

## 6. Economic services

### 6.1 Infrastructure

Sound infrastructure acts as a catalyst for economic growth of a district and removes the rural-urban divide. It brings the remote and backward areas closer to the district headquarters and paves the way for an equitable growth of the district. All-weather road connectivity, rural infrastructure, and establishment of Small Scale Industrial (SSI) units *inter-alia* provide a good base for employment generation. An amount of ₹ 558.98 crore had been spent in the District on this sector during the period. An expenditure of ₹ 105.55 crore, incurred on construction of roads and providing of employment, was test-checked in audit. Audit findings are discussed below:

#### i) Roads

##### ➤ Planning

Plans for road sector are framed in consultation with MLAs and approved by the DDB. It was seen in audit that the DDB while approving the annual plans, did not take cognizance of the works in progress which should have been prioritized for completion. It was seen that instead of giving weightage to completion of spill-over works, new works were approved. This resulted in expanding the number of planned schemes for coverage within a fixed allocation, thereby adversely impacting the extension of intended benefits to the people.

A review of the road connectivity in the District revealed that a majority of the villages were yet to be connected by all-weather roads due mainly to faulty planning and inadequate funding.

##### ➤ Status of road connectivity

The district has a total area of 2630 Sq. Km and 375 villages, out of which 151 villages had been provided connectivity by 2004-05.

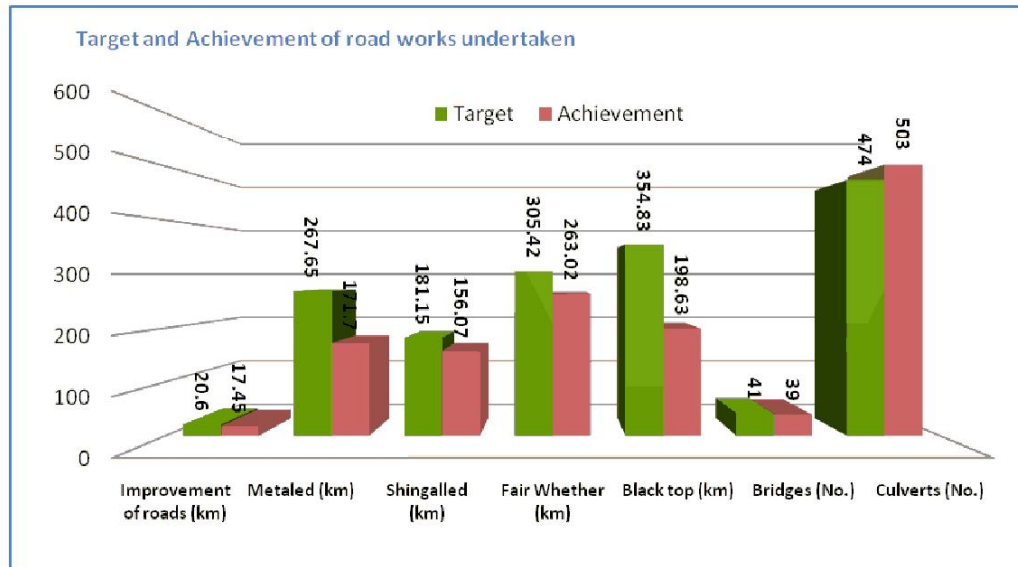
It was seen in audit that, despite an expenditure of ₹ 110.84 crore on the road sector in the District during the period, no additional village had been provided road connectivity during the period 2004-09.

On this being pointed out, the Superintending Engineer (SE), R&B Circle, Rajouri attributed it to meagre allocation of funds under district sector and to taking up of new schemes on the requisition of Board Members/DDB without provision of additional funds for the schemes. He further stated that though more villages had not been provided road connectivity yet, the road length in the district had increased by 234.89 Km, from 610.51 Km in 2004-05 to 845.40 kilometres in 2008-09.

##### ➤ Targets and achievements

Details of targets vis-à-vis achievements of road works taken up in the district during the review period are depicted in the following chart.

Chart III



(Source: Departmental records)

The SE stated that the targets could not be achieved as these had been fixed prior to the Board meetings. Also, inclusion of new schemes in the plan without further allocation contributed to non-achievement of targets. As a result, thrust could not be given to achieving maximum output for providing connectivity to the unconnected villages. The reply should be seen in the light of the fact that though most of the areas are semi-hilly and mountainous and, therefore, require all weather connectivity through black top roads, the department had failed to provide road connectivity to any of the unconnected villages even with a fair weather road during the last five years.

