline was not established despite availability of sufficient funds.*
(Paragraphs 2.2.7.15 and 2.2.12)

2.2.1 Introduction

The National Rural Health Mission (NRHM) was launched by the GOI on 12th April 2005 and was operationalised in Himachal Pradesh from the same date. The main objectives of the Mission, to be met during 2005-15 were access to integrated comprehensive primary healthcare; maintain population stabilisation, control gender and demographic imbalances; reduction of infant and maternal mortality rate; and prevention and control of communicable and non-communicable diseases including locally endemic diseases.

The Mission was aimed at strengthening health care delivery system by converging various existing stand alone programmes⁴². There are three State hospitals,

⁴² National Disease Control Programmes (NDCP), Reproductive and Child Health-II (RCH-II), Vector Borne Disease Control Programme, Tuberculosis, Leprosy, Blindness Control Programme and Integrated Disease Surveillance Project with the exception of National AIDS and Cancer Control Programme.

12 District Hospitals, 48 Sub-Divisional Hospitals, 78 Community Health Centres, 500 Primary Health Centres and 2065 Health Sub Centres in the State for providing health care facilities.

Organisational set up

At the State level, the Mission functions under the overall guidance of the State Health Mission (SHM) headed by the Chief Minister and its activities are carried out by the State Health and Family Welfare Society (SHFWS) through a Governing Body (GB) headed by the Additional Chief Secretary (ACS) and Executive Body (EB) headed by Director Health Services.

At the district level, there is a District Health Mission headed by the Minister of the concerned district. Its functions are carried out by the District Health Society (DHS) with Deputy Commissioner as Chairperson and Chief Medical Officer as Member Secretary. At Block level, the Medical Officers in-charge of the Community Health Centres (CHCs) are responsible for implementing the scheme.

Audit Scope and Methodology

Implementation of NRHM for the period 2010-15 was reviewed (March-June 2015) through a test-check of records in the offices of Mission Director, three⁴³ out of 12 District Health Societies (DHSs) selected on Probability Proportionate to Size Without Replacement method and six⁴⁴ out of 16 Community Health Centres (CHCs) in the selected districts, 12⁴⁵ out of 26 Primary Health Centres (PHCs) under the selected CHCs and 24⁴⁶ out of 42 Health Sub Centres (HSCs) under the selected PHCs. Audit objectives, criteria and scope of audit were discussed (May 2015) in an entry conference with the Additional Chief Secretary (Health) and the State Mission Director. Audit findings were discussed in an exit conference held with the ACS in November 2015 and the views of the State Government have been appropriately incorporated in the report.

Audit Objectives

The objectives of performance audit were to assess whether:

- Planning processes of the Mission at village, block, district and State levels were adequate and effective;
- Release and utilisation of funds was adequate and efficient;
- Capacity building and strengthening of physical infrastructure and human resource at different levels was adequate;
- The performance indicators and targets fixed under the Mission were achieved timely and efficiently; and
- Monitoring and internal control mechanism was functional and effective.

Audit Criteria

Audit criteria were derived from the following sources:

- Guidelines issued by the GOI for implementation of NRHM and instructions issued from time to time;

⁴³ Chamba, Kullu and Solan.

⁴⁴ Arki, Banjar, Choori, Jari, Syri and Tissa.

⁴⁵ Bainj ki hatti, Garsa, Chandi, Chhatarari, Chhausa, Dhullara, Jajhakothe, Jassourgarh, Kurgal, Manikaran, Sainj and Thatibir.

⁴⁶ Bershaini, Bisha, Chamera, Charda, Dhaugi, Dumehar, Gahra (Arki), Gahra (Choori), Ghat, Grahani, Hurla, Jhaja, Kakla, Khali, Laada, Larji, Lesuin, Materni, Nagali, Sachani, Sai, Seikothe, Sharan and Thaneikothe.

- Indian Public Health Standards (IPHS) for upgradation of CHCs and PHCs; and
- State Programme Implementation Plan (PIP) approved by GOI and Memorandum of understanding (MoU) between the GOI and State.

Follow up on earlier Performance Audit

Implementation of NRHM in Himachal Pradesh was earlier reviewed and reported through paragraph 1.1 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2009. Significant findings of earlier Performance Audit included non-preparation of perspective plan and district health action plans, non-utilisation of available funds, acute shortage of manpower in all the health institutions, non-formation of village health and sanitation committees, non-convergence of Mission activities with other departments, etc. Government in its reply (December 2011) to the Report tabled in April 2010 accepted findings and committed to comply with audit observations. The Report had not been taken up for discussion by the Public Accounts Committee as of July 2015. However, the issues pointed out by audit earlier were persisting as evidenced during the current audit.

Audit findings

2.2.2 Planning

2.2.2.1 Household and facility surveys

As per NRHM guidelines the plans were to be prepared on the basis of household and facility surveys at village, block and district levels based on IPHS norms. Fifty *per cent* of these surveys were required to be completed by 2007 and 100 *per cent* by 2008.

Scrutiny of records showed that facility survey was carried out in the State during 2007-08 but the household survey was not conducted in any of the districts as of March 2015. In the absence of a household survey, the Department did not have a complete database for a meaningful assessment of health care services and identify the gaps for future course of interventions and formulation of the State Programme Implementation Plan (PIP) covering all the villages, blocks and districts of the State.

The concerned Chief Medical Officers (CMOs) stated (April-May 2015) that process of conducting of household survey is in progress and likely to be completed in the current financial year. The reply is to be seen in the light of the fact that household surveys were to be completed by 2008.

2.2.2.2 Preparation of perspective and annual action plans

As per NRHM framework, Perspective Plan (PP) was to be prepared for each district and for State for the Mission period (2005-12), now extended upto 2017, outlining the overall resource and activity needs. Accordingly, villages were to develop draft plans to be consolidated and approved at block level. Similarly, block plans were to be consolidated at district level and District Health Action Plans (DHAPs) were to be aggregated and collated at the State level for preparation of State PIP/ Annual Action Plan (AAP).

Scrutiny of records showed that Village Health Plans and Block Health Action Plans (BHAPs) were not prepared as of March 2015. Further, PP required to be prepared for 2005-12 and 2012-17 outlining the year-wise resource and activity needed for the districts, was not prepared as of March 2015. In the absence of Perspective Plan, long term planning to create sufficient health infrastructure and provide quality health care services in the State was not ensured as indicated in **Paragraphs 2.2.5 and 2.2.6.**

The CMOs of the test-checked district stated (April-May 2015) that the DHAPs were prepared keeping in view the Health Management Information System (HMIS) reporting and facility survey/ status reports submitted by the Block Medical Officers to DHS every year. The reply is not acceptable as community participation was not ensured through preparation of Village Health Plans and BHAPs. In the exit conference, the ACS stated that preparation of other plans was not necessary as the GOI had asked the State to spend the NRHM funds at its own. The fact, however, remains that the contention of the ACS was not supported by documentary evidence.

2.2.2.3 Submission of State Programme Implementation Plans (PIPs) and District Health Action Plans to GOI

As per the NRHM framework, the PIP for the State was to be prepared annually by the State Health Society (SHS) by aggregating the annual DHAP of each district. The PIP was to be submitted to GOI by 31st December of the previous year. It was, however, noticed that there were delays in submission of the PIPs ranging between 66 and 224 days during 2010-15.

The Mission Director (MD) attributed (June 2015) the delays in finalisation of PIP to observations raised by the GOI. The reply is not acceptable as delay was on part of SHM in submission of the PIPs to GOI resulting in delay in approval, release of funds and implementation of the programme as can be seen in **Paragraph 2.2.4**.

2.2.2.4 Community involvement in planning, implementation and monitoring

As per paragraph 12 of NRHM framework, Village Health and Sanitation Committee (VHSC) in the State was to be formed in each revenue village⁴⁷ and registered under the Societies Registration Act, 1860. The State Government was to constitute 30 *per cent* of total VHSCs by 2007-08 and balance 70 *per cent* by 2008-09.

Scrutiny of records showed that only 3,243 (19 *per cent*) VHSCs against stipulation of 17,495 were formed during 2012-13 at *gram panchayat* (GP) level instead of revenue village level. Delay in formation of VHSCs and non-formation of the same at revenue village level by the State Government led to lack of community participation at the grass root level.

In the exit conference, the ACS stated that the VHSCs at the village level could not be constituted due to hard and hilly geographical terrain. The fact, however, remains that the Department had not constituted the VHSCs as provided in the guidelines.

2.2.3 Institutional arrangements

2.2.3.1 Formation of Health Monitoring and Planning Committee (HMPC)

Paragraph 13 and 53 of NRHM framework envisaged formation of HMPC at all levels i.e. HSC, PHC, CHC, District and State to ensure a community based monitoring framework undertaking continuous assessment of planning and implementation of NRHM. Scrutiny of records of test-checked HSCs, PHCs, CHCs, districts and SHS showed that HMPC was not formed at any level. The planning process at primary level was thus inadequate in terms of NRHM framework due to lack of community participation.

The MD, NRHM stated (June 2015) that work relating to HMPC at all levels was being looked after by the *Rogi Kalyan Samiti* (RKS). The reply is not acceptable as community based monitoring framework that was to allow continuous assessment of planning and implementation of NRHM was not available as of March 2015 due to non-formation of

⁴⁷ A revenue village is a small administrative region with defined borders and a Gram Panchayat may have one or more revenue villages.

these committees at all levels giving due representation to the public as per NRHM framework guidelines.

2.2.3.2 Public Report on health

As required under NRHM framework, reports on Public Health have not been prepared by the State and the test-checked districts as of March 2015. As a result, the community was not made aware of the healthcare facilities available under NRHM. The CMOs of the test-checked district confirmed (April-May 2015) the facts.

2.2.4 Financial Management

As per the financial norms of NRHM, the sharing arrangement between the Central and State Government was in the ratio of 85:15 for 2010-13 and 90:10 during 2013-15. The detail of funds released by the GOI and State and utilisation thereagainst during 2010-15 was as given in **Table-2.2.1**.

Table-2.2.1
Details of funds released by the GOI and State and utilisation thereagainst during 2010-15
(₹ in crore)

Year	Allo- cation	OB	Funds due		Funds received		Short release by GOI	Intt.	Total availability of funds	Funds utilised	Unutilised balance
			GOI	State	GOI	State					
1.	2.	3.	4.	5.	6.	7.	8.	9.	10. (3+6+7+9)	11.	12.
2010-11	147.20	40.41	125.12	22.08	114.13	20.00	10.99	1.13	175.67	128.63 (73)	47.04 (27)
2011-12	145.78	47.04	123.91	21.87	131.44	23.00	- 7.53	1.81	203.29	107.52 (53)	95.77 (47)
2012-13	209.57	95.77	178.13	31.44	119.35	47.00	58.78	1.73	263.85	214.25 (81)	49.60 (19)
2013-14	230.63	49.60	207.57	23.06	218.55	23.06	-10.98	2.46	293.67	215.93 (74)	77.74 (26)
2014-15	261.31	77.74	235.18	26.13	181.83	25.94	53.35	2.17	287.68	197.75 (69)	89.93 (31)
Total	994.49		869.91	124.58	765.30	139.00	104.61	9.30	954.01	864.08	

Source: Figures supplied by the State Mission Director. Figures in parenthesis indicate percentage.

Audit scrutiny showed the following:

- **Utilisation of funds**

Utilisation of funds during 2010-15 in the State ranged between 53 and 81 *per cent* against the total availability of funds. Funds were short released by the GOI to the extent of ₹ 104.61 crore during 2010-15 due to delay in submission of final PIPs by the State Health Society (SHS) to GOI as indicated in **Paragraph 2.2.2.3**. The percentage of unspent balances in test-checked districts ranged between five and 57 *per cent* during 2010-15 (**Appendix-2.4**). The MD stated (June 2015) that fund utilisation was low during 2010-15 due to activities such as tendering process, civil works, etc., taken up in a particular financial year generally continuing in the subsequent financial year for completion.

- **Booking of released funds as final expenditure**

The DHSs after release of ₹ 9.72 crore (AMG funds: ₹ 5.78 crore, corpus grant: ₹ 2.59 crore and untied fund: ₹ 1.35 crore) to RKSs booked it as final expenditure without obtaining UCs whereas ₹ 0.52 crore⁴⁸ remained unspent with the RKSs of 42 institutions⁴⁹ of three test-checked districts. The CMOs of the test-checked districts stated (April-May 2015) that UCs would now be obtained from the concerned institutions.

- **Drug Warehousing Project**

With a view to minimise recurring distribution expenses and ensure smooth distribution of medicines/ drugs to the health institutions, the MD, NRHM released (November 2013) ₹ 1.00 crore to Himachal Pradesh State Civil Supplies Corporation Limited (HPSCSCL)

⁴⁸ BMO (six): ₹ 0.16 crore; PHC (12): ₹ 0.34 crore and HSC (24): ₹ 0.02 crore.

⁴⁹ CHC/ BMO: six; PHC: 12 and HSC: 24.

for hiring of three drug warehouses with built up area of 500-700 sqm at Parwanoo/Baddi, Dharmashala and Mandi. It was, however, noticed that the HPSCSCL failed to locate any built up area as of June 2015 and diverted ₹ 10 lakh on procurement of racks (₹ six lakh), furniture (₹ one lakh) and purchase of refrigerator, fire extinguisher and outsourcing of staff (₹ three lakh). Balance amount of ₹ 90 lakh had remained locked up with HPSCSCL due to non-implementation of the project for a period of more than 19 months.

The MD stated (June 2015) that the HPSCSCL had been asked to refund the unutilised funds. The reply is not convincing as the funds have not been effectively managed resulting in diversion/ blocking of funds and non-implementation of project.

• **Non-Preparation of Bank Reconciliation Statement (BRS)**

Section 6 of financial guidelines of NRHM envisaged that BRS was to be prepared on monthly basis by the 10th of the following month. It was noticed that month/year-wise bank reconciliation statement was not prepared during 2010-15 by three⁵⁰ out of 19 test-checked units and an amount of ₹ 19.50 lakh⁵¹ had remained unreconciled as of March 2015. Further, bank pass books/ scrolls had not been produced to audit by the concerned units. The Member Secretary (MS), CHC Sainj stated (May 2015) that bank reconciliation had not been done due to non-posting of accountant in the CHC whereas MS, Civil Hospital, Banjar and MS, PHC Thatibir stated (May 2015) that efforts would be made to reconcile the accounts at the earliest.

• **Non-maintenance of cash book of PHC upgraded to CHC**

Audit noticed that during 2009-13 cash book and other related records like ledger, stock register, etc., was not maintained by the CHC, Sainj and the same was not maintained in proper form and closed periodically during 2013-15. In the absence of proper cash book the exact amount received and disbursed during the above period could not be verified in audit. The Member Secretary of CHC, Sainj stated (May 2015) that necessary records would now be maintained including reconciliation and balance sheets. The reply is not acceptable as the non-maintenance of cash book is a serious lapse and was in-contravention of financial rules *ibid*.

2.2.5 Infrastructure

2.2.5.1 Creation of new health facilities

As per NRHM norms one CHC, PHC and HSC is to be set up for a population of 80,000, 20,000 and 3,000 respectively in hilly and tribal areas. The total population of State as per 2011 census was 68.65 lakh. Comparative position of requirement of these institutions on the basis of the prescribed norms and healthcare facilities actually set up in the State is detailed in **Table-2.2.2**.

Table-2.2.2
Position of requirement of institutions and healthcare facilities actually set up in the State
(In numbers)

Name of health institution	Requirement as per norms	Actually created	Excess (+) /shortfall (-)
CHC	86	78 (91)	(-) 8 (09)
PHC	343	500 (146)	(+) 157 (--)
HSC	2288	2065 (90)	(-) 223 (10)

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

In three test-checked districts deviation from the norms in the number of institutions was also found as shown in **Table-2.2.3**.

⁵⁰ Civil Hospital, Banjar, CHC, Sainj and PHC, Thatibir.

⁵¹ RKS Civil Hospital, Banjar: ₹ 10.76 lakh; CHC, Sainj: ₹ 5.05 lakh and PHC, Thatibir: ₹ 3.69 lakh.

Table-2.2.3
Position of requirement and healthcare facilities actually set up in the test-checked districts
(In numbers)

Name of District	Population (in lakh)	Requirement as per population			Actually created			Shortfall/Excess		
		CHC	PHC	HSC	CHC	PHC	HSC	CHC	PHC	HSC
Chamba	5.19	6	26	173	8	42	176	(+) 2	(+) 16	(+) 03
Kullu	4.38	5	22	146	3	19	99	(-) 2	(-) 3	(-) 47
Solan	5.80	7	29	193	5	34	178	(-) 2	(+) 5	(-) 15

Source: Figures supplied by the test-checked units.

It would be seen from the above tables that position of establishment of CHC was satisfactory whereas there was considerable shortfall in setting up HSC. The overall establishment of PHCs in the State exceeded the norms by 46 *per cent*.

Audit further noticed that health centres at all levels are understaffed and minimum requirement of infrastructure was not available in most of the test-checked centres. In spite of availability of sufficient funds, accessibility to health services for the rural people was not as per IPHSs as indicated in the succeeding paragraphs. In the exit conference, the ACS stated that the health institutions were established as per norms fixed by the Planning Commission and necessary infrastructure was being increased. The fact, however remains that the health institutions in the State were not matching the IPHSs as provided in the Mission guidelines.

2.2.5.2 Execution of works

During 2009-14, 384 civil works like construction of buildings of HSC and PHC, residential accommodation, additional blocks, etc., were sanctioned in the State at a cost of ₹ 68.40 crore. Of this, 125 works (33 *per cent*) costing ₹ 15.50 crore had been completed as of April 2015, 169 (44 *per cent*) sanctioned for ₹ 34.36 crore remained incomplete after spending ₹ 12.40 crore leaving unspent balance of ₹ 21.96 crore and 90 works (23 *per cent*) sanctioned for ₹ 18.54 crore had not been taken up for execution as of April 2015. Work-wise detail of amount sanctioned, expenditure incurred, date of start of work, date of completion of work, etc., was not maintained by the Department in the absence of which audit could not ascertain exact delay, if any, in the completion of works.

In three test-checked districts, 37 works costing ₹ 23.08 crore sanctioned between January 1999 and March 2013 and were required to be completed within six to 36 months from the date of sanction. These works were still (May 2015) lying incomplete after incurring an expenditure of ₹ 8.30 crore due to slow pace of execution. Similarly, 35 works approved between March 2006 and November 2013 for ₹ 12.38 crore had not been started as of May 2015 due to non-award of work, non-availability of land, non-approval of design and estimates, selection of sites, etc.

In the exit conference, the ACS admitted the facts and stated that the works were delayed due to non-availability of land and slow pace of execution by the executing agencies.

2.2.5.3 Basic amenities

As per Indian Public Health Standards (IPHS) guidelines, every district headquarters hospitals (DHH) and CHC *inter alia* should have facilities for pathological tests, x-ray, ultrasound and electro cardio gram (ECG). Audit noticed that the minimum health care amenities as per IPHSs such as operation theatre, blood storage facility, ultrasound facility, labour room, new born care corners, etc., were not available in health institutions in the State, district and test-checked units as detailed in **Appendix-2.5**. Some of the major deficiencies are as follow:

- Out of 500 PHCs in the State, labour rooms were not available in 308 PHCs, operation theatres were not available in 319 PHCs, laboratories were not available in 290 PHCs, minimum four beds were not available in 341 PHCs and new born care corners/ units were not available in 493 PHCs.
- Out 78 CHCs in the State, minimum requirement of 30 beds was not available in 54 CHCs, new born care units were not available in 16 CHCs and stabilisation units for new born units were not available in 50 CHCs.
- Regular water supply was not available in 362 HSCs (out of 2065).
- The Mission Director had not maintained the records of other basic amenities such as blood storage facility, ultrasound facility, ECG facility, emergency obstetric care, emergency service (24 hours), X-ray facility, paediatrics facility, etc.

2.2.5.4 Functioning of PHCs 24x7

Under NRHM frame work (2005-12), the GOI launched a strategy to make emergency maternal healthcare services (safe deliveries) available round the clock in rural public health institutions. As per RCH-II operational guidelines, at least five staff nurses, two MOs (MBBS), accountant, pharmacist, health worker (both male and female), etc., are required in PHCs. To ensure round the clock access to public health facilities, PHCs are expected to provide 24-hour service with basic obstetric and nursing facilities.

Audit scrutiny showed that out of total 500 PHCs in the State, only 81 PHCs had been upgraded to provide the facility of 24x7 delivery services but none of these had basic obstetric and nursing facilities like availability of gynaecologist, staff nurses and skilled birth attendants as per *ibid* norms which resulted in denial of quality maternal healthcare services in these institutions. In three sampled districts none of the PHCs was working round the clock for providing delivery services. The CMOs of the sampled district confirmed (April 2015) the facts.

2.2.5.5 Upgradation of CHCs to First Referral Units (FRUs)

NRHM provides for upgradation of district hospitals/ sub-divisional hospitals/ CHCs to FRUs with adequate facilities and manpower.

Audit scrutiny showed that out of 138 health institutions⁵² in the State, 61 (District Hospitals: 12; Sub-divisional hospital: 17 and CHCs: 32) have been upgraded as FRUs as of March 2015. However, of 61 FRUs, the required facilities such as blood storage, new born care and on call facility of specialists were not available in 44, 51 and 46 FRUs respectively as of May 2015. Besides, 31, 22, 37 and 43 FRUs did not have a Gynaecologist, Pediatrician, Surgeon and Anaesthetist respectively.

In three test-checked districts, five⁵³ health institutions were planned to be upgraded as FRUs during 2005-15 but none had been upgraded as of May 2015 due to non-creation of infrastructure and non-availability of required manpower as per IPHSs. The SHS had also released (upto March 2009) ₹ 2.42 crore for upgradation of three⁵⁴ health institutions which was lying unutilised with concerned institutions/ executing agency as of May 2015. The CMOs of the test-checked districts confirmed (April-May 2015) the facts.

⁵² District Hospitals: 12; Sub-divisional hospital: 48 and CHCs: 78.

⁵³ Civil Hospitals: Chowari and Banjar and CHCs: Bharmour, Manali and Salooni.

⁵⁴ CHC: Bharmour (₹ 40.10 lakh), CHC: Salooni (₹ 40.10 lakh) and Civil Hospital: Banjar ₹ 5.78 lakh and ₹ 1.56 crore to HPPWD for execution of civil works of CH Banjar.

2.2.6 Capacity Building

2.2.6.1 Human Resources

The minimum requirement of manpower and actual in position in health institutions in the state as a whole and in test-checked district is discussed in following sub-paras.

- **Availability of doctors**

As per IPHS, 3390 doctors are required for management of 12 DHs, 78 CHCs and 500 PHCs functioning across the State. Availability of doctors in the health institutions at various levels in the State is detailed in **Table 2.2.4**.

Table-2.2.4
Availability of doctors and specialists at different health institutions as of March 2015
(In numbers)

Level	Requirement as per IPHS	Sanctioned Strength	Person in position	Shortage as per	
				IPHS norms	Sanctioned strength
DH	720	343	316	404(56)	27 (08)
CHC	1170	234	238	932 (80)	--
PHC	1500	636	505	995 (66)	131 (21)
Total	3390	1213	1059	2231 (66)	--

Source: Departmental figures. Figures in parenthesis denote percentage.

As indicated above, shortage of doctors against requirement as per IPHSs ranged between 56 and 80 *per cent* which was bound to have an adverse effect on delivery of quality health care services in these health institutions.

- **Availability of health workers in Health Sub Centres (HSC)**

IPHS for HSCs envisages that a HSC is the most peripheral and first contact point between the primary health care system and the community. IPHS prescribed the deployment of one male and two female health workers in each HSC by 2010.

Scrutiny of records showed that as against the requirement of 6195 health workers (female: 4130 and male: 2065) as per IPHS, only 3032 (female: 1999 and male: 1033) were in position and there was shortage of 3163 (51 *per cent*) health workers as of March 2015. Similarly, in three test-checked districts against the requirement of 1359 health workers (female: 906 and male: 453), only 568 health workers (female: 382 and male: 186) were available and there was shortage of 791 (58 *per cent*) health workers as of March 2015. Audit observed that due to substantial shortage in the posting of health workers, these HSCs were not fully equipped to provide service delivery as per IPHSs to rural people. In 19 out of 24 test-checked HSCs, against the requirement of three health workers (one male and two female), only one health worker and in five HSCs only two health workers were posted.

- **Availability of doctors and paramedical staff in PHC**

IPHS envisages that each PHC should have three doctors (two allopathic and one AYUSH). Besides, para-medical staff like staff nurse, pharmacist, laboratory technician (LT) and lady health visitors (LHV) were also to be appointed. Details of requirement of these health care providers for 500 PHCs of the State as well as PHCs under test-checked districts and availability thereagainst were as detailed in **Table 2.2.5**.

Table-2.2.5
Availability of personnel at PHCs in the State as well as in test-checked district
(In numbers)

Category of staff	Posts required as per IPH standards		In-position		Shortfall against IPH standards		Percentage of shortfall	
	State	Three sampled district	State	Three sampled district	State	Three sampled district	State	Three sampled district
Allopathic doctors	1000	190	475	108	525	82	53	43
AYUSH doctors	500	95	30	10	470	85	94	89
Staff Nurse	2500	475	357	42	2143	433	86	91
LT	500	190	95	25	405	165	81	87
LHV	500	95	127	0	373	95	75	100
Pharmacist	1000	190	391	66	609	124	61	65

Source: Departmental figures.

It would be seen from the above table that there were huge shortages in all cadres in PHCs of the State as well as in the test-checked districts. Staff nurses and LTs were not posted as per stipulation in IPHS. Besides, 58 PHCs in the State were functioning without posting of any regular Medical Officer (MO) as of March 2015.

In the test-checked districts, nine⁵⁵ PHCs were functioning without any doctor, only one MO was posted against the required strength of three in 59 PHCs⁵⁶ and 59 PHCs⁵⁷ were being run without any staff nurse against the requirement of five staff nurses.

• **Availability of doctors and paramedical staff in CHC**

CHCs were designed to provide referral health care from the PHC level and for cases in need of specialist care approaching the centre directly. As per IPHSs, 15 doctors of 11 categories⁵⁸ and 15 staff nurses, two radiographers, three LTs, and three pharmacists were to be provided in each CHC. Detail of requirement for 78 CHCs in the State as well as sample districts vis-à-vis availability of these health providers were as given in **Table-2.2.6**.

Table-2.2.6
Shortage of personnel at CHCs of the State
(In numbers)

Category	Requirement as per IPHSs	Sanctioned Strength	Person-in-position	Shortfall as per IPHSs	Shortfall as per sanctioned strength
Doctors	1170	234	238	932 (80)	--
Staff Nurses	1170	282	269	901 (77)	13
Radiographers	156	65	43	113 (72)	22
LT	234	97	43	191 (82)	54
Pharmacist	234	147	118	116 (50)	29

Source: IPHSs and DHS data 2015. Figures in parenthesis indicate percentage.

Audit observed that 1170 doctors were required to be posted as per IPHSs against which 238 (20 per cent) doctors were available in the CHCs resulting in shortfall of 932 (80 per cent) doctors. In 16 CHCs of three test-checked districts, against requirement of 240 doctors, 69 doctors (29 per cent) were available. In the three test-checked districts the percentage shortage of para medical staff was between 40 and 81 as of March 2015. None of the selected CHCs had General Surgeon, Obstetrician/ Gynaecologist, Anaesthetist and Eye Surgeon as of March 2015.

⁵⁵ Bagdhar, Bathree, Chattrari, Dhardi, Nand, Patta Browary, Salwan, Tungla and Wanghal.

⁵⁶ Chamba: 26, Kullu: 12 and Solan: 21.

⁵⁷ Chamba: 29, Kullu: 09 and Solan: 21.

⁵⁸ Medicine, Surgeon, Pediatrician, Gynecologist, Eye Surgeon, Anesthesia, Public Health Manager, Block Health Officer, Dental, Medical Officer and AYUSH.

- **Availability of specialists in district hospitals**

As per IPHSs, 17 categories⁵⁹ of specialists were required to be posted in DHs on the basis of bed strength of the hospitals. There are 12 DHs⁶⁰ and 48 sub-divisional hospitals in the State.

Scrutiny of records showed that out of 481 specialists⁶¹ essential for DHs, the State Government had only sanctioned 343 posts, of which, 316 Medical Officers/ specialists (66 *per cent* as per IPHSs) were in position as on March 2015. Against the required strength of 17 specialist⁶² doctors in DHs, Reckong Peo and Keylong, no specialist doctor was in position as of March 2015.

While confirming the facts, the MD stated (June 2015) that the State Government was facing acute shortage of doctors due to non-availability of specialist doctors as there were only two medical colleges in the State and the seats were very limited. It was further stated that the required medical and para-medical staff was not provided as per IPHS norms. Thus, the health centres in State remained under staffed affecting assurance regarding the delivery of quality health care services in the State.

2.2.6.2 Training

Paragraph 23 and 24 of NRHM framework stipulates that the implementation teams particularly at District and State level would require development of specific skills.

Audit noticed that the State targeted 12,808 personnel to whom training was to be provided under various programmes during 2010-15 against which 3,176 personnel were trained resulting in shortfall of training to 9,632 (75 *per cent*) personnel. The shortfall ranged between 36 and 81 *per cent* during 2010-15. Thus, the objective of capacity building in increasing the skill and efficiency among health personnel under NRHM remained under achieved.

The MD replied (April 2015) that targets were not achieved due to approval of PIP in 2nd and 3rd quarter of the financial year. Reply is not acceptable as delay in submission of PIPs was on the part of SHS.

2.2.7 Programme Implementation

2.2.7.1 Janani Suraksha Yojana (JSY)

The Janani Suraksha Yojana (JSY) was introduced in 2005-06 as a key intervention to enable women to access institutional deliveries and thereby to reduce MMR and IMR in the State. As per the interim goals/ targets fixed by the State Government, 70 *per cent* deliveries were to be ensured in Government health centres or in accredited private institutions by the end of 2012. The details of institutional deliveries in the State during 2010-15 were as given in **Table-2.2.7**.

⁵⁹ Medicine, Surgery, obstetric and gynae, paediatrics, anaesthesia, ophthalmology, orthopaedics, radiology, pathology, ENT, dental, Medical Officer, dermatology, psychiatry, microbiology, forensic specialists and AYUSH doctors.

⁶⁰ Bilaspur: 250 beds; Chamba: 200 beds; Hamirpur: 214 beds; Dharmashala: 375 beds; Kinnaur: 100 beds; Kullu: 200 beds; Lahaul and Spiti: 70 beds; Mandi: 297 beds; Shimla: 150 beds; Sirmour: 205 beds; Solan: 161 beds and Una: 180 beds.

⁶¹ RH, Reckong Peo and RH, Kelyong: 32 each; RH, Chamba, Hamirpur, Kullu, Nahan, Shimla, Solan and Una: 37 each; RH Bilaspur and Mandi: 50 each and RH, Dharmashala: 58.

⁶² Medicine: 02, Surgery: 02, Obstetric and Gynae: 02, Pediatrics: 02, Anesthesia: 02, Ophthalmology: 01, Orthopaedics: 01, Radiology: 01, Pathology: 01, ENT: 01, Dental: 01 and Psychiatry: 01.

Table-2.2.7
Details of institutional deliveries in the State during 2010-15
(In numbers)

Year	Pregnant women registered	Expenditure incurred on JSY(₹ in lakh)	Institutional deliveries (IDs)		Provided three antenatal checkups
			Departmental target	Achievement	
2010-11	156418	128.55	93206	65525 (42)	121323 (78)
2011-12	139501	117.95	94414	71581 (51)	108902 (78)
2012-13	127827	116.66	95623	75117 (59)	102395 (80)
2013-14	128995	123.30	96847	75855 (59)	107864 (84)
2014-15	115701	93.76	98086	65944 (57)	100223 (87)
Total	668442		478176	354022 (53)	540707 (81)

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

From the above table it would be seen that during 2010-15, 6,68,442 pregnant women were registered in the State, out of which only 3,54,022 (53 per cent) institutional deliveries were ensured in government institutions/ accredited institutions against the targeted deliveries of 4,67,909 (70 per cent). The percentage of institutional deliveries had increased from 42 in 2010-11 to 57 during 2014-15. The percentage of institutional deliveries during the above period ranged between 42 and 59.

Similarly, in three test-checked districts the percentage of pregnant women opting for institutional delivery had not been achieved to the prescribed level of 70 per cent upto March 2015 as detailed in **Appendix-2.6** and the intervention of Antenatal checkups (ANCs) was not implemented effectively in the State as well as in sampled districts as registered pregnant women were not fully covered to ensure effective health care and the percentage of checkups against pregnant women registered during above period ranged between 78 and 87.

The concerned State Programme Officer (SPO) stated (April 2015) that there was a steady increase in institutional deliveries and ANCs in the State. The concerned CMOs stated that mostly posts of gynae remained vacant and all women were not aware of three ANC checkups. The reply is not acceptable as the Department was unable to establish interface with the rural people due to delay in appointment (March 2015) of Accredited Social Health Activists (ASHAs) who were to create awareness amongst rural pregnant women and ensure adequate support during pregnancy and child birth as also discussed in **Paragraph 2.2.7.5**.

2.2.7.2 Iron Folic Acid and Tetanus Toxoid not administered to pregnant women

One of the major aims of the safe motherhood is to register all the pregnant women before they attain 12 weeks of pregnancy and provide them with services, such as four antenatal check-ups, 100 or more Iron Folic Acid (IFA) tablets, two doses of Tetanus Toxoid (TT), advice on the correct diet, vitamin supplements, etc.

Scrutiny of record showed that pregnant women registered after 12 weeks of pregnancy for check up ranged between 42 and 79 per cent in the State during 2010-15. The number of women not provided with 100 days of IFA tablet ranged between 12 and 60 per cent during the above period. The number of women not given TT 1 ranged between 35 and 47 per cent and TT 2 between 13 and 25 per cent during 2010-15 as detailed in **Table-2.2.8**.

Table-2.2.8
Status of Iron Folic Acid and Tetanus Toxoid administered to pregnant women
(In number)

Year	Pregnant women registered	Registered after 12 weeks	Not provided 100 days of IFA tablets	Not provided TT1	Not provided TT2
2010-11	156418	65069 (42)	68755 (44)	74167 (47)	39190 (25)
2011-12	139501	63400 (45)	84033 (60)	58382 (42)	28600 (21)
2012-13	127827	62302 (49)	19702 (15)	46924 (37)	17642 (14)
2013-14	128995	84315 (65)	34176 (26)	49085 (38)	19712 (15)
2014-15	115701	91047 (79)	14372 (12)	40824 (35)	14584 (13)
Total	668442	366133	221038	269382	119728

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

The concerned SPO stated (April 2015) that IFA tablets, TT 1 and TT 2 were not given to all pregnant women due to non-acceptance, intolerability and untimely updating of data.

2.2.7.3 Family Planning

The family planning includes terminal method to control fertility rate and spacing method to improve Couple Protection Ratio⁶³. The terminal method of family planning includes vasectomy for male and tubectomy for female.

Analysis of data furnished by MD, NRHM showed that against the expected level of achievement of 1.43 lakh sterilisation during 2010-15 in the State, the achievement was 1.07 lakh (vasectomy: 0.11 lakh and tubectomy: 0.96 lakh) leading to a shortfall of 0.36 lakh (25 per cent). Further, the proportion of vasectomy to the total sterilisation was only 10 per cent during 2010-15. This showed that males' participation in family planning was not commensurate with that of female participation.

2.2.7.4 Scheme for promotion of menstrual hygiene among adolescent girls

GOI launched (2010) a pilot scheme for promotion of menstrual hygiene among adolescent girls in the age-group of 10 to 19 years in rural area. Scrutiny of records showed that during 2010-13 the GOI supplied 15.95 lakh sanitary napkins in four districts⁶⁴ under this pilot project. The GOI, however, released ₹ 8.08 crore during 2013-15 for implementation of scheme in all 12 districts of the State. Of this, ₹ 3.96 crore was spent on procurement of 27.17 lakh sanitary napkins during 2013-15. However, necessary records of sanitary napkins supplied by the firms to the districts, its distribution to end users and utilisation certificates thereof were not maintained/ obtained by/ from the field functionaries during the above period. In the absence of the same the authenticity of actual distribution of napkins could not be verified in audit. Besides, balance funds of ₹ 4.12 crore remained unspent in savings bank accounts of MD as of March 2015. The concerned SPO stated (April 2015) that delay in consolidation of correct reports/ maintenance of records and utilisation/ distribution of funds/ sanitary napkins were on lower side due to non-posting of ASHAs and funds remained unspent accordingly.

2.2.7.5 Accredited Social Health Activists (ASHA)

NRHM envisaged providing of a trained female ASHA in each village in the ratio of one per 1000 population. Audit noticed that:

- The State Government, considering a population of 800 persons for a village, worked out the requirement of 7750 ASHAs and selected (March 2015) 7497 ASHAs after a period of nine years since start of the mission and their training was under process as of March 2015.
- ASHAs were to be provided drug kits consisting of ORS, contraceptives and a set of 10 basic drugs. However, no procurement of such kits was done during 2010-15.
- Supply order (February 2015) for procurement of 8000 ASHAs back packs costing ₹ 40.32 lakh was placed with Himachal Pradesh State Handloom Shimla, supply of the same had not been received as of July 2015.

Thus, delay in selection of ASHAs affected programme implementation (**Paragraphs 2.2.7.1 to 2.2.7.4**) and deprived the rural population of necessary health care services as envisaged through ASHAs. The MD stated (April 2015) that the State Government

⁶³ Percentage of women in the age group of 15-49 years, protected from pregnancy/ child birth in the year under consideration for a specific area.

⁶⁴ Bilaspur, Hamirpur, Mandi and Una.

designated (February 2009) Anganwadi workers as link workers in place of ASHAs under the mission. The reply is not convincing since the Anganwadi workers without requisite training/ kits were not equipped to deal with the necessary health care programmes.

2.2.7.6 Immunisation against preventable disease

Immunisation of children against preventable diseases had been the cornerstone of routine immunisation under universal immunisation programme.

Audit noticed that the overall achievement of primary immunisation of children between zero to one year age group covering BCG, Measles, DPT and Hepatitis B was between 42 and 114 *per cent* during 2010-14. The achievement of targets in the secondary immunisation of children ranged between 71 and 81 *per cent* for DPT (5 to 6 years), 66 and 91 *per cent* for TT (10 years of age group) and 73 and 95 *per cent* for TT (16 years age group) during 2010-15 (**Appendix-2.7**). In three test-checked districts the percentage of immunisation during the above period ranged between 60 and 124 (**Appendix-2.8**). This indicated that the Department had not achieved the targets of universal immunisation programme.

The MD stated (May 2015) that the shortfall was due to migratory population, shortage of manpower, under reporting and willful refusal of parents. The fact, however, remained that the immunisation was not ensured to all children as large number of children remained uncovered during 2010-15.

2.2.7.7 Vitamin A administration

The RCH II programme emphasised administration of vitamin A solution to all children of less than three years of age. Prophylaxis vaccination against blindness amongst children due to Vitamin A deficiency requires the first dose at nine months of age along with measles vaccine and second dose along with DPT/ OPV vaccine at a six months interval.

Audit noticed that against the target of 5.72 lakh doses of Vitamin-A during 2010-15, 5.31 lakh doses were administered to children resulting in shortfall of 0.41 lakh doses. The shortfall ranged between six and 11 *per cent* against the target of first dose during the above period whereas record of second dose of Vitamin A was not maintained by MD, NRHM and test-checked districts.

The MD stated (May 2015) that shortfall in achievement was due to under reporting by the field functionaries. He further stated that as per the reporting format of GOI, the reports were not being collected for the second dose. The reply is not acceptable as in the absence of records the actual administration of second dose to children could not be vouchsafed in audit.

2.2.7.8 Cold Chain Management

To support immunisation programme, cold chain was to be ensured in all the CHCs and PHCs. Audit noticed that cold chain equipment were available in all the CHCs but the same were not available in 166 out of 500 PHCs in the State. Similarly, in 53 PHCs⁶⁵ of test-checked districts facility of cold chain was not provided as of March 2015. In the absence of the cold chain equipment in the PHCs, the immunisation may not be effective and was fraught with the risk of side effects.

The CMOs of the test-checked districts stated (April-May 2015) that cold chain to these PHCs was not provided due to non-supply of deep freezer by the SHS. The reply should be seen in the light of fact that in the absence of cold chain equipment in sizable number of institutions, the potency and effectiveness of vaccines administered is doubtful.

⁶⁵ Chamba: 18, Kullu: 11 and Solan: 24.

2.2.7.9 Implementation of National Programme for Control of Blindness

National Programme for Control of Blindness (NPCB) was launched in 1976 and brought into the ambit of NRHM in 2005-06. No survey has, however, been conducted in the State to determine the prevalence rate of blindness as of April 2015. NPCB aimed to reduce the cases of blindness to 0.5 *per cent* by 2012 through increased cataract surgery, school eye screening, free distribution of spectacles to children, etc.

• Cataract operations

Cataract operations were performed in/ by the Government hospitals, private practitioners and NGOs. Sector-wise details of cataract operations performed in the State during 2010-15 were as given in **Table-2.2.9**.

Table-2.2.9
Details of cataract operations performed in the State during 2010-15

Year	Target	Achievements				Shortfall (-)/ Excess (+)
		Government sector	NGOs	Others/ private practitioners	Total	
2010-11	30000	9680 (33)	4336 (15)	15361 (52)	29377	(-) 623 (02)
2011-12	40000	10556 (32)	5363 (16)	17116 (52)	33035	(-) 6965 (17)
2012-13	21000	11522 (34)	3109 (09)	19280 (57)	33911	(+) 12911 (61)
2013-14	23000	13056 (38)	3071 (09)	18500 (53)	34627	(+) 11627 (51)
2014-15	25000	10911 (43)	2255 (09)	12215 (48)	25381	(+) 381 (02)
Total	139000	55725	18134	82472	156331	

Source: Figures supplied by the MD. Figures in parenthesis indicate percentage.

The achievement of cataract operations in the State against the targets fell short by two and 17 *per cent* during 2010-12 whereas achievement exceeded between two and 61 *per cent* during 2012-15. The cataract operation performed by the private and Government sectors was expected to be in the ratio of 1:1. However, the number of cataract operations performed by NGOs and private sector was more than 62 *per cent* during 2010-15. In Chamba district percentage of cataract operation performed in government institutions ranged between 66 and 78 during 2010-15 and it was between 13 and 46 in Kullu and Solan district as detailed in **Appendix-2.9** which was much below the ratio fixed by the GOI.

• Refractive errors and distribution of spectacles

The children in the Government and the Government aided schools were to be screened for refractive errors for free distribution of spectacles.

Audit scrutiny showed that against the target of 5.98 lakh children, 13.73 lakh children were screened for refractive errors during 2010-15 and 0.40 lakh children were found having refractive errors. Of these, glasses were provided to only 0.14 lakh children during the above period.

The SPO stated (April 2015) that the refractive error found during school examination is not at ideal refractive room condition and may vary with testing done at vision centre.

• Facilities for eye donation

Under NRHM, the facility for eye donation and its preservation should be established in all the district hospitals and medical colleges in the State. The State has two Medical Colleges and 12 district hospitals, but only Indira Gandhi Medical College (IGMC) is equipped with facility for eye donation and its preservation. Under this intervention, ₹ 25.00 lakh was provided during 2012-13 for setting up of eye bank facility in Medical College (MC), Tanda (₹ 15.00 lakh) and eye donation centre in 10 districts of State except Kinnaur and Lahaul-Spiti districts (₹ 10.00 lakh).

It was, however, noticed that facility for eye donation and its preservation had not been established in MC, Tanda and district hospitals as of March 2015 due to delay in tendering process for civil works by the SHS (MC, Tanda) and non-completion of addition and alteration works for setting up of eye banks (district hospitals). In the exit conference, the ACS stated that the process of establishment of eye bank at MC, Tanda and eye centres at district levels was in progress. The fact, however remains that the Department could not set up the eye banks since March 2013.

2.2.7.10 National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases and Stroke (NPCDCS)

With a view to prevent and control chronic non-communicable diseases especially cancer, diabetes, cardiovascular diseases and stroke, the GOI launched (December 2010) NPCDCS on pilot basis in three⁶⁶ districts of the State on cost sharing ratio of 80:20 between GOI and State. Audit noticed that:

- Against ₹ 12.01 crore⁶⁷ released by the GOI during 2010-13, the State Government had released (2011-12) ₹ 1.20 crore resulting in short release of State matching share of ₹ 1.80 crore.
- The scheme was started during 2012-13 with delay of more than two years and only ₹ 1.82 crore (14 per cent) was spent in the piloted districts and ₹ 1.44 crore was diverted to non-targeted districts without approval of the GOI. Balance funds of ₹ 11.39 crore⁶⁸ (86 per cent) including diverted funds were lying unutilised in savings bank accounts as of March 2015.
- Due to less utilisation of funds for implementation of the programme during previous years, the funds of ₹ 11.74 crore approved (October 2014) by the GOI were not released during 2014-15.
- As required, quarterly review meetings at State/ district level were not held during above period.

Thus, delay in implementation of programme and lack of planning/ monitoring resulted in blocking of ₹ 11.31 crore besides denial of desired health care services to the concerned beneficiaries. The MD stated (April 2015) that GOI had selected Kinnaur, Lahaul and Spiti districts and two blocks of Chamba district for implementation of programme which remained covered with snow for about four to six months a year. The reply must be seen in the light of fact that the Department had not utilised the funds for more than 24 to 36 months and the intended objective of programme remained unachieved.

2.2.7.11 Implementation of National Programme for Prevention and Control of Deafness (NPPCD)

The GOI launched (2007) NPPCD with the objective to prevent avoidable hearing loss and to ensure early diagnosis and treatment of ear problems responsible for hearing loss and deafness. The programme focuses on development of institutional capacity for ear problems through training of manpower, support for equipment and rehabilitation of persons with deafness.

Scrutiny of records showed that the GOI released (February 2010) grant of ₹ 1.42 crore to the SHS against approved PIP of ₹ 2.92 crore for 2010-11 whereas no provision was made in PIPs during 2011-15. Entire amount was diverted to GVK, EMRI for meeting

⁶⁶ Chamba, Kinnaur and Lahaul and Spiti.

⁶⁷ 2010-11: ₹ 1.37 crore; 2011-12: ₹ 10.57 crore and 2012-13: ₹ 0.07 crore.

⁶⁸ IGMC: ₹ 7.00 crore, Chamba: ₹ 1.21 crore, Kinnaur: ₹ 0.55 crore, Lahaul and Spiti: ₹ 0.81 crore, nine districts: ₹ 1.44 crore and MD, NRHM: ₹ 0.38 crore.

capital and operational expenses on "Atal Swasthya Yojana" in March 2010. However, ₹ 1.34 crore was recouped in November 2012, of which ₹ 0.22 crore was spent on procurement of furniture and fixtures. Balance amount of ₹ 1.12 crore was lying unspent in savings bank accounts of Mission besides ₹ 0.08 crore had not been recouped as of March 2015. Due to non-utilisation of funds for the intended purpose, the objective of the scheme had remained unachieved.

The MD stated (April 2015) that requisite staff for the implementation of programme could not be hired as of April 2015 because Audiometric Assistants were not ready to work on monthly remuneration of ₹ 7500 as provided in operational guidelines.

2.2.7.12 Reproductive Tract Infection (RTI) and Sexually Transmitted Infection (STI) Clinics

Reproductive healthcare includes to counter RTI and STI, and facility for safe Medical Termination of Pregnancy (MTP). The Mission envisaged establishment of RTI and STI clinics at every district hospital and CHCs and MTP facilities upto PHC level.

Scrutiny of records of SHS showed that RTI/ STI clinics and MTP centres had been established in all the 12 DHs. However, out of 78 CHCs in the State, these clinics/ centres were established only in 42 and 37 CHCs respectively as of March 2015. The MTP centres were available only in 13 out of 500 PHCs in the State. There was no RTI/ STI and MTP clinic facilities available in Chamba and Kullu district at CHC/ PHC level and only one RTI/ MTP centre was available in Solan district at CHC/ PHC level. Thus, establishment of clinics in all the CHCs in the state was not ensured as of March 2015 to counter the prevalence of RTI and STI especially among women.

2.2.7.13 Implementation of Mobile Medical Unit services

As per NRHM guidelines, a Mobile Medical Unit (MMU) was to be provided in each district for ensuring outreach of health services in medically unserved/ underserved areas of the State in a phased manner i.e. 30 per cent by 2007, 60 per cent by 2008 and 100 per cent by 2009. GOI released ₹ 17.46 crore⁶⁹ to SHS for this purpose during 2006-14.

Audit noticed that the MD after a delay of more than seven years from the first receipt of funds signed concession of agreement (March 2014) with M/s GVK-Emergency Management and Research Institute, Solan (firm) to operate and manage MMU in 10 districts⁷⁰ within six months from the date of signing of agreement. For this purpose, the firm had purchased (May 2014) 10 vehicles and the SHS reimbursed ₹ 1.50 crore to the firm in June 2014. However, the MMUs had not been operationalised in the State due to failure of the firm to provide technical staff viz., lady medical officer, radiologist, etc., and the Department to enforce contractual agreement. Evidently, the objective of providing healthcare at the door steps to the people in the unserved/ underserved areas of the State was not achieved despite availability of funds.

In the exit conference, the ACS stated that MMU services in 10 districts of the State had not been operationalised due to failure of the contactors and one time grant of ₹ 1.50 crore had been recovered (May 2015) from the firm. The fact, however, remains that despite availability of funds the project was not operationalised and led to denial of intended medical facilities at doorstep to the public.

⁶⁹ 2006-07: ₹ 5.33 crore; 2008-09: ₹ 4.20 crore; 2011-12: ₹ 2.25 crore; 2012-13: ₹ 3.78 crore and 2013-14: ₹ 1.90 crore.

⁷⁰ Bilaspur, Chamba, Hamirpur, Kangra, Kullu, Mandi, Shimla, Sirmour, Solan and Una.

2.2.7.14 Implementation of Telemedicine project

(i) GOI approved (April 2005) "Telemedicine project" at a cost of ₹ 4.51 crore for interlinking 22 locations⁷¹ in rural and remote areas of the State with IGMC, Shimla through Integrated Services Digital Network (ISDN)/ Leased Line Connectivity. The work was awarded (April 2005) to Centre for Development of Advanced Computing (C-DAC) Mohali and GOI released ₹ 3.69 crore (May 2005 and November 2007) and the State Government ₹ 0.82 crore (November 2007) for implementation of the project. The project was to be completed by June 2009.

Scrutiny of records showed that against the envisaged 22 locations (remote: 20 and expert end: two) required to be setup by C-DAC up to June 2009, only 19 locations (16 on ISDN connectivity and three on leased line connectivity) were established and handed over (June 2009) to the concerned authorities for expert opinion and consultation. However, the project was not put to use for tele-consultations between remote and expert end as of March 2015 due to non-availability of required manpower like data entry operators and software experts to facilitate Medical Officers in remote areas and non-posting of specialists on roster basis at consulting point (IGMC). In the meantime, the software and hardware at 11 locations of the project got degraded/ outdated and had become unworkable. Resultantly, the expenditure of ₹ 4.51 crore had been rendered unfruitful.

(ii) GOI released ₹ 5.33 crore (2012-13: ₹ 0.50 crore and 2014-15: ₹ 4.83 crore) for installation of telemedicine project at different locations in the State except *ibid* 22 locations. Of this, ₹ 1.49 crore was advanced (February-May 2015) to Apollo Tele Health Services for providing telemedicine services at two locations Kaza and Keylong on PPP mode which were made operational as of May 2015. However, balance amount of ₹ 3.84 crore remained unutilised with the MD as of November 2015 due to non-finalisation of other locations.

Thus, objective of providing modern treatment with advanced technology to the patients through 'Telemedicine project' had not been fully achieved. In the exit conference, the ACS admitted the facts.

2.2.7.15 Establishment of comprehensive call centre under NRHM

The GOI released (2012-2015) ₹ 2.38 crore⁷² for establishment of single toll free helpline for grievance redressal especially for denial of services, general health queries relating to mother child tracking system, adolescent health counselling, etc., and to act as a resource for auxiliary nursing midwives (ANMs), ASHAs, Lady Health Volunteers and health workers.

Scrutiny of record showed that toll free number had not been set up as of March 2015 in the State despite availability of funds for the purpose, which had not only resulted in non-implementation of the project and blocking of ₹ 2.38 crore in a savings bank account but also led to denial of envisaged services to the beneficiaries. The MD stated (April 2015) that work of establishment of comprehensive call centre is in progress.

⁷¹ CHCs: Bharmour, Shillai, Sangrah and Rampur; Civil Hospitals: Karsog, Rohru, Banjar, Tissa, Nerwa, Pooh and Janjehali; Regional Hospitals: Chamba, Hamirpur, Keylong, Kullu, Nahan, Mandi and Reckong Peo; Zonal Hospital: Dharamshala and State Hospital IGMC, Shimla and PGIMER, Chandigarh.

⁷² Establishment of call centre for Mother Child Tracking System (2012-13): ₹ 0.25 crore and helpline (2013-14): ₹ 0.50 crore and (2014-15) ₹ 1.63 crore.

2.2.7.16 State Programme Management Support Unit (SPMU) and District Programme Management Support Units (DPMUs)

In order to ensure proper implementation of the Mission at State and District level, SPMU at State level and DPMU at District level were to be set up and professionals like Masters of Business Administration, Chartered Accountants and MIS specialists were to be recruited on contract basis for the posts of State Programme Manager, State Finance Manager and State Data Manager respectively. Similarly, for DPMU District Programme Manager, District Finance Manager and District Data Manager were also required to be recruited.

Scrutiny of records showed that SPMU was set up but not as per the norms. The job of State Programme Manager and State Data Manager at State level was assigned to a doctor and a Deputy Director (statistics) respectively. At district level no professional viz., District Programme Manager, District Finance Manager and District Data Manager was recruited in any district of the State, the job of these professionals was assigned to doctors. Besides, two accountants were posted in each district and one in each block except Rampur (Shimla district) and Fatehpur (Kangra district). Block Programme Managers (17) appointed at the block level were shifted (November 2008) to the district level from where they were managing blocks. The shortage of managerial staff indicates that the purpose of managing specialised jobs by experts in the relevant field remained unrealised. This would certainly affect the quality of management functions like accounting, MIS reporting, manpower management, etc.

2.2.8 Procurement of drugs and equipment

2.2.8.1 Utilisation of funds for procurement of drugs/ equipment

During 2010-15, GOI had released ₹ 69.25 crore for procurement of drugs and equipment against which an expenditure of ₹ 76.43 crore was incurred. Excess expenditure was incurred from the savings of the previous year. It was further noticed that funds of ₹ 3.29 crore advanced to HPSCSCL by Mission Director between September 2010 and March 2012 had not been adjusted even after lapse of 38 and 55 months from the date of release of funds to the HPSCSCL as of June 2015.

2.2.8.2 Distribution and administration of medicines without quality testing

GOI guidelines provides for inspection, sampling and quality testing of drugs at pre-dispatch stage at the premises as well as at consignee end in order to ensure procurement of quality medicines. The Drug Management Policy of the State Government (1999) further stipulates that samples of drugs would be sent to the private authorised laboratories of repute within the country to ensure the quality of drugs. Assistance will be taken from the Head of Central Testing Laboratory Kandaghat, Deputy Controller, Directorate of Health Services, etc.

Scrutiny of records showed (April 2015) that essential drugs valued at ₹ 2.21 crore⁷³ procured under NRHM during 2010-15 were distributed to various rural institutions through test-checked CMOs without any quality testing at consignee end which had been administered to rural patients during the above period. The CMOs of test-checked districts stated (April-May 2015) that deficiencies would be sorted out in the near future.

2.2.8.3 Procurement of drugs/ medical consumables without any norm of shelf life

The procurement process is a major determinant of the safety, efficacy, quality, affordability and timely availability of drugs. Scrutiny of record showed that 389 items of

⁷³ Chamba: ₹ 1.19 crore; Kullu: ₹ 0.29 crore and Solan: ₹ 0.73 crore.

drugs/ medical consumables worth ₹ 1.48 crore⁷⁴ were received under NRHM during 2010-15 by the CMOs of test-checked districts. However, date of manufacturing of medicines and other medical consumables and date of receipt thereof were not found recorded in the test-checked districts. Also norms of their shelf life had not been framed by the State Government as of June 2015. In absence of the same, minimum shelf life of medicines had not been ensured at the distribution point i.e. CMOs level, as such chances of belated/ non-delivery and early expiry of medicine and other medical consumable could not be ruled out as indicated in **Paragraph 2.2.8.4**.

The CMOs of the test-checked districts stated (April-May 2015) that matter regarding fixing of shelf life of drugs/ medicals consumables at the distribution point would be taken up with the Government.

2.2.8.4 Maintenance of record of drugs and medical consumable

State Financial Rules and Procurement and Operational Manual for Medical Rules, 2008 of GOI provides that periodical verification and reconciliation of stock was required to be done every month. Scrutiny of records showed that the CMO, Chamba had received drugs and medical consumable worth ₹ 1.19 crore from different firms through HPSCSCL during 2010-15 but neither periodical reconciliation nor physical verification had been done in any month during 2010-15. Further, information of date of receipt, quantity ordered, order number and date, manufacturing date, expiry date, opening stock, stock unusable (shortages/ damages), expired stock, total utilisation, average monthly utilisation, etc., was not found recorded in stock registers of medicines/ medical consumables. In the absence of *ibid*, the chances of errors and pilferage due to non-conducting of physical verification/ reconciliation and proper maintenance of records cannot be ruled out.

The CMO, Chamba stated (April 2015) that periodical reconciliation/ physical verification of medicines would be done in future.

2.2.9 Availability of Machinery and equipment

2.2.9.1 Idle machinery and equipment

IPHS provide for procurement of equipment to ensure delivery of services recommended for health institutions.

Scrutiny of records showed that 6684 number of machinery and equipment of 33 types⁷⁵ costing ₹ 0.36 crore procured during 2009-14 were lying unutilised in district store of CMO, Chamba as of April 2015 due to excess procurement and non-receipt of demand from concerned health institutions. Further, in 57 health institutions⁷⁶ in the State, X-ray plants in working conditions were lying idle due to non-posting of radiographers as of April 2015. The CMO, Chamba admitted (April 2015) the facts.

