

Chapter-5 : Economic Services

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5.1 Road Infrastructure

5.1.1 Infrastructure

A good infrastructure facility will go a long way in enhancing the growth potential of the district and bridging the gap between developed and under developed areas. It will also bring the remote and backward areas closer to the district headquarters and bring about 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.

District Kinnaur has no airport and rail connectivity. The nearest airport and railway station located at Shimla are 235 kms away from Reckong Peo (District headquarters). A review of the development of roads in the district revealed that *73 per cent* villages had been provided road connectivity upto March 2012. Audit findings in this regard are discussed below:

◆ Status of Road Connectivity

There are 234 villages in the district. However, as per the records of Public Works Department (PWD), only 233 villages existed of which 170 villages (*73 per cent*) have been provided road connectivity upto March 2012.

◆ 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). Besides, the State Government is also constructing roads out of State funds. The progress with regard to implementation of PMGSY is discussed in the succeeding paragraph:

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 Five Year Plan.

To achieve this, PMGSY envisaged preparation of District Rural Roads Plan by the respective DRDAs. However, the Department had prepared block-wise core network of road during 2005 but had not ensured preparation of District Rural Road Plan for construction of roads projects in the district in a time bound manner.

As of March 2012, out of 13 habitations with population of over 1000 people, 12 were connected with roads. In case of 41 habitations with population of 500 to 1000 people, connectivity in seven habitations remained to be provided as of March 2012. A total of 55 habitations with population below 500 had not been provided with road connectivity as of March 2012.

During 2007-12, funds amounting to ₹ 21.97 crore were provided by the GOI for implementation of PMGSY. The State Government also allocated ₹ 62.95 crore for construction of rural roads in the district. Of this, expenditure incurred was ₹ 21.97 crore and ₹ 62.92 crore, respectively.

◆ **Status of rural road works undertaken under PMGSY and State Sector projects**

The details of road works taken up in the district during the review period and progress of their execution are tabulated in **Table 17** below:

Table-17
Details of road works taken up and completed in the district during 2007-12

(₹ in crore)

Year	Works taken up (In Numbers)		Approved cost		Works completed as of March 2012 (In Numbers)		Cost of completed works	
	PMGSY	State Sector	PMGSY	State Sector	PMGSY	State Sector	PMGSY	State Sector
Ongoing works as on 31 March 2007	15	62	64.33	33.20	2	22	2.53	12.64
2007-08	--	12	--	10.48	--	1	--	0.17
2008-09	4	10	14.87	5.08	--	2	--	0.42
2009-10	--	8	--	7.29	--	1	--	0.11
2010-11	--	4	--	1.82	--	--	--	--
2011-12	--	5	--	4.28	--	--	--	--
Total	19	101	79.20	62.15	2	26	2.53	13.34

Source: Departmental figures.

Audit analysis revealed that out of 120 works (including 77 ongoing works of earlier period) taken up during 2007-12 under PMGSY and State sector, only 28 works (PMGSY: two and State sector: 26) were completed as of March 2012. 72 works were still in progress, 14 were held up due to land disputes, forest clearance and abandoning of works by contractors, etc., and the remaining six works had not been taken up for execution as of March 2012.

The EE attributed (June-August 2012) the delay to land disputes in the alignment of roads, forest clearance, delay by the contractors and insufficient funds. The reply is not acceptable as the Department should have ensured availability of land for construction of roads before taking up the execution of work. This indicates deficiency on the part of the Department in ensuring proper planning for timely availability of road connectivity to the people of the district.

5.2 Schemes for other developmental activities

5.2.1 Vikas Mein Jan Sahyog (VMJS)

Vikas Mein Jan Sahyog (VMJS) scheme was launched in January 1993 with the objective of community participation in developmental activities like construction of Government buildings for education, rural water supply scheme, 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 SC/ ST population is over 50 *per cent*. Where the population is predominantly of general category, the funding ratio is 75:25 in backward areas, and 50:50 in urban and rural areas. The works sanctioned under the scheme are required to be completed within a period of one year.

During 2007-12, ₹ 5.30 crore was released by the PO, ITDP to the executing agencies for execution of 48 developmental works in the district. It was noticed that after release of funds to the executing agencies, no periodical reports regarding physical progress of works and utilisation of funds was obtained to ensure proper monitoring of the works. As per records of the PO, ITDP, all works were shown as incomplete. In the absence of any progress report of execution of works, the status of actual utilisation of funds *vis-à-vis* physical progress, if any achieved, could not be verified in audit.

In reply, the Research Officer, ITDP Kinnaur stated (August 2012) that progress was being reviewed regularly by the Project Advisory Committee in its general meetings and necessary directions had been issued recently. However, no documentary evidence in support of their contention was furnished to audit.

In the exit conference, the PO, ITDP Kinnaur stated (November 2012) that utilisation certificates/ completion certificates have been obtained from the executing agencies and the latest position will be intimated separately.

