



**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 2014**



Government of Himachal Pradesh
Report No. 3 of the year 2014

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PREFACE

This Report for the year ended 31 March 2014 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).

The instances mentioned in this Report are those, which came to notice in the course of test audit done during the year 2013-14 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 2013-14 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 Sarva Shiksha Abhiyan, Working of Industries Department, Implementation of National Rural Drinking Water Programme and Working of Municipal Corporation, Shimla and 23 paragraphs involving ₹ 2049.77 crore relating to excess/ unfruitful/ avoidable/ unproductive expenditure, undue favour to contractors, blocking of funds, idle investment, diversion of funds, etc. Some of the major findings are mentioned below:

The total expenditure of the State increased from ₹ 13164 crore to ₹ 19739 crore during 2009-14, the revenue expenditure of the State Government increased by 56 *per cent* from ₹ 11151 crore in 2009-10 to ₹ 17352 crore in 2013-14 while capital expenditure decreased by four *per cent* from ₹ 1943 crore to ₹ 1856 crore during the period 2009-14.

PERFORMANCE AUDIT

Major findings of **Sarva Shiksha Abhiyan** are given below:

- Participation of community and grass root level functionaries for preparation of district level Annual Work Plan was not ensured.
(Paragraph 2.1.7.1)
- 454 primary and upper primary schools (Rural area: 429 and Urban area: 25) in the State did not have their own buildings.
(Paragraph 2.1.10.2)
- Out of 78950 civil works costing ₹ 467.52 crore sanctioned upto 2012-13, 5696 works worth ₹ 44.48 crore remained incomplete as of June 2014. Work wise details of amount sanctioned, expenditure incurred, date of completion etc. were not maintained.
(Paragraph 2.1.11.1)
- There was only one teacher against the minimum requirement of two teachers in primary schools ranging between 877 and 1252 during 2009-14. Similarly upper primary schools ranging between 50 and 113 had one teacher against the norms of minimum three teachers during the above period.
(Paragraph 2.1.12)
- Local authority for grievance redressal of children and implementation of RTE Act was not designated/ constituted as of August 2014. Administrative mechanism for expression of right under RTE Act, 2009 had also not been put in place by the State Government as of August 2014.
(Paragraph 2.1.17)

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

- Department had not conducted any survey for assessing the industrial potential including availability of human resources, raw materials, marketing avenues, etc.
(Paragraph 2.2.6.1)

- There was no mechanism in place to monitor the turnover, value of output, profitability, extent and quality of employment generation, etc. to see whether these were commensurate with the burden of tax concessions and subsidies on the public exchequer.
(Paragraphs 2.2.6.2 and 2.2.6.3)
- Revenue receipts of ₹ 40.53 crore on account of lease money were irregularly diverted towards the corpus fund of Industrial Area Development Authority, Baddi instead of depositing the same in Government account and ₹ 14.03 crore were irregularly utilized towards departmental expenditure.
(Paragraph 2.2.7.5)
- Due to non-execution/ completion of 151 works relating to infrastructural development of industrial areas/ industrial estates, ₹ 62.46 crore remained blocked with executing agencies for 12 to 60 months.
(Paragraphs 2.2.8.6 and 2.2.9.2(ii))
- Non-utilisation of industrial plots and other infrastructure facilities in the industrial areas rendered the expenditure of ₹ 21.02 crore largely unfruitful.
(Paragraphs 2.2.8.2 and 2.2.9.2(i))
- Prescribed internal control mechanism for effective implementation of various schemes and activities of the Department was weak.
(Paragraph 2.2.13)

Major findings of **Implementation of National Rural Drinking Water Programme** are given below:

- Comprehensive water security plans taking inputs from Village and District Water Security Plans comprising demographic, physical features, water sources, available drinking water infrastructure, etc. were not formulated.
(Paragraph 2.3.6.1)
- Non-utilisation and diversion of GOI funds ranging between ₹ 11.50 crore and ₹ 82.17 crore during 2009-14 resulted in short release of ₹ 87.42 crore against the approved allocations from the GOI.
(Paragraphs 2.3.8.2 and 2.3.8.4)
- Non-transfer of functions of operation and maintenance of water supply schemes to the Gram Panchayats/ Village Water and Sanitation Committees deprived the State of the incentive of ₹ 59.27 crore from GOI during 2009-14.
(Paragraph 2.3.8.7)
- The target of coverage of all rural habitations with availability of adequate safe drinking water by the year 2012 had not been achieved in the State as of March 2014.
(Paragraph 2.3.9.1)
- Of 509 rural water supply schemes stipulated to be completed during 2009-14, 197 schemes on which ₹ 88.46 crore had been spent were lying incomplete as of August 2014.
(Paragraph 2.3.9.2)
- During 2009-14, only 14 laboratories have been set up as against the target of 48 water quality testing laboratories and as against the required number of 21.02 lakh chemical and bacteriological contamination tests, a target of only 1.66 lakh tests was fixed against which 0.72 lakh tests were conducted.
(Paragraphs 2.3.11.1 and 2.3.11.2)

- Internal control mechanism was weak. Monitoring and investigation unit for review of periodical progress reports of schemes, conducting of social audit by community based organisations, etc. were not put in place during 2009-14.

(Paragraphs 2.3.12.2 and 2.3.12.3)

Major findings of **Working of Municipal Corporation, Shimla** are given below:

- The Corporation had not constituted Ward Sabhas and Ward Committees to ensure participation of public in preparation of plan. Annual Action Plans and Development Plans were also not prepared during 2009-14.

(Paragraphs 2.4.6.2 and 2.4.6.3)

- Against total availability of funds of ₹ 271.38 crore during 2009-14, MC incurred an expenditure of ₹ 242.53 crore resulting in savings of ₹ 28.85 crore.

(Paragraph 2.4.7.1)

- There was a gap of ₹ 55.24 crore between cost and recovery charges of water distributed by the MC and outstanding liabilities of ₹ 161.74 crore on account of water supplied by the IPH Department. Arrears of ₹ 8.84 crore were due for recovery on account of rent, rates and taxes on land, buildings, mobile towers and parking lots as of March 2014.

(Paragraphs 2.4.9.2, 2.4.14.1, 2.4.14.3 to 2.4.14.5)

- Despite spending ₹ 74 crore for installation of six STPs (installed capacity 35.63 MLD) the actual utilisation was 4.8 MLD (13 *per cent*), resulting in untreated sewage remaining untapped and left in open.

(Paragraph 2.4.10.1)

- The system of preventing and detecting unauthorised construction was not adequate. Even the cases detected were not acted upon (73 *per cent* pending) as per rules.

(Paragraph 2.4.14.2)

- Out of 636 dwelling units sanctioned for ₹ 24 crore under JNNURM, only 40 units have been completed, 136 were in progress and work for remaining 460 units was not started due to non-availability of land.

(Paragraph 2.4.17.1)

- Periodical system for monitoring and inspections of projects/ schemes, etc., had not been put in place in accordance with the HPMC Act, 1994 as of July 2014.

(Paragraph 2.4.18.1)

COMPLIANCE AUDIT

Implementation of Intensification of Forest Management Scheme

Non-utilisation of ₹ 1.74 crore and non-submission of utilisation certificates of ₹ 1.02 crore deprived the State of Central funds of ₹ 3.27 crore during 2011-14. Shortfall in achievement of targets under fire control activities during above period ranged between 10 and 33 *per cent*. Construction of three buildings (sanctioned cost ₹ 0.43 crore) taken up for execution between February 2011 and November 2012 was lying incomplete even after incurring an expenditure ₹ 0.36 crore.

(Paragraph 3.3)

Unfruitful expenditure on construction of hostels and residential accommodation

Construction of hostels and residential quarters at unsuitable places, without assessing the requirements resulted in their under/ non-utilisation and rendered the expenditure of ₹ 1.72 crore as largely unfruitful.

(Paragraph 3.7)

Excess payment to Hospital Services Consultancy Corporation and loss of interest on funds kept outside government accounts

Failure of Medical Education and Research Department in releasing funds to consultancy agency without verifying the actual expenditure on construction of hospital resulted in excess payment of ₹ 1.56 crore and non-observance of financial rules led to parking of ₹ one crore outside Government account besides interest loss of ₹ 51.60 lakh.

(Paragraph 3.11)

Implementation of Backward Area Sub-Plan

Funds ranging between ₹ 0.24 crore and ₹ 1.23 crore were withdrawn from treasury by the Deputy Commissioners (DCs) of the test-checked districts during 2010-14 in advance of actual requirement and kept in banks in contravention of the scheme guidelines. 592 works for ₹ 10.31 crore were sanctioned under roads and bridges sectors without obtaining prior technical approval during 2011-14. 168 works sanctioned (2008-14) for ₹ 3.95 crore were not taken up as of July 2014 by 11 executing agencies entailing a delay of four to 72 months.

(Paragraph 3.12)

Undue financial benefit to a firm

Failure to ensure compliance of contractual provisions by the Public Works Department led to extension of undue financial benefits of ₹ 8.01 crore to a firm besides rendering the expenditure of ₹ 12.66 crore largely unfruitful.

(Paragraph 3.13)

Unproductive expenditure on construction of road and bridge

Failure of the Public Works Department to ensure timely completion of construction of road and bridge work resulted in unproductive expenditure of ₹ 1.46 crore.

(Paragraph 3.18)

Execution of schemes under Tribal Area Sub Plan

552 works were sanctioned for ₹ 13.35 crore during 2011-14 by the Project Officers of the two Integrated Tribal Developmental Projects without obtaining prior technical sanctions. Contrary to the schemes guidelines, 124 inadmissible works were also sanctioned for ₹ 2.15 crore during above period. Due to non-completion of bridge works the expenditure of ₹ 10.21 crore on construction of three bridges and two link roads remained unfruitful.

(Paragraph 3.21)

Implementation of Schemes for Welfare and Protection of Girl Child

Under Kishori Shakti Yojana and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls 40 to 49 *per cent* identified girls (11-18 years of age) remained uncovered during 2011-14. Out of 98,776 beneficiaries identified in the Beti Hai Anmol Yojna, 77,213 were covered and thus 21,563 deprived of the intended benefits during above period. The Balika Ashrams constructed under the scheme Mukhya Mantri Bal Udhhar Yojana were understaffed and lacked basic infrastructure facilities.

(Paragraph 3.23)

Chapter-I

Introduction

CHAPTER-I INTRODUCTION

1.1 Budget profile

There are 53 departments and 62 autonomous bodies in the State. The position of budget estimates and actuals there against by the State Government during 2009-14 is as under:

Table-1.1
Budget and expenditure of the state government during 2009-14

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14	
	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals	Budget Estimates	Actuals
Revenue expenditure										
General services	4582	4377	5340	5279	5971	5690	6651	6618	7196	7046
Social services	4086	3902	4929	4979	5669	5147	6635	6131	7117	6706
Economic services	2994	2868	3393	3682	3819	3049	4517	3418	4873	3591
Grants-in-aid and contributions	4	4	6	6	12	12	7	7	3	9
Total (1)	11666	11151	13668	13946	15471	13898	17810	16174	19189	17352
Capital expenditure										
Capital Outlay	2160	1943	1814	1789	1899	1810	2059	1955	2104	1856
Loans and advances disbursed	51	70	225	227	390	493	379	469	342	531
Repayment of Public Debt	920	867	879	870	1099	1128	1930	2117	1714	1704
Contingency Fund	---	---	---	---	---	---	---	---	---	---
Public Accounts disbursements	1987	6421	1987	7162	1987	8526	2288	8285	2828	9227
Closing Cash balance	---	281	---	635	---	569	---	(-) 295	---	(-) 887
Total (2)	5118	9582	4905	10683	5375	12526	6656	12531	6988	12431
Grand Total (1+2)	16784	20733	18573	24629	20846	26424	24466	28705	26177	29783

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 ₹ 13164 crore to ₹ 19739 crore during 2009-14, the revenue expenditure of the State Government increased by 56 *per cent* from ₹ 11151 crore in 2009-10 to ₹ 17352 crore in 2013-14. Non-Plan revenue expenditure increased by 51 *per cent* from ₹ 9913 crore to ₹ 14965 crore and capital expenditure decreased by four *per cent* from ₹ 1943 crore to ₹ 1856 crore during the period 2009-14.

The revenue expenditure constituted 85 to 88 *per cent* of the total expenditure during the years 2009-14 and capital expenditure 9 to 15 *per cent*. During this period, total expenditure increased at an annual average rate of 11 *per cent*, whereas revenue receipts grew at an annual average growth rate of 11 *per cent* during 2009-14.

1.3 Persistent savings

In four cases, there were persistent savings of more than ₹ one crore in each during the last five years as per the details given in **Table-1.2**.

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

Table-1.2
List of grants with persistent savings during 2009-14

(₹ in crore)

Sr. No.	Grant number and name	Amount of Savings				
		2009-10	2010-11	2011-12	2012-13	2013-14
Revenue-Voted						
1.	03-Administration of Justice	2.84	16.51	15.96	14.78	16.71
2.	15-Planning and Backward Area Sub-Plan	9.99	7.78	9.43	6.89	13.44
3.	20-Rural Development	2.06	4.06	75.07	72.69	60.04
Capital-Voted						
4.	29-Finance	4.18	1.84	1.67	5.07	4.52

Source: Appropriation Accounts

A significant portion of savings under Grant No. 20-Rural Development had occurred under Mahatma Gandhi National Rural Employment Guarantee Scheme during 2011-12 (₹ 57.86 crore), 2012-13 (₹ 18.16 crore) and 2013-14 (₹ 17.81 crore). This indicated inadequate financial control.

1.4 Funds transferred directly to the State implementing agencies

During 2013-14, GOI directly transferred ₹ 1671 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).

1.5 Grants-in-aid from Government of India

The Grants-in-aid received from the GOI during the years 2009-10 to 2013-14 have been given in **Table-1.3**.

Table-1.3
Grants-in-aid from GOI

(₹ in crore)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Non-Plan Grants	2052	2634	2647	2526	2025
Grants for State Plan Schemes	2731	2680	3342	4179	3765
Grants for Central Plan Schemes	5	1	27	28	17
Grants for Centrally Sponsored Schemes	339	343	505	580	507
Total	5127	5658	6521	7313	6314
Percentage of increase over previous year	14.65	10.36	15.25	12.15	(-) 13.66
Percentage of Revenue Receipts	50	45	45	47	40

Total grants-in-aid from GOI increased from ₹ 5127 crore to ₹ 7313 crore during the period 2009-13, but it decreased by ₹ 999 crore to ₹ 6314 crore during the year 2013-14. Its percentage to revenue receipts ranged between 40 and 50 *per cent* during the period 2009-14.

1.6 Blocking of funds

Funds received by the Executive Engineers from various departments/ agencies for execution of works on their behalf are temporarily kept under the transitory head "Public Works Deposits". Such funds should not be allowed to remain unutilised for an indefinite period, as their prolonged retention results in keeping the money outside normal budgetary process and blocking of Government funds.

In nine Public Works divisions², ₹ 12.22 crore received from various departments/ agencies between July 2005 and March 2013 for execution of 86 deposit works³ remained unutilised due to non-commencement of works for reasons like non-availability of sites (71 cases), for want of sufficient funds (one case) and non-completion of codal formalities (14 cases).

The Executive Engineers concerned admitted (between November 2013 and May 2014) the facts. Evidently, ₹ 12.22 crore received by the respective divisions from different departments/ agencies were allowed to remain unutilised for an indefinite period. While admitting the facts, the State Government stated (October 2014) that instructions had been issued to all field offices to ensure utilisation of funds and sort out the matter with the client departments.

1.7 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 2013-14, compliance audit of 763 drawing and disbursing officers of the State and 42 autonomous bodies was conducted by the office of the Principal Accountant General (Audit), Himachal Pradesh. Besides, four Performance Audits were also conducted.

1.8 Response of Government to Audit Report

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

The draft performance audit reports/ draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General (Audit) to the Additional Chief Secretaries/ Principal

² Baijnath: ₹ 0.53 crore (five), Bangana: ₹ 0.15 crore (one), Dalhousie: ₹ 0.30 crore (three), Ghumarwin: ₹ 2.73 crore (nine), Jogindernagar: ₹ 0.58 crore (13), Kangra: ₹ 0.23 crore (six), Mandi division – II: ₹ 0.74 crore (five), Padhar: ₹ 6.22 crore (32) and Paonta Sahib: ₹ 0.74 crore (12).

³ Construction / repair of educational institutions: 26 (₹ 5.06 crore), construction / repair of health institutions: 18 (₹ 5.79 crore), construction / repair of link roads: 32 (₹ 0.70 crore) and other works: 10 (₹ 0.67 crore).

Secretaries/ Secretaries of the departments concerned drawing their attention to audit findings and send their responses within six weeks. The fact of non-receipt of replies from the departments/ Government is invariably indicated at the end of the performance audits/ paragraphs included in the Audit Report. Four performance audits and 26 paragraphs proposed to be included in the Report of the Comptroller and Auditor General of India on Social, General and Economic Sectors (Non PSUs) for the year ended 31 March 2014 were sent to the concerned Administrative Secretaries. Of these, replies have been received in respect of two paragraphs only (December 2014). The matter was also brought to the notice of the State Chief Secretary in November 2014.

1.9 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 were referred to various departmental Drawing and Disbursing Officers (DDOs) for confirmation and further necessary action under intimation to audit.

Against recovery of ₹ 1.85 crore pointed out in 748 cases, the DDOs concerned had effected recovery of ₹ 0.10 crore in 125 cases during 2013-14 as per the details given in **Table-1.4**.

Table-1.4
Details of recoveries pointed out by audit and accepted/ recovered by the Departments during 2013-14

Department	Particulars of recoveries noticed	(₹ in crore)			
		Recoveries pointed out in Audit and accepted by the Departments during 2013-14		Recoveries effected during 2013-14	
		Number of cases	Amount involved	Number of cases	Amount involved
Miscellaneous Departments	Overpayment on account of excess payment of Medical re-imbursement	748	1.85	125	0.10

1.10 Lack of responsiveness of Government to Audit

The Principal Accountant General (Audit), Himachal Pradesh 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) through a half yearly report of pending IRs sent to the Principal Secretary (Finance).

Based on the results of test audit, 30146 audit observations contained in 8129 IRs outstanding as on 31st March 2014 are given in **Table-1.5**.

Table-1.5
Outstanding Inspection Reports/ Paragraphs

(₹ in crore)				
Sr. No.	Name of Sector	Inspection Reports	Paragraphs	Amount involved
1.	Social Sector	5792	23779	9819.83
2.	General Sector	1360	4093	7781.75
3.	Economic Sector (Non-PSUs)	977	2274	1076.29
Total:		8129	30146	18677.87

A detailed review of the IRs issued to 109 Drawing and Disbursing Officers⁴ (DDOs) upto September 2013 pertaining to Ayurveda Department and Rural Development Department showed that 840 paragraphs having financial implications of about ₹ 296.92 crore relating to 383 IRs remained outstanding at the end of 31 March 2014. Of these, oldest items pertain to IRs issued during the year 1969-70 and 220 paragraphs having financial implication of ₹ 10.66 crore had not been settled for more than 10 years. The year-wise position of these outstanding 383 IRs and 840 paragraphs is detailed in **Appendix-1.1** and types of irregularities in **Appendix-1.2**.

The pendency of large number of paragraphs even after being pointed out in audit indicated lack of response of the Government departments.

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

1.11 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 Reviews 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 upto the period ended 31 March 2013 as on 31 August 2014 is given in **Table-1.6**.

Table-1.6
Position regarding receipt of ATNs on the paragraphs included in the ARs

Audit Reports	Year	Department(s)	ATNs pending as of 31 August 2014	Date of presentation in the State Legislature	Due date for receipt of ATNs
Civil / Social, General and Economic Sectors – Non-PSUs	2010-11	Tourism and Civil Aviation	01	6.4.2012	5.7.2012
	2011-12	Education	01	9.4.2013	8.7.2013
		Labour and Employment	01		
		MPP and Power	01		
		Revenue	01		
		Women and Child Development	01		
	2012-13	Miscellaneous departments	25	21.2.2014	20.5.2014
State Finances	2012-13	Finance and Misc. departments	All Chapters	21.2.2014	20.5.2014

⁴

Ayurveda: 15 and Rural Development: 94.

1.12 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 Construction Workers Welfare Board, Shimla were late by 10 months for the year 2012-13 whereas the delay in respect of other bodies ranged between one month and four months. The accounts for the year 2013-14 in respect of all the 14 bodies had not been furnished as of August 2014. 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) of 13 Autonomous Bodies issued by Audit for the year 2011-12 have been placed before the legislature except for the HP Building and other Construction Workers Welfare Board. One SAR⁵ has been issued for the year 2012-13 and the same has been placed before the Legislature. SARs for all 14 bodies for 2013-14 are pending due to non-furnishing of accounts for the year 2013-14.

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

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

Table-1.7
Details regarding reviews and paragraphs appeared in Audit Report during 2011-13

Year	Performance Audit		Paragraphs		Replies received	
	Number	Money value (₹ in crore)	Number	Money value (₹ in crore)	Performance Audit	Draft paragraphs
2011-12	2	731.33	19	176.52	2	1
2012-13	3	579.78	22	679.17	1	7

During 2013-14, four Performance Audits and 26 Audit paragraphs were issued to the State Government. However, reply in respect of only two paragraphs was received from Government.

Four performance audits and 23 Audit paragraphs involving money value of ₹ 2049.77 crore⁶ have been included in this Report. Replies, wherever received, have been incorporated at appropriate places.

⁵ Himachal Pradesh State Veterinary Council, Shimla.

⁶ Performance Audit: ₹ 1879.92 crore and Audit paragraphs: ₹ 169.85 crore.

Chapter-II

Performance Audit

CHAPTER-II PERFORMANCE AUDIT

Education Department

2.1 Sarva Shiksha Abhiyan

Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated flagship programme of Government of India launched in 2000-01 to attain Universal Elementary Education. To achieve this goal, Government of India had also enacted an act namely “The Right of Children to Free and Compulsory Education Act, 2009” which became effective from April 2010.

Highlights:

- *Participation of community and grass root level functionaries for preparation of district level Annual Work Plan was not ensured.*
(Paragraph 2.1.7.1)
- *454 primary and upper primary schools (Rural area: 429 and Urban area: 25) in the State did not have their own buildings.*
(Paragraph 2.1.10.2)
- *Out of 78950 civil works costing ₹ 467.52 crore sanctioned upto 2012-13, 5696 works worth ₹ 44.48 crore remained incomplete as of June 2014. Work wise details of amount sanctioned, expenditure incurred, date of completion etc. were not maintained.*
(Paragraph 2.1.11.1)
- *There was only one teacher against the minimum requirement of two teachers in primary schools ranging between 877 and 1252 during 2009-14. Similarly upper primary schools ranging between 50 and 113 had one teacher against the norms of minimum three teachers during the above period.*
(Paragraph 2.1.12)
- *Local authority for grievance redressal of children and implementation of RTE Act was not designated/ constituted as of August 2014. Administrative mechanism for expression of right under RTE Act, 2009 had also not been put in place by the State Government as of August 2014.*
(Paragraph 2.1.17)

2.1.1 Introduction

Sarva Shiksha Abhiyan (SSA) is a comprehensive and integrated flagship programme of the GOI launched in 2000-01 to attain Universal Elementary Education, covering the entire country in a mission mode in partnership with the State Government. The programme aims to provide useful and relevant elementary education to all children in the 6 to 14 age group. It is an initiative to universalise and improve quality of education through decentralised and context specific planning and a process based, time bound implementation strategy. The programme lays emphasis on bridging all gender and social category gaps at elementary education level with time bound objectives.

To achieve this goal the GOI had also enacted an act namely “The Right of Children to Free and Compulsory Education (RTE) Act, 2009” which became effective from April 2010 and after implementation of this Act, children of age group of 6-14 years have the right to acquire Elementary Education. The provisions of SSA were to be aligned with the legally mandated norms and standards and free entitlements mandated by the RTE Act.

2.1.2 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/ Principal Secretary (Education) as its Chairman assisted by Director, Elementary Education as Mission Director, State Project Director at State level. At field level, the scheme is implemented through District Project Officers, Block Resource Coordinators (BRCs), Cluster Resource Coordinators (CRCs) and Village Education Committees (VECs).

2.1.3 Audit Objectives

The performance audit of SSA was carried out with the objectives of assessing whether:

- there was efficacy of planning for implementation of various components of the programme;
- the requirement of funds were adequately determined for implementing the programme and major interventions were carried out as per norms;
- the efforts of the Government to improve the quality of educational standards were effective and economical;
- RTE Act, 2009 was effectively implemented; and
- internal control mechanism existed to assure smooth implementation of the programme.

2.1.4 Audit Scope and Methodology

Implementation of SSA for the period 2009-14 was reviewed (April-August 2014) through a test-check of the records in the offices of the Mission Director, State Project Director (SPD), District Project Officers (DPOs) in three¹ out of 12 districts, 10 Block Resource Coordinators² (BRCs) out of 37 Education Blocks falling under these districts and 120 schools (60 each of primary and upper primary school out of 1337³ schools) falling under the above BRCs. Selection of units was based on simple random sampling without replacement method of sampling.

Audit objectives, criteria and scope of audit were discussed (22 April 2014) in an entry conference with the Deputy Secretary (Education). Audit findings were discussed in the exit conference held with the Additional Chief Secretary (Education) in December 2014. The views of the State Government have been appropriately incorporated in the report.

¹ Bilaspur, Shimla and Sirmaur.

² Bilaspur Sadar, Kotkhai, Kumarsain, Matiana, Nauradhar, Paonta Sahib, Sarahan (Shimla), Sarahan (Sirmaur), Sunni and Swarghat.

³ Primary: 953 and upper primary schools: 384.

2.1.5 Audit Criteria

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

- Provision of Right to Education Act, 2009 and the rules and regulations made therein;
- Government notifications and instructions issued from time to time for implementation of SSA;
- Departmental Manual/ Policies/ Rules and regulations; and
- Manual on SSA Financial Management and Procurement (MFMP) and procedures prescribed for monitoring and evaluation of scheme/ programmes.

2.1.6 Follow up on earlier Performance Audit

Implementation of SSA in Himachal Pradesh was earlier reviewed and reported through paragraph 3.1 of Comptroller and Auditor General's Audit Report (Civil) for the year ended 31 March 2006. Significant findings of earlier Performance Audit included preparation of district and habitat plans without involvement of grass root level functionaries, non-completion of civil works in time, shortfall of teachers in schools and other cases of diversion and non-utilisation of funds. Government in its reply to the Report tabled in April 2007 accepted findings and committed to comply with audit observations. The Public Accounts Committee had desired (August 2012) compliance of the audit observations by the Department. However, the issues pointed out by audit earlier were persisting as evidenced during the current audit.

Audit Findings

2.1.7 Planning

2.1.7.1 Preparation of habitation/ district level plans without involvement of grass root level functionaries

SSA guidelines envisaged constitution of core planning teams at each village/ habitation, block and district level for preparation of habitation/ district level plans which included adequate representation from grass-root level functionaries such as *Panchayati Raj* Institutions (PRIs), school management committees (SMCs), leaders, teachers and parents. Guidelines further provide for preparation of perspective and annual work plans with a bottom-up approach of planning. The main objective of the planning process was to provide the planners an insight into various aspects of planning and provide assistance and guidance for preparation of need based plans.

Audit noticed that core teams were constituted at district and block level during 2009-14 but the same were not formed at the village/ school level in the districts selected for test-check. It was further noticed that perspective plan was not prepared at any level during 2009-14 and Annual Work Plans (AWPs) were prepared at district level without considering school, cluster and block level development plans. The educational needs⁴ of children at habitation level were not considered and the entire planning for implementation of scheme for 2009-14 had been done at the district level without the involvement of grass root level functionaries which resulted in non-creation of the required infrastructure and non-deployment of regular teachers to

⁴ Infrastructural needs, availability of adequate class rooms, demand for teachers, etc.

certain schools as indicated in **Paragraphs 2.1.10, 2.1.11 and 2.1.12**. The District Project Officers (DPOs) concerned admitted (April-May 2014) the facts.

2.1.8 Financial performance

The position relating to the funds released by the GOI and the State Government, and the expenditure incurred there against during 2009-14 is given in **Table-2.1.1**.

Table- 2.1.1
Position of funds released and expenditure incurred thereagainst during 2009-14
(₹ in crore)

Year	Approved Outlay	Opening Balance	Funds received				Total availability of funds	Expenditure incurred	Balance unutilised
			GOI	State	TFC	Misc. receipt			
2009-10	166.41	27.89	86.08	57.39	--	1.66	173.02	146.31 (85)	26.71 (15)
2010-11	254.81	26.71	137.87	65.46	20.00	1.96	252.00	219.74 (87)	32.26 (13)
2011-12	302.62	32.26	141.93	70.37	21.00	3.92	269.48	188.43 (70)	81.05 (30)
2012-13	333.29	81.05	107.37	72.81	23.00	25.52	309.75	265.77 (86)	43.98 (14)
2013-14	215.05	43.98	114.53	62.64	24.00	4.32	249.47	198.00 (79)	51.47 (21)
Total	1272.18		587.78	328.67	88.00	37.38		1018.25	

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

TFC: Thirteenth Finance Commission.

Against the approved outlay of ₹ 1272.18 crore for 2009-14, total availability of funds with the State Project Director was ₹ 1069.72 crore⁵, of which, ₹ 1018.25 crore was utilised resulting in savings of ₹ 51.47 crore during the above period. The percentage shortfall in utilisation of funds in the State during 2009-14 ranged between 13 and 30 indicating that the Department had not adequately utilised the available funds.

In the test-checked districts, against the total available funds of ₹ 300.42 crore during 2009-14, ₹ 293.52 crore was utilised resulting in short utilisation of ₹ 6.90 crore.

The SPD stated (December 2014) that the funds could not be utilised by the implementing agencies during the same financial year due to release of funds in the last month of the financial year by the GOI and State Government. The reply is not convincing as the funds released during the preceding financial years were also not utilised fully during the respective years.

2.1.8.1 Short release of funds by the Central and the State Government

As per the financial norms of SSA, the sharing arrangement between the Central and the State Government was in the ratio of 60:40 for 2009-10, 65:35 from 2010-11 and onwards. The position of short release of funds by the Central and the State Governments during 2009-14 was as given in **Table-2.1.2**.

Table- 2.1.2
Position of short release of funds by the Central and State Governments during 2009-14
(₹ in crore)

Year	Approved outlay	Funds to be released by		Funds actually released		Amount of short release	
		GOI	State	GOI	State	GOI	State
2009-10	166.41	99.85	66.56	86.08	57.39	13.77	09.17
2010-11	254.81	165.63	89.18	137.87	65.46	27.76	23.72
2011-12	302.62	196.70	105.92	141.93	70.37	54.77	35.55
2012-13	333.29	216.64	116.65	107.37	72.81	109.27	43.84
2013-14	215.05	139.78	75.27	114.53	62.64	25.25	12.63
Total	1272.18	818.60	453.58	587.78	328.67	230.82	124.91

Source: Figures supplied by the Department.

⁵ Opening balance as on 1st April 2009 (₹ 27.89 crore) plus funds received from GOI (₹ 587.78 crore), State Government (₹ 328.67 crore), TFC (₹ 88.00 crore) and Miscellaneous receipts (₹ 37.38 crore).

It would be seen that there was short release of ₹ 355.73 crore by both the Central and the State Governments (Centre: ₹ 230.82 crore and State: ₹ 124.91 crore) against approved outlay during 2009-14. It was observed in audit that the fund flow from the Centre was affected due to short utilisation of funds by the Department during 2009-14.

The SPD stated (December 2014) that short release of funds by the GOI and State Government was due to unspent balances and outstanding advances at various levels.

2.1.8.2 Release of Grant under Thirteenth Finance Commission

The Thirteenth Finance Commission (TFC) released an amount of ₹ 88 crore to the State Government during 2010-14 with a view to bridge the gap between State's provision as their share for SSA and what the State was required to contribute according to guidelines of SSA. The grant was released with the stipulation that the expenditure (Plan plus Non-Plan) under Elementary Education exclusive of salary by the State should increase by at least eight *per cent* annually during 2010-15.

Audit noticed that against an expenditure of ₹ 1318.41 crore⁶ on Elementary Education required to be incurred as per the TFC stipulation during 2010-14, the State incurred an expenditure of ₹ 1294.66 crore⁷ during the above period. The requisite growth in expenditure, thus, fell short to the extent of ₹ 23.75 crore and stipulation of the GOI was not fulfilled which was bound to have an adverse effect on improvement of infrastructural facilities in the government schools.

The Joint Director (Elementary Education) stated (September 2014) that expenditure during the aforesaid period was incurred as per the budget allotted by the Government. The reply is not convincing as the Department should have demanded the budget as per the TFC stipulation.

2.1.9 Enrolment of children in schools

One of the objectives of the SSA was to attain universalisation of elementary education in the State by bringing all the children in the age group of 6-14 years to schools for education.

Audit noticed that the enrolment of children in government primary and upper primary schools had decreased from 4,40,990 to 3,61,046 (18 *per cent*) and 3,26,882 to 2,53,241 (23 *per cent*) respectively during 2009-14. However, the enrolment of children in the other management elementary schools⁸ increased from 2,68,245 to 3,54,808 (32 *per cent*) during the above period. This showed that the efforts of the State Government to attain universalisation of elementary education through its schools in the State had not produced the desired results as envisaged in the SSA guidelines.

In the exit conference, ACS stated that decrease in population of children in the age group of 6-14 years, shift of children towards private schools, etc. were the main reasons for decrease in enrolment. The fact, however, remains that the Government's

⁶ 2010-11: ₹ 292.58 crore; 2011-12: ₹ 315.99 crore; 2012-13: ₹ 341.27 crore and 2013-14: ₹ 368.57 crore.

⁷ 2010-11: ₹ 294.57 crore; 2011-12: ₹ 299.07 crore; 2012-13: ₹ 345.82 crore and 2013-14: ₹ 355.20 crore.

⁸ Other management elementary schools include private, local body, private aided and private un-aided, tribal welfare schools, Kendriya Vidyalaya, Navodaya Vidyalaya, Madrasas, etc.

efforts to increase enrolment in Government schools remained unachieved inspite of implementation of the SSA for the last 14 years.

2.1.10 Infrastructure facilities

2.1.10.1 Inadequate provision of school infrastructure

Sections 19 and 25 of RTE Act, 2009 provide for the infrastructure norms and standards for each school such as all weather building consisting of at least one class room for every teacher and an office-cum-head teacher's room with at least three rooms for each primary school (PS) and four rooms for upper primary schools (UPS). Provision of separate toilet for boys and girls, safe and adequate drinking water facility for all children, library, kitchen where mid day meal is cooked in the school, playground, arrangements for security of the school building by providing boundary wall/ fencing, etc., was also to be ensured. As per the timeline fixed in RTE Act, 2009 these facilities were to be provided in every school by 31 March 2013.

Audit noticed that out of 15,162 schools (PS: 10,650 and UPS: 4,512) in the State, 577 (four *per cent*) schools⁹ having enrolment of 17,824 children were running in single class room and 4,075 (27 *per cent*) schools¹⁰ having enrolment of 1,00,208 children were running in two class rooms as of March 2014 indicating inadequate provisions of rooms in schools in the State.

The year-wise position of availability of school infrastructure in primary and upper primary schools in the State during 2009-14 was as given in **Table-2.1.3**.

Table- 2.1.3
Position of availability of school infrastructure in primary and upper primary schools in the State during 2009-14

Year	Primary and Upper Primary Schools in the State	(In numbers)					
		Schools with separate toilet for girls	Schools having drinking water facility	Schools having kitchen for cooking mid-day-meal	Schools having play ground	Schools having boundary wall / fencing	Schools having library
2009-10	15045	8143 (54)	14641 (97)	3728 (25)	9463 (63)	7010 (47)	Data not available
2010-11	15072	9737 (65)	14646 (97)	7990 (53)	9318 (62)	6497 (43)	-do-
2011-12	14945	14457 (97)	14745 (99)	12216 (82)	9272 (62)	7339 (49)	-do-
2012-13	15053	14633 (97)	14893 (99)	13094 (87)	12323 (82)	9461 (63)	14805 (98)
2013-14	15162	14684 (97)	14997 (99)	13506 (89)	12728 (84)	10319 (68)	14875 (98)

Source: Departmental figures. Figures in parenthesis denote percentage.

It would be seen that the infrastructure facilities had improved substantially in the last five years. During 2013-14, 11 *per cent* schools (1,656 schools) did not have the kitchen for cooking mid day meals, 32 *per cent* schools (4,843 schools) did not have boundary wall/ fencing and 16 *per cent* schools (2434 schools) were without play grounds. It was further noticed that 99 *per cent* of the schools had drinking water facility and 97 *per cent* schools had separate toilets for girls as of March 2014.

In 120 test-checked schools (PS: 60 and UPS: 60), of three test-check districts, 12 schools (PS: seven and UPS: five) did not have separate toilet for girls, six UPS were without drinking water facility, 10 schools (PS: three and UPS: seven) did not have kitchen, 23 schools (PS: 12 and UPS: 11) did not have playground, 78 schools

⁹ PS: 373 (enrolment of 6,681 children) and UPS: 204 (enrolment of 11,143 children).

¹⁰ PS: 3,622 (enrolment of 82,185 children) and UPS: 453 (enrolment of 18,023 children).

(PS: 39 and UPS: 39) did not have boundary walls and 44 schools (PS: 25 and UPS: 19) were without library facility.

The DPOs concerned stated (May-July 2014) that required facilities could not be provided in all the schools due to inadequate funds. The SPD stated (December 2014) that these schools would be covered under SSA in next year's annual work plan/budget. The replies are not convincing as sufficient funds were available with the Department during 2009-14.

2.1.10.2 Running of schools without their own buildings

Paragraph 26.1 of SSA MFMP, 2010 provides for construction of new school buildings, additional class rooms, etc., under civil works.

Audit noticed that out of 15,162 primary and upper primary schools in the State, 454 schools¹¹ (schools in rural area: 429 and schools in urban area: 25) were running either in rented or in rent-free accommodation as these schools did not have their own buildings. It was noticed that no assistance under SSA was provided to construct new school buildings for their smooth functioning as of March 2014.

The SPD stated (August 2014) that districts have been asked to submit the proposals for construction of new school buildings for rented and rent free school building. The reply is not acceptable as new school buildings should have been constructed for schools having rented and rent free accommodation for their smooth running.

2.1.11 Civil Works

2.1.11.1 Incomplete civil works

During 2002-13, 78,950 civil works like construction of buildings, boundary walls, toilets, libraries, etc. were sanctioned in the State at a cost of ₹ 467.52 crore. Of this, 73,254 works (93 *per cent*) costing ₹ 422.64 crore had been completed as of June 2014 and 5696 works (seven *per cent*) sanctioned for ₹ 44.88 crore remained incomplete as of June 2014. Work wise detail of amount sanctioned, expenditure incurred, date of start of work, date of completion of work, etc., was not maintained by SPD in the absence of which audit could not ascertain exact delay, if any, in the completion of works.

In three test-checked districts, 744 works costing ₹ 6.20 crore were sanctioned during 2003-13 which were required to be completed within two to eight months from the date of sanction. These works were, however, lying incomplete after incurring an expenditure of ₹ 4.46 crore as of June 2014.

The DPOs concerned stated (May-June 2014) that works could not be completed due to lack of coordination between SMC and executing agencies and inadequate funds provided by the SPD. While admitting the facts, the SPD stated (December 2014) that in future the works would be monitored at SPD level.

2.1.11.2 Irregular expenditure on construction of buildings for dilapidated schools

Paragraph 26.2 of SSA MFMP, 2010 prohibits construction of school buildings for dilapidated schools.

¹¹ Primary schools: 230 and upper primary schools: 224.

It was noticed that an expenditure of ₹ 6.35 crore was incurred during 2012-14 on construction of buildings for 20 dilapidated schools (15 primary schools: ₹ 0.89 crore and five upper primary schools: ₹ 5.46 crore) as of June 2014. The above expenditure was in contravention of the SSA guidelines.

The SPD stated (December 2014) that expenditure was incurred after approval from the Project Approval Board. The reply is not acceptable as expenditure on construction of buildings for dilapidated schools was not in consonance with the SSA guidelines.

2.1.11.3 Non-setting up of design cell

As per paragraph 6.10.3 of framework for implementation of RTE Act, 2009 a design cell in the civil works unit was required to be set up at State and district level for whole school development plan.

It was noticed that design cell was not set up at State/ district level civil works units. This showed that construction works of school buildings were taken up without ensuring adherence of the RTE Act. In the exit conference, the ACS stated that for construction of classrooms/ buildings the Department would take technical inputs by engaging architects, etc., from Public Works Department on deputation basis.

2.1.12 Availability of teachers

RTE Act, 2009 provides for rational deployment of teachers by ensuring pupil teacher ratio (PTR) of 40:1 for each school, rather than just as an average for the state or district or block and that there should be no urban-rural imbalance in teacher posting. There shall be at least two teachers for primary school with overall PTR not more than 40:1. Similarly, for upper primary schools there shall be at least three teachers for each school and where the student enrolment is more than 100 there should be three teachers and a headmaster.

There were 15162 schools (primary: 10650 and upper primary: 4512) in the State as of March 2014. Audit noticed that the overall PTR in the State during the period 2009-14 was satisfactory which ranged between 13:1 and 17:1. The PTR ranged between 13:1 and 15:1 in rural areas schools and between 16:1 and 18:1 in urban areas schools during the above period.

It was noticed in audit that four primary schools in the State were without regular teachers during 2013-14 and the number of primary schools with less than two teachers ranged between 877 and 1252 during 2009-14. The upper primary schools with one teacher ranged between 50 and 113 and with less than three teachers ranged between 193 and 363 at State level during the above period.

Out of 60 test-checked primary schools (PSs), 12¹² PSs remained with one teacher for a period ranging between 24 and 1218 days and two¹³ PSs remained without teacher for a period ranging between 12 and 319 days during 2009-14. Similarly, out of 60 test-checked upper primary schools (UPSs), five¹⁴ UPSs remained with one teacher

¹² Bilaspur district: Doharian and Lakhanpur; Shimla district: Bedar, Dheu, Ghasigaon, Kanda, Majhgaon, Rangori, Shilaroo, Sunarghati and Talara and Sirmaur district: Shillahan.

¹³ Bilaspur district: Doharian and Shimla district: Ghasigaon.

¹⁴ Bilaspur district: Dhamna; Shimla district: Chawla Bohal and Sirmaur district: Jawalapur, Heerpur and Khoronwala.

for a period ranging between 17 and 485 days at different times during the period 2009-14 and four¹⁵ UPSs remained without regular teacher for a period ranging between 13 and 201 days. This showed that the Department had not undertaken steps to rationalise posting of teachers in the PSs and UPSs during 2009-14.

The SPD stated (December 2014) that the Government had been making concerted efforts to rationalise the posting of teachers in schools with shortfalls as and when deemed necessary. The reply is not convincing as the Department did not ensure the deployment of teachers in the schools as per the provisions of the RTE, Act *ibid*.