The Executive Engineer, PWD (R&B) Division, Nowshera took up seven road works (estimated cost: ₹ 7.25 crore) under District Plan (NABARD) during 2000-06 for completion in two years. It was seen that though ₹ 6.29 crore were spent on these schemes up to 2007-08, only one out of seven roads had been completed up to March 2009.

The delay not only denied road connectivity to rural population but also caused cost overrun of ₹ 1.62.crore due to revision of the estimated cost of three road works.

#### a) Pradhan Mantri Gram Sadak Yojana

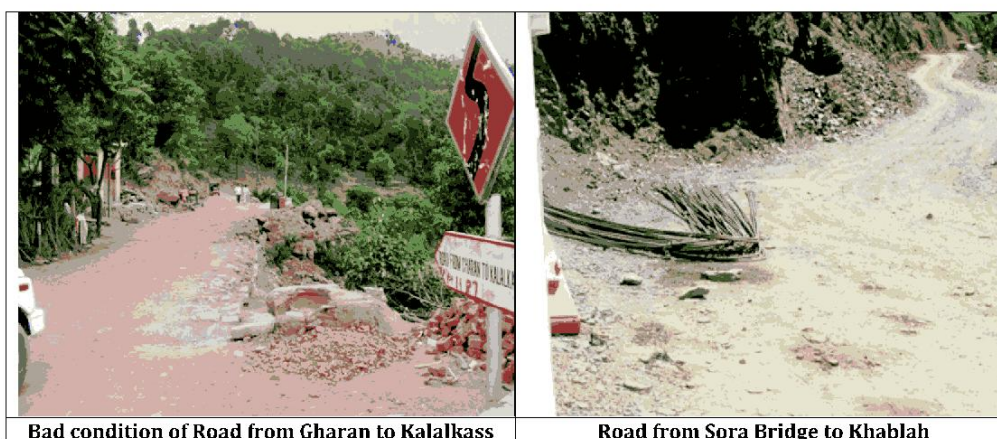
*Pradhan Mantri Gram Sadak Yojana* (PMGSY) was introduced by the GOI for providing road connectivity to rural areas. The following points were seen in audit.

To provide all weather road connectivity for socio-economic advancement of rural habitations, a detailed survey of proposed alignment and quantum of forest and private land involved is required to be completed within 9 to 18 months from the date of start of the project. The Jammu and Kashmir Forest Conservation Act 1997 and rules framed there under provide that works on projects involving use of forest land should not be

started till the approval of the State Government to release such land is obtained. The rules further provide that no *ex-post facto* sanction would be granted to any project involving forest land where prior approval of the Government for acquisition of the forest land has not been obtained.

Scrutiny (May 2009) of PMGSY records of the district showed that 23 rural roads, with a cumulative length of 163.40 km and estimated cost of ₹ 67.92 crore, were taken up for execution between March 2005 to March 2008. Of these, only 5 roads had been completed up to fair weather level at a cost of ₹ 3.61 crore with marginal delays. 13 road works had been abandoned as either no prior approval of Forest Department was obtained or disputes relating to land compensation, etc. had not been settled. This resulted in unfruitful expenditure of ₹ 12.16 crore incurred so far on them. The remaining five roads, taken up during March 2005 to March 2008 at an estimated cost of ₹ 16.73 crore were still incomplete (May 2009) with time overruns of 12 to 30 months despite ₹ 8.21 crore having been spent thereon.

Following are the photographs of the poor road condition the in the district.



**Bad condition of Road from Gharan to Kalalkass**

**Road from Sora Bridge to Khablah**

In sum, no new village was provided road connectivity during review period. Out of 23 roads taken up for construction under PMGSY, only five roads had been completed. 13 roads works were abandoned midway and remaining five roads works were under different stages of completion with time overruns. Failure to obtain clearance for forest land and land disputes was the main bottleneck in construction of new roads.