2.2.10 Convergence with other departments

Health is as much a function of availability of safe drinking water, early childhood development, sanitation and women's empowerment as of hospitals and a reliable medical system. NRHM sought to adopt a convergent approach for intervention under the umbrella of the district plan. Audit noticed that involvement of the representatives of the departments dealing with the issues of safe drinking water, sanitation, nutrition, early childhood development and women's empowerment was not ensured for convergent

⁷⁴ Chamba: 267 items costing ₹ 1.19 crore and Kullu: 122 items costing ₹ 0.29 crore.

⁷⁵ Like Deep-Freezer (340 litres), Oxygen concentrator, Cold-Box (50 litres), Instrument tray, Back Rest, Microscope, Blood Pressure Apparatus, ECG Machines, Weighing Machine (Adult), General Ward Bed, Laparoscope, X-rays Plant, Dental Chair, etc.

⁷⁶ Three civil hospitals, 17 CHCs and 37 PHCs in test-checked districts.

action as Integrated Health Society (IHS) at State and District levels had not been constituted as of March 2015. The MD confirmed (April 2015) the facts. This indicates the disconcerted efforts made by various departments working towards the goal of providing better health facilities.

2.2.11 Rogi Kalyan Samitis (RKS)

The Rogi Kalyan Samitis (RKSs) were to be formed in each health centre to upgrade the HSCs, PHCs and CHCs to IPHSs so as to provide sustainable quality healthcare with people's participation and to make the community accountable and responsible for managing these rural centres. Audit noticed that against the target of formation of 635 RKSs (District Hospital: 12; SDHs: 45; CHCs: 78; PHCs: 500), 625 RKSs (96 per cent) were formed as of March 2015 leaving 10 PHCs without RKSs. Further, 12,232 RKSs meetings were required to be conducted in the State during 2010-15 against which only 4223 (35 per cent) were held resulting in shortfall of 8009 meetings. In test-checked districts the shortfall of meetings ranged between 17 and 53 per cent during 2010-15.

2.2.12 Monitoring and internal control mechanism

NRHM envisaged an intensive accountability framework through a three pronged mechanism like community based monitoring, external evaluations and internal monitoring. Audit noticed that:

- As per MoU, the meetings of Health Mission were required to be held biannually for proper assessment, evaluation and monitoring of the Programme. Audit noticed that only three meetings (17 per cent) of State Health Mission were held against the requisite 18 meetings since the inception of the Mission. Similarly, only 17 meetings (eight per cent) against 216 meetings were held at district level. In the test-checked DHSs, only seven meetings (23 per cent) were held against 30 meetings during 2010-15. The percentage shortfall in meetings during 2010-15 ranged between 50 and 100. In the exit conference, the ACS stated that efforts would be made to conduct required meetings in future.
- There is no system of internal audit of accounts at district and State level. During 2010-14 only annual accounts i.e. receipt and payment, income and expenditure accounts and balance sheet were got prepared from the Chartered Accountants.
- Public hearing and dialogue was not organised at any level in the State as per NRHM framework during 2010-15. While confirming the facts, the MD stated (April 2015) that no such activity was held at any level due to non-provision of funds.
- District Level Coordination and Monitoring Committees (DLCMC) for the implementation of weekly iron folic acid supplementation programme (WIFS) was required to be constituted as per State Government instructions (December 2012). It was, however, noticed that only four⁷⁷ DLCMC were formed in the State as of March 2015 and against the required 31 meetings, only 14 meetings were conducted in these districts during the above period. Thus, due to non-formation of DLCMC in remaining eight districts in the State, the monitoring of implementation of WIFS was not ensured. The MD confirmed the facts (April 2015).
- District Level Vigilance and Monitoring Committee (DLVMC) had been constituted in two out of three test-checked districts (Chamba: October 2014 and Kullu: September 2014) and in Solan district the same was not constituted as of May 2015. The delay in constitution of DLVMC in above two districts was 47 and 53 months from the date of issue of instructions (December 2012) by the GOI.

⁷⁷

Kangra: January 2013; Kullu: March 2013; Mandi: March 2014 and Solan: March 2013.

Due to non-formation of DLVMC in Solan district, delay in formation of DLVMC in Chamba and Kullu districts and also non-undertaking of any field visit by the same for monitoring programme implementation, the objective of vigilance mechanism remained unachieved.

- The NRHM guidelines provided for conducting of periodic evaluation studies of the implementation of the scheme by the Centre and State through independent agencies from time to time. It was, however, noticed that no evaluation study was conducted during 2010-15 to ascertain the impact of the scheme.

2.2.13 Maternal Mortality Rate (MMR) and Infant Mortality Rate (IMR)

NRHM aimed at bringing down the maternal as well as infant mortality rate by way of various interventions like providing physical and human infrastructure in CHCs, PHCs and HSCs for safe delivery, establishing Sick New Born Care Units (SNCUs), Emergency Obstetric Care (EmOC), providing of full 100 days of Iron Folic Acid (IFA), postpartum care to all eligible women and free transportation to pregnant women, etc. The expected outcome of the NRHM is to reduce the MMR and IMR to 100/100000 pregnant women and 30/1000 live births respectively by March 2012. The IMR, MMR and Total Fertility Rate (TFR) of the State and Country as surveyed by Sample Registration System and Annual Health Survey were as detailed in **Table-2.2.10**.

Table-2.2.10
Maternal Mortality Rate and Infant Mortality Rate in the State during 2010-14
(In numbers)

Particulars of indicators	Targets to be achieved as per NRHM	Year wise targets fixed by the State		Achievement at the end of the year	At National level
		Year	Target		
IMR	30/1000 live births up to 2012	2010	--	40	47
		2011	--	38	44
		2012	30	36	42
		2013	25	35	40
		2014	20	35	40
MMR	100/100000 live births up to 2012	2010-2014	MMR has not been estimated for the State of HP		
TFR	2.1 upto 2012	2010	--	1.8	2.5
		2011	--	1.8	2.4
		2012	--	1.7	2.4
		2013	--	1.7	2.3
		2014	--	Awaited	Awaited

Source: Data supplied by the State MD, SRS Bulletin and Annual Health Survey.

As evident from the above table, IMR of the State decreased from 40 (2010) to 35 (2014) but remained higher than the target fixed under NRHM. The TFR of the State had decreased from 1.8 to 1.7 and was less than the national average of 2.4 and target fixed under NRHM. The MD stated (June 2015) that MMR had not been estimated for the State, however, various steps were being taken to reduce the maternal mortality.

2.2.14 Conclusion and recommendations

The primary objective of the scheme to improve access of rural people to equitable, affordable, accountable and effective primary health care services had largely remained unfulfilled. The review underscored gaps in planning activities and financial management. The persistent savings year after year showed that the programme funds were not optimally utilised for deriving maximum benefits for the beneficiaries.

The Government may consider involving the stakeholders at block/ grass root level in planning and ensure timely utilisation of funds.

IPHS norms prescribed for infrastructure, manpower and equipment were not complied with. Posting of ASHAs was delayed and village health and sanitation committees have not received adequate attention. There were shortages in both medical and support staff especially personnel skilled in specialised branches of medicine in district level hospitals.

The Government may consider improving the infrastructure needs at the health care centres and sanctioning the posts of medical and para-medical staff as per IPHSs on priority.

Immunisation against preventable diseases, etc., and training to personnel fell short of targets fixed. Distribution and administration of medicines was without quality testing. The cold chain equipment were not available in many PHCs without which the immunisation may not be effective and was fraught with the risk of side effects.

The Government may consider streamlining the process of immunisation programmes, procurement and administration of drugs, ensuring availability of all essential drugs equipments in all CHCs/ PHCs besides, providing cold chain equipment to all PHCs.

Innovative projects such as mobile medical units and telemedicine, though initiated, were not fully implemented so as to benefit the public in time.

The Government may consider implementing projects such as mobile medical units and telemedicine on priority so as to provide quality medical services to public in time.

Monitoring and internal control mechanism was weak as meetings of State/ District Health Missions were not convened regularly and district level co-ordination committees were not constituted in eight (out of 12) districts. Besides, internal audit system of accounts at district and State level, comprehensive call centre for mother and child tracking system, adolescent health counselling and help line, etc., were not established.

The Government may consider strengthening the internal control and monitoring mechanism and establishment of comprehensive call centre for mother and child tracking system, adolescent health counselling and help line, etc.

The audit findings were referred to the Government in August 2015. Reply had not been received (November 2015).

Higher Education Department

2.3 Rashtriya Madhyamik Shiksha Abhiyan

To universalise and improve quality of education at secondary level the Government of India (GOI) had launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) in March 2009. The performance audit of the RMSA was conducted with a view to assess the implementation of the programme economically, efficiently and effectively. The significant audit findings are as under:

Highlights:

- *Annual Work Plans (AWPs) under RMSA were prepared at district level during 2013-15 without considering school level development plans.*
(Paragraph 2.3.2.1)
- *Out of total availability of funds of ₹348.47 crore under RMSA, the Department could spend only ₹218.67 crore on various components of the programme leaving ₹129.80 crore (37 per cent) unutilised as of March 2015.*
(Paragraphs 2.3.3)
- *Of ₹7.23 crore provided by the GOI and State Government for construction of five model schools in March 2010, ₹4.70 crore was lying unutilised with the executing agency due to slow pace of work (one) and non-availability of encumbrance free land (four).*
(Paragraph 2.3.4.6)
- *Implementation of Information and Communication Technology Project phase-II was delayed due to non-finalisation of tenders in time depriving the students in Government schools of the intended benefits of the project as of March 2015.*
(Paragraph 2.3.6.1)
- *There was shortage in cadre of teaching and teaching support staff in schools. The percentage of shortages of these staff in schools was 14 and 39 as of March 2015. The sanctioned strength of others/ non-teaching staff was as high as 80 per cent of the teaching staff.*
(Paragraph 2.3.8)
- *Examination results were poor as schools ranging between two and 16 had zero per cent results for class X during 2011-15 and schools ranging between 134 and 232 had results less than 25 per cent. Similarly, for class XII, 10 schools had zero per cent result and 48 schools had less than 25 per cent result during 2014-15.*
(Paragraph 2.3.9)
- *Internal audit arrangements as prescribed under the scheme had not been put in place by the Department as of March 2015.*
(Paragraph 2.3.10)

2.3.1 Introduction

The Government of India launched Rashtriya Madhyamik Shiksha Abhiyan (RMSA) in March 2009 with the objectives of enhancing enrolment in Classes IX-XII by providing secondary school at a reasonable distance from every habitation, improving quality of education at secondary level and removing gender, socio-economic and disability barriers. The scheme is based on three pronged strategies of improving access, equity and quality. The funding arrangement of RMSA between the Central and the State Government is in the ratio of 75:25.

Organisational set up

The scheme is being implemented by the State Implementation Society (SIS) registered under the Societies Registration Act, 1860. The SIS is run through a Governing Council

under the chairmanship of the Chief Minister and other members and an Executive Council with Additional Chief Secretary (ACS), Education as its Chairman assisted by Director, Higher Education as Mission Director and State Project Director (SPD) at State level. At field level, the RMSA is implemented through District Project Officers assisted by Principals/ Headmasters of schools.

Audit Objectives

The objectives of performance audit were to assess whether:

- There was efficacy of planning for implementation of various components of the programmes;
- The requirement of funds was adequately determined for implementing the programmes and major interventions were carried out as per norms fixed;
- The efforts of the State Government were adequate for identification and filling up the critical infrastructure gaps in secondary education;
- There was improvement in secondary education by providing adequate opportunities to socially deprived communities; and
- Adequate monitoring and internal control mechanisms were in place.

Audit Criteria

Audit criteria were derived from the following sources:

- Government notifications, instructions issued by the GOI/ State Government from time to time for implementation of RMSA;
- Departmental manual/ policies/ rules and regulations;
- Manual/guidelines on RMSA;
- State Financial Rules/ Budget / Subsidiary Treasury Rules; and
- Procedures prescribed for monitoring and evaluation of scheme/ programmes.

Audit scope and methodology

Implementation of RMSA for the period 2010-15 was reviewed (April-July 2015) through a test-check of records in the offices of Director of Higher Education (DHE), State Project Director (SPD), three⁷⁸ out of 12 districts, 18 Government High Schools⁷⁹ (GHSs) out of 366 and 18 Government Senior Secondary Schools⁸⁰ (GSSSs) out of 643 from selected districts by adopting SRSWOR⁸¹ method of sampling.

Audit objectives, criteria and scope of audit were discussed (March 2015) in an entry conference with the ACS, Education and the SPD. Audit findings were discussed in an exit conference held with the ACS, Education in October 2015. The views of the State Government have been appropriately incorporated in the report.

Audit findings

2.3.2 Planning

2.3.2.1 Preparation of district level/ school level plans under RMSA

Manual on Financial Management and Procurement (MFMP), 2012 for RMSA (effective from February 2012) envisaged constitution of core planning teams at district and school

⁷⁸ Kangra, Shimla and Sirmour.

⁷⁹ District Kangra: Boda, Dhugiary, Indora (Boys), Indora (Girls), Rajol and Tunner; District Shimla: Bhadgawli, Bajrolipul, Chilladla, Kuthar, Nirath and Todsa and District Sirmour: Bhuiara, Charna, Devamanal, Jhkando, Millah and Ronhat.

⁸⁰ District Kangra: Bhawarna, Dheera, Kandorari, Mohtli, Rait and Shahpur; District Shimla: Balag, Chirgaon, Deha, Dhamwari, Nogli and Rampur (Boys) and District Sirmour: Bhawai, Ghandori, Pabiana, Rajgarh, Sanioeedidag and Timbi.

⁸¹ Simple Random Sampling without Replacement.

levels for extensive field visits by covering each habitation/ village/ urban slum and intensive interaction with households and local governments (*Gram Sabhas/ Ward Sabhas* for urban areas). The Head Master/ Principal and his/ her team of the school was to function like a local resource team for planning and emphasis on the critical role of the school and developing the School Improvement Plan (SIP) for formulation of the District Secondary Education Plan. Guidelines further provide that each district had to prepare a perspective plan for the period 2012-17 based on the school level plans. Keeping in view the Perspective Plan (PP), the Annual Work Plans (AWPs) and budgets were to be prepared for each year.

Audit noticed that core teams were constituted at district level during 2010-15 but the same were not formed at the school level. It was further noticed that perspective plan was prepared only at State Level and AWP's were prepared at district level during 2013-15 without considering school level development plans. The entire planning for implementation of scheme for the period 2013-15 had, thus, been done at/ from the district level without the involvement of grass root level functionaries which resulted in non-creation of the required infrastructure as indicated in **Paragraph 2.3.4**. In the exit conference, the ACS assured that full participation of school management committees would be ensured in future while formulating of the plans.

2.3.3 Financial Performance

The position of funds released by the GOI and the State under RMSA and expenditure incurred thereagainst during 2010-15 was as given in the **Table-2.3.1**.

Table-2.3.1
Position of funds released and expenditure incurred thereagainst under RMSA during 2010-15
(₹ in crore)

Year	Approved Outlay	Opening balance	Funds received				Total availability of funds	Expenditure incurred	Unspent balance
			GOI	State	Other Receipt	Intt.			
2010-11	123.90	3.95	37.22	8.48	--	0.24	49.89	23.69 (47)	26.20 (53)
2011-12	100.59	26.20	22.29	12.21	0.01	0.81	61.52	19.91 (32)	41.61 (68)
2012-13	40.24	41.61	57.01	19.00	0.15	2.61	120.38	42.90 (36)	77.48 (64)
2013-14	47.73	77.48	112.16	37.80	0.01	6.97	234.42	48.43 (21)	185.99 (79)
2014-15	131.96	185.99	12.69	4.23	10.00	0.63	213.54	83.74 (39)	129.80 (61)
Total	444.42		241.37	81.72	10.17	11.26		218.67	

Source: Figures supplied by the department. Figures in parenthesis denote percentage.

Against the approved outlay of ₹ 444.42 crore for 2010-15, total availability of fund with the SPD was ₹ 348.47 crore⁸², of which ₹ 218.67 crore was utilised resulting in unspent balance of ₹ 129.80 crore (37 per cent) at the close of March 2015. The funds remained unspent due to non-utilisation of funds advanced for civil works to various executing agencies as also indicated in **Paragraph 2.3.3.1**. The percentage of short utilisation of funds in the State ranged between 53 and 79 during 2010-15.

In the test-checked districts, against the total available funds of ₹ 57.39 crore during 2010-15, ₹ 51 crore was utilised by the concerned districts, resulting in short utilisation of funds amounting to ₹ 6.39 crore.

While admitting the facts, the SPD stated (July 2015) that at the close of each financial year during 2010-15 funds remained unutilised due to unspent balances at various levels. The reply is not convincing as short utilisation of funds resulted in less receipt of funds

⁸² Opening balance: ₹ 3.95 crore; GOI share: ₹ 241.37; State share: ₹ 81.72 crore; Other receipts: ₹ 10.17 crore and Interest: ₹ 11.26 crore.

from GOI as well as State Government and affected the implementation of the scheme as brought out in the Paragraphs 2.3.4 and 2.3.6.

2.3.3.1 Non adjustment of advances for civil works under RMSA

Paragraph 5.24.3 of RMSA MFMP, 2012 provides that all advances should be adjusted on receipt of utilisation certificates (UCs) and expenditure statements obtained immediately after the expiry of prescribed period. Rules further provide that SIS should strictly monitor the adjustment of advances and take remedial measures for its speedy adjustment.

Audit noticed that ₹ 141.92 crore was advanced to executing agencies by the Department for execution of civil works during 2010-15. Of this, only ₹ 19.76 crore was adjusted and remaining amount of ₹ 122.16 crore⁸³ was lying unadjusted as of March 2015 due to non-completion of works within the stipulated period by the executing agencies which also resulted in denial of intended benefits to the beneficiaries.

While admitting the facts, the SPD stated (July 2015) that the progress of works was being reviewed regularly and efforts were on for adjustment of advances by completing the in progress works.

Programme implementation

2.3.4 Infrastructural facilities

2.3.4.1 Inadequate provision of infrastructure

Section 3.4.1 of RMSA guidelines provides for strengthening of infrastructure for each existing schools such as science laboratory, art/ craft/ culture room, separate toilets for boys and girls, drinking water, etc. As per RMSA guidelines, these facilities are to be provided by the end of 12th five year plan i.e. March 2017.

The year-wise position of facilities not available in the GHSs and GSSSs in the State during 2010-15 was as given in the Table-2.3.2.

Table-2.3.2
Year-wise position of facilities not available in the GHSs and GSSSs in the State during 2010-15
(Schools in numbers)

Year	Total schools	Science lab.	Art/ craft/ culture room	Library	Separate toilet block	Drinking water facilities
2010-11	2073	1019 (49)	Not available	1428 (69)	325 (16)	31 (02)
2011-12	2106	1193 (57)	-do-	1475 (70)	243 (12)	45 (02)
2012-13	2162	1422 (66)	2000 (93)	1462 (68)	13 (01)	08 (--)
2013-14	2191	1340 (61)	2023 (92)	1456 (66)	13 (01)	07 (--)
2014-15	2386	1566 (66)	2196 (92)	1617 (68)	11 (01)	02 (--)

Sources: Departmental figures. Figures in parenthesis indicate percentage.

As is evident from above table, 1566 (66 per cent), 2196 (92 per cent) and 1617 (68 per cent) schools did not have science laboratory, art/ craft/ culture room and library respectively as of March 2015. Besides, the data furnished by the Department was not correct as it showed an increase or decrease in the science and lab rooms not corresponding to the increase in the total number of GHSs/ GSSSs during 2011-14.

In 36 test-checked schools (GHSs:18 and GSSSs:18) of three test-checked districts, 14, 15, 31 and two schools did not have science laboratory, library, art/ craft/ culture rooms and drinking water facilities respectively and two schools were running without separate toilet for girls as of March 2015.

⁸³

BSNL: ₹ 15.23 crore; HIMUDA: ₹ 4.92 crore and HPPWD: ₹ 102.01 crore.

2.3.4.2 Status of construction of new school buildings

Since the implementation of RMSA (2009-15), 163 new school buildings⁸⁴ were approved for construction by the PAB. Accordingly, Memorandum of Understanding (MOU)/ Agreement was signed for the construction of 112 new school buildings under RMSA between Himachal Pradesh School Education Society (HPSES) and Himachal Pradesh Urban Development Authority (HIMUDA) and Civil wing of BSNL. As per terms and conditions of the MOU/ agreement 40 per cent of the project cost was to be paid as advance and the duration of completion of project was one year from the date of release of first instalment by the HPSES. The details of MOU/ agreement and project sanctioned to HIMUDA and BSNL was as indicated in **Table-2.3.3**.

Table-2.3.3
Status of execution of works by the HIMUDA and BSNL as of March 2015
(Works in number and ₹ in crore)

Name of executing agency (Date of sanction)	Total Project cost	Total works sanctioned	Funds Released	Upto date expenditure	Unspent fund	Works Completed	Works in progress	Works not started
HIMUDA (October 2010)	18.68	40	14.48	13.81	0.67	21	13	6
Total (i)	18.68	40	14.48	13.81	0.67	21	13	6
BSNL (August 2010)	10.66	24	10.19	9.25	0.94	21	1	2
BSNL (February 2013)	10.56	17	9.31	9.84	-0.53	14	3	0
BSNL (September 2013)	8.66	13	5.72	5.54	0.18	8	4	1
BSNL (June 2014)	10.33	18	2.00	2.00	0	0	12	6
Total (ii)	40.21	72	27.22	26.63	0.59	43	20	9
Grand Total (i)+(ii)	58.89	112	41.70	40.44	1.26	64	33	15

Source: Information supplied by the Department.

As is evident from above table, against the total project cost of ₹ 58.89 crore, funds amounting to ₹ 41.70 crore were released (October 2010-June 2014) to HIMUDA/ BSNL out of which ₹ 40.44 crore was spent on the construction of 112 new school buildings. Of this, construction work of 64 schools was completed and 33 school buildings was lying incomplete as of July 2015 due to slow pace of these works and the construction work of 15 buildings was not started due to non-availability of land and the funds of ₹ 1.26 crore was lying unspent with HIMUDA/ BSNL.

It was further noticed that funds amounting to ₹ 26.39 crore were not released by the GOI due to non completion of ongoing works within the stipulated period and the execution work of 51 new school buildings out of 163 new school buildings approved by the PAB could not be allotted to the executing agencies due to involvement of forest land.

In the exit conference, the ACS stated that the works could not be started due to involvement of forest land and the matter would be taken up with the GOI for the purpose shortly. The fact, however, remains that the beneficiary children were deprived of intended facility due to non-completion of pre-requisite formalities in time.

2.3.4.3 Status of infrastructure sanctioned under the component strengthening of existing schools

As per paragraph 1.2.2.1 of MFMP for RMSA, to achieve the universal access to secondary education, the gap in infrastructure was to be filled by strengthening of

⁸⁴ 2009-10: 69; 2010-11: 45; 2011-12: 19 and 2014-15: 30.

existing secondary schools through construction of additional classrooms, laboratories, libraries, computer rooms, separate toilets for girls and boys, etc.

Audit noticed that under the above component the PAB approved (2010-15) construction of science laboratory, computer room, art/ craft and cultural room, library, additional classroom and Child with special need (CWSN) friendly toilets in 848 schools⁸⁵ for completion within a period of one year. Out of these 848 schools, construction work of rooms in 93 schools had been completed and for the remaining 755 works, ₹ 193.64 crore were sanctioned against which ₹ 126.83 crore were released to the executing agencies⁸⁶ during 2010-15. Of this, 487 (65 per cent) works sanctioned for ₹ 112.30 crore (amount released ₹ 100.90 crore) remained incomplete after spending ₹ 9.01 crore which was attributed to tough terrain of area leaving unspent balance of ₹ 91.89 crore and 237 works (31 per cent) sanctioned for ₹ 74.83 crore had not been taken up for execution as of July 2015 due to non-transfer of land in the name of the Education Department. Besides, 31 works approved for ₹ 6.51 crore had not been allotted for execution as of July 2015 due to non-receipt of funds from GOI. Due to non-completion/ non-start of works, the beneficiaries were deprived of the intended benefits.

The SPD (RMSA) while admitting the facts stated (July 2015) that funds were not received from GOI due to large number of works in progress. The reply is not acceptable as the available funds were also not utilised expeditiously for completion of ongoing works which deprived the beneficiaries of the intended benefits.

2.3.4.4 Injudicious release of furniture grant

As per paragraph 3.4.1 of MFMP for RMSA, grant was to be provided to schools for procuring furniture/ fixture⁸⁷ under the component "Strengthening of Schools" where construction work of library, science laboratory, art/ craft/ culture/ computer rooms and classrooms had been completed.

Audit noticed that ₹ 12.30 crore was advanced (March 2014) by the SPD (RMSA) as furniture grant to 486 schools in 12 districts of the State through concerned DPOs for purchase of furniture/ fixtures without ensuring the availability of civil infrastructure which was against the norms of RMSA.

In three test-checked districts, it was noticed that furniture grant of ₹ 5.05 crore⁸⁸ received by the DPOs Kangra, Shimla and Sirmour was released to School Management Committees (SMCs) by the DPOs Kangra (₹ 2.64 crore) and Shimla (₹ 1.20 crore) without ensuring the availability of the requisite civil infrastructure whereas DPO Sirmour had deposited the entire amount of ₹ 1.21 crore in a savings bank account of RMSA.

While confirming the facts, the SPD stated (July 2015) that funds were released in anticipation of completion of civil infrastructure.

⁸⁵ 2010-11: 349; 2011-12: 320 and 2014-15: 179.

⁸⁶ Himachal Pradesh Public Works Department; School Management Committee; Himachal Pradesh Urban Development Authority and Himachal Pradesh State Industrial Development Corporation.

⁸⁷ Additional Class: ₹ 1.00 lakh for purchase of desk/ benches, minimum for 40 students, chair, table, black/ white/ green board, etc.; science laboratory: ₹ 1.00 lakh for purchase of lab equipment and furniture like table and stools for 20 students; computer room: ₹ 0.37 lakh for purchase of furniture like computer table and stools for computer lab for 20 students; Art/ craft/ culture room: ₹ 0.37 lakh for purchase of furniture like dari, mats and equipment related to art, craft, culture, etc., and library room: ₹ 0.25 lakh for purchase of furniture like racks, almirah, chair, table, etc.

⁸⁸ Kangra: ₹ 2.64 crore, Shimla: ₹ 1.20 crore and Sirmour: ₹ 1.21 crore.

2.3.4.5 Hostels for girl students

To reduce disparity in the enrolment of boys and girls at the higher and secondary levels, construction of five hostels⁸⁹ was sanctioned during 2009-10 under a Centrally Sponsored Scheme 'Construction and running of girls hostels in Educationally Backward Blocks' on cost sharing ratio of 90:10 between Centre and State. The girl child in the age group of 14-18 years studying in classes 9th to 12th and belonging to SC, ST, OBC, minority and BPL families was eligible for hostel facility under the scheme. As per norms, girls' hostel having capacity for 100 students was to be constructed at a cost of ₹ 42.50 lakh and for running the same, recurring grant of ₹ 14.27 lakh per annum was also to be provided.

Audit noticed that out of the five hostel works, four were awarded for ₹ 2.39 crore⁹⁰ to contractors during 2011-12 for completion within a period of one year and the fifth hostel work (GSSS, Sach) could not be taken up for execution as of March 2015 due to involvement of forest land. The construction of girls' hostels in GSSSs Shillai and Himgiri completed in October 2014 and March 2015 respectively at a cost of ₹ 75.00 lakh each could not be made functional due to non-sanction of recurring grant for operation as of July 2015 and the girls' hostels at GSSSs Mehla and Tissa had not been completed as of July 2015 for want of additional funds. Thus, due to non-utilisation of hostels in GSSSs Shillai and Himgiri and non-completion of hostels at Mehla and Tissa an expenditure of ₹ 2.77 crore⁹¹ had been rendered unfruitful. This indicated lack of urgency on the part of Department to ensure adequate action for timely completion and utilisation of hostels for the beneficiaries.

The SPD stated (July 2015) that girls hostel at Himgiri had been made functional and the other hostel works could not be completed within stipulated period due to delayed receipt of funds from GOI. The reply does not explain as to how the hostel at Himgiri had been made functional without receipt of any recurring funds for its operation as of July 2015. Besides, the delay in completion of construction of the other hostels for more than three years would have direct impact on the gender parity (equity) in enrolment.

2.3.4.6 Construction of model schools

GOI sanctioned (2009-10) establishment of model schools under RMSA in Educationally Backward Blocks in the State with model infrastructure, innovative curriculum and good governance. Construction of five⁹² such schools was approved (March 2010) for Chamba and Sirmour districts at a cost of ₹ 3.02 crore per school required to be constructed on at least five acres of land. First instalment of ₹ 7.23 crore (Centre: ₹ 6.78 crore and State: ₹ 0.45 crore) was received by the SIS in March 2010 and released (March 2011) to HIMUDA for execution of work by March 2013. In the meantime, the State Government upgraded the above five middle and high schools as model Senior Secondary schools without availability of required infrastructure in November 2010.

It was, however, noticed that construction of three⁹³ out of five schools was not taken up for execution as of June 2015 by HIMUDA due to failure of the Department to provide

⁸⁹ Chamba: GSSS Tissa, GSSS Mehla, GSSS Himgiri (Salooni) and GSSS Sach (Pangi) and Sirmour: GSSS Shillai.

⁹⁰ GSSS Tissa: ₹ 61.20 lakh; GSSS Mehla: ₹ 65.90 lakh; GSSS Himgiri: ₹ 56.58 lakh and GSSS Shillai: ₹ 55.57 lakh.

⁹¹ GSSS Tissa: ₹ 61.20 lakh; GSSS Mehla: ₹ 65.90 lakh; GSSS Himgiri: ₹ 75.00 lakh and GSSS Shillai: ₹ 75.00 lakh.

⁹² Chamba: GHS Khusnagri (Tissa), GHS Bharian Kothi (Mehla), GHS Dand (Salooni) and Middle School Hillour (Pangi) and Sirmour: GHS Kandiyari (Shillai).

⁹³ GHS Bharian Kothi (Mehla), GHS Dand (Salooni) and Middle School Hillour (Pangi).

encumbrance free sites as the available adjoining land was forest land. Of the available funds of ₹ 7.23 crore, only an amount of ₹ 2.53 crore was incurred by HIMUDA on four RCC slabs in respect of Model School Kandiari (₹ 2.51 crore) and site clearance of model school at Khusnagri (₹ 0.02 crore) also involving forest clearance as of June 2015. Due to non-transfer of forest land (except model school Kandiari) to the Department, an amount of ₹ 4.70 crore was lying unutilised with HIMUDA since March 2010 resulting in denial of intended facilities to the beneficiaries.

The SPD (RMSA) while admitting the facts (June 2015) stated that case regarding transfer of forest land was under process. The reply is not acceptable as pre-requisite formalities should have been taken care of before release of funds to the HIMUDA.

2.3.4.7 Running of schools without transfer of possession of land

Paragraph 6.2 (i) of Himachal Pradesh Secondary Education Code, 2012 provides that every school should have its own land in the name of Department.

Audit noticed that contrary to the provision of State Secondary Education Code, 26 GHSs and 64 GSSSs in Kangra and Shimla test-checked districts⁹⁴ were running in buildings on land not in the possession of Department as of May 2015. The possession of land was lying either with the Forest Department or some other Government departments. Efforts had neither been made by concerned DDsHE nor by the concerned school authorities to get the land transferred in the name of the Department as of May 2015.

While admitting the facts, the DDHE Kangra stated (May 2015) that the school authorities had been directed to take up the matter of transfer of land in the name of Education Department with the concerned Deputy Commissioners after obtaining NOC from the concerned Department.

2.3.4.8 Inadequate infrastructure in test-checked school

As per paragraph 3.4.1 of MFMP for RMSA, the secondary level schools must have the required classrooms with furniture, library, computer room, science laboratory, etc.

In the test-checked Shimla district it was noticed that Middle School, Nirath was upgraded to GHS in February 2007 with the condition that suitable accommodation/ land would be provided by the local public. The school was running in a *Katcha* building of Government Primary School in a dilapidated condition with only three rooms/ *verandah*. Science laboratory, furniture, library, computer rooms, etc. have also not been provided as of July 2015. This reflected inadequate efforts on the part of the Department to provide/ ensure requisite amenities in all the schools as required under the RMSA guidelines. The concerned Headmaster while admitting the facts stated (July 2015) that difficulties were being faced by them in teaching and learning process.

2.3.5 Enrolment of children in schools

One of the objectives of the RMSA was to attain universalisation of secondary education in the State by bringing all the children in the age group of 14-18 years to school for education. The detail of number of Government and other management schools and enrolment of children in these schools for the period 2010-15 was as shown in **Table-2.3.4**.

⁹⁴ Kangra: 23 GHSs and 53 GSSSs and Shimla: three GHSs and 11 GSSSs.

Table-2.3.4
Details of enrolment of children in schools during 2010-15

Year	Number of schools		Population of children (14-18 years) as per census 2011	Students enrolled				Total
	Government	Other Management		Government schools		Other Management		
				IX and X	XI and XII	IX and X	XI and XII	
2010-11	2073	917	515132	198203	165430	51250	32338	447221
2011-12	2106	979	505599	224072	165532	60155	37553	487312
2012-13	2162	1181	505139	222171	184165	64612	39547	510495
2013-14	2191	1210	504559	217654	175163	68199	40602	501618
2014-15	2386	1263	504625	195033	178470	70478	40379	484360

Source: Figures supplied by the Department.

Note:- Other management schools include private, local body, private aided and private unaided, tribal welfare schools, Kendriya Vidyalaya, Navodaya Vidyalaya, Madrasas, etc.

It would be seen from above table that enrolment of children in classes IX to XII was not commensurate with the population of children (14-18 years) in the State as per census 2011 indicating that all the children in the age group were not enrolled in the schools. Overall enrolment of children in school increased from 447221 in 2010-11 to 510495 in 2012-13 and thereafter decreased to 484360 in 2014-15. The enrolment in classes IX and X of Government schools increased from 198203 in 2010-11 to 224072 in 2011-12 and thereafter decreased to 195033 (13 per cent) in 2014-15 whereas it had increased from 51250 to 70478 (38 per cent) in other management secondary schools during 2010-15. However, the enrolment of children in XI and XII classes had increased from 165430 to 178470 (eight per cent) in Government schools and in other management secondary schools the increase was from 32338 to 40379 (25 per cent) during 2010-15 indicating that the increase in enrolment in government schools was not commensurate with that of other management secondary schools. This showed that the efforts of the State Government to attain universalisation of secondary education through its schools had not produced the desired results as envisaged in the RMSA guidelines. The SPD admitted (August 2015) the facts.

2.3.5.1 Gross dropout rate

The Gross Dropout Rate (GDR) represents the percentage of students who drop out from a given grade or cycle or level of education in a given cycle/ school year.

The GDR for OBC, SC and ST children had not been maintained separately at State level during 2010-13. The category and year-wise position of GDR in the State was as given in **Table-2.3.5**.

Table-2.3.5
Position of GDR in the State during 2010-15

Year	General and OBC			SC			ST			Overall		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
2010-11	Not Available									7.18	8.77	7.94
2011-12	Not Available									0.78	2.6	1.66
2012-13	Not Available									8.35	8.4	8.37
2013-14	6.92	6.41	6.69	12.28	12.94	12.60	7.97	9.48	8.68	8.40	8.40	8.40
2014-15	7.93	6.74	7.39	13.65	13.99	13.81	5.90	8.03	6.91	9.33	8.85	9.11

Source: Figures supplied by the Department.

It would be seen from the above table, the GDR had increased during 2013-15 from 6.69 to 7.39 for General and OBC category, 12.60 to 13.81 for SC category and decreased from 8.68 to 6.91 for ST category children during the above period. The overall GDR for boys and girls in the State during 2010-15 ranged between 1.66 and 9.11 indicating

that the scheme could not achieve the desired impact on retention of children in the Government schools. In the exit conference, the ACS assured to bring the drop out rate to zero *per cent* in near future.

2.3.5.2 Gender Parity Index

As per guidelines of RMSA, the Gender Parity Index (GPI) is calculated by dividing girls' Gross Enrolment Ratio (GER) by Boys GER of a given level of education. It measures progress towards gender equity in education.

Audit noticed that the data for GPI was not maintained by the Department at any level during 2010-15. Hence the impact of the programme on ensuring gender equality in education and remedial action taken by the State Government could not be verified in audit.

2.3.5.3 Choice of streams in Higher Education

Secondary and Higher secondary are the crucial stages in education. These stages enable the students of the age group of 14-17 years to compete successfully for higher education and for jobs globally. It is therefore essential to strengthen these stages by providing greater access and also by improving quality.

Audit noticed that during 2012-15, higher secondary schools ranging between 1235 and 1542 were functional in the State in which 868760 students were enrolled in +1 and +2 classes in the education streams i.e. Arts, Science and Commerce. The year-wise position of availability of streams in these schools during 2010-15 is given in **Table-2.3.6**.

Table-2.3.6
Year-wise position of availability of streams in Government schools in the State during 2010-15
(In numbers)

Year	Total GSSSs in the State	Total children enrolled	Stream-wise enrolment of children					
			Arts Stream		Commerce Stream		Science Stream	
			Schools	Children enrolled	Schools	Children enrolled	Schools	Children enrolled
2010-11	1235	1,65,430	1235	-Data not available-				
2011-12	1269	1,65,532	1269	-Data not available-				
2012-13	1321	1,84,165	1321	111419	623	30780	587	41966
2013-14	1360	1,75,163	1360	106646	620	28626	593	39891
2014-15	1542	1,78,470	1542	111054	622	28708	604	38708

Source: Departmental figures.

It is evident from the above table, as of March 2015 Arts stream was available in all the 1542 GSSSs whereas commerce and science streams were available only in 622 and 604 GSSSs respectively. During 2012-13, students enrolled in 698 (1321 minus 623) GSSSs did not have any choice of option for streams except Arts. Likewise, during 2014-15, students enrolled in 920 (1542 minus 622) GSSSs also did not have any choice for study except Arts stream. This is indicative of the fact that in spite of efforts being made by the State Government towards universalisation of secondary education, the student did not have sufficient access to streams of their choice.

2.3.6 Innovative activities for learning under RMSA

2.3.6.1 Implementation of information and communication Technology (ICT) Project-II

(i) Under RMSA, GOI approved (January 2010) Information and Communication Technology (ICT) Project-II to provide opportunities to students of Government secondary and higher secondary schools to develop their ICT skills and make them learn through computer aided learning process. Project was funded by GOI and State in the ratio of 75:25 with unit cost of ₹ 6.40 lakh per school. GOI sanctioned ₹ 15.23 crore

(February 2012) and the State Government ₹ 4.13 crore (March 2012) for implementation of the project in 618 GSSSs and 848 GHSs on Build Own Operate and Transfer mode for a period of five years.

Scrutiny of records showed that the Department drew ₹ 19.36 crore (between January 2012 and June 2012) from the treasury and utilised (January-February 2013) ₹ 9.28 crore on purchase of software licenses from Himachal Pradesh State Electronic Development Corporation for supply to firm selected for implementation of the project. In the meantime, the work was awarded (October 2012 and December 2013) twice to two different firms⁹⁵ but on both occasions due to failure of the firms to start the work within the allotted time had to be terminated. The work was re-tendered and a single bid from M/s IL & FS Education and Technology Services Limited was received. Letter of agreement was signed (March 2015) with the above firm at a tendered rate of ₹ 0.23 lakh per school per month for a period of four years with a total project cost ₹ 167.25 crore. Evidently, due to non-implementation of the ICT project for more than three years, the envisaged benefits of the scheme did not percolate to the targeted students as of July 2015. Besides, ₹ 9.28 crore utilised on purchase of software licenses by the Department remained unproductive and ₹ 10.08 crore blocked in a savings bank account for a period of more than three years.

(ii) Under ICT project, five smart schools having 160 computers with 40 computers each for classes IX to XII were also to be established in the State. A recurring grant of ₹ 25 lakh was to be provided to each school to defray expenditure towards establishment, maintenance and monitoring costs. The contribution was to be in the ratio of 75:25 between the GOI and State Government.

Scrutiny of record showed that the GOI had sanctioned ₹ 1.25 crore for establishment of five⁹⁶ smart schools in the State during 11th five year plan and released (September 2011) ₹ 0.20 crore as first instalment. The State Government also released its matching share of ₹ 0.06 crore. However, due to delayed finalisation of tenders as discussed in **Paragraph 2.3.6.1 (i)**, the project was not implemented as of March 2015 which resulted in denial of intended benefits to the concerned beneficiaries.

In the exit conference, the ACS stated that ICT project is now under progress and would be completed shortly.

2.3.6.2 Assistance for children with special needs

The GOI launched (March 2012) a 100 *per cent* centrally sponsored scheme namely Inclusive Education of the Disabled at Secondary Stage (IEDSS) in the State. Under this scheme, students with special needs were to be provided assistance to defray expenses towards books/ stationery, uniforms, transportation, escort services, hostel accommodation, actual cost of equipment, etc. The scheme was to cover all children of 14 plus age passing out of elementary schools and studying in secondary stage. During 2011-12, the GOI approved ₹ 3.25 crore⁹⁷ under IEDSS project.

Audit noticed that out of 4001 children identified with special needs in the State during 2011-12, only 3003 children could be provided special services as of March 2015 resulting in shortfall of 998 (25 *per cent*) number of identified children. Against the first instalment of ₹ 1.63 crore received (February 2013) from GOI, an expenditure of ₹ 1.58 crore was incurred and ₹ 0.05 crore remained unspent which could have been

⁹⁵ October 2012: M/s CORE Education and Technology Limited, Mumbai and December 2013: M/s Karnataka State Electronics Development Corporation, Bangalore.

⁹⁶ GSSS Karsog, GSSS (Boys) Hamirpur, GSSS (Girls) Ghumarwin, GSSS Lalpani and GSSS Rehan.

⁹⁷ Students oriented component: ₹ one crore; teachers oriented component: ₹ 0.31 crore; purchase of equipment, construction of toilets, etc: ₹ 1.78 crore and administrative cost: ₹ 0.16 crore.

utilised for the children not covered. UC in respect of 1st instalment was submitted to the GOI in February 2015 and due to non completion of the project within scheduled period of 2011-12, the Department failed to get the balance amount of ₹ 1.62 crore from the GOI.

While admitting the facts (July 2015), the SPD (RMSA) did not furnish any cogent reason for delayed completion of 1st phase of the project. Thus, non implementation of the project in a time bound manner had deprived the children with special needs of the intended benefits of this scheme.

2.3.7 Distribution of uniforms/ books to the children

2.3.7.1 Delay in distribution of uniforms

Paragraph 1.6.2 of Planning and Appraisal Manual for Secondary Education provides distribution of free uniforms to children studying in the Government schools. The State Government launched (April 2012) a scheme namely *Mahatma Gandhi Vardi Yojana* entitling two sets of school uniforms and stitching charges of ₹ 100 per uniform to the students. The free school uniforms were to be provided in the month of April and October every year. In 36-test-checked schools, it was noticed that:

- School uniforms were distributed to the beneficiary students very late than the scheduled period (i.e April and October every year) with delay ranging between 19 and 281 days during 2012-15. This resulted in denial of timely intended benefits to the children.
- During 2014-15, 4149 students enrolled in classes IX and X were not paid stitching charges amounting to ₹ 8.30 lakh as of July 2015. Supply of uniforms without stitching charges implied that benefits of the two sets of uniforms could not be availed of by the students during the academic session 2014-15.

While admitting the facts, the Headmasters/ Principals of the concerned schools stated (May-July 2015) that due to the late receipt of supply of school uniforms from the firms the same were supplied late to the students. It was further stated that stitching charges for the year 2014-15 had not been provided by the higher authorities as of July 2015. In the exit conference, while admitting the facts the ACS stated that the stitching charges would be provided shortly to the beneficiary students.

2.3.7.2 Delayed distribution of free text books

Framework for implementation of RMSA provides for provision of free text books to children in Government schools. The State Government had implemented a scheme since 1987-88 for providing free text books to certain categories of students. Free text books are presently being supplied to the SC/ST/OBC/IRDP categories students studying in Government schools.

Audit noticed that books costing ₹ 46.45 crore were purchased by the Department during 2010-15 for distribution free of cost to 6.41 lakh children of SC/ ST/ OBC/ IRDP categories. It was noticed that there was delay ranging between two and 54 days in distribution of books in 36 test-checked schools during 2010-15 due to late supply of books by Department affecting the process of teaching and learning in these schools.

While admitting the facts, the Headmaster/ Principal of concerned school stated (May-July 2015) that due to late receipt of books in the sale depot of the Education Board, the same were supplied late to the students. It was further stated that the late distribution of free text books to the beneficiary students had also affected their studies. This is indicative of the fact that the scheme was not being implemented effectively at the grass root level and had contributed to the poor results as detailed in **Paragraph 2.3.9**.

2.3.8 Human Resource and Capacity Building

The overall position of staff sanctioned and persons-in-position as of March 2015 is given in **Table-2.3.7**.

Table-2.3.7
Detail of staff sanctioned vis-a-vis persons-in-position as of March 2015

Category of staff	Sanctioned Strength	Persons-in-position	(In numbers)
			Vacancy position
Teaching staff	16406	14097	2309 (14)
Teaching supporting	5914	3618	2296 (39)
Others/ Non-teaching	13105	9591	

Source: Departmental figures. Figures in parenthesis indicate percentage.

It would be seen from the above table that there was shortfall of 14 and 39 *per cent* of teaching and teaching supporting staff respectively in Government schools as of March 2015. The DHE attributed (July 2015) the shortages to ban on filling up of posts. It was strange that very high strength was sanctioned for others/ non-teaching staff and was as much as 80 *per cent* of teaching staff. This needs to be curtailed.

2.3.8.1 Availability of teachers

As per RMSA norms every high school is to have at least one Headmaster and five teachers for students' upto 160 and one teacher for every additional 30 students with overall Pupil Teacher Ratio (PTR) not more than 30:1. As per paragraph 2.8.3.2 of the Himachal Pradesh Education Code, 2012 there shall be at least six teachers for secondary classes in a GSSS.

Audit noticed that the overall PTR in the State during 2010-15 was satisfactory and ranged between 9:1 and 18:1 in GHSs of rural areas and 9:1 and 15:1 in urban areas. Similarly, the PTR ranged between 13:1 and 20:1 in GSSSs of rural areas and 16:1 and 24:1 in urban areas during the above period. It was further noticed in audit that availability of teachers in GHSs was ranging between five and seven in each school of rural areas and seven and 10 of urban areas during the above period. Likewise availability of teachers in GSSSs in rural areas was 16 and 19 in each school whereas it was between 27 and 29 in each GSSS of Urban areas which was clearly indicative of the fact that as compared to rural areas number of availability of teachers in urban areas was on higher side.

The position regarding availability of teachers at secondary and higher Secondary level during 2010-15 was as given in **Table-2.3.8**.

Table-2.3.8
Position of availability of teachers in Secondary and Higher Secondary level during 2010-15
(In numbers)

Year	Government High Schools		Government Senior Secondary Schools	
	Total Schools	With less than five teachers	Total Schools	With less than five teachers
2010-11	838	NA	1235	NA
2011-12	837		1269	
2012-13	841	55	1321	1
2013-14	831	57	1360	4
2014-15	844	111	1542	16

Source: Departmental figures.

As is evident from the above table, the number of GHSs and GSSSs with less than five teachers ranged between 55 and 111 and between one and 16 respectively at State level during 2012-15.

The SPD (RMSA) stated (August 2015) that shortfalls of the teachers in higher classes (IX and X) were compensated by the teachers of elementary classes (VI to VIII) as in the State every high school have classes from VI to X.

2.3.8.2 Reimbursement of salary of teachers without ascertaining their deployment

Para 3.4.1 of MFMP for RMSA permitted incurring of expenditure on the salary of additional teachers of schools upgraded under RMSA. It was further provided that every school should have at least one Headmaster and five teachers for students' upto 160 and extra teachers for every additional 30 students. Besides, for every new school, one laboratory attendant and an office Assistant/ *Daftari* was also to be provided. In such cases, data of teachers and other staff in upgraded schools under RMSA alongwith vacancy position and actual placement of these in schools was required to be maintained by the SPD.

Audit noticed that during 2010-15, an expenditure of ₹ 56.70 crore was incurred on account of reimbursement of salary of 522 Headmasters, 1593 teachers and 706 non-teaching staff at varying rates ranging between ₹ 10,000 and ₹ 21,000 per teaching/ non-teaching staff per month for 163 GHSs upgraded under RMSA, without ascertaining the vacancy position and actual placement of the teaching/ non-teaching staff in the schools. Thus, contrary to the norms, the reimbursement was made without verifying the actual placement of the teachers in the schools.

While admitting the facts, the SPD stated (July 2015) that the secondary schools were upgraded from Middle to GHS and as per State Government policy, one post of headmaster and three posts of teachers were created in the upgraded school. Recruitment and posting of teachers/ other staff was done by the DHE and the salary reimbursed was made on the basis of actual creation of posts and as per approval of PAB. The reply is not acceptable as reimbursement of salary was made on the basis of creation of posts and without ascertaining the vacancy position and actual placement of teachers/ other staff in these schools.

2.3.8.3 Deficient teachers' training

To upgrade the skills of teachers, the RMSA provided for five days in-service training for teachers each year and 10 days induction training for newly recruited teachers. Audit scrutiny showed that:

- As per norms under RMSA, every teacher was required to be provided in-service training once a year. As against 1,13,568 teachers required to be trained during 2010-15, target of 55,385 (49 *per cent*) was only fixed indicating unrealistic fixation of targets by the Department during the above period.
- During 2010-15, ₹ 7.51 crore was approved for imparting training to 55,385 in-service teachers for duration of five days each. Against this, ₹ 3.33 crore was utilised for imparting training to 21,946 (40 *per cent*) in-service teachers during the above period resulting in non-imparting of training to 33,439 (60 *per cent*) teachers and non-utilisation of balance ₹ 4.18 crore under this component.
- Data of newly recruited teachers during 2010-13 was not available with the SPD (RMSA). However, out of ₹ 9.00 lakh provided for induction training to 300 teachers during 2013-14, only ₹ 5.13 lakh was utilised for training to 171 teachers and balance amount of ₹ 3.87 lakh was surrendered. The Department did not provide induction training to remaining 129 teachers as of July 2015 and no targets were fixed to provide induction training to untrained teachers during 2014-15.

Thus, planning for training was not done as per RMSA guidelines and the objective of upgrading the skills of the teachers was not achieved.

The SPD (RMSA) stated (July 2015) that due to late release of funds by the GOI, targets fixed for in-service training of teachers could not be achieved and during 2010-13 and 2014-15, approval for providing induction training to newly teachers was not granted by PAB.

2.3.9 Evaluation of results

The State Government framed (January 2010) a policy on evaluation of results of schools and to identify the reasons for poor results including the staff responsible. The teachers in schools with results less than 25 per cent were to be penalised for poor results of students which included entry in their annual confidential reports and withholding of future increments.

The year-wise position of results of Government schools in the State during 2010-15 was as given in the **Table-2.3.9**.

Table-2.3.9
Year-wise position of results of Government schools in the State during 2010-15

Year	Total schools in State	(In numbers)									
		Results of schools available with Department		Zero per cent result		One to 25 per cent result		26 to 50 per cent result		Above 50 per cent result	
		10th	10+2	10th	10+2	10th	10+2	10th	10+2	10th	10+2
2010-11	2073	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
2011-12	2106	2082	NA	2	NA	134	NA	473	NA	1473	NA
2012-13	2162	2140	NA	6	NA	194	NA	533	NA	1407	NA
2013-14	2191	2159	NA	16	NA	232	NA	616	NA	1295	NA
2014-15	2386	2230	1375	6	10	137	48	463	204	1624	1113

Source: Figures supplied by the SPD, RMSA. NA: Data not available with the Department.

As is evident from the above table, schools ranging between two and 16 with class 10th had zero per cent results during 2011-15 and schools ranging between 134 and 232 had results less than 25 per cent. Similarly, 10 and 48 schools having class 10+2 had results zero and less than 25 per cent respectively during 2014-15. No action was, however, taken by the Department against the teachers in schools with less than 25 per cent results as per the policy *ibid* formulated by the State Government.

The SPD stated (July 2015) that details of teachers responsible for poor results was not available with them and penalty for poor results was to be taken by the DHE. The DHE stated (July 2015) that desired information was called for from the concerned DDHE as the same was not readily available with them. The reply is not acceptable as the policy on evaluation of results was to be adhered to in letter and spirit by the Department. The relevant records were not available and no action was taken in respect of cases where information was available. In the exit conference, while admitting the facts the ACS assured requisite action as per the policy *ibid*.

2.3.10 Internal Control mechanism

2.3.10.1 Internal audit arrangements

The RMSA guidelines require introduction of an internal audit system through in-house internal Audit team. Besides, school bodies through which funds are disbursed to various implementing agencies were also to be audited through internal auditors to ensure proper utilisation of funds.

Audit noticed that no in-house internal audit team had been constituted to conduct internal audit of the SIS and its district and sub-district officers. The internal auditors for audit of school bodies had also not been appointed by the SIS as of July 2015 so as to verify the authenticity and accuracy of the accounts of these bodies.

The SPD stated (July 2015) that internal audit system had not been introduced by SIS for RMSA and audit of school bodies was not conducted annually.

2.3.10.2 Monitoring and evaluation

As per para 6.2.8 of the MFMP for RMSA, a district level committee headed by senior most Member of Parliament of the area and comprising of public representatives was to be constituted for monitoring the implementation of the RMSA programme. The Committee was to meet once in each quarter of a year.

Audit scrutiny showed that the district level committees had not been set up as of July 2015 and mechanism indicating periodicity/ schedule for monitoring and inspection of programme/ activities by the authorities at various levels had also not been evolved as of July 2015. No evaluation of scheme was carried out by the Department to ascertain the impact of the implementation of scheme as of July 2015.

While admitting the facts, the District Project Officers (DPOs) of Shimla and Kangra stated (June 2015) that such committee had not been formed at district level whereas the DPO Nahan stated (July 2015) that district level monitoring committee of SSA under the chairmanship of Deputy Commissioner had been assigned the monitoring work under the scheme. The reply is not acceptable as constitution of committee without the public representative was against the provisions of guidelines and also indicative of the fact that implementation of scheme is not being monitored effectively as required under RMSA guidelines.

2.3.11 Conclusion and Recommendations

Perspective plan was prepared only at State level during 2010-15 under RMSA. The Annual Work Plans under RMSA were prepared for 2013-15 only at district level without considering school/ grass root level development plans.

The Government may consider involvement of stakeholders at school/ village level in planning and implementation of the RMSA.

A large number of civil works for improving infrastructure facilities in the schools/ colleges had remained incomplete. Model schools were not established and there was considerable delay in implementation of ICT projects in schools.

The Government may consider ensuring completion of the civil works to provide infrastructure to schools/ colleges as per the provisions of the guidelines for implementation of the programmes.

Teachers were not provided the requisite training and there was delay in distribution of free uniforms and text books to the children under RMSA.

The Government may consider to conduct training, orientation and refresher courses as per norms and for prescribed duration for ensuring capacity building of the teachers/ faculties and distribution of free uniforms and text books to the children as per provisions of the scheme/ programme.

The quality of education in many Government High Schools and Senior Secondary Schools was poor.

The Government may consider improving the quality of education by identifying shortcomings through regular monitoring.

Monitoring system and internal audit arrangements were not established under the programme to ensure proper implementation of the scheme and follow-up action.

The Government may consider establishing a proper monitoring mechanism for effective implementation of the programme.

The audit findings were referred to the Government in August 2015. Reply had not been received (November 2015).

Public Works Department

2.4 Pradhan Mantri Gram Sadak Yojana

Government of India had launched (December 2000) Pradhan Mantri Gram Sadak Yojana (PMGSY) for providing all-weather road connectivity in rural areas. The programme aimed at covering all the unconnected rural habitations with a population of 1,000 and above by 2003 and those with a population of 500 and above by the end of 2007. In Himachal Pradesh, being a Hill State, the objective was to connect habitations with a population of 250 persons and above. The performance audit of the PMGSY was conducted with a view to assess the implementation of the programme economically, efficiently and effectively. The important findings are as under:

Highlights:

- *The long term master plan with clear milestones and timelines for providing all weather road connectivity to all eligible habitations was not prepared and 1,093 eligible habitations under the programme had remained unconnected in the State as of March 2015.*
(Paragraph 2.4.2.1 (i))
- *Due to non-following the 'transect walk' procedure for road alignment, detailed project reports of 117 roads approved by the GOI for ₹172.71 crore during 2001-10 had to be dropped (between January 2012 and September 2013) due to involvement of private/ forest land.*
(Paragraph 2.4.2.6 (i))
- *Against the availability, the programme funds ranging between ₹99.78 crore and ₹314.44 crore remained unutilised during 2010-14 which indicated lack of financial controls.*
(Paragraph 2.4.3.1 (i))
- *In 20 test-checked divisions, 252 works sanctioned (between January 2002 and July 2014) by the GOI for ₹358.28 crore were awarded to the contractors during 2012-15 with delays ranging between 81 and 2640 days resulting further delay in execution of the works.*
(Paragraph 2.4.4.1)
- *In all test-checked divisions, of 275 works stipulated to be completed during 2010-15, 200 works were completed and 75 works on which an expenditure of ₹54.69 crore was incurred were lying incomplete for more than 48 months.*
(Paragraph 2.4.5.1 (ii))
- *Quality control mechanism was ineffective as the EEs of the test-checked divisions had not taken action for rectification of 485 works reported as unsatisfactory by the State Quality Monitors (441) and National Quality Monitors (44) during 2010-15.*
(Paragraphs 2.4.8.3 (ii) and (iii))

2.4.1 Introduction

With the objective of providing all-weather road connectivity in rural areas, the Government of India (GOI), Ministry of Rural Development had launched (December 2000) Pradhan Mantri Gram Sadak Yojana (PMGSY). The programme aimed at covering all the unconnected rural habitations with a population of 1,000 and above by 2003 and those with a population of 500 and above by the end of 2007. However, in Himachal Pradesh, being a Hill State, the objective was to connect habitations with a population of

250 persons and above. The PMGSY also permitted upgradation of the existing roads in those districts where all the eligible habitations had already been provided all-weather road connectivity. The GOI had also constituted National Rural Road Development Agency (NRRDA) for implementation of the programme.