5.2.2 Members of Parliament Local Area Development Scheme (MPLADS)

District Kinnaur is a part of Mandi Parliamentary constituency and DC Mandi is the Nodal Officer for releases to the district for execution of development works under the above scheme. During 2007-12, ₹ 1.21 crore was received by the DC, Kinnaur from DC, Mandi for approval and sanction of works such as community centres, Mahila Mandal Bhawan, Sarai Bhawan and Ropeway, etc., relating to development of the constituency under MPLADS. Of the total available funds of ₹ 1.31 crore (including unspent balance and interest of ₹ 0.10 crore), ₹ 1.29 crore was released to the executing agencies in the district and the balance ₹ 0.02 crore remained unutilised with the PO, DRDA as of August 2012.

Against ₹ 1.29 crore sanctioned and released to the executing agencies, an expenditure of ₹ 0.34 crore was incurred by them and the balance amount of ₹ 0.95 crore was lying unutilised with the executing agencies i.e. BDOs as of August 2012.

The PO, DRDA stated (May 2012) that schemes/ works could not be completed due to land disputes.

As per the scheme guidelines, the construction of office/ residential buildings and other works belonging to private co-operation and commercial organisation, repair works and works within the places of religious worship are prohibited.

Scrutiny of records revealed that 11 works such as club house and works within the places of religious worship costing ₹ 0.45 crore were sanctioned and the whole amount was released for execution of works during 2007-12 in contravention of the above provisions.

The PO, DRDA stated (June 2012) that these works were sanctioned by the DC, Mandi and this office was only releasing funds for execution of these works to the executing agencies. The fact, however, remains that the DC, Mandi did not verify the admissibility of works recommended by the MP concerned and proceeded with sanction of prohibited works.

5.2.3 Vidhayak Kshetriya Vikas Nidhi Yojana (VKVNY)

District Kinnaur has only one Vidhayak (Member of Legislative Assembly). Under VKVNY scheme, ₹ 25 lakh per year was released during 2007-12 to ensure execution of developmental works in the district. The works are to be recommended by the Vidhayak as per the guidelines of the scheme and the DC is further required to sanction them within a month's time and ensure utilisation of funds and completion of works within a period of one year from the date of sanction.

During 2007-12, the DC received ₹ 1.25 crore under the scheme and released the whole amount to the implementing agencies for execution of 93 works such as Community Centres, Mahila Mandal Bhawan, Flow Irrigation Schemes, etc. Of this, only seven works valuing ₹ 0.19 crore were completed, leaving 86 works involving ₹ 1.06 crore incomplete as of August 2012.

The Research Officer of ITDP stated (August 2012) that due to short/ limited working season, the works could not be completed within the stipulated period. The fact, however, remains that while sanctioning the works, the aspect of working season was not taken into account to ensure timely completion of work.

In the exit conference the PO, ITDP Kinnaur stated (November 2012) that the utilisation certificates/ completion certificates have been obtained from the executing agencies and latest position will be intimated separately.

5.2.4 Desert Development Programme

Desert Development Programme (DDP), a Centrally Sponsored Programme is being implemented only in one cold desert block (Pooh) of the district since 1982-83. The cost sharing between the GOI and the State Government is 75:25 and funds are directly released to DRDA for implementation of the programme. The main objective of the programme is to mitigate the effects of desertification and adverse climatic conditions on

crops, humans and livestock population by developing wasteland/ degraded lands on watershed basis, keeping in view the capability of land, site-conditions and local needs and to improve the economic and social condition of the poor and disadvantaged sections of the society. The deficiencies noticed in the implementation of the scheme are indicated below:

◆ Funding pattern and release of funds

The DDP is a Centrally Sponsored Programme and funds are directly released to DRDA for implementation of the programme at the rate of ₹ 30 lakh per project. The implementation period of each project is five years from the date of sanction by the GOI and the funds are released in five instalments (first and fourth: 15 *per cent* each; second and third: 30 *per cent* each; and fifth: 10 *per cent* of the project cost).

◆ Non-preparation of Perspective Plan

The modified programme guidelines issued in August 2001 provided for preparation of a perspective plan for treatment of desert area over a period of 15 years keeping in view the availability of funds, indicating ongoing project areas and new projects to be taken up in a phased manner. It was noticed that the requisite perspective plan was not prepared for proper implementation of the programme.

While admitting the facts, the Project Director stated (June 2012) that only annual action plans were prepared for implementation of projects. The reply is not acceptable as a long term perspective plan was essential for implementation of projects in an effective manner and annual plans were to flow from the perspective plan for carrying out various activities under the programme.

◆ Financial outlay and expenditure

The details of funds provided for implementation of DDP and expenditure incurred during 2007-12 are given in **Table 18** below:

Table-18
Position of funds received and expenditure incurred under DDP during 2007-12

Year	Opening balance	Funds released			Total availability of funds	Expenditure	Shortfall in utilisation
		Centre share	State share	Interest			
2007-08	2.52	2.84	0.73	0.07	6.16	3.08	3.08 (50)
2008-09	3.08	0.98	0.72	0.07	4.85	2.21	2.64 (54)
2009-10	2.64	---	---	0.09	2.73	1.80	0.93 (34)
2010-11	0.93	7.33	0.55	0.18	8.99	1.16	7.83 (87)
2011-12	7.83	---	1.00	0.24	9.07	3.43	5.64 (62)
	Total	11.15	3.00			11.68	

Source: Departmental figures.

