

Chapter 6: Economic Services

6.1 Infrastructure

Good infrastructure will go a long way in enhancing the growth potential of the district and bridging the gap between the urban and rural areas. It will also bring the remote and backward areas closer to the district headquarters and bring about equity and inclusive growth of the economy. Infrastructure includes provision of good all weather roads, adequate electricity for household, industrial and irrigation needs, railway connectivity, air services and reliable communication facilities.

Audit analysis revealed that there is no airport and railway connectivity in the district. The nearest airport at Chandigarh is 90 kms away from Nahan town. The nearest railway station is Ambala Cantt (Haryana) which is 65 kms from Nahan town. A review of the development of roads in the district revealed that 70 per cent villages had been provided road connectivity upto March 2009. Audit findings in this regard are discussed below.

i) Roads

a) Status of Road Connectivity

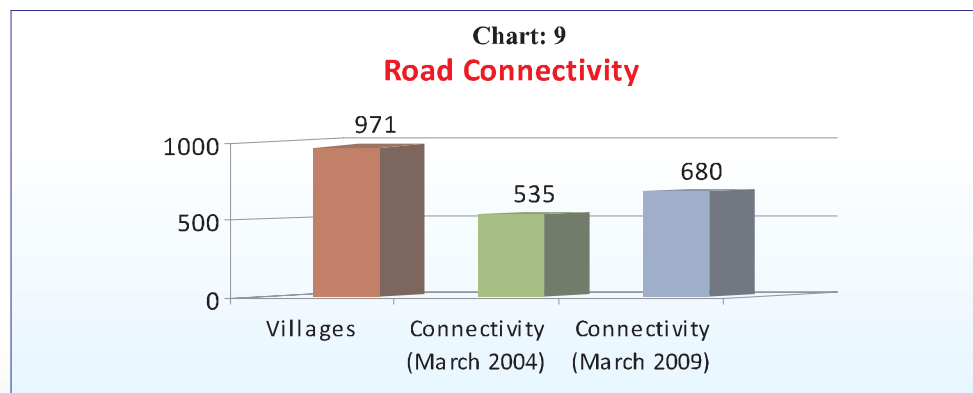
Out of the total 971 villages in the district, only 680 villages have been provided road connectivity as of March 2009. The distance of various places from the district headquarters ranges from 18 kms (Kala Amb) to 125 kms (Rajgarh). The distances from the Blocks to the district headquarters is given below:

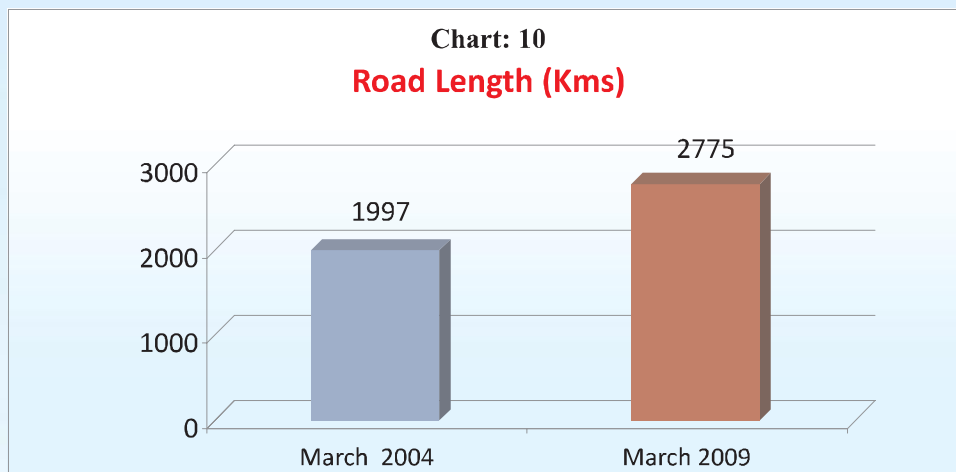
Table: 13

Block	Distance from district headquarters (kms)
Nahan	This block is at district headquarter.
Paonta Sahib	45
Rajgarh	125
Shillai	117
Sangrah	65
Pacchad	39

