

Chapter 2

Social, General and Economic Sectors (Non-PSUs)

2A. General Introduction

Under Sectoral Re-organisation, there are 32 Government departments and 38 Autonomous Bodies in the Social Sector, 20 Government departments and three Autonomous Bodies in the Economic Sector and 23 Government departments and one Autonomous Body in the General Sector in the State, headed by Additional Chief Secretaries/ Principal Secretaries/ Secretaries/ Managing Directors/ Directors, which are audited by the Principal Accountant General (Audit), Uttarakhand.

2.1 Audit mandate

The authority for audit by the Comptroller and Auditor General of India (CAG) is derived from Articles 149 and 151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971. CAG conducts audit of expenditure of the Departments falling under Social, General and Economic Sectors (Non-PSUs) under Section 13 of the CAG's (DPC) Act. CAG is the sole auditor in respect of autonomous bodies which are audited under Sections 19 (2) and 20 (1) of the CAG's (DPC) Act. In addition, CAG also conducts audit of other autonomous bodies, under Section 14 of CAG's (DPC) Act, which are substantially funded by the Government (Details are given in **Appendix-2.1**). Principles and methodologies for various audits are prescribed in the Auditing Standards and the Regulations on Audit and Accounts, 2007 issued by the CAG.

2.1.1 Planning and conduct of Audit

Audit process starts with the assessment of risks based on certain parameters viz. revenue expenditure incurred, criticality/ complexity of activities, Government Policy, Public Accounts Committee (PAC) recommendations, assessment of overall internal controls and concerns of stakeholders and media reports. Previous audit findings are also considered in this exercise. Based on this risk assessment, the frequency and extent of audit are decided.

After completion of audit of each auditable entity, Inspection Reports (IRs) containing audit findings are issued to the heads of the auditable entities. The concerned departments are requested to furnish replies to the audit findings within one month of receipt of the IRs. Whenever replies are received, audit findings are either settled or further action for compliance is advised. The important audit observations arising out of these IRs are processed for inclusion in the Audit Reports, which are submitted to the Governor of State under Article 151 of the Constitution of India.

During 2011-12, 5,023¹ man days were utilised (up to December 2012) to carry out compliance audit/ Performance Audit of 194² auditable entities. The Audit Plan also covered those auditable entities which were vulnerable to significant risk as per our assessment.

2.1.2 Expenditure profile of the State Government

The comparative position of expenditure incurred by the Government during the year 2011-12 and in the preceding two years is given in the **Table-1.1** below:

Table 1.1

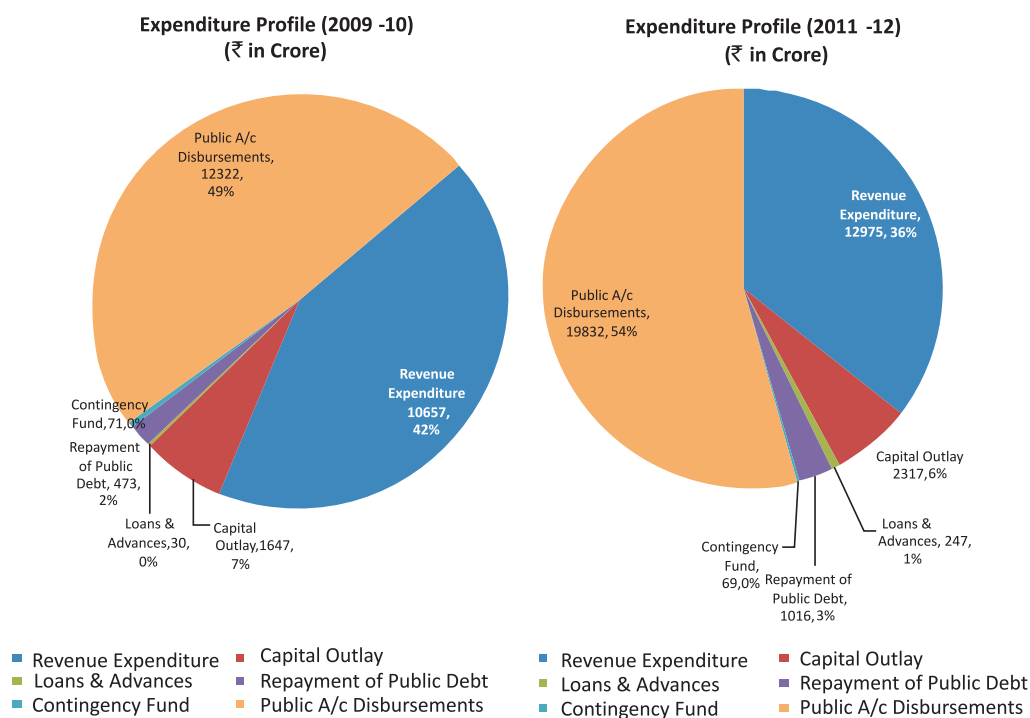
(₹ in crore)

Disbursements	2009-10			2010-11			2011-12		
	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
Revenue Expenditure									
General Services	2.86	3691.48	3694.34	20.63	4159.52	4180.15	3.72	4471.39	4475.11
Social Services	1697.55	3282.73	4980.28	1723.79	3445.70	5169.49	1651.58	4368.07	6019.65
Economic Service	594.93	1063.19	1658.12	728.07	1135.68	1863.75	665.78	1435.85	2101.63
Grant-in-Aid	3.70	321.03	324.73	0.01	407.67	407.68	0	378.80	378.80
Total	2299.04	8358.43	10657.47	2472.50	9148.57	11621.07	2321.08	10654.11	12975.19
Capital Expenditure									
Capital outlay	992.46	654.27	1646.74	1858.52	-3.68	1854.84	2071.00	245.94	2316.94
Loans and advances disbursed	24.32	5.74	30.06			59.68			246.83
Repayment of public debt (including transactions under WMA)			472.87			519.36			1015.78
Contingency Fund			71.42			536.71			69.07
Public Account Disbursements			12321.83			17608.20			19832.00
Total	1016.78	660.01	14542.92	1858.52	-3.68	20578.79	2071.00	245.94	23480.62
Grand Total	3315.82	9018.44	25200.39	4331.02	9144.89	32199.86	4392.08	10900.05	36455.81

While the capital outlay of the State increased from ₹ 1646.74 crore to ₹ 2316.94 crore (41 per cent) during 2009-12, the revenue expenditure increased from ₹ 10657.47 crore to ₹ 12975.19 crore (22 per cent) during the same period.

¹ Social Sector:-2,945 man days, Economic Sector:-1,922 man days and General Sector:-156 man days.

² Social Sector:-98 units, Economic Sector:-76 units and General Sector:-20 units.



2.1.3 Lack of responsiveness of Government to Audit

(a) Outstanding Inspection Reports

The Principal Accountant General (Audit) conducts periodical inspection of the Government departments to test-check the transactions and verify the maintenance of important accounting and other records as per prescribed rules and procedures. These inspections are followed up with Inspection Reports (IRs) to the Heads of offices inspected with a copy to the next higher authority. The Heads of offices and the next higher authority are required to report their compliance to the Principal Accountant General (Audit) within four weeks of receipt of IRs.

At the end of March 2012, 3,761 IRs and 7,164 paragraphs issued during the period 1990-91 to 2011-12 were outstanding for settlement.

The Departmental officers failed to take action on observations in IRs within the prescribed period resulting in erosion of accountability. The Government should look into the matter and ensure that procedures exist for (a) action against the officials who failed to send replies to IRs/ paragraphs as per time schedule,

(b) action to recover loss/ outstanding advances/ overpayment in a time bound manner; and (c) revamping the system to ensure prompt and proper response to audit observations.

(b) Response of departments to the draft paragraphs

Copies of the draft paragraphs/ Performance Audits were sent to the Commissioners/ Secretaries of the departments concerned for furnishing replies within six weeks. No replies were received in respect of any draft paragraphs.

(c) Follow-up on Audit Reports

All the departments of the State Government are required to submit detailed explanations in the form of Action Taken Notes (ATNs) to the observations which featured in Audit Reports within four months of the Report being presented to the Legislature with copies thereof to Audit Office. However, 18 departments, from whom the ATNs are due, had not submitted it for 93 Performance Audits/ paragraphs for the period since the creation of the State to 2009-10, up to March 2012, as detailed in **Appendix 2.2**.

2B. Audit Findings

Highlights

A synopsis of the important audit findings relating to the Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS); Thematic Audits on Election Department, Uttarakhand Building and Other Construction Workers Welfare Board and Integrated Child Development Services; Chief Controlling Officer based audit of Horticulture Department and transaction audit paragraphs is given below:

(a) Performance Audits of Programmes/ activities/ departments

Mahatma Gandhi National Rural Employment Guarantee Scheme

The National Rural Employment Guarantee Act, 2005 (NREGA) was enacted (September 2005) by the Parliament with the primary objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every registered household whose adult members volunteer to do unskilled manual work. In pursuance of this Act, MGNREGS was implemented in the State in three phases. First phase started on 02 February 2006 and scheme covered all the districts of the State by April 2008.

Performance Audit on MGNREGS revealed a number of deficiencies. The State Employment Guarantee Council was not meeting at regular intervals which left the major policy decisions like planning and monitoring unaddressed. Non-approval of District Perspective Plans which was prepared for five years by the expert agencies engaged at DPC level resulted in unfruitful expenditure. Annual Development Plans did not contain specific work site where the works were to be executed. State share was not being released timely and an average delay ranging from 13 to 90 days with the maximum delay of seven months was noticed in respect of four test checked District Programme Coordinators.

Out of the total 19.97 lakh households³ in the State, 1.89 lakh to 5.42 lakh households demanded employment during the period 2007-12 and were provided employment at an average of 39 days per households per year. Only two to four *per cent* registered households were provided 100 days employment in the State during the period of 2008-12. Audit also noticed cases of delays in payment of wages, non-payment of unemployment allowance, non-maintenance of assets created etc.

[Paragraph 2.2]

(b) Thematic Audit

(i) Election Department

Election Department, Uttarakhand is responsible for conducting free and fair elections to the Parliament and the State Legislative Assembly in the State of Uttarakhand. The Chief Electoral Officer (CEO) of a State is overall in-charge

³ As per Census, 2011

for conducting these elections under the direction and control of the Election Commission of India (ECI).

Audit of the Election Department revealed that the management of election expenses was weak. There was excess expenditure over prescribed limit for arrangement of tent and barricading, lights during the course of elections. Instances of non-adjustment of advances to polling staff engaged in election process even after a lapse of considerable time after the Vidhan Sabha election-2012 were seen in audit. Besides, forfeited security deposits were not credited to proper Government revenue account. Further, deduction of tax at source was ignored and the retention of heavy cash amounts in cash chests and parking of funds in bank accounts were unauthorised.

[Paragraph 2.3]

(ii) Functioning of Uttarakhand Building and Other Construction Workers Welfare Board

In pursuance of Building and Other construction workers (Regulation of Employment and Conditions of Service) Act, enacted by the Government of India in August 1996, Uttarakhand Government constituted (October 2005) Building and Other Construction Workers' Welfare Board (Board) to carry out welfare schemes for construction workers and impose cess at rate not exceeding two *per cent* and not less than one *per cent* in accordance with the provision of the Cess Act. As per the provision of the Cess Act, establishments which had employed on any day of the preceding twelve months, 10 or more building workers in any building or other construction work are required to pay cess at the rate of one *per cent* of the total cost of construction incurred by an employer. Construction workers were required to register themselves and receive identity cards to become eligible for the benefits.

Thematic audit of the Board revealed that the Government constituted the Board after a delay of almost five years of the formation of the State. The Welfare Fund was established after a delay of almost three years from the formation of Welfare Board. The first Construction Worker was registered after five years from the constitution of the Board and only 11 workers have benefitted since the inception of the Board. Annual accounts were not prepared by the Board. No survey regarding migratory/local Building and Other Construction Workers engaged in the State was conducted. The database of the construction agencies in the State covered under the Act, which were liable to pay cess, was not prepared. Thus, the Board was unable to ensure the hundred *per cent* collection of cess from the agencies in the State covered under the Act. The Board could not formulate proper modalities for implementing welfare schemes for construction workers during past seven years as a result of which, the objectives of carrying out welfare schemes for the construction workers could not be achieved.

[Paragraph 2.4]

(iii) Integrated Child Development Services

The Integrated Child Development Services (ICDS) programme was launched in the year 1978-79 in three selected blocks⁴ of Uttarakhand (then part of Uttar Pradesh) to provide a package of services comprising supplementary nutrition, immunisation, health check up, referral services, non-formal pre-school education and health and nutrition education. Presently, the programme is being implemented in the entire State and specific focus was given in this study to cover this scheme in audit.

Thematic Audit of the scheme revealed that the budget released under the schemes was under-utilised by the Department. Annual Action Plans for the implementation of the scheme were not being prepared by the district/ project authorities. Supplementary Nutrition Programme (SNP) and cooked food provided was much below the prescribed norms of 300 days. Beneficiaries were deprived of the facilities like medicine kits and pre-school kits despite allocation of funds by GOI for the purpose. Efforts were not made to operationalise the sanctioned number of Aanganwadi Centres (AWCs) in the State. Even the operational AWCs suffered from lack of basic amenities like buildings, toilets, drinking water, weighing scales, sufficient manpower and training. Shortage of staff, lack of training, lack of internal audit and shortage of supervision against norms hampered the smooth functioning of the schemes. Thus, the ICDS schemes implemented in the State need strengthening for achieving the objectives of providing basic services in critical areas.

[Paragraph 2.5]

(c) Compliance Audit of transactions

Audit has also reported on several significant deficiencies in critical areas which impact the effective functioning of the auditable entities.

- Advance payment of ₹ 70.00 lakh made by the Social Welfare Department against a contract on ‘e-learning’ programme (Project Taleem) for muslim students studying in Madarsas proved unfruitful as the contract was entered into without assessment of feasibility of the project.

[Paragraph 2.6]

- Lack of planning of the department leading to change in design and frequent inclusion of new items of Haj House resulted in non-completion of building and blocking of fund of ₹ 5.95 crore for more than four years.

[Paragraph 2.7]

- Indecisiveness in finalising the site for construction of the building for Directorate of Sports resulted in an avoidable extra expenditure of ₹ 60.28 lakh.

[Paragraph 2.8]

⁴ Chakrata, Dharchula and Kirtinagar Blocks

- Delay in clearance of site for construction work of the University building, under Higher Education Department, led to avoidable cost escalation of ₹ 0.56 crore.

[Paragraph 2.9]

- Non recovery of Liquidated Damage by Executive Engineer, Construction Division-2, Public Works Department, Almora resulted in undue advantage of ₹ 1.36 crore to a contractor.

[Paragraph 2.10]

- Irregular expenditure of ₹ 51.15 lakh was incurred against the second sanction by Executive Engineer, Provincial Division, Public Works Department, Pithoragarh while retaining the first sanction for construction of GIC Sukauli to Dungari Rawal motor road.

[Paragraph 2.11]

- Executive Engineer, Provincial Division, Public Works Department, Sahiya, Dehradun incurred avoidable extra expenditure ₹ 39.41 lakh on the use of first coat painting in place of prime coat in Barotiwala-Ambari motor road.

[Paragraph 2.12]

(d) CCO based Performance Audit

CCO based Performance Audit of Horticulture Department

The primary objective of the Department of Horticulture (DoH) is to promote horticulture by expanding the outreach of interventions viz. area expansion, irrigation facility and implementation of new technology in respect of quality seeds, plants & fertilizers along with value addition of the products to the farmers. The Department is also engaged in promotion of Sericulture, Tea Plantation, Medicinal and Aromatic Plants (MAPs) by creating infrastructure in the State.

The CCO based Performance Audit of the Department revealed that the Department was working without efficient planning to fulfil its objectives of overall development of Horticulture in the State. It could not take benefits of all the four mini-missions of Horticulture Mission for North-east and Himalayan States (HMNEH) except mini-mission II which focused on area expansion only. Central funds could not be fully utilized by the Department and it mismanaged Central schemes and projects being implemented in the Department. Scientific institutions, running under the Department, could not undertake research and developmental activities as envisaged.

The Department failed to ensure transparency and objectivity in procurements and safety of its inventory though State Government has well documented policies and procedures for the same. It lacked human resources to meet its objectives in coming years. Poor internal controls and inadequate monitoring made the Department vulnerable to fraud and other system breaches as noticed in the case of fictitious supply of planting material and forging of official documents.

[Paragraph 2.13]

PERFORMANCE AUDIT

Rural Development Department

2.2 Performance Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme

The National Rural Employment Guarantee Act, 2005 (NREGA) was enacted (September 2005) by the Parliament with the primary objective of enhancing livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every registered household whose adult members volunteer to do unskilled manual work. The programme was rechristened as Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) in October 2009. Against the total funds of ₹ 1335.80 crore available in the State under MGNREGS during the period of 2007-12, ₹ 1312.88 crore was spent on generation of employment in the State. Out of the total 19.97 lakh households¹ in the State, 1.89 lakh to 5.42 lakh households demanded employment during the period 2007-12 and were provided employment at an average of 39 days per households per year. Performance Audit of MGNREGS brought out the following significant audit findings:

Highlights:

The State Employment Guarantee Council established in the State remained inactive due to which intended objectives of constituting the council could not be achieved.

[Paragraph 2.2.6.1]

Non submission/ approval of District Perspective Plans prepared by the districts resulted in unfruitful expenditure of ₹ 87.92 lakh.

[Paragraph 2.2.7.1]

Wide variations were noticed between the Labour Budgets compiled at District level and finally sent by the State to Government of India.

[Paragraph 2.2.7.3]

State share was not being released timely and an average delay ranging from 13 to 90 days with the maximum delay of seven months was noticed in respect of four test checked District Programme Coordinators.

[Paragraph 2.2.8.3]

Sampoorna Gramin Rojgar Yojna funds to the tune of ₹ 15.70 lakh were not transferred to MGNREGS.

[Paragraph 2.2.8.4]

¹ As per Census, 2011

Payment to beneficiaries was not made timely and a delay of up to 669 days was noticed in 500 test checked works with an average delay of 74 days. No compensation was paid to workers against such delay.

[Paragraph 2.2.9.2]

A liability of ₹ 1.49 crore was noticed in three out of ten test checked blocks which remained unliquidated as of March 2012.

[Paragraph 2.2.9.3]

Out of 899 works physically verified by Audit, 294 assets created at a cost of ₹ 3.18 crore were found damaged due to non-maintenance.

[Paragraph 2.2.11.1]

Creation of different cadres as per the Administrative pattern suggested by Ministry of Rural Development was adopted, but an overall shortage ranging from 41 to 90 per cent was noticed in these cadres.

[Paragraph 2.2.13.1]

2.2.1 Introduction

The NREG Act was notified by the GOI in September 2005 and by virtue of the Act, every rural household willing to do unskilled manual labour is entitled to at least 100 days of guaranteed wage employment. The MGNREGS, a Centrally Sponsored Scheme was implemented on a cost sharing basis between the GOI and the State. The basic objective of the scheme was to enhance livelihood security in rural areas besides generating productive assets, protecting the environment, empowering rural women and fostering social equity. The Ministry of Rural Development, Government of India issued detailed operational guidelines in January 2006 which were further modified in 2008. To run the scheme successfully, a gazette notification was issued by the State Government of Uttarakhand in September 2006.

The MGNREGS was brought into force in Uttarakhand with effect from February 2006 and it covered all the districts of the State from April 2008 in three phases as under:-

- Champawat, Chamoli and Tehri Garhwal Districts from February 2006;
- Udham Singh Nagar and Haridwar Districts from April 2007; and
- The remaining eight Districts² from April 2008.

The statistical profile of the State during the review period is detailed in **Table 2.2.1** below:

² Almora, Bageshwar, Dehradun, Nainital, Pauri, Pithoragarh, Rudraprayag and Uttarkashi.

Table 2.2.1

Sl No.	Subject	2007-08	2011-12
1.	<u>Total No. of Districts</u> :	13	13
	<u>Total No. of</u>		
	(i) - Blocks :	95	95
	(ii) - Gram Panchayats :	7541	7555
2.	<u>Total Population of the State:</u>	84,89,349	1,01,16,752
	(i) General :	67,16,034	Figures under compilation by the Census Department (Source : census 2011)
	(ii) SC :	15,17,186	
	(iii) ST :	2,56,129	
		(Source: census 2001)	
3.	<u>Total Families/Households:</u>	16,03,242	19,97,068
	(i) General :	12,77,202	15,56,544
	(ii) SC :	2,84,375	3,77,202
	(iii) ST :	41,665	63,322
4.	In test checked Districts/Blocks/GPs;	4 test checked districts	4 test checked districts
	<u>Total No. of BPL Family/Household:</u>	10 test checked blocks	10 test checked blocks
	(i) General :	-	-
	(ii) SC :	-	-
	(iii) ST :	-	-
5.	Total amount released (Amount in crore) (Government of India + State Government)	114.41(GOI) 13.59(S.S)	373.58(GOI) 38.85(S.S)

Source: Information provided by the Census & Rural Development Department

During the period from 2007-08 to 2011-12, fund amounting to ₹ 1335.80 crore was available under the programme in the State against which an amount of ₹ 1312.88 crore (98 per cent) was spent by the Department on the implementation of the scheme as detailed in **Table 2.2.2** below:

Table: 2.2.2

(₹ in crore)

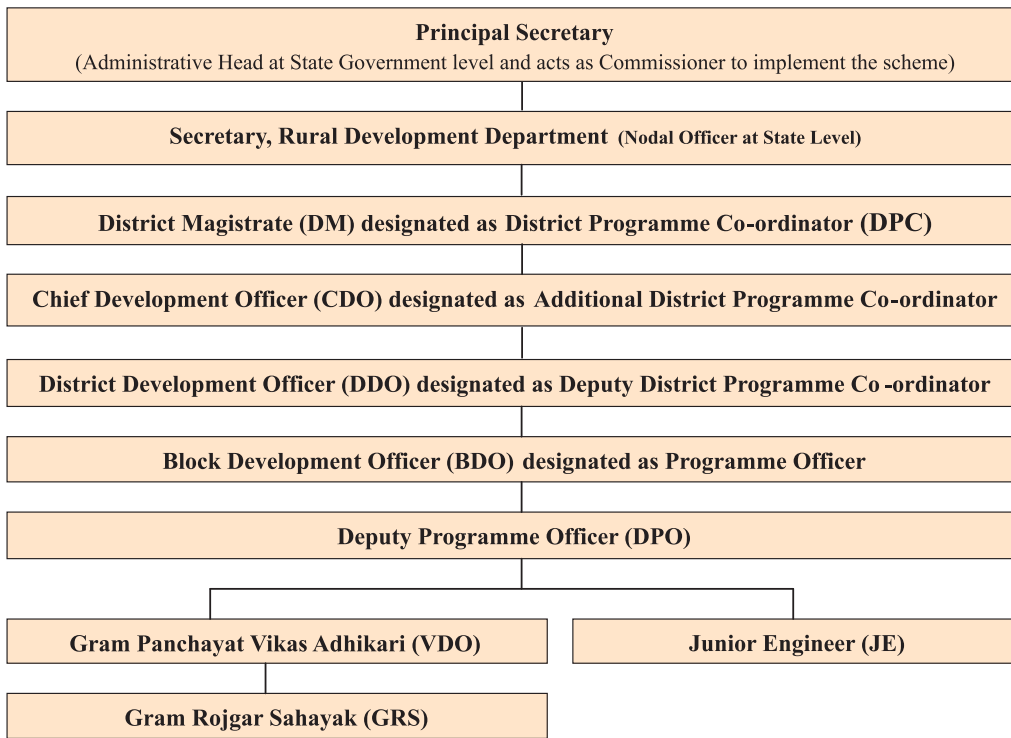
Year	Opening Balance	Receipt	Expenditure
2007-08	23.58	129.61	95.75
2008-09	68.67	106.69	135.79
2009-10	40.53	308.28	283.09
2010-11	65.72	339.67	380.20
2011-12	25.19	415.78	418.05

Source: Information provided by the Department

2.2.2 Organisational Set-up

The scheme was implemented by the Rural Development Department under the overall supervision of the Principal Secretary who also acted as the Commissioner, MGNREGS. District Programme Coordinators (DPCs) and Programme Officers (POs) were made responsible for implementation of the scheme at district and block levels respectively. The organisational set up for implementation of the scheme is indicated in **Chart-1** below:

Chart-1



2.2.3 Audit objectives

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

- Structural mechanisms were put in place and adequate capacity building measures were taken by the State Government for implementation of the Scheme;
- Planning process (including convergence of other schemes) for implementation of the programme was efficient and effective;
- Financial management (fund allocation, utilization and proper accountal) was efficient and effective;
- Implementation of the scheme was carried out economically, efficiently and effectively in providing employment to the needy persons;
- Maintenance of data and records as well as Management Information System generation was efficient and effective;
- Human Resource Management for implementation of the programme was efficient; and
- Monitoring mechanism (Social Audit, Village Monitoring Committee meetings and Inspections by higher authorities at Block, District and State levels) was in place and effective.

2.2.4 Audit criteria

Audit criteria has been derived from the following sources:

- Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) and amendments thereto;
- MGNREGS Operational Guidelines 2006 and 2008 issued by the Ministry of Rural Development (MoRD), GOI, regarding MGNREGA and related circular issued by the MoRD;
- Gazette notification and orders issued by the State Government; and
- Guidelines/ Checklist for internal monitoring of the scheme issued by the State Government.

2.2.5 Audit scope, sampling and methodology

Performance Audit of MGNREGS covering the period from April 2007 to March 2012 was conducted between March 2012 and September 2012 through test-check of records of State MGNREGA Cell, four DPCs³ including District Panchayats, ten POs⁴ of selected districts and 100 Gram Panchayats (GPs) of selected POs. In the test checked districts, scheme was brought into force with effect from April 2008. However, the State figure as a whole covers the period w.e.f. April 2007 to March 2012. Selection of districts/blocks was made on the basis of registered households using Simple Random Sampling Without Replacement (SRSWOR) method and for Gram Panchayats, selection was made on the basis of expenditure using Probability Proportional to Size Without Replacement (PPSWOR) method. In all, 899 works executed under the scheme in these GPs were selected for detailed scrutiny. Joint physical inspection of the same was also done in the presence of concerned representatives/officials of the Department and members of the audit team. Besides, a beneficiary survey of 1,000 beneficiaries (10 beneficiaries in each test checked GP) was conducted through a questionnaire developed by Audit.

The methodology adopted was to test-check records with reference to the provisions of the Act, scheme guidelines, gazette notification of the State, financial rules and Government orders/ instructions.

The Audit objectives, scope and methodology were discussed in an Entry Conference held on 17th April 2012 with the Principal Secretary, Rural Development Department and other important officers of the State Government responsible for execution of the scheme in the State.

The audit findings were discussed in an Exit Conference on 21st December 2012 with the Secretary, Rural Development, Government of Uttarakhand and the replies have been incorporated at appropriate places.

³ Almora, Dehradun, Pauri & Pithoragarh.

⁴ Bhikiasain, Chakrata, Didihat, Dwarahat, Dhaula devi, Ekeshwar, Khirsu, Pauri, Munsyari and Vikas Nagar.

Audit findings

2.2.6 Structural Mechanisms

Mahatma Gandhi National Rural Employment Guarantee Scheme is a vital scheme to be implemented at grass root level i.e at Gram Panchayat level. To run the scheme successfully in the State, the following mechanism was adopted by the State Government:

(i) State level:

Principal Secretary/ Secretary, Department of Rural Development, Government of Uttarakhand was the State Coordinator and was made responsible for overall coordination of the Scheme at the State level.

(ii) District level:

District Programme Coordinator is responsible for overall planning and coordination amongst the various State agencies for better implementation of the scheme.

(iii) Block level:

Programme Officer is responsible for overall planning and coordination at block level amongst the various Gram Panchayats.

(iv) Gram Panchayat level:

Gram Panchayat was made the pivotal body for the implementation of the Scheme and Village Development Officer was made responsible for overall activities carried out under the Scheme at this level.

Duties and responsibilities of all these functionaries are detailed in **Appendix-2.3**.

Audit Scrutiny revealed the following:

2.2.6.1 Setting up of State Employment Guarantee Council

State Employment Guarantee Council (SEGC) was to advise the State Government on the implementation of the Scheme, including monitoring and evaluation. Other roles of the SEGC include approval of District Perspective Plans and monitoring of the grievance redressal mechanism. The SEGC was to prepare an Annual Report on the implementation of the MGNREGS in the State to be presented to the State Legislature. The SEGC was also required to meet quarterly to take stock of the physical and financial progress of the scheme.

Audit scrutiny revealed that the SEGC was constituted after a delay of 17 months of launching of the scheme in the State on 31st August 2007. Further, the SEGC met only twice as of March 2012 against required 18 quarterly meetings (October 2007 and January 2011). Consequently, due to SEGC remaining inactive, District Perspective Plans submitted to the State by six DPCs, the oldest submitted in December 2008, were not approved. A shortfall of 95 *per cent* in inspection of works at the State level also remained unmonitored (Refer paragraph 2.2.14.2).

On this being pointed out (August 2012), the Department admitted the facts and stated (August 2012) that constitution of SEGC was delayed due to Legislative Assembly elections in the State but did not give any reasons for not conducting the meeting regularly. However, during the Exit Conference, the Secretary, Rural Development while accepting the audit observation, assured that henceforth meetings of SEGC would be held regularly as per norms.

2.2.6.2 Constitution of State Employment Guarantee Fund

The State Government had to establish a State Employment Guarantee Fund (SEGF) for the purpose of fund transfer to key agencies. But no such fund was established by the State Government, though notification for establishment of the same was made in January 2007.

On this being pointed out (October 2012), the Department replied (October 2012) that procedure related to constitution of SEGF is under consideration at GOI level.

2.2.6.3 Training of key agencies and Institutions

As provided in the MGNREGS Operational Guidelines, all key agencies/ stake holders were required to be trained in discharging their responsibilities under the Act. This was to include Gram Panchayats, Districts and State level Department personnel involved in implementing MGNREGS.

The details of trainings held during the period 2007-08 to 2011-12 are indicated in **Table 2.2.3** below:

Table 2.2.3

Year	Number of trainings held	Level of participants	Number of participants	Subject of training
2007-08	41	PO/ PRI and elected representatives/ DPO/	2405	Capacity building/ Training workshop regarding important points of MGNREGS Operational Guidelines/ training related to accountancy/ Planning/ Social Audit/ Communication of MGNREGS
2008-09	46	VDO/ JE/ GRS/ Accountants/ Computer operators/ Line departments	3095	
2009-10	94		3920	
2010-11	78		3358	
2011-12	104		6190	

Source: Information provided by the Department

Training modules and targets were prepared by Uttarakhand Institute of Rural Development and all the targets were achieved.

2.2.6.4 Setting up of Technical Resource Groups

Para 13.1 and 13.2 of MGNREGA Operational Guidelines prescribed that the State Government had to facilitate technical resource support to implementing agencies like GPs, line departments etc. to ensure quality in all aspects of implementation. The guidelines envisaged the constitution of panel of accredited engineers at the district/block level for assisting the estimation and measurement of works.

The State Government created a post of District Engineer (DE) at district level and Junior Engineer at Block level to facilitate technical support to implementing agencies.