2.1.12.1 Deficient teachers' training

To upgrade the skills of teachers, the SSA provided for 10 days in-service training for teachers each year, 60 days refresher course for untrained teachers already employed and 30 days induction training for newly recruited teachers.

Audit scrutiny showed that:

- During 2009-14, ₹ 34.85 crore was allocated for imparting training to 2,38,810 in-service teachers for a duration of 10 days each. Against this, ₹ 24.79 crore was utilised for imparting training to 2,02,207 (85 *per cent*) in-service teachers for 10 to 15 days during the above period resulting in non-utilisation of ₹ 10.06 crore under this component.
- Except organising refresher courses covering 3627 untrained teachers during 2012-13 with an expenditure of ₹ 2.18 crore, no refresher course was conducted during 2009-14.
- Newly recruited teachers were not provided induction training during 2009-13. Out of 666 teachers selected for induction training during 2013-14, only 82 (12 *per cent*) teachers were imparted training. Against the allocated funds of ₹ 13.32 lakh on this intervention, only ₹ 1.63 lakh was thus utilised.

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

The SPD stated (August 2014) that shortfall in case of in-service training was due to retirement/ promotions of targeted teachers, refresher courses were not conducted during 2009-12 due to State Government's decision to impart training through National Institute of Schooling, Noida and induction training was not conducted during 2009-13 due to the reason that Teacher Eligibility Test was made compulsory after the introduction of RTE Act, 2009. The reply is not convincing as all the aspects should have been looked into while fixing the targets.

2.1.12.2 Training of community leaders

The SSA provided for training of community leaders upto a maximum of six persons in a village for two days duration in a year at the rate of ₹ 30 per day per person for sensitisation and orientation on SSA activities.

Audit noticed that against 7,01,964 community leaders to be trained during 2009-14, only 5,89,141 community leaders were imparted training after spending ₹ 17.78 crore against the allotted budget of ₹ 24.19 crore. Thus, there was a shortfall in training of

¹⁵ Bilaspur district: Badhyat; Shimla district: Kilra and Sirmaur district: Heerpur and Khoronwala.

1,12,823 (16 per cent) community leaders and short utilisation of ₹ 6.41 crore during the above period.

In the three test-checked districts against targeted training of 2,25,882 community leaders during 2009-14, 1,97,150 (87 per cent) community leaders were imparted training resulting in shortfall of training to 28,732 (13 per cent) community leaders during the above period.

While admitting the facts, the SPD stated (December 2014) that training could not be imparted due to non-availability of SMC members in schools during training period.

2.1.13 Appointment of teachers

2.1.13.1 Reimbursement of salary of teachers for upper primary schools without ascertaining their deployment

Paragraphs 21.2 to 21.4 and 21.7 of MFMP permitted incurring of expenditure on the salary of additional teachers for SSA. It was further provided that a minimum of two teachers for new primary schools and three teachers for new upper primary schools were to be appointed, provided such teachers were not available through redeployment. In such cases, the school-wise data of existing teachers, additional teachers, vacancy position and actual placement of teachers in schools was also required to be maintained by the SPD.

Audit noticed that during 2009-14, an expenditure of ₹ 315.89 crore¹⁶ was incurred on account of reimbursement of salary of 3761 para teachers at varying rates ranging between ₹ 6,000 and ₹ 16,416 per teacher per month for 16 and 1243 primary and upper primary schools respectively, without ascertaining the actual number of teachers placed/ appointed in these schools. Thus, contrary to the SSA norms the reimbursement was made without verifying the actual placement of the teachers in the schools.

The SPD stated (December 2014) that in future the list of teachers would be procured before actual reimbursement of salary.

2.1.13.2 Irregular reimbursement of salary of Resource persons

Paragraph 39.16 of MFMP provides that the posts of resource personnel in Block Resource Coordinator (BRCs) and Cluster Resource Coordinator (CRCs) were to be filled up by transferring the existing senior and experienced teachers, and the resultant vacancies in the concerned schools were to be filled up by trained primary or para teachers as laid down in the guidelines of the National Council for Teacher Education.

The SPD paid ₹ 76.08 crore¹⁷ to DEE as reimbursement of salary of para teachers for primary schools¹⁸ and upper primary schools¹⁹ during 2009-14 to be appointed in place of teachers deployed as resource personnel in the concerned BRCs/ CRCs. It was, however, noticed that the work of resource personnel was got done by the teachers alongwith work at their respective schools and para teachers were not

¹⁶ 2009-10: ₹ 38.26 crore; 2010-11: ₹ 66.73 crore; 2011-12: ₹ 69.57 crore; 2012-13: ₹ 69.39 crore and 2013-14: ₹ 71.94 crore.

¹⁷ 2009-10: ₹ 10.56 crore; 2010-11: ₹ 14.42 crore; 2011-12: ₹ 18.40 crore; 2012-13: ₹ 18.46 crore and 2013-14: ₹ 14.24 crore.

¹⁸ 2009-10: 545; 2010-11: 545; 2011-12: 622; 2012-13: 615 and 2013-14: 615.

¹⁹ 2009-10: 646; 2010-11: 549; 2011-12: 364; 2012-13: 390 and 2013-14: 425.

appointed in their place during 2009-14. This resulted in irregular reimbursement of salary of resource persons.

The SPD stated (July 2014) that the salary was reimbursed because BRCs/ CRCs were an integral part of block and cluster level academic institutions. As such reimbursement of their salary was in the larger interest of the programme implementation. The reply is not acceptable as reimbursement of salary of BRCs/ CRCs does not meet the requirement of rules as BRCs and CRCs were to be appointed on whole time basis without any encumbrance of teaching duties and salary of the para teachers appointed to fill up the resulting vacancy was to be reimbursed.

2.1.14 Other major interventions under SSA

2.1.14.1 Assistance for children with special needs (CWSN)

SSA guidelines provide that every child with special need irrespective of kind, category and degree of disability, is provided education in an appropriate environment. The SSA authorities were required to spend ₹ 3000 per child per annum during 2009-14 for providing special services to such children in schools.

Audit noticed that during 2009-14, out of 88,642 identified children in the State, 79,007 children were provided special services resulting in shortfall of 9,635 (11 *per cent*) number of identified children. It was further noticed that against the budget allotment of ₹ 20.89 crore, an expenditure of ₹ 15.07 crore (72 *per cent*) was incurred and ₹ 5.82 crore (28 *per cent*) remained unspent which could have been utilised for the students not covered.

The above expenditure also included ₹ 3.22 crore spent on hiring the services of 24 NGOs during 2009-14 for providing home based education to 2,750 children at the rate of ₹ 3000 per annum per child. According to the financial norms, expenditure under this intervention was required to be restricted to ₹ 0.83 crore for 2,750 children. Thus, ₹ 2.39 crore was spent in excess of the prescribed limit.

In three test-checked districts out of 26,471 (Bilaspur: 8,456; Shimla: 13,741 and Sirmaur: 4,274) disabled children, 24,181 (Bilaspur: 8,456; Shimla: 11,451 and Sirmaur: 4,274) disabled children (91 *per cent*) were provided assistance by incurring an expenditure of ₹ 4.53 crore out of available funds of ₹ 5.53 crore, leaving 2,290 children in Shimla district uncovered.

The SPD stated (December 2014) that savings under this intervention was due to non-availability of special educators in the State and the excess expenditure against norms in the case of NGOs varied from child to child depending upon disability. The reply is not convincing as efforts should have been made to cover the targetted beneficiaries and the expenditure in the case of NGOs regulated as per the prescribed norms.

2.1.14.2 Shortfall in training of teachers to manage education of CWSN

Paragraph 35.3 (f) of the MFMP provides for intensive teacher training to sensitise regular teachers on effective classroom management of children with special needs.

Audit noticed that against the targeted number of 1.18 lakh teachers to be trained during 2009-14, 1.04 lakh teachers were provided training on effective classroom management of CWSN resulting in shortfall of training to 0.14 lakh teachers (12 *per cent*). While admitting the facts, the ACS in the exit conference stated that 100 *per cent* achievement under the scheme would be ensured.

2.1.14.3 Shortfall in opening of new neighbourhood schools

As per provision of RTE Act, 2009 read with RTE, Rules 2011, primary and upper primary schools should be located within a walking distance of 1.5 km and three km respectively, of a neighbourhood that has a minimum of 25 children. Intervention for children access was to be preceded by a comprehensive school and social mapping exercise. The exercise was to identify gaps and areas where new schools need to be opened. Further, the State Government was also to rationalise the existing primary and upper primary schools and take appropriate decision relating to merger or closure of schools accordingly.

During 2011, a school mapping exercise was carried out in 12 districts covering 118 educational blocks having 2106 clusters to assess the prevailing position of school access at primary and upper primary level in compliance to RTE Act by the Department. A total of 17,938 villages/ urban wards with 29,890 habitations having population of 68 lakh had been surveyed.

Audit noticed that 297 neighbourhood habitations were identified in the State where new schools were required to be opened against which only 90 new schools have been notified by the State Government. However, no rationalisation for closure of primary and upper primary schools was done as of August 2014. Evidently, the provisions of RTE Act had not been complied with even after more than four years of the implementation of the Act.

The SPD stated (December 2014) that new schools are opened as per public demand and keeping in view the number of students in a particular habitation. The reply is contrary to the provisions of the RTE Act as no rationalisation was effected by the Department as of December 2014.

2.1.14.4 Up-gradation of alternate schooling facility

RTE Act, 2009 provides full time schooling facilities for all children. As per Act all Education Guarantee Scheme (EGS) centres were required to be upgraded to regular primary schools and children availing facility of Alternative and Innovative Education (AIE) in EGS were to be mainstreamed into full time schools in a time bound manner. As per frame work for implementation of RTE Act, 2009, new EGS centres were not to be sanctioned under SSA after 2009-10 and the provision of EGS was to be supported only upto 2011-12. As such, all the EGS centres were to be upgraded into regular schools or closed if not required by March 2012.

Audit noticed that 197 EGSs/ AIEs centres were in operation in the State as of March 2009, of which, 127 centres were still functioning as of March 2014. It was further noticed that out of 3,913 children learning in these centres during 2009-14, only 1,198 children had been enrolled in regular schools, leaving 2715 children yet to be main-streamed in full time schools as of March 2014.

The SPD stated (July 2014) that EGS and AIE centres were opened on temporary basis in habitations where children were identified out of school or where migration happened frequently. The reply is not acceptable as the Department should have mainstreamed all the children learning in these centres as envisaged in RTE Act, 2009.

2.1.15 Innovative activities

2.1.15.1 Early childhood care and education

As per provision of SSA guidelines, provision of upto ₹ 15.00 lakh per year in each district for Early Children Care and Education had been made. These funds were to be utilised *inter alia* for location of *Anganwari* Centers (AWCs) in or close proximity to primary schools and synchronisation of the timing of AWCs with primary schools.

Audit noticed that out of ₹ 4.50 crore advanced by the SPD to the Director, Women and Child Development (WCD) Department during 2009-12, the WCD Department utilised ₹ 3.26 crore upto September 2014. Of the balance, ₹ 1.11 crore had been refunded to the SPD in December 2013 and ₹ 0.13 crore were lying unspent with the WCD Department as of December 2014. Due to less utilisation of the funds, the GOI did not release funds during 2012-14. Besides, there was no system in place for monitoring the activities undertaken by the WCD Department. Thus, proper utilisation of funds was not ensured.

While admitting the facts, the SPD stated (December 2014) that funds refunded by the WCD Department would now be utilised under other components of the programme. The reply is not acceptable as non-utilisation of funds deprived the children of the intended benefits of the innovative activities under SSA.

2.1.15.2 Non-implementation of Computer Aided Learning (CAL) scheme in all the upper primary schools

Paragraph 38.3 of SSA MFMP, 2010 provides for 'innovative activity' of computer education at upper primary school level. Grant of ₹ 50.00 lakh per district per year was admissible under this component during 2009-13. Computer education under SSA was launched in the State in May 2005. As per paragraph 38.2 of MFMP 2010, teachers were also required to be provided training in hardware, software, maintenance and resource support under CAL.

It was noticed that out of 4512 upper primary schools in the State, only 1077 schools were covered under the scheme after incurring an expenditure of ₹ 19.65 crore against a budget provision of ₹ 22.50 crore. The CAL scheme was thus not implemented in the 3435 upper primary schools of the State as of March 2014 resulting in denial of intended benefits to the children in these schools. It was further noticed that out of 1077 upper primary schools covered under CAL, only 795 upper primary schools were covered for providing training to teachers as of March 2014. Resultantly, 282 upper primary schools with installed computers did not have trained teachers.

While admitting the facts, the SPD stated (December 2014) that remaining schools could not be covered under the scheme due to non-receipt of funds for this purpose from the GOI. The reply is not correct as even the allotted funds were not utilised fully.

2.1.16 Distribution of free uniforms/ books to children

2.1.16.1 Non-distribution of uniforms

RTE Act, 2009 provides for distribution of two sets of uniforms for all girls and children belonging to SC/ ST/ BPL families studying in I to VIII class in Government schools with a ceiling of ₹ 400 per child per annum. The GOI released ₹ 34.85 crore during 2012-14 under SSA for providing two sets of free uniforms to each girl child

and children belonging to SC, ST and BPL families every year. Audit noticed the following:

(i) In three²⁰ primary school of Sadar Block of Bilaspur district, 229 children were not provided uniforms during 2012-13. The Block Elementary Education Officers (BEEOs) concerned stated (May-June 2014) that these children could not be provided uniforms due to late admission of children. The reply is not acceptable as free uniforms were the entitlement of the children as per provision of RTE Act, 2009.

(ii) In 84 test-checked schools, 3539 children were provided only one set of uniform during 2012-14²¹ against entitlement of two sets of free uniforms. It was further noticed that in 120 test-checked schools, two sets of uniforms were distributed during 2013-14 at one time between October 2013 and February 2014 at the close of academic session after delays ranging between nine and 11 months resulting in denial of timely intended benefits to the children. The concerned teachers in charge stated (May-July 2014) that uniforms could not be distributed due to non-receipt of uniforms from BEEOs.

2.1.16.2 Distribution of books to children

Framework for implementation of RTE Act, 2009 provides that SSA would support provisions for text books to all children in government schools within an upper ceiling of ₹ 150 per child at primary level and ₹ 250 per child at upper primary level.

Audit noticed that books costing ₹ 9.95 crore were purchased by the Deputy Directors of Elementary Education (DDsEE) of test-checked districts during 2009-14 for distribution to children free of cost. It was noticed that there was delay ranging between 30 and 237 days in distribution of books in 120 test-checked schools during 2009-14 due to late supply of books by DDsEE/ blocks affecting the process of teaching and learning in these schools.

The teacher in charge of the concerned school stated (April-June 2014) that delay in distribution of books was due to late receipt of the books from the DDsEE/ BEEOs. The SPD stated (December 2014) that the matter would be taken care of in future.

2.1.17 Implementation and compliance of RTE Act, 2009

Audit noticed the following:

- As required under Section 38 (4) of RTE Act, 2009, the State Government had made State RTE Rules, 2011 in March 2011 and brought out various notifications mandatory under the RTE Act, 2009 which came into force with immediate effect. It was, however, noticed that as required, the rules made and notifications brought out by the State Government had not been laid before the State Legislature as of August 2014.
- As per Section 29 (1) of RTE Act, 2009, an academic authority under the chairmanship of DEE with seven other members was specified by the State Government in December 2011 for laying down the curriculum and the evaluation procedure for elementary education. Subsequently, this academic authority was de-notified and State Council for Education Research and Training (SCERT) was specified as State Academic Authority (SAA) in April 2013. Thus, the new curriculum for elementary classes had not been developed by SAA as of August 2014.

²⁰ GPS Diara, GPS Lakhanpur and GPS Changer.

²¹ 2012-13: 1934 children (49 schools) and 2013-14: 1605 children (35 schools).

- As per Section 12 of RTE Act, 2009, the State Government notified (March 2013) 25 per cent reservation for children belonging to weaker section and disadvantaged groups in private schools and reimbursement of expenditure incurred thereon after a delay of three years of the enforcement (April 2010) of the Act. However, the guidelines for implementation of the *ibid* provision had not been framed as of August 2014.
- As per Section 35 (2) and 35 (3) of RTE Act, 2009, the State Government issued notification in September 2013 regarding constitution of local authority for the implementation of the RTE Act, 2009 after more than three years from the enforcement (April 2010) of the Act. However, as required, the constitution of the local authority was not approved by the GOI as of August 2014.
- As per Section 32 (1) and (2) of the RTE Act, 2009, local authority for grievances redressal at school, block and district level had not been designated/ constituted and no grievances redressal and administrative mechanism with regard to child's right to free and compulsory elementary education had been put in place by the State Government as of August 2014. Resultantly, the children in the State were deprived of redressal of grievances with regard to their right to elementary education and expression of right guaranteed under RTE Act, 2009.

The SPD stated (December 2014) that the rules/ guidelines in this regard would be modified. In the exit conference, the ACS stated that every aspect would be incorporated in the RTE rules which were being finalised. The fact, however, remains that various provisions of the RTE Act have not been implemented for the last four years.

2.1.18 Internal control mechanism

2.1.18.1 Inadequate meetings of Governing Body and Executive Council

As per para 15 and 34 of Memorandum of Association of Himachal Pradesh State Primary Education Society-cum-SSA State Mission Authority, the meetings of the Governing Body were required to be held at least twice a year and that of Executive Council at least once in each quarter of the year.

Audit noticed that against the requisite 10 meetings of the Governing Body, no meeting was held during 2009-14. Similarly, against the requisite 20 meetings of the executive committee, only 13 (65 per cent) meetings were held during 2009-14 resulting in shortfall of seven meetings.

The SPD stated (December 2014) that due to busy schedule of the Chief Minister during the aforesaid period, the meetings of Governing Body could not be held. He further attributed the shortfall in meetings of the executive committee to administrative reasons. The contention is not acceptable as conducting of meetings regularly by the respective bodies was essential to monitor the achievement of goals of SSA.

2.1.18.2 Delayed constitution and shortfall in holding meetings of the State Advisory Council

Section 34 (1) of RTE Act, 2009 envisaged a National Advisory Council (NAC) at the Centre and State Advisory Council (SAC) at State level to advise the State Government on the implementation of the Act in an effective manner. The meetings of the SAC were required to be held quarterly.

Audit noticed that the SAC was constituted in November 2011 after a delay of more than one year. During 2011-14, against requisite 10 meetings, only one meeting was held resulting in shortfall of nine meetings. While admitting the facts, the SPD stated (December 2014) that the meetings of the SAC would be held regularly in future.

2.1.18.3 Internal audit arrangements

The SSA guidelines require introduction of an internal audit system through an in-house internal audit team or in case of non-availability of an in-house audit team, through Chartered Accountants (CAs) to ensure proper utilisation of funds.

Audit noticed that no in-house internal audit team had been constituted to conduct internal audit of the State implementing society and its district and sub-district offices as of August 2014. The CA had also not conducted the internal audit of the SPD, SSA Shimla during 2009-14. Internal audit of the DPOs and sub-district units conducted by the CA during 2009-13 ranged between 61 and 78 *per cent* whereas no internal audit for 2013-14 was conducted as of August 2014.

The SPD stated (August 2014) that efforts were made to cover all schools, districts and sub-district offices but shortfall in coverage of units was on the part of CA. The reply is not acceptable as the internal audit of all the units should have been ensured as per SSA guidelines.

2.1.19 Evaluation

The task of periodical monitoring and supervision of SSA was assigned to Himachal Pradesh University (HPU) by the GOI. It was noticed that the monitoring team of the HPU had covered six districts during 2009-12 for assessing the working of SSA and submitted detailed reports to the GOI and State Government, wherein deficiencies including lack of infrastructure, training to teachers and SMC members, awareness of RTE Act, etc., in the implementation of SSA in the State were pointed out.

The SPD stated (August 2014) that the findings of the University team were shared with the GOI and State Government and adequate funds with appropriate directions were released to the State to address the deficiencies. The reply is not acceptable as inadequacies have been persisting even after a period of 13 years since inception of the scheme.

2.1.20 Student learning achievement

Under Research Evaluation Monitoring and Supervision (REMS), assessment of enhancement in students' learning achievement and progress after the launch of SSA was to be carried out periodically after every three years at primary and upper primary stage.

A survey to assess the enhancement in students' learning achievement and progress was undertaken by the SPD during 2013-14. The Assessment survey was conducted for Hindi, English, Mathematics and Environmental Science. The results of baseline survey (**Appendix-2.1**) showed poor learning level of students of class-II to Class-VIII. The quality of education therefore needs to be improved to the desired level in the State.

The SPD stated (December 2014) that to improve the quality of learning in the elementary classes the Department is in process of initiating special literacy and numeracy drives in primary classes and advise teachers to pay special focus on students getting E-grade besides making library functional in all the schools.

2.1.21 Conclusion

Perspective plan was not prepared at any level during 2009-14 and Annual Work Plans (AWPs) were prepared at district level without considering school, cluster and block level development plans. Many primary and upper primary schools did not have the required number of teachers, class rooms and their own buildings. A large number of civil works for improving infrastructure facilities in the schools has remained incomplete. Teachers were not provided the requisite training and there was delay in distribution of free uniforms and text books to the children. Various provisions of RTE Act, 2009 including 25 *per cent* free and compulsory education to children of weaker section and disadvantaged groups in aided and unaided private schools, constitution of local authority for grievance redressal, etc., had not been implemented as of August 2014. Shortfall was also noticed in holding of meetings of governing body and executive committee.

2.1.22 Recommendations

The Government may consider:

- (i) involving the stakeholders at school/ village level in planning and ensure timely utilisation of funds;
- (ii) ensuring completion of the civil works to provide infrastructure to schools as per the provisions of the RTE Act, 2009; and
- (iii) taking effective steps for implementation and compliance of various provisions of RTE Act, 2009.

The audit findings were referred to the Government in October 2014. Reply had not been received (December 2014).

Industries Department

2.2 Working of Industries Department

The State Industries Department is responsible for promotion of growth of industries in the State through sustainable utilisation of natural resources, development of human skills, encouraging new investment in industries, creation of new employment opportunities, development of industrial areas/ estates, etc. The significant audit findings are as under:

Highlights:

- *Department had not conducted any survey for assessing the industrial potential including availability of human resources, raw materials, marketing avenues, etc.*
(Paragraph 2.2.6.1)
- *There was no mechanism in place to monitor the turnover, value of output, profitability, extent and quality of employment generation, etc. to see whether these were commensurate with the burden of tax concessions and subsidies on the public exchequer.*
(Paragraphs 2.2.6.2 and 2.2.6.3)
- *Revenue receipts of ₹40.53 crore on account of lease money were irregularly diverted towards the corpus fund of Industrial Area Development Authority, Baddi instead of depositing the same in Government account and ₹14.03 crore were irregularly utilized towards departmental expenditure.*
(Paragraph 2.2.7.5)
- *Due to non-execution/ completion of 151 works relating to infrastructural development of industrial areas/ industrial estates, ₹ 62.46 crore remained blocked with executing agencies for 12 to 60 months.*
(Paragraphs 2.2.8.6 and 2.2.9.2(ii))
- *Non-utilisation of industrial plots and other infrastructure facilities in the industrial areas rendered the expenditure of ₹ 21.02 crore largely unfruitful.*
(Paragraphs 2.2.8.2 and 2.2.9.2(i))
- *Prescribed internal control mechanism for effective implementation of various schemes and activities of the Department was weak.*
(Paragraph 2.2.13)

2.2.1 Introduction

The Industries Department is responsible for promotion of growth of industries in the State through sustainable utilisation of natural resources, development of human skills, encouraging new investment in industries, creation of new employment opportunities, development of industrial areas/ estates, etc.

2.2.2 Organisational set-up

The Principal Secretary (Industries) is the Administrative Head of the Department and the Director of Industries as Head of the Department is responsible for budgetary control and overall working of the Department through 12 districts industries centres (DICs) each headed by General Manager (GM) and six sericulture divisions each headed by silk seed production officer/ sericulture officer.

2.2.3 Audit Objectives

The objectives of the audit were to assess whether:

- effective planning and programme management in terms of delivery of goals of schemes existed;
- financial administration with reference to allocated priorities was efficient;
- the implementation of the schemes was economical, efficient and effective;
- internal control mechanism was in place.

2.2.4 Audit Scope and Methodology

Audit of the Department covering overall working including performance of the department in respect of implementation of State Schemes²² and Centrally Sponsored Schemes²³ (CSSs) for the period from 2009-10 to 2013-14 was conducted between February 2014 and July 2014. Selection of units was based on simple random sampling without replacement (SRSWOR) method. A test-check of records of nine units comprising the Director of Industries, four²⁴ (out of 12) DICs and four²⁵ (out of six) sericulture divisions was conducted.

Before commencing audit, the audit objectives, criteria and scope of audit were discussed in entry conference held in May 2014 with the Director of Industries. The audit conclusions were drawn after scrutiny of records, analysis of available data by issuing audit memoranda and obtaining responses of the departmental functionaries at various levels. Audit findings were discussed in the exit conference held with the Principal Secretary (Industries) in January 2015. The views of the State Government have been appropriately incorporated in the Report.

2.2.5 Audit Criteria

Audit criteria used for assessing the working of the Department and implementation of various schemes was derived from the following sources:

- Government of Himachal Pradesh, Department of Industries Incentive Rules-2004 and special package of incentives of the Government of India sanctioned in the year 2003;
- Guidelines of various centrally sponsored schemes;
- Himachal Pradesh Financial Rules and Budget Manual; and
- Circulars/notifications issued by the Government of India and State Government from time to time.

Audit Findings

2.2.6 Planning

Planning is a very critical component for implementation of various activities of the Department. Deficiencies noticed in this regard are discussed in the following paragraphs:

²² Rural Industrial Programme/ Rural Artisan Programme (RIP/ RAP), Entrepreneurship Development Programme/ Industrial Awareness Programme (EDP/ IAP) and Rural Engineering Based Training Programme (REBTP).

²³ Special Central Assistance (SCA) for Sericulture, Catalytic Development Programme (CDP), Rashtriya Krishi Vikas Yojna (RKVY) and specific projects under Assistance to States for Infrastructure Development and Export Scheme and Industrial Infrastructure Upgradation Scheme.

²⁴ Chamba, Hamirpur, Solan and Una.

²⁵ Dehra, Mandi, Nadaun and Palampur.

2.2.6.1 Survey

The DICs were required to conduct and update the industrial survey of the districts for assessing the industrial potential including availability of human resources and raw material, marketing avenues and other factors for preparation of Perspective Plan and Annual Action Plans at periodical intervals. Audit scrutiny showed that there was no provision for conducting such survey. It indicated that the registration of new industrial units was not based on any area development plan. The Director stated (November 2014) that the survey is being conducted by the GOI, Ministry of Micro, Small and Medium Enterprises. The fact, however, remains that the Department had not conducted the survey during 2009-14.

2.2.6.2 Measurement of benefits under special package/ incentives

To accelerate industrial development of the State and boost investor confidence, Government of India (GOI) sanctioned (January 2003) special package of incentive and to supplement this, the State Government had also sanctioned its own package of incentives under Himachal Pradesh Incentive Rules-2004. One of the objectives of above rules was to provide 70 *per cent* employment for bonafide Himachalis in the industrial units.

The Department was not monitoring whether the industrial units set-up and provided with fiscal incentives and subsidies under special package of the GOI/ State Government Incentive Rules-2004 were indeed meeting the objective of 70 *per cent* employment generation for Himachalis. There was no mechanism in place to monitor the turnover, value of output, profitability, extent and quality of employment generation, actual new investment brought in and extent of value addition in the manufacturing by the units so as to see whether these were commensurate within burden of tax concessions and subsidies on the public exchequer as indicated in the succeeding paragraphs. Regarding 70 *per cent* employment for bonafide Himachalis, the Principal Secretary (Industries) stated in the exit conference that the job had been assigned to the Labour and Employment Department and necessary data would be obtained. The fact, however, remained the Department had not monitored the same during 2009-14.

2.2.6.3 Contribution to manufacturing growth in the State by the Industries from tax concessions and subsidies

The trend in the contribution of registered manufacturing units in the Gross State Domestic Product (GSDP) since 2008-09 is given in **Table-2.2.1**.

Table- 2.2.1
Contribution of registered manufacturing units in GSDP during 2008-09 to 2013-14:

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
GSDP* (in crore)	41483	48189	57452	64957	73710	82585
Annual growth (<i>per cent</i>)		16.17	19.22	13.06	13.48	12.04
Contribution of registered manufacturing industry* (in crore)	5705	7841	9962	11471	12117	12976
Annual growth (<i>per cent</i>)		37.4	27	15.1	5.6	7
Share of registered manufacturing industry to GSDP (<i>per cent</i>)		16.27	17.33	17.66	16.43	15.71

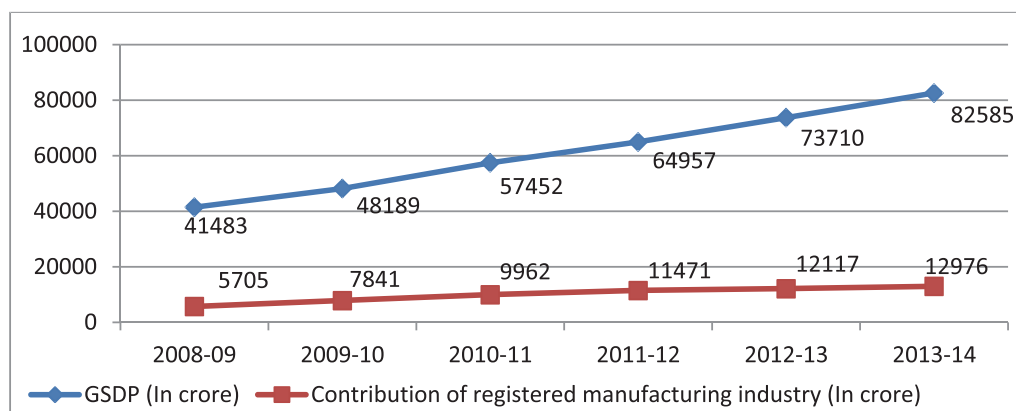
Source: Information supplied by the Statistical Department

*Note: At Current prices.

The industrial growth in the State was not commensurate with the growth in the State's GSDP.

The State's GSDP viz a viz the contribution of registered manufacturing industries is given in **Chart-2.2.1**.

Chart-2.2.1



The year to year growth in contribution had been erratic. Total contribution to GSDP during 2009-14 by all registered manufacturing units was ₹ 54,367 crore while total fiscal burden of tax concessions and subsidies on the Central and State exchequer provided to the beneficiary units was ₹ 35,606 crore²⁶. The Director stated (November 2014) that the State has difficult geographical and topographical conditions. The reply is not convincing as the industrial growth in the State was not commensurate with the fiscal burden on public exchequer.

2.2.6.4 Employment generation

The employment generation was the basic objective of both the GOI package of incentives 2003 as well as the State Industrial Incentive Rules 2004.

(i) The position of units registered and employment generated during 2009-14 is given in **Table-2.2.2**.

Table-2.2.2
Details of units registered and setup and employment generated during 2009-14
(Employment in number)

Year	Units registered		Units setup		Proposed average employment during the period	Average employment actually provided by each industrial unit
	Number	Proposed employment	Number	Employment generated		
2009-10	1709	51,750	1,055	13,704	30	13
2010-11	848	18,203	990	13,742	21	14
2011-12	1342	26,572	872	10,713	20	12
2012-13	799	14,573	805	9,337	18	12
2013-14	913	15,687	633	6,014	17	10
Total	5611	1,26,785	4,355	53,510		

Source: Information supplied by the Department

There was decreasing trend in the generation of employment during above period as the employment generated from the industrial units had decreased from 13,704 in 2009-10 to 6014 during 2013-14. The average employment generated by each industrial unit during 2009-14 ranged between 10 and 14 against proposed average employment range of 17 to 30.

²⁶

Centre: ₹ 35411 crore and State: ₹ 195 crore.

(ii) Audit further noticed that the data of employment generation was recorded on the basis of employment certificates provided by the unit holders at the time of their registration and it was neither monitored nor verified by the GMs of DICs after commencement of production by the industrial units.

The Principal Secretary (Industries) admitted the facts in the exit conference.

2.2.7 Financial management

2.2.7.1 Resources and application of funds

The year-wise position of resource and application of funds of the Department for the period 2009-14 is given in **Table-2.2.3 and 2.2.4**.

Table-2.2.3
Details of funds received through budget during 2009-14

(₹ in crore)

Head of Receipts	Year-wise allocation of funds											
	2009-10		2010-11		2011-12		2012-13		2013-14		Total	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
Salaries and Wages	0.21	20.25	0.26	22.50	0.31	24.80	0.37	28.78	0.39	28.14	1.54	124.47
Administration	0.65	1.24	0.69	1.23	0.76	1.40	0.77	1.62	0.77	1.79	3.64	7.28
Centrally Sponsored Schemes	4.49	0	4.37	0	6.47	0	9.64	0	5.83	0	30.80	0
State Sponsored Schemes	18.48	4.48	23.52	3.87	24.43	6.17	35.38	18.60	34.49	22.80	136.30	55.92
Total	23.83	25.97	28.84	27.60	31.97	32.37	46.16	49.00	41.48	52.73	172.28	187.67

Source: Information supplied by the Department

Note: Under centrally sponsored schemes, figures are as per State Budget and do not include funds directly transferred to implementing agencies by the GOI

Table-2.2.4
Details of application of funds during 2009-14

(₹ in crore)

Head of expenditure	Year-wise break-up of expenditure incurred											
	2009-10		2010-11		2011-12		2012-13		2013-14		Total	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
Salaries and Wages	0.21	20.15	0.29	23.97	0.33	24.64	0.37	28.82	0.39	28.13	1.59	125.71
Administration	0.64	1.24	0.69	1.23	0.75	1.40	0.77	1.56	0.77	1.79	3.62	7.22
Centrally Sponsored Schemes	4.49	0	4.37	0	6.47	0	9.63	0	5.83	0	30.79	0
State Sponsored Schemes	18.47	4.47	23.51	3.87	25.59	6.23	35.22	18.42	36.16	22.81	138.95	55.80
Total	23.81	25.86	28.86	29.07	33.14	32.27	45.99	48.80	43.15	52.73	174.95	188.73

Source: Information supplied by the Department

It would be seen from **Tables-2.2.3 and 2.2.4** that during 2009-14, the overall expenditure exceeded the approved allocation of funds by ₹ 3.73 crore. There was excess expenditure of ₹ 4.23 crore during 2010-11 (₹ 1.49 crore), 2011-12 (₹ 1.07 crore) and 2013-14 (₹ 1.67 crore) due to revision of pay scale and payment of pay arrears etc. Saving of ₹ 0.50 crore during 2009-10 (₹ 0.13 crore) and 2012-13 (₹ 0.37 crore) had occurred due to vacant posts, less payment of pay arrears and subsidy/ grants-in-aid to the beneficiaries/ entrepreneurs. The excess expenditure had not been regularized as of August 2014.

2.2.7.2 Budget control

As per Himachal Pradesh Budget Manual (HPBM), every year, the Head of Department is required to submit budget estimates (BEs) for the next financial year

and the statements of excess and surrender for the financial year to the Finance Department by 25 October and 01 December respectively.

Audit, however, noticed that the Director of Industries had submitted the BEs for the financial years 2009-14 after a delay ranging between 53 and 88 days and the statement of excesses and surrenders for the above period after a delay of 67 to 74 days. The Director stated (July and November 2014) that due to late receipt of information from field offices, the BEs and excess and surrender statements were not submitted in time. The reply is not acceptable as the Director should have ensured the submission of BEs, etc., as per prescribed time schedule.

2.2.7.3 Expenditure control

In order to regulate the expenditure in a phased manner the State Government had prescribed (September 1995) quarter-wise percentage²⁷ of expenditure to be incurred by the departmental authorities during a financial year. Audit noticed that:

(i) Against the prescribed percentage of 25, the expenditure in the fourth quarter of each year during 2009-14 was between 26 and 39 *per cent*²⁸ which was indicative of poor financial control over expenditure. Resultantly, the funds were withdrawn from treasury at the fag end of each financial year and remained unutilized for longer period as indicated in the succeeding paragraphs.

(ii) In eight test-checked units, the percentage of expenditure in fourth quarter of each year during 2009-14 ranged between 31 and 37.

The Director stated (November 2014) that the Department would regulate the expenditure as per norms in future.

2.2.7.4 Unutilised funds and non-accountal of receipt in cash book

State Financial Rules (SFRs) stipulate that no money should be withdrawn from treasury in advance of actual requirement and all monetary transactions should be entered in cash book as and when they occur.

Audit noticed that:

(i) In test-checked District Industries Centre (DIC), Solan, out of ₹ 6.69 crore²⁹ available for execution of works and implementation of schemes during 2009-14, the GM had released ₹ 4.14 crore to the executing agencies leaving unutilised amount of ₹ 2.55 crore in bank as of 31 March 2014. Contrary to the provisions of SFRs the funds ranging between ₹ 0.61 crore and ₹ 2.55 crore remained unutilised at the end of each financial year³⁰ during above period. Besides, the GM, DIC had not entered the amount in cash book or any other records. It was further noticed that the industrial area premium of ₹ 83.17 lakh received (between September 2005 and May 2013) by the GM, DIC, Solan from the entrepreneurs was also deposited in treasury without their entries in the cash book or any other records. In the absence of proper records the exact amount of receipt realised and deposited in treasury could not be verified in audit.

²⁷ Percentage of expenditure: 1st quarter: 20, 2nd quarter: 25, 3rd quarter: 30 and 4th quarter: 25.

²⁸ 2009-10: 37 *per cent*; 2010-11: 31 *per cent*; 2011-12: 38 *per cent*; 2012-13: 39 *per cent* and 2013-14: 26 *per cent*.

²⁹ Opening balance as on 1st April 2009: ₹ 0.73 crore, Receipt during 2009-14: ₹ 5.83 crore and Interest: ₹ 0.13 crore.

³⁰ 2009-10: ₹ 0.61 crore; 2010-11: ₹ 0.63 crore; 2011-12: ₹ 1.65 crore; 2012-13: ₹ 1.77 crore and 2013-14: ₹ 2.55 crore.

The GM, DIC Solan stated (July 2014) that cash book/ledger would be maintained in future.

(ii) The Director had withdrawn and released (October 2011) ₹ 47.45 lakh to the Himachal Pradesh State Industrial Development Corporation (HPSIDC) for execution of work for providing protection to industrial area Basal. However, the HPSIDC had not commenced the works as of October 2014 due to construction of the work by the Irrigation and Public Health Department under other schemes. Evidently, in contravention of the *ibid* rules, the funds were drawn without actual requirement and unnecessarily retained by the HPSIDC for 36 months.

The Director stated (May and October 2014) that the work was executed under other schemes and the GM, DIC, had been asked to get back the amount from HPSIDC and deposit the same in treasury. The reply does not explain as to why the funds were withdrawn and released to the HPSIDC without ascertaining the requirement.

2.2.7.5 Revenue receipts not credited to Government account

Rule 4.1 of Himachal Pradesh Financial Rules, 1971 provides that departmental receipts are promptly assessed, collected and paid into the treasury. Further, Rule 7 of Himachal Pradesh Treasury Rules, 2007 stipulates that departmental receipts are not to be appropriated to meet departmental expenditure or otherwise kept apart from Consolidated Fund of the State.

Audit noticed that contrary to the provisions *ibid*, out of ₹ 54.56 crore realised from the entrepreneurs on account of premium of lease money by the Single Window Clearance Agency (SWCA), Baddi under administrative control of the DIC, Solan during 2009-14, ₹ 14.03 crore were utilised towards payments of land acquisition and ₹ 40.53 crore were deposited in corpus fund of Industrial Area Development Authority (IADA), Baddi.

In the exit conference, the Principal Secretary stated that receipts were being deposited in the corpus fund for development of industrial area. The fact, however, remains that keeping the amount outside Government account and spending thereof violated the provisions of the Rules *ibid*.

2.2.7.6 Non-recovery of old outstanding industrial loans

Under State Aid to Industrial Development Act, 1971, the Department had granted financial assistance in the form of seed/ margin money loans (industrial loans) to small entrepreneurs for establishing small industries. Similarly, under State Scheme, the Department had provided financial assistance in the form of margin money loans to small entrepreneurs for establishing small scale industries at the rate of 10 to 15 *per cent*³¹ of the investment on plant and machinery. The loans were to be recovered within 12 years from the date of payments. Audit noticed that:

- Industrial loans of ₹ 73.68 lakh (Principal: ₹ 13.37 lakh and interest ₹ 60.31 lakh) paid between 1956-57 and 1980-81 were lying un-recovered from 706 loanees as of March 2014.
- Margin money loans of ₹ 1.47 crore (Principal ₹ 0.38 crore and interest ₹ 1.09 crore) granted to 536 small entrepreneurs between 1979-80 and 1999-2000 remained unrecovered as of March 2014.

The Director stated (July and November 2014) that the concerned GMs had been asked to explain the position for non-recovery of the loans from the loanees and

³¹ At the rate of 10 *per cent* in the case of general category and 15 *per cent* in the case of SC/ST category.

directions had been issued for recovery of loan at the earliest. The reply is not acceptable as apart from sending notices to defaulters, further action including initiation of recovery as arrears of land revenue had not been taken.

2.2.8. Infrastructure development- State schemes

2.2.8.1 Status of Industrial Areas/ Industrial Estates in the State

The Department was responsible for creation, development and maintenance of industrial areas (IAs)/ industrial estates (IEs) and improvement of industrial infrastructure in the State for better industrial growth.

Audit noticed that the Department had not fixed targets for establishing new IAs/ IEs during 2009-14. The Department had acquired 93.529 hectare area of land at six places³² during 2008-13 and notified (June 2011 to May 2013) the establishment of four IAs³³ and two IEs (Agwin Bhuli and Khialohakhrian in Hamirpur district) of which the transfer of land for development of the IE at Khialohakhrian had not been finalised as of November 2014 while the IA at Duttnagar and the IE at Agwin Bhuli had not been developed as indicated below:

- The State Government had approved (March 2010) the construction of ten numbers of sheds for ₹ 69.47 lakh at Agwin Bhuli, and released (March 2010) ₹ 10.00 lakh to the HPSIDC as first instalment. However, the HPSIDC had not executed the work as of November 2014 due to non-availability of link road to the site of the proposed IEs. The funds of ₹ 10.00 lakh remained locked up with the HPSIDC for more than 50 months.
- The Government had approved (November 2013) the development of industrial plots for ₹ 96.41 lakh at Duttnagar and released (November 2013) ₹ 45.00 lakh to the HPSIDC as first instalment. However, the HPSIDC had not taken up the execution of work as of November 2014 due to non-finalisation of the tendering process and the funds of ₹ 45.00 lakh remained locked up with HPSIDC for 12 months.

The Director stated (November 2014) that targets for establishing IAs/ IEs could not be fixed as this was time consuming process and action to start the construction work was being initiated. The fact, however, remains that the works for development of the IA/IEs had not been commenced as of November 2014.