Source: State Planning Department

The status of road connectivity in the district as of 31 March 2009 is given below:





Source: State Planning Department

As can be seen from the charts above, there has only been an increase of 145 villages (15 per cent) connected through roads and 778 kms (39 per cent) in the length of roads provided during the last five years. The EEs attributed (May-July 2009) the poor progress to disputes in road alignments on private/forest land.

b) Schemes for Development of Roads

The most important scheme being implemented for the construction/development of roads is the Centrally Sponsored Pradhan Mantri Gram Sadak Yojana (PMGSY) and Bharat Nirman Programme. Another scheme which aimed at construction of village link roads is Mukhya Mantri Gram Path Yojana (MMGPY).

The progress with regard to implementation of PMGSY is discussed in the succeeding paragraphs.

The PMGSY was launched in 2000 and aimed at connecting every habitation that has a population of 1000 or more through good all weather roads within three years i.e. by 2003 and habitations with 500 people or more, by the end of the Tenth Plan. The status in this regard as of March 2009 was as follows:

Table: 14

Habitation	Total No. of habitations	Number of habitations		Percentage of shortfall
		Connected	To be connected	
With over 1000 people	19	12	7	37
With over 500 people	55	39	16	29

Source: Departmental figures

During 2004-09, funds amounting to Rs 91.31 crore were provided by the GOI for this programme and the State Government allocated Rs 75.06 crore out of State budget for construction of roads for the district. Of this, expenditure incurred was Rs 91.52 crore and Rs 71.68 crore respectively.

The details of road works taken up in the district during the review period and progress of their execution are tabulated in table-15:

Table: 15

Year	Number of works taken up		Approved cost (Rupees in crore)		Works completed			
	PMGSY	State Sector	PMGSY	State Sector	(In numbers)		(Cost Rupees in crore)	
					PMGSY	State Sector	PMGSY	State Sector
2004-05	17	4	20.77	4.04	12	3	13.05	2.07
2005-06	7	4	11.29	11.46	5	1	7.05	5.27
2006-07	39	12	74.19	4.50	13	1	9.47	0.05
2007-08	9	3	10.44	4.63	2	--	1.97	--
2008-09	2	6	4.20	1.44	--	--	--	--
Total	74	29	120.89	26.07	32	5	31.54	7.39

Source: Data compiled by Audit from information supplied by the respective divisions

Audit analysis revealed that out of 103 works taken up during 2004-09 under PMGSY and State Sector schemes, only 37 works (36 per cent) were completed, within the stipulated completion period, 21 works were still in progress and remaining 45 works were lying incomplete as of March 2009. The delay in completion of 45 works ranged between two and 32 months. The EEs attributed (May-July 2009) the delay to acquisition of private land and for want of sanction for the use of forest land for non-forestry purpose.

In sum, 30 per cent of the villages in Sirmour district still remain to be provided with road connectivity; acquisition of forest/private land being the main bottleneck.

Recommendations

- *To ensure timely completion of road connectivity projects, mechanism to resolve the land disputes needs to be set up on priority basis.*

ii) Schemes for other developmental activities

Other developmental activities like renovation/repairs of Government Schools, health institutions, water supply schemes, etc., were taken up in the district under Vikas Mein Jan Sahyog (VMJS), Sectoral Decentralised Planning (SDP), Members of Parliament Local Area Development Scheme (MPLADS), Vidhayak Kshetriya Vikas Nidhi Yojana (MLALADS), etc.

a) Vikas Mein Jan Sahyog (VMJS)

VMJS scheme was launched in January 1993 with the objective of ensuring community participation in developmental activities like construction of Government buildings for education, rural water supply schemes, rural roads, minor irrigation schemes, multipurpose community centres and other infrastructural facilities. It is a State sponsored scheme with funding in the ratio of 85:15 between the State Government and the public in areas where the SC/ST population comprise over 50 per cent, 75:25 in backward areas, and 50:50 in urban areas and rural areas with population being predominantly of general category.