Organisational set up

The programme is implemented in the State by Public Works Department (PWD) through Himachal Pradesh Gram Sadak Development Agency (HPGSDA) constituted (October 2003) under the chairmanship of the Chief Secretary and nine other members. The Additional Chief Secretary (PWD) is the administrative head and member of the HPGSDA. The Engineer-in-Chief (E-in-C) is head of the Department-cum-Chief Executive (Empowered Officer) of the HPGSDA who is assisted by a Chief Engineer (CE), PMGSY at Headquarters, Chief Engineers (CEs) of four zones (Hamirpur, Kangra, Mandi and Shimla) and Superintending Engineers (SEs) of 14 circles as District Programme Implementation Units (DPIUs). The execution part of the programme is carried out by 56 divisions as Programme Implementation Units (PIUs) each headed by an Executive Engineer (EE). Besides, E-in-C (Quality Control) is responsible for ensuring the quality of the works executed under the programme.

Audit Objectives

The objectives of the audit were to see whether:

- Planning process was aligned with the objectives of the scheme;
- Adequate funds were provided and utilised for effective implementation of the programme;
- Contract management ensured execution and completion of the works according to the prescribed time schedule for providing all-weather road connectivity to the eligible habitations;
- Execution of works under PMGSY was economical, efficient and effective; and
- Quality control and monitoring mechanisms were adequate and effective.

Scope of Audit and Methodology

The implementation of the programme in the State for the period 2010-11 to 2014-15 was reviewed between March and July 2015 by test-check of records of the E-in-C/ Chief Engineer (PMGSY), two (out of four) CEs⁹⁸, six (out of 14) SEs⁹⁹ of five districts¹⁰⁰, 21 (out of 56) Executive Engineers¹⁰¹ (EEs) and E-in-C (Quality Control) selected on the basis of probability proportionate to size without replacement (PPSWOR) method of sampling. An entry conference was held with the Additional Chief Secretary (PWD) in April 2015 wherein the objectives, scope, criteria and methodology of audit were discussed. Audit conclusions were drawn after scrutiny of records, analysis of available data by issue of questionnaire, audit memoranda and obtaining responses of the departmental functionaries at various levels. The Audit findings were discussed with the

⁹⁸ Dharamshala and Hamirpur.

⁹⁹ Dalhousie, Hamirpur, Jogindernagar, Nurpur, Palampur and Rampur.

¹⁰⁰ Chamba, Hamirpur, Kangra, Kinnaur and Lahaul and Spiti.

¹⁰¹ Baijnath, Barsar, Bharmour, Chamba, Dalhousie, Dehra, Dharamshala, Fatehpur, Hamirpur, Kalpa, Kangra, Karchham, Kaza, Jaisinghpur, Jawali, Nurpur, Palampur, Pangi, Salooni, Tauni Devi and Udaipur.

E-in-C in the exit conference held in November 2015 and the views of the Department have been incorporated appropriately in the Report.

Audit Criteria

The audit criteria used for assessing the implementation of the programme was derived from the following sources:

- Guidelines of PMGSY issued by the GOI, with amendments from time to time;
- Operational Manual, Accounts Manual, etc. of PMGSY;
- Annual Reports/ Instructions/ Guidelines issued by NRRDA;
- Periodical reports/ returns prescribed by State Government;
- Rural Road Manual, circulars/ instructions, etc. issued by the GOI and the State Government; and
- Reports of National and State Quality Monitors.

Follow up on earlier Performance Audit

Implementation of the PMGSY in State was earlier reviewed and reported through paragraph 3.2 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2004. Significant findings of the review included non-achievement of targets in respect of connectivity of habitations, undue favour to contractors, false achievements in the execution of works, wrong selection of roads and non-plantation of trees on road sides, etc. Government in its Action Taken Notes to the Report tabled in April 2005 accepted the findings and committed to comply with audit observations. The Public Accounts Committee had desired (August 2011) the compliance of the audit observations. However, the issues pointed out by audit earlier were persisting as evidenced during current audit.

Audit findings

2.4.2 Planning

2.4.2.1 Preparation of Master Plan

As per paragraph 3.1 of operational manual of PMGSY, for sustainable development through rural roads, a Master Plan is required to be prepared for systematic construction, up-gradation and maintenance activities. After preparation of Block Level Master Plan the same is to be integrated into District Level Master Plan/ District Rural Roads Plan (DRRP) indicating existing road network in the district and identifying eligible unconnected habitations. Based on the DRRP, a core network is to be prepared for constructing roads to provide basic access to essential socio-economic services to each of the eligible habitations. The DRRP and the core network are approved by the State level agency (HPGSDA) and the NRRDA.

- (i) Though the Department had prepared the DRRPs and core network, the long term master plan for the State as a whole with clear milestones and timelines for providing the facility of all weather road connectivity to all eligible habitations was not prepared. The activities under the PMGSY were taken up from the approved core network only. Details of total habitations in the State (Census 2001) as well as the habitations covered under PMGSY are given in **Table-2.4.1**.

Table-2.4.1
Details of total habitations and habitations covered under PMGSY as of March 2015
(In numbers)

Category of habitations	Habitations in the State		Habitations under PMGSY			
	Total as per core network	Connected upto March 2015 (PMGSY and others)	Identified (DPRs approved)	Connected upto March 2010	Connected during 2010-15	Unconnected as of March 2015
1000 and above	742	716	196	154	26	16
500 and above but less than 1000	2170	2027	806	668	54	84
250 and above but less than 500	4472	3548	1222	939	116	167
Below 250	11562	7034	0	0	0	0
Total	18946	13325	2224	1761	196	267

Source: Departmental figure.

It would be seen from **Table-2.4.1** that of 7,384 habitations¹⁰² having population of 250 and above (Census 2001), 6,291 habitations¹⁰³ were connected upto March 2015 and 1,093 habitations remained unconnected in the State. Under the PMGSY, of 2224 habitations (approved DPRs), 1,957 habitations (Upto March 2010: 1761 and during 2010-15: 196) had been connected and 267 habitations remained unconnected. Besides, the Department had not made any efforts to cover the other eligible habitations under PMGSY and the objective of providing all-weather road connectivity to all the eligible habitations by the end of 2007 remained unachieved as of March 2015.

In the exit conference, the E-in-C admitted the facts and stated that the Master Plan had not been prepared due to non-availability of private land and involvement of forest land and the proposals were being drawn from the core network. The fact, however, remains that the core network was a guide for route marking only whereas all activities relating to construction, upgradation and maintenance of the rural roads were to be included in the master plan.

(ii) The core network was not based on any comprehensive survey. In 10 test-checked divisions¹⁰⁴, the length of 27 roads in the approved DPRs was taken as 103.185 kms whereas in the core network the length of these roads had appeared as 77.20 kms which indicated that the core network was not prepared on realistic basis. While admitting the facts, the E-in-C stated (November 2015) that the core network had been prepared on the basis of preliminary survey whereas the DPRs were prepared after detailed survey of the roads.

2.4.2.2 Inconsistent data of habitations

Reliable data is imperative for proper planning and successful implementation of any programme. Audit noticed that:

(i) As per records of E-in-C there were 18,946 total habitations and 5,621 unconnected habitations in the State as on 31 March 2015 whereas as per online management, monitoring and accounting system (OMMAS), there were 18,703 total habitations and 7,627 unconnected habitations as on 19 August 2015 which indicated that the data of habitations was inconsistent.

¹⁰² Habitations having population of 1000 and above: 742, 500 and above but less than 1000: 2170 and 250 and above but less than 500: 4472.

¹⁰³ Habitations having population of 1000 and above: 716, 500 and above but less than 1000: 2027 and 250 and above but less than 500: 3548.

¹⁰⁴ Baijnath, Barsar, Chamba, Dalhousie, Dehra, Fatehpur, Kangra, Palampur, Nurpur and Pangi.

- (ii) The details of habitations furnished by the test-checked districts vis-a-vis the data thereof maintained by the E-in-C and OMMAS are given in **Table-2.4.2**.

Table-2.4.2

Details of number of habitations in the test-checked districts vis-a-vis the data thereof maintained by the E-in-C and OMMAS as of March 2015

Category of habitations	E-in-C level			Test-checked districts			OMMAS (August 2015)		
	TH	CH	UH	TH	CH	UH	TH	CH	UH
1000 and above	284	283	1	303	300	3	276	263	13
500 and above but less than 1000	934	865	69	971	893	78	932	852	80
250 and above but less than 500	1845	1524	321	1839	1539	300	1862	1364	498
Below 250	4041	2540	1501	3857	2815	1042	4045	2044	2001
Total	7104	5212	1892	6970	5547	1423	7115	4523	2592

Source: Departmental figures.

Note: TH: Total habitations, CH: Connected habitations and UH: Unconnected habitations.

It would be seen from **Table-2.4.2** that there was variation in data of habitations maintained by the E-in-C, test-checked districts and OMMAS.

The inconsistency in maintenance of data of habitations at various levels would adversely affect the planning for execution of the unconnected habitations. In the exit conference, the E-in-C admitted the facts and stated that the variation was due to repetition of some habitations and the data was being corrected.

2.4.2.3 Comprehensive new connectivity priority list

As per paragraph 6.1 of the programme guidelines, comprehensive new connectivity priority list (CNCPL) based on the approved core network, would form the basis for selection of road works and all proposals for new connectivity were to be taken up as per the CNCPL.

Audit noticed that in 12 test-checked divisions¹⁰⁵, 37 new connectivity works (length: kms 166.78) sanctioned during 2003-15 by the GOI for ₹ 32.96 crore were not appearing in the CNCPL. The E-in-C stated (November 2015) that the CNCPL could not be followed due to non-availability of private land and involvement of forest land. The reply is contrary to the provisions of the programme guidelines *ibid*, as the new connectivity was not prioritised as per CNCPL.

2.4.2.4 Pavement condition survey

In order to manage the rural road network for upgradation and maintenance planning, paragraph 6.2 of the programme guidelines provides for conducting biennial pavement condition survey of all through routes (rural roads) and the results of the survey were to be recorded in the Pavement Condition Index (PCI) register. Based on the PCI, comprehensive upgradation priority list (CUPL) was to be prepared at Block level.

Audit noticed that 10 (out of 21) test-checked divisions¹⁰⁶ had not conducted the required pavement condition survey during 2010-15 and the other test-checked divisions had not maintained the necessary PCI registers without which the authenticity of the survey conducted by these divisions could not be verified in audit. This indicated that the CUPL was not prepared on the basis of actual survey. Besides, all the roads after the expiry of five-year post-construction maintenance, were not placed under zonal maintenance

¹⁰⁵ Baijnath, Barsar, Bharmour, Chamba, Dalhousie, Dehra, Dharamshala, Hamirpur, Jaisinghpur, Kangra, Palampur and Salooni.

¹⁰⁶ Baijnath, Dharamshala, Jaisinghpur, Kalpa, Kangra, Karchham, Kaza, Palampur, Pangi and Salooni.

contracts during 2010-15 as required under paragraph 17.3 of the programme guidelines. While admitting the facts, the E-in-C stated (November 2015) that after updation of PCI data in OMMAS, the prioritisation of roads for upgradation would be done in future.

2.4.2.5 Functioning of State Level Standing Committee

As per paragraph 7.5 of the programme guidelines, State Level Standing Committee (SLSC) headed by Chief Secretary/ Additional Chief Secretary was to be constituted for performing different functions including vetting of core network, clearance of annual project proposals, monitoring progress of works, quality controls, resolving issues relating to land availability/ forest clearance, etc.

Audit noticed that the SLSC constituted during August 2001, did not perform any PMGSY related functions during 2010-15 as the same had not met since January 2006 which indicated that the activities of the PMGSY during above period were carried out without the approval of the SLSC in contravention of the guidelines *ibid*.

In the exit conference, the E-in-C admitted the facts and stated that meeting of the SLSC would be convened regularly in future. The fact, however, remains that all the main activities of the programme were carried out without the approval of the SLSC which resulted in dropping of a large number of approved proposals of roads as indicated in the succeeding paragraph and many works remaining unexecuted/ incomplete due to involvement of forest land, etc. (Paragraphs 2.4.5.1 to 2.4.5.3).

2.4.2.6 Transect walk for alignment of roads

In order to ensure availability of encumbrance free land, paragraph 6.13 of the programme guidelines provides for organising a simple non-formal 'transect walk' while preparation of the detailed project reports (DPRs), with the involvement of Panchayat Pradhan, local Patwari and Junior Engineer alongwith official(s) of the Forest Department, etc. Audit noticed that:

- (i) As required, the Department had not followed the 'transect walk' procedure while preparing the DPRs for construction of the roads under the programme. Resultantly, 117 number of DPRs, approved (2001-10) by the GOI for ₹ 172.71 crore had to be dropped (between January 2012 and September 2013) due to involvement of private/ forest land.
- (ii) The test-checked divisions had also not followed the 'transect walk' procedure and in 29 DPRs (₹ 28.06 crore) dropped (between January 2012 and September 2013) in 10 test-checked divisions¹⁰⁷, false/ wrong land availability certificates were attached. Besides, in six test-checked divisions¹⁰⁸, 19 DPRs approved by the GOI for ₹ 54.47 crore, had also been proposed to be dropped (between March 2012 and February 2015) where false land availability certificates were found attached.

The EEs concerned stated (May-July 2015) that the 'transect walk' was conducted but no record was kept and land certificates were furnished in anticipation of forest clearance/ consent of the representatives of the villages. The replies are not acceptable as neither the proceedings of 'transect walk' were properly documented nor the encumbrance free land was ensured. In the exit conference, the E-in-C admitted the facts and stated that the transect walk was not followed earlier and at the time of preparation of DPRs, people had given affidavits to donate land but later on some of the shareholders of the land had raised disputes. The fact, however, remains that false land availability certificates were attached with the DPRs.

¹⁰⁷ Barsar, Baijnath, Bharmour, Dharamshala, Dehra, Hamirpur, Karchham, Palampur, Salooni and Tauni Devi.

¹⁰⁸ Bharmour, Dehra, Fatehpur, Kalpa, Kangra and Udaipur.

2.4.2.7 Possession of ownership of land

As per paragraph 6.12 of PMGSY guidelines, the State Government was to lay down guidelines for voluntary donation, exchange or other mechanism to ensure availability of land for constructing rural roads and the details of land made available should be reflected in the land records to avoid disputes. Audit noticed that:

- (i) The Department had not devised any mechanism to ensure clear title of the land for construction of roads under PMGSY as of August 2015 which resulted in non-transfer of the land to the Department as indicated in the succeeding sub-paragraph.
- (ii) In nine test-checked divisions¹⁰⁹, 97 roads were taken up for execution during 2010-15 without ensuring transfer of private land (135.51 hectares) in the name of the Department as of July 2015. Of which, 59 roads had already been completed and 35 roads were lying incomplete and expenditure of ₹ 88.30 crore had been incurred on these roads. Besides, two incomplete roads (Packages HP 0251 and HP 0347) were treated as completed in January 2011 and May 2013 respectively and one road (Package No.HP 0225) was held up since March 2011.

The concerned EEs stated (May-July 2015) that due to shortage of patwaris, the process of transfer of land could not be taken up. The replies are not acceptable as construction of the road without ensuring clear title of the land would lead to dispute in future. The E-in-C stated (November 2015) that in future, the private land would be got transferred through gift deeds.

2.4.2.8 Coverage of rural roads

As per paragraph 3.3 of PMGSY guidelines, in the case of Himachal Pradesh being hilly or Special Category State an unconnected habitation with a population of designated size located at path distance of at least 1.5 kms or more from an all-weather road or a connected habitation was to be covered. Audit noticed that in nine divisions¹¹⁰, 17 road works located at a path distance of less than 1.5 kms from all-weather roads or connected habitations were sanctioned for ₹ 6.79 crore during 2001-14 in contravention of the PMGSY guidelines. Of 17 roads, nine roads had been completed during 2010-15 and eight were in progress as of July 2015.

The EEs concerned stated (May-July 2015) that the proposed roads had appeared in the core network. The replies are not convincing as prescribed criteria for coverage of the habitations should have been followed while drawing the core network. The E-in-C stated (November 2015) that the roads were included under PMGSY keeping in view the hard geographical condition of the State.

2.4.2.9 Upgradation of roads

As per para 2.2 of PMGSY guidelines, the upgradation of the existing roads was to be taken up only in those districts where all the eligible habitations of the designated population size had been provided with all-weather road connectivity.

Audit noticed that contrary to above provision, in five divisions¹¹¹ of three districts¹¹², 15 road works were sanctioned by GOI for ₹ 29.18 crore during 2006-15 for upgradation whereas 137 number of eligible habitations¹¹³ had not been connected in the districts as of March 2015. Of these works, 10 works had been completed during 2010-15 and five

¹⁰⁹ Chamba, Dalhousie, Dehra, Hamirpur, Jawali, Kangra, Nurpur, Salooni and Tauni Devi.

¹¹⁰ Barsar, Chamba, Dalhousie, Dehra, Fatehpur, Hamirpur, Jawali, Nurpur and Tauni Devi.

¹¹¹ Fatehpur, Jawali, Nurpur, Tauni Devi and Udaipur.

¹¹² Kangra, Hamirpur and Lahaul and Spiti.

¹¹³ Hamirpur: 20, Kangra: 115 and Lahaul and Spiti: two.

were lying incomplete as of July 2015. The E-in-C stated (November 2015) that the eligible habitations in the districts could not be connected due to non-availability of land. The reply is not in conformity with the provisions of the PMGSY guidelines.

2.4.3 Financial management

PMGSY is funded 100 *per cent* by GOI and funds are provided through three windows viz., Programme Fund (related to payments for works), Administrative Fund (related to administrative costs) by GOI and Maintenance fund (for meeting maintenance expenditure) by the State Government.

Funds for sanctioned projects are made available by the GOI to the State Government in two instalments- first instalment of 50 *per cent* of the value of projects (or annual allocation whichever is lower) after clearance of projects by NRRDA and second instalment subject to utilisation of 60 *per cent* of available funds and completion of at least 80 *per cent* of road works awarded during previous year as well as 100 *per cent* of awarded works of all years preceding that year and fulfillment of other conditions, if any, stipulated while releasing previous instalment.

2.4.3.1 Programme Fund

(i) Availability and utilisation of funds

Audit noticed that the Department had not maintained/ updated the data of requirement and allocation of funds under the programme from the GOI during 2010-15. The details of availability of funds under PMGSY and expenditure incurred thereagainst during above period are given in **Table-2.4.3**.

Table-2.4.3
Details of availability of programme funds and expenditure incurred thereof during 2010-15
(₹ in crore)

Year	Availability of funds					Expenditure	Closing Balance
	Opening Balance	Receipts		Interest	Total		
		GOI	Other ¹¹⁴				
2010-11	43.71	199.30	3.10	5.12	251.23	149.55 (60)	101.68
2011-12	101.68	305.30	8.04	16.58	431.60	117.16 (27)	314.44
2012-13	314.44	0	7.68	24.59	346.71	126.33(36)	220.38
2013-14	220.38	0	3.32	16.18	239.88	140.10(58)	99.78
2014-15	99.78	84.40	9.54	4.65	198.37	197.88	0.49
Total		589.00	31.68	67.12		731.02	

Source: Departmental figure.

Note: Figures in parenthesis denote percentage.

It would be seen from **Table-2.4.3** that the HPGSDA had not received funds under the programme from the GOI during 2012-14 due to less utilisation of funds during the previous years, delay in execution/ completion of works, etc. (**Paragraph 2.4.5.1 to 2.4.5.3**). During 2010-14, the percentage utilisation of the available funds ranged between 27 and 60 whereas the expenditure during 2014-15 reflected merely the booked amount as payments of cheques issued thereof had not been made by the banks and ₹ 5.31 crore was lying deposited in bank as on 31 March 2015. This indicated lack of financial controls in the HPGSDA. Though asked for (September 2015), the E-in-C had not furnished reasons for the same.

(ii) Non-obtaining of special allocation

As per paragraph 5.3 of programme guidelines, a special allocation at the rate of five *per cent* of the annual allocation from the rural road share of the diesel cess was to be made to the districts sharing borders with Pakistan and China. Audit noticed that no such special allocation was made for the two districts (Kinnaur and Lahaul and Spiti) of the

¹¹⁴ Tender premium, State head for additional cost, etc.

State sharing borders with China during 2010-15 whereas six habitations eligible under PMGSY were lying unconnected in these districts as of March 2015. In the exit conference, the E-in-C admitted the facts and stated that the special allocation would be obtained in future.

(iii) Parking of funds

Audit noticed that for meeting out the cost escalation of four roads¹¹⁵ sanctioned by the GOI under PMGSY, funds of ₹ 2.39 crore provided by the Deputy Commissioner, Kinnaur were drawn by the EE Karchham and kept in deposit head (between March 2010 and March 2012). Later on, the funds were transferred (March 2013) to the Empowered Officer of the PMGSY, Shimla. Of this, the Empowered Officer had incurred expenditure of ₹ 0.41 crore on Choltu-Punang road and ₹ 1.98 crore were lying parked in PMGSY programme account as of May 2015 due to dropping of Jani-Ramni road for want of forest clearance and non-finalisation of the tenders of the remaining two roads.

The EE stated (May 2015) that the tendering process was in progress for Karchham-Sangla-Chhitkul and Wangtoo-Kafnoo roads. The reply is not acceptable as the State funds were lying parked with the programme account for more than three years and the Department had not expedited the finalisation of the tenders in time. In the exit conference, the E-in-C admitted the facts and stated that necessary action for utilisation of the funds would be taken.

(iv) Non-availing of income tax exemptions

The funds received from the GOI are deposited in Bank in the name of Chief Executive, HPGSDA. The HPGSDA being a non-profit organisation was eligible for exemption under Section 12AA of the Income Tax Act, 1961.

Audit noticed that ₹ 7.55 crore had been deducted by the Bank as income tax deducted at source (TDS) during 2013-15 on interest of ₹ 108.44 crore accrued on account of deposits of the HPGSDA (PMGSY funds) in the Bank during 2009-15 due to the Department not seeking the exemption certificates from the Income Tax Department (ITD) annually. Though the Department had claimed refund (August 2013 to November 2014), only ₹ 0.51 crore had been received back during 2014-15 and balance amount of ₹ 7.04 crore had remained to be refunded by the ITD as of March 2015. Had the Department sought exemption from the ITD in time, the Department could have utilised the funds for the works under the programme. In the exit conference, while admitting the facts, the E-in-C had not furnished reasons for non-obtaining the exemption certificates from the IT authorities.

(v) Irregular payment of arbitration award

Paragraph 11.5 of the programme guidelines provides that all costs due to time overrun, arbitration/ judicial award should be borne by the State Government.

Audit noticed that in Bharmour division, an arbitration award of ₹ 16.25 lakh was granted (May 2013) in favour of a contractor¹¹⁶ due to fault of the Department as the work under PMGSY was awarded (April 2010) to the contractor before getting the forest clearance. The Department released the award to the contractor from PMGSY funds¹¹⁷ instead of the State head which was irregular as per PMGSY guidelines. In the exit conference, the E-in-C had admitted the facts.

¹¹⁵ Upgradation of Karchham Sangla Chhitkul road: ₹ 1.52 crore, Construction of Jani -Ramni road: ₹ 0.21 crore, Upgradation of Wangtoo- Kafnoo road: ₹ 0.45 crore and Construction of Choltu-Punang road: ₹ 0.21crore.

¹¹⁶ Package No. HP02-28 (Agreement No. 946 for 2006-07).

¹¹⁷ Against mobilisation advance paid to the contractor earlier out of PMGSY funds: ₹ 15.75 lakh and payment (January 2015): ₹ 0.50 lakh.

2.4.3.2 Administrative Fund

Audit noticed that against the availability of administrative funds of ₹ 15.09 crore during 2010-15 (Opening balance: ₹ 2.88 crore, receipts from GOI: ₹ 11.02 crore and interest: ₹ 1.19 crore), the Department had incurred expenditure of ₹ 11.05 crore leaving ₹ 4.04 crore in the saving account of HPGSDA. This indicated that the Department had not utilised the funds expeditiously. Besides, the expenditure of ₹ 3.00 crore during 2011-12 included ₹ 1.32 crore deposited (March 2012) by the HPGSDA in treasury for the credit of the State Government merely to show the amount spent under the administrative fund which was irregular being contrary to the PMGSY guidelines. While admitting the facts (November 2015), the E-in-C did not furnish reasons for the lapse.

2.4.3.3 Maintenance Fund

Maintenance funds to the service contract is budgeted by the State Government and placed at the disposal of the HPGSDA in maintenance account.

(i) Availability and utilisation of funds

Audit noticed that the Department had not assessed the requirement of funds for maintenance of roads under PMGSY during 2010-15. Funds for 2010-11 were provided from the State head and the funds for 2011-15 were provided out of the grant funded by the Thirteenth Finance Commission. Against availability of maintenance funds of ₹ 224.56 crore (Receipts: ₹ 204.30 crore and interest: ₹ 20.26 crore) during 2010-15, the Department had incurred expenditure of ₹ 134.97 crore leaving an unspent balance of ₹ 89.59 crore in the saving account of HPGSDA as of March 2015. Thus, the funds were not utilised expeditiously and short utilisation of funds during above period was attributed to the non-placement of the zonal maintenance contracts, non execution of maintenance works, etc. (**Paragraphs-2.4.2.4 and 2.4.6.2**). While admitting the facts (November 2015), the E-in-C did not furnish reasons for non-utilisation of the funds.

(ii) Diversion of maintenance funds

Para 17.2 of the programme guidelines provides that the maintenance expenditure of PMGSY roads only is required to be met out of funds made available with HPGSDA. Audit noticed that contrary to this provision, the EEs of two test-checked divisions (Dalhousie and Jaisinghpur) had incurred expenditure of ₹ 48.59 lakh during 2013-15 from PMGSY maintenance funds on the periodical maintenance of three roads constructed from the State head which was irregular.

While confirming the facts (May-July 2015), the EEs concerned had not furnished reasons for the lapse.

2.4.4 Tendering and contract management

As per Standard Bidding Document (SBD) prescribed by the GOI for construction and maintenance of roads under PMGSY, a two envelope tendering process consisting of technical and financial bids was to be followed. The SBD also specified (i) time frame for various activities in tendering process (ii) clear qualifications for contractors to qualify for bidding (iii) evaluation of bidding capacity in each case, etc. The deficiencies relating to tendering process followed in the test-checked projects are as follow:

2.4.4.1 Delay in award of work

Paragraph 13.2 of the programme guidelines specifies 75 days average tendering time after sanctioning of a project by the GOI.

Audit noticed that in 20 test-checked divisions, 252 works sanctioned (between January 2002 and July 2014) by the GOI for ₹ 358.28 crore were awarded to the contractors during 2012-15

after a delay of 81 to 2640 days (**Appendix-2.10**) which delayed the execution/ completion of the works and deprived the public of the intended road facility in time. The CEs of concerned zones attributed (September 2015) the delay in tendering process to non-availability of sufficient number of qualified contractors, repeated recalling of tenders, typical terrains, etc. The reply is not acceptable as Department should have awarded the works in a timely manner as prescribed in the guidelines.

2.4.4.2 Invitation of tenders prior to technical sanction

As per paragraph 11.1 of the programme guidelines, tenders were to be invited only after clearance of the PMGSY projects by the GOI and according technical sanction by the competent authority in the Department.

Audit noticed that contrary to this provision, in 11 divisions¹¹⁸, 56 projects sanctioned (2001-14) by the GOI for ₹ 58.54 crore were awarded and executed during 2010-15 without obtaining the necessary technical sanction from the competent authority. Resultantly, 44 projects had been completed after a delay ranging from two to 109 months and 12 roads were lying incomplete as of August 2015. The E-in-C stated (November 2015) that no technical sanction was required for the DPRs scrutinised by the State Technical Agency. The reply is not acceptable as the tenders were to be invited after according technical sanction by the competent authority in the Department.

2.4.4.3 Award of works with variations

As per paragraph 8.2 of the operational manual of PMGSY, prior approval of the GOI (NRRDA) was required to be obtained where variation between sanctioned cost as per DPR and technical sanction exceeded 10 *per cent*. Besides, as per paragraph 11.5 of the programme guidelines, the approval of the GOI was also to be obtained in case of the variation (excess/deficit) in execution of the works exceeded 10 *per cent* of the sanctioned cost.

Audit noticed that contrary to above provisions:

- (i) In eight divisions¹¹⁹, the variations between sanctioned cost (₹ 32.63 crore) as per DPRs and technical sanction (₹ 40.89 crore) in 26 works was ranging between 11 and 190 *per cent* and these works were awarded (between September 2006 and December 2014) to contractors without obtaining the approval of the GOI (NRRDA).
- (ii) In all test-checked divisions (except five¹²⁰), 91 roads sanctioned for ₹ 110.44 crore were completed (between April 2010 and May 2015) with expenditure of ₹ 80.59 crore resulting in less expenditure of ₹ 29.85 crore (27 *per cent*). The percentage of variations in the works ranged between 11 and 90, but the Department had not obtained approval of the GOI for the same. Besides, in 45 (out of 91) roads, the EEs had not ensured the execution of the entire approved scope of the works like formation cuttings, CDs, parapets, etc.
- (iii) In five test-checked divisions¹²¹, five roads sanctioned for ₹ 6.55 crore were completed (between July 2011 and December 2014) with expenditure of ₹ 7.91 crore resulting in excess expenditure of ₹ 1.36 crore (21 *per cent*). The percentage of variations in the works ranged between 14 and 39, but the Department had not obtained approval of the GOI for the same.

¹¹⁸ Barsar, Baijnath, Bharmour, Dalhousie, Dehra, Dharamshala, Fatehpur, Jaisinghpur, Kangra, Palampur and Udaipur.

¹¹⁹ Baijnath, Bharmour, Dalhousie, Dehra, Fatehpur, Jawali, Kangra and Palampur.

¹²⁰ Kalpa, Karchham, Kaza, Pangi and Salooni.

¹²¹ Dharamshala, Jawali, Kalpa, Karchham and Kaza.

The E-in-C stated (November 2015) that the funds over and above 10 *per cent* of the sanctioned cost had been arranged from the State Government. The reply is not convincing as the test-checked divisions had incurred the excess expenditure out of PMGSY funds only and the Department had not obtained approval for the variations from the GOI.

2.4.4.4 Irregular award of works on single bid

As per State Government instructions (January 2008), the works for construction of roads on single tender were to be awarded with prior approval of the Administrative Department i.e. Secretary (PW). However, as per GOI (NRRDA) directions (May 2013), if in the first invitation/ call, single bid is received, the State Rural Roads Development Agency (SRRDA) or authority inviting the tenders/ bids was required to re-invite the bids and accept single tender in second or subsequent invitations/ calls.

Audit noticed that contrary to above provisions,

- (i) In Hamirpur and Tauni Devi test-checked divisions, the CE, Hamirpur had awarded (January to June 2011) four works for ₹ 3.85 crore on single tenders without prior approval of the Administrative Department which indicated that the Department had not ensured the competitiveness and transparency in awarding the works.
- (ii) In Hamirpur division, the CE had awarded (July 2013) a work (Package HP03104) for ₹ 18.56 lakh on single tender on first call only.

The CE, Hamirpur stated (July 2015) that the works were awarded with the approval of the E-in-C. The reply is not acceptable as the approval of the Secretary (PW) should have been obtained in respect of the works awarded prior to May 2013 and thereafter, the works should have been awarded after second call only.

2.4.4.5 Insurance policies prior to defect liability period

As per clause-13.1 of general conditions of SBD, the contractor at his cost was to provide insurance cover for a PMGSY work in the joint names of the employer and the contractor from the start date to the end of the defect liability period in the amounts¹²² and deductibles¹²³ stated in the contract data for the events at contractor's risk.

Audit noticed that in 16 test-checked divisions¹²⁴, in 59 road works completed between April 2010 and June 2015, the contractor had not provided the required insurance cover at all and in 46 road works, completed between May 2010 and June 2015, the contractor had not provided the required insurance cover upto the end of the defect liability period. Thus the EEs concerned had not ensured the insurance covers as per SBD. The EEs admitted facts and stated (May-July 2015) that necessary insurance covers would be obtained from the contractors.

2.4.4.6 Performance security from contractors

As per clause 46 of the contract agreement of PMGSY, half of the performance security of five *per cent* of the contract price was to be obtained from the contractor within 15 days after receipt of letter of acceptance and the balance (two and half *per cent*) was required to be recovered from the running bills of the contractors. The performance security in the shape of Bank Guarantee (BG) was to remain valid upto 45 days after the expiry of the defect liability period of five years beginning after the date of completion. Audit noticed that:

¹²² Amount: Minimum cover of insurance: ₹ five lakh per occurrence limited to four occurrences.

¹²³ Maximum deductibles: Works, plant and materials (₹ 5,000), Loss or damage to equipment (₹ 5,000), other property (₹ 5,000) and personal injury or death (₹ 14,110 for injury or death of other persons and as per statutory requirements for injury and death of contractor's employees).

¹²⁴ Baijnath, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kalpa, Kangra, Karchham, Nurpur, Palampur, Pangi, Salooni, Tauni Devi and Udaipur.

- In Hamirpur division, in 10 PMGSY road works, the balance performance security of ₹ 21.60 lakh (at the rate of two and half *per cent* of the value of work done) was not recovered from contractors payments (Running Account bills) during 2010-15 as required under the contract agreement.
- In 11 test-checked divisions¹²⁵, in 43 PMGSY road works completed between February 2009 and April 2015, the Bank Guarantees (BGs) of performance security of ₹ 2.71 crore obtained from the contractors had expired (between February 2008 and February 2015) before the end of the defect liability period. The Department had not taken any action for revalidation of the BGs.

Evidently, the Department had not followed the provisions of the contract agreements and extended undue favour to the contractors besides jeopardising the public interest against losses. The EEs concerned admitted the facts and stated (May-July 2015) that the matter would be looked into and the contractors would be asked to revalidate the performance securities.

2.4.4.7 Release of security deposits prior to due date

As per clause 43.2 of the contract agreement of PMGSY, half of the security deposits (SDs) was to be repaid to the contractor on completion of the work and the balance was to be repaid after the defects liability period on the basis of a certificate of the Engineer-in-charge to the effect that all the defects noticed during defect liability period had been rectified.

Audit noticed that in Hamirpur division, the register of SDs was not maintained for 2010-12 which resulted in non-monitoring of the payment of SDs. Scrutiny of three completed road works (HP0351, HP0356 and HP0357) showed that the SDs of ₹ 14.06 lakh obtained in the shape of fixed deposit receipts (FDRs) were released (HP0351 and HP0356: April 2013 and HP0357: July 2014) before the expiry of the defect liability period¹²⁶.

Besides, the National Quality Monitors (NQMs) had inspected (April 2011) one of the roads (HP0351) and graded the same as unsatisfactory. The action taken report submitted to NRRDA was also rejected (June 2015). In the absence of SDs the Department was unable to initiate action against the contractor. Thus, the Department had extended undue favour to the contractor and failed to secure the public interest against losses. The EE admitted the facts and stated (July 2015) that the matter would be looked into.

2.4.4.8 Variation in contract clauses

As per clause 32.1.1 of general condition of SBD of the PMGSY, the Engineer-in-charge was to give notice to the contractor of any defects before the end of the defect liability period beginning on completion and ending after five years. Audit noticed that in Udaipur division, the provision for defects liability period of one year instead of five years was made in five PMGSY road works¹²⁷. Resultantly, the performance security of ₹ 35.93 lakh was released (between May 2013 and March 2015) to the contractors before the expiry of the five years defect liability period (between January 2014 and July 2016). Thus, due to variation in contract clauses the Department was unable to get the defects noticed rectified from the contractors and had to bear the avoidable expenditure of ₹ 59.09 lakh on maintenance of the roads.

¹²⁵ Dalhousie, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kangra, Palampur, Pangi and Tauni Devi.

¹²⁶ Defect liability period: upto June 2014(HP0351 and HP0356) and upto June 2018(HP0357).

¹²⁷ Packages No. HP-0701, 0703, 0704, 0706 and 0707.

The CE (Mandi) admitted the facts and stated (August 2015) that as per acceptance letter, the defect liability period was five years, but due to typing mistake at EE level, the period was taken as one year. The reply should be seen in the light of the fact that the mistake had jeopardised the public interest against losses.

2.4.4.9 Recoveries of advances from the contractors

As per Standard Bidding Document (SBD) of the PMGSY, the advances¹²⁸ allowed to the contractors were required to be recovered proportionately from payments due to the contractor for the work done.

Audit noticed that in three divisions¹²⁹ of mobilisation/ equipment advances of ₹ 3.87 crore¹³⁰ paid (between March 2006 and April 2011) to six contractors in six works, ₹ 2.00 crore¹³¹ only had been recovered. Of the six works, two works had been completed (November 2006 and February 2015) by the contractors and the other works were held up (between December 2007 and December 2012) due to involvement of forest land (three) and private land (one) and the unconditional Bank Guarantees thereof had also expired. However, the concerned EEs had not taken any action for the recovery of outstanding advances of ₹ 1.87 crore from the contractors.

The EEs concerned stated (May-July 2015) that the balance amount would be recovered from security deposits of the contractors. The reply does not explain the reasons for non-recovery of the advances from the contractors since long and the public funds had been put to high risk.

2.4.4.10 Recoveries of royalty charges from the contractors

As per terms and conditions of contract agreement, the royalty charges for stone, sand, aggregate etc., as per rates approved by the Mining Department, are to be deducted from the running bills of the contractors. Audit noticed that:

- In 12 divisions¹³², the EEs had not deducted the royalty charges of ₹ 1.18 crore due from the contractors (between April 2010 and March 2015), from their running bills on the basis of crusher bills/ certificates of crusher owners for sand, grit stone, etc.
- In seven divisions¹³³, against the royalty charges ₹ 70.58 lakh due from the contractors in 38 works, only ₹ 18.09 lakh had been deducted from their running bills (between August 2012 and January 2015) resulting in short recovery of ₹ 52.49 lakh as of July 2015.

While admitting the facts (May-July 2015), the EEs had not furnished reasons for the lapse.

2.4.4.11 Non-levy of liquidated damages

As per paragraph 9.1 of the Operations Manual of the PMGSY, the work should be executed by the contractor within the given time and also where the time is the essence of the contract, the contractor is required to adhere to prescribed time schedule. For breach of the contract the contractor was liable to pay liquidated damages subject to a maximum of 10 per cent of the contract price. Audit noticed that:

¹²⁸ Mobilisation advance: Upto five per cent of the contract price and equipment advance: upto 90 per cent of the cost of new equipment brought to the site of work subject to maximum of 10 per cent of the contract price.

¹²⁹ Karchham, Jaisinghpur and Tauni Devi.

¹³⁰ Mobilisation advance: ₹ 1.33 crore and equipment advance: ₹ 2.54 crore.

¹³¹ Mobilisation advance: ₹ 0.87 crore and equipment advance: ₹ 1.13 crore.

¹³² Baijnath, Barsar, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kangra, Nurpur, Palampur and Tauni Devi.

¹³³ Bharmour, Chamba, Dalhousie, Kalpa, Karchham, Pangi and Salooni.

- (i) In nine test-checked divisions¹³⁴, the EEs had awarded (between April 2006 and November 2013) 54 works for ₹ 66.42 crore to 54 contractors stipulated to be completed within nine to 18 months. However, the contractors did not achieve the pace of the works within the stipulated period and the Department had not taken any action for levy of liquidated damages of ₹ 6.64 crore for delay ranging between six and 79 months. Besides, the contracts were also kept alive unilaterally. Thus, non-levy of the liquidated damages for breach of contractual provisions led to extension of undue favour to the contractors.
- (ii) In Dehra and Jawali divisions, the EEs had levied liquidated damages of ₹ 10.49 lakh on contractors in two road works (Package No. HP-04-57 and 51) for delay of 14 and 24 months after the stipulated period of completion and accordingly, the amount was deducted from the contractors payments between July 2008 and April 2010. However, the amount was released during March 2010 (₹ 5.40 lakh) and August 2012 (₹ 5.09 lakh) without assigning any reasons which was irregular. Besides, the very purpose of levy of the liquidated damages for delay stands defeated. The EEs stated (June 2015) that the amount was released to the contractors on completion of the works. The replies do not explain the reasons for the lapse.
- (iii) In three test-checked divisions¹³⁵, the EEs had levied (between February 2013 and May 2014) liquidated damages of ₹ 13.71 lakh on contractors in eight works for delay of nine to 37 months beyond the stipulated period of completion. However, ₹ 3.50 lakh only had been recovered and the Department had not taken any action for recovery of the balance amount of ₹ 10.21 lakh from the contractors as of June 2015. While admitting the facts, the EEs did not furnish reasons for the same.

2.4.4.12 Rescission of works

In terms of clause 53.1 of the agreement, termination charges at the rate of 20 *per cent* of the cost of balance work was required to be levied on the contractor if the work is not completed by him as per the contractual provision.

Audit noticed that in three divisions¹³⁶ five works were awarded to the contractors between May 2007 and July 2013 for ₹ 8.16 crore¹³⁷ and stipulated to be completed in nine to 24 months reckoning from 15 days from the award of each work. After executing two works (Package no. HP02100 and HP02111) of the value of ₹ 1.03 crore, the contractors stopped the works during April 2010 and December 2011 respectively without assigning any reasons and in the remaining works, the contractors did not start the works.

For breach of the contractual provisions, the EEs levied liquidated damages of ₹ 77.97 lakh between September 2008 and March 2015. Four contracts were terminated between September 2008 and March 2015 and the remaining contract HP02134 was proposed for termination during May 2015. In two cases¹³⁸, termination charges of ₹ 44.65 lakh were levied (September 2008 and March 2015) and in remaining three cases termination charges of ₹ 90.12 lakh were not levied. However, against charges of ₹ 2.13 crore recoverable from the contractors, only ₹ 0.13 crore were recovered in two

¹³⁴ Bharmour, Dalhousie, Dehra, Fatehpur, Jaisinghpur, Jawali, Nurpur, Palampur and Udaipur.

¹³⁵ Dalhousie, Dehra and Jawali.

¹³⁶ Bharmour, Chamba and Dalhousie.

¹³⁷ Package No. HP 02168: ₹ 0.84 crore, HP 02134: ₹ 0.31 crore, HP 0213: ₹ 1.77 crore, HP 02100: ₹ 4.52 crore and HP 02111: ₹ 0.72 crore.

¹³⁸ Package no. HP 0213 and HP 02168.

cases (Package No. HP 02168 and HP 0213) and the balance ₹ 2.00 crore was to be recovered as of May 2015.

The EEs admitted the facts and stated (May 2015) that necessary action for recovery from the contractors would be taken up. The replies do not explain the reasons for non-levy/ non-recovery of the amount from the contractors.

2.4.5 Programme Implementation

2.4.5.1 Execution of works

Paragraph 13.1 (iii) of programme guidelines provides that the construction of roads under PMGSY should be completed within 24 months from the date of sanction by GOI. Audit noticed that:

- (i) Against 2381 number of road works¹³⁹ (length: 13,683.390 Kms.) sanctioned by GOI under PMGSY for ₹ 3027.03 crore upto March 2015 in the State as a whole, the Department had completed 1839 road works¹⁴⁰ (length: 10643.919 Kms.) after incurring expenditure of ₹ 2046.42 crore. Of 542 roads works lying incomplete as of March 2015, there was time overrun of more than 24 months in 301 cases beyond the scheduled period of completion.
- (ii) The status of execution of works in the test-checked divisions during 2010-15 is given in **Table-2.4.4**.

Table-2.4.4
Status of execution of works in the test-checked divisions during 2010-15

Year	Works sanctioned		Works not started		Works started upto March 2015		Works to be completed by March 2015		Completed (2010-15)		Incomplete as of March 2015	
	No.	SC	No.	SC	No.	SC	No.	SC	No.	Exp.	No.	Exp.
Prior to 04/2010	213	359.32	13	36.71	200	322.61	200	322.61	158	198.03	42	39.32
2010-11	104	109.69	29	36.57	75	73.12	75	73.12	42	30.47	33	15.37
2011-12	0	0	0	0	0	0	0	0	0	0	0	0
2012-13	0	0	0	0	0	0	0	0	0	0	0	0
2013-14	27	53.30	5	11.58	22	41.72	0	0	3	1.63	19	10.06
2014-15	41	64.24	4	6.18	37	58.06	0	0	12	6.48	25	12.94
Total	385	586.55	51	91.04	334	495.51	275	395.73	215	236.61	119	77.69

Source: Departmental figures.

Note: No.: Number, SC: Sanctioned cost and Exp.: Expenditure.

It would be seen from **Table-2.4.4** that:

- Of 385 works sanctioned for ₹ 586.55 crore, 51 works having sanctioned cost of ₹ 91.04 crore had not been taken up for execution due to delay in finalisation of the tenders/ award of works.
- Of 334 works (SC: ₹ 495.51 crore) started between February 2006 and January 2015, 275 works were stipulated to be completed upto March 2015. However, only 200 works had been completed with expenditure of ₹ 228.50 crore, and 75 works on which expenditure of ₹ 54.69 crore had been incurred, were lying incomplete for more than 48 months due to involvement of forest land, non-finalisation of tenders, contractors' fault, etc.
- In spite of the fact that the works taken up prior to April 2010 were incomplete, 172 new works (SC: ₹ 227.23 crore) were taken up for execution during 2010-15.

¹³⁹ Upto March 2010: 1,963 (₹ 2264.52 crore) and 2010-15: 418 (₹ 762.51 crore).

¹⁴⁰ Upto March 2010: 1,368 (₹ 1391.51 crore) and 2010-15: 471 (₹ 654.91 crore).

The action of the divisions to take up the new works without first ensuring the completion of the left-over works was injudicious.

The E-in-C attributed (November 2015) the non-starting and non-completion of the works to involvement of forest land, non-finalisation of tenders, contractors' fault, etc. The reply is not acceptable as all the aspects should have been taken into account before going for execution of the works.

2.4.5.2 Unfruitful expenditure on held up road works

As per paragraph 6.12 of PMGSY guidelines, the State Government was to ensure availability of land for constructing rural roads and the details of the land made available was to be got reflected in the land records to avoid disputes, etc. at later stage.

Audit noticed that in seven test-checked divisions¹⁴¹, 27 road works sanctioned by GOI during 2005-10 for ₹ 68.22 crore were stipulated to be completed within two years from the date of sanction. The works taken up for execution between November 2005 and November 2013 were held up (between June 2006 and February 2015) due to involvement of forest land (23 cases) and private land (four cases). Evidently, the Department had not ensured encumbrance free land for the construction of the roads. It was also noticed that certificates of availability of the land were also wrongly recorded in the DPRs. The works were lying in suspended state as of July 2015. In the meantime, the Department had incurred expenditure of ₹ 21.88 crore up to February 2015. Non-completion of the works deprived the concerned beneficiaries of the intended road facility and rendered the expenditure of ₹ 21.88 crore as unfruitful for five to 109 months.

The EEs stated (May-July 2015) that the cases for diversion of land were initiated but approvals were not obtained from the GOI. The E-in-C stated (November 2015) that earlier the DPRs were got approved without ensuring encumbrance free land. The replies are not in conformity of the PMGSY guidelines as encumbrance free land should have been ensured before the works were taken up for execution.

2.4.5.3 Roads constructed in violation of Forest Conservation Act

As per Forest Conservation Act 1980 (FCA), prior approval of diversion of forest land for non-forestry purpose was required to be obtained.

Audit noticed that in Salooni division, the EE had taken up (2001-07) the construction of 25 number of PMGSY roads (SC: ₹ 38.17 crore) without ensuring prior forest clearance. The following deficiencies were also noticed:

- The construction of six roads on which expenditure of ₹ 7.64 crore had been incurred had to be closed midway (between February 2006 and May 2012) due to violation of the FCA which were lying in abandoned state as of July 2015. Resultantly, the expenditure of ₹ 7.64 crore remained unfruitful for 38 to 113 months.
- The construction of the remaining 19 road works was completed (between January 2009 and June 2013) with expenditure of ₹ 23.12 crore. However, these roads were also reported for violation of the FCA and the forest clearance from GOI had not been received as of July 2015. Besides, in 10 (out of 19) works, the Department had taken up (2010-14) the execution of Stage-II (SC: ₹ 15.01 crore), instead of ensuring the prior forest clearance and incurred expenditure of ₹ 3.94 crore which would also lead to litigation.

¹⁴¹ Barsar, Bharmour, Chamba, Kalpa, Karchham, Nurpur and Palampur.

The EE stated (July 2015) that the process for obtaining the sanction under FCA was initiated before the start of the works and some DPRs under stage-II had been prepared and got approved from the GOI as the formation cutting work had already been completed in violation of FCA. The reply is not acceptable as prior approval for the diversion of forest land for the purpose was required before taking up the execution of the works.

2.4.5.4 Unfruitful expenditure on incomplete roads treated as complete

During joint spot inspection of the works conducted by the audit team in conjunction with the department officers¹⁴² the following deficiencies had been noticed:

(i) Construction of Jhajjakothi-Martiund road

In order to provide transport facility to 1,500 persons, the construction of Jhajjakothi to Martiund road (kms 0 to 3.720) in Chamba district was approved by GOI under PMGSY (Package No. HP-2-61) during 2006-07 for ₹ 90.48 lakh. The work was awarded (March 2007) by EE Chamba division to a contractor at a tendered amount of ₹ 1.00 crore and stipulated to be completed by April 2008. Audit noticed that after executing the work of value of ₹ 61.92 lakh, the contractor stopped (March 2008) its execution due to involvement of forest land at various reaches. The Department had not ensured the hindrance free site for the construction of the road and the work was lying in a suspended state as of July 2015. Contrarily, the work was treated (March 2009) as completed in the OMMAS. However, during joint spot inspection (May 2015) of the road, it was noticed that the condition of the road was very bad and the road width at certain stretches was less than 3.5 metres (jeepable from kms 1.825 to 2.495).

Resultantly, the expenditure incurred on the road remained unfruitful as the intended benefits were not provided to the public of the area. While admitting the facts (May 2015), the EE stated that the work would be completed after forest clearance. The reply is not acceptable as the work should have been taken up after forest clearance and should also not have been shown as completed.

(ii) Upgradation of Rulehar-Lam link road

In order to provide connectivity to Har and Lam villages of Kangra district, the construction of Rulehar-Lam link road (kms 0.0 to 3.880) was approved by GOI for ₹ 3.52 crore during 2010-11. The work¹⁴³ was awarded (May 2012) to a contractor for ₹ 2.98 crore and stipulated to be completed by November 2013. The contractor had completed (March 2015) the work after incurring expenditure of ₹ 2.98 crore.

However, scrutiny (July 2015) of records of Kangra division showed that against the scope of work, the contractor had not executed the work completely¹⁴⁴ whereas the Department had shown the work as completed. In many stretches, the side drains filled with debris and stones, were not visible. At some stretches, the road looked like unpaved road. No proper revetment had been constructed and cross drainage (culvert) at kms 0.735 was hanging due to poor quality of work as no proper foundation had been provided. Besides, the Department had not taken any action for completion/ maintenance of the work from the contractor during the defect liability period.

The EE stated (July 2015) that the work at some stretches had not been executed to avoid the deviation of the awarded cost. The reply is not convincing as the awarded cost was

¹⁴² Assistant Engineers/ Junior Engineers of concerned works.

¹⁴³ Formation cutting: kms 3.880, cross drainage: 28 nos., side drain: 3,545 rmt, parapets: 200 nos. and wearing and tarring: kms 3.880.

¹⁴⁴ Formation cutting: kms 3.880, cross drainage: 27 nos., side drain: 3,262 rmt, parapets: 150 nos, wearing: kms 3.746 and tarring: kms 3.435.

much less (₹ 0.54 crore) than the sanctioned cost and the work should have been got executed as per contract agreement.

(iii) Construction of Rehlu-Borusarna link road

In Kangra division, a work¹⁴⁵ relating to construction of link road from village Rehlu to Borusarna (kms 0.0 to 6.780) approved by GOI for ₹ 4.82 crore during 2006-07 was awarded (January 2007) by the EE of Kangra division to a Chandigarh based contractor for ₹ 4.82 crore and stipulated to be completed by August 2008. Audit noticed the following deficiencies:

- The contractor started the work in February 2007 and after execution of the work¹⁴⁶ of the value of ₹ 2.89 crore upto December 2012, the contractor stopped the work without assigning any reason and the Department had failed to get the entire work completed from the contractor after December 2012.
- The SQM had pointed out (February 2009) that the geometrics of the road were unsatisfactory beyond kms 4.0 and gradients in reaches (kms 4.300 to 5.400) were not acceptable. Besides, the drains were not integrated to the nearest cross drain. However, neither the defects were rectified by the contractor nor any action had been initiated by the Department for the same.
- Instead of initiating any action against the contractor for levy of liquidated damages, etc., the Department had treated the work as completed (June 2013) at a cost of ₹ 2.44 crore against the sanctioned cost of ₹ 4.82 crore without obtaining the prior approval of the GOI.
- Contrary to provision of the contract agreement, the deposits of ₹ 33.72 lakh (Security Deposits: ₹ 9.64 lakh and Performance Security: ₹ 24.08 lakh) were released (November 2014) before the expiry of defect liability period.

Thus, due to lackadaisical approach of the Department, the work required to be completed by August 2008, had not been completed as of July 2015 and the Department failed to provide all-weather road connectivity to the concerned beneficiaries and the contractor was also extended undue financial benefits.

The EE stated (July 2015) that the work had been executed as per specifications and certain quantities of the work were not executed to avoid steep side slopes and landslides. The reply is not acceptable as the Department had not ensured the quality of the road as per specification and the objective of the programme remained unachieved. In the exit conference, the E-in-C admitted the facts.

2.4.5.5 Execution of work below specification

The roads constructed under PMGSY are expected to be of very high standard. Rural Road Manual provides for base course in two layers of Water Bound Macadam (WBM) grade 2 and WBM grade 3 of 75 mm thickness each to obtain total compacted thickness of 150 mm laying surface course of the road.

Audit noticed that contrary to this provision, in Jaisinghpur and Palampur divisions, the EEs had executed two roads with the expenditure of ₹ 1.04 crore¹⁴⁷ between July 2013 and March 2015 by laying WBM grade 3 of 75 mm thickness only instead of the required compacted thickness of 150 mm which indicated that the laid down specification was not

¹⁴⁵ Formation cutting: kms 6.780 Kms, retaining walls 58 nos. side drain 8,085 rmt and cross drainage: 43 nos.

¹⁴⁶ Formation cutting: 64 per cent, retaining walls 36 per cent, side drain 30 per cent and cross drainage: 50 per cent.

¹⁴⁷ Construction of road from Majheen to Sialkhar (Jaisinghpur): ₹ 0.59 crore (length: kms 2.535) and Construction of link to village Baluhi (Palampur): ₹ 0.45 crore (length: kms 1.970).

followed while designing the pavements of the works. The DPRs of the roads were not prepared as per Rural Road Manual.

The EEs stated (June 2015) that the WBM 2 layer was not laid as per prevailing practice and California Bearing Ratio. The reply is not acceptable as the provision of the Rural Road Manual had not been complied with. In the exit conference, the E-in-C admitted the facts.

2.4.5.6 Infertuous expenditure on the construction of road

In order to provide all weather road connectivity to 846 persons of Brua village in Kinnaur district and link road to Panchayat Headquarters Brua, the construction of 6.500 kms Shong Brua road (kms 0 to 6.500) was approved by GOI for ₹ 2.53 crore during 2008-09.

Scrutiny of records of Karchham division showed that the work¹⁴⁸ awarded (January 2008) to a contractor at a tendered amount of ₹ 2.50 crore and stipulated to be completed by September 2010 was started in March 2009. After executing the formation cutting of kms 2.995 (work value: ₹ 1.22 crore) at various stretches¹⁴⁹ the contractor stopped (November 2009) the work due to involvement of forest land. The Department had obtained the forest clearance from the GOI in May 2013 after deposit of ₹ 34.30 lakh¹⁵⁰ with the Forest Department in March 2011. However, contractor refused to resume the work at old quoted rates and the contract had to be closed (May 2013) by the Department. In the meanwhile, the partially constructed road also got damaged and the Department had not taken any action for further construction of the road as of May 2015. Evidently, the work was taken up without prior forest clearance which resulted in non-completion of the road in time depriving the concerned beneficiaries of the intended benefits besides an infertuous expenditure of ₹ 1.56 crore.

The EE stated (May 2015) that the constructed road was damaged due to steep terrain and loose soil, slip zones developed at different reaches during formation cutting and the work would be taken in hand after obtaining revised sanction from the GOI. The reply does not explain the reasons for execution of the work without prior forest clearance.

2.4.5.7 Roads not put to use due to non-construction of bridges

Paragraph 8.5(v) of the programme guidelines provides for construction of minor bridges on the PMGSY roads and in case the span of the bridge exceeds 25 meters¹⁵¹, the project could be executed separately by the executing division and the *pro rata* cost beyond the approved span would be borne by the State Government.

Audit noticed that in three test-checked divisions¹⁵², four roads¹⁵³ (length: 16.051 kms) sanctioned by GOI for ₹ 2.74 crore during 2003-07, were completed (between June 2004 and March 2010) after incurring an expenditure of ₹ 2.56 crore. However, these roads were not put to use for plying vehicles due to non-construction of bridges on *nallahs* falling on the alignment of the roads. Besides, the Department had not included the construction of the bridges in the DPRs of the road works as per programme guidelines *ibid*. Thus, due to non-synchronisation of the construction of the bridges with the roads,

¹⁴⁸ Formation cutting, retaining wall, breast wall, cross drainage work, V-shape *katcha* unlined surface drains, essential parapets, sign board, etc. in kms 0 to 6.500.

¹⁴⁹ Kms 1.0 to 1.240, 1.480 to 1.850, 2.500 to 2.605, 2.720 to 3.180, 3.270 to 3.795, 3.975 to 4.330, 4.660 to 4.795, 4.840 to 4.930, 4.975 to 5.255, 5.330 to 5.480 and 5.525 to 5.810.