District Engineer: A post of DE was created (July 2009) at each DPC (13) by Government of Uttarakhand for according technical sanction to estimates prepared in respect of works to be executed under the scheme and to physically verify at least 20 *per cent* works.

Audit noticed that out of 13 DPCs, only two DEs, one each at Almora and Dehradun were posted. Moreover, the DE posted at Dehradun was given charge of only one block. No records regarding number and percentage of works inspected were shown to Audit by DE, Dehradun while DE, Almora stated that only two and four *per cent* works were inspected by him in 2010-11 & 2011-12 respectively which was below the target (20 *per cent*) of physical verification fixed by the State. No permanent records pertaining to inspection were maintained by any of the DEs, in the absence of which audit could not verify the details of inspections carried out.

Junior Engineer: The State Government created (July 2009) a post of Junior Engineer (JE) (one in each 557 Nyay Panchayats⁵ in hills and one each in two Nyay Panchayats (113) in plains of the State) and assigned the work pertaining to preparation of technical estimates, measurement of works and providing technical guidance to Gram Panchayats officials. Audit noticed shortage of manpower of 64 *per cent* in JE cadre at State Level, which was 71 and 73 *per cent* in the test checked districts and blocks respectively.

Scrutiny of technical estimates in respect of 899 test checked works revealed that, provisions of the Act were not taken into consideration while preparing technical estimates by JEs and technical sanctions accorded to these works by the DEs did not contain specific work site locations. Further, audit observed delays in sanction of works due to the reason that there was a significant time lag between date of proposal of the work by the Gram Sabha and date of start of the work, but these could not be verified since TSs did not contain vital dates of submissions and sanctions.

On this being pointed out (August 2012), the Department replied (August 2012) that though demands for District Engineers were sent to different Departments, but none were made available. However, engineers posted at DRDA had been given additional responsibility for the purpose of according Technical Sanctions. It was also stated that instructions had been issued for physical verification of works as provisioned and for the maintenance of permanent records of the same. Regarding JEs, it was stated that the vacant posts in different cadres could not be filled due to stay (November 2009) in recruitment through Service Providers in the State by Honourable High Court and some alternative methods were being considered for recruitment of the same. Further, the Secretary, RD stated during the Exit Conference that instructions would be given to maintain inspection log books in support of inspections made and checking all the particulars of technical

⁵ A Nyay Panchayat is a system of dispute resolution at village level in India. Nyay panchayats can be endowed with functions based on broad principles of natural justice and can tend to remain procedurally as simple as possible. They can be given civil and minor criminal jurisdiction. But they should never follow civil and criminal procedure code in toto.

estimates which were required under the Act before according technical sanctions to the works proposed.

Though, additional responsibilities had been conferred on engineers of DRDA, the extent of irregularities in technical estimates underline the dire necessity of filling up of vacant posts of DE at the earliest and also regular monitoring of their functioning.

2.2.7 Planning Process

Planning was critical to the successful implementation of MGNREGS. A key indicator of success was the timely generation of employment within 15 days from the date of demand for work. The need to act within a time limit necessitates advance planning. The basic aim of the planning process was to ensure that the District plan was prepared well in advance to offer productive employment on demand. Further, MGNREGS Operational Guidelines stipulated for preparation of a five year District Perspective Plan (DPP) to facilitate advance planning and provide a development perspective for the district. The aim was to identify the types of MGNREGS works to be encouraged in the district and the potential linkages between these works with long-term employment generation and sustainable development.

2.2.7.1 Unfruitful expenditure on preparation of District Perspective Plan

A District Perspective Plan (DPP) for five years was to be prepared which would have the advantage of facilitating the annual labour budgets as a framework of long term planning so that it could respond to the new emerging needs of the area.

Test-check of records of MGNREGA Cell, Dehradun, and of test checked districts revealed that the State Government instructed districts (November 2007) to prepare the DPPs in pursuance of GOI guidelines, for the period of 2008-09 to 2012-13 with a total allocation of ₹ 1.30 crore @ ₹ 10.00 lakh per DPC (13). Out of this, ₹ 75.96 lakh was already paid to the expert agencies and ₹ 11.96 lakh was the pending liability, ₹ 13.36 lakh were used in the scheme and ₹ 28.72 lakh remained unutilized with the DPCs. Districts Champawat and Uttarkashi did not prepare DPPs against which no action was taken by the State. Out of the total 13 districts, only six districts had submitted perspective plans for approval to the State Government as of March 2012 which also were not approved, the oldest having been submitted in December 2008.

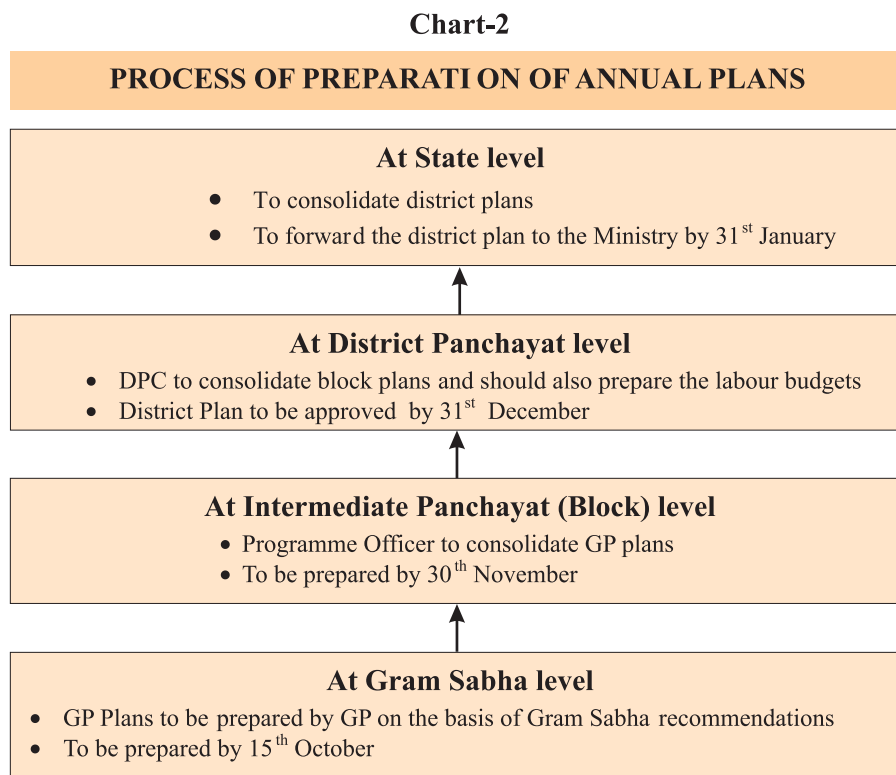
On this being pointed out (June and August 2012), the Department stated (June 2012) that these could not be approved due to late submission of DPPs by the DPCs. Regarding non-submission of DPPs by seven districts, Department stated (August 2012) that clarifications had been sought from respective DPCs.

The reply of the Department is not acceptable as DPPs were prepared for the duration of 2008-09 to 2012-13 and the last financial year 2012-13 is already operational. While no action was taken by the Department to approve such DPPs which were submitted by the DPCs, action was also not taken against those DPCs which did not submit/prepare the same. This resulted into unfruitful expenditure of ₹ 87.92 lakh as these DPPs have no relevance now. There was also blockade

of funds amounting to ₹ 28.72 lakh since the same remained unutilized till date (August 2012). Further, as the District Perspective Plans were intended to integrate work priorities with a longer-term development strategy with the aim of creation of durable assets and strengthening the livelihood resource base of the rural poor, non-approval of the same defeated this purpose.

2.2.7.2 Preparation of Annual Development Plan

The Annual Development Plan (ADP) was an annual plan to be prepared by every GP and should comprise of shelf of projects for each village with administrative and technical approvals so that works can be started as soon as there was demand for work. The whole process of finalizing the Plans prepared by the GPs is depicted in **Chart-2** below:



The development plan was supposed to comprise of the following components:

- Assessment of labour demand;
- Identification of works to meet the estimated demand for work;
- Identification of sites where works are to be executed;
- Estimated cost of works and wages; and
- Benefits expected in terms of employment generated and physical improvements.

Scrutiny of the ADPs at PO and District level revealed that the plans did not include specific location of the work sites and its benefit to the community expected from the works proposed to be executed under the scheme which remained unnoticed at each level i.e. PO, DPC and State Levels.

Test-check of ADPs compiled at PO level of sampled blocks revealed that the Plans prepared by the Gram Panchayat were not following the prescribed time schedule. None of the GPs recorded the date of submission of ADPs to the POs. However, the POs stated (May-June 2012) that they generally got the ADPs from GPs with a delay of two to three months. This delayed the submission of ADPs by the POs to the DPCs and by the DPCs to the State Government. Consequently, the late submission of ADPs and labour budget based on such ADPs for the whole State hampered the timely submission of proposals to GOI.

On this being pointed out (August 2012), the Department accepted the facts and stated (August 2012) that instructions had been issued to strictly adhere to the MGNREGS Operational Guidelines.

Weak monitoring mechanism to watch the follow up of these instructions had made these instructions of the Department ineffective which resulted in deficiencies in ADPs.

2.2.7.3 Preparation of Labour Budget

ADPs prepared by the Gram Panchayats and finally compiled by the DPC after checking all the particulars was to be the basis of labour budget (LB) as per the guidelines. The unique feature of MGNREGA was its bottom-up architecture i.e. planning and selection of works and their implementation were to be done in a participatory manner under the leadership of the Gram Panchayat (GP).

Audit analysis revealed that there was a wide variation among the labour budget compiled at DPC level (**Appendix-2.4**), LB proposed by the State Government to Government of India and the LB finalized by the State Government against finalization of the same by Empowered Committee, MoRD, GOI which can be seen in **Table 2.2.4** below:

Table-2.2.4 (Amount ₹ in lakh)

Year	LB compiled at test checked districts based on demands from GPs	LB proposed by the State to GOI against test checked districts (in per cent)	LB finalized by the State against test checked districts on the basis of allocation of funds by GOI (Difference in percentage between LB proposed by GPs & finalized)	Overall LB proposed by the State to GOI	LB finalized by the GOI (percentage of LB reduced by GOI against State proposal)
2008-09	68766	27186 (40)	27186 (60)	54654	54654(00)
2009-10	48497	20580 (42)	10189 (79)	49745	37321(25)
2010-11	49746	29955 (60)	13203 (73)	77218	38282(50)
2011-12	57938	23324 (40)	15286 (74)	68229	46422(32)

Source: Information provided by the Department

A curtailment of 40 to 60 per cent of budget proposals by the State was noticed by Audit in the test checked districts. The Empowered Committee of GOI further curtailed the State budget proposals even up to 50 per cent. However, the final allocation by the State to test checked DPCs got reduced up to 79 per cent.

The Secretary, RD admitted the fact during the Exit Conference and stated that curtailment was made keeping in view the performance of the district in the last year. Further, the final allocation was made to the districts according to the budget finalized for the State by the Empowered committee of GOI.

2.2.7.4 Information Education and Communication

Public awareness is critical for successful implementation of any scheme. Para 3.2 of MGNREGS Operational Guidelines stated that every State Government would undertake an intensive Information Education Communication (IEC) exercise to publicise the key provisions of the National Rural Employment Guarantee Act (NREGA) for awareness generation. The State Government was to draw up an IEC Plan and develop communication material designed to help people articulate their demand and claim their entitlements. Information should be widely disseminated, especially in remote areas, SC/ST hamlets through TV, radios, films, print media including vernacular newspapers, pamphlets, brochures.

The State Government did not devise an IEC plan and left it to DPCs resulting in communication of MGNREGA provisions in a non-uniform manner.

Complaint registers were blank (three out of 10 test checked blocks) and there was no demand of unemployment allowance and compensation which clearly indicates that awareness generation was not up to the mark. This was also confirmed during Beneficiary Survey conducted by the audit team wherein 818 (out of 1000) beneficiaries stated that they get the work on its availability and 697 stated that payment was made to them after 15 days of completion of work. During the test-check of records of 899 works, delays up to 669 days in making payment to the beneficiaries were also noticed by Audit.

The Secretary, RD admitted the facts during the Exit Conference and stated that IEC plan would be developed at the earliest.

2.2.7.5 Nominal role of District Panchayat in implementation of scheme

District Panchayat was a pivotal body for development of the district and needed to play an active role in planning, implementation and monitoring of the scheme. MGNREGS Operational Guidelines clearly stated that the Block-wise shelf of projects and Labour Budget based on it was to be submitted to the District Panchayat by the DPC for approval and modification, if necessary. Further, the District Panchayat was to monitor all aspects of implementation, especially timely issue of Job Cards, provision of employment, social audits, flow of funds, progress and quality of works.

In four test checked DPCs, it was found that Chairman, District Panchayat was approving the ADP consolidated by the DPC but no records regarding submission of ADP by the DPC to the District Panchayat Office and return of the same to DPC after approval were maintained at District Panchayat. It was also seen that the District Panchayats were not involved in monitoring the implementation of the Scheme at any level.

The Secretary, RD accepted the facts during the Exit Conference and stated that instructions had been issued to strictly adhere to the MGNREGS Operational Guidelines.

2.2.7.6 Convergence with line departments

As per Para 14.1 of MGNREGS Operational Guidelines, convergence of MGNREGS funds with funds from other sources for the creation of durable assets was permissible. However, care was to be taken to ensure that MGNREGS funds do not substitute for resources from any other sectors or schemes. MGNREGS funds were intended to provide/create additional employment. The funds from other programmes for the permissible works under MGNREGA could be dovetailed with MGNREGA funds, but not vice versa. All initiatives of convergence were to be within the parameters of MGNREGA, especially the need to design labour intensive works and complete ban on contractors.

Audit analysis revealed that although instructions regarding convergence/dovetailing of different schemes/activities were issued (July 2008) by the State Government, but the meetings amongst the line departments and the State Programme Coordinator were not held on regular basis. Convergence plans were not prepared annually and only one draft plan was prepared for 2009-10. Out of a total expenditure of ₹ 1312.88 crore incurred under the scheme, a meagre amount of ₹ 38 crore (03 per cent) was incurred, during 2009-10 to 2011-12 through convergence with different departments showing low priority of State Government towards convergence works. Expenditure on works in the test checked districts was almost entirely borne by MGNREGS funds. Information pertaining to the conduct of social audit in respect of works carried out by the line departments was neither maintained at line department nor at PO/GP level, and thus could not be examined by audit.

The Secretary, RD accepted the facts during the Exit Conference and attributed the fact to lack of interest by other Departments in MGNREGS, but efforts would be made towards convergence of works with other line departments.

2.2.8 Financial Management

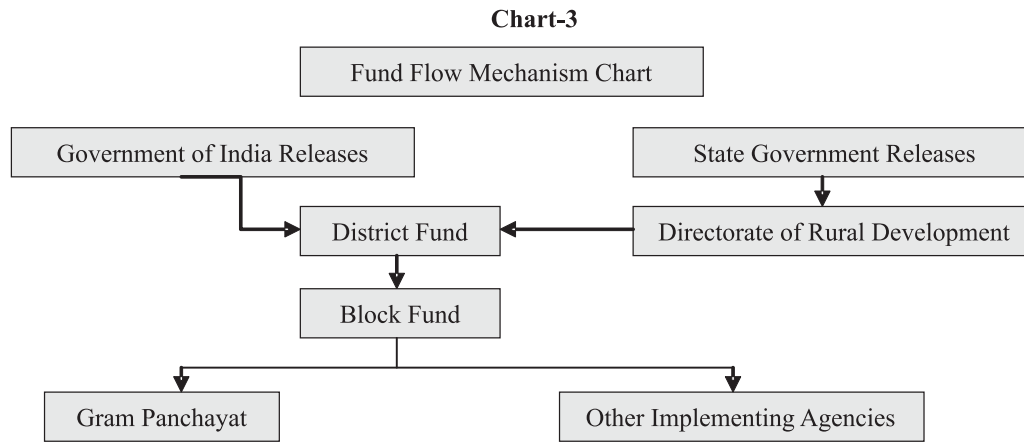
2.2.8.1 Financing Pattern

Section 22 of NREG Act, 2005 stated that the Central and State Governments would bear the expenditure of the scheme as detailed in **Table 2.2.5** below:

Table-2.2.5

Item of expenditure	Central share	State share
Unskilled labour	100 per cent at notified rates	Excess over notified rates of the Centre
Skilled labour	75 per cent	25 per cent
Material	75 per cent	25 per cent
Unemployment allowance	Nil	100 per cent
Administrative expenses	As determined by GOI	Administrative expenses of the SEGC

Fund flow mechanism adopted in Uttarakhand is depicted in **Chart-3** below:



2.2.8.2 Fund Availability and Expenditure

During 2007-12, ₹ 1335.80 crore⁶ was available under the scheme out of which ₹ 1312.88 crore⁷ were spent by the Government. The details of budget allocations and expenditure incurred by the State Government on the Scheme are shown in **Table 2.2.6** below. Further, details of the same for the test checked districts is given in **Appendix-2.5**.

Table-2.2.6 (₹ in crore)

Year	Districts covered under the scheme	Opening balance	Funds released				Total funds available	Expenditure	Unspent fund
			Central share	State share	Total	Misc. receipt			
2007-08	05	23.58	114.41	13.59	128.00	1.61	153.19	95.75	57.44
2008-09	13	68.67	92.15	10.66	102.81	3.88	175.36	135.79	39.57
2009-10	13	40.53	278.45	27.38	305.83	2.45	348.81	283.09	65.72
2010-11	13	65.72	300.05	37.45	337.50	2.17	405.39	380.20	25.19
2011-12	13	25.19	373.58	38.85	412.43	3.35	440.97	418.05	22.92
Total			1158.64	127.93	1286.57	13.46		1312.88	

Source: Information provided by the Department

Audit noticed that there was a variation of ₹ 11.23 crore between the Closing Balance (CB) of 2007-08 and Opening Balance (OB) of 2008-09 and of ₹ 0.96 crore between the CB of 2008-09 and OB of 2009-10.

The Secretary, RD accepted the facts during the Exit Conference and stated that serious attention would be given to it. Further, it was stated by the Additional Secretary, Finance Department that reasons for such non-reconciliation might be transfer of funds from SGRY to MGNREGS on 1st April 2008. However, details would be made available to Audit after reconciling the same.

⁶ Central and State share : ₹ 1286.57; Miscellaneous receipt: ₹ 13.46 crore; Opening Balance of 2007-08 : ₹ 23.58 and transfer of funds from SGRY: ₹ 12.19 crore.

⁷ Works expenditure: ₹ 1263.15 crore; Administrative expenditure: ₹ 49.73 crore

The reply of the State Government was not satisfactory as the differences in opening and closing balances could not be reconciled even after a lapse of four years which indicates weak financial monitoring mechanism at State level.

2.2.8.3 Delay in release of State Share

In order to provide impetus to the scheme, the State Government was required to release the State share within 15 days to districts from the date of release of 1st tranche by GOI as per Para 8.4 of MGNREGS Operational Guidelines.

Audit analysis revealed that the State share was not being released in stipulated timeframe. An average delay ranging from 13 to 90 days with the maximum delay of seven months was noticed in four test checked DPCs in releasing of the State share during the period 2008-09 to 2011-12.

The details of Central fund release (1st tranche) and delay in release of State share is indicated in **Table 2.2.7** below:

Table-2.2.7

Name of DPC	Date of release of Central fund (1 st tranche)				Date of release of State share (Delay in days)				Average delay (in days)
	2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12	
Almora	07.05.08	30.06.09	14.05.10	27.04.11	02.06.08 (11)	22.09.09 (69)	15.07.10 (47)	14.07.11 (63)	48
Pauri	22.04.08	22.07.09	15.05.10	04.05.11	02.06.08 (26)	31.07.09 (00)	07.06.10 (08)	07.06.11 (19)	13
Dehradun	09.05.08	11.08.09	28.06.10	23.04.11	05.08.08 (73)	25.03.10 (211)	26.07.10 (13)	08.07.11 (61)	90
Pithoragarh	01.04.08	20.04.09	16.04.10	01.04.11	29.05.08 (43)	29.04.09 (00)	07.06.10 (37)	07.06.11 (52)	33

Source: Details worked out from the records of four test checked DPCs

On this being pointed out (August and October 2012), the Department stated (November 2012) that the process of releasing State share takes time because funds were released by GOI directly to the districts and after demanding State share by the respective districts against such funds received from GOI, proposal was sent to the State level by the Directorate, Rural Development after consolidation of the demands of all the districts. Further, this proposal was sent to the Department of Finance/Planning and after their approval funds for releasing State share were allotted to them. Reasons for such delay were also attributed to difficult geographical condition of the State. Regarding delay of more than seven months in releasing State share, it was stated (August 2012) that the State share could not be released in time due to non-availability of sufficient funds under Grant No. 19: Rural Development. However, the Additional Secretary, Finance Department assured Audit during the Exit Conference that State share would be released in time in future.

Reply of the Department is not acceptable as estimated release of Central share in the upcoming year was well known to the State in advance, since it was finalized by the Empowered Committee of GOI against the budget proposal by the State. Therefore, the State Government should have made adequate provisions in the annual budget for release of State share in time keeping in view the provisions of

the scheme like providing employment on demand and making payment of wages to the worker within a fortnight.

2.2.8.4 Transfer of funds from SGRY to MGNREGS

Ministry of Rural Development, GOI issued directives (March 2008) regarding closure of Sampoorna Gramin Rojgar Yojna (SGRY) and transfer of its unspent balance to MGNREGS. According to these directives, the SGRY account was to be closed on 31 March 2008 and the unspent amount under this scheme was to be transferred to MGNREGS account. Test-check of records of DPC/Block/GPs of Dehradun district revealed the following irregularities:

1. Advances of ₹ 5.28 lakh (related to construction, social forestry, purchase of cement, contingencies) from SGRY fund to various agencies⁸ were not recovered till the date of audit (June 2012). However, these funds were shown transferred to the accounts of MGNREGS.
2. SGRY fund to the tune of ₹ 7.40 lakh was transferred (April 2008) to Vermi Compost instead of MGNREGS in Vikas Nagar block of Dehradun district.
3. An amount of ₹ 3.02 lakh of SGRY was not transferred to the accounts of MGNREGS till the date of audit (June 2012) in Chakrata block of Dehradun district.
4. Amount under SGRY was not transferred and was still lying in account of SGRY (June 2012) in test-checked GPs of DPC Dehradun.

The Secretary, RD stated during the Exit Conference that the matter would be looked into and reflected in the accounts/records.

Implementation of the Scheme

2.2.9 Ensuring livelihood security by providing 100 days of employment

2.2.9.1 Non-fulfilment of ensuring livelihood security to rural households

Para 1.1 of MGNREGS Operational Guidelines stated that the primary objective of the scheme was to enhance livelihood security in rural areas by providing at least 100 days of guaranteed wage employment in a financial year to every household whose adult members volunteer to do unskilled manual work.

Out of the total 19.97 lakh households⁹ in the State, 1.89 lakh to 5.42 lakh households demanded employment during the period 2007-12 and were provided employment at an average of 39 days per households per year. Audit analysis revealed that only two to four *per cent* of total registered households in the State were provided 100 days of employment during the period 2007-08 to 2011-12 and it was two *per cent* in respect of test checked districts/blocks. The average person days per rural

⁸ Basic Shiksha Adhikari, Dehradun (JRY); PEXFED, Dehradun; Food Corporation of India, Dehradun; Executive Engineer, Rishikesh (JRY); Executive Engineer (PD) PWD, Dehradun; Sub Divisional Magistrate, Dehradun (JRY); Sub Divisional Magistrate, Chakrata (JRY); Commissioner Garhwal, Pauri; District Economical and Statistical Officer, Dehradun; Uttar Pradesh State Cement Corporation; Cement Corporation of India, Dehradun (JRY).

⁹ As per Census, 2011

household, for which employment was provided per registered HH per year in the aforesaid period, was 39 days at State level while it was 32 and 35 days in the test checked districts and blocks respectively (**Appendix 2.6 A & B**).

All the applications received for demand of employment were to be entered into the application format (no. 6) which was the first step towards providing livelihood through the scheme. The application format (no. 6) for employment prescribed by the State Government did not contain any separate column for date from which the employment would be sought by the applicant although the same was provided in the sample format prescribed in MGNREGS Operational Guidelines. Thus, the delay in providing employment could not be ascertained at any level. The fact was also substantiated during beneficiary survey as 818 out of 1000 beneficiaries held that the application for the demand of work was taken from them only when the funds were allocated to the GPs. Thus, there was no opportunity to give State funded unemployment allowance as elucidated in the MGNREGS Operational Guidelines, which ultimately deprived the eligible beneficiaries from getting the same.

Agreeing with the observations of Audit (August 2012), the Department intimated that the application format no. 6 prescribed earlier has been revised for demand of employment and circulated to the DPCs for adoption. The Department also stated that as the scheme was demand-based, instructions had been issued to DPCs to give wide publicity of the provisions of MGNREGS. Instructions to the DPCs included the fact that during publicity it was to be ensured that each job card holder should be aware of the provision that employment was to be provided to him within 15 days of demand and a receipt was to be provided against beneficiaries' demand.

2.2.9.2 Non Payment of compensation for delayed payment of wages

Para 7.1.4 & 7.1.5 of MGNREGS Operational Guidelines stated that the wages should be paid on a weekly basis on a pre-specified day of the week in each GP. Details of wages paid through the banks/post office network should also be made public. Workers were entitled to be paid on a weekly basis and in any case within a fortnight of the date on which the work was done. In the event of any delay in wage payments, the workers were entitled to compensation as per the provisions of the Payment of Wages Act, 1936 (NREGA, Schedule II, Section 30) which was to be borne by the State Government.

Section 15 of the Wages Act states that

- a. If any payment of wages had been delayed, the aggrieved person may apply to any labour inspector under the Act or any authority designated for this purpose for compensation within twelve months from the date on which the payment of wages was due to be made.
- b. The authority shall hear the applicant and the employer or other person responsible for the payment of wages and after inquiry, may direct for payment of the delayed wages, together with the payment of such compensation not exceeding three thousand rupees but not less than one thousand five hundred rupees (₹1500) and even if the delayed wages were paid before the disposal of

the application, the authority may direct for the payment of such compensation not exceeding two thousand rupees.

Audit observed the following in 899 test checked works of 100 Gram Panchayats in 10 Blocks:

- There was an average delay of 74 days in 500 works with a maximum delay of 669 days (approximately two years) in making payment to the beneficiaries.
- No amount was found to have been paid as compensation to any labour in 100 test checked GPs.

The Secretary, RD stated during the Exit Conference that this was a serious matter and would be attended to.

It is evident from the above that the Department was not able to provide 100 days employment and whatever meagre employment was provided, the payments of the same were not made in time to the beneficiaries. Delayed payments in respect of 500 works as mentioned above in the test checked districts ultimately deprived the 13,278 workers employed on these works from getting the benefit of compensation amounting to at least ₹ 1.99 crore¹⁰. The State Government needs to streamline the payment procedure to reduce the delay in making payments.

2.2.9.3 Liability of ₹ 1.49 crore created by different POs

The State Government instructed (December 2011) all the DPCs for (i) achieving the target as fixed where funds were sufficiently available and (ii) doing the works and creating liabilities where funds were insufficient. Regarding payment, it was clearly stated that payment against work done would be made to the beneficiaries in future, as and when the funds were made available to them. As per these instructions, liabilities so created would be treated as an achievement.

During the course of audit, it was reported by the POs of Dhauladevi, Dwarahat and Chakrata blocks that liability of ₹ 80.72 lakh, ₹ 27.57 lakh and ₹ 40.33 lakh during 2011-12 respectively was created in their blocks for want of funds.

On being pointed out (August 2012), the Department admitted the facts and stated that instructions were issued to create liability due to briefing by the DPCs regarding non-availability of funds which resulted in inability to provide employment.

The reply is not acceptable as the instructions of the Department did not contain the provision for compensation in cases where the timely payments were not being made and such instructions were in violation of the Act which ensured payment within a week or maximum 15 days.

¹⁰ Total 13,278 workers were employed in 500 works in which audit found that the payment was made to the workers after due date i.e. after 15 days of completion of the work. If each worker would be paid the compensation @ ₹ 1500 it comes as ₹ 19917000 (13,278 x ₹1500) or say ₹ 1.99 crore.

2.2.9.4 Non-Issue of wage slips to the workers

Para 7.2.1 of MGNREGS Operational Guidelines stated that when the amount was paid, a wage slip might be generated for intimation to the worker as per the format prescribed. Amount should be disbursed to the worker only on production of wage slip and the withdrawal slip by the worker or his authorised representative.

Audit found during test-check of the records of 100 GPs that the wage slips were not being issued to the workers in any of the test checked GPs.

On this being pointed out (August 2012), the Department admitted the facts and stated (August 2012) that instructions had been issued for issuing wage slips.

2.2.9.5 Maintenance of Muster Rolls

A Muster Roll is a labour attendance register, pertaining to a particular work site and a particular period. According to Para 9.4 of MGNREGS Operational Guidelines, Muster Rolls (MRs) with a unique identity number issued from the Block level were to be maintained by the GPs and other implementing agencies, in a proforma suggested by the Ministry. The muster roll was required to indicate the job card number, name of the worker and days worked. Workers' attendance and the wages paid were to be shown against each name with signature/thumb impression of the worker.

During scrutiny of 10,759 Muster Rolls used in 899 works in respect of 100 test checked GPs, cuttings were found in 1,110 MRs, fluid was used in 510 MRs and overwriting was done in 771 MRs in violation of Para 307-A of Financial Handbook Volume V Part-I.

Secretary, RD stated during the Exit Conference that the matter would be looked into and action would be taken accordingly. However, presently, an instruction had been issued for making no cuttings, fluid and overwriting on Muster Rolls.

2.2.10 Job Cards

2.2.10.1 Maintenance of Job Cards

As envisaged in Para 5.3 of MGNREGS Operational Guidelines, photographs of registered adult members were to be affixed in the job cards. The Job Card (JCs) would be in the custody of the household to whom it was issued and be updated regularly. To ensure the outcomes and implementation aspects of the scheme, audit selected 1,000 beneficiaries, ten each from 100 test checked GPs and visited villages to interview each selected beneficiary. During the beneficiary survey the following facts came to light:

- Job cards were not shown to Audit in 279 cases during beneficiary survey. Out of these, it was stated by 210 beneficiaries that their Job Cards were with Gram Pradhans which was against the spirit of the Act.
- Photos were not found pasted in the Job cards of 196 out of 721 job cards produced before audit team. In the absence of photos the genuineness of the beneficiaries could not be ascertained.

- Payment entries were not found updated in 316 cases, due to which employment of beneficiaries and payment made against them could not be reconciled.
- Photos of all the registered adult members of the family were not pasted in 174 cases which was necessary as per the MGNREGS Operational Guidelines.
- Out of 1,000 beneficiaries surveyed, 95 beneficiaries stated that Job Cards were issued to them after 15 days instead of the prescribed limit of 15 days.

The Secretary, RD appreciated the point during the Exit Conference and stated that adequate attention would be given to this issue.

2.2.10.2 Maintenance of Job Card Register

Para 9.1.1 of the MGNREGS Operational Guidelines envisaged that the details of the members of the households who had been issued job cards should be inscribed in the Job Card Register. This Register was to be maintained by Gram Panchayat/ Programme Officer.