During 2004-09, Rs 4.24 crore was released by the DC to the executing agencies for developmental works in the district. Of this, Rs 1.27 crore was utilised by the executing agencies and the balance amount was lying with the latter as of March 2009. The percentage utilisation of budget allocation declined from 79 during 2004-05 to three during 2008-09.

b) Sectoral Decentralised Planning (SDP)

The SDP was introduced in all the districts except the tribal areas to execute works relating to renovation/repair of Government owned public assets like schools, health institutions, water supply schemes, irrigation kuhls and village link roads. The works under this scheme are approved by the District Planning Development and Twenty Point Programme Review Committee. Under this scheme, five per cent funds are taken from the approved Plan in respect of selected heads of development and are placed at the disposal of the DC as 'untied funds' to be utilised on smaller works which do not find place in the budget and to ensure that public grievances are redressed instantly.

During 2004-09, Rs.10.93 crore was released to the executing agencies against which only Rs. 0.86 crore (eight *per cent*) was utilised. Despite a specific stipulation to refund the unutilised funds at the close of the financial year, the executing agencies retained the funds. As per the DPO, 82 works worth Rs 0.86 crore were completed and 434 works costing Rs 10.07 crore remained incomplete due to site dispute/site selection as of June 2009.

c) Member of Parliament Local Area Development Scheme (MPLADS)

District Sirmaur is a part of Shimla Parliamentary constituency which includes Shimla and Solan districts also. DC Shimla is the Nodal Officer for release of funds to the Sirmaur district.

During 2004-09, Rs 25 crore was received by the DC, Shimla for approval and sanction of works relating to the development of the constituency under MPLADS. Out of this Rs 2.98 crore was allocated to Sirmaur district. Besides, the DC had an unspent amount of Rs 2.65 lakh in the beginning of 2004-05 and also received Rs 34.30 lakh from the executing agencies on account of savings surrendered by them and interest of Rs 4.35 lakh credited in the bank accounts. Of the total available amount of Rs 3.39 crore, Rs 2.94 crore was released to the executing agencies in the district and the balance Rs 0.45 crore remained unutilised with the DC as of June 2009.

Scrutiny of the details of the works sanctioned under MPLADS revealed the following:

As per the revised guidelines (November 2005), an amount of Rs 44.07 lakh and Rs 22.03 lakh were to have been released for the development of the areas inhabited by SC and ST communities respectively. However, no amount was either recommended by the Member of Parliament or sanctioned by the DC during 2004-09. The DC admitted (July 2009) the facts.

Against Rs 2.94 crore sanctioned and released to the executing agencies, the details of expenditure for only Rs 2.06 crore incurred by them during 2004-08 were available with the DC's office though Utilisation Certificates were given for the entire amount. For the financial year 2008-09, the details of amount actually spent were, however, not furnished by that office. While admitting the facts, the DC in the exit conference stated (October 2009) that concerned MP would be requested to recommend more works to ensure optimum utilisation of funds.

d) Vidhayak Kshetriya Vikas Nidhi Yojana (VKVNY)

District Sirmaur has five Vidhayaks (Members of Legislature). Under MLALAD scheme, Rs. 25 lakh was released to each of the Vidhayaks with effect from 2004-05 to ensure execution of developmental works in their respective constituencies. The works are to be selected by the Vidhayaks as per the guidelines of the scheme and sanction from the DC is to be obtained for their execution.

During 2004-09 the DC received Rs. 6.25 crore and released to the implementing agencies. Of this, only Rs 1.31 crore was expended and the balance was lying with the implementing agencies as of March 2009.