2.2.8.2 Lack of infrastructural facilities in industrial areas

As per Himachal Pradesh Industries Incentive Rules 2004, plots were to be allotted to the entrepreneurs provisionally for a period of two years. However, the possession thereof was to be handed over to the allottees after entering into lease agreements. The allottees were required to commence commercial production within two years from the date of handing over of the possession. Audit noticed the following:

(i) Unfruitful expenditure on industrial area Basal

The Department had carved out 40 plots at Basal, Una district on land valuing ₹ 12.71 crore with an expenditure of ₹ 92.05 lakh³⁴ during 2010-12. The plots were allotted to the entrepreneurs between 2010 and 2012 for setting up of industries.

³² Agwin Bhuli (Hamirpur): 2.163 hectare; Basal (Una): 16.560 hectare; Duttnagar (Shimla): 0.767 hectare; Khialohakhrian (Hamirpur): 0.170 hectare; Lodhi Majara: 45.617 hectare and Majhol (Solan): 28.252 hectare.

³³ Basal, Duttnagar, Lodhi Majara and Majhol.

³⁴ Survey work etc: ₹ 4.36 lakh (February 2010), construction of road: ₹ 50.00 lakh (October 2011) and channelisation of *Nallah*: ₹ 37.69 lakh (October 2011).

However, against 40 plots allotted to the entrepreneurs, only one entrepreneur had set up industrial establishment and the remaining 39 entrepreneurs did not commence commercial production as of June 2014 due to flood prone area and HT/ LT³⁵ lines crossing over the plots. Of the 39 plots, the Department had cancelled the allotment of 20 plots during 2013-14 and the remaining 19 plots were lying abandoned. Evidently, the Department had developed the industrial area without examining the feasibility of the site which rendered the expenditure ₹ 92.05 lakh unfruitful. Besides, the land measuring 16.56 hectare costing ₹ 12.71 crore was also not gainfully put to use.

The Director stated (November 2014) that action would be taken to develop the infrastructure facility in IA Basal at the earliest. The replies are not acceptable as all these aspects should have been looked into before execution of the works.

(ii) Unfruitful expenditure on the development of industrial area, Banalgi and non-receipt of premium from the entrepreneurs

The Department had acquired (July 1997) 10.087 hectare area of Government land at Banalgi in Solan district for the development of IAs. The Department had carved out 13 IAs/ plots during 2004-05 and allotted to entrepreneurs between August 2004 and November 2005 at a premium of ₹ 50.46 lakh. The Department had also incurred an expenditure of ₹ 35.00 lakh during 2006-07 for electrification. It was however, noticed that none of the entrepreneurs had commenced commercial production due to lack of infrastructure including widening of roads, electricity, water supply, etc. The Department had cancelled the allotment of 12 entrepreneurs between March 2008 and October 2013 and in respect of one entrepreneur³⁶ the case was sub-judice as of June 2014. Thus, lack of infrastructure facilities rendered the expenditure of ₹ 35.00 lakh as unfruitful. Besides, a premium of ₹ 25.26 lakh due from these entrepreneurs also remained unrecovered.

The Director stated (November 2014) that action for construction of roads and water supply in the area was being initiated.

2.2.8.3 Non-recovery of premium of industrial areas and rent of sheds

Government of Himachal Pradesh Department of Industries Incentive Rules 2004 provide that need based land in IAs/IEs and in other areas wherever available with the Department for the establishment of industrial enterprises, public utilities, social infrastructure and such other purposes as are deemed fit by the Government, will be allotted on premium to be fixed by the Government.

Audit noticed that recoveries aggregating ₹ 7.03 crore³⁷ on account of premium of industrial plots/ rent of industrial sheds leased/ rented out to the entrepreneurs were not effected from 2009-10 to 2013-14 as of November 2014. The Director stated (May and November 2014) that due to slump in market, seasonal work, litigations, closure of units; etc. the recovery of premium/ rent could not be made and directions had been issued to field offices for recovery of the amount at the earliest. The reply is not acceptable as the amount due to the Government should have been realised in time.

2.2.8.4 Non-completion of work of Common Facility Centre

For construction of common facility centre at Peersthan industrial area Nalagarh, the Director had released ₹ 2.11 crore (July 2010: ₹ 1.54 crore and February 2012:

³⁵ HT: high tension; LT: low tension.

³⁶ Himalayan cotton yarns limited.

³⁷ More than two months; 333 cases: ₹ 1.44 crore; more than 14 months; 361 cases: ₹ 1.79 crore; more than 26 months 375 cases: ₹ 1.43 crore; more than 38 months; 404 cases: ₹ 1.32 crore and more than 50 months; 345 cases: ₹ 1.05 crore.

₹ 0.57 crore) to HPSIDC. The work was to be completed within six months. It was, however, noticed that the HPSIDC had taken up the work for execution during 2012 and executed the work of the value of ₹ 46.89 lakh only upto May 2014. Non-completion of the work in time resulted in non-providing of the intended facilities to the concerned beneficiaries besides blocking of funds of ₹ 1.64 crore with the HPSIDC for 27 to 46 months.

The Principal Secretary (Industries) stated in the exit conference that the instructions would be issued to all concerned to expedite the execution of the work.

2.2.8.5 Non-construction of link road

Rule 2.10 (b) 5 of SFRs provides that money should not be withdrawn from treasury in respect of the works the completion of which is likely to take considerable time.

Audit noticed that an amount of ₹ 1.30 crore was released (August 2010) to the HPSIDC for construction of link road from Nalagarh Ropar road to IA, Beer Palasi with the condition that the work be completed within six months. However, the HPSIDC had not commenced the works as of November 2014 due to involvement of forest land. Evidently, the funds withdrawn in contravention of the *ibid* rule, remained blocked with HPSIDC for 51 months. Besides, non-execution of the work deprived the concerned beneficiaries of the intended infrastructure facility.

The Director stated (November 2014) that the work was not taken up due to involvement of forest land and the executing agency had been asked (October 2014) to refund the amount. The reply does not explain as to why the funds were released for the works without ensuring forest clearance.

2.2.8.6 Status of other infrastructural works

As per State Government instructions (November 2003), the user departments and the executing agencies are responsible for execution of the works/ schemes in a time bound manner.

Audit noticed the following:

(i) Of 395 works sanctioned for ₹ 71.08 crore during 2009-14³⁸, the executing agencies had completed the construction of 245 works with an expenditure of ₹ 14.19 crore and 150 works³⁹ involving ₹ 56.89 crore were lying incomplete as of May 2014, of which 75 were lying incomplete for 12 to 60 months depriving the concerned beneficiaries of the intended benefits. The Director, however, had not maintained/ updated the work-wise data of expenditure actually incurred on the completed/ incomplete works. Thus, contrary to the instructions *ibid*, the Director had not monitored the works being executed by the executing agencies periodically.

(ii) In four test-checked DICs, out of 61 works sanctioned for ₹ 11.73 crore during 2009-14, 41 works had been completed with the expenditure of ₹ 4.63 crore and 20 works involving ₹ 7.10 crore were lying incomplete as of May 2014 of which 12 works were lying incomplete for 14 to 50 months. The DICs had also not maintained/ updated the work-wise data of expenditure incurred on the incomplete

³⁸ 2009-10: ₹ 15.03 crore; 2010-11: ₹ 13.59 crore; 2011-12: ₹ 13.65 crore; 2012-13: ₹ 14.18 crore and 2013-14: ₹ 14.63 crore.

³⁹ Construction of roads, water supply schemes, official/ residential buildings, electrification works, etc.

works. Thus, contrary to the Government instructions *ibid*, the DICs had also not monitored the works being executed by the executing agencies.

The Principal Secretary (Industries) stated in the exit conference that the instructions would be issued to all concerned to expedite the execution of the work and maintain necessary database for effective monitoring of the projects/ scheme.

2.2.9. Infrastructure facilities- Central Schemes

2.2.9.1 Setting up of common effluent treatment plant, skill upgradation and road widening

Under industrial infrastructure upgradation scheme, the GOI approved (November 2010) a proposal of ₹ 80.50 crore for upgradation of infrastructural facilities⁴⁰ at Pharmaceuticals and Allied Industries Cluster, Baddi Barotiwala to be financed by GOI (₹ 58.28 crore), State Government (₹ 7.00 crore), term loan (₹ 6.00 crore) and Industry contribution (₹ 9.22 crore). The work was to be executed by Special Purpose Vehicle (SPV), Baddi Infrastructure within 24 months.

Audit noticed that out of ₹ 67.95 crore made available for the project by the funding agencies⁴¹, the SPV had utilised ₹ 55.88 crore⁴² during 2010-14 for installation of common effluent plant (₹ 31.00 crore), construction of skill development centre (₹ 8.68 crore), construction of roads (₹ 13.74 crore), administrative expenses (₹ 2.46 crore). The following deficiencies were noticed:

- The work of the common effluent plant (CEP) being the major component of the project was not completed as of November 2014 due to late receipt of environment clearance from the GOI Ministry of Environment and Forests. The SPV had applied for environment clearance in March 2011 which was received in February 2013 and work started in March 2013. Due to delay in execution of the work the estimated cost of the CEP had escalated from the ₹ 53.80 crore to ₹ 60.95 crore.
- The work of widening and strengthening of road was not completed as of November 2014 due to non completion of codal formalities in time and expenditure of ₹ 13.74 crore had been incurred on it.
- The work of skill development centre had been completed in May 2013 with an expenditure of ₹ 8.68 crore against the sanctioned cost of ₹ 8.10 crore resulting in irregular excess expenditure of ₹ 0.58 crore.
- Against the approved estimated cost of ₹ 1.20 crore for administrative expenses, the SPV, Baddi Infrastructure had incurred an expenditure of ₹ 2.46 crore resulting in an excess expenditure of ₹ 1.26 crore which was irregular.

⁴⁰ Common affluent plant: ₹ 53.80 crore, road widening and strengthening: ₹ 17.24 crore, skill development centre: ₹ 8.10 crore, fix assets ₹ 0.16 crore and administrative expenses: ₹ 1.20 crore.

⁴¹ GOI: ₹ 52.44 crore (2010-11: ₹ 17.48 crore, 2012-13: ₹ 17.48 crore and 2013-14: ₹ 17.48 crore); State Government: ₹ 6.30 crore (2012-13: ₹ 2.10 crore and 2013-14: ₹ 4.20 crore); Industry contribution: ₹ 5.61 crore (2010-11: ₹ 0.82 crore, 2011-12: ₹ 2.47 crore, 2012-13: ₹ 1.60 crore and 2013-14: ₹ 0.72 crore) and term loan 2013-14: ₹ 3.60 crore.

⁴² 2010-11: ₹ 0.59 crore, 2011-12: ₹ 8.76 crore; 2012-13: ₹ 15.29 crore and 2013-14: ₹ 31.24 crore.

Evidently, the funds were released to the SPV without obtaining the prior environment clearance which not only resulted in non-utilisation of funds in time but also in non-completion of the works depriving the beneficiaries of the intended benefits. Besides cost escalation of ₹ 7.15 crore on the CEP component, the excess expenditure of ₹ 1.84 crore under heads skill development and administrative expenses also affected the implementation of other incomplete components of the project.

The Director stated (May and November 2014) that delay in completion of the works was due to delay in obtaining environment clearance from the GOI and non-completion of codal formalities in time. The reply is not acceptable as the necessary environment clearance should have been ensured before sanctioning the amount.

2.2.9.2 Assistance to States for Infrastructure Development and Export Scheme

With a view to creating infrastructure for the development and growth of exports, the GOI, Ministry of Commerce and Industry had launched Assistance to States for Infrastructure Development of Exports and Allied Activities (ASIDE) scheme in 2002-03 under which funds to the States are released for specific projects directly to executing agencies. Audit noticed the following:

(i) Setting up of inland container depot at Baddi

To provide facilities like warehousing, storage, custody and handling of Cargo to the Industrial units in the State, a Memorandum of Understanding was signed (October 2008) between State Government and the Container Corporation of India (CONCOR) for the establishment of inland container depot (ICD) at Baddi with a project cost of ₹ 57.45 crore⁴³. The ICD facility was to be made operational within 15 months after the handing over the land to CONCOR. The phase-I of the project (estimated cost: ₹ 9.38 crore) included construction of warehouse, administrative building, boundary wall, etc. The phase-II of the project was to be undertaken after commissioning of Chandigarh-Baddi rail link and till such time, road fed service was to be provided.

It was noticed that the State Government had transferred (April 2009) government land measuring 6.524 hectare (17.2 acre) at a nominal lease of ₹ one per acre per annum for 95 years to the CONCOR for the ICD and also acquired land measuring 1.39 hectare at compensation cost of ₹ 4.30 crore for the construction of approach road to ICD. The construction of protection work to the ICD was completed at a cost of ₹ 2.75 crore during 2011-12 and approach road was completed at a cost of ₹ 2.70 crore during 2013-14. The phase-I of the project had also been completed at a cost of ₹ 10.00 crore in May 2013. However, the ICD was not made operational as of November 2014 due to non-issue of necessary notification by GOI, Central Board of Excise and Customs under the relevant Act of Central Excise and Customs and non-posting of staff. Failure of the Department to make the ICD operational rendered the expenditure of ₹ 19.75 crore largely unfruitful as the concerned beneficiaries remained deprived of the intended benefits. The Director stated (November 2014)

⁴³ State Government (land for setting up of ICD: ₹ 19.40 crore, acquisition of land for approach road: ₹ 4.31 crore and construction of approach road: ₹ 0.32 crore) GOI (site protection works: ₹ 2.75 crore, construction of approach road: ₹ 2.89 crore) and CONCOR (development of ICD: ₹ 27.78 crore).

that the matter would be pursued with the GOI. The fact remains that the Department did not pursue the case with GOI regularly.

(ii) Setting up of container parking facility

Under ASIDE Scheme, the GOI approved (October 2013) a project for ₹ 14.42 crore for construction of container parking facility at Baddi, Barotiwala on cost share basis between GOI (₹ 11.13 crore) and State Government in the form of land (₹ 3.29 crore) and released ₹ 5.57 crore (50 *per cent* of GOI share) as first instalment for the construction of container parking facility at Baddi Barotiwala. The amount was released to the HPSIDC through RTGS⁴⁴ during October 2013. The project was to be completed within 21 months.

Scrutiny showed that the work was not taken up for execution due to non-availability of suitable site. Evidently, the Department did not ensure the encumbrance free site before making proposal to the GOI which resulted in blocking of huge amount with the HPSIDC for 14 months. The Director stated (November 2014) that the site had been transferred (September 2014) and tenders for the said work had been invited by the executing agency. The fact, however, remains that the work had not been commenced for the last 13 months.

2.2.10 Training programmes- State Sector

2.2.10.1 Entrepreneurship Development Programmes/ Industrial Awareness Programme

With the main objective of developing the entrepreneurial skill amongst the local rural educated unemployed youth to take up self employment ventures, Entrepreneurship Development Programmes (EDPs)/ Industrial Awareness Programmes (IAPs) are organised by the Department at various places across the State. Under the scheme, four types⁴⁵ of training programmes are organized by two agencies⁴⁶.

Audit noticed that 6,860 number of beneficiaries were imparted training by the Department during 2009-14 with the expenditure of ₹ 1.16 crore. However, the Department had not ensured the subsequent follow up to ascertain the impact of operations and implementation of the programme during above period. In the exit conference, the Principal Secretary stated that above aspect would be monitored in future.

2.2.10.2 Rural Industrial Programme/ Rural Artisans Programme

With a view to encourage/ guide the rural populace to set up their own ventures for self employment, Rural Industrial Programme (RIP)/ Rural Artisans Programme (RAP) scheme was launched during the year 1979. Under the scheme, the skill of the rural artisans is upgraded by providing them with the required training (ranging from three to 12 months) with improved techniques and tools and settling them in their trades to enable them to increase/ supplement their earnings. The training is to be provided by master craftsmen/ master trainer in traditional trades *viz.* tailoring, weaving, carpentry, basket making, blacksmithy, metal/ wood crafts, etc.

⁴⁴ Real Time Gross Settlement.

⁴⁵ IAPs: three days; Short term EDPs: seven days, Short term product specific EDPs: 14 days and Long term product specific EDPs 30 days.

⁴⁶ Himachal Pradesh Centre for Entrepreneurship Development and Himachal Consultancy Organisation (HIMCOM).

Audit noticed that against the target of 33,100 number of beneficiaries to be trained under the scheme during 2009-14 with the finance of ₹ 5.37 crore, 36,241 number of beneficiaries were covered by the Department with the expenditure of ₹ 4.79 crore (including tool kits). Though, the achievements had exceeded the targets during the above period, the Department had not maintained trade-wise data of beneficiaries covered and the expenditure incurred on training and tool kits separately under the scheme. Besides, the subsequent follow up of the ventures set up by the trained beneficiaries was also not ensured to ascertain the impact of implementation of the scheme. In the exit conference, the Principal Secretary stated that above aspect would be monitored in future.

2.2.11 Promotion of sericulture industry

Sericulture is an agro-based labour intensive rural cottage industry. With the objectives of generating employment in rural areas, promoting and strengthening of support systems for sericulture and silk industry, promoting value addition of silk produces etc., the Department had set up a separate sericulture wing in the State.

2.2.11.1 Catalytic Development Programme

The Catalytic Development Programme (CDP) is a flagship scheme of GOI, Ministry of Textile for development of sericulture and silk industry consisting of various components for promotion of all variety of silk in India. It has been an important tool for transfer and adoption of improved technology packages developed by the research institute of Central Silk Board (CSB).

(i) Availability and utilisation of funds

Against the availability of ₹ 13.92 crore under CDP received from the CSB during 2009-14, the Department had incurred an expenditure of ₹ 12.11 crore and ₹ 1.81 crore remained unutilised of which ₹ 0.13 crore were refunded by the Director to the funding agency. The Director admitted (November 2014) the facts.

(ii) Unfruitful expenditure due to non-completion of Chowki Rearing Centres

The cost of Chowki Rearing Centres (CRCs) etc., under CDP is to be borne by the CSB, the State Government and the beneficiaries in the ratio of 80:10:10 respectively. In test-checked Mandi Sericulture Division, the construction of 102 numbers of CRCs at the cost of ₹ 83.75 lakh⁴⁷ was sanctioned during 2010-11 and 2011-12. For this purpose, the CSB had provided assistance of ₹ 67.00 lakh to the 102 beneficiaries for the construction of 102 numbers of CRC sheds during 2010-11 (₹ 18.60 lakh) and 2011-12 (₹ 48.40 lakh). It was, however, noticed that though the division had incurred an expenditure of ₹ 75.37 lakh (central share: ₹ 67.00 lakh and beneficiaries share: ₹ 8.37 lakh) on the work, the construction of the sheds was not complete as of November 2014 due to non-receipt of State share of ₹ 8.38 lakh. Resultantly, the expenditure of ₹ 75.37 lakh remained largely unfruitful. The Principal Secretary (Industries) admitted the facts in the exit conference.

(iii) Non-obtaining of accounts

On receipt of ₹ 14.80 lakh from the CSB, Bangalore during 2010-11, the Director released the amount (August 2010: ₹ 13.91 lakh and March 2011: ₹ 0.89 lakh) to SO,

⁴⁷

Central share: ₹ 67.00 lakh; State share: ₹ 8.38 lakh and beneficiary share: ₹ 8.37 lakh.

Mandi for development of oak tassar sericulture under cluster promotion component of the CDP. It was noticed that the SO, Mandi had further released the amount⁴⁸ to the Scientist-C, Research Extension Centre, CSB Palampur. However, the CSB Palampur had not rendered the account/ UCs of the amount to the Director for onward transmission to the CSB Bangalore as of March 2014 without which it could not be ascertained in audit as to whether the amount was utilised for the intended purpose.

The Principal Secretary (Industries) in the exit conference directed his staff to do the needful at the earliest.

2.2.11.2 Non-maintenance of assets registers

No asset register was maintained in the Directorate and eight test checked units. As a result, actual land, buildings, etc., available with the Department could not be ascertained. While admitting the facts, the Director stated (November 2014) that directions for maintenance of the asset registers had been issued to all field offices.

2.2.11.3 Issue of Stores without acknowledgement

Financial Rules require that when materials are issued from stock for departmental use or sales, etc. the Government servant in-charge of the stores should see that an indent in prescribed form has been made by a properly authorized person. When materials are issued, a written acknowledgement should be obtained from the person to whom they are ordered to be delivered or dispatched.

Audit noticed that in test-checked sericulture division, Palampur, store items worth ₹ 39.18 lakh were issued to the Sericulture Centres (₹ 3.82 lakh) and beneficiaries (₹ 35.36 lakh) between April 2010 and May 2013 without obtaining acknowledgements from the recipients. In the absence of the receipts, chances of pilferage of the stores are not ruled out.

The SSPO, Palampur stated (June 2014) that signatures were obtained in the lists of concerned centres. The reply is not acceptable as proper acknowledgments of the actual recipients of the store items were not obtained.

2.2.11.4 Under-utilisation of Nurpur silk mill

With the objective of producing silk yarn from cocoons, Nurpur Silk Mill (NSM) was established in the year 1964. It was run by different agencies⁴⁹ upto August 2006 and transferred to the Industries Department in September 2006 on net assets value of ₹ 9.79 lakh alongwith building on 33 years lease basis with annual rent of one rupee for its productive use. The Department also decided (May 2011) to run the NSM alongwith training purpose of the sericulture wing from June 2011.

Scrutiny of records of sericulture division, Dehra showed that against the capacity of reeling 30,000 kg silk yarn⁵⁰ during 2009-14 only 20.6 kg (0.06 *per cent*) silk yarn of the value of ₹ 51,850 was reeled. Besides, against the targets 80 beneficiaries, only 33 (41 *per cent*) beneficiaries were imparted training of one month duration in two batches for skill development to adopt sericulture industries during 2011-14. In the

⁴⁸ January 2011: ₹ 1.94 lakh; June 2011: ₹ 12.86 lakh.

⁴⁹ Punjab Government (1964-1966); Himachal Pradesh Industries Department (1966-1968); Mineral and Industrial Development Corporation and Himachal Pradesh General Industries Corporation (1968-2006).

⁵⁰ Two units having capacity of reeling 3000 kg silk yarn per unit per annum.

meantime, the Department incurred an expenditure of ₹ 19.54 lakh (Pay and allowances of staff: ₹ 18.24 lakh and raw material and other expenses: ₹ 1.30 lakh) during 2009-14. Evidently, under utilisation of the NSM rendered the expenditure of ₹ 19.54 lakh largely unfruitful.

The Principal Secretary (Industries) stated in the exit conference that the mill would be modernised to make it economically viable.

2.2.12 Human resource management

2.2.12.1 Staff sanctioned and persons-in-position

The overall position of staff sanctioned (SS) and person-in-position (PIP) as of March 2014 is given in **Table-2.2.5**.

Table- 2.2.5
Detail of staff sanctioned viz a viz persons-in-position as of March 2014

Sl. No.	Category of staff	SS	PIP	Vacancy position (in per cent)
1.	Gazetted (Administration)	69	56	13 (19)
2.	Gazetted (Technical/field)	88	51	37 (42)
3.	Non- Gazetted (Ministerial)	166	78	88 (53)
4.	Non- Gazetted (Technical/field)	401	205	196 (49)
5.	Driver	33	19	14 (42)
6.	Class-IV	443	340	103 (23)
	Total	1200	749	451 (38)

Source: Information supplied by the Department

It would be seen from **Table-2.2.5** that there was overall shortage of 451 personnel (38 per cent) against the sanctioned strength of 1200. The Principal Secretary (Industries) stated in the exit conference that the matter for filling up of technical posts would be taken up in the State Cabinet.

2.2.12.2 Training for capacity building of manpower

Audit noticed the following:

- The Department had not followed the Training Policy 2009 as neither the training plan for coverage of all the personnel was prepared nor training was imparted as per Training Policy during 2009-14.
- Though the Department had prepared a Training Manual, the approval of the same from the Government was awaited as of July 2014.

While admitting the facts, the Director stated (November 2014) that regular training would be ensured in future.

2.2.13 Internal control mechanism

2.2.13.1 Internal control

Internal control system is a management tool used to provide assurance that the objectives are being achieved as planned. Audit noticed that the internal controls in the Department were not adhered properly as follows:

• Annual administrative inspections not conducted

It was noticed in audit that against the required 180 inspections of 36 offices in five years, the Directorate of Industries had conducted 52 inspections⁵¹ during 2009-14 and the shortfall in conducting the inspections ranged between 61 and 83 per cent. The

⁵¹ 2009-10: 11; 2010-11: 14; 2011-12: 13; 2012-13: eight and 2013-14: six.

percentage shortfall in eight test-checked units during above period ranged between 40 and 100 which indicated that the inspections of field offices were not carried out as prescribed. The Director stated (November 2014) that in future inspections of field offices would be ensured regularly.

• **Internal audit arrangement**

The FD had posted one Assistant Controller (Finance and Accounts) and one Section Officer in the Department who were required to manage the internal audit work of the Department. Audit noticed that the Internal Audit staff posted in the Department was carrying out routine work of the Directorate and no internal audit was done during 2009-14. The internal audit was completely non-existent in the Department.

The Director stated (November 2014) that internal audit wing could not be established in the Department due to shortage of staff. The reply is not acceptable as the staff provided for internal audit should have been deployed to exercise control over financial reporting and ensure implementation of programmes in an effective way.

2.2.13.2 Grievances Redressal

In compliance to State Government's instructions (December 2007), a Grievances Redressal Cell (GRC) was to be constituted in the office of the Director of Industries for ensuring disposal of grievances/ complaints in a time bound manner. It was, however, noticed in audit the GRC had not been constituted in the Directorate of Industries as of August 2014. The Director stated (November 2014) that the GRC had been constituted in November 2014.

2.2.13.3 Monitoring and evaluation

Monitoring and evaluation is an effective tool to ascertain the effect and impact of the programmes undertaken for implementation by the Department. It was, however, noticed in audit that:

- No State Level Monitoring Committee had been constituted for effective and efficient implementation of the State Industrial Policy, 2004 as of July 2014. As a result, the programmes/ schemes being implemented in the Department were not monitored.
- The Department had not devised the system for monitoring the progress of the execution of the works by the executing agencies at Directorate and DICs levels. Resultantly, huge amount remained unspent and a large number of works remained unexecuted/ incomplete for many years.
- No mechanism existed in the Department for periodical monitoring and evaluation of various training programmes for setting up of self employment ventures, etc., so as to ascertain the impact of training imparted.

The Principal Secretary (Industries) stated in the exit conference that necessary instructions would be issued to the quarters concerned.

2.2.13.4 Entrepreneurs Survey

As stated in the preceding paragraphs proper monitoring mechanism did not exist in the Department. However, audit conducted beneficiaries/ entrepreneurs survey of 40 beneficiaries (ten beneficiaries from each DIC) of four test checked districts regarding

their satisfaction level on different parameters in the industrial areas and their responses are given in **Table-2.2.6**.

Table-2.2.6

Sl. No.	Parameter	Response
1.	Availability of medical facilities	Good: 38 <i>per cent</i> ; Average: 27 <i>per cent</i> ; and Bad: 35 <i>per cent</i> .
2.	Availability of education facilities	Good: 33 <i>per cent</i> ; Average: 42 <i>per cent</i> ; and Bad: 25 <i>per cent</i> .
3.	Disposal of industrial effluent/ degraded waste	Good: 45 <i>per cent</i> ; Average: 22 <i>per cent</i> ; and Bad: 33 <i>per cent</i> .
4.	Availability of transport facility	Good: 48 <i>per cent</i> ; Average: 22 <i>per cent</i> ; and Bad: 30 <i>per cent</i> .

In the exit conference the Principal Secretary (Industries) stated that the requisite facilities were to be provided in the areas by the entrepreneurs. The fact, however, remains that the availability of above facilities would have attracted more entrepreneurs/ work force in the industrial area.

2.2.14 Conclusion

The Department had not conducted any industrial survey for assessing the industrial potential including availability of human resources, raw materials, marketing avenues, etc. The Department was not monitoring whether the industrial units set up were indeed meeting the objective of employment generation and there was no mechanism in place to monitor the turnover value of output, profitability extent and quality of employment generation so as to see whether these were commensurate within the burden of tax concession and subsidies. The huge Government receipts on account of premium of lease money were irregularly diverted/ utilised towards departmental expenditure undermining the authority of the Legislature. The schemes/ projects were not implemented economically, efficiently and effectively as industrial areas/ estates were not developed as planned and works relating to infrastructure development remained unexecuted. There was lack of monitoring/ follow up of self-employment training programmes. The internal control mechanism for satisfactory delivery of results in the Department was weak.

2.2.15 Recommendations

The Government/ Department may consider:

- (i) carrying out comprehensive survey to judge the industrial potential of the State;
- (ii) releasing of money to implementing agencies only when all the approvals including availability of land, forest and environment clearance, etc., required for the projects have been secured;
- (iii) crediting all revenue receipts in the Government account and avoiding departmental expenditure therefrom without authorisation of the State Legislature; and
- (iv) strengthening the internal control mechanism-monitoring the progress of various infrastructural works, regular inspections, internal audit, complaint redressal, etc.,

The audit findings were referred to the Government in October 2014. Reply had not been received (December 2014).

Irrigation and Public Health Department

2.3 Implementation of National Rural Drinking Water Programme

The National Rural Drinking Water Programme is aimed at ensuring drinking water security to every rural household by utilising multiple sources of water, ensuring the sustainability of the system, institutionalisation of water quality programme through community participation, creation of awareness among masses, training of manpower and ensuring transparency in implementation through online Management Information System. The important findings are as under:

Highlights:

- *Comprehensive water security plans taking inputs from Village and District Water Security Plans comprising demographic, physical features, water sources, available drinking water infrastructure, etc. were not formulated.*
(Paragraph 2.3.6.1)
- *Non-utilisation and diversion of GOI funds ranging between ₹ 11.50 crore and ₹ 82.17 crore during 2009-14 resulted in short release of ₹ 87.42 crore against the approved allocations from the GOI.*
(Paragraphs 2.3.8.2 and 2.3.8.4)
- *Non-transfer of functions of operation and maintenance of water supply schemes to the Gram Panchayats/ Village Water and Sanitation Committees deprived the State of the incentive of ₹ 59.27 crore from GOI during 2009-14.*
(Paragraph 2.3.8.7)
- *The target of coverage of all rural habitations with availability of adequate safe drinking water by the year 2012 had not been achieved in the State as of March 2014.*
(Paragraph 2.3.9.1)
- *Of 509 rural water supply schemes stipulated to be completed during 2009-14, 197 schemes on which ₹ 88.46 crore had been spent were lying incomplete as of August 2014.*
(Paragraph 2.3.9.2)
- *During 2009-14, only 14 laboratories have been set up as against the target of 48 water quality testing laboratories and as against the required number of 21.02 lakh chemical and bacteriological contamination tests, a target of only 1.66 lakh tests was fixed against which 0.72 lakh tests were conducted.*
(Paragraphs 2.3.11.1 and 2.3.11.2)
- *Internal control mechanism was weak. Monitoring and investigation unit for review of periodical progress reports of schemes, conducting of social audit by community based organisations, etc. were not put in place during 2009-14.*
(Paragraphs 2.3.12.2 and 2.3.12.3)

2.3.1 Introduction

Accelerated Rural Water Supply Programme (ARWSP) was launched on all-India basis in 1972-73. The scheme was renamed as “National Rural Drinking Water Programme” (NRDWP) from 01 April 2009 with major emphasis on ensuring sustainability of water availability in terms of potability, adequacy, convenience, affordability and equity while also adopting decentralised approach involving Panchayati Raj Institutions (PRIs) and community organisations. The main objectives

of the programme are ensuring drinking water security to every rural household by utilising multiple sources of water, ensuring the sustainability of the system, institutionalisation of water quality programme through community participation, creation of awareness among masses, training of manpower and ensuring transparency in implementation through online Management Information System (MIS).

2.3.2 Organisational set-up

The programme is implemented by the Irrigation and Public Health Department (IPH) with the Additional Chief Secretary/ Principal Secretary as administrative head who acts as Member Secretary, State Water and Sanitation Mission (SWSM). The Engineer-in-Chief (E-in-C) is the head of the Department-cum-Member, SWSM who is assisted by Director, Water and Sanitation Support Organisation (WSSO), Chief Engineers (CEs) of four zones (Hamirpur, Dharamshala, Mandi and Shimla) and Superintending Engineers of 13 circles. The execution part is carried out by 48 divisions each headed by an Executive Engineer (EE).

2.3.3 Audit Objectives

The objectives of the audit were to see whether:

- planning process was efficient and effective;
- financial management was efficient;
- implementation of the schemes was economical, efficient and effective and habitations were provided with safe and adequate drinking water; and
- internal control mechanism was adequate.

2.3.4 Audit Scope and Methodology

The implementation of the programme in the State for the period from 2009-10 to 2013-14 was reviewed between March and August 2014 by test-check of records of the E-in-C, three⁵² (out of four) CEs, six⁵³ (out of 13) SEs, 17 (out of 48) EEs⁵⁴ and Director, WSSO selected on the basis of simple random sampling without replacement method. An entry conference was held with the Additional Chief Secretary (IPH) in March 2014 wherein the objectives, scope, criteria and methodology of audit were discussed. The 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 Additional Chief Secretary (ACS) in an exit conference held in January 2015 and the views of the State Government have been incorporated appropriately in the Report.

2.3.5 Audit Criteria

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

- NRDWP scheme and guidelines for implementation;
- Annual Action Plans/ Project Reports;
- Central Public Works Department Account Code;
- GOI and State Government notifications and instructions issued from time to time for the implementation of schemes under the programme;

⁵² Hamirpur, Mandi and Shimla.

⁵³ Bilaspur, Hamirpur, Kullu, Nahan, Shimla and Sundernagar.

⁵⁴ Anni, Arki, Barsar, Bilaspur, Dehra, Ghumarwin, Hamirpur, Kullu-I, Kullu-II, Mandi, Nahan, Nohradhar, Padhar, Shimla-I, Solan, Sundernagar and Suni.

- Himachal Pradesh Financial Rules; and
- Procedures prescribed for monitoring and evaluation of schemes/programmes.

Audit Findings

2.3.6 Planning

2.3.6.1 Preparation of comprehensive plans

(i) In order to ensure active participation of the villagers in planning, implementation, operation and maintenance of the rural water supply schemes, the programme guidelines provide for preparation of Village Water Security Plans (VWSPs), which *inter alia*, have to include the demographic, physical features, water sources, available drinking water infrastructure and other details of the village. The VWSPs of the districts were to be consolidated at district level which would have formed the basis for formulation of District Water Security Plans (DWSPs).

Audit noticed that the VWSPs were not prepared in the State during 2009-14 and consequently, the DWSPs had also not been formulated. The non-preparation of VWSPs and DWSPs defeated the main objective of decentralised planning of the programme.

(ii) The programme guidelines provide for preparation of comprehensive water security plans (CWSPs) to provide a definite direction to programme and also to ensure regular monitoring of the progress made towards the goal of achieving drinking water security to every rural household. In order to implement the schemes, the State Government was required to prepare the specific state policy framework. Based on this framework and the broad goal set by the State, a five year rolling plan was to be prepared and during each financial year the sub-goal and the priorities would be fixed based on mutual consultation with the Centre.

Audit noticed that the Department had neither prepared any State sector policy framework nor formulated any five year rolling plans as envisaged. Thus, the Department had not ensured the regular monitoring of the progress made by the State in achieving drinking water security to every rural household.

In the exit conference, the ACS admitted the facts and stated that for ensuring decentralised programme, necessary action would be taken to formulate five year rolling plan, VWSPs and DWSPs.

2.3.7 Institutional set up under the programme

2.3.7.1 State Water and Sanitation Mission

The programme guidelines provide for setting up of a SWSM at the State level as a registered society headed by the Chief Secretary under the aegis of the IPH Department. The State Government firstly constituted SWSM in 2007 and reconstituted in November 2010 headed by the Chief Secretary with Principal Secretaries of 10 departments⁵⁵ as members and Principal Secretary (IPH) as convenor. Audit noticed that for reviewing the programme, the SWSM had conducted only four meetings⁵⁶ against minimum of 10 meetings required to be held during 2009-14 in which; no significant decisions relating to the programme were taken. Thus, physical and financial performance and management of water supply and sanitation projects were not reviewed/ monitored by the SWSM during above period.

⁵⁵ Rural Development and Panchayati Raj, Health and Family Welfare, Education, Science and Technology, Social Justice and Empowerment, Power, Agriculture, Finance, Information and Public Relations and Urban Development.

⁵⁶ 5 August 2009, 3 June 2010, 20 October 2010 and 31 January 2011.

In the exit conference, the ACS stated that physical and financial performance and management of water supply projects would be monitored effectively by the SWSM through regular meetings.

2.3.7.2 State Level Scheme Sanctioning Committee

The programme guidelines provide for setting up of a SLSSC at the State level and all the Rural Water Supply (RWS) projects/ schemes and support activities under the programme are to be approved by SLSSC. Besides, the progress, completion and commissioning of the approved schemes are also to be reviewed by the SLSSC. The SLSSC was constituted in November 2010 under the chairmanship of the Principal Secretary (IPH) with the E-in-C as member secretary and other members⁵⁷.

Audit noticed that 1091 RWS schemes (Estimated cost: of ₹ 671.12 crore) were approved by SLSSC in nine meetings held during 2009-14 without ensuring their technical viability by the State Technical Agency (STA) as indicated in the succeeding paragraph. Besides, the SLSSC had cleared project proposals based on lists of projects submitted by the Department in the meetings without having a mechanism to scrutinize the detailed project reports (DPRs) of the schemes. The approval of individual project or even the lists of the projects were not documented to assure that the project was indeed appraised, discussed and approved by the SLSSC.

The E-in-C stated (September 2014) that the Department was monitoring the execution of the schemes. The fact, however, remains that the schemes were got approved from the SLSSC without ensuring technical viability through STA and the executed schemes were also not monitored by the SLSSC.

2.3.7.3 State Technical Agency

As per programme guidelines, the State Technical Agency (STA) was to assist in planning and designing sound and cost-effective RWS schemes with special emphasis on sustainability of the source and to assist in preparation of action plan for both software as well as hardware activities. The Detailed Project Reports of the RWS schemes were also required to be scrutinised by the STA before their approval by the SLSSC. Audit noticed that though the State Government had designated (August 2009) the National Institute of Technology, Hamirpur as STA for the programme, the STA had neither participated in the SLSSC meetings nor performed any technical work under the programme during 2009-14. The SLSSC had further designated (January 2014) Punjab Engineering College University of Technology, Chandigarh as STA. In the exit conference, the ACS stated that STA would be involved in planning and designing for implementation of schemes in future.

2.3.7.4 District Water and Sanitation Mission

As per Programme guidelines, the State Government had constituted (October 2010) the DWSMs in all 12 districts headed by Chairman of Zila Parishad, the Executive Engineer (EE) of IPH division at District Headquarters as Member Secretary and nine other related members. The DWSMs were required to analyse and consolidate the VWSPs, prepare DWSPs, converge other related programmes and review the status of the progress of schemes under the programme through quarterly meetings.

⁵⁷ Principal Secretary (Finance), Representative of Govt. of India, Rajiv Gandhi National Drinking Water Mission, CGWB, State and Central Water Commission and State Technical Agency, Technical Experts Group listed by Rajiv Gandhi National Drinking Water Mission, Director WSSO, Director, Rural Development Department and State Project Director, Sarva Shiksha Abhiyan.

Audit noticed that no data of performance of the DWSMs was maintained at the E-in-C level. In seven test-checked districts, the DWSMs had not performed the tasks envisaged in the guidelines *ibid* as against 98 meetings required to be held between October 2010 and March 2014, the DWSMs had held 25 meetings⁵⁸ (26 *per cent*). Thus, the implementation of the programme was not reviewed by DWSMs effectively.

2.3.7.5 Village Water and Sanitation Committee

A village water and sanitation committee (VWSC) was to be set up as a standing committee in each Gram Panchayat for planning, monitoring, implementation and operation and maintenance of the RWS schemes to ensure active participation of the villagers. Audit noticed that of 3243 Gram Panchayats (GPs) in the State, 972 VWSCs (30 *per cent*) had been set up during 2009-14 and even these VWSCs had not performed the envisaged activities including preparation of VWSPs, monitoring/ social audit of RWS schemes, etc. The E-in-C stated (August 2014) that the DWSMs had been directed to update the data of VWSCs.

2.3.8 Financial management

2.3.8.1 Funding pattern

The programme is funded by the GOI and the State Government in the ratio of 50:50 for three components⁵⁹ and other components⁶⁰ are fully funded by the GOI. The GOI releases funds under the programme directly to the State Water and Sanitation Mission (SWSM) as per approved annual action plans (AAPs) which further releases the funds to the executing divisions through respective CEs and SEs. The State Government allocates its share through different budgetary grants.

2.3.8.2 Availability and utilisation of funds

The overall position of approved allocation and availability of funds and the expenditure incurred thereagainst under the programme during 2009-14 is given in **Table-2.3.1**.

Table- 2.3.1
Details of approved allocation and availability of funds and expenditure incurred thereagainst during 2009-14

Year	Approved allocation		Funds available				Expenditure		Unutilised funds	
	GOI Share	State Share	Balance of GOI funds	Receipts from GOI ⁶¹	Interest accrued	Allocated by State	GOI ⁶²	State	GOI	State excess (+) / savings (-)
2009-10	187.29	132.71	5.20	142.86	0.32	112.96	136.88	121.76	11.50	8.80
2010-11	201.90	179.13	11.50	234.36*	1.28	180.81	167.26	183.50	79.88	2.69
2011-12	156.13	197.50	79.88	146.03	1.51	167.79	145.25	176.01	82.17	8.22
2012-13	153.59	175.85	82.17	102.24	0.72	161.96	142.98	164.57	42.15	2.61
2013-14	144.82	186.57	42.15	130.82	1.10	173.77	153.28	149.49	20.79	(-) 24.28
Total	843.73	871.76		756.31	4.93	797.29	745.65	795.33		(-) 1.96

Source: Information supplied by the Department.

*Note: The figure includes ₹ 40.00 crore released by GOI during 2009-10, but actually received in 2010-11.

⁵⁸ Bilaspur: six, Hamirpur: five, Kullu: three, Mandi: four, Nahan: nil, Shimla: two and Solan: five.

⁵⁹ Coverage, operation and maintenance (O&M) and water quality area problems.

⁶⁰ Sustainability, desert development programme (DDP) areas, natural calamities and support activities.

⁶¹ Coverage and water quality affected areas: ₹ 465.35 crore; O&M: ₹ 67.72 crore; sustainability: ₹ 95.79 crore; DDP: ₹ 35.53 crore; CRF: ₹ 69.80 crore and support activity: ₹ 22.12 crore.

⁶² Coverage and water quality affected areas: ₹ 510.39 crore; O&M: ₹ 65.48 crore; sustainability: ₹ 74.98 crore; DDP: ₹ 5.59 crore; CRF: ₹ 65.46 crore and support activity: ₹ 23.75 crore.