Funds ranging between ₹ 0.93 crore and ₹ 7.83 crore were not utilised during 2007-12. The percentage of shortfall in utilisation of available funds during 2007-12 ranged between 34 and 87 *per cent* and resulted in non-implementation of programme as brought out in the succeeding paragraph.

◆ **Physical performance**

During 2007-12, 52,425 hectare area was targeted to be treated under the programme, against which only 15,839 hectare was treated resulting in shortfall of 36,586 hectare (70 *per cent*).

The Project Director attributed (September 2012) the shortfall in treatment of area to limited working season. The reply is not acceptable as the above factor should have been taken into account at the time of preparation of annual action plans. It also indicated that annual plans were prepared only on *ad hoc* basis without considering the topography and weather conditions prevailing in the area.

In view of above, the implementation of the Desert Development Programme was not proper and the State Government needs to devise benchmarks for gauging the impact of programme activities/ treatment of desert area.

5.2.5 Border Area Development Programme

Kinnaur district has borders with China. In view of the persistent demands and considering the overall situation in the border areas of the district, GOI extended (1998-99) implementation of Border Area Development Programme (BADP) in two blocks viz. Kalpa and Pooh. The basic objective of the scheme is to meet the special needs of the people living in remote and inaccessible areas situated near the border. Under this scheme, farm sector, service sector and preservation/ conservation of culture and environment have been identified as thrust sectors.

During 2007-12, ₹ 45.24 crore was received under the above scheme. The PO, ITDP released the whole amount to the executing agencies for execution of 247 developmental works and shown as final expenditure. Of these, 90 works were completed after expending ₹ 15.81 crore. While execution of 65 works costing ₹ 9.99 crore was not taken up, 92 works involving ₹ 19.44 crore were still in progress and lagging behind their schedule of completion ranging between 12 to 36 months as of August 2012. Reasons for non-commencement of 65 works were not available on record.

The Research Officer, ITDP stated (August 2012) that due to short/ limited working seasons, the works could not be completed. The reply is not acceptable as before sanctioning these works, the length of working season should have been taken into account.

In the exit conference, the PO, ITDP, Kinnaur stated (November 2012) that the utilisation certificates have been obtained from the executing agencies and the latest position would be intimated separately.

5.2.6 Nucleus Budget Scheme

The State Government provides every year Nucleus Budget of ₹ 30 lakh to DC for implementation of schemes of local importance. Schemes sanctioned out of Nucleus budget are required to be completed within a period of 18 months and utilisation certificates in support of amount spent is required to be furnished by the sanctioning authority to the State Government.

During 2007-12, the DC received ₹ 1.50 crore under this scheme and released the whole amount to various agencies for implementation of 260 works relating to sports, cultural and rural connectivity, etc. Of these, 228 works were to be completed upto September 2012. It was noticed that only 94 works were completed after expending ₹ 0.53 crore and the remaining 134 works were still lying incomplete. The delay involved in completion of these works ranged from 18 to 36 months.

The Research Officer, ITDP stated (August 2012) that due to short/ limited working seasons, the works could not be completed within the stipulated period.

In the exit conference, the PO, ITDP, Kinnaur stated (November 2012) that the utilisation certificates/ completion certificates have been obtained from the executing agencies and the latest position would be intimated separately.

Recommendations

The Government may consider:

- *conducting periodical inspections by the officers of ITDP and obtain progress reports from the executing agencies.*
- *taking concrete steps to complete the works pending with the executing agencies to avoid unnecessary blockage of Government money.*

5.3 Employment generation

The GOI and the State Government have initiated numerous measures to tackle the problems of poverty, unemployment and the slow pace of progress in the rural economy. In addition, provision of food security, especially to the poor and vulnerable sections of society, has been envisioned as one of the important components of 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 implementation of SGRY in the district was subsequently subsumed in Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in April 2008.

The DRDA, however, continued to incur expenditure till 2008-09 on the ongoing works out of funds provided by the GOI upto March 2008. The deficiencies noticed in the implementation of the scheme are indicated below:

5.3.1 Sampoorna Gramin Rozgar Yojana (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 to DRDA through the BDOs, based on a comprehensive *shelf of works* to be approved at the beginning of the year.

Audit noticed that schemes were sanctioned by the DC in an *ad hoc* manner, since the GPs and Blocks had not prepared any Perspective Plan. Consequently, works were proposed on a perceived need basis, rather than in a planned and coordinated manner, resulting in 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 funds received by DRDA, Kinnaur District and their utilisation during 2007-09 (upto March 2009) is given in **Table 19** below:

Table-19
Position of funds received and expenditure incurred under SGRY

(₹ in crore)

Year	Opening balance	Funds received			Total	Funds utilised	Unspent balance (Percentage)
		Centre	State	Other miscellaneous receipts			
2007-08	1.04	1.98	0.66	0.46	4.14	2.38	1.76 (43)
2008-09	1.76	--	--	0.09	1.85	1.12	0.73 (39)

Source: Departmental figures. Figures in parenthesis indicate percentage.