The DPO stated (July 2009) that due to non completion of codal formalities in time, the amount spilled over to the next year.

Common Implementation Issues

Scrutiny of implementation of these four schemes brought out the following common aspects:

➤ All the works sanctioned under VMJS, SDP, MPLADS and VKVNY are required to be completed within a year. However, in the three test checked blocks, it was observed that 88¹⁵ works relating to construction of link roads, community centres, etc. sanctioned during 2004-09 for Rs 84.17 lakh were not at all taken up for execution as of June 2009 resulting in denial of the intended benefits to the public.

➤ 1181 works¹⁶ like construction of community centres/mahila mandal bhawans, school buildings, roads, etc., costing Rs 19.44 crore sanctioned between April 2004 and June 2008 were lying incomplete as of July 2009. In the three test-checked blocks, 128 works¹⁷ costing Rs 1.98 crore sanctioned during April 2004 to June 2008 which were to have been completed by July 2009, were yet to be completed. The delay in completion of these works ranged between one and 52 months.

The BDOs attributed (June-July 2009) the non-commencement of works/delay in completion works to the diversion of works to other places, non-availability of land/land disputes, late site selection and non co-operation of GPs.

¹⁵ MPLADS: 35; SDP: 26 and VKVNY: 27

¹⁶ MPLADS: 151; SDP: 434; VKVNY: 510 and VMJS: 86.

¹⁷ MPLADS: 19; SDP: 33; VKVNY: 58 and VMJS: 18.

- Asset registers are required to be maintained to keep track of the assets created out of the funds sanctioned. However, these registers were not maintained at District/Block/GP level resulting in creation of assets in an unplanned way with the benefits envisaged out of these assets remaining unknown to the district administration.

Thus, other developmental schemes like Vikas Mein Jan Sahyog (VMJS), Sectoral Decentralised Planning (SDP), Members of Parliament Local Area Development Scheme (MPLADS), Vidhayak Kshetriya Vikas Nidhi Yojana (MLALADS), etc. were taken up in the district in an uncoordinated way as the works were neither properly planned nor completed within the specified timelines resulting thereby in a situation of huge funds lying unutilised. The assets created out of these schemes also remained unknown to the district administration as no asset register was maintained at any level.

Recommendations

- *A coordinated approach needs to be adopted by the State/district administration with the executing agencies to ensure that the works are planned and completed in time to ensure that benefits percolate down to the people.*

6.2 Employment Generation

The GOI and the State Government have initiated numerous measures to tackle problems of poverty, unemployment and the slow pace of progress in rural economy. In addition, provision of food security, especially to the poor and vulnerable sections of the society, has been envisioned as one of the important components of an inclusive growth of the economy. The two most important schemes sponsored by the Central Government for providing employment in the rural areas as a means of poverty alleviation are Sampoorna Gramin Rozgar Yojana (SGRY) and Swarnajayanti Gram Swarozgar Yojana (SGSY). The SGRY was subsequently subsumed in National Rural Employment Guarantee Programme (NREGP) in February 2006.

i) SGRY

The objectives of the SGRY were to provide additional wage employment to the rural poor who were in need and willing to do manual and unskilled work in and around their village, and to create durable community, social and economic assets and infrastructure in rural areas. Towards this end, the GPs were to submit work proposals through the BDOs to the DRDA, based on a comprehensive *shelf of works* to be approved at the beginning of the year. As mentioned in paragraph-7 relating to Planning, schemes were sanctioned by the DC in an adhoc manner, since the GPs and the Blocks had not prepared any Perspective Plan or Annual Action Plans.

Consequently, works were proposed on a perceived need basis, rather than in a planned and coordinated manner, resulting in overlaps in execution of works and underutilisation of available funds. Also, there was no database at the district/DRDA level, detailing the developmental works undertaken in various Blocks and GPs.

