

# OVERVIEW

This Report contains two performance reviews, 17 paragraphs and three thematic paragraphs. The draft audit paragraphs and performance reviews were sent to the concerned Secretaries to the State Government with a request to furnish replies within six weeks. However, in respect of one performance review, 17 paragraphs and three thematic paragraphs included in the Report, no reply was received from the State Government. The audit findings relating to the performance reviews were also discussed with the Secretaries to the State Government and the views of the Government were incorporated wherever appropriate. A synopsis of the important findings contained in the Report is presented in the overview.

## PERFORMANCE REVIEWS

### Public Distribution System

The State is responsible for identification of beneficiaries, issue of ration cards and distribution of foodgrains through the Targeted Public Distribution System. The performance audit of Public Distribution System (PDS) revealed that the State Government had covered 2.32 lakh BPL families in excess of the families identified in the survey of poor families conducted in the State during 2006-07. The State Government had not ensured periodical checking and weeding out of ineligible and bogus ration cards to prevent leakage of foodgrains to un-intended beneficiaries. On the distribution side, the State Government had also fixed a higher scale of issue of foodgrains than the GoI norms, resulting in excess distribution of foodgrains which resulted in an additional burden of ₹10.98 crore on GoI. There were also deficiencies in quality control system as a result of which 2066.47 MTs of sub-standard pulses and 1368.26 MTs of sub-standard foodgrains were supplied to the consumers. Vigilance committees required to be formed at block and FPS level had not been constituted in many of the blocks/FPSs for effective implementation and monitoring of the PDS. Working of monitoring mechanism of vigilance committees was also ineffective due to non-holding of meetings at required intervals to ensure timely delivery of proper quantity and quality of commodities to the beneficiaries.

*(Paragraph 1.1)*

### Functioning of Sewerage Schemes

The State Government had not prepared/evolved any strategic plan to provide sewerage facilities in a time bound manner. Out of 40 towns, sewerage works in 25 towns (63 *per cent*) were still in progress. The Department had fixed target for completion of 16 schemes during 2006-11 so as to ensure coverage of 26 towns (including ten towns covered earlier) by March 2011. Against this, the Department could provide sewerage facilities only in 15 towns (38 *per cent*) resulting in

non-providing of timely sewerage facilities to the concerned beneficiaries. In the case of completed schemes, house connectivity remained low and resulted in underutilisation of STPs to the extent of 61 *per cent*. There were cost and time overruns in several schemes mainly due to land disputes. Norms prescribed by the HPSPCB for ensuring prevention of environment pollution were not adhered to in some cases. Audit also noticed instances of undue financial benefits extended to the contractors.

*(Paragraph 1.2)*

## **AUDIT OF TRANSACTIONS**

### **Excess/overpayment/wasteful/unfruitful/infructuous expenditure**

Failure of the Public Works Department to synchronise construction of motorable road from Kutlahar to Talarah and railway over bridge on Jogindernagar-Pathankot Railway line resulted in unfruitful expenditure of ₹83.95 lakh.

*(Paragraph 2.1)*

Public Works Department's failure to synchronise construction of 4.675 kms long Shaheed Joginder Singh road from Hindora Gharat, Hatli Jamwalan, Bhanodu via Pachan in Kangra district and two bridges resulted in unfruitful expenditure of ₹78.73 lakh.

*(Paragraph 2.2)*

Failure of the Public Works Department to initiate timely action and properly plan execution of road to village Konthru in Shimla district resulted in unfruitful expenditure of ₹2.02 crore and extension of undue benefit of ₹34.42 lakh to a contractor.

*(Paragraph 2.3)*

Failure of the Public Works Department to ensure timely completion of Samej Sarpara road and upgradation of Jeori to Ganvi Road under *Pradhan Mantri Gram Sadak Yojana* lying in a suspended state led to unfruitful expenditure of ₹96.20 lakh and extension of undue financial benefit of ₹98.91 lakh to a contractor.

*(Paragraph 2.4)*

Despite incurring an expenditure of ₹1.18 crore on a link road from village Sitalpur to Nonowal (Solan district) by the Nalagarh division of Public Works Department, the objective of providing all weather road connectivity was not achieved for want of construction of bridge at take off point.