**Recommendations:**

- *A coordinated approach needs to be adopted by the State/district administration with the executing agencies to ensure that the works are completed in time to ensure that the benefits percolate down to the people.*
- *The unconnected villages need to be provided with all weather roads on top priority.*
- *Adequate State share funding needs to be provided to avoid delays in construction of roads taken up under District Plan/NABARD.*

## ii) Prime Minister's Reconstruction Programme

Most of the population in the district resides in rural areas. They continuously suffer due to dearth of basic minimum services, low productivity, poverty and minimum employment opportunity. There has, thus, been unabated migration of rural population to adjoining small towns and District headquarters for temporary seasonal employment. To arrest such migration by improving quality of life in rural areas through integrated development, the concept of creating model villages in each Rural Development Block was approved under Prime Minister's Reconstruction Programme (PMRP).

As per guidelines of the scheme, sanction was accorded (February 2005) to constitute an Expert Group/Committee for preparing a need-based action plan in consultation with *Gram Panchayats*. The plan should have been recommended by the District Development Commissioner to the Project Sanctioning Committee headed by the Director, Rural Development Department.

It was seen that for construction of model villages in the District, the expert Group was not constituted and the plans were prepared instead by the Block Development Officers (BDOs), Executive Engineers, Rural Engineering Wing (REW) and the Assistant Commissioner (Development), Rural Development Department and approved by the MLAs concerned without recommendations of the District Development Commissioner. Seven villages were identified by the department for the purpose.

### ➤ Implementation

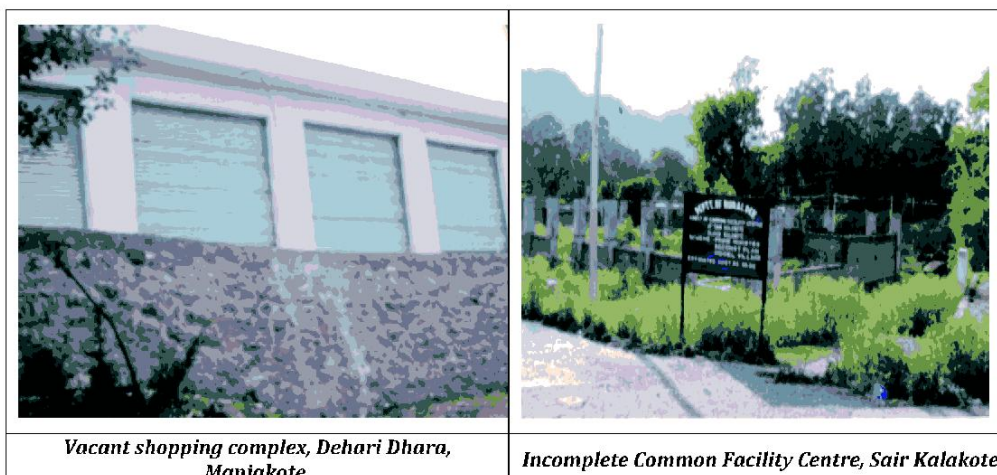
Under the programme, shop lines (60 shops) in six Rural Development Blocks were constructed during 2006-09 at a cost of ₹ 72.08 lakh for the local educated and unemployed youth.

It was seen that not even a single shop had been rented out as of June 2009 which indicated that basic survey to assess the requirement had not been conducted by the department and that the construction of shop lines was not need-based, which grossly contravened the programme guidelines.



*Vacant shopping complex, Rajal (BDO, Nowshera)*

*Vacant shopping complex, Balshama, Sunderbani*



Construction of a Common Facility Centre (CFC) in Model Village, Sair (Kalakote) was approved at an estimated cost of ₹ 15 lakh. Before the work could commence (August 2007), the plinth area of the CFC was enhanced to 40 ft × 70 ft from the originally designed 40 ft × 40 ft on the advice of the MLA/MP raising the estimated cost to ₹ 30 lakh. The MLA/MP promised that they would provide the differential cost of ₹ 15 lakh. Construction of CFC was started (August 2007) and after utilizing the released grant of ₹ 15 lakh on procurement of tor steel and cement, foundation work, ground levelling, RCC pillars and masonry work (40 per cent), further execution was stopped (March 2008) due to non receipt of promised funds from the MLA/MP. No funds had been received so far (June 2009). Thus enhancement in plinth area of the building without approval of project sanctioning committee and execution of work without ensuring availability of additional resources caused the stoppage of work which had rendered the expenditure of ₹ 15 lakh unfruitful.