The details of the funds received and expended during this period by the two sampled blocks (Pooh and Nichar) are given in **Table 20** below:

Table-20
Position of funds received and expenditure incurred under SGRY in sampled blocks

(₹ in lakh)

Year	Opening balance	Funds received	Other receipts	Total	Funds utilised	Unspent balance (Percentage)
2007-08	29.38	121.71	0.97	152.06	109.16	42.90 (28)
2008-09	42.90	23.50	6.16	72.56	67.57	4.99 (7)

Source: Departmental figures. Figures in parenthesis indicate percentage.

After merger of SGRY with MGNREGS, out of unspent balance of ₹ 0.73 crore, only an amount of ₹ 0.14 crore was transferred during 2009-10. Neither the remaining unspent

balance amount of ₹ 0.59 crore was transferred to MGNREGS, nor details of utilisation of the above amount was available with the PO, DRDA. Thus, in the absence of any record of utilisation of funds, the possibility of misappropriation of money cannot be ruled out. On this being pointed out in audit, the PO, DRDA confirmed the facts and stated (October 2012) that the details of the above amount will be sorted out from the concerned BDOs/ Gram Panchayats. The fact, however, remains that PO failed to exercise proper check over expenditure incurred by the BDOs under the scheme and did not reconcile the above discrepancy for a period of more than three years after merger of SGRY in MGNREGS.

◆ Employment Generation under SGRY

The details of employment generated under this scheme during 2007-09 as reported by DRDA to the GOI are given in **Table 21** below:

Table-21
Details of employment generated under SGRY during 2007-09

(Mandays in lakh)			
Year	Mandays for SC/ ST	Mandays for women	Total mandays generated
2007-08	1.16	0.29 (25)	1.16
2008-09	0.67	0.12 (18)	0.67
Total	1.83	0.41 (22)	1.83

Source: Departmental figures. Figures in parenthesis denote percentage.

Note: Kinnaur being tribal area, there were no beneficiaries of general category.

There were no annual targets relating to employment generation although the DRDA planned to execute small works like construction of pucca paths, Community Bhawan and irrigation *kuhl*¹, etc., for generating employment. Therefore, the extent of employment generated *vis-à-vis* targets could not be ascertained. All the 231 works sanctioned in the district during 2007-08 were completed after incurring an expenditure of ₹ 1.41 crore. The status relating to employment generation in two test-checked blocks is detailed in **Table 22** below:

Table-22
Details of employment generated under SGRY in sampled blocks during 2007-09

(Mandays in lakh)			
Year	Mandays for SC/ ST	Mandays for women	Total mandays generated
2007-08	0.52	0.19 (37)	0.52
2008-09	0.37	0.12 (32)	0.37
Total	0.89	0.31 (35)	0.89

Source: Data supplied by the BDOs of test-checked Blocks. Figures in parenthesis denote percentage.

While 30 *per cent* employment generated should have been in respect of women beneficiaries, the DRDA reported only 0.41 lakh mandays (22 *per cent*) for women out of the total 1.83 lakh mandays generated in the district.

¹ A small open irrigation channel in hilly areas.

The PO, DRDA stated (June-August 2012) that due to non-taking up of employment by women beneficiaries, the target for providing overall 30 *per cent* employment to women could not be achieved.

5.3.2 Mahatma Gandhi National Rural Employment Guarantee Scheme

The Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), 2005 is being implemented in the district from April 2008. The basic objective of the scheme is to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment.

Under MGNREGS, the wages of skilled and semi-skilled workers and cost of material is shared in the ratio of 75:25 by GOI and the State Government. In addition, the State Government bears the unemployment allowance and administrative expenses of the State Employment Guarantee Council. The year-wise position of funds received by the DRDA, Kinnaur and utilisation thereagainst during 2008-12 is given in **Table 23** below:

Table-23
Position of funds received and expenditure incurred under MGNREGS during 2008-12
(₹ in crore)

Year	Opening balance	Funds received from		Total availability of funds	Funds utilised	Unutilised funds at the close of year
		GOI	State Govt. (incl. interest and other receipts)			
2008-09	---	3.18	0.36	3.54	3.37	0.17 (05)
2009-10	0.17	4.97	0.73*	5.87	4.50	1.37 (23)
2010-11	1.37	4.60	0.54	6.51	4.55	1.96 (30)
2011-12	1.96	5.15	0.11	7.22	5.82	1.40 (19)
Total:		17.90	1.74		18.24	

Source: Departmental figures

Note: Figures in parenthesis denote percentage.

* Includes ₹ 13.81 lakh transferred from SGRY.