It would be seen from **Table-2.3.1** that:

- Against the approved allocation of ₹ 1715.49 crore (GOI share: ₹ 843.73 crore and State Share: ₹ 871.76 crore) during 2009-14, the GOI released ₹ 756.31 crore and the State Government allocated ₹ 797.29 crore resulting in short release/ allocation of ₹ 161.89 crore (GOI: ₹ 87.42 crore and State: ₹ 74.47 crore). Short release of GOI funds was attributed to non-utilisation/ diversion of funds by the Department. Regarding short allocation of State share, the reply from the Department was awaited.
- Against the availability of GOI funds of ₹ 766.44 crore⁶³ during 2009-14, the Department had incurred expenditure of ₹ 745.65 crore and the funds ranging between ₹ 11.50 crore and ₹ 82.17 crore remained unutilised at the end of each financial year resulting in short release of funds against approved allocations mentioned above. Besides, the booked expenditure merely reflected the amount released from the government account to the executing agencies and not the amount actually spent on the works executed on the ground as huge funds remained unutilised and a large number of works were lying incomplete as indicated under **Paragraphs 2.3.9.2 and 2.3.9.12.**

In the exit conference, the ACS admitted the facts and stated that the matter would be taken up with the GOI to get the withheld funds released.

2.3.8.3 State matching funds

As per guidelines, the programme is funded by the GOI and the State Government in the ratio of 50:50 under coverage, water quality areas, and operation and maintenance components. Further, the State Government was required to match the State funds in the programme account in which the GOI funds are transferred. Audit noticed the following deficiencies:

- (i) The State Government had released ₹ 797.29 crore through budgetary heads during 2009-14 for execution of various RWS schemes but no funds were specifically allocated under NRDWP. As such, the State matching funds were not accounted for/ transferred in the programme account by the State Government during this period.

The E-in-C stated (September 2014) that during above period, the funds were released through budgetary heads. The reply is not in conformity with the programme guidelines as in order to ensure the proper utilisation of the State matching share with the GOI funds, the State share should have been deposited in the programme account.

- (ii) Against the State share of ₹ 283.04 crore required to be allocated during 2009-14 under coverage, water quality and operation and maintenance components, ₹ 32.98 crore (12 *per cent*) only were allocated to the EEs of the test checked divisions⁶⁴. Thus, in contravention of the programme guidelines, the required State matching share of ₹ 250.06 crore was not incurred.

⁶³ Opening balance as on 1 April 2009: ₹ 5.20 crore; receipts during 2009-14: ₹ 756.31 crore and interest earned during 2009-14: ₹ 4.93 crore.

⁶⁴ Anni, Arki, Barsar, Bilaspur, Dehra, Ghumarwin, Hamirpur, Kullu-I, Kullu-II, Mandi, Nahan, Nohradhar, Padhar, Shimla-I, Solan, Sundernagar and Suni.

2.3.8.4 Non-utilisation and diversion of funds under Desert Development Programme

With the objective of tackling the extreme conditions of low rainfall and poor water availability habitations, the programme guidelines provide funds under Desert Development Programme component. Audit noticed the following:

- Of ₹ 35.53 crore received from GOI during 2009-14⁶⁵, ₹ 27.66 crore were diverted by the SWSM to normal coverage during 2009-11⁶⁶ which was irregular and resulted in short release of funds to that extent by GOI during 2012-13.
- Of the remaining ₹ 7.87 crore, the SWSM had released ₹ 5.16 crore to the executing divisions during 2009-14 and ₹ 2.71 crore remained locked up in programme account for 13 to 46 months depriving the public of the intended benefits.

The E-in-C stated (September 2014) that the DDP funds could not be utilised as no DDP area remained uncovered. The reply is not acceptable as for utilisation of DDP funds on other components, the Department should have obtained the approval of the GOI.

2.3.8.5 Delay in release of funds

As per the programme guidelines, the SWSM was to release the entire amount of central allocation received along with the matching State share to the executing divisions without any delay and in no case later than 15 days after its receipt. Audit noticed that delay in release of funds from SWSM to the CEs and SEs ranged between 14 and 648 days and from the SEs and nodal divisions to the executing divisions between one and 331 days during 2009-14. Delay in receipt of the funds resulted in non-utilisation of the funds and non-execution of the schemes in time.

The E-in-C stated (September 2014) that the delay in releasing of funds was due to late receipt of demands from the field units. The fact remains that the E-in-C had not released the funds as per targets approved in AAPs.

2.3.8.6 Diversion of funds by executing agencies

The programme guidelines prohibit diversion of funds outside the scope of the programme. Audit noticed that in 11 test-checked divisions⁶⁷, ₹ 10.66 crore were diverted during 2009-14 from water quality (₹ 1.31 crore), normal coverage (₹ 2.75 crore), natural calamity relief funds (₹ 3.45 crore) and sustainability (₹ 3.15 crore) components towards items/ activities⁶⁸ outside the scope of the programme which was irregular. While admitting the facts, the concerned EEs stated (May-August 2014) that the natural calamity relief funds were wrongly booked and the funds under other components were diverted due to non-availability of sufficient

⁶⁵ 2009-10: ₹ 30.66 crore, 2010-11: ₹ 2.57 crore and 2012-13: ₹ 2.30 crore.

⁶⁶ 2009-10: ₹ 26.66 crore and 2010-11 ₹ 1.00 crore.

⁶⁷ Anni, Barsar, Bilaspur, Ghumarwin, Kullu-I, Kullu-II, Nahan, Padhar, Shimla-I, Solan and Sundarnagar.

⁶⁸ Installation of hand pumps (274): ₹ 7.81 crore; NABARD schemes (four): ₹ 0.52 crore; repair of residences, inspection huts and other works (33): ₹ 0.42 crore; urban water supply schemes (10): ₹ 1.46 crore and lift/ flow irrigation schemes (42): ₹ 0.45 crore.

funds for the purposes. The replies of the EEs were not acceptable as the programme guidelines do not provide for such type of expenditure.

2.3.8.7 Non-availing of incentive

The programme guidelines provide for 10 *per cent* weightage in allocation of funds to States for management, operation and maintenance of the rural drinking water supply schemes by the GPs/ rural population for encouraging the States to bring in reforms and decentralise the rural drinking water supply sector.

Audit noticed that the State Government had not availed the incentives of ₹ 59.27 crore (10 *per cent* of total funds released by the GOI during 2010-14) as the Department failed to devolve the functions of management of rural water supply schemes to the PRIs/ rural population in the State. In the exit conference, the ACS while admitting the fact stated that the matter would be looked into for availing the incentive from the GOI.

2.3.8.8 Advance payments made for supply of power (SOP) charged as final expenditure

As per paragraph 13.4 of Central Public Works Account Code, the items of expenditure, the allocation of which cannot be adjusted to the final head of account, are to be kept under suspense head 'Miscellaneous Works Advances' pending clearance either by actual recovery or transfer to relevant head of account.

Audit noticed that in 14 divisions⁶⁹, ₹ 8.88 crore was advanced (June 2009 and March 2014) to Himachal Pradesh State Electricity Board Limited for SOP to 75 lift water supply schemes for 1998 habitations. The expenditure was charged as final expenditure by debiting to the final head of account of the schemes instead of keeping the same under the suspense head "Miscellaneous Works Advances", pending adjustment on execution of the works. Of 75 lift water supply schemes, 30 schemes had been provided with SOP. The utilisation certificates (UCs) in respect of advance payments had not been obtained by the EEs concerned as of July 2014.

The EEs stated (March-August 2014) that the advance payments were charged to the final head of account to exhibit utilisation of available budget allotment and efforts to obtain the UCs were underway. The contention is not acceptable because the action of the divisions was contrary to the provisions *ibid*.

2.3.8.9 Irregular booking of material

Rules 2.10 (b) (5) and 15.2 (b) of Himachal Pradesh Financial Rules, 1971 prohibit irregular stock adjustment such as debiting to a work the cost of material not required or purchased in excess of actual requirements.

Audit noticed that in ten test checked divisions⁷⁰, material costing ₹ 13.38 crore was booked (between December 2009 and March 2014) against 91 schemes/ works without its actual utilisation. Subsequently, the material valuing ₹ 0.62 crore only was consumed on the works and material valuing ₹ 9.67 crore was written back to stock in the following financial years between April 2010 and July 2014. The material valuing ₹ 3.09 crore was lying unadjusted as of July 2014. Thus, the stock adjustment was

⁶⁹ Anni, Arki, Barsar, Bilaspur, Dehra, Hamirpur, Kullu-II, Mandi, Nohradhar, Padhar, Shimla-I, Solan, Sundernagar and Suni.

⁷⁰ Arki, Bilaspur, Dehra, Hamirpur, Kullu-I, Kullu-II, Mandi, Nohradhar, Solan and Suni.

irregularly carried out merely to avoid surrender of funds at the end of the financial years. The EEs stated (May-August 2014) that the booking had been made just to utilise the budget. The reply is contrary to the provisions of the SFRs *ibid*.

2.3.9 Programme Implementation

2.3.9.1 Progress of coverage of habitations

The programme aimed at achieving a goal of coverage of all rural habitations⁷¹ by the year 2012. As per the scheme guidelines, priority was to be given to habitations having no access to adequate and safe drinking water.

The position of coverage of habitations with drinking water facility during 2009-14 in the State is given in **Table-2.3.2**.

Table- 2.3.2
Details of coverage of number of habitations with drinking water facility during 2009-14
(Habitations in numbers)

Category	Percentage of people with drinking water coverage	Habitations (March 2009)	Habitations (March 2014)	Habitations targeted for coverage during 2009-14	Habitations covered during 2009-14
Total habitations		53,205	53,604	17,607	18,093
Category 0	0 per cent	11,841	0	2,643	2,440
Category 1	> 0 and < 25 per cent	1,633	6,866	6,440	6,507
Category 2	> 25 and < 50 per cent	1,930	4,094	3,495	3,649
Category 3	> 50 and < 75 per cent	3,204	7,980	3,012	3,016
Category 4	> 75 and < 100 per cent	865	4,753	619	622
Category 5	100 per cent	33,732	29,911	1,398	1,859

Source: Information supplied by the Department.

It would be seen from **Table-2.3.2** that instead of focusing on area where zero per cent or a part of the population had access to adequate and safe drinking water, 1,859 habitations which had already 100 per cent coverage were covered during 2009-14. In spite of this, access to drinking water to 100 per cent populations during 2009-14 had declined from 33732 habitations as of April 2009 to 29,911 habitations as of March 2014. Thus, the Department had not fixed priorities in taking the RWS schemes in drinking water deficit areas and the goal of coverage of all rural habitations with adequate safe drinking water by the year 2012 remained unachieved.

In the exit conference, the ACS stated that the Department would make efforts to verify the habitations and less access of drinking water to 100 per cent category habitations was due to decline in the level of water sources of the schemes under the programme. The fact, however, remains that the Department failed to achieve the goal of coverage of all rural habitations with adequate safe drinking water by the year 2012.

2.3.9.2 Execution of schemes

The work-wise consolidated records of the schemes taken up for execution, completed and those remaining incomplete during 2009-14 had not been maintained/ updated at E-in-C level. However, the details of execution of schemes in all test-checked divisions are given in **Table-2.3.3**.

⁷¹ Habitation is a term used to define a group of families living in proximity to each other, within a village. There can be more than one habitation in a village but not vice versa.

Table- 2.3.3
Details of execution of schemes in test-checked divisions during 2009-14

(₹ in crore)

Year	Schemes approved by SLSSC		Schemes not started		Schemes sanctioned/ taken up for execution		Schemes to be completed by March 2014		Schemes completed		Schemes incomplete as of March 2014	
	No.	AC	No.	AC	No.	EC	No.	EC	No.	Exp.	No.	Exp.
Prior to 03/2009	325	230.40	3	11.81	322	230.58	301	211.60	200	118.36	101	73.01
2009-10	88	112.81	3	3.80	85	109.01	46	17.77	29	3.97	17	8.28
2010-11	136	69.56	5	2.68	131	65.13	82	16.00	53	4.11	29	5.14
2011-12	161	81.89	19	26.71	142	53.99	59	7.02	22	1.80	37	1.83
2012-13	92	30.75	12	2.30	80	27.54	21	1.23	8	0.44	13	0.20
2013-14	57	128.48	49	127.57	8	0.89	0	0	0	0	0	0
Total	859	653.89	91	174.87	768	487.14	509	253.62	312	128.68	197	88.46

Source: Information supplied by test-checked divisions.

Note: AC: Approved cost, EC: Estimated Cost and Exp: Expenditure.

It would be seen from **Table-2.3.3** that:

- Of 859 schemes approved for ₹ 653.89 crore, 91 schemes having an approved cost of ₹ 174.87 crore had not been sanctioned/ taken up as of August 2014 due to non-finalisation of technical sanctions, etc.
- Of 768 schemes sanctioned/ taken up for execution, 509 schemes having EC of ₹ 253.62 crore were stipulated to be completed during 2009-14. Of this, only 312 schemes were completed after incurring an expenditure of ₹ 128.68 crore and 197 schemes on which ₹ 88.46 crore had been spent were lying incomplete as of August 2014 due to site disputes, slow pace of works by contractors, non-availability of supply of power, less working season, etc. The delay in completion of the schemes ranging between six and 77 months deprived the public of the intended benefits.
- In spite of the fact that schemes taken up prior to April 2009 were incomplete, 446 new schemes, (estimated cost: ₹ 256.56 crore) were taken up for execution during the period 2009-14. The action of the Divisions to take up the new schemes without first ensuring completion of the left-over schemes particularly the schemes under ARWSP was injudicious.

In the exit conference, the ACS stated that the availability of land, etc., would be ensured before taking up the schemes in future and priority would also be given to complete the old schemes instead of sanctioning the new ones.

2.3.9.3 Unfruitful expenditure on held up schemes

Under Section 2 of the Forest Conservation Act, 1980 (FCA) prior approval of GOI for the use of forest land for non-forestry purposes is required to be obtained. In other cases also, the Department is required to ensure encumbrance free land before taking up execution of the schemes.

Audit noticed that in seven test-checked divisions⁷², 11 water supply schemes sanctioned (between October 2007 and December 2010) for ₹ 13.21 crore to cover 243 habitations were stipulated to be completed between February 2012 and June 2014. The schemes were taken up for execution between January 2009 and May 2013. However, their execution had been stopped between July 2010 and November 2013

⁷²

Arki, Ghumarwin, Mandi, Nohradhar, Padhar, Sundernagar and Suni.

due to non-obtaining of GOI approval under FCA (five cases) and private land/ local source disputes (six cases). Though the EEs had obtained panchayat resolutions for availability of land, the same were not applicable for private land. The schemes were lying in a suspended state as of June 2014. In the meantime, expenditure of ₹ 7.98 crore had been incurred on execution of these schemes upto June 2014. Non-completion of the schemes had deprived the concerned beneficiaries of adequate drinking water facility and rendered the expenditure as unfruitful for 10 to 49 months.

The EEs of the concerned divisions stated (March-August 2014)) that the scheme could not be completed due to non-receipt of forest clearance and non-settlement of other land/ source disputes, etc. The replies are not acceptable as all aspects should have been taken care of before taking up the schemes for execution.

2.3.9.4 Unfruitful expenditure and avoidable loss on execution of water supply scheme

To provide drinking water facility to people of Sadar area in Mandi District, administrative approval and expenditure sanction (AA/ES) was accorded (October 2008) for ₹ 5.03 crore for Lift Water Supply Scheme from River Beas to village Suka Kun and its adjoining area stipulated to be completed within three years. The work was taken up for execution (December 2009) in anticipation of technical sanction, but in spite of incurring an expenditure of ₹ 3.23 crore, the work⁷³ had not been completed as of July 2014.

Further scrutiny showed that the work for supplying and erection of pumping machinery under the scheme was awarded (January 2011) to a Mandi based firm for ₹ 0.32 crore with stipulation to complete in six months. However, the firm failed to provide the pumping machinery within the stipulated time and the Department cancelled (June 2013) the contract under clause 53 and 54 of the agreement by forfeiting the earnest money of ₹ 0.05 crore.

The Department again awarded (December 2013) the work for ₹ 0.71 crore to the same firm without the approval of Chief Engineer (Central Zone) Mandi. Though the pumping machinery had been supplied (March 2014) by the firm, the same was not installed due to non-construction of the pump house. The action of the Department to re-award the same work to the defaulting firm was not justified as instead of debarring the firm to participate in tendering process, the Department had extended undue favour to the defaulting firm. Thus, due to non-commissioning of the scheme the expenditure of ₹ 3.23 crore remained unfruitful besides avoidable loss of ₹ 0.39 crore due to inordinate delay in supply and erection of pumping machinery.

While confirming the facts, the EE stated (August 2014) that the procurement of pumping machinery was delayed due to delay in the configuration of specification of pumping machinery and revised specification was approved by the SE. The reply is not acceptable as the aspect of specification should have been taken care of before awarding the work.

2.3.9.5 Execution of schemes in violation of programme guidelines

As per programme guidelines, all the RWS projects to be taken up by the State Government were to be approved by the SLSSC. Audit noticed the following:

⁷³ Winch room and rail cum trolley system, rapid sand filter bed, rising main raw water stage, etc. are still incomplete.

- In four⁷⁴ test-checked divisions, the EEs had taken up the execution of 13 RWS projects under other State programme (NABARD, BASP, etc.) and incurred an expenditure of ₹ 6.41 crore during 2010-14. Contrary to the programme guidelines, these schemes having an estimated cost of ₹ 11.00 crore were also taken up (between March 2010 and April 2013) under NRDWP without taking into account the schemes being executed under other State programme and an expenditure of ₹ 2.72 crore was incurred on their execution upto August 2014.
- In five⁷⁵ test-checked divisions, the SLSSC had approved 12 RWS schemes to cover 51 habitations under NRDWP for ₹ 2.91 crore between February 2009 and January 2012, but these schemes were not taken up for execution as the divisions had covered the habitations under other State schemes. These schemes were not got dropped from the GOI as of August 2014 which showed ill planning on the part of the Department as the funds could have been provided for other needy areas.

The EE, Kullu-II stated (August 2014) that the earlier sanctioned schemes could not be executed due to disputes over their sources. The reply is not acceptable as this aspect should have been looked into before sanctioning of the schemes. The replies from the other divisions were awaited.

2.3.9.6 Inadmissible cost escalation

As per programme guidelines, the cost escalation of the schemes is not admissible out of GOI funds and the expenditure on this account, if any, is to be met from normal State budget.

Audit noticed that in 12 test-checked divisions⁷⁶, for execution of 86 schemes sanctioned (between October 2007 and June 2011) at an estimated cost of ₹ 33.28 crore, the EEs had incurred expenditure of ₹ 49.25 crore during 2008-14 resulting in cost escalation of ₹ 15.97 crore. The cost escalation was met from the GOI funds instead of the State budget in contravention of the programme guidelines.

2.3.9.7 Inadmissible expenditure for diversion of forest land

The programme guidelines do not provide for incurring expenditure on account of compensation for diversion of forest land for non-forestry purposes.

Audit noticed that in three test-checked divisions⁷⁷, for execution of 13 water supply schemes approved under ARWSP/ NRDWP between October 2007 and June 2011 at an estimated cost of ₹ 26.66 crore, the EEs concerned paid (between November 2011 and March 2014) ₹ 63.34 lakh⁷⁸ as compensatory afforestation, etc. for diversion of forest land for non-forestry purposes from the programme funds. Thus, contrary to the provisions of the programme guidelines, the expenditure was irregular. The EEs confirmed (April-July 2014) the facts and stated that the expenditure was wrongly booked.

⁷⁴ Barsar, Kullu-I, Mandi and Padhar.

⁷⁵ Kullu-I, Kullu-II, Padhar, Shimla and Sundernagar.

⁷⁶ Anni, Arki, Barsar, Dehra, Ghumarwin, Hamirpur, Kullu-I, Kullu-II, Mandi, Padhar, Sundernagar and Suni.

⁷⁷ Mandi, Padhar and Sundernagar.

⁷⁸ Construction of sump well, WTP, pump house, storage tanks, jack well, filter bed, etc.

2.3.9.8 Diversion of funds earmarked for habitations dominated by scheduled castes and scheduled tribes

As per programme guidelines, the State is required to earmark at least 25 *per cent* and 10 *per cent* of the funds for habitations dominated⁷⁹ by scheduled castes (SCs) and scheduled tribes (STs) respectively.

Audit noticed that no data of earmarking of funds for above habitations was maintained at E-in-C level. However, in six test-checked divisions⁸⁰, funds of ₹ 2.83 crore earmarked for SCs and STs dominated habitations on 22 drinking water supply schemes approved (between August 2008 and December 2010) under ARWSP/ NRDWP, were utilised by the Department during 2009-14 in habitations not dominated by SCs/ STs in violation of the programme guidelines. Thus, the beneficiaries concerned were deprived of the intended benefits. The EEs while confirming (July-August 2014) the facts did not furnish reasons for the lapse.

2.3.9.9 Execution of work without technical sanction

Audit noticed that in 12 test-checked divisions⁸¹, 205 RWS schemes administratively approved between September 2007 and November 2013 for ₹ 88.20 crore were taken up for execution without obtaining their technical sanctions on which expenditure of ₹ 27.38 crore had been incurred upto July 2014. The execution of the schemes without ensuring their technical viability was irregular.

The EEs concerned stated (March-August 2014) that the necessary technical sanctions would be obtained in future. Reply is not convincing as the technical sanctions should have been obtained before commencement of the schemes.

2.3.9.10 Preparation of defective estimates

Programme guidelines provide that all the schemes approved by the SLSSC should be taken up for execution within six months. Audit noticed that in Barsar division, two water supply schemes to cover 42 partially covered habitations were approved during June 2011 at an estimated cost of ₹ 3.07 crore. However, the schemes were not taken up for execution as of March 2014 due to less discharge of water at sources. Further, the EE had not ascertained the availability of requisite quantity of water at sources in the lean period before preparing the estimates while seeking approval from the SLSSC. Resultantly, the concerned beneficiaries remained deprived of the intended benefits.

2.3.9.11 Uneconomical execution of works

Audit noticed that the EEs of three test-checked divisions⁸² had awarded (between July 2009 and March 2014) the major portion of four water supply scheme by splitting them into 96 parts/ agreements (estimated cost ₹ 1.25 crore) to 57 contractors at a cost of ₹ 1.54 crore. The tendered rates quoted by the contractors ranged between 29 *per cent* below (28 cases) and 301 *per cent* above (68 cases) the amount put to tender. Benefit of competitive rates was thus, not derived by floating single tender for each scheme. Approval of the competent authority for splitting up of the schemes was also not obtained.

⁷⁹ 40 *per cent* of the population of the habitations belonging to SCs/ STs.

⁸⁰ Hamirpur, Kullu-I, Kullu-II, Mandi, Padhar and Sundernagar.

⁸¹ Arki, Barsar, Bilaspur, Dehra, Ghumarwin, Kullu-II, Nahan, Nohradhar, Shimla-I, Solan, Sundernagar and Suni.

⁸² Kullu-II, Mandi and Padhar.

The EEs of the concerned division stated (July-August 2014) the schemes were split up to complete the work in time and approval of the competent authority would be obtained. The reply is not acceptable as the works were not completed even after their splitting.

2.3.9.12 Execution of schemes under sustainability

The works under the 'sustainability' component include desilting of tanks and old wells, rain water harvesting structures, construction of sub-surface dykes, watersheds, check dams, regulation of digging of bore well in over-exploited areas, etc.

Audit noticed that of 448 works (estimated cost: ₹ 41.21 crore) taken up for execution under the sustainability component during 2010-14, 133 works were completed after incurring an expenditure of ₹ 14.06 crore and 315 works were lying incomplete as of August 2014. Non-completion of the scheme resulted in blocking of ₹ 27.15 crore besides depriving the public of the intended benefits. In the exit conference, the ACS stated that the works would be completed on priority.

2.3.9.13 Operation and Maintenance of water supply schemes

As per programme guidelines, all water supply schemes within the GP were to be maintained by the GP and multi-village or bulk water supply schemes by the IPH Department and the expenditure was not to be incurred from support activity funds towards payments to *Jal Rakshak* engaged by PRIs for O&M activities. Audit noticed the following:

- The Department had not released O&M fund to PRIs for meeting O&M expenditure on drinking water supply schemes and the annual O&M plans were not prepared by the test-checked divisions during 2009-14. Besides, in two test-checked divisions⁸³, ₹ 0.22 crore allocated under O&M component were spent during 2011-14 on 18 works of town water supply schemes and flow irrigation schemes which were outside the scope of the programme. In the exit conference, the ACS stated that the O&M funds utilised on town and water supply schemes would be rectified.
- In seven test-checked DWSMs⁸⁴ the expenditure of ₹ 5.06 crore was incurred on the wages of *Jal Rakshaks* engaged by the PRIs for operation of water supply schemes below the storage tanks during 2009-14⁸⁵ in contravention of the provisions of the programme guidelines. The Director stated (September 2014) that the payment to *Jal Rakshaks* was released as per the decision (October 2013) of the SLSSC. The reply is not acceptable as the decision of the SLSSC was contrary to the programme guidelines.

2.3.9.14 Loss to State exchequer due to non-availing of central excise exemption

As per GOI instructions (Between September 2002 and May 2011), exemption from excise duty was available for pipes required for obtaining untested water from its source to water storage tank and also for the pipes of outer diameter exceeding 20 cm and 10 cm used in the distribution network.

⁸³ Hamirpur and Kullu-I.

⁸⁴ Bilaspur, Hamirpur, Kullu-I, Mandi, Nahan, Shimla-I and Solan.

⁸⁵ 2009-10: ₹ 0.16 crore; 2010-11: ₹ 0.26 crore 2011-12: ₹ 0.92 crore; 2012-13: ₹ 1.61 crore and 2013-14: ₹ 2.11 crore.

It was noticed that in five test-checked divisions⁸⁶, the contractors had supplied, laid and jointed 10498 rmts. mild steel electric resisted welded (MSERW) pipes for the rising main of seven schemes during 2009-14. However, due to the Department not incorporating any clause of excise duty exemption in the contract documents, the Department could not avail of the excise duty exemption during above period which resulted in loss to the State exchequer.

In the exit conference, the ACS stated that in future, the Department would insert the necessary clause in the contract agreement for availing central excise exemption while purchasing the pipes through contractors.

2.3.10 Support activities

As per programme guidelines, the funds for support activities are to be utilised for providing support for awareness, creation and training activities taken up by the communication and capacity development units (CCDU) under the Water and Sanitation Support Organisation (WSSO), setting up of district and sub-divisional water quality testing laboratories, supply of field test kits and training to grassroot level workers for simple water quality tests and providing hardware and software support for MIS at the district and sub-divisional level to bring in more accountability, effective monitoring and transparency in delivery of services.

2.3.10.1 Activity-wise targets and achievements

The component-wise details of targets fixed and achievements under support activities for the years 2009-14 are given in **Table-2.3.4**.

Table- 2.3.4
Details of physical targets and achievement under support activities for 2009-14⁸⁷
(In numbers)

Year	Targets					Achievements				
	IEC	HRD	Equip-ment	Hard-ware	Comm. Trng.	IEC	HRD	Equip-ment	Hard Ware	Comm. Trng.
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
2009-10	169994	189	13	52	0	60400	4	6	0	0
2010-11	891	1610	20	362	1722	5	1960	14	163	1722
2011-12	6044	1482	45	544	8859	21	7503	2	51	5345
2012-13	118981	7098	67	2754	6663	96610	3107	14	5	418
2013-14	117776	4630	84	869	5482	84416	5237	114	203	5930
Total	413686	15009	229	4581	22726	241452 (58)	17811 (119)	150 (66)	422 (9)	13415 (59)

Source: Information supplied by the WSSO.

Note: Figures in parenthesis represent percentage of achievements against targets.

It would be seen from **Table-2.3.4** that during 2009-14, the overall achievements under HRD was higher than the targets fixed. However, there was shortfall in achievements of the targets under IEC, equipment, hardware and community training to the extent of 42, 34, 91 and 41 *per cent* respectively during above period.

2.3.10.2 Research and Development

According to programme guidelines, the State Government was required to establish Research and Development cells with adequate manpower and infrastructure under

⁸⁶ Anni- two schemes-1520 rmts. MSERW pipes alongwith flangs; Kullu-I: one scheme-2750 rmts. MSERW pipes; Padhar- one scheme-3004 rmts.; Nohradhar- one scheme-400 rmts., MSERW pipes; Solan-two schemes-2824 rmts. MSERW pipes.

⁸⁷ IEC: Information, Education and Communication; HRD: Human Resources and Development; WQM&S: Water Quality Monitoring and Surveillance and Comm. Trng: Community training.

the programme. The cell was to keep liason with the State Technical Agency and monitoring and evaluation units and study the monitoring and evaluation reports for initiating the appropriate follow-up action. However, audit noticed that no such research and development cell was created by the State Government as of September 2014.

2.3.11 Water quality monitoring and surveillance

Under National Rural Drinking Water Quality Monitoring and Surveillance (WQMS) component, water quality laboratories are to be set up at nodal unit at the top level, at units like district laboratories at intermediary levels and at units like GPs at grass-root levels. District laboratories are to test at least 30 *per cent* of water samples tested at GP level and all cases where possibility of contamination was reported by the community, 10 *per cent* of all samples (including all positive tested samples) tested by the district water quality laboratories are to be tested at the State level. Capacity building of GPs to own field test kits (FTKs) and take up full O&M responsibility for water quality monitoring of drinking water sources in areas is envisaged.

2.3.11.1 Establishing of water quality testing laboratories

Audit noticed the following:

- Against the target of establishment of 48 laboratories at an estimated cost ₹ 3.10 crore at sub-divisional level only 14 laboratories were set up by incurring an expenditure of ₹ 0.38 crore during 2009-14 resulting in the shortfall of 34 laboratories (71 *per cent*).
- Against target for strengthening of 17 laboratories (one at State level and 16 at district level) at an estimated cost ₹ 68.00 lakh, only three district laboratories were strengthened with the expenditure of ₹ 8.06 lakh during 2009-14 resulting in the shortfall of 14 laboratories (82 *per cent*) whereas ₹ 59.94 lakh remained locked up with DWSMs as of September 2014.

Thus, due to non-setting up of the laboratories, the Department failed to ensure safe drinking water to the public in the State during 2009-14 as indicated in the succeeding paragraphs.

2.3.11.2 Water Quality Testing

As per programme guidelines, all drinking water sources are to be tested at least twice a year for bacteriological contamination and once a year for chemical contamination. The details of water quality tests of water sources required to be conducted, targets fixed and achievements thereof during 2009-14 is given in **Table-2.3.5**.

Table- 2.3.5
Details of targets and achievements of water quality tests during 2009-14

Year	Number of water sources	Number of water quality tests required	Chemical and bacteriological tests		
			Targets	Achievements	Shortfall (<i>per cent</i>)
2009-10	138864	416592	0	532	--
2010-11	138864	416592	7200	5295	1905 (26)
2011-12	138864	416592	48000	8245	39755 (83)
2012-13	141798	425394	48000	9010	38990 (81)
2013-14	142347	427041	63000	48629	14371 (23)
Total		2102211	166200	71711 (43)	

Source: Information supplied by the Department.

It would be seen from **Table-2.3.5** that as envisaged 21,02,211 chemical and bacteriological tests were required to be conducted. However, the targets of tests fixed during 2010-14 were not commensurate with the requirements and even the fixed targets were achieved to the extent of 43 *per cent* only. The percentage shortfall during above period ranged between 23 and 83. Thus, the Department did not ensure the water quality to the people and a large number of people were infected by water born diseases as indicated in **Paragraph 2.3.11.4**.

In the exit conference, the ACS assured to provide quality water facility by conducting proper water testing in the laboratories. The fact remains that the Department had not established/ strengthened sufficient number of water quality testing laboratories as per programme guidelines.

2.3.11.3 Field Test Kits (FTKs)

The main objective of the FTKs was to obtain a preliminary report on quality of water with basic chemical and bacteriological parameters subject to confirmation through subsequent testing in the established laboratories. These kits can be utilised by any one at any place by following the instructions or with simple training.

Audit noticed that the Department had procured 1,16,902 number of FTKs/ vials (Chemical FTKs: 6,225 and Bacteriological vials: 1,10,677) and imparted training of FTKs to 14,474 persons during 2009-14 with total expenditure of ₹ 2.77 crore. It was further noticed that no targets were set out to conduct the water quality tests through FTKs during 2009-10. Against the targets of 2,03,944 number of water quality tests⁸⁸ through FTKs fixed for 2010-14, only 59,491 tests⁸⁹ (29 *per cent*) were conducted. Besides, the Department had not maintained the data of confirmation of subsequent testing in the established laboratories. The Director, WSSO admitted (August 2014) the facts.

2.3.11.4 Water borne disease

As per information supplied by the Health Department, 20,96,851 cases of water borne diseases⁹⁰ and 83 deaths occurred in the State during 2009-13 which was largely due to the deficiencies in management of water quality mentioned in the preceding paragraphs. Thus, the main objective of providing safe drinking water to the rural habitations in the State during the above period remained unachieved.

2.3.12 Internal control mechanism

Internal control mechanism is an effective tool to ascertain the effect and impact of the programmes undertaken for implementation by the Department. Audit noticed the following deficiencies:

2.3.12.1 Project monitoring and evaluation

(i) As per the programme guidelines, the State Government was required to take up the evaluation and monitoring studies on the implementation of the rural water supply programme with the approval of the SLSSC and the Department was to take corrective measures in the light of these study reports. Audit noticed that no

⁸⁸ 2010-11: 24,000; 2011-12: 64,860; 2012-13: 78,084 and 2013-14: 37,000.

⁸⁹ 2010-11: 524; 2011-12: 1,117; 2012-13: 7,789 and 2013-14: 50,061.

⁹⁰ Diarrhea/ dysentery: 14,19,645; Gastroenteritis: 1,76,915; Typhoid: 4,95,829 and Viral Hepatitis: 4,462.

project monitoring and evaluation activity under the programme had been undertaken by the Department during 2009-14.

(ii) The State Government was required to carry out regular monitoring and evaluation through STA of all the activities viz., RWS projects with major emphasis on Sustainability projects and submit the report to SWSM/ SLSSC for carrying out mid-course corrections if required. Audit noticed that no such monitoring and evaluation through STA under the programme was carried out by the State Government during 2009-14.

2.3.12.2 Monitoring and investigation unit

As per programme guidelines, the State Government was required to establish a monitoring and investigation unit (MIU) to monitor quality of the programme at field level and to collect monthly, quarterly and annual progress reports of the water supply schemes, maintenance of data and timely submission to the GOI. It was, however, noticed that no MIU was set-up by the State Government during 2009-14. In the exit conference, the ACS admitted the facts that for effective monitoring of the programme MIU would be established.

2.3.12.3 Social Audit

As per the programme guidelines, social audit is to be conducted by the community based organisations (VWSC/ User groups) after every six month to ensure that the works undertaken are as per specification and to provide a feedback according to the locally developed yardsticks for monitoring as well as key indicators for measuring consumer's satisfaction. Audit, however, noticed that the mechanism of social audit had not been put in place by the Department to ensure transparency in execution as well as spending under the programme. In the exit conference, the ACS stated that the mechanism of social audit would be set up.

2.3.12.4 Coverage with other programme/ schemes

The programme guidelines provide for convergence with other programmes/ schemes like NRHM, MGNREGS, etc. Audit noticed that no convergence with other programmes/ schemes implemented by the State Government had been provided to help the Department in carrying out water tests in PHCs under NRHM and utilising the services of labour for execution of the schemes under MGNREGS, etc. While admitting the facts (September 2014) the E-in-C did not furnish reasons for the same.

2.3.12.5 Procurement of pipes without ascertaining the requirement/ utilisation

As per Rule 15.2(b) of SFRs, the stores must be procured in most economical manner and in accordance with the definite requirements of the public service. Audit noticed that 97143.93 M.T. of Galvanised Iron (GI) pipes of ₹ 494.47 crore, had been procured during 2009-14 for the construction/ maintenance of RWS schemes being undertaken by the Department under all the programmes in the State. Of this, an expenditure of ₹ 263.66 crore was charged to the NRDWP account (GOI funds) without ascertaining any specific/ separate requirement and actual utilisation thereof under the programme which was contrary to the rules *ibid*.

The E-in-C stated (September 2014) that consolidated requirement was sought from the field offices and accordingly supply orders are placed and it was not possible to bifurcate the requirement. The reply is not in conformity with the provisions of SFRs as the procurement of the store under the programme should have been effected separately.

2.3.12.6 Inspections

With a view to improving monitoring by the departmental officers the State Government issued (June 2006) instructions for inspection and monitoring the progress of works in the division under their jurisdiction⁹¹.

In 17 test-checked divisions, against the prescribed 340, 1020, and 10200 inspections by CEs, SEs and EEs, 72, 246, 3253 inspections of schemes under the programme were carried out respectively during 2009-14, resulting in shortfall of 79, 76 and 68 *per cent*. Evidently, the prescribed monitoring system was not done by the departmental officers effectively.

The E-in-C and EEs of concerned divisions did not furnish reasons for the same.

2.3.13 Conclusion

The Department's planning management was weak as comprehensive plans like Village and District Water Security Plans comprising demographic, physical features, water sources, available drinking water infrastructure and other details of the village, and five year rolling plans were not formulated and the Department had not ensured community participation in implementation of the programme during 2009-14. Financial management was not efficient as instances of delay in releases of funds, non-availing of opportunity for incentive funds from GOI, diversion of funds, non-utilisation of allocated funds, etc., were noticed. The target of coverage of all rural habitations with availability of adequate safe drinking water by the year 2012 had not been achieved in the State as of March 2014. Commencement of works without proper investigation, defective estimates, non-acquisition of land, non-monitoring of the works, etc. had resulted in time and cost overrun of the schemes. Water quality testing was inadequate as the water quality testing laboratories were not established/ strengthened up to the desired levels. The targets fixed for testing of drinking water sources for bacteriological and chemical contamination were not commensurate with the number of sources available in the State. Internal control mechanism including setting up of monitoring and investigation unit for review of periodical progress reports of the schemes, conducting of social audit by community based organisations, convergence with other programmes, etc. had not been put in place.

2.3.14 Recommendations

The Government/ Department may consider:

- (i) ensuring preparation of all checklists regarding availability of land, forest clearance and other codal formalities before approving the schemes;
- (ii) setting up of adequate water quality testing laboratories and strengthening of the existing laboratories at all levels to ensure water quality tests as per the programme guidelines; and
- (iii) strengthening internal control mechanism by setting up of monitoring and investigation unit for review of periodical progress of the schemes, ensuring social audit by community based organisation, etc.

The audit findings were referred to the Government in October 2014. Reply had not been received (December 2014).

⁹¹ CE: quarterly, SE: Monthly and EE: 10 per month.

Urban Development Department

2.4 Working of Municipal Corporation, Shimla

Municipal Corporation, Shimla is responsible for providing basic civic amenities viz. water supply, roads, sewerage system, collection and disposal of solid waste, cleaning of drains, parking lots, street lights, etc. It is also mission city under Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The significant audit findings are as under:

Highlights:

- *The Corporation had not constituted Ward Sabhas and Ward Committees to ensure participation of public in preparation of plan. Annual Action Plans and Development Plans were also not prepared during 2009-14.*
(Paragraphs 2.4.6.2 and 2.4.6.3)
- *Against total availability of funds of ₹ 271.38 crore during 2009-14, MC incurred an expenditure of ₹ 242.53 crore resulting in savings of ₹ 28.85 crore.*
(Paragraph 2.4.7.1)
- *There was a gap of ₹ 55.24 crore between cost and recovery charges of water distributed by the MC and outstanding liabilities of ₹ 161.74 crore on account of water supplied by the IPH Department. Arrears of ₹ 8.84 crore were due for recovery on account of rent, rates and taxes on land, buildings, mobile towers and parking lots as of March 2014.*
(Paragraphs 2.4.9.2, 2.4.14.1, 2.4.14.3 to 2.4.14.5)
- *Despite spending ₹ 74 crore for installation of six STPs (installed capacity 35.63 MLD) the actual utilisation was 4.8 MLD (13 per cent), resulting in untreated sewage remaining untapped and left in open.*
(Paragraph 2.4.10.1)
- *The system of preventing and detecting unauthorized construction was not adequate. Even the cases detected were not acted upon (73 per cent pending) as per rules.*
(Paragraph 2.4.14.2)
- *Out of 636 dwelling units sanctioned for ₹ 24 crore under JNNURM, only 40 units have been completed, 136 were in progress and work for remaining 460 units was not started due to non-availability of land.*
(Paragraph 2.4.17.1)
- *Periodical system for monitoring and inspections of projects/ schemes, etc., had not been put in place in accordance with the HPMC Act, 1994 as of July 2014.*
(Paragraph 2.4.18.1)

2.4.1 Introduction

Municipal Corporation (MC), Shimla is one of the oldest municipalities of India and covers an area of 32.30 sq kms with a population of 1.70 lakh as per census of 2011. With the view to ensuring effective functioning of the MC, the State Government enacted (October 1994) the Himachal Pradesh Municipal Corporation Act, 1994. As per the Act the main functions of MC *inter alia* included:

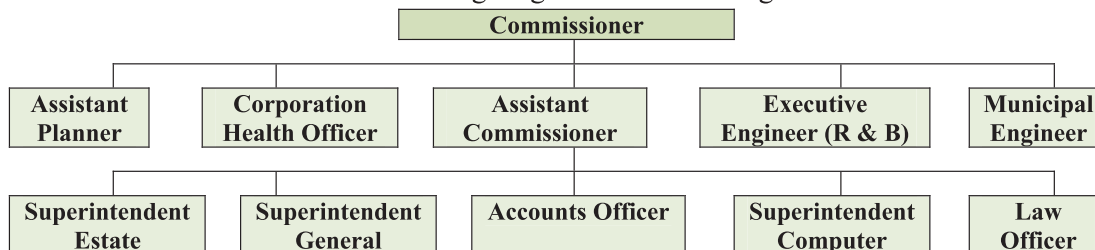
- the preparations of plans for economic development and social justice;
- water supply, public health, sanitation and solid waste management;
- urban planning, construction of buildings, roads and bridges;

- slum improvement and upgradation and urban poverty alleviation;
- public amenities including street lighting, parking lots and public conveniences.

Shimla city has been divided into 25 councilor wards and is also a mission city under Jawaharlal Nehru National Urban Renewal Mission (JNNURM).

2.4.2 Organisational structure

The Commissioner, Municipal Corporation is the administrative head of the MC. All executive and administrative powers for the purpose of carrying out day to day functions are vested in him. The organogram of the MC is given below:



The legislative set up of MC consists of Mayor, Deputy Mayor and 28 Councilors (elected: 25 and nominated: 03). The major decisions to carry out day to day functions of the MC are approved by the House.