### **iii) Works under 11th Finance Commission award**

Scrutiny (June 2009) of the records relating to the works under 11<sup>th</sup> Finance Commission showed that 24 *panchayat ghars* estimated to cost ₹ 1.80 crore were taken up during 2001-02 to 2002-03 and remained incomplete due to piece-meal release of ₹ 1.23 crore up to March 2004. Thereafter, no funds were released up to March 2009, though funds amounting to ₹ 0.57 crore only were required/demanded for completion of these works. Thus, taking up of work of construction of *Panchayat ghars* without ensuring availability of funds and also failure of the Rural Development Department to provide funds towards completion, rendered the investment of ₹ 1.23 crore idle for over five years.

The Assistant Commissioner (Development) stated that the Director Rural Development, Department, Jammu had assured (May 2009) release of required funds for completion of the *panchayat ghars*.



*Incomplete Panchyat Ghar Jhanger*

In conclusion, the achievements under Prime Minister Reconstruction Programme and works under taken under 11th Finance Commission was dismal. No benefits have accrued to the people of the district from the funds spent on these schemes as the assets created under them are either incomplete or not put to use.

**Recommendations:**

- *The District administration should take up the issue with the Government for getting the funds released for completion of schemes which have been left half way due to non-release of funds.*

**6.2 Housing**

**i) Indira Awas Yojana**

Indira Awas Yojana promises to provide financial assistance to SC, ST and other Below Poverty Line (BPL) population for construction of houses in rural areas.

➤ **Housing targets**

The GOI released grants under IAY with the aim of providing *pucca* houses to the rural BPL population through Block Development Officers by ensuring 100 *per cent* utilization of released amounts. Due to non-utilization of the available financial resources, the housing targets could not be achieved and there was a shortfall of 177 houses as tabulated below.

**Table 24**

Year	Construction of new houses		Shortfall	Upgradation of existing houses		Shortfall
	Target	Achievements		Target	Achievements	
2004-05	669	664	5	-	-	-
2005-06	361	333	28	-	-	-
2006-07	440	377	63	123	123	-
2007-08	475	428	47	71	71	-
2008-09	570	539	31	118	115	3
<b>TOTAL</b>	<b>2515</b>	<b>2341</b>	<b>174</b>	<b>312</b>	<b>309</b>	<b>3</b>

*(Source: Departmental records)*

It can be seen from the above table that while the achievement of targets was excellent in the category 'upgradation of houses', in the category 'new construction' the achievement was below the target fixed and 174 houses remained incomplete.

## **6.2 Employment Generation**

Rural Development Department plays a key role in development at village level through implementation of various centrally sponsored schemes. With a view to providing employment in rural areas as a means of poverty alleviation, two flagship schemes, viz. *Sampoorna Grameen Rozgar Yojana (SGRY)* and *Swaranjayanti Gram Swarozgar Yojna (SGSY)* were launched by the Government of India (GOI). The SGRY was replaced by the National Rural Employment Guarantee Act (NREGA) from 2008-09 which is implemented by the Rural Development Department whereas SGSY is implemented by the District Rural Development Agency.

The objective of the SGRY was to provide additional wage employment to the rural poor willing to do manual and unskilled work for creation of social and economic assets/infrastructure. NREGA provides for 100 days of employment in a year to every household with the objective of enhancing livelihood security in rural areas.

Important points emanating from audit review of the employment generation programmes like *SGRY*, *SGSY* and *Indira Awas Yojna (IAY)* are discussed below:

### **i) SGRY/NERAGA**

In order to ensure people's involvement in implementation of the programme, the SGRY guidelines provide that before the beginning of a financial year, each district, intermediate and village *Panchayat* shall independently prepare and approve Annual Action Plans (AAP) for consolidation at the State level for submission to the GOI. The AAPs, *inter-alia*, are to indicate the requirement of funds and the target of mandays the department intends to generate in the district, which become the basis for funding by the GOI.

Audit observed that the AAPs had been prepared only at the district level, without involvement of the village *Panchayats*.