◆ Planning for implementation of MGNREGS

The MGNREGS operational guidelines stipulate the preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and to ensure long term employment generation in the district. Also, Annual Plans, identifying the activities to be taken up on priority in a year are required to be prepared.

Audit scrutiny revealed that the DPP in Kinnaur district was not prepared. In the absence of DPP, the type of works which should be executed in the district to ensure long term employment generation and sustained development were not identified. Though annual plans were prepared during 2008-12 in the district but works were approved in piecemeal ignoring annual plans and ₹ 17.05 crore were spent on the execution of 1937 works. This resulted in unplanned execution of works on *ad hoc* basis.

The PO, DRDA stated (May 2012) that works were approved by the Gram Sabha as per scheme guidelines. The reply is not acceptable as Gram Sabha should have followed the approved annual plans as required under the guidelines.

The details of funds received and expended during this period by the two sampled blocks² are indicated in **Table 24** below:

Table-24
Position of funds received and expenditure incurred under MGNREGS in sampled blocks during 2008-12

(₹ in crore)						
Year	Opening balance	Funds received	Other misc. receipts	Total	Funds utilised	Unspent balance (per cent)
2008-09	Nil	2.22	0.03	2.25	2.03	0.22 (10)
2009-10	0.22	3.16	0.03	3.41	3.20	0.21 (06)
2010-11	0.21	3.16	0.06	3.43	2.86	0.57 (17)
2011-12	0.57	3.20	0.05	3.82	3.54	0.28 (07)

Source: Departmental figures.

Note: Figures in the parenthesis denote percentage

The BDOs of the sampled blocks (Nihar and Pooh) stated (June-July 2012) that under utilisation of funds was due to the limited working season.

The reply is not convincing as planning for implementation of scheme should have been done keeping in view the working season.

◆ **Employment Generation under MGNREGS**

The details of employment generated under this scheme during 2008-12 as reported by DRDA to the GOI are indicated in **Table 25** below:

Table-25
Details of employment generation under MGNREGS during 2008-12

(Mandays in lakh)			
Year	Total mandays generated	Mandays for SC/ ST (Males)	Mandays for SC/ST (Women)
2008-09	1.68	0.64	1.04
2009-10	2.28	0.96	1.32
2010-11	2.17	0.85	1.32
2011-12	2.70	0.71	1.99

Source: Data supplied by DRDA Kinnaur.

Note: The whole district is in category of tribal area. Hence mandays for SC/ ST have been indicated.

² Nihar at Bhabanagar and Pooh.

During 2008-12, the position with regard to employment provided to women was satisfactory. The District Administration provided 100 days employment to all the beneficiaries who demanded employment under the scheme.

◆ **Muster Rolls**

As per MGNREGS guidelines, Muster Roll (MR) in the prescribed format with a unique identity number is 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 20 test-checked GPs, it was noticed that the MRs were not being maintained in the prescribed manner and discrepancies like MRs not being machine numbered, signatures of Inspecting Officer in token of having the works inspected not being recorded on any of the MRs, details of works *vis-à-vis* value of works done not recorded by the executing agencies, etc.

While admitting the facts, BDOs of the concerned blocks stated (June-July 2012) that such discrepancies would not be repeated in future and all the concerned officers/officials had been directed to sign/ prepare MRs in the prescribed manner.

◆ **Payment of wages**

Disbursement of wages is required to be made on a weekly basis or in any case not beyond fortnight of the date on which the work was done. In the event of delay beyond fortnight, workers are entitled to compensation as per the provisions of the Payment of Wages Act, 1936, to be borne by the State Government.

In the two sampled blocks, Audit noticed that workers engaged on 1951 muster rolls during 2008-12 were not paid wages (₹ 4.16 crore) on fortnightly basis and the delay in payment ranged from one to 30 days. The total compensation payable to these workers was neither calculated nor paid to the workers.

The BDO of Pooh block stated (July 2012) that timely payment of wages could not be made due to shortage of technical staff. BDO, Nichar block did not furnish any reply.

◆ **Construction of roads contrary to specifications**

As per the guidelines, rural connectivity was to be provided with all weather access roads within the village area. In two³ test-checked blocks, nine works of kutcha roads were executed during 2008-12 at a cost of ₹ 30.18 lakh without stabilisation of top surface and adequate provision for drainage and culverts. Due to this, it was not possible to make

³ Nichar at Bhabanagar and Pooh.

these roads negotiable in all seasons particularly in rainy season of the year as is evident from the following photographs:

Photograph: 1



**Link road from village Wasnaga to Buri
(August 2012)**

Photograph: 2



**Link road to Gram Panchayat Moorang
(June 2012)**

While admitting the facts, BDOs of concerned blocks stated (May-July 2012) that the drainage work of roads would be started very soon. The reply is not acceptable as minimum prescribed specification should have been followed for proper creation of assets under MGNREGS.

◆ **Inspection and monitoring of works**

As per the MGNREGS operational guidelines, the State, District and Block level officers shall inspect two, 10 and 100 *per cent* of works, respectively, every year and District Internal Audit Cells shall be constituted to scrutinise the reports of Gram Sabha.