The following deficiencies were noticed during the scrutiny of job card registers of test checked GPs:

Out of total 14,707 registered House Holds;

- Photos of 6,309 beneficiaries (43 *per cent*) were not found pasted.
- Signatures of 2,444 beneficiaries (17 *per cent*) were not recorded.
- Signatures of VDOs in 1,999 beneficiaries (14 *per cent*) were not recorded.
- Bank/Post Office Account number was not recorded in 5,868 (40 *per cent*) cases.

As mentioned above in paragraph 2.2.10.1 of this Report, genuineness of beneficiaries could not be established by Audit as photos of 43 *per cent* beneficiaries were not found pasted in the register. In addition to the above, payment made to the beneficiaries in genuine account could also not be established as no bank account number was found recorded in the registers in 40 *per cent* cases.

The Secretary, RD accepted the point during the Exit Conference and stated that adequate attention would be given to this issue.

2.2.11 Asset creation

A total of 1,52,292 works were executed in the State during the period of 2007-08 to 2011-12 by incurring an expenditure of ₹ 1263.15 crore. Out of these, 1,00,631 works were completed (up to March 2012). Year-wise details of the same are given in **Table 2.2.8** below:

Table: 2.2.8

(Amount ₹ in crore)

Year	Completed works		Ongoing works		Total	
	No. of works	Amount	No. of works	Amount	No. of works	Amount
2007-08	6307	52.39	4664	39.28	10971	91.67
2008-09	10297	64.72	9882	62.69	20179	127.41
2009-10	24677	175.78	12296	96.59	36973	272.37
2010-11	29749	248.24	12457	118.07	42206	366.31
2011-12	29601	284.01	12362	121.38	41963	405.39
Total	100631	825.14	51661	438.01	152292	1263.15

Source: Information provided by the Department

2.2.11.1 Non maintenance of assets created

Para 6.1.3 of MGNREGS Operational Guidelines envisaged that the maintenance of assets created under the Scheme (including protection of afforested land) would be considered as permissible work under MGNREGA.

Out of 818 GPs of 10 POs in four test checked DPCs, 100 GPs were selected for detailed scrutiny and out of a total of 1,692 works executed in these 100 test checked GPs under the scheme in the period of 2008-09 to 2011-12, 899 works were physically verified by the joint team of Audit officials and departmental representatives. During the joint physical verification, it was found that 294 (33 per cent of the total works inspected) assets created at a cost of ₹ 3.18 crore were found damaged as can be seen in the sample photographs.

During the test-check of records of 899 works of 100 GPs of four districts, it was noticed that no expenditure was incurred for maintenance of assets.



Check Dam Nirman, Year 2009-10 Quarijimiya GP, Munsyari Block, District Pithoragarh



Chal Khal Nirman Gokuldhura, Year 2008-09, Kottiyura GP, Munsyari Block, District Pithoragarh

The Secretary, RD agreed during the Exit Conference that no expenditure had been incurred on maintenance of assets in the State, but assured that instructions would be issued to take care of maintenance of assets during labour budget preparation.

2.2.11.2 Worksite facilities

As per Para 6.8.1 of the MGNREGS Operational Guidelines, provisions of facilities like medical aid, drinking water, shade and crèche were to be ensured by the implementing agencies.

Audit conducted door to door beneficiary survey of 1,000 beneficiaries falling under 100 villages of ten blocks which revealed that works site facilities were not provided by the implementing agencies (GPs and Line Departments) in most of the cases. Details are given in **Table 2.2.9** below:

Table-2.2.9

Category	Facility provided (in numbers)	Facility not provided (in numbers/percentage)	Not known (in numbers)
Shade	312	644 (64 per cent)	44
Drinking water	412	545 (55 per cent)	43
Creche	004	950 (95 per cent)	46
First Aid Kit	360	596 (60 per cent)	44

Source: Details worked out from beneficiary survey

As a result of this, beneficiaries were deprived of the above basic amenities at work site.

On this being pointed out (August 2012), the Department admitted the facts and replied (August 2012) that instructions had been issued to strictly adhere to the MGNREGS Operational Guidelines for providing work site facilities.

2.2.12 Management Information System

Management Information System (MIS) was the only source of consolidated information on the Scheme which was readily available in the public domain. The MIS of MGNREGS was widely used by the beneficiaries, research organizations, academicians and other stake holders. It was an important constituent in the efficient and effective functioning of the Scheme. The centrally collected data plays a crucial role in providing management inputs necessary to monitor, evaluate and direct all the aspects of the Scheme.

As the system was primarily based on inputs by block level officials through the website at different levels of the implementation hierarchy, the data uploaded in the website was examined to ensure the veracity of information flow. Data generated in the implementation process of the scheme was being used for preparing all the summary reports available on the NREGA website. This data was also to be used for generating information necessary for monitoring and evaluation of the vital aspects of the Scheme. Reliability of data uploaded in the website was cross checked with the data available in the MPRs of the test checked districts for the years 2009-10 to 2011-12. Categories of data covered for detailed analysis related to (a) number of households which were issued job cards; (b) cumulative number of households which demanded employment; (c) number of households provided employment; (d) cumulative person days generated; (e) total availability of funds at district level and (f) total expenditure incurred in the districts

As would be clear from **Appendix-2.7** that there was marked mismatch between the figures uploaded in the MIS on MGNREGS website with figures reported through MPR in respect of some of the key areas as mentioned at 'a to f' above. This is a serious issue and puts the reliability of the MIS data at stake, which is being used by Government of India for showcasing the achievements and is also relied upon by intelligentsia.

On this being pointed out (August 2012), the Department accepted the facts and replied (August 2012) that data could not be made available in time to officials responsible to feed the data in MIS due to shortage of staff due to which differences existed between two sets of data.

Reply of the Department is not acceptable as such mismatch calls into question the reliability of the data in the MIS. In the absence of a reliable MIS, any conclusions drawn on the basis of the MIS data would be prone to errors and misleading conclusions.

2.2.13 Human Resource Management

2.2.13.1 Administrative Resources

Ministry of Rural Development (MoRD), Government of India (GOI) had suggested an administrative pattern to be followed by each State for smooth functioning of the scheme. According to this pattern, Gram Rozgar Sahayak at GP level, PO (BDO could also be given the charge of PO and a dedicated Deputy Programme Officer may be appointed to assist the PO) at block level and DPC at district level were identified as key posts for discharging the time bound activities of the scheme. Further, a designated GRS was to be appointed to assist Village Development Officer. Government of Uttarakhand adopted the administrative pattern in February 2006. Detailed staff position of the key posts in the State, test checked districts and test checked blocks is indicated in **Table 2.2.10** below:

Table-2.2.10

At State level

Designation	SS	MIP	Shortfall (in per cent)
District Programme Coordinator	13	13	00 (00)
Deputy Programme Officer	95	56	39 (41)
Gram Rozgar Sahayak	1811	648	1163 (64)

At test checked Districts level

Designation	SS	MIP	Shortfall (in per cent)
District Programme Coordinator	04	04	00 (00)
Deputy Programme Officer	40	14	26 (65)
Gram Rozgar Sahayak	839	246	593 (71)

At test checked blocks level

Designation	SS	MIP	Shortfall (in per cent)
Deputy Programme Officer	10	01	09 (90)
Gram Rozgar Sahayak	330	51	279 (85)

Source: Information provided by the Department

Deputy Programme Officer- Full-time dedicated POs were not posted in any test checked blocks. Instead Block Development Officers (BDOs) were given the additional charge of Programme Officers.

Audit scrutiny revealed that an overall shortage of DPOs (41 per cent) existed at the State Level. However, it was 65 per cent and 90 per cent in ten test checked districts and blocks respectively.

As Block Development Officer was overburdened with the works related to various schemes like MPLAD, MLALAD, State Finance Commission, 12th and 13th Finance Commission, Kshetra Panchayat Vikas Nidhi, Swarna Jayanti Gram

Swarojgar Yojna, Disaster Management, Indira Awas Yojna, Atal Awas Yojna, Deendayal Awas Yojna, all pension schemes etc., absence of full time dedicated DPOs hampered proper implementation of the scheme. Major deficiencies at block levels noticed by audit were as under:

- There was shortfall up to 47 *per cent* in inspection of works at the level of blocks. (Refer to paragraph 2.2.14.2)
- Adequate attention was not given towards timely payment to the beneficiaries against works done by them. (Refer to paragraph 2.2.9.2)
- Administrative approval was being accorded without checking the particulars like specific location of the works contained in technical estimates. (Refer to paragraph 2.2.6.4)
- The social audit being conducted once instead of twice a year remained unmonitored. (Refer to paragraph 2.2.14.3)

Gram Rozgar Sahayak- Gram Rozgar Sahayak (GRS) was the main implementing hand for MGNREGS as he/she was a buffer between GP and PO and his/her duty was to maintain all MGNREGS related documents at the Gram Panchayat level, including prescribed accounts, and ensuring that these documents are conveniently available for public scrutiny, overseeing the process of registration, distribution of job cards, provision of dated receipts against job applications, overseeing job applications, allocation of work, payment of wages, payment of unemployment allowance and ensuring that the requisite Gram Sabha meetings are held and social audits conducted.

Para 3.1.1 of MGNREGS Operational Guidelines prescribed that there should be one GRS in each GP against which the State Government notified (July 2009) that there would be one GRS for four GPs in hills and six GPs in plains.

Audit analysis revealed that there was acute shortage (85 *per cent*) in GRS cadre in ten test checked blocks. However, the shortage was 71 and 64 *per cent* in test checked districts and State as a whole respectively. Shortage of GRS resulted in non-maintenance of records like issuance of acknowledgement in respect of employment demanded, improper maintenance of Job cards, delayed payment to the beneficiaries etc., which in turn deprived the eligible beneficiaries from getting their due benefits. (Refer to paragraphs 2.2.9.2 and 2.2.10.1)

Further, shortage in other cadres meant for MGNREGS in the State viz., district engineers, junior engineers, computer programmers and village development officer was also noticed (**Appendix-2.8**).

On being pointed out (August 2012), the Department stated that posts of GRS were created as per requirements duly approved by the Finance Department of the State while the vacant posts in different cadres could not be filled up due to stay (November 2009) in recruitment through Service Providers in the State by Honourable High Court. Regarding the progress of the case, Secretary, RD stated during the Exit Conference, that final hearing in the High Court is going on.

2.2.13.2 Improper distribution of staff

Proper distribution of staff is necessary for smooth functioning of any work. The overall picture in the State and the test checked districts and blocks indicated that the shortages were not spread over proportionately leading to lopsided balance of key staff in the districts/blocks, since vacancy in DPO cadre in State level remained at 41 *per cent* while it was 65 and 90 *per cent* in test checked districts and test checked blocks respectively. Similarly, there was a vacancy of 64 *per cent* in GRS cadre in the State as a whole while it was 71 and 85 *per cent* in test checked districts and test checked blocks respectively.

The absence of dedicated staff / improper distribution of staff led to weak institutional arrangement, which in turn hampered the smooth functioning of the MGNREGS at State/ DPC/ Block/ GP levels.

2.2.14 Monitoring Mechanism

2.2.14.1 Grievance Redressal Mechanism

Para 11.7 of MGNREGS Operational Guidelines prescribed that if a person had a grievance against any issues relating to the implementation of the scheme, he/she could bring the matter to the notice of the Programme Officer. If the grievance was against the Programme Officer, he/she could bring it to the notice of the District Programme Coordinator or the designated grievance-redressal authority at the Block or District level and if the grievance was against the District Programme Coordinator, he/she could bring it to the notice of designated authority of Grievance Redressal at State level.

Para 9.1.1 of MGNREGS Operational Guidelines prescribed that proper maintenance of records was one of the critical success factors in the implementation of MGNREGS. Complaint register was one of the crucial records to be maintained at each level. This Register would contain the date of receipt of the complaint, details of the complainant including its nature, the action taken on the complaint and the date of final disposal. This Register would be maintained by Programme Officer/ DPC/ Gram Panchayats/ other implementing agencies.

During the course of the performance audit, inordinate delays in disposal of complaints were noticed by audit. The complaints remained pending for more than three years at State level. The oldest complaint remained pending for more than three years. Similarly, the records of the test checked districts revealed that only 19 *per cent* complaints were disposed of within 15 days. Delay in disposal of remaining complaints ranged between four and 257 days. Moreover, it was noticed during test-check of records of ten blocks relating to complaints that three blocks, namely, Khirsu, Ekeshwar blocks of Pauri district and Chakrata block of Dehradun district were having complaint registers which were blank for the period 2008-09 to 2011-12. In the remaining seven test checked blocks, only 26 complaints were registered during the period 2008-09 to 2011-12.

Delay in disposal of complaints clearly indicated that public complaints were not being taken up seriously.

On this being pointed out (August 2012), the Department accepted the facts and stated (August 2012) that pendency at State Level was due to the reason that complaints received were forwarded to respective DPCs for required action where these were not being disposed of in time due to shortage of staff. Regarding non-maintenance of Complaint Register at GP level, the Department stated that instructions had been issued for maintenance of Complaint Register at each level.

2.2.14.2 Lack of supervision of works

According to Para 10.3.1 of the MGNREGS Operational Guidelines, quarterly targets were fixed for internal verification of works at the field level by the official functionaries according to which 100 per cent of works at the Block level, 10 per cent at the district level and two per cent of the works at the State level were to be verified.

Scrutiny of records at State level, selected districts, blocks and GPs revealed that no permanent record of inspection of works carried out by various levels was being maintained. However, the information provided regarding inspection of works during 2008-09 to 2011-12 is given in **Table 2.2.11** below:

Table-2.2.11

No. of works due for inspection	No. of works inspected	Shortfall (in per cent)
State Level		
2826	147	95
District level (Test checked four)		
4574	4693	Nil
Programme Officer Level (Test checked ten)		
11527	6061	47

Source: Information provided by the Department

As no permanent records of inspection were maintained at any level in support of their data shown in MPR, Audit could not ascertain the effectiveness of the inspections carried out.

The Secretary, RD admitted the facts during the Exit Conference and replied that instructions had been issued for maintenance of inspection log books in support of inspections made.

2.2.14.3 Transparency and Public Accountability

To ensure public accountability in the implementation of projects, MGNREGS provides continuous vigilance through 'Social Audit', which was to be conducted once every six months giving people an opportunity to review compliance with ongoing requirements of transparency and accountability and conduct a detailed public audit of all MGNREGS works. Social Audits were required to be conducted to promote transparency in the process of administration and decision making, participation of the affected persons in decision making and validation, accountability towards the affected people and redressal in response to complaints.

During scrutiny of records of test checked 100 GPs, 39 GPs did not provide/show records relating to Social Audit. Moreover, it was also noticed that 49 Gram

Panchayats were conducting only one Social Audit in a year against the set norm of two. The details are given in **Table 2.2.12** below:

Table-2.2.12

Year	Number of GPs test checked	Social Audit to be conducted as per norms	Number of GPs in which Social Audit conducted (Once in a year)	Number of GPs in which Social Audit conducted (Twice in a year)	Number of GPs who did not provide details	Number of GPs where Social Audit not conducted
2008-09	100	200	44	00	39	17
2009-10	100	200	50	11	39	00
2010-11	100	200	49	12	39	00
2011-12	100	200	49	12	39	00

Source: Information provided by the GPs

The Social Audits conducted were being recorded in *Kaaryawahee* Register and no separate minutes were being prepared in this regard.

The minutes as well as irregularities with regard to Social Audits conducted were not being recorded with the result that Audit could not verify the objections raised and compliance thereof. However, beneficiary survey of 1,000 beneficiaries falling under 100 villages of ten blocks revealed that 804 beneficiaries (80 *per cent*) had no knowledge of Social Audit indicating the fact that people's participation was not being ensured, making this provision of the Act ineffective.

Secretary, RD accepted the facts during the Exit Conference, and stated that instructions had been issued to conduct Social Audits bi-annually and record the minutes of meeting in the prescribed proforma.

2.2.15 Conclusion

There was mismatch between the data of MIS and MPR which indicated non-existence of any mechanism to verify the authenticity of data before being uploaded to the MGNREGS website. Due to this, the reliability of the MIS data is at stake, which is being used by GOI as well as by intelligentsia. Besides, the whole exercise of sound planning is based on sound MIS data. The State has formed the State Employment Guarantee Council, but it was not meeting at regular intervals which left the major policy decisions like planning and monitoring unaddressed. Administrative pattern as suggested by MoRD was adopted, but an overall shortage ranging from 41 to 90 *per cent* was noticed particularly in DPO and GRS cadres, which adversely affected the implementation of the scheme in the State. District Perspective Plans prepared at a cost of ₹ 87.92 lakh for the period of 2008-13 were rendered wasteful as these were not approved even after a lapse of more than three years.

The primary objective of ensuring the livelihood security by providing 100 days of annual employment to the targeted rural community at the specified wage rates was not achieved as only two to four *per cent* of registered households were provided 100 days of employment during the period from 2007-08 to 2011-12. Application format for employment prescribed by the State Government did not contain the separate column for date from which the employment would be sought by the applicant although the same was provided in the sample format prescribed in MGNREGS Operational Guidelines. Thus, delay in providing employment could

not be ascertained at any level, in turn leaving no opportunity to give State funded unemployment allowance. Consequently, Audit did not come across even a single instance of unemployment allowance being given to any beneficiary. Audit noticed an average delay of 74 days with a maximum delay of 669 days (approximately two years) in making payment to the beneficiaries against which no compensation was paid to the beneficiaries. No expenditure was incurred on maintenance of assets created under the Scheme. No permanent records of inspection and monitoring of works were maintained at any level. Majority of GPs were conducting only one Social Audit in a year against the set norm of two.

Thus, although the scheme began in the year 2006, it suffered from lack of planning and inefficient implementation due to various factors mentioned above and the aim of providing guaranteed 100 days of employment was not fulfilled.

2.2.16 Recommendations

The Government may consider to:

- ensure mapping of Management Information System data uploaded in the MGNREGS website with respect to Monthly Progress Report data maintained by the implementing agencies.
- ensure regular meetings of State Employment Guarantee Council to address issues of planning, monitoring, grievance redressal and Social Audit of the scheme.
- ensure taking input from the annual development plans prepared by Gram Panchayats for finalizing the annual plan and labour budget for the State.
- make rural people more aware about the provisions and benefits of the scheme through mass media publicity.
- encourage the GPs to make provisions in their subsequent ADPs for maintenance of assets created earlier.
- strengthen the monitoring mechanism, Social Audit and redressal of public complaints.

THEMATIC AUDIT

Election Department

2.3 Thematic Audit on Election Department

2.3.1 Introduction

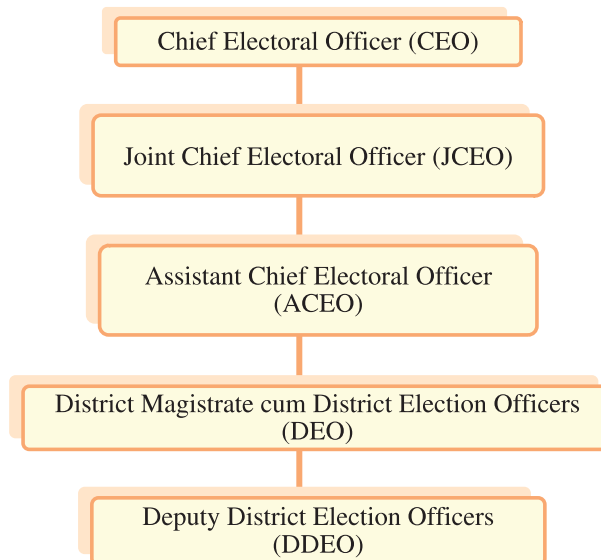
Under Article 324 of the Constitution of India, Election Commission has been entrusted the responsibilities of conducting elections to the Parliament and the State Legislative Assemblies. Section 20 of the Representation of the People Act, 1951 provides that the Chief Electoral Officer (CEO, itself a controlling authority) of a State is overall in-charge for conducting free and fair elections of Lok Sabha and Vidhan Sabha in the State under direction and control of the Election Commission of India (ECI). Further, under the provision of Article 243-K and 243-ZA of the Constitution of India and other relevant Acts and Rules, the election of Panchayat and Urban Local Bodies in Uttarakhand are conducted in the superintendence, direction and control of State Election Commission, Uttarakhand, a body other than the CEO.

The total population of the State is 101.17 lakh¹¹ out of which the total numbers of eligible voters are 62.78 lakh¹² (62 per cent). There are five Lok Sabha seats and 70 Vidhan Sabha seats in the State of Uttarakhand.

2.3.2 Organisational Set-up

The organisational set-up of the Election Department is depicted in the **Chart 1** below:

Chart-1



¹¹ As per 2011 Census.

¹² 32.84 lakh male voters and 29.94 lakh female voters.

2.3.3 Audit Scope and Methodology

Records of the CEO, Dehradun and 10¹³ out of the total 13 District Election Offices (DEOs) of the State were test-checked to examine the regularity issues and efficacy of Election Department during the course of Audit. The Audit was conducted between May and July 2012 covering the period of three years from 2009-10 to 2011-12 which included Lok Sabha Election, 2009 (April/ May) and Vidhan Sabha Election, 2012 (January) including by-elections for two Vidhan Sabha seats¹⁴.

The audit findings were discussed on 17 December 2012 with the Additional Secretary and Joint Chief Electoral Officer in an Exit Conference. The views of the Government were suitably incorporated against the relevant paragraphs, at appropriate places.

2.3.4 Audit objectives

The thematic audit was carried out to assess whether:

- the Electoral Roll and Electoral Photo Identity Card (EPIC) were prepared in time and covered the eligible voters;
- the expenditure incurred was as per the ECI norms;
- the advances paid to personnel engaged in the election were adjusted in time; and
- human resources were optimally utilized.

2.3.5 Audit criteria

Audit criteria has been derived from the following sources:

- General Financial Rules and Treasury Rules;
- Manual of Election Law, compiled by GOI;
- Handbook of Returning Officer; and
- ECI guidelines and instructions/ orders issued by the Government from time to time.

2.3.6 Financial position

The election expenses for conducting the election of Lok Sabha are fully borne by Central Government and in respect of Vidhan Sabha, it is fully borne by the State Government. The expenditure on establishment, preparation and printing of electoral rolls/ issue of photo identity cards to the voters are shared equally between the Centre and the State for both elections. The details of allotment of funds and actual expenditure during the years 2009-10 to 2011-12 in respect of Election Department are given in **Table 2.3.1** below:

¹³ Almora, Chamoli, Dehradun, Haridwar, Nainital, Pauri, Pithoragarh, Tehri, U.S. Nagar and Uttarkashi.

¹⁴ Kapkot in May 2009 and Vikasnagar in September 2009.

Table: 2.3.1

(₹ in crore)

Year	Preparation and printing of Electoral Rolls			Lok Sabha Election			Vidhan Sabha Election		
	Allotment	Expenditure	Surrender	Allotment	Expenditure	Surrender	Allotment	Expenditure	Surrender
2009-10	8.38	5.95	2.43	18.60	17.80	0.80	0.89	0.45	0.44
2010-11	10.13	9.14	0.99	0.48	0.46	0.02	0.06	0.04	0.02
2011-12	9.44	7.89	1.55	0.58	-	0.58	23.20	20.61	2.59
Total	27.95	22.98	4.97	19.66	18.26	1.40	24.15	21.10	3.05

The expenditure given in above table pertains to establishment, preparation and printing of electoral rolls/ issue of photo identity cards to the voters, arrangements for polling, counting, travelling, remuneration and light refreshment to the personnel deployed for polling and counting etc.

2.3.7 Audit findings

As per the data available with the CEO, 62.68 lakh voters (99.84 per cent) out of 62.78 lakh eligible voters in the State have been provided with Electoral Photo Identity Cards. Photographs of 62.65 lakh voters (99.79 per cent) out of 62.78 lakh eligible voters were available in the Electoral Roll of State as on 01 January 2012. Elections for Lok Sabha in 2009 and for Vidhan Sabha in 2012 were conducted by the Department and no cases of re-polling, breach of Model Code of Conduct and unsettled compensation of polling staff deployed in the election duty were found, during the period covered in Audit. Department took necessary steps for creating the awareness programme amongst the people through different sources viz. print media, electronics media, NGOs, volunteers organisations, educational institutions etc.

Some major audit findings on election expenses and other compliance issues are enumerated in the following paragraphs:

2.3.7.1 Excess expenditure over prescribed limit

A. State Government fixed (February 2004) financial limit of ₹ 0.80 lakh for the expenditure on the arrangements for tent & barricading, furniture, light and sound etc. for the management of election process in each assembly segment of the State.

During examination of records of 10 test checked DEOs and information gathered from CEO pertaining to Lok Sabha Election 2009, audit noticed in 11 out of 13 DEOs, that against the bills (claims) of ₹ 175.84 lakh as submitted by the contactors / firms, the departmental authorities, after verification of details, recommended/paid ₹ 137.53 lakh to the contractors/ firms which exceeded the permissible expenditure of ₹ 42.40 lakh by ₹ 95.13 lakh. The excess expenditure over permissible limit in the districts was ranging between 38 to 502 per cent (detailed in **Appendix-2.9**).

It was also observed in Audit during examination of records that CEO had also expressed (October 2009) concerns on excess expenditure over prescribed limit stating that economy in expenditure was not observed by DEOs while incurring the expenditure. Instances were cited by the CEO stating that there was no propriety

in using water proof tents, renting of CFL ₹ 200/- per day in Bageswar, rent of 100 watts bulb at ₹ 10/- per day, ₹ 11/- per day, ₹ 9.50 per day in Nainital, Almora and Chamoli respectively.

B. Similarly, Government fixed (October 2009) financial limit of ₹ 1.60 lakh for the expenditure on the arrangement of tent & barricading, furniture, light and sound etc. for the management of election process in each assembly segment of the State for Vidhan Sabha elections held in February 2012.

During examination of records of 10 out of 13 DEOs and information furnished by CEO pertaining to Vidhan Sabha Election 2012, audit noticed that cognizance of above financial limit was not taken by DEOs while inviting and finalising tenders for the arrangements of tent & barricading, furniture, lights etc. Against the bills (claims) of ₹ 271.63 lakh as submitted by the contactors / firms, departmental authorities, after verification of details, recommended ₹ 222.02 lakh for payment. Out of this, ₹ 92.33 lakh had been paid to contractors/firms and ₹ 129.69 lakh was still due for payment to contractors/firms (as of August 2012) for want of additional funds. The recommended amount of ₹ 222.02 lakh exceeded the permissible expenditure of ₹ 80 lakh by ₹ 142.02 lakh. The excess expenditure over the permissible limit in the districts ranged between 97 to 340 *per cent* (detailed in **Appendix-2.10**).

On this being pointed out, Government in both the above cases accepted the facts and stated (December 2012) that election expenses were emergent in nature and incurred as per requirements. In regard to Vidhan Sabha Election 2012, Government stated that an extra expenditure was incurred on law and order, security arrangements of EVM and records relating to election due to a long gap between voting (30 January 2012) and counting (04 March 2012). The reply is not acceptable as claims/bills relating to elections expenditure were far in excess of prescribed limit.

2.3.7.2 Unadjusted remuneration advances of polling staff

As per norms (January 2009) of the ECI, the staff deployed on polling/counting duty was paid remuneration as per prescribed rates. A lumpsum amount was provided by the Department to the duty staff as an advance, which was to be adjusted through adjustment bills submitted by the person concerned.

In this connection, all DEOs were instructed by the CEO (February 2012) that the adjustment bills must be obtained from the polling officials and all advances/balance amount must be adjusted during the financial year 2011-12. Audit scrutiny of the test checked DEOs revealed that total advances of ₹ 2.04 crore¹⁵ were provided by the Department to polling staff during the Vidhan Sabha election 2012, out of which, only ₹ 65.20 lakh (32 *per cent*) was adjusted at the end of financial

¹⁵ Almora: ₹ 11.46 lakh, Chamoli: ₹ 15.43 lakh, Dehradun: ₹ 37.00 lakh, Haridwar: ₹ 33.89 lakh, Nainital: ₹ 23.54 lakh, Pauri: ₹ 19.50 lakh, Pithoragarh: ₹ 8.57 lakh, Tehri: ₹ 19.51 lakh, U.S.Nagar: ₹ 20.98 lakh and Uttarkashi: ₹ 14.18 lakh.

year 2011-12 and the remaining advances of ₹ 1.39 crore¹⁶ were lying unadjusted as on date of audit (May-July 2012).

On this being pointed out, Government stated (December 2012) that ₹ 1.35 crore was adjusted against the unadjusted advance of ₹ 1.39 crore to the polling staff, and instructions have been issued to concerned DEOs to adjust the remaining amount of ₹ 4.23 lakh immediately so that it would be adjusted in current financial year. The reply reflects the fact that the instructions issued by the CEO to the district authorities that all adjustment bills must be finalised in the financial year 2011-12, had not been complied and adjustment of bills were still (December 2012) being done.

Thus, the Department failed to adjust the advances given to the polling staff in time.

2.3.7.3 Human Resource Management

Human Resources Management necessitates that staff requirements are assessed and reviewed at regular intervals by giving due consideration to the departmental activities and appropriate/transparent policies are framed/adhered to, for functioning of an organization and achieving its goals. The details of staff position of the Department as on the date of audit is tabulated in **Table 2.3.2** below:

Table: 2.3.2

Designation	Sanctioned strength	Men in position*	Vacant Posts	Vacant in percentage
At Headquarter level				
Chief Electoral Officer	01	01	-	-
Joint Chief Electoral Officer	01	01	-	-
Assistant Chief Electoral officer	01	-	01	100
Section Officer	02	01	01	50
Sr. Assistant	04	02	02	50
Jr. Assistant	09	04 (on contract from UPNAL)	05	56
At District level				
Asstt. District Election Officer	13	12	01	7.69
Sr. Assistant	42	42	-	-
Jr. Assistant	30	02 (out of which, 01 on contract from UPNAL)	28	93

Source: -* Information provided by the CEO.

It is evident from the above table that the department was running without Assistant Chief Electoral Officer since 2009, who assists the CEO in all the departmental work and is one of the key posts at Headquarters in the Department, through whom proposals/ files transmit to higher level officers for approval.

¹⁶ Almora: ₹ 2.87 lakh, Chamoli: ₹ 15.43 lakh, Dehradun: ₹ 28.75 lakh, Haridwar: ₹ 32.18 lakh, Nainital: ₹ 7.04 lakh, Pauri: ₹ 13.18 lakh, Pithoragarh: ₹ 7.21 lakh, Tehri: ₹ 19.51 lakh, U.S.Nagar: ₹ 1.99 lakh and Uttarkashi: ₹ 10.70 lakh.

There was also a shortage of one Section Officer and 33 Jr. Assistant against the existing sanctioned strength in the department. Audit also observed that due to acute shortage of Jr. Assistant, there were inordinate delays in adjustment of advances of polling staff and other administrative works.

During the Exit Conference, the Joint CEO stated that the vacant posts could not be filled up since the department was pre-occupied in continuous elections works. Further, the Government stated (December 2012) that approval for the appointment of Group 'C' (Jr. Assistant) has been obtained from the Personnel Department and the process of filling up the the existing vacancies is in progress.