¹⁵⁰ Net present value: ₹ 24.75 lakh and compensatory afforestation: ₹ 9.55 lakh.

¹⁵¹ Span raised (December 2008) to 50 metres (75 metres in case of tribal and backward districts).

¹⁵² Dharamshala, Chamba and Fatehpur.

¹⁵³ Ramehar Tangrota to Village Bhatehar (Dharamshala), Bhanera Pariungal Jatkari road (Chamba), Riali Bela Ludhiacharan road and Badal to Bhadur road (Fatehpur).

the Department had failed to provide all weather connectivity to the people of the area and the expenditure of ₹ 2.56 crore remained unfruitful.

The concerned EEs stated (May-July 2015) that vehicles were plying through temporary crossings at bridge sites. The replies are not acceptable as all weather road connectivity was not provided to the people of the area and the objective of the programme remained unachieved. In the exit conference, the E-in-C admitted the facts.

2.4.5.8 Completed roads remained unopened

As per directions (June 2008) of the E-in-C, action to get the completed roads passed by the Road Fitness Committees (RFCs) was to be taken by all the EEs within one month after their completion. Audit, however, noticed that in 15 divisions¹⁵⁴, 117 road works (length: kms 523.145) completed (between February 2006 and December 2014) after incurring an expenditure of ₹ 116.80 crore had not been passed by the RFCs for vehicular traffic.

The EEs concerned admitted the facts and stated (May-July 2015) that the roads would be got passed from the RFCs shortly. The replies are not convincing as after completion of the roads the Department had not taken up the matter with the RFCs to get the road declared fit for vehicular traffic for over seven to 113 months. In the exit conference, the E-in-C admitted the facts and stated that the concerned EEs would be asked to get the constructed road passed from the RFCs shortly.

2.4.5.9 Non-recovery of labour cess from the contractors

The Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act 1996 and Welfare Cess Act 1996 provide that all establishments engaged in construction activity are liable to pay cess at the rate of one *per cent* of the cost of contract. Audit noticed that in nine divisions¹⁵⁵ in 29 cases (contract value: ₹ 12.31 crore), the EEs had not deducted the labour cess of ₹ 12.31 lakh from the payments made to the contractors during 2009-12 resulting in undue benefit to the contractors which would have to be borne by the State Government out of its own sources.

In the exit conference, the E-in-C admitted the facts and stated that necessary action would be taken for effecting the recovery.

2.4.6 Maintenance

Para 17.2 of the programme guidelines provides that all PMGSY roads are to be covered by five year maintenance contracts to be entered into alongwith the construction contract.

2.4.6.1 Avoidable expenditure on maintenance

As per general conditions of contract agreement, the defect liability period of the PMGSY road work was five years from the date of completion of the work. During defect liability period, the defects, if any, were to be brought to the notice of the contractor who was required to repair the defects at his cost.

Audit noticed that in eight test-checked divisions¹⁵⁶, the construction of 19 roads was completed between November 2005 and June 2011. During 2010-15, the Department had incurred expenditure of ₹ 4.47 crore on periodical renewal of these roads through other

¹⁵⁴ Baijnath, Barsar, Bharmour, Chamba, Dalhousie, Dehra, Dharamshala, Fatehpur, Jaisinghpur, Jawali, Kangra, Palampur, Nurpur, Touni Devi and Udaipur.

¹⁵⁵ Baijnath, Barsar, Hamirpur, Kalpa, Kangra, Karchham, Palampur, Pangi and Tauni Devi.

¹⁵⁶ Barsar, Dalhousie, Dehra, Fatehpur, Jawali, Palampur, Tauni Devi and Udaipur.

contractors without bringing the defects occurred during the defect liability period to the notice of the original contractors. Evidently, the original contractors had not carried out any maintenance of these roads during the defect liability period as per contract agreements and the Department had also not taken any action in the matter. This resulted in extension of undue favour to the contractors besides avoidable expenditure of ₹ 4.47 crore (**Appendix-2.11**).

The EEs of Dehra and Tauni Devi divisions stated (June 2015 and July 2015) that the periodical renewal of these roads was counted from the date of completion of the tarring work instead of actual completion of the road work. The replies are not convincing as the defect liability period was to be counted from the date of actual completion of the roads. The EEs of the other divisions had not furnished reasons for the lapses. In the exit conference, the E-in-C admitted the facts.

2.4.6.2 Routine maintenance of roads

As per general conditions of contract of SBD, routine maintenance of completed roads was to be carried out by contractors upto five years from the date of completion as per the agreed amount in the contract agreement.

Audit noticed that

- In 11 test-checked divisions¹⁵⁷, in spite of provision for payment of ₹ 2.47 crore to the contractors in the contract agreements, the contractors had not carried out the routine maintenance of 97 PMGSY roads during 2010-15. The EEs of the divisions had also not taken any steps to carry out the maintenance by the contractors during the defect liability.
- In two test-checked divisions¹⁵⁸, inspection of four PMGSY roads under maintenance period was conducted (between August 2013 and June 2015) by national quality monitors (NQMs) which graded the maintenance of these roads as unsatisfactory (three) and required improvement (one). However, the defects pointed out by the NQMs were not rectified by the contractors as of July 2015 and the roads were lying in dilapidated condition as also noticed during joint spot inspection of the road conducted (July 2015) by the audit team in conjunction with the departmental officers¹⁵⁹.

While admitting the facts (May-July 2015) the EEs had not furnished the reasons for the lapse. In the exit conference, the E-in-C admitted the facts.

2.4.7 Material management

2.4.7.1 Procurement of materials

HPFRs prohibit irregular stock adjustment such as debiting to a work the cost of material not required or purchased in excess of actual requirement. Audit noticed that:

- (i) On receipt of bank authorisation of ₹ 44.00 lakh from the HPGSDA for procurement of material for four PMGSY works¹⁶⁰, the EE of Karchham division drew (March 2007) the amount from the bank by charging the expenditure against the works and kept in deposit head instead of actual utilisation on the works. Of this, ₹ 17.33 lakh had been adjusted for procurement of the material and

¹⁵⁷ Barsar, Dehra, Dharmshala, Fatehpur, Kalpa, Kangra, Jaisinghpur, Nurpur, Palampur, Salooni and Udaipur.

¹⁵⁸ Hamirpur (HP 0357 and HP 0305) and Tauni Devi (HP 0366 and HP 0341).

¹⁵⁹ Assistant Engineers/ Junior Engineers of concerned works.

¹⁶⁰ Tapri (Choltu) to Jani road (PKG No. 05-22: ₹ 12.00 lakh), Tapri (Choltu) to Punag road (PKG No. HP-05-21: ₹ 5.00 lakh), Choura Majgoon road PKG No. HP-05-027: ₹ 20.00 lakh, Nigulsari to Taranda (PKG No. HP-05-17: ₹ 7.00 lakh).

₹ 26.67 lakh were lying unutilised in the deposit head as of August 2015. Thus, in contravention of the provisions of HPFRs, the expenditure incurred for booking of material in advance of actual requirements was irregular. The SE, Rampur stated (August 2015) that the amount would either be adjusted against the material to be issued to PMGSY works or deposited to the SRRDA account. The reply is not acceptable as retention of PMGSY funds in the deposit head for prolonged period is irregular.

- (ii) The CE (South) Shimla had procured (March 2006) material (140 TSR construction) costing ₹ 89.32 lakh from a firm¹⁶¹ for construction of a bailey type portable steel bridge of 42.67 metres span on the alignment of Wangtoo to Panvi PMGSY road over Burcha Nallah (Kms 3.630) in Karchham division of Kinnaur district. However, instead of the construction of the bridge, the entire material was transferred (between October 2006 and September 2014) to eight other works¹⁶² in the Department and adjustment of the same was awaited (August 2015). Thus, contrary to the provision of HPFRs *ibid*, the material procured for PMGSY work was irregularly transferred to other works. The SE, Rampur stated (August 2015) that the materials were issued to other works on piece meal basis where required and efforts would be made to effect their recoveries from the concerned quarters accordingly. The reply does not explain the reasons for irregular transfer of the materials to other works.

In the exit conference, the E-in-C admitted the facts and stated that necessary action in matter would be taken immediately

2.4.8 Quality controls

Quality is the essence to bring execution of the programme to the desired quality standards. A three-tier quality control mechanism was envisaged in PMGSY with the PIUs and the State Quality Monitors (SQMs) being the first and second tier to ensure the material utilised and workmanship conformed to the prescribed specifications and that all prescribed tests were carried out at specified time and place by the specified person/authority. At the third tier, NRRDA was to engage National Quality Monitors (NQMs) for inspection of the roads at random. State Quality Coordinator (SQC) not below the rank of SE was to oversee/ monitor the satisfactory functioning of the quality control mechanism in the State.

2.4.8.1 Quality control registers

As per paragraph 11.4.3 of operational manual of PMGSY, for quality control on material and work management at site, the PIU was to ensure that quality control register is maintained for each of the road work for recording all the tests conducted. The register was to be maintained in two parts, viz., Part-I for records of the tests conducted was to be kept at site of the work and Part-II containing the abstract of the tests and non-conformance reports was to be maintained by the Assistant Engineers (AEs). Audit noticed that Part-II register was not maintained by the AEs of two test-checked divisions (Kalpa and Kangra) during 2010-15 which indicated that the prescribed quality controls were not followed. The EEs concerned had not furnished reasons for non-maintenance of the registers as per the PMGSY guidelines.

¹⁶¹ M/s Garden Reach Shipbuilders and Engineers Ltd., Kolkata.

¹⁶² Bailey bridge Ribba, AE (National Highways), Rampur, bailey bridge Seringche, bailey bridge Batsari, Gangarang bridge, bailey bridge Brua, strengthening of bailey bridge Tangling and bailey bridge Darkali.

2.4.8.2 Monthly returns of tests

As per paragraph 11.4.4 of the quality control hand book of PMGSY, in order to see the frequency and accuracy of the quality control tests, monthly return of the tests in the prescribed proforma was to be submitted by each AE to the EE of the division in the first week of every month. Audit noticed that in all the test-checked divisions, the prescribed monthly returns were not submitted by the AEs to the EEs during 2010-15.

2.4.8.3 Inspection of works

(i) As per paragraph 11.4.4 of the operational manual of PMGSY, the SE of the circle and CE of the zone were responsible for quality testing supervision by the PIUs (EEs). During their inspection of the works they were required to oversee the operation of the quality control testing procedure through the prescribed quality control registers and prepare inspection reports for compliance by the EEs.

Audit noticed that the Department had not prescribed any norms for conducting the inspection of PMGSY works by the departmental officers at different levels during 2010-15. In nine¹⁶³ (of 21) test-checked divisions, 257 numbers of inspections of 200 works were conducted by the departmental officers (CEs: 28, SEs: 55, EEs: 174) during 2010-15. However, necessary inspection reports/ notes thereof were not available in the divisions. The records of inspections of works conducted by the departmental officers in the other test-checked divisions during above period were not maintained. The EEs of the test-checked divisions had not furnished reasons for the lapses.

(ii) As per paragraph 11.5.7 of the operational manual of PMGSY, the SQMs being the second tier of quality controls, were to ensure the quality of works by conducting inspection of every work at least three times. Audit noticed that:

(a) The Department had not drawn up any schedule for number of inspections of work required to be conducted during 2010-15 in the State as a whole. However, SQMs had conducted 1277 number of inspections of 1077 works during above period and in 441 numbers of works (35 *per cent*) reported as unsatisfactory, all the action taken reports (ATRs) were pending as of July 2015 due to non-removal of the defects pointed out by the SQMs.

(b) In four test-checked divisions¹⁶⁴, the SQMs had conducted the required number of inspections of the works completed during 2010-15. However, in the remaining 17 test-checked divisions, against 321 numbers of inspections of 107 completed works required to be conducted during above period, the SQMs had conducted 132 inspections resulting in shortfall of 189 inspections (59 *per cent*).

(iii) As per paragraph 15.5 of the programme guidelines, the NQMs being the third tier of quality controls, was to ensure the quality of works by conducting inspection of the works randomly. Audit noticed that the NQMs had conducted 412 number of inspections of 390 works during 2010-15 and in 44 numbers of works reported as unsatisfactory, all the action taken reports (ATRs) were pending as of July 2015 due to non-removal of the removing of the defects point out by the NQMs.

Thus, the quality control mechanism was totally ineffective as the EEs had not made rectification of the defects pointed out by the SQMs/ NQMs. In the exit conference, the E-in-C admitted the facts and stated that short fall in inspection by SQMs was due to non-appointment of the SQMs for sometime. The E-in-C, however, had not stated the reasons for non-removal of the defects pointed out by the SQMs/ NQMs.

¹⁶³ Baijnath, Dharamshala, Kalpa, Kangra, Dehra, Fatehpur, Hamirpur, Nurpur and Tauni Devi.

¹⁶⁴ Barsar, Kalpa, Kaza and Karchham.

2.4.8.4 Irregular payment for unsatisfactory works

To improve the quality of works, the State Government issued directions (August 2014) that if during inspection a work graded as unsatisfactory/ required improvement by the SQM/ NQM, the payment was to be released to the contractor after verification of the ATR upto the satisfactory level.

Audit noticed that in 10 divisions¹⁶⁵ the execution of 21 works had been graded as unsatisfactory/ required improvement by the SQMs/ NQMs. However, contrary to the instructions *ibid*, the EEs concerned had released ₹ 7.54 crore to the contractors during 2014-15 without verification of the ATRs up to satisfactory level of the works which was irregular. Though asked for (September 2015), the E-in-C did not furnish reasons for the lapse.

2.4.9 Monitoring and inspection

2.4.9.1 Monitoring mechanism

Paragraph 16.1 of the programme guidelines provides for effective monitoring of the PMGSY roads through online management, monitoring and accounting system (OMMAS) for which the officials concerned were required to furnish all the prescribed data and information online.

Audit noticed that no mechanism was put in place to verify the authenticity of data entries in OMMAS during 2010-15 which resulted in variation of data of habitations, completion of works, etc. (Paragraphs 2.4.2.2 and 2.4.9.2). Though asked for (September 2015), the E-in-C did not furnish reasons for the lapse.

2.4.9.2 Variations in date of completion

Audit noticed that in six divisions¹⁶⁶, there were variations in dates of completion of the works on the OMMAS and the monthly progress reports of the divisions. In the OMMAS, 12 roads were shown as completed between August 2011 and December 2014 whereas as per monthly progress reports, the works were actually completed between September 2011 to July 2015. This indicated that the EEs had not furnished correct information for the OMMAS during above period. The EEs concerned admitted the facts (May-July 2015).

2.4.9.3 Non-conducting of joint inspections

As per paragraph 15.10.1 of programme guidelines, joint inspection¹⁶⁷ of PMGSY works with public representatives was to be conducted in the circle once in six months, in block once in three months¹⁶⁸ and in gram panchayat (s) once in two months¹⁶⁹. Audit noticed that no such joint inspections of PMGSY works with the public representatives had been carried out by any of the officers during 2010-15. The E-in-C (Quality Control) admitted the facts and stated (April 2015) that the guidelines would be adhered to in future. In the exit conference, the E-in-C accepted the audit findings and stated that the necessary instructions would be issued to all concerned for compliance.

¹⁶⁵ Baijnath, Dalhousie, Dehra, Dharamshala, Fatehpur, Hamirpur, Jaisinghpur, Jawali, Kangra and Nurpur.

¹⁶⁶ Dalhousie, Hamirpur, Jawali, Jaisinghpur, Palampur and Udaipur.

¹⁶⁷ SE alongwith Member of Parliament (MP) and Zilla *Pramukh*.

¹⁶⁸ EE of division alongwith Member of Legislative Assembly/ Chairperson of the Intermediate Panchayat.

¹⁶⁹ AE alongwith Sarpanch.

2.4.9.4 Inspection by local Member of Parliament

As per GOI instructions (April 2011), the SQC was to apprise the local Member of Parliament (MP) of the proposed visits of the NQMs for the inspection of PMGSY works in his Constituency. Audit noticed that no MP was involved during inspection of any PMGSY works by the NQMs in the State during 2010-15. In the exit conference, the E-in-C accepted the audit findings and stated that the necessary instructions would be issued to all concerned for compliance.

2.4.9.5 Rural roads safety mechanism

As per paragraph 17.6 of the programme guidelines, in order to ensure community participation for safety awareness of the rural roads, the SQC at the State level and Heads of the DPIUs at the district level were to be assigned the task of coordinating the road safety mechanisms and programmes through membership of the State Road Safety Council (SRSC) and District Road Safety Committees (DRSCs) respectively created as per Section 215 of Motor Vehicles Act, 1988.

Audit noticed that the Department had not obtained the membership of SRSC and DRSCs for coordination of the rural road safety mechanism at any levels during 2010-15. The E-in-C stated (November 2015) that the membership of SRSC and DRSCs was being obtained.

2.4.9.6 Non-plantation of trees

Paragraph 21.2 of the programme guidelines provides for planting of fruit bearing and other suitable trees on both sides of the roads by the State Government/ *Panchayats* from their own funds or through convergence with other rural development programmes.

Audit noticed that all test-checked divisions (except five¹⁷⁰) had not carried out the plantation of the fruit bearing and other suitable trees on the sides of PMGSY roads during 2010-15. Besides, the Department had also not made efforts for plantation of the trees through convergence with other rural development programmes. The EEs concerned had not furnished reasons for the same. In the exit conference, the E-in-C accepted the audit findings and stated that the necessary instructions would be issued to all concerned for compliance.

2.4.10 Conclusion and recommendations

Programme implementation was without ensuring the envisaged planning process like preparation of long term master plan, proper core network resulting in a number of habitations remaining unconnected in the State.

The Government may consider formulating a long term master plan expeditiously with clear milestones and timelines for providing all-weather road connectivity to all the eligible habitations in the State.

Department had not carried out 'transect walk' procedure to ensure availability of land for road alignment. Hence many detailed project reports approved by the GOI had to be dropped due to involvement of private/ forest land.

The Government may follow the 'transect walk' procedure by the field functionaries strictly for availability of land before finalization of detailed project reports.

The financial management was inefficient and marred by non-release of sufficient funds from the GOI during 2012-14 due to less utilisation of funds during previous years.

¹⁷⁰ Chamba, Fatehpur, Kangra, Salooni and Touni Devi.

The Government may consider ensuring the release of sufficient funds from the GOI (after securing all the necessary sanctions) for execution of the works and monitoring their utilisation optimally and effectively.

The contract management was weak as there were instances of tendering of works before obtaining technical sanction, abnormal delays in awarding of works, extension of undue favour to contractors by way of rectification of the defective works out of PMGSY funds during defect liability periods, non-levy of liquidated damages, etc.

The Government may consider adhering to the envisaged tendering process strictly and awarding the works in a timely manner so as to ensure strict compliance with the stipulated clauses of the contract agreements including recovery of liquidated damages, outstanding advances, royalty charges, etc., from the contractors.

The works were not executed efficiently and effectively as several deficiencies were noticed such as works having been completed without providing full connectivity to the identified habitations, roads completed but not opened for vehicular traffic due to non-synchronisation of the construction of the bridges, etc.

The Government may consider preparation and compliance with all checklists regarding availability of land, forest clearances and other codal formalities before approving the road works so as to ensure their execution within the stipulated period.

Quality control inspections were not effective and appropriate action was not taken to rectify the defects pointed out during such inspections.

The Government may consider ensuring strict compliance with regard to quality control checks to be exercised at various stages by different authorities and rectifying the defects pointed out during quality control checks promptly.

The audit findings were referred to the Government in September 2015. Reply had not been received (November 2015).

Chapter-III

Compliance Audit

CHAPTER-III COMPLIANCE AUDIT

Animal Husbandry Department

3.1 Working of Himachal Pradesh Co-operative Milk Producers' Federation (Milkfed) Limited

Of grants of ₹ 16.03 crore received from the Government of India during 2012-15, the Milkfed had incurred expenditure of ₹ 11.54 crore and ₹ 4.49 crore were lying unutilised as of March 2015. Non-settlement of cash credit limit of ₹ 5.00 crore with the Himachal Pradesh State Co-operative Bank Limited since January 2004 resulted in outstanding liability of ₹ 22.72 crore (Principal: ₹ 2.69 crore and interest: ₹ 20.03 crore) as of March 2015. During 2012-15, against the target, there was shortfall in procurement of milk ranging between 09 and 18 per cent and shortfall in sale of milk ranging between 10 and 44 per cent. The Milkfed had not fixed product wise norms for utilisation of milk for the various milk products. Capacity utilisation of nine milk chilling centres and three milk processing plants ranged between three and 48 per cent.

3.1.1 Introduction

The Himachal Pradesh State Co-operative Milk Producers' Federation Limited (Milkfed) was registered as a society in January 1980 under the Co-operative Societies Act, 1968 with the objectives of promoting production, procurement, processing and marketing of milk and milk products for economic development of the farming community and allied activities¹. Audit of working of the Milkfed covering the period 2012-13 to 2014-15 was conducted during April and May 2015 by test-check of records of the Managing Director (MD) and Senior Managers (Plant) of two (out of three) units (Kangra and Mandi).

3.1.2 Financial Management

The Milkfed receives grants from the GOI for implementation of various projects relating to dairy development viz. Clean Milk Production (CMP), Intensive Dairy Development Programme (IDDP) and Rashtriya Krishi Vikas Yojana (RKVY). The State Government also provides grants to the Milkfed for discharge of establishment liabilities and for infrastructure works, etc. The position of receipts and expenditure incurred by Milkfed during 2012-15 is shown in **Table-3.1.1**.

Table-3.1.1
The position of receipts and expenditure incurred during 2012-15

Particular	2012-13	2013-14	2014-15
1.	2.	3.	4.
Opening balance	8.94	10.88	15.74
I. Receipts			
A. Grants from State Government			
Administration	6.00	0	0
Works	0.50	0.50	0.50
Other	5.50	13.50	13.49
B. Grants from GOI	11.79	3.17	1.07
C. Domestic receipts	63.24	73.09	72.66
Total receipts	87.03	90.26	87.72

¹ For the promotion of dairy industry, improvement and protection of milch animals, etc. and economic betterment of those engaged in milk production.

1.	2.	3.	4.
II. Expenditure incurred			
A. Administration	11.00	11.53	12.07
B. Works	0.16	0.07	0.02
C. From GOI Grants	2.74	4.01	4.79
D. Other expenditure	71.19	69.79	71.57
Total expenditure	85.09	85.40	88.45
Closing Balance	10.88	15.74	15.01

Source: Information supplied by the Milkfed.

It would be seen from **Table-3.1.1** that:

- Out of the State grant of ₹ 1.50 crore received for execution of civil works during 2012-15, the Milkfed had utilised ₹ 0.25 crore only leaving the unspent balance of ₹ 1.25 crore as of May 2015 which indicated that the intended objectives of the grant remained unachieved.
- Out of GOI funds of ₹ 16.03 crore received for implementation of various dairy development projects² during 2012-15, the Milkfed had incurred an expenditure of ₹ 11.54 crore and ₹ 4.49 crore³ were lying unutilised as of May 2015. The non-utilisation of the funds expeditiously had resulted in non-implementation of the projects in time depriving the concerned beneficiaries of the intended benefits as indicated under **Paragraphs 3.1.3.5 and 3.1.3.6**.

The MD stated (May 2015) that the funds were not utilised due to non-completion of codal formalities, shortage of staff, etc. Non-utilisation of available funds is indicative of inadequate planning and implementation by Milkfed.

3.1.2.1 Annual Accounts

The Milkfed had prepared the annual accounts containing profit and loss accounts and balance sheets thereof for the financial years 2012-13 to 2014-15 on commercial lines. The annual accounts for the year 2014-15 had not been audited by the chartered accountants (CA) appointed by the Registrar, Co-operative Societies as of May 2015. Audit noticed that:

- The Milkfed had not prepared and adopted accounting manual for preparation of accounts at head office and at plants' level as of March 2015 as per the general accounting practices followed in India.
- The Milkfed had maintained separate records for the Grant-in-aid (GIA) received from the GOI for setting up and commissioning of plants/ other dairy development projects. However, the GIA had not been included in the annual accounts of the Milkfed for 2012-15. Thus, due to non-inclusion of the GOI grant, the annual accounts do not present a true and fair view of the financial position of the Milkfed.
- The Milkfed had accumulated loss of ₹ 25.38 crore as of March, 2012. During the year 2012-13, the Milkfed incurred a loss of ₹ 3.79 crore and earned profit of ₹ 10.25 crore during 2013-14 (₹ 7.03 crore) and 2014-15 (₹ 3.22 crore) after receipt of revenue grants of ₹ 26.99 crore during 2013-14 (₹ 13.50 crore) and 2014-15 (₹ 13.49 crore) from the State Government. However, the net worth of the Milkfed was also eroded by accumulated losses⁴ at the end of each financial year.

² CMP: ₹ 2.90 crore; IDDP-III: ₹ 6.00 crore; IDDP-IV: ₹ 1.44 crore and RKVY: ₹ 5.69 crore.

³ CMP: ₹ 1.32 crore; IDDP-III: ₹ 0.36 crore; IDDP-IV: ₹ 0.62 crore and RKVY: ₹ 2.19 crore.

⁴ As of March 2013: ₹ 29.17 crore, March 2014: ₹ 22.14 crore and as of March 2015: ₹ 18.92 crore.

- Due to non-settlement of cash credit limit (CCL) of ₹ 5.00 crore with the Himachal Pradesh State Co-operative Bank Limited since January 2004 the outstanding liability of the Milkfed towards the bank had increased to ₹ 22.72 crore⁵ as of March 2015 without availing the CCL since January 2004.

The MD stated (April and June 2015) that the accounts of Federation were maintained under pre-audit system being conducted by the CAs and due to hilly terrain of the State and one time collection of the milk a day, the organisation had suffered a loss. Regarding CCL, the State Government directed (June 2009) the Milkfed to deposit ₹ 50.00 lakh with the HPSCB every year for amortisation of the overdue amount. The reply is not acceptable as the Milkfed should have increased its profitability and maintained the accounting manual for proper preparation of annual accounts including the GIA received from the GOI. Besides, the Milkfed deposited ₹ 67.20 lakh⁶ only with HPSCB during 2009-14.

3.1.2.2 Utilisation Certificates

As per the terms and conditions of the grants sanctioned by the GOI, necessary utilisation certificates (UCs) were to be sent to the funding agencies by the close of the financial year. Audit noticed that against the grants of ₹ 8.24 crore received (between August 2012 and November 2014) from the GOI for implementation of various projects/ scheme, the Milkfed had utilised ₹ 4.79 crore up to March 2015. In spite of the fact that ₹ 3.45 crore was lying unutilised as of March 2015, the Milkfed had sent (between May 2013 and November 2014) the UCs for the entire grants of ₹ 8.24 crore to the GOI. The MD stated (May 2015) that the UCs were sent to the GOI for release of the next instalments to avoid lapse of the grants. The reply is not acceptable as the UCs should have been submitted on actual utilisation of the funds.

3.1.3 Implementation of programmes

Efficient programme management in an organisation involves proper selection of activities as per criteria of the programmes for their successful completion within stipulated time and cost, so that intended benefits accrue to the public.

3.1.3.1 Procurement of milk

The Milkfed provides assistance to the milk producers living in far flung areas by lifting the surplus milk from their door steps. The procurement rates of milk are fixed by the State Government. The milk was being collected from the milk producers through affiliated village dairy co-operative societies (VDCSs).

Audit noticed that the number of affiliated VDCSs in the State had increased from 400 (22,480 members) in 2011-12 to 434 (24,351 members) during 2014-15. However, of 434 VDCSs 307 (71 per cent) with membership of 18,983 (78 per cent) were concentrated in Kullu, Mandi, Sirmour and Una districts which indicated that major activities of procurement of milk during 2012-15 remained confined to four (out of 12) districts only. The MD stated (May 2015) that Milkfed was motivating the farmers of other districts to adopt dairy farming on commercial lines. The reply does not explain the reasons for less procurement of milk and steps taken by the Milkfed for motivating the farmers of the other districts.

3.1.3.2 Achievements of targets of procurement and sale of milk

The details of achievements of targets of procurement and sale of milk by the Milkfed during 2012-15 are given in **Table-3.1.2**.

⁵ Principal: ₹ 2.69 crore and interest: ₹ 20.03 crore.

⁶ 2009-10: ₹ 51.80 lakh, 2010-11: ₹ 1.80 lakh, 2012-13: ₹ 3.60 lakh and 2013-14: ₹ 10.00 lakh.

Table-3.1.2
Details of achievements of targets of procurement and sale of milk during 2012-15
(Litres in lakh)

Year	Procurement of milk			Sale of milk to consumers		
	Targets	Achievements	Shortfall	Targets	Achievement	Shortfall
2012-13	285.00	259.53	25.47 (9)	140.00	78.00	62.00 (44)
2013-14	264.79	220.00	44.79 (17)	95.69	67.92	27.77 (29)
2014-15	243.22	199.14	44.08 (18)	76.50	68.94	7.56 (10)
Total	793.01	678.67	114.34 (14)	312.19	214.86	97.33 (31)

Source: Information supplied by the Milkfed.

Note: Figures in parenthesis indicate percentage of shortfall in achievements of targets.

It would be seen from **Table-3.1.2** that:

- There was reduction in fixation of targets for procurement of milk and shortfalls in procurement against targets ranging between nine and 18 *per cent* during 2012-15.
- There was also reduction in fixation of targets of sale of milk to consumers and shortfall in the sale against targets ranging between 10 and 44 *per cent* during above period.

The MD attributed (May 2015) the shortfalls in procurement and sale of milk to hilly terrain of the State (i.e. milk is procured one time in a day instead of two times a day as in the case of neighbouring States *viz.* Vita in Haryana and Verka in Punjab), shortage of staff and stiff market competition as the milk producers were selling milk in the nearby/ local markets comparatively at higher rates and the quality of the milk produced by Milkfed was not matching the quality of other brands. The reply is not acceptable as Milkfed should have taken steps to reduce the shortage of staff, improve the quality of milk at par with other brands.

3.1.3.3 Utilisation of milk

Audit noticed that after sale of the milk to consumers (**Table-3.1.2.**), 237.71 lakh litres milk (2012-13: 102.53 lakh litres, 2013-14: 57.83 lakh litres and 2014-15: 77.35 lakh litres) was consumed for milk products (*ghee*, butter, cream, curd, *khoya*, *paneer*, skimmed milk powder, etc.) and 226.10 lakh litres (2012-13: 79.00 lakh litres, 2013-14: 94.25 lakh litres and 2014-15: 52.85 lakh litres) was sold to other co-operatives/ units. However, the Milkfed had not fixed product-wise norms for utilisation of milk for making milk products during 2012-15. For production of 1342.963 MTs⁷ of milk products (*ghee*, butter, cream and skimmed milk powder) during the above period, the Milkfed had utilised 201.50 lakh litres⁸ milk and year-wise per MT consumption rate of the milk was 18,000 litres, 10,363 litres and 16,231 litres during 2012-13, 2013-14 and 2014-15 respectively. There was huge variation in utilisation of milk for the same product and taking into account the minimum consumption rate of 10,363 litres per MT, the overall consumption during 2012-15 works out to 139.17 lakh litres⁹. Thus, on an average, there was excess consumption of 62.33 lakh litres milk costing ₹ 11.09 crore¹⁰ during 2012-13 (40.54 lakh litres) and 2014-15 (21.79 lakh litres) for making the above milk products.

The MD admitted the facts and stated (August 2015) that product-wise norms for utilisation of milk would be fixed in future.

⁷ 2012-13: 530.846 MTs, 2013-14: 440.862 MTs and 2014-15: 371.255 MTs.

⁸ 2012-13: 95.55 lakh litres, 2013-14: 45.69 lakh litres and 2014-15: 60.26 lakh litres.

⁹ 2012-13: 55.01 lakh litres, 2013-14: 45.69 lakh litres and 2014-15: 38.47 lakh litres.

¹⁰ At minimum milk procurement rate of ₹ 17.80 per litre.

3.1.3.4 Under-utilised milk chilling centres and milk processing plants

The milk collected from the VDCs is brought to milk chilling centres (MCCs) and after chilling, the same is sent to the milk processing plants (MPPs) for processing. After standardisation, certain quantity of the milk is sold and the rest is used for making other milk products *viz.* *ghee*, butter, curd and *khoya* in the MPPs.

Audit noticed that out of 21 MCCs in the State, during 2012-15, the capacity utilisation of nine MCCs ranged between 03 and 48 *per cent* and that of three (out of seven) MPPs it ranged between 03 and 35 *per cent* as per the details given **Table-3.1.3**. Thus, the MCCs and the MPPs were not utilised optimally.

Table-3.1.3
Details of utilisation of MCCs and MPPs during 2012-15

Sl. No.	MCCs/ MPPs	Installed capacity	Utilisation (Capacity in litres per day)		
			2012-13	2013-14	2014-15
MCCs					
1.	Bagthan	5,000	1,300 (26)	1,200 (24)	950 (19)
2.	Bhambla	500	82 (16)	18 (4)	14 (3)
3.	Darkata	500	168 (34)	150 (30)	120 (24)
4.	Geun	2,000	255 (13)	173 (9)	77 (4)
5.	Jalari	500	200 (40)	175 (35)	160 (32)
6.	Maryog	1,000	350 (35)	250 (25)	280 (28)
7.	Milwan	1,000	475 (48)	415 (42)	140 (14)
8.	Rajgarh	4,000	1,850 (46)	1,611 (40)	1,620 (41)
9.	Renuka	1,000	300 (30)	216 (22)	154 (15)
MPPs					
1.	Chamba	5,000	230 (5)	126 (3)	130 (3)
2.	Lalsinghi	5,000	850 (17)	620 (12)	410 (8)
3.	Rohru	5,000	1,772 (35)	1,181 (24)	951 (19)

Source: Information supplied by the Milkfed.

Note: Figures in parenthesis indicates percentage.

The MD stated (May 2015) that the Milkfed was not getting sufficient milk from the farmers of the areas as they were selling milk in the nearby markets where the rates of the milk were higher than that of the Milkfed. The reply is not convincing as information relating to rates of milk sold by the farmers in the nearby local markets during 2012-15, was not available with the Milkfed. Besides, the Milkfed had also not taken any action for strengthening the milk procurement process during the above period.

3.1.3.5 Incomplete intensive dairy development project

With a view to providing an organised and remunerative marketing outlet to milk producers, creating infrastructure for milk procurement/ processing and distribution and to make available quality milk to the consumers, the Government of India approved (February 2012) a project for ₹ 2.95 crore under intensive dairy development programme (IDDP) at Bilaspur and simultaneously released ₹ 1.45 crore as first instalment for implementation of Project. The project including 23 components¹¹ was to be completed by March 2014.

¹¹ Civil works: ₹ 53.00 lakh, deep freezers: ₹ 3.00 lakh, BMC: ₹ 46.50 lakh, vehicle for monitoring: ₹ 8.00 lakh, MIS: ₹ 14.21 lakh, DCS investment: ₹ 8.10 lakh, vehicle for procurement: ₹ 9.00 lakh, milk cans: ₹ 4.00 lakh, modern labs: ₹ 5.00 lakh, AMCU: ₹ 11.25 lakh, cattle feed store: ₹ 13.50 lakh, managing grants to DCS: ₹ 9.72 lakh, transport subsidy: ₹ 4.00 lakh, milk testing chemicals: ₹ 4.00 lakh, compressed fodder store: ₹ 5.00 lakh, compressed fodder units: ₹ 28.00 lakh, training to DCS/ BOD/ FIP: ₹ 7.86 lakh, cattle feed ingredients: ₹ 8.00 lakh, cattle feed subsidy: ₹ 9.00 lakh, benchmark survey: ₹ 2.00 lakh, evaluation and monitoring: ₹ 2.00 lakh, milk price payments: ₹ 20.00 lakh and cattle induction and transportation: ₹ 20.00 lakh.

Audit noticed that:

- During 2012-15, the Milkfed had incurred an expenditure of ₹ 83.29 lakh only leaving an unspent fund of ₹ 61.47 lakh as of March 2015 and delay in utilisation of the funds, resulted in non-release of balance funds of ₹ 1.50 crore by the GOI.
- Against the approved cost of ₹ 23.22 lakh, two components¹² were completed at a cost of ₹ 41.62 lakh resulting in excess expenditure of ₹ 18.40 lakh under cattle feed store component by diverting the funds from other components of the projects in contravention of the provisions of the GOI instructions. Besides, eight components¹³ were partially executed to the extent of six to 62 *per cent* with expenditure of ₹ 41.67 lakh and the remaining 13 components were not taken up as of March 2015. Evidently, the Milkfed had not completed the project as scheduled and deprived the concerned beneficiaries of the intended benefits.

The MD stated (May 2015) that the project could not be completed due to late receipt of funds from the GOI and the matter regarding diversion of funds towards cattle feed store would be placed before the competent authority for approval. The fact, however, remained that the Milkfed had neither utilised the released funds nor expedited the implementation of the project for the last three years.

3.1.3.6 Strengthening of infrastructure for quality and clean milk production

With the objectives of providing remunerative market to the milk producers and good quality milk to the urban consumers at competitive prices, the GOI approved (February 2012) a project for ₹ 3.42 crore for strengthening infrastructure for quality and clean milk production in Mandi, Sirmour and Shimla districts and released ₹ 2.90 crore (February 2012: ₹ 1.91 crore and September 2013: ₹ 0.99 crore) to the Milkfed. The project including 11 components¹⁴ was to be completed by March 2014.

Audit noticed that during 2012-15, the Milkfed had utilised ₹ 1.58 crore leaving unspent funds of ₹ 1.32 crore as of March 2015. It was further noticed that the construction of cattle sheds had not been commenced as of March 2015 and the other components of the projects had been executed partially to the extent of 22 to 93 *per cent*¹⁵. Non-completion of the project deprived the beneficiaries concerned of the intended benefits in time which resulted in unfruitful expenditure of ₹ 1.58 crore and blocking of funds of ₹ 1.32 crore for 20 to 39 months. Besides, due to delay in utilisation of the funds and execution of the activities, the GOI had also not released the balance grant of ₹ 0.52 crore to the Milkfed as of May 2015.

The MD stated (May 2015) that due to involvement of various activities and non-completion of codal formalities, the project could not be completed in time. Non-completion of projects in time reflects the inadequate project implementing capacity of the Milkfed.

¹² Cattle feed store: ₹ 31.90 lakh and managing grant to DCS: ₹ 9.72 lakh.

¹³ Percentages: Civil work (49); deep freezers (six); bulk milk coolers (42); MIS (29); milk cans (62); automatic milk collection unit (29), compressed fodder units (33) and training to DCS/ BOD/ FIP (61).

¹⁴ Training to farmers: ₹ 0.18 crore, BMC: ₹ 2.20 crore, detergent antiseptic and muslin cloth: ₹ 0.13 crore, utensils and accessories for CMP: ₹ 0.22 crore, SS Canes: ₹ 0.03 crore, strengthening of labs. : ₹ 0.11 crore, Planning and monitoring: ₹ 0.03 crore, AMCU: ₹ 0.35 crore, deep freezers: ₹ 0.08 crore, visi coolers: ₹ 0.05 crore and cattle sheds: ₹ 0.04 crore.

¹⁵ *Percentage:* Training to farmers (75), BMC (44), detergent antiseptic and muslin cloth (22), utensils and accessories for CMP (14), SS canes (52), strengthening of labs (40), planning and monitoring (93), AMCU (77), deep freezers (29) and visicoolers (22).

3.1.3.7 Under-utilisation of Cattle Feed Plant

With the objective of development and expansion of activities conducive for the promotion of dairy industries and improvement and protection of milch animals, the Milkfed had installed (September 2013) a cattle feed plant at a cost of ₹ 1.58 crore (civil works: ₹ 0.63 crore and machinery and equipment: ₹ 0.95 crore) at Bhor in Hamirpur district under Rashtriya Krishi Vikas Yojana. The installed capacity of the plant was production of two metric tons (MT) cattle feed per hour.

Audit noticed that against installed capacity of 7200 MT¹⁶ of cattle feed during 2013-15, the Milkfed could produce 3782 MT¹⁷ cattle feed resulting in shortfall ranging between 46 and 50 *per cent*. The MD stated (April 2015) that due to non-availability of sufficient raw materials with seasonal variations, the cattle feed plant could not be utilised optimally and the Milkfed was exploring all possibilities to tap private market by restructuring the market team. The reply should be seen in the light of fact that the Milkfed should have made efforts for optimal utilisation of the cattle feed plant by ensuring sufficient raw material, etc.

3.1.3.8 Non-completion of civil works

Audit noticed that of nine civil works relating to construction of milk processing plants, mineral mixer plants, etc., sanctioned (February 2013 and November 2013) for ₹ 2.55 crore, five works were completed with the expenditure of ₹ 1.00 crore upto March 2015. The remaining four works¹⁸ having sanctioned cost of ₹ 1.48 crore and stipulated to be completed between April 2013 and January 2014 were lying incomplete as of April 2015 entailing a delay ranging between 15 and 24 months, though expenditure of ₹ 1.04 crore was incurred on these works. The delay in completion of the works deprived the concerned beneficiaries of the intended benefits. While admitting the facts (April 2015), the MD had not furnished reasons for non-completion of the works in time.

3.1.3.9 Idle machinery and equipment

Audit noticed that due to non-availability of sufficient milk, the milk processing plant (MPP) at Kafota and three MCCs (Bangana, Chauntra and Kotkhai) were closed between May 2011 and August 2014. However, the machinery and equipment worth ₹ 90.80 lakh (MPP Kafota: ₹ 42.00 lakh, MCCs Bangana: ₹ 4.00 lakh, Chauntra: ₹ 16.96 lakh and Kotkhai ₹ 27.84 lakh) were lying un-used in the closed MPP/MCCs as of May 2015. The Milkfed had not initiated any action for disposing them off or shifting the same to other needy units for the last nine to 48 months, so as to ensure their proper utilisation.

The MD stated (May 2015) that efforts would be made to transfer the machinery and equipment to other units and leasing out the chilling centers.

3.1.3.10 Non-disposal of un-serviceable machinery and equipment

State Financial Rules provide that un-serviceable and obsolete stores should be disposed off with the sanction of the competent authority. Audit noticed that un-serviceable machinery and equipment having book value ₹ 28.20 lakh declared un-serviceable during August 2012 were lying in store as of May 2015. The Milkfed had not initiated any

¹⁶ 2013-14: 2400 MT and 2014-15: 4800 MT.

¹⁷ 2013-14: 1194 MT and 2014-15: 2588 MT.

¹⁸ Mineral mixer plant at Bhor (July 2013): SC: ₹ 0.30 crore and Exp.: ₹ 0.14 crore, urea molasis plant at Hamirpur (November 2013): SC: ₹ 0.30 crore and Exp.: ₹ 0.17 crore, milk processing plant at Rekong Peo (November 2013): SC: ₹ 0.48 crore and Exp.: ₹ 0.44 crore) and milk processing plant at Nalagarh (January 2013): SC: ₹ 0.40 crore and Exp. ₹ 0.30 crore.

action for disposal of the unserviceable items. The MD stated (May 2015) that the unserviceable machinery and equipment would be auctioned with the prior approval of competent authority shortly.

3.1.4 Conclusion and recommendations

The financial management of the Milkfed was weak as the State Government/ GOI grants received during 2012-15 were not fully utilised. Due to non-settlement of cash credit limit with the HP State Co-operative Bank Limited since January 2004, the liability of the Milkfed had increased many-fold.

The Government may consider ensuring the optimum utilisation of GOI/ State Government grants by execution of the projects/ works in a timely manner.

The Milkfed had not achieved the targets fixed for procurement/ sale of milk during above period. The Milkfed had not fixed product-wise norms for utilisation of milk for making milk products.

The Government may ensure the profitability of the Milkfed by increasing the procurement of sufficient milk, enhancing the sale of the milk and milk products by competing with the other milk brands in the market.

Nine milk chilling centres and three milk processing plants in the State were not being utilised optimally. Many dairy development projects/ works were lying incomplete and machinery and equipment of closed units was lying idle for many years.

The Government may consider taking steps for optimum capacity utilisation of the milk chilling centres/ milk processing plants by strengthening milk procurement process and streamlining the marketing process.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

3.2 Non-commissioning of Lift Irrigation Scheme

Lack of foresight in planning on the part of the Animal Husbandry and Irrigation and Public Health Departments led to non-commissioning of Lift Irrigation Scheme and rendered the expenditure of ₹ 66.05 lakh as unproductive.

To provide irrigation facility to 70 acres of land of Cattle Breeding Farm (CBF) Kothipura (Bilaspur district) and drinking water facility to residential colony, working staff and 473 residents of adjoining Noa village, the State Government approved (March 2007) ₹ 41.33 lakh for remodelling of defunct (since 1995) Lift Irrigation Scheme (LIS) under centrally sponsored scheme “National Project for Cattle and Buffaloes Breeding”.

Scrutiny of records (October 2014-April 2015) of the Director-cum-Member Secretary (Director), Himachal Pradesh Livestock Development Board (HPLDB) showed that the Director released (March 2007) ₹ 41.33 lakh to Irrigation and Public Health (IPH) Department for execution of work which was stipulated to be completed within six months. Though the remodelling of scheme was completed in January 2010 after a delay of 27 months, the scheme was not put to use due to non-availability of water distribution network which had not been assessed earlier indicating lack of proper planning. In order to commission the scheme, a fresh estimate of ₹ 24.63 lakh was prepared (April 2010) for providing water distribution network to LIS. The amount was released (May 2010) to the IPH Department with stipulation to complete the work within six months. The work was stated as completed by the IPH Department in October 2014 (except the execution of 12 number sluice valve chambers) with expenditure of ₹ 66.05 lakh. However, the

scheme could not be commissioned as of April 2015 due to scouring in *khad* bed and lowering of the water level in the *khad*. This indicated that the scheme was taken up for execution without proper planning and resulted in non-achievement of the objective of providing water to the cattle breeding farm and people of the area.

While admitting the facts, the Director, HPLDB stated (August 2015) that the IPH Department had not handed over the completed scheme as of August 2015. The fact, however, remained that the expenditure of ₹ 66.05 lakh incurred on the scheme had not served the intended purpose and remained unproductive.

Thus, due to lack of foresight in planning on the part of the Animal Husbandry and IPH Departments, the LIS was not commissioned and rendered the expenditure of ₹ 66.05 lakh as unproductive besides denial of intended benefits to the beneficiaries.

The audit findings were referred to the Government in May 2015. The reply had not been received (November 2015).

Education Department

3.3 National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme)

Funds of ₹ 42.61 lakh for cooking cost in 1248 cases were released late to schools during 2012-15 with delays ranging between 20 and 175 days. Interest of ₹ 33.31 lakh earned on scheme funds had not been reported to the Centre as per the scheme guidelines. The construction of 507 kitchen sheds-cum-stores sanctioned during 2007-12 for ₹ 3.13 crore was still incomplete as of March 2015 after expending ₹ 2.03 crore and construction of 430 kitchen sheds costing ₹ 3.46 crore had not been started as of April 2015.

3.3.1 Introduction

National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme) is being implemented in Himachal Pradesh from August 1995. Effective from September 2004, hot cooked meal was to be served to the Children to boost the universalisation of primary education by increasing enrolment, retention and attendance in schools. Nutritional support of 450 calories and protein content of 12 grams was to be provided to the children with provision of adequate quantities of micronutrients and de-worming medicines.

Audit of the implementation of the scheme covering the period from 2012-13 to 2014-15 was conducted during March 2015 and April 2015 in the offices of the Director, Elementary Education (DEE), State Project Director (SPD), Sarva Shiksha Abhiyan and two¹⁹ out of 12 Deputy Directors of Elementary Education (DDsEE). Forty out of 2228 Government Primary Schools (GPS) and 20 out of 994 Upper Primary Schools (UPS) were also selected for detailed scrutiny. The following are the audit findings:

3.3.2 Financial Performance

Out of total available funds of ₹ 302.31 crore²⁰ during 2012-15, the State was able to utilise ₹ 297.05 crore²¹ and funds of ₹ 5.26 crore remained unutilised with the

¹⁹ Hamirpur and Mandi.

²⁰ Opening balance of ₹ 8.43 crore (Centre: ₹ 4.96 crore and State: ₹ 3.47 crore) plus funds received during 2012-15: ₹ 293.88 crore (Centre: ₹ 233.02 crore and State: ₹ 60.86 crore).

²¹ Centre: ₹ 232.72 crore and State ₹ 64.33 crore.

Department during the above period. The percentage utilisation of funds against the availability during 2012-15 was between 89 and 95 *per cent*.

3.3.2.1 Delay in release of funds

Funds under the scheme are released by GOI in three instalments²². As per instructions issued (April 2012 and July 2014) by the DEE, funds under the scheme were to be released on regular basis keeping in view the enrolment and demand from schools in such a manner that at least one month's requirement of funds is made available to each school in advance.

Scrutiny of the records of DEE showed that there were delays in release of funds at various levels during 2012-15 as shown in **Table-3.3.1**.

Table-3.3.1
Position of delays in release of funds at various levels during 2012-15

Instalment	Amount (₹ in crore)	(Days in numbers)		
		GOI to Government	State DEE	Government to DEE to Blocks
First	58.36	0	10 to 43	0 to 61
Second	68.51	24 to 37	59 to 124	61 to 92
Third	90.28	40 to 53	67 to 89	88 to 100

Source: Figures supplied by the Department.

As is evident from table, during 2012-15 there were delays in release of second and third instalments at various levels ranging between 24 to 124 days which indicated that adjustment of unspent balances of previous year and reporting of expenditure was not done in a timely manner.

In 41 out of 60 test-checked schools, funds for cooking cost amounting to ₹ 42.61 lakh in 1248 cases were released late to schools during 2012-15 with delays ranging between 20 and 175 days adversely impacting the smooth running of the scheme. Due to late receipt of funds, the incharge of the scheme in respective schools had to purchase items for cooking, etc., from shopkeepers on credit basis and occasionally from their own pockets. It was further noticed that honorarium of cook-cum-helpers was also released late with similar delays resulting in late payment of honorarium to cook-cum helpers in these schools.

The DEE stated (April 2015) that delay in release of funds was due to time taken to complete the required procedures. The reply is not convincing as the procedures should have been completed as per time schedule fixed in this regard.

3.3.2.2 Retention of interest earned

Paragraph 5.1 (9) of the guidelines provides that release of second instalment would be subject to unspent balance available with the State Government of the previous year's release. Further, the unspent balance had to be worked out after considering balances of stock and cash at all levels.

Audit noticed that out of ₹ 48.26 lakh interest earned by the Directorate, test-checked districts and concerned blocks of selected schools on scheme funds upto March 2015, ₹ 9.14 lakh was deposited in the Government account and ₹ 5.81 lakh was utilised under the programme, while an amount of ₹ 33.31 lakh had not been reported to GOI as unspent balance as per the scheme guidelines. This resulted in non-adjustment of interest

²² 25 *per cent* of budget allocation (*ad hoc* instalment) during April-May, 35 *per cent* of budget allocation upto the end of Ist quarter on receipt of report/ adjustment of unspent balances and remaining 40 *per cent* of the budget allocation upto the month of October on reporting of the expenditure out of allotment of current year's budget.

accrued in the release of next year's instalments and blocking of ₹ 33.31 lakh in the bank accounts of the respective test-checked units as of March 2015.

While admitting the facts, the DEE stated (April 2015) that details about interest accrued in field offices was being collected.

3.3.3 Achievement of objective of enhancing enrolment, retention and attendance

3.3.3.1 Impact of scheme

One of the impact parameters of the scheme was to attain universalisation of primary education by increasing enrolment, retention and attendance in schools. Audit noticed that the enrolment of children in Government Primary and Upper Primary schools had decreased from 6,43,477 to 5,85,644 (nine *per cent*), however, the enrolment of children in the other management schools increased from 3,41,421 to 3,73,087 (nine *per cent*) during the above period.

The DEE stated (April 2015) that decrease in enrolment of children in Government schools was due to the tendency of the parents to enrol their wards in the private or public schools. This shows that the perceived quality of education at Government schools is so low that enrolment in these schools was decreasing despite freebies like mid-day meals.

3.3.3.2 Non-conducting of health check-up/ non-assessment of nutritional level of children

Paragraph 2.5 and 6.2 of scheme guidelines provides for regular health check-up of children and monitoring to assess the improvement in children's nutritional status.

Scrutiny of the records in test-checked schools showed that regular health check-up of 80 children enrolled in two schools²³ was not conducted during 2012-15. It was further noticed that records relating to health check-up of children had not been maintained by any of the 60 test-checked schools during the above period.

The headmasters of the concerned schools stated (September-November 2014) that health check-ups of children had been conducted but register thereof was not maintained in the school. The reply should be seen in light of the fact that in the absence of effective mechanism and records for assessment of nutritional level, achievement of main objective of the scheme could not be ascertained.

3.3.4 Supply of quality foodgrain under the scheme

3.3.4.1 Non-conducting of joint inspections for assurance of Fair Average Quality (FAQ) of food grains

Paragraph 3.7 of scheme guidelines and paragraphs 3.6 to 3.8 of instructions issued (February 2010) by GOI, stipulate that the District Collector (DC)/Chief Executive Officer (CEO) of Zila Panchayat would ensure that food-grains received from Food Corporation of India (FCI) was at least of fair average quality (FAQ). Quarterly joint inspections were to be conducted by a team consisting of FCI official and nominee of DC.

Audit noticed that joint inspections were not carried out at any level and samples of lifted foodgrains were not taken to ensure FAQ of foodgrains supplied by the FCI in the test-checked districts during 2012-15. In the absence of required mechanism to ensure

²³ Government Primary Schools Hurang and Paddal, Mandi.

supply of quality foodgrains, the quality of foodgrains supplied to 3222 schools (Mandi: 2457 and Hamirpur: 765) could not be ensured upto the required standards.

The DEE stated (April 2015) that instructions have been issued from time to time for ensuring FAQ of foodgrains and school management concerned have been entrusted the work to ensure the quality of foodgrains. The DDEE Mandi stated (April 2015) that in future joint inspection committee would be constituted. The DDEE, Hamirpur stated (April 2015) that register was not maintained as the inspections were being carried out by the representatives of State Government and the employees of FCI. The replies are not acceptable as joint inspections and samples of foodgrains were not carried out/ taken at any level to ensure FAQ of foodgrains.

3.3.5 Infrastructure Facilities

3.3.5.1 Non-construction of kitchen shed-cum-stores

Paragraph 4.2 (i) of scheme guidelines stipulates that kitchen shed-cum-store is a vital part and its absence or inadequate facilities would expose children to various health hazards. Grant at the rate of ₹ 0.60 lakh per kitchen shed-cum-store upto 2008-09 and ₹ 1.20 lakh thereafter was admissible to each primary and upper primary school under the scheme. The kitchen shed-cum-store was to be constructed through Sarva Shiksha Abhiyan (SSA) society and required to be completed within three months.

Mention of delay in completion of kitchen shed-cum-stores was also made in the Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2009 in paragraph 2.13 and Audit Report on Social, General and Economic Sectors (Non-PSUs) for the year ended 31 March 2014 in paragraph 3.2. A further scrutiny of records showed that out of 15,337 schools covered under the scheme in the State, kitchen shed-cum-store was sanctioned to 14,959 schools for ₹ 90.84 crore during 2007-12.

However, the construction of 507 kitchen shed-cum-stores sanctioned for ₹ 3.13 crore was still incomplete as of March 2015 after expending ₹ 2.03 crore due to local disputes, want of additional funds, etc. The work of 430 kitchen shed-cum-stores sanctioned between 2007-08 and 2011-12 for ₹ 3.46 crore had not been started as of April 2015 even after a lapse of three to seven years from the date of sanction due to non-availability of suitable sites and non-receipt of demand from field functionaries. Out of ₹ 3.46 crore, funds of ₹ 1.85 crore received for the construction of 164 kitchen-sheds were lying unissued with the State Project Director (SPD), SSA as of April 2015. Thus, planning on the part of the Department was not adequate and had resulted in delay of more than two to seven years beyond the stipulated time for providing facility of kitchen shed-cum-stores to 937 schools.

The SPD stated (April 2015) that construction work could not be started due to non-availability of suitable land and non-furnishing of demand by the field functionaries. The reply is not convincing as construction work of kitchen shed-cum-stores should have been taken on priority basis and its absence or inadequate facilities in schools may expose children to various health hazards.

3.3.5.2 Sub-standard construction of kitchen shed

Paragraph 4.2 (i) and 4.2 (vi) of the scheme guidelines provides that kitchen sheds-cum-store should be separate from class rooms, preferably located at a safe, but accessible distance. It should be well ventilated and always be kept clean. There should be raised platform for cooking, adequate light, proper drainage and waste disposal.

Audit noticed that kitchen-shed-cum-store constructed in GPS Khini under Sadar-II block of Mandi district was substandard and in a dilapidated condition and was not put to use for cooking of meal and alternatively class room of the school was being used as kitchen. Further, kitchen shed was not constructed in GPS Housing Board Colony under BEEO, Hamirpur and meal was being cooked in the classroom. It was further observed that in GPS, Jahukalan and GPS, Kakrot under Bhoranj block, kitchen shed-cum-stores were constructed adjacent to the class room which was contrary to the guidelines.

The headmaster of the GPSs, Khini, Jahukalan and Kakrot stated (September-November 2014) that kitchen shed-cum-stores were constructed by the school management committees (SMCs) whereas headmaster of GPS Housing Board Colony stated (April 2015) that construction could not be taken up due to non-availability of suitable land. The replies are not acceptable as the provision of the guidelines should have been adhered to in letter and spirit.

3.3.6 Monitoring and inspections

3.3.6.1 Non-conducting of steering and monitoring meeting at district level

Paragraph 3.2 of the scheme guidelines provide for constitution of Steering-cum-Monitoring Committee (SMC) at State/ district/ block level to oversee the proper implementation of the scheme. Further, as per instructions (August 2010) of GOI, meetings of SMC were required to be held once in six months at State level and monthly at district and block levels.

Audit noticed that six monthly meetings at State level had been conducted during 2012-15. In these meetings it was *inter alia* emphasised for release of funds to schools in advance, maintenance of nutritional profile of children, implementation of standardised operating procedures for ensuring FAQ, sensitisation of all stakeholders *viz.*, parents, children, community/ public, teachers and SMC members with regard to assurance of hygienic and quality of meal and conduct of regular meetings of SMCs.