Audit scrutiny revealed that in 1937 works executed under MGNREGS during 2008-12 in Kinnaur district, the State level officers inspected 18 works only as against the requirement of inspection of 39 works. The Joint Secretary (RDD), Government of Himachal Pradesh stated (August 2012) that due to execution of large number of works under MGNREGS it was not possible to inspect two *per cent* of total works. The reply is in contravention of the provisions of MGNREGS.

The position with regard to inspection of works by the district and block level officials also could not be verified in audit as no inspection notes in proof of inspection of works, if conducted, were available on record. Besides, district level Internal Audit Cell had not been established as of July 2012 to scrutinise the reports of Gram Sabhas.

The PO stated (July 2012) that due to heavy work load, the required inspection notes could not be prepared. The reply is not acceptable as preparation of inspection notes was necessary in view of the statutory provision for monitoring and reporting on implementation of MGNREGS.

Recommendation

The Government may consider:

- preparation of a long term shelf of projects, District Perspective Plan and setting up of Internal Audit Cells as required under the scheme.

5.3.3 Swarnajayanti Gram Swarozgar Yojana

Swarnajayanti Gram Swarozgar Yojana (SGSY), a holistic programme covering all aspects of self employment such as organisation of the poor into Self Help Groups (SHGs), providing training, credit, technology, infrastructure and marketing facilities, was launched in the State from the year 1999-2000. The scheme aimed at establishing a large number of micro-enterprises in rural areas, building upon the potential of the rural poor and to bring the assisted poor families (Swarozgaries) above the poverty line in three years by ensuring that each family had a monthly net income of at least ₹ 2000.

◆ Financial outlay and expenditure

SGSY was funded by the Centre and the State Government in the ratio of 75:25. Fifteen *per cent* funds out of total SGSY allocation were set apart by the GOI for Special Projects under SGSY. Financial targets were also fixed by the GOI in terms of credit mobilisation (bank credit and Government subsidy). The central allocation of funds to the State was based on incidence of poverty in the State. Funds were directly released by the GOI/ State Government to DRDA.

The year-wise position of funds released by the GOI and the State *vis-a-vis* expenditure incurred there against during 2007-12 is given in **Table 26** below:

Table-26
Position of funds received and expenditure incurred under SGSY during 2007-12

Year	Opening Balance	Funds received		Other receipts	Total available funds	Expenditure	Closing balance
		Centre	State				
2007-08	2.74	6.95	2.31	1.34	13.34	9.84	3.50
2008-09	3.50	10.03	3.35	2.77	19.65	12.82	6.83
2009-10	6.83	6.73	2.05	2.40	18.01	16.40	1.61
2010-11	1.61	11.13	3.90	0.46	17.10	15.17	1.93
2011-12	1.93	10.14	3.39	2.27	17.73	13.78	3.95
Total		44.98	15.00	9.24		68.01	

Source: Figures supplied by DRDA Kinnaur

As per SGSY guidelines allocated funds were to be utilised on various activities like subsidy on economic activities (60 *per cent*), building up of infrastructure (20 *per cent*), training of Swarozgaries for skill development (10 *per cent*) and creation of revolving fund for capacity building of Self Help Groups (SHGs) (10 *per cent*).

Audit scrutiny revealed that during 2007-12, expenditure on above activities was not regulated according to the prescribed norms as DRDA mainly focused on providing subsidy for economic activities and utilised 73 *per cent* funds on these activities. On training, infrastructure building and creation of revolving fund, percentage of funds utilised was one, 17 and nine respectively. Thus, DRDA had not ensured bridging of gaps in training needs of Swarozgaries, infrastructure building and capacity building of SHGs.

The PO, DRDA stated (May 2012) that funds under SGSY are regularly released to the BDOs. The training was to be imparted to SHGs and individuals at Block level. He further stated that instructions in this regard will be issued to the BDOs.

Audit scrutiny further revealed that 188 SHGs were formed in the district since inception of the scheme. Of these, only 141 SHGs were functioning in the district as of June 2012. In test-checked blocks, out of 114 SHGs formed since inception of the scheme, only 79 SHGs were functioning as on June 2012. The PO, DRDA stated (June 2012) that all the SHGs were not functioning due to the reasons that some groups had defaulted on bank loans and many SHGs had become defunct. However, the fact remains that the Department did not revive the activities of these SHGs.

◆ Special Project

With a view to providing market access to rural artisans covered under the SGSY, the GOI sanctioned (March 2009) a special project for construction of three⁴ village Haats at a cost of ₹ 45 lakh under SGSY. The cost was to be shared by the GOI and the State Government in the ratio of 75:25. The GOI, against its share of ₹ 33.75 lakh, released ₹ 21.88 lakh during 2008-10 in two instalments in 2008-09 (₹ five lakh) and 2009-10 (₹ 16.88 lakh). The State Government against its share of ₹ 11.25 lakh, released only ₹ 5.62 lakh in 2009-10. The construction of village Haats was stipulated to be completed within a period of one year.