#### **➤ Targets and achievements**

The position of funds released, expenditure incurred there against, mandays targeted for generation and that achieved under SGRY and NREGA during the period is given in the table below:

Table 25

Year	Funds released	Expenditure	Unspent balance	Target	Achievement	Shortfall (percentage)
	₹ in lakh			Mandays		
<b>SGRY</b>						
2004-05	501.31	501.23	0.08	325000	300000	25000 (8)
2005-06	493.80	489.01	4.79	315000	290000	25000 (8)
2006-07	381.20	380.90	0.30	280000	270200	9800 (3)
2007-08	598.97	597.47	1.50	400000	390000	10000(3)
<b>NREGA</b>						
2008-09	604.26	573.82	30.44	585400	585400	-

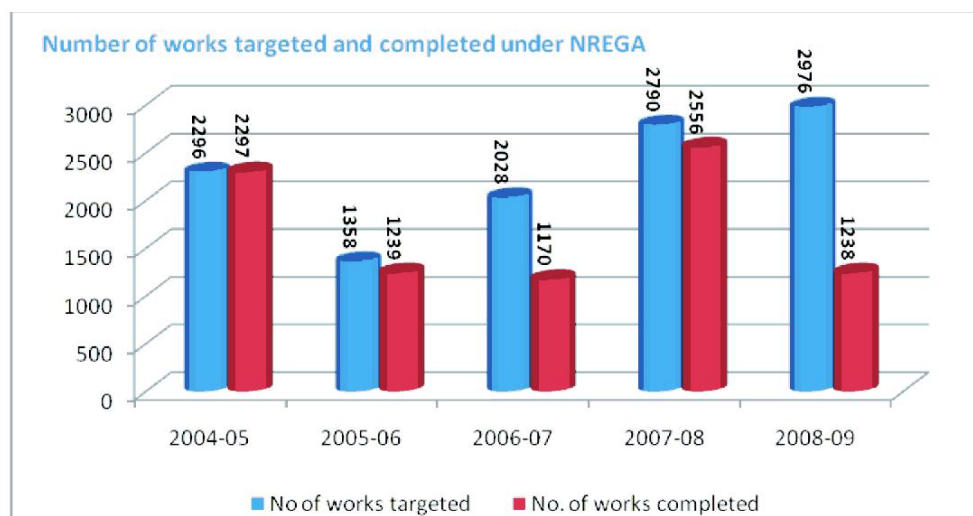
(Source: Departmental records)

As per the records maintained/information provided by the Rural Development department, the targets for the years 2004-09 had mostly been achieved.

However, against the demand of ₹ 14 crore in the AAP to achieve the employment generation target of 5.85 lakh mandays, funds to the tune of ₹ 6.04 crore only had been released by the GOI during 2008-09 under NREGA. Despite short release of funds to the extent of ₹ 7.96 crore constituting 57 per cent of the funds demanded and savings of ₹ 0.30 crore at the close of the year, achievement during the year was shown to be to the extent of 100 per cent in the district which raises questions about the authenticity of the achievement figures.

The position of works undertaken for execution, those completed and shortfall there against under NREGA is given in the chart below:

Chart IV



(Source: Departmental records)

As can be seen, huge shortfall in achievement of targets persisted during the period, particularly during 2006-07 and 2008-09.



The Department attributed the non-completion of works to paucity of funds and non-release of the second instalment of GOI assistance during 2006-07. The department, however, did not give any cogent reasons for the inconsistency in achievements during 2008-09 despite release of lesser funds than required.

## ii) Swaranjayanti Gram Swarozgar Yojna (SGSY)

*Swaranjayanti Gram Swarozgar Yojana* was launched in 1999 with the aim of establishing a large number of micro enterprises in rural areas to bring the assisted poor families (*Swarozgaris*) above poverty line in three years by providing them income generating assets through bank credit and Government subsidy. Under the scheme, applications received from the beneficiaries were scrutinized by the DRDA authorities and those found in order were forwarded to the banks/financial institutions for providing loans. Apart from providing subsidy and loans, the department was to invest on training programmes and infrastructure and provide funds for creating a revolving fund for the identified beneficiaries.

A review of the implementation of the programme in the district showed huge shortfalls in achievement of targets, as detailed in the subsequent paragraphs.

### ➤ Provision of subsidy

The position of targets fixed, both physical and financial, and achievements there against under the programme are given in the table below.

Table 26

Year	Targets		Achievements		Shortfall in Percentage	
	Physical	Financial (₹ in lakh)	Physical	Financial (₹ in lakh)	Physical	Financial
2005-06	525	45.00	414	36.31	21	19
2006-07	620	53.15	457	39.72	26	25
2007-08	898	76.94	401	35.25	55	54
2008-09	1165	101.95	491	43.77	58	57

(Source: Departmental records)

Achievements in respect of both physical and financial targets registered a steep decline from 2005-06 to 2008-09.