It was, however, noticed in audit that recommendations of meetings had not been implemented fully during 2012-15 as indicated in **Paragraphs 3.3.2.1, 3.3.3.2 and 3.3.4.1.**

In test-checked districts, out of the required 36 meetings, 12 meetings (33 *per cent*) in Hamirpur district and one meeting (three *per cent*) in Mandi district was held during 2012-15. However, no meeting was held by the SMCs in any of the respective 19 blocks of selected 60 schools during the above period. This indicated inadequate monitoring, evaluation and follow up in implementation of the programme at district and block levels.

The concerned DDsEE stated (March-April 2015) that these issues were discussed in the general meetings convened by the DC and instructions in this regard would be complied with strictly in future. The replies are not acceptable as the regular SMC meetings to discuss the issues relating to implementation of scheme and review of Block level Committee had not been carried out during the above period. Thus, due to non-conducting of meetings as per scheme guidelines and instructions of GOI, the various problems/ issues being faced at implementing stage of the scheme were not communicated to higher authorities during the above period.

3.3.6.2 Inspection

Paragraph 6.2 of guidelines stipulates that at least 25 *per cent* schools in a quarter and all schools at least once in a year should be inspected to ensure the smooth implementation and performance of the scheme. For effective implementation of the programme, the

DDEE prescribed (July 2013) monthly targets for inspections to be conducted by DDEE (four) and BEEO (eight).

Audit noticed that there were shortfall in inspections of schools by the DDEE, Mandi ranging between 75 and 83 *per cent* during 2013-15. Shortfall in inspections by 15²⁴ out of 19 test-checked BEEOs was between six and 100 *per cent*. It was further noticed that no inspection was conducted in 16 out of 60 test-checked schools during the above period. Evidently, the prescribed monitoring system was not done by the departmental officers effectively.

While admitting the facts, DDEE, Mandi stated (March-April 2015) that the targets of inspection would be achieved in future.

3.3.7 Conclusion and recommendations

The audit of Mid-Day-Meal scheme showed that inspite of existence of scheme for almost two decades in the State the actual implementation suffered from various shortcomings and lapses. Audit noticed instances of delay in release of funds to the schools impacting the smooth running of the scheme. The enrolment of children in Government schools covered under the scheme showed a decreasing trend vis-a-vis other management schools.

The Government may consider the release of funds in advance and on regular basis keeping in view the enrolment and demand from schools for effective implementation of the scheme.

The prescribed stipulation of conducting joint inspections by Food Corporation of India (FCI) and nominee of Deputy Commissioner to ensure that foodgrains of at least Fair Average Quality (FAQ) were issued by the FCI was not followed.

The State Government may consider effective system of inspections and taking samples of foodgrains for assurance of good quality or at least FAQ, as prescribed.

There were shortfalls in construction of kitchen shed-cum-stores in schools, absence of which led to cooking being undertaken in classroom of schools.

The State Government may consider completion/ construction of kitchen shed-cum-stores in all schools to provide hygienic cooking space and storage of food items in schools.

The inadequate monitoring and inspections of schools by the district and block level functionaries affected the smooth functioning of the scheme.

The State Government may consider strengthening the mechanism of monitoring and inspections at district and block levels.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

²⁴ Bhoranj, Bijhari, Chachyot-I, Chachyot-II, Chauntra-I, Dharampur-II, Drang-II, Galore, Karsog, Mandi Sadar-I, Mandi Sadar-II, Nadaun, Seraj-II, Sujjanpur and Sundarnagar-I.

Food, Civil Supplies and Consumer Affairs Department

3.4 Preparedness for implementation of National Food Security Act, 2013

The State Government had not identified beneficiaries afresh under the National Food Security Act and there was shortfall in identification of 5.76 lakh beneficiaries in the State due to which the State was receiving 5.08 lakh tons of foodgrains at existing rates. Smart Cards in place of paper ration cards and ration (smart) cards in the name of eldest woman in household had also not been issued. End-to-end computerisation of targeted public distribution system had not been ensured as of April 2015 and unutilised funds of ₹ 6.74 crore were lying in a savings bank account. Vehicle tracking system was not being used by the Department for transportation of foodgrains at different levels and computerisation of fair price shops had not been taken up as of April 2015. Vigilance Committees (VCs) at Block level had not been constituted and there was shortfall between six and 100 per cent in constitution of VCs at fair price shop level.

3.4.1 Introduction

The National Food Security Act (NFSA) was enacted by the GOI on 10 September 2013 with the objective to provide food and nutrition security by ensuring access to adequate quantity of quality food at affordable prices to people, to live a life with dignity. Under this Act, five kgs foodgrains per person per month is to be provided to the entitled families/ persons covered under priority households whereas existing Antyodaya Anna Yojana (AAJ) households would continue to receive 35 kgs foodgrains per family per month (irrespective of the number of family members). Rice, wheat and coarse grains is to be provided at the rate of ₹ three, two and one per kg respectively for three years from the commencement of the Act. Thereafter, prices would be suitably linked to the Minimum Support Price (MSP) of different foodgrains. The NFSA, 2013 was notified by the State Government in October 2013 and implemented as Rajiv Gandhi Anna Yojana (RGAY) in the State. After implementation of NFSA, all the State and Central schemes operated at minimum support price i.e. AAJ, Targeted Public Distribution System (TPDS), etc., were to be implemented as per the provisions of the Act.

The audit to assess the actual preparedness of State for implementation of NFSA covered the period from September 2013 to March 2015. Records of Directorate of Food, Civil Supplies and Consumer Affairs and Managing Director, Himachal Pradesh State Civil Supplies Corporation (HPS CSC) Limited were test-checked. Besides, four²⁵ out of 12 districts were selected on Probability Proportionate to Size without Replacement (PPSWOR) method of sampling for test-check. Eight blocks²⁶/ circles out of 28 in selected districts and 32 FPSs out of 433 in selected blocks were also selected for examination of records by adopting Simple Random Sampling without Replacement (SRSWOR) method of sampling.

3.4.2 Implementation of the Act

3.4.2.1 Identification of beneficiaries

Identification of households/ beneficiaries for entitlement under the Act was to be done by the State Government within 365 days from the date of commencement of the Act. The beneficiaries were to be identified by *Gram Panchayats/ Municipal Corporation/ Committee/ Nagar Panchayat* in *Gram Sabha/* general body meetings.

²⁵ Kinnaur, Mandi, Shimla and Solan.

²⁶ Kinnaur district: Kalpa and Nichar; Mandi district: Mandi Sadar and Sundernagar; Shimla district: Mashobra and Theog and Solan district: Dharampur and Kandaghat.

It was, however, noticed that the State Government had not identified beneficiaries afresh under the NFSA and had taken 31.06 lakh existing persons of already running TPDS as identified beneficiaries (Below Poverty Line²⁷: 13.66 lakh, Antodaya Anna Yojana: 9.51 lakh and Primary households: 7.89 lakh) as of March 2015.

As per the instructions (July 2013) received from GOI, the State was required to cover 36.82 lakh persons²⁸ as per estimation of National Sample Survey Organisation (NSSO) survey conducted in 2011-12. However, only 31.06 lakh beneficiaries were covered under the Act as of June 2015 resulting in shortfall of 5.76 lakh (16 per cent) beneficiaries as a result of non-identification of beneficiaries afresh. It was further noticed that break-up of rural and urban beneficiaries was also not available with the Department. In the absence of proper identification of beneficiaries the Department was not in a position to effectively implement the scheme.

The Director stated (July 2015) that identification of left out beneficiaries was under process and would be completed shortly. The reply must be seen in the light of fact that the identification of households/ beneficiaries for entitlement under the Act was to be done within 365 days from the date of commencement of the Act.

3.4.2.2 Issue of smart cards in place of paper ration cards

As per draft implementation guidelines for States issued (June 2013) by the GOI, the digitisation of ration cards/ beneficiaries and other database was one of the key activity of the scheme to be implemented in the initial phase. As per paragraph 1 of guidelines, digitised Aadhaar linked ration cards in place of paper ration cards were to be issued to the household to check fake and bogus ration cards.

Audit scrutiny showed that digitised Aadhaar linked ration cards (smart cards) in place of existing conventional ration cards were not issued to the households as of April 2015. It was further noticed that old ration cards were stamped as priority household and re-issued as NFSA-compliant.

The Director, FCSCA attributed (April 2015) the non-issue of digitised ration cards to non-providing the funds by the GOI for the purpose. The reply is not convincing as even the allotted funds were not utilised fully as indicated in **paragraph 3.4.4.3**.

3.4.2.3 Women empowerment

Section 13(1) and (2) of the Act provides that the eldest woman who is not less than 18 years of age in every eligible household, shall be head of the household for the purpose of ration cards. Where a household at any time does not have a woman or women of eighteen years of age or above, but had a female member below the age of eighteen years, then, the eldest male member of the household shall be the head of household for the purpose of issue of ration card and the female member, on attaining the age of 18 years, shall become the head of household for ration card in place of male member.

It was, however, noticed that existing old ration cards which did not specially identified the eldest woman as head of household were being used and new ration cards in the name of eldest woman in household had not been issued as of April 2015. Compliance of the provisions of the Act to empower women had thus not been ensured.

²⁷ Below Poverty Line beneficiaries' survey was last conducted during 2007-08.

²⁸ The population of the State as per the census of 2011 was 68.57 lakh (Rural: 61.68 lakh and Urban: 6.89 lakh). Accordingly, a total of 36.82 lakh persons (34.68 lakh persons (56.23 per cent) of rural and 2.14 lakh (30.99 per cent) persons of urban areas) were required to be covered as per the Act.

The Director admitted (April 2015) the facts and stated that new digitised cards would be issued shortly.

3.4.3 Foodgrains allocation, transportation, storage and door step delivery

3.4.3.1 Foodgrains allocation

Section 10 (1) (b) of the Act provides that the State shall continue to receive the allocation of foodgrains from the GOI under the existing TPDS, till the identification of households is complete.

It was noticed that due to non-completion of identification of the beneficiaries, the State was receiving annual allocation of 5.08 lakh tons (wheat: 3.24 lakh tons and rice: 1.84 lakh tons) foodgrains in existing allocation since October 2013 through Food Corporation of India (FCI) and distributed the same amongst all category of the TPDS beneficiaries. In the absence of number of proper identified beneficiaries actual requirement of foodgrains could not be assessed in audit.

The Director stated (April 2015) that the State is meeting the extra demand of priority household by diversion of foodgrains from other than NFSA foodgrains. This shows that State is not getting required quantity of foodgrains due to non-completion of identification of NFSA beneficiaries.

3.4.3.2 Godowns and door step delivery

Section 24(5) (a) of the Act provides that for the efficient operations of the TPDS every State Government shall create and maintain storage facilities in State being sufficient to accommodate foodgrains required under the TPDS and other food based welfare schemes.

Audit scrutiny showed that against the required monthly storage capacity of 59,295 MTs, storage capacity for 54,195 MTs (91 *per cent*) (Government godowns: 22,910 MTs (42 *per cent*) and hired godowns: 31,285 MTs (58 *per cent*)) was available with the State resulting in shortfall of monthly storage capacity for 5100 MTs (nine *per cent*). The preparedness for enhancement of storage capacity as per *ibid* provisions of Act had thus not been ensured by the State as of March 2015.

While admitting the facts, the Director stated (April 2015) that for creation of four additional godowns having storage capacity of 3268 MTs at various locations, ₹ 4.00 crore had now been allocated during financial year 2015-16.

3.4.4 Reforms in TPDS (Computerisation)

3.4.4.1 Utilisation of funds under end-to-end computerisation of TPDS

As per sanction of the GOI (November 2013), expenditure on end-to-end computerisation was to be shared between GOI and State Government on 50:50 basis. Out of total sanctioned funds of ₹ 14.14 crore, GOI share of ₹ 7.07 crore was to be released to the State in three instalments²⁹. Out of its share of ₹ 7.07 crore, GOI released (November 2013) ₹ 4.24 crore as first instalment to the State Government. The State Government also released (February 2014) ₹ 4.01 crore out of its share of ₹ 7.07 crore. The amount was to be utilised on activities such as digitisation of ration cards/beneficiary and other database, computerisation of supply-chain management, setting up of transparency portal and grievance mechanism.

It was, however, noticed that out of total available funds of ₹ 8.25 crore the Department had only spent ₹ 1.51 crore on procurement of computers/ laptops for headquarters and

²⁹ First instalment: 60 *per cent*; second instalment: 30 *per cent* and third instalment: 10 *per cent*.

block level offices, publicity and awareness, setting up of call centre, etc., and amount of ₹ 6.74 crore was lying unspent in the savings bank account as of March 2015 due to non-utilisation of funds on preparation of smart cards/ procurement of computers/ other equipments for end to end computerisation of FPSs as indicated in **Paragraphs 3.4.2.2, 3.4.4.2 and 3.4.4.3**. Due to non-utilisation of the first instalment, GOI had also not released further instalments and targets for the end-to-end computerisations under NFSA remained un-achieved.

While confirming the facts, the Director stated (July 2015) that the aforementioned project is a long term project and the funds would be utilised accordingly. The reply is indicative of the fact that the funds provided for preparatory activities of the programme had not been scrupulously utilised.

3.4.4.2 Computerisation of Supply Chain Management

As per draft-implementation guidelines issued by the GOI in June 2013 on end-to-end computerisation of TPDS operations, the computerisation of supply-chain-management was one of the key activities of the initial phase of this scheme and was to be completed by October 2013.

It was, however, noticed that requisite software for real time reporting of movement of foodgrains at different levels and stock of foodgrains at the storage facility centres had not been prepared by the Department due to delay in development of modules. It was further noticed that vehicles having tracking system was not being used by the Department for transportation of foodgrains at different levels in the State as of April 2015. Thus, due to plying of vehicles without tracking network system for delivery of foodgrains, the leakage/ pilferage of foodgrains during transit, if any, could not be ascertained and addressed.

The Director stated (April 2015) that the State Government is in process of installation of vehicle tracking system (VTS) on its vehicles through private vendors. The reply is not acceptable as the Government had not adhered to the timeline prescribed for the purpose.

3.4.4.3 Inter-operability at FPSs level

As per para 2.1 of the implementation guidelines, the Department was to take necessary measures for ensuring inter-operability, prescribe common standards/ specifications for data/ metadata elements, point of sale (PoS) devices, bio-metrics, etc., for maintaining single unified information system including Management Information System (MIS).

It was noticed that necessary measures for ensuring inter-operability at FPS level such as providing of handheld devices (PoS), bio-metrics, etc., and computerisation of FPSs had not been taken by the Department as of April 2015. Further, MIS had also not been developed by the Department to maintain a centralised database of the information received from the field functionaries as of April 2015.

The Director stated (April 2015) that funding for the hand held devices at FPSs had not been provided by the GOI and the hand held devices could not be provided without funding support as the project is very expensive. He further stated that no provision of end to end computerisation was approved in the DPR and this is being done by the State at its own.

3.4.5 Grievance Redressal Mechanism

3.4.5.1 Constitution of State Food Commission

Section 16 of the Act provides that every State Government shall constitute a State Food Commission (SFC) to monitor, evaluate, inquire into violations of entitlements provided under the Act and advice the State Government on effective implementation of the Act.

The SFC shall consist of a Chairman, five other members and a Member Secretary chosen from amongst persons, belonging to All India/ other services, having eminence³⁰ in public life and worked towards improvement of food and nutrition rights of the poor.

It was, however, noticed that the SFC had not been constituted in the State as of April 2015. This indicated inadequate planning for preparedness of the State Government for implementation of the Act.

While admitting the facts, the Director stated (April 2015) that the case for constitution of SFC was sent to the State Government and the responsibility of SFC had been delegated (September 2013) to Divisional Commissioners. The reply is not in consonance with the provisions of the Act as the constitution of SFC was mandatory for monitoring of the activities of the programme.

3.4.5.2 Appointment of District Grievance Redressal Officers

As per Section 15(1) of the Act the State Government shall appoint or designate, for each district, the District Grievance Redressal Officers (DGROs) for expeditious and effective redressal of grievances of aggrieved persons in matters relating to distribution of entitled foodgrains. Nominee from each of the Departments in Food and Civil Supplies, Health and Family Welfare, Women and Child Development and Elementary Education was to be appointed as DGRO to enforce the entitlements under the Act.

It was noticed that the State Government had appointed the DGROs in each district for three departments except Department of Elementary Education. Thus, the grievance redressal mechanism at district level with regard to distribution of foodgrains to Mid Day Meal Programme had not been established as of April 2015.

The Director stated (April 2015) that the matter had been taken up with the Director, Elementary Education but the compliance is still awaited.

3.4.5.3 Setting up of Vigilance Committees

As per Section 29(1) of the Act, to ensure transparency and proper functioning of the TPDS and accountability of the functionaries in system, every State was to set up Vigilance Committees (VCs) at State, District, Block and FPS level. The VCs at all levels were required to hold meetings at least once in a quarter to watch effective implementation of the Act.

Audit scrutiny showed that VCs at the State level and in all the 12 districts of the State have been formed. However, such committees in 77 blocks as per the norms of the Act had not been constituted as of June 2015. No meeting of VC was convened at State level between September 2013 and March 2015.

The position of constitution of VCs at FPS level in the four test-checked districts was as given in **Table-3.4.1**.

Table-3.4.1
Position of constitution of VCs at FPS level in the four test-checked district as of May 2015
(In numbers)

Sl. No.	Name of district	Total number of FPS	VCs constituted	Shortfall
1.	Kinnaur	56	14	42 (75)
2.	Mandi	769	720	49 (06)
3.	Shimla	535	535	--
4.	Solan	302	Nil	302 (100)

Source: Information supplied by the Department. Figures in parenthesis denote percentage.

³⁰ Persons with knowledge and experience in the field of agriculture, law, human rights, social service, management, nutrition, health, food policy and public administration.

It would be seen from the above **Table-3.4.1** that there was shortfall of 75 *per cent*, six *per cent* and 100 *per cent* in constitution of VCs in Kinnaur, Mandi and Solan district respectively whereas there was no shortfall in constitution of VCs in Shimla district. Non-constitution of VCs and inadequate meetings of VCs where formed is bound to have an effect on transparency and proper functioning of the TPDS.

The Director stated (July 2015) that requisite meetings could not be held during above period due to prior engagements of members and hectic schedule. The contention is not convincing as conducting of meetings regularly by the respective VCs is essential to monitor the preparedness and achievement of goals of the Act.

3.4.6 Non-framing of rules under the Act by the State Government

As per Section 40 (3) of the Act, the State Government was required to make rules to carry out the provisions of the Act with regard to identification of priority households, internal grievance redressal mechanism, qualification of district grievance redressal officer, method of appointment and the terms and conditions of appointment of chairperson, other members and member Secretary of the State Food Commission, composition of VCs, etc. The Rules framed thereto and notifications/ guidelines brought out under the Act have to be laid before the State Legislature.

It was noticed that, as required under the Act, the rules *ibid* had not been made and various notifications/ guidelines brought out by the State Government have not been laid before the State Legislature as of May 2015.

3.4.7 Conclusion and recommendations

Smart Cards were not issued to the households in place of paper ration cards and the ration cards in use have not been issued in the name of eldest woman in the household as required under the Act.

The State Government may consider providing aadhar linked smart cards in place of conventional ration cards to all the beneficiaries in a time bound manner.

Transport vehicles with tracking system are not being used by the Department to check diversions in foodgrains delivery.

The State Government may consider hiring of transport vehicles fitted with tracking system to check the diversion/ leakage of foodgrains.

Due to non-utilisation of ₹ 6.74 crore out of first instalment for end to end computerisation the GOI had not released further instalments and targets also remained un-achieved.

The State Government may consider expediting the process of end-to-end computerisation of the TPDS by utilising the funds provided by the GOI.

State Food Commission and District Grievance Redressal Officer for Elementary Education Department had not been constituted/ nominated. Vigilance Committees at Block level in entire State had not been constituted and there was shortfall in constitution of VCs at FPS level between six and 100 *per cent*.

The State Government may consider constituting State Food Commission and setting up Vigilance committees at all blocks and FPSs level.

The audit findings were referred to the Government in July 2015. Reply had not been received (November 2015).

Health and Family Welfare Department

3.5 Non-construction of public health infrastructure

Drawal of funds without completion of pre-requisite formalities resulted in blocking of funds of ₹ 8.92 crore for two to 12 years besides denial of health infrastructure facilities to the public.

Rule 2.10 (b) 5 of the Himachal Pradesh Financial Rules (HPFR) stipulates that money should not be drawn from the treasury unless it is required for immediate disbursement. Likewise it is not permissible to draw advances from the treasury for the execution of works, the completion of which is likely to take considerable time.

The State Government accorded administrative approval and expenditure sanction for construction of 24 buildings³¹ of Community Health Centres (CHCs), Primary Health Centres (PHCs), Health Sub Centres (HSCs), residential accommodations, etc., for ₹ 12.94 crore between 2002-03 and 2012-13. The works were stipulated to be completed between one and three years from the date of sanction.

Scrutiny of records (December 2012 to January 2015) of the Chief Medical Officers (CMOs) Chamba, Kinnaur at Reckong Peo, Mandi, Solan and Una showed that the CMOs drew ₹ 8.92 crore³² between 2002-03 and 2013-14 for construction of four CHCs, five HSCs, six PHCs, two mortuaries and seven residential accommodations and deposited the amount with executing agencies (Himachal Pradesh Public Works Department: ₹ 8.58 crore and Bharat Sanchar Nigam Limited: ₹ 0.34 crore) selected on nomination basis. The execution of the works had not been started as of March 2015 due to failure of the Department to ensure finalisation of codal formalities³³ (six cases), finalisation/ availability of suitable encumbrance free sites (nine cases), forest clearance (five cases), non-start of works by HPPWD without assigning any reason (three cases) and without requirement of the building (one case). Evidently, the funds were drawn from the treasury in advance of actual requirement in contravention of the provisions of the HPFR *ibid* which reflected improper planning on the part of the Department.

While confirming the facts, the concerned CMOs stated (September 2014 to January 2015) that funds were lying with the executing agencies due to awaited approvals, non-availability suitable sites, forest cases, etc., and the matter would be taken up with the authorities. The replies do not explain as to why the funds were drawn in advance of requirement without ensuring encumbrance free land and completion of codal formalities.

Thus, drawal of funds without completion of prerequisite formalities resulted in blocking of funds of ₹ 8.92 crore for two to 12 years besides denial of health infrastructure facilities to the public.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

³¹ Chamba: two, Kinnaur: four, Mandi: 13, Solan: four and Una: one.

³² Chamba: ₹ 1.13 crore, Kinnaur: ₹ 0.35 crore, Mandi: ₹ 4.08 crore, Solan: ₹ 2.44 crore and Una: ₹ 0.92 crore.

³³ Non-finalisation of estimates and drawings, tender under process, etc.

3.6 Undue benefit to temple trust

Decision of the Department to exchange building of Community Health Centre Jawalamukhi with a building of Shree Jawalamukhi temple trust led to undue benefit of ₹ 6.27 crore to the trust.

As per Indian Public Health (IPH) standards the proximity to the residential area should be considered for locating a hospital and in case of already existing structures, it should be examined whether they fit into the design of the recommended structure. Further, each hospital had to develop a comprehensive plan for management including segregation, collection, treatment, transportation and disposal of hospital waste.

Scrutiny of records (February 2014-March 2015) of the Chief Medical Officer (CMO) and Deputy Commissioner (DC), Kangra at Dharamshala showed that construction of new Community Health Centre (CHC) building (near old building) at Jawalamukhi was sanctioned (March 2009) for ₹ 2.49 crore and funds amounting to ₹ 2.35 crore were deposited (March 2009-October 2012) with Himachal Pradesh Public Works Department (HPPWD) for execution of work. In the meantime, the CHC alongwith office of the Block Medical Officer, Jawalamukhi was temporarily shifted (June 2013) to *Yatri Niwas Bhawan* (constructed in July 1997) of Shree Jawalamukhi temple trust on recommendations of the committee constituted (February 2013) for the purpose which observed that there was disturbance to the patients due to ongoing construction activity of new building of CHC, improper water supply, location of CHC in the crowded *bazaar* and noise pollution from a nearby bus stand. The committee had, however, not recommended for shifting of CHC to *Yatri Niwas* permanently.

After completion of 70 per cent of work valuing ₹ 1.47 crore, further execution of new building of CHC was stopped (August 2013) by the Department as it was decided (at Government level) to permanently house the CHC in the *Yatri Niwas Bhawan*. The land and building of CHC comprising covered area of 3620.33 square metres valuing ₹ 6.06 crore was exchanged (December 2013) with land and building of temple trust having covered area of 1920 square metres valuing ₹ 1.26 crore. However, no agreement was executed specifying terms and conditions in respect of expenditure incurred on the partially completed building, balance funds with HPPWD and liability to complete the balance work of the new building. Moreover, the *Yatri Niwas* complex did not comply with the provisions of IPH standards *ibid* as minimum basic facilities such as operation theatre, proper disposal of medical waste, ramp and lift were not available. Thus, decision of the Department to exchange building of CHC Jawalamukhi with a building of Shree Jawalamukhi temple trust led to undue benefit of ₹ 6.27 crore³⁴ to the temple trust and also denial of benefits of the desired health infrastructure from the erstwhile under construction building of CHC.

On this being pointed out in audit, the CMO and DC, Kangra stated (January-March 2015) that decision to shift the CHC Jawalamukhi to *Yatri Niwas Bhawan* was taken by the Government on the recommendations of the committee in order to provide clean and spacious environment to the patients for their speedy recovery. The reply is not convincing as minimum basic facilities were not available in the *Yatri Niwas Bhawan* and factors like location of CHC amidst crowded *bazaar* and adjoining bus stand should have been considered before taking up the work of construction of new building of CHC.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

³⁴ Value of land and old building of CHC: ₹ 6.06 crore plus expenditure incurred on construction of new building: ₹ 1.47 crore minus value of land and building of *Yatri Niwas*: ₹ 1.26 crore.

Irrigation and Public Health Department

3.7 Functioning of Flow Irrigation Schemes

In six test-checked divisions, ₹ 18.27 crore were withdrawn from treasury at the end of financial year during 2010-15 and shown as final expenditure/ booking of material against flow irrigation schemes (FISs) without their actual utilisation. In nine divisions, 46 FISs (of 91) on which ₹ 42.25 crore had been spent were lying incomplete as of March 2015. In five test-checked divisions, the irrigation potential created under 21 FISs at a cost of ₹ 20.02 crore was not utilised optimally during 2012-15. Departmental officers had not monitored the execution of the FISs during 2012-15 and the prescribed inspections of the FISs were also not conducted.

3.7.1 Introduction

Creation of irrigation potential and its optimal utilisation continues to receive a high priority in the State Planning. Flow Irrigation Schemes (FISs) provide irrigation through canals or channels from reservoir/ *nallah* or other spring source carted to the fields through gravitational force of the required discharge of the proposed cultivable command area (CCA). The main components of FIS are head weir, main channels, distribution channels, outlets, delivery tanks, etc. The Irrigation and Public Health Department is responsible for execution, running and maintenance of the FISs.

Audit of functioning of the FISs covering the period 2012-13 to 2014-15 was conducted during April and May 2015 by test-check of records of the Engineer-in-Chief (E-in-C) and nine (out of 47) divisions³⁵ in the State. The following are the audit findings:

3.7.2 Financial outlay and expenditure

Allotment of funds for execution of FISs is made by the E-in-C. The year-wise position of funds provided and expenditure incurred by the Department on FISs during 2012-15 is given in **Table-3.7.1**.

Table-3.7.1
Details of funds allocated and expenditure incurred on FISs during 2012-15

Year	Budget allotment	Expenditure	Variation Excess (+) Saving (-)
2012-13	45.73	50.04	(+) 4.31
2013-14	36.53	38.58	(+) 2.05
2014-15	40.92	39.20	(-) 1.72
Total	123.18	127.82	

Source: Information supplied by the Department.

Against the budget allocation during 2012-15, there was excess expenditure of ₹ 6.36 crore during 2012-13 (₹ 4.31 crore) and 2013-14 (₹ 2.05 crore) and savings of ₹ 1.72 crore during 2014-15. Reasons called for (April 2015) from the E-in-C were awaited (November 2015).

In all the test-checked divisions, the details of funds released and expenditure incurred during 2012-15 on FISs are given in **Table-3.7.2**.

³⁵ Anni, Chamba, Dalhousie, Dharamshala, Padhar, Palampur, Sarkaghat, Shahpur and Shimla-I.

Table-3.7.2
Details of funds released and expenditure incurred on FISs in test-checked divisions during 2012-15

Year	Budget allotment	Expenditure	Variation Excess (+) Saving (-)
2012-13	26.87	26.86	(-) 0.01
2013-14	13.38	13.40	(+) 0.02
2014-15	21.54	21.56	(+) 0.02
Total	61.79	61.82	

(₹ in crore)

Source: Information supplied by the Department.

There were no major savings or excesses in the test-checked divisions during 2012-15. However, the above figures of budget and actual expenditure have to be seen in the light of the fact that the booked expenditure merely reflected the amount withdrawn from treasury and not the amount actually spent on the works executed on the ground and huge amount remained unutilised as indicated in the succeeding paragraphs.

3.7.2.1 Irregular drawal and utilisation of funds

Rule 5.71 of Himachal Pradesh Treasury Rules, 2007 (HPTRs) stipulates that no money should be drawn from the treasury unless it is required for immediate disbursement. It is also not permissible to draw advances from treasury in respect of works the completion of which is likely to take considerable time.

Audit noticed that the Executive Engineers (EEs) of six test-checked divisions³⁶ on the basis of Letters of Credit (LOC) received from the concerned Superintending Engineers (SEs) during 2010-15, drew ₹ 15.58 crore from treasury in the last week of each financial year³⁷ and showed it as final expenditure on 43 FISs in the accounts. Of this, an expenditure of ₹ 9.15 crore was incurred during the subsequent years and ₹ 6.43 crore³⁸ were lying unspent as of May 2015. Parking of funds in deposit head to avoid lapse of budget and merely booking of expenditure to the works without their actual execution had also resulted in incorrect depiction of the expenditure in the accounts.

While admitting the facts (April and May 2015), the EEs concerned had not furnished reasons for the lapse.

3.7.2.2 Irregular booking of material

Audit noticed that contrary to rules³⁹, in eight test-checked divisions⁴⁰ material costing ₹ 2.69 crore was booked (between March 2011 to March 2015) against 24 schemes/works without its actual utilisation. Subsequently, the material valuing ₹ 0.57 crore was written back to stock in the following financial years between September 2013 and February 2015 and the material valuing ₹ 2.12 crore⁴¹ was lying unadjusted as of May 2015. Thus, contrary to the provisions of the HPTRs *ibid*, the booking of material was irregularly carried out merely to avoid lapse of budget. While confirming the facts, the EEs concerned had not furnished reasons for the lapse.

³⁶ Anni, Chamba, Padhar, Palampur, Sarkaghat and Shahpur.

³⁷ 2010-11: ₹ 4.25 crore (two); 2011-12: ₹ 0.58 crore (11); 2012-13: ₹ 4.96 crore (12); 2013-14: ₹ 0.45 crore (two) and 2014-15: ₹ 5.34 crore (16).

³⁸ 2010-11: ₹ 1.05 crore; 2013-14: ₹ 0.45 crore and 2014-15: ₹ 4.93 crore.

³⁹ Rules 5.71 of HPTRs and 91 (2) (a) of Himachal Pradesh Financial Rules, 2009.

⁴⁰ Anni, Chamba, Dalhousie, Dharamshala, Padhar, Palampur, Sarkaghat and Shimla-I.

⁴¹ 2010-11: ₹ 0.42 crore; 2011-12: ₹ 0.22 crore; 2013-14: ₹ 0.41 crore and 2014-15: ₹ 1.07 crore.

3.7.2.3 Excess expenditure over budget allocations

Audit noticed that contrary to Rules 14 and 43 of Himachal Pradesh Financial Rules, 2009 (HPFRs), against the budget allocations of ₹ 6.82 lakh for seven FISs during 2013-15 in two test-checked divisions⁴², the EEs had incurred expenditure of ₹ 44.26 lakh resulting in excess expenditure of ₹ 37.44 lakh which was irregular. The EEs concerned stated (May 2015) that the excess expenditure would be regularised on receipt of budget during 2015-16. The reply is not convincing as the EEs should have obtained additional funds under the schemes before incurring the excess expenditure and the expenditure had not been regularised as of May 2015.

3.7.2.4 Diversion of funds

Rule 14 (b) of HPFRs provides that the expenditure should be incurred for the purpose for which the funds have been provided.

Audit noticed that contrary to above provisions, in two test-checked divisions⁴³, the EEs had irregularly diverted ₹ 1.93 crore⁴⁴ from FISs during 2012-13 and 2014-15 towards lift irrigation schemes (₹ 0.93 crore), water supply schemes (₹ 0.52 crore), construction of buildings (₹ 0.14 crore) and stock (₹ 0.34 crore) without obtaining approval from the competent authority. The EEs stated (May 2015) that the diversion would be rectified. The reply is not acceptable as the funds should have been utilised on other FISs which could not be completed due to non-availability of sufficient funds (**Paragraph 3.7.3**).

3.7.3 Execution of schemes

The scheme-wise consolidated records of the FISs taken up for execution, completed and those remaining incomplete during 2012-15 had not been maintained/ updated at the E-in-C level. However, the details of execution of the FISs in all test-checked divisions are given in **Table-3.7.3**.

Table-3.7.3
Details of execution of the flow irrigation schemes in test-checked divisions during 2012-15
(₹ in crore)

Year	Schemes sanctioned/taken up for execution		Schemes to be completed by March 2015		Schemes completed upto March 2015		Schemes incomplete as of March 2015	
	No.	EC	No.	EC	No.	Exp.	No.	Exp.
Prior to March 2012	82	71.87	80	69.38	41	28.04	39	41.88
2012-13	10	10.97	2	0.84	0	0	2	0.25
2013-14	19	13.54	9	1.48	4	0.15	5	0.12
2014-15	7	10.24	0	0	0	0	0	0
Total	118	106.62	91	71.70	45	28.19	46	42.25

Source: Information supplied by the Department.

Note: EC: Estimated Cost and Exp.: Expenditure.

It would be seen from **Table-3.7.3** that:

- Of 91 schemes (EC: ₹ 71.70 crore) stipulated to be completed during 2012-15, only 45 schemes were completed with expenditure of ₹ 28.19 crore and 46 schemes on which ₹ 42.25 crore had been spent were lying incomplete as of March 2015. The delay in completion of the schemes ranging between eight and 62 months deprived the public of the intended benefits.

⁴² Anni and Shimla-I.

⁴³ Anni and Shimla-I.

⁴⁴ 2012-13: ₹ 0.69 crore and 2014-15: ₹ 1.24 crore.

- Of 45 completed schemes, 19 schemes sanctioned (between September 2008 and August 2012) for ₹ 10.34 crore in three test-checked divisions⁴⁵ were completed after a delay of two to 25 months at a cost of ₹ 14.55 crore resulting in cost overrun of ₹ 4.21 crore (41 per cent).
- Of 46 incomplete schemes, construction of eight schemes sanctioned (between June 2011 and March 2012) for ₹ 12.75 crore in Palampur division and scheduled to be completed in two years, were lying incomplete as of March 2015. Though expenditure of ₹ 16.51 crore had been incurred, the schemes were lagging behind their schedule period of completion by 13 to 23 months resulting in cost overrun of ₹ 3.76 crore (29 per cent).

While confirming the facts, the EEs concerned stated (April-May 2015) that the schemes were lying incomplete due to tough site conditions, non-availability of funds, land disputes, etc. The cost overrun was the result of hike in cost of labour and material. The replies are not acceptable as all such issues should have been resolved expeditiously for ensuring timely completion of schemes.

3.7.3.1 Idle investment on flow irrigation schemes

Scrutiny of records of Chamba divisions showed that two FISs sanctioned (between March 2007 and March 2010) for ₹ 2.36 crore⁴⁶ had not been completed as of March 2015 due to the following deficiencies:

- The technical approval of the FIS Kugti⁴⁷ was accorded (September 2009) by the SE, Chamba for ₹ 91.71 lakh and stipulated to be completed within one year. All components of the scheme had been completed upto March 2015 with expenditure of ₹ 94.57 lakh except the construction of Weir (one), RCC delivery tanks (26) and distribution system. Thus, non-completion of the FIS resulted in idle investment of ₹ 94.57 lakh.
- The FIS Fanar-Lahal⁴⁸ was technically sanctioned (March 2011) for ₹ 1.29 crore and stipulated to be completed in one year. The work of laying, jointing and testing of galvanised iron (GI) pipes upto 8825 rmt⁴⁹ had been completed with an expenditure of ₹ 86.35 lakh upto March 2015. However, the work of laying, jointing and testing of GI pipes of 125 mm dia (2,080 rmt) awarded to a contractor in August 2011 and stipulated to be completed by March 2012 had not been started as of April 2015. The construction of the weir and RCC storage tank had also not been taken up for execution as of April 2015. Non-completion of the FIS in time resulted in idle investment of ₹ 86.35 lakh.

While admitting the fact, the EE of the division stated (May 2015) that notices had been served (between September 2011 and June 2012) on the contractors for completion of the awarded works and the works of storage tanks, etc. could not be awarded due to non-completion of the main-line. The reply is not acceptable as the Department had neither taken timely action against the contractor nor ensured execution of the FISs expeditiously.

⁴⁵ Dalhousie, Palampur and Dharamshala.

⁴⁶ FIS Kugti: ₹ 0.91 crore (March 2007) and FIS Fanar-Lahal: ₹ 1.45 crore (March 2010).

⁴⁷ Weir (two); providing, laying and jointing of pipes (6,395 rmt), RCC delivery tanks (34) and BP tanks (five).

⁴⁸ Intake and weir (one), RCC storage tank 73000 ltrs (one), laying, jointing and testing of GI pipes 10900 rmt (125mm dia: 5500 rmt, 100 mm dia: 5000 rmt and 80 mm dia: 400 rmt).

⁴⁹ 125 mm dia: 3425 rmt (July 2012), 100 mm dia: 5000 rmt (March 2015) and 80 mm dia: 400 rmt (September 2014).

3.7.3.2 Excess expenditure on incomplete schemes reported as complete

Audit noticed that in Palampur division, 14 FISs for creation of CCA of 3144.79 hectares were approved (between February 2009 and March 2012) by the GOI for ₹ 18.93 crore under Accelerated Irrigation Benefits Programme (AIBP). The FISs commenced between March 2010 and September 2012 were shown as complete between January 2013 and September 2013 at cost of ₹ 15.74 crore with the created CCA of 3144.79 hectares whereas all the schemes were lying incomplete as of April 2015 and an expenditure of ₹ 4.98 crore had been incurred on these schemes after September 2013 (**Appendix-3.1**). Besides, the total expenditure of ₹ 20.72 crore upto March 2015 had exceeded the sanctioned cost by ₹ 1.79 crore which had also not been regularised. The EEs concerned admitted the facts (April 2015).

3.7.3.3 Levy and collection of users' charges

As per Section 28(1) of the Himachal Pradesh Minor Canals Act, 1976, the Department levies user charges called '*Abiana*' from the beneficiaries.

Audit noticed that in eight test-checked divisions⁵⁰, the *abiana* of ₹ 64.20 lakh was outstanding for recovery from the users of the FISs as of March 2012 and the *abiana* levied and collected during 2012-15 was ₹ 6.85 lakh and ₹ 0.93 lakh respectively. Thus, *abiana* of ₹ 70.12 lakh⁵¹ was outstanding as of March 2015. However, no efforts were made by the divisions to realise the outstanding dues by invoking the provisions of Himachal Pradesh Minor Canals Act, 1976.

While admitting the facts, the EEs concerned stated (April-May 2015) that the *abiana* could not be assessed/ collected from the beneficiaries due to non-deployment of revenue staff for the purpose.

3.7.3.4 Unauthorised execution of private *kuhls*

The AIBP and National Bank for Agriculture and Rural Development (NABARD) loan do not provide for renovation and remodelling of private *kuhls*⁵².

Audit noticed that contrary to above provisions, in three test-checked divisions⁵³ ₹ 43.14 crore was sanctioned (between February 2009 and February 2014) for renovation and remodelling of 42 existing private *kuhls* under AIBP (26 schemes: ₹ 23.57 crore) and NABARD (16 schemes: ₹ 19.57 crore) being operated by local people. Of these schemes, 24 schemes were completed (between May 2012 and December 2014) at a cost of ₹ 18.23 crore under AIBP (16 schemes: ₹ 12.33 crore) and NABARD (8 schemes: ₹ 5.90 crore). The remaining 18 schemes were in progress on which expenditure of ₹ 23.14 crore had been incurred upto March 2015. However, due to private *kuhls* the Department had not ascertained the actual CCA utilised under these schemes. Resultantly, the Department failed to realise the *abiana* (users' charges) from the concerned beneficiaries. Thus, the expenditure of ₹ 41.37 crore was irregular.

While admitting the facts, the EEs concerned stated (May 2015) that the existing private *kuhls* were renovated by the Department under AIBP and NABARD on the recommendations of the local Members of Legislative Assembly. The reply is contrary to

⁵⁰ Anni, Chamba, Dalhousie, Dharamshala, Padhar, Palampur, Sarkaghat and Shimla.

⁵¹ Anni (₹ 0.11 lakh), Chamba (₹ 0.99 lakh), Dalhousie (₹ 19.55 lakh), Dharamshala (₹ 0.16 lakh), Padhar (₹ 10.33 lakh), Palampur (₹ 34.41 lakh), Sarkaghat (₹ 4.54 lakh) and Shimla-I (₹ 0.03 lakh).

⁵² Small irrigation channels in hilly areas.

⁵³ Dharamshala, Palampur and Shahpur.

the provisions of the AIBP and NABARD loan as the execution of the private *kuhls* was not to be covered under these programme.

3.7.3.5 Utilisation of created irrigation potential

In five test-checked divisions⁵⁴ 20 FISs having irrigation potential of 5005.22 hectares were completed between 2005-06 and 2013-14 at a cost of ₹ 20.02 crore. Audit noticed that there has been under utilisation of cultivable command area (CCA) created. The shortfall in utilisation of the CCA ranged between 53 and 75 per cent for *Rabi* and 52 and 64 per cent for *Kharif* crops as per details given in **Table-3.7.4**.

Table-3.7.4
Details of potential created vis-a-vis per crop area irrigated during 2012-15

Year	Number of completed schemes	Potential created (CCA in hectares)	Potential utilised (CCA in hectares)		Shortfall (percentage)	
			Rabi	Kharif	Rabi	Kharif
2012-13	19	4430.21	2077.18 (47)	2109.55 (48)	53	52
2013-14	20	5005.22	1882.43 (38)	2138.18 (43)	62	57
2014-15	20	5005.22	1241.20 (25)	1785.40 (36)	75	64

Source: Information supplied by the Department. Note: Figures in parenthesis indicate percentage.

While admitting the facts (May 2015) the EE Chamba had not furnished reasons for less utilisation of the CCA. The other EEs attributed the under-utilisation of the CCA to less demands by the farmers. The fact, however, remained that the Department had not persuaded and encouraged the beneficiaries for maximum utilisation of the created irrigation potential, which remained grossly under-utilised and the expenditure of ₹ 20.02 crore incurred on the construction of these schemes did not largely achieve the intended objective.

3.7.3.6 Unfruitful expenditure on damaged scheme

Audit noticed that in Anni division, for creation of additional CCA of 97.42 hectare, flow irrigation scheme (FIS) Bagipul Norelanj⁵⁵ was extended (length: 12120 rmt.) in October 2005 at a cost of ₹ one crore. Expenditure of ₹ 7.71 lakh was also incurred on its maintenance upto March 2015. Against the created CCA of 123.83 hectares, the CCA actually utilised ranged between 13.75 hectares and 25.15 hectares during 2006-15. Under-utilisation of the irrigation potential was attributed to damages to the FIS at various reaches⁵⁶ and the Department had not taken any action for restoration of the damaged FIS. Evidently, the expenditure of ₹ 1.08 crore for extension of the FIS remained unfruitful.

While admitting the facts, the EE of the division stated (May 2015) that damaged scheme could not be restored due to non-availability of funds and estimate for ₹ 60.19 lakh for improvement of the scheme had been framed (September 2013). The reply is not convincing as the FIs had not been utilised optimally since 2005 and the Department had not made efforts to restore the damaged FIS in time.

3.7.3.7 Unauthorised split up of estimates

In four test-checked divisions⁵⁷, the Chief Engineers/ SEs had accorded technical sanction (between August 2011 and November 2013) for execution of eight FISs⁵⁸ at a cost of ₹ 13.52 crore.

⁵⁴ Anni, Chamba, Dalhousie, Padhar and Palampur.

⁵⁵ Completed in 1992 (CCA: 26.41 hectare and length: 5500 rmt).

⁵⁶ Rmt 2860 to 3100, rmt 4980 to 5100 and rmt 9500 to 9950.

⁵⁷ Anni, Padhar, Palampur and Shahpur.

⁵⁸ Anni (two), Padhar (one), Palampur (three) and Shahpur (two).

Audit noticed that the works of these schemes were split up into 195 agreements and awarded (between April 2012 and March 2015) to 97 contractors for ₹ 12.83 crore without obtaining split up sanction from the competent authority. The works were awarded two to 36 *per cent* below (three cases) and four to 457 *per cent* (192 cases) above the amount put to tender. The abnormal gap between the lowest and highest offers of the contractors was indicative of the improper award of works by the EEs. Benefit of competitive rates was, thus, not derived by floating a single tender for each work.

The EE of Shahpur division had not furnished reasons for splitting up the schemes. The other EEs stated (April-May 2015) that the works were split up for early completion of the schemes. The replies are not convincing as most of the schemes were lying incomplete as of May 2015.

3.7.4 Monitoring and supervision

With a view to improve monitoring by the Departmental officers, the State Government issued (June 2006) instructions for inspection and monitoring the progress of works under their jurisdiction and conduct of reviews.

Audit noticed that no evidence relating to review of works, if any, conducted by the Departmental officers at the prescribed intervals was available with the concerned divisions. Evidently, the prescribed monitoring system was not followed by the Departmental officers in accordance with State Government's instructions, resulting in delay in all the major schemes as detailed above.

The EEs concerned stated (April-May 2015) that the inspections were carried out but inspections notes were not issued due to rush of work, etc. The replies are not acceptable as necessary review of works should have been carried out by the Departmental officers as per State Government's instructions.

3.7.5 Conclusion and recommendations

There was lack of proper expenditure control which showed drawal of huge funds from treasury at the end of each financial year during 2010-15 by charging the expenditure to works without their actual utilisation merely to avoid lapse of budget.

The Government may consider drawal of money from the treasury when all the sanctions have been obtained and project is ready for implementation.

The flow irrigation schemes were not executed efficiently and suffered from delays in completion of the works, execution of the works without suitable sites, unfruitful expenditure/ idle investment and time and cost overruns.

The Government may consider proper planning, monitoring and supervision of the work of the approved schemes to avoid time and cost overruns and having the desired check on the quality of work.

Optimum utilisation of created irrigation potential under the flow irrigation schemes was not made. The Department had also not monitored the regular collection of *abiana* charges.

The Government may consider devising a system for optimum utilisation of created irrigation potential and collection of *abiana* charges regularly.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

3.8 Unfruitful expenditure on construction of lift irrigation scheme

Improper planning for execution of a lift irrigation scheme resulted in an unfruitful expenditure of ₹ 1.29 crore.

As per instructions of the Engineer-in-Chief (E-in-C) issued in March 1995, execution of irrigation and water supply schemes should follow a proper sequence, i.e., firstly the source of water should be developed, dependable discharge ascertained and other works including laying of distribution lines taken thereafter.

To provide irrigation facility to a cultivable command area (CCA) of 137.86 hectares for Kiratpur Bhagwanpur village (Sirmaur district), the State Government administratively approved (October, 2007) construction of Lift Irrigation Scheme (LIS) under NABARD⁵⁹ (RIDF⁶⁰-XII) at an estimated cost of ₹ 1.22 crore. Working estimates were got sanctioned in parts, instead of getting technical sanction for the scheme as a whole. The water for irrigation was to be lifted in two phases from river Bata. The scheme was stipulated to be completed by October 2010.

Scrutiny of records (January 2015 and June 2015) of Poanta Sahib division showed that execution of the scheme was taken up during 2009-10. However, instead of developing the water source first, the Department had executed the laying of rising main (225 rmts⁶¹), distribution system (5,435 rmts), construction of pump house, etc. and an expenditure of ₹ 1.29 crore was incurred on it upto March 2013 including amount paid for supply of power. The work of developing source and ascertaining the discharge of water, construction of sump well, sedimentation tank, and pumping machinery was not taken up as of June 2015 due to non-availability of the water source and the field channel (1060 rmts) could not be executed due to local dispute. Thus, in violation of the instructions *ibid*, the Department had not followed proper sequence and the work was lying in suspended state since March 2013.

The Engineer-in-Chief attributed (June 2015) the delay in completion of the scheme to change of water course of the river during rainy season. The Department had decided the alternate source of the scheme for taking the water through percolation wells and the work thereof would be taken up shortly. The reply does not explain the reasons for non-development of the water source first as all these aspects should have been taken care of while conceptualisation of the scheme.

Thus, due to improper planning on the part of the Department, the LIS was not made functional which deprived the beneficiaries of the intended irrigation facility and the expenditure of ₹ 1.29 crore incurred on it remained unfruitful since March 2013.

The audit findings were referred to the Government in April 2015. Reply had not been received (November 2015).

3.9 Unfruitful expenditure on lift water supply scheme

Inability of the Department to ensure completion of the lift water supply scheme in time, deprived the public of the area of the intended benefits and rendered the expenditure of ₹ 3.66 crore unfruitful.

In order to provide adequate and safe drinking water facility to 10312 persons of 106 habitations in Mandi district, the State Government had accorded administrative approval

⁵⁹ National Bank for Agriculture and Rural Development.

⁶⁰ Rural Infrastructure Development Fund.

⁶¹ rmts: Running metres.

and expenditure sanction (September 2009) for the construction of Gwalpur, Sarahan and Teban lift water supply scheme for ₹ 3.26 crore under Accelerated Rural Water Supply Scheme. The scheme was stipulated to be completed in four years. Technical sanction of the scheme was accorded for ₹ 3.72 crore (March 2010: ₹ 1.08 crore and September 2011: ₹ 2.64 crore). The scope of the work included site development, construction of intake chamber, sedimentation tank, filter bed, RCC⁶² clear water tanks (three) and RCC storage tanks (15), supply and erection of pumping machinery, supply of power, providing and laying of rising main and distribution system, etc.

Scrutiny of records (November 2014) of Karsog division and further information collected (June 2015) showed that the Department had taken up the scheme for execution in May 2011 and all the components had been completed upto October 2014 with expenditure of ₹ 3.66 crore except the construction of RCC clear water tanks/ storage tanks, erection of pumping machinery and supply of power. Resultantly, the scheme could not be made functional as of June 2015. The above components could not be completed due to the following reasons:

- The work for the construction of the water treatment plant⁶³ was awarded (October 2012) to a firm⁶⁴ at a tendered amount of ₹ 93.07 lakh stipulated to be completed by October 2013. Due to delay in clearance (July 2013) of forest land, the firm commenced the work in April 2014. After executing the works valuing ₹ 26.53 lakh (29 per cent), it abandoned (July 2014) the work with the plea that the work could not be executed at the old rates.
- The construction of 15 number of RCC storage tanks was awarded (February 2012) to a contractor at a tendered amount of ₹ 25.08 lakh stipulated to be completed by August 2012. However, the contractor had not achieved the pace of the work and executed the work valuing ₹ 15.63 lakh (62 per cent) upto October 2014.
- The pumping machinery procured (February 2011) at a cost of ₹ 26.69 lakh, the warranty period of which had already expired was not installed due to non-supply of power. Besides, The Department had paid (Between April to December 2011) an advance of ₹ 63.42 lakh to Himachal Pradesh State Electricity Board Limited (HPSEBL) for supply of power but the Department had failed to get the supply of the power from HPSEB as of June 2015.

While confirming the facts, the Executive Engineer of the division stated (November 2014 and June 2015) that the scheme was initially delayed due to involvement of forest land. Reply is not acceptable as all the aspects should have been taken into account before conceptualisation of the scheme. Besides, the delay of more than 21 months beyond the scheduled date of completion had already inflated the cost of the scheme by ₹ 0.40 core.

Thus, inability of the Department to ensure completion of the scheme in time, deprived the public of the area of the intended benefits and rendered the expenditure of ₹ 3.66 crore unfruitful.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

⁶² Reinforced Cement Concrete.

⁶³ Construction of intake chamber, other allied treatment structure, clear water tanks, mechanical and electrical equipment, etc.

⁶⁴ M/s Civil Engineers and Consultants, Panchkula.

3.10 Idle investment on augmentation of water supply schemes and loss of interest

Lack of planning and failure of the Department to initiate timely action for execution of the water supply schemes resulted in idle investment of ₹ 53.57 crore and loss of interest of ₹ 3.31 crore.

In order to provide adequate and safe drinking water to 97641 persons of Bilaspur district, the State Government had accorded administrative approval (September 2008) for ₹ 64.66 crore⁶⁵ for source level augmentation of various water supply schemes in the district. The scheme was to be completed by September 2012. The water for the purpose was to be tapped from Kol Dam reservoir. The Engineer-in-Chief had accorded (July 2009) the technical sanction for ₹ 47.08 crore. The scope of the work included civil work (intake chamber, water treatment plant, reinforced cement concrete sump wells: two, main storage tanks: two, sub storage tanks: 30 and pump houses: three), rising main (4,185 rmt of 450 mm dia and 3,270 rmt of 250 mm dia), gravity main of different dimensions (1.71 lakh rmt), distribution system (2.07 lakh rmt) and supply of power.

Scrutiny of records (March 2015) of Bilaspur division showed that against ₹ 66.01 crore withdrawn from treasury during 2008-14, the Department had incurred expenditure of ₹ 53.57 crore (NABARD loan: ₹ 26.14 crore and other heads: ₹ 27.43 crore) on execution of the scheme and ₹ 12.44 crore were lying under deposit head for two to three years⁶⁶. The prolonged retention of money in deposits resulted in keeping the money outside the normal budgetary process and blocking of Government funds. The scheme had not been completed within the stipulated time due to the following reasons depriving the public of the intended benefits:

- The work⁶⁷ awarded (June 2010) to a firm⁶⁸ at tendered amount of ₹ 49.62 crore stipulated to be completed by July 2012 was taken up for execution in August 2010. The firm, however, did not achieve the pace of the work within the stipulated period and executed the work of the value of ₹ 38.99 crore upto December 2014 which also included pumping machinery costing ₹ 2.89 crore procured during November 2011. The pumping machinery also had not been installed due to non-erection of electricity transformer as of June 2015 for want of forest land clearance.
- The Department had paid (March 2009) ₹ 8.49 crore to the Himachal Pradesh State Electricity Board Limited (HPSEBL) for construction/ installation of 33/11 KV sub-station. The HPSEBL, however, did not execute the work as of April 2015 due to involvement of forest land. The Department had initiated the action for diversion of the forest land in November 2013, approval of which was awaited (June 2015) from GOI. Evidently, the amount was released to the HPSEBL without ensuring encumbrance free site which apart from extending undue financial benefit to the HPSEBL, resulted in interest loss of ₹ 3.31 crore⁶⁹.

While confirming the facts, the Executive Engineer of the division stated (June 2015) that the work could not be completed due to land disputes at various sites of the schemes

⁶⁵ NABARD (RIDF-XVI) loan approved (November 2010): ₹ 53.10 crore at interest rate of 6.5 per cent and other heads: ₹ 11.56 crore.

⁶⁶ 2011-12: ₹ 3.44 crore and 2012-13: ₹ 9.00 crore.

⁶⁷ Civil work: Intake chamber, water treatment plant, RCC sump wells (two), main storage tanks (two), sub storage tanks(30) and pump houses (three); Rising main: 4,185 rmt (450 mm dia) and: 3,270 rmt (250 mm dia); Gravity main of different dimensions: 1.71 lakh rmt, Distribution system: 2.07 lakh rmt, etc.

⁶⁸ M/s SMC-SBM-Universal (JV), Thane.

⁶⁹ Calculated at NABARD interest rate of 6.5 per cent for March 2009 to March 2015.

and the HPSEBL had not ensured the supply of power (SOP) in time due to non-diversion of forest land for non-forestry purpose. The fact, however, remained that the Department did not ensure encumbrance free land before taking up the scheme for execution.

Thus, lack of planning and failure of the Department to initiate action for execution of the water supply schemes in a timely manner, resulted in idle investment of ₹ 53.57 crore and loss of interest of ₹ 3.31 crore.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

3.11 Unfruitful expenditure on execution of sewerage scheme

Lack of planning and inefficiency of the Department to expedite the execution of the sewerage scheme within stipulated time resulted in unfruitful expenditure of ₹ 6.80 crore.

In order to provide hygienic sanitation facilities in Dehra town in Kangra district, the State Government had accorded (January 2007) administrative approval for ₹ 11.17 crore for construction of a sewerage scheme stipulated to be completed within four years. The scope of the work included providing, laying and testing of ductile iron (DI) pipes of different dimensions, construction of sewerage treatment plant (STP), construction of flushing tanks, staff quarters, manhole (MH) chambers, etc. An expenditure of ₹ 6.80 crore had been incurred on the construction of various components of the scheme up to June 2015, but the same had not been completed/ commissioned as of July 2015.