Audit scrutiny revealed that the PO, DRDA further released the whole amount of ₹ 27.50 lakh to BDOs of Kalpa, Nichar and Pooh blocks in the above years for construction of one village Haat each in these blocks. The construction of village Haat at Pooh has not started due to non-availability of land. In the remaining two cases,

⁴ Nichar at Bhabanagar, Pooh and Sangla.

construction was incomplete despite incurring an expenditure of ₹ 22 lakh. A photograph of incomplete village Haat at Bhabanagar is given as under:

Photograph: 3



Photograph of incomplete village Haat at Bhabanagar (July 2012)

The PO, DRDA stated (July 2012) that works could not be completed in two cases due to limited working season and non-availability of unskilled/ skilled labour. He further stated that in respect of village Haat at Pooh, land had not been transferred. The reply indicates poor planning for implementation of special projects to ensure marketing facility to the targeted beneficiaries.

5.4 Energy

Out of 234 villages in the district, 193 villages (82 *per cent*) had been electrified upto March 2005. The State Government chalked out plans for electrifying the remaining villages through the 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 (Board) prepared a detailed project report (DPR) in November 2005 for Kinnaur district with the aim of electrification of 40 un-electrified villages; electrification of 1,113 un-electrified households among electrified villages including 38 BPL households; provision of new sub-stations/ transmission lines in blocks where these did not exist and distribution transformers in electrified villages; and decentralisation of generation, distribution and supply of power.

Audit scrutiny revealed that the above plans of the Board for electrification of rural areas did not fructify as the DPR was sent to the REC, New Delhi for approval only in November 2005, i.e. after a delay of seven months from the date of sanction (March 2005). The REC approved the project proposal for ₹ 8.29 crore in

September 2008 i.e. after lapse of two years and nine months from the date of submission (November 2005) of DPR by the Board. Thereafter, on the basis of finalised tender cost (₹ 12.59 crore), the project cost was further revised and got sanctioned (June 2009) from REC for ₹ 13.72 crore. Audit scrutiny further revealed that as of June 2012, against the projection of electrification of 40 villages, 31 villages were electrified, while three villages were subsequently not considered for electrification on technical grounds, the remaining six villages still remained to be electrified. Besides, out of 1,113 households, 1,025 households including 38 BPL households in the electrified villages were also covered and remaining 88 households were still to be electrified. Against the sanctioned cost of ₹ 13.72 crore, REC released an amount of ₹ 11.54 crore. The Board had, however, spent ₹ 12.82 crore (including ₹ 0.51 crore as VAT and Entry Tax to be borne by the Board).

Thus, the delay in sanctioning the DPR not only resulted in cost escalation of ₹ 5.43 crore, but also deprived the eligible households of the benefits of electrification even after seven years of launching (March 2005) of the scheme.

In reply, the Superintending Engineer of HPSEB Limited, Shimla stated (July 2012) that electrification benefits to the eligible households would be provided by December 2012. The reply does not give the reason for non-completion of the project which could not be ensured within the specified timeframe. In sum, 10 out of 234 villages in the district remained unelectrified as of March 2012.

In the exit conference, the Executive Engineer, HPSEB Limited admitted the facts and stated (November 2012) that some time was taken in preparation of DPR and thereafter an inordinately long time was taken by REC in approval of DPR.

Recommendation

- *The district administration may streamline its internal processes and co-ordination among different agencies to ensure coverage of unelectrified villages/ households and completion of the project within a specific timeframe.*

5.5 Calamity Relief Fund Scheme

Relief measures in the wake of natural calamities are provided from two funds viz. Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF). Government of India (GOI), Ministry of Finance (MoF) has notified the schemes for constitution and administration of the CRF/ NCCF based on the recommendations of Twelfth Finance Commission.

The scheme of CRF/ NCCF *inter alia* provides that the State Level Committee headed by the Chief Secretary of each State will be responsible to ensure that the money drawn from the CRF is actually utilised for the purpose for which the CRF has been set up and on admissible items of expenditure as per norms approved by the GOI.

The scheme was made operational from the year 2005-06 and continued till the end of financial year 2009-10. From 2010-11 onwards, CRF has been renamed as State Disaster Response Fund (SDRF) and NCCF merged into National Disaster Management Fund.

Funds are provided to the Deputy Commissioner through budgetary process. After drawal, the funds are remitted to the implementing agencies i.e. Block Development Officers, Public Works, Irrigation and Public Health Department, Sub Divisional Officer-Civil, etc., for execution of works and providing immediate relief to the victims of natural calamities.