2.3.8 Other points of interest

2.3.8.1 Forfeited security deposits not credited to Government account

Under Section 158 of the Representation of the People Act, 1951, security deposit of a contestant to Lok Sabha and Vidhan Sabha is to be forfeited who fail to secure one sixth of total votes polled. The forfeited security deposit is to be credited to the revenue account of the Government as per Para 8.2 of Chapter – XVI of the Handbook for Returning Officer.

Scrutiny of records of the seven test checked DEOs and information obtained from the CEO, Dehradun revealed that security deposits of ₹ 46.85 lakh pertaining to 664 contestants of Vidhan Sabha Election, 2012 were forfeited by the Election Department. Of this, ₹ 33.25 lakh¹⁷ was lying (as of August 2012) in Civil Deposit Account (Major Head 8443) instead of the same being credited to Government Revenue Account¹⁸. Retention of forfeited security by District Election Officers in the wrong head was in contravention of Rules.

On this being pointed out, Government stated (December 2012) that out of seven districts, forfeited security deposits of five districts have been credited into the Government Account and instructions have been issued to the remaining two districts (Chamoli and Udham Singh Nagar) to deposit the same into the Government Account immediately.

2.3.8.2 Unauthorised retention of money in cash chests

The general principles of Financial Rules¹⁹ provide that all money standing in the Government accounts must either be held in the treasury or in banks which are duly authorised by the Government and no money should be withdrawn from the treasury unless it is required for immediate disbursement.

Audit scrutiny of the sampled districts revealed that heavy amounts withdrawn from treasuries during the course of election (through AC bills by the DDOs) were being retained in cash chest for long time in eight districts without any specific permission of the Government even though the counting for the

¹⁷ Bageshwar: ₹ 1.10 lakh; Chamoli: ₹ 2.10 lakh; Dehradun: ₹ 5.60 lakh; Haridwar: ₹ 10.85 lakh; Nainital: ₹ 5.15 lakh; Pithoragarh: 1.70 lakh and U.S. Nagar: ₹ 6.75 lakh.

¹⁸ 0070-Other Administrative Services-02-Election-104-Fees, Fines and Forfeitures-Other Receipts-Forfeited amount of security deposits.

¹⁹ Paragraph-20 and 162 of Financial Hand Book (Vol.-V), Part I & Treasury Rule-3.

Vidhan Sabha Election, 2012 were completed in March 2012. The position of cash balances in cash chests, which were withdrawn (January/ February) from treasuries for the Vidhan Sabha Election 2012, at the end of financial year 2011-12 and as on date of audit (May/ July 2012) is detailed in **Table 2.3.3** below:

Table: 2.3.3 (₹ in lakh)

Sl. No.	Name of the office	Cash balance as on 31 st March 2012	Cash balance as on date of Audit
1.	DEO, Almora	18.27	-
2.	DEO, Dehradun	17.37	3.18
3.	DEO, Haridwar	26.47	7.66
4.	DEO, Nainital	15.43	0.63
5.	DEO, Pauri	59.95	3.42
6.	DEO, Pithoragarh	7.82	0.28
7.	DEO, U.S.Nagar	5.35	-
8.	DEO, Uttarkashi	32.25	0.01
Total		182.91	15.18

Thus, it is evident from the above table that heavy cash amounts were retained by these DEOs in their cash chests which was unauthorised and against the provisions of financial rules.

On this being pointed out, the Government accepted the facts and stated (December 2012) that instructions have been issued to all DEOs that under no circumstances heavy amount should be kept in cash chest.

2.3.8.3 Non-deduction of tax at source

Section 194 (C) of the Income Tax Act, 1961 provides that it is the duty of every DDO to deduct tax at source (TDS) from the bills for payment to firms/ contractors for supply and execution of work valued above ₹ 30000 and deposit it to the Government account.

During scrutiny of vouchers of four DEOs, it was observed that TDS amounting to ₹ 2.07 lakh²⁰ was not deducted from various bills of printing and supply of election materials of contractors/ suppliers resulting in loss of revenue.

On this being pointed out, Government accepted the facts (December 2012) and assured that the compliance of the provision of the Income Tax Act will be ensured in future payments.

2.3.8.4 Irregular operation of Bank Accounts

According to Government instructions of April 2003 and September 2009, Government money should remain in treasuries or Personal Ledger Account (PLA) of the Department/ DDO and operation of bank accounts without prior permission of Government is strictly prohibited.

Audit scrutiny revealed that no PLA was in operation in the Department whereas significant expenditure was being incurred by the DDOs during the course of elections. Despite repeated instructions of the Government for closure of bank

²⁰ Almora: ₹ 0.17 lakh, Nainital: ₹ 1.01 lakh, Pithoragarh: ₹ 0.55 lakh and Tehri: ₹ 0.34 lakh.

accounts and opening of PLA, the bank accounts were being operated in six districts in the names of DEOs/ Deputy DEOs and an amount of ₹ 53.36 lakh²¹ was parked in these bank accounts during May-July 2012. No reason could be ascertained from the DEOs for non-operation of PLAs except DEO, Tehri who stated that there were no instructions for opening the PLA.

On this being pointed out, the Government accepted the facts and stated (December 2012) that necessary instructions have been issued to all DEOs to strictly follow the directions of the Finance Department regarding operation of PLA and closure of bank accounts.

2.3.9 Conclusion

The management of election expenses was found to be weak. There was excess expenditure over prescribed limit for arrangement of tent, barricading, lights etc. during the course of elections. Instances of non-adjustment of advances to polling staff engaged in election process even after a lapse of considerable time after the Vidhan Sabha Election, 2012 were seen in audit. Besides, forfeited security deposits were not credited to proper Government revenue account. Further, deduction of tax at source was ignored and retention of heavy cash amounts in cash chests and parking of funds in bank accounts were unauthorised.

²¹ Almora: ₹ 0.42 lakh, Tehri: ₹ 51 lakh, Nainital: ₹ 0.14 lakh, Pithoragarh: ₹ 0.13 lakh, U.S. Nagar: ₹ 0.63 lakh and Uttarkashi: ₹ 1.04 lakh.

Department of Labour

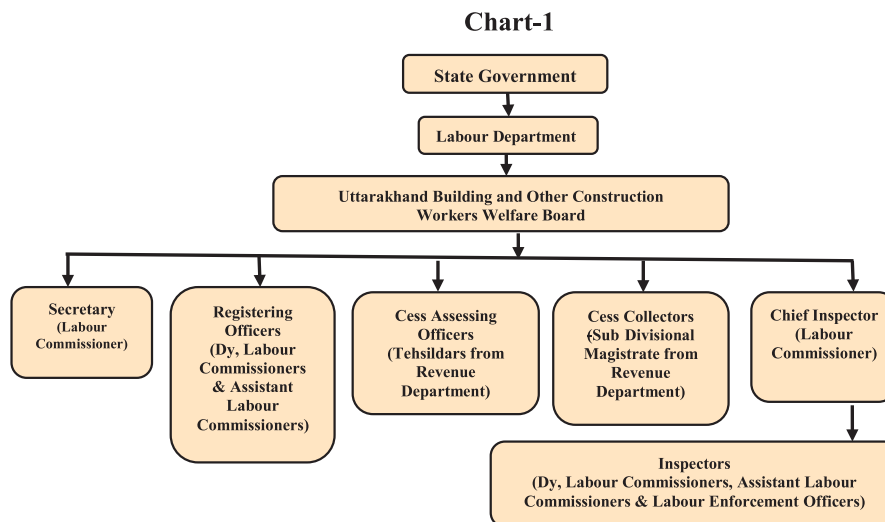
2.4 Functioning of Uttarakhand Building and Other Construction Workers Welfare Board

2.4.1 Introduction

Government of India (GOI) enacted the Building and Other construction workers (Regulation of Employment and Conditions of Service) Act, 1996 (BOCW Act) and the Building and Other Construction Workers Welfare Cess Act, 1996 (Cess Act) with a view to provide safety, health and welfare measures to building and other construction workers. Accordingly, Uttarakhand Government framed (June 2005) Uttarakhand Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005 (UKBOCW Rules). Further, Uttarakhand Government constituted (October 2005) Building and Other Construction Workers Welfare Board (Board) to carry out welfare schemes for construction workers. As per the provision of the Cess Act, establishments which had employed on any day of the preceding twelve months, 10 or more building workers in any building or other construction work are required to pay cess at the rate not exceeding two *per cent* and not less than one *per cent* of the total cost of construction incurred by an employer. The cess so collected was required to be spent for the welfare of building and other construction workers. Construction workers were required to register themselves and receive identity cards to become eligible for the benefits. The audit of ‘Building and Other Construction Workers Welfare Board’ was conducted (April 2012) covering the period from 31 October 2005 to 31 March 2012.

2.4.2 Organizational Set-up

The organisational set-up for implementation of the BOCW Act is given in **Chart 1** below:



2.4.3 Audit Objectives

The audit was conducted to examine:

- whether planning for implementation of welfare measures was effective;
- whether financial management was effective;
- whether welfare measures were implemented effectively;
- whether human resource management was effective; and
- whether monitoring and internal control mechanisms were in place and were adequate.

2.4.4 Audit criteria

Audit criteria was derived from the following sources:

- Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996;
- Building and Other Construction Workers Welfare Cess Act, 1996;
- Building and Other Construction Workers Welfare Cess Rules, 1998;
- Uttarakhand Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Rules, 2005; and
- Uttarakhand Procurement Rules, 2008.

2.4.5 Audit Mandate

As per Section 27(2) of the BOCW Act, the annual accounts of the Board, being a corporate body, shall be audited by CAG of India under Section 19 (2) of the CAG's DPC Act, 1971.

2.4.6 Scope and Methodology of Audit

Thematic audit of the Building and Other construction workers Welfare Board was conducted in April 2012 covering the period from 31 October 2005 to 31 March 2012. Further information was collected from the Board in July and September to November 2012. Apart from this, information and data regarding recovery of cess was also collected from four departments/ executing agencies i.e. Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), Medical College Unit, Haldwani, Nagar Nigam, Dehradun (NNDDN), Mussoorie-Dehradun Development Authority, Dehradun (MDDA), Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (UPSVNN) through questionnaire/ audit memos. These departments/executing agencies were selected on a random sample method.

The replies of the Secretary of the Board have been incorporated in the draft report at appropriate places.

2.4.7 Audit Findings

2.4.7.1 Planning Process

As per provisions contained in the BOCW Act, the State Government was responsible for constitution of State Advisory Committee, Expert Committee, State Welfare Board and framing of rules. In addition, the Government was also responsible to appoint Registering Officers, Chief Inspector, Assessing Officers and Cess Collectors. The Board was responsible for constituting Welfare Fund for proper and timely recovery of any amount due to the Board, to lay down policies for deposit of the due amount and to register the building workers as beneficiaries. During scrutiny of records of the Board, the following irregularities were noticed.

2.4.7.2 Framing of Rules for implementation of BOCW Act

As per the provision contained in the BOCW Act, State Government may constitute one or more expert committees consisting of persons specially qualified in building or other construction work for advising the Government for making Rules under this Act. State Government constituted (November 2003) Expert Committee for advising the State Government in making Rules. Audit scrutiny revealed that Uttarakhand Government framed the Rules for implementations of Act in the State vide Gazette notification dated 25 June 2005, after one and half year of constitution of the Expert Committee.

2.4.7.3 Constitution of Board

As per provision contained in the BOCW Act, every State Government shall, with effect from such date as it may, by notification, appoint, constitute a Board to be known as the Building and Other Construction Workers Welfare Board to exercise the powers conferred on, and perform the functions assigned to it. As per Rule 251 of the UKBOCW Rules, the Board shall consist of a Chairperson appointed by the State Government, a member nominated by the Central Government, three members representing the State Government, three members representing the employers appointed by the State Government and three members representing the building and Other Construction workers nominated by the Government. One of the appointed members shall be a woman. Audit scrutiny revealed that:

- (a) Uttarakhand Government constituted (October 2005) Building and Other Construction Workers Welfare Board for welfare of construction workers after delay of almost five years from the formation (November 2000) of Uttarakhand.
- (b) The composition of the Board was conforming to the provisions of the BOCW Act. There were ten members of the Board excluding the chairperson and tenure of the Board was for three years.
- (c) After termination of the first tenure (three years) of the Board on 31 October 2008, the Board remained defunct as the Board thereafter, was reconstituted after a gap of one and half year on 07 April 2010.

On this being pointed out in audit, Secretary of the Board stated (October 2012) that meetings of the Board could not be organized due to the post of Labour Commissioner lying vacant from March 2007 to September 2008 and from December 2008 to reconstitution of the Board and consequently, the proposal for the reconstitution of the Board was sent to the Government in June 2009.

2.4.7.4 Constitution of Building and Other Construction Workers Advisory Committee

As per the provision contained in Section 4 of BOCW Act and Rule 10 of the UKBOCW Rules, State Government constituted Building and Other Construction Workers Advisory Committee vide notification dated 20 December 2006. Although, the tenure of the Committee expired in December 2009, no Committee was in existence thereafter till September 2012.

On this being pointed out, Secretary of the Board stated (September 2012) that the proposal of reconstitution of Building and Other Construction Workers Advisory Committee was forwarded (08 April 2010) to the Government which was under consideration as of September 2012.

2.4.7.5 Appointment of Registering Officers, Assessing Officers and Cess Collectors

As per rule 263 of the UKBOCW Rules, the Board may, with the prior concurrence of the Government, appoint officers of the Government not below the rank of Assistant Labour Commissioner in the Labour Department and such other officers/employees of any department of the Government, as it considers necessary to assist the Board in the efficient discharge of its functions under the Act.

During scrutiny of records of the Board, it was noticed that Deputy Labour Commissioners and Assistant Labour Commissioners were appointed as Registering Officers in April 2005 whereas, Tehsildars and Sub-Divisional Magistrates were appointed as Assessing Officers and Cess Collectors respectively in November 2005 respectively. The Registering Officers, Assessing Officers, Cess Collectors and Inspectors perform their duties in addition to their regular duties.

The Secretary of the Board stated (July 2012) that the additional work could not be done by the Cess Accessing Officers and Cess Collectors of Revenue Department as per the provisions of Building and Other Construction Workers Welfare Cess Act due to heavy work load of their original work.

2.4.7.6 Board Meetings not held

As per Section 20 of the BOCW Act & Rule 253 of UKBOCW Rules, the Board shall ordinarily meet once in 2 months. During scrutiny of records, it was observed that a total of 24 meetings were required to be organized from October 2005 to October 2009, but only one meeting was organized during the said period. Further scrutiny of the minutes of meeting held on 25 March 2006 revealed that some important issues like preparation of organizational set-up of the Board, appointment of required officials for the Board and assigning the work

of registration of maximum construction workers to an independent agency for offering some incentive were discussed in that meeting. In compliance, no major action, except engaging three group 'C' employees from Uttarakhand Purva Sainik Kalyan Nigam for registration of workers, was taken.

On being pointed out, the Secretary of the Board replied (October 2012) that regular meetings during the period from March 2006 to May 2010 could not be organized since the Secretary of the Board was not nominated.

2.4.7.7 Registration of Construction Workers

As per Rule 266 and 267 of UKBOCW Rules, the Board was to register building and other construction workers. The construction workers were to contribute to the Board, twenty rupees per mensem, to become a beneficiary and if a registered construction worker commits default in the payment of the contribution continuously for a period of one year, he shall cease to be a beneficiary of the Fund. However, the membership will be restored on repayment of arrears of contribution. Audit scrutiny revealed the following:

(a) The State Government does not have any statistical data of the exact strength of construction workers in the State. However, as per the survey conducted by the National Sample Survey Organisation (1999-2000), approximately one lakh workers were employed in the State in various construction activities such as Hydro Power Projects, Dams, construction of Bridges and Roads etc. It was seen that the first worker was registered in September 2010, after five years from the constitution of the Board and only 4,201 workers were registered upto August 2012.

(b) Database regarding valid registered construction workers was not maintained by the Board. On being pointed out, the Secretary of the Board replied (July and October 2012) that information regarding valid construction workers was being collected from Registering Officers.

(c) The mechanism for conducting the survey of the total number of migratory/ local building and other construction workers engaged in the State was not developed by State Government/Board.

On being pointed out, the Secretary of the Board accepted (July 2012) that no survey regarding migratory/ local building and other construction workers engaged in the State was conducted.

2.4.8 Financial Management

2.4.8.1 Constitution of the Uttarakhand Building and Other Construction Workers Welfare Fund

The Board was to constitute Uttarakhand Building and Other Construction Workers' Welfare Fund (UBOCWWF) immediately after the enforcement of the Rules (June 2005) by the State Government for implementation of the BOCW Act in the State. To augment the resources of the Board, Section 3 of the Cess Act provides for levy and collection of labour welfare cess at the rate not exceeding two *per cent* and not less than one *per cent* of the total cost of construction incurred by an employer. As

per the Act, cess was to be deducted at source on buildings or other construction works of Government or Public Undertakings from the bills paid and proceeds of the cess so collected were to be transferred to the Board.

During the scrutiny of the records, it was observed that a bank account to create the said Funds was opened on 14 August 2008 after a delay of almost three years from the constitution of the Board.

2.4.8.2 Receipt and actual expenditure

The year-wise receipt of Funds and expenditure there against is detailed in **Table 2.4.1:**

Table-2.4.1 (₹ in crore)

Financial Year	Opening Balance	Receipt			Expenditure	Closing Balance
		Cess collected	Annual subscription/ registration	Interest earned		
2005-06	Nil (As on 31.10.2005)					
2006-07	Nil	Nil	Nil	Nil	Nil	Nil
2007-08	Nil	Nil	Nil	Nil	Nil	Nil
2008-09	Nil	1.67	Nil	0.05	Nil	1.72
2009-10	1.72	0.73	Nil	0.10	Nil	2.55
2010-11	2.55	3.33	0.005	0.18	0.02	6.05
2011-12	6.05	8.03	0.02	0.56	0.02	14.64

Besides, the above mentioned amount, no grant from State or Central Government was received by the Board. Out of the total amount of ₹ 14.68 crore received during the period from 2005-06 to 2011-12, the Board incurred an expenditure of ₹ 4.28 lakh (0.29 per cent) only during the above period, indicating poor utilisation of funds.

2.4.8.3 Non-preparation of Annual Accounts

The Building and Other construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 provided that the Board shall:

- (i) prepare an annual statement of accounts, annual report giving a full account of its activities during the previous financial year and submit a copy to the State Government or Central Government; and
- (ii) prepare, in such form and at such time in each financial year, as may be prescribed, its budget for the next financial year, showing the estimated receipts and expenditure of the Board and forward the same to the State Government and the Central Government.

During scrutiny of records of the Board, it was observed that:

- (a) Receipt & Payment Account, Income & Expenditure Account and Balance Sheet were not being prepared in the prescribed format by the Board. Instead, only a register showing the income and expenditure was being maintained.

- (b) Only one Annual Activity Report for the year 2010-11 was prepared and submitted to the State Government, but the same was not forwarded to the GOI.

On being pointed out, the Secretary of the Board stated (September 2012) that annual accounts were being maintained in ordinary office register due to unavailability of prescribed formats and action for preparation of annual accounts in prescribed formats is being taken.

2.4.8.4 Blocking of Funds of ₹ 14.68 crore

An amount of ₹ 14.68 crore including interest was deposited into the Building and Other Construction Workers' Welfare Fund from August 2008 to March 2012. During scrutiny of records of the Board, it was noticed that out of the total deposited amount, expenditure of a meager sum of ₹ 44333 was incurred for welfare of only 11 workers since the constitution of the Welfare Fund till October 2012.

On being pointed out, the Secretary of the Board replied (October 2012) that as per provisions contained in the rules, an eligible construction worker can apply to get the benefits. Only one worker had applied for medical assistance in 2011-12 to whom the assistance of ₹ 200 was provided and in 2012-13 financial assistance of ₹ 42333 for tools kit was provided to nine workers on their application and ₹ 1800 was paid for education to one worker.

The reply is indicative of the fact that though the Welfare Board as well as Welfare Fund was constituted for the welfare of the building and other construction workers, but the Board had not made any serious effort for timely registration of workers and provide the intended benefits. Information Education and Communication (IEC) activities intended to create awareness among the workers about the welfare measures was also not carried out effectively as evident from the fact that 63 per cent of the pamphlets and other printed material procured for the advertisement of the scheme was lying undistributed (April 2012) in the stock.

Thus, the delay in registration of the workers and non-advertisement of the scheme resulted not only in the blocking of ₹ 14.68 crore, but the objective of providing welfare measures to building and other construction workers was also defeated.

2.4.8.5 Irregular Expenditure of ₹ 2.68 lakh on printing

Uttarakhand Procurement Rules, 2008 provided that:

- (i) In all procurement procedures, transparency, competitiveness and fairness must be ensured to secure best value for money;
- (ii) All procurements shall be made through tenders, unless exempted under these rules or under specified orders;
- (iii) Purchase of goods costing above ₹ fifteen thousand on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee.

During the test-check of the expenditure vouchers of the Board pertaining to the years 2010-11 & 2011-12, it was seen that Board had incurred an expenditure of ₹ 2.68 lakh on the printing of pamphlets, receipt books and advertisement in dailies without getting the competitive or Government approved rates.

On being pointed, the Secretary of the Board stated (June 2012) that Government approved rate/Financial Rules will be followed in future regarding publishing of advertisements in news papers/ magazines.

2.4.8.6 Non/ short recovery of statutory cess of ₹ 3.96 crore

The Government of India notified Cess Act with a view to augment the resources for the welfare of the building and other construction workers. As per the Act, cess is to be levied and collected at one to two *per cent* of cost of construction from the establishments involved in construction activities. Further, delay in remitting the cess payments to cess authorities would attract penal interest at the rate of two *per cent* per month or part thereof as per Section 8 of the Act *ibid*. In view of the above, Government or Public Sector Undertakings were required to deduct labour welfare cess at the rate of one *per cent* of cost of contracts entered into for execution of various civil works and remit the amount of cess to the Board.

It was noticed during the scrutiny of the records that only 489 construction establishments were registered as of August 2012 from the date of constitution of the Board, but the overall database of the construction establishments operating in the State and covered under the Act, which were liable to pay cess, was not maintained by the Board. Thus, Board was unable to ensure hundred *per cent* collection of cess from these establishments covered under the Act. Further information collected (October 2012) from executing agencies²² revealed that works costing ₹ 428.95 crore²³ were executed during the years from 2009-10 to 2011-12 but they did not deposit Workers' Welfare Cess of ₹ 3.96 crore at the prescribed rate of one *per cent* of the total cost of work executed, to the Board as shown in **Table 2.4.2**:

Table-2.4.2 (₹ in lakh)

Name of Agency	2009-10				2010-11				2011-12			
	Cost of work	Cess due @ 1 per cent	Cess deposited	Short recovery	Cost of work	Cess due @ 1 per cent	Cess deposited	Short recovery	Cost of work	Cess due @ 1 per cent	Cess deposited	Short recovery
UPRNN	1014.19	10.14	Nil	10.14	707.46	7.07	Nil	7.07	1137.58	11.38	Nil	11.38
NNDDN	464.18	4.64	Nil	4.64	97.80	0.98	Nil	0.98	3774.92	37.75	Nil	37.75
UPSVNN	10280.45	102.80	Nil	102.80	10366.42	103.66	8.20	95.46	8737.09	87.37	25.12	62.25
MDDA	272.15	2.72	Nil	2.72	850.10	8.50	Nil	8.50	5192.19	51.92	Nil	51.92
Total	12030.97	120.30	Nil	120.30	12021.78	120.21	8.20	112.01	18841.78	188.42	25.12	163.30

²² Uttar Pradesh Rajkiya Nirman Nigam (UPRNN), Medical College Unit, Haldwani, Nagar Nigam, Dehradun (NNDDN), Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (UPSVNN) and MDDA Dehradun.

²³ ₹ 12030.97 lakh (2009-10) + ₹ 12021.78 lakh (2010-11) + ₹ 18841.78 lakh (2011-12) = ₹ 42894.53 lakh. Say ₹ 428.95 crore.

Thus, there was short recovery of ₹ 3.96 crore²⁴ from the construction establishments. This would also attract penal interest for delay in remitting the cess payments to cess authorities at the rate of two *per cent* per month or part thereof as per Section 8 of the Act *ibid*.

2.4.8.7 Provision of Welfare measures

As per the provision of BOCW Act, welfare schemes like maternity benefits, pension, advances for purchase or construction of house, pension for differently abled workers, loans for tools, payments for funeral assistance, death benefits, medical assistance, financial assistance for education and marriage of children etc. should have been implemented. The scrutiny of the records of the Board revealed that no annual target to register the construction workers was set by the Board. Further, it was observed that no expenditure was incurred on welfare measures except an amount of ₹ 44333 which was provided to 11 workers up to August 2012.

On being asked about the methods adopted by the Board in creating awareness among the workers about the benefits of the scheme and getting themselves registered, the Secretary of the Board stated (April 2012) that construction workers are approached and encouraged to get the benefits of the scheme by organizing camps at the construction sites, publishing the advertisements in newspapers and magazines and distribution of pamphlets.

The reply of the Board was not acceptable as even after lapse of seven years of constitution of the Board, no welfare scheme was implemented except providing benefits to eleven workers.

2.4.8.8 Inspection of work sites

State Government vide its notification dated April 2005 appointed Deputy Labour Commissioners/ Assistant Labour Commissioners/ Labour Enforcement Officers as Inspectors and Labour Commissioner as Chief Inspector. In all, 412 inspections had been carried out and 70 suits were filed against the violators from constitution of Board (October 2005) to April 2012. Annual targets of inspections for these years were not fixed. However, a target of 1,500 inspections was set for 2012-13, against which only 24 inspections were conducted up to June 2012.

2.4.8.9 Human Resource management

Assistant Labour commissioners, US Nagar, Haldwani, Haridwar, Rishikesh and Dehradun were nominated as Registering Officers. The Registering Officers had been assigned the work pertaining to the Board in addition to their departmental

²⁴ ₹ 120.30 lakh (2009-10) + ₹ 112.01 lakh (2010-11) + ₹ 163.30 lakh (2011-12) = ₹ 395.61 lakh. Say ₹ 3.96 crore.

work. During the scrutiny of the records it was noticed that a decision for sanction of staff was taken in the Board Meeting (November 2010) after a gap of five years from constitution of the Board. Accordingly, Government sanctioned 18 Group 'C' employees to be outsourced for registration of workers. As against this, three employees were deputed from Uttarakhand Purva Sainik Kalyan Nigam. There was no regular staff appointed for the Welfare Board.

On being pointed out, the Secretary of the Board accepted (September 2012) that separate staff requirement was not determined for the Board.

2.4.8.10 Monitoring Mechanism and Internal Control

At the State level, Labour Department was responsible for implementation of BOCW Act and State specific Rules. Accordingly, Labour Commissioner was nominated as Chief Inspector for implementation of the BOCW Act and Deputy Labour Commissioners and Assistant Labour Commissioners were appointed as Registering Officers for registration of establishments. Separate Grievance Redressal Cell and mechanism to ensure minimum wages was not established. Appellate Authority for the purpose of grievance redressal was also not appointed. However, grievance redressal was being carried out by the officers of Labour Department. Thus, the monitoring mechanism and internal control was inadequate.

2.4.9 Conclusion

The Government constituted the Board after a delay of almost five years of the formation of the State. The Welfare Fund was established after a delay of almost three years from the formation of Welfare Board. The first Construction Worker was registered after five years from the constitution of the Board and only 11 workers have benefitted since the inception of the Board. Annual accounts were not prepared by the Board. No survey regarding migratory/local Building and Other Construction Workers engaged in the State was conducted. The database of the construction establishments in the State covered under the Act, which were liable to pay cess, was not prepared. Thus the Board was unable to ensure hundred *per cent* collection of cess from the agencies in the State covered under the Act.

The Board could not formulate proper modalities for implementing welfare schemes for construction workers during past seven years, as a result of which, the objectives of carrying out welfare schemes for the construction workers could not be achieved.

The matter was referred (November 2012) to Government, reply was awaited (January 2013).

2.4.10 Recommendations

The Government may consider to:

- conduct survey of local and migratory construction workers engaged in the State and prepare a database accordingly.
- take effective steps to keep proper database with regard to registration of establishments covered under the Act to ensure the hundred *per cent* collection of cess.
- encourage and approach the workers to get the benefits of welfare schemes through wider publicity activities.
- formulate the modalities for implementing the welfare schemes on priority basis.
- strengthen the monitoring mechanism and internal control systems for proper implementation of the Act.

Women Empowerment and Child Development Department

2.5 Integrated Child Development Services

2.5.1 Introduction

The Integrated Child Development Services (ICDS) programme was launched in the year 1978-79 in three selected blocks²⁵ of Uttarakhand (then part of Uttar Pradesh) to provide a package of services comprising supplementary nutrition, immunisation, health check-up, referral services, non-formal pre-school education and health and nutrition education. The main objectives of the scheme are as under:

- (a) to improve the nutritional and health status of children in the age-group zero-six years;
- (b) to lay the foundation for proper psychological, physical and social development of the child;
- (c) to reduce the incidence of mortality, morbidity, malnutrition and school dropouts;
- (d) to achieve effective co-ordination of policy and implementation amongst the various departments to promote child development; and
- (e) to enhance the capability of the mother to look after the normal health and nutritional needs of the child through proper nutrition and health education.

Presently, the programme is being implemented in the entire State and specific focus was given in this study to cover this scheme in audit.

2.5.2 Organisational Set-up

The Secretary, Women Empowerment and Child Development Department (WECD) is responsible for the overall administration and control of the Scheme in the State. The Director of WECD is the implementing officer and implements the programme in all 105 ICDS Cells through District Programme Officers (DPOs) at district level and Child Development Project Officers (CDPOs) at block level who are further assisted by Supervisors. The ICDS services are delivered through Anganwadi centres (AWCs) by engaging Anganwadi Workers (AWWs) and Anganwadi Helpers (AWHs) on honorarium basis.

2.5.3 Audit objectives

The main objectives of audit were to examine whether:

- the planning for the implementation of the scheme was adequate for achievement of its objectives;
- funds were adequate and were optimally used for achieving the objectives of the scheme;

²⁵ Chakrata, Dharchula and Kirtinagar Blocks.

- infrastructural facilities were adequate for effective delivery of the services under the scheme;
- packages of services under the scheme were delivered effectively to the beneficiaries; and
- system of monitoring and evaluation was in place and was effective.

2.5.4 Audit Criteria

- Involvement of system in the implementation of planning of the scheme as per the guidelines/ orders issued by the Government of India (GOI) and directives of Hon'ble Supreme Court for the scheme.
- Standards of output and benchmarks of performance fixed for the scheme as per prescribed norms.
- To which extent infrastructure facilities were provided to the beneficiaries by the State Government for better implementation of the scheme.
- Outcome of the monitoring mechanism and evaluation/ follow up at various levels for implementation of the scheme.

2.5.5 Scope of Audit, Audit Methodology and Sampling

Thematic audit of Women Empowerment and Child Development Department (WECD) was conducted during the period from April 2012 to August 2012 with a specific focus on ICDS, covering the financial years from 2009-10 to 2011-12. During the course of audit, records of the Directorate (ICDS) and five Districts Programme Officers²⁶ were test checked. In addition, a Joint physical verification of 22 AWCs was also conducted by the members of audit team and representatives/ officials of the Department.