Scrutiny of records (December 2014) of Dehra division and additional information collected (July 2015) showed that the Department had split up the scheme and awarded the works to different contractors and the following deficiencies were noticed:

- Job-I⁷⁰ had not been taken up for execution as of June 2015 due to non-finalisation of tenders.
- Job-II⁷¹ was awarded (July 2012) to a contractor at a tendered cost of ₹ 2.62 crore with the stipulation to complete it by July 2013. The contractor could execute only the work of DI pipes (150 mm dia: 7,000 Rmt) and construction of MH chambers (370) as of June 2015 due to non-providing of layout plan for laying of pipeline from high level bridge Dehra to STP by the Department despite requests (April 2013 and August 2014) from the contractor.
- Job-III⁷² was awarded (September 2010) to a contractor at a tendered cost of ₹ 1.35 crore with the stipulation to complete it by September 2011. Due to site disputes, the contractor executed the work of DI pipes (200 mm dia: 540 Rmt, 150 mm dia: 4,200 Rmt) and construction of MH chambers (285) as of June 2015 after a delay of nearly four years beyond the stipulated date of completion.
- Jobs⁷³ IV was awarded (January 2011) to a contractor at a tendered cost of ₹ 2.40 crore with the stipulation to complete it by February 2012. Due to site

⁷⁰ Providing, laying and testing of DI pipes (200 mm dia: 484 Rmt and 150 mm dia: 8,518 Rmt), construction of MH chambers (384), etc.

⁷¹ Providing, laying and testing of DI pipes (200 mm dia: 565 Rmt and 150 mm dia: 7,363 Rmt) and construction of MH chambers (285), etc.

⁷² Providing, laying and testing of DI pipes (200 mm dia: 540 Rmt and 150 mm dia: 4,205 Rmt) and construction of MH chambers (178), etc.

⁷³ Providing, laying and testing of DI pipes (200 mm dia: 385 Rmt and 150 mm dia: 7,521 Rmt) and MH chambers (285), etc.

disputes, the contractor executed the work of DI pipes (150 mm dia: 6,150 Rmt) and construction of MH chambers (245) only as of June 2015.

- The work relating to construction of STP was awarded (March 2012) to a contractor at a tendered cost of ₹ 1.63 crore and stipulated to be completed by April 2013. During execution of the site development for STP, Wildlife Department raised (April 2013) objections on certain portion of the land. Resultantly, the Department had revised the plan and approved (June 2014) ₹ 0.42 crore for construction of additional wet well, inlet chamber, etc. However, the tenders thereof were yet to be finalised as of July 2015.
- Tenders for the works relating to the construction of flushing tanks (1000 liters capacity: six and 500 liters capacity: 71), staff quarters (Type-III: two, Type II: three) and complaint office had not been called for as of July 2015.

Thus, due to lack of proper planning and inefficiency of the Department to expedite the execution of the works within the stipulated time, the scheme was lagging behind for more than four years of the stipulated date of completion depriving the targeted population of the town of the sanitation facility and pollution-free environment which rendered the expenditure of ₹ 6.80 crore as unfruitful.

While admitting the facts, the Executive Engineer of the division stated (January and July 2015) that the tendering process, land acquisition, etc. involved a lot of time which delayed the execution of the scheme. The fact, however, remained that the Department had neither ensured the tendering process of certain works in a timely manner nor ensured hindrance free site before taking up the scheme for execution.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

Medical Education and Research Department

3.12 Mismanagement of funds

Absence of proper planning for utilisation of grant received for strengthening the nursing services in the State had resulted in mismanagement of available funds amounting to ₹ 1.40 crore.

The GOI, Ministry of Health and Family Welfare sanctioned (March 2009) grant-in-aid of ₹ 1.00 crore to the Himachal Pradesh Nurses Registration Council (Council) under centrally sponsored scheme of Upgradation/ Strengthening of State Nursing services. The funds were to be utilised on creation of infrastructure/ procurement of equipment (non-recurring funds: ₹ 77.00 lakh) and staff/ contingencies (recurring funds: ₹ 23.00 lakh) subject to limit prescribed in the sanction order. The main purpose of the grant was to strengthen the Council so as to provide mandated functions⁷⁴ under the Himachal Pradesh Nurses Registration Act, 1977 to the nursing personnel of the State.

Scrutiny of records (February 2015) of the Registrar of the Council functioning from a rented accommodation since its inception in 1978 showed that the grant of ₹ 1.00 crore received (June 2009) from the GOI was deposited (July 2009) in bank as fixed deposits receipts (FDRs) by the Council and an interest of ₹ 48.00 lakh had been earned as of

⁷⁴ Registration of nurses, midwives, health visitors and multipurpose workers; preparation of live registers for each category of nursing personnel, renewal of registration of nursing personnel once in five years; Inspections of nursing schools/ colleges of State; conduct of various examination for nursing personnel; initiate disciplinary action against erring nursing schools/ colleges of the State; implementation of quality nursing education and to conduct refresher courses, in-service workshops, etc.

February 2015. The grant was not utilised for the intended purpose by the Council as of February 2015 except for utilisation of ₹ 7.86 lakh on purchase of computer systems, stock articles and salary of two data entry operators. The balance amount that was required to be utilised on creation of infrastructure and other contingencies remained unutilised due to absence of proper planning by the Council for fulfilling the pre-requisite condition of having own building with adequate space for seating, storage and establishment of office, training rooms, etc. It was further observed that the income tax authorities treated ₹ 1.40 crore (including interest earned) kept in shape of FDRs in bank as the income of the Council and deducted ₹ 62.39 lakh⁷⁵ (including penalty of ₹ 4.83 lakh) towards income tax (IT) due to failure of the Council to obtain exemption from deduction of income tax by applying for yearly registration of the Council with the income tax authorities. The amount had not been refunded as appeal filed (August 2013) by the Council was dismissed by the IT authorities. However, the Council had filed (July 2014) an appeal with the Appellate Tribunal, outcome of which was awaited as of May 2015. Thus, non-utilisation of grant in time by the Council had led to mismanagement of funds and this also denied the beneficiaries of the intended facilities.

While admitting the facts, the Registrar of the Council stated (March 2015) that grant could not be utilised due to non-receipt of administrative approval of GOI, Ministry of Health and Family Welfare (sought in December 2014) for purpose of office accommodation. The reply should be seen in the light of fact that the Council did not utilise the funds for a period of more than five years and has not applied for exemption under Income Tax Act.

The audit findings were referred to the Government in July 2015. Reply had not been received (November 2015).

Multipurpose Projects and Power Department

3.13 Implementation of Renewable Energy Programmes

Against the target of generation of 2,473 MW hydro power through small hydro power (SHP) projects, the achievement was only 476 MW (19 per cent) through 97 SHP projects commissioned upto March 2015. Upfront premium for capacity addition of ₹ 7.80 crore from four independent power producers and local area development fund of ₹ 7.12 crore for environment management plan, etc., from six small hydro power projects had not been recovered. Free power royalty payment of ₹ 27.17 crore from independent power producers for the year 2014-15 had not been remitted by the Himachal Pradesh State Electricity Board Limited to the State Government. Against estimated solar power potential of 33,000 MW, only 3.29 MW had been installed in the State as of March 2015.

3.13.1 Introduction

Renewable energy (RE) has been an important component of India's energy planning process for quite some time. The RE programme of Government of India (GOI), Ministry of New and Renewable Energy (MNRE) includes development of various energy systems⁷⁶. Of 486.72 MW installed capacity for generating RE in the State, Small Hydro Power (SHP) projects upto 25 MW are the largest source (476.22 MW), followed by Biomass Power (7.20 MW), Solar (3.29 MW) and Wind Power (0.01 MW).

⁷⁵ September 2013: ₹ 25.00 lakh and March 2014: ₹ 37.39 lakh.

⁷⁶ Biomass power, small hydro power upto 25 MW capacity, solar power and wind power.

Himachal Pradesh Energy Development Agency (*Himurja*) registered under the Societies Registration Act, 1860 as State Nodal Agency is responsible for promoting RE technology in the State. However, installation of SHP projects beyond 5 MW and Biogas plants is carried out by the Departments of Energy and Agriculture respectively. Audit of implementation of RE programme covering the period 2012-13 to 2014-15 was conducted during February-May 2015 by test-check of records of the Director of Energy, Chief Executive Officer (CEO), *Himurja*, Director of Agriculture, five⁷⁷ (Out of 12) Senior Project Officers (*Himurja*) and four⁷⁸ (Out of 12) Deputy Directors of Agriculture (DDAs) in the State. The following are the audit findings:

3.13.2 Small Hydro Power

The MNRE has been vested with the responsibility of development of SHP projects upto 25 MW station capacities. The SHP programme is mainly private investment driven and the MNRE provides financial support towards survey and investigation, preparation of detailed project reports (DPRs), project monitoring, etc. The SHP projects under RE programme in the State are covered under the State Hydro Power Policy, 2006.

3.13.2.1 Hydro power potential harnessed

The State had an estimated hydro power potential of 2500 MW capacity through SHP projects. Against the target of generation of 2,473 MW power through 577 SHP projects allotted during 1991-92 to 2014-15, the achievement was only 476 MW (19 *per cent*) through 97 SHP projects commissioned upto March 2015. The shortfall was attributed to inadequate pre-feasibility studies/ surveys, non-finalisation of DPRs, etc. The Project Director, *Himurja* stated (August 2015) that some of the sites were identified on the basis of reconnaissance survey only which were not found suitable at later stage.

3.13.2.2 Non-execution of the projects

The MNRE responsible for developing SHP projects, give financial support towards survey and investigation, preparation of DPRs, project monitoring, etc. Fifty *per cent* of the eligible incentive is released as advance with the sanctions and remaining 50 *per cent* is released on receipt of the approved DPRs, submission of utilisation certificates (UCs) for the released funds and statement of expenditure (SOE) thereof.

Audit noticed that the State Government had allotted (January 2009) 19 SHP projects having aggregate capacity of 76.10 MW for execution by *Himurja*. The *Himurja* prepared DPRs for 15 SHP projects (aggregate installed capacity: 61.55 MW) during 2010-12 with expenditure of ₹ 88.71 lakh. For this purpose, MNRE had released central financial assistance (CFA) of ₹ 71.47 lakh⁷⁹.

However, the *Himurja* had awarded (December 2014) only three SHP projects (14.5 MW) on built, operate and transfer basis to M/s Sai Engineering Foundation, Shimla which were not taken up for execution as of May 2015 due to non-finalisation of their finance, drawing, design, etc. The remaining 12 SHP projects were not taken up for execution due to non-availability of sufficient finance. Though the State Government had decided (October 2013) to get these project executed through independent power producers (IPPs), the same had not been allotted as of May 2015.

The Senior Executive Engineer, *Himurja* stated (May and August 2015) that three projects awarded to the firm were not taken up for execution for want of financial

⁷⁷ Bilaspur, Mandi, Nahan, Shimla and Solan.

⁷⁸ Bilaspur, Mandi, Nahan and Solan.

⁷⁹ March 2011: ₹ 9.62 lakh; July 2011: ₹ 26.38 lakh and November 2014: ₹ 35.47 lakh.

arrangements, drawings and designs, etc. and the remaining projects were not taken up by *Himurja* due to non-availability of sufficient finance.

3.13.2.3 Non-harnessing of installed capacity of 45.60 MW

State Hydro Power policy stipulates that if the capacity of the SHP projects below 5 MW was enhanced beyond 5 MW, the IPPs would have to pay additional upfront premium/capacity addition charges at the rate of ₹ 20.00 lakh per MW on the capacity increase beyond the allotted capacity. Fifty *per cent* of the capacity addition charges were to be recovered at the time of signings of revised implementation agreements (IAs) and the balance amount was to be recovered within one year from the date of signing of the revised IAs.

Audit noticed that against the allotted (January 2005 to June 2007) aggregate capacity of 6.60 MW⁸⁰ in respect four SHP projects, the Department of Energy had enhanced (between December 2009 and February 2012) the capacity to 45.60 MW. However, the Department had not effected the recovery of capacity addition charges/ additional upfront premium of ₹ 7.80 crore⁸¹ from the IPPs as of May 2015. Besides, the revised IAs had not been entered into with the IPPs as per Hydro Power Policy. The Department also failed to harness the projected power of 45.60 MW and thus, was deprived of royalty in the shape of free power. The reply from the Director of Energy was awaited (November 2015).

3.13.2.4 Local area development fund

The State's Hydro Power Policy provides for contribution towards local area development fund (LADF) for environment management plan/ catchment area treatment plan, compensatory afforestation, etc. at the rate of 1.5 *per cent* of the final cost of the projects above 5 MW and at the rate of one *per cent* of the final cost of the projects upto 5 MW from the IPPs. The recovery of the LADF was to be made prior to the commissioning of the projects.

Audit noticed that the Department of Energy had not made recovery of LADF for ₹ 7.12 crore⁸² as of April 2015 due from the IPPs of six SHP projects commissioned between January 2008 and May 2014 depriving the concerned beneficiaries of the intended benefits. The reply from the Director of Energy was awaited (November 2015).

3.13.2.5 Non-recovery of free power royalty

As per the State Hydro Power Policy, the IPPs were to establish, own, operate and maintain the projects for 40 years from the date of IAs (projects upto 5 MW) or the scheduled date of commercial operation (projects above 5 MW) and thereafter the projects shall revert back to the State Government. Further, the IPPs were required to provide royalty in the shape of free power to the State Government at varied rates⁸³ of deliverable energy through Himachal Pradesh State Electricity Board Limited (HPSEBL)

⁸⁰ Parbati: 1.10 MW; Sharni: 2.50MW; Hurla-I: 1.0 MW and Kurpan-III: 2.0 MW.

⁸¹ Parbati 12 MW: ₹ 2.18 crore; Sharni 9.60 MW: ₹1.42 crore; Hurla-I 9.40 MW: ₹ 1.68 crore and Kurpan-III 14.60 MW: ₹ 2.52 crore.

⁸² M/s Kapil Mohan & Associates Pvt. Ltd., Beas Kund (9 MW): ₹ 1.14 crore; M/s Om Power Corpn. Ltd., Neogal (15 MW): ₹ 0.77 crore; Rangaraju Bearing Housing Pvt. Ltd., Sumej (14 MW): ₹ 1.08 crore; Patikari Hydro Electric Project Ltd., Patikari (16 MW): ₹ 1.88 crore; M/s Gangdhari Hydro Pvt. Ltd., Jogini (16 MW): ₹ 1.12 crore and Surya Kantha Hydro Engineers Pvt. Ltd., Nanti (14 MW): ₹ 1.13 crore.

⁸³ At the rate of 6 *per cent* for the first 12 years, 14 *per cent* for next 18 years and 24 *per cent* for the balance period of 10 years for the projects upto 5 MW and at the rate of 15 *per cent* for the first 12 years, 21 *per cent* for next 18 years and 33 *per cent* for balance period of 10 years for the projects above 5 MW.

as State Transmission Utility. A surcharge at the rate of 15 *per cent* per annum was applicable on all outstanding payments for delay beyond 30 days.

Audit noticed that the Department of Energy had not raised separate claim for free power royalty from the SHP projects for the years 2012-13 and 2013-14 to the HPSEBL. Thus, the actual amount outstanding for the above period could not be ascertained in audit. Scrutiny of claim for the year 2014-15, however, showed that the Department of Energy had not ensured the recovery of ₹ 27.17 crore (Royalty: ₹ 25.51 crore and Surcharge: ₹ 1.66 crore) from the HPSEBL on account of free power royalty from the SHP projects as of April 2015.

While admitting the facts (May 2015), the Director of Energy had not furnished the reasons for the lapse.

3.13.2.6 Loss due to inadequate evacuation of power

As per the provision of the State Hydro Power Policy, the State Government was to prepare a transmission plan for evacuation of power generated by the SHP projects upto 25 MW capacity. The power generated in the SHP projects was to be evacuated upto the nearest points of full absorption of the total injected power.

Audit noticed that 28.5 million units (MU) electricity generated during 2012-15 in four SHP projects⁸⁴ remained blocked due to inadequate evacuation infrastructure with a resultant loss of ₹ 7.55 crore to HPSEBL (₹ 6.65 crore) and State Government (₹ 0.90 crore). The Chief Engineer, HPSEBL attributed (April 2015) the loss to the Himachal Pradesh Power Transmission Corporation Limited. The fact, however, remains that the Department had not ensured the full evacuation of electricity generated in the SHP projects.

3.13.3 Solar Power

India is endowed with vast solar energy potential. Solar also provides the ability to generate power on a distributed basis and enable rapid capacity addition with short lead times. From an energy security perspective, solar power is the most secure of all sources, since it is abundantly available. All the solar power programmes prior to July 2010 like solar thermal programmes, all solar photo voltaic (SPV) programmes including solar home systems, street lighting systems, stand alone solar power plants, solar lanterns, etc. have been merged in *Jawahar Lal Nehru* National Solar Mission (JNNSM) scheme of MNRE launched in January 2010.

3.13.3.1 Solar Power policy and surveys

The State Government had framed (March 2014) Himachal Pradesh Solar Power Policy under JNNSM. The *Himurja* with the help of MNRE had installed (June 2014) Solar Observatories at Solan and Palampur for measurement of solar potential but the solar power potential in the State had not been assessed by them as of August 2015. However, the National Institute of Solar Energy had assessed the solar power potential of 33,000 MW for the State.

Audit noticed that the *Himurja* had not fixed any targets for solar power during 2012-15 and solar power of 3.29 MW capacity only had been installed in the State upto March 2015. The Project Director, *Himurja* stated (August 2015) that the projects sanctioned by the MNRE were treated as targets. The reply is not convincing as specific targets were not fixed and the solar power potential in the State had not been harnessed substantially.

⁸⁴ Beas Kund, Iqu-1, Neogal and Kurtha.

3.13.3.2 Financial support and expenditure

The Solar power programme is being implemented in the State by the *Himurja* with the help of Central and State financial assistance. The MNRE provides central financial assistance to the *Himurja* for deployment of solar water heating systems and SPV systems. The State Government had also provided financial assistance for solar street lighting to *Himurja* under Scheduled Caste Sub Plan (SCSP) during 2012-15. The details of funds received and expenditure by *Himurja* during 2012-15 are given in **Table-3.13.1**.

Table-3.13.1
Details of funds received and expenditure by *Himurja* during 2012-15

(₹ in crore)

Sr. No.	Name of system	Sanctioned cost	Availability of funds					Exp.	Balance Reimbursable from MNRE
			MNRE (CFA)	State Govt.	Beneficiary share	Interest receipts	Total		
1.	Solar street lights	45.10	20.37	0	4.47	0.03	24.87	45.10	20.23
2.	Solar street lights (SCP)	5.54*	0	5.54	0	0	5.54	5.54	0
3.	Solar Lanterns	3.58	1.75	0	0.11	0.04	1.90	3.58	1.68
4.	Solar water heaters	2.50	2.00	0	0	0	2.00	2.50	0.50
5.	Dish/box type cookers	0.87	0	0	0.41	0	0.41	0.87	0.46
Total		57.59	24.12	5.54	4.99	0.07	34.72	57.59	22.87

Source: Information supplied by *Himurja*.

Note: Exp.: Expenditure and CFA: Central Financial Assistance.

* Amount sanctioned by the State Government only.

It would be seen from **Table-3.13.1** that as sanctioned, the *Himurja* had incurred expenditure of ₹ 57.59 crore during 2012-15 against available funds of ₹ 34.72 crore and the excess expenditure of ₹ 22.87 crore had not been reimbursed by the MNRE as of April 2015 due to non-submission/ late submission of UCs and statement of expenditure (SOE) for the funds already released. The Director, *Himurja* stated (May 2015) that the CFA of ₹ 20.23 crore for solar street lights⁸⁵ had been released by the MNRE during May 2015 and the balance CFA under other solar systems was awaited. The fact however, remains that due to delay in completion/ submission of the UCs the *Himurja* could not get the balance funds released from the MNRE in time.

3.13.3.3 Non-functional light emitting diode solar street lights

Audit noticed that the *Himurja* had installed and commissioned 956 number of light emitting diode (LED) type SPV street lighting systems at a cost of ₹ 1.59 crore (at the rate of ₹ 16600 per system) under SCSP during 2009-10 through a firm⁸⁶ in 10 districts of the State with warranty period of two years. Further scrutiny showed that 426 (out of 956) number of LED lighting systems were not functioning since November 2014. The *Himurja* had not taken any action for making the systems functional as of May 2015 in spite of the fact that a comprehensive maintenance contract (CMC) had been entered into (October 2009) with the said firm for one time replacement of battery (at the rate of ₹ 3064 per system) and maintenance cost (at the rate of ₹ 2500 per system) for five years after the warranty period of two years. Evidently, despite the CMC, the LED lighting systems costing ₹ 0.71 crore remained idle and the concerned beneficiaries were deprived of the intended benefits.

⁸⁵ Sanctioned during January 2013.

⁸⁶ M/s Ritika Systems Pvt. Ltd.

While admitting the facts (August 2015), the Project Director, *Himurja* had not furnished reasons for non-maintenance of the LED lighting systems.

3.13.3.4 Double distribution of solar lantern

The *Himurja* had distributed (October 2011) 417 number of solar lanterns in Chango, Shelkhar and Sumra villages of Kinnaur district to 417 families. Audit noticed that 596 number of solar lanterns were again distributed (June 2014) to 417 number of families of the same villages. Joint physical inspection in conjunction with the representative of *Himurja* and *Pradhan, Gram Panchayat*, Chango village further showed that 393 number of solar lanterns costing ₹ 10.32 lakh distributed to the villagers were not put to use as they were using the lanterns already provided to them during October 2011. Evidently, the solar lanterns were re-distributed to the villagers without ascertaining the actual requirement.

The Project Director, *Himurja* stated (August 2015) that the solar lanterns were distributed to the beneficiaries affected by flash floods occurred during August 2013 by the district administration. The fact, however, remains that the solar lanterns were distributed to the people without ascertaining the actual requirements.

3.13.3.5 Reduction of central financial assistance for solar power plant

The MNRE had sanctioned (September 2008) a project for ₹ 5.40 crore for installation of SPV plant of 200 KW at Baru Sahib in Sirmour district and released simultaneously the first instalment of the CFA for ₹ 2.70 crore to *Himurja*. The Project was to be fully financed by the MNRE and scheduled to be completed by September 2009. The *Himurja* had taken up the execution of the project in March 2010 due to delay in finalisation of the tenders and accordingly, placed work/supply order for ₹ 3.38 crore (equipment cost: ₹ 2.85 crore and one time replacement of battery cost: ₹ 0.53 crore) to a firm⁸⁷ for installation and commissioning of the plant. The project was completed in May 2011 after a delay of 20 months with the expenditure of ₹ 3.38 crore. The *Himurja* had claimed (November 2011) the balance CFA of ₹ 0.68 crore from the MNRE by submission of completion report, UCs and SOE. However, the MNRE had released (May 2012) ₹ 0.07 crore only considering the project cost as ₹ 3.38 crore. The central financial assistance of ₹ 0.61 crore was not released by the MNRE due to reduction of the grant of ₹ 0.34 crore (10 *per cent* of the project cost) and assumed interest of ₹ 0.27 crore for delay in execution of the project.

The Project Director, *Himurja* stated (May and August 2015) that there was provision of ₹ 0.53 crore in the supply order for replacement of battery bank once in 10 years, but the MNRE had not released the amount. The reply is not convincing as the MNRE had reduced the CFA by 10 *per cent* of the actual cost and charged interest due to delay in execution of the project.

3.13.3.6 Excess recovery of beneficiary share for solar street lights

The MNRE had sanctioned (October 2013) a project for ₹ 45.10 crore for installation of 24552 number of SPV lighting systems at 351 locations in the State at cost sharing basis⁸⁸ between MNRE and beneficiaries in the ratio of 90:10. While installing the solar lights for the beneficiaries during 2013-15, the *Himurja* had recovered the beneficiaries share at the rate of ₹ 2731 per system instead of the prescribed rate of ₹ 1,821 per system

⁸⁷ M/s Moser baer Photo Voltaic Ltd. NOIDA.

⁸⁸ MNRE-CFA: ₹ 40.63 crore (lighting system: ₹ 40.23 crore at the rate of ₹ 16,386 per system and service charges: ₹ 0.40 crore) and beneficiaries share: ₹ 4.47 crore (at the rate of ₹ 1,821 per system).

which resulted in excess recovery of beneficiaries share of ₹ 2.23 crore. Besides, the amount was not taken into account in the SOE/UCs submitted by the *Himurja* to the MNRE during September 2014. Thus, the beneficiaries had to bear the extra burden for the solar lighting systems.

The Director, *Himurja* stated (February 2015) that, departmental charges were levied in view of its depleting resources. The reply is not acceptable as the CFA of ₹ 40.63 crore already included the service charges of ₹ 0.40 crore payable to *Himurja* and levying of departmental charges from the beneficiaries was not provided in the CFA sanctioned.

3.13.4 Biomass power

Biomass materials used for power generation include bagasse, rice husk, straw, cotton stalk, coconut shells, soya husk, de-oiled, coffee waste, jute waste, groundnut shells, saw dust, etc.

Audit noticed that no comprehensive biomass policy existed in the State as of February 2015. The *Himurja* had not conducted comprehensive survey for assessing the Biomass power potential in the State during 2012-15. Besides, the *Himurja* had also not fixed any targets for biomass power during above period. Except biomass power plant⁸⁹ of 7.20 MW capacity commissioned (March 2009) at Kala Amb in Sirmour district at a cost of ₹ 34.76 crore (CFA: ₹ 1.20 crore and beneficiary share: ₹ 33.56 crore) which was generating 43-52 MUs electricity for captive use annually, the State had not made any breakthrough in this field as of August 2015. On this being pointed out in audit, the Project Director, *Himurja* stated (August 2015) that draft policy for harnessing power from biomass resources had been sent to the Government and *Himurja* was promoting the biomass power in the industrial units only where huge quantum of waste material after production was available.

3.13.5 Wind Power

Wind power is extracted from air flow using turbines and as an alternative to fossil fuels, is plentiful, renewable, widely distributed and uses little land. No comprehensive wind power policy existed in the State as of February 2015. The *Himurja* had not conducted comprehensive survey for assessing wind power potential during 2012-15. *Himurja* had also not fixed any targets for wind power for 2012-15. Wind plant of 0.01 MW capacity has been installed in the State at Pooh in Kinnaur in March 2008 which was not functioning since January 2010 as indicated in the succeeding paragraph. The Project Director, *Himurja* stated (August 2015) that the hydro power in the State was much cheaper than the wind power.

3.13.5.1 Unfruitful expenditure on installation of wind-solar hybrid-system

The Garrison Engineers 56 APO had got installed (March 2008) 12 KW capacity wind-solar hybrid system at Pooh in Kinnaur district from M/s Machnocraft, Pune at a cost of ₹ 41.30 lakh for which the central financial assistance of ₹ 20.00 lakh was sanctioned by the MNRE in November 2008 and the remaining cost was to be borne by the user agency. The MNRE had also released (March 2009) the first instalment of ₹ 14.92 lakh through *Himurja*, of which it released ₹ 13.42 lakh to the aforesaid firm in the same month and kept ₹ 1.50 lakh as performance security. However, the system could generate only 1315 unit power upto January 2010 and thereafter the system had stopped functioning. Neither the *Himurja* nor the Garrison Engineers had taken any action for proper functioning of the system. Non-functioning of the system rendered the expenditure of ₹ 41.30 lakh as unfruitful. Besides, the MNRE had also not released the

⁸⁹ M/s Ruchira Papers Limited, Kala Amb, Sirmaur.

balance central financial assistance of ₹ 5.08 lakh as of August 2015. The Project Director, *Himurja* stated (August 2015) that the maintenance part of the system was to be looked after by M/s Garrison Engineers.

3.13.6 Biogas Energy

Centrally Sponsored Scheme- National Biogas and Manure Management Programme mainly caters to setting up of family type Bio-gas plants. The scheme has been under implementation since 1982-83. The programme provides for central subsidy in fixed amounts, turn-key job linked with five years' free maintenance warranty; financial support for repair of old non-functional plants; training of users, masons, entrepreneurs, etc. CFA to the extent of 50 *per cent* of the allocated targets was to be released by the MNRE in advance and the balance 50 *per cent* was to be released after the receipt of the UCs of the previous release and receipt of audit report and statement of accounts.

3.13.6.1 Targets and achievements

Against the targets of 792 beneficiaries to be covered with financial support of ₹ 79.20 lakh for the period 2012-15, the Department had covered 795 beneficiaries of all 12 districts of the State with an expenditure of ₹ 88.59 lakh. The MNRE had released CFA of ₹ 64.25 lakh⁹⁰ to the Department of Agriculture during above period and the balance CFA of ₹ 24.34 lakh had not been received from the MNRE as of April 2015 due to non-submission of the UCs for 2013-14. The Director of Agriculture had not furnished reasons for non-submission of the UCs for 2013-14.

3.13.6.2 Non functional Bio-gas plant

Audit noticed that of 22821 number of Bio-gas plants installed/ commissioned with CFA of ₹ 9.84 crore during 1982-83 to 2013-14, only 4718 were functioning and 18103 involving CFA of ₹ 7.75 crore were not functioning in three districts⁹¹ as of March 2015 due to their non-maintenance, non-rearing of cattle and switching over to liquified petroleum gas (LPG) by the beneficiaries, etc.

The DDAs of the test-checked districts stated (May 2015) that bio-gas plants had become non-functional due to non-rearing of cattle and adopting of LPG by the beneficiaries.

3.13.7 Conclusion and recommendations

Against the target of generation of 2,473 MW hydro power (estimated power potential of 2500 MW capacity) through small hydro power (SHP) projects, the achievement was only 476 MW (19 *per cent*) through 97 SHP projects commissioned upto March 2015.

The Government may consider taking effective steps for harnessing the estimated hydro power potential through SHP projects optimally.

Upfront premium for capacity addition from four individual power producers and local area development funds for environment management plan, etc., from six hydro power projects had not been recovered. Besides, free power royalty payment from individual power producers for the year 2014-15 had not been remitted by the HPSEBL to the State Government.

The Government may consider devising a system for recovery of all dues including upfront premium for capacity addition, free power royalty, extension fees, local area development funds, etc., from the individual power producers in a timely manner.

⁹⁰ 2012-13: ₹ 30 lakh; 2013-14: ₹ 15 lakh and 2014-15: ₹ 19.25 lakh.

⁹¹ Bilaspur: ₹ 2.74 crore, Mandi: ₹ 3.80 crore and Solan: ₹ 1.21 crore.

Against estimated solar power potential of 33,000 MW, only 3.29 MW had been installed in the State as of March 2015. Power potential of other resources of renewable energy such as biomass power, wind power, etc., in the State was not assessed by the *Himurja* as of August 2015.

The Government may consider formulating comprehensive renewable energy policy in the State and making efforts to assess and harness the power potential of other sources of renewable energy including solar, wind, biomass, etc., available in the State.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

3.14 Non-recovery of capacity addition charges and undue favour to power developer

Failure of the Department to detect capacity addition of hydropower project in time and non-levy of ₹ 209.28 crore on account of capacity addition charges, additional free power royalty and local area development fund led to extension of undue favour to the power developer.

As per State Hydro Power Policy, 2006 and the instructions issued (July 2012) by the State Government, the project developer was to obtain prior approval of the State Government for hydro power projects above 5 MW capacity for capacity enhancement and enter into a supplementary agreement within two months of conveyance of the approval. Accordingly, capacity addition charges⁹² and additional free power⁹³ as agreed in the Memorandum of Understanding (MOU) were also to be paid to the State Government. The State Hydro Power Policy further provides for contribution towards local area development fund (LADF) for environment management plan/ catchment area treatment plan, compensatory afforestation, etc., at the rate of 1.5 *per cent* of the final cost of the projects above 5 MW capacity. The recovery of the LADF was to be made prior to the commissioning of the projects.

Scrutiny of records (December 2013-June 2015) of the Director of Energy showed that the State Government had allotted Karcham-Wangtoo Hydro Electric Project (HEP) to M/s Jaiprakash Industries Limited (developer) for an installed capacity of 900 MW and entered into a MOU with the developer in August 1993. The State Government signed implementation agreement with the developer in November 1999 and the GOI, Central Electricity Authority (CEA) had accorded (March 2003) techno-economic clearance of the project for an installed capacity of 1000 MW (four generating units of 250 MW each). The project was commissioned for commercial operation in May 2011 at a cost of ₹ 6903 crore and 148983.67 lakh units energy was generated upto March 2015.

In the meantime, the CEA had brought (March 2011) to the notice of the State Government that the turbine of each generating unit procured by the developer had been designed for 300 MW normal continuous output thereby making total capacity of the project as 1200 MW which was 20 *per cent* more than the rated output of the machine for which the TEC was accorded earlier. Based on the observations of the CEA, the State Government constituted (June 2012) a Technical Committee (TC) to investigate the specific deviations in the HEP and the TC confirmed the deviations in June 2013.

⁹² At the rate of 20 lakh per MW on the capacity increase beyond the allotted capacity.

⁹³ At the rate of three *per cent* over and above the normal free royalty and one *per cent* additional free energy contribution to local area development fund.

Evidently, the Department had initially failed to detect the capacity enhancement made by the developer. Even after detection by the CEA and confirmation by the TC, the developer had not sought approval for the same from the State Government. The supplementary agreement, as per the requirements of the State Government instructions *ibid*, was not entered into as of June 2015. The Department had also not levied the capacity addition charges of ₹ 60.00 crore⁹⁴ and additional free power royalty of ₹ 77.73 crore⁹⁵ for the period of 2011-15 due from the developer. Besides, against LADF of ₹ 103.55 crore⁹⁶, required to be realised from the developer, ₹ 32.00 crore only had been recovered and ₹ 71.55 crore was outstanding as of June 2015 which indicated that the developer had not contributed the mandatory funds towards environment management plan, etc.

While admitting the facts, the Chief Engineer of the Department stated (January 2015) that CEA had not approved the TEC for 1200 MW. The reply should be seen in the light of fact that the Department had failed to detect the capacity enhancement at the initial stage and even after detection huge amount for capacity addition, etc., remained to be recovered from the developer.

Thus, failure of the Department to detect capacity addition of the hydro power project in time and non-levy of ₹ 209.28 crore on account of capacity addition charges, additional free power royalty and LADF led to extension of undue favour to the power developer.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

Multipurpose projects and Power and Scheduled Castes, Other Backward Classes and Minority Affairs Departments

3.15 Excess contribution towards Employees' Provident Fund

Failure to limit employer's contribution toward Employees' Provident Fund as prescribed in the Employees' Provident Funds Scheme, 1952 resulted in excess contribution of ₹ 2.66 crore.

Para 29 (1) of the Employee's Provident Fund (EPF) Scheme, 1952 (Scheme) provides that the contribution payable by an employer under the scheme shall be 12 *per cent* of the basic wages, dearness allowance and retaining allowance (if any) payable to each employee to whom the Scheme applies. Para 26 A (2) of the Scheme further provides that where the monthly pay of an employee exceeds ₹ 6500, the contribution payable by the employer shall be limited to the amount payable on a monthly pay of ₹ 6500 (i.e. ₹ 6500 x 12/100). Para 29 (2) of the scheme also provides that the contribution payable by an employee to whom the scheme applies, if he/she so desires, could be an amount exceeding the above limit subject to the condition that employer shall not be under an obligation to pay any contribution over and above his contribution payable under the scheme.

Scrutiny of records (October 2014-February 2015) of Director, Himachal Pradesh Energy Development Agency (*Himurja*) and Managing Director (MD), Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation (HPSCSTDC) showed that *Himurja* and HPSCSTDC contributed the employer's share at the rate of

⁹⁴ At the rate of ₹ 20 lakh per MW for 300 MW capacity increase from the allotted capacity of 900 MW.

⁹⁵ Additional free power of 1117.38 lakh units: ₹ 33.31 crore and additional free energy of 1489.84 lakh units for LADF: ₹ 44.42 crore

⁹⁶ At the rate of 1.5 *per cent* of the final project cost of ₹ 6903.00 crore.

12 per cent of the pay without applying the prescribed limit of ₹ 6500 in contravention of provisions of the Scheme *ibid*. This resulted in excess contribution of ₹ 2.66 crore (**Appendix-3.2**) as Employers' contribution towards EPF during the period 2009-10 to 2013-14 and undue financial burden on Agency/ Corporation to that extent.

While admitting the facts, the Director, *Himurja* stated (February 2015) that *Himurja* was contributing to employers' share at the rate of 12 per cent of basic pay, grade pay and dearness allowance. He further stated that some of the employees are on secondment basis whose employer's share was being remitted by employees at their own. However, the *Himurja* did not supply the details of employees on secondment basis whose employer's share was being remitted at their own. The General Manager, HPSCSTDC stated (October 2014) that matter of excess payment of contribution towards EPF would be taken up with the higher authorities.

Thus, failure to limit employer's contribution towards Employees' Provident Fund as prescribed in the Employees' Provident Funds Scheme, 1952 by the *Himurja* and HPSCSTDC resulted in excess contribution of ₹ 2.66 crore.

The audit findings were referred to the Government in April 2015. Reply had not been received (November 2015).

Panchayati Raj Department

3.16 Backward Regions Grant Fund

Department had not conducted baseline survey to identify missing infrastructure gaps in backward districts. Out of total available funds of ₹ 40.75 crore during 2012-15, the Zila Parishad, Sirmour utilised ₹ 38.94 crore and funds of ₹ 1.81 crore remained unutilised as of March 2015. Utilisation Certificates of ₹ 20.91 crore for execution of 2281 works were submitted to GOI without ensuring their actual utilisation by the implementing agencies. Works were not taken up as per the priority list and ₹ 22.72 crore (61 per cent) out of total expenditure of ₹ 37.41 crore incurred in the Sirmour district during 2012-15 was on low priority works. The State Government had not instituted Quality Monitoring System for ensuring the quality of execution of the works as of May 2015.

3.16.1 Introduction

Backward Regions Grant Fund (BRGF) programme was launched (February 2006) by GOI to redress regional imbalances in development by providing financial resources for supplementing and converging existing development inflows in identified districts. The programme was being implemented in two⁹⁷ backward districts of Himachal Pradesh from 2007-08 with the objectives to bridge critical gaps in local infrastructure, strengthen the *Panchayats* and municipality level governance, provide professional support for planning and improving the performance and delivery of critical functions of the above bodies.

Audit of the implementation of the programme covering the period 2012-15 was conducted during March-April 2015 in the offices of the Director, Panchayati Raj (PR), District Panchayat Officer-cum-Secretary (DPO), Zila Parishad, Sirmour, two Panchayat Samitis⁹⁸ (PS) out of six PSs in the district and four Gram Panchayats (GPs) out of 59 GPs from two selected PSs. Besides, records of Municipal Council (MC), Nahan, Urban

⁹⁷ Chamba and Sirmour.

⁹⁸ Rajgarh and Shillai.

Local Body (ULB) Rajgarh and four⁹⁹ line departments to whom funds were allocated from BRGF were also test-checked.

3.16.2 Planning

Each GP within the backward district was to finalise its Plan based on priorities emerging from the Gram Sabha. Plans prepared by each GP, Intermediate Panchayat (IP), District Panchayat (DP) and Municipality were to be consolidated into District Plan (DP) by District Planning Committee (DPC). The planning exercise was to be done in accordance with the BRGF guidelines. Backwardness criteria and inclusion of disadvantage group was also to be ensured during consolidation of DP.

3.16.2.1 Non-conducting of baseline survey and absence of policy framework in inter-se allocation of funds

Paragraph 1.3 of guidelines required each district to undertake a diagnostic study of its backwardness by ensuring professional planning support and conducting a baseline survey. The survey was to identify missing infrastructure gaps and ways to address them over a period of time. Further, paras 1.8 and 1.9 of guidelines required each State to devise a normative formula that was to be used for the allocation of BRGFs to each *Panchayat* and Urban Local Body (ULB) based on backwardness and area-wise priorities.

Audit noticed that baseline survey was not conducted in the test-checked Sirmour district. In the absence of baseline survey, Annual Action Plan (AAPs) were prepared and works executed without ascertaining the sector-wise actual requirement of projects. It was further observed that inter-se allocation of funds to Panchayati Raj Institutions (PRIs) was not undertaken considering the backwardness index or level of development and addressing the specific area-wise priorities as required in the guidelines. In the absence of this, funds were allocated on the basis of population of the area and proposals received from the PRIs, thus, defeating the basic aim of the programme to uplift the standard of the people of backward region.

While admitting the facts, the Secretary, ZP stated (March 2015) that general index had not been prepared and funds were not separately earmarked based on specific criteria as the whole district is identified as backward district. The reply is not acceptable as allocation of funds was not made as per provisions of guidelines *ibid*.

3.16.2.2 Non-preparation of District Vision Plan (DVP) and Perspective Plan (PP)

(i) Paragraph 3.4.1 of BRGF guidelines provides for preparation of district vision plan through participative process in the early part of 2006-07 for development over the next 10 to 15 years. Audit noticed that the State Government did not prepare the district vision plan as of March 2015. Resultantly, ₹ 22.72 crore (61 *per cent*) against release of ₹ 37.41 crore during 2012-15 were sanctioned for building and maintenance of community assets, roads, etc., and less importance was given to sectors like public health, animal husbandry and minor irrigation (**Paragraph 3.16.4.2**). The Secretary, ZP admitted (March 2015) the facts.

(ii) Paragraph 1.3 of the guidelines required preparation of a well conceived participatory District Development Perspective Plan to address the backwardness issue. The work relating to preparation of five year district plan (2012-17) and Annual Action Plans (AAPs) for each of the year was assigned to the Centre for Rural Research and

⁹⁹ Chief Medical Officer: Nahan, Deputy Directors of Education (Elementary and Higher) and Executive Engineer, Irrigation and Public Health Department.

Integrated Development (CRRID), Chandigarh so as to define the priority areas, facilitate advance planning and provide a development perspective for the district.

Audit noticed that though AAPs for the year 2012-13 to 2014-15 were prepared by CRRID, Perspective Plan with clear milestone and timeline for five year period of 2012-17 was not prepared. Due to non-preparation of perspective plan, there were delays in preparation of APs as discussed in the succeeding paragraph. The State Government stated that the annual action plans for 2012-13 to 2014-15 and perspective plan for 2012-17 had been prepared and sent to the District Planning Committee and GOI. The fact, however, remains that the perspective plan with clear milestone and timelines as required under BRGF guidelines was not prepared.

3.16.2.3 Delayed preparation of Annual Action Plans

To ensure timely flow of funds from GOI, AAP was required to be prepared, approved by the concerned DPC and submitted to the State Government/ GOI before commencement of the financial year. It was, however, noticed that there was delay of 84 and 65 days in preparation of AAPs and submission of District Plans for the year 2013-14 and 2014-15 respectively to GOI. Due to delay in submission and approval of AAPs, there was delay in release of funds from GOI. As a result, the administrative sanctions for the concerned years were also delayed.

The Secretary, ZP attributed (March 2015) the delay in preparation/ approval of AAPs to late submission of shelves by the GPs/ IPs. The reply is not acceptable as the timelines for submission of AAPs should have been adhered to in letter and spirit.

3.16.2.4 Non-inclusion of disadvantage groups in the Plans

Guidelines of BRGF provided that the programmes benefiting SCs/ STs should be allocated funds in proportion to the population of these communities in the area. The guidelines issued (January 2006) by the Planning Commission further provided that the villages with 50 *per cent* and above SC/ ST population may be selected first and work related to development activity taken up. No separate sub-plan was, however, prepared during 2012-15 and the funds were allocated to PRIs and ULBs adopting the same criteria as that for normal grant. Thus, objective of improving the living standards of intended beneficiaries was not achieved.

While admitting the facts, the Secretary of ZP stated (March 2015) that the funds were allocated as per shelves received from the GPs. The reply is not acceptable as the norms prescribed by the Planning Commission were not adhered to.

3.16.2.5 Non-making of provision of funds for priority programmes under SC/ ST Plan

As per BRGF guidelines, priority was to be given to the schemes like providing one time support upto ₹ 20 lakh to reputed Non-Governmental Organisations (NGOs) who have land for setting up of Secondary Schools/ Colleges for girls, providing of tractor trolleys and agriculture equipment to self help groups comprising of 20 small/ marginal SC/ ST farmers, training to educated youth in areas such as computers, repairs of mobile phones, driving, etc.

Audit noticed that contrary to the provisions of guidelines *ibid*, funds were not provided for the above priority schemes during 2012-15 and this resulted in denial of intended benefits to the identified beneficiaries. The Secretary, ZP while admitting (March 2015) the facts stated (August 2015) that funds were allocated as per the priority of PRIs. The reply is not acceptable as the criteria of sanctioning priority schemes for SC/ ST population was not adhered to.

3.16.3 Financial Management

The year-wise position of funds released by GOI under BRGF and further released by the State Government to Secretary, ZP Sirmour district and expenditure incurred thereagainst for implementation of the scheme was as given in **Table-3.16.1**.

Table-3.16.1
Year-wise position of receipt of funds and expenditure thereagainst during 2012-15

Year	Annual allocation	Opening Balance	Funds received		Total available funds	Funds utilised	Balance unspent
			GOI/ State Government	Misc. receipts			
2012-13	16.66	0.95	13.57	0.50	15.02	13.63	1.39 (09)
2013-14	15.05	1.39	12.28	0.16	13.83	13.42	0.41 (03)
2014-15	15.05	0.41	11.92	1.37	13.70	11.89	1.81 (13)
	46.76		37.77	2.03		38.94	

Source: Departmental figures.

It would be seen from the above table that out of total available funds of ₹ 40.75 crore¹⁰⁰ during 2012-15, the ZP was able to utilise ₹ 38.94 crore and funds of ₹ 1.81 crore remained unutilised as of March 2015. There were unspent balances ranging between three and 13 *per cent* of the total available funds which were carried over to the next financial year. The GOI also imposed a cut of ₹ 8.99 crore against annual allocation during 2012-15 due to non-submission of required utilisation, non-embezzlement/ non-diversion certificates alongwith submission of programme-wise physical and financial reports, etc., within the stipulated period prescribed by the GOI. The Director, Panchayati Raj admitted (May 2015) the facts.

3.16.3.1 Belated transfer of funds

As per paragraphs 4.6 and 4.7 of BRGF guidelines, funds received from the State Government were required to be transferred to the *panchayats* and municipalities within 15 days of the release of funds.

Audit noticed that the funds of ₹ 15.94 crore were released to the implementing agencies by the ZP, Sirmour with the delay ranging between four and 63 days during 2012-15 which resulted in late completion/ non-completion of the developmental works in stipulated period as mentioned in **Paragraph 3.16.4.4**.

The Secretary, ZP stated (March 2015) that delay was due to late receipt of shelves of works from PRIs/ ULBs. The reply is not acceptable as PRIs and ULBs should have been insisted for timely approval and submission of shelves of works.

3.16.3.2 Irregular parking of programme funds

Paragraph 4.8 of the guidelines stipulated that BRGF should be kept in a separate savings bank account of a Nationalised Bank or Post Office. Contrary to the provisions of BRGF guidelines, the Block Development Officer (BDO), Shillai drew (March 2015) ₹ 1.34 crore from treasury and parked the funds in the non-interest bearing accounts of Personal Ledger Account (PLA). Likewise, MC, Nahan kept funds of ₹ 61.21 lakh out of ₹ 1.16 crore received during 2008-10 from the ZP, Nahan for execution of 18 works in the shape of Fixed Deposit Receipts (FDRs) in violation of the programme guidelines.

The BDO stated (April 2015) that the funds were deposited in the PLA as per directions issued by the State Government. The Executive Officer, MC Nahan stated that the funds were kept in the shape of FDRs due to non-fulfillment of codal formalities. The replies

¹⁰⁰ Opening balance: ₹ 0.95 crore, Funds received from GOI/ State Government: ₹ 37.77 crore and Misc. receipts: ₹ 2.03 crore.

are not in conformity with the provision of the guidelines *ibid* and resulted in blocking of development funds to the above extent as of April 2015.

3.16.3.3 Incorrect submission of Utilisation Certificates

As per paragraph 4.5 of guidelines, utilisation certificates (UCs) were required to be submitted to GOI within one year of release of funds.

Audit noticed that ZP, Sirmour received ₹ 37.77 crore from Director, Panchayati Raj for execution of 2967 works during 2012-15. Of this, UCs of ₹ 20.91 crore released for execution of 2281 works were awaited from IAs as of March 2015. The Department, however, issued UCs for the entire amount to the GOI. This indicated that UCs were sent to GOI without ensuring the actual utilisation of funds by the implementing agencies.

The Director, Panchayati Raj stated (May 2015) that UCs submitted to the GOI were duly verified by the concerned field offices and were also audited by the concerned Chartered Accountant. The reply is not correct as UCs had been issued merely on release of funds to the field functionaries and the Department had failed to exercise control over expenditure and monitor the utilisation of funds.

3.16.3.4 Diversion of funds

As per paragraph 3.22 of BRGF guidelines, drawal of salary of regular staff of the Department is not permissible. It was, however, noticed that a sum of ₹ 14.26 lakh was irregularly utilised on pay and allowances of regular staff of Directorate during 2012-14 in contravention of the scheme guidelines. This resulted in diversion of funds to the above extent required to be utilised for development of backward region.

The Special Secretary, Panchayati Raj stated (August 2015) that BRGF was utilised on salary of senior regular official for redressing of day-to-day queries related to the scheme. The reply is not acceptable as the action of the Department had contravened the scheme guidelines.

3.16.4 Implementation of programme

3.16.4.1 Irregular inclusion of the schemes in the District Plan

The District Planning Committee, Sirmour included 587 schemes/ works costing ₹ 7.36 crore in the district plan during 2012-15 on recommendations of members of Zila Parishad in contravention of paragraph 2.1 of BRGF guidelines which provided that priorities of works to be executed were to be decided by the *Gram Sabhas*.

The Secretary, ZP stated (March 2015) that schemes were passed in the house of ZP, however, the works were executed through GPs in their area. The reply is not acceptable as inclusion of schemes at ZP level was contrary to the provisions of the guidelines *ibid*. This also resulted in non-execution/ completion of works as indicated in succeeding paragraphs.

3.16.4.2 Irregular allocation of funds

As per instructions issued (May 2010) by the High Power Committee (HPC), sectors like Public Health, Animal Husbandry, Drinking Water, Minor Irrigation, Land Improvement, etc., were to be given priority. Contrary to these instructions, DPC proposals included creation and maintenance of community assets like community centres and anganwadi centres, roads, rural housing, public amenities and cultural activities for which ₹ 22.72 crore (61 *per cent*) were allocated out of total release of ₹ 37.41 crore during 2012-15. Thus, objective of the programme to bridge critical gaps in local infrastructure and other development requirements where the existing fund flows were not adequate was not achieved fully.

The Secretary, ZP stated (March 2015) that funds were released to PRIs as per approved shelves received from them. The reply is not acceptable as instructions of HPC were not followed in letter and spirit.

3.16.4.3 Non-contribution of funds from other source

Paragraph 3.22 (c) of BRGF guidelines provided that development grants could be utilised on creating physical infrastructure for the conduct of *panchayat* affairs including office infrastructure/ building, etc., with contribution of 30 *per cent* of the cost from the other sources¹⁰¹.

Audit noticed that DPC, Sirmour released ₹ 2.96 crore to various executing agencies during 2012-15 for creation of physical infrastructure like construction of *panchayat ghars*, meeting hall of panchayats, community bhawan, etc., without ensuring contribution of ₹ 0.89 crore (30 *per cent* of the total cost) from the other sources which was violation of scheme guidelines.

The Secretary, ZP Sirmour stated (March 2015) that funds were released as per approved shelves of PRIs. The reply is not acceptable as 30 *per cent* contribution from other sources was not ensured as envisaged in the guidelines.

3.16.4.4 Status of works

As per the scheme guidelines, the works sanctioned by the Zila Parishad should be completed within the same financial year or within one year from the date of sanction.

Audit noticed that 2006 works costing ₹ 25.74 crore were sanctioned in Sirmour under BRGF during 2012-14. Of these, 1399 works costing ₹ 17.55 crore had been completed and 410 works like construction of paths, mahila mandal bhawans, yuvak mandal bhawans, etc., sanctioned for ₹ 5.28 crore by the Secretary of ZP were lying incomplete due to involvement of private/ forest land, local disputes, etc., and an expenditure of ₹ 3.23 crore was incurred on these works as of March 2015. Further, 197 works sanctioned during 2012-14 for ₹ 2.91 crore had not been started as of March 2015 due to non-availability of land, public litigation, want of forest clearance, etc., and the entire amount was lying unspent in banks for the past one to three years. Non-commencement/ non-completion of the works resulted in blocking of funds of ₹ 4.96 crore besides depriving the public of the backward region of the intended benefits. The Secretary, ZP admitted (March 2015) the facts.

3.16.4.5 Expenditure on inadmissible works

As per paragraph 4.31 of BRGF guidelines, development funds were to be utilised for filling critical gaps vital for development. Construction of structures within the premises of religious institutions, welcome arches, etc., was not permissible under the scheme. Further, HPC had also issued (May 2010) a list of non-permissible works such as paths and mule roads, shopping complexes, community centre, yuvak mandal bhawan, mahila mandal bhawan, civil works in schools, dispensaries and hospitals, cultural activities, construction of shops, etc., under the programme.

Audit noticed that contrary to the provisions of guidelines and instructions *ibid*, ₹ 58.48 lakh was sanctioned by the ZP, Sirmour for execution of 31 inadmissible works in and around religious premises, community centres, Mahila Mandal bhawans, etc., during 2012-15. The action of ZP in authorising funds for construction of works not permissible under BRGF was, thus, irregular.

¹⁰¹ Regular budget of the Panchayati Raj Department and funds approved under various schemes implemented by the Deputy Commissioner, DRDAs, etc.

The Secretary, ZP stated (March 2015) that every care had been taken to sanction the admissible works but some works had been executed as per priorities of PRIs and ULBs. The reply is not acceptable as works were sanctioned in violation of guidelines and instructions *ibid*.

3.16.5 Monitoring and evaluation

3.16.5.1 Inspection of works and quality check

The Programme guidelines provided for preparing a schedule for inspection of BRGF works and instituting a Quality Monitoring System (QMS) for maintaining the quality of works. The working of QMS was to be regularly reviewed by the HPC. It was noticed in audit that no such QMS system had been introduced in the State. The Director, Panchayati Raj stated (May 2015) that the work of quality monitoring was transferred to the District Planning Committee (DPC) and information related to QMS was not provided by the DPC to the Department. The fact, however remained that QMS had not been instituted by the Department.

3.16.5.2 Peer Review of Panchayats

Paragraph 4.13 of the programme guidelines provided for conducting peer reviews of progress by GPs and such peer review reports were to be reviewed at the district level by Review Committees. It was noticed in audit that neither such reviews were conducted in the test-checked *Gram Panchayats* nor Review Committee was constituted by DPC in the test-checked district.

The Secretary, ZP stated (March 2015) that no separate review committee had been constituted, however, monitoring of the works were reviewed by the Deputy Commissioner in various meetings at district level. The reply is not acceptable as peer reviews at *Panchayat* level were not conducted and separate review committee as envisaged in guidelines was also not constituted.

3.16.5.3 Social Audit and vigilance at grass-root level

As per paragraph 4.15 of the programme guidelines, the State Government was required to issue guidelines on Social Audit of works by *Gram* or *Ward Sabha* in rural areas and *Area Sabha* and *Ward Committees* in urban areas. It was noticed in audit that Social Audit of BRGF works was not undertaken in the test-checked units of Sirmour district as of March 2015.

The Secretary, ZP stated (March 2015) that social audit was being conducted at *Panchayat* level and reports of some *Panchayats* were being received. The reply is not acceptable as no record in this regard was available/ produced to audit in test-checked units viz. GPs and MCs and NP.

3.16.5.4 Evaluation of the Scheme

BRGF scheme was to be implemented with a view to mitigate regional imbalances, contribute towards poverty alleviation besides focused development of backward areas by bridging gaps in critical infrastructure and other developments. Therefore, it was important to evaluate the effect of the scheme in all sectors. It was, however, noticed that no such evaluation study was conducted in the State as well as test-check district during 2012-15. In the absence of such evaluation, the sector wise development under the scheme could not be ascertained. The Director, Panchayati Raj admitted (May 2015) the facts.

3.16.6 Conclusion and recommendations

Baseline survey to identify the reason of backwardness and development infrastructure needs was not conducted. The guidelines for inter-se allocation of funds within the PRIs and ULBs considering district specific backwardness indicators had not been prepared.

The Government may consider to bridge critical gaps in local infrastructure and strengthening the PRIs and ULBs by way of survey at grassroot level for ascertaining the priority work areas and preparation of District Perspective Plan and Annual Action Plan accordingly.

There were delays in transferring of funds to the implementing agencies and diversion and parking of BRGF funds in PLA and fixed deposits.

The Government may consider transferring funds released by the GOI directly into the bank accounts of PRIs and ULBs concerned to avoid delay in transfer of funds and timely completion of works.

Implementation of the programme suffered due to lack of institutional arrangements and delay in preparation of AAP and inclusion of inadmissible works in the AAP.

The Government may consider providing institutional arrangements on priority within definite timeframe.

Implementation of the programme also suffered due to absence of quality checks. Monitoring was not adequate as social audit, peer review and evaluation study of the scheme in all sectors had not been conducted.

The Government may consider encouraging PRIs and ULBs to conduct social audit and peer reviews as per guidelines and proper monitoring and evaluation at various levels for effective implementation of the programme.

Planning Department

3.17 Implementation and Administration of Members of Parliament Local Area Development Scheme

Against release of ₹ 57.12 crore by the DCs of Nodal districts to the implementing agencies during 2012-15, the details of expenditure actually incurred were not available. ₹ 54.00 lakh were spent on construction of 24 works which were beyond the scope of the scheme. Against ₹ 12.39 crore required to be spent for infrastructural development of areas inhabited by the SC and ST population, only ₹ 5.44 crore (44 per cent) was released by the DCs of Nodal districts during 2012-15. Out of 3710 works sanctioned during 2012-14, execution of 3359 works (approved for ₹ 52.21 crore) was under progress resulting in blocking of Government funds besides, non-accrual of timely benefits to the beneficiaries.

3.17.1 Introduction

The Members of Parliament Local Area Development Scheme (MPLADS), a fully-funded Central scheme, was introduced by the Government of India (GOI) on 23 December 1993. The objective of the scheme is to enable Members of Parliament (MPs) to recommend works of development nature with emphasis on creation of durable community assets based on locally felt needs, to be taken up in their constituencies through Deputy Commissioners (DCs). Elected members of the Rajya Sabha can also recommend works for implementation within State of their election and outside the State. Himachal Pradesh has four Lok Sabha constituencies and three Rajya Sabha Members.