2.4.3 Audit Objectives

The objectives of the audit of the MC were to assess whether:

- effective planning and programme management in terms of delivery of services under various schemes/ programmes existed;
- efficient financial administration with reference to allocated priorities existed in the MC and resources were optimally utilised;
- water supply, disposal of sewage/ solid waste, collection of receipts, checking of construction of buildings, etc. were being performed effectively; and
- internal control mechanism was in place.

2.4.4 Audit Coverage and Methodology

Performance audit on working of MC covering the period 2009-2014 was conducted during March 2014 to July 2014. The Performance Audit covered the important aspects of the functioning of MC and assessment of the performance of MC with reference to its mandate.

The objective, scope of audit and methodology was discussed with the Commissioner of MC in the entry conference held on 20 May 2014. The audit findings were discussed with the Additional Chief Secretary, Urban Development in an exit conference held in December 2014 and views of the Government have been incorporated at appropriate places in the Report.

2.4.5 Audit Criteria

The audit criteria used for assessing the working of the MC was derived from the following sources:

- Himachal Pradesh Municipal Corporation (HPMC) Act, 1994;

- Notifications and instructions issued from time to time for implementation of State and Centrally Sponsored schemes;
- Administrative Manual of the Municipal Corporation, Shimla and other Departmental Manual/ Policies/ Rules and Regulations; and
- National Disaster Management Act, 2005.

Audit Findings

2.4.6 Planning

2.4.6.1 Devolution of powers and responsibilities

The 74th Amendment Act of the Constitution provides for conducting the elections of the MC, once in five years and devolution of powers and responsibilities to the Municipalities in respect of 18 functions (**Appendix-2.2**).

Scrutiny of records showed that the election of the MC was being held regularly. However, only 12 functions were being performed fully by the MC, three partially and remaining three had not been transferred to MC by the Government (**Appendix-2.2**) as of July 2014.

While admitting the facts, the Commissioner stated (April 2014) that left out functions was being done by the other state government departments. The fact, however, remains that the provision of 74th Amendment Act relating to devolution of powers and responsibilities was not fully implemented.

2.4.6.2 Establishment of Ward Sabhas and Ward Committees

For discussion of the priorities of the wards in two meetings in a year, the HPMC Act, 1994 provides for constitution of a ward sabha (WS) in each ward comprising all persons in the electoral rolls of the ward during a year. Similarly, for discharging various functions⁹², the HPMC Act provides for constitution of a ward committee (WC) for each ward within six months of the constitution of the MC House consisting of ward councillor as President and nine eminent members to be nominated by the WS. The bi-monthly meetings of the WC were to be conducted for discussion of developmental issues and plans of the ward.

Audit noticed that none of the 25 wards had constituted WSs and WCs (except two⁹³ wards) as of July 2014. The constitution of two WCs in the absence of WSs was contrary to the provisions of the Act. Due to non-constitution of the WCs, the envisaged functions were not performed effectively as mentioned in the succeeding paragraphs.

While admitting the facts, the Commissioner stated (April 2014) that the instructions in this regard were issued to councillors in January 2013 and December 2013. The reply does not explain as to why the WSs and WCs were not constituted.

2.4.6.3 Non-preparation of Annual Action Plans and Development Plans

The office manual of the State Government requires the MC to prepare Annual Action Plans (AAP) for proper and systematic conceptualisation and implementation of

⁹² Preparation of annual ward plan, implementation of various developmental schemes, providing of assistance in solid waste management in the ward, identification of deficiencies in the water supply and street lighting arrangements in the ward, supervision of sanitation work, encouragement of art, cultural, and sports activities, assistance to corporation for timely collection of taxes, fees and other arrears due to the corporation, etc.

⁹³ Ward number three and five in September 2012.

programmes. Further, as per the provisions of HPMC Act, 1994, every MC was required to prepare a Development Plan (DP) for the areas under its jurisdiction and submit the same to the District Planning Committee for consolidation into a development plan of the district.

Audit scrutiny showed that neither AAP nor DP had been prepared by the MC during 2009-14. As a result, the developmental works/ schemes were executed by the MC on an *ad hoc* basis.

While confirming the facts, the Commissioner stated (June 2014) that DP/ AAP could not be prepared due to shortage of staff. The reply is not acceptable as non-preparation of plans resulted in tardy implementation of its programmes/ schemes/ projects as brought in the succeeding paragraphs.

2.4.7 Financial Management

2.4.7.1 Resource and Expenditure

The year-wise position of resources and application of funds of the MC for the period 2009-10 to 2013-14 is given in **Table-2.4.1** and **2.4.2**.

Table- 2.4.1
Detail of resources of MC during 2009-14

Head of Receipt	Year-wise position of availability of funds					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Own income (Property tax, shop rent, parking fee, compounding fee, tower fee, water charges etc.)	32.60	32.27	34.38	36.97	28.41	164.63
Centrally sponsored schemes*	5.37	1.58	20.68	9.34	25.02	61.99
State sponsored schemes	4.79	11.05	17.57	7.90	3.45	44.76
Total	42.76	44.90	72.63	54.21	56.88	271.38

Source: Information supplied by the MC.

* Note: These figures are as per MC budget and do not include funds directly transferred to HIMUDA by the GOI and the State Government.

Table- 2.4.2
Detail of application of funds during 2009-14

Head of expenditure	Year-wise breakup of expenditure incurred					
	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Salaries and wages	25.13	27.82	33.42	37.48	29.41	153.26
Administration	12.77	20.62	3.91	2.32	1.47	41.09
Centrally sponsored schemes	0.91	0.40	9.17	1.60	13.36	25.44
State sponsored schemes	4.03	5.43	7.17	3.09	3.02	22.74
Total	42.84	54.27	53.67	44.49	47.26	242.53

Source: Information supplied by the MC.

Note: Figures of 2012-13 and 2013-14 are tentative due to non-finalisation of Annual Accounts by the MC.

Analysis of the data in **Table 2.4.1** and **2.4.2** showed the following:

- The overall resources of the MC had increased by 33 *per cent* from ₹ 42.76 crore during 2009-10 to ₹ 56.88 crore during 2013-14. Own income of the MC however decreased from ₹ 32.60 crore in 2009-10 to ₹ 28.41 crore in 2013-14 (13 *per cent*).
- Against the total availability of funds of ₹ 271.38 crore during 2009-14, the MC spent ₹ 242.53 crore (89 *per cent*) leaving an unspent balance of

₹ 28.85 crore (11 *per cent*) as of March 2014. Further, an amount of ₹ 9.42 crore on account of contingent advances for 2009-14 was lying unadjusted as detailed in **Paragraph 2.4.7.4**. Thus, the savings would be reduced to that extent.

- Annual Accounts for the year 2012-13 and 2013-14 had also not been finalised by the MC as of July 2014 which indicated lack of expenditure control in the MC. The Commissioner stated (July 2014) that the accounts had not been prepared for want of additional information from the concerned wings.

2.4.7.2 Preparation of budget estimates

The HPMC Act, 1994 provides for preparation of the budget estimates (BEs) annually and submission of the same to the State Government not later than the last week of the February of the preceding year to which the estimates relate so as to ensure their approval by the State Government before the 31 March.

Audit noticed that during 2009-14 the MC had not submitted the BEs in time and there was a delay ranging between 12 and 44 days entailing delay in approval of the BEs by the State Government ranging between 10 and 81 days which indicated that BEs were not prepared and approved timely. This reflected inadequate budgetary control in the MC.

The Commissioner stated (May 2014) that the schedule dates could not be adhered to due to shortage of staff. The reply is not convincing as the budget estimates should have been prepared and submitted within the prescribed time schedule.

2.4.7.3 Establishment and other Administrative costs

As per proviso to Section 75 (1) of the HPMC Act, 1994, the MC was required to incur establishment expenditure to the extent of one third of its total expenditure.

It was noticed that contrary to above provision, against the required expenditure of ₹ 80.84 crore (one third of total expenditure of ₹ 242.53 crore) on establishment during 2009-14, the MC had incurred an expenditure of ₹ 153.26 crore resulting in excess expenditure ₹ 72.42 crore. The establishment expenses during above period ranged between 51 and 84 *per cent* of the total expenditure. Thus, the MC had incurred less expenditure on programme implementation during 2009-14.

While confirming the facts, the Commissioner stated (June 2014) that due to revision of pay scales from January 2006 the expenditure on establishment remained on higher side. The reply should be seen in the light of the fact that the receipts had substantially declined during 2013-14 and the MC had not taken effective steps to ensure collection of various receipts due to it (**Paragraph 2.4.14.1 and 2.4.14.4**) during 2009-14.

2.4.7.4 Non-adjustment of contingent advances

As per Rule 189 of the HPFR, 2009 head of office was authorised to sanction advances for purchase of goods or for hiring services or for any other special purpose as may be prescribed. Further, as per proviso 3 under Rule 189 of the Rules *ibid*, adjustment bills along with balances, if any, had to be submitted within 15 days of the drawal of advance.

It was, however, noticed in audit that contingent advances aggregating ₹ 23.95 crore sanctioned for carrying out various development activities within the municipal limits were pending for adjustments against 3790 Government Departments, officers/

officials, contractors, etc., as on 31 March 2014. Age-wise analysis of pending advances was as given in **Table-2.4.3**.

Table- 2.4.3
Age-wise analysis of pending contingent advance

(₹ in crore)

Sl. No.	Pendency	Number of advances	Amount
1.	More than 10 years	2838	8.50
2.	More than five years but less than 10 years	496	6.03
3.	More than one year but less than five years	407	8.33
4.	Less than one year	49	1.09
Total		3790	23.95

Source: Information supplied by the MC.

The pendency indicated the laxity on the part of the MC in enforcing codal provisions regarding adjustment of the advances involving substantial amounts.

The Commissioner stated (July 2014) that instructions had been issued to all concerned to take serious steps to ensure the adjustment of the outstanding advances.

2.4.8 Human Resource Management

2.4.8.1 Staff sanctioned and persons-in-position

The overall position of staff sanctioned and persons-in-position as of March 2014, in the MC are given in **Table-2.4.4**.

Table- 2.4.4
Position of staff sanctioned and persons-in-position

(In numbers)

Category of Staff	Sanctioned Staff	Persons in position	Staff Position Excess (+) Shortage (-)
Technical (Group A, B and C)	155	146	(-) 09 (06)
Non-Technical (Group A and B)	12	05	(-) 07 (58)
Non-Technical (Group C)	126	83	(-) 43 (34)
Group D	812	870	(+) 58 (07)

Source: Information supplied by the MC.

Note: Figures in parenthesis indicate percentage.

It would be seen that there was shortage of manpower resources in cadres of technical and non-technical staff ranging between 6 and 58 *per cent* under various groups as of March 2014. The shortage of staff in the clerical cadres (Group C) would have negative impact on the day to day activities of the MC. Besides, there was excess staff in cadre of Group D to the extent of seven *per cent*.

The Commissioner stated (July 2014) that excess staff under Group D cadre was due to regularisation of daily paid staff, employed for providing basic amenities to the public, as per the policy of the State Government.

2.4.9 Programme management

2.4.9.1 Water Supply System

As per the provisions of HPMC Act, 1994 water supply for domestic, industrial and commercial purposes is an essential function of the MC.

Ministry of Urban Development (MoUD) to the GOI had introduced Service Level Benchmarks for supply of water. The main objectives of these benchmarks were to improve the delivery of services to the end consumer. The service level benchmarks and achievements thereagainst during 2012-14 are given in **Table-2.4.5**.

Table- 2.4.5

Sr. No.	Indicator	Benchmark	Actual achievement
1.	Coverage of water supply connections	100 <i>per cent</i>	80 <i>per cent</i>
2.	Per capita supply of water	135 lpcd	110 lpcd
3.	Extent of metering water connections	100 <i>per cent</i>	70 <i>per cent</i>
4.	Extent of non-revenue water	20 <i>per cent</i>	45 <i>per cent</i>
5.	Continuity of water supply	24 hours	1.20 hours
6.	Quality of water supplied	100 <i>per cent</i>	100 <i>per cent</i>
7.	Efficiency in redressal of customer complaints	80 <i>per cent</i>	100 <i>per cent</i>
8.	Cost recovery in water supply services	100 <i>per cent</i>	100 <i>per cent</i>
9.	Efficiency in collection of water supply related charges	90 <i>per cent</i>	80 <i>per cent</i>

Source: Information supplied by the MC.

Against the above service level benchmarks, the following deficiencies relating to water supply were noticed:

- As per norms 135 litre per capita per day (lpcd) water was to be supplied to consumers whereas MC had supplied 110 litre per capita per day water during 2009-14 resulting in short supply of 25 lpcd water to consumers.
- As per service level benchmarks every consumer should have metered water connection. But MC Shimla had adopted flat rate water distribution system since October 2012 onwards.
- As per performance indicators water is required to be supplied 24 hours every day whereas MC Shimla was supplying water only for 1.20 hours per day.
- The achievement of quality of water supplied was shown as 100 *per cent* by the Corporation. However, the Corporation was getting the water samples tested either from its own laboratory or the laboratory of IPHD and there was no independent mechanism/ agency for water quality testing other than from which the water was being procured.
- The achievement of cost recovery in water supply services shown as 100 *per cent* was erratic as the Corporation had to sustain a loss of ₹ 71.51 lakh due to water leakage during distribution as mentioned in **Paragraph 2.4.9.3**. Besides, out of bills amounting to ₹ 45.27 crore raised by the MC during above period, ₹ 40.78 crore was collected resulting in short recovery of ₹ 4.49 crore.
- As per benchmark, non-revenue water was required to be supplied upto 20 *per cent* of the total water supplied by the MC. However, the MC had supplied 45 *per cent* non-revenue water during 2009-14 which had exceeded the prescribed limit by 25 *per cent* with resultant loss of ₹ 24.00 crore⁹⁴.
- The redressal of consumer complaints was not adequate as mentioned in **Paragraph 2.4.13**.

The Commissioner stated (July 2014) that keeping in view the present availability of water it was not possible to provide water 24 hours a day. The fact, however, remains that the MC had not provided water to consumers as per the norms.

⁹⁴ At the rate of 25 *per cent* of total water cost of ₹ 96.02 crore purchased from the IPH Department.

2.4.9.2 Gap between cost and recovery of water charges

(i) The MC Shimla receives water from the State Irrigation and Public Health Department (IPHD). The operation and maintenance of water supply schemes was also being done by IPHD. The MC was responsible for distribution of water for domestic and commercial use.

Audit scrutiny showed that 6.67 crore kilo litres water costing ₹ 96.02 crore was received by the MC during 2009-14 against which an amount of ₹ 40.78 crore was realised by the MC on account of water charges from the end consumers resulting in loss of ₹ 55.24 crore due to gap between cost and recovery of water charges. While admitting the facts, the Commissioner stated (June 2014) that the loss was also due to supply of non-revenue water to the consumers and defects in water meters occurred in winters. The fact, however, remained that the MC had failed to reduce the gap between cost and recovery of water charges.

(ii) Scrutiny of records further showed that an amount of ₹ 164.70 crore (opening balance on 1 April 2009: ₹ 52.97 crore and bills raised during 2009-14: ₹ 111.73 crore) for supply of water was to be paid by the MC to IPHD out of which ₹ 2.96 crore was paid during 2009-14 and balance amount of ₹ 161.74 crore was outstanding as of March 2014. This was indicative of the fact that the MC did not meet out the liability of water charges during the above period.

While admitting the facts, the Commissioner stated (June 2014) that due to financial crunch and increase in water charges by IPHD, the MC could not make the payments in time. The reply is not acceptable as the MC should have explored the possibility of increasing its finances by revising rates, effecting recovery of arrears, etc.

2.4.9.3 Loss due to short receipt of water

As per the provisions of HPMC Act, MC was required to ascertain the sufficiency and wholesomeness of water within the municipal area and to provide water to the end consumer at a reasonable cost.

Audit scrutiny showed that IPHD supplied 6.72 crore kilolitre water during 2009-14 against which 6.67 crore kilolitre water was received by the MC Shimla, resulting in short receipt of 0.05 crore kilolitre water from the main reservoirs which resulted in loss of ₹ 71.51 lakh to MC. It was further noticed that water meters for measuring the quantity of water supplied by the IPHD and actually received by the MC had not been installed as on April 2014.

While admitting the facts, the Commissioner stated (April 2014) that water quantity being supplied by IPHD was calculated at rated discharge of pumps. The reply is not convincing as the MC should have ensured the proper receipt of water as supplied by the IPHD.

2.4.10 Sewerage System

2.4.10.1 Under-utilisation of Sewage Treatment Plants (STPs)

As per a study conducted by the Central Pollution Control Board in 2005, the quantum of sewage generated in the city was assessed at 177 litres per capita daily (lpcd). For a resident population of 1.70 lakh in the year 2011, the level of sewage being generated in town was 30.09 Million Litres per day (MLD). In October 2005,

six⁹⁵ STPs of 35.63 MLD capacity were commissioned at an expenditure of ₹ 74 crore.

It was, however, noticed that the utilisation of STPs as of March 2014 was only 4.8 MLD (13 *per cent*) against the installed capacity 35.63 MLD. The main reasons for non-tapping of sewage generated and its short receipt at STPs were missing/broken links, worn-out pipes and non-existence of sewerage network at many places. The untreated sewage which remained untapped was left in open, affecting the environment adversely. Thus, despite spending ₹ 74 crore for installation of six STPs the objective of providing pollution-free environment and the checking of contamination of water sources downstream of disposal points remained unachieved.

In the exit conference, ACS stated that steps were been taken to conceive and implement comprehensive sewage network.

2.4.11 Solid Waste Management

As per the provisions of HPMC Act, 1994, solid waste management is an essential function of the MC. Under the provision of aforesaid Act, MC had enacted door to door garbage collection bye laws in 2006. The enforcement of these bye laws has been ensured through Shimla Environment Heritage Conservation and Beautification Society (SEHB). The solid waste treatment facility is being operated on Public Private Partnership (PPP) mode at Bharyal on Taradevi-Totu bye-pass since June 2013 onwards.

The benchmarks of MoUD for SWM indicators and achievements thereagainst during 2012-14 were as given in **Table-2.4.6**.

Table- 2.4.6

Sr. No.	Indicator	Benchmark	Actual achievement
1.	House hold level coverage of solid waste management services	100 <i>per cent</i>	85 <i>per cent</i>
2.	Efficiency of collection of Municipal Solid Waste (MSW)	100 <i>per cent</i>	78 <i>per cent</i>
3.	Extent of municipal solid waste collected	80 <i>per cent</i>	15 <i>per cent</i>
4.	Extent of segregation of MSW	100 <i>per cent</i>	10 <i>per cent</i>
5.	Extent of scientific disposal of MSW	100 <i>per cent</i>	Nil
6.	Efficiency in redressal of consumer complaints	80 <i>per cent</i>	74 <i>per cent</i>
7.	Extent of cost recovery in SWM services	100 <i>per cent</i>	10 <i>per cent</i>
8.	Efficiency in collection of SWM charges	90 <i>per cent</i>	44 <i>per cent</i>

Source: Information supplied by the MC

From the above table, it would be seen that performance against house hold level coverage of solid waste management services and collection of MSW was 15 to 22 *per cent* less against the benchmarks during 2012-14. Achievements in respect of collection, segregation, cost recovery of SWM and efficiency in collection of charges ranged between 10 and 44 *per cent* during above period. Achievement against redressal of consumer complaints was shown as 74 *per cent* by the Corporation. However, due to improper maintenance of complaint registers timely redressal of complaints could not be ascertained as mentioned in **Paragraph 2.4.13**. There was no achievement against the benchmark of scientific disposal of MSW during 2012-14.

⁹⁵

Lalpani: 19.35 MLD; Sanjauli Malyana: 4.44 MLD; Dhalli 0.76 MLD; Snowdown: 1.35 MLD; North Disposal: 5.80 MLD and Summer Hill: 3.93 MLD.

The following deficiencies with regard to solid waste management were noticed:

- It was noticed that 1,31,218 ton⁹⁶ (approx.) garbage was generated during 2009-14 against which 1,24,100 ton garbage was collected by the MC, resulting in short collection of 7,118 ton garbage. Only 1,04,025 ton garbage was transported for treatment and the remaining 27,193 ton garbage remained un-disposed/ untreated. Un-scientific disposal of municipal solid waste not only led to violation of the provisions of MSW Rules but also had an adverse impact on environment and water bodies.
- 85-90 ton (approx.) garbage was being generated daily against which 70 ton garbage was being transported to treatment plant at Bharyal. No data was being maintained by the MC about quantity of garbage that was being used for composting purposes.
- Due to non-development of landfill site (**Paragraph 2.4.17.2**) at Bharyal the non-bio-degradable waste was disposed of at Darni-Ka-Bagicha, Shimla. Data in respect of quantity of rejects that was being disposed of every day was not available with the MC.

The Commissioner stated (July 2014) that due to less transportation of garbage, the treatment plant was not utilised to its optimal capacity. The reply should be seen in light of the fact that garbage was lying undisposed/ uncovered (photograph) adversely affecting the environment.



Solid Waste Treatment Plant, Bharyal (July 2014)

2.4.12 Cleaning of roads/ streets

As per the provisions of HPMC Act, 1994 MC Shimla has the obligation to clean roads/ streets and drains, collect, lift and carry garbage to dumping yards and dispose it scientifically. Rule 3 (ii) of Municipal Solid Waste (MSW) Rules, 2000 stipulates that storage of waste by municipal authorities shall be so designed that waste stored is not exposed to open atmosphere. As per census 2011, MC, Shimla had area in the radius of 32.30 kilometer which included 176 kilometers of road/ streets length. For discharging the function of cleaning of roads/ streets, staff of MC and Shimla Environmental Heritage Conservation and Beautification Society (SEHB) had been engaged.

It was noticed that 171 dumper placers were being used by the MC for collection and disposal of garbage during 2009-14. Out of these, 89 dumper placers were in working condition and 82 were unserviceable and action to replace the unserviceable dumpers with new one was not initiated by the MC as of June 2014. Further, 12 uncovered concrete/ manual dumpers were being used by the MC for storage of garbage at different locations as is evident from the following photographs, which was violation of the provisions of MSW Rules, 2000.

⁹⁶ 2009-10: 21,900; 2010-11: 24,638; 2011-12: 25,550; 2012-13: 26,280 and 2013-14: 32,850.



Garbage lying scattered near Shahi Theater-Rambazar (July 2014)

Garbage lying scattered near Tunnel-Lower Bazar (July 2014)

While admitting the facts, the Commissioner stated (July 2014) that core areas were cleaned twice a day whereas outside areas were cleaned once in a day. It was also stated that dumpers were not repaired as the Hon'ble High Court had directed to make Shimla dumper free. The reply should be seen in the light of the fact that MC should have replaced the dumpers with other alternative.

2.4.13 Redressal of complaints

Water supply, sanitation and street lighting were basic functions of the Corporation. Further, as per citizen charter of the Corporation all the complaints relating to above functions were required to be disposed of within 24 hours.

Audit noticed that 31,841 complaints⁹⁷ relating to water, sanitation and street lighting were lodged by the consumers with the Corporation during 2009-14. Though the time and date of lodging of complaints was found recorded in the complaint register but the time and date of their actual disposal and intimation of same to the complainant was not found recorded, in the absence of which actual time taken in respect of disposal of each complaint could not be ascertained. This indicated that effective monitoring relating to complaints disposal was not documented by the Corporation during the aforesaid period.

While confirming the facts, the Commissioner stated that for redressal of complaints no separate cell had been established and due to acute shortage of staff, it was not possible to record time of disposal of each complaint and to intimate the complainant about its disposal. The reply is not convincing as it was not in consonance with the provisions of the citizen charter of the Corporation.

2.4.14 Assessment, demand and collection of taxes/ fees

2.4.14.1 Outstanding recovery of taxes on land and buildings

As per the provisions of HPMC Act, 1994 the MC shall levy taxes on land and buildings within municipal limits as per rates fixed by the Corporation.

Year-wise details of outstanding recovery on account of taxes on land and buildings are as given in **Table-2.4.7**.

⁹⁷

Water supply: 24967, sanitation: 4597 and street lighting: 2277.

Table- 2.4.7
Year-wise details of outstanding recovery on account of taxes on land and building
(₹ in crore)

Sr. No.	Year	Opening balance	Demand raised during the year	Total	Collection during the year	Pending recovery
1.	2009-10	4.71	7.42	12.13	7.18	4.95
2.	2010-11	4.95	8.32	13.27	8.29	4.98
3.	2011-12	4.98	8.97	13.95	8.42	5.53
4.	2012-13	5.53	5.00	10.53	2.97	7.56
5.	2013-14	7.56	7.75	15.31	9.13	6.18
	Total		37.46		35.99	

Source: Figures supplied by the MC.

As can be seen from **Table- 2.4.7**, arrears on account of recovery of taxes on land and buildings had increased from ₹ 4.71 crore on 1 April 2009 to ₹ 6.18 crore (31 *per cent*) as on 31 March 2014.

While confirming the facts, the Commissioner stated (June 2014) that notices had been issued to the defaulters and arrear of land revenue/ rent attachment cases had already been prepared for the recovery of outstanding arrears. The reply is not convincing as the MC should have ensured the recovery of amount in time.

2.4.14.2 Unauthorised construction of buildings

As per the provision of HPMC Act, 1994, no person shall erect or commence to erect any building or execute any work except with the previous sanction of the Commissioner. Every person who intends to erect a building shall apply for sanction by giving notice in writing to the Commissioner in such form and containing such information as may be prescribed by bye laws made in this behalf.

Scrutiny of records showed that during 2009-14, 667 cases⁹⁸ of unauthorised construction were noticed by the Corporation. After issuing notices and giving reasonable opportunity of showing cause, 183 cases by effecting recovery of ₹ 3.29 lakh were decided by the Corporation and 484 cases (73 *per cent*) were lying pending with MC Shimla as of March 2014. It was further noticed that for detection of unauthorized construction cases, no flying squad had been constituted by the MC, however, the above cases were registered on the basis of complaints filed by the people residing within MC limits. This was indicative of the fact that MC had not adopted any foolproof system to check the illegal construction of buildings within MC Shimla.

In the exit conference, the Commissioner while admitting the facts stated that the inspection squads for the purpose had been constituted (September 2014) and monthly progress would be obtained in future.

2.4.14.3 Non-recovery of annual renewal fee on mobile towers

The State Government authorized (August 2006) the MC to levy duty on installation of mobile communication towers at the rate of ₹ 20,000 per tower and annual renewal fee at the rate of ₹ 10,000.

It was noticed in audit that 14 mobile companies registered 67 mobile towers with MC during 2006-14. Out of ₹ 48.54 lakh due from these companies on account of annual renewal fees for the period 2007-08 to 2013-14, ₹ 38.34 lakh was recovered

⁹⁸

2009-10: 85; 2010-11: 322; 2011-12: 86; 2012-13: 78 and 2013-14: 96.

and the balance ₹ 10.20 lakh remained unrecovered as of March 2014 due to failure of the MC to initiate timely action against the defaulters. Laxity on the part of MC had thus resulted in non-recovery of outstanding amount as of May 2014.

While confirming the facts, the Commissioner stated (May 2014) that notices to the defaulters for effecting recovery of outstanding amount will be issued shortly. The reply is not convincing as no action to recover the outstanding amount had been taken as of May 2014.

2.4.14.4 Outstanding rent of shops/ stalls

MC had been leasing out the shops/ stalls constructed by it to the private individual on rental basis.

It was noticed that rent from MC assets, recoverable from the allottees, had got accumulated to ₹ 2.52 crore at the close of March 2014 as given in **Table-2.4.8**.

Table- 2.4.8
Position of outstanding rent of shops/ stalls as of March 2014 (₹ in crore)

Number of years for which outstanding	Number of shops/ stalls, etc.	Amount outstanding
More than 10 years	40	0.99
Between five to 10 years	68	1.14
Between one to five years.	141	0.39
Total	249	2.52

Source: Figures supplied by the MC.

As can be seen from the above table, the rent against the allottees was outstanding from the period ranging between one year and more than 10 years. This indicated that the process of rent collection had not been given due attention.

While admitting the facts, the Commissioner stated (May 2014) that due to shortage of staff effective steps could not be taken up for recovery of outstanding rent. The fact, however, remains that MC had not effected the recovery of outstanding rent.

2.4.14.5 Non-recovery/ delay in receipt of parking lots

(i) With a view to provide parking facilities to the people residing within municipal limits as well as to the tourists, 20 parking lots⁹⁹ were being maintained by the MC. These parking lots were auctioned on annual rental basis and the highest bidder was required to deposit 25 *per cent* of the tendered amount as advance before taking the possession of parking lot and the remaining 75 *per cent* amount was to be paid in 10 post dated cheques payable on 10th of each month.

Scrutiny of records showed that 40 cheques valuing ₹ 32.35 lakh on account of parking rent received from 13 contractors bounced during June 2008 to March 2014 and the payments were delayed for period ranging between four and 1735 days. It was noticed that payments of ₹ 1.06 lakh in respect of nine bounced cheques had not been effected by the MC as of March 2014. As the MC had failed to include penalty clause in the contract agreement for delayed payments, no penalty could be imposed against the defaulters.

⁹⁹

Eighteen parking lots for 485 vehicles and two parking lots for 100 two wheelers.

(ii) It was further noticed that three parking lots¹⁰⁰ could not be re-allotted between February 2012 and July 2013 due to delay in tendering process and the same were allowed to run/ retained by the existing contractors till the completion of fresh tendering process. An amount of ₹ 2.33 lakh from these three contractors had not been demanded by the MC as of June 2014.

While confirming the facts, the Commissioner stated (June 2014) that action would be initiated against the defaulter contractors for recovery of balance amount. It was further stated that penalty clause for delayed payment would be added in the terms and conditions of tender/ agreement in future.

2.4.14.6 Shortage of parking lots

As per the provision of the HPMC Act, 1994 the MC was required to develop/ construct parking lots so that people residing within municipal limit could avail the facility for parking of their vehicles.

Audit scrutiny showed that as of March 2014, 20 parking lots having parking capacity of 585 vehicles (four wheelers: 485 and two wheeler: 100) were being maintained by the MC Shimla. However, data about vehicles registered by the people residing within municipal limits with no parking space and number of tourist vehicles entering Shimla daily was not available with the MC. Resultantly, the MC was not in a position to work out the requirements of parking lots in the city and plan construction of new parking lots accordingly.

While admitting the facts, the Commissioner stated (July 2014) that details of private garage and vehicles registered with transport authority within MC area was not available. The reply should be seen in light of the fact that in the absence of proper data the MC was unable to plan the construction of new parking lots properly.

2.4.15 Infrastructure Development

2.4.15.1 Construction of roads and paths

Construction and maintenance of roads and paths are the mandatory functions of municipality as per the provision of HPMC Act, 1994. As of March 2010, roads and paths measuring 176 km distance were being maintained by the MC Shimla. Of this, 32 km roads was of motorable standard (heavy vehicle), 50 km was of jeepable standard (light vehicle) and the remaining 94 km roads either pertained to paths or streets falling within the jurisdiction of MC area. It was noticed that motorable road measuring two km (six *per cent*), jeepable road seven km (14 *per cent*) and paths/ streets covering distance of 17 km (18 *per cent*) were un-mettled/ kutcha as of March 2014. Further details of roads/ paths constructed after March 2010 were not available with the Corporation. The Commissioner admitted (July 2014) the facts.

2.4.15.2 Construction of Ambulances/ jeepable roads

The Director, Urban Development and the Deputy Commissioner, Shimla sanctioned ₹ 1.19 crore for construction of 55 Ambulance roads within MC limits under different developmental schemes viz., Decentralised Component Plan, Member of Parliament Local Area Development Scheme, etc., during 2001-14. As per sanctions accorded, all these works were required to be completed within one year from the date of sanction of work.

¹⁰⁰

Parkings at US Club, Jodha Niwas and Metropole fourth floor.

The following deficiencies were noticed in audit:

- Out of 55 ambulance roads, 29 roads valuing ₹ 0.40 crore had been completed by the MC Shimla as of March 2014. Out of 29 completed roads, 21 had been opened for vehicular traffic and the remaining eight partly completed (2001-10) roads (due to non-availability of additional funds under the scheme) valuing ₹ 0.08 crore had not been put to use as of June 2014. Thus, expenditure of ₹ 0.08 crore incurred on completion of Ambulance roads had been rendered unfruitful.
- The work on 13 roads costing ₹ 0.51 crore sanctioned during 2002-14 was in progress as of June 2014. An expenditure of ₹ 0.42 crore had been incurred and balance ₹ 0.09 crore was lying unutilised as of June 2014 with the MC. There was a delay ranging between 3 and 135 months in completion of these 13 works. Non-completion of these roads due to land disputes had not only resulted in unfruitful expenditure of ₹ 0.42 crore but also deprived the public of the intended benefits.
- Out of the remaining 13 works, execution of four works valuing ₹ 0.07 crore could not be taken up for execution due to involvement of forest/ private land and land disputes. Three works valuing ₹ 0.07 crore could not be started due to non-preparation of estimates, finalisation of tender process and remaining six works costing ₹ 0.15 crore were stated to be in progress but relevant records were not made available to audit.

While admitting the facts, the Commissioner stated (June 2014) that in some cases due to involvement of forest land, land dispute and non-submitting of no objection certificate by the land owners, execution of works could not be started.

2.4.15.3 Execution of other developmental works

For the overall development of MC area, ₹ 27.84 crore were sanctioned by various authorities during 1992-2013 for execution of 416 works such as buildings, roads, footpaths, playgrounds, community bhawans, toilets, rain shelters, parking, etc. The works were required to be completed within 3 to 18 months from the date of sanction.

Scrutiny of records showed that execution of 169 works valuing ₹ 7.74 crore could not be taken up for execution as of July 2014 due to non-availability of sites, land disputes and involvement of forest land. Besides, 247 works sanctioned for ₹ 20.10 crore were in progress as of March 2014 with an expenditure of ₹ 13.71 crore and balance amount of ₹ 6.39 crore was lying unspent for more than one to 22 years. Thus, the MC had not monitored the works which not only resulted in blocking of ₹ 14.13 crore but also deprived the beneficiaries of intended benefits of these works.

While admitting the facts, the Commissioner stated (July 2014) that all these works would be completed shortly. The fact, however, remains that a large number of works remained unexecuted/ incomplete for long period.

2.4.16 Street Lighting

As per the provision of HPMC Act, 1994, the function of street lighting has been entrusted to the MC by the State Government.

It was noticed that the MC had advanced an amount of ₹ 2.73 crore for installation of 766 new street lights within its jurisdiction during 2009-14 to the Himachal Pradesh State Electricity Board Limited (HPSEBL). However, utilisation certificates (UCs) for

the advance were not obtained as of June 2014. Besides, the MC had not maintained the data of installation of the street lights by the HPSEBL.

While admitting the facts, the Commissioner stated (June 2014) that utilisation certificates had been demanded from concerned divisions of HPSEBL and data of installation of street lights would be maintained in future.

2.4.17 Implementation of projects

2.4.17.1 Construction of Housing Projects Ashiana-I and II

For construction of 636 dwelling units (DUs) for urban poor, the GOI sanctioned two projects for ₹ 24 crore under JNNURM on cost sharing basis amongst GOI, State Government and MC Shimla in the ratio of 80:10:10 as per details in **Table-2.4.9**.

Table- 2.4.9
Project-wise details of execution of works under Ashiana-I and II

(₹ in crore)								
Sl. No.	Name of project (DUs)	Date of sanction	Cost of project	Amount released	Date of release of funds	Date of start of work	Stipulated period of completion	Expenditure incurred as of July 2014
1.	Ashiana-I (252)	March 2007	9.99	2.65	August 2007	--	March 2014 extended to March 2015	---
2.	Ashiana-II (384)	February 2008	14.01	5.95	February 2008	October 2009	18 months from date of sanction extended to March 2015	5.94

Source: Information supplied by the MC.

Audit scrutiny showed that:

- For construction of 252 DUs under Ashiana-I land measuring 0.439 hectare was identified by the MC at Totu. However, the possession of site was not transferred in the name of MC as of July 2014 due to involvement of forest land. Resultantly, ₹ 2.65 crore released for the purpose to HIMUDA (EA) remained locked up for seven years.
- Land measuring 1.454 hectare identified at Dhalli was transferred in the name of MC for construction of 176 DUs under Ashiana-II and funds of ₹ 5.95 crore were released to HIMUDA in February 2008. Out of 176 DUs taken up (October 2009) for execution by HIMUDA, 40 DUs had been completed (January 2014) and the construction of the remaining 136 DUs was in progress as of July 2014. Due to cost overrun, the MC had submitted (May 2012) a revised estimate for ₹ 9.77 crore to the State Government for approval which was awaited. Besides, the alignment of the proposed Parwanoo-Dhalli four lane highway was falling on the site of the project which resulted in non-obtaining of the possession of the constructed 40 DUs by MC for allotment to the beneficiaries. Thus, the entire expenditure of ₹ 5.94 crore incurred on the project remained unfruitful. Besides, the execution of the remaining 208 DUs (out of 384 DUs) was not taken up due to non-availability of land and sufficient funds.
- Non-execution of Ashiana-I and non-completion of Ashiana-II deprived the MC of ₹ 13.00 crore due from the funding agencies (GOI: ₹ 11.56 crore and State Government: ₹ 1.44 crore).

While admitting the facts, the Commissioner stated (July 2014) that new site for execution of Ashiana-I had been identified at Dhingudhar (Dhalli) and the case for allotment of DUs under Ashiana-II was under process. The reply should be seen in light of the fact that the non-construction/ allotment of the DUs deprived the concerned urban poor of the intended benefits.

2.4.17.2 Blocking of funds due to non-commencement of projects

With the view to strengthening water supply network in Shimla city, rejuvenation of existing sewerage network in Shimla and development of landfill site for solid waste management at Bharyal, three projects¹⁰¹ were approved (between February 2009 and March 2010) by the GOI under JNNURM for ₹ 137.61 crore. The projects were stipulated to be completed between March 2013 and March 2014. The first instalments of ₹ 26.53 crore¹⁰² were released to Himachal Pradesh Urban Development Authority (HIMUDA) by the GOI and State Government between February 2009 and March 2012. Scrutiny of records showed that:

- The State Government decided (March 2012) to take up two projects (water supply and Sewerage network) on Public Private Partnership mode. Tenders floated twice (March 2012 and September 2012) were not finalised due to participation of single bidder on both the occasions. The State Government informed (July 2013) the MC to withdraw the projects and implement a new scheme on Engineering Procurement and Construction mode. Revised DPRs¹⁰³ prepared by the IPHD were submitted to MC in January 2014 and February 2014 respectively. However, due to non-finalisation of tenders, these works were not taken up for execution as of July 2014. Resultantly, ₹ 24.17 crore released (February 2009: ₹ 14.47 crore and January 2010: ₹ 9.70 crore) by the GOI/ State for implementation of the projects remained blocked for a period of four to five years and also led to non-release of further assistance.
- For development of landfill site at Bharyal tenders floated twice (January 2013 and March 2013) were not finalised as the rates offered by the firm (single bidder) were beyond five per cent the estimated cost per metric ton as worked out in DPR. The matter was reported to the State Government for approval which was awaited as of July 2014. Non-finalisation of the tenders in time, led to blocking of ₹ 2.36 crore and idle investment of ₹ 2.02 crore¹⁰⁴ for more than two to four years besides depriving the MC of the balance grant of ₹ 8.15 crore from the GOI and State Government.

While admitting the facts, the Commissioner stated (May-June 2014) that the approval of the GOI for spill over of projects of water supply and Sewerage upto 2016, was awaited and re-bidding of landfill site was under process. The fact,

¹⁰¹ Rehabilitation and distribution network of water supply scheme (February 2009): ₹ 72.36 crore; Rejuvenation of sewerage network for missing links and left out areas/ worn out sewerage (January 2010): ₹ 54.74 crore and Development of sanitary landfill site for solid waste management (March 2010): ₹ 10.51 crore

¹⁰² Water Supply: ₹ 14.47 crore; Sewerage: ₹ 9.70 crore and Landfill site: ₹ 2.36 crore.

¹⁰³ Rehabilitation of water supply: ₹ 136.93 crore and sewerage network: ₹ 170.35 crore.

¹⁰⁴ Cost of land (March 2010): ₹ 1.91 crore and cost of preparation of DPR (March 2012): ₹ 10.75 lakh.

however, remains that non-execution of the projects in time resulted in denial of envisaged benefits to the public.

2.4.17.3 Non-implementation of e-governance system

GOI launched a National e- Governance Plan in the year 2011-12. This plan was intended to institute and enable mechanism to improve the system of governance and to provide better services to the citizens by effective use of information and communication technologies. For the implementation of this project, MC Shimla appointed a consultant¹⁰⁵ in February 2011 at a cost of ₹ 23 lakh. The DPR was approved (April 2012) by GOI for ₹ 11.20 crore with stipulation to complete the project by March 2014.

Audit scrutiny showed that out of ₹ 2.52 crore (Central share: ₹ 2.24 crore and State share: ₹ 0.28 crore) received by the HIMUDA, ₹ 0.63 crore was released to MC Shimla in January 2013 for the implementation of project. It was noticed that for execution of project, request for proposal (RFP) was floated in August 2012 but the same was not finalised due to addition of further terms and conditions by the Director, Information and Technology. Tender was re-floated by the MC and opened in October 2013. Letter of acceptance (LOA) was issued to M/s ABM Knowledge Ware Limited, Mumbai in March 2014 after a delay of five months. However, the above firm had not taken up the execution of the project as of June 2014. Thus, delay in tendering process resulted in blocking of ₹ 2.52 crore. Besides, due to non-start of project the MC had also failed to get the balance amount of ₹ 10.57 crore from the GOI, State Government and HIMUDA as of July 2014.

While confirming facts, the Commissioner stated (May 2014) that LOA had been issued to the firm before 31st March 2014. The reply is not acceptable as the project was required to be completed by March 2014 and the MC had not implemented the project in a time bound manner depriving the public of the intended benefits.

2.4.18 Internal control mechanism

2.4.18.1 Monitoring and inspections

The HPMC Act, 1994 provides for proper monitoring and inspections of the programmes and activities of the MC at the State Government/ Urban Development Department level.

Audit scrutiny showed that the State Government/ Department had not evolved any mechanism indicating periodicity/ schedule for monitoring and inspections of the programmes/ activities by the authorities of the MC at different level as per the Act *ibid*. Resultantly, a number of projects/ works of the MC were inordinately delayed depriving the public of the intended benefits.

2.4.18.2 Internal Audit

As per instructions issued (August 1987) by the Finance Department (FD), the services of the personnel deployed from FD were to be utilized for the purpose of conducting internal audit, checking of accounts, supervising, clearance of outstanding audit objections, physical verification of store and stock, etc. The FD had posted one Deputy Finance Controller (Finance & Accounts) for managing the work of internal audit in MC Shimla.

¹⁰⁵

M/s Feedback Venturers Private Limited, Haryana.

Audit noticed that Deputy Finance Controller posted in MC Shimla was performing his duties as per the instructions issued by the Finance Department. Thus, internal audit was being performed in MC properly.