### ➤ Training programmes

Imparting training to the entrepreneurs, as envisaged in the guidelines, was also not up to the mark as detailed in the table below:

Table 27

Year	Targets		Achievements		Shortfall in Percentage	
	Physical	Financial (₹ in lakh)	Physical	Financial (₹ in lakh)	Physical	Financial
2007-08	898	12.82	401	9.15	55	29
2008-09	1165	16.99	491	4.60	58	73

(Source: Departmental records)

### ➤ Revolving fund for self-help groups

Programme guidelines provide for constitution of self-help groups of rural poor who volunteer to organize themselves into a group with the capital (Revolving fund) provided by the State Government mainly to eradicate poverty of the members. They agree to save regularly and convert their savings into a common fund. It was seen in

audit that there had been significant shortfalls in establishment of these groups in the district as given in the table below:

**Table 28**

Year	Targets		Achievements		Shortfall in Percentage	
	Physical	Financial (₹ in lakh)	Physical	Financial (₹ in lakh)	Physical	Financial
2006-07	88	8.80	25	2.50	72	72
2007-08	128	12.82	66	6.60	48	49
2008-09	170	16.99	25	2.50	85	85

(Source: Departmental records)

Shortfall in achievement of targets between 48 and 85 per cent during the last three years ending March 2009 was indicative of the poor performance of the department in establishing such groups.

The Chief Accounts Officer, DRDA, Rajouri attributed non-achievement of targets to poor response of the bankers and also to non-availability of banking facilities in all the villages which were scattered over the district.

**The district authorities failed to provide the guaranteed wage employment in rural areas of the district there by defeating the objective of security of livelihood to the needy and the vulnerable section of the society.**

### iii) Pradhan Mantri Employment Guarantee Programme (PMEGP)

To provide indirect employment to the youth of the district by encouraging them to set up industry, trade, and business units with the help of institutional financial support from the nationalized banks and other financial institutions, *Pradhan Mantri Rozgar Yojana (PMRY)* was operational up to March 2008. It was rechristened as *Pradhan Mantri Employment Guarantee Programme (PMEGP)* with effect from 2008-09 with the same objectives. Under the Program, the District Industries Centre (DIC) identifies the beneficiaries, obtains applications and places them before the District Task Force Committee for selection. The selected cases are sponsored to the nationalised banks for sanction of loans.

Scrutiny of employment generation under these programmes during the period showed shortfalls ranging between 22 and 100 per cent as tabulated below.

**Table 29**

Year	Cases Sponsored	No. of cases Sanctioned	Amount Sanctioned (Rs in lakh)	No of cases Disbursed	Amount Disbursed (₹ in lakh)	Percentage shortfall
2004-05	206	114	153.14	63	97.00	45
2005-06	198	116	142.14	90	86.45	22
2006-07	202	88	130.45	50	77.08	43
2007-08	224	119	206.50	70	117.17	41
2008-09	20	16	46.00	Nil	Nil	100

(Source: Departmental records)

100 per cent shortfall in employment generation during 2008-09 indicated lack of coordination between the DIC and the financial institutions. It was seen in audit that monitoring mechanism for ensuring loan disbursement in all sponsored cases did not

exist. In reply it was stated that sanctioning and disbursement of loans was the sole responsibility of banks/financial institutions but no clarification was offered as to why the DIC would not take any responsibility to ascertain the reasons for loan refusal and take action to remove the deficiencies in pending and future loan applications.

**The loan was not distributed to all the sponsored youths for setting up industrial units. The authorities did not monitor the progress of distribution of loans.**