An audit of implementation of MPLADS covering the period 2012-15 was conducted (April-May 2015) through test-check of records of Advisor Planning, Himachal Pradesh, Shimla, two¹⁰² out of four¹⁰³ Nodal Districts and four¹⁰⁴ Block Development Officers (BDOs) out of 23 BDOs falling under the above two nodal districts selected by adopting Simple Random Sampling Without Replacement (SRSWOR) method. The following are the audit findings:

3.17.2 Fund Management

The State Planning Department was designated as Nodal Department for implementation of MPLADS and was to issue general instructions to all planning and implementing agencies at district level to cooperate with, assist in and implement the works referred to them by the DCs. The State Government also constituted (March 2008) a State Level Monitoring Committee (SLMC) under the chairmanship of Chief Secretary to review the implementation of the scheme. Allotment of funds during 2012-15 under the scheme was ₹ 5.00 crore per annum for each MP. The funds are released in two equal instalments of ₹ 2.50 crore each by GOI directly to the DCs of nodal districts.

3.17.2.1 Availability of funds and releases thereof to the executing agencies

The details of total availability of funds and releases to the implementing/ executing agencies during 2012-15 by test-checked DCs and Block Development Officers (BDOs) are given in **Table-3.17.1**.

Table-3.17.1
Year-wise availability of funds and releases thereof to executing agencies during 2012-15
(₹ in crore)

Name of Unit	Year	Opening balance	Funds received	Interest receipts and refund of unspent balance	Total funds available	Total funds released	Unspent Balance
Test-checked Nodal Districts	2012-13	2.75	22.50	0.91	26.16	19.97	6.19
	2013-14	6.19	22.50	1.48	30.17	27.55	2.62
	2014-15	2.62	17.50	1.22	21.34	9.60	11.74
	Total		62.50	3.61		57.12	
Test-checked BDOs	2012-13	1.00	2.32	0.05	3.37	2.90	0.47
	2013-14	0.47	1.85	0.03	2.35	1.65	0.70
	2014-15	0.70	0.46	0.03	1.19	0.36	0.83
	Total		4.63	0.11		4.91	

Source: Departmental figures.

It would be seen from **Table-3.17.1** above that against the total availability of ₹ 68.86 crore¹⁰⁵, the test-checked Nodal Districts released ₹ 57.12 crore to the BDOs/line departments during 2012-15 and funds ranging between ₹ 2.62 crore and ₹ 11.74 crore remained unutilised in savings bank accounts of nodal DCs during the above period which showed that funds could not be utilised expeditiously due to non-completion/ non-start of large number of works as indicated in **Paragraph 3.17.3.2**. The details of expenditure actually incurred by the executing agencies against the releases of ₹ 57.12 crore was not available with the test-checked DCs. Further, against the total

¹⁰² DCs: Kangra at Dharamsala and Shimla (DC Solan was designated as nodal officer for the year 2014-15 by the concerned MP).

¹⁰³ DCs: Hamirpur, Mandi, Kangra at Dharamsala and Shimla.

¹⁰⁴ Fatehpur, Nagrota Bagwan, Narkanda and Rohru.

¹⁰⁵ Opening balance: ₹ 2.75 crore + Funds received: ₹ 62.50 crore + Interest and other receipts: ₹ 3.61 crore.

available funds of ₹ 5.74 crore¹⁰⁶ during 2012-15, the test-checked BDOs released ₹ 4.91 crore to the executing agencies and funds ranging between ₹ 0.47 crore and ₹ 0.83 crore remained unutilised in savings bank accounts of BDOs.

3.17.3 Implementation of Scheme

3.17.3.1 Execution of inadmissible works

As per the scheme guidelines, works such as construction of office and residential buildings, works of individual benefits, renovation and repair, maintenance works and works within places of religious worship are prohibited. Further, the MPs were to recommend at least 15 *per cent* of MPLADS funds for areas inhabited with SC population and 7.5 *per cent* for areas¹⁰⁷ inhabited with ST population respectively. Audit noticed that:

- Contrary to above provisions of guidelines, 22 works costing ₹ 54.00 lakh such as construction of office buildings, repair, maintenance works and work within places of religious worship were sanctioned during 2012-15 by the DCs of the selected constituencies on the recommendations of the concerned MPs. The action of the DCs in authorising funds for construction of works, not permissible under MPLADS, was irregular and resulted in diversion of MPLADS funds to the extent of ₹ 54.00 lakh.
- Against ₹ 12.85 crore¹⁰⁸ (out of ₹ 57.12 crore¹⁰⁹ available during 2012-15 for implementation of scheme in Kangra and Shimla constituencies) required to be spent for infrastructural development of areas inhabited by the SC and ST population in both the constituencies, only an amount of ₹ 5.44 crore¹¹⁰ (42 *per cent*) was released for execution of development works in SCs/ STs inhabited areas due to failure of DCs to aptly implement the provision of guidelines and the balance amount of ₹ 7.41 crore was utilised in other areas. Resultantly, outreach of available benefits in the areas inhabited by the above beneficiaries was not fully ensured as envisaged in the scheme guidelines.

While admitting the facts, the concerned DCs/ District Planning Officers stated (April-May 2015) that the funds were sanctioned on the recommendations of MPs on the demand of general public of the areas. The replies are not acceptable as sanctioning of these works was beyond the scope of the scheme and in such cases the DCs concerned were required to intimate the facts to the MPs concerned.

3.17.3.2 Status of works

As per the scheme guidelines, the works sanctioned by the DCs should be completed within one year from the date of the sanction.

- (i) The year-wise status of works in the two test-checked nodal districts is given in **Table-3.17.2**.

¹⁰⁶ Opening balance: ₹ 1.00 crore + Funds received: ₹ 4.63 crore + Interest and other receipts: ₹ 0.11 crore.

¹⁰⁷ If a constituency was not having ST inhabited area, such funds were to be utilised in SC inhabited areas and vice versa.

¹⁰⁸ SC areas: ₹ 8.57 crore and ST areas: ₹ 4.28 crore.

¹⁰⁹ DCs Kangra: ₹ 27.08 crore, Shimla: ₹ 28.00 crore and Solan: ₹ 2.04 crore.

¹¹⁰ Kangra: ₹ 1.02 crore and Shimla: ₹ 4.42 crore.

Table-3.17.2
Year-wise status of works in the two test-checked nodal districts

(₹ in crore)

Year	Works Sanctioned		Works completed		Work in progress	
	Number of works	Amount	Number of works	Expenditure	Number of works	Sanctioned amount
2012-13	1153	19.92	229	2.91	924	17.01
2013-14	1937	27.40	122	1.80	1815	25.60
2014-15	620	9.60	--	--	620	9.60
Total	3710	56.92	351	4.71	3359	52.21

Source: Figures supplied by the test-checked DCs.

It would be seen that out of 3710 works¹¹¹ sanctioned for ₹ 56.92 crore by the test-checked DCs during 2012-15, 351 works were completed after incurring an expenditure of ₹ 4.71 crore and out of the remaining 3359 works¹¹², 2739 works involving ₹ 42.61 crore sanctioned upto March 2014 due for completion upto March 2015 had not been completed as of May 2015 and the delay involved in these cases ranged from one to two years, depriving the public of the timely accrual of intended benefits. Besides, the DCs had not maintained/ updated the data about number of actual execution of the works and all the works had been shown as works-in-progress.

The DPOs concerned stated (April-May 2015) that information regarding status of incomplete/non-started works was being sought from the executing agencies. The replies of the DPOs were indicative of the fact that scheme was not monitored effectively.

(ii) Similarly out of 284 works sanctioned for ₹ 3.21 crore for execution by the four test-checked executing agencies during 2012-14, 136 (48 per cent) works were completed with an expenditure of ₹ 1.49 crore and 99 works involving sanctioned cost of ₹ 1.21 crore were lying incomplete, whereas 37 works sanctioned for ₹ 0.36 crore had not been started as of May 2015. Further, funds of ₹ 0.13 crore were refunded to nodal DCs during 2012-15 due to cancellation of remaining 12 works by the concerned MPs.

The delay in commencement/ completion of works by the executing agencies resulted in blocking of funds and indicated lack of planning for ensuring completion of developmental works as per scheme guidelines.

The concerned BDOs stated (April-May 2015) that the delay in commencement/ completion of the works was due to non-availability of land, non-completion of codal formalities, etc. The replies confirmed the fact that there was absence of proper planning for execution of works and funds were released without fulfilling the codal formalities.

3.17.3.3 Non-closure of works/ accounts

As per the scheme guidelines, the works recommended by MPs are required to be completed within 18 months of dissolution of the Lok Sabha or date of demitting office in case of Rajya Sabha MPs and accounts thereof settled in another three months time. In case of non-completion/ closure of work within the stipulated period, the expenditure on balance work was to be met from the State funds and the district authority was to be held responsible for any lapse in this regard.

¹¹¹ Kangra at Dharamsala: 1714 works costing ₹ 27.09 crore; Shimla: 1843 works costing ₹ 27.79 crore and Solan: 153 works costing ₹ 2.04 crore.

¹¹² Kangra at Dharamsala: 1363 works costing ₹ 22.37 crore; Shimla: 1843 works costing ₹ 22.79 crore and Solan: 153 works costing ₹ 2.04 crore.

Audit noticed that 2133 developmental works¹¹³, recommended by 14 former MPs during the period 1995-2012, having an estimated cost of ₹ 34.42 crore and due for completion between September 1996 and September 2013 have not been closed and accounts remained unsettled as of May 2015. The action of DCs not to close the works was a violation of scheme guidelines.

While confirming the facts, the concerned DPOs stated (May 2015) that due to land disputes and non-completion of codal formalities, the aforesaid works remained incomplete/non-started. This was indicative of lack of proper planning to take projects which can be completed within the specified time period and their close supervision.

3.17.3.4 Creation of infrastructure for Societies/ Trusts

Community infrastructure and public utility building works are also permissible for registered Societies/ Trusts, provided that the Society/ Trust is engaged in social/ welfare activities and has been in existence for the preceding three years. The beneficiary Society/ Trusts had to be a well established, public spirited and non-profit making entity enjoying good reputation in the area. The asset created with MPLADs funds was to be the property of the State Government.

Scrutiny of records showed that during 2012-15, DC of Kangra district sanctioned and released ₹ 1.15 crore to 33 Societies/Trusts on the recommendations of MPs for creation of infrastructure within a period of one year. It was noticed that before sanctioning of funds documentary proof in support of activities carried out by them for the preceding three years was not obtained and kept on record. Neither completion reports of works and utilisation certificates of funds were obtained nor was inspection of works executed by the Societies/ Trust done by the DC concerned as of May 2015.

The DCs concerned while admitting the facts stated (April-May 2015) that the observations made by the audit would be kept in view in future.

3.17.3.5 Funds transferred to other States for works

Works under the scheme could also be sanctioned in areas affected by the calamities like floods, cyclone, tsunami, earthquake and drought, etc., by MPs from non-affected areas of the State upto a maximum of ₹ 10 lakh per annum. The funds are to be released by the DC of nodal district of MP concerned to the District Authority of the affected district. The District Authority of the affected district will furnish the works completion report, utilization certificates and audit certificate in respect of such works to the respective District Authority from whom the funds were received.

It was noticed that the test-checked DCs released ₹ 43.00 lakh¹¹⁴ between June 2013 and January 2015 on the recommendations of Lok Sabha MPs for rehabilitation works in areas affected by calamities to the DCs/ Chief Secretaries of those districts/ States. The completion report, utilisation certificates and audit certificates were, however, not submitted by the recipient districts/ States as of May 2015. As a result, it was not possible to verify whether the funds were utilised for the intended purpose or not. It was further noticed that ₹ 25.00 lakh released (January 2015) for rehabilitation works in Jammu and Kashmir by the DC Kangra on the recommendation of MP concerned was above the permissible limit of ₹ 10 lakh, admissible for recommendation, under the scheme.

¹¹³ DC, Kangra: 1471 works involving ₹ 20.14 crore and DC, Shimla: 662 works involving ₹ 14.28 crore.

¹¹⁴ DC, Gautam Budh Nagar (Uttar Pradesh): ₹ 4.00 lakh; DC, Tehri Garhwal (Uttarakhand): ₹ 4.00 lakh, Government of Uttarakhand: ₹ 10.00 lakh and Government of Jammu and Kashmir: ₹ 25.00 lakh.

3.17.3.6 Non-release/ short release of contingency funds

As per the scheme guidelines, the nodal district was to provide additional funds to the extent of one *per cent* of the recommended amount to defray administrative expenses on works by the implementing/ executing agencies.

Funds of ₹ 57.12 crore were released by the nodal districts to the implementing agencies during 2012-15. Accordingly, one *per cent* contingency funds of ₹ 0.57 crore were to be released to the implementing agencies to meet out the administrative expenses. It was, however, noticed that DC Shimla released only ₹ 0.04 crore whereas DCs Kangra and Solan released no funds towards contingency expenses during 2012-15. Resultantly, the implementing agencies were deprived of the contingency funds to the extent of ₹ 0.53 crore during 2012-15. Evidently, the executing agency had to meet the administrative expenses from the funds provided for execution of works.

While confirming the facts, the concerned DPOs stated (May 2015) that implementing agencies had not asked for the contingency funds. The reply of Department indicated lack of understanding of the guidelines as contingency funds were to be released while communicating recommendations to the implementing agencies.

3.17.3.7 Non-maintenance of assets registers

According to the scheme guidelines, the DCs are required to maintain a register of all the assets created with the scheme funds and subsequently transferred to user agencies. It was noticed that the requisite registers were not maintained by any of the test-checked DCs. DCs Kangra and Solan stated that the assets created under the scheme were being recorded in the computer while DC Shimla stated that such details are being kept by the concerned executing agencies. The contentions of the DCs are not acceptable as in the absence of assets registers, the assets created and transferred to the user agencies could not be verified in audit.

3.17.3.8 Submission of monthly progress reports (MPRs)

As per guidelines, the implementing agencies were to furnish physical and financial progress of each work to the respective DCs every month and the DCs in turn were required to submit MPRs in the prescribed format to the GOI and MPs concerned on or before 10th of the succeeding month. It was, however, noticed that during 2012-15 against the required 84 MPRs to be sent to GOI and MPs concerned, only 17 MPRs (20 *per cent*) were submitted without any feedback from the implementing agencies. Reasons for non-submission of regular MPRs called for (May 2015) from the Department are awaited.

3.17.3.9 Incorrect reporting to GOI

The DC Shimla submitted (November 2013) MPRs to the GOI indicating only 42 pending works, recommended by concerned MP, during 2007-09. It was, however, noticed that 81 works valuing ₹ 68.56 lakh, recommended by the MP concerned during 2007-09, were pending as of May 2015. Similarly, DC Kangra while submitting (June 2014) MPRs to GOI showed all works recommended by MP during 2008-09 as complete. However, seven works valuing ₹ 32.23 lakh were lying incomplete as of May 2015. Submission of incorrect MPRs was indicative of the fact that Ministry and MPs were not apprised of the actual status of works.

The DC Kangra stated (May 2015) that the progress of works is monitored regularly and as and when the works are completed their progress reports are sent to the GOI. The reply is not acceptable as the actual status of completed/ incomplete works had not been incorporated in MPRs submitted to the GOI. The DC Shimla stated that actual status was

inadvertently not shown in the MPR. The reply is not convincing as no corrective action was taken to rectify the reporting made earlier to the GOI as no record in this regard was produced to audit.

3.17.4 Internal Audit

3.17.4.1 Non-conducting of Internal Audit

As per guidelines, the district authorities were required to submit audited accounts, reports and certificates to the State Government and GOI at Ministry of Statistics and Programme Implementation every year.

Audit noticed that audit of accounts was not got conducted by DCs Kangra and Shimla during 2013-15 and 2014-15 respectively and as such audited accounts and reports were not submitted to the State Government and GOI during the aforesaid period. The DPO Kangra assured (May 2015) that audit for the year 2013-15 would be got conducted shortly while DPO Shimla stated that the audit for the year 2014-15 was being conducted. The replies are not acceptable as non-conducting of audit of accounts was contrary to the guidelines *ibid*.

3.17.5 Monitoring and Evaluation

3.17.5.1 Review meetings at State/ district level

(i) To oversee the implementation of the scheme a State Level Monitoring Committee (SLMC) was formed in March 2008. The SLMC was to monitor the flow of the funds at various channels including allocations, releases, utilisation and unspent balances. It was, however, noticed that records pertaining to allocation/ release of funds and financial and physical reports submitted to the GOI in respect of State as a whole were not being maintained at the State level by the Department. Also no meeting of SLMC was held during 2012-15 to monitor the implementation of the scheme.

The Advisor, Planning stated (April 2015) that monitoring of the scheme was done by the nodal districts in the meeting of review committee of other schemes viz. SDP, etc. The reply is not convincing as monitoring of works had not been carried out effectively through SLMC during 2012-15.

(ii) As per the scheme guidelines, the district authorities were required to review the implementation of scheme through monthly meetings with the implementing agencies. It was, however, noticed that against the requisite 72 review meetings required to be held by the test-checked districts during 2012-15, only three meetings (by DC Kangra) were held indicating inadequate monitoring of scheme by the district authorities.

While admitting the facts, the DC Kangra assured to conduct more meetings in future whereas the DC Shimla stated that MPLADS works were reviewed with other works during 2012-15. No record was available with the department in this regard. The DC Solan stated that review meetings were not convened due to shortage of staff. Thus, non-conducting of review meetings with the implementing agencies was indicative of the fact that the scheme was not monitored effectively.

3.17.5.2 Inspections of works

As per the scheme guidelines, the inspections of works being executed under MPLAD are required to be carried out to the extent of 10 *per cent* by the district authorities and 100 *per cent* at implementing agencies level.

Audit noticed that the concerned authorities had not carried out any inspection of the works executed under the scheme during 2012-15 in the test-checked districts and blocks as there were no inspection reports available in those offices.

The concerned DCs stated that inspections were being carried out regularly but no record thereof was maintained during the above period. The test-checked BDOs stated (April-May 2015) that records of inspections could not be maintained due to shortage of staff. The reply is not acceptable as non-maintenance of records is indicative of lack of proper monitoring.

3.17.6 Conclusion and recommendations

The details of expenditure actually incurred by the implementing/ executing agencies were not kept by the DCs of the Nodal districts. The DCs sanctioned inadmissible works without bringing the facts to the notice of the MPs concerned.

The Government may consider issuing instructions that only admissible works are sanctioned.

No transparency was maintained in utilisation of funds to the prescribed extent for execution of developmental works in SC/ST areas. Asset registers were not maintained.

The Government may consider ensuring utilisation of scheme funds for the areas inhabited by SCs/ STs population to the prescribed level and asset register of works at district level are maintained by the Deputy Commissioners.

Contingency funds were not released to the executing agencies and incorrect MPRs were submitted to the GOI. The State Level Monitoring Committee had not conducted any meeting during 2012-15. Review meetings at district level were also not conducted to the required extent. Inspection of works was either not conducted or there was no record of inspections, if any, conducted.

The Government may ensure that implementing agencies and DCs submit monthly progress reports on prescribed intervals and State Level Monitoring Committee constituted to oversee the implementation of the scheme meets regularly to ensure effective implementation of the scheme and monitor the flow of funds under the scheme at various levels.

The audit findings were referred to the Government in June 2015. Reply had not been received (November 2015).

Public Works Department

3.18 Unfruitful expenditure on construction of road and undue benefit to a contractor

Failure of the Department to take timely action under various clauses of the contract agreement resulted in unfruitful expenditure of ₹ 2.20 crore on a road and extension of undue financial benefit of ₹ 48 lakh to a contractor.

To provide all-weather road connectivity in the interior areas of the Sirmaur district, the State Government had administratively approved (January 2010) construction of 13.355 kilometres (kms) long Rajpura Nagheta Shiva Bharli Banour road¹¹⁵ under NABARD¹¹⁶ (RIDF¹¹⁷-XV) for ₹ 5.81 crore. The Chief Engineer (South) Himachal Pradesh Public Works Department (HPPWD), Shimla had accorded (February 2010) technical sanction

¹¹⁵ Removal of formation deficiencies (retaining walls/breast walls), cross drainage, soling, wearing and tarring, road side drains and parapets in kms 0 to 13.355 alongwith 19.75 mtrs. Span RCC T-beam bridge at kms 6.885.

¹¹⁶ National Bank for Agriculture and Rural Development.

¹¹⁷ Rural Infrastructure Development Fund.

of the work for ₹ 4.82 crore. The work was awarded (July 2010) to a Paonta Sahib based contractor at a cost of ₹ 4.78 crore with the stipulation to complete it by January 2012.

Scrutiny of records (November 2014) of Shillai division and further information collected (July 2015) showed that the contractor commenced the work in July 2010. However, the contractor did not achieve the pace of the work as per stipulation in the contract agreement. After execution of the work¹¹⁸ valuing ₹ 1.91 crore upto November 2013, the contractor stopped it on unsubstantial grounds¹¹⁹ which were negated by the Department. The Department had not taken timely action against the contractor under various clauses of the contract agreement except levy of penalty for ₹ 47.76 lakh (at the rate of 10 *per cent* of the tendered amount) in July 2014 for delay in execution of the work. The contract was not terminated and even the levied penalty of ₹ 47.76 lakh had not been recovered as of July 2015. The work was lying in a suspended state for more than one year. In the meantime, an expenditure of ₹ 2.20 crore had been incurred on it.

While confirming the facts, the Executive Engineer of the division stated (November 2014 and July 2015) that the case for termination of the contract had been initiated. The reply is not convincing as the Department had neither ensured the execution of the work expeditiously nor enforced the contractual provisions against the contractor in a timely manner.

Thus, failure of the Department to take timely action under various clauses of the contract agreement not only resulted in unfruitful expenditure of ₹ 2.20 crore but also extended undue financial benefit of ₹ 48 lakh to the contractor.

The audit findings were referred to the Government in April 2015. The reply had not been received (November 2015).

3.19 Unfruitful expenditure on construction of road

Failure of the Department to secure necessary permission for the construction of railway over bridge, the expenditure of ₹ 2.83 crore on construction of road remained largely unfruitful.

In order to provide road facility to the residents of Una town and Kuthar Kalan and Rakkar Jalgran villages construction of 5.750 kms long road was administratively approved (February 2010) under RIDF¹²⁰-XV scheme of NABARD¹²¹ for ₹ 3.85 crore. The Chief Engineer, Hamirpur Zone accorded (June 2010) technical sanction of the work for ₹ 3.66 crore stipulated to be completed within one year.

Scrutiny of records (February 2015) of Una division showed that the work was taken up for execution in November 2010 and completed in June 2013 after incurring an expenditure of ₹ 2.83 crore. However, the road could not be opened for vehicular traffic due to non-construction of bridge over railway line at RD 3/210. Further scrutiny showed that the work was taken up for execution without making any provision for the railway over bridge (ROB) in the detailed project report (DPR) and the Department had not secured necessary permission for construction of the ROB from the railways authorities. Rather, a wrong certificate regarding non-requirement of the permission from railways authorities was furnished by the Department to the NABARD authorities in the DPR. Besides, the Department had not initiated any action for the construction of ROB as of February 2015.

¹¹⁸ Removal of formation deficiencies (retaining walls/breast walls): kms 0 to 13.355 cross drainage and soling: kms 0 to 9.000, wearing (quote-I: kms 0 to 8.000 and tarring: kms 0 to 5.910.

¹¹⁹ Illegal mining on working site area, shortage of skilled labour and materials, etc.

¹²⁰ Rural Infrastructure Development Fund.

¹²¹ National Bank for Agriculture and Rural Development.

While confirming the facts, the Executive Engineer of the division stated (February 2015) that provision for the ROB was not made in the DPR as the land belongs to railways authorities and funds had not been received for construction of the bridge from the Government. The reply is not convincing as the railways authorities had already stated (April 2010) that the location fell at deep cutting area where level crossing was not feasible and there would be no visibility for train drivers and the road users. Evidently, in spite of the fact known to the Department, prior permission of railways authorities was not secured.

Thus, failure of the Department to secure necessary permission for the construction of ROB from the railways authorities, the expenditure of ₹ 2.83 crore on construction of road remained largely unfruitful and the objective of providing road facility to the beneficiaries remained unachieved.

The audit findings were referred to the Government in May 2015. The reply had not been received (November 2015).

3.20 Idle investment due to non-utilisation of completed bridge for want of road connectivity

Failure of the Department to synchronise the construction of the bridge with road resulted in idle investment of ₹ 7.11 crore for more than 18 months.

In order to provide all weather road connectivity to seven villages¹²² of Shimla district, construction of 2.525 kms long bypass road including a bridge (105 meters double lane at kms 0/175 to 0/280) over Pabbar river at Mehandli (Rohru) was administratively approved (August 2007) for ₹ 11.25 crore under State (Plan) scheme. The construction of the bridge was subsequently sanctioned (December 2007) under RIDF¹²³-XIII scheme of NABARD¹²⁴ for ₹ 6.71 crore to be completed in two years.

Scrutiny of records (November 2014) of Rohru division and further information collected (May 2015) showed that the bridge work was taken up for execution in December 2008 without obtaining technical sanction and completed in December 2013 at a cost of ₹ 7.11 crore. However, after completion, it could not be opened for vehicular traffic due to non-construction of the bypass road approved (August 2007) under the State (Plan) scheme *ibid*. Further scrutiny showed that due to involvement of private land in entire stretch of the proposed bypass road, the Department had not finalised its detailed project report (DPR). Resultantly, its construction had not been started as of May 2015.

While admitting the facts, the Executive Engineer of the division stated (November 2014 and May 2015) that the construction of the road could not be commenced due to non-availability of encumbrance free land. Process for acquisition of land had been initiated and DPR of the road work had been sent to the higher authorities for approval. The reply is not acceptable as the construction of the bridge should have been synchronised with the construction of the road by ensuring encumbrance free site. Besides, the Department had not finalised the DPR of the road since December 2013 onwards.

Thus, failure of the Department to synchronise the construction of the bridge with the construction of road resulted in idle investment of ₹ 7.11 crore for more than 18 months. Besides, intended road connectivity had not been provided to the concerned villages.

The audit findings were referred to the Government in May 2015. The reply had not been received (November 2015).

¹²² Astani, Bakhirna, Lowerkoti, Mehandli, Parasa, Samoli and Shekhal.

¹²³ Rural Infrastructure Development Fund.

¹²⁴ National Bank for Agriculture and Rural Development.

3.21 Undue financial benefit to a contractor

Failure of the Department to ensure timely realisation of Government dues led to extension of undue financial benefit of ₹ 55.53 lakh to a contractor.

To provide all weather connectivity to four villages¹²⁵ of Mandi district, construction of 90 metres span suspension foot bridge over Alshed Khad was administratively approved (September 2007) under NABARD (RIDF-XVI) for ₹ 84.24 lakh. The work¹²⁶ was awarded (December 2008) to a Shimla based contractor at a tendered cost of ₹ 62.15 lakh with the stipulation to complete it by December 2009. Accordingly, the contractor commenced the work in December 2008.

Scrutiny of records (February 2015) of Sundernagar division showed that the contractor did not achieve the pace of the work as prescribed in the contract agreement and failed to complete it within the stipulated period. After executing the work (partial sub-structure only) of value of ₹ 18.49 lakh, the contractor stopped (August 2011) the work without intimating any reasons. The Department had levied compensation of ₹ 12.43 lakh for delay under clause 2 of the contract agreement in January 2012. The contractor did not turn up to resume the work and the Department ultimately rescinded the contract in April 2012 by invoking Clause-3 of the contract agreement which provides for forfeiting of the security deposits and executing the work from another contractor at the risk and cost of the original contractor.

The balance work of sub-structure, super structure and both side approaches was awarded (January 2015) to another contractor at a tendered amount of ₹ 1.04 crore which had not been started as of February 2015. Evidently, the work was re-awarded at an extra cost of ₹ 41.41 lakh¹²⁷ recoverable from the original contractor. However, the Department had not taken steps for the recovery of the Government dues of ₹ 55.53 lakh¹²⁸ as of February 2015. In the meantime, the Department had incurred an expenditure of ₹ 82.92 lakh¹²⁹ on the work upto March 2014. However, the material booked against the work had not been utilised as of September 2015.

While confirming the facts, the Executive Engineer of the division stated (February 2015) that action was being taken for recovery of the amount due from the contractor. The fact, however, remained that the Department had not taken timely action against the contractor.

Thus, Department's laxity resulted in non-recovery of Government dues ₹ 55.53 lakh from the contractor for more than three years. Besides, the expenditure of ₹ 82.92 lakh remained idle for 12 to 44 months.

The audit findings were referred to the Government in June 2015. The reply had not been received (November 2015).

¹²⁵ Alsoo, Dehar, Kango and Kharota.

¹²⁶ Sub-structure, superstructure and both side approaches.

¹²⁷ Tendered amount of the original contractor= ₹ 62.15 lakh

Tendered amount of the other contractor= ₹ 103.56 lakh

Extra cost involved= ₹ 41.41 lakh.

¹²⁸ Compensation for delay: ₹ 12.43 lakh; extra cost of the work: ₹ 41.41 lakh; forfeited security deposits not credited to revenue: ₹ 1.69 lakh .

¹²⁹ Expenditure on work: ₹ 20.72 lakh and booking of material: 2012-13 (₹ 28.16 lakh) and 2013-14 (₹ 34.04 lakh).

3.22 Idle investment on construction of road and bridge

Failure of the Department to ensure availability of encumbrance free land for construction of the road and delay in completion of the bridge resulted in idle investment of ₹ 3.45 crore and extension of undue benefits of ₹ 22.10 lakh to the contractors.

Forest Conservation Act, 1980 (FCA), prohibits use of forest land for non-forestry purpose without prior approval of the Government of India (GOI). It was further clarified (March 1982) that diversion of forest land for non-forestry activities in anticipation of the approval was not permissible and the request for ex-post-facto approval would not be entertained. To provide transport facilities to the inhabitants of 16 villages of Chamba district, the State Government had approved (March 1984) the construction of 15 kms (kms 0/0 to 15/0) long Sinhuta-Jolna-Kotla road for ₹ 10.85 lakh.

Scrutiny of records (December 2014) of Dalhousie division showed that the Department had incurred an expenditure of ₹ 1.50 crore¹³⁰ on the execution of the road up to 2014-15. The execution of five kms long road (kms 0/0 to 5/0) was completed and the construction of the remaining stretches (kms 5/0 to 15/0) was not completed due to involvement of forest land. It was noticed that the Department had not obtained the necessary approval of the GOI for diversion of the forest land for the purpose and even the constructed road had been reported for violation of the instructions *ibid*.

In the meantime, the construction of 82.50 metres span PSC¹³¹ box girder bridge over Dehar *khad* in the alignment of the road at 12.570 kms was approved (December 2009) under NABARD¹³² (RIDF¹³³-XV) for ₹ 3.35 crore and stipulated to be completed within three years. The Department had incurred an expenditure of ₹ 1.95 crore on the construction of the bridge during 2011-14. However, the construction thereof had not been completed as of July 2015 due to the following reasons:

- The work for construction of sub-structure and super-structure of the bridge was awarded (May 2010) to contractor at a tendered amount of ₹ 1.59 crore and stipulated to be completed by December 2011. The work was taken up for execution during June 2010. The contractor however, did not achieve the pace of the work and executed the work of value of ₹ 1.39 crore only up to December 2014. The Department had not levied the penalty of ₹ 15.90 lakh (10 *per cent* of the tendered amount) on the contractor for the delay. Contrary to this, penalty of ₹ 1.59 lakh only was imposed (December 2011) which also had not been recovered as of July 2015. Besides, in order to keep the contract alive the Department had granted unilateral extension to the contractor.
- The work relating to construction of both side approaches was awarded (March 2012) to the same contractor at a tendered amount of ₹ 27.51 lakh and stipulated to be completed by October 2012. The contractor, after executing the work of value of ₹ 19.10 lakh stopped (December 2012) it without assigning any reasons. The Department had awarded (February 2014) the balance work to another contractor for ₹ 34.48 lakh and stipulated to be completed by May 2014. However, the work had not been completed as of July 2015. The Department had not taken any action against both the contractors for levy of penalty of ₹ 6.20 lakh (10 *per cent* of the tendered amounts) for delay.

¹³⁰ Prior to 2001-02: (Other State head: ₹ 35.78 lakh), 2001-02 to 2014-15: (NABARD: ₹ 77.72 lakh and other State head: ₹ 36.46 lakh).

¹³¹ Pre stressed concrete.

¹³² National Bank for Agriculture and Rural Development.

¹³³ Rural Infrastructure Development Fund.

While admitting the facts, the Executive Engineer of the division stated (January and July 2015) that the works could not be completed due to limited working seasons, involvement of forest land and contractors fault. The reply is not acceptable as the Department had neither ensured encumbrance free land for the road nor expedited the execution of the bridge works from the contractors within the stipulated time.

Thus, due to non-obtaining of prior permission of the GOI for diversion of forest land for the construction of the road and inefficiency of the Department to ensure the completion of the bridge work within the stipulated time, the public of the area was deprived of the intended transport facility. This resulted in idle investment of ₹ 3.45 crore and extension of undue benefit of ₹ 22.10 lakh to the contractors.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

3.23 Unfruitful expenditure on construction of road and bridge

Failure of the Department to ensure the completion of the road and bridge in time resulted in unfruitful expenditure of ₹ 0.94 crore and loss of ₹ 16.45 lakh besides extension of undue financial benefits of ₹ 18.68 lakh to the contractors.

In order to provide transport facility to four villages¹³⁴ of Bilaspur district, construction of 3.730 kms long (kms 3.420 to 7.150) Jarora Ket Naswal Matoli Kasrar road including a bridge at kms 6.195 was administratively approved (February 2011) under NABARD¹³⁵ (RIDF¹³⁶-XVI) for ₹ 2.03 crore. Technical sanction of the work was not accorded. However, working estimate for the road work was approved (October 2011) for ₹ 1.05 crore and that of the bridge work was approved (December 2011) for ₹ 0.63 crore.

Scrutiny of records (January 2015) of Ghumarwin division and further information collected (June 2015) showed that the road work¹³⁷ was awarded (September 2012) to a Hamirpur based contractor for ₹ one crore and stipulated to be completed by September 2013. The contractor commencing the work in September 2012 did not achieve the pace of the work within the stipulated period due to land dispute (kms 6.230 to 7.150) and executed the work of removal of formation deficiencies (2775 mtrs), cross drainage work (10 numbers) and retaining wall (1250 cubic mtrs) only after incurring an expenditure of ₹ 55.01 lakh. This indicated that the Department had taken up the work without ensuring encumbrance free site which resulted in non-completion of the road as of July 2015.

Further, the construction of 33.40 meter span PSC¹³⁸ Box Grider bridge with abutment at kms 6.195 was awarded (September 2012) to a Bilaspur based contractor for ₹ 0.64 crore stipulated to be completed by September 2014. The work was not completed within the stipulated period. It was noticed that in spite of the instructions (July 2014) of the Department not to lay the concrete slab of the bridge in the rainy season (July and August 2014), the contractor continued the work. Resultantly, due to heavy flood (August 2014) the partly constructed super structure of the bridge collapsed resulting in loss of ₹ 16.45 lakh. The contractor had stopped the work in August 2014 and not resumed the same as of July 2015. Thus, the contractor had committed fundamental breach of the

¹³⁴ Gahar, Padhyan, Bah Jarora and Kassaru.

¹³⁵ National Bank for Agriculture and Rural Development.

¹³⁶ Rural Infrastructure Development Fund.

¹³⁷ Removal of formation deficiencies: 3730 mtrs, CD work 22 numbers, soling: 2150 mtrs, wearing: 2850 mtrs, tarring: 3730 mtrs, parapets: 731 numbers, Drain: 5720 mtrs. and retaining wall: 2387.42 cubic mtrs.

¹³⁸ Pre-stressed concrete.

contract by non-resumption of the balance work. However, the Department had not taken any action against the contractor for levy of liquidated damages of ₹ 6.44 lakh, termination of the contract, getting the damaged work reconstructed from the contractor or imposing penalty, etc., as of July 2015. In the meantime, an expenditure of ₹ 51.25 lakh¹³⁹ had been incurred on the work.

While confirming the facts, the Executive Engineer of the division stated (January and June 2015) that due to non-completion of the bridge work and land dispute at kms 6/230 to 7/150, the road could not be completed. The reply is not acceptable as the Department had taken up the work without ensuring encumbrance free land and technical sanction for the entire works. Besides, the Department had also not taken any action against the contractor for non-compliance of the provisions of the contracts.

Thus, failure of the Department to ensure the completion of the road and bridge in time resulted in unfruitful expenditure of ₹ 0.94 crore¹⁴⁰ and loss of ₹ 16.45 lakh besides extension of undue financial benefits of ₹ 18.68 lakh¹⁴¹ to the contractors.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

3.24 Unfruitful expenditure on construction of road and avoidable cost escalation payment to a contractor

Failure of the Department to ensure prior forest land clearance and initiate timely action against the contractor resulted in unfruitful expenditure of ₹ 2.15 crore and undue benefit of ₹ 36.40 lakh and avoidable cost escalation of ₹ 46.29 lakh to the contractor.

In order to provide road connectivity to four villages¹⁴² of Shimla district construction of 9.500 kms (0/0 to 9/500) long Lalsa-Shandal-Chiksa-Majhali road was administratively approved (June 2008) for ₹ 3.42 crore under RIDF¹⁴³-XIII scheme of NABARD¹⁴⁴. The work¹⁴⁵ was awarded (September 2008) to a contractor at a tendered amount of ₹ 3.64 crore and stipulated to be completed by October 2010.

Scrutiny of records (January 2015) of Rampur division and further information collected (September 2015) showed that the contractor had taken up the work for execution in October 2008. After executing the work of the value of ₹ 24.08 lakh, the contractor stopped (March 2009) the execution due to involvement of forest land in the alignment of the road. The forest clearance for the road was made available in June 2012. The work was resumed (December 2012) by a sub-contractor on behalf of the original contractor, on the basis of special power of attorney (November 2012). However, the work¹⁴⁶ of the value of ₹ 1.41 crore (39 per cent) only had been completed as of January 2015.

The Department levied (April 2015) liquidated damages of ₹ 18.19 lakh (five per cent of tendered amount) instead of ₹ 36.40 lakh (10 per cent of tendered amount) for delay under clause-2 of the agreement which was yet to be recovered. Contrarily, in order to

¹³⁹ Expenditure on bridge work: ₹ 39.01 lakh and materials issue to the work and recoverable from the contractor: ₹ 12.24 lakh.

¹⁴⁰ Expenditure on road work: ₹ 55.01 lakh and bridge work: ₹ 39.01 lakh.

¹⁴¹ Materials recoverable from the contractor: ₹ 12.24 lakh and liquidated damages: ₹ 6.44 lakh.

¹⁴² Shandal, Chiksa, Majhali and Lalsa.

¹⁴³ Rural Infrastructure Development Fund.

¹⁴⁴ National Bank for Agriculture and Rural Development.

¹⁴⁵ Formation cutting: kms 9.500, cross drainage: kms 9.500 (Hume pipe: 31 and Slab culvert: three) and soling: kms 1.180.

¹⁴⁶ Formation cutting: kms 6.170, Cross drainage: kms 1.690 (Hume pipe: three and Slab culvert: three) and soling: kms 1.270.

keep the contract alive, unilateral time extension was granted (September 2015) up to December 2015 without prejudice to the right of the Government to recover liquidated damages as per the agreement. Besides, the Department had also allowed cost escalation of ₹ 46.29 lakh to the contractor beyond the stipulated period of completion which otherwise could have been avoided.

In the meantime, an expenditure of ₹ 3.47 crore had been incurred on the work up to January 2015 which included ₹ 1.32 crore on booking of material during 2013-14, without actual utilisation on the work. The material temporarily transferred to other works had also not been recovered/ adjusted as of September 2015. The expenditure on booking of material against the work without actual requirement, in contravention of the provisions of the State Financial Rules was irregular.

While admitting the facts, the Executive Engineer of the division stated (January 2015) that the work could not be completed due to local hindrances and contractor's mismanagement and the material was booked against the work to avoid lapse of budget. The reply is not convincing as the Department had neither ensured encumbrance free land before commencement of the work nor initiated action against the contractor for breach of the contractual obligations.

Thus, inefficiency of the Department to ensure prior forest land clearance for the construction of the road and initiate timely action against the contractor resulted in unfruitful expenditure of ₹ 2.15 crore, irregular booking of material worth ₹ 1.32 crore, extension of undue financial benefit of ₹ 36.40 lakh and avoidable payment for cost escalation of ₹ 46.29 lakh to the contractor. Besides, the public of the area was also deprived of the intended road facility.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

3.25 Undue financial benefit to a firm and suspected misappropriation of funds

Failure of the Department to initiate timely action against a firm for breach of contractual obligations resulted in extension of undue financial benefit of ₹ 2.64 crore to the firm and suspected misappropriation of ₹ 35.97 lakh besides unfruitful expenditure of ₹ 2.39 crore and cost overrun of ₹ 2.58 crore.

Government of India (GOI), Ministry of Road Transport and Highways (MORTH) had approved (March 2008) the construction of 98 meters double lane high level bridge alongwith approaches, at 10 meters upstream of existing outlived bridge over Dehri *khad* on NH¹⁴⁷-20 at kms 45.370 for ₹ 8.54 crore. The work was awarded (April 2008) to a Hyderabad based firm for ₹ 7.48 crore with the stipulation to complete it by May 2010.

Scrutiny of records (May 2015) of NH division Joginder-Nagar showed that the firm did not achieve the pace of work within the stipulated time and after executing about 28 *per cent* work of the value of ₹ 1.64 crore, the firm stopped (March 2012) it without assigning any reasons. The Department had not initiated timely action against the firm for breach of the contractual obligations as follows:

- The Department had imposed (December 2012) liquidated damages of ₹ 74.85 lakh for delay after 30 months from the stipulated month of completion and the contract was rescinded (April 2013) under clause-59 of the agreement with risk and cost of ₹ 1.17 crore¹⁴⁸ However, the recoveries had not been effected as of May 2015.

¹⁴⁷ National Highway -20: Pathankot – Mandi.

¹⁴⁸ Compensation at the rate of 20 *per cent* of the balance work.

- The Department had paid (March 2010) secured advance of ₹ 61.92 lakh for procurement of 226.07 MT¹⁴⁹ steel to the firm, of which, ₹ 44.37 lakh had not been recovered as of May 2015. It was further noticed that the secured advance was paid without verifying the material actually brought to site as shortage of 98.48 MT steel costing ₹ 35.97 lakh was reported (August 2010). Thus, Government money was put to risk which amounts to misappropriation. Besides, the Department had not charged interest of ₹ 27.69 lakh¹⁵⁰ from the firm on the secured advance as per clause 51 of the contract agreement.

In the meantime, an expenditure of ₹ 2.39 crore had been incurred on the work up to March 2012. Due to non-completion of the work in time, its cost had increased considerably and the MORTH accorded (August 2014) revised approval of the work for ₹ 11.12 crore. The balance work was awarded (October 2014) to another contractor at a tendered amount of ₹ 7.48 crore stipulated to be completed within 18 months. However, only eight *per cent* of the work had been executed as of May 2015.

Executive Engineer of the division confirmed the facts and stated (May 2015) that the matter regarding shortage of steel came to the notice of the division after the work was rescinded and recoveries had been made in the measurement book and the matter was under arbitral tribunal. The reply is not acceptable as the Department had not taken action against the firm and expedited completion of the work in time.

Thus, failure of the Department to initiate timely action against the firm for breach of contractual obligations resulted in extension of undue financial benefit of ₹ 2.64 crore¹⁵¹ to the firm and suspected misappropriation of ₹ 35.97 lakh. Besides cost overrun of ₹ 2.58 crore¹⁵², the expenditure of ₹ 2.39 crore remained unfruitful since March 2012.

The audit findings were referred to the Government in July 2015. The reply had not been received (November 2015).

Revenue Department

3.26 Diversion of State Disaster Response Fund

An amount of ₹ 4.40 crore was irregularly diverted from State Disaster Response Fund by five Deputy Commissioners for works not related to natural calamity.

Government of India (GOI) constituted (September 2010) National Disaster Response Fund (NDRF) at National level and State Disaster Response Fund (SDRF) at State level. Guidelines on SDRF and instructions issued (September 2012) by GOI provided that disaster preparedness, restoration, reconstruction and mitigation should not be a part of SDRF/ NDRF and such works and regular maintenance and repairs should be carried out through State budget. Repair works of immediate nature pertaining to roads and bridges, drinking water supply, irrigation, power supply, schools, primary health centers and community assets should only be considered out of SDRF. Himachal Pradesh Disaster Management and Relief Manual, 2012 also provides that, it is obligatory for the field staff of the Revenue Department to make quick spot inspections to assess loss and report it to the concerned authorities.

¹⁴⁹ Metric ton.

¹⁵⁰ At the rate of 10 *per cent* on advance of ₹ 44.37 lakh for March 2010 to March 2015.

¹⁵¹ Liquidated damages: ₹ 0.75 crore, risk and costs: ₹ 1.17 crore, advance: ₹ 0.44 crore and interest: ₹ 0.28 crore.

¹⁵² Revised approved cost: ₹ 11.12 crore minus original approved cost: ₹ 8.54 crore.

Scrutiny of records (September 2013 to March 2015) of five Deputy Commissioners¹⁵³ (DCs) showed that funds amounting to ₹ 4.40 crore meant for restoration of damaged works/ relief measures were diverted (between February 2011 and December 2014) for execution of works not qualified as natural calamities as no reports on damages from Revenue authorities required under Relief Manual were found on record. Of these, funds amounting to ₹ 3.96 crore¹⁵⁴ were spent on 178 works of repairs of residential buildings, Government office buildings, etc., and ₹ 43.15 lakh¹⁵⁵ were expended on 20 fresh works like construction of retaining/ protection walls, stairs, bathrooms, etc., which was irregular as expenditure on such repair/ restoration works was not permissible under SDRF and was required to be incurred out of State's normal budget.

On this being pointed out, the DCs Chamba and Kullu admitted (January and February 2015) the facts and stated that the funds were sanctioned in public interest and would be released as per guidelines in future. The DC Hamirpur stated (February 2015) that works sanctioned required immediate repairs and no damage reports were proposed. The DC Kinnaur stated (October 2013) that works were sanctioned as per estimates received and DC Sirmour stated (September 2013) that the works were sanctioned to protect old structures from further deterioration. Replies are not acceptable as funds were diverted in violation of the guidelines and instructions of SDRF.

The audit findings were referred to the Government in July 2015. Reply had not been received (November 2015).

Scheduled Castes, Other Backward Classes and Minority Affairs Department

3.27 Implementation of Social Security Pension Schemes

Time schedule had not been fixed for finalisation of pension cases due to which there was delay in finalisation of pension cases ranging between 12 and more than 60 months during 2012-15. Mechanism for reporting death, persons becoming ineligible for pension and sanction of pension from other schemes was not in existence. There were instances of delay in disbursement of pension, non-obtaining of requisite certificates, sanction and disbursement of pension to ineligible persons and non-verification of pension disbursed in the test-checked districts. Social security pension was not granted for newly created category of individuals of more than 80 years of age. Pension disbursement through biometric system in Una district was not working properly. In Mandi district e-kalyan system for implementation of pension was not web-based.

3.27.1 Introduction

To provide social security and financial assistance to old age persons/ widows, single and destitute women, handicap and lepers with inadequate source of livelihood, the State Government implemented (1971) the Social Security Pension Scheme. The criteria/ rate for grant of pension¹⁵⁶ to various categories of pensioners in the State is given in (Appendix-3.3).

¹⁵³ Chamba, Hamirpur, Kinnaur, Kullu and Sirmour.

¹⁵⁴ Chamba: ₹ 60.99 lakh (37 works), Hamirpur: ₹ 47.82 lakh (24 works), Kinnaur: ₹ 14.22 lakh (five works), Kullu: ₹ 177.36 lakh (58 works) and Sirmour: ₹ 96.07 lakh (54 works).
¹⁵⁵ Chamba: ₹ 27.01 lakh (15 works) and Sirmour: ₹ 16.14 lakh (five works).

¹⁵⁶ Old Age Pension (since 1971), Widow Pension (since 1979), National Old Age Pension (since 1995), Handicapped allowance (since 1989) and Rehabilitation allowance for lepers (since 1988).

An audit of implementation of Social Security Pension Schemes covering the period 2012-15 was conducted (March-May 2015) through test-check of records of Directorate of Schedule Castes, Other Backward Classes and Minority Affairs, Shimla, two¹⁵⁷ out of 12 District Welfare Officers (DWOs), four Tehsil Welfare Officers (TWOs)¹⁵⁸ out of 12 TWOs from each selected DWO and two *Gram Panchayats* (GPs) from each selected TWOs, selected by adopting Simple Random Sampling Without Replacement (SRSWOR) method.

3.27.2 Identification of beneficiaries

The beneficiaries are identified by GPs in Gram Sabha meetings. The applications received from the GPs after verification are forwarded by the TWOs to the DWOs. The DWOs enter data of applications in respect of each eligible person in the “e-kalyan” software. The software is programmed to fix the priority of the applicants automatically. The Social Security Pension is sanctioned by the Deputy Commissioner (DC) on the recommendation of concerned DWOs. The pension is disbursed through money orders or direct remittance to bank accounts of individual beneficiaries in all districts except Una where the pension is disbursed through Information Technology Enabled Services (ITES) i.e. biometric system. The Social Security Pension Schemes comprised of old age pension (since 1971), widow pension (since 1979), national old age pension (since 1995), handicapped allowance (since 1989) and rehabilitation allowance for lepers (since 1988).

3.27.3 Financial Management

The budget allocation and expenditure thereagainst during 2012-15 for various categories of pension was as given in **Table-3.27.1**.

Table-3.27.1
Position of budget allocation and expenditure thereagainst during 2012-15

Year	Number of Pensioners	Budget	Expenditure	Variation Excess(+)/ Savings (-)
2012-13	282552	158.39	156.90	(-) 1.49
2013-14	292921	201.94	201.15	(-) 0.79
2014-15	304921	234.13	233.27	(-) 0.86
Total		594.46	591.32	(-) 3.14

Source: Departmental figures.

From the above details it would be seen that there were savings in each year during 2012-15 and the Department had not utilised ₹ 3.14 crore allotted for the benefit of senior citizens, widows, persons with disabilities and lepers during the above period. The Director attributed (June 2015) savings to temporary vacant accounts of beneficiaries due to death or ineligibility of the pensioners.

3.27.4 Implementation of scheme

3.27.4.1 Pendency of cases

Time schedule had not been fixed for finalisation of Social Security Pension cases. The year-wise details of pending cases in the State for grant of Social Security Pension/ allowance to eligible persons placed in waiting list during the period 2012-15 was as given in **Table-3.27.2**.

¹⁵⁷ DWOs: Mandi and Una.

¹⁵⁸ TWOs: Amb, Jogindernagar, Sandhol at Sarkaghat and Una.

Table-3.27.2
Year-wise position of pending cases of pension in the State during 2012-15

(In numbers)					
Year	Old Age Pension	Widow	Disability	Leper	Total
2012-13	6342	2165	1862	0	10369
2013-14	7674	3171	2452	0	13297
2014-15	31298	6187	4949	0	42434

Source: Departmental figures.

It would be seen from the above table that number of pending eligible applicants had increased from 10,369 in 2012-13 to 42,434 in 2014-15 with an overall increase of 309 *per cent* during the three year's period indicating that a large number of beneficiaries remained deprived of the pension schemes. The sizeable increase in eligible applicants was due to revision (April 2014) of income criteria for eligibility of pension schemes from ₹ 15,000 to ₹ 35,000 per year and also introduction (April 2014) of a new Social Security pension scheme to persons above 80 years of age as commented in **Paragraph 3.27.4.8**. Further, in the test-checked Mandi and Una districts, out of 15,609 pension cases finalised during 2012-15, the time taken for finalisation¹⁵⁹ of pension cases ranged between 12 to 60 months and above.

While admitting the facts, the Director stated (June 2015) that new pension cases were sanctioned by way of substitution against death of pensioners/ ineligible pensioners. He further stated that substitution process needs approval from the State Government to enhance the targets as well as budget accordingly. The reply is not satisfactory as the Department should have demanded the budget according to pendency for grant of pension.

3.27.4.2 Non-collection of data from Gram Panchayats

As per Social Security Pension (SSP) Rules, 2010, the GPs were required to send information regarding death of pensioner or beneficiaries becoming ineligible to TWOs promptly so that pension to such persons could be stopped and substitution of new pension cases effected.

Scrutiny of records of the DWO, Mandi showed that above provision of the rules was neither adhered to by the GPs nor insisted upon by the TWOs. As a result, money orders totalling ₹ 1.89 crore sent to 9038 pensioners during 2012-15 were received back with remarks that either the individuals had died or rendered ineligible otherwise. This had also resulted in avoidable expenditure on money orders (MOs) charges amounting to ₹ 9.47 lakh.

While admitting the facts, the DWO Mandi stated (May 2015) that directions would be issued to TWOs to collect the requisite data from the GPs on regular basis.

3.27.4.3 Non-obtaining of certificate of non-remarriage from the widow pensioners

As per SSP Rules, 2010, the widow pensioners were required to submit every year a certificate to the concerned TWO to the effect that she had not remarried.

Scrutiny of records of the DWO, Mandi and Una showed that pension amounting to ₹ 29.67 crore had been paid to 49,232 widow pensioners during the period 2012-15 without obtaining requisite non-remarriage certificates. In the absence of above, it could not be verified in audit whether the widow pension had been paid only to the eligible persons.

The DWO Una stated (April 2015) that due to inadequate staff requisite certificates of non-remarriage could not be obtained from the widow pensioners and the DWO Mandi

¹⁵⁹ In 14154 cases delay ranged between 12 to 36 months, in 1175 cases 37 and 60 months and in 298 cases delay was more than of 60 months.

stated (May 2015) that as per past practice, non-remarriage certificates were not obtained. The replies are not acceptable as the provision of rules should have been followed to ensure disbursement of pension only to eligible individuals.

3.27.4.4 Sanction and disbursement of pension to ineligible persons

Records of the DWOs, Mandi and Una showed that during 2012-15, pension amounting to ₹ 14.05 lakh was sanctioned and disbursed to 397 beneficiaries (old age pension for both husband and wife: 124 cases; pension without obtaining income certificate: eight cases; widow pension without obtaining death certificate of husband: 19 cases; without verification of cases by TWOs: 11 cases, age not recorded: 03 cases and without resolution of GPs: 232 cases) without verifying their actual eligibility.

The DWOs concerned stated (April-May 2015) that the shortcomings would be rectified/ investigated and action taken accordingly.

3.27.4.5 Delay in remittance of pension

As per SSP Rules 2010, the pension was required to be remitted to the pensioners either by money orders or direct transfer to bank accounts of pensioners at the beginning of each quarter in advance.

Audit noticed that the funds were drawn by the DWO and remitted to the TWOs for disbursement to the pensioners. It was, however, observed that undisbursed pension ranging between ₹ 32.58 lakh and ₹ 7.66 crore was lying with the DWO, Mandi pertaining to respective quarters during 2012-15 except second quarter of the financial year 2014-15. The above amount of pension was remitted to TWOs during the subsequent quarters with delay of more than three months resulting in delayed remittance of pension to the pensioners.

The DWO, Mandi stated (May 2015) that as per past practice funds were invariably drawn at the fag end of the quarter for which pension had to be paid and it takes lot of time to remit the amounts to TWOs for further payment of pension to beneficiaries by way of MOs or direct transfer to bank accounts. The reply is not acceptable as the provision of pension rules *ibid* had not been adhered to.

3.27.4.6 Non-verification of pension disbursement receipts and other irregularities

As per SSP Rules 2010, after booking the MOs the details¹⁶⁰ thereof were to be entered in the personal ledger accounts of the beneficiaries by the DWOs. Receipts of MOs were to be maintained category/ period-wise in separate folders and matched with the amount of MOs booked. A certificate of disbursement was to be obtained from postal authorities for the amount of MOs for which receipt had not been received. The amount of pension deposited in savings bank accounts and withdrawn by the beneficiaries therefrom was also to be reconciled.

It was, however, noticed that the details of MOs had not been entered in the Personal Ledgers Accounts of the beneficiaries and the MOs receipts maintained by TWOs were not kept in separate folders category/ period wise in the Mandi district. It was further noticed that MOs receipts received were not tallied with the amount of MOs booked and certificate of disbursement was also not obtained from the postal authorities in respect of the amounts for which no receipts were received. In the absence of this it could not be verified during audit that all the amounts of MOs had been delivered.

The DWO, Mandi attributed (May 2015) non-adherence of the above provisions of the rules to shortage of staff. The reply is not acceptable as the above procedure should have been followed by the Department to ensure proper disbursement of the pension.

¹⁶⁰ Date of dispatch, date of receipt and receipt numbers, etc.

3.27.4.7 Irregular sanction of pension

As per SSP Rules 2010, the TWOs/ DWOs were required to certify that the applicant was not in receipt of any other pension, while recommending the pension.

Scrutiny of records of DWO Mandi showed that during 2012-15 pension amounting to ₹ 6.97 lakh remitted to 381 beneficiaries through Money Orders (MOs) was received back undisbursed with the remarks that the beneficiaries were already in receipt of pension. This showed that pension was sanctioned irregularly to 381 pensioners whereas eligible persons remained deprived of pension and continued to remain on the waiting list as indicated in **Paragraph 3.27.4.1**.

The DWO, Mandi stated (May 2015) that pension had been sanctioned as application could not be checked thoroughly due to shortage of staff. He further stated that the e-kalyan software is not programmed to detect sanction of pension twice at the application stage. The reply is not acceptable, as the applications had not been scrutinised carefully before sanction of pension.

3.27.4.8 Non-grant of social security pension to individuals above 80 years of age

State Government amended (April 2014) the rule 7 of the Social Security Pension Rules, 2010 and a new category under old age pension was created wherein pension at a rate of 1000 per month was payable to all individuals above 80 years of age irrespective of income criteria provided the individuals are not in receipt of any other pension from the Government.

Scrutiny of records of Director showed that 11,904 eligible individuals under the aforesaid category have been placed in the waiting list upto March 2015 awaiting grant of pension resulting in denial of intended benefit of scheme to senior most persons of the society as of June 2015.