2.4.18.3 Complaints under e-samadhan

For the redressal of complaints within the jurisdiction of MC Shimla, a cell had been established in the Corporation where in citizen can lodge complaints. As per Citizen Charter of the State Government, the complaints have to be addressed within 24 hours.

Audit scrutiny showed that e-samadhan system was made operational in MC Shimla during June 2010. 1201 complaints were lodged by the consumers since 2010 through e-samadhan portal with MC Shimla out of which 1009 complaints had been disposed of and 192 were pending as of July 2014. These complaints were lying pending with different branches of MC for the period ranging between 7 and 1447 days. This indicated that complaints were not disposed of as per time line of 24 hours as fixed in Citizen Charter.

While admitting the facts, the Commissioner stated (July 2014) that complaints under e-samadhan had been partly attended. He further stated that a Nodal officer will be nominated to monitor the disposal of complaints.

2.4.18.4 Non-preparation of Annual Administrative Report

The HPMC Act, 1994 provide the MC to prepare Annual Administrative Report (AAR) each year showcasing its activities and achievements of the preceding year and submission of the same to the State Government through the Director, Urban Development.

Audit scrutiny showed that AAR relating to the working of MC since the period 2003-04 onwards had not been prepared as of June 2014. The Commissioner stated (June 2014) that AAR for the period 2003-04 to 2012-13 could not be prepared due to shortage of staff. He further stated that AAR for the year 2013-14 would be prepared and submitted to the MC House for approval shortly.

2.4.19 Conclusion

Ward Sabhas and Ward Committees were not constituted by the MC Shimla during 2009-14 as per the provisions of the HPMC Act, 1994. Absence of adequate participation from these levels had hindered the planning process of the MC. Annual Action Plans and City Development Plan were not prepared by the MC during 2009-14 resulting in implementation of programmes/ schemes on *ad hoc* basis. Quality of water supplied by the MC could not be certified in the absence of independent water analysis body. Out of six STPs (installed capacity 35.63 MLD) commissioned, the actual utilisation was 4.8 MLD (13 *per cent*) resulting in untreated sewage remaining untapped and left out in the open. Treatment of solid waste by solid waste treatment plant was not effective and eco-friendly. The system of preventing and detecting unauthorised construction was inadequate as even the cases detected were not acted upon effectively. System of assessment, demand and collection of taxes, fees and other dues was not efficient as various taxes/ charges remained outstanding from the beneficiaries. Execution of housing scheme for urban poor was tardy due to failure of the MC in selecting suitable sites. The projects relating to water supply scheme and sewerage, e-governance system and sanitary landfill site were not be taken up for execution due to non-finalisation of tendering process.

Internal control system for monitoring and inspections of projects/ schemes, etc., was not put in place by the MC as per the provisions of the HPMC Act, 1994.

2.4.20 Recommendations

The Government may consider:

- (i) taking effective steps for preparation of Annual Action Plan and constitution of Ward Sabha/ Ward Committees to ensure public participation in preparation of developmental plan;
- (ii) taking effective steps to supply potable water as per norms;
- (iii) adopting scientific or eco-friendly methodology for disposal of sewage and municipal solid waste to check the threat to environment and water sources;
- (iv) taking effective steps to strengthen the system of recovery of taxes, rent, fees, etc., from the beneficiaries and making provision of penal rate of interest from the defaulters in the contracts/ agreements/ legislation relating to taxes/ rent/ allotment of parking lots/ installation of mobile towers; and
- (v) maintaining complete database for effective monitoring of construction of buildings/ execution of projects/ schemes/ rent collection, etc. and strengthening internal control mechanism (monitoring of projects/ works, complaints under e-samadhan and preparation of Annual Administrative Report).

The audit findings were referred to the Government in September 2014. Reply had not been received (December 2014).

Chapter-III

Compliance Audit

CHAPTER-III COMPLIANCE AUDIT

Animal Husbandry Department (Himachal Pradesh Livestock and Poultry Development Board)

3.1 Avoidable expenditure on production of Liquid Nitrogen Gas

Extra avoidable expenditure of ₹ 1.85 crore was incurred by the Department on use of Liquid Nitrogen gas produced through its own plants during 2008-14.

To meet the requirement of semen banks for preservation of frozen semen straws, seven Liquid Nitrogen (LN₂) gas plants¹ were installed in the State between June 1986 and September 2002 at a cost of ₹ 2.85 crore.

Scrutiny of records (December 2013) of the Director, Animal Husbandry- cum-Member Secretary, Himachal Pradesh Livestock and Poultry Development Board and information collected (April-June 2014) showed that four unserviceable/ defunct LN₂ gas plants² were closed by the Department between July 2008 and June 2011. The remaining three plants³ produced 5.71 lakh litres of LN₂ gas costing ₹ 2.72 crore during 2008-14. The Department had also purchased 18.41 lakh litres of LN₂ gas costing ₹ 2.80 crore from private suppliers⁴ during the above period. The average cost of the gas produced by the Department worked out to ₹ 47.63 per litre which was much higher due to high establishment and repair and maintenance cost of gas plants as compared to the average cost (₹ 15.21 per litre) of gas purchased from private suppliers. Evidently, on an average the Department incurred extra expenditure of ₹ 1.85 crore⁵ which was avoidable.

The Director stated (April 2014) that old LN₂ gas plants were necessary for supplying gas in emergency. The reply is not acceptable as the Department continued with the production of the gas in its own plants which was uneconomical despite availability of sufficient gas in the market.

The audit findings were referred to the Government in June 2014. Reply had not been received (December 2014).

Elementary Education Department

3.2 Delay in construction of kitchen shed-cum-stores

Improper planning for construction of kitchen shed-cum-stores under Mid-day Meal scheme resulted in delay in providing the facility to 957 schools, unfruitful expenditure of ₹ 2.72 crore on incomplete kitchen sheds and blocking of ₹ 3.18 crore.

To provide a hygienic place for cooking of mid day meal and suitable storage space in schools, a grant at the rate of ₹ 0.60 lakh per kitchen shed-cum-store during 2008-09

¹ Bhangrotu, Chamba, Ghanahatti, Jeori, Palampur, Solan and Tal.

² Chamba, Ghanahatti, Jeori and Tal.

³ Bhangrotu, Palampur and Solan.

⁴ M/s Royal Air Products, Haridwar, M/s Ajay Air products (Private) Limited, Okhla and M/s Regent Air Products (Private) Limited, Gurgaon.

⁵ Average cost of gas produced in plants: $\frac{\text{₹ } 2,72,00,000}{5,71,000} = \text{₹ } 47.63 \text{ per litre.}$

Average cost of gas purchased by the Department: $\frac{\text{₹ } 2,80,00,000}{18,41,000} = \text{₹ } 15.21 \text{ per litre.}$

Difference: ₹ 47.63 - ₹ 15.21 = ₹ 32.42 per litre.

Avoidable expenditure: 5,71,000 x ₹ 32.42 = ₹ 1,85,11,820 rounded to ₹ 1.85 crore.

and ₹ 1.20 lakh during 2011-12 was provided under the National Programme of Nutritional Support to Primary Education (Mid-Day Meal scheme). The State Government released ₹ 68.39 crore to 11,362 government primary and middle schools⁶ during the year 2008-09 (₹ 67.95 crore to 11,325 schools) and 2011-12 (₹ 0.44 crore to 37 schools). The entire funds were provided by the GOI during 2008-09 and contributed in the ratio of 75 : 25 by the GOI and State Government during 2011-12. The kitchen shed-cum-store was to be constructed through Sarva Shiksha Abhiyan society and required to be completed within three months.

Scrutiny of records (February 2013) of the Director, Elementary Education and information collected (January and July 2014) showed that the construction of 681 kitchen shed-cum-stores costing ₹ 4.15 crore was still in progress after expending ₹ 2.72 crore due to slow pace of works and want of additional funds. The work on 276 kitchen shed-cum-stores (costing ₹ 1.75 crore) in 11 districts⁷ had not even been started as of June 2014 due to site disputes and non-availability of land.

The Director while confirming the facts stated (January 2014) that the kitchen shed-cum-stores could not be constructed as the concerned schools failed to provide land for the purpose. The reply is not appropriate as the feasibility of construction should have been assessed realistically before release of funds and the clear availability of land ought to have been the first pre-requisite in this assessment.

Improper planning on the part of the Department, had, thus, resulted in a delay of two to five years beyond the stipulated time for providing facility of kitchen shed - cum stores to 957 schools and blocking of ₹ 3.18 crore. Besides, funds amounting to ₹ 2.72 crore utilised so far (June 2014) on incomplete kitchen shed-cum-stores had also been rendered unfruitful.

The audit findings were referred to the Government in April 2014. Reply had not been received (December 2014).

Forest Department

3.3 Implementation of Intensification of Forest Management Scheme

Non-utilisation of ₹ 1.74 crore and non-submission of utilisation certificates of ₹ 1.02 crore deprived the State of Central funds of ₹ 3.27 crore during 2011-14. Shortfall in achievement of targets under fire control activities during above period ranged between 10 and 33 per cent. Construction of three buildings (sanctioned cost ₹ 0.43 crore) taken up for execution between February 2011 and November 2012 was lying incomplete even after incurring an expenditure ₹ 0.36 crore.

Government of India (GOI) in Ministry of Environment and Forests revised (August 2009) the Integrated Forest Protection Scheme and renamed it as Intensification of Forest Management Scheme by adding four⁸ new components in the

⁶ Primary: 7150 and Middle: 4212.

⁷ Bilaspur, Chamba, Hamirpur, Kangra, Kinnaur, Kullu, Lahaul and Spiti, Mandi, Shimla, Solan and Una.

⁸ Protection and conservation of sacred groves, conservation and restoration of unique vegetation and ecosystems, control and eradication of forest invasive species and preparedness for meeting challenge of bamboo flowering and improving management of bamboo forests.

existing three⁹ components for effective forest protection. Audit of the implementation of the scheme covering the period from 2011-12 to 2013-14 was conducted in the office of the Chief Conservator of Forests (Forest Protection), Bilaspur as Nodal Officer of the scheme and 15 out of 46 forest divisions between January 2014 and March 2014. The following are the audit findings:

3.3.1 Planning and financial management

3.3.1.1 Annual plans of operations, availability of funds and expenditure incurred

The scheme guidelines provide for sanctioning/ releasing of funds to the State as per approved Annual Plans of Operations (APOs) submitted by the State Forest Department (SFD). The support to the extent of 90 *per cent* of the approved APOs to the State (being a special category State) was to be provided by the GOI and the remaining 10 *per cent* by the State Government. Upto 80 *per cent* of the GOI share was to be released initially and the balance amount on production of utilisation of 50 *per cent* of the amount of the first instalment. Audit noticed that:

- Against the approved APOs of ₹ 13.78 crore (GOI share: ₹ 12.41 crore and State share: ₹ 1.37 crore) the GOI released ₹ 9.14 crore and the State Government ₹ 1.17 crore during 2011-14. Short release of GOI funds of ₹ 3.27 crore during above period was attributed to transfer of unutilised funds from previous years, non-submission of utilisation certificates (UCs) and delay in submission of UCs¹⁰ to the GOI.
- The SFD had spent ₹ 11.26 crore against the availability of ₹ 12.05 crore during 2011-14. The unspent balance under Central share of ₹ 1.74 crore (2010-11: ₹ 0.97 crore, 2011-12: ₹ 0.75 crore and 2012-13: ₹ 0.02 crore) was revalidated and carried over to the next financial years and ₹ 0.02 crore was lying with the State Government as of July 2014.
- Against the expenditure of ₹ 11.26 crore, UCs of ₹ 10.24 crore only were sent to GOI. The UCs of the first instalment every year required to be submitted on or before 15 January of the subsequent year were sent to the GOI after delay of 113 and 106 days during 2011-13.

The Nodal Officer stated (March 2014) that the APOs were submitted to the GOI as per field requirements and due to non-receipt of UCs from the field offices, the same could not be submitted to the GOI in time. The reply is not acceptable as the SFD had not utilised the funds even to the extent of APOs approved.

3.3.1.2 Delay in submission/ approval of annual plans of operations

As per scheme guidelines, the SFD was required to submit APOs for a particular financial year to the GOI by the end of December of the preceding financial year. It was, however, noticed that the Department had submitted the APOs during 2011-14 after a delay ranging between 101 and 179 days entailing delay in release of funds from the GOI. The Nodal Officer stated (January 2014) that the APOs could not be submitted on due dates to the GOI due to late receipt of proposals from field offices.

⁹ Forest fire control and management, strengthening of infrastructure and survey, demarcation and working plan preparation.

¹⁰ Date of submission of UCs (2011-12: 08 May 2012, 2012-13: 2 May 2013 and 2013-14: 06 May 2014).

3.3.1.3 Non-preparation of specific plan for new components

Paragraph 6 (b) of the guidelines of the scheme provides for preparation and submission of individual proposals for each of the four new components. Audit noticed that SFD did not submit the proposals for the new components during 2011-14 except for a proposal of meagre amount of ₹ 3.00 lakh under the component 'Protection and conservation of sacred groves' during 2011-12. Evidently, the envisaged activities¹¹ under the new components of the scheme were not implemented in the State. The Nodal Officer stated (July 2014) that the APOs were being sent to GOI as per field requirement. The reply is not acceptable as the SFD had ignored the important activities relating to forest protection and improvement of forest health.

3.3.2 Execution of activities

3.3.2.1 Forest fire control and management

Activity-wise details of achievements of physical and financial targets (APOs) under forest fire control and management during 2011-14 are given in **Table-3.3.1**.

Table- 3.3.1
Activity-wise targets and achievements there-against during 2011-14

(₹ in crore)

Sl. No.	Activity	Units	2011-14					
			Targets		Achievement		Shortfall	
			Phy.	Fin.	Phy.	Fin.	Phy.	Fin.
1.	Firelines maintenance	Kms.	3700	0.95	2961	0.75	739 (20)	0.20 (21)
2.	Creation of firelines	Kms.	400	1.00	316	0.78	84 (21)	0.22 (22)
3.	Firewatchers	Mandays	167800	2.02	143686	1.82	24114 (14)	0.20 (10)
4.	Water storage structures	Nos.	48	0.72	41	0.58	7 (15)	0.14 (19)
5.	Fire fighting equipment ¹²	Nos.	--	0.60	--	0.48	--	0.12 (20)
6.	Fire mapping / plans	LS	40	0.10	31	0.07	9 (23)	0.03 (30)
7.	Training and awareness	LS	--	0.24	212	0.19	--	0.05 (21)
8.	Control burning	Hectare	3000	0.15	4068	0.17	1068 (+36)	0.02 (+13)
9.	Assistance to JFMCs	Nos.	500	0.40	539	0.27	39 (+8)	0.13 (33)
10.	Hiring of taxies	LS	--	--	--	0.02	--	0.02 (+100)
11.	Deployment of Homeguards	Nos.	--	--	--	0.01	--	0.01 (+100)
Total			--	6.18	--	5.14		

Source: Information supplied by the Department.

Note: 1. Figures in parenthesis indicate percentages. 2. Phy.: Physical and Fin: Financial.

It would be seen from **Table-3.3.1** that:

- During 2011-14, except under control burning and assistance to JFMCs the percentage shortfall in achievements of physical targets in respect of all activities ranged between 14 and 23 and that of the financial targets it ranged between 10 and 33 except under control burning.
- The Department had incurred an expenditure of ₹ 0.02 crore during 2011-14 on two activities viz., hiring of taxies and deployment of homeguards without any provision in approved APOs.

Thus, the activities were not carried out effectively by the SFD during the above period. The shortfall in achievement of targets was attributed to non-availability of sufficient funds.

¹¹ 1. A comprehensive document for management plan of sacred groves, inventories of flora and fauna and improvement works 2. Management, survey/ inventory, communication, infrastructure, etc., for protection and conservation of unique, endemic and highly valuable type of vegetations 3. Works of prevention and research on forest invasive species and 4. De-congestion of bamboo areas, laying and maintenance of extraction paths, etc.

¹² Fire extinguishers, rakers, fire brooms, fire beaters, polaski, etc.

3.3.2.2 Strengthening of infrastructure of forest protection

As per provision of the scheme guidelines, strengthening of infrastructure for forest protection component include the activities of construction of buildings for forest protection office, residence of forest field staff, transit camps, inspection huts, forest roads, inspection paths, procurement of vehicles, global positioning systems (GPS), etc. The following deficiencies were noticed:

(i) Achievements against APOs

- During 2011-14, the SFD had acquired 210 GPS with an expenditure of ₹ 0.25 crore against target of 280 GPS mentioned in the approved APOs resulting in shortfall of 70 GPS. The shortfall was due to non-release of final instalments by GOI during the above period.
- Construction of 59 kms of forest roads/ paths was done during 2011-14 with an expenditure of ₹ 0.24 crore against the target of construction of 75 kms with an estimated cost of ₹ 0.30 crore. The remaining roads/ paths were not taken up for execution for want of funds as the GOI had not released the final instalments during the above period.
- Against the targets of construction of 65 buildings (office buildings: 15 and check posts/ gang huts: 50), the construction of 48 building (office buildings: 10 and check posts/ gang huts: 38) was taken up during 2011-14. The execution of the remaining 17 buildings was not taken up as of March 2014 for want of funds. Though all the buildings taken up for execution were stated as completed with an expenditure of ₹ 3.42 crore, the Nodal Officer did not monitor their execution properly as the construction of certain buildings was incomplete as indicated in the succeeding sub-paragraph.

(ii) Incomplete building works

In two (Bilaspur and Dharamsala) out of 15 test-checked divisions, the construction of three buildings¹³ was taken up (between February 2011 and November 2012) at an estimated cost of ₹ 43.20 lakh. The SFD had incurred an expenditure of ₹ 35.90 lakh on their construction but these were lying incomplete as of March 2014 due to non-availability of funds. Evidently, the Department had taken up the works without ensuring sufficient funds. Non-completion of the buildings resulted in an unfruitful expenditure of ₹ 35.90 lakh. Besides, an excess expenditure of ₹ 4.97 lakh was incurred on the construction of the CCF office building without obtaining the revised sanction of the competent authority which was irregular.

(iii) Replacement of vehicles

For effective forest management under the scheme, the GOI accorded (March 2011) sanction of ₹ 24.00 lakh for purchase of four vehicles to be provided to the frontline staff (Range Officers). The vehicles were to be purchased on cost share basis between Centre (90 *per cent*) and State (10 *per cent*). The GOI simultaneously released ₹ 21.60 lakh for the purpose. Audit noticed that the SFD purchased (March 2012) four Bolero Jeeps at a cost of ₹ 22.40 lakh as replacement of four old

¹³ Office building of CCF (estimated cost: ₹ 16.53 lakh), office building of Range Office (estimated cost: ₹ 19.73 lakh) and Gang hut Bilaspur at Kutharna Dharamsala (estimated cost: ₹ 6.94 lakh).

vehicles (Gypsy vehicles) of Department and attached with the DFOs¹⁴ instead of the frontline staff. Thus, in contravention of the instructions *ibid*, the expenditure of ₹ 22.40 lakh was irregular.

The Conservator of Forests (Finance) stated that the vehicles were rightly attached with the DFOs, being frontline unit of the SFD. The reply is not acceptable as the frontline staff includes only the Range Officers.

3.3.3 Non-constitution of review and monitoring committee

For periodic review of the scheme, paragraph 11 of the guidelines provides for constitution of a review and monitoring committee (RMC) at State level under the chairmanship of the PCCF with Chief Conservator of Forests (Headquarters) as its Member Secretary and Conservators of Forests as members.

Audit noticed that the RMC was not constituted in State as of March 2014 which showed that the progress under the scheme was not reviewed/ monitored effectively. Nodal Officer stated (November 2014) that the RMC would be constituted shortly.

Thus, under Intensification of Forest Management Scheme, non-utilisation of ₹ 1.74 crore and non-submission of utilisation certificates of ₹ 1.02 crore deprived the State of Central funds of ₹ 3.27 crore during 2011-14. Shortfall in achievement of targets under fire control activities during the above period ranged between 10 and 33 *per cent*.

The audit findings were referred to the Government in August 2014. Reply had not been received (December 2014).

Health and Family Welfare Department

3.4 Blocking of funds due to non-creation of public health infrastructure

Failure of the Department to ensure encumbrance free sites and completion of codal formalities before drawal of funds resulted in non-creation of public health infrastructure and blocking of funds amounting to ₹ 6.54 crore for a period ranging between one and 12 years.

Rule 2.10 (b) 5 of the Himachal Pradesh Financial Rules 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 19 buildings¹⁵ of Health Sub-Centres (HSCs), Primary Health Centres (PHCs), Community Health Centres (CHCs), etc. for ₹ 8.06 crore between 2001-02 and 2011-12. The works were stipulated to be completed within one year from the date of sanction.

Scrutiny of records (March 2013-January 2014) of the Chief Medical Officers (CMOs) Bilaspur, Kangra and Sirmour and further information collected (July-August 2014) showed that the CMOs drew ₹ 6.58 crore¹⁶ between December 2006 and September 2013 for construction of five PHCs, three CHCs, eight HSCs, two Mortuary and one OPD block and deposited the amount with the executing agencies

¹⁴ Paonta, Nalagarh, Flying Squad Bilaspur and Hamirpur.

¹⁵ Bilaspur: four; Kangra: three and Sirmour: 12.

¹⁶ Bilaspur: ₹ 2.29 crore; Kangra: ₹ 1.32 crore and Sirmour: ₹ 2.97 crore.

(Himachal Pradesh Public Works Department: ₹ 4.76 crore and Bharat Sanchar Nigam Limited (BSNL): ₹ 1.82 crore). The execution of works had not been started as of August 2014 due to non-availability/ transfer of land (10 cases), land dispute (two cases), site not clear (one case) and delay in finalisation of tenders¹⁷ (six cases) though an amount of ₹ 0.04 crore was incurred by executing agencies on preparatory items of these works during 2006-14. Evidently, the funds were drawn from the treasury in advance of actual requirement in contravention of the provision of State Financial Rule *ibid* which reflected improper planning on the part of the Department.

While confirming the facts, the concerned CMOs stated (December 2013 and August 2014) that the funds had been drawn as per administrative approval and expenditure sanction accorded by the State Government. It was further stated that the works could not be started due to non-availability of suitable site, land disputes, non-completion of codal formalities, etc. The replies do not explain as to why the funds were drawn in advance without ensuring availability of suitable/ encumbrance free sites and following the codal provisions.

Thus, failure of the Department to ensure encumbrance free sites and completion of codal formalities before drawal of funds resulted in non-creation of public health infrastructure and blocking of funds amounting to ₹ 6.54 crore for a period ranging between one and 12 years depriving the public of the intended benefits. Besides, it led to loss of interest of ₹ 31.14 lakh¹⁸ to the State Government during 2010-14 by keeping the money outside Government account with BSNL.

The audit findings were referred to the Government in May 2014. Reply had not been received (December 2014).

3.5 Establishment of trauma centre

Due to lack of planning and failure of the Department to provide basic infrastructure facilities and specialist manpower, the trauma centre constructed at a cost of ₹ 3.24 crore was not made fully functional.

The State Government sanctioned (May 2007) ₹ 1.50 crore for establishment of a trauma centre at Bilaspur under a centrally sponsored project for upgradation and strengthening of emergency facilities in government hospitals located near National Highways with a stipulation to complete it within two years from the date of sanction. The funds were to be spent on execution of civil works (₹ 63.00 lakh), purchase of two ambulances (₹ 20.00 lakh), equipment (₹ 66.00 lakh) and setting up of communication system (₹ 1.00 lakh). The State Government on the basis of revised estimates submitted (September 2008) by Public Works Department accorded (November 2011) approval of ₹ 2.00 crore (Centre: ₹ 0.63 crore and State: ₹ 1.37 crore) for construction of building of trauma centre. Revised timeframe for its completion was, however, not stipulated in the revised approval. The specialist manpower¹⁹ for the trauma centre was to be provided by the Department. The civil works were taken up for execution by the Public Works Department (PWD) in September 2008 as deposit works.

Scrutiny of records (January 2014) of the Chief Medical Officer (CMO), Bilaspur and further information collected (June 2014) showed that the PWD completed the

¹⁷ Non-finalisation of drawings, revision of estimates, etc.

¹⁸ Calculated at average rate of interest on State Government borrowings.

¹⁹ Anaesthetist, surgical specialist, ortho-specialist and supporting staff.

construction of the building in June 2012 after incurring an expenditure of ₹ 2.35 crore (GOI: ₹ 0.63 crore and State: ₹ 1.72 crore). The additional funds provided by the State Government were diverted from other ongoing works. One ambulance costing ₹ 10.36 lakh and machinery and equipment costing ₹ 78.82 lakh were also purchased by the Department for running of the trauma centre by June 2012. It was, however, noticed that regular specialised manpower²⁰ required to make the trauma centre fully functional was not provided as of June 2014. Besides, the basic infrastructure facilities including operation theatre (OT), ramp and lift, not included in the original plan, were also not provided. This indicated lack of proper planning on the part of the Department. Resultantly, the trauma centre was not made fully functional for the last two years.

The CMO Bilaspur stated (June 2014) that drawings of OT had been sent by PWD to their higher authorities for approval. He further added that the machinery and equipment were being used to provide medical facility to the general patients besides trauma cases and services of the specialist doctors of Regional Hospital, Bilaspur were being used for the trauma cases also. The reply is not convincing as the basic objective of establishment of the trauma centre remained unachieved.

Thus, due to lack of planning and failure of the Department to provide basic infrastructure facilities and specialist manpower, the trauma centre constructed at a cost of ₹ 3.24 crore was not made fully functional defeating its very purpose.

The audit findings were referred to the Government in July 2014. Reply had not been received (December 2014).

Higher Education Department

3.6 Unjustified expenditure on salary of teachers

Failure of the Department to adhere to the norms for upgrading school and starting science and commerce classes resulted in unjustified expenditure of ₹ 1.43 crore on the salary of teachers.

As per paragraph 2.8.3.2 (3) of the Himachal Pradesh Education Code, 2001 a minimum enrolment of 100 students is essential for starting both Science and Commerce classes in a school. The Director of Higher Education (DHE), further issued instructions (April 2009) that Science and Commerce groups may be started only if there is no school within a radius of 10 kms offering these groups. In cases where these groups were already functional, the enrolment in three consecutive years should not be less than 30 students and if low enrolment still persists, the necessary permission to continue these groups should be obtained from DHE and no student be admitted in these groups without obtaining such permission. It has also been provided that there shall be 54 periods (nine periods of specified timings for six days) in a school weekly, with minimum of 36 periods (six periods per day for six days a week) assigned to each teacher including other administrative and co-curricular activities as per requirement of the institution.

Scrutiny of records (March 2013) of the Principal, Government Senior Secondary School (GSSS), Matahani, Hamirpur district and information obtained (January 2014) showed that the school was upgraded (January 2006) from Middle to Senior Secondary from the academic session 2006-07. However, the number of students enrolled in 10+1 and 10+2 classes during 2006-14 under Science group ranged

²⁰

Anaesthetist, surgical specialist and ortho-specialist.

between zero and 19 whereas under Commerce group it ranged between zero and 16. Scrutiny further showed that Science and Commerce groups were started despite existence of three²¹ GSSSs and other privately managed schools offering Science and Commerce groups within the radius of 10 kms of GSSS, Matahani and these groups were (January 2014) continued even after persistent low enrolment for eight years and that too without seeking permission from the DHE. It was further noticed that as against required minimum teaching workload of 36 periods, only 26 periods including co-curricular activities were allotted to six teachers of Science and Commerce groups during 2007-14 (upto December 2013). The expenditure of ₹ 1.43 crore incurred on salary of teachers of Science and Commerce streams during the period from March 2008 to December 2013 had, thus, remained largely unjustified.

The Principal, while confirming the facts stated (January 2014) that Science and Commerce streams were functioning on the demand of public and in anticipation of future increase in enrolments. The reply of the Principal does not conform to the prescribed norms. Besides, the courses remained functional despite persistent low enrolments and without obtaining necessary administrative approvals.

Thus, failure of the Department to ensure the adherence of the norms for starting new groups had resulted in unjustified expenditure of ₹ 1.43 crore.

The audit findings were referred to the Government in April 2014. Reply had not been received (December 2014).

Higher Education and Social Justice and Empowerment Departments

3.7 Unfruitful expenditure on construction of hostels and residential accommodation

Construction of hostels and residential quarters at unsuitable places, without assessing the requirements resulted in their under/ non-utilisation and rendered the expenditure of ₹ 1.72 crore as largely unfruitful.

(i) To provide hostel facilities to the boy students of Schedule Castes (SC) and Schedule Tribes (ST) categories, two hostels at Government College (GC), Bassa (Mandi district) and Government Senior Secondary School (GSSS), Kanam (Kinnaur district) were constructed (2008-09) by the Himachal Pradesh Housing and Urban Development Authority and Public Works Department respectively at a cost of ₹ 1.52 crore²² and were handed over to the aforementioned institutions in September 2010. The funds for construction of these buildings were provided by the Social Justice and Empowerment Department.

Scrutiny of records of the Director, Higher Education (November 2011) and Principal, GSSS, Kanam (November 2013) and further information collected (December 2013) showed that at GC, Bassa, only 49 students²³ were allotted hostel accommodation during 2010-13 against the capacity of 180 (annual intake capacity: 60) students. Only four students of SC category, for whom the hostel was constructed, applied for the hostel accommodation whereas at GSSS, Kanam no student applied for hostel

²¹ Government Senior Secondary School, Amroh, Government Girls Senior Secondary School, Hamipur and Government Boys Senior Secondary School, Hamirpur.

²² GC, Bassa: ₹ 1.09 crore and GSSS, Kanam: ₹ 43 lakh.

²³ 2010-11: 11 (SC: one, OBC: two and General: eight); 2011-12: eight (OBC: three and General: five) and 2012-13: 30 (SC: three, OBC: two and General: 25).

accommodation as of December 2013. The hostels remained under/ un-utilised as these were constructed at school/ college preferred only by the local students.

The Principals of GSSS, Kanam and GC, Bassa attributed (November-December 2013) under/ non-utilisation of hostel accommodations mainly to the fact of students coming from the nearby places. The replies are not acceptable as all these aspects were to be kept in view before sending proposals for the construction of these hostels. The Principal, GSSS, Kanam also stated that classes and laboratory are being run in the hostel as there was shortage of class-rooms. This reply is also not acceptable as it was not appropriate for running of classes and laboratory in the hostel rooms because dimensions of hostel rooms do not meet the requirements of class rooms and laboratory.

(ii) A further scrutiny of records (November 2013) of the Principal, GSSS, Kanam showed that to provide residential facilities for the teachers, residential quarters were constructed (2008-09) under Yashwant Gurukul Awaas Yojana (YGAY) by the Public Works Department (PWD) at a cost of ₹ 19.50 lakh and handed over to the Principal in September 2010. It was, however, noticed in audit that even after a period of more than three years, the aforesaid accommodation was not allotted to the teachers due to lack of basic amenities in the residential quarters and teachers coming from nearby areas.

The Principal, while confirming the facts stated (November 2013) that the residential accommodation could not be allotted as most of the teachers were local residents. The reply of the Principal confirms that construction of residential accommodation was done without assessing the actual requirement with respect to the stated purpose and had, thus, rendered the entire expenditure of ₹ 19.50 lakh as unfruitful.

Thus, construction of hostels and residential quarters at unsuitable places, without assessing the actual requirements resulted in their under/ non-utilisation and rendered the expenditure of ₹ 1.72 crore as largely unfruitful.

The audit findings were referred to the Government in April 2014. Reply had not been received (December 2014).

Irrigation and Public Health Department

3.8 Unfruitful expenditure on augmentation of water supply scheme

Expenditure of ₹ 1.19 crore incurred on augmentation of Water Supply Scheme, Mooldhar Kathanda remained unfruitful as the envisaged adequate drinking water facility was not provided to the beneficiaries.

The State Government accorded (June 2008) administrative approval for augmentation of existing (1978-79) Water Supply Scheme, Mooldhar Kathanda in Nirmand block of Kullu district to provide drinking water facility to 5039 persons of 24 villages of seven²⁴ *gram panchayats* for ₹ 1.24 crore under RIDF²⁵-XIII of NABARD²⁶ stipulated to be completed by June 2011. The technical sanction of the scheme was accorded (between September and November 2008) for ₹ 1.20 crore²⁷. The scope of the work included construction of two intake chambers, four storage

²⁴ Arsoo, Bari, Bahwa, Bhalsi, Kote, Nirmand and Nishani.

²⁵ Rural Infrastructure Development Fund.

²⁶ National Bank for Agriculture and Rural Development.

²⁷ September 2008: ₹ 59.99 lakh, October 2008: ₹ 39.31 lakh and November 2008: ₹ 20.36 lakh.

tanks²⁸, one sedimentation tank (53000 litres), three units filter bed, four stand posts and laying of galvanised iron (GI) pipes²⁹.

Scrutiny of records (February 2014) of Anni division showed that all the components of the scheme had been completed upto March 2012 with an expenditure of ₹ 1.19 crore except laying of 2185 rmts³⁰ GI pipes, construction of two intake chambers and one storage tank (7000 liters capacity). The above components were not executed due to objections from the land owners (March 2012) for laying of the GI pipes, etc., through their land. The Department finalised the scheme in 2008 on the basis of the panchayat resolutions obtained in 2000 and no objection certificates (NOCs) from the land owners were not ensured. The work had been lying in a suspended state since March 2012 and thus, the scheme was not made operational as of March 2014.

The Executive Engineers of the division stated (March 2014) that necessary undertakings from the concerned *gram panchayats* were taken earlier, but the land owners raised objections. The reply is not acceptable as the Department should have ensured NOCs from the land owners before taking up the scheme.

Thus, failure of the Department to ensure clear title of the land resulted in non-completion of the scheme in time and the expenditure of ₹ 1.19 crore remained unfruitful. Besides, the beneficiaries were deprived of the facility of adequate drinking water.

The audit findings were referred to the Government in July 2014. Reply had not been received (December 2014).

3.9 Unfruitful expenditure on construction of flow irrigation scheme

Lack of proper planning for execution of Mochka Kharga Flow Irrigation Scheme delayed the delivery of intended benefits to the beneficiaries besides resulting in unfruitful expenditure of ₹ 1.02 crore.

In order to irrigate 175.30 hectares of cultivable command area in Kullu district, an expenditure of ₹ 49.71 lakh under State head was incurred (1980-2003) for construction of 11.260 kms Mochka Kharga Flow Irrigation Scheme (FIS). However, the works³¹ under the scheme could not be completed due to non-availability of sufficient funds and the work already done was damaged by rains and filled with slips. In order to re-grade the works ₹ 51.59 lakh were sanctioned (NABARD: ₹ 46.59 lakh in November 2002 and SCSP³²: ₹ 5.00 lakh in March 2008). The works were stipulated to be completed by March 2009.

Scrutiny of records (February 2014) of Anni division showed that about 55 *per cent* of the work was completed (*Pattra* cutting 10579 rmts; CC lining: 4281 rmts and temporary *bandh* at source: one number) upto October 2010 with an overall expenditure of ₹ 1.02 crore³³. The scheme remained abandoned thereafter due to

²⁸ Capacity: 99000 litres, 60000 litres, 12300 litres and 7000 litres.

²⁹ 15 mm dia: 6020 rmts., 20 mm dia: 3750 rmts., 25 mm dia: 2070 rmts., 32 mm dia: 670 rmts., 40 mm dia: 2671 rmts., 50 mm dia: 2260 rmts., 80 mm dia: 2020 rmts., 100 mm dia: 7200 rmts. and 125 mm dia: 2000 rmts.

³⁰ GI pipe 125 mm diameter: 1100 rmts. and GI pipe 100 mm diameter: 1085 rmts.

³¹ *Pattra* cutting 11260 rmts; CC lining: 11260 rmts, outlets: eight numbers, nallah crossing: two numbers, temporary *bandh* at source: one number and head weir: one number.

³² Scheduled Caste Sub Plan.

³³ State head: ₹ 49.71 lakh; NABARD: ₹ 47.12 lakh and SCSP: ₹ 5.46 lakh.

non-availability of funds and in the meantime, the work done also got degraded. For further re-grading the work and completion of the balance work, the division had submitted (January 2014 and February 2014) revised estimates of ₹ 1.48 crore³⁴ for approval of the Superintending Engineer, Kullu, which was awaited as of November 2014. This indicated that the scheme was taken up for execution without proper planning. Besides, the funds were also not released in timely manner. Resultantly, the scheme could not be made functional in time.

While confirming the facts, the Executive Engineer of the division stated (March 2014 - November 2014) that work could not be completed due to insufficient budget provision and tough topography. The reply is not convincing as the Department should have planned the works properly so as to ensure completion of the scheme in time.

The audit findings were referred to the Government in July 2014. Reply had not been received (December 2014).

3.10 Unproductive expenditure on lift water supply scheme

Lack of foresight in planning on the part of the Department to secure prior permission from NH authority resulted in non-completion of Lift Water Supply Scheme and rendered the expenditure of ₹ 74.84 lakh as unproductive.

Administrative approval and expenditure sanction for the construction of Lift Water Supply Scheme from Ali Khad to Rohin (Bilaspur district) was accorded (March 2007) for ₹ 52.41 lakh. The scheme was designed to provide potable water to 1555 persons of Rohin and its adjoining villages. It was proposed to lift water from the source by creating suitable infrastructure including gravity main in a length of 5660 metres. The scheme was targeted for completion in March 2010.

Scrutiny of records (March 2014) of Bilaspur division showed that the scheme was taken up for execution in September 2009 and all the components of the scheme except laying of a part of the gravity main in a length of 460 metres over Kandrou bridge (over Satluj river) on National Highway (NH) No. 88 were completed upto March 2010. The work relating to laying of gravity main across the bridge was not executed due to the fact that the Department had not secured necessary permission thereof from the NH authority. It was further noticed that the design of the scheme to fix the pipeline outside the bridge railings was not practically feasible. The water hammer having substantial effect was not taken into consideration while framing the design and it was not safe to support the pipeline on the bridge railings. The division had sought permission from the NH authority in May 2013 after three years from the completion of the other works which was awaited (December 2014). Resultantly, the scheme was not made functional as of December 2014. In the meantime, an expenditure of ₹ 74.84 lakh had been incurred on the scheme.

The Executive Engineer of the division while confirming the facts stated (March 2014) that the scheme could not be commissioned due to non-receipt of permission from the NH authority for laying gravity main over Kandrou bridge. The reply is not acceptable as the Department had not secured necessary permission from the NH authority before taking up the scheme for execution and due to faulty design

³⁴

Accelerated Irrigation Benefit Programme: ₹ 0.92 crore in February 2014 and Backward Area Sub-Plan: ₹ 0.56 crore in January 2014.

of laying of gravity main over the bridge, the same could not be obtained in the last four years.

Thus, lack of foresight in planning on the part of the Department to secure prior permission from NH authority resulted in non-completion of the scheme which rendered the expenditure of ₹ 74.84 lakh as unproductive. Besides, this also resulted in non-achievement of the objective of providing potable water to the people of the area.

The audit findings were referred to the Government in June 2014. Reply had not been received (December 2014).

Medical Education and Research Department

3.11 Excess payment to Hospital Services Consultancy Corporation and loss of interest on funds kept outside government accounts

Failure of the Department in releasing funds to consultancy agency without verifying the actual expenditure on construction of hospital resulted in excess payment of ₹ 1.56 crore and non-observance of financial rules led to parking of ₹ one crore outside Government account besides interest loss of ₹ 51.60 lakh.

Rule 2.10 (b) 5 of Himachal Pradesh Financial Rules, 1971 (HPFRs) stipulates that money should not be withdrawn from treasury unless it is required for immediate disbursement.

The State Government approved (June 2003 and June 2007) the construction of a 500 bedded hospital building for Dr. Rajendra Prasad Government Medical College (RPGMC) Kangra at Tanda at an estimated cost of ₹ 54.99 crore. The building was to be constructed by Hospital Services Consultancy Corporation (India) Limited (HSCC), NOIDA. For this purpose, the State Government had entered into an agreement (September 2000) with the HSCC. As per agreement, the running payments to the consultancy agency were to be made on the basis of preliminary/detailed cost estimates, required to be submitted by the HSCC by 15th of every third month. The final payment was, however, to be released on the basis of actual expenditure of the project. The construction of the building was stipulated to be completed by December 2005.

Scrutiny of the records (January-June 2014) of the Principal, Dr. RPGMC Kangra at Tanda showed that the construction of the building was taken up for execution by the HSCC in June 2003 and completed in March 2007. The Principal drew ₹ 54.99 crore³⁵ between October 2000 and March 2006 and released ₹ 53.99 crore³⁶ to the HSCC between October 2000 and April 2007. It was noticed that out of ₹ 53.99 crore, ₹ 50.47 crore were released periodically on the basis of progress of works submitted by the HSCC, but final payment of ₹ 3.52 crore was made without examining the actual expenditure on the works. On examination of the detailed accounts of the works obtained by the Principal in July 2009 it was ascertained that the actual expenditure of ₹ 52.43 crore was incurred on construction of the building against the

³⁵ Between October 2000 and March 2005: ₹ 50.47 crore and March 2006: ₹ 4.52 crore.

³⁶ October 2000: ₹ 1.00 crore; September 2003: ₹ 1.29 crore; December 2003: ₹ 7.00 crore; March 2004: ₹ 6.50 crore; July 2004: ₹ 6.00 crore; October 2004: ₹ 3.00 crore; November 2004: ₹ 5.00 crore; January 2005: ₹ 5.00 crore; March 2005: ₹ 15.00 crore; July 2005: ₹ 0.68 crore and April 2007: ₹ 3.52 crore.

total releases of ₹ 53.99 crore resulting in excess payment of ₹ 1.56 crore to the HSCC. The amount had not been refunded by the HSCC as of June 2014.

Audit scrutiny further showed that the remaining amount of ₹ one crore (i.e. ₹ 54.99 crore minus ₹ 53.99 crore) drawn from treasury in March 2006 was kept in the shape of bank draft upto February 2011 and in the shape of fixed deposit receipts (FDR) in a bank thereafter. The amount remained deposited in FDR as of June 2014. Keeping the government money in shape of bank draft for five years and out of government account for more than eight years was contrary to the *ibid* provision of HPFRs. Apart from blocking of ₹ one crore for more than eight years, this also resulted in interest loss of ₹ 51.60 lakh (calculated at average rates of interest of government borrowings). Besides, the bank was also extended undue favour during March 2006 to February 2011.

The Additional Director (Admn.) of the Dr. RPGMC while confirming the facts stated (June 2014) that the matter had been taken up with the State Government to recover the amount from the HSCC. Regarding ₹ one crore kept in FDR, it was stated that the amount would be released to the Public Works Department for construction of burn unit as approved by the Government. The reply is not acceptable as the Department failed to enforce financial orders and strict economy.

Thus, failure of the Department in releasing funds to consultancy agency without verifying the actual expenditure incurred on the construction of the hospital building resulted in excess payment of ₹ 1.56 crore and non-observance of financial rules led to parking of ₹ one crore outside Government account besides interest loss of ₹ 51.60 lakh.

The audit findings were referred to the Government in July 2014. Reply had not been received (December 2014).