The SGRY was funded on 75:25 basis by the GOI and the State Government. The year-wise position relating to the funds received by DRDA, Nahan and utilisation there against during 2004-06 (upto February 2006) is given below:

Table: 16

(Rupees in crore)

Year	Opening balance	Funds received			Total	Funds utilised	Unspent balance (Percentage)
		Centre	State	Other misc. receipts			
2004-05	1.76	2.35	0.78	0.04	4.93	3.74	1.19 (24)
2005-06	1.19	2.20	0.73	0.11	4.23	2.98	1.25 (30)

Source: Departmental figures

The details of funds received and expended during this period by the three sampled Blocks are as follows:

Table: 17

(Rupees in lakh)

Year	Opening balance	Funds received	Other receipts	Total	Funds utilised	Unspent balance (Percentage)
2004-05	13.44	155.50	1.26	170.20	162.41	7.79 (05)
2005-06	7.79	134.90	3.25	145.94	116.04	29.90 (20)

Source: Departmental figures

After merger of SGRY under NREGA, the unspent balance of Rs 29.90 lakh was not transferred to it and remained parked in a saving bank account.

➤ **Employment Generation under SGRY**

The details of employment generated under this scheme during 2004-06 as reported by DRDA to the GOI are as follows.

Table: 18

(Mandays in lakh)

Year	Mandays for SC/ST	Mandays for women	Mandays for others	Total mandays generated
2004-05	1.76	0.03	1.54	3.33
2005-06	3.18	0.01	2.15	5.34
Total	4.94	0.04	3.69	8.67

Source: Departmental figures

There were no annual targets relating to employment generation although the DRDA planned to execute small works like construction of tanks, playground, etc. for generating employment. Therefore, the extent of employment generated vis-à-vis targets could not be ascertained. Out of 4,858 works sanctioned in the district during 2004-06, 3,713 works had been completed and 1,145 works were lying incomplete as of July 2009. The PO, DRDA stated (July 2009) that works were sanctioned at the fag end of financial year and resulted in non-execution of works/delay in execution of works by GPs.

The fact remains that these works were supposed to be completed within a period of one year from the date of sanction and even after 2004-06, a period of more than three years has already elapsed. The status relating to employment generation in these Blocks was reported as follows.

Table: 19

(Mandays in lakh)

Year	Mandays for SC/ST	Mandays for women	Mandays for others	Total mandays generated
2004-05	0.86	0	0.58	1.44
2005-06	0.90	0	0.63	1.53

Source: Departmental figures

According to the guidelines, 30 per cent employment opportunities were earmarked for women beneficiaries.

As can be seen from the tables above, negligible employment opportunities to women were provided in the district and in the sampled blocks no employment to women beneficiaries was provided during 2004-09.

The DRDA and the sampled Blocks had not maintained employment registers in the prescribed format indicating the category wise details of people provided employment and the number of mandays generated for each work. In the absence of these details, the figures of employment generated were compiled from the muster rolls directly. In the absence of complete details in the employment registers, the employment reported to have been generated, especially in respect of women and SC/ST categories, could not be verified in audit.

In all the 21 test-checked GPs, the category-wise details of SC/ST and women beneficiaries provided wage employment were not recorded in the muster rolls. While 30 per cent of employment generated should have been in respect of women beneficiaries, the DRDA reported only 0.04 lakh mandays for women out of 8.63 lakh mandays generated in the district during 2004-06, resulting in less wage employment of 2.55 lakh mandays. The Project Officer stated (July 2009) that being conservative society the women in Sirmaur district did not come forward to do manual works.

ii) National Rural Employment Guarantee Act (NREGA)

The National Rural Employment Guarantee Act-2005 (NREGA) is being implemented in the district since February 2006. The basic objective of the Act is to enhance security of livelihood in rural areas by providing at least 100 days of guaranteed wage employment.