2.5.6 Audit findings

2.5.6.1 Financial Position

Expenditure on the scheme is incurred by the Department from the State Budget according to the norms set by GOI. The expenditure so incurred is reimbursed by GOI on the basis of Statement of Expenditure (SOE)/ Utilisation Certificates (UCs) submitted by the State Government. The year-wise details of funds released by GOI and the State Government and expenditure incurred, other than Supplementary Nutrition Programme (SNP), there against during the period 2009-10 to 2011-12 by the Department is given in **Table 2.5.1** below:

²⁶ Almora, Nainital, Pithoragarh, Tehri and US Nagar.

Table-2.5.1 (₹ in crore)

Year	Opening Balance of Centre	Released amount from Centre	Total available budget of Centre (2+3)	Total Budget including Central/ State share	Expenditure			Closing Balance	
					Centre (90 %)	State (10%)	Total	Centre (4-6)	State
1	2	3	4	5	6	7	8	9	10
2009-10	13.08	35.96	49.04	61.07	46.54	5.17	51.71	2.50	-
2010-11	2.50	37.63	40.13	82.72	50.82	5.64	56.46	(-) 10.69	-
2011-12	(-) 10.69	55.63	44.94	127.25	89.98	8.00	97.98	(-) 45.04	-
Total		129.22	134.11	271.04	187.34	18.81	206.15		

Source: Information collected from Directorate.

It is evident from the above table that an amount of ₹ 45.04 crore is outstanding for reimbursement from the Centre as the Department failed to submit the SOE in time. On this being pointed out, the Department replied (September 2012) that SOEs were not submitted in time due to shortage of staff.

Further, the year-wise details of funds released by GOI and the State Government under SNP and expenditure incurred there against during 2009-10 to 2011-12 by the Department is given in **Table 2.5.2** below:

Table-2.5.2 (₹ in crore)

Year	Opening Balance of Centre	Released amount from Centre	Total available budget of Centre (2+3)	Total Budget including Central share	Expenditure			Closing Balance	
					Centre (50 %)	State (50%)	Total	Centre (4-6)	State
1	2	3	4	5	6	7	8	9	10
2009-10	6.71	18.92	25.63	65.70	18.96	18.96	37.92	6.67	-
2010-11	6.67	13.04	19.71	39.09	14.80	14.80	29.60	4.91	-
2011-12	4.91	15.35	20.26	50.07	20.51	20.51	41.02	(-) 0.25	-
Total		47.31	65.60	154.86	54.27	54.27	108.54		

Source: Information collected from Directorate.

It is clear from the above table that there was a saving of ₹ 6.67 crore and ₹ 4.91 crore in 2009-10 and 2010-11 respectively. Detailed audit findings regarding SNP are discussed in paragraph 2.5.7.1.

2.5.6.2 Planning and Programme Management

As directed by GOI, the Directorate of ICDS was responsible for making Annual Programme Implementation Plan (APIP) at the State level and district/ block level officers (DPOs/ CDPOs) were responsible for preparing their own Annual Action Plan (AAP) for implementation of the programme activities.

Audit scrutiny revealed that APIP was not prepared at the State level by the Directorate except in the year 2011-12 and district/ block level officers had never prepared AAP during the period. On being pointed out, the Department accepted the facts and stated that in the absence of APIP, the schemes were regulated through the guidelines of GOI and the State Government.

2.5.7 Package of Anganwadi Services

The ICDS provides integrated services comprising (i) supplementary nutrition, (ii) immunization, (iii) health check-up, (iv) referral services, (v) non-formal pre-school education and (vi) nutrition and health education. AWWs played a limited role to assist Auxiliary Nurse Midwife (ANMs) (Health Department) in indentifying the target groups for immunisation and health check-ups and the records for the same are maintained by the Health Department. Moreover, the records pertaining to referral services, have not been maintained in AWCs and have been discussed in detail in Paragraph 2.5.9.5. The sub-scheme-wise audit analysis of supplementary nutrition, health check-up and non-formal pre-school education is as under:

2.5.7.1 Supplementary Nutrition Programme

As per directives of the Hon'ble Supreme Court, supplementary nutrition was to be provided for 300 days in a year to the beneficiaries²⁷. The objective of the scheme was to universalise the scheme by selecting all beneficiaries and to check malnutrition. The supplementary nutrition was distributed by the Department of ICDS through AWCs in all districts of the State. This was provided through AWCs viz. (i) Take Home Ration (THR) to children of the age group of six months to three years, pregnant and lactating mothers; and (ii) Cooked Food which was to be provided to the children of age group of three to six years.

(i) Take Home Ration

Audit scrutiny of the records of the Directorate ICDS, Dehradun revealed that THR was being distributed by the Department after signing Memorandum of Understanding (MOU) with the World Food Programme (WFP) in order to fulfill the aforesaid objectives. An advance of ₹ 50.33 crore²⁸ was paid to WFP for the said purpose. The details of number of beneficiaries of THR required and supplied are indicated in **Table 2.5.3** below:

Table-2.5.3

Beneficiaries	2010-11					2011-12				
	No. of beneficiaries according to		THR Required	THR supplied	Short fall in %	No. of beneficiaries according to		THR required	THR supplied	Shortfall of THR supply in %
	Survey	Registration				Survey	Registration			
Children 6 months-3 Years (@ 140g)	547521	514212	30432 MT ²⁹	10320 MT	66	572405	555191	32784 MT ³⁰	14239 MT	57
Pregnant women (@ 175g)	72863	70918				78167	76828			
Lactating (@ 175g)	89704	88811				98981	97773			
Severely malnutrition children (@ 280g)	5349	5349				3562	3562			
Total	715437	679290				753115	733354			

Source: Information collected from Directorate.

²⁷ All children below the age of six, all pregnant women and all lactating women.

²⁸ 2010-11: ₹ 32.33 crore & 2011-12 : ₹ 18.00 crore.

²⁹ 30432 MT = {514212*@140g + (70918+88811)*@175g + 5349*@280g}*300 days.

³⁰ 32784 MT = {555191*@140g + (76828+97773)*@175g + 3562*@280g}*300 days.

Audit analysis revealed that THR was not distributed in the year 2009-10 due to non-execution of MOU between the Department and World Food Programme (WFP). There was huge shortage (more than 50 per cent) of THR supplied during 2010-11 to 2011-12 as can be seen in the table above (57 per cent to 66 per cent).

Supplementary nutrition was supplied for 124 days in the year 2011-12 by the Department in the State whereas in the selected districts, the THR distributed ranged between 110 to 183 days (**Appendix-2.11**) as against the prescribed norms of 300 days in a year despite the availability of funds. It was also observed in 38 projects³¹ of selected districts that THR was not distributed at all in January 2012 as the THR was not supplied by WFP due to non-execution of MOU by the Directorate in time.

On being pointed out, the Department stated (September 2012) that the Department could not arrange regular distribution of THR due to non-formation of nutrition cell, shortage of staff and delay in taking decision. The reply of the Department showed its inability in making arrangements for distribution of THR as only 58 per cent to 82 per cent of funds were utilised during the last three years against the amount released for SNP and the Department also failed to provide THR to all the beneficiaries as shown in the **Table 2.5.3** above.

Thus, despite expenditure of ₹ 50.33 crore³² the objectives of the scheme and directions of the Hon'ble Supreme Court could not be fulfilled because all the eligible beneficiaries as per the survey were not registered as they did not turn up at AWCs to get the benefits, which defeated the intended purpose of universalisation of the scheme. Consequently, 50,523 children (zero-three years), 3,284 pregnant mothers and 2,101 lactating mothers were totally deprived of the benefits of the scheme during the period 2010-12.

(ii) Cooked Food

As per Government order (May 2008), cooked food was to be provided to the children of age group of three to six years through Mata Samiti³³ at AWCs. The Department fixed the norms and menu for the children of age group of three-six years after taking consent from Govind Ballabh Pant University of Agriculture and Technology, Pant Nagar, Uttarakhand.

The details of beneficiaries of cooked food programme for the year 2011-12 in the selected districts are indicated in **Table 2.5.4** below:

³¹ Pithoragarh-5, Almora-5, Nainital-9, US Nagar-10 and Tehri-9.

³² 2010-11: ₹ 32.33 crore and 2011-12 : ₹ 18.00 crore.

³³ A committee headed by president, AWW/AWH as a Secretary and one member of each category of beneficiaries were responsible for ensuring to provide cooked food at the Anganwadi centres.

Table-2.5.4

(*₹ in crore*)

Name of District	No. of beneficiaries according to survey	Registered in a year	Amount required*	Enrolled	Amount required	Amount released	No. of days
Pithoragarh	572929	451000	4.51	120877	1.21	0.60	149
Almora	728011	604974	6.05	193204	1.93	0.66	103
Nainital	501060	227243	2.27	115074	1.15	0.42	110
U.S. Nagar	992693	531975	5.32	186837	1.87	1.98	318
Tehri	390023	304365	3.04	168297	1.68	0.56	100
Total	3184716	2119557	21.19	784289	7.84	4.22	

Source: Information collected from selected districts.

*₹ 4 per beneficiary per day for 25 days in a month.

Audit noticed that only 21,19,557 children (67 per cent) were registered as against the survey figure of 31,84,716 children (2011-12) in five selected districts. Out of 21,19,557 children registered, only 7,84,289 children (37 per cent) were enrolled in AWCs. Further, allocation of only ₹ 4.22 crore (54 per cent) was made by the Department as against the requirement of ₹ 7.84 crore (7,84,289 * @ ₹ 4.00* 25 days), for the enrolled children. It was also noticed that the target of 300 days could not be achieved and was as low as 100 days in a year except in US Nagar, where cooked food was supplied for 318 days against the prescribed norm of 300 days during the year 2011-12.

Further, in an attempt to ascertain the ground reality, the audit team physically verified 22 AWCs in three districts namely Nainital, Tehri and US Nagar and found that (i) the meetings of Mata Samiti were not being organised at AWCs as per norms (one meeting per month); (ii) less amount was released (₹ 44890) against the requirement (₹ 120000) for 100 children enrolled in the eight AWCs of Tehri district. Only 38 children could be fed with the amount (₹ 44890) released in the said eight AWCs; and (iii) due to non-availability of funds, cooked food was provided by AWWs from their personal resources for two to 11 months in four AWCs³⁴ which was subsequently recouped on availability of funds whereas cooked food was not served at all (one-six months) in five AWCs³⁵ of Tehri District.

On this being pointed out, the Department replied (September 2012) that due to shortage of staff and delay in decision making, the funds could not be made available to districts.

The DPOs of the districts replied (August 2012) that cooked food was provided according to the available budget. It was also stated by the DPOs at the time of physical verification that due to inflation, it was not possible to make available cooked food @ ₹ 4 per beneficiary as per the aforesaid norms. The reply is not acceptable because budget released for the same purpose was only 33 to 106 per cent of the total budget required and no demand/ correspondence were made either at project level or district level with the Directorate so as to make them aware of the factual position. Resultantly, cooked food was not being provided by

³⁴ Balmiki Basti, Dhalwala-II, Sandana and Sema.

³⁵ Bakhdiyana, Sandana, Sema, Kunir and Kirgani.

the Department according to the norms defeating the intended purpose of the scheme.

2.5.7.2 Health and education related activities

Health and education related activities include immunization, health check-up, referral services, nutrition and health and pre-school education. Audit scrutiny revealed the following:

(i) Deficiencies in Health Care

Regular visits to the AWC by the Medical Officer (MO) and Auxiliary Nurse Midwife (ANM) for check-up of children and mothers were a part of Health Care mechanism under ICDS. Audit found that the number of visits by the MO to AWCs was very low as out of 22 AWCs physically inspected, the MO visited only nine AWCs (41 per cent) in the year 2011-12. The ANM visited the AWC during immunisation only. Only 11,607 (65 per cent) out of 17,826 functional AWCs in the State were provided with baby weighing scales. The corresponding figure was 4,178 (60 per cent) against a total of 6,928 AWCs in selected districts.

Further, ICDS norms provided that one medicine kit worth ₹ 600 needed to be supplied every year to each AWC. The year-wise budget allocation, functional AWCs and medicine kit supplied is indicated in **Table 2.5.5** below:

Table-2.5.5

Year	Budget allocation (₹ in crore)	Expenditure	Functional AWCs	Medicine kits required	Supplied	Shortage
2009-10	1.56	Nil	10,792	10,792	Nil	10,792
2010-11	3.68	1.32	15,441	15,441	10,840	4,601
2011-12	2.02	1.92	17,826	17,826	12,926	4,900
Total	7.26	3.24	44,059	44,059	23,766	20,293 (46%)

Source: Information collected from Directorate.

Audit scrutiny showed that no procurement was carried out by the Department as against the requirement of 10,792 medicine kits in 2009-10, despite ₹ 1.56 crore being allocated for this purpose. However, the Department procured only 23,766 medicine kits (71 per cent) in 2010-11 and 2011-12, as against the requirement of 33,267 medicine kits, despite allocation of ₹ 5.70 crore.

On this being pointed out, the Department replied (January 2013) that the tender process could not be completed and medicine kits were not purchased due to receipt of funds at the end of the financial year 2009-10. The shortage of medicine kits was met in the year 2010-11 and 2011-12 with the help of the Health Department.

(ii) Non-formal Pre-school education

Children between the age group of three to six years were to be imparted non-formal pre-school education in AWCs so as to develop their learning attitudes, values for emotional and mental preparation before primary education is imparted to them in regular schools. For this purpose, school kits were to be provided to all the functional AWCs.

Audit scrutiny revealed that as per norms, the Department had to purchase and supply pre-school kits to all the 44,059 functional AWCs (10792 AWCs in 2009-10, 15,441 AWCs in 2010-11 and 17,826 AWCs in 2011-12) during 2009-10 to 2011-12. Audit found that the Department purchased and supplied only 36,543 pre-school kits (83 *per cent*) and remaining 7,516 pre-school kits (17 *per cent*) costing ₹ 75.16 lakh were not supplied to AWCs. Further, during joint physical verification it was observed that AWCs were plagued with problems like non-availability of trained teachers, shortage of learning materials and non-availability of sufficient playing equipment.

On this being pointed out, the Department replied (January 2013) that tenders were invited on the basis of number of AWCs functional at that time (2009-12). The reply is not acceptable as during this period, 44,059 AWCs were functional whereas kits were provided only to 36,543 AWCs. Thus, due to lack of proper planning at the time of procurement, the Department failed to achieve the target of providing pre-school kits to all functional AWCs.

2.5.8 Anganwadi

All services of ICDS to children below the age of six years, pregnant or lactating women and adolescent girls are implemented through Anganwadi centres. AWCs are made operational for a population of 300 or above.

2.5.8.1 Non-operational Anganwadi Centres

As against the sanction of 23,159 AWCs by GOI, the State Government identified 20,067 AWCs against which 17,826 AWCs were operational as on April 2012. A total number of 2,241 AWCs could not be established for which the Department replied that AWCs could not be made operational due to long process of appointment of AWWs/AWHs/Mini Anganwadi Workers (MAWWs) and shortage of staff.

2.5.9 Capacity Building

Basic infrastructural facilities such as buildings, sufficient manpower and training were required to be provided for proper implementation of various schemes. The following paragraphs explain the inadequacy of such management in the ICDS:

- All the 10 DPOs' offices in the State were well equipped with computers and printers, but only 51 (49 *per cent*) out of the 105 CDPOs' offices at the block level had these facilities.
- Similarly, the need for a vehicle in operational condition can hardly be overemphasized, particularly in the field areas for monitoring purposes. The vehicle facility was available at the Directorate and at six out of the 13 district cells in the State. However, vehicles were available in only 38 out of the sanctioned 105 CDPO offices.

- Many of the operational AWCs do not have their own buildings and even if they have their own buildings or room, it was too small to accommodate both the stock of supplies and children. Out of 17,826 operational AWCs (refer paragraph 2.5.8.1) in the State, only 1,378 AWCs (eight per cent) have their own departmental buildings, 6,113 AWCs (34 per cent) were rented and 10,337 AWCs (58 per cent) were being operated in other Government office buildings.



AWC Balmikibasti, Narendranagar



AWC Bakhriyana, Narendranagar

Similarly, out of total 17,826 operational AWCs, toilet facilities were available in 7,732 AWCs (43 per cent) and potable water facilities were available in 5,720 AWCs (32 per cent) only. On this being pointed out, the Department, while accepting these facts, replied (November 2012) that all facilities i.e. computers, vehicles, buildings etc. would be provided only after receiving funds from the Government. Thus, lack of necessary equipment/ infrastructure hampered the smooth functioning of the scheme.

2.5.9.1 Slow Progress in construction of AWCs

A good building is the basic infrastructure to be provided for effective functioning of the AWC and proper delivery of the six services under the scheme. No construction works were sanctioned in Nainital and US Nagar districts. The Department had sanctioned 81 works against required 508 AWCs in three districts (Pithoragarh-95, Almora-382 and Tehri-31) as on date. The works were to be completed within two months from the date of sanction. The district-wise details of works are indicated in **Table 2.5.6** below:

Table – 2.5.6 (₹ in lakh)

Name of Districts	Sanctioned year	Total No. of AWCs	Construction Agency	Construction cost	Released Amount	Arrear	Position till date of audit
Pithoragarh	2008-09	03	RES	6.00	4.80	1.20	Incomplete (3)
Almora	2005-06	48	Village Panchayat	12.00 (6 AWCs)	9.50 (6 AWCs)	2.50	Incomplete (6)
Tehri	2008-09	04	RES	8.00	8.00	0.00	Incomplete (4)
	2009-10	08	BDO	24.00	12.00	12.00	Incomplete (6)
	2011-12	18	RES	72.00	36.00	36.00	Incomplete (18)
Total		81		122.00	70.30	51.70	37

Source: Information obtained from DPOs

From the above table, it can be seen that out of 81 works, only 44 works (54 per cent) were completed and remaining 37 works (46 per cent) could not be completed in time and there was delay of upto seven years. The main reasons for delay in construction of works as explained by the Department were non-availability of land

and non-execution of MOU with executing agency. Thus, in the absence of these structures, AWCs suffered the basic amenities as pointed out in paragraph 2.5.9 above.

2.5.9.2 Shortage of human resource

For efficient implementation of the schemes of the Department, DPOs/ CDPOs/ Supervisor were to monitor/ supervise the AWCs, Statistical Assistants were to compile the data and AWWs/ AWHs/ MAWWs were to do the frontline work. During scrutiny of records, it was noticed that there were huge shortfalls at the Directorate, District and Block (project) levels in terms of men-in-position against sanctioned strength. The staff position of the Department as of April 2012 is indicated in **Table 2.5.7** below:

Table – 2.5.7

Name of the post	Level	Sanctioned strength	Men-in-position	Vacant posts	Shortage %
Statistical Assistant	District	52	-	52	100
DPO	do	10	05	05	50
CDPO	Block	105	62	43	41
Supervisor	do	597	366	231	39
DEO	District/Block	07	01	06	86
Senior Assistant	District	34	26	08	24
Junior Assistant	do	57	28	29	51
Lower Assistant	do	62	24	38	61
AWWs	AWC	14947	13444	1503	10
AWHs	do	14947	12453	2494	17
MAWWs	do	5120	3823	1297	25

Source: Information provided by the Directorate & DPOs.

Evidently, the Department was running without sufficient manpower since November 2000. The vital posts for smooth functioning of the schemes like Statistical Assistants (100 per cent), DPOs (50 per cent), CDPOs (41 per cent), Supervisors (39 per cent), DEO (86 per cent) and even, MAWWs (25 per cent) were vacant. Resultantly, the entire burden of the vacant posts rests with the men-in-position at the bottom cadres. The absence of well structured organizational mechanism reflects system inadequacy impacting upon the operational efficiency of the Department. On this being pointed out, the Department replied (December 2012) that the recruitment of staff is under process.

2.5.9.3 Training

Training is the most crucial element in the ICDS scheme, as the achievement of the programme goals largely depends upon the effectiveness of frontline workers (Supervisors, AWWs, AWHs and MAWWs) in improving service delivery under the programme. There are three types of regular training imparted to frontline workers: (i) Induction Training (on initial engagement/ appointment mainly to AWWs); (ii) Job/ Orientation Training (Once during service period); and (iii) Refresher Training (in- service, once in every two years).

Audit scrutiny revealed that there were seven operational Anganwadi training centres³⁶ (AWTCs) in the State for front line workers. Middle Level Training centres of Supervisors and Trainers of AWTCs were not established in the State. Trainings were imparted to front line workers during 2009-10 to 2011-12 (as detailed in **Appendix-2.12**), but no training for the middle level officers was conducted since creation of the State. It was also observed that training related records at District/ Block level were not being maintained since posts of Statistical Assistants were lying vacant.

The district-wise details of training conducted during 2011-12 are indicated in **Table 2.5.8** below:

Table – 2.5.8

Name of training centre	Districts covered for training	Total number of trainees as per calendar (target)	Actual no. of trainees (achievement)	Percentage (achievement)
Pithoragarh	Pithoragarh	529	448	85
	Champawat	531	219	41
Almora	Almora	529	548	104
	Nainital	531	383	72
U.S. Nagar	U.S. Nagar	531	870	164
	Nainital	529	336	64

Source: Information obtained from districts.

It is evident from the above table that there was low percentage of achievement i.e. 41 per cent and 64 per cent achievement of Champawat and Nainital districts respectively.

On this being pointed out, the Districts replied (July 2012) that the targets of training programmes could not be achieved due to participation of less number of trainees. The reply is not acceptable as no sincere efforts were made by the Department to achieve the targets of training.

Further, during physical verification of training centres, audit found that there was lack of the basic facilities like training rooms, proper hostel facilities, training materials and trainers, inappropriate supervision and monitoring of the training centres and trainees, improper follow up and mentoring support to the trainees. Field visits as a part of the AWW trainings were also skipped. Audit analysis and physical verification revealed that the main reason for non-maintenance of training related records was shortage of staff.

2.5.9.4 Internal Control and Monitoring

Internal audit is a part of internal control mechanism. It is an independent function within the organization, which helps an organization to accomplish its objectives by bringing about a systematic and disciplined approach to evaluate the level of compliance with the departmental rules and procedures so as to provide assurance to the management on the adequacy of the internal control framework within the Department.

³⁶ Rajat Shahri & Gramodyog Sansthan, Haridwar; AWTC, Dudubag, Haridwar; AWTC, Almora; Bhartiya Gramin Mahila Sangh, Dehradun; AWTC, Pithoragarh; AWTC, Gwaldam, Chamoli and IMPART, US Nagar.

Scrutiny of records of the Directorate revealed that internal audit wing was not functional for conducting periodical internal audit of subordinate offices in the Department. Moreover, no auditor was posted against two posts sanctioned for pre-audit checks of the Directorate and the district offices. On this being pointed out, the Department replied (April 2012) that no internal audit was conducted since 2008-09 and it would be possible only after formation of Internal Audit Cell by the Government.

According to guidelines, regular field visits by all officers/ officials³⁷ to the AWCs was necessary for success of the programme. The State Government was required to draw a District-wise Advance Action Plan (DAAP) for the monitoring/ supervision visits by officials at various levels for every six month.

Scrutiny of records in the selected districts revealed that none of the officers/ officials (DPOs/ CDPOs/ Supervisors) visited the AWCs in accordance with the prescribed norms (**Appendix-2.13**). It was further noticed that the position of supervision by the authorities of Tehri district was very poor i.e. two *per cent* by the Supervisor only. No DAAP was drawn by the Department as on date.

On this being pointed out, the Department stated that vacant posts of Supervisors/ CDPOs/ DPOs and non-availability of vehicle contributed to the low supervision visits to AWCs.

2.5.9.5 Non-maintenance of records

As per the departmental manual, basic records for the implementation of the schemes were to be maintained by DPOs. Test-check of records of selected districts revealed that the basic records like 'Budget Control Register', 'Asset Register', 'Register of Major and Minor Works', 'Advance Register', 'Departmental Disciplinary Register', 'Monitoring and Evaluation Record', 'Establishment Register', 'HBA Register', 'Personal Records of AWWs', 'Medical Reimbursement Register', 'Index Register' etc. were not being maintained by DPOs in the Department.

The joint physical verification of 22 AWCs revealed that the following records were not being maintained at AWCs level:

- Health register of beneficiaries was not being maintained in 16 AWCs.
- Referral cards were not issued for the malnourished children referred for better treatment in 15 AWCs.
- Health check-up includes ante-natal care of expectant mothers, post-natal care of nursing mothers and care of the newborn and children under six years of age. No health cards, ante-natal or post-natal cards were maintained or issued to the mothers by the AWCs in all the 22 AWCs.

³⁷ Supervisors : A minimum of 50% of functional AWCs every month, CDPOs : 100 functional AWCs once in a quarter, DPOs : 15% of functional AWCs in a year and Director : 200 functional AWCs in a year.

On this being pointed out, the district authorities, while accepting the facts, assured (July 2012) compliance in future.

Non-maintenance of such vital records indicates poor monitoring and internal control by the Department.

2.5.10 Conclusion

The budget released under the schemes was under-utilised by the Department. Annual Action Plans for the implementation of the scheme were not being prepared by the district/ project authorities. Supplementary Nutritional Programme and cooked food provided was much below the prescribed norms of 300 days. Beneficiaries were deprived of the facilities like medicine kits and pre-school kits despite allocation of funds by the GOI for the purpose. Efforts were not made to operationalise the sanctioned number of AWCs in the State. Even the operational AWCs suffered from lack of basic amenities like buildings, toilets, drinking water, weighing scales, sufficient manpower and training. Shortage of staff, lack of training, lack of internal audit and shortage of supervision against norms hampered the smooth functioning of the schemes. Thus, the ICDS scheme implemented in the State needs strengthening, for achieving the objectives of providing basic services in critical areas.

2.5.11 Recommendations

The Government may consider:

- making efforts to complete ongoing construction works and provide basic amenities like building, toilets, drinking water, weighing scales, equipment, and sufficient manpower to ensure healthy environment to the beneficiaries.
- taking action to ensure that records/ registers maintained in Anganwadi Centres contain all the vital information.
- establishing an effective Internal Audit System and monitoring/ inspection of Anganwadi Centres as prescribed on priority basis for effective implementation of the scheme.

AUDIT OF TRANSACTIONS

Social Welfare Department

2.6 Unfruitful expenditure

Advance payment of ₹ 70.00 lakh made by the Department against a contract on 'e-learning' programme (Project Taleem) for Muslim students studying in Madrasas proved unfruitful as the contract was entered into without assessment of feasibility of the project.

Under the World Bank assisted "e-class" project being implemented in the State through Information Technology Development Agency-Dehradun (ITDA), the Government introduced (September 2005) a subsidiary 'Project Taleem' for the Muslim students studying in *Madrasas* in classes 9th to 12th to align them with mainstream education. The core concept is to make such a multimedia content available in Urdu language to all the *Madrasas* within the State for Mathematics and Science subjects covering the course content taught in the State of Uttarakhand across different boards. For this purpose, Uttarakhand Muslim Education Mission (under Social Welfare Department of the State Government) proposed the project and entered into a contract (April 2006) with a Delhi based firm³⁸ for designing and developing the multimedia content and providing its training structure to impart training to teachers of around 100 *Madrasas* of the State. As per the contract, the cost of 'Project Taleem' was ₹ 2.00 crore and the entire assignment was to be carried out by the firm within a period of nine calendar months from the date of signing the contract in April 2006.

Audit scrutiny (June 2011) of records of the Directorate, Social Welfare Department, Haldwani (the Department) and further information gathered (August 2012) from the Uttarakhand Muslim Education Mission (UMEM), Dehradun revealed that the contract of Project Taleem was entered into (April 2006) by the Department without detailed study and assessment of feasibility of the project as there were only two *Madrasas*³⁹ in the whole State where Mathematics and Science subjects for classes 9th to 12th were being taught. This fact came to the notice of the Department when a detailed record of the *Madrasas* having Mathematics and Science subjects in classes 9th to 12th was obtained (August 2009) from the Education Department. Consequently, the Department itself felt (February 2011) that incurring such a heavy expenditure on the project would not be fruitful considering that only two *Madrasas* having 907 students⁴⁰ qualified for the scheme. However, an amount of ₹ 70.00 lakh⁴¹ had already been paid to the firm between April 2006 and September 2006 as per terms and conditions of the contract. Hence, the improper assessment

³⁸ M/s S. Chand & Company Limited, New Delhi.

³⁹ (i) Guljar Farid Muslim Inter College, Piran Kaliyar, Haridwar & (ii) Baba Garib Shah Sabri Girls Inter College, Piran Kaliyar, Haridwar.

⁴⁰ Science: 498 students and Maths: 409 students

⁴¹ ₹ 50.00 lakh at the time of signing of agreement (April 2006) and ₹ 20.00 lakh was at the time of submission of Inception Report (September 2006).

of feasibility of the project by the Department rendered the expenditure as unfruitful.

On this being pointed out (June 2011), the Department did not give a satisfactory reply and stated that the project was prepared at the level of UMEM and the Government and despite releasing ₹ 70.00 lakh, the benefit of the project prepared by the firm could not reach the beneficiaries as only two *Madrasas* were upto the intermediate level. It was further stated that the possibility of proper use of the balance amount of ₹ 1.30 crore was bleak and hence no request was made to the Government for release of balance fund.

The reply of the Department was not acceptable as the assessment of feasibility of the project could have been done by them before entering into the contract with the firm.

Thus, the execution of agreement and making of payment by the Department to the firm without assessment of feasibility of the 'Project Taleem' resulted in unfruitful expenditure of ₹ 70.00 lakh.

The matter was referred (August 2012) to Government; reply was awaited (January 2013).

Social Welfare Department

2.7 Blockade of fund

Lack of planning of the Department leading to change in design and frequent inclusion of new items of Haj House resulted in non-completion of building and blocking of fund of ₹ 5.95 crore for more than four years.

The Government of Uttarakhand sanctioned (March 2003) ₹ 2.70 crore for construction of a Haj House of 800 pilgrims capacity. As per terms and conditions of the sanction, the work of the Haj House was to be executed within the sanctioned amount in accordance with the site conditions and in pursuance of necessary directions issued by the Government. In case of revision of estimates due to delay in execution of work, the extra expenditure was to be borne by the executing agency by utilizing their own resources. The Uttar Pradesh Rajkiya Nirman Nigam (UPRNN) Unit-I, Haridwar was nominated (March 2003) as work executing agency for construction of this house. The work was started in August 2003 with scheduled date of completion being December 2005.