Planning Department

3.12 Implementation of Backward Area Sub-Plan

Funds ranging between ₹ 0.24 crore and ₹ 1.23 crore were withdrawn from treasury by the Deputy Commissioners (DCs) of the test-checked districts during 2010-14 in advance of actual requirement and kept in banks in contravention of the scheme guidelines. 592 works for ₹ 10.31 crore were sanctioned under roads and bridges sectors without obtaining prior technical approval during 2011-14. 168 works sanctioned (2008-14) for ₹ 3.95 crore were not taken up as of July 2014 by 11 executing agencies entailing a delay of four to 72 months.

With the aim of removing regional imbalance in the State in terms of creation of infrastructural facilities in the identified backward areas, Backward Area Sub-Plan (BASP) was introduced in June 1974. However, its effective implementation started from 1995-96. For this purpose, a separate Demand for Grant has been introduced to make the outlays non-divertible. The scheme is being implemented in 10 non-tribal districts of the State through line departments of 13³⁷ sectors/ heads of development. The Deputy Commissioners (DCs) have been declared as controlling officers for sanctioning and monitoring of the schemes under this Sub-Plan.

³⁷ Agricultural, Animal Husbandry, Ayurveda, Elementary Education, Higher Education, Horticulture, Minor Irrigation, Roads and Bridges, Rural Health, Rural Industries, Rural Water Supply, Social Forestry and Soil Conservation.

An audit of Backward Area Sub-Plan covering the period 2011-14 was conducted during May-July 2014 through test-check of records of two DCs³⁸ in Shimla Zone. The records (Road and Bridge sectors) of 11³⁹ out of 23 executing agencies (EAs) in these districts were also test-checked. The following are the audit findings:

3.12.1 Planning and financial management

3.12.1.1 Annual Action Plans

As per policy guidelines, Annual Action Plans (AAPs) for all sectors indicating the name of the proposed schemes, amount, physical targets, etc., were to be prepared by the DCs and got approved from the District Planning, Development and 20-Point Programme Review Committees (DPDCs) before the commencement of the next financial year.

Audit noticed that the AAPs were not prepared by the DCs of the test-checked districts during 2011-14. Further, DPDCs also did not take notice of non-preparation of the AAPs and their approval in the meetings held (**Paragraph 3.12.3.3**). Thus, in the absence of the AAPs, the entire amount of ₹ 18.45 crore was sanctioned and released by the DCs during 2011-14 in an *ad hoc* manner.

While admitting (June 2014) the facts the DC, Shimla did not furnish the reasons for non-preparation of the AAPs. The DC, Sirmaur stated (May 2014) that the AAPs were prepared and got approved from DPDC of the district. The reply is not acceptable as the DC had prepared the budget estimates only instead of detailed AAPs as required.

3.12.1.2 Availability of funds and releases thereof to the executing agencies

In order to regulate the expenditure in a phased manner and avoid any abnormal fluctuations, paragraph 14 of the BASP guidelines provides for quarter-wise percentage⁴⁰ of expenditure to be incurred by the DCs during a financial year. Further, as per State Government instructions (January 2004), funds are not to be drawn from treasury unless required for immediate disbursement. Like-wise, such funds are not to be kept in Bank/ Post office. Audit noticed the following deficiencies:

(i) Against the allocation of ₹ 17.46 crore⁴¹ during 2011-14, the test-checked DCs had withdrawn the entire amount from treasury for execution of the schemes/ works. Though the expenditure booked was at par with the funds allocated during above period, the booked expenditure merely reflected the amount withdrawn from the government account and not the amount actually spent on the works executed on the ground as indicated in the **Paragraph No. 3.12.2.3**.

(ii) Contrary to the instructions *ibid*, the expenditure in the fourth quarter of each year during 2011-14 in test-checked districts ranged between 16 and 59 *per cent*. The DCs of the test-checked districts stated (May and June 2014) that the expenditure was incurred after approval of the schemes by DPDC (Sirmaur district) and on receipt of proposals from *panchayats*, etc (Shimla district). The replies are not in conformity

³⁸ Shimla and Sirmaur.

³⁹ Block Development Officers: five (Chhohara, Chopal, Paonta Sahib, Rohru and Sangrah), Sub-Block under Sub-Divisional Officers (Civil), Dodra Kwar and Public Works Divisions: five (Chopal, Dodra Kwar, Paonta Sahib, Rohru and Sangrah).

⁴⁰ Percentage of expenditure: 1st quarter: 25, 2nd quarter: 40, 3rd quarter: 25 and 4th quarter: 10.

⁴¹ 2011-12: ₹ 3.96 crore; 2012-13: ₹ 6.91 crore and 2013-14: ₹ 6.59 crore.

with the provision of the guidelines, as the DCs should have ensured the release of funds in a controlled manner. Besides, in Sirmaur district no meeting of DPDC was held in the last quarter during 2011-14 as indicated in **Paragraph No. 3.12.3.2**.

(iii) The details of total availability of funds and releases to the executing agencies during 2011-14 by test-checked DCs are given in the **Table-3.12.1**.

Table- 3.12.1
Year-wise availability of funds and releases thereof to executing agencies during 2011-14
(₹ in crore)

Year	Opening Balance	Funds received during the year	Total availability of funds	Funds released to executing agencies	Balance
2011-12	1.23	3.96	5.19	4.92	0.27
2012-13	0.27	6.91	7.18	6.94	0.24
2013-14	0.24	6.59	6.83	6.59	0.24
Total		17.46		18.45	

Source: Information supplied by the department.

It would be seen from **Table-3.12.1** that contrary to the instructions *ibid*, funds to the tune of ₹ 1.98 crore were drawn (2010-11: ₹ 1.23 crore; 2011-12: ₹ 0.27 crore; 2012-13: ₹ 0.24 crore and 2013-14: ₹ 0.24 crore) in advance of requirement and kept in banks. Instead of depositing the funds in treasury, these were carried over and released to the executing agency during the subsequent years. Thus, the funds were kept outside the government account as well as the normal budgetary process.

(iv) In test-checked EAs, funds ranging between ₹ 4.34 crore and ₹ 5.39 crore remained unutilised in banks at the close of financial years 2011-14 and were carried over to the subsequent years. Besides keeping the funds outside the government account, the schemes were also not executed in time (**Paragraph 3.12.2.3**). The concerned EAs stated (May-July 2014) that the Gram Panchayats were being instructed to expedite the execution of works and the utilisation of funds. The replies are not convincing as the EAs had not made efforts for timely utilisation of the funds.

3.12.1.3 Reappropriation of funds without approval of DPDCs

DPDCs were empowered to make inter-departmental/ sectoral diversion of approved budget, keeping in view the specific needs of the area for undertaking infrastructural development. Audit noticed that departmental/ inter-sectoral re-appropriations of ₹ 4.96 crore (**Appendix-3.1**) were effected by the DCs of the test-checked districts at the end of the years 2011-12 to 2013-14 without prior approval of the DPDCs.

The DC Shimla stated (June 2014) that the re-appropriation would be got approved from the DPDC shortly. The DC Sirmaur stated (May 2014) that the re-appropriation is done by the Planning Department after approval of the Finance Department. The replies are contrary to the provisions of the BASP guidelines.

3.12.2 Implementation of schemes

3.12.2.1 Sanction of works without technical approval of estimates

According to State Government instructions (December 1999), the DCs were required to obtain technical approval of estimates before sanction of the works. In violation of this stipulation, 592 works costing ₹ 10.31 crore were sanctioned under Roads and Bridges sector by the DCs of the test-checked districts during 2011-14 without obtaining prior technical approval which ultimately, hampered the progress of the works (**Paragraphs 3.12.2.3 and 3.12.2.4**). The DC Shimla stated (June 2014) that the technical approval of all the sanctioned work were to be obtained by concerned EAs. The DC, Sirmaur stated (May 2014) that the works/ scheme were sanctioned as

per proposals received from the EAs. The replies are not acceptable as the technical viability of the schemes should have been ensured before according A/A and E/S.

3.12.2.2 Expenditure on inadmissible works

The BASP guidelines provide that developmental works should be sanctioned for the creation of durable assets leading to the benefit of the general public. The scheme also lays down a list of works⁴² for which sanction and release of funds are strictly prohibited.

Audit noticed that in violation of the guidelines, the DC Shimla had sanctioned 55 inadmissible works costing ₹ 0.95 crore (Boundary walls-29 works: ₹ 0.41 crore; community bhawans- five works: ₹ 0.10 crore, mahila mandal bhawans-two works: ₹ 0.02 crore and repair works-19: ₹ 0.42 crore) during 2009-13 under Roads and Bridges sector.

3.12.2.3 Status of works

As per the BASP guidelines, the works sanctioned by the DCs should be completed within one year from the date of sanction. It was however noticed that:

(i) The DCs of the test-checked district had not maintained/ updated the data of status of actual execution of 592 works relating to roads and bridges sanctioned for ₹ 10.31 crore under the BASP during 2011-14. The DCs concerned stated (May and June 2014) that instructions were issued to the EAs for timely completion of the works.

(ii) The position of execution of works in 11 test-checked EAs was as under:

- Of 461 works sanctioned for ₹ 7.97 crore during 2011-14, 232 works were completed with an expenditure of ₹ 3.60 crore. Of the remaining 229 works, 104 works involving sanctioned cost of ₹ 1.61 crore were lying incomplete after incurring an expenditure of ₹ 0.77 crore and 125 works sanctioned for ₹ 2.69 crore had not been started as of July 2014.
- Of 66 works sanctioned for ₹ 2.10 crore during 2008-11, 23 works (sanctioned cost: ₹ 0.83 crore) were lying incomplete after incurring an expenditure of ₹ 0.59 crore and 43 works sanctioned for ₹ 1.26 crore were not started as of July 2014. The delay in commencement/ completion of the works ranged between three and six years.

Non-commencement/ completion of the works resulted in blocking of funds of ₹ 3.95 crore besides depriving the public of the area of the intended benefits. The EAs stated (May-July 2014) that the delay in commencement/ completion of the works was due to non-availability of land, limited working season, delay by Panchayats, etc. The replies are not acceptable as the EAs did not ensure the completion of the works in time.

3.12.2.4 Physical verification/ spot inspection of works

During spot inspection of some of the works under BASP by audit, the following shortcomings were noticed:

(i) Unfruitful expenditure

The construction of Lana Chetta Bassali road from kms 2/0 to 3/510 was taken up for execution by Sangrah Public Works division in March 2010. After construction of the

⁴²

Community halls, mahila mandal bhawans, boundary walls and repair works.

road upto 2/765 kms with an expenditure of ₹ 13 lakh, the work was held up (June 2013) due to paucity of funds and even the constructed road could not be put to use due to non-construction of motorable bridge on Nait Khalla at kms 2/0. It was further noticed that the BDO, Sangrah had constructed a foot bridge (between March and July 2013) with expenditure of ₹ 2.52 lakh instead of a motorable bridge at the above spot but due to heavy rains the same was damaged in July 2013. The construction of the road was not resumed as of June 2014. Thus, the expenditure of ₹ 15.52 lakh remained unfruitful. The Executive Engineer, Sangrah division stated (June 2014) that the road works would be resumed on receipt of funds. The BDO, Sangrah stated (June 2014) that the bridge work would be resumed at the earliest.

(ii) Blocking of funds due to non-commencement of works

The DC, Shimla had sanctioned (between March 2007 and December 2011) five works⁴³ for ₹ 31.00 lakh in Dodra Kavar sub-division of Shimla district. However, the works were not started/ executed due to non-availability of sufficient funds and non-completion of codal formalities. Evidently, the DC did not ensure the technical and financial viability of the works which resulted in blocking of ₹ 31.00 lakh with the EAs for 30 to 87 months. The EAs admitted (June 2014) the facts.

3.12.3 Monitoring

3.12.3.1 Maintenance of asset registers

The BASP guidelines provide for creation of durable assets leading to the benefits of the general public and the ownership of the assets lies with the concerned Panchayats/ EAs/ Departments. Audit noticed that registers of the assets created under the Sub-Plan during 2011-14 were not maintained by the test-checked EAs. The concerned EAs while admitting the facts (May-July 2014) stated that the matter would be complied with in future. The replies do not explain as to why the important records were not maintained.

3.12.3.2 Non-preparation of monthly and quarterly progress reports

State government instructions (April 1996 and May 2001) provide for conducting review of the implementation and expenditure of the schemes under BASP by way of monthly and quarterly progress reports by 15th of the following months and 20th of the following quarter to be submitted by the DCs to the Planning Department. Audit noticed that the DCs of the test-checked districts had not prepared and submitted the requisite monthly and quarterly progress reports during 2011-14. Similarly, the DCs had also not obtained any monthly/ quarterly expenditure reports from the EAs during the above period. Evidently neither the DCs nor the EAs had monitored the execution of the schemes/ works effectively. The DCs and the EAs while admitting the facts (between May and July 2014), did not furnish any reasons for the same.

3.12.3.3 Meetings of District Planning Development and 20-Point Programme Review Committees

The DPDCs, responsible for formulation, implementation, monitoring and review of the Sub-Plan, were required to meet on quarterly basis.

⁴³ Construction of suspension bridge over Rupin river (village Jiskoon): ₹ 5.00 lakh (August 2008); construction of bridge over Chaidhar Nallah: ₹ 5.00 lakh (March 2011); construction of sarai bhawan in Gram Panchayat Kavar: ₹ 5.00 lakh (March 2007); construction of jeepable road from village Dhandarwari to Bharara: ₹ 8.00 lakh (August 2008) and construction of two roads in Gram Panchayats, Dhandarwari and Dodra: ₹ 8.00 lakh (December 2011).

Audit noticed that against 12 meetings of DPDCs required to be convened in each of the two test-checked districts during 2011-14, only one meeting in Shimla district (01 February 2012) and three meetings in Sirmaur district (28 December 2011, 09 July 2012 and 05 August 2013) were held during above period. The shortfall in holding of meetings ranged between 75 and 92 *per cent*. It showed that the schemes under the Sub-Plan were not monitored and reviewed by the DPDCs. The DCs stated (May and June 2014) that the meetings were fixed as per availability of the Chairman of the DPDCs. The fact, however, remains that the meetings of the DPDCs were not held regularly.

Thus, under BASP, funds ranging between ₹ 0.24 crore and ₹ 1.23 crore were withdrawn from treasury by the DCs of the test-checked districts during 2010-14 in advance of actual requirement and kept in banks in contravention of the scheme guidelines. The DCs had sanctioned 592 works for ₹ 10.31 crore under road and bridges sectors without obtaining prior technical approval during 2011-14. The test checked executing agencies had not taken up 168 works sanctioned (2008-14) for ₹ 3.95 crore as of July 2014 entailing a delay of four to 72 months.

The audit findings were referred to the Government in August 2014. Reply had not been received (December 2014).

Public Works Department

3.13 Undue financial benefit to a firm

Failure to ensure compliance of contractual provisions by the Department led to extension of undue financial benefits of ₹ 8.01 crore to a firm besides rendering the expenditure of ₹ 12.66 crore largely unfruitful.

Government of India, Ministry of Road Transport and Highways accorded (January 2010) administrative approval for ₹ 33.10 crore for improvement and widening of Baroti-Rakhera-Dharampur-Marhi-Kamlah-Gallu road from 0/0 km to 30.375 kms under Central Road Fund. The Chief Engineer (National Highways), Shimla accorded (February 2010) technical sanction of the work for ₹ 31.86 crore. The work⁴⁴ was awarded (May 2011) to a firm at a tendered cost of ₹ 28.54 crore and stipulated to be completed by December 2012. Accordingly, the firm commenced the work in June 2011.

Scrutiny of records (January 2014) of Dharampur division showed that the firm did not achieve the pace of the work as prescribed in the contract agreement and failed to complete it by the stipulated date. After executing 30 *per cent* work⁴⁵ and incurring ₹ 12.66 crore, the firm stopped the work in May 2013 without intimating any reasons. The firm had not resumed the work as of October 2014. In spite of the fact that the firm had stopped the work, the Department did not take any action under various clauses of the contract agreement and thus, extended the following undue benefits to it:

- As per clause 49 of the contract agreement, the Department did not levy liquidated damages of ₹ 2.85 crore (10 *per cent* of the tendered amount of ₹ 28.54 crore) for delay.

⁴⁴ Formation cuttings, cross drainage, soling, metalling and tarring U shape drain, parapets, providing couture line and mile stone (total length: 30.375 kms).

⁴⁵ Formation cutting: 16.500 km; cross drainage: 5.520 kms, soling: 2.100 km and U shape drain: 1.684 kms.

- As per clause 51 of the contract agreement, the advance of ₹ 4.12 crore (Machinery advance: ₹ 1.27 crore and mobilisation advance: ₹ 2.85 crore) paid to the firm between August 2011 and March 2012, was required to be recovered with interest (at the rate of two *per cent* above State Bank of India prime lending rates) prior to the expiry of the original time for completion. Out of the above advance, ₹ 3.18 crore and interest ₹ 1.69 crore as of October 2014 had not been recovered as of January 2014.
- The Department had allowed (August 2013) the payment of ₹ 29.16 lakh to the firm on account of cost escalation for the period beyond the stipulated date of completion of the work which was not admissible as per contract agreement.
- The Department had not taken any action for termination of the contract and kept the contract alive indefinitely.

While confirming the facts, the Executive Engineer of the division stated (January and November 2014) that action for effecting recoveries was being initiated and efforts are being made to complete the work. The reply does not explain the reasons as to why necessary action for breach of the contract agreement was not taken against the firm in time.

Thus, failure to ensure compliance of the contractual provisions by the Department led to the extension of undue benefits of ₹ 8.01 crore⁴⁶ to the firm besides rendering the expenditure of ₹ 12.66 crore largely unfruitful as due to non-completion of the work, the public of the area was deprived of the intended benefits.

The audit findings were referred to the Government in August 2014. Reply had not been received (December 2014).

3.14 Unfruitful expenditure on incomplete road works

Failure of the Department to comply with the pre-requisite formalities before taking up the works for execution resulted in unfruitful expenditure of ₹ 2.60 crore.

Under Section 2 of Forest (Conservation) Act, 1980 (FCA), prior approval of Government of India (GOI) for the use of forest land for non-forestry purposes was required to be obtained. In other cases also, the Department was to ensure encumbrance free land before taking up execution of the works.

Scrutiny of records (March 2014) of Jogindernagar division showed that the construction of two roads⁴⁷ (length: 8.300 kms) sanctioned (August 2009 and September 2010) for ₹ 4.60 crore under NABARD⁴⁸ was stipulated to be completed during November 2011 and November 2012 respectively. On partial execution of these works for a length of 4.300 kms, ₹ 2.60 crore (Kutt-Chandani road- kms 2.300: ₹ 0.64 crore and Kuni-Rains road- kms 2.000: ₹ 1.96 crore) had been spent upto January 2014. However, the execution of the works in the remaining stretches had to be stopped midway (May 2011 and May 2012) due to involvement of forest and private land in the alignment of the roads. It was further noticed that the Department

⁴⁶ Unrecovered advance: ₹ 3.18 crore, Unrecovered interest on advances: ₹ 1.69 crore, liquidated damages: ₹ 2.85 crore and inadmissible cost escalation: ₹ 29.16 lakh.

⁴⁷ Kutt-Khetru-Chandani road (4.300 kms): ₹ 1.38 crore and Kuni-Katkal-Bhalara-Rains road (4.000 kms including three bridges): ₹ 3.22 crore.

⁴⁸ NABARD: National Bank for Agriculture and Rural Development.

had not obtained prior permission of the GOI for diversion of forest land for the purpose under FCA. The private land involved was also not acquired in the name of the Department before the commencement of the works although certificates regarding availability of encumbrance free land had been furnished by the Department for Rural Infrastructure Development Fund loan under NABARD. These works were lying incomplete for 22 to 34 months.

On this being pointed out, the Executive Engineer stated (March 2014) that the cases for diversion of forest land were under process. The reply is not acceptable as prior approval of GOI under FCA should have been obtained.

Thus, failure of the Department to comply with the pre-requisite formalities before taking up the works for execution resulted in unfruitful expenditure of ₹ 2.60 crore as due to non-completion of these works, the public of the area was deprived of the intended benefits in time.

The audit findings were referred to the Government in June 2014. Reply had not been received (December 2014).

3.15 Idle expenditure on construction of road/ bridge and undue favour to contractor

Failure of the Department to ensure timely completion of link road after incurring expenditure of ₹ 71.36 lakh resulted in idle expenditure of ₹ 1.64 crore on construction of a bridge and undue favour of ₹ 22.51 lakh to a contractor.

In order to provide road connectivity to four⁴⁹ villages of Kangra district, the Government of India (GOI), Ministry of Rural Development approved (October 2003) the construction of 7.000 kms (5/405 kms to 12/405 kms) link road from Sansai-Chobin road to Patel Nagar for ₹ 1.20 crore under Pradhan Mantri Gram Sadak Yojana (PMGSY). The work was awarded (May 2004) to a contractor for ₹ 1.21 crore and stipulated to be completed by June 2005.

Scrutiny (February 2012) of records of Baijnath division and further information collected (February 2013-May 2014) showed that the contractor commenced the work in October 2004. The contractor did not achieve the pace of the work within the stipulated period. After execution of work⁵⁰ valued at ₹ 43.85 lakh, the contractor stopped (July 2007) the same due to involvement of forest land in the alignment of the road at 5/405 kms to 8/630 kms. Though the permission for diversion of forest land for the purpose was granted by GOI in November 2007, the contractor refused (October 2008) to resume the execution of the work at old rates. Ultimately, the Department terminated (September 2011) the contract without levying liquidated damages of ₹ 12.14 lakh (at the rate of 10 *per cent* of the tendered amount) for delay in execution of the work and recovery of material valuing ₹ 10.37 lakh. In the meantime, an expenditure of ₹ 71.36 lakh⁵¹ had been incurred on the work, lying in a suspended state for the last seven years.

⁴⁹ Chamb, Kothi, Bharwal Khad and Patel Nagar.

⁵⁰ Formation cutting: 2.500 kms, Soling: 2.932 kms, Wearing G-II: 2.932 kms, Wearing G-III: 1.642 kms, Tarring: 1.387 kms, Side drain: 693 rmts and Parapets: 144 Nos.

⁵¹ Expenditure on work: ₹ 43.85 lakh; fence post (July 2007): ₹ 0.41 lakh, Compensatory afforestation (July 2007): ₹ 2.68 lakh and net present value (September 2009): ₹ 24.42 lakh.

The division submitted (May 2014) revised estimates of ₹ 76.43 lakh for approval of the Chief Engineer Mandi Zone in respect of a part⁵² of the balance work only. The remaining work was stated to be executed under State head in a phased manner subject to availability of funds.

Audit scrutiny further showed that in order to connect the link road with the Sansai-Chobin road, the Department constructed (between November 2010 and March 2014) a 56.76 metres span bridge over Binwa Khad at village Gowal (RD 5/286) alongwith approaches (link road from kms 0/000 to 5/000 constructed under State plan) with an expenditure ₹ 1.64 crore under NABARD⁵³ (RIDF⁵⁴-XIII). However, the constructed bridge could not be opened for vehicular traffic due to non-completion of the link road.

On this being pointed out in audit, the Executive Engineer of the division stated (January and May 2014) that the work would be retendered after approval of revised estimates and recovery of material would be adjusted against the final bill of the contractor. The reply is not convincing as encumbrance free land should have been ensured before the commencement of the work. Further, the final bill of the contractor has not been prepared for the last more than 30 months.

Thus, Department's inability to ensure timely completion of the road rendered the expenditure of ₹ 71.36 lakh unfruitful for the last five to seven years. Also, undue financial benefit of ₹ 22.51 lakh was extended to the contractor by way of non-levy of liquidated damages and non-recovery of materials. Besides, expenditure of ₹ 1.64 crore on bridge also remained idle.

The audit findings were referred to the Government in July 2014. Reply had not been received (December 2014).

3.16 Unfruitful expenditure on construction of Bhodi-Kharjan road

Failure of the Department to ensure timely completion of construction of road work led to unfruitful expenditure of ₹ 2.26 crore.

In order to provide transport facility to Bhodi and Kharjan villages of Kangra district, construction of 6.045 kms long Suan Bridge-Bhodi-Kharjan link road was administratively approved (December 2008) under RIDF-XIV scheme of NABARD⁵⁵ for ₹ 2.37 crore. The work was technically sanctioned (January 2009) for ₹ 2.16 crore by the Chief Engineer, North Zone, Dharamshala. The first phase (Formation cutting and road side structure in kms 0 to 6.045) of the work was awarded (February 2009) to a contractor for ₹ 1.06 crore and stipulated to be completed by September 2009. The subsequent scope of the work (Providing and laying soling, wearing and premix carpet in kms 0 to 6.045) was also awarded (August 2010) to the same contractor for ₹ 0.90 crore stipulated to be completed by August 2011.

Scrutiny of records (February 2013) of Baijnath division and further information collected (January and September 2014) showed that the contractor did not achieve the pace of the works as prescribed in the contract agreements and failed to complete these works by the stipulated dates due to involvement of forest land at kms 2.870 to 3.090 and kms 3.285 to 4.405. The work of formation cutting and cross drainage in

⁵² Formation cuttings: 3.240 kms and cross drainage: 2 Nos.

⁵³ National Bank for Agriculture and Rural Development.

⁵⁴ Rural Infrastructure Development Fund.

⁵⁵ NABARD – National Bank for Agriculture and Rural Development.

kms 4.200, soling, wearing and tarring in kms 3.545 and side drainage in kms 3.000 and parapets in kms 2.000 was executed. An expenditure of ₹ 2.26 crore had been incurred as of January 2014.

It was further noticed that the Department had not ensured the necessary permission for diversion of forest land for non-forestry purposes under Forest Conservation Act, 1980 before submission of Detailed Project Report to the NABARD authority. On the contrary, the availability of encumbrance free land was wrongly certified by the Department. Even afterwards, the matter was not pursued vigorously with the Forest Department for diversion of the forest land for the purpose. Further, the Executive Engineer (EE) of the division dropped (September 2013) the process of diversion of forest land with the plea that the work could not be continued due to closure of the funding under RIDF-XIV in December 2013. This led to non-completion of the road work for more than three years. Neither the time extensions were granted to the contractor to keep the contracts alive nor the contracts rescinded/ closed.

On this being pointed out in audit, the Executive Engineer of the division stated (February 2013 and September 2014) that the road was constructed upto 4.200 kms and both the villages stand connected by road. The reply is contradictory as both the villages were falling beyond kms 5.000 of the alignment of the road under construction and even the partially constructed road has not been approved by the road fitness committee for vehicular traffic. Besides, the reply also does not explain as to why timely action was not initiated by the Department to secure encumbrance free land for the purpose.

Thus, despite incurring an expenditure of ₹ 2.26 crore the intended benefits of transport facility to the beneficiary villages remained unfulfilled.

The audit findings were referred to the Government in May 2014. Reply had not been received (December 2014).

3.17 Unfruitful expenditure on construction of Bandi-Dharoh road

Lack of foresight in planning on the part of the Department led to non-completion of the road work in time and infructuous expenditure of ₹ 1.74 crore besides depriving the beneficiaries of the intended transport facilities.

Under Section 2 of the Forest (Conservation) Act, 1980 (FCA) prior approval of GOI for the use of forest land for non-forestry purposes is required to be obtained and in other cases, the Department is required to ensure encumbrance free land before taking up execution of works. The Engineer-in-Chief, had also issued instructions (May 2008) for ensuring clear title of the land before making proposals for the construction of roads.

In order to provide transport facility to five villages⁵⁶ in Kangra district, construction of 5.985 kms long⁵⁷ Bandi-Dharoh via Naganpat road was approved (February 2010) for ₹ 3.54 crore under RIDF⁵⁸-XV scheme of NABARD⁵⁹. The Chief Engineer, North Zone, Dharamshala accorded (April 2010) technical sanction of the road work for

⁵⁶ Banoi, Bhoie, Naganpat, Kalyara and Upper Odder.

⁵⁷ First stretch: kms 0.000 to 1.000; second stretch: kms 1.000 to 3.960 and third stretch: kms 4.165 to 6.190.

⁵⁸ RIDF- Rural Infrastructure Development Fund.

⁵⁹ NABARD – National Bank for Agriculture and Rural Development.

₹ 3.64 crore. The work was awarded (October 2010) to a Kangra based contractor for ₹ 3.05 crore stipulated to be completed by October 2012.

Scrutiny of records (February 2014) of Kangra division showed that the contractor started the work in December 2010. However, the contractor did not achieve pace of the work within the stipulated period due to involvement of private land (kms 0.0 to 3.960, kms 4.165 to 4.500 and kms 5.690 to 6.190) and forest land (kms 4.500 to 5.690). The work at kms 0.500 to 1.000 was held up (July 2011) due to the land having been earmarked (February 2009) by the district administration for setting up of Border Security Force (BSF) Battalion. The work of formation cutting in kms 0.638, cross drainage in kms 3.550, providing and laying of granular sub base course and wearing in kms 2.400 and parapets kms 0.500 was executed. Further scrutiny showed that the Department had not ensured the necessary permission for diversion of forest land for non-forestry purpose under FCA and clear title of the private land before submission of detailed project report to the NABARD authorities. In the meantime, the Department had incurred an expenditure of ₹ 1.74 crore, but the work was lying incomplete as of July 2014.

On this being pointed out, the State Government stated (August 2014) that the work got delayed due to involvement of private and forest land in the alignment of the road. It was further stated that the private land was owned by co-sharers and the process for transfer of land in the name of the Department would be initiated in a phased manner depending upon the availability of all the land owners together. The fact, however, remains that the Department did not ensure encumbrance free land before conceptualisation of the road.

Thus, lack of foresight in planning on the part of the Department led to non-completion of the road work in time and unfruitful expenditure of ₹ 1.74 crore besides depriving the beneficiaries of the intended transport facilities.

3.18 Unproductive expenditure on construction of road and bridge

Failure of the Department to ensure timely completion of construction of road and bridge work resulted in unproductive expenditure of ₹ 1.46 crore.

To provide transport facility to eight⁶⁰ villages of Solan district, construction of Bhud-Gularwal-Bhatoli Kalan-Gharade-Patta road⁶¹ (length 15.600 kms) was approved (October 2007) under NABARD⁶² (RIDF⁶³-XIII) for ₹ 2.34 crore. The work⁶⁴ including a bridge at 16.105 kms was awarded (May 2008) to a contractor at a tendered cost of ₹ 1.73 crore with the stipulation to complete it by 29 November 2009.

Scrutiny of records (February 2013) of Kasauli division and further information collected (January 2014) showed that the contractor took up the work in May 2008 but did not achieve the pace of the work as stipulated. After executing the work of value of ₹ 1.28 crore including formation cutting in 15.000 kms, cross drainage 9.000 kms, soling 3.300 kms and side drain 1.700 kms, the contractor stopped (March 2010) the work due to non-receipt of design of the bridge from the division. The division

⁶⁰ Gharade, Fofta, Katal, Duni, Nali, Ekhu, Gatiwala and Braghu.

⁶¹ Kms 15.000 to 30.600.

⁶² NABARD – National Bank for Agriculture and Rural Development.

⁶³ RIDF- Rural Infrastructure Development Fund.

⁶⁴ Formation cutting: 15.600 kms; Cross Drainage: 15.600 kms; Soling: 15.600; Side Drain: 15.600; Parapets: 15.600 and Bridge: 24 metres span.

granted extension upto 31 March 2011 but the contractor did not resume the work with the plea that the work could not be executed at previously quoted rates. The design of the bridge was made available to the contractor in May 2011 i.e. after 18 months of the scheduled date of the completion of the project. However, the contractor failed to execute the work. Ultimately, the work had to be closed in July 2012 without levying any liquidated damages/ penalty under various clauses of the contract agreement as the delay was mainly due to the inability of the Department to submit the design of the bridge in time. In the meantime, an expenditure of ₹ 1.46 crore had been incurred on the work.

The division had prepared (May 2013) the revised estimate of the remaining work for ₹ 0.85 crore exceeding the previous estimate of ₹ 1.73 crore by ₹ 0.58 crore, which was approved (June 2013) by the Chief Engineer (South Zone) Shimla. The work was lying in a suspended state as of January 2014.

While confirming the facts, the Executive Engineer of the division stated (January 2014) that due to non-finalisation of the site of the bridge, the design could not be provided to the contractor in time. Tenders for the remaining work had been called for. The reply is not convincing as all codal formalities should have been completed before taking up the work and the design of the bridge should also have been provided to the contractor within the stipulated period of completion of the work.

Thus, failure of the Department to ensure timely completion of construction of road and bridge work resulted in unproductive expenditure of ₹ 1.46 crore.

The audit findings were referred to the Government in April 2014. Reply had not been received (December 2014).

Tourism and Civil Aviation Department

3.19 Blocking of funds due to non-execution of works under integrated development of tourist circuits

Lack of proper planning by the Department for execution of works/ facilities for Integrated Development of Tourist Circuits in the State resulted in blocking of Central Financial Assistance of ₹ 9.66 crore.

With the objective of boosting tourism in the State, the Government of India (GOI), Ministry of Tourism, sanctioned (September 2009 to December 2010) a Central Financial Assistance (CFA) of ₹ 12.08 crore for creation of 98 facilities such as provision of public conveniences, construction of tourist information centres, parks, rain shelters, development of camping sites, picnic spots, trek routes, public parkings, etc., in different tourist circuits under the scheme of "Integrated Development of Tourist Circuits". GOI released the first installment of ₹ 9.66 crore to the State Tourism Department between November 2009 and January 2011 and the balance amount of ₹ 2.42 crore was, however, to be released on the issue of utilisation certificates by the State Government. The works were required to be completed within 30 months from the date of sanction.

Scrutiny of records (December 2013) of the Director, Tourism and Civil Aviation (DTCA) and information received from the Director (August 2014) showed that out of ₹ 9.66 crore released by the GOI, the Department released (January 2010 to March 2011) ₹ 8.11 crore to various executing agencies (EAs) for execution of the works/ projects. However, the works/ projects were not started due to non-availability of suitable sites, non-finalisation of tenders/ preliminaries, etc. and the entire amount

of ₹ 9.66 crore had been lying unutilised (Department: ₹ 1.55 crore and EAs ₹ 8.11 crore) for four to five years. Due to non-utilisation of the amount, GOI had also not released the second installment of ₹ 2.42 crore to the State Government as of August 2014. Besides, the requisite tourist facilities could not be created.

While admitting the facts, the DTCA stated (August 2014) that the works could not be taken up for execution in time due to limited working season and tough geographical conditions of the areas. The reply is not acceptable as all these aspects should have been kept in view in the project proposals and incorporated in the planning stage itself.

The audit findings were referred to the Government in May 2014. Reply had not been received (December 2014).

Transport Department (Himachal Pradesh Bus Stands Management and Development Authority)

3.20 Idle investment on construction of bus stand

Improper planning and funds management of the Authority for construction of bus stand at Rohru led to idle investment of ₹ 76 lakh.

The Himachal Pradesh Bus Stands Management and Development Authority (Authority) administratively approved (January 2007) the construction of a new bus stand at Rohru (Shimla district) for ₹ 6.48 crore and entrusted (May 2007) its execution to the Himachal Pradesh Public Works Department (HPPWD). The HPPWD further awarded (May 2007) the work to a contractor for ₹ 5.93 crore with the stipulation to complete it in one year. The Authority released ₹ 50 lakh between May 2007 and January 2008 for execution of the aforesaid work.

Scrutiny of records (July 2012) of the Authority and information collected (March 2014) showed that the contractor commenced the construction work of the bus stand in May 2007. As the Authority did not have further funds for completion of the bus stand it approached (July 2007) the State Government for release of funds. However, the State Government directed (January 2008) the Authority to mobilise the funds at its own level since the construction of bus stand fell in the priority list of the Authority. In the meantime, the contractor after execution of work of the bus stand upto the attic floor level valued at ₹ 76 lakh stopped (September 2010) further work due to non-payment of bill. The Authority released (November 2011) an amount of ₹ 26 lakh to make payment to the contractor and also asked the HPPWD to close the contract agreement due to paucity of funds. The work was lying in an abandoned state since September 2010 and the investment of ₹ 76 lakh made on construction of the bus stand had also remained idle as of May 2014.

On this being pointed out (August 2012, April 2013 and June 2013) the State Government released (January 2014) ₹ 1.95 crore to the Authority with the directions to reduce the cost of the project and accordingly modify the plan. However, the work had not commenced due to failure of the Authority to get the plan revised from the HPPWD as of May 2014.

The Chief Executive Officer of the Authority stated (March 2014) that the work was abandoned due to insufficient funds and the matter for arranging funds was taken up with the State Government time and again. The reply reflected improper planning on the part of the Authority as the work was taken up without ensuring sufficient funds due to which the bus stand could not be constructed in a timely manner.

The audit findings were referred to the Government in April 2014. Reply had not been received (December 2014).

Tribal Development Department

3.21 Execution of schemes under Tribal Area Sub-Plan

552 works were sanctioned for ₹ 13.35 crore during 2011-14 by the Project Officers of the two Integrated Tribal Developmental Projects without obtaining prior technical sanctions. Contrary to the schemes guidelines, 124 inadmissible works were also sanctioned for ₹ 2.15 crore during above period. Due to non-completion of bridge works the expenditure of ₹ 10.21 crore on construction of three bridges and two link roads remained unfruitful.

Under Tribal Area Sub Plan (TASP), the State Planning Department allocates nine *per cent* of the total State outlays to the Department who in turn allocates the divisible outlays to each of the five Integrated Tribal Development Projects (ITDPs) in the State and indivisible outlays in the nature of grant-in aid, etc., to the Administrative Departments. An audit of TASP covering the period 2011-14 was conducted during June-August 2014 through test-check of records of the Commissioner, Tribal Development Department (TDD), Shimla and ITDPs Bharmaur and Spiti at Kaza. The records of execution of Border Area Development Programme (BADP), Vidhayak Kshetriya Vikas Nidhi Yojana (VKVNY), Nucleus Budget (NB), Community Development (CD)-2515 Minor works and scheme of Hostels for ST boys and ST girls in 13 executing agencies⁶⁵ in these two ITDPs were also test checked. The following are the audit findings:

3.21.1 Allocation of funds and expenditure

Funds under the TASP are provided to ITDPs in respect of schemes BADP, VKVNY and NB and to the Development Blocks in respect of Minor works by the Commissioner, TDD for sanctioning of development schemes. Against the allocation of ₹ 80.25 crore⁶⁶ during 2011-14, the five ITDPs/ Development Blocks had withdrawn ₹ 80.33 crore⁶⁷ from treasury for execution of the schemes/ works resulting in excess expenditure of ₹ 0.08 crore which had not been regularised as of July 2014. Though, the expenditure incurred was almost at par with the funds allocated during the above period, the expenditure merely reflected the amount withdrawn from the government account and not the amount actually spent on the works executed on the ground.

3.21.1.1 Availability of funds and releases thereof to the executing agencies

As per instructions (May 2004) of the State Government, funds were to be utilised in the same financial year and the unutilised amount at the end of each financial year, was to be deposited in the treasury. Likewise, parking of BADP funds in banks was also strictly prohibited. Out of total availability of ₹ 29.05 crore, the POs of the test checked ITDPs released ₹ 28.44 crore to the executing agencies during 2011-14 and funds ranging between ₹ 0.70 crore and ₹ 3.12 crore remained unutilised in savings bank accounts in contravention of instructions *ibid*. Similarly, against the total availability of ₹ 21.04 crore, the test-checked blocks and Kaza division of HPPWD spent ₹ 14.11 crore (67 *per cent*) on different developmental works during 2011-14 and remaining amount of ₹ 6.93 crore was lying unutilised in savings bank accounts

⁶⁵ Block Development Officers: Bharmaur and Spiti at Kaza; HPPWD division: Spiti at Kaza; Gram Panchayats: Bharmaur, Chobia, Dankhara, Ghared, Greema, Sanchuin, Holi, Khurik, Tabo and Tunda.

⁶⁶ 2011-12: ₹ 24.63 crore; 2012-13: ₹ 29.62 crore and 2013-14: ₹ 26.00 crore.

⁶⁷ 2011-12: ₹ 24.63 crore; 2012-13: ₹ 29.70 crore and 2013-14: ₹ 26.00 crore.

as of March 2014. Besides, the BDO, Spiti at Kaza sanctioned ₹ 1.12 crore to four NGOs⁶⁸ and released ₹ 0.76 crore for execution of six works between November 2011 and September 2012 without ensuring that they were not receiving any foreign aid.

The concerned POs stated (May-July 2014) that funds were drawn in advance of requirement to avoid lapse of budget and were not utilised due to rush of work. The reply is not in conformity with the State Government's instructions *ibid* as huge amount was kept outside Government account.

3.21.1.2 Non-release of funds as per norms and non-formation of vigilance committees

(i) Scrutiny of records showed (May 2014) that BDO, Bharmaur had released ₹ 76.68 lakh for execution of 79 works⁶⁹ directly to different committees during 2009-14 in excess of the norms contained in Rule 107 of HPPR Rules, 2002 in three instalments instead of four i.e. 1st instalment ₹ 31.84 lakh; 2nd ₹ 40.58 lakh and 3rd instalment ₹ 4.25 lakh which resulted in excess release of ₹ 12.67 lakh and ₹ 21.41 lakh in 1st and 2nd instalments respectively. Records of execution of works by these committees were not furnished for scrutiny as the same were not maintained/ kept by the BDO, Bharmaur.

(ii) Rule 108 of HPPR Rules, 2002 provides that vigilance committees shall have the power to inspect all works being executed by the GPs including records and accounts being maintained in respect of these works. Audit noticed that no vigilance committee was formed by the BDO, Bharmaur or by the concerned GPs to oversee the functioning of works awarded to different committees for execution as of June 2014.

While confirming the facts the BDO, Bharmaur stated (June 2014) that the norms of release of funds would be adhered to strictly in future.

3.21.1.3 Maintenance of Assets Registers

The scheme guidelines of VKVNY, BADP and NB provide for creation of durable assets leading to the benefit of the general public and the ownership of assets lies with the concerned Panchayat/ EA/ Department. Audit noticed that the asset registers of the assets created under the above schemes during 2011-14 were not maintained by the 13 test-checked executing agencies. The EE, HPPWD Division Spiti at Kaza stated (July 2014) that assets register was not maintained due to shortage of staff and other test-checked executing agencies confirmed the facts and stated (May-July 2014) that assets register would be prepared in future.

3.21.2 Execution of works

3.21.2.1 Non-preparation of estimates

The scheme guidelines of VKVNY, BADP and NB stipulates that estimates of the works should be got technically approved from the technical staff of the executing

⁶⁸ Span Foundation Society, Kaza: two works; Yontan Society for Common Spiti Welfare, Rangrik: one work; President, Institute of Studies to Buddhist Philosophy and Tribal Culture, Tabo: two works and Director, Spiti Children Home School, Rangrik at Munselling: one work.