Under NREGA, the wages of skilled and semi-skilled workers and cost of material is shared in the ratio of 75:25 by GOI and State Government. In addition, the State Government bears the unemployment allowance and the administrative expenses of State Employment Guarantee Council. The year-wise position of funds received by the DRDA, Sirmaur at Nahan and utilisation thereagainst during 2005-09 is given below:

Table: 20

(Rupees in crore)

Year	Opening balance	Funds received		Other misc. receipts	Total	Funds utilised	Unspent balance (percentage)
		Centre	State				
2005-06	--	5.35	--	0.01	5.36	0.40	4.96 (93)
2006-07	4.96	8.70	0.96	0.52	15.14	7.77	7.37 (49)
2007-08	7.37	5.86	1.20	0.15	14.58	10.18	4.40 (30)
2008-09	4.40	22.09	2.06	0.15	28.70	25.63	3.07 (11)
Total		42.00	4.22	0.83		43.98	

Source: Departmental figures

The details of funds received and expended during this period by the three sampled blocks are as follows:

Table: 21

(Rupees in crore)

Year	Opening balance	Funds received	Other misc. receipts	Total	Funds utilised	Unspent balance
2005-06	--	0.70	--	0.70	0.22	0.48 (69)
2006-07	0.48	3.66	0.10	4.24	3.30	0.94 (22)
2007-08	0.94	3.80	0.05	4.79	4.40	0.39 (08)
2008-09	0.39	11.48	0.03	11.90	10.75	1.15 (10)
Total		19.64	0.18		18.67	

Source: Departmental figures

Note: Figures in the parenthesis denote percentage

The BDOs of the sampled blocks stated (June-July 2009) that the under utilisation of funds was due to slow progress of works by the GPs which in turn resulted in less opportunity for employment generation.

➤ Employment Generation under NREGA

The details of employment generated under this scheme during 2005-09 as reported by DRDA to the GOI are as follows:

Table: 22

(Numbers in lakh)

Year	Total mandays generated (excluding women)	Mandays for SC/ST	Mandays to women	Mandays for others
2005-06	--	--	--	--
2006-07	6.71	2.58	0.20	4.13
2007-08	7.39	2.53	0.12	4.86
2008-09	14.28	5.58	0.58	8.70
Total	28.38	10.69	0.90	17.69

Source: Departmental figures

In the first year (2005-06) of implementation of the scheme, no employment was generated by the implementation agencies due to non-receipt of funds during the year.

Scrutiny of records relating to implementation of the scheme revealed the following points:

The details of job card holders registered, those who demanded employment and those who were provided employment in the district during 2006-09 are as under:

Table: 23

(In numbers)

Year	Total number of job card holders registered	Job card holders who demanded and were provided employment	Job card holders provided 100 days employment	Percentage of shortfall with respect to job card holders who demanded but were not provided 100 days employment
2006-07	31,534	20,453	457	98
2007-08	35,927	22,444	404	98
2008-09	54,619	28,796	1,681	94

Source: Figures supplied by the Department

The shortfall in providing legally guaranteed 100 days wage employment to card holders who had demanded employment ranged between 94 and 98 per cent. No unemployment allowance was granted to eligible job card holders who were not provided employment. This shows lack of adequate efforts on the part of implementing agencies for ensuring effective implementation of the scheme.

During 2006-09, 28.38 lakh mandays were generated by providing employment to 66,138 workers (job card holders). Of these women workers were provided only 0.93 lakh mandays against the required mandays of 9.36 lakh (33 per cent). Thus, the women beneficiaries were not given adequate employment opportunities as required under the Act.

In the shelf of projects for the period 2006-09, 9,852 works were projected to be completed. Against this, achievement was only 5,508 works (56 per cent). Thus, creation of durable assets for strengthening livelihood of rural poor was not ensured to the desired level.