Scrutiny of records (June 2011) of the Director, Social Welfare Department, Haldwani revealed that after one year of starting the work, the work executing agency submitted (September 2004) a revised estimate of ₹ 5.03 crore on the various grounds⁴². Apart from the above, a supplementary estimate for construction of a boundary wall, a tube well, an over-head tank, a lift and a main gate with small

⁴² (i) The earlier estimate was prepared on the basis of old schedule of rates (SOR) applicable from May 2001 but the work could be started only from August 2003; (ii) Necessary items such as grit finish, increase of roof height, external electrification, sanitation, fire protection system and site development were not included in the earlier estimate because selection of site was made after receipt of approved estimate; (iii) The drawing of Haj House was tentative; and (iv) The category of the building was to be upgraded from Class "B" to Class "A".

gate and a guard room worth ₹ 66.21 lakh was also submitted (September 2004) by the executing agency. The State Government accorded (November 2005) sanctions of ₹ 4.98 crore (₹ 4.40 crore and ₹ 58.20 lakh) against the above estimates of ₹ 5.03 crore and ₹ 66.21 lakh respectively. Besides, a separate sanction of ₹ 97.07 lakh for execution of some additional electrical works was also accorded (February 2006). The sanctioned amounts of all of above sanctions were released to the work executing agency between March 2003 and February 2006. Further scrutiny of records also revealed that due to revision of schedule of rates from November 2005 and also to meet 12 *per cent* increase in the cost for adopting frame structural system, the executing agency again submitted (April 2008) a revised estimate for ₹ 6.45 crore for sanction. However, the work was stopped (May 2008) for want of funds. Further, the executing agency submitted revised estimates of ₹ 7.72 crore (June 2009) and ₹ 9.14 crore (February 2012) which was not sanctioned by the Government as yet (October 2012) and possibility of further revision cannot be ruled out.

As against the total expenditure of ₹ 5.95 crore, only main building works were completed and remaining works such as paver application, construction of *vazu* point, prayer platform for Imam, finishing works of main building, site development, pump room, guard room and outer painting were to be carried out.

On this being pointed out, the Department replied (June 2011) that the work was delayed due to frequent revision of estimates by the executing agency and non-receipt of sanction from the Government. The reply was not acceptable as the proper design of Haj house was not planned by the Department before start of work and the work was started on tentative design.

Thus, change in design and frequent inclusion of new items of Haj House by Government/ Departmental authorities reflected lack of planning of the Department and resulted in non-completion of Haj House even after a lapse of more than six years. Moreover, expenditure of ₹ 5.95 crore incurred also remained blocked for more than four years.

The matter was referred (June 2012) to Government; reply was awaited (January 2013).

Department of Sports

2.8 Avoidable extra expenditure

Indecisiveness in finalizing the site for construction of the building for Directorate of Sports resulted in an avoidable extra expenditure of ₹ 60.28 lakh.

Government accorded (March 2007) an administrative approval/ financial sanction of ₹ 89.95 lakh for construction of a building for the Directorate of Sports at Dehradun. The work was proposed to be carried out in the Sports College premise at Raipur, Dehradun through Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (construction agency).

Audit scrutiny (November 2011) of records of the District Sports Officer, Dehradun and further information collected (August 2012) from Director of Sports, Dehradun

revealed that just after one and half month from the entrustment of work/ releasing of first installment of ₹ 40.00 lakh (March 2007), the Department instructed (May 2007) the construction agency not to start the construction work at the proposed site till further order. Thereafter, during departmental meeting (December 2007), it was decided to an change the site of the building from Sports College Complex, Raipur to Parade Ground, Dehradun. The reason for this change as stated (April 2012) in response to an audit query by the Department was that creation of infrastructural facilities at Sports College, Raipur for organizing the South Asian Winter Games would be inevitable and Parade Ground, Dehradun was kept as an alternative site. Audit noticed that the Department was aware in 2006 that the 1st South Asian Winter Games would be held in Uttarakhand which was subsequently held in January 2011. In the said departmental meeting, the assignment of the work was given to a new construction agency i.e. Uttar Pradesh Rajkiya Nirman Nigam (Dehradun). However, the work at Parade Ground, Dehradun could not be started as the site was under public litigation and the decision was reverted (September 2009) by the Department in favour of the earlier proposed site (i.e. Sports College Complex at Raipur) and the work was given back to the earlier construction agency. Audit noticed that the litigation was filed in December 2006 and decision to change the site was taken in December 2007. Thus, the Department was aware about the litigation before decision was taken to change the site from Raipur Sports College campus to parade ground. The two and half years delay in starting of the work ultimately resulted in revision of cost from ₹ 89.95 lakh to ₹ 150.23 lakh which was sanctioned by the Government in March 2010 and the work was completed (January 2012) accordingly by the Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam. Thus, the Department had to bear an extra expenditure of ₹ 60.28 lakh due to changes made in the decision regarding the site.

On this being pointed out in audit, the Director of Sports stated (November 2011) that the decision to change the site was taken in public interest because the initially selected site was far from the city. The reply was not convincing as the construction was carried out at the same site which was initially selected by the Department.

Thus, indecisiveness at the level of Department/ Government in finalizing the site for construction of the building for Directorate of Sports resulted in an avoidable extra expenditure of ₹ 60.28 lakh.

The matter was referred (April 2012) to Government; reply was awaited (January 2013).

Department of Higher Education

2.9 Avoidable cost escalation

Delay in clearance of site for construction work of the University building led to avoidable cost escalation of ₹ 0.56 crore.

The State Government accorded (December 2006) administrative approval and financial sanction of ₹ 2.10 crore for extension of Home Science College in the premises of Govind Ballabh Pant Agriculture & Technology University (University), Pant Nagar with the condition that the work would be completed within the approved cost and cost escalation, if any, would be borne by the University out of its own resources and no additional funds would be provided by the State Government. For the purpose of executing the said work, a Memorandum of Understanding (MOU) at ₹ 2.10 crore was signed (July 2007) between the University and Uttarakhand Peyjal Sansadhan Vikas Evam Nirman Nigam (UPSVENN). As per the MOU, the work was to be started in September 2007 with the scheduled date of completion as March 2009 and entire work was to be completed within the stipulated time subject to availability of site and funds.

Audit scrutiny (February-March 2010) of records of the University revealed that as per MOU, the University could not provide the clear site to UPSVENN as it was having bushes which were to be cleared by the Horticulture wing of the University. The Project Manager of UPSVENN also requested (18 September 2007) the University to make the clear site available for starting the work. The University, however, did not play a proactive role in expediting the matter as a result of which the work was started in January 2008 with a delay of four months. After commencement of work, UPSVENN submitted (September 2008) a revised estimate of ₹ 3.20 crore with the justification that the construction site was not provided in time and by then, the Public Works Department had revised the schedule of rates of plinth area (February 2008). The University recommended the revised estimate (December 2008) to the Government for sanction despite the fact that the revision was to be applicable only to Preliminary Estimates (PE) prepared on or after 25 February 2008. The Government accorded (December 2009) the sanction of ₹ 2.73 crore against the revised estimate in contravention of its own condition of not providing any additional fund in case of cost escalation as envisaged in earlier sanction of December 2006.

On being asked (February-March 2010) about the delay, the Comptroller of the University stated that the work site was having bushes which were to be removed by the Horticulture wing of the University. The reply was not satisfactory as Horticulture wing was also under the administrative control of the University and delay in clearing the site for construction could have been averted.

Further, information collected from the University (August-September 2012), revealed that UPSVENN had completed the building work in February 2012 with a delay of three years from original date of completion (March 2009) and ₹ 2.66 crore were released by the University to UPSVENN as of August 2012 and an amount of ₹ seven lakh was lying with the University. The building was not handed over to the University up to September 2012 even after the lapse of seven months from the date

of completion of work due to deficiencies in construction work which were being rectified by UPSVENN (September 2012).

Thus, delay in providing clear site for construction work of the University building led to cost escalation of ₹ 0.56 crore⁴³ which could have been avoided.

The matter was referred (September 2012) to Government; reply was awaited (January 2013).

Public Works Department

2.10 Undue advantage to contractor

Non recovery of Liquidated Damages resulted in undue advantage of ₹ 1.36 crore to a contractor.

Government accorded (August 2007) administrative approval and financial sanction of ₹ 35.13 crore, out of ₹ 38.08 crore financed by the Asian Development Bank, for improvement and maintenance of 72.90 km long Almora-Bageshwar motor road. The Technical Sanction for the same amount was accorded (September 2007) by the Chief Engineer Level-I. The Project Director, Project Management Unit (PMU), Asian Development Bank (ADB), Public Works Department (PWD), Government of Uttarakhand, Dehradun entered into an agreement⁴⁴ with the contractor⁴⁵ (September 2007) at a cost of ₹ 36.93 crore with scheduled date of completion as December 2008.

Scrutiny of records (May 2012) of the Executive Engineer, Construction Division-II, PWD, Almora revealed that Liquidated Damages (LD) were to be recovered as per Clause 49.1 of General Conditions of Contract (GCC) which states that if the contractor fails to complete the work within stipulated time, the LD for the whole of the works @ 1/2000th of the initial contract price, rounded off to the nearest thousand, per day was to be recovered. The maximum amount of LD for whole of the work is 10 *per cent* of the initial contract price. The time extension for the above work was granted up to December 2009 by the division due to delay in giving possession of site to the contractor, rainy season, closure of quarries and variation in different items, whereas, the work was actually completed after incurring an expenditure of ₹ 37.94 crore in August 2010 i.e. 227 days, after expiry of extended period. As such, an amount of ₹ 3.69 crore⁴⁶ was to be recovered as LD from the contractor, but the division recovered only ₹ 2.33 crore from the contractor till March 2012 and the remaining amount of ₹ 1.36 crore was still pending for recovery as of November 2012.

On this being pointed out, the division while accepting the facts stated (May 2012) that correspondence has already been made with the Chief Engineer Level-I regarding recovery of the balance amount of LD from ongoing works of the contractor in other divisions.

⁴³ ₹ 2.66 crore - ₹ 2.10 crore

⁴⁴ CB NO.04/PD/PMU/ADB/2007 dated: 14.09.2007.

⁴⁵ M/s NKG Infrastructure, Gaziabad.

⁴⁶ ₹ 369278604x227/2000= ₹ 4.19 crore limited to 10 *per cent* of the contracted amount i.e. ₹ 3.69 crore.

Thus, non-recovery of LD resulted in undue advantage to the contractor by ₹ 1.36 crore.

The matter was referred to the Government (November 2012); reply was awaited (January 2013).

Public Works Department

2.11 Irregular expenditure

Irregular expenditure of ₹ 51.15 lakh was incurred against the second sanction while retaining the first sanction for construction of a road.

Based on a proposal (September 2005), Government accorded (March 2006) administrative and financial sanction of ₹ 2.14 crore for construction of 12 km long GIC Sukauli to Dungari Rawal motor road. Partial Technical Sanction (TS) of ₹ 1.02 crore, was accorded (March 2011) by the Superintending Engineer (SE).

Scrutiny of records (August 2012) of the Executive Engineer (EE), Provincial Division (PD), PWD, Pithoragarh revealed that the division entered into seven agreements (six in June and one in July 2011) against the above approval for the works related to Part-I⁴⁷ after a period of more than five years of getting the financial sanction, which was against the provision of financial rules⁴⁸ as sanction should have been renewed at the end of five years. An expenditure of ₹ 51.15 lakh was incurred (November 2012) on this work.

Moreover, it was further noticed that the division had also obtained (November 2005) administrative and financial sanction of ₹ 1.78 crore, on the basis of proposal submitted (October 2004), for construction of 10 km long (nine km new and one km reconstruction and improvement) GIC Sukauli-Hundkhola motor road falling in the same alignment of the road for which the above sanction of 12 km was accorded. In the meantime, ₹ 15.78 lakh were spent (December 2009) against the first sanction for construction of a small stretch of 0.475 km road from the starting point.

Since an amount of ₹ 1.78 crore had already been sanctioned for the said work, either the subsequent sanction of ₹ 2.14 crore was to be surrendered and a separate proposal for remaining two km should have been prepared or the first proposal should have been withdrawn at the time of sending second proposal. Instead, a detailed estimate of ₹ 2.14 crore for 12 km was prepared against which partial TS of ₹ 1.02 crore was accorded (March 2011) by the SE under which the works related to Part-I were carried out, in violation of the Financial Rule as five years had already elapsed from the date of sanction.

On this being pointed out in audit, the division stated (August 2012) that the revised proposal for 12 km was submitted on the demand of the public

⁴⁷ Survey, hill cutting, construction of scuppers and kuchha drain.

⁴⁸ Para- 380 of Financial Hand Book Vol-VI states that the approval or sanction to an estimate for any public work other than annual repairs will, unless such work has been commenced, cease to operate after a period of five years from the date on which it was accorded.

representatives and by that time the earlier proposal was yet to be sanctioned by the Government.

The reply of the Department was not acceptable as while sending the second proposal, the Department should have withdrawn the first proposal for 10 km as it was not approved by the Government by that time. Moreover, it was clearly against the provisions of Financial Rule as second sanction should have been renewed at the end of the five years.

The matter was referred to the Government (November 2012); reply was awaited (January 2013).

Public Works Department

2.12 Avoidable extra expenditure

The division incurred an avoidable extra expenditure of ₹ 39.41 lakh on the use of first coat painting in place of prime coat.

Government accorded (August 2009) administrative and financial sanction of ₹ 4.39 crore for widening and improvement of Barotiwala-Ambari motor road. Technical Sanction of the same amount was accorded (January 2010) by the Chief Engineer, Garhwal region.

Scrutiny of records (July 2012) of the Executive Engineer (EE), Temporary Division, PWD, Sahiya revealed that the provision for laying prime coat amounting to ₹ 8.90 lakh was made in the detailed estimate. The division entered (February 2010) into an agreement⁴⁹ of ₹ 4.16 crore with the schedule date of completion being 17 August 2011 and as per the detailed estimate the provision of prime coat was also made in the agreement. However, it was noticed in audit that while executing the work, first coat painting (P1) amounting to ₹ 48.31 lakh was laid, as an extra item, instead of prime coat, which resulted in an avoidable extra expenditure of ₹ 39.41 lakh.

On this being pointed out in audit, the division stated (July 2012) that as per specification, traffic was required to be stopped for 24 hours after laying prime coat but keeping in view the convenience of the local habitants, it was not possible.

The reply was not acceptable as the road was seven meter wide and the work could have been executed with prime coat as per MORTH Specifications⁵⁰ by dividing the width of the road into two parts, while laying prime coat on one part and the traffic being allowed on the other half of the road.

Thus, extra expenditure of ₹ 39.41 lakh could have been avoided by laying prime coat without closing entire width of the road to traffic.

The matter was referred to the Government (November 2012); reply was awaited (January 2013).

⁴⁹ CB NO.37/ SE-09/ 2009-10 dated 18/02/2010.

⁵⁰ Clause 502.6 arrangement for traffic read with Clause 112.1.

Department of Horticulture

2.13 Chief Controlling Officer Based Audit of Department of Horticulture

Highlights

A Chief Controlling Officer (CCO) based Performance Audit of the Department of Horticulture, against its mandate and goals, revealed lack of planning, financial mismanagement, ineffective programme management, human resource mismanagement and absence of adequate internal control and monitoring mechanisms during the period 2007-12. Some of the major findings are as follows:

- *The Department could spend only ₹ 140.33 crore against Central release of ₹ 189.24 crore during the period 2007-12.*

[Paragraph 2.13.10.1]

- *The Department failed to recover departmental receipts amounting to ₹ 2.70 crore.*

[Paragraph 2.13.10.3]

- *The Department irregularly collected ₹ 1.36 crore from farmers for seeds, which were meant for free distribution.*

[Paragraph 2.13.10.4 (iii)]

- *Inadequate irrigation facility resulted in loss of 9417 hectare of planted area under fruit plantation.*

[Paragraph 2.13.12.1]

- *Failure of the State Government to honour its commitment of funding cost escalation resulted in non-establishment of Super Critical Fluid Extraction Unit despite receiving Central Assistance of ₹ 2.40 crore.*

[Paragraph 2.13.12.4]

- *The Chief Executive Officer, Bheshaj Vikas Ikai paid ₹ 0.95 lakh for fictitious supply of planting material.*

[Paragraph 2.13.14.1]

- *The Department purchased vegetable seeds worth ₹ 77.65 lakh without inviting tenders, in violation of provisions of Uttarakhand Procurement Rules, 2008.*

[Paragraph 2.13.15.1]

2.13.1 Introduction

Horticulture is a combination of two latin words *hortus* (garden) and *cultura* (cultivation). The primary objective of the Department of Horticulture (DoH) is to promote horticulture by expanding the outreach of interventions viz. area expansion, irrigation facility and implementation of new technology in respect of quality seeds, plants and fertilizers along with value addition of the products to the farmers. It also envisages affordable and efficacious services involving transfer of technology, storage, marketing and export of the horticulture produce, as outlined in the guidelines of Horticulture Technology Mission for North East and Himalayan

State (HMNEH) in the year 2003-04 and 2010-11. The Department is also engaged in promotion of Sericulture, Tea Plantation, Medicinal and Aromatic Plants (MAPs) by creating infrastructure in the State.

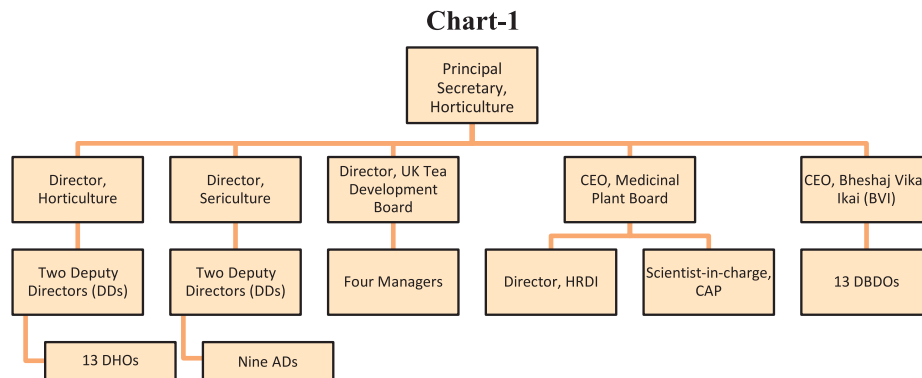
In Uttarakhand, Directorate of Horticulture and Food Processing (DoHFP), Directorate of Sericulture (DoS), Chief Executive Office of Bheshaj⁵¹ Vikas Ikai (BVI), Uttarakhand Tea Development Board (UKTB), Herbal Research and Development Institute (HRDI) and Centre of Aromatic Plants (CAP) were established in the year 1953, 2001, 2006, 2004, 1989 and 2003 respectively under the Department of Horticulture.

Under DoH, 285 Udhyan Sachal Dal Kendras (Mobile Teams) are functioning and 75 Resham farms are operating under the Sericulture Directorate. Besides, the State has two Research and Development (R&D) Institutes viz. HRDI at Chamoli and CAP at Selaqui, Dehradun while UKTB, engaged in promotion of tea cultivation, is based at Almora. It is a Government of Uttarakhand (GoU) undertaking registered under Societies Registration Act, 1860.

The Department delegated its function through 22 DDOs including four under DoS and one under BVI respectively. It functioned with 64 per cent of sanctioned strength of 3,655 personnel while existing men-in-position in the Group-A, B, C and D was 70 per cent, 50 per cent, 59 per cent and 68 per cent respectively.

2.13.2 Organizational Set-up

The Principal Secretary, Department of Horticulture is the administrative head and overall in-charge of the Department. He/ She is assisted by the Director, Horticulture and Food Processing (DH), Director, Sericulture (DS) and Chief Executive Officer (CEO), Bheshaj Vikas Ikai (BVI) who ensure implementation of departmental activities and District Horticulture Officers (DHOs), Assistant Directors, Sericulture and District Bheshaj Development Officers (DBDOs) execute the schemes at district level. Besides, other ancillary offices, Director, UKTB, Almora, Director, HRDI, Gopeshwar, Chamoli and Scientist-in-charge, CAP, Selaqui, Dehradun are also assisting in the horticultural activities in the State. The organizational Set-up of the Department is depicted in **Chart 1** below:



⁵¹ Bheshaj is a sanskrit word which means medicinal plants/pharmaceuticals (Jari-booty).

2.13.3 Audit Mandate, Scope and Methodology

The CCO based Audit of the Department of Horticulture was conducted, as mandated under Section 13 of the Comptroller and Auditor General's (Duties, Powers & Conditions of Service) Act, 1971, during May 2012 to August 2012, through test-check of records' pertaining to the period 2007-08 to 2011-12, of the offices of DH, DS, CEO, Bheshaj, the Director, UKTB, the Director, HRDI, Scientist-in-charge, CAP, and selected district level offices of Horticulture, Sericulture and Bheshaj Department. Five⁵² district level offices of Horticulture, Sericulture and Bheshaj, out of 13 districts of the State were selected, using Stratified Probability Proportional to Size With Replacement (SPPSWR) Sampling method. The audit was carried out through issuance of audit memos, filling of questionnaires and collection of data from the sampled units and other line agencies including horticulture mobile teams, food processing units and Resham farms. Audit also conducted beneficiary survey of horticulturists of sampled districts through internally designed questionnaires.

Before commencing of audit, the audit objectives, criteria and scope were discussed (April 2012) with the Additional Secretary, Horticulture and other departmental authorities in an Entry Conference. Audit findings were discussed with the Principal Secretary, Horticulture and other officers of the Department in an Exit Conference (December 2012) and views of the Government/ Department have been incorporated suitably in the Report.

2.13.4 Audit Objectives

The objectives of the CCO based Performance Audit were to assess whether:

- Planning and programme management was economical, efficient and effective;
- Adequate funds were budgeted, allocated and utilized for the intended purpose in the Department;
- Procedures for procurement and inventory controls were in place and effective;
- Human Resource Management was adequate and manpower was deployed and utilized effectively;
- Internal control System was effective; and
- Monitoring and Evaluation was in place and effective to ascertain the impact of the programmes and that the know-how was transferred by Scientific Institutions.

⁵² Almora, Chamoli, Dehradun, Haridwar and Tehri.

2.13.5 Audit Criteria

Audit criteria has been derived from the following sources:

- Guidelines for various schemes under Horticulture, Sericulture and Government Orders thereon;
- Departmental Rules, Regulations, Manuals and Bye-laws;
- Provisions of the Financial Handbook and Budget Manual; and
- Uttarakhand Procurement Rules, 2008.

2.13.6 Schemes Being Implemented in the Department

The Department of Horticulture had been consistently implementing various State and Centrally Sponsored Schemes to promote Horticulture, Sericulture, Medicinal and Aromatic Plants (MAPs). The brief of schemes implemented during 2007-12 was as under:-

- **State Sponsored Scheme:-** The Department had been operating fully / partially State Sponsored Schemes for promotion of departmental activities including Bee-keeping, Post Harvest Management, Weather Based Horticulture Insurance, Food Processing, Mulberry Plantation and Tea Cultivation etc.
- **Centrally Sponsored Scheme:-** The Department had been involved mainly in execution and management of Horticulture Mission for North East and Himalayan States (HMNEH), Rashtriya Krishi Vikas Yojna (RKVY) and Catalytic Development Programme (CDP).

These schemes have been discussed in various paragraphs of the Report.

2.13.7 Human Resources Management in the Department

The Directorate of Horticulture and Food Processing including the Directorate of Sericulture and the CEO, Bheshaj had been functioning with manpower of only 2,345 (64 *per cent*) against the sanctioned strength of 3,655 to achieve its multipronged objectives of developing horticulture, sericulture and MAPs plantation in the State. Its undertaking namely Uttarakhand Tea Development Board and Research & Development (R&D) Institutions did not recruit permanent manpower in the category of technical/ scientific officers. It had an adverse impact on R&D activities. The Department does not have any recruitment policy and did not initiate any recruitment process despite the forthcoming retirement of 25 *per cent* of existing personnel in the next five years. Details are given in paragraphs 2.13.13.1.

2.13.8 Internal Control and Monitoring Mechanism in the Department

Internal control is designed to provide reasonable assurance that the Department's general objectives are being achieved. Audit found that internal control and monitoring system in the Department was very weak. The Control environment was not effective enough in ensuring compliance of applicable rules and regulations, maintaining timely delivery of service to beneficiaries, assessing cost-benefit ratio, preventing losses and fixing accountability. Further, absence of norms for field inspections and scant number of internal audits led to non-detection of these

system breaches. The details are pointed out in succeeding paragraph 2.13.14.1 to 2.13.14.7 and also other different paragraphs.

2.13.9 Planning

All programmes of the Department were primarily aimed at promotion of Horticulture, Sericulture and Herbal development in the State along with area expansion, creation of water sources and enhancing production of horticulture produce, cocoon and Medicinal and Aromatic Plants (MAPs). For achievement of these objectives, it was pertinent for the Department to develop and formulate a planned approach in order to efficiently and effectively implement various programmes. However, audit observed lack of proper planning in the Department which led to non-achievement of intended outcome under various operational schemes as brought out in succeeding paragraphs.

2.13.9.1 Inadequate Planning

(i) Baseline survey and engagement of experts

As per provisions contained in paragraph no. 2(i) and 5.2.2 (b), paragraph no. 2 (ii, v) and paragraph no. 7.1 of the Operational Guidelines of Horticulture Mission for North East and Himalayan States, 2004 (revised in 2010), the Department is required to conduct baseline survey and feasibility study to identify beneficiaries, prepare project report integrating all aspects of horticulture development by engaging experts and an Annual Action Plan (AAP) incorporating requirements under various missions⁵³ respectively, for execution after approval from the State Level Steering Committee (SLSC) to develop Horticulture.

The Director, Horticulture, in contravention of the above mentioned provisions did not conduct' baseline survey and feasibility study to identify beneficiaries and prepare the project report integrating all aspects of horticulture development by engaging experts. Instead, the Department prepared AAP on the basis of feedback received from their Mobile Teams incorporating components of only Mission-II and, therefore, other Mini Missions remained unaddressed even at the State level.

On being pointed out, the Nodal Officer, Horticulture Mission stated (August 2012) that the Department did not conduct baseline survey due to non-availability of a suitable Agency. However, the Principal Secretary, Horticulture stated during Exit Conference (December 2012) that a comprehensive base survey was being conducted which would be completed by February 2013. The production data will help in planning and setting up of infrastructure for post harvest management, marketing and processing.

(ii) Constitution of Technical Support Group

As per paragraph no. 5.4.1 of the Operational Guidelines of Horticulture Mission for North East and Himalayan States, 2004 (revised in 2010), the Department should be strengthened by Technical Support Group (TSG) through engaging

⁵³ Mission I (Research), II (Production and Productivity improvement), III (Post Harvest Management, marketing and export) and IV (Food Processing Unit).

technical persons and experts to advice, formulate, to appraise and to monitor the implementation of programmes.

Audit scrutiny revealed that the Department did not constitute TSG for the implementation of horticulture programmes.

The Department in its reply stated (August 2012) that constitution of TSG was awaiting Government approval. However, the Principal Secretary, Horticulture stated during Exit Conference (December 2012) that the Department had proper expertise. He also stated that the Nodal Officer, HMNEH had been deputed as expert and others would be hired if needed.

2.13.9.2 Non-application of Modern technology

In contravention of provisions contained in Paragraph no. 13.15 of the Operational Guidelines of Mission, 2004, DH did not collaborate with the Department of Meteorology (DoM) and Remote Sensing Agency to assess production forecast and to gather weather data with an objective to prepare a realistic and achievable Action Plan by incorporating production forecast of horticulture crops for assessment and, therefore, could not incorporate data on production forecasts and identification of site in AAP.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that data provided by Meteorological Department was of general nature which did not serve the specific purpose of horticulture. However, he also stated that Disease Forecasting Units/ Weather Stations were being setup to forecast the diseases in horticulture crops based on the weather parameters in Govind Ballabh Pant University of Agriculture and Technology (GBPUAT), Pantnagar and Horticulture University Bharsar. He further added that it was not feasible to assess production forecast of perennial horticulture crops with the use of Remote Sensing Data.

2.13.9.3 Non-application of e-Governance

The Government of Uttarakhand (GoU) adopted its IT Policy in August 2006 to harness the full power of Information and Communication Technology (ICT) to create an ideal e-society model through efficient, service oriented, cost effective, eco-conscious information network. Besides, HMNEH which is an important programme for Horticulture being implemented in the State also envisaged in its Guidelines to provide for adoption of Information Technology for making all horticulture related information available on Website by establishing hyper linkages with other departments, ministries & organization and to make available online information of projects, beneficiaries within six months of commencement of the scheme (HMNEH). The scheme further envisaged that linkages should also be established with Community Information Centres set up by the Department of Information and Technology of the State.

Audit scrutiny revealed that the Department had neither adopted IT Policy nor launched its website for dissemination of information to public despite earmarking of funds of ₹ 14.00 lakh under HMNEH during 2010-11.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that limited broadband connectivity and non-completion of State data centres were the main hurdles in the matter and assured that mobile based package was under consideration of the State Government.

2.13.9.4 Non-convening of meeting of Governing Body

The Gazette Notification (Extraordinary) of GoU (March 2003) provides that there shall be a Governing Body (GB) under the chairmanship of the Principal Secretary and Commissioner, Forest and Rural Development Branch to take decision on the policy based administrative matters in respect of HRDI. Further, the Chairman stated (May 2004) that the Department should convene meeting of Governing Body at regular intervals of four months.

Audit scrutiny revealed that GB, in contravention of norms of 25 meetings, could conduct only six meetings during the period from January 2004 to March 2012. Moreover, meetings were not held due to shortage of scientific, administrative staff and restructuring of MAP sector in 2009. This affected timely decisions in a number of matters relating to slow progress in institutional activities and budget. The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that GB was dissolved (March 2011) to pave the way for an umbrella structure in the form of the State Medicinal Plant Board (SMPB) and the same had been carried out with due approval from the Cabinet.

Thus, non-convening of GB restricted the growth of the Institution.

2.13.10 Financial Management

Proper financial management entails budgeting of funds on realistic assessment of requirements and effective utilization of available funds and ensures that operational activities do not suffer for want of funds. Audit revealed mismanagement of State and Central funds as brought out in succeeding paragraphs.