⁶⁹ VKVNY: ₹ 29.97 lakh for 25 works; Nucleus Budget: ₹ 13.42 lakh for 20 works and CD-2515 Minor works: ₹ 33.29 lakh for 34 works.

agencies before sanction of works. It was noticed that 552 works⁷⁰ costing ₹ 13.35 crore were sanctioned by the test-checked POs of ITDP during 2011-14 under above schemes without obtaining prior technical sanctions from the technical staff of the executing agencies resulting in non-completion of works in time as pointed out in **paragraph 3.21.2.4**. The POs stated (May-July 2014) that technical sanctions could not be obtained due to time constraints. The reply is not acceptable as technical sanctions were necessary to ensure proper execution of work.

3.21.2.2 Irregular sanction and execution of works

Nucleus Budget Rules, 1995 prohibits sanction of funds for repair and maintenance of works. As per guidelines of VKVNY and BADP construction of office, residential and other buildings relating to the Central and State Government departments, agencies or organisations, all types of repair works and works within places of worship were not permissible. Audit noticed that contrary to the *ibid* rules the PO, ITDP Bharmaur sanctioned 13 works costing ₹ 9.55 lakh between July 2007 and August 2013 for repair and maintenance of assets such as *panchayat ghars*, *sarais*, Mahila Mandal bhawans, schools, etc. The POs of ITDPs Bharmaur and Kaza sanctioned (September 2003-February 2014) ₹ 2.05 crore⁷¹ for the construction of 111 inadmissible works like construction of Mahila Mandal Bhawans, furnishing of Community Bhawans, beautification/ construction/ repair of Government buildings, works within places of worship, etc. The action of the ITDPs to divert ₹ 2.15 crore for construction of works not permissible under the schemes was irregular.

Similarly, against the admissible provision of ₹ 5.36 lakh (15 per cent of allocation of ₹ 35.74 lakh during 2012-14), the PO, Bharmaur had sanctioned ₹ 20.15 lakh for execution of 18 works relating to construction of *pucca* paths resulting in excess release of ₹ 14.79 lakh contrary to the instructions issued (March and September 2000) by the State Government.

Further, the PO, ITDP Bharmaur had entrusted execution of 79 works costing ₹ 79.11 lakh between August 2006 and February 2014 to different committees instead of government agencies which was contrary to the provision of VKVNY guidelines.

The PO, ITDP Bharmaur stated (May 2014) that repair and maintenance works, inadmissible works and funds for villages paths were sanctioned as per recommendation of concerned MLAs/ Project Advisory Committees. The reply is not acceptable as works should have been sanctioned as per the prescribed rules.

3.21.2.3 Status of works

As per the scheme guidelines, the works sanctioned by the ADM/ POs should be completed within a period of 12 to 18 months from the date of sanction.

It was noticed that 228 works⁷² sanctioned (between September 2001 and March 2013) for ₹ 16.50 crore by POs of test-checked ITDPs had not been completed as of July 2014 and an expenditure of ₹ 14.51 crore was incurred on these works. This

⁷⁰ VKVNY: 75 works costing ₹ 0.95 crore; Nucleus Budget: 138 works costing ₹ 0.91 crore
BADP: 88 works costing ₹ 7.52 crore and CD-2515 Minor works: 251 works costing ₹ 3.97 crore.

⁷¹ BADP: 13 works costing ₹ 1.16 crore and VKVNY: 98 works costing ₹ 0.89 crore.

⁷² VKVNY: 32 works costing ₹ 0.40 crore; NB: 31 works ₹ 0.22 crore; CD-2515 Minor works: 111 works costing ₹ 1.80 crore and BADP: 54 costing ₹ 14.08 crore.

resulted in blocking of unspent amount of ₹ 1.99 crore. Similarly 93 works⁷³ sanctioned (between October 2010 and March 2014) for ₹ 2.16 crore had not been started as of July 2014 and the entire amount was lying unspent in banks for the past three to 46 months.

The BDOs and EE concerned stated (June-July 2014) that the works were lying incomplete due to limited working seasons and not started due to non-completion of codal formalities by the GPs. The replies are not acceptable as all these factors should have been taken into account before sanctioning/ execution of the works.

3.21.2.4 Unfruitful expenditure on construction of bridges and link roads

In order to provide road connectivity to seven villages in Spiti valley (Lahaul & Spiti district), the Assistant Commissioner Spiti at Kaza administratively approved construction of three bridges⁷⁴ (between September 2001 and October 2002) for ₹ 3.17 crore (revised to ₹ 9.39 crore) under BADP, NABARD and Rural Roads and released (upto March 2014) ₹ 13.42 crore⁷⁵ to the Spiti division of HPPWD for execution of the works. Scrutiny of records (July 2014) of Spiti division showed the following deficiencies:

(i) The HPPWD awarded (May 2008) the construction of Hansa-Kiamo bridge over Spiti river to a contractor for ₹ 98.48 lakh with a stipulation to complete it by May 2010. After execution of the work of Kiamo side abutment, the contractor stopped (September 2012) the work without assigning any reason. The work was lying in a suspended state for two years. In the meantime, an expenditure of ₹ 2.72 crore (Civil work: ₹ 1.34 crore and procurement of Bailey bridge: ₹ 1.38 crore) was incurred on the work upto March 2013. Due to non-completion of the bridge work, the approach road completed (August 2003) at a cost of ₹ 34.38 lakh was also not put to use. Resultantly, the expenditure of ₹ 3.06 crore (bridge ₹ 2.72 crore and road: ₹ 0.34 crore) remained unfruitful.

(ii) The construction work of 97.60 m span suspension bailey bridge (RD 0/397) over pin river on Tangti Yogma Gogma to Khar village road was awarded (March 2007) to a contractor for ₹ 1.19 crore (revised to ₹ 4.03 crore in June 2007) and completion by May 2009. The work was taken up for execution by the contractor in June 2007. As the work of excavation (valued at ₹ 0.36 crore) was in progress a flash flood occurred (10 August 2007) in river due to increase in inflow of water which washed away the entire work executed till above date. The construction site of bridge was changed (November 2007) to 90 mtrs upstream and accordingly new drawings were evolved. The work on new site was started in August 2008 but due to slow pace of work the construction work of sub-structure had not been completed as of November 2014 in spite of extension granted to contractor upto November 2010 and an expenditure of ₹ 3.40 crore on the work. Further, due to non-completion of

⁷³ VKVNY: 13 works costing ₹ 0.09 crore, NB: 26 works costing ₹ 0.17 crore, BADP: 22 works costing ₹ 1.47 crore and CD-2515 Minor Works: 32 works costing ₹ 0.43 crore.

⁷⁴ Bridge over Spiti River between Hansa and Kiamo villages for ₹ 0.46 crore (revised to ₹ 1.75 crore), Motorable bridge at Tangti Yogma Gogma to village Khar road over Pin Nala for ₹ 1.44 crore (revised to ₹ 4.04 crore) and bridge over Sambha Lama Nallah on Chicham to Kibber road for ₹ 1.27 crore (revised to ₹ 3.60 crore).

⁷⁵ Hansa and Kiamo bridge: ₹ 3.59 crore (BADP: ₹ 0.40 crore and NABARD: ₹ 3.19 crore), Tangti Bridge: ₹ 5.78 crore (BADP: ₹ 2.15 crore; TFC: ₹ 3.18 crore and 5054 head Major Bridges: ₹ 0.45 crore) and Chicham bridge: ₹ 4.05 crore (BADP: ₹ 3.60 crore and 5054 head Major Bridges: ₹ 0.45 crore).

bridge, five km link road constructed (February 2010) at a cost of ₹ 90.31 lakh from Tangti Yogma Gogma to village Khar could also not be opened for vehicular traffic despite lapse of more than four years after its completion. Resultantly, the expenditure of ₹ 4.30 crore (bridge ₹ 3.40 crore and road: ₹ 0.90 crore) remained unfruitful.

(iii) The construction work of 111.10 mtrs span Chicham bridge (suspension type) over Sambha Lama Nallah on Chicham to Kibber road was awarded (December 2002) to a contractor for ₹ 2.61 crore and stipulated to be completed by January 2006. The contractor started the work in January 2003. The anchorage block of Chicham side and abutment had been completed and anchorage block of Kibber side was in progress after an expenditure of ₹ 2.85 crore but the work was lying incomplete as of November 2014 due to slow pace of execution even after expiry of more than nine years from the stipulated period of completion.

Thus, due to lack of proper monitoring, to initiate action against the contractors and failure of the Department to ensure timely completion of the above bridges not only resulted in unfruitful expenditure of ₹ 10.21 crore on bridges and roads but also deprived the beneficiaries of the intended benefits of the scheme years together.

The EE Spiti at Kaza stated (July 2014) that delay in construction of bridges was due to short working seasons/ climatic conditions, tough topography and change of site of bridge. The reply is not acceptable as all these factors should have been taken into account before sanctioning of works.

3.21.2.5 Non-receipt of monthly/ quarterly progress reports and utilisation certificates of works

Audit noticed that neither workwise physical and financial progress reports, were obtained nor utilisation certificates (UCs) of 1116 works costing ₹ 15.44 crore⁷⁶ sanctioned between October 2003 and July 2013 were obtained by the POs of the test-checked ITDPs as of July 2014.

The POs of test-checked ITDP stated (May-July 2014) that work wise physical and financial monthly/ quarterly progress reports and UCs would be obtained from the executing agencies.

3.21.3 Centrally sponsored scheme of Hostels for ST boys and ST Girls

3.21.3.1 Delay in completion of hostel buildings

Construction of two hostel buildings at Himachal Pradesh University (HPU), Shimla and National Institute of Technology (NIT), Hamirpur with an intake capacity of 213 students (HPU: 88 and NIT: 125) was sanctioned by GOI during November 2010 and February 2012 at an estimated cost of ₹ 7.84 crore (HPU: ₹ 3.61 crore and NIT: ₹ 4.23 crore). These buildings were stipulated to be completed by October 2012 and January 2014 respectively.

Scrutiny of records showed that the works were lagging behind their schedule of completion ranging between six to 21 months and were still incomplete even after incurring an expenditure of ₹ 4.03 crore. Slow pace of construction of hostel buildings not only resulted in unfruitful expenditure of ₹ 4.03 crore but also deprived the

⁷⁶ VKVNY: 163 works costing ₹ 1.22 crore; Nucleus Budget: 249 works costing ₹ 1.73 crore, CD-2515 Minor Works: 500 works costing ₹ 6.39 crore and BADP: 204 works costing ₹ 6.10 crore.

beneficiaries of the intended benefits of the hostel buildings. Besides, 2nd instalment of ₹ 3.81 crore had also not been released by the GOI as of July 2014 due to non-submission of utilisation certificates of ₹ 4.03 crore by the State Government.

The Deputy Director, TDD stated (August 2014) that the hostel buildings were lying incomplete due to non-release of further instalments by the GOI. The reply is not acceptable as due to slow pace of work, the UCs were sent late to the GOI i.e., March 2014 and May 2014 respectively.

It may be seen that funds ranging between ₹ 0.70 crore and ₹ 3.12 crore remained unutilised in savings bank accounts during 2011-14 in contravention of State Government instructions (May 2004). The Project Officers of the test-checked Integrated Tribal Development Projects had sanctioned 552 works costing ₹ 13.35 crore without obtaining prior technical sanctions during the above period. Contrary to the schemes guidelines, the POs had sanctioned ₹ 2.15 crore for execution of 124 inadmissible works. Expenditure of ₹ 10.21 crore incurred on construction of three bridges and two link roads remained unfruitful due to non-completion of bridge works.

The audit findings were referred to the Government in September 2014. Reply had not been received (December 2014).

Urban Development Department

3.22 Blocking of funds for construction of parking places

Absence of proper planning for construction of parking places by the Department resulted in blocking of ₹ 1.18 crore for a period of five to six years besides denial of parking facilities to the public.

Rule 2.10 (b) 5 of State Financial Rules, 1971 provides that money should not be withdrawn from treasury in respect of works the completion of which is likely to take considerable time.

With a view to provide parking facilities to the public, the State Government approved (2007-09) construction/ development of three⁷⁷ parking places at an estimated cost of ₹ 1.49 crore under the scheme Rajiv Gandhi Urban Renewal Facility and released (February 2008-March 2009) ₹ 1.18 crore to Municipal Council, Rampur (₹ 59.55 lakh) and two Nagar Panchayats (Chowari: ₹ 26.00 lakh and Jawalamukhi: ₹ 32.30 lakh). The construction of parking places at Rampur, Chowari and Jawalamukhi was entrusted to Himachal Pradesh Urban Development Authority (HIMUDA), Public Works Department (PWD) and Nagar Panchayat Jawalamukhi respectively. The works were stipulated to be completed within a period of one year from the date of sanction.

Scrutiny of the records (January 2014) of the Director, Urban Development (UD), Shimla and further information collected (June 2014) showed that HIMUDA did not execute the work of parking place at Rampur and returned the entire amount to the Department without assigning any reason in September 2013. Thereafter, the Department deposited (October 2013) the funds with the PWD for execution of work. However, the PWD also did not commence the work as of June 2014 due to non-finalisation of estimates. The works at Chowari and Jawalamukhi were not commenced as of June 2014 due to non-availability of suitable sites. The entire amount remained unutilised with the executing agencies for five to six years.

⁷⁷

Chowari, Jawalamukhi and Rampur.

The Director (UD) stated (June 2014) that finalisation of estimates by the PWD for the construction of car parking at Rampur was now under process. He further stated that new sites have now been identified for construction of parking place at Chowari and Jawalamukhi. The reply is not acceptable as the Department had withdrawn money from treasury without proper planning.

Thus, absence of proper planning for execution of parking places by the Department resulted in blocking of ₹ 1.18 crore and deprived the people of the areas of intended parking facilities. Besides, keeping ₹ 91.85 lakh outside government account (HIMUDA: ₹ 59.55 lakh and NP: ₹ 32.30 lakh) resulted in interest loss⁷⁸ of ₹ 41.43 lakh⁷⁹ to the State exchequer.

The audit findings were referred to the Government in April 2014. Reply had not been received (December 2014).

Women and Child Development and Health and Family Welfare Departments

3.23 Implementation of Schemes for Welfare and Protection of Girl Child

Under Kishori Shakti Yojana and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls 40 to 49 per cent identified girls (11-18 years of age) remained uncovered during 2011-14. Out of 98,776 beneficiaries identified in the Beti Hai Anmol Yojna, 77,213 were covered and thus 21,563 deprived of the intended benefits during above period. The Balika Ashrams constructed under the scheme Mukhya Mantri Bal Udhhar Yojana were understaffed and lacked basic infrastructure facilities.

For welfare and protection of girl child, five schemes including Kishori Shakti Yojana (KSY), Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA), Beti Hai Anmol Yojana (BHAY), Mukhya Mantri Bal Udhhar Yojna (MMBUY) and Indira Gandhi Balika Suraksha Yojna (IGBSY) are being implemented in the State. With the objective of ascertaining effectiveness of the delivery of services under these schemes the audit covering the period 2011-12 to 2013-14 was conducted during April 2014 to June 2014 by a test-check of records in the Directorates of Women and Child Development (WCD), Health and Family Welfare, three⁸⁰ each out of 12 District Programme Officers and 12 Chief Medical Officers, six⁸¹ out of 78 Child Development Programme Officers and two⁸² out of seven Balika Ashrams in the State.

3.23.1 Financial assistance and expenditure

Audit noticed that against availability of ₹ 54.39 crore⁸³ during 2011-14 under different schemes relating to welfare of girl child, an expenditure of ₹ 53.84 crore⁸⁴ was incurred and ₹ 0.55 crore remained unutilised as of March 2014.

⁷⁸ Calculated at average rate interest on State Government borrowings.

⁷⁹ ₹ 25.85 lakh (with MC Rampur from February 2009 to September 2013) and ₹ 15.58 lakh (with NP Jawalamukhi from April 2009 to March 2014).

⁸⁰ Bilaspur, Shimla and Solan.

⁸¹ Arki, Basantpur, Bilaspur, Ghumarwin, Kandaghat and Theog.

⁸² Durgapur and Mashobra.

⁸³ KSY: ₹ 1.46 crore; SABLA: ₹ 36.73 crore; BHAY ₹ 10.68 crore; MMBUY: ₹ 2.16 crore and IGBSY: ₹ 3.36 crore.

⁸⁴ KSY: ₹ 0.90 crore; SABLA: ₹ 37.33 crore; BHAY ₹ 10.71 crore; MMBUY: ₹ 2.19 crore and IGBSY: ₹ 2.71 crore.

3.23.2 Kishori Shakti Yojana (KSY) and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls (SABLA)

KSY and SABLA were aimed at empowering the nutritional and health status of all adolescent girls (11-18 years) and promoting self development, awareness of health, hygiene, nutrition, family welfare and management and decision making capability of women. The intervention was to be limited to the approved amount of ₹ 1.10 lakh per block for KSY and ₹ 3.80 lakh for SABLA and expenditure was required to be met from grant released by GOI to the State Government. During 2011-14, KSY was being implemented in 46 blocks/ projects of eight districts⁸⁵ and SABLA was launched (September 2010) on pilot basis replacing KSY in other four districts⁸⁶ of the State covering 32 blocks/ projects.

3.23.2.1 Coverage of beneficiaries

The position of beneficiaries identified and coverage thereagainst during 2011-14 was as given in **Table-3.23.1**.

Table-3.23.1
Position of identified beneficiaries and coverage thereagainst during 2011-14
(In numbers)

Year	Population of Adolescent girls as per census 2011	KSY		SABLA		Total		
		Identified	Covered	Identified	Covered	Identified	Covered	Shortfall
2011-12	416804	221631	90810	156772	101643	378403	192453	185950 (49)
2012-13	420889	217064	130056	164027	97551	381091	227607	153484 (40)
2013-14	416663	214543	60541	163305	152215	377848	212756	165092 (44)

Source: Figures supplied by the Women and Child Development Department.

It would be seen from **Table-3.23.1** that the girls identified under the schemes were not commensurate with the population of girls (11-18 years) as per census 2011 and even the identified girls were not covered to the extent of 40 to 49 *per cent* under these programmes. This indicated that the Department failed to review the nutritional and health status of all the adolescent girls in the age group of 11-18 years during 2011-14.

The Department attributed (August 2014) less coverage of beneficiaries to the tough geographical conditions of State and reluctance of parents to send their children for camps/ training, etc., under above programmes. The fact, however, remains that the schemes were not implemented effectively as a large number of girls remained uncovered during 2011-14.

3.23.2.2 Training to Sakhi-Sahelis under SABLA

Under this scheme, a group to be known as *Kishori Samooh* was to be formed comprising of 15-25 Adolescent Girls at each anganwadi centre. One girl as sakhi and two girls as sahelis from within the group were to be selected to form peer monitor for group. One day training course was to be conducted at block level to these selected Sakhi-Sahelis. The training to 25 batches each comprising of 30 Sakhi-Sahelis per project was required to be imparted in a phased manner.

It was, however, noticed that against the targeted training to 72,000 Sakhi-Sahelis in 2400 groups during 2011-14, training to 70,695 Sakhi-Sahelis in 2076 groups was imparted and 1305 Sakhi-Sahelis remained deprived of the required training course.

⁸⁵ Bilaspur, Hamirpur, Kinnaur, Lahaul and Spiti, Mandi, Shimla, Sirmaur and Una.

⁸⁶ Chamba, Kangra, Kullu and Solan.

The Director WCD stated (June 2014) that training to all the Sakhi-Sahelis could not be imparted due to shortage of manpower.

3.23.2.3 Procurement of training kits

As per Annual Action Plan approved for implementation of SABLA during 2013-14, training kits for day to day activities of Sakhi-Sahelis were to be provided to 8042 anganwadi centres (AWCs). For this purpose, ₹ 28.63 lakh was provided during 2013-14.

It was, however, noticed that during 2013-14, no training kit was purchased by the Department for supply to AWCs. This deprived the beneficiaries of the intended facilities during 2013-14.

While confirming the facts, the Director WCD stated (July 2014) that tenders for procurement for the year 2013-14 were floated during February 2014 and supply was made in May 2014.

3.23.2.4 Inadequate meetings of State Level Coordination Committee under SABLA

As per guidelines of SABLA, Coordination Committees at the block/ project, district and State levels were required to be constituted for proper assessment, evaluation and monitoring of the programme. The meetings of Coordination Committees were required to be held monthly at block/ project level and quarterly at district and State levels.

It was noticed that no meeting of State Level Coordination Committee was held during 2011-14. Audit scrutiny further showed that only 12 meetings (25 *per cent*) of district level committees were held against the requisite 48 meetings during 2011-14. Similarly, only 51 meetings (five *per cent*) against 1152 meetings were held at block / project level. This indicated inadequate high level monitoring, evaluation and follow up in implementation of the programme.

While admitting the facts, the Director WCD stated (July 2014) that the requisite meetings could not be convened during 2013-14 due to preparation for Lok Sabha elections. The concerned CDPOs stated (June 2014) that meetings were not held during 2011-14 due to shortage of staff.

3.23.3 Beti Hai Anmol Yojna

The Beti Hai Anmol Yojna was launched (July 2010) with a view to discourage early marriage and to improve enrolment and retention of girl children in the school. Under this scheme, post-birth grant at a rate of ₹ 5100 (with effect from July 2010 to May 2012) and ₹ 10,000 (June 2012 onwards) and annual scholarship ranging between ₹ 300 and ₹ 1500 was to be provided to the school going girls from class one to 10+2 level, belonging to the Below Poverty Line (BPL). The benefit of the scheme was admissible to the BPL parents having two female children in the family.

3.23.3.1 Coverage of beneficiaries

Audit noticed that against 18,222 beneficiaries identified during 2011-14 under post birth grant, 13,332 beneficiaries were covered and 4,890 beneficiaries (27 *per cent*) remained deprived of the intended benefits. Similarly, against 80,554 beneficiaries identified during 2011-14 under scholarships, 63,881 beneficiaries were covered resulting in shortfall of 16,673 beneficiaries (21 *per cent*). Thus, there was a shortfall in coverage of beneficiaries by the Department during 2011-14.

The Director stated (July 2014) that all the identified beneficiaries could not be assisted due to shortage of funds. The contention is not convincing as the Department should have made provision of funds as per the requirements.

3.23.4 Mukhya Mantri Bal Udhhar Yojana

The State Government launched (September 2006) an integrated scheme named 'Mukhya Mantri Bal Udhhar Yojna' (MMBUY) for the children in need of care, protection and rehabilitation between age group of 6-18 years. Under this scheme seven⁸⁷ Balika Ashrams were established in the State. The inmates of Ashrams were to be provided free boarding, lodging and educational facilities upto 10+2 level.

3.23.4.1 Lack of infrastructural facilities in Balika Ashrams

As per guidelines, facilities like library, recreational and sports facilities were to be provided by the Ashrams being run under the scheme.

Audit noticed that four⁸⁸ out of seven Balika Ashrams had no library facility whereas two (Garli and Sunni) had no playgrounds.

While confirming the facts the Director, WCD stated (June 2014) that the aforesaid facilities in balika ashram at Garli could not be provided due to insufficient space as balika ashram was running in a private building whereas other balika ashrams were being run by NGOs. The reply is not convincing as the Department should have ensured the availability of adequate infrastructural facilities in Balika Ashrams.

3.23.4.2 Inadequate manpower

As per guidelines of MMBUY, adequate staff was required to be provided by the WCD Department in the balika ashrams.

It was, however, noticed that balika ashrams were not adequately staffed, as against the sanctioned strength of 63 personnel⁸⁹ in seven balika ashrams, 19 posts⁹⁰ (30 per cent) of various categories were lying vacant as of June 2014. It was further noticed that no post of security personnel was sanctioned for any of the seven balika ashrams. As a result, nine⁹¹ girls absconded from the balika ashrams during 2012-14 (2012-13: six and 2013-14: three), of that whereabouts of five girls were not known as of June 2014. This indicated that the affairs of ashrams were not effectively managed.

While admitting the facts, the Director, WCD stated that the matter for permission of outsourcing of security personnel was taken up (September 2013) with the Government, but was not responded by the Government as of June 2014.

3.23.5 Indira Gandhi Balika Suraksha Yojna (IGBSY)

In order to counter the declining sex ratio, the State Government launched (October 2006) Indira Gandhi Balika Suraksha Yojna (IGBSY) under which financial assistance of ₹ 25,000 and ₹ 20,000 was to be provided to the parents having one female child and two female children respectively. The benefit was to be extended to the couples, adopting terminal family planning methods.

⁸⁷ Chamba, Durgapur, Garli, Mashobra, Kalpa, Sunni and Tissa.

⁸⁸ Garli, Kalpa, Sunni and Tissa.

⁸⁹ Superintendent: seven; Warden: seven; Clerk /Assistant: seven; Cook: seven; Attendant: seven; Aya: seven; Sweeper: seven; Craft Teacher: seven and Helper: seven.

⁹⁰ Superintendent: two; Warden: one; Clerk /Assistant: four; Cook: two; Attendant: three; Aya: three; Sweeper: one; Craft Teacher: one and Helper: two.

⁹¹ Durgapur: two; Mashobra: five and Sunni: two.

The Department received ₹ 3.36 crore under IGBSY during 2011-14, against this an expenditure of ₹ 2.72 crore was incurred and the unspent amount of ₹ 0.64 crore was surrendered to the government.

3.23.5.1 Coverage of beneficiaries

It was noticed that records regarding actual coverage of beneficiaries and utilisation certificates had not been maintained at the Directorate level. In the absence of any record, authenticity of the expenditure in respect of State as a whole could not be verified in audit. It was, however, observed that in the three⁹² test-checked CMOs all the beneficiaries identified during 2011-14 were paid the entitled incentives.

Thus, under Kishori Shakti Yojana and Rajiv Gandhi Scheme for Empowerment of Adolescent Girls, the identified girls (11-18 years of age) ranging between 40 and 49 *per cent* remained uncovered during 2011-14. Out of 98,776 beneficiaries identified in the Beti Hai Anmol Yojna, 77,213 were covered and thus 21,563 deprived of the intended benefits during above period. The Balika Ashrams constructed under the scheme Mukhya Mantri Bal Udhhar Yojana were understaffed and lacked basic infrastructure facilities.

The audit findings were referred to the Government in August 2014. Reply had not been received (December 2014).



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The

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⁹²

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Appendices

Appendices

Appendix – 1.1

(Reference: Paragraph 1.10; Page 5)

Year-wise break up of outstanding Inspection Reports/ Paras upto March 2014 of selected Drawing and Disbursing Officers

(₹ in crore)

Period	Ayurveda Department			Rural Development Department			Total		
	IRs	Paras	Amount	IRs	Paras	Amount	IRs	Paras	Amount
Up to March 2004	8	8	0.64	134	212	10.02	142	220	10.66
2004-05	4	4	0.83	10	13	0.94	14	17	1.77
2005-06	1	1	0.02	16	21	0.94	17	22	0.96
2006-07	5	6	0.42	28	49	10.65	33	55	11.07
2007-08	4	4	0.26	28	46	8.23	32	50	8.49
2008-09	1	1	0.17	31	69	15.60	32	70	15.77
2009-10	0	0	0.00	35	70	22.09	35	70	22.09
2010-11	1	1	7.01	22	68	37.19	23	69	44.20
2011-12	1	3	1.82	20	76	43.75	21	79	45.57
2012-13	0	0	0.00	24	124	67.97	24	124	67.97
2013-14	7	30	43.91	3	34	24.46	10	64	68.37
Total	32	58	55.08	351	782	241.84	383	840	296.92

Appendix – 1.2

(Refer paragraph 1.10; page 5)

Statement showing irregularities commented upon in the outstanding Inspection Reports and Paragraphs as on 31 March 2014

(₹ in crore)

Sl. No.	Type of irregularities	Ayurveda Department		Rural Development Department		Total	
		Para	Amount	Para	Amount	Para	Amount
1.	Drawal of funds in advance of requirement	8	12.69	102	55.04	110	67.73
2.	Non-adjustment of contingent advances	3	19.09	18	0.68	21	19.77
3.	Excess/ irregular expenditure for want of sanctions	3	0.37	35	7.78	38	8.15
4.	Wasteful/ infructuous/ unfruitful expenditure	7	6.66	81	75.61	88	82.27
5.	Diversion of funds	1	0.00	18	2.20	19	2.20
6.	Overpayment, non-recovery of rent, advances/ miscellaneous recoveries	15	0.15	76	0.68	91	0.83
7.	Non-production of actual payees' receipts	1	0.01	3	0.01	4	0.02
8.	Outstanding loans	0	0.00	63	3.52	63	3.52
9.	Idle machinery/ equipment including vehicles	1	0.01	16	0.23	17	0.24
10.	Non-accounting/ shortage of stores/ cash, etc.	1	0.00	19	0.35	20	0.35
11.	Non-recoupment of expenditure	0	0.00	1	0.37	1	0.37
12.	Misappropriation of stores/ cash/ funds	1	0.01	29	6.74	30	6.75
13.	Incomplete/ abandoned works	0	0.00	35	3.47	35	3.47
14.	Loss/ theft embezzlement/ defalcation, etc.	1	0.00	25	0.25	26	0.25
15.	Non-production of UCs	1	10.78	10	8.32	11	19.10
16.	Non-disposal of unserviceable articles of stores	0	0.00	13	0.14	13	0.14
17.	Non-reconciliation with treasuries/ banks	0	0.00	18	3.81	18	3.81
18.	Non-utilisation of Grants-in-aid	1	0.72	6	0.38	7	1.10
19.	Non-deposit of interest in treasuries	2	4.11	44	28.08	46	32.19
20.	Miscellaneous irregularities	12	0.48	170	44.18	182	44.66
Total		58	55.08	782	241.84	840	296.92

Appendix – 1.3

(Refer paragraph 1.12; page 6)

Statement showing Status of Accounts of the autonomous bodies

Sl. No.	Name of the body	Period of entrustment	Year upto which Accounts were rendered	Date of submission of Accounts	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	2012-13	29.08.2013	2 months	2011-12	26.08.2013
2.	District Legal Service Authority, Shimla	May 2009	2012-13	26.10.2013	4 months	2011-12	26.08.2013
3.	District Legal Service Authority, Kinnaur	May 2009	2012-13	30.10.2013	4 months	2011-12	26.08.2013
4.	District Legal Service Authority, Dharamshala	May 2009	2012-13	12.08.2013	1½ months	2011-12	26.08.2013
5.	District Legal Service Authority, Nahan	May 2009	2012-13	23.10.2013	4 months	2011-12	26.08.2013
6.	District Legal Service Authority, Hamirpur	May 2009	2012-13	28-10-2013	4 months	2011-12	26.08.2013
7.	District Legal Service Authority, Solan	May 2009	2012-13	29.09.2013	3 months	2011-12	26.08.2013
8.	District Legal Service Authority, Mandi	May 2009	2012-13	22.08.2013	2 months	2011-12	26.08.2013
9.	District Legal Service Authority, Una	May 2009	2012-13	28.09.2013	3 months	2011-12	26.08.2013
10.	District Legal Service Authority, Chamba	May 2009	2012-13	08.08.2013	1 month	2011-12	26.08.2013
11.	District Legal Service Authority, Kullu	May 2009	2012-13	06.09.2013	2 months	2011-12	26.08.2013
12.	District Legal Service Authority, Bilaspur	May 2009	2012-13	08.08.2013	1 month	2011-12	26.08.2013
13.	HP Building and other Construction workers Welfare Board, Shimla	2009-10 onwards	2012-13	02.05.2014	10 months	2011-12	Not placed
14.	HP State Veterinary Council, Shimla	2005-06	2012-13	23.10.2013	4 months	2012-13	26.01.2014

Appendix – 2.1

(Refer Paragraph 2.1.20; Page 22)

Findings of survey conducted by SSA project team to assess the enhancement in students' learning achievements and progress

1. Out of total 5,08,944 students of class-II to VIII surveyed, 16,823 (3.30 *per cent*), 13,785 (2.70 *per cent*), 16,555 (3.30 *per cent*) and 12,066 (2.40 *per cent*) students scored 0 on 100 in English, Hindi, Mathematics, and Science respectively.
2. Students have moved to the next higher level without actually acquiring class level desired learning level. The class wise achievement was as given below:
 - 50 *per cent* students entered class-II without actually acquiring class level competences.
 - 20 *per cent* students of class-III were at beginner level and could not identify alphabets and numbers.
 - Only 2-8 *per cent* students of class-IV have actual class appropriate attainment level.
 - Only 10-16 *per cent* students of class-V could attempt class appropriate questions while 35 *per cent* students were at beginner level where they can't read and write.
 - Only 16 *per cent* students were at class-VI appropriate level.
 - Only 10 *per cent* students of class-VII have class appropriate competence level.
 - Only 2-6 *per cent* students of class-VIII have class appropriate competence and 16-38 *per cent* students were at very low level of learning.

Appendix-2.2

(Refer Paragraph- 2.4.6.1; page 63)

Statement showing the functions to be transferred to MC by the Government

Sr. No.	Name of function to be transferred to MC by the Government	Status
1.	Urban planning including town planning.	Fully transferred
2.	Regulation of land use and construction of building.	-do-
3.	Planning for economic and social development.	-do-
4.	Roads and bridges.	-do-
5.	Water supply for domestic, industrial and commercial purposes.	-do-
6.	Public health, sanitation conservancy and solid waste management.	Transferred partially
7.	Fire services.	Not transferred
8.	Urban forestry, protection of the environment and promotion of ecological aspects.	Fully transferred
9.	Safeguarding the interests of weaker sections of society, including the handicapped and mentally retarded.	Not transferred
10.	Slum improvement and up gradation.	Transferred fully
11.	Urban poverty alleviation.	-do-
12.	Provision of urban amenities and facilities such as parks, gardens, playground.	Transferred partially
13.	Promotion of cultural, educational and aesthetic aspects.	Not transferred
14.	Burials and burial grounds, cremations, cremation ground and electric crematoriums.	Transferred fully
15.	Cattle pounds prevention of cruelty to animals.	-do-
16.	Vital statistics including registration of births and deaths.	-do-
17.	Public amenities including street lighting parking lots, bus stops and public conveniences.	Transferred partially
18.	Regulations of slaughter house and tanneries.	Transferred fully

Appendix-3.1

(Refer Paragraph- 3.12.1.3; page 96)

**Year-wise details of original budget and
re-appropriation of budget under Backward Area Sub Plan for the year 2011-14**
(₹ in crore)

Sl. No.	Name of Sector	Year 2011-12		Year 2012-13		Year 2013-14		Total		
		O*	R#	O	R	O	R	O	R	Diff.
1.	Agriculture	0.03	0	0.04	0.01	0.04	0	0.11	0.01	(-) 0.10
2	Animal Husbandry	0.02	0.05	0.03	0.03	0.03	0.08	0.08	0.16	(+) 0.08
3.	Ayurveda	0.06	0.02	0.10	0.20	0.08	0	0.24	0.22	(-) 0.02
4.	Elementary Education	0.33	0.41	0.55	0.39	0.40	0.27	1.28	1.07 (6)	(-) 0.21
5.	Higher Education	0.65	0.37	1.11	0.50	0.79	0.60	2.55	1.47 (8)	(-) 1.08
6.	Horticulture	0.03	0	0.04	0.01	0.04	0	0.11	0.01	(-) 0.10
7.	Industry	0.03	0	0.04	0.07	0.04	0	0.11	0.07	(-) 0.04
8.	Minor Irrigation	0.01	0	0.02	0.01	0.03	0	0.06	0.01	(-) 0.05
9.	Road and Bridge	0.98	2.57	1.95	3.67	2.45	4.02	5.38	10.26 (59)	(+) 4.88
10.	Rural Health	0.77	0.18	1.16	0.27	0.85	0	2.78	0.45	(-) 2.33
11.	Rural Water Supply	0.83	0.34	1.58	1.69	1.58	1.54	3.99	3.57 (20)	(-) 0.42
12.	Soil Conservation	0.05	0.01	0.08	0.02	0.06	0.08	0.19	0.11	(-) 0.08
13.	Social Forestry	0.16	0	0.22	0.05	0.20	0	0.58	0.05	(-) 0.53
	Total	3.95	3.95	6.92	6.92	6.59	6.59	17.46	17.46	

Source: Information supplied by the Department

Note: Figures in parenthesis indicate percentage.

* Original allocation

Re-appropriation

Glossary of Abbreviations

Glossary of Abbreviations	
Abbreviation	Expanded form
A/A	Administrative Approval
AAP	Annual Action Plan
ADM	Additional District Magistrate
AIE	Alternate and Innovative Education
APO	Annual Plans of Operation
ARWSP	Accelerated Rural Water Supply Programme
ASIDE	Assistance to State for Infrastructure Development of Export and Allied Activities
ATN	Action Taken Note
AWC	Anganwadi Centre
AWP	Annual Work Plan
BADP	Border Area Sub-Plan
BASP	Backward Area Sub-Plan
BDO	Block Development Officer
BEEOs	Block Elementary Education Officers
BPL	Below Poverty Line
BRC	Block Resource Coordinator
BSNL	Bharat Sanchar Nigam Limited
CA	Chartered Accountant
CAG	Comptroller and Auditor General of India
CAL	Computer Aided Learning
CCF	Chief Conservator of Forest
CDP	Catalytic Development Programme
CDPO	Child Development Project Officer
CE	Chief Engineer
CEP	Common Effluent Plant
CFA	Central Financial Assistance
CGWB	Central Ground Water Board
CHC	Community Health Centre
CMO	Chief Medical Officer
CONCOR	Container Corporation of India
CRC	Cluster Resource Coordinator
CSB	Central Silk Board
CSS	Centrally Sponsored Scheme
CWSN	Children with Special Need
CWSP	Comprehensive Water Security Plan
DC	Deputy Commissioner
DDO	Drawing and Disbursing Officer
DDP	Desert Development Programme
DDsEE	Deputy Directors of Elementary Education
DEE	Director, Elementary Education
DFO	Divisional Forest Officer
DHE	Director of Higher Education
DIC	District Industries Centre
DP	Development Plan
DPDC	District Planning, Development and 20-point programme review Committee
DPO	District Project Officer
DPR	Detailed Project Report
DU	Dwelling Unit

Abbreviation	Expanded form
DWSM	District Water and Sanitation Mission
DWSP	District Water Security Plans
EA	Executing Agency
EDP	Entrepreneurship Development Programme
EGS	Education Guarantee Scheme
E/S	Expenditure Sanction
FCA	Forest Conservation Act, 1980
FD	Finance Department
FDR	Fixed Deposit Receipt
FIS	Flow Irrigation Scheme
GC	Government College
GM	General Manager
GOI	Government of India
GP	Gram Panchayat
GPS	Global Positioning System
GSC	Government Sanskrit College
GSDP	Gross State Domestic Product
GSSS	Government Senior Secondary School
HIMUDA	Himachal Pradesh Urban Development Authority
HPBM	Himachal Pradesh Budget Manual
HPFR	Himachal Pradesh Financial Rule
HPMC	Himachal Pradesh Municipal Corporation
HPRR	Himachal Pradesh Panchayati Raj Rules
HPSEBL	Himachal Pradesh State Electricity Board Limited
HPSIDC	Himachal Pradesh State Industrial Development Corporation
HPU	Himachal Pradesh University
HRD	Human Resource and Development
HSC	Health Sub-Centre
HSCC	Hospital Services Consultancy Corporation
HSR	Health Safety and Regulation
HT	High Tension
IADA	Industrial Area Development Authority
IAP	Industrial Awareness Programme
IAs	Industrial Areas
ICD	Inland Container Depot
ICDS	Integrated Child Development Services
IDTC	Integrated Development of Tourist Circuit
IEC	Information, Education and Communication
IEs	Industrial Estates
IGBSY	Indira Gandhi Bal Suraksha Yojana
IPH	Irrigation and Public Health
IRDP	Integrated Rural Development Programme
JFMC	Joint Forest Management Committee
JNNURM	Jawaharlal Nehru National Urban Renewal Mission
KSY	Kishori Shakti Yojana
LN ₂	Liquid Nitrogen
LOA	Letter of Acceptance
LT	Low Tension
MC	Municipal Corporation
MFMP	Manual on Financial Management and Procurement

Abbreviation	Expanded form
MIS	Management Information System
MIU	Monitoring and Investigation Unit
MLD	Million Litres per Day
MMBUY	Mukhya Mantri Bal Uddhar Yojana
MoEF	Ministry of Environment and Forest
MoUD	Ministry of Urban Development
MRD	Ministry of Rural Development
MSERW	Mild Steel Electric Resisted Welded
MSW	Municipal Solid Waste
NABARD	National Bank for Agriculture and Rural Development
NAC	National Advisory Council
NB	Nucleus Budget
NGO	Non-Government Organisation
NIT	National Institute of Technology
NOC	No Objection Certificate
NRDWP	National Rural Drinking Water Programme
NSM	Nurpur Silk Mill
OB	Opening Balance
OBC	Other Backward Classes
OPD	Out Patient Department
OT	Operation Theater
PAB	Project Approval Board
PHC	Primary Health Centre
PIP	Persons-in-Position
PO	Project Officer
PPP	Public Private Partnership
PRI	Panchayati Raj Institution
PS	Primary School
PTR	Pupil Teacher Ratio
PWD	Public Works Department
RAP	Rural Artisans Programme
REMS	Research Evaluation Monitoring and Supervision
RIDF	Rural Infrastructure Development Fund
RIP	Rural Industrial Programme
RMC	Review and Monitoring Committee
RTE	Right of Children to Free and Compulsory Education
RTGS	Real Time Gross Settlement
RWS	Rural Water Supply
SAA	State Academic Authority
SABLA	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls
SAC	State Advisory Council
SAR	Separate Audit Report
SC	Scheduled Caste
SCERT	State Council for Educational Research and Training
SCSP	Scheduled Caste Sub-Plan
SEHB	Shimla Environment Heritage Conservation and Beautification Society
SFD	State Forest Department
SFR	State Financial Rule
SIS	State Implementation Society
SLIDMA	State Level Industrial Development and Management Authority
SLSSC	State Level Scheme Sanctioning Committee
SMC	School Management Committee

Abbreviation	Expanded form
SO	Sericulture Officer
SOP	Supply of Power
SPD	State Project Director
SPV	Special Purpose Vehicle
SRSWOR	Simple Random Sampling Without Replacement
SS	Staff Sanctioned
SSA	Sarva Shiksha Abhiyan
SSPO	Silk Seed Production Officer
ST	Scheduled Tribes
STA	State Technical Agency
STP	Sewage Treatment Plants
SWCA	Single Window Clearance Agency
SWM	Solid Waste Management
SWSM	State Water and Sanitation Mission
TASP	Tribal Area Sub-Plan
TDD	Tribal Development Department
TFC	Thirteenth Finance Commission
UC	Utilisation Certificate
UD	Urban Development
UPS	Upper Primary School
VDP	Village Development Plan
VKVNY	Vidhayak Kshetra Vikas Nidhi Yojana
VWSC	Village Water and Sanitation Committee
VWSP	Village Water Security Plans
WC	Ward Committee
WCD	Women and Child Development
WQMS	Water Quality Management and Surveillance
WS	Ward Sabha
WSSO	Water and Sanitation Support Organisation