**Recommendations:**

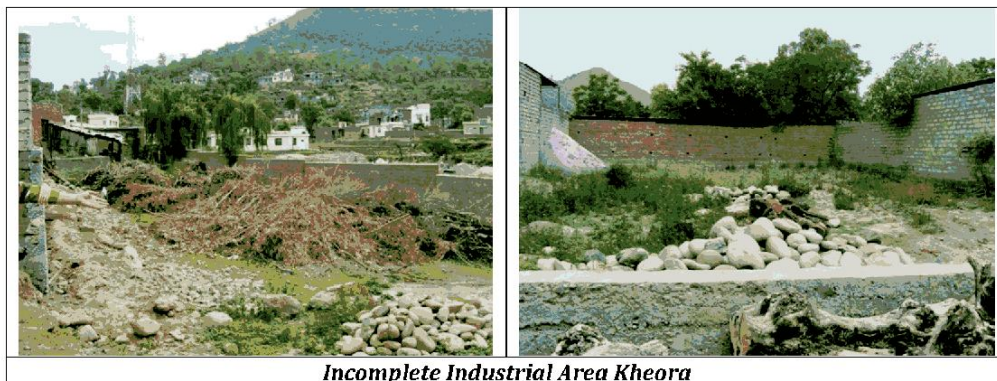
- *Works for creation of infrastructure should be planned and undertaken on the basis of available resources so that they are completed within the stipulated time.*
- *Monitoring committees should be set up at the district level to oversee the implementation of employment generation and poverty alleviation programmes and report deviations, delays, financial constraints, etc. to an apex authority for necessary interventions.*
- *The District administration should take up the issue with the Government for getting the funds released for completion of schemes which have been left half way due to non-release of funds.*
- *A mechanism needs to be worked out so that the loans are disbursed to all the cases sponsored to the banks.*

### **6.3 Industry**

For setting up of an industrial estate at Kheora, Rajouri, land measuring 51 *kanals* and 17 *marlas* had been acquired in August 1984 for development of 54 industrial plots and allotment to the entrepreneurs of the district during 1990-91 to 2002-03. The total cost of setting up the industrial estate including the development cost worked out to ₹ 54 lakh. As per the lease deed executed with the lessee, he or she was to construct factory shed and office premises within 12 months, conforming to layout plan approved by the Directorate, not carry on in the premises any offensive trade or any other business other than a bonafide one, nor sublet, underlet, sell or mortgage full or part of leased land without prior written consent of the Government; nor carry out any additions or alterations without prior written consent of the Directorate.

- Scrutiny of records relating to the status of industrial plots allotted to beneficiaries showed that only 10 plots were being used for *bonafide* purposes; 13 had either been sold/sublet and were used as store; on 4 plots, unauthorized constructions had been raised and they were being utilized for residential purpose; businesses other than bonafide ones were being conducted on 4 plots and 14 plots had been lying vacant for 7 to 19 years though factory sheds, etc. were to be constructed within 12 months. Besides, 12 plots, including 2 plots out of 10 being used for bonafide purpose, had been clubbed into 6 plots in breach of the lease deed. Thus, in case of 46 industrial plots, lessees had committed breach of terms and conditions of lease deed which attract lawful termination of lease deed, forfeiture of security and Government repossession of the premises immediately. No action had been taken against the defaulters who committed the breach so far.

In reply, the General Manager, District Industries Centre stated (June 2009) that the report regarding the present status had been collected and action taken would be communicated to audit. Information with regard to the action taken was awaited (August 2009). The main objective of establishing industrial estate was to attract the youth of the district to set up industrial units under SSI and tiny artisan sector but majority of the plots leased out were bakery and welding (Grill) work units which cannot be classified as industrial units either under SSI or tiny artisan Sector. The information as to whether the units referred to above were classified as industrial units by the Industries Department or the District administration was not intimated to audit.



The concerned authorities did not monitor establishment of industrial units and there were large violations and misuse of the assets.

**Recommendations:**

*The industrial assets created need to be monitored so that these assets are used for bonafide purposes and not misused*

## 6.4 Forest

Out of the total geographical area of 2630 Sq. Km. of the district, the forest cover is 1310 Sq. Km. which is about 50 per cent of the total geographical area. The Forest department is guided by the National Forest Policy which aims at preserving natural forests and increasing forest cover through afforestation and social forestry programmes especially on degraded and non-productive lands. The total forest cover in 2004-05 was 130985 hectares and could not be increased during the last 5 years. Of this, 2748.5650 hectares (2.10 per cent) had been encroached upon as of March 2009.

### ➤ Afforestation - Mortality of plants

The department is also required to carry out compensatory afforestation in case of diversion of forest land for non-forest purpose. The survival rate of plants depends upon the climatic behaviour in the area of plantation, kind of plantation and its post plantation care.

It was seen in audit that the optimum survival rate of plants raised in the nurseries/compartments was neither fixed nor was there a mechanism to monitor or evaluate plantations put in place. The position of plantation, expenditure incurred and the mortality of plants is tabulated below.