The year-wise details of resources and their application under State budget and Centrally Sponsored Scheme by all the Directorates during the period 2007-08 to 2011-12 are given in **Table 2.13.1(A)** and **Table 2.13.1 (B)** below:

Table-2.13.1(A)
Sources of funds

(₹ in crore)

Heads of receipts through Budget	Name of Department	Opening Balance	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Salaries and Wages	Horticulture		31.00	42.42	46.59	61.84	57.73	239.58
	Sericulture		3.00	4.18	4.21	4.72	5.48	21.59
	Bhesaj		1.71	2.55	1.93	2.28	2.56	11.03
Total of Salaries and Wages			35.71	49.15	52.73	68.84	65.77	272.20
Administration	Horticulture		7.04	6.95	5.16	5.07	6.97	31.19
	Sericulture		0.81	1.10	0.74	0.60	0.60	3.85
	Bhesaj		0.46	0.44	0.36	0.34	0.36	1.96
Total of Administration			8.31	8.49	6.26	6.01	7.93	37.00

Audit Report (Social, General, Revenue and Economic Sectors) for the year ended 31 March 2012

Heads of receipts through Budget	Name of department	Opening Balance	2007-08	2008-09	2009-10	2010-11	2011-12	Total
Centrally Sponsored Scheme	Horticulture		28.40	20.00	20.76	29.00	39.00	137.16
	Sericulture	0.04	1.53	0.73	5.00	8.08	7.62	23.00
	AB	1.25	2.46	4.38	4.42	12.28	4.29	29.08
Total of Centrally Sponsored Scheme		1.29	32.39	25.11	30.18	49.36	50.91	189.24
State Sponsored Scheme	Horticulture		38.93	33.35	33.48	18.85	22.29	146.90
	Sericulture		4.43	2.88	2.67	2.65	2.66	15.29
	Bheshaj		2.57	2.76	1.07	1.79	0.85	9.04
Total of State Sponsored Scheme			45.93	38.99	37.22	23.29	25.80	171.23
Grand Total		1.29	122.34	121.74	126.39	147.50	150.41	669.67

Source:-Information provided by the Department

Table-2.13.1(B)
Application of funds

(₹ in crore)

Heads of expenditure	Name of Department	2007-08	2008-09	2009-10	2010-11	2011-12	Total	Closing Balance
Salaries and Wages	Horticulture	31.00	42.43	46.59	61.84	57.73	239.59	
	Sericulture	2.66	3.76	4.16	4.71	4.96	20.25	
	Bheshaj	1.26	1.73	1.93	2.24	2.28	9.44	
Total of Salaries and Wages		34.92	47.92	52.68	68.79	64.97	269.28	
Administration	Horticulture	7.04	6.95	5.16	5.06	6.97	31.18	
	Sericulture	0.72	0.97	0.65	0.58	0.54	3.46	
	Bheshaj	0.32	0.40	0.34	0.33	0.36	1.75	
Total of Administration		8.08	8.32	6.15	5.97	7.87	36.39	
Centrally Sponsored Scheme	Horticulture	28.40	20.00	19.83	16.23	16.93	101.39	35.77
	Sericulture	0.54	1.42	3.73	5.87	6.28	17.84	5.16
	AB	2.02	1.43	1.60	6.98	9.07	21.10	7.98
Total of Centrally Sponsored Scheme		30.96	22.85	25.16	29.08	32.28	140.33	48.91
State Sponsored Scheme	Horticulture	38.93	33.35	33.48	18.85	22.29	146.90	
	Sericulture	4.26	2.73	2.66	2.64	2.56	14.85	
	Bheshaj	1.99	2.70	1.05	1.64	0.75	8.13	
Total of State Sponsored Scheme		45.18	38.78	37.19	23.13	25.60	169.88	
Grand Total		119.14	117.87	121.18	126.97	130.72	615.88	48.91

Source: Data provided by the Department

Note: AB (Autonomous Body) involves HRDI, CAP and UKTB under Centrally Sponsored Scheme. The budget of Horticulture Department under State budget also includes status of funds of HRDI, CAP and UKTB.

Analysis of resources and their application revealed the following:

- The expenditure under Non-Plan⁵⁴ had been progressively increasing from 49 per cent in 2007-08 to 74 per cent in 2011-12, while Planned expenditure of the Department had disproportionately been going down from 51 per cent to 26 per cent during the period.
- It was also observed that the State funding for developmental work continued to fall from 59 per cent in 2007-08 to 34 per cent in 2011-12 despite growth in Central funding from 41 per cent to 66 per cent during the same period.

Besides, some other points on financial management are discussed below:

⁵⁴ Salaries & wages and administration.

2.13.10.1 Under-utilization of funds to the tune of ₹ 48.91 crore

The Department could spend only ₹ 140.33 crore against the overall Central release of ₹ 189.24 crore (including previous OB) during the period 2007-12, thereby resulting in an increase in opening balance from ₹ 1.29 crore to ₹ 48.91 crore and consequent saving of funds to the tune of 26 per cent.

It was also noticed that there was a declining trend⁵⁵ in utilization of funds ranging between 95 per cent and 32 per cent due to slow execution of Annual Action Plan during 2009-12 under DoHFP. Further, 26 per cent of available Central assistance under HMNEH could not be utilized leading to spill over in next financial years in implementation of Annual Action Plan (AAP).

The Principal Secretary, Horticulture accepted the facts during Exit Conference and stated (December 2012) that underutilization of Central funds was mainly due to procedural delays in releasing funds on account of following stricter norms laid down in Uttarakhand Procurement Rules, 2008, release of funds by the GOI at the fag end of financial years during 2007-12 and non-availability of quality planting materials in the State. However, he stated that the utilization of funds had greatly improved in the financial year 2012-13.

2.13.10.2 Retention of funds by Uttarakhand Small Farmers' Agri- Business Consortium (USFAC)

The USFAC, DoH, under delegation of financial powers is responsible for releasing funds to DHOs through Nodal Officer without any delay.

Audit scrutiny revealed that USFAC released funds ranging between ₹ one crore and ₹ 15.00 crore with a delay ranging between 11 and 86 days on 13 out of 19 occasions during the period from January 2007 to March 2011, Consequently, USFAC retained funds ranging between ₹ 0.67 crore to ₹ 5.01 crore during the period from March 2007 to March 2012.

The Principal Secretary, Horticulture during Exit Conference (December 2012) accepted the facts and stated that delays in release of funds were mainly due to shortage of staff, frequent strikes by employees and elections in the State. Moreover, he also attributed it to release of funds by GOI at the fag end of financial years, unspent balances at district level and less demand from the districts. However, he assured that the time limit in releasing funds would be adhered to in future.

2.13.10.3 Outstanding recovery of departmental receipts of ₹ 2.70 crore

As per Article 86 of Financial Handbook Vol. V (Part I), dues of the Government should be regularly paid into the treasury and should be properly entered into the departmental accounts.

⁵⁵ Please refer to row no. 9 of table 2.12.1(B).

DoHFP was in the practice of selling planting material, produced in its garden/nurseries, to horticulturists through horticulture mobile unit, functioning in the jurisdiction of DHOs.

Audit scrutiny revealed that the Department sold planting material (fruit saplings, vegetable seeds, potato seeds and decorative plants) costing ₹ 2.70 crore to 18 out of 23 departmental offices, institutions and individuals, but could not collect the cost from them due to laxity on the part of district level offices. Further, it was also noticed that outstanding recovery of ₹ 2.42 crore at the end of 2007-08 increased to ₹ 2.70 crore as of March 2012.

On this being pointed out, the Principal Secretary, Horticulture during Exit Conference (December 2012) termed the issue of non-recovery of receipts as a matter of serious concern and instructed the Director, DoHFP to expedite recovery.

2.13.10.4 Mis-management of Rashtriya Krishi Vikas Yojana Funds

The Rashtriya Krishi Vikas Yojana (RKVY), started by GOI in 2007, is a 100 per cent Centrally funded scheme. It aims at achieving four per cent annual growth in the agriculture sector by ensuring a holistic development of agriculture and allied sectors.

GOI sanctioned (September 2009) ₹ 3.76 crore under RKVY for 'Seed distribution project as a drought compensatory plan'. The project envisaged benefitting ₹ 2.13 lakh farmers by providing them with free seed minikits during Rabi season (sowing season from October to December), thus compensating the economic losses incurred due to lack of rainfall in Kharif season (sowing season from June to July) of 2009-10.

Audit scrutiny revealed that the Department mismanaged the project funds as discussed in the following paragraphs:

(i) Delayed release of funds of ₹ 3.76 crore by the State Government

Audit found that the State Government took more than four months to release (February 2010) funds of ₹ 3.76 crore to DH after it received (September 2009) the amount from GOI. The delay on the part of GOU defeated the objectives of the project as Rabi season (sowing time from October to December) was already over. The seeds worth ₹ 3.42 crore were procured (2010-11) and supplied to DHOs from April 2010 to March 2011 for further distribution to the farmers. Thus, the seed assistance reached the farmers after a delay of seven months to eighteen months against the targeted time depriving the drought hit farmers of timely help.

On this being pointed out, the Principal Secretary, Horticulture accepted during Exit Conference (December 2012) that delay in release of funds had deprived the drought hit farmers of timely compensatory help and attributed it to shortage of staff.

(ii) Diversion of funds of ₹ 2.20 crore

The project, with total cost of ₹ 3.76 crore, envisaged benefitting ₹ 2.13 lakh farmers by providing them with free seed mini kits of pea, bean and mixed vegetables worth ₹ 3.12 crore. Fertilizers and Pesticides worth ₹ 49.10 lakh⁵⁶ were also to be distributed along with vegetable seeds to ensure proper germination, growth and production.

Audit observed that the Department procured (April-June 2010) vegetable seeds worth ₹ 1.22 crore only. The Secretary, Horticulture diverted ₹ 2.20⁵⁷ crore towards procurement (January 2011) of turmeric, ginger and garlic out of the above fund in spite of the fact that these items were not included in the project proposal. Out of the remaining amount, ₹ one lakh was expended on administrative items and ₹ 33 lakh was surrendered.

Procurement of spice seeds was funded from this project in spite of the fact that another project for spice crops was in the process of sanction in the form of 'Seed assistance to vegetable and spice farmers' under stream-II of RKVY, which was approved by GOI in September 2011. RKVY guidelines clearly state that there should be no duplication or overlapping of activities. The Department also made the entire investment in vegetable seeds vulnerable to failure by not purchasing fertilizers and pesticides.

Government's reply was awaited (January 2013).

(iii) Irregular recovery of ₹ 1.36 crore from farmers

Scrutiny of the records of DH revealed that all the DHOs⁵⁸ had recovered 25 per cent (from May to October 2010) and 50 per cent (from October 2010 onwards) of seeds' cost from farmers who were distributed seeds under the project. A cumulative amount of ₹ 1.36 crore was recovered up to 31st July 2012. The amount was recovered from farmers in spite of the fact that lack of rainfall had adversely affected their economic condition and this project was devised to protect them from grave economic impact caused by it. This was in contravention of the terms and spirit of project plan approved by GOI which stipulated that seeds would be distributed free of cost.

Further scrutiny revealed that the DHOs had deposited the recovered amount in irregularly opened Bank Accounts. They had also spent ₹ 0.54 crore, on procurement of various seeds, out of ₹ 1.36 crore recovered. This parking of funds in banks and subsequent expenditure was in violation of Article 21 of Financial Hand Book, Volume-V, Part-I which stipulated that all moneys received should be paid in full into the treasury and should not be appropriated for departmental expenditure.

The Department failed to safeguard farmers' interest which was sought in the project. Further, it not only violated the aforesaid Rule but also infringed upon

⁵⁶ ₹ 18.55 lakh and ₹ 30.55 lakh respectively.

⁵⁷ Turmeric- ₹ 31.31 lakh, Ginger- ₹ 162.84 lakh and Garlic - ₹ 25.93 lakh.

⁵⁸ Excluding DHO, Udham Singh Nagar and DHO, Haridwar.

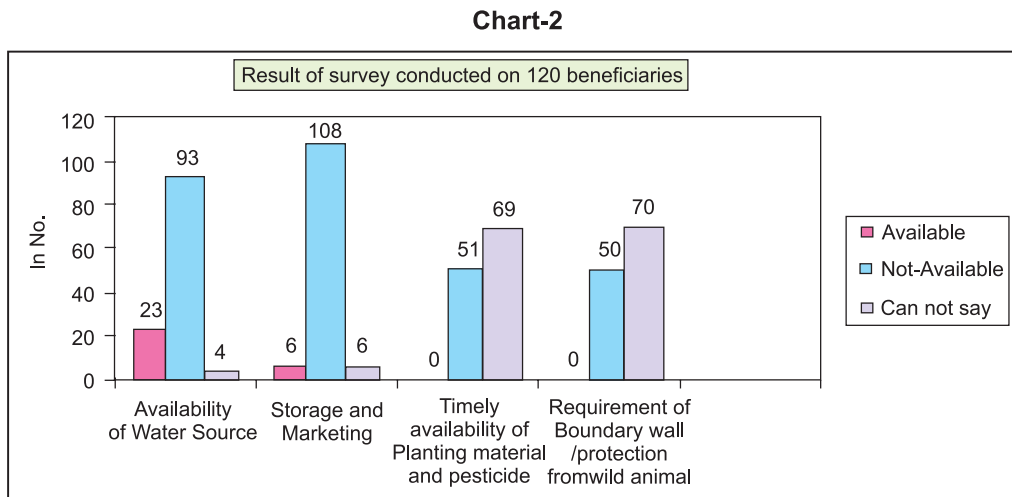
the authority of Legislature by keeping the above irregularly recovered amount out of Government accounts and spending ₹ 54.02 lakh without approval of the Legislature.

The Principal Secretary, Horticulture accepted the facts during Exit Conference (December 2012) and termed it as a serious matter. He also assured audit of constituting an inquiry into the matter.

2.13.11 Compliance/ Propriety Audit

2.13.11.1 Beneficiary survey

In an attempt to ascertain the actual benefits to the farmers, Audit conducted a beneficiary survey of 120 horticulturists in the area of operations of 12 sampled mobile centers (11 *per cent*) out of 108 mobile centres in four districts through internally devised questionnaires. A departmental representative was always present along with the audit team during the process. Results of survey are given in **Chart 2** below:



- Ninety three horticulturists (77.5 *per cent*) were suffering from lack of irrigation facilities.
- One hundred and eight horticulturists (90 *per cent*) had no access to storage and marketing facilities for horticulture produce.
- Fifty one horticulturists (43 *per cent*) were not satisfied with the quality of inputs provided by the Department and supply of planting material/ seeds after sowing period.
- Fifty horticulturists (42 *per cent*) sought boundary wall to prevent damages caused by wild animals.

Impact of these deficiencies is discussed in the succeeding paragraphs.

The Principal Secretary, Horticulture, during Exit Conference, appreciated the beneficiary survey and stated (December 2012) that it was not feasible to meet every demand of the horticulturists due to limited resources with the Government.

2.13.11.2 Loss of ₹ 8.45 lakh incurred on Nurseries operated by Bheshaj Sanghs

Bheshaj Sakhari Sanghs are registered by BVI, Dehradun. They get financial support from BVI under district plan for various activities including operation of nurseries for production of planting material required by the BVI for cultivation of various medicinal plants/ herbs.

Details of expenditure on nurseries and income from sale of plants to the BVI during the period (April 2007 to March 2012) in the test checked districts⁵⁹ are given in **Table No. 2.13.2** below:

Table-2.13.2 (Amount in ₹)

Year District	N	2007-08		2008-09		2009-10		2010-11		2011-12	
		E	I	E	I	E	I	E	I	E	I
Almora	1	0	0	0	0	0	0	22725	0	35600	16212
Chamoli	2	26430	0	180835	6600	43508	10000	21545	0	70590	0
Dehradun	1	22165	10650	41245	0	35191	1040	41548	2100	43745	58943
Tehri	1	170620	0	48714	4500	41000	1800	56000	300	56000	300
Total		219215	10650	270794	11100	119699	12840	141818	2400	205935	75455

Source:-Information provided by Department.

Note: N: Number of Nurseries, E: Expenditure on Nurseries, I: Income from Production

As would be seen from the above table, income from the sale of planting material produced ranged between 1.70 per cent and 36.64 per cent of expenditure incurred on these nurseries during 2007-08 to 2011-12. Bheshaj Sanghs suffered heavy losses ranging between 60.44 per cent and 98.14 per cent of expended amount during 2007-08 to 2011-12. They incurred cumulative loss of ₹ 8.45 lakh in these five years, which was 88.26 per cent of the total expenditure on nurseries.

Audit found that Sanghs incurred expenditure on construction works, lease rent of nursery land and salary of guards etc., but failed to sow seeds every year. Bheshaj Sangh, Chamoli and Tehri sowed seeds only once in the five year period while Bheshaj Sangh, Dehradun did not sow seeds in 2009-10. At the same time, Bheshaj Sangh Tehri provided saplings worth ₹ 15.51 lakh to BVI by procurement from open market between 2007-08 to 2010-11. Bheshaj Sanghs were also reluctant to sell plants produced. Thus, expenditure on non-productive items as described above, non-sowing of seeds and failure to sell plants produced led to non-recovery of costs in all the nurseries resulting in this loss.

BVI never reviewed the performance under the scheme in spite of receiving Monthly Progress Report (MPR) of production and sale each month. Failure on the part of Department resulted in non-recovery of costs to the tune of ₹ 8.45 lakh (2007-08 to 2011-12) leading to loss of public money.

⁵⁹ Excluding Haridwar, where DBDO failed to provide required records.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that sowing of seeds and sale of plants was based as per demand from market, so it was not necessary to sow seeds and sell plants in a particular year.

The reply was not acceptable in view of the fact that Bheshaj Sangh Chamoli and Tehri did not sow seeds in four out of five year period, but still expended on non-productive activities, leading to this loss. At the same time, BVI procured saplings worth ₹ 1.12 crore during 2007-08 to 2011-12 for distribution to the farmers of the whole State, which contradicts Government's reply that poor market demand might be the reason for non-sowing of seed.

2.13.11.3 Lack of Research and Development

The objective of HRDI is to conduct surveys, to protect, to re-produce and to cultivate threatened herbs of Uttarakhand. The State Government (September 2006) categorized 47 species and 16 species of different herbs under threatened and sustainable collection categories respectively. The Project Report on HRDI prepared (1989) by Ayurveda and Unani Sewa Nidhesalaya, Uttar Pradesh, Lucknow, envisaged to equip the Institute with latest R&D related facilities and equipment to carry out scientific research based on the principle of Herbonomy with the following Laboratory facilities.

- Pharmacognosy Laboratory deals with scientific collection of information on Herbs to enable collector in identification of herbs.
- Pharma Seed Laboratory deals in ensuring scientific conservation of seeds.
- Phyto Chemistry Laboratory deals with chemical analysis of plants.
- Pharmacology Laboratory deals with the study of effect of different parts of plant on human body.
- Micro Biology Laboratory to perform microbiological study of plants.

Audit scrutiny revealed that HRDI, in contravention of the Project Report, could not equip itself with laboratory facilities and conducted 48 nursery based botanical R&D activities. Further, the Institute conducted 13 R&D activities on chemical analysis of plants after installation of Phyto-Chemistry Laboratory in 2010-11. Moreover, it was seen that HRDI could protect, re-produce and promote cultivation of only five⁶⁰ out of 63 herbs of extinct and endangered plants, since its establishment (1989) due to limited manpower.

In addition, HRDI restricted itself to carrying out R&D on the basis of survey work, documentation of traditional knowledge, field extension activities and collection of plant samples, which was inconclusive without laboratory testing.

On this being pointed out, the Director, HRDI accepted (June 2012) the facts and stated that its mandate could not be achieved without establishing the remaining four facilities and also due to constraints of manpower against scientific personnel. Further, the Director, HRDI added that it was not in possession of propagation/

⁶⁰ Aconitum heterophyllum, Picrorrhiza kurrooa, Saussurea costus, Valeriana jatamansi/V.officinalis and Rauwolfia serpentine.

cultivation protocols of most of the Himalayan endangered species. However, the Principal Secretary, Horticulture also assured (December 2012) during Exit Conference that steps would be taken to protect all the endangered species of herbs.

2.13.11.4 Functioning of UK Tea Board, Almora

In Uttarakhand, tea production was started after plantation of tea in 1835 AD at Almora. The area under tea cultivation in the State had increased from 4,426 hectare in 1,880 to 8,800 hectare in 1950. The present area under tea cultivation is 752 hectares as of June 2012.

Considering the existence of tea plantation, the then Hill Development Department, Uttar Pradesh Government launched Uttarakhand Tea Development Project in March 1994 and its responsibility was given to Kumaon Mandal Vikas Nigam (KMVN). The Tea Development was placed (May 2001) under the control of DoHFP during reorganization of DoH. A separate body, Uttarakhand Tea Development Board (UKTB) was established for sustainable development of tea cultivation in the year 2004. Scrutiny of records of UKTB revealed the following:

(i) Loss of ₹ 1.17 crore due to non-revision of rates of green leaf

The erstwhile executing agency “KMVN” (First Party) entered into an agreement with M/s Girias Investment Pvt. Ltd. (Second Party) on 7th June 2001 to convert produced Green leaf of Kausani garden into Made Tea. The agreement would be valid for 25 years. The agreement states the following terms and conditions in respect of the supply of green leaf to the Company and marketing of processed tea leaf.

- The second party will form a company under the name and style of “M/s Kausani Tea Company Pvt. Limited or Uttaranchal Tea Company Pvt. Ltd.” which ever name is available in joint collaboration with the first party.
- The Company was to buy the green leaf for the first five years depending on the standard of percentage of plucked green leaf in a unit weight. The details for calculation of rates of green leaf are given in **Table No. 2.13.3** below:

Table-2.13.3

Percentage of two leaf and one buds in one Kilogram of plucked leaf	75% and above	70%-74%	65%-69%	below 65%
Rate per kilogram	₹ 13/-	₹ 12/-	₹ 11/-	Rate would reduce by ₹ one per kg for each 2 per cent drop in fine percentage

Source: Information provided by the Department

- The price of green leaf was to be amicably settled between both the parties according to the prevailing market price of green leaf in other parts of the country such as Himachal Pradesh, Darjeeling, Dooars and Conoor after completion of five years.
- The Company was to make payments for the green leaf purchased from the UKTB on a monthly basis, failing which an interest @ 18% per annum was to be charged.



*Plucking of tea leaves at Tea Garden, Kausani
(June 18, 2012)*

Audit scrutiny revealed that UKTB, in contravention of agreement to amicably settle rate of green leaf, continued to supply green leaf without revision (due⁶¹ in June 2006) of the old rate. It supplied 10967.53 quintals of green leaf costing ₹ 1.26 crore at an average rate of ₹ 1,100 to ₹ 1,200 per quintal to the Company during the period 2007-12 whereas Tea Research Association (TRA) revised its rate from ₹ 18 - ₹ 20 per kg in 2006 to ₹ 25 - ₹ 28 per kg in 2009 and therefore, suffered an accrued loss of ₹ 1.17 crore calculated on the basis of minimum rate recommended by the TRA during the period 2007-12.

The details of green leaf supplied, amount outstanding to the Company and loss incurred are given in **Table No. 2.13.4** below:

Table- 2.13.4 (Weight in quintal and ₹ in lakh)

Year	Green leaf Supplied	Avg. rate per quintal (in ₹)	Total Cost	Payment made	Outstanding payment	Loss due to non-revision of rate on the basis of minimum recommended rate by TRA		
						Min. rate (in ₹)	Estimated Cost	Accrued Loss
2007-08	2031.56	1140	23.16	12.50	10.66	1800	36.57	13.41
2008-09	2420.72	1158	28.03	26.70	1.33	1800	43.57	15.54
2009-10	1826.20	1061	19.38	20.09	-0.71	2500	45.65	26.27
2010-11	2040.95	1145	23.37	23.38	-0.01	2500	51.02	27.65
2011-12	2648.10	1209	32.02	31.00	1.02	2500	66.20	34.18
Total of 2007-12	10967.53		125.96	113.67	12.29		243.01	117.05
Total of 2003-12	16802.93		191.04	175.10	15.94			

Source:- Information provided by Department

In addition, it was also observed that the Company did not follow provision of agreement to make payment in respect of supply of green leaf on monthly basis and this, therefore, resulted in accumulation of outstanding dues amounting to ₹ 15.94 lakh (March 2012) including ₹ 3.65 lakh for the period 2003-07. UKTB stated in response to an audit query in respect of revision of rate of green leaf that it had

⁶¹ As per the condition 6 (j) of the agreement dated 7.6.2001, the price of green leaf would be amicably settled between both the parties according to the prevailing market price of green leaf in the other part of the country after completion of five years of agreement. Therefore, the revision of rate of green leaves was due on 7th June 2006.

been making protracted correspondence and arranged meetings with the Company to revise the rate but the Company did not do so. Thus, UKTB failed to exercise its power under terms and conditions 6(j) of the agreement on revising the rate amicably which resulted in loss of ₹ 1.17 crore along with previous dues of ₹ 15.94 lakh.

(ii) Non-recovery of cost of green leaf ₹ 34.43 lakh

The UKTB in its meeting (January 2006) resolved to establish Tea Factory and accordingly entered into an agreement (21st March 2006) with M/s Tambros Tea Company Limited (TTCL), Delhi to set up Tea Factories each at Nauti and Champawat to convert Organic Green leaf to Made Tea with a view to improve the quality of tea. Some important terms and conditions were as under:

- The UKTB was to sell all the green leaf produced under Nauti and Champawat Tea Estate to M/s TTCL.
- M/s TTCL was to make payment to UKTB on monthly basis failing which interest @ 11 per cent per annum was to be charged by UKTB.
- The agreement empowered Government of Uttarakhand to make any amendment in above clauses in future which was to be followed by both the parties.

Audit scrutiny revealed that UKTB supplied 2,01,396.55 kilograms of green leaf at the rate of ₹ 20/- per kg costing ₹ 40.28 lakh during the period 2006-07 to 2011-12 (up to April 2011) and the Company made payment of only ₹ 13.50 lakh against the supply made till 18th February 2010.

The garden-wise details of supply cost of green leaf and amount due from M/s TTCL is given in **Table 2.13.5** below:

Table-2.13.5

Year	Supply of Organic Green Leaf by UKTB (in Kg.)			Cost of Green Leaf supplied to M/s TTCL (₹ in lakh)		
	Nauti	Champawat	Total	Admissible	Paid	Outstanding
2006-07	16002.15	7262.50	23264.65	4.65	3.00	1.65
2007-08	25798.10	13222.00	39020.10	7.81	-	7.81
2008-09	28208.30	16563.00	44771.30	8.95	7.00	1.95
2009-10	19063.00	18512.90	37575.90	7.52	3.50	4.02
2010-11	22463.70	28830.20	51293.90	10.26	-	10.26
2011-12	1912.30	3558.40	5470.70	1.09	-	1.09
Total	113447.55	87949.00	201396.55	40.28	13.50	26.78
Amount on account of other expense provided to Company in the beginning by UKTB						2.09
Penal Interest at the rate of 11 % per annum to UKTB						5.56
Grand total						34.43

Source: Information provided by Department

Similarly, UKTB did not compel the Company to make payment on monthly basis, as stated in the agreement, for supply of green leaf which led to outstanding dues of ₹ 28.87 lakh and a penal interest of ₹ 5.56 lakh thereon. Moreover, UKTB also never initiated any action prior to 2009 to enforce payment as per the provisions in the agreement.

When the Company was unable to pay outstanding amount upto March 2010, even after its commitment in Board meetings (October 2009) and repeated

reminders, the State Government in consultation with Managing Body (March 2011) exercised its power to make amendment under *proviso (ix)* of the agreement and decided (March 2011) to issue notice (April 2011) to the Company to pay only ₹ 30.53 lakh out of total outstanding amount of ₹ 34.43 lakh by 20th April 2011 failing which, supply of green leaf would be stopped. Accordingly, the supply was stopped with effect from 21st April 2011 due to failure of the Company to clear the dues.

Thus, UKTB failed to enforce the agreement which led to accumulation of dues and thereby, suffered a loss of ₹ 34.43 lakh. Besides, UKTB did not establish any processing unit to process green leaf which might affect health of the plants due to non-plucking of leaf after one year. The Director, UKTB accepted (August 2012) the audit observation. He also stated that the processing plant could not be established as the Hon'ble High Court passed order (July 2010) to maintain status quo in respect of Writ Petition No. 1232 (M/s) of 2010⁶² which was dismissed (July 2012). However, UKTB could receive judgment only in December 2012 though the order was passed in July 2012.

On this being pointed out, the Principal Secretary, Horticulture assured during Exit Conference (December 2012) that the matter would be looked into and a detailed reply would be furnished.

2.13.11.5 Non-construction of Ropeways under Post Harvest Facility

The State Government sent proposal (2006-07) to construct 31 Gravity based Ropeways at a cost of ₹ 5.67 crore to GOI for handling of material to ease out marketing of horticulture produce in eight districts of Uttarakhand under HMNEH. The GOI approved (February 2007) the project subject to the condition that GOI and the State Government would share construction cost in the ratio of 1:2 respectively. The GOI sanctioned a Central assistance of ₹ 1.89 crore (33.33 *per cent*) and released (February 2007) first installment of ₹ 94.54 lakh.

Audit observed that the State Government accorded administrative and financial sanction of ₹ 5.59 crore and authorized Garhwal Mandal Vikas Nigam (GMVN) and KMVN for construction of only 30 ropeways. The Department released (December 2007) first installment of ₹ 3.55 crore out of the State share of ₹ 3.73 crore in three phases alongwith Central assistance of ₹ 81.82 lakh (March 2011) out of ₹ 94.54 lakh. The DoHFP never claimed remaining Central funds of ₹ 12.72 lakh from the State Government as the progress of construction had been tardy. The executing agencies could construct only five⁶³ out of 30 ropeways since 2006-07. The status of construction is detailed in **Table 2.13.6** below:

62 The M/s TTCL had filed Writ Petition for quashing GOU's order dated 30 April 2010 in the Hon'ble High Court which dismissed the petition in July 2012. However, the UKTB received that order in December 2012.

63 KMVN and GMVN completed three and two ropeways respectively.

Table-2.13.6

₹ in lakh

Sl. No.	Name of District	Ropeway (in No.)	EA	EC	FR	State Share		Central Share		Status of completion	
						A	R	A	R	C	IC
1	Almora	03	KMVN	50.07	33.37	33.38	33.37	16.69	0.00	00	03
2	Nainital	02		30.09	30.31	20.06	20.06	10.03	10.25	01	01
3	Pithoragarh	01		16.51	16.62	11.00	11.00	5.51	5.62	1*	00
4	Rudra Prayag	04	GMVN	66.82	46.00	44.55	41.22	22.27	4.78	1*	03
5	Uttarkashi	12		221.91	177.02	147.95	139.01	73.96	38.01	02	10
6	Pauri	01		18.95	12.63	12.63	12.63	6.32	0.00	00	01
7	Dehradun	04		96.44	87.46	64.30	64.30	32.14	23.16	00	04
8	Chamoli	03		58.51	33.63	39.01	33.63	19.50	0.00	00	03
Total		30		559.30	437.04	372.88	355.22	186.42	81.82	05	25

Source:-Information provided by Department.

Note: EA-Executing Agency, EC-Estimated Cost, FR-Funds Release, A-Admissible, R-Release, C-Complete and IC-Incomplete, *completed but not handed over.

It was further observed that the executing agencies were able to handover only three out of five constructed ropeways. Two constructed ropeways could not be handed over due to some defects and forest clearance respectively. The remaining ropeways were either under faulty construction (eight) or non-availability of forest clearance (five) and their unsuitability of site (12) respectively as of March 2012. It was also noticed that the State Government, while blacklisting GMVN due to non-completion of ropeways in schedule time, allotted (December 2010) the remaining twenty-one works to Irrigation Department (ID). Consequently, GMVN transferred (February 2011) unspent funds of ₹ 1.91 crore to ID but all the ropeways allotted to ID were still under construction.

Audit analysis also revealed that the State Government could not get Central assistance further due to poor pace of construction of works, non-utilization of first installment even after repeated reminders from GOI.

The DH accepted the audit observation and stated (August 2012) that the executing agencies could not expedite construction of ropeways even after repeated reminders. The Department also added that it was not aware of the remaining Central funds. Further, the Principal Secretary, Horticulture, during Exit Conference (December 2012), assured to revise the plan.

Thus, due to mismanagement by the Department, it could not provide necessary infrastructure/ facilities of ropeways for efficient post-harvest management, despite availability of funds and also could not obtain next installment of Central funds.

2.13.12 Implementation

2.13.12.1 Loss in planted area under fruit cultivation due to inadequate irrigation facility of 9,417 hectares

HMNEH Guidelines provides for increase in area of orchards and plantation crops to enhance production and productivity through addition of new area under improved variety/ conditions to meet current market demands and expected future trends with a view of minimizing risks for small and marginal farmers. Further, the guidelines also envisage providing assistance to individuals for creating water source through

construction of farm tube wells/ community tanks (TWs/ CTs) at the rate of command area of two hectares per TW/ CT to support horticulture round the year.