The year-wise position of budget allotment and expenditure incurred under CRF in Kinnaur district during 2007-12 is indicated in **Table 27** below:

Table-27
Position of funds received and expenditure incurred under CRF during 2007-12
(₹ in crore)

Year	Budget allotment			Expenditure incurred		
	R&R works	Gratuitous Relief	Total	R&R works	Gratuitous Relief	Total
2007-08	2.37	1.29	3.66	2.37	1.29	3.66
2008-09	0.67	1.38	2.05	0.67	1.38	2.05
2009-10	1.15	1.63	2.78	1.15	1.63	2.78
2010-11	3.06	1.56	4.62	3.06	1.56	4.62
2011-12	0.25	1.09	1.34	0.25	1.09	1.34
Total	7.50	6.95	14.45	7.50	6.95	14.45

Source: Figures supplied by DC Kinnaur.

Following points were noticed:

◆ **Non-receipt of utilisation certificates**

Audit scrutiny revealed that after drawal of funds, the DC further released the whole amount of ₹ 7.50 crore under CRF for 628 repair and restoration works of roads, irrigation *kuhls*⁵, for bridges, playgrounds, community centres, Mahila Mandal Bhawans, etc. Of these, utilisation certificates of 197 works involving ₹ 2.14 crore were received and utilisation certificates of 431 works involving ₹ 5.36 crore were yet to be received (July 2012). Since repair/ restoration of works in hilly area is required to be done in 45 days for calamity of normal magnitude and within 60 days in case of calamity of severe magnitude, the DC had not monitored the physical and financial progress of 431 works involving ₹ 5.36 crore.

The DC stated (July 2012) that there was no record relating to the status of works i.e. works held up, ongoing works, works not yet started. The monitoring is watched only through utilisation certificates. He further stated that the SDMs of concerned sub-divisions are required to inspect the ongoing works.

⁵ Kuhl: A small open irrigation channel.

The fact, however, remains that there was absence of proper monitoring of relief works. Thus, the possibility of misappropriation/ misutilisation of funds may not be ruled out.

◆ **Gratuitous Relief**

Gratuitous relief is paid in case of death or injury to human beings, loss of cattle and loss of dwelling house to affected people caused due to natural calamity, as an immediate relief. Thus, it is important that whatever relief is to be paid, it should be provided with minimum loss of time.

It was noticed in audit that out of ₹ 6.95 crore released to the SDMs of three sub-divisions, an amount of ₹ 20.14 lakh had not been disbursed by the SDMs of Kalpa (₹ one lakh) and Nichar (₹ 19.14 lakh) sub-divisions to the victims of natural calamities and remained unspent in the savings bank accounts as of June 2012.

The DC stated (July 2012) that funds had not been disbursed for want of necessary documents from the concerned quarters and the follow-up action in this regard will be taken up by the concerned SDMs. The reply is not convincing as the concerned SDMs should have been directed to get the requisite documents through the field staff of Revenue Department.

◆ **Non -reconciliation of CRF released to various agencies**

During 2007-12, the DC released ₹ 16 lakh to BDO Pooh (₹ 9.50 lakh), Executive Engineer HPPWD Karchham (₹ 1.50 lakh) and Executive Engineer, I&PH division, Pooh (₹ five lakh) for repair and restoration works under CRF but the receipt of these funds was not available in the records of the above agencies. The matter needs to be investigated so as to obviate the chances of misappropriation of funds.

In reply, the DC stated (November 2012) that ₹ 1.50 lakh has not been released and is still lying unutilised in a bank account. He further stated that ₹ eight lakh had also been drawn by the BDO Pooh between November 2008 and February 2012 and the remaining amount is still under investigation. The reply does not explain as to why proper reconciliation of CRF funds released could not be done to ensure execution of relief works on priority basis.

◆ **Delay in completion of repair and restoration works**

Repair and restoration of damaged works sanctioned under CRF should be completed within a maximum period of 60 days.

Audit scrutiny revealed that in the two selected blocks⁶, 258 repair and restoration works were sanctioned at a cost of ₹ 3.19 crore during 2007-12 and an expenditure of ₹ 1.83 crore had been incurred on their execution as of June 2012. However, it was noticed that 54 works were lying incomplete after incurring an expenditure of

⁶ Nichar and Pooh.

₹ 0.41 crore as of June 2012. The delay in completion of these works ranged between one month to 56 months.

The concerned BDOs attributed (June 2012) non-completion of works to limited working season, dispute between panchayat and land holders, heavy flow of water in *khad*, etc. The replies are not acceptable as the funds should have been released after taking into account all such factors.

◆ **Non-commencement of works**

Audit scrutiny in test-checked blocks revealed that 70 works such as repair of roads, retaining walls, school grounds, community houses, etc., sanctioned during 2007-12 at a cost of ₹ 66 lakh had not been started as of June 2012 and the whole amount remained unspent in bank accounts.

The concerned BDO stated (June 2012) that works could not be started due to limited working season and non-availability of land and sufficient funds. The reply is not acceptable as in the event of non-availability of land and non-availability of sufficient funds, the matter should have been brought to the notice of the DC for appropriate action.

Recommendation

The Government/ District Administration may consider:

- *for putting in place a monitoring mechanism in DC office to watch the physical progress of works as large number of works remained incomplete/ not started/ held up and funds were lying unutilised in bank accounts defeating the very purpose of providing immediate relief to the victims of natural calamities.*