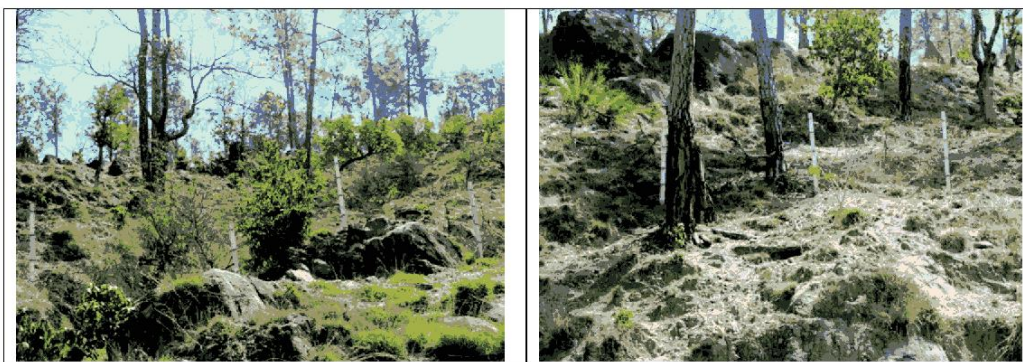
Table 30

Year	Expenditure	Plantation	Percentage of Mortality
	(₹ in lakh)	(In number)	
2004-05	722.14	204450	40-60
2005-06	825.97	152100	35-60
2006-07	835.59	209900	29-55
2007-08	789.48	167000	36-55
2008-09	733.41	105200	28-45
<b>Total</b>	<b>3906.59</b>	<b>838650</b>	

(Source: Departmental records)

In absence of any fixed mortality rate of plants and proper monitoring, the prudence of expenditure of ₹ 39.07 crore incurred during the period by the two forest divisions (Territorial) on plantation of 8.39 lakh plants could not be verified in audit. However, the mortality of plants during the period ranged between 28 and 60 per cent due to which the forest cover had not increased.

Mortality of plants in forest closures was surveyed physically and photographs of dryage of plantations were taken from deep inside the jungle of Rajouri district.



**Degraded forest under Forest Division Nowshera.**

➤ **Compensation for compensatory afforestation**

As per the State Forest Conservation Act 1997, forests were to be raised over degraded forest area equal to the area diverted from forest to other non-forest area. The rules further provide that the agency using forest area should deposit the compensation for compensatory afforestation for loss of forest land, trees and other charges.

Scrutiny of records (June 2009) showed that out of 367.30 hectares of forestland diverted (2000 to 2008) for non-forest purposes, only 45 hectares (12 per cent) were raised under compensatory afforestation as of March 2009. Records of two forest divisions of the District showed that an amount of ₹ 5.37 crore was outstanding against various user agencies on account of compensation for compensatory afforestation. Moreover, a huge amount of ₹ 14.84 crore received from user agencies had been lying unutilized in the Compensatory Afforestation Management Programme Agency (CAMP) account in the office of the PCCF for want of compensatory afforestation projects, yet to be submitted by the two forest divisions. One of the Divisions stated that the matter regarding utilization of compensation amount received from user agencies was the policy decision of the Government.

An amount of ₹ 2.40 crore was released (2002-09) by the Government of India, for implementation of National Afforestation Programme in the forest jurisdiction of Territorial Forest Division, Rajouri. Of this, an amount of ₹ 0.63 crore was released for utilization during 2007-09 but only ₹ 0.22 crore could be utilized by the Chief Executive Officer, FDA (DFO), Rajouri and there was a cumulative unspent balance of ₹ 0.41 crore with the DFO as of March 2009. Due to non-utilization of 65 *per cent* of the released amount during 2007-09, only 42 *per cent* physical progress was achieved, which also contributed to non-improvement in forest cover. No reasons were stated for non-utilization.

**To sum up, no concrete efforts were made to increase forest cover during the review period. The funds available under compensatory afforestation fund were not utilised, as a result forest cover in the District could not be increased.**

***Recommendations:***

*The State Government/District administration should take appropriate steps to compensate for the area transferred for non-forestry purposes by raising plants in other identified areas, from the funds available under compensatory afforestation, so that the depletion in the forest cover does not take place.*