➤ **Muster rolls and payments**

As per provisions of NREGA guidelines, the Muster Rolls (MRs) in the prescribed format with a unique identity number are to be issued by the Programme Officers of the blocks to the Gram Panchayats/executing agencies. The MRs are also required to be maintained by the GPs and other executing agencies in the prescribed manner.

In 21 test checked GPs, it was noticed that the MRs were not being maintained in the prescribed manner and the following discrepancies were noticed:

- In all test checked GPs of Nahan, Pachhad and Sangrah blocks of the district, MRs in old formats without a column for mentioning the job card number were found issued during 2006-07.
- Dates of payment of wages were not indicated on the MRs.
- The MRs were not countersigned by the Inspecting Officers in token of having inspected the work by them.
- No unique number was given to the work mentioned in the MRs.
- Attendance of workers was marked on MRs for seven days a week without any weekly rest.

Disbursement of daily wages is required to be made on a weekly basis or in any case not later than a fortnight after the date on which work was done. In the event of any delay in payment of wages, workers are entitled to compensation as per provision of the Payment of Wages Act, 1936 to be borne by the State Government. Rupees 12.75 lakh was earned by 1,274 workers employed on 123 Muster Rolls in eight out of 21 selected Panchayats between May 2006 and March 2009 but they were not paid on weekly or fortnightly basis due to cheque collection and non-completion of codal formalities. The delay in payment of wages in these cases ranged between six and 645 days beyond the maximum period of a fortnight. No compensation was paid to them.

➤ **Recording and Monitoring**

The guidelines of both the schemes (SGRY and NREGA) provided for maintenance of inventory of the assets created in the rural areas, detailing the date of commencement and completion of the project, cost involved, benefits derived, employment generated, etc. There was, however, no inventory of assets created under the programme.

Summing up:

The district authorities failed to provide the guaranteed wage employment in rural areas of the district thereby defeating the objective of security of livelihood to the needy and the vulnerable sections viz. SC/ST and women; the extent of poverty alleviation through these schemes remains doubtful.

6.3 Energy

Out of the 971 villages in the district, 965 villages (99 *per cent*) have been electrified as of March 2009. The State Government chalked out plans for electrifying the remaining villages also through the Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY).

➤ **Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY)**

The RGGVY was launched by the GOI in March 2005 to provide electricity to all the rural households within a period of five years. The Rural Electrification Corporation (REC) is the nodal agency for implementation of this scheme aimed at facilitating overall rural development, employment generation and poverty alleviation. The scheme is to be implemented with 90 *per cent* funding from GOI. Electrification of BPL households is to be financed 100 *per cent* by the Central Government.

The HP State Electricity Board prepared a detailed project report (DPR) in March 2005 for Sirmaur district with the aim of:

- Electrification of 3805 un-electrified households among electrified villages including 1024 BPL households;
- Provision of new sub-stations/transmission lines and distribution transformers in 965 electrified villages; and
- Electrification one un-electrified habitation.

Scrutiny revealed that the above plans of the Board for electrification of rural areas did not fructify since the DPR was sent to the REC for approval only in September 2005, i.e. after a delay of five months from the date of sanction (March 2005). The DPR was approved by the REC in March 2008 i.e. after the lapse of two and half years from the date of submission (September 2005) of the scheme.

Thereafter the Board finalised tenders for Rs 45.93 crore and awarded the works in February 2009 to different contractors on turnkey basis with completion period of one year. As the tendered cost exceeded the sanctioned amount (Rs 29.76 crore) of the scheme, the project cost was further revised and got sanctioned (February 2009) from REC for Rs 49.69 crore.

Thus, the delay in sanctioning the DPR resulted in cost escalation of Rs 19.93 crore, besides, depriving eligible householders of Sirmaur district of the benefits even after over four years of launching (March 2005) of the scheme.

Recommendation

- *The State Government should streamline its internal processes to ensure that project proposals are formulated on time and pursued with the GOI to ensure that adequate funds are provided for electrifying all the unelectrified habitations/villages within a specific timeframe.*