As per provisions contained under paragraph 10.2.7 read with 2(1) of Annexure IV of HMNEH Guidelines (2010), it is envisaged to provide assistance spread over a period of three years in ratio of 60:20:20 subject to 75 per cent survival in 2nd year and 90 per cent of survived plants in 3rd year. Therefore, overall survival of plants should be 67.5 per cent in the third year of their plantation.

Audit scrutiny revealed that the Department initiated area expansion plan for fruit cultivation in an area of 20,292 hectares at a cost of ₹ 30.20 crore during the period from 2005-06 to 2009-10, with a maturity period of 2007-08 to 2011-12. However, the Department was able to create water source for the command area of only 3,740 hectares (18 per cent of area brought under cultivation) by developing 1,870 TWs/ CTs during the period despite the fact that the State had only 10 per cent irrigated land.

Thus, due to this, land brought under fruit cultivation was reduced to 4,279 (21 per cent) hectares against 20,292 hectares in their 3rd year of plantation and so the Department paid final assistance (3rd installment) for 4,279 hectares only. It proved that there was a loss in area to the tune of 9,417 hectares⁶⁴. Therefore, the net survived area was much below the prescribed norm of 67.5 per cent of area brought under fruit cultivation and expenditure of ₹ 12.82 crore became unfruitful.

The details of overall growth in fruits plantation and water source created in the State during the period 2005-10 are shown in **Table 2.13.7** below:

Table-2.13.7

Period of plantation to maturation		Details of cultivation of fruits in the State (in Ha.)				WSC (in Ha.)	EIP (₹ in lakh) (installment wise)				UE
PY	MY	AC	NA	NAP	LA		1 st	2 nd	3 rd	Total	
1	2	3	4	5	6=5-4	7	8	9	10	11	12
2005-06	2007-08	2495	0	1684	1684	500	324.35	0.00	0.00	324.35	218.92
2006-07	2008-09	6750	3302	4556	1254	1440	759.38	302.93	222.87	1285.18	238.76
2007-08	2009-10	5094	14	3438	3424	464	573.08	91.92	0.25	665.25	447.16
2008-09	2010-11	2338	773	1578	805	838	262.89	1.41	48.42	312.72	107.67
2009-10	2011-12	3615	190	2440	2250	498	387.57	35.21	9.67	432.45	269.15
Total		20292	4279	13696	9417	3740	2307.27	431.47	281.21	3019.95	1281.66

Source-Monthly Progress Report

Note:- AC- Area brought under cultivation; NA- Net area at the end of 3rd Year; NAP- Net area as per prescribed norm, LA- Loss in area; EIP-Expenditure incurred on plantation; WSC- Water source created for command area; UE- Unfruitful expenditure; PY-Planting year; and MY- Maturing year.

Audit analysis revealed that the Department failed to create adequate water sources according to HMNEH guidelines to support horticulture round the year, which adversely affected the survival of plants. The problem of availability of water source was also noticed during beneficiary survey.

⁶⁴ Loss in area = Net survival (in area) as per prescribed norm (67.5 per cent of area brought under cultivation) *minus* Actual survived area = 67.5 per cent of 20,292 ha – 4,279 ha = 13,696 hectare-4,279 hectare = 9,417 hectare

In reply, the Department stated (August 2012) that area expansion under fruit cultivation suffered due to lack of availability of water, drought, other adverse climatic conditions and wild animals. It further added that the Department would ascertain loss in area after verification of plantation under fruit cultivation. Further, the Principal Secretary, Horticulture, during Exit Conference, accepted the facts and attributed (December 2012) it to difficult terrain, climatic conditions of the State and severe drought during 2007-09. However, he stated that efforts are being made to ensure convergence of Area Expansion Programme with Mahatma Gandhi National Rural Employment Guarantee Scheme and Watershed Programme.

The reply of the Department could not be accepted as it did not properly plan for creation of water sources and lacked monitoring mechanism to check loss against fruit plantation.

2.13.12.2 Poor survival of Mulberry plants

The Department of Sericulture started mulberry plantation to ensure availability of mulberry leaf by providing incentive to farmers under Centrally Sponsored “Catalytic Development Programme (CDP)” in the year 2007-08 for promotion of sericulture in the State. Further, the Department developed a norm to provide 300 saplings to each farmer to streamline mulberry plantation and also fixed that the survival rate of sapling should be 80 per cent and above.

Audit noticed that the Department had physically verified plantation survival with 1,113 out of 1,194 beneficiaries who had been provided ₹ 3.34 lakh saplings in the test checked clusters⁶⁵ of the sampled districts during the period 2008-09 to 2011-12. The details of beneficiaries and saplings planted and their survival during the period are shown in **Table 2.13.8** below:

Table-2.13.8 (in number)

Year	Beneficiary as per Physical Report of Department	Sapling planted	Survival of plants and beneficiary					
			Below the norms			As per norms		
			0-79			80-100		
			BN	SN	%	BN	SN	%
2008-09	210	63000	127	38100	60	83	24900	40
2009-10	241	72300	175	52500	72	66	19800	28
2010-11	390	117000	202	60600	52	188	56400	48
2011-12	272	81600	096	28800	35	176	52800	65
Total	1113	333900	600	180000	54	513	153900	46

Source: Information provided by the Department.

Note: BN- No. of beneficiary, SN- No. of saplings

Further, it was observed that only 46 per cent of saplings could survive as per prescribed norm.

On this being pointed out, the Department accepted (July 2012) the findings and attributed this fact to plantation done on non-irrigated and unsuitable land. The Principal Secretary, Horticulture also endorsed, during Exit Conference (December 2012), the view of the Department.

⁶⁵ 1. Thano, Dehradun; 2. Tiparpur, Dehradun; 3. Bhagwanpur, Haridwar 4. Laksar, Haridwar and 5. Someshwar, Almora.

Thus, selection of unsuitable land for mulberry plantation affected the survival of mulberry plants.

2.13.12.3 Poor achievement in expansion of Protected Cultivation

The GOI provides financial assistance to horticulturists for promotion of Shade Net House, Green House and Anti-hail Nets under protected cultivations.

The Department planned to cover 1424.08 sq.m. land for development of protected farming at a cost of ₹ 13.08 crore during the years 2007-12. The details of target, area brought under protected farming and expenditure incurred during 2007-08 to 2011-12 are as shown in **Table 2.13.9** below:

Table-2.13.9

Year	Brief of target and achievement						
	Physical (area in sq. m.)			Approved Cost	Release	Financial (₹ in lakh)	
	Target	Achievement	Shortfall (%)			Expenditure	Amount
2007-08	82.40	82.40	0	170.03	170.03	170.03	100
2008-09	70.00	58.30	17	171.95	139.29	139.29	100
2009-10	52.88	27.84	47	117.29	88.33	79.75	090
2010-11	163.00	16.74	90	665.36	585.03	83.40	014
2011-12	1055.80	100.25	91	359.70	325.69	51.94	016
Total	1424.08	285.53	80	1484.33	1308.37	524.41	040

Source: Information provided by the Department

It was noticed that there was shortfall in achievement from 47 per cent to 91 per cent during the aforesaid years due to slow execution of Annual Action Plan and the achievement was also disproportionate to expenditure incurred during the period 2009-12. Moreover, the Department failed to utilize 60 per cent of the available funds during the said period.

Scrutiny of records in test checked districts of Almora and Dehradun also indicated an overall shortfall of 70 per cent against the targeted protected cultivation during the year 2008-12.

On this being pointed out, the Department stated (August 2012) that the target could not be achieved as the GOI did not release funds as per the approved Action Plan. He further added that the Department lacked technical know-how for fabrication of Hi-tech green houses in the State. Further, the Nodal Officer of Horticulture Mission agreed that the under achievement was also due to non-realistic AAP.

The Principal Secretary, Horticulture, while accepting the facts, during Exit Conference, assured (December 2012) to take steps for protected cultivation.

2.13.12.4 Non-establishment of Super Critical Fluid Extraction Unit despite receiving Central Assistance of ₹ 2.40 crore

The GOI approved (August 2007) a proposal for setting up ‘Super Critical Fluid Extraction’ (SCFE) unit at CAP, a subsidiary of HRDI at that time, under scheme of ‘Assistance to States for Developing Export Infrastructure and Allied Activities’ (ASIDE). SCFE unit was to be used as a common processing facility on pilot basis for separation of active compounds from herbs. It was aimed at helping natural

products industry to gain its share in rapidly growing international market through high quality and value added products.

The GOI released ₹ 2.40 crore (January & March 2009) for the equipment under Central component against total cost of the project amounting to ₹ 3.05 crore. This amount was placed in current bank account in violation of financial propriety. As per condition laid down in GOI release and accepted by the Government, any cost escalation in equipment was to be borne by HRDI.

Audit scrutiny of records revealed that the Director, HRDI delayed his sanction (from June 2009 to September 2009 and again from May 2010 to September 2010) for tenders and also, the specifications of first tender were revised in April, 2010. M/s Metos Instruments, India Pvt. Ltd., New Delhi was finally selected (February 2011) by the Department for supply of the equipment worth ₹ 3.77 crore. So the cost of the equipment escalated by ₹ 1.37 crore.

After the vendor was selected (February 2011), the Government did not approve (February 2011) proposal of allocating budget for funding cost escalation. A committee was formed (November 2011) by the Government for deciding about establishment of SCFE which proposed (November 2011) seeking further assistance from GOI. GOI asked (June 2012) for utilization of previous sanction before granting further assistance. The decision of utilizing previous grant had since been pending with the Government (May 2012).

Audit observed that GOU failed to honour its previous commitment of funding cost escalation. It also failed to decide on using GOI grant in spite of the fact that GOI was ready (June 2012) to consider extending the assistance under ASIDE, if the Government furnished utilization certificate (UC) of previously sanctioned amount. Both the situations left the future of the project in dark. Besides, keeping funds in current bank account led to interest loss of ₹ 29.00 lakh to the Government, which it would have received had this amount of ₹ 2.40 crore been kept in savings bank account.

Thus, on one hand Government failed to honour its previous commitment, while on the other, it did not take advantage of the offer of GOI to send UCs and raise demand for more assistance, which deprived exporters in the State of intended benefits besides keeping the Central funds idle.

The Principal Secretary, Horticulture, during Exit Conference, accepted the facts (December 2012) and assured audit of expediting the project.

2.13.13 Human Resources Management and Capacity Building

2.13.13.1 Under-staffing

Human Resources Management necessitates that staff requirements are assessed and reviewed at regular intervals by giving due consideration to the departmental activities and appropriate/ transparent policies are framed/ adhered to for recruitment and capacity enhancements to achieve the goals of organization.

The Department of Horticulture had multipronged objectives of developing horticulture, sericulture and MAPs plantation in the State and needed a strong manpower base to accomplish its objectives.

The Department had been functioning with 64 per cent of overall sanctioned strength of 3,655 posts. There were shortages of 46 per cent in the cadres of Group A and B officers while shortage was 36 per cent in Group C and D cadres respectively.

The manpower position as on 31 March 2012 is detailed in **Table 2.13.10** below:

Table-2.13.10

Cadre	Horticulture			Sericulture			Bheshaj			Total		
	SS	MIP	S/E	SS	MIP	S/E	SS	MIP	S/E	SS	MIP	S/E
A	12	08	04	04	03	1	1	1	0	17	12	5
B	57	26	31	10	07	3	4	3	1	71	36	35
C	1157	737	420	149	61	88	123	49	74	1429	847	582
D	1932	1326	606	176	108	68	30	16	14	2138	1450	688
Total	3158	2097	1061	339	179	160	158	69	89	3655	2345	1310
Percentage shortage	34			47			56			36		

Source: Information provided by the Department.

Note: SS- Sanctioned Strength, MIP- Men-in-Position, S- Shortfall and E- Excess.

Audit scrutiny revealed that horticulture development programme mainly depends on field personnel, particularly Assistant Development Officers at Mobile Units and Malis under Group C and D cadres and therefore, shortage of manpower in these cadres adversely affected horticulture in the State due to under-staffing. Further, forthcoming retirement of 585 personnel in the next five years would adversely affect departmental activities as Cabinet has stopped recruitment of class IV employees who are backbone of the Department in the form of Malis. It was also noticed that the DoS had not adopted proper human resource management as 15 Malis were posted in Dehradun against the sanctioned strength of three while only two Malis were posted in remaining 12 districts against sanctioned strength of 17.

Besides, the Department also maintained Tea Board and two R&D Institutions but could not recruit permanent Scientific Officers. This resulted in poor delivery of research activities, protection of endangered herbs, scientific cultivation of MAPs and proper growth of tea cultivation as discussed in preceding paragraphs.

Thus, the shortages in the category of planner and executer was adversely affecting the implementation of various schemes run by the Department as pointed out in Paragraph 2.13.9.3, 2.13.11.3 and 2.13.12.2 respectively.

The Principal Secretary, Horticulture, during Exit Conference, accepted the facts and stated (December 2012) that the State Government had stopped recruitment of class IV employees as per recommendation of the Sixth Pay Commission. He further added that scientific staff would be recruited for CAP and HRDI in future.

2.13.13.2 Poor achievement in the field of Capacity building and Transfer of technology

The Operational Guidelines of HMNEH (March 2004) states that Transfer of Technology and Human Resource Development are an integral part of the Mission. It requires imparting appropriate training to acquaint horticulturists with farming techniques to familiarize them with good production practices.

Further, the Department was also required to draw up training schedule for the full year in advance to provide training to beneficiaries selected from horticulturists with special priority to women farmers.

Audit scrutiny revealed that the Department provided training to only 62 per cent of targeted trainees (10,335) at an expenditure of ₹ 1.04 crore during the period 2008-11.

It was also noticed that the Department did not organize any capacity building programme themselves in the year 2011-12. However, it could manage to provide training to only 571 farmers at training camps organized by Indian Council of Agricultural Research.

Further, scrutiny of records in three out of five sampled districts⁶⁶ revealed that district offices could impart training to only 71 per cent of targeted beneficiary but did not give priority to SCs, STs and women in particular. The details of targets and achievements are given in **Table 2.13.11** below:

Table-2.13.11

Year	State				Test checked districts									
	Training to farmer (in No.)				Total Beneficiary who availed assistance for horticulture crop				Total Trainee			Trainee		
	Target	Achievement	Achievement (in per cent)	Exp. (₹ in lakh)	Total	SCs	STs	Women	Target	Achievement No.	Achievement (in per cent)	SCs	STs	Women
2007-08	2015	2015	100	45.23	9594	925	267	1168	535	462	86	35	29	57
2008-09	5600	3612	65	69.32	6133	569	203	709	1470	870	59	75	49	85
2009-10	2625	1735	66	30.46	8178	689	329	821	780	489	63	05	2	00
2010-11	2110	1030	49	4.69	3024	296	161	316	290	350	120	01	3	0
2011-12	0	0	0	0	2400	323	235	446	0	0	0	00	0	0
Total	12350	8392	68	149.70	29329	2802	1195	3460	3075	2171	71	116	83	142

Source: Information provided by the Department.

Note:- Exp.-Expenditure

It was also seen that these offices could transfer technology to only seven per cent of 29,329 horticulturists who availed assistance for cultivation of horticulture crops under HMNEH. Moreover, the Department, in contravention of norms of providing training to 16 per cent, 18 per cent and 30 per cent of SCs, STs and Women out of total horticulturists proposed to be trained, could transfer technology to only five, four and seven per cent of horticulturists from SCs, STs and Women categories respectively. The Department stated that SCs, STs and women do not own much

⁶⁶ Almora, Chamoli and Dehradun.

land in Uttarakhand and this restricted identification of beneficiaries in sufficient number by district officials.

Thus, the Department could impart farming technique to only small number of horticulturists and also could not provide training to SC, ST and women beneficiaries despite limited number of beneficiaries in these categories due to lack of realistic planning.

On this being pointed out, the Department stated (August 2012) that sufficient infrastructure facilities were not available at the district level. Moreover, it also added that it was not feasible to train all the beneficiaries under approved fund for capacity building.

However, the Principal Secretary, Horticulture stated during Exit Conference (December 2012) that Horticulturist were regularly trained through extension programme being conducted at Village, Nyaya Panchayat and Block level.

2.13.14 Internal Control and Monitoring System

Existence of proper internal control and monitoring system ensures that objectives of the Department are fulfilled in an orderly, ethical, economical, efficient and effective manner besides safeguarding resources. It also helps in fulfilling accountability obligations and compliance of applicable laws and regulations.

Weak controls in the Department led to system breaches when compared with the above mentioned parameters. Further, poor field inspections and scant number of internal audits led to non-detection of these system breaches. The details are pointed out in paragraph 2.13.14.1 to 2.13.14.7.

2.13.14.1 Fictitious Supply of Planting Material worth ₹ 94500

The CEO Bheshaj paid (March 2011) ₹ 94500 against bill number 126 dated 18th March 2011 to District Bheshaj Sangh, Haridwar for supply of 45,000 plants of Aloe Vera to DBDO, Haridwar. The bill for supply was not countersigned by DBDO as was the case with other bills.

Audit observed that the plants supplied were not entered in the stock book of DBDO and list of beneficiaries was also not prepared by him. Monthly Progress Report of March 2011 and physical verification report of June 2011 put the plantation of Aloe Vera to 1,47,000 plants only which were purchased vide bill number 117 and 118 dated 22nd September 2010 and 4th October 2010 respectively. It proved that 45,000 plants purchased vide bill number 126 dated 18th March 2011 were never supplied and distributed. The DBDO, Haridwar informed audit that he had neither received any planting material against the above bill nor was any demand made by him in this respect.

The reply of DBDO, Haridwar along with monthly progress report and physical verification report of plantation established that the supply made by District Bheshaj Sangh was fictitious and the CEO, BVI irregularly paid the amount to the Sangh without counter-signature of DBDO Haridwar on the bill. The CEO, BVI accepted the audit observation.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that an inquiry would be initiated in the matter.

Audit would await the action taken to fix the responsibility.

2.13.14.2 Forging of Official Documents

The CEO, Bheshaj Development Unit, who was also Director of HRDI, was required to stay in Dehradun for at least 10 days in each month to fulfil his duties related to BVI. The Secretary, Horticulture permitted (April 2010) him to rent a room in Dehradun for his stay in the city for this purpose.

Audit scrutiny of the records related with procedures followed in acquiring the accommodation revealed that rupee sign (₹) was used with amounts mentioned in the file notings dated 13 April 2010, 16 April 2010 and 10 July 2010. The rupee sign (₹) was approved by the Union Cabinet on 15 July 2010 and its font was issued by Foradian Technologies on 16 July 2010. It establishes that the file notings were forged on or after 16 July 2010 to show that required procedures were followed. The CEO, BVI accepted the audit observation.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that an inquiry would be initiated in the matter.

Audit would await action taken to fix responsibility on the erring officials.

2.13.14.3 Non-payment of insurance claim to horticulturists

The State Government, after successful execution of pilot project (March 2008) launched by DoH under Weather Based Crop Insurance Scheme (WBCIS) for apple growers, extended the scheme to other crops and started Crops Bima Yojna in collaboration with GOI from 2010-11 (Rabi Season) and authorized M/s Agriculture Insurance Company of India Limited (AICIL) to operate the scheme. The Horticulturist, Department and GOI were to share the premium in the ratio 2:1:1 respectively.

The scheme aimed at mitigating hardships to insured farmers against likelihood of financial loss on account of anticipated crop loss resulting from incidence of adverse conditions of weather parameters. The main features of the scheme were as under:

- The DH was responsible to monitor/ assess effectiveness of the scheme while AICIL was wholly responsible for collection of premium and disbursement of claim to horticulturists.
- The respective Governments were to pay their share in premium in advance.
- The horticulturists were to be paid directly or through their bank account within 45 days of procurement of weather data from the weather centre.

Audit scrutiny revealed that M/s AICIL insured 22,709 horticulturists during 2010-11 (Rabi) to 2011-12 (Rabi). The Insurance Company in its report stated that it did not disburse any claim out of the insured sum of ₹ 70.02 crore of horticulturists mainly due to non-release of State's share towards premium. The

details of insured horticulturists and pending claim are shown in **Table 2.13.12** below:

Table-2.13.12 (*₹ in lakh*)

Year	Insured Horticulturist					Details of State share on account of Premium						
	Kharif	Rabi	Insured Sum			Kharif			Rabi			Balance due to AICIL
			Kharif	Rabi	Total	Admissible	Paid	Balance	Admissible	Paid	Balance	
2010-11	0	2121	0.00	1788.21	1788.21	0	0	0	53.64	51.10	2.54	2.54
2011-12	19851	737	4707.43	506.03	5213.46	141.27	0	141.27	63.87	37.12	26.75	168.02
Total	19851	2858	4707.43	2294.24	7001.67	141.27	0	141.27	117.51	88.22	29.29	170.56

Source: information provided by Department.

Further, the Department, in contravention of agreement, neither released its share amounting to ₹ 1.71 crore towards premium in advance due to non-availability of funds. Scrutiny also revealed that DH, being technical controller of the scheme failed to negotiate with the weather centre to provide data within time so that the insurance company could be able to settle claim after 45 days of maturing of insurance period.

Thus, the Insurance Company did not disburse claim to any of the insured horticulturists despite the fact that GOI and horticulturists had already paid their share of premiums in advance.

The Department while accepting the fact stated (August 2012) that the matter had been intimated to the State Government to release the funds and also assured to improve monitoring in future. The Principal Secretary, Horticulture also accepted the facts during Exit Conference (December 2012) and attributed it to non-availability of funds through budget.

2.13.14.4 Under-issuance of Udhyan Cards

The State Government decided (July 2006) to issue Udhyan Card to all horticulturists of the State with the objective of streamlining transparency in execution of horticulture activities by compiling/ maintaining horticulture database related to assistance, area under horticulture and also envisaged providing unique identification number to horticulturists.

Audit scrutiny revealed that DoHFP issued Udhyan Cards to only 97,106 horticulturists, but could not maintain database of horticulturists at the State level. It was also observed in sampled districts that only 25 per cent out of the total of 87,256⁶⁷ horticulturists got Udhyan Cards during 2007-12. Moreover, they did not

⁶⁷

Name of test checked district	Dehradun	Haridwar	Tehri	Chamoli	Almora	Total
Total beneficiary	12517	9912	14617	24210	26000	87256
UC issued	5438	2275	4782	3294	5818	21607
Percentage	43	23	33	14	22	25

maintain Central Register in their districts, except at Tehri in the absence of which overall monitoring of horticulture development could not be carried out.

On this being pointed out, the Department accepted the facts and stated (August 2012) that the Department would instruct the district offices to issue Udhyan Cards and to maintain Central Register. Further, the Principal Secretary, Horticulture assured to take necessary action in this regard during Exit Conference (December 2012).

2.13.14.5 Lack of quality control of food products

As per Fruit Products Order (FPO) Act, 1955, Food Processing Unit (FPU) is required to obtain FPO license to maintain hygienic and sanitary conditions of its premises and to ensure quality control of raw material and finished products. FPO is also used as a mark of quality assurance on the packing of products. The DoHFP is responsible for promoting preservative measures for horticulture produce by establishing, up-grading and modernizing FPUs and also to maintain quality assurance.

The DoHFP maintained 49 Fruit Preservation Centers to process horticulture produce for value addition.

Audit scrutiny of sampled districts revealed that the Department procured (March 2009 & March 2010) machinery and equipment worth ₹ 4.72 lakh for two sampled FPUs⁶⁸, which were lying idle for two years due to non-availability of electricity and technical staff in the food processing units. It was also noticed that only two⁶⁹ out of 22 FPUs in the sampled districts obtained mandatory FPO license.



*Equipment lying idle at FPU, Gopeswar, Chamoli
(June 04, 2012)*

On this being pointed out, the Department stated (May-June 2012) that it ascertained the quality of food product only through physical testing (smell, colour and taste) and experience.

The reply is not acceptable as the Department failed to apply scientific procedure to determine quality of processed product and thereby, consumer interest of getting quality product was compromised.

2.13.14.6 Inadequate Field Inspections

For effective implementation of activities/ schemes, the Department was to ensure that the officers at the State and district levels closely monitor all aspects of the schemes through field visits. A schedule of inspections prescribing the number of field visits for each supervisory level functionary was to be drawn up by the Department and strictly adhered to.

⁶⁸ FPU, Joshimath and Gopeswar, Chamoli.

⁶⁹ FPU, Almora and Gopeswar, (Chamoli).

Audit scrutiny revealed that there were no norms laid down by the Department prescribing the number of field visits for supervisory levels. The inspections carried out at district level in test checked districts are shown in **Table 2.13.13** below:

Table-2.13.13

District	No. of MHU and Farms	Details of inspection										Average	
		2007-08		2008-09		2009-10		2010-11		2011-12		Inspection	
		No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Tehri	38	39	103	07	18	18	47	28	74	33	87	25	66
Chamoli	43	14	32	05	11	00	0	00	0	02	5	04	09
Almora	47	24	51	11	23	10	21	12	26	0	0	11	23
Dehradun	25	NA	0	NA	0	NA	0	NA	0	NA	0	NA	NA
Haridwar	15	28	187	32	213	35	233	32	213	35	233	32	213
Total	168	105	63	55	33	63	38	72	43	70	42	72	43

Source: Information provided by the Department.

Note: MHU:- Mobile Horticulture Unit FPU's, NA- Information not available with the DHO office.

It was observed that the inspections varied from zero to 103 *per cent* per year with respect to Mobile Horticulture Units and Farms (MHUF) in four districts except Haridwar. It was also noticed that district level functionaries could conduct inspections on an average of 72 visits annually, which were considerably low in comparison to 168 MHUFs in the districts during 2007-12. Further, it was observed that DH inspected only six field offices during the period and there were no visits in the last two years of audited period. However, it was noticed that only Almora district could initiate action in 19 cases pertaining to 57 Inspection Reports.

On this being pointed out, the Department accepted that the Department did not frame any norm for inspection and monitoring. However, it also added that the Department had issued instruction to DHOs to monitor horticulture activities at the district level and to initiate action on the Inspection Reports. Further, the Principal Secretary, Horticulture stated during Exit Conference (December 2012) that the poor number of field inspection was due to shortage of staff and large area of operation of field units.

2.13.14.7 Internal Audit

Scrutiny of departmental records revealed grim situation of internal audit which affected the internal control mechanism and functioning of the Department.

The Department of Horticulture was able to conduct internal audit of only one to four offices out of 13 district level offices per year during the period 1992 to 2009. The facts in this regard are detailed in **Table 2.13.14** below:

Table-2.13.14

Sl. No.	Name of Office	Internal Audit not conducted since
1	DHO, Pauri	1992 (1)
2	Directorate, Horticulture and food processing, Ranikhet, Almora	1993 (1)
3	DHO, Uttarakashi and Horticulture Specialist Office, Kotdwar	1997 (2)
4	DHO, Nainital and Pithoragarh	2000 (2)
5	DHO, Chamoli	2004 (1)
6	Potato officer, Munshyari and DHO,US Nagar	2005 (2)
7	DHO, Champavat, Tehri, Haridwar and Rudraprayag	2006 (4)
8	DHO, Dehradun	2007 (1)
9	DHO, Almora, Bageswar	2009 (2)

Source: Information provided by the Department.

Note: the figure in bracket shows number of offices audited by the internal audit wing.

Further, it was also noticed that no internal audit had been conducted by the Department for the year 2010-12. Also, DoS had not established its Internal Audit wing so far. Adequate number of internal audits could have deterred system breaches pointed out in the above paragraphs.

The Principal Secretary, Horticulture accepted the facts during Exit Conference (December 2012) and stated that poor number of internal audits was due to shortage of staff and assured to improve it.

2.13.15 Store/ Material Management and Control

2.13.15.1 Irregular purchase of vegetable seeds worth ₹ 77.65 lakh

The DH invited (March 2010) tenders for supply of vegetable seeds. Tender was cancelled as two of the three bidders failed to produce minikit samples. The tender committee, instead of recommending re-tendering, suggested that purchase be made from Government agency or original producer companies.

The Department, after a gap of one month, called five original producer companies and finalized (April 2010) rates of seeds in a meeting chaired by the Secretary, Horticulture for supply of seeds worth ₹ 77.65 lakh. The seeds were subsequently procured (April to June 2010).

Records available with the Department did not mention criteria adopted in selection of companies. The process of deciding rates in open meeting with some chosen companies lacked norms of transparency and objectivity. Besides, the purchase violated Article 13 of Uttarakhand Procurement Rules, 2008 which stipulated that purchase of ₹ 25 lakh and above should be through tender only. It also deprived the Department of competitive prices.

Further scrutiny of records related with distribution of these seeds to districts revealed that 4,428 packets worth ₹ 4.30 lakh were distributed to DHOs after passing of sowing season, in spite of the fact that these seeds were going to expire well before onset of the next sowing season. The exact dates of onward distribution of seeds to farmers could not be ascertained by Audit as the distribution registers had no date mentioned on distribution entries.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that an inquiry would be initiated into the matter.

2.13.15.2 Irregular Purchase of Training Bags worth ₹ 9.44 lakh

Article 12 (1) and Article 9 of Uttarakhand Procurement Rules, 2008 stipulates that limited tender should be invited for purchase of more than ₹ one lakh. In violation of the aforesaid rules, BVI procured 3,200 training bags on quotation basis (September 2010 to March 2011) worth ₹ 9.44 lakh from two suppliers for organizing training camps in 2010-11.

Further scrutiny revealed that stock entry of bags and issue thereof was also not attested. It was also seen that stock entry at BVI showed that DBDO, Pithoragarh was issued 400 bags but the district unit confirmed to audit receipt of only 300 bags.

The CEO, BVI stated (July 2012) that the BVI had distributed 2,634 bags as in records but he accepted that the distribution was doubtful. He further added that 35 bags were available in store and number of unaccounted bags was 531.

The reply puts value of unaccounted bags to ₹ 1.56 lakh.

The Principal Secretary, Horticulture stated during Exit Conference (December 2012) that an inquiry would be initiated to look into the matter.

2.13.16 Conclusion

The Department was working without efficient planning to fulfil its objectives of overall development of Horticulture in the State. It could not take benefit of all the four mini-missions of Horticulture Mission for North-East and Himalayan States (HMNEH) except mini-mission II which focused on area expansion only. Central funds could not be fully utilized by the Department and it mismanaged Central schemes and projects being implemented in the Department. Scientific institutions, running under the Department, could not undertake research and developmental activities as envisaged.

The Department failed to ensure transparency and objectivity in procurements though State Government has well documented policies and procedures for the same. It lacked human resources to meet its objectives in coming years. Poor internal controls and inadequate monitoring made the Department vulnerable to fraud and other system breaches as noticed in the case of fictitious supply of planting material and forging of official documents in paragraph 2.13.14.1 and 2.13.14.2 respectively.

2.13.17 Recommendations

The Government may consider to:

- incorporate all aspects of horticulture development including post-harvest management in planning;
- strengthen the research and development activities of Herbal Research and Development Institute and Centre of Aromatic Plants and apply the findings of research and development undertaken by them for the benefit of horticulturists;
- buttress the procedures for procurement and inventory controls so as to ensure objectivity and transparency in procurement; and
- strengthen the internal control system to prevent system breaches and pilferage of public money.