*(Paragraph 2.5)*

Expenditure of ₹86.33 lakh incurred by the Education Department on construction of hostel at Tabo (Lahaul and Spiti district) proved unfruitful, as the hostel remained unutilised due to lack of basic amenities.

*(Paragraph 2.8)*

Release of Grant-in-Aid to private schools for reimbursement of salary of staff in excess of approved norms and in contravention of GIA Rules resulted in additional burden of ₹1.72 crore to the State exchequer.

*(Paragraph 2.9)*

### **Undue favour to contractors/avoidable expenditure**

Failure to ensure genuineness of Bank Guarantees by the Executive Engineer, Shillai Public Works Division led to extension of undue financial benefit of ₹1.94 crore to a contractor.

*(Paragraph 2.10)*

### **Idle investment/blocking of funds/diversion of funds**

Failure of the Executive Engineer, Kaza division of Irrigation and Public Health Department to ensure construction of Water Supply Scheme according to the prescribed procedure led to non-completion of drinking water supply scheme to inhabitants of Dhankar and Sichling villages for about three years and idle investment of ₹28.87 lakh on the scheme.

*(Paragraph 2.11)*

Release of ₹2.50 crore under Member of Parliament Local Area Development Scheme for construction of an old age home at Shimla by Deputy Commissioner without ensuring encumbrance free site resulted in non-creation of the asset, depriving the intended benefits to the beneficiaries.

*(Paragraph 2.13)*

Lack of planning and inaction by the Planning Department and Himachal Pradesh Wakf Board for the construction of Hostel for labourers at Sanjauli had resulted in locking up of Sectoral Decentralised Planning funds of ₹20 lakh for over 13 years.

*(Paragraph 2.14)*

Lack of proper planning by the Tourism and Civil Aviation Department for execution of works/facilities for Integrated Development of Tourist Circuits in the State resulted in blocking of Central Financial Assistance of ₹14.57 crore.

*(Paragraph 2.17)*

## **THEMATIC PARAGRAPHS**

### **Miscellaneous Works Advances**

Miscellaneous Works Advances (MWA) is a transitory suspense head which is intended to record transactions relating to sales on credit, expenditure incurred on deposit works in excess of deposits received, losses, retrenchment error, etc., and other items of expenditure, the allocation of which can not be adjusted to the final head of account.

Audit review of MWA revealed that various items recorded temporarily by the Public Works and Irrigation and Public Health Departments were not cleared promptly by the divisions either by actual recovery or by transfer to relevant head of account under proper sanction of the competent authority. No attempt to analyse and conduct an in-depth study of old items had been made and with the result, the progress of clearance of older items was almost negligible. System of monitoring also remained ineffective as the reports submitted by the Executive Engineers merely indicated the increase and decrease in the balances under the MWA head.

*(Paragraph 3.1)*

### **Market Intervention Scheme**

Market Intervention Scheme (MIS) was introduced in the State in 1990-91 in collaboration with GoI for the procurement of 'C' grade apples with the aim to ensure remunerative price for the quality apple produce of farmers in the markets and also to protect them from exploitation by the middlemen in the event of fall in prices below economical level.

Audit scrutiny of scheme for the period 2006-11 revealed that acceptance of claims below the assumed return without ascertaining the causes of lesser realisation put the Government to a loss of ₹15.29 crore during MIS 2006 to 2009. The scheme was marred by opening of unsuitable collection centres and excess payment of handling charges/overhead expenses to procurement agencies by the Horticulture Department. Release of subsidy without keeping in view the actual permissible claims of procurement agencies also resulted in huge losses to Government in implementation of scheme.

*(Paragraph 3.2)*

### **Illegal mining in Himachal Pradesh**

Illegal mining of minor minerals not only causes revenue loss to the State exchequer but also poses threat to the environment. An audit review of mining activities in the State covering period 2006-11 revealed that the Government had neither made any assessment of the existence of total minor minerals in the State nor prepared any vision document/ comprehensive mining policy for its exploitation. As a result, mineral resources mostly existing in forest lands of the State remained untapped and stood exposed to illegal mining. Non-setting up of requisite check posts, lack of coordination amongst Departments authorised for inspection/raids at mining sites and shortages of staff in Mining Offices resulted in lack of control mechanism to check illegal mining activities. Transportation of materials on fictitious form (Form 'M') needs to be checked in order to eradicate menace of illegal mining in the State.

*(Paragraph 3.3)*