The Director stated (June 2015) that the process of sanctioning pensions to the aforesaid individuals falling in the waiting list was being initiated at the district level.

3.27.5 Functioning of Business Correspondent (BC) Model for disbursement of Pension in Una District

The State Government had launched (January 2009) a pilot project in Una district for disbursement of pension using biometric identification devices. The State Bank of India (SBI) was to open savings accounts in respect of each beneficiary and disburse pension through customer service provider (CSP). Audit noticed the following:

3.27.5.1 Delay in payment of pension

As per Memorandum of Understanding (MOU), the DWO was required to provide funds to the concerned SBI (for the entire quarter in advance) by the 25th day of the previous month. The payment was to be credited by the bank to the beneficiaries' accounts and disbursed by the CSPs between the first and fifth day of the month (first month of the quarter) at the designated service delivery point (SDP).

Audit, however, noticed that social security pension amounting to ₹ 29.28 crore was paid to 15,075 beneficiaries after a delay ranging between 12 and 91 days during 2012-15 due to delay in release of funds at various levels depriving the beneficiaries of the timely intended benefits.

The DWO, Una stated (April 2015) that after disbursement of pension of a quarter the report regarding disbursement and death cases, etc., was received from the bank after closing of the quarter, then the process of initialisations of next quarter is started, the personnel ledger accounts (PLAs) are marked for payments/ suppression and permanent removal from the e-kalyan software which takes long time. The reply is not acceptable as the pension was not paid to the beneficiaries in time.

Similarly, social security pension/ allowance amounting to ₹ 53.81 lakh was paid to 1483 fresh beneficiaries after a delay ranging between eight and 15 months due to delay in intimation of opening of bank accounts by the SBI, Una to the Department.

3.27.5.2 Non-furnishing of status of operation of beneficiary's bank accounts

As per MOU, the SBI was to submit quarterly report on operative status of individual beneficiaries' bank accounts to DWO for verifying whether the accounts have been operated by the beneficiaries.

It was noticed that ₹ 29.48 crore was drawn by the DWO, Una and transferred to the SBI for disbursement of pension to the beneficiaries during 2012-15. The position regarding the amount of pension disbursed from the beneficiaries' bank accounts and undisbursed funds lying therein with details of individual beneficiaries and period to which the undisbursed amounts pertain was not available with the DWOs. In the absence of above, the amount credited into beneficiaries' bank accounts and actually drawn by them was not ascertained in audit. Besides, the undisbursed balance lying in the beneficiaries' bank accounts could not be verified by audit.

The DWO, Una stated (April 2015) that the information regarding the amount actually disbursed from the beneficiaries' bank accounts and balance undisbursed had not been furnished by the bank. The reply is not convincing as the provision of MOU was not adhered to by the SBI and the Department.

3.27.5.3 Excess payment of commission

As per MOU, the Department was to pay commission at a rate of three *per cent* of the pension disbursed by the bank.

The DWO, Una had paid ₹ 83.46 lakh as commission charges to the SBI between January 2009 and September 2013 for transfer of ₹ 27.82 crore to the beneficiaries' accounts instead of ₹ 26.55 crore, the amount of pension actually disbursed. It was further observed that the bank refunded ₹ 1.27 crore¹⁶¹ lying undisbursed in the accounts of the beneficiaries during 2014-15. However, commission fee totalling ₹ 3.81 lakh had not been refunded to Department as of April 2015 resulting in undue favour to bank to the above extent.

The DWO, Una stated (April 2015) that the matter regarding excess payment of commission would be taken up with the bank.

3.27.5.4 Non-obtaining life certificates

As per MOU, the bank was to obtain life certificate from the beneficiaries and pass these on to the DWO on six monthly basis.

Scrutiny of records of DWO, Una showed that an amount of ₹ 27.82 crore was transferred to beneficiaries' bank accounts by the bank during 2012-15 without obtaining the requisite life certificates from the beneficiaries. In the absence of the same, the amount of pension actually disbursed to the beneficiaries and lying undisbursed in the bank accounts of the beneficiaries' who have died or become ineligible could not be ascertained in audit.

The DWO, Una stated (April 2015) that the matter had been taken up with the bank to obtain the life certificates from the beneficiaries. The reply is not acceptable as the Department had failed to take timely action against the bank for failure to comply with terms and conditions of the MOU.

¹⁶¹ June 2014: ₹ 52.00 lakh and March 2015: ₹ 74.91 lakh.

3.27.5.5 Disbursement of pension through Business Correspondent (BC) model without extension of MOU

Scrutiny of records of DWO, Una showed that the MOU for disbursement of pension through BC model had expired in February 2015 which was still to be extended as of June 2015.

The Director stated (June 2015) that the matter regarding extension of MOU was sent to Government for consideration. The reply is not acceptable as pension is being disbursed through BC model without extension of MOU.

3.27.5.6 Other points

Implementation of business correspondent model for disbursement of social security pension in Una district was reviewed (November 2014) by a committee consisting of Additional Chief Secretary (SJ&E), Deputy Commissioner (DC), Director (SCs, OBCs and Minority Affairs), Chief Manager, SBI, etc., under the chairmanship of Ministry of Social Justice and Empowerment. It was noticed that disbursement of the pension through biometric system had been found unsatisfactory by the DC in terms of timely distribution of pension, distribution of pension at the door steps, non-responsive behaviours of the CSPs and large number of payments with one CSP (seven to eight GPs per CSP). It was recommended that distribution of pension through Money Order system may be re-introduced as was implemented in other 11 districts. Thus, disbursement of the social security pension through biometric system had not achieved the desired results despite payment of ₹ 83.46 lakh on account of commission to the SBI.

While admitting the facts, the Director stated (June 2015) that recommendations of the DC had been submitted to the Government for consideration and further necessary action. The reply must be seen in the light of fact that disbursement of pension through BC model by SBI in the Una district had failed to achieve the desired objective.

3.27.6 Functioning of e-kalyan software

SSP Rules, 2010 provides that the implementation of the Social Security Pension Schemes i.e. receipt of application, sanction of pension/ allowance, disbursement of pension, fixing of priority for grant of pension, etc., was being done through e-kalyan, a software developed (October 2008) for the purpose by the State National Informatics Centre (NIC). It was noticed in audit that:

- Data base had not been taken from the e-kalyan computer software at the district or State level as of June 2015. In the absence of database the Department was unable to effectively implement the Social Security Pension Scheme.
- e-kalyan software had not been linked with the Directorate for effective implementation of the Social Security Pension Schemes in the State as of June 2015. As a result, the Directorate could not exercise any monitoring through this software.
- Actual control of the software was with the NIC at district level. Assistant concerned at the district level only feeds data related to eligible applicants and all the controls are exercised by the NIC as per suggestions of DWOs. As a result, the officials of the Department are dependent on the NIC to carry out necessary functions related to implementation of the schemes.
- e-kalyan software is not capable of detecting sanction of pension twice to the same beneficiary at the application level. In the absence of the same, cases of irregular sanction of pension to the same beneficiary could not be vouchsafed in audit through e-kalyan software as also commented in **Paragraph 3.27.4.7**.

The Director stated (May 2015) that the e-kalyan software was not presently web based application and only implemented at district level. The reply is not acceptable as the

Department had failed to upgrade the software to the requisite level to make it capable to meet the requirement for the efficient/ effective implementation of the pension schemes even after seven years since the software was used for the implementation of social security pension.

3.27.7 Monitoring

3.27.7.1 Shortfall in conducting of inspections

As per SSP Rules, 2010 the DWOs and TWOs concerned were required to inspect periodically the beneficiaries of Social Security Pension/ allowance during their field visits with regard to their eligibility. The DWOs and TWOs were to inspect 10 *per cent* and 25 *per cent* of the beneficiaries of the district/ tehsil respectively.

In Una district against 4,979 beneficiaries required to be inspected only 1,753 beneficiaries were inspected by DWO resulting in shortfall of 3,226 beneficiaries during 2012-15. Similarly in Mandi district against 17,350 beneficiaries no beneficiary was inspected during the aforesaid period. As regards four test-checked TWOs against the 80,798 beneficiaries no beneficiaries was inspected except in Amb Tehsil where against 1626 beneficiaries only 651 beneficiaries were inspected during 2014-15 resulting in shortfall of 975 beneficiaries. It was further noticed that no inspection notes were prepared for the inspections conducted, in the absence of same the outcome of the inspections so conducted could not be verified in audit.

The DWOs¹⁶² and TWOs¹⁶³ concerned attributed the failure to inspect the beneficiaries to huge work load and acute shortage of staff.

3.27.7.2 Non-maintenance of Register for recording details of identified eligible individuals

As per SSP Rules, 2010 a register in Form-2 was required to be maintained by the TWOs to record the details¹⁶⁴ of identified eligible applicants.

Audit noticed that the aforesaid register had not been maintained by the TWOs during 2012-15. In the absence of the above register it could not be verified during audit as to when the applications were received by the TWOs and to whom the pension was finally sanctioned and whether the intimation of sanction was sent to GP concerned or not.

The TWOs stated (April-May 2015) that the above register could not be maintained due to shortage of staff. The reply is not acceptable as the register in Form-2 contains vital information about the beneficiaries and as such it should have been maintained as required under the rules.

3.27.8 Conclusion and recommendations

The Department had not evolved an effective mechanism for ensuring sanctioning of pension to eligible persons in a timely manner. There were numerous deficiencies in the manual and biometric system for pension payments. Mechanism for reporting the death, person becoming ineligible for pension and sanction of pension from other scheme was not in existence which resulted in blocking of funds, funds lying undisbursed and disbursement of pension to ineligible persons.

The Government may consider fixing time frame for finalisation of pension/ allowance and devise adequate mechanism for reporting of vital information in respect of disbursement of pension, death/ pensioners becoming ineligible, etc. and to avoid sanctioning and disbursement of pension to ineligible persons.

¹⁶² Mandi and Una.

¹⁶³ Amb, Una, Joginder Nagar and Sarkaghat.

¹⁶⁴ Date of receipt of applications, name and date of birth of the applicant, BPL number, name of GP, date of resolution of the Gram Sabha of GP, date of submission of application to TWO, date of sanction and date of intimation to GP of the sanction, etc.

There was delay in disbursement of pension and verification of pension disbursed. Social Security Pension was not granted for newly created category of individuals of more than 80 years of age with no limit of income.

The Government may consider undertaking beneficiary identification and updation of records on a continuous basis.

Pension disbursement through biometric system in Una district was not working properly and MOU with SBI for this system expired in February 2015 which had not been extended as of June 2015. In Mandi district e-kalyan system for implementation of pension was not web-based and effective.

The Government may consider upgrading e-kalyan software used for implementation of Social Security Pension.

There was shortfall in inspections of disbursement of pension.

The Government may consider devising mechanism for adequate inspections and monitoring of disbursement of pension/allowance.

The audit findings were referred to the Government in July 2015. Reply had not been received (November 2015).

Technical Education, Vocational and Industrial Training Department

3.28 Unfruitful expenditure on construction of building for Industrial Training Institute (ITI)

Failure of the Department to ensure investigation and survey of soil strata before taking up construction of ITI resulted in unfruitful expenditure of ₹ 1.45 crore and blocking of ₹ 32 lakh for more than six years.

The State Government accorded (March 2001) administrative approval (A/A) of ₹ 73.31 lakh for construction of building of ITI at Rajgarh (Sirmaur district) which was revised to ₹ 1.60 crore in April 2006. The site for construction of building was, however, finalised by the Department in April 2005 after a delay of more than four years from the first A/A of the work. The Department released ₹ 1.77 crore between March 2005 and March 2009 to the Himachal Pradesh State Industrial Development Corporation (HPSIDC) for execution of work within a period of one year.

Scrutiny of records (August 2014) of the Principal, ITI, Rajgarh running in a rented accommodation since August 2002 showed that HPSIDC commenced (September 2006) execution of the building involving construction of administrative and workshops blocks without ensuring investigation and survey of soil strata as required in public works construction manual. As a result, after expending ₹ 42.55 lakh on construction of administrative block, the scope of work had to be altered due to heavy landslides (August 2007) in the construction area. However, the work was continued by providing protection wall to already constructed administrative block and re-revising estimates (July 2008) to ₹ 2.23 crore. As the further construction work was underway with total expenditure of ₹ 1.45 crore, the framed structure of the upper terrace of the workshop block collapsed (September 2008) due to steep slope¹⁶⁵ (>40-50°) of the site coupled with unscientific cutting and insufficient toe support. Thereafter the construction work of workshop block was lying in a suspended state and administrative block of ITI handed over to the Department in February 2010 was also not put to use as of July 2015. The matter was taken up (March 2014) with the Geological Survey of India (GSI) after lapse of more than five years from the incidence. The GSI reported (July 2014) that landslides

¹⁶⁵ Allowed slope of site as per regulations of State Town and Country Planning is upto 30°.

were due to construction activities undertaken at a stabilised slide zone with steep slopes which became destabilised due to unscientific construction activities. Evidently, execution of building of the ITI without proper investigation and survey of site had rendered the expenditure of ₹ 1.45 crore incurred on construction and protection work as unfruitful besides blocking of balance funds of ₹ 32 lakh with HPSIDC for more than six years and denial of desired benefits of the building to the intended beneficiaries.

While confirming the facts, the Director Technical Education, Vocational and Industrial Training stated (December 2014) that the testing and survey of site was not felt necessary as the site was already inhabited. The State Government stated (July 2015) that the building would be put into use after meeting out all the precautionary measures as proposed by the GSI. The reply is not acceptable as pre-requisite investigation and survey of soil strata should have been carried out prior to taking up construction work of building of ITI. Moreover, the GSI had also recommended (July 2014) for not carrying out any construction activity in the affected area rendering the expenditure of ₹ 1.45 crore made so far on the building as unfruitful.

Thus, failure of the Department to ensure investigation and survey of soil strata before taking up the construction of ITI building resulted in unfruitful expenditure of ₹ 1.45 crore and blocking of ₹ 32 lakh for more than six years. Besides, keeping ₹ 32 lakh outside Government account from October 2008 to March 2015 resulted in interest loss¹⁶⁶ of ₹ 20.57 lakh to the State exchequer.

Shimla
The 24 February 2016



(Ram Mohan Johri)
Principal Accountant General (Audit)
Himachal Pradesh

Countersigned

New Delhi
The 25 February 2016



(Shashi Kant Sharma)
Comptroller and Auditor General of India

¹⁶⁶ Calculated at average rate of interest on State Government borrowings.

Appendices

Appendix-1.1

(Refer paragraph 1.8; page 4)

Year-wise break up of outstanding Inspection Reports/ Paras upto March 2015 of selected Drawing and Disbursing Officers

(₹ in crore)

Period	Elementary Education Department			Technical Education Department			Total		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Upto March 2005	177	338	50.83	3	4	0.30	180	342	51.13
2005-06	20	34	7.24	0	0	0	20	34	7.24
2006-07	13	26	1.97	4	10	0.17	17	36	2.14
2007-08	23	46	31.39	1	1	4.96	24	47	36.35
2008-09	6	13	1.93	2	5	4.39	8	18	6.32
2009-10	3	3	0.10	5	5	9.44	8	8	9.54
2010-11	6	13	18.58	0	0	0	6	13	18.58
2011-12	13	35	48.50	0	0	0	13	35	48.50
2012-13	9	22	71.00	1	1	6	10	23	77.00
2013-14	20	83	74.12	7	14	10.87	27	97	84.99
2014-15	10	24	1.36	10	30	6.56	20	54	7.92
Total	300	637	307.02	33	70	42.69	333	707	349.71

Appendix-1.2

(Refer paragraph 1.8; page 4)

Statement showing irregularities commented upon in the outstanding Inspection Reports and Paragraphs as on 31 March 2015

(Amount ₹ in crore)

Sr. No.	Type of irregularities	Elementary Education Department		Technical Education Department		Total	
		Para	Amount	Para	Amount	Para	Amount
1.	Drawal of funds in advance of requirement	36	39.33	12	18.91	48	58.24
2.	Non-adjustment of contingent advances	28	1.09	1	0.06	29	1.15
3.	Excess/ irregular expenditure for want of sanctions	89	36.56	13	3.21	102	39.78
4.	Wasteful/ infructuous/ unfruitful expenditure	13	4.17	3	1.70	16	5.87
5.	Diversion of funds	3	9.53	0	0.00	3	9.53
6.	Overpayment, non-recovery of rent, advances/ miscellaneous recoveries	216	3.50	21	0.04	237	3.54
7.	Non-production of actual payees' receipts	23	35.53	1	0.01	24	35.53
8.	Outstanding loans	1	0.00	1	0.76	2	0.76
9.	Idle machinery/ equipment including vehicles	2	0.01	0	0.00	2	0.01
10.	Non-accounting/ shortage of stores/ cash, etc.	39	23.46	0	0.00	39	23.46
11.	Non-recoupment of expenditure	8	0.16	0	0.00	8	0.16
12.	Misappropriation of stores/ cash/ funds	34	6.20	1	0.01	35	6.21
13.	Incomplete/ abandoned works	10	49.45	3	9.56	13	59.01
14.	Loss/ theft embezzlement/ defalcation, etc.	24	16.61	4	4.97	28	21.58
15.	Non-production of UCs	11	59.48	0	0.00	11	59.48
16.	Non-disposal of unserviceable articles of stores	9	0.04	0	0.00	9	0.04
17.	Non-reconciliation with treasuries/ banks	26	0.82	1	0.00	27	0.82
18.	Non-utilisation of Grants-in-aid	6	0.68	3	3.42	9	4.10
19.	Non-deposit of interest in treasuries	11	1.09	2	0.01	13	1.10
20.	Miscellaneous irregularities	48	19.31	4	0.03	52	19.34
Total		637	307.02	70	42.69	707	349.71

Appendix-1.3

(Refer paragraph 1.10; page 5)

Statement showing performance of the autonomous bodies

Sr. No.	Name of the body	Period of entrustment	Year upto which Accounts were rendered	Delay in Submission of Accounts (in months)	Period upto which Separate Audit Report is issued	Date of placement of SAR in the Legislature
1.	HP State Legal Service Authority, Shimla	May 2009	2013-14	1½ months	2012-13	Yet to be placed
2.	District Legal Service Authority, Shimla	May 2009	2013-14	--	2012-13	Yet to be placed
3.	District Legal Service Authority, Rampur	May 2009	2013-14	3 months	2012-13	Yet to be placed
4.	District Legal Service Authority, Kangra	May 2009	2013-14	1½ months	2012-13	Yet to be placed
5.	District Legal Service Authority, Nahan	May 2009	2013-14	2 months	2012-13	Yet to be placed
6.	District Legal Service Authority, Hamirpur	May 2009	2013-14	2 months	2012-13	Yet to be placed
7.	District Legal Service Authority, Solan	May 2009	2013-14	1 months	2012-13	Yet to be placed
8.	District Legal Service Authority, Mandi	May 2009	2013-14	1½ months	2012-13	Yet to be placed
9.	District Legal Service Authority, Una	May 2009	2013-14	2 months	2012-13	Yet to be placed
10.	District Legal Service Authority, Chamba	May 2009	2013-14	½ month	2012-13	Yet to be placed
11.	District Legal Service Authority, Kullu	May 2009	2013-14	1 months	2012-13	Yet to be placed
12.	District Legal Service Authority, Bilaspur	May 2009	2013-14	--	2012-13	Yet to be placed
13.	HP Building and other Construction workers Welfare Board, Shimla	2009-10 onwards	2012-13	12 months	2012-13	Yet to be placed
14.	HP State Veterinary Council, Shimla	2005-06	2014-15	-	2014-15	Yet to be placed

Appendix-2.1

(Refer paragraph 2.1.3.4; page 11)

Details of amount of sale proceeds of agriculture inputs not deposited in treasury

(₹ in lakh)

Sr. No.	District	Amount outstanding for recovery from the departmental officers/ officials				Total
		Seeds	PPMs	Implements	Fertilisers	
1.	Bilaspur	0.08	0.24	1.17	0	1.49
2.	Chamba	16.93	2.11	3.26	9.95	32.25
3.	Kangra	1.43	1.91	3.37	0	6.71
4.	Kinnaur	6.67	10.90	1.05	0.47	19.09
5.	Kullu	1.00	0	0	0	1.00
6.	Mandi	4.62	3.15	3.47	0	11.24
7.	Shimla	0.31	0.30	0	0	0.61
8.	Sirmour	71.82	19.41	5.07	0	96.30
9.	Solan	35.93	3.60	3.35	0	42.88
10.	Una	45.57	15.51	37.29	0	98.37
Total		184.36	57.13	58.03	10.42	309.94

Source: Departmental figures.

Appendix-2.2

(Refer paragraph 2.1.3.5; page 12)

Details of State Disaster Response Funds received for agriculture inputs and utilised during 2010-15

(₹ in crore)

Year	Receipt		Allocation			Delay if any (in days)
	Date	Amount	Date	Amount	Purpose	
2010-11	05 June 2010	2.50	27 August 2010	2.00	Seeds and fertilisers	82
			15 September 2010	0.50	Seeds and fertilisers	101
	30 March 2011	1.97	24 May 2011	1.10	Agriculture. inputs	54
			07 July 2011	0.87	Agriculture. inputs	98
2011-12	22 February 2011	0.34	06 March 2012	0.30	Seeds	11
			23 March 2012	0.04	Fertiliser	28
2012-13	18 July 2012	2.00	09 November 2012	2.00	Fertiliser	113
2013-14	18 July 2013	11.39	03 September 2013	6.74	Seeds	46
			08 October 2013	0.91	Land protection works	81
			12 December 2013	0.04	Agriculture inputs	146
			22 December 2013	0.32	Land protection works	156
			24 December 2013	0.07	Land protection works	158
			04 February 2014	0.02	Land protection works	200
			21 February 2014	1.44	Land protection works	217
			10 March 2014	0.20	Agriculture inputs	234
			10 March 2014	0.08	Land protection works	234
			01 April 2014	0.68	Agriculture inputs	256
			10 June 2014	0.03	Land protection works	326
			05 March 2015	0.72	Land protection works	594
			22 April 2015	0.14	Land protection works	642
	25 July 2013	2.00	06 September 2013	1.30	Pesticides	42
22 December 2014			0.70	Implements	149	
2014-15	02 September 2014	1.00	14 October 2014	0.81	Seeds	41
			03 November 2014	0.11	Agriculture inputs	61
Total		21.20		21.12		

Source: Departmental figures.

Appendix-2.3

(Refer paragraph 2.1.4.2; page 14)

Details of targets and achievements of distribution of seeds, plant protection materials and implements in test-checked districts during 2010-15

District	Year	Seeds (MTs)			PPM (MTs)			Implements (numbers)		
		Target	Ach.	Var.	Target	Ach.	Var.	Target	Ach.	Var.
Kangra	2010-11	1863.00	2023.10	160.10	30.00	25.73	-4.27	13800	13580	-220
	2011-12	1873.00	1843.60	-29.40	25.50	27.50	2.00	14800	11788	-3012
	2012-13	1873.00	1923.36	50.36	20.30	34.83	14.53	14800	13006	-1794
	2013-14	1882.50	1872.78	-9.72	23.50	41.11	17.61	15200	13479	-1721
	2014-15	1905.50	2182.68	277.18	22.90	42.62	19.72	15200	10075	-5125
	Total		9397.00	9845.52	448.52	122.20	171.79	49.59	73800	61928
Solan	2010-11	780.00	857.08	77.08	12.00	16.29	4.29	6800	4440	-2360
	2011-12	784.00	358.23	-425.77	11.50	6.20	-5.30	7800	5235	-2565
	2012-13	795.00	626.03	-168.97	9.50	7.58	-1.92	7800	4992	-2808
	2013-14	844.90	754.20	-90.70	16.15	16.14	-0.01	7800	15184	7384
	2014-15	895.00	824.64	-70.36	14.60	14.09	-0.51	8200	24236	16036
	Total		4098.90	3420.18	-678.72	63.75	60.30	-3.45	38400	54087
Una	2010-11	731.00	1240.00	509.00	7.75	14.57	6.82	6200	1575	-4625
	2011-12	731.00	1190.00	459.00	7.75	11.35	3.60	7200	3332	-3868
	2012-13	733.00	1210.00	477.00	6.90	10.48	3.58	7200	2515	-4685
	2013-14	790.45	1265.00	474.55	7.50	7.31	-0.19	8000	7010	-990
	2014-15	846.50	1420.00	573.50	7.50	7.28	-0.22	8400	7040	-1360
	Total		3831.95	6325.00	2493.05	37.40	50.99	13.59	37000	21472
Grand Total		17327.85	19590.70	2262.85	223.35	283.08	59.73	149200	137487	-11713

Source: Departmental figures.

Appendix-2.4

(Refer paragraph 2.2.4; page 33)

Statement showing details of funds released by the Mission Director to the test-checked District Health Missions and expenditure incurred thereagainst during 2010-15

(₹ in crore)

District	Year	OB	Receipt	Interest accrued	Misc. income	Total availability of funds	Funds utilised during the year	Funds refunded to SHS	Closing balance
Chamba	2010-11	0.64	3.61	0.06	0.01	4.32	3.85	0	0.47 (11)
	2011-12	0.47	7.33	0.09	0	7.89	3.23	1.49 (19)	3.17 (40)
	2012-13	3.17	3.49	0.14	0	6.80	2.93	0	3.87 (57)
	2013-14	3.87	5.20	0.17	0	9.24	4.69	0	4.55 (49)
	2014-15	4.55	5.18	0.18	0	9.91	5.11	0.89 (09)	3.91 (39)
	Total			24.81	0.64	0.01	26.10	19.81	2.38 (09)
Kullu	2010-11	0.51	2.33	0.05	0	2.89	2.03	0.60 (21)	0.26 (09)
	2011-12	0.26	2.71	0.04	0	3.01	1.90	0.88 (29)	0.23 (08)
	2012-13	0.23	2.64	0.03	0	2.90	2.15	0	0.75 (26)
	2013-14	0.75	3.60	0.05	0	4.40	3.38	0	1.02 (23)
	2014-15	1.02	3.89	0	0	4.91	4.09	0.08 (02)	0.74 (15)
	Total			15.17	0.17	0	15.85	13.55	1.56
Solan	2010-11	1.30	3.10	0.07	0	4.47	3.23	1.03 (23)	0.21 (05)
	2011-12	0.21	3.37	0.03	0	3.61	2.50	0.70 (19)	0.41 (11)
	2012-13	0.41	4.26	0.03	0	4.70	3.77	0	0.93 (20)
	2013-14	0.93	5.40	0.05	0	6.38	5.22	0	1.16 (18)
	2014-15	1.16	5.36	0.04	0.05	6.61	5.64	0.05 (01)	0.92 (14)
	Total			21.49	0.22	0.05	23.06	20.36	1.78

Source: Figures supplied by the District Health Societies. Figures in parenthesis indicate percentage.

Appendix-2.5

(Refer paragraph 2.2.5.3; page 35)

Basic amenities not available in health institutions as of March 2015

(In numbers)

Particulars	State as a whole			Test-checked district			Test-checked units		
	CHCs	PHCs	HSCs	CHCs	PHCs	HSCs	CHCs	PHCs	HSCs
Total number of Health centres	78	500	2065	16	95	453	6	12	24
Labour room was not available	02	308	NR	0	0	NR	--	--	NR
Operation theatre was not available	03	319	NR	0	85	NR	--	--	NR
Laboratory was not available	0	290	NR	0	NA	NR	--	--	NR
At least 4 beds in PHC and 30 in CHC/ FRUs were not available	54	341	NR	0	NA	NR	--	-	NR
10 or more beds were not available	NA	494	NR	0	NA	NR	--	--	NR
New borne care corners/ units were not available	16	493	NR	08	NA	NR	-	-	NR
Blood storage facility was not available	NA	NA	NR	16	NA	NR	06	12	NR
Stabilisation units for new born was not available	50	NA	NR	02	NA	NR	02	12	NR
Where there was no regular water supply	0	28	362	--	--	--	--	--	--
Separate utility was not available	NA	NA	NA	11	NA	453	--	--	24
24x7 delivery service was not available	NA	NA	NR	4	NA	NR	--	12	NR
In patient service was not available	NA	NA	NR	4	NA	NR	--	09	NR
Ultrasound facility was not available	NA	NA	NR	14	NA	NR	--	12	NR
ECG facility was not available	NA	NA	NR	04	NA	NR	01	11	NR
Emergency obstetric care was not available	NA	NA	NR	14	NA	NR	01	10	NR
Emergency service (24 Hours) was not available	NA	NA	NR	09	NA	NR		11	NR
Family planning (Tubecotomy and vasectomy) facility was not available	NA	NA	NR	10	NA	NR	01	12	NR
Intra-natal examination of gynaecological conditions was not available	NA	NA	NR	15	NA	NR	03	12	NR
Paediatrics facility was not available	NA	NA	NR	15	NA	NR	04	10	NR
X-ray facility was not available	NA	NA	NR	08	NA	NR	04	12	NR
Emergency/ casualty room was not available	NA	NA	NR	--	55	NR	-	-	NR

Source: Data compiled by audit from information supplied by the SHS and test-checked units.

Note: NR: Not required and NA: Records not available.

Appendix-2.6

(Refer paragraph 2.2.7.1; page 40)

Statement showing the details of institutional deliveries in sampled districts during 2010-15

(In numbers)

Name of District	Year	Pregnant women registered	Institutional deliveries	Deliveries at home	Deliveries at accredited hospital/ clinics	Women provided three ANC's
Chamba	2010-11	10296	2040 (20)	4684 (45)	502 (05)	6851 (67)
	2011-12	10009	2674 (27)	4261 (43)	811 (08)	6574 (66)
	2012-13	10144	2568 (25)	4244 (42)	967 (10)	6849 (68)
	2013-14	9986	3238 (32)	4288 (43)	819 (08)	7899 (79)
	2014-15	10039	3430 (34)	3787 (38)	864 (09)	7434 (74)
	Total	50474	13950	21264	3963	35607
Kullu	2010-11	8898	3081(35)	3237 (36)	880 (10)	6848 (77)
	2011-12	8464	3580 (42)	2457 (29)	833 (10)	6373 (75)
	2012-13	8366	3696 (44)	2158 (26)	838 (10)	6005 (72)
	2013-14	7929	3471 (44)	1884 (24)	1084 (14)	6234 (79)
	2014-15	7618	3675 (48)	1750 (23)	1163 (15)	6371 (84)
	Total	41275	17503	11486	4798	31831
Solan	2010-11	11225	4045 (36)	2523 (22)	1766 (16)	6511 (58)
	2011-12	11482	4557 (40)	2112 (18)	2077 (18)	7134 (62)
	2012-13	11716	5122 (44)	1973 (17)	1824 (16)	7622 (65)
	2013-14	13144	5705 (43)	1740 (13)	1566 (12)	8963 (68)
	2014-15	12305	5173 (42)	1315 (11)	1629 (13)	10973 (89)
	Total	59872	24602	9663	8862	41203

Source: Figures supplied by the District Health Societies. Figures in parenthesis indicate percentage.

Appendix-2.7

**(Refer paragraph 2.2.7.6; page 42)
Statement showing the status of immunisation in the state as a whole
during 2010-15**

(In numbers)

Antigens	2010-11		2011-12		2012-13		2013-14		2014-15	
	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.	Target	Ach.
BCG		128046 (114)	116000	119455 (103)	115000	120481 (105)	114000	115335 (101)		108406 (94)
DPT		121582 (109)	116000	113040 (97)	115000	113566 (99)	114000	112212 (98)		108419 (94)
Hepatitis-B	112000	108124 (97)	116000	114156 (98)	115000	113122 (98)	114000	112167 (98)	115000	108413 (94)
Measles		116789 (104)	116000	112573 (97)	115000	110370 (96)	114000	108719 (95)		106932 (93)
OPV		121330 (108)	116000	113559 (98)	115000	113642 (99)	114000	112300 (99)		108515 (94)
DPT booster	116000	104530 (90)	114000	102070 (90)	116000	101970 (88)	117000	104336 (89)		104509 (89)
Polio booster	116000	104454 (90)	114000	102179 (90)	116000	101898 (88)	117000	104368 (89)	118000	104368 (88)
DPT (5-6 years)	138000	101885 (74)	113000	91364 (81)	115000	82180 (71)	116000	87685 (76)		91014 (78)
TT (10 years)	168000	110241 (66)	113000	102488 (91)	115000	99322 (86)	116000	102433 (88)	117000	101082 (86)
TT (16 years)	144000	104601 (73)	126000	115171 (91)	128000	116617 (91)	129000	123032 (95)	130000	115509 (89)
TT (Pregnant women)	130000	117241 (90)	133000	110876 (83)	132000	110185 (83)	131000	109283 (83)		110443 (84)
Iron Folic Acid tablets	130000	87663 (67)	133000	55448 (42)	132000	108125 (82)	131000	94819 (72)	132000	101329 (77)

Source: Figures supplied by the MD, NRHM. Figures in parenthesis indicate percentage.

Appendix-2.8

(Refer paragraph 2.2.7.6; page 42)

Statement showing the status of immunisation in test-checked districts during 2010-15

Name of District	Antigens	2010-11		2011-12		2012-13		2013-14		2014-15	
		Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement	Target	Achievement
Chamba	BCG	9353	9624 (103)	9223	8876 (96)	8705	9147 (105)	8856	8365 (94)	8916	8689 (97)
	DPT	9353	9274 (99)	9223	8548 (93)	8705	9448 (109)	8856	9044 (102)	8916	9088 (102)
	Hepatitis B	9353	8598 (92)	9223	8656 (94)	8705	9395 (108)	8856	9088 (103)	8916	9092 (102)
	Measles	9353	8703 (93)	9223	8503 (92)	8705	8546 (98)	8856	8538 (96)	8916	8432 (95)
	OPV	9353	9296 (99)	9223	8625 (94)	8705	9432 (108)	8856	9044 (102)	8916	9088 (102)
	DPT Booster	9613	7605 (79)	8833	7772 (88)	8729	8157 (93)	9135	8219 (90)	9156	8189 (89)
	Polio Booster	9613	7605 (79)	8833	7788 (88)	8729	8131 (93)	9135	8220 (90)	9156	8189 (89)
	DPT (5-6 years)	11431	9237 (81)	8833	6892 (78)	8705	6167 (71)	9025	7328 (81)	9081	7312 (81)
	TT (10 years)	13250	9103 (69)	8833	7966 (90)	8705	7215 (83)	9025	9114 (101)	9081	8881 (98)
	TT (16 years)	11431	7101 (62)	9872	6559 (66)	9689	7888 (81)	10065	9559 (95)	10087	8943 (89)
	TT (Pregnant women)	10132	8786 (87)	9310	8510 (91)	9993	8825 (88)	10168	9025 (89)	10238	9139 (89)
	Iron Folic Acid Tablet	10132	6997 (69)	9310	4806 (52)	9993	8420 (84)	10168	7263 (71)	10238	8609 (84)
	BCG	7040	8744 (124)	7282	8049 (111)	7337	7876 (107)	7274	6917 (95)	7375	6712 (91)
	DPT	7040	7864 (112)	7282	7411 (102)	7337	7331 (100)	7274	6873 (94)	7375	6663 (90)
Hepatitis B	7040	6375 (91)	7282	7498 (103)	7337	7190 (98)	7274	6880 (95)	7375	6664 (90)	
Measles	7040	7615 (108)	7282	7347 (101)	7337	7405 (101)	7274	6698 (92)	7375	6516 (88)	
OPV	7040	7832 (111)	7282	7412 (102)	7337	7363 (100)	7274	6873 (94)	7375	6883 (93)	
DPT Booster	7040	6796 (97)	7282	6858 (94)	7337	6676 (91)	7274	6412 (88)	7375	6461 (88)	
Polio Booster	7040	6799 (97)	7282	6851 (94)	7337	6613 (90)	7274	6412 (88)	7375	6461 (88)	
DPT (5-6 years)	8670	9009 (104)	7094	7144 (101)	7337	6991 (95)	7401	7268 (98)	7503	6876 (92)	
TT (10 years)	10550	9532 (90)	7094	7926 (112)	7337	8145 (111)	7401	8423 (114)	7503	7863 (105)	
TT (16 years)	9050	6996 (77)	7911	8024 (101)	8166	7892 (97)	8230	8696 (106)	8336	7602 (91)	
TT (Pregnant women)	8170	7691 (94)	8350	7781 (93)	8422	7506 (89)	8360	7115 (85)	8465	7050 (83)	
Iron Folic Acid Tablet	8170	7461 (91)	8350	4596 (55)	8422	6991 (83)	8360	6373 (76)	8465	6622 (78)	
BCG	9224	9948 (108)	9965	9914 (99)	10093	10839 (107)	10008	11012 (110)	9807	10407 (106)	
DPT	9224	9910 (107)	9965	10371 (104)	10093	10167 (101)	10008	10728 (107)	9807	10320 (105)	
Hepatitis B	9224	9653 (105)	9965	10472 (105)	10093	10167 (101)	10008	10728 (107)	9807	10320 (105)	
Measles	9224	10021 (109)	9965	10340 (104)	10093	10424 (103)	10008	10509 (105)	9807	10458 (107)	
OPV	9224	9920 (108)	9965	10447 (105)	10093	10167 (101)	10008	10509 (105)	9807	10320 (105)	
DPT Booster	9553	8560 (90)	9389	9177 (98)	9756	9556 (98)	9840	9881 (100)	10062	10146 (101)	
Polio Booster	9553	8560 (90)	9389	9177 (98)	9756	9556 (98)	9840	9881 (100)	10062	10146 (101)	
DPT (5-6 years)	11365	8057 (71)	9305	8558 (92)	9672	6549 (68)	9756	6977 (72)	9997	7857 (79)	
TT (10 years)	13836	8365 (60)	9305	9333 (100)	9672	7950 (82)	9756	8088 (83)	9997	8596 (86)	
TT (16 years)	11859	7295 (62)	10397	8208 (79)	10765	8685 (81)	10849	8299 (76)	11201	10305 (92)	
TT (Pregnant women)	10706	9909 (93)	10953	10062 (92)	11102	10108 (91)	11020	10881 (99)	11256	10633 (94)	
Iron Folic Acid Tablet	10706	6970 (65)	10953	3294 (30)	11102	9157 (82)	11020	9523 (86)	11256	11769 (105)	

Source: Figures supplied by the District Health Societies. Figures in parenthesis indicate percentage.

Appendix-2.9

(Refer paragraph 2.2.7.9; page 43)

Statement showing the details of cataract operations performed in Government hospitals and by private practitioners in test-checked districts during 2010-15

(In numbers)

District	Year	Target	Total cataract operations	Achievement of Cataract Operations in		
				Government sector	By NGOs	By private practitioners and others
Chamba	2010-11	2200	857	590 (69)	267 (31)	--
	2011-12	1400	1042	684 (66)	358 (34)	--
	2012-13	1400	672	521 (78)	151 (22)	--
	2013-14	1540	726	546 (75)	180 (25)	--
	2014-15	1540	613	459 (75)	154 (25)	--
	Total	8080	3910	2800	1110	--
Kullu	2010-11	2000	1669	215 (13)	1054 (63)	400 (24)
	2011-12	3200	1777	361 (20)	116 (07)	400 (23)
	2012-13	1600	1946	281 (14)	1165 (60)	500 (26)
	2013-14	1760	1836	424 (23)	960 (52)	400 (22)
	2014-15	1800	2088	500 (24)	1188 (57)	400 (19)
	Total	10360	9316	1781	4483	2100
Solan	2010-11	2700	2652	1070 (40)	942 (36)	640 (24)
	2011-12	3500	2654	959 (36)	940 (35)	755 (28)
	2012-13	1700	2078	801 (39)	678 (33)	599 (29)
	2013-14	1870	2286	840 (45)	738 (32)	708 (31)
	2014-15	1870	2197	862 (46)	697 (32)	638 (29)
	Total	11640	11867	4532	3995	3340

Source: Figures supplied by the District Health Societies. Figures in parenthesis indicate percentage.

Appendix-2.10

(Refer paragraph 2.4.4.1; page 78)
Details of delays in award of PMGSY works

(₹ in crore)

Sl No.	Name of Division	No of roads	Date (s) of sanction	Sanction cost	Date (s) of Award	Awarded amount	Delay (in days)
1.	Bajjnath	17	January 2006 and July 2014	24.31	December 2006 and January 2015	24.54	120 and 960
2.	Barsar	10	March 2004 to March 2012	5.41	September 2004 to December 2013	5.42	150 to 603
3.	Bharmour	6	May 2006 to March 2012	9.98	March 2007 to July 2012	11.72	100 to 1752
4.	Chamba	16	January 2006 to March 2012	20.85	September 2006 to July 2012	20.17	94 to 2220
5.	Dalhousie	19	March 2004 to April 2013	24.91	October 2006 to January 2014	22.70	90 to 1294
6.	Dehra	32	March 2004 to April 2013	36.97	May 2006 to November 2014	35.46	113 to 2640
7.	Dharamshala	11	May 2006 and April 2013	18.27	August 2007 and October 2013	17.64	120 and 990
8.	Fatehpur	13	December 2007 to March 2012	20.99	September 2008 to November 2014	17.83	249 to 870
9.	Hamirpur	10	February 2007 to March 2012	8.58	June 2007 to July 2013	9.00	81 to 1049
10.	Kalpa	7	January 2006 and December 2007	23.24	April 2006 and July 2008	21.88	81 and 341
11.	Kangra	16	January 2002 and July 2014	33.86	June 2002 and May 2015	32.69	83 and 555
12.	Karcham	7	January 2002 and December 2007	18.22	May 2002 and July 2010	17.97	85 and 939
13.	Kaza	6	December 2007 and April 2013	19.45	March 2009 and July 2014	23.63	180 and 960
14.	Jaisinghpur	19	February 2007 and April 2013	13.18	February 2009 and May 2014	12.57	180 and 930
15.	Jawali	10	March 2004 to March 2012	9.92	September 2008 to May 2013	9.31	155 to 2589
16.	Nurpur	16	December 2007 to April 2013	20.47	February 2009 to August 2014	17.87	134 to 497
17.	Palampur	17	May 2006 and April 2013	12.02	September 2006 and October 2013	11.71	120 and 510
18.	Salooni	12	December 2007 and July 2014	21.16	May 2009 and March 2015	24.84	105 and 1188
19.	Tauni Devi	5	February 2007 to October 2009	12.00	January 2010 to May 2011	10.51	463 to 1066
20.	Udaipur	3	March 2004 to February 2007	4.49	October 2005 to August 2007	4.41	189 to 539
Total		252		358.28		351.87	

Source: Departmental figures.

Appendix-2.11

(Refer paragraph 2.4.6.1; page 89)

Details of renewal of PMGSY roads carried out during defect liability period through other contractors during 2010-15

Sl. No.	Division	No of roads	Month (s) of completion	Last month (s) of defect liability period	Periodical renewal	(₹ in lakh)
						Expenditure incurred
1.	Barsar	1	October 2008	September 2013	2012-13	30.17
2.	Dalhousie	1	October 2008	September 2013	2012-13	26.04
3.	Dehra	1	December 2007	November 2012	2011-12	21.69
4.	Fatehpur	1	March 2010	February 2015	2013-14	38.65
5.	Jawali	9	November 2005 to June 2011	October 2010 to May 2016	2010-14	97.57
6.	Palampur	2	December 2008 to April 2009	November 2013 to March 2014	2013-14	51.07
7.	Tauni Devi	2	July 2009 to February 2010	June 2014 to February 2015	2014-15	122.07
8.	Udaipur	2	October 2010 to September 2010	September 2014 to August 2015	2013-15	59.90
Total		19				447.16

Source: Departmental figures.

Appendix-3.1

(Refer paragraph 3.7.3.2; page 121)

Statement showing details of incomplete flow irrigation schemes under Accelerated Irrigation Benefit Programme (AIBP) reported as complete during 2012-13 and 2013-14

(Cost/ expenditure: ₹ in crore and CCA in hectare)

Name of Scheme	Year of approval by GOI	Sanctioned cost	Expenditure reported	Expenditure incurred after submission of Project Completion Report	Month/ year of reporting completion	Estimated CCA	CCA shown as Created
Rainki Kuhl	July 2011	1.03	1.01	0.58	April 2013	175.50	175.50
Taras Kuhl	June 2011	0.63	0.48	0.01	May 2013	95.85	95.85
Dhanag Kuhl	July 2011	0.73	0.43	0.24	April 2013	121.50	121.50
FIS Uttrala Kuhl	June 2011`	0.30	0.10	0.23	May 2013	45.00	45.00
Jaduhl Kuhl	July 2011	1.58	1.58	0.72	February 2013	246.00	246.00
LB Kuhl Ustaher Nagehar	June 2011	3.23	2.63	0.97	August 2013	532.73	532.73
C/o FIS Chaloti Kuhl	August 2011	0.09	0.12	0.04	February 2013	18.00	18.00
Charanamati Kuhl	June 2011	4.15	4.77	0.60	September 2013	787.50	787.50
Takruhl Kuhl	July 2011	1.41	1.17	0.72	September 2013	210.00	210.00
Bhadruhl Kuhl	January 2010	1.46	0.64	0	January 2013	231.00	231.00
Pernuhl Kuhl	February 2009	1.34	0.80	0.04	May 2013	300.00	300.00
Nai Di Kuhl	February 2011	1.83	0.87	0.57	September 2013	207.00	207.00
Bhatoo Kuhl	March 2012	0.20	0.12	0	February 2013	23.21	23.21
Solly Kuhl	March 2012	0.97	1.02	0.26	May 2013	151.50	151.50
Total		18.95	15.74	4.98		3144.79	3144.79

Appendix-3.2

(Refer paragraph 3.15; page 139)

Statement showing the details of excess Employers Provident Fund contribution towards its employees by the Himachal Pradesh Energy Development Agency and Himachal Pradesh Scheduled Castes, Scheduled Tribes Development Corporation

(₹ in lakh)

Sr. No.	Name of establishment	Year	Number of employees	Employers' share contributed	Employers' share to be contributed at the rate of ₹ 9360 (₹ 6500 x 12/100 x 12 months) per employee	Excess contribution
1.	Himachal Pradesh Energy Development Agency	2009-10	113	21.06	10.58	10.48
		2010-11	108	23.48	10.11	13.37
		2011-12	108	28.15	10.11	18.04
		2012-13	105	31.00	9.83	21.17
		2013-14	99	37.70	9.27	28.43
Total				141.39	49.90	91.49
2.	Himachal Pradesh Schedule Castes and Schedule Tribes Development Corporation	2009-10	122	34.04	11.42	22.62
		2010-11	120	48.77	11.23	37.54
		2011-12	115	46.67	10.76	35.91
		2012-13	110	48.80	10.30	38.50
		2013-14	99	48.90	9.27	39.63
Total				227.18	52.98	174.20
Grand Total				368.57	102.88	265.69

Appendix-3.3

(Refer paragraph 3.27.1; page 162)

Scheme/ category-wise eligibility criteria/ rate of pension under different Social Security Pension Schemes being implemented in the State

Sr. No.	Social Pension Sector	Category of pension	Rate of pension	Eligibility criteria
1.	State Pension Schemes (100 per cent)	Old age Pension Scheme	₹ 550/- per month (60 yrs to 79 yrs)	Age 60 years and above. Family income should not exceed ₹ 35000/- per annum.
			₹ 1000/- per month (80 yrs and above)	No income criteria for 80 years and above.
		Disability Relief Allowance	₹ 550/- per month (Persons with 40 to 69 per cent disability)	Disability 40 per cent to 69 per cent. Family income should not exceed 35000/- per annum.
			₹ 750/- per month (Persons with 70 per cent and above disability)	For disability 70 per cent or above there is no income criterion.
		Widow Pension scheme	₹ 550/- p.m.	Family income should not exceed 35000/- per annum.
		Rehabilitation Allowance to lepers	₹ 550/- p.m.	Patients of Leprosy under treatment with Health and Family Welfare Department. Should not be employees of Govt./Semi Govt./Boards/Corporations, etc.
2.	Central plus State Pension schemes	National Social Assistance Programme (NSAP)		
		Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	₹ 550/- per month (60 to 79 years). (Central Share: ₹ 200/- + State Share: ₹ 350/-)	Age 60 years and above. Applicant should be a member of BPL family.
			₹ 1000/- per month (80 years and above) (Central Share: ₹ 500/- + State Share: ₹ 500/-)	
		Indira Gandhi National Widow Pension Scheme (IGNWPS)	₹ 550/- per month (40 to 79 years) (Central Share: ₹ 300/- + State Share: ₹ 250/-)	Age 40-79 years. Applicant should be a member of BPL family.
Indira Gandhi National Disabled pension Scheme (IGNDPS)	₹ 750/- (18 years to 79 years) (Central Share: 300/- + State Share: 450/-)	Applicant should be a member of BPL family. Disability 80 per cent or above.		

Glossary of Abbreviations

Abbreviation	Expanded form
A/A	Administrative Approval
AAP	Annual Action Plan
AAY	Antyodaya Anna Yojana
ACS	Additional Chief Secretary
ADO	Agriculture Development Officer
AEO	Agriculture Extension Officer
AEs	Assistant Engineers
AGM	Annual General Meeting
AIBP	Accelerated Irrigation Benefit Programme
AIDS	Acquired Immune Deficiency Syndrome
ANCs	Antenatal check-ups
ARs	Administrative Reforms
ASHA	Accredited Social Health Activists
ATNs	Action Taken Notes
ATRs	Action Taken Reports
AWP	Annual Work Plan
BC	Business Correspondent
BDs	Bank Drafts
BDO	Block Development Officer
BEEEO	Block Elementary Education Officer
BHAPs	Block Health Action Plans
BRGF	Backward Region Grant Fund
BSNL	Bharat Sanchar Nigam Limited
CA	Chartered Accountants
CAN	Calcium Ammonium Nitrate
CBF	Cattle Breeding Farm
CCA	Cultivable Command Area
CCL	Cash Credit Limit
CD	Cross Drainage
CE	Chief Engineer
CEA	Central Electricity Authority
CEO	Chief Executive Officer
CFA	Central Financial Assistance
CHCs	Community Health Centres
CMC	Comprehensive Maintenance Contract
CMO	Chief Medical Officer
CMP	Clean Milk Production
CN	Calcium Nitrate
CNCPL	Comprehensive New Connectivity Priority List
CRRID	Centre for Rural Research and Integrated Development
CSKHPKV	Chaudhary Sarwan Kumar Himachal Pradesh Krishi Vishwa Vidyalaya
CSP	Customer Service Provider
CUPL	Comprehensive Upgradation Priority List
DAO	District Agriculture Officer
DC	District Collector/ Deputy Commissioner
DDA	Deputy Director of Agriculture

DDEE	Deputy Director of Elementary Education
DDOs	Drawing and Disbursing Officers
DEE	Director of Elementary Education
DGROs	District Grievance Redressal Officers
DHE	Director of Higher Education
DHAPs	District Health Action Plans
DHM	District Health Mission
DHS	District Health Society
DI	Ductile Iron
DP	District Plan
DPC	District Planning Committee
DPIUs	District Programme Implementation Units
DPO	District Project Officer
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DRRP	District Rural Road Plan
DVP	District Vision Plan
DWO	District Welfare Officer
E/S	Expenditure Sanction
E-in-C	Engineer-in-Chief
EB	Executive Body
EC	Estimated Cost
ECG	Electro Cardiogram
EEs	Executive Engineers
EMDs	Earnest Money Deposits
EPF	Employees Provident Fund
FAQ	Fair Average Quality
FCA	Forest Conservation Act, 1980
FCI	Food Corporation of India
FCSCA	Food, Civil Supplies and Consumer Affairs
FDRs	Fixed Deposit Receipts
FIS	Flow Irrigation Scheme
FPS	Fair Price Shop
GDR	Gross Dropout Rate
GER	Gross Enrolment Ratio
GHS	Government High School
GI	Galvanised Iron
GIA	Grant-in-aid
GNVFC	Gujarat Narmada Valley Fertilisers and Chemicals
GPI	Gender Parity Index
GPs	Gram Panchayats
GPS	Government Primary School
GSI	Geological Survey of India
GSSS	Government Senior Secondary School
HIMFED	Himachal Pradesh State Co-operative Marketing and Consumers Federation Limited
HIMUDA	Himachal Pradesh Urban Development Authority
HIMURJA	Himachal Pradesh Energy Development Agency
HLPC	High Level Purchase Committee
HPAICL	Himachal Pradesh Agro Industries Corporation Limited

HPC	High Power Committee
HSCs	Health Sub-Centres
HPFRs	Himachal Pradesh Financial Rules, 2009
HPGSDA	Himachal Pradesh Gram Sadak Development Agency
HPLDB	Himachal Pradesh Live Stock Development Board
HPMC	Himachal Pradesh Municipal Corporation
HPPWD	Himachal Pradesh Public Works Department
HPSCB	Himachal Pradesh State Co-operative Bank
HPSCSCL	Himachal Pradesh State Civil Supplies Corporation Limited
HPSCSTDC	Himachal Pradesh Scheduled Castes and Scheduled Tribes Development Corporation
HPSEBL	Himachal Pradesh State Electricity Board Limited
HPSEB	Himachal Pradesh School Education Board
HPSIDC	Himachal Pradesh State Industrial Development Corporation
HPTRs	Himachal Pradesh Treasury Rules, 2007
IAs	Implementation Agreements
ICT	Information and Communication Technology
IDDP	Intensive Dairy Development Programme
IEDSS	Inclusive Education of the Disabled at Secondary Stage
IFA	Iron Folic Acid
IFFCO	Indian Farmers Fertilisers Co-operative Limited
IGMC	Indira Gandhi Medical College
IMR	Infant Mortality Rate
IPH	Irrigation and Public Health
IPHS	Indian Public Health Standards
IPP	Independent Power Producers
IRs	Inspection Reports
ISDN	Integrated Services Digital Network
ITD	Income Tax Department
ITI	Industrial Training Institute
ITES	Information Technology Enabled Services
JNNSM	Jawahar Lal Nehru National Solar Mission
LADF	Local Area Development Fund
LED	Light Emitting Diode
LHVs	Lady Health Visitors
LIS	Lift Irrigation Scheme
LOC	Letter of Credit
LPG	Liquified Petroleum Gas
LPS	The Lahaul Potato Growers Co-operative Marketing-cum-Processing Society Limited
LT	Lab Technician
MCCs	Milk Chilling Centres
MD	Managing Director
MFMP	Manual of Financial Management and Procurement
MILKFED	Himachal Pradesh Co-operative Milk Producers' Federation Limited
MIS	Management Information System
MPPs	Milk Processing Plants
MMR	Maternal Mortality Rate
MMU	Mobile Medical Units
MNRE	Ministry of New and Renewable Energy
MO	Medical Officer

MORTH	Ministry of Road Transport and Highways
MOU	Memorandum of Understanding
MOP	Muriate of Potash
MP	Member of Parliament
MPLADS	Member of Parliament Local Area Development Scheme
MPP	Multipurpose Projects and Power
MPR	Monthly Progress Report
MSP	Minimum Support Price
MSTLs	Mobile Soil Testing Laboratories
MTs	Metric Tonnes
MU	Million Unit
MW	Mega Watt
NABARD	National Bank for Agriculture and Rural Development
NDCP	National Disease Control Programme
NDRF	National Disaster Response Fund
NGOs	Non-Government Organisations
NH	National Highways
NMSASHM	National Mission for Sustainable Agriculture Soil Health Management
NOC	No Objection Certificate
NRRDA	National Rural Road Development Agency
NSSO	National Sample Survey Organisation
NPK	Nitrogen, Phosphorus and Potassium
NQM	National Quality Monitors
NRHM	National Rural Health Mission
OBC	Other Backward Classes
OMMAS	Online Management, Monitoring and Accounting System
PAB	Project Approval Board
PHCs	Primary Health Centres
PIP	Programme Implementation Plan
PIUs	Programme Implementation Units
PLA	Personal Ledger Account
PMGSY	Pradhan Mantri Gram Sadak Yojana
PO	Project Officer
PP	Perspective Plan
PPMs	Plant Protection Materials
PPSWOR	Probability Proportionate to Size Without Replacement
PRIs	Panchayati Raj Institutions
PS	Panchayat Samiti
PSC	Pre-Stressed Concrete
PTR	Pupil Teacher Ratio
PWD	Public Works Department
QMS	Quality Monitoring System
RCC	Reinforced Cement Concrete
RE	Renewable Energy
RFC	Road Fitness Committee
RGAY	Rajiv Gandhi Anna Yojana
RIDF	Rural Infrastructure Development Fund
RKVY	Rashtriya Krishi Vikas Yojana
RMSA	Rashtriya Madhyamic Shiksha Abhiyan

RMT	Running Metres
ROB	Railway Over Bridge
SBD	Standard Bidding Document
SBI	State Bank of India
SC	Schedule Castes
SCSP	Scheduled Caste Sub-Plan
SD	Security Deposit
SDRF	State Disaster Response Fund
SDP	Service Delivery Point
SE	Superintending Engineer
SFC	State Food Commission
SHFWS	State Health and Family Welfare Society
SHM	State Health Mission
SHP	Small Hydro Power
SHS	State Health Society
SIS	State Implementation Society
SJE	Social Justice and Empowerment
SLMC	State Level Monitoring Committee
SLSC	State Level Standing Committee
SMC	School Management Committee
SMSs	Subject Matter Specialists
SNCUs	Sick New Born Care Units
SPD	State Project Director
SPO	State Programme Officer
SQM	State Quality Monitor
SRRDA	State Rural Road Development Agency
SRSWOR	Simple Random Sampling Without Replacement
SSA	Sarva Shiksha Abhiyan
SS	Staff Sanctioned
SSP	Social Security Pension
ST	Schedule Tribes
TC	Technical Committee
TDS	Tax Deducted at Source
TFR	Total Fertility Rate
ThFC	Thirteenth Finance Commission
TPDS	Targeted Public Distribution System
TT	Tetanus Toxoid
TWO	Tehsil Welfare Officer
UC	Utilisation Certificate
ULB	Urban Local Bodies
UPS	Upper Primary School
VC	Vigilance Committee
VDCS	Village Dairy Co-operative Society
VDP	Village Development Plan
VHSC	Village Health and Sanitation Committee
VKVNY	Vidhayak Kshetra Vikas Nidhi Yojana
VTS	Vehicle Tracking System
WBM	Water Board Macadam
ZP	Zila Parishad